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COUNTY GOVERNMENT OF BOMET

THE COUNTY ASSEMBLY

REPORT

OF THE BUDGET&APPROPRIATION COMMITTEE ON THE MEDIUM TERM COUNTY FISCAL STRATEGY PAPER

(CFSP) 2014

13th MARCH 2014.

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BOMET COUNTY ASSEMBLY
CLERK
13 MAR 2014
P.O. Box 590-20400 BOMET

Mr. Speaker sir,

It is therefore my pleasant duty and privilege, on behalf of the Budget Committee to table this Report and commend it to the House for adoption.

Signed------------------AKC--

THE HON. AURELIA CHEPKIRUI RONO

CHAIRPERSON, BUDGET AND APPROPRIATION COMMITTEE

Date--------------13th March 2014--

BACKROUND

Mr. Speaker Sir,

On behalf of the Members of the Budget Committee and as required under standing order No. 188, I take this opportunity to present to the House, the Committee's Report on the Medium Term County Fiscal Strategy Paper (CFSP) 2014 as submitted to the County Assembly by the Executive Committee Member for Finance.

Mr Speaker sir,

The Budget and Appropriation committee as currently constituted comprises the following Honorable members:

1. Hon. Aurelia Rono – Chairperson
2. Hon. BenardNgeno - V. Chair
3. Hon. Robert Metet
4. Hon. Cecilia Towett
5. Hon. TableleiRotich
6. Hon. SamwelBor
7. Hon. Philip korir
8. Hon. Sammy Kirui
9. Hon. Wilson Keter

Mandate of the Committee

The standing order No. 188 establishes the Budget and Appropriation Committee with specific mandate to:

1. Investigate, inquire into and report on all matters related to coordination, control and monitoring of the County Budget.

2. Discuss and review the estimates and make recommendations to the County Assembly.

Mr. Speaker Sir,

In line with the provision of the PFM Act, 2012 the County Treasury is supposed to submit the approved Fiscal Strategy Paper to the County Assembly by the 28th February of each year. The Act further 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.

EXAMINATION OF THE MEDIUM TERM FISCAL STRATEGY PAPER

Mr. Speaker sir,

In reviewing the County Fiscal Strategy Paper, the Budget and Appropriation Committee held three sittings. During these meetings the Committee managed to get the views and clarifications of the Executive Member of Finance, Bomet County. The views were required to allow the Committee members to make an informed judgment on the paper.

The Committee also held one public hearing with organized groups and the general public in line with Article 201(a) of the Constitution at St. Bakhita hall, Bomet.

A joint Committee meeting was also held on 13th March, 2014 to deliberate on the document.

ACKNOWLEDGEMENT

Mr. Speaker sir,

The Committee is grateful to the Offices of the Speaker and the Clerk of County Assembly for the support received as it discharged its mandate of reviewing the Medium Term County Fiscal Strategy Paper, (CFSP) 2014. The Committee is also grateful to the Members of County Assembly who participated in the process, especially during the Committeee of the whole house. I also thank the members of the public and interest groups who took their time to participate in the consultation and whose views have helped this Committee to prepare their report within the shortest timeframe given. On the same note, I thank members of Budget and Appropriation Committee who have worked tirelessly in preparing this report.

The Committee is also grateful to the Executive Committee Member for Finance who attended the public hearing and was very instrumental in answering some of the queries raised by the public regarding the contents of the document.

I. ANALYSIS OF THE COUNTY FISCAL STRATEGY PAPER FOR BOMET COUNTY 2014

1. The County Fiscal Strategy Paper (CFS) is an important document in the budget cycle that is prepared by the County Treasuries. It sets out the broad objectives, policy goals and strategic priorities that guide the County Governments in preparing their budgets both for the following financial year and over the medium term.
2. Review of Compliance of the County Fiscal Strategy Paper for Bomet 2014
   With regard to the contents, the County Fiscal Strategy Paper should include the following:
   a. Financial outlook with respect to county revenues, expenditures and borrowing for the next financial year and over the medium term.
   b. The County Fiscal Strategy Paper should align itself with the national objectives in Budget Policy Statement(BPS)
   c. The proposed expenditure ceilings for sectors of the county
   d. The fiscal responsibility principles and financial objectives over the medium term including limits on total annual debt.
   e. The total resources to be allocated to individual programmes and projects within sector, ministries, departments and agencies indicating outputs expected during the period.
   f. The table below shows an assessment on the extent to which the County Fiscal Strategy Paper for Bomet 2014 budget has complied.

Legal compliance of the County Fiscal Strategy Paper for Bomet

Item	PFM Section	% Level of Compliance	Comment
Submission of the County Fiscal Strategy Paper by 28th February every year	117(1)	5 out of 5 100%	Submitted within the timeline
The County Fiscal Strategy Paper should align with national objectives in the Budget Policy Statement 2014.	117(2)	3 out of 5 60%	The Fiscal strategy paper has outlined the national objectives but has not clearly aligned them. For example the paper has not clearly talked of how to empower the youth and women for employment creation in the county.
Financial outlook with	117(4)	5 out of 5	Information provided

respect to county government revenues, expenditures and borrowing for the next financial year and over the medium term		100%	correlates to the BPS 2014. For example the horizontal share for Bomet county last year was Kshs. 3.4 Billion. The CFS paper projects that revenues from the horizontal share shall rise to Kshs. 4 .008 billion.
The total resources to be allocated to individual programmes and projects within departments for the period identified indicating outputs expected from such programme or project during the period.	-	1 out of 5 10%	CFS does not comply with the requirement. Information not provided in the required format. Outputs are not shown.
The principle of public participation and other stakeholders is a requirement in the Constitution.	117(5)	2 out of 5 20%	The County Treasury held Public hearings; there is no clear information to show how the views of the different stakeholders were incorporated.
Total Level of Compliance	-	**16 out of 25** **64 %**	-

3. The following are the issues of concern:

a) A compliance rate of **64%** implies the information required was availed but lacks important information that shows programmes outputs and key targets. Lack of this information hinders the Budget and Appropriations and other Departmental Committees from making informed decisions.

b) Cash transfers in Economic Planning and Social Service should be classified as recurrent expenditure not development as indicated in the CFSP and CIDP

c) It is not clear in the CFSP where Persons with Disabilities' children in school has been catered for. The CFSP and CIDP should clearly indicate what is being funded. The two documents should be synchronized

d) **Agriculture.** The figures proposed do not reflect the importance of the sector and as provided in the CIDP. The programs has not adequately been provided for under the proposed allocations.

e) **Energy, trade and tourism.** The figures shown do not have any relationship with what is provided for under the CIDP. There should be clear provision as to what the proposed allocations will be funding.

f) **Land Housing and urban planning.** The paper and the actual figures given are not synchronized and therefore this should be addressed

g) **Education, Youth, sports and vocational training.** Policies must be aligned to the budget for example the bursaries for the needy in education sector should have been factored in the Fiscal Strategy Paper, 2014 and the CIDP. Allocations to the sector is not clear on what is being funded

h) **Tea** as a major major cash crop is not mentioned anywhere in the CIDP and CFSP. Tea covers approximately 15 wards in Bomet County. Therefore programmes for Research, extensions services, value additions and constructions of modern Tea buying centres should be incorporated in the both the CIDP and CFSP

i) TheCFSP should reflect the programmes and project in the CIDP for all programmes

j) The water projects mentioned in the CFSP does not reflect the needs of the whole county. The programmes mentioned therefore should be revised to address the issue

BOMET COUNTY ASSEMBLY ★ BOMET
CLERK
13 MAR 2014
★ P.O. Box 590-20400

II. VIEWS AND OPINIONS BY THE PUBLIC AND OTHER INTEREST GROUPS

Mr. Speaker Sir,

The public and other interest groups via the Public hearing and written submissions recommended the following;

i. Allocations to County headquarters and the Treasury should be reduced as they were not part of the County's priority. The amount saved should be re-allocated to other sectors such as roads so as to reduce the challenges of poor road network
ii. Use of existing platforms to collect revenue such as M-Pesaand bank agents to complement and even replace the existing systems so as to reduce on cost and free up more resources
iii. The proposed installation of TV and Radio was not a priority and should be postponed to be considered once other pressing issues have been addressed. Other existing Low cost media can be used to reach out to the public in the meantime
iv. The amount allocated to Social protection should also include programmes for persons with disabilities. The CFS has only considered Old Persons' Cash transfers
v. That ward level Public participation should be considered in future. The participants should be informed in advance and copies of the documents of the subject matter set to be deliberated upon needs to be circulated in advance.
vi. That Table 2 of the CFSP indicates a balanced budget with no deficit. This contradicts the statement in **page 39**of the same document that the County has proposed to source for **Kshs.1.94 billion** in the next five years. The table and the statement needs to be clarified and corrected to ensure consistency.
vii. SMART Citizens, Bomet Countythrough their Memorandum were of the opinion that the proposal to establish fish ponds in every ward so as to promote fish farming was not practically possible. This is due to the fact that some areas of the county was drought prone. They requested that these areas be considered for funding in other projects such as bee keeping and poultry.

These recommendations, **Mr. Speaker Sir,**needs to be considered in the CFSP. This will uphold public confidence that their views and requests are being considered and are therefore part and parcel of County's development.

III. RECOMMENDATIONS OF THE BUDGET AND APPROPRIATION COMMITTEE

Mr. Speaker Sir,

The committee recommended the following;

Savings to be realized from the following votes;

i. **Health. Kshs.100M.** Some programmes as mentioned in the CFSP are funded by National Government while other sub-programmes have double allocations. This amount to be re-allocated to the following;
   - **Kshs.50M** be allocated to provision of water supplyprogrammes
   - **Kshs.50M** from this allocations should be used specifically for Poultry and Bee keeping projects

ii. **Treasury. Kshs.200M** be re-allocated to County Assembly operations. This decision was informed by;
   - The absorption rate as at the end of second quarter of the **F/Y 2013/14**which was **0 %.**
   - The statement from the C.E.C finance that the treasury hold in trust some funds for the other departments which was not satisfactory.
   - The priorities in the CFSP falls under development and therefore no justification of **Kshs.362M** for operations and maintenance.

iii. **Office of the Governor.Kshs.155M** comprising of**Kshs.111M** from operations and maintenance and **Kshs.44M** from development be allocated to County Assembly Operations and Maintenance. This decision was informed by;
   - The County already has adequate vehicles up to the ward level and only Motorbikes should be considered in the next financial year
   - There is no clear justification of the allocations to the operations and maintenance

iv. That **Kshs.45M** allocated to Development Budget from Health be used specifically to procure ambulances

IV. CONCLUSIONS OF THE BUDGET AND APPROPRIATION COMMITTEE

Mr. Speaker Sir,

In conclusion, the above proposed new areas of funding and re-allocations do not add an extra burden to the Fiscal framework. Indeed, the Committee has adhered to the total gross expenditure ceiling of **Kshs.4.3417 Billion** as presented by the County Executive Member of Finance. Therefore, the recommendations by the Committee do not create an additional financing gap.

BUDGET AND APPROPRIATION COMMITTEE MEMBERS

NO.	NAME	DESIGNATION	SIGNATURE
1.	Hon. Aurelia Rono --------	Chairperson	
2.	Hon. BenardNgeno ------	V. Chair	
3.	Hon. Robert Metet---------	Member	
4.	Hon. Cecilia Towett-------	Member	
5.	Hon. TableleiRotich------	Member	
6.	Hon. SamwelBor----------	Member	
7.	Hon. Philip Korir-----------	Member	
8.	Hon. Sammy Kirui---------	Member	
9.	Hon. Wilson Keter---------	Member	W.K