

**REPUBLIC OF KENYA**



**THE COUNTY ASSEMBLY OF SIAYA**

**FIRST ASSEMBLY – THIRD SESSION**

**THE BUDGET, APPROPRIATIONS AND FINANCE**

**COMMITTEE REPORT ON**

**THE 2015 SIAYA COUNTY FISCAL STRATEGY**

**PAPER**

**MARCH, 2015**

## **PREFACE**

Mr. Speaker Sir, on behalf of members of the Budget, Appropriations and Finance Committee and as required under the County Assembly of Siaya Standing Order 207 (7) as well as Section 117 (6) of the Public Finance Management Act, 2012, it is my pleasure to present to this Assembly, the Committee's Report on the 2015 Siaya County Fiscal Strategy Paper which was tabled in this Assembly on Tuesday 3<sup>rd</sup> March 2015.

Mr. Speaker Sir, it is worth mentioning that once approved, the report on the CFSP will inform the preparation of the annual estimates and by extension, it should form the basis of evaluating the 2015/2016 budget estimates for various spending areas. This is therefore a very important stage in the budget making cycle as it not only provides recommendations to be considered when finalizing the budget, but also sets the expenditure ceilings for various spending areas which must be adhered to.

## **COMMITTEE MEMBERSHIP**

Mr. Speaker Sir, the Committee on Budget, Appropriations and Finance, as was constituted by this Assembly on Tuesday 30<sup>th</sup> April 2013 comprises of the following members;

1. Hon. Jack Odinga, MCA - Chairperson.
2. Hon. Peter Muhula, MCA - Vice Chairperson.
3. Hon. Joseph Kawuor, MCA - Member.
4. Hon. Jared Abayo, MCA - Member.
5. Hon. Sylvester Madialo, MCA - Member.
6. Hon. Margaret Oketch, MCA - Member.
7. Hon. William Owiti Angul, MCA - Member.
8. Hon. Nicholas Ochieng Aneme, MCA - Member.
9. Hon. James Obiero Otare, MCA - Member.

## **COMMITTEE MANDATE**

Mr. Speaker Sir, the Committee on Budget, Appropriations and Finance was established under Standing Order No. 187 and is mandated to do the following;

- 1) Investigate, inquire into and report on all matters related to coordination, control and monitoring of the of the county budget,
- 2) Discuss and review the estimates and make recommendations to the County Assembly;
- 3) Examine the County Fiscal Strategy Paper, as presented to the County Assembly;
- 4) Examine Bills related to the budget, including Appropriations Bills; and
- 5) Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays.

Mr. Speaker Sir, the Budget, Appropriations and Finance Committee therefore examined and discussed the County Fiscal Strategy Paper and has made recommendations.

In reviewing the 2015 CFSP, the Committee held four meetings during which a team from the office of the CEC member for Finance was invited to give clarity on specific issues contained in the Fiscal Strategy Paper. The recommendations arising from these deliberations are included in this report.

### **Acknowledgements**

Mr. Speaker Sir, the Committee extends its gratitude to all representatives from Executive arm of the county government who appeared before the committee. The Committee is also particularly grateful to the offices of Siaya County Assembly Speaker, the Siaya County Assembly Clerk as well as the Siaya County Assembly Budget Office for the support received as it discharged its mandate of examining the 2015 CFSP.

Mr. Speaker Sir, it is therefore my pleasant duty and privilege, on behalf of the Budget, Appropriations and Finance Committee, to table this report and recommend it to the Assembly for adoption.

Signed .....

Hon. Jack Odinga, MCA  
Chairman,  
Budget, Appropriations and Finance Committee,  
County Assembly of Siaya.  
Date .....

**a) Overview**

- 1) Mr. Speaker Sir, the CFSP sets out the broad strategic priorities and policy goals that should guide the county government in preparing its budget for the next financial year and in the medium term. The County Fiscal Strategy Paper is therefore a very important document for policy makers as it facilitates evaluation of the effectiveness of existing policy. It offers policy makers and the government at large an opportunity to modify its macro-economic parameters and adjust its expenditure and revenue along more suitable lines for accelerating service delivery to the people of Siaya County.
- 2) Mr. Speaker Sir, in reviewing the compliance of the 2015 CFSP to the provisions of the PFM Act, the Committee established that broadly, the document had adhered to the legal requirements. However, a few omissions were noted such as the failure to expressly indicate in the document, how the views of the public and other interested groups were incorporated in the finalization of the document or if indeed they were consulted in line with the principle of public participation as contained in Section 117 (5). This is despite the general knowledge that the county treasury conducted public participation in all the 30 wards of the county
- 3) Mr. Speaker Sir, the Committee also observed that even though the county treasury conformed to the legal requirement on the deadline of submission of the CFSP, in future, the county treasury should consider submitting the document much earlier. This will enable the Assembly to have ample time to review the CFSP.

## **1.0 COMMITTEE OBSERVATIONS AND RECOMMENDATIONS ON THE 2015/2016 FISCAL STRATEGY PAPER**

### **Introduction**

Mr. Speaker Sir, this chapter outlines the economic context in which the 2015/16 Medium Term Expenditure Framework budget is prepared providing an overview of the recent economic development and the macro-economic outlook covering the Global, Regional, Domestic environment. It therefore provides a basis on which to prioritize the county economic projections. It similarly outlines the major achievements that the county government had realized over the last MTEF period, the challenges faced over the period and the strategies expected to enable tackling of the challenges as well as the priorities that the county government expects to implement in the 2015/2016 MTEF period.

### **CHAPTER TWO:**

#### **ECONOMIC ENVIRONMENT AND OUTLOOK**

##### **2.2 Regional Economic Outlook**

Mr. Speaker Sir, the Committee appreciates that the CFSP concentrated on the economic activities in the Western Africa. The Committee therefore recommends that focus on COMESA and the East African Integration should also be incorporated in the strategic paper and that the economic prospects of the county be aligned to the economic activities within the above two units.

##### **2.3 National Economic Situation**

Mr. Speaker Sir, the national economic situation is clearly explained by this paper. However, the Committee recommends that specification on the foundation upon which to build an economic transformation agenda should be more elaborated in terms of giving specific interventions that have been undertaken by the government.

## **2.4 County Economic Performance and Prospects**

Mr. Speaker Sir, this area outlined the major achievements in the last Medium Term Expenditure Framework period vis a vis the underlying challenges. However, the Committee had a concern that the Ksh 196 million for FY 2014/15 and Ksh 300 million for FY 2013/14 stated as spent on roads may not be representing the actual situation. The Committee is aware that the Ksh 196 million allocated for roads during FY 2014/2015 may not have been spent as the tender awarding process is still on-going. The Committee recommends that there is need for reporting of the number of kilometers done on roads during the FY 2013/2014.

### **2.4.1 Overview of the County Economy**

Mr. Speaker Sir, in this section, the Committee recommends that there is need for clear demonstration on how fishing has contributed to the growth of the county. The growth so far achieved in the fishing industry is not clearly quantified yet this is a significant element of determining effectiveness of such growth. This Committee also recommends that the formulation of a spatial master plan, as stated in Section 110 of the County Government Act 2012, should be given more priority in terms of allocation in the FY 2015/16 budgeting.

### **2.4.2 Growth challenges**

Mr. Speaker Sir, this Committee recommends that though the CFSP did not capture the non – performance of the structural plans, it remains a major challenge hence a strategy should be formulated to improve the county economic development.

#### **2.4.2.2 Poor Marketing Systems**

Mr. Speaker Sir, the Committee recommends that the county government should undertake the establishment of SACCOs and Co-operatives as a policy in order to enhance marketing of fish and fish products and other agricultural produce. This is reinforced by the Motion that had been raised and adopted by this Assembly that required the county government to put in place a County Fishermen Sacco.

### **2.4.3 Strategic Priorities and Policies**

Mr. Speaker Sir, this section outlines the four broad pillars covered by the CFSP. The Committee concurs with Pillar No. 1 which intends to improve governance and administration through investment in devolution structures for effective service delivery. The Committee further appreciates that this Pillar should actually take top priority because it forms the foundation upon which the other sectors can thrive.

### **2.4.4 CFSP Priority's Alignment to 2015 Budget Policy Paper**

Mr. Speaker Sir, this Committee was more pleased with the alignment of the county pillars with the National's 2015 Budget Policy Statement and generally, the diagnosis of the Siaya issues are clearly outlined in the CFSP 2015.

## **CHAPTER THREE: FISCAL POLICY AND BUDGET FRAMEWORK**

### **3.4 Fiscal Structural Reforms**

Mr. Speaker Sir, this section outlines the structural reforms which the CFSP will undertake in the FY 2015/2016. However, the Committee observed that the same reforms were outlined in the FY 2014/15 Medium Term Expenditure Framework period, thus, the Committee recommends that there is need to clearly demonstrate how this will improve the current situation hence enhance the economy of Siaya County.

Mr. Speaker Sir, digitization had been allocated funds in the FY 2014/2015 budget. The same has also been outlined as a target to realize revenue collection in the FY 2015/2016 CFSP hence the Committee recommends that there should be feedback on how far the implementation of the project has gone. Besides the efforts already put in place to implement this project, the Committee recommends that the county government should undertake to benchmark in the counties which have begun implementing this idea so as establish its effectiveness.

### **3.6 2015/16 Budget Framework**

Mr. Speaker Sir, the Strategy Paper only talks on the expected revenue as compared to the revenue in 2014/15. The Committee recommends that there should be a general overview on the performance of the 2014/15 budget and how this is going to affect the 2015/16 budget.

Mr. Speaker Sir, the Committee observed that the following practices have been taking place without proper regulations;

- i) Selling seeds by the Agriculture department.
- ii) Education department extending bursaries to the universities and colleges students.
- iii) Procurement department classifying projects into small projects and large projects.

The Committee therefore recommends that the above practices need the formulation of regulations by the county executive and be approved by the County Assembly. On the same note, the CEC member for Finance should also set regulations on the county wage bill before it is approved by the County Assembly. This should be done in consideration of the economic circumstances and be made on financial year basis.

#### **3.6.1 Revenue projections**

Mr. Speaker Sir, on the revenue projections, the Committee recommends that the county government should outline the plans in place to be used to increase the local revenue collections. This was not clearly outlined in the CFSP.

#### **3.6.2 Expenditure forecasts**

Mr. Speaker Sir, the CFSP forecasts an increase of 1% in the development expenditure and a reduction of the same percentage in the salaries and wages. The Committee is of the view that this target is too low.

## **CHAPTER FOUR: MEDIUM TERM EXPENDITURE FRAMEWORK**

### **Introduction**

Mr. Speaker Sir, in considering the medium term expenditure framework of various sectors, the Committee looked at the various sectors from the following perspectives;

- i) The mandate of the sector.
- ii) The achievements of the sectors over the FY 2014/15.
- iii) The challenges faced by the sectors over the FY 2014/15.
- iv) The priorities for the sectors in the FY 2015/16.
- v) The strategies to achieve the priorities for the sectors in the FY 2015/16.
- vi) The budgetary proposed allocation for the sectors in the FY 2015/16.

### **4.3 Departmental priorities and budget estimates**

Mr. Speaker, the Committee was concerned that the CFSP has not outlined any strategy for the County Assembly of Siaya. This, the Committee feels should be presented even as a mention.

Mr. Speaker Sir, the CFSP has listed so many solutions in some departments with no priorities on how to achieve these targets. Some of the departments with no prioritized strategies include;

- i) Agriculture, Livestock, Fisheries and Irrigation.
- ii) Trade, Industry and Co-operatives development.
- iii) Education, Youth Affairs, Sports and Culture.
- iv) Water, Environment and Natural resources.

Besides, some departments/areas have got no single priority for the 2015/2016 Financial Year and hence no financial allocation. Some of these departments include;

- i) Governance.
- ii) The Public Service Board.
- iii) Disaster mitigation and management.
- iv) Infrastructure improvement.

Furthermore, on the sectors/departments given the proposed estimates, the allocation is lumped together with no specifications on the individual projects each sector plans to implement in the Financial Year 2015/2016.

#### **4.3.3 Health**

Mr. Speaker Sir, based on the fact that all revenues are banked directly to the County Revenue Fund Account, this Committee recommends that the county government should adopt as a policy, a framework that will enable the health facilities to retain 20% of their Appropriations in Aid based on the report of the Ad Hoc Committee on Health that was adopted by this Assembly in August 2014. Given the importance of this sector in the economic development of the county, this retention would help in ensuring procurements during emergencies.

#### **4.3.5 ICT, Tourism and Wildlife**

Mr. Speaker Sir, the Committee recognizes the importance of the ICT in the development of the county's economy. However, the Committee observed that this sector has consistently been under-funded in the previous Financial Years. The Committee therefore recommends that more funds should be allocated to this sector in the FY 2015/2016 so as to enable effective promotion of tourism in the county, development of ICT infrastructure and engagement of more technical staff.

#### **4.3.7 Lands, Physical Planning, Survey and Housing**

Mr. Speaker Sir, although the CFSP reports that the valuation roll for Siaya is complete, the Committee observed that this has not been done. This is an extensive process that requires the application of the following Acts;

- i) The Valuation for Rating Act, and
- ii) The Rating Act.

The above constitutional requirement has not been complied with thus what was done to Siaya town was planning. Similarly, the Bondo town valuation roll cannot begin in March 2015 as reported in the paper.

Mr. Speaker Sir, during the FY 2014/2015, there was an allocation for the Geographical Information System (GIS). The Committee is therefore concerned with what the county government has so far done in establishing this system given that the laboratory equipment and software has been acquired. For proper records and documentation of public land, the Committee recommends that the county government should visit the land offices in Siaya. The Committee also recommends additional funding for the purchase of more land for development.

#### **4.3.8 Education, Youth Affairs, Sports and Culture**

Mr. Speaker Sir, this section outlines the achievements, challenges and priorities in this sector. However, the Committee observed that some of the sporting equipment is yet to be supplied to the sporting grounds as outlined in the sector's achievement. The Committee also recommends that there should be formulation of a policy that will establish the Sports Fund as recommended in the paper. This will promote the sporting and cultural activities.

#### **4.3.9 Water, Environment and Natural resources**

Mr. Speaker Sir, the core mandate of this sector is to promote, conserve and protect life, environment and improve access to water for sustainable county development. The Committee examined the report on this sector based on its achievements over the previous MTEF period, some of the challenges the sector faced over the same period, strategies of handling these challenges as well as the priorities of the sector over the next MTEF period. Based on this CFSP, this Committee therefore recommends that there should be a plan to extend water from the main water system of Yala-Bondo-Siaya to the other parts of the county.

#### **4.3.10 Governance**

Mr. Speaker Sir, the Committee observed that no priority has been outlined in this sector

#### **Inter-Governmental Relations**

Mr. Speaker Sir, the CFSP also outlined areas touching on inter – governmental relations and therefore are not under the County Government. These areas include;

- i) Security and Peace Building.

- ii) Environmental conservation.
- iii) Enforcement of Laws.
- iv) Disaster Mitigation and Management.

## **Conclusion**

Mr. Speaker Sir, the Committee therefore requests this Assembly to adopt this report and further resolve that the proposed recommendations as contained in this report on the CFSP be adopted.