

REPUBLIC OF KENYA
COUNTY ASSEMBLY OF LAIKIPIA
THE HANSARD

Wednesday, 25th December, 2020

The House met at the Assembly Chamber at 9.00 a.m.

[The Speaker (Hon. Patrick Waigwa) in the Chair]

PRAYERS

QUORUM CALL

Speaker: Clerk, confirm whether we have quorum.

(Lack of quorum confirmed)

Speaker: Serjeant at Arms to ring the bell.

(The bell was rung for seven minutes)

Speaker: Clerk, you can confirm whether we now have quorum.

(Quorum confirmed)

COMMUNICATION FROM THE CHAIR

STAFF END OF YEAR PARTY

Speaker: I wish to inform the Members that because of our tight program, we scheduled the end of this year's party to be on Friday this week at the Storms hotel in Segera Ward past Jua Kali. On the same, we will have team building activities in the morning. The Cottage hospital also wants to have some time with us. They have been wanting to speak to the Members on a number of issues. They will only have some short period of time. We will have the end of year party the same way that we usually have on Friday this week on 4th of this month. Kindly note that. You are all requested to attend.

PAPERS LAID

Hon. Wilson Wakahiu: Thank you, Mr. Speaker. On behalf of the Majority Party Leader, I wish to table the following paper;

Laikipia County Covid-19 social economic re-engineering recovery strategy 2020/21-2022/23.

(Hon. Wilson Wakahiu laid the paper on the Table)

Speaker: That paper is committed to the Budget and Appropriations Committee.

Hon. Wilson Wakahiu: Thank you, Mr. Speaker. I wish to table the following paper;

Report on the County Budget Review and Outlook Paper (CBROP) for the financial year 2019/2020 by the Select Committee on Budget and Appropriations dated 28th November, 2020.

Speaker: Just lay them.

(Hon. Wilson Wakahiu laid the paper on the Table)

NOTICE OF MOTION

CBROP REPORT

Hon. Wilson Wakahiu: Thank you, Mr. Speaker. I beg to give notice of the following motion;

That this Assembly adopts the report on the County Budget Review and Outlook Paper (CBROP) for the financial year 2019/2020 by the Select Committee on Budget and Appropriations dated 28th November, 2020.

MOTION

CBROP REPORT

Hon. Wilson Wakahiu: Thank you, Mr. Speaker. I beg to move the following motion;

That this Assembly adopts the report on the County Budget Review and Outlook Paper (CBROP) for the financial year 2019/2020 by the Select Committee on Budget and Appropriations dated 28th November, 2020.

Mr. Speaker, on behalf of the committee, I have the pleasure to present to this House a report on CBROP for the stated financial year.

The significance of the paper is to ensure that the government reviews its previous financial performance, outlook on the level of future revenues and set preliminary sector ceilings in the light of reviewed performance and projected revenues. The CBROP is also a key document in linking policy formulation, development of annual planning and budgeting.

Mr. Speaker, the core objectives of CBROP are:

- i. To provide details of the actual fiscal performance of the financial year 2019/20, and deviations from the approved 2019/20 budget.
- ii. To provide an updated economic and financial forecast in relation to the changes from the forecast in the County Fiscal Strategy Paper of February, 2019.
- iii. To specify how actual financial performance for the year 2019/20 may have affected compliance with the fiscal responsibility principles, or the financial objectives in the CFSP.
- iv. To point out reasons for any deviation from the financial objectives in the CFSP of February, 2019 together with proposals and timelines to address the deviations.

I believe that the Members have the copy and they know who the Committee Members are. Allow me to thank all those who participated in discussing the CBROP. The Office of the CECM for Finance and Economic Development and his team is appreciated for ensuring that the paper was ready and presented within the stipulated time for discussion. This is as well as the Office of the Speaker, the Clerk and the Members of this House.

The county realised a total revenue of Kshs. 5.8 billion in the year 2019/20 against a budget of Kshs. 7.3 billion including COVID-19 grants amounting to Kshs. 95,929,000 and medical equipment leasing of Kshs. 131,914,893 representing 79 percent revenue realization. The revenue performance was adversely affected by reduced local revenues, non-receipt of equitable share and conditional grants.

Mr. Speaker, as you can see, there is the in the county revenue performance. The overall county revenue receipts decreased by more than Kshs. 365,607,204 compared to the actual receipts in 2018/19 representing a negative 6 per cent growth. Against the set targets for 2019/20, revenues received from equitable share decreased by Kshs. 359,290,800. Conditional grants 2019/20 also decreased by Kshs. 179,748,460 while conditional grants B/F from 2018/19 decreased by Kshs. 97,980,740.

Own source revenues reduced by Kshs. 278,917,244. On the table in page 6, the Members are able to understand the county revenue performance of the said financial year as per the expected revenue and the grants.

Mr. Speaker, allow me to just give an analysis of the conditional grants performance. The total budget for grants amounted to Kshs. 1.48 billion comprising of Kshs. 399 million from the National Government and Kshs. 1.08 billion from foreign development partners. The amount received was Kshs. 1.29 billion representing 87 per cent realization. The Members are able to understand that in the table below in page 7. This is on the analysis of conditional grants performance.

In the years 2019/20, the overall county expenditure was Kshs. 5.5 billion against a target of Kshs. 7.3 billion representing an under spending of Kshs 1.8 billion (25%). Departments recorded mixed expenditure performance in that year as compared to 2018/19. Absorption of the recurrent expenditure grew by 12 percent from Kshs. 3.9 billion to Kshs. 4.3 billion while development expenditure dropped significantly by 42 percent from Kshs. 1.9 billion to Kshs. 1.1 billion. This was attributed to the delayed approval of the budget, delayed procurement processes, reduced cash inflows from both own resources and equitable share and grants.

The departments recorded different rates of absorption of their recurrent expenditures in the year under review, with overall performance standing at 95%. The low absorption rates in the recurrent expenditure by the Department of Education, ICT and Social Services was largely attributed to non-issuance of bursaries due to nationwide closure of learning institutions as a safety measure against COVID-19. The low absorption rate in recurrent expenditure by Department of Agriculture, Livestock and Fisheries was largely as a result of non-receipts of conditional grants.

On the development expenditure, most of the departments recorded below average performance with the overall absorption rate standing at 42%. The low absorption rate by majority of departments was attributed to non-payment of commitments as funds were reallocated toward COVID-19 interventions while the expected conditional grants were not received on time.

Mr. Speaker, the economic performance has been influenced by other factors outside the macroeconomic variables. These include weather patterns, tourism and trade and investment.

County economic outlook and policies

Mr. Speaker, the national economic performance is expected to face challenges arising from the effects of the COVID-19 epidemic and other macroeconomic challenges like the high public wage bill, high public debt among others. The county will equally face challenges due to the COVID-19 and is therefore expected to record a lower economic performance.

The County Government intends to continue with implementation of policies aimed at economic recovery, enhancement of productivity amongst priority sectors like agriculture, wholesale and retail trading, tourism, construction and transport industry. This will be achieved through implementation of programmes and sub programmes across the eight departments. Every department has been able to some respective programs as indicated below.

The county will prioritize economic stimulus interventions to revive trade through financial and capacity building support to micro, small and medium enterprises by enhancing the Co-operative and Enterprise Development Funds through linkages with other Financial Institutions like KCB, Cooperative and ABSA banks to increase productivity.

The local revenue collection in the year is projected at Kshs. 1.006 billion and the County Finance Bill 2020/21 is expected to be fully implemented. The revenue generation will be boosted by;

- i. Development of a valuation roll.
- ii. Value land capture.
- iii. Automation of revenue collection.
- iv. Expansion of the revenue base targeting areas that were not previously been taxed and enhancing other alternative financing mechanisms like leasing programme.

The Laikipia County Development Authority (LCDA) will come in to supplement government's efforts in the issue of resources.

The risks to the outlook are as captured in page 15 and 16. The members will be able to understand the factors that have been identified as possible risks to the implementation of the budget 2020.

Mr. Speaker, after the committee went through the report as provided by the CECM for Finance, there were some recommendations and observations made. The Committee on Budget and Appropriations made the following observations from the CBROP 2020;

1. The county recorded poor performance in its development vote. The following departments performed below par; Trade, Tourism and Cooperative Development (15%), Water, Environment and Natural Resources (31%), Agriculture, Livestock and Fisheries (33%), Education, ICT and Social Services (37%) and Land, Housing and Urban Development (38%).
2. Recurrent expenditure pressures. Compensation to employees continues to be the biggest spending item more than Kshs. 2.5 billion has been spent on compensation to employees which represents 51.5% of the county's revenue. This means that it has taken the lion share of the expenditures.
3. COVID-19 pandemic continues to affect the major sectors of the county economy negatively. This has slowed down the economic activities within the county as well as the spending patterns.
4. Some revenue streams have performed dismally overtime, failure to review the streams and put in place measures to improve on the revenue collection has led to the poor revenue collections in a county with a huge potential of realising more than Kshs. 1 billion from own sources.

Mr. Speaker, the committee recommended the following;

1. The County Government to prioritise on developments.
2. The County Public Service Board to provide a report as per the provisions of Section 59(5) of the County Governments Act 2012. A well spelt out budget for the staff should also be provided to guide during the budget making process. Measures the CPSB intends to put up in order to control the ever-rising wage bill needs to be addressed by the County Executive and the Assembly.
3. Allocate adequate resources towards the recovery strategy and mitigation measures from the impact of COVID-19 especially support to enterprise development and growth.
4. County own source revenue collection projections for the 2020/21 financial year needs to be reviewed and re-aligned with the updated macro-economic environment.

In conclusion, I call upon the Members of this House to support this report and adopt the recommendations of the committee which will guide the policy making and budget making processes.

Mr. Speaker, I want to appreciate your Office and the Committee on Budget for the support provided. The Budget Committee members have shown their commitment in ensuring

that we have this report brought into this House for adoption. I would request Hon. Kanyutu to second the report.

Hon. Simon Kanyutu: Thank you, Mr. Speaker. I stand to second the CBROP report. As per the committee's observation, there was a poor performance in development. In our role as the County Assembly, we need to oversight as to why that is happening. There is also an increase of over 51.5 % of the county revenue that has been used in the recurrent expenditure. That should be properly investigated.

COVID-19 pandemic is an issue that we cannot talk of being unable to counter. It is now escalating and we therefore need to make good plans on how to compact it. There is also the issue pertaining revenue collection. I do not know whether the concern is due to the pandemic. Our target was Kshs. 1 billion. Unfortunately, we are yet to realise it. We need to make plans so that when we are making the budget we align it with the collection projections. I second.

(Question proposed)

Speaker: I wish to call upon the mover to give a reply.

Hon. George Karuiru: Thank you, Mr. Speaker. I would want to thank the Hon. Member who has seconded this motion as well as other Members who have supported the document in silence. Those are the issues that have emerged in the CBROP in the year under review. The County Government of Laikipia and other agencies in the government are supposed to come and see how we can improve the performance in the development expenditure. It has had a low absorption rate compared to the issues of expenditure and all others. We also come up with how we can tame the balloon in wage bill.

I want to appreciate the committee and this House because of the support on the work that we have been doing. This is for the interest of the people who made us to be in this place. I thank the Hon. Members. I believe that the document will be approved. Thank you.

(Question put and agreed to)

Speaker: I just want to thank the Members for coming. I hope that it is not that cold. There are times that people look as if it is so cold. It is not that cold. The weather is favourable unless we are in the December mood. You know that when it comes to December, a student who is at school would want to be outside there celebrating with others. There are so many celebrations.

Let us be a little bit vibrant. There are more reasons if you want to put a smile on your face. This is by the fact that we are living. The Holy Book says that there is hope. With the hope that we have, let us then be a little bit vibrant. I wish you all the best for the remaining part of the day even as we meet in the afternoon.

Maybe Hon. Wakahiu will try to read this in Kiswahili next time. When you read it in Kiswahili, it puts so many people in the mood. There were so many contributions unlike today. It is good at times. I think that we love the Kiswahili language. You are a good reader of Kiswahili language. You read it fluently.

ADJOURNMENT

Speaker: The sittings of this House stands adjourned until later today Wednesday, 2nd November, 2020 at 2.30 p.m.

The House rose at 9.30 p.m.