

COUNTY GOVERNMENT OF BUNGOMA

COUNTY ASSEMBLY OF BUNGOMA

COUNTY ASSEMBLY DEBATES

THE DAILY HANSARD

WEDNESDAY, 2ND APRIL, 2025

Afternoon Sitting

3rd County Assembly

4th Session

COUNTY ASSEMBLY OF BUNGOMA

THE DAILY HANSARD

WEDNESDAY, 2ND APRIL, 2025

The House met at the County Assembly Chamber at 2:30 p.m.

(Mr. Speaker [Hon. Emmanuel Situma] in the Chair)

PRAYER

COMMUNICATION FROM THE CHAIR

Honourable members, allow me to rearrange the Order Paper so that we commence with No. 9 motion, have some few speakers and then come back to item No. 8 which is the report by the Budget and Appropriation Committee on the Medium Term Debt Management Strategy Paper for the period 2025/2026. We will do that as we proceed. Let's proceed.

DEBATE ON THE GOVERNOR'S ADDRESS

Mr. Speaker: Honourable CPA Nganga, you were on the line and I think you'll be starting the debate on the Governor's speech.

Hon. Everton Nganga: Thank you Honourable Speaker for giving me a chance to make my contribution towards the Governor's speech. First, I would like to thank His Excellency for visiting this County Assembly for the purpose of making his speech.

My first concern is about the Health facilities. In his speech, our Governor showed an effort of building Naitiri Sub-County mother and child hospital, construct Cheptais modern theatre, Bumula 60-bed facility and lastly to equip Sirisia 100-bed facility. It is good gesture but I am looking at the main 300-bed facility; the facility that was constructed during the last regime and launched by His Excellency, the President. Our Governor has not shown any effort in his speech that this facility that was constructed at the Bungoma referral hospital will be equipped to commence its operations. I am wondering, it is like the 300-bed capacity building is not a priority in his programs.

On the issue of elevating dispensaries from one level to another, especially elevating dispensaries to Health Centres. This program has been there and in my Ward, most dispensaries were elevated to the health facilities level but there are no staff to provide services to the citizens of Bungoma County. Again, there are no drugs that can be used to provide health services. It is a major problem because elevating these facilities without providing health equipment and other

infrastructure is not good. It is just like visiting Kisumu County, then promoting Lake Victoria to be an ocean when its status has just remained the way it is.

Moving to the department of Trade on page 13; he mentioned about constructing 30 metal stores and an auction ring at Dorofu market. This is a lie. Dorofu market is adjacent to my residence; in fact, it is the only market or trading centre that I can visit if I want to buy anything. He can send his people, those doing monitoring and evaluation to go and visit Dorofu Market. We don't have those metallic stores and the auction ring. They are not there and I think the Governor is playing public relations. The Liaison Officers here should report the same, that we don't have an auction ring and metal stores at Dorofu Market.

I'm looking at the issue of promoting 194 casuals to permanent status. There was a court ruling that was made. It is my request that those who remained should be considered.

I also want to look at page 19, de-gazetting of Kiwanja Ndege. It is a nice idea, but what he has mentioned is that the de-gazetting of Kiwanja Ndege paved the way for the expansion of Matulo Airport. Now, after de-gazettment, do we have any other programmes or plans that have been set aside by our Governor to utilize Kiwanja Ndege land? Let us be keen! We need to first have programs of evacuated people who had grabbed part that land. He just mentioned that it only paved the way for the expansion of Matulo but remained silent on how we are supposed to utilize that land. Those people who grabbed that land should be evacuated so that the land can be put into proper use.

Mr. Speaker: Be very clear Hon. Nganga. Be evicted or evacuated, because they are different. Evacuating somebody and evicting is very different. So, do you want to evacuate them or evict them?

Hon. Everton Nganga: Thank you Hon. Speaker, those are semantics. To evict them from the public land. I request that those who grabbed should be evicted so that we can erect there some structures; especially as it was mentioned Kibabii University construct a medical school on that land which is viable. Thank you, Hon. Speaker.

Mr. Speaker: Thank you Hon. CPA Nganga. Honourable Member, I haven't seen your request to speak. If you have no card, I will allow you today but next time give me your ATM to keep for you. You speak from dispatch please.

Hon. Francis Chemion: Hon. Speaker, first I want to thank you for allowing me to contribute to this motion.

Based on what the honourable Members have said from the beginning, the greatest answer to all this is to push the community development fund in our respective Wards up. That will be the easiest way of tackling what we are seeing as inequity. This is something that we should contemplate as a House to ensure that most of these projects mentioned in this speech are done.

If we have, for example, KShs.40 million in a Ward, most projects will be seen and be felt. This is the work that is with us and we have to persuade the Executive so that we are able to have this money in our Wards.

In terms of budgeting, we have the 70-30 rule. I would wish that we go beyond the 30 per cent for development in our budgeting, so that we do away with most of the recurrent expenditures. We can have a budget that adopts the 60-40 rule. For example, 40 development, 60 recurrent and by that we would have at least moved development upwards. The rule is not cast on stone; it is just something that is there. In some counties it is 35 and others 40 development, we can also discuss towards that line.

Then the issue of BQs which had already been mentioned by Hon. Sudi. We still have issues with the preparation of the BQs. For us to do away with the pending bills, which have not been mentioned, we could now be having probable projects that are supposed to be funded and have engineers and the officers prepare BQs for those projects right now. So that when we pass the budget in June, at least they would have gone to the field. They know tentatively that Hon. Sudi is going to construct five ECD classrooms so they prepare the BQ in advance. This will mean that we start implementing our projects immediately once the budget is uploaded.

In that report, there is an issue of CASA and I want to thank the County Assembly of Bungoma. That program or the games brought some economic stimulus to our County, especially Bungoma Town. I am happy that our mama's who sell these fast foods ripped something during the CASA games. I know it is difficult to bring it back, but in the future, if we have another activity like this one, I wish it is brought to Bungoma.

On ECDs, I can see the number given is brick and mortar, but the software is where we are not seeing some impact because in some of our ECD classrooms, there are no teachers. In fact in my Ward, I have ECD Centres where we don't have an ECD teacher from the County Government of Bungoma while in others we only have one for the two levels, the PP1 and PP2. There should be some focus also on the software of the education sector. I can also see the Governor mentioned the issue of VTC instructors that they were confirmed. That is true but on ECD, the software, the teachers, we need them to be employed so that those schools that don't have teachers can have them.

In Agriculture, there is a proposal that they are coming up with what we call community-based animal health workers. It is more or less like this one of community health promoters, and maybe they are modeling it around that. How I wish that this one is done as fast as possible, especially like my people who stay in the periphery, they have many animals and require this service. In my Ward, I have only one government livestock officer yet I have a lot of livestock. In fact I could be leading in the number of livestock in this County and I only have one officer. If we adopt the community based one, we will have at least one per village which means I could have 5 or 6 officers to help livestock farmers. It is a good proposal that will enable us help the farmers.

On NAFCDP, I am aware that the Agriculture Committee went to do fact-finding on this and I am sure you may have looked at the formation of SACCOS. We were rated number one countrywide on NAFCDP but I would wish that the Chair - Agriculture, and all of us, because we come from Wards and this programme is running, let's also look at its impact. We want to see the impact of NAFCDP because it is in all the 45 Wards. It is, in fact being implemented in the whole country. We need to check on the impact of this programme to the people because this programme came up with the SACCO issues in our Wards and the SACCOS are supposed to assist the farmers get cheap loans. Is there a good impact in our Wards? Let us check the impact, maybe the survey that was carried out did not reflect a true picture.

Second last, this is just an issue that I want to advise my Governor. In management we have a management style called (MBWA) Management by Walking Around. I want to advise my Governor that for this remaining period of his tenure, I would wish that he manages this County by walking around the Wards so that he can see by himself what is happening in Kaptama or in Tuuti/Marakaru. I would wish that he takes time to go around our Wards, and also get some time also to attend maybe those other crucial matters here in the office. For the legacy regime to succeed, he must be on the ground. He should not say that I have put up a system. I studied the systems theory and it stipulates that in a system, there are subparts, which one of the members is calling subsystems.

Mr. Speaker: Don't quote him; he is basically out of order.

Hon. Francis Chemion: So, the subsystems are there in the whole system. Now, if you remove part of it; just a small part; the whole system crumbles, it doesn't work. I would wish that our boss, the Governor of this County, because he is one of the subsystems that is critical, let him not say that I have CECMs, Chief Officers or Directors. He is the central engine so he should always be there to ensure this government achieves the objectives set.

Finally, on FLOCA, I have seen in the report, there is something on FLOCA and in my Ward so far, I have not seen any project under FLOCA. A contractor was given work, he reported and disappeared. Two of them and so far, they are nowhere. We are killing this noble program that is meant to bring greening, planting of vegetation and supply of water and avocado that has been mentioned in the speech. These are issues that as a County Assembly we need to come in firmly and check on these people who have been given work and they have not done. Yet they are out there saying, I'm going to do work in this Ward and maybe they don't even have capacity and also how they got the work is questionable. FLOCA had good objectives, but I have not seen it in my Ward. It might have worked in other areas but not in my Ward. Generally speaking, that is my contribution on the Governors speech. Thank you Mr. Speaker.

Mr. Speaker: Thank you honourable Members, there are no more contributions and I think...no we cannot coerce Members to contribute. We will stop there and go to the next item on our

Order Paper. The Standing Order says not more than 4 sittings, we still have Tuesday and Wednesday available. Next item?

REPORT BY THE BUDGET AND APPROPRIATIONS COMMITTEE ON THE MEDIUM-TERM DEBT
MANAGEMENT STRATEGY PAPER FOR THE PERIOD ENDED 2025-2026

(Loud consultations)

Mr. Speaker: Hon. Sudi you are out of Order. The quorum is overflowing; Hon. Ali Machani, Hon. Sudi, Hon. Caleb, Hon. Kirong', Hon. Chair and Vice Chair, they are 6. What else do you people want? Know your members. The requirement is 5 plus 1 so they have the membership. Let's proceed.

(Applause)

Tomorrow you will be in a similar position and you will plead here. Hon. Kirong' proceed.

Hon. Joan Kirong': Thank you, Mr. Speaker. Allow me to read the report on Medium Term Debt Management Strategy Paper for the financial year 2025-2026, 2027-2028.

Committee membership

Mr. Speaker Sir the committee on Budget and Appropriation as currently constituted comprises of the following members.

- | | |
|-----------------------------|-------------------|
| 1. Hon. Jack Wambulwa | -Chairperson |
| 2. Hon. Charles Nangulu | -Vice Chairperson |
| 3. Hon. Anthony Luseneke | -Member |
| 4. Hon. Joan Kirong' | -Member |
| 5. Hon. Meshack Simiyu | -Member |
| 6. Hon. Sudi Busolo | -Member |
| 7. Hon. Milliah Masungu | -Member |
| 8. Hon. Ali Machani | -Member |
| 9. Hon. Grace Sundukwa | -Member |
| 10. Hon. Polycarp Wandabusi | -Member |
| 11. Hon. Caleb Wanjala | -Member |

Acknowledgement

Mr. Speaker Sir, the committee appreciates the office of the Speaker and the Clerk of the County Assembly for making this undertaking a success through facilitation and other logistics offered during report writing.

The committee also registers its gratitude to the members of the committee and the secretariat for successfully compiling this report.

Mr. Speaker, sir, it is therefore my pleasant duty and privilege on behalf of the Budget and Appropriations Committee to table this report and recommend it to the House for consideration.

CHAPTER THREE

SCRUTINY OF THE MEDIUM TERM DEBT MANAGEMENT STRATEGY PAPER FOR FY 2025/26 TO FY 2027/28

Introduction

The Medium Term Debt Strategy Paper FY 2025/26 to FY 2027/28 is the 7th prepared by the County Government and the third under CIDP 2023-2027. It sets out the debt management strategy of the County Government over the medium term with an aim of guiding prudent debt management and minimizing high cost associated with excess borrowing.

The County MTEF budget for FY 2026/27 and the medium term projections shows an enlarging financing gap thus justifying the need for this strategy paper. The required budget based on CIDP 2023-2027 is Kshs. 81.6 billion for the FY 2025/26 to 2027/28 while revenue projections are Kshs. 50 million implying that only 61.30% of the budget requirement can be financed leaving a financing gap of Kshs. 31.5 million representing 38.70%. In order to finance budget deficit and bridge the gap between resource requirements and allocation with National Government guarantees, Bungoma intends to initiate borrowing domestically and externally.

This paper has also highlighted the magnitude outstanding financial obligations resulting from the accounts payable across the departments totalling to Kshs. 3.66 billion.

The County government has a short-term arrangement with the Kenya Commercial Bank, Bungoma Branch, to facilitate salary payments in the event of delays in the exchequer releases.

Goals and Objectives

the Debt Management Strategy covers three years with provisions for annual review. The main objectives of the Medium Term Debt Management Strategy Paper are as follows:

- a) To provide appropriate guideline and direction to assist in making sound debt management decisions with strong financial management practices for posterity.
- b) To meet the County Governments financing requirements at the least cost with a manageable degree of risk.
- c) To guide county government debt management operations in the FY 2025/26 and in the medium term.
- d) To balance cost and risk of county debt while taking into account the County Government financing needs by incorporating initiatives to seek new funding sources, support the County Government development priorities and achieve debt sustainability.

- e) To diversify the governments funding sources and their investment portfolio.
- f) To advance measures to maintain and develop an efficient domestic debt market.

Debt Management Strategy Finance Principles

The following principles should be adhered to;

- i. The debt must be for capital projects
- ii. The debt must be guaranteed by National Government
- iii. The debt must be contracted to support expenditure in identified County priority areas that are transformative
- iv. Prudence must be observed when contracting debt taking into account the cost and risk implications
- v. Financing must be pegged on debt sustainability over the long term

Bungoma County Liabilities

The County accumulated accounts payable amount to Kshs. 3,665,142,229 as at June 2024. The County formed a pending bill committee to address the issue and based on its recommendations, the cabinet approved that 30% of the Bills to be paid each year for three years as per the below schedule for account payable payment;

SNO	YEAR	AMOUNT
1	2024-2025	1,215,752,788
2	2025-2026	1,157.133,263
3	2026-2027	1,292.256.178

The County Government projects to borrow Kshs. 2,399,727,879 which is 20% of actual revenue arising from last audited accounts at a negotiated interest rate of 11.25 p.a on reducing balance. The debt is to be serviced in 15 years with an annual repayment of Kshs. 338,336,759.

Strategies for management on Debt in the Medium Term

The County Debt Management Strategy presents three main strategies that County Government of Bungoma will explore in the next three years in debt management. These strategies include: -

Strategy 1: External Financing (Semi and concessional) and some domestic bond financing.

External debt refers to loans that a country or entity borrows from foreign lenders, which can include foreign commercial banks, foreign governments, and international financial institutions such as the International Monetary Fund (IMF) or the World Bank. One key characteristic of external debt is that all payments, including interest and principal repayments, must be made in the currency in which the debt was issued. This means that if a country borrows in US dollars, for example, it must repay the loan and interest in US dollars, which can expose it to currency exchange rate risks.

This strategy evaluates the cost and risk aspects of a continuation of current borrowing practices for Bungoma County which will form a benchmark for examining different approaches. This strategy is based on current practice of external and domestic borrowing and therefore does not best address the priority issues of foreign exchange risk, liquidity and repayment risk, creditor concentration risk and refinancing risk.

The following are the risks associated with this strategy:

- a) **Affects economic growth:** Economic growth occurs when governments and companies incur capital expenditures that boost production and increase output and income levels. If large amounts of external debt need to be repaid, then there is less money left for investment purposes. It hampers future economic growth.
- b) **Long gestation period:** Gestation period is the interim period between the initial investment in a project and the time the project becomes productive. When external debt is used to fund infrastructure projects, it takes a few years for the project to start giving a return on the investment. However, the debt will need to be repaid, along with interest, within a provided time of receiving the loan. Thus, government will face the pressure of repaying the loan even before the project starts yielding a stable return.
- c) **Unexpected devaluation of domestic currency:** If the currency of the borrowing country depreciates with respect to that of the lending country, then the real value of interest (as denominated in the domestic currency) will rise.
- d) **The Vicious Cycle of Debt:** The most crucial disadvantage of external debt is that it often leads to a vicious cycle of debt. The debt cycle refers to the cycle of continuous borrowing, accumulating payment burden, and eventual default. When a government's expenditure exceeds how much it earns in a year, it faces a fiscal deficit. In order to finance the adverse gap, the government borrows money from another country. In the next year, with the additional expense of interest payment and loan repayment, the government might face a deficit again and be forced to take another external loan. In subsequent years, there might be a situation where it borrows money in order to repay its previous loans.

Strategy 2: Negotiated domestic borrowing and utilization of securities market

Domestic borrowing refers to a government raising funds within its own country's financial markets. This is typically done through the issuance of various securities such as treasury bills and treasury bonds. Treasury bills are short-term debt instruments with maturities ranging from 91 days to 364 days, while treasury bonds have longer maturity periods, typically exceeding one year. These securities are used by governments to meet short-term funding needs (treasury bills) or to finance long-term projects and expenditures (treasury bonds).

The risks associated with this strategy are as listed;

- a) Domestic borrowing could lead to pressure on institutional investors and banks to absorb “too much” government debt and this may have a negative effect on financial stability.
- b) Expanding the market for domestic government bonds may have the risk that the public sector may crowd out private issuers.
- c) Finally, there are political economy reasons that may make domestic debt more difficult to restructure. In fact, a few highly indebted countries which were able to use debt relief initiatives to address their external debt problems are still burdened with high levels of domestic debt.

Strategy 3: External financing and some domestic bond financing

This is where the County combines both external and domestic financing in order to take advantage of the medium to high risk mainly due to the foreign exchange factor and low to medium cost in relation to County revenues. With gradual development of the domestic market this would provide a more balance composition of the public debt with less external debt and more domestic debt.

Bungoma County intends to use this third option which allows the county to source funding from both External and Internal sources of funding but with emphasis on Domestic borrowing in order to minimize the risks associated with external borrowing.

General Risks associated with Debts

There are many inherent risks in any debt portfolio. The County Government of Bungoma should employ measures to mitigate these risks and to minimize the impact of various exogenous shocks on the debt portfolio.

Creditor Concentration Risk: This refers to risks associated with most of the debt portfolio being held by one or two creditors. Those who hold a large proportion of debt could have a vested interest in the course of a county’s affairs and could potentially have an undue influence in policy development hence the investor base should be diversified and expanded.

Credit Risk of on-lent and guaranteed loans: When the level of outstanding on-lent loans from County Government of Bungoma is high, there is an implicit exposure to default and non-payment of obligations even when the loans are guaranteed. Deeper analysis and oversight required on these transaction.

Operational Risk: This arise from a small staff size and limited capacity. The difficulty in establishing the Debt Management office is a risk for Treasury and the County Government of Bungoma in general.

Strategic Risk: Strategic risk is the risk that decisions made about management of the debt portfolio have a high opportunity cost. If the CGoB decides not to borrow, then it could miss out on grant funding. If decisions to borrow for particular projects do not match expectations, then this money could have been better spent elsewhere on more beneficial projects. Money spent on servicing debt might be better spent on providing essential services.

Financial Risk: In this case, CGoB's portfolio management is so poor that it creates a source of instability for the private sector, less money is available for servicing the county's basic needs which could undermine development. A build-up of debt arrears might negatively influence investor confidence, weakening private sector activity, leading to a withdrawal of investment in the county, a decline in growth prospects and a further increase in debt to revenue ratios. This is an extreme risk.

Market Risk: Refers to the risks associated with changes in market prices, such as interest rates, exchange rates, commodity prices, on the cost of the government's debt servicing.

Rollover Risk: The risk that debt will have to be rolled over at an unusually high cost or, in extreme cases, cannot be rolled over at all. To the extent that rollover risk is limited to the risk that debt might have to be rolled over at higher interest rates, including changes in credit spreads, it may be considered a type of market risk.

Liquidity Risk: This refers to a situation where the volume of liquid assets can diminish quickly in the face of unanticipated cash flow obligations and/or a possible difficulty in raising cash through borrowing in a short period of time.

Credit Risk: The risk of non-performance by borrowers on loans or other financial assets or by a counterparty on financial contracts.

Settlement Risk: Refers to the potential loss that the government, as a counterparty, could suffer as a result of failure to settle, for whatever reason other than default, by another counterparty.

CHAPTER FOUR

COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS:

Committee Observations

The Committee after analyzing the Debt Management Strategy Paper made the following observations;

1. This Medium Term Debt management Strategy Paper (MTDMSP) is the 7th to be prepared by the County Government since devolution and the Assembly notes the absence of an established public debt management unit.
2. The Medium Term Debt Management Strategy Paper is a robust framework for prudent debt management that will provide a systematic approach to decision making on the appropriate composition of debt finance taking into account both cost and risk.
3. The Medium Term Debt Management Strategy Paper for FY 2025/26 – FY 2027/28 provides a framework and an additional strategy which the County Government can pursue to fund its budget deficits.
4. The County Government of Bungoma's decision to borrow is vested in the County Assembly of Bungoma as the 1st approver. If the County Assembly is of the opinion that the county government's borrowing carries substantial financial risk, may attract high cost of servicing and is a threat to the County's budgeting and service delivery, then the Assembly can deny approval for the borrowing.
5. The Committee notes that the County Accounts Payable are indicated as Kshs. 1,094,407,200 for recurrent expenditure, Kshs. 1,849,968,716 for development expenditure and Kshs. 720,766,313 for Ward Based Projects totaling to Kshs. 3,665,142,229.
6. The County government has a short-term borrowing arrangement with the Kenya Commercial Bank, for an overdraft facility equivalent to one month's gross staff salaries to be utilized in payment of salaries in the event of delayed in exchequer releases but the limit of borrowing has not been indicated in the report.

Committee's Recommendations

Based on the above observations, the Committee recommends as follows;

1. **THAT**, the County Government should establish a Public Debt Management Unit (PDMU) to enhance the efficiency and effectiveness of debt management. The unit will help in monitoring and coordinating the County's debt portfolio, ensuring alignment with medium term debt strategy and offering expertise in the assessment of debt sustainability.
2. **THAT** the County Government of Bungoma adopts strategy 3, external financing and some domestic bond financing which will allow the County to source for funding from both external and internal sources of funding but with emphasis on domestic borrowing in order to minimize the risks associated with external borrowing.
3. **THAT** County Government should adhere to the Fiscal responsibility principle to be able to secure long-term loans to finance its budget deficit.

4. **THAT** the County Treasury should prioritize a dressing the high outstanding accounts payable as they represent a significant financial burden and measures should be put in place to ensure that such arrears are minimized in the future.

5. **THAT** a robust monitoring framework should be established to provide regular and timely reports on complete projects that have not been paid. This will ensure transparency and accountability enabling the County to track outstanding payments and plan on how to settle them.

6. **THAT** the County Treasury should comply with section 143 part 2 of Public Finance Management Act 2012 by not exceeding 5% of the most recent audited revenue of the entity on the short term borrowing arrangement with Kenya Commercial Bank.

Conclusion

Mr. Speaker,

The approval of this Medium Term Debt Management Strategy Paper for FY 2025/2026 and 2027/2028 by this House will provide the framework for County Government of Bungoma to pursue for additional funds to Finance its Budget deficits especially on development expenditures.

Annexures

1. Adoption Schedule

2. Draft Bungoma County Medium Term Debt Management Strategy Paper FY 2025/2026 to FY 2027/2028.

The report was adopted, Signed by all members.

Thank you Mr. Speaker. That is the end of our report. Allow me to call the seconder who is the Chair - Budget!

Mr. Speaker: Chair - Budget, you have the honor of seconding the committee report!

(Applause)

Hon. Jack Wambulwa (Secunder): Thank you Hon. Speaker. As I rise to second the report, I want to thank my Deputy Majority Leader who has taken time to go through the report. As you are aware, this report was not easy but at long last we were able to come up with a final draft on the same.

Looking at what the Executive are trying to propose, I want to tell this House that as they want us to recommend for them to be making borrowings from external donors, we cannot meet the

guidelines for reasons that we cannot be able to raise our revenues to the expectation. So, it will not be easy. I want Members to understand that this County can just go out there and borrow and then the procedure is so tedious that even as an Assembly, once we approve, it has to go to the National Assembly for approval then to the CS Treasury before going to the CBK for approval of any payments.

I want to allay any fears that as a committee, we have allowed the Executive to start borrowing. We would rather concentrate on our little resources if it can be done in a transparent manner. I want to appreciate the House. Of late we are keen on every expenditure of the Executive. I want to urge the sector committees to interrogate their quarterly reports with keenness to make sure that any cent that was allocated to the Executive is well utilized to the common man's benefit and not to individual benefit. I second the report and I want to appreciate the members for being patient.

Mr. Speaker: Thank you Chairperson for seconding the committee report. Honorable members, allow me be able to propose a motion for debate;

(Question proposed)

Yes Hon. Leader of Majority!

Hon. Joseph Nyongesa: Thank you Mr. Speaker. First, allow me appreciate the mover of this report Hon. Joan Kiron'g my Deputy Leader in this Assembly. Although she was almost giving up but at long last she got the energy.

I appreciate even the seconder who is the Chairperson of the Committee on Budget and Appropriations. As we appreciate the committee, I want to quote where the Chairperson said that nowadays the House is keen. Indeed we should be keen and I want to remind the Members when they were contributing on the Governor's speech, they were at least cautioning the minority team to be visible and determined even if they are few. I think they have also gone through the report.

A key concern for me to stand up is the issue of pending bills with shocking figures. Because when we were doing our budgeting, we had fluctuations. During the quarterly reports, there were again some fluctuations on pending bills. I am saying this deliberately so that at least CPA Nganga can also be focused and reflect on the quarterly reports comparing with the way he normally handles the PAC committee on the audit reports.

The document is okay but the only query that is making my heart tremble is the issue of Kshs. 3.6 billion being alleged as pending bills that the County Government of Bungoma owes to the contractors both recurrent and development.

There is a roadmap that was agreed in the cabinet that they will be allocating 30% pending bills three consecutive financial years. In the Financial Year 2024/2025 the County Government has set aside Kshs. 1.2 billion to settle pending bills.

As it stands, in the current budget that we are spending, we had a budget of Kshs. 102 million to take care of the pending bills but the figure is still increasing. As we speak, there is an elephant in the House on the funds that were meant for the salaries; that is for May and June for the last Financial Year a whopping Kshs. 900,000,000 which I thinking is part of the pending bills. The figure of pending bills should be reducing but the committee has observed that we have pending bills worth Kshs. 3.6 billion.

In their recommendation, it's like they are agreeing that we have these figures. So, my question is when we are dealing with these pending bills, are they reducing or increasing? That is the biggest question that we ought to ask ourselves.

If the 900,000,000 was also part of pending bills then we should be talking about either Kshs. 2 billion or below. If we approve this document based on the observation that the County Government has pending bills to a tune of kshs 3.6 billion shillings that we ought to budget for then as an Assembly we shall be going wrong.

If we can remember, we had a meeting with the Executive and the treasury over these issues of pending bills. It was clear that we as an Assembly can also give out some members staff to accompany the executive staff to verify the pending bills so that we know exactly what we owe our contractors. If today we pass this document and say pending bills are at Kshs 3.6 billion, then have we verified? The committee can tell us if they verified the 3.6 billion in form of pending bills because I foresee a scenario whereby our CEF will be affected.

Basing on this, I personally request that we don't approve this document with such figures because it will affect us in the near future when we are doing the Fiscal Strategy Paper. I do not support.

Mr. Speaker: Yes, Honorable Ken Wanyama! Sorry, I thought I had given you the microphone!

Hon. Ken Wanyama: Thank you Mr. Speaker for giving me an opportunity to contribute to the motion before us. From the Budget committee, this is on the Medium Term Debt Management Strategy for the FY 2025/2026 and 27/28. This is a very important document.

First, I want to applaud the committee for trying their best and doing an analysis to enable us see through it. Two issues caught my eye;

The first one has conclusively been touched on by the Majority Leader. This is the issue of the pending bills but there is just one issue on pending bills which I would wish to add on.

My first question to the mover of the motion as she comes back to respond because under the Financial Year 24/25 the Executive projected to have paid 1,215,752,788. So, has the committee verified and can they tell us how much of this amount has been paid so far because you realize we are actually already in the last quarter of this particular Financial Year.

Secondly, and this is very important. As much as the Executive has given us a schedule of payment of how they would wish to pay but my wish and hope is that as they do this payment, they use what we call FIFO method. Let them start with the oldest. Thank you. It's called first in, first out. Let them start with the oldest payables and not starting with the most current and leaving other suppliers suffering. Otherwise, I think on the issue of pending bills my leader has conclusively covered the same.

My second issue, I see that the County projects to borrow about Ksh 2,399,727,879 and they say the amount will be repaid in 15 years at a rate of 11.25 p.a.

As per the law currently, all these loans as much as we would approve like the Chairman said, they are subject to approval by the National Assembly and they are subject on approval upon fulfilling certain Fiscal responsibility principles.

I want to draw Honorable members to page 7 and look at fiscal responsibility Principal number 4 which says that the county debt should be sustained at 20% of the most recent audited revenues. So, as the mover of the motion comes to reply, have you checked and confirmed that the amount projected to be borrowed is within this percentage?

Three, still on the amount that the Executive projects to borrow, when you look at page 11 the committee has summarized very well what we call Debt Management Strategy Principles on page 11. I want to look at Principle 1, 3 and 5.

Principle 1 on Debt Management Strategies, we are saying that the amount borrowed must be for capital projects.

Three, we are saying that the identified County Priority areas or rather these must be identified County priority areas that are transformative. My question to the committee because I have not seen in this document details of which projects the Executive intends to put this money to. Have you checked to see what kind of projects the Executive intends to expend the 2.4 billion shillings towards.

Are they capital projects, are they transformative in nature? So, as you come to reply, kindly give us more details on that. Then lastly, when I look at Debt Management Strategy principle number 5, the committee has also clearly said that it must be pegged on debt sustainability.

My question to the committee is, has the County Treasury given you an evaluation of the county's debt servicing capacity. Do we have the capacity to service this kind of loan?

We have what we call debt service coverage ratio which basically indicates of a debt service to revenue generation. So, have you been able to look at such reports for you to be comfortable that the County Government of Bungoma is able to repay 2.4 billion in 15 months at the indicated interest rate.

Mr. Speaker: Members as you do so, I think if you heard the submissions of the Chair of the committee. Although it's very clear that this document does not provide for the borrowing, it only gives the guideline. So, you need to also look at section 140, 141, 142 that provides the framework of borrowing. Let me hear Hon. Makari but the way things are, I also have a problem with this document as you speak because the issue of pending bills to me is wanting and I also propose to the Honorable members here that do not pay hot air in your wards. Verify individual projects due for payment because you cannot be borrowing money from the retention to pay pending project bills then it's also going up. So, like members I want to allow you... Hon. Makari, let me hear you then I do not know whether to allow Ipara to go ahead. Let me hear what they are going to tell me first.

Hon. George Makari: Hon. Ipara is hungry Chair. Hon. Speaker, thank you for giving me an opportunity. This report has been read by the Deputy Majority Leader very well and we should be able to applaud her for the effort but...

(Applause)

...but then this report has also been opposed by the Majority Leader so what are we doing? We should return it back to the sender and then we do other serious things because as properly elaborated by the Majority Leader and as also added weight by Hon. Wanyama, I want to refer you to the Finance committee report that was tabled late last month around two weeks ago.

Mr. Speaker: Proceed, kindly Hon. Makari!

Hon. George Makari: I want to refer you to the report that was tabled by Finance Committee that we passed here. It was around two, three weeks ago. It was speaking about the pending bills, overall cumulative pending bill of the County Government of Bungoma of Kshs. 1.1 billion. At what time now is it coming to Kshs. 3.6 billion and we have not tabled the reports on County Fiscal Strategy Paper. I am sorry to inform you this. The County Fiscal Strategy Paper report is now saying the overall pending bill is Kshs. 3.8 billion. Now it has jumped from 3.6 billion in this medium Debt Management Strategy Paper to now 3.8. When the Finance Committee report was tabled and this report comes from the CECM Finance himself, he came before the committee and reported pending bills are at Kshs. 1.1 billion. Now where are we finding this Kshs 3.6 billion, 3.8 billion? Where are they coming from as properly enumerated by the Leader of Majority. We have been speaking about this issue. We have been in Pasikari Nabwana Hall talking about this and I think you were present that day when they said they had been paying

these pending bills and even they began giving members an overview of the pending bills in their wards.

I am among the people who said that the pending bills they were speaking about in my ward had been paid. Other Members also stood up and said no, this one was paid. Which are the exact pending bills in this County Government of Bungoma?

Lastly, just check what the Hon. Leader of Majority said; money for salaries in May and June in the last Financial Year that the money came in August and if you follow up well they said that money was used to pay pending bills. Now, are we reducing the pending bills or are we increasing? If the whole lot of around 900,000,000 was used to pay various pending bills and maybe recurrent expenditure, will the debt reduce or increase?

There is a problem here and we must be able to address it. This is a problem and somebody is playing with our intelligence and think we are foolish. Somebody is thinking we are stupid in this House. He is trying to alter figures. When we read figures last month, this month when they come they have shifted. As our leader has said, if you are the commander of an army and you say you are not supporting, I am also opposing the report.

Mr. Speaker: Members, where you are heading is creating a stalemate. I will want to urge the Chairperson of the committee to find a better way. If the Leader of Majority is opposing a report moved by the Deputy Leader of Majority. Interestingly, the Leader of Minority, Chief Whips both for majority and minority sides also sit on this Committee. I want to give you a leeway, the Committee on Budget and Appropriations that we are not in a hurry; I will allow you to reconcile three documents. Figures in the Debt Management Strategy Paper, 1st Supplementary budget estimates 2025 and the County Fiscal Strategy Paper.

You cannot have three documents with different figures on pending bills. Members I will allow the chairperson to undertake this assignment and the secretariat should assist honourable Members because if they were keen, they could have pin pointed to the committee the different figures on pending bills. The chairperson is allowed to go back and reconcile these documents because where we are headed is worrying to see the Leader of Majority rejecting a document moved by the Deputy Leader of Majority. As they go back, I will engage the Deputy Clerk to guide the honorable Members well. I know you may be busy but how do you explain three interconnected documents with different figures on pending bills?

Honorable Members, let me allow the Chair, Budget...

(Loud Consultation)

Honorable Members, I have not heard that. Luckily it is not on HANSARD. Honourable Members, do not go that direction. It will be embarrassing and we have spoken here publicly that

they go back and correct their recommendations before approval. When you say that way, it means the adoption schedule was signed somewhere else. Chair Budget!

Hon. Jackson Wambulwa: Thank you Hon. Speaker. First of all I want to appreciate the concerns raised by yourself and both leaders and the House at large. Hon. Speaker, I want to agree with you that we'll be given some little time to panel bit this document. Hon. Speaker and I want this to be on record. I remember well during the committee sitting, these recommendations came before us and I stressed and repeated that it should be clear that until when these pending bills can be verified by a committee of a County government. Up to now as we talk Hon. Speaker, even when the CECM appeared before us it's on Hansard. I asked him do we have any committee in this County government that goes through the pending bills, as much as you are telling us to pay pending bills.

Do we have a committee? Can you name the members of the committee? He did not. Therefore, we did not agree with this Kshs.3.6 billion, as Members are saying. But now, it's good that you have also realized Hon. Speaker, we have a challenge with our secretariat, we are going to sit down with them and I think we might reach a place and request those who cannot support the committee to give space so that we can have people who can support the committee Hon. Speaker. Thank you.

Mr. Speaker: They will be assigned lighter duties, don't worry about that. Now Members, under Standing Order no. 1, I now refer back this report to the committee. Secondly, I ask the Chairperson and the Members reconcile Debt Management Strategy Paper and the County Fiscal Strategy Paper because they walk together. If need be even the one we are supposed to discuss in the budget, you look at it because I have had time to look at the law. So let's not pass something they will say that Assembly approved. Are we together Members? Honourable Members using my powers, I have allowed the committee to have back their document. They'll go through it afresh and come back with a proper report. Equally, Members, I gave the committee more time to look at the County Fiscal Strategy Paper. They can bring them together after looking at them jointly so that we avoid this confusion. Majority, you requested? Hon. Ipara you'll have your day. Hon. Allan you want to speak about the same thing? Yes? It's okay. You'll be allowed. Let me start with Leader of Majority.

Hon. Joseph Nyongesa (Leader of Majority): Thank you Hon. Speaker. Just a humble request, you have pronounced vividly that the Leader of Majority is opposing the report from his Deputy. You know Mr. Speaker, it is not anchoring on well. What we are doing is based on the fluctuation of figures but not opposing my deputy. I was correcting the situation. Thank you, Mr. Speaker.

Mr. Speaker: Thank you Honourable Members but at the end of your speech, you said you were opposing the report. Those are your words, not my words. Hon. Allan Kindly proceed?

Hon. Allan Nyongesa: Thank you Speaker. I'm in agreement with your ruling but this trend Hon. is worrying. We have all the reasons to worry about the Budget Committee. Every time we are giving them more than enough time to prepare their documents. Every time they come here, they are asking for extra time. Like yesterday we were eagerly waiting for the Budget report to be tabled but they asked for the report to be withdrawn even after giving them more days. Hon. Speaker, this trend is worrying the House and it's high time the leadership of this House should reconsider reconstituting the Committee of Budget. Because it seems there are some Members in that committee, who are not serious with their work. Some of them don't sit in this House at all.

(Applause)

Members of Budget Committee a few of them who are here they are okay, but most of them Hon. Speaker they don't sit in this House when they are dealing with serious documents for this County. It's high time and I am proposing to my Leader of Majority whom I highly respect that they need to sit down and reconstitute this Committee. We have so many other serious Members like Hon. Waiti, Hon. Ipara and myself, Hon. Speaker.

(Laughter)

(Applause)

We are always in the House Hon. Speaker. We are always available to discuss these things. So if they are not up to the task we reconstitute. I submit. Thank you.

(Laughter)

Mr. Speaker: Honourable Members that proposal is well captured. As you are equally all aware, some of the Committee's tenure is coming to an end. So when it comes to an end, we will see what happens. But you've spoken your wishes well and your Deputy Minority Leader has heard your sentiments and equally the leadership of the Majority has heard you. They will take those views to your Minority Leader.

(Applause)

Hon. Chemion just hold on please. Yes, please.

Hon. Francis Chemion: Thank you, Hon. Speaker. I have heard your direction and I don't know. You have directed the Committee to reconcile those documents, the two...

Mr. Speaker: I will give them time to look at their documents. Equally, I also have eyes and I will look at these documents.

Hon. Francis Chemion: Speaker, I'm with you. There communication that you have made I think if we go by it, we may have them rush the document again. Hon. Speaker, you have said that we allow them to reconcile the documents. After reconciling, they could still panel bit this one because it has no timeline and maybe submit the others so that they don't bring all of them.

We may force them again to do shoddy work. Let them concentrate on documents with timelines and continue panel biting the one without timelines because if it is brought with same mistakes, it will fall again.

Mr. Speaker: Hon. Chemion well said, but this committee has competent Members. I wish they could take their time and look at it and bring back the report. Chairperson and your committee Members, you have time from this evening. You can hold a meeting, plan what to do, but do your work. Yes. Next?

MOTION ON ADJOURNMENT OF THE HOUSE

Mr. Speaker: Yes Leader of the Majority, proceed.

Hon. Joseph Nyongesa (Leader of Majority): Thank you Hon. Speaker. I rise to move a motion for the adjournment of the House on Thursday 3rd April 2025 to allow the Secretariat of Committees to interrogate the County Fiscal Strategy Paper 2025.

Aware that the County Fiscal Strategy Paper should be adopted not later than 14 days after submission to the County Assembly, noting that the Sector Committee ought to conduct thorough interrogation. Now therefore, this House resolves not to sit on Thursday 30th April, 2025 and resume sittings on Tuesday 8th April, 2025 at 2.30 p.m. Hon. Speaker having reached there, allow me to call upon the Deputy Leader of the Minority to second.

Mr. Speaker: Thank you, Majority Leader.

Hon. Everlyne Mutiembu: Thank you, Mr. Speaker. In the first place, I want to appreciate the Leader of the Majority for moving this motion of adjournment. Mr. Speaker, I rise to second the adjournment so that Members are allowed to interrogate the County Fiscal Strategy Paper tomorrow, Thursday 3rd April. I second. Thank you.

(Applause)

Mr. Speaker: Honourable Members, allow me be able to propose a motion for debate;

(Question proposed)

Hon. Chikati, proceed.

Hon. Timothy Chikati: What is it?

Mr. Speaker: When you request this side I can see No. 40 Hon. Chikati applying to speak.

Hon. Timothy Chikati: Chair, its Hon. Ipara that had pressed. I was talking to him. I think he was just ... Sorry, Chair.

Mr. Speaker: It's okay. Yes, Hon. Ipara,

Hon. Johnstone Ipara: Bwana Spika wewe unajua Mheshimiwa Chikati alifinya akifikiria amefinya yangu na akafinya yake. Unajua kutofuatilia vile mambo yanaendelea ndani ya Bunge ni makosa. Bwana Spika naunga kuhairisha ndiposa wajumbe wapate nafasi ya kujadili mpango wa pesa za mwaka utakaofuata. Mheshimiwa Spika umeona kuna matatizo mengi wakati tuna pitisha mambo kwa haraka. Na mara nyingi unapata tukipitisha makosa na wale wanaofaidika wanaenda pale nje wanaimba kwa sauti ya juu sana na kusema kwamba ni wajumbe walipitisha na yeye mnataka afanye nini? Hii nafasi inatoa nafais tuangalie kwa uangalifu na tuhakikishe yale tutapitisha yatakuja kwa nyumba hii yatasimamia mwaka wa pesa utakao fuata. Naomba pia mwenyekiti wa Kamati ya pesa awe mtu mwangalifu zaidi. Pia wewe Bwana Spika umesema Kiongozi wa wengi ndiye Amepinga hii ripoti, sio Kiongozi wa wengi. Mwenyekiti wa kamati hii ya pesa mwenyewe alisema ya kwamba tuangalie vizuri kabula kupitisha. Sijui kwa nini haukusikia hilo.

(Laughter)

Kwa hivo Spika naunga kuhairishwa kwa Bunge ipeane nafasi kwa sisi tuangalie haya mambo. Asante.

Mr. Speaker: Hon. Majority, Hon. Members, I've been trying to digest the language the Hon. Ipara has been using. There's a difference between the Chair of Finance and the Chair of Budget Committee. Mwenyekiti wa makaridio ya pesa na mwenyekiti wa kamati ya fedha, ni tofauti sana.

Hon. Johnstone Ipara: Bwana Spika wacha nirekebishe, ni mwenyekiti wa kamati ya bageti ambaye ni Mheshimiwa...

Mr. Speaker: Kamati ya makadirio ya pesa.

Hon. Johnstone Ipara: Mwenyekiti wa makadirio ya pesa Mheshimiwa.....

(Loud consultations)

Tafadhali kidogo bwana Chikati, Mheshimiwa Jackson Wambulwa.

Mr. Speaker: Hon. Majority you do the response.

Hon. Joseph Nyongesa (Leader of Majority): Thank you, Hon. Speaker. First of all I want to appreciate Hon. Ipara and the whole House for supporting. It is critical especially for this issue of the Fiscal Strategy Paper, because this document sets ceilings of every department. I request our honourable Members to ensure that they keep time, be present to be taken through the document, so that we are aware of what we are doing.

Otherwise, I wish all the committees well and I hope that we shall come up with a document that will assist our people. This is the right time, because I was hearing rumors that CEF has been reduced to Kshs. 15 million. We need to be keen when handling this document now that we are not handling bursaries and scholarships. Mr. Speaker it is the highest time for this House to increase the CEF from Khs. 24 million upwards. Thank you so much for supporting.

(Applause)

Let us meet tomorrow in our committees and ensure that we keep time. Thank you, Mr. Speaker.

Mr. Speaker: Hon. Cornelius, Honorable Members, allow me to put a question to the said motion;

(Question put and accepted to)

The Ayes have it.

My request is that as said by the Leader of Majority, tomorrow we will have housekeeping of all the committees doing interrogations. My request to the Members is to come early and take part in housekeeping before commencing the interrogation. It will be funny to come and find the Chief Officer and the CEC sitted and start asking, where have we reached? It will be embarrassing Members.

ADJOURNMENT

We will now adjourn the sitting until next week on Tuesday. Thank you and have a good day.

The House rose at 4:16 p.m.