



**MEMORANDUM ON THE CFSP 2024 FROM LAMU BUDGET CHAMPIONS
PRESENTED TO LAMU COUNTY ASSEMBLY ON 14TH MARCH 2024.**

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Introduction

The County Fiscal Strategy Paper is a critical document in the budget cycle, it sets the total size of the budget for the coming year, including the total size of the resource envelope. Besides, it is the document where the broad county priorities for the county for the year are firmed up.

According to the PFM Act 2012 117 (1), the County Treasury shall prepare the County Fiscal Strategy Paper and table it in the County Assembly by the 28th of February. Once the County assembly approves the County Fiscal Strategy Paper, it serves as the basis of sector expenditure ceilings that guide the detailed budget estimates.

The county treasury must publish and publicize the Fiscal Strategy Paper within seven days after it has been submitted to the County Assembly (By 7th March). This allows the public to engage with the document and give their proposals, either in forums organized by the county government or through written submissions (memoranda, et cetera)

The Budget Champions Lamu County under the Coast Regional Budget Hub is pleased to give this memorandum to the county assembly of Lamu. This submission was prepared by a collective of 11 budget champion individuals working with different organizations, drawn mostly from civil society organizations from different villages within Lamu County. The participants were met in a physical meeting in Lamu town. This memorandum is organized into two sections. The first section provides analysis and procedures followed in conducting public participation and the second is a summary of the key proposals for each of the sectors that were analyzed by the team, including justifications for those requests.



We as Budget champions wish to recognize the fact that Lamu County has a public participation Unit which should address the needs of the citizenry and help improve the process of public engagement and using the structures available at the ward level. Further, we have noted that the public participation exercises were done on CFSP to five (5) wards Mkomani, Kiunga, Faza, Bahari and With and excluded other wards without justifications as to why the other five wards were not included Shella. Hindi, Hongwe Mkunumbi and Basuba, whom we felt that the shot coming was deliberate. With the availability of time and the elaborated budget circular provided by the county treasury in early September 2023. The public participation was attended by those elites who belong to those villages and other lucky individuals in towns, a process which has not affected the lives of the citizenry that you serve from the minority and marginalized communities in the diverse Lamu county.

We also take cognizance of the fact that the advertisement for the Budget estimates came out on time because the process has been done on the ward level. The impact points out locking out other areas from meaningful participation in the process.

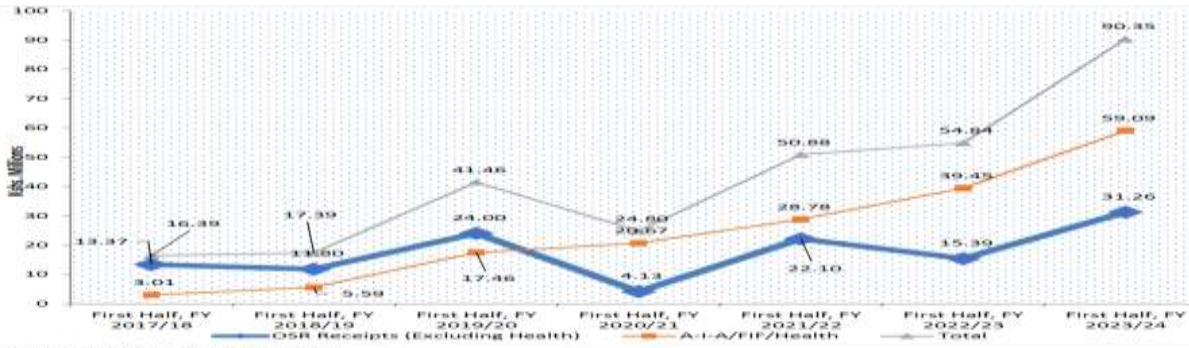
The county executive committee and the county assembly of Lamu both failed to publish and publicize the budget document on the website to allow the public to share their input. The budget champions relied on the document shared on the county website instead of the county assembly.

Key submissions

S/NO	KEY FINDINGS	RECOMMENDATIONS
1.	The county government of Lamu Failed to share the compiled draft budget document with the public through the county website, ward administrator's office and other avenues to allow Lamu citizens to have prompt access to the document and share their inputs.	The county should share the draft CSFSP 2024 document with the public 7 days before public participation to enable analysis of the draft document and share their inputs.
2.	The public notice was shared through WhatsApp a social media platform which suits certain age brackets and those belonging to those groups.	The county government should use town criers local FM stations, and other offices to spread the invitation to allow those in the village to attend the public participation.

	<p><i>Lack of adequate time distributed to citizens to understand the document and share their inputs.</i></p>	<p>The county government should distribute a full day in a ward and do civic education to allow the participants.</p> <p>understand the document to have meaningful participation.</p>
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	<p>that the county government is over-ambitious in revenue collection with a target of 200 M with the county collecting 156M in the previous year.</p>	<p>target to attainable amount as the higher mark showed will influence development where money will be deducted and not from the recurrent expenditure.</p>
	<p>Personal emoluments should be 35% as enshrined in the PFM ACT, the county government had budgeted for 49.9% an increase of 14.9% which is illegal.</p>	<p>The PFM act sets out a ceiling of 35% distributed to personal emoluments the county should align to legal mandates.</p>
	<p>Public participation and civic education policy Draft- in 2019 the county government came up with the PPC draft, which was subjected to public participation, but it has not been presented to the county assembly to be enacted.</p>	<p>The CEC finance should present the public participation and civic education policy draft document to the county assembly to be enacted into law to enable the allocation of funds and have meaningful, prompt and inclusive public participation.</p>
	<p>The County has included the BF amounting to 438.22million in the development expenditure which affects the development and wage percentage.</p>	<p>The county government should not include the balance brought forward.</p>
	<p><u>Unlikely revenue achievement in the current and coming fiscal years:</u> We as budget champions felt</p>	<p>The county government should consider lowering the local revenue</p>



Source: Lamu County Treasury

The county government were over-ambitious in projections as the county projected 350 million on own source revenue but was only able to collect 90 million in half a year.

Table 5: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	2,226,171,972	460,000,000	968,480,929	176,108,032	43.5	38.3
Compensation to Employees	1,502,370,415	225,162,450	714,144,864	94,949,910	47.5	42.2
Operations and Maintenance	723,801,557	234,837,550	254,336,065	81,158,122	35.1	34.6
Development Expenditure	1,811,742,001	89,000,000	141,617,575	-	7.8	-
Total	4,037,913,973	549,000,000	1,110,098,504	176,108,032	27.5	32.1

Source: Lamu County Treasury

The development absorption is at 7.8% while recurrent absorption is at 46%. The county government had incorporated 438.22m as a balance brought forward from 2022-2023.

Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.809.10 million, or 47.5 per cent of the available revenue which amounted to Kshs.1.61 billion. This expenditure stood for an increase from Kshs.732.33 million reported in a similar period in FY 2022/23. The wage bill included Kshs.428.97 million paid to health sector employees, translating to 53 per cent of the total wage bill.

Further analysis shows that PE costs amounting to Kshs.725.14 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.83.95 million was



processed through manual payrolls. The manual payrolls accounted for 10.4 per cent of the total PE cost.

The County Assembly spent Kshs.6.6 million on committee sitting allowances for the 20 MCAs and the Speaker against the annual budget allocation of Kshs.10.49 million. The average monthly sitting allowance was Kshs. 54,956 per MCA. The County Assembly has set up 17 committees.

Recommendations.

The county government should process all employees through the Integrated Personnel and Payroll Database (IPPD) system to reduce ghost workers and improve transparency and accountability.

COUNTY GOVERNMENT PRIORITIES:

DEPARTMENTS:

1. Agriculture, livestock and fisheries sector
2. Department of education and vocational training
3. Department of finance and economic planning
4. Department of trade, tourism, culture
5. Department of budget and economic planning
6. Department of infrastructure and energy
7. Department of public service management and administration
8. Department of lands, housing and urban planning
9. Department health and sanitation
10. County public service board



The CFSP provided information on the expenditure priorities set out by the county for the coming fiscal year, with justification for why the county sets/ picked those priorities. This section identifies

key priorities and the areas to receive less funding so that the priorities can receive more. This shall also be reflected in the figures provided in the sector ceilings. water & energy was budgeted in FY 2023/2024 to receive 177,500,000 but has been reduced in FY 2024- 2025 proposed to receive 75m despite the growing challenge of water shortage in the county. Education, Technology, Gender, Youth Affairs, Sports & Social Services was allocated 116,000,000 in the FY 2023-2024 but was reduced to 75M in the FY 2024-2025.

Recommendation: The county government should justify why those priorities were selected.

TABLE 8: TOTAL REVENUE PROJECTIONS FOR FY 2024-25

Revenue Basket	2024-25	2025-26	2026-27
PROJECTIONS			



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Equitable Share	3,285,952,778.00	3,450,250,416.90	3,622,762,937.75
OSR	160,000,000.00	168,000,000.00	176,400,000.00
Facility Improvement Fund	130,000,000.00	136,500,000.00	143,325,000.00
Roads Maintenance	134,869,251.00	141,612,713.55	148,693,349.23
Fuel Levy			
DANIDA	3,997,500.00	4,197,375.00	4,407,243.75
KISIP II	441,000,000.00	463,050,000.00	486,202,500.00
(FSRP)	173,076,923.00	181,730,769.15	190,817,307.61
KDSP-II	37,500,000.00	39,375,000.00	41,343,750.00
KUSP-UIG	35,000,000.00	36,750,000.00	38,587,500.00
BALANCE B/F	140,000,000.00	0	-
COUNTY hqS	119,000,000.00	0	-
TOTALS	4,660,396,452	4,621,466,275	4,852,539,588

- The County government intentionally carried forward the balance to the next fiscal year amounting to 140,000,000 which is technically incorrect.

