



COUNTY GOVERNMENT OF ELGEYO MARAKWET

THE COUNTY TREASURY

**COUNTY FISCAL STRATEGY PAPER
(CFSP)
2016**

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FOREWORD

This 2016 County Fiscal Strategy Paper (CFSP), the third to be prepared since the inception of County Government of Elgeyo Marakwet, sets out the county's priority programs to be implemented under the 2016/17–2018/19 Financial Years' Medium Term Expenditure Framework (MTEF) and aligns the aspirations of the county with those of the national government as stated in the 2016 Budget Policy Statement (BPS) and provisions of Elgeyo Marakwet County Equitable Development Act (EDA), 2015.

Development expenditures within the MTEF period will be shared out based on the parameters of EDA, 2015 to ensure social equity. However, EDA's parameters attach minimal weight to flagship and county wide projects which are capital intensive programmes and projects thus dragging their implementations to cover several budget cycles.

It also comes at an opportune time when the Public Finance Management (County Governments) Regulations, 2015 is being operationalised. The PFM Act Regulations contains clear provisions that will enhance effective public finance management.

In the 2015 CFSP, the county set its strategic priorities which were aligned to the national transformative five-pillar strategy aimed at transforming the Kenyan economy as follows: Enhancing Public Private Partnerships and partner collaborations, agricultural transformation and food security, infrastructural developments, including; roads, tourism and water to reduce cost of doing business and improve county competitiveness, access to quality social services and enhancing service delivery through devolution.

These strategic priorities are capital intensive and taking into account the limitation in our resource envelope, implementation of these priorities were phased and will therefore remain as the 2016 CFSP priorities. Implementation of programs expounded in this CFSP is expected to raise county economic efficiency and productivity and in turn, make our county competitive, thus creating vast opportunities for productive jobs and securing livelihoods.

Implementation of 2015/2016 budget started slowly due to delayed disbursements from the national treasury coupled with challenges associated with e-procurement process which delayed project implementation. This has now been addressed following discussions between county governments and national treasury during the February 2016 Summit meeting which has led to progressive operations of county activities. We will build on the achievements made so far in most sectors and through the policy goals set out in this CFSP; we will scale up our efforts in order to address the existing as well as emerging challenges.

The Medium-Term Expenditure Framework (MTEF) balances continued growth in spending with fiscal consolidation. Spending on social and economic programmes will continue to grow in real terms. Going forward, many of the county's large infrastructure projects will start to operate; upgraded roads will get more goods to markets and ensure efficient transport system, water schemes improvements will ensure that communities have access to safe water and urban planning initiatives will help our towns become

integrated places of work and social life. These are just a few of the major outputs expected from full implementation of this CFSP.

The 2016 CFSP emphasizes containing costs and improving efficiency across government departments and entities. To this end, we will moderate the pace of public expenditure growth while accelerating the delivery of quality services. Spending baselines which are basis for ceilings allocations have undergone rigorous review taking into account factors which include: the capacity of departments and public entities to manage resources, the link between outcomes, expenditure and departmental mandates, proposals from the public and programme performance so far and the provisions of the Public Finance Management (County Governments) Regulations, 2015.

The document covers five chapters. Chapter one highlights the justification for the preparation of the document while at the same time detailing the legal framework for the CFSP. In Chapter two, recent economic developments on the global and national level and the impact that they have had on the recent county economic development have been highlighted. Chapter three explores the fiscal and budget framework that will inform the budgetary process. Chapter four details the sector and departmental ceilings for the Medium Term Expenditure Framework (MTEF) Period. Chapter five highlights the conclusions and finally, the Annexes section contains documentations that have informed the preparation of this County Fiscal Strategy Paper (CFSP)

SHADRACK CHELIMO

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Special gratitude to individuals and entities for their vehemence and passion in the work that culminated in the realization of this document. The county would like to thank these individuals for the various roles they played during the preparation of this County Fiscal Strategy Paper, CFSP.

As usual, the preparation of CFSP continues to be a collaborative effort. Most of the information in this Paper was obtained from collaboration Departments and other county entities. We are grateful for their inputs.

We especially acknowledge the dedication of core team of technical staff from the Department of Finance and Economic Planning comprising mainly of Economists, budget officers and Accountants whose assignment was to collect, collate and analyze departmental findings from the CFSP questionnaire administered to all county entities and which formed the primary data for the preparation of this document.

This core team undertook the preparation task with the support and guidance of H.E The Governor, Deputy Governor, CECs and Chief Officers. This, hereby, is to further extend the county's gratitude to them and all others who participated in the CFSP preparation process too. The draft 2016 CFSP document was presented to the various institutions and members of the public for their inputs and direction. The County Budget and Economic Forum (CBEF) is one such institution whose inputs have been considered and thus deserves to be acknowledged. Finally, our county citizens continue to demand services as they should. We there do not take for granted their continued inputs and oversight and thus take this opportunity to thank them.

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ABBREVIATIONS

ADP	Annual Development Plan
BPS	Budget Policy Statement
CEC	County executive committee
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
CLMB	County Lands Management Board
CRA	Commission of Revenue Allocation
ECDE	Early Childhood Development Education
ECE	Early Childhood Education
EDA	Equitable Development Act
GDP	Gross Domestic Product
ICT	Information Communication Development
IDA	International Development Association
IFMIS	Integrated Financial Management Information System
KNBS	Kenya National Bureau of Statistics
MTEF	Medium Term Expenditure Framework
NAS	National Accounts Statistics
PBB	Programme Based Budgeting
PFM	Public Finance Management
PPP	Public Private Partnerships
SACCOs	Savings and Credit Cooperatives Organizations'
SMEs	Small and Medium Enterprises
SRC	Salaries and Remuneration Commission

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1 INTRODUCTION AND BACKGROUND

1.1 Rationale for County Fiscal Strategy Paper (CFSP)

The main objectives for preparing the CFSP are to specify;

- Mechanisms for aligning it with the national objectives contained in the Budget Policy Statement before the national budget is finalized
- Broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year
- Financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term
- Details of the sector and departmental ceilings for the Medium Term Expenditure Framework (MTEF) Period to ensure continuity in resource allocation from the last financial year consistent with the MTEF budgeting approach.
- Create a mechanism for public participation in the budgeting process thus informing priority choices for development.
- The overall deficit and financing, the underlying risks, structural measures and strategic interventions for development initiatives to be undertaken in the coming Financial Year and in the medium term

1.2 Roles in CFSP Preparation

1.2.1 County Treasury

The Public Finance Management (PFM) Act, 2012, in line with the Constitution, sets out the fiscal responsibility principles to ensure prudent and transparent management of public resources. Section 107(1-2) of Public Finance Management Act states that “In managing the County Government’s public finances, the County Treasury shall enforce the following Fiscal Responsibility principles:

- a) Over the medium term, a minimum of 30 percent of the national and county budgets shall be allocated to development expenditure;
- b) The County Government's expenditure on wages and benefits for its public officers shall not exceed 35% of the equitable revenue share with exception of section 32(1)(b) provisions
- c) Over the medium term, the County Government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;
- d) Public debt and obligations shall be maintained at a sustainable level as approved by County Assembly;
- e) Fiscal risks shall be managed prudently; and
- f) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future."

1.2.2 Departments/ Sectors

In the preparation of the CFSP and consequently the county budget, all sectors and departments in the county submits their respective strategic priorities and policy goals which would have been agreed upon by the various development actors within their sectors.

1.2.3 Role of County Budget and Economic Forum

County Budget and Economic Forum has been operationalized in the County to serve as the primary institution for ensuring public participation in public finances. It is integral to the County government's strategy of improve accountability and public participation at the county level. Its` mandates include ensuring that: -

- The public can determine how to spend development (capital) funds on investment projects in the county;
- The public can determine how to spend part of the recurrent or operational budget in the county;
- The public can participate through councils that are organized around specific sectors (e.g., health, education, etc.) where they discuss part of or the full sector budget;
- The public can discuss the entire budget, both recurrent and development, and all sectors, especially if a mini-public is formed to deliberate on this.

1.2.4 Commission on Revenue Allocation (CRA)

The principal function of the Commission on Revenue Allocation is to make recommendations concerning the basis for the equitable sharing of revenue raised by the national government between the national and county governments; and among the county governments with the aim of promoting and giving effect to the criteria of equitable share set out in Article 203 (1) of the constitution, defining

and enhancing the revenue sources of the national and county governments and encourage fiscal responsibility.

It therefore advises significantly the county resource envelope set out in the CFSP and the ceilings of both recurrent and development estimates.

1.2.5 Members of the public and Interest Groups

The county government of Elgeyo Marakwet recognizes that for the country to reach its full potential, it is important to empower youth, women and persons with disabilities and remove all obstacles to ensure full participation in social economic development of the county.

Stakeholders' participation is thus useful in the identification of stakeholders' social and developmental challenges and homegrown interventions to address the challenges and the enhancement of greater ownership, and participation of citizens in budget implementation, monitoring and evaluation via inclusivity in the planning and budget making process.

In addition, public involvement ensures openness, accountability and participatory bottom-up management of resources and informed decision-making. The Constitution introduced fundamental changes to Public financial management and specifically to the budget process. Therefore, in complying with these provisions, the CFSP preparation considers public participation as vital. The CFSP will be tabled before the general public, any other interest groups including FBOs, NGOs, CSOs and the County Economic and Budget Forum for consideration and inputting their views before being submitted for approval by the County Assembly.

1.2.6 Other Development Actors

The County Government of Elgeyo Marakwet is in discussions with various development partners seeking additional funds to bridge development gaps in the County. Among these partners include WORLD BANK, USAID, GIZ, FAO, WORLD VISION and CRA. The County will continue to seek and sustain support from donors and other development partners to fill the resources gap in the CIDP projected budget. Therefore, for accountability, openness and shared objectives, the CFSP preparation also involved all developments partners in its preparation and the budget process as a whole.

1.2.7 County Assembly

County Assembly plays a crucial role in strengthening good governance in the county. It approves overall policy and provides leadership to County Legislation and oversight with respect to public expenditures. It also plays the following roles;

- Receiving and approving among other documents the County Fiscal Strategy Paper (CFSP)
- Approve financial borrowing to finance deficit in the budget by the county government in accordance with Article 212 of the Constitution

- While respecting the principle of separation of powers, the county assembly may exercise oversight over the county executive committee and any other county executive organ on the implementation of the budgeted priorities
- County Assembly Speaker organizes and determines business to be conducted in the house including those regarding CIDP approval and implementation.
- County Assembly Speaker Receives bills, motions and questions and prepares an order paper for house business including those relating to CIDP.

1.3 Legal Framework for County Fiscal Strategy Paper (CFSP)

The preparation of the County Fiscal Strategy Paper (CFSP) is provided for in the Public Finance Management (PFM) Act section 117. Some of the provisions in this section state that;

(1) The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly by the 28th February of each year.

(2) The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.

(3) In preparing the County Fiscal Strategy Paper, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term.

(4) The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term.

(5) In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of:

- a. The Commission on Revenue Allocation;
- b. The public;
- c. Any interested persons or groups; and
- d. Any other forum that is established by legislation.

(6) Not later than fourteen days after submitting the County Fiscal Strategy Paper to the county assembly, the county assembly shall consider and may adopt it with or without amendments. This provision is further expounded by section 37(1) of the PFM Act 2012 Regulations which indicates the extend of the percentages to be amended by County Assembly and states that “Where a county assembly approves any changes in the estimates of budget under section 131 of the Act, any increase or reduction in expenditure of a Vote, shall not exceed one (1%) percent of the Vote’s ceilings’. Section 26(3) of the PFM Act 2012 Regulations further provides for engagement framework between the CEC Finance and the Budget Committee of the County Assembly on changes and decisions to be made by county assembly on budget documents and process. It state that; “Before tabling a report containing recommendations on the County Fiscal Strategy Paper for adoption by the County Assembly in

accordance with section 117(6) of the Act, the relevant committee of the County Assembly shall seek the views of the County Executive Committee member on its recommendations.

(7) The County Treasury shall consider any recommendations made by the county assembly when finalizing the budget proposal for the financial year concerned.

(8) The County Treasury shall publish and publicize the County Fiscal Strategy

1.4 Fiscal Responsibility Management (Section 107)

In line with the Constitution, the Public Financial Management (PFM) Act, 2012 which sets out the fiscal responsibility principles to ensure prudence and transparency in the management of public resources. The PFM law (Section 107) states that:

(1) A County Treasury shall manage its public finances in accordance with the principles of fiscal responsibility set out in section 107 subsection (2), and shall not exceed the limits stated in the regulations.

(2) In managing the county government's public finances, the County Treasury shall enforce the following fiscal responsibility principles:

- a. The county government's recurrent expenditure shall not exceed the county government's total revenue;
- b. Over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure;
- c. the county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;
- d. Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;
- e. The county debt shall be maintained at a sustainable level as approved by county assembly;
- f. The fiscal risks shall be managed prudently; and
- g. A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

(3) For the purposes of subsection (2) (d), short term borrowing shall be restricted to management of cash flows and shall not exceed five percent of the most recent audited county government revenue.

(4) Every county government shall ensure that its level of debt at any particular time does not exceed a percentage of its annual revenue specified in respect of each financial year by a resolution of the county assembly.

1.5 Guiding Legal Provisions

- More than 30% of budget allocated to development
- Development priorities derived from CIDP

- Personal Emoluments must not be more than 35% of budget
- County Assembly ceilings must be less than 7% of budget or twice county assembly PE whichever is lower
- Development allocation done per EDA
- Borrowings cannot exceed 20% of the last audited revenue

2 ALIGNING CFSP WITH BPS 2016

2.1 Background of Recent Economic Situation

Kenya's economic growth has been robust supported by significant infrastructure investments, construction, mining, and lower energy prices and improvement in agriculture following improved weather. The economy grew by 5.3 percent in 2014 and is projected at 5.6 percent in 2015, 6.0 percent in 2016 and 6.5 percent in the medium term.

Macroeconomic stability has been preserved with inflation remaining on average within target. Overall month on month inflation was at 8.0 percent in December 2015 from 6.0 percent in December 2014. This was attributed to the increase in prices of several food items which outweighed the decreases as well as increase in the Alcoholic Beverages, Tobacco & Narcotics index.

The Kenya Shilling exchange rate has stabilized following increased foreign exchange inflows in the money market. The current level of foreign exchange reserves, backstopped by the precautionary program with the IMF, continues to provide an adequate cushion against exogenous shocks. Furthermore, the current account deficit narrowed, mainly due to a lower oil import bill, and a slowdown in consumer imports.

Short term interest rates have declined following improved monetary conditions that led to increased liquidity in the money market. The interbank rate was at 6.2 percent as of 21st January 2016 while the 91 day Treasury bill rate was 11.4 percent as of 22nd January 2016.

The economy grew by 5.3 percent in 2014 supported by strong performance in most sectors of the economy which offset the contraction in the tourism sector. Kenya's economic growth remained resilient in 2015. The first three quarters of 2015 recorded an average of 5.5 percent growth compared to 5.3 percent growth in a similar period in 2014.

2.2 Global Economic Environment Impacts

Global economic growth for 2015 is projected at 3.1 percent, a slowdown from a growth of 3.4 percent in 2014. Prospects across the main countries and regions remain uneven; the recovery in advanced economies is expected to pick up slightly, while activity in emerging market and developing economies is projected to slow primarily reflecting weaker prospects for some large emerging market economies and oil-exporting countries. Global activity is projected to gather some pace in 2016 to 3.6 percent due to the recovery in growth in advanced economies. However, with declining commodity prices, depreciating emerging market currencies, and increasing financial market volatility, downside risks to the outlook have risen, particularly for emerging market and developing economies.

Growth in Sub-Saharan Africa is expected to weaken from 5.0 percent in 2014 to 3.8 percent in 2015. The slowdown in 2015 is primarily driven by the repercussions of declining commodity prices,

particularly those for oil, as well as lower demand from China, the largest single trade partner of sub-Saharan Africa, and the tightening of global financial conditions for the region's frontier market economies. Among the region's oil importers, a majority will continue to experience solid growth, especially low-income countries, where investment in infrastructure continues and private consumption remains strong. The growth will pick up in 2016 to 4.3 percent, driven by sustained infrastructure investment; buoyant services sectors, and strong agricultural production, even as oil-related activities provide less support.

2.3 National Economic Situation

The economy grew by 5.8 percent in the third quarter of 2015 from 5.6 percent in second quarter supported by strong expansion in Agriculture; Construction; Financial and Insurance; Wholesale and Retail Trade; and Transport and Storage and generally good performance across all sectors of the economy.

Real GDP has been revised by the treasury to expand by 6.1 percent in 2016/2017 and by 6.3 percent in FY 2017/18. This robust broad based growth will be supported by increased production in agriculture, completion of infrastructural projects to boost economic activity while continuing with other infrastructural investment projects and recovery of Tourism. The economy will also benefit from increased investments and domestic demand, following enhanced investor confidence and the on-going initiatives to deepen regional integration.

The projected growth assumes normal weather pattern in 2016 and the medium term. Inflation is expected to revert within 5.0 percent target and interest rates and shilling exchange rate expected to be stable. Continued improvements and stability in the macroeconomic variables will ensure the county operates in a stable economic environment.

2.4 Budget Policy Statement (BPS) 2016

The Budget Policy Statement (BPS) for the FY 2016/17 continues the implementation of far reaching economic policies and structural reforms for economic prosperity. These policies are implemented around the Economic Transformation Agenda that includes:

- (i) Creating a conducive business environment for job creation;
- (ii) Investing in sectoral transformation to ensure broad based and sustainable economic growth, and in particular agricultural transformation to ensure food security;
- (iii) Investing in infrastructure in areas such as transport, logistics, energy and water;
- (iv) Investing in quality and accessible health care services and quality education as well as strengthening the social safety net to reduce the burden on the households and promote shared and equitable growth; and
- (v) Further consolidating gains made in devolution in order to provide better service delivery and enhanced economic development.

The implementation of programs has created strong resilience that has resulted in strong economic growth while maintaining macroeconomic stability in the wake of global economic slowdown.

Therefore, the 2016/17 BPS aim to address the outstanding challenges that continue to be a drag on growth and bolster resilience to shocks.

The Second MTP (2013-2017) and the priorities of the Jubilee Administration will guide resource allocation. Taken as a whole, the budget for FY2016/17 will focus on the following:

- Enhancing support to social sectors (Social Protection, Health and Education). These will continue to receive the bulk of budgetary resources especially in education and health sectors. The Social Sectors will receive 29.8 percent of total discretionary expenditures.
- Capital investments in Energy, Infrastructure, ICT sector and other development expenditure in general. This reflects the priority assigned capital investments in our growth objectives. With an overall allocation of 23.4 percent of total discretionary expenditures, the Energy, Infrastructure and ICT Sector will be receiving the second largest share of the resource envelope. This reflects Government's commitment in improving infrastructure countrywide for faster growth.

Other priority areas including security, social protection, youth and agriculture will be given priority in the allocation of resources.

The medium term expenditure framework for 2016/17 – 2018/19 ensures continuity in resource allocation based on prioritized programmes aligned to the Second MTP (2013-2017) of Vision 2030. It also focuses on strategic policy initiatives of the Jubilee Administration to accelerate growth, employment creation and poverty reduction.

2.5 County Economic Performance and Prospects

2.5.1 Overview of county economy

The county's performance is largely dependent on the country's economic performance and the formulation and implementation of prudent policies to guide service delivery. Human development indicators show that the county has 52.7 percent of residents living below the poverty line compared to the national poverty level of 45.2 percent. The poverty levels in the county are geographically distributed. Levels of poverty are relatively higher at the Escarpment and The Kerio Valley, while in the Highlands poverty level is relatively low.

The county's economy and livelihood is driven by agriculture which is depended upon by over 76 percent of county's rural population. Therefore, promoting substantial investments in agriculture is key to the county's economic transformation.

The sub-sectors under agriculture include; Crop farming, livestock production and fisheries whose optimum harnessing, improvement and value addition could lead to enhanced food security, employment creation, income generation, related sectors' development and natural resource conservation.

More than 80 percent of the county's income is from agro-based economic activities. This income status effectively requires a well-managed and reliable physical infrastructure that supports and sustains progressive and efficient output optimization.

2.5.2 Growth Prospects and Challenges

The economic growth prospects for FY 2016/17 and the medium term takes into account developments in the global environment and internal risks while accommodating the Government's national strategic objectives as outlined in the second Medium Term Plan (MTP) for the period 2013-2017 of Vision 2030 and the broad development policies of the national Government.

The county's three ecological zones have varied levels of socio-economic developments and resource endowments. A review of these zones show that for the overall socio-economic development to be realized, there is need to invest in improvement of quality education at all levels, improving road network and power supply, eradicating alcoholism and drunkenness, improving value and quality of agricultural products through value addition and intensifying irrigation in the Kerio Valley.

Nevertheless, in the face of these challenges lies growth potential that can propel the county to higher economic possibilities. These growth prospects include; improved agricultural productivity boosted by various programmes including AI services, cash crop promotion, animal disease surveillance and vaccinations, increased irrigation investments and extension services. The county has also invested significant resources in agricultural value addition ventures which will further improve earnings to farmers and in turn improve the county economy; these include installation of milk cooling plants, cashew nut grounding machine, green grams polishing machine, potato cold storage plants and tomato processing plant.

The county anticipate growth in the tourism sector once Rimoi national reserve is opened to the public before the end of the current financial year. Once opened the reserve will bring in additional revenue stream to the county and lead to multiplier growth of associated sectors including hospitality services and transport services. Moreover, there will be positive impacts on the county from sports tourism and other related activities.

Regarding natural resources, the expected handover in the management of forests from KFS to the county will increase county revenue base. Also, oil prospecting by Tullow company will lead to improvement of infrastructure and social amenities arising from the company's CSR activities. However, the anticipated closure of mining activities by fluorspar company will negatively affect the livelihoods of about 600 households, decrease the county revenue and loss of market.

2.6 County Fiscal Strategy Paper (CFSP) 2016

The 2016 County Fiscal Strategy Paper, the third to be prepared under the devolved system of governance, also, this CFSP will take into account the provisions of EDA 2015 and the PFM regulations which largely inform County Assembly ceilings and development allocations across wards and also

county wide projects. The implementation of the transformative agenda contained in the CIDP is expected to raise productivity in the county economy.

2.7 CFSP Strategic Priorities and Policy Goals

This CFSP reaffirms the broad policies and strategies outlined in the national 2016 Budget Policy Statement (BPS). The policies are implemented around the Economic Transformation Agenda that includes: (i) creating a conducive business environment for job creation; (ii) investing in sectoral transformation to ensure broad based and sustainable economic growth with a major focus on agricultural transformation to ensure food security; (iii) investing in infrastructure in areas such as transport, logistics, energy and water; (iv) investing in quality and accessible health care services and quality education as well as strengthening the social safety net to reduce the burden on households and promote shared prosperity; and (v) further consolidating gains made in devolution in order to provide better service delivery and enhanced economic development.

Alignment of the county's strategic objectives and policy goals with the five pillars contained in the BPS will continue to be implemented in the Medium Term Expenditure Framework (2016/17 – 2018/19). These five main county strategic priorities and policy goals are;

Sector priority 1: Access to quality Social Services

Sector priority 2: Infrastructural expansion to facilitate economic transformation

Sector priority 3: Agribusiness and food security

Sector priority 4: Enhancing Public Private Partnerships and partner collaborations

Sector priority 5: Enhancing service delivery through devolution

The sector priorities and policy goals aligned for the CFSP 2016 are as follows;

Strategic Priority 1: Access to quality Social Services – In order to ensure sustained economic transformation, reduce the burden of economic shocks on the households and enhance access to services by most community members, the Government will continue to invest in quality and accessible healthcare services and quality education as well as strengthening the social safety nets programme.

Healthcare

To bring quality healthcare closer to the people, the government will continue to undertake programmes to increase access to quality healthcare services through health infrastructure improvement, recruitment and deployment of health personnel to facilities and efficient distribution of adequate medical supplies. The government will continue to upgrade and expand Iten County Referral Hospital and sub-county hospitals to make the hospitals critical providers of quality healthcare services through reduction of cost burden of referral of patients to hospitals outside the County. To further improve referral services, the government intends to purchase two more ambulances to sustain effective medical emergency responses.

So as to best serve patients in this age of modern medicine, our healthcare facilities must maintain good working condition state of the art equipment. To this end, the county will continue to equip Iken County referral hospital with modern equipment and other health facilities across the county with equipment, the equipment includes those to be received from Managed Equipment Services (MES) programme from the national government.

The government also intend to invest substantial resources in preventive healthcare so as to reduce disease burden, this will be done though implementation of community health strategy and vector control of disease carriers.

Education

The Government is committed to enhance access to education, raise the quality and relevance of education and ensure equity especially in pre-primary and vocational training. the county has been working to improve the quality of education, especially at the basic level. To this end, the government will continue to build and equip modern ECD classrooms and recruit ECDE teachers in all the wards so as to increase access and improve quality.

The county will continue upgrading, expanding and branding of technical and vocational education and giving it the important attention and support it deserves to enable youths acquire technical skills for their socio-economic wellbeing.

The county will continue providing for bursaries and scholarships to subsidize secondary, vocational and tertiary education. The county will also allocate capitation costs for VTC students in the county so as to increase access to vocational training which equip youths with requisite skills for self- employment.

Social empowerment and protection

The government recognizes that for the country to reach its full potential, it is important to empower youth, women and persons with disabilities and remove all obstacles to ensure full participation in social economic development of the country The government is therefore committed to promote gender and youth empowerment and thus has set aside Kshs 40 million for youth and women empowerment. The Government will also continue to provide NHIF medical cover for the elderly and support initiatives for persons with disabilities.

Water Access

The county government recognizes that protecting and conserving the environment is fundamental to sustain access to clean water, clean environment and a healthy productive population. Indeed, safe drinking water and sanitation do complement efforts towards improved primary health care and productivity of labour. For this reason, the county government will continue to invest substantial resources in clean water supply, as well as to protect and conserve the environment.

Strategic Priority 2: Agribusiness and food security

The County's economy and livelihood is much driven by agriculture which is depended upon by over 76 percent of county's rural population. Substantial investments in agriculture is the key to economic transformation because it is the main driver of the non-agricultural sectors with a multiplier effect in manufacturing, transportation and other social services. When the sector performs well, the entire economy performs well.

Therefore, improving agricultural productivity through programmes such as cash crop promotion, livestock production, and fisheries would thus be an effective way to enhance food security, employment creation, income generation, industrialization and ultimately, economic transformation through stimulating growth of related sectors of the economy. The county's priority investments include; extension services, AI services, cash crop promotion, productivity and technology adoption in the region, Kerio Valley irrigation programme, horticultural development, fish farming promotion and support, value addition and marketing, value chain linkages, wide application of appropriate technology and mechanization to achieve the highest level of production as well as re-organization of farmers into viable cluster groups for economies of scale.

Major challenges facing the agricultural sector include; high cost of inputs, unpredictable rainfall, overdependence on rain-fed agriculture, lack of markets, crop and livestock disease outbreaks, limited application of agricultural technology and innovation and poor livestock husbandry.

Strategic Priority 3: Infrastructural expansion to facilitate economic transformation

In order to ensure sustained economic transformation, and a competitive economy, the government will continue with massive public investments in road works which support all other sectors of the economy. Opening of Rimoi Game Reserve will bring in additional revenue stream to the county and lead to multiplier growth of associated sectors including hospitality services and transport services. Attention will also be made towards facilitating tourism promotion and marketing to increase awareness and thus create demand.

The county government will continue to develop sports facilities including construction of Kamariny stadium and grading of fields across the county so as to encourage the growth of youth talents in sports especially athletics.

Strategic Priority 4: Enhancing Public Private Partnerships and collaborations

Enhanced development cooperation, networking and collaborations through Public Private Partnerships (PPP) approach will enhance faster development, replicate best development practices and create job opportunities. To this end,

Strategic Priority 5: Enhancing service delivery through devolution

To ensure accessible service delivery at the grass root levels, the 2016 CFSP has identified enhancement of service delivery to lower administrative levels. This will be achieved through equitable distribution of resources and enhancement of community/public participation in prioritization of development projects and programmes. The county will also put in place mechanisms to monitor and evaluate budget performance so as to contain fiscal risks.

2.8 Risks to 2016/17 CFSP

The risks to the 2016/17 CFSP and the medium-term include the following;

- Disasters especially landslides and lightning pose a huge environmental and socio-economic threat to the county due to its devastating nature on life, property and ecosystem.
- Pronounced inflationary pressures and the depreciation of the shilling; this will affect prices of goods required for implementation of projects
- Public expenditure pressures, especially recurrent expenditures, pose a fiscal risk. Wage pressures occasioned by SRC circulars on allowances, loans and mortgage may limit continued funding for development expenditure.

The government will undertake appropriate measures to safeguard macroeconomic and fiscal stability should these risks materialize.

3 COUNTY FISCAL POLICY

3.1 Background

The county government will pursue prudent fiscal policy to ensure macroeconomic stability. In addition, our fiscal policy objective will provide an avenue to support economic activity while allowing for implementation of devolution mandates within a sustainable public finances management system. With respect to revenue, the county will maintain a strong revenue effort over the medium term. Measures to achieve this effort include improved tax and cess compliance with enhanced administrative measures and adoption of national and international revenue enhancement best practices. In addition, the county Government will rationalize existing tax and cess incentives, and expand revenue base.

On the expenditure side, the county Government will continue with rationalization of expenditure to improve efficiency and reduce overlaps and wastage. Expenditure management will be strengthened through the Integrated Financial Management Information System (IFMIS) and other appropriate financial management systems across all Departments. In addition, the PFM regulations is expected to accelerate reforms in expenditure management system at the county.

Also, the Government has instituted various measures aimed at aligning the expenditures with the resource envelope. These include; measures to curb non priority expenditures and to free resources for more productive purposes.

3.2 CFSP Alignment to Budget Policy Statement

The county CFSP's strategic priorities and policy goals have been aligned with the national Budget Policy Statement (BPS) 2016 which classifies the national strategic priorities and policy goals into five broad pillars, namely;

Pillar 1: Creating a Conducive Business Environment for job creation

Pillar 2: Expansion of infrastructure to facilitate economic transformation

Pillar 3: Investing in sectoral transformation to ensure sustainable economic growth

Pillar 4: Enhancing access to Quality Social Services

Pillar 5: Further consolidating gains made in Devolution for Better Service Delivery.

3.3 Overview of 2016 Medium-Term Fiscal Policy

The policies set out in this 2016 BPS re-emphasize the ongoing Economic Transformation Agenda being implemented by the Government. The continued implementation of programmes under the BPS five pillars will make the economy maintain a strong growth momentum while at the same time remaining

resilient to shocks. The prioritized programmes in the 2016/17 BPS will minimize poverty through job creation.

3.4 Fiscal Performance

3.4.1 Fiscal policy

Fiscal policy aims at supporting rapid and inclusive economic activity within a context of sustainable public financing. Collection for the first half of the year from local revenue sources amounted to Kshs. 46M which translates to 36% of the targeted budget figures of Kshs. 150M. The underperformance in revenue base was largely on account of agriculture produce cess, market fees and livestock auction fees which become vibrant in the second half of the Financial Year.

On management of expenditures, the FY 2016/17 budget will be guided by Programme Based Budgeting (PBB) concept which is an approach and process that relates resources to proposed and actual results. PBB budgets funds based on the relationship between program funding levels and expected results from the programs. PBB together with monitoring and evaluation concept and expenditure controls such as audits and enforcement of cost benchmarks for all projects and consumables will achieve the intended impacts.

3.4.2 Fiscal Reforms and Policy

The 2016/2018 Medium-Term Fiscal Policy aims at supporting rapid and inclusive economic growth, ensuring sustainable debt position and at the same time supporting the devolved system of Government for effective delivery of services. Within a sustainable public financing as per the county fiscal strategy paper, the following emphasis are made;

- Respect and observance of the fiscal rules set out in the PFM law and its regulations is important and necessary to entrench fiscal discipline.
- Continued reforms in expenditure management and revenue collection so as to create fiscal space for spending on infrastructure and other priority development programmes.
- Expenditure efficiency and effective implementation of budget programs through enforcement of cost benchmarks for all projects and consumables.
- Improving the productivity of expenditure while at the same time ensuring that adequate resources are available for operations and maintenance.
- Increase the absorption of allocated resources which will in turn spur economic growth and further improve budget credibility. This will be done through strengthening ongoing reform engagements with development partners as well as strengthening project planning and management.
- Reduction in recurrent expenditure to devote more resources to capital expenditure

The county government's fiscal stance it takes at the moment will have some impacts in the future generations and therefore, the county Government shall moderate spending to help assure debt sustainability and intergenerational equity in line with the constitution and the Public Finance Management (PFM) Act 2012.

3.4.3 Deficit, Debt policy and Debt Sustainability

The County is in the process of developing an Asset Financing and Borrowing Policy to enhance the legal framework that guides deficit and debt management of the county. During the fiscal year 2016/17, the county intends to undertake asset financing to finance development programs whose funding will be provided for within departmental ceilings. Currently the county has no public debt.

3.4.4 Compliance with Fiscal Responsibility Principles

The constitution requires that county governments progressively provide for a minimum basic standard of economic and social rights to its citizens with available resources as per finance act in order for spending to increase on a sustainable basis to meet the basic needs.

So far, the fiscal performance has been generally satisfactory, despite the challenges with shortfall in revenues, the transition financial demands and increased expenditure pressures, the County government will ensure strict adherence to PFM act to comply with fiscal principles.

3.5 Challenges in County Public Finance Management

- i. Increase in wage bill.
- ii. Budget processes being determined by external factors that are not controlled directly by the county treasury e.g. County Allocation of revenue Bill,
- iii. Issuance of circulars with budgetary implications mid financial year.
- iv. Low absorption of development funds by departments.
- v. Under performance in local revenue collection

4 2016/17 BUDGET FRAMEWORK

4.1 Revenue

4.1.1 Sources of Revenue

The 2016/17 budget shall be financed through CRA share, Local Revenues raised by the County and Conditional grants from the National Government and development partners as shown in Table 1 below;

Table 1: Approved and Projected Revenue

Revenue Source	Approved 2015/2016	Estimates for 2016/17	Projections 2017/18	Projections 2018/19
CRA Share	3,270,440,729	3,592,578,928	3,879,985,242	4,190,384,062
Local Revenue	149,980,000	202,530,690	218,733,145	236,231,797
Conditional Grants	230,303,750	269,352,606	290,900,814	314,172,880
Grand Total	3,650,724,479	4,064,462,224	4,389,619,202	4,740,788,738

4.1.2 Local Revenue Analysis for the 1st Half of 2015/2016

The implementation of the 2015/16 FY budget has progressed well despite challenges in the first half. Revenue collection lagged behind significantly in the first half by 41%. By the end of December 2015, total cumulative local revenue collected amounted to Ksh 44.17 million against a target of Ksh 75 million implying a shortfall of Ksh 30.8 million. The underperformance was mainly on account of significant shortfalls recorded in collection of licenses/permits fees which are normally payable and/or renewable in the third quarter of the Financial Year.

Going forward the resource envelope may be revised in order to maintain a reasonable degree of predictability with respect to the level of local levies and charges. Consequently, expenditures will be aligned with the revised resource envelope with strong measures put in place to curb non priority expenditures and hence free resources for more productive purposes.

To improve revenue collection, the government has instituted measures which include; recruitment of additional revenue staff to boost revenue collections and the establishment of revenue enforcement inspectorate which is charged with the responsibility of sealing loopholes in revenue collection.

In addition, the government intends to purchase and install revenue management system so as to improve operational efficiency and effectiveness in county revenue collection.

Table 2: 2015/2016 First Half Local Revenue Collection by Source

REVENUE SOURCE	AMOUNT
Licenses/permits	2,152,665
User charges	7,435,926
Cess	12,440,573
Health	16,729,896
Environment and water	433,550
Land and Physical Planning	433,992
Agriculture	1,790,078
Weights and Measures	56,100
Gate entry fees	103,590
Others	2,599,053
TOTAL	44,175,423
HALF YEAR TARGET	75,000,000
VARIANCE	(30,824,577)
% VARIANCE	(41.1%)

4.2 Expenditure**4.3 Recurrent Expenditure****4.3.1 Personal Emoluments****a) Wage Analysis****Table 3: Personal Emoluments Analysis**

Department/ sector	No. of Staff		PE		2016/17 Aggregate PE	2015/16 PE Estimates	Deviation
	Existing	New	Existing	New			
Office of The Governor	28	1	57,663,027	2,511,456	60,174,483	54,795,365	5,379,118
Administration	12	-	19,218,531	-	19,218,531	18,050,451	1,168,080
County Assembly	93	-	182,803,979	-	182,803,979	258,681,923	(75,877,944)
Finance	266	3	172,017,115	655,200	172,672,315	135,483,029	37,189,286
Roads, Public Works & Transport	70	6	52,435,885	2,048,520	54,484,405	43,685,461	10,798,944
Youth, Sports, Culture, Gender	11	6	14,830,111	3,352,888	18,182,999	18,714,126	(531,127)
Education and TT	432	437	93,669,898	52,406,858	146,076,756	121,560,336	24,516,420
Health Services	912	45	983,363,768	23,269,865	1,006,633,633	944,920,514	61,713,119

Water, Lands, Housing, & PP	85	6	58,090,557	1,773,891	59,864,448	51,568,518	8,295,930
Trade, Tourism & COOP dev	34	7	38,492,437	1,498,413	39,990,850	32,581,497	7,409,353
Agriculture	214	6	170,800,916	2,621,292	173,422,208	174,322,871	(900,663)
ICT & Public Service	43	4	66,482,944	1,829,315	68,312,259	76,613,029	(8,300,770)
CPSB	14	2	30,491,876	595,064	31,086,940	20,016,511	11,070,429
TOTAL	2,214	523	1,940,361,044	92,562,762	2,032,923,806	1,950,993,631	

b) Wage Variations Explanations

- Wages grew partly due to the mandatory annual staff wages by an average rate of 1.05%
- Salaries and Remuneration Commission (SRC) circulars on Hardship and House allowances whose implementation its second phase in 2016/17
- Backlog of staff promotions for the devolved staff. Some promotions was implemented in the 2015/16 Financial Year
- In September 2015, a staff analysis exercise was undertaken to place each staff under the staff list of the department they are based. Therefore, there are changes in the number of staff per department as reported in the 2015/16 budget. Consequently, the deviations in Table 2 in terms of wages per department are either positive or negative.
- The County Assembly's wage figure shows a negative deviation because wages were an estimation being part of the ceilings set by CRA

4.3.2 Operations and Maintenance

O&M Description

O&M has been classified into three categories namely:

- Utilities and operations;** Allocations required for the day to day operations of a department e.g. fuel
- Requisite O&M:** Allocations required for operational efficiency e.g. Electricity charges for water pumps, utility vehicle
- Mandatory O&M:** Allocations that must be provided for the achievement of the mandates of the department e.g. Bursaries and scholarships

O&M Requirements Projections for 2016/17

Table 4: O&M Requirements for 2016/17

Departments	Utilities and Operations	Requisite O&M		Mandatory O&M		Total O&M
	Amount	Description	Amount	Description	Amount	
Office of The Governor	6,152,088			Rent and rates	3,000,000	23,447,288
				Legal fees	3,000,000	

Departments	Utilities and Operations	Requisite O&M		Mandatory O&M		Total O&M
	Amount	Description	Amount	Description	Amount	
				Public participation	3,295,200	
				Donations & Emerging issues	8,000,000	
Administration	3,000,000			Office Rent (Mosop)	1,200,000	5,400,000
				Intergovernmental relations	700,000	
				Public participation	500,000	
County Assembly	80,249,694					80,249,694
Finance & Economic Planning	13,500,000	valuation Roll	800,000	ADP	3,000,000	33,600,000
		Advertisement (tender and Public participation notices)	2,000,000	CBROP	1,500,000	
		IFMIS Upgrades	1,500,000	CFSP	2,500,000	
				Budget Estimates	3,000,000	
				procurement Plan	800,000	
				Funds Requisition	1,000,000	
				CBEF	2,500,000	
				Finance Bill	1,500,000	
Roads, Public Works & Transport	7,214,721			Heavy machinery insurance (third party)	1,800,000	17,014,721
				Machinery Maintenance	8,000,000	
Youth, Sports, Culture, Gender	6,654,156					6,654,156
Education and Technical Training	7,097,000	One 10 seater land cruiser)	8,000,000	Bursary	30,000,000	63,629,133
		quality assurance	1,532,133	VTC Capitation	8,000,000	
		Branding of ECD classrooms	500,000	County Education Board Allowances	500,000	
				Scholarships	8,000,000	

Departments	Utilities and Operations	Requisite O&M		Mandatory O&M		Total O&M
	Amount	Description	Amount	Description	Amount	
Health Services	16,047,532	Electricity	2,317,803	FIF	56,721,600	82,136,935
		Water	800,000			
		2 class 1 ambulances	6,000,000			
		ICU maintenance	250,000			
Water, Lands, Housing, & Physical Planning	7,398,862	Water & Electricity	3,200,000	Town management boards	500,000	16,798,862
		Water treatment chemicals	1,500,000	Water Bowsers maintenance	700,000	
				Development control committee	1,000,000	
				Forest management implementation	1,000,000	
				County environment committee	1,500,000	
Trade, Tourism, Co-operations & Wildlife	7,370,074	Tour van (land cruiser)	8,000,000	Prefeasibility for cable car	5,000,000	32,981,874
		Entrepreneurs hip development	2,111,800	Management fee for Rimoi	2,000,000	
		Street lighting bills (Iten)	5,000,000			
		Rimoi branding	2,000,000			
		Firearms, bullet proof jackets, screening machines and power saw	1,500,000			
Agriculture	11,024,770	One tractor	3,000,000	Chebara ATC board allowance	100,000	16,424,770
		4 motorbikes	1,600,000			
		Renovation of Chesoi building	500,000			

Departments	Utilities and Operations	Requisite O&M		Mandatory O&M		Total O&M
	Amount	Description	Amount	Description	Amount	
		Elec. Bill for Veterinary fridges	200,000			
ICT & Public Service	4,263,318	2 double cab pick-up for KN & MW	8,000,000	Performance Management	400,000	54,863,318
				Internet LAN	3,000,000	
				Board Allowances (NACADA)	-	
				Liquor Licensing and enforcements	600,000	
				NHIF	10,000,000	
				Pension for seconded staff	1,400,000	
				Mortgage and Car loan	20,000,000	
				Sub county and Ward operations	7,200,000	
County Public Service Board	4,023,618			part time board members	1,500,000	8,823,618
				Legal fee	300,000	
				Advertisement (Recruitments)	3,000,000	

4.3.3 Development Expenditure

4.3.3.1 Alignment of CFSP Priorities to Equitable Development Act (EDA), 2015

a) Equitable Development Act (EDA), 2015 Background and Formula

Elgeyo Marakwet County Equitable Development Act (EDA), 2015 became operational in January, 2015, with the objective of creating equal and equitable development amongst all the wards in the county. The main provisions of the Act include;

- i. 60% of funds appropriated for development be equally shared among all wards
- ii. 40% of the funds allocated for development purposes are equitably shared among all wards based on a pre-determined formula as detailed below;

- 38% in accordance with the population
- 23% in accordance with County flagship projects
- 22% according to poverty index in the wards
- 8% in accordance in accordance with the land area
- 5% be allocated for emergencies
- 2% in accordance with the fiscal responsibility and
- 2% be allocated to arid and semi-arid Lands (ASAL)

b) Development Versus Recurrent allocations

Table 5: Development and Recurrent Allocations for 2016/17

Department/Sector	Recurrent	Development	Total
Office of The Governor	83,621,771	56,000,000	139,621,771
Administration	24,618,531	-	24,618,531
County Assembly	265,678,673	-	265,678,673
Finance & Economic Planning	206,272,315	16,017,082	222,289,397
Roads, Public Works & Transport	71,499,126	295,587,537	367,086,663
Youth, Sports, Culture, Gender	24,837,154	102,818,890	127,656,044
Education and Technical Training	209,705,888	150,142,809	359,848,697
Health Services	1,088,770,568	482,077,279	1,570,847,847
Water, Lands, Housing, & Physical Planning	76,663,310	205,713,402	282,376,712
Trade, Tourism, Co-operations & Wildlife	72,972,724	89,554,191	162,526,915
Agriculture	189,846,978	129,203,680	319,050,658
ICT & Public Service	123,175,577	58,074,181	181,249,758
County Public Service Board	39,910,558	2,000,000	41,910,558
TOTAL	2,477,573,173	1,587,189,051	4,064,762,224

c) Ward Development Allocations

Table 6: Ward Allocations for 2016/17

Ward	Area (Km ²)	Population	Poverty Index	Equitable Share = 40%				Allocation
				ASAL (2%)	Area (8%)	Population (38%)	Poverty (22%)	
				0.8%	3.2%	15.2%	8.8%	
Arror	78.6	6,488	86.5	79	0.03	0.01754	0.03	34,579,962
Chepkorio	93.7	23,349	35.2	-	0.03	0.06311	0.04	40,915,405
Cherangany/Chebororwa	95.2	18,172	58.9	-	0.03	0.04911	0.06	40,110,807

Ward	Area (Km ²)	Population	Poverty Index	Equitable Share = 40%				Allocation
				ASAL (2%)	Area (8%)	Population (38%)	Poverty (22%)	
				0.8%	3.2%	15.2%	8.8%	
Embobut	151.8	18,488	70.2	152	0.05	0.04997	0.07	42,286,258
Emsoo	152.3	9,602	31.9	152	0.05	0.02595	0.02	35,680,499
Endo	178.6	21,619	78.4	179	0.06	0.05843	0.09	45,153,693
Kabiemit	132.8	18,970	37.7	21	0.04	0.05127	0.04	39,500,734
Kamariny	101.1	23,126	28.1	-	0.03	0.06250	0.03	41,117,128
Kapatarakwa	153.6	25,423	45.4	-	0.05	0.06871	0.06	40,160,781
Kapchemutwo	111.5	19,069	24.1	-	0.04	0.05154	0.02	40,021,959
Kapsowar	123.9	17,057	67.0	-	0.04	0.04610	0.06	45,106,310
Kapyego	308.6	25,057	38.1	-	0.10	0.06772	0.05	40,027,240
Lelan	198.4	20,111	41.0	-	0.07	0.05435	0.04	40,742,714
Metkei	69.8	12,945	43.4	8	0.02	0.03499	0.03	36,316,858
Moiben/Kuserwo	147	19,277	50.4	-	0.05	0.05210	0.05	40,562,370
Sambirir	145.3	21,585	63.8	105	0.05	0.05834	0.07	43,326,170
Sengwer	161.5	18,903	68.2	-	0.05	0.05109	0.07	41,728,839
Soy North	215.2	14,457	76.3	215	0.07	0.03907	0.06	41,080,481
Soy South	234.6	20,370	72.5	235	0.08	0.05505	0.08	44,692,004
Tambach	176.1	15,930	58.7	176	0.06	0.04305	0.05	40,427,120
TOTAL								813,537,332

d) County Projects Allocations

Table 7: County Projects Allocations for 2016/17

Department/Sector	Project	Proposed Allocation
Office of the Governor	Firefighting equipment	33,000,000
	Governor's residence	23,000,000
Sub -total		56,000,000
Executive Administration (County Secretary)	-	
Sub-total		
County Assembly	-	
Sub-total	-	-
Finance & Economic Planning	Baseline surveys	5,000,000
	Emergency	5,000,000
Sub-total		10,000,000
Roads, Public Works & Transport	Taiya – Kiptengwer	4,000,000
	Mechinery maintenance	2,000,000
	Purchase of Mechanical Equipment – Dozzer	24,000,000
	Mechanical Workshop	2,000,000
	Roads design & Survey works	750,000
	Design of foot bridges and bridges	500,000
	Routine Road Maintenance	13,049,113
Sub-total		46,299,113
Youth, Sports, Culture, Gender	Kamariny stadium track & football pitch	10,000,000
	Cultural Day	3,000,000
	Sports promotion	4,500,000

Department/Sector	Project	Proposed Allocation
	National celebrations and special days	2,000,000
	Deaflympics & Paralympics	1,000,000
	Women and youth empowerment and entrepreneurial Programme	30,000,000
Sub-total		50,500,000
Health Services	Medical supplies & Equipment	140,000,000
	Oxygen Plant	20,000,000
	CT Scan	10,000,000
	Morgue	12,000,000
	Vector, Vermine and Rodent Control	1,500,000
	ICU beds	10,000,000
Sub-total		193,500,000
Education and Technical Training	Equipment and Teaching materials for VTCs	6,000,000
	Education quality appraisal	2,000,000
Sub-total		8,000,000
Water, Environment, Lands, Housing, Physical Planning and Natural Resources	Geodetic control points (survey points)	3,000,000
	Alternative dispute resolution mechanisms for land disputes	1,000,000
	Refuse collection in towns Iten, Tambach, Kapsowar, Cheptongei, Chebara, Chebiemit, Kapcherop, Chesoi	3,000,000
	Ardhi House	8,000,000
	Community Radio (weather forecasts dissemination)	1,500,000
	Urban areas spatial plan implementation	3,000,000
	Solid waste management land and related infrastructure	7,000,000
	Sub-total	
Trade, Energy, Tourism, Co-operative Development	Expansion of markets and public utilities	13,000,000
	Trade shows, exhibition and capacity building of co-operative societies	6,500,000
	Cooperatives Building Rehabilitation	500,000
	Co-operative marketing	500,000
	Co-operative society revolving fund	10,000,000
	Construction/ gravelling roads Rimoi	7,000,000
	Sports Tourism	1,000,000
	NOREB	4,000,000
	Construction of rangers houses	2,000,000
	Construction of Eco-lodge	1,000,000
	Hosting of miss tourism	2,500,000
	Tourism Promotion	1,500,000
Sub-total		49,500,000
Agriculture, Livestock and Fisheries	Chabara ATC	3,000,000
	Agricultural show s & exhibitions	4,000,000
	Livestock Disease control	6,000,000
	Provision of AI and breed improvement	16,000,000
	maintenance of Arboretums	500,000
	Digital data analysis of AI & Vaccination	1,000,000
	County agricultural exhibition	2,000,000
Sub-total		32,500,000

Department/Sector	Project	Proposed Allocation
ICT & Public Service	ERP System (Revenue and Health systems)	13,000,000
	Construction of Sub County Offices	14,000,000
	IFMIS implementation (Extension of last connectivity to end users)	2,500,000
Sub-total		29,500,000
County Public Service Board	Office Extension and renovation	2,000,000
Sub-total		2,000,000
GRAND TOTAL		504,299,113

4.3.3.2 Summary of Development Allocations as per 2016/17 Annual Development Plan

Table 8: Development Allocations for 2016/17

Department	Ward Projects	County Projects	Total
Office of The Governor		56,000,000	56,000,000
Administration		0	0
County Assembly		0	0
Finance & Economic Planning	6,017,082	10,000,000	16,017,082
Roads, Public Works & Transport	195,067,709	100,519,828	295,587,537
Youth, Sports, Culture, Gender	52,318,890	50,500,000	102,818,890
Education and Technical Training	142,142,809	8,000,000	150,142,809
Health Services	73,445,388	408,631,891	482,077,279
Water, Lands, Housing, & Physical Planning	179,213,402	26,500,000	205,713,402
Trade, Tourism, Co-operations & Wildlife	40,054,191	49,500,000	89,554,191
Agriculture	96,703,680	32,500,000	129,203,680
ICT & Public Service	28,574,181	29,500,000	58,074,181
County Public Service Board		2,000,000	2,000,000
TOTAL	813,537,332	773,651,719	1,587,189,051

4.3.3.3 Rationale for Allocations for Ward and County Projects

Allocations from Conditional Grants are Kshs. 269,352,606. Therefore the amount available for development from the local revenue and CRA allocations is Kshs, 1,317,836,445. From this figure and going by the EDA 2015 Act, the total share going to Ward Projects would be 88% translating to Kshs. 1,159,696,072 and that for County Projects Kshs 158,140,373. However, the allocation for Ward Projects have been pegged at Kshs. 813,537,332. The reasons for the decisions are;

- a) The allocation of Kshs. 140,000,000 could not be classified per Wards and thus was put as county project
- b) Oxygen plant, CT Scan allocations and similar ones are best undertaken at the county level
- c) Initiatives such as women and youth empowerment with an allocation of Kshs. 30,000,000 and similar ones whose effects are expected to affect the whole county can best be achieved when its approach is taken centrally rather than at the Wards

Therefore the allocations for the Ward level projects could not be pegged at the amount informed by the EDA, 2015 formula

4.3.3.4 Analysis of Development Priorities

Table 9: Development Priorities Analysis

Department	Approved 2015/16	2016/17 Estimates	Deviation
Office of The Governor	13,000,000	56,000,000	43,000,000
Administration	-	-	-
County Assembly	30,000,000	-	(30,000,000)
Finance & Economic Planning	30,000,000	16,017,082	(13,982,918)
Roads, Public Works & Transport	266,344,172	295,587,537	29,243,365
Youth, Sports, Culture, Gender	70,952,151	102,818,890	31,866,739
Education and Technical Training	151,708,478	150,142,809	(1,565,669)
Health Services	156,253,138	482,077,279	325,824,141
Water, Lands, Housing, & Physical Planning	205,460,593	205,713,402	252,809
Trade, Tourism, Co-operations & Wildlife	50,414,064	89,554,191	39,140,127
Agriculture	122,887,736	129,203,680	6,315,944
ICT & Public Service	46,000,000	58,074,181	12,074,181
County Public Service Board	2,500,000	2,000,000	(500,000)
TOTAL	1,145,520,332	1,587,189,051	435,168,719

4.3.4 2016/17 CFSP Overall Expenditure Analysis

Table 10: Overall Expenditure Analysis

Expenditure Type	Amount	Percentage of Budget
Compensation to Employees	2,032,923,805	50.01
Requisite & Mandatory O&M	268,028,536	6.59
Utilities and operations	176,620,832	4.35
Development	1,587,189,051	39.05
Total	4,064,762,224	100
Deficit/Surplus	0	0

*Development allocation is 32.42% without Conditional Grants

4.3.5 Recurrent and Development Expenditure Analysis for 1st Half of 2015/2016

As the FY 2015/16 is progressing, requests for additional funding through the 2015/16 first supplementary budget have been made to the County Treasury by various county government departments and agencies. The County Treasury did consider and recommended for funding requests deemed to be critical amounting to Ksh 79,969,430 in recurrent for outstanding commitment in IFMIS

and Ksh. 286,460,060 for development. To meet these critical expenditures demands rationalization of expenditure was done in line with the objectives indicated below of the 2015/16 first supplementary budget indicated below which were considered and approved by county assembly:

1. To include in the budget additional county allocations passed by The Senate after the Budget had been approved
2. To include in the budget IFMIS committed Pending Bills not paid by 30th June, 2015
3. To exclude Emergency Fund allocation that had been allocated to the county as Conditional Grant but which was later removed by The Senate after the approval of the Budget as per approved cash flow statement
4. To provide additional allocation for the County Assembly as per CRA ceilings
5. To provide for FIF expenditure in Health Department which had not been done in the approved budget
6. To provide for additional personal emoluments for promotion of county staff

Table 11: Summary of Recurrent Budget absorption 1st Half

Details	Approved Budget	1 st Supplementary Budget	Total Exchequer Issues by 31st December 2015	Total Exchequer Release for the month of January 2016	Total Exchequer Release as of 31st January 2016	Balance of Exchequer Issues to Approved Budget	% cumulative release to the Approved Budget
	A	B	C	D	E =C+D	F=A-C	G=E/A
OFFICE OF THE GOVERNOR	69,969,676	81,468,807	33,610,204	3,248,006	36,858,210	33,111,466	53%
ADMINISTRATION	21,602,472	23,352,343	10,636,280	1,155,742	11,792,022	9,810,450	55%
COUNTY ASSEMBLY	399,000,000	426,069,363	164,705,358	28,643,281	193,348,639	205,651,361	48%
FINANCE AND ECONOMIC PLANNING	244,338,209	164,736,480	73,491,313	6,088,954	79,580,267	164,757,942	33%
ROADS, PUBLIC WORKS & TRANSPORT	58,614,510	77,630,646	27,608,592	4,837,738	32,446,330	26,168,180	55%
EDUCATION	160,653,125	138,864,570	63,727,955	20,794,322	84,522,277	76,130,848	53%
YOUTH AFFAIRS, CULTURE, CHILDREN & SPORTS	24,813,164	25,430,485	11,143,835	2,049,330	13,193,165	11,619,999	53%
HEALTH	1,134,775,947	1,088,525,205	543,162,136	88,267,435	631,429,571	503,346,376	56%
WATER, LAND AND PHYSICAL PLANNING	66,524,700	66,586,942	32,855,524	7,138,315	39,993,839	26,530,861	60%
TRADE, TOURISM, WILDLIFE & INDUSTRIALIZATION	41,374,146	47,747,087	19,281,387	1,560,294	20,841,681	20,532,465	50%
AGRICULTURE, LIVESTOCK & FISHERIES	184,867,816	173,634,860	90,671,478	19,337,735	110,009,213	74,858,603	60%
CPSB	26,315,516	34,095,934	12,565,721	1,379,013	13,944,734	12,370,782	53%
ICT AND PUBLIC SERVICE	87,079,552	68,925,819	36,313,217	6,022,885	42,336,102	44,743,450	49%

Details	Approved Budget	1 st Supplementary Budget	Total Exchequer Issues by 31st December 2015	Total Exchequer Release for the month of January 2016	Total Exchequer Release as of 31st January 2016	Balance of Exchequer Issues to Approved Budget	% cumulative release to the Approved Budget
	2,519,928,833	2,417,068,541	1,119,773,000	190,523,050	1,310,296,050	1,209,632,783	52%

Table 12: Summary of Development Budget absorption 1st Half

Details	Approved Budget	1 st Supplementary Budget	Total Exchequer Issues by 31st December 2015	Total Exchequer Release for the month of January 2016	Total Exchequer Release as of 31st January, 2015	Balance of Exchequer Issues to Approved Budget	% cumulative release to the Approved Budget
	A	B	C	D	E = C+D	F=A-C	G=E/A
OFFICE OF THE GOVERNOR	13,000,000.00	31,692,496	6,432,000	1,632,000	8,064,000	4,936,000	62%
ADMINISTRATION	-	-	-	-	-	-	
COUNTY ASSEMBLY	30,000,000.00	44,964,113	13,820,000	4,320,000	18,140,000	11,860,000	60%
FINANCE AND ECONOMIC PLANNING	30,000,000.00	28,637,874	7,420,000	1,920,000	9,340,000	20,660,000	31%
ROADS, PUBLIC WORKS & TRANSPORT	266,344,172.00	268,577,349	41,984,862	8,216,027	50,200,889	216,143,283	19%
EDUCATION	151,708,478.00	241,274,353	72,742,050	18,400,355	91,142,405	60,566,073	60%
YOUTH AFFAIRS, CULTURE, CHILDREN & SPORTS	70,952,151	120,385,846	18,731,368	4,540,938	23,272,306	47,679,845	33%
HEALTH	156,253,138	201,634,519	57,613,815	24,123,188	81,737,003	74,516,135	52%
WATER, LAND AND PHYSICAL PLANNING	205,460,593	261,464,816	41,624,230	4,636,177	46,260,407	159,200,186	23%
TRADE, TOURISM, WILDLIFE & INDUSTRIALIZATION	50,414,064	55,993,164	14,109,313	2,726,500	16,835,813	33,578,251	33%
AGRICULTURE, LIVESTOCK & FISHERIES	122,887,736	131,162,557	33,442,362	7,864,815	41,307,177	81,580,559	34%
CPSB	2,500,000	-	660,000	160,000	820,000	1,680,000	33%
ICT AND PUBLIC SERVICE	46,000,000	47,448,343	21,420,000	1,460,000	22,880,000	23,120,000	50%
TOTALS	1,145,520,332	1,433,235,430	330,000,000	80,000,000	410,000,000	735,520,332	36%

5 MEDIUM TERM EXPENDITURE FRAMEWORK

5.1 Background

An evaluation of the macroeconomic situation and a limited resource envelope in past three years shows that adjusting non-priority expenditures to cater for the priority ones will guide the Medium Term Expenditure Framework (MTEF) budgeting processes. Social sectors including education and health, will continue to receive adequate resources while the economic sectors such as those of agriculture and livestock will receive increasing share of resources to boost agricultural productivity and value addition ventures. Share of resources for priority physical infrastructure sector, such as roads, water and irrigation, will continue to rise over the medium term. All the other sectors will continue to receive adequate resources in line with our county's commitment to a balanced sector development so as to enhance the quality of life for the residents of the county.

5.2 Resource envelop

Table 13: Resource Envelope

Revenue Source	Approved 2015/2016	Estimates for 2016/17
CRA Share	3,270,440,729	3,592,578,928
Local Revenue	149,980,000	202,530,690
Total	3,420,420,729	3,795,109,618
Conditional Grants	230,303,750	269,352,606
Grand Total	3,650,724,479	4,064,462,224

5.3 Collaborations with National Government and Development Partners

5.3.1 National Government

Our county continues to encourage and sustain a cooperative and collaborative framework with the national government in terms of implementing the national development agenda and critical policy directives. This will ensure synergized devolution objectives achievement and rapid local economic development. Therefore, developing strategic networking and collaborations based on the needs and policy direction of the country's Vision 2030 and those of our county's CIDP is inevitable.

Consequently, the county will collaborate with the national government in several areas including; medical equipments, roads maintenance, maternal health and health facilities operations. This collaboration will be in form of conditional grants from the National Government's allocation share as indicated in the 2016 Budget Policy Statement (BPS). These conditional grants include;

- Medical equip leasing
- Rural Maintenance Levy Fund (RMLF)

- Free Maternal Health (FMH)
- Abolition of User Fees

5.3.2 Conditional Allocations from Development Partners

In the last three financial years, the county has been receiving DANIDA conditional grants as Health Sector Support Grant. In 2015/16, the county also received Health Sector Support conditional grant from World Bank. These conditional grants are expected to continue in the 2016/17 Financial Year as indicated in the 2016 Budget Policy Statement (BPS)

Table 14: Conditional Allocations Summary

Conditional Grants	Amount
Health Sector Support Grants (DANIDA & World Bank)	67,332,570
Medical equip leasing	95,744,681
Rural Maintenance Levy Fund (RMLF)	54,220,715
Free Maternal Health (FMH)	43,430,000
Abolition of User fees	8,624,640
TOTAL	269,352,606

Source: 2016 Budget Policy Statement

5.3.3 County Lands Management Board

The county government will collaborate with the CLMB to ensure efficient land management and secure land tenure. In this regard, the county will facilitate the board with necessary logistical support to ensure efficient and effective service delivery

5.3.4 County Policing Authority

Plans are underway for constitution of County Policing Authority; the Authority will identify security issues, and advise the security agencies in the county on strategies to address the issues. The county will facilitate the authority with all the necessary support for its operations.

5.3.5 County Education Board

Education sector has undergone significant legal, policy and institutional reforms which have resulted in establishment of new institutions. County Education Board is one of such institution established in the county. For it to deliver on its mandate the county will collaborate with the ministry of education to ensure the board is operating as desired.

5.3.6 Public Private Partnerships

Enhanced development cooperation, networking and collaborations through Public Private Partnerships (PPP) approach will enhance faster development, replicate best development practices and create job opportunities. The county will therefore put in place mechanisms through favorable policies and necessary legislations guided by necessary National Treasury Circulars and conditions

5.3.7 Disaster Risk Reduction

Since drought risk management is so closely entwined with sustainable development, it is inevitably a shared function of both the national and the county governments thus both levels of government will initiate the prerequisite mechanisms to mitigate and manage disasters.

5.4 Medium-Term Expenditure Estimates

For the FY 2015/16 the total approved ceilings was Kshs 2,519,928,833 and Kshs 1,145,520,332 for recurrent and development respectively. In 2016/17 it is projected that recurrent allocations will be Kshs 2,477,573,173 and Kshs 1,587,189,051 for development. The reduction in recurrent is attributed to the conditional grants for Emergency Fund which was later withdrawn. Development is projected to grow to Kshs 1,707,144,175 while recurrent will increase to Kshs 2,682,799,027 in 2017/18. Development and recurrent projections for 2018/19 will be Kshs 1,843,715,709 and Kshs 2,897,422,949 respectively.

5.5 Baseline Ceilings

The baseline estimates reflect the current departmental spending levels. In the recurrent expenditure category, expenditures on Personal Emoluments which accounts for about 50.2 percent of the resource envelope take the first charge. Expenditure on operations and maintenance accounts for 10.9 percent of the resource envelope.

Overall, recurrent expenditure on Personal Emoluments and operations and maintenance account for 61 percent of the projected resource envelope. The balance of 39 percent are allocations planned to fund planned development initiatives of which 6.6 percent are in form of conditional grants.

5.5.1 Development Allocations Guidelines

- Development expenditure allocations are shared out amongst departments on the basis of the Equitable Development Act, 2015, County Integrated Development Plan (CIDP) and Annual Development Plan (ADP) as well as other strategic objectives and policy goals identified in this CFSP
- Development ceilings for departments/sectors are the aggregate for the cost of projects for Wards and County prioritized for that departments/sector
- Conditional allocations from the national governments to departments/sectors will be utilized as per the conditions set out in the Budget Policy Statement (BPS). These allocations supplement the allocations already considered in the ceilings for the same department.
- On-going and/or phased projects will be given emphasis and in particular infrastructure projects and other projects with high impact on poverty reduction and equity.
- Strategic objectives and policy goals: priority is also given to policy interventions covering the entire county and those that have huge implications in spurring growth in other departments/sectors

5.5.2 Details of Departments/Sectors Priorities

Education Sector

The sector is mandated to address: provision of pre-primary education, technical vocational education and training (TVET), provision of bursaries and scholarships and quality assurance and standards. To meet its mandate, the sector has prioritized the following programmes for the 2016/17 to 2018/19 MTEF Period: Early Childhood Development Education, Bursaries & Scholarships, Vocational Education and Training, Special Needs Education and General Administration and Planning.

In order to implement the prioritized programmes, the Sector has been allocated Ksh 359.85 million for 2016/2017 financial year. Recurrent expenditure allocation for the same period is Ksh 209.71 million while the development expenditure allocation is Ksh 150.14 million

Health Sector

The Health sector goal is to attain equitable, affordable, accessible and quality health care for all. This will be done through curative and rehabilitative services, preventive and promotive health interventions that address risk factors to health and Strengthening collaboration with private and other sectors that have an impact on health

Key projects to be implemented in the MTEF period include: improvement and upgrading of health facilities, health care service delivery enhancement, community health strategy, vector control, efficient drugs and commodities management strategy and general administration and planning.

In order to implement the prioritized programmes, the Sector has been allocated Ksh 1.57 billion for the 2016/2017 financial year. The recurrent expenditure allocation for the same period is Ksh 1.09 billion, while the development expenditure allocation is Ksh 482.08 million.

Roads

The sector aims at improving both quality and quantity of the existing road network in order to transform the socio-economic development of the county through effective and efficient transportation of residents and goods to output markets. The programmes prioritized in the MTEF period 2016/17-2018/19 include: road works, public works and General Administration and Planning.

In order to implement the prioritized programmes, the Sector has been allocated Ksh 367.09 million for the 2016/2017 financial year. The recurrent expenditure allocation for the same period is Ksh 71.5 million, while the development expenditure allocation is Ksh 295.59 million.

Governance and Administration

The sector is responsible for providing overall policy direction, coordination of county government, communication services and legal advice to government agencies. It also plays a major role in promoting

integrity and transparency in county governance. It also plays a key role in inter-governmental relations, peace building and enforcement of county laws and regulations.

To meet its mandate, the sector has prioritized the following programmes for the 2016/17 to 2018/19 MTEF Period: executive services, public advisory services, county attorney services, communication services, protocol and liaison services and general administration and planning.

In order to implement the prioritized programmes, the Sector has been allocated Ksh 164.24 million for the 2016/2017 financial year. The recurrent expenditure allocation for the same period is Ksh 108.24 million, while the development expenditure allocation is Ksh 56 million.

Youth, Sports, Culture and Gender

The sector is mandated to create a socially cohesive county through formulation, mainstreaming and implementation of policies that promote sharing of cultural experiences and talents while celebrating heritage and empowering vulnerable and marginalized groups.

This is achieved through sports Stadia development, sports activities enhancement, talents development and mentorship programs, women, special needs groups and youth empowerment, and cultural promotion and development. During the 2016/17 FY, the sector priorities will aim at empowering the vulnerable groups, promoting culture, developing and promoting sports talent development. The priority programmes are sports development and Gender and social development.

In order to implement the prioritized programmes, the sector has been allocated Kshs. 127,656,044; Kshs. 24,837,154 and Kshs. 102,818,890 being for recurrent and development expenditures respectively

Water, Lands, Physical Planning and Natural Resources

This sector consists of water, Environment, lands, Physical Planning, survey, housing and Town administration units. The sector's mission is to improve access to decent and affordable housing with adequate, affordable, clean and safe water, facilitate efficient land administration and management in an appropriate spatial framework and sustainable environment. During the 2016/17 FY the sector has prioritized programmes intended at ensuring access to clean water and improved sanitation to all county residents and environmental conservation. These programmes include: Development and rehabilitation of water schemes, catchment conservation and development of spatial plans

In order to implement the prioritized programmes, the sector has been allocated Kshs. 205,713,402 for development expenditure and Kshs. 76,663,310 for Recurrent expenditure.

Finance and Economic Planning

Provide overall leadership and policy direction in resource mobilization, management and accountability for quality public service delivery.

Strategies to attain the overall goal include establishment of directorate of inspection and enforcement, continuous training of staff on eProcurement and adherence to the provisions of PFM Act, Participatory planning and budgeting as well as mainstreaming crosscutting issues to planning and budgeting.

To implement the prioritized programmes, the Sector has been allocated Kshs 222,289,397 for the financial years 2016/2017. Recurrent expenditure allocation for FY2016/17 is Kshs 206,272,315. The Development expenditure for the same period is Kshs 16,017,082.

Agriculture Sector

The goal of the sector is to attain food security, improve livelihoods of the people of the county through promotion of competitive agriculture and innovative research, sustainable livestock and fisheries development, equitable productive capital and sustainable management of land resources.

During the 2016/17-2018/19 MTEF period, focus will be directed on enhancement of Food security through irrigated agriculture, research and development, dairy sector improvement through AI services and breed improvement, livestock disease control amongst other strategies.

To implement the prioritized programmes, the Sector has been allocated Kshs 319,050,658 for the financial years 2016/2017. Recurrent expenditure allocation for FY2016/17 is Kshs 189,846,978. The Development expenditure for the same is Kshs 129,203,680.

Trade, Tourism and Co-operative Development

The general objectives of the sector include; promotion of fair trade practices and entrepreneurship, savings mobilization, marketing, tourism development and diverse innovative investments.

During the 2016/17 – 2018/19 MTEF period the sector will focus on improving niche tourism product development and diversification through opening and operationalization of Rimoi Game reserve, enhancement of co-operative movements by providing co-operative revolving fund and expansion of existing market infrastructure.

To implement the prioritized programmes, the Sector has been allocated Ksh 162,526,915 for the financial years 2016/2017. Recurrent expenditure allocation for FY2016/17 is Ksh 72,972,724. The Development expenditure for the same is Ksh 89,554,191.

County Public Service Board and ICT and Public Service Management

The goal of the department is to establish and maintain sufficient professional and motivated public service that enhances efficient and effective service delivery as well as integration of ICT in public service management. Provision of ICT related infrastructure is also core goal of the sector.

Continued public service management together with adherence of human resource advisories and guidelines are some of the strategies employed by the departments in order to optimize human capital within the county.

During the 2016/17 fiscal period the sectors will focus on enhancing citizen engagements through the devolved units at the county by utilizing the sub county and ward structures. Setting up of sub county ICT centres will act as one stop shop to address devolved government functions and offering ICT related contents to the rural areas of the county as well as empowering the youths with digital contents and platform.

To implement the prioritized programmes, the Sectors have been allocated Ksh 181,249,758 and 41,910,558 for ICT and Public Service and CPSB respectively in the financial years 2016/2017. Recurrent expenditure allocation for ICT and Public Service and CPSB in FY2016/17 is Ksh 123,175,577 and Ksh. 39,910,558 while those of development expenditure is Ksh 58,074,181 and ksh. 2,000,000 respectively

6 ANNEXES

Annex 1 :Departmental/Sector Ceilings 2015/16 – 2018/19

Department/Sector	Approved & Ceilings			Projections		% Share of Total Revenue	
	Description	Approved 2015/16	Ceiling 2016/17	Projection 2017/18	Projection 2018/19	Approved 2015/16	CFSP Ceiling 2016/17
Office of The Governor	Rec	69,969,676	83,621,771	90,311,513	97,536,434	2.78	3.38
	Dev	13,000,000	56,000,000	60,480,000	65,318,400	0.52	3.53
Administration	Rec	21,602,472	24,618,531	26,588,013	28,715,055	0.86	0.99
	Dev	-	-	-	-	-	-
County Assembly	Rec	399,000,000	265,678,673	286,932,967	309,887,604	15.83	10.72
	Dev	30,000,000	-	-	-	1.19	-
Finance & Economic Planning	Rec	244,338,209	206,272,315	222,774,100	240,596,028	9.70	8.33
	Dev	30,000,000	16,017,082	17,298,449	18,682,324	1.19	1.01
Roads, Public Works & Transport	Rec	58,614,510	71,499,126	77,219,056	83,396,580	2.33	2.89
	Dev	266,344,172	295,587,537	319,234,540	344,773,303	10.57	18.62
Youth, Sports, Culture, Gender	Rec	24,813,164	24,837,154	26,824,127	28,970,057	0.98	1.00
	Dev	70,952,151	102,818,890	111,044,401	119,927,953	2.82	6.48
Education and Technical Training	Rec	160,653,125	209,705,889	226,482,360	244,600,949	6.38	8.46
	Dev	151,708,478	150,142,809	162,154,234	175,126,572	6.02	9.46
Health Services	Rec	1,134,775,947	1,088,770,568	1,175,872,213	1,269,941,991	45.03	43.95
	Dev	156,253,138	482,077,279	520,643,461	562,294,938	6.20	30.37
Water, Lands, Housing, & Physical Planning	Rec	66,524,700	76,663,310	82,796,375	89,420,085	2.64	3.09
	Dev	205,460,593	205,713,402	222,170,474	239,944,112	8.15	12.96
Trade, Tourism, Co-operations & Wildlife	Rec	41,374,146	72,972,724	78,810,542	85,115,385	1.64	2.95
	Dev	50,414,064	89,554,191	96,718,526	104,456,008	2.00	5.64
Agriculture	Rec	184,867,816	189,846,978	205,034,736	221,437,515	7.34	7.66
	Dev	122,887,736	129,203,680	139,539,974	150,703,172	4.88	8.14
ICT & Public Service	Rec	87,079,552	123,175,577	133,029,623	143,671,992	3.46	4.97
	Dev	46,000,000	58,074,181	62,720,115	67,737,725	1.83	3.66

Department/Sector	Approved & Ceilings			Projections		% Share of Total Revenue	
	Description	Approved 2015/16	Ceiling 2016/17	Projection2017/18	Projection 2018/19	Approved 2015/16	CFSP Ceiling 2016/17
County Public Service Board	Rec	26,315,516	39,910,558	43,103,402	46,551,674	1.04	1.61
	Dev	2,500,000	2,000,000	2,160,000	2,332,800	0.10	0.13
TOTAL	Rec	2,519,928,833	2,477,573,173	2,675,779,027	2,889,841,349	100.00	100.00
	Dev	1,145,520,332	1,587,189,051	1,714,164,175	1,851,297,309	45.46	100.00

Annex 2: Recurrent Departmental/Sector Ceilings 2015/16 – 2018/19

Department/ Sector	Approved & Ceilings		Projections		% Share of Total Revenue	
	Approved 2015/16	Ceiling 2016/17	Projection 2017/18	Projection 2018/19	Approved 2015/16	CFSP Ceiling 2016/17
Office of The Governor	69,969,676	83,621,771	90,311,513	97,536,434	2.78	3.37
Administration	21,602,472	24,618,531	26,588,013	28,715,055	0.86	0.99
County Assembly	399,000,000	265,678,673	286,932,967	309,887,604	15.83	10.70
Finance & Economic Planning	244,338,209	206,272,315	222,774,100	240,596,028	9.70	8.30
Roads, Public Works & Transport	58,614,510	71,499,126	77,219,056	83,396,580	2.33	2.88
Youth, Sports, Culture, Gender	24,813,164	24,837,154	26,824,127	28,970,057	0.98	1.00
Education and Technical Training	160,653,125	209,705,889	226,482,360	244,600,949	6.38	8.46
Health Services	1,134,775,947	1,088,770,568	1,175,872,213	1,269,941,991	45.03	43.83
Water, Lands, Housing, & Physical Planning	66,524,700	76,663,310	82,796,375	89,420,085	2.64	3.09
Trade, Tourism, Co-operations & Wildlife	41,374,146	72,972,724	78,810,542	85,115,385	1.64	2.94
Agriculture	184,867,816	189,846,978	205,034,736	221,437,515	7.34	7.64
ICT & Public Service	87,079,552	123,175,577	133,029,623	143,671,992	3.46	4.96
County Public Service Board	26,315,516	39,910,558	43,103,402	46,551,674	1.04	1.61
TOTAL	2,519,928,833	2,477,573,174	2,675,779,027	2,889,841,349	100	100

Annex 3: Development Departmental/Sector Ceilings 2015/16 – 2018/19

Department/ Sector	Approved & Ceilings		Projections		% Share of Total Revenue	
	Approved 2015/16	Ceiling 2016/17	Projection 2017/18	Projection 2018/19	Approved 2015/16	CFSP Ceiling 2016/17
Office of The Governor	13,000,000	56,000,000	60,480,000	65,318,400	1.13	3.54
Administration	-	0	0	0	-	-
County Assembly	30,000,000	0	0	0	2.62	-
Finance & Economic Planning	30,000,000	16,017,082	17,298,449	18,682,324	2.62	1.01
Roads, Public Works & Transport	266,344,172	295,587,537	319,234,540	344,773,303	23.25	18.70
Youth, Sports, Culture, Gender	70,952,151	102,818,890	111,044,401	119,927,953	6.19	6.50
Education and Technical Training	151,708,478	150,142,809	162,154,234	175,126,572	13.24	9.50
Health Services	156,253,138	482,077,279	520,643,461	562,294,938	13.64	30.50
Water, Lands, Housing, & Physical Planning	205,460,593	205,713,402	222,170,474	239,944,112	17.94	13.01
Trade, Tourism, Co-operations & Wildlife	50,414,063	89,554,191	96,718,526	104,456,008	4.40	5.67
Agriculture	122,887,736	129,203,680	139,539,974	150,703,172	10.73	8.17
ICT & Public Service	46,000,000	58,074,181	62,720,115	67,737,725	4.02	3.67
County Public Service Board	2,500,000	2,000,000	2,160,000	2,332,800	0.22	0.13
TOTAL	1,145,520,331	1,587,189,051	1,714,164,174	1,851,297,307	100	100

Annex 4: Departmental/Sector Ceilings 2016/17

Department/Sector	Expenditure Description	Proposed Ceiling 2016/17	% Share of Total Revenue
Office of The Governor	Rec	83,621,771	2.06
	Dev	56,000,000	1.38
Administration	Rec	24,618,531	0.61
	Dev	-	-
County Assembly	Rec	265,678,673	7.00
	Dev	-	-
Finance & Economic Planning	Rec	206,272,315	5.07
	Dev	16,017,082	0.39
Roads, Public Works & Transport	Rec	71,499,126	1.76
	Dev	295,587,537	7.27
Youth, Sports, Culture, Gender	Rec	24,837,154	0.61
	Dev	102,818,890	2.53
Education and Technical Training	Rec	209,705,889	5.16
	Dev	150,142,809	3.69
Health Services	Rec	1,088,770,568	26.79
	Dev	482,077,279	11.86
Water, Lands, Housing, & Physical Planning	Rec	76,663,310	1.89
	Dev	205,713,402	5.06
Trade, Tourism, Co-operations & Wildlife	Rec	72,972,724	1.80
	Dev	89,554,191	2.20
Agriculture	Rec	189,846,978	4.67
	Dev	129,203,680	3.18
ICT & Public Service	Rec	123,175,577	3.03
	Dev	58,074,181	1.43
County Public Service Board	Rec	39,910,558	0.98
	Dev	2,000,000	0.05
TOTAL	Rec	2,477,573,173	60.95
	Dev	1,587,189,051	39.05

Annex 5: Summary Departmental/Sector Ceilings 2016/17

Department/Sector	Recurrent			Development	Total
	Personal Emoluments	Operations & Maintenance	Total Recurrent		
Office of The Governor	60,174,483	23,447,288	83,621,771	56,000,000	139,621,771
Administration	19,218,531	5,400,000	24,618,531	0	24,618,531
County Assembly	182,803,979	82,874,694	265,678,673	0	265,678,673
Finance & Economic Planning	172,672,315	33,600,000	206,272,315	16,017,082	222,289,397
Roads, Public Works & Transport	54,484,405	17,014,721	71,499,126	295,587,537	367,086,663
Youth, Sports, Culture, Gender	18,182,999	6,654,156	24,837,154	102,818,890	127,656,044
Education and Technical Training	146,076,756	63,629,133	209,705,888	150,142,809	359,848,697
Health Services	1,006,633,633	82,136,935	1,088,770,568	482,077,279	1,570,847,847
Water, Lands, Housing, & Physical Planning	59,864,448	16,798,862	76,663,310	205,713,402	282,376,712
Trade, Tourism, Co-operations & Wildlife	39,990,850	32,981,874	72,972,724	89,554,191	162,526,915
Agriculture	173,422,208	16,424,770	189,846,978	129,203,680	319,050,658
ICT & Public Service	68,312,259	54,863,318	123,175,577	58,074,181	181,249,758
County Public Service Board	31,086,940	8,823,618	39,910,558	2,000,000	41,910,558
TOTAL	2,040,423,805	443,649,368	2,477,573,173	1,587,189,051	4,064,762,224

Annex 6: Summary Recurrent Departmental/Sector Ceilings 2016/17

Department/ sector	No. of Staff	2016/17 Aggregate PE Projected	2015/16 PE Estimates	Deviation	Operations & Maintenance			Total
					Special O&M	Normal O&M	Total O&M	
Office of The Governor	29	60,174,483	54,795,365	5,379,118	17,295,200	6,152,088	23,447,288	83,621,771
Administration	12	19,218,531	18,050,451	1,168,080	2,400,000	3,000,000	5,400,000	24,618,531
County Assembly	93	182,803,979	258,681,923	(75,877,944)	0	82,874,694	82,874,694	265,678,673
Finance & Economic Planning	269	172,672,315	135,483,029	37,189,286	20,100,000	13,500,000	33,600,000	206,272,315
Roads, Public Works & Transport	76	54,484,405	43,685,461	10,798,944	9,800,000	7,214,721	17,014,721	71,499,126
Youth, Sports, Culture, Gender	17	18,182,999	18,714,126	(531,127)	0	6,654,156	6,654,156	24,837,154
Education and Technical Training	806	146,076,756	121,560,336	32,016,420	56,532,133	7,097,000	63,629,133	209,705,888
Health Services	957	1,006,633,633	944,920,514	61,713,119	66,089,403	16,047,532	82,136,935	1,088,770,568
Water, Lands, Housing, & Physical Planning	91	59,864,448	51,568,518	8,295,930	9,400,000	7,398,862	16,798,862	76,663,310
Trade, Tourism, Co-operations & Wildlife	41	39,990,850	32,581,497	7,409,353	25,611,800	7,370,074	32,981,874	72,972,724
Agriculture	220	173,422,208	174,322,871	(900,663)	5,400,000	11,024,770	16,424,770	189,846,978
ICT & Public Service	47	68,312,259	76,613,029	(8,300,770)	50,600,000	4,263,318	54,863,318	123,175,577
County Public Service Board	16	31,086,940	20,016,511	11,070,429	4,800,000	4,023,618	8,823,618	39,910,558
TOTAL	2674	2,032,923,806	1,950,993,631		268,028,536	176,620,833	444,649,369	2,477,573,173

*Number of staff includes the proposed new staff

Annex 7: Summary of Expenditure By Programmes, 2015/16 – 2018/19 (Kshs Million)

Department	Programme	2016/17 Ceiling			2017/18 Projections			2018/19 Projections		
		Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total
Office of The Governor	P.1 General Administration & Support Services	64,121,771	56,000,000	120,121,771	69,251,513	60,480,000	129,731,513	74,791,634	65,318,400	140,110,034
	P.2 Executive services	2,000,000		2,000,000	2,160,000	-	2,160,000	2,332,800	-	2,332,800
	P.4 Communication Services	3,000,000		3,000,000	3,240,000	-	3,240,000	3,499,200	-	3,499,200
	P.5 Public Sector Advisory Services	11,500,000		11,500,000	12,420,000	-	12,420,000	13,413,600	-	13,413,600
	P.6 County Attorney services	3,000,000		3,000,000	3,240,000	-	3,240,000	3,499,200	-	3,499,200
	Sub Total	83,621,771	56,000,000	139,621,771	90,311,513	60,480,000	150,791,513	97,536,434	65,318,400	162,854,834
Administration (County Secretary)	P.1 General Administration & Support Services	23,418,531		23,418,531	25,292,013	-	25,292,013	27,315,375	-	27,315,375
	P.2 County Secretary Services	700,000		700,000	756,000	-	756,000	816,480	-	816,480
	P.3 County Protocol and Liaison Services	500,000		500,000	540,000	-	540,000	583,200	-	583,200
	Sub Total	24,618,531	-	24,618,531	26,588,013	-	26,588,013	28,715,055	-	28,715,055
County Assembly		265,678,673	265,678,673	289,802,297	-	289,802,297	316,116,345	-	316,116,345	
	Sub Total	265,678,673	-	265,678,673	289,802,297	-	289,802,297	316,116,345	-	316,116,345
Finance & Economic Planning	P.1 General Administration & Support Services	187,972,315		187,972,315	203,010,100	-	203,010,100	219,250,908	-	219,250,908
	P.2 Finance and Accounts	4,000,000		4,000,000	4,320,000	-	4,320,000	4,665,600	-	4,665,600
	P.3 Budget	4,000,000		4,000,000	4,320,000	-	4,320,000	4,665,600	-	4,665,600
	P.4 Economic Planning	8,000,000	3,500,000	11,500,000	8,640,000	3,780,000	12,420,000	9,331,200	4,082,400	13,413,600
	P.5 Revenue	1,500,000	6,017,082	7,517,082	1,620,000	6,498,449	8,118,449	1,749,600	7,018,324	8,767,924
	P.7 Procurement	800,000		800,000	864,000	-	864,000	933,120	-	933,120
	P.8 Audit			-	-	-	-	-	-	-
	P.9 Emergency Response		5,000,000	5,000,000	-	5,400,000	5,400,000	-	5,832,000	5,832,000

Department	Programme	2016/17 Ceiling			2017/18 Projections			2018/19 Projections		
		Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total
	Sub Total	206,272,315	16,017,082	222,289,397	222,774,100	17,298,449	240,072,549	240,596,028	18,682,324	259,278,352
Roads, Public Works & Transport	P.1 General Administration & Support Services	71,499,126		71,499,126	77,219,056	-	77,219,056	83,396,580	-	83,396,580
	P.2 Public Works		3,500,000	3,500,000	-	3,780,000	3,780,000	-	4,082,400	4,082,400
	P.3 Roads		292,087,537	292,087,537	-	315,454,540	315,454,540	-	340,690,903	340,690,903
	Sub Total	71,499,126	295,587,537	367,086,663	77,219,056	319,234,540	396,453,596	83,396,580	344,773,303	428,169,883
Youth, Sports, Culture, Gender	P.1 General Administration & Support Services	24,837,154		24,837,154	26,824,127	-	26,824,127	28,970,057	-	28,970,057
	P.2 Sports development		45,415,274	45,415,274	-	49,048,496	49,048,496	-	52,972,376	52,972,376
	P.3 Cultural promotion and conservation		6,670,693	6,670,693	-	7,204,348	7,204,348	-	7,780,696	7,780,696
	P.4 Youth development programs		5,000,000	5,000,000	-	5,400,000	5,400,000	-	5,832,000	5,832,000
	P.5 Gender and social development		45,732,923	45,732,923	-	49,391,557	49,391,557	-	53,342,881	53,342,881
	Sub Total	24,837,154	102,818,890	127,656,044	26,824,127	111,044,401	137,868,528	28,970,057	119,927,953	148,898,010
Education and Technical Training	P.1 General Administration & Support Services	163,705,889	2,000,000	173,205,889	176,802,360	2,160,000	178,962,360	190,946,549	2,332,800	193,279,349
	P.2 Early Childhood Development Education (ECDE)		137,952,809	137,952,809	-	148,989,034	148,989,034	-	160,908,156	160,908,156
	P.3 Education Bursary, Scholarships and Loans	46,000,000		46,000,000	49,680,000	-	49,680,000	53,654,400	-	53,654,400
	P.4 Technical & Vocational Training		9,690,000	9,690,000	-	10,465,200	10,465,200	-	11,302,416	11,302,416
	P.5 Special Needs Education.		500,000	500,000	-	540,000	540,000	-	583,200	583,200
	Sub Total	209,705,889	150,142,809	359,848,698	226,482,360	162,154,234	388,636,594	244,600,949	175,126,572	419,727,521
Health Services	P.1 Planning and Administrative Services	1,082,770,568	67,332,570	1,150,103,138	1,169,392,213	72,719,176	1,242,111,389	1,262,943,591	78,536,710	1,341,480,300
	P.2 Preventive & Promotive Health Services		54,421,129	54,421,129	-	58,774,819	58,774,819	-	63,476,805	63,476,805
	P.3 Curative and	6,000,000	148,624,640	154,624,640	6,480,000	160,514,611	166,994,611	6,998,400	173,355,780	180,354,180

Department	Programme	2016/17 Ceiling			2017/18 Projections			2018/19 Projections		
		Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total
	Rehabilitative Health Services									
	P.4 Healthcare Infrastructural Development		211,698,940	211,698,940	-	228,634,855	228,634,855	-	246,925,644	246,925,644
	Sub Total	1,088,770,568	482,077,279	1,570,847,847	1,175,872,213	520,643,461	1,696,515,675	1,269,941,991	562,294,938	1,832,236,929
Water, Lands, Housing, & Physical Planning	P.1 General Administration & Support Services	73,063,310		72,063,310	78,908,375	-	78,908,375	85,221,045	-	85,221,045
	P.2 Water Supply		163,511,564	163,511,564	-	176,592,489	176,592,489	-	190,719,888	190,719,888
	P.3 Land survey and Physical Planning	1,000,000	14,308,898	15,308,898	1,080,000	15,453,610	16,533,610	1,166,400	16,689,899	17,856,299
	P.4 Environmental protection and conservation	1,400,000	9,392,940	10,792,940	1,512,000	10,144,375	11,656,375	1,632,960	10,955,925	12,588,885
	P.5 Housing development			-	-	-	-	-	-	-
	P.6 Town and Urban Areas Administration	1,200,000	18,500,000	19,700,000	1,296,000	19,980,000	21,276,000	1,399,680	21,578,400	22,978,080
	Sub Total	76,663,310	205,713,402	282,376,712	82,796,375	222,170,474	304,966,849	89,420,085	239,944,112	329,364,197
Trade, Tourism, Co-operations & Wildlife	P.1 General Administration & Support Services	55,360,924		55,360,924	59,789,798	-	59,789,798	64,572,982	-	64,572,982
	P.2 Trade Development and Promotion	2,111,800	40,154,503	42,266,303	2,280,744	43,366,863	45,647,607	2,463,204	46,836,212	49,299,416
	P.3 Co-operative Development		22,445,662	22,445,662	-	24,241,315	24,241,315	-	26,180,620	26,180,620
	P.4 Tourism Development	10,500,000	26,954,026	37,454,026	11,340,000	29,110,348	40,450,348	12,247,200	31,439,176	43,686,376
	P.5 Energy Development	5,000,000		5,000,000	5,400,000	-	5,400,000	5,832,000	-	5,832,000
	Sub Total	72,972,724	89,554,191	162,526,915	78,810,542	96,718,526	175,529,068	85,115,385	104,456,008	189,571,394
Agriculture	P1: General Administration and Support Services	189,846,978		189,846,978	205,034,736	-	205,034,736	221,437,515	-	221,437,515
	P2: Crop production		43,201,811	43,201,811	-	46,657,956	46,657,956	-	50,390,592	50,390,592
	P. 3 Livestock Production		33,083,446	33,083,446	-	35,730,122	35,730,122	-	38,588,531	38,588,531
	P4. Veterinary Services		33,868,490	33,868,490	-	36,577,969	36,577,969	-	39,504,207	39,504,207
	P 5. Irrigation		19,049,933	19,049,933	-	20,573,928	20,573,928	-	22,219,842	22,219,842
	Sub Total	189,846,978	129,203,680	319,050,658	205,034,736	139,539,974	344,574,710	221,437,515	150,703,172	372,140,687

Department	Programme	2016/17 Ceiling			2017/18 Projections			2018/19 Projections		
		Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total
ICT & Public Service	P.1: General Administration and Support Services	73,175,577		73,175,577	79,029,623	-	79,029,623	85,351,992	-	85,351,992
	P.2 ICT Services	3,000,000	58,074,181	61,074,181	3,240,000	62,720,115	65,960,115	3,499,200	67,737,725	71,236,925
	P.3: County Administrative Services	15,200,000		15,200,000	16,416,000	-	16,416,000	17,729,280	-	17,729,280
	P.4: Human Resources Services	31,800,000		31,800,000	34,344,000	-	34,344,000	37,091,520	-	37,091,520
	Sub Total	123,175,577	58,074,181	181,249,758	133,029,623	62,720,115	195,749,738	143,671,992	67,737,725	211,409,717
County Public Service Board	P. 1 Administration and Support of Human Resources in the County Public Service Board.	39,910,558		39,910,558	43,103,402	-	43,103,402	46,551,674	-	46,551,674
	P. 2 Infrastructural Development		2,000,000	2,000,000	-	2,160,000	2,160,000	-	2,332,800	2,332,800
	Sub Total	39,910,558	2,000,000	41,910,558	43,103,402	2,160,000	45,263,402	46,551,674	2,332,800	48,884,474
	GRAND TOTAL	2,484,073,173	1,580,689,051	4,064,762,224	2,685,668,356	1,707,144,175	4,392,812,532	2,903,651,690	1,843,715,709	4,747,367,399

Annex 8: Public Participations Inputs for 2016/17-2018/19 MTEF Period

To ensure there are no leakages in revenue collection, the county should consider electronic means to revenue collection. On project implementation, there should be periodic dissemination of information on project cost, status and expected completion time. With the wage bill taking the largest share of the 2016/17 budget, citizens now demand for quality service delivery.

Generally, the public proposed the following strategic interventions which require additional budgetary considerations; Agricultural value addition/ promotional initiatives be allocated more funds since the current allocations are minimal, area under irrigated farming be increased. Also, a body for seed certification be established within the county to avoid farmers using uncertified seeds and loss on productivity.

There is also a felt need to increase funds for scholarships and even incorporate VTCs in the scheme. The county should also ensure that every market center has an operational public toilet. Additional funds be allocated to cooperatives development to revive the dormant ones. Opening up of all tourist attraction sites should be done since it will be a source of revenue. Funds towards environmental conservation initiatives be increased and bias be made towards increasing the forest cover. A revolving fund be established specifically for PWDs empowerment.