



COUNTY GOVERNMENT OF ELGEYO MARAKWET

THE COUNTY TREASURY

COUNTY BUDGET REVIEW AND OUTLOOK PAPER (CBROP)

SEPTEMBER 2014

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FOREWORD

The County Budget Review and Outlook Paper (CBROP) is one of the budget policy documents that enhance financial discipline and fiscal responsibilities within the county's financial management framework as provided for in the Public Finance Management Act (PFM) Act 2012. The CBROP presents the fiscal outcome for the most previous Financial Year and how these outcomes affect financial objectives set out in that year's County Fiscal Strategy Paper (CFSP).

Consequently, this 2014 CBROP being the second after the enactment of devolved governance presents the fiscal framework which provides a strong basis for building a common future under the new constitutional dispensation regarding Fiscal discipline and accountability.

Fiscal discipline will seek to ensure that the county's development entities are able work towards improving the residents' livelihoods by instituting mechanisms that enhances financial efficiency, effectiveness and economy. The county is committed to maintain the trend of economic growth and development as desired by the residents. Towards this end, the county will always strive to ensure that there is transparency and accountability by providing feedback on the county's performance indicators as required by the Constitution and the Public Finance Management Act.

Based on this backdrop, this CBROP has been prepared so as to present a review of the fiscal performance for 2013/14 Financial Year.

This document is organized into five chapters. Chapter one highlights the legal justification and objectives of CBROP. In Chapter reviews the review of fiscal performance for 2013/14 fiscal year. Chapter three explains the recent economic developments and outlook. Chapter four details the resource allocation framework for 2013/14 fiscal year. Chapter five is the conclusion and recommendations

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A core team of officers comprising mainly of the staff at the Economic Planning and Budget Units undertook the process of preparing this CBROP document. These officers led by Mr. John Maritim, the Head of Economic Planning Unit and Mr. John Keen, the Head of Budget supported by Economists based at the Economic Planning Unit; Mr. Titus Kosgey, Elisha Tanui and Felix Kipngetich spent a significant time collecting, collating, designing and compiling this document. Mr. Samwel Kibirong from the Treasury Unit also contributed immensely to the success of the document

This core team undertook the preparation task with the guidance of Mr. Shadrack Chelimo and Mr. Jeremiah Changwony who are the Finance and Economic Department's County Executive Committee member (CEC) and Chief Officer respectively. This is therefore to extend the county's gratitude to them and all others who were involved in the CBROP preparation process

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ABBREVIATIONS AND ACRONYMS

CBROP	County Budget Review and Outlook Paper
CEC	County Executive Member
CFSP	County Fiscal strategy Paper
CG	County Government
CIDP	County Integrated Development Plan
COB	Controller of Budget
CRA	Commission on Revenue Allocation
FY	Fiscal Year
GDP	Gross Domestic Product
LATF	Local Authority Transfer Fund
MTEF	Medium-Term Expenditure Framework
PFMA	Public Financial Management Act
TA	Transition Authority

CHAPTER ONE

1 LEGAL FRAMEWORK AND OBJECTIVES FOR CBROP

The County Budget Review and Outlook Paper (CBROP) is in compliance with Section 118 of the Public Finance Management (PFM) Act. The Act states that each County Treasury;

- Shall prepare a County Budget Review and Outlook Paper in respect of the county for each financial year; and
- Submit the paper to the County Executive Committee by the 30th September of each year

The law requires CBROP to present the fiscal outcome for the previous financial year and to state how this outcome affects the financial objectives contained in that year's County Fiscal Strategy Paper (CFSP).

The main objectives of a CBROP are to specify;

- The details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;
- The updated economic and financial forecasts in relation to the changes from the forecasts in the most recent County Fiscal Strategy Paper (CFSP);
- Any changes in the forecasts compared with the CFSP;
- How actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the CFSP for that financial year; and
- Reasons for any deviation from the financial objectives in the CFSP together with proposals to address the deviation and the time estimated for doing so.

The CBROP is expected to provide a summary of the national macroeconomic outlook and how this will affect the County's economic performance. The key macro-economic indicators are, however, not currently available at the county level thereby making it difficult to provide county macro-economic statistics for analytic purposes

The above statistics would partly provide the basis for the revision of the Financial Year 2013/14 budget in the context of the Revised Budget, as well as setting out the broad fiscal parameters for the next budget and medium term. The fiscal framework presented in this document provides a strong basis for building our common future under the current constitutional dispensation. The paper also presents an overview of budget financing sources that includes revenue and grants. In the last section of the document, the paper offers some conclusions and the way forward

CHAPTER TWO

2 REVIEW OF FISCAL PERFORMANCE IN 2013/14

This section is meant to review how the actual financial performance for the 2013/14 financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the CFSP for that financial year.

2.1 OVERVIEW

In line with the Constitution, the Public Financial Management (PFM) Act, 2012, sets out fiscal responsibility principles to ensure prudence and transparency in the management of public resources. The PFM law (Section 15) states that:

- 1) Over the medium term, a minimum of 30% of the county budget shall be allocated to development expenditure
- 2) The county government's expenditure on wages and benefits for public officers shall not exceed a percentage of the county government's revenue as prescribed by the regulations
- 3) 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
- 4) Public debt and obligations shall be maintained at a sustainable level as approved by county assembly
- 5) Fiscal risks shall be managed prudently
- 6) 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

The fiscal performance in 2013/14 was generally satisfactory, despite the challenges with shortfall in revenue, the transition financial demands and increased expenditure pressures.

2.1.1 2013/14 Fiscal Performance

Table 1 and 2 below present the fiscal performance for the FY 2013/14 for revenue and expenditure. The total cumulative revenue collection from local sources for the period between July 2013 and June 2014 was Kshs. 61,001,213 compared to a target of Kshs 85,023,379 that had been projected to be collected in the same period. This represents a deviation of 28% of revenue collection. The county received Kshs. 2,392,011,591 as disbursements from National Government

2.1.1.1 REVENUE

Table 1: Revenue Collections for 2013/2014 FY

Revenue Type	Target (Approved)	Actual	Deviation in Kshs	Deviation in %
Game Park Fees	-	-	-	-
Animal Stock Sale Fees	2,300,000	2,386,470	86,470	4
Produce & Other Cess	34,051,762	25,328,539	(8,723,223)	(26)
Single Business Permit	8,254,000	11,571,022	3,317,022	40
Plot Rent/ Rates	6,871,790	2,016,372	(4,855,418)	(71)
Bus park/ motorbikes	2,580,000	2,364,985	(215,015)	(8)
Trade Application	1,250,000	1,450,250	200,250	16
Slaughter fees	1,550,000	1,182,155	(367,845)	(24)
House/stall/ground	1,096,000	1,699,523	603,523	55
Conservancy	580,000	334,375	(245,625)	(42)
Plan approval	491,500	199,145	(292,355)	(59)
clearance	50,000	32,780	(17,220)	(34)
Hides and Skins	3,000	70,070	67,070	2,236
Promotion/advert	368,356	348,711	(19,645)	(5)
Tender Document	60,000	341,500	281,500	469
Hire of Grater	3,000,000	1,101,110	(1,898,890)	(63)
Industrial rates	-	635,144	635,144	
Trade	-	124,180	124,180	
Miscellaneous	19,641,971	11,190	(19,630,781)	(100)
Water	-	415,080	415,080	
Health Services	-	5,730,365	5,730,365	
Market Fees & Others	2,875,000	3,658,247	783,247	27
Total	85,023,379	61,001,213	24,022,166	(28)
Rolled over funds (B/F)	126,635,585	126,635,585	0	0
Central Government Transfers	2,392,011,591	2,392,011,591	0	0
GRAND TOTAL (REVENUE)	2,603,670,555	2,579,648,389	24,022,166	(1)

2.1.1.2 EXPENDITURE

Table 2: Expenditure (Aggregate)

DEPARTMENT	RECURRENT (BUDGETED)	DEVELOPMENT (BUDGETED)	TOTAL (BUDGETED)	ACTUAL	DEVIATION (SAVINGS) IN KSHS	DEVIATION IN %
OFFICE OF THE GOVERNOR/DG	130,204,301	102,335,586	232,539,887	177,246,889	55,292,998	24
ADMINISTRATION	123,668,031	-	123,668,031	102,415,732	21,252,299	17
COUNTY ASSEMBLY	300,370,440	20,000,000	320,370,440	309,705,503	10,664,937	3
FINANCE & ECONOMIC PLANNING	103,954,989	19,000,000	122,954,989	105,761,732	17,193,257	14
ROADS, PUBLIC WORKS & TRANSPORT	34,329,556	252,200,000	286,529,556	271,468,043	15,061,513	5
EDUCATION, YOUTH, SPORTS, CULTURE, GENDER	146,912,027	91,200,000	238,112,027	191,362,796	46,749,231	20
HEALTH SERVICES	646,327,587	151,323,531	797,651,118	790,475,088	7,176,030	1
LANDS, HOUSING, PHYSICAL PLANNING	30,471,430	5,000,000	35,471,430	25,315,970	10,155,460	29
TRADE, TOURISM, CO-OPERATIVE DEVELOPMENT	29,160,215	36,500,000	65,660,215	57,108,500	8,551,715	13
WATER, IRRIGATION, & ENVIRONMENT	33,271,593	80,000,000	113,271,593	105,539,921	7,731,672	7
AGRICULTURE	149,787,470	49,735,100	199,522,570	194,580,346	4,942,224	2
COUNTY PUBLIC SERVICE BOARD	47,774,000	-	47,774,000	41,215,396	6,558,604	14
I.C.T. & PUBLIC SERVICE	20,144,699	-	20,144,699	15,379,771	4,764,928	24
TOTALS	1,796,376,338	807,294,217	2,603,670,555	2,387,575,687	216,094,868	8

Total expenditure for the period under review amounted to Ksh 2,387,575,687 against budgeted target of Kshs. 2,603,670,555, representing an under spending of Ksh 216,094,868 (or 8 percent deviation from the revised budget). The shortfall was attributed to delays by the National Treasury to release funds to Counties, the lengthy procurement procedures which had to be followed.

Table 3: Expenditure on Recurrent

DEPARTMENT	Target (Approved)	Actual	Deviation (Savings) in Kshs	Deviation in %
OFFICE OF THE GOVERNOR/ DEPUTY GOVERNOR	130,204,301	99,675,543	30,528,758	23
ADMINISTRATION	123,668,031	102,415,732	21,252,299	17
COUNTY ASSEMBLY	300,370,440	289,705,505	10,664,935	4
FINANCE & ECONOMIC PLANNING	103,954,989	87,379,453	16,575,536	16
ROADS, PUBLIC WORKS & TRANSPORT	34,329,556	24,406,152	9,923,404	29
EDUCATION, YOUTH, SPORTS, CULTURE, GENDER	146,912,027	112,057,525	34,854,502	24

DEPARTMENT	Target (Approved)	Actual	Deviation (Savings) in Kshs	Deviation in %
HEALTH SERVICES	646,327,587	639,315,891	7,011,696	1
LANDS, HOUSING, PHYSICAL PLANNING	30,471,430	23,006,630	7,464,800	24
TRADE, TOURISM, CO-OPERATIVE DEVELOPMENT	29,160,215	21,698,865	7,461,350	26
WATER, IRRIGATION, & ENVIRONMENT	33,271,593	26,459,726	6,811,867	20
AGRICULTURE	149,787,470	144,386,165	5,401,305	4
COUNTY PUBLIC SERVICE BOARD	47,774,000	41,215,396	6,558,604	14
I.C.T. & PUBLIC SERVICE	20,144,699	15,379,771	4,764,928	24
TOTALS	1,796,376,338	1,627,102,354	169,273,984	9

Recurrent expenditure amounted to Ksh 1,627,102,354 against a target of Ksh 1,796,376,338 representing an under-spending of Ksh 172,666,405 (or 9 percent deviation from the approved recurrent expenditure)

Table 4: Expenditure on Development

DEPARTMENT	Target (Approved)	Actual	Deviation (Savings)	Deviation in %
OFFICE OF THE GOVERNOR/ DEPUTY GOVERNOR	102,335,586	77,571,346	24,764,240	24
ADMINISTRATION	0	0	0	0
COUNTY ASSEMBLY	20,000,000	19,999,998	2	0.00001
FINANCE & ECONOMIC PLANNING	19,000,000	18,382,279	617,721	3
ROADS, PUBLIC WORKS & TRANSPORT	252,200,000	247,061,891	5,138,109	2
EDUCATION, YOUTH, SPORTS, CULTURE, GENDER	91,200,000	79,305,271	11,894,729	13
HEALTH SERVICES	151,323,531	151,159,197	164,334	0.1
LANDS, HOUSING, PHYSICAL PLANNING	5,000,000	2,309,340	2,690,660	54
TRADE, TOURISM, CO-OPERATIVE DEVELOPMENT	36,500,000	35,409,635	1,090,365	3
WATER, IRRIGATION, & ENVIRONMENT	80,000,000	79,080,195	919,805	1
AGRICULTURE	49,735,100	50,194,181	-459,081	-0.9
COUNTY PUBLIC SERVICE BOARD	0	0	0	0
I.C.T. & PUBLIC SERVICE	0	0	0	0
TOTALS	807,294,217	760,473,333	46,820,884	5.8

Development expenditure was Ksh 760,473,333 compared to a target of Kshs. 807,294,217. This represented an under-spending of 46,820,884 Ksh (or 5.8 percent deviation from the approved development expenditure). Funding from the National Government accounted for most of the under-spending in the development votes

2.1.2 Overall balance and financing

In the 2013/14 fiscal year, the county heavily relied on central government revenue share to counties since it did not meet its projected local revenue collection as highlighted in table 1. The County's budget was a balanced one and that there was no borrowing by the county in line with medium term provisions of PFM Act 2012.

2.2 Implication of 2013/14 Fiscal Performance

Implication of 2013/14 Fiscal Performance on fiscal responsibility principles and financial objectives contained in the 2014 County Fiscal Strategy Paper (CFSP)

- a) The performance in the FY 2013/14 has affected the financial objectives set out in the February 2013 County Fiscal Strategy Paper (CFSP) and the Budget for FY 2014/15 in the following ways: (i) the base for revenue and expenditure projections has changed implying the need for adjustment in the fiscal aggregates for the current budget; and
(ii) To take into account the slow take off of budget execution of the FY 2014/15 budget by Departments, the baseline ceilings for spending entities will be adjusted and then firmed up in the next County Fiscal Strategy Paper (CFSP) in February 2015
- b) Accordingly, the revenue projections will remain in line with the initial macroeconomic assumptions taking into account the revised revenue and expenditure base. Consequently, the budget ceilings provided in the CFSP 2015 will reflect the macroeconomic forecast. However, taking into account that the key macro variables remain as projected in the CFSP 2014, there will be adjustments to the ceilings
- c) The overall revenue underperformance in 2013/14 has implications in the base used to project the revenue for these revenue items in the FY 2013/14. Therefore, in updating the fiscal outlook the new base has been taken into account. In addition; effects, that may emanate from the recently submitted Finance Bill 2014 is expected to boost revenue through improving efficiency in revenue administration as well as ease compliance by revenue payers
- d) The under-spending in both recurrent and development budget for the FY 2013/14 additionally has implications on the base used to project expenditures in the FY 2014/15. Appropriate revisions have been undertaken in the context of this CBROP, taking into account the budget outturn for 2013/14
- e) The county will not deviate from the fiscal responsibility principles, but will make appropriate modifications to the financial objectives contained in the CFSP 2014 to reflect the changed circumstances
- f) Measures to revamp productive sectors of the county through various initiatives are expected to add impetus to our county's growth prospects. Meanwhile, collaborative and cooperative frameworks which have been instituted by the county is expected to promote private sector investments through Public Private Partnerships thus stimulating growth

CHAPTER THREE

3 RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

3.1 Macroeconomic Outlook

The county's performance is largely dependent on the formulation and implementation of prudent policies to guide service delivery and the country's economic performance

Recent developments in the key macroeconomic variables are encouraging. Growth in real GDP remains resilient but downside risks remain. Real GDP grew by 4.3 percent in the second quarter of 2013, compared to 4.4 percent during a similar period in 2012. Overall inflation increased slightly during the 2nd half of 2013/2014 on account of upward revisions in local pump prices and food items as well as the CPI base effects. Short term interest rates declined, consistent with the easing of monetary policy stance. In particular, the uptake of bank credit by the private sector increased by 13.5 per cent in the twelve months to July 2013 compared to 16.7 per cent target. The Kenya Shilling exchange rate has stabilized against major world currencies following increased short term capital inflows and remittances

3.1.1 Growth Prospects

The Country's economy is projected to grow by 5.1 per cent in 2014. Medium term prospects are stronger, with the growth in Gross Domestic Product (GDP) projected to improve to around 6 per cent. Growth will be augmented by production in agriculture following receipt of adequate rains, value addition in agriculture, completion of key infrastructure projects (such as roads and energy), and other initiatives geared towards exports promotion

Domestic demand is expected to be robust following increased investor confidence. Despite the increase in inflation in the recent past, inflation is expected to revert back to target of 5 percent with a 2.5 percent band in the medium term. Stability in interest rates and exchange rates is expected to promote access to credit for private sector and boost investments and consumption to stimulate growth. Continued improvements and stability in the macroeconomic variables will ensure the county operates in a stable economic environment.

3.2 Implementation of 2014/2015 Budget

Implementation of 2014/2015 budget started slowly due to delayed disbursements from the national treasury coupled with challenges in movement to IFMIS platform at the start of the fiscal year. This has now been addressed and County Government operations are continuing well. To date, the county has spent Kshs 604,000,000 out of the budgeted Kshs 1,235,986,024 recurrent estimates.

Revenue collection was Kshs 14,295,135 in the first two months of 2014/2015 fiscal year against a target of 14,170,563, thus revenue collection was below target by Ksh 124,572 in the first two months of the 2014/2015 fiscal year.

3.3 Medium Term Fiscal Framework

The county will continue to pursue prudent fiscal policy to ensure economic stability which support economic activities while allowing for implementation of programmes within sustainable public finances.

With respect to revenue, the County Government hopes to improve revenue collections estimated to be 85,023,379 in the first and second half of 2014/2015 fiscal year. Measures to achieve this effort include improved tax compliance with enhanced administrative measures, recruitment of additional revenue staff and sealing of loopholes in revenue collection. The county will also widen the tax base and review all levies and charges in the proposed 2014 finance bill in order to simplify and modernize them.

The county Government will develop a comprehensive policy and legislative framework covering licensing, revenue sharing, taxation and sustainable use of the natural resources and tourism endowments. This will ensure that we derive maximum benefit from county parks, mining activities, sports tourism (training and paragliding) and heritage sites including conservancies, Rimoi game reserve among others

On the expenditure side, the County Government will continue with rationalization of expenditure and expediting of requisite procurement processes to improve efficiency and reduce wastage. Expenditure management will be strengthened with adoption of the Integrated Financial Management Information System (IFMIS) across the county level. County human resources rationalization will receive greater attention. Going forward, implementation pace in the spending units will be monitored. These will inform appropriate measures to be taken in the context of the next budget process.

3.4 Fiscal Risks to the Outlook

The macroeconomic management and performance of most of the sectors at the National level have a ripple effect on how some sectors in the county will perform. The risks to the outlook for 2014/15

and the medium-term include continued weak growth in advanced economies that will impact negatively on our exports and tourism activities. Further, geopolitical uncertainty on the international oil market will slow down the productive sectors of the economy and may increase inflation.

The county revenue projections are subject to a number of general risks that can affect collections. These include resistance that may arise from County Finance Bill, 2014, tax evasion and avoidance, weak revenue administrative structures and significant fluctuations in major revenue sources due to changes in the economic environment. These challenges may result in a significant deviation from revenue projections and consequently lead to huge unfunded budget deficits.

Other fiscal risks also include potential natural disasters due to unfavorable weather conditions, crop failure due to maize lethal necrosis, terrorist threats causing decline in tourist arrivals and the uncertainties in the release of county funds. Such occurrences have in the past resulted in unexpected increases in expenses which disrupt the planned execution of the budget. Should these risks materialize; the County government in consultation with the National government will undertake appropriate measures to safeguard macroeconomic stability.

3.5 Summary of Sectoral Priorities

Development initiatives that will be implemented in the coming Fiscal Years are contained in the County Integrated Development Plan (CIDP) whose development proposals were identified by stakeholders through a consultative process. All the sectors in the county had priority development proposals identified. These proposals will drive budget process for the county in the respective sectors.

However, in striving to fill the resource gaps for the achievement of strategic priorities the county has put emphasis on mechanisms that encourages Public Private Partnerships (PPP) and donor cooperation and collaboration in the county's development approaches

CHAPTER FOUR

4 RESOURCE ALLOCATION FRAMEWORK

4.1 Adjustment to 2014/15 Budget

Given the performance in FY 2013/14, the updated economic outlook and risks to the FY 2014/15 budget, expenditure pressures pose a fiscal risk and adjustments are inherent. The aforementioned risks will be monitored closely, analysed keenly and the County Government would take appropriate measures by analyzing cause and effect hence realize value for money and ensure service delivery.

The ongoing process of county restructuring, recruitment and rationalization of staff is expected to exert pressure on wage expenditures. Expenditure pressures with respect to salary demand of devolved functions continue to persist, and so are operational demands for Departments. This is compounded, for instance, by the recent recruitment of ECDE teachers, nurses and ward administrators; which has added more weight to the county's burgeoning wage bill. The recruitments affected Departments of Health, Education and Administration among others.

Adjustments to the 2014/15 budget will take into account actual expenditure incurred so far and absorption capacity in the remainder of the financial year. This calls for rationalization of expenditures and may include slowing down and/or reprioritizing development and operational expenditures in order for the Government to live within its means. This calls for efficient Monitoring and Evaluation of projects and programmes, including close observation of expenditure trends, which will greatly inform the decisions to be made in the next Supplementary Budget.

Implementation pace in the spending units continues to be a major challenge especially with regard to the delayed disbursement of funds, hence interference with implementation of programmes and projects. This is further worsened by the pending court ruling, which has delayed the approval of FY 2014/2015 budget. The fate of Departmental ceilings still lies in the hands of Courts.

For disaster response purposes, contingency fund has been set aside as a pool resource under the Governor's Office. Utilization of the funds will be within the criteria specified in PFM Act 2012.

On the Revenue side, the County Treasury is expected to institute corrective measures to reverse the revenue loss from local sources and enhance revenue collection. This will boost the available resources, broaden the revenue base and aid in execution of functions and service delivery to County residents

4.2 Medium-Term Expenditure Framework

Elgeyo Marakwet County MTEF approach consists of a bottom-up estimation of the current and medium-term costs of existing policy and, ultimately, the matching of these costs with available resources in the context of the annual budget process. The MTEF budgeting will thus entail adjusting non-priority expenditures to cater for the priority ones.

The priority social sectors, education and health, will continue to receive adequate resources though they are required to utilize the allocated resources more efficiently to generate fiscal space to accommodate other strategic interventions in their sectors. Another crucial social sector is Youth Affairs, Sports, Culture, Gender and Children

The county is highly talented in athletics and the sector needs massive investments so that county's sporting potential is realized. During the period under review, Kamariny stadium for instance will be upgraded to high standards so that athletes and other sportsmen can have state of the art facility for their training purposes and subsequent excellence, both nationally and internationally.

The economic sectors such as agriculture will receive increasing share of resources to boost agricultural productivity and initiating value addition ventures as the county deals with threats of food insecurity and poor market returns for agricultural produce. For expansion of agricultural activities, Irrigation sub-sector will receive a large share of resources in the medium term period. Another sector that will receive a sizable share of resources is Trade, Tourism & Co-Operative Development. This will aid the county to tap into its tourism potential, the greater emphasis being Rimoi Game Reserve in this period.

With the County Government's commitment to improving infrastructure across the county, the share of resources going to priority physical infrastructure sector, such as roads and water, will rise over the medium term. This will spur the county's economic growth because no meaningful economic activity can be carried out without reliable physical infrastructure. Further, implementation by the spending units will be monitored closely especially with regard to the development expenditures and uptake of resources. This requires a highly efficient and effective monitoring and evaluation by the county government.

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 ensure socio-economic welfare and enhanced quality of life for the residents of the county

4.3 2015/16 Budget framework

Table 5: Revenue projections for 2015/16

Revenue Type	Projections
	2015/16
Single Business Permit	14,168,645
Potatoes/Vegetables/Maize/Charcoal Cess	24,563,556
Market fees	1,006,512
Plot rent	3,019,536
Cattle auction fees	2,815,207
Sand cess	3,477,708
Wool cess	9,828
Land rates	352,033
Bus park/motor bikes fees	2,184,694
Trade applications fees	1,494,792
Slaughter fees	1,271,462
House rent/Stall/Ground.	410,998
Timber cess	4,412,515
Conservancy fees	332,514
Plan approval fees	201,240
Clearance fees	32,292
Hide & skins	5,616
Promotion/advert	987,480
Hire of Grader & other machinery	2,406,456
Tourism	
Fines	
Exhauster hire fees	
VSD Funds	2,874,971
FIF Funds	36,000,000
Donor funds (DANIDA)	18,420,000
Sub total	120,448,055
Central Government Transfers	3,341,389,066
GRAND TOTAL (REVENUE)	3,461,837,121

Table 6: Expenditure Forecasts for 2015/16

Department	Recurrent Estimates			Development	Total Estimates.
	Compensation to Employees	Total O & M	Total Recurrent		
Office of The Governor	41,814,810	26,639,110	68,453,920	34,130,000	102,583,920
Administration	153,900,232	29,629,661	183,529,893	34,000,000	217,529,893
County Assembly	236,444,615	-	236,444,615	26,000,000	262,444,615
Finance & Economic Planning	91,014,244	39,983,760	130,998,004	7,400,000	138,398,004
Roads, PW & Transport	46,677,164	15,403,464	62,080,628	356,555,325	418,635,953
Sports, Culture & S. Services	19,064,662	28,648,830	47,713,492	138,906,723	186,620,215
Education and Tech. Training	120,187,872	59,429,598	179,617,470	140,000,000	319,617,470
Health Services	844,840,453	236,737,879	1,081,578,332	158,497,817	1,240,076,149
Water, Lands, Housing, P & P	51,693,650	20,147,124	71,840,774	184,313,735	256,154,509
Trade, Tourism, Co-op Dev.	30,086,919	18,109,076	48,195,995	141,008,130	189,204,125
Agriculture	152,999,365	39,191,832	192,191,197	252,335,605	444,526,802
County Public Service Board	21,076,028	19,124,071	40,200,099	7,000,000	47,200,099
ICT & Public Service	23,058,356	20,619,758	43,678,114	75,390,286	119,068,400
TOTAL	1,832,858,370	553,664,163	2,386,522,533	1,555,537,621	3,942,060,154

4.3.1 Overall Deficit and Financing

The overall budget in 2015/16 is projected to be Ksh 3,942,060,154. Cumulatively, revenue projections are estimated to be ksh 3,461,837,121 out of which Ksh 120,448,055 is local revenue while Ksh 3,341,389,066 is Central Government Transfers. The overall deficit is Ksh 480,223,033. Adequate financing, that will cover the budget deficit, will require the county's revenue base to be enhanced through increased local revenue collection and Central Government Transfers

CHAPTER FIVE

5 CONCLUSION AND WAY FORWARD

The fiscal outcome for 2013/14 FY had implication on the financial objectives contained in the last County Fiscal Strategy Paper (CFSP) submitted the County Assembly in February 2014. Going forward, the set of policies outlined in this CBROP reflect the dynamic circumstances and are broadly in line with the fiscal responsibility principles outlined in the PFM Act, 2012. They are also consistent with the county strategic objectives being pursued as a basis of allocation of public resources.

These strategic objectives are provided in the policy documents that have been developed by the county whose objectives are to successfully implement the County Integrated Development Plan (CIDP) which is aligned to the national development blue print, the Vision 2030.

Additionally, the policies and sector ceilings annexed herewith will guide county departments and budgeting entities in preparation of the 2015/16 budget

ANNEXES

Annex 1: County Government Operations 2012/13 - 2015/16

DEPARTMENT	RECURRENT (2012/13)	DEVELOPME NT (2012/13)	TOTALS (2012/13)	RECURREN 2013/14	DEVELOPMEN T 2013/14	TOTALS 2013/14	RECURREN 2014/15	DEVELOPMEN T 2014/15	TOTALS 14/15	RECURREN 2015/16	DEVELOPMEN T 2015/16	TOTALS 15/16
OFFICE OF THE GOVERNOR	14,670,348	45,671,475	60,341,823	99,675,543	77,571,346	177,246,889	99,361,749	95,308,813	194,670,562	68,453,920	34,130,000	102,583,920
OFFICE OF THE DEPUTY GOVERNOR	-	-	-	-	-	-	12,731,735	-	12,731,735	-	-	-
ADMINISTRATION	-	-	-	102,415,732	-	102,415,732	89,429,708	-	89,429,708	183,529,893	34,000,000	217,529,893
COUNTY ASSEMBLY	68,008,053	-	68,008,053	289,705,505	19,999,998	309,705,503	351,177,938	26,226,173	377,404,111	236,444,615	26,000,000	262,444,615
FINANCE & ECONOMIC PLANNING	19,713,538	-	19,713,538	87,379,453	18,382,279	105,761,732	110,438,786	20,666,724	131,105,510	130,998,004	7,400,000	138,398,004
ROADS, PUBLIC WORKS & TRANSPORT	-	-	-	24,406,152	247,061,891	271,468,043	33,858,818	356,555,325	390,414,143	69,832,463	356,555,325	426,387,788
YOUTH, SPORTS, CULTURE, GENDER	-	-	-	112,057,525	79,305,271	191,362,796	20,273,508	132,292,117	152,565,625	47,713,492	138,906,723	186,620,215
EDUCATION	-	-	-	-	-	-	148,015,932	117,051,618	265,067,550	179,617,470	140,000,000	319,617,470
HEALTH SERVICES	-	-	-	639,315,891	151,159,197	790,475,088	744,343,360	150,950,302	895,293,662	1,081,578,332	158,497,817	1,240,076,149
WATER, LANDS, HOUSING, PHYSICAL PLANNING	-	-	-	23,006,630	2,309,340	25,315,970	32,445,549	66,582,511	99,028,060	71,840,774	184,313,735	256,154,509
WATER, IRRIGATION, & ENVIRONMENT	-	-	-	26,459,726	79,080,195	105,539,921	37,060,963	143,954,379	181,015,342			-
TRADE, TOURISM, CO-OPERATIVE DEVELOPMENT	-	-	-	21,698,865	35,409,635	57,108,500	30,650,916	94,005,420	124,656,336	48,195,995	141,008,130	189,204,125
AGRICULTURE	-	-	-	144,386,165	50,194,181	194,580,346	140,795,401	145,239,718	286,035,119	192,191,197	252,335,605	444,526,802
COUNTY PUBLIC SERVICE BOARD	-	-	-	41,215,396	-	41,215,396	32,846,012	-	32,846,012	40,200,099	7,000,000	47,200,099
I.C.T. & PUBLIC SERVICE	-	-	-	15,379,771	-	15,379,771	18,520,166	37,695,143	56,215,309	43,678,114	75,390,286	119,068,400
TOTALS	102,391,939	45,671,475	148,063,414	1,627,102,354	760,473,333	2,387,575,687	1,901,950,541	1,386,528,243	3,288,478,784	2,394,274,368	1,555,537,621	3,949,811,989

Annex 2: Total Sector Ceilings for the MTEF Period 2013/14 - 2016/17

DEPARTMENT	2013/14	2014/15	2015/16	2016/17
OFFICE OF THE GOVERNOR/DEPUTY GOVERNOR	232,539,887	194,670,562	102,583,920	112,838,434
OFFICE OF THE DEPUTY GOVERNOR	-	12,731,735	-	-
ADMINISTRATION	123,668,031	89,429,708	217,529,893	236,972,284
COUNTY ASSEMBLY	320,370,440	377,404,111	262,444,615	285,000,184
FINANCE & ECONOMIC PLANNING	122,954,989	131,105,510	138,398,004	149,913,844
ROADS, PUBLIC WORKS & TRANSPORT	286,529,556	390,414,143	426,387,788	481,892,131
YOUTH, SPORTS, CULTURE, GENDER	238,112,027	152,565,625	186,620,215	209,884,236
EDUCATION	-	265,067,550	319,617,470	353,586,868
HEALTH SERVICES	797,651,118	895,293,662	1,240,076,149	1,348,792,110
LANDS, HOUSING, PHYSICAL PLANNING	35,471,430	99,028,060	256,154,509	287,705,694
TRADE, TOURISM, CO-OPERATIVE DEVELOPMENT	65,660,215	124,656,336	189,204,125	212,800,943
WATER, IRRIGATION, & ENVIRONMENT	113,271,593	181,015,342	-	-
AGRICULTURE	199,522,570	286,035,119	444,526,802	495,229,082
COUNTY PUBLIC SERVICE BOARD	47,774,000	32,846,012	47,200,099	51,396,107
I.C.T. & PUBLIC SERVICE	20,144,699	56,215,309	119,068,400	133,117,289
TOTALS	2,603,670,555	3,288,478,784	3,949,811,989	4,359,129,205

Annex 3: Recurrent Sector Ceilings for the MTEF Period 2013/14 - 2015/16

Department	Recurrent Estimates			
	2013/2014	2014/2015	2015/2016	2016/2017
Office of The Governor	130,204,301	112,093,484	68,453,920	73,930,234
Administration	123,668,031	89,429,708	183,529,893	198,212,284
County Assembly	300,370,440	351,177,938	236,444,615	255,360,184
Finance & Economic Planning	103,954,989	110,438,786	130,998,004	141,477,844
Roads, Public Works & Transport	34,329,556	33,858,818	69,832,463	75,419,060
Sports, Culture & Social Services	146,912,027	20,273,508	47,713,492	51,530,571
Education and Technical Training	-	148,015,932	179,617,470	193,986,868
Health Services	646,327,587	744,343,360	1,081,578,332	1,168,104,599
Water, Lands, Housing, and Physical Planning	63,743,023	69,506,512	71,840,774	77,588,036
Trade, Tourism, Co-op Development	29,160,215	30,650,916	48,195,995	52,051,675
Agriculture	149,787,470	140,795,401	192,191,197	207,566,493
ICT & Public Service	20,144,699	18,520,166	43,678,114	47,172,363
County Public Service Board	47,774,000	32,846,012	40,200,099	43,416,107
TOTAL	1,799,768,759	1,901,950,541	2,394,274,368	2,585,816,317

Annex 4: Development Sector Ceilings for the MTEF Period 2013/14 - 2016/17

DEPARTMENT	ESTIMATES 2013/14	ESTIMATES 2014/15	PROJECTIONS 2015/16	PROJECTIONS 2016/17
Office of the Governor	102,335,586	95,308,813	34,130,000	38,908,200
Administration	-	-	34,000,000	38,760,000
County Assembly	20,000,000	26,226,173	26,000,000	29,640,000
Finance and Economic Planning	19,000,000	20,666,724	7,400,000	8,436,000
Public ,Works Roads and Transport	252,200,000	356,555,325	356,555,325	406,473,071
Youth Affairs, Sports ,Culture and Social services	91,200,000	132,292,117	140,000,000	159,600,000
Education and Technical Training.		117,051,618	138,906,723	158,353,664
Health Services	151,323,531	150,950,302	158,497,817	180,687,511
Water, Lands, Housing and Physical Planning	85,000,000	210,536,890	184,313,735	210,117,658
Trade Tourism Wildlife, Industrialization and Co-operative Development	36,500,000	94,005,420	141,008,130	160,749,268
Agriculture, Livestock and Fisheries Development	49,735,100	145,239,718	252,335,605	287,662,590
County Public Service Board	-	-	7,000,000	7,980,000
ICT and Public Service	-	37,695,143	75,390,286	85,944,926
Total	807,294,217	1,386,528,243	1,555,537,621	1,773,312,888

Annex 5: Summary of Strategic Interventions for the MTEF Period 2013/14 - 2016/17

DEPARTMENT	AMOUNT	APPROVED 2013-14	APPROVED BUDGET ESTIMATES 2014/15	PROPOSED BUDGET ESTIMATES 2015/16	PROJECTIONS 2016/17
Office of the Governor	Total	232,539,887	207,402,297	102,583,920	112,838,434
	Recurrent	130,204,301	112,093,484	68,453,920	73,930,234
	Development	102,335,586	95,308,813	34,130,000	38,908,200
Administration	Total	123,668,031	89,429,708	217,529,893	236,972,284
	Recurrent	123,668,031	89,429,708	183,529,893	198,212,284
	Development	-	-	34,000,000	38,760,000
County Assembly	Total	320,370,440	377,404,111	262,444,615	285,000,184
	Recurrent	300,370,440	351,177,938	236,444,615	255,360,184
	Development	20,000,000	26,226,173	26,000,000	29,640,000
Finance and Economic Planning	Total	122,954,989	131,105,510	138,398,004	149,913,844
	Recurrent	103,954,989	110,438,786	130,998,004	141,477,844
	Development	19,000,000	20,666,724	7,400,000	8,436,000
Roads, Public Works & Transport	Total	286,529,556	390,414,143	426,387,788	481,892,131
	Recurrent	34,329,556	33,858,818	69,832,463	75,419,060
	Development	252,200,000	356,555,325	356,555,325	406,473,071
Sports, Culture & Social Services	Total	238,112,027	152,565,625	186,620,215	211,130,571
	Recurrent	146,912,027	20,273,508	47,713,492	51,530,571
	Development	91,200,000	132,292,117	140,000,000	159,600,000
Education and Technical Training	Total	Included under sports for the FY 13/14	265,067,550	319,617,470	352,340,532
	Recurrent		148,015,932	179,617,470	193,986,868
	Development		117,051,618	138,906,723	158,353,664
Health Services	Total	797,651,118	895,293,662	1,240,076,149	1,348,792,110
	Recurrent	646,327,587	744,343,360	1,081,578,332	1,168,104,599
	Development	151,323,531	150,950,302	158,497,817	180,687,511
Water, Lands, Housing and Physical Planning	Total	148,743,023	280,043,402	256,154,509	287,705,694
	Recurrent	63,743,023	69,506,512	71,840,774	77,588,036
	Development	85,000,000	210,536,890	184,313,735	210,117,658
Trade Tourism Wildlife, Industrialization and Co-operative Development	Total	65,660,215	124,656,336	189,204,125	212,800,943
	Recurrent	29,160,215	30,650,916	48,195,995	52,051,675
	Development	36,500,000	94,005,420	141,008,130	160,749,268

Agriculture	Total	199,522,570	286,035,119	444,526,802	495,229,083
	Recurrent	149,787,470	140,795,401	192,191,197	207,566,493
	Development	49,735,100	145,239,718	252,335,605	287,662,590
ICT & Public Service	Total	20,144,699	56,215,309	119,068,400	133,117,289
	Recurrent	20,144,699	18,520,166	43,678,114	47,172,363
	Development	-	37,695,143	75,390,286	85,944,926
County Public Service Board	Total	47,774,000	32,846,012	47,200,099	51,396,107
	Recurrent	47,774,000	32,846,012	40,200,099	43,416,107
	Development	-	-	7,000,000	7,980,000

Annex 6: BUDGET CALENDAR FOR THE FY 2014/15 MTEF BUDGET

In accordance with Article 221 of the Constitution and the relevant sections of the Public Finance Management Act (PFM), 2012, there are budget timelines and accompanying outputs that must be complied with. The budget calendar is enumerated in the table below;

No.	TIMELINE	BUDGET ACTIVITY
1.	30 th August	County Executive Committee member for Finance issues <u>budget circular</u> to all county entities. S.128 of PFM Act, 2012 The circular contains limits (ceilings) of each department/entity as recommended, key policy areas and issues to be taken into consideration when preparing the budgets
2.	1 st September	County Executive Member for Planning will submit <u>Annual Development Plan</u> (ADP) to County Assembly for approval, with copy to the CRA and National Treasury as per s.126(3) of PFM Act, 2012 The ADP contains long term and medium term plans as per s.125(1)(a) of PFM Act, 2012
3.	30 th September	<u>County Budget Review and Outlook Paper (CBROP)</u> will be prepared by county treasury and submitted to the county executive committee. CBROP will cover: (a) Details of actual fiscal performance in the previous year compared to the budget appropriation (b) Updated fiscal and economic forecasts (c) Changes in forecasts from the county fiscal strategy paper (d) How actual fiscal performance affected compliance with fiscal responsibility principles and Budget Policy Statement. s.118(1)-(2) of PFM Act, 2012 County Executive committee will consider and approve CBROP with or without amendments s.118(3) of PFM Act, 2012 County Treasury causes CBROP to be laid before county assembly.

		s.118(4)(a) of PFM Act, 2012
4.	By 15 th October	CBROP will be published and publicized s.118(4)(b) of PFM Act, 2012
5.	28 th February	County Treasury will prepare and submit County Fiscal Strategy Paper (CFSP) to the County Assembly. The CFSP must be aligned to national objectives in the Budget Policy Statement s. 117(1)&(2) of PFM Act, 2012 In preparing the <u>CFSP</u> , the County Treasury will seek the views of the CRA, the public, interested persons or groups and any forum that is established by legislation. s.117(4) of PFM Act, 2012 County Treasury will submit the CFSP to the county executive committee for approval before submission to the County Assembly s. 117(1) of PFM Act, 2012
6.	14 th March	County Treasury will submit County Debt Management Strategy to County Assembly. s.123(1) of PFM Act, 2012 County Executive Member for Finance will submit copy of County Debt Management Strategy to CRA and Intergovernmental Budget and Economic Council. s.123(3) of PFM Act, 2012
7.	14 th March	Within 14 days of the County Fiscal Strategy being submitted to the county assembly, the county assembly shall consider and adopt it with or without amendments. s.117(6) of PFM Act, 2012
8.	21 st March	County Fiscal Strategy Paper to be published and publicised. s.117(8) of PFM Act, 2012
9.	30 th April	County CEC Finance will submit budget estimates to county assembly. This Must be in line with resolutions of the Assembly on the County Fiscal Strategy

		Paper. s. 129(2) of PFM Act, 2012
10.	30 th April	County Assembly clerk will submit <u>Budget Estimates for County Assembly</u> with a copy to the CEC Finance s.129(3) of PFM Act, 2012
11.	15 th May	CEC Finance will publish and publicise Budget Estimates. s.129(6) of PFM Act, 2012
12.	15 th May	CEC Finance will present <u>comments on the budget estimates to the county assembly</u> s.129(4) of PFM Act, 2012
13.	Before County Assembly considers the estimates	Before County Assembly considers the estimates the relevant committee of the County Assembly shall meet and consider the estimates and make <u>recommendations</u> to the County Assembly, but should take into account the views of the CEC Finance. s.131(2) of PFM Act, 2012
14.	30 th June	County assembly will consider estimates with a view to approving with or without amendments in time for the <u>county appropriation law</u> to be passed by 30th June. s.131 s.131(2) of PFM Act, 2012
15.	30 th June	County Assembly may amend estimates only if a) any proposed increase is balanced with reduction in another appropriation and b) any proposed reduction is used to reduce the deficit. s.131(3) of PFM Act, 2012
16.	30 th June	After county assembly has approved estimates, CEC for finance shall prepare and submit a <u>County Appropriation Bill</u> to the county assembly. s.129(7) of PFM Act, 2012
17.	15 th June	County government must submit annual <u>cash flow projection</u> to the Controller of Budget. s.127(1) of PFM Act, 2012
18.	30 th June	Appropriation Bill will be passed by the County Assembly s.131(1) of PFM Act, 2012

19.	As soon as the Budget Estimates have been approved	CEC Finance will make a pronouncement on <u>revenue raising measures.</u> s.132(1) of PFM Act, 2012 At the same time as making the pronouncement under s.132(1) the CEC Finance must submit the <u>Finance Bill</u> to the county assembly. s.132(2) s.131(1) of PFM Act, 2012
20.	As soon as the Budget Estimates have been approved	County Assembly may consider the revenue measures but must (a) ensure the total amount of revenue is consistent with the fiscal framework and the County Allocation of Revenue Act, and (b) must take into account various matters including the recommendation of the CEC Finance. s.132(3) & (4) of PFM Act, 2012
21.	Not later than 90 days after Appropriation Act passed	County Assembly must consider the Finance Bill and approve with or without amendments. s.133 of PFM Act, 2012