



COUNTY GOVERNMENT OF ELGEYO MARAKWET

THE COUNTY TREASURY

**COUNTY FISCAL STRATEGY PAPER
(CFSP)
2015**

FEBRUARY 2015

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FOREWORD

This 2015 County Fiscal Strategy Paper (CFSP), the second to be prepared since the inception of County Government of Elgeyo Marakwet, sets out the county's priority programs to be implemented under the Medium Term Expenditure Framework (MTEF).

In the 2014 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: Investing in quality and accessible healthcare services, agricultural transformation and food security, scaling investments in other key infrastructure, including roads, tourism and water to reduce cost of doing business and improve county competitiveness, ECDE enhancement and social protection for improved livelihoods amongst other priorities.

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 2015 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 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 progressing well. We will build on the achievements made so far in most sectors and through the policies set out in this CFSP; we will scale up our efforts in order to address the existing as well as emerging challenges. To improve the effectiveness of the public service, our government launched institutional performance assessment to assess the quality of management practices and service delivery standards in county government departments.

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 2015 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

Development expenditures will be shared out equitably across wards on the basis of CIDP priorities as well as other equity allocation parameters to ensure social equity and environmental sustainability. Emphasis will be given to completion of on-going projects and in particular infrastructure projects and other projects with high impact on poverty reduction and equity, employment and wealth creation.

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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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
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
UNCTAD	United Nations Conference on Trade and Development
WFP	World Food Programme

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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;

- Mechanism 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 PFM Act 2012 Section 103 states that “There is established for each county government, an entity to be known as County Treasury” in each county. The PFM Act 2012 legal framework is firmly anchored in **Article 201** of the Constitution of Kenya and gives effect to **‘the Principles of public finance’**

The PFM Act states that the County Treasury to be headed by the County Executive Member in charge of Finance and Planning shall comprise the Chief Officer and the departments of the County Treasury responsible for financial and fiscal matters with the following responsibilities of

monitoring, evaluating and overseeing the management of public finances and economic affairs of the county government as per the financial responsibilities provided for in the Constitution.

The County Treasury has been structured into six units comprising of Finance, Budget, Audit, Procurement, Revenue and Economic Planning and each with its mandates and responsibilities structured to achieve the roles of the County Treasury. The Treasury is thus, tasked with the responsibility of preparing the County Fiscal Strategy Paper (CFSP) in collaboration with the other departments in the county to ensure strategic priorities and policy goals informs the preparation of the budgets

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 Commission of Revenue Allocation (CRA)

The role of CRA in the CFSP involves calculating the amounts to be allocated to each county from the 15% of the national revenue and communicating the same to the counties to be used in the budgeting process in arriving at the resource envelop for the county. CRA also gives advisories on budget ceilings for the county executive and county assembly

1.2.4 Members of the public and Interest Groups

Apart from the requirements of openness, accountability and public participation in decision-making matters, the Constitution introduced fundamental changes to Public financial management and specifically to the budget process. 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.

Therefore in complying with these provisions, the CFSP preparation considers public participation as vital. The CFSP will be tabled at the County Economic and Budget Forum whose membership includes community representatives for approval before submission to the County Assembly.

1.2.5 Other Development Actors

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 involved all development partners in its preparation and the budget process as a whole.

1.2.6 County Assembly

The County Assembly plays a very important role in the budget process including the preparation of the CFSP. These roles include;

- 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.

PFM Act 2012 section 117 also states that in preparing the County Fiscal Strategy Paper (CFSP), the County Treasury shall seek and take into account the views of the Commission on Revenue Allocation, the public, any interested persons or groups and any other forum that is established by legislation. It further states that The County Treasury shall consider any recommendations made by the county assembly when finalizing the budget proposal for the financial year concerned.

1.4 Fiscal Responsibility Management (Section 107)

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

1.5 2015 CFSP Strategic Priorities and Policy Goals

The 2015 County Fiscal Strategy Paper the second to be prepared under the devolved system of governance, reaffirms the broad policies and strategies outlined in the national 2015 Budget Policy Statement (BPS), under a five pillar transformation program covering: (i) creating a conducive business environment; (ii) investing in agricultural transformation and food security; (iii) investing in first-class transport and logistics; (iv) investing in quality and accessible healthcare services and quality education as well as strengthening the social safety net to reduce the burden on the households; and (v) supporting devolution for better service delivery and enhanced economic development.

In aligning the county's strategic objectives and policy goals, and in line with the five pillars contained in the BPS, five county strategies and policy goals to be implemented in the Medium Term Expenditure Framework (2015/16 – 2017/18) have been identified. These main strategic priorities and policy goals are;

Strategic Priority 1: Enhancing Public Private Partnerships and partner collaborations

Strategic Priority 2: Agricultural Transformation and Food Security

Strategic Priority 3: Infrastructural Developments

Strategic Priority 4: Access to quality Social Services

Strategic Priority 5: Enhancing service delivery through devolution

The CFSP's strategic priorities and policy goals have therefore been aligned as follows;

1. **Strategic Priority 1: Enhancing Public Private Partnerships and collaborations** - Enhanced development cooperation, networking and collaborations through Public Private Partnerships (PPP) approach which will ensure faster development, replication of best development practices and increasing the network base that will spur development even further
2. **Strategic Priority 2: Investing in agricultural transformation and food security** –
The county's economy and livelihood is driven by agriculture which is depended upon by over 76 percent of county's rural population. Crop farming, livestock production and fisheries whose optimum harnessing could lead to enhanced food security, employment creation, related sectors' development and natural resource conservation, are the sub-sectors under agriculture. The sector is also the main driver of the non-agricultural economy with a multiplier effect in manufacturing, non-agricultural operations such as transportation, education, and other social services. When the sector performs well, the entire economy performs well. To build on the momentum already set in the sector in 2014/15 fiscal year though with meager resource allocation, the county undertakes to:
 - i. Develop a comprehensive transformation strategy and a time-bound measurable action plan focusing on unlocking agricultural productivity among smallholder and livestock production enhancement initiatives as well as commercial farmers
 - ii. Prioritize investments in research and extension services, soil management, making available high yielding seeds, zoning and earmarking specific crops for highest yields through cash crops development, productivity and technology adoption, Kerio Valley irrigation strategy, 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 to reach economies of scale. Infrastructural development and elevation of Chebara ATC will also unlock the potential in the sector

- iii. Need to exploit the provision of Vision 2030 flagship project of creating disease free zone along the Kerio Valley enhance targeting export market for livestock and livestock products by enhancing disease control and surveillance.

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

The above strategies are capital intensive and could not be fully realized in the current fiscal year with budget allocation of ksh.96, 233,388 giving justifiable grounds as to why the sector is strategic priority for the county in the 2015/16 fiscal year with a proposed sector allocation of ksh. 148,887,736.

3. Strategic Priority 3: Infrastructural Development

Infrastructural developments are geared towards market accessibilities, opening up of rural areas, tourism enhancement and attracting investors to the county. In current financial year, the county allocated ksh. 262,062,031 and has taken substantial strides in ensuring improved infrastructural development. A total of 12 roads were graded, covering a total of 164 kilometres. Widening of roads was done on 5 roads totalling 53 kilometres. Bush clearing was done totalling 135 kilometres of roads. Culvert installation was done totalling 307 metres.

Some roads such as Emsea-Kimwarer and Chebulbai- Kondabilet had gabion boxes installed, totalling 163metres. Gravelling was done also, the volume totalling 36,934.5 cubic metres. Construction of a road bridge on Chemuiywa on the Emsea-Kimwarer road was also done. To reduce costs on the above works, the county procured 2 Bomag Rollers and 5 Ashok Leyland Lorries. Machine based works achieved through engagement of the county graders cumulatively was grading of 344.3 km roads within the county.

A major challenge to the sector has been inadequate resource allocation and technical staff to oversee implementation of programmes and projects.

4. Strategic Priority 4: Access to quality Social Services

In striving to bring quality healthcare closer to the people, aggressive programmes to increase access to quality healthcare through health infrastructure improvement, recruitment and deployment of health personnel to facilities and efficient distribution of adequate medical supplies has been undertaken. So far upgrading and expansion of Iten

County Referral Hospital is steadily progressing and this will make the hospital a critical provider of quality healthcare and thus ease the costly burden of referral of patients to hospitals outside the County. Further, the department of Health has acquired 5 ambulances which have been distributed across the County for effective medical emergency response.

In order 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 has equipped Iten County referral hospital with modern equipment and plans are underway to equip health facilities across the county with equipment including delivery sets, fridges and other critical laboratory equipment. This calls for substantial investment in the sector through sizeable budget allocation.

In education, the county has been working to improve the quality of education, especially at the basic level. This has been done through building and equipping of modern ECD classrooms in all the wards and recruitment of ECDE teachers.

The main challenges affecting the education sector are inadequate teaching staff, teaching & learning materials, school infrastructure and funds to meet the high demand for bursary allocation to bright and needy students. Rebranding of technical and vocational education and giving it the important attention and support it deserves in the development of our county and nation at large calls for attention and consideration to enable youths acquire technical skills for their socio-economic wellbeing

5. Strategic Priority 5: Enhancing service delivery through devolution

The spirit of the Constitution and other Acts on devolution was envisaged a service delivery mechanism upto the lowest level of the county's administrative structure. However, several impediments within the 2013/14 and 14/15 fiscal years have hampered the establishment of adequate administrative and technical units at the Sub-county and Ward levels.

In striving to ensure accessible service delivery at all units, the 2015 CFSP therefore has identified enhancement of service delivery through devolution as one of the county's strategic objective and policy goal. This will be achieved through operationalization of all intended offices, equitable distribution of resources and enhancement of community participation in development.

2 RECENT ECONOMIC DEVELOPMENTS AND POLICY OUTLOOK

2.1 Background

The county's performance is largely dependent on the formulation and implementation of prudent policies to guide service delivery. The county's performance will also depend highly on the country's economic performance. Generally, the county operates under a stable macroeconomic environment. The largest expenditure driver in the first half of the Financial Year 2013/14 was infrastructural development and the promotion of access to markets especially given that the county economy is heavily dependent on agriculture and livestock. Therefore, market access is vital for employment and equitable income distribution. It is important however to note that to ensure equitable development, resource distribution is sensitive to regional, as well as demographic considerations both regarding equity and efficiency to be realized.

2.2 Global Economic Environment Impacts

The development of the global economy can be traced back to many hundreds of years when traders from the East and West came together to exchange goods. However, the growth of the modern global economy is marked by a number of features including but not limited to; world trade, comparative costs, comparative advantage, balance of payments, government policy, world institutions e.g. UNCTAD, regionalism etc.

This CFSP is framed against a backdrop of uneven and sluggish global recovery. World economic output is expected to strengthen gradually from 3.3 percent growth in 2014 to 3.8 percent in 2015, driven mainly by growth in advanced economies. Although the euro area has exited recession, growth remains anemic, hampered by high unemployment, large debt stocks, and tight private sector borrowing conditions. Despite deceleration in 2014, growth in emerging markets and developing economies is projected to increase modestly in 2015, supported by stronger domestic demand and some recovery in global demand.

Many African countries are undergoing structural adjustment and trade liberalization programmes. In some cases, these have met with limited success. They can create market opportunities, but they also can cause internal economic upheavals for long periods of time, detracting from investment by outsiders and limiting the export opportunities, especially if interest rates rise, as is often the case.

In Sub-Saharan Africa, growth is expected to remain strong, at about 5 percent in 2014 and 5¾ percent in 2015, driven by sustained infrastructure investment, buoyant services sectors, and strong agricultural production, even as oil-related activities provide less support for the oil producers. In a few countries, economic activities are facing headwinds from the recent ebola outbreak (Guinea, Liberia and Sierra Leon), inappropriate domestic policies (South Africa), and more recently, macroeconomic imbalances (Ghana and Zambia).

The economic environment is one of the major determinants of market potential and opportunity. Careful analysis of this, particularly income and the stage of economic development is essential. Failure to do so will lead, at best, to sub optimal opportunity and, at worst, to disaster. Less developed countries like Africa, are at a disadvantage, due to their primary material export dependence. It behooves these nations in the continent to derive policies and strategies for rapid industrialization, or forever be at the mercy of world demand and prices

2.3 National Economic Situation

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. The Kenya National Bureau of Statistics (KNBS) completed the process of rebasing and revising of the National Accounts Statistics (NAS) in September 2014. The rebased GDP estimates in nominal terms for 2013 is Ksh 4,757.5 billion which represents 25.3 percent increase from the previous estimates. This translates to US\$ 1,269 in GDP per capita in 2013 up from US\$ 994, placing Kenya at lower middle income economy.

Recent developments in the key macroeconomic variables are encouraging. Growth in real GDP remains resilient but downside risks remain. Real GDP is projected to expand by 5.3 percent in 2014 from an earlier forecast of 5.8 percent in 2014, 6.9 percent in 2015 and 7.0 percent in 2018. In terms of fiscal years, the projections translate to 5.5 percent in 2013/14, 6.1 percent in 2014/15, 7.0 percent in 2015/16 and 7.3 percent in 2018/19. The economic growth outlook is underpinned by continued good performance across all sectors of the economy. The projected growth assumes normal weather pattern in 2015 and the medium term. Inflation is expected to be maintained at a single digit level and near the 5 percent target reflecting implementation of a prudent monetary policy and easing of both food and oil prices, and stability of the shilling exchange rate to the major international currencies following increased short term capital inflows and remittances.

The above mentioned level of growth will be supported by increased production in agriculture following the interventions being put to revamp the sector together with other measures, continued investment in infrastructure projects, expansion of activities in other sectors of the economy such as building and construction, manufacturing, retail and wholesale and financial intermediation, among others. The growth will also benefit from increased investments and domestic demand, following investor confidence and the on- going initiatives to deepen regional integration.

The growth will accelerate in the outer years as issues suppressing growth are addressed which include: infrastructure development, removal of obstacles that includes cost of energy by increased geothermal generation, successful integration, financing access, opportunities for the SMEs, and the development of the oil and gas sector.

2.4 County Economic Performance and Prospects

2.4.1 Overview of county economy

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 levels of poverty in the county are geographically distributed. At the Escarpment and The Kerio Valley, poverty levels are relatively higher 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. Crop farming, livestock production and fisheries whose optimum harnessing could lead to enhanced food security, employment creation, related sectors' development and natural resource conservation, are the sub-sectors under agriculture. 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.

2.4.2 Growth Prospects and Challenges

The three ecological zones in the county 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; enhanced tourism, value addition ventures, improved agricultural productivity, revamp irrigation investments and economic gains from sports related activities amongst others.

2.5 Risks to the Outlook

The risks to the outlook for 2015/16 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 manufacturing sector.

Public expenditure pressures, especially recurrent expenditures, pose a fiscal risk. Wage pressures due to increased recruitments, upward review of some allowances by SRC and inefficiencies may limit continued funding for development expenditure.

The impact of insecurity on tourism and depressed rainfall which could affect exports and agricultural production respectively remains a risk to the growth outlook. Appropriate measures to safeguard macroeconomic stability should these risks materialize should be pursued.

3 FISCAL POLICY AND BUDGET FRAMEWORK

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 expanding revenue base.

The county Government reviewed all other tax and cess policies as per the approved Finance act 2013, in order to simplify and modernize them. On the existing mining activities and the prospects on the exploration of minerals in our country, the county Government has developed a comprehensive policy and legislative framework covering licensing, revenue sharing, taxation and sustainable use of the resources. This will ensure that we derive maximum and sustainable benefit from these natural resources.

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 with implementation of the Integrated Financial Management Information System (IFMIS) and other appropriate financial management systems across all Departments. In addition, the PFM Act, 2012 is expected to accelerate reforms in expenditure management system at the county.

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) 2015 which classifies the national strategic priorities and policy goals into five broad pillars, namely;

Pillar 1: Creating a Conducive Business Environment for Employment

Pillar II: Agricultural Transformation and Food Security

Pillar III: Transport, Logistics, Energy and Water for Inclusive Growth

Pillar IV: Access to Quality Social Services

Pillar V: Further Entrenching Devolution for Better Service Delivery

The CFSP's strategic priorities and policy goals have therefore been aligned as follows;

Strategic Priority 1: Enhancing Public Private Partnerships and partner collaborations

Strategic Priority 2: Agricultural Transformation and Food Security

Strategic Priority 3: Infrastructural investments

Strategic Priority 4: Access to quality Social Services

Strategic Priority 5: Enhancing service delivery through devolution

3.3 Risk to implementation of County Strategic priorities aligned to BPS

The risks to the outlook for 2015/16 and the medium-term include continued weak growth in advanced economies that will impact negatively country's exports and tourism activities. Further, geopolitical uncertainty on the international oil market will slow down the manufacturing sector.

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. Other risks to the 2015/16 financial year's budget include challenges in revenue performance as the county continues to put structures in place, seal loop holes and expand the revenue base. The current process of county restructuring, recruitment and rationalization of staff is expected to exert pressure on wage expenditures.

3.4 Overview of 2015 Medium-Term Fiscal Policy

The 2015 Medium-Term Fiscal Policy aims at supporting rapid economic growth and ensuring effective delivery of public goods and services in a sustainable manner as well as providing benchmarks against which budgetary developments can be assessed over time. It also reflects the impacts of past budgetary commitments as well as the cost of future new policy measures.

Since 2013/14 fiscal year, fiscal performance has been generally satisfactory, despite the challenges emanating from shortfall in local revenues sources.

On the expenditure side, the County Government had to incur higher expenditure on salaries mainly accruing to staff devolved from the National Government whose personal emoluments were not captured in the initial stages of the budget preparation for 2014/15 and implications of the SRC circular on daily subsistence allowance. Another challenge experienced in budget execution was the low level of absorption of funds. This was due to delays in the disbursement of funds from the National Government. However, the county has enough capacity to handle all the devolved functions outlined in the Constitution. Adjustments to the original budget were approved by County Assembly through a supplementary budget in November, 2014.

3.5 Fiscal Performance

3.5.1 Fiscal policy

Fiscal policy will continue to support 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 i.e. 132M. The underperformance in revenue base was largely on account of agriculture produce cess, market fees and livestock auction fees. In order to improve performance in revenue collection, the county has undertaken various strategies, namely;

- Introducing information technology based systems that ensures compliances and eradicates corrupt practices in local revenue collection
- Partnering with financial institutions on revenue collection and remittances to maximize on revenue collection
- Training workers on revenue handling and collection strategies

On management of expenditure, the proposed 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. These, 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.

3.5.2 Fiscal Reforms and Policy

The medium term fiscal framework aims at striking an appropriate balance between fiscal consolidations and supporting devolved service delivery, all these within a sustainable public financing as per the county fiscal strategy paper which emphasizes the following strategies;

- Reduction in recurrent expenditure to devote more resources to capital expenditure
- 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.

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

3.6 2015/16 Budget Framework

3.6.1 Revenue Projections

Table 1: Revenue Projections

Revenue type	2014/15 Estimates	2015/16 Estimates
Game park Fees		-
Animal stock sale fees	2,446,006	2,557,895
Produce & Other cess	31,563,556	33,007,390
Single Business Permit	13,807,204	14,438,797
Plot rent/Rates	4,516,280	4,722,871
Bus park/motor bikes fees	3,500,000	3,660,103
Trade applications fees	1,500,000	1,568,616
Slaughter fees	1,200,000	1,254,892
House rent/Stall/Ground.	510,000	533,329
Conservancy fees	400,000	418,297
Plan approval fees	167,700	175,371
Clearance fees	74,210	77,605
Hide & skins	100,005	104,580
Promotion/advert	822,900	860,542
Tender Document	60,000	62,745
Hire of Grater & other machinery	2,005,380	2,097,114
Industrial rates	-	-
Trade	-	92,182
Fines	300,000	313,723
Fif funds	49,672,495	51,944,699
Vsd funds	5,000,000	5,228,719
Liquor license application	1,000,000	1,045,744
OTHERS	1,854,264	1,939,085
Water Department	2,000,000	2,091,487
Health services	-	12,340,233
Youth affairs and sports	500,00	52,287
Veterinary	-	-
Lands	-	-
Housing	-	-
Cooperative development	-	-
Wight's and measures	500,000	522,872

Tourism	5,000,000	5,228,719
Market fees & others	3,500,000	3,660,103
GRAND TOTAL (REVENUE)	132,000,000	150,000,000

Table 2: Revenue for 1st Half of 2014/15

Revenue Source	Budgeted Amount	ACTUAL RECEIPT	Percent (%)
		Total	
Game Park Fees	-	-	0%
Animal Stock Sale Fees	2,446,006	1,310,550	54%
Produce & Other Cess	31,563,556	14,195,710	45%
Single Business Permit	13,807,204	2,118,955	15%
Plot Rent/ Rates	4,516,280	819,202	18%
Bus park/motorbikes	3,500,000	1,712,085	49%
Trade Application	1,500,000	380,370	25%
House/stall/ground	510,000	138,400	27%
Conservancy	400,000	130,160	33%
Plan approval	167,700	142,490	85%
Slaughter fees	1,200,000	766,805	64%
Clearance	74,210	25,555	34%
Hides and Skins	100,005	70,450	70%
Promotion/advert	822,900	84,700	10%
Tender Document	60,000	1,000	2%
Hire of Grater	2,005,380	6,000	0%
Industrial rates	-	0	0%
Miscellaneous	65,826,759	22,799,150	35%
Market Fees & Others	3,500,000	2,263,745	65%
Total	132,000,000	46,965,327	36%

3.6.2 Expenditure Forecasts

Table 3: Expenditure Analysis for 1st Half of 2014/2015

DEPARTMENT	RECURRENT	DEVELOPMENT	TOTAL
OFFICE OF GOVERNOR	68,628,455	19,874,227	88,502,682
EXECUTIVE ADMINISTRATION	30,792,378	0	30,792,378
COUNTY ASSEMBLY	207,797,049	14,485,860	222,282,909
FINANCE AND ECONOMIC PLANNING	88,085,161	6,033,039	94,118,200
PUBLIC WORKS, ROADS AND TRANSPORT	15,963,266	244,240,125	260,203,391
EDUCATION AND VOCATIONAL TRAINING	92,053,571	32,336,532	124,390,103
YOUTH AFFAIRS, SPORTS, CULTURE, GENDER AND SOCIAL SERVICES	14,374,811	5,612,680	19,987,491
HEALTH	555,212,476	92,776,650	647,989,126
LANDS, HOUSING & PHYSICAL PLANNING	9,706,549	12,062,390	21,768,939

TRADE, TOURISM, INDUSTRIALIZATION AND CO-OPERATIVE DEVELOPMENT	10,981,837	25,250,605	36,232,442
WATER & ENVIRONMENT	20,689,923	63,930,485	84,620,408
AGRICULTURE, LIVESTOCK, VETERINARY AND FISHERIES.	84,300,393	47,172,507	131,472,900
COUNTY PUBLIC SERVICE BOARD	26,848,714	-	26,848,714
ICT AND PUBLIC SERVICE	26,593,479	5,059,840	31,653,319
TOTALS	1,252,028,062	568,834,940	1,820,863,002

3.6.3 Deficit, Debt policy and Debt Sustainability

With the coming of the devolved system, legal framework has been laid to guide deficit and debt policy of the county. Currently the county has no public debt but strategies should be laid down in subsequent financial years to address debt sustainability since the county will be anticipating deficit financing that will exist in the budget

3.6.4 Compliance with Fiscal Responsibility Principles

Fiscal responsibility is important since the constitution requires the county government to 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, there is need to increase revenue yield through efficient collection and widening of revenue sources therefore it is imperative to reform and modernize the revenue collection to ensure stability.

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 government will ensure strict adherence to PFM act to comply with fiscal principles.

3.7 Challenges in County Public Finance Management

In the Financial year 2014/2015, the county cumulatively budgeted for Kshs. 3,078,000,269 to finance its expenditure. The budget was financed by the National sharable revenue of Kshs. 2,845,235,405, conditional grants of Kshs. 18,420,000 and Kshs. 132,023,379. In implementing its functions, the County faced the following challenges;

- 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, County Assembly ceiling determination by CRA.
- iii. Delay in disbursement of county development share by the national Treasury.
- iv. Low absorption of development funds by departments.
- v. Under performance in local revenue collection.

4 MEDIUM TERM EXPENDITURE FRAMEWORK

4.1 Background

Going forward, and in view of the macroeconomic circumstances since the inauguration of the county government and the limited resources, MTEF budgeting will 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. The economic sectors including agriculture and livestock 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.

With the County Government's commitment in improving infrastructure countywide, the share of resources going to priority physical infrastructure sector, such as roads, energy and water and irrigation, will continue to rise over the medium term. This will help the sector provide reliable and affordable energy, as well as increased access to water and development of irrigation projects across the county. 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

4.2 Resource envelop

Table 4: Resource Envelop

Revenue Source		2014/2015 FY	2015/2016 FY
CRA Equitable Share		2,845,235,405	3,191,548,394
LOCAL REVENUE		132,023,379	150,000,000
Balance B/F (Savings)		43,521,484	
FIF Funds		38,800,000	
Conditional Grants	Health Sector Support Programme/DANIDA	18,420,000	18,420,000
	Kenya Health Sector Support Project/World Bank	-	19,355,600
TOTAL REVENUE		3,078,000,268	3,379,323,994

4.3 Collaboration with National Government

Close collaboration between our county and the national government in terms of implementing the national development agenda and critical policy directives will be encouraged to ensure that devolution achieves the objectives of better service delivery and rapid local economic development as well as jobs creation in line with our Vision 2030. It is therefore imperative to develop strategic networking and collaborations based on the needs and policy direction of the county as per the CIDP, the county will collaborate with the national government in the following areas;

4.3.1 Conditional Allocations from Development Partners

EMC will be allocated additional conditional allocations of Ksh 88,515,600 from the loans and grants received from development partners and the Government counterpart funding derived from the National Government's share as shown below.

Table 5: Conditional Allocations

Resources from Development Partners	Development Partner	Objectives	Amount	Remarks
Health Sector Support Programme	Government of Denmark	<ul style="list-style-type: none">To improve service delivery of essential health servicesTo improve the effectiveness of planning, financing and procurement of pharmaceuticals and medical supplies	18,420,000	
	IDA		19,355,600	
Total			37,775,600	

4.3.2 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

4.3.3 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.

4.3.4 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 institutions recently established thus its operationalization will require considerable resources if it is to deliver on its mandate as expected. The county will therefore collaborate closely with the ministry of education to ensure the board is up and running.

4.3.5 Disaster Management and 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.

4.4 Key Priorities for the 2015/16 Medium Term Budget

4.4.1 Sector Priorities (Programmes and Sub-Programmes)

Development initiatives that will be implemented in the coming Fiscal Years are contained in the County Integrated Development Plan (CIDP). All the sectors in the county had priority development proposals identified. These proposals will drive budget process for the county in the respective sectors. These sector priorities include;

a. Enhancing Public Private Partnerships and partner collaborations

Enhanced development cooperation, networking and collaborations through Public Private Partnerships (PPP) approach which will ensure faster development, replication of best development practices and increasing the network base that will spur development even further

b. Agricultural Transformation and Food Security

The department of Agriculture will develop a comprehensive transformation strategy and a time-bound measurable action plan focusing on unlocking agricultural productivity among smallholder and livestock production enhancement initiatives as well as commercial farmers. The strategy will also prioritize investments in; research and extension services, soil management, making available high yielding seeds, zoning and earmarking specific crops for highest yields through cash crops development, productivity and technology adoption, Kerio Valley irrigation strategy, horticultural development, fish farming promotion and support, value addition and marketing, and 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 to reach economies of scale.

c. Infrastructural Development

Focusing on infrastructural developments including those for roads, energy and office buildings for administrative purposes arising from the devolution responsibilities. These infrastructural developments are geared towards market accessibilities, electricity for value addition industries and office space for enhanced service delivery

d. Access to quality Social Services

These focused investments include; in education ECDE improvement strategy, schools infrastructural enhancement, vocational and tertiary training strategy and quality enhancement in educational institutions are amongst flagships that will be focused on. In Health and Sanitation, improvement and upgrading of health facilities, service delivery enhancement, community health strategy, efficient drugs and commodities management strategy and cemetery and mortuaries will be focused on.

e. Enhancing service delivery through devolution

Focus on devolving services further to the sub-counties and wards in an equitable manner.

4.5 Medium-Term Expenditure Estimates

Table 6: Medium-Term Expenditure Estimates

Department/ Sector	Approved & Ceilings			Projections	
	Description	Approved	Ceiling	Projection	Projection
		2014/15	2015/16	2016/17	2017/18
Office of The Governor	Rec	128,264,683	81,188,392	94,584,477	111,609,683
	Dev	70,122,337	43,000,000	50,095,000	59,112,100
Administration	Rec	47,242,556	24,228,562	28,226,275	33,307,004
	Dev	0	0	0	0
County Assembly	Rec	287,022,428	263,726,887	307,241,823	362,545,352
	Dev	26,226,173	30,000,000	34,950,000	41,241,000
Finance & Economic Planning	Rec	125,493,092	161,987,110	188,714,983	222,683,680
	Dev	9,827,831	40,000,000	46,600,000	54,988,000
Roads, Public Works & Transport	Rec	48,612,481	69,651,898	81,144,462	95,750,465
	Dev	262,062,031	234,798,699	273,540,484	322,777,771
Youth, Sports, Culture, Gender	Rec	25,080,948	29,322,322	34,160,505	40,309,396
	Dev	86,317,331	105,952,151	123,434,256	145,652,422
Education and Technical Training	Rec	129,469,835	163,679,018	190,686,056	225,009,546
	Dev	94,645,231	111,713,478	130,146,202	153,572,518

Health Services	Rec	862,647,159	1,024,742,835	1,193,825,403	1,408,713,976
	Dev	143,950,302	143,253,138	166,889,906	196,930,089
Water, Lands, Housing, & Physical Planning	Rec	65,737,881	70,624,857	82,277,958	97,087,991
	Dev	163,912,590	110,460,593	128,686,591	151,850,177
Trade, Tourism, Co-operations & Wildlife	Rec	39,793,951	40,917,462	47,668,843	56,249,235
	Dev	60,995,055	65,414,064	76,207,385	89,924,714
Agriculture	Rec	138,243,252	182,309,323	212,390,361	250,620,626
	Dev	96,233,388	142,887,736	166,464,212	196,427,771
ICT & Public Service	Rec	104,683,558	140,035,660	163,141,544	192,507,022
	Dev	28,869,228	59,000,000	68,735,000	81,107,300
County Public Service Board	Rec	32,546,948	37,929,807	44,188,226	52,142,106
	Dev	0	2,500,000	2,912,500	3,436,750
TOTAL	Rec	2,034,838,772	2,290,344,135	2,668,250,918	3,148,536,083
	Dev	1,043,161,497	1,088,979,859	1,268,661,536	1,497,020,612

4.6 Baseline Ceilings

The baseline estimates reflects the current departmental spending levels. In the recurrent expenditure category, expenditures on compensation of employees which accounts for about 53.3 percent of the resource envelope take the first charge. Expenditure on operations and maintenance accounts for 11.6 percent of the resource envelope

Overall, recurrent expenditure on compensation of employees, and operations and maintenance account for 64.9 percent of the projected resource envelope. The balance of 25.1 percent from total resource envelope are the resources available to fund planned development programmes.

- Development expenditure allocations are shared out amongst departments on the basis of the County Integrated Development Plan (CIDP) and Annual Development Plan (ADP) as well as other strategic objectives and policy goals identified in this CFSP which forms the allocation guidelines outlined below;
- Conditional allocations from the national governments: departments/sectors with conditional allocations are considered for more allocations in development for those areas that would maximize the usage of the conditional allocations. However, if the conditional allocations are recurrent in nature, necessary reductions in allocations have been considered
- On-going projects: emphasis is given to completion of on-going projects 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

4.6.1 2015/2016 CFSP Allocation Analysis

Expenditure Type	Amount	Percentage of Budget
Compensation to Employees	1,887,201,704	55.8
Special O&M	277,488,600	8.2
Normal O&M	125,653,831	3.7
Development	1,088,979,859	32.2
Total	3,379,323,994	100.0
Deficit	0	0.0

5 CHAPTER FIVE: CONCLUSION

The fiscal outlook presented in this County Fiscal Strategy Paper will seek to achieve the objectives outlined in the PFM Act, 2012 and lay the ground for 2015/2016 financial year in terms of preparing the budget. The ceilings for each department will be set by this document. Fiscal discipline will be important in ensuring proper management of funds and delivery of expected outputs. Effective and efficient utilization of funds will be crucial in ensuring that the county to delivers on its functions. In all the considerations, it is the aim of the county at large that value for money is realised and members of the public get the service the government owes them.

6 ANNEXES

Annex 1: Departmental/Sector Ceilings 2014/15 – 2017/18

Department/ Sector	Approved & Ceilings			Projections		% Share of Total Revenue	
	Description	Approved	Ceiling	Projection	Projection	Approved	CFSP Ceiling 2015/16
		2014/15	2015/16	2016/17	2017/18	2014/15	
Office of The Governor	Rec	128,264,683	81,188,392	94,584,477	111,609,683	4.2	2.33
	Dev	70,122,337	43,000,000	50,095,000	59,112,100	2.3	1.23
Administration	Rec	47,242,556	24,228,562	28,226,275	33,307,004	1.5	0.69
	Dev	0	0	0	0	0	0.00
County Assembly	Rec	287,022,428	263,726,887	307,241,823	362,545,352	9.3	7.56
	Dev	26,226,173	30,000,000	34,950,000	41,241,000	0.9	0.86
Finance & Economic Planning	Rec	125,493,092	161,987,110	188,714,983	222,683,680	4.1	4.64
	Dev	9,827,831	40,000,000	46,600,000	54,988,000	0.3	1.15
Roads, Public Works & Transport	Rec	48,612,481	69,651,898	81,144,462	95,750,465	1.6	2.00
	Dev	262,062,031	234,798,699	273,540,484	322,777,771	8.5	6.73
Youth, Sports, Culture, Gender	Rec	25,080,948	29,322,322	34,160,505	40,309,396	0.8	0.84
	Dev	86,317,331	105,952,151	123,434,256	145,652,422	2.8	3.04
Education and Technical Training	Rec	129,469,835	163,679,018	190,686,056	225,009,546	4.2	4.69
	Dev	94,645,231	111,713,478	130,146,202	153,572,518	3.1	3.20
Health Services	Rec	862,647,159	1,024,742,835	1,193,825,403	1,408,713,976	28	29.36
	Dev	143,950,302	143,253,138	166,889,906	196,930,089	4.7	4.10
Water, Lands, Housing, & Physical Planning	Rec	65,737,881	70,624,857	82,277,958	97,087,991	2.1	2.02
	Dev	163,912,590	110,460,593	128,686,591	151,850,177	5.3	3.16
Trade, Tourism, Co-operations & Wildlife	Rec	39,793,951	40,917,462	47,668,843	56,249,235	1.3	1.17
	Dev	60,995,055	65,414,064	76,207,385	89,924,714	2	1.87

Agriculture	Rec	138,243,252	182,309,323	212,390,361	250,620,626	4.5	5.22
	Dev	96,233,388	142,887,736	166,464,212	196,427,771	3.1	4.09
ICT & Public Service	Rec	104,683,558	140,035,660	163,141,544	192,507,022	3.4	4.01
	Dev	28,869,228	59,000,000	68,735,000	81,107,300	0.9	1.69
County Public Service Board	Rec	32,546,948	37,929,807	44,188,226	52,142,106	1.1	1.09
	Dev	0	2,500,000	2,912,500	3,436,750	0	0.07
TOTAL	Rec	2,034,838,772	2,290,344,135	2,668,250,918	3,148,536,083	66	65.6
	Dev	1,043,161,497	1,088,979,859	1,268,661,536	1,497,020,612	34	31.2

Annex 2: Recurrent Departmental/Sector Ceilings 2014/15 – 2017/18

Sector	Approved Ceiling		Projections		% Share of Total Revenue	
	Approved 2014/15	Ceiling 2015/16	Projection 2016/17	Projection 2017/18	Approved 2014/15	Ceiling 2015/16
Office of The Governor	128,264,683	81,188,392	94,584,477	111,609,683	4.2	2.33
Administration	47,242,556	24,228,562	28,226,275	33,307,004	1.5	0.69
County Assembly	287,022,428	263,726,887	307,241,823	362,545,352	9.32	7.56
Finance & Economic Planning	125,493,092	161,987,110	188,714,983	222,683,680	4.1	4.64
Roads, Public Works & Transport	48,612,481	69,651,898	81,144,462	95,750,465	1.6	2.00
Youth, Sports, Culture, Gender	25,080,948	29,322,322	34,160,505	40,309,396	0.8	0.84
Education And Technical Training	129,469,835	163,679,018	190,686,056	225,009,546	4.2	4.69
Health Services	862,647,159	1,024,742,835	1,193,825,403	1,408,713,976	28	29.36
Water, Lands, Hsing, & P. Planning	65,737,881	70,624,857	82,277,958	97,087,991	2.1	2.02
Trade, Tourism, Co-operations & Wildlife	39,793,951	40,917,462	47,668,843	56,249,235	1.3	1.17
Agriculture	138,243,252	182,309,323	212,390,361	250,620,626	4.5	5.22
ICT & Public Service	104,683,558	140,035,660	163,141,544	192,507,022	3.4	4.01
County Public Service Board	32,546,948	37,929,807	44,188,226	52,142,106	1.1	1.09
TOTAL	2,034,838,772	2,290,344,135	2,668,250,918	3,148,536,083	66	65.6

Annex 3: Development Departmental/Sector Ceilings 2014/15 – 2017/18

Department/ Sector	Approved	Ceilings	Projections		% Share of Total Revenue	
	Approved 2014/15	Estimate Ceilings 2015/16	Projection 2016/17	Projection 2017/18	Approved 2014/15	CFSP Ceiling 2015/16
Office of The Governor	96,348,510	43,000,000	50,095,000	59,112,100	3.1	1.2
Administration		0	0	0		0.0
County Assembly	26,226,173	30,000,000	34,950,000	41,241,000	0.8	0.9
Finance & Economic Planning	9,827,831	40,000,000	46,600,000	54,988,000	0.3	1.1
Roads, Public Works & Transport	262,062,031	234,798,699	273,540,484	322,777,771	8.5	6.7
Youth, Sports, Culture, Gender	86,317,331	105,952,151	123,434,256	145,652,422	2.8	3.0
Education and T. Training	94,645,231	111,713,478	130,146,202	153,572,518	3	3.2
Health Services	143,950,302	143,253,138	166,889,906	196,930,089	4.7	4.1
Water, Lands, Housing, & Physical Planning	163,912,590	110,460,593	128,686,591	151,850,177	5.3	3.2
Trade, Tourism, Co-operations & Wildlife	60,995,055	65,414,064	76,207,385	89,924,714	2	1.9
Agriculture	96,233,388	142,887,736	166,464,212	196,427,771	3.1	4.1
ICT & Public Service	28,869,228	59,000,000	68,735,000	81,107,300	0.9	1.7
County Public Service Board	-	2,500,000	2,912,500	3,436,750	0	0.1
TOTAL	1,069,387,670	1,088,979,859	1,268,661,536	1,497,020,612	35	31.2

Annex 4: Departmental/Sector Ceilings 2015/16

Department/ Sector	Expenditure Description	Proposed Ceiling 2015/16	% Share of Total Revenue
Office of The Governor	Rec	81,188,392	2.33
	Dev	43,000,000	1.23
Administration	Rec	24,228,562	0.69
	Dev	0	0.00
County Assembly	Rec	263,726,887	7.56
	Dev	30,000,000	0.86
Finance & Economic Planning	Rec	161,987,110	4.64
	Dev	40,000,000	1.15
Roads, Public Works & Transport	Rec	69,651,898	2.00
	Dev	234,798,699	6.73
Youth, Sports, Culture, Gender	Rec	29,322,322	0.84
	Dev	105,952,151	3.04
Education and Technical Training	Rec	163,679,018	4.69
	Dev	111,713,478	3.20
Health Services	Rec	1,024,742,835	29.36
	Dev	143,253,138	4.10
Water, Lands, Housing, & Physical Planning	Rec	70,624,857	2.02
	Dev	110,460,593	3.16
Trade, Tourism, Co-operations & Wildlife	Rec	40,917,462	1.17
	Dev	65,414,064	1.87
Agriculture	Rec	182,309,323	5.22
	Dev	142,887,736	4.09
ICT & Public Service	Rec	140,035,660	4.01
	Dev	59,000,000	1.69
County Public Service Board	Rec	37,929,807	1.09
	Dev	2,500,000	0.07
TOTAL	Rec	2,290,344,135	65.6
	Dev	1,088,979,859	31.2

Annex 5: Summary Departmental/Sector Ceilings 2015/16

Details	FY 2014/2015 ALLOCATIONS			FY 2015/2016 CEILINGS ESTIMATES		
	RECURRENT	DEVELOPMENT	TOTAL	RECURRENT	DEVELOPMENT	TOTAL
Office of The Governor	128,264,683	70,122,337	198,387,020	81,188,392	43,000,000	124,188,392
Administration	47,242,556	0	47,242,556	24,228,562	0	24,228,562
County Assembly	287,022,428	26,226,173	313,248,601	263,726,887	30,000,000	293,726,887
Finance & Economic Planning	125,493,092	9,827,831	135,320,923	161,987,110	40,000,000	201,987,110
Roads, Public Works & Transport	48,612,481	262,062,031	310,674,512	69,651,898	234,798,699	304,450,597
Youth, Sports, Culture, Gender	25,080,948	86,317,331	111,398,279	29,322,322	105,952,151	135,274,473
Education and Technical Training	129,469,835	94,645,231	224,115,066	163,679,018	111,713,478	275,392,496
Health Services	862,647,159	143,950,302	1,006,597,461	1,024,742,835	143,253,138	1,167,995,973
Water, Lands, Housing, & Physical Planning	65,737,881	163,912,590	229,650,471	70,624,857	110,460,593	181,085,450
Trade, Tourism, Co-operations & Wildlife	39,793,951	60,995,055	100,789,006	40,917,462	65,414,064	106,331,526
Agriculture	138,243,252	96,233,388	234,476,640	182,309,323	142,887,736	325,197,059
ICT & Public Service	104,683,558	28,869,228	133,552,786	140,035,660	59,000,000	199,035,660
County Public Service Board	32,546,948	0	32,546,948	37,929,807	2,500,000	40,429,807
TOTAL	2,034,838,772	1,043,161,497	3,078,000,269	2,290,344,135	1,088,979,859	3,379,323,994

Annex 6: Summary Recurrent Departmental/Sector Ceilings 2015/16

Department/ Sector	No. of Staff	Personal Emoluments	Operations & Maintenance			Total
			Special O&M	Normal O&M	Total O&M	
Office of The Governor	21	54,795,365	18,486,250	7,906,777	26,393,027	81,188,392
Administration	10	18,050,451	3,112,500	3,065,611	6,178,111	24,228,562
County Assembly	0	195,000,000	0	68,726,887	68,726,887	263,726,887
Finance & Economic Planning	221	135,483,025	22,842,250	3,661,835	26,504,085	161,987,110
Roads, Public Works & Transport	63	43,685,461	22,508,750	3,457,687	25,966,437	69,651,898
Youth, Sports, Culture, Gender	14	18,714,126	8,657,500	1,950,696	10,608,196	29,322,322
Education and Technical Training	604	121,560,336	39,722,000	2,396,682	42,118,682	163,679,018
Health Services	930	944,920,514	69,650,600	10,171,721	79,822,321	1,024,742,835
Water, Lands, Housing, & Physical Planning	83	51,568,518	15,411,250	3,645,089	19,056,339	70,624,857
Trade, Tourism, Co- operations & Wildlife	34	32,581,497	6,202,500	2,133,465	8,335,965	40,917,462
Agriculture	233	174,212,871	3,823,250	4,273,202	8,096,452	182,309,323
ICT & Public Service	138	76,613,029	54,490,000	8,932,631	63,422,631	140,035,660
County Public Service Board	11	20,016,511	12,581,750	5,331,546	17,913,296	37,929,807
TOTAL	2,362	1,887,201,704	277,488,600	125,653,831	403,142,431	2,290,344,135

Annex 7: Summary of Recurrent 2015/16 Programmes & Sub-Programmes

Department	Proposed Department Ceilings 2015/16	Programmes	Sub - Programmes	Sub-Programme Total	Programme Total
Office of The Governor	81,188,392	General Administration and Support Services	General Administration and Support Services	70,438,392	70,438,392
		Deputy Governor's Services	Resource Mobilization Services	1,000,000	1,000,000
		Communication Services	Publicity Services	6,500,000	6,500,000
		Public Sector Advisory Services	Economic and Political Advisory services	500,000	
			County Policing Authority and Budget & Economic forum Services	750,000	1,250,000
		County Attorney services	County Attorney Services	1,500,000	1,500,000
		County Secretary Services	County Executive Services Coordination	500,000	
			County Public Service Coordination	1,012,500	1,512,500
		County Protocol and Liaison Services	County Protocol Services and liason services	1,000,000	1,000,000
Finance & Economic Planning	161,987,110	General administration & support services	General administration & support services	132,331,110	132,331,110
			Accounting management servicers		-
			Pay roll Management		-
		Budget	Budget Formulation, Coordination and Management	8,000,000	8,000,000
		Economic Planning	Monitoring & Evaluation	4,500,000	16,156,000
			County Statistics and data management	3,000,000	
			Development Planning Services	8,156,000	
			Documentation and Library services	500,000	
		Revenue	Finance Bill processes	1,000,000	1,000,000
		Payroll	Payroll Management Services	1,000,000	1,000,000
Procurement	Procurement Processes Services	1,000,000	1,000,000		
Audit	Audit Management Services	2,500,000	2,500,000		

Department	Proposed Department Ceilings 2015/16	Programmes	Sub - Programmes	Sub-Programme Total	Programme Total
Roads, Public Works & Transport	69,651,898	General administration and support services	General administration and support services	69,851,900	69,851,900
Youth, Sports, Culture, Gender	29,322,322	General administration and support services	General administration and support services	24,642,780	24,642,780
		Sports development	Sports Support and talent development	3,500,000	3,500,000
		Culture and heritage	Culture and Heritage	1,179,542	1,179,542
Education and Technical Training	163,679,018	General Administration & Support Services	General administration & support services	124,679,018	127,929,018
			Research, Documentation & Exam Services	2,500,000	
			County Education Board Services	750000	
		Education Bursary, Scholarships and loans	County Bursary Scheme	20,000,000	35,750,000
			Scholarships	10,000,000	
			Education loans	5,000,000	
		Health Services	1,024,742,835	Health Administration services	Health Administrative Services
Health Monitoring and Information Management					
Health Sector Support	37,775,600				37,775,600
Curative and Rehabilitative Services	Nursing and Ambulance Services			28,600,000	28,600,000
Preventive and Promotive Services	Community Health Services				2,000,000
	Environmental Health and Sanitation			2,000,000	
	Maternal Child Health and Nutrition Services			0	
Water, Environment, Lands, Housing, Physical	70,624,857	General Administration & Support Services	General administration & support services	54,124,857	59,124,857
			CLMB	5,000,000	

Department	Proposed Department Ceilings 2015/16	Programmes	Sub - Programmes	Sub-Programme Total	Programme Total
Planning and Natural Resources		Water Supply Services	Water Supply Services	4,000,000	4,000,000
		Land survey and Physical planning	Land survey	3,500,000	3,500,000
			Physical Planning		
		Environmental protection and conservation	Environmental protection and conservation		
		Housing Development	Housing Development		
		Town & Urban areas Administration	Management of towns & urban Areas	4,000,000	4,000,000
Beautification of towns & urban Areas					
Trade, Energy, Tourism, Co-operative Development	40,917,462	General Administration & Support services	General administration & support services	34,917,462	34,917,462
		Tourism	Tourism infrastructure development		
			Tourism Marketing and Promotion	6,000,000	6,000,000
		Trade	Trade development		
		Cooperatives Development	Agricultural Marketing Services and Value addition		
			Cooperatives & SACCOs credit facility support		
			Renewable Energy Investments		
Industrialization	SMEs Development and promotion				
Agriculture	182,309,323	General Administration & Support Services	General administration & support services	178,309,323	178,309,323
		Crop Production	Horticultural sector support		
			Agricultural shows & trade exhibitions		
			Cash crop development & promotion		
			Research and Extension Services	4,000,000	4,000,000
		Farmers Loans Services			
Irrigation development	Irrigation development				

Department	Proposed Department Ceilings 2015/16	Programmes	Sub - Programmes	Sub-Programme Total	Programme Total
		Fisheries Production	Fisheries Development Services		
		Livestock Development	Livestock Multiplication Services		
			Dairy Sector Improvement		
			Livestock Marketing Infrastructure Development		
		Veterinary	Animal Breeding Services		
			Disease Surveillance and Control		
ICT & Public Service	140,035,660	General administration and support services	General Administration and Support Services	89,285,660	129,285,660
			Staff Mortgage	40,000,000	
		ICT Infrastructure and Services	ICT Infrastructure and Services	750,000	750,000
		Human Resource	Human Resources Training and Development		-
			Performance Management Services	3,000,000	3,000,000
		County Administrative Units Services	Sub-counties and ward Administration	7,000,000	7,000,000
Infrastructural Development (ward offices)					
County Public Service Board	37,929,807	General administration and support services	General administration and support services	32,723,057	32,723,057
			Personnel services	5,206,750	5,206,750
		Infrastructural Development	Infrastructural Development		
Grand total	2,290,544,135			2,290,544,135	2,290,544,135

Annex 8: Summary of Development 2015/16 Programmes & Sub-Programmes

Department	Proposed Department Ceilings 2015/16	Programmes	Sub - Programmes	Sub-Programme Allocation	Programme Total
Office of The Governor	43,000,000	General Administration and Support Services	General Administration and Support Services	0	
		County Executive Services	Management of CEC Affairs, Policy Management and Public Participation		
			Governor's Residence	20,000,000	20,000,000
			County Headquarters	20,000,000	20,000,000
			Feasibility Studies	3,000,000	3,000,000
		Deputy Governor's Services	Resource Mobilization Services		
		Communication Services	Publicity Services		
		Public Sector Advisory Services	Chief of Staff Services and Support		
			Economic and Political Advisory Services		
			County Policing Authority and Budget & Economic forum Services		
		County Attorney services	County Attorney Services		
Executive Administration (County Secretary)	0	General Administration and Support Services	General Administration and Support Services		
		County Secretary Services	County Executive Services Coordination		
			County Public Service Coordination		
		County Protocol and Liaison Services	County Protocol Services and Liaison Services		
County Assembly	30,000,000	Infrastructural Development	Infrastructural Development	30,000,000	30,000,000
Finance & Economic	40,000,000	General administration & support services	General administration & support services		

Department	Proposed Department Ceilings 2015/16	Programmes	Sub - Programmes	Sub-Programme Allocation	Programme Total
Planning		Finance and Accounts	Finance information systems		
			Accounting management servicers		
			Pay roll Management		
		Budget	Budget Formulation, Coordination and Management		
		Economic Planning	Monitoring & Evaluation		
			County Statistics and data management		
			Development Planning Services		
			Documentation and Library services		
		Revenue	Revenue enhancement and infrastructure	15,000,000	15,000,000
		Payroll	Payroll Management Services		
		Procurement	Procurement Processes Services		
		Audit	Audit Management Services		
		Emergency Response	General Emergency Response services	15,000,000	25,000,000
Disaster Mitigation infrastructure	10,000,000				
Roads, Public Works & Transport	234,798,699	General administration and support services	General administration and support services		
		Public Works	Foot bridges	8,194,568	8,194,568
		Roads	Bridges	22,000,000	226,604,131
			Road Design and survey works	4,000,000	
			mechanical development services	60,000,000	
			Road Works	80,604,131	
			Ward Roads	60,000,000	

Department	Proposed Department Ceilings 2015/16	Programmes	Sub - Programmes	Sub-Programme Allocation	Programme Total
Youth, Sports, Culture, Gender	105,952,151	General administration and support services	General administration and support services		
		Sports development	Sports Infrastructure Development	55,040,775	60,040,775
			Sports Support and talent development	5,000,000	
		Culture and heritage	Culture and Heritage	5,122,308	5,122,308
		Gender and social Development	Gender Empowerment and Social development	5,444,534	30,344,534
			Social Protection	24,900,000	
		Youth Development Programs	Youth Empowerment Services	5,444,534	10,444,534
			Youth Enterprise and skill Development	5,000,000	
Education and Technical Training	111,713,478	General Administration & Support Services	General administration & support services		
			Research, Documentation & Exam Services		
			County Education Board Services		
		ECDE Development	ECDE	90,274,074	90,274,074
		County Education Bursary	County Bursary Scheme	0	0
			County Bursary Management services	0	
		Technical and Vocational Training	Technical and Vocational Training	20,007,640	20,007,640
		Special Needs Education	Special Needs Education	1,431,764	1,431,764
Health Services	143,253,138	Health Administration	Health Administrative Services		
			Health Monitoring and Information Management		
		Healthcare Infrastructural development	Healthcare Infrastructural development	56,428,411	56,428,411

Department	Proposed Department Ceilings 2015/16	Programmes	Sub - Programmes	Sub-Programme Allocation	Programme Total
		Curative and Rehabilitative Services	Nursing and Ambulance Services		
			Pharmacy Services (Medical Supplies)	80,000,000	80,000,000
			Clinical Services		
		Preventive and Promotive Services	Community Health Services	0	
			Environmental Health and Sanitation	6,824,727	6,824,727
			Maternal Child Health and Nutrition Services		
Water, Environment, Lands, Housing, Physical Planning and Natural Resources	110,460,593	General Administration & Support Services	General administration & support services		
		Water Supply Services	Water Supply Services	90,446,095	90,446,095
			Land survey	3,493,544	3,493,544
		Land survey and Physical planning	Physical Planning	6,281,922	6,281,922
		Environmental protection and conservation	Environmental protection and conservation	3,039,383	3,039,383
		Housing Development	Housing Development	3,199,649	3,199,649
		Town & Urban areas Administration	Management of towns & urban Areas	0	
			Beautification of towns & urban Areas	4,000,000	4,000,000
Trade, Energy, Tourism, Co-operative Development	65,414,064	General Administration & Support services	General administration & support services		
		Tourism	Tourism infrastructure development	20,494,350	20,494,350
			Tourism Marketing and Promotion	0	
		Trade	Trade development	16,058,995	16,058,995
		Cooperatives Development	Agricultural Marketing Services and Value addition	6,022,123	16,463,544

Department	Proposed Department Ceilings 2015/16	Programmes	Sub - Programmes	Sub-Programme Allocation	Programme Total
			Cooperatives & SACCOs credit facility support	10,441,421	
		Energy Development	Renewable Energy Investments	5,397,175	5,397,175
		Industrialization	SMEs Development and promotion	7,000,000	7,000,000
Agriculture	142,887,736	General Administration & Support Services	General administration & support services		
		Crop Production	Horticultural sector support	5,336,286	78,218,160
			Agricultural shows & trade exhibitions	5,000,000	
			Cash crop development & promotion	40,000,000	
			Research and Extension Services	7,328,065	
			Farmers Loans Services	20,553,809	
		Irrigation	Irrigation development	25,000,000	25,000,000
		Fisheries Production	Fisheries Development Services	2,785,127	2,785,127
		Livestock Development	Livestock Multiplication Services	3,140,508	14,309,976
			Dairy Sector Improvement	3,785,127	
			Livestock Marketing Infrastructure Development	7,384,341	
			Animal Breeding Services	9,776,904	
		Veterinary	Disease Surveillance and Control	12,797,569	22,574,473
ICT & Public Service	59,000,000	General administration and support services	General Administration and Support Services		
		ICT Infrastructure and Services	ICT Infrastructure and Services	25,000,000	39,000,000
			Communication Services	14,000,000	

Department	Proposed Department Ceilings 2015/16	Programmes	Sub - Programmes	Sub-Programme Allocation	Programme Total
		Human Resource	Human Resources Training and Development		
			Performance Management Services		
		County Administrative Units Services	Sub-Counties and Ward Administration		
			Infrastructural Development (ward offices)	20,000,000	20,000,000
County Public Service Board	2500000	General administration and support services	General Administration and Support Services		
			Personnel Services		
		Infrastructural Development	Infrastructural Development	2,500,000	2,500,000
Grand Totals	1,088,979,859	0	0	1,088,979,859	1,088,979,859