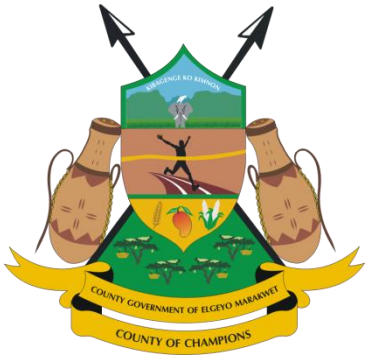


COUNTY GOVERNMENT OF ELGEYO MARAKWET

THE COUNTY TREASURY

COUNTY FISCAL STRATEGY PAPER (CFSP)

2018

APRIL2018

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To obtain copies of the document, please contact:

The County Treasury

P. O. Box 220-30700 ITEN, KENYA

Email: emcounty2013@gmail.com, governor@elgeyomarakwet.go.ke

Website: www.elgeyomarakwet.go.ke

FOREWORD

This 2018 County Fiscal Strategy Paper (CFSP), is prepared according to the requirements stipulated by Public Finance Management (PFM) Act 2012; section 117. It adheres to the provisions of ElgeyoMarakwet County Equitable Development Act (EDA), 2015 and aligns the county priorities with those of the national government as stated in the 2017 Budget Policy Statement (BPS). These priority programs, are to be implemented under the 2018/19–2020/21 Financial Years' Medium-Term Expenditure Framework (MTEF).

The CFSP is the fifth CFSP to be prepared since the inception of County Government of ElgeyoMarakwet in 2013.This CFSP forms the transition from first generation County IntegratedDevelopment Plan (CIDP) 2013-2017 and second generation CIDP 2018-2022.It aims to consolidate the gains already realized and lays the foundation for the next five-year period and the years ahead; over-arching goal being improvement of livelihoods of ElgeyoMarakwet County residents and realization of sustainable socio-economic development.

The CIDP 2018-2022 is a representation of EMC residents' voice. Initial stages of its preparation involved extensive consultations with various stakeholders, through different participation forums. These forums were; consultative meetings for all sectors that formed Sector Working Groups (SWGs), county leaders' meetings, donor and investors round tables, citizens' public participation forums and county professionals' forums. Inputs were also received from memorandum submissions by individuals and interest groups based on shared templates through the various feedback channels.

Project prioritization, which was arrived at during the preparation of 2018/19 Annual Development Plan 2018/19 (ADP), also relied on the same process. These two documents, CIDP and ADP, majorly informed the considerations that led to the eventual development of this CFSP.It outlines fiscal priorities and sets the sector ceilings of 2018/19 budgetary allocation. These priorities are further geared towards the achievement of Sustainable Development Goals (SDGs) 2015.

In financial year 2017/18, the county structure was reorganized, in line with governor's strategic interventions, as per PFM Act 2012 provisions. This was done to ensure synergy and efficient mobilization and allocation of resources. Departments were grouped together to form sub-sectors and consequently, sub-sectors formed sectors. At total of five sectors were formed. These are: Public Administration and Governance; Health, Water and Sanitation;Infrastructure;Productive and Economic Sector; andSocial Protection and Empowerment.

Public Administration and Governance sectorcontains Office of the Governor, Public Service Management and Administration, Finance and Economic Planning, County Public Service Board and County Assembly sub-sectors/departments. Health, Water and Sanitation sector, on the other hand, is made of Health and Sanitation and Water, Environment, Lands, Natural Resources and Climate Change are the two sub-sectors/departments while Infrastructure sector is composed of roads, transport, public works and energy sub-sectors/departments. Productive and Economic Sector has Agricultureand Irrigation, Livestock and Cooperatives development and Tourism, Wildlife, Culture, Trade and Industry

development sub-sectors/departments. Lastly, Social Protection and Empowerment is made of Sports, Youth, ICT, Social Services and Education and Technical Training sub-sectors/departments.

To achieve set targets, the County Government shall continue to invest in the following key sectoral areas; Infrastructure, Productive and Economic sector, quality and affordable healthcare and socio-economic empowerment of special interest groups.

EDA, 2015 sets the basis upon which development expenditures are distributed to achieve social equity across the county. However, the EDA parameters, which guide the budget allocation, attach minimal weight to flagship and county wide projects even though these projects are capital intensive. This leads to delays in completion of the projects, because the implementation is dragged across several budget cycles. It is important to consider such development concerns, which cut across the county, that are currently not addressed by EDA 2015.

Development expenditure will focus on improving livelihoods of the county citizens. Investments on infrastructure will focus on construction and expansion of road network. This will help in opening of rural areas and enhancing ease of access across the county. Other considerable allocations will enable increased irrigation and improving agricultural production and productivity, through tapping into various value chains including dairy and cash crops. Other development priorities involve huge allocations to health, water and sanitation sector. Concerning tapping into human capital, investments will be directed towards Education, Sports and ICT. These are expected to be on the lead in ensuring that the county achieves development goals and sustainable socio-economic growth.

The CFSP also strives to ensure that the county's revenue base will continue to be enhanced and expenditure streamlined to ensure prudent financial management and further lead to wealth and employment creation in the county. To achieve efficiency, the pace of public expenditure growth will be moderated, while accelerating the delivery of quality services at the same time. One of the challenges facing recurrent budget is the implications of implementinghealthcare workers' Collective Bargaining Agreement (CBA), Salaries Remuneration Commission' (SRC) harmonization of public service salaries and continuous mandatory annual increments in salaries.

This document hasfoursections. Sectionone highlights the justification of the document and details the legal framework for the CFSP.Section two highlights recent economic developments on the global and national levels. Section three discussesthe fiscal and budget framework that will inform the budgetary process. Section four outlines the sector and departmental ceilings for the Medium-Term Expenditure Framework (MTEF) Period. Lastly, the Annexes section contains documentation that was used in the preparation County Fiscal Strategy Paper (CFSP), 2018.

ISAAC KAMAR
CEC, FINANCE AND ECONOMIC PLANNING

ACKNOWLEDGEMENTS

This is to acknowledge those who participated inthe process of preparing this document. Their dedication and zeal culminated in the realization of this document. The county would like to appreciate these individuals and entities for the various roles they played during the preparation of this County Fiscal Strategy Paper, CFSP 2018.

The process of preparing this CFSP was a concerted effort among various sectors in the county. The information in this Paper was obtained from Departments and other county entities. We are grateful for their inputs collaboration and continued support.

We especially acknowledge the work of core team,comprised oftechnical staff from the Department of Finance and Economic Planning. These are; Economists, Statisticians,Budget Officers and Accountants. Their assignment was to collect, collate and analyze departmental findings and datathat helped in making this document a success.

This core team undertook the preparation task with the support and guidance of H.E The Governor, Deputy Governor, CECs and Chief Officers. This is to extend the county's gratitude to them and all others who participated in the CFSP preparation process too. We also extend our gratitude to the County Assembly for their oversight roles, in ensuring that service delivery is given to the citizens. Finally, we would like to recognize the efforts of our county citizens. Their demand for accountability of staff and various resources at the disposal of the county government has kept all staff on toes. We would also like to take this chance to thank them and pledge to ensure that they get value for money in all county undertakings.

JEREMIAH CHANGWONY
CHIEF OFFICER, FINANCE AND ECONOMIC PLANNING

ABBREVIATIONS

ADP	Annual Development Plan
AMPATH	Academic Model Providing Access to Healthcare
BPS	Budget Policy Statement
BROP	Budget Review and Outlook Paper
CBA	Collective Bargaining Agreement
CEC	County executive committee
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
CRA	Commission on Revenue Allocation
EAC	East Africa Community
ECDE	Early Childhood Development Education
EDA	Equitable Development Act
EMC	ElgeyoMarakwet County
FY	Financial Year
GDP	Gross Domestic Product
GIZ	Gesundheits- Informations- Zentrum (German: Health Information Centre)
HDI	Human Development Index
HIV/ AIDS	Human Immunodeficiency Virus/ Acquired Immune Deficiency Syndrome
ICT	Information Communication Technology
IFMIS	Integrated Financial Management Information System
IHDI	Inequality Human Development Index
KDSP	Kenya Devolution Support Program
KUSP	Kenya Urban Support Program
KVDA	Kerio Valley Development Authority
MTEF	Medium Term Expenditure Framework

MTP	Medium Term Plan
OGP	Open Government Partnerships
PFM	Public Finance Management
RBF	Result-Based Financing
RMLF	Road Maintenance Levy Fund
SDGs	Sustainable Development Goals
SNV	StichtingNederlandseVrijwilligers (Netherlands Development Organization)
SRC	Salaries and Remuneration Commission
SWG	Sector Working Group
UNDP	United Nations Development Program

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1. INTRODUCTION AND BACKGROUND

1.1. Rationale for County Fiscal Strategy Paper (CFSP)

The main objectives for preparing the CFSP are to specify;

- Mechanisms for aligning it with the national objectives contained in the Budget Policy Statement before the national budget is finalized
- Broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year
- Financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term
- Details of the sector and departmental ceilings for the Medium-Term Expenditure Framework (MTEF) Period.
- The overall deficit and financing, the underlying risks, structural measures and strategic interventions for development initiatives to be undertaken in the coming Financial Year and in the medium term

1.2. Roles in CFSP Preparation

1.2.1. County Treasury

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

a) Over the medium term, a minimum of 30 percent of the national and county budgets shall be allocated to development expenditure;

b) The County Government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the County Government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;

   i. The limit set under paragraph (b) above, shall not exceed Thirty-five (35) percent of the county government's total revenue as set out by the Public Finance Management (County Governments) Regulations, 2015.

c) Over the medium term, the County Government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;

d) Public debt and obligations shall be maintained at a sustainable level as approved by County Assembly;

e) Fiscal risks shall be managed prudently; and

f) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, considering any tax reforms that may be made in the future."

It is of essence to note that with regard to b (i) above, the county could not meet this fiscal responsibility resulting from exogenous variables relating to increase in wage bill. These variables include SRC salary harmonization circulars for public servantsand negotiated Collective Bargaining Agreements (CBAs) for healthcare workers. These circulars and CBAs were effected and counties were not allocated extra resources to cater for the new obligations.

1.2.2. Departments/ Sectors

The major shift from CFSP 2017,is the Sector Working Groups (SWGs) hearings which largely informed the 2018-2022 CIDP development. In the preparation of the CIDP 2018-2022 and subsequent prioritization of the 2018/19 FY Annual Development Plan by stakeholders during public participation forums, sector and departmental ceilings for development programmes and projects were determined, forming 30% of the CFSP. To address the remaining component (70%) of CFSP, sectors/departments were required to submit their strategic priorities and policy goals aimed at enhancing effective service delivery.

1.2.3. Commission on Revenue Allocation (CRA)

The principal function of the Commission on Revenue Allocation is to make recommendations concerning the basis for the equitable sharing of revenue raised by the national government between the national and county governments; and among the county governments with the aim of promoting and giving effect to the criteria of equitable share set out in Article 203 (1) of the constitution, defining and enhancing the revenue sources of the national and county governments and encourage fiscal responsibility. It therefore significantly determines the county resource envelop set out in the CFSP and the ceilings of both recurrent and development estimates. The county executive and county assembly recently appealed to CRA for consideration of a special conditional grant for personal emoluments to address the huge wage bill crisis resulting from increments by SRCs circulars and CBAs for devolved health staff.

1.2.4. Members of the public and Interest Groups

For any meaningful development to occur in a given society/community, it follows that stakeholder engagement and participation is paramount. Stakeholders' participation in the identification of social and developmental challenges and homegrown interventions to address the challenges enhances greater participation and ownership of citizens in planning, budget formulation and implementation, monitoring and evaluation. Additionally, public involvement ensures openness, accountability and participatory bottom-up management of resources and informed decision-making.

The above fundamental principles are enshrined in the Constitution as well as other national and county legislations including PFMA 2012, PFM regulations for county governments, County Government Act (CGA), 2012, ElgeyoMarakwet Public Participation Act, 2014 and ElgeyoMarakwet Equitable Development Act (EDA), 2015.

1.2.5. Other Development Actors

To address the development resource gap, the County Government of ElgeyoMarakwet will continue to champion for development collaborative frameworks including seeking development partnerships and creating an enabling environment for investments. One of such partnership is the performance-based World Banks' Kenya Devolution Support Programme (KDSP) level II investment grant which will go a long way in bridging the resource gap based on performance of the county's capacity building plans' key result areas. Other partnerships being implemented and pursued are; Open Government Programme (OGP), GIZ governance support programme, ENRICH programme by World Vision, Community Total Lead Sanitation programme by SNV, HIV/AIDs programme by AMPATH, THS-UC project and DANIDA support to rural health facilities, Kenya Urban Support Programmeby world bank, European Unions'WaTER project, Irrigation projects by KVDA and National Irrigation Board amongst others.

1.2.6. County Assembly

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

- Receiving and approving among other documents the County Fiscal Strategy Paper (CFSP)
- Approve financial borrowing to finance deficit in the budget by the county government in accordance with Article 212 of the Constitution
- While respecting the principle of separation of powers, the county assembly may exercise oversight over the county executive committee and any other county executive organ on the implementation of the budgeted priorities
- County Assembly Speaker organizes and determines business to be conducted in the house including those regarding CIDP approval and implementation.

- County Assembly Speaker Receives bills, motions and questions and prepares an order paper for house business including those relating to CIDP.

1.3. Legal Framework for County Fiscal Strategy Paper (CFSP)

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

(1) The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly by the 28th February of each year. For the financial year 2018/19, the CFSP and the entire budgeting process and calendar was affected by 2017 general elections calendar of events. It should also be pointed out that CFSP provides sector and departmental ceilings for the Medium-Term Expenditure Framework whose development component is derived from ADP contents hence the document could not be prepared in the absence of ADP 2018/19 which is also derived from CIDP 2018-2022.

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

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

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

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

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

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

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

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

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

1.3.1. Guiding Legal Provisions

- More than 30% of budget allocated to development
- Development priorities derived from CIDP
- Personal Emoluments must not be more than 35% of budget
- County Assembly ceilings must be less than 7% of budget or twice county assembly PE whichever is lower.
- Development allocation done as per EDA, 2015
- Borrowings cannot exceed 20% of the County's last audited revenue

1.3.2. Fiscal Responsibility Management (Section 107)

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

(1) A County Treasury shall manage its public finances in accordance with the principles of fiscal responsibility set out in section 107 subsection (2) and shall not exceed the limits stated in the regulations. The county treasury might not enforce this provision as explained in b(i) under role of county treasury above.

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

a. The county government's recurrent expenditure shall not exceed the county government's total revenue;

b. Over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure;

c. the county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;

d. Over the medium term, the government's borrowings shall be used only to finance development expenditure and not for recurrent expenditure;

e. The county debt shall be maintained at a sustainable level as approved by county assembly;

f. The fiscal risks shall be managed prudently; and

g. A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, considering any tax reforms that may be made in the future.

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

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

2. ALIGNING CFSP WITH BUDGET POLICY STATEMENT 2018

2.1. Background of Recent Economic Situation

In 2017, Kenya's economy remained resilient despite adverse weather conditions, a prolonged electioneering period and subdued credit growth to the private sector, which combined to weaken growth in the first half of the year. Economic growth for 2017 was estimated at 4.8 percent, a drop from 5.8 percent in 2016. On the positive side, growth in 2017 was supported by the ongoing public infrastructure investments, improved weather towards end of 2017, recovery in the tourism sector and a stable macroeconomic environment.

The overall inflation declined from 6.4 percent in December 2016 to 4.5 percent in December 2017. This was due to the fall in the prices of potatoes, kale, oranges and mangoes which was caused byfavorable climatic conditions at end of 2017 and Government measures on prices of maize, powdered milk and sugar. The inflation of 4.5 percent in December 2017 was within Government's predicted range

The foreign exchange market remained relatively stable supported by resilient tea and horticultural exports, strong diaspora remittances, and a continued recovery in tourism. The 12-month current account deficit stabilized at 7.0 percent of GDP in November and September 2017.The favorable weather conditions is expected to support food production and agricultural exports.

Over the medium term, growth is projected to increase by more than 7.0 percent due to investments in strategic areas under "The Big Four" Plan, namely: increasing the share of manufacturing sector to GDP; ensuring all citizens enjoy food security and improved nutrition by 2022; expanding universal health coverage; and delivering at least five hundred thousand (500,000) affordable housing units. These efforts will support the business environment, create jobs and ultimately promote broad based inclusive growth.

Kenya is ranked favorably in the ease of doing business and as a top investment destination. In 2017, the World Bank's Doing Business Report, ranked Kenya third in Africa in the ease of doing business after Rwanda and Mauritius, as the country moved up 12 places to position 80 globally. Further, in September 2017, Standard and Poors Global Ratings affirmed its 'B+/B' long and short-term foreign and local currency sovereign credit ratings on Kenya, with a stable outlook.

2.2. Global Economic Environment Impacts

The pickup in global activity that started in 2016 gathered pace in the first half of 2017 supported by notable improvements in investment, trade, and industrial production, coupled with strengthening business and consumer confidence. As such global growth is projected to increase to 3.8 percent in 2018 from 3.6 percent in 2017 and 3.2 percent in 2016 primarily driven by improving domestic demand in advanced economies and China and improved performance in other emerging market economies.

In the East African Community (EAC) region, economic growth was estimated to stabilize at 5.4 percent in 2016 and 2017, a slowdown from a 6.1 percent growth in 2015. This was caused by the prolonged effect of drought experienced in 2016 and 2017; it dampened agricultural output and GDP growth in Uganda, Tanzania and Rwanda. In addition, there was a slowdown in credit growth across countries in the region, which further dampened the growth. Further, insecurity and political tensions continued to constrain economic activities in countries such as Burundi, Somalia, and South Sudan. In 2018, economic growth is projected to increase to 5.9 percent supported by a stable macroeconomic environment, ongoing infrastructure investments, and strong private consumption.

2.3. National Economic Situation

The economygrew at an average of 5.5 percent per year in the five years (2013 - 2017) outperforming the average growth rate of 4.7 percent in the period 2008 to 2012. The value of goods and services produced therefore raised the per capita income from Ksh. 104,700 in 2013 to an estimated Ksh. 174,200 in 2017. The economy generated an average of 817,000 new jobs per year in the period 2013 - 2017 up from 656,500 jobs per year in the period 2008-2012.

However, uncertainty associated with elections coupled with the effects of adverse weather conditions slowed down the performance of the economy in 2017. As a result, the economy was estimated to grow by 4.8 percent in 2017, which was a slowdown from the estimated growth of 5.1 percent in the 2017 Budget Review and Outlook Paper (BROP).

2.4. Budget Policy Statement (BPS) 2018

2.4.1. 2018 BPS Priority Areas

On the Post-2015 development agenda, the 17 Sustainable Development Goals (SDGs) and respective 169 targets will be mainstreamed into the MTP III and County Integrated Development Plans (CIDPs). The SDGs will be mainstreamed based on key thematic areas that include advocacy and awareness creation; domesticating and localizing SDGs; capacity building; stakeholder mapping and engagement; monitoring and reporting and resource mobilization.

Economic growth is expected to be driven by investments in strategic areas under“The Big Four” Plan, namely: increasing the share of manufacturing sector to GDP; ensuring all citizens enjoy food security and improved nutrition by 2022; expanding universal health coverage; and delivering at least five hundred thousand (500,000) affordable housing units. These efforts will support the business environment, create jobs and ultimately promote broad based inclusive growth.

2.5. County Economic Performance and Prospects

2.5.1. Overview of county economy

There are 3 basic components of Human Development Index (HDI). These are; health, education, and income. ElgeyoMarakwet's HDI stands at between 0.38-0.40 which is lower than the national HDI of 0.520 (Kenya Human Development Report, 2013). Kenya's HDI is lower than the global average but higher than the Sub-Saharan Africa. Inequality Human Development Index (IHDI) takes into accounthow achievements inhealth, education, and income are distributed among its citizens by "discounting" each dimension's average value according to its level of inequality. The IHDI value for Kenya in 2012 was 0.344, compared to a HDI of 0.519 (UNDP, 2013). Ideally, the IHDI equals the HDI when there is no inequality across people but is less than the HDI as inequality rises. In this sense, the IHDI is the actual level of human development (accounting for this inequality), while the HDI can be viewed as an index of "potential" human development (or the maximum level of HDI) that could be achieved if there was no inequality. Explanations to poor IHDI performance in Kenya include inequalities in human development, life expectancy, education attainment, income per capita, and gender, among others. The county's IHDI stands at 0.4 against national IHDI of between 0.38-0.39 which implies that the county is more unequal than the nation.

The county's economy and livelihoodsdepend onagriculture. Over76 percent of county's rural population relies on agriculture. Promotingsubstantial investments in agriculture is key to the county's economic transformation. Improvement in agriculture will eventually lead to reduction in inequality levels and eventual improvement in economic growth.

2.5.2. Growth Prospects and Challenges

The county's economic growth relies on agriculture and agricultural activities are rain-fed. Unfavorable climatic conditions such as those experienced in 2017, therefore will have adverse effects on growth prospects. All the three ecological zones depend on rainfall, and the zones have varied levels of socio-economic developments and resource endowments. A review of these zones shows that for the overall socio-economic development to be realized, there is need to invest in improvement of quality education at all levels and improving road network and power supply. There's need to continue intensifying irrigation in the Kerio Valley, eradicating alcoholism and drunkennessand adding value to agricultural products. Another strategic intervention is revamping of Rimoigame reserve in efforts to set the county apart as a tourism destination site in the region.

2.5.3. County Fiscal Strategy Paper (CFSP) 2018

The 2018 County Fiscal Strategy Paper is the fifth to be prepared under the devolved system of governance. It is prepared as stipulated by EDA, 2015 and the PFM Act, 2012regulations, which largely inform the budgetary ceilings and development allocations across wards and county wide projects. The CFSP adheres to the requirements therein stated. The implementation of the transformative agenda raises productivity of the county economy and contribute to economic growth.

2.5.4. Risks to Fiscal Outlook

The risks to the economic outlook for 2018/19 and the medium-term include burgeoning public expenditure pressures, especially recurrent expenditures. This will be heightened mainly by implementation of CBAs for healthcare workers and SRC's salary harmonization. The burden that wage-bill weighs on the budget is heavy and it is expected to continue posing fiscal risk to the National and County Governments. The warring communities along the Kerio Valley poses security challenges which may lead to economic sabotage.

Another risk is the unpredictable socio-economic and political changes in advanced economies such as 'Brexit' of Britain and USA's foreign policy. This may impact negatively on our exports and tourism activities. The County Government will undertake appropriate measures to mitigate these risks.

3. COUNTY FISCAL POLICY

The county fiscal policy over the medium term aims at supporting rapid and inclusive economic growth and ensure effective delivery of services. The fiscal policy is aligned to the country's MTP III targets. To sustain the budget, there will be concerted efforts to expand revenue base and maintain increased revenue collection as projected. The county government will pursue prudent fiscal policy to ensure macroeconomic stability. County fiscal policy objective will provide an avenue to support economic activity while allowing for implementation of devolution mandates bestowed upon the county, within a sustainable public finances management system.

The county government will continue to rationalize expenditure so as toimprove efficiency and reduce overlaps and wastage. Expenditure management will be strengthened through capacity building of personnel, regarding the use of the Integrated Financial Management Information System (IFMIS) and other appropriate financial management systems across all sectors and Departments.

3.1. CFSP Alignment to Budget Policy Statement

The county CFSP's strategic priorities and policy goals have been aligned to the national Budget Policy Statement (BPS) 2018. Over the medium term, growth is projected to increase by more than 7.0 percent due to investments in strategic areas under "The Big Four" Plan, namely: increasing the share of manufacturing sector to GDP; ensuring all citizens enjoy food security and improved nutrition by 2022; expanding universal health coverage; and delivering at least 500,000 affordable housing units. These big four areasclassify the national strategic priorities and policy goals intofive broad Thematic Areas, namely;

i) Creating conducive business environment for investment and job Creation;

ii) Investing in infrastructure to unlock growth potential;

iii) Investing in sectoral transformation for food security and broad based sustainable economic growth;

iv) Investing in quality and accessible social services (health, education and social safety net); and

v) Consolidating gains in devolution for services delivery and enhanced rural development.

3.2. Risk to implementation of County Strategic priorities aligned to BPS

The Kenyan economy is susceptible to various domestic and foreign shocks, volatility in commodity prices, insecurity and terrorism threats.

Our County also faces risks of natural catastrophes and disasters such as lightning, landslides and mudslides. Another major challenge is the insecurity along the valley, it is a risk that cannot be overlooked. However, the County will do everything possible to mitigate against these risks.

3.3. Fiscal Performance

3.3.1. Fiscal policy

In the county, revenue collection for the first half of 2017/18 FY wasKsh.43,879,672. This represents an increase of 18.72% from the same period in the previous financial year where Ksh36,961,877 was collected.

The FY 2018/19 proposed budget will be guided by Programme Based Budgeting (PBB) concept which relates resources to proposed and actual results of projects. PBB together with monitoring and evaluation concept and expenditure controls will achieve the intended impacts and development goals.

3.3.2. Fiscal Reforms and Policy

The 2017-2019 Medium-Term Fiscal Policy aims at supporting equitable and rapid economic growth, ensuring sustainable debt position and at the same time supporting the devolved system of Government for effective delivery of services. Within a sustainable public financing as per the county fiscal strategy paper, the following emphasis are made;

- Respect and observance of the fiscal rules set out in the PFM law and its regulations is important and necessary to entrench fiscal discipline.
- Continued reforms in expenditure management and revenue collection 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, Price reference cost list during ADP public forums for informed decisions by the public.
- 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.

3.3.3. Deficit, Debt policy and Debt Sustainability

Currently, the county has no public debt. On the National level, the Government is required to maintain public debt at sustainable levels as set out in the Public Finance Management Act 2012, and its regulations.The external debt sustainability indicators illustrate that Kenya remains within the sustainable bounds. This is attributed to the large portion of debt that is on concessional terms in terms of low costs and long-term maturity.

3.3.4. Compliance with Fiscal Responsibility Principles

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

So far, the fiscal performance has been generally satisfactory, despite the challenges with shortfall in revenues, the transition financial demands and increased expenditure pressures, the County government will ensure strict adherence to PFM Act, 2012.

3.4. Challenges in County Public Finance Management

i. Increase in wage bill, which was worsened by CBA especially affecting the Department of Health.
ii. Budget processes being determined by external factors that are not controlled directly by the county treasury e.g. County Allocation of revenue Bill,
iii. Issuance of circulars with budgetary implications in the middle of financial year.
iv. Low absorption of development funds by departments, which leads to occurrence of 'rolled over funds'.
v. Low performance in local revenue collection. This is caused by revenue leakages, level of skills required to track or monitor revenue collection streams.

4. 2018/19 BUDGET FRAMEWORK

4.1. REVENUE

4.1.1. SOURCES OF REVENUE

Table 1 Source of Revenue

Revenue Source	Approved 2016/2017	Approved 2017/18	Estimates 2018/19	Projections 2019/20
CRA Share	3,528,847,275	3,624,000,000	3,731,973,605	3,843,932,813
Local Revenue	160,021,113	160,291,113	130,000,000	136,500,000
Conditional Grants	204,613,295	424,191,843	586,238,266	603,825,414
Balance B/D		679,272,143	464,138,214	0
Grand Total	**3,893,481,683**	**4,887,755,099**	**4,912,350,085**	**4,584,258,227**

4.1.1.1. Local Revenue Analysis for the 1st Half of 2017/2018

Revenue collected for the first half of 2017/18financial year was Ksh 43,879,672. This figure is higher than the figure collected in the same period in the previous financial year. The amount collected was Ksh 36,961,877 in the previous year.

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

2017/2018 First Half Local Revenue Collection by Source

Table 2: 2017/18 First Half Local Revenue Collection by Source

REVENUE SOURCE	APPROVED ESTIMATES 2017/18	1st quarter	2nd quarter	TOTAL
Animal Stock auction fees	2,851,450	659,500	483,000	1,142,500
Produce and other cess	35,056,085	5,816,560	6,108,440	11,925,000
Single Business Permit	17,172,680	467,840	450,700	918,540
Lands Rates/Plot Rent	4,429,423	427,620	444,187	871,807
Bus park/motorcycle fees	5,160,150	545,000	874,250	1,419,250
Trade applications fees	3,346,924	122,500	196,300	318,800
Slaughter fees	1,561,000	334,590	336,300	670,890
House rent/stall/ground	2,745,700	77,000	254,125	331,125
Conservancy fees	385,900	7,500	26,000	33,500
Plan approval fees	300,765	7,760	5,700	13,460
Clearance fees	231,580	3,500	15,700	19,200
Hide & skins	100,000	300	600	900

REVENUE SOURCE	APPROVED ESTIMATES 2017/18	1st quarter	2nd quarter	TOTAL
Promotion/advert	3,705,780	21,200	108,100	129,300
Tender Documents	100,000	-	-	-
Hire of road machinery	-	-	-	-
Trade	567,335	24,290	36,120	60,410
Fines	3,111,385	71,575	49,661	121,236
FI Funds	52,000,000	4,577,083	6,754,976	11,332,059
VSD Funds	4,223,080	397,885	373,795	771,680
Water Department	1,829,688	183,900	64,855	248,755
Health Services-Public Health	6,693,895	224,500	248,400	472,900
Youth Affairs and sports	218,230	10,000	-	10,000
Agriculture	3,260,105	34,750	89,375	124,125
Tourism	2,556,923	87,350	157,300	244,650
Market fees and others	4,621,360	720,900	1,451,360	2,172,260
County assembly recoveries		-	7,529,909	7,529,909
Others	4,061,675	2,387,052	610,364	2,997,416
TOTALS	**160,291,113**	**17,210,155**	**26,669,517**	**43,879,672**

4.2. EXPENDITURE

4.2.1. RECURRENT EXPENDITURE

PERSONAL EMOLUMENTS

a) Annual wage Increase

Table 3: Annual Wage Increase

DEPARTMENT/SECTOR	2016/17	2017/18	2018/19
Office of the Governor& Executive Administration	72,845,816	93,710,510	118,978,512
County Assembly	258,681,923	243,819,675	285,212,411
Finance & Economic planning	135,483,029	164,674,922	150,346,584
Roads, Transport, Public Works and Transport	43,685,461	53,220,775	49,891,868
Sports, Youth affairs, ICT and Social Services	18,714,126	21,153,005	28,415,796
Education and Technical Training	121,560,336	164,290,669	175,578,044
Health and Sanitation	944,920,514	1,053,525,926	1,244,937,573
Water, Lands, Environment and Climate Change	51,568,518	61,270,400	59,033,574
Tourism, Culture, Wildlife, Trade and Industry	32,581,497	39,785,516	26,482,096
Agriculture and Irrigation	174,322,871	186,781,940	101,566,592
Livestock Production, Fisheries and Cooperatives Development			90,970,666
Public Service Management and County Administration	76,613,029	70,847,528	73,202,980
County Public Service Board	20,016,511	37,161,506	39,876,770
TOTAL	**1,950,993,631**	**2,190,242,372**	**2,444,493,466**

b) PE Analysis

Table 4: PE analysis

Department/ sector	2017/18 Aggregate PE	2018/19 PE Estimates	Deviation
Roads, Transport, Public Works and Transport	50,959,380	49,891,868	(1,067,512)
Office of the Governor& Executive Administration	84,383,387	118,978,512	34,595,125
County Assembly.	269,028,468	285,212,411	16,183,943
Agriculture and Irrigation	185,828,005	101,566,592	(84,261413)
Livestock Production, Fisheries and Cooperatives Development	-	90,970,666	90,970,666
Tourism, Culture, Wildlife, Trade and Industry	38,772,214	26,482,096	(12,290,118)
Health and Sanitation	1,051,266,980	1,244,937,573	193,670,593
Water, Environment, Lands, Natural Resources& Climate Change	60,000,541	59,033,574	(966,967)
Education and Technical Training	163,032,471	175,578,044	12,545,573
Sports, Youth affairs, ICT and Social Services	20,107,742	28,415,796	8,308,054
Finance and Economic Planning	163,774,211	150,346,584	(13,427,627)
Public Service Management and County Administration	69,238,203	73,202,980	3,964,777
County Public Service Board	33,691,144	39,876,770	6,185,626
TOTAL	**2,190,082,746**	**2,444,493,466**	**211,415,769**

The net increase in PE of Kshs211,415,769is attributed to implementation of SRC circulars, mandatory annual increment and implementation of CBAs for healthcare workers.

OPERATIONS AND MAINTENANCE

O&M Projections for 2018/19

Table 5: 2018/19 O&M Projections

Departments	Utilities and Operations	Requisite O&M		Mandatory O&M		Total O&M
	Amount	Description	Amount	Description	Amount	
Office of the Governor & Executive Administration	8,725,373			Rent and rates	3,000,000	30,825,373
				Legal fees	2,000,000	
				Public participation	2,000,000	
				Peace Building & Conflict resolution	5,000,000	
				Intergovernmenta	3,000,000	

Departments	Utilities and Operations	Requisite O&M		Mandatory O&M		Total O&M
	Amount	Description	Amount	Description	Amount	
				l Relations & Partnerships		
				Audit Committee	1,500,000	
				Donations & Emerging issues	4,000,000	
				Office Rent (Mosop)	1,600,000	
County Assembly	257,489,996					257,489,996
Finance & Economic Planning	9,475,121	valuation Roll	800,000	ADP	2,700,000	66,080,702
		Advertisement (tender and Public participation notices)	2,000,000	CBROP	800,000	
				CFSP	800,000	
				Budget Estimates	2,700,000	
				KDSP Grant	36,005,074	
				KDSP M&E counterpart fund	3,600,507	
				Funds Requisition	1,200,000	
				Emergency Funds	5,000,000	
				Finance Bill	1,000,000	
Roads, Transport, Public Works and Transport	9,603,139			Street Lighting Bills (KPLC)	5,000,000	14,603,139
Sports, Youth affairs, ICT and Social Services	8,494,722					8,494,722
Education and Technical Training	9,090,993	CBC implementation	2,000,000	Bursary	20,000,000	31,090,993
Health and Sanitation	10,136,173	Medical Drugs	75,000,000	FIF	29,000,000	114,136,173

Departments	Utilities and Operations	Requisite O&M		Mandatory O&M		Total O&M
	Amount	Description	Amount	Description	Amount	
Water, Lands, Environment and Climate Change	8,283,257	Water & Electricity	1,000,000			14,683,257
		Conservancy Works	5,000,000			
		Water treatment chemicals	400,000			
Tourism, Culture, Wildlife, Trade and Industry	5,518,390	Counterpart funding for partnerships	4,000,000			9,518,390
Agriculture and Irrigation	12,365,995					12,365,995
Livestock Production, Fisheries and Cooperatives Development	12,411,537					12,411,537
Public Service Management and County Administration	6,398,591			Sub county and Ward operations	7,200,000	13,598,591
County Public Service Board	7,649,013			part time board members		7,649,013

4.2.2. DEVELOPMENT EXPENDITURE

Summary of Development Allocations as per 2018/19 Annual Development Plan

Table 6: Summary of Development Allocation

Department	Ward Projects	County Projects	Roll-over Funds	Conditional Grant	Total
Office of the Governor & Executive Administration	-				-
County Assembly	-				-
Finance & Economic Planning	-				-
Roads, Transport, Public Works and Transport	187,093,464	8,000,000	36,969,404	99,208,158	331,271,026
Sports, Youth affairs, ICT and Social Services	67,225,652		24,884,353		92,110,005
Education and Technical Training	128,200,625		101,534,507	40,948,936	270,684,068
Health and Sanitation	86,791,926	-	132,364,788	340,076,098	559,232,812
Water, Lands, Environment and Climate Change	183,982,090	-	106,270,418	70,000,000	360,252,508
Tourism, Culture, Wildlife, Trade and	24,281,787	17,000,000	7,429,640		48,711,427

Department	Ward Projects	County Projects	Roll-over Funds	Conditional Grant	Total
Industry					
Agriculture and Irrigation	64,082,434	6,000,000	48,689,118		118,771,552
Livestock Production, Fisheries and Cooperatives Development	23,859,156	16,000,000			39,859,156
Public Service Management and County Administration	48,020,198		5,995,986		54,016,184
County Public Service Board	-				-
TOTAL	**813,537,332**	**47,000,000**	**464,138,214**	**550,233,192**	**1,874,908,738**

ANALYSIS OF DEVELOPMENT PRIORITIES

Table 7: Analysis of Development Priorities

Department	Approved 2017/18	Estimates 2018/19	PROJECTED 2019/2020	Deviation
Office of the Governor & Executive Administration	-	-	-	-
County Assembly	-	-	-	-
Finance & Economic Planning	-		-	-
Roads, Transport, Public Works and Transport	271,622,926	331,271,026	347,834,577	59,648,100
Sports, Youth affairs, ICT and Social Services	91,884,632	92,110,005	96,715,505	225,373
Education and Technical Training	188,557,837	270,684,068	284,218,271	82,126,231
Health and Sanitation	387,151,133	559,232,812	587,194,453	172,081,679
Water, Lands, Environment and Climate Change	234,712,442	360,252,508	378,265,133	125,540,066
Tourism, Culture, Wildlife, Trade and Industry	54,191,178	48,711,427	51,146,998	(5,479,751)
Agriculture and Irrigation	97,224,299	118,771,552	124,710,130	21,547,253
Livestock Production, Fisheries and Cooperatives Development		39,859,156	41,852,114	39,859,156
Public Service Management and County Administration	35,813,919	54,016,184	56,716,993	18,202,265
County Public Service Board	-	-	-	-
TOTAL	**1,361,158,366**	**1,874,908,738**	**1,968,654,175**	**513,750,372**

2018/19 CFSP OVERALL EXPENDITURE ANALYSIS

Table 8:Overall Expenditure Analysis

Expenditure Type	Amount	Percentage of Budget
Compensation to Employees	2,444,493,466	**49.76%**
Requisite & Mandatory O&M	460,842,300	**9.38%**
Utilities and operations	132,105,581	**2.69%**
Development	1,874,908,738	**38.17%**
Total	**4,912,350,085**	**100.00%**

4.3. MEDIUM TERM EXPENDITURE FRAMEWORK

4.3.1. Background

The medium-term expenditure framework for 2018/19 – 2020/21 ensures that resource allocation is based on prioritized programmes aligned to the MTP III. It also focuses on strategic policy initiatives of the Jubilee Administration to accelerate growth, employment creation and poverty reduction. An evaluation of the macroeconomic situation and a limited resource envelope in recent years shows that adjusting non-priority expenditures to cater for the priority ones will guide the Medium-Term Expenditure Framework (MTEF) budgeting processes. Share of resources for priority physical infrastructure sector, such as roads, water and irrigation, will continue to rise over the medium term. All the other sectors will continue to receive adequate resources in line with our county's commitment to a balanced sector development to enhance the quality of life for the residents of the county and ensure sustainable economic growth.

Resource envelop

Table 9: Resource Envelop

REVENUE SOURCE	Approved 2016/17	Approved 2017/18	Estimates 2018/19	Projections 2019/20
CRA Share	3,528,847,275	3,624,000,000	3,731,973,605	3,918,572,285
Equalization Fund		-	-	-
Conditional Allocation				-
Local Revenue	160,021,113	160,291,113	130,000,000	136,500,000
Balance b/d			464,138,214	-
World Bank - Dev. Of Youth Polytechnics		37,641,245	40,948,936	42,996,383
DANIDA - Universal Health Care		9,442,456		-
WORLD BANK RBF		47,990,000		-
Lease of Medical Equipment		95,744,681	129,787,234	136,276,596
Other Loans and Grants	195,657,225	18,956,694	201,499,945	211,574,942
KDSP		36,005,074	36,005,074	37,805,328
EU WaTER Support		-	70,000,000	73,500,000
KUSP			-	-
World Bank – Transforming Health Systems		30,279,354	-	-
Support to Abolishment of User Fees in H/C & Dispensaries	8,956,070	8,788,919	8,788,919	9,228,365
RMLF	54,220,715	139,343,420	99,208,158	104,168,566
TOTAL REVENUE	**3,947,702,398**	**4,208,482,956**	**4,912,350,085**	**4,670,622,465**

4.3.2. Collaboration with National Government and Development Partners

Conditional Allocations from Development Partners

In 2018/19, the county also received Health Sector Support conditional grant, Development of Youth Polytechnics and Kenya Devolution Support Programme from World Bank.

Conditional Allocations

Conditional Grants	Amount
World Bank - Dev. Of Youth Polytechnics	40,948,936
Kenya Devolution Support Programme	36,005,074
EU WaTERProgramme	70,000,000
Abolition of User fees	8,788,919
Other Loans and Grants	201,499,945
TOTAL	**357,242,874**

National Government

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

Consequently, the county will continue to collaborate with the national government in several areas including; medical equipment's, roads maintenance, maternal health and health facilities operations. This collaboration will be in form of conditional grants from the National Government's allocation.

Disaster Risk Reductionand Emergency Mitigation Strategies

Drought risk management is so closely linked to sustainable development; and is inevitably a shared function for both the national and the county governments thus both levels of government need to initiate the prerequisite mechanisms to mitigate and manage disasters and emergencies. As a result of strained resource envelope, coupled with competing needs by various sectors, there is need to enhance collaboration with national government entities that are entrusted with the emergency related initiatives. Partnership will help in disaster risk reduction. The county will strive to allocate resources for emergencies.

4.3.3. Medium-Term Expenditure Estimates

Table 10: Medium-Term Expenditure Estimates

Department/Sector	Approved & Ceilings			Projections	
	Description	Approved 2016/17	Approved 2017/18	Estimate2018/19	Projection 2019/20
Office of the Governor & Executive Administration	Rec	94,777,495	90,020,932	149,803,885	157,294,080
	Dev	63,000,000	-	-	-
Administration	Rec	29,618,531	30,870,042		-
	Dev	-	-	-	-
County Assembly	Rec	467,089,372	467,059,372	542,702,407	569,837,527

Department/Sector	Approved & Ceilings			Projections	
	Description	Approved 2016/17	Approved 2017/18	Estimate2018/19	Projection 2019/20
	Dev	-	-	-	-
Finance & Economic Planning	Rec	210,123,287	196,029,234	216,427,286	227,248,651
	Dev	-	-	-	-
Roads, Transport, Public Works and Transport	Rec	64,350,606	61,235,496	64,495,007	67,719,757
	Dev	273,438,424	271,622,926	331,271,026	347,834,577
Sports, Youth affairs, ICT and Social Services	Rec	19,299,111	30,237,114	36,910,518	38,756,044
	Dev	75,461,421	91,884,632	92,110,005	96,715,505
Education and Technical Training	Rec	174,847,458	197,819,802	206,669,037	217,002,489
	Dev	156,530,336	188,557,837	270,684,068	284,218,271
Health and Sanitation	Rec	1,107,297,130	1,110,085,926	1,359,073,746	1,427,027,433
	Dev	263,252,958	387,151,133	559,232,812	587,194,453
Water, Lands, Environment and Climate Change	Rec	74,422,613	70,769,262	73,716,831	77,402,672
	Dev	189,974,356	234,712,442	360,252,508	378,265,133
Tourism, Culture, Wildlife, Trade and Industry	Rec	54,554,311	55,355,591	36,000,486	37,800,510
	Dev	79,091,275	54,191,178	48,711,427	51,146,998
Agriculture and irrigation	Rec	178,995,686	197,806,710	113,932,587	119,629,216
	Dev	120,705,190	97,224,299	118,771,552	124,710,130
Livestock Production, Fisheries and Cooperatives Development	Rec	-	-	103,382,203	108,551,313
	Dev	-	-	39,859,156	41,852,114
Public Service Management and County Administration	Rec	104,326,262	85,910,847	86,801,571	91,141,650
	Dev	49,574,181	35,813,919	54,016,184	56,716,993
County Public Service Board	Rec	34,121,876	42,685,124	47,525,783	49,902,072
	Dev	1,500,000	-	-	-
TOTAL	Rec	**2,613,823,738**	**2,635,885,452**	**3,037,441,347**	**3,189,313,414**
	Dev	**1,272,528,141**	**1,361,158,366**	**1,874,908,738**	**1,968,654,175**

4.3.4. Baseline Ceilings

The baseline estimates reflect the current departmental spending levels though the departments are constrained. Overall, recurrent expenditure on Personal Emoluments and operations and maintenance account for 68% percent of the projected resource envelope. Development allocation accounts for 42%.

Development Allocations Guidelines

Development expenditure allocations are shared out amongst departments on the basis of the Equitable Development Act, 2015, County Integrated Development Plan (CIDP) and Annual Development Plan (ADP) as well as other strategic objectives and policy goals identified in this CFSP.

Development ceilings for departments/sectors are the aggregate for the cost of projects for Wards and County prioritized for that departments/sector during public participation forums. Conditional allocations from the national governments to departments/sectors will be utilized as per the conditions set out in the Budget Policy Statement (BPS). These allocations supplement the allocations already considered in the ceilings for the same department.

Details of Departments/Sectors Priorities

The 2018 CFSP has been prepared in line with sector working groups consideration. There are five sectors in the county. These sectors are;

1. Infrastructure Sector
2. Social Protection and Empowerment Sector
3. Health, Water and Sanitation Sector
4. Productive and Economic Sector and
5. Public Administration and Governance Sector

Infrastructuresector

The sector is comprised of the following three sub sectors/directorates/sections; Roads, Transport, Public Works and Transport section. The sectors priorities include;

1. Upgrading existing gravel roads.
2. Maintaining gravel roads to optimal levels.
3. Opening new roads to improve accessibility to all economically rich areas

To implement the prioritized programmes, the Sector has been allocatedKshs.395,766,033 for 2018/2019 financial year. Recurrent expenditure allocation for the same period isKshs, 64,495,007 while the development expenditure allocation isKshs. 331,271,026.

Social Protection and Empowerment Sector

The sector is comprised of Education and Technical Training and SSports, Youth affairs, ICT and Social Services Sub sectors. It covers a large segment of the entire population comprising women, the elderly, youth and children. This sector aims to enhance social inclusion and equal opportunity for all, enabling active participation for all members of the society in all aspect of live hence providing tremendous drive in achieving gains in health, education, employment, and improved livelihoods. In the education sub-sector, a significant number of school-going children are not enrolled in learning institutions and lack nutritional support, the youth who are the majority of the labor force are either not employed or lack relevant skill set, the women lack sufficient empowerment support in accessing credit and other means of production.

To achieve this goal, the sector sets out a number of programs which include pre-primary education, technical and vocational education and training, sport development, social empowerment, Social protection and ICT.

In order to implement the prioritized programmes, the Sector has been allocated Ksh606,373,628 for 2018/2019 financial year. The Education and Technical training sub sector has been allocatedKshs. 206,669,037 and Kshs. 270,684,068 for recurrent and development respectively.Sports, Youth affairs, ICT and Social Services Sub sectors has been allocated Kshs. 36,910,518 for recurrent expenditures and Kshs. 92,110,005 for development expenditures.

Health, Water and Sanitation Sector

The sector is composed of; Health and Sanitation, Water, Lands, Environment and Climate Change. The Health sub-sector goal is to attain equitable, affordable, accessible and quality health care for all. This will be done through curative and rehabilitative services, preventive and promotive health interventions that address risk factors to health and Strengthening collaboration with private and other sectors that have an impact on health. The other sub-sectors ensure that there is access to clean water, safe disposal of waste, and protection of the environment in the entire county.

In order to implement the prioritized programmes, the sector has been allocatedKshs. 2,352,275,896.Health and Sanitation sub sectorhas been allocated Kshs1,359,073,746 and Kshs559,232,812being for recurrent and development expenditures respectively while Water, Lands, Environment and Climate Change sub sector being allocated Kshs.73,716,831 and Kshs. 360,252,508 for recurrent and development expenditures respectively.

Productive and Economic Sector

This sector comprises of: Agriculture and irrigation; Livestock Production, Fisheries and Cooperatives Development; Tourism, Culture, Wildlife, Trade and Industry sub sectors.

The sector ensures enterprise productivity, income generation and diversification of livelihoods in the county. Agriculture and Irrigation sub sector has aligned its strategies and interventions in achieving the Big Four objectives through expanding acreage under irrigation, promotion of high value crops along the Kerio Valley and enhancing research and extension services, promotion of cottage industries through value addition of crop and livestock products and strengthening of cooperative movements.

In order to implement the prioritized programmes, the sector has been allocated Kshs.460,657,410; Kshs.36,000,486 and Kshs.48,711,427 being for recurrent and development expenditures allocation for Tourism, Culture, Wildlife, Trade and Industry subsector.Agriculture and irrigation sub sector has been allocated Kshs. 113,932,587 for recurrent expenditures and Kshs. 118,771,552 for development expenditures. Livestock Production, Fisheries and Cooperatives Development sub sector has been allocated Kshs. 103,382,203 and Kshs. 39,859,156 for recurrent and development expenditures respectively.

Public Administration and Governance Sector

The sector is composed of Office of the Governor & Executive Administration, Finance and Economic Planning, Public Service Management and County Administration and County Public Service Board Sub sectors. The sector is responsible for providing overall policy direction, coordination of county government, communication services, financial, economic and planning, public service, and legal advice to government agencies. It plays a major role in promoting integrity and transparency in county governance. It also plays a key role in inter-governmental relations, peace building and enforcement of county laws and regulations.

In order to implement the prioritized programmes, the Sector has been allocated Ksh.554,574,710 for the 2018/2019 financial year. Office of the Governor & Executive Administration, Finance and Economic Planningand County Public Service Board Sub sectors have only been allocated recurrent expenditures beingKshs.149,803,885, Kshs.216,427,286and Kshs. 47,525,783 respectively**.** Public Service Management and County Administration has been allocated Kshs.140,817,755 of which Ksh86,801,571 and Ksh 54,016,184 are recurrent and development expenditures respectively.

5. ANNEXES

Annex 1: Departmental/Sector Ceilings 2016/17 – 2019/20

Department/Sector	Approved & Ceilings			Projections		% Share of Total Revenue	
	Description	Approved 2016/17	Approved 2017/18	Estimate2018/19	Projection 2019/20	Approved 2017/18	CFSP Ceiling 2018/19
Office of the Governor & Executive Administration	Rec	94,777,495	90,020,932	149,803,885	157,294,080	2.14%	3.05%
	Dev	63,000,000	-	-	-	0.00%	0.00%
Administration	Rec	29,618,531	30,870,042		-	0.73%	0.00%
	Dev	-	-	-	-	0.00%	0.00%
County Assembly	Rec	467,089,372	467,059,372	542,702,407	569,837,527	11.10%	11.05%
	Dev	-	-	-	-	0.00%	0.00%
Finance & Economic Planning	Rec	210,123,287	196,029,234	216,427,286	227,248,651	4.66%	4.41%
	Dev	-	-	-	-	0.00%	0.00%
Roads, Transport, Public Works and Transport	Rec	64,350,606	61,235,496	64,495,007	67,719,757	1.46%	1.31%
	Dev	273,438,424	271,622,926	331,271,026	347,834,577	6.45%	6.74%
Sports, Youth affairs, ICT and Social Services	Rec	19,299,111	30,237,114	36,910,518	38,756,044	0.72%	0.75%
	Dev	75,461,421	91,884,632	92,110,005	96,715,505	2.18%	1.88%
Education and Technical Training	Rec	174,847,458	197,819,802	206,669,037	217,002,489	4.70%	4.21%
	Dev	156,530,336	188,557,837	270,684,068	284,218,271	4.48%	5.51%
Health and Sanitation	Rec	1,107,297,130	1,110,085,926	1,359,073,746	1,427,027,433	26.38%	27.67%
	Dev	263,252,958	387,151,133	559,232,812	587,194,453	9.20%	11.38%
Water, Lands, Environment and Climate Change	Rec	74,422,613	70,769,262	73,716,831	77,402,672	1.68%	1.50%
	Dev	189,974,356	234,712,442	360,252,508	378,265,133	5.58%	7.33%
Tourism, Culture, Wildlife, Trade and Industry	Rec	54,554,311	55,355,591	36,000,486	37,800,510	1.32%	0.73%
	Dev	79,091,275	54,191,178	48,711,427	51,146,998	1.29%	0.99%
Agriculture and irrigation	Rec	178,995,686	197,806,710	113,932,587	119,629,216	4.70%	2.32%
	Dev	120,705,190	97,224,299	118,771,552	124,710,130	2.31%	2.42%
Livestock Production, Fisheries and Cooperatives Development	Rec	-	-	103,382,203	108,551,313	0.00%	2.10%
	Dev	-	-	39,859,156	41,852,114	0.00%	0.81%
Public Service Management and County Administration	Rec	104,326,262	85,910,847	86,801,571	91,141,650	2.04%	1.77%
	Dev	49,574,181	35,813,919	54,016,184	56,716,993	0.85%	1.10%
County Public Service Board	Rec	34,121,876	42,685,124	47,525,783	49,902,072	1.01%	0.97%
	Dev	1,500,000	-	-	-	0.00%	0.00%
TOTAL	Rec	**2,613,823,738**	**2,635,885,452**	**3,037,441,347**	**3,189,313,414**		
	Dev	**1,272,528,141**	**1,361,158,366**	**1,874,908,738**	**1,968,654,175**	**4,208,482,956**	**4,912,350,085**

Annex 2: Recurrent Departmental/Sector Ceilings 2016/17 – 2019/10

Department/ Sector	Approved & Ceilings		Projections		% Share of Total Revenue	
	Approved 2016/17	Ceiling 2017/18	Estimate2018/19	Projection 2019/20	Approved 2017/18	CFSP Ceiling 2018/19
Office of the Governor & Executive Administration	94,777,495	90,020,932	149,803,885	157,294,080	2.14%	3.050%
Administration	29,618,531	30,870,042	-	-	0.73%	0.000%
County Assembly	467,089,372	467,059,372	542,702,407	569,837,527	11.10%	11.048%
Finance & Economic Planning	210,123,287	196,029,234	216,427,286	227,248,651	4.66%	4.406%
Roads, Transport, Public Works and Transport	64,350,606	61,235,496	64,495,007	67,719,757	1.4550%	1.313%
Sports, Youth affairs, ICT and Social Services	19,299,111	30,237,114	36,910,518	38,756,044	0.72%	0.751%
Education and Technical Training	174,847,458	197,819,802	206,669,037	217,002,489	4.70%	4.207%
Health and Sanitation	1,107,297,130	1,110,085,926	1,359,073,746	1,427,027,433	26.38%	27.666%
Water, Lands, Environment and Climate Change	74,422,613	70,769,262	73,716,831	77,402,672	1.68%	1.501%
Tourism, Culture, Wildlife, Trade and Industry	54,554,311	55,355,591	36,000,486	37,800,510	1.32%	0.733%
Agriculture and Irrigation	178,995,686	197,806,710	113,932,587	119,629,216	4.70%	2.319%
Livestock Production, Fisheries and Cooperatives Development		-	103,382,203	108,551,313	0.00%	2.105%
Public Service Management and County Administration	104,326,262	85,910,847	86,801,571	91,141,650	2.04%	1.767%
County Public Service Board	34,121,876	42,685,124	47,525,783	49,902,072	1.01%	0.967%
TOTAL	**2,613,823,738**	**2,635,885,452**	**3,037,441,347**	**3,189,313,414**		

Annex 3: Development Departmental/Sector Ceilings 2016/17 – 2019/20

Department/ Sector	Approved & Ceilings		Projections		% Share of Total Revenue	
	Approved 2016/17	Ceiling 2017/18	Estimates 2018/19	Projection 2019/20	Approved 2017/18	CFSP Ceiling 2018/19
Office of the Governor & Executive Administration	63,000,000	-	-	-	0.00%	0.00%
Administration	-	-	-	-	0.00%	0.00%
County Assembly	-	-	-	-	0.00%	0.00%
Finance & Economic Planning	-	-	-	-	0.00%	0.00%
Roads, Transport, Public Works and Transport	273,438,424	271,622,926	331,271,026	347,834,577.30	6.50%	6.74%
Sports, Youth affairs, ICT and Social Services	75,461,421	91,884,632	92,110,005	96,715,505.25	1.79%	1.88%
Education and Technical Training	156,530,336	188,557,837	270,684,068	284,218,271.40	3.72%	5.51%
Health and Sanitation	263,252,958	387,151,133	559,232,812	587,194,452.60	6.26%	11.38%
Water, Lands, Environment and Climate Change	189,974,356	234,712,442	360,252,508	378,265,133.40	4.51%	7.33%
Tourism, Culture, Wildlife, Trade and Industry	79,091,275	54,191,178	48,711,427	51,146,998.35	1.88%	0.99%
Agriculture and Irrigation	120,705,190	97,224,299	118,771,552	124,710,129.60	2.87%	2.42%
Livestock Production, Fisheries and Cooperatives Development	-	-	39,859,156	41,852,113.80	0.00%	0.81%
Public Service Management and County Administration	49,574,181	35,813,919	54,016,184	56,716,993.20	1.18%	1.10%
County Public Service Board	1,500,000	-		-	0.04%	0.00%
TOTAL	**1,272,528,141**	**1,361,158,366**	**1,874,908,738**	**1,968,654,175**	**28.7%**	**38.2%**

Annex 4: Summary Departmental/Sector Ceilings 2018/19

Department/Sector	Expenditure Description	Proposed Ceiling 2018/19	% Share of Total Revenue
Office of the Governor & Executive Administration	Rec	149,803,885	3.05%
	Dev	-	0.00%
County Assembly	Rec	542,702,407	11.05%
	Dev	-	0.00%
Finance & Economic Planning	Rec	216,427,286	4.41%
	Dev	-	0.00%
Roads, Transport, Public Works and Transport	Rec	64,495,007	1.31%
	Dev	331,271,026	6.74%
Sports, Youth affairs, ICT and Social Services	Rec	36,910,518	0.75%
	Dev	92,110,005	1.88%
Education and Technical Training	Rec	206,669,037	4.21%
	Dev	270,684,068	5.51%
Health and Sanitation	Rec	1,359,073,746	27.67%
	Dev	559,232,812	11.38%
Water, Lands, Environment and Climate Change	Rec	73,716,831	1.50%
	Dev	360,252,508	7.33%
Tourism, Culture, Wildlife, Trade and Industry	Rec	36,000,486	0.73%
	Dev	48,711,427	0.99%
Agriculture and irrigation	Rec	113,932,587	2.32%
	Dev	118,771,552	2.42%
Livestock Production, Fisheries and Cooperatives Development	Rec	103,382,203	2.10%
	Dev	39,859,156	0.81%
Public Service Management and County Administration	Rec	86,801,571	1.77%
	Dev	54,016,184	1.10%
County Public Service Board	Rec	47,525,783	0.97%
	Dev	-	0.00%
TOTAL	**Rec**	**3,037,441,347**	
	Dev	**1,874,908,738**	

Annex 5: Summary Departmental/Sector Ceilings 2017/18

Department/Sector	Recurrent			Development	Total
	Personal Emoluments	Operations & Maintenance	Total Recurrent		
Office of the Governor & Executive Administration	118,978,512	30,825,373	149,803,885	-	**149,803,885**
County Assembly	285,212,411	257,489,996	542,702,407	-	**542,702,407**
Finance & Economic Planning	150,346,584	66,080,702	216,427,286	-	**216,427,286**
Roads, Transport, Public Works and Transport	49,891,868	14,603,139	64,495,007	331,271,026	**395,766,033**
Sports, Youth affairs, ICT and Social Services	28,415,796	8,494,722	36,910,518	92,110,005	**129,020,523**
Education and Technical Training	175,578,044	31,090,993	206,669,037	270,684,068	**477,353,105**
Health and Sanitation	1,244,937,573	114,136,173	1,359,073,746	559,232,812	**1,918,306,558**
Water, Lands, Environment and Climate Change	59,033,574	14,683,257	73,716,831	360,252,508	**433,969,339**
Tourism, Culture, Wildlife, Trade and Industry	26,482,096	9,518,390	36,000,486	48,711,427	**84,711,913**
Agriculture and irrigation	101,566,592	12,365,995	113,932,587	118,771,552	**232,704,139**
Livestock Production, Fisheries and Cooperatives Development	90,970,666	12,411,537	103,382,203	39,859,156	**143,241,359**
Public Service Management and County Administration	73,202,980	13,598,591	86,801,571	54,016,184	**140,817,755**
County Public Service Board	39,876,770	7,649,013	47,525,783		**47,525,783**
TOTAL	**2,444,493,466**	**592,947,881**	**3,037,441,347**	**1,874,908,738**	**4,912,350,085**