REPUBLIC OF KENYA

COUNTY GOVERNMENT OF KERICHO
FINANCE AND ECONOMIC PLANNING

MEDIUM TERM
COUNTY FISCAL STRATEGY PAPER 2018

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FOREWORD

This County Fiscal Strategy Paper 2018/19 (CFSP) is framed against a backdrop of improving global and regional economic prospects. On the domestic front, our economy has remained resilient, with growth supported by a stable macroeconomic environment, resilient domestic demand and ongoing public infrastructural investments.

The expenditure priorities in the sector ceilings in this County Fiscal Strategy Paper 2018/19 (CFSP) have been realigned to sector priorities and H.E Governor's Manifesto. In this regard, the targeted key expenditures have prioritized provision of safe and clean drinking water, enhancing health care coverage, improving food security and value addition and increased investment in infrastructure.

From the 2009 Population and Housing Census, it evident that there is inequality in development across the county. Poverty levels vary from one region to another caused by different factors ranging from socio – economic to infrastructural development inequalities. In this regard Strategic intervention through resource allocations will be aligned to development of programmes/projects for the prioritized needs in these regions/areas.

An important objective of the paper is to re-emphasize the priorities and immediate concerns of the citizens. It highlights how the county government will respond to these needs taking into account challenges of both the fiscal and macroeconomic conditions.

The preparation of the 2018 County Fiscal Strategy Paper 2018/19 (CFSP) was a consultative and collaborative effort. Much of the information in this document was obtained from the various county government entities as well as various non-state stakeholders. The County Budget and Economic Forum

Members provided input and consultative forum on setting budgetary ceilings for the county government departments and entities. We also received valuable inputs from the all sectors and public hearings during public consultation process.

In the Economic Front, the County Government of Kericho continues to give priority and hence substantive resource allocation to the water sector. To spur economic development of the County, the County Government remains committed to expanding physical infrastructure to ensure support for economic growth and attraction of investors. Priority has also been given to routine improvement of vital link and access roads, plus bridges. The opening up of access roads, construction of Bridges and upgrading of Kerenga airstrip will particularly boost access of markets for agricultural produce thus curbing post-harvest loses.

Kericho County remains true to the spirit and letter of public participation in implementing its agenda. In preparing this CFSP, the County Treasury conducted Sector Reviews under Public Consultations forums. These forums were conducted at sub-county levels to ensure maximum participation. The purpose of these forums was to allow for prioritization of policies, projects and programs as contained in the CIDP.

Hon. Patrick Mutai
County Executive Committee Member for Finance and Economic Planning and Head of County Treasury.

ABBREVIATIONS AND ACRONYMS

ADP	-	Annual Development Plan
CFSP	-	County Fiscal Strategy Paper
CIDP	-	County Integrated Development Plan
CRA	-	Commission on Revenue Allocation
CSP	-	County Strategic Plan
ECDE	-	Early Childhood Development Education
ERP	-	Enterprise Resource Planning
FIF	-	Facility Improvement Fund
FY	-	Financial Year
GDP	-	Gross Domestic Product
HDU	-	High Dependency Unit
ICU	-	Intensive Care Unit
ICT	-	Information Communication Technology
IFMIS	-	Integrated Financial Management Information System
MTEF	-	Medium Term Expenditure Framework
MTP	-	Medium Term Plan
NHIF	-	National Hospital Insurance Fund
NSSF	-	National Social Security Fund
O&M	-	Operation and Maintenance
PFM	-	Public Finance Management Act, 2012
PBB	-	Program Based Budget

Legal basis for the publication of County Fiscal Strategy Paper

The County Fiscal Strategy Paper is published in accordance with section 117 of the Public Finance and Management Act, 2012. The law states that

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

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

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

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

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

(a) the Commission on Revenue Allocation;

(b) the public;

(c) any interested persons or groups; and

(d) any other forum that is established by legislation.

(6) Not later than fourteen days after submitting the County Fiscal Strategy Paper to the county assembly, the county assembly shall consider and may adopt it with or without amendments.

(7) The County Treasury shall consider any recommendations made by the

Fiscal Responsibility Principles for the County Government

In line with the Constitution, the Public Finance and Management Act, 2012 sets out the fiscal responsibility principle to ensure that prudent and transparent 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 subsection (2), and shall not exceed the limits stated in the regulations.

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

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

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

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

(d) Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;

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

(f) The fiscal risks shall be managed prudently; and

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

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

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

1.1 INTRODUCTION

1. The County Fiscal Strategy Paper 2018 is the fifth fiscal strategy paper to be prepared by the County Government of Kericho. Public Finance Management Act, 2012 Section 117 requires County Treasury to prepare and submit the policy document to County Assembly after approval by County Executive Committee.

1.2 CFSP Process Overview

2. The 2018/2019 Medium Term Expenditure Framework (MTEF) is the fifth one. This Fiscal Strategy Paper will actualize the implementation of the Second County Integrated Development Plan, (CIDP 2018-2022) and also will be the in the first year of the second regime of county government as per constitution 2010.

3. The County Fiscal Strategy Paper 2018 will be submitted to the relevant committee of County Assembly and subsequently approval by County Assembly. Once the county Assembly approves and adopts the policy document it shall form the basis of expenditure ceilings for financial year 2018-2019 specified in the fiscal framework.

1.3 Outline of the CFSP

4. The County Fiscal Strategy Paper has nine chapters, that is: the County Budget Theme; Recent Economic and Fiscal Developments, Forward Economic and Fiscal Outlook, Strategic Priorities and Interventions, Fiscal Policy and budget Framework, the Medium Term Expenditure Framework, public participation and conclusion.

2.0 RECENT ECONOMIC AND FISCAL DEVELOPMENTS

5. The county operates within the global and national economic framework. The global and national economic dynamics impacts both directly and indirectly on county fiscal decisions and operations. Economic growth is a parameter that influences national government transfer to the counties, given the positive correlation between it and national revenue. Exchange rate fluctuations also affect the county processes with currency devaluation making our imports more expensive. Interest rates affects the cost of local borrowing while inflation changes the costs of goods and services and may affect their affordability as per existing plans

2.1 National Economic and Fiscal Overview.

6. Real GDP growth was a robust 5.8% in 2016, driven mainly by services (which accounted for 66% of growth) and industry (which accounted for 19% of growth). Agriculture accounted for 15% of growth, the lowest in recent years. Growth in services was driven by real estate (which grew 12%) and transport and storage (which grew 10%), and growth in industry was driven by construction (which grew 8.2%) and manufacturing (which grew 6.2%). Real GDP growth declined to an estimated 5% in 2017, due to subdued credit growth caused by caps on commercial banks' lending rates, drought, and the prolonged political impasse over the presidential election. The half-year estimates show that the economy remained fairly resilient, growing at 4.8%. Services sectors accounted for 82% of that growth, and manufacturing industry accounted for 17%; agriculture's poor performance continued. The economy is projected to rebound to GDP growth of 5.6% in 2018 and 6.2% in 2019.

7. Overall macroeconomic fundamentals were stable in 2016/2017. Authorities pursued prudent monetary, fiscal, and exchange rate policies. The Central Bank retained the policy rate at 10% to anchor inflation at the single-digit level (6.3%). Fiscal policy was expansionary and focused on financing infrastructure mega-projects. Higher government spending, coupled with weaker revenue mobilization, increased the budget deficit to 8% and the public debt–to GDP ratio to 54%. The December 2016 International Monetary Fund (IMF)–World Bank Debt Sustainability Analysis put the country at low risk of debt stress. The balance of payments deficit improved slightly to 0.6% of GDP for the year ending June 2017, from 1.7% for the year ending June 2016, on the back of improved current, capital, and financial account balances. This progress increased foreign exchange reserves 0.8%, to a new high of $7.8 billion at end June 2016. The increase in foreign reserves, as well as the precautionary arrangement with the IMF amounting to $1.5 billion, contributed to exchange rate stability. Economic performance in 2017 was mixed. The drought and the presidential election crisis likely affected macroeconomic performance. Inflation increased to an estimated 8.8%; the budget deficit remained high, at an estimated 7.8% of GDP; and the current account deficit increased to an 5.9% of GDP. The economy is projected to be stronger from 2018 onward.

8. Kenya's economy remains resilient due to its diversity; services contributed the highest proportion to GDP growth. This is expected to continue as the country remains the leading regional hub for information and communication technology, financial, and transportation services. Recent investment in rail and road and planned investment in a second runway at Jomo Kenyatta International Airport are potential growth drivers. Macroeconomic stability continues, with most fundamentals projected to remain healthy. The business-enabling environment has

improved as well; Kenya moved up 12 places to a ranking of 80 in the World Bank's 2018 Doing Business report.

9. Continued drought in 2016/17 hindered agricultural productivity and resulted in high inflation for food prices. Prolonged political activities and the presidential election impasse hurt private-sector activity. Although not conclusively assessed, interest rate caps have reportedly constrained credit expansion, leading to reduced private sector investment. Continued high public consumption expenditure keeps the budget deficit at close to 10% of GDP, while the expected maturity of public debt could lead to debt distress.

2.2 County Economic and Fiscal Overview, FY 2016/2017

10. In the Financial Year 2016/2017, the budget was financed by the National Equitable Share of Ksh.4.861 billion (77.17 per cent), Ksh.14.165 million (0.22 per cent) from DANIDA grant to Health, local revenue sources of Ksh.370 million (5.87 per cent), Facility improvement fund at Ksh.140 million (2.22 per cent), other conditional grants was Ksh 276 million (4 per cent), AFA and Coffee Cess to Ksh 81.2 million (1per cent) unspent balance for FY 2015.2016 was Ksh 540 million (9 per cent) and interest from car loans and mortgages was Ksh 11.9 million (0.19 per cent).

2.2.1 Expenditure

11. In terms of expenditure, total expenditure amounted to Ksh 3.722 billion as recurrent against a target of Ksh 3.854 billion, representing an under spending of Ksh 132 million from the revised budget/target expenditure. Development expenditure was Ksh. 2.053 billion against a target of Ksh 2.444 billion, representing an underspending of Kshs 390 million from

the revised budget/target expenditure. Table 1 and 2 below shows the departmental expenditure.

TABLE 1: RECURRENT EXPENDITURE, IN (KSHS)

	ESTIMATE	**YTD Total**	**Balance**
COUNTY ASSEMBLY SERVICES	634,276,781	611,520,010	22,756,771
AGRICULTURE, LIVESTOCK DEVELOPMENT AND FISHERIES	184,076,663	170,680,806	13,395,857
COUNTY PUBLIC SERVICE BOARD	62,020,319	45,613,168	16,407,151
EDUCATION, YOUTH AFFAIRS, CHILDREN, CULTURE AND SOCIAL SERVICES	490,751,254	484,957,436	5,793,818
FINANCE AND ECONOMIC PLANNING	273,688,749	248,591,710	25,097,039
HEALTH	1,432,090,685	1,428,410,568	3,680,117
ICT	39,046,756	27,442,020	11,604,736
LANDS, HOUSING AND PHYSICAL PLANNING	41,697,301	39,302,891	2,394,410
OFFICE OF THE GOVERNOR	148,928,065	155,283,154	-6,355,089
PSM	312,026,073	290,823,377	21,202,696
PUBLIC WORKS, ROADS, TRANSPORT	70,613,231	66,806,465	3,806,766
TRADE, INDUSTRIALISATION, TOURISM, WILDLIFE AND COOPERATIVE MANAGEMENT	82,094,502	73,948,830	8,145,672
WATER, ENERGY, NATURAL RESOURCES AND ENVIRONMENT	82,981,611	79,243,248	3,738,363
Grand Total	**3,854,291,990**	**3,722,623,688**	**131,668,302**

Source: Kericho County Treasury

TABLE 2: DEVELOPMENT EXPENDITURE, IN (KSHS)

KERICCHO COUNTY GOVERNMENT			
DEVELOPMENT VOTE	**ESTIMATE**	**YTD Total**	**Balance**
AGRICULTURE, LIVESTOCK DEVELOPMENT AND FISHERIES	199,355,947	153,389,934	45,966,013
EDUCATION, YOUTH AFFAIRS, CHILDREN, CULTURE AND SOCIAL SERVICES	326,602,920	224,224,032	102,378,888
WATER, ENERGY, NATURAL RESOURCES AND ENVIRONMENT	216,013,871	135,217,167	80,796,704
PSM	9,114,713	-	9,114,713
FINANCE AND ECONOMIC PLANNING	121,735,834	92,925,452	28,810,382
LANDS, HOUSING AND PHYSICAL PLANNING	67,206,629	66,272,572	934,057
PUBLIC WORKS, ROADS, TRANSPORT	1,109,373,673	1,109,253,710	119,963
TRADE, INDUSTRIALISATION, TOURISM, WILDLIFE AND COOPERATIVE MANAGEMENT	55,722,135	45,191,124	5,031,011

ICT	58,315,816	51,366,254	6,949,562
HEALTH	281,221,370	176,055,975	105,165,395
DEBT RESOLUTION-unspent balance b/f fy.2015/16	-	-	-
GRAND TOTAL	**2,444,662,908**	**2,053,896,219**	**390,766,689**

12. In the current financial year 2017/2018 the county government expects to receive equitable share of Kshs 5.224 billion, local collection Kshs.370 million, Donor funds i.e. Danida is Kshs 20.8 million and World Bank Kshs 83.881 million, conditional grants comprising of: fuel levy Kshs. 205.9 million; Development of youth polytechnics Kshs. 35.7 million, and user fee reimbursement Kshs. 18 million; Health Facility Improvement Fund (F.I.F) Kshs 184.1 million, unspent balances Kshs. 396.6 million. The national equitable share forms 79.72% of the total county revenue while own revenue constitute 8.5% while the remaining conditional grants from national government and donor funds is 11.8% of the total revenue.

13. Implementation of the FY 2017/18 budget is on course although performance is lagging behind targets. In the first five months of the year, revenues collections have consistently dipped due to the under performance of the main revenue streams as a result of prolonged electioneering period. On the other hand, there has been elevated expenditures such as salary awards for medical staff.

14. By end of December 2017, the total cumulative revenues excluding F-I-F collected amounted to kshs.76.1million against a target of Ksh 231.2 million. The shortfall in ordinary revenue was on account of underperformance in all the broad categories of various revenue streams.

15. The total recurrent expenditures for FY 2017/18 as at December 2017 was Ksh 1.254 billion against a budget of Ksh 1.949 billion for period while total

development expenditure for FY 2017/18 is kshs 188.8 million. This was mainly payment for pending bills for the fiscal year 2016/2017

16. The FY 2017/18 budget has been reviewed to reflect revenue performance by end of November 2017 and to take into account expenditure rationalization necessitated by the accommodation of the emerging priorities and related expenditure pressures.

17. In the revised fiscal framework total revenues are projected at Ksh 6.55 billion comprising of National Equitable share of Ksh 5.224, Conditional grants of Ksh 259.7 million, Donor funds of Ksh 117.8 million, Own Revenue ksh 370.5 million, F-I-F ksh 184.1million and Unspent balance for FY 2016/2017 of Ksh 396 million.

3.0 FORWARD ECONOMIC AND FISCAL OUTLOOK

3.1 National Economic and Fiscal Outlook

18. Kenya's economy is expected to rebound in 2018 after drought and political turmoil during a prolonged election cycle which cut nearly 1 percent from this year's early economic growth forecast. The economy is expected to grow by more than 6 percent next year and growth would move towards 7 percent in the medium term.
19. Kenya's economy has faced a slowdown for most of the year in 2017. In addition to the drought and its political uncertainty, credit growth has slowed, partly because of a cap on commercial bank lending rates imposed in September 2016. Further, with hydropower being the cheapest source of energy in Kenya, poor rains increased energy costs, their effects spilling over to other sectors. The rise of food and energy prices drove inflation to a five-year high of 10.3% in March 2017.
20. But while the medium- to long-term outlook appears favorable, Kenya's economy remains vulnerable to downside risks. These include potential for fiscal slippages, a more prolonged drought in 2017, and external risks from a weaker than expected growth amongst Kenya's trading partners, as well as uncertainties related to US interest rate hikes and the resultant stronger dollar.
21. Kenya faces a marked slowdown in credit growth to the private sector at 4.3%. This remains well below the ten-year average of 19% and is weighing on private investment and household consumption. As a net oil importer, the rise in global oil prices compared to the lows of 2016 has dampening effect on economic activity. However, in the medium term, economic growth is projected to rebound to 5.8% in 2018 and 6.1% in 2019, consistent with Kenya's underlying growth potential. ***(Source: World Bank Country Review)***

4.0 FISCAL AND BUDGET FRAMEWORK FOR 2018/19 – 2020/21

4.1 Fiscal Framework Summary Overview

22. The priorities outlined in the Medium-Term Plan of Kenya Vision 2030 and the Second County Integrated Development Plan will guide the development of sector priorities, policies, plans and monitoring and evaluation processes for FY 2018/19 - 2020/21 county MTEF budget.

23. According to the Budget Policy Statement prepared and presented by the National Treasury, the total revenue allocation for all 47 counties is Ksh 311 billion. This money is supposed to be shared by counties using the second generation revenue sharing formula developed by the Commission on Revenue Allocation (CRA) and approved by Senate. The County Government of Kericho is earmarked to receive Ksh 5,660,159,968 compared to ksh 5,224,000,000 for the current financial year 2017/2018. The county government while setting departmental ceiling deviated from previous allocation of resources. For the budgetary ceiling for FY 2018/2019, the county considered and applied the six parameters in revenue allocation across departments and more specifically priorities identified across various areas in the county. From the forgoing, the parameters used to share revenue are:

24. a) Population: This accounts for 45% of revenue allocation. It's important to note that population is a good measure of expenditure needs of a county. It is a simple, objective and transparent measure that ensures predictability. Article 203 (1) (j) provides for stable and predictable allocations of revenues to counties. The population parameter guarantees this predictability and also ensures equal per capita transfers to all counties. Besides, use of population in the formula also ensures that counties are able to perform the functions allocated to them. The data used for this parameter is based on the 2009 population census.

b) Basic Equal Share: 26% of the equitable is shared equally among all the 47 counties and equally should be share equally across all the 30 wards of the county. Provision of a basic equal share in a transfer system in meant to guarantee a minimum funding for certain key functions, such as administrative costs of setting up and a running a government. This is based on the assumption that a number of expenditures are, to some extent, similar for all county governments.

c) Poverty; This parameter takes 18% of the shareable revenue. A poverty index provides a measure of welfare of citizens at the county level this component is critical in ensuring that the poorest locations or areas in the county gets the highest allocation since poverty index is a good proxy of developmental needs and economic disparities within county. The county has set aside the total sum of Ksh 513 million out of Ksh 1.0 billion which is the proportion of poverty index to be utilized in implementing strategic intervention in the least developed areas of the county. This parameter in the formula guarantees allocations of revenue to disadvantaged areas which also happen to be the sub counties with the greatest need in line with Article 203 (1)(f)(g)(i) of the Constitution.

d) Land Area. Land area accounts for 8% of the equitable revenue allocation. It's critical that as revenue is being allocated to various departments depending on the priority needs of the residents, sub counties with a larger area has to incur additional administrative costs to deliver a comparable standard of service to its citizens hence a higher allocation. The actual proportion of size of the sub county is relative to the size of the county.

e) Fiscal Responsibility: County governments receive transfers, collect and utilize public resources. Fiscal responsibility entails implementation of sound economic and budgetary practices to ensure citizens get value for money. In using this parameter, the Commission sought to provide incentives to counties to optimize capacity to raise revenue and encourage fiscal prudence, in accordance with Article 216 (3) (c) of the Constitution and Section 107 of the PFM Act 2012. 2% has been allocated to this parameter.

f) Development Factor: This parameter considers access to water, electricity and roads. This therefore captures economic disparities and developmental needs of various areas or region of county. It complements the parameter on poverty to ensure that areas with the greatest developmental needs get additional resources to bring services to the level enjoyed in other parts of the county in accordance with the provisions of Article 203(f),(g) of the Constitution. The factor accounts for 1% of the equitable share.

4.2. Revenues projections

25. The Government is committed towards a realistic, balanced and pro-growth budget that is in perfect cognizant with the fiscal responsibility principles. This includes sustaining the wage bill at current levels with prospects of a decline due to exit, exercising restraint from non-core borrowing, and accelerating resource allocation for programmes geared towards addressing development in low income areas.

26. The fiscal policy underpinning the FY 2018/19 Budget and MTEF aims at revenue target of Ksh 381.6 million from Local Sources; Ksh 5.660 billion from equitable share; Donor grants of Ksh 217.9 million; F-I-F of Ksh 189 million and Conditional Grants of Ksh 208.6 Million. This will translate to a total revenue of Kshs 6.658 billion for the financial year 2018/19. The total amount of money contributed by each parameter as proportion of the total equitable share is shown in the table 3.

Table 3: proportion of equitable share per parameters

NO	Parameter	CRA formula %	Total value (Ksh '000) - 2017/2018	Total value (Ksh) 2018/2019
1	Population	45%	2,350,800	2,547,071,986
2	Basic Equitable Share	26%	1,358,240	1,471,641,592
3	Poverty	18%	940,320	1,018,828,794
4	Land Area	8%	417,920	452,812,797
5	Fiscal Responsibility	2%	104,480	113,203,199
6	development Factor	1%	52,240	56,601,600
	Total	**100%**	**5,224,000**	**5,660,159,968**

Overall the total revenue projections for the county and their respective sources are shown in table 4.

Table 4: revenue per source

FINANCIAL YEAR	PROJECTION	% PROJECTION
SOURCES OF REVENUE	**2018/19**	
Revenue Description		
1.CRA Equitable share	5,660,159,968	85.01%
2.Local Collections	381,639,448	5.73%
3.Facility Improvement Fund	189,641,025	2.85%
4.CONDITIONAL GRANTS		
4A. Routine Maintenance Fuel Levy	150,465,707	2.26%
4B. User fee Reimbursement	18,048,789	0.27%
4C. Development of Youth polytechnics fund	40,153,936	0.60%
5. DONOR FUNDS		0.00%
5A. DANIDA FUND	20,811,321	0.31%
5B. Agricultural Sector development support Fund(ASDSP)	7,671,092	0.12%
5C. Transformative health system (world bank)	42,286,732	0.64%
5D. Kenya Devolution Support Project (world bank)	27,177,381	0.41%
5E. Climate Smart Agriculture Project (world bank)	120,000,000	1.80%
Total	**6,658,055,399**	**100.00%**

4.3 FY 2018/19 Budget Framework

27. The 2018/19 budget framework is set against the background of the medium term fiscal framework, the government's strategic objectives and priorities as outlined in the CIDP and broad development policies. Further, the 2018/2019 Annual Development Plan spells out priority activities, projects and programmes to be undertaken by the various departments during the plan period. This is key in terms of informing allocation of resources to various sectors and more specifically programmes and projects.

4.3.1 Expenditure Forecast

28. Considering the limited resources facing the county government and competing programmes for funding, priorities for funding in FY 2018/19 has been given to projects/programmes that focus on strategic interventions. These programmes are geared towards access to clean and safe drinking water, infrastructure development; food security and value addition; youth empowerment and access to health care services. They are also in line with the county goals and objectives as outlined in this CFSP, the 2018 BPS and the CIDP. In this regard, departments will be required to rationalize and prioritize their expenditure programmes in the FY 2018/19 to focus mainly on the strategic interventions and projects as captured in this document.

29. The tables below show FY 2018/19 budgetary allocations ceilings and projections for the medium term. Table 5,6 and 7 shows the global consolidated expenditure, projections for recurrent and development respectively.

TABLE 5: GLOBAL CONSOLIDATED BUDGET FORECAST CEILING

Department and Entity Name					%age share of total expenditure			
	2017/18	2018/2019	2019/2020	2020/2021	2017/18	2018/2019	2019/2020	2020/2021
	ACTUAL(PRINTED)	ESTIMATE	PROJECTION		ACTUAL	ESTIMATE	PROJECTION	
County Assembly Services	608,082,155	**595,771,093**	613,644,225	632,053,552	10%	**9%**	9%	9%
Finance & Economic Planning	382,830,828	**406,611,373**	418,809,714	431,374,006	6%	**6%**	6%	6%
Agriculture, Livestock Development & Fisheries	389,860,520	**468,243,883**	482,291,199	496,759,935	6%	**7%**	7%	7%
Health Services	2,174,093,615	**2,166,921,184**	2,231,928,819	2,298,886,684	35%	**33%**	33%	33%
Education, Youth, Children, Culture & Social Services	703,008,542	**646,931,791**	666,339,745	686,329,938	11%	**10%**	10%	10%
Land, Housing & Physical Planning	165,597,878	**176,757,660**	182,060,390	187,522,202	3%	**3%**	3%	3%
Public Works, Roads & Transport	809,560,825	**525,949,482**	541,727,966	557,979,805	13%	**8%**	8%	8%
Water, Energy, Natural Resources & Environment	341,383,798	**387,521,732**	399,147,384	411,121,806	5%	**6%**	6%	6%
Public Service & Administration	292,462,740	**297,259,798**	306,177,592	315,362,920	5%	**4%**	4%	4%
County Public Service Board	64,103,247	**69,594,593**	71,682,431	73,832,904	1%	**1%**	1%	1%
Office of the Governor and Deputy Governor	142,070,872	**175,727,269**	180,999,087	186,429,060	2%	**3%**	3%	3%
Trade, Industrialization, Tourism, Wildlife & Cooperative Development	127,001,194	**134,255,024**	138,282,675	142,431,155	2%	**2%**	2%	2%
Information, Communication & E-Government	80,243,047	**92,848,517**	95,633,973	98,502,992	1%	**1%**	1%	1%
strategic interventions	0	**513,662,000**	**529,071,860**	**544,944,016**	0%	**8%**	**8%**	**8%**
GRAND TOTAL	**6,280,299,262**	**6,658,055,400**	**6,328,725,202**	**7,063,530,974**	**100%**	**100%**	**100%**	**100%**

TABLE 6: RECURRENT EXPENDITURE PROJECTION

Department and Entity Name					%age share of total expenditure			
	2017/18	2018/2019	2019/2020	2020/2021	2017/18	2018/2019	2019/2020	2020/2021
	ACTUAL(PRINTED)	ESTIMATE	PROJECTION		ACTUAL	ESTIMATE	PROJECTION	
County Assembly Services	608,082,155	**595,771,093**	613,644,225	632,053,552	14%	**13%**	13%	13%
Finance & Economic Planning	324,943,304	**362,031,555**	372,892,502	384,079,277	7%	**8%**	8%	8%
Agriculture, Livestock Development & Fisheries	212,873,671	**227,863,742**	234,699,655	241,740,644	5%	**5%**	5%	5%
Health Services	1,930,276,344	**1,945,363,821**	2,003,724,735	2,063,836,477	43%	**42%**	42%	42%
Education, Youth, Children, Culture & Social Services	561,075,822	**507,871,042**	523,107,174	538,800,389	13%	**11%**	11%	11%
Land, Housing & Physical Planning	47,185,214	**66,074,722**	68,056,964	70,098,673	1%	**1%**	1%	1%
Public Works, Roads & Transport	62,085,056	**75,623,900**	77,892,617	80,229,396	1%	**2%**	2%	2%
Water, Energy, Natural Resources & Environment	103,197,037	**144,768,320**	149,111,370	153,584,711	2%	**3%**	3%	3%
Public Service & Administration	276,538,171	**286,029,914**	294,610,812	303,449,136	6%	**6%**	6%	6%
County Public Service Board	64,103,247	**69,594,593**	71,682,431	73,832,904	1%	**2%**	2%	2%
Office of the Governor and Deputy Governor	142,070,872	**175,727,269**	180,999,087	186,429,060	3%	**4%**	4%	4%
Trade, Industrialization, Tourism, Wildlife & Cooperative Development	74,486,264	**85,733,248**	88,305,246	90,954,403	2%	**2%**	2%	2%
Information Commission and E-Government	45,261,432	**57,196,215**	58,912,102	60,679,465	1%	**1%**	1%	1%
GRAND TOTAL	**4,452,178,590**	**4,599,649,436**	**4,737,638,919**	**4,879,768,086**	**100%**	**100%**	**100%**	**100%**

TABLE 7: DEVELOPMENT EXPENDITURE PROJECTION

Department and Entity Name	2017/18	2018/19	2019/2020	2020/2021	2017/18	2018/2019	2019/2020	2020/2021
	ACTUALS(PRINTED)	ESTIMATE	PROJECTION		ACTUAL	ESTIMATE	PROJECTION	
County Assembly Services	0	**0**	0	0	0%	0%	0%	0%
Finance & Economic Planning	57,887,524	**44,579,818**	45,917,213	47,294,729	3%	2%	2%	2%
Agriculture, Livestock Development & Fisheries	176,986,849	**240,380,141**	247,591,545	255,019,291	10%	12%	12%	12%
Health Services	243,817,271	**221,557,363**	228,204,084	235,050,207	13%	11%	11%	11%
Education, Youth, Children, Culture & Social Services	141,932,720	**139,060,749**	143,232,572	147,529,549	8%	7%	7%	7%
Land, Housing & Physical Planning	118,412,664	**110,682,938**	114,003,426	117,423,529	6%	5%	5%	5%
Public Works, Roads & Transport	747,475,769	**450,325,582**	463,835,349	477,750,409	41%	22%	22%	22%
Water, Energy, Natural Resources & Environment	238,186,761	**242,753,412**	250,036,014	257,537,095	13%	12%	12%	12%
Public Service & Administration	15,924,569	**11,229,884**	11,566,780	11,913,784	1%	1%	1%	1%
County Public Service Board	0	**0**	0	0	0%	0%	0%	0%
Office of the Governor and Deputy Governor	0	**0**	0	0	0%	0%	0%	0%
Trade, Industrialization, Tourism, Wildlife & Cooperative Development	52,514,930	**48,521,776**	49,977,429	51,476,752	3%	2%	2%	2%
Information, Communication & E-Government	34,981,615	**35,652,302**	36,721,871	37,823,527	2%	2%	2%	2%
strategic intervention	0	**513,662,000**	529,071,860	544,944,016	0%	25%	25%	25%
GRAND TOTAL	**1,828,120,672**	**2,058,405,965**	**2,120,158,143**	**2,183,762,888**	**100%**	**100%**	**100%**	**100%**

5.0 STRATEGIC PRIORITIES AND INTERVENTION

5.1 Overview

31. The county is in the process finalizing the second generation County Integrated Development Plan (CIDP) for the period 2018-2022 which has taken into account: Governor's manifesto; The Big Four pillars; public input through the countywide CIDP consultative meetings, contribution from interested groups and the Medium Term Plan (MTP) III priority programmes covering the period 2018-2022. It's imperative to note that development expenditures are shared out on the basis of the county priority intervention programmes, ongoing programs and departmental previous year's absorption rate.

5.2 Strategic Priorities

30. The ultimate goal of the county government is to improve the quality of life for the residents of Kericho County. The CFSP's strategic priorities and policy goals have therefore been aligned as follows;

    Strategic Priority 1: provision of clean and safe water

    Strategic Priority 2: Infrastructural investments

    Strategic Priority 3: Food security, enhancement of cash crop and value addition

    Strategic Priority 4: Access to quality Social Services and universal health care.

31. Towards these end Kshs. 513 million has been set aside to address the strategic intervention.

5.3 Strategic Interventions

32. From the 2009 Population and Housing Census, it evident that there is inequality in development across the county. Poverty levels vary from one

region to another caused by different factors ranging from socio – economic to infrastructural development inequalities.

33. In this regard, resource allocations will be aligned to development of programmes/projects for the prioritized needs.

34. The strategic priority areas will transform lives of residents by enabling them to access safe and clean drinking water hence reducing water borne diseases, improvement of road networks hence ensure farm produce reaches the market; improve living conditions and reduce poverty and inequality. Further, provision of quality universal health care and ensuring food security and value addition are also among the key priority interventions. Resources earmarked for these interventions will be ring-fenced over the medium term. Therefore, the key priorities for 2018/2019 medium term are:

a) Due to absence of clean and safe drinking water in some parts of the county, it's relatively difficult to have investors investing in those areas yet investor act as catalyst of development. In the FY 2018/2019, the key intervention is provision of safe clean drinking water to address water scarcity.

b) Roads development is integral part economic development and expansion, continuous roads opening and maintenance is paramount, as part of strategic intervention in infrastructural development. Access roads in the county varies with some counties having more motorable roads than other regions. Hence there is need to purpose that the inaccessible areas have roads done bringing about equity in development.

c) Kericho Town is earmarked to be categorized as a municipality with the support from World Bank. Provision of conducing working environment is critical for investors and traders. There is therefore need to boost trade development in Kericho town.

d) Achievement of universal health. This involves provision of quality health care through deployment of appropriate primary health strategies geared towards preventive health services. This includes developing strategies to enable citizen have early detection of lifestyle diseases, timely vaccination and prenatal clinical services.

e) The County Government has cardinal responsibility to ensure food security to its citizens since this direct effect on the social and economic stability of a county. The 2007 Economic Review of Agriculture indicates that 51 % of the Kenyan population lack access to adequate food. Food security is closely linked to poverty which is estimated at 46 % nationally. The strategy for achieving food security is for the government to support efforts to increase agricultural productivity through development and application of technology and strengthening of extension services. The county will establish stock improvement centers for dairy and gala goats and doper in the Soin and Kipkelion areas. Further, an agricultural food and milk processing plants will be established.

f) Youth empowerment is a process where young people are encouraged to take charge of their lives, they do this by addressing their situation and then take action in order to improve their access to resources and transform their consciousness through their beliefs, values, and attitude. Youth empowerment is also a central tenet of the United Nations Child; The Plan of Action for Youth Empowerment is developed to promote the economic enfranchisement of young people" through a range of measures ranging from micro-credit and entrepreneurship education. Youth work often emphasizes the need to involve young people in the running of their own services through a process of youth – led youth work. For instance through road maintenance funds the youth will get direct job opportunities.

5.4. Fiscal Responsibility Principles

35. In compliance with section 107 of the PFM Act, 2012 the County Treasury shall;

(1). Manage its public finances in accordance with the principles of fiscal responsibility set out in subsection (2) and shall not exceed the limits stated in the regulations.

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

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

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

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

(d) Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;

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

(f) The fiscal risks shall be managed prudently; and

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

The 2018/19 budget estimate shall have 32% for development and 68% for recurrent hence meeting the fiscal responsibility principle. Personnel emolument accounts for 41% of total revenue excluding all grants from national government and donors.

5.5. Debt Management Strategy

36. In regard to deficit financing and borrowing, the County Government is aware of the provisions of PFM Act, 2012 and adherence to the requirements of these laws is ensured. Section 107(3) (4) of the PFM Act provides as follows:

- 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.

37. The County Debt Management Strategy Paper has just been finalized and submitted to County Assembly for consideration. The strategy spells out the various debt the county owes to suppliers and Contractors. Details and clarification are contained in Debt Management Strategy Paper 2018.

6.0 Medium- Term Expenditure Baseline Ceilings

38. The allocation of departmental ceilings over the medium term is informed by the following guidelines:
    1. Non-discretionary expenditures: This takes first charge and includes payment of Salaries and wages.
    2. Operations and maintenance: Departments are allocated funds for basic operations and maintenance.
    3. Development expenditure: At least, 30 percent of the total revenue that will be available will be used to finance development expenditure. The entire development expenditures are shared out on the basis of county priorities.
    4. Strategic intervention programs within the identified sectors for socio-economic mitigations in the county.

7.0 Details of Sector/Departmental Priorities

7.1 Public Works, Roads and Transport

39. The mandate of the Department will be to carry out Public Works, Roads and Transport services in the county. The department has three divisions namely; public works, Roads and Transport.

40. The sector aims at sustaining and expanding cost-effective public utility infrastructure facilities and services in the areas of road connectivity and provision of technical services to other departments in building works by the Public Works Sub sector in line with the priorities in the Constitution of Kenya and the CIDP2.

41. In order for the department to implement the prioritized programs and projects, the Sector has been allocated Ksh 525.9 million, Ksh 541.7 million and Ksh 557.9 million for the financial years 2018/19, 2019/20 and 2020/21 respectively. Recurrent expenditure for the medium-term is Ksh 75.6 million, Ksh 77.8 million and Ksh 80.2 million respectively. The development expenditure for the same period is Ksh 450.3 million, Ksh463.8 million, and Ksh477.7 million respectively

7.2 Agriculture, Livestock development and Fisheries

42. The Vision of the department IS "An innovative, commercially-oriented and modern Agriculture and Rural Development Sector" while the mission is "To improve livelihoods of Kenyans through promotion of competitive agriculture and innovative_research, sustainable livestock and fisheries development."

43. The Department of Agriculture, Livestock and Fisheries is structured into four broad mandate areas in-order to enable the fulfillment of her vision. These areas include (i) agriculture, responsible for promoting food and nutritional security through sustainable land-use practices and commercial-oriented crop

production; (ii) livestock production, concerned with promoting improved productivity of livestock enterprises and facilitating increased access to markets for livestock and livestock products, (iii) veterinary services, aimed at facilitating sustainable control and management of livestock pests and diseases, and to promote access to superior livestock breeds; and (iv) fisheries promotion, responsible for facilitating widespread adoption of fish farming enterprises for food and income generation among rural communities.

44. During the FY 2018/19-2020/21 MTEF period, the sector will continue to implement policies aimed at cushioning the agriculture sector and ensuring food security. The focus will be enhancing extension services to ensure they target improvements in food yields and production quality; facilitating large scale commercial agriculture to help diversify staples; livestock breeding programmes; In addition, fisheries, aquaculture and Blue Economy policies, infrastructure and capacities will be developed and implemented.

45. For fiscal year 2018/2019, Agriculture, Livestock and Fisheries sector has been allocated Ksh 468.2 million, Ksh 482.3 million and Ksh 496.7 million for the financial years 2018/2019, 2019/2020 and 2020/2021 respectively. The recurrent expenditure allocation for FY 2018/2019, 2019/2020 and 2020/2021 is Ksh 227.8 million, Ksh 234.7 million and Ksh 241.7 million, while development expenditure allocation for the same period is Ksh 240.4 million, Ksh 247.4 million, and Ksh 255.0 million respectively.

7.4 Water, Environment, Energy, Forestry and Natural Resources

46. The department Vision "To be a department of excellence in sustainable management, conservation and development of natural resources" and the Mission "Promote and conserve water; renewable energy; forests and allied resources while protecting the environment",

The mandante of the department is: **-**Provision of safe water and sanitation services Control of air pollution, noise pollution, other public nuisances and outdoor advertisement

47. The department intends to; develop new water supply projects; Rehabilitation and augmentation of existing water supplies; Protection of water sources; Drilling and equipping/Rehabilitation of boreholes; Develop new water pans and dams; Desilting/Rehabilitation/Augmentation of Pans and dams; Provision and Installation of water harvesting facilities in public institutions/schools; Develop new sanitation facilities; Rehabilitation and augmentation of existing sanitation facilities; Develop new sanitation facilities; Develop appropriate policy and legal for SWM to reflect current and future needs and Develop SWM infrastructure.

48. The county has relatively small water falls which have the potential to produce small hydro power for the county's use especially in running of its water schemes.

49. The County will endeavor to increase access to safe water and basic sanitation as well as enhancing access to clean, safe and sustainable environment.

50. The development of the Water Master plan for the County is on-going in the Current financial year.

The water sub sector will continue with the completion, rehabilitation and expansion of existing water supply projects; conservation of water sources; drilling and equipping of boreholes; and provision of plastic tanks to public institutions. A notable new component in the completion of water supply projects is the construction of water treatment works. The sub sector will also undertake the planning and design of the Proposed Bureti Water Supply Project to supplement the existing Litein Water Project. This project constitutes a proposed hydro power along Itare River near Kaptui. The Environment and Forestry Sub Sector will continue with the solid waste management and environmental conservation. The department will improve the cleanliness of the urban areas and market centres by increasing the coverage of garbage collection and improving dumpsites.

51. For the 2018/19 to 2020/21 MTEF period the sector has prioritized programmes intended to; increase availability of safe and adequate water resources; enhance accessibility of water and sewerage services; develop policy and legal framework for efficient and effective management of the environment; sustainably manage and conserve environment; sustainably manage and conserve forests and water towers; promote good governance in the management of water resources;
52. The sector has been allocated Ksh 387.5 million, Ksh 399.1million and Ksh 411.1 million for the financial years 2018/2019, 2019/2020 and 2020/2021 respectively to enable them carryout the various prioritized programmes and projects. The recurrent expenditure allocation for FY 2018/2019, 2019/2020 and 2020/2021 is Ksh 144.7 million, Ksh 149.1 million and Ksh 153.6 million, while development expenditure allocation for the same period is Ksh 242.7- million, Ksh250.0 million, and Ksh 257.5million respectively.

7.5 Trade, Industrialization, Tourism, Wildlife and Cooperative Management

53. The mission of the department is to promote vibrant business enterprise growth through an enabling policy and legal framework for sustainable socio-economic development.
54. The department seeks to create a viable and conducive environment that can aid business development services so as to spur and promote economic growth. The department also provides an avenue through Cooperatives to enhance entrepreneurship while at the same time protecting and conserving the County's natural resources through supporting the development of tourism facilities.

55. The sector aims at creating employment opportunities and wealth creation through an integrated information management system for co-operatives; Improve accessibility of agricultural products/commodities to markets; equip Weights & Measures sector; Facilitate potential and existing enterprises including youth and women in export business to increase exports; tourist establishments; Hold cultural tourism festivals; and promote tourism to increase earnings.

56. During the FY 2018/19-2020/21 MTEF period, the sector aims to: create enabling environment to promote and facilitate industrial development through value addition and investment; promote co-operative sector development and improve governance and management of co-operative societies; promote trade, develop tourism products and market Kericho county as a tourist destination both locally and internationally.

57. In order to implement the prioritized programmes, the sector has been allocated Ksh 134.2 million, Ksh 138.2 million and Ksh 142.4 million for the financial years 2018/2019, 2019/2020 and 2020/2021 respectively. The recurrent expenditure allocation for FY 2018/2019, 2019/2020 and

2020/2021 is Ksh 85.7 million, Ksh 88.3 million and Ksh 90.9. million, while development expenditure allocation for the same period is Ksh 48.5 million, Ksh 49.7 million, and Ksh 51.4million respectively.

7.5 Health Sector

58. The sector mandate is to promote and participate in the provision of integrated and high-quality curative, preventive and rehabilitative services that is equitable, responsive, accessible and accountable to county residents. The sector faces a number of challenges including inadequate infrastructure, shortage of qualified health personnel and medicines and medical supplies and labour unrest. In the medium term the sector will seek to address these challenges through continued investment in training of health professionals, medical services healthy and sanitation infrastructure and improvement in the working condition of the medical practitioners.

59. Some of the key projects that will be implemented in the 2018/19 to 2020/21 MTEF period will be geared towards the following: scaling up Universal Health Coverage (UHC) initiatives. Improving quality of healthcare through the revamping and expansion of health infrastructure, including expanding the categories of specialized medical equipment. Establishment of centers of excellence in health, health commodity storage centers, new specialized health facilities and laboratories; building capacity in human resources for health at all levels of the healthcare system.

60. In order to implement the prioritized programmes, the Sector has been allocated Ksh 2.17billion, Ksh 2.23billion and Ksh 2.298billion for the financial years 2018/2019, 2019/2020 and 2020/2021 respectively. The recurrent expenditure allocation for FY 2018/2019, 2019/2020 and 2020/2021 is Ksh 1.945billion, Ksh 2.0billion and Ksh 2.06billion, while development expenditure allocation for the same period is Ksh 221.5 million, Ksh 228.2 million, and Ksh 235.0 million respectively.

7.6 Education, Youth, Culture and Social Services.

61. The vision is "A globally competitive education, training, research and innovation for sustainable development" and the mission is To provide, promote and coordinate quality education and training; integration of science, technology and innovation in sustainable socio-economic development process".

62. Mandate: The department of Education, Youth Affairs, Sports, Culture & Social Services has been mandated to promote education, empower the youth, promote sports, culture and also improve the provision of social services whereas ensuring gender is mainstreamed in all its programmes.

63. Expansion of access to education and training is at the heart of the Government's commitment to our children's future. In this regard, the Government continues to increase resources for early childhood development.

64. To meet its goal as well as contribute to economic growth, the sector has prioritized the following programmes for the 2018/19 to 2020/21 MTEF Period: construction and improvement of infrastructure in all learning institutions,

65. In order to implement the prioritized programmes, the Sector has been allocated Ksh 646.9 million, Ksh 666.3 million and Ksh 686.3 million for the financial years 2018/2019, 2019/2020 and 2020/2021 respectively. The recurrent expenditure allocation for FY2018/19, 2019/20 and 2020/21 is Ksh 507.8 million, Ksh 523.1 million and Ksh 538.8 million, while development expenditure allocation for the same period is Ksh 139.0 million, Ksh 143.2 million, and Ksh 147.5 million respectively.

7.7. Lands, Housing and Physical Planning

Vision: ,"To become a unique, technically capable and proactive entity, able to contribute effectively to the rational spatial development of sustainable human settlements in Kericho county" and the mission is "To plan, manage, promote harmonious, sustainable and effective spatial development of human settlements in the county in accordance with sound environmental and Physical Planning principles".

66. The mandate of this department is to formulate and implement land policy, undertake physical planning, register land transactions, undertake land surveys and mapping, land adjudication, settlement, valuation and administration of state and trust land.

67. In order to implement the prioritized programmes, the department has been allocated Ksh 176.7 million, Ksh 182.0 million and Ksh 187.5 million for the financial years 2018/2019, 2019/2020 and 2020/2021 respectively. The recurrent expenditure allocation for FY2018/19, 2019/20 and 2020/21 is Ksh 66.0 million, Ksh 68.0 million and Ksh 70.1 million, while development expenditure allocation for the same period is Ksh 110.6 million, Ksh 114.0 million, and Ksh 117.4 million respectively.

7.8 Public Service Management

It is a service department mandated to guide the county human capital in human resource policies provisions and guidelines both at the county headquarters and the devolved units down to the village level. The department vision… To be a model department in the formulation of public policy and service delivery. And its mission is "Provision of policy direction for public participation and quality public service delivery".

Mandate

68. The mandate of the department is to provide Human Resource policies and guidelines of the County Civil Service and Co-ordinate the Administrative Units at the County, Sub-County, and Ward and Village level.

69. The Sector provides overall policy direction and leadership to the county, oversees county legislation as well as the human resource function in the

public service. It further coordinates county policy formulation, implementation, monitoring and evaluation; resource mobilization and management; devolution oversight; intergovernmental relations and oversight on use of public resources and service delivery.

70. To implement the prioritized programmes, the sector has been allocated Ksh 297.2 million for the financial years 2018/2019. Recurrent expenditure allocation for FY 2018/19 is Ksh 286.0 million and the development expenditure for the same is Ksh 11.2 million,

7.9 Finance and Economic Planning

71. The Sector provides fiscal policy formulation, resource mobilization and management; oversight on use of public resources.

72. This is a service department hence a great proportion of the budgetary ceilings is towards meeting recurrent expenditure with minimal development budgetary provision. The sector therefore has been allocated Kshs. 406.6 million for the financial year 2018/2019 comprising of recurrent expenditure allocation of Kshs. 362.0 million and development expenditure is Kshs. 44.5million,

7.10 Governor's Office

73. The department provides overall policy direction and leadership to the county, oversees county legislation as well as the human resource function in the public service. It further coordinates county policy formulation, implementation, monitoring and evaluation; resource mobilization and management; devolution oversight; intergovernmental relations and oversight on use of public resources and service delivery.

74. The entity has been allocated Kshs. 175.7 million for the financial year 2018/2019 for recurrent expenditure. There is no development vote for this entity.

7.11 Public Service Board

75. The County Public Service Board (CPSB) is an independent county board established by law and is in charge of handling all matters of human capital of the county. It ensures that all the sectors have qualified and adequate staff. Further the County will promote best labour practices in recruitment, allocating, motivating and effectively utilizing human resources for improved public service delivery and promote public service integrity.

76. To implement the prioritized activities, the entity has been allocated Ksh 69.5 million for the financial year 2018/2019 to recurrent expenditure.

7.12 Information Communication and E- Government

77. The mandate of the Department of Information, Communication and E-Government in County Government of Kericho is to position itself in order to grow a knowledge-based economy in line with Mid Term Sustainable Development Goals and aspiration of Kenya's Vision 2030.

a). Vision: "To maximize Productivity and Efficiency in Service delivery by Utilizing and Exploiting ICTs platforms so as to make Kericho County the choice of everyone".

b). Mission"To develop, deploy and support innovative, quality and sustainable ICTs and E-Government solutions and services that meet and exceeds the changing needs of governance and management of the CGK".

78. For the county to achieve its vision and goals, it will require leveraging the potential of Information and Communication Technologies (ICTs) in operations and programming implementation. This therefore makes ICT & e-Government

a cross-cutting sub-sector, expected to contribute to the implementation of selected strategies to enhance service delivery in Kericho County.

79. The department has been allocated Ksh 92.8 million, for the financial years 2018/2019. Recurrent expenditure allocation for FY 2018/19 is Ksh 57.1 million while the development expenditure for the same period is Ksh 35.6 million in order to facilitate implementation of the identified priority areas of the department.

8.0 Public Participation/ Sector Hearings and Involvement of Stakeholders

80. Public participation provides for an all-inclusive avenue for identifying and prioritizing government projects and activities under the budgeting process by key stakeholders and the general public. This process commenced early in the budget preparation process with the issuance of Treasury Budget circular in August 2017, finalization of the 2017 Budget Review and Outlook Paper by end of September 2017 and engagement of all sector groups and meetings thereafter. This process culminated with the public hearings in January 2018 at the sub-county level. Further, the PFM Act, 2012 section 117(1) requires the County Treasury while preparing the County Fiscal Strategy Paper to seek views of various Stakeholders, Institutions and the public. In this regard, the 2018 County Fiscal Strategy Paper has been subjected to comments from various Stakeholders, Institutions and the public.

9.0 CONCLUSION

81. This fiscal policy will support growth within a sustainable path of public spending by allowing the recurrent expenditure to decline gradually. Therefore, moderation in county spending will help increase the pool of funds available for development initiatives in the county. Proper utilization of funds of county resources while improving on efficiency will also help to create room for critical interventions in the social sector.

82. The set of policies outlined in this CFSP reflect the current circumstances and are broadly in line with the fiscal responsibility principles outlined in the PFM Act 2012. They are also consistent with the county and national strategic objectives pursued by both levels of Government as a basis of allocation of public resources.