

SAMBURU COUNTY GOVERNMENT



MEDIUM TERM

COUNTY FISCAL STRATEGY PAPER

February 2020

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Foreword

One of the key steps in the county budget cycle is the preparation of the County Fiscal Strategy Paper (CFSP). This is an annual planning document that shows the various fiscal strategies that the County Government of Samburu intends to employ in the development of the County's Financial Year 2020/2021 budget and the Medium Term expenditure projections. The paper therefore, links county plans and policies to budgeting which is the main objective of the Medium Term Expenditure Framework.

The County priorities and goals outlined herein are informed by the County Integrated Development Plan (CIDP) (2018-2022) and the Governor's Manifesto. This is further elaborated in the 2020/2021 Annual Development Plan(ADP) with emphasis on investment in;

- a) Food security.
- b) Quality and accessible Health Care.
- c) Provision of Quality Education

In the 2020/2021 financial year and over the medium term, the county's sources of revenue will be; equitable share, conditional grants and local revenue collections. The County Government proposes a series of measures to increase revenue and balance its fiscal spending. This will focus on strengthening the potential it is endowed with to stimulate economic growth and development. The paper therefore, puts into perspective how the county anticipates expending its scarce resources in the period under review.

The fiscal framework presented in the paper ensures a sustainable financing while allowing continued spending on priority programmes. In order to attain this, strict adherence to the Public Finance Management Act 2012, greater transparency, effectiveness and monitoring will be ensured at all the county levels.

Hon. Dorcas Lekesinyal
CECM - Finance, Economic Planning & ICT

Acknowledgement

The preparation of the 2020 CFSP was achieved through consultation and co-operation between all County departments and development partners. It sets out broad strategic priorities and policy goals that will guide the Samburu County Government in preparing its budget over the medium term and for the Financial Year 2020/2021. In summary it have the following components; **performance, priorities, projections**, and sector **ceilings** .Public participation was done from the village up to the sub county levels. More strategic information was also obtained from the county sector working groups and other government agencies.

We express our gratitude to the leadership of H.E the Governor, H.E the Deputy Governor and the entire County Executive Committee members for their support and inputs. There were invaluable contributions from the accounting officers which is appreciated. Special appreciation goes to the entire County Budget and Economic Forum (CBEF) for their inputs and comments towards the finalization of the document.

A core team in the County Treasury spent a significant amount of time in putting together this Paper. We are grateful to the entire staff at the department of Budget and Economic Planning and the Macro working Group for their continuous effort. I would like to take this opportunity to thank the entire staff of Samburu County Government for their dedication and commitment to public service.

Finally, I wish to thank our stakeholders for their input in the preparation of the 2020 CFSP.

Mr. David Lesamana

Chief Officer - Finance Economic Planning and ICT

Legal Basis

Legal Basis for the Publication of the CFSP.

The county fiscal strategy paper is prepared in accordance with Section 117 of the PFMA. The law states that:

- (1) The County Treasury shall prepare and submit to the County Executive Committee the CFSP for approval and the County Treasury shall submit the approved CFSP to the County Assembly, by the 28th February of each year.
- (2) The County Treasury shall align its CFSP with the national objectives in the BPS.
- (3) In preparing the CFSP, 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 CFSP 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 CFSP, the County Treasury shall seek and take into account the views of —
 - (a) the CRA;
 - (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 CFSP 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 county assembly when finalizing the budget proposal for the financial year 2020/21.
- (8) The County Treasury shall publish and publicize the CFSP within seven

Fiscal Responsibility

Fiscal Responsibility Principles in the PFMA

In line with the Constitution, the PFMA, sets out the fiscal responsibility principles to ensure prudence and transparency in the management of public resources. The PFMA (Section 107) states that:

- (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.

Abbreviations and Acronyms

ADP	Annual Development Plan
BPS	Budget Policy Statement
CFSP	County Fiscal Strategy Paper
CRA	Commission on Revenue Allocation
CIDP	County Integrated Development Plan
ECD	Early Childhood Development
FY	Financial Year
GDP	Gross Domestic Product
ICT	Information, Communication and Technology
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
KSH	Kenya Shillings
MTEF	Medium Term Expenditure Framework
PBB	Programme Based Budget
PFMA	Public Financial Management Act 2012
SNR	Samburu National Reserve

CHAPTER ONE: OVERVIEW

Introduction:

1. The County Treasury is mandated by the Public Finance Management Act (PFMA), 2012 Section 117 to prepare and submit, to the County Assembly, the County Fiscal Strategy Paper (CFSP) by 28th February each year. As per the PFMA Section 117 (7), the County Assembly is required to consider and may adopt the CFSP with or without amendments not later than fourteen days after submission by the County Treasury. The County Treasury is mandated to publish and publicize the CFSP within seven days after it has been submitted to the County Assembly. In doing so, The County Treasury is required to consider any recommendations made by the County Assembly and incorporate them while finalising the budget estimates for the year. The CFSP specifies the broad strategic priorities and policy goals that will guide the county government in preparing the FY 2020/21 budget and over the medium term. It also contains the financial outlook with respect to County Government revenues and expenditures for the coming financial year and respective sector wide ceilings limits over the Medium term.

2. The 2020 Samburu County Fiscal Strategy Paper identifies the broad strategic priorities and policy goals that will guide the County Government in preparing its budget for Financial Year (FY) 2020/2021 and the Medium Term. The paper covers the following broad areas: review of the fiscal performance of FY 2018/19, the fiscal performance of first half of the FY 2019/20; highlights of the recent economic developments and economic outlook; broad strategic priorities and policies for FY 2020/21 as indicated in the ADP and the Medium Term Fiscal Framework as outlined in the Samburu CIDP 2018-2022.

3. The County will continue reorienting expenditure towards those priority programmes outlined in CIDP 2018-22 and as identified in public consultative forums. The critical programmes to be implemented are expected to accelerate economic activities and socio-economic development.

The key County priority areas are;

- a) Invest in food security.
- b) Investing in quality and accessible Health Care.
- c) Provision of Quality Education.

The implementation of projects and programs under the three strategic objectives are all geared towards an enhanced economic development for the county residents.

Outline of the 2020 County Fiscal Strategy Paper

4. This County Fiscal strategy Paper is presented in five chapters.

Chapter one presents the introduction with an overview, legal basis for the preparation of the CFSP, rationale, County Government's fiscal responsibility principles and the paper outline.

Chapter two outlines the recent economic and fiscal developments within which the 2020/2021 budget will be prepared. It further presents an overview of the economic and fiscal developments and the macroeconomic outlook covering the global, national and county scenes with respect to the recent developments.

Chapter three highlights the County strategic priorities and interventions.

In Chapter Four, the paper presents the fiscal policy and budget framework that will support planned growth over the medium and long term, while continuing to provide sufficient resources to support the county social-economic development.

Chapter Five presents Medium Term expenditure Framework, Resource Envelop, overall spending priorities in relation to strategic priorities and interventions and medium term expenditure base-line ceilings. The chapter also analysis the risk and the mitigation measures to counter the specific risk.

Chapter six presents the conclusion of the paper

CHAPTER TWO: RECENT ECONOMIC DEVELOPMENTS AND POLICY OUTLOOK

Overview of Recent Economic Performance

5. Samburu County is not in isolation from the effect of global and national economic issues that do arise. These issues have had either positive or negative effects on the economic development of the county. This section highlights recent economic developments on the Global and National level and the impact it has on the County Economic Development.

Global Economic Review

A. Overview

6. Global economic growth is expected to slow down to 3.2 percent in 2019 down from 3.6 percent in 2018 and projected to increase to 3.5 percent in 2020. The sluggish growth reflects the continued global trade sanctions on certain imports between the United States and China, subdued investment and demand for consumer durables in emerging markets and developing economies, rising energy prices and the continued Brexit-related uncertainties.

Kenya Economic Outlook

7. On the domestic scene, despite the challenging global environment, Kenya's economy has remained strong and resilient. The economy expanded by 6.3 percent in 2018 up from the 4.9 percent registered in 2017. Economic growth is further projected to rise to 6.2 percent in the FY 2020/21 and 7.0 percent in the medium term.

8. Kenya has continuously stood out as the place to invest in Sub Saharan Africa in spite of the challenges that it faces. Investors continue to be bullish about the economy because of Kenya's importance to the regional economy and its focus on investments around the Big 4 Agenda. GDP growth is expected to come from the Big 4 Agenda projects with public infrastructure projects contributing the highest percentage of growth

The Macroeconomic environment

9. Kenya is an agricultural economy which is mainly rain-fed meaning any changes in rainfall patterns are definitely going to have an impact on the economy. Kenya has removed interest rate-cap on commercial bank lending rates in place which will lighten its ability to renew the Standby Credit Facility from the International Monetary Fund (IMF).

10. This growth outlook for 2019 and the medium term will be supported by the stable macroeconomic environment, investments in the strategic areas under the “Big Four” agenda, the ongoing public investments in infrastructure projects, existing business and consumer confidence, growth in tourism, resilient exports and the associated benefits from regional economic integration in the sub region. According to the Kenya Economic Survey 2019, unemployment stood at 9.3 per cent last year, with the GDP at ksh 8.56 trillion.

Recent Economic Developments

11. The growth was mostly supported by growth in the service sector industries such as information and communication, transportation, construction, accommodation and food services, financial and insurance activities.

12. The first half of 2019, was characterized by slowdown in agricultural activities following delay in the onset of long rains, leading to reduced production of key food crops and livestock products such as coffee, sugarcane, carrots, potatoes, maize, cabbages and milk.

13. The non-agricultural sector (service and industry) remained resilient and grew by an average of 6.0 percent in the first half of 2019, down from 6.5 percent in the same half of 2018. The services and industry sector contributed 3.9 percentage points to real GDP growth in the first half of 2019 mainly supported by strong performance in the services sector.

14. The performance of the industry sector declined to an average of 4.8 percent in the first half of 2019 compared to an average growth of 5.3 percent in the same half in 2018, and accounted for 0.9 percentage points to real GDP growth in the first half of 2019. The construction sector remained vibrant mainly supported by the second phase of the Standard Gauge

Railway (SGR) and other public infrastructural developments especially road construction. Electricity and Water supply growth was driven by increased consumption of hydro and wind electricity, which are cheaper to produce relative to non-renewable sources.

15. Services sector expanded by an average of 6.3 percent in the first half of 2019 compared to an average growth of 6.7 percent in the same half in 2018. Average growth of activities in information and communication (11.1 percent), accommodation and food service activities (10.4 percent), financial and insurance (5.9 percent), transport and storage (7.0 percent), wholesale and retail trade (5.7 percent), and real estate (4.8 percent) remained vibrant supporting the growth in the services sector.

16. Services sector contributed 3.0 percentage points to real GDP growth in the first half of 2019 largely supported by wholesale and retail trade (0.4 percentage points), Information and Communication (0.4 percentage points) and Transport and storage (0.5 percentage points).

Inflation Rate

17. Short-term interest rates have remained fairly low and stable. The Monetary Policy Committee in September 2019 retained the Central Bank Rate at 9.0 percent. The interbank rate remained relatively low at 6.6 percent in September 2019 from 4.3 percent in September 2018 due to ample liquidity in the money market.

18. The improved liquidity in the money market has resulted in stable commercial bank rates. The average lending rate declined from 13.2 percent in June 2018 to 12.5 percent in June 2019 which is lower than 0.85 percent decline in the average deposit rate. This led to an increase in the average interest rates spread by 0.1 percent over the review period.

Money Supply

19. Broad money supply, M3, slowed down to a growth of 7.0 percent in the year to July 2019 compared to a growth of 10.1 percent in the year to July 2018. The slowdown in growth of M3 in the year to July 2019 was due to the decline in both net foreign assets (NFA) and net domestic assets (NDA).

The dampening growth in NDA was largely reflected in the decreased growth of net domestic credit to other public sector.

Kenya Shilling Exchange Rate

20. The Kenyan Shilling is expected to remain stable going forward with a projected high of KSh 101 and a low of KSh 104 to the US Dollar. Inflationary pressure will be felt from the rising cost of living which is driven by increases in the cost of food and basic commodities – a high of 7.5%. Interest rates are expected to rise marginally owing to pressure from the need to meet fiscal targets through domestic borrowing

21. The Kenyan Shilling exchange rate has continued to display relatively less volatility, compared to most Sub-Saharan African currencies. This stability reflects strong inflows from tea and horticulture exports, steady diaspora remittances and tourism receipts.

Private Sector Credit

22. Annual credit to the private sector grew by 6.3 percent in the year to August 2019, compared to a growth of 6.1 percent in the year to July 2019. In particular, it was observed that credit to consumer durables, manufacturing, trade, private household, and finance and insurance sectors experienced strong growth of 23.0 percent, 7.5 percent, 8.4 percent, 8.6 percent, and 6.3 percent, respectively.

The Public Policy Environment

23. The Public debt will continue to grow as the Government of Kenya seeks to finance the Big 4 Agenda. Ksh 460.2 billion has been budgeted for the Big 4 Agenda. However, Kenya's public debt is still within sustainable levels. For Kenya, the Present Value (PV) of debt to GDP ratio as at June 2018 stood at 49%, well below the 74% global benchmark for lower middle-income countries (LMICs). Also, China does look at the country's ability to pay before giving out loans

24. Investors want to see consistency in quality and developments that could be sitting in any of the world's major capitals right here in Kenya.

These projects have brought a lot of foreign capital into the country seeking a return in this market.

Taxation

25. Over the years, enforcement has been used as a primary tool for driving the tax compliance agenda home in most of the tax administrations across the world. This probably explains why the tax collectors have never been the favorite public officers among the people in their jurisdictions. It is also anticipated that the long-awaited overhaul of the Income Tax Act that has been in force for over four decades will come to fruition this year. The new Bill is envisioned to simplify the computation and administration of income tax, hopefully increasing the collections for KRA.

The growth was mostly supported by growth in the service sector industries such as information and communication, transportation, construction, accommodation and food services, financial and insurance activities.

Medium Term Economic Outlook

Global Growth Outlook

26. Owing to weaker trade and investment at the start of the year, global economic growth is expected to slow down to 3.2 percent in 2019 down from 3.6 percent in 2018 and projected to increase to 3.5 percent in 2020. The sluggish growth reflects the continued global trade sanctions between the United States and China, subdued investment and demand for consumer durables in emerging markets and developing economies, rising energy prices and the continued Brexit-related uncertainties.

27. Growth in the advanced economies is projected at 1.9 percent in 2019 and down to 1.7 percent in 2020. This reflects weaker prospects in the United States as its fiscal stimulus fades and the forthcoming increase in the consumption tax rate in Japan. Growth in the Euro area is expected to rise from 1.3 percent in 2019 to 1.6 percent in 2020 as external demand recovers and temporary factors unwind.

28. The emerging markets and developing economies expect a slug in their growth in 2019 of 4.1 percent down from 4.5 percent in 2018. Better prospects

are however expected in 2020 with growth forecasted at 4.7 percent; this improved growth is well echoed in the forecasted growths of Latin America, Middle East, North Africa and Pakistan.

29. Growth in the Sub-Saharan African region is expected to remain relatively robust with the economy expanding by 3.4 percent in 2019 and projected to grow by 3.6 percent in 2020 from 3.1 percent in 2018.

Domestic Growth Outlook

30. On the domestic scene, despite the challenging global environment, Kenya's economy has remained strong and resilient. The economy expanded by 6.3 percent in 2018 up from the 4.9 percent registered in 2017. The growth momentum continued in the first half of 2019, with the economy expanding by an average of 5.6 percent. The latest economic indicators in the third quarter of 2019 point to continued economic recovery that will culminate to an overall projected growth of about 5.9 percent in the FY 2019/20. Economic growth is further projected to rise to 6.2 percent in the FY 2020/21 and 7.0 percent in the medium term.

Risks to the Domestic Economic Outlook

31. This macroeconomic outlook is not without risks from both external and domestic sources. Risks from the global economies relate to increased volatility in the global financial markets due to tensions between the U.S. and China, the slower growth of the Chinese economy, uncertainties over the nature and timing of Brexit and the pace of normalization of monetary policy in the advanced economies. Further, the uncertainty of trade agreements such as between the United Kingdom and the European Union, the free trade area encompassing Canada, Mexico, and the United States as well as uneven and sluggish growth in advanced and emerging market economies could hamper the forecasted growth.

32. Domestically, the economy will continue to be exposed to risks arising from public expenditure pressures, particularly wage related recurrent expenditures and the erratic weather-related shocks that could have negative impact on energy generation and agricultural output leading to higher inflation that could slow down growth.

33. The Government is continually monitoring these risks and taking appropriate monetary and fiscal policy measures to preserve macroeconomic stability and strengthen resilience in the economy.

To cushion the country against the downsides of the risks emanating from the global sphere, the Government is deepening reforms in the financial sector to ensure a stable and strong financial system in Kenya. The Government is also undertaking appropriate measures to safeguard macroeconomic stability through prudent fiscal and monetary policies.

34. On risks emanating from domestic sources, the Government has laid foundations to enhance faster and lasting growth through the “Big Four” Plan, which will unlock better growth, and positively impact on the lives of people through jobs creation and poverty reduction. As such, the Government is expanding irrigation schemes to reduce dependence on rain-fed agriculture, diversifying exports and promoting value addition in agriculture.

35. Kenya's economy is also expected to take a hit from a slowing world economy, with the IMF forecasting a three per cent growth for the 2019 global GDP. In September, Kenya's National Treasury anticipates the economy was expected to grow by six per cent this year.

36 Risks to the County Economic Outlook

- a) Shortfall in Own Source Revenue collection has continued to affect service delivery and execution of planned programmes and projects. The current trend in the performance of OSR indicates that the county will be at risk in achieving the planned objectives.
- b) The County has continued to accumulate pending bills owing to revenue shortfalls and late disbursements that slow down project implementation pace. The county will aim at reducing all pending bills to nil through employing efficient project/ programme implementation strategies.

- c) The ever increasing wage bill poses a fiscal risk to the implementation of the County Government priorities. The department of Human Resources and the Public Service Board will endeavor to establish optimal staffing levels and staff rationalization without necessarily hiring new personnel but for only the core functions.
- d) Reduction of the expected equitable share is likely to negatively derail implementation of planned programmes and projects as set out in the 2018-2022 CIDP. In addition, delays in exchequer releases may slow down implementation of programmes and projects.
- e) The county's' economy will continue to be exposed to external risks emanating from climate change impacts like drought and flash floods which may shift the focus of the county government.
- f) The Kenya's rising debt which is set to hit of 60 percent of the Gross Domestic Product and the inability of the National Government to achieve its Revenue target, this is likely to be a threat to the Counties' Annual Equitable share allocation as it will lead to a cut.

The County Government is to monitor the risks and take the appropriate measures where possible in order to safeguard the macroeconomic stability.

County Economy

The main achievements in the current financial year include;

37. County Assembly

- i. Training conducted on County Assembly staffs and members of County Assembly.
- ii. On- going completion of County Assembly which attained 45% of completion.

38. County Executive

- i. Training conducted on various County cadre staffs.
- ii. Completion of County headquarter .
- iii. Staff audit and payroll cleansing undertaken.

- iv. Training and development of performance contracting and staff's appraisal.
- v. Completion of the County Public Service Board Office block.
- vi. Development partners coordination platform and holding meetings.
- vii. Provision of Emergency relief and Rescue Missions.
- viii. Preparation and operationalization of County Drought Contingency Plans and scenario building.

39. Finance, Economic Planning & ICT

- a) Completion of value for money audits in selected departments.
- b) Implementation of policy on access to County Government procurement opportunities for women, the youth and persons with disabilities.
- c) Preparation of annual Procurement plan .
- d) Enhancement of revenue measures and trainings,
- e) ICT policy preparations and trainings.
- f) Preparation of financials statements on time.
- g) Timely preparation of annual budget .
- h) Development of Monitoring and Evaluation policy.
- i) Establishment of Monitoring and Evaluation unit.
- j) Rolling out staffs capacity building through Kenya Development Support Programme

40. Agriculture, Livestock Development, Veterinary Services & Fisheries

- a) Agriculture achievements:** 14,800 bags of subsidized DAP fertilizer sold to farmers for use during planting; 359 MT of maize seeds, 60MT Bean seeds availed to farmer for planting; 29 tractors procured and distributed to farmers groups/associations for use in farming; Construction of Arsim and Lulu Irrigation Schemes at 54% and 50% completion, respectively; 17 Greenhouses installed; Over 200 acres of community land fenced against wildlife crop predation and damages; 80 acres of land under Drip Irrigation installed at Kurungu; County Agricultural Mechanization Service Policy 2014 developed; and 33,400 ha under crop production.

b) Veterinary services achievements: over 2,107,000 livestock vaccinated against notifiable diseases and 3,287 dogs vaccinated against rabies; Maralal Slaughter house renovated; Veterinary diagnostic laboratory at 99% completion only awaiting furnishing; Reconstitution of Loosuk Cattle dip; Construction of 6 cattle crushes; Continuous professional development of veterinary staff; Training of Hides and Skins dealers; 22 disease surveillance missions.

c) Livestock production achievements: Enactment of the Samburu County Sale Yard Bill 2018 into a law; 498 Somali Breed Camels availed to 498 households at the lowlands across the three sub-counties; Initiated the construction of Milk Processing Plant for Samburu Dairy Cooperative under the Financial Agreement signed between the cooperative, Samburu County Government, State Department of livestock and NDMA. The cooperative was supported with a Milk 3000 litres cooler and pastures seeds; Provided farmers with 2000kg of certified Boma Rhodes seeds for pasture and hay production,

d) Fisheries development achievements: over 50, 000 fish fingerlings procured and introduced to seven small dams in Samburu central sub-county; fish farming groups formed and members trained.

41. Water, Environment, Natural Resources & Energy

a) Construction of solid waste management sites at Archers post;

b) Protection of water catchment areas;

c) Increasing forest cover through supporting school greening programme;

d) Surveys on green energy potentials;

e) Strengthening of institutions such as Water Resource User Associations (wruas) at Tuum .

f) Development of soil conservation structures to control soil erosion and restoration of degraded rangelands through control of invasive species at Maralal and Meibai,

- g) Establishment of Holistic Range Management Centre at West Gate conservancy.
- h) The department also in partnership with Kenya Offgrid Solar Access Project through the Ministry of energy, had conducted a feasibility study for the proposed ten solar minigrid sites in the county. The project targets to power community boreholes and other community facilities.

42. Education and Vocational Training

- a) Increased number of children receiving pre-school food rations,
- b) Construction and equipping of ECD classrooms,
- c) Employment of ECD teachers,
- d) Construction of sanitary blocks office, store and kitchen

43. Medical Services, Public Health & Sanitation

- 1) 65 outreaches ANC, Immunization, Family planning and nutrition services Conducted through THS UC but several have been also supported by other partners
- 2) One Ambulance Purchased for Wamba Health Centre,
- 3) Operations and Maintenance support for all gazetted level 2 and 3 health facilities. The department gazetted several facilities Nauneri Dispensary, Lmisigiyoio Dispensary, Nkorika Dispensary, Logetei Dispensary, Lmarmaroi Dispensary, Lengusaka Dispensary, Laresoro Dispensary and Archers Post Sub County Hospital.
- 4) All gazetted Dispensaries supplied with KEMSA drugs and they will also receive DANIDA funds since they are now gazetted.
- 5) Quality Improvement, 2018/2019 Training of managers on KQMH tools, dissemination of information to CHMTS, schmts and Facility Incharges.
- 6) Blood campaigns conducted at Maralal secondary school, Nuclear booking, Yare Camel Derby August 2018 and Wamba Boys secondary school in June 2019
- 7) Procurement of two Hematology Analyzers for Baragoi and Maralal County Referral Hospitals.
- 8) Sample transportation of Viral load, Early infant Diagnostic, sputum culters cd4 and Genexpert samples from peripheral facilities to testing Hub.i.e.

Maralal County Referral Hospital, Wamba H/C .Kemri and TB reference Laboratories.

- 9) Malezi Bora activities supported. During which immunization, FP, ANC, RH Health Education amongst other reproductive health services were provided Targeting 300 community members (100 per sub county)
- 10) Purchase of baby warmers for 26 facilities
- 11) Formation of County and Sub County MPDSR Committee. Quarterly perinatal and maternal and perinatal audit review by the County MPDSR Committee and Sub County
- 12) Fully immunized improved from 58.2% in 2016 to 68% in 2018/2019. The county was given a trophy by National vaccines and Immunization program (NVIP) as the most improved county in Kenya in immunization. The achievements are attributed to various integrated outreaches supported by both the County government and Partners, also due to increased number of immunizing facilities through procurement of vaccines fridges.
- 13) EPI mentorship done in 31 health facilities done with THS UC support.
- 14) Trainings of IMAM, BFCI for hcws and chvs, hcws trained on BFCI, IMAM and chvs trained on BFCI
- 15) Mothers Support Groups Meetings and Sensitization-22 Groups. Mtmsgs meeting and sensitization done in 33 cus
- 16) Capacity Building of hcws - training on TB DOTS & MDR patient management
- 17) Procurement of 11 TB Biosafety cabinets
- 18) Training of Nurses, Clinical Officers on malaria case management, microscopy, diagnosis and commodity management
- 19) Conducted community screening on ntds (jiggers)
- 20) CLTS Activities in the county: 28.3 %(141) of the villages have been triggered.3.5%(6) have been declared ODF and celebrated,3.5%(6) are awaiting Celebrations,2.8%(4) are awaiting Verification,90%(127) requires to be followed up and 357 villages requires to be triggered. Representing 71%

- 21) Distribution of water treatment chemicals, 20litre Jericans, Bar Soaps for hand washing to Households in the community units.
- 22) Sensitization of School Head Teachers and Health club patrons, BOM on Hygiene promotion.
- 23) Establishment of 9 community health units: THS –UC (Lpartuk, Milimani and Nkutuk engiron), FEED THE CILDREN (Kiltamany, Laesoro and Ndonyo wasin) and UNICEF (Baawa, Logetei and Anderi). Increased of chus from 32 in 2017/18 to 42 in 2018/19
- 24) Recruitment of 12 Community health extension workers'/ community health assistance
- 25) Health worker's salaries and remuneration paid
- 26) The HR department was able to undertake the following in the previous year of 2018/2019, Employed 26 nursing staff on contract. New health workers employed by Afya Nyota Nuru ya Bonde.
- 27) Senior staff were trained on strategic leadership skills and recommended others to join the Kenya school of Government for senior management course.
- 28) Afya TIMIZA has signed a contract agreement of employing 17 nurses in the financial 2019 2020.
- 29) Renovations and cosmetic improvements carried out at the centers of learning in each Sub County namely in Samburu North Baragoi Sub District Hospital, Samburu Central Maralal District Hospital and Samburu East Wamba Health Centre. The renovations included painting, putting of tiles, partitioning of the commodity storage areas and commodity security enhancements such as putting of security grills. The supply of furniture was done to the centers of learning i.e. Tables and chairs.
- 30) Procurement of Pharmaceuticals, Non Pharmaceuticals, Renal Commodities. Procurement from; Kenya Essential Medical Supplies Agency. (KEMSA) Mission for Essential Drugs Supplies (MEDS) Angelica Medical Supplies (Renal Commodities)
- 31) Collected Two hundred and fifty (250) Pallets as a donation from the Kenya Essential Medical Supplies Agency (KEMSA) and this pallet were redistributed to all the facilities in Samburu County so as to improve the storage conditions of the commodities.

- 32) Purchase of essential EMONC equipment's which include delivery packs, IUCD insertion sets, 50 pieces of IUCD removal sets.
- 33) Conducted Quarterly Data review meeting on RMNCAH indicators at County and Sub County levels by the CHMT & SCHMT targeting all the Health Care Facilities and Community Health Units.
- 34) AWP development for financial year 2019/2020 involving all health service delivery levels 1, 2, 3 and 4. All Community Health Units and Health facilities prepared their 2019/2020 awps.
- 35) Improvement of referral system because of increase of community units to 42
- 36) Capacity building of health workers among others trainings e.g BEMOC, CMOC.
- 37) Deliveries by skilled delivery at the facility increasing to 46%,
- 38) TB patients completing treatment – 85%
- 39) Women of Reproductive Age (WRA) receiving Family Planning (FP) commodities from 21.9% to 39%.

44 Lands, Housing, Physical Planning & Urban Development

- a) Development of the Samburu County Spatial Plan .
- b) Implementation of Cadastral Survey for Maralal Town.
- c) Development of Integrated Urban Development Plans for Wamba and Archer's Post which are complete and ready for the next stage as well as for Kisima, Suguta Marmar and Baragoi Towns which are currently ongoing.
- d) Regularization of plot ownership for various towns across the County which is also ongoing.
- e) The department has also ensured effective management of Group Ranches by facilitating various Group Ranch agms and dispute resolution programmes. It's also involved in formalization of Milimani Settlement Scheme which is at the Physical Planning stage.

45 Roads, Transport & Public Works

- I. Completion of the New Office Block for Samburu County Government.
- II. Opening of new roads and maintaining existing ones which have greatly helped in improved transportation in the County.
- III. Supervision of construction projects which were being undertaken by other departments.
- IV. Trainings and capacity building for technical staff and general public.
These included:-
 - a) Firefighting and awareness trainings in Samburu North, Samburu East and Samburu Central Sub-Counties.
 - b) Capacity Building to the county governments staff on Annual Road Inventory Condition Survey conducted by Kenya Roads Board in Naivasha.
 - c) Training on management of Narrow Roads conducted by Kenya Roads Board.
 - d) Capacity building on contract management organized by Institution of Quantity Surveyors of Kenya and facilitated by National Construction Authority in Kisumu.

The department together with County Assembly of Samburu Sectoral Committee on Roads, Transport and Public Works carried out benchmarking visit to The County Government of Usain Gishu to learn on the following:

- i. Operationalization and management of heavy earth moving machinery and their use in construction and maintenance of roads.
- ii. Firefighting strategies, firefighting equipment, training of firefighting officers and
- iii. Collaboration with other foreign cities on fire management.
- iv. Experiences on collaboration with other road construction and maintenance agencies in Kenya.

46. Tourism, Trade, Enterprise Development & Cooperatives

- a) Construction of SNR headquarters at Archer's gate.
- b) Support of existing conservancies, through SNR revenue sharing ; Kalama & West gate.
- c) Support of newly established conservancies.
- d) Purchase of game rangers Uniforms for SNR.
- e) Tourism promotion and marketing.
- f) Training for community conservancies scouts.
- g) Capacity building and loan disbursement to groups.
- h) Verification of weights and measure equipment's.
- i) Markets construction at Longewuan and Iolmolog.

47. Culture, Social Services, Gender, Sports & Youth Affairs

Gender

- a) Gender policy and coordination Zero draft 2019 in place
- b) Coordination of all non-governmental entities within the county

Gender empowerment

- a) Conducted women trainings on IGA's across the county.
- b) Exposure tour to Uasin Ngishu County during the cross county competitions
- c) Observation of international women day 2018/19.
- d) Marking of 16 days of gender activism together with various partners.

Girls' mentorship

- a) Observation of anti FGM day in partnership with other stakeholders.
- b) Observation of worlds menstrual hygiene day.
- c) Provision of sanitary towels to various secondary schools.

Promotion of culture and heritage.

- a) Conducted Yare Camel Derby 2018/19 edition.
- b) Facilitated morans tour to Germany.
- c) Identification of historical sites and cultural artifacts.

Social Services

Promotion of talents

- a) Identification of talents in schools and also villages.
- b) Support of talent by providing a platform.

Drug and Substances Control

- a) Liquor licensing committee formed.
- b) Inspection of premises conducted and licenses issued.
- c) Trainings conducted with stakeholders.
- d) Increased revenue generated through licensing.

Disability mainstreaming.

- a) Supported the formation of the Person Living With Disabilities board.
- b) Supported Person Living With Disabilities training .
- c) Observing world disability day.
- d) Provision of starts pack to Person Living With Disabilities.
- e) Food distribution to children's home and rescue centers

Sports and Youth Affairs

- a) Purchase of sports equipment's and uniforms.
- b) Funding of the second phase of high-altitude sports training center (Loosuk).
- c) Construction of various playgrounds across the county.
- d) Construction of High-Altitude Sports Centre Loiborngare (3rd phase).

Review of Fiscal Performance in 2019/20

Total County revenue

Own Source Revenue

48. The Own Source Revenue was budgeted at **ksh 267,032,787**. The collection for first half of the financial year was **ksh 149,937,134** which was **56%** of the target as shown in Table 1. The revenue collected is further analyzed by departments as shown in Table 2. Own Source Revenue forms part of the total revenue for the county and its adequacy is important to funding of development projects.

External revenue

49. The total external revenue budgeted is **ksh 5,415,156,083** . The collection for first half of the financial year was **ksh 1,696,987,888** as shown in Table 3 which was **31%** of the target.

Total County Expenditure

50. There has been a lot of public attention on County Government spending. The County Government always aim to shift more public resources from recurrent to capital investment so as to promote sustainable and inclusive growth. The budgeted expenditure for the FY 2019-20 amounted to **ksh 6,802,165,442**. The budget for recurrent is **ksh 4,269,509,532** and development **ksh 2,532,655,910** . The expenditure for the first half was **ksh 3,029,020,368** of which recurrent was **ksh 1,762,618,088** and development was **ksh 1,266,402,280** as shown in Table 3 .

The expenditure can further be categorized into three major economic classification as shown Table 4 namely ;

- a) Personnel emolument is composed of basic staff salaries and all allowances.
- b) Operation and maintenance include expenditure incurred in running the offices such as payment of bills, maintenance of vehicles, maintenance of buildings, fueling of vehicles, travelling cost and purchase of working tools such as stationeries, computer and accessories and any other cost incurred in running the offices. The procurement of drugs, food and bursary disbursement is also included.
- c) Development expenditure involves costs incurred in payment of capital projects.

CHAPTER THREE: FISCAL POLICIES AND BUDGET FRAMEWORK

Overview

51. This chapter provides the County's fiscal policy, how the County will observe the fiscal responsibility principles and the fiscal reforms the county will implement to improve its fiscal performance. The chapter also outlines the County budget framework for 2020/2021 and the first half year fiscal performance for 2019/2020.

Fiscal Responsibility Principles

52. Section 107 of the PFM Act, 2012 and regulation 25 of the PFM (County Governments) Regulations, 2015 sets out the fiscal responsibility principles which the County Governments have to observe and enforce through the County Treasury. The guiding principles that are considered in the allocation of the available resources include:

- a) The requirement that the County public debt shall never exceed twenty (20) percent of the County Government's total revenue at any one time. **(so far no borrowings)**
- b) The County Government wages shall be contained at thirty five (35) percent of the County Government's total revenue in the medium term; (The County expenditure on wages and benefits for its public officers in 2019/209 was 32 % which is below 35% of the County Government's total as prescribed in the regulations)
- c) The approved expenditures of a County Assembly will be as per senate's recommendations. This shall not exceed 7% of the total revenues of the County Government or twice the personnel emoluments of that County Assembly, whichever is lower.
- d) The County Government actual expenditure on development shall be at least thirty percent of the County Government's total expenditure. (In FY 2018/19 the County Government allocated 34.2% to development. Similarly, delays in disbursement by National government snow balled to delays in procurement by County departments; hence uptake of development funds is low.)
- e) Fiscal risks shall be managed prudently; and

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

In the FY 2020/21 and the medium term, the County Treasury will ensure that the budgets are prepared in a way that ensures strict adherence to these principle.

53. For the County to achieve the above fiscal responsibilities the following controls will be exercised;

Legislative (County Assembly) control: The Authority of raising revenue and their appropriation is provided by the County Assembly. The County Executive will work closely with the County Assembly to ensure legitimacy of collection of taxes and appropriation of the same.

The Controller of budget: the office of the controller of budget will oversee the implementation of county budgets by authorizing withdrawals from the county revenue fund.

The Auditor General: The office of the Auditor general will be involved in auditing the accuracy of all accounts, the propriety of the expenditure and the appropriateness of all county public finance matters.

In collaborating with the office, the county treasury will ensure efficiency, effectiveness and guard against unauthorized expenditure.

Fiscal structural reforms

54. The County Government will continue pursuing its policy objectives within the financial context established by fiscal responsibility principles. The progress made in the context of strategic priorities will continue to be regularly reviewed to establish the parameters for the Budget, with a continued focus on the level of expenditure on County development and the reduction of pending bills levels. The 2021/21 budget will operate under tight fiscal conditions, with any new policies needing to be offset by savings in other areas. The following fiscal policy will be geared towards:

- i. Enhancing revenue administration and efficiency in collection, by formulating revenue administration regulations and reviewing fees, levies and charges legislations in order to simplify and modernize them.
- ii. Expenditure efficiency and effective implementation of budget programs through enforcement of cost benchmarks for all projects and consumables. There will further be enforcement of expenditure tracking and value for money audits to ensure efficiency and effectiveness in use of resources in the County Government; Project planning and management as well as engagement on Public Private Partnership will be strengthened.

On the revenue front, the County Government is expected to institute corrective measures to reverse the loss of revenue from local sources. These measures will include:

- (i) Strengthening internal control systems, building capacity as well as restructuring to ensure qualified personnel for maximum output.
- (ii) Strengthening and equipping Maralal Municipality inspectorate unit to enforce all streams.
- (iii) Enhancing cooperation and support from other departments to improve infrastructure and service delivery
- (iv) Identify and close all revenue leakages to enhance revenue collection e.g. continuous monitoring of revenue stream targets.

On the expenditure front, the County Government will continue with rationalization of expenditure to improve efficiency and reduce wastage. Expenditure management will be strengthened. This will incorporate full implementation of IFMIS; a Human Resource model for Personnel Management;. It is therefore imperative to continue restructuring expenditure systems to ensure efficiency and create fiscal space required to fund the county needs.

Budget Framework

55. The County's 2020/21 budget framework is set against the background of the medium-term fiscal framework and the strategic objectives as outlined in the CIDP.

56. Revenue projections;

In the FY 2020/21 the total resource envelope for the County Government is projected to be Ksh **4,870,606,885** comprising of: National Government equitable share, estimated at Ksh **3,987,900,000**; and Own Source Revenue (OSR) at Ksh **280,312,319** and is expected to grow at 5 percent in the medium term. In addition, the resource envelope includes conditional grants amounting to Ksh **602,394,566**. Table 5 indicates the projected revenue by source for the period under consideration.

57. Expenditure Forecasts

The overall development expenditure projection for FY 2020/21 is KSh. **1,461,182,066** which is 30 percent of the total estimated budget and Recurrent Expenditure at KSh. **3,409,424,819**, which is 70 percent of the total estimated budget

Recurrent Expenditure Projections

The 2020/21 FY recurrent expenditure estimates amount to Ksh **3,409,424,819**, representing 70 percent of the total estimated budget. Further, it includes a PE budget of Ksh **2,098,347,754** reflecting a 43 percent of the entire county budget. The Operations and Maintenance budget of ksh **1,311,077,065** which is 27 percent of the total budget.

Development Expenditure Projections

Resource allocation for the FY 2020/21 has been aligned to programmes supporting strategic interventions identified in the CIDP 2018-22. This includes a focus on completing all stalled, incomplete and problematic projects. Ksh **1,461,182,066** development expenditure will support the above initiative which is per cent of the budget.

Resource allocation for the 2020/21 FY as presented in this CFSP remains provisional and will be firmed through the County Allocation Act, 2020 which will confirm the actual resource allocation due to the County.

CHAPTER FOUR : COUNTY STRATEGIC PRIORITIES

Overview

58. This chapter presents sector/sub-sector strategic priorities, programmes and projects for the year. The programmes and projects envisage to achieve jubilee Big Four agendas, Governor's Manifesto and also by mainstreaming cross-cutting issues such as climate change; environmental degradation; Disaster Risk Management (DRM) HIV/AIDs; Gender, Youth and Persons with Disability (PWD), Ending Drought Emergencies (EDE).The broad priorities to be handled by the different departments are detailed below;

COUNTY STRATEGIC PRIORITIES AND PROJECTS FOR 2020-2021

59. County Assembly

- a) Completion of Construction of ultra-modern County Assembly block.

60. County Administration/Executive

- a) Construction and equipping of Sub county/Wards offices.
- b) Publish and publicize all County projects.
- c) Development of communication framework.

61. Finance, Economic Planning and ICT

- a) Interactive website development .
- b) Ward Development fund allocations.
- c) Mid term review of CIDP.

62. Agriculture, Livestock Development, Veterinary Services & Fisheries

- a) Construction of Ward Extension Offices.
- b) Construction and furnishing of 2 sub-county office blocks to house the three sub-counties departmental officers.
- c) Development of Samburu County Community Grazing Management Policy 2020.
- d) Development of Samburu County Meat Control Policy and Act 2020.

- e) Upgrade the local sheep breeds through introduction of sheep breeds with superior traits.
- f) Upgrade the local Boran and Rendile camel breeds through introduction of camel breeds with superior traits.
- g) Promote dairy cattle production through introduction of exotic cattle breeds.
- h) Promotion of Bee keeping and adding value to honey & honey products.
- i) Upgrade the local chicken through introduction of chicken breeds with superior traits.
- j) Construction of a Satellite slaughter house .
- k) Construction of modern livestock sale yards.
- l) Construction and equipping of a milk collection Centre.
- m) Provision of certified improved seeds.
- n) Upscale Kenya Livestock Insurance Programme .
- o) Vaccination against FMD, CBPP, LSD, RVF, Black quarter, Anthrax, ECF, SGP, CCPP, Enterotoxaemia, PPR, Rabies across the County
- p) Establish soil and water management structures in various sites.
- q) Establish fish ponds.
- r) Capacity building for livestock farmers.
- s) Proper soil conservation.
- t) Training and capacity building of para-vets.

63. Department of Water, Environment, Natural Resources and Energy

- a) Rehabilitation of various water supplies sources.
- b) Construction of sand dams and wells, Water sources development.
- c) Improved sanitation condition in Maralal town. s.
- d) Improved sanitation condition in major towns and markets.
- e) Promote School greening Programme
- f) Reduction of invasive species spread in the County.
- g) Promote & support Rangelands rehabilitation.
- h) Enhance management & conservation of water resource.
- i) Control of soil erosion.
- j) Sinking of shallow wells

- k) Drilling and Equipping of boreholes
- l) Provision of roof water harvesting facilities in all ECDEs and dispensaries.

64. Department of Education and Vocational Training

- a) Construction of ECD classrooms.
- b) Construction of Sanitary blocks.
- c) Construction and fencing of ECD offices, kitchens and stores
- d) Supply of sets of child appropriate furniture
- e) Provision of outdoor fixed play and learning materials.
- f) Support of Pre-school feeding programme.
- g) Provision and installation of water harvesting tanks in ECD centres.
- h) Bursary disbursement.
- i) Recruitment of more ECD teachers.

65. Department of Medical Services, Public Health & Sanitation

- a) Health education at community level.
- b) Construction of Public Health latrine in community, facility and markets.
- c) Upscale health education of drug and substance abuse.
- d) Construction of a rehabilitation Centre in the county.
- e) Capacity building of health workers.
- f) Establishing community units.
- g) Support for CME at facility divisional levels.
- h) Expansion of health facilities .
- i) Support for beyond zero activities (outreaches).
- j) Support functionality of maternal shelters.
- k) Establishment of ambulance command Centre.
- l) Purchase of spare parts for KEPI fridges.
- m) Upgrading of County Referral and Expansion of the County Referral Laboratory to cater for a variety of diagnostic services .
- n) Purchase of a larger Output generator.
- o) Procurement of health commodities in the County.
- p) Construction of medical wards.
- q) Construction of a sub county ware house for health commodities.

- r) Constructing new facilities .
- s) Constructing new staff houses in rural facilities.
- t) Operationalizing all new facilities .
- u) Recruitment of additional health workers.
- v) Fencing of the existing facilities .
- w) Conditional Grant-Leasing of Medical Equipment.

66. Department of Lands, Housing, Physical Planning & Urban Development

- a) Local development plans/ urban/municipal spatial plans.
- b) Zoning ordinance and development control guidelines.
- c) Development control permits.
- d) Declaration of registration/adjudication sections.
- e) Property boundary surveying and mapping.
- f) County spatial mapping.
- g) Preparation of Valuation Rolls.
- h) Urban Policy and Act development 2020.
- i) Improvement of informal settlements.

67. Department: Transport, Roads and Public Works

- a) Improvement of existing Roads.
- b) Opening of new roads.
- c) Purchase of heavy earth moving equipment.
- d) Provision of fire-fighting services for major urban Centre's.
- e) Provision of quality and timely designs and supervision of construction of buildings.
- f) Provision of Storm water disposal system in major towns.
- g) Installation of street lights in various urban Centre's.
- h) Construction and equipping of county mechanical workshop.
- i) Provision of good public parking areas.

68. Department of Cooperatives, Trade, Tourism & Enterprise Development

- a) Feasibility study for industrial parks.
- b) Policy enactment and legislation to establish industries.

- c) Construction of markets shed and latrines in all trading Centre's in the county.
- d) Refurbishment/renovation of old markets .
- e) Boda boda sheds construction in all urban centers.
- f) Routine inspection and verification of weighing machines.
- g) Exposure/marketing/study visits Samburu county youth and women enterprise development fund.
- h) Training of beadwork/ushanga coops.
- i) Support to cooperatives.
- j) Formulate game reserve policy.
- k) Formulate tourism marketing strategy.
- l) Support and empowerment of the newly established conservancies.
- m) Support existing community conservancies.
- n) Upscale the construction of fortified camps.
- o) Construction of eco-lodge.
- p) Development for conservancy management plans.
- q) Marketing of Samburu county as the best tourism destination and for other trade and investment opportunities.
- r) Support communities through benefit sharing.

69. Department: Gender, Culture, Social Services, Sports and Youth Affairs

- a) Promote Women empowerment.
- b) Support to Girls and boys.
- c) Promote and preserve our culture.
- d) Promote access to services for vulnerable groups.
- e) Completion of Construction of high-altitude sport Centre.
- f) Supply of sport attires to players and clubs.
- g) Participation in sports activities.
- h) Development of sport centers.
- i) Talent, nurturing and development.

CHAPTER FIVE: MEDIUM TERM EXPENDITURE FRAMEWORK

Resource Envelope

70. The Constitution of Kenya 2010 stipulates that County Governments should have reliable, stable and predictable own sources of revenue. Samburu County has two main sources of funding. Revenue from own sources and the exchequer issues from the National Government as provided under Article 201 of the Constitution. The resource envelope available for allocation among the spending units is based on the medium term fiscal framework outlined in Chapter Three.

71. The Samburu County 2020/21 financial year budget targets total revenue amounting to ksh **4,870,606,885**; of which total exchequer issues of Ksh **3,987,900,0005** ; Conditional grants Ksh **602,394,566** and county own source revenue of Ksh **280,312,319**. Locally mobilized revenue will finance about 6 percent of the budget in FY 2020/21.

72: Spending Priorities

The County Government's expenditure for the FY 2020/21 will be guided by the ADP 2019 which outlines the proposed projects that will be implemented in the FY 2020/2021 in the realization of the CIDP 2018-2022. The total government expenditure is projected to be Ksh. **4,870,606,885**.

Departmental Ceilings and criteria for resource allocation

73. The PFM Act, 2012 and the PFM (County Regulations), 2015 set out fiscal responsibilities principles that guide the Medium-Term Expenditure Framework (MTEF) for the County.

Criteria for resource allocation

The criteria taken into account in determining the allocations among the departments are;

- a) An incremental budget approach will be developed in allocating resource in the 2020/21 MTEF budget. This implies that previous

departmental allocation will be taken into consideration and adjusted accordingly to fit in the new resource envelope

- b) **Ongoing projects:** An active monitoring and update will be given to the completion of all on-going projects in the County that includes infrastructure, building and constructions etc. this will enable job creation, equity and poverty reduction
- c) **Mainstreaming the Governor's 3 pillars Manifesto** aimed at jump-starting major change efforts and enhancing implementation capacity
- d) **The CIDP2 identified Flagship Projects and Programs:** The County Government will ensure equitable distribution of Flagship Projects across all corners of the County;
- e) **Mainstreaming the Presidential Big Four Agenda.** The President has sought the support of the Counties to have Governors align their Development Plans with National Big Four Agenda. The County has aligned its CIDP2 to the Big Four Agenda and the implementation of the same will be pursued in the FY 2020/21;
- f) **Fiscal discipline:** This includes the absorption rate and efficiency in utilization of the allocated resources. Departments which are able to adhere to this criteria will have an added advantage in resource sharing
- g) **Counterpart funds:** priority was also given to adequate allocations for donor counterpart funds which is the portion that the Government must finance in support of the projects financed by development partners.

The recurrent expenditure includes compensation to employees, use of goods and services and maintenance which should not exceed 70 % of total expenditure while the development costs should not be less than 30 % of the budget.

Revenues from local sources are expected to finance 6 % of the County Government's expenditures while the balance will be financed by transfers from National Government and development partners.

The detailed sector ceilings are in table 7.

Risk and risk mitigation framework for FY 2020/21

74. The Public Finance Management Act 2012 requires that counties prepare "Statement of Fiscal Risks" as a way to mitigate and manage risks prudently. The identifiable risks, which could inhibit the achievement of the budget for FY 2020/21 include fiscal, process, capacity and management risks. These risks are attributed to processes outside the county systems and include:

No	Risk	Impact	Mitigation
1	Reduction in funding	The demand for services and infrastructural development by the Government has been on an increasing trend, which is inconsistent with the rate of growth of the equitable revenues from the National Government. In effect, Counties will be expected to develop resource mobilisation strategies to bridge the gaps.	The county will enhance resource mobilization from both OSRs and development partners to meet the targeted revenues for FY 2020/21.
2	Late Disbursement of Funds	Delayed disbursement of funds often leads to increase in county's operating costs and accumulation of pending bills.	Departments will be required to prepare a procurement plan that is in sync with the cash flow
3	Pending bills	Pending bills transferred have the effect of crippling a county government's ability to deliver in subsequent financial years	The Government will ensure it plans to implement projects in a timely manner. Delayed implementation of projects may occasionally increase the cost of projects above and beyond the estimated budget.
4	Procurement	The risks relate to; developing specifications, selecting the appropriate procurement methods, preparing tender documents and advertising,	a)The county will enforce the spirit of the Public Procurement and Disposal Act, 2015 b)Technical departments' in-charge of infrastructure projects will be required to design implementable work plans for execution

		evaluation and selection of firms and individuals, negotiating the contract, and contract administration	
5	Technical Risks	Anticipated technical risks are associated with engineering designs, site-specific characteristics, construction and installation, and operation and maintenance.	The county will strengthen the design and BQ section to ensure quality estimates are done before tendering.
6	Absorptive Risks	Low absorption of budgeted funds may delay delivery envisaged socio economic transformation	<p>a) The county will undertake monthly and quarterly implementation reporting of all county projects and programmes to ensure planned projects and programmes are implemented and paid on time.</p> <p>b) Care will be taken to ensure financial procedures and procurement regulations are duly followed in implementation of the county projects and programmes.</p> <p>All county employees will be put on performance contracting and ensure targets set relate to county development plans and policies.</p>
7	Natural calamities	The Budget will be cognizant of natural calamities like floods and famine which may befall the county and force the county to rework its budget to accommodate the situation. This will divert funds from strategic areas and affect smooth implementation of the programmes in the Budget	The Public Finance Management Act, 2012 section 110 provides for establishment of an emergency fund to allow for forward budgeting and appropriation for funds for emergencies or amendment of the budget through a supplementary.

CHAPTER SIX – CONCLUSION

75. The CFSP, 2020 is prepared as a guiding tool for budget preparation of financial year 2020/21. It is meant to broadly define the expected revenues and expenditure over the medium term as well as propose strategies of financing any anticipated deficit. Samburu County Government is expected to prepare a balanced budget in financial year 2020/21.

The set of policies outlined in the CFSP reflects circumstances that are in line with the fiscal responsibilities as outlined in the PFM Act, 2012. They are also consistent with the County Government strategic objectives pursued as a basis for allocation of public resources. These strategic objectives are provided in the County Government priorities spelled out in the national policies and samburu CIDP, 2018-2022.

The adoption of Program Based Budgeting (PBB) will ensure that all County resources are linked to specific projects outputs and outcomes. The use of the Integrated Financial Management Information System (IFMIS) and the introduction of e-Procurement System will also make it possible for the County to track the resources to results achieved in a more efficient manner.

In the budget for the financial year 2020/21, key priority areas of agriculture, investment in surface and underground water resources, Health services, tourism promotion and Education will receive considerable allocation while maintaining reasonable growth on other County sectors. Allocation of funds to these County key priority areas will generally reflect the critical needs of the County residents. It is envisaged that the enhancement of these key areas will drive the County economy up by creating greater supply hence improving the per capita income of households.

Annexes

Table 1: First half local Revenue 2019-20

MONTH	EXCHEQUER	LOCAL REVENUE	Dev Partners	TOTAL
JULY		30,760,759		30,760,759
AUGUST		32,369,052		32,369,052
SEPTEMBER	804,036,600.00	27,010,280		831,046,880
OCTOBER		27,697,639	6,609,375	34,307,014
NOVEMBER	369,672,000.00	17,346,593	32,288,748	419,307,342
DECEMBER	462,090,000.00	14,752,810	22,291,164	499,133,974
TOTAL	1,635,798,600.00	149,937,134	61,189,288	1,846,925,022

Source: County Treasury 2020

Table 2: Local Revenue Analysis by departments (31-12-2019)

Department	Budget	Own	%	Difference
Treasury	7,734,751	9,518,647	123	-1,783,896
Agriculture	31,794,563	4,769,050	15	27,025,513
Environment	288,750	757,528	262	-468,778
Education		0		0
Health	12,706,265	206,475	2	12,499,790
Land	15,750,000	7,453,460	47	8,296,540
Works	4,558,458	414,900	9	4,143,558
Tourism	188,000,000	125,963,574	67	62,036,426
Culture	6,200,000	853,500	14	5,346,500
Totals	267,032,787	149,937,134	56	117,095,653

Source: County Treasury 2020

Table 3: First half External Revenue 2019-20

External sources first half 2019-20	Budget	Q1	Q2	Total
Equitable share from national government	4,526,000,000	804,036,600.00	831,762,000.00	1,635,798,600.00
Road Maintenance Fuel Levy	131,167,313			-
Conditional Grant-Compensation for User Fee Foregone	5,235,578	-	-	-
Conditional Grant-Leasing of Medical Equipment	131,914,894			-
Conditional Allocation for Development of Youth Polytechnics	15,483,298			-
Kenya Urban Support Programme (UDG and UIG)	50,000,000	-	-	-
Kenya Devolution Support Program (KDSP)	30,000,000	-	-	-
DANIDA (Health support funds)	13,218,750	6,609,375.00		6,609,375.00
World bank loan for National agricultural and rural inclusive growth project	350,000,000	32,288,748.20	13,653,088.00	45,941,836.20
EU Grant for instrument for devolution advice and support (Abattoir Construction)	32,159,348	-	-	-
Balance brought forward 2018-19 for construction of Abattoir	67,182,582			-
Agriculture Sector Development Support Programme (ASDSP)	18,994,320	-	-	-
Urban Institutional Grant (KUSP)	8,800,000	-	-	-
World Bank Loan for transforming health systems for universal care project	35,000,000	-	8,638,076.35	8,638,076.35
Total	5,415,156,083	842,934,723.20	854,053,164.35	1,696,987,887.55

Table 4: Comparison of Budget Estimates and Actual Expenditure. (31-12-19)

DEPARTMENT	RECURRENT (Ksh).	Actual (Ksh)	DEVELOPMENT (Ksh.)	Actual (Ksh)	TOTAL(Ksh)	Total -Actual (Ksh)
County Assembly	490,297,034	280,285,852	80,000,000	0	570,297,034	280,285,852
County Executive	472,074,857	187,064,338	18,000,000	0	490,074,857	187,064,338
Finance, Economic Planning & ICT	632,069,038	240,567,599	57,000,000	7,500,000	689,069,038	248,067,599
Agriculture, Livestock Development, Veterinary Services & Fisheries	543,324,329	87,500,107	349,841,292	124,472,440	893,165,621	211,972,547
Water, Environment, Natural Resources & Energy	167,841,279	59,965,048	376,947,971	302,983,000	544,789,250	362,948,048
Education and Vocational Training	431,854,452	175,880,277	165,364,260	61,549,500	597,218,712	237,429,777
Medical Services, Public Health & Sanitation	973,994,211	473,099,400	381,211,046	154,156,000	1,355,205,257	627,255,400
Lands, Housing, Physical Planning & Urban Development	94,632,831	42,077,506	148,372,817	0	243,005,648	42,077,506
Roads, Transport & Public Works	108,288,766	43,731,427	680,936,333	531,309,320	789,225,099	575,040,747
Tourism, Trade, Enterprise Development & Cooperatives	182,831,648	80,608,372	195,482,191	75,432,020	378,313,839	156,040,392
Culture, Social Services, Gender, Sports & Youth Affairs	172,301,086	91,838,162	79,500,000	9,000,000	251,801,086	100,838,162
TOTAL	4,269,509,532	1,762,618,088	2,532,655,910	1,266,402,280	6,802,165,442	3,029,020,368

Source: County Treasury 2020

Table 5: Economic Classification of Expenditure (31-12-2019)

Description	Budget Estimates 2019/2020	Total Expenditure 2019/2020	% of Budget Absorption
Personnel Emoluments	2,024,035,632	1,001,649,632	49%
Operational & Maintenance	2,245,473,900	760,968,456	34%
Development Expenditure	2,532,655,910	1,266,402,280	50%
TOTAL	6,802,165,442	3,029,020,368	45%

Source: County Treasury 2020

Table 6: Revenue Estimates for the period

	ITEMS	Approved Estimate 2018/19	Actuals 2018/19	Approved Estimate 2019/20	Projection 2020/21	Projection 2021/22	Projection 2022/23
	COUNTY GENERATED REVENUE						
1130104	Land Rates	29,000,000	18,075,529	15,750,000	24,000,000	25,200,000	26,460,000
1420328	Single Business Permits	20,000,000	12,928,850	20,000,000	16,000,000	16,800,000	17,640,000
1110104	Total Cess Receipts	20,000,000	12,068,649	21,000,000	18,000,000	18,900,000	19,845,000
1420327	Game Parks/Nature Reserves Fees	150,000,000	182,675,556	168,000,000	186,000,000	195,300,000	205,065,000
1420405	Markets and Slaughter House Fees	8,000,000	4,677,570	8,400,000	6,400,000	6,720,000	7,056,000
1420404	Vehicle Parking Receipts/Transport	1,436,628		3,508,458	3,583,882	3,763,075	3,951,229
1110104	Wheat Cess	700,000		735,000	300,000	315,000	330,750
1140509	Prospecting Licenses	275,000		288,750	303,188	318,346	334,264
1420601	Tender Application Fees	552,145		579,751		-	-
1140501	Liquor License	4,000,000	6,285,300	6,200,000	6,410,000	6,730,500	7,067,025
	Various Health Departments Fees	6,386,920	5,394,398	12,706,265		-	-
	Agricultural Machinery Services	1,580,536	331,500	1,659,563	6,000,000	6,300,000	6,615,000
	Approval of plans and supervision	1,000,000	1,406,790	1,050,000	1,102,500	1,157,625	1,215,506
	Insurance Recoveries	1,100,000		1,155,000	1,212,750	1,273,387	1,337,056
	Miscellaneous Revenue			6,000,000	11,000,000	11,550,000	12,127,500
	SUB-TOTAL LOCAL SOURCES	255,031,228	243,844,143	267,032,787	280,312,319	294,327,933	309,044,330
	SUMMARY						
	Revenue from Local Sources	255,031,228	243,844,143	267,032,787	280,312,319	294,327,933	309,044,330
	Revenue transfer from national government	4,427,400,000	4,427,400,000	4,526,000,000	3,987,900,000	4,740,005,317	4,840,005,317
	Road Maintenance Fuel Levy	116,569,586	143,493,610	131,167,313	118,859,147	118,859,147	118,859,147

Conditional Grant-Compensation for User Fee Foregone	5,235,578		5,235,578	5,235,578	5,235,578	5,235,578
Conditional Grant-Leasing of Medical Equipment	200,000,000	200,000,000	131,914,894	132,021,277	148,936,170	148,936,170
Conditional Allocation for Development of Youth Polytechnics	20,905,000		15,483,298	10,549,894	10,971,170	10,971,170
Kenya Urban Support Programme (UDG)	50,000,000	50,000,000	50,000,000			
Kenya Devolution Support Program (KDSP)	39,330,852		30,000,000			
DANIDA (Health support funds)	12,757,500	12,757,530	13,218,750			
World bank loan for National agricultural and rural inclusive growth project	140,435,163	50,078,476	350,000,000			
EU Grant for instrument for devolution advice and support (Abattoir Construction)	70,000,000	62,213,284	32,159,348			
Balance brought forward 2018-19 for construction of Abattoir			67,182,582			
Agriculture Sector Development Support Programme (ASDSP)	22,652,198	22,885,849	18,994,320			
Urban Institutional Grant (KUSP)	41,200,000	41,200,000	8,800,000			
World Bank Loan for transforming health systems for universal care project	97,143,610	38,590,020	35,000,000			
FAO Funds	8,766,690					
Brought forward revenue	367,472,024	367,472,024				
LOANS AND GRANTS				335,728,670	335,728,670	335,728,670
GRAND TOTAL	5,874,899,429	5,659,934,936	5,682,188,870	4,870,606,885	5,654,063,985	5,768,780,382

Source: County Treasury 2020

Table 7: MTEF Sector Ceilings 2020/2021

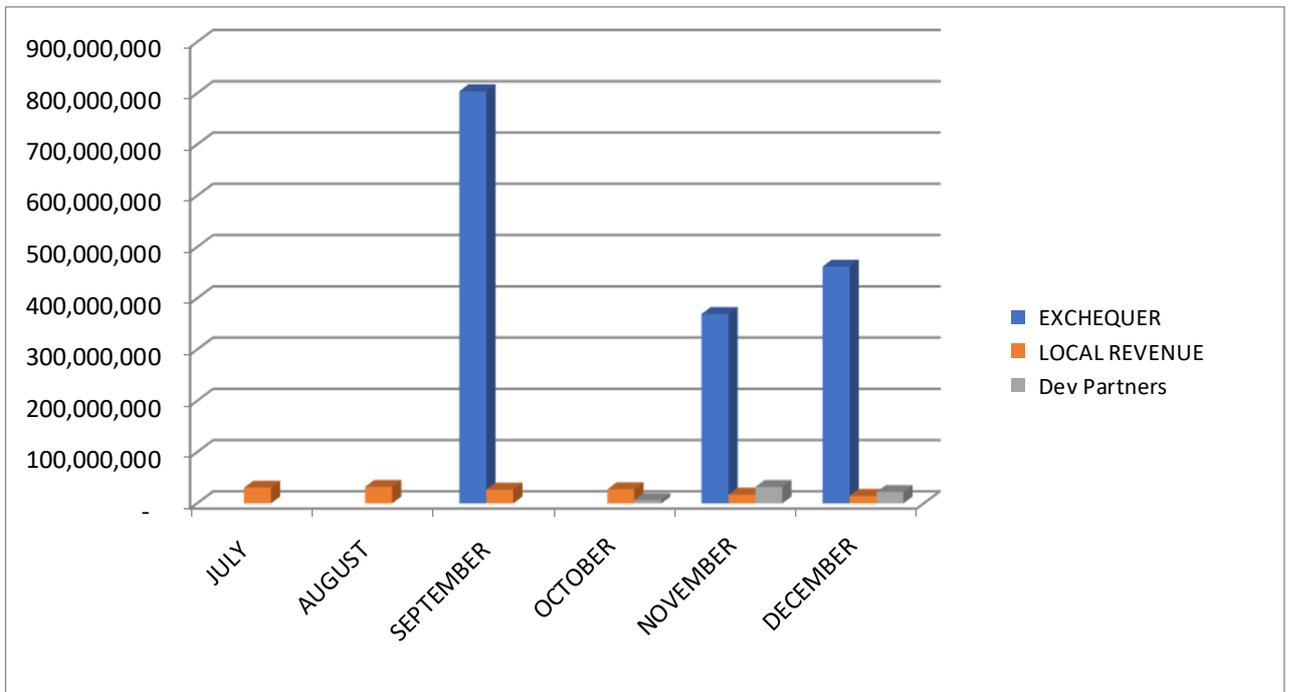
		Total Expenditure, Ksh				NET	Loans, grant and development partners		
		Approved Budget 2019/20	Development Partners	NET	CFSP Ceilings 2020/21				
County Assembly	SUB-TOTAL	549,895,345	-	549,895,345	505,602,219	505,602,219			
County Executive	SUB-TOTAL	446,974,857	-	446,974,857	470,971,800	470,971,800			
Finance, Economic Planning & ICT	SUB-TOTAL	518,962,038	30,000,000	488,962,038	485,009,692	449,576,985	30,000,000	5,432,707	
Agriculture, Livestock Development, Veterinary Services & Fisheries	SUB-TOTAL	799,680,579	468,336,250	331,344,329	521,732,325	284,655,112	18,996,213	11,000,000	207,081,000
Water, Environment, Natural Resources & Energy	SUB-TOTAL	396,241,279	-	396,241,279	354,324,724	354,324,724			
Education and Vocational Training	SUB-TOTAL	501,962,750	15,483,298	486,479,452	457,844,261	447,294,367	10,549,894		
Medical Services, Public Health & Sanitation	SUB-TOTAL	1,209,750,378	203,027,949	1,006,722,429	1,096,108,271	945,632,666	5,235,578	132,021,277	13,218,750
Lands, Housing, Physical Planning & Urban Development	SUB-TOTAL	216,632,831	58,800,000	157,832,831	175,119,667	125,119,667	50,000,000		
Roads, Transport & Public Works	SUB-TOTAL	505,956,079	264,413,635	241,542,444	320,945,762	202,086,615	118,859,147		
Tourism, Trade, Enterprise Development & Cooperatives	SUB-TOTAL	346,131,648	-	346,131,648	318,251,338	318,251,338			
Culture, Social Services, Gender, Sports & Youth Affairs	SUB-TOTAL	190,001,086	-	190,001,086	164,696,825	164,696,825			
TOTAL		5,682,188,871	1,040,061,132	4,642,127,739	4,870,606,885	4,268,212,319	233,640,832	148,453,984	220,299,750

Source: County Treasury 2020

Sub total 602,394,566

Local	280,312,319
Exchequer	3,987,900,000
Development Partners	602,394,566
Total	4,870,606,885

Figure 1: Half Year Revenue 2019-20



Source: County Treasury 2020

Summary of Public Participation on 19-2-2020

As per the attached report