COUNTY GOVERNMENT OF MARSABIT

DEPARTMENT OF FINANCE AND ECONOMIC PLANNING

COUNTY FISCAL STRATEGY PAPER

FEBRUARY 2019

To obtain copies of the document, please contact:

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CFSP 2019 will be published on the website at: www.marsabit.go.ke within 7 days of adoption by the County Executive Committee

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FOREWORD

This County Fiscal Strategy Paper (CFSP) is the second under Marsabit County's new administration led by H.E Gov. Mohamud Mohamed Ali. It sets out the policy goals and strategic priorities that will form the basis for formulation of County's Financial Year 2019/20 budget and the Medium Term. The Paper is prepared in accordance with the Public Finance Management Act, 2012. The County priorities and goals outlined herein are based on the Governor's Manifesto and the transformative agenda pursued by the county leadership as well as sectoral plans and the National Government's 'The Big Four Plan' as contained in the 2018 BPS; all anchored on the Vision 2030, Kenya's development blue print.

The county government recognizes the importance of planning and the close linkages between policy, planning and budgeting. In this regard, the county Treasury has prepared the 2nd generation County Integrated Development Plan (CIDP) covering the period 2018-2022 waiting for approval at the County Assembly. The CIDP captures our shared vision and aspirations for the next five years and beyond as the county administration strives to steer the county towards economic prosperity.

The fiscal framework presented in the paper for the medium term will guide the County government in ensuring that there will be efficiency and effectiveness in the implementation of our development policies. As outlined in the previous CFSP 2018, this paper is part of efforts by the County Treasury to continue with expenditure and financial management reforms as well as containing growth of non-priority expenditures in order to create fiscal space for financing priority policy areas. The county government will enhance the budgetary allocations to the productive sectors and closely monitor implementation of projects and programmes that will have the desired impact on the lives of our people. These sectors will no doubt help in unlocking the economic potential of Marsabit County.

The 2019 CFSP lays the foundation for our transformative agenda for the medium term and will guide the preparation of the FY 2019/20 budget. We remain alive to the fact that achievement of our shared objectives calls for greater transparency, effectiveness and efficiency in public financial management in order to ensure fiscal discipline.

Mr. Adan Guyo Kanano
County Executive Committee Member
Department of Finance and Economic Planning

ACKNOWLEDGEMENT

The Marsabit County Fiscal Strategy Paper (CFSP) 2019 is the County Government's primary financial policy statement which sets out the current state of the economy and outlook over the medium term, gives broad macroeconomic issues and medium term fiscal framework, and specifies the set strategic priorities and policy goals together with a summary of the Marsabit County Government spending plans, as a basis of the FY 2019/20 budget. The document also sets out the priority programs the County government intends to implement and lists the government's policy priorities by sector for implementation in the next budget year and over the medium term. The document is expected to improve the public's understanding of Marsabit County's public finances and guide public debate on economic and development matters.

It is with great pleasure for the Department of Finance and Economic Planning to register its appreciation to all those persons who put their efforts in the preparation of this CFSP 2019. The preparation of the 2019 Fiscal strategy paper was a consultative and inclusive process. Much of the information in this policy document was obtained through the CBROP and Annual Reports. We are grateful to the Marsabit County Government Executive represented by all the Departments with public officers from the leadership and technical teams that took time to analyze all information and prepare this document through a workshop held between the 12th - 15th February 2019 at Jirime Resort & Hotel, Marsabit.

Much appreciation to the Directorate of Budget headed by CPA Shalle Ibrahim Shalle who spearheaded the entire CFSP preparation process. We also appreciate the Directorate of Economic Planning headed by CPA Galgallo Wario, Directorate of Revenue headed by CPA Dabasso Bonaya, and Directorate of Audit headed by CPA Simon S. Khobes for providing leadership on the budget making process. I also extend special appreciation to the team of technical officers in the Department of Finance and Economic Planning for their dedication and commitment to this process.

Similarly, I acknowledge the continued partnership with USAID-AHADI. Specifically, the invaluable support and technical assistance in the preparation of this policy paper from USAID-AHADI team comprising of Waceke Wachira (Chief of Party), CPA Paul Otsola (Devolution & Governance Specialist), Gilbert Momanyi (Team Lead), Zachary Kaimenyi (Regional Coordinator), and Paul Kamaku (Consultant).

To all that were involved, receive my heartfelt appreciation.

Abdub H. Bante
Ag. Chief Officer,
Marsabit County Treasury

ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Plan
BOP	Balance of Payments
CBROP	County Budget Review and Outlook Paper
CCO	County Chief Officer
CBK	Central Bank of Kenya
CBR	Central Bank Rate
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CRA	Commission of Revenue Allocation
DMS	Debt Management Strategy
ECDE	Early Childhood Development & Education
FY	Financial Year
GDP	Gross Domestic Product
GIS	Geographic Information System
HIV	Human Immunodeficiency Virus
IBEC	Inter-Governmental Budget and Economic Council
ICT	Information and Communication Technology
IFMIS	Integrated Financial Management Information System
KNBS	Kenya National Bureau of Statistics
Ksh	Kenya Shillings
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
NDA	Net Domestic Assets
NFA	Net Foreign Assets
NSE	Nairobi Securities Exchange
PE	Personnel Emoluments
PFM	Public Finance Management
PWDs	People With Disabilities
REA	Rural Electrification Authority
SRC	Salaries and Remuneration Commission

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LEGAL BASIS FOR THE PREPARATION OF THE COUNTY FISCAL STRATEGY PAPER

The County Treasury is prepared in with Section 117 of the Public Finance Management Act, 2012 that states that:

(1) 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 county assembly when finalizing the budget proposal for the financial year concerned.

(8) The County Treasury shall publish and publicize the County Fiscal Strategy Paper within seven days after it has been submitted to the county assembly.

County Treasury Fiscal Responsibility Principles

A County Treasury shall manage its public finances in accordance with the principles of fiscal responsibility and shall not exceed the limits stated in the regulations. 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 country 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
(g) 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 addition, 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. 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.

CHAPTER ONE: COUNTY STRATEGIC BLUE PRINT

Marsabit County has a vision to build "*A Cohesive and Prosperous County of Choice*". Further, the governor's manifesto presented transformational agenda for the County for the period 2017-2022. The transformational plan has informed the County Integrated Development Plan (CIDP) for 2018-2022 and the Annual Development Plan for 2019/2020. The plans have placed key focus on programmes and interventions required to achieve the governor's manifesto and the Jubilee government's "Big 4" agenda towards implementation of the country's Vision 2030.

1.1 Overview

1.1.1 General Context

The 2019 County Fiscal Strategy Paper (CFSP), continues to implement programmes set out in our development plan whose broad policies and priorities are anchored in the national development agenda. It outlines the broad strategic development issues and the fiscal framework, together with the summery of county government spending plans. The policy paper is informed by the Marsabit County Integrated Development Plan (CIDP), the vision 2030, the Governor's manifesto, feedback from members of the public and national government policies.

Economic activities picked up in 2018, after the slowdown in 2017, reflecting improved rains, better business sentiment and easing of political uncertainty. The economy grew by 5.8 percent, 6.2 percent and 6.0 percent in the first, second and third quarters of 2018 respectively, up from 4.7 percent in similar quarters in 2017. Growth for the first three quarters of 2018 averaged 6.0 percent and is projected to grow by 6.0 percent in 2018 up from 4.9 percent in 2017. This growth is supported by a strong rebound in agricultural output, steadily recovering industrial activity, and robust performance in the services sector.

Over the medium term, economic growth is expected to rise gradually to 7.0 percent per annum due to investments in strategic areas under the "Big Four" Plan that aim to increase job creation through the manufacturing sector, ensure food security and improved nutrition, achieve universal health coverage and provide affordable houses to Kenyans. These efforts will support the business environment, create jobs and ultimately promote broad based inclusive growth. Kenya also continues to be ranked favorably in the ease of doing business and as a top investment destination. In the 2019 World Bank's Doing Business Report, Kenya was ranked position 61 in 2018 moving 19 places from position 80 in 2017.

In Marsabit County, the business environment is slowly recovering from the electioneering and post-election aftermath. There was significant delay in disbursement of funds in financial year 2017/18 as well as current financial year (FY 2018/19), which has affected the operations in the county. The development budget has not been funded as expected and has greatly affected development interventions. This has had negative multiplier effect in the county development. The County Government has developed strategies and better policy framework to accelerate economic growth in different sectors to increase the capacity of the county for better service delivery. In the FY 2017/18, the county came up with ward-based projects (317 community based projects), which are at various stages of implementation of which most of it have been completed. This is expected to peak later in FY 2018/19 and be the basis for planning in FY 2019/20 MTEF. Further, the county is also working to expeditiously expand local revenue generation streams by targeting the potential in land rates, parking fees, extractive resources, cess, livestock yards fees and water tariffs and automation of revenue collection systems to increase own source revenue and capacity to provide more impactful interventions due to increased resource availability.

Marsabit County received lower than expected rains between the months of October, November and December 2018. However, the rains received were enough to positively impact the agricultural sector. Access to water for domestic use, drinking and sanitation also improved within this period though there was also the negative impact of the increases of incidences of diseases associated with excessive water such as Cholera and Rift Valley Fever for the livestock. However, the Department of Health and Livestock were prepared and able to deal with all cases alleviating any negative impacts that would have significantly affected the performance of the County.

1.1.2 County Specific Context

The County's Medium Term Expenditure Framework for FY 2019/20 to FY 2021/2022 is predicated on priorities espoused in the Governors Manifesto and which were harnessed and outlined in the Marsabit CIDP 2018-2022. The priorities in the second generation CIDP are aligned to Kenya's Vision 2030 and are in line with the Jubilee Manifesto and the President's Big Four Point Agenda for the period 2018-2022. To propel this agenda, the following key county priorities and strategies were identified:

i. Increase food and nutritional security and household income of pastoral, agro-pastoral and fisher-folk of Marsabit County
ii. Ensure access to quality and affordable health services
iii. Improve early childhood and vocational education, youth empowerment and sports development
iv. Improve road, transport and housing development to spur economic growth
v. Improve access to adequate portable water and ensure clean and safe environment
vi. To facilitate and enable sustainable land use and growth of the urban centers through efficient land administration, equitable access, secure tenure, sustainable management of land-based resource and well-planned urban centers
vii. Promoting green, affordable, sustainable, and reliable energy services while protecting and conserving the environment
viii. Improve ease of doing business for wealth creation
ix. To provide quality service delivery at all decentralized units
x. To improve ICT infrastructure for efficient delivery of services to the citizens
xi. To improve cohesion among communities living in the County and strengthen disaster mitigation mechanism
xii. To improve sensitization, awareness creation and advocacy among the citizens
xiii. Ensure professional, ethical and responsive human resource that will provide effective and efficient public service delivery to the devolved units.

1.2 Programmes for Achieving the County Strategic Blueprint's Objective

This County Fiscal Strategy Paper articulates priority economic policies and structural reforms as well as sector-specific expenditure programs to be implemented under the Medium Term Expenditure Framework for FY2019/20, FY2020/21 and FY 2021/22 in order to achieve the County Government's development goal to ensure a secure, resilient and globally competitive first class county in service delivery for all.

1.2.1 Increase food and nutritional security of household and income of pastoral, agro-pastoral and fisher folk of Marsabit County

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs listed include:

a) Promotion of irrigated agriculture for crop and pasture development, support to agro-processing and value addition and promotion climate smart agricultural practices
b) Promotion of livestock breed improvement, establishment of feed lots and disease free zones and strengthen livestock market linkage
c) Promote soil, water and natural resource management
d) Enhance food security through adoption of modern technologies
e) Build communities resilience to drought through promotion of climate proof infrastructures and livelihood diversification.
f) Strengthen research extension and farmer/pastoral community through promotion of innovative and new technologies.
g) Enhance animal health and welfare through disease surveillance and disease control as well as veterinary public health
h) Increased and sustainable fish production for subsistence and commercial utilization

1.2.2 Ensure access to quality and affordable health services

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs listed include:

a) Investment in improving health infrastructure of existing health facilities
b) Improve diagnostic services through procurements and installation of specialized equipment in the 4 referral hospitals
c) Increase the workforce numbers by 20% and recruit specialist across all the cadres
d) Promote and re-designate current workforce.
e) Strengthening emergency services and referral system to provide 24 hours' referral services and establishment of command center
f) Increasing allocation for Essential Medicines and medical supplies
g) Automation of Moyale Sub-county referral hospital and Marsabit county referral hospital
h) Infrastructure and connectivity through LAN and WAN
i) Improve service delivery through customer satisfaction and demand creation
j) Provision of scholarships for health trainings for all cadres as well as Enhance capacity development for technical staffs on essential services
k) Strengthen Monitoring and evaluation through regular support supervisions

l) Establish an oxygen plant at Marsabit county referral hospital.

1.2.3 Improve early childhood and vocational education, youth empowerment and sports development

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs listed include:

a) Provide competitive and transformative quality education activities in the county
b) Improve access, retention and completion rates at all education levels
c) Provision of appropriate infrastructure and sufficient equipment for early childhood and vocational training
d) Improve ECDE and VTCs learning programs;
e) Improve school feeding program for ECDE centers;
f) Scholarship and bursary support to bright students in High schools, Universities, Colleges and Vocational Training Centers.
g) Link up VTC graduates with the labour market and provision of post training support to VTC graduates
h) Assessment of educational institutions for quality assurance and standards especially with regards to early childhood education and vocational centres
i) Provision of business start-up capital to youth and organized youth groups
j) Promote youth training and development by designing policies and programs that build young people's capacity to resist risk factors and enhance protective factors
k) Talent identification, development and nurturing for all sports persons
l) Stadia development and Management
m) Mobilize county sports persons to participate in sports as a career
n) Prepare and facilitate teams to participate in local and nationwide events.

1.2.4 Improve Road, Transport and housing development to spur economic growth

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs listed include:

a) Upgrade urban roads to bitumen standards in Moyale and Marsabit towns.
b) Maintenance & Rehabilitation of County Roads and Bridges;
c) Maintain and upgrade existing airstrips.
d) Develop new airstrips in designated rural areas.
e) Improve usage and safety of water transport.
f) Ensure road worthiness of county government vehicles and drivers competencies.
g) Construct affordable decent houses.
h) Manage county government estates.
i) Train youth on appropriate building technologies.
j) Provide technical support for infrastructure development.

1.2.5 Improve access to adequate portable water and ensure clean and safe environment

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs listed include:

a) Infrastructure Development Services which includes construction of mega pans and major water works and drilling of boreholes;
b) Reduce distance to water source by construction of pipeline connections
c) Environment degradation by minimize charcoal burning activities
d) Afforestation programs, mainly tree planting activities
e) Farm forestry and dry land forestry
f) Reduce invasive species through manual clearing.

1.2.6 To facilitate and enable sustainable land use and growth of the urban centers through efficient land administration, equitable access, secure tenure, sustainable management of land-based resource and well-planned urban centers

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs listed include:

a) To facilitate and enable sustainable land use and growth of the urban centers through efficient land administration, equitable access, secure tenure, sustainable management of land-based resources and well-planned urban centers
b) Demarcation of the already declared land adjudication sections,
c) Physical planning of upcoming towns,
d) Fast-tracking of title deeds of all land adjudicated sections in the County
e) Fast tracking of cadastral surveys for all approved LPDPs
f) Coordinating public and private partnerships, in improving provisions of urban services
g) Expand urban infrastructure through effective urban planning
h) Prepare integrated infrastructures and urban plans countywide
i) Provide efficient waste management policies
j) Formulate urban policies and legislations
k) Establish functional municipality to improve service delivery for social well-being of urban populations.

1.2.7 Promoting green, affordable, sustainable, and reliable energy services while protecting and conserving the environment

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs listed include:

a) Research and harnessing of Renewable Energy source and increase access to electricity to more homes and institutions.
b) Continuous lighting of existing and upcoming towns [Solar Street Lights]
c) Bridge budget gaps through private-public partnership
d) Develop institutional, legal and Regulatory frameworks for attracting investments, especially in the areas of Renewable Energy
e) Provision of Solar lantern lamps for poor households within the county
f) Promotion and Development of Energy saving devices as well identify and support entrepreneurs
g) Installation of hybrid [Solar/Wind] Energy systems on shallow wells.

1.2.8 Improve ease of doing business for wealth creation

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs listed include:

a) To establish viable cooperative societies
b) To develop prudent financial control of Cooperatives through regular audits
c) Promote the development of small scale industries
d) Improve availability of financial support to SMEs, i.e. improve access to affordable business finances
e) Promote Industrialization through value addition of products in livestock and Agriculture value chains
f) Promotion of wholesale and retail trade
g) Attract foreign direct investment to the county
h) Promotion of fair trade practices.

1.2.9 To provide quality service delivery at all decentralized units

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs listed include:

a) Construction of Sub county Administrators' office at Saku Sub County.
b) Construction of deputy sub County administrators offices for Sololo, Maikona and Loiyangalani and their respective ward administrators
c) Improved coordination of county Government Departments and Non-state Actors' programmes
d) Develop bills and policies to guide the operation of the directorate.

1.2.10 To improve ICT infrastructure for efficient delivery of services to the citizens

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs listed include:

a) Digitization of county operation (ICT support)
a) Infrastructure, connectivity and interoperability: establishment of Local, Metro and Wide Area Networks Countywide.
b) Automation of key County Services such as Revenue, lands registry etc.
c) The installation and use of the integrated financial management system (IFMIS) at the Finance and Economic planning and the IPPD system at the Human Resource Department are all major ICT programs that have been fully rolled out and are fully functional.

1.2.11 To improve cohesion among communities living in the County and strengthen disaster mitigation mechanism

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs listed include:

a) Conflict management and disaster response by a creating awareness creation to enhance and reduce incidents of inter-tribal conflict.
b) Strengthen Traditional Conflict resolution mechanism.
c) Improved cross border Peace building initiatives
d) Build institutional capacities to handle disaster and risk management
e) Strengthen coordination of governments and non-state actors both for ease of Administration and emergency response
f) Monitoring and evaluation of drought preparedness and response interventions by State and Non State actors.

g) Dissemination of Drought Early Warning information to improved public knowledge and access to information.

1.2.12 To improve sensitization, awareness creation and advocacy among the citizens

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs listed include:

a) Civic education countywide through Community awareness, improved ability to identify and prioritize areas of development.
b) Strengthen public participation at sub county and ward administration structures by further devolving resources to the ward level by implementing Ward Based Development Projects.
c) Feedback mechanism established through Uwajibikaji initiative and recruitment of convener who receives and documents public complaints.
d) Capacity building for County Civic education officers, County Government Administrators and other stakeholders on Governance framework.
e) Conduct radio programs on available essential services provided by the county Government.

1.2.13 Ensure professional, ethical and responsive human resource that will provide effective and efficient public service delivery to the devolved units

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs listed include:

a) Recruitment/employee sourcing
b) Employee Welfare Management
c) Staff training and development
d) Human Resource Information Systems
e) Job evaluation
f) Performance Management Systems
g) Human resource policies and regulations
h) Infrastructural Development.

1.3 Outline of County Fiscal Strategy Paper

This paper has four other sections. Section Two reviews the County's recent economic developments and policy outlook that provides reviews the latest information on the macroeconomic variables and their latest trends at the national level since they were last analyzed during the compilation of the County Budget Review & Outlook Paper (C-BROP) and compared to the previous financial year to derive a percentage growth rate. Section three reviews the fiscal policy budget framework and provides the key actions the County Government has decided to take in the budget allocation. Section four sets out the budget framework proposed for FY 2019/20 MTEF and the resource envelope available for allocation among the county's departments and agencies and is based on the County Government's final resource projections contained in the medium term fiscal framework as outlined in the Fiscal

Policy and Budget Framework section of this paper. The section has sub-sections that capture the resource envelope, spending priorities, MTEF estimates, baseline ceilings, the process for finalization of the spending plans and the details of the sector priorities. Lastly, section five gives a conclusion of the entire paper and provides a summary of the main changes and decisions to be put to effect during the MTEF period.

CHAPTER TWO: RECENT ECONOMIC DEVELOPMENTS AND POLICY OUTLOOK

2.1 Overview

This section reviews the latest information on the macroeconomic variables and their latest trends at the national level and how these impact the Marsabit county government policies, processes and operations. These statistics are based on the National Treasury's Budget Policy Statement of 2019.

2.1.1 Gross Domestic Product growth and its main drivers by sector

Economic activities picked up in 2018, after the slowdown in 2017, reflecting improved rains, better business sentiment and easing of political uncertainty. The economy grew by 5.8 percent, 6.2 percent and 6.0 percent in the first, second and third quarters of 2018 respectively, up from 4.7 percent in similar quarters in 2017. Growth for the first three quarters of 2018 averaged 6.0 percent and is projected to grow by 6.0 percent in 2018 up from 4.9 percent in 2017. This growth is supported by a strong rebound in agricultural output, steadily recovering industrial activity, and robust performance in the services sector.

Specifically, we note the following main drivers of the growth by sector:

- The Agriculture sector recovered and recorded broad based growth of 5.2 percent in the third quarter of 2018 compared to a growth of 3.7 percent in a similar quarter of 2017, supported by improved weather conditions.
- The Non-agricultural sector (service and industry) remained vibrant and grew by 5.8 percent in the third quarter of 2018 up from a growth of 5.1 percent in a similar quarter in 2017. It has the largest percentage points to real GDP growth at 4.0 percentage points mainly supported by the service sector.
- Services remained the main source of growth and expanded by 5.9 percent in the third quarter of 2018 compared to a growth of 5.6 percent in the same quarter in 2017. The service sector was supported by improved growth in accommodation and restaurant (16.0 percent), wholesale and retail trade (6.8 percent), transport and storage (5.4 percent) and financial and insurance (2.6 percent). Growth of activities in information and communication (9.1 percent) and real estate (5.8 percent) remained vibrant despite the slowdown relative to the same quarter in 2017.
- The industry sector accounted for 0.9 percentage points to growth in the third quarter of 2018, largely driven by the construction and manufacturing sectors which contributed 0.4 percentage points and 0.3 percentage points, respectively.

2.1.2 The Broad Money Supply Trend

Broad money supply, M3, improved to a growth of 9.1 percent in the year to October 2018 compared to a growth of 7.2 percent in the year to October 2017. This was due to the increase in the net foreign assets (NFA) of the banking sector despite a slowdown in the growth of net domestic assets (NDA) of the banking system. The decline in growth of NDA was largely reflected in the decrease in net domestic credit to Government.

Net Foreign Assets (NFA) of the banking system in the year to October 2018 grew by 22.3 percent, an improvement compared to a contraction of 2.3 percent in the year to October 2017, largely supported by Government external borrowing and increase in commercial banks foreign assets mostly in form of deposits and securities purchased.

2.1.3 The Inflation Rate Trend

The economy continues to register macroeconomic stability with low and stable interest rates and a competitive exchange rate to support exports. Month-on- month overall inflation remained stable and within target at 5.7 percent in December 2018 from 5.6 percent in November 2018, largely on account of low food prices following favorable weather conditions and a decline in energy prices due to lower prices of electricity and diesel. However, overall inflation increased from 4.5 percent in December 2017 to 5.7 percent in December 2018 on account of an increase in international oil prices.

2.1.4 The Interest Rate Trend

Interest rates have been low and stable for the period 2002 to 2011 due to ample liquidity in the money market. However, interest rates increased in 2012 following tight monetary policy stance in order to ease inflationary pressures. Interest rates remained stable and low in the period 2013-2018 except June – December 2015 when world currencies were under pressure. During the period, the policy rate (Central Bank Rate) was adjusted appropriately to anchor inflation expectations. The Central Bank Rate was reduced to 9.0 percent on 30th July 2018 from 9.5 percent in March 2018 as there was room for easing monetary policy stance to support economic activity.

The interbank rate remained low at 8.1 percent in December 2018 from 7.7 percent in December 2017 due to ample liquidity in the money market. The interest rates for Government securities have been declining indicating that the implementation of Government domestic borrowing program supported market stability. The 91-day Treasury bill rate declined to 7.3 percent in December 2018 compared to 8.0 percent in December 2017 while over the same period, the 182 day and the 364-day Treasury bills declined to 8.4 percent and 9.7 percent from 10.5 percent and 11.1 percent, respectively.

2.1.5 The Balance of Payments Trend

The overall balance of payments position was at a deficit of US$ 1,333.9 million (1.4 percent of GDP) in the year to October 2018 from a surplus of US$ 490.5 million (0.6 percent of GDP) in the year to October 2017. This deficit was due to a decline in the financial account despite an improvement in the capital and current accounts. The current account balance improved to a deficit of US$ 4,660.6 million (5.0 percent of GDP) in the year to October 2018 compared to a deficit of US$ 5,141.8 million (6.5 percent of GDP) in the year to October 2017. This improvement was supported by strong growth of agricultural exports particularly tea and horticulture, increased diaspora remittances, strong receipts from tourism, and lower imports of food and SGR-related equipment relative to 2017. It is expected to narrow further to 5.2 percent of GDP in 2018 from 6.3 percent in 2017.

2.1.6 The Exchange Rate Trend

The Kenya Shilling exchange rate remained broadly stable and competitive against major international currencies. Against the dollar, the exchange rate has been relatively less volatile exchanging at Kshs 102.3 in December 2018 from Kshs 103.1 in December 2017. Against the Euro and the Sterling pound, the Shilling also strengthened to Kshs 116.4 and Kshs 129.7 in December 2018 from Kshs 122.0 and Kshs 138.2 in December 2017, respectively. The Kenya Shilling exchange rate has continued to display relatively less volatility, compared to most sub - Saharan Currencies. This stability reflects strong inflows from tea and horticulture exports, resilient diaspora remittances and improved receipts from services particularly tourism.

2.1.7 The Stock Market Trend

Activity in the capital market slowed down with equity share prices declining as shown by the NSE 20 Share Index. The NSE 20 Share Index was at 2,834 points by end- December 2018 from 3,712 points in December 2017. The depressed share prices resulted in lower market capitalization of Kshs 2,102 billion in December 2018 from Kshs 2,522 billion in December 2017. The decline reflects trends in the global equities markets as investors shift to bond markets in expectation for a further hike in the U.S. interest rates on strong jobs and economic data.

2.2 Impact of the Macro-economic performance indicators to the County

As the economy expands as noted by the increase in GDP, more opportunities arise for investments and growth in the productive sectors. An immediate impact will be an increase in the equitable share from the government due to increased revenue flows at the national level and which will offer the County government more resources to invest in the transformative programs already identified. Further, the growth in the economy promotes foreign direct investments and the County is able to realize more private and public investments if the trend continues in the medium term.

The rate of inflation has largely been held stable due to a favorable macroeconomic environment and a prudent fiscal and monetary policy regime. Holding the rate of inflation stable enables the county maintain stable public investment and service delivery projections and hence a more stable approach to planning and budgeting. This is contrasted against an unstable inflation environment which ultimately affects the buying power of the resources both at the disposal of the government and the residents, and increases the poverty demographics to levels that may impact the spending patterns of the County Government. Hence the stability in the inflation rates is important for the continued implementation of the County development strategy.

The County has benefitted from the recovery of the insecurity and has already developed clear strategies and plans and address the issue of insecurity within the county. Specifically, the areas which are highly prone to insecurity. The national government big four agenda (universal health care, food security, infrastructure development and housing development for all) has largely shaped the county priorities in the four sectors while the high inflation rate in the country has led to high cost of living in the county.

2.3 Update on Fiscal Performance and Emerging Trends

The Marsabit County's FY 2017/18 Approved Supplementary Budget was Kshs.7.73 billion, comprising of Kshs.4.30billion (55.6 per cent) and Kshs.3.43 billion (44.4 per cent) allocation for recurrent and development expenditure respectively.

To finance the budget, the County expected to receive Kshs.6.58 billion (85.2 per cent) as equitable share of revenue raised nationally, Kshs.465.37 million (6 per cent) as total conditional grants, generate Kshs.130million (1.7 per cent) from own source revenue, and Kshs.551.9 million (7.1 per cent) cash balance from FY2016/17.

2.3.1 Revenue

During the FY 2017/18, the County received Kshs.6.58 billion as equitable share of revenue raised nationally,Kshs.368.13 million as total conditional grants, raised Kshs.92.01 million from own source revenue, and had a cash balance of Kshs.551.90 million from FY 2016/17. The total available funds amounted to Kshs.7.6 billion.

2.3.2 Expenditure

The County spent Kshs.6.58 billion, which was 96.3 per cent of the total funds released for operations. This was an increase of 6.9 per cent from Kshs.6.14 billion spent in FY 2016/17. A total of Kshs.4.04 billion was spent on recurrent activities while Kshs.2.54 billion was spent on development activities. The recurrent expenditure was 97 per cent of the funds released for recurrent activities, while development expenditure was 95.3 per cent of funds released for development activities. The expenditure excluded pending bills which amounted to Kshs.468.53 million for development activities and Kshs.330.63 million for recurrent expenditure as at June 30, 2018.

The recurrent expenditure represented 93.7 per cent of the annual recurrent budget, an increase from 92.8 per cent recorded in FY 2016/17. Development expenditure recorded an absorption rate of 74 per cent, which was a decrease from 87 per cent attained in FY 2016/17.

The total recurrent expenditure of Kshs.4.04 billion comprised of Kshs.1.88 billion (46.8 per cent) incurred on personnel emoluments and Kshs.2.14 billion (53.2 per cent) on operations and maintenance. Expenditure on personnel emoluments represented an increase of 34.5 per cent compared to FY 2016/17 when the County spent Kshs.1.40 billion, and was 28.7 per cent of total expenditure. On the total development expenditure of Kshs.2.54 billion, this represented 74 per cent of the annual development budget of Kshs.3.43 billion.

2.3.3 Fiscal balance

In the medium term, the government is forecasting a balanced budget hence there will be no need for debt financing.

2.4 Comparison of Actual Performance against budget

An analysis of the budget performance in the FY2017/18 reveals that while the recurrent allocation is well absorbed, the development vote is minimally absorbed. The table below shows the comparison of actual performance against Budget.

Table 1: Comparison of actual performance against Budget

	2017/18 FY	2018/19 FY		
	Actual (Kshs. Million)	Budget estimates (Kshs. Million)	Actual 1st Quarter (Kshs. Million)	% Utilization
TOTAL REVENUE & GANTS	7,043.8	7,618.99	367	5%
Unspent Bal from Previous FY	551.9	1,015.73	832.97	82%
Revenue (Total)	7,595.7	8,634.73	1,200	14%
Equitable Share Allocation	6,583.6	6,800.65	350.11	5%
Local Revenue	92.1	140.00	16.71	12%
Grants (Total)	368.1	678.34	0	0%
TOTAL REVENUE & GRANTS	7,043.8	7,618.99	367	5%
Total Expenditure	6,580.0	7,820.54	767.02	10%
Recurrent	4,040.0	4,062.54	767.02	19%
Development	2,540.0	3,758.00	0	0%
Unspent Bal Current FY	1,015.7	-	-	-

To finance the government operation in 2017/18, the County received Kshs. 6.58 billion (86.7%) as equitable share of revenue raised nationally, Kshs. 1.66B (4.8%) as total conditional grants, generate Kshs.92.1 million from own source revenue (1.2%), and Kshs.551.9 million (7.3%) cash balance from FY 2016/17.

2.5 Significant Economic, Legislative and Financial Events

The constitutional provisions for county governments financing have guaranteed stable flow of funds from the national government with Marsabit county recording an average of 12% growth per annum between 2013/14 and 2017/18. Capacity challenges to fully operationalize e-procurement in the county have slowed down implementation of the county projects and therefore affecting the budget implementation for the financial year 2017/18. This has also seen a slow start to the current financial year 2018/19.

The elections in August 2017 came immediately after the start of the financial year 2017/18, the heated political temperatures coupled with uncertainties associated with elections saw a subdued budget implementation at the start of the financial year. The repeat of the presidential elections in October further disrupted national and county operations resulting to a slower budget implementation.

2.6 Revised Estimates

There are no major challenges reported in the past financial year to have big negative impact. In the medium term, macroeconomic outlook projects a stable financial situation for the county.

The first half of 2018/19 has recorded gross under performance of OSR, this shortfall shall be accommodated by rationalizing recurrent expenditure. The revenue shortfall has mainly been occasioned by weak legal framework to support the activation of all revenue streams, low automation of revenue collection and frequent tribal wars. In the medium term, the government intends to put in place adequate laws and measures to address these weaknesses.

2.7 Economic Policy and Outlook

The BPS 2019 projects a GDP growth of 6.2% in the medium term, this is expected to guarantee a revenue growth of at least 3% annually for the county governments. This anticipated revenue allocations to the county has been factored in the budget projections in this CFSP. The government has projected a balanced budget in the medium term.

Inflation has been projected to remain within target of 5+/- 2.5% in the medium term and is therefore not expected to have adverse effect on the budgetary resources for the county government.

In order to align and support the National government focus on the four areas of Food security, universal health care, expansion of manufacturing and housing, the county has committed to sustain allocation of significant resources to the concerned sector. An average of 22% of budgetary allocations will go to the health sector while the agriculture, Trade and Cooperatives, Water Services and Energy & Environment sectors that support food security and value addition will consume 23% in the medium term.

Table 2: Macroeconomic Indicators Underlying the Medium Term Fiscal Framework (FY 2019/20 MTEF)

	2018/19	2019/20	2020/21	2021/22
National Account and Prices	**Annual Percentage change**			
Real GDP	6.1	6.2	6.4	6.7
GDP Delfator	7.5	6.5	6.0	6.0
CPI Index (eop)	4.9	5.0	5.0	5.0
CPI Index (Avg)	4.8	5.0	5.0	5.0
Terms of Trade (-deterioration)	-3.5	-1.6	-1.8	-2.2
	PERCENTAGE OF GDP			
Investments and savings				
Investments	24.0	24.0	23.3	25.0
Gross National Savings	18.2	18.1	17.4	19.7

Central Government Budget				
Total Revenue	18.3	18.3	18.5	18.8
Total expenditure and Net lending	25.1	23.9	22.8	22.5
Overall balance Commitment basis (excluding. Grants)	-6.8	-5.6	-4.3	-3.7
Overall balance Commitment basis (including. Grants)	-6.3	-5.1	-3.9	-3.3
External Sector				
Current external balance, including official transfers	-5.8	-5.8	-5.9	-5.4
Gross international reserve coverage in months of imports	7.0	7.1	7.2	7.3

2.8 Risks to the Outlook

This sub-section deals with the risks associated with the outlook of the proposed budget 2019/20 and the medium term.

Risks	*Mitigation measures*
2.8.1 Risk in Changes in Macroeconomic Assumptions Unexpected changes in in macroeconomic variables create risks to both revenue and expenditure projections in this CFSP as they play a key role in the formulation of the budget. Some of these risks include adverse changes in real GDP growth rates, inflation rate, exchange rate and volatility of commodity prices that affect the County's own source revenue. However, on the overall, any negative external and internal shocks to our economy may adversely affect transfers from the national government and may significantly affect the funds allocated to Marsabit County.	Marsabit County understands that the risks in macro-economy largely affect the programmed spending on the development budget. The National Treasury has developed a national mitigation of measure by establishing the Public Investment Management Unit which will be responsible for ensuring that all capital projects are planned, appraised and evaluated before funds are finally committed in the budget. Marsabit County shall ensure that capital projects planning, appraisal and evaluation are conducted efficiently and necessary commitments made through the Public Investment Management Unit to ensure that funds are allocated early in the financial year. To this end the County will develop comprehensive work plans, procurement plans and cash flow projections and ensure these are submitted as required (by the 15 June of each financial year) to mitigate the effects of any adverse macroeconomic changes and ensure that if this risk crystalizes then the effects are borne by the National government.
2.8.2 Shortfall in County Revenue The third revenue sharing formula proposed by CRA will lead to reduction of county revenue significantly.	While country's GDP growth is projected at 6.2%, the county government has conservatively projected the revenue growth at 3%; Understanding the own source revenue environment, the county has in the FY 2019/20 MTEF reduced the budget to

Risks	*Mitigation measures*
The County government has projected as part of its revenue envelope own source revenue that will be used for budgetary support. Own source revenue generation has continued to face challenges that has resulted in consistent drop in the revenue collected and the failure to achieve the targets in the past.	reflect more closely the expected revenue given the current environment. However, in the medium term the government will undertake measures aimed at expanding the revenue base and increasing tax compliance through the integration of technology in revenue collection. Further, the County will develop legislation over key revenue sources and develop enforcement mechanisms to stem the revenue leakages.
2.8.3 Pending bills Marsabit County continues to face major challenges of pending debts and bills. The pending bills currently appropriated stands at Kshs.468.53 million for development activities and Kshs.330.63 million for recurrent expenditure as at June 30, 2018.	The pending bills of Kshs 799.16 million as at 30th June 2018 have been appropriated for in FY 2018/19 and is expected to be cleared by the end of this financial year. In the medium term, commitments will be made against the appropriated resources and payments will be made in strict compliance with the approved estimates.
2.8.4 Contingent Liabilities County Government continues to face potential litigation on the pending bills and/or due to lack of compliance on the various statutory requirements including the myriad of requirements imposed by Kenya Revenue Authority. Though there were no active cases at the time of the development of this CFSP (2019), the possibility of such being brought remains a risk.	The County will continue to ensure full compliance with contractual agreements and with statutory requirements imposed by the various national agencies. Further, the county will seek to revamp its legal department to ensure that the implementing departments get the requisite legal advice when dealing with all contractual matters.

CHAPTER THREE: FISCAL POLICY BUDGET FRAMEWORK

3.1 Overview

The FY 2019/20 MTEF budget framework is intended to consolidate the County's fiscal agenda of transforming the lives and livelihoods of residents through strengthening the delivery of strategic and priority social economic interventions. The County will pursue prudent fiscal policies to ensure economic growth and development. Further, the fiscal policies are aimed at providing support to economic activities while at the same time creating a sustainable and conducive environment for the implementation of programs.

The County Government will endeavor to improve on service delivery to the county residents in the medium term. In doing so the following key decisions will guide allocation during the medium term:

- There will be focus on strengthening resource mobilization to eliminate the fiscal gaps that have been experienced in the past as a result of own source revenue shortfalls. This will be through automation of revenue streams to enhance their potential and reduce leakages;
- The County Government will implement performance management and institute critical actions to manage the growth in wage bill.

The County Government will strive to ensure that the budget is balanced in the medium term and that expenditure for development shall constitute 40% across the FY 2019/20, FY 2020/2021 and FY 2021/22. Further and on the back of prudent financial management, the county will also seek to keep the recurrent expenditures below 60% in the medium term. Expenditure ceilings are based on county priorities extracted from the CIDP 2018-2022, ADP 2019/20 and the sector working group reports for each of the sectors. Moreover, the ceilings were also adjusted based on reduction on total revenue, expenditure trends and the changes in priority based on sector working group discussions. Expenditure related to conditional funding and grants has been ring fenced based on the purpose for the funding and estimates developed and included in the sector working group reports.

The proposed FY 2019/20 MTEF fiscal strategy is based on a balanced budget. However, any shortfall in revenue that may occur within the MTEF period will be addressed through supplementary or borrowing within the framework by sub-nationals as approved by the Intergovernmental Budget and Economic Forum (IBEC).

3.2 Fiscal Policy Status

The government's fiscal policy objective in the medium term will be to focus resources to priority and growth potential areas. Allocation and utilization of resources in the medium term will be guided by the priorities outlined in CIDP 2018-2022 and other county plans; and in accordance with fiscal responsibility principles as set out in section 107 of the PFM Act 2012. For effective utilization of public finances for enhanced expenditure productivity, the county government will prioritize expenditures within the overall sector ceilings and strategic sector priorities.

During the FY2018/2019 the County Government will operationalize Sector Working Groups (SWGs) that will continue to be the forum for permanent and continuing dialogue between the government and the various sectors of the county economy. The SWGs will be key in coordinating the preparation of Departmental Public Expenditure Reviews (DPERs); reviewing sectors objectives and strategies; identifying sector priorities and rankings; identifying linkages; identifying sources of funding for sector programmes and improving communication and nurture partnerships within each of the sectors.

3.3 Fiscal Strategy Paper's Obligation to Observe Principles

To have sustainable development and growth, the government is planning to meet the fiscal targets set by making policies aimed at ensuring strict adherence to fiscal responsibility principles. These policies will aim at rationalizing allocation of more resources from recurrent to capital and development programs so as to promote sustainable and inclusive growth. Further, the government will operate within a framework of balanced budget in the medium term with occasional short term borrowing as may be necessary for cash flow management purposes.

3.3.1 Fiscal Responsibility

The policies set out are in line with the Constitution of Kenya 2010 and the PFM Act, 2012 which sets out the fiscal responsibility principles to ensure prudency and transparency in the management of public resources. The fiscal responsibility principles that will be observed in FY 2019/20 and in the medium term are as follows:

1. Over the medium term, a minimum of thirty (30) per cent of the budget shall be allocated to the development expenditure. In FY 2015/16, FY 2016/17 and FY 2017/18, the government achieved an allocation to development expenditure of 42.3%, 45.4% and 38.7% respectively. The projections for the medium term is 40% across the years which is within the law;

2. The Government's expenditure on wages shall not exceed a percentage of 35% of the County total revenue. Personnel Emoluments for FY 2017/18 stood at 29%. The

projected percentage of the wage bill in FY 2019/20 is 35% which represents a rise of 5 percentage points. This is due to the projected hiring of staff to provide relevant services to the people and will help to improve on development expenditure in the light of zero expenditure on development for the 1st quarter 2018/19 FY;

3. Over the medium term, Government's borrowing shall be used only for purpose of financing development expenditure and not for recurrent expenditure. The County government has no plans within the FY 2019/20. However, if need arises to borrow in the medium term it will be tied to development purpose;

4. The county debt shall be maintained at a sustainable level as approved by County Assembly. The county debts are limited to the commitments carried forward from FY 2017/18 of Kshs. 799.16 million and shall be settled by the close of the financial year. The County will also commence a vetting process to determine the validity of the pending debts as some were inherited from the county council and relate to the period prior to devolution;

5. The fiscal risks identified under section 2.8 above shall be managed prudently and all mitigation measures indicated put in place to manage all identified and emerging risks; and

6. The government shall maintain a reasonable degree of predictability with respect to the level of tax/ levy rates and bases shall be maintained, taking into account any tax reforms that may be made in the future. The projections for the own source revenues have taken this into account and in the medium term, the county will focus more on stemming revenue leakages by instituting enforceable laws over revenue sources and move to automation of the revenue streams.

3.3.2 Fiscal Structural Reforms

The County Government aims to widen the tax base by reviewing the relevant revenue legislations in order to improve revenue raising measures and efficiency. In order to achieve this objective, the county government will review the current tax legislation in terms of rates, processes and enforcement mechanisms to ensure that own source revenues are increased to optimal levels. Further, there will be an increased focus on automation to improve the whole process of revenue management and stem revenue leakages.

Over the medium term, the government will rationalize its expenditure with an aim to reduce wastages. This will be done by ensuring there is improved accountability and transparency by the accounting officers who are in charge of public finances and more focus on programs and activities that have a high impact on service delivery to the residents. The on-going fiscal structural reforms will eliminate duplications.

The government will strive to ensure that there is efficient and effective execution of the budget. This will be made possible through expenditure tracking and taking corrective measures on any deviations and instilling strong internal controls on expenditure. To achieve value for money there is need to strengthen County oversight mechanisms including the audit function and the Project Implementation function through continuous review of risks and periodic monitoring and evaluation of projects and programmes.

3.3.3 Debt Financing Policy

The County Government's current debts are limited to the pending bills. The pending bills for FY2017/18 have been appropriated in the FY 2018/19 and will be cleared in the course of this financial year. The pending debts represent carried forward debts over the years and some that date back to the pre-devolution period. A review and consultative process will be planned for and a decision made on how to clear this amounts. Except for these two categories, the County does not finance its operations through debt and hence no outstanding debt.

In the medium term, no debt has been factored in the financial projections for the County. However, Marsabit County does relish the opportunity to borrow from domestic sources for key capital investments and will be willing to revisit the current projections upon the completion of a framework to be developed by the National Treasury on borrowing by County governments. In such instances, borrowing will be undertaken upon careful and critical analysis of financial position and capability of the county in repaying its debts.

3.4 Budget Framework Proposed for FY 2019/20 MTEF

The FY 2019/20 budget framework will continue to entrench fiscal discipline and expenditure rationalization that has been undertaken over the last two years. Taking into consideration the fiscal consolidation measures proposed by the National Treasury, the county will attempt to do more with less that is available to achieve sustainability and affordability.

The strategy to be adopted will involve prioritization of key sectors and functions in order to

- Ensure funding goes to the most critical needs and achieve maximum impact on the beneficiaries through prudent utilization of resources.
- Linking programs and intended objectives with clearly defined inputs, outputs and outcomes.
- The cash flows and procurement and implementation plans are harmonized to ensure coherence and take into account resource constraints.

3.4.1 Revenue Projections

The revenue projections for the FY 2019/20 including the equitable share, local revenue and loans and conditional grants are expected to be about Kshs. 7,657,980,952. The revenue projections are based on the 2019 Budget Policy Statement which has defined the horizontal sharing of revenues among the counties. The County is expected to receive Kshs. 6.634 billion as equitable share and Kshs. 873,980,952 from the loans and conditional grants allocation. The county own revenue sources are estimated to be Kshs. 150 million which require concerted effort and better strategies to raise through better administration and supervision.

In the medium term, 86.63% of the county revenues will be financed by the equitable share, 11.41% from loans and conditional grants and 1.96% per cent from county own revenue sources. This is tabulated in table 3 below.

Table 3: County Government Revenue trends and projections

Financial	Equitable Share	User Fees forgone	Fuel Levy	Development of Youth Polytechnics Conditional Grant	Leasing of Medical Equipment	Other Loans and Grants	Own Source Revenue	Total
2017/18	6,583,600,000	6,872,636	181,777,695	29,598,081	-	149,876,862	94,442,462	7,046,167,736
2018/19	6,800,652,600	6,640,000	184,360,000	26,280,000	-	461,060,000	140,000,000	7,618,992,600
2019/20	6,634,000,000	6,643,714	192,258,938	15,558,298	131,914,894	527,605,108	150,000,000	7,657,980,952
2020/21	6,833,020,000	6,643,714	192,258,938	15,558,298	131,914,894	527,605,108	160,000,000	7,867,000,952
2021/2022	7,038,010,600	6,643,714	192,258,938	15,558,298	131,914,894	527,605,108	170,000,000	8,081,991,552
Proportion of total Revenues (2019/20)	86.63%	0.09%	2.51%	0.20%	1.72%	6.89%	1.96%	100%

3.4.2 Expenditure Projections

From the table below, the total expenditure for the FY 2019/20 is expected to be at Ksh 7.658 billion which is less than the total expected expenditure for the FY 2018/19 expected expenditure of 7.821 billion. The decline in the expenditure is seen because the unspent balances for the previous financial year and the reduction in equitable share allocation.

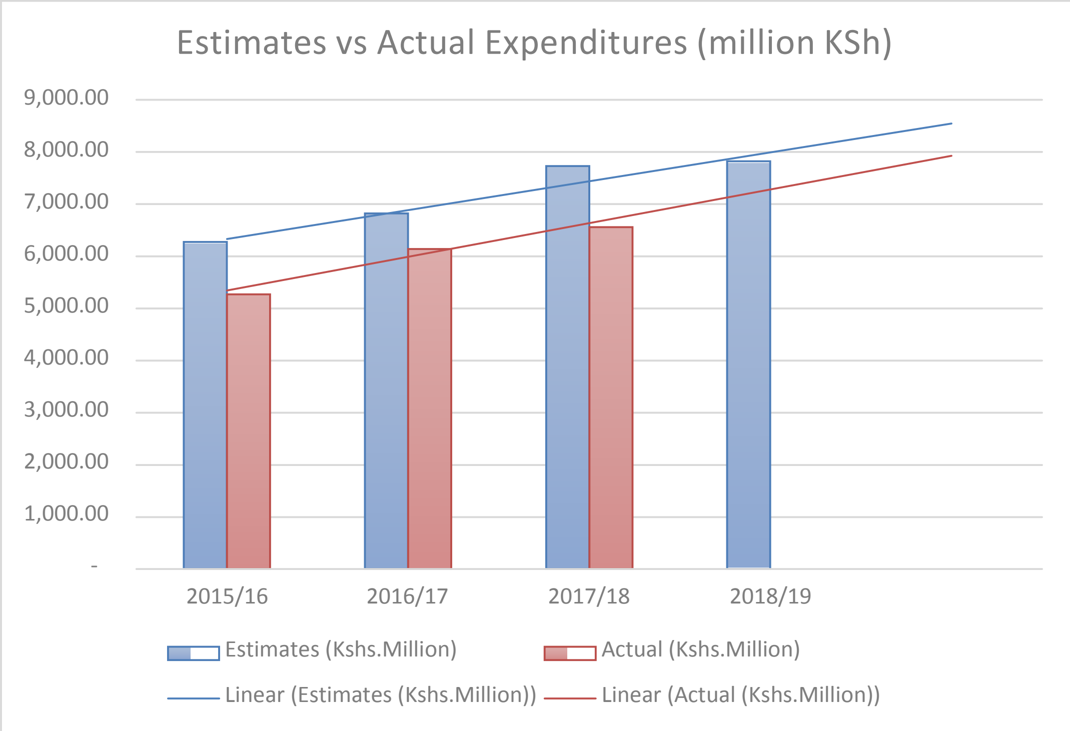

Figure 1: Estimates versus Actual expenditures (Million Kshs)

Table 4: County Government Fiscal Projections FY 2019/20 MTEF

		Total Expenditure Kshs. Million			Projections		%SHARE OF TOTAL EXPENDITURE				
Vote		**Actual Expenditure 2017/18**	**Revised Estimates 2018/19**	**CFSP Ceilings 2019/20**	**2020/2021**	**2021/2022**	**Actuals 2017/18**	**Estimates 2018/19**	**CFSP Ceilings 2019/20**	**2019/2020**	**2020/2021**
County Assembly	**SUB-TOTAL**	**650,960,640**	**741,999,313**	**673,316,313**	**686,782,639**	**703,952,205**	**8%**	**9%**	**9%**	**9%**	**9%**
	Rec. Gross	600,960,640	596,999,313	603,316,313	615,382,639	630,767,205	8%	8%	**8%**	**8%**	**8%**
	Dev. Gross	50,000,000	145,000,000	70,000,000	71,400,000	73,185,000	1%	2%	**1%**	**1%**	**1%**
County Executive	**SUB-TOTAL**	**1,136,883,447**	**891,437,254**	**944,857,842**	**963,754,999**	**987,848,874**	15%	**11%**	**12%**	**12%**	**12%**
	Rec. Gross	512,141,106	531,437,254	544,857,842	555,754,999	569,648,874	7%	**7%**	**7%**	**7%**	**7%**
	Dev. Gross	624,742,341	360,000,000	400,000,000	408,000,000	418,200,000	15%	**5%**	**5%**	**5%**	**5%**
County Treasury	**SUB-TOTAL**	**1,125,045,516**	**408,985,872**	**1,057,650,452**	**1,078,803,461**	**1,105,773,548**	15%	**5%**	**14%**	**14%**	**14%**
	Rec. Gross	680,045,516	368,985,872	365,045,344	372,346,251	381,654,907	9%	**5%**	**5%**	**5%**	**5%**
	Dev. Gross	445,000,000	40,000,000	692,605,108	706,457,210	724,118,640	10%	**1%**	**9%**	**9%**	**9%**
Agriculture, Livestock & Fisheries	**SUB-TOTAL**	**318,082,224**	**596,820,000**	**251,158,552**	**256,181,723**	**262,586,266**	4%	**8%**	**3%**	**3%**	**3%**
	Rec. Gross	173,282,224	186,000,000	199,758,552	203,753,723	208,847,566	2%	**2%**	**3%**	**3%**	**3%**
	Dev. Gross	144,800,000	410,820,000	51,400,000	52,428,000	53,738,700	3%	**5%**	**1%**	**1%**	**1%**
Water, Environment & Natural Resources	**SUB-TOTAL**	**761,763,928**	**775,180,175**	**621,343,571**	**633,770,442**	**649,614,703**	10%	**10%**	**8%**	**8%**	**8%**
	Rec. Gross	125,513,928	130,043,975	129,295,571	131,881,482	135,178,519	2%	**2%**	**2%**	**2%**	**2%**
	Dev. Gross	636,250,000	645,136,200	492,048,000	501,888,960	514,436,184	15%	**8%**	**6%**	**6%**	**6%**
Education, Skills Development, Youth & Sports	**SUB-TOTAL**	**461,169,790**	**614,830,000**	**597,880,214**	**609,837,818**	**625,083,764**	6%	**8%**	**8%**	**8%**	**8%**
	Rec. Gross	230,065,709	259,000,000	349,993,916	356,993,794	365,918,639	3%	**3%**	**5%**	**5%**	**5%**
	Dev. Gross	231,104,081	355,830,000	247,886,298	252,844,024	259,165,125	5%	**5%**	**3%**	**3%**	**3%**
Health Services	**SUB-TOTAL**	**1,722,984,980**	**1,948,036,300**	**1,954,679,275**	**1,993,772,861**	**2,043,617,182**	22%	**25%**	**26%**	**26%**	**26%**
	Rec. Gross	1,215,731,818	1,181,072,500	1,276,514,381	1,302,044,669	1,334,595,785	16%	**15%**	**17%**	**17%**	**17%**
	Dev. Gross	507,253,162	766,963,800	678,164,894	691,728,192	709,021,397	7%	**10%**	**9%**	**9%**	**9%**
Energy, Lands, & Urban	**SUB-TOTAL**	**324,141,798**	**395,650,000**	**257,821,500**	**262,977,930**	**269,552,378**	4%	**5%**	**3%**	**3%**	**3%**

Development	Rec. Gross	137,091,798	140,000,000	142,597,500	145,449,450	149,085,686	2%	**2%**	**2%**	**2%**	**2%**
	Dev. Gross	187,050,000	255,650,000	115,224,000	117,528,480	120,466,692	4%	**3%**	**2%**	**2%**	**2%**
Public Service Board	**SUB-TOTAL**	**101,868,540**	**90,000,000**	**82,555,000**	**84,206,100**	**86,311,253**	1%	**1%**	**1%**	**1%**	**1%**
	Rec. Gross	92,868,540	90,000,000	82,555,000	84,206,100	86,311,253	1%	**1%**	**1%**	**1%**	**1%**
	Dev. Gross	9,000,000	-	0	-	0	0%	**0%**	**0%**	**0%**	**0%**
Administration & ICT	**SUB-TOTAL**	**316,094,230**	**362,450,000**	**320,869,767**	**327,287,162**	**335,469,341**	4%	**5%**	**4%**	**4%**	**4%**
	Rec. Gross	306,094,230	346,500,000	314,309,767	320,595,962	328,610,861	4%	**4%**	**4%**	**4%**	**4%**
	Dev. Gross	10,000,000	15,950,000	6,560,000	6,691,200	6,858,480	0%	**0%**	**0%**	**0%**	**0%**
Roads, Public Works & Housing	**SUB-TOTAL**	**430,948,241**	**614,750,000**	**493,719,169**	**503,593,552**	**516,183,391**	6%	**8%**	**6%**	**6%**	**6%**
	Rec. Gross	70,566,233	77,000,000	92,971,169	94,830,592	97,201,357	1%	**1%**	**1%**	**1%**	**1%**
	Dev. Gross	360,382,008	537,750,000	400,748,000	408,762,960	418,982,034	5%	**7%**	**5%**	**5%**	**5%**
Trade, Industry, Enterprise Development &,Cooperative	**SUB-TOTAL**	**191,172,050**	**188,100,000**	**217,519,796**	**221,870,192**	**227,416,947**	2%	**2%**	**3%**	**3%**	**3%**
	Rec. Gross	78,872,050	83,500,000	80,619,796	82,232,192	84,287,997	1%	**1%**	**1%**	**1%**	**1%**
	Dev. Gross	112,300,000	104,600,000	136,900,000	139,638,000	143,128,950	1%	**1%**	**2%**	**2%**	**2%**
Culture ,Gender & Social Services	**SUB-TOTAL**	**189,759,705**	**192,300,000**	**184,609,500**	**188,301,690**	**193,009,232**	2%	**2%**	**2%**	**2%**	**2%**
	Rec. Gross	73,259,705	72,000,000	108,067,500	110,228,850	112,984,571	1%	**1%**	**1%**	**1%**	**1%**
	Dev. Gross	116,500,000	120,300,000	76,542,000	78,072,840	80,024,661	2%	**2%**	**1%**	**1%**	**1%**
TOTAL		**7,730,875,089**	**7,820,538,914**	**7,657,980,951**	**7,811,140,570**	**8,006,419,084**	**100%**	**100%**	**100%**	**100%**	**100%**
TOTAL REC. GROSS		**4,296,493,497**	**4,062,538,914**	**4,289,902,651**	**4,375,700,704**	**4,485,093,222**	**56%**	**52%**	**56%**	**56%**	**56%**
TOTAL DEV. GROSS		**3,434,381,592**	**3,758,000,000**	**3,368,078,300**	**3,435,439,866**	**3,521,325,863**	**44%**	**48%**	**44%**	**44%**	**44%**

3.4.3 Recurrent Expenditure Forecasts

The total recurrent expenditure forecasts is Kshs. 4.27 billion in 2019/20 which is an increase from the previous year's allocation of Kshs. 4.06 billion. With reduced equitable share, there is need to rationalize expenditures in the 2019/20 budget. Expenditure related to office furnishing and capacity building will be critically scrutinized to ensure no avoidable expense is budgeted for. The Kshs. 4.27 billion of recurrent expenditure forecast comprises of Kshs. 2.66 billion as compensation to employees and Kshs. 1.6 billion for operations and maintenance. The Compensation to employees represent 35% of total revenues for the financial year compared to 31% for the 2018/19 budget estimates though it shows increment from the 2017/18 Budget actual expenditure of 28.7% of total expenditure.

Table 5: Actual Expenditure by Economic Classifications from FY 2015/16 – FY 2017/18

	2015/16	2016/17	2017/18
Personnel Emoluments	1.22	1.4	1.88
O&M	1.82	1.95	2.14
Development	2.23	2.79	2.54
Total	5.27	6.14	6.56
Proportion of Personnel Emoluments as % of total Expenditure	23.15%	22.8%	28.66%
Proportion of O&M as % of total Expenditure	34.54%	31.76%	32.62%
Proportion of Development as % of total Expenditure	42.31%	45.44%	38.72%

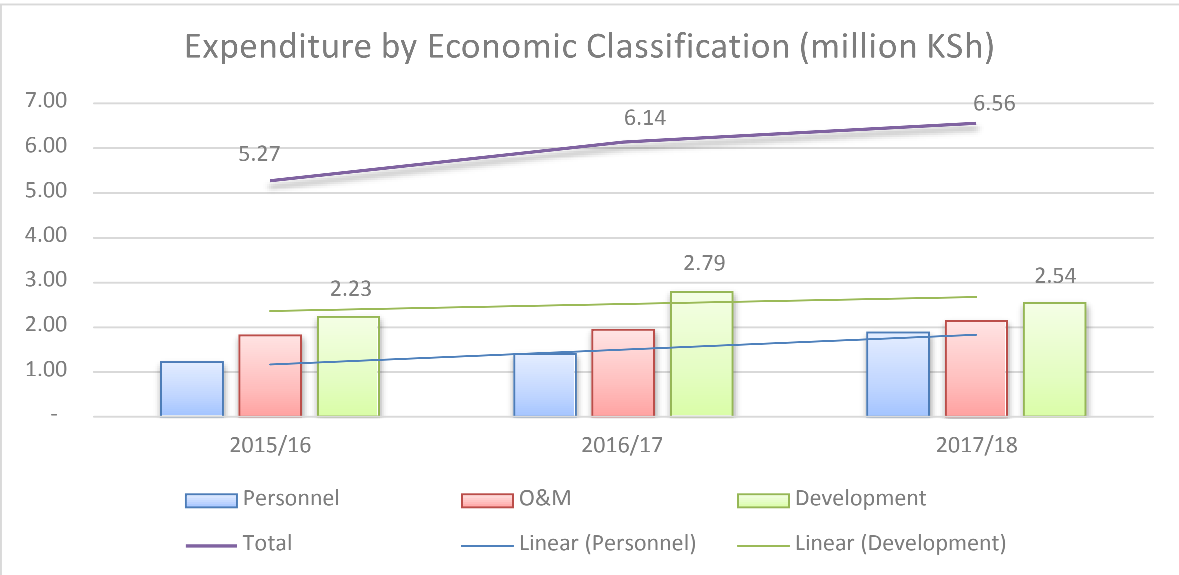

Figure 2: Actual Expenditure by Economic Classifications from FY 2015/16 – FY 2017/18

From the analysis of recurrent expenditure, personnel costs have shown an upward trend both operations and maintenance, and development expenditure has been oscillating up and down for the last three financial years. While this may indicate increased use of the developed leading to higher recurrent costs, the government should seek to reign in the trend to sustainable levels as required by the fiscal responsibility principles.

Table 6: Actual and projected expenditure by Economic Classifications

	Actual Expenditure	Budget Estimates	Projections		
	2017/18 FY	2018/19 FY	2019/20 FY	2020/21 FY	2021/22 FY
Total Expenditure	6,560,000,000	7,820,538,914	7,657,980,952	7,867,000,952	8,081,991,552
Recurrent	4,040,000,000	4,062,538,914	4,289,902,652	4,720,200,571	4,849,194,931
Personnel Emolument	1,880,000,000	2,430,682,908	2,663,258,938	2,753,450,333	2,828,697,043
Operations & Maintenance	2,140,000,000	1,631,856,006	1,620,000,000	1,966,750,238	2,020,497,888
Recurrent as % of CG Total Expenditure	61.6%	51.9%	56.0%	60.0%	60.0%
Personnel Emoluments as % of CG Expenditure	28.7%	31.1%	35.0%	35.0%	35.0%
O&M as % of CG Expenditure	32.6%	20.9%	21.0%	25.0%	25.0%

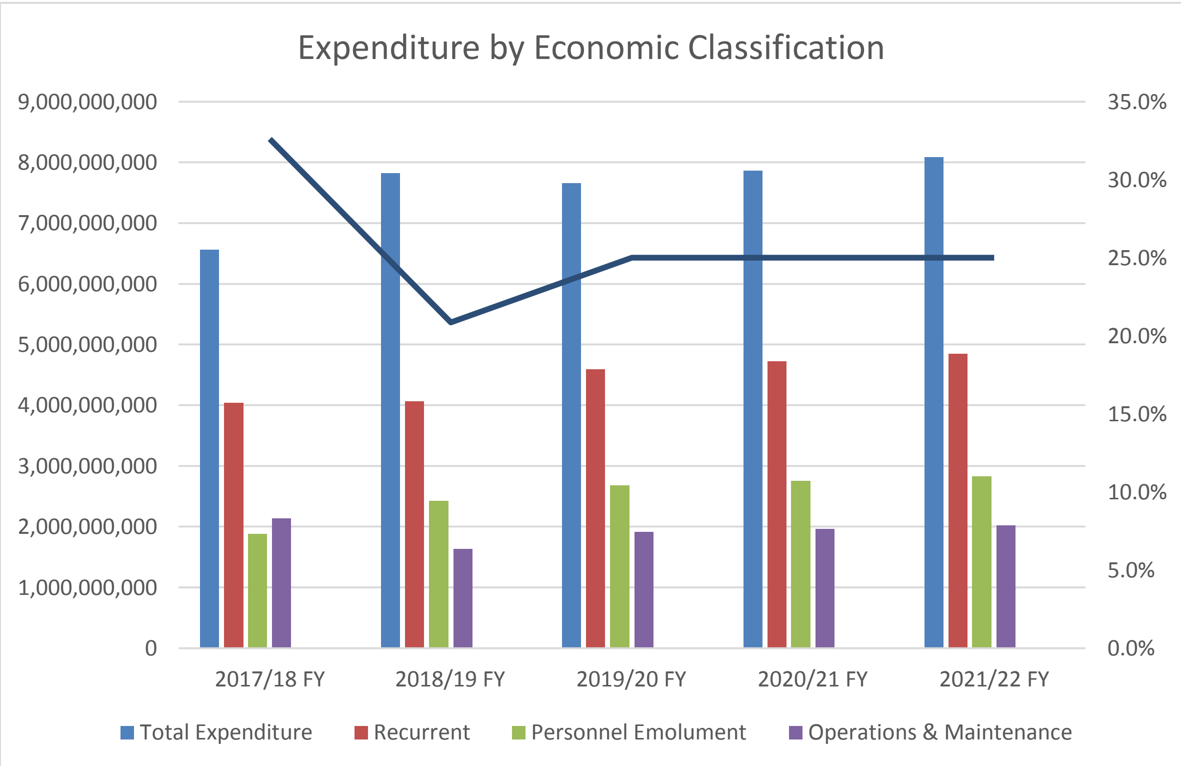

Figure 3: Expenditure by Economic Classification

3.4.4 Development and Net Lending

The FY 2019/20 budget projects total development expenditure will be Kshs. 3.388 billion compared to last year (FY 2018/19) Kshs. 2.54 billion representing 44% of total budget and expected to retain the same proportion over the medium term. The development expenditure will be funded by equitable share transfers from National Treasury as well as loans and grants from national government.

Table 7: Actual and projected development expenditure

	Actual Expenditure	Budget Estimates	Projections		
	2017/18 FY	2018/19 FY	2019/20 FY	2020/21 FY	2021/22 FY
Total Expenditure	6,560,000,000	7,820,538,914	7,657,980,952	7,867,000,952	8,081,991,552
Development	2,540,000,000	3,758,000,000	3,368,078,300	3,146,800,381	3,232,796,621
Development as % of CG Total Expenditure	38.7%	48.1%	44.0%	40.0%	40.0%

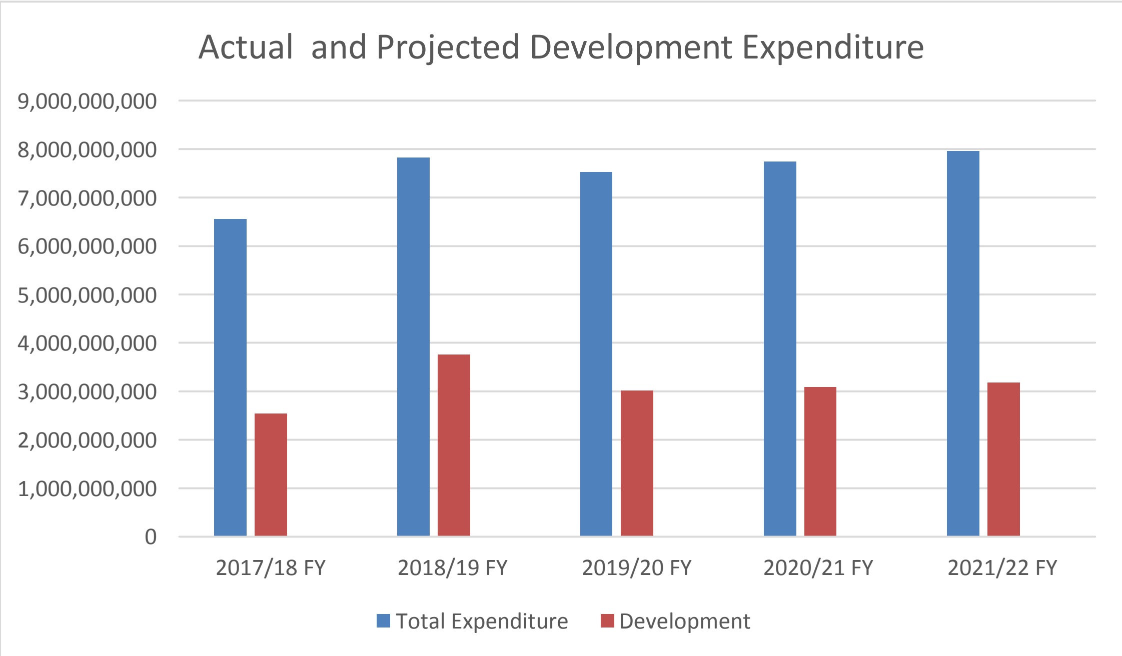

Figure 4: Actual and projected development expenditure

3.4.5 Fiscal Balance and Deficit Financing

The County Government does not plan to undertake long term borrowing in the medium term, and hence no debt has been factored in the financial projections for the County. In case there arises the need to borrow for key capital investments in the medium term, it will be done as per the framework to be developed by the National Treasury on borrowing by County governments.

3.5 Summary

The Government's fiscal policy goals will focus on adherence to fiscal responsibility principles and mainly on ensuring that at least 30% of the budget is spent on development. Further, the government plans to make legislative and process changes to revenue collection including automation to enhance the own source revenues. On expenditure, strict controls over budgets and budget execution will continue to be instituted in line with the PFM Act and Public Financial Management Regulations (PFR). Through the above policies, the investments made in priority and growth potential areas will be achieved in the medium term.

CHAPTER FOUR: MEDIUM TERM EXPENDITURE FRAMEWORK

4.1 Resource envelope

The County projects and programmes in the various departments will be funded by equitable shares from National Treasury, conditional grants, loans and grants and own source revenue collected by county government.

For the FY 2019/2020, own source revenue will finance about 2% of the expenditure priorities in the projected budget of Kshs. 7.658 billion. In the FY 2018/19, the projected own source revenue stands at Kshs. 140 million. This has been increased in FY 2019/2020 projections to to Kshs. 150 million based on the revenue potential. Equitable Share from National Government will accounts for 86.63 % of total budget resources while loans and conditional grants will be 11.41%. The equitable share in FY 2019/20 is projected to be Kshs. 6.634 billion.

Table 8: Resource Envelope for FY 2017/18-2019/20 [Kshs. Million]

	FY 2017/18	FY 2018/19	FY 2019/20
Equitable share	6,583,600,000	6,800,652,6 00	6,634,000,000
Loans and Grants	368,125,274	678,340,000	873,980,952
Own Source Revenue	92,100,000	140,000,000	150,000,000
TOTAL	7,043,825,274	7,618,992,600	7,657,980,952

The national government funding is capped at population (45 per cent), poverty index (20 per cent), land area (8 per cent) basic equal share (25 per cent) and fiscal responsibility (2per cent) of the national revenue released by the National Treasury. The County takes into consideration the New Formula/ Criteria that will be adopted by the CRA and the amount that will be allocated to the County Governments.

4.2 Spending priorities

The County Government will finance all existing programmes and sub-programmes in the various departments. All sectors will receive funding to enable them provide service to the residents. In the medium term, priority will be given to projects and programmes geared toward 'the big 4 agenda' and especially the universal health care, and food and nutritional security. In the FY 2019/20, 25% of the county funding will be allocated to health care services, 8% towards water, environment and natural resources, 6% roads and transport,
8% education, skills development, youth and sports, and 3% agriculture, livestock and fisheries development.

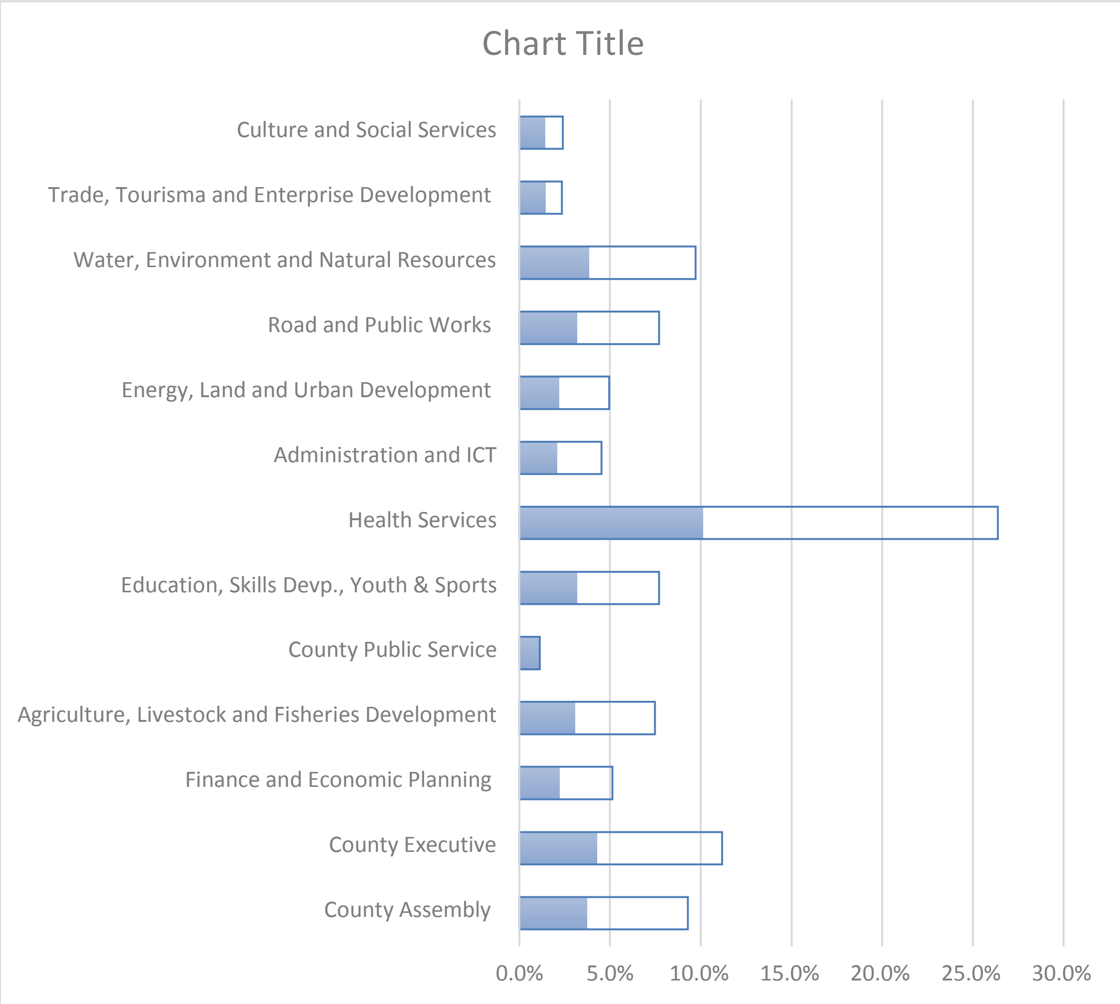

Figure 5: Ceiling projections per sector

4.3 Medium Term Expenditure Estimates

In the medium term the government plans to spend Kshs. 7.66 billion on in FY 2019/20 and Kshs. 7.867 billion and Kshs. 8.082 billion in FY 2020/21 and FY 2021/22 respectively. Health care services has the biggest allocation as the county government moves towards offering universal healthcare to the county residents. As the government enhances service delivery, the other high beneficiaries include public services and special services, transport services, water services as well as education sector.

Table 9: Summary of Indicative Sector Ceilings for FY 2019/20 – FY 2021/22

	Total Expenditure Kshs. Millions					% Share of Total Expenditure				
Departments	**Actual Expenditure**	**Revised Estimates**	**Projections**			**Actuals**	**Estimates**	**Projections**		
	2017/18	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/2022**
County Assembly	590.32	742.00	673,30	726.57	744.73	9.0%	9.5%	9%	9.2%	9.2%
County Executive	779.40	891.44	1,044.90	872.90	894.72	11.9%	11.4%	14%	11.1%	11.1%
Finance and Economic Planning	1,043.36	408.99	1,068.65	400.48	410.50	15.9%	5.2%	14%	5.1%	5.1%
Agriculture, Livestock and Fisheries Development	309.49	596.82	251.16	584.41	599.02	4.7%	7.6%	3%	7.4%	7.4%
County Public Service	98.09	90.00	825.55	88.13	90.33	1.5%	1.2%	1%	1.1%	1.1%
Education, Skills Devp., Youth & Sports	397.25	614.83	597.88	602.04	617.09	6.0%	7.9%	8%	7.7%	7.6%
Health Services	1,527.41	1,948.03	1,944.68	2,116.63	2,187.88	23.3%	24.9%	25%	26.9%	27.1%
Administration and ICT	304.20	362.45	320.87	354.91	363.78	4.6%	4.6%	4%	4.5%	4.5%
Energy, Land and Urban Development	295.42	395.65	225.82	387.42	397.11	4.5%	5.1%	3%	4.9%	4.9%
Road and Public Works	428.79	614.75	463.72	601.96	617.01	6.5%	7.9%	6%	7.7%	7.6%
Water, Environment and Natural Resources	557.71	775.18	621.34	759.06	778.03	8.5%	9.9%	8%	9.6%	9.6%
Trade and Enterprise Development	130.70	188.10	198.52	184.19	188.79	2.0%	2.4%	3%	2.3%	2.3%
Tourism, Culture and Social Services	105.52	192.30	164.61	188.30	193.01	1.6%	2.5%	2%	2.4%	2.4%
Total	**6,567.66**	**7,820.54**	**7,657.98**	**7,867.00**	**8,082.00**	**100%**	**100%**	**100%**	**100%**	**100%**

In the light of resource envelope, there is reduction of equitable share from Kshs. 6.8 billion in FY 2018/19 to Kshs. 6.64 billion in FY 2019/20, therefore, the expenditure for the departments/ sectors will be reduced by 4% during the FY 2019/10 apart from health services which still remains the top priority for the county government as well as the National Government Big Four Agenda. For the FY 2020/21 and 2021/22, the expenditure will increase by 2% annually. Conditional grants and loans will be used for the designated priority areas, implying that these funds will not be shared amongst the Departments. The various conditional grants and loans that relate to specific sectors include:

Table 10: Conditional Grants and Loans by Beneficiary Departments

Financial Year	**Compensation for User Fees forgone**	**Road Maintenance Fuel Levy Fund**	**Rehabilitation of Village Polytechnics**	**Other Loans and Grants**
2017/18	6,872,636	181,777,695	29,598,081	149,876,862
2018/19	6,640,000	184,360,000	26,280,000	461,060,000
2019/20	6,643,714	192,258,938	15,558,298	527,605,108
2020/21	6,643,714	192,258,938	15,558,298	527,605,108
2021/2022	6,643,714	192,258,938	15,558,298	527,605,108
Department	Health Services	Roads & Public Works	Education, Skills Development, Youth and Sports	Various Departments

4.4 Baseline Ceilings

The baseline for setting expenditure ceilings is consistent with the need to match the current departmental spending levels with resource requirements. In the recurrent expenditure category, non-discretionary expenditures including salaries to county employees, statutory deductions such as NHIF and employer contribution to provident funds takes the first charge.

Compensation to employees covering those staff in all dockets providing services on behalf of County Government accounts for about 35% of the total revenues. The expenditure on operations and maintenance accounts for 25% of projected total revenue.

About 40% of the total revenue will be available to finance planned development expenditure. However, additional development expenditure that may be targeted by the County Government can only be funded through borrowing from the domestic and foreign sources, as well as donor grants tied to projects.

Development expenditures are shared out on the basis of the MTP III and CIDP priorities as well as other strategic interventions to faster growth as outlined by the manifesto of the current governorship. The following guidelines are used:

- On-going projects: emphasis is given to completion of on-going projects and in particular infrastructure projects and other projects with high impact on poverty reduction and equity, employment and wealth creation.
- Strategic policy interventions: priority is also given to policy interventions covering the entire county, cohesion and integration, social equity and environmental conservation and priorities of the County Government.
- Counterpart funds: priority is also given to adequate allocations for donor counterpart funds. This is the portion the Government must fund in support of the projects financed by development partners. Usually it accounts between a quarter and a third of the total cost of the project.

4.5 Finalization of spending plans

The finalization of the detailed budgets will entail thorough scrutiny to curtail spending on non-productive areas and ensure resources are directed to priority programmes. Since detailed budgets are scrutinized and the resource envelope firmed up, in the event that additional resources become available, the County Government will utilize them to accommodate key County strategic priorities.

4.6 Details of Sector Priorities

The MTEF for FY 2019/20 to FY 2021/22 period will ensure that there is continuous resource allocation based on the programme priorities aligned to the CIDP 2018-2022 which integrates in the blueprint the new executive manifesto. The MTEF for FY 2019/20 to FY 2021/22 ensures continuity in resource allocation based on prioritized programmes aligned to the CIDP and to augment the National government priorities espoused in the Budget Policy Statement 2019. The sector achievements, sector challenges and the sectors medium term plans and usage are based on the Sector Working Group Reports. These were prepared through a consultative process that involved stakeholders and give the current status and how the sectors will be funded.

Areas	**Description**
4.6.1 Agriculture, Livestock and Fisheries Development	
Name of sub-sectors:	• Agriculture; • Livestock (Production and Veterinary services) and • Fisheries
Sector Policy blueprint:	To be the leading agent towards the achievement of food security for all, employment creation, income generation and poverty reduction in Marsabit County
Sector mandate:	To improve the livelihood of the people of Marsabit County by promoting competitive agriculture through creation of enabling environment, provision of support services and ensuring sustainable natural resource management.

Areas	Description
Key sector achievements	• Provision of certified seeds (18 tonnes) procured and distributed hence increased acreage under crop production • Support to irrigation – 4 irrigation schemes rehabilitated increasing community resilience through provision of alternative livelihood • Up-grading of 9 sales yard to modern livestock market • Fodder bulking – 8000 bales of hay harvested and stored • County wide vaccination campaigns reaching over 390,000 livestock with various • Acquire grant to support commercialized fishing in the county • Completion of cold chain facility in Loiyangalani • Purchase of rescue boat of 10 million for surveillance
Sector challenges	• Lack of adequate funding to the Department • Low adoption of technologies • High post- harvest losses • Pests and disease for crops • Low production and productivity • Frequent livestock disease out breaks • Vast terrain with poor infrastructure and inadequate logistic support • Poor road network • Inadequate and outdated fishing equipment • Inadequate cold storage facilities • Weak cooperative societies • Inadequate technical staff • Low research -extension liaison; and • Frequent drought. • Weak sector coordination
Sector's medium term plan and sector Usage	The sector is projected to get Kshs 209 million shillings for recurrent expenditure and Kshs 209 million shillings for development in the FY 2019/2020 financial year. The sector will spend the FY 2019/20 allocation to; purchase farm inputs and equipment, expansion/rehabilitation of irrigation scheme using ground water/flood based water harvesting, adoption of climate smart technologies, demonstration on nutrition, conduct surveillance of pest and disease, support expansion of asset creation program, enhance supply of quality, creation of livestock holding ground, promotion of apiculture, protect livestock assets through livestock insurance, improve livestock health and welfare through vaccination, improve community/public health, strengthen livestock disease surveillance, strengthen farmer extension-research liaison, conduct frame survey, strengthen fish value chain, enhance fisheries governance and sector coordination, strengthen BMUs and fisheries cooperative. In the medium term, the sector is projected to have an allocation of Kshs 1.25 billion shillings for both recurrent and development expenditures.
4.6.2 Health Services	
Name of sub-sectors:	- Preventive & Promotive health services - Curative & rehabilitative health services - Health administrative services
Sector Policy blueprint:	An efficient and high quality health care system that is accessible, equitable and affordable for every Kenyan
Sector mandate:	To promote and participate in the provision of integrated and high quality curative, preventive and rehabilitative services that is responsive, equitable and accessible to county residents

Areas	Description
Key sector achievements since 2013 to 2018	▪ Proportion of pregnant mothers delivered skilled attendants has improved from 29.2% to Proportion children under one year fully Immunized has improved from 65% to 82.8% ▪ Number of clients tested for HIV has increased from 45903 to 61657 ▪ Number of health facilities has increased from 76 to 108 ▪ Number of Referrals has increased from 104/year to 519/year ▪ Number of Community units has increased from 23 to 73 ▪ Skilled Human Resource numbers has increased from 354 to 1396 Increased outpatient utilization from 44% to 123%
Sector challenges:	▪ The sector suffers from an unacceptably low number of Health workers and specialists across all the cadres from that recommended by the World Health Organization. ▪ Prevalence of preventable diseases such as water borne disease still affects over 24 % of the population; ▪ HIV prevalence has progressively increased over the last 16 years, currently at 1.4%. ▪ High maternal & newborn mortality ▪ Low ANC coverage ▪ Increased number of adolescent pregnancy currently at 17% ▪ Inadequate health sector allocation that is not adhering to program based budgeting. ▪ Increase in Non-communicable diseases and emergence of neglected tropical diseases e.g. Kalazaar, diabetes etc ▪ Lack of technical input in sector priorities during public participation ▪ Inadequate equipment ▪ Inadequate Essential Medicines & Medical Supplies for increasing population ▪ Knowledge gap in budget making process ▪ Poor health seeking behavior of our population ▪ Diminishing partner support-affecting integrated outreach services ▪ Recurrent pending bills ▪ Inadequate free ambulance services fund ▪ Frequent Stock out of Oxygen in the referral hospitals & high cost of procurement of the same
Sector's medium term plan:	The sector intends to address these challenges by: ▪ Investing heavily in recruitment and promotion of health workers. ▪ Launching robust preventive, promotive and curative health services. ▪ Operationalization of existing non-functional facilities. ▪ Lobbying for Program based budgeting and increased health sector allocation for various programs and pending bills. ▪ Increasing allocation for Essential Medicines and medical supplies ▪ Capacity building of health care workers on essential services ▪ Automation of referral hospitals and other peripheral facilities ▪ Infrastructure & connectivity through LAN and WAN ▪ Emphasize on guided public participation on development projects ▪ Enhance partner collaboration
Sector Resource Usage:	The sector intends to use allocated resources to: ▪ Upgrade some existing dispensaries facilities to health Centre and hospital status ▪ Increase the workforce numbers by 20% ▪ Promote and re-designate current workforce ▪ Fund preventive, curative and administrative programs. ▪ Procure adequate Essential Medicines & Medical Supplies and specialized equipment ▪ Capacity building of health workforce ▪ Automation of Marsabit County referral hospital and Moyale sub county referral hospital

Areas	Description
	▪ Establish an oxygen plant at Marsabit County Referral hospital
4.6.3 Education, Skills Development, Youth and Sports	
Name of sub-sectors:	• ECDE • Skills Development • Youth and Sports
Sector Policy blueprint:	To be the leader in the provision of quality education, vocational training, youth and sports programs in the country
Sector mandate:	To transform lives through quality education, vocational training, youth development and sports
Key sector achievements	▪ Constructed 196 ECDE classrooms, 154 double door pit latrines and 21 kitchens/stores. ▪ Supplied 125 ECDE Centres with furniture and 118 ECDE Centres with teaching/learning materials. ▪ Installed 20 plastic water tanks, connected 4 ECDE Centres with Solar and Fenced 19 ECDE/primary schools ▪ Disbursed bursary/scholarship funds to 4,499 needy students. ▪ Fed over 51,880 ECDE pupils with CSB+ porridge in all public ECDs. ▪ Erection and completion of two administration blocks, fifteen workshops, five dormitories, eleven double door pit latrines, fencing and gating of four VTCs. ▪ Procurement and supplies of assorted tools and equipment, training materials, boarding items, water tanks and solar installations to 6 VTCs. ▪ Supported VTCs 150 graduates with startup kits through other partners (IOM, REGAL, ALKHAIR) ▪ Construction of Marsabit main stadium Pavilion (ongoing) and Upgraded 17 ward soccer and volleyball pitches ▪ Piloted league in 2017-18 and officially launched leagues for all sub counties in 2018-19 and Supported teams with basic sporting items ▪ Participated in all 5 editions of Kenya Youth Inter County Games (Laikipia, Kwale, Siaya, Makueni & Nandi) ▪ Trained 150 Volleyball and Soccer officials in both refereeing and coaching ▪ Trained 472 youth on Basic Computer skills ▪ Sensitized 1000 youth on emerging issues (FGM, drugs & Substances, early Pregnancies & marriages, life skills among others) ▪ Planted 3000 trees in Kofia Mbaya, Kubi Dibayu and Hula Hula and engaged the youth to nature them ▪ Supported several youth programs across the county among them: - 10,000ltrs water tank, pipes and assorted irrigation equipment for Dirib Gobo Concrete Youth Group for Drip irrigation - 10,000ltrs water tank for Dambala Fachana Kukub for sell of water - 10,000ltrs water tank for Manyatta in Moyale for sell of water ▪ Delivered 2 block making machines (South horr and Saku VTC) and Supported 5 youth in music production ▪ Partnered with UNDP and engaged 80 youth on new road technology from Japan (DO-NOU Technology).
Sector challenges	▪ Inadequate Early Years Education (EYE) teachers. ▪ Inadequate infrastructure, (Classrooms, VTCs and Sports grounds) ▪ Insufficient teaching/learning materials for the new Competency Based Curriculum (CBC). ▪ Costly implementation of the new Competency Based Curriculum (CBC). ▪ Untrained Early Years Education (EYE) teachers. ▪ Low capacity enhancement of the Early Years Education (EYE) teachers. ▪ Pastoralism/nomadism leading to low enrolment and school dropouts.

Areas	Description
	▪ Transport/logistics problems during implementation and monitoring of projects. ▪ Working environment [inadequate office space for departmental county staff] ▪ Transport logistics problem for sports clubs in the league and low funding for the league leaving several wards without playing. ▪ High demand for sports items against a low budget. ▪ Lack of training grounds for sports persons who rely on school grounds ▪ High usage of drugs and venture into crime by youth ▪ High number young boda bodas riders who are accident prone due to lack of basics training and protective attire ▪ Lack of monitoring of VTCs on quality assurance, and inadequate tools for various courses ▪ Inadequate post training support for VTCs graduates ▪ Need for diversification of courses that takes into consideration competitive courses relevant to the market demand.
Sector's medium term plan and sector Usage	Increased transition levels from 4500 to 5500, Improved quality of pre-primary education through reduced teacher learners ratio from 82:1 to 60:1, increased access to TVET institutions through free vocational training scholarships to enhance enrolment from current 600 to 900, Improved quality of technical and vocational education & training through hiring of competent instructors in competitive courses e.g. Motor Vehicle Mechanics, Enhanced Development of sport skills and talents through long-term engagement in leagues and increase youth participation in meaningful employment and entrepreneurship by capacity building the youth.
4.6.4 Department of roads, Public works, Transport and housing development	
Name of sub-sectors:	1. Roads and Transport. 2. Public works and housing development
Sector Policy blueprint:	To be a leading department committed to provision of prompt, effective and efficient technical services in roads and public works
Sector mandate:	To Design, construct and maintain rural and urban county road networks. Protection of county road reserves. Design, document and supervise building works and projects. Maintain inventory and manage government estates. Conduct suitability test for drivers. Inspection of government vehicles. Construction of low cost houses/.
Key sector achievements	During the last financial the sectors have Upgraded of 4.3km to bitumen standards, 1.1 km tarmac already completed on alignment B which has majorly improved the storm drainage, improved access to market, Social centers and C.B.D thus enhancing the economic growth. Grading of 343.6 km of roads completed ,opening up rural roads thus reducing transport, Maintenance cost, travel time, improved security and improved accessibility to Market centres, Health-centres, social-centres, administrative posts ,Farm-lands, Grazing zones and Water-Points. \The roads and transport sector have graveled of 131 km of roads is now complete - improving the dilapidated road conditions caused by bad weather condition such flash floods. Through proper gravelling , roads are now passable, have better motor able conditions, Soil erosion and drainage has also been improved thus ensuring good service levels all year round enhancing economic growth through improved connectivity. Moreover the sector have Opened up of 92 km of new roads completed linking pastoral communities to grazing areas and water points improving their livelihood. Construction of 1no. Footbridge completed enabling the community especially the school going children access the schools during heavy rainy season. Construction of 1495 meters of Slab & Drift completed

Areas	Description
	thus improving the drainage and accessibility during bad weather conditions. Also, during the last year, the department has also serviced several machineries-i.e. Wheel loader, prime-mover, Motor grader and 3 no. Dump trucks, this will enable the department to collect revenue through hire of machineries; also the fleet will enable the department to address emergency issues promptly by conducting emergency road maintenance work mainly resulted by bad weather condition such as heavy rainfall. Job on Training for 40 no. Youth in Saku and Moyale Sub County impacting knowledge on Emergency road maintenance actions and also creating employment in roads project activity. The department has also renovated pool office block, fully equipped with computers improving the staffs' working environment. The public works and housing development sector had also Designed and Documented. Also roads tender document for the current FY 2018-19 Development projects and have been submitted to Procurement office for further action. The department has also fully settled all pending bills for the FY 2017-18
Sector challenges:	• Inadequate funding for the line items of the specific activity targeted in the annual development plans; • Sector Work plan is not properly followed as planned; and • Stringent procurement procedures thus occasioning delay in timely project implementation or complete failure to start the project • Inadequate means of transport to other parts of the county affected project implementation, monitoring and evaluation. • Insecurity.
Sector's medium term plan:	▪ Capacity building for all technical staff as prescribed by their professional Institutes. ▪ To grade 1800 km of roads county wide. ▪ To upgrade 600 km of roads though gravelling wet compaction. ▪ To improve County drainage system to Construction of 3000 meters of Drainage slab and drifts,720 Lm of Culverts ▪ To cover all the open-channel drainage system within town to closed-Drain system to address safety concern by public. ▪ To construct 6no.footbridges to improve accessibility to Schools and Health-centers. ▪ To open up 400km of new roads through bush-clearing in order to increase County road networks. ▪ To tarmac 8.5 Km of roads within Marsabit and Moyale town for better accessibility to C.B.D and Market centre. ▪ To construct and well equip Material test Laboratory for timely quality control in County roads and building county projects. ▪ Adoption of Roads2000 strategy on County Roads Project. ▪ Strengthening and Improvement of Roads Policy and Legal Framework. ▪ Embracing of new technologies such as cobblestones, Dou nou Technology as an alternate road surfacing method where appropriate. ▪ To fully maintain and service all plants and machinery to good working conditions. ▪ Construction of low cost housing units. ▪ Prepare tender document for all building projects for the county.
Sector Resource Usage:	The sector is getting an allocation of 413, 508, 241 shillings for both recurrent and development expenditures in the next fiscal year and has planned to spend on upgrading roads to bitumen standards; also upgrading to wet compaction and finally continue maintaining the already existing roads with a total allocation of 3.332 billion.
4.6.5 Water, Environment and Natural Resources	
Name of sub-sectors:	▪ Water services

Areas	Description
	▪ Environment and Natural Resources
Sector Policy blueprint:	An enabling environment for access to safe water and sanitation services, clean secure and sustainably managed environment and natural resources conducive for county prosperity.
Sector mandate:	To effectively promote, conserve, protect, monitor and sustainably manage the environment and natural resources for provision of safe water in a clean/sustainable and secure environment.
Key sector achievements x5	▪ 12 boreholes drilled and equipped- ▪ 10 earth pans excavated ▪ 21 boreholes installed with solar panels ▪ 735 plastic tanks procured and supplied ▪ 10 masonry/underground tanks constructed ▪ Planting of 3,000 trees seedlings ▪ Completion of Marsabit Climate Change Mitigation Action Plan ▪ Increased environmental conservation awareness by encouraging citizen to apply FNRM (Farmer Managed Natural Resource Management) approach hence reduction in tree cutting activities
Sector challenges:	▪ Disbursement of funds from national treasury slow pace of project implementation ▪ Lengthy and centralized procurement process affects effectiveness and efficiency as far as service delivery is concern ▪ Inadequate and aging technical staff visa vis vastness of the county ▪ Low morale of staffs due to unwarranted delay in career progression and promotions (stagnation in one JG) ▪ Misplace priorities in terms resource target arising from communities during public participation in budget get making process as well as under-costing of projects ▪ Effective monitoring of project is also uphill task with limited number of technical personnel and a times constrictors do substandard work or poor workmanship ▪ Recurrent drought hence reducing survival rate of trees seedlings planted ▪ Low level of community understanding and vastness of the county hence expensive to conduct public forums on environmental awareness ▪ Low/ zero allocation of budget to environment sector hence not achieving sector goal. ▪ Limited environmental extension service
Sector's medium term plan:	▪ Improving access to clean and safe drinking water ▪ Increasing water storage and harvesting structures ▪ Enhancing water catchment protection ▪ Increasing awareness on environmental conservation ▪ Improving natural resource governance
Sector Resource Usage:	▪ Drilling of Boreholes ▪ rehabilitation of boreholes ▪ construction Medium sized dams of 45,000M3 ▪ de-silting and expanding of Earth pans ▪ construction of Masonry tanks of (50-100m3) ▪ construction of (100m3) Underground tanks ▪ procuring and supply Plastic water tanks of 10, 000litres ▪ Planting of tree nursery ▪ planting Fruit trees and initiating farm forestry ▪ Rehabilitating site through gullying healing ▪ Construction of check dams ▪ Conducting county Natural Resource Management (NRM) forums at head quarter level ▪ Formulation of NRM policy

Areas	Description
	▪ Training of EMCs ▪ Clearing of invasive species ▪ Establishing of green schools.
4.6.6 Lands, Energy & Urban Development	
Name of sub-sectors:	▪ Lands ▪ Energy ▪ Urban Development
Sector Policy blueprint:	Excellent land management and vibrant, well planned, urban centers and world class cost effective renewable energy infrastructure in Marsabit County
Sector mandate:	To facilitate and enable sustainable land use and growth of the urban centers through efficient land administration, equitable access, secure tenure, sustainable management of land-based resource and well-planned urban centers and promotion of clean, green, efficient, Effective, affordable and sustainable renewable energy resources
Key Sector Achievements	▪ Issuance of title deeds for Jirme and Songa/Kituruni registration sections totaling to 2461 title deeds ▪ The following urban centers have been planned and awaiting approval from the county assembly: Laisamis, Gurumesa, Dukana, Korr, Manyatta, Butiye, North Horr, Turbi, Logo logo, Maikona, Loiyangalani, Kargi, Kalacha and Sololo. Lami, Sessi, Upper Technical, Sololo makutano, Dambala fachana, Merille and Manyatta Otte. ▪ Installation of solar street lighting in deterrence of urban crime and improve business environment as well as promotion of renewable energy technologies ▪ A number of efforts have been made and continue to be realized to attracting investors in partnership with GIZ, Ministry of Energy & REA, especially in the areas of Renewable Energy mini grids set-up in the areas of Sololo, Amballo, Balesa, Illaut, Hurri Hills, Korr, Ngurunit, Dukana and Illeret. ▪ Efficient solid waste management in urban and trading centers for public safety and sanitations ▪ Establishment of municipality to improve on accessibility of essential urban services for urban population
Sector challenges:	▪ Shortage of technical staff, especially Physical Planners, Draughtsman or Cartographer and the department has shortage of transport (vehicle) ▪ Ineffective service delivery due to inadequate personnel and lack of modern survey and planning equipment's ▪ Lack of institutional, legal and regulatory framework for Renewable energy as well as investment and lack of technical staff in the County ▪ Inadequate funds to promotion and development of Renewable energy and Lack of awareness on the importance of Renewable Energy ▪ Inadequate information on existing land and urban development status or plans from old establishments. ▪ Lack of policy framework to guide urban development activities
Sector's medium-term plan:	▪ Carrying out of cadastral survey for all approved plans, demarcation of the already declared land adjudication sections, Physical planning of upcoming towns and Fast-tracking of title deeds of all land adjudicated sections in the County. ▪ Purchasing of modern equipment's for effective service delivery and recruitment of skilled personnel and on job training for staff that are already at the department ▪ Improve access to affordable, reliable, secure and competitive energy services as well as to ensure prudent Environmental/Climate change, social, health and safety considerations. ▪ Prioritise and promote development of indigenous primary and secondary energy sources for Mini grids development as well

Areas	Description
	additional street lights and fast racking on the development of the county energy policy for effective service delivery ▪ formulate urban legislation and policy frame works and fast track on the approval of the town by-laws by the County assembly ▪ increase scope of waste management programmes with in the county in order to meet the need of the growing population for public safety and sanitations
Sector Resource Usage:	▪ The sector intends to use allocated resource to increase number of technical staffs by 65%, to increase efficiency in service delivery, ▪ Increase the number of titles issued by 2200 titles, through increase number of LDPs developed by additional 10 urban plans and complete on-going adjudication work and fast track title deeds for already completed adjudication sections. ▪ The sub- sector intends to use the allocated resource to increase number of skilled personnel by 43%, to increase the efficiency in service delivery, ▪ Establish renewable energy center for research and promotion of renewable energy technologies, ▪ Formulation of renewable energy policies and regulations. ▪ To increase the number of out sourced centers for waste collections by additional 5 centers ▪ Establish functional municipality for efficient and effective urban service deliveries.
4.6.7 Trade, Industry and Enterprise Development	
Name of sub-sectors:	• Weight and measures • Trade services • Cooperatives • County Enterprise fund
Sector Policy blueprint:	To be the leader in promoting innovative Business Growth and Investments for wealth creation in County.
Sector mandate:	To create a vibrant and Conducive environment for Enterprise Development and Economic Growth in the County.
Key sector achievements	▪ Improved consumer protection through standards for Weighing and measures equipment's to be verified ▪ Inspection of pre-packed goods conducted ▪ SME's trained on entrepreneurship ▪ Improved access to credit facilities for micro and small-scale enterprises ▪ Cross-border trade associations be formed along Kenya- Ethiopia border ▪ Exhibited cooperative value added products and handicrafts at the Kigali international Exhibition in Kigali –Khandeere Farmers' cooperative; ▪ Construction of Marsabit modern market through the Flagship priority projects;(70% completed) ▪ Registered and trained twelve viable cooperatives.
Sector challenges	▪ The major challenge was inadequate funding for the line items of the specific activity targeted in the annual development plan for the financial year ▪ Stringent procurement procedures thus occasioning delay in timely project implementation or complete failure to start the projects ▪ Disruptions of the operations of the IFMIS due internet network failure ▪ Inadequate means of transport to various parts of the County affected project implementation, monitoring and evaluation. ▪ Poor road infrastructure and communication network in parts of the county affected the quality of monitoring and evaluation of the projects.

Areas	Description
Sector's medium term plan and sector Usage	The sector is getting an allocation of 248 million shillings for both recurrent and development expenditures in the next fiscal year and has planned to spend this on Modern market completion as well as County Enterprise revolving fund. In the medium term the sector is projected to have a total allocation of about 750M shillings.
4.6.8 Tourism, Culture & Social Services	
4.6.9 Public Administration, Coordination of County Affairs, Disaster Management and ICT	
Name of Sub-sectors	• Public Administration • Cohesion, Integration and Disaster Management • Civic Education and Public Participation • ICT
Sector Policy blueprint:	To be a leading Department in public policy formulation, implementation, coordination, supervision and prudent resource management.
Sector mandate:	• The mandate of the Department is derived from The County Government Act 2012 and Executive Order No. 1/2014, which is to spearhead provision of public administration, coordination and ICT services of the county government. The decentralized section is charged with the responsibility of managing and coordinating devolved functions at the sub county, ward and village level to ensure proper service delivery to the citizens.
Key sector achievements	▪ The sector has in the last five years devolved services to the ward level through the ward administration offices, all the 20 wards and 4 sub county offices are operational where most of the services are available for the citizens. ▪ Staff medical scheme was established to cover County Staff and their families through NHIF card. ▪ Establishment of the inter faith team to mediate peace efforts in the county. Thus, improvement of Peace and coexistence through community peace dialogue and mediation fora. ▪ Establishment of the Convener's desk where we receive and document public concerns and feedback on service delivery from the public on SMS TOLL FREE NUMBER : 21662 ▪ Public Participation exercises were conducted at the various devolved units during the preparation of budgets. . Key personnel that facilitated this exercise were the Sub County and the Ward Administrators in collaboration with members of other departments. ▪ The Civic education and Public participation policy developed and launched. ▪ ICT flagship project (Metro Fibre) involving connection of all county offices through LAN and WAN is complete and operational through subscription to National Optical Fiber Backbone Infrastructure (NOFBI). This has saved the County millions of shillings paid for commercial internet service providers. Subsequent roll out to Sub Counties will be done soon. ▪ Rebranding of the County Government of Marsabit Website has been finalized and has incorporated social media platforms for citizen participation. It is a rich source of information regarding the county and activities of all county departments on real time basis.
Sector challenges	▪ Insufficient funds commensurate to the needs of the county given the level of need and the vastness of the county. ▪ Political/executive interference in prioritization of project proposals by communities during county planning and budgeting processes.

Areas	Description
	▪ Increased inter-tribal conflicts on administrative boundaries, water and pasture which affected county projects implementation. ▪ Poor connectivity in the county. Most of the areas such as Moite, Illeret, Buluk etc. have little or no access to network. This prevents proper mobilization. ▪ Global warming that has resulted in frequent droughts, flash floods and wild fires that has stretched county capacity to plan and respond. ▪ Constant vandalism of fiber optic cables along Isiolo –Marsabit highway hampering internet connectivity. ▪ Inadequate energy sources to power IT infrastructure.
Sector's medium term plan	▪ The department will focus on improving Citizen participation in government programs by conducting public forums to enhance citizens' capacity to participate in county programs, improve internet and infrastructure connectivity through Wide Area Networks to all sub Counties in the medium term, Establish the village administrators unit after passing the bill to improve service delivery through improved mobility, construction and equipping of administrators offices and training of officers and continuous engagement of communities on peace building processes.
Sector Usage	▪ In the medium term the department through Civic education sub sector will conduct 45 annual civic education forums Countywide, Construct a Sub county Administrators' office at Saku Sub County and deputy sub County administrators offices for Sololo, Maikona and Loiyangalani and their respective ward administrators ▪ The department will also do internet connectivity to three remaining sub counties of Moyale, Laisamis and North –Horr and equally cascade to 8 wards which are in proximity to the NOFBI Infrastructure ▪ Cohesion sub sector will draft County actual plan on countering violence extremism in Marsabit County and have Continuous engagement of communities on peace building processes.
4.6.10 Finance and Economic Planning	
Name of sub-sectors:	Economic Planning, Revenue, Procurement, Accounts, Audit, Budget
Sector Policy blueprint:	Improve management of public finances and economic affairs of the county
Sector mandate:	To provide overall leadership and policy direction in resource mobilization, management and accountability for quality public service delivery.
Key sector achievements	▪ Compliance to mandatory county planning and PFM documents o CIDP 2018-2022 o ADP 2018/19 o CFSP 2018/19 o CBROP 2018/19 o PBB 2018/19 o Finance Act 2018 ▪ The budget absorption rate improved from an average of 70% to 92%. ▪ Audit committee was established ▪ The audit queries were greatly reduced by 30% ▪ Automation of revenue system is established ▪ Access to procurement opportunity are 47 youths, 6 women and 2 PLWDs amounting to 342M. ▪ The procurement percentage for youth, women and PLWDs surpassed by 2.32%.
Sector challenges:	▪ Low adoption of new technical information like CIMES ▪ Revenue collection was reduced due to insecurity in the county ▪ Poor information breakdown especially in procurement application

Areas	Description
	▪ Finance Act was prioritized over finance policy ▪ Audit committee was not established previously until Dec 2018 ▪ Key revenue centers not established ▪ Most of the revenue staff were paid on commission.
Sector's medium term plan:	▪ The sector intends to automate the revenue collection system throughout the county ▪ Adoption of the CIMES system ▪ Capacity building of the public on e-procurement system ▪ Development policies ▪ Monitoring and evaluation of projects on quarterly basis
Sector Resource Usage:	▪ Automation of revenue to the 3 remaining sub counties namely Moyale, North Horr and Leisamis ▪ Training of 2 staffs from each department on CIMES system ▪ Capacity building of 30 people on e-procurement in every ward ▪ Development of at least 2 policies ▪ Preparation of 12 M & E reports of the projects within the county.
4.6.11 County Public Service Board	
Name of sub-sectors:	▪ Human Resource Management and Development ▪ Administration and Finance, Board services, Ethics, Governance and Compliance and ICT
Sector Policy blueprint:	To be the champion in transforming devolved public service delivery.
Sector mandate:	To effectively and efficiently transform public service delivery through provision of professional, ethical and responsive human resources for the realization of county development goals
Key sector achievements	▪ The Board has recruited and inducted a total of 1681 officers into the public service as required by the Law. ▪ Recommended to the Governor persons for nomination to the Office of County Secretary in accordance with County Government Act 2012, Section 44, the appointments of County Secretary have since been made ▪ The County Public Service Board of Marsabit recommended to the Governor persons for nomination to the Office of County Chief Officers in the 10 county departments in accordance with County Government Act 2012, Section 45, The appointments of the 16 County Chief Officers have since been made. ▪ The Board had conducted consultative meeting with the pioneer CECs, COS and Senior Officers in the respective department at the onset of transition. ▪ The board established status of compliance with existing rules, policies and regulations on matters of human resources and other administrative issues to smoothen and hasten change management during this transition period. ▪ The Board in its consultative meetings with representative from all the county departments in efforts to champion compliance issues of submission of wealth declaration, Training Needs Assessment and Human Resource 2017 audit forms respectively. ▪ Operationalized the contributory pension scheme for the County Public Service with County Pension Fund (CPF). It was found necessary to establish a county pension scheme for staff and have the Boards declared a Public Service for pension purposes. The Boards has since been declared Public Service. ▪ The Board has continuously undertaken sensitization of County Human Resources Advisory Committee in the County Departments on Guidelines on the Policy of Decentralization of Human Resource Management in the public service to facilitate effective discharge of the delegated powers and functions.
Sector challenges:	In the discharge of its Constitutional mandate the Board experienced a number of challenges. Key among them were:

Areas	Description
	1. **Inadequate funding and delay of exchequer releases** Inadequate funding adversely affected implementation of planned programmes and activities while delay of exch**equer releases resulted in the Board** accumulating pending bills. Payment of these pending bills from the 2017/18 financial budget will affect planned activities for the financial year. 2. **Inadequate office accommodation** Inadequate office accommodation for staff leading to unfavorable working conditions such as congestion, overstretched and sanitation facilities. 3. **Industrial Conflict between Counties and Health Sector Unions** There were strained labour relations between county Governments and health sector unions arising from failure by most counties to recognize the unions. This has resulted in prolonged stalemate between the counties and the health workers adversely affecting service delivery in the health sector. 4. **Lack of a Negotiating Framework** Lack of a clear negotiating framework for addressing industrial disputes at the counties led to delay in resolving disputes between the county governments and workers unions and subsequent signing of CBAs. 5. **Shortage of technical staff** Shortage of technical staff in the county government such as engineers, architects, surveyors, doctors etc. This has been aggravated by mass exodus of technical staff to private sector and foreign countries. 6. **Performance Management** Performance management in the public service has not been fully embraced. This can partly be attributed to negative performance management culture in the public service and lack of effective performance measurement tools. The Board is addressing this challenge through provision of advisory to the County Government to revive, operationalize and transform the directorate of Performance Management. 7. **Political Interference** More often than not, the political class interferes with the independence of board to discharge its mandates as prescribe in the Constitution and relevant acts. 8. **Non Compliance to the laid down rules and regulations** Despite the laid down policies, norms and procedures in managing and administering the county public service, sometimes the board finds anomalies in ways departments execute vested interests without regard for the above and the existing guidelines and circulars. 9. **Medical and Insurance Covers For Public Officers** Despite the requirement by law, the year under review the public officers have not benefited from medical cover and or the insurance covers. Thus the Board had earlier provided advisory on the same. 10. **Inadequate Capacity Building Activities at the Departmental Level** There were very minimal capacity building activities being undertaken by most departments for the public officers. Lack of training and development denies the officer an opportunity for career growth, leading to incapacitation hence inefficiency in public service delivery. 11. **Lack of adequate platform of ICT, Skills and Services** Inadequacy in information communication and technology platform in the county is an issue to contain with that has posed mega challenges in the ways we communicate, share information and support service delivery and

Areas	Description
	storage of data and data security. If investment can be done on ICT infrastructure the county can leverage on it by having more efficient and effective ways of communication, information sharing, data storage and data security and cuts cost.
Sector's medium term plan:	▪ Competitively Sourcing /Recruitment qualified employees into the public service. ▪ Employee Welfare management of entire public servants in the county. ▪ Staff training and development- Oversee the training and development of all public officers in the county. ▪ Operationalizing modern human resource information system platform. ▪ Job evaluation in conjunction with SRC and other stakeholders. ▪ Operationalizing Performance management systems in the county public service. ▪ Reviewing human resource policies and regulations to enhance public sector delivery. ▪ Infrastructural development at the board main office.
Sector Resource Usage:	▪ To increase county workforce by 400 new employees, for realization of effective and efficient service delivery to the public. ▪ To have 100% county employee staff welfare management registered and subscribed to pension scheme. ▪ To have 100% county employee Staff training and development- Oversee the training and development of all public officers in the county. ▪ To have one operationalizing modern human resource information system platform. ▪ Job evaluation in conjunction with SRC and other stakeholders. ▪ Operationalizing Performance management systems in the county public service. ▪ Reviewing one human resource policies and regulations to enhance public sector delivery. ▪ Infrastructural development at the board main office. Explains what the sector intends to use allocated resources for. Give facts & figures for the whole medium term period. e.g. "The sector intends to use its allocated resources to expand its workforce by 40%; increase the number of health clinics by 35 units and train up to 500 community nurses to expand the outreach of county health services."

CHAPTER FIVE: CONCLUSION AND NEXT STEPS

The Marsabit County CFSP has detailed the set of fiscal policies that are aimed at balancing between changing circumstances due to emerging issues and the need to keep the link to the CIDP and the fiscal responsibility principles espoused in the PFM Act, 2012. The policies are also consistent with the national strategic objectives as detailed in the Budget Policy Statement which provides the basis for allocation of public resources to the County Government.

Details of these strategic objectives are contained in the CIDP (2018-2022). These details were also reviewed and refined during the sector working groups and each sector working group report provides clarity on the key priorities and resources needed for the 2019/20 MTEF budget. The policies and sector ceilings provided in this document will guide the Sectors/departments in preparation of the 2019/20 MTEF Programme Based Budgets.

Budgetary resources are usually limited, thus it is imperative that departments prioritize their programmes within the available resources to ensure that utilization of public funds are in line with county government priorities. Departments need to carefully consider detailed costing of projects, strategic significance, deliverables (output and outcomes), alternative interventions, administration and implementation plans in allocating resources. Further, allocation of resources should be done to projects that have been fully processed (project designs, project appraisals done, necessary approvals secured etc). The departments should also pay attention to estimated requirements for each of the stages in the project cycle to ensure that the budget amounts are based on clear timelines and milestones. There is also need to ensure that recurrent resources are being utilized efficiently and effectively before funding is considered for programmes.

Monitoring and Evaluation will play a critical role in tracking the implementation of the projects and programmes envisaged in this document and strengthen the county's capacity to deliver services to its residents. Monitoring and evaluation will involve the tracking of activities, tracking of budget usage, the assessment of performance and putting in place strategies and actions for the attainment of results.

Proper implementation of the budget is critical towards providing services that will promote sustainable growth. Sustainability requires greater effort from all the stakeholders including county government departments, sector working groups, civil societies, communities, County Assembly and development partners to get things done. This means providing for continuous consultations with each other, finding solutions and encouraging innovation to build a sustainable County.

The Sector Working Groups have been established to provide a forum for effective engagement by stakeholders as was witnessed during the sector reporting which was a precursor to the development of this paper. The government looks forward to an increased tempo in implementation and vibrancy in public participation in the budgeting and implementation of activities in FY 2019/20 and in the medium term.

ANNEXES

Annex 1: FY 2019/20 MTEF Budget Timelines

ACTIVITY	RESPONSIBILITY	TIMEFRAME/DEADLINE
Develop and issue MTEF Guidelines and Budget Calendar	County Treasury	30th August 2018
Launch of Sector Working Groups (SWGs)	County Treasury	15th September 2018
Undertake Departmental Public Expenditure Review	All Departments	15th September 2018
Preparation of Progress report on MTP	All Departments	15th September 2018
Preparation of annual Plans	All Departments	1st September 2018
Capacity building for MTEF and Programme Based Budget	County Treasury	31st October 2018
Estimation of the Resource Envelope	County Treasury	30th September 2018
Determination of policy priorities	County Treasury	30th September 2018
Preliminary resource allocation to sectors	County Treasury	30th September 2018
Submission of Information necessary for the Development of County Budget Review and Outlook Paper	All Departments	10th September, 2018
Develop County Budget Review and Outlook Paper (CBROP)	County Treasury	20th September 2018
Submit County Budget Review and Outlook Paper (CBROP) to the County Executive Committee	County Treasury	30th September 2018
Departments in Sub-counties to submit their inputs to Relevant Ministry Headquarters	Departments in the Sub-counties	30th September 2018
Preparation of MTEF Budget Proposals draft sector report	Sector Working Group	1st October 2018
Deliberation and Approval of the CBROP	County Executive Committee	14th October, 2018
Submission of Approved CBROP to the County Assembly	County Treasury	21st October, 2018
Convene Public Sector Hearing on MTEF budget proposals	County Treasury	12th November 2018
Issue Circular on Revised Budget	County Treasury	15th November, 2018
Review of the MTEF Budget Proposals	County Treasury	20th November, 2018

Submission of Sector Reports to the County Treasury	Sector Working Group	27th November, 2018
Submission of Supplementary Budget Proposals	All departments	8th January, 2019
Review of Supplementary Budget Proposals	County Treasury	15th January, 2019
Submission of Information for Preparation of Draft County Fiscal Strategy Paper (CFSP)	County Treasury	15th January, 2019
Submission of CFSP to the County Executive Committee in preparation of Public Participation	County Treasury	1st February, 2019
Public Participation meetings of the CFSP	County Treasury/ All departments	15th February, 2019
Submission of CFSP to the County Executive Committee for approval	County Treasury	19th February, 2019
Submission of CFSP to County Assembly for approval	County Treasury	28th February, 2019
Submit Supplementary Budget Proposals to Assembly	County Treasury	27th February, 2019
Develop and Issue final Guidelines on preparation of 2018/2019 Budget Estimates	County Treasury	30th January, 2019
Preparation of itemized and Programme Based Budgets	All departments	15th March, 2019
Submission of itemized and Programme Based Budgets to the County Treasury	All departments	16th March, 2019
Review and finalize Departmental itemized and Programme Based Budgets	County Treasury	30th March, 2019
Submission of Budget Estimates to Executive Committee for Approval Before Public Participation	County Treasury	4th April, 2019
Public Hearing on the Budget Estimates	County Treasury	18thApril, 2019
Consolidation of Budget Estimates after Public Participation	County Treasury	20th April, 2019
Submission of Budget Estimates to	County Treasury	23rd April, 2019

Executive Committee for Approval		
Submission of Budget Estimates to County Assembly for approval	County Treasury	27th April, 2019
Review of Budget Estimates by the County Assembly	County Assembly	25th May, 2019
Approval of the Budget Estimates	County Assembly	15th June, 2019
Consolidation of the Final Budget Estimates	County Treasury	22nd June, 2019
Submission of Appropriation Bill to the County Assembly	County Treasury	27th June, 2019
Consideration and Passage of Appropriation Bill	County Assembly	30th June, 2019

Annex 2: County Treasury Macro Working Group members

No	Full name	Gender	Department	Title
1.				
2.				
3.				
4.				
5.				
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