

REPUBLIC OF KENYA



COUNTY GOVERNMENT OF KERICHO

**DEPARTMENT OF FINANCE AND ECONOMIC
PLANNING**

**COUNTY BUDGET REVIEW AND OUTLOOK
PAPER (C- BROP)**

2019

FOREWORD

1. The Public Finance Management Act 2012, Section 118 requires every County government to prepare a County Budget Review and Outlook Paper (CBROP). In line with the law, this CBROP reviews the actual fiscal performance of FY 2018/2019 budget and together with updated macroeconomic outlook, provides a basis for the indicative resource allocation framework for the FY 2020/2021.
2. In reviewing the fiscal performance, this paper analyzes the performance of county own revenue in the FY 2018/19. It has included the total revenue collected and made comparison to projected revenue for the same year. In addition causes of the underperformance of revenue are also highlighted. Included in the analysis is also performance of ministerial expenditures for the period under review. The performance of 2018/19 budget has formed the basis for projecting the 2020/21 budget based on the recent economic development.
3. This policy document provides a link between policy, planning and budgeting and will continue to play a critical role in the preparation of budgets and management of public resources in the county.

Hon. Charles Birech

C.E.C – Finance and Economic Planning and Head of County Treasury

TABLE OF CONTENTS

FOREWORD.....	2
TABLE OF CONTENTS.....	3
TABLES.....	4
ACRONYMS	5
1.0 BACKGROUND	6
1.1 LEGAL BASIS FOR THE PREPARATION OF THE COUNTY BUDGET REVIEW AND OUTLOOK PAPER (C-BROP)	6
1.1.1. Fiscal Responsibility Principles in the Public Financial Management Law... 8	
1.2 OBJECTIVE OF COUNTY BUDGET REVIEW AND OUTLOOK PAPER (C-BROP) ..	9
2.0 REVIEW OF FISCAL PERFORMANCE IN FINANCIAL YEAR 2018/2019	10
2.1 OVERVIEW	10
2.1.1 Revenue.....	10
2.1.2 Expenditure	12
3.0 IMPLEMENTATION OF FY 2019/2020 BUDGET	15
3.1 RECENT ECONOMIC DEVELOPMENTS	15
3.1.1 Medium Term Fiscal Framework	16
4.1.1 2020/21 BUDGET FRAMEWORK	17
4.1.2 2020/2021- 2022/2023 Income Projection	18
4.1.3 Expenditure Forecasts	19
5.0. CONCLUSION AND WAYFORWARD.....	22
ANNEX I: LOCAL REVENUES INCLUSIVE OF FIF.....	23
ANNEXII: SUMMARY OF ESTIMATE PROJECTION AND EXPENDITURE PROPORTION	25

TABLES

Table 1: FY 2018/2019 Income Projection..... 11

Table 2: Income Targets vs. Actuals..... 12

Table 3: Budgeted Recurrent Expenditure Vs. Actual Expenditure..... 13

Table 4: Budgeted Development Expenditure vs. Actual Expenditure..... 14

Table 5: 2018/2019- 2021/2022 Income Projection 18

Table 6: Consolidated Expenditure Forecast..... 19

Table 7: Recurrent Expenditure Forecast..... 20

Table 8: Development Expenditure Forecast..... 21

ACRONYMS

CRA	Commission on Revenue Allocation
CRF	County Revenue Fund
CBK	Central Bank of Kenya
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
CPI	Consumer Price Index
FIF	Facility Improvement Fund
FY	Financial /Fiscal year
GDP	Gross Domestic Product
IFMIS	Integrated Financial Management Information Systems
MTEF	Medium Term Expenditure Framework
MTFF	Medium Term Fiscal Framework
MTP	Medium Term Plan
PFM Act	Public Finance Management Act

1.0 BACKGROUND

This County Budget Review and Outlook Paper (CBROP) is prepared by the County Government of Kericho under the Constitution 2010 and the Public Finance Management Act, 2012. In line with the law, the CBROP contains a review of the fiscal performance of the financial year 2018/19. The County Budget Review Outlook Paper (CBROP) 2019 is anchored on the county's key strategic, operational priorities spelled out in the County Integrated Development Plan (CIDP II) 2018-2022. In this paper, provisional indicative sector ceilings for the FY 2020/2021 budget have been set informed by the forecasted revenues. These allocations set in motion the budget preparation for the Fiscal Year 2020/2021 in line with the PFM Act, 2012.

1.1 LEGAL BASIS FOR THE PREPARATION OF THE COUNTY BUDGET REVIEW AND OUTLOOK PAPER (C-BROP)

Section 118 of the Public Financial Management Act, 2012 states that:

- 1) A County Treasury shall –
 - (a) Prepare a County Budget Review and outlook Paper in respect of the County for each financial year, and
 - (b) Submit the paper to the County Executive Committee by the 30th September of that year.
- 2) In preparing its County Budget Review and Outlook Paper, the County Treasury shall specify-
 - a) The details of the actual fiscal performance in the previous year compared to the budget appropriation for that year
 - b) The updated economic and financial forecasts with sufficient information to show changes from the forecast in the most recent County Fiscal Strategy Paper.

- c) Information on –
 - (i) Any changes in the forecasts compared with County Fiscal Strategy Paper, or
 - (ii) How actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for that financial year; and
 - d) Reasons for any deviation from the financial objectives in the County Fiscal Strategy Paper together with proposals to address the deviation and the time estimated for doing so.
- 3) The County Executive Committee shall consider the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, within fourteen days after its submission.
- 4) Not later than seven days after the County Budget Review and Outlook Paper is approved by the County Executive Committee, the County Treasury shall-
- (a) arrange for the Paper to be laid before the County Assembly; and
 - (b) as soon as practicable after having done so, publish and publicize the Paper.

Under section 137 of the PFM Act 2012, the County Budget and Economic forum purpose shall be;

- (a) Preparation of county plans, the County Fiscal Strategy Paper and the Budget Review and Outlook Paper for the county; and
- (b) Matters relating to budgeting, the economy and financial management at the county level.

1.1.1. Fiscal Responsibility Principles in the Public Financial Management Law.

1. In line with the Constitution, the Public Financial Management Act, 2012, set out the fiscal responsibility principles to ensure prudence and transparency in the management of public resources. Section 107 avers that:

- 1) A County Treasury shall manage its public finances in accordance with the principle of fiscal responsibility set out in subsection (2), and shall not exceed the limits stated in the regulations.
- 2) In managing the county government's public finances, the County Treasury shall enforce the following fiscal responsibility principles-
 - (a) The County government recurrent expenditure shall not exceed the county government's total revenue.
 - (b) Over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure:
 - (c) The county government's expenditure on wages and benefits for the 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 for the purpose of financing development expenditure and not for recurrent expenditure i.e. the county debt shall be maintained at a sustainable level as approved by the County Assembly.

1.2 OBJECTIVE OF COUNTY BUDGET REVIEW AND OUTLOOK PAPER (C-BROP)

2. The objective of the CBROP is to provide a review of the previous fiscal performance and how this impacts the financial objectives and fiscal responsibility principles set out in the last County Fiscal Strategy Paper (CFSP). This together with updated macroeconomic outlook provides a basis for revision of the current budget in the context of Supplementary Estimates and the broad fiscal parameters underpinning the next budget and the medium term. Details of the fiscal framework and the medium term policy priorities will be firmed up in the next County Fiscal Strategy Paper.

2.0 REVIEW OF FISCAL PERFORMANCE IN FINANCIAL YEAR 2018/2019

2.1 OVERVIEW

3. This section provides an overview of the performance and implementation of the budget for the financial year 2018/2019 and how this may have affected compliance with the fiscal responsibility with regards to the CFSP.

2.1.1 Revenue

4. The financial year 2018/19 budget was financed to the tune of Kshs. 8.417 billion by the National Equitable Share of Kshs.5.714billion (67.89per cent), Kshs.17.51 million (0.21 per cent) from DANIDA grant to Health, World Bank grants of kshs.61.5 million towards transformative health system and Kenya devolution support of kshs 44.5, local revenue sources of Kshs. 356.29 million (4.23 per cent), Facility improvement fund at Kshs. 338.5million (4.02 per cent), conditional grants from Agricultural Sector Development Program at kshs 24.7 million (0.29 per cent), Climate Smart Agriculture Project (world bank) at 116.44 million (1.38 per cent) and Kenya Urban Support Program at Kshs.256.9 million and Kshs 41.2 million for UDG and UIG respectively and an unspent balance of Kshs. 1.236 billion (14.69 per cent) relating to the previous Financial Year 17/18. Table 1 shows the 2017/2018 income projection.

Table 1: FY 2018/2019 Income Projection

FINANCIAL YEAR 2018/19	Revised Projected revenue	% Ratio
SOURCES OF REVENUE	2018/19	2018/19
Revenue Description		
1.CRA Equitable share	5,714,800,000	67.89%
2.Local Collections	356,294,000	4.23%
3.Facility Improvement Fund	338,525,121	4.02%
4.CONDITIONAL GRANTS		
4A. Routine Maintenance Fuel Levy	150,465,707	1.79%
4B. User fee Reimbursement	18,048,789	0.21%
4C. Development of Youth polytechnics fund	41,005,000	0.49%
5. DONOR FUNDS		
5A. DANIDA FUND	17,516,250	0.21%
5B. Agricultural Sector development support Fund(ASDSP)	24,732,548	0.29%
5C. Transformative health system (world bank)	61,507,974	0.73%
5D. Kenya Devolution Support Project (world bank)	44,538,343	0.53%
5E. Climate Smart Agriculture Project (world bank)	116,443,510	1.38%
5F. Kenya Urban Support Program UDG (SIDA)	256,299,000	3.04%
5G. Kenya Urban Support Program UIG (SIDA)	41,200,000	0.49%
UNSPENT FUND	1,236,591,031	14.69%
Total	8,417,967,273	100.00%

Source: County Treasury, 2019

The total income received for the FY 2018/19 was kshs. 7.877 Billion of which Kshs.473 million was realized from Local Revenues (own source revenue and FIF) against a target of kshs. 694.8 million Including FIF thus achieving 68%. The significant under achievement in local revenues was characterised by the NHIF rebates which are transferred directly transferred from the National Insurer to the intended hospitals and not being deposited to the CRF for requisition. This in turn drops the revenue recorded as own source revenue.

Table 2 provides the fiscal performance for the period and deviations from the target estimates.

Table 2: Income Targets vs. Actuals

Source of Income		FY 2018/2019			
		Target A (Kshs millions)	Actual B (Kshs Millions)	Deviations C = A-B (Kshs millions)	% deviation
National Equitable Share		5,714,800,000	5,714,800,000	-	0%
Local revenues	Own source revenue	356,294,000	282,194,168	74,099,832	21%
	Facility improvement fund (FIF)	338,525,121	191,784,232	146,740,889	43%
Conditional Grants	User fee Reimbursement	18,048,789	18,048,789	-	0%
	Routine Maintenance Fuel Levy	150,465,707	150,465,707	-	0%
	Development of Youth polytechnics fund	41,005,000	-	41,005,000	100%
Donor funds	DANIDA FUND	17,516,250	17,516,250	-	0%
	World bank Grant Universal Health Care	61,507,974	26,017,062	35,490,912	57%
	World Bank Grant Kenya Agriculture Climate Smart Program	116,443,510	42,837,552	73,605,958	63%
	Kenya Devolution Support Program	44,538,343	-	44,538,343	100%
	Agricultural Sector development support Fund(ASDSP)	24,732,548	6,957,746	17,774,802	72%
	Kenya Urban Support Program	297,499,000	297,499,000	-	0%
Unspent Funds 2017/18		1,236,591,031	1,129,008,630	107,582,401	9%
Total Collection		8,417,967,273	7,877,129,136	540,838,137	6%

Source: Kericho County Treasury, 2019

2.1.2 Expenditure

5. Expenditure amounted to Kshs. 3.988 billion excluding County Assembly as recurrent against a target of Kshs 4.046 billion, representing 99 % absorption of the fund representing an under spending of Kshs 57.6 million from the supplementary 2 budget expenditure. Development expenditure was Kshs. 1.246 billion against a target of Kshs 3.612 billion excluding County Assembly, representing an underspending of Ksh. 2.365 billion from the supplementary 2 budget expenditure.

Table 3: Budgeted Recurrent Expenditure Vs. Actual Expenditure

Name of Department	Budgeted (Ksh)	Actual(Ksh)	Variance(Ksh)	% Absorption
	A	B	C=(A-B)	
Agriculture, Livestock Development And Fisheries	202,533,742	190,857,092	11,676,650	94%
County Public Service Board	57,105,518	57,105,518	-	100%
Education, Youth Affairs, Children, Culture And Social Services	398,090,652	381,299,749	16,790,903	96%
Finance And Economic Planning	348,881,665	348,881,665	-	100%
Health Services	2,111,905,244	2,096,674,335	15,230,909	99%
Information, Communication, Youth Affairs and Sports	85,095,215	80,049,605	5,045,610	94%
Lands, Housing And Physical Planning	75,332,577	72,888,113	2,444,464	97%
Office Of The Governor	160,231,611	160,231,611	-	100%
Public Service Management	296,721,998	296,721,998	-	100%
Public Works, Roads And Transport	81,659,695	81,441,207	218,488	100%
Trade, Industrialisation, Tourism, Wildlife And Cooperative Management	68,708,000	63,425,375	5,282,625	92%
Water, Energy, Natural Resources And Environment	160,297,751	159,315,421	982,330	99%
Grand Total	4,046,563,668	3,988,891,688	57,671,980	99%

Source: Kericho County Treasury

Table 4: Budgeted Development Expenditure vs. Actual Expenditure

Name of department	Budgeted (Ksh)	Actuals(Ksh)	Variance(Ksh)	% absorp tion
	A	B	C=A-B	
Agriculture, Livestock Development and Fisheries	281,800,954	107,472,073	174,328,881	38%
Education, Youth Affairs, Children, Culture and Social Services	195,915,031	51,318,387	144,596,643	26%
Information, Communication, Youth Affairs and Sports	166,717,423	54,177,988	112,539,435	32%
Lands, Housing And Physical Planning	379,300,241	55,365,921	323,934,320	15%
Public Works, Roads And Transport	1,023,626,870	474,288,018	549,338,852	46%
Trade, Industrialisation, Tourism, Wildlife and Cooperative Management	38,666,301	14,620,797	24,045,504	38%
Water, Energy, Natural Resources and Environment	370,190,901	164,107,524	206,083,377	44%
Health	681,385,047	210,826,169	470,558,878	31%
Finance And Economic Planning	442,529,637	109,798,533	332,731,104	25%
Public Service Management	32,126,315	4,616,171	27,510,144	14%
Grand Total	3,612,258,719	1,246,591,580	2,365,667,139	35%

Source: Kericho County Treasury

3.0 IMPLEMENTATION OF FY 2019/2020 BUDGET

3.1 RECENT ECONOMIC DEVELOPMENTS

6. Kenya's Real GDP is projected to grow by 6.0% in 2019 and 6.1% in 2020. Domestically, improved business confidence and continued macroeconomic stability will contribute to growth, and externally, tourism and the strengthening global economy will contribute.

8. The government plans to continue fiscal consolidation to restrain the rising deficit and stabilize public debt by enhancing revenue, rationalizing expenditures through zero base budgeting, and reducing the cost of debt by diversifying funding sources. Inflation is projected to be 5.5% in 2019 and 5.4% in 2020 due to prudent monetary policy. Kenya also benefits from renewed political momentum (including the 2010 constitution and devolution), a strategic geographic location with sea access, and opportunities for private investors, and the discovery of oil, gas, and coal along with continued exploration for other minerals.

9. Among downside risks are possible difficulties in making fiscal consolidation friendly to growth and in finding affordable finance for the budget deficit caused by tightening global markets. Boosting domestic resource mobilization and enhancing government spending efficiency are critical to restrain public borrowing.

10. Kenya continues to face the challenges of inadequate infrastructure, high income inequality, and high poverty exacerbated by high unemployment, which varies across locations and groups (such as young people). Kenya is exposed to risks related to external shocks, climate change, and security. The population in extreme poverty (living on less than \$1.90 a day) declined from 46% in 2006 to 36% in 2016. But the trajectory is inadequate to eradicate extreme poverty by 2030.

11. Kenya's Big Four (B4) economic plan, introduced in 2017, focuses on manufacturing, affordable housing, universal health coverage, and food and

nutrition security. It envisages enhancing structural transformation, addressing deep-seated social and economic challenges, and accelerating economic growth to at least 7% a year. By implementing the B4 strategy, Kenya hopes to reduce poverty rapidly and create decent jobs.

12. Kenya has the potential to be one of Africa's success stories from its growing youthful population, a dynamic private sector, highly skilled workforce, improved infrastructure, a new constitution, and its pivotal role in East Africa. Addressing the challenges of poverty, inequality, governance, the skills gap between market requirements and the education curriculum, climate change, low investment and low firm productivity to achieve rapid, sustained growth rates that will transform lives of ordinary citizens, will be a major goal for Kenya.

3.1.1 Medium Term Fiscal Framework

13. The county government will continue to pursue fiscal responsibility to ensure prudence and transparency in the management of public resources as per the Public Finance Management Act section 107.

14. Adjustments to the 2020/21 budget will take into account actual performance of expenditure so far and absorption capacity in the remainder of the financial year. Because of the resource constraints, the County Government will rationalize expenditures by cutting those that are non-priority. These may include slowing down or reprioritizing development expenditures in order for the Government to live within its means. Utilization of contingencies/ emergency funds will be within the criteria specified in the new PFM law.

15. Revenue projections will remain on upward trajectory in line with the initial projections taking into account the revised revenue and expenditure base. The MTFE financial model has been updated in terms of capturing realistic figures for the likely inflow of revenue and indicative expenditure requirements.

4.0 RESOURCE ALLOCATION FRAMEWORK FOR FY 2020/2021 FINANCIAL YEAR

4.1.1 2020/21 Budget framework

16. In view of the recent macroeconomic circumstances and limited resources, MTEF budgeting will entail adjusting non-priority expenditures to cater for the priority sectors. The County Integrated Development Plan CIDP (2018- 2022) will guide resource allocation, going forward. In the Meantime, the resource allocation will be based on the Medium Term Plan III, the Big Four Agenda and the Governors Manifesto.

17. The priority social and economic sectors, Healthcare, Infrastructure, Agriculture and Value Addition, Early Childhood Development and Education, Vocational Training and youth employment will continue to receive adequate resources. Both sectors (Roads and Health) are already receiving a significant share of resources in the budget and are required to utilize the allocated resources more efficiently to generate fiscal space to accommodate other strategic interventions in other sectors. Future budgetary allocations for roads must capture the infrastructural requirements of the county to facilitate a wholesome economic development.

An Approximate projection of estimates for 2019/2020, 2020/2021 -2021/2022 is shown in on table below classified by department and entity.

4.1.2 2020/2021- 2022/2023 Income Projection

18. The projected revenue for Medium Term Expenditure Framework (MTEF) i.e. 2020/2021 – 2022/2023 from all sources is Ksh 7.338 billion as shown in the table below.

Table 5: 2020/2021- 2022/2023 Income Projection

FINANCIAL YEAR 2020/21	BASE YEAR	PROJECTED REVENUE			% RATIO	% PROJECTION		
SOURCES OF INCOME	2019/20	2020/21	2021/22	2022/23	2019/20	2020/21	2021/22	2022/23
I INCOME DESCRIPTION (3 Sources)								
1.CRA Equitable share	5,270,000,000	5,533,500,000	5,810,175,000	6,100,683,750	61%	75%	75%	75%
2.Local Collections	512,294,000	563,523,400	619,875,740	681,863,314	6%	8%	8%	8%
3.Facility Improvement Fund	401,641,000	441,805,100	485,985,610	534,584,171	5%	6%	6%	7%
II CONDITIONAL GRANTS (3 Sources)					0%	0%	0%	0%
4.Routine Maintenance Fuel Levy	152,729,063	152,729,063	152,729,063	152,729,063	2%	2%	2%	2%
5.User fee Reimbursement	18,048,789	18,048,789	18,048,789	18,048,789	0%	0%	0%	0%
6.Development of Youth polytechnics fund	29,433,298	29,433,298	29,433,298	29,433,298	0%	0%	0%	0%
III DONOR FUNDS (7 Sources)					0%	0%	0%	0%
7.DANIDA FUND	17,516,250	17,516,250	17,516,250	17,516,250	0%	0%	0%	0%
8.Agricultural Sector development support Fund(ASDSP)	0	0	0	0	0%	0%	0%	0%
9.Transformative health system (world bank)	61,507,974	61,507,974	61,507,974	61,507,974	1%	1%	1%	1%
10.Kenya Devolution Support Project (world bank)	44,538,343	44,538,343	44,538,343	44,538,343	1%	1%	1%	1%
11.Climate Smart Agriculture Project (world bank)	117,000,000	117,000,000	117,000,000	117,000,000	1%	2%	2%	1%
12.Kenya Urban Support Program UDG (SIDA)	256,299,000	256,299,000	256,299,000	256,299,000	3%	3%	3%	3%
13.Kenya Urban Support Program UIG (SIDA)	10,000,000	10,000,000	10,000,000	10,000,000	0%	0%	0%	0%
14. Other Donor Funds	92,719,071	92,719,071	92,719,071	92,719,071	1%	1%	1%	1%
15. UNSPENT FUND	1,627,652,234				19%	0%	0%	0%
TOTAL	8,611,379,022	7,338,620,288	7,715,828,138	8,116,923,023	100%	100%	100%	100%

4.1.3 Expenditure Forecasts

19. The expenditure comprises recurrent and development votes. The County Treasury will endeavor to maintain fiscal responsibility principle of 70:30 in 2020/2021 for recurrent and development expenditures as required by section 107 of the Public Finance Management Act, 2012.

Table 6: Consolidated Expenditure Forecast

Departments	BASE YEAR	PROJECTED ESTIMATE			% RATIO	% PROJECTED ESTIMATE		
	2019/20	2020/21	2021/22	2022/23	2019/20	2020/21	2021/22	2022/23
County Assembly Services	722,825,544	758,330,516	797,169,804	838,490,614	8.4%	10.3%	10.3%	10.3%
Public Service Management	333,814,460	338,321,052	356,164,973	375,138,876	3.9%	4.6%	4.6%	4.6%
Office of the Governor & Deputy governor	124,029,658	138,267,025	145,374,002	152,931,035	1.4%	1.9%	1.9%	1.9%
County Public Service Board	56,703,222	83,212,186	86,461,316	89,916,200	0.7%	1.1%	1.1%	1.1%
Finance & Economic Planning	413,239,338	445,931,510	465,859,867	491,050,206	4.8%	6.1%	6.0%	6.0%
Health Services	2,626,450,263	2,681,445,906	2,819,980,382	2,967,002,715	30.5%	36.5%	36.5%	36.6%
Agriculture, Livestock Development & Fisheries	417,723,802	461,490,208	478,850,160	497,309,447	4.9%	6.3%	6.2%	6.1%
Education, Culture & Social Services	739,987,328	539,111,999	571,800,186	606,558,383	8.6%	7.3%	7.4%	7.5%
Public Works, Roads & Transport	1,049,606,655	564,018,858	602,026,873	640,739,000	12.2%	7.7%	7.8%	7.9%
Trade, Industrialization, Cooperative Management, Tourism and Wildlife	117,144,877	137,856,564	143,060,267	148,493,500	1.4%	1.9%	1.9%	1.8%
Water, Environment, Energy, Natural Resources & Forestry	541,930,473	367,345,442	403,099,325	426,598,494	6.3%	5.0%	5.2%	5.3%
Lands, Housing & Physical Planning	458,908,920	484,457,524	499,611,670	507,725,466	5.3%	6.6%	6.5%	6.3%
Information, Communication, E-Government, youth Affairs & sports	302,705,203	265,831,500	279,719,313	294,486,585	3.5%	3.6%	3.6%	3.6%
STRATEGIC INTERVENTION	695,590,210	0	0	0	8.1%	0.0%	0.0%	0.0%
Loans and Grants not Specified	10,719,071	0	0	0	0.1%	0.0%	0.0%	0.0%
Kericho Municipal Board		38,000,000	39,900,000	41,895,000	0.0%	0.5%	0.5%	0.5%
Litein Municipal Board		35,000,000	36,750,000	38,587,500	0.0%	0.5%	0.5%	0.5%
TOTAL EXPENDITURE	8,611,379,022	7,338,620,288	7,715,828,138	8,116,923,023	100%	100%	100%	100%

Table 7: Recurrent Expenditure Forecast

Departments and Entities	BASE YEAR	PROJECTED ESTIMATE			% RATIO	% PROJECTED ESTIMATE		
		2019/20	2020/21	2021/2022	2022/23	2019/20	2020/21	2021/22
County Assembly Services	690,825,544	747,125,421	785,060,158	825,419,135	15.0%	14.5%	14.5%	14.5%
Public Service & Administration	289,594,458	322,837,011	339,430,956	357,075,726	6.3%	6.3%	6.3%	6.3%
Office of the Governor & Deputy governor	124,029,658	138,267,025	145,374,002	152,931,035	2.7%	2.7%	2.7%	2.7%
County Public Service Board	56,703,222	83,212,186	86,461,316	89,916,200	1.2%	1.6%	1.6%	1.6%
Finance & Economic Planning	273,623,760	305,033,036	320,711,849	337,383,537	5.9%	5.9%	5.9%	5.9%
Health Services	2,059,421,530	2,295,822,566	2,413,828,712	2,539,307,705	44.7%	44.7%	44.7%	44.7%
Agriculture, ,Livestock & Fisheries	191,230,032	213,181,331	224,138,932	235,790,433	4.1%	4.1%	4.1%	4.1%
Education, Culture & Social Services	405,422,618	421,961,088	445,192,058	469,894,151	8.8%	8.2%	8.2%	8.3%
Public Works, Roads & Transport	65,643,521	73,178,742	76,940,157	80,939,767	1.4%	1.4%	1.4%	1.4%
Trade, Industrialization, Cooperative Management, Tourism and Wildlife	65,178,131	72,659,930	76,394,677	80,365,931	1.4%	1.4%	1.4%	1.4%
Water, Environment, ,Energy, ,Natural Resources & Forestry	127,621,721	142,271,421	149,584,226	157,360,121	2.8%	2.8%	2.8%	2.8%
Lands, ,Housing & Physical Planning	75,156,982	83,784,253	88,090,795	92,670,053	1.6%	1.6%	1.6%	1.6%
Information, Communication & E-Government, youth development & sports	183,622,196	204,700,191	215,221,858	226,409,820	4.0%	4.0%	4.0%	4.0%
Kericho Municipal Board		18,000,000	18,900,000	19,845,000		0.4%	0.3%	0.3%
Litein Municipal Board		15,000,000	15,750,000	16,537,500		0.3%	0.3%	0.3%
TOTAL EXPENDITURE	4,608,073,372	5,137,034,202	5,401,079,697	5,681,846,116	100%	100%	100%	100%

Table 8: Development Expenditure Forecast

Line Ministries/Departments	BASE YEAR	PROJECTED ESTIMATE			% RATIO	%PROJECTED ESTIMATE		
	2019/20	2020/21	2021/2022	2022/23	2019/20	2020/21	2021/22	2022/23
County Assembly Services	32,000,000	11,205,094	12,109,646	13,071,479	0.8%	0.5%	0.5%	0.5%
Public Service & Administration	44,220,002	15,484,040	16,734,017	18,063,150	1.1%	0.7%	0.7%	0.7%
Office of the Governor & Deputy governor	-	0	0	0	0.0%	0.0%	0.0%	0.0%
County Public Service Board	-	0	0	0	0.0%	0.0%	0.0%	0.0%
Finance & Economic Planning	139,615,578	140,898,474	145,148,018	153,666,668	3.5%	6.4%	6.2%	6.3%
Health Services	567,028,733	385,623,340	406,151,670	427,695,010	14.2%	17.5%	17.5%	17.6%
Agriculture,Livestock Development & Fisheries	226,493,770	248,308,877	254,711,228	261,519,014	5.7%	11.3%	11.0%	10.7%
Education,Youth, Culture & Social Services	334,564,710	117,150,911	126,608,128	136,664,232	8.4%	5.3%	5.4%	5.6%
Public Works,Roads & Transport	983,963,134	490,840,116	525,086,716	559,799,233	24.6%	22.3%	22.6%	23.0%
Trade,Industrialization,Tourism,Wildlife & Cooperative Development	51,966,746	65,196,634	66,665,590	68,127,569	1.3%	3.0%	2.9%	2.8%
Water,Energy,Natural Resources & Environment	414,308,752	225,074,021	253,515,099	269,238,374	10.3%	10.2%	10.9%	11.1%
Land, Housing & Physical Planning	383,751,938	400,673,271	411,520,875	415,055,413	9.6%	18.2%	17.7%	17.0%
Information, Communication & E-Government, youth development & sports	119,083,007	61,131,308	64,497,455	68,076,766	3.0%	2.8%	2.8%	2.8%
STRATEGIC INTERVENTION	695,590,210	0	0	0	17.4%	0.0%	0.0%	0.0%
Loans and Grants not Specified	10,719,071				0.3%			
Kericho Municipal Board		20,000,000	21,000,000	22,050,000		0.9%	0.9%	0.9%
Litein Municipal Board		20,000,000	21,000,000	22,050,000		0.9%	0.9%	0.9%
TOTAL EXPENDITURE	4,003,305,650	2,201,586,086	2,324,748,441	2,435,076,907	100%	100%	100%	100%

5.0. CONCLUSION AND WAYFORWARD

20. The fiscal outcome for 2018/19 together with the updated macroeconomic forecast have had ramification of the financial objectives. Going forward, the set of policies outlined in this CBROP are broadly in line with the fiscal responsibility principles outlined in the PFM law. They are also consistent with the national strategic objectives pursued by the National Government as a basis of allocation of public resources.

The County shall also endeavor to mobilize more resources through enhanced revenue collection, private public partnership and creation of conducive environment for investor attraction.

21. Going forward the County Integrated Development Plan (CIDP 2018-2022), the Annual Development Plan (ADP 2019/2020) and the County Fiscal Strategy Paper 2020 shall continue to advise the priorities in resource allocation.

ANNEX I: LOCAL REVENUES INCLUSIVE OF FIF

JULY 2018 - JUNE 2019 KERICHO COUNTY

Revenue Stream	TOTAL ACTUALS 2018/2019
ADVERTISEMENT,BRANDING AND BILLBOARD FEES	11,616,790
AGRICULTURE LIVESTOCK , VETERINARY PAYMENTS AND MACHINERY SERVICES	4,873,353
ALCOHOLIC DRINK LICENSE FEES	6,071,330
APPLICATION/REGISTRATION FEES	1,905,700
AUDIT FEES	65,350
BODA BODA PAYMENTS	225,500
BUILDING PLAN APPROVALS FEES	3,925,560
BUS PARK FEES	26,427,770
BUSINESS PERMITS LATE PAYMENT PENALTIES , CURRENT YEAR	1,312,278
CAR PARK FEES	10,525,940
CEMETERY FEES	17,800
CLUMPING, FINES AND IMPOUNDING FEES	471,440
COFFEE FEES	0
EDUCATION PAYMENTS FEES	30,000
FIRE LICENSE FEE	4,082,300
FOREST CESS/SEEDLING SALE YARD	5,247,857
HIRE OF SOCIAL HALL/PARK & STADIUM FEES	97,800
HOSPITAL PAYMENTS	191,784,232
HOUSE RENT FEES	14,429,423
INSPECTION FEES	2,992,600
KABIANGA TEA FARM PAYMENTS	4,500,000

LAND AND PROPERTY RATES FEES	67,146,100
LAND CULTIVATION FEES	346,575
MARKET FEES	26,854,630
MURRAM, BALLAST , SANDAND SCRAP METAL CESS FEES	1,690,400
NEMA FEES	546,000
PLOT RENT	3,137,213
PRODUCE CESS	669,525
PUBLIC HEALTH PAYMENTS	2,113,030
QUARRY STONE CESS	3,467,500
REFUSE FEES	7,052,000
RESERVED PARKING FEE	1,637,800
SIGNAGES FEES	5,188,400
SINGLE BUSINESS PERMIT	56,681,900
SLAUGHTER HOUSE OPERATION FEES	2,205,220
STOCKYARD SALES FEES	2,245,100
SURVEY FEE	172,700
TEA TRANSPORT CESS	279,750
WEIGHTS AND MEASURES FEE	1,657,152
TOTAL REVENUE STREAMS	473,978,400

ANNEXII: SUMMARY OF ESTIMATE PROJECTION AND EXPENDITURE PROPORTION

S/NO Departments and Entities	BASE YEAR	ESTIMATE PROJECTION			BASE YEAR	% ESTIMATE PROJECTIONS			
	2019/20	2020/21	2021/22	2022/23	2019 /20	2020 /21	2021 /22	2022 /23	
TOTAL PROJECTED COUNTY EXPENDITURE	8,611,379,022	7,338,620,288	7,715,828,138	8,116,923,023	100%	100%	100%	100%	
					% ALLOCATED PER EXPENDITURE PER FY				
TOTAL RECURRENT EXPENDITURE	4,608,073,372	5,137,034,202	5,401,079,697	5,681,846,116	54%	70%	70%	70%	
TOTAL DEVELOPMENT EXPENDITURE	4,003,305,650	2,201,586,086	2,314,748,441	2,435,076,907	46%	30%	30%	30%	
TOTAL	8,611,379,022	7,338,620,288	7,715,828,138	8,116,923,023	100%	100%	100%	100%	