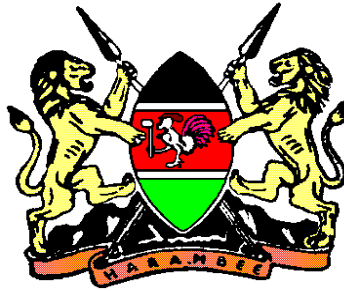


REPUBLIC OF KENYA



**COUNTY GOVERNMENT OF KWALE
COUNTY TREASURY**

**COUNTY BUDGET REVIEW AND OUTLOOK PAPER
FY 2015/2016**

SEPTEMBER 2016

COUNTY BUDGET REVIEW AND OUTLOOK PAPER, 2016

FOREWORD

The Economic Survey 2015 indicated that the Kenyan economy is projected to expand by about 6 per cent in 2016. The growth would be supported by the strong performance in most of the sectors of the economy and bolstered by the lower world oil prices, increased consumer confidence and higher public and private investment. The growth is expected to be lifted even further by the increased investment in infrastructure and the recent capping of commercial bank interest rates currently at 14.5 per cent. The new rates will boost investment capital for the private sector. We expect the growth of the Kenyan economy to have a positive effect on trade and investment in the County's economy.

The county fiscal performance for the FY 2015/16 is commendable though challenges still remain. Revenue collection registered a good performance though local revenue was below the set target and also slightly below the actual revenue collected in the fiscal year 2014/15. On the expenditure side, higher absorption rates were achieved for both recurrent and development expenditures compared to the FY 2014/15.

In the FY 2016/17 budget, efforts will be made to improve on county own revenue collection as we anticipate automation of revenue collection system to go live by November, 2016. Equally, we will strive to achieve even greater absorption rates through prompt implementation of departments procurement plans and lobbying to reduce the delays in the release of National Government disbursement. To spearhead our transformation agenda, we will continue to implement structural reforms and invest hugely in our key sectors such as education, health, water and infrastructure.

The Kenyan macroeconomic environment which has a bearing on the County economy continues to be favorable. The foreign exchange market which was volatile in 2016 has since stabilized following foreign exchange in flows in the money market. The Kenya shilling exchange rate is expected to appreciate against the major foreign currencies. The receipt of syndicated loan and the downward trend of short term interest rates have increased liquidity in the money market. This is expected to spur growth in our economy as increased consumer confidence and higher

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total productivity in the domestic economy is registered. Benefits of growth are expected to trickle to the County economy. We expect growth in trade, industry and other economic sectors of our economy. We will thus strive to increase our local revenue collection and ensure prudent public spending for rapid economic growth and development in the county.

This 2016 County Budget Review and Outlook Paper (CBROP) has proposed indicative expenditure ceilings taking into consideration our projected resources envelope. This indicative expenditure ceilings have taken into account our resolve to re-emphasize our development agenda in our key sectors and rationalize recurrent expenditures save for vital and unavoidable expenses. It is important that the various Sector Working groups(SWGs) adhere to the sector ceilings and ensure that funds are directed only to programmes that are priority and have the greatest impact to our strategic objectives laid down in our first County Integrated Development Plan(CIDP) 2013/2017.

HON. BAKARI HASSAN SEBE

CEC MEMBER, FINANCE AND ECONOMIC PLANNING

ACKNOWLEDGEMENT

This is the third County Budget Review and Outlook Paper (CBROP) to be prepared by the County Treasury and to be tabled in the County Assembly of Kwale. This 2016 CBROP provides a review of the actual fiscal performance for FY 2015/16 and how this performance has affected compliance with the fiscal responsibility principles spelt out in the PFM Act, 2012 and financial objectives given in our latest County Fiscal Strategy Paper (CFSP) 2016.

As usual, like in the other previous financial years, the preparation of this 2016 CBROP was a collaborative effort among various departments and agencies of the Kwale County Government. The departments provided useful information from their budget execution for the FY 2015/16. Our sincere appreciation for this.

The Budget and Economic Planning team worked tirelessly to put together the contents of this 2016 CBROP. We appreciate their effort. We are particularly grateful to the County Director in charge of Budgeting and Economic Planning for coordinating the execution of this task. Special thanks go to the County Executive Committee(CEC) for their advice and input into this document. Finally, I would like to thank the entire staff of the County Treasury for their dedication, sacrifice and commitment to public service.

ALEX THOMAS ONDUKO

CHIEF OFFICER, FINANCE AND ECONOMIC PLANNING

Legal Basis for the Publication of the County Budget Review and Outlook Paper

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

1. The County Treasury shall prepare and submit to the County Executive Committee for approval, by 30th September in each financial year, a County Budget Review and Outlook Paper which shall include :-

- a) Actual fiscal performance in the previous financial year compared to budget appropriation for that year;
- b) Updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper
- c) Information on how actual financial performance for the previous financial year may have affected compliance with fiscal financial responsibility principles or the financial objectives in the latest County Fiscal Strategy Paper;
- d) The reasons for any deviation from the financial objectives together with proposals to address the deviation and the time estimated to do so.

2. County Executive Committee shall consider the County Budget Review and Outlook Paper with a view to approving it with or without amendments, not later than fourteen days after its submission.

3. Not later than seven days after the County Budget Review and Outlook Paper has been approved by the Executive Committee, the County Treasury shall:-

- a) arrange for the Paper to be laid before the County Assembly
- b) as soon as practicable after having done so, publish and publicise the Paper

Fiscal Responsibility Principles for the National and County Governments

Section 107 of the Public Finance Management Act, 2012 sets the principles of fiscal responsibility.

Subsection (2) states that:

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

- a) the county government's recurrent expenditure shall not exceed the county government's total revenue
- b) over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure
- c) the county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenues as prescribed by the County Executive member for finance in regulations and approved by the County Assembly.
- d) Over the medium term, the county government's borrowing 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 suitable level as approved by County Assembly
- f) the financial risks shall be managed prudently, and
- g) a reasonable degree of predictability with respect to the level of tax bases shall be maintained, taking into account any tax reforms that may be made in the future
- h) Short term borrowing as mentioned in (d) above shall be restricted to management of cash flows and shall not exceed five percent of the most recent audited county government revenue.

LIST OF ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Plan
CBK	Central Bank of Kenya
CBR	Central Bank Rate
CBROP	County Budget Review and Outlook Paper
CEC	County Executive Committee
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
CPI	Consumer Price Index
DANIDA	Danish International Development Agency
EAC	East African Community
EPZ	Export Processing Zone
EEZ	Exclusive Economic Zone
ECDE	Early Childhood Development Education
GDP	Gross Domestic Product
FY	Financial Year
HR	Human Resources
ICT	Information Communication Technology
KBRR	Kenya Banks Reference Rate
KCo TREF	Kwale County Trade Revolving Fund
KNBS	Kenya National Bureau of Statistics
MDGs	Millennium Development Goals
MPC	Monetary Policy Committee

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MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
NFNF	Non- Food Non- Fuel
PFMA	Public Finance Management Act
PFMR	Public Finance Management Regulations
P WDs	Persons with Disabilities
SBP	Single Business Permit
SGR	Standard Gauge Railway
SDGs	Sustainable Development Goals
SMEs	Small and Medium Enterprises
SSA	Sub -Saharan Africa
SWGs	Sector Working Groups
US	United States
WEO	World Economic Outlook
YPs	Youth Polytechnics

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EXECUTIVE SUMMARY

This County Budget Review and Outlook paper (CBROP) is prepared in accordance with the provisions of section 118 of the Public Finance Management Act (PFMA) 2012 and is the third to be prepared by the County Treasury under the new system of governance. It presents a review of the county fiscal performance for the FY 2015/16 and how this impacts on the fiscal responsibility principles and financial objectives set out in the PFMA 2012. This coupled with the updated macro-economic and fiscal forecasts therein will provide a basis for revision of the FY 2016/17 budget in the context of Supplementary Estimates as well as set out the broad fiscal parameters for the FY 2017/18 budget and the medium term.

The FY 2015/16 budget had a total revenue of **Kshs.5.588 Billion** out of which **Kshs.5.125 billion** was equitable share of revenue from the National Government, **Kshs 248.6 million** was from our own county revenue sources and **Kshs 214 million** was conditional grants from development partners. National Government disbursement stood at **Kshs 5.58 billion** an increment of about **6.5 per cent** compared to previous FY 2014/2015. The County own revenue declined from 253 million to **Kshs 248.6 million** due to shortfall in the major revenue category of land rates. Total expenditure from all county government departments and agencies amounted to **Kshs.5.8 billion** below our set target of **Kshs 7.6 billion**. The shortfall was as a result of underperformance in the development expenditures.

The FY 2015/16 budget complied to the fiscal responsibility and financial objectives set out in the PFMA, 2012. These include: development expenditure as a per cent of total budget being **68.4 per cent**, share of personnel emoluments to County Total revenues was **25.8 per cent**. This is below the threshold of 35 percent. Financial risks are at manageable levels and our reforms in revenue collection system will enhance county own revenue.

Kenya's economy continues to enjoy favorable macro-economic environment with the economic indicators being favorable. There is a stabilized foreign exchange market, manageable low inflation, decreasing short term interests and general commercial bank interest rates becoming affordable and favorable for private sector borrowing and investment. Benefits of the favorable macroeconomic environment are expected to trickle down to our county and spur growth in the

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various sectors of the County economy. The FY 2017/18 budget will be prepared against this background.

The Budget for FY 2017/18 targets a revenue collection including county own revenue of Kshs. **6.5 Billion** an increment of about 16 percent from the actual collection of **Kshs 5.58 Billion** in FY 2015/16 and about 5.0 percent from budgeted revenue of **Ksh 6.2 billion** for FY 2016/2017 budget. Overall expenditures are projected at **Kshs.6.5 Billion** out of which **Kshs 2.9 billion** and **Kshs 3.6 Billion** will be for recurrent expenditures and development programmes respectively. We do not anticipate any borrowing.

As we implement our medium term fiscal framework by building on the successes and addressing our development challenges, risks still remain. Our major risks will include insecurity which has an impact on growth of tourism earnings and other sectors and also our county own revenue base. Others will include inflationary food prices as a result of unstable and often increasing world oil prices. More so, the vagarities of weather as a result of climate change effects and unpredictable El -Nino rains that might disrupt county economic activities. On the County expenditure side, anticipated pressures on recurrent related expenditures may eat into our development budget. The County Government will closely monitor the developments and put up appropriate strategies to mitigate these risks.

CHAPTER ONE: INTRODUCTION

Objective of the County Budget Review and Outlook Paper (CBROP)

1. The objective of the 2016 CBROP is to provide a review of the previous year 2015/16 fiscal performance and how this impacts on the financial objectives and fiscal responsibility principles set out in the 2016 County Fiscal Strategy Paper (CFSP). This coupled with an updated macroeconomic outlook provides a basis for revision of the FY 2016/17 budget in the context of Supplementary Estimates and the broad fiscal parameters underpinning the next budget for FY 2017/18 and the medium term.
2. This 2016 Kwale CBROP continues implementation of our development agenda as stipulated in the County Integrated Development Plan 2013-17. The plan outlines our key development priorities as education, health care services, water and infrastructure, agricultural transformation and food security, trade and tourism promotion, human capital development and social welfare programmes for the youth, women and PWDs. Details of the county policy priorities and initiatives remain as outlined in the Annual Development Plan (ADP) FY 2017/2018 and the 2016 CFSP.
3. This 2016 CBROP provides sector as well as department indicative ceilings for the FY 2017/18 budget and the medium term. This is guided by provisions given in the Public Finance Management Act 2012 and Public Finance Management Regulations (PFMR) 2015. The ceilings set in motion the budget preparation for the fiscal year 2017/18.
4. The rest of the paper is organized as follows:- Section II provides a review of the fiscal performance for the FY 2015/16 and its implications on the financial objectives set out in the 2016 CFSP submitted to the Kwale County Assembly in February 2016. This is followed by highlights on recent economic developments in Section III. The macroeconomic policies and outlook are presented in Section IV. Section V presents proposed resources allocation framework and conclusion is given in section VI.

CHAPTER TWO: REVIEW OF COUNTY FISCAL PERFORMANCE FY 2015-2016

Overview

5. This section provides a summary of the County fiscal performance for the period under review. The report also consolidates the gains made on fiscal performance over the first MTEF period ending 30th June 2016.

6. The fiscal performance for the financial year 2015/2016 was generally satisfactory compared to the previous year's performance. The county government structures have stabilized their services to the citizens with a higher degree of precision. Some of the challenges that have affected service provision by the county government structures include delay in the release of funds from the Government Exchequer. However, revenue collection for the period under review improved significantly as there was an increase in global revenue collection compared to previous financial year 2014/2015.

7. On the expenditure side, the county government absorption capacity has improved to a greater extent. This can be attributed to proper procurement planning and improved dedication of the county staffs in service provision. So far, employment of personnel in all essential service departments was completed within the reporting period.

County Fiscal Performance FY 2015/2016

County Revenue Performance FY 2015/2016

8. The FY2015/16 approved County budget was **Kshs. 7.61 billion** comprising of **Kshs. 2.83 billion** (37.2 percent) for recurrent expenditure and **Kshs. 4.78 billion** (62.8 percent) for development expenditure. This was an expansion in the approved budget compared to the previous FY 2014/15 approved budget of Kshs. 5.662 billion.

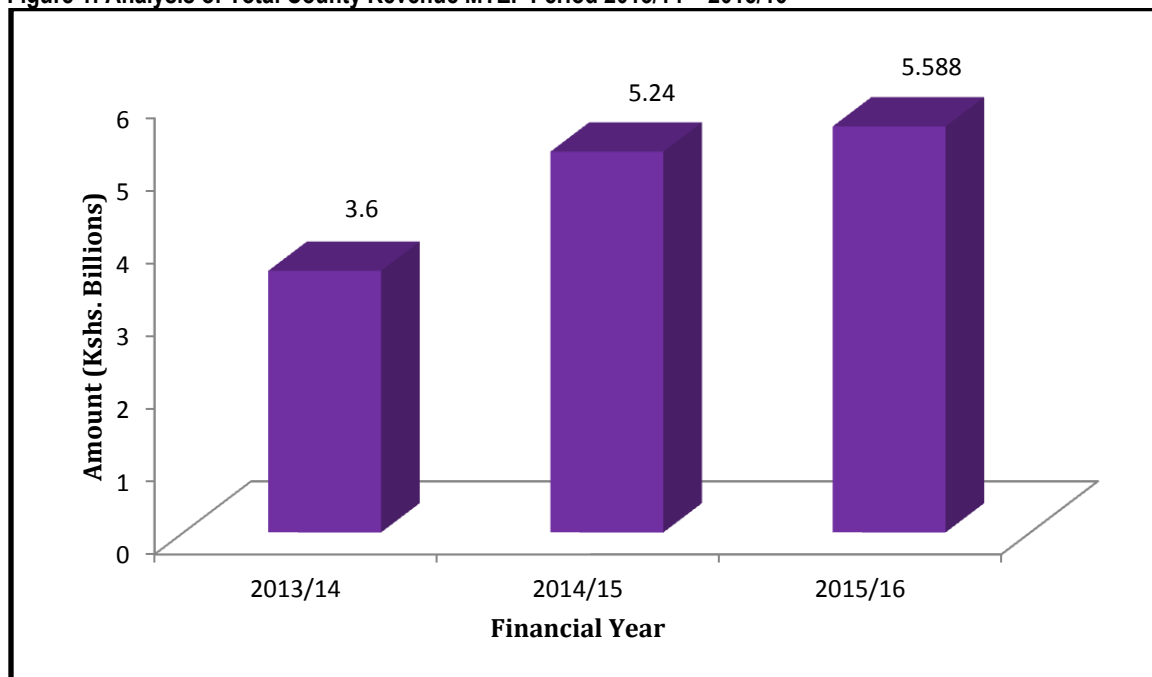
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9. The 2015/16 approved budget was to be financed through **Kshs.5.12 billion (67.3 per cent)** as equitable share of revenue raised nationally, **Kshs.339.83 million (4.5 per cent)** as total conditional grants, **Kshs.300 million (3.9 per cent)** from local sources and **Kshs.1.84 billion (24.3 per cent)** as projected cash balance from FY 2014/15. The conditional grants comprised of Kshs.95.74 million (28.2 per cent) for Leasing of Medical Equipment, Kshs.104 .44 million (30.7 per cent) for Free Maternal Health Care, Kshs.15.15 million (4.5 per cent) for User Fees Forgone, Kshs.65.11 million (19.2 per cent) from the Road Maintenance Fuel Levy Fund, Kshs.45.76 million (13.5 per cent) from World Bank to supplement health facilities expenses and Kshs.13.62 million (4.0 per cent) from DANIDA.

Revenue Analysis

10. The total revenue for the County Government of Kwale improved to **Kshs 5.588 billion** in FY 2015/16 from **Kshs 5.24 billion** in FY 2014/15 and **Kshs 3.6 billion** in FY 2013/14. This represented a **6.5 percent** increase compared to total revenues collected in FY 2014/2015 and a **55.22 percent** increase in total revenue compared to FY 2013/14.

Figure 1: Analysis of Total County Revenue MTEF Period 2013/14 – 2015/16



Source: Kwale County Treasury

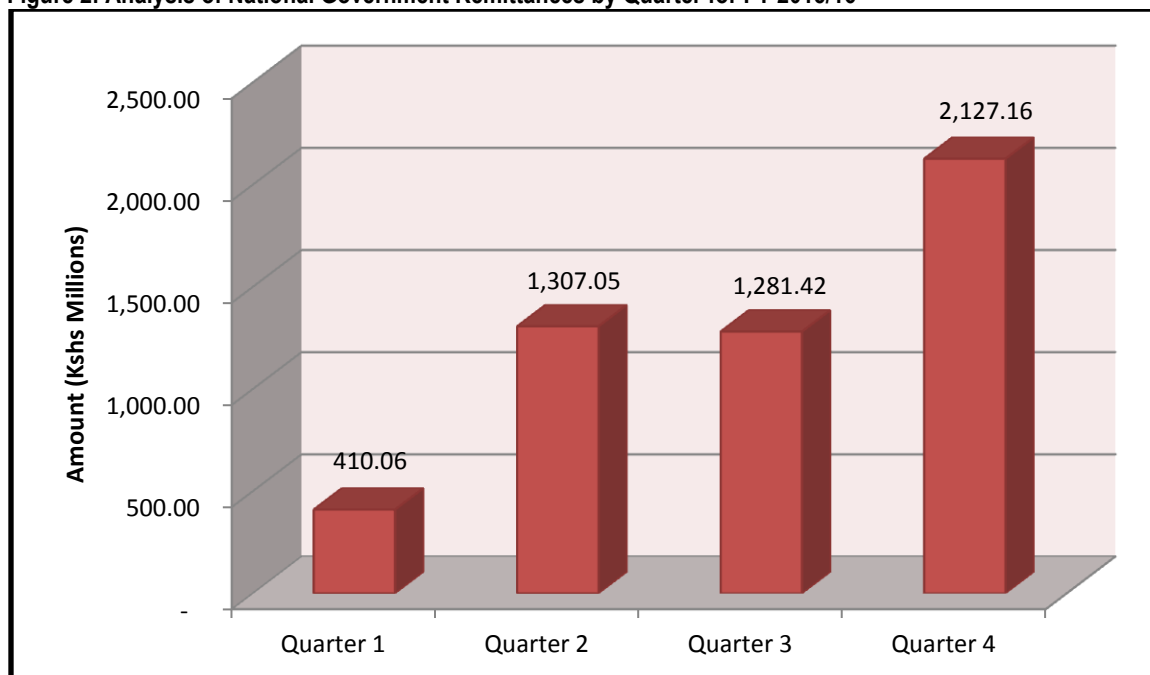
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Transfers from the National Government

11. The total transfers from the National Government improved significantly to **Ksh 5.125 billion** from **Kshs 4.99 billion** and **Kshs 3.24 billion** in 2014/15 and 2013/14 respectively.

Figure 2 below gives an overview of the national government remittances by quarter.

Figure 2: Analysis of National Government Remittances by Quarter for FY 2015/16



Source: Kwale County Treasury

Conditional Grants

Table-1 shows an analysis of conditional grants for the period under review.

Table 1: Analysis of conditional grants for FY 2015/16

No	Conditional Grant	Amount allocated as provided in CARA 2015 (Kshs)	Actual receipts of the Conditional Grant (Kshs)	Actual receipts as a percentage of actual allocation (%)
1	User Fees Forgone	15,149,869.00	15,149,869.00	100
2	DANIDA Grant	13,620,000.00	13,620,000.00	100
3	World Bank Grant	45,759,322.00	45,759,322.00	100
4	Road Maintenance Fuel Levy Fund	65,113,404.00	65,113,400.00	100
5	Free Maternal Health Care	104,441,400.00	74,397,500.00	71
6	Leasing of Medical equipment	95,744,680.85	-	0
	TOTAL	339,828,676.00	214,040,091.00	62.98

Source: Kwale County Treasury

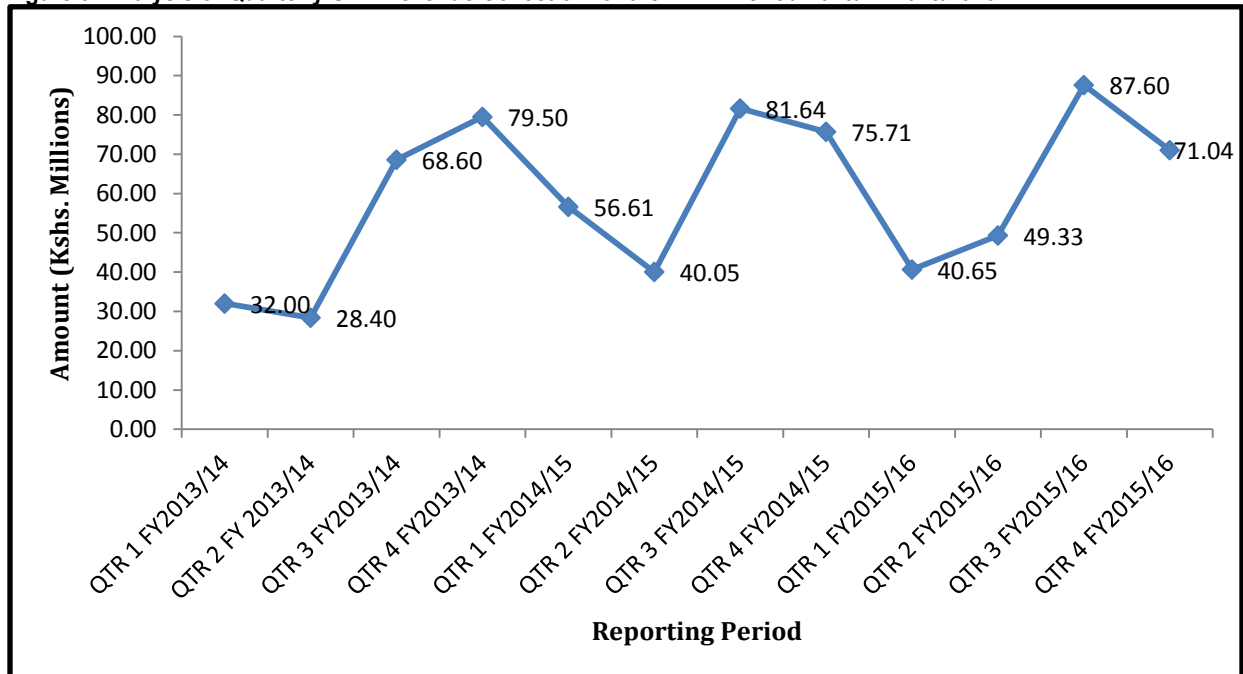
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Analysis of the conditional grants for the period under review indicates that User Fees Forgone, DANIDA, World Bank, and Road Maintenance Fuel Levy Fund recorded the highest performance against annual target at 100 per cent.

County Own Revenue

12. The County Government recorded an own revenue collection of **Kshs 248,617,586.00** a slight decline from **Kshs 253,378,819.00** collected in FY 2014/15. This translates to about 1.88 per cent decline in own revenue collection. Figure 2.3 shows the quarterly own revenue collection for the MTEF period under review.

Figure 3: Analysis of Quarterly Own Revenue Collection for the MTEF Period 2013/14-2015/2016



Source: Kwale County Treasury

13. The total County own revenue for the reporting period of Kshs.248.62 Million consisted of Kshs.40.65 Million generated in the first quarter, Kshs.49.33 Million in the second quarter, Kshs.87.60 Million in the third quarter and Kshs.71.04 Million in the fourth quarter of FY 2015/16. The revenue collected was **82.87 per cent of the annual own revenue target** and a slight decrease from Kshs.253.38 million collected in a similar period of the FY 2014/15.

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14. Analysis of the local revenue by stream indicates that most of the revenue streams surpassed their annual targets to achieve a performance of 100 percent. These include single business permits, House and Stalls rent, market fees, transit goods among others. There exists potential to increase local revenue performance by leveraging on the growth of these small streams. Building plan approval recorded the lowest performance against the annual target at 55.43 percent, followed by land rates (60.29 percent), revenue from hospital (62.54 percent) and Public health and sanitation at 87.37 percent.

15. Numerous challenges face the Revenue Collection Department which include; insufficient vehicles/motorbikes, lack of designated parking areas in Taru, Samburu and MacKinnon areas, lack of fenced off auction rings at Lunga Lunga and Kinango, poor facilitation of the Enforcement Department and the continued long legal cases.

Table 2: Analysis of own revenue collection by stream for FY 2015/16

NO	REVENUE SOURCE	ANNUAL TARGETTED REVENUE (KSHS.)	ACTUAL REVENUE (KSHS.)	ACTUAL REVENUE AS A PERECNTAGE OF ANNUAL TARGET
1	Land Rates	88,066,590.00	53,092,173.00	60.29
2	Single Business Permit	58,447,660.00	60,552,431.00	103.60
3	House and Stalls Rent	6,938,800.00	7,478,097.00	107.77
4	Market Fees	4,932,000.00	5,030,425.00	102.00
5	Royalties and Cess	30,188,220.00	31,845,730.00	105.49
6	Transit Goods	6,000,000.00	6,113,755.00	101.90
7	Auction Fees	5,972,140.00	6,032,637.00	101.01
8	Advertisement	12,601,700.00	12,720,628.00	100.94
9	Parking Fees	10,764,000.00	11,028,074.00	102.45
10	Revenue from Hospital	52,160,000.00	32,621,588.00	62.54
11	Building Plan Approval	5,000,000.00	2,771,746.00	55.43
12	Land Revenue	1,600,000.00	1,645,900.00	102.87
13	Garbage Fees	3,600,000.00	3,699,350.00	102.76
14	Slaughter	850,000.00	867,590.00	102.07
15	Miscellaneous	5,052,000.00	5,138,630.00	101.71
16	Revenue from Trade and Cooperative	400,000.00	430,760.00	107.69
17	Revenue from Agriculture Livestock and Fisheries	3,000,000.00	3,680,377.00	122.68
18	Public Health and Sanitation	4,426,890.00	3,867,695.00	87.37
	TOTAL	300,000,000.00	248,617,586.00	82.87

Source: Kwale County Treasury

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Table 3 shows further analysis of the local revenue collected in the MTEF Period 2013/14 – 2015/16 by stream.

Table 3: Analysis of own revenue collection by stream in the MTEF Period 2013/14 – 2015/16 by stream

NO	REVENUE SOURCE	ACTUAL REVENUE COLLECTED			
		2012/2013	2013/2014	2014/2015	2015/2016
1	Land Rates	78,537,606.00	63,710,003.00	52,515,086.00	53,092,173.00
2	Single Business Permit	21,617,727.00	42,385,040.00	57,223,148.00	60,552,431.00
3	House and Stalls Rent	987,230.00	975,875.00	1,828,825.00	7,478,097.00
4	Market Fees	3,547,437.00	7,439,239.00	3,576,963.00	5,030,425.00
5	Royalties and Cess	9,493,132.00	26,006,022.00	30,155,884.00	31,845,730.00
6	Transit Goods	8,190,110.00	11,563,692.00	11,192,029.00	6,113,755.00
7	Auction Fees	2,622,415.00	6,062,098.00	6,193,744.00	6,032,637.00
8	Advertisement	2,443,242.00	7,801,436.00	14,849,163.00	12,720,628.00
9	Parking Fees	1,046,560.00	2,591,930.00	6,537,542.00	11,028,074.00
10	Revenue from Hospital	-	17,551,693.00	46,726,560.00	32,621,588.00
11	Building Plan Approval	-	1,169,236.00	4,632,580.00	2,771,746.00
12	Land Revenue	45,185.00	35,000.00	1,796,631.00	1,645,900.00
13	Garbage Fees	772,660.00	1,628,305.00	3,017,700.00	3,699,350.00
14	Slaughter	-	1,108,675.00	1,746,499.00	867,590.00
15	Miscellaneous	25,852,684.00	12,081,701.00	3,711,794.00	5,138,630.00
16	Revenue from Trade and Cooperative	-	-	392,580.00	430,760.00
17	Revenue from Agriculture Livestock and Fisheries	-	-	2,869,432.00	3,680,377.00
18	Public Health and Sanitation	-	1,348,000.00	5,006,500.00	3,867,695.00
	TOTAL	155,155,988.00	203,457,945.00	253,972,660.00	248,617,586.00

Source: Kwale County Treasury

County Expenditure Analysis

16. During the period under review, the County Government spent a total of **Kshs 5.801 billion**, representing an absorption rate of **76.22 percent** of the 2015/16 County approved budget. This indicates a marginal decline in absorption rate from **76.76 percent** achieved in 2014/15 and **65.46 percent** in 2013/14.

17. Recurrent expenditure amounted to **Kshs 2.54 billion** against an approved recurrent budget of **Kshs 2.85 billion**. This represents an absorption rate of **89.38 percent**, a marginal increase from an absorption rate of **85.14 percent** realized in 2014/15 and **75.72 percent** in 2013/14.

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18. Development expenditure stood at **Kshs 3.26 billion** representing an absorption rate of **68.36 percent** against the annual approved development budget of **Kshs 4.77 billion**. This is a slight reduction in absorption capacity compared to a rate of **68.60 percent** achieved in 2014/15. The table below provides an overview of the county's annual absorption rates over the first MTEF period 2013/14 – 2014/15.

Table 4: Analysis of County's annual absorption rates 2013/14 – 2014/15

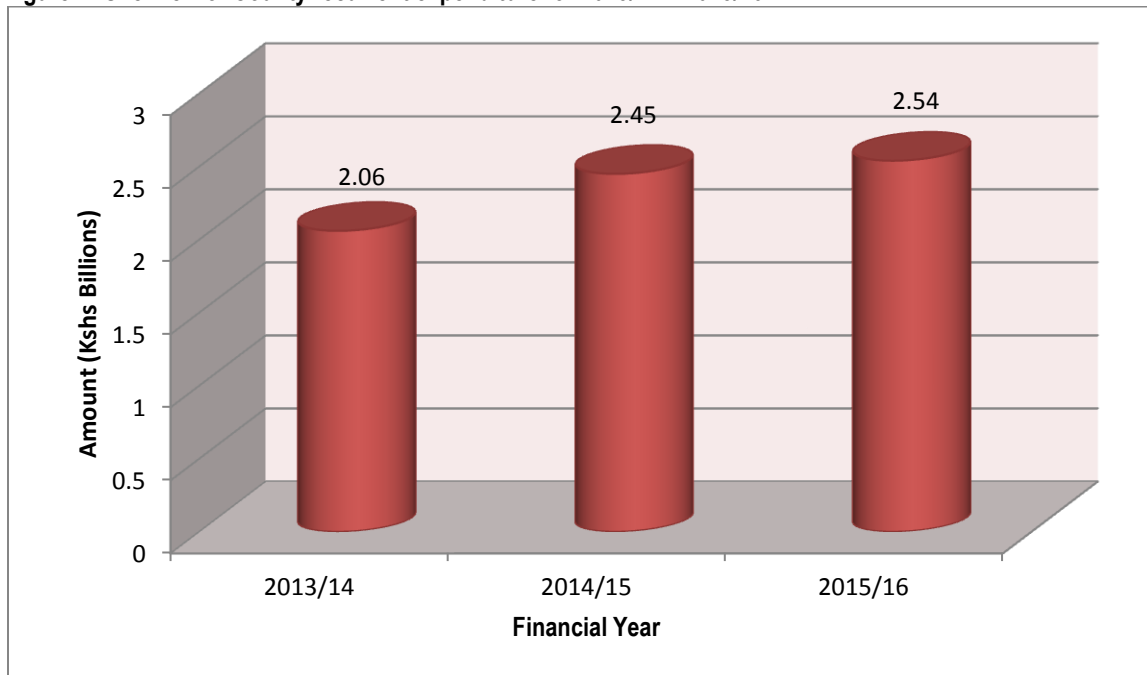
	2013/14		2014/15		2015/16	
	Recurrent Budget	Development Budget	Recurrent Budget	Development Budget	Recurrent Budget	Development Budget
Approved Budget	2,725,876,013.00	1,749,026,013.55	2,876,814,974.00	2,955,517,969.00	2,845,995,394.00	4,765,482,044.00
Actual Expenditure	2,063,958,591.00	865,328,422.00	2,449,223,145.00	2,027,438,754.00	2,543,642,779.00	3,257,626,329.00
Absorption Rates (%)	75.72	49.47	85.14	68.60	89.38	68.36

Source: Kwale County Treasury

Recurrent Expenditure

19. The County Government recorded a total recurrent expenditure of **Kshs 2.54 billion**, an increase from **Kshs 2.45 billion** and **Kshs 2.06 billion** spent in a similar period in 2014/15 and 2013/14 respectively. The recurrent expenditure has grown gradually since the beginning of the MTEF period 2013/14 – 2015/16. Figure 2.4 below provides an overview of recurrent expenditure for 2013/14 – 2015/16.

Figure 4: Overview of County recurrent expenditure for 2013/14 – 2015/16.



Source: *Kwale County Treasury*

20. The County Department of Medical and Public Health Services recorded the highest expenditure in absolute terms on recurrent activities at **Kshs 881.09 million**, followed by the department of County Assembly at **Kshs 427.70 million** and the department of Finance and Economic Planning at **Kshs 347.71 million**.

The County Department of Lands, Physical Planning and Natural Resources had the lowest expenditure on recurrent activities at **Kshs 30.10 million**. Others were the County Departments of Tourism, Investment and ICT and the County Public Service Board which recorded recurrent expenditures of **Kshs 36.81 million** and **Kshs 40.37 million** respectively. Table—provides information on recurrent expenditure by county department.

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Table 5: Analysis of recurrent expenditure by county department

NO	DEPARTMENT	RECURRENT EXPENDITURE 2015/16		
		Approved Estimates	Actual Expenditure	Absorption Capacity
1	COUNTY EXECUTIVE SERVICES	108,747,456.00	80,478,193.00	74.00
2	PUBLIC SERVICE AND ADMINISTRATION	132,096,832.00	93,431,906.00	70.73
3	FINANCE AND ECONOMIC PLANNING	355,167,571.00	347,710,648.00	97.90
4	AGRICULTURE, LIVESTOCK AND FISHERIES	169,572,042.00	160,783,821.00	94.82
5	EDUCATION, RESEARCH AND HR DEVELOPMENT	186,754,860.00	179,232,948.00	95.97
6	MEDICAL AND PUBLIC HEALTH SERVICES	951,517,843.00	881,090,030.00	92.60
7	TRADE AND COOPERATIVE DEVELOPMENT	56,999,799.00	46,871,652.00	82.23
8	COMMUNITY DEVELOPMENT, CULTURE AND TALENT MANAGEMENT	72,331,890.00	67,926,554.00	93.91
9	INFRASTRUCTURE AND PUBLIC WORKS	127,406,017.00	109,488,386.00	85.94
10	LANDS, PHYSICAL PLANNING AND NATURAL RESOURCES	48,956,992.00	30,100,286.00	61.48
11	TOURISM, INVESTMENT AND ICT	41,636,032.00	36,810,157.00	88.41
12	WATER SERVICES	57,627,000.00	41,654,326.00	72.28
13	COUNTY PUBLIC SERVICE BOARD	44,520,000.00	40,368,093.00	90.67
14	COUNTY ASSEMBLY	492,661,060.00	427,695,772.00	86.81
TOTAL		2,845,995,394.00	2,543,642,772.00	89.38

Source: Kwale County Treasury

Personnel Emoluments

21. During the period under review, the annual personnel emoluments budget accounted for **54.18 percent** of the total annual approved recurrent budget and **20.26 percent** of the total approved county budget.

22. The county spent **Kshs 1.50 billion** on personnel emoluments in 2015/16, an increase from **Kshs 1.23 billion** spent in 2014/15 and **Kshs 824.89 million** in 2013/14. This represents a significant **54.99 percent** increase in personnel emoluments at the close of the MTEF period compared to 2013/14.

23. The County Department of Medical and Public Health Services recorded the highest expenditure on personnel emoluments at **Kshs 753.77 million**, followed by Finance and Economic Planning at **Kshs 149.75 million** and Education, Research and HR Development at **Kshs 145.96 million**. The department of Lands, Physical Planning and Natural Resources had the lowest expenditure on personnel emoluments at **Kshs 11.62 million**.

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Others were Tourism, Investment and ICT at **Kshs 13.30 million** and Trade and Cooperative Development at **Kshs 15.82 million**. Table-6 below provides an overview of personnel emoluments per department.

Table 6: Overview of personnel emoluments by county department for 2015/16

NO	DEPARTMENTS	PERSONNEL EMOLUMENTS 2015/16		
		Approved Estimates	Actual Expenditure	Absorption Capacity
1	COUNTY EXECUTIVE SERVICES	53,215,649.00	46,918,763.00	88.17
2	PUBLIC SERVICE AND ADMINISTRATION	67,921,550.00	61,152,480.00	90.03
3	FINANCE AND ECONOMIC PLANNING	149,819,320.00	149,749,418.00	99.95
4	AGRICULTURE,LIVESTOCK AND FISHERIES	108,744,000.00	106,335,256.00	97.78
5	EDUCATION,RESEARCH AND HR DEVELOPMENT	147,200,000.00	145,962,992.00	99.16
6	MEDICAL AND PUBLIC HEALTH SERVICES	757,673,600.00	753,772,443.00	99.49
7	TRADE AND COOPERATIVE DEVELOPMENT	17,037,000.00	15,823,623.00	92.88
8	COMMUNITY DEVELOPMENT,CULTURE AND TALENT MANAGEMENT	22,593,907.00	22,574,567.00	99.91
9	INFRASTRUCTURE AND PUBLIC WORKS	45,498,885.00	42,295,331.00	92.96
10	TOURISM,INVESTMENT AND ICT	13,693,232.00	13,298,148.00	97.11
11	LANDS,PHYSICAL PLANNING AND NATURAL RESOURCES	15,000,000.00	11,623,976.00	77.49
12	WATER SERVICES	16,647,000.00	16,001,809.00	96.12
13	COUNTY PUBLIC SERVICE BOARD	22,874,840.00	22,874,839.00	100.00
14	COUNTY ASSEMBLY	104,132,799.00	90,583,161.00	86.99
TOTAL		1,542,051,782.00	1,498,966,806.00	97.21

Source: *Kwale County Treasury*

Operations and Maintenance

24. During the 2015/16 period under review, the county annual budget for operations and maintenance accounted for **17.13 percent** of the total county annual approved recurrent budget and **45.82 percent** of the total approved county budget.

On aggregate, during the 2015/16 period, the county spent a total of **Kshs 1.04 billion**, a significant decline from **Kshs 1.22 billion** and **Kshs 1.24 billion** spent during a similar period in 2014/15 and 2013/14 respectively.

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25. From the table below, the County Assembly had the highest expenditure on operations and maintenance at **Kshs 337.11 million** in absolute terms. Other departments that had higher expenditures are Finance and Economic Planning at **Kshs 197.96 million** and Medical and Public Health Services at **Kshs 127.32 million**. County Departments that recorded lowest expenditure on operations and maintenance were the County Public Service Board which had **Kshs 17.49 million**, Lands, Physical Planning and Natural Resources at **Kshs 18.48 million** and Tourism, Investment and ICT at **Kshs 23.51 million**. Table 7 below provides an analysis of expenditure on operations and maintenance in 2015/16.

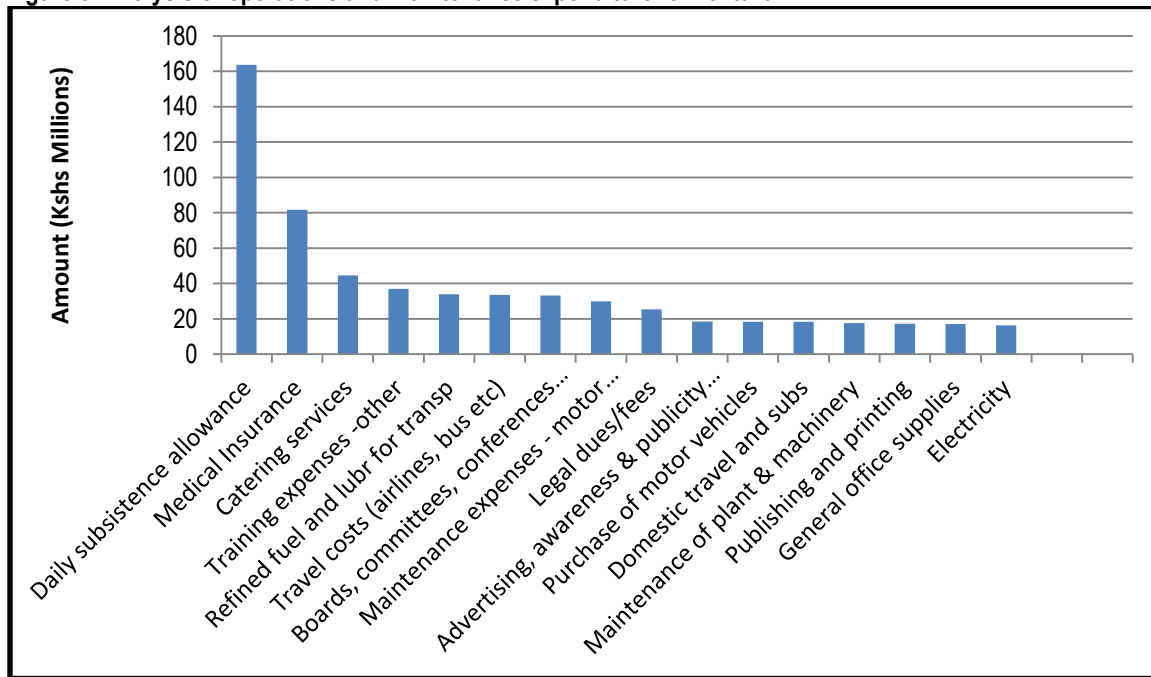
Table 7: Analysis of expenditure on operations and maintenance by County Department in 2015/16

NO	COUNTY DEPARTMENT	OPERATIONS AND MAINTENANCE		
		Approved Estimates	Actual Expenditure	Absorption Capacity
1	COUNTY EXECUTIVE SERVICES	55,531,807.00	33,559,430.00	60.43
2	PUBLIC SERVICE AND ADMINISTRATION	64,175,282.00	32,279,427.00	50.30
3	FINANCE AND ECONOMIC PLANNING	205,348,251.00	197,961,232.00	96.40
4	AGRICULTURE,LIVESTOCK AND FISHERIES	60,828,042.00	54,448,565.00	89.51
5	EDUCATION ,RESEARCH AND HR DEVELOPMENT	39,554,860.00	33,269,956.00	84.11
6	MEDICAL AND PUBLIC HEALTH SERVICES	193,844,243.00	127,317,587.00	65.68
7	TRADE AND COOPERATIVE MANAGEMENT	39,962,799.00	31,048,030.00	77.69
8	COMMUNITY DEVELOPMENT,CULTURE AND TALENT MANAGEMENT	49,737,983.00	45,351,988.00	91.18
9	INFRASTRUCTURE AND PUBLIC WORKS	81,907,132.00	67,193,055.00	82.04
10	TOURISM,INVESTMENT AND ICT	27,942,800.00	23,512,009.00	84.14
11	LANDS,PHYSICAL PLANNING AND NATURAL RESOURCES	33,956,992.00	18,476,311.00	54.41
12	WATER SERVICES	40,980,000.00	25,652,518.00	62.60
13	COUNTY PUBLIC SERVICE BOARD	21,645,160.00	17,493,254.00	80.82
14	COUNTY ASSEMBLY	388,528,261.00	337,112,611.00	86.77
TOTAL		1,303,943,612.00	1,044,675,973.00	80.12

Source: *Kwale County Treasury*

26. Further analysis of the expenditure on operations and maintenance reveal that the county spent Kshs 163.67 million on daily subsistence allowances, Kshs 81.73 million on medical insurance for the county staffs and Kshs 44.65 million on catering services amongst others. The figure below provides an analysis of the operations and maintenance expenditure for 2015/16.

Figure 5: Analysis of operations and maintenance expenditure for 2015/16



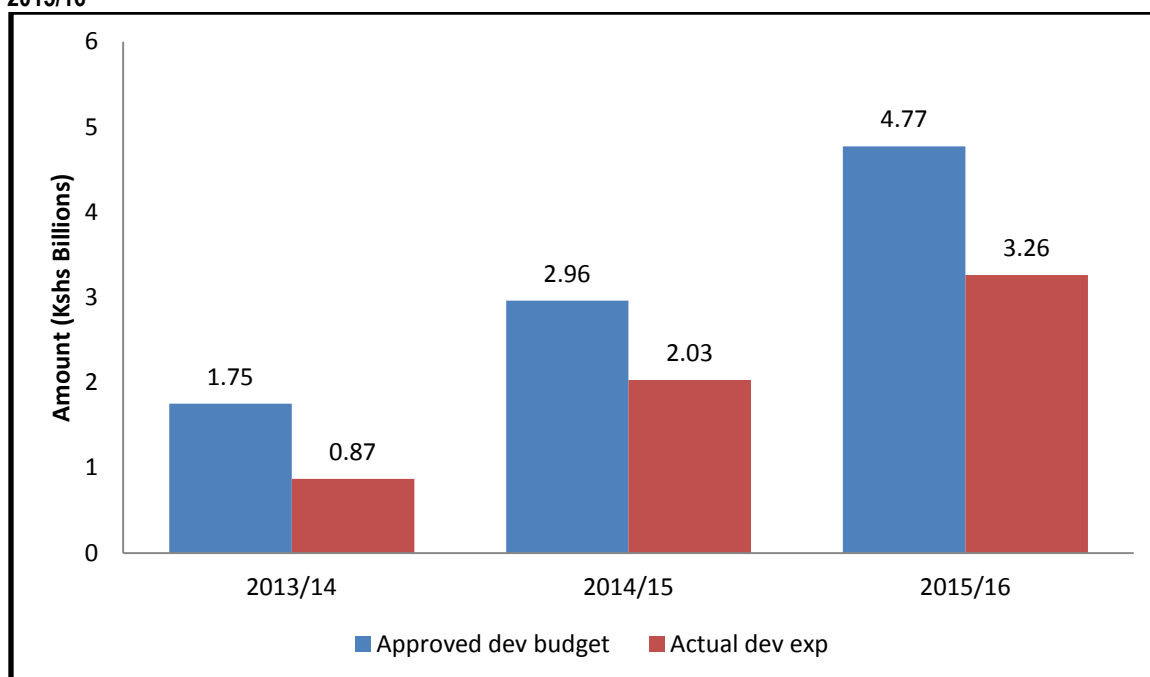
Source: Kwale County Treasury

Development Expenditure

27. The county government had an approved development budget of **Kshs 4.77 billion**, representing a **62.67 percent** of the total approved budget during the 2015/16 period under review. During the same period, the county spent a total of **Kshs 3.26 billion**, accounting for **68.37 percent** absorption rate of the total approved development budget. The absorption rate remained constant compared to that of 2014/15 of **68.57 percent** and **49.47 percent** achieved in 2013/14 period. Figure 2.7 below provides a comparative analysis of actual expenditure against the approved budget for the period 2013/14 – 2015/16.

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Figure 6: Comparative analysis of actual expenditure against approved budget on development activities for 2013/14 – 2015/16



Source: Kwale County Treasury

28. The County Department of Education, Research and HR Development spent the highest amount under development activities in absolute terms at **Kshs 828.28 million**, followed by Medical and Public Health Services at **Kshs 578.00 million** and Water Services at **Kshs 340.91 million**. Departments that spent the least amount for development activities were Finance and Economic Planning at **Kshs 25.88 million**, Lands, Physical Planning and Natural Resources at **Kshs 63.70 million** and Tourism, Investment and ICT at **Kshs 82.08 million**.

29. Further analysis of development expenditure for 2015/16 by absorption rates reveals that the Department of the County Executive was highest at **92.59 percent**, followed by Education, Research and HR development at **74.76 percent** and Medical and Public Health was third at **73.61 percent**. Those with lowest absorption rates were Finance and Economic Planning at **36.98 percent**, Trade and Cooperative Development at **44.91 percent** and Tourism, Investment and ICT at **52.88 percent**. Table 8 below provides an analysis of the development expenditure for 2015/16.

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Table 8: Analysis of development expenditure 2015/16

NO	DEPARTMENT	DEVELOPMENT EXPENDITURE 2015/16		
		Approved Estimates	Actual Expenditure	Absorption Capacity
1	COUNTY EXECUTIVE SERVICES	270,000,000.00	249,998,160.00	92.59
2	PUBLIC SERVICE AND ADMINISTRATION	126,973,906.00	85,690,596.00	67.49
3	FINANCE AND ECONOMIC PLANNING	70,000,000.00	25,884,767.00	36.98
4	AGRICULTURE, LIVESTOCK AND FISHERIES	230,913,462.00	185,908,915.00	80.51
5	EDUCATION, RESEARCH AND HR DEVELOPMENT	1,107,977,851.00	828,278,205.00	74.76
6	MEDICAL AND PUBLIC HEALTH SERVICES	785,251,852.00	577,998,975.00	73.61
7	TRADE AND COOPERATIVE DEVELOPMENT	245,470,218.00	110,246,049.00	44.91
8	COMMUNITY DEVELOPMENT, CULTURE AND TALENT MANAGEMENT	317,264,998.00	193,847,147.00	61.10
9	INFRASTRUCTURE AND PUBLIC WORKS	360,757,960.00	221,621,757.00	61.43
10	LANDS, PHYSICAL PLANNING AND NATURAL RESOURCES	115,277,287.00	63,697,361.00	55.26
11	TOURISM, INVESTMENT AND ICT	155,215,944.00	82,079,348.00	52.88
12	WATER SERVICES	501,282,626.00	340,905,543.00	68.01
13	COUNTY PUBLIC SERVICE BOARD	-	-	0.00
14	COUNTY ASSEMBLY	479,095,940.00	291,469,508.00	60.84
	TOTAL	4,765,482,044.00	3,257,626,331.00	68.36

Source: Kwale County Treasury

Overall Balance and Financing

30. Reflecting on the above actual performance in revenue and expenditure, overall fiscal balance amounted to Kshs 5,801,269,103.00 against the actual revenue received of Kshs 5,588,355,239.00 implying an underutilization of Kshs 212,913,864.00.

The surplus was mainly attributed to under spending of Kshs 5,491,200.00 and Kshs 207,422,664.00 in both recurrent and development expenditures respectively.

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The amount of Kshs 212,913,864.00 will be carried forward in the form of a supplementary budget for FY 2015/16. However, performance was generally good and the county maintained a balanced budget without any budget deficit.

Implications of 2015/16 fiscal performance on fiscal responsibility principles

31. The county performance in the FY 2015/16 has affected the financial objectives set out in the February 2016 CFSP and the budget for FY 2016/17 in a number of ways. These include:

(i) Based on the performance of revenue and expenditure projections for the last two financial years, the own revenue forecasts have been adjusted to reflect actual performance i.e. from Kshs 500 million in 2014/15 to Kshs 300 million and Kshs 330 million in 2015/16 and 2016/17 respectively;

(ii) County departments reported different absorption rates for the financial year ending 30th June 2015. This has had the effect of distorting budget allocations as set out in 2015 CFSP as amount rolled over to this financial year by each department has increased total budgets and altered the set proportions in the budget ceilings adopted in CFSP. However, these will be firmed up in the upcoming CFSP in November 2016.

32. The results of the first quarter of 2016/17 indicates that the county economy is still resilient though growing at a slower pace than expected following the recent tourism marketing strategies adopted by both governments. Although we anticipate increased growth in tourism activities, trade and commercial agriculture through increased borrowing from the banks with the capping of bank interest rates at 4 percent above the Central Bank Rate (CBR), we remain cautious due to potential threats arising out of climate change. Our medium term fiscal policy remains one of supporting rapid economic growth that is sustainable to ensure effective service delivery. More public resources shall be shifted from recurrent to development expenditure with an aim of promoting sustainable development. Our fiscal policy in the FY 2017/18 shall aim at raising our total revenues from county own revenue sources by 10 percent of actual revenue collected in FY 2015/2016.

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33. Given that agriculture is going to be the main driver of our local economy in the medium term, measures have been put in place to improve productivity particularly to address food security and support favourable growth prospects. This is signalled by the amount allocated to agriculture and production sectors to boost output in 2015/16 FY and over the medium term. Targets here include support to farmers through provision of farm inputs, provision of post-harvest advice/services and investment in non-rain fed agriculture. Other interventions include increased funding for acquisition of necessary machineries to revamp the agricultural mechanization services. Unreliable rainfall patterns received in 2015 and during the first and second quarter of 2016 dampened the performance of the economy. Drought is one of the main challenges that can adversely affect the performance of our local economy and there is need to devise adaptation methods to overcome the effects of drought, given that farming is the main source of livelihood. Nevertheless, we remain optimistic that growth projections outlined in February 2016 CFSP will be achieved.

34. The expenditure performance still meets the spirit of the PFM Act, 2012 Section 107 on fiscal responsibility principles. That is:

- i. The county government's recurrent expenditure shall not exceed the county government's total revenue. Total recurrent expenditure for FY 2015/16 amounted to Kshs 2.54 billion which was below the total county government revenue was of Kshs 5.59 billion.
- ii. Over the medium term a minimum of thirty percent of the county government's budget shall be allocated to development expenditure. The 2015/16 development expenditure was allocated Kshs 4.77 billion which was 62.68 percent of the budget. The county spent Kshs 3.26 billion on development in the FY 2015/16 which represented 42.84 percent of the total approved budget. Our medium term strategy is to allocate and spend a maximum of 60% of our budget on development.
- iii. The county government's expenditure on benefits and wages for its public officers shall not exceed a percentage of the county government's total as proposed by the county executive member for finance and approved by the county Assembly.

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The share of the personnel emoluments to our total revenue was 25 percent in FY 2013/14, 27.2 percent in 2014/15 and 26.83 percent in 2015/16 and our medium strategy is to maintain it at 20 percent.

- iv. Over the medium term, the county government borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure. It is our policy to procure any external financing only for capital projects. Although counties have not been allowed to borrow, strict adherence to this policy will be ensured once the permission is granted.
- v. Public debt and obligations shall be maintained at a substantial level as approved by the County Assembly. In our medium term debt strategy, the county government shall at all times ensure public debt sustainability. At the same time ensure moderate domestic borrowing so as not to crowd out private sector borrowers given our strategy to spur private investment to accelerate economic growth. At the moment, a debt management is not in place as we await national government permission to borrow and the borrowing guidelines.
- vi. Fiscal risks shall be managed prudently. The county government shall study the macroeconomic forecasts issued by the National Government and utilize them for projections in the 2017/2018 MTEF budget. To cater for urgent and unforeseen expenditure, a 2 percent of our revenue allocation will be put aside to cater for any fiscal risks such as emergencies.
- vii. A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future. On this principle, the County Treasury in conjunction with the Kenya Bureau of Statistics conduct a survey of macroeconomic factors in the county to ensure there is a degree of predictability in all the local taxes, rates and charges levied by the county government.

CHAPTER THREE: RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

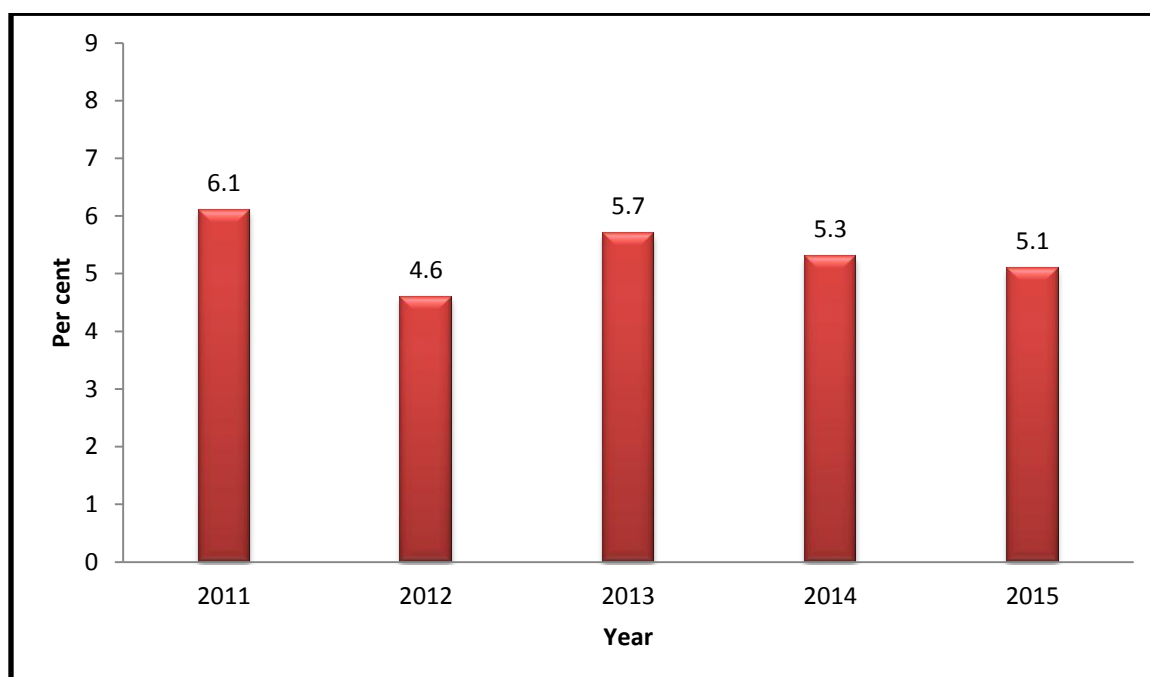
Overview of the Kenyan Economy-Gross Domestic Product GDP

35. The Gross Domestic Product (GDP) is estimated to have expanded by 5.6 per cent in 2015 compared to a 5.3 per cent growth in 2014. This growth was mainly supported by a stable macroeconomic environment and improvement in outputs of agriculture; construction; finance and insurance; and real estate.

International Scene

36. World Real Gross Domestic Product (GDP) growth decelerated to 3.1 per cent in 2015 from 3.4 per cent in 2014. This was as a result of low commodity prices, weaker capital flows, subdued global trade and increasing financial market volatility particularly in emerging markets and developing economies. The economic growth in Sub-Saharan Africa (SSA) slowed from 5.1 per cent GDP growth in 2014 to 3.8 per cent growth in 2015. However, there was a slowed growth of 3.4 per cent in 2015 from 5.8 per cent in 2014 in the East Africa Community (EAC). This was mainly associated with political instability in Burundi and uncertainties associated with general election in Tanzania and Uganda.

Figure 7: Performance of the Economy, 2011- 2015



Source: KNBS

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37. At the local level, the performance of the county economy was greatly undermined by the inadequate rains received over the period. Due to the reliance on rain-fed agriculture and the high degree of exposure to the risks of weather variability, performance of the agriculture sector was dismal. This affected growth of the county's economy.

The low production in the agriculture sector has continued to pile inflationary pressure from food and non-food sectors, resulting in an upward trend in the cost of living generally over the medium term and eroding the purchasing power of the real wage. The non-food inflation stemmed from generally volatile oil prices in the international markets period. Although the world oil prices have been on a downward trend, the general Consumer Price Index (CPI) has been increasing confirming that benefits from reduced oil prices have not been passed on to the consumers.

38. Several projects and programmes have been planned at the National and County Government level which are likely to have great impact in the County economy. Some of the projects have already been initiated while others are still in the planning stage. Such projects include the Dongo-Kundu by pass by the National Government and the ongoing Standard Gauge Railway SGR. These infrastructural projects will boost trade and investment in the county. The County has implemented the county trade revolving fund (KCoTREF), the Youth, Women and PWDs enterprise Fund, agricultural revitalization programmes like the micro irrigation projects, mechanization services among others to uplift trade, agriculture and other economic activities. The establishment of a whole sale market in Kombani, a project to be funded by the European Union (EU) will boost trade and other economic activities and thus spur growth in our economy. These projects are meant to increase production in the county economic sectors and subsequently improving the living standards of the County citizens.

Macroeconomic Stability (Inflation, Interest rates, Exchange rates)

39. Maintenance of a stable and favourable macroeconomic environment is key to the growth of the National Economy. Macroeconomic variables affecting the national economy have a bearing on the county economy.

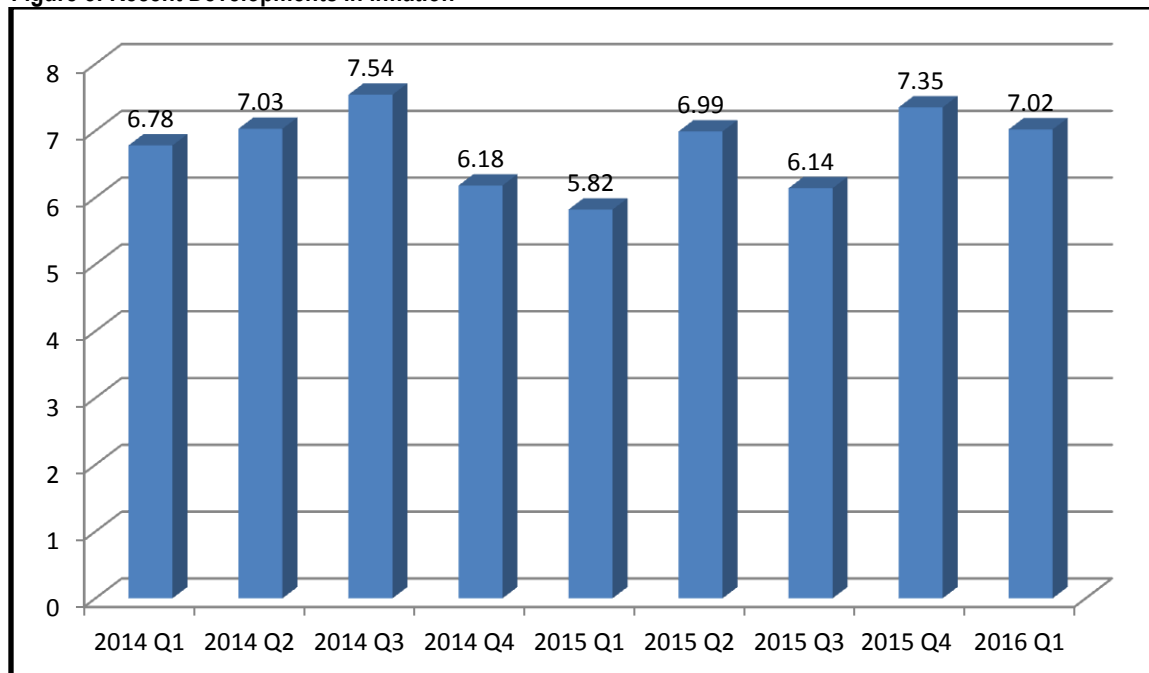
COUNTY BUDGET REVIEW AND OUTLOOK PAPER, 2016

As such efforts made by the Monetary Policy Committee MPC of the National Treasury and others to ensure a stable macroeconomic environment are laudable by the counties.

Inflation Rates

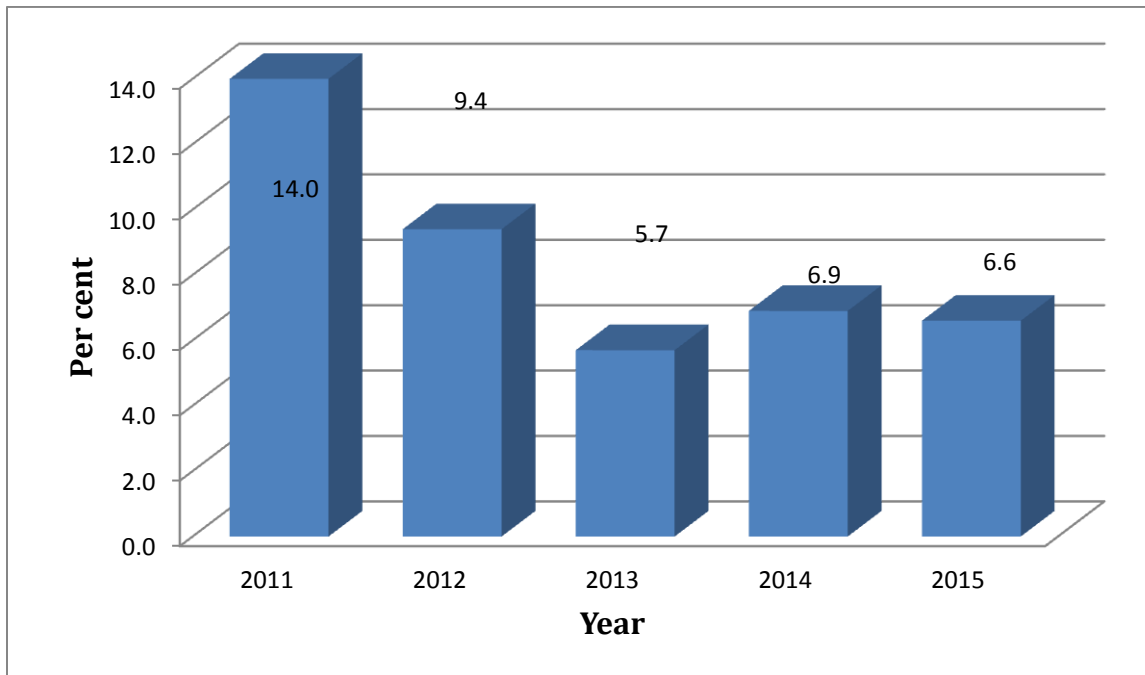
40. Overall inflation eased by 33 basis points to 7.02 percent in the first quarter of 2016 from 7.35 percent in the fourth quarter of 2015 largely on account of declining food and fuel inflation. Although elevated, food inflation declined by 119 basis points to 10.43 percent in the first quarter of 2016 compared to 11.62 percent in the fourth quarter of 2015. This decline is attributed to favorable weather conditions in the period under review. Non-food non-fuel (NFNF) inflation increased further to 5.81 percent in the first quarter of 2016 from 4.63 percent and 5.06 percent in the third and fourth quarters of 2015, respectively on account of persistent effect of excise duty tax on some alcoholic beverages and narcotics. Fuel inflation declined marginally by 14 basis points to 2.25 percent in the first quarter of 2016 compared to 2.39 percent in the fourth quarter of 2015 reflecting minimal declines in bus fares and house rents.

Figure 8: Recent Developments in inflation



Source: Kenya National Bureau of Statistics and Central Bank of Kenya

Figure 9: Average annual Inflation Rates 2011- 2015



Source: KNBS

Interest Rates

Central Bank Rate (CBR)

41. The Monetary Policy Committee (MPC) maintained the Central Bank Rate (CBR) at 8.5 percent from June 2014 to June 9, 2015 when it was raised to 10.00 percent to continue anchoring inflationary expectations and maintain price stability.

Short-Term Rates

42. The average interbank rate increased from 6.60 percent in June 2014 to 11.8 percent in June 2015. It tracked the CBR fairly well from September 2014 to March 2015, but in August 2014 and April-June 2015, it trended significantly above the CBR reflecting tight market liquidity conditions. The 91-day Treasury bill rate declined from 9.81 percent in June 2014 to 8.26 percent in June 2015, and the 182-day Treasury bill rate slightly increased from 10.50 percent to 10.55 percent .

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Lending Rates

43. Commercial banks' lending interest rates remained fairly stable in the year to June 2015. The average lending rate fell from 16.36 percent in June 2014 to 15.48 percent in June 2015. The marginal decrease in the overall lending rate was reflected in all loan categories: Corporate (overdraft, 1-5 years and over 5 year's loans) business loans (1-5 years and over 5 year's loans) and personal loans. (Table 5.1). Furthermore, the decline was consistent with the prudent monetary policy stance pursued by the Central Bank of Kenya.

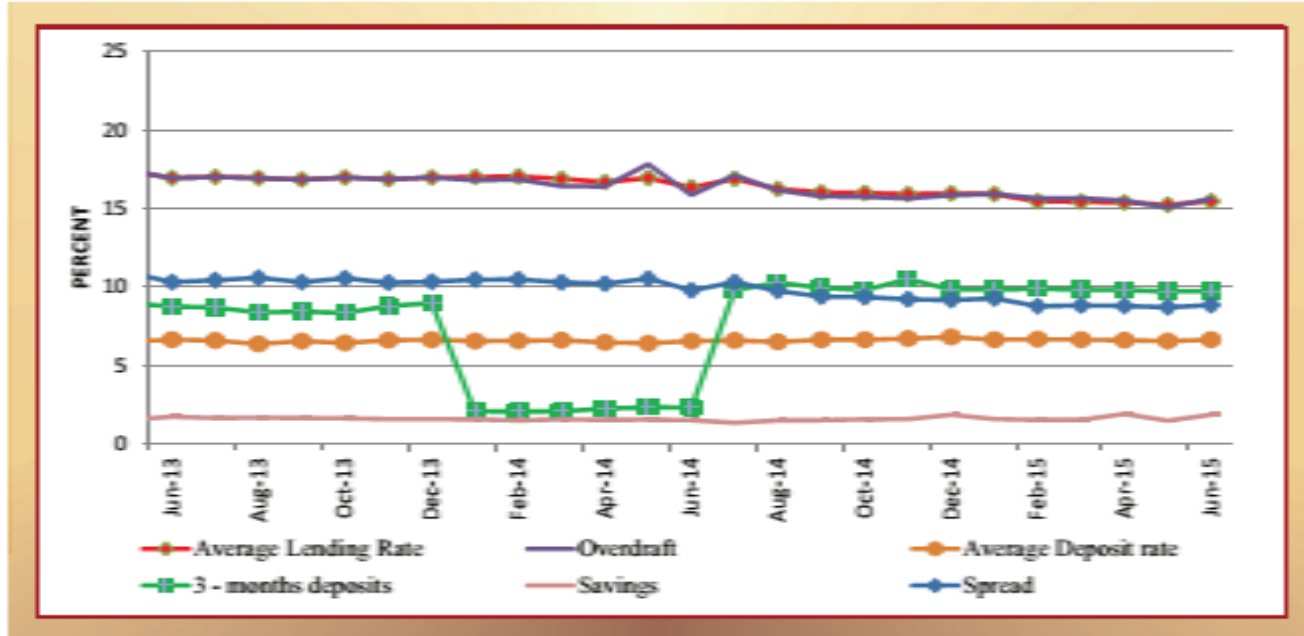
Deposit Rates

44. Average commercial banks' deposit rate increased marginally to 6.64 percent in June 2015 from 6.56 percent in June 2014. The increase in the average deposit rate was reflected in the 0-3 month's deposits and 'savings' categories which increased by 743 basis points and 35 basis points from 2.3 percent and 1.5 percent in June 2014 to 9.73 percent and 1.85 percent in June 2015, respectively. Over the same period, the demand deposits rate declined by 62 basis points from 2.30 percent in June 2014 to 1.68 percent in June 2015 while the 'over 3 months' deposits rate declined from 10.1 percent to 9.73 percent. The change in the overall lending rate and overall deposits rate in the year to June 2015 was minimal, thus the interest rate spread narrowed from 9.80 percent in June 2014 to 8.85 percent in June 2015.

The Kenya Banks' Reference Rate (KBRR)

45. The (KBRR) was introduced in July 2014 as a uniform base lending rate across the banking sector to enable consumers compare the pricing of loan products and ensure transparency in credit conditions. The rate is computed as an average of the Central Bank Rate (CBR) and the two-month weighted moving average of the 91-day Treasury bill rate and is reviewed every six months. KBRR was set at 9.13 percent in July 2014 and was revised downwards to 8.54 percent in January 2015

Figure 10: Commercial Banks Lending & Deposit Interest Rates.



Source: World Bank Reports

The Impact of Capping Interest Rates on the County Economy

46. The essence of the law putting a cap on the lending rates at a maximum of 4 percent above the CBR has had mixed reactions from all over the divide. Basically the law seeks to peg the commercial bank’s lending rates at a maximum of 4 percent above the Central Bank Rate. This would benefit borrowers as they will enjoy access to credit at lower interest rates than before.

47. In addition, capping interest rates might solve the high interest rate spreads in the banking sector but will lead to other challenges such as (i) locking out of SMEs and other “high risk” borrowers from accessing credit as banks will prefer to loan to the government (ii) straining small banks who effectively 3 have been shut out from the interbank market and now have to mobilize funds at rates higher than what they are getting now and can only lend out within the stipulated margins, (iii) it is based on an unreasonable premise that the highest extra risk premium in the Kenya market is 4%, (iv) may lead to banks colluding so as to push up the yields on the treasury instruments, and(v) the emergence of shadow banking systems which may results into inefficiencies in terms of transmitting the effects of policy decision into the economy.

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Exchange Rates

48. The Kenya shilling displayed mixed performance against the international and regional currencies during the financial year 2014/15. It strengthened against the Euro and the Japanese Yen by 6.7 percent and 6.9 percent, respectively. However, it weakened against the US Dollar and the Pound Sterling by 5.4 percent and 2.1 percent respectively (Table 6.1 and Chart 6A).

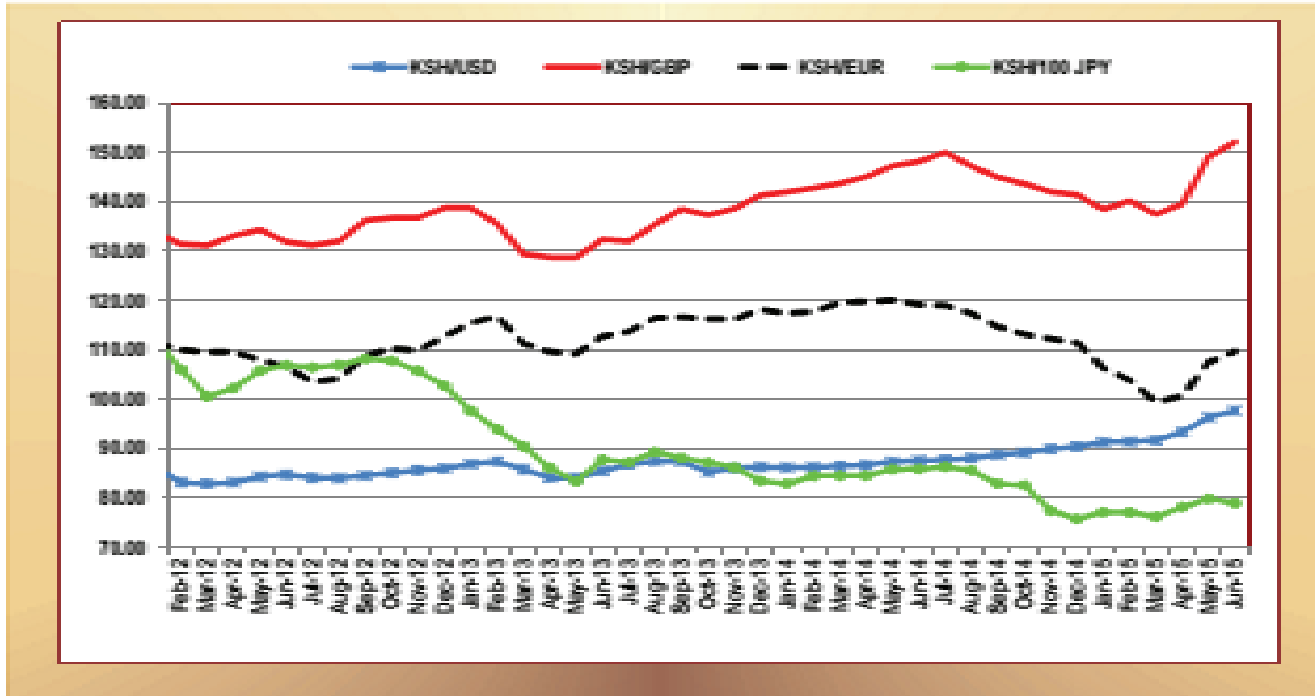
49. The performance of the Kenya Shilling against the US Dollar is attributed to developments on the international markets notably the strengthening of the US Dollar against major world currencies (anchored on positive sentiment on economic recovery) and high dollar demand on the domestic market. Against regional currencies, the shilling strengthened against the South African Rand as well as the Uganda and Tanzania Shillings but weakened against the Rwanda and Burundi Francs

Outlook for the Kenya Shilling

50. The exchange rate is expected to remain stable during the fiscal year 2015/16 influenced by expectations on external and domestic fronts. Global growth is projected at 3.2 percent in 2015, marginally lower than 3.4 percent in 2014 (World Economic Outlook, WEO July 2015 update). However, a 1.5 percent rise in output within the Euro Area (a key market for Kenya's exports) from 0.8 percent in 2014 coupled with projected increase in global trade by 4.1 percent in 2015 (compared to 3.2 percent growth in 2014) is likely to increase demand for Kenya's exports. In addition, global oil supply is running well above 2014 levels. The resulting oversupply means that oil prices are expected to remain low in 2015 translating to less pressure on the import bill and with a moderating effect on domestic inflation.

51. Furthermore, the lifting of the travel ban by the United Kingdom in June 2015 is likely to impact positively on the tourism industry and revenues. Foreign Direct Investment into the country is also expected to increase following the recently Global Entrepreneurship Summit held in July 2015 and planned high profile investment forums which continue to attract investors, an indication of improvement in investor interest and confidence in the country. Meanwhile, inflows from Diaspora Remittances remain resilient and the Central Bank of Kenya continues to take appropriate measures to eliminate disorderly market developments. The timing of the expected tightening of Monetary Policy in the United States remains a downside risk to exchange rate stability.

Figure 11: Kenya Shillings Exchange Rates



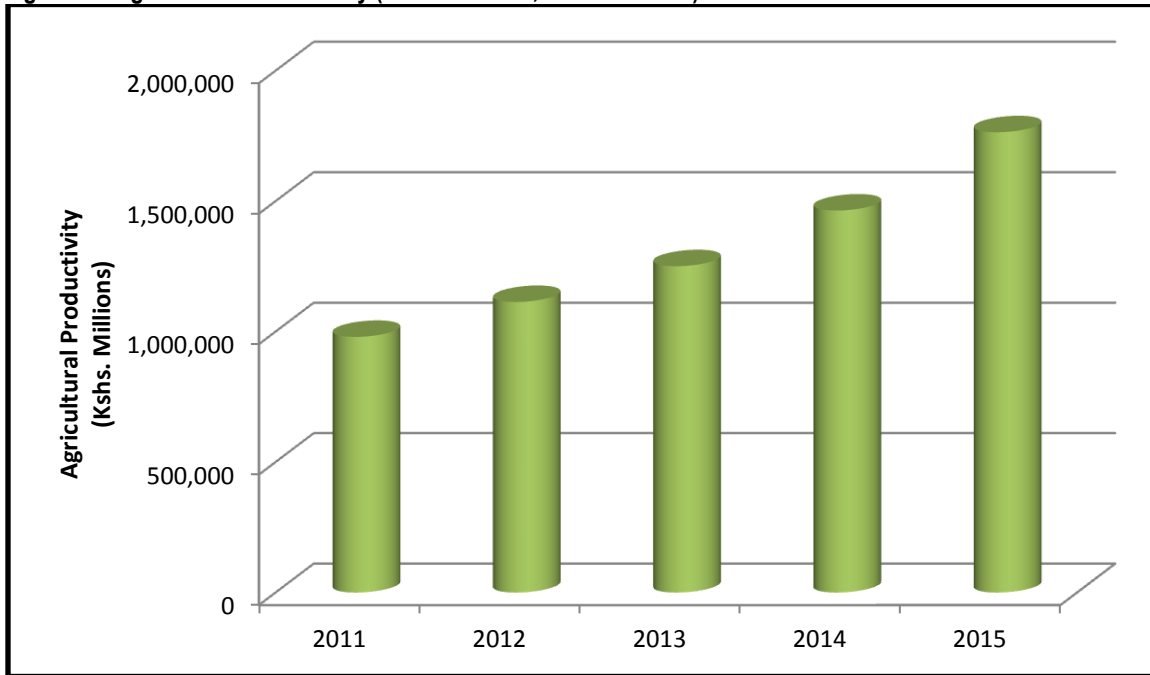
Source: KNBS

County Economic Activities

Agriculture

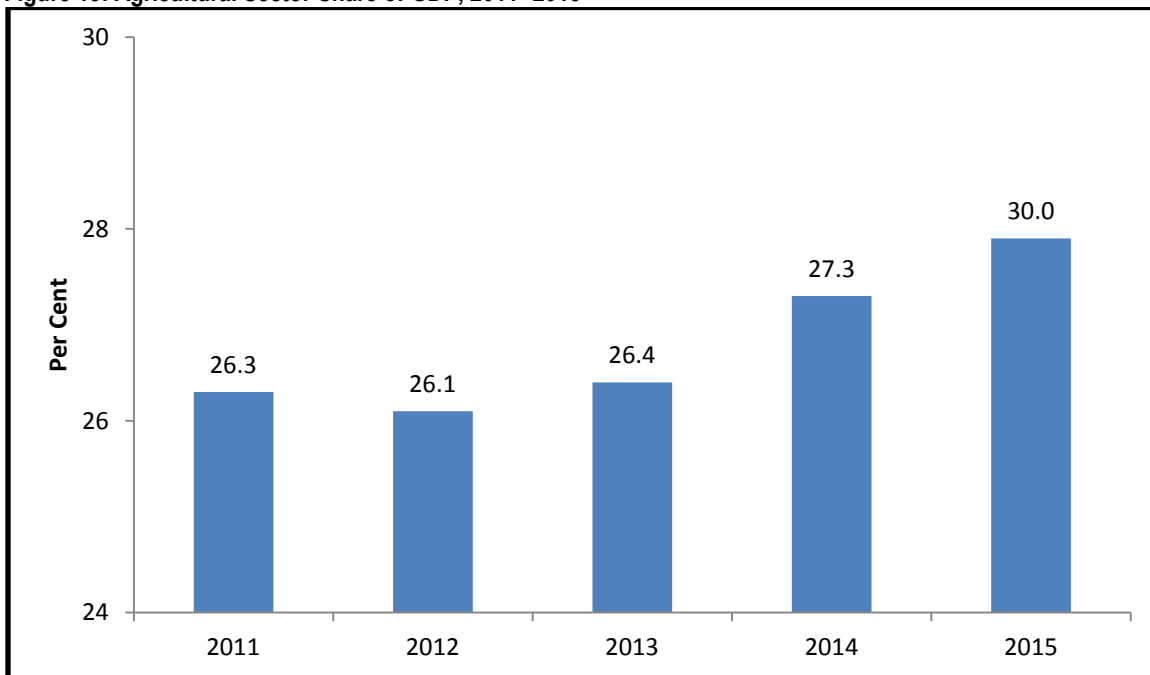
52. The agriculture, forestry and fishing sector recorded an accelerated growth of 5.6 percent in 2015 up from 3.5 per cent in 2014 and 5.2 per cent in 2013. In terms of contribution to the Country’s GDP, the sector contributed 30 percent in 2015 from 27.3 percent and 26.4 percent in 2014 and 2013 respectively. At the county level, projects that were implemented during the period under review include the county mechanization services which saw 300 farms cultivated in each of the 20 wards, micro irrigation projects, and distribution of livestock breeding stocks and provision of farm inputs to farmers. As a result, the acreage under production of both food crops and cash crops went up by 33,643 and 46,873 respectively from 86,777 and 22,015 to 120,420 and 68,888.

Figure 12: Agricultural Productivity (Current Prices, Kshs. Millions)



Source: KNBS

Figure 13: Agricultural Sector Share of GDP, 2011-2015

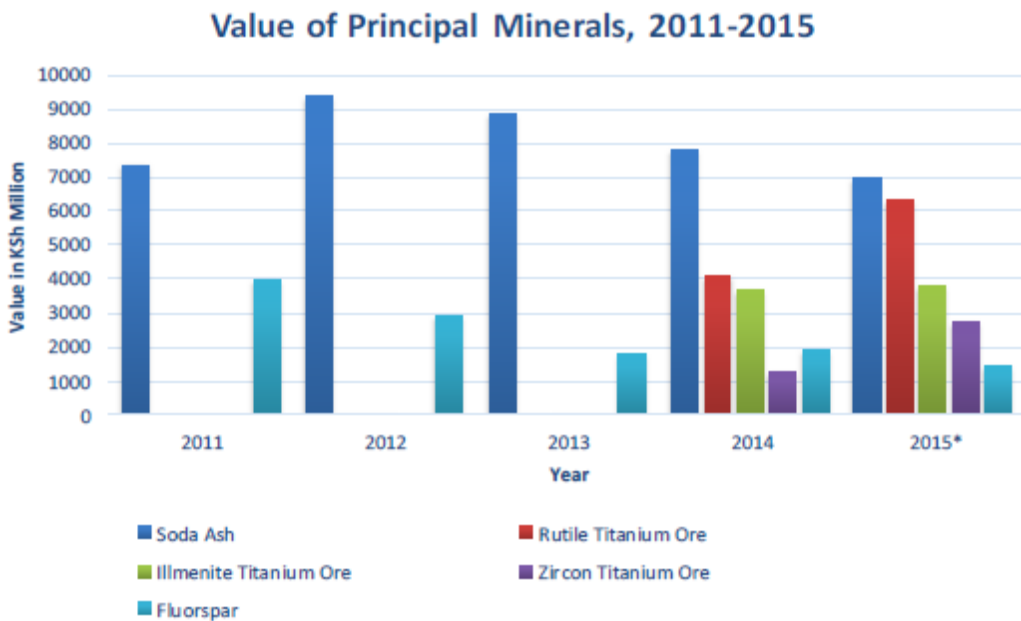


Source: KNBS

Mining

53. According to the statistics at the KNBS the overall value of mineral output rose by 14.7 per cent from Ksh 21.billion in 2014 to Ksh 24.2 billion in 2015. The increase was mainly attributed to high earnings from titanium minerals of ilmenite, rutile and zircon in the export markets which is a major contribution from Kwale County. Earning from titanium ores accounted for more than half of the minerals value. The mining activities are ongoing at Titanium Base in Kwale County. The company has offered employment to the Kwale citizens and has undertaken other social development projects in their corporate social responsibility programmes. Many other minerals such as gemstones at Kuranze, Silica sand at Waa, Tiwi and Ramisi, coal at Maji ya chumvi, coral at the coastline and oil -gas at onshore and offshore are yet to be mined.

Figure 14: Mining Activities (Production, Current Prices, Kshs. Millions)



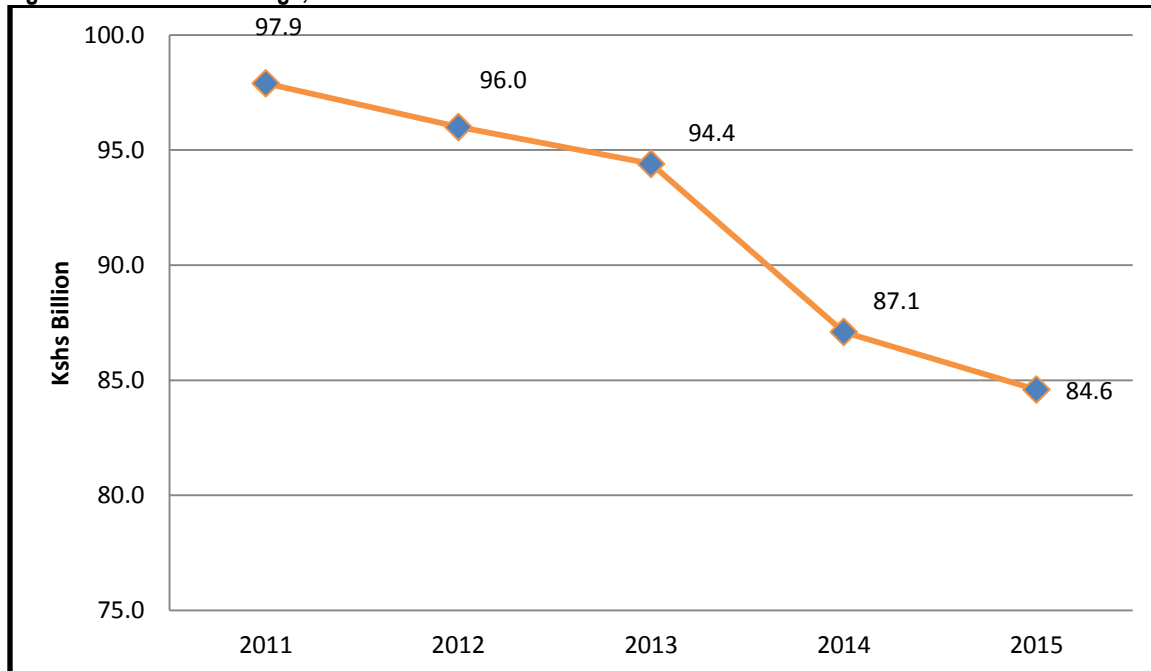
Source: KNBS

Tourism

54. The number of international visitor arrivals continued on a downward trend, contracting by 12.6 per cent from 1.35 million in 2014 to 1.18 million in 2015. As a result, tourism earnings declined by 2.9 per cent from Kshs 87.1 billion to Kshs 84.6 billion over the same period. The deterioration of the tourism earnings was mainly due to the declining international visitors and a widening trade deficit. The sector's suppressed performance was mainly due to: Security concerns, negative travel advisories, and health concerns associated with spread of Ebola.

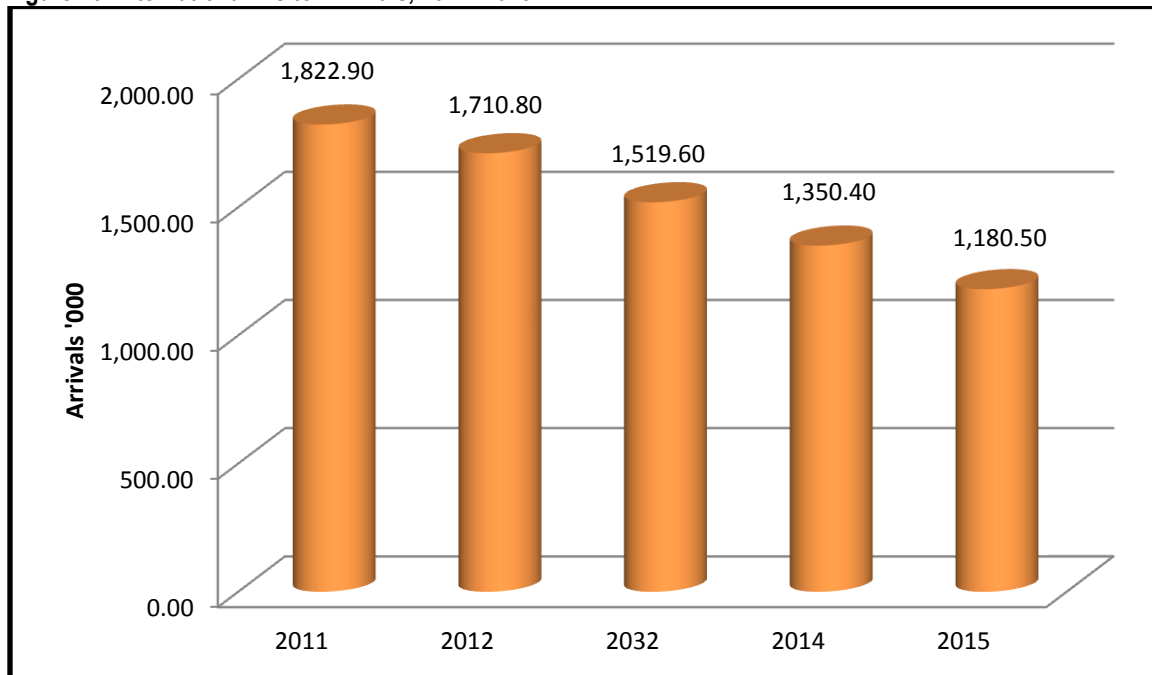
At the county level, Kwale is one of the major destination for tourist owing to its good hotels, major sites for tourist attraction including Shimba hills National reserves, Mwaluganje sanctuary, marine reserves and parks, historical sites, coral and sandy beaches and unexploited cultural resources. Tourism and hospitality industry boasts of over 25 tourist class hotels with a bed capacity of more than 5,000. However, the global terrorism scare has extended its wings to Kwale and incessant Alshabab scare has periodically lead to issuance travel advisories by foreign countries.. The warnings and alerts have drastically crippled the tourism sector that is yet to fully recover.

Figure 15: Tourism Earnings, 2011-2015



Source: KNBS

Figure 16: International Visitor Arrivals, 2011- 2015

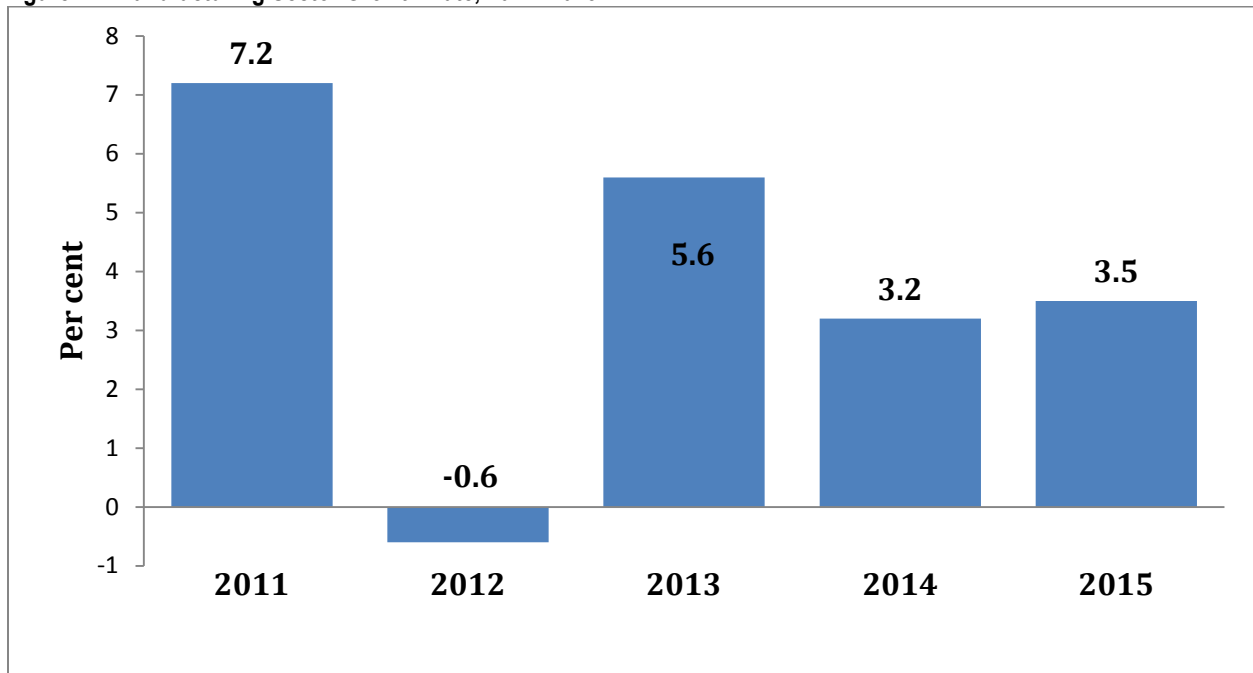


Source: KNBS

Manufacturing and Industry

55. The manufacturing sector expanded marginally by 3.5 per cent in 2015 compared to 3.2 per cent in 2014 and 5.6 percent in 2013. The growth was partly attributed to reduced cost of inputs such as petroleum products and electricity and favourable macroeconomic environment. However, the high cost of credit and cheap imports curtailed performance. The sector's contribution to GDP sustained at 10.3 percent, compared to 10.0 percent and 10.7 percent in 2014 and 2013 respectively.

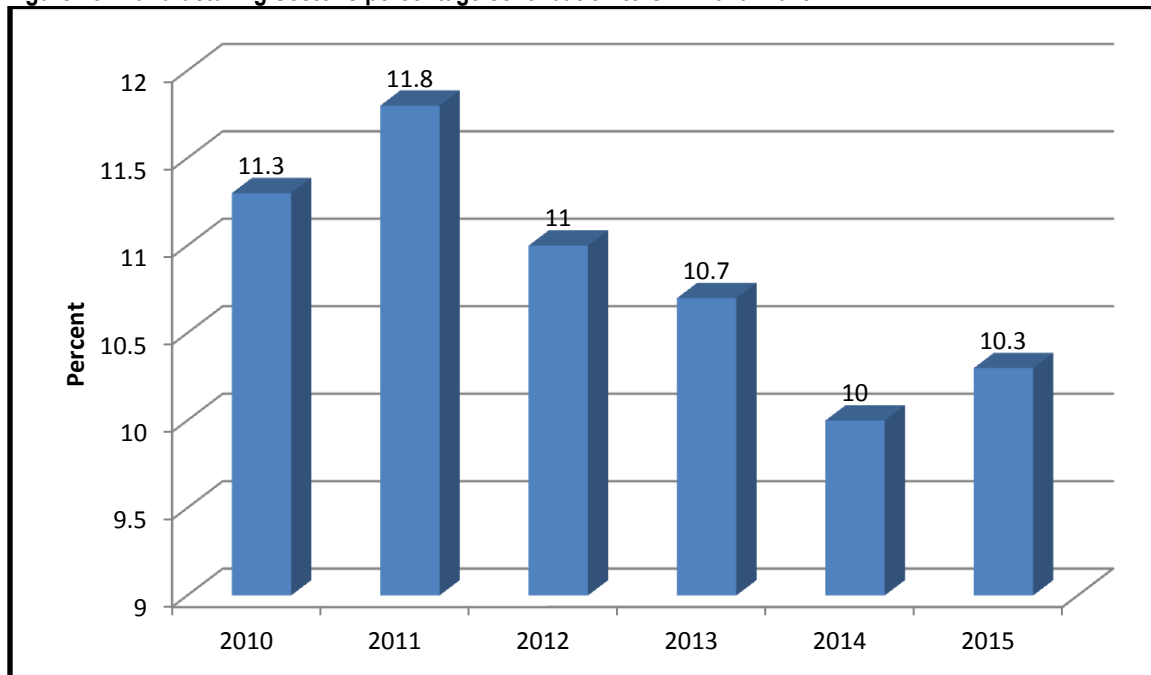
Figure 17: Manufacturing Sector Growth Rate, 2011- 2015



Source: KNBS

56. Kwale County has four main manufacturing industries; Coast Calcium Limited, Base Titanium, Bixa Limited and the Kwale International Sugar Company Limited (KISCOL). The Kwale County has used several programs to empower jua kali artisans and promote the small scale and micro industries. Through the Department of Trade, the County has put up physical in Infrastructure and offered loans to the SMEs. The department of Agriculture has initiated programmes to establish agro processing and value addition small scale industries and factories. There is huge potential in development of local industries such as in tannery, coconuts, cashew nuts and fruits processing.

Figure 18: Manufacturing Sector's percentage contribution to GDP 2010- 2015



Source: KNBS

Building and Construction Sector

57. The building and construction industry registered a growth of 13.6 per cent in 2015 compared to an expansion of 13.1 per cent recorded in 2014. This growth was partly attributed to the ongoing SGR construction works and the road works by both National and County Governments. As a result, cement consumption went up by 9.9 per cent from 5.2 million tonnes in 2014 to 5.7 million tonnes in 2015. Similarly, the commercial bank credit extended to the sector expanded significantly by 32.3 per cent from Kshs 80.4 billion in 2014 to Kshs 106.4 billion in 2015.

58. At the local level, the county development budget for the infrastructure and public works department improved significantly to Kshs 360.76 million in 2015/16 from Kshs 300.47 million in 2014/15. As a result, more roads were opened up and rehabilitated through the department. For instance, it is estimated that 80 kilometers of roads were opened up and rehabilitated, an increase from about 65.1 kilometers implemented during the same period in 2014/15. Opening up of county feeder roads have improved market access and provision of other essential services such as healthcare and water.

CHAPTER FOUR: RESOURCES ALLOCATION FRAMEWORK

Adjustment to the 2016/17 budget

59. Given the performance in 2015/16 and the updated macroeconomic outlook, the eminent risks to the outlook such as uncertainty in international oil market, expenditure pressures, weakening of advanced economies, adverse weather conditions and threat of climate change and insecurity, will subsequently impact on the budget implementation for the financial year 2016/17.

60. Measures put in place by the County Government in addressing these risks will imply a limit to the funds available for development activities. Further, the execution of the development budget for most spending units will continue to be a concern. The County Government will monitor these risks closely and take appropriate measures in the context of the next supplementary budget.

61. Adjustments to the FY 2016/17 budget will take into account actual performance expenditure and absorption capacity so far and for the rest of the financial year. In the face of expenditure pressures, the county government will rationalize expenditures by cutting those that are non-priority. However, caution will be taken to ensure development expenditure is not expended on recurrent activities. Updating and utilization of the emergency fund will be within the criteria specified in the PFM law.

62. Wage bill still remains a risk to the county's spending plan. This is due to crucial and eminent recruitment of staff for effective service delivery. The implementation of the staff rationalization and job evaluation exercise report will be of immense benefit in harmonizing wage structures for public servants. This will ensure a sustainable wage bill for the county.

63. On the revenue side, the County Government through the County Treasury is still pursuing the revenue collection automation system as a means to improve local revenue collection to the targeted minimum of 5 percent of the total budget.

Medium Term Expenditure Framework

- 64.** Given the macro economic outlook and the financial forecast, the MTEF budgeting will entail adjusting non-priority expenditure to cater for the priority sectors. The CIDP 2013-2017 still remains a guide to resource allocation going forward. Resource allocation will also be guided by the priorities set out in our latest Annual Development Plan 2017-2018.
- 65.** The county government has identified as priority areas, education and health sectors. Major infrastructural development will be done in the health sector followed by the education sector. The two sectors are already receiving a significant share of resources in the FY 2016/2017 budget and will be monitored closely to ensure the allocated resources are more efficiently utilized to generate fiscal space to accommodate other strategic interventions in other sectors. Going forward, both the health and education sectors will continue to be allocated a significant portion of the county budget due to their critical contribution to the citizens' welfare.
- 66.** Other priority areas earmarked to benefit a lot from the county budget are water services, energy and infrastructure. The energy and infrastructure sector is key in driving the county economy. As a result, the county government is committed in improving infrastructure in the entire county for effective service delivery. Additional specific strategic sectors include agriculture, and land development, trade and tourism and community development. These will also receive adequate funding.
- 67.** Reflecting the above medium-term expenditure framework, the table below(next page) provides the tentative projected baseline ceilings for the 2017/18 – 2019/20 MTEF, classified by sector.

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Table 9: 2017/18- 2019/20 Medium Term Expenditure Framework Sector Ceilings

SECTOR		Estimates 2016/17	Ceiling 2017/18	PROJECTIONS	
				2018/19	2019/20
AGRICULTURE, RURAL AND URBAN DEVELOPMENT	TOTAL	487,015,872.49	443,780,857.88	465,969,900.78	489,268,395.82
Agriculture, Livestock and Fisheries	Sub Total	358,536,130.41	320,167,879.70	336,176,273.69	352,985,087.37
Lands, Physical Planning and Natural Resources	Sub Total	128,479,742.08	123,612,978.18	129,793,627.09	136,283,308.45
ENERGY, INFRASTRUCTURE AND ICT	TOTAL	620,664,841.38	507,569,532.14	532,948,008.75	559,595,409.18
Infrastructure and Public Works	Sub Total	587,398,471.38	458,199,843.64	481,109,835.82	505,165,327.61
ICT	Sub Total	33,266,370.00	49,369,688.50	51,838,172.93	54,430,081.57
GENERAL ECONOMIC, COMMERCIAL AND LABOUR AFFAIRS	TOTAL	488,692,811.77	304,511,347.52	319,736,914.89	335,723,760.64
Trade and Cooperative Development	Sub Total	291,835,272.38	209,352,138.52	219,819,745.44	230,810,732.72
Tourism and Investment	Sub Total	196,857,539.39	95,159,209.00	99,917,169.45	104,913,027.92
HEALTH	TOTAL	1,987,220,284.05	1,823,862,554.66	1,915,055,682.39	2,010,808,466.51
EDUCATION	TOTAL	1,557,488,601.75	1,184,193,084.29	1,251,822,238.51	1,314,413,350.43
PUBLIC ADMINISTRATION AND INTERNATIONAL RELATIONS	TOTAL	1,771,502,721.45	1,416,095,505.85	1,486,900,281.14	1,561,245,295.20
County Assembly	Sub Total	824,535,680.64	519,075,082.44	545,028,836.56	572,280,278.39
County Executive Services	Sub Total	278,303,031.89	196,775,134.44	206,613,891.16	216,944,585.72
Public Service and Administration	Sub Total	293,100,257.89	304,668,795.33	319,902,235.10	335,897,346.86
County Treasury	Sub Total	341,120,150.62	359,410,713.21	377,381,248.87	396,250,311.31
County Public Service Board	Sub Total	34,443,600.41	36,165,780.43	37,974,069.45	39,872,772.92
SOCIAL PROTECTION, CULTURE AND RECREATION	TOTAL	400,412,177.98	245,146,860.82	257,404,203.86	270,274,414.06
ENVIRONMENT PROTECTION, WATER AND NATURAL RESOURCES	TOTAL	845,477,915.28	604,378,898.08	634,597,842.99	666,327,735.14
TOTAL	TOTAL	8,158,475,226.15	6,529,538,641.25	6,864,435,073.31	7,207,656,826.98

Source: Kwale County Treasury

FY 2017/2018 Budget Framework

68. The 2017/2018 budget framework is set against the background of the updated medium-term macro-fiscal framework set above. Real GDP is projected to grow by 6 percent in FY 2017/18 underpinned by continued good performance of all the sectors of the Kenyan economy. modernized and commercial agriculture. Continued implementation of prudent fiscal and monetary policies is envisaged and so inflation is expected to remain low and stable. This will be sustained as food and oil prices are stabilized as well as exchange rate of the Kenyan shilling against the world major economies. modernized and commercial agriculture. The signing into law of the bill proposing a cap on the interest rates at 4.0 percent above the CBR is expected to boost investment and encourage growth accompanied by multiplier effect to the county's economy. The growth is expected to be sustained within our economy upon receiving adequate normal rains. Threats of the climate change will be subdued, security will be improved and investor confidence restored.

Revenue Projections

69. The 2017/2018 budget targets county own revenue collection of about 5 percent of the national government disbursement. As noted above, this performance will be guaranteed by the ongoing revenue collection system automation which aims at improving efficiency in own revenue collection.

70. The national government disbursement are pegged at Kshs 6,256,059,296.65 for the FY 2017/18 an increment of about 5 percent from the FY 2016/17 allocation. As such total revenues including county own revenues of Kshs **273,479,344.60** are expected to be Kshs **6,529,538,641.25**.

Expenditure Forecasts

71. In 2017/18 overall expenditures are projected at Kshs 6,529,538,641.25 up from the estimated Kshs6, 294,087,712.00 in the FY 2016/17 budget. Recurrent expenditures are expected to increase to Kshs 3.26 billion from Kshs 3.03 billion in the current FY 2016/17.

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Development expenditure will stand at Kshs 3.28 billion accounting for 50.70 percent of the expected total county expenditure. Wage bill is expected to increase marginally by less than 5 percent of the figure in FY 2016/17. Expenditure ceilings on goods and services for the sectors/ministries are based on funding allocation in the FY 2016/17 budget. The ceilings will further be reduced taking into account one off expenditures in FY 2016/17 and then an adjustment factor of not more than 5% is applied to account for the general increase in prices.

72. The ceilings for the development expenditures including donor funded projects will increase in nominal terms to Kshs 3,267,970,862.00 in FY 2017/18. Most of the resources will be allocated to fund essential infrastructural development activities in the priority sectors of health, education, water and roads.

73. The County Government will allocate a maximum of 2 percent of the total budget for to cater for emergency cases. We expect to receive conditional grants and possibly the equalization fund grant to complement our funding in essential services in healthcare, water and rural infrastructure.

74. The overall budget in 2017/18 is projected to be Kshs 6,256,059,296.65 from the national government disbursements including conditional grants and Kshs 273,479,344.60 from county own revenue sources. We do not anticipate any budget deficit as we shall maintain a balanced budget.

CHAPTER FIVE: CONCLUSION AND NEXT STEPS

75. The fiscal outcome for 2015/16 together with the updated macroeconomic forecast has had implications on the financial objectives in our latest CFSP submitted to the county assembly in February 2016. Our analysis of the changed circumstances resulted in the crafting of a set of policies which have been listed in this 2016 C-BROP. These policies are consistent with the fiscal responsibility principles outlined in section 107 of the PFM Act 2012.

76. The policies and proposed ceilings contained in this 2016 CBROP will be finalized and firmed up in the upcoming CFSP as per the PFM Act 2012.

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APPENDICES

Appendix I –Table 10: 2017/18- 2019/20 Medium Term Expenditure Framework Recurrent Sector Ceilings

SECTOR		Estimates 2016/2017	Ceiling 2017/2018	PROJECTIONS	
				2018/2019	2019/2020
AGRICULTURE, RURAL AND URBAN DEVELOPMENT	TOTAL	222,648,436.08	233,780,857.88	245,469,900.78	257,743,395.82
Agriculture, Livestock and Fisheries	Sub Total	168,731,314.00	177,167,879.70	186,026,273.69	195,327,587.37
Lands, Physical Planning and Natural Resources	Sub Total	53,917,122.08	56,612,978.18	59,443,627.09	62,415,808.45
ENERGY, INFRASTRUCTURE AND ICT	TOTAL	128,161,459.18	134,569,532.14	141,298,008.75	148,362,909.18
Infrastructure and Public Works	Sub Total	122,095,089.18	128,199,843.64	134,609,835.82	141,340,327.61
ICT	Sub Total	6,066,370.00	6,369,688.50	6,688,172.93	7,022,581.57
GENERAL ECONOMIC, COMMERCIAL AND LABOUR AFFAIRS	TOTAL	90,010,807.16	94,511,347.52	99,236,914.89	104,198,760.64
Trade and Cooperative Development	Sub Total	57,478,227.16	60,352,138.52	63,369,745.44	66,538,232.72
Tourism and Investment	Sub Total	32,532,580.00	34,159,209.00	35,867,169.45	37,660,527.92
HEALTH	TOTAL	1,047,831,654.05	1,184,368,323.66	1,243,586,739.84	1,305,766,076.84
EDUCATION	TOTAL	236,850,556.47	248,693,084.29	261,127,738.51	274,184,125.43
PUBLIC ADMINISTRATION AND INTERNATIONAL RELATIONS	TOTAL	1,179,160,833.19	1,238,118,874.85	1,300,024,818.59	1,365,026,059.52
County Assembly	Sub Total	494,357,221.37	519,075,082.44	545,028,836.56	572,280,278.39
County Executive Services	Sub Total	115,617,622.32	121,398,503.44	127,468,428.61	133,841,850.04
Public Service and Administration	Sub Total	249,589,328.89	262,068,795.33	275,172,235.10	288,930,846.86
County Treasury	Sub Total	285,153,060.20	299,410,713.21	314,381,248.87	330,100,311.31
County Public Service Board	Sub Total	34,443,600.41	36,165,780.43	37,974,069.45	39,872,772.92
SOCIAL PROTECTION, CULTURE AND RECREATION	TOTAL	70,139,867.45	73,646,860.82	77,329,203.86	81,195,664.06
ENVIRONMENT PROTECTION, WATER AND NATURAL RESOURCES	TOTAL	51,313,236.27	53,878,898.08	56,572,842.99	59,401,485.14
TOTAL		3,026,116,849.85	3,261,567,779.25	3,424,646,168.21	3,595,878,476.62

Source: Kwale County Treasury

COUNTY BUDGET REVIEW AND OUTLOOK PAPER, 2016

Appendix II-Table 11: 2017/18- 2019/20 Medium Term Expenditure Framework Development Sector Ceilings

SECTOR		Estimates 2016/17	Ceiling 2017/18	PROJECTIONS	
				2018/19	2019/20
AGRICULTURE, RURAL AND URBAN DEVELOPMENT	TOTAL	264,367,436.41	210,000,000.00	220,500,000.00	231,525,000.00
Agriculture, Livestock and Fisheries	Sub Total	189,804,816.41	143,000,000.00	150,150,000.00	157,657,500.00
Lands, Physical Planning and Natural Resources	Sub Total	74,562,620.00	67,000,000.00	70,350,000.00	73,867,500.00
ENERGY, INFRASTRUCTURE AND ICT	TOTAL	492,503,382.20	373,000,000.00	391,650,000.00	411,232,500.00
Infrastructure and Public Works	Sub Total	465,303,382.20	330,000,000.00	346,500,000.00	363,825,000.00
ICT	Sub Total	27,200,000.00	43,000,000.00	45,150,000.00	47,407,500.00
GENERAL ECONOMIC, COMMERCIAL AND LABOUR AFFAIRS	TOTAL	398,682,004.61	210,000,000.00	220,500,000.00	231,525,000.00
Trade and Cooperative Development	Sub Total	234,357,045.22	149,000,000.00	156,450,000.00	164,272,500.00
Tourism and Investment	Sub Total	164,324,959.39	61,000,000.00	64,050,000.00	67,252,500.00
HEALTH	TOTAL	939,388,630.00	639,494,231.00	671,468,942.55	705,042,389.68
EDUCATION	TOTAL	1,320,638,045.28	935,500,000.00	990,694,500.000	1,040,229,225.000
PUBLIC ADMINISTRATION AND INTERNATIONAL RELATIONS	TOTAL	592,341,888.26	177,976,631.00	186,875,462.55	196,219,235.68
County Assembly	Sub Total	330,178,459.27	-		
County Executive Services	Sub Total	162,685,409.57	75,376,631.00	79,145,462.55	83,102,735.68
Public Service and Administration	Sub Total	43,510,929.00	42,600,000.00	44,730,000.00	46,966,500.00
County Treasury	Sub Total	55,967,090.42	60,000,000.00	63,000,000.00	66,150,000.00
County Public Service Board	Sub Total	-	-	0	0
SOCIAL PROTECTION, CULTURE AND RECREATION	TOTAL	330,272,310.53	171,500,000.00	180,075,000.00	189,078,750.00
ENVIRONMENT PROTECTION, WATER AND NATURAL RESOURCES	TOTAL	794,164,679.01	550,500,000.00	578,025,000.00	606,926,250.00
TOTAL	TOTAL	5,132,358,376.30	3,267,970,862.00	3,439,788,905.10	3,611,778,350.36

Source: Kwale County Treasury

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Appendix III-Table 12:- Budget Calendar for the Financial Year 2017/18 MTEF Budget

NO.	ACTIVITY	RESPONSIBILITY	DEADLINE
1	Develop and issue MTEF Guidelines	County Treasury	29-Jul-16
2	Launch of Sector Working Groups	County Treasury	8-Aug-16
3	Performance Review and Strategic Planning	Departments/Sectors	12-Aug-16
3.1	Review and update of Strategic Plans	"	"
3.2	Review of programme outputs and outcomes	"	"
3.3	Expenditure Review	"	"
3.4	Progress Report on 2015/2016 Budget Implementation	"	"
4	Preparation of Annual Development Plan(ADP) FY 2017/2018		
4.1	Submission of Annual Development Plans to the County Treasury	Departments/Sectors	15-Aug-16
4.2	Draft County Annual Development Plan FY 2017/2018	County Treasury	18-Aug-16
4.3	Convene Public hearings on the County ADP FY 2017/2018	County Treasury	22-Aug-16
4.4	Submit County ADP FY 2017/2018 to County Executive Committee for approval	County Treasury	30-Aug-16
4.5	Submit Approved County ADP FY 2017/2018 to County Assembly	County Treasury	1-Sep-16
5	Preparation of County Budget Review and Outlook Paper(C-BROP),2016		
5.1	Review of Sector Performance Review Reports	County Treasury	5-Sep-16
5.2	Draft C- BROP	County Treasury	5-Sep-16
5.3	Submit C-BROP to County Executive Committee for approval	County Treasury	15-Sep-16
5.4	Submit Approved C-BROP to County Assembly	County Treasury	30-Sep-16
6	Preparation of County Fiscal Strategy Paper (CFSP)FY 2017/2018		
6.1	Draft CFSP	County Treasury	10-Oct-16
6.2	Convene Public hearings on the CFSP FY 2017/2018	County Treasury	15-30Oct-16
6.3	Review and Consolidation of views on the Draft CFSP FY 2017/2018	County Treasury	4-Nov-16
6.4	Submission of Proposed CFSP to County Executive Committee for approval	County Treasury	11-Nov-16
6.5	Submission of Approved CFSP FY 2017/2018 to County Assembly	County Treasury	30-Nov-16
7	Preparation and approval of Budget Estimates for FY 2017/2018		
7.1	Issue Final Guidelines on preparation of the MTEF Budget FY 2017/2018	County Treasury	1-Dec-16
7.2	Submission of Budget proposals to the County Treasury	Departments/Sectors	15-Dec-16
7.3	Draft Budget Estimates for FY 2017/2018	County Treasury	20-Dec-16
7.4	Convene Public Hearings on the Draft Budget Estimates	County Treasury	1-15-Jan-17
7.5	Submission of Draft Budget Estimates to County Executive Committee for approval	County Treasury	25-Jan-17
7.6	Review of Draft Budget Estimates	Executive Committee	28-Jan-17
7.7	Submission of Approved Budget Estimates to the County Assembly	County Treasury	31-Jan-17
8	Approval of County MTEF Budget Estimates for FY 2017/2018		
8.1	Discussion of Budget Estimates by Assembly Committees	County Assembly	1-10 Feb-17
8.2	Budget and Appropriations Committee convene Public Hearings	Budget Committee	13-25 Feb-17
8.3	Discussion of the Budget Estimates by the County Assembly(Whole House)	County Assembly	13-17 Mar-17
8.4	Review of Budget Estimates(Amendments if any)	County Treasury	18-20 Mar-17
8.5	Submission of Final Budget Estimates to County Assembly	County Treasury	24-Mar
8.6	Preparation of County Appropriation Bill,2017	County Treasury	27-Mar-17
9	Budget Statement	County Treasury	29-Mar-17
10	Appropriation Bill passed and assented to by the Governor	County Treasury	30-Mar-17

Source: Kwale County MTEF 2017/18 – 2019/20 Budget Circular

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