



**REPUBLIC OF KENYA**

**COUNTY GOVERNMENT OF BUSIA**

**COUNTY BUDGET REVIEW AND OUTLOOK PAPER  
FY2014/2015**

**DEPARTMENT OF FINANCE & ECONOMIC PLANNING**

**SEPTEMBER 2015**

## **Forward**

The County Budget Review and Outlook Paper (CBROP) was prepared by the County Treasury pursuant to the provisions of section 118 of the Public Finance Management Act, 2012 (PFMA). The Act requires that the county budget review and outlook paper (CBROP) be submitted to the County Executive Committee by 30<sup>th</sup> September of the year.

County Budget Review and Outlook Paper (CBROP) presents the actual fiscal performance for financial year 2014/15 while indicating deviations from the budget appropriation for that year. In addition, it provides details on how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles. Further, the updated macroeconomic outlook referred to in this paper will provide a basis for revision of 2015/16 financial year budget in the context of the Supplementary Estimates as well as the broad fiscal parameters for the subsequent budgets.

The county treasury is in a position to establish the status of the budget implementation by analyzing the revenue received from the National share and collection from own sources and expenditure incurred against budget estimates. Expenditure analysis is based on the actual expenses reported by each department and the county assembly during the year against the approved budgets.

Over the last two years, the County Government has made significant improvement in budget implementation through release of funds to individual departments. However, stringent measures need to be put in place to address the challenges in revenue collection. This will increase revenue from own source and boost economic performance of the county.

**Lenard Wanda Obimbira**  
**Executive Committee Member – Finance and Economic Planning**

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## **ABBREVIATIONS AND ACRONYMS**

AIE	Authority to Incur Expenditure
CA	County Assembly
CBROP	County Budget and Outlook Paper
CILOR	Contribution In Lieu Of Rates
COB	Controller of Budget
CRF	County Revenue Fund
CFSP	County Fiscal Strategy Paper
CG	County Government
CIDP	County Integrated Development Plan
Dev'	Development
EC	Employee compensation
FY	Fiscal Year
IFMIS	Integrated Financial Management Information Systems
O&M	Operation and Maintenance
PE	Personnel Emoluments
PFMA	Public Finance Management Act

## ACKNOWLEDGEMENTS

The Department of Finance and Economic Planning wishes to thank all those who contributed in the preparation of the third County Budget Review and Outlook Paper (CBROP). Special thanks go to the following: The County Executive Committee for its strategic leadership; Chief Officers and departmental technical staff for their submissions, staff and members of the County Assembly for their significant contributions.

More specifically the department appreciates the sacrifice and tireless effort by members of the Budget Secretariat: Vincent Asikoye, Korir Kelong, Bonface Amwayi, Ezekiel Moseri, Ambrose Fwamba, Rose Sang, Hudson Mugendi, Bernard Onunga, William Picha, Aston Maungu, Chrisantus Okware, and Paul O. Onono under the leadership of Priscah I. Omoit - Head of Treasury Budgeting and Expenditure towards the preparation and compilation of this document. Their input in data analysis, quality control, checks, and assurances resulted into the compilation of this document

**Allan Ekweny Omachar**  
**Chief Officer - Finance and Economic Planning**

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

The County Budget Review and Outlook Paper is prepared in accordance with Section 118 of the Public Finance Management Act, 2012. The law states that:

- 1) The County Treasury shall prepare and submit to County Executive Committee for approval, by 30<sup>th</sup> 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 the 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 the fiscal responsibility principles or the financial objectives in the latest County Fiscal Strategy Paper; and The 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.
- 2) 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
- 3) Not later than seven days after the County Budget Review and Outlook Paper (CBROP) has been approved by the County Executive Committee, the County Treasury shall:
  - a) Submit the paper to the Budget Committee of the County Assembly to be laid before County Assembly ;and
  - b) Publish and publicize the paper not later than fifteen days after laying the Paper before the Assembly.

## FISCAL RESPONSIBILITY PRINCIPLES IN THE PUBLIC FINANCIAL MANAGEMENT LAW

In line with the Constitution, the Public Finance Management (PFM) Act, 2012

sets out the fiscal responsibility principles to ensure prudence and transparency in the management of public resources. The PFM law (Section 107) states that:

1. The County government's recurrent expenditure shall not exceed the county government's total revenue.
2. Over the medium term a minimum of thirty percent of the County government's budget shall be allocated to the development expenditure.
3. The County government's expenditure on wages and benefits for public officers shall not exceed a percentage of the County government's total revenue as prescribed by the County Executive Member Finance regulations and approved by the County Assembly.
4. 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
5. The County debt shall be maintained at a sustainable level as approved by county assembly.
6. Fiscal risks shall be managed prudently
7. 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



## I. Introduction

### Background

1. This section provides description of the county in terms of the location, size, demographic profile, as well as the administrative and political units.
2. Busia County is located in the western part of Kenya. The County borders three counties namely Bungoma, Kakamega, Siaya, and the Republic of Uganda. It has a surface area of 1,694.5 km<sup>2</sup> with a population density of 526 as per the Kenya National Bureau of Statistics, 2013 and a population growth rate of 2.89%. The 2015 population projection for women and men will be 467,104 and 428,921 respectively bring the total population projection to 896,025.

**Table 1 Population Distribution and Density by Sub-County**

Sub-County	2009 (Census)				2012 (Projection)				2015 (Projection)				2017 (Projection)			
	Male	Female	Total	Density (persons/Km <sup>2</sup> )	Male	Female	Total	Density (persons / Km <sup>2</sup> )	Male	Female	Total	Density (persons / Km <sup>2</sup> )	Male	Female	Total	Density (persons / Km <sup>2</sup> )
Matayos	53,577	57,768	111,345	568	58,799	63,398	122,197	623	64,529	69,577	134,106	684	68,657	74,027	142,684	728
Teso North	57,418	60,529	117,947	452	63,014	66,428	129,442	541	69,156	72,902	142,058	544	73,579	77,565	151,144	579
Teso South	66,692	71,295	137,924	460	73,192	78,244	151,435	505	80,325	85,869	166,195	554	85,463	91,362	176,825	589
Nambale	45,488	49,149	94,637	398	49,921	53,939	103,861	437	54,787	59,196	113,983	479	58,291	62,982	121,274	510
Butula	57,025	64,845	121,870	493	62,583	71,165	133,748	541	68,682	78,101	146,783	594	73,075	83,096	156,172	632
Funyula	44,267	49,233	93,500	353	48,581	54,031	102,613	387	53,316	59,297	112,613	425	56,726	63,090	119,817	452
Budalang'i	31,718	35,005	66,723	354	34,809	38,417	73,226	389	38,202	42,161	80,363	426	40,645	44,858	85,503	454
<b>TOTAL</b>	<b>356,122</b>	<b>387,824</b>	<b>743,946</b>	<b>437</b>	<b>390,830</b>	<b>425,622</b>	<b>816,452</b>	<b>480</b>	<b>428,921</b>	<b>467,104</b>	<b>896,025</b>	<b>526</b>	<b>456,356</b>	<b>496,981</b>	<b>953,337</b>	<b>560</b>

Source: Kenya National Bureau of Statistics, 2013

3. Administratively, Busia County is divided into seven Sub-counties namely Funyula, Budalang'i, Butula, Matayos, Nambale, Teso North and Teso South. These Sub-counties are further divided into 35 wards as shown in Table 1.

**Table 2: Administrative Units-Busia County**

Sub-counties	Area Km <sup>2</sup>	Wards
Teso North	261	6
Teso South	299.6	6
Matayos	196.2	5
Nambale	237.8	4
Butula	247.1	6
Budalang'i	188.3	4
Funyula	265.1	4
<b>Totals</b>	<b>1695.1</b>	<b>35</b>

Source: IEBC Electoral Boundaries, 2013

4. This County Budget Review and Outlook Paper (CBROP) is the third to be prepared by the County Government of Busia under the Constitution of Kenya 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 2014/15.
5. Under the Public Finance Management Act, 2012, County Governments are required to prepare County Budget Review and Outlook Paper (CBROP). This document contains a review of the fiscal performance of the preceding financial year and highlights clearly the deviations from the Approved Budget.
6. The key objective of the CBROP is to provide a review of the previous fiscal performance and how it impacts on the financial objectives and fiscal responsibility principles as set out in the PFM Act, 2012. This, together with updated macro-economic outlook provides a basis for revision of the current budget in the context of Supplementary Estimates and the broad fiscal parameters under-pinning the next budget and the medium term. Details of the fiscal framework and the medium term policy priorities will be firmed-up in the subsequent County Fiscal and Strategy papers.
7. The CBROP will be a key document in linking policy, planning, and budgeting. Busia County Government depended entirely on the County Integrated Development Plan (CIDP) as a guide to budgetary preparation.
8. The next sections provide a review of the fiscal performance of FY 2014/15 and its implications on the financial objectives. This is followed by brief highlights of the recent economic developments and updated Medium Term Fiscal Framework in Section III. Sections IV and V provides the resource allocation framework, and conclusion respectively.

## II. Review of Fiscal Performance in 2014/15

9. The fiscal performance in 2014/15 was fairly satisfactory. However, revenue targets for the period under review were not met due to late operationalization of the County financial bill 2015, lack of Motor Vehicles for supervision, dependence on the few streams of revenue while little effort was made to capture revenues from other devolved units and functions.

### 2014/15 Fiscal Performance

#### 1. Revenues

Table 3: Total County Revenues, Busia County. (Kshs. Millions)

DEPARTMENT	REVENUE SOURCES	APPROVED BUDGET	ACTUAL	VARIANCE
<b>Administrative Services</b>	ADMINISTRATION CHARGES			
	APPLICATION/TENDER/TRANSFER FEES	3	2.55	-0.45
	IMPOUNDING/CLAMPING FEES	1	0.03	-0.97
	PENALTIES & ILLEGAL CUTTINGS	0.5	0	-0.5
<b>SUB-TOTAL</b>		<b>4.5</b>	<b>2.58</b>	<b>-1.92</b>
<b>Agriculture, Fisheries, Livestock, Veterinary and Irrigation</b>	SUGAR CANE CESS	15	1.15	-13.85
	FISH CESS	3	3.51	0.51
	TRACTOR HIRE SERVICES	3	2.71	-0.29
	AGRICULTURAL TRAINING COLLEGE (ATC) BUSIA	0.04	0.26	0.22
	VETERINARY SERVICES	1.4	1.5	0.1
	STOCK SALE	3	3.16	0.16
	FISH TRADERS LICENSE	0.67	0	-0.67
	FISH MOVEMENT PERMIT	0.32	1.43	1.11
	FISHERMAN'S LICENSE	0.2	0	-0.2
	REGISTRATION OF BOATS LICENSE	0.2	0	-0.2
	WAKHUNGU FISH FARM	0.2	0	-0.2
	FISH IMPORT PERMIT	0.2	0	-0.2
	FINGERLINGS SALE	0.5	0	-0.5
	FINGERLINGS SELL	0.5	0	-0.5
<b>SUB-TOTAL</b>		<b>28.23</b>	<b>13.72</b>	<b>-14.51</b>
<b>Community Dev, Children &amp; social services</b>	HIRE OF HALL/SOCIAL/OFFICE	3	0	-3

	LIQUOR LICENSE	0	0	0
	GROUP REGISTRATION	0.15	0.01	-0.14
	OFFICE RENT	0.4	0.34	-0.06
		<b>3.55</b>	<b>0.35</b>	<b>-3.2</b>
<b>Education &amp; Vocational Training</b>	REGISTRATION OF ECD	0.3	0.07	-0.23
	NUSERY FEES			
<b>SUB-TOTAL</b>		<b>0.3</b>	<b>0.07</b>	<b>-0.23</b>
<b>Health</b>	MORTUARY/ BURIAL FEES	0.5	0	-0.5
	SLAUGHTER FEES	0.15	0.79	0.64
	HOSPITAL USERS FEES	22.5	30.38	7.88
	HEALTH SECTOR FUND	0	0	0
	PUBLIC HEALTH	2	3.53	1.53
	SLAUGHTER FEES	0.15	0.79	0.64
	TOILET FEES	0.1	0	-0.1
	SOLID WASTE COLLECTION	0.5	0	-0.5
	MATERNITY FEES	0.4	0	-0.4
<b>SUB-TOTAL</b>		<b>26.3</b>	<b>35.49</b>	<b>9.19</b>
<b>Lands, housing and urban development</b>	SUB-DIVISION OF LAND	0.2	0	-0.2
	ADVERTISEMENT	4	4.11	0.11
	CONTRIBUTION IN LIEU OF RATES (CILOR)	1	0	-1
	LAND RATES( SITE VALUE RATES)	5	0.41	-4.59
	PLOT RENT	3	0.82	-2.18
	PRIVATE RENTAL COMMERCIAL	2	0.88	-1.12
	PRIVATE RENTAL DOMESTIC	2	0.88	-1.12
	APPLICATION OF PLAN	2	2.02	0.02
	TITLE DEEDS, REGISTRATION OF DOCUMENTS, SEARCH CHARGES, ATTESTATION, INSPECTION			0
	BUILDING PLANS APPROVALS	2	2.02	0.02
	COLLECTION OF LAND RATES/ARREARS	2	0	-2
<b>Roads, Transport &amp; Public works</b>	TRAILER PARKING FEES	100	107.52	7.52
	BUS PARKING FEES	25	26.73	1.73
	MOTOR CYCLE FEES	5	2.53	-2.47

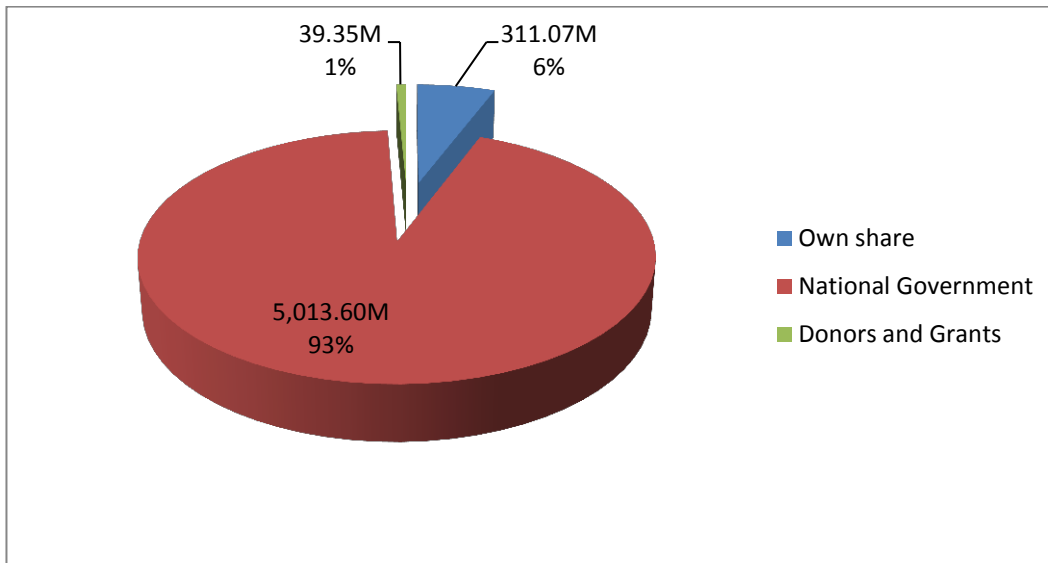
	AGRICULTURAL MACHINERY SERVICES (AMS) BUMALA	1	0.05	-0.95
<b>SUB-TOTAL</b>		<b>154.2</b>	<b>147.97</b>	<b>-6.23</b>
<b>Trade ,co-operative devcelopment tourism &amp; industry</b>				
	SINGLE BUSINESS PERMIT	35	39.07	4.07
	MARKETS STALLS	1.5	0.33	-1.17
	KIOSK INCOME	0.5	0.69	0.19
	MARKET FEES	20	21.55	1.55
	TRANSIT PRODUCE CESS	20	21.84	1.84
	TOBACCO CESS	3	2.49	-0.51
	TOURISM	1.5	0	-1.5
	VERIFICATION OF STAMPING, WEIGHING & MEASURING EQUIPMENT	0.5	0.32	-0.18
	CO-OPERATIVE AUDIT FEES	0.08	0.06	-0.02
		<b>82.08</b>	<b>86.35</b>	<b>4.27</b>
<b>Water,Environment and natural resources</b>				
	SAND CESS	1.5	0.25	-1.25
	QUARRY CESS	1	0	-1
	BUSIA HILL WATER SUPPLY	3	3.09	0.09
	BUTULA WATER SUPPLY	0.2	0	-0.2
	MUNANA WATER SUPPLY	0.2	0	-0.2
	PORT VICTORIA WATER SUPPLY	0.5	0	-0.5
	BUSIJO WATER SUPPLY	0.15	0	-0.15
	NOISE	0.4	0.47	0.07
	TIMBER CESS	1	0.77	-0.23
	NURSERY FEES	0.2	0.01	-0.19
	SALE OF COUNTY PUBLIC TREES	0.5	0	-0.5
	OTHER MISCELLANEOUS	0	0	0
<b>SUB-TOTAL</b>		<b>8.65</b>	<b>4.59</b>	<b>-4.06</b>
	INTEREST ON CAR LOAN & MORTGAGES	12.31	0	-12.31
<b>OTHER EXTERNAL INCOME</b>				
	HSSF	0	19.07	19.07
	CONDITIONAL GRANTS	0	0	0
	DANIDA	5.16	10.31	5.15
	WORLD BANK	6	0	-6
	NATIONAL TREASURY	4,746.85	5,053.96	

Source: County Treasury

**Table 4: Summary of the Total County Revenue Received (Kshs Millions)**

<b>TOTAL REVENUE</b>	
Own share	311.07
National Government	5,013.60
Donors and Grants	39.35
<b>TOTAL</b>	<b>5,364.02</b>

**Figure 1: Analysis of Total Revenue, Busia County**



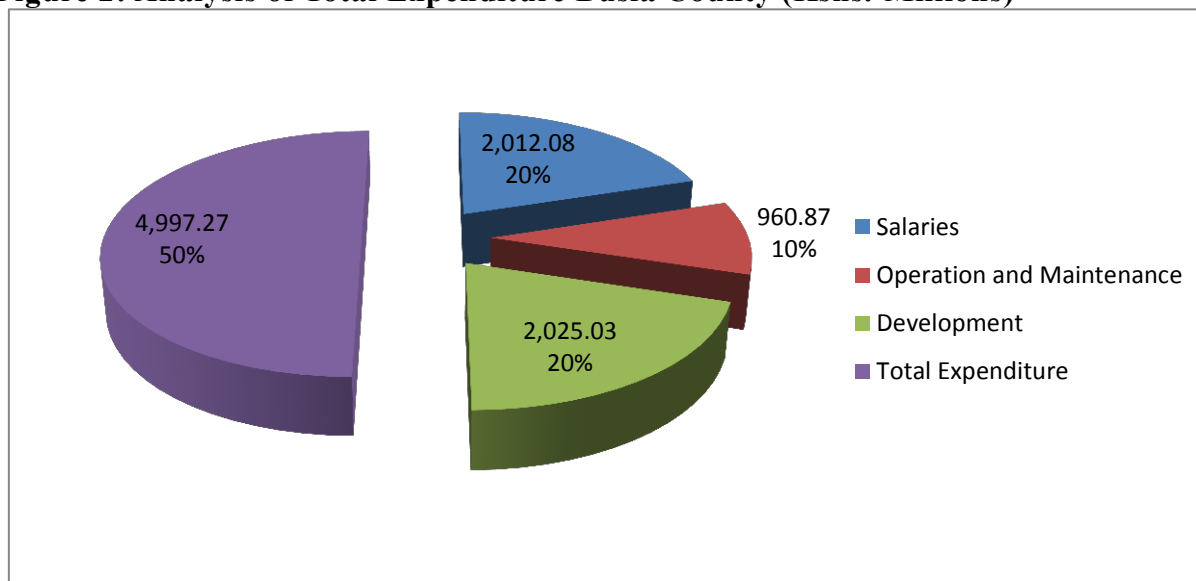
10. The local revenue collection targets were not attained as earlier projected (See Table 1 above). The County Government collected a total of Kshs 311.07 Million against a target of Kshs 324.95 Million representing a short fall of Kshs 13.88 Million. This represents a shortfall in revenue collected of 4.27% of the own sources. From the chart above it can be noted that the ratio of local sources of revenue is a mere 6% of the total budget which implies that the county relies mainly on the National Government revenues. This over dependence on the national government may in the long run affect the county’s borrowing potential. Strategies and efforts such as automation of revenue collection should be put in place to widen the local revenue sources.
11. The county government received a total of Kshs 5.05396 Billion from the National Government and donor community which included Kshs. 307.12 Million which was a non-disbursed balance by national treasury carried forward from the previous year.
12. Release of these funds to the County Revenue Fund Account from the National Treasury was done on monthly basis.

## 2. Expenditure

**Table 5: Summary of the Total County Expenditure .Kshs Millions**

	Expenditure			
	Executive	Assembly	Total	Percentage %
Employee Compensation	1,703.79	308.29	2,012.08	40%
Operation and Maintenance	686.83	273.33	960.87	19%
Development	1963.78	61.24	2,025.03	41%
<b>Total Expenditure</b>	<b>4,354.41</b>	<b>642.86</b>	<b>4,997.27</b>	<b>100%</b>

**Figure 2: Analysis of Total Expenditure Busia County (Kshs. Millions)**



13. The total expenditure by the County during FY 2014/15 was Kshs. 4,997.27M against approved budget of Kshs. 6,322.53M representing 79.04%.
14. Recurrent expenditure amounted to Kshs. 2,972.95M against a target of Ksh 3,373.45M representing an under-spending of Ksh 400.5M.
15. Development expenditure amounted to Ksh. 2,025.02M compared to a target of Ksh 2,949.13M This represented under-spending of Ksh 924.11M.
16. The underperformance in development and recurrent expenditure resulted to low absorption of funds due to lengthy procurement process, poor planning by departments, delayed disbursement of the last tranche, and

piecemeal disbursement of funds to counties.

### Analysis of Expenditure per Departments

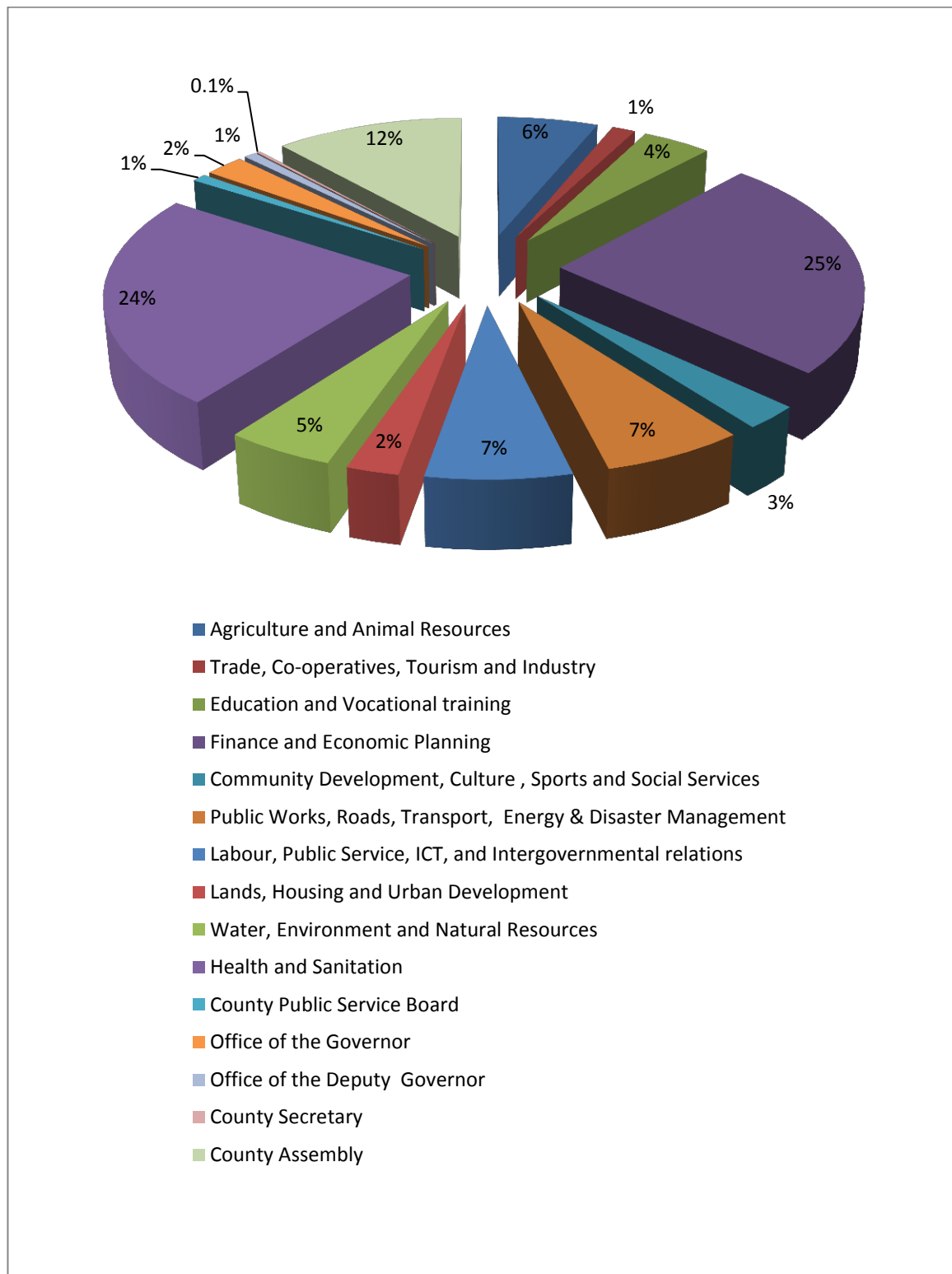
17. This section presents a summary of budget implementation for the period 1<sup>st</sup> July, 2014 to 30<sup>th</sup> June, 2015 for all the departments and the County Assembly of Busia County. The total amounts of money allocated and released to each department are pointed out, expenditure is analyzed by economic classification, and the status of development projects implemented during the period is highlighted. Challenges that impeded effective budget implementation in each department are identified and appropriate recommendations are made.

**Table 6: Summary of Approved Departmental Budget in Kshs. Millions**

DEPARTMENT	Total Budget Allocation	Employee Compensation	O&M	Development
Agriculture and Animal Resources	393.52	167.14	39.70	186.69
Trade, Co-operatives, Tourism and Industry	91.54	17.07	10.27	64.20
Education and Vocational training	269.32	100.05	20.11	149.15
Finance and Economic Planning	1,581.24	155.64	252.66	1,172.94
Community Development, Culture , Sports and Social Services	166.44	37.11	21.81	107.52
Public Works, Roads, Transport, Energy & Disaster Management	415.54	42.87	33.52	341.04
Labour, Public Service, ICT, and Intergovernmental relations	423.99	236.59	139.15	48.25
Lands, Housing and Urban Development	153.18	18.71	20.84	111.76
Water, Environment and Natural Resources	318.89	50.67	23.63	244.59
Health and Sanitation	1,501.22	782.00	328.76	390.46
County Public Service Board	56.33	15.45	40.88	0.00
Office of the Governor	154.14	33.48	68.19	52.47
Office of the Deputy Governor	47.53	21.21	21.34	5.00
County Secretary	14.38	3.69	10.69	0.00
County Assembly	735.28	362.93	297.28	75.07
<b>Total</b>	<b>6,322.53</b>	<b>2,044.62</b>	<b>1,328.83</b>	<b>2,949.13</b>



**Figure 3 Analysis of Approved Budget Expenditure by Departments**



**Table 7: Analysis of Personnel Emolument Expenditure by all Departments**

Codes	Departmental Vote Title	FY 2014/2015		
		Budgetary Allocation (Kshs. Millions)	Actual Expenditure (Kshs. Millions)	Absorption %
001	Agriculture and Animal Resources	167.14	167.54	100%
002	Trade, Cooperatives Tourism and Industry	17.07	20.07	118%
003	Education and Vocational Training	100.05	100.05	100%
004	Finance and Economic Planning	155.64	161.64	104%
005	Community Development, Gender, Culture and Social Services	37.11	37.12	100%
006	Public Works, Transport, and Disaster management	42.87	42.87	100%
007	Labour, Public Service, ICT, and Intergovernmental Relations	236.59	236.47	100%
008	Land, Housing and urban Development	18.71	18.53	99%
009	Water Environment and Natarural Resources	50.67	50.67	100%
010	Health and Sanitation	782.00	795.01	102%
011	County Public Service Board	15.45	15.45	100%
012	Office of the Governor	33.48	33.48	100%
013	Office of deputy governor	21.21	21.21	100%
014	County secretary	3.69	3.69	100%
015	County assembly	362.93	308.28	85%

	<b>TOTAL</b>	<b>2,044.62</b>	<b>2012.08</b>	<b>98%</b>
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**Table 8: Analysis of Operation and Maintenance Expenditure by all Departments in Ksh. Millions**

Codes	Departmental Vote Title	FY 2014/2015		
		Budgetary Allocation	Actual Expenditure	Absorption %
001	Agriculture and Animal Resources	39.70	21.18	53%
002	Trade, Cooperatives Tourism and Industry	10.27	10.25	100%
003	Education and Vocational Training	20.11	7.52	37%
004	Finance and Economic Planning	252.66	213.20	84%
005	Community Development, Gender, Culture and Social Services	21.81	12.92	59%
006	Public Works, Transport, and Disaster management	33.52	16.73	50%
007	Labour, Public Service, ICT, and Intergovernmental Relations	139.15	123.89	89%
008	Land, Housing and urban Development	20.84	12.97	62%
009	Water Environment and Natural Resources	23.63	19.84	84%
010	Health and Sanitation	328.76	157.65	48%
011	County Public Service	40.88	18.93	46%

	Board			
012	Office of the Governor	68.19	51.55	76%
013	Office of the Deputy Governor	21.34	11.64	55%
014	County secretary	10.69	8.56	80%
015	County Assembly	297.28	273.94	38%
	<b>Total Voted Expenditure (Kshs.)</b>	<b>1,328.83</b>	<b>960.77</b>	<b>72%</b>

**Table 9: Analysis of Development Expenditure by all Departments in Ksh. Millions**

Codes	Departmental Vote Title	FY 2014/2015		
		Budgetary Allocation	Actual Expenditure	Absorption %
001	Agriculture and Animal Resources	186.69	106.66	57%
002	Trade, Cooperatives Tourism and Industry	64.20	40.61	63%
003	Education and Vocational Training	149.15	119.00	80%
004	Finance and Economic Planning	1,172.94	678.94	58%
005	Community Development, Gender, Culture and Social Services	107.52	71.18	66%
006	Public Works, Transport, and Disaster management	341.04	341.04	100%
007	Labour, Public Service, ICT, and	48.25	31.92	66%

	Intergovernmental Relations			
008	Land, Housing and urban Development	111.76	61.67	55%
009	Water Environment and Natarural Resources	244.59	126.79	52%
010	Health and Sanitation	390.46	348.59	89%
011	County Public Service Board	0.00	0.00	0%
012	Office of the Governor	52.47	32.39	62%
013	Office of the Deputy Governor	5.00	5.00	100%
014	County secretary	0.00	0.00	0%
015	County Assembly	75.07	61.24	82%
	<b>Total Voted Expenditure (in Kshs.)</b>	<b>2,949.13</b>	<b>2025.03</b>	<b>69%</b>

**D. Implications of 2014/2015 Fiscal Performance on Financial Objectives contained in the 2015/16 Approved Budget.**

**18.** The performance of the last revised Budget for FY 2014/15 will affect the fiscal performance of 2015/16 budget in the following ways:

- The budget implementation report indicates that the County Government falls short of its projected revenues by 4.27%. Strategies and efforts such as automation of revenue collection should be put in place to make sure that all the projected revenues for 2015/16 are realized.
- The operations and low absorption of funds in some departments delay due to lengthy procurement processes. Departments are therefore advised to properly plan and prepare procurement plans early enough to avoid such delays.
- Operationalization of Monitoring and Evaluation systems and sector working groups needs to be fast tracked to enhance efficient and effective utilization of resources.
- Priority should be given to on-going projects which were initiated in the previous fiscal years before implementing the new projects approved in 2015/16 budget.

## **Recent Economic Developments and Outlook**

### **Recent Economic Developments**

- 19.** According to world Economic Outlook Update of July 2015, global growth is projected at 3.3 percent in 2015, marginally lower than in 2014, with a gradual pickup in advanced economies and a slowdown in emerging market and developing economies. In 2016, growth is expected to strengthen to 3.8 percent. This has a direct bearing on the county's economic performance.
- 20.** Kenya's GDP growth stood at 4.4%, 5.8%, and 5.5% in the first three quarters of 2014 compared with 6.4%, 7.2%, and 6.2% in comparable quarters of 2013. According to the central bank's economic monthly review of November 2014, growth was mainly supported by expansion in construction, manufacturing, finance and insurance, information, communications and technology, and wholesale and retail trade. The economy slowed in the third quarter of 2014, partly due to a sharp drop in tourism following security threats in the country. Overall GDP growth is projected at 6.5% and 6.3% in 2015 and 2016, respectively. Consumer price index (CPI) inflation is expected to remain in the single digits, at around 5%, during the same period.
- 21.** In the same period, Busia County's economy experienced similar growth largely driven by increased investments in areas of agriculture, education, health services, and physical infrastructure due to increased budgetary allocations from the county government to support devolved functions. In addition, support and expansion of Cooperatives in the county as a result of favorable policies put in place by the county government also contributed to this growth. Further, the county government
- 22.** During the period under review, the county government held a successful investor conference which saw investments in various sectors including agriculture, trade and industry, due to collaboration with strategic partners.
- 23.** Economic growth of the county, while solid, has yet to reach the takeoff level necessary to transform Busia County into a stable market economy and change the lives of her citizens.

### **Macroeconomic Outlook and Policies**

- 24.** The macroeconomic stability witnessed in 2013 continued into the first quarter of 2014/2015 financial year and this maintain to the rest of the year given the stable interest rates and low inflation regime. With a stable economic environment, the county government was able to implement its development budget and this spurred further economic growth
- 25.** In order to provide funds for development, the county government will put in place measures to enhance

revenue collection including broadening of the revenue base to capture all eligible sources.

26. To spur growth, the county government will continue to partner with the ministry of Energy to increase installation of electricity capacity and use of green energy. This will not only improve reliability of supply but also reduce the cost of energy.
27. However, the county economy still faced a number of internal and external risks during the period under review. Fear of Ebola outbreak, threats of terrorism, and vagaries of weather almost affected all sector growth.
28. During the period under review, the County Assembly enacted a number of legislations which have facilitated the implementation of county programmes.
29. In conclusion, the county government during the period remained committed to implementing policies as set out in the CIDP.

#### **i. Implementation of 2014/15 Budget**

30. Revenue collected during the year from the local sources was Kshs. 311.07M. This was due to resistance from the public on the County Finance Act which was assented to very late in the financial year. This prevented the County Government from meeting its revenue collection targets.
31. The County Government should therefore fast-track the passage and implementation of the new County Finance bill that enhances administrative measures to seal revenue loopholes, coupled with review of rates and sources of revenue.

#### **ii. Medium Term Fiscal Framework**

32. The County fiscal policy objective will provide a platform to support economic activities, while sustainably actualizing the County Integrated Development Plan.
33. The County Government is cognizant of the rich natural resource base at its disposal such as mineral ore, fish processing, and tourism that will call for geo-mapping. The County Government is working towards strengthening public private partnerships through development of a comprehensive policy and legislative framework to address the areas of investors' attraction. This will make it possible to derive maximum benefit from these resources.
34. Prioritization and formulation of budget proposals will be through the Sector working groups. SWGs should be formed and operationalized to ensure that the proposed programmes and Projects are in line with the priorities outlined in the MTP of vision 2030 and the CIDP. The departments should ensure that there is budgetary allocation to facilitate the sector working groups.
35. On expenditure, the County Government will continue with rationalization to improve efficiency and

minimize wastage. Expenditure management will be strengthened with implementation of the Integrated Financial Management Information System (IFMIS) in all departments up to the Sub-County level. In addition, departments have been given Authority to Incur Expenditure (AIE) and each is expected to manage and report on their expenditure on a monthly basis and also ensure that no commitments are made without adequate budgetary allocation.

36. The County Government will ensure that the core programmes funded are in line with the county's medium term plan. In this regard, costs will be reduced through the elimination of duplication, inefficiencies, and wasteful expenditure.
37. To improve on Budget implementation and absorption of funds, Chief Officers had been asked to Constitute Budget Implementation Committees (BIC) through a circular that was issued by the County Executive Committee Member for Finance and Economic Planning on 29<sup>th</sup> August 2014. The Committees are supposed to be advising the Chief Officers on a monthly basis on the performance of budget implementation and overseeing production of performance reports to be submitted by the Chief Officers to the County Treasury on a monthly basis.
38. To eliminate delays in the implementation of budget, all departments were advised to ensure that work plans and procurement plans are realistic and aligned to each other for effective implementation of the planned programmes. Based on this, last minute attempts to rush through expenditures towards the closure of the financial year are highly discouraged.

### **Performance by the County Departmental Entities**

39. One of the principles of devolved governments stipulated in Article 175 of the constitution of Kenya, 2010 is to ensure democratic principles and separation of powers and that Counties have reliable sources of revenue to enable them govern and deliver services effectively.
40. Further article 176 (1) of the constitution provides that the County government comprises of the county assembly and the county executive. In addition, Article 179 (1) of the constitution provides that the executive authority of the county is vested in, and exercised by, a county executive committee and 176 (2) stipulates that the county executive committee consists of – (a) the county governor and the deputy county governor; and (b) members appointed by the county governor with the approval of the county assembly from among persons who are not members of the county assembly.
41. This section therefore presents the analysis of the performance of the two arms of government based on the actual expenditure for the financial year 2014/15 compared to the approved budget.

### **County Assembly**

42. The legislative authority of the county is vested in, and exercised by the County Assembly. The roles of the



county assembly have been highlighted in Section 8 of the County Government Act 2012, which includes among others approval of the county budgets in accordance with Article 207 of the constitution, approval of borrowing by the County Government in accordance with Article 212 of the Constitution, approval of county development plans and to perform their legislative and oversight roles as set out under Article 185 of the Constitution.

- 43.** In the FY2014/15, Busia County Government budget allocation increased from Kshs 4.3 Billion to Kshs. 6.322 Billion out of which the County assembly was allocated Kshs. 735.28 Million or 11.63 per cent of the total budget. During the period under review the County assembly spent Kshs. 642.85 representing absorption of 87.43 percent.

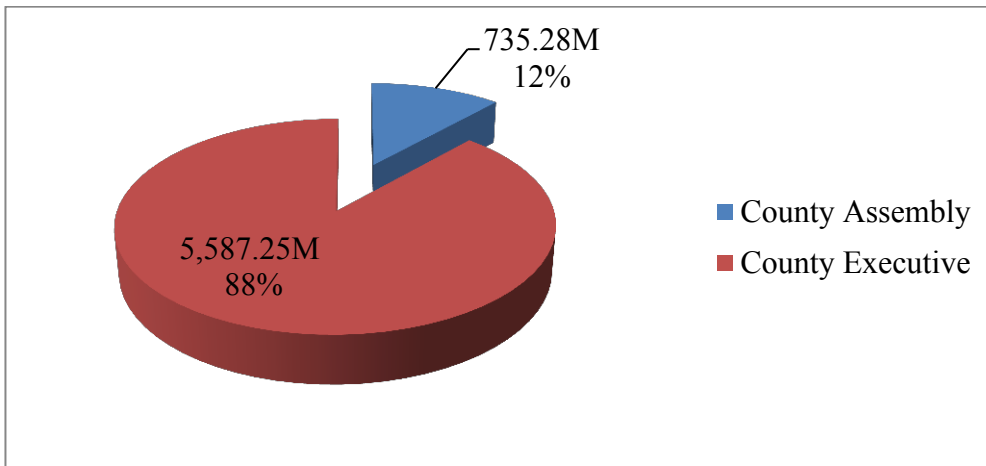
#### **County Executive Services**

- 44.** The Executive authority of the county is vested in, and is exercised by the County Executive committee. Article 183 of the constitution provides the functions of the County Executive Committee which includes implementing national and county legislation as well as managing the functions of the county administration and its departments. Further, Sub- article 3 requires the County Executive to provide comprehensive reports on a regular basis to the county assembly on matters to the County.
- 45.** In the FY2014/15, County Executive service allocation increased from Ksh. 3.95 Billion to Kshs. 5.587 Billion representing 88.37% of the total budget for the year. The actual expenditure for the period July, 2014 to June, 2015 amounted to Kshs 4.354 Billion representing an absorption rate of 77.93%.

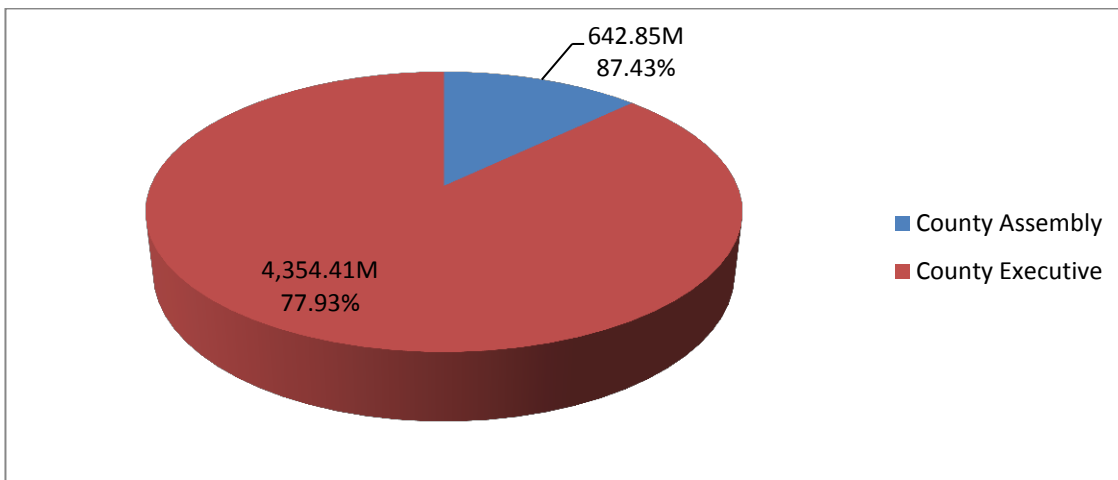
**Table 10: Analysis of the county budget and expenditure under the two arms of the County Government**

<b>Total budget</b>	<b>Budget Allocation (Mil)</b>		<b>Actual Expenditure (Mil)</b>	
	<b>County Assembly</b>	<b>County Executive</b>	<b>County Assembly</b>	<b>County Executive</b>
6,322.53	735.28	5,587.25	642.85	4,354.41
	11.63%	88.37 %	87.43%	77.93%

**Figure 4: Allocations for the two arms of government**



**Figure 5: Percentage Absorption against Allocation for the two arms of government**



**46.** The 2014/15 budget was prepared against the background of migration of county operation to IFMIS. Under this arrangement counties were required to procure services through e-procurement platform. However, this has come with challenges of internet connectivity and limited staff capacity.

### **1. Agriculture and Animal Resources Development**

**47.** The department comprises of three sections namely, Agriculture, Livestock, and Fisheries. Institutions under the department are Agricultural Training Centre in Busia, Agricultural Mechanization Services in Butula and Fisheries training centre in Samia Sub-County.

**48.** The county experiences two rainfall seasons. These are the short rains and long rains. Short rains start in August through to October while long rains begin in March through to May. Most soils in the county are

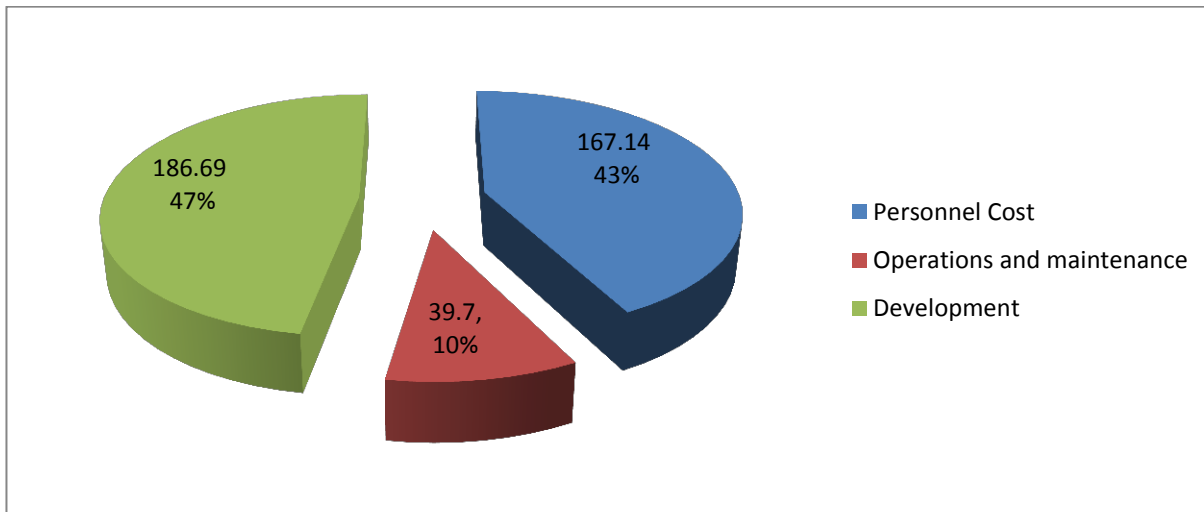
deep and well drained .They are brownish and sandy with moderate water holding capacity. This makes Busia a very ideal place for agricultural activities.

49. The county is traversed by permanent and seasonal rivers. This makes it ideal for aquaculture and Irrigation Agriculture. We have tapped into this resource for the two sections with some success.
50. The department is tasked with the mandate of advising farmers on new farming technologies in the areas of Agriculture, Livestock and Fisheries development. The department is also charged with the responsibility of spearheading agricultural commodity value chain development in the county.
51. Agriculture is the backbone of Busia Economy. Over 80% of the population depends on the sector for their livelihoods. The sector plays a key role in socio-economic development and transformation of Busia County. Through promotion of various agricultural technologies, the sector has continued to contribute immensely in the improvement of incomes and livelihoods of Busia people. With the efforts made by the County government and other non- state actors, the sector has been at the forefront of trying to solve the problems of food insecurity and poor health amongst the people of Busia County and Kenya at large.
52. Revenue collection for the period under review improved compared to previous year. It is worth noting that the department contributes towards revenue collection by way of sale of goods, provision of services, and issuance of relevant licenses and permits, the latter being primarily as a tool for controlling access to natural resources (Fisheries), regulating trade, and monitoring movement of animals within the county.
53. A total of Ksh.393.52 Million was allocated to the department. This represents 6.22% of the total budget.The budget for the department was divided as follows.

**Table 11: Allocation Analysis by Economic Classification**

SNO	DESCRIPTION	AMOUNT (Mil)	PERCENTAGE
1	Personnel Cost	167.14	42%
2	Operations and maintenance	39.70	10%
3	Development	186.69	47%
	<b>Total</b>	<b>393,52</b>	<b>100%</b>

**Figure 6: Agriculture analysis of the Budget**

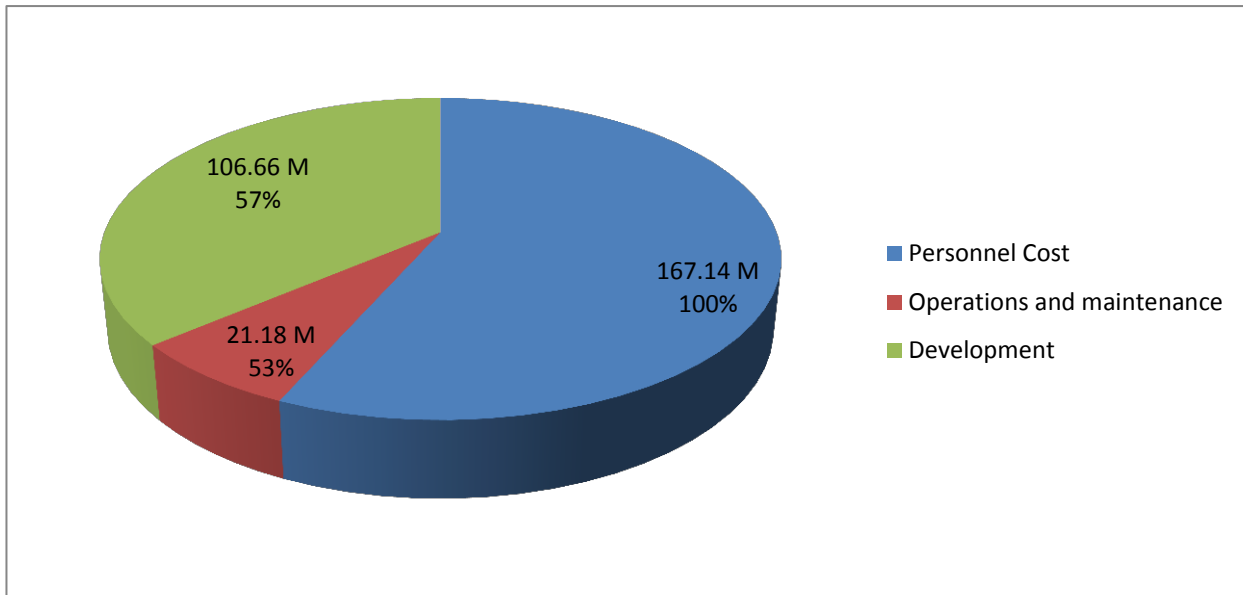


54. The Department set aside 47% of their total allocation towards development while 43% went towards Personnel cost (Compensation to employees). Operations and maintenance got an allocation of 10 %.

**Table 12: The economic classification absorption level of the budget for the department was as follows**

SNO	Description	Amount Absorbed (Mil)	Amount Budgeted (Mil)	Percentage Against Allocation
1	Personnel Cost	167.14	167.54	100%
2	Operations and maintenance	21.18	39.70	53%
3	Development	106.66	186.69	57%
	<b>Total</b>	<b>360.32</b>	<b>393.93</b>	<b>91%</b>

**Figure7: Agriculture absorption analysis**



- 55.** The total absorption was Kshs. 360.32M representing 91%. Development vote absorption was Kshs 106.66 or 57 % of the sum allocated. Out of this total expenditure Ksh.30.38 Milion was used to purchase agricultural inputs translating to 10 % of the total development expenditure.
- 56.** The weather was favorable in the last season. This saw improved agricultural productivity in the county. The programmes being carried out by the department succeeded due to good weather condition. The macro-economic environment was also conducive to the agricultural value chains development.
- 57.** The inputs access project targeting the poor and vulnerable farmers in the county has been instrumental in assisting the farmers. These are farmers who cannot afford the inputs but are ready to do land preparation. In the financial year 2013/14 and 14/015 a total of 6450 farmers benefitted from a complete package of maize seeds and fertilizers. A total of 150,000 tissue culture bananas have been issued to farmers so far. This has really enhanced the food security in the County. The completion of irrigation projects in the county has added the much needed impetus in agricultural development.
- 58.** The availability of tractor plough services has ensured that the land under cultivation has increased. This has really assisted the small scale farmers who form the bulk of the farmers in the County.
- 59.** Farmers have also benefited a lot from programmes aimed at improving livestock production. These are poultry farming promotion, dairy farming promotion, rabbit farming, livestock breeds improvement and vaccination of animals against common diseases. Livestock disease surveillance and disease diagnosis has been up-scaled with the equipping of the veterinary laboratory at the County headquarters.
- 60.** The department has of recent been promoting fish farming with the construction of more fish ponds and hatcheries. The border point's fish handling facilities have also been refurbished to improve on fish products quality and hygiene. Fish farmers have also benefited from the promotion of new technologies on fish feed formulation and processing.

- 61.** The Agricultural sector program has been allocated Ksh.430, 808,625 in the financial year 2015/2016. It is also projected to receive Ksh 426,102,876 in the financial year 2016/2017 and Ksh 447,408 in the financial year 2017/2018.
- 62.** In the medium term the department intends to roll out programmes in key areas of crop husbandry, livestock production, and fisheries development and irrigation agriculture. Once these are addressed, agricultural productivity will improve tremendously.
- 63.** To realize this, the department plans to upscale the inputs access programme, credit access to farmers and completion of the organic fertilizer factory, complete institutional structures at Agricultural Training Centre and Agricultural mechanization service. Through the crop management program, the department is determined to improve the extension- farmer linkage through the agricultural extension sub-programme. The Cassava processing factory to be constructed in Teso South Sub-County will go a long way in addressing the value chain challenges associated with this important food security crop in the County
- 64.** The department also intends to complete irrigation infrastructural projects handed over to the County government by the national government. The irrigation structures will address the challenges of reliance on rain-fed agriculture. Through Irrigation, development of horticulture industry will be realized thus ending the endemic challenge of having to search for fruits and vegetables from outside the County.

## **2. Trade, Co-operatives, Tourism And Industry**

- 65.** The overall objective of the department is to promote self-reliance amongst the citizens of Busia County. This is achieved through enhancement of business, job and wealth creation through diversification, innovation, value-addition, information sharing, market linkages and trade infrastructure support.
- Through the Directorate of Trade, the Department oversees and promotes cross-border trade through cross-border committees in order to ensure seamless movement of goods and services across the international border and across inter-county borders.
  - Three trade information centres have been set up in Busia, Amukura and Budalangi to provide traders with the requisite trade information to facilitate business networks.
  - Fresh Produce Markets have been established in all the sub-counties to enhance hygienic trade in perishable goods among the citizens.
  - Enhancement of financial capacities among small scale business people in the county through provision of loans at subsidized rates of interest is also a key function. The department has so far managed recovery of Ksh. 800,000.
- 66.** The Directorate has also developed a County Trade Loan Scheme Policy to operationalize individual loans mirroring the Joint Loans Board (JLB). The policy is pending approval by the County Assembly.
- 67.** Previously a unit under the directorate of Trade, the directorate of Weights and Measures ensures fair trade practices within the County
- A fair trade practice among the business community is a key responsibility of this Directorate. Calibration of weighing scales and fuel pumps at all outlets is carried out by this unit across the County.
  - Elimination of counterfeit goods within the County
  - Calibration of weighing and measuring instruments including petrol station pumps etc falls under this Directorate.
- 68.** In the period under review, deliberate efforts have been made to revive, support and form cooperatives throughout the County. Savings and Credit Cooperatives form the bulk of cooperatives, even though other types of cooperatives have also been formed. Housing and Marketing Cooperatives have become popular among the co-operators.
- 69.** A major milestone in the development of cooperatives in Busia County was operationalization of Busia County Cooperative Enterprise Development Fund, 2014. This fund provides financial intervention to cooperative enterprises in the County with an initial Kshs 50 million.
- 70.** Over the years demand for these loans among the cooperatives has continued to rise with current demand

standing at Kshs 800 million. Clearly, therefore, demand for loan exceeds the funds allocated. In mitigation, therefore, The Cooperative Fund Unit is developing resource mobilization strategies to enhance funds available for on-lending.

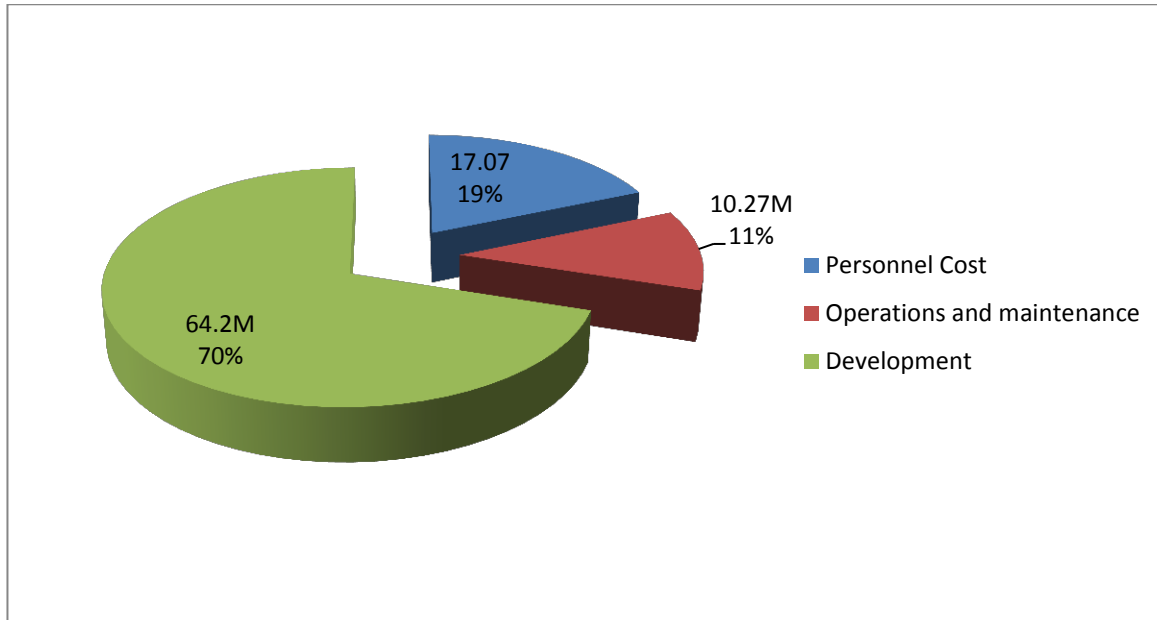
71. Tourism and Tourist products are under-developed in Busia County. The Directorate’s main objective therefore is to identify suitable tourist potentials and help develop, promote, and market them as tourist products and / or destinations. The directorate has identified Cultural Tourism, water sports and other forms of eco-tourism.
72. Annual Miss Tourism competitions was carried out to help showcase the County’s tourism potential and market the county as an attractive investment destination for (Direct Foreign Investment) DFI and local investors. In addition, Quality Assessment of potential, accommodation, hotels, and restaurants with a view to bringing them at par with the rest in the EAC region was carried out.
73. The greatest challenge in the period under review has been the severe shortage of specialized technical staff to drive the department’s objective. The department operated on a lean staff complement of just 27 officers against a desired staff complement of 55. As a result of this, many of the Department’s Programmes were affected.
74. Fiscal performance in the year under review was mixed. Certain projects, although programmed, were never implemented due delayed procurement requisitions. The department was grossly understaffed with at least one entire department running the entire year without a substantive employee. Many sub-counties had no Cooperative Officers to serve them. This caused a strain on officers. As a result, performance was below expectations.
75. The department was allocated Kshs 91.54. This constituted 1.45 % of the total budget. The budget for the department was divided as follows

**Table 13: Trade, Co-operatives, Tourism, and Industry allocation analysis by economic classification**

SNO	DESCRIPTION	AMOUNT (Mil)	PERCENTAGE
1	Personnel Cost	17.07	19%
2	Operations and maintenance	10.27	11%
3	Development	64.20	70%
	<b>Total</b>	<b>91.54</b>	<b>100%</b>



**Figure 8: Trade, Co-operatives, Tourism, and Industry allocation.**

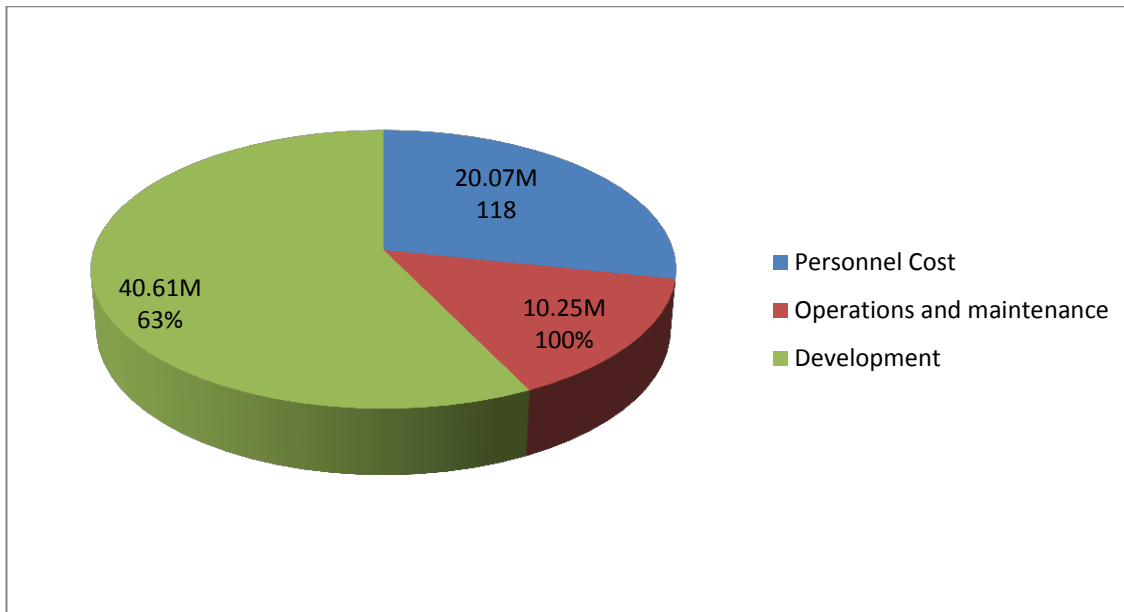


76. Development cost was the highest with an allocation of 70%. Personnel cost (Compensation to employees) had an allocation of 19% as the second ranked beneficiary. Operations and maintenance got the least allocation of 11%. This is an improvement from the previous year’s allocations.

**Table 14: Trade, Co-operatives, Tourism, and Industry absorption level in Ksh Millions**

No	Description	Amount Absorbed	Amount Budgeted	Percentage Against Allocation
1	Personnel Cost	20.07	17.07	118%
2	Operations and maintenance	10.25	10.27	100%
3	Development	40.61	64.20	63%
	<b>Total</b>	<b>70.93</b>	<b>91.54</b>	<b>77%</b>

**Figure 9: Trade, Co-operatives, Tourism, and Industry Absorption analysis**



- 77.** The total absorption was Kshs. 70.93 Million representing 77%.of the total budget. Development vote absorption was Kshs. 40.61 Million which is 63 % of the budgeted amounts. The department fully utilized the Personnel Emoluments budget at 100%.
- 78.** In the year 2015/16, it is expected that bottlenecks witnessed in the Procurement processes in FY 2014/15 will be ironed out and the process will be seamless.
- 79.** Interest by the Export Processing Zones Authority (EPZA) to set up facilities in both Malaba and Busia is of particular economic interest to the County. Recent discussions with the top management of EPZA and the County leadership were positive.
- 80.** Our expectation for the FY 2015/16 is that vibrancy in the cotton and apparel sector will see increased processing of cotton through revived cotton ginneries, more specifically, Muluanda Ginnery. Our goal is to introduce value addition in cotton. Cheap and affordable sanitary pads, weaving of sweaters and agro-products such as cotton cake and animal feeds at Muluanda Ginnery through value addition are envisaged.
- 81.** In the cooperatives sector, we envisage more registration of cooperative societies and greater acceptance of the savings culture among the citizens. With the newly launched Cooperative Enterprise Development Fund, our outlook is that more and more cooperative institutions will take advantage of the cheap financial intervention provided by the Fund.
- 82.** Through the Busia Trade Fair which the Department hopes to hold in November 2015, we expect economic vibrancy through exposure to best business practices / benchmarking with the best in the sub-region. Auxiliary economic activities that will ride on the back of the Busia Trade Fair will have incalculable spin-offs.

- 83.** Fish fillet exports to the EU and other parts of Kenya will increase incomes to cooperative members in the fishing industry. This will be boosted by setting up the envisaged Business Advisory Centres entrepreneurs will access business information on markets to assist them make informed business decisions.
- 84.** Increased sugar imports from Uganda presents Busia County with a unique opportunity in value addition, food, and juice processing industry.

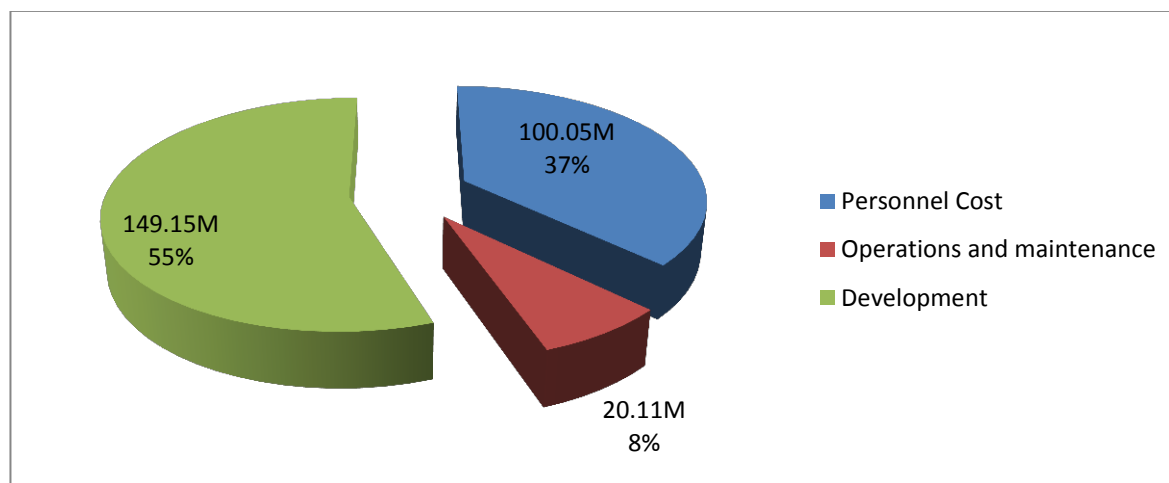
### 3. Education and Vocational Training

- 85.** The department comprises of two Sections; Early Childhood Education and Vocational Training. The department embarked on various initiatives to achieve the National Sector Vision and Mission of establishing child friendly ECDE centres in all public schools across the County, equipping and strengthening the existing and upcoming Youth Polytechnics and providing support that complements the National Governments initiatives in Primary and Secondary schools. Moreover, the department aims at ensuring that all pupils have access to free and compulsory quality basic education.
- 86.** To improve on retention and completion rate at both Secondary and post secondary institutions the department is providing bursary to bright and needy students. County education revolving fund has also been established for students at University and tertiary institutions. The fund will be managed by HELB on behalf of the County Government.
- 87.** The department was allocated Kshs. 269,315,445. This constituted 4.26% of the total budget. The budget for the department was divided as follows

**Table 15: Education and Vocational Training Allocation analysis by economic classification**

SNO	Description	Amount (Mil)	Percentage
1	Personnel Cost	100.05	37%
2	Operations and maintenance	20.11	7%
3	Development	149.15	55%
	<b>Total</b>	<b>269.31</b>	<b>100%</b>

**Figure 10: Education and Vocational Training Allocation analysis**



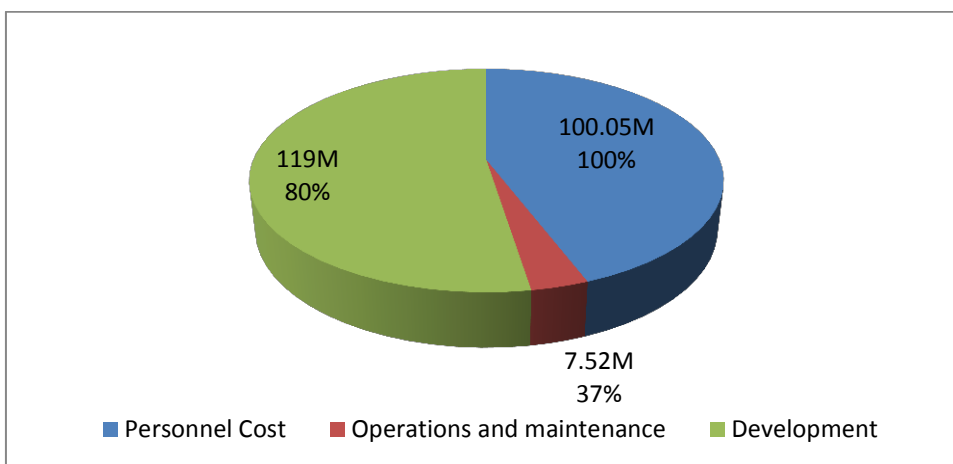
- 88.** Development cost allocation was the highest with an allocation of 55%. Personnel cost (Compensation to

employees) came second with 37 %. Operations and maintenance got the least allocation of 8 %.

**Table 16: Education and Vocational Training absorption level in Ksh Millions**

No	Description	Amount Absorbed	Amount Budgeted	%Age Against Allocation
1	Personnel Cost	100.05	100.05	100%
2	Operations and maintenance	7.52	20.11	37%
3	Development	119.00	149.15	80%
	<b>Total</b>	<b>226.57</b>	<b>269.31</b>	<b>84%</b>

**Figure 11: Education and Vocational Training absorption analysis**



**89.** Development cost absorption was 80%. Most of the expenditure was on ECDE infrastructure-construction of classrooms and County bursary scheme. Operation and maintenance vote absorption was 37% which is commensurate to the department’s development achievements.

**90.** The department was able to implement the following projects.

- a. Disbursed County Bursary of Ksh. 55,100,000 to 12,051 students in Secondary schools, middle level colleges, and Universities.
- b. Initiated construction of additional 105 ECDE classrooms, refurbishment, and completion of 3 Youth polytechnic workshops across the county.
- c. The department signed a Service Contract with Higher Education loans Board on Management and Administration of the County Education Revolving Fund which is soon being rolled out to students in Universities and colleges.

**91.** In 2015/2016 the department intends to undertake the following programmes:

- i. Under Basic Education Programme the department is determined to construct additional ECDE classrooms across the county at a cost of Ksh. 100,000,000.00 (one hundred million shillings only). It has also set aside ksh. 70,400,000 (Seventy Million four hundred thousand shillings only) towards ECDE support grant which will improve administration of and Procurement of learning materials in the Public registered ECDE centres.
- ii. Under Education Support Programme the department intends to carry out the following activities to improve on quality of Training and Education at all levels.
  - a.) On Vocational Training Development Ksh 4,200,000 will be used to refurbish workshops in Youth Polytechnics and Ksh, 5,000,000 for equipping the polytechnics.
  - b.) To improve on retention and completion rate at all levels of education the following funds have been set aside.
    - ✓ County Bursary scheme Ksh. 30,000,000 for bright and needy students to assist in fees payment.
    - ✓ Education revolving Fund. Ksh.55, 315,000 for students in middle level colleges and Universities to access loans at 4% interest rates. This fund will be managed by the Higher Education Loans Board (HELB) on behalf of the County Government.

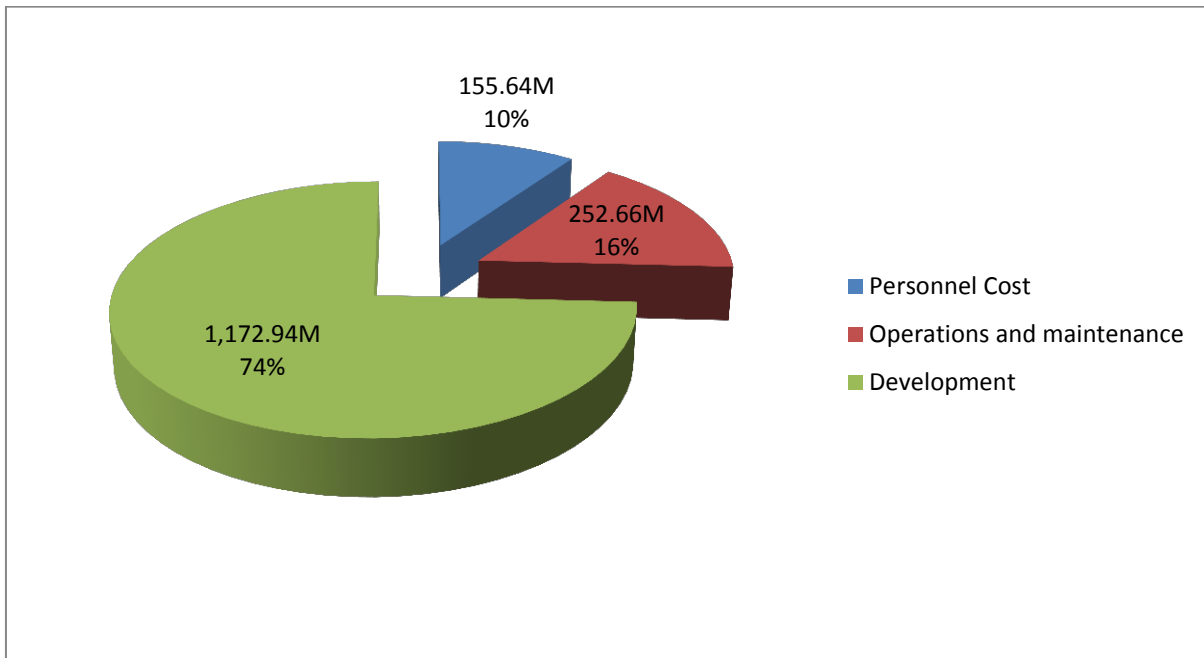
#### **4. Finance and Economic Planning**

- 92.** The key responsibilities of this department include, economic planning, providing policy direction and guidance to the county government as regards to public financial management, policy formulation, coordination, and management of the entire finance function; implementation of the county's budget, monitoring and evaluation, resource mobilization and provision of financial and technical support services to other departments.
- 93.** It also serves as the liaison office with other institution with regard to finance matters. These include the county assembly, controller of budget, commission for revenue allocation and the national treasury.
- 94.** The department's fiscal performance during the year was above average. The total cumulative revenue collection from local sources was Kshs 311.07 M against the revised budget of Ksh 324.95M. This translates to 95.42% of the estimated own source revenues. Although the department's performance appears to be outstanding the revenue collected stands at 6% of the total county revenues which is still low. The department has embarked on sealing revenue leakages, automation of the major revenue collection points, enhanced supervision, enhanced mobility of revenue collectors by acquiring additional vehicles and motor bikes for the revenue department field reinforcement/supervision.
- 95.** From the National Government, the county received disbursements of Kshs. 900,472,331 in the first quarter, Kshs. 1,186,711,924 in the second quarter , Kshs.1,281,648,878 in the third quarter and Kshs. 1,685,130,934 in the fourth quarter for the period under review totaling to a sum total of Kshs. 5,053,964,067 out of expected total disbursement from national Government of ksh.4,746,847,697. The difference between budgeted and actual received is due to a total amount of Ksh 307,116,364 that was budgeted in the FY2013/14 and received in FY2014/15.
- 96.** The county also received Ksh 10,310,000 from DANIDA in two equal installments of Kshs. 5,155,000 in the first quarter and Ksh 5,155,000 in the second quarter and from the national treasury, Ksh 19,068,114 for HSSF and Kshs 9,972,500 for Maternity fees.
- 97.** The department was allocated a total amount of Ksh 1.58124 billion during the financial year 2014/2015, out of which Ksh.710 Million was set aside for ward development projects. This constituted 25% of the total budget of the County. The departmental allocation was divided as follows;

**Table 17: Finance and Economic Planning Allocation analysis by economic classification**

SNO	Description	Amount (Mil)	Percentage
1	Personnel Cost	155.64	10%
2	Operations and maintenance	252.66	16%
3	Development	1,172.94	74%
	<b>Total</b>	<b>1,581.24</b>	<b>100%</b>

**Figure 12: Finance and Economic Planning Allocation analysis**



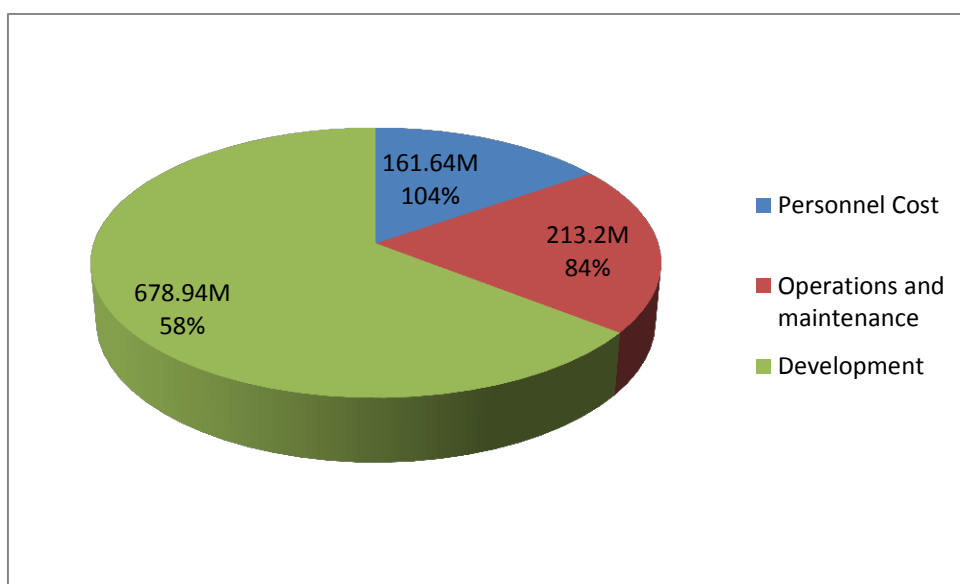
98. The development cost allocation was the highest at 74% of the total allocation to the department. Personnel cost (Compensation to employees) cost allocation was 10% while O&M were 16%.



**Table 18: Finance and Economic planning economic absorption level Ksh. Million**

No	Description	Amount Absorbed	Amount Budgeted	%Age Against Allocation
1	Personnel Cost	161.64	155.64	104%
2	Operations and maintenance	213.20	252.66	84%
3	Development	678.94	1,172.94	58%
	<b>Total</b>	<b>1053.78</b>	<b>1,581.24</b>	<b>66.64%</b>

**Figure 13: Finance and Economic Planning absorption analysis.**



99. Development absorption level was at 58%. Most of the expenditure went to ward development projects and capacity building. Operation and maintenance absorption was at 84%.
100. The department has been faced with challenges of revenue collection in terms of revenue leakages, manual systems of collection and reporting; inadequate and competent human resources and office space to decentralize its functions to all the sub counties within the county.
101. The department has initiated the process of automating all its major revenue collection points to mitigate the current revenue leakages and to enhance efficiency in revenue collection and reporting. This is an on-going process to be completed by 2017. The department acquired two vehicles in the financial year 2014/2015 to enhance field revenue collection, reinforcement and the general supervision.

- 102.** To enhance service delivery, the department has trained most of county staff on IFMIS, procurement, budgeting while others have enrolled on part time educational and professional qualification courses in Finance, Accounting, Auditing, Information Systems, and other related areas.
- 103.** The department of finance has been allocated Ksh. 1,077,180,925 in the financial year 2015/2016. It is also projected to receive Ksh 1,131,039,971 in the financial year 2016/2017 and Ksh 1,187,591,970 in the financial year 2017/2018.
- 104.** In the medium term the department intends to carry out programmes in key areas of resource mobilization, automation of revenue, debt management among others.

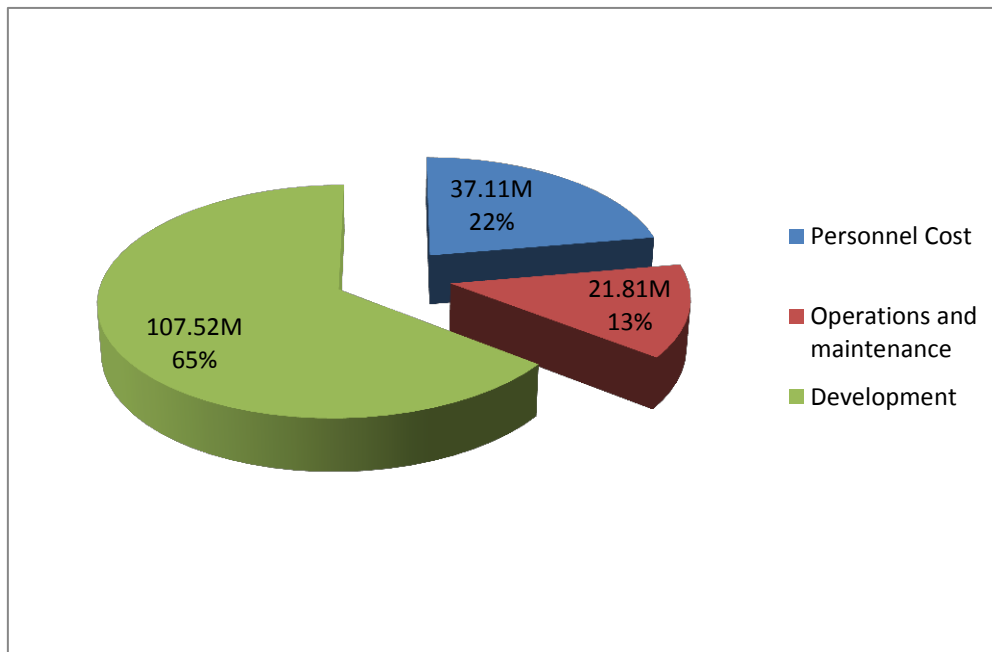
## 5. Community Development, Culture, Sports and Social Services

- 105. The functional areas are composed of the following field areas; Youth Affairs, Children Services, Sports, Culture and Social Services.
- 106. The department has already developed a comprehensive strategic plan that is currently being implemented.
- 107. The major challenges include, insufficient funds, incidence of poverty and vulnerability, procurement processes and delay by contractors to complete tasks which impact negatively on the development funds. In addition, there is inability to mainstream and champion gender and disability issues in a bid to attain the targets as spelled out in Vision 2030 medium term plan 2013-2017.
- 108. The department was allocated Ksh. 166.44M representing 2.63% of the total county budget, as follows;

**Table 19: Community Development, Culture, Sports and Social Services allocation analysis by economic classification:**

SNO	Description	Amount (Mil)	Percentage
1	Personnel Cost	37.11	22%
2	Operations and maintenance	21.81	13%
3	Development	107.52	65%
	<b>Total</b>	<b>166.44</b>	<b>100%</b>

**Figure 14: Community Development, Culture, Sports, and Social Services allocation analysis**

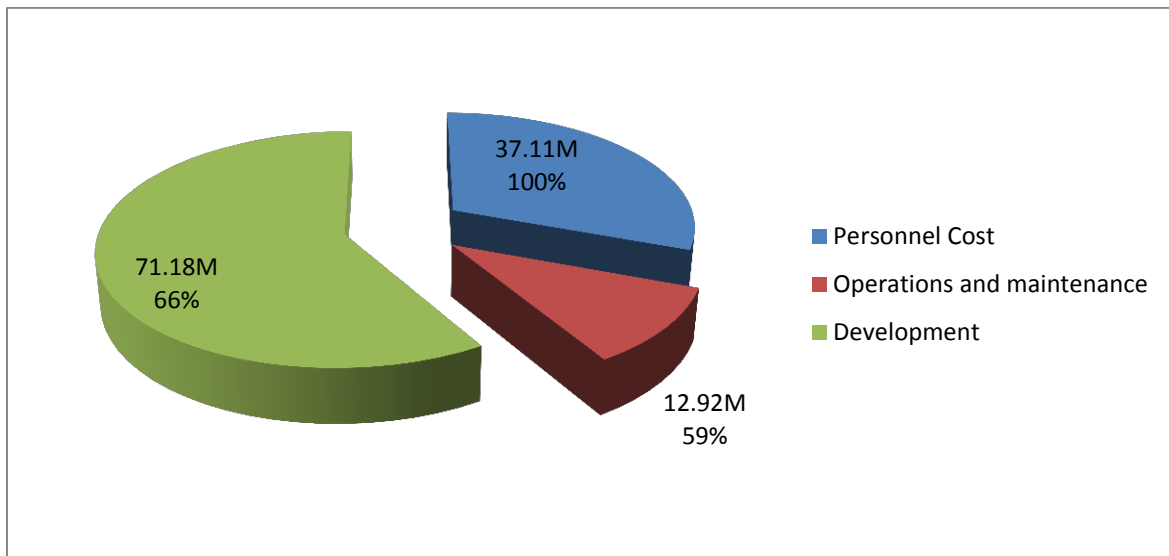


**109.** Development allocation was the highest at 65%, Operations and Maintenance 13% allocation and Personnel cost (Compensation to employees) at 22% of the total departmental budget.

**Table 18: Community Development, Culture, Sports and Social Services absorption level in Ksh Millions.**

No	Description	Amount Absorbed	Amount Budgeted	% age Against Allocation
1	Personnel Cost	37.11	37.11	100%
2	Operations and maintenance	12.92	21.81	59%
3	Development	71.18	107.52	66%
	<b>Total</b>	<b>121.21</b>	<b>166.44</b>	<b>73%</b>

**Figure 15: Community Development, Culture, Sports, and Social Services absorption analysis**



**110.** Personnel cost was fully utilized while only 59% of Operations and Maintenance were absorbed. The development absorption stood at 66%.

**111.** The following development projects were undertaken within the department in line with the Approved Budget FY 2014/2015;

- Busia County Youth Empowerment Centre- Teso South

- Kotur youth empowerment centre completed.
- Busia County Child Protection Centre-Matayos 35% complete
- Busia Cultural Grant Kitty ongoing

**112.**The programs and projects to be undertaken during the period FY 2014/2015 – 2016/2017 include;

- Upgrading of the Busia Stadium-On going
- Construction of a Youth empowerment Centre (Nambale) ongoing,
- Completion of Youth Empowerment Centre Funyula(completed fencing)
- County Liquor Act - completed
- Refurbishment of two Community Capacity Support Centers (Butula) Ongoing
- Refurbishment of two Community Capacity Support Centers (Agenga) on-going
- Policy/Bills/Regulations formulation and Development for youth and gender, culture, sports youth and children departments-On-going
- Sports and Talent Development-Youth have been exposed to opportunities –for talent nurturing.
- Construction of a County Child Protection Centre-35% complete
- Construction of Social Hall( Malaba South)-Ongoing
- Busia Cultural Grant Kitty- beneficiaries already targeted
- Refurbishment of Vocational Centre ( Odiado)- Ongoing
- Completion of Busia Community Cultural centre-On-going-95% complete
- Completion of Samia Community Cultural Centre-New-Ongoing 40% complete.
- Purchase of Land for Community Cultural Centre(Teso North)—Kakapel Ongoing
- Annual County Cultural and Entrepreneurship Expo/Festivals- already done
- Sector Development Partners and Stakeholders Engagement Programme- Ongoing

**6. Public Works, Roads, Transport, Energy and Disaster Management**

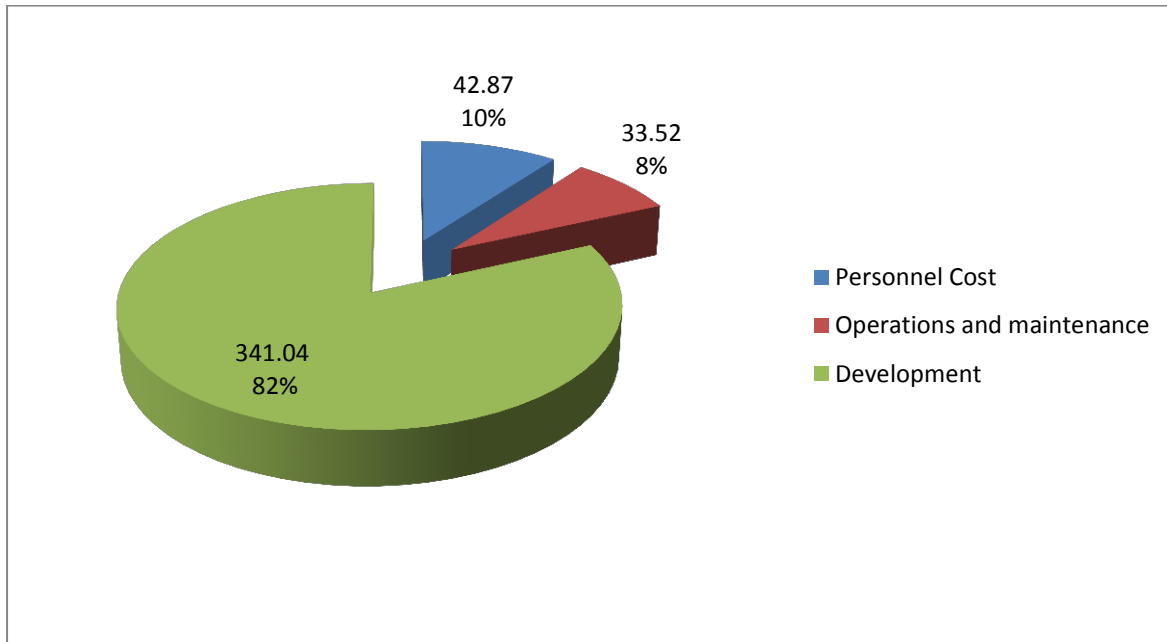
113. The department consists of 5 sections, public work, Roads, Transport, Energy, and Disaster Management.

114. The department was allocated Khs.415.54M. This constituted 6.57% of the total budget. The budget for the department was divided as follows

**Table19: Public Works, Roads, Transport, Energy and Disaster Management allocation analysis by economic classification**

SNO	DESCRIPTION	AMOUNT (Mil)	PERCENTAGE
1	Personnel Cost	42.87	10%
2	Operations and maintenance	33.52	8%
3	Development	341.04	82%
	<b>Total</b>	<b>417.43</b>	<b>100%</b>

**Figure 16: Public Works, Roads, Transport, Energy, and Disaster Management allocation analysis**

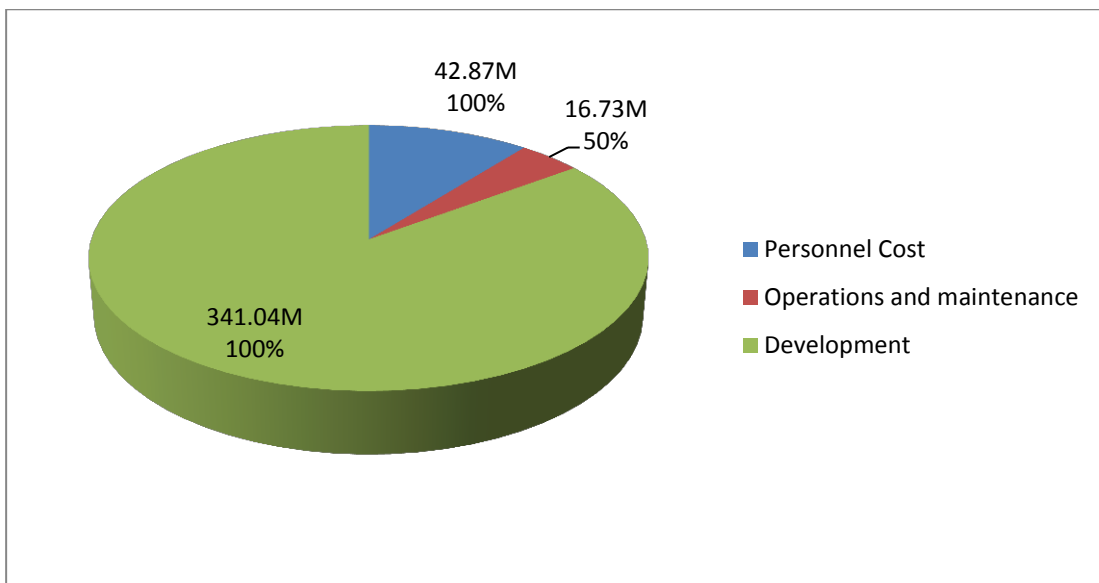


115. The development cost allocation was the highest at 82%. Personnel cost (Compensation to employees) was the second highest with a cost allocation of 10%. The Operations and Maintenance was the least beneficiary with 8 %.

**Table 20: Public Works, Roads, Transport, Energy, and Disaster Management absorption level in Ksh Millions**

No	Description	Amount Absorbed (Mil)	Amount Budgeted (Mil)	%Age Against Allocation
1	Personnel Cost	42.87	42.87	100%
2	Operations and maintenance	16.73	33.52	50%
3	Development	341.04	341.04	100%
	<b>Total</b>	<b>400.64</b>	<b>417.43</b>	<b>96%</b>

**Figure 17: Public Works, Roads, Transport, Energy, and Disaster Management absorption analysis**



**116.** The development vote recorded 100% absorption. O&M absorbed only 50% while personnel cost were fully utilized. Full utilization of the development funds by the department is an indication of the fact that more funds should be allocated to this sector as the county is in need of a good road network.

**117.** The department has identified several revenue sources. The mechanical and transport functions when fully operationalized will raise revenue through licensing and inspection of motor vehicles. A county Mechanical and Transport Unit has been established and has received additional equipment from the National government owned Mechanical and transport fund as per the recommendations of the transition

authority. Hiring out of the construction equipment to contractors is expected to raise revenue.

- 118.** Under disaster management the inspection and certification of buildings accessed by the public for compliance with fire safety and is expected to be done at a fee. The necessary enabling legislation and policies are at an advanced stage to enable the above revenue sources to be enforceable legally.
- 119.** In energy the department intends to acquire land and set up an alternative energy demonstration centre to conduct feasibility for exploiting the potential for alternative energy sources and systems such as solar, bio gas, fire wood efficient jikos/stoves, and re-a forestation with tree species that sustain wood fuel. This will be done for both domestic use and exploit the possibility of value addition and repackaging at commercial scale.
- 120.** The road inventory is continuously expanding and the road network in need of maintenance is expanding. There is need therefore to increase the allocation of funds to the roads to protect the investment already done and to keep them motorable. The department intends to upgrade urban roads to bitumen standards.
- 121.** The department intends to create separate lanes for non-motorized traffic in form of cycle tracks and pedestrian lanes in order to reduce traffic accidents and construct foot bridges to enhance connectivity of the rural areas with socio-economic centres.
- 122.** The department plans to construct trailer park bay in liaison with the Kenya national highway authority for the transit vehicles to park off the main road and be cleared within the park. This will also ensure order, decency, and parking revenue to the county.
- 123.** Construction and rehabilitation of beach landing and associated structures and facilities to enhance regional connectivity and use of water transport is also in the department's plan.
- 124.** The county is vulnerable to disaster and to mitigate their effects. The department plans to construct a disaster centre at the head office. The focus will now be on establishing centres at the sub-county level to enable timely response to disasters. In flood prone areas there are plans to repair flood mitigation structures and build new ones where none exist. These will include dykes and flood control dams.
- 125.** The department is at an advanced stage of acquiring a fire fighting engine. However one engine will not be sufficient therefore the department has prioritized the acquisition of additional fire engines for the major towns of Busia and Malaba followed by other sub-counties. There will also be capacity building for strengthening a fire response unit and acquisition of a 24 hour toll free line. A baseline survey on fire disaster preparedness as well as mapping of the disaster prone areas will be done and a surveillance system be put in place. Buildings will also be required to be fitted with fire fighting extinguishers and hose reels and certified for compliance.



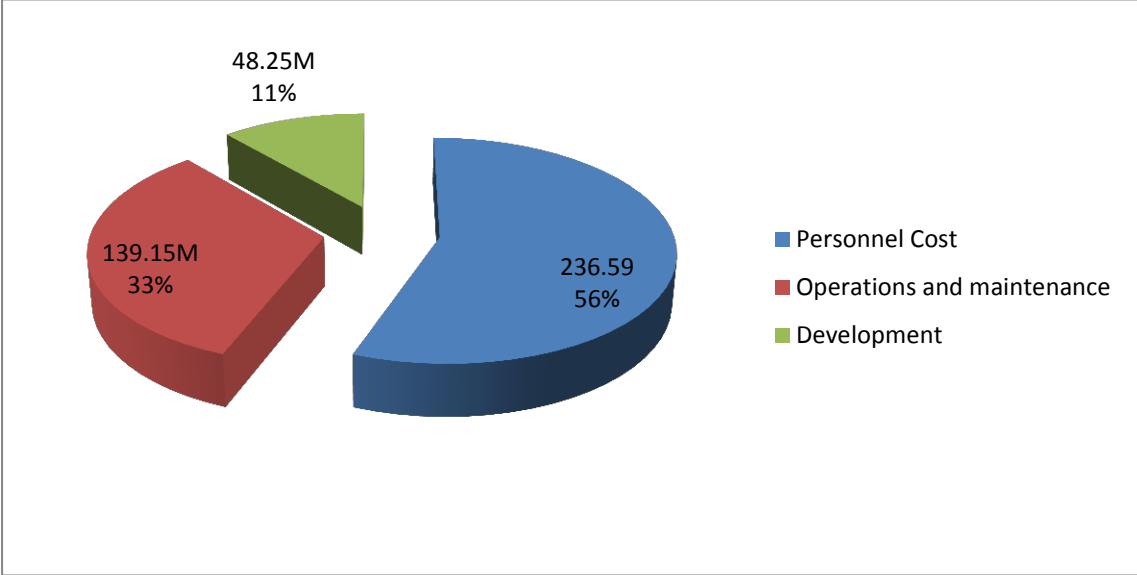
## 7. Labour, Public Service ICT, and Inter-governmental Relations

- 126.** The Department is segregated into five (5) sections; Human Resource Management, Public Administration, ICT, Communication and Publicity, Records Management and Intergovernmental Relations.
- 127.** The key roles of the Department is to improve performance in Human Resource Management and ICT, enhance effective and efficient Public Service delivery, by providing; skilled manpower, facilitation to the public administration to supervise and coordinate public service within the devolved administrative units of Busia County, record management systems, communication infrastructure and Facilitate the flow of information to the County Government of Busia, her citizens, and stakeholders.
- 128.** During the FY 2014/2015 the department focused more on;
- Staff capacity building, through training, sensitization, and employment of skilled manpower to strengthen the County Human Resource Management planning and development component.
  - Enhancing ICT services through the Automation of the County
  - Putting in place a sound Records Management System
  - Facilitating and equipping the Public Administration to coordinate service delivery in the County
  - Promoting efficient and well-coordinated communication and publicity of the County’s programs and service delivery to maintain a positive image of the County.
- 129.** The department was allocated Kshs. 318.89 M. This constituted 5.04 % of the total budget. The budget for the department was divided as follows;

**Table 21: Labour, Public Service ICT, and Inter-governmental Relations allocation analysis by economic classification**

SNO	DESCRIPTION	AMOUNT	PERCENTAGE
1	Personnel Cost	236.59	55.80
2	Operations and maintenance	139.15	32.82
3	Development	48.25	11.38
	<b>Total</b>	<b>423.99</b>	<b>100</b>

**Figure 18: Labour, Public Service ICT, and Inter-governmental Relations allocation analysis**

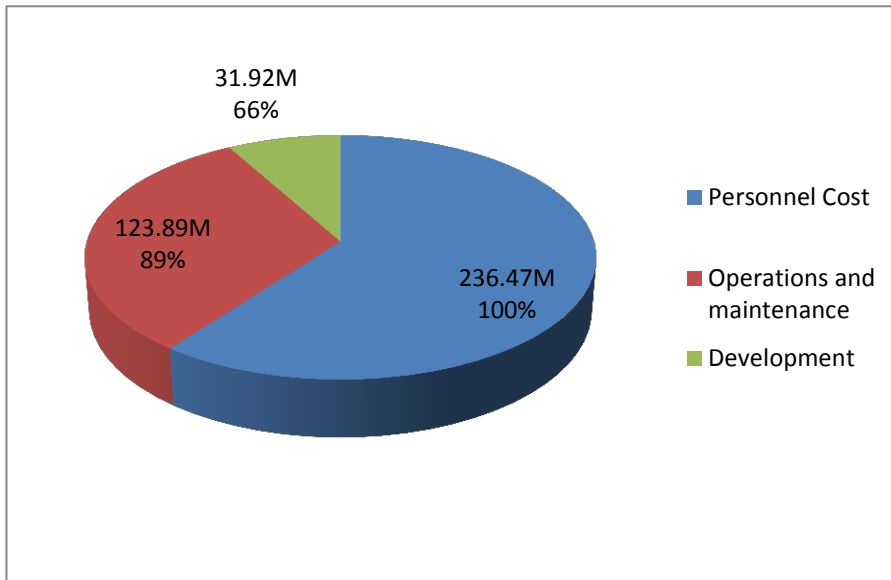


**130.** The Personnel cost (Compensation to employees) was the highest at 56%. Development was the lowest beneficiary with 11% while Operations and Maintenance took 33% of the total department’s budget.

**Table 22: Labour, Public Service ICT, and Inter-governmental Relations absorption level in Millions**

No	Description	Amount Absorbed	Amount Budgeted	%Age Against Allocation
1	Personnel Cost	236.47	236.59	100%
2	Operations and maintenance	123.89	139.15	89%
3	Development	31.92	48.25	66%
		<b>392.28</b>	<b>423.99</b>	<b>93%</b>

**Figure 19: Labour, Public Service ICT, and Inter-governmental Relations absorption analysis**



- 131.** The development vote was spent at 66 %. This is an improvement compared to the previous year’s performance where the development vote was not spent. Personnel cost was expended fully. The department spent 89% of Operations and Maintenance.
- 132.** The Department has planned to implement the following programmes/projects for the FY 2015/2016-2016/2017, within her respective sections; In Records Management section the department will recruit designated records management officers, install record management systems in all sub counties, and enact record management policy manuals.
- 133.** Publicity section plans to establish the County Printing Press, digitalize the County monthly newspaper, improve radio programmes by boosting the frequency links, and sustain the on-going branding of the County of Busia.
- 134.** Likewise, the Human Resource Management will sustain capacity building of the staff, encourage the staff to sign performance management contracts against developed annual work plans, facilitate organizational culture change, gender and disability mainstreaming, HIV/AIDS/ADA awareness and sensitization, occupational health and safety programmes, review the County regulations and procedures, and work towards attaining ISO certification.
- 135.** ICT section will set up centralized virtual information centres and internet cabling in all sub counties, video conferencing facilities at County headquarters, and upgrade the County database and GIS mapping.
- 136.** The department will facilitate Public Administration to start and sustain Public Participation forums, conclude the procurement of offices for administrators, construct 17 ward offices, recruit village administrators and councils, procure motor vehicles for administrators, and enhance intergovernmental relations.

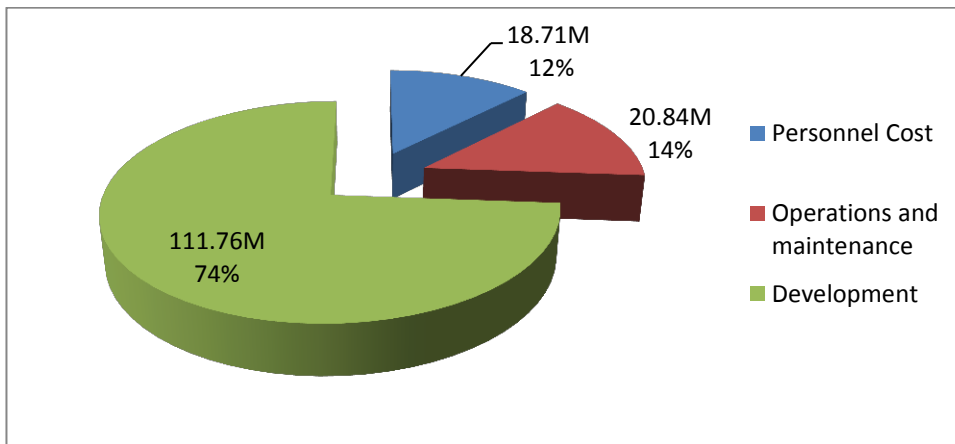
## 8. Lands, Housing and Urban Development

- 137.** The mandate of the Sector is to provide services on Lands, Housing and Urban Development to the county.
- 138.** The functions of the Sector include; Lands (Lands Survey) and the specialized operational/service delivery areas are: Land Survey and Mapping, Boundaries and fencing, Housing and the specialized operational/service delivery areas are: Implementation of Housing Policy, Shelter and slum upgrading, Appropriate building and construction technologies, Housing for County Public Service, development and promotion of low cost rental housing, Management of County Government Housing and Leasing of Public Offices and Administration; Urban Development and the specialized operational/service delivery areas are; Preparation and implementation of county spatial plans; Preparation of local physical development plans; Implementation of national physical planning policies, strategies and standards; development, control and enforcement of compliance; research, Monitoring and evaluation of county spatial planning; Conflict resolution on matters arising from county spatial planning; Advising National Land Commission on land reservation, alienation and acquisition on county specific projects; and Preparation of annual reports on state of county spatial planning.
- 139.** The department was allocated Ksh 153.18M. This constituted 2.42% of the total budget as follows;

**Table 23: Lands, Housing and Urban Development Allocation analysis by economic classification**

SNO	Description	Amount (M)	Percentage
1	Personnel Cost	18.71	12%
2	Operations and maintenance	20.84	14%
3	Development	111.76	74%
	<b>Total</b>	<b>153.31</b>	<b>100%</b>

**Figure 20: Lands, Housing and Urban Development Allocation analysis**

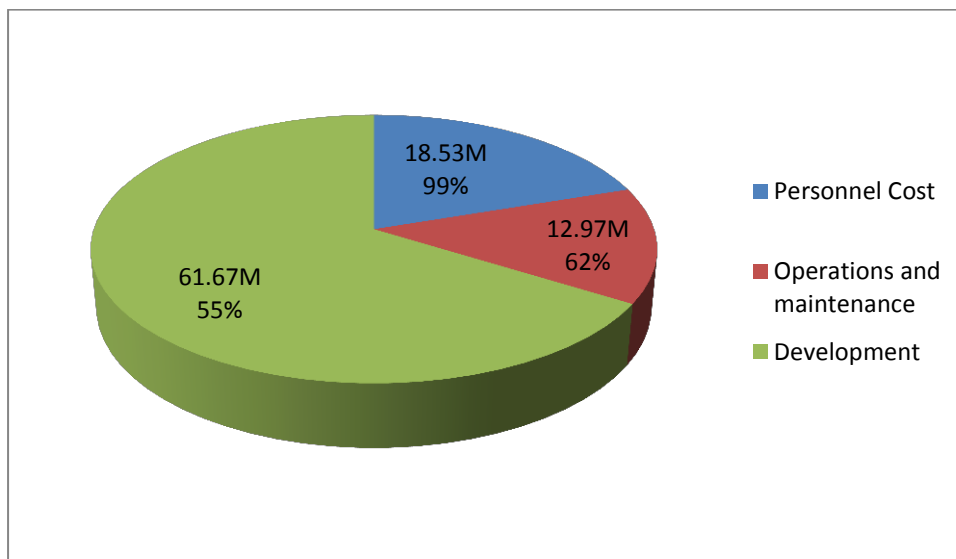


**140.** Development cost was the highest with an allocation of 74%. Personnel cost (Compensation to employees) had an allocation of 12 %. Operations and maintenance got an allocation of 14 %.

**Table 24: Lands, Housing and Urban Development absorption level**

No	Description	Amount Absorbed (Mil)	Amount Budgeted(Mil)	Percentage Against Allocation
1	Personnel Cost	18.53	18.71	99%
2	Operations and maintenance	12.97	20.84	62%
3	Development	61.67	111.76	55%
	<b>Total</b>	<b>93.17</b>	<b>153.31</b>	<b>61%</b>

**Figure 21: Lands, Housing and Urban Development Absorption analysis**



**141.** The total absorption was 61%. Development vote absorption represented 55%. Out of this most expenditure was on street lighting for Busia and Malaba, Purchase of Land. 62% of O& M vote was spent.

**142.** During the year under review the department achieved the following;

- County spatial plan is currently in the formative stages. The above when complete will direct spatial development in the county and lead to well planned towns and other land uses
- Construction of governor’s residence and senior staff quarters is also in the formative stages. However financing of the same will have to be reviewed so as to conform to the recommendations of CRA. The same applies to the construction of the County Headquarters.

- Construction of ABT centres, security fencing to government compounds, major maintenance to government houses, refurbishment of governor's lounge have all been tendered for and are currently awaiting adjudication by the County Supply Chain Management tender committee. This is towards improving the housing conditions of both public servants and the citizenry.
- Phase two of the urban street lighting is currently under implementation. Mass lighting in Funyula, Port Victoria, Nambale, Mungatsi, Amagoro, and Matayos is complete. The above has seen improved security and extended the business hours
- Capacity building of locals on ABT was done in Bunyala (Bukoma polytechnic) and in Teso North at Amagoro polytechnic.
- Under land banking the department managed to purchase 6 parcels which include Bukhalalire market. Survey of land covered 83 parcels and is still ongoing.
- Valuation roll for Busia is complete. The intention is to roll it to Malaba, Port Victoria, and Bumala. A request has already been placed before the Chief Valuer. This will increase the county revenue base from rates.

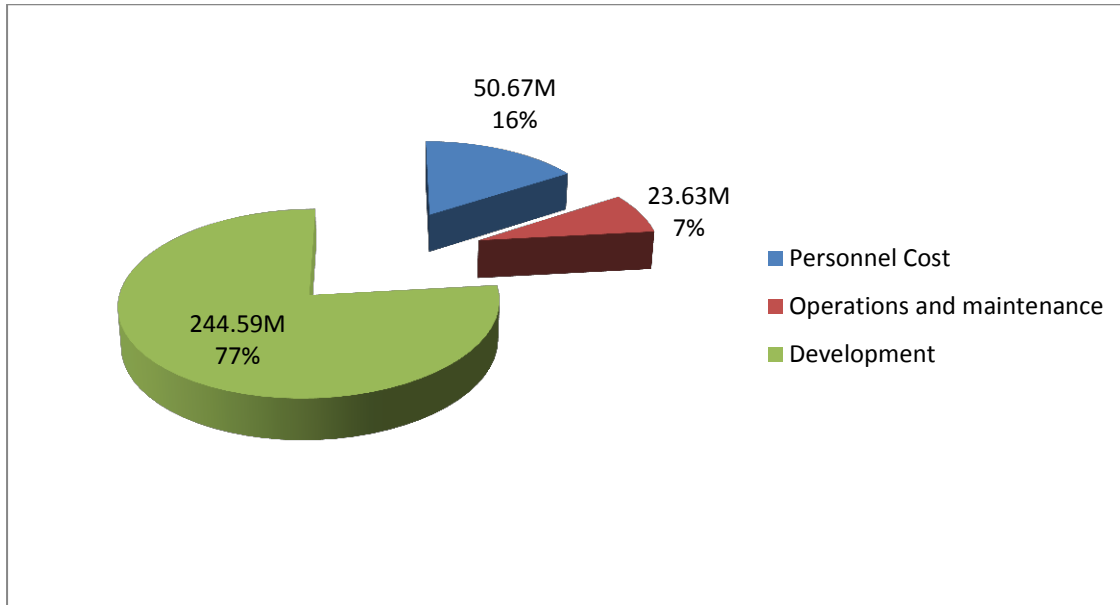
## 9. Water, Environment and Natural Resources

- 143.** The Department of Water, Environment and Natural Resources is mandated to ensure that the people of Busia County are provided with desired service levels in water provision under secure and sustainable environment. As this is being implemented, the Department will look beyond pure infrastructure investment requirements and introduce interventions for ensuring that the infrastructure addresses challenges of professional service delivery, sustainable operation and maintenance, adequate access to services and protected water catchment zones that include the many river sources, both permanent and seasonal, and wetlands that run across the county and need protection and rehabilitation. The vegetation cover will increase to levels that will influence environmental changes and have direct impact on climate change and quality of water.
- 144.** Solid and liquid waste management forms the biggest challenge for the county. Capital Investment requirements are enormous and the department shall collaborate with relevant partners in ensuring adequate measures are put in place to effectively control town and urban waste collection that also includes our Urban Sewerage and Sanitation.
- 145.** The department was allocated Kshs. 318.89M. This constituted 5% of the total County budget. This is distributed as follows:

**Table 25: Water, Environment and Natural Resources allocation analysis by economic classification**

SNO	DESCRIPTION	AMOUNT (Mil)	PERCENTAGE
1	Personnel Cost	50.67	16%
2	Operations and maintenance	23.63	7%
3	Development	244.59	77%
	<b>Total</b>	<b>318.89</b>	<b>100%</b>

**Figure 22: Water, Environment and Natural Resources allocation analysis**



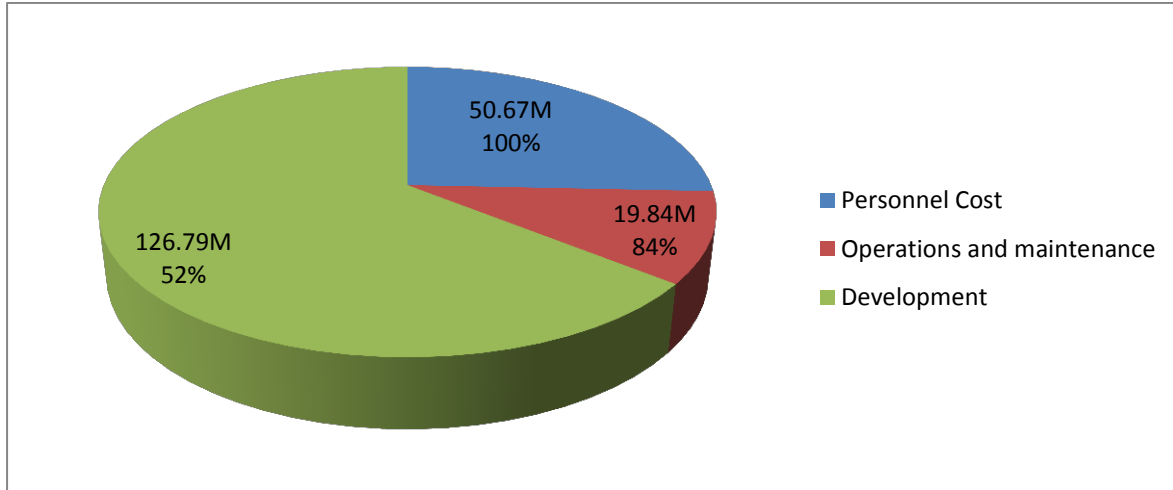
**146.** Development cost was the highest at 77%. The Personnel cost (Compensation to employees) took an allocation of 67% while Operations and Maintenance was least at 7%.

**Table 26: Water, Environment and Natural Resources absorption level in Kshs. Millions**

No	Description	Amount Absorbed	Amount Budgeted	%Age Against Allocation
1	Personnel Cost	50.67	50.67	100%
2	Operations and maintenance	19.84	23.63	84%
3	Development	126.79	244.59	52%
	<b>Total</b>	<b>197.31</b>	<b>318.89</b>	<b>62%</b>



**Figure 23: Water, Environment and Natural Resources absorption analysis**



- 147.** The development vote was utilized at 52% absorption rate. Personnel cost was fully expended while Operations and Maintenance stood at 84% absorption rate.
- 148.** During the year under review the department’s achievements were as follows
- 70% of the 35No. Boreholes were drilled
  - 50% of the drilled boreholes were solar installed
  - 100% of 2013/2014 outstanding/ pending projects were completed
  - 60% of the flagship projects were implemented
  - Development of tree nurseries within selected sub counties were developed
  - 40% of non functional water points were rehabilitated
  - Two utility vehicles were acquired
  - 2No. service vehicle (exhauster and water tanker are being developed to meet County Standards to be delivered as soon as workshop modalities are completed.
- 149.** The department of Water Environment and Natural Resources has been allocated Ksh. 256,789,656 in the financial year 2015/2016. It is also projected to receive Ksh 269,629,139 in the financial year 2016/2017 and Ksh 283,110,596 in the financial year 2017/2018.
- 150.** In the medium term the department intends to undertake programmes in key areas of rural water supplies, conservation of fragile ecosystems, urban forestry development, rehabilitation of county abattoir and urban solid waste management.

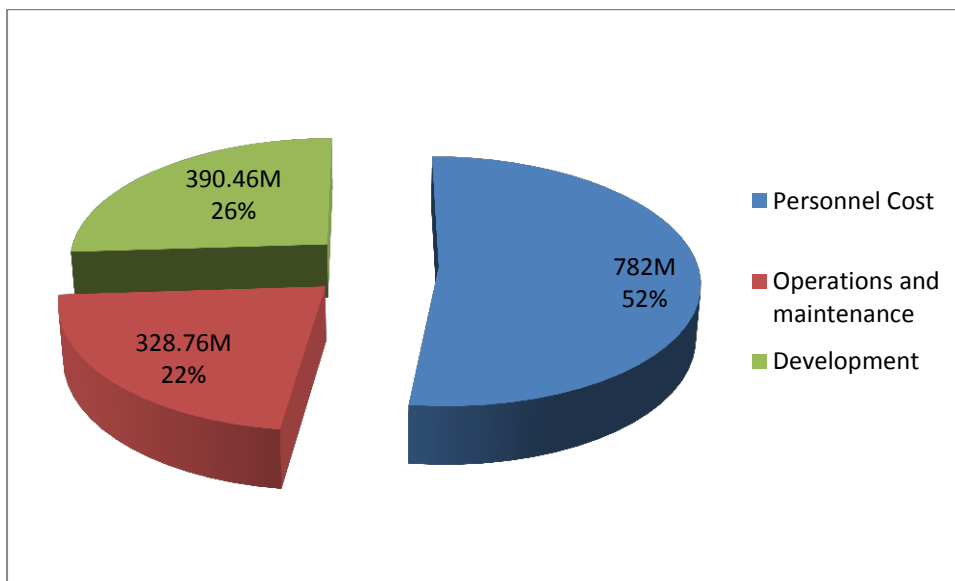
## 10. Health and Sanitation

- 151.** The department is charged with the responsibility of providing healthcare services within the county. These are divided into preventive and curative healthcare services. There is one referral hospital, 6 sub-county hospitals, 14 Health centres, and 69 dispensaries in the county with a total workforce of 1,134 staffs who are distributed to various facilities.
- 152.** During the period under review, the department was faced with a number of challenges including delays in the disbursement of funds, insufficient funds allocation to essential health care services, shortage of key personnel within the department.
- 153.** The department was allocated Kshs 1,501.22 M. This constituted 24% of the total budget. The budget for the department was divided as follows

**Table 27: Health and Sanitation allocation analysis by economic classification**

SNO	DESCRIPTION	AMOUNT (Mil)	PERCENTAGE
1	Personnel Cost	782.00	52%
2	Operations and maintenance	328.76	22%
3	Development	390.46	26%
	<b>Total</b>	<b>1501.22</b>	<b>100%</b>

**Figure 24: Health and Sanitation allocation analysis**



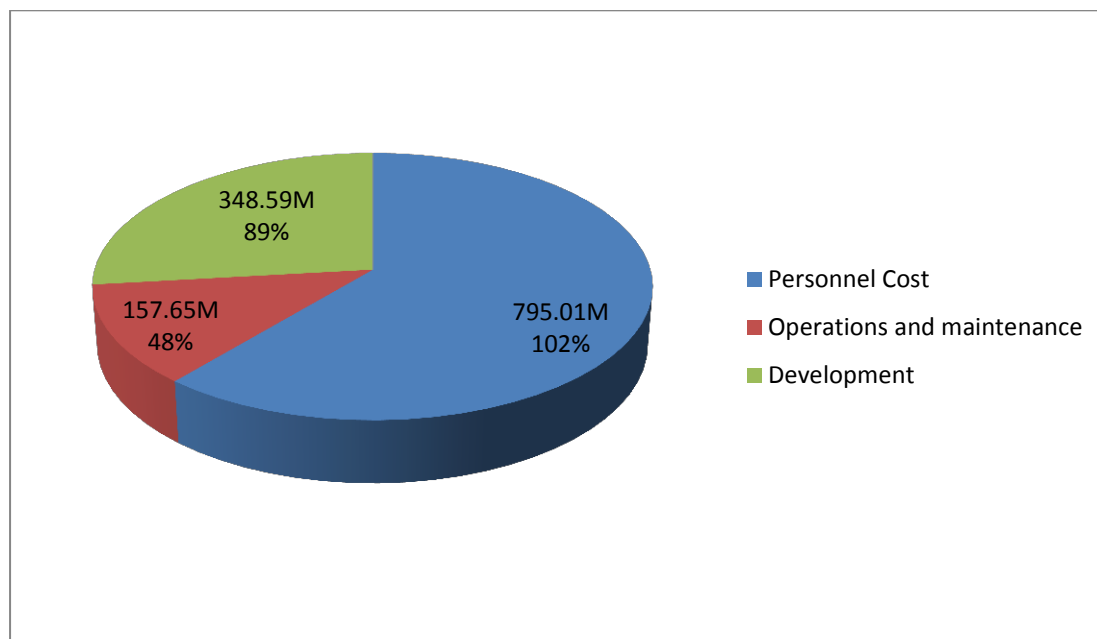
- 154.** Personnel cost (Compensation to employees) took the highest allocation of 52%. This is because of the high number of staff who are represented in all county facilities and community level. Personnel cost is the

highest in the county since the department is labour intensive. The development vote stood at 26% while Operations and maintenance got an allocation of 22 % of the department’s budget.

**Table 28: Health and Sanitation absorption level in Ksh. Million**

No	Description	Amount Absorbed	Amount Budgeted	%Age Against Allocation
1	Personnel Cost	795.01	782.00	102%
2	Operations and maintenance	157.65	328.76	48%
3	Development	348.59	390.46	89%
	<b>Total</b>	<b>1301.24</b>	<b>1501.22</b>	<b>87%</b>

**Figure 25: Health and Sanitation absorption analysis**



**155.** The department experienced huge balances carried forward in the development and O&M votes. The development vote managed an 89% absorption capacity while O&M managed a mere 48%. This is attributed to administrative issues.

**156.** The implementation of the financial year 2014/15 had a positive impact in the community leaving around

Busia County. Health standards of the people living in Busia improved health facilities were also improved, while other on-going projects are expected to improve further the provision of Health services within the county.

- 157.** During the financial year 2014/15 the department of health and sanitation implemented its planned programmes, despite challenges experienced. Some of the recent development programmes undertaken during this period include;- Construction of Busia KMTC at Busia Referral Hospital, ICU/HDU Units, Accident, and Emergency units at Busia Referral Hospital, Equipping ICU AT Busia Referral Hospital, wards and theatres at various Health Facilities, Incinerators, laboratories in various Hospitals, mortuary at Alupe, refurbishment of various Health Facilities, purchase of lands for future economic development, expansion of Health Facilities and Purchase of medical equipment and recruitment of staffs.
- 158.** The department planned to implement a number of programmes and projects during the financial year 2014/15. Health and some of these programmes shall be implemented during the period and some will be done in phases. Planned activities include upgrading of sub-county hospitals and health centres, supply of medical equipment to up-graded facilities, recruitment of medical staffs and equipping of ward level health projects.

#### **11. The County Public Service Board**

- 159.** County Public Service Boards (CPSB) are devolved governance units established for the purpose of establishing and managing professional, effective and efficient public service to enable the county governments achieve the objectives of devolution. The powers and functions of a County Public Service Board are set out in section 59 of the County Governments Act 2012 and relate to public officers in the county public service.
- 160.** The CPSB's responsibility is also to promote, in the county public service, the values and principles set out in Articles 10 and 232 of the Constitution. They evaluate and report to the county assemblies on the extent to which the values and principles are complied with in the county public service and provide standards to promote ethical conduct and professionalism in county public service.
- 161.** Further, CPSBs advise county governments on implementation and monitoring of the county performance management systems and prepare regular reports for submission to the county assemblies on the execution of the functions of the Boards.
- 162.** The Vision of Busia County Government as articulated in the County Integrated Development Plan aims at a prosperous, sustainable and equitably developed County that is transformational, nationally, competitive and successful in delivering services and improving livelihoods and wellbeing of the people of Busia and its environs. Various goals and strategies have been put in place in each sector to achieve this vision and the critical resource in the implementation of the strategies that will result in effective and

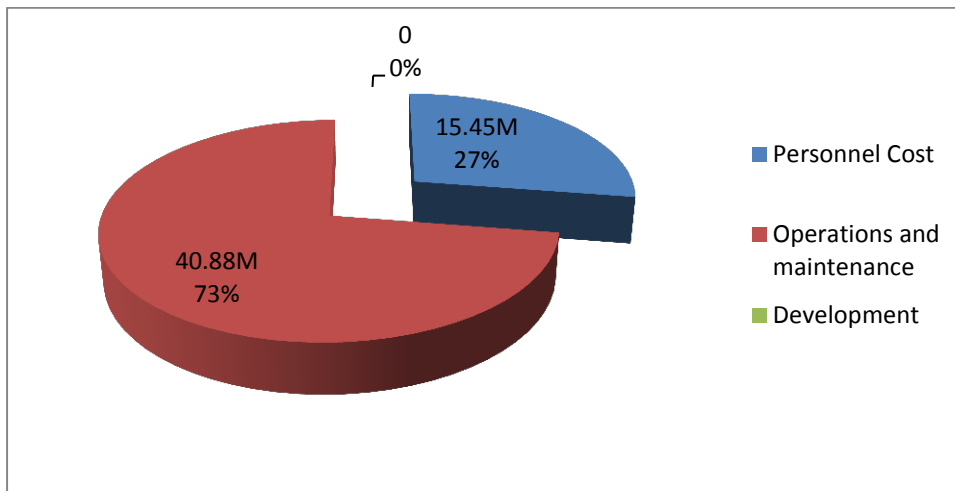
efficient service delivery is the skilled and competent human capital in each sector.

163. The department was allocated Khs.56.33M. This constituted 0.89% of the total county budget as follows;

**Table 29: The County Public Service Board allocation analysis by economic classification**

SNO	DESCRIPTION	AMOUNT (Mil)	PERCENTAGE
1	Personnel Cost	15.45	27%
2	Operations and maintenance	40.88	73%
	<b>Total</b>	<b>56.33</b>	<b>100%</b>

**Figure 26: The County Public Service Board allocation analysis**

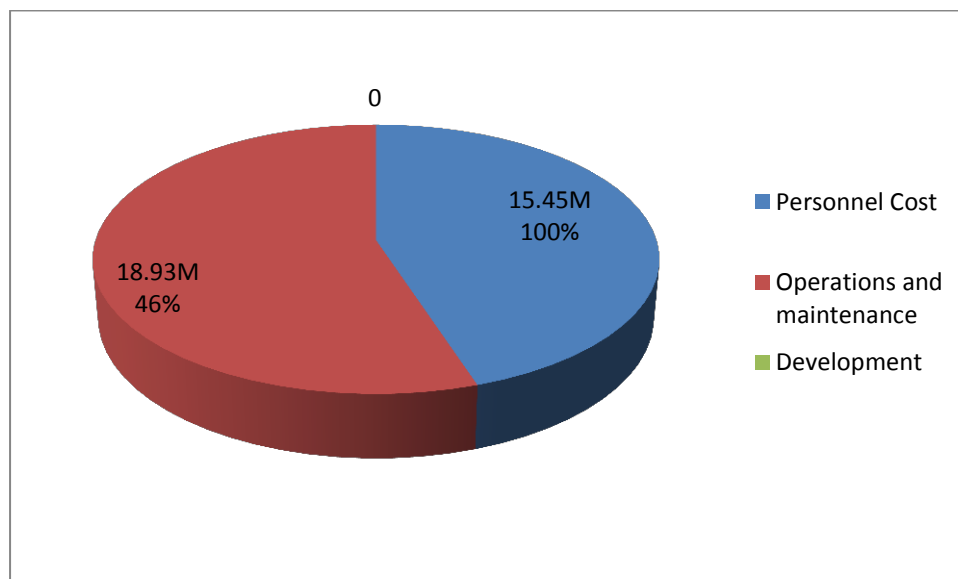


164. The operation and maintenance vote allocation was higher at 73% compared to the Personnel emoluments which had an allocation of 27 %.

**Table 30: The County Public Service Board absorption level in Millions**

No	Description	Amount Absorbed	Amount Budgeted	%Age Against Allocation
1	Personnel Cost	15.45	15.45	100%
2	Operations and maintenance	18.93	40.88	46%
3	Development	0.00	0.00	0%
	<b>Total</b>	<b>34.38</b>	<b>56.33</b>	<b>61%</b>

**Figure 27: The County Public Service Board absorption analysis**



**165.** The spending on personnel vote was fully absorbed. This was followed by operations and Maintenance which had a low absorption rate of 46%. This indicates underutilization of the vote.

**166.** To achieve efficiency and effectiveness in service delivery, the programmes, and activities of County Public Service Board during the financial year 2015/16-2017/18 will be geared towards;

- Providing highly competent personnel for purposes of achieving the vision and development agenda for Busia County outlined in the County Integrated Development Plan (CIDP) and the Kenya Vision 2030.
- Sensitize the public service and the general public on the of national values and principles of Public Service Articles 10 and 232 of the Constitution of Kenya 2010, so that these values are mainstreamed in all processes and concepts which will bring about ethics, professionalism, efficiency, effectiveness transparency, , accountability in service delivery for the realization of equitable development.
- Develop polices, systems, procedures and guidelines in managing human resource in the county,
- Ensure that the County Government embrace performance management in all operations for purposes of improved productivity
- Improve performance through benchmarking in order to bring about the desired change in the public service
- Ensure that structures (Schemes of Service) are developed/ reviewed to facilitate career progression and development of staff
- Advise the County Government on its obligations under International treaties and conventions

through sensitization programmes for purposes of achieving good governance.

- 167.** The following documents are being developed: CPSB strategic plan and Service Charter are both ready and currently awaiting stakeholder's participation, Board charter and Recruitment & Selection policies are in draft form. The CPSB intends to develop both the Human Resource Management and Discipline Manuals in the next financial year which requires a budget outlay of Ksh. 6,500,000
- 168.** Currently the Board is operating with three (3) secretariat staff, nine (9) more staff are critically required in the areas of Human Resource Management, ICT, legal officer, secretary to the chairperson, clerk, messenger and cleaner, hence the need for funding for recruitment of the secretariat.
- 169.** County Public Service Board has been allocated Ksh. 21,949,963 in the financial year 2015/2016. It is also projected to receive Ksh 23,047,461 in the financial year 2016/2017 and Ksh 24,199,834 in the financial year 2017/2018.
- 170.** In the medium term the department intends to carry out interviews, complete strategic plan, and human resource manual.

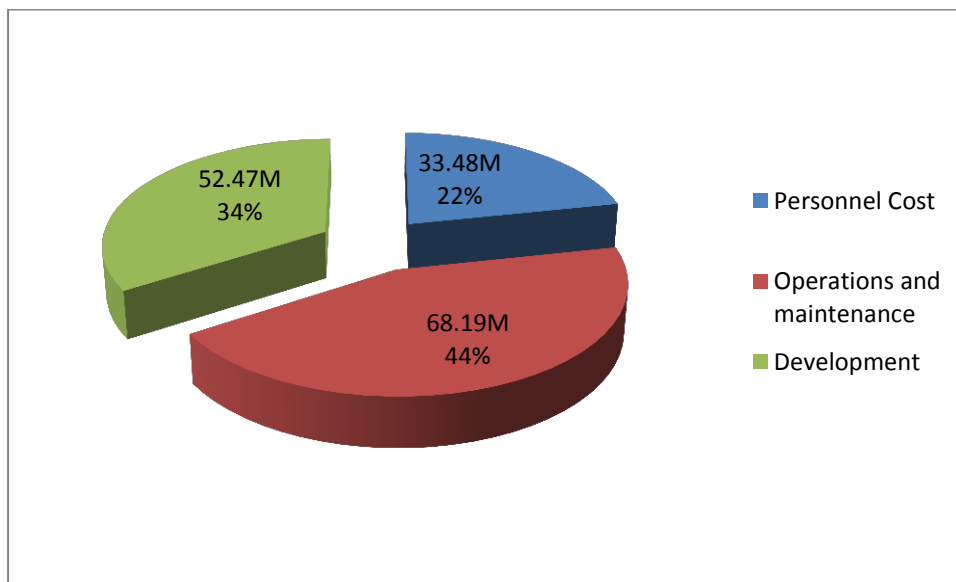
## **12. Office of the Governor**

- 171.** The Office of the Governor (OOG) is responsible for creating an enabling environment in spearheading development programmes, engaging stakeholders, and creating public outreach programmes to ensure public participation in all development programmes. The Vision of the office is to lead in public policy formulation, implementation, coordination, supervision, and effective resource management.
- 172.** While discharging its mandate the office of the governor has a mandate to provide overall leadership and policy direction in resource mobilization, management, and accountability for qualitative public service delivery. This is in line with the manifesto of the Governor in endeavoring to improve the livelihoods of people of Busia and helping them realize their economic, social, and environmental potentials by mobilizing and equitable distribution of resources and providing an enabling environment for sustainable development and free economy.
- 173.** The fiscal performance in 2014/15 was generally satisfactory. The Office of the Governor was allocated Kshs. 154.14M. This constituted 2.4% of the total budget as follows;

**Table 31: Office of the Governor Allocation analysis by economic classification**

SNO	Description	Amount (Mil)	Percentage
1	Personnel Cost	33.48	22%
2	Operations and maintenance	68.19	44%
3	Development	52.47	34%
	<b>Total</b>	<b>154.14</b>	<b>100%</b>

**Figure 28: Office of the Governor Allocation analysis**



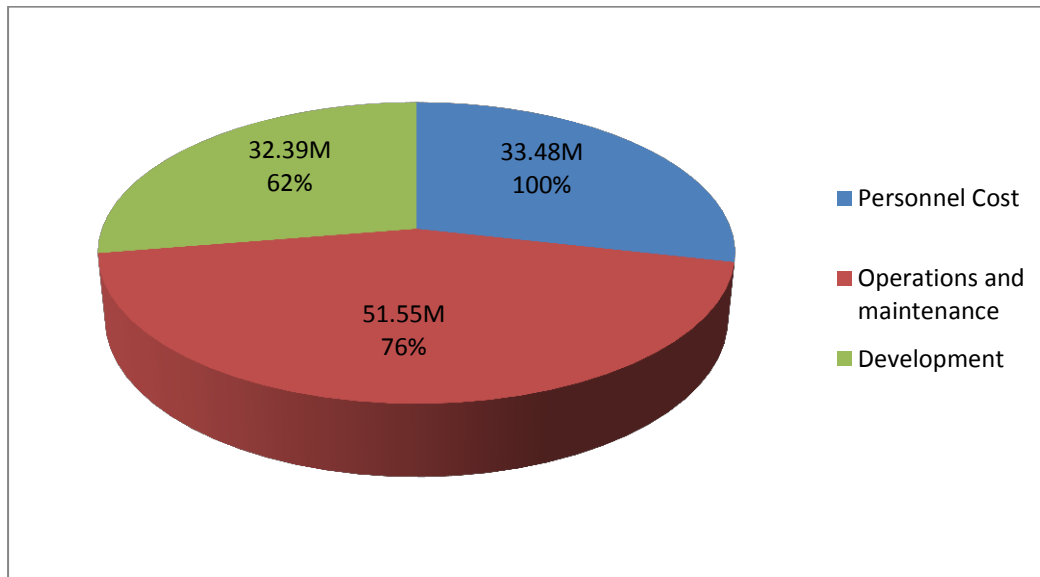
**174.** The office had a development allocation of 34%, operation and maintenance vote allocation was higher with 44% compared to the Personnel emoluments which had an allocation of 22 %.

**Table 32: Office of the Governor Absorption level in Millions**

No	Description	Amount Absorbed	Amount Budgeted	% Age Against Allocation
1	Personnel Cost	33.48	33.48	100%
2	Operations and maintenance	51.55	68.19	76%
3	Development	32.39	52.47	62%
	<b>Totals</b>	<b>117.42</b>	<b>154.14</b>	<b>76%</b>



**Figure 29: Office of the Governor absorption analysis**



- 175.** The spending in Personnel Emoluments was 100%, Operations and Maintenance 76% and development 62%.
- 176.** The office seeks to enhance the formulation and utility of SMART objectives in its budget formulation with view to creating reasonable budgetary provisions to address its future operations and maintenance of financial undertakings. In addition, the office has undertaken to effectively streamline its staff establishment through regular review and update of the same
- 177.** The office purchased two utility vehicles to enhance service delivery as well as empowering the community through special programmes such as donations and scholarships.

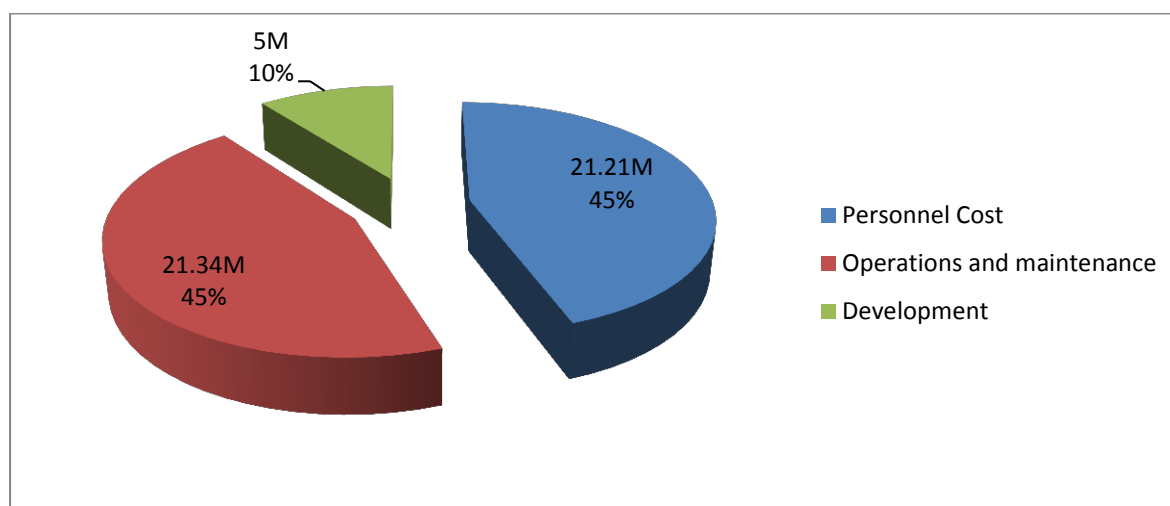
### **13. Office of the Deputy Governor**

- 178.** The Deputy Governor deputizes the Governor in the execution of the functions of the county and any other duty or portfolio.
- 179.** The economic importance of the office of the Deputy Governor is anchored in provision of vision, leadership, coordination, and oversight. Being the focal point for all departments in the county, it is the clearing house for both legislative and policy initiatives that impact directly on the people. The office is also mandated to develop partnerships for increased resources to undertake the functions of the County Government.
- 180.** The office was allocated Khs.47.53M. This constituted 0.75% of the total county budget as follows.

**Table 33: Office of the Deputy Governor Allocation analysis by economic classification**

SNO	Description	Amount (Mil)	Percentage
1	Personnel Cost	21.21	45%
2	Operations and maintenance	21.34	45%
3	Development	5.00	11%
	<b>Total</b>	<b>47.55</b>	<b>100%</b>

**Figure 30: Office of the Deputy Governor allocation analysis**

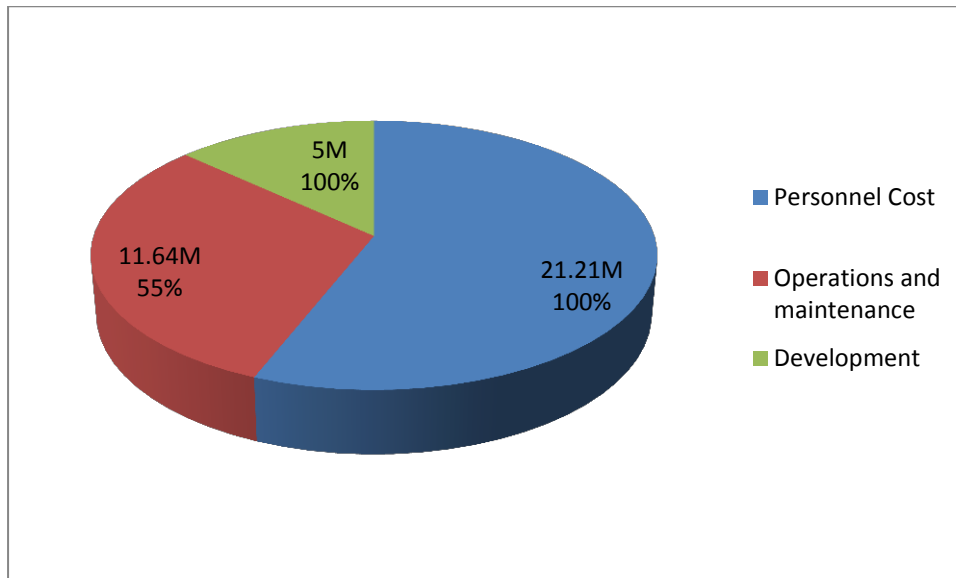


**181.** The development allocation was 10%. The personnel cost and operation and maintenance vote allocation each had 45% of the office's budget.

**Table 34: Office of the Deputy Governor Absorption level Ksh. Million**

No	Description	Amount Absorbed	Amount Budgeted	%Age Against Allocation
1	Personnel Cost	21.21	21.21	100%
2	Operations and maintenance	11.64	21.34	55%
3	Development	5.00	5.00	100%
	<b>Total</b>	<b>37.85</b>	<b>47.55</b>	<b>80%</b>

**Figure 31: Office of the Deputy Governor Absorption analysis**



- 182.** The spending on personnel vote was 100%. This was due to proper and adequate budgeting for staffing levels in the office. Operations and Maintenance absorption of 55% indicates underutilization of the vote. The development vote which was for the purchase of vehicle was wholly absorbed
- 183.** The increase in the budgetary allocation for Office of the Governor and Deputy Governor is attributed to organizational and institutional development over the past one year that has seen more staff recruited to enhance operations. Basically, the increment has gone towards the wage bill hence the increase is reflected under personnel whereas operations have been allocated fairly the same amount as in the current budget.

#### **14. Office of the County Secretary**

- 184.** The office of the County Secretary is a creation of the law and is captured in section 44 of the County Government Act, 2012. The County Secretary is mandated inter-alia; to: be the head of the county public service, be responsible for arranging the business, and keeping the minutes of the county executive committee subject to the directions of the executive committee, convey the decisions of the county executive committee to the appropriate persons and authorities; and perform any other functions as directed by the county executive committee
- 185.** The office of the County Secretary has played a central role in ensuring that the key structures required for the realization of a devolved structure of government are established. These critical structures include; the establishment of the County departments, the establishment of the County Public Service Board and the establishment of the offices of Sub County and Ward administrators. The establishment of these structures is an ongoing process and requires the commitment of resources to ensure effective functioning of the

offices.

- 186.** As the head of the county public service, the office of the County Secretary is in the process of restructuring the public service to ensure that the county staffs are appropriately placed in terms of their skills and competencies. In line with this, the County Public Service Board has embarked on a work load analysis exercise and is conducting suitability interviews for the various cadres of county staff. It is envisaged that this will result in staff placement being appropriately done. In addition, since staff skills and competencies will be aligned to departmental functions then effectiveness of service delivery will be enhanced.
- 187.** The County Executive has played a central role in determining policy that has laid the ground for the institution of key bills that have been debated by the County Assembly. These include: The Cooperative Enterprise Development Fund Bill, The Public Participation Bill, The Busia County Assembly Revolving Fund Bill, The County Disaster Preparedness and Emergency Management Bill, 2014, The County Agricultural Development Fund Bill, 2014, The County Health Services Bill, The Busia County Alcoholic Drinks Control Bill, The County Health Services Bill, The County Waste Management Bill and The County Ward Development Fund Bill.
- 188.** The Office of the County Secretary has acted as a liaison link between the County Executive and other institutions for the purpose of effective implementation of the decisions emanating from the County Executive. In addition, the Office of the County Secretary has been instrumental in communication of National policies to relevant departments of the County and in ensuring consolidation of information in the preparation of the County Transition Implementation Plans.
- 189.** Streamlining the core principles of the public service and the national and public service values in the mainstream public service has been a core mandate of the office of the County Secretary. A strategic focus has been taken to achieve this through training, sensitization and through institution of a performance appraisal system. The effective realization of this mandate will require adequate staffing and empowering the Human Resource department since it plays a key role in paving way for these initiatives.
- 190.** In executing the mandate of the Office of the County Secretary the following challenges have been encountered: Budgetary constraints, inadequate staff capacity in key technical areas, inadequate provision of infrastructure and office space and equipment, achievement of a harmonized and seamless functioning of public service staff from different contexts
- 191.** Many of these challenges have financial implications. Some of the challenges are being countered through staff training. However, hiring of technically skilled staff requires purposeful identification and sourcing of the required people. Collaboration with relevant departments has insured that the challenge of office space and infrastructure is gradually being addressed.

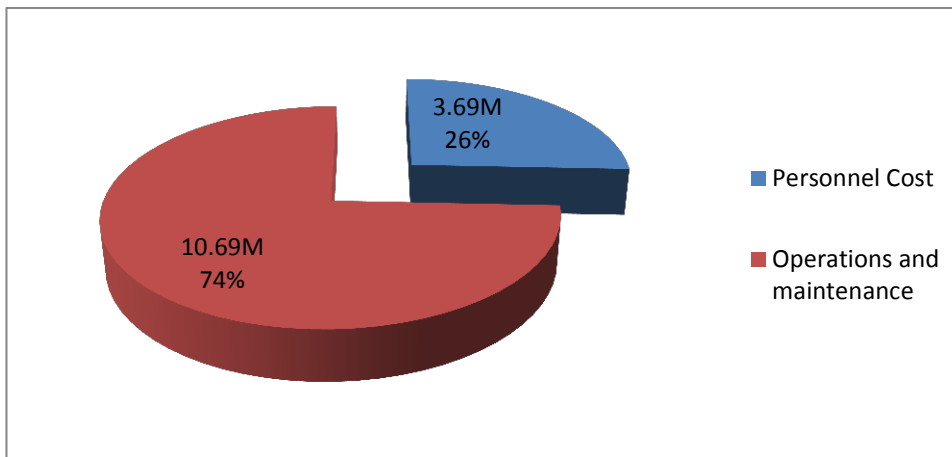
**192.** The office of the County Secretary will continue to ensure that every effort is made to institute a productive and effective Public Service in the County. In addition, the Office of the County Secretary will endeavor to implement the institution of a strategic focus to achieving an upward trend in the development of the County.

**193.** The department was allocated Kshs. 14.38. This constituted 0.22% of the total budget. The budget for the department was divided as follows;

**Table 35: Office of the County Secretary allocation analysis by economic classification**

SNO	Description	Amount (Mil)	Percentage
1	Personnel Cost	3.69	26%
2	Operations and maintenance	10.69	74%
	<b>Total</b>	<b>14.38</b>	<b>100%</b>

**Figure 32: Office of the County Secretary analysis**

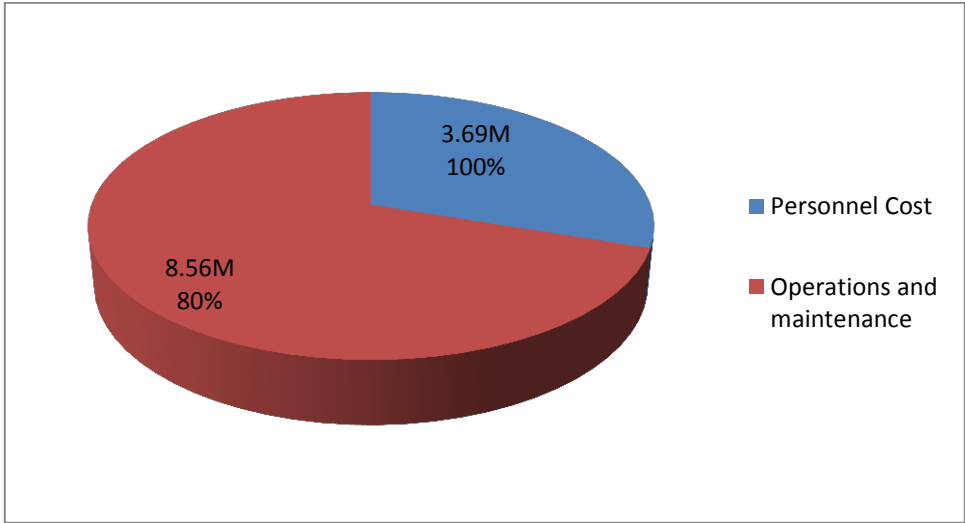


**194.** The office did not have any development resources. The Personnel emoluments vote allocation accounted for 74% compared to O&M's 26%.

**Table 36: Office of the County Secretary absorption level**

NO	DESCRIPTION	AMOUNT ABSORBED	AMOUNT BUDGETED	%AGE AGAINST ALLOCATION
1	Personnel Cost	3.69	3.69	100%
2	Operations and maintenance	8.56	10.69	80%
	<b>Total</b>	<b>12.25</b>	<b>14.38</b>	<b>85%</b>

**Figure 33: Office of the County Secretary absorption analysis**



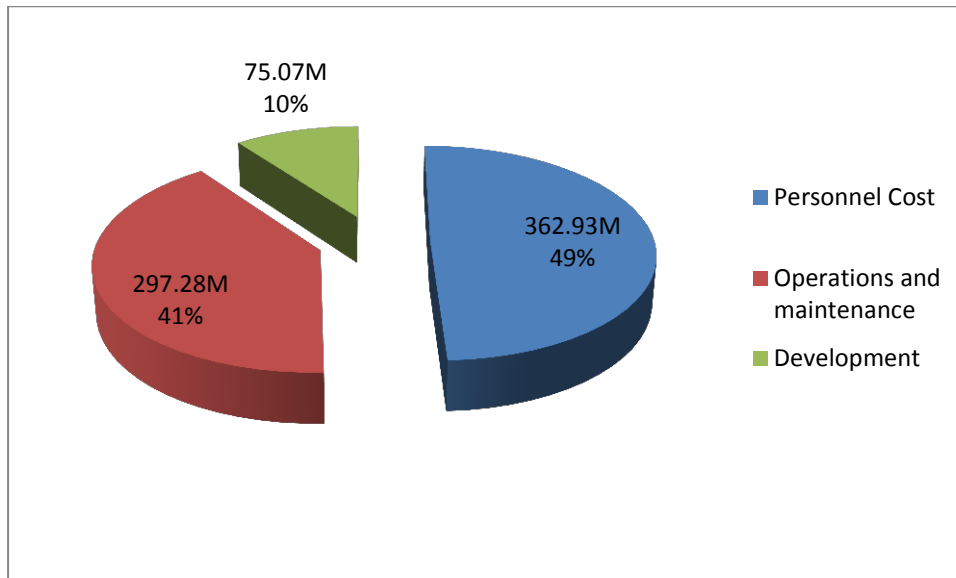
**15. County Assembly**

- 195.** The legislative authority of the county is vested in, and exercised by the County Assembly. The roles of the county assembly have been highlighted in the in Section 8 of the County Government Act 2012, which includes among others approval of the county budgets in accordance with Article 207 of the constitution, approve borrowing by the County Government in accordance with Article 212 of the Constitution, approve County development planning and perform their legislative role as set out under Article 185 of the Constitution.
- 196.** The County Assembly was allocated Kshs. 735.28. This accounted for 11.63% of the total county budget. The budget allocation was distributed as follows;

**Table 37: County Assembly allocation analysis by economic classification**

SNO	DESCRIPTION	AMOUNT	PERCENTAGE
1	Personnel Cost	362.93	49%
2	Operations and maintenance	297.28	40%
3	Development	75.07	10%
	<b>Total</b>	<b>735.28</b>	<b>100%</b>

**Figure 33: County Assembly allocation analysis**

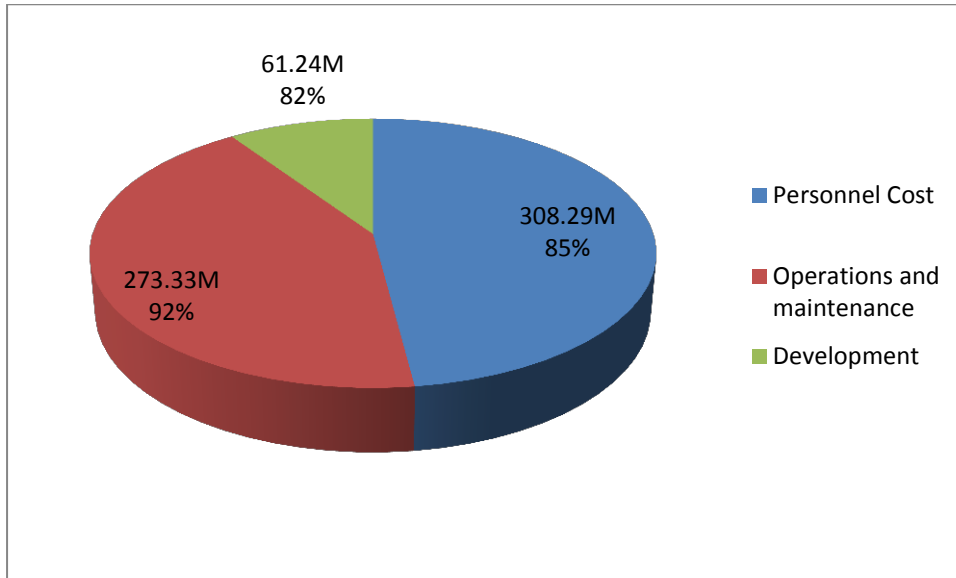


197. The Personnel vote got the highest allocation at 49% followed by Operations and Maintenance which had an allocation of 41%. Development cost allocation took the least allocation of 10 %.

**Table 38: County Assembly absorption level in Millions**

No	Description	Amount Absorbed	Amount Budgeted	%Age Against Allocation
1	Personnel Cost	308.29	362.93	85%
2	Operations and maintenance	273.33	297.28	92%
3	Development	61.24	75.07	82%
	<b>Total</b>	<b>642.85</b>	<b>735.28</b>	<b>87%</b>

**Figure 35: County Assembly absorption analysis**



**198.** Operations and Maintenance absorption stood at 92%. However, the County Assembly utilized 82% of their development funds. Personnel cost was at absorption rate of 85%.

### **Risks to the Outlook**

**199.** The following factor affected implementation of the planned programs;

- ✓ The staff capacity has also been identified to be low. To enhance capacity of existing staff on-the job training will be conducted through relevant resource persons to equip the staff with modern and up to date skills for improvement of their performance and service delivery.
- ✓ Poor planning by county departments have led to slow procurements and continued delays have also affected implementation of programmes.
- ✓ Low adoption/uptake of programs

### **OPPORTUNITIES**

**200.** The County will continue to look for productivity improvements by utilizing the untapped resources and ensuring that there is value for money by aligning Expenditure with revenue from existing sources. New and enhanced services will be aligned with County priorities. This will boost the economic development and renew investor confidence

### **CONCLUSION AND WAY FORWARD**

**201.** This fiscal outlook paper seek to achieve the objective stated in chapter two in line with the PFM Act, 2012 and lay ground for the next financial year in preparation of the CFSP and County Budget.

**202.** The persistent low performance in local revenue collection will be boosted by the approval of Finance



Bill 2015 and therefore the county will have a legal basis for local revenue collection from sources such as markets (Business) permits. In addition, fiscal discipline will be important in ensuring proper management of funds and delivery of expected output.

- 203.** Poor connectivity for the operationalization of IFMIS exacerbated by inadequate human capacity and computer hardware to support the systems affected county operation.
- 204.** To enable departments plan for their future activities proposed departmental budgets have been attached. This will address the challenge of poor planning by the departments.

PROPOSED DEPARTMENTAL BUDGET CEILINGS IN KSH MILLIONS

VOTE	VOTE TITLE	2014/2015 ACTUAL EXPENDITURE				APPROVED BUDGET FY 2015/16				PROPOSED BUDGET FY 2016/17				PROPOSED BUDGET FY 2017/18			
		EC	O&M	Dev'	Total	EC	O&M	Dev	Total	EC	O&M	Dev'	Total	EC	O&M	Dev'	Total
1	AGRICULTURE AND ANIMAL RESOURCES	168	21	107	<b>295</b>	175	39	216	<b>431</b>	188	40	168	<b>396</b>	201	44	185	<b>430</b>
2	TRADE, CO-OPERATIVES, TOURISM AND INDUSTRY	20	10	41	<b>71</b>	31	10	95	<b>136</b>	33	17	66	<b>116</b>	36	18	73	<b>127</b>
3	EDUCATION AND VOCATIONAL TRAINING	100	8	119	<b>227</b>	167	28	270	<b>465</b>	179	20	187	<b>386</b>	192	22	206	<b>419</b>
4	FINANCE AND ECONOMIC PLANNING	162	213	679	<b>1,054</b>	169	399	904	<b>1,472</b>	181	434	1,047	<b>1,663</b>	194	478	1,152	<b>1,824</b>
5	COMMUNITY DEVELOPMENT ,GENDER,CULT URE AND SOCIAL SERVICES	37	13	71	<b>121</b>	35	22	149	<b>212</b>	38	20	113	<b>171</b>	40	22	125	<b>187</b>
6	PUBLIC WORKS, TRANSPORT,A ND DISASTER MANAGEMENT	43	17	341	<b>401</b>	42	31	163	<b>234</b>	45	26	528	<b>599</b>	48	29	581	<b>658</b>
7	LABOUR, PUBLIC SERVICE, ICT AND INTER-GOVERNMENT	236	124	32	<b>392</b>	257	111	65	<b>398</b>	275	124	53	<b>452</b>	294	136	58	<b>489</b>

	AL RELATIONS																
8	LAND, HOUSING AND URBAN DEVELOPMENT	19	13	62	<b>93</b>	19	20	178	<b>207</b>	20	13	99	<b>132</b>	21	14	109	<b>144</b>
9	WATER ENVIRONMENT AND NATURAL RESOURCES	51	20	127	<b>197</b>	36	26	225	<b>293</b>	39	20	199	<b>257</b>	41	22	219	<b>282</b>
10	HEALTH AND SANITATION	795	158	349	<b>1,301</b>	833	106	506	<b>1,445</b>	891	157	540	<b>1,588</b>	954	173	594	<b>1,720</b>
11	COUNTY PUBLIC SERVICE BOARD	15	19	-	<b>34</b>	17	15	-	<b>32</b>	18	32	-	<b>50</b>	19	35	-	<b>55</b>
12	THE GOVERNOR	58	72	37	<b>168</b>	101	103	10	<b>213</b>	108	116	58	<b>281</b>	115	127	63	<b>306</b>
	<b>TOTAL VOTED EXPENDITURE - EXECUTIVE</b>	<b>1704</b>	<b>435</b>	<b>1,964</b>	<b>4,102</b>	<b>1,883</b>	<b>910</b>	<b>2,780</b>	<b>5,537</b>	<b>2,015</b>	<b>1,019</b>	<b>3,058</b>	<b>6,091</b>	<b>2,156</b>	<b>1,120</b>	<b>3,364</b>	<b>6,640</b>
13	COUNTY ASSEMBLY	308	273	61	<b>643</b>	386	128	169	<b>683</b>	415	261	75	<b>751</b>	444	287	83	<b>814</b>
	CA REVOLVING FUND		-	-		-	-	50	<b>50</b>	-	-	55	<b>55</b>	-	-	61	<b>61</b>
	<b>TOTAL VOTED EXPENDITURE</b>	<b>2012</b>	<b>496</b>	<b>2,077</b>	<b>4,745</b>	<b>2,269</b>	<b>1,038</b>	<b>2,958</b>	<b>6,270</b>	<b>2,430</b>	<b>1,280</b>	<b>3,188</b>	<b>6,897</b>	<b>2,600</b>	<b>1,407</b>	<b>3,507</b>	<b>7,514</b>

Notes: EC- Employee compensation, O&M- Operation and Maintenance and DEV -Development