



COUNTY GOVERNMENT OF WAJIR

DEPARTMENT OF FINANCE AND ECONOMIC PLANNING

**COUNTY FISCAL STRATEGY
PAPER**

FEBRUARY 2019

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County Executive Committee**

Table of Contents

Foreword	v
Acknowledgement	vi
ABBREVIATIONS AND ACRONYMS	vii
LIST OF TABLES AND FIGURES	viii
Legal Basis for the preparation of the County Fiscal Strategy Paper	ix
1. COUNTY STRATEGIC BLUE PRINT	1
1.1. Overview	1
1.2. Programmes for Achieving the County Strategic Blueprint's Objective	2
1.3. Outline of County Fiscal Strategy Paper	5
2. RECENT ECONOMIC DEVELOPMENTS AND POLICY OUTLOOK	6
2.1. Overview	6
2.2. Impact of the Macro-economic performance indicators to the County	8
2.3. Update on Fiscal Performance and Emerging Trends	9
2.4. Comparison of Actual Performance against budget	9
2.5. Significant Economic, Legislative and Financial Events	10
2.6. Revised Estimates	10
2.7. Economic Policy and Outlook	11
2.8. Risks to the Outlook	12
3. FISCAL POLICY BUDGET FRAMEWORK	14
3.1. Overview	14
3.2. Fiscal Policy Status	15
3.3. Fiscal Strategy Paper's Obligation to Observe Principles	15
3.4. Budget Framework Proposed for FY 2019/20 MTEF	17
3.5. Summary	21
4. MEDIUM TERM EXPENDITURE FRAMEWORK	23
4.1. Resource envelope	23
4.2. Spending priorities	23
4.3. Medium Term Expenditure Estimates	24
4.4. Baseline Ceilings	26
4.5. Finalization of spending plans	28
4.6 Details of Sector Priorities	28

5. CONCLUSION AND NEXT STEPS	38
ANNEXES	39
ANNEX 1: FY 2019/20 MTEF Budget timelines	39
ANNEX 2: MTEF Programme Ceilings – FY2019/20 -2021/22.....	41
Annex 3: County Treasury Macro Working Group members	42

Foreword

The 2019 County Fiscal Strategy Paper is the second to be prepared under the 2nd County Integrated Development plan (2018-2022) and marks the 2nd year of implementation of under the new county administration. This second CIDP planning period is building on the gains and achievements of the inaugural county government. Significant achievements were recorded in the first County Integrated Development Plan period although the growth and performance of revenue has been slowing down from FY 2014/15 when the highest own source revenue was recorded.

Going into the FY 2019/20 MTEF period, Wajir County government will be guided by the lessons learnt in FY 2018/19 as well as the policy direction espoused in the Budget policy Statement for FY 2019/20 MTEF, Third Medium Term Plan (MTP III) of the Kenya Vision 2030 which covers the period 2018-2022 and builds on the gains made in key sectors of the economy during the Second Medium Term Plan (MTP II). We will also be guided by need to augment the County's economic transformation under the 'The Big Four' Plan for job creation and shared prosperity.

The recent economic developments in the Country are discussed to provide macroeconomic outlook for the medium term. A further analysis of the medium term Fiscal Framework for the County has been provided and risks to the CFSP identified. In addition, the 2019/20 Budget Framework has been discussed with emphasis on the revenue envelope, expenditure ceilings, overall balance and financing. These baseline ceilings will guide the budget making process and form the basis for the FY 2019/20 MTEF budget.

Further, the County Fiscal focus in the next medium term expenditure framework period (MTEF FY 2019/20 to FY 2021/22) will be premised on the above medium term County forecast. To this end the County has identified seven (7) main strategic initiatives to guide the service delivery agenda. Specifically (i) enhancing food security by investing in appropriate systems; (ii) improving access to universal health care to guarantee quality and affordable health for all (iii) enhancing cohesion and integration through equity and inclusivity for all; (iv) Improving Road, Transport, Energy and Communication Infrastructure to Spur Investment and ease of doing business; (v) improving early childhood education, and youth, women and marginalized groups empowerment; (vi) Improving access to adequate portable water, and ensure clean and safe environment; and (vii) Promoting clean energy by tapping into solar and wind energy. Additionally, the County fiscal strategy has been aligned to the national governments "Big 4 plan" which covers food security and nutrition for all, increasing the manufacturing sectors share in GDP, access to housing and attaining universal health for all.

Mr Abdihakim Billow
Ag. County Executive Committee Member
Finance and Economic Planning

Acknowledgement

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

It is with great pleasure for the Department of Finance and Economic Planning to register its appreciation to all those persons who put their efforts in the preparation of this CFSP 2019. The preparation of the 2019 Fiscal strategy paper was a consultative and inclusive process. Much of the information in this policy document was obtained through the Sector Working Group (SWG) reports. Wajir County government sectors have representation from the County leadership, county technical teams and county stakeholders. We are also grateful to the Wajir County Macro working group that took time to analyze all information and develop this document through a workshop held between the 28th January 2019 and the 1st February 2019 at the Travellers Lodge in Mombasa.

Much appreciation to the Directorate of Economic planning headed by Ahmed Maalim and his deputy Stephen Muoka who spearheaded the entire CFSP preparation process. We also appreciate the Directorate of Budget headed by Ms Sahara Yussuf and her team for providing leadership on the budget making process. I also extend special appreciation to the team of technical officers in the Directorate of Economic planning and the Directorate of Budgeting for their dedication and commitment to this process.

Similarly, I acknowledge the continued partnership with USAID-AHADI. Specifically, the invaluable support and technical assistance in the preparation of this policy paper from USAID-AHADI team comprising of Waceke Wachira (Chief of Party), Angela Kabiru (Head of Governance), Mukami Mbogo (Program Officer), Osman K. Abdille (County Liasion Officer) and Nicodemus Kirima (PFM Consultant).

To all that were involved, receive my heartfelt appreciation.

Mrs Farhiya Hanshi
County Chief Officer,
Department of Economic Planning, Budget and Statistics

ABBREVIATIONS AND ACRONYMS

CBK	Central Bank of Kenya
CECM	County Executive Committee Member
CO	Chief Officer
CRA	Commission of Revenue Allocation
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
FY	Financial Year
GDP	Gross Domestic Product
IBEC	Inter-Governmental Budget and Economic Council
ICT	Information and Communication Technology
IFMIS	Integrated Financial Management Information System
KNBS	Kenya National Bureau of Statistics
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
PE	Personnel Emoluments
PFM	Public Finance Management
PWD	People with Disabilities
SRC	Salaries and Remuneration Commission
SWG	Sector Working Group

LIST OF TABLES AND FIGURES

List of Tables

Table 1:	Macroeconomic Indicators Underlying the Medium Term Fiscal Framework (FY 2019/20 MTEF)
Table 2:	County Government Revenue trends and projections
Table 3:	County Government Fiscal Projections FY 2019/20 MTEF
Table 4:	Actual Expenditure by Economic Classifications from FY 2015/16 – FY 2017/18
Table 5:	Actual and projected expenditure by Economic Classifications
Table 6:	Actual and projected development expenditure
Table 7:	Summary of Indicative Sector Ceilings for FY 2019/20 – FY 2021/22

List of Figures

Figure 1:	County revenue by source, estimates, actual and trends
Figure 2:	Estimates versus Actual expenditures (Million Kshs)
Figure 3:	Expenditure by Economic Classifications from FY 2015/16 – FY 2017/18
Figure 4:	Ceiling projections per sector
Figure 5:	Development Estimates, Actual and projections (Kshs Millions)

Legal Basis for the preparation of the County Fiscal Strategy Paper

Legal Basis for the Publication of the County Fiscal Strategy Paper

The County fiscal strategy paper is prepared in accordance with Section 117 of the Public Financial Management Act, 2012. The law states that:

- (1) The County, Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by the 28th February of each year.
- (2) The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.
- (3) In preparing the County Fiscal Strategy Paper. The County Treasury shall specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term.
- (4) The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term.
- (5) In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of
 - (a) The Commission on Revenue Allocation;
 - (b) The public;
 - (c) Any interested persons or groups; and
 - (d) Any other forum that is established by legislation.
- (6) Not later than fourteen days after submitting the County Fiscal Strategy Paper to the county assembly, the county assembly shall consider and may adopt it with or without

Responsibility Principles in the Public Financial Management Law

In line with the Constitution, the new Public Financial 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(b)) states that:

- 1) The county govern
- 2) Over the medium term, a minimum of 30% of the County budget shall be allocated to development expenditure
- 3) public officers shall not exceed a percentage of the County government revenue as prescribed by the regulations.
- 4) be used only for the purpose of financing development expenditure and not for recurrent expenditure.
- 5) Public debt and obligations shall be maintained at a sustainable level as
Approved by County Government (CG)
- 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. COUNTY STRATEGIC BLUE PRINT

Wajir County has a vision to build “A Secure, Resilient and Globally Competitive First Class County in Service Delivery for All”. Further, the governor’s manifesto presented a 15 point transformational agenda for the County for the period 2017-2022. The transformational plan has informed the County Integrated Development Plan (CIDP) for 2018-2022 and the Annual Development Plan for 2019/2020. The plans have placed key focus on programmes and interventions required to achieve the governor’s manifesto and the Jubilee government’s “Big 4” agenda towards implementation of the country’s Vision 2030.

I.1. Overview

I.1.1. General context

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

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

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

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

1.1.2. County Specific Context

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

- i. Enhance food security by investing in appropriate systems;
- ii. Improve access to universal health care to guarantee quality and affordable health for all;
- iii. Enhance cohesion and integration through equity and inclusivity for all;
- iv. Improve Road, Transport, Energy and Communication Infrastructure to Spur Investment and ease of doing business;
- v. Improve early childhood education, and youth, women and marginalized groups empowerment;
- vi. Improve access to adequate portable water, and ensure clean and safe environment; and
- vii. Promoting clean energy by tapping into solar and wind energy.

1.2. Programmes for Achieving the County Strategic Blueprint's Objective

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

1.2.1. Enhance Food Security by Investing in Appropriate Systems:

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

- a) Increase livestock productivity, marketing of livestock and livestock products, value addition and fodder production for the economic wellbeing of the county residents;
- b) Enhance animal health through disease surveillance and disease control as well as veterinary public health;
- c) Improve livestock health, welfare and productivity;

- d) Create enabling environment for crop development and increase in crop productivity-through irrigated agriculture, adoption of technologies innovations and management practices and enhanced extension services;
- e) Improve the income of the farmers through proper market linkage, research and also increase shelf life of agricultural produce;
- f) Promote livelihood diversification.

1.2.2. Improve access to universal health care to guarantee quality and affordable health for all.

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

- a) Investment in improving health infrastructure including diagnostic services through establishing specialized services units;
- b) Equipping the Wajir Referral Hospital to level 5 hospital standard;
- c) Strengthening emergency services and referral system to provide 24 hours' referral services;
- d) Improvement of ANC and skilled deliveries for mothers;
- e) Provision of scholarships for health trainings for all cadres as well as Enhance capacity development for technical staff;
- f) Recruitment of Health technical staffs;
- g) Provision of regular adequate supplies of health products and commodities ;
- h) Strengthen Monitoring and evaluation through regular support supervisions;
- i) Strengthening Community health strategy;
- j) Strengthening active case finding in facilities and community level;
- k) Strengthen health education/promotion system;
- l) strengthening Community Led Total Sanitation;
- m) Strengthen collaboration with health/WASH-related sectors; and

1.2.3. Enhance cohesion and integration through equity and inclusivity for all.

The Government will initiate and develop an elaborate peace, security, cohesion and integration policy framework for the county. In addition it will implement robust peace building, governance, intergovernmental relations, conflict mitigation and response measures so as to return Wajir County to its lost glory of a peaceful and secure environment thereby laying firm foundations for investment and growth.

The Government will strengthen public participation, sub county and ward administration structures by further devolving resources to the ward level by implementing Ward Based Development Projects.

The county will prioritize to review the public service structures, skills and competences to ensure the Human Resource (HR) functions in all sectors operate at optimal level. Performance Management including performance contracting for managerial staff will form part of a broader HR functions as well as training, capacity building and scholarships for specialized courses.

iv. Improve Road, Transport and Communication Infrastructure to spur economic growth

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

- a) Construction of County Roads and Bridges;
- b) Maintenance & Rehabilitation of County Roads and Bridges;
- c) Expansion of communication infrastructure;
- d) Improve County Transport Services.

v. Improve early childhood education, and youth, women and marginalized groups empowerment:

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

- a) Improve ECDE infrastructure and Learning programs;
- b) Improve school feeding program for ECDE centers;
- c) Improve TVET infrastructure and Learning programs;
- d) Improve child protection programs;
- e) Preservation of culture and heritage;
- f) Enhance gender responsive programming;
- g) Provision of business start-up capital and mentoring for women, and youth graduates;
- h) Improvement of sport infrastructure.

vi. Improve access to adequate portable water

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

- a) Water supplies overhaul and maintenance services;
- b) Infrastructure Development Services which includes construction of mega pans and major water works and drilling of boreholes;
- c) Maintenance of boreholes and sanitation services as well as water distribution in major settlements;
- d) Water governance;
- e) Water quality management.

vi. Promoting clean energy and ensure clean and safe environment

In the promotion of clean energy by tapping into solar and wind energy, the priority economic policies, structural reforms and sector-specific expenditure programs that will be implemented to achieve this outcome are:

- a) Green energy solutions through harnessing of alternative sources of energy- including off-grid for rural settlement;

- b) Climate change adaptation & mitigation by building resilience;
- c) Conservation and protection of rangeland management;
- d) Improve tree cover through afforestation programs;
- e) Environment conservation through Soil and vegetation conservation;
- f) Tourism and wildlife promotion.

I.3. Outline of County Fiscal Strategy Paper

This paper has four other sections. Section Two reviews the County's recent economic developments and policy outlook that provides reviews the latest information on the macroeconomic variables and their latest trends at the national level since they were last analyzed during the compilation of the County Budget Review & Outlook Paper (C-BROP) and compared to the previous financial year to derive a percentage growth rate. Section three reviews the fiscal policy budget framework and provides the key actions the County Government has decided to take in the budget allocation. Section four sets out the budget framework proposed for FY 2019/20 MTEF and the resource envelope available for allocation among the county's departments and agencies and is based on the County Government's final resource projections contained in the medium term fiscal framework as outlined in the Fiscal Policy and Budget Framework section of this paper. The section has sub-sections that capture the resource envelope, spending priorities, MTEF estimates, baseline ceilings, the process for finalization of the spending plans and the details of the sector priorities. And lastly, section five gives a conclusion of the entire paper and provides a summary of the main changes and decisions to be put to effect during the MTEF period.

2. RECENT ECONOMIC DEVELOPMENTS AND POLICY OUTLOOK

2.1. Overview

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

2.1.1. Gross Domestic Product growth and its main drivers by sector

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

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

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

2.1.2. The broad money supply trend

Broad money supply, M3, improved to a growth of 9.1 percent in the year to October 2018 compared to a growth of 7.2 percent in the year to October 2017. This was due to the increase in the net foreign assets (NFA) of the banking sector despite a slowdown in the

growth of net domestic assets (NDA) of the banking system. The decline in growth of NDA was largely reflected in the decrease in net domestic credit to Government.

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

2.1.3. The inflation rate trend

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

2.1.4. The interest rate trend

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

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

2.1.5. The balance of payments trend

The overall balance of payments position was at a deficit of US\$ 1,333.9 million (1.4 percent of GDP) in the year to October 2018 from a surplus of US\$ 490.5 million (0.6 percent of GDP) in the year to October 2017. This deficit was due to a decline in the financial account despite an improvement in the capital and current accounts. The current account balance improved to a deficit of US\$ 4,660.6 million (5.0 percent of GDP) in the year to October 2018 compared to a deficit of US\$ 5,141.8 million (6.5 percent of GDP) in the year to October 2017. This improvement was supported by strong growth of agricultural exports

particularly tea and horticulture, increased diaspora remittances, strong receipts from tourism, and lower imports of food and SGR-related equipment relative to 2017. It is expected to narrow further to 5.2 percent of GDP in 2018 from 6.3 percent in 2017.

2.1.6. The exchange rate trend

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

2.1.7. The stock market trend

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

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

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

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

The Country has benefitted from the recovery of the Tourism sector and the county has already developed clear strategies to tap into this previously unexploited sector. Specifically and in the medium term to 2021/22, the County has planned to develop more cultural site and products, improve advertisement of the available tourism products and development of conservancies and wildlife sanctuaries. The proposed investments in infrastructure will enhance connectivity as well as access and further bolster the various initiatives targeted by the County.

2.3. Update on Fiscal Performance and Emerging Trends

In FY 2017/18, the County had a final Supplementary Budget of Kshs.9.6 billion, comprising of Kshs.5.69 billion (60.8 per cent) and Kshs.3.67 billion (39.2 per cent) allocation for recurrent and development expenditure respectively. The County expected to receive Kshs. 8,138,900,000 as equitable share , Kshs. **661,910,719** as total conditional grants, generate Kshs.150 million from own source revenue, and Kshs. 372,456,492 cash balance from FY 2016/17.

2.3.1. Revenue

During the FY 2017/18, the county received in County Revenue Fund Kshs. 8,138,900,000 as equitable share of revenue raised nationally, Kshs. 530,581,621 as total conditional grants, raised Kshs. 56,599,351 from own source revenue, and a cash balance of Kshs. 372,456,492 from FY 2016/17.

2.3.2. Expenditure

In 2017/18 a total of Kshs. 5,572,010,818 was spent on recurrent activities while Kshs. 842,538,877 was spent on development activities. The expenditure excluded pending bills which amounted to Kshs. 2,490,000,000 for development activities and Kshs. 126,715,675 for recurrent expenditure as at June 30, 2018.

2.3.3. Fiscal balance

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

2.4. Comparison of Actual Performance against budget

An analysis of the budget performance in the FY2017/18 reveals that while the recurrent allocation is well absorbed, the development vote is minimally absorbed. To finance the government operation in 2017/18, the County expected to receive Kshs.8.14 billion (86.9 %) as equitable share of revenue raised nationally, Kshs.531.12 million (5.8 %) as total conditional grants, generate Kshs.150 million from own source revenue, and Kshs.372.5 million (3.9 %) cash balance from FY 2016/17. The allocations from the national treasury were well released at 100% while the OSR performed poorly at 38%.

The County's budget absorption on the development vote in FY 2017/18 was not impressive. The absorption for the budget was Kshs 6.4 billion where Kshs.5.572 billion (87%) was used recurrent and Kshs.842.54 million (13%) development expenditure. On the overall the government expended 70% of the budgeted resources; however, only 23% of the development vote was spent while 97% of the recurrent vote was spent. In absolute figures, there was a decline of 29.7 per cent from Kshs.8.1 billion spent in FY 2016/17. The development absorption rate of 23 per cent recorded was a decrease from 72.5 per cent attained in FY 2016/17.

This low expenditure on development resulted in pending bills which amounted to Kshs.2.49 billion for development and Kshs.126.72 million for recurrent expenditure as at June 30, 2018. It should be noted that the government implemented 95% of the contracted projects though due to delay by the national treasury to release funds, there was delay in payment as reflected by the huge pending bills.

2.5. Significant Economic, Legislative and Financial Events

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

The elections in August 2017 came immediately after the start of the financial year 2017/18, the heated political temperatures coupled with uncertainties associated with elections saw a subdued budget implementation at the start of the financial year. The repeat of the presidential elections in October further disrupted national and county operations resulting to a slower budget implementation. The petition challenging the election of the governor has remained unresolved to date, this has constrained government operations due to increased political interference and uncertainties thereby resulting to slowed budget implementation.

2.6. Revised Estimates

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

The first half of 2018/19 has recorded gross under performance of OSR, this shortfall shall be accommodated by rationalizing recurrent expenditure. The revenue shortfall has mainly been occasioned by weak legal framework to support the activation of all revenue streams.

In the medium term, the government intends to put in place adequate laws and measures to address these weaknesses.

WAJWASCO will benefit from Kshs 1 billion grant for water and sanitation from the World Bank through the national government; considering the capacity constraints in the company, it is expected that there shall be some significant carryovers to the following year.

2.7. Economic Policy and Outlook

The BPS projects a GDP growth of 7% in the medium term, this is expected to guarantee a revenue growth of at least 3% annually for the county governments. This anticipated revenue allocations to the county has been factored in the budget projections in this CFSP. The government has projected a balanced budget in the medium term.

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

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

Table 1: Macroeconomic Indicators Underlying the Medium Term Fiscal Framework (FY 2019/20 MTEF)

	2018/19	2019/20	2020/21	2021/22
Annual percentage change				
National Account and Prices				
Real GDP	5.4	5.4	6.1	6.1
GDP Deflator	8.4	8.4	7	7
CPI Index (eop)	6.7	5	5	5
CPI Index (avg)	8.1	5.2	5	5
Terms of Trade (-deterioration)	0.7	0	-2.6	-2.6
Percentage of GDP				
Investment and saving				
Investment	17.9	21.1	22.8	22.9
Gross National Savings	14	15.5	17.6	17.6
Central Government Budget				
Total revenue	18.6	17.3	18.5	18.5
Total expenditure and net lending	27.6	24.4	25.1	24.8
Overall balance (commitment basis) excl. grants	-9	-7.1	-6.6	-6.2
Overall balance (commitment basis) incl. grants	-8.8	-6.8	-6.1	-5.8
Gross international reserve coverage in months of imports	6.5	6.9	7	7

2.8. Risks to the Outlook

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

<i>Risks</i>	<i>Mitigation measures</i>
<p>Risk in Changes in Macroeconomic Assumptions</p> <p>Unexpected changes in in macroeconomic variables create risks to both revenue and expenditure projections in this CFSP as they play a key role in the formulation of the budget. Some of these risks include adverse changes in real GDP growth rates, inflation rate, exchange rate and volatility of commodity prices that affect the County's own source revenue. However, on the overall, any negative external and internal shocks to our economy may adversely affect transfers from the national government and may significantly affect the funds allocated to Wajir County.</p>	<p>Mitigation Measures</p> <p>Wajir County understands that the risks in macro-economy largely affect the programmed spending on the development budget. The National Treasury has developed a national mitigation of measure by establishing the Public Investment Management Unit which will be responsible for ensuring that all capital projects are planned, appraised and evaluated before funds are finally committed in the budget. Wajir County shall ensure that capital projects planning, appraisal and evaluation are conducted efficiently and necessary commitments made through the Public Investment Management Unit to ensure that funds are allocated early in the financial year. To this end the County will develop comprehensive work plans, procurement plans and cash flow projections and ensure these are submitted as required (by the 15 June of each financial year) to mitigate the effects of any adverse macroeconomic changes and ensure that if this risk crystalizes then the effects are borne by the National government.</p>
<p>Shortfall in County Revenue</p> <p>The third revenue sharing formula proposed by CRA will lead to reduction of county revenue significantly.</p> <p>The County government has projected as part of its revenue envelope own source revenue that will be used for budgetary support. Own source revenue generation has continued to face challenges that has resulted in consistent drop in the revenue collected and the failure to achieve the targets in the past.</p>	<p>Mitigation Measures</p> <p>While country's GDP growth is projected at 7%, the county government has conservatively projected the revenue growth at 3%;</p> <p>Understanding the own source revenue environment, the county has in the FY 2019/20 MTEF reduced the budget to reflect more closely the expected revenue given the current environment.</p> <p>However, in the medium term the government will undertake measures aimed at expanding the revenue base and increasing tax compliance through the integration of technology in revenue collection. Further, the County will develop legislation over key revenue sources and develop enforcement mechanisms to stem the revenue leakages.</p>
<p>Pending bills</p> <p>Wajir County continues to face major challenges of pending debts and bills. The pending bills currently appropriated stands at Kshs 2.6 billion while the pending debts inherited from the defunct local</p>	<p>Mitigation measures</p> <p>The pending bills of Kshs 2.6 billion from FY 2017/18 have been appropriated for in FY 2018/19 and is expected to be cleared by the end of this financial year. In the medium term, the pending debts of approximately Kshs 700 million (as per Assumption of Office Report) will be verified and adequate consultations made on how to clear the</p>

<i>Risks</i>	<i>Mitigation measures</i>
<p>authorities and County departments from prior financial years at approximately Kshs 700 million.</p>	<p>amounts that will result from this process. In the medium term, commitments will be made against the appropriated resources and payments will be made in strict compliance with the approved estimates.</p>
<p>Contingent Liabilities</p> <p>County Government continues to face potential litigation on the pending bills and/or due to lack of compliance on the various statutory requirements including the myriad of requirements imposed by Kenya Revenue Authority. Though there were no active cases at the time of the development of this CFSP (2019), the possibility of such being brought remains a risk.</p>	<p>Mitigation Measures</p> <p>The County will continue to ensure full compliance with contractual agreements and with statutory requirements imposed by the various national agencies.</p> <p>Further, the county will seek to revamp its legal department to ensure that the implementing departments get the requisite legal advice when dealing with all contractual matters.</p>

3. FISCAL POLICY BUDGET FRAMEWORK

3.1. Overview

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

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

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

The total resource envelope for FY 2019/20 is expected to be Kshs 9.5 billion. Based on the analysis of the macro-economic environment and the trend of growth of the County revenues, the projections are that it will grow by 3% per annum to Kshs 9.7 billion for FY 2020/21 and Kshs 10 billion for FY 2021/22. This is hedged on the overall expected growth of 7% on GDP and the impact of this on the national revenues and the basis for allocation determined by the Commission of Revenue Allocation. Own Source revenues are also expected to triple in the medium term based on the current status. However, the County intends in the medium term to strengthen revenue collection through automation, enhancing enforcement capacity and developing legislation for the various revenue streams.

The County Government will strive to ensure that the budget is balanced in the medium term and that expenditure for development shall constitute 34%, across the FY 2019/20, FY 2020/2021 and FY 2021/22. Further and on the back of prudent financial management, the county will also seek to keep the recurrent expenditures below 66% in the medium term. Expenditure ceilings are based on county priorities extracted from the CIDP 2018-2022, ADP 2019/20 and the sector working group reports for each of the sectors. Moreover, the ceilings were also adjusted based on reduction on total revenue, expenditure trends and the changes in priority based on sector working group discussions. Expenditure related to conditional funding and grants has been ring fenced based on the purpose for the funding and estimates developed and included in the sector working group reports.

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

3.2. Fiscal Policy Status

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

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

3.3. Fiscal Strategy Paper's Obligation to Observe Principles

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

3.3.1. Fiscal Responsibility

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

1. Over the medium term, a minimum of thirty (30) per cent of the budget shall be allocated to the development expenditure. In FY 2015/16, FY 2016/17 and FY 2017/18, the government achieved an allocation to development expenditure of 53%, 47% and 39 %, respectively. The projections for the medium term is 34% across the years which is within the law;
2. The Government's expenditure on wages shall not exceed a percentage of 35% of the County total revenue. This is a challenging fiscal principle as the county is faced with huge wage bill without equivalent corresponding revenue that support cash flow to meet this requirement. Personnel Emoluments for FY 2017/18 stood at 37%. The projected percentage of the wage bill in FY 2019/20 is 42% which represents a drop by 5 percentage points. This is due to the projected contraction of revenue sources by an overall of 11% and mainly attributable to significant conditional grants being captured in FY 2018/19 and which will not be captured in FY 2019/20 thus affecting the revenue envelope. However, the focus on productivity and the need to enhance own source revenues by automation and legislation are key to enable the County achieve the 35% in the medium term.

3. Over the medium term, the Government's borrowing shall be used only for purpose of financing development expenditure and not for recurrent expenditure. The County government has no plans within the FY 2019/20. However, if need arises to borrow in the medium term it will be tied to development purpose.
4. The county debt shall be maintained at a sustainable level as approved by County Assembly. The county debts are limited to the commitments carried forward from FY 2017/18 of Kshs 2.6 billion and long outstanding debts of about Kshs 700 million. The Kshs 2.6 billion was budgeted for in FY 2018/19 and shall be settled by the close of the financial year. The County will also commence a vetting process to determine the validity of the pending debts as some were inherited from the county council and relate to the period prior to devolution;
5. The fiscal risks identified under section 2.8 above shall be managed prudently and all mitigation measures indicated put in place to manage all identified and emerging risks; and
6. The government shall maintain a reasonable degree of predictability with respect to the level of tax/ levy rates and bases shall be maintained, taking into account any tax reforms that may be made in the future. The projections for the own source revenues have taken this into account and in the medium term, the county will focus more on stemming revenue leakages by instituting enforceable laws over revenue sources and move to automation of the revenue streams.

3.3.2. Fiscal Structural Reforms

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

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

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

3.3.3. Debt Financing Policy

The County Government's current debts are limited to the pending bills. The pending bills for FY2017/18 have been appropriated in the FY 2018/19 and will be cleared in the course of this financial year. The pending debts represent carried forward debts over the years and some that date

back to the pre-devolution period. A review and consultative process will be planned for and a decision made on how to clear this amounts. Except for these two categories, the County does not finance its operations through debt and hence no outstanding debt.

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

3.4. Budget Framework Proposed for FY 2019/20 MTEF

3.4.1. Revenue Projections

The county expects to receive total revenue of Kshs 9.363 Billion from national treasury as indicated in the draft Budget Policy statement. The own source revenue is projected to be 150 Million.

Table 2: County Government Revenue trends and projections

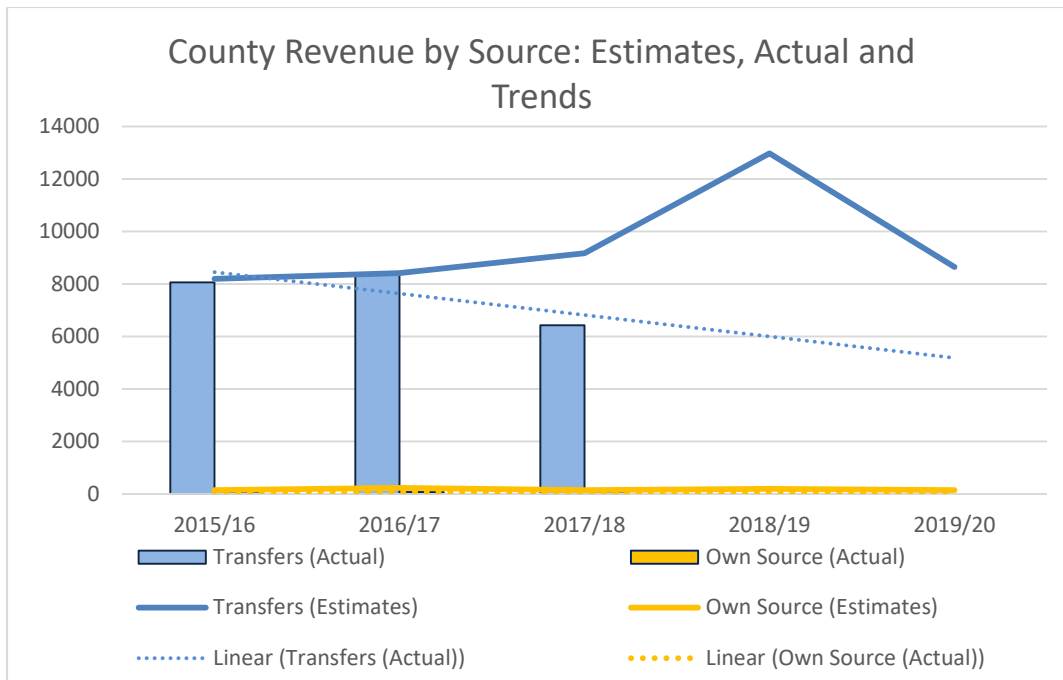
financial Year	Equitable Share	User Fees forgone	Fuel Levy	Development of Youth Polytechnics Conditional Grant	other Loans and Grants	Own Source Revenue	Total
2017/18	8,138,900,000	15,784,997	308,164,819	28,307,881	246,754,445	150,000,000	8,887,912,142
2018/19	8,478,000,000	15,784,997	223,218,356	21,295,000	1,617,816,837	200,000,000	10,556,115,190
2019/20	8,370,000,000	15,784,997	242,569,688	21,295,000	713,458,149	165,000,000	9,528,107,834
2020/21	8,621,100,000	15,784,997	254,698,172	21,295,000	734,861,893	181,500,000	9,829,240,063
2021/2022	8,879,733,000	15,784,997	267,433,081	21,295,000	756,907,750	199,650,000	10,140,803,828
Proportion of total Revenues (2019/20)	87.85%	0.17%	2.55%	0.22%	7.50%	1.73%	100%

The county relies heavily on the equitable share followed by other laws and grants. Own source revenue is quite low due to the fiscal structure and revenue raising capabilities available to the County.

In the figure below, we note the trend in own source revenue over the years which does show that there has been a general decline. The County will revisit the legislation in place and the review automation.

We also noted that the transfers have also decreased and this was mainly due to the decrease in other loans and grants

Figure 1 : County revenue by source, estimates, actual and trends



3.4.2. Expenditure Projections

The forecasted expenditure in 2019/20 stands at 9.528 Billion representing 10% decrease from the 2018/19 expenditure estimates which was 10.556 Billion. The decrease is as a result of decrease in loans and grants as indicated in the Budget policy statements. Over the medium term projections stand at 9.528 Billion, 9.829 Billion and 10.140 Million in 2019/20, 2020/21 and 2021/22 respectively.

Figure 2: Estimates versus Actual expenditures (Million Kshs)

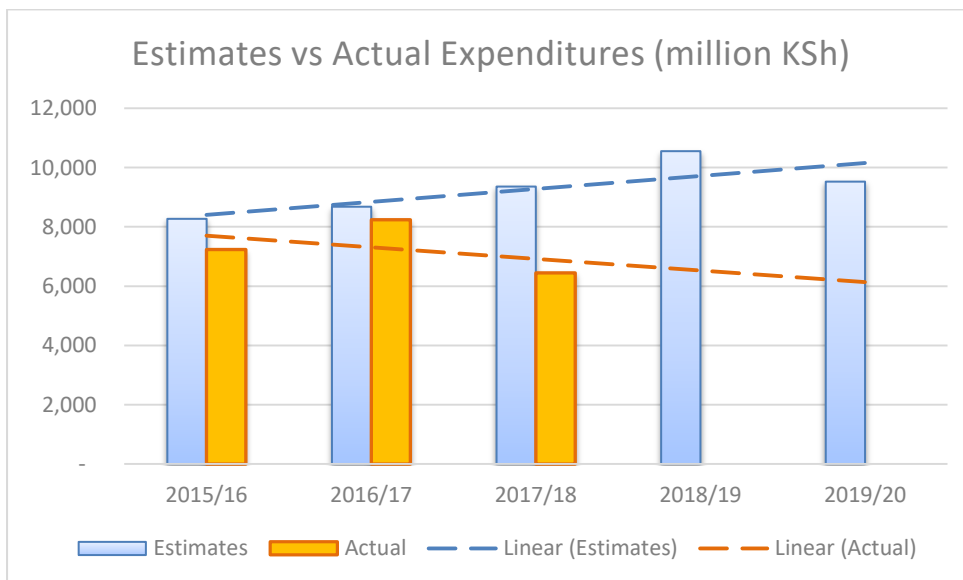


Table 3: County Government Fiscal Projections FY 2019/20 MTEF

	2017/18 FY	2018/19 FY		2019/20 FY		2020/21 FY		2021/22 FY
	Actual	Budget	CFSP 2018	CFSP 2019	CBROP 2018	CFSP 2019	CBROP 2018	CFSP 2019
TOTAL REVENUE & GRANTS	8,869,481,621	10,556,115,190	9,462,993,779	9,513,107,834	11,068,000,000	9,797,740,063	11,276,000,000	10,091,153,828
Unspent Bal b/f \Previous FY	372,456,492	2,619,575,061	-	-	-	-	-	-
Revenue (Total)	9,241,938,113	13,175,690,251	9,462,993,779	9,513,107,834	11,068,000,000	9,797,740,063	11,276,000,000	10,091,153,828
Equitable Share Allocation	8,138,900,000	8,478,000,000	8,478,000,000	8,370,000,000	8,817,000,000	8,621,100,000	9,038,000,000	8,879,733,000
Local Revenue	56,500,000	200,000,000	200,000,000	165,000,000	200,000,000	181,500,000	200,000,000	199,650,000
Grant income	531,116,158	1,878,115,190	784,993,779	993,107,834	2,051,000,000	1,026,640,062	2,039,000,000	1,061,420,828
Grant (Total)	8,726,516,158	10,556,115,190	9,462,993,779	9,528,107,834	11,068,000,000	9,829,240,062	11,277,000,000	10,140,803,828
Total Expenditure	6,414,549,695	10,556,115,190	9,462,993,779	9,528,107,834	11,068,000,000	9,829,240,062	11,277,000,000	10,140,803,828
Recurrent	5,572,010,000	6,342,699,532	5,861,216,484	6,265,966,000	6,658,000,000	6,465,000,000	6,791,000,000	6,648,350,000
Recurrent as % of CG Total Revenue	87%	60%	62%	66%	60%	66%	60%	66%
Personnel Emolument	3,400,857,358	3,813,792,375	3,435,001,536	3,966,344,070	3,606,751,613	4,065,502,672	3,787,089,193	4,167,140,239
Operations & Maintenance	2,171,153,460	2,494,156,357	2,426,214,948	2,296,621,930	3,051,248,387	2,399,497,328	3,003,910,807	2,481,209,761
Personnel Emoluments as % of CG Revenue	37%	29%	36%	41.69%	33%	41.49%	34%	41.29%
Development	842,539,695	4,213,415,658	3,601,777,295	3,265,141,834	4,410,000,000	3,364,240,062	4,486,000,000	3,492,453,828
Development as % of CG Total Revenue	9%	32%	38%	34%	40%	34%	40%	35%
Unspent Bal Current FY	2,619,575,061	-	-	-	-	-	-	-

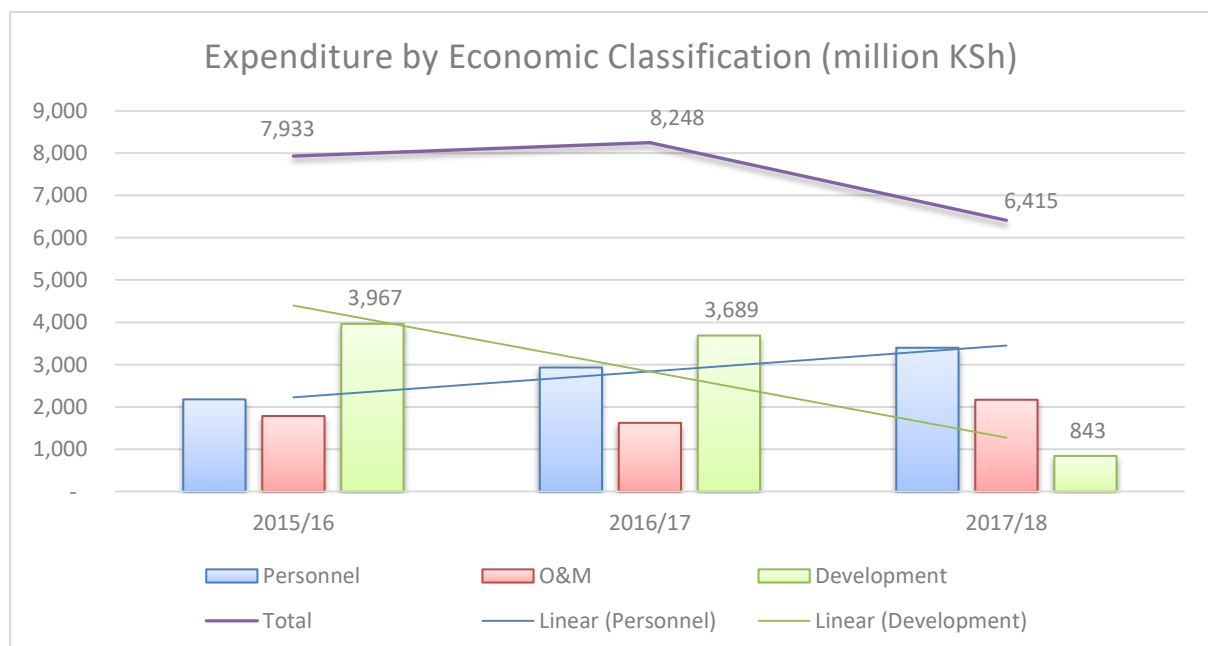
3.4.2.1. Recurrent Expenditure Forecasts

The total recurrent expenditure forecasts is 6.27 Billion in 2019/20 which is a decrease from the previous year’s allocation of 6.34 Billion. The decrease is as a result of reduction in the total revenues and therefore the need to rationalize expenditures in the 2019/20 budget. Expenditure related to office furnishing and capacity building will be critically scrutinized to ensure no avoidable expense is budgeted for. The 6.27 Billion recurrent expenditure forecast comprises of 3.9 Billion as compensation to employees and 2.3 Billion as operations and maintenance. The Compensation to employees represent 42% of total revenues for the financial year compared to 36% for the 2018/19 budget estimates though an improvement from the 2017/18 Budget actual expenditure of 53% of total expenditure.

Table 4: Actual Expenditure by Economic Classifications from FY 2015/16 – FY 2017/18

	2015/16	2016/17	2017/18
Personnel Emoluments	2,180	2,934	3,401
O&M	1,787	1,625	2,171
Development	3,967	3,689	843
Total	7,933	8,248	6,415
Proportion of Personnel Emoluments as % of total Expenditure	27.48%	35.58%	53.02%

Figure 3: Actual Expenditure by Economic Classifications from FY 2015/16 – FY 2017/18



We note that personnel costs and operations and maintenance have shown an upward trend while development expenditure has been decreasing over the last three financial years. While this may indicate increased use of the developed leading to higher recurrent costs, the government should seek to reign in the trend to sustainable levels as required by the fiscal responsibility principles.

Table 5: Actual and projected expenditure by Economic Classifications

	2017/18 FY	2018/19 FY	Projections		
	Actual Expenditure	Budget Estimates	2019/20 FY	2020/21 FY	2021/22 FY
Total Expenditure	6,415	10,556	9,513	9,798	10,091
Recurrent	5,572	6,343	6,263	6,465	6,648
<i>Recurrent as % of CG Total Revenue</i>	87%	60%	66%	66%	66%
Personnel Emolument	3,401	3,814	3,966	4,125	4,249
Operations & Maintenance	2,171	2,494	2,058	2,340	2,400
<i>Personnel Emoluments as % of CG Revenue</i>	53%	36%	42%	42%	42%

3.4.2.2. Development and Net Lending

The FY 2019/20 budget projects total development expenditure will be Kshs 3.27 billion compared to last year (FY 2018/19)'s Kshs 4.21 billion representing 34% of total budget and expected to retain the same proportion over the medium term. The proportion of development expenditure to the total budget has reduced from 40% in the current year of 2018/19 to 34% in FY2019/20. This decrease is as result of reduction in loans and grants that finance development expenditures. The development expenditure will be funded by equitable share transfers from National Treasury as well as loans and grants from national government.

Table 6: Actual and projected development expenditure

	Actual Expenditure	Budget Estimates	Projections		
	2017/18 FY	2018/19 FY	2019/20 FY	2020/21 FY	2021/22 FY
Total Expenditure	6,415	10,556	9,528	9,829	10,140
Development	843	4,213	3,265	3,372	3,508
<i>Development as % of CG Total Revenue</i>	13%	40%	34.3%	34.3%	34.6%

3.4.3. Fiscal Balance and Deficit Financing

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

3.5. Summary

The Government's fiscal policy goals will focus on adherence to fiscal responsibility principles and mainly on ensuring that 34% of the budget is spent on development. Further, the government plans

to make legislative and process changes to revenue collection including automation to enhance the own source revenues. On expenditure, strict controls over budgets and budget execution will continue to be instituted in line with the PFM Act and Public Financial Management Regulations (PFR). Through the above policies, the investments made in priority and growth potential areas will be achieved in the medium term.

4. MEDIUM TERM EXPENDITURE FRAMEWORK

4.1. Resource envelope

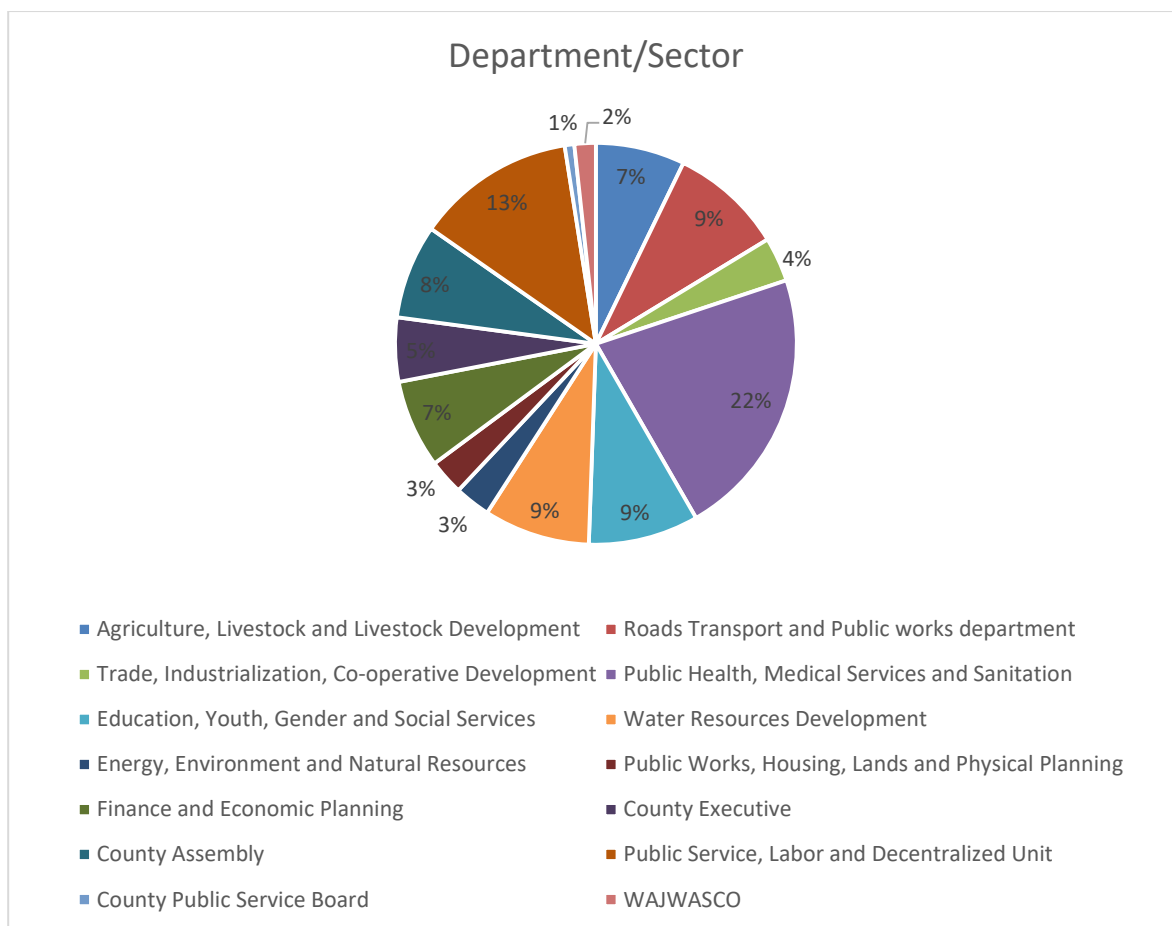
The County projects and programmes in the various departments will be funded by equitable shares from National Treasury, conditional grants, loans and grants and own source revenue collected by county government. In the Financial year 2019/20 the county projects to receive the following resources: This is depicted in table 2.4

- 8,370 million (89.85%) as Equitable Share;
- 15.78 Million (0.17%) as User Fees Forgone;
- 242.57 Million (2.55%) as Fuel Levy;
- 21.95 Million (0.22%) as development of youth polytechnic grants ;
- 713.46 Million (7.49%) as Other loans and grants;
- 165 Million (1.73%) as own source revenue.

4.2. Spending priorities

The County Government will finance all existing programmes and sub-programmes in the various departments. All sectors will receive funding to enable them provide service to the residents. In the medium term, priority will be given to projects and programmes geared toward 'the big 4 agenda' and especially the universal health care, and food and nutritional security. In the medium term, 22% of the county funding will be allocated to health care services 10% towards roads and transport, 8% towards water services and 7% to Agriculture and livestock development.

Figure 4: Ceiling projections per sector



4.3. Medium Term Expenditure Estimates

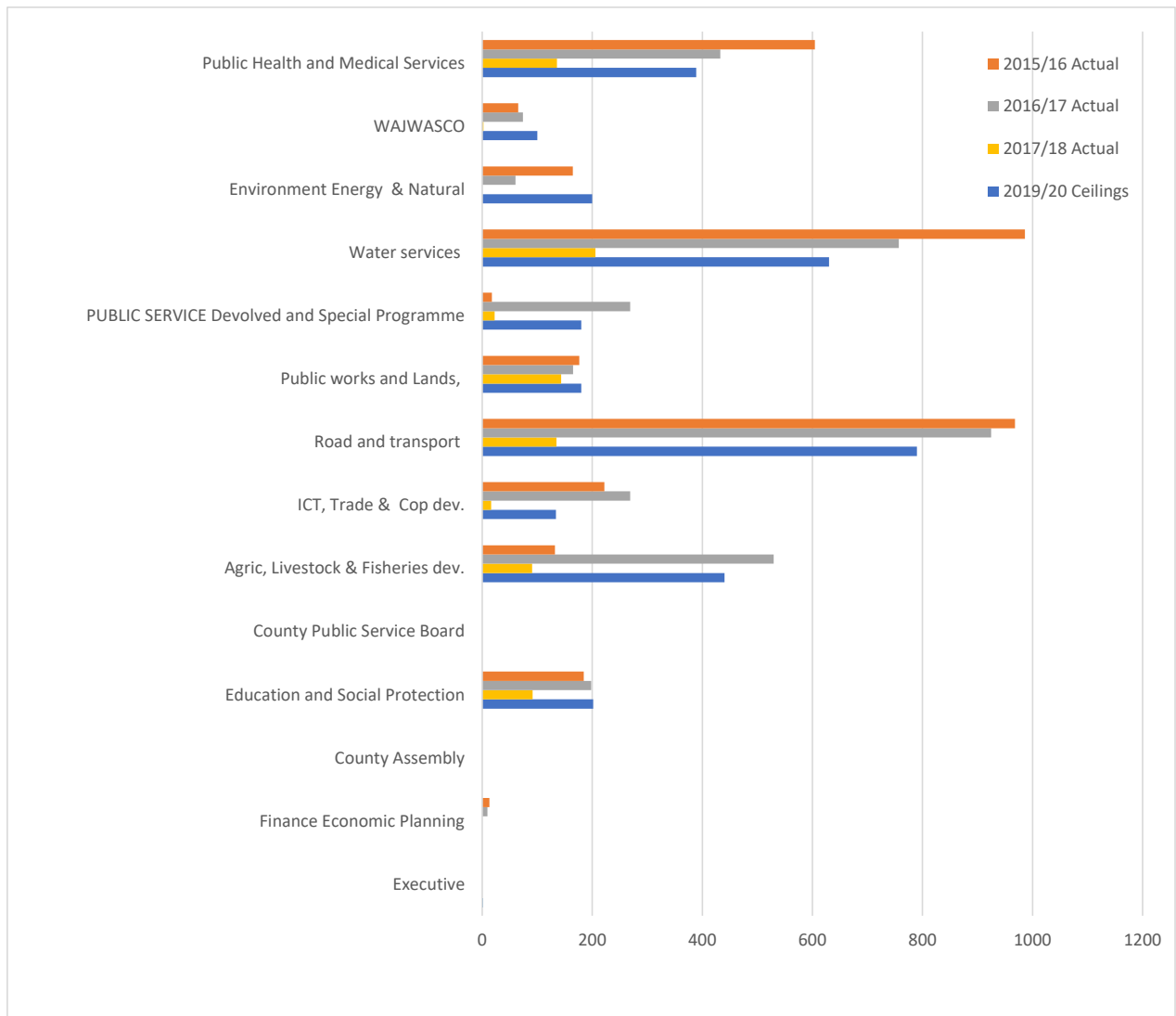
In the medium term the government plans to spend Ksh 9.5 billion in FY 2019/20 and Ksh 9.8 and 10.1 billion in FY 2020/21 and FY 2021/22 respectively. Health care services has the biggest allocation as the county government moves towards offering universal healthcare to the county residents. As the government enhances service delivery, the other high beneficiaries include public services and special services, transport services, water services as well as education sector.

Table 7: Summary of Indicative Sector Ceilings for FY 2019/20 – FY 2021/22

Department/Sector	Expenditure Type	Approved Budget 2017/18	Budget Estimates 2018/19	Projection 2019/20	Projection 2020/21	Projection 2021/22
Agriculture, Livestock and Fisheries Development	Recurrent	198.15	230.29	235.78	241.12	245.94
	Development	247.96	453.53	448.39	473.35	499.82
	Sector Total	446.11	683.82	684.17	714.47	745.76
Roads Transport and Public Works Department	Recurrent	186.67	145.39	149.63	152.62	155.68
	Development	1,077.66	719.97	719.99	805.79	821.91
	Sector Total	1264.33	865.36	869.63	958.42	977.59
Trade, Industrialization, Co-operative Development	Recurrent	147.78	205.81	206.32	210.45	214.66
	Development	123.55	91.8	133.96	136.64	139.37
	Sector Total	271.33	297.61	340.28	347.09	354.03

Department/Sector	Expenditure Type	Approved Budget 2017/18	Budget Estimates 2018/19	Projection 2019/20	Projection 2020/21	Projection 2021/22
Public Health, Medical Services and Sanitation	Recurrent	1,549.52	1,641.30	1689.71	1774.20	1862.91
	Development	409.21	297.31	388.70	396.48	430.00
	Sector Total	1958.73	1938.61	2078.41	2170.67	2292.91
Education, Youth, Gender and Social Services	Recurrent	565.85	642.81	603.94	616.26	629.13
	Development	252.04	162.88	241.58	205.61	209.72
	Sector Total	817.89	805.69	845.52	821.87	838.85
Water Resources Development	Recurrent	309	150.97	153.54	156.61	159.75
	Development	985.66	474.7	660.34	665.00	700.00
	Sector Total	1294.66	625.67	813.88	821.61	859.75
Energy, Environment and Natural Resources	Recurrent	66.33	73.15	74.88	76.38	77.91
	Development	224.09	202.25	200.45	208.54	212.71
	Sector Total	290.42	275.4	275.33	284.92	290.61
Public Works, Housing, Lands and Physical Planning	Recurrent	85.18	87.73	92.09	93.93	95.81
	Development	174.04	164	179.80	183.40	187.06
	Sector Total	259.22	251.73	271.89	277.33	282.88
Finance and Economic Planning	Recurrent	650.27	750.47	665.36	691.92	705.76
	Development	-	528	12	7.14	7.28
	Sector Total	650.27	1278.47	677.36	699.06	713.04
County Executive	Recurrent	471.96	484.45	491.11	500.93	510.95
	Development	-	-	0.00	0.00	0.00
	Sector Total	471.96	484.45	491.11	500.93	510.95
County Assembly	Recurrent	643.97	719.76	722.69	737.14	751.88
	Development	-	-	0.00	0.00	0.00
	Sector Total	643.97	719.76	722.69	737.14	751.88
Public Service, Labor and Decentralized Unit	Recurrent	727.8	1,077.92	1040.31	1073.36	1094.83
	Development	37.72	181.64	180.13	180.00	180.00
	Sector Total	765.52	1259.56	1220.44	1253.36	1274.83
County Public Service Board	Recurrent	65.59	70.4	73.58	75.06	76.56
	Development	-	-	0.00	0.00	0.00
	Sector Total	65.59	70.4	73.58	75.06	76.56
WAJWASCO	Recurrent	50	62.25	64.01	65.29	66.60
	Development	123.02	1,064.05	99.81	110.00	120.00
	Sector Total	173.02	1126.3	163.82	167.10	170.44
Total	Total	9,373.02	10,682.83	9,528.11	9,829.24	10,140.80
Recurrent		5,718.07	6,342.70	6,262.96	6,465.27	6,648.35
Development		3,654.95	4,340.13	3,265.15	3,371.95	3,507.50

Figure 5: Sector Ceilings: Development Estimates, Actual and projections (Kshs Millions)



4.4. Baseline Ceilings

The baseline ceilings reflect the current departmental spending priorities in sector programmes. In development programmes, adjustment has been made to take into consideration the transformative projects which are key to development of the county economy and also the governor’s objectives as outlined in his manifesto. Adjustments have also been made to augment the “Big Four” Agenda as espoused in the National Treasury Budget Policy Statement.

The departmental ceilings in **Table 2.5** will form the indicative baseline for the FY 2019/20 budget. In the recurrent expenditure category, non-discretionary expenditures take first charge. Compensation of employees for the county overall expenditure should account for a maximum of 34% of the budget estimates. This will ensure that Wajir County Adheres to the fiscal responsibility principle guiding the resource allocation to compensation of employees against the total revenue. The County intends to keep this percentage below the 35% prescribed in the medium term by continuous expansion of own source revenue and staff rationalization aimed at enhancing productivity and capacity within the County.

Development expenditure are undertaken on the basis of CIDP 2018-2022 and the Annual Development Plan (FY2019/20). The Governors Manifesto for Wajir County was included in the CIDP 2018-2022 and the ADP draws on the CIDP year two of implementation. All these planning documents were subjected to public

participation and were used by the sector working groups to develop sector working group reports that ranked programmes and sub-programmes in the order of priority and subject to the provisional ceilings in the County Budget Review and Outlook Paper (CBROP) 2018.

Development expenditures have been shared out on the basis of the transformative projects in the CIDP 2018-2022 and linked to the flagship projects in Vision 2030, "The Big Four" Plan and the national governments MTP III priorities. The following criteria will be used in apportioning the development budget;

- a) On-going projects: emphasis was given to completion of on-going capital projects and in particular development projects with high impact on poverty reduction, equity and employment creation;
- b) County part funding from development partners projects;
- c) Projects that are in full compliance with the County Government regulations and priorities as outlined in the CIDP, Annual Development Plan and which are fully justified for financing through the sector working group reports;
- d) High priority community needs identified through public participation i.e. ward based priority projects;
- e) Department/sector strategic needs that contribute greatly in addressing county's socioeconomic needs.

The following will also be taken into consideration:

- f) Cross cutting issues such as climate change, disaster management, community resilience, youth development, gender and disability mainstreaming;
- g) Implementing projects that require massive resources in phases such as the water and sanitation project for Wajir town and the grading of intra county roads to improve connectivity.

4.5. Finalization of spending plans

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

Specifically, the following will receive priority:

1. Interventions identified during the stakeholders consultation for the FY 2019/20 budget and over the medium term;
2. Strategic interventions in the areas of (i) enhancing food security by investing in appropriate systems; (ii) improving access to universal health care to guarantee quality and affordable health for all (iii) enhancing cohesion and integration through equity and inclusivity for all; (iv) Improving Road, Transport, Energy and Communication Infrastructure to Spur Investment and ease of doing business; (v) improving early childhood education, and youth, women and marginalized groups empowerment; (vi) Improving access to adequate portable water, and ensure clean and safe environment; and (vii) Promoting clean energy by tapping into solar and wind energy; and
3. Emerging issues which require much attention in provision of service delivery such as drought response, livestock disease breakouts and clan/resource based conflicts.

4.6 Details of Sector Priorities

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

4.6.1 Public Health, Medical Services and Sanitation sector

Areas	Description
Name of sub-sectors:	<ul style="list-style-type: none"> • Curative; • Rehabilitative and Referral services; • Reproductive Maternal Neonatal and Child Health (RMNCH); • Special Programs (TB, HIV/ AIDS and Malaria); and • Public Health and Sanitation
Sector Policy blueprint:	Be the provider of choice for quality health care services in Wajir County'
Sector mandate:	To provide a technologically driven, evidence based, acceptable, affordable, equitable, effective and efficient quality health services in Wajir County
Key sector achievements	<ul style="list-style-type: none"> • The TB case detection has improved by 25% in 2017/18 i.e. the TB positive reduced from 308 to 358 cases. • The number of HIV patients on ART has increased from 216 to 242 in 2017/18. • The doctor/population ratio reduced from 1:132,000 to the current 1:23,694 and that of the nurses from 1:4,163 to 1:2625. • As a result of massive investment in Maternal health, tremendous improvements are witnessed where deliveries in health facilities

Areas	Description
	<p>growing from 4.2 to 18.3 and those assisted by skilled health practitioner growing from 17 to 37.7.</p> <ul style="list-style-type: none"> • Child health improved vaccination from 38% to 48%. • In order to improve emergency, rescue and evacuation services the county increased the operational ambulances from 4 to 10 functional ambulances.
Sector challenges	<ul style="list-style-type: none"> • There is lack of adequate Human resources especially nurses as a result of increased construction of dispensaries in the new settlements and this requires more medical facilities and staff. • High staff turnover as in the last one year twenty-five nurses, five PHO, Five Pharm tech and three doctors went for transfers to other counties and this has led to the closure of 10 dispensaries
Sector's medium term plan and sector Usage	<p>The sector is projected to have an allocation of 1,689 million shillings for recurrent expenditure and 388 million shillings for development in the 2019/20 fiscal year. The sector intends to use its allocated resources to expand its workforce by 20 %, increase the number of health centers with staff quarters to create friendly environment for staff to motivate in order to reduce staff turnovers, to procure at least one more ambulance for emergency referrals in every sub-county.</p> <p>In the medium term the sector is projected to get 6.5 billion shillings to implement its programs.</p>

4.6.2 Public Works, Lands, Physical Planning and Housing

Areas	Description
Name of sub-sectors:	<ul style="list-style-type: none"> • Land; • Physical planning; • Survey; and • Housing and public works.
Sector Policy blueprint:	Sustainable land use, tenure security, affordable, decent housing, well planned urban and rural development.
Sector mandate:	Promote sustainable land management, planned urban and rural development and decent housing for all
Key sector achievements	<ul style="list-style-type: none"> • 15,000 plots have been surveyed in Wajir town; • 8,785 plots are being processed for registration and issuance of title deeds; • 7 towns have had aerial photographs done; • 8 automated brick making machines were purchased and operationalized; • Two ABT center's completed; and • GIS Lab constructed.
Sector challenges	<ul style="list-style-type: none"> • Lack of adoption ICT and e-procurement, Geospatial data management and Auto CAD processing for information processing; • Inadequate technical personnel like surveyors, planners, GIS experts, cartographer and draughtsman among others; and • Lack of technical skills in managing the GIS LAB.

Areas	Description
Sector's medium term plan and sector Usage	<p>The sector is projected to have an allocation of Kshs 271 million shillings for recurrent and development expenditure. This will be utilized in developing urban and rural physical planning services, spatial planning, county surveys and policy services, Housing development and government buildings services and procuring appropriate Building Technology services.</p> <p>In the medium term the sector is projected to receive Kshs 830 million shillings to undertake its ambitious programs. The medium plans are to invest in recruiting qualified personnel to conduct more plots surveys; the sector intends to construct more office and public housing, ABT centers as well as more inspection on buildings for safety occupation.</p>

4.6.3 Roads and Transport services

Areas	Description
Name of sub-sectors:	<ul style="list-style-type: none"> • Roads services; and • Transport services.
Sector Policy blueprint:	To Achieve and sustain excellence in the construction and maintenance of roads and Transport infrastructure.
Sector mandate:	To develop and sustain all weather roads and transport infrastructure for sustainable socio-economic development.
Key sector achievements	<ul style="list-style-type: none"> • Grading of 1, 379 Km of roads across county; • Gravelling of 67.6 Km of roads in all sub-counties; • Completion of 28 km Wajir town tarmac roads; and • Maintenance of all major towns across the county.
Sector challenges	<ul style="list-style-type: none"> • Inadequate funding for the line items of the specific activity targeted in the annual development plans; • Sector Work plan is not properly followed as planned; and • Lack of consulting with the technical staff by the top management has also contributed difficulty in implementing the sector work plan.
Sector's medium term plan and sector Usage	<p>The sector is projected to have Kshs 789 million shillings for development and intends to use half of this budget to upgrade to bitumen standards 5km of Wajir town roads. The sector will also dedicate some funds towards gravelling of 200 km roads in the county; the construction of 15 drifts; the construction of 40 pipe culverts; expansion of 250 km roads (bush clearing); grading of 350km roads; the purchase of 1 motor Grader; maintenance of 9 plants and machines; and to develop the transport bill.</p> <p>In the medium term, the sector is projected to have an allocation of Kshs 2.9 billion shillings for both recurrent and development expenditures.</p>

4.6.4 Agriculture, Livestock, Fisheries and Alternative Livelihoods

Areas	Description
Name of sub-sectors:	<ul style="list-style-type: none"> • Agriculture; • Livestock; and • Fisheries and Alternative Livelihoods.

Areas	Description
Sector Policy blueprint:	A food and nutrition secure County through an innovative, commercially oriented and competitive agricultural sector.
Sector mandate:	To improve the livelihood of County citizens and ensure food security through creation of an enabling environment and ensuring sustainable natural resource management.
Key sector achievements	<ul style="list-style-type: none"> • Construction of hay store in Elben and Malkagufu; • Purchase of animals for breed improvements; • Purchase of pasture seeds; • Completion of the abattoir; • Purchase of 2 land cruisers and 8 field motorcycles; • Supply of crop seeds, grass seeds and farm tools across the sub-counties; • Supply of 208 bales of grass; • Desilting of one water pan; • Vaccination drives across the six sub-counties; • Excavation of 20 Shallow Wells and supply of solar Pumping System, Supply of solar Pumping System, PVC pipe Drip sets to over 100 farmers; • Provision of Shade nets and farm inputs to over 700 farmers; • Construction of 2 cattle crushes; • Construction of two hay Stores; and • Fencing of one irrigation Pan & piping
Sector challenges	<ul style="list-style-type: none"> • Few technical staff to offer extension services adequately; • Logistic and transport problems; • Inadequate resources to fund all priority areas consistently; • Weak programming focusing more on infrastructural investments with no funding for productive areas; • Weak projects/Program implementation with most planned projects not implemented; • Low research -extension liaison; and • Frequent drought.
Sector's medium term plan and sector Usage	<p>The sector is projected to get Kshs 235 shillings for recurrent expenditure and Kshs 440 million shillings for development in the FY 2019/2020 financial year.</p> <p>The sector will spend the FY 2019/20 allocation to enhance capacity by purchasing additional equipment, training of 10 technical officers, construction of 2 hay stores, establish 2 fish ponds, opening up of 300 hectares of virgin land for crop production, procuring and distribution of 5 tons of assorted certified seeds and establish 25 climate control structures and 4 irrigation infrastructure.</p> <p>In the medium term, the sector is projected to have an allocation of Kshs 2.1 billion shillings for both recurrent and development expenditures.</p>

4.6.5 Education, Youth, Sports, Gender, Culture and Social Services

Areas	Description
Name of sub-sectors:	<ul style="list-style-type: none"> • ECD and Vocational Training; • Gender and Social Services; and • Youth and Sports
Sector Policy blueprint:	A society where all persons enjoy equal rights in education, training, economic opportunities and a high quality of life.
Sector mandate:	To provide, promote and coordinate quality education and training in relation to socio-cultural and economic development of the county and empowerment of vulnerable and marginalized groups.
Key sector achievements	<ul style="list-style-type: none"> • There was increase in the ECD learners' enrolment from 14,123 in 2016/2017 to 16,324; • Out of the 620 ECD teachers employed by county, 400 are trained while the rest are undergoing in-service training; • Construction of 59 ECD classrooms and toilets through ward project; • Purchase of over 3000 desks; • 10 sport field Upgraded at sub counties; • 27,000 school girls were supplied with sanitary towel which increased access ,retention and confidence for girls in schools; and • 54,000 revision books were Supplied and delivered to Wajir community library which has improved access to learning.
Sector challenges	<ul style="list-style-type: none"> • Delayed payments for completed projects; • Incomplete/stalled projects due to delayed funds; • Transport/logistics problems during implementation and monitoring of projects; • Inadequate budgetary allocation leading to underfunding; and • Inadequate office space.
Sector's medium term plan and sector Usage	<p>The sector is allocated a development expenditure of Kshs 201 million and a recurrent expenditure of Kshs 603 million in the next financial year. The sector will spend this money in Construction of 37 ECD classrooms, 1 ECD Learning Resource Centre, 6 kitchens and stores, 2 ECD college dormitories, 1 water reticulation system, 2 TVET classrooms, water reticulation for the polytechnic, 1 child welfare facility, 1 cultural centre, establish 2 Gender Based Violence desks, grants to 40 women groups for business start-up and fencing of Wajir sports stadium.</p> <p>In the medium term the sector is projected to have a total allocation of Kshs 2.5 billion shillings to implement its programs as contained in the CIDP.</p>

4.6.6 Energy, Environment and Natural Resource

Areas	Description
Name of sub-sectors:	<ul style="list-style-type: none"> • Energy; • Environment; and • Natural Resource

Areas	Description
Sector Policy blueprint:	A society where all persons enjoy equal rights in education, training, economic opportunities and a high quality of life.
Sector mandate:	<p>Environment: Promote the protection and conservation of the environment for the benefit of all and future generation.</p> <p>Energy: Development and promotion of renewable energies.</p> <p>Natural resource: Promote the exploitation and development of wildlife, mineral and forestry resources for sustainable socio economic development.</p>
Key sector achievements	<ul style="list-style-type: none"> • Established WACAPC whose main role is manage water pans, troughs and water tanks. • Managing soil erosion has been effective by constructing gabions and establishing nursery center for raising seedling. • Non-renewable energy of 664 solar streetlights and 22 high floodlights have been installed. • 8.75% Households is connected to electricity (In settlements). The percentage of number of households connected to renewable energy is now 5.9% and 50% of public schools are now connected to electricity/solar.
Sector challenges	<ul style="list-style-type: none"> • The energy sub-sector is confronted with the challenge of developing and promoting renewable energies to contribute to the county production and enhance the living standards of the residents. • The environment sub-sector is faced with environmental degradation facilitated by illegal encroachment, droughts, floods, deforestation, overgrazing and uncontrolled felling of trees for charcoal. • Sanitation is also poor with only small per cent of the county population having access to toilets. • The environment and natural resources sub-sectors have a development objective to protect, conserve, and manage the environment and natural resources in a sustainable approach. In addition, climate change that manifests in form of lower and unpredictable rainfall in most parts of the county, occurrence of frequent and prolonged drought that has a bearing on crop and animal production.
Sector's medium term plan and sector Usage	<p>The department has Kshs 74.8 million for recurrent expenditure and Kshs 200 million for development in the next fiscal year and will use the fund to undertake the programs highlighted below inter alia.</p> <p>The department will invest in afforestation to Increase forest cover by 15,000 tree seedlings across the 6 sub-counties in the medium term. The sector will also be engaged in Soil and vegetation conservation by constructing 3 gabions. Establishment of human waste treatment biogas plant is also a priority, purchase of 200 portable biogas bags.</p>

4.6.7 Public Service, Town Administration and Decentralized Units

Areas	Description
Name of sub-sectors:	<ul style="list-style-type: none"> • Special programme and humanitarian coordination; • Human Resource; • Intergovernmental and labour relations;

Areas	Description
	<ul style="list-style-type: none"> • Service Delivery; • Performance Contracting & Project Implementation; • Peace & Conflict resolutions; • Governance & Ethics; and • Public Participation and cabinet Affairs and Decentralized Unit & Town Administration.
Sector Policy blueprint:	To ensure effective and efficient services delivery to the people of county
Sector mandate:	<ul style="list-style-type: none"> • The HR section is charged with the responsibility of formulating public service policies and facilitates human and material resources. • The peace section is to Mobilize support and coordinate community peace initiatives in the county in collaboration with other peace and security actors. • The decentralized section is charged with the responsibility of managing and coordinating devolved functions at the sub county, ward and village level to ensure proper service delivery to the citizens • The Town Administration section is charged with managing all the towns and town activities within the county with key role being waste management and maintaining town cleanliness and planning • Public Participation and Civic Education is mandated to conduct public participation and civic trainings on CIDP, ADP, annual finance bills, project planning, implementation and monitoring, policies and by laws development, ensure timely access to information, data documents and other info relevant or related to policy formulation, implementation and oversight to the public • Governance and Ethics section is mandated to ensure the implementation of the national values and principles of governance enshrined in article • Monitoring, Efficiency and Evaluation Unit is mandated to Monitor efficient implementation of policies, programmes and projects • Disaster Management is concerned with sustainable disaster risk reduction and effective coordination in Wajir County • Intergovernmental Relation key mandate is to facilitate cooperation and coordination among the national and county government.
Key sector achievements	<p>The sector has in the last five years devolved services to the ward level through the ward administration offices, all the 30 wards and 6 sub county offices are operational where most of the services are available for the citizens. Improved Peace and coexistence through community peace dialogue and mediation fora.</p> <p>The sector has also trained over 1000 staff at KSG and other government training institutions.</p>
Sector challenges	<ul style="list-style-type: none"> • Radicalization (Terrorism) that is negatively affecting the lives of the community. This increase terror incidence in the country and may affect the operations of the county government. There is need to undertake programmes to counter youth radicalization. • Increased inter-clan conflicts on administrative boundaries, water and pasture which affected county projects implementation. • Decrease of water in Wajir town thus might affect town sanitation services • Mushrooming of new settlements – depicts grazing areas enhance catalysts to conflicts. • Global warming that has resulted in frequent droughts, flash floods and

Areas	Description
	wild fires that has stretched county capacity to plan and respond.
Sector's medium term plan and sector Usage	<p>The department is allocated Kshs 1.04 billion shillings for recurrent expenditure and Kshs 180 million for development expenditure to undertake priority programmes.</p> <p>The department will focus on improving Citizen participation in government programs by conducting about 36 public forums to enhance citizens' capacity to participate in county programs, improve sanitation through construction of about 6 slaughter houses in the medium term, improve urban planning through KDSP, improve town administration services through construction of town administration offices.</p> <p>In the medium term the department is projected to have a total allocation of Kshs 3.75 billion shillings.</p>

4.6.8 Trade, Co-operatives and ICT services

Areas	Description
Name of sub-sectors:	<ul style="list-style-type: none"> • ICT • Trade services • Cooperatives
Sector Policy blueprint:	To facilitate and promote a vibrant, sustainable and competitive ICT, Trade, Investment, Industrial and Co-operative Sector for Economic Growth and Development
Sector mandate:	<ul style="list-style-type: none"> • The sector is charged with the responsibility of promoting enterprise and entrepreneurship development, promotion of cooperative movement and formulating and Implementing operational policies and procedures on the utilization of ICT resources
Key sector achievements	<ul style="list-style-type: none"> • Installed and commissioned a telecommunication mast at Wajir County headquarters for distribution of internet connectivity among county departments; • Installed and commissioned of LAN for Tarbaj and Griftu Sub-county Admin Offices; • Exhibited leather products and handicrafts at the 18th EAC Jua Kali/ NguvuKazi Exhibition in Bujumbura –Burundi by Farsamo Women Group and Wajir Jua Kali SACCO; • Construction of one market shade through the ward priority projects program; • Registered and trained seven viable SACCOs.
Sector challenges	<ul style="list-style-type: none"> • The major challenge was inadequate funding for the line items of the specific activity targeted in the annual development plan for the financial year • Stringent procurement procedures thus occasioning delay in timely project implementation or complete failure to start the projects • Disruptions of the operations of the IFMIS due internet network failure • Inadequate means of transport to various parts of the County affected project implementation, monitoring and evaluation. • Poor road infrastructure and communication network in parts of the county affected the quality of monitoring and evaluation of the

Areas	Description
	projects
Sector's medium term plan and sector Usage	The sector is getting an allocation of 340 million shillings for both recurrent and development expenditures in the next fiscal year and has planned to spend this on 1 feasibility study on water melon processing plant, establishing 1 leather cottage industry, installing white wash crushing machine at Guguuf, system installation for cooperatives, implementing revenue automation system, installation of LAN at 3 wards, installation of CCTV and Access control systems at county headquarters as well as revolving fund. In the medium term the sector is projected to have a total allocation of 1.04 billion shillings.

4.6.9 Water resources

Areas	Description
Name of sub-sectors:	<ul style="list-style-type: none"> Water resource management,; and Wajir Water and Sewerage Company.
Sector Policy blueprint:	To provide innovative, sustainable, accessible and affordable water services to meet the county's social and economic development
Sector mandate:	To provide innovative, sustainable, accessible and affordable water services to meet the county's social and economic development.
Key sector achievements	The county has drilled 272 boreholes, 15 mega pans, and 260 water pans. The sector investments in water resources development saw improvement of access to water from 1,310 households with access to piped water to the 21,875 by end of 2017. The average distance to water source also reduced from 30Km in 2013 to the current 15km reflecting a significant improvement.
Sector challenges	<ul style="list-style-type: none"> Emergencies/ natural resources that were not factored in the planning have put a strain on the department budget; High cost of maintenance of bore holes and water bowsers; Vastness of county coupled with poor infrastructure (roads) makes O&M services a hard task; and Lack of skilled personnel in certain crucial sectors like electrical and mechanical engineering as well areas of hydrology.
Sector's medium term plan and sector Usage	<p>The department has a development allocation of 784 million shillings in the FY 2019/2020 to implement the above projects among others.</p> <p>The department is planning to Improve access to clean and safe drinking water for all by drilling and maintaining 30 boreholes reduce average distance to nearest protected water source from the current 15km to 9km in the medium term.</p> <p>In the medium term. The department is projected to have an allocation of Kshs 2.46 billion to be used to increase the number of Households with access to clean and safe water-during wet season from 35,000 to 39,000 by excavating additional 10 water pans to provide 20,000M³ of water. The department will also invest heavily in purchase of hydrological equipment.</p>

5. CONCLUSION AND NEXT STEPS

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

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

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

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

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

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

ANNEXES

ANNEX I: FY 2019/20 MTEF Budget timelines

NO	ACTIVITY	RESPONSIBILITY	TIMEFRAME/ DEADLINE
1.	Develop and issue circular on Budget preparation and MTEF guidelines.	C.E.C Finance & Planning	30 th August, 2018.
2.	Submission of the County Annual Development Plan to the County Assembly	C.E.C Finance & Planning	31 st August, 2018
3.	Launch of Sector Working Groups	All departments coordinated by County Treasury	11 th September, 2018
4.	Submission of Departmental Public Expenditure Reviews to County treasury	All Accounting Officers	By 18 th September, 2018
5.	Preparation of Draft County Budget Review and Outlook Paper (CBROP)	Macro Working Group	By 27 th September, 2018
6.	Presentation of County Budget Review and outlook Paper (CBROP) to County Executive Committee for approval	Macro Working Group	By 28 th September, 2018
7.	Submission of County Budget Review and Outlook Paper (CBROP) to the County Assembly	Macro Working Group	By 19 th October, 2018
8.	Circulation of approved CBROP to County Executive and Accounting Officers	County Treasury.	By 25 th October, 2018
9.	Draft Sector reports by SWG's	All departments – County Treasury to co-ordinate	By 26 th November, 2018
10.	Submission of final Sector Working Groups reports	Sector Working Groups/ County Treasury	By 10 th December 2018
11.	Capacity building for Budget Execution and Programme Based Budget (PBB)	County Treasury in collaboration with National treasury	September 2018-January 2019
12.	Development of County Fiscal Strategy Paper (CFSP)	County Treasury.	By 20 th February 2019
13.	Submission of County Fiscal Strategy Paper (CFSP) to C.E.C for approval.	County Treasury.	By 22 nd February 2019
14.	Submission of County Fiscal Strategy Paper (CFSP) to County Assembly	County Treasury.	By 28 th February 2019
15.	Develop and issue final guidelines on preparation of 2019/20 Medium Term Budget	County Treasury.	By 5 th March 2019

NO	ACTIVITY	RESPONSIBILITY	TIMEFRAME/ DEADLINE
16.	Submission of departmental budget proposals to county treasury	All Departments	By 15 th March 2019
17.	Consolidation of final draft budgets by MWG	County Treasury.	1 st April 2019
18.	Submission of Draft Budget Estimates to County Executive Committee for approval	County Treasury.	18 th April 2019
19.	Submission of Draft Budget Estimates to County Assembly	County Treasury.	30 th April 2019
20.	Review of Draft Budget Estimates by County Assembly	County Assembly	15 th May 2019
21.	Report on Draft Budget Estimates from County Assembly	County Assembly	30 th May 2019
22.	Consolidation of final budget estimates	County Treasury	15 th June 2019
23.	Preparation and submission of budget statement to the County Assembly	County Treasury	20 th June 2019
24.	Approval of the Budget & Appropriation Bill by the County Assembly	County Assembly	By 30 th June 2019
25.	Appropriation Bill Passed	County Assembly	By 30 th June 2019

ANNEX 2: MTEF Programme Ceilings – FY2019/20 -2021/22

Annex 3: County Treasury Macro Working Group members

No	Full name	Gender	Department	Title
1.	Farhiya Hashi	F	Economic Planning, budget and Statistics	CCO- EPBS
2.	Sahara Kunow	F	Economic Planning, budget and Statistics	Director, Budget
3.	Ahmed Maalim	M	Economic Planning, budget and Statistics	Director, Economic Planning
4.	Stephen Muoka	M	Economic Planning, Budget and Statistics	Deputy Director, Economic Planning
5.	Mohamed Yunis	M	Economic Planning, Budget and Statistics	Ag. Deputy Director, Budget
6.	Hassan Adow	M	Economic Planning, Budget and Statistics	Principal Economist
7.	Matumaini Donald	M	Economic Planning, Budget and Statistics	Senior Economist
8.	Mohamed Bulle	M	Economic Planning, Budget and Statistics	Economist
9.	Mohamed Ahmed Madey	M	Economic Planning, Budget and Statistics	Economist
10.	Abdi Abdille	M	Economic Planning, Budget and Statistics	Statistician
11.	Abdinasir Mohamed Bashey	M	Economic Planning, Budget and Statistics	Economist