



**REPUBLIC OF KENYA**  
**COUNTY GOVERNMENT OF LAMU**



**COUNTY FISCAL STRATEGY PAPER**  
**2022-23**

---

---

**VISION**

**"A PROSPEROUS COUNTY OFFERING HIGH QUALITY OF LIFE FOR ITS  
PEOPLE"**

**NOVEMBER 2021**

**©County Fiscal Strategy Paper (CFSP) 2022**

To obtain a copy of this document, please contact

The County Treasury

Lamu County Headquarters

P.O. Box 74-80500

Lamu

This document is also available on the internet at: [www.lamu.go.ke](http://www.lamu.go.ke)

## Table of Content

Table of Content .....	iii
List of Figures .....	i
List of Tables .....	ii
Abbreviations .....	iii
EXECUTIVE SUMMARY .....	iv
FOREWORD .....	5
ACKNOWLEDGEMENT .....	6
CHAPTER ONE: OVERVIEW.....	7
1.0 Introduction .....	7
1.1 LEGAL FRAME WORK .....	7
1.2 Rationale .....	8
CHAPTER TWO: ECONOMIC AND FINANCIAL FORECAST FOR FY 2022/2023 AND THE MEDIUM-TERM .....	10
ECONOMIC OUTLOOK.....	10
Global and Regional Economic Development.....	10
National Macro-Economic Outlook .....	11
Domestic Economic Development.....	11
KEY ECONOMIC PERFORMANCE OF THE COUNTY DEPARTMENTS .....	12
Public service management .....	12
Finance Department .....	13
Education and vocational training .....	13
Public Health, Sanitation & Environment .....	14
Water .....	14
Food Security .....	14
Livestock.....	15
Medical services.....	15
Fisheries & Blue Economy.....	16
County Public Service Board .....	17
Budget and Economic Planning .....	17
Lands .....	18
Gender .....	18
Municipality .....	18
Infrastructure .....	19
Lamu county expenditure performance over the medium term .....	19
Enhancement of County Governments’ Own-Source-Revenue .....	20

Revenue Performance for first quarter of FY 2021-22 .....	22
Exchequer Issues.....	23
Expenditure Performance .....	25
Overall Expenditure Review .....	25
Settlement of Pending Bills.....	25
Expenditure by Economic Classification .....	26
Expenditure on Personnel Emoluments .....	26
Expenditure on Operations and Maintenance .....	26
Development Expenditure.....	27
Budget Performance by Department.....	27
Budget Execution by Programmes and Sub-Programmes .....	29
CHAPTER THREE: COUNTY DEVELOPMENT PRIORITIES AND STRATEGIES FOR THE FY 2022/2023 AND THE MEDIUM TERM.....	33
Fiscal Policy Environment .....	33
Key Departmental Priorities for FY 2022/2023.....	33
Agriculture, Livestock and Fisheries sector.....	33
Department of Education and Vocational Training.....	33
Department of Finance and Economic Planning .....	34
Department of Trade, Tourism, Culture.....	34
Department of Gender Sports and Social Services .....	35
Department of Budget and Economic planning.....	35
Department of Infrastructure and Energy .....	36
Department of Public Service Management and Administration.....	36
Department of Lands, Housing and Urban Planning.....	36
Department Health and Sanitation .....	37
. County Public Service Board.....	37
4.0 FISCAL POLICY, 2022/23 FY BUDGET AND THE MEDIUM-TERM EXPENDITURE FRAMEWORK .....	38
4.1 FY 2022/23 Budget Framework .....	38
4.2 Revenue Projections .....	38
Own Source Revenue .....	39
Medium Term Expenditure Estimate.....	40
Budget Ceilings FY 2022/2023 and MTEF.....	40
Expenditure Projections.....	41
4.4 Development Expenditure Projections .....	43
Overall Deficit and Financing .....	46
Risks to the 2022/23 Budget framework .....	46

Fiscal Structural Reforms .....	47
Expenditure Management .....	48
Proposed Ceilings for FY 2022-23 .....	49
County Governments' Compliance with Fiscal Responsibility Principle .....	50
5.0 CONCLUSION.....	53

## List of Figures

Figure 1: ANALYSIS OF FY MEDIUM TERM EXPENDITURE AS ECONOMIC CLASSIFICATION .....	19
Figure 2 : Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21 .....	21
Figure 3: FY 2020/21 Actual Revenue Collected by the County Governments as a percentage of Annual Revenue Target.....	21
Figure 4: LAMU COUNTY OWN SOURCE REVENUE ACTUAL COLLECTION VIS BUDGETED FOR FY 2013/14 TO FY 2020/21.....	21
Figure 5: Annual Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22.....	22
Figure 6: EXPENDITURE on operation and Mainatainace.....	26
Figure 7: <i>FY 2020/21 Budgeted Development Expenditure as a Percentage of Total Expenditure</i> .....	50
Figure 8: <i>FY 2020/21 Actual Development Expenditures as a Percentage of Total Expenditure</i> .....	51
Figure 9: Average Wage Bill Expenditures for FYs 2017/18 to 2020/21 .....	52

## List of Tables

Table 1: Lamu County, Revenue Performance in the First Quarter of FY 2021/22...	22
Table 2: Performance of Individual Revenue Stream For The 1 <sup>ST</sup> QUARTER for fy 2021-22.....	23
Table 3: Summary of Budget and Expenditure by Economic Classification.....	26
Table 4: Lamu County, List of Development Projects with the Highest Expenditure	27
Table 5: Lamu County, Budget Performance by Department.....	28
Table 6: Lamu County, Budget Execution by Programmes and Sub-programmes ...	29
Table 7: Projected 2022/23 Own Source Revenue.....	39

## **Abbreviations**

ADP	Annual Development Plan
BPS	Budget Policy Statement
CBEF	County Budget and Economic Forum
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy paper
CIDP	County Integrated Development Plan
ECDE	Early Childhood Development Education
ECDEC	Early Childhood Development Education Centre
FY	Financial Year
ICT	Information, Communication & Technology
IFMIS	Integrated Financial Management Information System
IGA	Income Generating Activities
LH&PP	Land, Housing and Physical Planning
MOU	Memorandum of Understanding
MSMEs	Medium and small micro Enterprises
MTEF	Medium Term Expenditure framework
MTP	Medium Term Plan
PDPs	Partial Development Plans
PFMA	Public Finance Management Act
SACCOs	Saving and Credit Cooperative Societies
WB	World Bank
VTCs	Vocational Training Centers



## **EXECUTIVE SUMMARY**

The fiscal strategy of Lamu County Government for the year 2022/2023 is set out in this paper. The CFSP is prepared in accordance to PFM Act section 117 that states that, the County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper (CFSP) for approval and then shall submit the approved Fiscal Strategy Paper to the County Assembly, by 28 February of each year.

However, due to the expected general election next year, the calendar was revised to avoid a situation where counties can lack quorum to pass budgets due to increased electioneering campaigns.

The contents of the CFSP are largely informed by the PFM Act section 117(2), which provides for the aligning of the CFSP with the national objectives in the Budget Policy Statement. The CFSP serves as the basis for the preparation of the annual estimates of revenue and expenditure for the County Budget FY 2022/2023. The county fiscal strategy paper has five chapters, as outlined below:

Chapter I- Introduction to county fiscal strategy paper. This chapter outlines legal basis for the preparation of the county fiscal strategy paper, fiscal responsibility principles and the strategic objective of the County Government.

Chapter 2 - Recent global, national and county economic developments. This chapter highlights recent economic developments on the global and national level and the impact that this has on the county economic development.

Chapter 3 - Fiscal framework and structural measures for 2022/2023 and the medium term. This chapter highlights the projections for county revenue, recurrent and development expenditure. It sets out a framework for sustainable public finances management, while managing vulnerability to economic and fiscal risks.

Chapter 4 - Resource envelope and criteria for resource allocation. This chapter highlights the resource envelope, sector ceilings and spending priorities for FY 2022/2023, MTEF budget and the medium term. This is informed by the national objectives and goals as outlined in the 2022 Budget Policy Statement and the set out resource sharing guidelines.

Chapter 6– Conclusion

## **FOREWORD**

The 2022-2023 County Fiscal Strategy Paper (CFSP) has been prepared in line with Section 117 (1) and (6) of the Public Finance Management Act, 2012 and PFM Regulations, 2015. The CFSP underpins the county fiscal and budget framework by laying out strategic priorities and fiscal policy over the medium-term. Importantly, this document sets the sector and program resource ceilings that guide the FY 2022/2023 budget estimates. The CFSP outlines the Medium-Term Fiscal Framework, which offers mechanisms for entrenching sustainable growth and development for efficient service delivery in Lamu County.

The county fiscal strategy paper links county planning and budgeting, which is the main objective of the Medium-Term Expenditure Framework. The County priorities and goals outlined herein are based on the County Integrated Development Plan (CIDP 2018-2022) with emphasis on investment in: food security, Infrastructure development, domestic water connectivity, accessibility to affordable health care and early childhood development education.

Challenges to this outlook includes pressure on compensation to employees, drought being experienced in the county and expected general Election. The county resource envelope remains limited against the county priorities. The County Treasury will propose a series of measures to increase revenue and balance its fiscal spending including increase of revenue streams, continued revenue automation and establishment of partnerships with major donors.

The fiscal framework presented in the paper ensures a sustainable financing while allowing continued spending on priority programmes. Achievement of the set objectives calls for greater transparency, effectiveness and efficiency in public financial management in order to ensure fiscal discipline. This Paper therefore puts into perspective how the County anticipates expending its scarce resources in the 2022/2023 FY and the Medium Term.

**Hon. Abdu Godana**  
**CECM Finance, Strategy and Economic Planning**

## **ACKNOWLEDGEMENT**

2022/2023 Financial Year County Fiscal Strategy Paper provides the resource envelop and presents a fiscal framework for the next budget and the medium-term plan. The document outlines the broad strategic macroeconomic issues and fiscal framework, together with a summary of County Government spending plans, as a basis of FY 2022/2023 budget and the medium-term. As County Treasury, we expect the document to improve the public's understanding of the County's public finances and guide public debate on economic and development matters.

2022/2023 County Fiscal Strategy Paper has been prepared in compliance with the provisions of the Public Finance Management Act, 2012. **The document was prepared through a consultative process that has taken a keen consideration of the views and opinions of the public, the Commission on Revenue Allocation and other interested groups who submitted their inputs that have greatly informed the content of this Paper.**

It gives broad macroeconomic issues and medium-term fiscal framework, and specifies the set strategic priorities and policy goals together with a summary of county expenditure framework plans as a basis of the FY 2022/2023 budget.

I would like to pay special thanks HE the Governor and the Entire county Executive for overall guidance. Also not to be left are the chief officers and their staffs for their inputs. Special recognition the officers working under Budget and Economic Planning department who helped put this document together. The team put tireless quality time in production of this document.

I may not mention everybody, but do acknowledge all those individuals who directly or indirectly contributed to the success of development and production of this paper.

**Salma Omar**

**Chief Officer –Budget and Economic Planning**

## **CHAPTER ONE: OVERVIEW**

### **1.0 Introduction**

1. This chapter presents the philosophy behind financial planning, the legal framework underpinning the preparation of the County Fiscal Strategy Paper for the fiscal period 2022/2023. It provides a summary of key achievements for the fiscal period 2018/2019 and up to end of 2021 for various County departments in terms of revenues, expenditures and results for capital programmes.
2. Section 117 of the Public Finance Management Act 2012 requires all counties to table a County Fiscal Strategy Paper (CFSP) in their respective county assemblies by 28 February each year. The Paper should have at least four core elements namely Performance review, priority setting for the medium term, projections of revenue and expenditure and expenditure ceilings for respective sectors. Specifically, the paper shall provide the following information:
  - A description of budget implementation for the period Medium term 2018/19 to 2020/21 and first half of the year 2021/2022 (July to December), including revenue and expenditure performance. However due to the fact that we are preparing CFSP earlier using revised budget calendar due to impending general election, the county will use data for the first quarter (July –September 2021)
  - A description of any changes to the budget during the year, such that may have necessitated revision of the approved financial plan.
  - An overview of the expected revenue and expenditure totals for the coming year, based on an assessment of the economy and any other determinants.
  - Ceilings (or limits) on the amount of money each sector (health, education, etc.) will get in the upcoming budget and the basis for such capping.

### **1.1 LEGAL FRAME WORK**

The County Treasury pursuant to section 117(1) and (6) of the Public Finance Management Act (PFMA), 2012 is mandated to prepare and submit the County Fiscal Strategy Paper to the County Assembly, by the 28<sup>th</sup> February of each year, and subsequently publish and publicize it not later than seven days after it has been submitted to the County Assembly. The county Treasury shall also align its County

Fiscal Strategy Paper with the National objectives in the Budget Policy Statement. 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.

In preparing the Fiscal Strategy Paper, the County Treasury shall seek and take into account views of:

- The Commission on Revenue Allocation
- The Public
- Any interested persons or groups
- Any other forum that is established by legislation

In accordance to section 117(2) of PFM Act, the County Treasury has aligned the proposed revenue and expenditure plan to the national financial objectives contained in the National Budget Policy Statement (BPS) for 2021 with the aim of meeting the County Integrated Development Plan, (CIDP 2018-2022). In this regard, the fiscal policies are geared towards triggering a multiplier effect towards the achievement of the national theme of economic transformation for shared prosperity resulting in:

- i) Restored good governance, public safety and security,
- ii) enhanced food security,
- iii) Improved access to quality education and affordable healthcare,
- iv) An enabling environment for job creation, business growth and wealth creation,
- v) Serene environment, clean water, sanitation and garbage management,
- vi) Plight of youth, women, People Living with Disabilities and adequate social protection.

## **1.2 Rationale**

The Fiscal strategy Paper outlines the County's fiscal policies in the context of prevailing macro-economic policies and outlook while articulating the Lamu County's strategic priorities and policies for the fiscal year 2022/2023. The Lamu County Fiscal Strategy Paper is the guide to the County Budget Process. It looks at how the past and the present setting of the budget process can inform the future. The Lamu

County Fiscal Strategy Paper specifies the broad strategic priorities and policy goals that guide the County government in preparing its budget for the coming financial year and over the medium term (3-5 years).

## **CHAPTER TWO: ECONOMIC AND FINANCIAL FORECAST FOR FY 2022/2023 AND THE MEDIUM-TERM**

### **ECONOMIC OUTLOOK**

3. Overview This Section highlights the global, regional, national and local economic outlook, and their impact on the County's Economic Development.

#### **Global and Regional Economic Development**

4. The global recovery is underway, but the pace has slowed due to the pandemic. The global COVID-19 death toll has climbed close to 5 million, fueled by the highly transmissible Delta variant, and health risks abound, delaying a full return to normalcy. Pandemic outbreaks in critical global supply networks have caused supply disruptions that have lasted longer than predicted, fueling inflation in many countries. Risks to the economy have risen overall, and policy trade-offs have become more complicated. In comparison to the July 2021 forecast, the global growth forecast for 2021 has been lowered down to 5.9% from 6%, while the forecast for 2022 is anticipated to remain stable at 4.9%. However, the slight revision masks significant downgrades for some countries. Due to increasing pandemic dynamics, the outlook for low-income developing countries has dimmed significantly. The downgrade reflects the advanced economy group's more difficult near-term prospects, which are amplified by supply disruptions (IMF World Economic Outlook, October 2021). In advanced economies, the projected growth of 5.2% in 2021 from -4.5% in 2020 is expected. In 2021, the United States will grow from -3.4% to 6%, Euro area -6.3% to 5% and the United Kingdom -9.8% to 6.8% from 2020 respectively. While other advanced, economies will have a growth projection of 4.6% from -1.9% in 2020. (IMF World Economic Outlook, October 2021). In 2021, Emerging Market and Developed Economies (EMDEs), will expand by 6.4% from -2.1% in 2020. China is expected to rise by 8% in 2021 compared to 2.3% in 2020, while India will expand by 9.5% in 2021 from -7.3% in 2020. In 2020, Sub-Saharan Africa contracted by -1.7% compared to 3.1% projected expansion in 2021. The key drivers of African expansion, Nigeria and South Africa, are expected to grow by 2.6% and 5% in 2021 from -1.8% and -6.4% respectively in 2020. (IMF World Economic Outlook, October 2021) East Africa is the only region in Africa that avoided a

recession in 2020 due to improved agricultural performance, ongoing public spending on massive infrastructure projects and growing regional economic integration. However, political instability in some nations and a lack of economic diversification in others hampered growth. The global economic recovery is expected to help East Africa's GDP expand to 3 percent in 2021, up from 0.7 percent in 2020. The sluggish dissemination of COVID-19 vaccines, as well as the possibility of more infection could sour that attitude. (East Africa Economic Outlook, 2021)

### **National Macro-Economic Outlook**

5. Kenya was among Africa's fastest-growing economies before the COVID-19 pandemic, with an annual average growth of 5.9% between 2010 and 2018. It has recently achieved lower-middle-income status, with a GDP of US \$95 billion, and has effectively developed a broad and dynamic economy. It also acts as a gateway to the wider East African market of close to 200 million people. However, the Country continues to face substantial obstacles in achieving sustainable and equitable economic growth, which have been compounded by the economic disruptions caused by COVID-19. (USAID

### **Domestic Economic Development**

6. The Kenyan economy contracted by 0.3 percent in 2020 compared to a growth of 5.0 percent in 2019. This performance reflects the adverse effects of the COVID19 pandemic, which disrupted activities mainly in the services sectors particularly wholesale and retail trade, education, accommodation and restaurant, and transport and storage. The economy is expected to rebound to 6.0 percent in 2021, supported by the continued reopening of the services sectors, recovery in manufacturing, and stronger global demand. This is reflected robust performance of construction, manufacturing, education, real estate and transport and storage sectors.



7. The economy continues to register macroeconomic stability with low and stable interest rates and a competitive exchange rate that supports exports. Year-on-year overall inflation rate has remained low, stable and within the policy target range of 5+/-2.5 percent since the end of 2017. The year-on-year inflation rate increased to 6.45 percent in October 2021 from 4.84 percent in **October 2020 driven by higher food prices. However, the inflation rate remained within the target range supported by muted demand pressures**
8. The foreign exchange market has largely remained stable but partly affected by tight global financial conditions attributed to uncertainty with regard to the COVID-19 pandemic. In this regard, the Kenya Shilling to the US Dollar exchanged at Ksh 110.9 in October 2021 compared to Ksh 108.6 in October 2020. The current account deficit is estimated at 5.5 percent of GDP in the 12 months to August, and is projected at 5.2 percent of GDP in 2021.

#### **KEY ECONOMIC PERFORMANCE OF THE COUNTY DEPARTMENTS**

9. Lamu county lacks Macro and Micro economic data to measure the performance of the county. However, the county intends to develop county statistical abstract with the support of Kenya National Bureau of statistics (KNBS). This will help to measure the effects of different intervention the county is undertaking.

The county has however achieved different strides as indicated below.

#### **Public service management**

10. The department has managed to make major strides despite the many challenges among the achievement are,
  - A Modern County head quarter Annex is being constructed and at advance stage will house the Governor and additional staff who don't have offices at the Headquarters.
  - Fencing of county head county and the construction of a sentry house is ongoing hence having a secure work environment.
  - Ward Administrators offices and ICT centres across the county.
  - The command centre which is a multiyear project is at 100 (%) percent complete, the Mkomani fire station project which had stalled will be completed this financial year.

- Construction of Governors' residence has already been awarded and construction expected to start any time.
- The Department managed to do major repairs at County Headquarter/ Administration office and lounge in which all other departments have been accommodated hence customer service.
- The department has managed to carry out Water trucking services to both humans and domestic animals in Witu, Kiunga, faza and Basuba wards.
- The department has managed to intervene whenever a disaster happens case in point Witu ward flood disaster by providing relief assistance to approximately 500 house holds
- The department has planned, budgeted and paid for eligible outstanding pending Bills
- The department has helped other departments recruit qualified personnel i.e specialist doctors land surveyors among others
- The Department has coordinated and facilitated the training and induction for the new of staff
- The Department has championed for comprehensive health cover for approximately 20,000 House Holds

### **Finance Department**

#### 11. The department major achievements over the medium term

- The department managed to lead the county in achieving a qualified audit opinion
- Timely submission of quarterly and Annual financial statements and returns to the office of the controller of Budget ,national treasury, Commission of revenue allocation, Auditor General and county Assembly
- Achieved optimal staffing leveling in the procurement section in the finance department
- The Collection of county revenue has continued to surpass the target
- Preparation of department service charter and strategic plan
- Training of PFM staff

### **Education and vocational training**

#### 12. The department major achievements over the medium term

- The number of students under scholarship programme has increased to 2028
- University students benefiting from county bursary stands at 2000
- Normal bursary beneficiaries stand at 8000
- The Number of students at TVET in lamu has increased to 3260 due to county offering free training

### **Public Health, Sanitation & Environment**

13. Major investments have been realized in the following areas;

- Improvement of waste management practices through acquisition of necessary tools and equipment and securing of disposal sites.
- Provision of public health services by procuring and distribution of public health chemicals (insecticides, chlorine for water treatment etc) to the community.
- Improvement of sanitation services by construction several public toilets across the County.
- Fostering partnerships in the environmental protection and conservation programs.

### **Water**

14. The water department has concentrated in ensuring access to clean water for domestic use, development new water sources such as desalination plants in areas with no reliable fresh water sources and pipeline extensions and reticulation. The infrastructure are at different stages of completion, some completed and some work in progress. Other interventions include households' water connections in both Lamu East and West Sub counties.

### **Food Security**

15. During the 2020/2021 FY, the department purchased and distributed 130 tons of certified seeds, 20,000 coconut seedlings, 10,000 grafted cashew nut seedlings and 4.545 tons of Hybrid Cotton seeds. In addition, the Department was able to efficiently operate the Agriculture Mechanization Unit by maintaining 15 county farm tractors and achieving the acreage ploughed of 5635.02 acres which was higher than the 5,538.46 acres achieved in 2019/20.

16. Implementation of KSCAP and ASDSP II projects also continued despite delays in disbursement of funds to the operations account. The department provided supervision and support to the 72 farmer groups and 3 Producer Organizations that received more than Kshs. 62 million in grants the previous year.
17. The Department was also unable to realize any progress in the implementation of the ASDSP program because there was failure to disburse funds to the programs operations account.
18. In addition to the challenge of delayed disbursement of funds to the 2 programs for operations, the department was faced with the challenge of serious drought that affected the results of agricultural activities in the field.

### **Livestock**

19. The following are the Department's achievements from 2018/2019 to 2020/2021
  - Improvement of livestock infrastructure (dips, markets and ranches)
  - Construction and rehabilitation of Veterinary/Livestock offices
  - Construction and rehabilitation of slaughter houses in Amu, Kiunga and Mokowe
  - Livestock health improvement services
  - Livestock breed improvement services in Pate, Faza, Mpeketoni, Hindi, Amu and Witu
  - Tsetse and Trypanosomiasis Eradication Campaign programme in alleviation of tsetse fly challenge
  - Vector Control improved
  - Improved livestock products and markets.
  - Honey value addition center at Hindi
  - Fodder production in Witu, Vumbe and Tewe

### **Medical services**

20. The following are the Department's achievements from 2018/2019 to 2020/2021:

### **Program 1, Curative and rehabilitative**

For the period under review, it was noticed that some key indicators improved especially for skilled deliveries from around 82% in the year 2018/19 to 84.7% in the year 2020/21. This increased number of skilled deliveries was achieved by introduction of mama packs and results-based financing (RBF) motivation to the primary health facilities.

However, some areas were not doing very well especially on accreditation of laboratories in the county where there is no certified lab in the entire county. The other area that was noted was on clients' average waiting time in which it was agreed that the department needed to formulate a tool to monitor this and also do a client exit interview.

### **Program 2, Preventive and Promotive**

In the reporting period some key indicators also reported an increase in performance such as 4th ANC from 52.1% in the year 2019/20 to 60.7% and this was also attributed to community sensitization and RBF for primary health facilities. It was also noted that more than 50% of pregnant women had a Hb level below 11gd/ml which is of concern and needs intervention.

### **Program 3, General Administration, Research, Monitoring and Evaluation (6 subprograms)**

On general administration it was noted that there is a need to initiate research unit in the county and introduction of Monitoring and Evaluation department in the department which can track the implementation of key program indicators.

### **Fisheries & Blue Economy**

21. The following are the Department's achievements from 2017/2018 to 2019/2020:

1. Capacity building the fishers to exploit Exclusive Economic Zone (EEZ). This has improved fishers' capacity catching around 200-1,000kgs per boat per day targeting Tuna and Tuna-like species.
2. We have been in a position to increase production of fish from 3,200Mt in 2017 to 3,496Mt in 2018. This increase in the fish production has resulted in the increase of fisher folk income and value of fish which rose from 550 Million to 571 Million. In line with increasing fish production, the Department

in the 2019/2020 financial year procured fishing gears worth 10M which were issued to fishers in Lamu County.

3. The Department is in a process of completing Kizingitini Ice Plant with an aim to reduce post-harvest loss. Site visit has already been done and there are only small pending works need to be attended to by the contractor. Cooler machines have also been already installed into the building.
4. Improvement of landing sites. The Department has been able to construct a Fish Banda (Fish Camp) at Ishakani in the 2017/2018 financial year and it has already initiated the procurement process of constructing a Fish *Bandas* at Ndununi.

### **County Public Service Board**

#### 22. Major performance achievements for FY 2020/2021

- Promoted 87 staff from different County departments.
- The Board recruited 137 new staff whereby 100 are UHC workers under the Ministry of Health.
- The Board carried out Human Resource Audit for the County public service
- The Board has reviewed a number of policies, namely:
  - Human Resource Development Policy For Lamu Public Service
  - Strategic Plan for the Board for Year 2020 - 2025.
  - Developed Guideline For The Establishment Of Service Delivery Unit
- The Board conducted compliance exercise for the national values and principles of governance and submitted to the directorate of National Values.
- The Board compiled and submitted Annual report of the boards functions to the County Assembly.

### **Budget and Economic Planning**

23. The department's primary mandate is to coordinate county and sectoral development planning, budgeting, monitoring and evaluation and track/report economic trends.

24. In the period under review, the department has achieved the following major achievements: -

- Prepared the Annual Development Plan on time for the said financial years
- Prepared and submitted the Budget Implementation Reports:
- Prepared and submitted the County Budget Review and Outlook Papers.
- Prepared and submitted the County Fiscal Strategy Papers
- Prepared and submitted annual budget estimates
- Prepared draft monitoring and evaluation policy
- Prepared draft indicators hard book

### **Lands**

The department has been able to achieve the following over three years planning, surveying and regularization of the following,

- Hindi township
- Hongwe trading center
- Muhamarani trading center
- Kiongwe madukani trading center
- Baraka trading center
- Tewe township
- Katsakakairu township
- Mpeketoni township
- Mikinduni farms
- Sinambio farms
- Kiangwe farms and
- Kiziwa cha paka informal settlement.
- Vumbe farms
- Different projects are at different stages towards production of title deeds.

### **Gender**

25. The department has supported various county sports groups with sports equipment. Trained over 1000 youths on driving and coxswain .

### **Municipality**

26. The Municipality has achieved the following:-

- Renovation of Lamu Island Market

- Purchase of tractor for garbage collection
- Commenced construction of Mokowe Market
- Developed the Lamu Municipality Integrated Development Plan, and Lamu Integrated Urban Development Plan.
- Secured funding under the SUED Program (sponsored by the UK Government) for the development of value chain project
- Developed solid waste management policy

### **Infrastructure**

27. Over the medium term the county government has been able to open and maintain and grade over 243 Kms of roads .

### **Lamu county expenditure performance over the medium term**

28. Over the medium term the expenditure on Compensation to employees has been rising steadily rising from Kshs 1.09 billion in FY 2017-18 to Kshs 1.42 billion which is an increase of Kshs 0.33 Billion over three years as Shown in the figure below.

29. The increase in compensation to employees has been because of the need to fill the gaps in staff establishment in order to improve service delivery.

30. The increase of salaries has also been necessitated due to the need to operationalize the new health facilities and ECDs which the county has been building.

31. The county has also been implementing various SRC circulars on salary and allowances increases which had a effect on the Compensation to employees.

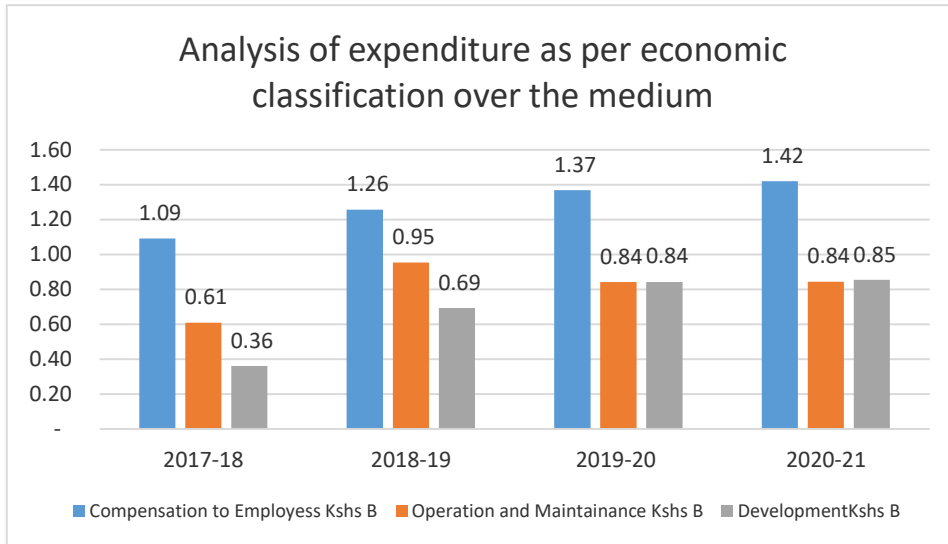
32. In order to control the rise of wages, county should explore option of considering the existing staff who have qualification when filling the existing gaps.

33. The county should also undertake staff audit with the aim of identifying the skills capacity with the aim of undertaking staff rationalization

34. Over the Medium Expenditure on Development has improved from Kshs 0.36 Billion in FY 2017-18 to Kshs 0.85 Billion in FY 2020-21

### **FIGURE 1: ANALYSIS OF FY MEDIUM TERM EXPENDITURE AS ECONOMIC CLASSIFICATION**





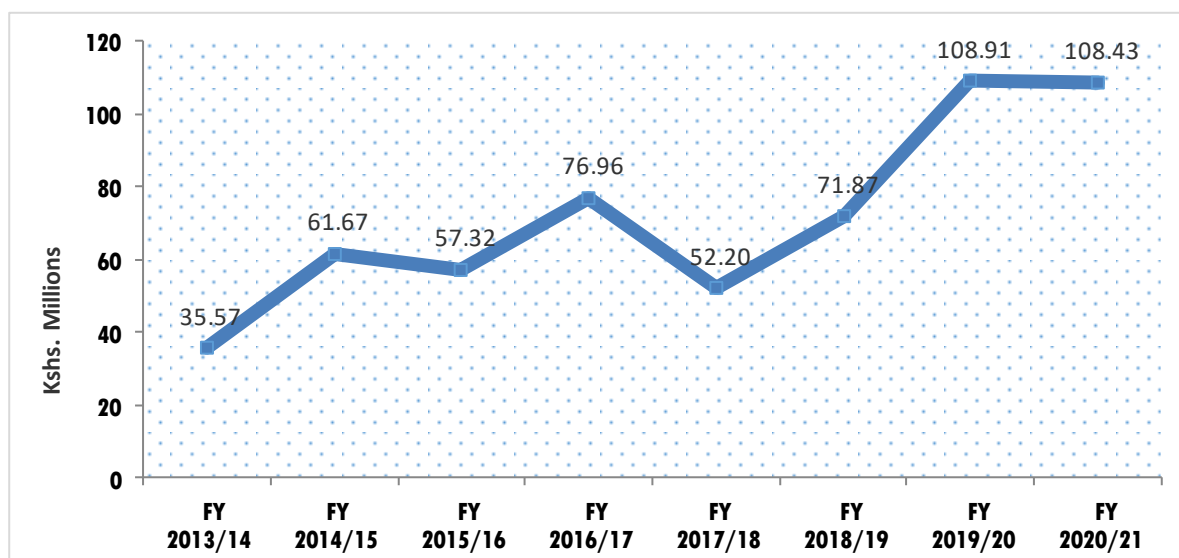
**TABLE: TREND IN GROWTH OF EQUITABLE SHARE OF REVENUE AND LOCAL REVENUE (BASE YEAR) FY2013/2014 – FY2022/2023**

EXCHEQUER RECEIPTS TRENDS	ALLOCATION	GROWTH	% GROWTH
2013/2014 (Base Year)	1,500,755,102	1,500,755,102	
2014/2015	1,746,977,915	246,222,813	16%
2015/2016	2,051,883,746	304,905,831	17%
2016/2017	2,214,008,743	162,124,997	8%
2017/2018	2,476,400,000	262,391,257	12%
2018/2019	3,548,000,000	1,071,600,000	43%
2019/2020	2,595,300,000	-952,700,000	-27%
2020/2021	2,595,300,000	0	0%
2021/2022	3,105,649,643	510,349,643	20%
2022/2023	3,105,649,643	0	0%

**Enhancement of County Governments’ Own-Source-Revenue**

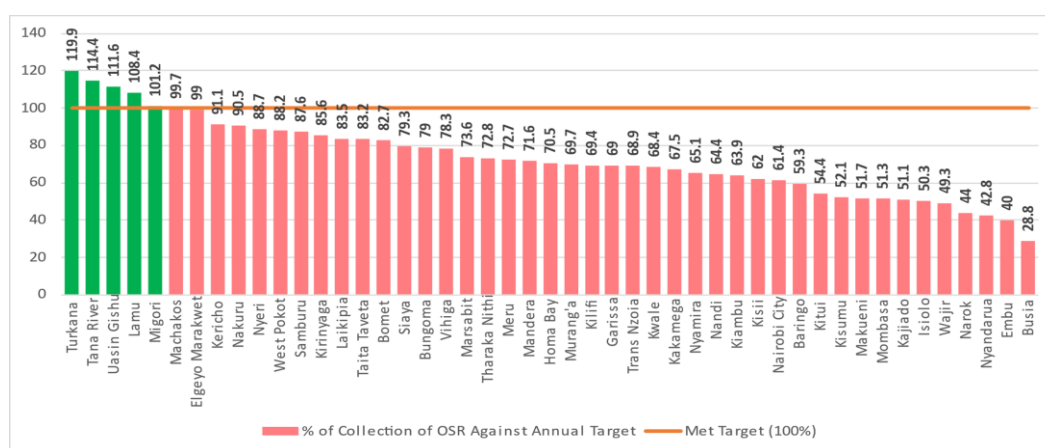
- 35. Lamu County Governments collected a total of Ksh 108 M in Own Source Revenue (OSR) against an annual target of Kshs. 100M in the FY 2020/21. County revenue collection has continued to increase over the medium term from 71 M FY 2018-19 to kshs 108M IN FY 2020-21.
- 36. However, though the county was able to surpass the target in in FY 2020-21 the actual was less than for FY 2019-20 due to the waiver granted by county government on Cess as relieve due to COVID 19.

**FIGURE 2 : TREND IN OWN-SOURCE REVENUE COLLECTION FROM FY 2013/14 TO FY 2020/21**



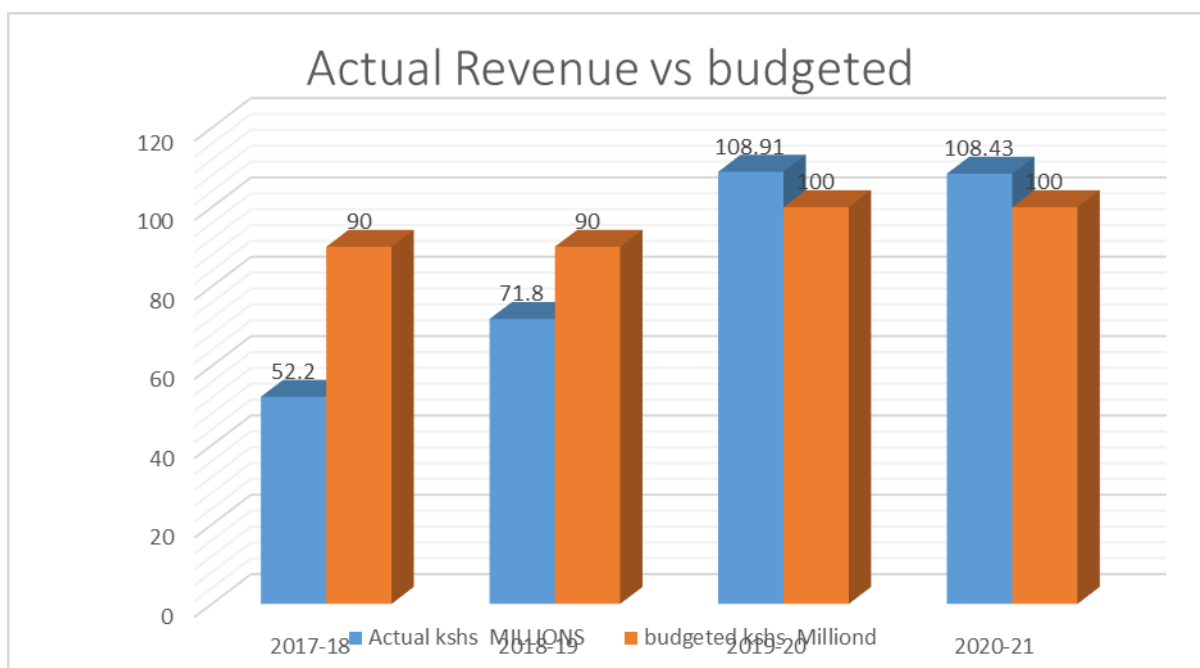
37. Lamu County is one of the five County Governments that were able to collect more than one hundred percent (100%) of their annual OSR target in FY 2020/21. The other County includes are Turkana, Tana River, Usain Gishu and Migori as depicted in figure below.

**FIGURE 3: FY 2020/21 ACTUAL REVENUE COLLECTED BY THE COUNTY GOVERNMENTS AS A PERCENTAGE OF ANNUAL REVENUE TARGET**



Source of Data: Controller of Budget

**FIGURE 4: LAMU COUNTY OWN SOURCE REVENUE ACTUAL COLLECTION VIS BUDGETED FOR FY 2013/14 TO FY 2020/21**



### Revenue Performance for first quarter of FY 2021-22

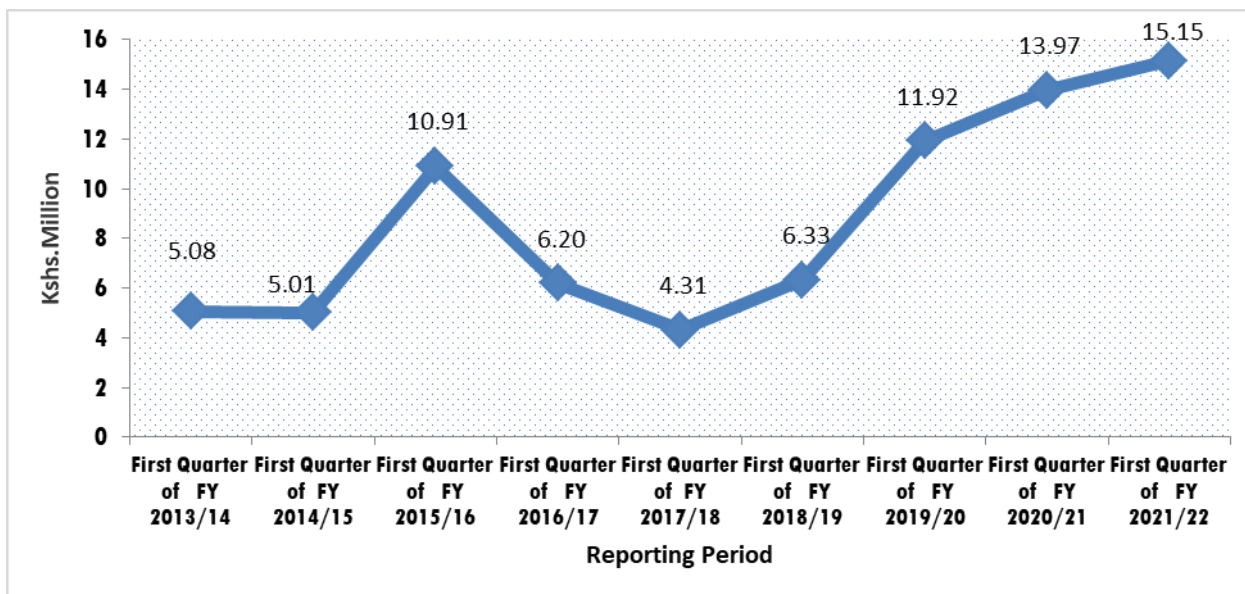
38. In the first quarter of FY 2021/22, the County received Kshs.512.43 million as the equitable share of the revenue raised nationally, raised Kshs.15.15 million as own-source revenue and had a cash balance of Kshs.597.62 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.1.13 billion, as shown in table below.

**TABLE 1: LAMU COUNTY, REVENUE PERFORMANCE IN THE FIRST QUARTER OF FY 2021/22**

	Revenue Category	Annual Budget Allocation	Actual Receipts	Actual Receipts as a Percentage of Annual Budget Allocation (%)
A	Equitable share of revenues raised nationally	3,105,649,643	512,432,192	16.5
	<b>Sub-total</b>	3,105,649,643	512,432,192	16.5
B	Other Sources of Revenue			
1.	Own source Revenue	120,000,000	15,148,880	12.6
2.	Balance b/f from FY 2020/21	597,617,674	597,617,674	100.0
3.	Other Revenues ( Conditional Grants)	425,821,812	-	-
	<b>Sub Total</b>	1,143,439,486	612,766,554	53.6
	<b>Grand Total</b>	4,249,089,129	1,125,198,746	26.5

Source: Lamu County Treasury

**FIGURE 5: ANNUAL TREND IN OWN-SOURCE REVENUE COLLECTION FOR THE FIRST QUARTER FROM FY 2013/14 TO FY 2021/22**



Source: Lamu County Treasury

39. In the first quarter of FY 2021/22, the County generated a total of Kshs.15.15 million as own-source revenue. This amount represented an increase of 8.4 per cent compared to Kshs.13.97 million realized during a similar period in the first quarter of FY 2020/21 and was 12.6 per cent of the annual target.

### Exchequer Issues

40. The Controller of Budget approved withdrawals of Kshs.544.52 million from the CRF account during the reporting period. The amount comprised of Kshs.12.93 million (2.4 per cent) for development programmes and Kshs.531.59 million (97.6 per cent) for recurrent programmes.

**TABLE 2: PERFORMANCE OF INDIVIDUAL REVENUE STREAM FOR THE FIRST QUARTER 2021-22**

Revenue Streams	JUL	AUG	SEP	TOTAL
Business Permit Current Year	1,390,400	143,000	185,000	1,718,400
Health Centres	620,620	614,940	569,830	1,805,390
Training/Learning Centres (ATC)	12,000	174,000	8,000	194,000
Market Stalls Rent	400	700	700	1,800
Fruits & Vegetables/Produce Cess	173,450	89,950	26,450	289,850

Meat Inspection Fees	4,150	-	9,650	13,800
Council Vehicles Hire (AMS Tractors)	200,750	50,250	59,150	310,150
Open Air Market Fee	29,350	29,760	31,720	90,830
Slaughtering Fee	40,490	55,890	24,100	120,480
Livestock Cess	5,000	-	17,800	22,800
Fish Cess	50,750	64,500	80,850	196,100
Street Parking Fee	142,700	117,250	138,250	398,200
Miraa	1,271,575	1,340,000	1,252,100	3,863,675
Veterinary	21,400	900	3,900	26,200
Forest Cess	25,650	44,800	53,100	123,550
Metal Scrap	5,800	2,000	3,700	11,500
Sign Boards & Advertisement Fee	60,000	88,000	15,000	163,000
Physical Planning	530,000	75,100	561,410	1,166,510
Sand, Gravel, And Ballast Extraction Fees	327,650	248,200	580,400	1,156,250
Fisheries Licence	11,350	15,000	12,100	38,450
Land Rates	2,978,062	40,846	23,732	3,042,640
Public Health	26,600	16,900	29,700	73,200
Salary Commission	-	322,105	-	322,105
<b>Total Collection</b>	<b>7,928,147</b>	<b>3,534,091</b>	<b>3,686,642</b>	<b>15,148,880</b>

## **Expenditure Performance**

### Overview of FY 2021/22 Budget

41. The County's approved budget for FY 2021/22 is Kshs.4.25 billion, comprising Kshs. 1.63 billion (38.4 per cent) and Kshs.2.62 -13824 (61.6 per cent) allocation for development and recurrent programmes respectively.
42. To finance the budget, the County expects to receive Kshs.3.11 billion (73.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.120 million (2.8 per cent) from own sources of revenue, and a cash balance of Kshs.597.62 million (14.1 per cent) from FY 2020/21. The County also expects to receive Kshs.425.82 million (10 per cent) as conditional grants, which consists of Kshs.387.82 million for Loans & Grants and Kshs.38 million as Supplement for Construction of County Headquarter.

## **Overall Expenditure Review**

43. During the reporting period, the County spent Kshs.553.67 million on development and recurrent programmes. This expenditure represented 99 per cent of the total funds released by the CoB and comprised of Kshs.21.77 million and Kshs.531.59 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 1.3 per cent while recurrent expenditure represented 20.3 per cent of the annual recurrent expenditure budget.

## **Settlement of Pending Bills**

44. The outstanding pending bills as of 30<sup>th</sup> June 2021 amounted to Kshs.111.77 million which comprised of Kshs.67.67 million for recurrent expenditure and Kshs.44.10 million for development expenditure. At the beginning of the FY 2021/22, the County had not prepared a payment plan to settle the entire bills however; they intend to factor the pending bills in the supplementary budget in the course of the financial year.
45. During the period under review, the County did not report any payment towards settlement of pending bills.

### Expenditure by Economic Classification

46. Analysis of expenditure by economic classification indicates that Kshs.375.98 million was spent on employee compensation, Kshs.155.62 million on operations and maintenance, and Kshs.21.77 million on development activities as shown in Table 2.

**TABLE 3: SUMMARY OF BUDGET AND EXPENDITURE BY ECONOMIC CLASSIFICATION**

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	2,210,491,013	405,000,000	471,104,053	60,490,580	21.3	14.9
Compensation to Employees	1,427,734,899	194,631,710	334,666,031	41,309,000	23.4	21.2
Operations and Maintenance	782,756,114	210,368,290	136,438,022	19,181,580	17.4	9.1
Development Expenditure	1,498,598,116	135,000,000	21,774,380	-	1.5	-
Total	3,709,089,129	540,000,000	492,878,433	60,490,580	13.3	11.2

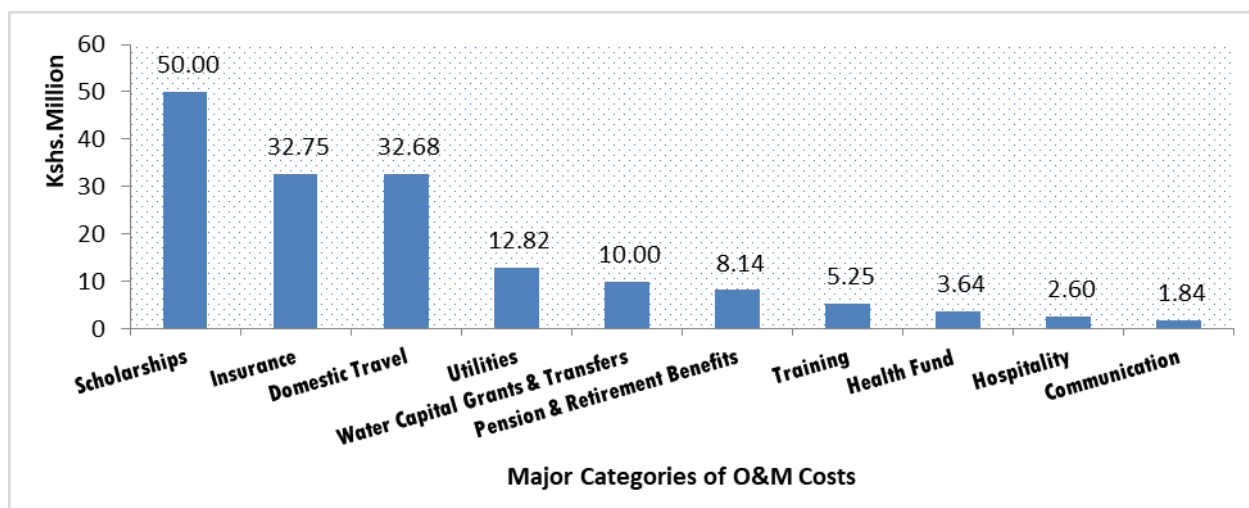
Source: Lamu County Treasury

### Expenditure on Personnel Emoluments

47. Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 67.9 per cent of the total expenditure for the reporting period and 17.7 per cent of the first quarter proportional revenue of Kshs.2.12 billion.

### Expenditure on Operations and Maintenance

**FIGURE 6: EXPENDITURE ON OPERATION AND MAINTENANCE**



Source: Lamu County Treasury

48. The County assembly spent Kshs.1.34 million on committee sitting allowances for the 19 MCAs and Speaker against the annual budget allocation of Kshs.10.98 million. The average monthly sitting allowance was Kshs.23, 586 per MCA as compared the SRC's recommended monthly ceiling of Kshs. 124,800.

49. During the period, expenditure on domestic travel amounted to Kshs.32.68 million and comprised of Kshs.7.78 million spent by the County Assembly and Kshs.24.9 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.37 million by the County Assembly.

### Development Expenditure

50. The County incurred an expenditure of Kshs.21.77 million on development programmes, which represented an increase of 33 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.16.38 million. Table 3 provides a summary of development projects with the highest expenditure in the reporting period.

**TABLE 4: LAMU COUNTY, LIST OF DEVELOPMENT PROJECTS WITH THE HIGHEST EXPENDITURE**

S/No.	Project Name/Description	Project Location	Contract Sum(Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	County grant to TVET	County Wide	20,000,000	9,200,000	46.0
2	Construction of Lamu & Mokowe Market	Lamu Island & Mokowe	65,000,000	8,848,610	13.6
3	Completion of Kizingitini Ice Plant	Kizingitini -Faza	9,000,000	3,725,770	41.4

Source: Lamu County Treasury

### Budget Performance by Department

51. Table 5 summarizes the approved budget allocation and performance by departments in the first quarter of FY 2021/22.



**TABLE 5: LAMU COUNTY, BUDGET PERFORMANCE BY DEPARTMENT**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million )		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	405.00	135.00	60.49	-	44.21	-	73.1	-	10.9	-
County Executive & PSM	368.82	75.29	91.81	-	90.85	-	99.0	-	24.6	-
Finance	138.50	-	21.05	-	20.71	-	98.4	-	15.0	-
Agriculture & Irrigation	115.38	337.84	11.40	-	14.43	-	126.6	-	12.5	-
Land and Physical Planning	27.00	76.83	4.92	-	5.00	-	101.8	-	18.5	-
Education & Vocational Training	218.00	100.48	66.45	9.20	65.76	9.20	99.0	100.0	30.2	9.2
Medical Services	983.63	202.45	190.88	-	194.96	-	102.1	-	19.8	-
Trade, Tourism & Investment	23.41	41.69	4.46	-	4.60	-	103.0	-	19.6	-
Livestock, Veterinary & Cooperative Development	39.83	23.58	8.74	-	8.56	-	97.9	-	21.5	-
County Public Service Board	54.31	-	10.17	-	10.06	-	98.9	-	18.5	-
Water Management & Conservation	37.56	249.00	19.54	-	19.12	-	97.9	-	50.9	-
Youth, Gender, Culture, Sports, & Social services	17.20	74.09	3.48	-	3.09	-	88.8	-	17.9	-
Public Health Sanitation and Environment	66.00	7.50	13.70	-	13.53	-	98.7	-	20.5	-
Fisheries Development	35.66	24.00	6.00	3.73	5.57	3.73	92.8	100.0	15.6	15.5
Budget & Economic Planning	20.30	-	2.19	-	2.22	-	101.4	-	10.9	-
Infrastructure and Energy	35.30	206.10	8.90	-	7.23	-	81.2	-	20.5	-
Lamu Municipality	29.60	79.75	7.41	-	7.15	8.85	96.5	-	24.2	11.1
<b>TOTAL</b>	<b>2,615.49</b>	<b>1,633.60</b>	<b>531.59</b>	<b>12.93</b>	<b>517.05</b>	<b>21.77</b>	<b>97.3</b>	<b>168.5</b>	<b>19.8</b>	<b>1.3</b>

Source: Lamu County Treasury

52. Analysis of expenditure by the departments shows that the Department of Fisheries Development recorded the highest absorption rate of development budget at 15.5 per cent followed by Lamu Municipality and Education & Vocational Training at 15.5 per cent and 9.2 per cent respectively. The rest of departments did not report any expenditure on development activities. The Department of Education & Vocational Training had the highest percentage of recurrent expenditure to budget at 30.2 per cent while the Department of Budget & Economic Planning and the County Assembly had the lowest each at 10.9 per cent.

### Budget Execution by Programmes and Sub-Programmes

53. Table 5 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

**TABLE 6: LAMU COUNTY, BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES**

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
County Assembly	P.1 Administration, planning and support services.	222,807,120	23,091,391	199,715,729	10.4
	P. Legislation and Oversight	317,192,880	21,122,587	296,070,293	6.7
	<b>Subtotal</b>	<b>540,000,000</b>	<b>44,213,978</b>	<b>495,786,022</b>	<b>8.2</b>
County Executive & PSM	P 1: Headquarters	330,358,944	87,881,999	242,476,945	26.6
	P.2 Office of the Governor and Deputy Governor	38,462,000	2,969,956	35,492,044	7.7
	P 3: Development	75,288,955		75,288,955	-
	<b>Subtotal</b>	<b>444,109,899</b>	<b>90,851,955</b>	<b>353,257,944</b>	<b>20.5</b>
Finance	P 1: Administration, planning support services	104,808,619	18,100,341	86,708,278	17.3
	P2. Accounting, Standards & Reporting	12,031,515	1,463,840	10,567,675	12.2
	P.3 Procurement & Supply Chain management	7,218,909	487,640	6,731,269	6.8
	P.4 Revenue	7,218,909	414,520	6,804,389	5.7
	P.5 Internal Audit	7,218,909	243,240	6,975,669	3.4
	<b>Subtotal</b>	<b>138,496,861</b>	<b>20,709,581</b>	<b>117,787,280</b>	<b>15.0</b>
Agriculture &	P 1: Administration and planning support services	50,409,930	11,143,171	39,266,759	22.1

Irrigation	P 2: Plant Dieses Control (Extension services)	52,368,686	3,283,270	49,085,416	6.3
	P 3: Crop Productivity	12,596,440		12,596,440	-
	P 4: Development	337,843,632		337,843,632	-
	<b>Subtotal</b>	<b>453,218,688</b>	<b>14,426,441</b>	<b>438,792,247</b>	<b>3.2</b>
Land, Physical Planning	P 1: Administration, planning & support Services	27,000,000	5,004,368	21,995,632	18.5
	P 2: Land Development Management	76,827,460		76,827,460	-
	<b>Subtotal</b>	<b>103,827,460</b>	<b>5,004,368</b>	<b>98,823,092</b>	<b>4.8</b>
Education and Vocational Training	P 1.Headquarters	91,408,006	15,763,189	75,644,817	17.2
	P 2. Early Childhood Development	126,591,994	50,000,000	76,591,994	39.5
	P3.Development	100,476,466	9,199,999	91,276,467	9.2
	<b>Subtotal</b>	<b>318,476,466</b>	<b>74,963,189</b>	<b>243,513,277</b>	<b>23.5</b>
Medical Services	P 1: General Administration, Planning and Support Services	801,604,150	190,388,009	614,245,913	23.8
	P 2: Curative & Rehabilitative Services	120,138,376	929,513	116,252,572	0.8
	P 3: Preventive & Promotive Services	61,889,244	3,640,948	58,114,496	5.9
	P 4: Development	202,445,935		202,445,935	-
	<b>Subtotal</b>	<b>1,186,077,705</b>	<b>194,958,469</b>	<b>991,058,916</b>	<b>16.4</b>
Trade, Investment, Culture & Tourism	P1: Administration, planning & support Services	17,757,635	3,230,897	14,526,738	18.2
	P 2: Tourism Promotion	3,186,865	705,432	2,481,433	22.1
	P 4: Trade & Industrialization	2,465,500	660,000	1,805,500	26.8
	P5: Development	41,689,727		41,689,727	-
	<b>Subtotal</b>	<b>65,099,727</b>	<b>4,596,329</b>	<b>60,503,398</b>	<b>7.1</b>
Livestock,	P 1: Headquarters	36,778,145	8,283,333	28,494,812	22.5
Veterinary & Co-operative Development	P 3: Livestock Production	976,764	133,000	843,764	13.6
	P 4: Veterinary Services	1,464,613	144,470	1,320,143	9.9
	P 5: Cooperative development	605,478		605,478	-
	P6: Development	23,583,506			-
	<b>Subtotal</b>	<b>63,408,506</b>	<b>8,560,803</b>	<b>54,847,703</b>	<b>13.5</b>
Public Service Board	P.1 General Admin	46,215,457	8,882,319	37,333,138	19.2

	P 2: Human Resource Management	2,689,800		2,689,800	-
	P 3: Ethics, Governance And Compliance	1,579,689		1,579,689	-
	P 4: Skills & Competency Development	3,824,529	1,175,028	2,649,501	30.7
	<b>Subtotal</b>	<b>54,309,475</b>	<b>10,057,347</b>	<b>44,252,128</b>	<b>18.5</b>
Water Management & Conservation	P 1: Headquarters	17,259,570	4,125,803	13,133,767	23.9
	P 2: Water Management, Conservation & Provision	20,300,000	14,996,795	5,303,205	73.9
	P3: Development	249,000,000			-
	<b>Subtotal</b>	<b>286,559,570</b>	<b>19,122,598</b>	<b>267,436,972</b>	<b>6.7</b>
Gender, Sports, Youth Affairs, & Social Services	P 1: Headquarters	17,200,000	3,087,070	14,112,930	17.9
	P3: Development	74,092,435		74,092,435	-
	<b>Subtotal</b>	<b>91,292,435</b>	<b>3,087,070</b>	<b>88,205,365</b>	<b>3.4</b>
Public Health Environment & Sanitation	P 1: Headquarters	60,790,000	13,433,193	47,356,807	22.1
	P 2: Public Health and Sanitation	5,210,000	94,550	5,115,450	1.8
	P3: Development	7,500,000		7,500,000	-
	<b>Subtotal</b>	<b>73,500,000</b>	<b>13,527,743</b>	<b>59,972,257</b>	<b>18.4</b>
Fisheries	P 1. General Administration, Planning and Support services	35,657,000	5,565,959	30,091,041	15.6
	P2: Development	24,000,000	3,725,769	20,274,231	15.5
	<b>Subtotal</b>	<b>59,657,000</b>	<b>9,291,728</b>	<b>50,365,272</b>	<b>15.6</b>
Budget & Economic Planning	P 1: Headquarters	13,086,664	1,841,656	11,245,008	14.1
	P 2: Budget	2,405,200	380,200	2,025,000	15.8
	P3: Economic Planning	2,405,200		2,405,200	-
	P 1: Monitoring & Evaluation	2,405,200		2,405,200	-
	<b>Subtotal</b>	<b>20,302,264</b>	<b>2,221,856</b>	<b>18,080,408</b>	<b>10.9</b>
Infrastructure, Urban Development & Energy	P 1: Administration Headquarters	35,300,993	7,234,111	28,066,882	20.5
	P2: Development	206,100,000		206,100,000	-
	<b>Subtotal</b>	<b>241,400,993</b>	<b>7,234,111</b>	<b>234,166,882</b>	<b>3.0</b>
Lamu	P 1: Administration, planning & support Services	29,602,080	7,150,109	22,451,971	24.2

Municipality	P 2: Urban Development	79,750,000	8,848,610	70,901,390	11.1
	<b>Sub Total</b>	<b>109,352,080</b>	<b>15,998,719</b>	<b>93,353,361</b>	<b>14.6</b>
<b>Grand Total</b>		<b>4,249,089,129</b>	<b>538,826,284</b>	<b>3,710,202,523</b>	<b>12.7</b>

Source: Lamu County Treasury

Programmes with high levels of implementation based on absorption rates were: Education and Vocational Training in the Department of Education at 23.5 per cent, County Executive & PSM at 20.5 per cent, Public Service Board at 18.5 per cent, and Public Health Environment & Sanitation at

18.4 per cent of budget allocation.



## **CHAPTER THREE: COUNTY DEVELOPMENT PRIORITIES AND STRATEGIES FOR THE FY 2022/2023 AND THE MEDIUM TERM**

### **Fiscal Policy Environment**

54. Budget estimates for the FY 2022/2023 and the MTEF shall be based on the priorities that are outlined in the County Integrated Development Plan (2018-2022), Budget Policy Statement (BPS 2021), Medium Term Plan (MTP IV), and Kenya vision 2030, The National Post Covid 19 Economic Recovery Strategy, the Governor's manifesto and the National Big 4 Agenda and inputs from the public through public conducted at the ward level.
55. Several measures have been and continue to institute to ensure compliance with fiscal responsibility including timely payment of contractors, deployment of more staff to key directorates like revenue and procurement and continued automation of revenue streams

### **Key Departmental Priorities for FY 2022/2023**

56. This chapter presents development priorities, strategies and programmes for some key county departments over the medium term.

### **Agriculture, Livestock and Fisheries sector**

57. The department shall implement various projects cutting across the county under the following programmes:
- a. Crop Production and Management
  - b. Agricultural Training and Extension Services
  - c. Agribusiness and Agricultural Value Chain Development
  - d. Agri-Nutrition Support Programme
  - e. Agricultural Services
  - f. Kenya Climate Smart Agriculture
  - g. Fisheries and Aquaculture Resources Development •
  - h. Livestock Resource Development and Management
  - i. Veterinary Health Services.

### **Department of Education and Vocational Training**

58. The department shall prioritize to undertake the following programmes and projects:
- Scholarship and bursary programmes
  - Construction and renovation of ECDE classroom and child-friendly toilet

- Construction of model ECDE centers,
- Purchase of furniture for ECDE centers,
- Promotion of TVET by offering grants
- Recruitment of ECDEs teachers
- Recruitment of TVET instructors
- Procurement of ECDEs learning materials
- Introduction of school feeding programme.

### **Department of Finance and Economic Planning**

59. The department shall prioritize to undertake the following programmes and projects:

- Finalization county asset register
- Automation of all local revenue
- Exploring other local resources streams
- Enforcement of fiscal responsibility
- Prompt payment of goods, services and work
- Reduction of value of audit queries
- Reduction of county pending bills
- Purchase of receipts with security features
- Recruitment of key staff in the department
- Installation of a strong-room safe with fireproof and mold-free capabilities adequate for long-term storage of critical documents.
- Publication of implementation reports
- Capacity build suppliers to improve the efficiency of the county supply chain system.

### **Department of Trade, Tourism, Culture**

60. The department through its directorates shall implement the following programmes

- Construction of modern markets across the County to improve the business environment
- Tourism Promotion
- Operationalizing of liquor licensing

- Finalization of investment policy

### **Department of Gender Sports and Social Services**

61. The department through its directorates shall implement the following programmes

- The department will continue to offer grants to Women, Youth and People living with Disabilities
- Improvement of county sporting facilities
- Provision of sports training uniforms and equipment
- Nurturing of county different sport talents by organizing county and cross counties tournaments
- Renovation of social Halls

### **Department of Budget and Economic planning**

62. The department through its directorates shall implement the following programmes

- Development of third generation CIDP 2022-27
- Rolling of E-Cimes in all county Department
- Uploading of all county development projects in E-CIMES
- Preparation of Quarterly and Annual budget implementation reports
- Operationalize County Monitoring and Evaluation programme by ensuring adoption of M&E policy, rolling out of e-CIMES, purchase of M&E vehicles among other key initiatives
- Capacity building of personnel responsible for planning and budgeting in the county departments
- Develop county statistical framework through production and publishing of County Statistical Abstracts and period data reports.
- Coordination and operationalization of sector working groups and culminate in the production of sector plans
- Developing and publishing mwananchi friendly citizen planning and budget documents for every financial year.



## **Department of Infrastructure and Energy**

63. The key priority areas in the medium term will be;

- Routine Maintenance of County Roads,
- Construction of minor and major drainage (Bridges & Box Culverts) Countywide, maintenance of acquired roads construction equipment,
- Maintenance of electrical works in public buildings,
- Installation and maintenance of street lights,
- Maintenance of jetties

## **Department of Public Service Management and Administration**

### **Key priorities**

- Human resource management and development,
- records management,
- staff performance management,
- training and capacity building,
- organizational design and development,
- industrial relations,
- gender/disability mainstreaming,
- staff benefits and welfare schemes,
- guidance and counselling on HIV and AIDs and Covid 19
- employee relationship, promotion of staff cohesion,
- Staff payroll management.
- Staff skills inventory
- Development of county staff establishment

## **Department of Lands, Housing and Urban Planning**

- Land surveying and planning
- Updating of valuation roll

## **Department Health and Sanitation**

- The department will prioritize increasing access to quality and affordable health care in line with the national priority for the Universal Health Coverage Programme.
- The Department will increase the number of Households under the County Sponsored NHIF to reduce the out-of-pocket payments for health expenses.
- The department will also invest in infrastructure, equipping and staffing of the yet to be completed capital projects,
- The department will also prioritize equipping of the existing health centers and dispensaries in order to ensure they function optimally. This is one of the targeted measures to consolidate the gains following a cumulative significant investment over time.
- More investment in the preventive programme, and more so in the sub programs Disease Surveillance (in light of post covid recovery) of Non-Communicable Diseases, RMNCAH, HIV/AIDS among others.
- The department will also strengthen the Primary health care services, and will prioritize the implementation of the yet to be enacted Community health Services Bill to improve on primary health
- Adoption of Lamu County Health Services Fund in order for the department to focus on achieving greater efficiency in collection and management of the fund, with an aim of sustaining healthcare financing, leveraging on the goodwill from the County leadership.

## **County Public Service Board**

- Promotion of values and principles of Governance as per Article 10 and 232 of the Constitution of Kenya in the County Public Service
- The Department plan to Undertake Staff capacity building in various cadres of the employees
- Development of county human resource system
- Implementation of Performance Management System in the County by the next Financial Year.

#### 4.0 FISCAL POLICY, 2022/23 FY BUDGET AND THE MEDIUM-TERM EXPENDITURE FRAMEWORK

64. The County government is committed to fiscal discipline in order to promote productive sector growth and overall economic growth. In this regard, expenditure management and revenue administration reforms will be implemented to increase efficiency, reduce wastage and mobilize revenues to create fiscal space for funding development programmes within the budget.

##### 4.1 FY 2022/23 Budget Framework

65. In the FY 2022/23 prioritization of resource, allocation will be based on the County Integrated Development Plan (CIDP), Departmental priorities, programmes and development policies of the County Government. The 2022/23 FY budget will institute reforms targeted at consolidating gains, achieving efficiency and productivity of government spending. The CIDP takes into account the development Agenda of the Country by including programmes for the County residents with high impact on their welfare.

##### 4.2 Revenue Projections

66. The County government projects to receive a transfer of about **KShs. 3.1 billion** from the National Government for the FY 2022/23 as equitable share. The allocations on grants will be provided in the County Allocation of Revenue Act (CARA), 2021

#### 67. Trend in Growth of Equitable share of Revenue and Local Revenue (Base Year) FY2013/2014 – FY2022/2023

EXCHEQUER RECEIPTS TRENDS	ALLOCATION	GROWTH	% GROWTH
2013/2014 (Base Year)	1,500,755,102	1,500,755,102	
2014/2015	1,746,977,915	246,222,813	16%
2015/2016	2,051,883,746	304,905,831	17%
2016/2017	2,214,008,743	162,124,997	8%
2017/2018	2,476,400,000	262,391,257	12%
2018/2019	3,548,000,000	1,071,600,000	43%
2019/2020	2,595,300,000	-952,700,000	-27%
2020/2021	2,595,300,000	0	0%
2021/2022	3,105,649,643	510,349,643	20%
2022/2023	3,105,649,643	0	0%

## Own Source Revenue

68. The County also projects to collect kshs 150M as Own Source Revenue as tabulated below

The County Executive will present to the County Assembly, more detailed structural measures to boost revenue generation through the Finance Bill, 2022, for consideration and enactment as required by the PFM Act, 2012

**TABLE 7: PROJECTED 2022/23 OWN SOURCE REVENUE**

Revenue Streams	REVENUE PROJECTIONS		
	2022-23	2023-24	2024-25
Business Permit Current Year	20,000,000	21,000,000	22,050,000
Health Centres Training/Learning Centres (ATC)	55,000,000	57,750,000	60,637,500
Market Stalls Rent	550,000	577,500	606,375
Fruits & Vegetables/Produce Cess	35,000	36,750	38,588
Meat Inspection Fees	1,200,000	1,260,000	1,323,000
Council Vehicles Hire (AMS Tractors)	60,000	63,000	66,150
Open Air Market Fee	5,700,000	5,985,000	6,284,250
Slaughtering Fee	440,000	462,000	485,100
Livestock Cess	420,000	441,000	463,050
Fish Cess	600,000	630,000	661,500
Street Parking Fee	750,000	787,500	826,875
Sales Of Flowers, Miraa, Etc	1,250,000	1,312,500	1,378,125
Veterinary	15,500,000	16,275,000	17,088,750
Forest Cess	40,000	42,000	44,100
Metal Scrap	535,000	561,750	589,838
Sign Boards & Advertisement Fee	180,000	189,000	198,450
Physical Planning	3,200,000	3,360,000	3,528,000
Sand, Gravel, And Ballast	1,550,000	1,627,500	1,708,875
Extraction Fees	5,000,000	5,250,000	5,512,500
Fisheries Licence	380,000	399,000	418,950
Land Rates	8,052,270	8,454,884	8,877,628
Public Health	700,000	735,000	771,750
Hides And Skins Fee	1,500	1,575	1,654
Salary Commission	3,656,230	3,839,042	4,030,994
Others Miscellaneous	200,000	210,000	220,500
Liquor Licencing	25,000,000	26,250,000	27,562,500
Total Collection	150,000,000	157,500,000	165,375,000

69. The county in the FY 2022-23 introduce new revenue stream of liquor licensing which will act as a revenue source and a control tool in the number of bars in the county. The county will also undertake to automate all the revenue streams with the aim of enhancing revenue collection.

**TABLE 8: TOTAL REVENUE PROJECTIONS FOR FY 2021-22**

REVENUE STREAM	REVENUE PROJECTINS			
	2022-23	2023-24	2024-25	Percentage
Equitable share local revenue	3,105,649,643.00	3,260,932,125.15	3,423,978,731.41	91%
KCASP	150,000,000.00	157,500,000.00	165,375,000.00	4%
Danida	144,452,636.00	151,675,267.80	159,259,031.19	4%
ASSDP II	2,875,125.00	3,018,881.25	3,169,825.31	0.10%
TOTAL	14,500,000.00	15,225,000.00	15,986,250.00	0.40%
Budget	3,417,477,404	3,588,351,274.20	3,767,768,837.91	

70. As it can be seen from the above lamu county has Kshs 3.2 Billion being sum of equitable share and own source revenue to prioritize among the all-15 county departments. The county has some key ring-fenced expenses

**Medium Term Expenditure Estimate**

71. This section presents the 2022/2023 departmental ceilings and MTEF projections.

**Budget Ceilings FY 2022/2023 and MTEF**

72. In the FY 2022/2023 Budget, ceilings are guided by the following: MTEF budgeting and CIDP 2018-2022 that will entail adjusting non-priority expenditures to cater for the priority sectors.

- a) **CIDP Priority Projects:** These are projects forwarded during consultative forums,
- b) **On-going Projects:** emphasis is given to completion of on-going projects

- c) **Operationalization of Projects:** Priority will be given to operationalization of already complete projects currently not in use.
- d) **Ward Priority Projects:** These are ward specific projects to ensure fair distribution of the projects

### Expenditure Projections

73. Total recurrent expenditure budget in the FY 2022/23 is estimated to be Kshs 2,391,950,845 which is 70 percent of the total county budget

**TABLE 8: PROPOSED RECURRENT EXPENDITURE FOR FY 2022-23**

VOTE	APPROVED ESTIMATES 2021/2022	CFSP CEILINGS	PROJECTIONS	
		2022/2023	2023/2024	2023/2022
County Assembly	405,000,000	410,000,000	431,835,245	453,427,007
Public Management Service and Administration	368,820,944	294,562,437	374,990,618	393,740,149
Finance	138,496,861	101,256,123	115,768,929	121,557,376
Food Security	155,200,056	98,320,936	111,532,645	117,109,278
Lands, Physical Planning and Urban Development	27,000,000	27,546,088	33,123,392	34,779,562
Education and Vocational Training	218,000,000	214,378,316	277,597,232	291,477,093
Medical Services	983,631,770	955,058,553	1,014,361,481	1,065,079,555
Trade, Enterprise Development, Tourism and Culture	23,410,000	21,576,309	24,755,124	25,992,881
Public Service Board	54,309,475	51,355,325	57,073,091	59,926,746
water and irrigation	37,559,570	23,441,238	40,363,300	42,381,465
Gender, Sports, Youth, Culture & Social services	17,200,000	12,835,253	14,317,016	15,032,866
Public Health, Environment and Sanitation	66,000,000	71,341,758	74,415,498	78,136,273
Fisheries and Blue Economy	35,657,000	30,494,312	35,169,028	36,927,479
Budget, Strategy and Economic Planning	20,302,264	19,503,138	27,303,295	28,668,460

Roads, Infrastructure, Works and Energy	Transport, Public	35,300,993	30,306,450	40,221,773	42,232,861
Lamu municipality		29,602,080	29,974,609	39,873,340	41,867,007
<b>SUB TOTAL</b>		2,615,491,013	2,391,950,845	2,712,701,006	2,848,336,057

74. The PFM (County Governments) Regulations, 2015, requires that the County Governments maintain employee compensation levels at not more than 35 percent of their total revenue. In the medium term, the County government is committed to ensuring compliance with this fiscal responsibility principle.

75. The wage bill is projected at Kshs. **1,705,661,116** in the FY 2023/24, which is 50 percent of total revenues. This way and above the PFM regulation by 15 percent. This is due to the anticipated recruitment of new 112 ECDEs teachers and recent promotions of health workers

76. The Operations and Maintenance expenditures will be lower in the medium term due to removal of one-off expenditures such as office infrastructure and equipment from the recurrent budget coupled with other expenditure rationalization measures. The estimated amount in the FY 2022/23 is Kshs **686,290,391** down from the printed Supplementary estimate of Kshs. 887,739,854 for the FY 2021/22.

**TABLE 9: FY 2022/23 BUDGET ALLOCATION AS PER ECONOMIC CLASSIFICATION**

Economic Classification	Projected 2023/24	% of the total Budget
Personal Emoluments	<b>1,705,661,116</b>	49.9%
Operations & Maintenance	<b>686,290,391</b>	20.1%
Total Recurrent Estimates	2,391,951,507	70. %
Development Estimates	1,025,525,897	<b>30%</b>
Total Budget Estimates	3,417,477,404	<b>100</b>

#### **4.4 Development Expenditure Projections**

77. In the FY 2022/23, the overall development expenditure is expected to be Ksh. 1,025,525,897. This accounts for 30 percent of the overall budget, which is within the limit of the fiscal responsibility requirement of allocating at least 30 percent of the budget to development expenditure.



78.

VOTE	APPROVED	2022/2023			PROJECTIONS	
	ESTIMATES 2021/2022	Equitable share and OSR	CONDITIONAL GRANTS	TOTAL	2023/2024	2024/2025
County Assembly	50,000,000	10,000,000		10,000,000	10,500,000.00	11,025,000.00
Public Service Management and Administration	71,000,000	10,000,000		72,500,000	76,125,000.00	79,931,250.00
Food Security	272,843,632	50,000,000	158,952,636	208,952,636	219,400,267.80	230,370,281.19
Lands, Physical Planning and Urban Development	15,000,000	40,000,000		92,000,000	96,600,000.00	101,430,000.00
Education and vocation Training	86,350,000	100,000,000		105,000,000	110,250,000.00	115,762,500.00
Gender, Sports, Youth, Culture & Social services	45,500,000	12,000,000		61,073,261.00	64,126,924.05	67,333,270.25
Medical Services	167,000,000	174,000,000		190,000,000	199,500,000.00	209,475,000.00
Public Health, Environment, Sanitation and Water Services	7,500,000	10,000,000		10,000,000	10,500,000.00	11,025,000.00
Trade, Enterprise Development, Tourism and Culture	36,000,000	10,000,000		17,000,000	17,850,000.00	18,742,500.00



VOTE	APPROVED	2022/2023			PROJECTIONS	
	ESTIMATES 2021/2022	Equitable share and OSR	CONDITIONAL GRANTS	TOTAL	2023/2024	2024/2025
COUNTY PUBLIC SERVICE BOARD	0	14,000,000		14,000,000	14,700,000.00	15,435,000.00
Water	55,000,000	55,000,000		55,000,000	57,750,000.00	60,637,500.00
Fisheries and Blue Economy	20,000,000	15,000,000		15,000,000	15,750,000.00	16,537,500.00
Infrastructure, Public Works and Energy	177,000,000	160,000,000		160,000,000	168,000,000.00	176,400,000.00
Lamu municipality	4,750,000	15,000,000		15,000,000	15,750,000.00	16,537,500.00
<b>SUB TOTAL</b>	<b>1,007,943,632</b>	675,000,000.00	158,952,636	1,025,525,897	1,076,802,191.85	1,130,642,301.44

### **Overall Deficit and Financing**

79. To avoid deficits that have no clear plan on how they will be funded, the County Government has allocated resources for spending that are commensurate to the revenues expected in the FY 2022/23. In that FY therefore, the County budget shall be financed through transfer from the National Government and local revenue collected from fees, charges, rates, among others as allowed by the governing Acts and by-laws. The FY 2022/23 fiscal framework is therefore fully financed.

### **Risks to the 2022/23 Budget framework**

80. This section provides an assessment of fiscal risks that the County is exposed to that may affect the achievement of the macroeconomic targets and objectives detailed in this fiscal strategy paper.

- I. The continuous growth in share of compensation to employees poses the greatest fiscal risk yet to the County budget outlook in the next MTEF period. The County has overtime exceeded the fiscal responsibility of 35% in its expenditure on wages and benefits for public officers. This is likely to be further aggravated by the growing needs among County Departments to recruit key technical staffs. The County has in the recent been undertaking major development intervention especially in the construction of new ECDEs and health facilities. To operationalize these projects, recruitment of ECDEs teachers and Health personnel is inevitable further posing a threat in increasing our wage bills
- II. Roll over of projects continue to expose the County to various risks including; completion, political and reputational risk due to increased magnitude of projects to be implemented in a subsequent year. This also increases the possibility of redundancy and obsolescence because of projects losing relevance due to prolonged period to completion. This phenomenon invokes non-compliance to the Value of Money principle.
- III. County Government of Lamu like many other counties in arid and semi-arid areas is experiencing severe drought due to lack of rains for a prolonged period. This

poses a risk of some funds earmarked for development being diverted to cater for drought mitigation and water tracking activities

- IV. Upcoming general election will definitely pose a risk especially if there will be a runoff
- V. At the national level, increasing level of national debt, shift to commercial debt and the consequent debt servicing costs will influence negatively on the funds allocated to Counties, due to reduction in shareable revenues. The growth in equitable share to County Governments has been dwindling over time.
- VI. Operationalization of the contributory pension scheme for staff devolved from the national government who were previously under the non-contributory scheme in line with County Government Retirement Benefit Scheme Act of September 2019 may pose a risk to the County.
- VII. Over reliance on national government transfers is another risk that also undermines the County's fiscal autonomy. Coupled with the unpredictability because of the delays in release of the resources, it poses another risk to proper implementation of the County's budget.

**Fiscal Structural Reforms**  
**Revenue mobilization:**

- 81. The County government will put in place measures to meet its revenue target as this will enable the County to implement its development programmes. The County has so far implemented various reforms aimed at sealing revenue leakage loopholes. This will be facilitated through automation of remaining revenue streams. By so doing, all payments in the County will be made electronically and in return, administrative costs are expected to significantly reduce. In addition, this will minimize leakages and expand access to payment points, which will improve on accountability.
- 82. The County Government will adopt other key strategies amongst them; mobilization of additional revenue by strengthening enforcement and completion of administrative reforms including the automation of systems and expansion of the revenue base. This will continue to remain the key focus in the next FY. The County will focus on land and property tax as the most appropriate and equitable

source of revenue to finance development and provision of essential services. To this effect, the County will should develop valuation roll for other major towns to widen the tax base.

### **Expenditure Management**

83. The County will continue to use Integrated Financial Management System (IFMIS) as the system for processing payments. Consultations with the County Budget and Economic Forum (CBEF) will be deepened on all matters of planning, budgeting and financial management. Audit Committees will also be formed. Such consultations also ensure that there is transparency, accountability, and adherence to the PFM Act on budget making process.

The County Government will use bottom up approach on project identification. Projects will be identified at the ward level based on community needs in each ward. This will be approved by the County Assembly and implemented by the County Executive in compliance with the law. The County services are expected to be brought closer to residents, which will go a long way in deepening devolution.

84. The County Government will continue with civic education programmes to enhance awareness and facilitate proper flow of information. Increased cooperation between the County Government and the County Assembly will ensure there is efficient running of County government thereby improving service delivery.

To complement the staff rationalization exercise, the County will adopt an ambitious policy of expenditure rationalization with a view to funding core services, ensuring equity and minimizing costs through the elimination of duplication and inefficiencies. The Government will also ensure continuous sector performance reviews as a strategy to encourage accountability by Departments.

85. In order to contain recurrent and non-essential spending, the County will focus on the following areas of intervention:

- Foreign and domestic travel will be limited to essential travels
- Limiting training to the need basis and essential/critical.
- Strict enforcement of cost reduction Circulars to all County Departments.
- Implement a strict commitment control system to reduce the stock of pending bills.

○

## Proposed Ceilings for FY 2022-23

TABLE 10: PROPOSED CEILINGS FOR FY 2022-23

Department	Compensation	Operations	TOTAL RECURRENT	Development	Grand Total
County Assembly	190,271,662	219,729,000	410,000,000	10,000,000	420,000,662
PSM & Administration	193,000,000	101,562,437	294,562,437	72,500,000	367,062,437
Finance, Strategy & Economic Planning	75,626,984	25,629,139	101,256,123		101,256,123
Agriculture	79,817,598	18,503,338	98,320,936	208,952,636	307,273,572
Lands & Physical Planning	20,546,088	7,000,000	27,546,088	92,000,000	119,546,088
Education	139,378,316	75,000,000	214,378,316	105,000,000	319,378,316
Medical Services	790,745,865	164,312,688	955,058,553	190,000,000	1,145,058,553
Trade, Tourism & Investment	16,000,000	5,576,309	21,576,309	17,000,000	38,576,309
Public Service Board (PSB)	35,855,325	15,500,000	51,355,325	14,000,000	65,355,325
Water & Irrigation	13,441,238	10,000,000	23,441,238	55,000,000	78,441,238
Gender, Youth Affairs, Sports, Culture & Social Services	7,835,253	5,000,000	12,835,253	61,073,261	73,908,514
Public Health & Sanitation	63,341,758	8,000,000	71,341,758	10,000,000	81,341,758
Fisheries, Development & Blue Economy	25,397,312	5,097,000	30,494,312	15,000,000	45,494,312
Budget and Economic Planning	9,503,138	10,000,000	19,503,138	0	19,503,138
Infrastructure & Urban Development	20,306,450	10,000,000	30,306,450	160,000,000	190,306,450
Municipality	24,594,129	5,380,480	29,974,609	15,000,000	44,974,609
<b>SUB TOTAL EXECUTIVE</b>	<b>1,705,661,116</b>	<b>686,290,391</b>	<b>2,391,950,845</b>	<b>1,025,525,897</b>	<b>3,417,477,404</b>

49.9%

20.1%

70.0%

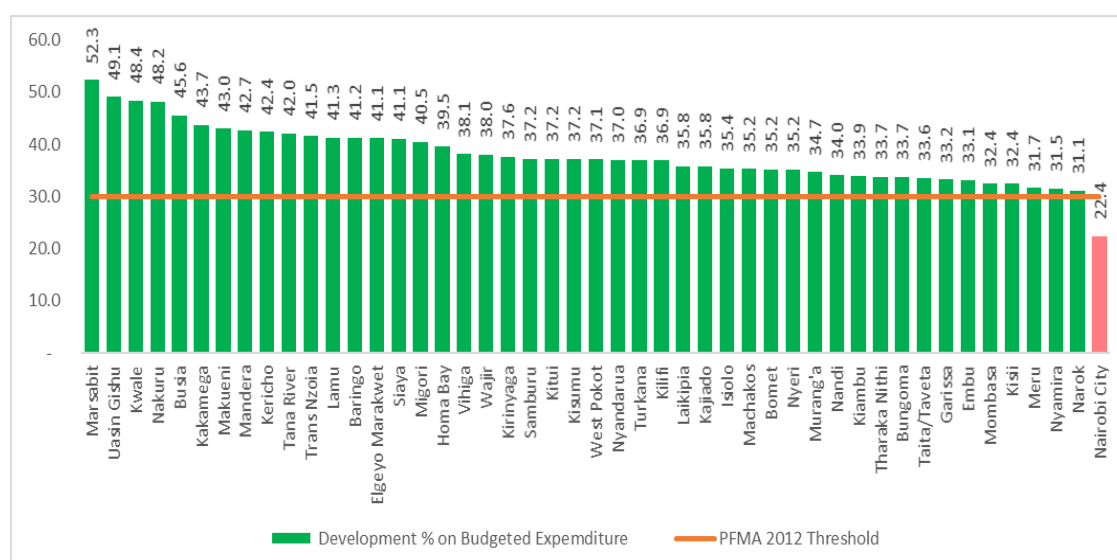
30.01%



## County Governments' Compliance with Fiscal Responsibility Principle Compliance with the Requirement for Development Spending Allocations

86. Section 107 (2) (b) of the Public Finance Management Act, 2012 provides that County Governments should allocate a minimum of thirty percent of their budget over the medium-term to development expenditure. Lamu County complied with this legal requirement and allocated at over 40 percent of its approved budget to development in FY 2020/21.

**FIGURE 7 : FY 2020/21 BUDGETED DEVELOPMENT EXPENDITURE AS A PERCENTAGE OF TOTAL EXPENDITURE**

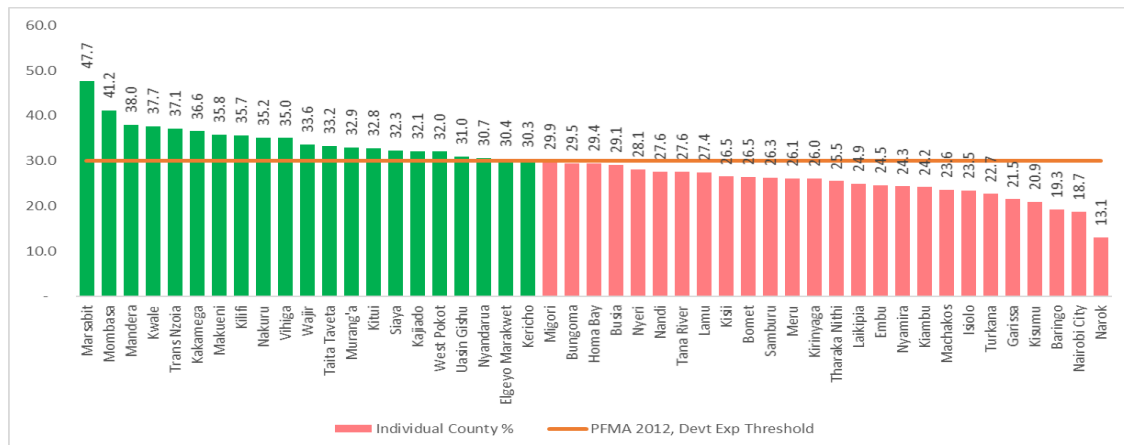


Source of Data: Controller of Budget

87. In terms of actual development expenditure for the FY 2020/21, Lamu County did not meet the threshold and is among the 26 Counties that were below the 30 percent in Development expenditure. Only twentyone (21) County Governments were able to utilize at least thirty (30) percent of their total expenditure on development. The County Government of Marsabit spent 47.7% of its expenditure on development followed by Mombasa and Mandera Counties at 41.2% and 38% respectively. On the other hand, twenty-six (26) County Governments spent less than thirty (30) percent on development in FY 2020/21.

Narok County Government utilized only 13.1% on development while Nairobi City and Baringo Counties spent 18.7% and 19.3% on development respectively

**FIGURE 8: FY 2020/21 ACTUAL DEVELOPMENT EXPENDITURES AS A PERCENTAGE OF TOTAL EXPENDITURE**



**Source of Data: Controller of Budget**

### Compliance with the Requirement for Expenditure on Wages

88.. Regulation 25(1) (b) of the PFM (County Governments) Regulations, 2015 requires that County Governments’ wage bill shall not exceed 35 percent of their total revenue. A review of the Report by the Controller of Budget on County Government’s budget implementation for FY 2020/21 shows that only thirteen (13) County Government’s expenditure on wages and benefits for its public officers were within the legal threshold of thirty-five percent of the County Government’s total revenue.

89. Analysis of Lamu County Government of lamu total actual Expenditure indicates that the county spent 46 percent of its actual total expenditure on wages and benefits for its public officers

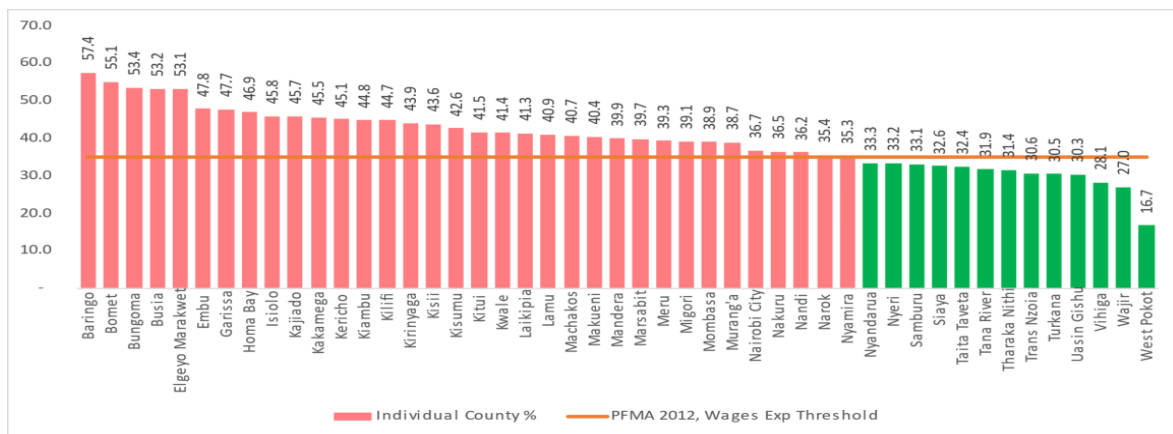
90. The County Government of West Pokot spent 16.7% of its total actual revenue on wages and benefits for its employees followed by Wajir and Vihiga Counties at 27.0% and 28.1% respectively. On the other hand, thirty-four (34) county



governments were beyond the legal threshold and spent more than 35% of their total actual revenue on wages and benefits for its employees. Baringo County Government used up 57.4% of its total revenue on wages and benefits for its employees followed by Bomet at 55.1% and Bungoma at 53.4% .

91. In this regard, the wage bill remains a major challenge hence the need for concerted effort to find viable solutions to keep the wage bill within the legal threshold.

Figure 9: Average Wage Bill Expenditures for FYs 2017/18 to 2020/21



## 5.0 CONCLUSION

92. The CFSP, 2022 is prepared as a guiding tool for budget preparation of financial year 2022/23. It is meant to broadly define the expected revenues and expenditure over the medium term as well as propose strategies of financing any anticipated deficit. Lamu County Government is expected to prepare a balanced budget in financial year 2022/23.
93. The set of policies outlined in the CFSP reflects circumstances that are in line with the fiscal responsibilities as outlined in the PFM Act, 2012. They are also consistent with the County Government strategic objectives pursued as a basis for allocation of public resources. These strategic objectives are provided in the County Government priorities spelled out in the national policies and Lamu CIDP, 2018-2022.
94. The adoption of Program Based Budgeting (PBB) will ensure that all County resources are linked to specific projects outputs and outcomes.
95. The use of the Integrated Financial Management Information System (IFMIS) and the introduction of e-Procurement System will also make it possible for the County to track the resources to results achieved in a more efficient manner.
96. In the budget for the financial year 2022/23, key priority areas of Health services, Education, Agriculture sector, water infrastructure network, Survey and planning will receive considerate allocation while maintaining reasonable growth on other County sectors.
97. Allocation of funds to these County key priority areas will generally reflect the critical needs of the County residents. It is envisaged that the enhancement of these key areas will drive the County economy up by creating greater supply hence improving the per capita income of household

## ANNEX

### PUBLIC PARTICIPATION FOR THE COUNTY FISCAL STRATEGY PAPER F/Y 2022-2023 1<sup>ST</sup> FEBRUARY 2023

#### HEALTH SECTOR

The community proposed more allocation of funds to be allocated on health sector putting more efforts on preventive health. It was agreed as a whole to have allocation of 170 million for medicines. Below are some of the projects proposed to be on the 2022-2023 annual development plan.

- Construction of dispensary in coast village
- Appointment of specialist consultants
- Allocation of budget for traditional birth attendants(midwives)
- Civic education to the community on health matters
- Renovation of maternity unit, both the labor and the wards
- Budget allocation for community health workers
- Budget allocation on cleaning the town and provision of protective gears to the cleaners
- Construction of a dumping area in wiyoni

#### EDUCATION SECTOR

The community proposed education sector to be the second most allocated during budgeting and gave priorities to the below projects

- School feeding program to have 30m allocation
- Improving the ECDEs facilities
- Improving the TVETS with equipment and tool for practical
- Construction of modern stadium 20M
- Rehabilitation of sports grounds
- Civic education for women in business
- Women and youth funds to be raised from 30k to 100k
- Construction of youth recreation area in wiyoni domoni
- Construction of school for people with disability
- Budget allocation for exchange visit
- Training and provision of licence to bodaboda youths
- Construction of social hall in mkomani
- Startup kits for youth after TVETS training
- Construction of community swimming pool and provision of modern physical exercise tools.

#### AGRICULTURE AND RURAL DEVELOPMENT SECTOR

Mkomani ward stakeholders proposed the agricultural sector to be the third in budget allocation and stressed more on fisheries department to have higher allocation since the islands economic backbone is fisheries. They proposed the following projects for the annual development plan f/y 2023-2024;

- Revolving funds for fishermen to be reintroduced for both the engine boats and the fishing gears
- Civic education for fishermen on the prone catchment areas for fishing
- Provision of modern fishing vessels to the fishermen for deep sea fishing
- Provision of modern protective gears, GPS, and radio calls to curb the fishermen in case of emergency in deep seas
- Provision of vaccines, water and food for the livestock
- Provision fertilizers and seeds to farmers particularly in mkomani ward
- Introduction of irrigation systems for farmers mkomani ward
- Providing new modern equipments to farmers
- Introducing new cross breeding (IO) for the dairy farmers
- Construction of blowholes and Waters reservoirs for farmers in kililana
- Training and provision of license to coxswains and fishermen
- Extension of piped water to Kanu milimani area

## **LANDS INFRASTRUCTURE AND ICT**

This sector was prioritized as number four in budget allocation and, the community proposed the following projects;

- Extension of cabro work in mkomani ward in wiyoni area
- Construction of ring road for bodaboda riders in mkomani ward
- Land subdivision and issuance of tittle deed for people in Kashmiri, hidabo, kandahari and india village.
- Survey for the whole mkomani village
- Construction of ICT centers in schools
- Connection of free WIFI in schools
- Renovation of staircases in all the jettys
- Allocation of land for donkey burial

## **PUBLIC ADMINISTRATION AND INTERGOVERNMENTAL RELATIONS**

The community proposed the following for the above sector;

- Appointment of village elders
- Appointment of lifeguards
- Licensing of divers

## **GENERAL ECONOMIC AND COMMERCIAL AFFAIRS**

The community proposed tourism to have a higher allocation in this sector during budget allocation and the following were proposed;

- Training on marketing for the traditional artifacts
- Reviving food festivals