

REPUBLIC OF KENYA

COUNTY GOVERNMENT OF TAITA TAVETA



**COUNTY BUDGET REVIEW
AND OUTLOOK PAPER**

SEPTEMBER 2016

Foreword

The 2016 Taita Taveta County Budget Review and Outlook Paper (CBROP) is the fourth to be prepared under this County Government's administration. It presents the recent economic developments and the actual fiscal performance of the FY 2015/16. It further highlights the implications of this fiscal performance on financial objectives set out in the 2016 County Fiscal Strategy Paper (CFSP) that was prepared in February 2016. This CBROP also provides us with a basis to review the 2016/17 budget in the context of the Supplementary Estimates, as well as set out the broad fiscal parameters for the next budget, 2017/18 and the Medium Term.

The County Government is set to continue implementing its ambitious programme of creating wealth and increasing the socio-economic status of the citizens. This will be achieved through implementation of deliberate strategies geared towards ending poverty in all its forms as well as empowerment of the community as outlined in the Sustainable Development Goals (SDGs).

These broad objectives will be achieved through the eight county priorities highlighted in the County Integrated Development Plan (CIDP-2013-2017) and the Transform Taita Taveta 2020 (TTT2020) strategic Plan. These include:-

- a) Increasing access to water for domestic, irrigation and improvement of sanitation and environmental management.
- b) Ensuring food security through promotion of agriculture, livestock and fisheries and investing in value addition.
- c) Improvement of health care
- d) Empowerment of Youth, women, and vulnerable members of the community.
- e) Improving access to ECDE, Polytechnics and library services.
- f) Investing in physical infrastructure including ICT and decentralization of services
- g) Promotion of tourism, trade and industry
- h) Land planning and management

This CBROP has identified both financial resources mobilization and overall budget execution as of major concern. The challenge of failing to achieve the local revenue targets witnessed in the past three Financial Years (2013/14-2015/16) continues to be a big obstacle in driving the county's development agenda. Further, continued increase in recurrent expenditure with special mention of the wage-bill, have continued to compound the situation.

This CBROP proposes deliberate strategies and policies that will streamline budget formulation, local revenue generation and budget execution. This will ensure synergy of all implementing departments and agencies and direct the development agenda of the county. Some of the policy recommendations include among others:

1. Realign and revamp the Sector Working Groups (SWG) that will drive the development agenda in the county.
2. Strengthening of the resource mobilization unit of the County.
3. Strengthening budgeting, monitoring, evaluation and reporting

In the FY 2015/16, the actual resource envelop realized was Kshs 3.7 Billion out of the budgeted total resource envelope of Kshs 4.16 Billion. This represented at least 89% of the budgeted revenue for FY 2015/16. The amount realized consisted of Kshs 3.3 Billion from the equitable share, Kshs. 160 Million from local revenue collection and Kshs 223 Million from conditional funds directed to health and roads sectors. The overall total absorption of the FY 2015/16 budget by County departments is 92% marking a significant increase from 85% in FY 2014/15.

To enhance resource mobilization to meet our development agenda, the County Government will continue to engage with the National Government and various Donor agencies to bridge the financial gap especially in critical areas of water, health and infrastructure. Further, the County Government during the recently held Investors Round-Table received undertakings from Local and international investors to invest in several other transformative capital projects/initiatives under the Transform Taita Taveta 2020(TTT2020) strategic plan. These projects have a potential of generating significant socio-economic improvements in the County. These include among others: Development of feedlots to promote commercial ranching; Establishment of modern abattoirs; Promotion of greenhouse technology and value addition; Development of commercial irrigation and modernization of bus and lorry-parks.

HON. DR. VINCENT MASAWI
COUNTY EXECUTIVE MEMBER FOR FINANCE AND PLANNING

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Abbreviations and Acronyms

AiA	Appropriation in Aid
BOPA	Budget Outlook Paper
BPS	Budget Policy Statement
CA	County Assembly
CADP	County Annual Development Plan
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
CPI	Consumer Price Index
CPSB	County Public Service Board
EU	European Union
FY	Financial Year
GDP	Gross Domestic Product
KCB	Kenya Commercial Bank
KNBS	Kenya National Bureau of Statistics
KPA	Kenya Ports Authority
KRA	Kenya Revenue Authority
Kshs	Kenya Shillings
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
M3	Money Supply ³
NDMA	National Drought Management Authority
PFMA	Public Financial Management Act
PPP	Public Private Partners
SBP	Single Business Permit
SGR	Standard Gauge Railway
SWG	Sector Working Groups
TTT2020	Transform Taita Taveta 2020

LEGAL BASIS FOR THE PUBLICATION OF THE COUNTY BUDGET REVIEW AND OUTLOOK PAPER

2016 Taita Taveta CBROP is the fourth one to be prepared by the County Government of Taita Taveta. The County Budget Review and Outlook Paper is prepared in accordance with Section 118 of the Public Financial Management Act, 2012 which requires the County Treasury to:

- a) Prepare a County Budget Review and Outlook Paper in respect of the county for each financial year*
- b) Submit the paper to the County Executive Committee by the 30th September of that year.*

The 2016 County Budget Review and Outlook Paper, specifies the following;

- a. Details of the actual fiscal performance in FY 2015/16.
- b. Updated economic and fiscal forecasts with sufficient information to show changes from the forecasts in the 2016 County Fiscal Strategy Paper
- c. Reasons for any deviation from the financial objectives in the 2016 County Fiscal Strategy Paper.

FISCAL RESPONSIBILITY PRINCIPLES

In line with the Constitution, the 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 Act, 2012 (Section 107) states that:

- a) Over the medium term, a minimum of 30% of the budget shall be allocated to development expenditure*
- b) The County government's expenditure on wages and benefits for public officers shall not exceed a percentage of the total revenue as prescribed by County Executive Member for Finance.*
- c) Fiscal risks shall be managed prudently*
- d) A reasonable degree of predictability with respect to the level of rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.*

I. INTRODUCTION

Background

The 2016 County Budget Review and Outlook Paper (CBROP) is the fourth one to be prepared by the County Government of Taita Taveta under the Public Financial Management Act, 2012. In line with the law, this CBROP contains a review of the fiscal performance for financial year 2015/16 and national updated macroeconomic outlook and forecast for 2016/17 which has an influence on the county economy. The document also contains explanations for deviations from the 2016 County Fiscal Strategy Paper (CFSP) submitted to County Assembly.

Objectives of CBROP

1. The objective of the 2016 CBROP is to provide a review of the previous fiscal performance and how this impacts the financial objectives and fiscal responsibility principles set out in the February 2016 CFSP. This, together with the updated macroeconomic outlook provides a basis for revision of the current budget (2016/17) in the context of Supplementary Estimates and the broad fiscal parameters underpinning the next budget (2017/18) and the medium term. Details of the fiscal framework and the medium term policy priorities will be firmed up in the 2016 CFSP to be prepared in November 2016.
2. The 2016 CBROP is a key document in linking policy, planning and budgeting. This year's CBROP is embedded on the Taita Taveta County Integrated Development Plan 2013-2017, CADP priorities, in addition to taking into account emerging challenges.

II. REVIEW OF FISCAL PERFORMANCE IN 2015/16

Overview

There was general improvement in the county fiscal performance in FY 2015/16 with an actual revenue base of 88.9 % of the revised budget. The County however continued to realize challenges in meeting the local revenue targets accounting for only 45.5% of the target.

On the expenditure side, the County Government registered an over-expenditure on the recurrent vote lines of Kshs 3.04 Billion compared to a budget of Kshs 2.9 Billion for the FY 2015/16. This is basically attributed to reduction in the budgets during the supplementary with some departments had already having incurred some expenditure.

Expenditure and Revenue

Revenue

During the FY 2015/16, the actual resource envelop realized was Kshs 3.7 Billion out of the budgeted total resource envelope of Kshs 4.16 Billion. This represented at least 89% of the budgeted revenue for FY 2015/16. The amount realized consisted of Kshs 3.3 Billion from the equitable share, Kshs. 160 Million from local revenue collection and Kshs 223 Million from conditional funds directed to specific sectors.

Table 1: County Resource Envelope for FY 2015/16

Source of Revenue	Budgeted	Actual	% Actualized
Equitable share	3,309,568,191.00	3,309,568,191.00	100
Local revenue	352,805,992.00	160,602,645.00	45.5
Conditional Funds			
Leasing Of Medical Equipment	95,744,680.85	95,744,680.85	100
Compensation For User Fees Foregone	6,635,345.00	6,635,345.00	100
Free Primary Health Care-DANIDA	14,810,000.00	14,810,000.00	100
Health Sector Services Fund-WORLD BANK	17,242,898.00	17,242,898.00	100
Allocation From Roads Maintenance And Fuel Levy Fund (RMFLF)	42,042,522.00	42,042,522.00	100
Free Maternity	42,120,400.00	42,120,400.00	100
Grant From The Government Of Australia	4,440,000.00	-	0
Other Conditional Funds From Development Partners			
Red Cross Grant	100,000,000.00	-	0
National Drought Management Authority Grant	12,400,000.00	12,400,000.00	100
European Union Grant	115,000,000.00	-	0
Balances Brought forward-Rebudgetted projects from 2014/15	42,958,485	-	0
TOTAL	4,155,768,514	3,701,206,681	89.1

There was a budget shortfall of Kshs 454 Million occasioned by non realization of local revenue target by 54.5 %(Kshs 192 Million) and grants from development partners amounting to Kshs 215 Million. A further Kshs 42 Million had been rebudgetted for projects from the FY 2014/15 budget. The funds from the National Drought Management Authority amounting to Kshs 12 Million went directly to the project and so was the Kshs 95 Million for leasing of medical equipment

Analysis of Exchequer Releases

The county received its full share from the equitable share Kshs 1.08 Billion coming in the 4th quarter of the FY 2015/16. Approximately Kshs 843Million and Kshs 827 Million were received in the 2nd and 3rd quarters respectively while Kshs 562 Million came in the 1st quarter.

Table 2: National Exchequer releases per Quarter (2015/16)

EXCHEQUER ISSUES BY MONTH QUARTER		
MONTH	EXCHEQUER RELEASE	PER QUARTER
AUGUST	264,765,455.00	
SEPTEMBER	297,861,138.00	562,626,593.00
OCTOBER	264,765,455.00	
NOVEMBER	281,313,296.00	
DECEMBER	297,861,137.00	843,939,888.00
JANUARY	264,765,455.00	
FEBRUARY	264,765,455.00	
MARCH	297,861,137.00	827,392,047.00
APRIL	281,313,296.00	
MAY	264,765,455.00	
MAY	264,765,455.00	
JUNE	264,765,457.00	1,075,609,663.00
TOTAL	3,309,568,191.00	3,309,568,191.00

In terms of development funds, a total of Kshs 798.6 Million was received between the 2nd and the 4th quarters of FY 2015/16. Recurrent funds were evenly spread throughout the FY 2015/16 with the least amount being received in the 4th quarter.

Table 3: Exchequer flow by Type and Month

MONTH	REC	EDUCATION FUND	GRANTS	MORTGAGE	DEV	TOTAL
JULY	338,000,000					338,000,000.00
AUGUST	269,183,000					269,183,000.00
SEPTEMBER	275,403,700		55,758,961.46			331,162,661.46
OCTOBER	175,259,952			30,000,000	103,276,572	308,536,524.00
NOVEMBER	210,519,877			15,000,000	100,354,428	325,874,305.00
DECEMBER	171,758,644		55,758,961.46		112,172,431	339,690,036.46
JANUARY	201,768,120	17,748,157			49,275,503	268,791,780.00

FEBRUARY	261,289,276	37,251,841				298,541,117.00
MARCH	158,202,542		55,758,961.46		115,114,002	329,075,505.46
APRIL	176,776,029				143,501,892	320,277,921.00
MAY	186,882,629				81,366,382	268,249,011.00
JUNE	189,410,285		55,758,961.46		93,450,587	338,619,833.46
TOTAL	2,614,454,054	54,999,998	223,035,845.85	45,000,000	798,511,797	3,736,001,694.85

Analysis of Conditional Funds/Grants

During the FY 2015/16, a total of Kshs 450 Million was budgeted as conditional funds from the National Government and Development partners. A total of Kshs 235 Million was actualized and targeted to health, water and Roads sectors.

Table 4: Budgeted and Actual Conditional Grants(2015/16)

CONDITIONAL GRANTS	BUDGETED	ACTUAL
Red Cross Grant	100,000,000.00	-
National Drought Management Authority Grant	12,400,000.00	12,400,000.00
European Union Grant	115,000,000.00	-
Leasing Of Medical Equipment	95,744,680.85	95,744,680.85
Compensation For User Fees Foregone	6,635,345.00	6,635,345.00
Free Primary Health Care-DANIDA	14,810,000.00	14,810,000.00
Health Sector Services Fund-WORLD BANK	17,242,898.00	17,242,898.00
Allocation From Roads Maintenance And Fuel Levy Fund (RMFLF)	42,042,522.00	42,042,522.00
Free Maternity	42,120,400.00	42,120,400.00
Grant From The Government Of Australia	4,440,000.00	-
TOTAL	450,435,845.85	235,435,845..85

A significant amount of Kshs 229 Million that had been anticipated and budgeted in 2015/16 was carried forward to FY 2016/17. These funds from the Development partners (Red Cross-Kshs 100 Million, Australian Government-Kshs 4.4 Million European Union-Kshs 115 Million) were targeting Water and food security.

Analysis of Local Revenue

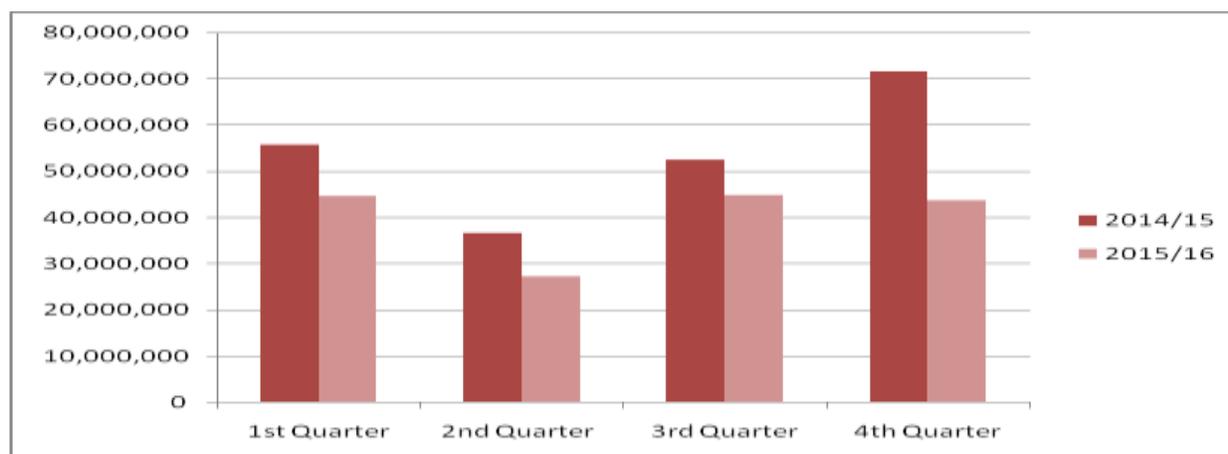
The County managed to generate Kshs 160 Million representing 45% of the targeted Kshs 352 Million down from Kshs 216 Million in FY 2014/15 and Kshs 147 Million in FY 2013/14. (Annex 1).

The shortfall in local revenue is attributed to the following:

- a. Over estimation of local revenue collection
- b. Administrative challenges such as inadequate staffing, inadequate enforcement officers and inadequate mobility
- c. Non-payment of land rates despite issuance of waivers

There was a general decline in Local revenue collection in all the quarters of FY 2015/16 compared to FY 2014/15. The decline was however more drastic during the 4th quarter of 2015/16 as compared to a similar period in period in FY 2014/15.

Figure 1: Comparative Total Local Revenue collection per Quarter (2014/15 and 2015/16)



The major sources of local revenue were singled out as Single Business Permits (SBPs) accounting for 16.3% of the total local revenue as compared to 10.83% in 2013/14 and 17.4% in FY 2014/15. Hospitals (User fees) accounted for 23.2% while General Cess contributed 7.7% of local revenue representing a drop from 11.2% in FY 2014/15. Other major sources include Land rates (8.9%), Market fees (7.6%) and Bus park fees (6.2%).

Table 5 : Local Revenue by Type and percentage proportion to total revenue

Local Revenue by Type and Percentage Proportion to Total Revenue					
REVENUE TYPE	AMOUNT		% Proportion to Total Local Revenue		% change
	2014/15	2015/16	2014/15	2015/16	
Single business permits	37,660,062	26,251,520	17.4	16.3	-1.0
Hospitals(User Fees)	36,227,267	37,338,809	16.7	23.2	6.5
General CESS	24,339,350	12,361,338	11.2	7.7	-3.5
Land rates	18,350,359	14,346,412	8.5	8.9	0.5
Bus park fees	12,557,115	9,970,091	5.8	6.2	0.4
Market fees	12,386,039	12,179,556	5.7	7.6	1.9
House rent	8,958,444	4,292,122	4.1	2.7	-1.5
Public health (User fees)	7,539,305	8,626,590	3.5	5.4	1.9
Natural resources exploitation	5,666,140	6,667,695	2.6	4.2	1.5
Other local levies	5,179,157	3,245,450	2.4	2.0	-0.4
Sand CESS	4,979,821	1,552,680	2.3	1.0	-1.3
Slaughter houses administration	4,409,495	1,724,870	2.0	1.1	-1.0
Others Revenues	38,358,802	22,045,512	17.7	13.7	-4.0
Total	216,611,356	160,602,645	100.0	100.0	0.0

Expenditure

The total expenditure for the county in FY 2015/16 stands at Kshs 3.83 Billion against a budget of Kshs 4.16 Billion. The total recurrent expenditure was Kshs 3.04 Billion against a recurrent budget of 2.9Billion implying an over expenditure of 105% compared to an absorption of 97% in FY 2014/15. The total development expenditure for the period stands at Kshs 788 Million against a budget of Kshs 1.25 Billion representing absorption of 63% of the development vote similar to the previous year.

However, the overall total absorption of the FY 2015/16 budget by County departments is 92% marking a significant increase from 85% in FY 2014/15.

Table 6: Actual Expenditure against Budget by Department and Vote

TOTAL ACTUAL EXPENDITURE AGAINST BUDGET(2015/16)									
DEPARTMENT	REVISED BUDGET(2015/16)			ACTUAL EXPENDITURE(2015/16)			ABSORPTION RATE		
	REC	DEV	TOTAL	REC	DEV	TOTAL	REC	DEV	TOTAL
Admin & Devolution	159,248,656	6,900,000	166,148,656	184,095,696	6,323,079	190,418,775	1.16	0.92	1.15
Agriculture	74,587,668	132,082,392	206,670,060	73,740,402	14,007,386	87,747,788	0.99	0.11	0.42
County Assembly	550,375,649	7,000,000	557,375,649	554,446,059	-	554,446,059	1.01	-	0.99
County Public Service	41,791,522		41,791,522	43,008,288	-	43,008,288	1.03	-	1.03
County Treasury	411,454,097	42,335,278	453,789,375	426,381,704	39,356,538	465,738,242	1.04	0.93	1.03
Education	321,640,658	144,955,570	466,596,228	395,550,873	119,867,274	515,418,147	1.23	0.83	1.10
Tourism, Enviro & Nare	63,441,864	1,000,000	64,441,864	53,451,601	999,790	54,451,391	0.84	1.00	0.84
Gubernatorial	134,588,800	29,278,988	163,867,788	149,758,536	28,378,342	178,136,878	1.11	0.97	1.09
Health Services	947,236,851	209,417,680	1,156,654,531	985,397,367	116,718,718	1,102,116,085	1.04	0.56	0.95
Public works & Infrast	39,015,368	268,546,511	307,561,879	31,032,692	245,567,193	276,599,885	0.80	0.91	0.90
Lands & Mining	8,969,908	10,211,215	19,181,123	8,304,867	8,211,215	16,516,082	0.93	0.80	0.86
Livestock & Fisheries	55,920,220	19,004,960	74,925,180	41,370,603	14,268,603	55,639,206	0.74	0.75	0.74
Trade & Comm Affairs	42,779,572	113,985,988	156,765,560	39,685,115	85,636,275	125,321,390	0.93	0.75	0.80
Industrialization, ICT & ER	14,081,080	4,112,675	18,193,755	14,261,538	4,112,675	18,374,213	1.01	1.00	1.01
Water and Irrigation	38,683,047	263,122,298	301,805,345	38,082,387	104,638,419	142,720,806	0.98	0.40	0.47
TOTAL	2,903,814,960	1,251,953,555	4,155,768,515	3,038,567,728	788,085,507	3,826,653,235	1.05	0.63	0.92
				(0.79)	(0.21)				(0.92)

There was a significant increase in recurrent expenditure in FY 2015/16 at the expense of development. This is shown by the ratio of total recurrent expenditure to total development expenditure for FY 2015/16 at 79% recurrent and 21% development as compared to FY 2014/15 where it was 72.9% recurrent and 27.1% development.

The analysis however, further reveals that absorption rates varied significantly across the board amongst the departments.

Analysis of Recurrent Expenditure

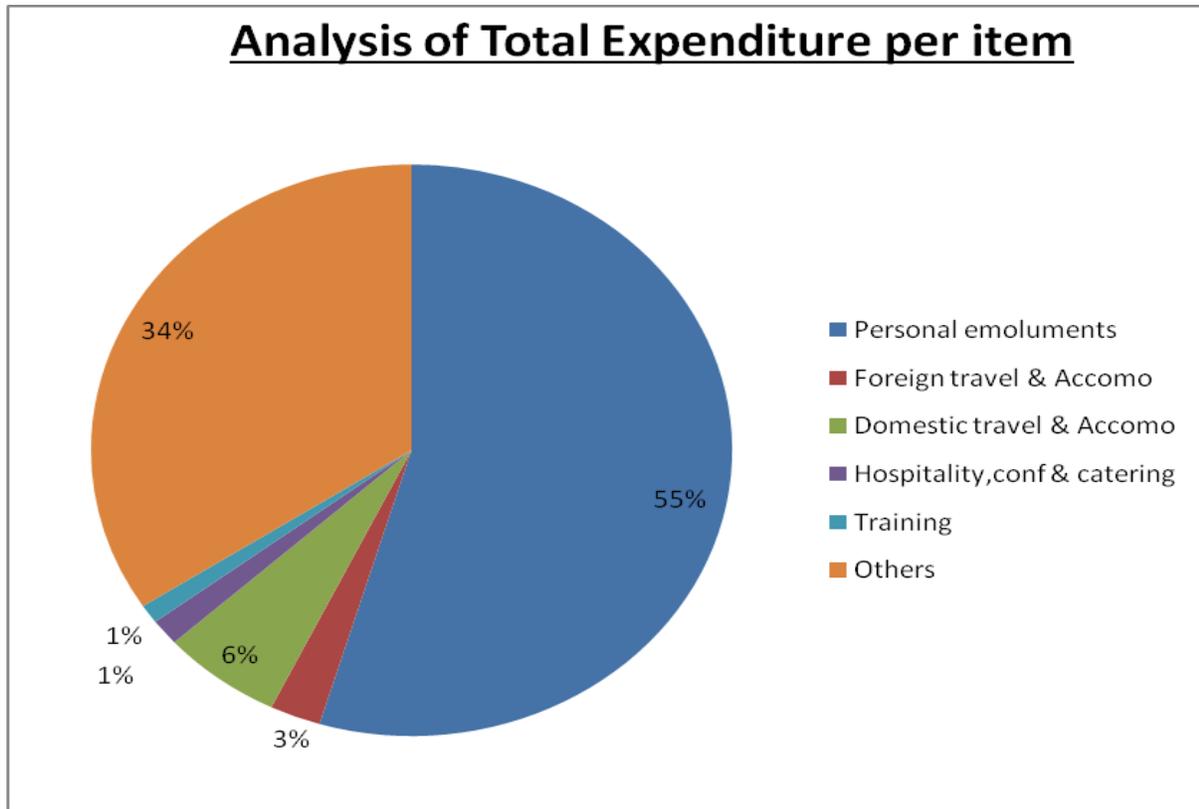
Most departments spent way above their recurrent budgets. These include: Administration and Devolution (116%), County Assembly (101%), County Public Service Board (103%), County

Treasury (104%), Education (123%), Gubernatorial (111%), Health (104%) and Industrialization (101%). These overspending in recurrent votes can be attributed to the fact that:

- A) The last supplementary budget (2015/16) reduced the budgets of some of these departments after they had already spent some funds.
- B) Some department's allocations are below their requirements

Generally, personnel emoluments accounted for the biggest share of recurrent expenditure at 55%. Domestic travel and accommodation accounted for 6% of the total recurrent expenditure while foreign travel and accommodation was at 3%. Trainings for staff was the least accounting for slightly above 1% of the total recurrent expenditure for FY 2015/16

Figure 2: Total expenditure by Type (FY 2015/16)



Health services accounted for 61% of the total county expenditure on personnel emoluments. Education and libraries consumed 17.4% while the County Assembly accounted for 8.5% of the total expenditure on personnel emoluments. The County treasury accounted for 9.0% of the total personnel emoluments expenditure. This high expenditure by the county treasury can be attributed to the inclusion of staff all county staff gratuity in the departments vote. In terms of Domestic travel and accommodation, the County assembly accounted for 33% of the total expenditure. The Gubernatorial office accounted for 21.3% while County treasury consumed 12.9%. In Foreign travel and accommodation, the county assembly consumed 77.6%

Table 7: Major Expenditure Items by Department

DEPARTMENT	Personnel emoluments	Foreign travel & Accomoda	Domestic travel & Accomoda	Hospitality, conf & catering	Training	Others	Total
Admin & Devolution	75,200,897	1,056,911	7,903,200	6,142,898	5,107,041	88,684,749	184,095,696
Agriculture	65,740,558	1,382,450	3,821,300	345,700	102,200	2,348,194	73,740,402
County Assembly	141,705,517	60,422,855	62,393,993	14,871,165	20,861,275	254,191,254	554,446,059
County Public Service Board	28,262,794		5,080,000	1,760,000	1,265,962	6,639,532	43,008,288
County Treasury	149,027,835	1,879,100	23,853,087	9,442,348	2,587,828	239,591,506	426,381,704
Education	288,866,987	149,100	6,907,938	2,371,775	100,000	97,155,073	395,550,873
Tourism, Enviro & Nare	44,381,360	704,330	2,147,570	903,620		5,314,721	53,451,601
Gubernatorial	49,860,192	8,110,227	39,331,665	4,759,838	934,920	46,761,694	149,758,536
Health Services	684,280,669		16,732,604	1,527,888	886,251	281,969,955	985,397,367
Public works & Infrastructure	26,957,292	326,900	2,155,200	107,412		1,485,888	31,032,692
Lands & Mining	5,055,867		1,605,329	1,391,671		252,000	8,304,867
Livestock & Fisheries	32,194,335	880,000	3,007,860	97,321	538,020	4,653,067	41,370,603
Trade & Community Affairs	26,264,283	913,684	5,150,110	641,050		6,715,988	39,685,115
Industrialization, ICT & ER	10,870,578	1,086,097	949,450	90,702		1,264,711	14,261,538
Water and Irrigation	31,696,219	992,410	3,187,557	625,397	-	1,580,804	38,082,387
TOTAL	1,660,365,383	77,904,064	184,226,863	45,078,785	32,383,497	1,038,609,136	3,038,567,728
% TO TOTAL EXPENDITURE	54.6%	2.6%	6.1%	1.5%	1.1%	34.2%	100.0%

Analysis of Development Expenditure

Though most departments registered satisfactory absorption rates for their development votes, two departments notably- Agriculture at 11% and Water (40%) recorded very low absorptions. These below par absorption of development funds can be attributed to;

- a) In agriculture, a total of Kshs 115 Million from European Union (EU) had been budgeted for improvement of agribusiness. This grant was however not received and had to be rebudgetted in the FY 2016/17.
- b) In Water, Kshs 100 Million from Kenya Red Cross and Ksh 12.4 Million from NDMA was budgeted for water development. At the close of the FY 2015/16 the funds from Red cross had not been realized while NDMA funded the project directly.

The overall low absorption of development budget (63%) can therefore, be generally attributed to the inclusion of grants from Development partners amounting to Kshs 231.8 Million that was not realized at the end of the FY 2015/16. Spending of development vote however, was also affected by the following:

- a. Late disbursement of development funds from the exchequer
- b. Challenges in the procurement process
- c. Disagreements and disputes in location of projects
- d. Non involvement of the technical staff in project planning of Ward equalization Projects leading to disparities between budgeted and tendered amounts
- e. Disagreements during implementation of projects.
- f. Lack of a monitoring and evaluation framework.

In general there were only three departments had the most desirable rates of expenditure against budget. These include - Lands and Mining (86%), Public works (90%) and Health (95%). It is therefore imperative, that deliberate measures be put in place to link budget implementation to budget formulation.

Analysis of Liabilities

By December 2015, the County had a total of Kshs 412 Million as pending bills out of which Ksh 314 Million was factored in the final supplementary budget for 2015/16. The remaining amount estimated at Ksh 98 Million was factored in the FY 2016/17 Budget. The county also had outstanding liabilities owed by the defunct local authorities amounting to Kshs 89 Million.

Implication of 2015/16 fiscal performance on financial objectives

The County's 2015/16 fiscal performance has affected the County financial objectives in the following ways:

- i. The county revenue projections for 2015/16 were not achieved with a shortfall of Kshs 192 Million in local revenue and Kshs 227 Million in anticipated development partners' grants. This implies the great need to review the fiscal aggregates for FY (2016/17) and the medium term.
- ii. Analysis of 2015/16 budget execution indicates that some departments recorded absorption rates of below 50% while others had above 100%. This implies that the baseline ceilings for spending by county departments should be adjusted and then firmed up in the County Fiscal Strategy Paper to be prepared in November 2016.
- iii. Non-realization of local revenue collection targets in past three financial years (2013/14-2015/16) implies that there is need to review the forecasts for FY 2016/17 and the medium term. It is also imperative that deliberate and innovative strategies are put in place to boost local revenue collection.

Given the above deviations, the revision in revenues and expenditures will be based on the proposed policies outlined in this CBROP which reflect the changed circumstances to be firmed up in the context of the County Fiscal Strategy Paper to be prepared in November 2016.

The County Government will not deviate from the fiscal responsibility principles as outlined in the PFM Act, but will make appropriate modification to the financial objectives contained in the February 2016 County Fiscal Strategy Paper to reflect the changed circumstance.

III. RECENT NATIONAL ECONOMIC DEVELOPMENTS AND OUTLOOK

The National economic developments and macroeconomic outlook has a positive and direct bearing on the performance of the County. Some of these developments and outlook have been briefly outlined below:

Recent National Economic Developments

The KNBS statistical release for August 2016 indicates that the Kenyan economy experienced relative stability in key macroeconomic indicators that are supportive to growth.

The country's Gross Domestic Product (GDP) estimated to have expanded by 5.6% during the first quarter of 2015/16 compared to a growth of 5.3% realized in the same quarter of 2014/15. The growth was mainly supported by a stable macroeconomic environment as well as improvements in outputs of Agriculture; Construction; Finance and Insurance; Real estate's; Information and Communication; Electricity and Water Supply; Wholesale and Retail Trade; and Transport. This was realized despite deceleration in Global real GDP from a revised 3.4% in 2014 to 3.1% in 2015. The global scenario being occasioned by: Low commodity prices; weaker capital flows; subdued global trade and increased financial markets volatility.

Overall Inflation eased downwards to an average of 6.26% compared to 6.8% recorded in the same quarter of 2014. The decline in inflation was mainly driven by a significant drop in oil prices during the review period. The decrease in oil prices also contributed to lower costs of electricity and transport services. Increased generation of geothermal electricity coupled with a reduction in thermal generation also contributed to lower cost of electricity during the review period. However, increased prices of vegetables and some key food products, in the first two months of the year, worked against the cost of living and led to a moderate level of inflation during the quarter. The Consumer Price Index (CPI) expanded from 167.9 points in May 2016 to 169.7 points in July 2016

The Kenya Shilling appreciated significantly against the major trading currencies (Sterling Pound and Euro) but depreciated marginally against the US dollar, Japanese Yen and the South African Rand. The average Yield rate for the 91-day Treasury Bills- which is a benchmark for general trend in interest rates fell from 8.15%(May 2016) in to 7.25%(July 2016). Broad Money Supply (M3), a key indicator for monetary policy formulation, rose from Kshs 2,709 Billion (May 2016) to Kshs 2,754 Billion (July 2016).

In general, the prospects of growth of the Kenyan economy in 2016, is significantly positive with overall inflation expected to ease further and remain stable within the Central Bank of Kenya targets. The financial intermediation sector that has continued to support growth and savings is also expected to remain robust. The construction industry will continue to support growth with the ongoing public infrastructure developments and continued investment in residential and non-residential assets by the private sector.

County Growth prospects

The growth prospects for the County economy in 2016 are also positive given the National economic outlook as well as the physical and socio-economic infrastructural investments by both the National and County Government.

There are several infrastructural development programmes being undertaken in the county and which will in turn contribute positively to the growth of the county economy .These are :- The Intensive improvement of Infrastructure by the National government which are aimed at providing the necessary impetus for growth. The major capital projects currently being undertaken within the County and set to be completed in 2017 include among others: Standard Gauge Railway (SGR), Ikanga Airstrip expansion, Gemstone Centre at Voi, Tarmacking of Mwatate- Taveta and Mwatate –Wundanyi Roads, Kenya Pipeline Company Depot, Small Medium Enterprise industrial Parks, and Last-Mile connectivity project, Constituencies Technical Training Colleges (TTC) and KPA Inland Dry port.

The County Government has also been implementing various infrastructure projects(Since 2013) in the water sector, roads, markets, health, education, agriculture and livestock and fisheries currently estimated at Kshs 4 Billion . These capital projects will spur growth and development of the county by providing employment and markets. Further, the County government in conjunction with the National Government is set to sign a Memorandum of Understanding with Coast Institute of Technology (CIT) to temporarily host Kenya Medical Training College (KMTC)-Voi Campus, as construction of the proposed KMTC is undergoing at Moi County Referral Hospital. All these projects are expected to have positive impact on the socio-economic environment of the county.

The County Government will also partner with various development partners who will fund development projects especially in the water and food security sector. These include: Red Cross society of Kenya who will fund water projects in Challa, Kaloleni, Mbololo and Kasighau wards amounting to Kshs 115 Million. The Standard Gauge Railway Project will also undertake the Construction of Kighombo Dam at Kshs 270 Million. The National Drought Management Authority (NDMA) and European Union have also targeted water projects at a tune of Kshs 12 Million and Kshs 100 Million respectively.

Further, the County Government during the recently held Investors Round-Table received undertakings from Local and international investors to invest in several other transformative capital projects/initiatives under the Transform Taita Taveta 2020(TTT2020) strategic plan. These projects have a potential of generating significant socio-economic improvements in the County. These include among others: Development of feedlots to promote commercial ranching; Establishment of modern abattoirs; Promotion of greenhouse technology and value addition; Development of commercial irrigation and modernization of bus and lorry-parks.

Medium Term Fiscal Framework (Policies)

a. Expenditure side

1. Non-priority expenditures should be avoided while funding to areas with high impact is intensified. This ensures improved efficiency in resource utilization and reduction of wastage.
2. To address the high wage bill, the county will implement the recommendations contained in the Capacity Assessment and Rationalization Programme (CARPS) report to ensure optimal level of staff and at the same time increasing efficiency.
3. Further to streamline expenditure, there is need to strengthen monitoring, evaluation and reporting at the project, department and county levels.
4. To link planning and budget formulation it is imperative that the Sector working Groups (SWGs) be revamped. The SWGs should be empowered to spearhead sectors' public hearings and reporting on sectors' priorities and budget proposals.

b. Revenue side

1. Full automation of revenue collection with a manual back-up
2. Carrying out a baseline survey to determine the County's potentiality of revenue and pursue new revenue streams
3. Ensuring that revenue targets are set by the revenue generating departments/sections with a reward mechanism for good performance(A certain agreed percentage to be allocated/ring-fenced to the department/section)
4. The County Government extends its partnerships with Kenya Revenue Authority (KRA) and Kenya Commercial Bank (KCB) to increase efficiency in revenue management.
5. Promotion of Private-Public Partnerships (PPPs) and reaching out to donors to enhance resource mobilization
6. Educating the public on the need to pay their fees and rates
7. Strengthening of resource mobilization unit

Risks to the outlook

The risks to the outlook for 2016/17 and medium-term include:

POSSIBLE RISK	IMPACT	MITIGATION
Anticipated political electioneering climate	Reduced investment and diversion of productive labour.	Provision of security and civic education
Unfavourable political and legal decisions and actions	Reduction in revenue collection	Educating the revenue collectors and public on the importance of revenue, Enforcement of laws and ensuring integrity, accountability and transparency is practiced
Continuous increase in the County wage bill	Reduced investment in capital projects	Freeze new recruitments except for critical areas, Cleaning off ghost workers from the payrolls. Engaging casual workers only in critical areas.
Unfavorable weather conditions	Reduced agricultural productivity, outbreak of diseases, disasters	Creating public awareness of impending unfavorable weather conditions, allocation of funds to curb the situation in case of diseases outbreak and disaster

IV. RESOURCE ALLOCATION FRAMEWORK

Adjustment to 2016/17 Budget

The County government will accommodate minimum adjustments in the context of supplementary budget to the 2016/17 budget. These adjustments will be due to the following risks:

- a. Inclusion of balances brought forward from the FY 2015/16
- b. Possible additional sources of local revenue especially from the mining and forestry sectors should favorable legislation be passed.
- c. Consideration for clearing of all pending bills.
- d. Inclusion of the Ward development equalization Projects.
- e. The County Government has been engaging with various partners in the past FYs (2014/15-2015/16). In the event that these engagements are positive and finalized in the financial year, there will be need to include them in the budget.
- f. The National Treasury has indicated that the equalization fund that has accumulated since FY 2013/14 will be used in the County in FY 2016/17. The proposed Kshs 751.6 Million will fund Water and Roads sectors. The identified projects to be implemented by the National Government include: Taveta-Lumi Water Project (8 Million); Wundanyi-Township roads (300 Million); Voi Town roads (143.7 Million) and Hola-Makutano road (300 Million). Should it be agreed that the County Governments will implement the equalization fund projects, then a supplementary budget will be required.
- g. Weather conditions such as effects of El-nino and drought

2017/18 Medium Term Budget framework

The 2017/18 budget framework is set against the background of the updated medium-term macro-fiscal framework at the national level as set out above.

The growth in the county economy is underpinned by continued good performance across all sectors of the economy. The projected growth of the county economy assumes normal weather pattern during the year and improved investor confidence, completion of ongoing major infrastructure projects and enactment of land and mining laws which are favorable to the county.

Revenue projections

The total county Resource envelop envisaged for the FY 2017/18 budget amounts to Kshs 4.5 Billion comprising of the share from the national Government and locally collected revenue. The estimated amount from the equitable share for FY 2017/18 stands at Kshs 3.8 Billion while the total local revenue is projected at Kshs 300 Million representing 8% of the total resource envelop. However, over the medium term, the target for local revenue is expected to reach between 10-12% of total County Revenue base. As noted above, this performance will be underpinned by implementation of The County Finance Act, on-going fiscal reforms, partnering with Kenya Revenue Authority in revenue management and enhancement.

Expenditure Forecasts

Recurrent expenditures: The absolute recurrent expenditure is expected to remain significantly stable. The total recurrent expenditure ratio to total county budget is however expected to further decline from 76 % in FY 2013/14 to 70 % in the FY 2017/18. The ratio is expected to continue improving over the medium term. This will be achieved through continuous rationalization of expenditures.

Development Expenditures: The ceiling for development expenditures including donor funded projects is expected to increase to 35% of Total County's Revenue base over the medium term from 30.1% in the FY 2015/16. Most of the savings are expected to support critical infrastructural development that will attract private sector investment.

Overall Deficit and Financing

It is expected that the 2017/18 budget will remain balanced with zero deficit. Austerity measures will be put in place to ensure that only when macro-fiscal conditions and PFM laws allows the deficit does not exceed 5% of the County's Resources envelop. Such a deficit will be financed through loans and grants.

CONCLUSION AND NEXT STEPS

The fiscal outcome for 2015/16 together with the updated forecasts has significant implications on the financial objectives elaborated in the County Fiscal Strategy Paper submitted to the County Assembly in February 2016. This implies the need to adjust the departmental ceilings in the context of the next supplementary budget for FY 2016/17.

The policies and proposed sector/departmental ceilings (Annex 3) will guide the County Departments and agencies while preparing their preliminary proposals/estimates for the 2017/18 budget. The actual ceilings will be contained in the County Fiscal Strategy Paper to be prepared between in November and December 2016.

ANNEX 1: Total Local Revenue By Type and Department (2013/14 to 2017/18 Projections)

TAITA TAVETA COUNTY GOVERNMENT												
TOTAL LOCAL REVENUE STATISTICS PER REVENUE TYPE AND DEPARTMENT												
REVENUE TYPE	2013/14		2014/15		2015/16		2013/14-2014/15		2015-16 VARIANCE		PROJECTIONS	
	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	% Var	% Var	variance	% VAR	2016-2017	2017-2018
Application for SBP/renewal	741,389	554,750	815,525	1,975,900	954,732	2,551,470	-25	142	1,596,738	167	865,191	951,710
Impounding charges	524,214	311,100	576,665	321,300	675,099	111,800	-41	-44	-563,299	-83	611,784	672,962
Sale of Tender docs	1,950,600	1,364,700	2,145,660	282,000	227,320	0	-30	-87	-227,320	-100	206,000	226,600
Hire of hall	33,000	257,400	300,000	257,020	385,307	156,400	680	-14	-228,907	-59	349,170	384,087
Hire of council's equipment	25,721	8,480	28,293	12,815	33,123	336,735	-67	-55	303,612	917	30,016	33,018
Clamping & declamping fees	227,425	204,250	250,168	51,850	292,871	94,200	-10	-79	-198,671	-68	265,403	291,944
Hire of stadium	153,450	146,350	168,795	70,500	197,607	75,681	-5	-58	-121,926	-62	179,074	196,981
Advertisement of SBP	1,230,614	1,517,593	2,000,000	4,363,188	2,341,391	1,102,015	23	118	-1,239,376	-53	2,121,800	2,333,980
Single business permits	30,584,089	15,951,034	35,200,000	37,660,062	35,986,192	23,700,050	-48	7	-12,286,142	-34	32,611,166	35,872,282
Signboards/billboards	3,178,000	354,590	3,495,800	1,866,032	4,092,518	1,950,630	-89	-47	-2,141,888	-52	3,708,694	4,079,564
Land rates	48,503,486	7,671,396	53,353,835	18,350,359	39,216,584	14,346,412	-84	-66	-24,870,172	-63	35,538,591	39,092,450
Ground rent	746,768	9,859,493	12,000,000	3,997,809	5,523,289	2,893,268	1,220	-67	-2,630,021	-48	5,005,278	5,505,806
Rates clearance certificate	316,800	2,101,331	3,000,000	285,500	3,512,087	134,850	563	-90	-3,377,237	-96	3,182,700	3,500,970
Market stalls/slabs	322,344	776,280	1,000,000	618,190	1,170,696	3,145,460	141	-38	1,974,764	169	1,060,900	1,166,990
House rent	820,800	3,284,070	8,454,600	8,958,444	9,897,764	4,292,122	300	6	-5,605,642	-57	8,969,485	9,866,434
Sisal Cess	3,396,000	445,600	3,735,600	4,109,695	4,373,251	634,160	-87	10	-3,739,091	-85	3,963,098	4,359,408
Sand Cess	4,597,446	2,201,395	5,057,191	4,979,821	5,920,431	1,552,680	-52	-2	-4,367,751	-74	5,365,173	5,901,690
Bus park fees	14,813,967	14,346,480	16,295,364	12,557,115	19,076,912	9,970,091	-3	-23	-9,106,821	-48	17,287,752	19,016,527
Taxi, & tuktuk cabs	1,906,504	417,845	2,097,154	988,320	2,455,130	1,135,320	-78	-53	-1,319,810	-54	2,224,871	2,447,358
Motorcycle curb	2,012,380	21,900	2,213,618	16,700	2,591,474	0	-99	-99	-2,591,474	-100	2,348,428	2,583,271
Daily parking fees	5,505,969	1,495,805	5,739,667	2,815,165	6,719,403	2,106,280	-73	-51	-4,613,123	-69	6,089,213	6,698,134
Reserved parking fees	13,843,155	13,448,984	316,899	190,700	0	3,931,650	-3	-40	3,931,650		336,198	369,818
Market fees	5,320,296	1,900,806	15,227,482	12,386,039	17,826,747	12,179,566	-64	-19	-5,647,181	-32	16,154,835	17,770,319
Approval of building plans	62,920	218,750	5,852,326	2,754,216	6,851,293	4,942,448	248	-53	-1,908,845	-28	6,208,733	6,829,606
Renovation fees	31,350	106,200	69,212	135,980	81,026	1,440,316	239	96	1,359,290	1,678	73,427	80,769

Renewal of building plans	1,074,500	105,700	144,485	10,000	169,148	239,400	-90	-93	70,252	42	153,285	168,613
Plot transfer fees	556,459	-	1,181,950	571,500	1,383,704	171,000	-100	-52	-1,212,704	-88	1,253,931	1,379,324
Drawing plans fees	78,991	16,600	391,995	-	458,907	20,000	-79	-100	-438,907	-96	415,868	457,454
Plot fencing fees	113,344	100,550	196,890	112,000	230,499	50,000	-11	-43	-180,499	-78	208,881	229,769
Application for exhauster	25,280	31,050	124,678	193,800	145,960	12,950	23	55	-133,010	-91	132,271	145,498
Burial site fees	508,180	622,939	137,808	52,700	161,331	92,800	23	-62	-68,531	-42	146,200	160,820
Exhauster services	1,338,425	1,433,450	2,000,000	2,145,250	2,341,391	227,300	7	7	-2,114,091	-90	2,121,800	2,333,980
Mileage-exhauster	134,220	3,094,183	4,000,000	181,250	4,682,783	27,400	2,205	-95	-4,655,383	-99	4,243,600	4,667,960
Annual lease fees	825,000	-	907,500	988,977	1,062,406	0	-100	9	-1,062,406	-100	962,767	1,059,043
Public toilet fees	2,781,176	3,181,745	3,500,000	2,211,425	4,097,435	1,651,365	14	-37	-2,446,070	-60	3,713,150	4,084,465
General Cess	25,009,340	23,565,633	30,000,000	24,339,350	34,319,609	12,361,338	-6	-19	-21,958,271	-64	31,100,886	34,210,975
Plot rents	10,680,000	1,071,776	11,748,000	386,370	12,124,747	96,360	-90	-97	-12,028,387	-99	10,987,607	12,086,368
Other local levies	1,200,000	4,008,168	4,400,000	5,179,157	5,522,047	4,268,889	234	18	-1,253,158	-23	4,667,960	5,134,756
NaRe exploitation	20,609,600	4,722,120	17,370,759	5,666,140	8,667,556	6,667,695	-77	-67	-1,999,861	-23	7,854,654	8,640,120
Social premise charges	140,000	1,795,550	2,000,000	1,978,590	2,341,391	1,169,315	1,183	-1	-1,172,076	-50	2,121,800	2,333,980
Slaughter houses administration	1,680,000	2,524,471	3,000,000	4,409,495	3,512,087	1,724,870	50	47	-1,787,217	-51	3,182,700	3,500,970
Technical services fees	550,000	-	605,000	-	0	296,010	-100	-100	296,010			
Environ & refuse collection	3,530,000	405,000	839,498	1,463,600	982,797	2,480,820	-89	74	1,498,023	152	890,623	979,686
Administrative service fees	646,707	1,007,991	1,000,000	345,363	56,830	412,100	56	-65	355,270	625	51,500	56,650
Water supply admin	1,790,000	208,190	1,056,988	330	56,830	159,000	-88	-100	102,170	180	51,500	56,650
Revenues from financial investment	214,119,909	126,861,698	11,000	-	12,878	0	-41	-100	-12,878	-100	11,670	12,837
Fire and extinguisher	30,000,000			397,000			-100		0			
Penalty and fines		226,740		69,864					0			
Weight & measures		555,500	1,000,000	554,950	1,170,696	0		-45	-1,170,696	-100	1,060,900	1,166,990
Survey and mapping			100,000	54,700	117,070	23,500		-45	-93,570	-80	106,090	116,699
Physical planning		127,709,368	200,000	77,300	234,139	34,280		-61	-199,859	-85	212,180	233,398
Livestock and veterinary		1,127,710	1,900,000	1,120,585	2,224,322	1,564,340		-41	-659,982	-30	2,015,710	2,217,281
Fisheries		1,063,730	100,000	32,200	117,070	26,600		-68	-90,470	-77	106,090	116,699
Co-operatives		3,679,540	750,000	367,768				-51	0			
Liquor licenses(adm)		3,617,710	6,432,000	-	7,529,915	174,000		-100	-7,355,915	-98	6,823,709	7,506,080

Mining Cess		58,765	134,391,706	-				-100	0		0	-
Hospitals		588,300	57,362,333	36,227,267	67,153,835	25,175,949		-37	-41,977,886	-63	60,855,699	66,941,269
Public health		871,300	17,637,667	7,539,305	20,648,340	8,626,590		-57	-12,021,750	-58	18,711,801	20,582,981
Social services					878,022	65,170			-812,852	-93	795,675	875,243
Totals for devolved	244,119,909	147,253,830	219,873,706	5,974,075				-79	0			
Grand total			483,884,111	216,680,956	352,805,992	160,602,645		-55	-192,203,347	-54	319,717,486	351,689,234

ANNEX 2: Total Local revenue per Type and Quarter (2015/16)

TAITA TAVETA COUNTY GOVERNMENT								
2015-2016 LOCAL REVENUE PERFORMANCE								
REVENUE TYPE	DEPARTMENT	REVISED BUDGET	1ST QUARTER TOTAL	2ND QUARTER TOTAL	3RD QUARTER TOTAL	4TH QUARTER TOTAL	GRAND TOTAL	VARIANCE
APPLICATION FOR SBP/RENEWAL	TRADE & COMM	954,731.87	232,000.00	99,300	1,308,300	911,870	2,551,470	(1,596,738.13)
IMPOUNDING CHARGES	ADM & DEV	675,099.28	4,220.00	16,100	57,000	34,480	111,800	563,299.28
SALE OF TENDER DOCUMENTS	FINANCE	227,319.55	-	-	-	-	-	227,319.55
HIRE OF TOWN HALL CHAMBERS	TRADE & COMM	385,306.63	77,500.00	31,200	14,000	33,700	156,400	228,906.63
HIRE OF COUNCIL'S EQUIPMENT	WORKS	33,122.73	1,875.00	460	214,400	120,000	336,735	(303,612.27)
CLAMPING &DECLAMPING FEES	ADM&DEV	292,870.55	-	7,000	38,900	48,300	94,200	198,670.55
HIRE OF STADIUM	TRADE& COMM	197,606.61	10,880.00	1,300	23,501	40,000	75,681	121,925.61
ADVERTISEMENT/PROMOTION	PUBLIC WORKS	2,341,391.34	262,600.00	249,520	210,520	379,375	1,102,015	1,239,376.34
SINGLE BUSINESS PERMITS	TRADE & COMM	35,986,191.58	7,130,013.34	1,692,707	8,676,550	6,200,780	23,700,050	12,286,141.24
SIGNBOARDS	PUBLIC WORKS	4,092,517.93	12,140.00	214,600	1,184,922	538,968	1,950,630	2,141,887.93
LAND RATES	LAND	39,216,584.21	6,813,343.00	901,148	3,652,110	2,979,811	14,346,412	24,870,172.21
GROUND RENT	LAND	5,523,288.76	708,714.00	191,109	1,618,488	374,957	2,893,268	2,630,020.76
RATES CLEARANCE CERTIFICATE	LAND	3,512,087.02	30,000.00	15,000	45,000	44,850	134,850	3,377,237.02
MARKET STALLS/SLABS	TRADE & COMM	1,170,695.67	1,781,205.00	100,360	685,660	578,235	3,145,460	(1,974,764.33)
HOUSE RENT	HOUSING	9,897,763.63	1,126,726.00	1,201,965	1,467,331	496,100	4,292,122	5,605,641.63
SISAL CESS	FINANCE	4,373,250.75	13,000.00	250,400	348,260	22,500	634,160	3,739,090.75
SAND CESS	ENVIRONMENT	5,920,430.79	255,290.00	302,650	772,000	222,740	1,552,680	4,367,750.79
BUS PARK FEES	FINANCE	19,076,912.20	5,172,520.00	2,673,591	284,070	1,839,910	9,970,091	9,106,821.20
TAXI, LIGHT TRANSPORT&TUKTUK CABS	FINANCE	2,455,129.54	-	9,350	1,125,970	-	1,135,320	1,319,809.54
MOTORCYCLE CURB	FINANCE	2,591,473.54	-	-	-	-	-	2,591,473.54
DAILY PARKING FEES	FINANCE	6,719,403.31	3,300.00	1,193,680	223,030	686,270	2,106,280	4,613,123.31
RESERVED PARKING FEES	FINANCE	-	-	45,550	2,467,560	1,418,540	3,931,650	(3,931,650.00)
MARKET FEES	TRADE& COMM	17,826,746.75	1,648,542.00	4,272,809	1,284,330	4,973,885	12,179,566	5,647,180.75
APPROVAL OF BUILDING PLANS	PUBLIC WORKS	6,851,292.97	690,715.00	588,345	,827,452	835,936	4,942,448	1,908,844.97
RENOVATION FEES	PUBLIC WORKS	81,025.78	122,000.00	26,500	1,175,316	116,500	1,440,316	(1,359,290.22)
RENEWAL OF BUILDING PLANS	PUBLIC WORKS	169,148.48	4,500.00	57,000	159,900	18,000	239,400	(70,251.52)

PLOT TRANSFER FEES	LANDS	1,383,704.32	45,000.00	65,000	2,500	58,500	171,000	1,212,704.32
DRAWING PLANS FEES	PUBLIC WORKS	458,907.02	-	-	20,000	-	20,000	438,907.02
PLOT FENCING FEES	PUBLIC WORKS	230,498.61	6,000.00	8,000	9,000	27,000	50,000	180,498.61
OPENING OF FILES	LANDS	-	16,800.00	6,600	9,000	9,300	41,700	(41,700.00)
APPLICATION FOR EXHAUSTER	WATER& SEWARAGE	145,959.61	12,650.00	300	-	-	12,950	133,009.61
BURIAL SITE FEES	PUBLIC WORKS	161,330.96	30,600.00	13,500	46,500	2,200	92,800	68,530.96
EXHAUSTER SERVICES	WATER & SEWARAGE	2,341,391.34	144,000.00	1,000	40,000	42,300	227,300	2,114,091.34
MILEAGE-EXHAUSTER	WATER & SEWARAGE	4,682,782.69	27,400.00	-	-	-	27,400	4,655,382.69
ANNUAL LEASE FEES	LANDS	1,062,406.32	-	-	-	-	-	1,062,406.32
PUBLIC TOILET FEES	FINANCE	4,097,434.85	109,335.00	485,005	547,120	509,905	1,651,365	2,446,069.85
GENERAL CESS	FINANCE	34,319,608.54	2,996,445.00	3,280,516	2,844,311	3,240,066	12,361,338	21,958,270.54
PLOT RENTS	LANDS & MINING	12,124,747.32	55,960.00	5,710	-	34,690	96,360	12,028,387.32
OTHER LOCAL LEVIES	FINANCE	-	-	-	-	-	-	-
NATURAL RESOURCES EXPLOITATION	LANDS& MINING	8,667,555.70	1,413,605.00	465,400	2,454,865	2,333,825	6,667,695	1,999,860.70
SOCIAL PREMISES USE CHARGES	TRADE & COMM	2,341,391.34	531,600.00	376,905	55,710	205,100	1,169,315	1,172,076.34
SLAUGHTER HOUSES ADMINISTRATION	LIVESTOCK	3,512,087.02	352,380.00	428,490	306,510	637,490	1,724,870	1,787,217.02
TECHNICAL SERVICES FEES	PUBLIC WORKS	-	-	-	296,010	-	296,010	(296,010.00)
INTEREST & REVENUES FROM FINANCIAL INVESTMENTS	FINANCE	12,877.65	-	-	-	-	-	12,877.65
ENVIRONMENT & REFUSE COLLECTION	ENVIRONMENT	982,796.74	64,395.00	600,575	1,190,150	625,700	2,480,820	(1,498,023.26)
ADMINISTRATIVE SERVICE FEES	ADM& DEVOL	56,829.89	75,000.00	20,800	215,500	100,800	412,100	(355,270.11)
WATER SUPPLY ADMINISTRATION	WATER	56,829.89	-	-	-	159,000	159,000	(102,170.11)
OTHER LOCAL LEVIES	FINANCE	5,151,060.96	1,057,883.00	934,950	401,272	744,445	3,138,550	2,012,510.96

OTHER LOCAL LEVIES		-	95,400.00	1,600	-	-	97,000	(97,000.00)
OTHER LOCAL LEVIES		-	9,900.00	-	-	-	9,900	(9,900.00)
HEALTH-HOSPITALS	HEALTH	67,153,835.00	10,018,687.00	6,002,705	966,140	8,188,417	25,175,949	41,977,886.00
PUBLIC HEALTH	HEALTH	20,648,340.41	727,000.00	350,890	4,874,450	2,674,250	8,626,590	12,021,750.41
LIQUOR LICENCES	ADM & DEVOL	7,529,914.56	33,000.00	6,000	75,000	60,000	174,000	7,355,914.56
WEIGHT & MEASURES	TRADE	1,170,695.67	-	-	-	-	-	1,170,695.67
SURVEY AND MAPPING	LANDS	117,069.57	12,500.00	-	-	11,000	23,500	93,569.57
PHYSICAL PLANNING	LANDS	234,139.13	5,000.00	16,200	-	13,080	34,280	199,859.13
LIVESTOCK AND VETERINARY	LIVESTOCK	2,224,321.78	750,940.00	-	431,050	382,350	1,564,340	659,981.78
FISHERIES	LIVESTOCK & FISHERIES	117,069.57	26,600.00	-	-	-	26,600	90,469.57
SOCIAL SERVICES	TRADE & COMM	878,021.75	-	-	-	65,170	65,170	812,851.75
GRAND TOTAL		352,805,992.00	44,719,163.34	27,211,790	44,901,317	43,770,375	160,602,645	192,203,346.66
ADD: RECEIPT FROM NATIONAL GOVERNMENT		3,309,568,191.00						

ANNEX 3: Proposed CBROP Departmental ceilings for FY 2017/18

DEPARTMENT	REVISED 2015/2016			APPROVED 2016/2017			CBROP CEILING(2017-18)****			CBROP % Share
	RECURRENT	DEVELOPMENT	TOTAL	RECURRENT	DEVELOPMENT	TOTAL	RECURRENT	DEVELOPMENT	TOTAL	
County Assembly	550,375,649	7,000,000	557,375,649	571,000,000	60,000,000	631,000,000	555,000,000	15,000,000	570,000,000	14
Gubernatorial	134,588,800	29,278,988	163,867,788	170,038,122	55,099,500	225,137,622	173,500,000	40,000,000	213,500,000	5
CPSB	41,791,522		41,791,522	51,810,349		51,810,349	55,600,000		55,600,000	1
Admin and Devolution	159,248,656	6,900,000	166,148,656	152,611,171	20,131,675	172,742,846	158,700,500	30,500,000	189,200,500	5
Health Services	947,236,852	209,417,680	1,156,654,532	840,084,215	214,333,703	1,054,417,918	750,481,000	176,000,000	926,481,000	22
Agriculture	73,087,668	131,882,392	204,970,060	81,238,000	139,882,000	221,120,000	82,300,500	100,010,000	182,310,500	4
Livestock & Fisheries	57,420,220	19,204,960	76,625,180	64,970,554	23,871,324	88,841,878	65,500,000	89,009,000	154,509,000	4
TENAR	63,441,864	1,000,000	64,441,864	55,273,897	15,286,104	70,560,001	56,500,000	59,700,000	116,200,000	3
Trade & Community affairs	42,779,572	113,985,988	156,765,560	57,827,755	144,357,310	202,185,065	58,800,000	157,000,000	215,800,000	5
Water & Irrigation	38,683,047	263,122,298	301,805,345	54,466,286	398,523,817	452,990,103	54,000,000	233,800,000	287,800,000	7
Lands & Mining	8,969,908	10,211,215	19,181,123	37,400,000	3,300,000	40,700,000	39,000,000	23,000,000	62,000,000	1
Education & Library	321,640,658	144,955,570	466,596,228	399,700,000	170,192,000	569,892,000	392,000,000	125,181,000	517,181,000	12
Public works & Infrastructure	39,015,368	268,546,511	307,561,879	56,973,990	239,152,409	296,126,399	55,700,000	147,000,000	202,700,000	5
Industrialization, Energy, ICT & Research	14,081,079	4,112,675	18,193,754	23,652,238	16,587,763	40,240,001	24,680,000	28,800,000	53,480,000	1
Finance & Planning	411,454,097	42,335,278	453,789,375	533,047,929	1,500,000	534,547,929	410,000,000	5,000,000	415,000,000	10
TOTAL	2,903,814,960	1,251,953,555	4,155,768,515	3,150,094,506	1,502,217,605	4,652,312,111	2,931,762,000	1,230,000,000	4,161,762,000	100

**** NB/ The CBROP ceilings for FY 2017/18 are exclusive of the expected conditional grants which will be added to the respective departments. The Ksh 4.16 Billion assumes Kshs 3.8 Billion from the equitable share and Kshs 300 Million from local revenue.