

COUNTY GOVERNMENT OF TAITA TAVETA



2017 COUNTY BUDGET REVIEW AND OUTLOOK PAPER

SEPTEMBER 2017

Foreword

The 2017 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 2016/17. It further highlights the implications of this fiscal performance on financial objectives set out in the 2017 County Fiscal Strategy Paper (CFSP) that was prepared in February 2017. This CBROP also provides us with a basis to review the 2017/18 budget in the context of the Supplementary Estimates, as well as set out the broad fiscal parameters for the next budget, 2018/19 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 County priorities to be highlighted in the Draft County Integrated Development Plan (CIDP-2018-2022), the Governor's Manifesto and departmental Strategic Plans. 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 resource mobilization and overall budget execution as of major concern. The challenge of failing to achieve the local revenue targets witnessed in the past Financial Years (2013/14-2015/16 & 2016/17) 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, Own Source Revenue (OSR) generation and overall budget execution and expenditure management. 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 Planning, budgeting, monitoring, evaluation and reporting

In the FY 2016/17, the actual resource envelop realized was Kshs 3.9 Billion out of the budgeted total resource envelope of Kshs 4.66 Billion. This represented at least 82% of the budgeted revenue for FY 2016/17. The amount realized consisted of Kshs 3.6 Billion from the equitable share, Kshs. 172 Million from local revenue collection and Kshs 140 Million from conditional funds directed to health and roads sectors. The overall total absorption of the FY 2016/17 budget by County departments is 75% marking a significant decrease from 85% in FY 2014/15.

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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
OSR	Own Source Revenue
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

The 2017 County Budget Review and Outlook Paper (CBROP) has been 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 2017 County Budget Review and Outlook Paper, specifies the following:

- a. Details of the actual fiscal performance in FY 2016/17.
- b. Updated economic and fiscal forecasts with sufficient information to show changes from the forecasts in the 2016 County Fiscal Strategy Paper that was prepared in November 2016
- c. Reasons for any deviation from the financial objectives in the 2016 County Fiscal Strategy Paper prepared in November 2016.

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 2017 County Budget Review and Outlook Paper (CBROP) is has been prepared in accordance with section 118 of the Public Financial Management Act, 2012. In line with the law, this CBROP contains a review of the fiscal performance for financial year 2016/17 and national updated macroeconomic outlook and forecast for 2017/18 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 in November 2016.

Objectives of CBROP

1. The objective of the 2017 CBROP is to provide a detailed review of the previous financial year's fiscal performance and how this impacts on the financial objectives outlined in the 2016 CFSP prepared in November 2016. This, together with the updated macroeconomic outlook provides a basis for revision of the current budget (2017/2018) in the context of Supplementary Estimates. This further informs the broad fiscal parameters underpinning the next budget (2018/19) and the medium term. Details of the fiscal framework and the medium term policy priorities will be firmed up in the 2018 CFSP to be prepared between January and February 2018.
2. The 2017 CBROP plays another key role of linking Fiscal and economic policies to planning, budgeting, expenditure management and reporting. This year's CBROP will further inform the priorities and strategies to be incorporated in the second generation Taita Taveta County Integrated Development Plan (2018-2022) whose preparation is underway.

II. REVIEW OF FISCAL PERFORMANCE IN 2016/17

Overview

There was general improvement in the county fiscal performance in FY 2016/17 with an actual revenue base of 82% of the revised budget. The County however continued to realize challenges in meeting the local revenue targets accounting for only 48% of the target, this was a slight improvement compared to the previous year which accounted for 45.5% of the target.

On the expenditure side, the County Government registered an expenditure on the recurrent vote lines of Kshs 3.06 Billion compared to a budget of Kshs 3.24 Billion for the FY 2016/17.

Expenditure and Revenue

Revenue

During the FY 2016/17, the actual resource envelop realized was Kshs 3.9 Billion out of the budgeted total resource envelope of Kshs 4.66 Billion. This represented at least 82% of the budgeted revenue for FY 2016/17. The amount realized consisted of Kshs 3.6 Billion from the equitable share, Kshs. 172 Million from local revenue collection and Kshs 140.2 Million as conditional grants directed to specific sectors including health services and roads. A total of Kshs 36 Million with respect to World Bank HSSF meant for FY 2016/17 was received on 30th July 2017(FY 2017/18).

Table 1: County Resource Envelope for FY 2016/17

Source of Revenue	Budgeted	Actual	% Actualized
Equitable share	3,640,687,305	3,613,972,305	99.3
Local revenue	355,587,656	172,017,112	48
Conditional Funds			
Compensation For User Fees Foregone	6,631,099	6,631,099	100
Free Primary Health Care-DANIDA	5,255,484	14,810,000*	282
Health Sector Services Fund-WORLD BANK	53,277,144	26,568,000**	100
Allocation From Roads Maintenance And Fuel Levy Fund (RMFLF)	54,869,411	54,869,411	100
Free Maternity	37,659,621	37,470,000	100
Universal Health care	15,160,743	-	0
Other Conditional Funds From Development Partners			
Red Cross Grant	100,000,000.00	-	0
National Drought Management Authority Grant	9,920,000	0	0
European Union Grant	112,000,000.00	0	0
Kenya Devolution Support Programme- World Bank	23,982,101	0	
Projects rolled over (2015/16)	241,413,021	0	0
TOTAL	4,656,442,555		89.1

*14,810,000 Includes allocation for 2015/16 for Free Primary Health Care

** An amount of Kshs 36,034,216 was received in July 2017 with regards to HSSF

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 241 Million had been assumed to have rolled over from FY 2014/15 projects. 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 exchequer releases ranging from Kshs 392 Million in July, 2016 to Kshs 220 Million in June 2017. A total of Kshs 1.02 Billion was received in the first quarter the FY 2016/17.

Table 2: National Exchequer releases per Quarter (2016/17)

MONTH	EXCHEQUER RELEASE	PER QUARTER
JULY	392,541,816	
AUGUST	331,575,967	
SEPTEMBER	303,098,305	1,027,216,088
OCTOBER	328,722,988	
NOVEMBER	331,844,394	
DECEMBER	320,196,675	980,814,039
JANUARY	296,247,305	
FEBRUARY	353,695,967	
MARCH	328,181,410.88	978,124,682.88
APRIL	351,379,711	
MAY	326,293,791	
JUNE	220,000,154	907,673,656
TOTAL	3,893,828,465.88	3,893,828,465.88

In terms of development funds, a total of Kshs 884 Million was received in varying amounts ranging from Kshs 127 Million in July 2016 to a low of Kshs 14 Million in April 2017.

Table 3: Exchequer flow by Type and Month

MONTH	RECURRENT	EDUCATION FUND	GRANTS	MORTGAGE	DEVELOPMENT	TOTAL
JULY	234,699,166	30,000,000			127,842,650	392,541,816
AUGUST	240,575,967				91,000,000	331,575,967
SEPTEMBER	183,302,853			25,000,000	94,795,452	303,098,305
OCTOBER	183,302,853	20,000,000			125,470,135	328,772,988
NOVEMBER	192,656,906		13,717,353		125,470,135	331,844,394
DECEMBER	222,526,698		13,717,353		83,952,606	320,196,657

JANUARY	226,689,508				69,557,797	296,247,305
FEBRUARY	280,842,523	7,000,000			65,853,444	353,695,967
MARCH	268,815,879	10,000,000	13,225,000		63,305,768	355,346,647
APRIL	309,532,168		43,145,473		14,442,833	367,120,474
MAY	267,319,170		3,315,549		22,753,072	293,387,791
JUNE	220,000,154					220,000,154
TOTAL	2,830,263,845	67,000,000	87,120,728	25,000,000	884,443,892	3,893,828,465

Recurrent funds amounting to Kshs 2.8 Billion was evenly spread throughout the FY 2016/17 with the highest amount of Kshs 309 Million being received in April 2017.

Analysis of Conditional Funds/Grants

During the FY 2016/17, a total of Kshs 418.8 Million had budgeted as conditional funds from the National Government and Development partners. A total of Kshs 176.4 Million was actualized and targeted to health and Roads sectors.

Table 4: Budgeted and Actual Conditional Grants (2016/17)

CONDITIONAL GRANTS	BUDGETED	ACTUAL
Red Cross Grant	100,000,000	-
National Drought Management Authority Grant	9,920,000	0
European Union Grant	112,000,000	-
Compensation For User Fees Foregone	6,635,345	6,635,345
Kenya Devolution Support Programme- World Bank	23,981,101	
Free Primary Health Care-DANIDA	5,255,484	14,810,000
Health Sector Services Fund-WORLD BANK	53,277,114	62,602,216*
Allocation From Roads Maintenance And Fuel Levy Fund (RMFLF)	54,869,411	54,869,411
Free Maternity	37,659,621	37,470,000
Universal Healthcare Project - World Bank	15,160,743	-
TOTAL	418,758,819	176,386,972

*Kshs 36 Million for FY 2016/17 HSSF was received in 1st quarter of FY 2017/18

The grants from Kenya Red Cross (Kshs 100 Million) and National Drought Management Authority (Kshs 9,920,000) went directly to the implementation of projects in the water sector which are at different levels of completion. The grant from European Union of Kshs 112 Million was carried forward to FY 2017/18 as well as the WB- Kenya Devolution Support Programme of Kshs 23 Million.

Analysis of Local Revenue

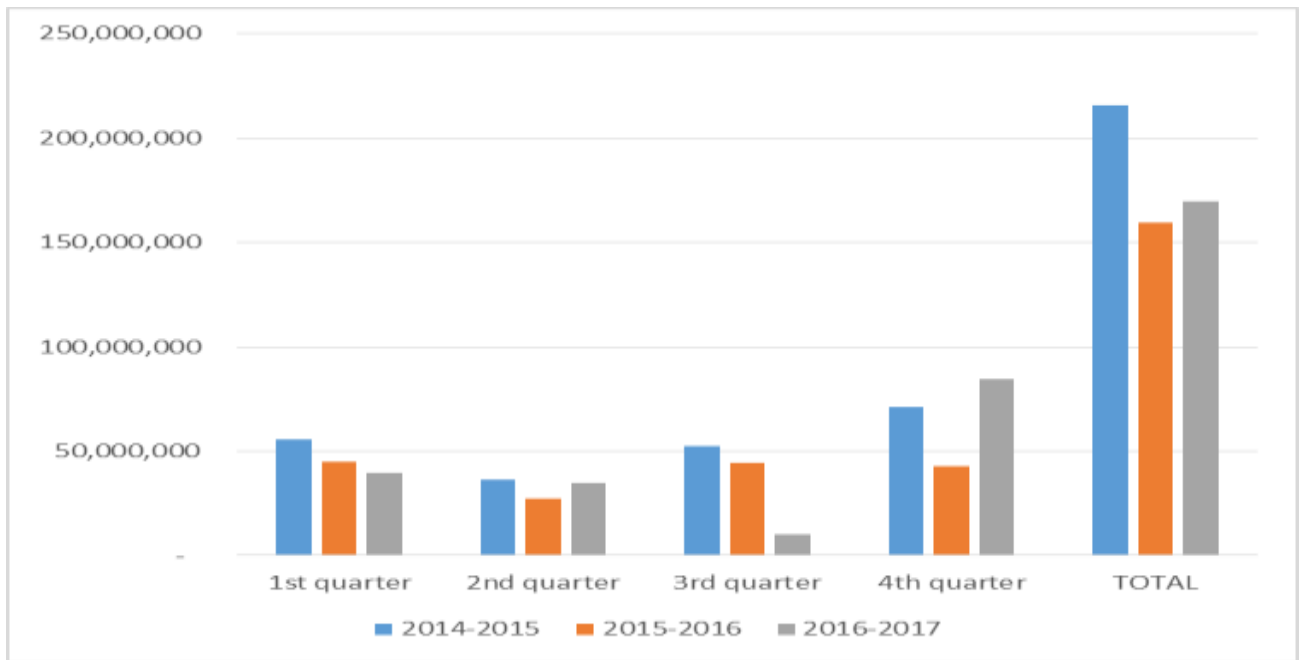
The County managed to generate Kshs 172 Million representing 48% of the targeted Kshs 355 Million up from Kshs 164 Million in FY 2015/16 and down from Kshs 216 Million in FY 2014/15.

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

There was a notable decline in Local revenue collection in the Third quarter of FY 2016/17 (Kshs 10 Million) compared to previous years(Kshs 43 million in 2015/16). The fourth quarter registered an improved performance compared to a similar period in the previous years.

Figure 1: Comparative Own Source Revenue per Quarter (2014/15 and 2016/17)



Analysis of the leading streams of OSR show that there was a notable decline in most of the streams compared to the previous years. Single Business Permits registered a decline to 6.1%(2016/17) from 14.8%(2015/16) and 17.4%(2014/15) of the total revenue. General Cess also dropped to 7.5%(2016/17) from 11.2%(2014/15) and 7.7%(2015/16)

Table 5: Comparative Own Source Revenue Leading Streams (2014/15- 2016/17)

	REVENUE TYPE	AMOUNT			% Proportion to Total Local Revenue		
		2014/2015	2015/2016	2016/2017	2014/2015	2015/2016	2016/2017
1	Single Business Permit	37,660,062	23,700,050	10,418,712	17.4	14.8	6.1
2	Hospital(user fees)	36,227,267	25,175,949	30,049,706	16.7	15.8	17.7
3	General Cess	24,339,350	12,361,338	12,638,118	11.2	7.7	7.5
4	Land rates	18,350,359	14,346,412	6,205,504	8.5	9.0	3.7
5	Bus park fees	12,557,115	9,970,091	7,890,220	5.8	6.2	4.7
6	Market fees	12,386,039	12,179,566	25,928,162	5.7	7.6	15.3
7	House rent	8,958,444	4,292,122	6,343,392	4.1	2.7	3.7
8	Public health(user fees)	7,539,305	8,626,590	5,767,420	3.5	5.4	3.4
9	Natural resources exploitation	5,666,140	6,667,695	6,603,440	2.6	4.2	3.9
10	Other local levies	5,179,157	3,245,450	158,070	2.4	2.0	0.1
11	Sand Cess	4,979,821	1,552,680	1,718,120	2.3	1.0	1.0
12	Slaughter houses administration	4,409,495	1,724,870	1,641,060	2.0	1.1	1.0
13	Other Revenues	38,358,802	36,801,532	56,655,188	17.7	22.4	31.9
		216,611,356	160,644,345	172,017,112	100.0	100.0	100.0

Bus park fees noted a decrease to 4.7 %(2016/17) from 5.8 %(2014/15) and 6.2 %(2015/16). Of significant observation is the slump of land rates to 3.7%(2016/17) from 8.5% and 9.0% in 2014/15 and 2015/16 respectively. This below par performance is despite the waiver of rates that was administered. Other leading streams that registered dismal performance include: Sand Cess(1.0%), House rent(3.7%) and Public health user-fee.

There was however a drastic improvement in market fees to 15.3 %(2016/17) from 5.7% and 7.6% in 2014/15 and 2015/16 respectively. Liquor licensing fee performed satisfactorily managing Kshs 7.8 Million surpassing a target of 7.5 Million in FY 2016/17. Environmental and refuse collection fee also managed to surpass the initial target (989,000) by generating Kshs 2.4Million.

Expenditure

The total expenditure for the county in FY 2016/17 stands at Kshs 3.47 Billion against a budget of Kshs 4.65 Billion. The total recurrent expenditure was Kshs 3.05 Billion against a recurrent budget of Kshs 3.24 Billion implying an expenditure of 94% compared to an absorption of 105% in FY 2015/16. The total development expenditure for the period stands at Kshs 415 Million against a budget of Kshs 1.41 Billion representing absorption of 29% of the development vote, unlike the previous year which was 63%.

However, the overall total absorption of the FY 2016/17 budget by County departments is 75% marking a significant decrease from 92% in FY 2015/16.

Table 6: Actual Expenditure against Budget by Department and Vote

DEPARTMENT	REVISED BUDGET(2016/17)			ACTUAL EXPENDITURE(2016/17)			ABSORPTION RATE		
	REC	DEV	TOTAL	REC	DEV	TOTAL	REC	DEV	TOTAL
Admin & Devolution	924,985,105	21,172,482	946,157,587	956,971,042	8,740,370	965,711,412	103.46%	41.28%	102.07%
Agriculture	45,486,083	135,882,000	181,368,083	41,980,025	8,164,783	50,144,808	92.29%	6.01%	27.65%
County Assembly	614,500,000	15,000,000	629,500,000	604,506,249	7,543,827	612,050,076	98.37%	50.29%	97.23%
County Public Service	35,307,813	0	35,307,813	35,061,991	-	35,061,991	99.30%	0.00%	99.30%
County Treasury	398,790,095	26,500,000	425,290,095	389,762,778	7,335,175	397,097,953	97.74%	27.68%	93.37%
Education	295,421,637	178,841,662	474,263,299	269,148,480	113,995,465	383,143,945	91.11%	63.74%	80.79%
Tourism, Enviro & Nare	44,036,782	9,140,354	53,177,136	30,757,039	1,114,540	31,871,579	69.84%	12.19%	59.93%
Gubernatorial	143,759,999	34,784,147	178,544,146	142,146,284	32,814,909	174,961,193	98.88%	94.34%	97.99%
Health Services	529,762,601	156,343,147	686,105,748	432,052,484	75,924,403	507,976,887	81.56%	48.56%	74.04%
Public works & Infrast	38,954,078	234,679,166	273,633,244	27,316,289	58,153,126	85,469,415	70.12%	24.78%	31.24%
Lands & Mining	25,482,344	6,590,000	32,072,344	12,746,741	-	12,746,741	50.02%	0.00%	39.74%
Livestock, Vet & Fisheries	38,644,141	25,871,324	64,515,465	34,153,245	7,012,049	41,165,294	88.38%	27.10%	63.81%
Trade & Comm Affairs	51,342,814	127,578,216	178,921,030	35,475,535	15,697,011	51,172,546	69.10%	12.30%	28.60%
Industrialization, ICT & ER	19,005,850	31,852,579	50,858,429	16,073,849	4,230,350	20,304,199	84.57%	13.28%	39.92%
Water and Irrigation	35,038,703	411,689,433	446,728,136	28,819,257	75,012,882	103,832,139	82.25%	18.22%	23.24%
TOTAL	3,240,518,045	1,415,924,510	4,656,442,555	3,056,971,288	415,738,890	3,472,710,178	94.34%	29.36%	74.58%

There was a significant increase in recurrent expenditure in FY 2016/17 as well as development. This is shown by the ratio of total recurrent expenditure to total development expenditure for FY 2016/17 at 94% recurrent and 29% development as compared to FY 2015/16 where it was 79% recurrent and 21% development.

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

Analysis of Recurrent Expenditure

Only one department spent above their recurrent budget. This is Administration and Devolution which had expenditure of 3.4% above its recurrent budget. This can be attributed

to the changes introduced during the supplementary budget where all salaries were transferred to this department. The department's allocation was also below its requirements.

Generally, personnel emoluments accounted for the biggest share of recurrent expenditure at 68.5%. Domestic travel and accommodation accounted for 8% of the total recurrent expenditure while foreign travel and accommodation was at 4%. Hospitality costs, conferences and catering was the least accounting for slightly above 1% of the total recurrent expenditure for FY 2016/17

Table 7: Major expenditure items by Department and Type (FY 2016/17)

DEPARTMENT	Personnel emoluments	Foreign travel & Accomodation	Domestic travel & Accomodation	Hospitality, conf & catering	Training	Others	Total
Admin & Devolution	922,569,278	284,589	8,069,890	10,118,196	6,296,966	9,632,123	956,971,042
Agriculture	37,308,918	1,363,100	2,321,047	242,417	16,000	728,543	41,980,025
County Assembly	332,072,955	72,432,210	91,273,791	13,476,713	24,519,017	70,731,563	604,506,249
County Public Service Board	16,031,216	3,380,000	4,739,956	1,617,568	1,500,000	7,793,251	35,061,991
County Treasury	177,167,578	33,741,104	88,286,554	9,532,850	9,538,800	71,495,892	389,762,778
Education	132,624,115	1,479,420	4,328,785	1,508,260	264,740	128,943,160	269,148,480
Tourism, Enviro & Nare	20,767,998	1,030,280	3,191,750	921,991	604,815	4,240,205	30,757,039
Gubernatorial	36,973,489	29,229,052	18,126,220	5,469,734	4,346,640	48,001,149	142,146,284
Health Services	326,060,358	175,900	8,882,171	1,033,588	482,300	95,418,167	432,052,484
Public works & Infrastructure	19,545,484	-	3,184,900	395,724	1,128,759	3,061,422	27,316,289
Lands & Mining	5,160,335	9,620	4,901,975	1,107,250	-	1,567,561	12,746,741
Livestock, Vet & Fisheries	24,995,204	-	3,669,224	251,209	1,236,510	4,001,098	34,153,245
Trade & Community Affairs	15,524,987	379,000	6,037,504	3,439,471	1,672,849	8,421,724	35,475,535
Industrialization, ICT & ER	8,959,286	211,070	2,098,020	200,186	136,880	4,468,407	16,073,849
Water and Irrigation	18,159,255	1,000,000	6,159,060	1,178,757	302,000	2,020,185	28,819,257
TOTAL	2,093,920,456	144,715,345	255,270,847	50,493,914	52,046,276	460,524,450	3,056,971,288
% TO TOTAL EXPENDITURE	68.50%	4.73%	8.35%	1.65%	1.70%	15.06%	100.00%

Health services accounted for 15.6% of the total county expenditure on personnel emoluments. Education and libraries consumed 6.3% while the County Assembly accounted for 15.9% of the total expenditure on personnel emoluments. The County treasury accounted for 8.5% of the total personnel emoluments expenditure. Administration and devolution department accounted for 44.1% of personnel emoluments. This was occasioned by the transfer of all executive salaries to this department, effected during the first supplementary.

In terms of Domestic travel and accommodation, the County assembly accounted for 35.8% of the total expenditure. The Gubernatorial office accounted for 7.1% while County treasury consumed 34.6%.

In Foreign travel and accommodation, the county assembly consumed 50.1% with the county treasury and governor's office accounting for 23% and 20% respectively.

Analysis of Development Expenditure

Most departments did not register satisfactory absorption rates for their development votes. Agriculture, for instance, had an absorption rate of 6%. This can be attributed to the fact that a total of Kshs 115Million from European Union (EU) had been budgeted for improvement of agribusiness. This grant was however not received and had to be rebudgeted in the FY 2017/18.

The overall low absorption of development budget (29%) can therefore, be generally attributed to the inclusion of grants from Development partners amounting to Kshs 245.9 Million that was not realized at the end of the FY 2016/17. 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 two departments that had the most desirable rates of expenditure against budget. These include - Education (63%) and Governor's office (94%). It is therefore imperative that deliberate measures be put in place to link budget implementation to budget formulation.

Implication of 2016/2017 fiscal performance on financial objectives

The County's 2016/2017 fiscal performance has affected the County financial objectives in the following ways:

- i. The county revenue projections for 2016/2017 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 (2017/2018) and the medium term.
- ii. Further analysis of 2016/2017 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 as indicated in Annex 3 and then firmed up in the County Fiscal Strategy Paper to be prepared in February 2018.
- iii. Non-realization of local revenue collection targets in past financial years since devolution (2013/14-2016/17) implies that there is need to review the forecasts for FY 2017/18 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 February 2018.

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 Outlook and Developments

Kenya's economy continues to perform well although severe drought in 2016 weighed on growth hence the first quarter of 2017 registered a slightly lower growth than in the same period in 2016 and pushed up inflation. Real GDP growth reached 5.8 percent in 2016, up from 5.7 percent in 2015. The growth was supported by public investment spending, lower global oil prices, and a strong recovery in tourism. Though inflation increased significantly in recent months, reflecting mainly the onset of the drought and the increase in global fuel prices, the measures taken by the government progressively reduced pressures on food prices. Consequently, inflation converged to the Government target band in July 2017.

The foreign exchange market has remained stable supported by a generally lower current account deficit. The current account deficit narrowed to 6.0 percent of GDP in July 2017 from 6.4 percent in May and June 2017. This reflects lower international oil prices, improved tea and horticulture exports, strong remittance inflows and a recovery of tourism. The narrowing of the current account deficit together with strong capital inflows, has led to the stabilization of the shilling in the foreign exchange market. The CBK's international reserves increased to US\$ 8.5 billion (5.7 months of import cover) as at June 2017, compared to US\$ 7.4 billion (5.3 months of import cover) at end of January 2017. The increase was largely attributed to planned external borrowings by the Government.

The economy is on track and is expected to expand by 5.5 percent in 2017. This growth is lower than the 6.0 percent growth projected in the 2017 Budget Policy Statement (BPS) as a result of poor performance of the agricultural sector due to adverse weather conditions and a slowdown in the uptake of credit to the private sector. The growth in 2017 will be supported by ongoing infrastructural investments, resilient domestic demand, continued recovery in the tourism sector and growth of exports in the sub region. In addition, strong consumer demand and private sector investment as well as stable macroeconomic environment will help reinforce this growth.

County Growth prospects

The growth prospects for the County economy in 2017 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 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 already completed within the County include among others: Standard Gauge Railway (SGR), Ikanga Airstrip, 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 5 Billion. These capital projects will spur growth and development of the county by providing employment and markets. All these projects are expected to have positive impact on the socio-economic environment of the county.

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. 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)
2. The County Government extends its partnerships with Kenya Revenue Authority (KRA) and Kenya Commercial Bank (KCB) to increase efficiency in revenue management.
3. Promotion of Private-Public Partnerships (PPPs) and reaching out to donors to enhance resource mobilization
4. Educating the public on the need to pay their fees and rates
5. Strengthening of resource mobilization unit
6. A County Revenue Board should be established to collect all County revenues and headed by a CEO
7. Emphasis should be laid on cashless platforms such as use of M-pesa
8. An independent party should be brought on board to conduct a revenue baseline survey to determine the County revenue base. This will enable the near-accurate setting of revenue targets(collectors and budget)

9. Lobbying by the county leadership for establishment of a game reserve.
10. Resolution of Kishushe Ranch dispute so that the county can benefit from iron ore cess.
11. County leadership to lobby for the county government to benefit from royalties.
12. Investment in ICT infrastructure to support proper systems.
13. Enhance enforcement unit.
14. Enactment of relevant revenue Legislation.
15. Revenue collection should be separated from politics.

Risks to the outlook

The risks to the outlook for 2017/18 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

Adjustments to 2017/2018 Medium Term Budget

The County government will accommodate minimum adjustments in the context of supplementary budgets to the 2017/18 budget. These adjustments will be due to the following risks:

- a. Review of balances brought forward from the FY 2011/17 budget following the reconciliation of 2011/2017 books of accounts.
- b. Possible additional budgetary allocation from the Enacted County Allocation of Revenue (CARA) Act 2017. The CARA 2017 outlines additional allocation to Roads Maintenance and Fuel Levy Fund (RMLF) from Kshs 102 Million to Kshs 141 Million.
- c. Downward review of the Own Source Revenue targets following the analysis of previous years actual performance.
- d. Inclusion of the recommendations of the Task Force on the implementation of projects by the County Government since devolution. The recommendations with budgetary implications will affect the implementation of the 2017/18 budget.
- e. Consideration for the clearing of all pending bills.

- f. The County Government has been engaging with various partners in the past FYs (2015/16-2016/17). In the event that these engagements are positive and finalized in the financial year, there will be need to include them in the budget.

2018/2019 Medium Term Budget framework

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 estimated for the FY 2018/19 budget amounts to Kshs 4.4 Billion comprising of the share from the national Government and Own Source Revenue. The estimated amount from the equitable share for FY 2018/19 is Kshs 4.1 Billion given an increase of Kshs 300 Million above the FY 2017/18 allocation of Kshs 3.8 Billion. The total Own Source Revenue is projected at Kshs 250 Million having been reviewed downwards from a target of Kshs 338 Million for FY 2017/18. The downward review has been occasioned by the analysis of actual performance for FY 2016/17 and the first quarter of FY 2017/18.

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 remain at 70 % in the FY 2018/19 as outlined in the PFMA 2012. The recurrent to development 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 30.0% in the FY 2016/17. 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 2018/19 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 2016/17 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 November 2016. This implies the need to adjust the departmental ceilings in the context of the next supplementary budget for FY 2017/18.

The policies and proposed sector/departmental ceilings (Annex 3) will guide the County Departments and agencies while preparing their preliminary proposals/estimates for the 2018/19 budget. The actual ceilings will be contained in the County Fiscal Strategy Paper to be prepared between January and February 2018.

Annex 1: Comparative Actual OSR performance (2014/15 to 2016/17)

COUNTY GOVERNMENT OF TAITA TAVETA ACTUAL CONSOLIDATED REVENUE STREAMS ANALYSIS									
COMPARATIVE ACTUAL PERFORMANCE 2014/15-2016/17									
	REVENUE TYPE	DEPARTMENT	2014-2015		2015-2016		2016-2017		VARIANCE
			TARGET	ACTUAL	TARGETS	ACTUAL	TARGETS	ACTUAL	
1	IMPOUNDING CHARGES	ADM & DEVOLUTION	576,665	321,300	675,099	111,800	680,039	130,058	(549,982)
2	LIQUOR LICENCES	ADM & DEVOLUTION	6,432,000	-	7,529,915	174,000	7,585,015	7,858,997	273,982
3	ADMINISTRATIVE SERVICE FEES	ADM & DEVOLUTION	1,000,000	345,363	56,830	412,100	57,246	425,816	368,571
4	CLAMPING & DECLAMPING FEES	ADM & DEVOLUTION	250,168	51,850	292,871	94,200	295,014	252,182	(42,831)
	SUB TOTAL		8,258,833	718,513	8,554,715	792,100	8,617,314	8,667,054	49,740
1	SISAL CESS	AGRICULTURE& LIVES	3,735,600	4,109,695	4,373,251	634,160	4,405,252	705,038	(3,700,214)
2	SLAUGHTER HOUSES ADMIN	AGRICULTURE& LIVES	3,000,000	4,409,495	3,512,087	1,724,870	3,537,787	1,408,428	(2,129,358)
3	LIVESTOCK AND VETERINARY	AGRICULTURE & LIVES	1,900,000	1,120,585	2,224,322	1,564,340	2,240,598	920,684	(1,319,914)
4	FISHERIES	AGRICULTURE & LIVES	100,000	32,200	117,070	26,600	117,926	4,078	(113,848)
	SUB TOTAL		8,735,600	9,671,975	10,226,730	3,949,970	10,301,563	3,038,229	(7,263,335)
1	SAND CESS	ENVIRONMENT	5,057,191	4,979,821	5,920,431	1,552,680	5,963,754	1,931,246	(4,032,508)
2	ENVIRONMENT & REFUSE COLLECTION	ENVIRONMENT	839,498	1,463,600	982,797	2,480,820	989,988	2,411,588	1,421,600

3	PUBLIC TOILET FEES	ENVIRONMENT	3,500,000	2,211,425	4,097,435	1,651,365	4,127,418	2,022,303	(2,105,115)
4	NATURAL RESOURCES EXPLOITATION	ENVIRONMENT	17,370,759	5,666,140	8,667,556	6,667,695	8,730,981	6,294,653	(2,436,328)
5	EXHAUSTER SERVICES	ENVIRONMENT	2,000,000	2,145,250	2,341,391	227,300	2,358,525	91,957	(2,266,568)
6	MILEAGE-EXHAUSTER	ENVIRONMENT	4,000,000	181,250	4,682,783	27,400	4,717,049	-	(4,717,049)
7	APPLICATION FOR EXHAUSTER	ENVIRONMENT	124,678	193,800	145,960	12,950	147,028	-	(147,028)
	<i>SUB TOTAL</i>		32,892,126	16,841,286	26,838,353	12,620,210	27,034,742	12,751,747	(14,282,995)
1	SALE OF TENDER DOCUMENTS	FINANCE	2,145,660	282,000	227,320	-	228,983	20,112	(208,871)
2	GENERAL CESS	FINANCE	30,000,000	24,339,350	34,319,609	12,361,338	34,570,743	13,071,832	(21,498,911)
3	INTEREST & REVENUES FROM FINANCIAL INVESTMENTS	FINANCE	11,000		12,878	-	12,972	955,857	942,886
4	OTHER LOCAL LEVIES	FINANCE	4,400,000	5,179,157	5,522,047	4,268,889	5,562,461	1,830,564	(3,731,897)
	<i>SUB TOTAL</i>		36,556,660	29,800,507	40,081,854	16,630,227	40,375,158	15,878,365	(24,496,793)
1	HEALTH-HOSPITALS	HEALTH	57,362,333	36,227,267	67,153,835	25,175,949	67,645,234	22,362,012	(45,283,223)
2	PUBLIC HEALTH	HEALTH							(10,302,120)

			17,637,667	7,539,305	20,648,340	8,626,590	20,799,435	10,497,315	
	<i>SUB TOTAL</i>		75,000,000	43,766,572	87,802,175	33,802,539	88,444,669	32,859,327	(55,585,343)
1	LAND RATES	LANDS AND MINING	53,353,835	18,350,359	39,216,584	14,346,412	39,503,552	6,241,542	(33,262,010)
2	GROUND RENT	LANDS AND MINING	12,000,000	3,997,809	5,523,289	2,893,268	5,563,706	4,924,328	(639,378)
3	RATES CLEARANCE CERTIFICATE	LANDS AND MINING	3,000,000	285,500	3,512,087	134,850	3,537,787	165,492	(3,372,295)
4	PLOT TRANSFER FEES	LANDS AND MINING	1,181,950	571,500	1,383,704	171,000	1,393,830	206,148	(1,187,681)
5	OPENING OF FILES	LANDS AND MINING			-	41,700	-	61,453	61,453
6	SURVEY AND MAPPING	LANDS AND MINING	100,000	54,700	117,070	23,500	117,926	8,827	(109,099)
7	PHYSICAL PLANNING	LANDS AND MINING	200,000	77,300	234,139	34,280	235,852	190,617	(45,235)
8	MINING CESS	LANDS AND MINING	134,391,706	-	-	-	-	223,971	223,971
9	ANNUAL LEASE FEES	LANDS AND MINING	907,500	988,977	1,062,406	-	1,070,180	463,694	(606,487)
10	PLOT RENTS	LANDS AND MINING	11,748,000	386,370	12,124,747	96,360	12,213,470	461,381	(11,752,089)
	<i>SUB TOTAL</i>		216,882,991	24,712,515	63,174,026	17,741,370	63,636,304	12,947,453	(50,688,850)

1	BUS PARK FEES	PUBLIC WORKS	16,295,364	12,557,115	19,076,912	9,970,091	19,216,508	4,804,176	(14,412,332)
2	TAXI,LIGHT TRANSPORT&TUKTUK CABS	PUBLIC WORKS	2,097,154	988,320	2,455,130	1,135,320	2,473,095	37,375	(2,435,720)
3	MOTORCYCLE CURB	PUBLIC WORKS	2,213,618	16,700	2,591,474	-	2,610,437	1,021,836	(1,588,601)
4	DAILY PARKING FEES(PARKING SLOTS)	PUBLIC WORKS	5,739,667	2,815,165	6,719,403	2,106,280	6,768,573	3,130,548	(3,638,024)
5	RESERVED PARKING FEES	PUBLIC WORKS	316,899	190,700	-	3,931,650	-	8,902,644	8,902,644
6	HOUSE RENT	PUBLIC WORKS	8,454,600	8,958,444	9,897,764	4,292,122	9,970,191	6,218,475	(3,751,716)
7	HIRE OF COUNCIL'S EQUIPMENT	PUBLIC WORKS	28,293	12,815	33,123	336,735	33,365	500,566	467,201
8	ADVERTISEMENT/PROMOTION	PUBLIC WORKS	2,000,000	4,363,188	2,341,391	1,102,015	2,358,525	4,922,631	2,564,107
9	APPROVAL OF BUILDING PLANS	PUBLIC WORKS	5,852,326	2,754,216	6,851,293	4,942,448	6,901,427	4,591,462	(2,309,965)
10	RENOVATION FEES	PUBLIC WORKS	69,212	135,980	81,026	1,440,316	81,619	3,911	(77,708)
11	RENEWAL OF BUILDING PLANS	PUBLIC WORKS	144,485	10,000	169,148	239,400	170,386	20,559	(149,827)
12	DRAWING PLANS FEES	PUBLIC WORKS	391,995	-	458,907	20,000	462,265	307,379	(154,886)
13	PLOT FENCING FEES	PUBLIC WORKS							(232,185)

			196,890	112,000	230,499	50,000	232,185	-	
14	BURIAL SITE FEES	PUBLIC WORKS	137,808	52,700	161,331	92,800	162,511	40,112	(122,399)
15	TECHNICAL SERVICES FEES	PUBLIC WORKS	605,000	-	-	296,010	-	823,185	823,185
16	SIGNBOARDS	PUBLIC WORKS	3,495,800	1,866,032	4,092,518	1,950,630	4,122,465	2,681,525	(1,440,940)
	<i>SUB TOTAL</i>		48,039,111	34,833,375	55,159,919	31,905,817	55,563,552	38,006,385	(17,557,167)
1	WEIGHT & MEASURES	TRADE & COMM	1,000,000	554,950	1,170,696	-	1,179,262	263,646	(915,616)
2	CO-OPERATIVES	TRADE & COMM	750,000	367,768			-	179,578	179,578
3	APPLICATION FOR SBP/RENEWAL	TRADE & COMM	815,525	1,975,900	954,732	2,551,470	961,718	4,186,988	3,225,270
4	HIRE OF TOWN HALL CHAMBERS	TRADE & COMM	300,000	257,020	385,307	156,400	388,126	188,159	(199,967)
5	MARKET STALLS/SLABS	TRADE & COMM	1,000,000	618,190	1,170,696	3,145,460	1,179,262	678,061	(501,201)
6	SOCIAL SERVICES	TRADE & COMM			878,022	65,170	884,447	3,911	(880,536)
7	SOCIAL PREMISES USE CHARGES	TRADE & COMM	2,000,000	1,978,590	2,341,391	1,169,315	2,358,525	1,934,319	(424,206)
8	SINGLE BUSINESS PERMITS	TRADE & COMM	35,200,000	37,660,062	35,986,192	23,700,050	36,249,521	20,836,800	(15,412,722)

9	HIRE OF STADIUM	TRADE & COMM	168,795	70,500	197,607	75,681	199,053	162,181	(36,871)
10	MARKET FEES	TRADE & COMM	15,227,482	12,386,039	17,826,747	12,179,566	17,957,194	19,434,910	1,477,716
	<i>SUB TOTAL</i>		<i>56,461,802</i>	<i>55,869,019</i>	<i>60,911,390</i>	<i>43,043,112</i>	<i>61,357,108</i>	<i>47,868,553</i>	<i>(13,488,555)</i>
1	WATER SUPPLY ADMINISTRATION	WATER	1,056,988	330	56,830	159,000	57,246	-	(57,246)
	<i>SUB TOTAL</i>		<i>1,056,988</i>	<i>330</i>	<i>56,830</i>	<i>159,000</i>	<i>57,246</i>	<i>-</i>	<i>(57,246)</i>
	<u>GRAND TOTAL</u>	-	<u>447,327,451</u>	<u>216,214,092</u>	<u>352,805,992</u>	<u>160,644,345</u>	355,387,656	<u>172,017,112</u>	<u>(183,370,543)</u>

Annex 2: Comparative quarterly OSR performance

COUNTY GOVERNMENT OF TAITA TAVETA									
COMPARATIVE QUARTELY REVENUE PERFORMANCE-2015/16-2016/17									
REVENUE TYPE	DEPARTMENT	ACTUAL 1ST QUARTER		ACTUAL 2ND QUARTER		ACTUAL 3RD QUARTER		ACTUAL 4TH QUARTER	
		2015-2016	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
IMPOUNDING CHARGES	ADM & DEVOLUTION	4,220	41,300	16,100	37,000	57,000	400	34,480	78,700
LIQUOR LICENCES	ADM & DEVOLUTION	33,000	-	6,000	3,161,000	75,000	538,200	60,000	3,699,200
ADMINISTRATIVE SERVICE FEES	ADM & DEVOLUTION	75,000	-	20,800	177,500	215,500	39,600	100,800	217,100
CLAMPING & DECLAMPING FEES	ADM & DEVOLUTION	-	93,400	7,000	5,000	38,900	-	48,300	98,400
SUB TOTAL		112,220	134,700	49,900	3,380,500	386,400	578,200	243,580	4,093,400
SISAL CESS	AGRICULTURE, LIVESTOCK & FISHERIES	13,000	583,500	250,400	7,500	348,260	1,500	22,500	592,500
SLAUGHTER HOUSES ADMINISTRATION	AGRICULTURE, LIVESTOCK & FISHERIES	352,380	286,290	428,490	473,090	306,510	61,150	637,490	820,530
LIVESTOCK AND VETERINARY	AGRICULTURE, LIVESTOCK & FISHERIES	750,940	123,800	-	230,250	431,050	-	382,350	354,050
FISHERIES	AGRICULTURE, LIVESTOCK & FISHERIES	26,600	-	-	-	-	-	-	-
SUB TOTAL		1,142,920	993,590	678,890	710,840	1,085,820	62,650	1,042,340	1,767,080
SAND CESS	ENVIRONMENT	255,290	454,710	302,650	404,350	772,000	-	222,740	859,060
ENVIRONMENT & REFUSE COLLECTION	ENVIRONMENT	64,395	306,300	600,575	163,600	1,190,150	136,140	625,700	606,040
PUBLIC TOILET FEES	ENVIRONMENT	109,335	483,430	485,005	542,395	547,120	116,130	509,905	1,141,955
NATURAL RESOURCES EXPLOITATION	ENVIRONMENT	1,413,605	1,959,272	465,400	1,161,630	2,454,865	180,818	2,333,825	3,301,720
EXHAUSTER SERVICES	ENVIRONMENT								

		144,000	40,000	1,000	-	40,000	-	42,300	40,000
MILEAGE-EXHAUSTER	ENVIRONMENT	27,400	-	-	-	-	-	-	-
APPLICATION FOR EXHAUSTER	ENVIRONMENT	12,650	-	300	-	-	-	-	-
<i>SUB TOTAL</i>		<i>2,026,675</i>	<i>3,243,712</i>	<i>1,854,930</i>	<i>2,271,975</i>	<i>5,004,135</i>	<i>433,088</i>	<i>3,734,470</i>	<i>5,948,775</i>
SALE OF TENDER DOCUMENTS	FINANCE	-	-	-	-	-	-	-	-
GENERAL CESS	FINANCE	2,996,445	2,827,174	3,280,516	2,434,834	2,844,311	1,057,301	3,240,066	6,319,309
INTEREST & REVENUES FROM FINANCIAL INVESTMENTS	FINANCE	-	-	-	406,947	-	39,918	-	446,865
OTHER LOCAL LEVIES	FINANCE	1,163,183	741,155	936,550	52,260	401,272	120	744,445	793,535
<i>SUB TOTAL</i>		<i>4,159,628</i>	<i>3,568,329</i>	<i>4,217,066</i>	<i>2,894,041</i>	<i>3,245,583</i>	<i>1,097,339</i>	<i>3,984,511</i>	<i>7,559,709</i>
HEALTH-HOSPITALS	HEALTH	10,018,687	8,552,751	6,002,705	5,272,967	966,140	1,199,135	8,188,417	15,024,853
PUBLIC HEALTH	HEALTH	727,000	1,338,660	350,890	962,000	4,874,450	583,050	2,674,250	2,883,710
<i>SUB TOTAL</i>		<i>10,745,687</i>	<i>9,891,411</i>	<i>6,353,595</i>	<i>6,234,967</i>	<i>5,840,590</i>	<i>1,782,185</i>	<i>10,862,667</i>	<i>17,908,563</i>
LAND RATES	LANDS AND MINING	6,813,343	1,325,539	901,148	1,066,871	3,652,110	710,342	2,979,811	3,102,752
GROUND RENT	LANDS AND MINING	708,714	831,235	191,109	2,103,058	1,618,488	394,272	374,957	3,328,565
RATES CLEARANCE CERTIFICATE	LANDS AND MINING	30,000	25,500	15,000	107,613	45,000	5,000	44,850	138,113
PLOT TRANSFER FEES	LANDS AND MINING	45,000	51,000	65,000	44,000	2,500	-	58,500	95,000
OPENING OF FILES	LANDS AND MINING	16,800	-	6,600	55,000	9,000	-	9,300	55,000
SURVEY AND MAPPING	LANDS AND MINING	12,500	7,600		300		-	11,000	7,900
PHYSICAL PLANNING	LANDS AND MINING	5,000	-	16,200	-		-	13,080	-
MINING CESS	LANDS AND MINING		-		200,451		-		200,451

ANNUAL LEASE FEES	LANDS AND MINING	-	-	-	-	-	-	-	-
PLOT RENTS	LANDS AND MINING	55,960	329,830	5,710	83,100	-	-	34,690	412,930
<i>SUB TOTAL</i>		<i>7,687,317</i>	<i>2,570,704</i>	<i>1,200,767</i>	<i>3,660,393</i>	<i>5,327,098</i>	<i>1,109,614</i>	<i>3,526,188</i>	<i>7,340,711</i>
BUS PARK FEES	PUBLIC WORKS & HOUSING	5,172,520	3,066,180	2,673,591	850,490	284,070	28,440	1,839,910	3,945,110
TAXI,LIGHT TRANSPORT&TUKTUK CABS	PUBLIC WORKS & HOUSING	-	-	9,350	-	1,125,970	50	-	50
MOTORCYCLE CURB	PUBLIC WORKS & HOUSING	-	-	-	914,530	-	-	-	914,530
DAILY PARKING FEES(PARKING SLOTS)	PUBLIC WORKS & HOUSING	3,300	895,500	1,193,680	-	223,030	253,740	686,270	1,149,240
RESERVED PARKING FEES	PUBLIC WORKS & HOUSING	-	-	45,550	2,882,540	2,467,560	931,110	1,418,540	3,813,650
HOUSE RENT	PUBLIC WORKS & HOUSING	1,126,726	1,387,650	1,201,965	1,328,236	1,467,331	455,810	496,100	3,171,696
HIRE OF COUNCIL'S EQUIPMENT	PUBLIC WORKS & HOUSING	1,875	-	460	36,000	214,400	-	120,000	36,000
ADVERTISEMENT/PROMOTION	PUBLIC WORKS & HOUSING	262,600	-	249,520	1,662,921	210,520	325,890	379,375	1,988,811
APPROVAL OF BUILDING PLANS	PUBLIC WORKS & HOUSING	690,715	937,635	588,345	463,338	2,827,452	329,940	835,936	1,730,913
RENOVATION FEES	PUBLIC WORKS & HOUSING	122,000	-	26,500	1,500	1,175,316	-	116,500	1,500
RENEWAL OF BUILDING PLANS	PUBLIC WORKS & HOUSING	4,500	-	57,000	18,400	159,900	-	18,000	18,400
DRAWING PLANS FEES	PUBLIC WORKS & HOUSING	-	272,600	-	2,500	20,000	-	-	275,100
PLOT FENCING FEES	PUBLIC WORKS & HOUSING	6,000	-	8,000	-	9,000	-	27,000	-
BURIAL SITE FEES	PUBLIC WORKS & HOUSING	30,600	-	13,500	1,700	46,500	21,400	2,200	23,100
TECHNICAL SERVICES FEES	PUBLIC WORKS & HOUSING	-	-	-	384,280	296,010	-	-	384,280
SIGNBOARDS	PUBLIC WORKS & HOUSING	12,140	698,850	214,600	161,380	1,184,922	-	538,968	860,230
<i>SUB TOTAL</i>		<i>7,432,976</i>	<i>7,258,415</i>	<i>6,282,061</i>	<i>8,707,815</i>	<i>11,711,981</i>	<i>2,346,380</i>	<i>6,478,799</i>	<i>18,312,610</i>

WEIGHT & MEASURES	TRADE & COMM	-	-	-	-	-	66,740	-	66,740
APPLICATION FOR SBP/RENEWAL	TRADE & COMM	232,000	1,178,600	99,300	498,800	1,308,300	135,300	911,870	1,812,700
HIRE OF TOWN HALL CHAMBERS	TRADE & COMM	77,500	50,000	31,200	17,600	14,000	12,900	33,700	80,500
MARKET STALLS/SLABS	TRADE & COMM	1,781,205	-	100,360	263,920	685,660	74,070	578,235	337,990
SOCIAL SERVICES	TRADE & COMM	-	-	-	3,500	-	-	65,170	3,500
SOCIAL PREMISES USE CHARGES	TRADE & COMM	531,600	346,900	376,905	719,400	55,710	171,500	205,100	1,237,800
SINGLE BUSINESS PERMITS	TRADE & COMM	7,130,013	2,159,830	1,692,707	1,225,520	8,676,550	1,824,006	6,200,780	5,209,356
HIRE OF STADIUM	TRADE & COMM	10,880	47,500	1,300	35,000	23,501	4,000	40,000	86,500
MARKET FEES	TRADE & COMM	1,648,542	8,199,547	4,272,809	4,200,937	1,284,330	563,597	4,973,885	12,964,081
<i>SUB TOTAL</i>		<i>11,411,740</i>	<i>11,982,377</i>	<i>6,574,581</i>	<i>6,964,677</i>	<i>12,048,051</i>	<i>2,852,113</i>	<i>13,008,740</i>	<i>21,799,167</i>
WATER SUPPLY ADMINISTRATION	WATER AND IRRIGATION	-	-	-	-	-	-	159,000	-
<i>SUB TOTAL</i>		<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>159,000</i>	<i>-</i>
<u>GRAND TOTAL</u>		<u>44,719,163</u>	<u>39,643,238</u>	<u>27,211,790</u>	<u>34,825,208</u>	<u>44,649,658</u>	<u>10,261,569</u>	<u>43,040,295</u>	<u>84,730,015</u>

Annex 3: Proposed CBROP Departmental ceilings for FY 2017/18 and FY 2018/19

DEPARTMENT	APPROVED 2017/2018			2017 CBROP REVIEW OF 2017/18			CBROP 2018/2019			Approved Estimate		% CBROP review	
	RECURRENT	DEVELOPMENT	TOTAL	RECURRENT	DEVELOPMENT	TOTAL	RECURRENT	DEVELOPMENT	TOTAL	2016/17	2017/18	2017/18	2018/19
County Assembly	523,721,300	13,222,570	536,943,870	523,721,300	1,500,000	525,221,300	530,000,000	2,500,000	532,500,000	13.6%	11.6%	12.4%	12.1%
Gubernatorial	100,882,794		100,882,794	141,494,394		141,494,394	150,100,000		150,100,000	4.8%	2.2%	3.3%	3.4%
CPSB	15,419,052		15,419,052	41,000,000		41,000,000	43,000,000		43,000,000	1.1%	0.3%	1.0%	1.0%
Admin and Devolution	1,697,731,140	14,000,000	1,711,731,140	168,500,000	31,000,000	199,500,000	170,000,000	25,000,000	195,000,000	3.7%	36.8%	4.7%	4.4%
Health Services	270,512,517	166,616,996	437,129,513	870,000,000	190,200,000	1,060,200,000	875,000,000	150,000,000	1,025,000,000	22.7%	9.4%	25.0%	23.3%
Agriculture	23,619,516	151,968,546	175,588,062	91,000,000	157,000,000	248,000,000	95,000,000	169,000,000	264,000,000	4.8%	3.8%	5.8%	6.0%
TENAR	13,292,667	23,222,964	36,515,631	68,000,000	35,800,000	103,800,000	72,000,000	44,000,000	116,000,000	1.5%	0.8%	2.4%	2.6%
Trade & Community affairs	34,042,929	178,235,052	212,277,981	62,400,000	146,234,440	208,634,440	69,500,000	187,000,000	256,500,000	4.3%	4.6%	4.9%	5.8%
Water & Irrigation	15,925,268	334,767,312	350,692,580	60,000,000	250,000,000	310,000,000	75,000,000	270,500,000	345,500,000	9.7%	7.5%	7.3%	7.9%
Lands & Mining	29,746,512	20,500,887	50,247,399	41,008,000	25,000,000	66,008,000	44,000,000	28,000,000	72,000,000	0.9%	1.1%	1.6%	1.6%
Education & Library	151,787,907	161,387,244	313,175,151	408,000,000	150,000,000	558,000,000	412,000,000	180,500,000	592,500,000	12.2%	6.7%	13.1%	13.5%
Public works& Infrastructur	18,785,000	286,520,500	305,305,500	68,200,000	250,000,000	318,200,000	70,000,000	225,500,000	295,500,000	6.4%	6.6%	7.5%	6.7%
Industrialization, Energy, IC	18,502,000	24,512,945	43,014,945	28,890,000	34,000,000	62,890,000	32,000,000	35,000,000	67,000,000	0.9%	0.9%	1.5%	1.5%
Finance & Planning	333,524,518	24,999,999	358,524,517	401,000,000	3,500,000	404,500,000	442,400,000	3,000,000	445,400,000	11.5%	7.7%	9.5%	10.1%
TOTAL	3,247,493,120	1,399,955,015	4,647,448,135	2,973,213,694	1,274,234,440	4,247,448,134	3,080,000,000	1,320,000,000	4,400,000,000	100.0%	100.0%	100.0%	100.0%