

COUNTY GOVERNMENT OF TAITA TAVETA



2018 COUNTY BUDGET REVIEW AND OUTLOOK PAPER

SEPTEMBER 2018

© 2018 TAITA TAVETA COUNTY BUDGET REVIEW AND OUTLOOK PAPER(CBROP)

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Foreword

The 2018 Taita Taveta County Budget Review and Outlook Paper (CBROP) is the second one to be prepared under this second County Government's administration. This CBROP has been prepared in accordance with Section 118 of the Public Finance Management Act, 2012.

It presents the actual fiscal performance of the County for the FY 2017/18 in terms of revenues and expenditures against set targets. It also documents the recent fiscal and economic developments nationally and county wide that have a bearing on the medium term budget framework.

It further highlights the implications on financial objectives set out in the 2018 County Fiscal Strategy Paper (CFSP). This CBROP also provides us with a basis for the revision of the 2018/19 budget in the context of the next Supplementary Estimates.

There was general improvement in the county fiscal performance in FY 2017/18. The County realized an improvement in Own Source Revenue from Kshs 172 Million in FY 2016/17 to Kshs 203 Million representing an 18.2 % increase. There however still exist challenges in meeting the local revenue targets calling for innovative and deliberate strategies.

The total expenditure for the county in the FY 2017/18 was Kshs 3.5 Billion against a budget of Kshs 5.5 Billion. The total recurrent expenditure was Kshs 3.3 Billion against a recurrent budget of Kshs 3.9 Billion implying an expenditure of 85% compared to an absorption of 94% in FY 2016/17. The total development expenditure for the period stands at Kshs 233 Million against a budget of Kshs 1.6 Billion representing absorption of 14% of the development vote, unlike the previous year which was 29%. The overall total absorption of the FY 2017/18 budget by County departments is 64% marking a significant decrease from 75% in FY 2016/17.

The County Government in the medium term will continue to implement its 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 the CIDP II, Governors manifesto, Kenya Vision 2030, the 'Big Four' agenda and the Sustainable Development Goals (SDGs).

These broad objectives 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) Implementation of Universal Health Care(UHC) to guarantee access and affordability
- d) Empowerment of Youth, women, and vulnerable members of the community and decentralization of services.
- e) Improving access to ECDE, Polytechnics and library services.
- f) Investing in physical infrastructure including Roads, Housing, ICT and energy
- g) Promotion of tourism, trade and industry
- h) Land planning and management

This CBROP like in the previous years, has identified financial resource mobilization as a major concern. The challenge of failing to achieve the local revenue targets witnessed in the past Financial Years 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 (SWGs) that will drive the development agenda in the county.
2. Strengthening of the resource mobilization and enforcement directorates of the County.
3. Strengthening Planning, budgeting, monitoring, evaluation and reporting

We therefore call upon all county departments and agencies to rally their efforts towards the realization of the aspirations of the citizens of Taita Taveta. Our stakeholders, the private sector and development partners are also urged to assist in bridging the resource gap that exists to drive the development agenda of the county.

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
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

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

The 2018 Taita Taveta 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 2018 County Budget Review and Outlook Paper, specifies the following:

- a. Details of the actual fiscal performance in FY 2017/2018 compared to the budget appropriation for that year.
- b. An updated economic and fiscal forecasts with sufficient information to show changes from the forecasts in the 2018 County Fiscal Strategy Paper for FY 2018/2019.
- c. Reasons for any deviation from the financial objectives in the 2018 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 35 percent of the total county revenue as prescribed in the PFM Act, 2012 regulations.*
- 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 2018 Taita Taveta County Budget Review and Outlook Paper (CBROP) has been prepared in accordance with section 118 of the Public Financial Management Act, 2012. This document contains a review of the actual fiscal performance for FY 2017/2018 and national updated macroeconomic outlook and forecast for 2018/2019.

Objectives of CBROP

1. The objective of the 2018 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 2018 County Fiscal Strategy Paper. This, together with the updated macroeconomic outlook provides a basis for revision of the current budget (2018/2019) in the context of the next Supplementary Estimates. This further informs the broad fiscal parameters underpinning the next budget (2019/2020). Details of the fiscal framework and the medium term policy priorities will be firmed up in the 2019 CFSP to be prepared between January and February 2019.
2. The 2018 CBROP plays another key role of linking Fiscal and economic policies to planning, budgeting, expenditure management and reporting. This year's CBROP has taken into consideration the priorities and strategies contained in the second generation Taita Taveta County Integrated Development Plan 2018-2022.

II. REVIEW OF FISCAL PERFORMANCE IN 2017/18

Overview

There was general improvement in the county fiscal performance in FY 2017/18. The County realized an improvement in Own Source Revenue from 172 Million in FY 2016/17 to Kshs 203 Million representing an 18.2 % increase. There however still exist challenges in meeting the local revenue targets calling for innovative and deliberate strategies.

The total expenditure for the county in the FY 2017/18 was Kshs 3.5 Billion against a budget of Kshs 5.5 Billion. The total recurrent expenditure was Kshs 3.3 Billion against a recurrent budget of Kshs 3.9 Billion implying an expenditure of 85% compared to an absorption of 94% in FY 2016/17. The total development expenditure for the period stands at Kshs 233 Million against a budget of Kshs 1.6 Billion representing absorption of 14% of the development vote, unlike the previous year which was 29%.

However, the overall total absorption of the FY 2017/18 budget by County departments is 64% marking a significant decrease from 75% in FY 2016/17.

Expenditure and Revenue

Revenue

The actual resource envelope realized in the FY 2017/18 was Kshs 4.18 Billion out of the budgeted total resource envelope of Kshs 5.5 Billion representing 76 % of the budget. The amount realized consisted of Kshs 3.89 Billion from the equitable share, Kshs. 203 Million from local revenue collection and Kshs 294 Million as conditional grants directed to specific sectors including health services, roads and education.

Table 1: County Resource Envelope for FY 2017/2018

Source of Revenue	Budgeted	Actual	% Actualized
Equitable share	3,895,800,000	3,895,800,000	100
Local revenue	398,465,509	203,305,992	51
Balance B/F	123,000,000	0	0
Conditional Funds			
Compensation For User Fees Foregone	5,296,305	0	0
Free Primary Health Care-DANIDA	14,810,909	9,555,425	65
Health Sector Services Fund-WORLD BANK	36,034,216	36,034,216	100
Transforming health systems	47,563,117	14,863,473	31
WB- Support to County Health facilities	31,797,500	0	0
Allocation From Roads Maintenance And Fuel Levy Fund (RMFLF)	141,010,523	141,010,523	100
Support to development of VTCs	49,747,167	49,747,167	100
Other Conditional Funds From Development Partners			
European Union Grant	66,000,000	0	0
Kenya Devolution Support Programme-World Bank	36,728,875	36,728,875	100
Kenya Urban Support Programme-KUSP	20,000,000	0	0

Other Development Programmes*	658,149,277	0	0
TOTAL	5,524,403,398	4,387,045,671*	79

** Exchequer release of Kshs 311 Million was received in July 2018

Analysis of Exchequer Releases

Exchequer releases to the county has seen varying monthly trends ranging from as low as Kshs 174 Million in June 2018 to Kshs 577 Million in November 2017. In terms of quarterly disbursements, Kshs 1.01 Billion was received in the 1st quarter while Kshs 1.11 Billion was received in the second quarter. Kshs 1.19 Billion and Kshs 863 Million was disbursed to the county in the 3rd and 4th quarters respectively.

Generally, the flow of development funds to the county has been low with a total of Kshs 372 Million being received in varying amounts ranging from Kshs 150 Million in May 2018 to as low of Kshs 25 Million in November and December 2017.

Table 2: Exchequer flow by Type and Month

MONTH	RECURRENT	EDUCATION FUND	GRANTS	MORTGAGE	DEVELOPMENT	TOTAL
JULY	394,504,265					394,504,265
AUGUST	396,899,128					396,899,128
SEPTEMBER	223,823,821					223,823,821
OCTOBER	264,081,595					264,081,595
NOVEMBER	552,000,000				25,000,000	577,000,000
DECEMBER	242,963,119				25,000,000	267,963,119
JANUARY	269,659,266		90,053,114	26,000,000	50,000,000	435,712,380
FEBRUARY	324,913,144		39,479,512		70,000,000	434,392,656
MARCH	301,864,566		23,981,101			325,845,667
APRIL	331,723,267		50,164,373		52,000,000	433,887,640
MAY	104,791,946				150,000,000	254,791,946
JUNE		108,910,000	65,810,490			174,720,490
TOTAL	3,407,224,117	108,910,000	269,488,590	26,000,000	372,000,000	4,183,622,707

Recurrent funds amounting to Kshs 3.4 Billion was evenly spread throughout the FY 2017/18 with the highest amount of Kshs 552 Million being received in November 2017.

Analysis of Conditional Grants

During the period under review, the County had budgeted for Ksh 448 Million as conditional grants from the National government and development partners representing 5.3% of the total

budget. A total of Kshs 294 Million of the conditional grants was received as outlined in the table below.

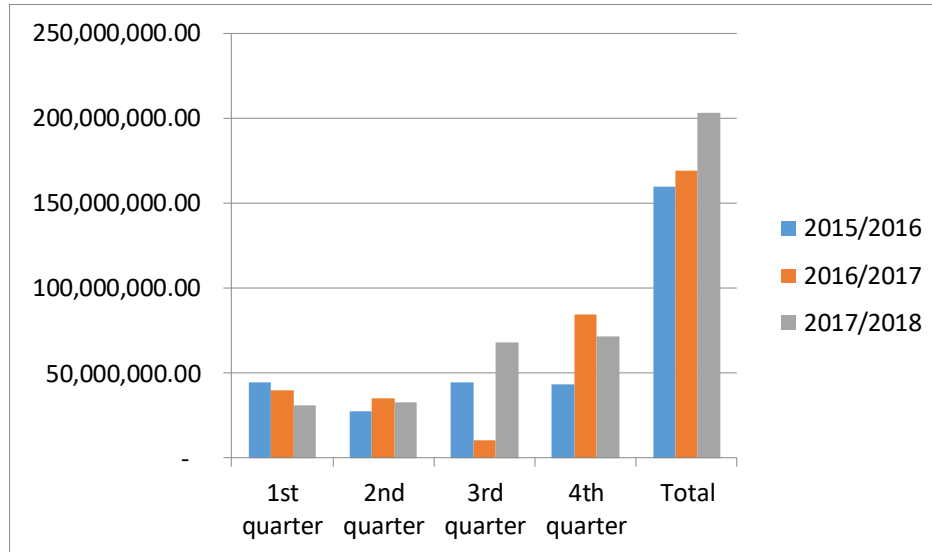
Table 3: Actual Conditional Grants received by type

SNo.	Fund Type	Amount
1	Kenya Health Sector Support Programme-World B/F 2016/17	36,034,216.00
2	Roads Maintenance and Fuel Levy Fund(RMFLF)	141,010,523.00
3	Support to the development of Vocational Training Centers(VTCs)	49,747,167.00
4	Kenya Devolution Support Project(KDSP)	36,728,875.00
5	Compensation for user fees foregone	6,631,099.00
6	Free Primary Health care-DANIDA	9,555,425.00
7	Transforming health Systems – Universal Health care	14,863,473.00
		294,570,778.00

Analysis of Own Source Revenue

The total amount of own source revenue generated in FY 2017/2018 increased to 203 Million from 172 Million in FY 2016/17 representing an increase of 18% and 171 Million in FY 2015/16. The monthly and quarterly performance over the period of review has been portraying a varying trend.

Figure 1: Comparative Own Source Revenue per Quarter (2015/16 to 2017/18)



Over the past three years FY 2017/18 recorded the lowest revenue collection during the 1st quarter at 30.7 Million signifying a drop from 39.6 Million in FY 2016/17 and 44.7 Million in FY 2015/16.

Second quarter performance over period under review shows further decline to 32.5 Million in FY 2017/18 as opposed to 34.8 Million in FY 2016/17. The own source revenue during a similar period in FY 2015/16 stood at 27.2 Million.

Own source revenue generated during the third quarter of FY 2017/18 marked a significant increase to 67.9 Million from 10.2 Million in FY 2016/17 and 44 Million in FY 2015/16.

During the fourth quarter of FY 2017/18 there was a slight decline in revenue collected at 71 Million from 84 Million in FY 2016/17. Over the same period in FY 2015/16 own source revenue was recorded at 43 Million.

Table 4 : Comparative Own Source Revenue Leading Streams (2016/17- 2017/18)

	REVENUE TYPE	AMOUNT			% Proportion to Total Local Revenue		
		2015/2016	2016/2017	2017/2018	2015/2016	2016/2017	2017/2018
1	Single Business Permit	23,700,050	10,418,712	25,395,368	14.8	6.1	12.49
2	Hospital(user	25,175,949	30,049,706		15.8	17.7	

	fees)			22,155,236			10.90
3	General Cess	12,361,338	12,638,118	22,265,202	7.7	7.5	10.95
4	Land rates	14,346,412	6,205,504	10,674,544	9	3.7	5.25
5	Bus park fees	9,970,091	7,890,220	9,003,170	6.2	4.7	4.43
6	Market fees	12,179,566	25,928,162	13,238,598	7.6	15.3	6.51
7	House rent	4,292,122	6,343,392	7,845,720	2.7	3.7	3.86
8	Public health(user fees)	8,626,590	5,767,420	11,887,000	5.4	3.4	5.85
9	Natural resources exploitation	6,667,695	6,603,440	1,057,121	4.2	3.9	0.52
10	Other local levies	3,245,450	158,070	9,113,812	2	0.1	4.48
11	Sand Cess	1,552,680	1,718,120	3,642,442	1	1	1.79
12	Slaughter houses administration	1,724,870	1,641,060	2,061,630	1.1	1	1.01
13	Other Revenues	36,801,532	56,655,188	64,966,149	22.4	31.9	31.95
	TOTAL	160,644,345	172,017,112	203,305,992	100	100	100.00

The leading revenue stream for the F/Y 2017/2018 was Single Business Permit (SBP) accounting for 12.49% of total revenue. General Cess marked a slight improvement accounting for 10.95% in FY 2017/18 compared to 7.5% in FY 2016/17. Hospital users fee accounted for 10.90%, signifying a drop from 17.7% in F/Y 2016/17 which can be attributed to the national doctors and nurses strike.

Land rates and public health (User fees) recorded slight improvement in FY 2017/18 at 5.25% and 5.85% respectively from 3.7% and 3.4% respectively in FY 2016/17. There was however a significant drop in market fees at 6.51% in FY 2017/18 from 15.3% in FY 2016/17. Bus park fee recorded a slight decline at 4.4% from 4.7%.

The lowest source of income for the county government during the year 2017/2018 was Natural resources exploitation which accounted for only 0.52% having dropped from 3.9% in FY 2016/17. This is an area of concern since the county is known for its vast amount of exploitable natural resources.

Table 5: DEPARTMENTAL PERFORMANCE 2017-2018: COMPARISON BETWEEN TARGET AND ACTUAL REVENUES.

COUNTY GOVERNMENT OF TAITA TAVETA					
COMPARATIVE DEPARTMENTAL PERFORMANCE ~2017/18					
			TARGET	ACTUAL	% performance actual against target
	1	PUBLIC SERVICE AND ADMINISTRATION	15,003,189.00	10,053,039.00	67.01
	2	AGRICULTURE & LIVESTOCK	16,953,525.00	5,594,605.00	33.00
	3	TOURISM, ENVIRONMENT AND NATURAL RESOURCES	22,136,611.00	8,581,293.00	38.77
	4	FINANCE AND PLANNING	42,317,546.00	32,474,832.00	76.74
	5	HEALTH SERVICES	41,256,642.00	34,042,236.00	82.51
	6	LANDS AND MINING	94,479,986.00	36,028,903.00	38.13
	7	PUBLIC WORKS AND INFRASTRUCTURE	79,211,414.00	31,643,070.00	39.95
	8	TRADE AND COMMUNITY AFFAIRS	83,679,660.00	44,868,014.00	53.62
	9	WATER AND IRRIGATION		20,000.00	
GRAND TOTAL			398,038,573.0	203,305,992.0	

The County managed to generate Kshs 203.3 Million which represents 51% of the targeted amount of Kshs 398 Million for FY 2017/18.

In terms of departmental performance against set targets, health services, Finance, Public service and trade recorded above 50%. Public works, Environment, Lands and Agriculture recorded 39.9%, 38.7%, 38.1% and 33% respectively.

Strategies behind the Improvement in Own Source Revenue

1. The county has successfully restructured the Revenue directorate by deploying a new revenue director and sub county heads of revenue. The reshuffling of billing officers, cashiers and revenue accountants has also improved revenue accountability and timely reporting of revenue collection on daily basis.
2. Improved working environment in the major revenue collection Centre's i.e. provision of Solar at Njukini and Jipe Cess gates, rehabilitation of Jipe cess gate, Voi bus park and Wundanyi bus park revenue collection Centre's
3. Staff motivation by ensuring outstanding claims are settled and facilitating officers while on official duty outside their stations. Facilitation of officers by issuing each sub county head with a standing imprest for office operation and staff welfare
4. Issuance and enforcement of Demand notices to all property defaulters as well as partnering with the Administration Police in provision of security service in revenue enhancement.
5. Familiarization and empowerment meetings at sub county level to address issues to do with change management have also borne fruit.
6. Synergy and harmonious working relation between the revenue and enforcement directorates and department of Trade.
7. Enhanced monitoring in Revenue Collection within the County. The County has set monitoring mechanism through the office of the CECM Finance to ensure revenue is collected effectively and efficient in all revenue streams and ensure fraud cases are reduced.

8. The County has lifted the ban on sand harvesting with special conditions to be met by sand harvesters and transporters. This strategy has brought sanity in the industry through environmental compliance. The County has also ensured that Enforcement mechanisms are effectively implemented by providing vehicles at night to enforce sand harvesting and transportation policies.
9. Operationalization of Kishushe revenue collection Centre with office and house hold equipment. The Mining Company has constructed a weighbridge to ensure accurate tonnage is recorded on the iron ore transported. The Government has further procured four (4) weigh bridges to facilitate accurate measurement of farm produce and other goods.
10. The County Government has further revamped impromptu SBP Inspection exercises to ensure that all business owners are compliant or be prosecuted
11. Revenue collection targets has been set as a means of enabling both collection effectiveness and as an incentive for improvement. These targets have been set for individual collectors and different revenue collection zones and sub counties per revenue type.

Measures yet to be implemented

1. Enactment of Taita Taveta County Finance Act 2018 which is already at the County Assembly
2. Enactment of other revenue related legislation especially by the different revenue generating departments
3. Preparation of the County's Valuation Roll
4. Installation and operationalization of the four (4) weigh bridges
5. Assessment of the county's revenue potential through identification of new streams

Expenditure

The total expenditure for the county in the FY 2017/18 was Kshs 3.5 Billion against a budget of Kshs 5.5 Billion. The total recurrent expenditure was Kshs 3.3 Billion against a recurrent budget of Kshs 3.9 Billion implying an expenditure of 85% compared to an absorption of 94% in FY 2016/17. The total development expenditure for the period stands at Kshs 233 Million against a budget of Kshs 1.6 Billion representing absorption of 14% of the development vote, unlike the previous year which was 29%.

Further, the overall total absorption of the FY 2017/18 budget by County departments is 64% marking a significant decrease from 75% in FY 2016/17.

Table 6: Actual Expenditure against Budget by Department and Vote

Department	2017-18 BUDGET			2017-18 ACTUAL EXPENDITURE			2017-18 ABSORPTION RATE		
	RECURRENT	DEVELOPMENT	TOTAL	RECURRENT	DEVELOPMENT	TOTAL	RECURRENT	DEVELOPMENT	TOTAL
County Assembly	579,721,300	23,222,570	602,943,870	561,328,661	22,748,700	584,077,361	97%	98%	97%
Public Service & Administration	2,205,174,094	441,098,977	2,646,273,071	1,939,129,804	6,213,258	1,945,343,062	88%	1%	74%
Office Of The Governor	154,330,547	7,500,000	161,830,547	151,323,386	300,000	151,623,386	98%	4%	94%
Finance & Economic Planning	397,659,258	43,000,000	440,659,258	433,417,548	-	433,417,548	109%	0%	98%
Agriculture, Livestock & Fisheries	20,679,616	103,805,149	124,484,765	10,829,374	12,707,546	23,536,920	52%	12%	19%
Water & Sanitation	11,951,378	183,158,428	195,109,806	6,397,869	42,100,819	48,498,688	54%	23%	25%
Education And Library Services	129,579,958	176,976,157	306,556,115	47,240,470	61,196,129	108,436,599	36%	35%	35%
Health Services	275,497,486	150,963,217	426,460,702	120,233,779	36,115,960	156,349,739	44%	24%	37%
Trade, Tourism & Cooperative Dev	26,525,348	48,006,210	74,531,558	16,027,510	9,444,434	25,471,944	60%	20%	34%
County Public Service Board	14,339,452	-	14,339,452	12,697,526	-	12,697,526	89%	0%	89%
Infrastructure & Public Works	15,662,958	296,465,379	312,128,337	7,403,458	21,891,713	29,295,171	47%	7%	9%
Lands, Environment and Natural Resou	28,788,042	40,649,497	69,437,538	10,019,396	8,997,965	19,017,361	35%	22%	27%
Industrialization, Mining and ICT HQ	23,965,597	21,249,203	45,214,800	2,965,530		2,965,530	12%	0%	7%
Youth and Social Development	9,049,317	95,384,261	104,433,578	3,772,600	11,968,024	15,740,624	42%	13%	15%
Total	3,892,924,350	1,631,479,048	5,524,403,398	3,322,786,913	233,684,548	3,556,471,461	85%	14%	64%

There was a significant decrease in recurrent expenditure in FY 2017/18 as well as development. This is shown by the absorption rates of total recurrent expenditure and total development expenditure for FY 2017/18 at 85% recurrent and 14% development as compared to FY 2016/17 where it was 94% recurrent and 29% 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 the recurrent budget. This is Finance and planning which had an expenditure of 9% above its recurrent budget. This can be attributed to the statutory obligations in the Finance department such as County Emergency Fund and Gratuity Fund.

Generally, personnel emoluments accounted for the biggest share of recurrent expenditure at 64.9%. Domestic travel and accommodation accounted for 9.8% of the total recurrent expenditure while foreign travel and accommodation was at 4%. Purchase of Motor vehicles and printing was the least accounting for 0.78% of the total recurrent expenditure for FY 2017/18

Table 7: Major expenditure items by Department and Type (FY 2017/18)

Department	Personal emoluments	Foreign travel	Domestic travel	Hospitality, conferences & catering	Training	Purchase of Motorvehicles	Printing	Others	Total recurrent exp.	ABSORPTION RATE
County Assembly	236,677,252	62,208,496	72,990,654	11,346,362	13,770,776	-	1,548,238	162,786,791	561,328,661	16.89
Public Service and Administration	1,918,119,766	320,050	6,105,688	2,300,087	3,137,070		833,457	8,313,592	1,939,129,804	58.36
Office of the Governor & Deputy Governor	-	24,992,982	43,621,791	16,170,646	6,323,649		3,775,809	56,438,457	151,323,386	4.55
Finance and Planning	-	48,989,871	162,896,617	38,607,405	5,972,770	13,825,000	1,835,935	161,289,816	433,417,548	13.04
Agriculture Livestock and Fisheries	-	686,220	3,789,404	210,985	189,200	-	274,994	5,678,569	10,829,374	0.33
Water and Irrigation	-	1,230,825	2,601,912	1,301,050	500,273	-	205,000	558,806	6,397,869	0.19
Education and Libraries	-	868,400	3,221,261	1,820,920	587,800	-	310,000	40,432,085	47,240,470	1.42
Health	-	1,770,300	9,105,490	984,225	790,960	-	1,621,090	105,961,709	120,233,779	3.62
Trade, Tourism and Cooperative Development	-	627,740	5,295,134	1,998,961	204,640	-	354,380	7,546,651	16,027,510	0.48
County Public Service Board	-	1,750,000	4,000,000	1,285,844	853,400	-	936,000	3,872,278	12,697,526	0.38
Infrastructure and Public Works	-	-	3,110,577	384,350	1,743,380	-	92,200	2,072,950	7,403,458	0.22
Industrialization, Mining and ICT HQ	-	-	739,530	100,000	-	-	126,000	2,000,000	2,965,530	0.09
Youth and Social Development	-	-	2,663,200	342,800				766,600	3,772,600	0.11
Lands Environment and Natural Resources	-	50,000	3,418,679	372,200	-	-	320,950	5,857,565	10,019,396	0.30
Total	2,154,797,018	143,494,884	323,559,937	77,225,835	34,073,918	13,825,000	12,234,053	563,575,869	3,322,786,913	100.00
% To total expenditure	64.85	4.32	9.74	2.32	1.03	0.42	0.37	16.96	100.00	

Public service and Administration and devolution department accounted for 58% of personnel emoluments. This was occasioned by the transfer of all executive salaries to this department.

In terms of Domestic travel and accommodation, the Finance and planning accounted for 50.4% while County assembly accounted for 22.6% of the total expenditure.

In Foreign travel, the county assembly consumed 43.4% with the Finance and planning accounting for 34.1%.

Analysis of Development Expenditure

Education, Water and irrigation and Health had the highest development expenditures at 3.75%, 2.58% and 2.21% respectively of the total development Budget. The food security related sector consisting of agriculture, livestock, accounted for 0.78% of the total development expenditure. This reflects the county's strategic priorities of improving food security, access to health care and quality education.

The overall low absorption of development budget (14%) can therefore, be generally attributed to the following:

- a. Freezing of development funds by the National Treasury during the long electioneering period
- b. Authentication process of projects by The Task Force and Pending Bills Committee
- c. Late disbursement of development funds from the exchequer
- d. Transition challenges including exiting of key staff (CECs, CCOs and officers on contract)
- e. Challenges in the procurement process
- f. Lack of a monitoring and evaluation framework.

In general, there were only two departments that had the most desirable rates of development expenditure against budget. These include - Education (35%) and County Assembly 98%. It is therefore imperative that deliberate measures be put in place to link budget implementation to budget.

Implication of 2017/2018 fiscal performance on financial objectives

The County's 2017/18 fiscal performance has affected the County financial objectives in the following ways:

- i. The county revenue projections for 2017/18 were not achieved with a shortfall of Kshs 195 Million in Own Source Revenue and anticipated development partners' grants (EU-IDEAS, KUSP). This implies that there is a great need to review the fiscal aggregates for FY (2018/2019) and the medium term.
- ii. Non-realization of Own Source Revenue targets implies 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 2019.

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

According to the Draft 2018 National Budget Review and Outlook Paper (BROP), the Kenyan economy is on a recovery path and is projected to recover to 6.0 percent in 2018. This is an upward revision from the earlier projection of 5.8 percent in the 2018 Budget Policy Statement(BPS).

This strong growth momentum is reflected in the strong growth of 5.7 percent in quarter one of 2018 compared to a growth of 4.8 percent in the same quarter in 2017. The outlook is supported by a pickup in agricultural and manufacturing activities due to improved weather conditions as well as the stable macroeconomic environment, ongoing public infrastructural investments and regain in business and consumer confidence following political stability in the country.

The economy continues to register macroeconomic stability with low and stable interest rates and competitive exchange rate to support exports. The overall year on year inflation fell to 4.0 percent in August 2018 from 8.0 percent in August 2017, thereby remaining within the 5.0 percent medium term target set by Government. This decline reflected a decrease in food prices which outweighed the rise in international oil prices.

The foreign exchange market remains stable supported by a narrower current account deficit. The current account deficit narrowed to 5.8 percent of GDP in the 12 months to June 2018 from 6.4 percent over the same period in 2017 reflecting strong growth of agricultural exports particularly tea and horticulture, resilient diaspora remittances, and improved tourism receipts. The strong capital inflows have also led to the stabilization of the shilling in the foreign exchange market and also allowed accumulation of international reserves. The usable official reserves stood at US\$ 8,652 billion or 5.8 months of imports by end August 2018.

Month-on-month overall inflation fell to 4.0 percent in August 2018 from 8.0 percent in August 2017, thereby remaining within the 5.0 percent medium term target set by Government. This decline reflected lower prices of key food items such as carrots, loose maize grain, loose maize flour, tomatoes, cabbages, and beans. However, energy prices continued to exert upward pressure on overall inflation due to higher fuel and electricity prices. In the twelve month to August 2018, the average annual inflation rate was at 4.7 percent compared to 8.3 percent in the same period in 2017.

The Kenya Shilling exchange rate remained broadly stable and competitive against major international currencies. Against the dollar, the exchange rate strengthened to Ksh 100.6 in August 2018 from Ksh 103.6 in August 2017. Against the Euro and the Sterling pound, the Shilling also strengthened to Ksh 116.2 and Ksh 129.7 in August 2018 from Ksh 122.2 and Ksh134.2 in August 2017, respectively

County Growth prospects

The growth prospects for the County economy in 2018/19 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.

The Fiscal policy outlook for the county in 2018/19 and the medium term is very promising. This is due to a raft of measures that have been put in place and will continue to yield positive results in terms of Own Source Revenue generation. Given the first two months (FY 2018/19) analysis of OSR, the Kshs 300 Million target is likely to be achieved. The county managed to collect a total of Kshs 44 Million between July and August 2018 compared to Kshs 21 Million during a similar period in FY 2017/2018.

Table 8: Actual revenue generation by month and sub-county for July-August 2018

	VOI	TAVETA	WUNDANYI	MWATATE	TOTAL
JULY	7,848,267	6,487,795	11,258,367	2,666,483	28,260,912
AUGUST	7,671,690	5,551,266	1,828,350	1,433,286	16,484,592
TOTAL	15,519,957	12,039,061	13,086,717	4,099,769	44,745,504

The county government will continue with both structural and administrative reforms in revenue management. Further new revenue streams will be pursued to ensure that the revenue potential is reached.

The County Government continues to implement various infrastructure projects across all sectors. 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.

There are several infrastructural development programmes undertaken in the county and which will in turn will 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 (80% done), Gemstone Centre at Voi (Yet to be operational), Tarmacking of Mwatate- Taveta and Mwatate –Wundanyi Roads, Small Medium Enterprise industrial Parks, and Last-Mile connectivity project, Support to Vocational Training Centres (VTCs), Mzima II water supply, Disease Free Zone (Bachuma-V2030 project) and KPA Inland Dry port in Taveta.

The County is also partnering with the National Government and development partners to implement several transformative projects. These include: Water and sanitation (World Bank), banana processing plant in Taveta(EU), Wundanyi and Voi Stadia

Medium Term Fiscal Framework (Policies)

a. Expenditure side

1. The expenditure management side in budget execution should be operationalized to ensure that non-budgeted expenditures are not incurred. Non-priority expenditures should also be avoided in budgets.
2. To address the high wage bill, the county through the County Public Service Board should implement the recommendations contained in the Capacity Assessment and Rationalization Programme (CARPS) report to ensure optimal level of staff. The county with the assistance from the National Government is going to commence the staff rationalization process
3. Immediate operationalization of the just adopted Monitoring and Evaluation Policy together with the strengthening of the Service Delivery Unit(SDU) should act as a strategy of linking planning, budget execution and achievements of desired outcomes.
4. To link planning and budget formulation it is imperative that the Sector working Groups (SWGs) are 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.
2. Promotion of Private-Public Partnerships (PPPs) and reaching out to donors to enhance resource mobilization
3. Strengthening of resource mobilization and enforcement directorates
4. Emphasis should be laid on cashless platforms such as use of M-pesa
5. 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)
6. Continued lobbying by the county leadership for establishment of a game reserve and benefit sharing from royalties (Parks and Minerals).
7. The county to take advantage of carbon credit initiative through the forest resources.
8. Increased investment in ICT infrastructure to support revenue systems.

Risks to the outlook

The risks to the outlook for 2018/2019 and medium-term include:

POSSIBLE RISK	IMPACT	MITIGATION
Recent fiscal policies by the National Government- Finance Act 2018	Reduction in the amount of equitable share	Implementation of strategies to enhance OSR and avoid over-reliance in the equitable share
Continuous increase in the County wage bill	Reduced investment in capital projects	Freeze new recruitments except for critical areas, Conduct staff rationalization. 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 2018/2019 Budget

The County government will accommodate minimum adjustments in the context of supplementary budgets to the 2018/19 budget estimates. These adjustments will be due to the following risks:

- a. Review of balances brought forward from the FY 2017/2018 budget following the reconciliation of 2017/2018 books of accounts.
- b. Possible reduction in the budgetary allocation following the Enactment of the national Finance Act 2018 and the Supplementary Appropriation Act 2018. The two anticipate a reduction in the equitable share to county governments.
- c. Consideration for the clearing of all pending bills.
- d. The County Government has been engaging with various partners in the past FYs (2015/16-2017/2018). In the event that these engagements are positive and finalized in the financial year, there will be need to include them in the budget.

2019/2020 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 laws/policies which are favorable to the county.

Revenue projections

The total county Resource envelop estimated for the FY 2019/2020 budget amounts to Kshs 4.73 Billion comprising of the share from the national Government and Own Source Revenue. The estimated amount from the equitable share for FY 2019/2020 is Kshs 4.4 Billion given an increase of Kshs 300 Million above the FY 2018/19 allocation of Kshs 4.1 Billion. Given the improvement in OSR generation in FY 2017/2018, the county is set to benefit further from additional allocation by the Commission on Revenue Allocation based on the fiscal responsibility formulae.

The total Own Source Revenue is projected at Kshs 330 Million having been reviewed upwards from a target of Kshs 300 Million for FY 2018/2019. The upward revision of OSR has been occasioned by the analysis of actual performance for FY 2017/2018 and the first quarter of FY 2018/2019.

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 2017/18. 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 2017/2018 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 2018. This implies the need to adjust the departmental ceilings in the context of the next supplementary budget for FY 2018/19.

The policies and proposed sector/departmental ceilings (Annex 3) will guide the County Departments and agencies while preparing their preliminary proposals/estimates for the 2019/2020 budget. The actual ceilings will be contained in the County Fiscal Strategy Paper to be prepared between January and February 2019.

Annex 1: Comparative Annual Own Source Revenue performance (2015/16 to 2017/18)

COUNTY GOVERNMENT OF TAITA TAVETA ANALYSIS									
CONSOLIDATED REVENUE STREAMS ACTUAL PERFORMANCE 2015/16-2017/18									
	REVENUE TYPE	DEPARTMENT	2015-2016		2016-2017		2017-2018		VARIANCE
			TARGETS	ACTUAL	TARGETS	ACTUAL	TARGET	ACTUAL	
1	IMPOUNDING CHARGES	ADM & DEVOLUTION	675,099	111,800	680,039	130,058	1,121,065	49,170	-1,071,895
2	LIQUOR LICENCES	ADM & DEVOLUTION	7,529,915	174,000	7,585,015	7,858,997	12,106,510	8,855,369	-3,251,141
3	ADMINISTRATIVE SERVICE FEES	ADM & DEVOLUTION	56,830	412,100	57,246	425,816	1,305,598	1,143,350	-162,248
4	CLAMPING & DECLAMPING FEES	ADM & DEVOLUTION	292,871	94,200	295,014	252,182	470,016	5,150	-464,866
	SUB TOTAL		8,554,715	792,100	8,617,314	8,667,054	15,003,189	10,053,039	-4,950,150
1	SISAL CESS	AGRICULTURE & LIVESTOCK	4,373,251	634,160	4,405,252	705,038	8,776,197	1,502,025	-7,274,172
2	SLAUGHTER HOUSES ADMIN	AGRICULTURE & LIVESTOCK	3,512,087	1,724,870	3,537,787	1,408,428	5,123,823	2,061,630	-3,062,193
3	LIVESTOCK AND VETERINARY	AGRICULTURE & LIVESTOCK	2,224,322	1,564,340	2,240,598	920,684	2,998,289	1,944,000	-1,054,289
4	FISHERIES	AGRICULTURE & LIVESTOCK	117,070	26,600	117,926	4,078	55,216	86,950	31,734
	SUB TOTAL		10,226,730	3,949,970	10,301,563	3,038,229	16,953,525	5,594,605	-11,358,920
1	SAND CESS	ENVIRONMENT	5,920,431	1,552,680	5,963,754	1,931,246	10,262,548	3,642,442	-6,620,106
2	ENVIRONMENT & REFUSE COLLECTION	ENVIRONMENT	982,797	2,480,820	989,988	2,411,588	2,173,300	2,571,655	398,355

3	PUBLIC TOILET FEES	ENVIRONMENT	4,097,435	1,651,365	4,127,418	2,022,303	4,368,160	1,310,075	-3,058,085
4	NATURAL RESOURCES EXPLOITATION	ENVIRONMENT	8,667,556	6,667,695	8,730,981	6,294,653	5,182,603	1,057,121	-4,125,482
5	EXHAUSTER SERVICES	ENVIRONMENT	2,341,391	227,300	2,358,525	91,957	100,000	-	-100,000
6	MILEAGE-EXHAUSTER	ENVIRONMENT	4,682,783	27,400	4,717,049		40,000	-	-40,000
7	APPLICATION FOR EXHAUSTER	ENVIRONMENT	145,960	12,950	147,028		10,000	-	-10,000
	SUB TOTAL		26,838,353	12,620,210	27,034,742	12,751,747	22,136,611	8,581,293	-13,555,318
1	SALE OF TENDER DOCUMENTS	FINANCE	227,320	-	228,983	20,112	5,843	1,000	-4,843
2	GENERAL CESS	FINANCE	34,319,609	12,361,338	34,570,743	13,071,832	40,885,735	22,265,202	-18,620,533
3	INTEREST & REVENUES FROM FINANCIAL INVESTMENTS	FINANCE	12,878	-	12,972	955,857	228,212	1,094,818	866,606
4	OTHER LOCAL LEVIES	FINANCE	5,522,047	4,268,889	5,562,461	1,830,564	1,197,756	9,113,812	7,916,056
	SUB TOTAL		40,081,854	16,630,227	40,375,158	15,878,365	42,317,546	32,474,832	-9,842,714
1	HEALTH-HOSPITALS	HEALTH	67,153,835	25,175,949	67,645,234	22,362,012	29935711	22,155,236	-7,780,475
2	PUBLIC HEALTH	HEALTH	20,648,340	8,626,590	20,799,435	10,497,315	11,320,931	11,887,000	566,069
	SUB TOTAL		87,802,175	33,802,539	88,444,669	32,859,327	41,256,642	34,042,236	-7,214,406
1	LAND RATES	LANDS AND MINING	39,216,584	14,346,412	39,503,552	6,241,542	52,677,988	10,674,544	-42,003,444
2	GROUND RENT	LANDS AND MINING	5,523,289	2,893,268	5,563,706	4,924,328	25,801,625	15,479,272	-10,322,353
3	RATES CLEARANCE CERTIFICATE	LANDS AND MINING	3,512,087	134,850	3,537,787	165,492	29,215	5,000	-24,215

4	PLOT TRANSFER FEES	LANDS AND MINING	1,383,704	171,000	1,393,830	206,148	1,409,004	142,000	-1,267,004
5	OPENING OF FILES	LANDS AND MINING	-	41,700	-	61,453	11686	2,500	-9,186
6	SURVEY AND MAPPING	LANDS AND MINING	117,070	23,500	117,926	8,827	500,000	10,000	-490,000
7	PHYSICAL PLANNING	LANDS AND MINING	234,139	34,280	235,852	190,617	1,068,398	622,074	-446,324
8	MINING CESS	LANDS AND MINING	-	-	-	223,971	15482070	8,361,091	-7,120,979
9	ANNUAL LEASE FEES	LANDS AND MINING	1,062,406	-	1,070,180	463,694	-	-	0
10	PLOT RENTS	LANDS AND MINING	12,124,747	96,360	12,213,470	461,381	500,000	732,422	232,422
	SUB TOTAL		63,174,026	17,741,370	63,636,304	12,947,453	94,479,986	36,028,903	-58,451,083
1	BUS PARK FEES	PUBLIC WORKS	19,076,912	9,970,091	19,216,508	4,804,176	20,369,612	9,003,170	-11,366,442
2	TAXI, LIGHT TRANSPORT&TUKTUK CABS	PUBLIC WORKS	2,455,130	1,135,320	2,473,095	37,375	500,000	20,730	-479,270
3	MOTORCYCLE CURB	PUBLIC WORKS	2,591,474	-	2,610,437	1,021,836	1,632,144	108,190	-1,523,954
4	DAILY PARKING FEES(PARKING SLOTS)	PUBLIC WORKS	6,719,403	2,106,280	6,768,573	3,130,548	13,619,415	4,109,140	-9,510,275
5	RESERVED PARKING FEES	PUBLIC WORKS	-	3,931,650	-	8,902,644	3,867,013	684,830	-3,182,183
6	HOUSE RENT	PUBLIC WORKS	9,897,764	4,292,122	9,970,191	6,218,475	24,037,055	7,845,720	-16,191,335
7	HIRE OF COUNCIL'S EQUIPMENT	PUBLIC WORKS	33,123	336,735	33,365	500,566	29,215	40,500	11,285
8	ADVERTISEMENT/PROMOTION	PUBLIC WORKS	2,341,391	1,102,015	2,358,525	4,922,631	2,864,751	148,000	-2,716,751

9	APPROVAL OF BUILDING PLANS	PUBLIC WORKS	6,851,293	4,942,448	6,901,427	4,591,462	6,123,125	2,377,040	-3,746,085
10	RENOVATION FEES	PUBLIC WORKS	81,026	1,440,316	81,619	3,911	671,782	1,369,400	697,618
11	RENEWAL OF BUILDING PLANS	PUBLIC WORKS	169,148	239,400	170,386	20,559	548,065	1,299,800	751,735
12	DRAWING PLANS FEES	PUBLIC WORKS	458,907	20,000	462,265	307,379	88,812	40,200	-48,612
13	PLOT FENCING FEES	PUBLIC WORKS	230,499	50,000	232,185		292,146	50,000	-242,146
14	BURIAL SITE FEES	PUBLIC WORKS	161,331	92,800	162,511	40,112	155,421	126,100	-29,321
15	TECHNICAL SERVICES FEES	PUBLIC WORKS	-	296,010	-	823,185	927,562	531,850	-395,712
16	SIGNBOARDS	PUBLIC WORKS	4,092,518	1,950,630	4,122,465	2,681,525	3,485,296	3,888,400	403,104
	SUB TOTAL		55,159,919	31,905,817	55,563,552	38,006,385	79,211,414	31,643,070	-47,568,344
1	WEIGHT & MEASURES	TRADE & COMM	1,170,696	-	1,179,262	263,646	300,000	244,900	-55,100
2	CO-OPERATIVES	TRADE & COMM				179,578	200000	132,720	-67,280
3	APPLICATION FOR SBP/RENEWAL	TRADE & COMM	954,732	2,551,470	961,718	4,186,988	11,292,008	3,848,200	-7,443,808
4	HIRE OF TOWN HALL CHAMBERS	TRADE & COMM	385,307	156,400	388,126	188,159	151,916	38,500	-113,416
5	MARKET STALLS/SLABS	TRADE & COMM	1,170,696	3,145,460	1,179,262	678,061	1,839,348	710,159	-1,129,189
6	SOCIAL SERVICES	TRADE & COMM	878,022	65,170	884,447	3,911		373,769	373,769
7	SOCIAL PREMISES USE CHARGES	TRADE & COMM	2,341,391	1,169,315	2,358,525	1,934,319	2,766,034	812,800	-1,953,234
8	SINGLE BUSINESS PERMITS	TRADE & COMM	35,986,192	23,700,050	36,249,521	20,836,800	21,803,369	25,395,368	3,591,999

9	HIRE OF STADIUM	TRADE & COMM	197,607	75,681	199,053	162,181	181,130	73,000	-108,130
10	MARKET FEES	TRADE & COMM	17,826,747	12,179,566	17,957,194	19,434,910	45,145,855	13,238,598	-31,907,257
	SUB TOTAL		60,911,390	43,043,112	61,357,108	47,868,553	83,679,660	44,868,014	-38,811,646
1	WATER SUPPLY ADMINISTRATION	WATER	56,830	159,000	57,246			20,000	20,000
	SUB TOTAL		56,830	159,000	57,246			20,000	20,000
	GRAND TOTAL		352,805,992	160,644,345	355,387,656	172,017,112	398,038,573	203,305,992	194,732,581

Annex 2: Comparative quarterly Own Source Revenue performance

COUNTY GOVERNMENT OF TAITA TAVETA													
COMPARATIVE QUARTELY REVENUE PERFORMANCE-2016/17-2017/18													
REVENUE TYPE	DEPARTMENT	ACTUAL 1ST QUARTER			ACTUAL 2ND QUARTER			ACTUAL 3RD QUARTER			ACTUAL 4TH QUARTER		
		2015/16	2016/17	2017/2018	2015/16	2016/17	2017/2018	2015/16	2016/17	2017/2018	2015/16	2016/17	2017/2018
IMPOUNDING CHARGES	ADM & DEVOLUTION	4,220	41,300	8,920	16,100	37,000	11,800	57,000	400	5,600	34,480	78,700	22,850
LIQUOR LICENCES	ADM & DEVOLUTION	33,000	-	1,758,000	6,000	3,161,000	314,000	75,000	538,200	540,700	60,000	3,699,200	6,242,669
ADMINISTRATIVE SERVICE FEES	ADM & DEVOLUTION	75,000	-	35,150	20,800	177,500	188,300	215,500	39,600	103,600	100,800	217,100	816,300
CLAMPING & DECLAMPING FEES	ADM & DEVOLUTION	-	93,400	3,650	7,000	5,000	1,500	38,900	-	-	48,300	98,400	-
SUB TOTAL		112,220	134,700	1,805,720	49,900	3,380,500	515,600	386,400	578,200	649,900	243,580	4,093,400	7,081,819
SISAL CESS	AGRICULTURE, LIVESTOCK & FISHERIES	13,000	583,500	838,025	250,400	7,500	664,000	348,260	1,500	-	22,500	592,500	-
SLAUGHTER HOUSES ADMINISTRATION	AGRICULTURE, LIVESTOCK & FISHERIES	352,380	286,290	339,980	428,490	473,090	536,950	306,510	61,150	497,730	637,490	820,530	686,970
LIVESTOCK AND VETERINARY	AGRICULTURE, LIVESTOCK & FISHERIES	750,940	123,800	381,700	-	230,250	197,550	431,050	-	449,500	382,350	354,050	915,250
FISHERIES	AGRICULTURE, LIVESTOCK & FISHERIES	26,600	-	8,400	-	-	1,050	-	-	67,000	-	-	10,500
SUB TOTAL		1,142,920	993,590	1,568,105	678,890	710,840	1,399,550	1,085,820	62,650	1,014,230	1,042,340	1,767,080	1,612,720
SAND CESS	ENVIRONMENT	255,290	454,710	950,380	302,650	404,350	121,440	772,000	-	114,000	222,740	859,060	2,456,622
ENVIRONMENT & REFUSE COLLECTION	ENVIRONMENT	64,395	306,300	266,200	600,575	163,600	105,755	1,190,150	136,140	1,212,600	625,700	606,040	987,100
PUBLIC TOILET FEES	ENVIRONMENT	109,335	483,430	275,810	485,005	542,395	471,790	547,120	116,130	310,125	509,905	1,141,955	252,350
NATURAL RESOURCES EXPLOITATION	ENVIRONMENT	1,413,605	1,959,272	333,440	465,400	1,161,630	553,550	2,454,865	180,818	102,730	2,333,825	3,301,720	67,401
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	-	-	-	-	-	-	-	-

SUB TOTAL		2,026,675	3,243,712	1,825,830	1,854,930	2,271,975	1,252,535	5,004,135	433,088	1,739,455	3,734,470	5,948,775	3,763,473
SALE OF TENDER DOCUMENTS	FINANCE	-	-	1,000	-	-	-	-	-	-	-	-	-
GENERAL CESS	FINANCE	2,996,445	2,827,174	3,000,850	3,280,516	2,434,834	4,416,855	2,844,311	1,057,301	5,698,802	3,240,066	6,319,309	9,148,695
INTEREST & REVENUES FROM FINANCIAL INVESTMENTS	FINANCE	-	-	39,058	-	406,947	-	-	39,918	1,055,760	-	446,865	-
OTHER LOCAL LEVIES	FINANCE	1,163,183	741,155	3,441,068	936,550	52,260	-	401,272	120	5,672,744	744,445	793,535	-
SUB TOTAL		4,159,628	3,568,329	6,481,976	4,217,066	2,894,041	4,416,855	3,245,583	1,097,339	12,427,306	3,984,511	7,559,709	9,148,695
HEALTH-HOSPITALS	HEALTH	10,018,687	8,552,751	2,434,987	6,002,705	5,272,967	4,547,103	966,140	1,199,135	8,248,647	8,188,417	15,024,853	6,924,499
PUBLIC HEALTH	HEALTH	727,000	1,338,660	1,404,200	350,890	962,000	563,050	4,874,450	583,050	4,991,650	2,674,250	2,883,710	4,928,100
SUB TOTAL		10,745,687	9,891,411	3,839,187	6,353,595	6,234,967	5,110,153	5,840,590	1,782,185	13,240,297	10,862,667	17,908,563	11,852,599
LAND RATES	LANDS AND MINING	6,813,343	1,325,539	820,416	901,148	1,066,871	3,060,867	3,652,110	710,342	3,992,922	2,979,811	3,102,752	2,800,339
GROUND RENT	LANDS AND MINING	708,714	831,235	519,770	191,109	2,103,058	3,040,378	1,618,488	394,272	6,874,360	374,957	3,328,565	5,044,764
RATES CLEARANCE CERTIFICATE	LANDS AND MINING	30,000	25,500	5,000	15,000	107,613	-	45,000	5,000	-	44,850	138,113	-
PLOT TRANSFER FEES	LANDS AND MINING	45,000	51,000	35,000	65,000	44,000	35,000	2,500	-	45,000	58,500	95,000	27,000
OPENING OF FILES	LANDS AND MINING	16,800	-	2,000	6,600	55,000	-	9,000	-	500	9,300	55,000	-
SURVEY AND MAPPING	LANDS AND MINING	12,500	7,600	-	-	300	-	-	-	-	11,000	7,900	10,000
PHYSICAL PLANNING	LANDS AND MINING	5,000	-	-	16,200	-	97,280	-	-	119,294	13,080	-	405,500
MINING CESS	LANDS AND MINING	-	-	954,679	-	200,451	1,245,020	-	-	1,547,290	-	200,451	4,614,102
ANNUAL LEASE FEES	LANDS AND MINING	-	-	-	-	-	-	-	-	-	-	-	-
PLOT RENTS	LANDS AND MINING	55,960	329,830	-	5,710	83,100	-	-	-	732,422	34,690	412,930	-
SUB TOTAL		7,687,317	2,570,704	2,336,865	1,200,767	3,660,393	7,478,545	5,327,098	1,109,614	13,311,788	3,526,188	7,340,711	12,901,705

BUS PARK FEES	PUBLIC WORKS & HOUSING	5,172,520	3,066,180	1,143,000	2,673,591	850,490	2,343,210	284,070	28,440	2,966,890	1,839,910	3,945,110	2,550,070
TAXI, LIGHT TRANSPORT & TUKTUK CABS	PUBLIC WORKS & HOUSING	-	-	-	9,350	-	-	1,125,970	50	20,730	-	50	-
MOTORCYCLE CURB	PUBLIC WORKS & HOUSING	-	-	-	-	914,530	108,190	-	-	-	-	914,530	-
DAILY PARKING FEES (PARKING SLOTS)	PUBLIC WORKS & HOUSING	3,300	895,500	1,271,840	1,193,680	-	1,059,090	223,030	253,740	787,810	686,270	1,149,240	990,400
RESERVED PARKING FEES	PUBLIC WORKS & HOUSING	-	-	661,830	45,550	2,882,540	-	2,467,560	931,110	23,000	1,418,540	3,813,650	-
HOUSE RENT	PUBLIC WORKS & HOUSING	1,126,726	1,387,650	2,228,410	1,201,965	1,328,236	1,885,474	1,467,331	455,810	1,824,140	496,100	3,171,696	1,907,696
HIRE OF COUNCIL'S EQUIPMENT	PUBLIC WORKS & HOUSING	1,875	-	5,000	460	36,000	-	214,400	-	-	120,000	36,000	35,500
ADVERTISEMENT/PROMOTION	PUBLIC WORKS & HOUSING	262,600	-	148,000	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	538,737	588,345	463,338	509,221	2,827,452	329,940	557,718	835,936	1,730,913	771,364
RENOVATION FEES	PUBLIC WORKS & HOUSING	122,000	-	29,400	26,500	1,500	-	1,175,316	-	408,800	116,500	1,500	931,200
RENEWAL OF BUILDING PLANS	PUBLIC WORKS & HOUSING	4,500	-	-	57,000	18,400	93,800	159,900	-	888,600	18,000	18,400	317,400
DRAWING PLANS FEES	PUBLIC WORKS & HOUSING	-	272,600	-	-	2,500	15,200	20,000	-	12,500	-	275,100	12,500
PLOT FENCING FEES	PUBLIC WORKS & HOUSING	6,000	-	-	8,000	-	50,000	9,000	-	-	27,000	-	-
BURIAL SITE FEES	PUBLIC WORKS & HOUSING	30,600	-	13,200	13,500	1,700	13,400	46,500	21,400	76,600	2,200	23,100	22,900
TECHNICAL SERVICES FEES	PUBLIC WORKS & HOUSING	-	-	112,750	-	384,280	46,000	296,010	-	357,100	-	384,280	16,000
SIGNBOARDS	PUBLIC WORKS & HOUSING	12,140	698,850	221,000	214,600	161,380	375,500	1,184,922	-	1,932,100	538,968	860,230	1,359,800
SUB TOTAL		7,432,976	7,258,415	6,373,167	6,282,061	8,707,815	6,499,085	11,711,981	2,346,380	9,855,988	6,478,799	18,312,610	8,914,830
WEIGHT & MEASURES	TRADE & COMM	-	-	-	-	-	-	-	66,740	82,600	-	66,740	295,020
APPLICATION FOR SBP/RENEWAL	TRADE & COMM	232,000	1,178,600	383,100	99,300	498,800	1,549,500	1,308,300	135,300	1,047,500	911,870	1,812,700	868,100
HIRE OF TOWN HALL CHAMBERS	TRADE & COMM	77,500	50,000	25,000	31,200	17,600	1,000	14,000	12,900	12,500	33,700	80,500	-
MARKET STALLS/SLABS	TRADE & COMM	1,781,205	-	106,600	100,360	263,920	208,200	685,660	74,070	291,459	578,235	337,990	103,900

SOCIAL SERVICES	TRADE & COMM	-	-	36,769	-	3,500	36,300	-	-	171,900	65,170	3,500	128,800
SOCIAL PREMISES USE CHARGES	TRADE & COMM	531,600	346,900	215,700	376,905	719,400	257,700	55,710	171,500	111,500	205,100	1,237,800	227,900
SINGLE BUSINESS PERMITS	TRADE & COMM	7,130,013	2,159,830	2,733,449	1,692,707	1,225,520	998,145	8,676,550	1,824,006	11,392,234	6,200,780	5,209,356	10,271,540
HIRE OF STADIUM	TRADE & COMM	10,880	47,500	13,500	1,300	35,000	17,500	23,501	4,000	21,500	40,000	86,500	20,500
MARKET FEES	TRADE & COMM	1,648,542	8,199,547	3,007,495	4,272,809	4,200,937	3,195,655	1,284,330	563,597	2,623,393	4,973,885	12,964,081	4,412,055
SUB TOTAL		11,411,740	11,982,377	6,521,613	6,574,581	6,964,677	6,264,000	12,048,051	2,852,113	15,754,586	13,008,740	21,799,167	16,327,815
WATER SUPPLY ADMINISTRATION	WATER AND IRRIGATION	-	-	-	-	-	-	-	-	-	159,000	-	20,000
SUB TOTAL		-	-	-	-	-	-	-	-	-	159,000	-	20,000
GRAND TOTAL		44,719,163	39,643,238	30,752,463	27,211,790	34,825,208	32,936,323	44,649,658	10,261,569	67,993,550	43,040,295	84,730,015	71,623,656

Annex 3: Proposed CBROP Departmental ceilings for FY 2018/19 and the medium term

	APPROVED 2018/19			2018 CBROP REVIEW OF 2018/19				CBROP 2019/2020			APPROVED ESTIMATE		% CBROP REVIEW	
DEPARTMENT	RECURRENT	DEVELOPMENT	TOTAL	RECURRENT	DEVELOPMENT	TOTAL	NET CHANGE	RECURRENT	DEVELOPMENT	TOTAL	2017/18	2018/19	2018/19	2019/2020
COUNTY ASSEMBLY	590,000,000	105,000,000	695,000,000	590,000,000	75,000,000	665,000,000	(30,000,000)	595,000,000	25,000,000	620,000,000	11.6%	14.5%	14.6%	12.9%
GUBERNATORIAL	111,991,000	32,700,000	144,691,000	121,991,000	27,200,000	149,191,000	4,500,000	152,000,000	7,000,000	159,000,000	2.2%	3.0%	3.3%	3.3%
PUBLIC SERVICE AND A	2,268,831,069	6,000,000	2,274,831,069	2,268,831,069	3,000,000	2,271,831,069	(3,000,000)	2,368,831,069	5,000,000	2,373,831,069	36.8%	47.4%	49.7%	49.2%
FINANCE AND PLANIN	192,618,294	5,000,000	197,618,294	190,000,000	4,000,000	194,000,000	(3,618,294)	200,000,000		200,000,000	7.7%	4.1%	4.2%	4.1%
AGRICULTURE, LIVESTO	45,665,452	76,736,506	122,401,958	41,665,452	65,736,506	107,401,958	(15,000,000)	47,665,000	87,700,000	135,365,000	3.8%	2.5%	2.3%	2.8%
WATER AND SANITATI	19,915,000	158,500,000	178,415,000	21,915,000	138,500,000	160,415,000	(18,000,000)	23,900,000	178,500,000	202,400,000	7.5%	3.7%	3.5%	4.2%
EDUCATION AND LIBRA	204,153,000	129,497,708	333,650,708	184,153,000	109,497,708	293,650,708	(40,000,000)	187,000,000	123,700,000	310,700,000	6.7%	6.9%	6.4%	6.4%
HEALTH SERVICES	222,755,308	96,375,000	319,130,308	200,755,308	75,375,000	276,130,308	(43,000,000)	210,000,000	83,000,000	293,000,000	9.4%	6.6%	6.0%	6.1%
TRADE, TOURISM AND	37,063,680	53,800,000	90,863,680	35,063,680	43,800,000	78,863,680	(12,000,000)	39,000,000	41,200,000	80,200,000	4.6%	1.9%	1.7%	1.7%
PUBLIC WORKS AND IN	27,355,000	148,025,000	175,380,000	25,355,000	128,025,000	153,380,000	(22,000,000)	27,500,000	158,900,000	186,400,000	6.6%	3.7%	3.4%	3.9%
COUNTY PUBLIC SERVI	17,302,552		17,302,552	17,302,552		17,302,552	-	19,302,552		19,302,552	0.3%	0.4%	0.4%	0.4%
MINING	9,112,000	6,700,000	15,812,000	6,112,000	4,700,000	10,812,000	(5,000,000)	9,100,000	9,000,000	18,100,000	0.9%	0.3%	0.2%	0.4%
LANDS ENVIRONMENT	23,787,981	39,000,000	62,787,981	19,787,981	30,000,000	49,787,981	(13,000,000)	34,500,000	54,700,000	89,200,000	1.1%	1.3%	1.1%	1.8%
YOUTH,SPORTS AND G	20,451,995	154,200,000	174,651,995	18,451,995	124,200,000	142,651,995	(32,000,000)	23,100,000	112,000,000	135,100,000	0.8%	3.6%	3.1%	2.8%
TOTAL	3,791,002,331	1,011,534,214	4,802,536,545	3,741,384,037	829,034,214	4,570,418,251	(232,118,294)	3,936,898,621	885,700,000	4,822,598,621	100%	100%	100%	100%
	79%	21%	100%	82%	18%	100%		82%	18%	100%				

Annex 4: Key budget cycle dates for the FY 2018/19 and the medium term

SN	Document	Prepared By	Submitted To	Date
1	County Budget review and Outlook paper	County treasury	County Budget and Economic Forum County Executive Committee County Assembly	27 th September 2018 30 th September 2018 21 st October 2018
2	Sector Working Groups Reports and Draft sector/departments priorities for 2019/20	County departments	County Treasury	10 th December 2018
3	County Fiscal Strategy Paper(CFSP) and County Debt Strategy Paper	County Treasury	County Budget and Economic Forum County Executive Committee County Assembly	15 th February 2019 20 th February 2019 28 th February 2019
4	Draft Budget Estimates	County departments	County Treasury	30 th March 2019
5	Consolidated County Budget estimates	County Treasury	County Budget and Economic Forum County Executive Committee County Assembly	20 th April 2019 25 th April 2019 30 th April 2019
6	County Appropriation Bill	County Treasury	County Assembly	20 th June 2019