REPUBLIC OF KENYA

COUNTY GOVERNMENT OF LAIKIPIA

LAIKIPIA COUNTY FISCAL STRATEGY PAPER

FEBRUARY 2015

County Vision and Mission

Vision

A Peaceful and Prosperous Model County

Mission

To facilitate equitable sustainable development through improved service delivery, technological adoption and advancement and effective resources management

Values

Core Values

People-centeredness

Equity

Accountability

Efficiency

Professionalism

Integrity

Innovativeness

Passion

FOREWORD

This is the second Laikipia County Fiscal Strategy Paper which sets out the county's priority programmes to be implemented in the Financial Year 2015/16 as outlined in the County Integrated Development Plan and the Second Medium Term Plan of the Vision 2030. In addition it conforms to the direction of the 2015 Budget Policy Statement (BPS) at the national level as captured in the latter's theme: "**Enhancing Economic Transformation for a Shared Prosperity in Kenya**". More specifically, the CFSP recognises the challenges identified in the BPS and sets out measures to mitigate them.

The County Government of Laikipia is committed to improved service delivery to the public. Key pillars in the CFSP include: water, road transport infrastructure, health services, trade and enterprise development, land based natural resource management, agriculture and livestock development, education, public administration systems, energy and tourism. These pillars are also reflected in the BPS through its five key pillars: Creating a conducive environment in the private sector; investing in agriculture transformation and food security; investing in first class infrastructure; access to quality social services; shared prosperity and furthering of devolution for better service delivery.

The productive sector depends greatly on land resources and favourable weather. Improved infrastructure, storage and marketing shall continue to be addressed towards increased sector productivity. Entrepreneurial activities amongst the youth, women, and persons with disabilities will also be enhanced. Social protection for the elderly and vulnerable shall also be addressed.

The county revenue base shall continue to be enhanced towards increased resource envelope. Expenditure will also be committed to priority activities and maintain the principles of efficiency and effectiveness. The county is also committed to engage among others, the private sector and development partners to complement in the delivery of programmes.

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County Government of Laikipia

ACKNOWLEDGEMENTS

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I recognise the County Treasury staff led by Daniel Ngumi and his technical team who provided the necessary information and technical assistance in the preparation of the strategy paper. In addition I recognize the staff of the Economic Planning Unit led by Joseph Kamau and his team consisting of Joseph Mwangi, Evans Kamau, Alex Nzau and Mary Wanjiku for their invaluable contribution into the compilation of the Strategy Paper.

I also thank the participants at the ward levels whose consultations and views greatly improved the contents of the Strategy Paper. I express sincere gratitude to members of the public who took part during the public hearing forums and gave valuable inputs.

I take this chance to thank every member of staff in the Finance and Economic Planning Department for tiressless efforts during the preparation and finalization of this Strategy Paper.

Henry K. Mbuthia,

Chief Officer, Finance and Economic Planning Department

County Government of Laikipia

Abbreviations and Acronyms

B	Billion
BPS	Budget Policy Statement
CFSP	County Fiscal Strategy Paper
CRA	Commission on Revenue Allocation
FY	Financial Year
GDP	Gross Domestic Product
ICT	Information and Communication Technology
IMF	International Monetary Fund
M	Million
M2	Paper Money and Quasi Money
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
NSE	Nairobi Stock Exchange
PFMA	Public Finance Management Act
PPP	Public Private Partnership
US	United States

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

Kenya today has a two-tier system government comprising of national and county governments as stipulated in the Constitution of Kenya, 2010. The county governments are responsible for spearheading development in their respective areas of jurisdiction. They are to achieve this through a participatory process that links planning and budgeting as indicated Section 102 of the County Government Act, 2012.

The Public Finance Management Act, 2012 gives guidelines on the budgeting process. Towards ensuring a comprehensive budget process, the county governments are expected to prepare and submit a County Fiscal Strategy Paper (CFSP) to the County Assembly by the 28th February of each year. The preparation of the CFSP is provided for in section 117 of PFMA.

1.1 Legal Basis for the Preparation of the County Fiscal Strategy Paper.

The County Fiscal Strategy Paper is prepared in accordance with Section 117 of the Public Finance Management (PFM) Act. The law states that:

The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and then submit the approved Fiscal Strategy Paper to the County Assembly, by the 28th February of each year.

The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.

In preparing the County Fiscal Strategy Paper, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term.

The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term.

The County Treasury shall seek and take into account the views of the Commission on Revenue Allocation (CRA), the public, any interested persons or groups and any other forum that is established by legislation. It further states that the County Treasury shall consider any recommendations made by the County Assembly when finalizing the budget proposal for the financial year concerned. The County Treasury shall publish and publicize the County Fiscal Strategy Paper within seven days after it has been submitted to the County Assembly.

1.2 Fiscal Responsibility Principles for the County Government

In line with the Constitution, the PFM Act, 2012 sets out the fiscal responsibility principles to ensure prudent and transparent management of public resources. The PFM Act (Section 15) provides that:

1) The County government's recurrent expenditure shall not exceed the county government's total revenue.

2) Over the medium term a minimum of thirty percent of the County government's budget shall be allocated to the development expenditure.

3) The County government's expenditure on wages and benefits for public officers shall not exceed a percentage of the County government's total revenue as prescribed by the County Executive Member for Finance in regulations and approved by the County Assembly.

4) Over the medium term, the County government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.

5) The County debt shall be maintained at a sustainable level as approved by County Assembly.

6) Fiscal risks shall be managed prudently

7) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking in to account any tax reforms that may be made in the future.

CHAPTER TWO

RECENT GLOBAL, NATIONAL AND COUNTY ECONOMIC DEVELOPMENT

2.0 Introduction

Laikipia County is not isolated from the effect of global and national economic issues that do arise. These issues have had either positive or negative effects on the economic development of the county. This section highlights recent economic developments on the global and national level and the impact that this has on the county economic development.

2.1 Macroeconomic Environment

According to the December 2014 leading Economic Indicators by Kenya National Bureau of Statistics, Kenya's economy is estimated to have expanded by 5.5 per cent during the third quarter of 2014 compared to a revised growth of 6.2 per cent in the same period of 2013. The growth was mainly supported by strong expansions of activities in construction; finance and insurance; wholesale and retail trade; information and communication; and agriculture and forestry.

The Kenya Shilling exchange rate demonstrated mixed performance against major international currencies. The currency appreciated against the US dollar to Ksh 91.48 in Week two of February 2015 from Ksh 91.66 in Week four of January 2015 and against the Japanese Yen, the Kenya Shilling appreciated to Ksh 77.12 in Week two of February 2015 from Ksh 77.74 in Week four of January 2015. Against the Sterling Pound, the Shilling depreciated to Ksh 140.96 in Week two of February 2015 from Ksh 138.51 in Week four of January 2015 and against the Euro, it depreciated to Ksh 140.36 in Week two of February 2015 from Ksh 103.51 in Week four of January 2015.

In the EAC region, the Kenya Shilling strengthened against the Uganda Shillings to Ksh 31.34 in Week two of February 2015 from Ksh 31.17 in Week four of January 2015. Against Tanzania shilling, the Kenya Shilling appreciated to Ksh 20.01 in Week two of February 2015 from Ksh 19.81 in Week four of January 2015 and depreciated to Ksh 17.12 in Week two of February 2015 from Ksh 17.07 in Week four of January 2015 against the Burundi Franc.

The overall Consumer Price Index increased by 0.61 per cent from 152.51 in December 2014 to 153.43 in January 2015. The overall inflation rate stood at 5.53 per cent in January 2015 which is a decrease of 0.49 percent from the inflation rate of 6.02 per cent recorded in December 2014. The overall Producer Prices decreased by 1.28 per cent in the fourth quarter of 2014 compared to an increase of 0.69 per cent recorded in the third quarter of 2014.

The average yield rate for the 91-day Treasury bills dropped to 8.50 per cent in December 2014 from 8.64 per cent in November 2014. The inter-bank rates rose to 6.92 per cent during the period. The Nairobi Securities Exchange 20 share index dropped from 5,156 points in November 2014 to 5,113 points in December 2014, while the total number of shares traded increased from 666 Million to 900 Million shares during the same period. The total value of NSE shares traded expanded from KSh. 14.34 Billion to Ksh. 31.58 Billion over the same period.

Diaspora remittances, increased foreign investor participation in the NSE and enhanced confidence following successful issuance of the sovereign bond continues to support the Kenya shilling exchange.

2.2 Implementation Progress at the County Level

Laikipia County had an approved revised budget of Ksh. 3,927,394,760 comprising of Ksh. 3,009,697,543 from equitable share of the national revenue, Ksh. 400,000,000 generated locally and Kshs 40,000,000 from appropriation in Aid. Other revenues included: Conditional grants amounting to Ksh. 211,224,518 facility improvement fund amounting to Ksh. 160,000,000, rural electrification amounting to Ksh 97,122,699 and support from development partners (DANIDA) expected at Ksh. 9,350,000. Ksh. 2,438,600,199.00 (67.1 per cent) for recurrent expenditure and Kshs 1,194,336,221.0 (32.87 percent) for development expenditure.

From the period of July 2014 to January 2015 the total exchequer releases were Ksh. 1,420,448,388 representing 33 percent of the total allocations from national government. During the same period the county had collected Ksh. 101,879,050 from local sources representing 22 percent of the annual local revenue target. The development expenditure as at this time was Ksh. 292,111,809.56(16.6 per cent of the vote) while recurrent expenditure was Ksh.1, 061,410,324.14 (41.64 per cent of the vote).

Implementation of the 2014/15 budget up to January 2015 was largely on recurrent expenditure. The pending county cases on county assembly ceilings between the County Assemblies Speakers’ Forum and the Controller of Budget largely affected the budget implement especially the development projects. The county government has however achieved milestones in the establishment and operationalization of developments funds and authorities such as Ward Development Fund and Revenue Board. Infrastructural projects started in previous years as phases continued to be funded to their completion.

Adequate measures have been taken to ensure priority programmes are fully implemented. Implementation of priority programmes will be tracked and feedback provided periodically.

CHAPTER THREE
GLOBAL AND NATIONAL ECONOMIC OUTLOOK

3.0 Introduction

This section explores the global and national economic development outlook and how they will impact on the county's economic outlook and fiscal performance in the medium term**.**

3.1.1 Kenya's Economic Performance

Kenya's economic growth continues to perform below the 10 per cent growth rate as envisaged in the economic pillar of the Vision 2030. In 2015, real Gross Domestic Product is expected to grow by 7.2 percent up from 6.1 percent as forecasted in 2015 Budget Policy Statement (BPS). Over the medium term, growth is projected to pick up to about 7.1 percent and 7.2 percent in 2016/17 and 2017/18 respectively. The rebased National Accounts Statistics (NAS) in October 2014 ranked Kenyan as the 9th largest in Africa and 4th largest in Sub Saharan Africa.

Growth will be bolstered by continued improvement in agriculture (barring any adverse weather), wholesale and retail trading communication and ICT, tourism, construction and transport. While exports will continue to benefit from the relatively strong growth in the region, new measures will be introduced to diversify and promote Kenya's exports globally, especially export of services in the medium term. Overall, these favourable factors are expected to compensate for weakened public and private demand resulting from a tighter macroeconomic environment and somewhat weak global demand. Consumption growth will moderate in the short term as rising inflation limits disposable income. Meanwhile, growth in gross fixed capital formation is expected to be modest with rising domestic interest rates.

The targeted growth rate is needed to increase wealth creation, labour absorption and reduce poverty. The Government recognizes that further up-scaling would require mobilizing more resources, raising factor productivity and moving to a higher value- added and more efficient production structure to increase export growth.

3.1.2 Public-Private Partnership

Taking into account limited public resources, the Government will rely on the private sector to meet the economy's resource requirements while developing the appropriate market environment to promote efficiency. This call for faster implementation of the privatization program; provide for private sector participation in infrastructure development under a robust public-private partnership (PPP) agenda; promote appropriate regulation of private sector activity; and provide for greater private sector access to finance. All this will require macroeconomic stability, deeper structural reforms and enactment of enabling legislations especially under the Constitution of Kenya, 2010 framework.

3.1.3 Facing the Future

Looking ahead, the global economic environment continues to be fragile. Kenya's growth has slowed down but fundamentals remains sound, which should help growth to pick up momentum over the medium term. Restoring and safeguarding macroeconomic stability will support growth beyond the current projected growth rates necessary to reduce youth unemployment and poverty among our people. While Kenya's economic fundamentals remain sound, there is need to build on this resilience to accelerate growth, create more jobs, and put a meaningful dent to poverty and inequality. The recent economic developments are a clear indication that the policies being implemented in response to the shocks are beginning to take effect.

The improved economic performance will translate to increased revenues for the county as the law requires the division of revenues between the counties and the nation to be at least 15 per cent of the audited financial position of the country. It will be the duty of the county government to implement legislations that enhance local revenue collection, minimize or eradicate wastage in development expenditures and manage pressures on wage bills. In addition, the county government will need to identify the risks ahead and put measures to manage them. These risks include adverse weather patterns, delays in passage of the finance bills, wastages in the implementation of development projects and competing political interests which would adversely affect the revenue collections and outcomes of development expenditures. On the recurrent expenditures, there will be need to reduce wastage, increase efficiency and facilitate service delivery.

CHAPTER FOUR

FISCAL FRAMEWORK AND STRUCTURAL MEASURES FOR 2015/16 AND THE MEDIUM-TERM

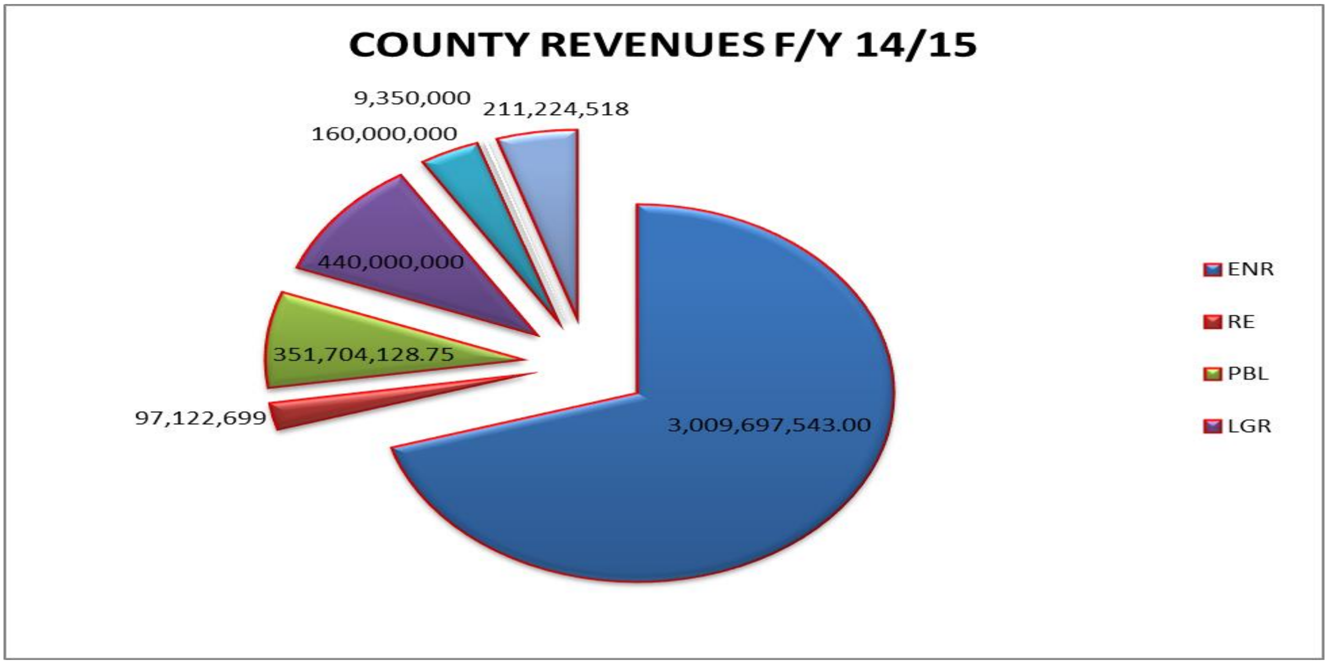
4.0 Introduction

This section highlights the projections for county revenue and recurrent and development expenditures. It also looks at the overall deficit and its financing, the underlying risks, structural measures and strategic interventions.

4.1 County Revenues

In the financial year 2014/15 the county revenue was estimated at Ksh. 3,927,394,760 comprising of Ksh. 3,009,697,543 from equitable share of the national revenue and Ksh. 440,000,000 comprising Kshs 400,000,000 of revenue generated locally and Kshs 40,000,000 from appropriation in Aid. Other revenues included: Conditional grants amounting to Ksh. 211,224,518 facility improvement fund amounting to Ksh. 160,000,000, rural electrification amounting to Ksh 97,122,699 and support from development partners (DANIDA) expected at Ksh. 9,350,000.

Figure 1: Laikipia County 2014/15 Revenue



The Draft County Allocation Bill, 2015 as prepared according to section 190 of the PFM Act set out the division of county governments share of revenue among the counties for the FY 2015/16. From these allocations, the Laikipia County will get an equitable share of Ksh. 3,366,335,960. In addition, the County government will get an additional conditional allocation of Ksh. 160,000,000 for facility improvement fund. Other allocations include Ksh. 26,292,445 for lease of medical equipment; Ksh. 43,820,742 for road transport maintenance; and Ksh. 92,127,700 as loans and grants. This makes the revenues expected from the national government for the FY 2015/16 amount to Ksh. 3,688,576,847. Revenue from local sources is projected at Ksh. 440,000,000.The total revenue projection for the FY 2015/16 is therefore Ksh. 4,128,576,847.

4.2 County Expenditure

Due to the limited resources facing the county Government, departmental funding requests will have to be in line with the county and national goals and objectives as outlined in this document, the County Fiscal Strategy Paper (CFSP) 2015 and the County Integrated Development Plan (2013-2017). In this regard, departments will have to rationalize and prioritize their expenditure programmes in the FY 2015/16 and medium term to focus only on the strategic interventions and projects that are captured in these documents. The expenditure has to be geared towards promotion of service delivery that supports social development, economic growth and transformation of the County.

In 2015/16, overall expenditures at the County are projected at Ksh 4,128,576,847 up from the revised budget for 2014/15 of Ksh. 4,110,633,636.98

4.3 Development Expenditure

In 2015/16, overall development expenditures are projected at Ksh. 1,141,900,788 (30 percent of the total budget) from 32.8 percent of the total budget in the revised budget for 2014/15. Development spending in 2014/15 of 1,194,336,221 was mainly on health facilities upgrading, water dams, rural electrification, roads improvement, milk coolants, health equipment, wildlife fences, school infrastructure, ward development and sports grounds improvements. Development spending in 2015/16 will focus on roads improvement, water infrastructure, energy supply, upgrading of health facilities, school infrastructure, markets, environment conservation and land based resource management.

4.4 Recurrent Expenditure

The County recurrent expenditure is expected to increase in 2015/16 to 70 % of the total budget from 67.12 % of the total budget in 2014/15. The estimated amount for 2015/16 is Ksh. 2,664,435,171.99 from Ksh. 2,438,600,199 in 2014/15. Salaries and the wage bill for 2015/16 have been estimated at Ksh. 1,870,482,892.00 compared to revised budget level of Ksh. 1,879,380,764 in 2014/15. This spending item is expected to stabilize over the medium term following staff rationalization at the county and national level in match of skills and functions. Other major spending departments include County Executive Services, County Assembly Services, Finance Management Services, Health and Sanitation, Water, Finance and Planning, Infrastructure, Education and ICT, Agriculture and Natural Resources.

4.5 2015/16 County Fiscal Policy Statement

Strategies for sustainable economic activities are critical in order to provide fiscal space for priority expenditures. Any wage adjustments for government agencies is expected to be met within the departmental ceilings. With respect to goods and services, expenditure ceilings for sectors/departments are determined by the funding allocation for goods and services in the previous year budget as the starting point. The ceilings are then reduced to take into account one-off expenditures in 2015/16 and then an adjustment factor is applied to take into account the general increase in prices.

Consistent with the objective of allocating adequate resources towards development outlays and the need to ensure completion of critical infrastructure (roads, water, energy and markets), the uptake of development expenditures including funding from development partners is to be maintained at over 40 percent of the county total revenues. Most of the outlays are expected to support critical infrastructure that will crowd in private sector investment as well as critical interventions to remove binding constraints to accelerated growth.

With improvement in procurement planning, the absorption capacity of project funds is expected to increase resulting in a higher investment level in infrastructure activities.

In view of challenges of climate change and unforeseen shocks, Emergency Fund provision of Ksh. 76,126,719.20 will be provided in the budget for 2015/16 from Ksh. 66,000,000 in 2014/15 to be applied in line with the Emergency Fund requirements.

4.6 Overall Deficit and Financing

To ensure fiscal discipline, the 2015 BPS encourages the County governments not to include deficits in their budgets in 2015/16 and medium term without a clear and realistic plan of how the deficit will be funded. It is in this regard that the county government allocated resources for spending that are commensurate to the revenues expected in the 2015/16 and the medium term.

During the 2015/16 fiscal year, the county budget shall be financed through transfer from the national government and own revenue collected from local sources such as fees and charges, rates, among others as allowed by the governing Acts. The 2015/16 fiscal framework is therefore fully financed.

CHAPTER FIVE

RESOURCE ENVELOPE AND CRITERIA FOR RESOURCE ALLOCATION

5.0 Introduction

The section provides for the available resources in terms of revenue and deficit finance vis a vis resource requirement. This will be informed by the national objectives and goals as outlined in the Budget Policy Statement and the set out resource sharing guidelines.

According to Articles 201, 202 and 203 of the Constitution, revenue raised nationally shall be shared equitably among the two levels of governments and among county governments to enable them provide services and perform the functions assigned to them under the Fourth Schedule of the Constitution. The equitable division of revenue between the two levels of government should take into account the criteria specified in Article 203 of the constitution. In addition, the Constitution requires that a minimum of 15 percent of all revenue collected by the national government shall be allocated to county government. In the year 2015/16, the county governments will receive Ksh. 253 Billion that will be shared equitably. Laikipia County will receive Ksh 3,366,335,960 translating to 1.33 % of the equitable share.

The Commission on Revenue Allocation (CRA) Act, 2011 defines revenue as follows:

"...all taxes imposed by the national government under Article 209 of the constitution and any other revenue (including investment income) that may be authorized by an Act of Parliament, but excludes revenues referred to under Articles 209 (4) and 206(1)(a)(b) of the Constitution".

The definition of revenue, therefore, includes: income tax; value added tax; customs duties and other duties on imports and exports; excise tax; and any other tax or duty authorized by an Act of Parliament but excludes taxes which have been assigned exclusively to county governments by the Constitution. The definition also explicitly excludes: (i) charges imposed for the provision of a service (Article 209 (4)); (ii) money excluded by an Act of Parliament and payable into another public fund established for a specific purpose (Article 206(1) (a); and (iii) money retained by a state organ that received it for the purpose of defraying the expenses of the State organ (Article 206(1)(b).

5.1 Sector Priorities and Ceilings

This section provides the sector ceilings for the MTEF period ensuring continuity in resource allocation from the last financial year consistent with the MTEF budgeting approach. The ceilings include the strategic interventions, details of sector ceilings that will continue to be informed by well defined programmes and expected outputs.

5.1.1 Agriculture, Livestock and Fisheries Development Sector

The County Government will prioritize food security initiatives through enhanced production mechanisms targeting: irrigation, wildlife conflict management, disease control and surveillance, industrial activities such as milk cooling plants and abattoirs.

5.1.2 Trade, Tourism, and Enterprise Development Sector

The county government will prioritize support programmes in co-operative societies, marketing of Laikipia as a tourist destination and improving the investment environment to attract industries. Improved funding of priority projects under these programmes in 2015/16 will foster employment creation and support the productive sector.

5.1.3 Infrastructure Sector

Road transport infrastructure and rural electrification have been identified as critical foundations whose implementation will greatly enhance the commercial and productive activities in the dominant rural households of the county. Town planning, approvals of building plans, estate management and office space have been identified as priorities in land planning and housing management.

5.1.4 Education, Science and Technology Sector

School infrastructures at ECDE, Polytechnics, Primary and Secondary levels are key programmes in the sector. Support of needy students is also prioritized in 2015/16. Implementation of enhanced ICT absorption initiatives in schools, offices and in service delivery will also gain incremental funding.

5.1.5 Health and Sanitation Sector

The increased need for service delivery systems, medical supplies, integrated health outreaches and mobile clinic programs, ambulance services and upgrading the health facilities guides the allocation of resources in this sector.

5.1.6 Culture and Social Services Sector

The improvement of sports grounds in urban areas, social halls and conducting annual cultural and sports events will guide the allocation of resources. Social protection to needy households is also provided for in ensuring that special needs are catered for amongst the elderly, persons with disabilities, orphans and the vulnerable.

5.1.7 Environment, Water and Natural Resources Sector

Rehabilitation of water services, construction of new dams, boreholes, development in water storage rangeland management, electric fencing and forestry will continue to be supported in 2015/16 and the medium term.

5.1.8 Governance, Security, Cohesion and Justice Sector

Local initiatives in promoting a cohesive and peaceful county will be prioritized targeting: community policing, street lighting.

5.1.9 Public Service and County Administration

Operations of various departments and agencies shall be prioritized towards ensuring seamless delivery of services at the county, Sub County, ward and other levels.

5.1.9 Finance and Economic Planning Sector

Revenue collection enhancement is a critical service to the county. Integration of ICT in procurement, payrolls and financial management is a critical pillar in the Treasury operations. Integrated planning, sectoral planning, and monitoring and evaluation will be realized through public participation and concerted efforts of the relevant departments. Monitoring and Evaluation will be critical in assessing relevance, effectiveness and efficiency in delivery of services and development programmes.

5.1.10 Legislative Services

The legislative services and oversight roles shall continue be the main spending items as well as promotion of accountable use of power.

Table 1: Summary of Resource Allocations (Ksh)

DETAILS	2014/15	2014/2015 Revised	2015/16	2016/17	2017/18
Recurrent Expenditure					
Personal Emoluments	1,759,050,580.89	1,879,380,764.00	1,870,482,892.00	2,057,531,181.20	2,263,284,299.32
Operations and Maintenance	761,107,420.11	559,219,435.00	793,952,280.00	873,347,508.00	960,682,258.80
Total Recurrent Expenditure	2,520,158,001.00	2,438,600,199.00	2,664,435,172.00	2,930,878,689.20	3,223,966,558.12
Development Expenditure	916,245,900.00	1,194,336,221.00	1,141,900,788.00	1,256,090,866.80	1,381,699,953.48
Total Development Expenditure	916,245,900.00	1,194,336,221.00	1,141,900,788.00	1,256,090,866.80	1,381,699,953.48
Total Budget	**3,305,415,101.00**	**3,632,936,419.98**	**3,806,335,960.00**	**4,186,969,556.00**	**4,605,666,511.60**

NOTE: The Salaries and Remuneration Commission recommendations on staff medical insurance and various allowances have not been captured as they will be implemented gradually. They will be introduced into the budget as directed.

Table 2 Sector Ceilings in 2014/15

Sector	Total Allocation 2014/15	Allocation Recurrent 2014/2015	Allocation Development 2014/2015	Revised total allocation 2014/15	Revised Recurrent 2014/2015	Revised Development 2014/2015
County Assembly	432,121,470.00	386,121,470.00	46,000,000.00	241,000,000.00	174,000,000.00	67,000,000.00
Agriculture	169,290,120.82	201,700,020.82	149,120,100.00	139,234,798.80	22,000,020.82	117,234,778.00
Gender ,Youth and Sports	62,650,575.27	12,109,375.27	50,541,200,.00	33,010,575.27	14,469,375.27	18,541,200.00
Education and ICT	86,844,013.48	9,810,313.48	77,033,700.00	105,034,400.00	8,000,700.00	97,033,700.00
County Administration	1,861,784,080.89	1,759,050,580.89	102,733,500.00	2,083,233,204.89	2,014,050,579.89	69,182,625.00
Infrastructure, Lands, Urban Planning	113,948,251.50	11,214,751.50	102,733,500.00	301,193,800.00	15,722,400.00	285,471,400.00
Trade, Tourism ,Co-operatives &	90,198,728.00	23,384,028.00	66,814,700.00	65,294,700.00	24,480,000.00	40,814,700.00
Finance and Economic Planning	183,121,680.74	70,688,180.74	112,433,500.00	164,297,843.02	109,797,843.02	54,500,000.00
Health Services	171,912,580.30	42,079,280.30	129,833,300.00	179,712,580.00	44,079,280.00	135,633,300.00
Water	133,543,600.00	4,000,000.00	129,543,600.00	320,924,518.00	12,000,000.00	308,924,518.00
Total	**3,305,415,101.00**	**2,520,158,001.00**	**916,245,900.00**	**3,632,936,419.98**	**2,438,600,199.00**	**1,194,336,221.00**

Table 3: Sector Ceilings in 2015/16 and Medium Term

Sector	2015/2016 Projections	2015/2016 Projections Recurrent	2015/2016 Projections Development	2016/2017 Projections	2016/2017 Projections Recurrent	2016/2017 Projections Development	2017/2018 Projections	2017/2018 Projections Recurrent	2017/2018 Projections Development
County Assembly	361,000,000.00	331,000,000.00	30,000,000.00	375,100,000.00	364,100,000.00	33,000,000.00	412,610,000.00	400,510,000.00	36,300,000.00
Agriculture	204,952,007.46	53,418,261.20	151,533,746.27	225,447,208.21	58,760,087.32	166,687,120.90	247,991,929.03	64,636,096.05	183,355,832.99
Gender ,Youth and Sports	90,187,341.31	32,598,303.08	57,589,038.23	99,206,075.44	35,858,133.39	63,347,942.05	109,126,682.98	39,443,946.73	69,682,736.26
Education and ICT	112,116,294.98	26,043,469.86	86,072,825.12	123,327,924.48	28,647,816.85	94,680,107.63	135,660,716.93	31,512,598.54	104,148,118.39
County Administration	264,779,671.75	150,326,637.15	114,453,034.60	291,257,638.93	165,359,300.87	125,898,338.06	320,383,402.82	181,895,230.96	138,488,171.87
Infrastructure, Lands, Urban Planning	184,736,474.64	36,413,627.99	148,322,846.65	203,210,122.10	40,054,990.79	163,155,131.32	223,531,134.31	44,060,489.87	179,470,644.45
Trade, Tourism &,Co-operatives	117,738,706.44	28,558,559.11	89,180,147.32	129,512,577.08	31,414,415.02	98,098,162.05	142,463,834.79	34,555,856.52	107,907,978.26
Finance and Economic Planning	329,249,901.92	138,670,148.12	190,579,753.80	362,174,892.11	152,537,162.93	209,637,729.18	398,392,381.32	167,790,879.22	230,601,502.10
Health Services	279,920,063.19	137,086,819.10	142,833,244.09	307,912,069.51	150,795,501.01	157,116,568.50	338,703,276.46	165,875,051.11	172,828,225.35
Water	181,172,606.31	49,836,454.39	131,336,151.92	199,289,866.94	54,820,099.83	144,469,767.11	219,218,853.63	60,302,109.81	158,916,743.82
Total	**2,105,853,068.00**	**983,952,280.00**	**1,141,900,788.00**	**2,316,438,374.80**	**1,082,347,508.00**	**1,256,090,866.80**	**2,548,082,212.28**	**1,190,582,258.80**	**1,381,699,953.49**

NB. Conditional Grants not included in the 2015/2016 Sector Projections; Roads -43,820,742.00, Pending Bills -92,127,700.00, Health Services -186,292,445.00

5.2 Challenges to be addressed

The following challenges and respective recommendations are highlighted:

The outlook for 2015 may face unpredictable weather patterns whose effects if not adequately mitigated; the county will record a poor economic performance. Information from Early Warning Systems requires be acting on and fully supporting with funding.

Delays in exchequer releases and related issues caused by unpredicted implementation of development projects may result to slow uptake of development funds. The equitable share of devolved funds has continued to be progressive in enabling the county to realize its development goals. Treasury needs to ensure adequate and timely release of allocated funds for effective and efficient implementation of activities and programmes.

Revenues fell short of target in the first half of 2014/15. Mainstreaming and automation of revenue collection shall be strengthened. Public Private Partnerships shall be embraced as well towards an increased county resource envelope.

Additional spending pressures have emerged mainly on staffing recruitment, working space, working tools and equipment. This should stabilize by 2016/17 in line with the activities of Capacity Assessment and Rationalization in Public Service.

Procurement processes have been cited as delaying most of the projects, leading to upward revision of costs. Adherence to Public Procurement and Disposal Act, 2014 amendments will ensure timely implementation of activities.

The period July-December 2014 had little activities on tracking of activities for results. This calls for a strengthened monitoring and evaluation system to track and ensure timely implementation of projects and programmes, by strengthening initiatives such as NIMES and e-Promis.

The requirements on public participation in governance and development have been met with mixed results. There is therefore need to embrace best practices in broadening citizenry inputs in policies, budget making and implementation of programmes/projects.

Annexes

The section contains annexes of documentation that have informed the CFSP, 2015.

Annex 1: Yearly Budget Projection for the County Integrated Development Plan

Sector	**Total Budget**	**Time frame**				
	Ksh. 'M'	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/2018**
Agriculture, Land, Livestock and Fisheries Agriculture, land, livestock and fisheries- Sh. 8,468.1 M Livestock production- 562.7 M Veterinary services- 913 M	9,943.8	1,988.8	1,988.8	1,988.8	1,988.8	1,988.8
Trade, Industrialization and Cooperative Development Trade and Industrialization- 583 M Cooperative development- 808M	1,191	238.2	238.2	238.2	238.2	238.2
Water, Environment & Natural Resources Water- 2,136 M Forestry – 221.7 M	2,357.7	471.5	471.5	471.5	471.5	471.5
Finance & Planning	385	77	77	77	77	77
Health and Sanitation	31,687.5	6,337.5	6,337.5	6,337.5	6,337.5	6,337.5
Infrastructure, Energy & Housing Roads- 22,322 B Public works- 58M Urban planning- 283M	22,663	4,532.6	4,532.6	4,532.6	4,532.6	4,532.6
Governance, Security, Cohesion and Public Administration	1,301	260.2	260.2	260.2	260.2	260.2
Gender, Culture, Youth, Sports, Children and Social Development	960	192	192	192	192	192
Tourism and Wildlife Development	2,850	570	570	570	570	570
Total	**72,148**	**14,429.60**	**14,429.60**	**14,429.60**	**14,429.60**	**14,429.60**

Annex 2: Monthly Cash Disbursement Schedule for Laikipia County 2014/15

RECURRENT EXCHEQUER RELEASES					
Sector	**Budget (30th April 2014)**	**First Quarter Exchequer Total**	**Total 2nd Quarter Releases**	**Total Releases 1st and 2nd Quarters**	**Budget Balance**
Agriculture	21,542,020.82	4,206,431.08	**6,564,579.33**	10,771,010.41	10,771,010.41
Education	9,810,313.00	1,915,621.35	**2,989,535.20**	4,905,156.55	4,905,156.45
Gender	12,109,375.27	2,364,552.10	**3,690,135.54**	6,054,687.64	6,054,687.64
County Administration	1,753,690,579.89	502,878,137.39	**373,967,152.56**	876,845,289.95	876,845,289.94
Infrastructure	11,214,751.50	2,189,880.15	**3,417,495.60**	5,607,375.75	5,607,375.75
Finance and Planning	70,688,180.82	30,951,593.79	**4,392,496.92**	35,344,090.70	35,344,090.12
Trade and Industrialization	23,384,028.00	4,668,402.80	**7,023,611.20**	11,692,014.00	11,692,014.00
Health	42,079,280.30	8,216,666.03	**12,822,974.12**	21,039,640.15	21,039,640.15
Water	4,000,000.00	781,065.00	**1,218,935.00**	2,000,000.00	2,000,000.00
County assembly	396,481,470.40	45,000,000.00	**42,151,060.00**	87,151,060.00	309,330,410.40
Totals	**2,345,000,000.00**	**603,172,349.68**	**458,237,975.46**	**1,061,410,325.14**	**1,283,589,674.86**

DEVELOPMENT EXCHEQUER RELEASES					
Sector	**Budget(30th April 2014)**	**First Quarter Exchequer Total**	**Second Quarter Exchequer Total**	**First and Second Quarter Exchequer Total**	**Budget Balance**
Agriculture	150,620,100.00	13,000,000.00	42,585,707.00	55,585,707.00	95,034,393.00
Education	77,033,700.00		37,369,920.00	37,369,920.00	39,663,780.00
Gender	51,541,200.00		12,958,209.00	12,958,209.00	38,582,991.00
County Administration	102,433,500.00		4,833,590.00	4,833,590.00	97,599,910.00
Infrastructure	132,746,400.00		44,250,079.66	44,250,079.66	88,496,320.35
Finance and Planning	132,433,500.00		18,558,098.00	18,558,098.00	113,875,402.00
Trade and Industrialization	66,814,700.00		18,003,924.00	18,003,924.00	48,810,776.00
Health	127,833,300.00		60,939,483.00	60,939,483.00	66,893,817.00
Water	117,543,600.00		19,612,799.00	19,612,799.00	97,930,801.00
County Assembly	46,000,000.00	10,000,000.00	10,000,000.00	20,000,000.00	26,000,000.00
Totals	**1,005,000,000.00**	**23,000,000.00**	**269,111,809.66**	**292,111,809.66**	**712,888,190.35**

Annex 3: Projected Local Revenue in 2015/16 and Medium Term

Projected Revenue 2015/2016(Ksh)	Projected Revenue 2016/2017(Ksh)	Projected Revenue 2017/2018(Ksh)
440,000,000.00	450,000,000.00	460,000,000.00

Annex 4: Conditional Grants

Conditional Grants Recurrent and Development	2014/15 Allocations (Ksh)
Pending bills and outstanding liabilities	351,704,128.75
Facility improvement fund	121,350,000.00
County administration sector	56,000,000.00
Finance and economic planning	155,224,518.00
Health and sanitation	48,000,000.00
County infrastructure rural Electrification	97,122,699.00
Totals	**829,401,345.80**
Conditional Grants Recurrent and Development	**2015/16 Allocations (Ksh)**
Facility Improvement Fund	160,000,000.00
Road maintenance	43,820,742.00
Leasing of Medical equipment	26,292,445.00
Loans and grants	92,127,700.00
Totals	**322,240,887.00**