

REPUBLIC OF KENYA

COUNTY GOVERNMENT OF KIRINYAGA

**COUNTY BUDGET REVIEW
AND OUTLOOK PAPER
(CBROP)**

SEPTEMBER 2017

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Foreword

The County Budget Review Outlook Paper (CBROP) is prepared in line with section 118 of the Public Finance Management Act, 2012. It reviews the actual fiscal performance of the financial year 2016/17 and makes comparisons to the budget appropriations of the same year. It presents the recent economic developments and actual fiscal performance of FY 2016/17. It further provides updated forecasts with sufficient information to show changes from the projections outlined in the latest County Fiscal Strategy Paper (CFSP). The Paper also provides an overview of how the actual performance of the FY 2016/17 impact on compliance with the fiscal responsibility principles and the financial objectives.

The approved second supplementary budget amounted to KShs. 5.244 Billion. Recurrent expenditure estimates allocated 64% at KShs 3.369 Billion and Development expenditure estimates at 36% with KShs. 1.875 Billion. Total cumulative development expenditure amounted to KShs. 1.083 Billion. This represents utilization of 58% of the Development estimates in the Supplementary II budget. Total development expenditure in fourth quarter amounted to KShs. 630.7 Million. This represents utilization of more than half (58.3%) of the total development expenditure in the last quarter.

Local Revenue collections in the Financial Year 2016/17 amounted to KShs 320.6 million which represents 43.15% target achievement compared to the above local revenue target of KShs 743.2 Million. In the Financial Year 2015/16 Kirinyaga County had collected KShs 390.37 Million as local revenue hence there was a decrease of KShs 69.7 Million from the previous financial year. This reduction in local revenue collection is attributed to reduction of charges in the fees, charges & levies in the Finance Act, 2016. Specifically there were reductions in Business licensing which is the main county revenue source and others included Liquor licensing, property rates and conservancy fee. In addition the extensive industrial strikes in the health sector affected service delivery hence low collections from the sector

Hon. Murimi Murage

County Executive Committee Member for Finance and Economic Planning

Acknowledgment

Preparation of the County Budget Review and Outlook Paper is a product of unwavering commitment and efforts. First and foremost I would like to acknowledge H.E the Governor and Deputy Governor and the entire County Executive Committee for continued leadership, guidance and resources support in preparation of this document. Special acknowledgment goes to CEC Member Finance and Economic Planning, Marketing and ICT, for his guidance, direction and support.

Sincere gratitude goes to all the Chief Officers and Directors of County Departments for their input in providing necessary information and submissions, and their participation which forms the core of this paper. Also highly appreciated is Mr. James Gitahi (County Budget Coordinator-Office of Controller of Budget) for vital submissions towards production of this paper.

I would also wish to convey my gratitude to the Economic Planning and Budget staff led by, Naftaly Mwangi, Head County Budget, Mr. J.N. Mbugua, Director Economic Planning, and Economists in the department. The team worked tirelessly in ensuring accurate and timely completion of this paper.

Finally, other officers not mentioned here and have contributed towards preparation of this paper remains highly appreciated.

ELIUB COMBA

CHIEF OFFICER- FINANCE AND ECONOMIC PLANNING, MARKETING AND ICT

Abbreviations/Acronyms

CA	County Assembly
CBK	Central Bank of Kenya
CBROP	County Budget Review and Outlook Paper
CE	County Executive
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
ICT	Information Communication Technology
MTEF	Medium Term Expenditure Framework
OCoB	Office of Controller of Budget
PFMA	Public Finance Management Act
PPPs	Public Private Partnerships
SBP	Single Business Permit

1.0 INTRODUCTION

1.1 Background

This CBROP is the fourth to be prepared by Kirinyaga County in continued adherence to Section 118 of the Public Finance and Management Act (PFMA), 2012. The CBROP contains a review of the fiscal performance of the financial year 2016/17, updated macroeconomic forecast, and the experiences in the implementation of the budget estimates for the financial year 2016/17.

1.2 Legal Framework for the publication of the CBROP

The County Budget Review and Outlook Paper is prepared in accordance with Section 118 of the Public Finance Management Act, 2012 which states that:

- 1) A County Treasury shall —
 - a) Prepare a County Budget Review and Outlook Paper in respect of the county for each financial year; and
 - b) Submit the paper to the County Executive Committee by the 30th September of that year.
- 2) In preparing its County Budget Review and Outlook Paper, the County Treasury shall specify—
 - a) The details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;
 - b) The updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper;
 - c) Information on—
 - (i) Any changes in the forecasts compared with the County Fiscal Strategy Paper; or
 - (ii) How actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for that financial year; and
 - d) Reasons for any deviation from the financial objectives in the County Fiscal Strategy Paper together with proposals to address the deviation and the time estimated for doing so.

3) The County Executive Committee shall consider the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, within fourteen days after its submission.

4) Not later than seven days after the County Budget Review and Outlook Paper is approved by the County Executive Committee, the County Treasury shall—

- a) Arrange for the Paper to be laid before the County Assembly; and
- b) As soon as practicable after having done so, publish and publicize the Paper.

1.3 Fiscal Responsibility Principles in the PFM Law

In line with the constitution, the Public Finance Management Act (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudence and transparency in the management of public resources. The PFM law (Section 107) states that:

- 1) A County Treasury shall manage its public finances in accordance with the principles of fiscal responsibility set out in subsection (2), and shall not exceed the limits stated in the regulations.
- 2) In managing the county government's public finances, the County Treasury shall enforce the following fiscal responsibility principles-
 - a) The county government's recurrent expenditure shall not exceed the county government's total revenue;
 - b) Over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure;
 - c) The county government's expenditure on wages and benefits for its 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;
 - d) Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;
 - e) The county debt shall be maintained at a sustainable level as approved by county assembly;
 - f) The fiscal risks shall be managed prudently; and

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

1.4 Objectives of the CBROP

The objective of the County Budget Review and Outlook Paper is to provide—

- (i) A review of the County Fiscal performance in the financial year 2016/17 compared to the appropriation of that year and how this had an effect on the economic performance of the County.
- (ii) An updated economic and financial forecast with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy paper.
- (iii) Information on any changes in the forecasts compared with the County Fiscal Strategy Paper.
- (iv) Reasons for any deviation from the financial objectives in the CFSP together with the proposals to address the deviation and the time estimated for doing so.

Therefore, this CBROP will aim at informing the basis for preparation of the 2018/19 FY budget.

2.0 REVIEW OF FISCAL PERFORMANCE FOR 2016/17 FINANCIAL YEAR

2.1 Revenue Analysis

In the Financial Year 2016/2017 the approved Kirinyaga County budget amounted to KShs 5.244 Billion. The county budget was to be financed by the below resource envelop in all the county sectors:

REVENUE SOURCES			
DESCRIPTION	FY 2016/2017 APPROVED BUDGET	FY 2016/2017 SUPPLEMENTARY 2 BUDGET	Variance
Equitable Share	3,817,781,963	3,817,781,963	-
Allocation for Free Maternal Healthcare	45,389,754	45,389,754	-
Allocation - User Fees Foregone	11,625,078	11,625,078	-
Allocation of Roads Maintenance Fuel Levy Fund for Repair and Maintenance of County Roads	58,660,195	58,660,195	-
Allocation Financed by Grant from Government of Denmark to Supplement Financing of County Health facilities (DANIDA)	6,385,000	6,385,000	-
Local Revenues	460,000,000	743,239,866	283,239,866
World Bank Devolution Support Programme Grant	24,601,287	24,601,287	-
Rolled over Funds	692,266,941	454,388,530	(237,878,411)
10% Ad Valorem Levy for Tea Infrastructure Services	20,517,876	20,517,876	-
Coffee Cess Funds	-	17,270,356	17,270,356
Refund from LAPFUND	-	45,000,000	45,000,000
TOTAL REVENUES	5,137,228,094	5,244,859,905	107,631,811

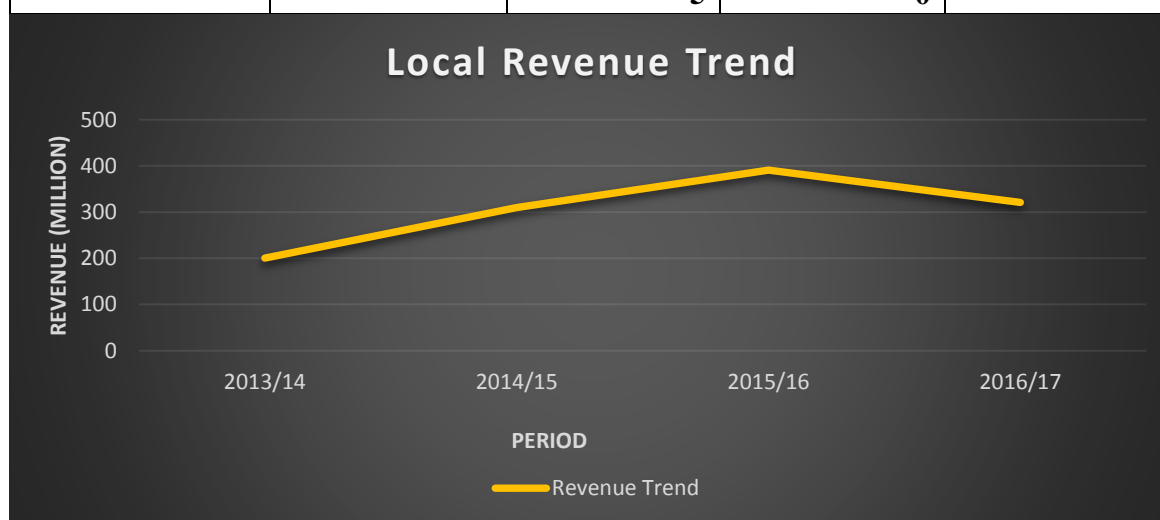
2.1.1 Performance of the Revenue sources

In 2016/17 Financial Year, the County received from the exchequer a total of KShs. 4.064 Billion. This amount included, KShs. 3,817,781,963 as the equitable share allocation, Conditional grants which comprises of Road maintenance levy fund, user fees foregone and DANIDA grant amounted to a total of KShs. 246.3 Million.

The County Own revenue collections in the Financial Year 2016/17 amounted to KShs 320,638,298.35 which represents 43.15% target achievement compared to the above local revenue target of KShs 743,239,866. In the Financial Year 2015/16 Kirinyaga County had collected KShs 390, 377,140.30 as local revenue hence there was a decrease of KShs 69, 738,841.95 from the previous financial year.

Revenue Source	ANNUAL TARGET FY 16/17	ACTUAL COLLECTION FY 16/17	ACTUAL COLLECTION FY 15/16	VARIANCE	% Actual Performance against Annual Target
Business Permits	114,842,238.40	69,893,973.00	99,862,816.00	(29,968,843.00)	60.86%
Market Entrance/Gate Fee	47,746,970.75	34,478,330.00	41,519,105.00	(7,040,775.00)	72.21%
Quarry Cess/Fee	7,540,895.00	5,598,180.00	6,557,300.00	(959,120.00)	74.24%
Parking Fee	29,750,335.00	16,958,770.00	19,782,900.00	(2,824,130.00)	57.00%
Land,Ground Rates & Arrears	297,097,733.15	27,876,425.00	41,992,781.00	(14,116,356.00)	9.38%
Liquor License	35,000,000.00	24,271,350.00	44,453,876.00	(20,182,526.00)	69.35%
Health(Hospitals)	114,793,094.30	55,414,680.50	67,276,306.30	(11,861,625.80)	48.27%
Veterinary Services	3,050,185.25	3,338,000.00	2,652,335.00	685,665.00	109.44%
Buildings Plans	4,728,548.15	4,547,705.00	4,111,781.00	435,924.00	96.18%
Public Health	20,000,000.00	17,281,820.00	16,539,750.00	742,070.00	86.41%
Agricultural Food Authority	0.00	20,817,224.00	0.00	20,817,224.00	
Sub Division Fee	1,900,000.00	844,100.00	1,659,860.00	(815,760.00)	44.43%
Plot Transfer Fee	1,600,000.00	754,620.00	1,429,020.00	(674,400.00)	47.16%
House Rents	7,500,000.00	6,683,351.00	7,548,703.00	(865,352.00)	89.11%
Survey Fee	1,400,000.00	408,700.00	1,255,956.00	(847,256.00)	29.19%

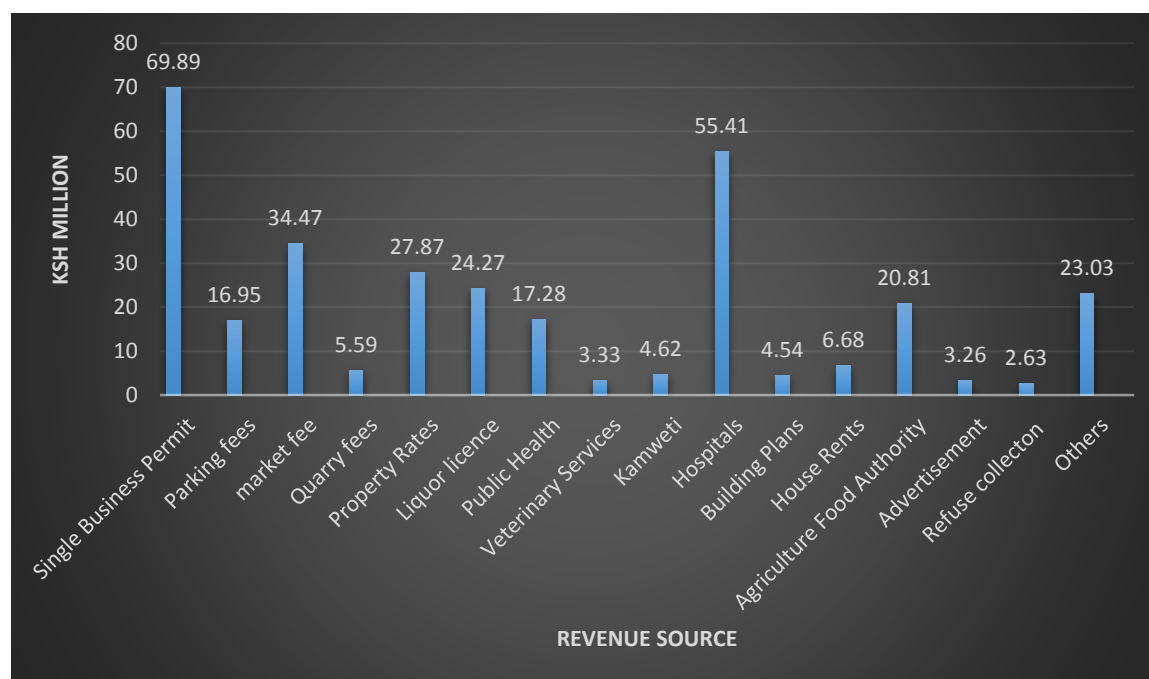
Sale Of Minutes	1,100,000.00	1,017,500.00	963,700.00	53,800.00	92.50%
Advertisement	4,000,000.00	3,263,424.00	3,559,360.00	(295,936.00)	81.59%
Produce Cess	8,400,000.00	2,140,030.00	1,899,040.00	240,990.00	25.48%
Trade-Weights	1,000,000.00	947,660.00	903,060.00	44,600.00	94.77%
Coop Audit	450,000.00	504,745.00	398,800.00	105,945.00	112.17%
Group Registration	2,200,000.00	1,094,800.00	1,927,340.00	(832,540.00)	49.76%
Refuse Collecton	9,000,000.00	2,632,321.00	7,423,019.00	(4,790,698.00)	29.25%
Coffee Cess	15,000,000.00	778.00	5,552,645.00	(5,551,867.00)	0.01%
Kamweti	4,900,000.00	4,620,592.85	3,837,358.00	783,234.85	94.30%
Administrative Charges	10,239,866.00	15,249,219.00	7,270,329.00	7,978,890.00	148.92%
Total	743,239,866.00	320,638,298.35	390,377,140.30	(69,738,841.95)	43.15%



Local Revenue trend for the last four Financial Years

The reduction in revenue collection in the FY 2016/17 was mainly attributed to reduction of charges in the fees, charges & levies in the Finance Act, 2016. Specifically there were reductions in Business licensing which is the main county revenue source and others included Liquor licensing, property rates and conservancy fee. In addition the extensive industrial strikes in the health sector affected service delivery hence low collections from the sector. Finally Kirinyaga County witnessed low rainfall affecting agricultural production which is the main county economic activity thus low market fees and produce cess collections.

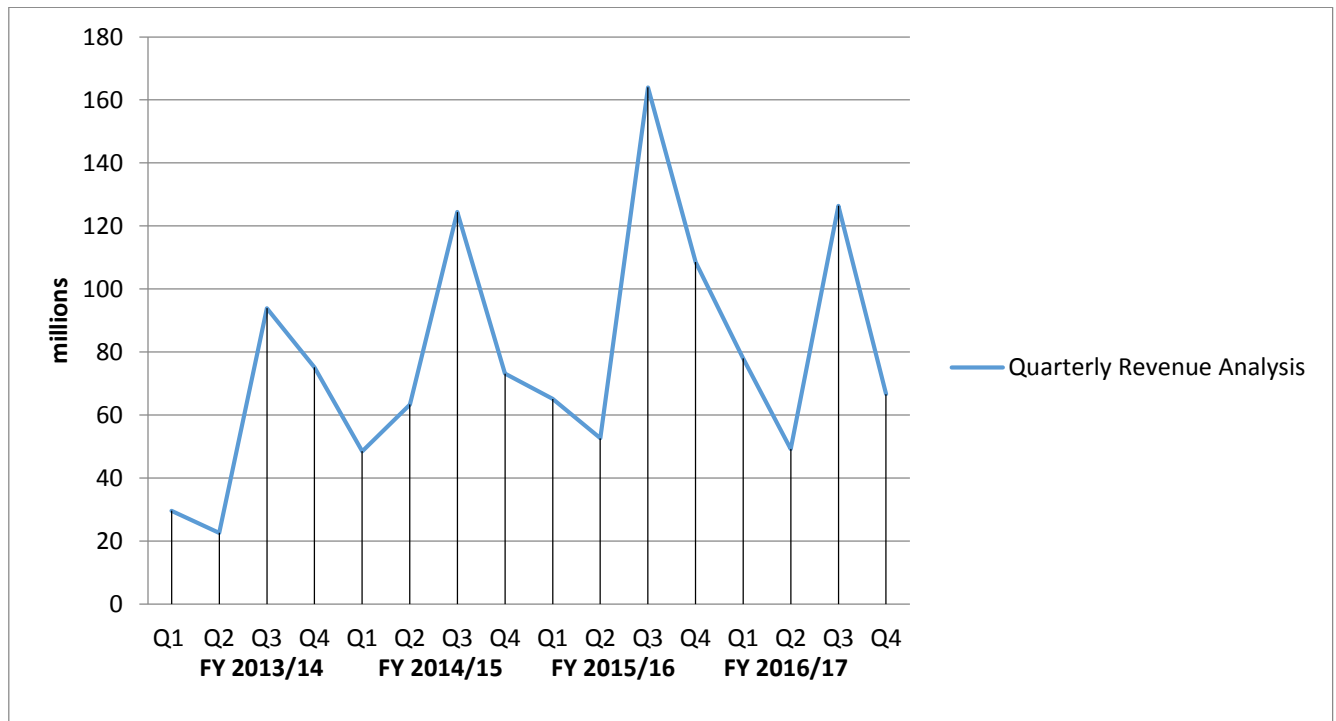
The highest revenues sources in the FY 2016/17 were collection from Single Business Permit, Hospital services, market gate fee, parking fees, liquor license and property rates. However it is also important to note that though they were the highest county local revenue earners none achieved the set target.



2.1.2 Challenges in Revenue Collection

- People engaging in Professional Businesses like lawyers, medical practitioners & accountants do not pay Business Licenses due to a court injunction stopping the same {Petition no.19 of 2016. Petition no.19 (2). 21(1). 22, 23, 24(2) a&b. 27(1) and 40, 191(2). 209(2). 258. The Sixth Schedule-Transitional provision- Section 7(1)}. This has greatly denied the county government the much needed revenue.
- The county currently lacks prosecutorial powers however the County Government is working with the office of the Director of Public Prosecution to recruit and train Public Prosecutors to handle county legislation offences/ penalties. Once in place, revenue in the form of penalty fees will increase.

- The Kirinyaga County Assembly approved the Finance Act, 2016 with some reduction in Single Business Permits (SBP) charges, conservancy fee and other areas which has greatly contributed to the declining revenue collections.
- The health workers strike in our public hospitals affected service delivery thus also denying the county revenue. A permanent solution to the above is required because this has also happened in the previous financial years hence hindering attainment of set revenue targets.
- The county applied for an authority to place cess collection barriers points from KENHA which was denied. This hindered collection of revenue for goods being exported out of the county.
- The Financial Year 2016/17 has also experienced a short fall in rainfall which has affected the agricultural production thus reduction in market entrance fee and cess collection.



2.2 Expenditure Analysis

The County Government in the approved second supplementary budget amounting to KShs.

5.244 Billion. Recurrent expenditure estimates allocated 64% at KShs 3.369 Billion and

Development expenditure estimates at 36% with KShs. 1.875 Billion.

Supplementary II Budget Estimates

Department	Recurrent Estimates	Development Estimates	TOTAL
County Assembly	480,465,015	50,000,000	530,465,015.00
County Executive Services	373,810,036	144,843,258	518,653,294.00
Finance and Economic planning	536,085,010	2,270,000	538,355,009.77
Medical Services	1,252,129,161	308,638,011	1,560,767,172.39
Education	231,585,693	93,645,938	325,231,631.56
Agriculture	208,312,069	153,192,875	361,504,943.66
Gender/Culture & Social Services	51,671,232	98,914,501	150,585,733.00
Trade & Co-operative Development	33,757,890	92,859,072	126,616,961.59
Environment and natural resources	97,683,612	248,729,758	346,413,370.29
Physical Planning and Housing	26,066,078	74,427,576	100,493,654.00
Transport and Infrastructure	77,458,250	608,314,869	685,773,119.32
TOTAL	3,369,024,046	1,875,835,858	5,244,859,904.58

Source: County Treasury

2.2.1 Development Expenditure

Total cumulative development expenditure amounted to KSh 1.083 Billion. This represents

utilization of 58% of the Development estimates in the Supplementary II budget.

Total Development Expenditure per Department

Department	DEVELOPMENT
------------	-------------

County Assembly	1,511,235
County Executive	144,801,225
Finance and Economic Planning	218,000
Health	141,297,084
Education	45,177,492
Agriculture	104,172,354
Gender Culture and social services	23,847,013
Trade and cooperative Development	33,754,380
Environment and Natural Resources	182,791,824
Lands, Physical planning	12,932,280
Transport and infrastructure	393,032,946
TOTAL	1,083,535,833

Source: COB

Expenditure Analysis against budget allocations

County Executive leads in utilization of development budget estimates with 99.9% followed by Environment and Natural Resources with 73.49%. Other departments which have done well are Agriculture (68%), Transport and Infrastructure (64.6%). Other departments which have performed poorly includes Finance and Economic Planning (9.6%) and Lands and Physical Planning (17.3%)

Department	Budget Allocation	Development Expenditure	% of expenditure vs estimates
County Executive Services	144,843,258.00	144,801,225.00	99.97%
Finance and Economic planning	2,269,999.77	218,000.00	9.60%
Medical Services	308,638,011.39	141,297,084.00	45.78%
Education	93,645,938.18	45,177,492.00	48.24%
Agriculture	153,192,874.66	104,172,354.00	68.00%

Gender/Culture & Social Services	98,914,501.00	23,847,013.00	24.11%
Trade & Co-operative Development	92,859,071.59	33,754,380.00	36.35%
Environment and natural resources	248,729,758.29	182,791,824.00	73.49%
Physical Planning and Housing	74,427,576.00	12,932,280.00	17.38%
Transport and Infrastructure	608,314,869.32	393,032,946.00	64.61%
TOTAL	1,825,835,858.19	1,082,024,598.00	59.26%

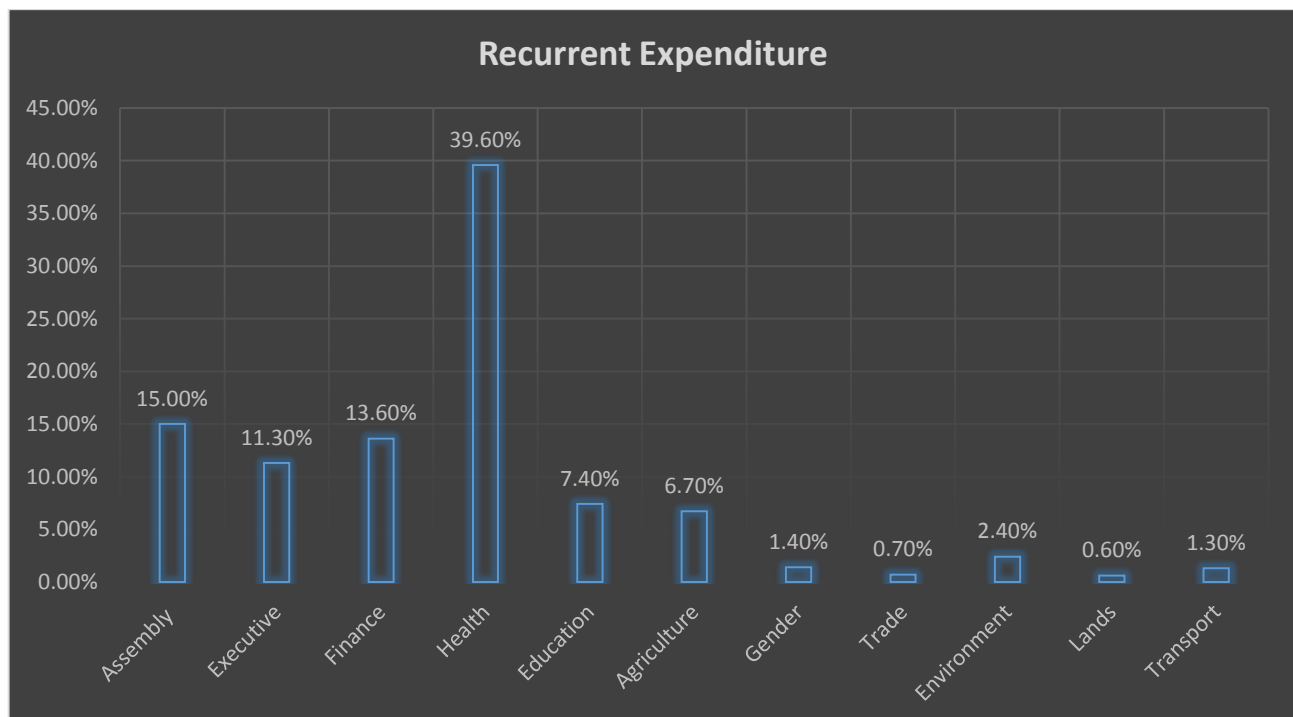
Expenditure against budget estimates

Source: COB

2.2.2 Recurrent Expenditure

Total recurrent expenditure for 2016-17 FY amounted to KShs 3.163 Billion. This represents utilization of 93.8 % of the total budgetary allocation. County health services constituted 39.6 % of the total recurrent expenditure. Followed by far by the assembly at 15 %, Finance and Economic Planning at 13.6% of total recurrent expenditure.

Recurrent expenditure proportion by Department



Recurrent Expenditure per Department

DEPARTMENT	RECURRENT EXPENDITURE	% of Total Recurrent Expenditure
County Assembly	473,361,494	15.0%
County Executive Services	356,970,089	11.3%
Finance and Economic planning	430,861,130	13.6%
Medical Services	1,251,723,398	39.6%
Education	235,042,975	7.4%
Agriculture	211,876,358	6.7%
Gender/Culture & Social Services	43,428,029	1.4%
Trade & Co-operative Development	22,905,425	0.7%
Environment and natural resources	77,197,308	2.4%
Physical Planning and Housing	19,582,689	0.6%
Transport and Infrastructure	40,090,701	1.3%
TOTAL	3,163,039,596	

Source: COB

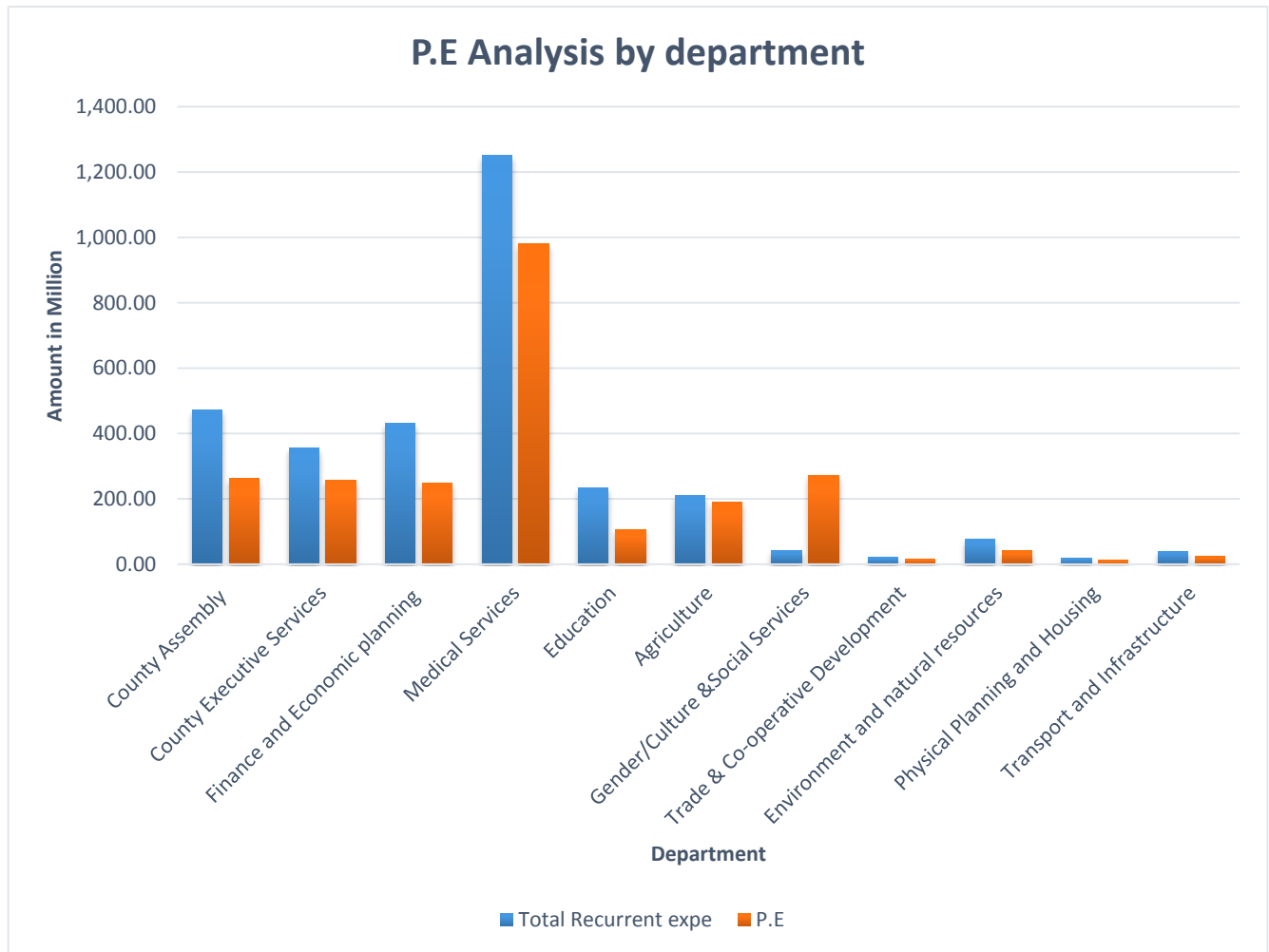
Personnel Emoluments and O&M

Total personnel emoluments for 2016-17 FY amounted to KShs 2.171 Billion which forms 68.7% of the total recurrent expenditure. Agriculture department leads with 89.9% of the departments' total recurrent expenditure going towards personnel emoluments. Health departments also records a high proportion with 78.3%, Trade and Cooperative Development at 76.6%, County Executive services at 72.3%. Department of Education recorded the least proportion with 45.7% of its recurrent expenditure going towards personnel emolument

Personnel Emoluments and O&M Analysis

Department	P.E	O&M	TOTAL	%P.E to Recurrent Expenditure
County Assembly	263,983,338.00	209,378,156.00	473,361,494.00	55.8%
County Executive Services	258,109,004.00	98,861,085.00	356,970,089.00	72.3%
Finance and Economic planning	249,442,612.00	181,418,518.00	430,861,130.00	57.9%
Medical Services	980,329,388.00	271,394,010.00	1,251,723,398.00	78.3%
Education	107,376,377.00	127,666,598.00	235,042,975.00	45.7%
Agriculture	189,116,722.00	22,759,636.00	211,876,358.00	89.3%
Gender/Culture & Social Services	27,284,930.00	16,143,099.00	43,428,029.00	62.8%
Trade & Co-operative Development	17,542,760.00	5,362,665.00	22,905,425.00	76.6%
Environment and natural resources	41,115,471.00	36,081,837.00	77,197,308.00	53.3%
Physical Planning and Housing	12,454,296.00	7,128,393.00	19,582,689.00	63.6%
Transport and Infrastructure	24,819,389.00	15,271,312.00	40,090,701.00	61.9%
TOTAL	2,171,574,287.00	991,465,309.00	3,163,039,596.00	68.7%

Source: COB



3.0 ECONOMIC AND FINANCIAL FORECAST FOR 2018/19 FY AND THE MEDIUM TERM

3.1 Overview

Over the medium term, the county Government will continue adherence to fiscal responsibility principles in resource allocation. The sectors will prioritize allocation of resources to high impact areas, ensure adherence to austerity measures in a bid to cut non-core expenditure.

Over the medium term, the county fiscal policy will be anchored on the following broad areas:

- The County will continue to fund the budgets using raised revenues and transfers from

the National Government. The county is also looking forward to initiating programmes that are aimed at accelerating economic growth in the area. The county may seek financiers to fill the resource gap that cannot be covered through the budgetary allocations in accordance with Section 140 of the Public Finance Management Act, 2012.

- The County is in the process of preparation of the next County Integrated Development Plan (2018-2022). Therefore, resource allocation to the priority areas shall be guided by this plan.
- Ensuring a sustainable recurrent expenditure to aid the county in compliance to fiscal responsibilities principles. The county will allocate a minimum of 30% of the budgetary allocations towards development expenditure.

3.2 Revenue Forecast

To clearly determine the county's medium term strategic objectives, it is also necessary to factor in how the changes in the national front on economic and financial trends will impact the county's current priorities as contained in the County Fiscal Strategy Paper, 2017. Kirinyaga County is mainly agricultural county with heavy reliance on horticulture, tea, coffee as well as small and micro enterprises as the main sources of household incomes. It is therefore imperative to note that major changes in economic and financial trends in the country can affect the revenue projections. Undesired shift in expenditure trends due to economic shocks can hamper revenue projections and consequently affect the development agenda of the county

It is assumed that:

- i. The country's economy will continue to expand considerably despite uncertainties orchestrated by the general elections. It's also assumed that consumer trends will not be affected.
- ii. The Kenyan shilling will remain stable against major foreign currencies
- iii. Increased local revenue collections will be realized through improvement in revenue mobilization and enforcement.

iv. The agricultural sector will be favored by good climatic conditions especially the horticultural sector to improve productivity.

3.3 Expenditure Forecast

The 2018/19 FY budget will target improved service delivery. The key priority areas will be building on progress achieved in the infrastructural development. To invest in a healthy citizenry by improving the volume of services offered in the health facilities. Improving the agricultural sector to enable farmers achieve more purchasing power to spur economic growth.

Revenue Analysis		
Revenue Sources	2017/18 Estimates	2018/19 projected
Equitable share	4,409,200,000.00	4,497,384,000.00
User Fee Foregone	11,282,570.00	11,282,570.00
road maintenance Fuel levy Fund	150,752,571.00	150,752,571.00
KDSP (Level 1 Grant + FY 2016/17 allocation)	38,364,055.00	
Allocation for Free Maternal Healthcare	50,716,400.00	50,716,400.00
DANIDA	10,215,585.00	10,215,585.00
Own Source Revenue	500,000,000.00	500,000,000.00
TOTAL	5,170,531,181.00	5,220,351,126.00

3.4 Fiscal policy options

Over the medium term, the county will seek implement the following fiscal policy options

3.4.1 Recurrent Expenditure

Higher recurrent expenditures impact negatively on allocations on development expenditures. Therefore, to foster economic growth it's imperative to maintain a sustainable recurrent expenditure over the medium term. Growth in recurrent allocations will be maintained at sustainable levels.

3.4.2 Development Expenditure

The county will over the medium term will adhere to fiscal responsibility principles by allocating a minimum 30% of total allocations towards development expenditure. Development projects with high impact and multiplier effects to economic growth will be prioritized. In order to accelerate the economic developments, more resources are needed in the medium term. However, due to constraints in low revenue bases and inadequate national government transfers, the county is open to utilize other resources raising measures to fill the resource gap. Measure to market and showcase potential areas for investment in the county will be enhanced with more emphasis focusing on agro- processing, value addition and manufacturing.

4.0 MEDIUM TERM SECTORAL PRIORITIES AND RESOURCE ALLOCATION

4.1 Overview

Going forward, resource allocations in various sectors will be anchored in the second County Integrated Development Plan (2018-2022). The plan will aim at leveraging on the progress achieved especially in the infrastructure sector to spur economic growth in the county. In addition, more resources will be allocated towards sectors with potential to create employment. The plan will also ensure alignment of the priority areas to the national development agenda captured in the Third Medium Term Plan.

The main priority areas in this plan will include the following areas

- Investment in Infrastructure development (Murraming and grading of Access Roads). In the previous years, a lot of progress has been made towards opening up and rehabilitating access roads. In the medium term more areas will have all-weather, improved road network.
- Provision of affordable health services. A lot of health infrastructure has been put in place in previous years. This includes rehabilitation of existing and construction of new dispensaries. In the medium term, focus is more on efficiency in service delivery in these health facilities through provision of health equipment to avail a wide range of services offered.

- Improvement of water distribution infrastructure by funding various water projects, ensuring clean and habitable environment. More effort will be put in building on the progress achieved. This will ensure more water connections access both for domestic use and irrigation.
- Promotion of agriculture productivity and management through improved extension advisory support services, appropriate technology transfer, management of pests & diseases, Increased livestock production through extension services and advisory support services and improved breeding, as well as building capacity of both farmers and extension staff.

4.2 Details of Sectoral Priorities and Resource Allocation

4.2.1 COUNTY EXECUTIVE

This sector is key to providing leadership in the County's governance and development. The key strategic areas in this sector are;

- Instituting county public service reforms to ensure effective and efficient service delivery
- Providing leadership and guidance in human resource management
- Development of appropriate county organization structures
- Enhancement of transparency and accountability in all county entities
- Effective management and coordination of county government operations

4.2.2 AGRICULTURE, VETERINARY, LIVESTOCK & FISHERIES

At least 80% of Kirinyaga County residents rely on agriculture as their source of revenue as well as providing for their daily food basket. In order to strengthen this important sector, the county government will continue to offer services that are aimed at equipping farmers with vital skills to be competitive either in agribusiness or subsistence farming, increase support for agricultural infrastructure, equipment and materials.

In the FY 2016/17 the department made the following key achievements;

- Support of micro irrigation through purchase of pipes and construction of intake for 15 water projects across the county benefitting over 2,000 farmers worth Ksh. 12,931,250.

- 59,052 bags of assorted subsidized fertilizer worth over Ksh110 M was accessed by 10,781 farmers from all wards of the county this was supported by National Government.
- Constructed and rehabilitated 7 tea buying centers across the tea growing zones of the county.
- Distributed 16,500 coffee seedlings to farmers through Coffee improvement program.
- Distributed horticulture planting materials to farmers. These included; 4,000 Banana seedlings. 16,500 Coffee seedlings.500 Macadamia seedlings.580 Avocado seedlings, Maize seeds worth 2.4 million
- Conducted 1 ‘eat more fish’ campaigns to boost the farming business in the county where over 100 farmers attended.
- 1 fish feeds mill was acquired in collaboration with the National Government.
- Conducted 3 vaccination campaigns against major diseases such as foot and mouth disease, Lumpy skin disease black quarters and anthrax. Over 90,000 animals have been vaccinated.
- Conducted 2 agricultural exhibitions in the County to showcase farming skills and boost marketing of the same. Over 7,000 farmers have attended and benefited from the exhibitions.
- Issued Kshs. 20m tea levy to the tea factories for infrastructure development in the tea zones of the county
- Liquid Nitrogen harvesting plant was commissioned in AHITI Ndomba to help in semen storage
- Controlled quelleda-quelleda birds, LGB, tutor absoluta MLND and other migratory pests. The department has ensured 99% control of Army worms
- 2 banana marketing shed constructed.
- 3 Milk coolers & 3 standby generators procured and operationalized.

To improve the livelihoods of Kirinyaga people by promoting Innovative, commercially oriented and modern agriculture enabled through appropriate policy environment, effective support services and sustainable agricultural resources management.

The department will implement the following six strategic objectives:

- i. Create an enabling environment and enhance institutional efficiency and effectiveness for agricultural development
- ii. Increase agricultural productivity and outputs
- iii. Enhance institutional efficiency and effectiveness in implementation and extension
- iv. Identification of market opportunities and linking of farmers and producers to markets
- v. Increase livestock productivity and outputs
- vi. Enhancing farmer access to affordable inputs and credit.

To increase fish production by;

- Improve access to affordable fish feeds.
- Developing aquaculture.
- Promoting fish safety, quality assurance, value addition and marketing.

4.2.3 HEALTH SERVICES

The county government realizes that the economic wellbeing of the county is firmly anchored in the health of its residents. Towards this end, the government has allocated huge resources towards availability of drugs and other assorted medical equipment in all county health facilities. During the FY 2016/17, the department has put a lot of efforts towards achieving affordable, high quality health care. The major steps realized include;

Health Infrastructure

New Facilities: A number of new dispensaries have been opened and are functional. These include: Kiaga Dispensary (Kanyekine Ward), and Togonye Dispensary (Murinduko ward)

Upgraded facilities: Up to fourteen of our former 37 (38%) dispensaries have been upgraded to Health Centres. These include (what was formerly): Kagumo and Gatwe (both in Mutiira Ward), Karumandi (Karumandi Ward), Thiba and Nguka (both in Thiba Ward), Gathigiriri and Kiarukungu (both in Tebere Ward), Njegas (Kangai Ward) Rukanga (Mutithi Ward), Kibirigwi, Mukangu and Kiangai (all in Kiine Ward); Gathambi (Mukuure Ward) and Ciagi-ini (Ciagi-ini Ward).

Expanded infrastructure: At Kianyaga Sub-County Hospital, a Comprehensive Care Centre (CCC), a new ward and a theatre were built in order to expand the services available at the facility. These activities were supported by University of Nairobi (CCC) and Government Funding. Both the ward and theatre still require some of the essential equipment to operate fully. At the Kimbimbi Sub-County Hospital, a theatre and a mortuary have been constructed and are equipped. The theatre is operational but the mortuary is yet to open, awaiting back-up power sources.

Health Workforce A total of 42 Health workers were recruited through in the FY 2016/2017 of which majority were nurses. Others included medical officers, pediatrician, pharmacists and dentists.

Health Products During the period, there was improved health commodity supply through the implementation of the demand driven (pull) system through Kenya Essential Medical Supplies.

Increased healthcare Services In addition to routine health services delivered in all the 57 health facilities in the County, free maternity and free out-patient services have been initiated in all the 57 Primary Care Services (Levels 2 and 3) facilities in the County. In addition, there has been an acceleration of Community-based Counselling and Testing for HIV infections.

The County continues to provide community level services in all the 65 Community Units, in addition to creating demand for health services in the 57 public health facilities.

As part of the community health services, comprehensive school health services have continued to be provided in Primary, Secondary and Tertiary educational institutions.

Health Information: As part the plan to improve the Health Information Management System, Electronic Medical Records (EMR) system has been initiated in comprehensive care clinics in eight (8) high volume facilities, including: Kerugoya County Hospital, Kianyaga Sub-County Hospital, Kimbimbi Sub-County Hospital, Sagana Sub-County Hospital, Baricho Health Centre, ACK Mt. Kenya Hospital, Mwea Mission Hospital and Kiamutugu Health Centre, reporting through District Health Information Software (DHIS2) and list of facilities and community units

maintained in Master facility list (MFL) and Master community units lists (MCUL). This is part of e-Health

Leadership and Governance: Following the devolution of health services, the County continues to establish County Health Governance and Leadership. The County Health Services Act 2016 was passed by the assembly and signed into law by His Excellency the Governor in August 2016.

4.2.4 FINANCE, ECONOMIC PLANNING, MARKETING AND ICT

The major role of this sector is to ensure fully compliance to the provisions of the public finance management in management of fiscal matters in the county. Providing effective monitor, evaluate in programmes implemented by the county government. It also ensures that the county has sound financial policies that will spur its economic growth. To this end, the sector has singled out the following key priority areas to implement over the medium term:

- Coordination of the MTEF process and ensure prudent fiscal policies are developed;
- Enhancement of revenue collection mechanisms
- Automation of County Government systems
- Supply chain management
- Coordination of the County Monitoring and Evaluation framework

4.2.5 CO-OPERATIVE DEVELOPMENT, TOURISM, TRADE AND INDUSTRIALIZATION

The county government is committed to providing an enabling environment for a vibrant economy through promotion of trade and investment opportunities in the county.

- Rehabilitation of various markets around the county by laying of cabro blocks, constructing market sheds, fencing the markets and construction of sanitation blocks. Among the notable markets are Kerugoya market, Kianyaga market, Kagumo market, Kiangai market. One of the flagship projects is the construction of Kagio market which is the hub for agricultural produce in the county. Construction of modern market will help in unlocking the economic potential of the area given its strategic placing and easiness in attracting great volume of traders from around the country.

- In efforts to guarantee security in the market places, the county government has installed floodlights around the market traders.
- Supporting Boda Boda groups in Thiba ward with car wash equipment

4.2.6 TRANSPORT AND INFRASTRUCTURE

The county government realizes that having a well maintained rural road network is a key component to unlocking the potential of key agricultural areas and increase integration of the areas. Towards this, the county government has constantly allocated resources towards transforming rural feeder roads to all weather roads. The department has made steps in improving accessibility and overall integration in the county by implementing the following projects;

- Spot improvement of Access Roads- grading with 260 km of them graveled.
- Construction of 5 new bridges.
- Construction of 8 new footbridges.
- Construction of 4 box culvert bridges.
- Construction of 80 new units of culverts.

4.2.7 EDUCATION AND PUBLIC SERVICE

- The roles of the counties towards education in the devolution context is in pre-primary education, village polytechnics and home craft centers. To ensure accessibility to universal early childhood education, the department has increased the classrooms capacity by construction of new classrooms in ECDE centres. To improve the hygiene in these centres, the county government has also invested in construction of modern toilets. Provision of playing equipment have also been revamped to aid the physical development of ECDE curriculum.
- In the DVET, county has continued to support the vocational training centres by rehabilitation of existing ones, provision of equipment to improve the quality of skills provided.

In the FY 2016/17 the department has realized a number of achievements;

- The ECDE directorate has completed 6 classes, renovated 1, constructed 6 exhaustible toilets, supplied age appropriate furniture to 4 ECDE centers and purchased ½ acre piece of land for construction of ECDE centers at Kiboya, Karumandi ward.
- To improve the quality of education, the ECDE department has employed 447 pre-school teachers on a 3 years contract. The directorate has established 6 new ECDE centers.
- The Directorate of Vocational Education and Training has constructed two complete administration blocks at Kaitheri and Ndiriti while also completing Phase I of three others at Mucii Wa Urata, Kiambatha, and Kiambwe. It has also purchased tools and equipment for some institutions. All these is done in an effort to promote quality training in conducive environments.
- The County has also issued bursary worth KShs. 88 Million to needy students in the county.

4.2.8 GENDER, YOUTH, SPORTS, CULTURE AND SOCIAL SERVICES

This sector is mandated to ensure social development and wellbeing of the society by focusing on the following key areas.

- Support the vulnerable groups to access aid services
- Ensuring marginalized groups mainstreaming and economic empowerment
- Development of sports and recreation facilities
- Improve the heritage and culture awareness, knowledge, appreciation and conservation

In 2016/17 FY the department made the following progress;

- Completion of construction works for 2 social halls in Mutira and Gathigiriri wards.
- Holding of youth tournament which culminated in the participation KYISA games in Siaya where the county football and volleyball team qualified for the finals.
- Partial establishment of the PWD resource center.
- Enabled participation in 2016 KICOSCA games in Thika by members of staff.
- Development of the PWD draft policy.
- Development of 300 sports clubs
- Completion of mapping of 60 cultural sites
- Registration of creative artist SACCO with a membership of 300 members
- Drafting of Women, Youth and PWD empowerment fund bill

- Increasing the mobility of 69 PWD through provision of various aid devices
- Registration of PWD increased from 8,000 to 14,000 persons, profiling of 400 vulnerable PWD, Capacity building for 12 PWD groups
- Increase in registration of PWD social groups from 100 to 180 groups
- Recruitment of 400 new members for Kipawa Chetu

4.2.9 ENVIRONMENT, WATER AND NATURAL RESOURCES

The sector aims at ensuring a clean, habitable environment. It is also mandated to ensure provision of clean water for domestic and farm uses. Ensuring environmental conservation by reclamation of riparian land, re-afforestation. Enforcing the environmental policies at the county level.

Through this department, the government has funded over 140 water projects across Kirinyaga County. These project entails; funding water piping projects, drilling of boreholes and construction of water intakes to increase water volumes. Among the notable projects is the Kutus- Mwea water project that aims at increasing significantly water supply to urban areas like Ngurubani which has perennial water problems.

Water harvesting has been identified as a reliable way to address water shortage. In this light, the county government have issued water storage tanks to homesteads especially in Kanyekiini ward to enable residents have access to clean water.

In ensuring a clean, habitable environment especially in our urban areas, the county government has ensured that garbage accumulation is dealt with by engaging in the following activities;

- 200- Receptacles are cleared weekly
- 8 Dumpsites regularly maintained,
- acquiring of 1-Back-Hoe tractor acquired

Afforestation has been identified as an effective measure to improve the forest cover and conserve our water catchment areas. The county government has initiated, funded and advocated for tree planting programmes across the county. Farmers have also been advised to embrace agroforestry as a measure to improve the total forest cover.

4.2.10 LANDS, HOUSING AND PHYSICAL PLANNING

This sector is tasked with providing a framework for land use management to ensure sustainable land use and development, to improve housing, sanitation and storm water management in urban centers. In the FY 2016/17 the department recorded the following progress;

- Data Collection, and stakeholders meetings held to input views on the draft spatial plan.
- Placing of Controls, Data collection and Enumeration, preparation of draft plans to finalize planning and surveying of 15 colonial villages.
- Consultancy works for storm water, street lighting and minor roads improvement drainage completed and civil works ongoing.
- Survey and Beacons of urban plots- over 150 plots have been surveyed

4.3 Risks to the Economic Outlook

Risks facing the country's economy will also affect the county's economic performance. These factors includes;

Weakening global economies results in reduced demand for commodities from the country. This will have an effect on the county's economy cognizant of the fact that the County plays a major role in the exports sector for commodities like tea, coffee and horticultural produce.

Weak revenue base thereby leading to over-reliance on the transfers from the national government resources which are inadequate and limits resources allocations to key sectors.

Expenditure pressures especially high recurrent expenditures pose fiscal risks. The county is going to maintain a sustainable recurrent expenditure by strictly adherence to austerity measures and free more resources to development expenditure over the medium term.

Reliance on rain fed agriculture also poses a risk to this outlook. Instances of prolonged drought has resulted on decrease in own revenue collections as well as curtailing the purchasing power of the residents. However, the government continues to allocate more resources to sustainable farming methods by providing more connections for irrigation water.

5.0 CONCLUSION AND WAY FORWARD

This CBROP intends to outline expectations in the budget period 2017/18-2018/2019 taking into considerations of the fiscal performance in the previous year together with economic outlook in the medium term. The county will seek to address issues relating to resource allocations to sector priorities with adjustments from the ceilings set out in the County Fiscal strategy Paper where necessary.

Going forward the second County Integrated Development Plan (CIDP 2018-2022), the Annual Development Plan and the sectoral departmental strategic plans shall continue to advise the priorities in resource allocation. In addition, in order to continue adhering to the fiscal discipline, the County Government will continue to entrench the fiscal responsibility principal set out in the PFM Act 2012 in making forecasts realistic and reasonable. The county will also continue with prudent management of funds and delivery of expected output. Effective and efficient utilization of funds will be crucial in ensuring that the county deliver on its functions. The set departmental expenditure projections will further be reaffirmed in the next County Fiscal Strategy Paper which shall be the final basis for development of the MTEF.

APPENDIX 1 : INDICATIVE SECTOR/ ALLOCATIONS 2017/2018-2018/2019

ENTITY	2017/18 Approved Development	2017/18 Approved Recurrent	2017/18 Budget	2018/19 Recurrent (Projections)	2018/19 Development (Projections)	2018/19 Budget(Projections)
County Assembly	140,000,000.00	536,122,175.00	676,122,175.00	500,358,118.50	57,400,000.00	557,758,118.50
County Executive	230,190,144.00	356,807,132.00	586,997,276.00	381,783,631.24	34,793,946.88	416,577,578.12
Finance and Economic Planning	24,200,000.00	494,952,602.00	519,152,602.00	504,851,654.04	24,684,000.00	529,535,654.04
Agriculture, Livestock and Fisheries	107,300,000.00	205,637,262.00	312,937,262.00	209,750,007.24	111,592,000.00	321,342,007.24
Environment, Water and Natural Resources	166,900,000.00	87,465,948.30	254,365,948.30	89,215,267.27	250,350,000.00	339,565,267.27
Education	83,650,000.00	195,179,817.00	278,829,817.00	199,083,413.34	135,323,000.00	334,406,413.34
County Health Services	144,800,000.00	1,275,843,552.00	1,420,643,552.00	1,301,360,423.04	238,240,000.00	1,539,600,423.04
Lands, Housing and Urban Development	52,100,000.00	26,352,419.00	78,452,419.00	26,879,467.38	53,142,000.00	80,021,467.38
Transport and Infrastructure	356,800,000.00	75,120,535.00	431,920,535.00	76,622,945.70	503,184,000.00	579,806,945.70
Trade, Co-operatives, Tourism Industrialization and Enterprise Development	73,800,000.00	33,969,567.00	107,769,567.00	34,648,958.34	75,276,000.00	109,924,958.34
Gender, Culture, Children, Social Services, Youth and Sports	51,450,000.00	51,992,660.00	103,442,660.00	53,032,513.20	52,479,000.00	105,511,513.20
TOTAL	1,431,190,144.00	3,339,443,669.30	4,770,633,813.30	3,377,586,399.28	1,536,463,946.88	4,914,050,346.16