REPUBLIC OF KENYA

COUNTY GOVERNMENT OF BOMET

Vision: *To be a Prosperous and Competitive County offering High Quality Services to its Citizens*

THE COUNTY TREASURY

MEDIUM TERM COUNTY FISCAL STRATEGY PAPER

To obtain a copy of this document, please contact

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Legal basis for the publication of County Fiscal Strategy Paper

The County Fiscal Strategy Paper is published in accordance with section 117 of the Public Finance and Management Act, 2012. The law states that

(1) The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by the 28th February of each year.

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

(3) 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.

(4) 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.

(5) In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of—

(a) the Commission on Revenue Allocation;

(b) the public;

(c) any interested persons or groups; and

(d) any other forum that is established by legislation.

(6) Not later than fourteen days after submitting the County Fiscal Strategy Paper to the county assembly, the county assembly shall consider and may adopt it with or without amendments.

(7) The County Treasury shall consider any recommendations made by the county assembly when finalizing the budget proposal for the financial year concerned.

Fiscal Responsibility Principles for the County Government

In line with the Constitution, the Public Finance and Management Act, 2012 sets out the fiscal responsibility principle to ensure that prudent and transparent 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.

(3) For the purposes of subsection (2) (d), short term borrowing shall be restricted to management of cash flows and shall not exceed five percent of the most recent audited county government revenue.

(4) Every county government shall ensure that its level of debt at any particular time does not exceed a percentage of its annual revenue specified in respect of each financial year by a resolution of the county assembly.

Foreword

This County Fiscal Strategy Paper (CFSP) 2017 sets out the County Executive's priority programs to be implemented under the Medium Term Expenditure Framework (MTEF). As provided by legislation the CFSP takes into account national policies and priorities as espoused by the national Budget Policy Statement (BPS).

The Budget Policy Statement (BPS) for the FY 2016/17 re-emphasizes the transformative economic agenda and structural reforms that have so far been implemented over the last two years. The economic transformation agenda includes: (i) creating a conducive business environment for job creation; (ii) investing in sectoral transformation to ensure broad based and sustainable economic growth, and in particular agricultural transformation to ensure food security; (iii) investing in infrastructure in areas such as transport, logistics, energy and water; (iv) investing in quality and accessible health care services and quality education as well as strengthening the social safety net to reduce the burden on the households and promote shared and equitable growth; and (v) further consolidate gains made in devolution in order to provide better service delivery and enhanced economic development

The Ongoing disciplined expenditure management and implementation of savings measures continue to improve the county government's fiscal position. The County government aims at reducing the personnel emoluments expenditure to 35% in the medium term as stipulated in the PFM regulations. The government continues to demonstrate its ability to control spending on operations and maintenance and the development of infrastructure continues to impact the budget.

The CFSP provides that county priorities build on the national priorities, which addresses the challenges which continue to hold back the County from achieving its full potential. The county priorities will endeavor to accelerate growth of the county's economy and the standard of living of the citizens.

HON. DR. PETER KIPLANGAT KOROS

CEC MEMBER FOR FINANCE AND ECONOMIC PLANNING

Acknowledgement

The County Fiscal Strategy Paper (CFSP) 2017 is the fourth to be prepared under the Public Finance Management Act (PFMA) 2012. It outlines the broad strategic issues and fiscal framework together with summary of government revenues and spending, as a basis for 2017/18 budget and in the medium term expenditure framework. It is expected that this document will create and improve the understanding of the public finances and inform and guide public debate on the county development matters.

Our sincere gratitude goes to H.E. the Governor and the Deputy Governor for the overall direction in the process of developing this strategy paper. Special thanks go to the County Executive Committee Members, Chief Officers, and Directors for their input in developing the departmental priorities and programmes for 2017/18.

A technical team of Budget Officers led by Head of Budget Ms. Joyce Kemei spent a significant amount of time putting together this strategy paper.

The preparation of the 2017 CFSP has been collaborative. We are grateful to all the departments for the information and data used to produce the strategy paper. We are also grateful for the comments received from the stakeholders on the 2015/16 County Budget Review and Outlook Paper (C-BROP) which provided input to the CFSP 2017. We are particularly grateful for the views received from stakeholders during public participation.

Since it would not be possible to list everybody individually in this page, I would like to take this opportunity to thank all those who participated in one way or the other in the preparation process.

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AG. CHIEF OFFICER, FINANCE

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CHAPTER ONE

THE OVERVIEW

1.1. Introduction

1.1.1. County Treasury

Bomet County Treasury is established in accordance with Section 103 of the Public Finance Management (PFM) Act, 2012. It is responsible for managing the public finances and economic affairs of the County. Its specific functions and powers include:

i. Develop and implement financial and economic policies;
ii. Prepare and coordinate the implementation of annual budget, including estimates of revenue and expenditures;
iii. Mobilize resources to finance county functions;
iv. Manage the public debt;
v. Prepare annual appropriation accounts;
vi. Custody of county assets;
vii. Ensure accounts are managed and controlled in accordance with prescribed standards; and,
viii. Report to the County Assembly on the execution of the county budget.

In order to achieve these responsibilities, the executive member for finance is empowered by legislation to issue regulations governing county financial management, including the budget making process. One of the important aspects of budget preparation is the requirement by Section 117 of the PFM Act that before 28th February of each financial year, each County Treasury shall submit a County Fiscal Strategy Paper (FSP) to the County Assembly. This paper will be submitted earlier due to change in the budget calendar caused by upcoming 2017 elections. The Paper is expected to be aligned to the national policies and objectives outlined in the Budget Policy Statement.

1.1.2. Rationale for FSP

The FSP outlines the macroeconomic performance of the county which informs and guides the formulation of budget, tax and revenue policies. The main result of the FSP process is an estimate of resources that will be available to finance county recurrent and development expenditures. In other words, the FSP will establish the ceilings for the county budget, including those of departments. The ceilings shall be estimated for a three-year budget cycle and once approved shall be binding for the next two years.

The information on the county's economic position which informs the process includes the current and a two year forecasts of economic performance of the county in general and at the sector level; the cost of living; and the rate of investments. The assumptions underpinning the forecasts should be discussed in sufficient detail.

The county budget, including three year forecasts, shall include:

i. revenues classified by main categories;

ii. Expenditures by economic and functional classifications;

iii. Capital expenditures;

iv. deficit/surplus position; and,

v. level of public debt and guaranteed debt.

Analysis and explanations of any policy changes should be provided and may include: revenue policy and any change in charges which may have an impact on revenues; deficit and debt policy; and, expenditure policy. The expenditure policy will include expenditure priorities, consolidated budgets and budget ceilings. An explanation of adherence of the fiscal strategy to the fiscal responsibility principles will be given. A risk analysis of issues which may have material effect on the fiscal and economic forecasts will be provided.

Finally, the Paper will outline the county's spending plans for the next financial year and estimates for the following three years and actual estimates for the current year. The plans will include details of expenditure priorities; detailed budget expenditures by budget line; and, priority investments by spending authority.

1.1.3. Role of other ministries/departments

The role of county departments during the process has been to identify and develop priorities and programs and estimate of expenditures and revenues. The departments will take the lead in implementation of these activities since they have responsibility for the outcomes.

1.1.4. Role of other stakeholders

In compliance with the constitutional requirements on public participation, stakeholders were consulted before this document was finalized. The PFM Act (s. 107(5)) requires that the following stakeholders must be consulted and that their views should be taken into account.

1.1.4.1 Commission on Revenue Allocation (CRA)

Among the constitutional functions of CRA is to provide advice by way of recommendations on the financing of activities of county governments and financial management by the counties. Some of the matters CRA is expected to consider and provide advice on revenue enhancing measures and sources and adherence to fiscal responsibility principles. It is in these respects that CRA is an important stakeholder in the budget process in the counties.

1.1.4.2 The public

The public were invited to participate in public consultations on the Paper. Special interest groups were also invited to represent Bomet and Sotik towns because of their concerns for tax policies and the business climate in the county.

1.1.4.3 Other interested persons or groups

Members of the County Budget and Economic Forum (CBEF) were invited to the consultations, although their role in the process is mainly to review and approve the paper. The members represent the business community, NGOs including CBOs, youth, women and other marginalized and disadvantaged groups.

1.2. Legal Framework for FSP

1.2.1. Legal basis of FSP

Other than the requirement that the FSP must be submitted to the county assembly by 28th February, the PFM Act (S. 117) sets two other timelines; (1) that the county assembly must consider the FSP within 14 days of submission by the County Treasury and (2) the Treasury must publish and publicize the Paper within 7 days of submission to the assembly. As required under the law, the Treasury shall consider the views of the assembly on the FSP when finalizing the annual budget of the county.

The PFM regulations provide further guidelines on the development of the FSP. It goes into details regarding the contents of the FSP and covers the purpose of the strategy, contents of the macroeconomic framework, and contents of the fiscal framework. This FSP has followed the guidelines of the regulations.

1.2.2. Fiscal Responsibility Management

These principles apply to both levels of government, but in practice the application of the principles will differ in some cases. The review of the principles here places emphasis on how they apply to the county government.

i. **Recurrent expenditure should not exceed total revenue:** the application of this principle will differ between national and county governments. At the national level recurrent expenditure can take up even all the total revenue. This is why development is usually funded through local borrowing or external loans or grants. This is not possible for the counties because access to local borrowing and external resources is constraint by law.

ii. **In the medium term a minimum of 30% of the budget shall be allocated to development expenditure:** in light of this principle it means that 70% or less of the budget will be allocated to recurrent expenditure.

iii. **Wages shall not exceed a percentage of total revenues prescribed by regulations:** The national regulations have been passed and proposes a ratio of 35 percent personnel emoluments. The County government aims at achieving this in the medium term.

iv. **In the medium term borrowing shall be undertaken only for the purpose of financing development expenditure:** as discussed this in the short term is not possible for the county as modalities for borrowing are not yet in place. This includes legislation and regulations governing borrowing by the county and a clear policy on the terms and conditions for guarantees by the national government.

v. **Short term borrowing shall be for purpose of cash flow management and shall not exceed 5% of the most recent audited revenue:** The Public Finance Management regulations gives principles for cash management which includes using short term borrowing when it is necessary. The County treasury may for purposes of cash flow management borrow up to 5% of the audited revenues from the Central Bank of Kenya.

vi. **Debt shall be maintained at a sustainable level approved by the assembly:** A debt policy providing for debt sustainability will be developed and presented to the assembly for approval.

vii. **Fiscal risks to be maintained prudently:** the budget projections do not provide for deficits hence the risks are minimized.

viii. **Tax rates and tax bases shall be predictable:** taxation has been a thorny issue and is being addressed comprehensively through extensive stakeholder consultations. It is expected that the next finance bill will provide for tax rates which meet the best practices in tax policy and predictable tax bases.

1.2.3. Conclusion

The main message of this section is that FSP has a legal foundation and requires the contribution not only of the Treasury, which initiates the process, but also those of other stakeholders particularly the public. The role of county ministries in the process is to identify and allocate resources to priorities. As ministries develop spending plans it is important that they adhere to the required fiscal responsibility principles. Thus the plans must be within ceilings set by the Treasury.

1.3. Outline of the FSP

Economic Environment and Outlook

Section 2 outlines the economic environment in which the 2017/18 county MTEF budget is prepared. An overview of global and national economic outlook and their implication on the county economy is also provided. This is followed by a review of the economic performance and prospects of the county.

Since the county economy is dominated by agriculture, higher growth especially in the Euro-Zone which the major destination of county product such as tea and horticulture will have positive effects on the county economy. The same applies with good performance of the national economy.

Analysis of the county economy is faced by lack of macroeconomic data and other data necessary for development planning. The county will in the medium term work with the national government and other stakeholders, such as institutions of higher learning and development partners, to address the problem. Technical assistance will be sought and local capacity will be built to develop and implement a macroeconomic model to generate county data.

Fiscal and Budget Framework

Section 3 outlines the fiscal performance of the county, including the sources of revenue and projections into the medium term. It is evident that the county has a narrow tax base and thus the county will depend on national revenue allocations into the foreseeable future.

The section provides proposals for fiscal reform which are administrative and legal in nature. Administrative reforms are geared to improve tax administration while legal reforms are to provide the powers to the county to raise revenues assigned by the constitution.

In the fiscal year 2017/18 and the medium term the county will run a balanced budget. This implies that there will be low or no fiscal risks and the county budget thus the county is likely to meet all the fiscal responsibility principles.

Medium Term Expenditure Framework

The resource envelope for the county and spending projections for 2017/18 are provided in section 4. Sector priorities are given in detail to illustrate the importance of taking into account budget constraints in priority setting. Over 30 percent of the budget is allocated to development expenditure and the sectors with the largest allocations are health, roads, water, agriculture and social protection.

Conclusions

Section 5 of FSP concludes.

Summary

The FSP has been prepared to provide information and to explain to the public county priorities for 2017/18 and the medium-term and how the priorities are to be funded. The paper provides details of major public investments the county proposes to undertake to realize the objectives of CIDP and Kenya Vision 2030. These investments will be funded through county resources, but for many of them the required funds are beyond the means of the county and therefore will require external support either from the national government or development partners while others may be implemented through PPPs.

CHAPTER TWO

ECONOMIC ENVIRONMENT AND OUTLOOK

2.1. Global Environment

2.1.1. Growth and prospects of global economy

The World Bank is revising its 2016 global economic growth forecast down to 2.4 percent from the 2.9 percent pace projected in January. The move is due to sluggish growth in advanced economies, stubbornly low commodity prices, weak global trade, and diminishing capital flows. Commodity-exporting emerging market and developing economies have struggled to adapt to lower prices for oil and other key commodities. Growth in these economies is projected to advance at a meager 0.4 percent pace this year, whereas growth in commodity importers has been more resilient. Projections are subject to substantial downside risks, including additional growth disappointments in advanced economies or key emerging markets and rising policy and geopolitical uncertainties.

Risks to the global outlook remain tilted to the downside and relate to ongoing adjustments in the global economy: a generalized slowdown in emerging market economies, China's rebalancing, lower commodity prices, and the gradual exit from extraordinarily accommodative monetary conditions in the United States. If these key challenges are not successfully managed, global growth could be derailed.

Sub-Saharan Africa's largest economies continue to struggle with lower commodity revenues, weighing on growth in the region. The Kenyan economy seems not to be affected greatly by the drop in the rate of the global economy as according to the World Bank, the rate of growth for Kenya is poised to increase in 2016. The World Bank report forecasted the country's economy to increase to 6.0% this year. Kenya's economy is safe as well due to the country having various diversified partnerships with other countries, which allow it to survive even when the global economy reduces its growth rate.

2.2. National Situation

The decrease in oil prices will be an advantage to most of the developing countries. For example, in Kenya it has lifted a heavy load off most Kenyans who were being terrorized by the high fuel prices. Low fuel prices will in the long run result in steady if not lower electricity costs that will ultimately affect production costs. The transport sector will too benefit hugely from sustained low prices at the pump.

GDP growth remained robust in 2014 at 5.3%. The expansion of construction, manufacturing, finance and insurance, information, communications and technology, and wholesale and retail trade buoyed GDP. The economy slowed in the first half of 2015, but growth is estimated to have reached 5.5% by year-end. The overall GDP growth prospects are 6.0% and 6.4% for the years 2016 and 2017 respectively. Consumer Price Index (CPI) inflation projections remain at around 6.0% over the same period. The short- to medium-term positive growth projections are based on the assumptions of increased rainfall and enhanced agricultural production, a stable macroeconomic environment, continued low international oil prices, the stability of the Kenya shilling (KES), improved security boosting tourism and reforms in governance and justice.

The Central Bank of Kenya’s (CBK) Monetary Policy Committee (MPC) in May 2016 lowered its benchmark interest rate to 10.5% from 11.5% due the trends of reducing inflation rates and stabilization of the Kenyan shilling (KES). Following this move, the MPC has also revised the base lending rate, Kenya Banks’ Reference Rate (KBRR) in June 2016 and hence reduced the cost of credit in the country in the second half of 2016. The health of the banking sector in the country has come under severe scrutiny following the placement of three banks under statutory management by the CBK. BMI notes that the CBK’s enforcement of strict prudential regulations along with an over-served banking sector present opportunities for consolidation in the sector. The government's decision to limit commercial banks' interest rates at 4 percentage points above the CBK's benchmark rate, which became effective in September, risks curtailing private sector credit growth and overall GDP growth going forward.

Corruption is a major impediment to doing business in Kenya with allegations of misappropriation of public funds on the rise. The 2015 Corruption Perception Index released by Transparency International (TI) ranked Kenya among the most corrupt countries at 139 out of 168 countries.

With Kenya's next Presidential and legislative elections scheduled for August 2017, the Economic Intelligence Unit (EIU) predicts that political tensions will rise as campaigning gathers momentum.

Business Monitor Intelligence notes that 9.3% of the workforce in Kenya is unemployed while the country's poverty rate is over 40%.

The downturn trend in the global economy will have a negative effect on some other countries that normally transact with Kenya in one way or another. USA, for instance, has opted to hike its Federal Reserve interest rates which will certainly affect developing countries like Kenya. When the world's super power increases its interest rate on its federal reserves, it makes debt unsustainable for developing economies. This would cause the government to find other means of acquiring funds, which may lead to an increase in taxes in the country and the resultant economic stagnation.

2.3 Likely Impact on the County Economy

Prices of staple foods have been escalating, the price of export commodities have been declining, the volume and value of exports have been on the decline, the tourism industry has been hard hit and remittances have also declined to an all-time low. Kenya's balance of trade, terms of trade and the current account have not been spared either. Bomet County being a tea grower region is likely to be affected by declining commodity prices.

The financial sector strengthening is essential as it could encourage investments in the county hence improving county economy. Economic growth remains the most important driver of poverty reduction.

The growth of major trading partners may also directly and positively affect the county economy if that affords them to invest directly in the county. Europe and USA are the major consumers of some of the products produced in the county, namely tea, flowers and coffee. Following improved economic performances in these countries, there is bound to be an increased demand of the county products in the long run. The good economic prospects in EAC and the COMESA market will help propel the growth of Kenya's economy and hence the development of the county economies.

Kenya's economy is estimated to have expanded by 5.3 per cent in 2014, compared to a growth of 5.7 per cent in 2013. From the demand side, growth was mainly driven by an increase in private final consumption and a rapid growth in capital investment. From the supply side, the major drivers of the economy were agriculture, forestry and fishing; construction; wholesale and retail trade; education; and finance and insurance. However, accommodation and food services (hotels and restaurants) sector contracted for the second year in a row. During the year, the main macroeconomic indicators remained relatively stable.

An expanding national economy will lead to higher revenues and ultimately higher allocations to the country governments to finance development and provision of social services. Higher growth also raises household incomes thus generally raising demand for goods and services. More importantly good macroeconomic policies are vital for improving the livelihood of all Kenyans, especially the poor. Low inflation and interest rates are key to higher overall economic growth and improved social welfare, while stable exchange rates will promote exports. This underscores the critical priority of pursuing growth-enhancing policies to eliminate extreme poverty and boost shared prosperity.

2.4. County Economic Performance and Prospects

The economy of the county is dominated by agriculture and most households earn their livelihood from the sector. The main products of the sector are tea, maize, milk, Irish potatoes, vegetables, fruits and meat products. These products are exposed to the vagaries of the weather and international markets. The industrial sector is very small and limited to agro-processing mainly of tea and milk. Review of the global and national economic performance indicates good prospects for growth which bodes well for the county as demand for its products is likely to rise. However, the county can only benefit from these prospects if its products are competitive. Other challenges that should be addressed are the declining world prices of tea and emerging crop diseases such as maize lethal necrosis disease. The recent decline in the prices of tea is a result of glut and decline in demand for tea in traditional markets, in particular North Africa, Middle East, Iran, Afghanistan and Pakistan. This will be addressed through diversification of markets and value addition, including marketing of Kenyan tea as specialty. The county in this respect will work with the Tea Board of Kenya, Fisheries and Food Authority and KALRO.

2.4.2. County Development Status

Devolution effectively commenced in March 2013 with the election of the County governments. In the Fiscal Year (FY) 2013/14 total budget of Ksh. 1.6 trillion is the first budget to implement the devolution process, from which an amount of Ksh. 210bn was set aside for the 47 Counties. This amount has been distributed to the Counties on the basis of a revenue sharing formula, which takes into account their heterogeneity.

The County government of Bomet has made key milestones in implementing the devolution process including the preparation of County budgets, County Sector Plans and County Integrated Development Plans 2013-17 (CIDPs), the establishment of various County departments and the recruitment of public service personnel to propel the county economic growth and development. The main challenges to the implementation of the devolution process to date include large budget deficits, as the funding requirements in the CIDPs exceed the transfers received from the central government. The deficits might be mitigated by raising local taxes, to which the Counties are entitled to by the constitution.

This section provides a summary of development activities and initiative undertaken by the County over the last financial year.

i. Office of the Governor and Administration

In the last financial year, the department made significant achievements in its endeavour to put in place the county administration structures down to the grassroots as envisaged in the Constitution of Kenya 2010.

We have put up three Sub-County offices and completed two and 17 ward offices at various stages of completion in which we expect to complete ten of them within the FY of 2016-17

Among completed offices are the procurement office, the executive office and the departmental office block at the county headquarters and this has eased the pressure on office space while finishing works of the new governor's is at advanced stage and we expect to complete before end of the calendar year of 2016.

Also, we hired and trained 96 and 195 Community and Area administrators respectively whom we expect to graduate before the 2016-17 fiscal year, this will enhance effectiveness and efficiency service delivery to the citizens of Bomet county and overall coordination of the government operations.

During financial year 2014-15, we hired and trained 400 enforcement offices in our bid to maintain law and order within the county especially in urban centres and enhance revenue collection

Through partnership with National Campaign Against Drug Abuse (NACADA) together with our Bomet County Alcohol and Beverage Control Agency (BOCABCA) we managed to sign an agreement for construction of a Rehabilitation Centre at Cheptalal sub county hospital at cost of Ksh. 9 Million to be funded fully by NACADA.

To facilitate service delivery, we managed to purchase nine Isuzu Double cabins for various departments

The office plans to continue collaborating with the county administration of the National Government on security matters, peace building and mobilization of the community including enhancing County Policing Authority to enable them discharge their duties effectively. Other areas of collaboration with the National Government are technical assistance in such areas like performance contracting, resource utilization and audit.

ii. Department of Finance

Revenue Automation; The first phase of revenue automation has been covered which is unstructured revenue stream. We expect to complete the second phase by the end of the next financial year the last remaining stream; seasonal and structured streams also

IFMIS compliance for financial year 2016/2017 IFMIS is at 80%, we are yet to roll out IFMIS to departments and sub counties through the help of department of ITI which will ensure infrastructure (Hardware and peripherals) is in place.

iii. Department of ICT, Training and Industry

The ICT department has installed CCTV at Administration building as part of the Security policy. It also Support and upgrade Network (Wireless and LAN) which installed in all the departments is being continuously carried out with new needs identified and addressed. New LAN has been set up in New Procurement for new buildings including Executive and Administration buildings is underway. The department supports the implementation of Revenue Automation that is currently ongoing.

The department of ITI has managed to trained senior staff in a number of thematic areas that include policy formulation and drafting and new procurement and disposal act 2016. Plans are underway to conduct training for administrators, drivers and ECD assistants.

The directorate of trade achieved the following: The unit has broadened the outreach for the trade loan scheme to every corner of the County from the earlier preserve of the major towns. In this case more than 500 traders have been able to secure funding from the office bringing the loan portfolio for the scheme to Kshs 29 million. As a result, more than 86 traders have benefited from the business advisory and consultancy services from the office and during field visits to their premises. Other achievements include: The construction of six shoe shiners sheds. To harmonize all investment opportunities at the County, a County Investment Handbook to determine the resource potential in every sub-county was developed.

As part of its strategy on County Governments' engagements, Kenya Tourism Board has partnered with the County Government of Bomet on assessment of tourism products and sites within the county. The assessment report indicated that Bomet County is strategically positioned, gateway to the famous Maasai Mara National Game Reserve, enjoys good climate and hospitality of its people, rich with diverse tourism products such as wildlife, sceneries, culture and sports. Kipsegon is an eco-tourism site identified under the CIDP, the area has been proposed for fencing as part of tourism sites development. The County surveyor has visited the site to provide BQs, the process of fencing the site is on course. The beaconing was to be done but due to delay of finances we were not able to achieve. We hope to finish the fencing of Kipsegon in the first month of the next quarter.

Bomet County has a huge energy potential. A County Energy Asset Map was developed with analysis of the most tangible investment opportunities in small hydro, biomass and solar PV. In addition, the County also partnered with Rural Electrification Authority (REA) under the matching fund initiative to complete power installation in public institutions. So far 480 primary schools, 63 health centres and over 20 water works have been connected. In provision of support to cooperatives dealing with Energy, the County supported Iria Maina Cooperative Society to construct Somorio Mini hydro power plant.

The major activity in the directorate of industry is the development of Jua kali sector and cottage industries. The achievements of the directorate are: The department awarded contracts for the construction of seven (7) Jua Kali sheds. In addition, the department undertakes to revive all the collapsed cottage industries and upgrade the operational ones. In the last financial year, the department engaged Kalomba consultants to carry out baseline survey on the same. The survey was completed, design and bill of quantities (BQ) for the identified projects namely; Tupcho Women Co-operative Society (Nutri-business Project), Kitoben Integrated Community Project, Ndaraweta Producers and Business Co-operative Society (Potato Value Chain), Siwot Vocational Training Institute and Mulot Slaughter House. The consultancy report provides guidelines for other departments to engage respective cottage industries management with an aim of reviving and adding value to the products.

iv. Department of Social Services

The department of social services being a key player in the social sector aims to have a society in Bomet County where the vulnerable enjoy equal rights, opportunities and high quality of life. The department in its endeavours over the years have achieved the following milestones.

Women empowerment programmes conducted across all the Sub-Counties reached over 3000 most disadvantaged groups who account for the small scale farmers and traders. The women were trained on basic skills which include: Agricultural skills and techniques, formation of groups towards starting economic generating activities and mentorship on entrepreneurship. The women who have formed groups in the five Sub-Counties were targeted. 18 vibrant women groups were identified in the 17 wards. The identified groups are expected to be supported with incubating machines for chicken rearing. Through training on business diversifications, 11 groups graduated from illegal 'Changaa' brewing business into other legal business ventures.

The Social Protection Program {safety net} where over 14600 elderly persons and 500 Persons with Severe Disability (PWDs) benefitted from cash transfer of Ksh 2000 each and N.H.I.F payment of Ksh300 each to access basic needs such as good nutrition, clothing and medical care. PWDs were able to access assistive devices as required and 647 assorted assistive devices were purchased and distributed. These included wheelchairs, regular walkers, special walkers, special walking canes, white canes, elbow crutches, and auxiliary crutches

The departments also facilitated the registration of 120 PWDs with the National council for persons with disability, and have been provided with identification Cards which allow them tax exemptions and access to other opportunities. The department organized and sent 30 persons to Jaipur International in Nairobi to be fitted with artificial legs and 5 persons were fitted with artificial hands in Tenwek hospital.

In addition, Tools of trade such as equipment for carpentry, tailoring, metal works, sewing, hair dressing machines were purchased and distributed to 175, PWDs from across the county.

Training and capacity building of PWDs on micro-enterprise management was conducted benefitting 281 PWDs.

The department supported orphans and vulnerable children in the 9 special needs institutions (SNIs) and 10 charitable children institutions (CCIs) through provisions of foodstuff, beddings and sanitary packs worth more than 1.4M. The institutions are: Kipn'gosos school for the mentally challenged, Korara Primary School for albino, Tegat special unit, Korara Secondary school, St kizito school for the deaf, Kapkesosio school for the blind, Kiriba special unit, Bomet Hostel, Ndanai small home.

Partnership with Kenya Society for the Blind will go a long way to ensure persons who are visually impaired access the professional support they require.

Three supervisory and monitoring visits undertaken to each institution to ensure standards for best practices were adhered to.

The department was able to promote good cultural practises and cultural diversity through cultural festivals and exhibitions. Observance of cultural days and competitions were conducted across the county and a total of 65 groups participated in the competitions. Cultural competition was organized from the ward level to Sub-County level and the winners in the three categories are expected to be escalated to participate in the county and national level competitions.

Bomet County has a rich background of Kipsigis cultural practices, artefacts, dances and traditional knowledge that needs to be preserved and promoted. Towards this end, Koibeyon community library was supported to the tune of 500,000 Kenya shillings and other libraries are lined up for construction and equipping.

The department enhanced sports through the use of the almost completed IAAF stadium. Various activities were undertaken including: football, athletics and volleyball. In addition, the department continuously facilitated sports men and women to attend various national and regional competitions.

The department is truly committed to its vision of becoming a leader in the provision of social support services that spur socio-economic development in Bomet County.

v. Department of Education and Vocational Training

ECD and Education; Management, supervision and capacity building of 1000 ECD Assistants; Increased enrolment from 43,123 to 60,000 children; Construction of 154 new ECD classrooms; Expansion of Day Secondary Schools to a total of 102 to increase access and transition rate; Provision of furniture to Day Secondary Schools and VTCs- 6,000 sets worth 18 Million; Supported infrastructure developments in public primary and secondary schools at a cost of 60 Million Shillings; Supported secondary schools to acquire 7 school buses; Supported communities to purchase land for ECD centers, public Primary and Secondary schools, and VTCs; Supported infrastructure development in special schools and integrated programs, for example Kiriba Day Secondary Schools, St. Kizito School for the Deaf, Korara

School for the Visually Impaired and Kapkesosio Integrated School. Supported county Vocational Training Institutes' KNEC and NITA Exams.

Bursaries; Disbursement of bursaries worth over 52 Million shillings, and Supported over 100 bright but needy students to clear fees in public institutions with over 15 Million shillings.

VTI: Construction of new workshops at the cost of over Ksh.10 Million which has increase enrolment from 1771 to over 3000 trainees; Management and supervision of over 165 VTC staff and over 500 youth graduated and passed well.

vi. Department of Medical Services

a) Longisa County Referral Hospital:

The hospital has had major development activities all geared to providing affordable quality services to clients seeking health care. The major developments include establishment of renal unit with functional dialysis machines, a complete oxygen plant concentrator with oxygen piped to the relevant areas of the hospital, an intensive care unit and functional refrigerated mortuary. A medical store established for buffer stock. This ensures that there are constant supplies of medical commodities even when placement of orders from KEMSA is in progress.

There has been concerted effort to recruit specialized health care staff to provide the specialized services. Currently, the hospital has a consultant family physician, a pediatrician and obstetrician and two critical care renal nurses on board.

b) County Health Referral System

To support an effective referral system at the county health system, the County government of Bomet has outsourced five ambulance services with Red Cross. The ambulance has been deployed to each sub-county with one coordinator based at the referral hospital. The ambulance staff are fully trained to carry out ambulance activities on a 24 hr. basis. The referral system at the county of bomet has improved and clients requiring such services are picked from the nearest health facility.

c) Other County Health facilities

The existing health facilities have been refurbished and are fully functional. The sub-county hospital rehabilitated include Cheptalal and Sigor. Other health centres that have been done a facelift include Koiwa, Ndanai, Bomet and Kapkoros among others

Forty new dispensaries have been established and provided with basic equipment. Currently operational thus reducing the distance that clients seeking treatment have to cover to get treatment.

d) Medical and non-pharmaceutical -supplies

The county government identified WHO certified pharmaceutical supplier i.e. KEMSA and MEDS, where the health facilities receive their supplies. The two biggest supply chain institutions in Kenya are established in their logistics and operations and effectively delivers al the orders directly to the health facilities as requested. Shortages of commodities in the facilities has been sorted out.

A county medical store based at Longisa hospital is complete and operational. It holds buffer stocks of medical supplies which supports any needed supplies by the county health facilities.

vii. Department of Public Health and Environment

A total of 42 Parcels of Land has been purchased for the following activities including Administrative offices, Health facilities, ECD and Vocational centres, Water treatment plants and reserved water tanks, Bus parks, Open air markets, Cancer centres, Children's Park and Food stores

Elaborate system for garbage collection has been established, drainage system beefed up, street lighting erected and functional in Bomet town, Town greening and Beautification done in major towns. Modern Kiosks and markets sheds have been constructed and operational. Construction of public toilets in towns and all major town centres and sub county

headquarters. There also has been improvement of recreational centres including green stadium Bomet

Renovation and fencing of County Government Houses in Sotik and Bomet completed and operational.

Riparian protection and prohibitory sign notices is ongoing in Major rivers including Kipsonoi, Amalo, Chepkulo, Nyangores and Sise. Planting of trees in all towns and public institutions have been done.

Major activities undertaken include; Malaria control, jigger campaigns promotion of hand washing in schools, training of community health workers, monitoring of under-fives {Nutrition

Policies in place

1. Rating Bill currently at the assembly

2. Valuation for Rating Bill currently at assembly

viii. Department of Water Services

Over the last four financial years, the Department of water services has been able to improve water service provision. Firstly, the county government established a water service provider – Bomet Water Company to operate and manage provision of water and sewerage services on behalf of the county government. The Water Company has made a number of achievements including improving corporate governance for the Board of

Directors and senior management, increasing water production, connections, revenue collection, collection efficiency and cost recovery. The Department of water services has also revived, rehabilitated and upgraded the existing water supply projects across the County. Among the projects that have been revived include Kaptebengwet & Kaptien in Konoin Sub-County, Yaganek (Sotik) and Kaposirir (Bomet Central). Those that have been upgraded and expanded include Longisa (Bomet East), Bomet (Bomet Central), Chepalungu & Sigor (Cheplaungu), Sotik & Ndanai (Sotik) and Itare (Konoin). Other new water projects have also been initiated including Tinet (Bomet East), Kipngosos (Sotik) and Nyangombe & Kapset (Konoin). The Department has already collaborated with National Water Conservation and Pipeline Corporation (NWC&PC). In addition, the Department will seek support for grants dispensed through Water Service Trust Fund (WSTF). Already, WSTF has funded the extension of 8.8 Km Siongiroi-Chebunyo trunk main line at a cost of Kshs 18 million in the financial year 2015/2016 and to be completed by 2016/2017 FY. The Department is also in discussion with the State Department of Water in the Ministry of Water and Irrigation with regard to supporting large scale water works such as dams and pans construction and rehabilitation and state department of Agriculture, Livestock and Fisheries on Small Scale Irrigation and Value Addition programme (SIVAP) for Kaboson Irrigation scheme in 2016/2017 FY. Further, the Department, through the County Government, has entered into partnership for five years with the Kenya Red Cross Society (KRCS) to implement a program dubbed "Bomet County Integrated Development Programme" (BIDP) targeting access to water, health and nutrition and food security.

The other key collaborators in development of Water infrastructure is Lake Victoria South Water Service Board. This has been in development and rehabilitation of dams, drilling and equipping of Boreholes and water supply infrastructure for Sotik, Mulot and Bomet town.

The sector will also engage other partners such as NGOs and trans-boundary and international institutions. Among the NGOs which have expressed interest in partnerships include USAID/DAI/DIG, WWF and World Vision Kenya; while amongst the trans-boundary institutions interested is the Mara River Basin programme/Nile Equatorial Lakes Subsidiary Programme of the Nile Basin Initiative.

ix. Economic Planning and Development

The department is relatively new however it has undertaken a number of activities. It has developed a draft M&E policy which seeks to address the operationalization of an effective and efficient M&E system in the county. Meanwhile, the department has been collecting, M&E data, analyzing it and preparing quarter M&E reports. The department has also prepared Annual Development Plan (ADP) for the FY 2016/2017 and 2017/2018. In preparation for the development of the county spatial plan, the department has established thematic groups to collect and organize the data for the same. On statistics, the department has already developed a draft statistical abstract which is awaiting publication

x. Department of Agribusiness, Cooperatives and Marketing

The county recruited over 200 extension staff to support on extension delivery service. Production and productivity of agricultural produce increased rapidly. Staff to farmer ratio was reduced from 1:2600 to 1:1800. Several groups have been supported to establish

Greenhouses in Chemaner, Mogogosiek, Kapletundo and Gorgor Nogirwet and Chebaraa irrigation schemes were established in Chepalungu Sub County and farmers were supplied with 460 drip kits and bumper harvest of horticultural produce was realized. The county supported 10 farmer groups to bulk Kenspot varieties of sweet potatoes where farmers are now producing and marketing them locally and abroad and food security has improved Sub County and bakery unit which is operational and has created employment to youth and women. The county supported all the sub counties through multipurpose cooperatives to acquire tractors complete with mowing and baling machines.

The county managed to form 19 dairy farmer's cooperatives were supported by the county to construct cooling plants to the tune of Kshs 92 M. The dairy milk cooling plants were supported with amount of Kshs 2M to dairy cooperatives for advance on milk payments.; The county department of agribusiness managed to empower farmers to establish pasture/fodder development by subsidizing acquisition of fodder crops like boma Rhodes which has seen a notable increase in milk production. The county has supported fish production groups to construct fish ponds, fish feed making industry in Chesoen and fingerlings production centre and four groups were supported with 50 beehives and piloted 1 beef feed lot project which was successful in Mogogosiek.

Proper disease control programmes -the county put in place measures of disease control by continuous vaccination and since 2013, no market has been closed due to notifiable diseases

The current disease control is at 70%.

Breed improvement; the department managed to subsidize Artificial insemination services which costs 200/- per farmer. The uptake has been tremendous and the dairy breeds have improved and over 100 dips were renovated and are operational. Also 20 slaughter slabs were renovated and operational and three Sale yards have been established and are operational. In collaboration with KAGRIC 1 Nitrogen plant was established in Sotik this led to increase in A.I uptake.

The county has managed to form 30 ward multipurpose cooperatives which has led to improved provision of credit facilities and revolving funds to the tune 34 million and savings of over 60 million. In 2013 there were 180 registered cooperatives and managed to register 266 more. Furthermore, the department collaborated with USAID FIRM and other stakeholders in training cooperative management to improve governance and Korokwony millers was revamped and supported to start milling and currently operational and making sales of 30m and profit of 5m. Sales of maize mill is done to other counties and exported to UK.

The county managed to support Bomet cooperative union to establish a sweet potato processing plant where production of sweet potato flour and bread is on-going. Modern horticultural pack house construction is underway in youth farmers and this will enable horticultural farmers especially women to meet the international accepted standards of horticultural produce. The county has supported Ndarawetta multipurpose cooperative to establish a potato chipping factory. Already land has been acquired and fenced. Coffee pulping unit is under construction in Mutarakwa ward. A chicken slaughter facility is under construction in Chebole, Kipsonoi which will enable farmers to process chicken for regional markets in East Africa. The department of agribusiness established a marketing directorate and several markets were sourced for produce in Nairobi, Kisumu and Bomet. The county also identified UK market through SACOMA who are currently exporting various produce. Enhanced marketing information system.

Enhance trade through initiation of vibrant market linkages for agricultural products where watermelons, beans, pumpkins, sweet potatoes and other products have been marketed.

xi. Roads and Public Works

The department has made remarkable progress in road construction, management and rehabilitation, fleet management, building of bridges.

In the financial year 2013/2014, 2014/2015, 2015/2016 and 2016/2017, the Department managed to gravel 174km, 334.5km, 320.5km and 102km respectively.

The Department also managed to construct 6 motorized bridges namely Koroma, Blue Gum, Reberwet, Saunet and Kapnaeni.

CHAPTER THREE

FISCAL AND BUDGET FRAMEWORK

3.1. Overview

The 2017/18 Medium-Term Fiscal and Budget Framework will guide the development of the county Medium Term Expenditure Framework (MTEF) that is compliant with the Public Finance Management Act (PFM) of 2012 and other relevant legislation. Fiscal reforms to be implemented in the period will emphasize the development of institutions and mechanisms to promote efficient revenue mobilization, while ensuring social equity and a conducive environment for doing business. The reforms will also promote prudent expenditure, while ensuring resources are directed to county priorities.

The institutional reforms and development of mechanisms to drive the fiscal framework will be underpinned by legislation to guarantee policy certainty. Priority in this respect will be enactment of revenue legislation and the strengthening of the revenue functions in the county Treasury.

3.2. Fiscal Performance

i. Fiscal policy

The tax base for the county is narrow as it is mainly a rural county with underdeveloped resource base. National revenue allocations will therefore form a large share of total revenues for some time to come. This share is estimated to increase by 8.5% from Kshs. 5.0 billion in the year 2016/2017 to 5.4 billion in the fiscal year 2017/2018 respectively.

As shown in Table 1, the main sources of revenue are rates and single business permits. Revenues from other sources are largely fees and incomes and need to be separated to clarify revenue from charges for services, licenses and investment incomes. Revenues from water are utilized for operations and maintenance by the water company. Fiscal reforms carried out in 2016/2017 including automation of revenue system and enactment of Finance Act 2016 will help increase revenue and reduce leakages.

Table 1: Sources of Revenues

		2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
No.	**Revenue Sources**	**Actual**	**Target**	**Projection**	**Projection**	**Projection**
1	Property Rates	9,275,843	17,989,835	19,788,818	21,767,700	23,944,470
2	Business Permits	27,350,252	48,090,000	52,899,000	58,188,900	64,007,790
3	Cess Collections	4,243,031	1,650,000	1,815,000	1,996,500	2,196,150
4	Markets & Slaughter Fees	11,668,305	16,229,580	17,852,538	19,637,792	21,601,572
5	Rental Income	3,675,959	4,138,690	4,552,559	5,007,814	5,508,596
6	Parking Charges	12,301,750	16,983,337	18,681,670	20,549,837	22,604,821
7	Others	18,398,232	10,222,219	11,244,441	12,368,885	13,605,773
8	Hosp/Disp/Health Centres(HSSF)	39,723,940	31,680,000	34,848,000	38,332,800	42,166,080
9	Water Revenue	0	0	0	0	0
10	Multi Nationals	40,349,975	60,725,907	66,798,498	73,478,348	80,826,182
11	Agriculture and Food Authority	0	67,015,009	0	0	0
	TOTALS	**166,987,287**	**274,724,576**	**228,480,524**	**251,328,576**	**276,461,434**

Source: County Treasury

ii. Fiscal Policy Reforms

Inappropriate tax systems threaten budget stability which leads to inefficient public services and slow economic growth. The county through the enactment of Finance Act 2016 has established systems to attain sound economic policies. The county government has reformed the tax regime to increase the tax effort without necessarily imposing undue burden on the taxpayers.

On tax modernization, the county has procured revenue automation system to promote efficiency of revenue administration and to reduce leakage of revenues. Connectivity will be extended to sub-county revenue offices through installation of a WAN system. A county rating act will be passed to provide for the levying of rates and trade licensing act will be enacted to provide for levying of licenses, fees and charges. The county will also undertake consultations on the role of Kenya Tea Growers Association in the collection of tea cess. The county is now receiving benefits on tea levies previously collected by Tea Board of Kenya and now collected by the Tea Directorate of the Agriculture, Fisheries and Food Authority.

In the meantime, to maintain certainty revenues will be collected on a calendar year basis. The county has been zoned into three areas for the purpose of promoting equity. Bomet town is classified as zone A, Sotik town as zone B and other areas as zone C, with the level of taxation to be charged in each zone on descending order. This classification will apply mostly to payment of rates, SBP, market fees and parking fees. In the financial year 2016/2017, the county government is likely to surpass the revenue target since the finance bill was passed on time.

In the medium term the Treasury will maintain the 2016/17 disciplined expenditure management and implementation of savings measures on operations and maintenance which continues to improve the County's fiscal position. The County government has also maintained close partnership with various development partners to mobilize resources for better service delivery.

3.3 2017/18 Budget Framework

Table 2 provides a summary of the 2017/18 budget and the medium term budget estimates. As a result of expected higher national revenue allocations, total revenue for 2017/18 will be higher than the 2016/17 budget by about Kshs 313 million.

Table 2: Budget Summary 2017/18-2019/20 (Kshs.)

	2016/17	2017/18	2018/19	2019-20
Total Cash Inflows	**5,582,950,295**	**5,896,045,125**	**6,485,649,638**	**7,134,214,601**
National Allocations	5,078,797,925	5,420,093,145	5,962,102,460	6,558,312,705
Own Revenues	274,724,577	228,480,524	251,328,576	276,461,434
Commitments c/f	39,132,236	-	-	-
HSSF-Danida	8,810,000	29,600,406	32,560,447	35,816,491
CA- Fuel Levy Fund	78,035,696	142,537,500	156,791,250	172,470,375
CA- Maternal Health Care	61,258,095	58,452,800	64,298,080	70,727,888
CA-User Fees foregone	14,191,766	16,880,750	18,568,825	20,425,708
CA- Leasing of Medical Equipment		-	-	-
World Bank	28,000,000			
Total Expenditure	**5,582,950,295**	**5,896,045,125**	**6,485,649,637**	**7,134,214,601**
Personnel Emoluments	2,398,562,776	2,532,619,054	2,593,880,959	2,734,269,055
Operations &Maintenance	1,419,186,465	1,478,700,575	1,619,170,632	1,766,162,163
Development	1,765,201,054	1,884,725,496	2,272,598,046	2,633,783,383
Deficit/Surplus	**- 0**	**0**	**0**	**0**
Total Expenditure	**2016/17**	**2017/18**	**2018/19**	**2019/20**
Personnel Emoluments	43%	43%	40%	38%
Operations &Maintenance	25%	25%	25%	25%
Development	32%	32%	35%	37%

Source: County Treasury

Revenue projections

The main source of revenue for the county will be the national allocation which is projected to rise to about Kshs 5.42 billion in 2017/18. Tax base revenue mobilized within the county is projected to go down from Kshs 274 million in 2016/17 to about Kshs 228 million in 2017/18. The reason why local collection is going down is because we will not receive funds from Agriculture and Food Authority as shown in table 1 above. Like 2016/17 the county expects to mobilize resources from private partnerships in 2017/18 and the medium term.

Expenditure Forecasts[1]

The balanced budget policy followed by the county implies that total expenditures shall be equal to total revenues in 2017/18 and possibly into the medium term. The financial constrain will be relaxed once other sources of funding the budget, such as borrowing and grants, are available. In the year 2017/18, departments will consider resource mobilization option to fund projects the current revenue cannot meet.

Recurrent Expenditure

Recurrent expenditure is projected to rise slowly into the medium term. This growth is driven by staff establishment of the county. Staff analysis has been continuous since the establishment of the county government and once completed the results will be used to review budget requirements of personnel emoluments as more recruitments and redeployments are made.

Development Expenditure

A deliberate effort has been made to allocate substantial resources to development. However, the allocations for 2017/18 will rise marginally from Kshs. 1.755 million in 2016/17 to Kshs. 1.884 million. Allocations are thereafter expected to increase consistently in the medium term.

[1] Tables 4-6 in the Annex show expenditure estimates by ministry/department.

Deficits and Financing

Currently, the county does not have any public debt and does not plan to engage in deficit financing in the medium term and in any case before the mechanism and process for national guarantee is agreed at the intergovernmental level. It is also necessary that a bill governing approval of loan guarantees is passed by the county assembly.

The county will, however, as need arises and with the authority of the county assembly engage in short term borrowing for cash management purposes and shall comply with other requirements of the PFM Act on the matter. Although it has not budgeted for any grants from the national or donor agencies, the county may apply for such grants when the opportunity arises. Any receipt of grants from a development partner will be treated in accordance with the law.

3.4 Meeting the Fiscal Responsibility Principles

The structure of budget financing almost ensures that fiscal responsibility principles will be complied by the county. With little room for borrowing and the largest share of total revenues coming from revenue allocations from the National Government, recurrent expenditures are about 68.6% in 2017/18 and the County Government will strive to reduce the percentage over the medium term despite the increasing costs of operations. This also means that the share of the budget allocated to development expenditure is over 30% over the medium term as required by the regulations.

The principles also require that wages should not exceed a limit prescribed by regulations. The PFM regulations provide a limit on wages of 35 percent of total revenues. The county government strives to achieve this in the medium term. The current wages are at 43% and will go down to 40% in the financial year 2018/2019.

Issues of debt sustainability and fiscal risks will not arise in the medium term as the county does not plan to finance the budget through debt. While the county may, where necessary, resort to short term borrowing for cash flow management purposes this will pose little or no fiscal risks.

3.5 Summary

Fiscal policy of the county in the medium term aims to increase own revenue efforts to supplement national revenue allocations. It will ensure tax measures support the growth of business enterprises. The policy proposes administrative and legal reforms to support the achievement of these objectives. Enactment of the proposed legislation will provide clear administrative structures and regulations for effective implementation of fiscal policies.

In the 2017/18 budget and medium term the policy is to maintain a balanced budget. Though this may constrain economic development of the county, it will provide space for measures to promote prudent management of resources to be put in place. In the meantime, the county will work out guidelines for equitable borrowing guarantees with the national government, including appropriate protocols for engagement with the development partners.

CHAPTER FOUR

MEDIUM TERM EXPENDITURE FRAMEWORK

4.1. Resource Envelope

The resource envelope available for allocation among the ministries/departments is based on the revenue projections provided in chapter 3. In the absence of borrowing this is limited to national revenue allocations and locally mobilized resources.

Overall national revenue allocations will account for 91 percent total budget resources, with local revenues accounting for 3.9 percent and donor funding accounting for 0.5% and Conditional Allocations accounting for the remaining 4 percent. Given the revenue constraints at the national level the county will continue to identify other revenue sources through resource mobilization to meet development expenditure needs.

4.2. Spending Priorities

County priorities are provided by the CIDP and are summarized in subsection 4.4 below. As the requirements necessary to finance all the priorities cannot be accommodated by the budget, ministries/departments have had to allocate available resources to priorities which contribute to increased service delivery, higher productivity and food security.

Health will receive the largest share due to rehabilitations of health institutions and infrastructure. This is important to improve the quality of life of county residents which in turn will contribute to productivity of the county economy in the long term. More resources will be directed to preventive services to reduce the cost of health care.

Roads and related infrastructure will receive sufficient allocations to ensure all roads are up to motor able level. This will enable most areas to access markets at reduced costs and facilitate easy movement within the county by residents. The water sector will also get increased allocations to ensure there is sufficient water supply for household consumption and to promote agricultural productivity by increasing availability of water for livestock and small scale irrigation.

Agriculture sector will also receive increased allocations to support improvement in food security, availability of inputs, value addition and affordable credit. This will promote higher productivity in the sector and increased household incomes.

Other areas receiving increased allocations are social protection and education. Educations will receive additional resources to hire more ECD assistants and tutors, renovate ECD centers and build new ones.

Sectors where allocations need to be reviewed are energy and tourism. As additional resources are mobilized more should be allocated to them as they are currently underfunded. Resource requirements by the health and education sectors are large and should be managed by putting emphasis on efficient delivery of services and ensuring a phased recruitment of new staff.

Resource constraints also require that some of the priority projects are promoted to investors for PPPs. The best candidates for this are the water supply schemes, wind and energy power generation, low cost housing and the development of tourist sites and hotels.

4.3. Baseline Budget Ceilings

The baseline indicates allocation of resources to the different sectors of the county. As already noted Medical Services and Roads Maintenance receive the largest share (over 30 percent) of the allocations signifying the importance the county attaches to development and delivery of services in these sectors.

The allocations to county headquarters and the Treasury are for administrative purposes.

The allocations made to the County Assembly are adjusted to ensure that the County Government achieves 7% allocation as per the Public Finance Management Act regulations in the medium term. The County Government also aims at achieving 35% on personnel emoluments in the medium term.

Table 3: Budget Ceilings (Kshs Millions)

SECTOR	REVISED CEILINGS	CEILINGS	PROJECTIONS	
	2016/2017	**2017/2018**	**2018/19**	**2019/20**
COUNTY EXECUTIVES	395,642,263	468,406,489	405,247,138	445,771,852
PUBLIC SERVICE BOARD	47,520,000	50,272,000	53,299,200	56,629,120
ADMINISTRATION	626,837,578	641,521,336	700,673,469	775,740,816
FINANCE	349,784,459	321,762,905	343,939,195	378,333,115
LANDS, PUBLIC HEALTH & ENVIRONMENT	301,963,749	332,160,124	370,376,136	412,413,750
SOCIAL SERVICES	224,494,475	229,943,922	292,938,315	352,232,146
MEDICAL SERVICES	907,711,130	990,982,243	1,080,080,468	1,153,088,514
ECONOMIC PLANNING & DEVELOPMENT	78,402,295	77,442,525	85,186,777	93,705,455
AGRIBUSINESS,CO-OPERATIVES AND MARKETING	416,609,738	409,138,476	470,052,323	557,057,556
WATER SERVICES	446,005,410	519,513,496	599,464,846	679,411,330
EDUCATION AND VOCATIONAL TRAINING	495,988,897	529,036,333	629,439,966	692,383,963
ROADS AND PUBLIC WORKS	631,554,716	644,208,470	732,529,316	761,207,780
ICT, TRAINING & INDUSTRY	165,435,585	183,479,144	220,827,058	265,884,232
COUNTY ASSEMBLY	495,000,000	498,177,663	501,595,429	510,354,972
TOTAL	**5,582,950,295**	**5,896,045,125**	**6,485,649,637**	**7,134,214,601**
Personal emoluments	2,398,562,776	2,532,619,054	2,593,880,959	2,734,269,055
Operation & maintenance	1,419,186,465	1,478,700,575	1,619,170,632	1,766,162,163
Development	1,765,201,054	1,884,725,496	2,272,598,046	2,633,783,383
Personal emoluments	43%	43%	40%	38%
Operation & maintenance	25%	25%	25%	25%
Development	32%	32%	35%	37%

Source: County Treasury

The ceilings will provide the basis of budget preparation for FY 2017/18. The only areas that can be reviewed are expenditure by programmes and personnel emoluments.

4.4. Ministerial Priorities and Budget Estimates

4.4.1. Introduction

Allocation of budgetary resources to county departments is based on their priorities which have been identified in the County Integrated Development Plan. The Plan was produced after intensive stakeholder consultations and therefore reflects the expectations of the people of the county with regard to county development and service delivery. However, departments have had to prioritize the citizens' needs according to available financial resources. This is important to point out so as to sensitize the public and public servants of the budget constraints and the need for prudent management of public resources. The citizens were also engaged during the preparation of this document.

4.4.2. Priorities of Ministries and Department

Summaries of the priorities of each department are outlined in this part. Where necessary resource requirements and budget allocations are provided to illustrate the budget constraints the county government faces and the need for prudence in the utilization of resources. In the case of public investments, where there is wide divergence between resource requirements and budget allocations, the county government will look for investors as co-investors under PPPs or seek budget support from the national government or development partners.

4.4.2.1 Office of the Governor and Administration

The Office of the Governor provides overall coordination of all the departments in the County for the effective and efficient implementation of programs. It provides shared support services to other departments and coordinates development and implementation of policies and programmes, including Kenya Vision 2030 and sustainable development goals (SDGs).

Vision

To be the leading department in provision of quality and efficient services to the public and other stakeholders

Mission

To create a conducive environment for the effective and efficient delivery of services and management of resources, implementation and coordination of government programmes and activities

STRATEGIC OBJECTIVES

	Name	**Objective**
Program 1	Policy Development	To develop Policies which will be used as a guideline in projects and program implementation
Program 2	General Administrative Services	To co-ordinate and provide administrative Services to all departments to enable efficient delivery of services.

We seek to streamline the operations of administration down to the Area level so that all citizens are able to participate in decision making on matters affecting them on a day-to-day basis.

KEY MANDATES

The Office of the Governor is mandated to provide overall coordination of departments in the County Government to achieve efficiency and effectiveness in every government programme, project and initiative. It provides shared support services to other departments and coordinates development, ensuring they are not only aligned to the Governor's vision but also to the CIDP and the County Strategic Investment Plan 2013-2018.

CHALLENGES

The department has faced a number challenges in fulfilling its mandate. They include: Inadequate office space; lack of information and communication systems; inadequate means of transport; political interference; and high (and at times unrealistic) expectations from the public.

PRIORITIES FOR FINANCIAL YEAR 2017-18

We intend to prioritize our development projects for this financial year as follows:

1. Five new ward offices at a cost of Ksh.9 Million each
2. Twenty Ongoing Ward offices at various stages at a cost of Ksh.10 Million.
3. Two New Sub county offices each at a cost of Ksh.8 Million
4. One ongoing sub county offices at a cost of Ksh. 2 Million
5. Purchase of five motor vehicles at a cost of Ksh.4.2 Million each

4.4.2.2 Finance

The County Treasury derives its mandate from Section 104 of the Public Finance Management Act, 2012. The Treasury is mandated with the responsibility of monitoring, evaluating and overseeing the management of public finances and economic affairs of the county government.

The County Treasury derives its mandate from Section 104 of the Public Finance Management Act, 2012. It is responsible for monitoring, evaluating and overseeing the management of public finances of the county government. The Treasury coordinates donor financing and technical assistance and specifically provides direction in the identification, planning and management of donor support to ensure it is targeted to areas the economy needs. The Treasury also provides accounting, procurement, and divestiture services among others to the other government departments.

Vision:

To be a leader in Prudent Financial Management.

Mission:

To effectively coordinate county government financial operations for rapid and sustainable development.

Program Objectives/overall Outcome

1 Programme1: Financial Management Services

Objective: To mobilize, budget and prudently manage financial resources

3 Programme2: General administrative services

Objective: To co-ordinate and provide administrative Services to all departments

Challenges

Despite the achievement the department also has been facing the following challenges; Inadequate Financial Resources, Delay in disbursements of funds from the National Treasury and Integrated Financial Information System (IFMIS) infrastructure not in place yet.

Spending Priorities 2017/2018

Revenue Automation

Automation of Level 4 hospitals (Longisa, Cheptalal and Sigor Hospitals)

Automation of Embomos Tea Farm

4.4.2.3 Lands, Public Health and Environment

The Department of Land, Public Health and environment is responsible for land use planning and policy formulation pertaining the sub-sector, housing development and human settlement, public health, natural resources and urban development. This is expected to promote proper land use, effective management and orderly development of urban and rural markets infrastructure as well as ensuring safety, security in urban settlements (towns and markets), planned and adequate housing for sustainable and socio-economic development in the County.

Vision

A leading agency in land administration, housing and urban management, combating preventable diseases, environmental conservation and sustainable natural resources management for sustainable development

Mission:

To improve livelihoods of all citizens through efficient urban development, coordination, land administration, adequate and accessible housing, prevention, control and containment of diseases, environmental conservation and sustainable management of the county's natural resources

Program Objectives/overall Outcome

Programme1: Land Policy and Planning

Objective: To create an enabling environment through policy, legal and regulatory reforms for management of the land and land use activities.

Programme2: Housing Development and Human Settlement

Objective: To establish and support partnerships with relevant stakeholders in housing development and human settlement

Programme3: Urban Development

Objective: To promote sustainable urban development strategies towards improving urban mobility, safety and market development.

Programme 5: Preventive and promotive services

Objective: To enhance disease prevention and promote a healthy behavior

Programme 6: Environmental conservation and natural resources management

Objective: To manage threats to environment quality and integrity and conserve, manage and ensure sustainably used county's natural ecosystems.

2017-2018 Policies to develop

Physical development Control Policy

Urban Management Policy

Town Dispute Resolution

Urban Infrastructure

Urban Social Amenities

Challenges

Inadequate Financial Resources

Inflated land prices by the members of the public for the land acquired for public utilities

Inadequate staff in technical areas including Land surveyors, physical planners and land valuers.

Slow response by the members of public on the need of utilising public toilets

Unavailability of dumping site in major towns and urban centres

Spending Priorities 2017/2018

- Construction of Market sheds
- Develop modern market shades in all the sub counties and all major urban centers
- Construction of public toilets in all major urban centers
- Provision of street lighting and floodlights in all urban centers
- Acquisition of land for public utility
- Riparian protection in all major rivers
- Tree planting and beautification in all urban centres and public institutions
- Improvement of preventive and promotive services

4.4.2.4 Education and Vocational Training

The department has two sub sectors. These are Early Childhood Development & Education and Vocational Training Centres. The vision, mission, programs, achievements and challenges are as follows:

Vision; to be the leading and dynamic provider of quality, equitable and accessible care, education, training and research

Mission; to foster county socio-economic development by providing competitive and sustainable education to learners.

Program Objectives/overall Outcome

1. Programme1: Policy, Planning and General Administrative Services.

Objective: To formulate policies and prepare plans for ECD and VTI infrastructure development.

2. Programme2: Early Childhood Development and Education.

Objective: To improve access to quality early childhood education

3. Programme3: Vocational Training Institutes

Objective: To improve access to quality vocational training education and skills competences

Challenges

Delay in development and revision of national policies and guidelines in line with the current governance structures, e.g. Code of Conduct and professional progression path for the VTC Instructors, harmonized schemes and terms conditions of service for ECD Assistants, etc.

The resources have not followed the functions ceded to the counties as per schedule IV of the Constitution. E.g. Funds for the construction of VTCs workshops, classrooms and hostels by the National Government have not been forthcoming.

Understaffed ECD and VTC Centers as a result of delay in disbursement of funds by National Government.

Most training tools and equipment in ECDs and VTCs are either inadequate, broken down or obsolete.

Increasing institutional disasters that require County assistance e.g. Public Schools sunk toilets, fire inferno in learning institutions, wind effects ripping off the learning institutions rooftops, etc.

Spending priority Areas in 2017/2018

- Finalizing, approval by County CEC and implementation of departmental policy guidelines and plans, e.g. implementation of standardized scheme of service and career progression plan and code of conduct for ECD assistants and VTC instructors/ staff.
- Completion of ECD classrooms and equipping already completed.
- Construction and completion of VTC workshops, hostels and classrooms.
- Capacity building to facilitate efficient and effective service delivery for the entire staff.
- Develop demand driven vocational and technical training programmes, skills and competences (in-training, apprenticeships, entrepreneurship)

4.4.2.5 ICT Training & Industry

Part A: Vision

A dynamic industrial and globally competitive county that thrives as a destination of choice for trade, tourism, investment and industrial development through ICT and development human capital

Part B: Mission

To facilitate creation of a conducive environment for sustainable trade, investment, tourism and a vibrant industrial base through promotion of ICT adoption in all sectors and capacity building of staff.

Program Objectives/overall Outcome

1 **Programme1:** ICT Development

Objective: To develop ICT infrastructure for efficient and effective service delivery

2 **Programme2:** Capacity Building

Objective: To develop staff through capacity building

3 **Programme3:** Trade Development

Objective: To link groups to markets both local and International and promote private sector development

4 **Programme4:** Tourism Development

Objective: To promote tourism in the county

5 **Programme5:** Energy Development

Objective: To promote affordable renewable energy and increase coverage of electricity to over 80% of the county by 2017

6 **Programme 6:** Industry Development

Objective: To promote industries and industrial products in the county

Challenges

The ICT department is faced with a challenge of inadequate budgetary allocation especially for ICT Infrastructure development, which is basement for installation, or development of any system. The implementation of ICT roadmap (2015-2020) is capital intensive and the department will seek to work with other partners in 2017/18 FY to operationalize it.

Regarding capacity building, one of the main challenges is the harmonization of programs and consistencies in follow on the implementation of projects to reflect a well-trained staff.

The directorate of trade faces the challenge of recovering loans advanced to SMEs on time and this inhibits the disbursements of other loans to prospective entrepreneurs. In the tourist sector, one of the major challenges is the implementation of tourist circuit destination sites to attract both local and international tourist.

The energy sector faces a major challenge of funds since the infrastructure is capital intensive. In addition, most of the residents have not embraced low cost energy initiatives. The industry sector faces the challenge of creating awareness for the Jua kali sector to establish cottage industries and add value to their products to attract a wider market space.

Spending Priorities 2017/2018

- ICT infrastructure and connectivity development
- Embrace ICT technology – ICT satellite in all sub county offices
- Policy formulation and drafting
- Capacity building and development of staff
- Conduct SMEs survey and mapping
- Establish county loans board (devolved)
- Fair trade practices
- Conduct trade show and exhibition in conjunction with the Chamber of commerce
- Complete mapping of tourist sites
- Tourism promotion in the county – ecotourism
- Promote affordable renewable energy

- Power generation and development
- Expansion and management of streetlights in selected urban centres
- Operationalize jua kali sheds by equipping with requisite tools and machines
- Revive cottage industries as per the Kalomba consultants report
- Power connectivity to schools and public utilities
- Street Lighting
- Mara Day Celebrations

4.4.2.6 Water Services

The Department of Water Services is responsible for the development of water supply infrastructure in the County. It aims to achieve expansion of water coverage and scaling up water storage to improve water security.

Vision:

To be a leading sector in development and management of sustainable water resources for the posterity of the residents in Bomet County.

Mission:

Develop, conserve, utilize, protect and sustainably manage water resources for improved livelihoods for the people of Bomet County through innovative programmes.

Program Objectives/overall Outcome

Programme1: Planning and Administrative Services

Objective: To enhance service delivery.

Programme2: Water Supply Infrastructure Development

Objective: To ensure the supply of safe, clean and reliable water for domestic and industrial use.

Challenges

The development of infrastructure for delivery of water requires huge investment that the County Government is unable to meet in the short and medium term. The Department seeks to address this through partnership and resource mobilization. Secondly, the declining of water resources due to climate change and environmental degradation, among others, adversely affects provision of adequate water supply. In addition, the existing water supply schemes cannot meet the growing demand for water across the county, hence the need for their upgrading and development of new ones. In order to address these challenges, the Department will prioritize implementation of two key programmes, which will require budgetary allocation amounting to Kshs 535.7 million in 2017/2018 financial year.

Development of water supply for domestic and commercial purposes is one key programme that has been prioritized. The main objective of this programme is to upgrade and expand the existing water supply schemes to increase water production and extend areas of supply coverage. The major schemes targeted include Itare (serving Konoin and Sotik sub-counties), Sotik (serving Chemagel ward), Bomet (Bomet town and parts of Nyangores ward), Sergutiet (Chesoen and parts of Singorwet Wards), Sigor (Sigor, Chebunyo and parts of Kipreres), Longisa (Longisa and Kipreres), Olbutyo (Kongasis, Siongiroi, Chebunyo and parts of Mutarakwa and Ndanai/Abosi), Gelegele (Gelegele and its environs), Ndanai (Ndanai area), Kamureito (Kipsonoi ward) and Yaganek (Yaganek and Kaplong areas). To improve water quality, treatment plants will be constructed in Water supply schemes such as Kamureito, Yaganek, Ndanai and Gelegele. In addition, new projects that were initiated in the financial year 2013/2014, 2014/2015, 2015/2016 and 2016/2017 will be completed and expanded. These include Amalo (Chemaner, Kembu and parts of Longisa), Aonet (Singorwet and parts of Merigi wards), Kipngosos (Rongena and Manaret), Tinet (Kembu), Ny'ang'ombe (Embomos) and Sogoet (Ndaraweta). The Department will offer technical and financial support to community based water projects. The support will include reviving stalled projects, upgrading and expansion and construction of treatment plants. Water projects include Mogombet, Kaposirir, Kapkelei, Segutiet, Chebang'ang', Kaptien, Kapset, Kaptebengwet and Tegat water projects. Water supply development programme has been allocated Kshs. 353 million in the 2017/2018 financial year.

The development of Water supply infrastructure is the key activity for the department. The activity has been allocated Kshs 201 million in the 2017/2018 Financial year.

Another priority area is geared towards developing, rehabilitating and protecting water points such as springs and dams especially in under- and un-served areas. This is aimed at increasing access to water and will also serve as strategic water storages. This sub-programme has been allocated Kshs 25 million in 2017/2018 financial year.

Implementation of BIDP projects (upgrading of Sergutiet water supplies) has also been given priority. The Department has set aside Kshs 80 million in the year 2017/2018 for implementation of this program.

About 40% of Bomet County area is under Semi-arid ecological zone. Thus we have allocated Kshs 50 million for development of Irrigation infrastructure

With the launch of the water company in November, 2014, the County Government committed herself to subsidies electricity costs. In the 2017/18 financial year, it is estimated that this grant will total Kshs. 116.8 million which is captured as Support to Bomet Water Company (Grant) and capital transfers for resource mobilisation as counter-part funding of Kshs 22 million.

Spending Priorities 2017/2018

- Policy, planning and administrative services
    - ➢ Administrative and Capacity building
- Development of water supply infrastructure
    - ➢ Upgrading of existing water supply schemes for expansion of supply coverage
    - ➢ Development, rehabilitation & protection of water points and community sensitization
    - ➢ Development of Irrigation infrastructure
- Resource mobilization – counterpart contribution for funding from development partners and project proposals
- Implementation of Bomet Integrated Development Program (Grants)
- Support to Bomet Water Company (Grants)

4.4.2.7 Agribusiness, Co-operatives and Marketing

The department derives its mandate from the Fourth schedule of the Constitution of Kenya , 2010 as functions devolved to the County to include, amongst others, Agriculture, including— Crop and Animal husbandry; Livestock sale yards; County abattoirs; plants and animal disease control; fisheries; Veterinary services - Animal control and welfare, including— licensing of dogs; and facilities for the accommodation, care and burial of animals (excluding regulation of the profession); Cooperative societies; Value addition and Markets.

The department is composed of six directorates, namely; Crop development, management & Agricultural engineering services, Livestock & fisheries development, Veterinary services, Cooperatives development, Value addition, and Marketing

Vision; to be a leading player in the transformation of the County agricultural sector into an innovative, food secure, commercially oriented, competitive and modern industry

Mission; to transform the agricultural sector enterprises through innovation, technical and improved access to financial services leading to competitive products that contributes to county's economic development and food security

Programme Objectives and Overall Outcome

Programme 1: Crop Development and Management

Objectives:

To enhance dissemination of agricultural information to the farming communities for adoption of modern technologies, improved Agricultural productivity, food security and nutrition and improved farm incomes.

Programme 2: Cooperative, hub development, enterprise support, value addition and Marketing

Objectives:

To improve access to affordable credit through cooperatives, agricultural production, enhance value addition and accessibility to agricultural markets.

Programme 3: Livestock Development and Management.

Objectives:

To increase livestock production, productivity, health and improve livestock products and by- products to enhance food security and incomes in the County

Programme 4: Agricultural Training Centre

Objectives:

To provide quality agribusiness training services to the farmers in the county to enable them adopt to the new farming technologies.

Challenges

The challenges facing the department include;

- Inadequate financial resources
- Unfavorable climatic changes,
- Low productivity of farm produce,
- Unpredictable market dynamics,
- Inadequate marketing infrastructure

- Emerging crop and animal pests and diseases (Tuta absoluta and MLND).
- Low staff to farmer ratio.
- Inadequate staff transport services- Not enough vehicles

Spending Priorities 2017/2018

- Construction to completion of ongoing and new cooling plants and equipping with coolers and stand by generators.
- Provision of adequate veterinary resources and materials (Semen and liquid nitrogen)
- To complete construction and equipping of coffee Eco pulping unit in Mutarakwa.
- To complete the construction and equipment of chicken slaughter facility in Chebole.
- Completion of farm produce pack house in Youth farmers
- Completion of food stores
- Completion of ongoing cattle sale yards
- Enhance crops development and management,
- To support the development and management of Cooperative societies,
- Development of feed lot
- Strengthening of multipurpose cooperative societies to facilitate access to financial services
- Ensuring market access for farm produce by putting up marketing infrastructure and system software.

4.4.2.8. Social Services

In the social sector the Department of Social services aims to have a Society where the vulnerable enjoy equal rights, opportunities and high quality of life. The Department's main objective is to promote socio-economic development through appropriate policies, programmes and projects that enhance sustainable growth. The department is responsible for the following areas: Facilitate and coordinate the county social development services including promoting Gender mainstreaming, youth and Persons with Disability mainstreaming into development; Raising living standards of disadvantaged and marginalized groups through socio-economic development; strengthen and preserve family values, and foster independence in social-economic growth.

The sector also focuses on promoting the preservation of culture. The department also provides policy interpretation, advice, guidance and planning of cultural matters. It promotes cultural diversity through cultural festivals and exhibitions; documentation and preservation of cultural heritage; formation of cultural association; and promotion of cultural talent identification and training in the county. There exist community libraries albeit very in poor conditions and limited equipment and services.

Vision

To be a leader in provision of social support services that spur economic growth for quality life to all citizens.

Mission

To enhance the capacity of communities through prudent social support policies and programmes, to identify, plan, and implement sustainable socio-economic activities towards improvement of standards of living.

Program Objectives/overall Outcome

Programme 1 – Policy Development and Administrative Services

Objective: To create an enabling environment that supports programme implementation

Programme 2: Social Development and Services

Objective Improved involvement of disadvantaged groups in development

Programme 3: Youth and sports

Objective: To revitalise youth development in entrepreneurship and sports

Name of Programme 4: Culture and library services

Objective: To promote an informed, enlightened and culturally rich community.

Achievements

Women empowerment programmes were conducted across all sub counties reached over 3000 most disadvantaged groups who account for the small scale farmers and traders. The women were trained on basic skills which include: agricultural skills and techniques, formation of groups towards starting economic generating activities and mentorship on entrepreneurship.

The social protection program {safety net} where over 14600 elderly persons and 500 persons with severe disability benefitted from cash transfer of Ksh 2000 each and N.H.I.F payment of Ksh300 each to access basic needs such as good nutrition, clothing and medical care. PWDs were able to access assistive devices as required. The department also facilitated the registration of 120 PWDs with the National council for persons with disability, and have been provided with identification Cards which allow them tax exemptions and access to opportunities.

We also support the 9 special needs institutions through foodstuff and sanitary materials. The institutions are: Kipn'gosos school for the mentally challenged, Korara Primary School for albino, Tegat special unit, Korara

Secondary school, St kizito school for the deaf, Kapkesosio school for the blind, Kiriba special unit, Bomet Hostel, Ndanai small home.

The following 10 charitable children institutions in Bomet were also supported through donation of food stuff and sanitary to improve the welfare of the children. Umoja home, Kenduiwa home, Chongenwo home, Laura home, Dow family home, AIC Mogogosiek, Davila home, Kitoben home, St Agustine home and Saseta small home.

Observance of culture days and competitions were conducted across the county. A total of 65 groups participated in the competitions that led to winner in three categories being facilitated to participate in national competitions. The events led to increased awareness on culture and the appreciation of forming cultural groups which in turn lead to income generation.

The department enhanced sports through the use of the almost completed IAAF stadium. Various activities were undertaken including: football, athletics and volleyball. In addition, the department continuously facilitated sports men and women to attend various national competitions.

Partnership with Kenya Society for the Blind will go a long way to ensure persons who are visually impaired access the professional support they require.

Youth structure in place to ensure proper involvement of youth in Bomet county. IAAF stadium in its final stages with 36,000 seating capacity. And high altitude ground secured in Tegat to assist build athletics in the County.

Challenges

High poverty levels and inadequate Social security for poor and vulnerable groups continues to pose a big challenge. Overwhelming expectations from the community amidst inadequate of resources. Community members continuously visit the office for individual requests which may not be supported by the programmes such as support for widows.

The department faces a challenge of mobility since there is no vehicle for operations. This results in delays when attending to the public demands and general administration of projects.

IFMIS system which supports procurement and spending in the department is often faced with fluctuation and technical hiccups thus slow down implementation of programmes.

Spending Priorities 2017/2018

Policy development and sensitizations conducted

- 2500 groups trained
- Three policies developed and sensitizations held

Support for vulnerable groups

- 10 institutions for special needs supported
- 10 charitable children institutions
- Health cover for vulnerable persons

Youth revitalization

- Train 500 youth groups in the county
- Support sports persons
- Development of sporting facilities

Cultural knowledge and preservation

- Build and equip libraries

- Promote the preservation of culture. Bomet County has a rich background of Kipsigis Cultural practices, artifacts, dances, music, and knowledge that need to be preserved and promoted.
- Promote cultural diversity through cultural festivals and exhibitions; documentation and preservation of cultural heritage; formation of cultural association; and promotion of cultural talent identification and training in the county.

4.4.2.9. Roads and Public Works

The department of Roads, Transport & Public Works is mandated to construct, maintain, manage and rehabilitate roads, buildings and bridges within the County. It is also charged with ensuring mobility of staff is uninterrupted to ensure efficient service delivery.

Vision;

To become a leading provider of efficient, safe and adequate road network, bridges and buildings in the entire county

Mission;

To construct, maintain and rehabilitate the county roads, buildings & bridges to enhance socio-economic development

The values that have guided the department in continuously achieving its mission and vision are:

Teamwork- the department recognizes the impacts of teamwork. It always supports and promote the same among its staff.

Innovation- The department always explores creative methods of executing its mandate.

Reliability- The department always strives to deliver its services in time by sticking to the work plans and the county integrated development plans. It also handles emergencies promptly.

Integrity- the department promotes accountability and transparency in its day to day activities.

The County Government of Bomet recognizes the importance of infrastructure in enhancing socio- economic development. It creates employment for the youth and development of local contractors. It also helps in wealth creation through opening up of villages and remote areas so that farm produce can reach markets in time. Construction of motorized bridges and foot bridges enables interaction of people all over the county thereby. The roads traverse rich and expansive agricultural lands that produce tea, coffee, milk and flowers and vast natural forests with rare species of plants and animals that provide potential investment in tourism industry.

Partners:

It is a legal requirement that construction and maintenance of the county roads, public buildings and bridges should meet the standards and specifications of the Kenya Roads Board (KRB) and the National Construction Authority (NCA) respectively. Kenya Roads Board is charged with mapping of roads while NCA is charged with ensuring that structures are sound. The department of roads has also been working with Kenya Institute of Buildings and Highway Technology, Kisii Branch on material testing.

The Department has three programmes namely:

Programme 1-Construction, maintenance & Rehabilitation of Roads

Objective- To Construct, Maintain & Rehabilitate roads and Install Culverts

Programme 2- Construction, maintenance & Rehabilitation of buildings & bridges

Objective- To Construct, Maintain & Rehabilitate buildings and related structures, Construct, Maintain & Rehabilitate bridges (motorized & foot)

Programme 3- Fleet management, Repair and maintenance of motor vehicles and heavy equipment.

Objective- To Manage fleets, Repair and Maintain heavy machines and motor vehicles.

Challenges facing the department

These challenges will be addressed by proper planning in order to ensure that projects are completed before heavy rains begin. The problem of frequent breakdown of equipment can be addressed by having a reliable supplier of genuine spare parts, disposal of unserviceable equipment and acquiring modern ones. The County Assembly should also consider allocating more funds to the department since its programs are key to the socioeconomic development of the County. Demarcation of all PI lands that have the potential of yielding construction materials (gravel) should be considered.

Spending Priorities 2017/2018

1) **Road maintenance & Installation of culverts-** the department shall focus mainly on maintaining roads that had initially been opened up and graveled, including drainage works.
2) **Construction of new bridges**
3) **Equipping of a modern workshop**

4.4.2.10. Medical Services

The mandate of the sector is the provision of curative, preventive and rehabilitative services to Bomet residents. This will in the long-term improve quality of life thus contribute to productivity of the county economy. Major improvement was done in this sector in the year 2016/2017 within the priority areas of development. The sector still faces numerous challenges, which include inadequate infrastructure, inadequate equipment and shortage of qualified personnel leading to unsatisfactory service delivery.

In the medium term, the County Government will seek to address these challenges through continued investment in training of health professionals, provision of medical services, health and infrastructure and improvement in the working conditions of medical practitioners. In the 2017/18 MTEF, the government will roll out of the following programmes; upgrade and equip health care facilities, improve health centers and dispensaries, establish functional pharmacies in all the health facilities, upgrade Longisa hospital to level 5 to meet the standard of a referral and implement a medical scheme.

Spending priorities

Policy, planning and administration

The process of developing competitive human resource incentives to support, motivation and retention of key medical staff in the county is currently at the draft level. The policy will guide on how key staff would be motivated and retained. Shortages of medical personnel are currently being resolved through recruitment and this includes incorporating retired technical staff to support some of the facilities. Other health policy documents like health care financing and local health committee policy will be reviewed and published.

The department has planned in the year to establish an efficient health information system, first at Longisa hospital and phased out to the 5 sub-county hospitals (Ndanai, Koiwa, Tegat, Sigor and Kapkoros.

Curative Health Services

An inventory of county medical equipment will be carried out to establish their current status. The result will inform on the areas to improvement or equipped. Also, procurement and management of commodities will be strengthening through establishment for functional commodity security whose mandate is to forecast on the re-order levels and overall oversight on management of medical commodities in the health facilities.

Ambulance referral system has greatly improved and is providing excellent services to Bomet residence. The existing gap is on training on life support and improvement on information system to ensure data on referral is recorded and establishing communication referral offices at Longisa and sub-county hospitals for efficiency.

Preventative and Promotive healthcare Services

The medical department will carry out a fraction on preventive and promotive health services since it shares the mandate with Public health and Environment department. The medical department has the role in managing non-communicable diseases which include cancer screening for early diagnosis and establishing cancer registry to ensure records are captured. Also, mothers and children who receive family planning, antenatal care and growth monitoring are factored as a priority area.

Infrastructure

Longisa Hospital is currently being upgraded to a level 5 referral hospital with specialized health providers for cancer, bone-surgery, ophthalmic and ENT services. This will serve clients from the region. A Cancer Medical Centre will be established in order to provide early diagnosis and treatment. This will also reduce referrals and cost of treatment of cancer for Bomet residents. Other 5 sub-county hospitals i.e. Ndanai, Koiwa, Tegat, Sigor and Kapkoros will be upgrade to meet level 4 standards

4.4.2.11. Economic Planning and Development

The economic planning and development department derives its mandate from Section 107 of the county Government Act, 2012. The department is charged with production of comprehensive and reliable population data, county statistics and preparation of county development plans. It develops county monitoring and evaluation framework and coordinates the monitoring and evaluation of implementation of development projects. It also carries out research and analysis, economic modelling and forecasting and feasibility studies.

Part A: Vision

To be a centre of excellence in planning for rapid and sustainable development

Part B: Mission

To undertake economic and spatial planning and effectively track projects and programme implementation

Part C- Programme Objectives/Overall Outcome

Program 1: Policy and Administrative services

Objective: To enhance provision of quality administrative Services, development and implementation of sound policies

Program 2: Monitoring and evaluation services

Objective: To promote M&E culture and practice through prudent planning and implementation of development programmes and policies

Program 3: Planning services

Objective: To enhance development and implementation of quality plans and collection of reliable statistics

Challenges

Achievements notwithstanding, the department is faced with some challenges which include; inadequate financial resources, inadequate capacity and inadequate transport for the department as a whole and particularly for M&E field visits.

Spending Priorities 2017/2018

- Review of CIDP
    - Review of CIDP (Public Participation and sector presentations)
    - Develop the next five year CIDP for 2018-2023
- Baseline survey
    - Baseline surveys for the whole county
- Comprehensive M&E report
- Spatial plan

4.5 Summary

The budget ceilings have been set taking into account county priorities, but with binding constraints on the resource envelope the ministries have been forced to make tough decisions in allocating available resources across their programmes. The Treasury will work with the ministries to ensure resources are availed to them when required.

As all programs and projects developed through the CIDP cannot be fully funded, ministries will develop viable public investments for additional funding under PPPs or with the support of the national government or development partners. These projects will be incorporated in the budget once agreements for support have been signed.

CHAPTER FIVE: CONCLUSIONS

In developing this CFSP county departments have had the opportunity to be involved in a collective budget making process. This Fiscal Strategy Paper will inform the 2017/18 budget estimates which will begin as soon as the Treasury receives comments on the document from the County Assembly. The estimates per Programme may be reviewed during the preparation of 2017/2018 budget estimates on condition the departments comply to the ceilings presented.

Several challenges were identified which require attention in the short to medium term. These include:

Lack of data: this especially true for macroeconomic data required for developing indicators on the performance of the county. The county will work with the national government, development partners and institutions of higher learning to address the problem.

Financial constraint: The county government is in the first stages of implementing the revenue automation aimed at improving revenue collection. Three pieces of revenue legislation which are before the county assembly once enacted will provide an appropriate framework and powers for revenue collection.

Overreliance on national revenue allocations: this imposes constraints the county budget especially the funding of public investments. It is expected that appropriate regulations governing guarantees will be agreed between county governments and the national government to enable the counties to supplement national revenue allocations with borrowing. The county will also develop a resource mobilization strategy to provide guidelines on borrowing and engagement with donors.

It is also recognized for the county to succeed in its development endeavors it will have to collaborate with other stakeholders. The main areas of collaboration will be: PPPs with the private sector to finance investments; capacity building especially with the national government and development partners; and technology transfer.

ANNEXTURES

Table 4: Total Expenditure Ceilings

SECTOR	REVISED CEILINGS	CEILINGS	PROJECTIONS	
	2016/2017	2017/2018	2018/19	2019/20
COUNTY EXECUTIVES	**395,642,263**	**468,406,489**	**405,247,138**	**445,771,852**
Personal emoluments	194,007,525	251,608,278	186,769,105	205,446,016
Operation & maintenance	201,634,738	216,798,212	218,478,033	240,325,836
Development	-	-	-	-
PUBLIC SERVICE BOARD	**47,520,000**	**50,272,000**	**53,299,200**	**56,629,120**
Personal emoluments	29,520,000	30,472,000	31,519,200	32,671,120
Operation & maintenance	18,000,000	19,800,000	21,780,000	23,958,000
Development	-	-	-	-
ADMINISTRATION	**626,837,578**	**641,521,336**	**700,673,469**	**775,740,816**
Personal emoluments	430,070,578	443,077,636	472,385,399	519,623,939
Operation & maintenance	84,767,000	90,243,700	109,268,070	120,194,877
Development	112,000,000	108,200,000	119,020,000	135,922,000
FINANCE	**349,784,459**	**321,762,905**	**343,939,195**	**378,333,115**
Personal emoluments	155,682,465	158,750,712	169,625,783	186,588,361
Operation & maintenance	118,745,944	122,120,538	124,332,592	136,765,851
Development	75,356,050	40,891,655	49,980,821	54,978,903
LANDS, PUBLIC HEALTH & ENVIRONMENT	**301,963,749**	**332,160,124**	**370,376,136**	**412,413,750**
Personal emoluments	192,496,758	201,746,434	216,921,077	218,613,185
Operation & maintenance	15,020,353	16,522,388	18,174,627	19,992,090
Development	94,446,638	113,891,302	135,280,432	173,808,475
SOCIAL SERVICES	**224,494,475**	**229,943,922**	**292,938,315**	**352,232,146**
Personal emoluments	45,206,029	47,226,632	51,949,295	57,144,225
Operation & maintenance	54,090,446	59,717,290	85,689,019	104,257,921
Development	125,198,000	123,000,000	155,300,000	190,830,000
MEDICAL SERVICES	**907,711,130**	**990,982,243**	**1,080,080,468**	**1,153,088,514**
Personal emoluments	502,366,896	560,603,586	566,663,944	568,330,339
Operation & maintenance	359,962,551	365,958,806	402,554,687	442,810,156
Development	45,381,683	64,419,851	110,861,837	141,948,020

SECTOR	REVISED CEILINGS	CEILINGS	PROJECTIONS	
	2016/2017	2017/2018	2018/19	2019/20
ECONOMIC PLANNING & DEVELOPMENT	**78,402,295**	**77,442,525**	**85,186,777**	**93,705,455**
Personal emoluments	19,996,295	21,995,925	24,195,517	26,615,069
Operation & maintenance	58,406,000	55,446,600	60,991,260	67,090,386
Development	-	-	-	-
AGRIBUSINESS,CO-OPERATIVES AND MARKETING	**416,609,738**	**409,138,476**	**470,052,323**	**557,057,556**
Personal emoluments	163,709,246	170,080,171	187,088,188	195,797,006
Operation & maintenance	36,686,400	40,355,040	44,390,544	48,829,598
Development	216,214,092	198,703,265	238,573,592	312,430,951
WATER SERVICES	**446,005,410**	**519,513,496**	**599,464,846**	**679,411,330**
Personal emoluments	86,186,032	46,804,635	51,485,099	56,633,609
Operation & maintenance	119,819,378	131,801,316	144,981,447	159,479,592
Development	240,000,000	340,907,545	402,998,300	463,298,129
EDUCATION AND VOCATIONAL TRAINING	**495,988,897**	**529,036,333**	**629,439,966**	**692,383,963**
Personal emoluments	198,304,919	208,135,411	228,948,952	241,843,847
Operation & maintenance	9,326,272	10,258,899	11,284,789	12,413,268
Development	288,357,706	310,642,023	389,206,225	438,126,847
ROADS AND PUBLIC WORKS	**631,554,716**	**644,208,470**	**732,529,316**	**761,207,780**
Personal emoluments	47,857,068	52,642,775	57,907,052	63,697,758
Operation & maintenance	78,650,763	81,515,839	94,667,423	104,134,166
Development	505,046,885	510,049,855	579,954,841	593,375,857
ICT, TRAINING & INDUSTRY	**165,435,585**	**183,479,144**	**220,827,058**	**265,884,232**
Personal emoluments	60,854,665	64,940,132	71,434,145	78,577,559
Operation & maintenance	41,380,920	44,519,012	57,970,913	58,242,473
Development	63,200,000	74,020,000	91,422,000	129,064,200
COUNTY ASSEMBLY	**495,000,000**	**498,177,663**	**501,595,429**	**510,354,972**
Personal emoluments	272,304,300	274,534,730	276,988,203	282,687,023
Operation & maintenance	222,695,700	223,642,933	224,607,226	227,667,949
Development		-	-	-
TOTAL	**5,582,950,295**	**5,896,045,125**	**6,485,649,637**	**7,134,214,601**

SECTOR	REVISED CEILINGS	CEILINGS	PROJECTIONS	
	2016/2017	2017/2018	2018/19	2019/20
Personal emoluments	2,398,562,776	2,532,619,054	2,593,880,959	2,734,269,055
Operation & maintenance	1,419,186,465	1,478,700,575	1,619,170,632	1,766,162,163
Development	1,765,201,054	1,884,725,496	2,272,598,046	2,633,783,383
Personal emoluments	43%	43%	40%	38%
Operation & maintenance	25%	25%	25%	25%
Development	32%	32%	35%	37%

County Programmes

1. **Administration and County Executives**

- Programme 1 – Executive Services
- Programme 2 – Administrative Services

2. **Finance**

- Programme 1 – Financial management service
- Programme 2 - Administrative services

3. **Lands, Public Health and Environment**

- Programme 1 – Policy, Planning and General Administrative Services
- Programme 2 –Housing Development and Human Settlement
- Programme 3 – Urban Development
- Programme 4 - Preventive and Promotive services
- Programme 5 – Environment Management and Protection

4. **Social Services**

- Programme 1 – Policy Development and Administrative Services
- Programme 2 – Social Protection and services
- Programme 3 – Youth empowerment and sports Development
- Programme 4 - Culture, Music and Library Services

5. **Medical Services**

- Programme 1 – Policy development
- Programme 2 - Preventive services

- Programme 3 - Curative services

6. Economic planning and Development

- Programme 1 –Policy and Administrative Services
- Programme 2 – Monitoring and Evaluation Services
- Programme 3 – Planning Services

7. Agri Business, Cooperatives and Marketing

- Programme 1 - Crop Development and Management
- Programme 2 - Agribusiness Development and Marketing
- Programme 3 – Livestock Development and Management
- Programme 4 – Agricultural Training Centres

8. Water Services

- Programme 1 - Policy planning and administrative services
- Programme 2 - Water supply infrastructure

9. Education, Youths and Vocational Training

- Programme 1 – Policy planning and administrative services
- Programme 2 – Early childhood and development and education
- Programme 3 – Vocational training institutes

10. ICT, Training and Industry

- Programme 1 - ICT Development
- Programme 2 – Capacity Building
- Programme 3 – Trade Development
- Programme 4 – Tourism Development

- Programme 5 – Energy Development
- Programme 6 – Industry Development

11. Roads & Public Works

- Programme 1 – Roads Construction and Maintenance
- Programme 2 – Bridges and Culverts
- Programme 3 - Vehicle maintenance and fleet management

12. County Assembly

- Programme 1 – General Administrative Services
- Programme 2 – Legislative Services
- Programme 3 – Oversight Services