

REPUBLIC OF KENYA



COUNTY GOVERNMENT OF KAKAMEGA

THE COUNTY TREASURY

MEDIUM TERM

COUNTY FISCAL STRATEGY

PAPER

An Economically Vibrant County

February 2017

FOREWORD

This is the fourth County fiscal strategy paper (CFSP 2016) for County government of Kakamega prepared by the County Treasury. This paper has been prepared at a time when the First term of County government is coming to an end. This means that it is prepared to take into account the changed priorities that would be included in the County Integrated Development Plan of the next term of the new government (2018-2022). It sets out the County priority programs to be implemented in the Medium Term expenditure Framework (MTEF) in the FY 2017/2018-2019/20. It is prepared in line with requirements of PFM Act of 2012 Section 117.

Kakamega County has witnessed tremendous economic development including improved infrastructure, revitalized agricultural sector, and massive investments in education and health sectors since the inception of county governments. In addition, the continued development of modern markets are expected to boost the volume of trade which has a multiplier effect in job creation, increased incomes and opening up of opportunities for entrepreneurial growth in the County.

However, there are challenges that continue to hold the County back from achieving its full potential. They include: Inadequate budgetary allocation from the National Government, low local revenue base, high unemployment rates, inadequate human resource capacity and political related issues. Strategies to address these challenges have been highlighted in this Fiscal strategy paper.

The strategy for economic success still targets five core areas: Investment in health services, revitalizing the agriculture sector, improvement of the infrastructure network, improving education standards and promotion of trade and industry.

This fiscal strategy paper gives parameters for the 2017/18 budget and the medium-term expenditure framework which is consistent with both County and National Government priority programs, strategies and policies. The CFSP for MTEF period 2017/18-2019/20 is prepared taking into consideration equitable shareable revenue from the national government, in addition to County's own source of revenue.

MR. GEOFFREY N. OMULAYI

COUNTY EXECUTIVE COMMITTEE MEMBER

THE COUNTY TREASURY

ACKNOWLEDGEMENT

The preparation of this county fiscal strategy paper is a consultative and collaborative effort of the various county stakeholders. The strategic leadership of His Excellency the Governor, County departments through the respective County Executive Committee Members (CECs)s and Chief officers, comments from the various groups and public sector hearings in November 2016, in addition to inputs of Commission for Revenue Allocation (CRA), Controller of Budget (COB), the County Budget and Economic forum members among many other stakeholders who participated in the overall process which was guided by the National Government budget policy statement (BPS).

A core team in the County Treasury and Economic Planning and Investments spent a significant amount of time preparing this paper. Key among them was the Chief officer County Treasury, Mrs. Evelyn Mulunji, Mr. Otieno Samson, the Head of Budget, County Head of Revenue Mr. Dennis Lusuli, Head of Treasury Accounting Mr. Samson Odoyo Obwanga, Planning Department headed by Mr. Jacob Mumia and the Economists from the Economic Planning and Investments Department; Mr. Geoffrey Nyakwara, Margaret Gongi, Alex Simiyu, Stephen Wafula, Luke Marani, Dan Borter, Kelvin Okile, Zablon Okenge, Edward Konditty and Eunice Amlega, immensely took time to prepare the document. I would like to take this opportunity to thank the entire staff of the County Treasury and Economic Planning for their dedication and commitment.

MRS. EVELYNE MULUNJI

CHIEF OFFICER

THE COUNTY TREASURY

TABLE OF CONTENTS

FOREWORD	2
ACKNOWLEDGEMENT	3
LIST OF TABLES	6
LIST OF FIGURES	7
ABBREVIATIONS AND ACRONYMS	8
OUTLINE OF THE 2017/18 COUNTY FISCAL STRATEGY PAPER	11
EXECUTIVE SUMMARY	12
1.0 AN ECONOMICALLY VIBRANT COUNTY	12
1.1 Overview	12
1.2 Building an Economically Vibrant County	12
1.3 Programs for achieving a vibrant and sustainable economy.	13
2.0 RECENT ECONOMIC DEVELOPMENT AND POLICY OUTLOOK IN 2016/17 16	
2.1 Review of Recent Economic Performance	16
2.2 Update on fiscal performance and emerging challenges	19
2.2.1 County Revenue.....	19
2.2.2 Locally Collected Revenue	20
2.2.3 County Budget Expenditure	22
2.2.4 Economic Classification of County Expenditure	27
2.3 Update on Fiscal performance and emerging challenges	28
2.3.1 Implementation of 2016/17 Budget and Emerging Fiscal Challenges	28
2.3.2 Revised budgets	28
2.3.3 Risks to the outlook	29
3.0 FISCAL POLICY AND BUDGET FRAMEWORK	30
3.1 Overview	30
3.1.1 Adherence to Fiscal Responsibility Principles	30
3.2.1 Deficit Financing Policy.....	31
3.3 Revenue projections	32
3.3.1 Expenditure Forecasts	32
3.3.2 Overall deficit financing.....	32
3.4 The 2017/18 Budget framework	33
4.0 INTERGOVERNMENTAL FISCAL RELATIONS	34
4.1 Legal Framework	34
4.2 Challenges Encountered by the County in Public Finance Management	34
4.3 Equitable shares	35
4.4 Additional resources	35
4.5 Fiscal Discipline	35
4.6 Capacity Building of the County Staff	35
4.7 Summary	35
5.0 MEDIUM-TERM EXPENDITURE FRAMEWORK	37

5.1 Resource Envelope	37
5.2 Spending Priorities for 2016/2017-2018/19 MTEF Budget	38
5.3 Medium Term Expenditure Estimates	38
5.4 Baseline Ceilings	41
5.5 Details of Sector/Department Priorities	42
5.5.1 Agriculture, Livestock, Fisheries and Cooperative Development	42
5.5.2 Transport, Infrastructure, Public Works and Energy	45
5.5.3 Trade, Tourism and Industry	46
5.5.4 Health Services	46
5.5.5 Education, Science and Technology	47
5.5.6 Office of the Governor	48
5.5.7 Public Service and Administration	49
5.5.8 The County Treasury.	50
5.5.9 Social services, Youth and Sports.....	50
5.5.10 Water, Environment & Natural Resources.....	51
5.5.11 Lands, Physical Planning, Housing and Urban Development.....	52
5.5.13 County Public Service Board	54
6.0 CONCLUSION	56
Annex 1: Local revenue MTEF Forecast 2017/18-2019/20	57
Annex 2: Recurrent Medium Term Expenditure Estimates	58
Annex 3: Ministerial Development Budget Ceiling	60

LIST OF TABLES

Table 1: Actual County Revenue Analysis for FY 2012/13-2015/2016	20
Table 2: Comparison of Recurrent and Development Budget Estimates and Actual Expenditure FY 2014/2015	23
Table 3: Economic Classification of Expenditure for FY 2015/16	27
Table 4: Revenue resource envelope	37
Table 5: Baseline ceilings 2017/18-2019/20	38

LIST OF FIGURES

Figure 1: Kenya’s Interest Rates Trends	16
Figure 2: Economic Growth Trends	17
Figure 3: Consumer Price Index August 2015-August 2016	18
Figure 4: Actual County Revenue Analysis for FY 2012/13-2015/2016	22

ABBREVIATIONS AND ACRONYMS

BSP	Budget Policy statement
CBROP	County budget review outlook paper
CFSP	County fiscal strategy paper
CIDP	County integrated development plan
CSWGs	County Sector Working Groups
FY	Financial Year
IFMIS	Integrated Financial Management Information System
KES	Kenya Shillings
MTEF	Medium Term Expenditure Framework
PFM	Public Financial Management
PPP	Public Private Partnership

Legal Basis for the Publication of the County Fiscal Strategy Paper

The County fiscal strategy paper is prepared in accordance with Section 117 of the Public Financial 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

Responsibility Principles in the Public Financial Management Law

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

- 1) The county government's recurrent expenditure shall not exceed the county government's total revenue.
- 2) Over the medium term, a minimum of 30% of the County budget shall be allocated to development expenditure.
- 3) The County government's expenditure on wages and benefits for public officers shall not exceed 35 percent of the County government revenue.
- 4) Over the medium term, the County government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.
- 5) Public debt and obligations shall be maintained at a sustainable level as prescribed by the executive and approved by the County Assembly.
- 6) Fiscal risks shall be managed prudently.
- 7) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future

OUTLINE OF THE 2017/18 COUNTY FISCAL STRATEGY PAPER.

This paper contains six sections as summarized below;

Section I Provides the county strategic blueprint which is to have an economically vibrant county and further explains how the county intends to transform its economy during its tenure in office.

Section II Outlines the economic context in which the 2017/18 MTEF budget is prepared. It provides an overview of the recent economic developments and the macroeconomic outlook covering the national government and county level.

Section III outlines the fiscal framework that is supportive of growth over the medium term, while continuing to provide adequate resources to facilitate service delivery and execute the policy priorities of the county Government.

Section IV provides a framework of managing the county government's administrative units and the budgetary allocation of the county revenue among its departments.

Section V presents the resource envelope and spending priorities for the proposed 2017/18 MTEF Budget and the Medium Term. Sector achievements and priorities are also reviewed for the 2016/17 MTEF period.

Section VI gives the conclusion.

EXECUTIVE SUMMARY

1.0 AN ECONOMICALLY VIBRANT COUNTY

1.1 Overview

This County fiscal strategy paper (CFSP) MTEF period 2017/18-2019/20 has been prepared under the Public Financial Management Act, 2012 Section 117. In line with the law, the CFSP sets out County priority programs outlined in the next paragraphs to be implemented in FY 2017/18 and the Medium Term expenditure Framework (MTEF).

The implementation of the county priority programs is expected to help in achieving its core mandate of service delivery to its citizens. This paper has been prepared at a time when the First term of County government is coming to an end. This means that it is prepared to take into account the changed priorities that would be included in the County Integrated Development Plan of the next term of the new government (2018-2022) These includes improving health services, improving infrastructural network, enhancing food security upgrading education standards, providing clean and affordable water, revitalizing trade and industry development, promotion of social justice, provision of affordable housing and creation of employment.

The National economic outlook updates have been incorporated in this CFSP to reflect changes in National and Global economic and financial trends. When preparing this CFSP, the national budget policy statement (BPS) was a key reference document in aligning the national economic policy principles to county principles.

1.2 Building an Economically Vibrant County

The focus of the County Government is to steer the county forward through numerous strategies to improve the delivery of services through sustained fiscal policy framework. Riding on the enormous resources and potential that the county has in Agriculture, Tourism, Sports, Energy, Minerals, Forestry, and favorable weather conditions present numerous opportunities for investors which will be key drivers of the county economy. The County Government has continued to support investments through infrastructure development as an enabler to spur growth in all sectors.

The framework upon which an economically vibrant county agenda is built is on course despite some challenges. The low level of local revenue base and the inflation trend

arising from the national government policies continue to be a source of concern for the County Government. Expenditure pressures with respect to salary demands and operational costs have impacted negatively on the county development agenda.

The broad strategic priorities for 2017/18 Budget will be anchored on the achievements of the County Government by directing public spending to stimulate growth. The investments by the private sector and other development partners will compliment these efforts. Taking the County Integrated Development Plan (CIDP) 2013-2017 as basic document, the County Government is certain that the broad strategic priorities for 2017/18 will provide a framework for sustainable growth and development.

The County's broad strategic priorities for attaining economic vibrancy include:

- a) Promotion of health care through investing in quality and accessible health services
- b) Development of key infrastructure including construction of road networks to spur economic growth.
- c) Promotion of value addition for agricultural produce to enhance food security.
- d) Improvement and upgrading education standards.
- e) Provision of clean and affordable water
- f) Creating an enabling environment for business and entrepreneurial development.
- g) Promotion of equitable economic and social development for stability
- h) Enhancing governance, transparency and accountability in service delivery.

In identifying these priorities, the County Government acknowledges that there lies an enormous task ahead in their implementation which calls for concerted efforts of all stakeholders in the county.

This County fiscal strategy paper therefore articulates priority for economic policies and sectors expenditure programs to be implemented under the Medium Term Expenditure Framework (MTEF) for 2017/18-2019/20 in order to achieve the County's sustainable development goals.

1.3 Programs for achieving a vibrant and sustainable economy.

Strategic priority I: Promotion of health care through investing in quality and accessible health services.

This has been one of the key priority areas and the county government and will continue to concentrate on this strategic priority area. These will include providing pharmaceutical and

non-pharmaceutical supplies, continuing with the construction, equipping, and renovation and upgrading of health Facilities County wide. Furthermore, the expansion of the County General Hospital and rehabilitation of Kakamega MTC will enhance access to quality health services and increased number of health personnel. In addition, construction of the Kakamega County Teaching and Referral Hospital will enhance the provision of comprehensive healthcare and reduce referral cases outside the county. Oparanya Care will continue to be revamped in order to reduce maternal and child mortality rates. The Community Strategy will be strengthened to increase the capacity of the community to handle their own health issues.

Strategic priority II: Improving transport infrastructure.

In order to improve the connectivity in the county, massive construction of the earth, gravel and bitumen roads as well as bridges and river crossings will continue to be undertaken. Purchase of key construction equipment in addition to investment in the modern road construction technology and Construction of the county mechanical workshop will also improve accessibility and connectivity. These will be achieved through both public and private partnerships. Within the medium term the county intends to upgrade 200Km of roads to Bituminous standards.

Strategic priority III: Promoting and developing Agricultural sector.

The continuation of subsidized programme for farm inputs and improved mechanization will increase the acreage under crop production thus contributing to reduced food insecurity in the county. In addition enhancement of the *one cow initiative and smart cow investment*, Value addition in agriculture to increase farmer incomes, up-scaling artificial insemination for better breeds and revamping extension services are among the strategies which will be continuously employed.

Strategic priority IV: Improvement of the education standards.

Construction, equipping and staffing of modern County polytechnics and ECDE centers, roll out of ECDE School feeding programme, and scholarships to the bright but needy students and provision of tuition subsidies to students in county polytechnics will be enhanced to improve access to quality education and training.

Strategy V: Promotion of Trade, Tourism and Industry.

Construction of modern markets and stalls, provision of affordable credit to small and Medium sized businesses, erection of light masts in market centers, protection and development of tourism attraction sites and provision of infrastructural support for the establishment of maize

milling plant and tea processing factory among other cottage factories will create an enabling environment for business and industrial development and enhance entrepreneurial culture..

Strategic priority VI: Promotion of labour relations, culture, youth and sports.

To promote and create social cohesiveness, the County will undertake to preserve culture of the various groups, undertake entrepreneurial training for the youth and women, establish and construct rehabilitation centers, rescue centers, mop up street children, identify and nurture sports talents.

2.0 RECENT ECONOMIC DEVELOPMENT AND POLICY OUTLOOK IN 2016/17

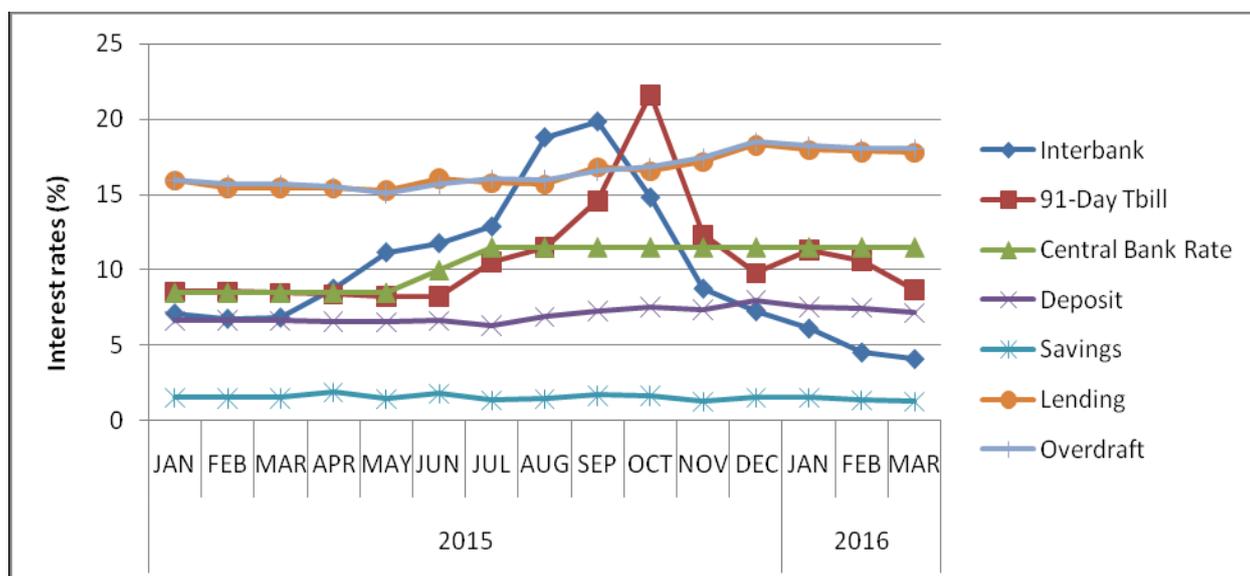
2.1 Review of Recent Economic Performance

The County Government relies on the National Government statistics on economic issues. This information is provided by the Kenya National Bureau of Statistics (KNBS).

Kenya's economy grew by 5.6 per cent in 2015, compared to a growth of 5.3 per cent in 2014 and is expected to expand by an average of 6.0 percent.

This strong growth was supported by improved performance in agriculture, forestry and fishing (5.5 percent), mining and quarrying (11.5 percent), transport and storage (8.8 percent), electricity and water supply (10.8 percent), wholesale and retail trade (6.1 percent), accommodation and restaurant (15.3 percent) and information and communication (8.6 percent). **(BPS November 2016)**

Figure 1: Kenya's Interest Rates Trends

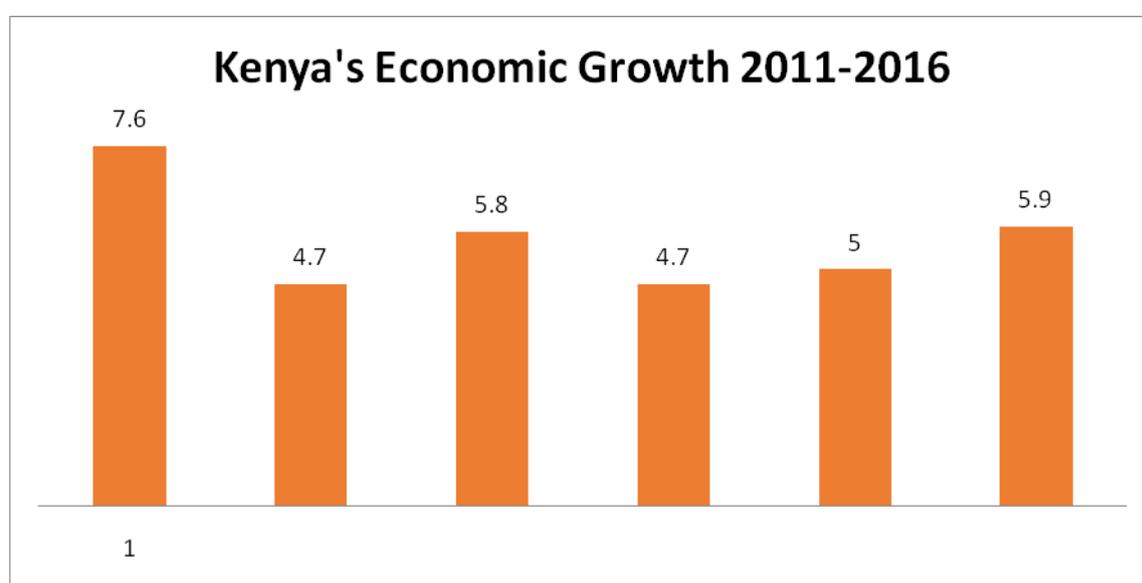


Source: KNBS

2.1.2 Growth in real GDP

According to the country's economic report of the year 2016, the country's economic performance improved to 5.9 per cent during the first quarter of 2016 compared to a growth of 5.0 per cent realized in the same quarter of 2015 indicating a 0.9% marginal growth. The growth was mainly supported by strong expansions of activities of hospitality industry, agriculture, transport, mining and quarrying, forestry and fishing, Construction; Finance and Insurance; Information and Communication; Electricity and Water Supply; Wholesale and Retail Trade; and Transport and Storage. All the sectors of the economy recorded positive growths of varying magnitudes except the manufacturing which shrunk over the same period. The growth recorded is encouraging since its effect is being felt in the counties.

Figure 2: Economic Growth Trends

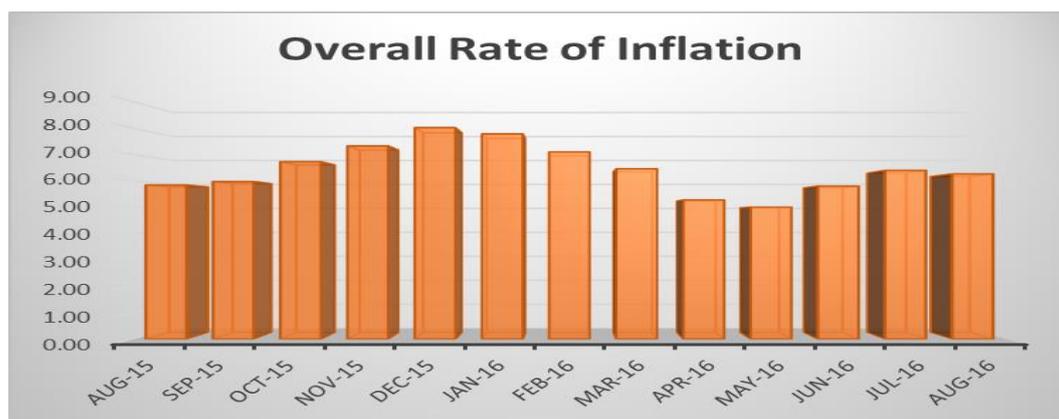


2.1.3 Inflation Rate

Source: KNBS

According to the Kenya National Bureau of Statistics report of 2016, overall inflation reduced from 7.1 percent in April 2015 to 5.3 percent in April 2016. This can be attributed to low food prices and reduced motoring expenses caused by low fuel prices. It is expected that the average inflation rate in 2016 will be 6.3 percent.

Figure 3: Consumer Price Index August 2015-August 2016



Source: KNBS 2016

2.1.4 Growth of the private sector

The private sector has witnessed tremendous growth since the establishment of the devolved Governments. This is attributed to increased transfer of funds to the county governments to spend on provision of goods and services. Private sector contributes to the development of the economy of the county by partnering with the county in provision of goods and services.

2.1.5 The Economic Situation and Poverty Reduction

Since the inception of devolved government there has been tremendous effort to reduce the poverty level within the County. The poverty index for Kakamega has improved from the initial 51. Percent in 2013 to below 49% in the year 2015 percent which is higher than the country's 46%. The high level of poverty has implications on the county's efforts in development initiatives since no meaningful development can take place with over half of the population still unable to meet their basic needs. The County's contribution to national poverty is about 0.45 per cent. The county is ranked 26th in the country while population leaving below poverty line was 809.5 persons. The county contributed to 4.8% to National poverty.

The key contributors to the reduction in poverty levels in the county include initiatives in terms of programmes that alleviate poverty either directly or indirectly including subsidized farm inputs, One cow initiative in Agriculture; construction of roads, street lighting in Transport and Infrastructure; spring protection, expansion piped schemes in Water and environment. Afyaya Mama na Mtoto programme, health infrastructure improvement, Community Strategy, Maternal Child programme in Health Services;

Shelter improvement programme, youth programmes in Social, Youth and Sports. Other areas which also contributed to poverty reduction were the Higher education Scholarships, tuition subsidies, education infrastructure improvement etc Education, Science and Technology. Modernized markets, SME loans and technical support programmes in Trade, Industrialization and Tourism sector.

Programme Contribution towards poverty reduction

DEPARTMENT	2013/2014	2014/2015	2015/2016	Percent increment	
				2013/14	2014/2015
Water, Environment and Natural Resource	36,573,646	134,089,399	167,493,726	266.63	24.91
Social Services, Youth & Sports	67,143,661	97,194,000	246,525,453	44.76	153.64
Transport, Infrastructure & Public Works	153,277,669	958,435,015	1,715,129,443	525.29	78.95
Health Services	593,857,839	1,744,453,345	2,737,056,025	193.75	56.90
Agriculture, Livestock, Fisheries and Co-operatives	57,147,543	431,610,586	448,361,570	655.26	3.88

2.2 Update on fiscal performance and emerging challenges

The main spending units of the County Government are the County Assembly and the Executive. The main sources of revenue during the period under review were national government allocation (CRA shareable revenue), Conditional grants for Level 5 Hospital and local sources. The approved budget for 2016/17 was Kes 13.2B to cater for the spending on the above county units.

2.2.1 County Revenue

The budget of 2016/17 FY is financed by an equivalent of the expenditure budget amounts resulting to a balanced county budget .The total allocation from the shareable revenue for the County for FY 2016/17 was Kes. 9,612,093,312 and conditional grants of Kes.810, 427,395. Own source of revenue was forecasted at Kes. 974 million. By October 2016 the total amount of money received from the County Revenue Fund amounts to Kes,3,541,148,737.These includes Kes.853 million being balanced carried forward from the previous financial year of 2015/2016, 160 million from own revenue fund and Kes. 2,528,148,737 .

2.2.2 Locally Collected Revenue

The county Treasury is responsible for local revenue collection. Collections from the various ministries and other departments are deposited in county revenue fund account at the Central Bank of Kenya.

Total revenue collection for the period 2013/2014, 2014/15 and for 2015/16 was Kshs.325M, 516 M and 504 M respectively showing inconsistency trend. However, a collection of Kshs.131.4M during the first quarter of year of FY 2016/17 ending October 2016 is an indicator of average revenue generation in the County. The county government has put in place measures to raise more revenue as compared to the previous years and will review the cause of underperformance compared to the same period in October 2015. Table 1 and table 2 below show the expected trend.

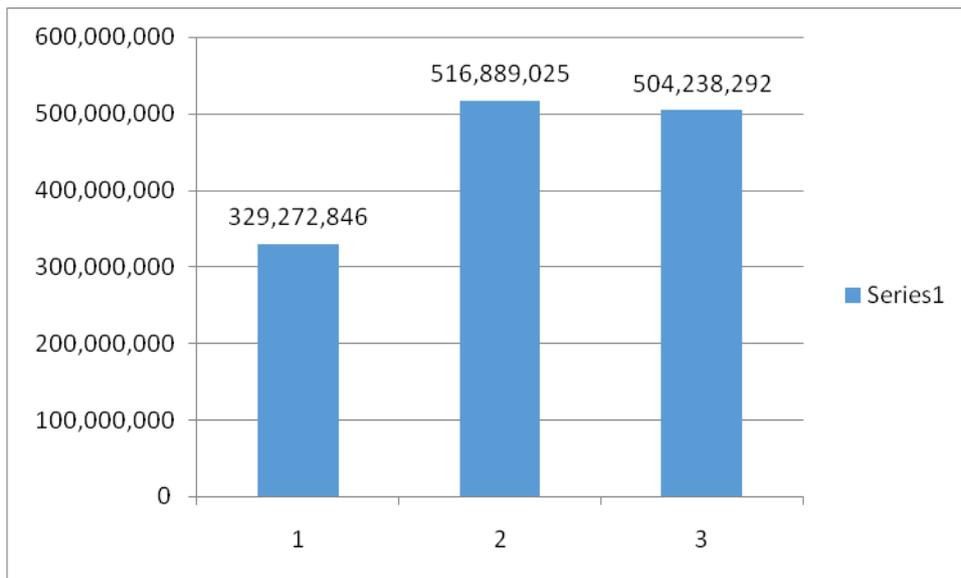
Table 1: Actual County Revenue Analysis for FY 2012/13-2015/2016

	Actual	Actual	Actual
	2013/14	2014/15	2015/2016
TOTAL REVENUE AND GRANTS	7,156,086,781	8,493,059,916	11,692,182,413
Own sources	329,272,846	516,889,025	504,238,292
Single Business Permit	39,216,196	91,237,493	71,420,051
Barter Market	42,905,440	39,761,963	32,389,482
Property Rates	37,173,324	20,894,388	19,078,434
CESS	17,123,608	42,083,894	43,186,774
Housing/Stall	1,856,205	1,777,435	11,958,910
Kiosk Fee	0	4,755,690	3,887,700
Slaughter	0	915,314	1,431,130
Bus Park	48,866,080	45,123,400	48,381,260
Parking Fee	18,838,018	11,359,310	8,925,394
Hire of Machinery	2,271,370	2,417,490	7,832,156
Other Revenues/devolved government functions	5,494,042	5,294,000	66,821,659
Liquor license	0	7,444,500	13,139,200.00
Court Fines	0	344,086	0.00

	Actual	Actual	Actual
	2013/14	2014/15	2015/2016
Health facilities & Others	115,528,563	243,480,062	175,786,142
County Revenue Fund brought forward			236,909,624
Exchequer balance brought forward		1,363,618,000	1,434,133,267
Total Allocation from the National Government	6,826,813,935	6,612,552,891	9,516,901,230
Equitable share of revenue	6,515,510,758	6,385,096,645	8,908,229,519
Conditional Grants	311,303,177	227,456,246	608,671,711
Level 5 Hospital	311,303,177	206,336,246	342,902,857
Roads Maintenance Levy Fund			113,164,138
HSSF		21,120,000	0
Free Medical Maternal Health Care			113,895,000
User Fees forgone			38,709,716

Source: Kakamega County Treasury 2016

Figure 4: Actual County Revenue Analysis for FY 2012/13-2015/2016



Source: The County Treasury February 2016

2.2.3 County Budget Expenditure

The total revised budget for FY 2015/2016 for all departments was Kshs.12.312 billion. The total actual expenditure for the period under review cumulatively stood at Kes 9.925 billion which comprises of Kes. 5.679 billion Recurrent and Kes. 4.426 billion Development expenditure respectively.

Table 2: Comparison of Recurrent and Development Budget Estimates and Actual Expenditure FY 2014/2015

	Fiscal Outturn								Growth(2015/16-2014/15)	% Growth
	Budget	Actual	Budget	Revised Budget	Actual	Budget	Revised Budget	Actual		
	2013/14		2014/15			2015/2016				
EXPENDITURES	13,255,550,421	5,459,504,851	10,321,289,747	10,579,453,798	7,955,804,201	12,329,741,169	12,312,449,121	9,925,729,622	1,969,925,421	24.76
Office of the Governor	-	-	271,125,751	239,887,784	155,995,573	626,599,838	503,405,688	214,060,850	58,065,277	37.22
Current			216,125,751	184,887,784	155,126,573	318,599,838	255,413,688	203,489,248	48,362,675	31.18
Development			55,000,000	55,000,000	869,000	308,000,000	247,992,000	10,571,602	9,702,602	1,116.52
Public Service and Administration	1,893,099,564	3,546,666,255	2,101,513,781	2,557,424,560	2,205,332,994	1,980,547,705	2,819,975,355	2,431,874,721	226,541,727	10.27
Current	1,613,099,564	2,825,055,824	1,916,513,781	2,372,424,560	2,194,021,922	1,721,147,705	2,650,745,255	2,358,766,817	164,744,895	7.51
Development	280,000,000	721,610,431	185,000,000	185,000,000	11,311,072	259,400,000	169,230,100	73,107,904	61,796,832	546.34
County Treasury	502,797,412	216,834,929	497,260,168	728,510,168	582,051,507	390,642,806	375,350,772	341,277,820	(240,773,687)	(41.37)
Current	452,797,412	199,884,929	180,310,168	167,560,168	97,471,517	250,642,806	250,365,772	224,978,947	127,507,430	130.82
Development	50,000,000	16,950,000	316,950,000	560,950,000	484,579,990	140,000,000	124,985,000	116,298,873	(368,281,117)	(76.00)
Water, Environment and Natural Resource	284,463,240	36,573,646	275,468,000	246,949,947	134,089,399	322,157,691	244,843,288	167,493,726	33,404,327	24.91

	Fiscal Outturn								Growth(2015/16-2014/15)	% Growth
	Budget	Actual	Budget	Revised Budget	Actual	Budget	Revised Budget	Actual		
	2013/14		2014/15			2015/2016				
Current	119,463,240	15,011,525	102,268,000	73,749,947	63,601,067	98,057,691	49,115,638	25,499,612	(38,101,455)	(59.91)
Development	165,000,000	21,562,121	173,200,000	173,200,000	70,488,332	224,100,000	195,727,650	141,994,114	71,505,782	101.44
Social Services, Youth & Sports	376,757,786	67,143,661	276,029,110	285,420,637	97,194,000	417,030,280	274,458,546	246,525,453	149,331,453	153.64
Current	156,557,786	40,130,833	39,779,110	29,170,637	16,919,269	56,780,280	24,439,125	19,792,330	2,873,061	16.98
Development	220,200,000	27,012,828	236,250,000	256,250,000	80,274,731	360,250,000	250,019,421	226,733,123	146,458,392	182.45
Transport, Infrastructure & Public Works	2,416,881,694	153,277,669	1,139,690,660	1,320,690,660	958,435,015	1,742,435,569	1,927,125,249	1,715,129,443	756,694,428	78.95
Current	91,281,694	24,083,687	62,690,660	43,690,660	30,038,685	63,789,401	22,810,548	12,164,412	(17,874,273)	(59.50)
Development	2,325,600,000	129,193,982	1,077,000,000	1,277,000,000	928,396,330	1,678,646,168	1,904,314,701	1,702,965,031	774,568,701	83.43
Lands, Housing, Urban Areas and Physical Planning	362,804,888	17,930,637	364,540,000	302,034,419	72,461,586	296,062,159	251,649,364	133,496,438	61,034,852	84.23
Current	52,804,888	4,430,637	72,540,000	50,034,419	23,869,966	84,062,159	53,989,364	36,086,547	12,216,581	51.18

	Fiscal Outturn								Growth(2015/16-2014/15)	% Growth
	Budget	Actual	Budget	Revised Budget	Actual	Budget	Revised Budget	Actual		
	2013/14		2014/15			2015/2016				
Development	310,000,000	13,500,000	292,000,000	252,000,000	48,591,620	212,000,000	197,660,000	97,409,891	48,818,271	100.47
Health Services	3,333,169,208	593,857,839	2,378,072,277	2,284,548,523	1,744,453,345	3,173,551,311	3,301,772,366	2,737,056,025	992,602,680	56.90
Current	2,059,669,208	159,092,588	1,749,072,277	1,660,212,277	1,459,834,113	2,127,786,204	2,162,347,009	1,931,858,297	472,024,184	32.33
Development	1,273,500,000	434,765,251	629,000,000	624,336,246	284,619,232	1,045,765,107	1,139,425,357	805,197,728	520,578,496	182.90
Agriculture, Livestock, Fisheries and Co-operatives	715,065,446	57,147,543	1,040,200,000	807,597,100	431,610,586	939,862,773	619,052,810	448,361,570	16,750,984	3.88
Current	330,065,446	26,303,410	310,200,000	57,597,100	37,983,357	364,862,773	89,790,310	53,696,431	15,713,074	41.37
Development	385,000,000	30,844,133	730,000,000	750,000,000	393,627,229	575,000,000	529,262,500	394,665,139	1,037,910	0.26
Trade, Tourism & Industrialization	1,022,457,000	43,267,757	409,950,000	386,950,000	318,669,048	451,613,185	444,558,339	243,317,395	(75,351,653)	(23.65)
Current	32,457,000	14,486,126	69,950,000	46,950,000	26,117,105	47,657,156	26,294,310	17,477,277	(8,639,828)	(33.08)
Development	990,000,000	28,781,631	340,000,000	340,000,000	292,551,943	403,956,029	418,264,029	225,840,118	(66,711,825)	(22.80)
Education , Science &	1,233,550,000	497,823,942	816,440,000	668,440,000	562,296,531	1,016,586,176	612,287,532	467,844,702	(94,451,829)	(16.80)

	Fiscal Outturn									
	Budget	Actual	Budget	Revised Budget	Actual	Budget	Revised Budget	Actual	Growth(2015/16-2014/15)	% Growth
	2013/14		2014/15			2015/2016				
Technology										
Current	433,550,000	13,127,222	316,440,000	118,440,000	88,953,592	269,586,176	23,454,600	16,094,079	(72,859,513)	(81.91)
Development	800,000,000	484,696,720	500,000,000.00	550,000,000.00	473,342,939	747,000,000	588,832,932	451,750,623	(21,592,316)	(4.56)
County Public Service Board	-	-	-	-	-	85,798,311.00	51,116,447.00	38,949,465	38,949,465	-
Current						85,798,311	51,116,447	38,949,465	38,949,465	-
County Assembly	1,114,504,183	228,980,973	751,000,000	751,000,000	693,214,617	886,853,365	886,853,365	740,342,013	47,127,396	6.80
Current	745,504,183	203,895,355	651,000,000	651,000,000	648,214,617	786,853,365	786,853,365	740,342,013	92,127,396	14.21
Development	369,000,000	25,085,618	100,000,000	100,000,000	45,000,000	100,000,000	100,000,000	-	(45,000,000)	(100.00)

Source: County Treasury - (County Budget Review Outlook Paper 2015)

Table 3 and 4 compares the actual expenditure to the gross estimates for the FY 2013/14 -2014/15 periods. As indicated the County Public Service and administration had the highest absorption rate as compared to other ministries. This can be attributed to payments in form of salaries and wages which were lumped together.

2.2.5 Economic Classification of County Expenditure

The table 5 gives the details of the classifications of the expenditure as per the various economic items.

Table 3: Economic Classification of Expenditure for FY 2015/16

PAYMENTS	2013/14	2014/15			2015/2016		
	Actual	Actual	Target	Deviation	Actual	Target	Deviation
1. RECURRENT	3,767,287,612	4,434,283,254	5,455,717,552	666,995,642	5,679,195,475	6,446,735,431	1,155,128,258
Compensation of Employees	2,831,056,530	3,247,713,320	3,564,735,344	416,656,790	3,739,850,040	4,009,532,644	269,682,604
Operations and Maintenance	936,231,082	1,186,569,934	1,890,982,208	250,338,852	1,939,345,435	2,437,202,787	885,445,654
2. DEVELOPMENT	1,692,217,239	3,521,520,947	5,123,736,246	1,829,303,708	4,246,534,146	5,865,713,690	1,619,179,544
Development projects	1,692,217,239	3,521,520,947	5,123,736,246	1,829,303,708	4,246,534,146	5,865,713,690	1,619,179,544
TOTAL EXPENDITURE	5,459,504,851	7,955,804,201	10,579,453,798	2,496,299,350	9,925,729,622	12,312,449,121	2,774,307,801

Source: County Treasury 2016.

The Table 4 groups the total county expenditures for the previous year into three main categories;

- i. **Compensation of Employees;** includes basic salaries paid to permanent and temporary employees and personal allowances paid as part of salary among other related costs.
- ii. **Operations/Use of goods and services;** includes utilities, supply and services, domestic travel and subsistence, and other transportation costs, training expenses, hospitality supplies and services, routine Maintenance among other related costs.
- iii. **Development expenditures** - These are the funding to the various capital projects and programmes in the county departments. Compensation of Employees consumed 40.82 % of the total expenditure. Operations and

Maintenance consumed 14.91 % while Capital Assets/ development consumed 44.26% of the total expenditure.

2.3 Update on Fiscal performance and emerging challenges

The fiscal and economic assumption underlying the 2016/17 budget entailed improved collection of revenue from local sources and timely releases of funds by the national treasury. The updated Fiscal Economic framework is skeptical, given that there is likelihood of underperformance of local revenue collection; because of the budget constraints in the revenue department arising from the County Assembly not approving the budget for the daily operations. Despite this challenge, the County Government will continue with its policy of expenditure rationalization with a view to provide more funds to core services.

2.3.1 Implementation of 2016/17 Budget and Emerging Fiscal Challenges

Challenges in the adherence to the budget plan continue to hamper smooth implementation of the FY 2016/17 budget. Another challenge is inefficiency of revenue collection system. In addition, expenditure pressures have emerged due to salaries and operational demands from the health, public service and administration and education among other departments as result of hiring of additional staff without consultation with the County Treasury and Public Service to ascertain the availability of funds.

The revenue collection in FY 2014/15 was Kshs516M against a Kes 903 Million target. In the FY 2015/2016 Kes. 504 Million was realized against a target of 1 billion. This reflected a shortfall of Kes496 million indicating an underperformance from the set targets. This was attributed to over estimation of revenue targets and budget constraints. The operationalization of the agency will have a strong control in addition to tapping of new revenue streams in the county.

2.3.2 Revised budgets

During the ongoing FY 2016/17 budget implementation; there are several challenges that came as a result of over ambitious budget. Some expenditure estimates were over budgeted prompting a need for review. The review will enable the county to have a budget that matches the realistic cash flow.

In the course of the budget implementation during the first quarter of the financial year 2016/2017 several challenges have emerged. Key among them is: local revenue underperformance, delays in exchequer releases by the National Treasury continued expenditure demands from departments and operationalization of Government e-procurement

In view of the financing constraints from revenue and emerging expenditure pressures, a supplementary budget for FY year 2016/17 reflecting these changes has already been submitted to the county assembly for approval.

Adjustments to the 2016/17 budget will take into account actual performance of expenditure and absorption capacity for the remainder of the financial year. Due to resource constraints, the County Government will rationalize and re-prioritize development and operational expenditures in order to spend within the budget.

2.3.3 Risks to the outlook

The devolved system has brought in itself several challenges to the counties. Expenditure pressures have continued with salaries and operational demands from all county departments especially Health, education and Public Service and Administration. The high wage bill at the county poses a risk to sustainable implementation of the 2016/17 budget in the medium term by limiting funding to the capital expenditure.

The County government will undertake appropriate measures such as budget rationalization to safeguard economic stability in order to neutralize its effects to fiscal outlook.

3.0 FISCAL POLICY AND BUDGET FRAMEWORK

3.1 Overview

The 2017/18 Medium-Term Fiscal Policy aims at supporting a sustainably vibrant economic growth and ensuring that the county strives to provide high quality services to improve the livelihoods of its citizens. The county will pursue prudent fiscal policies to ensure economic stability. In addition, the county fiscal policies will provide support to economic activities while allowing for implementation of the projects and programmes sustainably. Adhering to these policies will also enhance local revenue collection. This will ensure that there are adequate resources for capital investments.

In respect to local revenue generation, the county will institute corrective measures to reduce revenue leakages from local sources. This will include operationalization of the County Revenue Agency that will solely be responsible for efficient and effective revenue collections, enforcement of local revenue laws and regulations, automation of revenue collection systems and speedy implementation of collection of other revenue streams .It will also undertake sensitization and education of the public on revenue matters. The county will continue to hire and train more staff to improve their capacity geared towards promotion of efficiency, effectiveness and accountability.

3.1.1 Adherence to Fiscal Responsibility Principles

These policies will aim at rationalizing allocation of more resources from recurrent to capital and development programmes so as to promote sustainable and inclusive growth.

Some of the fiscal responsibility principles to be observed include:

- Over the medium term, a minimum of 30% of the county budget shall be allocated to development expenditure. The County Government is committed to spend more in the development expenditure as compared to the recurrent expenditures.
- The County Government's expenditure on wages and benefits for public officers shall not exceed 35 percent of the County Government revenue as prescribed by the Public Financial Management Act (PFMA 2012).On wages and benefits, the share to County Government revenues was 33 percent in FY 2016/17, and is projected at most 35 percent in FY 2017/18.

- The County government will prepare balanced budget where the expenditure estimates will be equal to the total revenue resource. This will help in avoiding instances of deficit financing thus eliminating the occurrence of pending bills at the end of each financial year.

3.2. Fiscal structural reforms

The County Government aims to widen the tax base in line with 2016 Finance Act that has been enacted by the County Assembly. The County Treasury plans to review other relevant revenue legislations in order to improve revenue raising measures and efficiency. In order to achieve this objective, the county government is in the final stages of operationalizing the county revenue agency which was created by an Act of county assembly (Finance and Administrative Act 2014). This is expected to increase revenue collection over the medium term period (2017/18-2019/20)

Over the medium term, the county government will rationalize its expenditure with an aim to reduce wastages. This will be done by ensuring there is improved accountability and transparency among the accounting officers who are in charge of public finances. The on-going fiscal structural reforms will eliminate duplications. The adoption of IFMIS and Internet Banking in the County is strengthening expenditure management. However, more needs to be done to enhance prudent financial management.

The county will strive to ensure that there is efficient and effective execution of the budget. This will be made possible through expenditure tracking and taking corrective measures on any deviations and instilling strong internal controls on expenditure. To achieve value for money there is need to strengthen audit function, through continuous review of audit risks and periodic monitoring and evaluation of projects and programmes.

3.2.1 Deficit Financing Policy

The county envisages borrowing from Domestic Sources for capital investments upon the completion of a framework to be developed by the National Treasury. Borrowing will be undertaken upon careful and critical analysis of financial position and capability of the county in repaying its debts. This initiative will take place in future upon preparation of medium term debt strategy paper.

3.3 Revenue projections

The 2017/18 budget estimates will target total revenue of Kes13.569 Billion which has both the CRA shareable revenue, conditional grants and own source of revenue. Out of this, the County expects to receive Equitable Shareable Revenue of Kes. 10.110 Billion and conditional grants totaling to Kes. 943 Million. Local revenue source target is Kes.1 billion and the expected balance brought forward of Kes.1.494 billion.

3.3.1 Expenditure Forecasts

The County expects overall expenditure estimates to increase by an average of 10.27 percent up from revised budget of Kes.12.305 billion in 2016/2017 to the estimated Kes.13.579 billion in the FY 2017/18 budget owing to slow economic growth, unpredictable own source of revenue collections and other macro-economic risks such as inflation, terrorism and unpredictable weather conditions.

Expenditure ceilings on goods and services for sectors/ministries and departments are based on the County priorities extracted from Manifesto and the CIDP besides the National Government medium term plan and Vision 2030. The ceilings are also adjusted based on expenditure trends and also the County change of priority programs within the spending units. Inflation which affects the expenditure trends is also put into consideration.

An emergency fund of Kes 50 million will be set aside to cater for any emergency issues that might arise during the financial year 2017/2018.

3.3.2 Overall deficit financing

The county government target to have a balanced budget. However, a debt strategy paper will be prepared that will outline the various strategies to manage county future debts.

The Fiscal policy outlined in this CFSP aims at improving revenue collection efforts as well as effectively managing total expenditures. This will be achieved through continued administrative and legislative reforms aimed at enhancing resource mobilization, improving efficiency in government spending. The fiscal space created will avail resources to scale up investments in human capital including; health services, education and infrastructure while at the same time providing sufficient resources to improve service delivery in the county.

3.4 The 2017/18 Budget framework

The 2017/18 budget framework is prepared taking into consideration of macro-fiscal framework set by budget policy statement of November 2016 where real GDP is expected to grow by 6.0 percent in 2016/2017 and by 6.2 percent in FY 2017/18 and the inflation rate is expected to remain low and stable below 8%. When preparing MTEF budget 2017/18-2019/2020, the County Integrated Development Plan (2013-2017), Annual Development Plans, Public Participation report and Budget Policy Statement have been key reference documents.

4.0 INTERGOVERNMENTAL FISCAL RELATIONS

4.1 Legal Framework

This being the fourth year of devolution, a lot has been done by the national government to ensure that county governments succeed in provision of devolved functions, however there are still more to be done this includes; transfer of assets by responsible authority, legal framework for borrowing, clear classification and transfer of county roads and other unbundled functions. Some of the key significant progress that has been done include the establishment of sound legal framework for effective and efficient operation of county government financial management. This comprises of PFM Act of 2012 which defines the powers and functions of national and county institutions in financial management and control. This law also provides for accountability mechanisms by entrenching public participation and disclosure of budgetary information as well as mechanism for enforcing compliance to this law. Other laws enacted include; County Government Act 2011, Intergovernmental Relations Act 2011, Urban areas and Cities Act 2011, the Transition to Devolved Government Act 2011, the Commission on Revenue Allocation Act 2011 and the Independent Offices Act 2011. These laws ensure harmony in the operation of the county governments and also boost the inter and intra government relations.

The national government also rolled out IFMIS and internet banking platforms to all counties. In addition to this, the national government seconded staff to support county governments in service delivery during the transition period. Furthermore, the county government has also recruited more staff and still plans to do so in future.

4.2 Challenges Encountered by the County in Public Finance Management

Some of the challenges encountered by the counties include:

- Inefficient Local revenue collection mechanism. The county local revenue is low despite the high potential for increased collections. This may be due to poor revenue structures in place..
- Capacity constraints in terms of both personnel and technical aspects.
- Delay in release of funds from the National Treasury which hamper the timely implementation of programmes.

4.3 Equitable shares

Pursuant to article 202 of the Constitution, the national government, through the budget policy statement allocated Kakamega County an estimated Kes 10.110 billion. This equitable share allocation is expected to be planned, budgeted, spent and accounted for.

4.4 Additional resources

The additional revenue to resource allocations by the CRA shareable revenue includes Kes.886 Million own source of revenue and conditional grant of Kes.893 Million. This comprises of Kes.427 Million for level 5 hospital, Kes.37 million for compensation for user fees foregone, Kes.162 million for free maternal health care and Kes266 million for road maintenance levy fund.

4.5 Fiscal Discipline

The County Government must ensure that county resources are used in a prudent and responsible way as required under Article 201(d) of the Constitution. In addition, the county must comply with the fiscal responsibility principles as stipulated in the PFM Act 2012. County treasury will ensure compliance with the set fiscal targets. In this regard, the county will ensure that recurrent expenditure does not exceed annual revenue resources. Finally, the county will ensure that the development budget does not fall below 30 percent of the total budget over the medium term.

4.6 Capacity Building of the County Staff

The county is still experiencing challenges in the full compliance with the PFM Act 2012. The National Government rolled out trainings to build the capacity of county personnel in the following areas; IFMIS, budget preparation, accounting reporting, Monitoring and Evaluation, procurement among others. These have helped the county to improve service delivery to the public. Further, the World Bank through the Council of Governors and Devolution Support Programmed has promised to provide funds to enhance capacity building in areas that requires support in the 47 Counties. This support will be provided in two levels. The second level will depend on the performance of the counties based on specific conditions.

4.7 Summary

The National Government, on the onset of the Constitution of Kenya (2010), has continued to establish the necessary legal and institutional framework for successful

devolution. This has been done in every area including the requisite human and financial resources that facilitate continuous operationalization of the devolved system of government. The share of National Government revenue allocated to this County has grown steadily from Kes.6.825 billion in 2013/14 to Kes. 7.7 billion 2014/2015, Kes. 8.908 billion for 2015/2016, Kes 9.612 for FY 2016/2017and is expected to increase further to 10.110 billion in 2017/18. The Conditional grant from the National Government has also grown from 810 million in financial year 2015/2016 to 943 million in the Next financial year of 2017/2018. The county government is putting measures in place to enhance efficiency and effectiveness in the delivery of services. Training of staff has taken place and more are expected to be trained in the financial year 2016/2017.

5.0 MEDIUM-TERM EXPENDITURE FRAMEWORK

5.1 Resource Envelope

The resource envelope available for allocation among the spending entities is based on the updated medium term fiscal framework which is outlined in Section III.

In view of the recent devolved functions and limited resources, MTEF budgeting will focus on adjusting non-priority expenditures to cater for the priority sectors. The County Integrated Development Plan 2013-2017 (CIDP) has guided resource allocation. The financing of county budget priorities revolve around two financing sources namely; transfers from the National Government and county local revenue. The shareable revenue transfers will account for 75 percent of the expenditure priorities in the budget while 7.44 percent will be financed from locally collected revenue sources. This comprises of Kes 10.110 billion equitable shareable revenue, Kes 943 million conditional grants and Kes 1 billion as own sources. The unspent balance from FY2016/2017 is estimated at Kes 1.494 billion which makes up the total resource envelope estimated Kes 13.569billion.

Table 4: Revenue resource envelope

Item	2016/17		2017/2018
	2016/17 Estimates	Revise estimates	estimates
Revenues			
Own sources	994,070,561	894,070,561	1,010,000,000
Exchequer balance brought forward from 2016/17 fiscal year	1,732,621,879	938,094,443	1,474,026,951
(1)Total own sources	2,726,692,440	1,832,165,004	2,474,026,951
Allocations from the National Government			
Equitable share of revenue	9,612,093,312	9,612,093,312	10,110,802,208
(2) Total equitable share	9,612,093,312	9,612,093,312	10,110,802,208
Conditional Grants			
Level 5 Hospital	406,936,416	406,936,416	427,283,237
Free Medical Maternal Health Care	217,184,083	217,184,083	162,205,430
World Bank TRH Health Programme Fund	-	-	50,000,000
User Fees forgone	38,617,147	38,617,147	37,789,290
Road maintenance levy	147,689,749	147,689,749	266,175,000
(3)Total conditional allocations	810,427,395	810,427,395	943,452,957
Conditional Grant-Development Partners			
DANIDA Grant	11,750,000	11,750,000	-
Kenya Devolution Support Programme-Grant	39,175,578	39,175,578	41,307,447
(4)Total conditional allocations -Development Partners	50,925,578	50,925,578	41,307,447
Total Revenue (1+2+3+4)	13,200,138,725	12,305,611,289	13,579,589,563

5.2 Spending Priorities for 2016/2017-2018/19 MTEF Budget

The county will focus on the following key priority areas;

- Promotion of health care through investing in quality and accessible health services.
- Development of key transport infrastructure to spur economic growth
- Promotion of value addition for agricultural produce to enhance food security.
- Improvement and upgrading of education infrastructure and standards.
- Creating an enabling environment for business and entrepreneurial growth.
- Provision of affordable, safe and adequate water and protection of environment
- Promotion of socio-economic stability through targeted cash transfers and shelter improvement.
- Enhancing governance, transparency and accountability in the delivery of public goods and services.
- Upgrading and development of sports infrastructure and sporting activities.
- Promotion of trade, industrialization and tourism geared towards provide environment for investment
- Acquiring and training of qualified human resources to enhance quality service delivery

5.3 Medium Term Expenditure Estimates

Table 6 below gives the ministerial total ceiling. To support and to give guidance on resource allocation by the county treasury in annex 3 and 4 provides provision for both recurrent and development estimates. **This gives a window for departments to adjust their budget within their overall total ministerial ceiling given in table 6.**

Table 5: Baseline ceilings 2017/18-2019/20

Vote /Department	2015/16	2016/17		2017/18	2018/19	2019/20	% Share of Revenue estimates			
	Approved	Approved	Revised estimates				2016/17 revised estimates	2017/2018 CFSP	2018/19	2019/20
Office of the Governor	413,269,838	705,186,498	587,303,401	687,064,401	751,120,559	773,654,176	4.77	5.06	5.31	5.31
Current	318,599,838	346,588,756	358,303,401	378,303,401	401,120,559	413,154,176	2.91	2.79	2.84	2.84
Development	94,670,000	358,597,742	229,000,000	308,761,000	350,000,000	360,500,000	1.86	2.28	2.48	2.48
Public Service and Administration	1,980,547,705	1,620,040,958	1,250,695,863	1,559,456,754	1,764,356,555	1,817,287,252	10.16	11.49	12.48	12.48
Current	1,721,147,705	1,362,688,698	1,074,343,603	1,371,149,307	1,564,156,555	1,611,081,252	8.73	10.10	11.06	11.06
Development	259,400,000	257,352,260	176,352,260	188,307,447	200,200,000	206,206,000	1.43	1.39	1.42	1.42
County Treasury	603,972,806	445,822,601	505,939,984	528,512,700	570,379,354	587,490,735	4.11	3.82	4.03	4.03
Current	250,642,806	309,260,395	328,786,809	368,512,700	410,379,354	422,690,735	2.67	2.64	2.90	2.90
Development	353,330,000	136,562,206	177,153,175	160,000,000	160,000,000	164,800,000	1.44	1.18	1.13	1.13
Water, Environment and Natural Resource	322,157,691	344,080,064	299,703,835	327,308,525	460,270,696	474,078,817	2.44	2.41	3.26	3.26
Current	98,057,691	96,080,064	88,283,835	108,108,525	110,270,696	113,578,817	0.72	0.80	0.78	0.78
Development	224,100,000	248,000,000	211,420,000	219,200,000	350,000,000	360,500,000	1.72	1.62	2.48	2.48
Social Services, Youth & Sports	417,030,280	441,169,707	396,256,227	364,665,932	432,599,950	445,577,949	3.22	2.69	3.06	3.06
Current	56,780,280	67,168,957	48,167,582	62,167,582	82,599,950	85,077,949	0.39	0.46	0.58	0.58
Development	360,250,000	374,000,750	348,088,645	302,498,350	350,000,000	360,500,000	2.83	2.23	2.48	2.48

Vote /Department	2015/16	2016/17		2017/18	2018/19	2019/20	% Share of Revenue estimates			
	Approved	Approved	Revised estimates				2016/17 revised estimates	2017/2018 CFSP	2018/19	2019/20
Transport, Infrastructure & Public Works	1,742,435,569	1,995,322,444	2,119,377,184	2,072,784,661	2,057,773,894	2,119,507,111	17.22	15.28	14.55	14.55
Current	63,789,401	71,967,265	66,784,661	72,784,661	76,423,894	78,716,611	0.54	0.54	0.54	0.54
Development	1,678,646,168	1,923,355,179	2,052,592,523	2,000,000,000	1,981,350,000	2,040,790,500	16.68	14.74	14.01	14.01
Lands, Housing, Urban Areas and Physical Planning	296,062,159	463,425,366	450,261,448	482,161,448	501,859,520	516,915,306	3.66	3.55	3.55	3.55
Current	84,062,159	175,925,366	160,661,448	233,161,448	244,819,520	252,164,106	1.31	1.72	1.73	1.73
Development	212,000,000	287,500,000	289,600,000	249,000,000	257,040,000	264,751,200	2.35	1.83	1.82	1.82
Health Services	3,173,551,311	3,498,455,487	3,380,468,387	4,368,416,494	4,016,607,311	4,137,105,530	27.47	32.19	28.41	28.41
Current	2,127,786,204	2,288,428,340	2,207,217,208	2,368,416,494	2,516,607,311	2,592,105,530	17.94	17.45	17.80	17.80
Development	1,045,765,107	1,210,027,147	1,173,251,179	2,000,000,000	1,500,000,000	1,545,000,000	9.53	14.74	10.61	10.61
Agriculture, Livestock, Fisheries and Co-operatives	939,862,773	957,116,060	910,407,457	943,000,000	946,371,419	974,762,562	7.40	6.95	6.69	6.69
Current	364,862,773	409,156,375	395,447,772	425,000,000	446,371,419	459,762,562	3.21	3.13	3.16	3.16
Development	575,000,000	547,959,685	514,959,685	518,000,000	500,000,000	515,000,000	4.18	3.82	3.54	3.54
Trade, Tourism & Industrialization	451,613,185	479,486,636	462,941,386	408,542,000	483,592,840	498,100,625	3.76	3.01	3.42	3.42
Current	47,657,156	56,486,636	54,941,386	82,542,000	83,592,840	86,100,625	0.45	0.61	0.59	0.59
Development	403,956,029	423,000,000	408,000,000	326,000,000	400,000,000	412,000,000	3.32	2.40	2.83	2.83

Vote /Department	2015/16	2016/17		2017/18	2018/19	2019/20	% Share of Revenue estimates			
	Approved	Approved	Revised estimates				2016/17 revised estimates	2017/2018 CFSP	2018/19	2019/20
Education , Science & Technology	1,016,586,176	996,409,963	866,680,276	759,218,670	853,163,043	878,757,934	7.04	5.60	6.03	6.03
Current	269,586,176	324,363,566	321,948,276	377,218,670	403,163,043	415,257,934	2.62	2.78	2.85	2.85
Development	747,000,000	672,046,397	544,732,000	382,000,000	450,000,000	463,500,000	4.43	2.82	3.18	3.18
County Public Service Board	85,798,312	76,709,853	75,662,753	95,000,000	100,000,000	103,000,000.00	0.61	0.70	0.71	0.71
	85,798,312	76,709,853	75,662,753	95,000,000	100,000,000	103,000,000	0.61	0.70	0.71	0.71
County Assembly	886,853,365	1,176,913,088	999,913,088	983,457,978	1,200,000,000	1,236,000,000	8.13	7.25	8.49	8.49
Current	786,853,365	899,913,088	899,913,088	883,457,978	1,100,000,000	1,133,000,000	7.31	6.51	7.78	7.78
Development	100,000,000	277,000,000	100,000,000	100,000,000	100,000,000	103,000,000	0.81	0.74	0.71	0.71
TOTAL	12,329,741,170	13,200,138,725	12,305,611,289	13,579,589,563	14,138,095,141	14,562,237,996	100.00	100.00	100.00	100.00

5.4 Baseline Ceilings

The baseline estimates reflect the current ministerial spending levels in sector Programmes. In development Programmes, adjustment has been made to take into consideration new projects which are key to development of the county economy.

The departmental ceilings in table 6 will form the indicative baseline for the FY 2017/18 budget. In the recurrent expenditure category, non-discretionary expenditures take first charge. Compensation of employees for county line departments' account for a maximum of 35% of budget forecast. From the total expenditure estimates of Kes. 13.569 billion, compensation to employees will account for utmost Kes. 4.749 billion.

When preparing the budget the County Treasury will transfer the departments' salaries to the department of Public Service and Administration. This will be done after the departments have computed their departmental salaries. The outcome of this method is preparation and submission of Appropriation Act slightly different from the baseline estimates for the departments. However, when the county will be preparing the Appropriation Bill 2016, the salaries will be managed under the Public Service and Administration department.

Development expenditures are undertaken on the basis of County Integrated Development Plan, Annual Development Plan (2016), the Governors Manifesto, Public participation report of 2016 as well as departmental strategic priorities. The Proposed capital projects will have to be evaluated in the context of the following elements:

- (a) Projects that are in full compliance with the County Government regulations and priorities as outlined in the County integrated development plan, Annual Development Plan and which are fully justified for financing.
- (b) Community needs identified through public participation.
- (c) Department/Agencies strategic needs that contribute greatly in addressing county's socio-economic needs.

Development expenditures are shared out on the basis of county priority programmes as well as aligning to the national government vision 2030 strategies to promote economic growth in the county.

The following were also taken in consideration in order of priorities.

- Ongoing projects- Emphasis on the completion and operationalization of the ongoing projects within the various departments.

- Emerging issues which require much attention in provision of service delivery such as education support programmes.
- Cross cutting issues and other special programmes of importance such as disaster management, youth development, gender, disability and HIV/AIDS.
- The devolved functions as provided for in schedule IV of the Constitution before undertaking any function not prescribed

5.5 Details of Sector/Department Priorities

The MTEF for 2017/2018 -2019/2020 period will ensure that there is continuous resource allocation based on programme priorities that are aligned to CIDP 2013-2017 and annual development plan of 2017/2018.

The medium term expenditure framework ensures continuity in resource allocation based on prioritized programmes aligned to the County Integrated Development Plan and Strategic Policy Initiatives of the county administration to accelerate growth, employment creation and poverty reduction. The recent achievements and key priority targets for each county sector are based on the reports from the County Departments.

5.5.1 Agriculture, Livestock, Fisheries and Cooperative Development

This sector comprises of the following departments; Crop production, Livestock Development, Veterinary Services, Cooperative Development and Marketing, Irrigation and Fisheries Development, Agriculture Training College.

The sector's vision is to be an innovative, commercially-oriented and modernized agriculture sector. The mission is to improve livelihoods of Kakamega county residents through promotion of competitive agriculture, sustainable livestock and fisheries, quality and affordable veterinary services and growth of viable cooperatives through quality training in effective and efficient farming methods.

Agriculture accounts for over 65 percent of the total earnings in the county employing over 80% of residents. Multi-Sectorial strategies will be employed to increase the productivity and maximize earnings in this sector.

To undertake these programmes, the 2017/18 MTEF estimates for this sector are estimated to be Kes.943,000,000. This comprises of Kes. 425,000,000 and Kes.518,000,000 for Recurrent and Development respectively.

Flagship Projects/Programmes

Crop production

- a. Farm input subsidization programme
- b. Farm mechanization-Tractor services
- c. Promotion of Tissue Cultured Bananas
- d. Horticulture development and Value addition
- e. Sugar revitalization programme
- f. Small holder irrigation programme
- g. Establishment of a maize milling plant, Silo and Tea factory
- h. Promotion of cash crop farming-tea and Coffee farming

Livestock Production

- a. Dairy value chain development programmes
- b. Poultry Development
- c. Rabbit farming promotion
- d. Dairy Goat farming promotion
- e. Pig farming promotion

Veterinary Services

- a. Animal disease control-Vaccination programme, Cattle dip rehabilitation.
- b. Artificial Insemination Programme
- c. Rehabilitation of Veterinary labs
- d. Tick and pest control

Fisheries Development

- a. Rehabilitation of fish ponds,
- b. New fish pond development
- c. Institutional fish pond development
- d. Fish subsidies- fish meals, fingerlings and limes
- e. Support to private hatcheries,

- f. Operationalization of Kakamega Fish Processing Factory.
- g. Fish gears support
- h. Fish market research
- i. Dam and river fish development
- j. Rural fish feeds machines provision

Cooperative Development

- a. Revamping and strengthening of Co-operatives.
- b. Grants to small business
- c. Support to sugarcane farmers

Agricultural Training Institute/ College

- a) Complex hostel
- b) Agriculture training and research

Irrigation

- a) Promotion of small holder irrigation schemes
- b) Water users association capacity building

5.5.2 Transport, Infrastructure, Public Works and Energy

This sector comprises of Transport, Infrastructure, Public Works and Energy. The vision of the sector is to be a world class provider of cost-effective physical infrastructure, energy facilities and public works services. And the mission of the department is, provide efficient, affordable and reliable infrastructure and energy for sustainable economic growth and development through construction, modernization, rehabilitation and effective management of all infrastructure, provision of public works services and energy facilities.

The state of the County infrastructural network is crucial for the overall development of the county. Reliable, adequate and quality infrastructure increases economic productivity, lowers production costs, improves quality of life, raises county's regional and global competitiveness, attracts Foreign Direct Investment (FDI), Public Private Partnerships and including Public Partnerships and this has a direct impact in the modernizing the economy. The Multiplier effect created by the investment in this sector is critical to sustain all the other sectors of the county economy.

To undertake these programmes, the 2017/18 MTEF estimates for this sector are estimated to be Ksh.2,072,784,661. This comprises of Ksh.72,784,661, Ksh.1,737,825,000 and 266,175,000 for Recurrent, Development and Road Maintenance Levy Fund respectively. Development estimates in this sector also includes a provision for the estimates for **ward based road civil works** in all the 60 wards.

5.5.2.1 Flagship Projects/Programmes

- a. Construction of 20 Km of roads to bitumen standard.
- b. Opening up ,Construction and maintenance of 10 Kms per ward across the County translating to 600Kms over the medium term
- c. Continued construction and maintenance of roads across the County
- d. Expansion of *Kazi Mashinani* roads programme across all the 60 wards.
- e. Construction and rehabilitation of bridges
- f. Research and Investment in modern road construction technology.
- g. Electrification of all major markets and public facilities.
- h. Taping solar energy for utilization in schools, hospitals and market canters.
- i. Construction and equipping of central and regional mechanical and transport workshops.
- j. Installation of high mast security lighting system
- k. Promotion of Green energy

5.5.3 Trade, Tourism and Industry

This sector comprises of the following sub-sectors: Trade, Tourism, Industry, Weights and Measures. The vision of the sector is to be a leader in investment, trade, tourism and industrialization for a globally competitive economy. The mission is to facilitate orderly Growth and Development of Investment, Trade, Standardization and Tourism in Kakamega County.

To undertake these programmes, the 2017/18 MTEF estimates for this sector are estimated to be Ksh.1.038 billion but due to the budgetary constraints, the sector will prioritize and implement the following and work within Kes.408,542,000 comprising of Ksh.82,542,000 and Kes. 326,000,000 for Recurrent and Development expenditure.

5.5.3.1 Flagship projects/programmes

- a. Construction of modern markets
- b. Renovation of existing markets
- c. Construction of open air markets
- d. Construction of modern kiosks
- e. Construction, Operationalization of industrial Park /Juakali shed.
- f. Protection and development of tourist attraction sites. (The crying stone).
- g. Construction of Snake Park.
- h. Advancement of affordable SME loans
- i. Eco-lodge in Kakamega forest through PPP
- j. Cable car and canopy walk in Kakamega forest through PPP.

5.5.4 Health Services

This sector comprises the Public Health and Sanitation, Health Infrastructure and Medical Services sub sectors. Its vision is to provide efficient and high quality County health care system that is accessible, equitable and affordable for every Kenyan. Its mission is to promote and participate in the provision of integrated and high quality promotive, preventive, curative and rehabilitative health care services to all Citizens.

Access to affordable and quality health care by county residents will enhance their economic productivity and investment.

To undertake these programmes, the 2017/18 MTEF estimates for this sector are to be Ksh.4,368,416,494 comprising of Ksh.2,368,416,494 Ksh.1,322,722,043 and Ksh.677,277,957 Recurrent, Development and a conditional grant respectively.

5.5.4.1 Flagship projects/programmes

- a) Construction of Kakamega County Teaching and Referral Hospital in collaboration with development partners.
- b) Construction of County Hospitals
- c) Renovation of the County General Hospital for improved service delivery.
- d) Renovation and Expansion of existing health facilities by constructing more maternity wards, male, pediatric, female wards, Pharmacy stores, Laundry block and theatre facilities.
- e) Upscale the Afya ya Mama na Mtoto programme (*Oparanyacare*) to all health facilities
- f) Purchase of additional ambulances to enhance referral facilities.
- g) Upscale Community Health Strategy programme to cater for: Reproductive health, Child Survival/EPI, Family planning, HIV/AIDS/TB and Malaria Control Program.
- h) Automation of health services.
- i) Purchase of medical equipment

5.5.5 Education, Science and Technology

This sector covers the following sub-sectors: ECDE, County Polytechnics and Education Support Programmes.

The sector vision is to be globally competitive in education, training, research and innovation for sustainable development. Its mission is to provide, promote and coordinate quality education and training, integration of science and technology, and innovation for sustainable socio-economic development process.

To undertake these programmes, the 2017/18 MTEF estimates for this sector are estimated to be Ksh.759,218,670 comprising of Ksh.377,218,570 and Ksh.382,000,000 for Recurrent and Development respectively. The development estimates includes a provision for ward based education support for the 60 wards

5.5.5.1 Flagship projects/programmes

Early Childhood Development

- a) Construction and Equipping of ECD centers
- b) Employment of ECD Assistants
- c) Construction of two door toilets for ECD centers
- d) Feeding Pilot Programme in ECD

Polytechnics

- a) Purchase of tools to polytechnics
- b) Completion of 12 twin workshops
- c) Employment of more polytechnic instructors
- d) Provision of Education subsidy to trainees

Education Support

- a) Provision of Bursaries, HELB and Scholarships to post secondary school graduates.

5.5.6 Office of the Governor

Background

This includes Governor's Office, Communication, Internal Audit, ICT, Liaison, Economic Planning & Investments and Legal Unit. The office of the Governor is the central administrative unit for the county. Its overall function is to ensure effective and efficient leadership, accountability and administration of justice. This is achieved through Civic education, fairness to all and dissemination of government policies to communities.

Vision and Mission

The department vision is "an accountable and efficient county in service delivery for a globally competitive and prosperous county."

The department mission is "to ensure effective and accountable leadership, promote a just, democratic environment and establish strong governance institutions to empower citizens for the achievement of socio-economic and political development".

Strategic Goals of the department

The mandate of the department;

- i. To ensure effective and effective management of the county functions in service delivery

- ii. To offer effective and effective advisory and support to the county departments in undertaking their various functions
- iii. To coordinate and administer county public service functions in provision of services to departments and the public

Flagship projects/programmes

- a. Construction of the Governor's residence.
- b. Establishment of county production studio and Radio.
- c. Construction of Deputy Governor residence
- d. County Connectivity
- e. Investment banking
- f. County financial Investments.
- g. Prepare 2018-2022 CIDP
- h. County Monitoring and Evaluation.
- i. Research, Baseline Surveys and population studies.

To undertake these programmes, the 2016/17 MTEF estimates for this department are estimated to be Kes.687,064,401 comprising of Kes 378,303,401 and Kes 308,761,000 for Recurrent and Development respectively.

5.5.7 Public Service and Administration

The sector includes; County Administration, Enforcement, Public Service and administration and Human Resource Management and Training.

The sector vision is to be a secure, just, cohesive, democratic, accountable and conducive county environment for a globally competitive and prosperous County. Its mission is to ensure effective and accountable leadership, promote a just, democratic environment and establish strong governance institutions to empower citizens for the achievement of socio-economic and political development.

This sector will ensure effective and efficient leadership, accountability, security, administration of justice, zero-tolerance to corruption and public participation.

To undertake these programmes, the 2017/18 MTEF estimates for this sector are estimated to be Ksh.1,559,456,754 comprising of Kes 1,371,149,307 ,Kes 147,000,000 and Kes. 41,307,447 for Recurrent, Development and Kenya Devolution Support grant respectively.

Flagship projects/programmes

- a. Construction and refurbishment of ward and Sub-county headquarter blocks.
- b. Completion of county Headquarter administration block.
- c. Establishment and operationalization of County Disaster Unit in Northern and Southern region
- d. Establishment of the County Training College.
- e. Construction of village offices
- f. Purchase of Disaster prevention equipments.
- g. Establishment of Rehabilitation Centre in the Northern and Southern region.

5.5.8 The County Treasury.

The sector comprises of the following sub-sectors: County Treasury, County Budgeting, Procurement services and County Revenue Administration. The sector vision is to be a leading sector in public finance management in the country. The mission is to provide overall leadership and coordination on financial management through effective budget formulation, implementation, resource mobilization and reporting.

To undertake these programmes, the 2016/17 MTEF estimates for this sector is Kes.528,512,700 comprising of Kes.368,512,700 Kes.110,000,000 and Kes. 50,000,000 for Recurrent, Development and Emergency Fund respectively.

Flagship projects/programmes

- a. Operationalization of County Revenue Agency.
- b. Automation of Revenue collection.
- c. Enterprises Resource Planning-ERP
- d. Asset tagging and valuation

5.5.9 Social services, Youth and Sports

This sector is comprises of the following subsectors: Social Services, Youth and Gender Development, Sports, Culture, Children and Labour.

The sector Vision is to provide and promote a sustainable and equitable socio-cultural development, children and youth development in the county.

The sector mission is to formulate, mainstream and implement responsive policies through coordinated strategies for sustained and balanced socio-cultural and economic development of the County.

To undertake these programmes, the 2017/18 MTEF estimates for this sector are estimated to be Kes. 364,665,932 comprising of Kes.62,167,582 and Kes.302,498,350 for Recurrent and Development respectively.

Flagship projects/programmes

- a) Rehabilitation and expansion of Bukhungu stadium – Phase III.
- b) Shelter improvement for the elderly – per ward in phase III
- c) Promoting sports and sport activities
- d) Construction of Rehabilitation centers for drugs and alcohol addicts.
- e) Construction and rehabilitation of cultural centers.
- f) Establishment of children and women rescue centers phase II Lurambi
- g) Conservation and promotion of culture by holding cultural festivals and documentation of cultural heritage.
- h) Support for Persons Living with Disability.

5.5.10 Water, Environment & Natural Resources

The sector is composed of water, environment, forestry and natural resources sub-sectors.

The sector vision is “Sustainable access to adequate clean and safe water in a clean and secure environment”.

The sector mission is “To promote, conserve and protect the environment and improve access to water for sustainable national development”.

In order to promote sustainable utilization of environmental resources, the county will promote investments in clean energy such as solar, wind, biogas and hydro-power. All the urban markets and centers will be required to establish a designated dumpsites and sewerage systems to ensure effective and reliable disposal of waste. Since the county faces an acute shortage of clean and safe drinking water, the sector will advocate for the construction of water treatment plants and boost the storage and supply lines. There is

need to establish joint community-school water projects for the benefit of schools and the local communities.

To undertake these programmes, the 2017/18 MTEF estimates for this sector are estimated to be Kes.327,308,525 comprising of Kes.108,108,525 and Kes.219,200,000 for Recurrent and Development respectively.

5.5.11 Flagship Projects/Programmes

- a) Development of water infrastructure for public facilities, markets and Households.
- b) Completion of Ongoing sewerage works in Kakamega & Mumias towns.
- c) A forestation and Re-forestation-Planting of indigenous tree seedlings.
- d) Pollution Control.
- e) Solid waste management infrastructure development
- f) Hill tops and River-bank Conservation

5.5.11 Lands, Physical Planning, Housing and Urban Development

The sector comprises of the following sub-sectors: Lands and Settlement, Survey, Physical Planning, Housing and Urban Development.

Vision

Excellence in spatial planning, Land management, urban development and provision of decent shelter for sustainable development of Kakamega County

Mission

To facilitate improvement of the livelihood of county residents through efficient administration, sustainable management of land resources and improvement of living conditions of the residents within the context of a well-planned urban and rural environment.”

The county endeavors to fully utilize the available personnel and fill existing gaps to offer effective and efficient land administration, offer equitable access to land, implement the land policy to improve sustainability in the management of land resources. It will undertake the implementation of Housing policy, monitoring housing delivery processes and improvement of living conditions of the urban poor; low cost

housing technologies, facilitate access to housing development finance; promotion of efficient and effective management of government housing and leases; and Rent restriction and dispute resolution services for low income groups, within the context of a well-planned urban and rural environments.

To undertake these programmes, the 2017/18 MTEF estimates for this sector are estimated to be Kes. 482,161,448 comprising of Kes.233,161,448 and Kes.249,000,000 for Recurrent and Development respectively.

Flagship projects/programmes

- a) Creation of land bank in the County for development
- b) Street lighting/flood light in urban centers
- c) Construction and rehabilitation of Urban markets in Mumias and Kakamega
- d) Urban areas waste management.
- e) Bus park development and maintenance.
- f) Beautification of urban roads and public gardens
- g) Mapping and profiling of public land.
- h) Introduction of Geographical Information Systems (G.I.S).
- i) Infrastructure improvement in informal settlements
- j) Preparation of spatial plans for Kakamega and Mumia towns

5.5.12 The County Assembly

The county Assembly's functions include oversight, Legislation and representation. The estimate for County Assembly programmes may change in the course of MTEF budgeting once the Commission of Revenue Allocation gives the ceilings for budget for FY 2017/2018.

To undertake these programmes, the 2017/18 MTEF estimates for this sector are estimated to be Ksh.983,457,978 comprising of Kes. 883,457,978 recurrent and Ksh.100,000,000 development expenditure.

Flagship projects/programmes

- a. Construction of the county Assembly chambers

5.5.13 County Public Service Board

Vision

A leading Board in providing human resource for high quality client-centered service

Mission

To build an optimal, efficient and effective human resource for quality service delivery to the people of Kakamega County and beyond

Overall Goal

A Public Service Board that inculcates transparent and merit-based recruitment practices for competent personnel of appropriate skills mix into the service, development and enforcement of standards and ensuring continuing professional development and progression of public servants.

Functions and Powers of the Board:

- a. Appoint and confirm persons who hold and/ or act in offices of the County public service including on the Boards of cities and urban areas within the County;
- b. Discipline, control and if need be, remove persons, holding or acting in those offices as provided for under this Part; Disciplinary control;
- c. Prepare regular reports for submission to the County assembly on the execution of the functions of the Board;
- d. Promote in the County public service the values and principles referred to in Articles 10 and 232; County public service.
- e. Evaluate and report to the County assembly on the extent to which the values and principles referred to in Articles 10 and 232 are complied with in the County public service;
- f. Facilitate the development of coherent, integrated human resource planning and budgeting for personnel emoluments in counties;
- g. Advise the County government on human resource management and development;
- h. Advise County government on implementation and monitoring of the national performance management system in counties;

- i. Make recommendations to the Salaries and Remuneration Commission and on pensions and gratuities, for County Public Service Employees, on behalf of the County government.

Flagship Programmes

- a. Automate the Human Resource function through establishing the Integrated Human Resource Management System (IHRMS).
- b. Refurbishment of offices that have sound proof conference halls.
- c. Build institutional capacity through the development of a skills inventory for the County.

To undertake these programmes, the MTEF estimates for this sector are Kes. 95,000,000

6.0 CONCLUSION

The set of policies outlined in this CFSP aims at striking a balance between changing circumstances and the emerging issues and are broadly in line with the CIDP and the fiscal responsibility principles outlined in the PFM law. They are also consistent with the national strategic objectives which set a basis for County Government allocation of public resources. Details of the strategic objectives are contained in the first County Integrated Development Plan (2013-2017). The policies and sector ceilings annexed herewith will guide the County sector working groups and line ministries in preparation of the 2016/17 budget.

Budgetary resources are usually limited, thus it is imperative that departments prioritize their programmes within the available ceilings to ensure that utilization of public funds are in line with county government priorities. There is also need to ensure that current resources are being utilized efficiently and effectively before funding is considered for programmes. Departments need to carefully consider detailed costing of projects, strategic significance, deliverables (output and outcomes), alternative interventions, administration and implementation plans in allocating resources.

Proper implementation of the budget is critical towards providing services that will promote sustainable growth. Sustainability requires greater co-operation and alignment between county government, civil society, communities and development partners to get things done. This means providing for continuous consultations with each other, finding solutions and encouraging innovation to build a sustainable County.

Annex 1: Local revenue MTEF Forecast 2017/18-2019/20

	2017/18			
	Approved Estimates	Estimates	Forecast	
	2016/2017	2017/2018	2018/2019	2019/2020
Single Business Permits	136,522,704	168,691,565	177,126,143	185,982,450
Land Rates	41,341,582	56,341,582	59,158,661	62,116,594
Bus parks	52,685,100	62,685,100	65,819,355	69,110,323
Markets	46,572,785	51,572,785	54,151,424	56,858,995
Parking Fee	17,038,965	32,038,965	23,140,913	24,297,959
Cess	120,000,000	132,189,114	138,798,570	145,738,498
Hire Fees	12,626,235	12,626,235	13,257,547	13,920,424
Stall rent	6,000,000	7,200,000	7,560,000	7,938,000
Kiosk fees	3,799,688	4,799,688	5,039,672	5,291,656
Contribution in lieu of rates	95,628,536	-	-	-
Other ministries fee charges	46,371,464	56,371,464	59,190,037	62,149,539
Health	365,220,093	375,220,093	393,981,098	413,680,153
Liquor Fees	29,231,000	29,231,000	30,692,550	32,227,178
ATDC	11,166,750	11,166,750	11,725,088	12,311,342
Slaughter Houses	7,372,971	7,372,971	7,741,620	8,128,701
Dividend	1,976,559	1,976,559	2,075,387	2,179,156
Court fines	516,129	516,129	541,935	569,032
TOTALS	994,070,561	1,010,000,000	1,050,000,000	1,102,500,000

Annex 2: Recurrent Medium Term Expenditure Estimates

Vote /Department	2015/16	2016/17		2017/18	2018/19	2019/20	% Share of Revenue estimates			
	Approved	Approved					2016/17 revised estimates	2017/2018 CFSP	2018/19	2019/20
Office of the Governor	318,599,838	346,588,756	358,303,401	378,303,401	401,120,559	413,154,176	5.89	5.55	5.32	5.32
Current	318,599,838	346,588,756	358,303,401	378,303,401	401,120,559	413,154,176	5.89	5.55	5.32	5.32
Public Service and Administration	1,721,147,705	1,362,688,698	1,074,343,603	1,371,149,307	1,564,156,555	1,611,081,252	17.67	20.12	20.75	20.74
Current	1,721,147,705	1,362,688,698	1,074,343,603	1,371,149,307	1,564,156,555	1,611,081,252	17.67	20.12	20.75	20.74
County Treasury	250,642,806	309,260,395	328,786,809	368,512,700	410,379,354	422,690,735	5.41	5.26	5.44	5.44
Current	250,642,806	309,260,395	328,786,809	368,512,700	410,379,354	422,690,735	5.41	5.26	5.44	5.44
Water, Environment and Natural Resource	98,057,691	96,080,064	88,283,835	108,108,525	110,270,696	113,578,817	1.45	1.59	1.46	1.46
Current	98,057,691	96,080,064	88,283,835	108,108,525	110,270,696	113,578,817	1.45	1.59	1.46	1.46
Social Services, Youth & Sports	56,780,280	67,168,957	48,167,582	62,167,582	82,599,950	85,077,949	0.79	0.91	1.10	1.10
Current	56,780,280	67,168,957	48,167,582	62,167,582	82,599,950	85,077,949	0.79	0.91	1.10	1.10
Transport, Infrastructure & Public Works	63,789,401	71,967,265	66,784,661	72,784,661	76,423,894	80,245,089	1.10	1.07	1.01	1.03
Current	63,789,401	71,967,265	66,784,661	72,784,661	76,423,894	80,245,089	1.10	1.07	1.01	1.03
Lands, Housing, Urban Areas and Physical Planning	84,062,159	175,925,366	160,661,448	233,161,448	244,819,520	252,164,106	2.64	3.42	3.25	3.25
Current	84,062,159	175,925,366	160,661,448	233,161,448	244,819,520	252,164,106	2.64	3.42	3.25	3.25
Health Services	2,127,786,204	2,288,428,340	2,207,217,208	2,368,416,494	2,516,607,311	2,592,105,530	36.30	34.75	33.38	33.37

Vote /Department	2015/16	2016/17		2017/18	2018/19	2019/20	% Share of Revenue estimates			
	Approved	Approved					2016/17 revised estimates	2017/2018 CFSP	2018/19	2019/20
Current	2,127,786,204	2,288,428,340	2,207,217,208	2,368,416,494	2,516,607,311	2,592,105,530	36.30	34.75	33.38	33.37
Agriculture, Livestock, Fisheries and Co- operatives	364,862,773	409,156,375	395,447,772	425,000,000	446,371,419	459,762,562	6.50	6.24	5.92	5.92
Current	364,862,773	409,156,375	395,447,772	425,000,000	446,371,419	459,762,562	6.50	6.24	5.92	5.92
Trade, Tourism & Industrialization	47,657,156	56,486,636	54,941,386	82,542,000	83,592,840	86,100,625	0.90	1.21	1.11	1.11
Current	47,657,156	56,486,636	54,941,386	82,542,000	83,592,840	86,100,625	0.90	1.21	1.11	1.11
Education , Science & Technology	269,586,176	324,363,566	321,948,276	377,218,670	403,163,043	415,257,934	5.29	5.53	5.35	5.35
Current	269,586,176	324,363,566	321,948,276	377,218,670	403,163,043	415,257,934	5.29	5.53	5.35	5.35
County Public Service Board	85,798,312	76,709,853	75,662,753	95,000,000	100,000,000	103,000,000	1.24	1.39	1.33	1.33
	85,798,312	76,709,853	75,662,753	95,000,000	100,000,000	103,000,000	1.24	1.39	1.33	1.33
County Assembly	786,853,365	899,913,088	899,913,088	883,457,978	1,100,000,000	1,133,000,000	14.80	12.96	14.59	14.59
Current	786,853,365	899,913,088	899,913,088	883,457,978	1,100,000,000	1,133,000,000	14.80	12.96	14.59	14.59
TOTAL	6,275,623,866	6,484,737,359	6,080,461,822	6,825,822,766	7,539,505,141	7,767,218,774	100.00	100.00	100.00	100.00

Annex 3: Ministerial Development Budget Ceiling

Vote /Department	2015/16	2016/17		2017/18	2018/19	2019/20	% Share of Revenue estimates			
	Approved	Approved	Revised	Projections			2016/17 revised estimates	2017/2018 CFSP	2018/19	2019/20
Office of the Governor	94,670,000	358,597,742	229,000,000	308,761,000	350,000,000	360,500,000	3.68	4.57	5.30	5.30
Development	94,670,000	358,597,742	229,000,000	308,761,000	350,000,000	360,500,000	3.68	4.57	5.30	5.30
Public Service and Administration	259,400,000	257,352,260	176,352,260	188,307,447	200,200,000	206,206,000	2.83	2.79	3.03	3.03
Development	259,400,000	257,352,260	176,352,260	188,307,447	200,200,000	206,206,000	2.83	2.79	3.03	3.03
County Treasury	353,330,000	136,562,206	177,153,175	160,000,000	160,000,000	164,800,000.00	2.85	2.37	2.42	2.42
Development	353,330,000	136,562,206	177,153,175	160,000,000	160,000,000	164,800,000	2.85	2.37	2.42	2.42
Water, Environment and Natural Resource	224,100,000	248,000,000	211,420,000	219,200,000	350,000,000	360,500,000	3.40	3.25	5.30	5.30
Development	224,100,000	248,000,000	211,420,000	219,200,000	350,000,000	360,500,000	3.40	3.25	5.30	5.30
Social Services, Youth & Sports	360,250,000	374,000,750	348,088,645	302,498,350	350,000,000	360,500,000	5.59	4.48	5.30	5.30
Development	360,250,000	374,000,750	348,088,645	302,498,350	350,000,000	360,500,000	5.59	4.48	5.30	5.30
Transport, Infrastructure & Public Works	1,678,646,168	1,923,355,179	2,052,592,523	2,000,000,000	1,981,350,000	2,040,790,500	32.97	29.61	30.03	30.03
Development	1,678,646,168	1,923,355,179	2,052,592,523	2,000,000,000	1,981,350,000	2,040,790,500	32.97	29.61	30.03	30.03
Lands, Housing, Urban Areas and Physical Planning	212,000,000	287,500,000	289,600,000	249,000,000	257,040,000	264,751,200	4.65	3.69	3.90	3.90
Development	212,000,000	287,500,000	289,600,000	249,000,000	257,040,000	264,751,200	4.65	3.69	3.90	3.90
Health Services	1,045,765,107	1,210,027,147	1,173,251,179	2,000,000,000	1,500,000,000	1,545,000,000	18.85	29.61	22.73	22.73
Development	1,045,765,107	1,210,027,147	1,173,251,179	2,000,000,000	1,500,000,000	1,545,000,000	18.85	29.61	22.73	22.73
Agriculture, Livestock, Fisheries and Co-operatives	575,000,000	547,959,685	514,959,685	518,000,000	500,000,000	515,000,000	8.27	7.67	7.58	7.58
Development	575,000,000	547,959,685	514,959,685	518,000,000	500,000,000	515,000,000	8.27	7.67	7.58	7.58

Vote /Department	2015/16	2016/17		2017/18	2018/19	2019/20	% Share of Revenue estimates			
	Approved	Approved	Revised	Projections			2016/17 revised estimates	2017/2018 CFSP	2018/19	2019/20
Trade, Tourism & Industrialization	403,956,029	423,000,000	408,000,000	326,000,000	400,000,000	412,000,000	6.55	4.83	6.06	6.06
Development	403,956,029	423,000,000	408,000,000	326,000,000	400,000,000	412,000,000	6.55	4.83	6.06	6.06
Education , Science & Technology	747,000,000	672,046,397	544,732,000	382,000,000	450,000,000	463,500,000	8.75	5.66	6.82	6.82
Development	747,000,000	672,046,397	544,732,000	382,000,000	450,000,000	463,500,000	8.75	5.66	6.82	6.82
County Assembly	100,000,000	277,000,000	100,000,000	100,000,000	100,000,000	103,000,000	1.61	1.48	1.52	1.52
Development	100,000,000	277,000,000	100,000,000	100,000,000	100,000,000	103,000,000	1.61	1.48	1.52	1.52
TOTAL	6,054,117,304	6,715,401,366	6,225,149,467	6,753,766,797	6,598,590,000	6,796,547,700	100	100	100	100