



COUNTY GOVERNMENT OF VIHIGA

THE COUNTY TREASURY

COUNTY FISCAL STRATEGY PAPER

Economic Prosperity for All

FEBRUARY 2019

Foreword

The Vihiga County Fiscal Strategy Paper 2019 lays down the framework for the preparation of the 2019/2020 County budget in accordance with the Public Finance Management Act 2012, section 117. It sets out the County Government of Vihiga's economic policies and key priority programs to be implemented in the Medium-Term Expenditure Framework (MTEF) in line with Vihiga County Integrated Development Plan 2017-2022 and the Annual Development Plans for 2019/2020.

CFSP outlines the budget performance in the previous year 2017/18 and the first six months of the current year 2018/19. It contains data on revenue and expenditure performance as compared to the respective budget estimates. This data allows us to ask questions like: are our revenue estimates realistic? If we give more money to a given department, can they actually spend it?

Informed by the performance data, we can then project the total budget (revenue, expenditure and deficit) for the coming financial year 2019/20.

After projections we have the departments priorities in the budget which will inform on the ceilings. Ceilings in the budget are the maximum amount of funds going to each department.

The Fiscal Framework hereby presented provides the means for the County to strengthen devolution for a transformative and shared prosperity in Vihiga County. Attainment of the set programs calls for greater transparency, effectiveness and efficiency in public financial management in order to ensure fiscal discipline and safeguard macroeconomic stability.

HON. ALFRED INDECHE

Executive Committee Member – Finance and Economic Planning Vihiga County

Acknowledgement

The Vihiga County Fiscal Strategy Paper 2019 is a result of contribution and concerted efforts of many people. The paper is informed by the Public Finance Management Act 2012 Section 117 (1) which stipulates that the County Treasury should prepare the Fiscal Strategy Paper for the County. This Strategy Paper sets out broad strategic priorities and policy goals that will guide the Vihiga County Government in preparing its budget for coming Financial Year 2019/2020 and over the medium term.

The preparation of this fiscal strategy paper continues to be a collaborative effort from an array of expertise of professionals and key stakeholders in the County. Most of the information in this paper has been obtained from the National and County Government policy papers, and Agencies. We are grateful for their inputs. We are also grateful for those who provided inputs during the various budgeting forums conducted in the County, in addition to comments from the Commission for Revenue Allocation and other stakeholders.

We are particularly grateful to His Excellency the Governor for his lead role, direction and guidance in developing this document; His Excellency the Deputy Governor, the County Secretary, County Executive Member for Finance and Economic Planning, the County Budget and Economic Forum for their input in providing much needed information to the team working on this County Fiscal Strategy Paper 2017. Special thanks go to the technical team in the Finance and Economic Planning department who spent a significant amount of time putting together this Paper.

Livingstone L. Imbayi

The Chief Officer Finance and Economic Planning Vihiga County

List of Acronyms and Abbreviations:

CFSP -	County Fiscal Strategy Paper
CIDP -	County Integrated Development Plan
ECD -	Early Childhood Development
ECDE -	Early Childhood Development Education
EIA -	Environmental Impact Assessment
FY -	Financial Year
GDP –	Gross Domestic Product
GIS -	Geographical Information Systems
ICT-	Information and Communication Technology
KES-	Kenya Shillings
KNBS -	Kenya National Bureau of Statistics
MTEF –	Medium Term Expenditure Framework
ORS -	Own Revenue Sources

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Legal Context

The Vihiga County Fiscal Strategy Paper is prepared in accordance with Section 117 of the Public Finance Management Act, 2012. It states that;

- (1) The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the County assembly, by the 28th February of each year.
- (2) The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.
- (3) In preparing the County Fiscal Strategy Paper, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the County government in preparing its budget for the coming financial year and over the medium term.
- (4) The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook with respect to County government revenues, expenditures and borrowing for the coming financial year and over the medium term .

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

- (a) The Commission on Revenue Allocation;
- (b) The public;
- (c) Any interested persons or groups; and
- (d) Any other forum that is established by legislation.

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

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

(8) The County Treasury shall publish and publicize the County Fiscal Strategy Paper within seven days after it has been submitted to the County assembly.

FISCAL RESPONSIBILITY PRINCIPLES

Fiscal Responsibility Principles in the Public Financial Management Law

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

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

The regulations in Section 25. (1) states that in addition to the fiscal responsibility principles set out in section 107 of the Act, the following fiscal responsibility principles shall apply in the management of public finances—

- (a) the County Executive Committee Member with the approval of the County Assembly shall set a limit on the county government's expenditure on wages and benefits for its public officers pursuant to section 107(2) of the Act;
- (b) the limit set under paragraph (a) above, shall not exceed thirty-five (35) percent of the county government's total revenue;
- (c) for the avoidance of doubt, the revenue referred to in paragraph (b) shall not include revenues that accrue from extractive natural resources including as oil and coal;
- (d) the county public debt shall never exceed twenty (20%) percent of the county governments total revenue at any one time;
- (e) the county annual fiscal primary balance shall be consistent with the debt target in paragraph
- (f) the approved expenditures of a county assembly shall not exceed seven per cent of the total revenues of the county government or twice the personnel emoluments of that county assembly, whichever is lower;
- (g) pursuant to section 107(5) of the Act, if the county government actual expenditure on development shall be at least thirty percent in conformity with the requirement under section 107(2)(a) of the Act;
- (h) if the county government does not achieve the requirement of regulation 25(1)(f) above at the end of the financial year, the county executive committee member for finance shall submit a responsibility statement to county assembly explaining the reasons for the deviation and provide a plan on how to ensure annual actual expenditure outturns as well as medium term allocation comply with the provisions of Section 107 (2) (a) of the Act and these regulations in the subsequent years; and
- (i) the compliance plan above shall be binding and the county executive committee member for finance shall ensure implementation.

CHAPTER TWO: RECENT ECONOMIC DEVELOPMENTS

County government of Vihiga operates within the dynamics of global and national macroeconomic environment. Therefore, impacts of global and national economic variability affect both directly and indirectly on county fiscal decisions and operations. Economic growth, measured quantitatively as the Gross Domestic Product (GDP) of a country, is a parameter that influences national government transfers to the counties, given the positive correlation between growth and national revenue performance. Exchange rate fluctuations also affect the county processes with currency depreciation making our imports more expensive. This greatly affects the manufacturing sector since it mostly depends on imported raw materials and intermediate goods in its industrial processes, leading to a slowdown in the county's industrialization. Interest rates affects the cost of local borrowing while inflation changes the costs of goods and services and may affect their affordability as per existing plans.

GENERAL ECONOMIC SITUATION OF VIHIGA COUNTY

The County Government of Vihiga relies on the National Government statistics to know its economic performance. According to KNBS economic survey 2018 report, the economic growth slowed down in 2017 from 5.9 per cent growth in 2016 to 4.7 per cent in 2017.

According to quarterly GDP reports released by the KNBS the economic growth rate in 2018 based on the quarterly average is expected to be more than 6.0 percent.

Overall Economic Growth in the County

The Gross County Product (GCP) survey undertaken by KNBS and the pilot report shows that the GDP share estimate of Vihiga county to the National GDP is at 1.2 percent. This ranks Vihiga County as the second lowest contributor to the National GDP in the western region with Kakamega, Bungoma and Busia at 2.8, 1.8 and 0.9 percent respectively.

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Table 1: County GDP

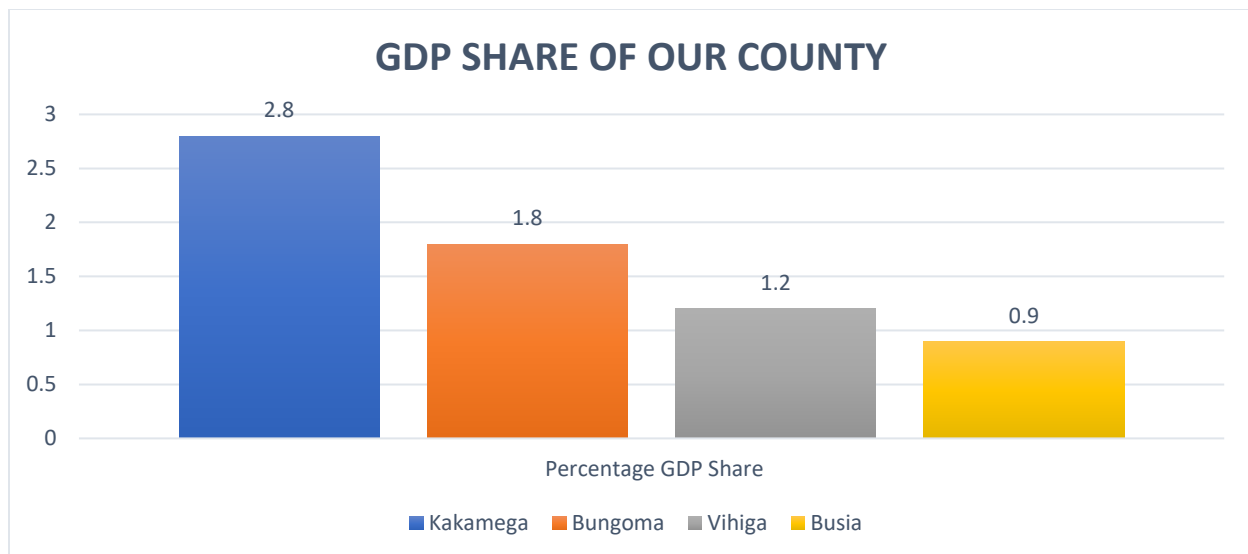
County	Percentage GDP Share
Kakamega	2.8
Bungoma	1.8
Vihiga	1.2
Busia	0.9

Source: Gross County Product (GCP) pilot report 2018

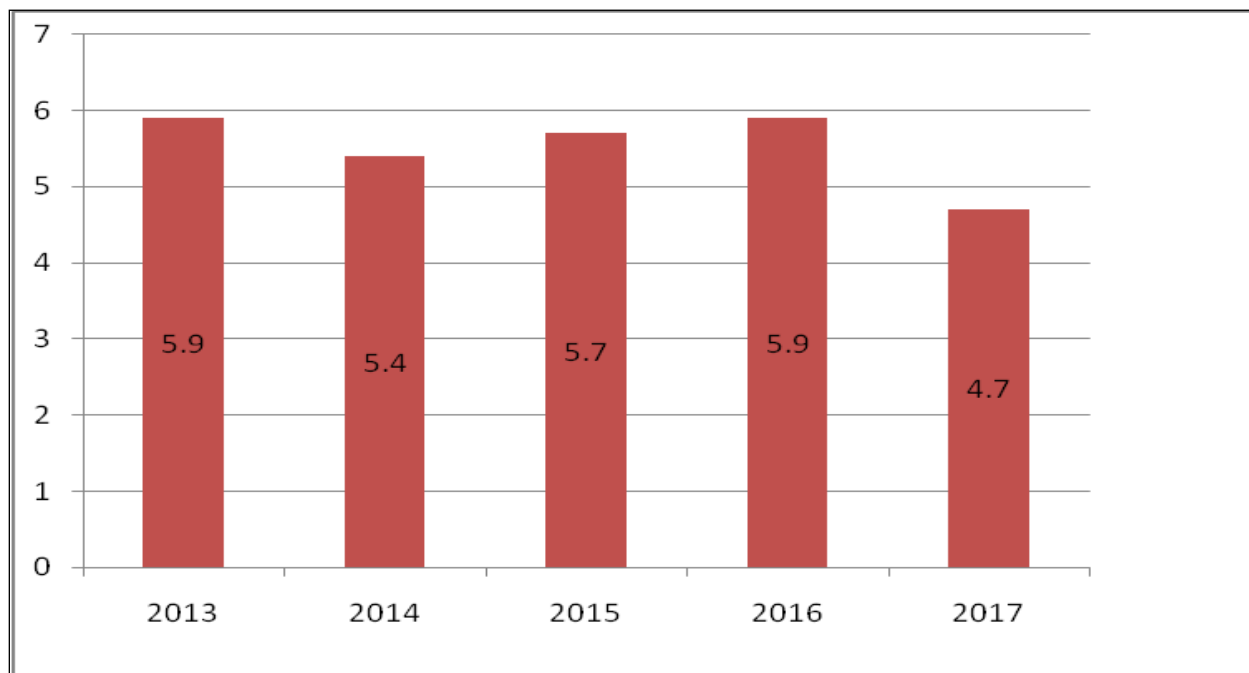
Through private sector partnerships in provision of goods and services, the local economy grew.

The key area that experienced tremendous growth is the construction industry, agriculture, retail trade and financial services.

Key macroeconomic indicators remained stable and therefore supportive of growth in 2018.



Gross Domestic Product growth rates



Source: KNBS Economic Survey, 2018 Report

Table 2: 2018 Quarterly GDP Growth Rates

Quarter	Q ₁	Q ₂	Q ₃
Growth rate	5.7	6.3	6.0

The Economic Situation

County governance has made tremendous effort to reduce the poverty level. The poverty index for Vihiga County according to Kenya Integrated Household Budget Survey (KIHBS) report 2015/16 was 43.2 percent down from 46 percent in 2013 which was slightly lower than the national index of 36.1 percent. However, it contributed to 1.3 percent to National poverty.

The key contributors to the reduction in poverty levels in the county include initiating programmes that alleviate poverty either directly or indirectly among them; subsidized farm inputs, construction and rehabilitation of roads, street lighting, social protection initiatives, Youth and Women empowerment programmes, enhancing establishment of the community health units, health infrastructure improvement, promotion of sports and market infrastructure among other initiatives.

Update on fiscal performance and emerging challenges

The fiscal and economic assumption underlying the 2018/19 budget entailed improved collection of revenue from local sources and timely releases of funds by the national treasury. The updated Fiscal Economic framework is optimistic, given that the local revenue collection trend has improved. Despite the several challenges that still exist, the County Government will continue with its policy of expenditure rationalization with a view to provide more funds to core services.

SECTOR PERFORMANCE DURING THE FINANCIAL YEAR 2017/18

Agriculture Livestock Fisheries and Cooperatives

Agriculture sector is critical in accelerating growth and development through utilization of technology, agricultural information, and agro processing and value addition for a food secure county.

In the F/Y 2017/18 ,the sector identified several priority areas of concern that includes; Institutional reforms, promotion of Food and Nutrition Security for Sustainable livelihoods, Enhance Crop, Livestock and Fisheries production and productivity, Promote Sustainable Land use practices and Conservation of Natural Resources for Agriculture, Promote value addition and agro-processing, Strengthen Agricultural market access and linkages ,Provision of innovative Agricultural technology transfer and extension services.

In promoting agriculture production and productivity in the agriculture sub sector, the area under cultivation increased from 14,400 hectares to 22,000 hectares. 5 dairy cold storage facilities were maintained. The county procured fertilizers and maize seeds in bulk and distributed to 27,000 farmers at subsidized prices.

In promoting livestock production, the county government vaccinated 29,232 cattle, 881 sheep, 3,005 goats and 146 pigs, 75 dairy heifers were distributed to 75 farmers' groups, 7875 improved local chicks procured and distributed to 108 farmer groups, 8 manual centrifuges (honey extractors) procured and distributed to 8 farmer groups county wide, mukhalakhala and serem slaughtehr houses were constructed. 5 on-farm demo sites established for technology transfer on fodder production and conservation,Livestock production extension were carried out; 1200 farm advisory farm visits, 10 livestock designs and construction done,175 farmers were given 1,000

fingerlings and 15bags of fish feed each through out the county,Mwitoko fish farm improved by construction of additional 21 ponds and security lighting system

Education

In the period 2017/18, the sector envisioned a nationally competitive provider of high quality ECDE and child care services, technical and vocational for sustainable development. The priorities identified during the review period included; institutional reforms to enhance service delivery, infrastructure development in early year education and child care services, improving access and provision of quality education and technical skills and enhanced education support programmes including bursary and scholarships to bright and needy students.

In increasing access to quality technical and vocational training, the sector achieved the following; increase in enrollment in VTCs from 2,901 in the year 2017 to 3,824 in the year 2018, 15,000 trainees benefitted from the Subsidized Vocational Training Support Grant (SVTSG), competency-based education and training was enhanced through procurement of Competency Based text books for all VTCs from Kenya Literature of Bureau (KLB).

The sector realized growth in ECDE sub sector with enrollments improving from 40,430 in 2017 to 44638 in 2018. Other key achievement in the sub sector included; 852 teachers were trained on Competence Based Curriculum (CBC), procurement and supply of Kenya School Readiness Assessment Tools (KSRAT) for all pupils in public ECDE centers transiting to Grade one for the purpose of uniform assessment, Initiated construction of three classrooms per ward.

Despite the achievements the sector experienced a number of challenges, key among them; delayed financing of programmes and projects, poor quality of works by contractors, weak institutional arrangement including lack of ECDE teachers and VTC instructors formerly employed

Transport and Infrastructure

Development of Infrastructure results in stimulating the other sectors by easing movement of Goods, Services and People thus facilitating trade and commerce. To achieve this, the County government has prioritized to develop the county road networks, electricity connectivity, ICT and provision of clean and sustainable energy.

To this end, the County Government made a tremendous progress during FY 2017/18 towards improving road network. Key among this included rehabilitation of 125.9Kms of roads thus improving accessibility across all the wards. There has been major achievement with upgrading of Ekwanda-Luanda road to bitumen standard. These has greatly improved connectivity not only within the County but also other counties and therefore improving accessibility of various trading centres and boosted economic activities in these areas.

With the commitment of enhancing entrepreneurship and employable skills of TVET graduates, the County Government Purchased workshop tools & equipment worth KES 7,962, 810. It also initiated the construction of a mechanical workshop at Manyatta at a cost of KES 7,000,000.00 to develop mechanical unit in the county.

In order to continue improving infrastructure Countrywide, the share of resources going to his sector will increase over the medium to develop efficient and effective road network that will open up the county for trade and access to services. The county will endeavor to undertake mapping of

all roads within the county with a view to partnering with the National Government to have the roads repaired and more roads tarmacked.

The County purchased a fire rapid response operational vehicle whereas the firefighting engine has already been procured and shipping process commenced. Further a fire station will be constructed to ensure a timely fire response to emergencies.

The County has been at risk in some areas due to lightening during rainy season. Based on this, Lighting Protection and Arrestors numbering 173 were installed at the Office of the Governor, Department of Transport & Infrastructure, Emuhaya sub-county hospital, Hamisi sub-county hospital, and Mbale rural, Banja, Vihiga, Emusire, and Sabatia health centres. Through a partnership with KeNHA and COVEK, construction of roadside amenities including three eco-toilets, eight market sheds, and paving and fencing in Gambogi and Majengo market were done.

The Key Challenges facing the sector include; poor topography in some areas resulting in slow road maintenance, poor storm water management, encroachment of road reserves, breakdown of equipment and high cost of maintenance and inadequate resources to the sector.

Public Service, Administration and Coordination of County Affairs

The Department is in charge of coordination of all county government departments and delivery of county service. The mandate of the department is to; Coordinate County departments in service delivery, links the county government to its residents, provides feedback to county on people's needs, enforcement of county laws and policies, development of human resource framework and promote labour relations, control liquor licensing, promote compliance with government policies,

promote good governance in public service and also mainstreaming, coordination and implementation of devolution and Vision 2030.

Some of the Key achievement by the department for the period under review included; Coordination of several public participation fora held on County Government programs as required by the constitution, Capacity Building of the county staff for instance all CECMs and COs underwent orientation course at KSG, Conducted Civic awareness on National Values and Principles of Governance in Public Service, Coordinated Gender mainstreaming, cohesion and peace building for a across the county.

The department also coordinated and inspected licensing of liquor businesses within sub counties. Further the department coordinated County Dialogue Forum, 5th Annual Devolution Conference, presided over Public Holidays celebrations in conjunction with national government and disbursement of bursary funds to all twenty-five (25) wards.

Key Challenges faced by the department during this review period was; inadequate resources and delayed funding affecting service delivery, absence of training and development policy, uncoordinated public participation fora, Weak county communication/performance framework and inadequate office equipment.

Health Services

The strategic priorities for the sector in FY 2017/18 included; Institutional reforms, scale up of high impact interventions at Level 1 facilities, reduce maternal and neonatal mortality and morbidity, strengthen referral system, provide a functional and sustainable infrastructure for

comprehensive health services, Provide health care subsidy for social health protection and Re-engineering human resource for health.

Key achievements in the sector were: Increased immunization coverage from 69% in 2016/17 to 76%, 1st ANC improved from 65% to 72%, 4th ANC visits improved from 38% to 42%, Skilled Birth delivery improved from 47% to 55%, Facility based maternal mortality reduced from 51 to 41/100,000 live births, Child mortality improved from 121/1000 (KDHS 2008/09) to 65/1000, Infant mortality improved from 65/1000 to 42/1000 live births, Neonatal mortality improved from 22/1000 to 19/1000 live births, Newborns with Low birth weight improved from 19 to 13/1000 live births, Children under five stunted improved from 3.5 to 2.0% **and** Children below 5 years with underweight improved from 16% to 13%.

Other achievements were; improvement of Supplies of drugs and non-pharmaceuticals to all Health facilities where the Fill rate improved from 68% to 79% while number of facilities that did not have stock out of drugs increased from 1 to 8, Enhanced Community Health Services by increasing CU coverage from 44% to 62% and providing stipend as well as NHIF support to all CHVs

Health education towards malaria HIV/AIDS and other diseases improved thereby reducing prevalence of Malaria from 38% to 27%, Prevalence of HIV/AIDS has reduced from 4.7% to 4.1%, and enhanced campaigns toward health insurance uptake through health promotion and education as well as community health activities was intensified thereby increasing uptake from 15,177 to 31,773.

In regard to health infrastructure, Vihiga county referral hospital was improved where the outpatient, walkways and causality received a facelift. Construction of the medical plaza at the referral hospital commenced and 11 new primary health facilities established across the County.

Under the universal healthcare, the Otichillo care program was rolled out, scaling up of the community units to provide health services at the grassroots, scale up provision of specialized equipment, and increase the number of health workers and facilities at the grassroots.

Going forward and in order to accelerate achievement of one of the big four agenda of universal health care, the county will continue to put significant resources in the sector to ensure implementation of planned programmes as outlined in the county development blue print CIDP. Investment in health education as well as intensify community units will be a key focus of the County Government.

During the period under review the sector faced some Challenges which included; Uncertainty as a result of political processes and transition resulting in delay of administrative approvals, disease outbreaks including cholera, and upsurge of malaria, shortages of health workers below the set health service norms and standards, and industrial unrest that led to disruption of service delivery, increased road traffic injuries attributed to the upsurge of bodaboda riders who are not trained, adolescent and youth pregnancy leading to school drop outs and unsafe abortions, rising burden of Non-Communicable diseases due to poor healthy lifestyles, training gap for facility managers particularly on leadership and governance aspects and inconsistent supply of data collection tools and data quality audits.

Impact

The employment of more health care workers and the expansion of infrastructure in various health facilities increased access to medical health care. There is reduced distances travelled to access medical services while provision of ambulance services has ensured prompt and safe emergency evacuation of patients through continued improvement of referral system. Acquisition of standby power generators has reduced service interruptions by ensuring continuous power supply.

Physical Planning, Land and Housing

The strategic priorities for the sector were; provision of physical planning services and sustainable use of land resources within the County, provision of decent housing to the county citizens, ensure coordinated and controlled urban development within the county and provision of survey services within the county.

The sector performance during financial year 2017/18 included; Establishment of Geographic Information System (GIS), survey and mapping of public land parcels that included: Kapkoros Cultural Centre, Kidundu & Hamisi Sports Grounds, purchase of 18 acres of land for banking for the expansion of public utilities, de-gazetement of part of Kibiri forest for the Shiru/Shaviringa settlement program and implementation of the Social Housing Scheme, where 225 houses were constructed for the vulnerable (widows, orphans, PDW& the elderly).

Environment Water, Energy and Natural Resources

The overall objective of the Department is to improve the livelihood of the residents by providing safe and clean water for all, sustainable utilization of forestry and natural resources, and improving sanitation in a clean and secure environment. Adequate supply of water is essential for increased agricultural productivity and hence food security besides helping in manufacturing.

Key specific achievements made during the period under review include; increased number of households accessing clean, quality, safe drinking water through expansion of the 3 major urban water projects namely Mbale, Kaimosi and Maseno Water supplies. Vihiga sub cluster water project works were also commenced. The department also protected 125 springs, sunk 5 boreholes in all the wards, completed and commissioned 25 community water projects and rehabilitated 5 rural water projects

For sanitation and sewerage services, the department constructed 3 public sanitation facilities. It also established fifteen dumpsters in the major urban centers. It signed a lease for waste management site at Solongo and ensured regular collection of waste from urban centres

However, during the financial year 2017/18, the department was faced with the following challenges: Inadequate resources and delayed funding affecting service delivery, absence of training and development policy, besides weak performance management framework and high population pressure leading to ecosystem degradation

Office of the Governor

The office of The Governor identified the following as their strategic priorities during the year 2017/2018: provision of policy direction and Coordination of County Public Service to ensure effective implementation of County Government policies, projects and programmes as well as linking the County Government to investors both locally and internationally. The office also prioritised the linking of the County Government to National Government, other County Governments and Agencies besides strengthening legal services in the County. It also prioritised establishment and maintenance of efficient disaster and emergency response systems.

Promotion of democracy, cohesion, peace and order in the County was also prioritized

Achievements made include: Streamlining operations of the County government aligning them to existing laws and regulations. It also Carried out staff audit with the help of Department of Personnel Management (DPM) and audited all the pending bills with assistance of Kenya National Audit Office. The office drafted and discussed various policies and bills and appointed, with the approval of the County Assembly, the CECMs, COs and other senior staff.

The office of the governor organised conference of all elected and nominated leaders of Vihiga County and Coordinated 2018-2022 County Integrated Development Plan (CIDP). It also developed County communication strategy, revived county website, county quarterly newsletter and Toll-free line besides Coordinating Investment conference/ public-private-partnership summit.

Trade, Industry, Tourism and Entrepreneurship

The Sector is one of the key engines for economic growth as it immensely contributes to both product and service industries. The Sector is pivotal in accelerating economic growth, employment creation, poverty reduction, industrial development and equitable distribution of resources. These are the critical drivers that will contribute significantly towards the attainment of Sustainable Development Goals (SDGs) and the Big Four Agenda.

The strategic priorities for this sector were: To create a conducive environment for trading activities; To promote the County as a tourist attraction destination, to promote industrial development, to promote Consumer protection and fair trade and to develop entrepreneurship.

The sector achieved the following: The Omena market in Luanda was completed; there was capacity enhancement of SMEs on entrepreneurial skills; organized an Investment conference and Six bills were drafted; The sector also helped increase the revenue stream by introducing a new bodaboda levy on a monthly basis and mapped traders /market infrastructure.

Youth, Gender, Sports, Culture and Social Services

The sector is mandated to support research interests particularly in gender, culture, sports, youth and vulnerable groups within our society. The Sector contributes immensely to the Socio-Economic Development of the county. The sector strategic priorities were: To promote, preserve and develop all functional aspects of Culture for Sustainable development; to develop and promote sports activities in the county; Youth mainstreaming and empowerment; Gender Mainstreaming and Child development and protection.

The sector achieved the following: A social Health Insurance Fund was set for OVC's and a number of beneficiaries across the wards were covered; The department conducted a Training need analysis and skills audit; Training on risk management was conducted; Rehabilitation of Mumboha Sport ground; 60 community-based organizations were trained; supported Vihiga united and Vihiga queens who are playing in the Kenya football premier league besides supporting other county teams i.e. Volleyball, Netball and Rugby and 4 cultural festivals were held.

Finance and Economic Planning

The sub-sector has the following mandate in the county; provision of accounting services, Economic Planning, Monitoring & Evaluation and reporting, capacity building and Strengthening of county institutional framework, auditing, budgeting, own revenue administration and supplies chain management. Attainment of sustainable development requires sound and prudent management of public resources. Towards this end subsector implemented the following strategic activities; coordination the preparation of the CIDP and the ADP, up-date of the county information and statistics and preparation of progress reports. Other activities undertaken were administration and coordination of own county revenue collection, preparation of county annual and supplementary budget estimates, coordination of capacity building and strengthening institutional framework under the the Kenya Devolution Support Programme, control, reforms in own revenue collections, and management of county assets and liabilities.

As we prepare the County Fiscal Strategy Paper in preparation for the priority programmes for the financial year 2019/20 it is important to note the following key achievement made in the previous plan period.

- Implementation of e- procurement
- Increased own revenue collections from KES 102 million in 2016/17 to KES 143.5 million in 2017/18
- Establishment of the County Audit Committee
- Update of the County Asset Register

As the we set to lay policies for the next plan period the county is faced with both internal and external challenges. To this end reforms in public sector management and governance will be undertaken. Measures will be taken to enhance Public Private Partnerships (PPPs) to abridge the budget deficit. The department will ensure timely preparation of financial and activity reports are prepared, published and disseminated to the public to enhance accountability and transparency as required by the PFM laws.

Reforms geared towards increased own revenue collection will be implemented. These include automation of revenue collections, implementation of the Vihiga County Government Regulations 2018 and the implementation of controls measures leakages.

The county in collaboration with partners will continue to enhance capacity building to support departments in keys areas of PFM, Civic Education and public participation, environment and social safe guards as well as monitoring and evaluation for effective service delivery.

GLOBAL AND REGIONAL ECONOMIC DEVELOPMENTS

According to the Budget Policy Statement (BPS) 2019 draft copy, global activities that started in 2016 gathered pace in the first half of 2017 supported by notable improvements in investment, trade, and industrial production, coupled with strengthening business and consumer confidence. As such global growth is projected to increase to 3.8 percent in 2018 from 3.6 percent in 2017 and 3.2 percent in 2016 primarily driven by improving domestic demand in advanced economies and China and improved performance in other emerging market economies.

In advanced economies, growth is expected to pick up to 2.2 percent in 2017, up from 1.7 percent in 2016 reflecting stronger activity in the United States, Canada, the Euro area, and Japan. However, this growth is expected to slow down to 2.0 percent in 2018 mainly reflecting a slowdown in Japan and the euro area. On the upside, the US economy is projected to expand to 2.3 percent in 2018 up from a projected 2.2 percent in 2017, as a result of supportive financial conditions and strong business and consumer confidence.

Among emerging market and developing economies, higher domestic demand in China and continued recovery in key emerging market economies supported growth in the first half of 2017. Growth in emerging and developing economies is projected to increase from 4.3 percent in 2016 to 4.6 percent in 2017 and 4.9 percent in 2018. The projected growth is driven primarily by the strengthening of growth in commodity exporters; a gradual increase in India's growth rate and a lower but still high trend growth rate in China. The broad-based slowdown in sub-Saharan Africa is easing and growth is expected to improve from 1.4 percent in 2016 to 2.6 percent in 2017 and further to 3.4 percent in 2018, partly supported by a recovery in

growth of larger commodity exporters such as Nigeria and South Africa. In addition, the easing of drought conditions in the Eastern and Southern Africa have contributed to the positive outlook. However, downside risks have increased following policy uncertainties and delays in the implementation of policy adjustments in Nigeria and South Africa. Many of the faster growing economies in sub Saharan African economies continue to be driven by public spending, with debt levels and debt service costs rising.

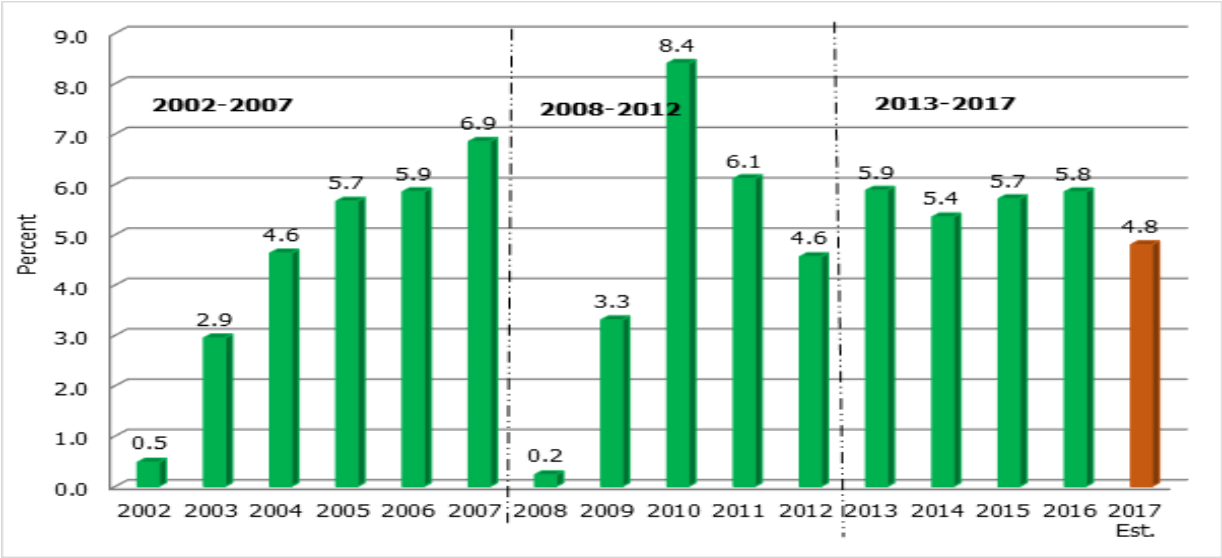
In the East African Community (EAC) region, economic growth is estimated to stabilize at 5.4 percent in 2016 and 2017, a slowdown from a 6.1 percent growth in 2015. The prolonged effect of drought experienced in 2016 and continued in 2017, dampened agricultural output and GDP growth in Uganda, Tanzania and Rwanda. In addition, there was a slowdown in credit growth across countries in the region, which further dampened the growth. Further, insecurity and political tensions continued to constrain economic activities in countries such as Burundi, Somalia, and South Sudan. In 2018, economic growth is projected to increase to 5.9 percent supported by a stable macroeconomic environment, ongoing infrastructure investments, and strong private consumption.

DOMESTIC ECONOMIC DEVELOPMENTS

Growth of the Kenyan economy remained resilient, broad based and registered strong performance in the past 5 years supported by strong public and private sector investment and appropriate economic and financial policies (**Figure 1**). The economy, specifically, grew at an average of 5.5 percent per year in the five years (2013 - 2017) outperforming the average growth rate of 4.7 percent in the period 2008 to 2012. The value of goods and services

produced therefore raised the per capita income from KES 104,700 in 2013 to an estimated KES 174,200 in 2017. The economy generated an average of 817.0 thousand new jobs per year in the period 2013 - 2017 up from 656.5 thousand jobs per year in the period 2008-2012. However, uncertainty associated with elections coupled with the effects of adverse weather conditions slowed down the performance of the economy in 2017. As a result, the economy is estimated to grow by 4.8 percent in 2017, which is a slowdown from the estimated growth of 5.1 percent in the 2017 Budget Review and Outlook Paper (BROP).

Figure 1: Trends in Kenya’s Economic Growth Rate



In 2017, the economy grew by 4.4 percent in Quarter 3, 5.0 percent in Quarter 2, and 4.7 percent in Quarter 1, largely supported by robust activities in the service sectors particularly; accommodation and restaurant; real estate and information and communication. The growth was somewhat constrained by subdued performances in agriculture forestry and fishing, manufacturing, electricity and financial intermediation sectors.

The resilient strong growth of the economy over the past five years reflects the broad-based nature of our economy that has been largely driven by growth in the non-agriculture sectors. The non-agricultural sector has remained vibrant growing at 6.7 percent in 2016 from 5.4 percent in 2013 and continues to be the main source of growth.

Services remain the main source of growth, the sector grew from 5.0 percent in 2012 to 6.8 percent in 2016 supported by favourable performance of ICT, real estate, wholesale and Retail Trade, Transport and Storage and Accommodation and Restaurants. Accommodation and restaurants have been the fastest growing sector. It grew from 3.1 percent in 2012 to 13.3 percent in 2016 supported by the improved security situation that led to removal of travel alerts from major tourist originating countries.

The growth of the financial and insurance sector accelerated from 6.0 percent in 2012 to 9.4 percent in 2015 supported by reforms aimed at creating a conducive business environment. However, the sector slowed down to 6.9 percent in 2016 and is estimated at 3.2 percent in 2017 partly due low domestic credit to the private sector and a decline in the growth of interest income.

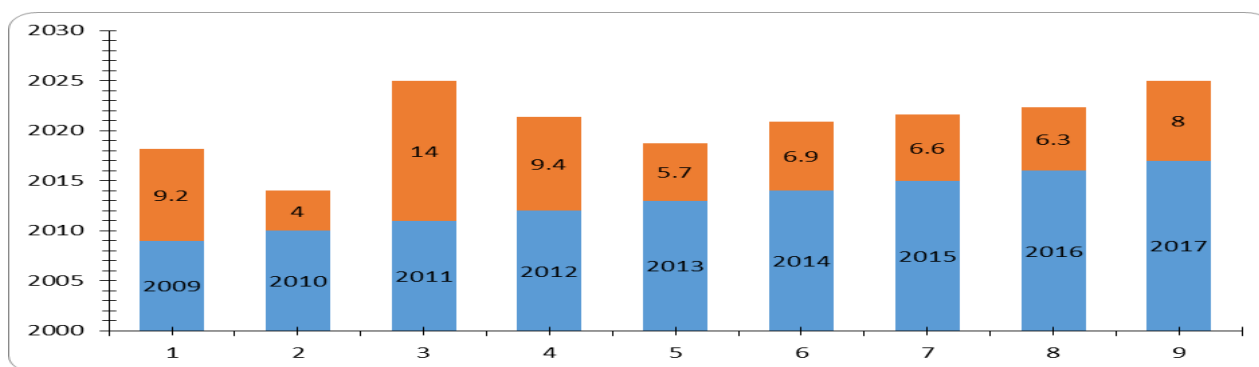
Inflation Rate

Inflationary pressure witnessed in 2017 due to drought that affected food prices eased in 2018 supported by improved weather conditions. Month-on-month, inflation remained stable and fell to 4.7 per cent in January 2019 from 5.7 percent in December owing to decline in food prices, improved weather conditions and decline in energy prices. However, overall inflation increased from 4.5 percent in December 2017 to 5.7 percent in December 2018 on account of increase in

international oil prices. Inflation Rate in Kenya averaged 9.67 percent from 2005 until 2019, reaching an all-time high of 31.50 percent in May of 2008 and a record low of 3.18 percent in October of 2010. Performance across the various sectors of the economy varied widely, with Accommodation and Food services; Information and Communication Technology; Education; Wholesale and Retail trade; and Public Administration registering accelerated growths in 2018 compared to 2017.

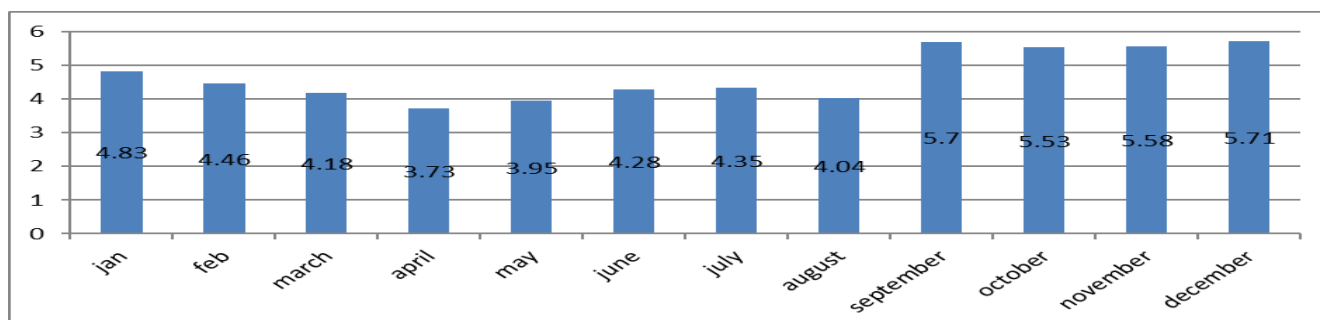
The accelerated growth in 2018 was attributed to; Improved weather conditions, Political stability after the general election and Infrastructure improvement.

Figure 2 :Yearly inflation rates



Source: KNBS Economic Survey, 2018 Report

Figure 3 2018 monthly inflation rates



Source: KNBS Economic Survey, 2018 Report

Interest Rate

Interest rates remained stable and low in the period 2013 – 2018. During the period, the policy rate (Central Bank Rate) was adjusted appropriately to anchor inflation expectations. The Central Bank Rate reduced to 9.0 percent on 30th July 2018 from 9.5 percent in March 2018 as there was room for easing monetary policy stance to support economic activity.

The interbank rate remained low at 8.1 percent in December 2018 from 7.7 percent in December 2017 due to ample liquidity in the money market. Commercial banks' average interest rates remained stable and compliant with the interest rate capping law that was effected in September 2016. Due to decline in the CBR it resulted in the lending rate reduction from 13.7 per cent in October 2017 to 12.6 percent in October 2018. The deposit rate also declined to 7.6 percent from 8.2 percent over the same period. Consequently, the interest spread declined from 5.9 percent in October 2017 to 5.0 percent in October 2018. These decline in interest rates had a positive impact on access to credit for local investment.

Exchange Rate

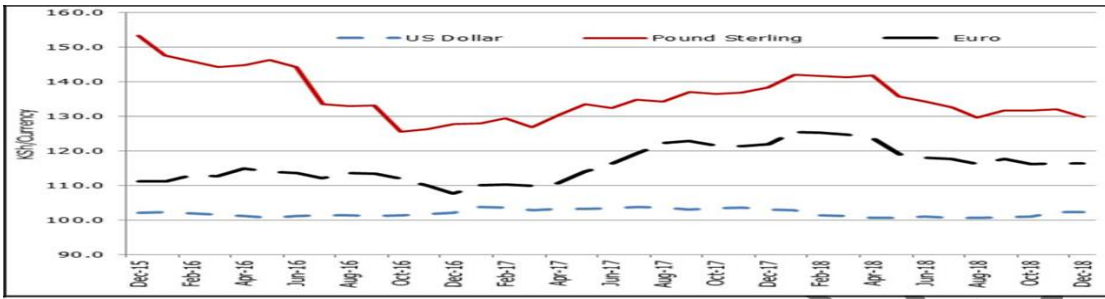
According to the National Treasury¹, the Kenyan Shilling remained stable and competitive against major international currencies. Against the Dollar, the exchange rate has been less volatile averaging at KES 102.3 in December 2018 from KES 103.1 in December 2017. Against the Euro and Sterling pound, the Kenyan shilling strengthened to KES 116.4 and KES 129.7 in December 2018 from KES 122 and KES 138.2 in December 2017 respectively.

Table 3: Average Foreign Exchange Rates of Kenya Shilling for Selected Currencies, 2013-2017

Currency	Exchange Rate against KES					
	2013	2014	2015	2016	2017	2018
1 US Dollar	86.12	87.92	98.18	101.5	103.41	102.3
1 Euro	114.41	116.84	108.96	112.33	116.73	116.4
1 Sterling Pound	134.75	144.88	150.17	137.66	133.20	129.7
1 Swiss Franc	92.96	96.18	102.04	103.04	105.04	
1 UAE Dirham	23.45	23.94	26.73	27.64	28.15	
1 Indian Rupee	1.48	1.44	1.53	1.51	1.59	
1 Chinese Yuan	14.01	14.27	15.62	15.29	15.30	
100 Japanese Yen	88.43	83.26	81.12	93.55	92.22	
1 SA Rand	8.95	8.10	7.72	6.93	7.77	
1 Egyptian Pound	12.53	12.41	12.77	10.14	5.80	
TSh/KSh	18.79	18.93	20.73	21.54	21.63	
USh/KSh	30.06	29.55	32.94	33.68	34.92	
100 Rwanda Francs	7.55	7.79	7.09	7.53	8.11	

Source: KNBS, Economic Survey 2018 Report

Figure 4: Exchange Rate, Source of Data: Central Bank of Kenya



Source: KNBS, Gross County Product (GCP) pilot report 2018

CHAPTER THREE:

FISCAL PERFORMANCE IN FY 2017/18 AND EMERGING CHALLENGES

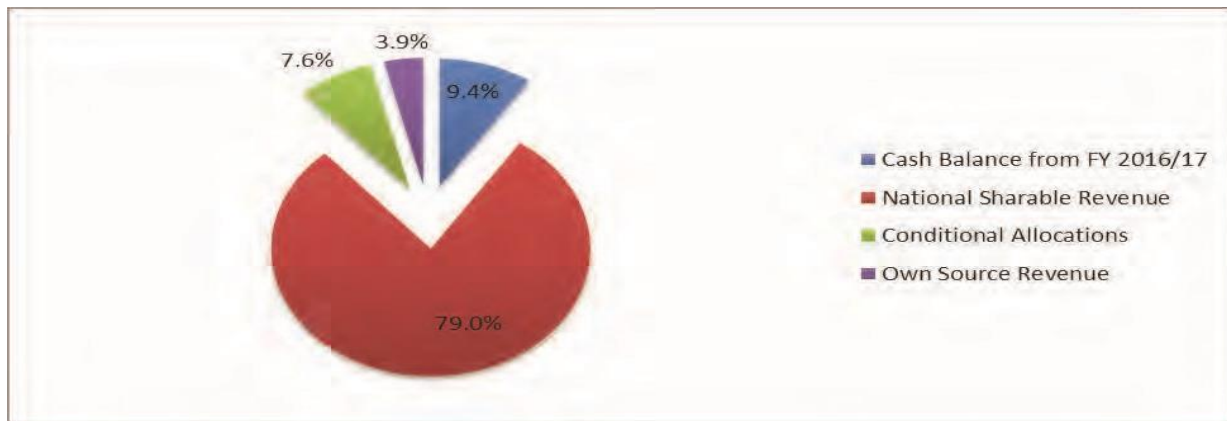
FY 2017/18 Budget

The County's FY 2017/18 Approved Supplementary Budget was KES.5.58 billion, comprising of KES.3.88 billion (69.5 per cent) and KES.1.7 billion (30.5 per cent) allocation for recurrent and development expenditure respectively. To finance the budget, the County expected to receive KES.4.41 billion (79 per cent) as equitable share of revenue raised nationally, KES.425.13 million (7.6 per cent) as total conditional grants, generate KES.220 million (3.9 per cent) from own source revenue, and KES.527.38 million (9.4 per cent) cash balance from FY 2016/17.

The conditional grants contained in the CARA, 2017 comprised of KES.95.74 million (18.4 per cent) for

Leasing of Medical Equipment, KES.164.95 million (31.7 per cent) from the Road Maintenance Fuel Levy Fund, KES.12.66 million (2.4 per cent) as Compensation for User Fee Foregone, KES.17.33 million (3.3 per cent) from DANIDA, KES.38.85 million (7.5 per cent) for the World Bank Kenya Devolution Support Programme, KES.50.89 million (9.8 per cent) for Development of Youth Polytechnics, KES.50 million (9.6 per cent) for the World Bank Loan on National Agriculture & Rural Inclusive Initiative, KES.73.96 million (14.2 per cent) as World Bank loan for Transforming Health System for Universal Care Project and KES.16.5 million (3.2 per cent) as Other Loans and Grants.

Figure 5: Vihiga County, Expected Sources of Budget Financing in FY 2017/18 (%)



Source: Vihiga County Treasury

REVENUE PERFORMANCE FOR 2017/18

Over View

During the FY 2017/18, the County received KES.4.41 billion as equitable share of revenue raised nationally, KES.329.40 million as total conditional grants, raised KES.143.53 million from own source revenue, and had a cash balance of KES.527.38 million from FY 2016/17. The total available funds amounted to KES.5.41 billion.

County Own revenues Sources (ORS).

The mandate to impose taxes and charges by the County governments is drawn from the Constitution article 209 (3). They include:

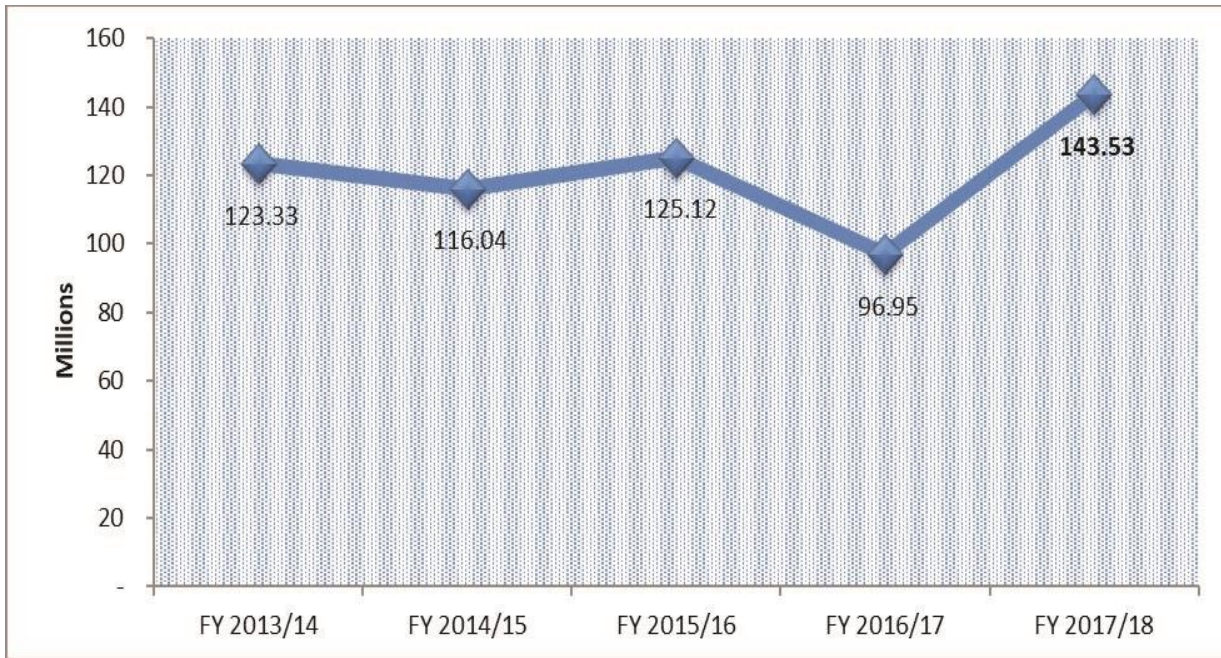
- i. property taxes;
- ii. entertainment taxes
- iii. Or any other tax or charges authorized by the Vihiga County Finance Act.

The total own source revenue generated in FY 2017/18 amounted to KES.145 million, representing an increase of 49.5 per cent compared to KES.96.95 million generated in FY 2016/17 and was 65.2 per cent of the annual own source revenue target.

There was an overall growth in own source revenue collection from 102m in 2016/17 FY to 145m in 2017/18 FY.

Table 4: County Own Revenues Sources (ORS) FY 2016/17 and FY2017/18 Compared

	REVENUE STREAM	2016/17	2017/18	VARIANCE
1	RENTAL INCOME	252,875	1,585,760	1,332,885
2	LAND BOUNDARY DISPUTES	447,160	628,000	180,840
3	SINGLE BUSINESS PERMITS	13,585,701	21,728,277	8,142,576
4	LIQUOR LICENSE	1,151,500	6,704,012	5,552,512
5	SIGN BOARDS; PROMOTIONS	1,201,405	444,130	(757,275)
6	PLOT\SITE\STALL RENT	2,199,551	1,691,780	(507,771)
7	LAND RATES	553,921	729,720	175,799
8	MISCELLANEOUS INCOME	105,980	4,832,514	4,726,534
9	FERTILIZER	8,214,220	13,397,290	5,183,070
10	LEASE \HIRE OF MACHINES	572,411	3,499,410	2,926,999
11	MARKET\TRADE	13,658,968	14,329,288	670,320
12	VEHICLE PARKING	33,256,850	34,699,825	1,442,975
13	PUBLIC HEALTH SERVICE	1,842,605	2,409,340	566,735
14	FACILITY IMPROVEMENT FUND	14,888,169	31,228,561	16,340,392
15	WATER SUPPLY FEE	1,373,840	1,019,910	(353,930)
16	SLAUGHTER MANAGEMENT FEES	255,980	1,387,424	1,131,444
17	BUILDING PLAN APPROVAL	356,770	988,220	631,450
18	SAND\MURRAM	78,900	88,800	9,900
19	FINES, PENALTIES AND FORFEITURE	81,198	186,332	105,134
20	TEA CESS	6,670,881	0	(6,670,881)
21	LIVESTOCK CESS	1,688,104	2,023,401	335,297
22	REG OF GROUPS	-	253,550	253,550
23	SBP APP FEE	-	53,500	53,500
24	INSPECTION FEE	-	182,000	182,000
25	HIRE OF HALL	-	22,000	22,000
26	PLAN APP FEE	-	31,000	31,000
27	ELECTRICAL PLANS APPROVAL	-	84,000	84,000
28	MECHANICAL PLAN APPROVAL	-	64,250	64,250
29	WEIGHTS AND MEASURES	-	18,500	18,500
30	HIRE OF GROUNDS	-	11,400	11,400
31	VETERINARY SERVICES	-	5,930	5,930
32	MOTOR BIKE STICKERS	-	796,000	796,000
33	NOISE EMISSION	8,800	71,400	62,600
	TOTAL	102,445,789	145,195,524	42,749,735



The County collected highest in the FY2017/18 and lowest in FY2016/17 (which can be attributed to electioneering year)

Disbursement from Exchequer for FY 2017/18

The equitable share allocation of County revenue increased by 8 per cent compared to the previous 2016/17 FY attributed to improved revenue performance at the national level.

Table 5 Analysis of Conditional Grants Released for the FY 2017/18 FY 2017/18

S/No	Grants	Annual CARA, 2017 Allocation (in KES)	Annual Budget Allocation (in KES)	Actual receipts in the FY 2017/18 (in KES.)	Actual Receipts as Percentage of Annual Allocation (%)
1	Road Maintenance Fuel Levy Fund	164,948,954	164,948,954	135,608,730	82%
2	World Bank Loan for Transforming Health System for universal Care Project	73,956,777	73,956,777	23,111,493	31%
3	Development of Youth Polytechnique's	50,886,386	50,886,386	50,886,386	100%
4	World Bank Loan for National Agricultural & Rural Inclusive Project	50,000,000	50,000,000	50,609,855	101%
5	Kenya Devolution Support program	38,854,627	38,854,627	38,854,627	100%
6	DANIDA Grant	17,325,260	17,325,260	17,325,260	100%
7	Conditional Allocation - Other Loans & Grants	16,500,000	16,500,000	-	0%
8	Compensation for user fees foregone	12,657,201	12,657,201	13,002,761	103%
Total		425,129,205	425,129,205	329,399,112	77%

Analysis of the conditional grants released during the period under review indicates that, Compensation for User Fee Foregone and World Bank loan for the National Agriculture & Rural Inclusive Project recorded the highest receipts at 102.7 per cent and 101.2 per cent of the annual allocation respectively.

Exchequer Issues

During the period under review, the Controller of Budget approved withdrawal of KES.4.02 billion from the CRF account, which was 72 per cent of the Approved Supplementary Budget. This amount represented a decline of 7.2 per cent from KES.4.31 billion approved in FY 2016/17 and comprised of KES.3.63 billion (90.3 per cent) for recurrent expenditure and KES.387.98 million (9.7 per cent) for development activities

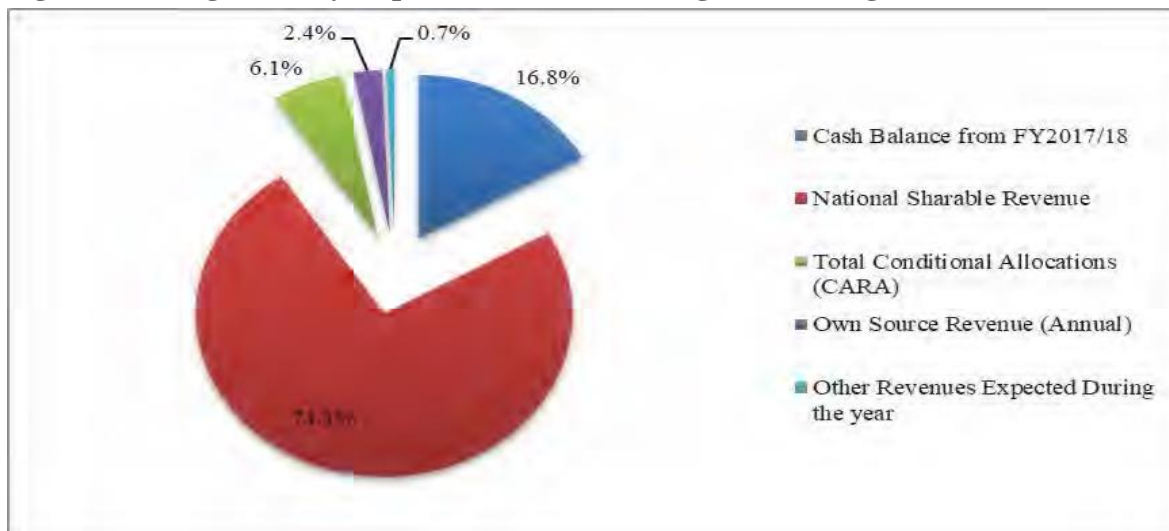
REVENUE PERFORMANCE FOR THE FIRST HALF YEAR FY 2018/19

Overview of the FY 2018/19 Budget

The County's FY 2018/19 Approved Budget was KES.6.44 billion, comprising of KES.4.50 billion (69.9 per cent) and KES.1.94 billion (30.1 per cent) allocation for recurrent and development expenditure respectively.

To finance the budget, the County expects to receive KES.4.77 billion (74.1 per cent) as equitable share of revenue raised nationally, KES.393.16 million (5 per cent) as total conditional grants, generate KES.153.67 million (2.4 per cent) from own source revenue, KES.43.63 million (0.7 per cent) from other sources of revenue, and KES.1.08 billion (16.8 per cent) cash balance from FY 2017/18.

Figure 6: Vihiga County Expected Sources of Budget Financing in FY 2018/19



Source: Vihiga County Treasury

The conditional are in line with the CARA, 2018 include KES.49.37 million (11.3 per cent) for Transforming Health Systems for Universal Care Project, KES.50 million (11.4per cent) from IDA (World Bank) as credit for National Agricultural and Rural Inclusive Growth Project, KES.67.91 million (15.3 per cent) as World Bank loan to supplement Free Maternity Health Care,

KES.14.78 million (3.4 per cent) as grant from DANIDA for Universal Healthcare to Devolved System Programme,

KES.26.78 million (6.1 per cent) from IDA (World Bank) as credit for the Kenya Devolution Support Programme “Level 2 grant, KES.12.93 million (3 per cent) as Compensation for User Fees Foregone, KES.117.24 million (26.8 per cent) from the Road Maintenance Fuel Levy, and KES.54.15 million (12.4 per cent) for Rehabilitation of Village Polytechnics.

ORS FOR THE FIRST HALF YEAR FY 2018/19 PER SOURCE PER QUARTER

The total own source revenue generated in the first half of FY 2018/19 amounted to KES. 62.89 million. (**Table 3**) Which is slightly lower than the target of KES. 76.84 million. Since the period falls under low season for S.B.P source of revenue we hope to hit the target for the full year.

Comparing the first half year for 2017/18 (**figure 4**) and the current half of 2018/19 (**figure 3**)

There was an increase in collection from KES 41,889,055 to KES62,885,545 representing 50%

This is attributed to change of policy in collection of PSV parking fees from KES 50 per entry to KES 3,000 per month. This in effect reduced the average collection per vehicle by 2/3.

Table 3: ORS FOR THE FIRST HALF YEAR FY 2018/19 PER SOURCE PER QUARTER

STREAMS	Jul-18	Aug-18	18-Sep	18-Oct	18-Nov	18-Dec	TOTALS
PARKING FEES	2,695,990	3,190,590	2,607,400	2,444,680	2,087,640	2,190,520	15,216,820
MARKET FEES	983,320	924,470	888,450	1,024,980	1,003,910	951,561	5,776,691
S.B.P	434,625	383,290	552,510	165,530	360,610	304660	2,201,225
PLOT RATE	34,660	28,935	16,545	44,740	12,745	13680	151,305
STALL/HOUSE RENT	263,000	213,400	155,500	188,600	141,300	89400	1,051,200
GROUPE REGISTRATION	24,750	12,500	2,250	6,500	12,500	3500	62,000
FINES & PENALTIES	0	86,000	140,500		34,800	5000	266,300
MISCELLANEOUS INCOME	83,800	592,332		10,800	20,000	2500	709,432
FACILITY IMPROVEMENT FUND	4,183,761	4,034,428	1,948,620	3,590,265	3,155,930	2962995	19,875,999
PUBLIC HEALTH	147,650	98,550	74,850	260,040	178,720	120320	880,130
LIQUOR FEE	0	23,000	27,000			3000	53,000
WATER & ADMN	101,200	216,630	161,300	155,680	68,300	114430	817,540
HIRE OF MACHINERY	448,420	739,380	205,500	40,660	46,340	20450	1,500,750
PLAN APPLICATION/APPROVAL FEES	170,750	101,300	100,250	110,390	158,500	105050	746,240
INSPECTION FEES	32,000	41,000	24,000	70,100	48,000	25000	240,100
ELECTRICAL SCRUTINY	30,000		14,000	30,000	42,000	27000	143,000
MECHANICAL SCRUTINY	21,000	9,000	6,000	18,000			54,000
ADVERTS	25,500	95,000	16,500	1,491,600	9,500	5750	1,643,850
LAND BOUNDARY DISPUTES	92,000	65,000	45,000	71,400	50,000	35000	358,400
Ground/Site/Plot Rent	18,010					8000	26,010
SLAUGHTER FEES	603,210	112,350	303,212	155,700	86,450	42600	1,303,522
STOCK SALES	23,540	183,810	95,690	76,120	111,490	137810	628,460
SALE OF MAIZE & FERTILIZER	8,000						8,000
MOTOR BIKE STICKERS		11,500	432,600	22,200	13,600	3200	483,100
NOISE EMISSION							0
SITE RENT		2,000					2,000
HIRE OF HALL	7,400						7,400
CONVEYANCE					1,000		1,000
SAND & MURRAM	15,200	12,500	7,500	7,300	3,600	5200	51,300
Other M.I Receipts	260,043		541,780	429,354	642,197	2615023	4,488,397
CONCERVANCY						3000	3,000
RENOVATION						5500	5,500
TOTALS	10,707,829	11,176,965	8,366,957	10,414,639	8,289,132	9,800,149	58,755,671
TRANSFERS TO CRF ACCOUNT	13,889,968	10,144,580	8,633,648	11,336,633	7,749,887	11130829	62,885,545

Table 5. The major streams performed as follows:

Stream	2016/17FY KES	2017/18FY KES
Parking	15,782,160	15,216,820
Market fees	6,310,135	5,776,691
SBP	1,672,635	2,201,225
Stall rent	90,000	1,051,200
Hospital fee	7,849,910	19,875,999

Disbursement from Exchequer During the half year of 2018/2019

During the half year of 2018/2019, the County Government has received a total of KES. 2,187,965,984 as shown in table below.

Table 6: COUNTY DISBURSEMENT FROM EXCHEQUER FOR JULY 2018 TO DECEMBER 2018

	Sep (Q1)	Dec (Q2)	Cumulative Amount
	KES	KES	KES
RECEIPTS			
Equitable Share (Exchequer releases)	224,940,000	964,358,700	1,187,298,700
Proceeds from Foreign Grants / Development Partners	-	25,482,767	25,482,767
Road Maintenance Fuel Levy Fund	-	29,552,974	29,552,974
County Own Generated Revenues	32,670,471	28,536,220	61,206,691
Unspent funds	1,606,256,474	884,424,852	884,424,852
TOTAL RECEIPTS	1,861,866,945	1,932,355,513	2,187,965,984

Source: County Treasury

Conditional Grants

There was no receipt of conditional grants during the reporting period.

Exchequer Issues

The Controller of Budget approved withdrawal of KES.922.28 million from the CRF account, which was 14.3 per cent of the Approved Budget. This amount represented an increase of 27.3 per cent from KES 724.48 million approved in the first quarter of FY 2018/19 and comprised of KES.892.10 million (96.7 per cent) for recurrent expenditure and KES.30.12 million (3.3 per cent) for development activities.

EXPENDITURE PERFORMANCE FOR 2017/18

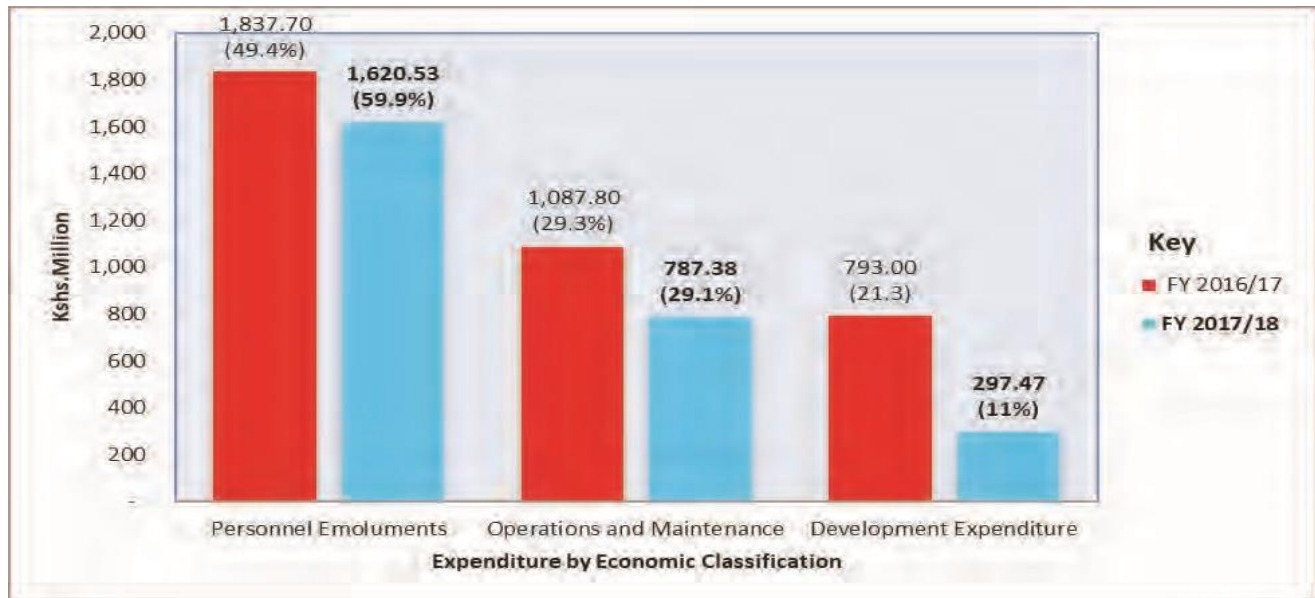
Overall Expenditure Review

The County spent KES.2.71 billion, which was 67.4 per cent of the total funds released for operations. This was a decline of 27.2 per cent from KES.3.72 billion spent in FY 2016/17.

A total of KES.2.41 billion was spent on recurrent activities while KES.297.47 million was spent on development activities. The recurrent expenditure was 66.4 per cent of the funds released for recurrent activities, while development expenditure was 76.6 per cent of funds released for development activities. The expenditure excluded pending bills which amounted to KES.207.33 million for development activities and KES.977.48 million for recurrent expenditure as at June 30, 2018.

The recurrent expenditure represented 62 per cent of the annual recurrent budget, a decrease from 82.9 per cent recorded in FY 2016/17. Development expenditure recorded an absorption rate of 17.5 per cent, which was a decrease from 52.5 per cent attained in FY 2016/17.

Figure 7: Vihiga County, Expenditure by Economic Classification in FY 2016/17 and FY 2017/18.



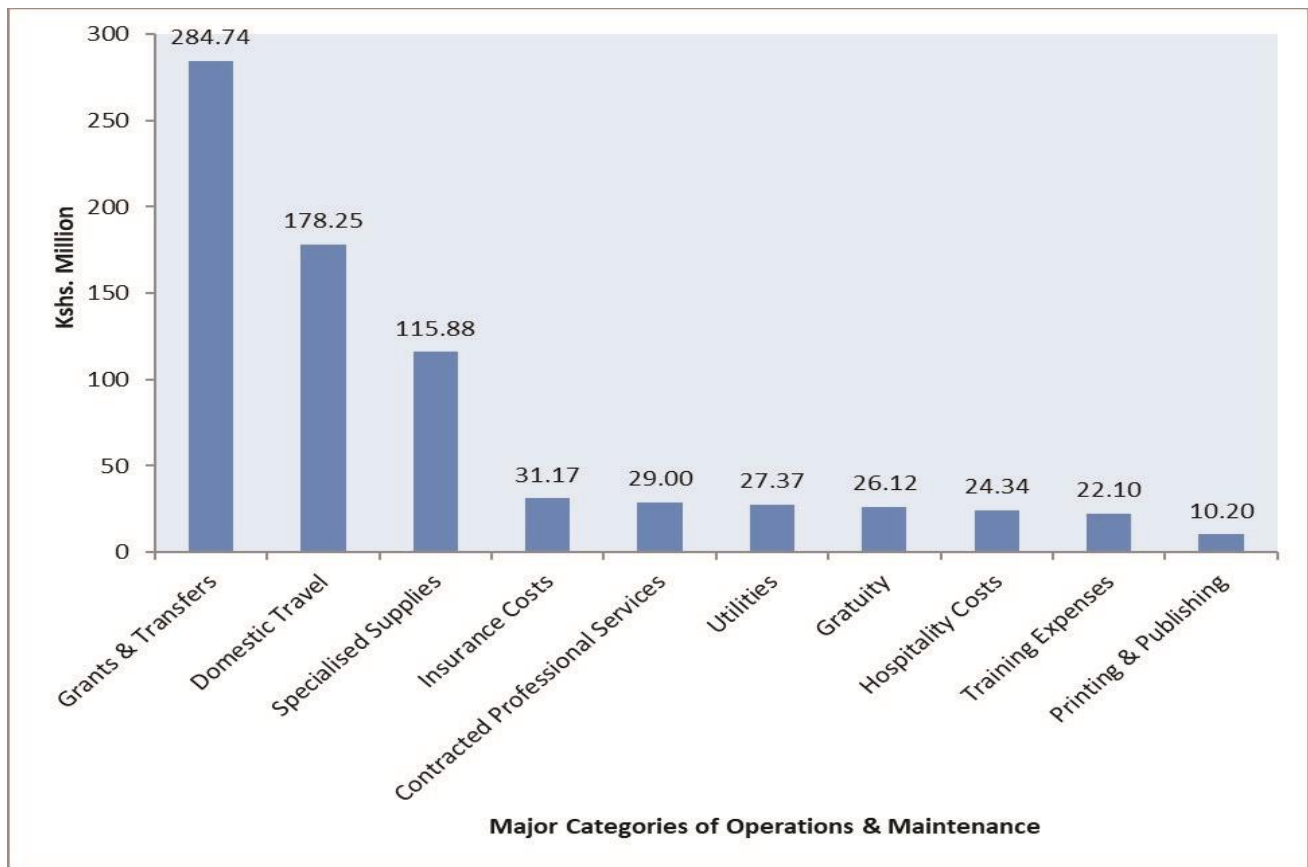
Source: Vihiga County Treasury

Analysis of Recurrent Expenditure

The total recurrent expenditure of KES.2.41 billion comprised of KES.1.62 billion (67.2 per cent) incurred on personnel emoluments and KES.787.38 million (32.8 per cent) on operations and maintenance as shown in Figure 8.

Expenditure on personnel emoluments represented a decrease of 12 per cent compared to FY 2016/17 when the County spent KES.1.84 billion, and was 59.9 per cent of total expenditure.

Figure 8: Vihiga County, Operations and Maintenance Expenditure by Major Categories in FY 2017/18



Source: Vihiga County Treasury

Development Expenditure Analysis

The total development expenditure of KES.297.47 million represented 17.5 per cent of the annual development budget of KES.1.7 billion. Table 3.133 provides a summary of development projects with the highest expenditure in FY 2017/18.

Table 6: Vihiga County, List of Development Projects with the Highest Expenditure in FY 2017/18

S/ No.	Project name	Project location	Annual project budget (KES.)	Annual expenditure (KES.)	Absorption rate (%)
1	Supply of fertilizer	County wide	-	47,448,120	-
2	Six storey hospital plaza	Vihiga C. R. hospital	130,000,000	43,228,661	33.3
3	Supply of crop seed	County wide	10,000,000	9,720,000	97.2
4	Purchase of land	Izava-Lyaduywa Ward	20,000,000	23,940,000	119.7
5	Construction of new mortuary	Vihiga C. R. hospital	13,005,926	4,543,437	34.9
6	Gavalagi-Chanzoka-Lusiola Rd	Vihiga Sub-County.	3,328,620	3,318,728	99.7
7	Ludzu-Budira P.A.G-Chamakanga Road	Sabatia Sub- County	3,206,878	3,206,878	100
8	Itabilia Pri-Munjina S.A. Road	Luanda Sub-County	3,538,696	2,500,101	70.7
9	Emanyinya-Esiarambatsi-Emakakha Rd.	Emuhaya Sub-County	3,890,176	3,890,176	100
10	Kakbutu-Musunji-Jidereri Road	Hamisi Sub-County	2,036,960	1,728,864	84.9

Table 7: Vihiga County, Budget Performance by Department in FY 2017/18

Department	FY 2017/18 Budget Allocation (KES. Million)		Exchequer Issues in FY 2017/18 (KES.Million)		Expenditure in FY 2017/18 (KES. Million)		FY 2017/18 Expenditure to Exchequer Issues (%)		FY 2017/18 Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Fisheries & Co-Operatives	133.83	211.31	131.2	118.26	101	57.17	77	48.3	75.5	27.1
Lands, Housing & Physical Planning	31.65	65	31.65	23.94	20.16	-	63.7	-	63.7	-
Transport & Infrastructure	141.36	436.14	141.63	139.26	51.85	112.92	36.6	81.1	36.6	25.9
Industrialization, Trade & Tourism	142.36	70.53	47.49	-	14.79	-	31.1	-	10.4	-
County Health Services	1,248.14	233.26	1,231.61	51.87	853.47	58.61	69.3	113	68.4	25.1
Education, Science & Technology	337.49	258.5	259.51	38.16	347.08	35	133.7	91.7	102.8	13.5
County Executive	364.97	54.78	330.97	-	150.53	13.14	45.5	-	41.2	24
County Assembly	530.77	40.44	530.15	13.47	445.86	12.01	84.1	89.2	84	29.7
Finance & Economic Planning	246.78	102.19	246.78	-	77.12	-	31.3	-	31.3	-
County Public Service Board	49.13	-	49.13	-	24.67	-	50.2	-	50.2	-
Public Service & Administration	365.98	53.26	365.98	-	246.76	5.62	67.4	-	67.4	10.6
Gender, Culture, Youth & Sports	222.71	51.6	196.8	-	32.98	-	16.8	-	14.8	-
Environment, Water & Forestry	66.61	123.17	66.61	3	41.64	3	62.5	100	62.5	2.4

TOTAL	3,882.05	1,700.19	3,629.51	387.96	2,407.91	297.47	66.3	76.7	62	17.5
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Analysis of budget performance by department shows that, the County Assembly attained the highest absorption rate of development budget at 29.7 per cent. The Department of Education, Science and Technology attained the highest percentage of recurrent expenditure to recurrent budget at 102.8 per cent while the Department of Industrialization, Trade and Tourism attained the lowest at 10.4 per cent.

County Expenditure half year FY 2018/19

The total expenditure for financial year 2018/2019 is expected to be KES 7.0billion This comprises of total recurrent and development budgets of KES4.48 billion and KES. 2.52 billion respectively. The total actual recurrent expenditure and development expenditure for the period under review (half year) is at KES1.7 billion and KES. 0.3 billion respectively, which represents 29% of the total approved budget. The expenditure excluded outstanding commitments which amounted to KES.120.02 million for development activities and KES.42.56 million for recurrent expenditure as at September 30, 2018.

Table 8 : *COUNTY BUDGETED AND ACTUAL EXPENDITURES FOR JULY TO DECEMBER 2018*

VOTE ITEM	APPROVED BUDGET (KES)	ACTUALS UPTO DECEMBER 2018 (KES)	% OF VOTED BUDGET
Compensation to Employees	1,116,492,908	964,761,155	86
Other Recurrent	1,122,543,018	721,105,725	64
Total Recurrent	2,239,035,826	1,685,866,880	75
Development	1,262,251,160	303,648,307	24

TOTALS	3,501,286,986	1,989,515,187	57
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RECURRENT EXPENDITURE

Table 9: Actual Recurrent Expenditure Approved Budget

PROGRAMME	APPROVED BUDGET(KES)	ACTUAL EXPENDITURES(KES)	DIVIATION(KES)	ABSORPTION %
AGRICULTURE, LIVESTOCK, FISHERIES & COOPERATIVES	82,676,155	52,723,400	29,952,755	64
LANDS, HOUSING & PHYSICAL PLANNING	56,206,216	21,954,619	34,251,597	39
TRANSPORT & INFRASTRUCTURE	88,831,531	67,349,411	21,482,120	76
INDUSTRILIAZATION, TRADE & TOURISM	55,703,703	13,939,780	41,763,923	25
HEALTH SERVICES	634,246,098	577,141,433	57,104,665	91
EDUCATION, SCIENCE & TECHNICAL AND	216,667,536	153,447,203	63,220,333	71
COUNTY EXECUTIVE	213,789,900	109,657,124	104,132,776	51
COUNTY ASSEMBLY	303,626,896	299,477,500	4,149,396	99
COUNTY TREASURY	258,720,915	115,307,485	143,413,430	45
ADMINISTRATION AND COORDINATION OF COUNTY AFFAIRS	187,390,254	204,266,927	(16,876,673)	109
COUNTY PUBLIC SERVICE BOARD	25,461,220	10,744,800	14,716,420	42
GENDER, CULTURE YOUTH & SPORTS	75,590,275	30,846,804	44,743,471	41

ENVIRONMENT, ENERGY, AND RESOURCE.	WATER AND NATURAL	40,125,131	29,010,394	11,114,737	72
TOTALS		2,239,035,826	1,685,866,880	552,768,946	75

APPROVED RECURRENT BUDGET AND ACTUAL RECURRENT EXPENDITURE PER DEPARTMENT ANALYSIS FOR FY 2018/19 (HALF YEAR)

Recurrent expenditure incurred amounted to KES. 2,197,172,096 against a target of KES 2,726,176,961 representing 81% absorption rate. As indicated in Table above the department of Health Services was allocated the highest recurrent budget of KES. 738,666,435. This is because the department has a huge workforce and large amount of allocation of drugs.

DEVELOPMENY EXPENDITURE

The total development expenditure of KES 303,648,307 represents 12. % of annual development budget of KES 2.52 billion. The table above provides summarized development expenditure per department. This analysis indicates that there was low absorption of funds in financial year 2016/17 and at 47.51 percent as compared to the previous financial year 2015/16 which was at 59 percent.

During the year the development expenditure was KES 973,576,390 against the target of KES. 1,641,579,806, this represents an absorption rate of 59%. This means the County was unable to fully implement the budget and was mainly due to late disbursement of funds from the national government and the underperformance of the own County revenue. Recurrent expenditure incurred amounted to KES. 2,197,172,096 against a target of KES. 2,726,176,961 representing 81% absorption rate.

The department of Health Services was allocated the highest recurrent budget of KES. 738,666,435. This is because the department has a huge workforce and large amount of allocation of drugs. Within the period of July to December 2017 the County had not implemented its development budget. This can be attributed to the general election of August 2017 where a new Governor was elected in and therefore the need to re-organise development programmes through a supplementary budget which is awaiting approval by the County Assembly. The total development expenditure of KES. 793,121,616 represents 52.49 percent of annual development budget of KES 1.51 billion. The table above provides summarized development expenditure per department. This analysis indicates that there was low absorption of funds in financial year 2016/17 and at 47.51 percent as compared to the previous financial year 2015/16 which was at 59 percent.

EMERGING ISSUES AND CHALLENGES ON FISCAL PERFORMANCE

COUNTY OWN SOURCE REVENUE (OSR) FY 2017/18

County own source revenue target in the FY 2017/2018 was not achieved affecting compliance of the Fiscal Strategy Paper. It fell short by KES 75 million at KES 145million against a target of KES 220.

However, there was growth in ORS collection compared to previous year 2016/17, This growth can be attributed to various reasons which include: -

- a. Actualization of the revenue administration Act 2015 which created sub-county revenue offices. Revenue officers were deployed to all the five sub-counties & supervise and monitor collection from all the revenue streams.
- b. There was significant increase in collection from single business permit due to close supervision of their stream since each sub-county has a licensing officers with targets to licence every trader in their sub-counties. It increased from KES 13.6 million in 2016/17 to KES 21.7 million in 2017/18 a 60% increase.
- c. In 2016/17 FY liquor licence was not closely monitored and thus collected only 1.2m. However, with close supervision in 2017/18 we realized 6.7M representing 482 % increase.
- d. The county also collected more from subsidized facilities due to the increase in quantitative procured in 2017/18 as compared to 2016/17
- e. We realized 110% increase in collection from health care services in 2017/18 KES 16.3million as compared to KES 15million in 2016/17. This is because of less strikes experienced during this period of nurses and doctors as compared to 2016/17 FY.
- f. The department of Transport and Infrastructure enhanced their internal control systems which saw a steady growth of their revenue streams. In 2016/17FY, they collected KES.572, 411 from hire of machines compared to KES.3, 499,410 representing 511% increase. Building plans approval also grew from KES.356, 770 in 2016/17FY to KES.988, 220 in 2017/18FY representing 177%. This is commendable and needs to be enhanced further since these are very lucrative streams.

- g. The department of Transport and Infrastructure also started collecting from previously dormant streams i.e. electrical plan approvals and mechanical plans approvals.
- h. Boda boda operators also started paying in 2017/18FY as compared to nil in 2016/17 thus realizing a collection of KES.796, 000. The target of KES.10 million was not achieved. However, this was a good start given the challenges faced in collecting from this stream.
- i. The department of trade commenced collection from weights and measures which they never used to. However, the collection of KES 18,500 is too low and they need to put in more efforts and strategies to collect more.

NOTE: The steady increase in miscellaneous income from KES.105, 980 to KES.4, 832,514 is composed of a big percentage from refunds from departments for imprests unspent.

CHALLENGES IN COLLECTING ORS

1. Property rates

The County has experience weak and inconsistent performance of property tax revenues

Property rates is a tax based on the value of property (including land) and is usually assessed by a rating authority with help from a valuer.

County Government has enacted property rating and valuation legislation but a Valuation rolls has not been prepared nor updated.

Contribution in Lieu of Rates (CILOR)

Vihiga County Government have not received CILOR payments from the National Government. This can be attributed to lack of up-to-date valuation rolls and legislation to support imposition of property rates. Secondly, administrative guidelines on post-devolution CILOR claims processes have not been clarified.

Land rent

Land rent is charged on annual basis and is collected on land owned by County Government in various markets and trading centres..Vihiga County Government has not been able to optimize land rent. There is lack of clarity concerning collection of land rent and management of County land rented to the people.

Entertainment tax

The Constitution assigns to County Governments powers to impose entertainment taxes (*Article 209(3)(b)*) and regulate public entertainment, including betting, casinos and other forms of gambling, as well as cinemas and video shows and hiring, among others activities. Administration of entertainment taxes by the County has not been actualized hence the county is losing revenue on this source.

5. Liquor licensing fee

The County Government has not achieved fully the revenue proceeds that come with the mandate to: to provide for the licensing and control of production, distribution, sale and consumption of alcoholics' drinks, as well as control of outdoor advertisements of alcoholic drinks and promotion of primary healthcare and a local schedule.

The challenge of lack funds and other inputs to undertake inspection and monitoring of premises lead to decrease in revenue.

6. Agriculture produce cess

Cess is a levy on tradable agricultural produce imposed on the basis of the Agriculture Act (Cap 318), the County has not yet come up with a legislation to effectively collect on this

source of revenue. The Act enabled Counties to enact laws requiring any person -- whether within or outside the area of jurisdiction of the authorities -- who buys or markets on behalf of a producer of agricultural produce on which cess is payable, and on which no cess has been paid, to deduct from the money payable to the seller an amount equal to cess payable on the produce, and to remit the amount to the authority to whom the cess is payable eg Mudete Tea Factory.

composed of a big percentage from refunds from departments for imprests unspent.

CHALLENGES IN DISBURSEMENT FROM EXCHEQUER

The Controller of Budget approved withdrawal of KES.4.02 billion from the CRF account, which was 72 per cent of the Approved Supplementary Budget 2017/18 though relatively high compared to funds absorption, some of the funds were released at almost year end making its utilization difficult. Development Funds release was low this can be attributed to factors like lack of appropriate legislation to allow access to certain funds like the elderly fund and delay in rolling out programme on time to be eligible for payment within the year.

IMAGING ISSUES AND CHALLENGES AFFECTING RECURRENT EXPENDITURE

The recurrent expenditure represented 62 per cent of the annual recurrent budget, a decrease from 82.9 per cent recorded in FY 2016/17.

Expenditures on wages and benefits in 2017/18 FY accounted for 60 per cent (25 per cent above the prescribed limit). This is every big margin against the fiscal responsibility principles which puts it at 35 percent.

Operations and maintenance expenditure were at KES. 787,38 million which is 29.1 percent of the total budget. This means that most of the personnel are underutilized and County assets are not adequately maintained.

Nation Treasury to County Government. For instance, disbursements for County assembly are released directly to their exchequer account.

IMAGING ISSUES AND CHALLENGES AFFECTING DEVELOPMENT EXPENDITURE

Development expenditure recorded an absorption rate of 17.5 per cent of the overall budget, which was a decrease from 52.5 per cent attained in FY 2016/17. On the annual development budget set aside for development activities was KES. 2.52 billion, only KES 303.64 million which is 12

Reasons for lower absorption include:

- a) Challenges in adapting to the new procurement system that requires all procurement to be done online (e-procurement system.)
- b) Delay in providing system requirements e.g. uploading of budgets, work plans and procurement plans.
- c) Delay in disbursement of funds from national treasury e.g free maternity health care fund.
- d) Delay in verification and audit of pending bills which led to decline in absorption of funds.
- e) Being an electioneering year, the national treasury had to freeze development expenditures during the last quarter.

CHAPTER FOUR: RISKS TO THE 2017/18 BUDGET FRAMEWORK

Overview

Domestically, the economy is exposed to risks including any occurrence of adverse weather conditions and public expenditure pressures especially recurrent expenditures.

The country's economic performance is less likely to affect the implementation of 2017/18 financial year budget. In case the economy performs poorly due to unpredictable external and internal shocks, this will have a negative impact to the county performance in terms of the funds that will be allocated to the county from national government.

Mitigation measures:

The county shall put proper mechanism of increasing revenue collection for smooth running of its operations through enhancing revenue collection through E-payment system.

The Government will monitor the above risks and take appropriate measures to safeguard macroeconomic stability

Shortfall in Local Revenue

The main fiscal risk that is likely to be faced by the county government is the shortfall in local revenue flows. Own Sources Revenue generation has continued to face challenges that must be progressively mitigated in order to achieve county development goals.

Mitigation measure:

In the medium term, the County will undertake measures aimed at expanding the revenue base and increasing tax compliance through integration of technology in revenue collection.

Huge wage bill

Regulation 25 (1) (b) of the PFM (County Governments) requires that County wage bill shall not exceed 35% of the total revenue. The continued increase in the wage bill has arisen due to factors which are beyond the County government. The year 2016/17 and 2017/18 there have been strikes by the healthcare workers which resulted to signing of Collective Bargaining Agreements (CBAs) that have had an impact on the county's wage bill. Further the wage bill has also been affected by the Salaries and Remuneration Commission (SRC) during the phase I of the harmonization of staffs' salaries.

Mitigation measures:

The county will put necessary measures in the attempt to curb wage bill through; Human resource audit, having an approved staff establishment, stop recruitment of non-essential staff and those not in the approved staff establishment; ensure appropriate engagement of casuals and payment of salaries through IPPD to enhance efficiency in HR management

Pending Bills

The issue of Pending debts/bills continues to be a major economic policy challenge facing the County government of Vihiga.

Mitigation measure:

The county government should therefore ensure that both the level and rate of growth in debt is fundamentally sustainable since high debt portfolio will continue to impact negatively on the

county operations. This will be done by reducing county expenditure at the same time coming up with mechanisms to increase revenue. In addition, more funds shall be allocated in the budget for debt serving.

Contingency Liabilities

The county government has been facing various litigations on different matters. This has had a big impact on the budget as the legal fees keep on increasing as a result of the court cases. Depending the outcomes of the court cases in some instances the county has been ordered to pay the litigants thus hugely affecting the budget.

Late or non-remittance of statutory deductions to KRA attracting interest and penalties. These penalties have an impact on the budgetary allocation of the county

Mitigation Measures

The county will comply with legal requirements on statutory deductions to avoid being surcharged.

Specific Macroeconomic and Fiscal Risks

Execution of development expenditure was generally below target which reflects low absorption of departments, delays in procurement, and late disbursements of funds from the national treasury.

The slower-than-programmed spending on development budget poses a risk to the fiscal program. In order to prevent this risk from materializing, the County government has been pressing departments to increase absorption to at least 80-90 percent as part of performance contracting. Moreover, the departments have been asked to submit monthly and quarterly implementation reports. Other measures include asking departments to adopt e-procurement planning and improve on implementation capacity in managing procurement process.

Going forward, there are risks associated with expenditure proposals that cannot be accommodated within the baseline ceilings.

Statutory remittance

Failure by Counties to remit statutory deductions on time (e.g. PAYE, withholding VAT, NSSF contributions, etc.) could impact on overall collection of ordinary revenue by the Kenya Revenue Authority (KRA)

All Counties to prioritize remittance of statutory deductions while paying salaries, since this is duly budgeted for. With regard to withholding VAT, Counties should make payments at the time of paying suppliers and contractors since they are required to budget for the full cost of works, goods and services.

Debt Sustainability Risks

The sustainability of Vihiga County's debt depends on macroeconomic performance, enhanced revenue collections and a prudent borrowing policy.

Deficit Financing Policy

On the external financing front, the County Government will minimize the degree of borrowing and interest rate risk by leaning towards public-private partnerships in financing certain programmes.

Contingent Liabilities

The growing stock of expenditure arrears, especially pending bills due to suppliers and contractors, is potentially a factor behind struggling small and medium-sized enterprises (e.g. hotels, travel agencies, etc.), many of which borrow to finance their operations. Counties to

establish pending bills committees to verify authenticity of all outstanding payments and formulate strategies to eliminate all arrears

CHAPTER FIVE: THE MEDIUM-TERM STRATEGY 2018/19 - 19/20

Revenue projection (Resource Envelop)

The resource envelop will comprise of the following:

- i. Equitable Share
- ii. Compensation for user fees forgone
- iii. Rehabilitation of village polytechnics
- iv. Road Maintenance Levy Fund
- v. Leasing Medical Equipment
- vi. Loans and Grants

vii. Own Resource

The Budget Policy Statement 2019 has given the revenue figures expected from the National Government as Equitable share, conditional grants and other loans and grants as shown in table 10

Table 10. VIHIGA COUNTY GOVERNMENT RESOURCE ENVELOP COMPUTATION FOR FY 2019/20

Vote and Programme Title	CARA,2018 (JULY)	PROJECTED RESOURCE ENVELOP AS PER BPS 2019
Equitable Share	4,458,800,000	4,402,000,000
Compensation for user fees foregone	12,657,201	12,657,201
Road Maintenance Levy	117,396,321	127,573,688
Loans and Grants (DANIDA)	14,782,500	17,158,609
Own Sources	153,669,000	192,086,250
conditional for youth polytechnics	55,000,000	55,000,000
world bank for health system	73,956,778	85,844,443
World bank loan for Agriculture and rural inclusive growth project	140,435,163	163,008,430
Kenya Devolution Support Programme	41,604,112	48,291,628
Kenya Urban Support Programme	250,950,700	291,288,014
EU-Water Tower Project Grants	80,000,000	92,859,040
ASDSP	18,161,321	21,080,535
UIG (Urban Industrial Grant)	41,200,000	47,822,406
Total Proposed County Expenditure	5,458,613,096	5,556,670,244

Equitable Share

Commission on Revenue Allocation in their recommendations concerning the basis for equitable sharing of revenue raised by the national government between national and county governments, Vihiga County Government will get KES.4.402 billion as equitable share of revenue for the FY 2019/20.

Compensation for user fees forgone

This grant was introduced by the national government to compensate the counties for the revenue lost from the user fees charged by health centers and dispensaries. The National Treasury used the annual consolidated facility outpatient attendance workload to share the money across health centers and dispensaries within the county, using the total county population as a sharing factor. As per the Budget Policy Statement 2019 Vihiga County Government will receive KES 12.66 million as Compensation for user fees forgone for 2018/19

Rehabilitation of village polytechnics

The national government also approved conditional grants for developing and rehabilitation village polytechnics. Vihiga County Government will receive KES. 55.0 million for 2019/20 financial year.

Road Maintenance Levy Fund

The Road Levy Fund was established in 1993 through the Roads Maintenance Levy Fund Act to cater for the maintenance of public roads, including county roads. A conditional allocation of 15 per cent is extended to county governments from the annual proceeds of the Fund collected from the levy of KES.18 per litre of fuel, and shared based on the approved revenue sharing formula. This allocation is expected to be used exclusively road maintenance at the county level. Vihiga County Government will receive KES. 127.57 million for 2019/20 financial year.

Leasing Medical Equipment

The main objective of the grant is to facilitate the county governments to procure modern specialized medical equipment to equip two health facilities per county. This will ease access

to specialised healthcare services at county level instead of travelling long distances in search of services. The grant is managed by the national government. Under this initiative, Vihiga County Government will receive KES. 131.91 million for 2019/20 financial year.

Loans and Grants

These are proceeds from external loans and grants through the National Government, which will finance devolved functions in accordance with the signed financing agreement for each. Vihiga County Government will receive KES. 767.35 million for 2019/20 financial year.

Own Source Resource (OSR) Projections for 2019/20

The County Government has projected own source revenue at 25 percent growth on the 2018/19 achievement for 2019/2020 projections at KES. 192.09 million as shown in table 12.

Table 11: PROJECTED OWN SOURCE REVENUE FOR FY 2019/20 AT 25 PERCENT GROWTH

	REVENUE STREAM	ACTUALS 2017/18	25% GROWTH PROJECTION 2019/20
1	RENTAL INCOME	1,585,760	1,982,200
2	LAND BOUNDARY DISPUTES	628,000	785,000
3	SINGLE BUSINESS PERMITS	21,728,277	27,160,346
4	LIQUOR LICENSE	6,704,012	8,380,015
5	SIGN BOARDS; PROMOTIONS	444,130	3,570,000
6	PLOT\SITE\STALL RENT	1,691,780	2,114,725
7	LAND RATES	729,720	912,150
8	MISCELLENUIOUS INCOME	4,832,514	6,040,643
9	FERTILIZER	13,397,290	13,397,290
10	LEASE \HIRE OF MACHINES	3,499,410	4,374,263
11	MARKET\TRADE	14,329,288	17,911,610
12	VEHICLE PARKING	34,699,825	38,500,000
13	PUBLIC HEALTH SERVICE	2,409,340	3,011,675
14	FACILITY IMPROVEMENT FUND	31,228,561	36,539,967
15	WATER SUPPLY FEE	1,019,910	1,274,888
16	SLAUGHTER MANAGEMENT FEES	1,387,424	1,734,280
17	BUILDING PLAN APPROVAL	988,220	1,235,275
18	SAND\MURRAM	88,800	111,000
19	FINES, PENALTIES AND FORFEITURE	186,332	232,915
20	TEA CESS	-	-
21	LIVESSTOCK CESS	2,023,401	2,529,251
22	REG OF GROUPS	253,550	316,938
23	SBP APP FEE	53,500	66,875
24	INSPECTION FEE	182,000	227,500
25	HIRE OF HALL	22,000	27,500
26	PLAN APP FEE	31,000	38,750
27	ELECTRICAL PLANS APPROVAL	84,000	105,000
28	MECHANICAL PLAN APPROVAL	64,250	80,313
29	WEIGHTS AND MEASURES	18,500	23,125
30	HIRE OF GROUNDS	11,400	14,250
31	VETERINARY SERVICES	5,930	7,413
32	MOTOR BIKE STICKERS	796,000	6,000,000
33	CONSERVANCY	-	2,700,000
34	NOISE EMISSION	71,400	89,250
	TOTAL	145,195,524	181,494,405

To achieve the above projections, the county will put in place the following measures to achieve the targets set:

- Ensure rent deducted from employees who reside in county houses is paid to the revenue account on monthly basis and what has not been paid since 2013 is recovered.
- Enhance liquor licensing and SBP issuance by undertaking thorough market checks.
- To register and serialize all signages, bill boards and outdoor advertisements and enforce'
- Create a register for all PSVs to ascertain monthly compliance of stickers applicable.
- Put in place a policy that will encourage boda boda operators to pay the approved monthly fee.
- The department of agriculture to enact a legislation on how to collect cess (eg. tea cess)
- Automate revenue collection and management to improve efficiency and eliminate slippage.

Table 12: ACTUAL REVENUE 2018/19 AND PROPOSED 2019/20

REVENUE SOURCE	ACTUAL REVENUE 2019/20	PROJECTED REVENUE 2019/20
Equitable Share	4,458,800,000	4,402,000,000
Own Sources	153,669,000	192,086,250
Total County Expenditure	4,612,469,000	4,594,086,250

Source BPS 2019 and vihiga county treasury

From the table above, Equitable Share revenue is anticipated to reduce by 56,800,000 as per the *BPS* 2019. This means that the ceilings per department will be affected negatively.

Table 13: PROPOSED CEILINGS FOR 2019/20

DEPARTMENT	APPROPRIATION 2018/19 WITHOUT CONDITIONAL GRAND	PROJECTED INCOME 2019/20	2019/20 PROPOSED CEILINGS
Equitable Share		4,402,000,000	
Own Sources		192,086,250	
Office of The Governor	442,579,799		333,116,959
Finance & Economic Planning	572,139,391		423,560,074
Agriculture, Livestock, Fisheries & Cooperatives	333,983,560		258,926,015
Health Services	1,424,064,868		1,104,028,717
Education, Science, Technical and Vocational Training	644,635,071		490,763,491
Gender, Culture, Youth, Sports and Social Services	238,180,549		183,653,222
Trade, Industry, Tourism and Entrepreneurship.	165,311,149		128,160,072
County Public Service Board	50,922,439		39,478,423
Environment, Water, Energy & Natural Resources.	162,365,171		125,876,156
Transport, Infrastructure & Communication	622,505,061		482,606,852
Physical Planning, Land and Housing	168,212,431		129,409,336
County Assembly	701,285,805		593,682,865
Administration and Coordination of County Affairs	399,635,955		300,824,068
Total County Expenditure	5,925,821,249	4,594,086,250	4,594,086,250

CHAPTER SIX: SECTOR / DEPARTMENTAL PRIORITIES FOR F/Y 2019/20

Agriculture Livestock Fisheries and Cooperatives

Agriculture sector envisions a food secure and wealthy County. The county department of agriculture livestock fisheries and cooperatives endeavors to improve the livelihood of County citizens by promotion of Competitive Agriculture, livestock and fisheries subsectors through creation of an enabling environment, ensuring food security for all, promotion of income generation activities in agriculture, provision of cooperative services and ensuring sustainable land management.

The sector goal is to promote and facilitate innovative agricultural production through utilization of technology, agricultural information, and agro processing and value addition for a food secure county.

In the MTEF Period 2018/19-2020/21 the sector prioritizes the strengthening of institutional and legal framework for service delivery , promotion of crop production and development that is sustainable , improvement of veterinary services and increase in livestock productivity , increase fish production and fish feeds , collecting ,collating maintaining and disseminating information pertinent to agriculture , promoting research & development and modern technology uptake , establishment of vibrant cooperative movement and promoting sustainable management and conservation of the natural resource base for agriculture.

Some of the specific programmes and projects to be undertaken in the F/Y 2019/20 include;

<i>Sub programs</i>	<i>Priority Projects</i>	<i>Ranking</i>	<i>Planned targets</i>
General administrative services			Procure - 3 new vehicles
	Agricultural Training & innovation Centre (ATC)- Emuhaya Sub-County	1	Feasibility study; designs; EIA, fencing; basic infrastructure
	Soil testing	2	1 test-kit per ward
Livestock production	Dairy cow Improvement	1	Procure 250 animals
	Pasture and fodder bulking/ on farm demonstration	2	Establish 10 demo sites
	Local poultry commercialization	3	10,000 breeding stock; Set up One housing unit per sub-county
	Bee keeping promotion	4	Procure 200 langstroth hives; 10 harvesting kits
	Dairy goat improvement	5	Purchase 250 does and 25 bucks
	Pig Promotion	6	Purchase 50 breeding stock; feed demos
Veterinary Services and Extension	Rehabilitation and maintenance of Lunyerere and Serem slaughter houses	1	
	Mass Livestock Vaccination	1	Vaccinate Black Quarter =50,000animals x 2 FMD, LSD =50,000animals Anti-Rabies = 2 x 20,000 doses Human anti-rabies=50 doses for staff ECF = 500 doses
	Promotion of Artificial Insemination Services	2	Bull semen = 6000 doses Liquid nitrogen = 600 liters
	Animal Disease control program	3	-75L acaricides -75 spray pumps -Assorted drugs
Promotion of Fish Farming	Increased production of quality fingerlings and establishment of an aquaculture training facility at Mwitoko	1	-construct one admin block (offices & reception; conference facility and boardroom)

<i>Sub programs</i>	<i>Priority Projects</i>	<i>Ranking</i>	<i>Planned targets</i>
			-construct 2 units staff houses -Procure land for staff houses -procure 1 pick-up and 1 motorbike
	Fish Farming Productivity Programme (Extension	2	-procure 250,000 fingerlings -procure and distribute starter feeds to 250 farmers -capacity building of 250 farmers -support 2 fish feed cottage industries with raw materials
Crop Extension services	Promotion of production, value addition and marketing of African indigenous vegetables	1	-Procure and distribute assorted seeds and organic fertilizer for 2,500 farmers
	Avocado promotion, value addition and marketing	2	Procure and distribute 20,000 seedlings
	Promotion of French beans	3	Construct one cold storage facility at Walodeya
	Agroforestry, (high value farm trees & improved soil fertility; establishment of fruit tree nurseries	4	-Establish one fruit tree nursery per ward
	Farm Input Subsidy program	5	-Procure and distribute 25,000 bags of 25kg planting fertilizer and 25,000 bags top-dressing fertilizer -50,000 2kg maize seed Targeting 25,000 farmers
	Promotion of tea	6	
	Cocoa promotion	7	
Cooperative Development Services	Revitalization of Co-operative movement	1	-Procure and install 2 coffee pulping machines for 2 factories

<i>Sub programs</i>	<i>Priority Projects</i>	<i>Ranking</i>	<i>Planned targets</i>
			-Procure and install a coffee miller and roaster for one coffee cooperative -procure 10 motorbikes for 10 coop societies
	Establishment of a cooperative development enterprise fund	2	-establish one fund
ASDSP	Promotion of cow milk, banana and indigenous chicken value chains	1	-
NARIGP	Promotion of cow milk, improved local chicken, local vegetables. Banana value chain promotion	1	

To undertake these programmes and projects, the F/Y 2019/20 estimate for the department is approximated to be KES 461,246,469, which is **10% of the total budget as envisaged in the Malabo Declaration.**

Education, Science and Vocational Training

In the medium-term period, the sector endears to provide, promote and coordinate quality early childhood education and training, integration of science, Technology and innovation for sustainable socio-economic development

The sector strategies prioritized for the F/Y 2019/20 includes; institutional reforms that encompasses development of requisite policies and strategic plans To ensure access and inclusive high quality education the sector prioritizes provision of quality learning and instructional materials, recruitment of competent and qualified ECDE teachers and VTCs instructors implement learners capitation programmes including bursary and scholarship programmes

Specific prioritized programme and projects to be implemented in the F/Y 2019/20 includes

PROGRAMME	PRIORITY PROJECT	TARGET	RANK
ECDE DEVELOPMENT	<ul style="list-style-type: none"> Recruitment of ECDE teachers 	814	1
	<ul style="list-style-type: none"> ECDE infrastructure development (Classrooms and sanitary facilities) 	75	1
	<ul style="list-style-type: none"> Capitation to ECDE Centres 	407	1
	<ul style="list-style-type: none"> ECDE Instructional materials 	407	1
	<ul style="list-style-type: none"> Feeding programme for ECDE. 	407	1
	<ul style="list-style-type: none"> Purchase of tools and equipment 	407	1
	<ul style="list-style-type: none"> Introduction of model Day Care Centres 	25	2
	<ul style="list-style-type: none"> Completion of stalled projects 		1
	<ul style="list-style-type: none"> Enhanced Quality Assurance, Monitoring and Evaluation 		1
TVET DEVELOPMENT	<ul style="list-style-type: none"> Recruitment of qualified and competent Managers and Instructors 	100	1
	<ul style="list-style-type: none"> Procurement of modern tools and equipment. 	30	1
	<ul style="list-style-type: none"> Capitation to Vocational Training Centres (VTCs) 	30	1
	<ul style="list-style-type: none"> Construction/ Renovation of existing VTC infrastructure (Workshops, sanitary facilities, hostels) 	30	1
	<ul style="list-style-type: none"> Construction of New VTCs 	6	1
	<ul style="list-style-type: none"> Completion of stalled projects 		1
	<ul style="list-style-type: none"> Introduction of Home Craft Centres 	5	2
	<ul style="list-style-type: none"> Enhanced Quality Assurance, Monitoring and Evaluation 		1
EDUCATION SUPPORT	<ul style="list-style-type: none"> Enhanced bursaries and scholarships. 	100	1
	<ul style="list-style-type: none"> Provision of Tools/Equipment for TVET graduates for startups. 		1
	<ul style="list-style-type: none"> Promotion of Co-curricular activities. 		1

To undertake these programmes and projects, the F/Y 2019/20 estimate for the department is approximated to be KES 545,763,491

Health Services

The health sector in the county envisions an excellent, dynamic and globally competitive provider of health services in the County that contributes to a healthy, effective and human capital. The county department of Health services will strive to build progressive, responsive and sustainable technologically driven, evidence-based and client centered health systems for accelerated attainment of highest standard of health care to all residents of Vihiga County. The sector goal is to be a globally competitive, healthy and productive nation.

In the MTEF Period 2018/19-2020/21 the sector will prioritize hiring of health personnel, strengthening of institutional and legal framework for service delivery, complete and equip stalled projects, improve commodities supply, equipping health facilities, scale up of high impact interventions at Level 1 facilities in order to reduce maternal and neonatal mortality and morbidity, strengthen referral system, provide a functional and sustainable infrastructure for comprehensive health services, provide health care subsidy for social health protection and re-engineering human resource for health.

The sector has prioritized specific programmes and projects to be implemented undertaken in the F/Y 2019/20 include are as outlined

<i>Sub-Programme</i>	<i>Prioritized Project</i>	<i>Planned target</i>	<i>RANK</i>
	Purchase of utility vehicles	2	1
	Complete Vihiga County Hospital medical plaza	100%	1

Sub-Programme	Prioritized Project	Planned target	RANK
General administrative services	Complete Vihiga County Hospital Mortuary (Lugaga/Wamuluma)	100%	1
	Sinking of Bore holes	5	5
	Procure Suction Machine and casualty Equipment-Vihiga County Hospital	2	2
	Expansion of wards, consultation rooms,Maternity and laboratory at Mbale RHTC (Lugaga/Wamuluma)	100%	4
	Completion of health facilities	36	1
	Construction of staff houses	50	4
	Upgrading of dispensaries	38	2
	Expand Tigoï and Lwenya health centre	2	3
	Establishment of a mental health unit in Vihiga County Referral Hospital.	1	4
	Construction of new health facilities	18	5
	Completion modern incinerators at health facilities	4	2
	Upgrade health centres to sub-county hospitals (Hamisi,Sabatia,Emusire and lynaginga)	4	1
	Purchase back-up Generators	6	2
	Construct and equip I.C.U.(10-bed) at Vihiga County Hospital	1	3
	Construct and equip Blood transfusion centre at Vihiga County Referral	1	3
	Construction of a County warehouse	1	4
Purchase of equipped Modern Ambulances	10	1	
Human Resource management and Development	Increase staffing norms	54	1
Health Care Financing	Direct Funding to Health Facilities	54	2
Malaria, HIV/AIDS and TB	Malaria Prevention and control	Reduce the prevalence from 26% to 15%	1
	HIV/AIDS programme	Reduce prevalence rate from 3.8 per	3

<i>Sub-Programme</i>	<i>Prioritized Project</i>	<i>Planned target</i>	<i>RANK</i>
		cent to 3 per cent by 2023	
	TB, skin & Leprosy programme		5
Environmental Health Services	Control of major environmental Health related communicable diseases	100 forums	3
	Food quality control		2
	Combating jiggers menace-		5
Community Health Services	Scale up /Establishment of Community Units	50	1
	Control and prevention of communicable diseases		2
	Control and prevention of non-communicable diseases		2
	Establish Mobile Health clinics	5	3
Disease surveillance & emergency response	Routine active disease surveillance, sample collection and reporting	25 routines	3
Health Promotion	Health Promotion	25 advocacy forum	4
Immunization Services	Immunization Programme County Wide	Increase immunization coverage from 68% to 95%	2
Maternal Health Care Services	Scale up child health programmes		1
Reproductive, New born, child and adolescent Health	Community Based Maternal, neonatal Health (CBMNH) -county wide.		2
Nutrition	Child Growth Monitoring		3
Drugs and Other Medical Supplies (Pharmaceuticals, non- Pharms, Lab Reagents)	Medical supplies		1
Quality Standards and Research	Implement the Kenya Quality Model for Health KQMH programme.	50 facilities	3

To undertake these programmes and projects, the F/Y 2019/20 estimate for the department is approximated to be KES 1,219,688,970

Physical Planning, Land and Housing

Physical Planning, Land and Housing department envisions to be lead Provider of Urban and Physical Planning services, Prudent Land Management and Decent Housing for Sustainable Development. The department will strive to promote efficient, effective and sustainable land use, and provide decent and adequate housing for all in a Clean and Secure Environment using appropriate technologies across the County. The sector goal is to promote sustainable land use, and provide decent and affordable housing in a clean and secure environment

In the MTEF Period 2018/19-2020/21 the sector prioritizes to formulate policy, Legislative and Institutional Reforms, promote modern housing technology in a sustainable environment, promote efficient, sustainable and equitable land use, promote an integrated institutions and urban planning management, Streamline and strengthen surveying and mapping systems and provide and maintain housing infrastructure for the county government to enhance service delivery

The department plans to undertake specific programmes and projects as outlined;

<i>Sub Programme</i>	<i>Prioritized Project</i>	<i>Target</i>	<i>RANK</i>
Integrated spatial Planning	Physical development Plan –Luanda town	1	2
	Physical development plans for market centres	5	2
	Shiru/Shaviringa Degazettement Planning and Survey of sub plots	Titles issued	1
Land administration Services	Acquisition of Land (land banking)	Appx. 15 acres	1
	Compensation for land compulsorily acquired behind St.Claire's (Development)	5 families	4

<i>Sub Programme</i>	<i>Prioritized Project</i>	<i>Target</i>	<i>RANK</i>
	Land Information Management System - Digitization of land records public and private	1000 parcels	3
Survey Services	Procurement of Geodetic survey equipment's	4 RTK 8 GPS	5
	Survey & Fencing of public land	20	2
	Geo referencing of all land parcels in the County	200	4
	County land management information system-Joint effort with land registry	1200	5
Housing Infrastructure development	Renovation of Government residential houses	20	3
	Maintenance of County Government offices	15	3
	Governor's Residence	50%	1
Urban housing programme	Promotion of affordable housing	Countywide	2

To undertake these programmes and projects, the F/Y 2019/20 estimate for the department is approximated to be KES 468,519,756

Environment, Water, Energy and Natural Resources

Access to safe and clean water by all, sustainable utilization of forestry and natural resources, and improved sanitation in a clean and secure environment is the core mandate of this department. It aims at achieving these through environment and climate change resilient projects and programmes that are efficient and socially inclusive.

In the MTEF Period 2018/19-2020/21 the sector prioritizes protection of water sources, forests and other natural resources, improvement water supply and management, waste management and rehabilitation of degraded areas

Specific programmes/projects to be undertaken in the F/Y 2019/20 are as outlined in the table below

<i>sub programme</i>	<i>Priority projects</i>	<i>Planned targets</i>	<i>Ranking</i>
General administrative service	Payment of electricity for water supplies	20	1
	Contracted Professional services (out sourcing of garbage collection)	County wide	
	Supplies for production (water treatment chemicals)	10	
	water supply and sewerage (maintenance of w/s-)	All	
	other utilities, goods and services	All	
	staff emolument	1	
	purchase of vehicle	5	
	Internship programme	6	
Water supply management	Pending bills	100M	1
	Water spring protection	100	2
	Rehabilitation of existing water schemes in wards.	25	1
	Rehabilitation and augmentation of water supplies	10	1
	Expansion of water services distribution system (laying of pipes)	300 KM	1
	Metering for operating water supplies	1000	1
	Boreholes drilling and equipping	15	1
	Rain water harvesting in ECDE centers	50	2
	Water bottling unit (VIWASCO)	1	2
	Rehabilitation of dams and pans	2	2
Environmental Protection & Conservation	Counterpart funding for sewerage works	3	1
	Solid waste management system	5	1
	Constructed wet land	1	1

	Construction of on-site sanitation facilities in towns and markets	10	2
	Litter bins for solid waste management	All markets	1
	Climate change resilience projects and programmes	County wide	1
Farm Forest Management	Afforestation programme	County wide	1
Natural Resources Management	Counterpart funding for Landscape conservation and livehood improvement(LaCoLi)	County wide	1

To undertake these programmes and projects, the F/Y 2019/20 estimate for the department is approximated to be KES 496 million.

Office of the Governor

The office of the governor is critical in overseeing the implementation of the Governors manifesto, the county CIDP and the national Vision 2030 in line with the constitution of Kenya. The office is key in overseeing and accelerating the delivery of services to the citizens.

The prioritized programmes and projects for the F/Y 2019/20 in line with the CIDP and ADP 2019/20 are summarized as;

<i>Sub programme</i>	<i>Prioritized projects</i>	<i>Ranking</i>	<i>Planned target</i>
Disaster Response and mitigation	Emergency projects and special programmes	1	Disaster response fund
Research and Development	Research and development	1	
Governor's Communication	Construction of office	1	
	Purchase of motor vehicle	2	One utility vehicle
Service delivery Unit	Establishment of SDU	1	3 M&E Officers, office stationery and equipment One SDU utility vehicle 5 motor cycles
	Projects and programmes Performance evaluation	1	Installation and roll out of e- CIMES Strengthen reporting on programmes and projects

			M&E activities, independent surveys on specific programme outcomes and reporting
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To undertake these programmes and projects, the F/Y 2019/20 estimate for the department is approximated to be KES 333,116,959

Transport and Infrastructure

The Department of Transport and Infrastructure is mandate to implement functions related to transport and county roads as assigned in the fourth schedule of the constitution and other enabling legislation. The *Sector's strategic objectives include* institutional reforms, Develop and maintain an integrated safe and efficient transport system, Develop and maintain quality and safe infrastructure, Develop and implement policies on roads, infrastructure in the county, develop efficient, reliable and affordable mechanical and fire-fighting. Services.

Specific projects/programmes planned to be undertaken in the FY 2019/20 are;

<i>Programme/sub-programme</i>	<i>Prioritized Project</i>	<i>Target</i>	<i>Rank</i>
Fire Fighting Services	Construction of Fire Station	1No.	1
Mechanical Services	Completion and equipping of Mechanical Workshop	1 No	2
Roads Infrastructure Development	Rehabilitation & maintenance of access roads	420 Kms	3
	Construction of bridges/box culverts	25 Bridges/Box culverts	4
Energy reticulation	High mast flood lights in markets Green energy installation(Biogas, solar)	30 markets	5
Road construction	Upgrading of roads to bitumen standard (Low volume seal)	5 Kms	6

<i>Programme/sub-programme</i>	<i>Prioritized Project</i>	<i>Target</i>	<i>Rank</i>
Road construction equipment	Acquisition of Road equipment	Purchase of 3No. Graders, 3No. rollers, and 1No. excavator, 3 water bowser and 6 No. tippers	7

To undertake these programmes and projects, the F/Y 2019/20 estimate for the department is approximated to be KES 610,180,540 compared to KES. 346,140,350 and KES. 567,201,363 allocated in FY 2017/18 and FY 2018/19

Public Service, Administration and Coordination of County Affairs

The Department is mandate to implement functions related to public service, administration and coordination of county affairs as assigned in the Kenyan Constitution, 2010 and County Government act 2012. The broad *strategic objectives for the department are*; To formulate legal and institutional framework to enhance effective service delivery in Public Service, Administration and Coordination of County Affairs, Enhance management of human resource in the County Public Service, To enhance Coordination, dissemination and management of information, To establish and strengthen infrastructure necessary for effective service delivery, To establish and operationalize County performance management and development systems.

The Specific projects/programmes planned to be undertaken in the FY 2019/20 include;

County Administration and Coordination of County Affairs			
<i>Programme</i>	<i>Prioritized Project</i>	<i>Target</i>	<i>Ranking</i>
County administration Infrastructural Development	County HQ block	20% completion rate	1
	Construction of Sub-County offices (To accommodate sub-County Administrator,	Vihiga, Emuhaya and Hamisi	1

	Ward Administrator and devolved Sub County offices)		
	Construction of two Ward Offices	Luanda and Sabatia sub-Counties	1
	ICT infrastructure expansion & Extension of fibre optic cables	5 Sub-County HQs	2
Purchase of motor vehicles and motor cycles	Enhance mobility of staff to improve on service delivery	1 Bus (51-seater) 2 Double cabin 10 motor cycles for Ward Administrators	2
Staff Recruitment	Village Administrators	132 officers	1
Institutional Reforms	Purchase of uniforms for Ward Administrator and Enforcement officers	All Sub County and Ward Administrators Enforcement Officers	2
B. County Communication and Public Relations Unit			
Communication and Public Services	Procurement of essential equipments at County Communication and Public Relations Unit)	2 Vehicles, Recording Studio equipments, transmitter mast, Silent generator, internet services, video and audio production equipments, office space, desktop computers, laptops. Publicity	1
Institutional Reforms	Formulation of Policies, Regulations and Legal Framework	Communication Strategy Policy	2
Civic Education and Public Participation			
Coordination and Administration Services	Co-ordinate public participation and citizen engagement forums (County wide)	50 Forums	1
	HIV/AIDS awareness forums (County wide)	50 Forums	1
Institutional Reforms	Formulation of Policies, Regulations and Legal Framework	Civic Education & Public Participation Polic	2
	Equip the Directorate	1 office established and purchase a vehicle (Double cabin)	2
Staff Recruitment	Secretariat Staff	10 Officers	2
D. Human Resource Management and Development			
Skills Development	Staff induction, training, coaching and mentorship	500 County staff	1
	Attachment and internship programs	90 interns/attachees	2

Performance Management	Institute Performance Contracting and Performance Appraisal System.	500 County Staff	1
Human Resource Digitization	Human Resource Information Management System (HRIMS)	A centralized system	1
	Biometric Machines	4 (2 HQs and 2 Sub County offices)	2
Institutional Reforms	Formulation of Policies, Regulations and Legal Framework	Training & Development Policy Performance Management Policy	2
	Employee Welfare	Medical Cover	3
	Institute County Training Needs Assessment.	A compiled and operationalized TNA	1
E. Alcoholic Drinks Control and Regulations			
Alcohol and Drug Rehabilitation	Construction of Rehabilitation Centre and equipping.	1 Center	1
Institutional Reforms	Formulation of Policies, Regulations and Legal Framework	Alcoholic Drinks and Substance Abuse Regulation Policy	2

To undertake these programmes and projects, the F/Y 2019/20 estimate for the department is approximated to be KES 300,824,068

PUBLIC SERVICE BOARD

The Public Service Board mandate is to implement functions related to human resource matters in the county government as assigned in the County Government Act and other enabling legislation.

The Sector Strategic Objectives are include facilitating recruitment and promotion of staffs in various County department, instituting organizational framework of departments and ensuring continuing professional development and progression of public servants. .

PROGRAMMES TO BE IMPLEMENTED

Programme	Projects	Rank
General administrat	1. Employment of additional personnel.	1

Programme	Projects	Rank
ive Services	2. Lease of office space	2
	3. Payment of utility bills i.e electricity and water	3
	4. Procurement of office furniture and fittings	4
	5. Procurement of ICT equipments and accessories	5
	6. Legal dues/fee for mitigation court litigations	6
	7. acquisition of staff uniforms and identification cards	7
	8. Publishing, printing and launching of the board documents	8
	9. Gender and disability mainstreaming	9
	10. Maintenance of ICT equipments	10

To undertake these programmes and projects, the F/Y 2019/20 estimate for the department is approximated to be KES 88,406,948 compared to 52,566,948 allocated in the current financial year.

Trade, Industry, Tourism and Entrepreneurship

The mandate of the Department of Trade, Industry, Tourism and Entrepreneurship, is derived from the constitution of Kenya 2010 under the Fourth Schedule. The Department is responsible for formulating and supporting strategies, plans and programs that promote and ensure expansion and diversification of trade, promotion of fair trade practices, environmentally sustainable industrialization and tourism

The Sector Vision is: To be a lead department in Trade, Industry, Tourism and Enterprise development for a competitive and prosperous County. The Sector Mission is: To facilitate growth

and development of Commerce, Tourism, Investment and Entrepreneurship for Economic Sustainability in our County

In the MTEF period 2018/19-2020/21 the sector has prioritized creating an enabling environment for SMEs to operate, promotion of industries, consumer protection and entrepreneurship growth and development.

The prioritized programmes and projects for the F/Y 2019/20 include;

<i>Sub Programme</i>	<i>Prioritized Projects</i>	<i>Planned Target</i>	<i>RANKING</i>
General Administrative Services	Preparations of Bills/ Policies/ Regulations	4 Bills 4 Policies 4 Regulations	1
	Office Renovation		5
	Employment of additional Staff (Market Cleaners)	All Markets in the County	4
	Purchase of Motor Vehicle	3	2
Market Infrastructure	Construction of Modern Markets	2	1
	Maintenance of Street Lighting	Major markets County Wide.	1
	Construction of market shades	County wide	2
	Completion of ESP markets	4	4
	Construction of boda boda shades	All wards	2
Micro and Small Enterprise Development	Vihiga Trade and Enterprise Fund	County Wide	1
	Training of Boda Boda Operator	County Wide	2
	Training on Entrepreneurship skills	County Wide	3
	Organizing Investment Conference	Headquarters	3
Trade Promotion	Establishment of business information centers Facilitating youth in business conference Facilitating Women in business conference Organizing Trade Fairs and Jua kali Exhibitions		5
Tourism Marketing and Promotion	Develop Tourism Sites	County wide	5
	Sensitization of Stake holders	Sub Counties	1
	Marketing of Local Tourism		2

Industrial Promotion	Commercialization of Indigenous Vegetables	County wide	2
	Establishment of Kaimosi EPZ	Kaimosi	3
	Building of capacities of SME's	Countywide	5
	Construction and Equipping of the incubation centres	2	4
Consumer Protection	Procurement of Testing Equipment	At Headquarters	2
	Inspection and Testing of Trade Equipments	At Headquarters	2
Entrepreneurship Promotion	Organizing Business Competition Award		

To undertake these programmes and projects, the F/Y 2019/20 estimate for the department is approximated to be KES 128,160,072

Youth, Gender, Sports, Culture and Social Services

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

The sector Vision is: a vibrant and cohesive society thriving on its cultural diversity, Social protection and Empowerment for all. The sector mission is: to to promote sustainable employment, productive workforce, empower the vulnerable groups & recognize diverse heritage, arts & sports for socio economic development.

In the medium term framework 2018/19-2020/21 the sector prioritized ; Cultural preservation and promotion, Sports Promotion, Youth mainstreaming and empowerment, Gender Mainstreaming and Child development and protection. Key programmes and to be implemented included;

<i>Sub Programme</i>	<i>Prioritized Projects</i>	<i>Planned Target</i>	<i>Ranking</i>
Promotion of Arts	Establishment of Arts Gallery at Manyatta; Acquisition of Land	1	3

		2	
Culture and Heritage conservation and preservation	<p>Organize cultural extravaganza and festivals at ward level</p> <p>Organize cultural extravaganza and festivals at sub-county level</p> <p>Organize county cultural extravaganza and festival finals</p> <p>Participate inter-county cultural and music extravaganza</p> <p>Documentation and Protection of cultural sites</p> <p>Participate in Kenya Music and Cultural festivals</p> <p>Participate in Kenya Community Music festival</p> <p>Herbal workshops</p> <p>Construction of Moses Mudamba cultural site</p> <p>Completion of Sabatia Library</p>	<p>25</p> <p>5</p> <p>1</p> <p>1</p> <p>38</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p>	2
Development of Sports Facilities	<p>Completion of Kidundu, Hamisi and Chavakali, Solongo and Mumboha stadia and sportsground respectively</p> <p>Completion of upgrading of Shiru, Emukunzi, Mahanga, Ebusakami playgrounds</p> <p>Levelling and upgrading Muhudu, Demesi, Kegoye, Ebusiratsi and Esiandumba Playgrounds</p>	<p>5</p> <p>4</p> <p>5</p>	1
Promotion and Development of Sports and Talent	<p>Organize Governor's cup sporting festival county wide</p> <p>Purchase of Sports Equipment at ward level</p> <p>Hold Kenya Inter Counties Youth Sports Competition (KYISA)</p> <p>Partake in KICOCSA</p>	<p>25</p> <p>25</p> <p>1</p>	1

		1	
Youth, Women, PWD's, VC'S Empowerment Mainstreaming	Equiping of Talent Centres	5	
	Youth empowerment	500	
	Finalizing and Implementing Gender Policy	1	1
	Capacity building of community groups and child protection stakeholders	500	
	Celebrate international day of adoption and foster care		
	Celebrate the world orphans day	1	
	Celebrate the day of the African child	1	
	Celebrate international womens's Day	1	
	Celebrate international day of elderly persons	1	
		1	
	Celebrate the international Day for persons with disabilities	1	
	Develop Child Protection Policy	1	
	Develop Person with Disability Policy	1	
	Training and capacity building of Person's with Disabilities	1	
		500	
	Social Health insurance Fund	2000	
	Training and Capacity building of PWD's	500	
	Construction of Luanda Rehabilitation Centre	1	
	Construction of Hamisi Rescue Centre	1	
	Conduct children's assemblies	1	

To undertake these programmes and projects, the F/Y 2019/20 estimate for the department is approximated to be KES 183,653,222

COUNTY ASSEMBLY

The Assembly will focus on its core constitutional mandate of Oversight, Legislation and representation; it recurrent but remains the same as given by the CARA 2018.

The County Assembly projects for financial 2018/19 which include the following

1. Construction of the official residence of the Hon Speaker of Vihiga County Assembly
2. Construction of multipurpose office block and committee rooms at the Vihiga County Assembly Headquarters
3. Completion of the Vihiga County Assembly Chambers:

Have not been implemented, therefore the amount allocated will roll over to FY2019/20 if not spend in the current year.

In FY 2019/20 The County Assembly is proposing to purchase communication equipment and other infrastructure

To undertake these programmes, the F/Y 2019/20 estimate for the department is approximated to be KES 593,682,865

Finance and Economic Planning

The department plays a critical role in provision of public finance management services, formulation and coordination of economic development plans and budgets as well as tracking the implementation of county plans and budgets.

The department visions to be a lead entity in provision of quality accounting, financial and economic planning services.

The department prioritizes sound management of county public finances, provision of quality transparent and accountable accounting, procurement, revenue and internal audit services, development and strengthening of policy formulation, development plans and budgets in the county, capacity building and strengthening of institutional framework as well as timely reporting on results. The Department will endeavour to fastrack commitments by the County to the Lake Region Economic Block (LREB).

Prioritized programmes and projects for the MTEF period 2018/19-2020/21 are as follows;

<i>Sub Programme</i>	<i>Priority Projects</i>	<i>Ranking</i>	<i>Planned targets</i>
General Administrative Service	Construction of county treasury building	3	1
	Purchase of utility vehicles	2	5
	Digitization of asset register	1	1
	Lake Region Economic Block	1	
Procurement Services	Preparation of procurement plans and reports	1	1
	Capacity building and purchase of equipment	2	
Resource Mobilization/Revenue	Automation of own revenue collection & management , and other reforms towards enhanced own revenue	1	1
	Capacity building of revenue officers	2	
Budget formulation coordination and management	Preparation of CFSP, CBROP, Consolidated County budget	1	3
	implementation of Hyperion module on budgeting	1	1
	Enhanced public participation for a on budgeting & expenditure	1	
	Enhanced engagement of SWG and CBEF	1	

<i>Sub Programme</i>	<i>Priority Projects</i>	<i>Ranking</i>	<i>Planned targets</i>
Audit service	Value- for -Money (VFM) Audits and reports Implementation of ACL/team mate /Audt software Institute a debt management strategy Institute audit risk management framework Capacity building and equipping Remuneration of audit committee	1 1 1 1 1 1 1	
Accounting services	Enhanced Accounting services and financial reporting Capacity building staff		
\`Planning	Coordination and preparation of sector plans and departmental strategic plans Preparation of the 2020/21 ADP and review reports Public participation fora on policies and plans	12	
Monitoring and evaluation	Enhanced monitoring , evaluation and reporting and dissemination of such reports Acquisition and implementation of e-CIMES Support the service delivery unit(equipping & reporting) Strengthening the capacity of departments on planning, budgeting and reporting processes	1 1 1 1	4 1 4
County statistics and documentation	Production of Timely/ accurate Statistics, information and reports	1	4
Capacity building & strengthening of institutional framework/ KDSP	Structured learning, equipment , systems rollout and guidelines on PFM, HRM, M&E, Planning, Public Participation and Civic Education and environmental and social safeguards	1	

To undertake these programmes and projects, the F/Y 2019/20 estimate for the department is approximated to be KES 471,851,702

Table 14: PROJECTED EXPENDITURE FOR 2019/20 PER DEPARTMENT

DEPARTMENT	CONDITIONAL GRANTS20/19 /20	PROPOSED CEILING 2019/20	PROPOSED EXPENDITURE 2019/20	PROPOSED EXPENDITURE 2020/21	PROPOSED EXPENDITURE 2021/22
Office of The Governor		333,116,959	333,116,959	349,772,807	367,261,447
Finance & Economic Planning	48,291,628	423,560,074	471,851,702	495,444,287	520,216,501
Agriculture, Livestock, Fisheries & Cooperatives	184,088,966	258,926,015	443,014,980	465,165,729	488,424,015
Health Services	115,660,253	1,104,028,717	1,219,688,970	1,280,673,419	1,344,707,089
Education, Science, Technical and Vocational Training	55,000,000	490,763,491	545,763,491	573,051,666	601,704,249
Gender, Culture, Youth, Sports and Social Services		183,653,222	183,653,222	192,835,883	202,477,677
Trade, Industry, Tourism and Entrepreneurship.		128,160,072	128,160,072	134,568,076	141,296,479
County Public Service Board		39,478,423	39,478,423	41,452,344	43,524,961
Environment, Water, Energy & Natural Resources.	92,859,040	125,876,156	218,735,196	229,671,956	241,155,554
Transport, Infrastructure & Communication	127,573,688	482,606,852	610,180,540	640,689,567	672,724,045
Physical Planning, Land and Housing	339,110,419	129,409,336	468,519,756	491,945,744	516,543,031
County Assembly		593,682,865	593,682,865	623,367,008	654,535,359
Administration and Coordination of County Affairs		300,824,068	300,824,068	315,865,271	331,658,535
Total County Expenditure	962,583,994	4,594,086,250	5,556,670,244	5,834,503,756	6,126,228,944

CONCLUSION

Budgetary resources are usually limited thus it is imperative that departments prioritize their programmes within the available resources to ensure that utilization of public funds are in line with county government priorities. Departments need to carefully consider detailed costing of projects, strategic significance, deliverables (output and outcomes), alternative interventions, administration and implementation plans in allocating resources. For instant having projects done in phase and allocating resources in three years (MTEF period)

Proper implementation of the budget is critical towards providing services that will promote sustainable growth. Sustainability requires greater effort from all the stakeholders including County Government Departments, civil Society, Communities, County Assembly and development partners

There is also need to ensure that resources are being utilized efficiently, effectively and comply with the fiscal responsibility principle as they are in the law.