



**KISII COUNTY GOVERNMENT**

**COUNTY TREASURY**

**COUNTY BUDGET REVIEW AND OUTLOOK PAPER**

**FINANCIAL YEAR 2014/2015**

**SEPTEMBER, 2015**

## **FOREWORD**

This County Budget Review and Outlook Paper (CBROP), prepared in line with the Public Finance Management (PFM Act) 2012 Section 118 is the second to be prepared since the establishment of the County Governments. It presents the recent economic developments and actual fiscal performance of the FY 2014/2015 and makes comparisons to the budget appropriations for the same year. The paper further provides an updated macro- economic and financial forecast with sufficient information to show changes from the projections outlined in the latest County Fiscal Strategy Paper.

In this paper, we intend to provide an overview of how the actual performance of the FY affected our compliance with the fiscal responsibility principles and the financial objectives as outlined in the 2015 County Fiscal Strategy Paper (CFSP).

The CBROP intends to continue to play a critical role in the preparation of budgets and management of public resources in the County Government. To strengthen the budget preparation process, the County government intends to continue to embrace performance budgeting and deepen public financial reforms to increase efficiency and effectiveness in service delivery and value for money.

We are committed to maintain the trend of development in line with the expectations and commitments we have made to the Kisii County residents. Towards this end, we shall ensure there is transparency and accountability by relaying our performance indicators to the public as well as publicizing other publications as required by the Constitution and the Public Finance Management Act, 2012.

**DR. KODEK MIGIRO OMWANCHA**

**COUNTY EXECUTIVE COMMITTEE MEMBER FOR FINANCE AND PLANNING**

## **ACKNOWLEDGEMENTS**

The Kisii County Budget Review and Outlook Paper (CBROP) for the FY 2014/2015 is a result of contribution and concerted efforts of many people. The paper is informed by the Public Finance Management Act 2012 Section 118 (1) which stipulates that the County Treasury shall prepare the Budget Review and Outlook Paper of the County for each financial year and submit the paper to the County Executive Committee by the 30<sup>th</sup> September of that year.

The contents of this CBROP has benefited from an array of expertise of technical officers from the County Planning Unit, County Treasury and Strategy, Delivery and Project Management and in the County. Their tireless efforts have informed the four chapters of this CBROP. We sincerely express our gratitude to all those persons that participated in the drafting and printing of this paper.

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, County Executive Member for Finance and Economic Planning and other County Executive Committee Members, Chief Officers and directors of various departments for their input in providing much needed information to the team working on the second County Budget Review and Outlook Paper for Kisii County Government.

We specifically appreciate the tireless efforts of the technical team comprising of Mr. Onchari Kenani, (Economic Advisor); Mr. John Nyamiobo, (Political and Budget Advisor); County Economists, Mr. Edward Mayogi, Mr. Julius Kitunda, Mr. Penuel Ondieng'a, Mr. Peterson Nyakeri, Mr. Steve Siso and Mr. Alfred Keter, County Treasury representatives comprising of Mr. Chrispinus Ibalai, Chief Finance Officer Mr. Daniel Njuguna, Mr. Johnes Chacha and Mr. John Nyandanyi for working tirelessly in the development of this document.

For the County Treasury staff who worked so tirelessly with the drafting team in the provision of the much needed information for this document, we say thank you.

Finally, we cannot forget the role played by the County Budget and Economic Forum (CBEF) members for their immense contributions to this CBROP.

**WILFRED AUMA**

**CHIEF OFFICER,**

**FINANCE AND ECONOMIC PLANNING**

# Table of Contents

FOREWORD.....	ii
ACKNOWLEDGEMENTS.....	iii
ABBREVIATIONS.....	vii
List of Figures.....	viii
List of Tables.....	ix
1.0 INTRODUCTION.....	1
1.1 Objectives of the County Budget Review and Outlook Paper.....	1
1.2 Structure of the CBROP.....	2
2.0 RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK.....	3
2.1 Recent Economic Developments.....	3
2.1.1 GDP.....	3
2.1.2 Inflation.....	5
2.1.3 Financial Intermediation.....	7
2.1.4 Exchange Rate.....	8
2.1.5 Remittances.....	9
2.2 Economic Risks.....	11
3.0 REVIEW OF FISCAL PERFORMANCE IN 2014/2015.....	13
3.1 Overview.....	13
3.2 Fiscal Performance for 2014/15 Financial Year.....	14
3.2.1 Revenue.....	14
3.2.2 Recurrent/Development Expenditures.....	18
3.3 Implications of 2014/15 Fiscal Performance on 2015/16 and the Medium Term.....	19
4.0 RESOURCE ALLOCATION FRAMEWORK.....	20
4.1 Adjustment to 2015/2016 Budget.....	20
4.2 Medium-Term Expenditure Framework.....	20
4.3 Budget Framework for FY 2015/2016.....	23
4.4 Revenue Projections.....	24
4.5 Expenditure Forecasts.....	24
4.6 Conclusion and Way Forward.....	25
Annex 1: Expenditure Analysis per Project/Programme.....	26

## Fiscal Responsibility Principles in the Public Financial Management Act 2012.

The public Financial Management Act 2012, Section 107 states that the County Treasury shall manage its public finances in accordance with the principles of fiscal responsibility set out in subsection (2), and shall not exceed the limits stated in the regulations.

In managing the county government's public finances, the County Treasury shall enforce the following fiscal responsibility principles:

- (a) The county government's recurrent expenditure shall not exceed the county government's total revenue;
- (b) Over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure;
- (c) The county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;
- (d) Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;
- (e) The county debt shall be maintained at a sustainable level as approved by county assembly;
- (f) The fiscal risks shall be managed prudently; and
- (g) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

## Legal Basis for Preparation of the County Budget Review and Outlook Paper.

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

1) The County Treasury shall prepare and submit to the County Executive for approval, by 30th September in each financial year, a Budget Review and Outlook Paper which shall include:

- a. Actual fiscal performance in the previous financial year compared to the budget appropriation for that year;
- b. Updated macro-economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent CFSP.
- c. Information on how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles or the financial objectives in the latest CFSP; and
- d. The reasons for any deviation from the financial objectives together with proposals to address the deviation and the time estimated to do so.

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

Not later than seven days after the County Budget Review and Outlook Paper is approved by the County Executive Committee, the County Treasury shall— (a) arrange for the Paper to be laid before the County Assembly; and (b) as soon as practicable after having done so, publish and publicize the Paper.

## ***ABBREVIATIONS***

ADP	Annual Development Plan
CBEF	County Budget Economic Forum
CBK	Central Bank of Kenya
CBR	Central Bank Rate
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
CRA	Commission on Revenue Allocation
DANIDA	Danish Development Agency
EAC	East Africa Community
ECD	Early Childhood Development
FY	Financial Year
GDP	Gross Domestic Product
ICT	Information and Communications Technology
IFMIS	Integrated Financial Management Information System
KNBS	Kenya National Bureau of Statistics
MTEF	Medium Term Expenditure Framework
PFM	Public Finance Management
PPP	Public Private Partnership
SACCO	Savings and Credit Co-operative
SDGs	Sustainable Development Goals
COB	Controller of the Budget
PPOA	Public Procurement Oversight Authority

## *List of Figures*

Figure 1: First Quarter GDP Growth Rates in percentages	3
Figure 2: First Quarter Key Sectors Growth Rates (2014 and 2015) in percentages	5
Figure 3: Kenya's Inflation Rate trend in percentages	6
Figure 4: Financial Intermediation in the first quarters of 2014 and 2015 in percentages	8
Figure 5: Kenya shilling exchange rate (September 2014 and 2015)	9
Figure 6: Remittances inflow in USD in millions in first half of 2014 and 2015	10



*List of Tables*

Table 1: Revenue Analysis for FY 2013/14	14
Table 2: Revenue Analysis for FY 2014/15	14
Table 3: Recurrent and Development Exchequer releases for the FY 2014/15	15
Table 4: Local Revenue Outturn for FY2014/15	16
Table 5: Recurrent Expenditure Analysis FY 2014/15	18
Table 6: Development Expenditure Analysis FY 2014/15	18
Table 7: Total Sector Estimates for MTEF FY 2015/16	23

## **CHAPTER ONE**

### **1.0 INTRODUCTION**

1. This County Budget and Review Outlook Paper (CBROP) is the second to be prepared in the County in line with the Public Finance Management (PFM) Act, 2012 within the context of the new constitution which established County Governments.
2. The CBROP is prepared in line with Section 118 of the PFM Act 2012 which stipulates that the County Treasury shall prepare and submit a County Budget Review and Outlook Paper to the County Executive Committee for approval, by 30<sup>th</sup> September in each Financial Year.
3. The CBROP sets out the background and broad fiscal parameters for the FY 2016/2017 budget consistent with the County Government priorities and strategies. To strengthen the budget process, the County Government intends to continue to embrace performance budgeting and deepen public financial reforms to increase efficiency and effectiveness in service delivery and value for money.

### **1.1 Objectives of the County Budget Review and Outlook Paper**

4. The main objective of the County Budget Review and Outlook Paper (CBROP) is to carry out a review of the previous fiscal performance in the County and its impact on the financial objectives and fiscal responsibility principles as set out in Section 107 of the PFM Act, 2012.
5. The CBROP provides a basis for revision of the current financial year's budget in the context of the Revised Estimates as provided in Section 135 of the PFM Act 2012 and the broad fiscal parameters underpinning the next budget.
6. The CBROP provides a linkage between policy, planning and budgeting. This year's CBROP is embedded on the priorities and strategies outlined in the Annual Development Plan (ADP) 2015, County Integrated Development Plan (CIDP 2013-2017) and Vision 2030.
7. The PFM Act 2012 has set high standards for compliance with the Medium Term Expenditure Framework (MTEF) budgeting process. It is, therefore, expected that the sector ceilings for the next budget of 2016/2017 intends to be realigned to the County strategies outlined in the most recent Annual Development Plan (ADP).

8. The updated economic development outlook intends to be firmed in the County Fiscal Strategy Paper (CFSP) to reflect any changes in economic and financial conditions.

## **1.2 Structure of the CBROP**

9. The CBROP is organized in four chapters. Chapter one provides the introduction and objectives. Chapter Two details the recent economic developments while Chapter Three provides a review of the fiscal performance in FY 2014/2015 and its implications on the financial objectives as set out in the CIDP. Chapter Four provides the resources allocation framework and the way forward.

## CHAPTER TWO

### 2.0 RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

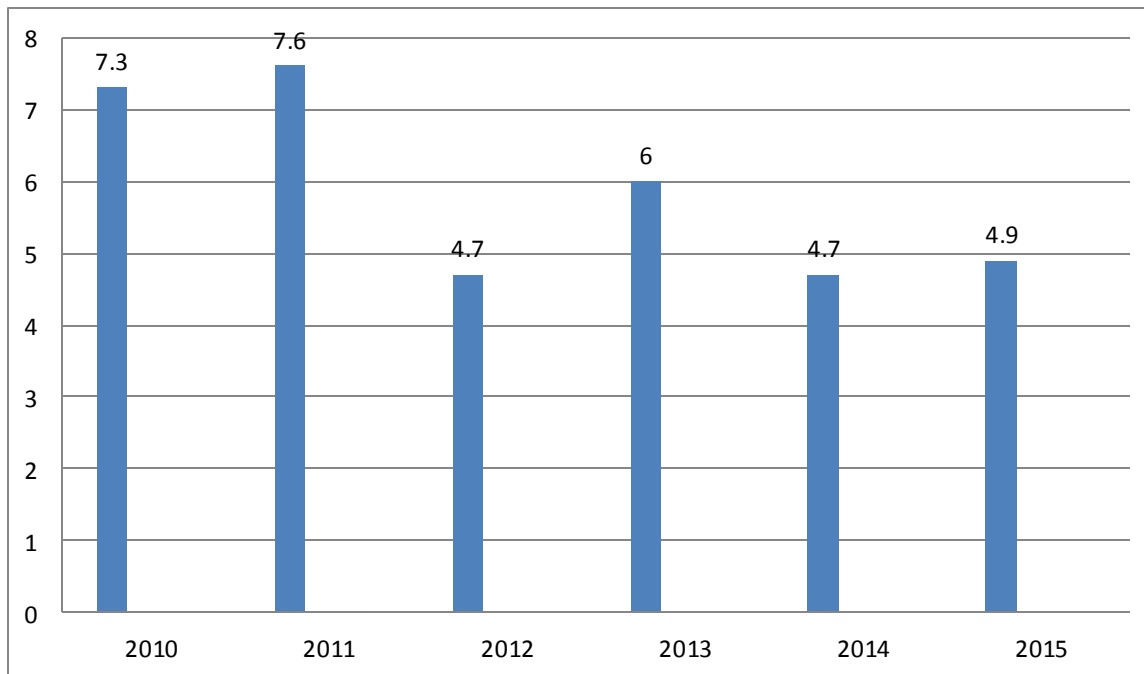
10. The performance of the County mainly depends on the country's economic performance. The economy in the last few months operated under unstable macroeconomic environment occasioned by the depreciation of the Kenyan shilling against the dollar which is a major trading currency. The same conditions are expected to prevail in the next few months and the economy is likely to be hit further by the El Nino rains anticipated between October and January 2016.

#### 2.1 Recent Economic Developments

##### 2.1.1 GDP

11. According to Central Bank of Kenya Monthly Economic Review May 2015, the economy grew by 5.7 percent and 5.3 percent in 2013 and 2014 respectively. The decline is attributed to slowdown in tourism and farm output due to insecurity threats and prolonged drought experienced in some months in 2014 and 2015. In the first quarter of 2015, GDP expanded by 4.9 percent as compared to 4.7 percent in the same comparable period in 2014 as shown in figure 1.

Figure 1: First Quarter GDP Growth Rates in percentages

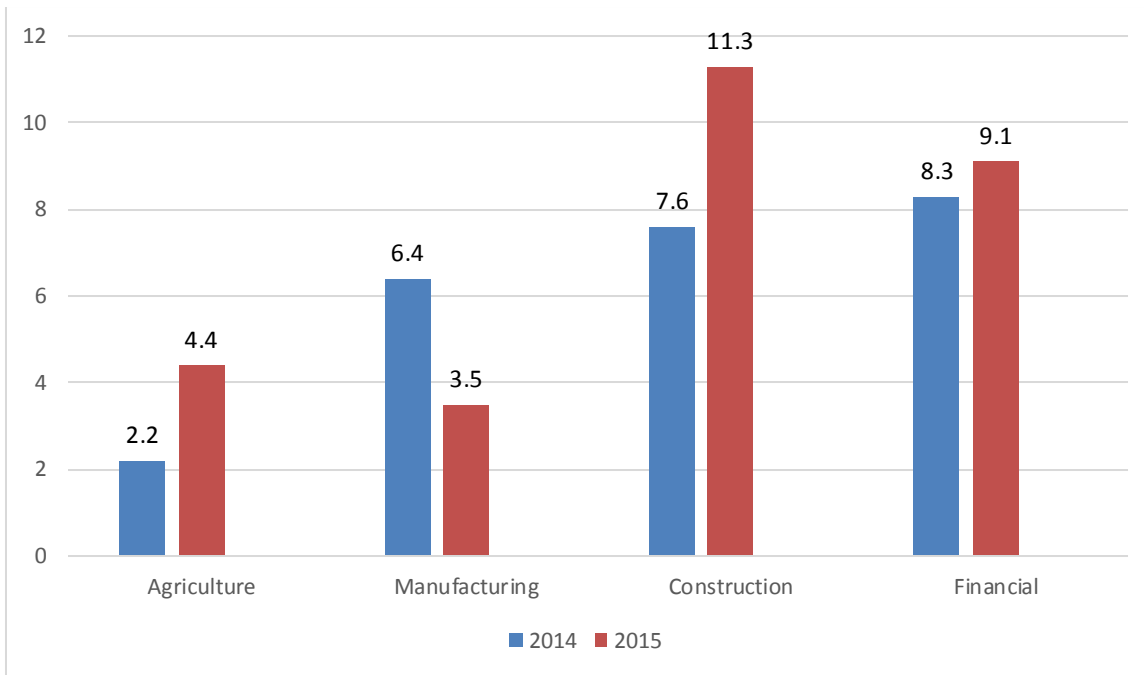


Source: KNBS June 2015

12. According to African Economic Outlook 2015, Kenya's economy is emerging as one of Africa's key growth centers and is also poised to become one of the fastest growing economies in East Africa, supported by lower energy costs, investment in infrastructure, agriculture, manufacturing and other industries. The economy is estimated to grow by 6.5 and 6.3 in 2015 and 2016 respectively. The momentum for growth is projected to be sustained by a stable macroeconomic environment, continued investment in infrastructure, improved business environment, exports, regional integration and government continued discipline in fiscal and monetary policy. However, this growth might not be achieved due to *increasing* pressure as a result of rising public sector wage bill, depreciation of the shilling against the dollar and the anticipated El Nino rainfall between October 2015 and January 2016.
13. According to KNBS-First Quarter 2015 GDP Release in June 2015, the agriculture, forestry and fishing sector expanded by 4.4 per cent during the first quarter of 2015 compared to 2.2 per cent in 2014 first quarter. This growth was reflected in the increased use of agricultural inputs during the quarter. Increased demand for fertilizer, a key input for agriculture sector, was the most notable as reflected by its import which grew by 18.4 per cent from 224.6 thousand metric tonnes in first quarter 2014 to 265.9 thousand metric tonnes during the first quarter 2015.
14. Performance within the horticulture subsector was mixed, with cut flower exports rising by 11.7 per cent while vegetable exports declined by 3.3 per cent from 16.6 thousand metric tonnes to 16.1 thousand metric tonnes. During the first quarter of 2015, tea production and coffee sales declined by 27.2 per cent and 8.6 per cent, respectively. The fall in tea production is attributed to inadequate rains and frost that was reported in some tea zones. However, export of tea increased by 7.2 per cent to 117.8 thousand metric tonnes during the first quarter of 2015 compared with the same quarter of 2014. Tea and coffee generated an estimated value of KShs. 31.3 billion from exports during the first quarter of 2015 compared to KShs. 27.7 billion during the same period in 2014. The high tea prices that prevailed led to high export earnings during the first quarter of 2015 driven by increased demand and low global production of the crop.
15. Manufacturing sector recorded a slowed growth of 3.5 per cent in the first quarter of 2015 compared to a growth of 6.4 per cent over a similar period in 2014. The decelerated growth was attributed to decline in manufacture of tobacco, processing of canned fruits, maize meal and sugar. On the other hand, growth in the sector was supported by; assembly of motor vehicles, production of beer, manufacture of galvanized sheet, production of soft drinks and cement.

16. Construction industry grew by 11.3 per cent in the first quarter of 2015 compared to a growth of 7.6 per cent in a similar period in 2014. The growth was mirrored in cement consumption which expanded by 15.5 per cent during the review period. This is evidenced by the heavy construction currently witnessed in the county especially in the real estates. The economy responded positively in Agriculture, construction and financial sectors in the first quarter 2015 as compared to 2014 as analyzed in Figure 2.

**Figure 2: First Quarter Key Sectors Growth Rates (2014 and 2015) in Percentages**



Source: KNBS, June 2015

17. Agriculture, financial and the construction sectors are the major drivers of the Kisii County economy. In the first quarter of 2015, the County has witnessed many activities in construction sector especially in the real estate and in the banking sector.

### 2.1.2 Inflation

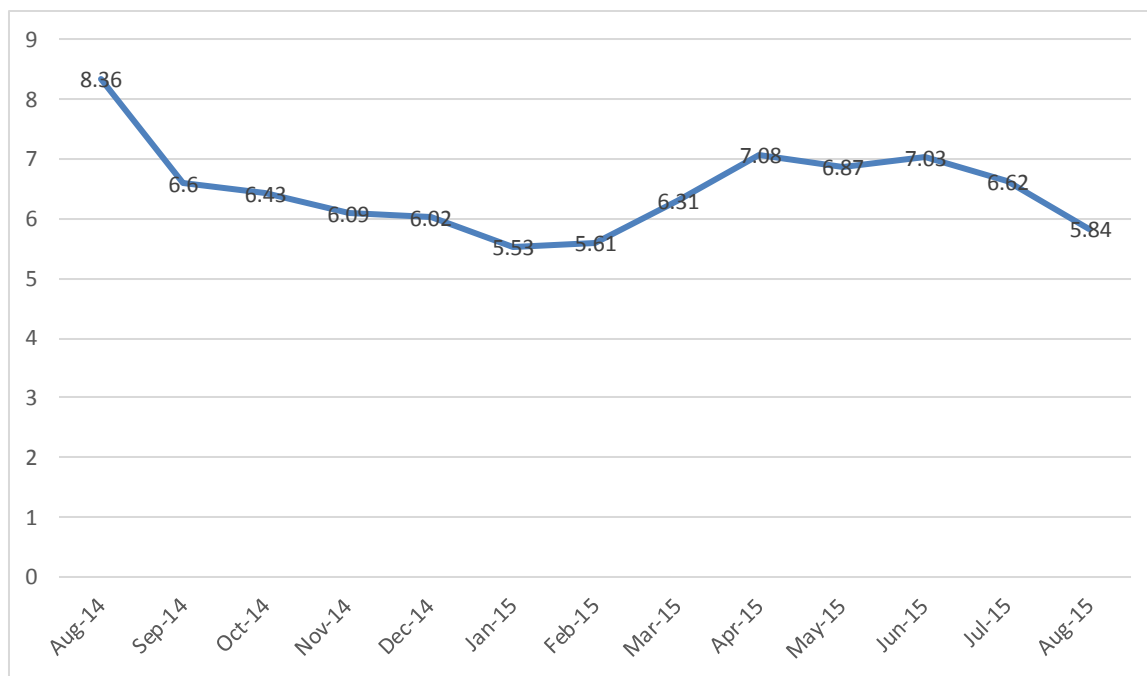
18. Inflation stood at 5.84 percent in August 2015 as compared to 8.36 percent registered in August 2014 according to Kenya National Bureau of Standards (KNBS) September, 2015 release. Inflation dropped from 6.62 percent in July to 5.84 percent in August 2015. According to CBK weekly releases in September, 2015, this decline is largely attributed to lower food and non-food non-fuel inflation. Food inflation declined to 9.4 percent in August 2015 from 11.4 percent in July 2015

due to lower prices of fresh produce. Non-food non fuel inflation reversed the upward trend since April 2015, declining marginally to 4.6 percent in August 2015 from 4.7 percent in July 2015.

19. Meanwhile, fuel inflation rose from 0.6 percent in July 2015 to 1.1 percent in August 2015 reflecting upward review of pump prices by the Energy Regulatory Commission. During this period, Housing, Water, Electricity, Gas and Other Fuels' Index, increased by 0.76 per cent. This was mainly attributed net cost increases in respect of cooking fuels and other household utilities. The cost of electricity consumption for instance, surged upwards due to increases in both fuel cost adjustment and foreign exchange charges per KWh of electricity consumed. Despite notable fall in the cost of diesel, the Transport Index increased by 1.42 per cent over the same period. This was mainly due to continued rise in the cost of petrol, fares and other transport costs.

20. Inflation rate remained below two digits for the twelve months between August 2014 and August 2015 as shown in Figure 3 below. This led to increase in consumption in the County as evidenced by high volumes of business operation in the County especially in Kisii Town which is now a 24 hour economy.

**Figure 3: Kenya's inflation rate trend in percentages**



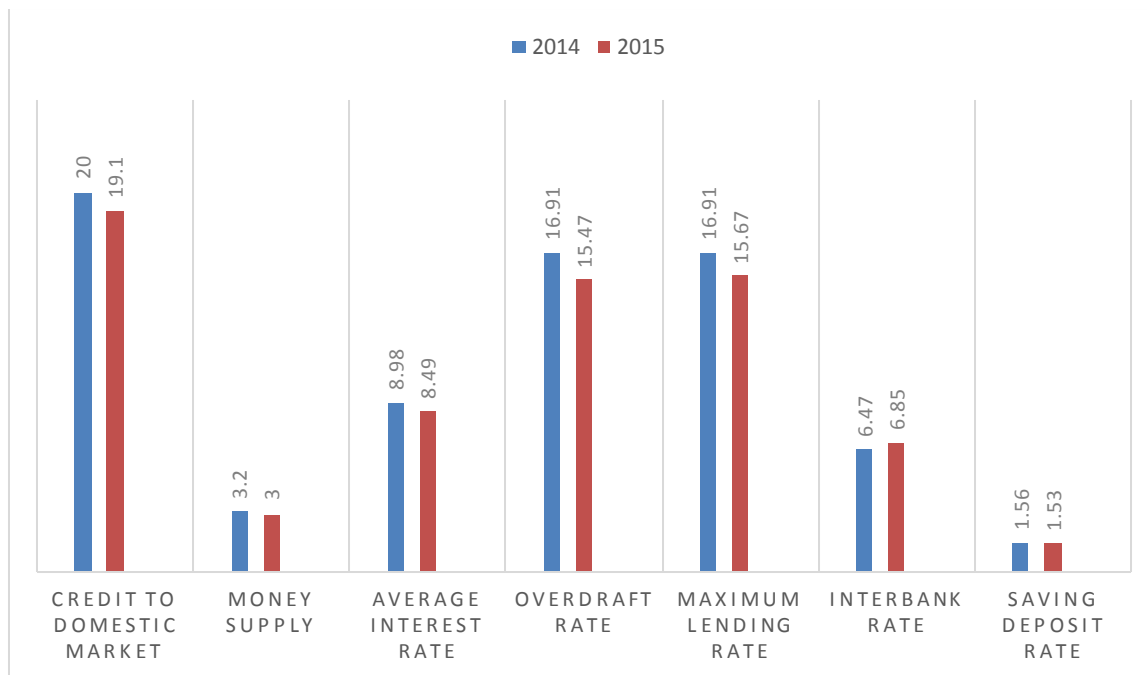
Source: KNBS website.

### 2.1.3 Financial Intermediation

21. According to KNBS-First Quarter 2015 GDP Release in June 2015, the sector recorded an improved growth of 9.1 per cent during the review period compared to 8.3 per cent in the same quarter of 2014. Credit from commercial banks to the domestic market rose by 19.1 per cent during the first quarter of 2015 compared to a growth of 20.0 per cent over the same period of 2014. Similarly, credit to the private sector expanded from KShs 1,561.6 billion in the first quarter of 2014 to KShs 1,884.0 billion during the same period of 2015, representing a growth of 20.6 per cent. Credit to the National Government increased by 13.3 per cent to KShs 558.4 billion during the first quarter of 2015 compared to the same period of 2014.
22. Broad money supply grew by 3.0 percent to KShs 2,398.8 billion in the first quarter of 2015 compared to a growth of 3.2 percent recorded in a similar period in 2014. During the first quarter of 2015, the average interest rate on 91-day Treasury Bills stood at 8.49 percent, compared to an average of 8.98 percent rate recorded in a similar period in 2014. Over the same period, the overdraft and maximum lending interest rates dropped from an average of 16.44 and 16.91 per cent to 15.47 and 15.67 per cent, respectively. The interbank rate rose marginally from an average of 6.47 per cent to 6.85 per cent, while the average savings deposit rate dropped from 1.56 per cent in the first quarter of 2014 to 1.53 per cent in the first quarter of 2015. . The decline in above rates could be attributed to the depreciation of the Kenyan shilling. The rates are illustrated in Figure 4.
23. The Monetary Policy Committee raised the Central Bank Rate (CBR) from 8.5 percent in January 2015 to 10.0 percent in June and then to 11.50 in July, 2015, in order to control the depreciation of the Kenyan currency against the dollar and other major currencies. This led to increase in lending rates from commercial banks which slowed private borrowing.



**Figure 4: Financial Intermediation in the first quarters of 2014 and 2015 in percentages**

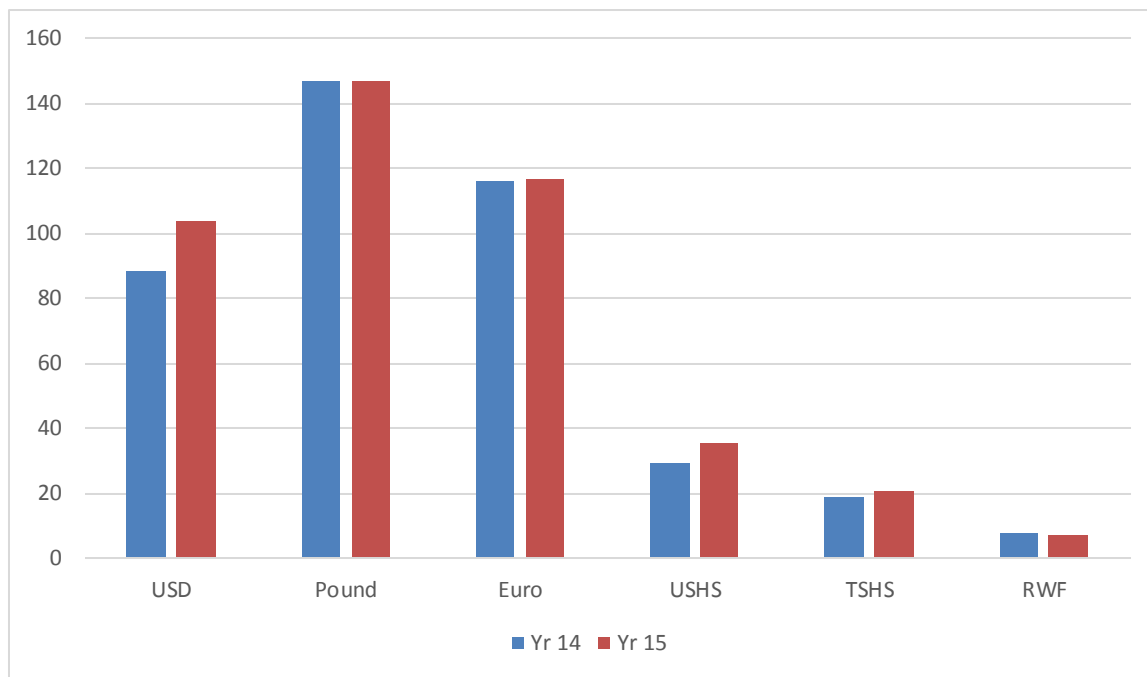


Source: KNBS June 2015

### 2.1.4 Exchange Rate

24. According to CBK weekly release in September 4, 2015, the Kenyan Shilling exchange rate displayed mixed performance against major international and EAC currencies. It appreciated by 1.42 percent against the Pound Sterling and 1.01 percent against the Euro but depreciated by 0.43 percent against the US Dollar and 0.61 percent against the Japanese Yen. In the EAC region it appreciated against the Uganda Shilling but depreciated against the rest of the currencies in the same period in 2014 as shown in the Figure 5.

**Figure 5: Kenyan Shilling Exchange Rate (September 2014 and 2015)**



Source: CBK website

25. The depreciation of the Kenyan currency has greatly affected tea and coffee market prices. Other business operations are equally affected like the construction industry that depends on the importation of materials. Other currencies were fairly stable.

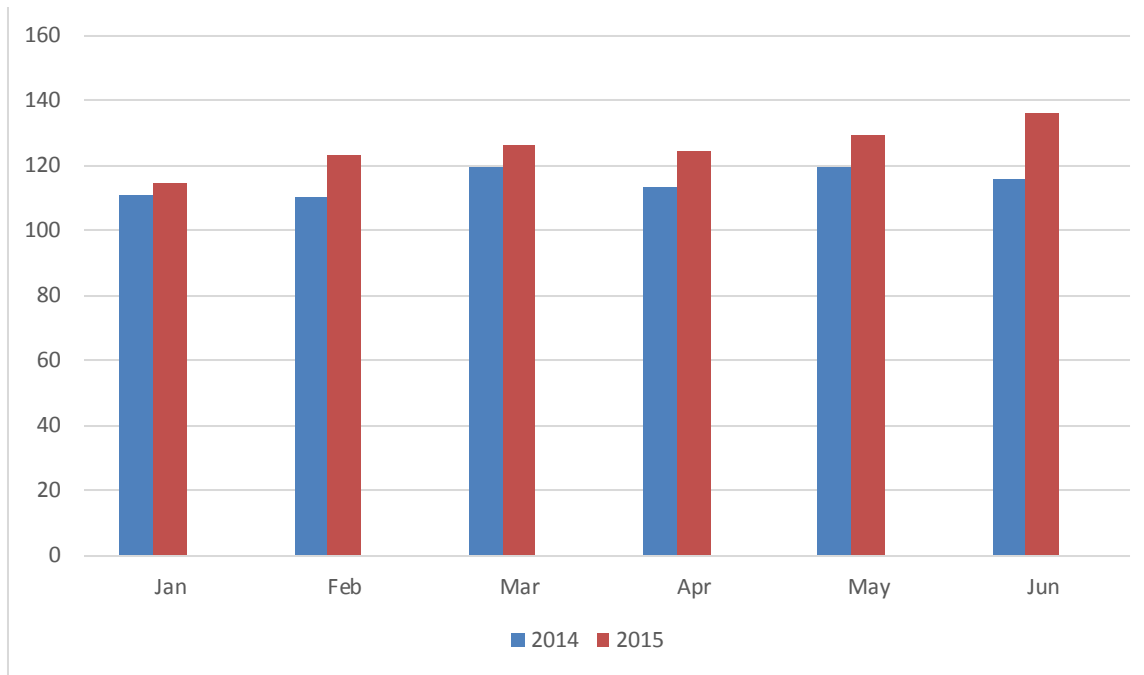
### 2.1.5 Remittances

26. Remittances inflows to Kenya according to CBK website picked up in the first half of 2015 by 9.2 percent from USD 690 in the first half of 2014 to USD 754 million in 2015. In June 2015, remittances inflows increased by 17.1 percent to USD 136 million compared to USD 116.1 million in June 2014 and increased by 5.3 percent when compared to inflows in May 2015. The increase was largely driven by flows from North America where many Kenyans reside and the Kenyan Constitution which allows for dual citizenship. This has encouraged Kenyans in the diaspora to own property in the country.

27. Remittances inflow from North America accounted for 49.3 percent of total inflows, having increased by 17 percent to USD 67.1 million in June 2015 from USD 57.3 million in May 2015. Over the same period, inflows from Europe decreased by 6.3 percent and those from the rest of the World by 1.2 percent.

28. The 12 month cumulative inflows to June 2015 increased by 10 percent to USD 1,492 million from USD 1,357 million in the year to June 2014. The 12 month average flow also sustained an upward trend to USD 124.3 million from USD 113.1 million during the same period as illustrated in the Figure 6 below.

**Figure 6: Remittance inflow in USD in millions in first half of 2014 and 2015**



*Source: CBK website*

29. A good percentage of the remittances trickle to the County due to many Kisii's in the Diaspora and their good culture of remitting to support the families they leave behind and to invest in the local market. This is evidenced by the money development witnessed in the County especially in the construction industry. According to CBK records, Kisii County is controlling over 50% of the money in circulation in the Western Part of Kenya. This is evidenced by the presence of all major banks and insurance companies in Kisii Town. The source of the money is attributed to the remittances since the County does not have major industries.

30. To encourage remittances in the County, the Diaspora has been advised to form a SACCO (Kisii County Diaspora SACCO) whose membership intends to be the Diaspora. The SACCO intends to manage their properties and investments. Some of the Diasporas have been swindled by their kinsmen in the past. This because the family members they often engage in managing their properties do not have adequate skills and necessary expertise required in managing investments.

The formation of the SACCO intends to not only benefit the Diasporas but the County Government as well. The SACCO intends to create a forum for the government to engage the diaspora in development activities through the platform for PPP.

## 2.2 Economic Risks

31. Although the growth of Kisii County economy is promising, it is still prone to risks both macro and micro. The macroeconomic management and performance of the sectors under the National Government has an effect on how the sectors of the County perform. The risks that affect the country's economy that intends to have an impact on the performance county economy include;

- i. The depreciation of the shilling against the major trading currencies like the Dollar is likely to affect imports of major industrial materials, motor vehicles, machineries and other accessories and medicine which are likely to impact the economy negatively.
- ii. The vulnerability to the Kenya's macroeconomic stability as a result of high current deficit has an effect on sustained economic growth. Low country's economic growth intends to have a negative impact on the growth of the county economy.
- iii. Agriculture being the back bone of the Kenyan economy, the anticipated El Nino rains are likely to slow down production and affect transportation through destruction of key infrastructures like roads and bridges hampering transportation of agricultural produce to the factories and markets.

32. Public expenditure pressures especially recurrent expenditures pose fiscal risks. It affects both the National and County Governments. In Kisii County for instance, personnel emolument takes 39 percent of the FY 2015/2016 budget against the recommended 35 percent. The County Government should, therefore, restrain from further employment except in technical areas like health. The high wage bill is attributed to many staff inherited from the defunct local authorities. The current total recurrent budget, though, takes 59 percent of the budget which is within the recommended threshold of 70 percent.

33. To spur economic growth, there is need for the government to increase funding in the following Key priority areas: infrastructure development especially roads, Health care, Water reticulation and Environmental management, Social protection and Economic development which include projects in agricultural sector.

34. Although agriculture is the main driver of the county economy it is faced with unreliable weather patterns and, therefore, greater attention needs to be given and structures put in place to address overreliance of rain fed production. To address the issue of food insecurity in the county, funds have been allocated in the following areas: greenhouse promotion, dry feeds promotion, AI promotion, local chicken promotion, fish production and tissue culture bananas promotion.
35. To counter the effects of El Nino rains, the National Government has already set aside funds to take care of damages and the County government is expected to do the same to supplement the National Government through the emergency fund. This intends to ensure a smooth transition.

## CHAPTER THREE

### 3.0 REVIEW OF FISCAL PERFORMANCE IN 2014/2015

#### 3.1 Overview

36. The fiscal performance in 2014/15 was mainly affected by challenges of not realizing the projected revenues and mounting expenditure pressures. The County Government anticipated receiving **KShs. 6,189,525,352** as equitable share, **KShs. 83,358,274** as conditional share for Kisii Teaching and Referral Hospital **KShs 20,570,000** from DANIDA and **KShs. 630,000,000** as local revenue. Whereas the conditional share for level and revenue for DANIDA was entirely released to the County Government only **KShs. 5,601,909,155** was released from the equitable share. In addition the County collected **KShs.305, 553,548** from local sources against a target of **KShs. 630,000,000** which translates to 49 percent of the target. As a result, the County Government was not able to implement some of the planned projects and programmes.
37. The County Assemblies country wide filed a court case challenging the Commission of Revenue Allocation's powers of recommending budget ceilings for recurrent expenditure for both executives and County Assemblies. This forced the County Government to operate on vote-on-account basis meaning the county government could only pay for salaries and essential services. It was not until November 2014 that the budget was finally approved and thus delaying the implementation of planned programmes and projects.
38. In the FY 2013/14, the County Government received **KShs.4,847,032,286** comprising both the equitable share and revenue from local sources against a budget of **KShs.6,553,453,026** leaving a balance of **KShs.1,706,420,740** not disbursed. However, the National Treasury recovered **KShs.332,595,294** from the equitable share due to Kisii County Government to defray personnel emoluments of staff performing devolved functions, leaving a balance of **KShs.1,299,350,960** as the County did not receive **KShs.74,474,486** for LATF, and did not realize the target local revenue. The National Government, therefore, owed Kisii County **KShs.898, 877,343** as at the close of FY 2013/14. Departments made commitments to procure goods and services based on the budget and this has resulted to unpaid bills. The accrued pending bills were paid off by the allocations for FY 2014/015. Table 1 gives an analysis of the revenue for the FY 2013/2014.

**Table 1: Revenue Analysis for 2013/14**

Revenue Source	2013/2014		Deviation (Actual less Budget)	% Deviation
	Budget(KShs)	Actual Receipts (KShs)		
Equitable share	5,188,303,957	4,432,389,185	(755,914,772)	15
Revenue from local sources	654,720,252	254,246,635	(400,473,617)	61
Conditional share-ongoing projects	424,798,650	0	(424,798,650)	100
LATF (service and performance components)	74,474,486	0	(74,474,486)	100
Conditional share-Kisii Level 5	211,155,681	160,396,466	(50,759,215)	24
<b>TOTAL</b>	<b>6,553,453,026</b>	<b>4,847,032,286</b>	<b>(1,706,420,740)</b>	<b>26</b>

### 3.2 Fiscal Performance for 2014/15 Financial Year

#### 3.2.1 Revenue

39. In the FY 2014/2015, the County estimated revenue was KShs.7.4 billion comprising of revenue from local sources, equitable share from the national government, DANIDA and conditional share for Kisii Teaching and Referral Hospital as analyzed in Table 2 below.

**Table 2: Revenue Analysis for 2014/15**

Revenue Source	2014/2015		Deviation (Actual less Budget)	% Deviation
	Budget(KShs)	Actual Receipts (KShs)		
Equitable share	6,189,525,352	5,601,909,155	587,616,197	9.86%
Revenue from local sources	630,000,000	305,553,548	324,446,452	51.50%
unreleased balances	526,107,259	526,107,259	0	0.00%
DANIDA	20,570,000	20,570,000	0	0.00%
Conditional share-Kisii Level 5	83,358,274	83,358,274	0	0.00%
<b>TOTAL</b>	<b>7,449,560,885</b>	<b>6,537,498,236</b>	<b>912,062,649</b>	<b>12.69%</b>

Source: Kisii County Treasury.

40. Revenue collected from local sources amounted to **KShs.305, 553,548** against the revised estimates of **KShs.630, 000,000** reflecting a short fall of **KShs. 324, 446,452**.This represents 49.5% of the projected revenue. The major factors behind the revenue shortfall are attributed to leakages as result of weak enforcement mechanisms and narrow revenue base.

41. The County Government received **KShs.6, 537,498,236** comprising of the equitable share, revenue from DANIDA and from local sources against a budget of **KShs.7, 449,560,885** leaving a balance of **KShs. 912,062,649** which was not realized.
42. In terms of financing County operations, total Exchequer releases from the National Government from 1<sup>st</sup>July 2014 – 30<sup>th</sup> June 2015 amounted to **KShs.6,537,498,236** comprising of **KShs.4,308,943,063** and **KShs.2,228,555,174** for development and recurrent expenditure respectively. Table 3 below presents total Exchequer releases from the National Government.

**Table 3: Recurrent and Development Exchequer releases for the FY 2014/2015**

DATE OF RELEASE	RECURRENT	DEVELOPMENT	TOTAL
	(KShs)	(KShs)	(KShs)
July	0.00	0.00	0.00
07-Aug-14	299,345,000.00	0.00	299,345,000.00
25-Aug-14	263,000,000.00	0.00	263,000,000.00
16-Sep-14	431,500,000.00	358,500,000.00	790,000,000.00
29-Oct-14	336,205,375	124,500,000.00	460,705,375.00
18-Nov-14	50,000,000	101,243,265.00	151,243,265.00
27-Nov-14	359,397,396	120,007,430.00	479,404,826.00
10-Dec-14	10,285,000	0.00	10,285,000.00
20-Dec-14	331,743,118	216,257,652.00	548,000,770.00
12-Jan-15	324,000,000	223,000,000.00	547,000,000.00
13-Feb-15	450,000,000	144,000,000.00	594,000,000.00
20-Mar-15	400,000,000	230,000,000.00	630,000,000.00
06-May-15	374,514,000.00	230,000,000.00	604,514,000.00
03-Jun-15	394,885,000	188,115,000.00	583,000,000.00
24-Jun-15	284,068,174	292,931,826.00	577,000,000.00
<b>TOTAL</b>	<b>4,308,943,063.00</b>	<b>2,228,555,173.00</b>	<b>6,537,498,236.00</b>

Source: Kisii County Treasury, June 2015.

43. The deviations between the budget estimates and actual collections in the local revenue are illustrated in Table 4 below.



**Table 4: Local Revenue Outturns for FY2014/15**

ITEM	REVISED BUDGET(KShs) ) A	ACTUAL RECEIPTS (KShs) b	DEVIATION((b-a)	DEVIATION %
1-1201 CILOR Current Year	40,000,000	-	(40,000,000)	100%
1-2101 Property rates	140,000,000	11,096,490	(128,903,510)	92%
Property rates arrears	55,200,000	-	(55,200,000)	100%
1-2104 Other Property Charges	6,500,000	-	(6,500,000)	100%
1-2201 Business Permits Current Year	68,300,000	54,951,740	(13,348,260)	20%
1-2202 Business Permits Penalties	11,500,000	-	(11,500,000)	100%
1-2301 Cess	32,000,000	6,633,427	(25,366,573)	79%
1-2501 Ground Rent - Current Year	7,000,000	-	(7,000,000)	100%
1-3103 Plot Transfer Fee	7,000,000	126,335	(6,873,665)	98%
1-3105 Miscellaneous income	7,000,000	9,516,879	2,516,879	-36%
1-3106 Isolation Fee (Surcharge on Business Permit)	5,000,000	931,100	(4,068,900)	81%
1-3201 Ambulant Hawkers Licenses	1,000,000	-	(1,000,000)	100%
1-3203 Impounding Charges	700,000	223,880	(476,120)	68%
1-3301 Sand, Gravel, and Ballast Extraction Fees	2,000,000	-	(2,000,000)	100%
1-3302 Quarry Extraction Fees	2,000,000	-	(2,000,000)	100%
1-3401 Sale of Old Vehicles & Machinery	5,000,000	-	(5,000,000)	100%
1-3402 Sale of Old Office Equipment and Furniture	3,000,000	-	(3,000,000)	100%
1-3501 County Premises Monthly Rent (Offices, etc.)	2,000,000	-	(2,000,000)	100%
Registration of schools	-	19,400	19,400	
1-3512 County Premises Occasional Hire (Offices, etc.)	4,600,000	-	(4,600,000)	100%
1-5101 Market Entrance / Gate Fee	74,400,000	63,115,780	(11,284,220)	15%
1-5102 Market Plots Rent	11,000,000	6,124,748	(4,875,252)	44%
1-5103 Market Shops Rent	5,000,000	4,333,300	(666,700)	13%
1-5104 Market Kiosks Rent	10,000,000	1,345,620	(8,654,380)	87%
1-5106 Market Shelters Fee	4,000,000	-	(4,000,000)	100%
1-5201 Enclosed Bus Park Fee	18,500,000	47,366,580	28,866,580	-156%

1-5211 Other Vehicles Enclosed Park Fees	12,000,000	24,433,420	12,433,420	-104%
1-5221 Street Parking Fee	4,500,000	17,569,150	13,069,150	-290%
1-5225 Clamping Fee	2,500,000	~	(2,500,000)	100%
1-5226 Towing Fee	500,000	~	(500,000)	100%
1-5227 Storage Fee	500,000	~	(500,000)	100%
1-5228 Clamping Tampering Fee	2,500,000	~	(2,500,000)	100%
1-6301 Social Hall Hire	2,000,000	~	(2,000,000)	100%
1-6311 Stadium Hire	6,000,000	~	(6,000,000)	100%
1-8401 Slaughtering Fee	500,000	38,750	(461,250)	92%
1-8402 Hides & Skins Fee	600,000	~	(600,000)	100%
1-9101 Beacon Search Pointing Fee	200,000	~	(200,000)	100%
1-9102 Survey Fee	500,000	~	(500,000)	100%
1-9112 Buildings Plan Approval Fee	5,000,000	9,510,327	4,510,327	-90%
1-9113 Buildings Inspection Fee	2,000,000	~	(2,000,000)	100%
1-9132 Sign Boards & Advertisement Fee	10,000,000	20,477,268	10,477,268	-105%
1-9201 Fire compliance certificate	5,500,000	6,475,105	975,105	-18%
Hire of plant and machinery and equipment	20,000,000	~	(20,000,000)	100%
Devolved function revenues	32,500,000	21,264,248.65	(11,235,751)	35%
<b>TOTAL</b>	<b>630,000,000</b>	<b>305,553,547.65</b>	<b>(324,446,452)</b>	<b>51%</b>

Source: Kisii County Treasury

### 3.2.2 Recurrent/Development Expenditures

**Table 5: Recurrent Expenditure Analysis FY 2014/15**

Sector	Budget Estimates	Exchequer Releases	Actual Expenditure	Deviation	Deviation %
	(a)	(b)	(c)	(b-c)	
County Assembly	641,612,651	612,606,191	610,106,191	2,500,000	0.41%
County Executive	215,600,899	190,672,186	190,672,186	0	0.00%
County Administration	504,180,023	462,465,901	445,470,062	16,995,839	3.68%
Public Service Board	40,579,330	33,125,308	27,389,939	5,735,369	17.31%
Finance and Planning	881,389,826	762,369,990	742,369,990	20,000,000	2.62%
Agriculture	258,646,127	248,754,852	248,754,852	0	0.00%
Health Services	1,372,775,347	1,366,714,336	1,357,985,061	8,729,275	0.64%
Environment	113,443,725	102,598,990	102,598,990	0	0.00%
Education and Youth	215,958,287	210,976,354	210,976,354	0	0.00%
Lands	72,021,191	64,182,151	64,182,151	0	0.00%
Trade Development	41,493,590	38,003,784	38,003,784	0	0.00%
Public Works	125,407,646	118,165,174	118,165,174	0	0.00%
Culture	46,448,976	42,257,813	37,179,976	5,077,837	12.02%
Kisii Town	60,845,382	56,050,032	55,449,958	600,074	1.07%
<b>Total</b>	<b>4,590,403,000</b>	<b>4,308,943,062</b>	<b>4,249,304,668</b>	<b>59,638,394</b>	<b>1.38%</b>

Source: Kisii County Treasury

44. Recurrent expenditure amounted to KShs.4, 249,304,668 against exchequer releases of KShs.4, 308,943,062 representing an overall under-spending of KShs.59, 638,394. The overall under spending is 1.38 percent of total exchequer releases.

**Table 6: Development Expenditure Analysis FY 2014/15**

Item	Budget Estimates	Exchequer Releases	Actual Expenditure (KShs)	Deviation	% deviation
	(a)	(b)	(c)	(b-c)	
County Assembly	0	0	0	0	0
County Executive	35,000,000	24,500,000	24,500,000	0	0
County Administration	52,000,000	52,000,000	46,000,000	6,000,000	11.53
Finance and Planning	446,648,044	420,349,839	420,349,839	0	2.37
Agriculture	128,242,342	94,742,342	79,742,342	15,000,000	15.83
Health Services	479,117,499	319,947,136	349,615,254	-29,668,118	-9.27
Environment	153,900,000	42,488,500	41,488,500	1,000,000	2.35
Education and Youth	284,500,000	221,150,000	228,650,000	-7,500,000	-3.39

Lands	165,000,000	114,000,000	114,000,000	0	0
Trade Development	106,000,000	75,500,000	75,500,000	0	0
Public Works	885,000,000	782,377,357	784,940,572	-2,563,215	-0.32
Culture	102,250,000	71,000,000	79,882,917	-8,882,917	-12.51
Kisii Town	21,500,000	10,500,000	10,500,000	0	0
<b>Total</b>	<b>2,859,157,885</b>	<b>2,228,555,174</b>	<b>2,255,169,424</b>	<b>-26,614,250</b>	<b>-1.19</b>

Source: Kisii County Treasury

45. Development expenditure incurred amounted to **KShs.2, 255,169,424** compared to exchequer releases of **KShs.2, 228,555,174**. This represented an over-spending of **KShs.26,614,250** (or 1.2 percent deviation from the released development expenditure). The analysis of the expenditure per project/programme is presented in annex 1.

46. During the FY 2014/15 the County operated on a vote on account based on the budget presented to the County Assembly on 30<sup>th</sup> April 2014. Some of the votes were budgeted under development but were changed to recurrent in the approved budget this is what led to the ‘under spending’ in recurrent and ‘overspending’ in development.

47. **KShs.33, 024,144** was returned to National Treasury due to lack of documentation i.e. Sombogo Tea Factory where **KShs.15, 000,000** was requisitioned but could not be spent.

48. It is important to note that although the County spent **KShs.2,255,169,423** on the development budget, implementation of development projects started late due to a court case filed by the Members of County Assemblies countrywide challenging the ceilings as was provided by the Commission of Revenue Allocation that delayed the approval of the budget by the Controller of Budget.

### 3.3 Implications of 2014/15 Fiscal Performance on 2015/16 and the Medium Term

49. The fiscal performance in the FY 2014/15 has affected the financial objectives set out in the February 2015 CFSP and the Budget for FY 2015/16, in that we were unable to realize our projected local revenue. This has led to existence of pending bills for some works that had been contracted based on the projections. The County Government intends to continue to put mechanisms of enhancing local revenue to bridge the gap both in the short and long term. The County Government intends to also give priorities to payment of pending bills.

50. In the FY 2015/16 and over the medium term the County Government intends to embrace prudent financial management where spending units should take responsibility and account for resources allocated to them and exercise fiscal discipline.

## CHAPTER FOUR

### 4.0 RESOURCE ALLOCATION FRAMEWORK

#### 4.1 Adjustment to 2015/2016 Budget

51. In view of the issues that were noted in the implementation of 2014/2015 budget, several adjustments have been undertaken in the 2015/2016 budget. These adjustments are key to the County performance in the MTEF period.

52. For the County Government to realize its targeted local revenue, KShs.70 million has been set aside for the automation of all revenue collection. This is meant to improve revenue collection in the FY 2015/2016 onwards. Furthermore, the Finance Bill 2015 has been prepared in consultation with all the stakeholders and is expected to raise more local revenue.

53. The Department of Finance and Economic Planning through Treasury Circular No. 3 of 2015 on Budget Preparation guidelines, has instructed departments to ensure that they strictly adhere to budget.

54. The County Government has rationalized expenditures based on seven priority areas in FY 2015/2016, Resources will be directed to these County strategic priority areas as stipulated in the CIDP and in the subsequent Annual Development Plans (ADPs).

55. The County Government has allocated KShs. 50 million for County Emergency Fund which intends to be utilized as per the criteria specified in Section 110 of the PFM Act 2012 and subsequent legislations passed by the County Assembly.

56. Financial management has been strengthened through the Integrated Financial Management Information System (IFMIS) platform at the County Headquarters. This intends to be rolled out to departments as well as Sub Counties. This is expected to accelerate reforms in the County expenditure management system in line with the fiscal responsibility principles.

57. To enhance human capital productivity in the County, the County Public Service Board intends to rationalize and train staff so as to match competence with skills. The County intends to only hire critical personnel for essential services.

#### 4.2 Medium-Term Expenditure Framework

58. In view of the macroeconomic outlook, the 2016/2017 MTEF budget will entail directing resources to priority areas. The CIDP (2013-2017) intends to guide resource allocation, going

forward. In addition, the 2016/2017 ADP and 2016/2017 CFSP intends to form the basis for budget preparation and planning.

59. To achieve the required County economic growth and realize the County vision of prosperity for All, a set of five County strategic priorities have been identified in the ADP 2015 as follows:

- Infrastructure Development;
- Health Care;
- Water Reticulation and Environmental Preservation;
- Social protection;
- Economic Development.

60. The County strategic priority of Infrastructure development is the driver of the County economy and reflects the County Government's commitment in improving infrastructure at the county and was also identified as a key priority in the ADP 2014. The County Government intends to invest in infrastructural facilities which consist of Roads; Transport; Public Works; Energy; Sewerage System; Market Development and Information and Communications Technology (ICT) programmes.

61. Health care is another strategic priority whose overall goal is to provide efficient and high quality health care system that is accessible, equitable and affordable for every person in the County. To realize the above, the priority area has been allocated KShs. 2,696,832,832 in the current FY 2015/2016.

62. The strategic priority of Water Reticulation and Environmental Preservation overall goal is to provide sustainable access to clean and safe drinking water and preservation of the environment as set out in the Sustainable Development Goals (SDGS) and the Kenya Vision 2030. The County Government intends to achieve this through protection of more springs, drilling of boreholes, rehabilitation and construction of water schemes. The key emphasis will be on water schemes.

63. The strategic priority of Social protection is made up of the following five inter-related sub-sectors, namely: Education; Gender; Children and Social Development; National Heritage and Culture; Youth Affairs and Sports. However, most of these are not fully devolved. In the Education Sector the County Government, intends to prepare and equip the youth, by ensuring all school age going children are enrolled, and the school curriculum is implemented to the full. This will be done by ensuring that all ECD schools are adequately staffed and that the learning facilities are adequately equipped. Bursaries will continue to be provided for school children from poor households with

special emphasis on the girl child. A County Social Protection Fund (NHIF cover) intends to continue in the plan period benefitting at least 800 beneficiaries per ward. The County Government intends to work in collaboration with the National Government in ensuring that this priority area is implemented.

64. The last strategic priority which is Economic Development constitutes programmes in Crop Production, Livestock Development and Fisheries, Agribusiness and value addition, Veterinary Services, Agricultural Engineering Services, Trade and Tourism Development. To realize the County vision of prosperity for all, promotion of food security, generation of farm income and creation of farm and off farm rural employment intends to be a priority of the agricultural sector during the plan period. Information management for agricultural sector where the County is developing markets and products will be intensified. Extension services will be enhanced through integrated efforts to improve both crop and animal husbandry. To improve farm produce marketing, the County intends to mobilize resources and create an enabling environment for nurturing potential informal sector entrepreneurship, provide technical assistance to farmers within the County.

65. Based on the above medium-term expenditure framework, Table 7 provides the estimates for FY 2015/2016 and tentative projected ceiling estimates for the 2016/2017 – 2017/2018 MTEF period classified by sector.

**Table 7: Total Sector Estimates for MTEF FY 2015/16**

SECTOR	ESTIMATES 2015/16		PROJECTIONS 2016/17		PROJECTIONS 2017/18	
	Recurrent	Development	Recurrent	Development	Recurrent	Development
County Assembly	713,649,293	0	834,630,689	0	868,015,917	0
County Executive	369,785,884	0	432,473,836	0	449,772,789	0
County Administration	529,829,404	130,000,000	619,648,734	171,034,855	644,434,683	177,876,249
County Public Service Board	54,545,000	0	63,791,741	20,000,000	66,343,411	20,800,000
Finance and Planning	691,531,390	180,500,000	808,763,249	237,475,318	841,113,779	246,974,330
Agriculture	267,372,760	151,800,000	312,699,127	199,716,084	325,207,092	207,704,728
Health Services	1,805,902,100	890,930,732	2,112,047,653	1,172,155,450	2,196,529,560	1,219,041,668
Energy, Water and Environment and Natural Resources	141,090,592	449,000,000	165,008,975	590,728,076	171,609,334	614,357,199
Education and Youth	315,430,804	478,750,000	368,904,211	629,868,745	383,660,379	655,063,494
Lands and Physical Planning	84,540,088	206,500,000	98,871,746	271,682,289	102,826,616	282,549,580
Trade Development	60,551,862	157,500,000	70,816,916	207,215,305	73,649,593	215,503,917
Public Works	138,578,036	784,100,000	162,070,478	1,031,603,306	168,553,297	1,072,867,438
Culture and Social Services	65,908,840	215,500,000	77,082,036	283,523,163	80,165,318	294,864,090
Kisii Town	62,580,937	19,000,000	73,189,970	24,997,402	76,117,569	25,997,298
<b>Total</b>	<b>5,301,296,990</b>	<b>3,663,580,732</b>	<b>6,199,999,362</b>	<b>4,819,999,992</b>	<b>6,447,999,336</b>	<b>5,033,599,992</b>

Source: County Treasury July 2015

66. Table 6 shows that development estimates for FY 2015/2016 stands at KShs.3.7 billion and is projected to be KShs.4.8 billion as indicated in the ADP 2015 and KShs.5.0 billion in the FY 2017/2018. On the other hand, recurrent budget estimates for the FY 2015/2016 stands at KShs.5.3 billion and is projected to increase to KShs.6.2 billion as indicated in the ADP 2015 and KShs.6.4 billion in FY 2017/2018 MTEF period.

#### 4.3 Budget Framework for FY 2015/2016

67. The 2015/16 budget framework was guided by the issuance of budget guidelines, ADP 2014 and CFSP 2015 in line with fiscal responsibility principles as set out in the constitution 2010, the PFM Act 2012, County Government Act 2012.



68. Furthermore, CIDP, the Debt Strategy Paper and Circulars issued by the Controller of Budget (COB) and Commission on Revenue Allocation (CRA) also informed the preparation of the 2015/2016 budget.

#### **4.4 Revenue Projections**

69. The 2015/16 budget target to raise KShs. 700 million from local sources and KShs. 7.1 billion is expected from the National Government. The County Government is to receive KShs. 23 million from DANIDA to support the health sector, KShs. 339 million conditional share for Kisii Level Five, KShs. 138 million as Conditional allocation for free maternal healthcare and KShs. 54 million for leasing of medical equipment. Therefore, overall revenues for the County Government are expected to be Ksh8.9 billion.

#### **4.5 Expenditure Forecasts**

70. In FY 2015/2016, overall expenditures are estimated at **KShs. 8,964,877,722** up from **KShs. 7,449,560,885** in the FY 2014/2015 budget representing 20 percent increase.

71. Recurrent expenditures are expected to increase to **KShs. 5,301,296,990** in FY 2015/2016 from **KShs. 4,590,403,000** in FY2014/2015, this translate to an increase of 15 percent. Additionally, development expenditures are also expected to increase to **KShs. 3,663,580,732** in FY2015/2016 from **KShs. 2,859,157,885** in FY 2014/2015 translating to an increase of 29 percent.

72. The wage bill for the County Government in FY 2015/2016 is estimated at **KShs.3,448,623,481** as compared to **KShs. 3,026,163,236** in FY 2014/2015. This is expected to increase slightly in the MTEF period, as a result of new recruitment especially in health, in both ECD and vocational training and in enforcement department.

73. Expenditure estimates for Operations and Maintenance in FY 2015/2016 amounts to **KShs.1,852,673,549** up from **KShs. 1,434,341,225** in FY 2014/2015.

#### **4.6 Conclusion and Way Forward**

74. To enhance revenue collection the County Government should map out all the potential revenue streams and fast track the automation of revenue collection. All the stakeholders should be involved in the preparations of the Finance Bill.
75. Going forward, there should be strict adherence to the budget and the County Government should form the Budget and implementation Committee whose role is to monitor and evaluate the implementation of budget.
76. The County Government should adopt e-procurements in all departments based on the procurement plan, annual work plans and budgets. Variations of contracts should be in line with Procurement rules and regulations as provided by the Public Procurement Oversight Authority (PPOA). In addition, all contracts should be awarded subject to availability of funds.
77. The departments should be fully in charge of their respective implementation of their budget allocations.
78. To improve on the absorption of funds, the exchequer releases must be timely. The application of funds from the exchequer should be based on annual work plans and budget.

## Annex 1: Expenditure Analysis per Project/Programme FY 2014/2015

KISII COUNTY GOVERNMENT			
DEVELOPMENT EXPENDITURE			
FY 2014/2015			
DEPARTMENT	BUDGET(KShs)	EXPENDITURE KShs)	BALANCE
<b>1. COUNTY EXECUTIVE - OFFICE OF THE GOVERNOR AND DEPUTY GOVERNOR</b>			
Construction of County headquarter offices	27,000,000	22,500,000	4,500,000
Installation of ip surveillance (CCTV) and security access control system at Governor's office building	5,000,000	1,000,000	4,000,000
Establishment of enterprise county GIS unit for county central planning functions	3,000,000	1,000,000	2,000,000
SUB TOTAL	<b>35,000,000</b>	<b>24,500,000</b>	<b>10,500,000</b>
<b>2. COUNTY ADMINISTRATION</b>			
Construction of Sub counties and Ward offices	50,000,000	43,000,000	7,000,000
Installation of Communication network with Sub -County offices	2,000,000	3,000,000	-1,000,000
SUB TOTAL	<b>52,000,000</b>	<b>46,000,000</b>	<b>6,000,000</b>
TOTAL COUNTY EXECUTIVE	<b>87,000,000</b>	<b>70,500,000</b>	<b>16,500,000</b>
<b>3. FINANCE AND ECONOMIC PLANNING</b>			
Ongoing Projects	395,348,044	395,348,044	-
Revenue Collection and management Systems and ICT Equipment	7,500,000	-	7,500,000
SUB TOTAL	<b>402,848,044</b>	<b>395,348,044</b>	<b>7,500,000</b>
<b>COUNTY ICT</b>			
Fiber Network Interconnection at Headquarters	4,000,000	2,000,000	2,000,000
Installation of County Domain (active directory) and resource sharing System	3,000,000	1,201,417	1,798,583
Installation of county IP Telephony (Unified Communication System) to all departments Sub - County and Video Conferencing	4,000,000	3,366,590	633,410
Installation of Broadband Network Infrastructure at County Headquarters	5,000,000	5,000,000	-
Installation of video broadcasting for assembly proceedings	5,000,000	5,000,000	-
Initial infrastructure for County Data Centre/ Application Server room	4,000,000		4,000,000
Installation of Network Security, Management and Monitoring solution	4,800,000	-	4,800,000
installation of LAN at Ministry HQ	10,566,213	5,000,000	5,566,213
Purchase and installation of servers and backup equipment	3,433,787	3,433,787	-
SUB TOTAL	<b>43,800,000</b>	<b>25,001,794</b>	<b>18,798,206</b>
TOTAL FINANCE AND ECONOMIC PLANNING	<b>446,648,044</b>	<b>420,349,838</b>	<b>26,298,206</b>
<b>4. AGRICULTURE</b>			
<b>HEADQUARTERS</b>			
Revitalization of co-operatives	3,000,000	3,000,000	-

Promotion of irrigation and drainage development	4,000,000	4,000,000	-
Sombogo Tea Factory	30,000,000		30,000,000
Development of e-agriculture applications for outreach and awareness	4,000,000	3,000,000	1,000,000
SUB-TOTAL	<b>41,000,000</b>	<b>10,000,000</b>	<b>31,000,000</b>
LIVESTOCK			
Purchase of Animals and Breeding Stock	9,000,000	9,000,000	-
Dairy improvement	3,000,000	3,000,000	-
SUB-TOTAL	<b>12,000,000</b>	<b>12,000,000</b>	<b>-</b>
FISHERIES			
Construction of fish multiplication centers, stores and Aqua shops	7,500,000	7,500,000	-
Purchase of Boilers, Refrigeration and Air-conditioning Plant	2,000,000	-	2,000,000
Construction of fish ponds vulnerable groups	3,000,000	3,000,000	-
Purchase of fish fingerlings	4,000,000	4,000,000	-
Purchase of fish feed	2,500,000	2,500,000	-
SUB-TOTAL	<b>19,000,000</b>	<b>17,000,000</b>	<b>-</b>
AGRICULTURE			
Construction of Satellite Cereals Depots	3,000,000	3,000,000	-
Value chain development	10,000,000	5,000,000	5,000,000
Provision of Farm Inputs Package to 100 farmers per ward	10,000,000	5,000,000	5,000,000
SUB-TOTAL	<b>23,000,000</b>	<b>13,000,000</b>	<b>10,000,000</b>
KISII –ATC			
Construction of civil works(roads and drainage)	1,000,000	1,000,000	-
Overhaul of Water Supply and Sewerage	1,500,000	1,500,000	-
Purchase of Animals and Breeding Stock	1,000,000	1,000,000	-
SUB-TOTAL	<b>3,500,000</b>	<b>3,500,000</b>	<b>-</b>
VETERINARY			
Artificial Insemination Programme	15,000,000	9,500,000	5,500,000
Management of zoonotic diseases and livestock vaccination programmes	5,000,000	5,000,000	-
Purchase of Veterinary Equipment	9,742,342	9,742,342	-
SUB-TOTAL	<b>29,742,342</b>	<b>24,242,342</b>	<b>5,500,000</b>
TOTAL AGRICULTURE	<b>128,242,342</b>	<b>79,742,342</b>	<b>48,500,000</b>
5. ENERGY, WATER ENVIRONMENT AND NATURAL RESOURCES			
FORESTRY			
Seedlings Production in wards	1,000,000	1,000,000	-
Tree Planting in wards	2,000,000	2,088,500	-88,500
SUB-TOTAL	<b>3,000,000</b>	<b>3,088,500</b>	<b>-88,500</b>
POLLUTION AND WASTE MANAGEMENT			
Waste Management	5,000,000	4,000,000	1,000,000
SUB-TOTAL	<b>5,000,000</b>	<b>4,000,000</b>	<b>1,000,000</b>

WATER			
<b>Boreholes</b>	30,000,000	18,000,000	12,000,000
<b>water tanks</b>	3,400,000	3,400,000	-
<b>Ward Projects(springs)</b>	112,500,000	13,000,000	99,500,000
SUB-TOTAL	<b>145,900,000</b>	<b>34,400,000</b>	<b>111,500,000</b>
TOTAL ENVIRONMENT	<b>153,900,000</b>	<b>41,488,500</b>	<b>112,411,500</b>
<b>6. EDUCATION</b>			
HEADQUARTERS			
<b>Education forum</b>	20,000,000	20,000,000	-
<b>Education promotion</b>	7,000,000	7,000,000	-
<b>Bursaries</b>	135,000,000	135,000,000	-
SUB-TOTAL	<b>162,000,000</b>	<b>162,000,000</b>	-
EARLY CHILDREN DEVELOPMENT			
<b>construction of 2 ECD classrooms in wards</b>	60,000,000	37,500,000	22,500,000
<b>Purchase of teaching and Learning materials</b>	13,500,000	2,900,000	10,600,000
SUB -TOTAL	<b>73,500,000</b>	<b>40,400,000</b>	<b>33,100,000</b>
YOUTH POLYTECHNIC			
<b>Construction of classrooms and workshops in wards</b>	45,000,000	26,250,000	18,750,000
<b>equipment for Youth Polytechnics</b>	4,000,000	-	4,000,000
SUB -TOTAL	<b>49,000,000</b>	<b>26,250,000</b>	<b>22,750,000</b>
TOTAL EDUCATION	<b>284,500,000</b>	<b>228,650,000</b>	<b>55,850,000</b>
<b>7. COUNTY HEALTH SERVICES</b>			
<b>purchase of drugs and non - pharmaceuticals</b>	120,000,000	120,000,000	-
<b>Purchase of Medical / Health Equipment</b>	60,000,000	38,707,804	21,292,196
<b>Conditional Share - Kisii Level 5</b>	134,117,499	134,117,499	-
<b>Purchase of Ambulances</b>	30,000,000	-	30,000,000
<b>Completion of Dispensaries/ Health Centers(wards)</b>	135,000,000	56,789,951	78,210,050
TOTAL HEALTH	<b>479,117,499</b>	<b>349,615,254</b>	<b>129,502,245</b>
<b>8. LANDS, PHYSICAL PLANNING &amp; URBAN DEVELOPMENT</b>			
<b>Preparation of spatial/Physical development plans</b>	20,000,000	20,000,000	-
<b>Urban Roads</b>	30,000,000	30,000,000	-
<b>Drainage Systems</b>	5,000,000	5,000,000	-
<b>Purchase of land for dumping site</b>	53,000,000	7,000,000	46,000,000
<b>Public Toilets</b>	10,000,000	10,000,000	-
<b>Street Lighting</b>	45,000,000	40,000,000	5,000,000
<b>Firefighting Equipment</b>	2,000,000	2,000,000	-
TOTAL LANDS, PHYSICAL PLANNING & URBAN DEVELOPMENT	<b>165,000,000</b>	<b>114,000,000</b>	<b>51,000,000</b>
<b>9. PUBLIC WORKS</b>			
<b>County Roads(ward roads)</b>	560,000,000	552,631,322	7,368,678

Roads maintenance	50,000,000	40,000,000	10,000,000
village roads	170,000,000	112,309,250	57,690,750
Motor cycle Shades and Training	5,000,000	5,000,000	-
Ward Culverts	30,000,000	5,000,000	25,000,000
Purchase of Plants and machinery	70,000,000	70,000,000	-
<b>TOTAL PUBLIC WORKS</b>	<b>885,000,000</b>	<b>784,940,572</b>	<b>100,059,428</b>
<b>10. TRADE</b>			
Tourism promotion	8,500,000	8,500,000	-
Daraja Mbili market expansion	20,000,000	-	20,000,000
investment forum	10,000,000	9,000,000	1,000,000
Markets Development	67,500,000	58,000,000	9,500,000
<b>TOTAL TRADE</b>	<b>106,000,000</b>	<b>75,500,000</b>	<b>30,500,000</b>
<b>11. CULTURE AND SOCIAL SERVICES</b>			
Cultural day	1,500,000	2,500,000	-1,000,000
Council of elders	500,000	500,000	-
Soccer competition in wards	4,000,000	2,500,000	1,500,000
Kisii County soccer competition	3,000,000	2,000,000	1,000,000
County Marathon/ Athletics and other Sporting Activities	4,000,000	4,000,000	-
County Youth Development in wards	1,000,000	1,000,000	-
support to Disabled	4,500,000	4,500,000	-
support to Marginalized groups	15,000,000	7,500,000	7,500,000
Kisii Sport Stadium	40,000,000	35,000,000	5,000,000
Construction of cultural center(Sengera,Kitutu Chache South, Nyamache)	6,750,000	2,382,917	4,367,083
Development of libraries(Sameta, Masimba, Marani)	22,000,000	18,000,000	4,000,000
<b>TOTAL CULTURE AND SOCIAL SERVICES</b>	<b>102,250,000</b>	<b>79,882,917</b>	<b>22,367,083</b>
<b>12. KISII TOWN</b>			
Town Culverts and drainage	5,000,000	2,000,000	3,000,000
Waste Management	5,000,000	0.00	5,000,000
Street lighting	8,000,000	6,000,000	2,000,000
Rehabilitation of tractors, plant and machinery	3,500,000	2,500,000	1,000,000
<b>TOTAL KISII TOWN</b>	<b>21,500,000</b>	<b>10,500,000</b>	<b>11,000,000</b>
<b>GRAND TOTAL</b>	<b>2,859,157,885</b>	<b>2,255,169,423</b>	<b>603,988,462</b>

Source: Kisii County Treasury, August 2015