



COUNTY GOVERNMENT OF KITUI

COUNTY MINISTRY OF FINANCE AND ECONOMIC PLANNING

County Budget Review and Outlook Paper

SEPTEMBER, 2016

FOREWORD

This County Budget Review and Outlook Paper (CBROP), prepared in accordance with Public Financial Management Act, 2012, is the third to be prepared by the Kitui County Government under the devolved governance structure. It presents the recent economic developments and actual fiscal performance of the FY 2015/2016 and makes comparisons to the budget appropriations for the same year. It provides updated MTEF financial forecasts and how these projections deviated from estimates contained in the last County Fiscal Strategy Paper (CFSP) released in February 2016, actual budget 2015/16.

In this paper also, we show how the actual performance of the local and national economies in 2015/16 FY affected our compliance with the fiscal responsibility principles and financial objectives as detailed in CFSP 2016.

Though the County Government is moving along with the National Government in implementing a raft of strategies and reforms geared towards accelerated economic growth, serious challenges have included inadequate human capacity to harness the full potential of some of these reforms. A case in point is the changing terrain in the budgeting process (from itemised to program based budgeting) that has roped in the use of the Integrated Financial Management Information System (IFMIS), which is presenting a new face of challenges right from planning to implementation.

The need to address the local challenges such as poverty, has led the county Government to put in place policies and programs necessary to tackle the problem. However, such policies that include local contracting have also resulted in low absorption of funds as the contractors lack the financial capacity to fund the projects awarded to them. This has affected the implementation of the programs, at times affecting the absorption rate and the amount re-voted to the next financial year.

This policy document also compares the performance of locally generated revenue and the receipts from the equitable share and grants from the national government between the two financial years and make appropriate recommendations. In looking at the two financial years, it is clear that there was improvement in both revenue collection and receipts from the national government went up in absolute terms.

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ACKNOWLEDGEMENT

This CBROP has been prepared in conformity with the requirements laid down by section 26 of the PFM Act 2012. The document provides an overview of the performance of the previous year 2015/16 and paints an outlook of the economy's performance in the medium term, emphasising on the performance forecast for 2016/17. It compares the actual performance of the period under review to the budget, and gives highlights of how the performance in 2015/16 affected our compliance with the fiscal responsibility principles and the financial objectives as outlined in the PFM Act 2012 and the CFSP 2016.

The preparation of CBROP 2016 was collaborative, with all departments providing necessary information to explain the achieved level of performance and the safeguards they have put in place to mitigate against low absorption rates. The departments also did provide reports on individual ministry performance and the challenges they encountered while implementing the programs. All this information is consolidated in annex I that is attached to this document for further clarity.

It is important at this time to particularly acknowledge the effort and the team spirit of County Treasury that made it possible to come up with a well consolidated paper. I wish to appreciate the efforts of all economists led by Fidhelis Mwaniki, the Deputy Director, Joel Muyanga, Assistant Director, Victor Mwangi, Principal Statistician, the work of revenue team led by Enoch Nguthi, Deputy Chief Finance Officer and John Makau, Assistant Director, and the support of the Finance team led by the Chief Finance Officer, in summarising financial information necessary to make the report easy to understand. The tireless effort of the recently formed multi-sectoral budget team provided invaluable contribution towards preparation of this CBROP.

It may be difficult to mention all those who participated in the preparation of this document and acknowledge them particularly, but we recognise the role played by all the staff of County Treasury for making it possible to consolidate and produce this document.

It's my hope that the lessons learned in previous financial years will form the basis of our decision making in the future financial years and help us improve our services delivery.

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ABBREVIATIONS

AD	Assistant Director
AIA	Appropriation-In-Aid
AMS	Agricultural Mechanization Services
BPS	Budget Policy Statement
CAATs	Computer Aided Audit Tools
CECM	County Executive Committee Member
CFAs	Community Forest Associations
CFSP	County Fiscal Strategy Paper
CG	County Government
CLIPD	Community Level Infrastructure Projects Development
CO	Chief Officer
CoK 2010	Constitution of Kenya 2010
CRA	Commission for Revenue Allocation
CT	County Treasury
DD	Deputy Director
ECDE	Early Childhood Development Education
EZs	Economic Zones
GDP	Gross Domestic Product
GIS	Geographical Information System
IDCs	Industrial Development Centres
IFMIS	Integrated Financial Management Information System
KBRR	Kenya Bank Reference Rate
KES	Kenya Shilling
KEWI	Kenya Water Institute
KMTC	Kenya Medical Training College
KTTC	Kitui Teachers Training College
LAN	Local Area Network
LAPSSET	Lamu Port South Sudan Ethiopia Transport (Corridor)
MDGs	Millennium Development Goals
MTEF	Medium Term Expenditure Framework
NCD	Non Communicable Diseases
PPP	Public Private Partnerships
REA	Rural Electrification Authority
SEKU	South Eastern Kenya University
SGR	Standard Gauge Railway
SRC	Salaries and Remuneration Commission
VPN	Virtual Private Network

Legal Basis for the Publication of the County Budget Review and Outlook Paper

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

1. A County Treasury shall –
 - a) prepare a County Budget Review and Outlook Paper in respect of the county for each financial year; and
 - b) submit the paper to the County Executive Committee by 30th September of that year.
2. In preparing the county Budget Review and Outlook Paper, the County Treasury shall specify –
 - a) details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;
 - b) updated economic and financial forecasts with sufficient information to show changes from the most recent County Fiscal Strategy Paper;
 - c) information on –
 - i. any changes in the forecasts compared with the County Fiscal Strategy Paper;
 - ii. how actual financial performance for the previous financial year may have affected compliance with fiscal responsibility principle, or the financial objective in the County Fiscal Strategy Paper for that year; and
 - d) reasons for the deviations from the financial objectives in the County Fiscal Strategy Paper together with proposal to address the deviations and estimated time for doing so.
3. The County Executive Committee shall consider the County Budget Review Paper with a view to approving it, with or without amendments, within fourteen day after its submission.
4. Not later than seven days after the County Budget Review and Outlook Paper is approved by the County Executive Committee, the County Treasury shall –
 - a) Arrange for the Paper to be laid before the County Assembly; and
 - b) as soon as practicable after having done so, publish and publicise the Paper.

Fiscal Responsibility Principles for the National and County Governments

In line with the Constitution, the Public Finance Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudent and transparent management of public resources. The PFM act, 2012, (Section 15) states that:

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

EXECUTIVE SUMMARY

This County Budget Review and Outlook Paper (CBROP) is the third one since the inception of devolution. It presents the fiscal outcome for FY 2015/16 and how this affects the financial objectives set out in the 2016/17 budget. The updated macroeconomic outlook therein also provides us with a basis to revise the 2016/17 in the context of the supplementary estimates as well as setting out the broad fiscal parameters for the next budget and in the medium term.

This County Budget Review and Outlook Paper is organised in five parts as follows:

Part One presents introductory information regarding the objective of the CBROP and an assessment of the County's fiscal performance in FY 2015/16.

Part Two analysis the fiscal performance in detail, capturing both revenue collection and expenditure as well as highlighting the implications of FY 2015/16 fiscal performance on fiscal responsibility principles and financial objectives contained in the 2016 County Fiscal Strategy Paper (CFSP).

Part Three looks at the recent county economic developments and outlook both at the National and County levels.

Part Four looks at the resource allocation framework. It gives a report of the budget estimates 2015/16 and adjustments of the same after the re-prioritization of County Government programmes for the financial year.

Chapter Five concludes by giving recommendations on the best way forward.

I. INTRODUCTION

Objective of the County Budget Review and Outlook Paper (CBROP)

1. The objective of the 2016 CBROP is to provide a review of the previous fiscal performance and how this impacts the financial objectives and fiscal responsibility principles set out in the last County Fiscal Strategy Paper (CFSP) released in February 2015. This together with updated revenue and expenditure performance provides the basis for the revision of the current budget in the context of Supplementary Estimates and informs the choice of broad fiscal parameters underpinning the next budget and medium term. The details of the fiscal framework and medium term policy priorities will be clearly outlined by the next CFSP to be released later this year (under the revised guideline for 2017/18 budget cycle).

2. The CBROP, like the CFSP links policy, planning and the budgeting through reviewing the performance of the government in line with the budget and the laid down policies as tied to the broad priorities. These policies include the County Integrated Development Plan (CIDP), The Kenya Vision 2030 and its Medium Term Plans I & II (MTP I&II), and all other national and county policies relevant to planning. This CBROP is based on the current administrative structure and incorporates the priorities of the CIDP as well as other emerging challenges that transition to the devolved system entails. Its themes are framed around the county ministries that form the sectors of the county to develop projects and programs for each sector covering 2014/15 to 2016/17 Medium Term Expenditure Framework (MTEF).

3. This CBROP rolls out the implementation of the policies initiated in 2015/16 financial year, and continues to address the five thematic areas of CFSP 2015 framed around the five key pillars ensuring development enjoyed by every sector of the economy. These pillars are

Pillar I: Ensuring a conducive business environment to enable the private sector conduct their business and attract investment.

Pillar II: Investing in agricultural transformation and food security through irrigation and appropriate technology to expand food supply.

Pillar III: Investing in infrastructural development such as roads network, energy and water supply to improve on the ease of doing business and attract private investors as well as reducing the cost of our products.

Pillar IV: Investing in quality and accessible health care services and quality education as well as social safety nets to reduce the burden on the households.

Pillar V: Cascading devolution to the decentralized units of governance for better service delivery and enhanced rural development.

4. The rest of the paper is organised as follows: Section II provides a review of the fiscal performance in FY 2015/16 and its implications on the financial objectives set out in the last budget submitted to the County Assembly in April 2015. This is followed by brief highlights of the recent economic developments and updated revenue and expenditure in section III. Section IV provides the resources allocation framework, while Section V concludes.

II. REVIEW OF FISCAL PERFORMANCE IN FY 2015/16

A. Overview

5. The fiscal performance in 2015/16 improved significantly both on the expenditure side, where overall absorption rose from 53 per cent to 78.45%, and revenue side where performance improved from 85.24% to 97.68%.

6. Though revenue collection realised improved performance, the county ministries handling devolved functions are still grappling with the challenge of organising themselves to collect Appropriation-in-Aid that falls within their function. This is underscored by the fact that even though there was rise in locally generated resources, key performing streams are those traditionally falling under the defunct local authorities. This is evident when major revenue streams like liquor licensing are analysed in terms of actual revenue collected vis-à-vis target.

7. Another challenge emerged with implementation of the Finance Act 2015, as a result of ban on sand and charcoal cess. Further, delay in the operationalization of liquor licence Act also led to loss of revenue in form of uncollected liquor licences fees.

B. 2015/16 Fiscal Performance

8. The table below presents the fiscal performance for the FY 2014/15 and 2015/16, together with the deviations from the original budget estimates of FY 2015/16.

Table 1: Revenue and Expenditure Summary for 2014/15 - 2015/16 FY

	2014/15		2015/16		Deviation (%)
	Actual	Targets	Actual	Targets	
A. TOTAL REVENUE AND GRANT					
1. Revenue	7,901,673,830	9,270,003,001	9,638,817,685	9,830,828,957	(1.95)
Equitable Share	5,199,208,810	6,340,498,549	7,267,273,063	7,267,273,063	-
Other Revenues	2,702,465,020	2,929,504,452	2,371,544,622	2,563,555,894	(7.49)
Locally Generated Revenue	434,268,205	650,000,000	416,188,728	608,200,000	(31.57)
Equitable Share 2014/15	478,375,884	489,685,478	-	-	-
Unspent Balances b/fwd.	1,789,818,974	1,789,818,974	1,955,355,894	1,955,355,894	-
2. Grants	34,610,000	299,716,518	250,700,011	283,520,411	(11.58)
Kenya Municipal Program	-	265,106,518	-	-	-
Free Maternal Healthcare	-	-	50,790,000	63,610,400	(20.15)
Compensation for User Fees Forgone	-	-	23,606,211	23,606,211	-
Road Maintenance Fuel Levy	-	-	92,318,534	92,318,534	-
Grants from UNDP	-	-	-	20,000,000	(100.00)
HSSF (DANIDA)/World Bank	34,610,000	34,610,000	83,985,266	83,985,266	-
Total	7,936,283,830	9,569,719,519	9,889,517,696	10,114,349,368	(2.22)
B. EXPENDITURE					
1. Recurrent	3,946,763,200	4,480,576,740	4,122,629,421	4,691,762,193	(12.13)
Salaries and Wages	2,242,053,687	2,421,290,925	2,623,132,187	2,661,006,445	(1.42)
O&M/Others	1,704,709,513	2,059,285,815	1,499,497,234	2,030,755,748	(26.16)
2. Development	2,963,798,503	5,089,142,779	3,812,402,658	5,422,587,175	(29.69)
Total	6,910,561,703	9,569,719,519	7,935,032,079	10,114,349,368	(21.55)
C. SURPLUS/(DEFICIT)	1,025,722,127	-	1,954,485,617	-	

Notes

- i. Equitable share: this is the amount of funds the county government expected to receive from the national government, as shared out using the Commission on Revenue Allocation formula, which was disbursed in full for the period.
- ii. Unspent balance carried forward to 2015/16 amounted to Kshs 1.955 billion, compared to Kshs 1.789 billion for the previous period.

Revenue

a. Equitable Share and Grants

9. The total disbursement to the county revenue fund account during the financial year 2015/2016 was Kshs 7,267,273,063, representing 100% of the total equitable the county expected to receive from National Treasury. This represents an improvement of 18% from previous financial year.

10. Over the same period, the county expected to receive a total of Kshs 283,520,411 from both the National Treasury and International donors (World Bank, United Nations Development Fund and DANIDA). Local grants comprised of Kshs 63m for Free Maternity, Kshs 23.6m for compensation of user fees forgone, and Kshs 92.3m for Roads Maintenance Fuel Levy (RMFL). A total of Kshs 250,700,011 was received, leaving only Kshs 12.8m for Free maternity and Kshs 20m from UNDP (a total of Kshs 32.8m), representing 11.58% of the total grants.

Table 2: Schedule of Disbursement of Equitable Share

Month	Amount Due	Date Received	Amount
July	581,381,845	22/9/2015	581,381,845
August	654,054,576	22/10/2015	654,054,576
September	581,381,845	11/10/2015	581,381,845
October	617,718,210	12/10/2015	617,718,210
November	654,054,576	16/02/2016	654,054,576
December	581,381,845	03/10/2016	581,381,845
January	581,381,845	04/01/2016	581,381,845
February	654,054,576	26/4/2016	654,054,576
March	581,381,845	05/04/2016	581,381,845
April	617,718,210	27/5/2016	617,718,210
May	581,381,845	08/06/2016	581,381,845
June	581,381,845	23/6/2016	581,381,845
TOTAL	7,267,273,063		7,267,273,063
Grants			
USER FEES -HEALTH	23,606,211		23,606,211
MATERNITY - HEALTH	63,610,400		50,790,000
FUEL LEVY -LANDS	92,318,534		92,318,534
DANIDA - HEALTH	36,990,000		36,990,000
WORLD BANK - HEALTH	46,995,266		46,995,266
UNDP	20,000,000		0
	283,520,411		250,700,011
	7,530,793,474		7,517,973,074

Own Revenue Generated

Month	Target	Amount	Variance
July	50,683,335	35,856,944	(14,826,389)
August	50,683,334	25,767,163	(24,916,170)
September	50,683,334	33,218,010	(17,465,323)
October	50,683,333	23,248,960	(27,434,373)
November	50,683,333	14,439,740	(36,243,593)
December	50,683,333	22,496,425	(28,186,908)
January	50,683,333	62,317,900	11,634,567
February	50,683,333	43,404,720	(7,278,613)
March	50,683,333	50,680,117	(3,216)
April	50,683,333	32,237,400	(18,445,933)
May	50,683,333	41,535,779	(9,147,554)
June	50,683,333	30,985,569	(19,697,764)
Total	608,200,000	416,188,727	(192,011,273)

Own Generated Revenue

11. The total revenue generated by the county over the period was Kshs 416,188,728, down from Kshs 434,268,205 collected in the previous year 2014/15. This amounts to 4.1% drop from the previous year or Kshs 18,079,477. In comparison to the projected revenue, the County missed its revenue target by 31.57% or Kshs 192,011,272.

12. The overall performance however records underperformance from various county ministries, which reported revenue collection below 40% of the targets. This accounts for the underperformance of the county below the revenue target by 33%. Nonetheless, the improvement in revenue side was commendable (25%), and if maintained or improved in the succeeding period may address some risks likely to undermine our economic outlook.

Table 3: Own Generated Revenue by Ministry for the Period ending 30th June 2016

Vote/County Ministries/Entity	2014/15	Target	2015-16		Variance
	Actual		Actual	Target	
Office of the Governor	10,154,130	80,000,000	19,217,455	-	-
Ministry of Administration and Coordination	379,687	100,000	-	128,666,410	1
Ministry of Agriculture water and Irrigation	10,473,105	15,000,000	33,406,650	26,000,000	(0)
Ministry of Basic Education and Skills Development	162,200	800,000	-	-	-
Ministry of Land Infrastructure and Urban Development	4,001,502	55,000,000	20,620,263	57,243,581	0.64
Ministry of Health and Sanitation	113,746,911	144,000,000	109,883,587	131,000,000	0.16
Ministry of Trade, Industry IT and Cooperative Development	178,231	2,000,000	1,130,475	1,000,000	(0.13)
Ministry of Culture, Youth, Sports & Social Services	12,000	1,000,000	-	1,000,000	1.00
Ministry of Environment, Energy and Minerals Investment Development	74,000	2,000,000	1,317,800	1,000,000	(0.32)

Vote/County Ministries/Entity	2014/15		2015-16		Variance
	Actual	Target	Actual	Target	
Ministry of Tourism and Natural Resources	140,900	100,000	1,133,475	200,000	(4.67)
Ministry of Finance & Economic Planning	294,945,539	350,000,000	185,061,443	123,661,974	(0.50)
Kitui Town Administration	0	0	29,439,954	97,111,415	0.70
Mwingi Town Administration	0	0	14,977,626	41,316,620	0.64
Subtotal	434,268,205	650,000,000	416,188,728	608,200,000	(0.32)

Figure 1: Pie Chart of Budgeted Revenue by Source

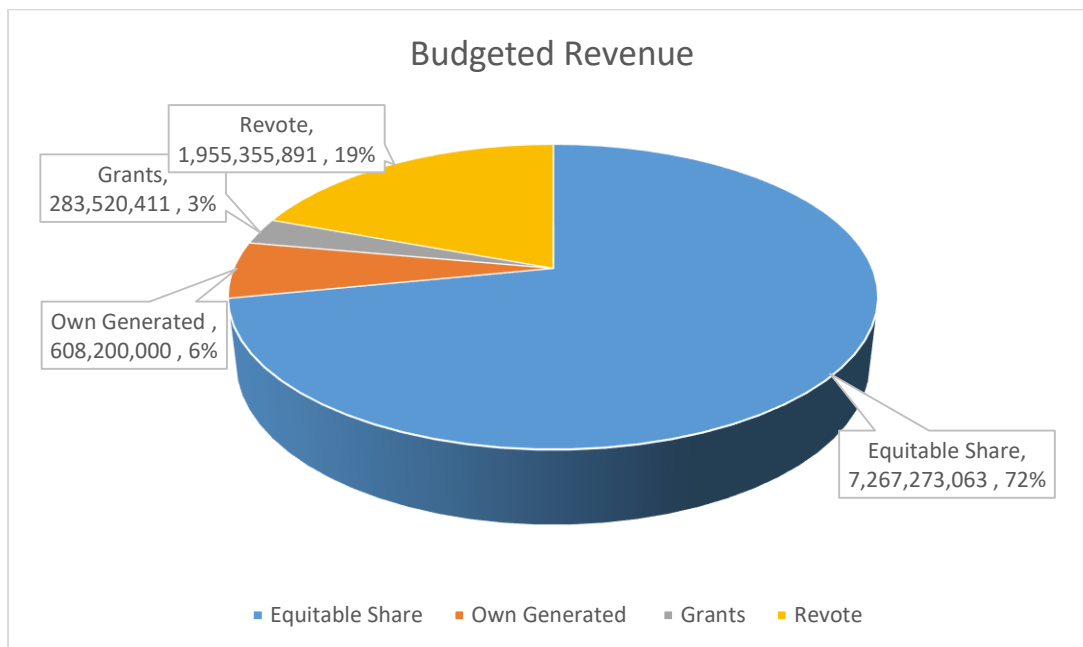
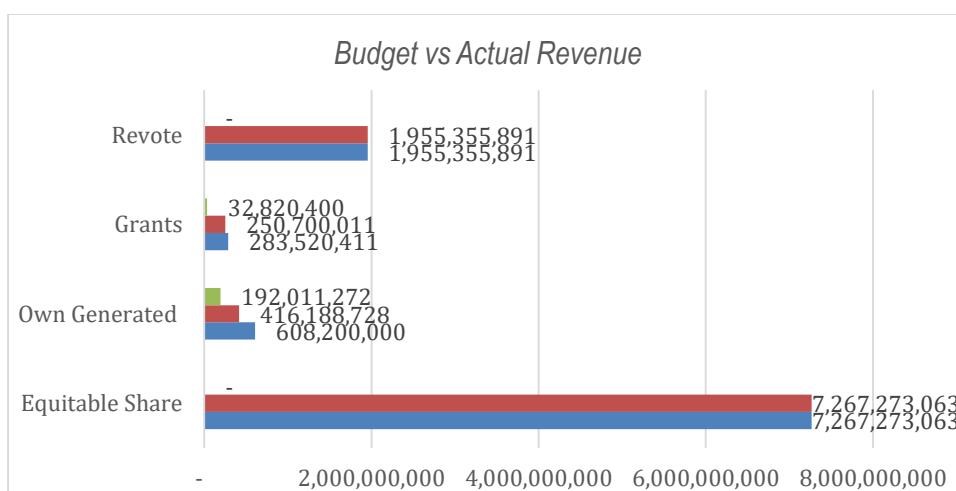


Figure 2: Bar graph of budgeted vs Actual Revenue by Source



Expenditure

13. The approved budget for the county was Kshs 10,114,349,365, comprising 46.4% recurrent (or Kshs 4,691,762,193) and 53.6% development (or Kshs 5,422,587,174). This represents 23.6% above the PFM Act 2012 recommended ceiling for funds allocation between recurrent and development. However, this amount includes Kshs 1,955,355,893 brought forward from 2014/15 financial year, which represents 19.3% of the total budget. This therefore indicates that the current allocation to development is only 4.3% above the PFM Act ceiling and not 23.6% as implied by the budget allocations.

14. Further, analysis of recurrent expenditure shows that Personnel Emoluments (PE) and Operations and Maintenance (O&M) were allocated 26.3% and 20.1% respectively, compared 25% and 21.8% in the previous financial year. This reveals an upward trend for PE cost and decline in O&M expenses, explained by the ongoing recruitment to fill existing personnel capacity gaps within the county. It is also explained by the formational structures in the devolved structure like town administrations and ward structures.

15. Total expenditure for the year ending 30th June 2016 amounted to Kshs 7,935,032,079, representing gross absorption of 78.45%, up from 72.2% in 2014/15. Of this expenditure, recurrent expenditure was Kshs 4,122,629,421 while development expenditure amounted to Kshs 3,812,402,658. Overall, even though the approved budget estimates for the year had higher proportion for development than recurrent, actual expenditure reported higher recurrent absorption i.e. 52% against 48% for recurrent and development respectively.

16. In absolute terms, overall absorption went up from Kshs 6,910,561,703 in the financial year 2014/15 to Kshs 7,935,032,079 in the last financial year. The proportion of development expenditure to actual expenditure also went up from 42% in 2014/15 financial year to 48% in 2015/16. Recurrent expenditure however went down from 53% to 52% in 2015/16 financial year.

17. In comparing the budgeted expenditure vis-à-vis the actual expenditure, recurrent budget realised the highest level of utilisation at 87.6% down from 88.1% in the previous year. Development budget reported expenditure was 70.3% up from 58.2% in the financial year 2014/15. The higher utilisation rate in recurrent expenditures resulted to the overall absorption rate rising to 78.45%, underlining the need to disaggregate expenditure reporting into recurrent and development.

18. The table below analyses the total expenditure by county spending entities giving the overall absorption rate. Amounts in brackets indicate the deviation from the planned target expenditures. Major contributors to this adverse variation are Ministry of Health and sanitation; Ministry of Agriculture, Water and Irrigation; Office of the Governor, Kitui Town administration among others

Table 4: Ministry/ Spending Entity Expenditure for the Period Ending 30th June 2016 (Kshs)

Vote	Ministry/Spending Entity	Jun-16		Variance	%	Jun-16		Variance	%	Jun-16		Variance	% of total exp to budget
		Recurrent				Development				Total			
		Actual	Target			Actual	Target			Actual	Target		
1	Office of the Governor	392,207,917	427,082,014	(34,874,097)	(8)	934,138,987	1,188,653,049	(254,514,062)	(21)	1,326,346,904	1,615,735,063	(289,388,159)	82.09
2	Ministry of Administration & Coordination of Affairs	414,583,516	361,066,989	53,516,527	15	124,826,559	236,583,598	(111,757,039)	(47)	539,410,075	597,650,587	(58,240,512)	90.26
3	Ministry of Agriculture, Water & Irrigation	363,153,534	388,334,484	(25,180,950)	(6)	654,937,460	858,077,244	(203,139,784)	(24)	1,018,090,994	1,246,411,728	(228,320,734)	81.68
4	Ministry of Basic Education, Training & Skills Development	349,991,301	360,754,193	(10,762,892)	(3)	160,811,022	236,454,640	(75,643,618)	(32)	510,802,323	597,208,833	(86,406,510)	85.53
5	Ministry of Lands, Infrastructure & Urban Development	215,412,375	242,378,674	(26,966,299)	(11)	779,985,156	735,025,051	44,960,105	6	995,397,531	977,403,725	17,993,806	101.84
6	Ministry of Health & Sanitation	1,262,587,997	1,602,768,824	(340,180,827)	(21)	287,100,947	734,754,026	(447,653,079)	(61)	1,549,688,944	2,337,522,850	(787,833,906)	66.30
7	Ministry of Trade, Industry, IT & Cooperatives	55,639,455	59,009,654	(3,370,199)	(6)	189,560,525	295,225,622	(105,665,097)	(36)	245,199,980	354,235,276	(109,035,296)	69.22
8	Ministry of Culture, Youth, Sports & Social Services	50,125,453	55,444,901	(5,319,448)	(10)	146,079,474	206,946,500	(60,867,026)	(29)	196,204,927	262,391,401	(66,186,474)	74.78
9	Ministry of Environment, Energy and Mineral Investment Development	27,826,614	33,148,510	(5,321,896)	(16)	206,441,589	261,928,624	(55,487,035)	(21)	234,268,203	295,077,134	(60,808,931)	79.39
10	Ministry of Tourism and Natural Resources	38,673,069	42,121,614	(3,448,545)	(8)	44,184,790	79,673,805	(35,489,015)	(45)	82,857,859	121,795,419	(38,937,560)	68.03
11	Ministry of Finance & Economic Planning	233,351,756	247,630,866	(14,279,110)	(6)	28,053,845	64,026,394	(35,972,549)	(56)	261,405,601	311,657,261	(50,251,660)	83.88
12	County Public Service Board	55,342,150	58,921,145	(3,578,995)	(6)	-	-	-	-	55,342,150	58,921,145	(3,578,995)	93.93
13	County Assembly Service Board	604,786,084	703,088,381	(98,302,297)	(14)	123,881,106	179,562,414	(55,681,308)	(31)	728,667,190	882,650,795	(153,983,605)	82.55
14	Kitui Town Administration	33,169,002	70,629,691	(37,460,689)		78,507,655	221,223,136	(142,715,481)	(65)	111,676,657	291,852,827	(180,176,170)	38.26
15	Mwingi Town Administration	25,779,198	39,382,251	(13,603,053)		53,893,543	124,453,072	(70,559,529)	(57)	79,672,741	163,835,323	(84,162,582)	48.63
	TOTALS	4,122,629,421	4,691,762,193	(569,132,772)	(12)	3,812,402,658	5,422,587,174	(1,610,184,516)	(30)	7,935,032,079	10,114,349,367	(2,179,317,288)	78.45

Notes

The overall variance does not net out all the monies which were not received by the county as at 30th June 2016. This includes, Kshs 12,820,400 meant for Free Maternity grant, Kshs 192,011,272 not collected by the county government as targeted in its revenue budget and Kshs 20,000,000 expected from United Nations Development Program (UNDP) for budgetary support towards training. These funds will not be carried forward to 2016/17.

19. Recurrent expenditure for the financial year Kshs 4,122,629,421, 4.4% down the expenditure for the previous period of Kshs 4,480,576,740. This resulted from an increase in Personnel Expenses (PE) of 17% and a decrease in Operations and maintenance costs of 12%, resulting to an overall absorption of 88%. The table below shows the overall recurrent expenditure by spending entities.

Table 5: Recurrent Expenditure by County Spending Units

Vote	Ministry/Spending Entity	Jun-16		Variance	%
		Recurrent			
		Actual	Target		
1	Office of the Governor	392,207,917	427,082,014	(34,874,097)	(8)
2	Ministry of Administration & Coordination of Affairs	414,583,516	361,066,989	53,516,527	15
3	Ministry of Agriculture, Water & Irrigation	363,153,534	388,334,484	(25,180,950)	(6)
4	Ministry of Basic Education, Training & Skills Development	349,991,301	360,754,193	(10,762,892)	(3)
5	Ministry of Lands, Infrastructure & Urban Development	215,412,375	242,378,674	(26,966,299)	(11)
6	Ministry of Health & Sanitation	1,262,587,997	1,602,768,824	(340,180,827)	(21)
7	Ministry of Trade, Industry, IT & Cooperatives	55,639,455	59,009,654	(3,370,199)	(6)
8	Ministry of Culture, Youth, Sports & Social Services	50,125,453	55,444,901	(5,319,448)	(10)
9	Ministry of Environment, Energy and Mineral Investment Development	27,826,614	33,148,510	(5,321,896)	(16)
10	Ministry of Tourism and Natural Resources	38,673,069	42,121,614	(3,448,545)	(8)
11	Ministry of Finance & Economic Planning	233,351,756	247,630,866	(14,279,110)	(6)
12	County Public Service Board	55,342,150	58,921,145	(3,578,995)	(6)
13	County Assembly Service Board	604,786,084	703,088,381	(98,302,297)	(14)
14	Kitui Town Administration	33,169,002	70,629,691	(37,460,689)	(53)
15	Mwingi Town Administration	25,779,198	39,382,251	(13,603,053)	(35)
	TOTALS	4,122,629,421	4,691,762,193	(569,132,772)	(12)

Note: The amount indicated as unabsorbed of Kshs 569,132,772 includes funds budgeted as local revenue but never realised (Kshs 192,011,272) and an amount of Kshs 12,820,400 expected from National Treasury in form of local grants towards free maternity was not received by June 30, 2016. The amount available for revote will be net of these figures as the free maternity grant may not be disbursed.

20. The development expenditure for the period was Kshs 3,812,402,658, up from Kshs 2,963,798,503 spend in the financial year 2014/15. This represents an increase of 28.6% or Kshs 848,604,155 spend in the financial year 2015/16 above the amount absorbed on development budget in the previous year. The table below shows the expenditures by each spending entity, the variances both actual values (in brackets) and the percentages.

Table 6: *Development Expenditure by County Spending Units*

Vote	Ministry/Spending Entity	Jun-16		Variance	%
		Development			
		Actual	Target		
1	Office of the Governor	934,138,987	1,188,653,049	(254,514,062)	(21)
2	Ministry of Administration & Coordination of Affairs	124,826,559	236,583,598	(111,757,039)	(47)
3	Ministry of Agriculture, Water & Irrigation	654,937,460	858,077,244	(203,139,784)	(24)
4	Ministry of Basic Education, Training & Skills Development	160,811,022	236,454,640	(75,643,618)	(32)
5	Ministry of Lands, Infrastructure & Urban Development	779,985,156	735,025,051	44,960,105	6
6	Ministry of Health & Sanitation	287,100,947	734,754,026	(447,653,079)	(61)
7	Ministry of Trade, Industry, IT & Cooperatives	189,560,525	295,225,622	(105,665,097)	(36)
8	Ministry of Culture, Youth, Sports & Social Services	146,079,474	206,946,500	(60,867,026)	(29)
9	Ministry of Environment, Energy and Mineral Investment Development	206,441,589	261,928,624	(55,487,035)	(21)
10	Ministry of Tourism and Natural Resources	44,184,790	79,673,805	(35,489,015)	(45)
11	Ministry of Finance & Economic Planning	28,053,845	64,026,394	(35,972,549)	(56)
12	County Public Service Board	-	-	-	-
13	County Assembly Service Board	123,881,106	179,562,414	(55,681,308)	(31)
14	Kitui Town Administration	78,507,655	221,223,136	(142,715,481)	(65)
15	Mwingi Town Administration	53,893,543	124,453,072	(70,559,529)	(57)
	TOTALS	3,812,402,658	5,422,587,174	(1,610,184,516)	(30)

Note:

- i. Actual expenditure for the county went up from 58% in 2014/15 to 70.3% of the total development budget in 2015/16 FY, resulting in an improvement of 12%.
- ii. Although the unabsorbed balance is Kshs 1,610,184,516, the re-voted amount will exclude Kshs 20,000,000 meant for budgetary support (training and capacity building) from UNDP.

C. Implications of 2015/16 fiscal performance on fiscal responsibility principles and financial objectives contained in the 2016 CFSP

21. The performance of 2015/2016 did not affect the financial objectives set out in the 2016 CFSP and the budget for FY 2015/16 in any fundamental way. However:

- i. Based on the performance of revenue and expenditure projections for the last three financial years, the revenue forecasts should be adjusted to reflect actual performance in order to mitigate against budget deficit in the event of actual expenditure conforming to budget;
- ii. Due to underperformance in revenue and realisation that some grants expected from the National Treasury will not be received, actual re-vote will not include this amount. However, this will not affect any development project as much of the unrealised funds were meant to finance recurrent expenditures;
- iii. The accelerated absorption rate recorded in 2015/16 is likely to inform the reallocation of funds during supplementary to address the funds roll-over from one financial year to another. However, this will have to be done within the broader priorities set out in the CFSP 2016 and all other medium term policies; and
- iv. Funds not spend in the previous year whether recurrent or development are reallocated to development in 2016/17. However, the amount of re-voted over the last two financial years has been declining due to increased absorption.

22. The outcome of the national economic performance indicates our national economy is still resilient, as evidenced by the response of the performance Kenya's first sovereign bond in the market. However, volatility in our main foreign exchange earners such as tourism and export of tea and coffee leaves some doubts on our growth forecast. Inadequate rainfall received in the second quarter of 2015 has dampened the performance of the economy. Drought is one of the main challenges that can adversely affect the performance of our local economy and there is need to devise ways of circumventing, given that farming is the main source of livelihood. Nevertheless, we remain optimistic that growth projections outlined in CFSP 2016 will be achieved albeit with challenges.

23. Our local revenue projections will remain as set out in our CFSP 2016, given that main sources of revenues will be severely affected by any foreseeable shock. Nonetheless, poor crop yields resulting from inadequate rains will definitely undermine the growth forecast in general. Revenue collection from devolved functions is still performing below forecasts, mainly due to operational and other setup challenges. There is need to review all the revenue streams for each county ministry/ entity and assess its potential to ensure realised revenue does not vary much to forecasts.

24. The contention raised over the implementation of the Finance Bill in 2015 and the ban on charcoal cess has had impact on the revenue targets set out in our 2015 CFSP, however, such incidences have been taken into account while preparing our projections. The effect on revenue underperformance in revenue collection has been to reduce our allocation for

development as such funds could not be re-voted for utilisation in the current financial year. This, in effect has resulted in downward review of our development allocation.

25. Given that agriculture is going to be the main driver of our local economy in the medium term, measures have been put in place to improve productivity particularly to address food security and support favourable growth prospects. This is signalled by the amount allocated to agriculture and production sectors to boost output in 2015/16 FY and over the medium term. Targets here include support to farmers through provision of farm inputs, provision of post-harvest advice/services and investment in non-rain fed agriculture. Other interventions include increased funding for acquisition of necessary machineries to revamp the agricultural mechanisation services.

III. RECENT COUNTY ECONOMIC DEVELOPMENTS AND OUTLOOK

Recent Economic Developments

a) National

26. The Kenyan economy is emerging as one of East Africa's growth centres, experiencing solid growth founded on investment in infrastructure, buoyant manufacturing and vibrant agriculture sector. This is confirmed by rebasing of its GDP last year that placed Kenya in the ninth position in Africa. Sustained investment in mega infrastructural projects within stabilised macroeconomic environment bearing fruits for the country. However, expansionary fiscal policies underlying the physical infrastructure growth agenda may present downside risks associated with variability in some macroeconomic variables such as exchange rates, inflation and interest rates.

27. The growth prospects for the country looks favourable, with medium term growth forecast for 2015 to 2017 being 6.0, 6.6 and 7.0 per cent for 2015, 2016 and 2017 respectively up from 5.4 estimate for 2014. This is anchored on strong macroeconomic base, declining risks, infrastructural development and recovery in major economic driver sectors like agriculture and tourism, in the domestic market. Recover and stability of economies in the country's major trading partners, coupled with declining oil prices in the international markets that is reducing inflationary pressures also prop this gloomy economic outlook.

28. Some of the significant contributors to economic prosperity of the country like tourism were largely affected by international incidents like terrorism and acts of violence. Such sectors are very volatile on those incidents likely to disrupt social order.

29. The Sixth Tokyo International Conference on African Development (TICAD VI) was held in Nairobi, Kenya, 27-28 August 2016, the very first TICAD to be held in Africa. It serves as a pioneering multilateral forum for international cooperation on African development. It is premised on Africa being a dynamic continent that now hosts most of the fastest growing economies in the world, including Kenya. The TICAD VI was an advanced of the TICAD V commitments which included; the enhanced role of the Regional Economic Communities (RECs), the New Partnership for Africa's Development Planning and Coordinating Agency (NPCA) and the African Peer Review Mechanism (APRM) in Africa's development management, the adoption of Agenda 2063, the adoption of the Common African Position on the Post-2015 Development Agenda by African Heads of State and Government, which facilitated global negotiations and culminated in the adoption of the 2030 Agenda for Sustainable Development at the United Nations. Three pillars were identified under TICAD VI; promoting structural economic transformation through economic diversification and industrialization, Promoting resilient health systems for quality of life and promoting social stability for shared prosperity. Kenya being one of the middle income

countries in Africa has positioned itself to reap immensely from such initiatives in sectors like infrastructure, power generation, trade and investment and Research and Development.

b) County level

30. The county is a good-based as opposed to service- based economy. Most of the products in the county are from the agriculture sector. Therefore, it is expected that the performance of the county economy was greatly undermined by the inadequate rains received over the period. The dismal performance of the agriculture resulted into poor performance of the county economy due to the structural vulnerabilities inherent in our county. The county being agriculture based, which is particularly rain fed exhibits a high degree of exposure to the risks of weather variability.

31. The low production in the agriculture sector has continued to pile inflationary pressure from food and non-food sectors, resulting in an upward trend in the cost of living generally over the medium term, and eroding the purchasing power of the real wage. The non-food inflation stemmed from generally volatile oil prices in the international markets, which has received a mixed basket over the period, moving up and down at times. However, the general Consumer Price Index (CPI) has been trending up, confirming that benefits from reduced oil prices have not been passed on to the consumers.

32. There are several planned projects/programmes at the National or County Governments likely to have great impacts in the Kitui County economy. Some of these projects have already been initiated while others are still in the inception/planning stage. Such programmes/projects include but not limited to:

33. Masinga – Kitui Phase I - The Water and Sewer System project funded African Development Bank (AfDB). This project will expand the pipeline infrastructure that bring water to Kitui Town from Masinga Dam, and construct a sewer system for the town. It has been under implementation for over two years now and is contracted to Sino Hydro Co., Ltd. The likely impact of the project is to increase access to save water, reduce water borne diseases within the town and increase the value of real estate within Kitui town and its environment. The Phase II of the project and the sewer system have not been operationalized yet.

34. The Mui Coal Basin Projects, concessioned to Flenxi Mining Co., Ltd of China, for blocks C and D will involve mining of the coal. A coal powered plant to generate over 900MW has also been earmarked for the same region. Block A and B lie in Kitui East sub county and were concessioned to a consortium of Liketh and HCIG. Very little activities have been undertaken. The State department of Energy and Petroleum is the one in charge of the mineral exploitation.

35. The Standard Gauge Railway (SGR) is a 500 km railway line running from Mombasa to Uganda and Rwanda and it was commissioned in 2014/15 financial year. The railway will run along several counties; Mombasa - Kilifi - Kwale - Taita - Taveta - Makueni - Kajiado - Machakos and Nairobi. For Kitui county this major transport system is expected to transform

transport business has a T junction at Mtito Andei to Mui coal basin is envisaged to be laid. The intention of this T junction is to provide means for transporting coal from the mining site to the port for export as well as supplying other coal fired power generation plants. Once completed the project is scheduled to be operational during 2016/17 financial year.

36. The Lamu Port Southern Sudan Ethiopia Transport (LAPSSET) corridor was officially launched by the immediate former president, Mwai Kibaki on 2nd March 2012. It is also another mega project being implemented by the National Government that is expected to have great impact on the economic growth of Kitui County. The project is planned to have a highway, a railway and a pipeline. It will pass to the north of the Kitui County and will provide a major economic opportunity for the county such as the export of livestock to the Middle East. It is envisaged that preparatory activities were being implemented for the take-off of the project over the period under review.

37. Another major development initiative likely to have impact on the lives of the Kitui residents is the Kanyangi – Mutomo – Ikutha – Kanziko water project inaugurated in 2015. This project is co-funded by the County Government of Kitui and World Vision Kenya at a cost of KES 650m. This project will increase water coverage by 50% in the entire southern region of the county expected serve 100,000 people in Kanyangi, Mutomo/Kibwea, Ikutha, Kanziko and Athi wards as well as Mathima and Ndakani areas of Mutha Ward. It is designed to produce water at the rate of 1700 m³/day. During the period under review, 21km of pipeline have been laid and 44km of pipeline of on-going. Additionally, storage facilities of 500M³ reinforced concrete storage tank and 225M³ masonry storage tank are at 75% completion level. The acute problem of water which has characterised southern region of Kitui County will be sustainably solved.

38. Over the period under review, this emergence of institutions of higher learning in the County (Universities and middle level colleges) resulted in massive influx of people in the County especially the Towns of Kitui, Mwingi and Kwa Vonza. On the supply side, this has constrained sectors like housing, transport, agriculture, health, education among others. In effect, market prices for the housing and land has gone up. It is expected that once the SEKU campus in Mwingi is operational, the demand for more hospitality facilities will out way supply creating potential for expansion of physical facilities for Mwingi town.

39. The County Government has invested a sizeable portion of its development expenditure on rehabilitation of existing access roads and opening of new ones across the county with an aim of addressing access to markets and improving road transport network. A total of 19 No. drifts (1450 metres) and 120.5 km of road works were done in 2015/16. This has had the effect of cutting down on the time residents take to move from one trading centre to another as well as reducing the travel costs.

40. One of the various approaches to strengthening rural and urban financial base is to create conducive environment for business operations. The County Government of Kitui has implemented urban Street lighting over 2013/14, 2014/15 and 2015/16 which has brought in light to business premises area and allowed traders more time to operate their enterprises

towards the 24-hour economy initiative. Markets are now able to operate beyond dusk and traders are more confident to extend their operations to late hours of the night. All these efforts are intended to provide large return to investment by the Kitui County residents.

41. Kitui Vision for Economic and Social Transformation (KIVEST 2025), a blueprint for Kitui County for the next ten years has been finalised. KIVEST has apportioned the county into 6 Economic and Investment zones, each with its opportunities and comparative advantages. This is detailed plan showing bold steps that the county government in collaboration with other stakeholders will undertake to develop the county. A process to actualise this has been initiated through organising an investors' conference in September 2015 to showcase the county potentials. Once approved by Kitui County Assembly the plan will be published, publicized and rolled out as outlined in the prescribed design of the plan.

Macroeconomic stability (Inflation, Interest rates, Exchange rates)

42. Though the management of these variables is the sole responsibility of the National Treasury as alluded to earlier, their impact on the national economy is an aggregation of the effects to individual counties, which is of great concern to the counties as the National Treasury itself. The inflation rates outlook over the medium term is expected to be stable at around 5.6 per cent, as predicted, reflecting a significantly improvement from 7.0 per cent. This is attributable to; subdued oil prices, lower electricity tariffs due to increased reliance on drought-resistant geothermal power and low food prices due to improved rainfall. Sustaining inflation rates at this or even lower level is critical for the nation and the county to achieve their fiscal objectives, given that inflationary pressures have had adverse budgetary effects in the past.

43. It will be important to see how the National and County Government address the food inflation which is the main driver of overall inflation, which has remained relatively high. Energy and oil related inflationary pressures are easing up thanks to declining oil prices at the international markets and structural shifts in our energy generation mix.

44. The assenting to act of the Banking (amendment act) 2016 by HE the President, Uhuru Kenyatta set a stage for cushioning of the business sector. Section 33B of that Act introduced a limit to interests charged on credit facilities to 4% of the base rate set by the Central Bank of Kenya and a minimum of interests earned in deposits earning interest to 70% of the base rate set by the Central Bank of Kenya. This in effect meant that the interest rate will be capped at 14.5% a decrease from the 18% average that the banks used to charge. Lower interest rates have the effect of stimulating both public and private credit that is required to accelerate development. This will be important for the county since the main target of the county will be private investors who

may need to raise funds either from commercial banks or the stock exchange. Further, the introduction of Kenya Banks Reference Rate (KBRR) was to bring about transparency in the lending sector. The KBRR gives the basic rate of lending of banks in Kenya and is calculated from the average of the Central Bank Rate and the two-month weighted moving average of the 91-day Treasury bill rate. The last review of the KBRR was from 9.87 to 8.90 in July 25, 2016.

45. Access to credit is necessary for the acceleration of development through capital borrowing, which has been a major source of slow projects implementation. This is also understood in the premise that trade in livestock, construction of real estate and retail and wholesale in agricultural produce (cereals), need to be financed by commercial banks.

Medium Term Fiscal Framework

46. Over the medium term, the county government will pursue prudent fiscal policy aimed at maintaining stability in the revenue segments while still improving the business environment. Expenditures management controls will continue to be implemented to stem unnecessary wastage to release funds for development, and where financial prudence requires austerity measures to be put in place, necessary policies will be prepared to avert any financial crisis.

47. Debt management policies under the PFM Act 2012 require that counties avoid borrowing within the first few financial years. It is therefore not in the county's plan to finance any short fall in budget through loan, whether recurrent or development. However, where necessity dictates otherwise, all necessary precautions will be employed to avoid debt traps. Further, when necessary and applicable the County Government of Kitui shall raise revenue through donor funding by way of raising proposals. The funding shall be utilised purely for development purposes.

48. The proportion of the target own revenue to overall budget is insignificant. For the period under review it is still below 10%. This poses a major risk to the county's operations as delay in National Treasury disbursements could paralyse county operations. The target for the annual locally collected revenue cannot cover five payroll expenses. Monthly collections from all the sources also cannot meet the monthly salary expenditure. All these call for urgent measures to improve administrative efficiency and widen the revenue base to ensure county operations are cushioned from disruptions in case of disbursement delays.

49. It is evident that revenue collection suffers as a result of delay in passing of Finance Bills. When necessary pieces of legislation in form of county bills and policies are not approved and/or passed on time there are unnecessary disruptions. It should be recommended that all laws that allow the county to collect levies should be prepared and appropriately approved on time to ensure adherence to legal provisions and maximise on the revenue collection period. Delay in passing bills into laws shortens implementation period, thus affecting resource mobilisation timeframe.

50. On the expenditure side, the county will continue to rationalise expenditures to bring efficiency and stem wastage. Accelerating implementation of expenditure management reforms as contained in the PFM Act 2012, and its regulations alongside full adoption of the Integrated Financial Management Information System (IFMIS) platform is expected to improve financial management capacities of the County Treasury. This will eventually improve fiscal responsibility.

51. There are claims from contractors and suppliers of services left by the former local authorities, which have not been verified for authentication. The former Transition Authority (TA) had not given counties any direction on the inherited debts before the authority was phased out. Effort toward that direction was a moratorium imposed on the counties not to pay any claim left by the former local authorities. It is a considered opinion that TA should have provided guidelines on the modalities of handling such cases to mitigate against interest payment on claims verified as genuine. After the phasing out of the TA, the Inter-Governmental Relations Technical Committee was established to perform the same functions. The 10-member committee is chaired by Karega Mutahi.

52. The National Government enacted a law to allow for Public – Private – Partnership (PPP) undertakings. However, the technicalities involved require experts with training and experience on the same to initiate and negotiate such contracts. This is a viable option that the county will explore over the medium term, in consultation with the National Treasury which hosts the national secretariat on PPP. Long term projects such as solar power generation, water supply sewer system management and other infrastructure projects are some of examples of viable projects to be initiated under PPP.

53. H.E. the President directive on procurement to all government entities necessitated public entities to embrace e-procurement. In line with this directive, the county has prepared Annual Procurement Plans to guide the procurement of the county within a particular fiscal year and in the medium term. It has also recruited more personnel in the department to reduce the workload and fast-track the process. This is expected to address low absorption rate in development expenditure.

54. In order to address the low proportion that locally generated revenue contributes to the overall budget, a Revenue Enhancement Plan has been prepared to address collection challenges experienced in the past years. This plan includes unbundling of the Finance bill 2015 to bring in more categorisation in rates and charges as well as creating zones within towns to complement the unbundling. A draft Revenue Administration bill has been prepared and submitted to cabinet for approval. All these efforts are geared towards enhancing locally generated revenues to ensure sustainability in cases of financial delays emanating from the National Government.

County Economic Outlook

55. At the national level, the economy continued to show improvement from the previous years over the period under review. An improvement in the nation economy reflects overall

performance of all the counties. It is also important to note that improved economic performance at the national government signals trend wise increase in revenue collection and hence equitable share received by counties.

56. The county government is positioning itself to join the Coast-Eastern-Mount Kenya Tourism Circuit so as to reap benefits from the tourism sector. Initial works towards this which involve rehabilitation of all the tourist sites including Nzambani rock, South Kitui national park, Kora and Mwingi game reserves were initiated in 2013/14 fiscal year. They are incorporated in the County medium-to-long term plans. The County through the department responsible for Tourism and Natural Resources has partnered with Kenya Wildlife Services (KWS) to market tourism within the parks and reserves. It is anticipated that aggressive marketing and rebranding of our tourist destinations can increase the number of tourists visiting our county.

57. Kitui County leverages on its huge mineral deposits that will create job opportunities if extraction begins. The mining sector will prosper well if well anchored by the service sectors such as financial and hospitality. It is hoped that the extraction of coal in Mui, cement in Kanziko and Ngaie will attract the services of financial and hospitality business. Investor confidence and predictable political climate is pertinent in order to achieve sustainable economic development in the county.

Risks to Economic Outlook

58. One of the major risks facing this outlook, just as many other counties is the weak revenue base that cannot cushion the county from cash flow delays from the National Treasury. Most of the counties experienced problem in payment of salaries for the months of July and August this year following a delay by the national treasury to release funds. This problem could have been averted if all the counties were able to collect own revenue adequate to shoulder monthly payroll burden.

59. Due to the weak revenue base of the county, delay in the release of the equitable share by the national treasury will definitely paralyse the operations and dampen the outlook. In essence, the achievement of the outlook forecasts is anchored on timely release and utilisation of the equitable share, mainly because the contribution of the local revenue is less than 8% of the annual budget.

60. Other risks to the economic outlook for 2015/2016 and the medium term include slow recovery in the advanced economies that will impact negatively on our tourism and export; the weak shilling against the dollar and other major currencies; emerging financial risks in the China economy that are likely to hit our stock markets too due to financial integration, resulting in capital flight and losses.

61. Delay in implementation of major infrastructural projects like Kibwezi-Kitui-Mwingi road tarmacking, Mui coal basin projects, exploration of cement, and other big impact projects will dampen the outlook.

62. Public expenditure pressures especially recurrent expenditures, mainly salaries and other personnel emoluments pose fiscal risks. The wage bill in particular limits the funds available to development, curtailing the ability of the county to expand its infrastructure and fulfil other developments as outlined in the budget. There is need to manage the wage bill in more sustainable way to avoid unnecessary redundancy costs.

63. The national as well as the county are dependent on the rain fed agriculture. Erratic weather pattern that is so characteristic in our county derailed the county development agenda with substantial resources channelled to emergency relief services and other associated expenditures. This unpredictable weather patterns pose real threat to our forecast given that Kitui is food deficient and hunger results in emergency reallocation of resources which are unprecedented.

64. Other risks that the economic outlook may be prone to include lack of goodwill from the political class, low staff morale that will affect revenue performance, delay in enactment of bills into laws, liquor licensing structure and resistance from the devolved functions staff to collect revenue.

65. Political interference and resistance by locals not to pay local revenue have negative impact on the revenue projections and the overall revenue performance. Some of efforts being put towards addressing the envisaged challenges include; automation of revenue collections and dissemination of civic education on revenue collection to the traders to create awareness on the benefits of revenue at county level.

IV. RESOURCE ALLOCATION FRAMEWORK

Adjustments to 2016/17 Budget

66. Given the performance in 2015/16 and the updated macroeconomic outlook of the national economy, the risk to the FY 2016/17 include instability in the stock markets both locally and internationally, the effects of Brexit to the export business, slow recovery of the advanced economies that absorb our exports; volatility and slow recovery in tourism sectors which in a major foreign exchange earner and geographical turbulence in the international oil market.

67. At the local level, the county reported improved rates of development funds absorption (from 58% in 2014/15 to 70.3% in 2015/16). This impressive performance should be rolled over to the next financial years to solidify the gains envisaged in program implementation.

68. The experience on the budget implementation so far suggests that departments need to rationalise their budget to and align resources availability to needs, allocating funds to quick-win-projects. In this regard, supplementary budget will have to be prepared to rationalise expenditures and where possible cut spending in non-priority areas. However in line with our development policy goals, resources allocated to development will not be re-allocated to

recurrent expenses and any movement of resources is expected flow from recurrent to development budget.

69. In order to achieve the revenue targets set out in the 2016/17 budget, the revenue department of the County Treasury will undertake resource mapping to identify untapped revenue potential and reassess revenue streams to improve revenue collection. The supervision of revenue collection is essential to seal off all possible revenue leakages and loss through non-collection. Other measures necessary to realise the budget are to speed up the preparation and approval of Revenue Administration.

70. With respect to locally generated revenues, the County Government managed to collect Kshs 416m against a projection of Kshs 608m. This represents an underperformance of 32%, up from 33% in 2014/15. However, the actual revenue collected went down by Kshs 18m or 4.1% compare to the previous period as the previous target was Kshs650m. This could be attributed to ban on charcoal, sand cess and contention of the Finance Act 2015.

71. The county government has taken the necessary steps to ensure that revenues expected from devolved functions transferred from national government are collected and remitted to the county revenue fund. One such step is preparation of the Liquor Licensing Bill, which has been passed by the County Assembly and assented to by the H.E the Governor. The e-revenue projected is also another such bold step the county has taken to improve revenue performance. The projected is expected to be executed in 2016/17 financial year.

72. On the expenditure side, the County Government continued to rationalize expenditures to improve efficiency and reduce wastage. In the medium term, expenditure management is expected to improve with the implementation of the Integrated Financial Management Information System (IFMIS) platform. Above all, the PFM Act, 2012 is expected to guide and accelerate reforms in expenditure management system necessary for the efficient utilisation of resources.

Medium Term Expenditure Framework

73. Looking forward, and in view of the outlook, MTEF budgeting will involve expenditures rationalisation to move resources from non-priority sectors to accommodate priority needs within the broad sector goals. Over the medium term, the budget will draw largely from the CIDP, and all other planning documents, including national plans such as MTP I&II in order to address the development challenges of the county.

74. The county ministries are not organised around the MTEF sectors as recognised at the Classification of Functions of Governments (COFOG) and the national level. However, grouping by related sectors of the economy reveal the following allocation:-

- i. The Ministry of Lands, Infrastructure and Urban Development and Towns (Kitui and Mwingi), which address the infrastructural development and urban development were allocated Kshs 1,003m or 11% of the total budget. This sector is the driver of the economy and reflects

Government's commitment in improving infrastructure such as roads and ensure sustainable development through planning of urban areas.

ii. The social sectors, comprising ministries of education and health, will continue to receive considerable amount of the budget share. The allocation for this financial year is Kshs 2,803m (or 32%) up from previous year's allocation of Kshs 1.9 billion. This is in line with the county government's policy to address health access inequalities across the county and empower people through education.

iii. Agriculture, water and Irrigation sector has received a huge allocation consistent with the county policies to improve food security and water availability in the county. Kitui is ranked as food insecure and water deficit, a picture that county government is fighting to change. The Agriculture, Rural & Urban Development sector has been allocated 984 million which is equivalent to 11% of the entire budget, a drop of 1% from the previous allocation of Kshs 998m in 2015/16.

iv. Public, Administration & Internal Relations. The sector, which incorporates the office of the governor, administration and coordination of county affairs, Finance and economic planning, County assembly and County public service board, plays the crucial role of ensuring the smooth running of the County government. The sector will received a total allocation of over Kshs 3.32 billion in the FY 2016/2017 or (37%) of the total budget. This allocation is 1% higher than the previous allocation of Kshs 2.9 billion (36%) allocated in 2015/16 financial year. Even though this group of sectors do not undertake development projects, Office of the Governor houses the CLDP and Pro-poor programmes which had great impact in community development and education.

v. Environment, Energy and mineral resources development, which is an important sector of the county economy given the mineral wealth potential. The ministry is also responsible for electricity distribution through Rural Electricity Authority (REA). This sectors received Kshs 238m mainly to power urban centres through connection to the national grid and the solar powered street lights.

vi. Other priority sectors including youth, women and disadvantaged groups have been incorporated in various development programs, which will continue to attract funding. The County government will continue allocating adequate funding to social protection, culture and recreation sector in order to ensure the special interest groups are taken care of. In the 2016/2017 financial year, the sector has been allocated 209 million translating to 2% of the total budget.

vii. Trade, Industry, IT and cooperatives as well as Tourism and natural resources are also key pillars in development of the county. Expansion of tourism access roads in south Kitui game reserve and the north Mwingi game reserve are expected to open up the game reserves for tourists' attraction and activate the tourism circuit from south to the north of the county. IT enables services is reducing the cost of doing business. These sectors received a total of Kshs 335m to address the business environment, expand markets and improve tourism potential in the county.

75. Specifically, the County government has prioritized key strategic interventions across major sectors as a way of accelerating county's economic and social transformation so as to improve quality of services to the population. The main areas of interventions cover food security, improved access to quality health care and water, empowering youth and women as well as putting in place a

transformative education system. Resources earmarked for these interventions are ring fenced over the medium term and are carried forward (re-voted) at the end of the financial year to ensure these interventions are fully implemented.

76. To address structural reforms on County Budgeting, the following will be implemented over fiscal cycle;

i. The expenditure side of the County budget, the County Government will continue with expenditure management reforms to improve efficiency and reduce wastage in line with the PFM Act, 2012. Expenditure management will be strengthened with implementation of the Integrated Financial Management Information System (IFMIS) to cover the expenditures of the 15 County spending units. Major operational reforms introduced by the IFMIS such e-procurement are expected to streamline wastage and free resources for development.

ii. The County Government has over the last three financial years instituted measures to rationalise public expenditures and tame wage bill to recommended levels (below 35% of the total expenditure) and eliminate other unnecessary expenditures. This will free some resources that will be channelled to development financing. Some of the measures proposed here would include payroll cleansing, staff rationalization and streamlining expenditures to county priorities.

Budget Framework 2016/17

77. The 2016/17 budget framework is built around the fiscal and medium term framework set out above. Stability in macroeconomic variable such as interest rates, inflation and unemployment in the global and the local economy is set to accelerate recovery and simulate growth at the county economy. The projected growth assumes normal weather pattern during the year. At national level, inflation is expected to remain low and stable, reflecting continued implementation of a prudent monetary policy and stable food and oil prices, as well as stable exchange rates. All these macroeconomic parameters have adverse ripple effects to the county economy.

78. Locally generated revenue is projected to grow at the rate of 5% over the medium term from Kshs 668.6m in 2016/17 to 737.1m in 2018/19. This is in line with the county plan to improve revenue collection to tame the risks associated with delay in funds disbursement, as experienced by most the county during the months July and August before funds are released from National Treasury. However, this own revenue will still not be able to cushion the county from cash flow problems associated with delay in funds release and other measures need to be identified to strengthen revenue based of the county (own revenue still too low at less than 7% of the total budget). The revenue projection for the financial years 2016/17 – 2018/19 are provided in the table 7 below.

Table 7: Revenue projections 2016/17 – 2018/19

S/No	Source	Revenue Estimates 2015/16 (Kshs)	Revenue Estimates 2016/17 (Kshs)	Projected Revenue (Kshs)	
				2017/18	2018/19
1	Equitable share	7,267,273,063	7,841,480,359	8,625,628,395	9,488,191,234
2	Grants		-	-	-
	Free Maternal Healthcare	63,610,400	54,367,434	59,804,177	65,784,595
	Compensation for User Fees Forgone	23,606,211	23,144,997	25,459,497	28,005,446
	Road Maintenance Fuel Levy	92,318,534	120,484,293	132,532,722	145,785,995

S/No	Source	Revenue Estimates 2015/16 (Kshs)	Revenue Estimates 2016/17 (Kshs)	Projected Revenue (Kshs)	
				2017/18	2018/19
	Grants from UNDP	20,000,000	-	-	-
	Grants from World Bank (KDSP)	-	34,721,395	38,193,535	42,012,888
	HSSP/HSPS - (DANIDA/IDA)	83,985,266	150,020,244	165,022,268	181,524,495
	Subtotal	283,520,411	382,738,363	421,012,199	463,113,419
		7,550,793,474	8,224,218,722	9,046,640,594	9,951,304,654
3	Own Revenue		-	-	-
	County Ministries/Entity		-	-	-
	Office of the Governor		135,099,731	141,854,717	148,947,453
	Ministry of Administration and Coordination	128,666,410	-	-	-
	Ministry of Agriculture water and Irrigation	26,000,000	27,300,000	28,665,000	30,098,250
	Ministry of Basic Education and Skills Development				
	Ministry of Land Infrastructure and Urban Development	57,243,581	60,105,760	63,111,048	66,266,600
	Ministry of Health and Sanitation	131,000,000	167,550,000	175,927,500	184,723,875
	Ministry of Trade, Industry IT and Cooperative Development	1,000,000	1,050,000	1,102,500	1,157,625
	Ministry of Culture, Youth, Sports & Social Services	1,000,000	1,050,000	1,102,500	1,157,625
	Ministry of Environment, Energy and Minerals Investment Development	1,000,000	1,050,000	1,102,500	1,157,625
	Ministry of Tourism and Natural Resources	200,000	210,000	220,500	231,525
	Ministry of Finance & Economic Planning	123,661,974	129,845,073	136,337,326.34	143,154,192.65
	Kitui Town Administration	97,111,415	101,966,986	107,065,335.04	112,418,601.79
	Mwingi Town Administration	41,316,620	43,382,451	45,551,573.55	47,829,152.23
	Subtotal	608,200,000	668,610,000	702,040,500	737,142,525
	TOTAL	8,158,993,474	8,892,828,722	9,748,681,094	10,688,447,179

Table 8: MTEF Projections for 2016/17 – 2018/19

No.	Sector/County Ministry		Revised 2015/16	2016/17 Estimates	Projections 8%	
					2017/18	2018/19
1	Office of the Governor	SUB-TOTAL	1,615,735,063	1,195,961,884	1,300,564,551	1,414,487,120
		Rec. Gross	427,082,014	544,812,880	597,323,627	654,986,922
		Dev. Gross	1,188,653,049	651,149,004	703,240,924	759,500,198
2	Ministry of Administration and Coordination Affairs	SUB-TOTAL	597,650,587	605,100,024	661,617,465	723,520,956
		Rec. Gross	361,066,989	494,988,517	542,697,038	595,086,895
		Dev. Gross	236,583,598	110,111,507	118,920,428	128,434,062
3	Ministry of Agriculture, Water & Irrigation	SUB-TOTAL	1,246,411,728	984,282,849	1,070,002,772	1,163,324,230
		Rec. Gross	388,334,484	425,884,044	466,932,062	512,007,863
		Dev. Gross	858,077,244	558,398,805	603,070,709	651,316,366
4	Ministry of Basic Education, Skills & Development	SUB-TOTAL	597,208,833	685,715,542	746,807,624	813,451,850
		Rec. Gross	360,754,193	380,565,542	417,245,624	457,524,890
		Dev. Gross	236,454,640	305,150,000	329,562,000	355,926,960
5	Ministry of Lands, Infrastructure & Urban Development	SUB-TOTAL	977,403,725	664,948,447	722,581,794	785,298,946
		Rec. Gross	242,378,674	270,856,858	296,962,878	325,630,517
		Dev. Gross	735,025,051	394,091,589	425,618,916	459,668,429
6	Ministry of Health & Sanitation	SUB-TOTAL	2,337,522,850	2,118,164,478	2,315,575,678	2,531,760,748
		Rec. Gross	1,602,768,824	1,706,518,598	1,870,998,128	2,051,616,994
		Dev. Gross	734,754,026	411,645,880	444,577,550	480,143,754
7	Ministry of Trade, Industry, IT & Cooperatives	SUB-TOTAL	354,235,276	217,637,247	236,285,141	256,556,749
		Rec. Gross	59,009,654	75,499,433	82,776,301	90,767,203
		Dev. Gross	295,225,622	142,137,814	153,508,839	165,789,546
8	Ministry of Culture, Youth, Sports & Social Services	SUB-TOTAL	262,391,401	209,513,294	227,359,608	246,749,339
		Rec. Gross	55,444,901	66,242,103	72,626,721	79,637,822
		Dev. Gross	206,946,500	143,271,191	154,732,886	167,111,517
9	Ministry of Environment, Energy & Mineral Resources	SUB-TOTAL	295,077,134	238,661,298	258,494,338	279,992,936
		Rec. Gross	33,148,510	45,176,824	49,531,106	54,312,646
		Dev. Gross	261,928,624	193,484,474	208,963,232	225,680,290

No.	Sector/County Ministry		Revised 2015/16	2016/17 Estimates	Projections 8%	
					2017/18	2018/19
10	Ministry of Natural Resources & Tourism	SUB-TOTAL	121,795,419	118,057,179	128,455,501	139,787,381
		Rec. Gross	42,121,614	58,215,419	63,826,401	69,987,953
		Dev. Gross	79,673,805	59,841,760	64,629,101	69,799,429
11	Ministry of Finance & Economic Planning	SUB-TOTAL	311,657,261	567,600,457	621,220,379	680,005,471
		Rec. Gross	247,630,866	501,241,637	549,552,853	602,604,543
		Dev. Gross	64,026,394	66,358,820	71,667,526	77,400,928
12	County Public Service Board	SUB-TOTAL	58,921,145	64,707,602	70,944,320	77,793,009
		Rec. Gross	58,921,145	64,707,602	70,944,320	77,793,009
		Dev. Gross			-	-
13	County Assembly	SUB-TOTAL	882,650,793	884,130,694	966,806,561	1,057,370,154
		Rec. Gross	703,088,381	729,130,694	799,406,561	876,578,154
		Dev. Gross	179,562,412	155,000,000	167,400,000	180,792,000
14	Kitui Town Administration	SUB-TOTAL	291,852,827	229,629,187	249,444,905	270,999,993
		Rec. Gross	70,629,691	88,224,145	96,727,460	106,065,152
		Dev. Gross	221,223,136	141,405,042	152,717,445	164,934,841
15	Mwingi Town Administration	SUB-TOTAL	163,835,323	108,718,541	118,391,467	128,942,231
		Rec. Gross	39,382,251	59,539,588	65,278,197	71,579,900
		Dev. Gross	124,453,072	49,178,953	53,113,269	57,362,331
	TOTALS	TOTAL	10,114,349,365	8,892,828,722	9,694,552,103	10,570,041,113
		Rec. Gross	4,691,762,193	5,511,603,883	6,042,829,277	6,626,180,461
		Dev. Gross	5,422,587,172	3,381,224,839	3,651,722,826	3,943,860,652

V. CONCLUSION AND WAY FORWARD

79. The FY 2016/17-2018/19 MTEF presented in this CBROP is prepared taking into account the challenges facing the county and the national economy as a whole. It is therefore marked by moderate growth in revenue projections and the need to contain expenditure to maintain fiscal discipline adhered to in the last three financial years. The policies therefore are consistent with fiscal responsibilities outlined in the PFM law.

80. In relation to resource allocations, funds should be allocated to sector projects that result in “quick-wins” and widespread impacts. Such projects/program are cost effective in nature and take shorter time to implement. This does not really amount to any policy shift, but program rationalisation to ensure maximum benefit with least resource allocation.

81. Going forward, the policies outlined in this CBROP are expected to ensure continuity in resource allocation based on prioritised programs that have earmarked by the county government to accelerate growth, create employment and reduce poverty.

82. The policies will be reiterated by the next County Fiscal Strategy Paper, which will be released before December this year (in line with shortened budget calendar for 2017/18).

ANNEXTURES

I. EXPENDITURE ANALYSIS BY PROJECT/PROGRAMME

3711: Office of the Governor

S/No.	Development	Budget (2015-2016)	Expenditure	Absorption Rate	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
1.	Residential Buildings (including hostels)- Governor's residence	12,000,000	11,873,802	99%	<ul style="list-style-type: none"> • Sound controls 	<ul style="list-style-type: none"> • The County Government was advised by controller of budget not to continue implementing such capital intensive projects.
2.	Non-Residential Buildings (offices, schools, hospitals, etc.)-county HQ	61,741,772	41,509,284	67%	<ul style="list-style-type: none"> • The contractor for the County Administration block was paid more than 90% of the contract money but works not completed. A variation order was requested due to unanticipated extra works during the construction of the project 	<ul style="list-style-type: none"> • The variation order request from the contractor will be reviewed and decision made if the award the variation in line with the law.
3.	Other Infrastructure and Civil Works-CLIDP	813,975,625	737,996,084	91%	<ul style="list-style-type: none"> • The tendering process was relatively timely as compared to other financial years. Nonetheless, challenges on project implementation were observed by some contractors failing to begin works early hence affecting absorption rate. 	<ul style="list-style-type: none"> • For 2016/2017 FY tendering process for CLIDP is expected to be compelled early and LSO issued by 30th November. The aim is to give contract at least 6 months to start and complete projects so as to be paid by 30th June.
4.	Purchase of Police and Security Equipment - CCTV	2,042,000	2,042,000	100%	<ul style="list-style-type: none"> • The absorption rate was as anticipated with the funds being used for the intended purpose 	<ul style="list-style-type: none"> • For FY 2016/2017 this development budget line will not be available.
5.	Purchase of ICT networking and Communications Equipment (Establish and Equip a County Functions and	4,287,643	1,921,850	45%	<ul style="list-style-type: none"> • Purchase of ICT equipment's was done and slight networking in governor's office. • Much of the funds was meant to network the new unfinished county administration block hence the observed absorption rate. 	<ul style="list-style-type: none"> • Upon completion of the County Administration Block, networking of the building shall be done.

	Protocol Office)					
6.	Advertising, Awareness and Publicity Campaigns	8,500,000	6,520,623	77%	<ul style="list-style-type: none"> Funds meant for to advertise projects in newsprint and publishing of County magazine Delayed tendering process for the publishing of the County magazine attributed to the observed absorption rate. 	<ul style="list-style-type: none"> For FY 2016/2017 tendering process for county magazine will be done in time to avoid delays
7.	Printing, Advertising - Other (County Branding)	4,500,000	4,144,680	92%	<ul style="list-style-type: none"> Sound controls in printing communication and branding materials. 	<ul style="list-style-type: none"> Enhanced image of the County
8.	Integrity Assurance Programme (Human Resource Reforms)	3,274,363	2,225,921	68%	<ul style="list-style-type: none"> Funds used in performance contracting but not entirely due to delayed cascading of performance contracting caused by late signing of performance contracts in December 2015 	<ul style="list-style-type: none"> For FY 2016/2017 performance contracting will be done timely by end of September 2016
9.	Pre-feasibility, feasibility & appraisal studies (investors conference)	50,000,000	48,936,572	98%	<ul style="list-style-type: none"> Sound controls in organizing for an Investors Conference 	<ul style="list-style-type: none"> Improved investments in the County
10.	Engineering and Design Plans	20,000,000	770,220	4%	<ul style="list-style-type: none"> Funds meant to pay engineering designs for County Headquarters since the consultant sued the County for a higher amount 	<ul style="list-style-type: none"> The funds will be revoked for FY2016/2017 for to pay the consultant once case is determined
11.	Research (UNDP programme)	20,000,000	19,880,501	99%	<ul style="list-style-type: none"> Sound controls in capacity building county staff and preparation of policy documents. 	<ul style="list-style-type: none"> Enhanced service delivery
12.	Research Allowance	25,000,000	24,932,784	100%	<ul style="list-style-type: none"> Sound controls 	<ul style="list-style-type: none"> Enhanced service delivery and evidence based decision making
13.	Scholarships and other Educational Benefits (Pro-Poor Programme)	163,331,646	158,101,145	97%	<ul style="list-style-type: none"> Improved awards to beneficiaries 	<ul style="list-style-type: none"> Sound controls to continue being in place to enhance education sector in the County
	Total Development	1,025,321,403	1,060,855,466			

1,188,653,049

3712: Ministry of Administration and Coordination of County Affairs

S/No	PROJECT/PROGRAMME NAME	Budget 2014/15 FY	EXPENDITURE (Kshs.)	Absorption (%)	Explanation for the level of absorption	Measure to safeguard against such a risk
1.	Construction of Ward Administrators Offices and Land acquisition	129,485,585	54,699,274	42.2%	Some of the Ward offices were not tendered in the initial tender. It took the department sometime to do restricted tendering which is still going on. a) Some contractors defaulted b) Delay in processing payments c) For the land acquisition most pieces of land had issues on transfer and title deed acquisition. d) Exorbitant prices quoted for sale of land by those interested. e) Political interference by some politicians	Acquisition of land required to be done before tender advert. Community, local leaders and politicians to be sensitized on the projects before the advert. of tenders on land acquisition is done. Promote community participation and ownership of the projects before and after initiation.
2.	Installation of water tanks, external toilet and fencing of ward offices	70,075,439	32,154,714	45.9%	Most of the ward offices are incomplete for the installation of water tanks and other facilities to be done.	
3.	Emergency	12,542,024	12,492,024	99%		
4.	Acquisition of land	19,480,550	19,480,550	100%		
5.	Performance	5,000,000	4,999,997	100%		
	Total	236,583,598	123,826,559			

3713: Agriculture, Water and Irrigation

1. Department of Agriculture

S/No.	Project/Programme Name	Budget 2015/16 FY (Kshs.)	Expenditure (Kshs)	Absorption (%)	Explanation for the level of absorption	Measure to safeguard against such risks in future
1.	Agricultural extension and Training	21,192,692	18,406,018	87	Delay in raising requisition for funding of activities	Timely requisition for funding of activities

2.	Kitui Agricultural Show and trade fair	24,673,625	16,383,250	66	Delay in procurement process partly caused by delayed release of funds	Timely requisition and close monitor of the procurement process
3.	Procurement/ Acquisition of Motor Cycles	6,279,096	6,025,916	96	Timely procurement plan and follow up	
4.	Establishing Fruit tree Nursery at ATC	96,000	82,600	86	Delay in raising requisition for funding of activities	Timely requisition for funding of activities and close monitor of procurement process
5.	Equipping new kitchen at the ATC	998,735	998,735	99.9	Timely procurement plan and follow up	
6.	Equipping conference facilities at the ATC	2,494,880	2,494,880	99.8	Timely procurement plan and follow up	
7.	Erecting perimeter Fence ATC farm	2,855,025	2,836,564	99.3	Correctness of BQ that guided on the correct estimate	
8.	Laying of irrigation system at the ATC farm	2,000,000	1,948,000	97.4	Correctness of BQ that guided on the correct estimate	
9.	Kitchen gardening for malnutrition and poverty reduction	15,698,216	15,698,216	100	Timely procurement plan and follow up	
10.	Sorghum production promotion and utilization	1,045,196	1,045,196	100	Use of prequalified supplier (KALRO KATUMANI)	
11.	Promotion of fruit tree nursery establishment and management	2,325,000	2,281,660	98	Timely procurement plan and follow up	
12.	On-farm ponds	6,482,844	5,391,644	83	Delay caused by	Timely requisition for funding of activities and close monitor of procurement process
13.	Perimeter masonry wall Fencing with Gate of AMS Compound	4,500,000	4,440,660	99	Timely procurement plan and follow up	
14.	Furnish the new office complex at AMS	2,000,000	1,937,350	97	Timely procurement plan and follow up	

15.	Purchase of agricultural Machinery (wheel loader)	18,481,954	18,481,954	100	Timely procurement plan and follow up	
16.	Completion of stalled of office blocks	11,789,496	11,789,496	100	Timely procurement plan and follow up	
17.	Irrigation	2,017,808	888,850	44	Delay in releasing of funds	Timely requisition for funding of activities and close monitor of procurement process
	Sub total	124,930,567	111,130,989	89		

2. Department of Livestock Development & Fisheries

S/No	Project/ Programme Name	Budget 2015/16	Expenditure	Absorption (%)	Explanation for the level of absorption	Measure to safeguard against such risks in future
FISHERIES						
1	Funds for buying fishing gear and pond liners	2,100,000	2,068,800	98.5	Timely procurement plan and follow up	
2	Funds for construction/rehabilitating fish ponds	4,914,604	4,864,400	99	Timely procurement plan and follow up	
3	Funds for procurement of fingerlings for fish ponds and dams	7,943,460	7,770,020	97.8	Timely procurement plan and follow up	
4	Funds for feasibility study	700,000	651,568	93	Timely procurement plan and follow up	
	Sub Total	15,658,064	15,354,788			
LIVESTOCK DEVELOPMENT						
1.	Local Goat Breed Improvement	3,500,000	3,300,000	94.29	Timely procurement plan and follow up	
2.	Local Poultry Breed Improvement	3,362,700	3,362,700	100	Timely procurement plan and follow up	

3.	Beekeeping and Honey Production	9,782,000	3,330,100	33.74	Delay in procurement process partly caused by delayed release of funds	Release funds on time and initiate procurement early
4.	Pasture production and conservation	3,209,811	1,623,000	50.56	Delay in procurement process partly caused by delayed release of funds	Release funds on time and initiate procurement early
6.	Dairy improvement through Artificial Insemination	3,275,850	2,000,000	61.05	Delay in procurement process partly caused by delayed release of funds	Release funds on time and initiate procurement early
7.	Purchase of Vaccines	2,850,000	2,400,000	84.21	Timely procurement plan and follow up	
8.	Rehabilitation of dips	12,899,882	6,900,000	53.49	Delay in procurement process partly caused by delayed release of funds	Release funds on time and initiate procurement early
9.	Purchase of assorted veterinary supplies and materials	14,134,100	8,600,916	60.85	Delay in procurement process partly caused by delayed release of funds	Release funds on time and initiate procurement early
10.	Funds for conducting feasibility studies	2,418,000	425,420	17.6	Caused by delayed release of funds	Release funds on time
	Total	55,432,343	31,942,136			

3. DEPARTMENT WATER

S/No	Project Name	Budget FY 2015/2016 (Kshs)	Expenditure (Kshs)	Absorption (%)	Explanation for level of absorption	Measure to safeguard against such risks in future
1.	Sub surface Sand Dams (Ming'eeto)	17,456,783.36	0.00	0	Feasibility study of 2400 SSD priority then implementation deferred to 2016-17 FY	Pre-Surveys of Several SSDs
2.	Drilling and Equipping of Boreholes	227,000,000.00	158,663,780	70	Funds balance was spent on pipeline extensions & WSPs	Priority to equip drilled boreholes
3.	Construction/desilting of earth dams	80,000,000	79,440,816	99	Funds balance was spent on pipeline extensions	-

4.	Equipping B/holes (2014/2015 drilled boreholes)	27,432,372.64	27,001,679	98	Funds balance was spent on pipeline extensions	-
5.	Athi- Kyangi- Mutomo water Projects	199,000,000	191,019,714	96	The 4% balance was spent on WSP's subsidies	-
6.	Construction/Extension of pipelines	22,897,077	89,485,725	390	Extra funds obtained from other projects as indicated above	Pre- surveys
7.	Borehole & pipeline repairs/rehabilitation	12,000,000	12,293,765	103		
8.	Subsidies to WSPs	72,153,612	109,166,923	151	Extra funds obtained from other projects as indicated above	Monitoring on the performance of WSPs
9.	Office refurbishment	1,000,000	970,000,00	97	Amount tendered as per estimated works	-
10.	Irrigation Development	25,000,000	25,000,000	100		
	Sub total	683,939,845	668,042,404	98		
	Total					

3714: Basic Education Training and skills Development

S/no	Project	Budget (2015-2016)	Expenditure	Absorption	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
1.	ECDE classrooms	57,140,388	24,101,286.56	42.17%	There was a revote	<ul style="list-style-type: none"> Procurement should be done early.

S/no	Project	Budget (2015-2016)	Expenditure	Absorption	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
2.	Beds and mattresses	10,000,000	9,450,685	84.5%	<ul style="list-style-type: none"> Some contractors had not finished within the budget cycle 	<ul style="list-style-type: none"> The contracts should be spread to many contractors.
3.	ECDE desks	10,000,000	7,651,165	76.5%	<ul style="list-style-type: none"> Some contractors had not completed within the budget year 	<ul style="list-style-type: none"> Contracts to be split to many contractors
4.	Outdoor play equipment	10,000,000	-	-	<ul style="list-style-type: none"> The equipment was not bought that year 	<ul style="list-style-type: none"> Equipment has been budgeted for in 2016/17
5.	Support for primary and secondary academic performance (exams, mentorship, benchmarking)	77,196,565	57,310,625.10	74.23%	<ul style="list-style-type: none"> Some activities were not conducted 	<ul style="list-style-type: none"> Activities that were not done in the year to be expunged from the subsequent years.
6.	Workshop tools	15,272,965	8,142,924	53.3%	<ul style="list-style-type: none"> Some tools have not been procured 	<ul style="list-style-type: none"> A more accurate B.O.Q to be done in the subsequent years.
7.	Refurbishment of polytechnics	27,877,274	13,154,199	47.18%	<ul style="list-style-type: none"> Some contractors did not finish within the budget year. 	<ul style="list-style-type: none"> Strict supervision to be done, with strict time lines.
	Construction of new polytechnics	25,810,130	15,725,790.97	60.9%	<ul style="list-style-type: none"> There was variation in the bill of quantities which led to delays 	<ul style="list-style-type: none"> Accurate B.O.Q to be done in future
	Total	233,297,322	94,333,539.07		<ul style="list-style-type: none"> 	<ul style="list-style-type: none">

3715: MINISTRY OF LANDS, INFRASTRUCTURE & URBAN DEVELOPMENT

No	Project/ Program Name	Budget FY 2015/2016	Expenditure	Absorption (%)	Explanation for the level of absorption	Measure to safeguard against such risks in future
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P2	Land Policy and Planning	63,415,000	76,029,446	120%	Full utilization
a	Department of Survey and Mapping				
	Non-Residential Buildings (offices, schools, hospitals, etc.)	7,000,000	6,951,840		
	Pre-feasibility, Feasibility and Appraisal Studies	6,000,000	5,988,035		
	Engineering and Design Plans	2,600,000	2,600,000		
b	Department of Land Adjudication & Settlement				
	Non-Residential Buildings (offices, schools, hospitals, etc..)	17,805,000	17,805,000		
	Other Infrastructure and Civil Works	2,000,000	1,999,998		
	Purchase of Computers, Printers and other	60,000	375,775		

	IT Equipment					
	Purchase of Survey Equipment	5,000,000	5,000,000			
	Acquisition of Land	13,500,000	13,183,291			
	Non-Residential Buildings (Maintenance)	1,000,000	-			
c	Department of Physical Planning					
	Purchase of Computers, Printers and other IT Equipment	4,100,000	11,597,270			
	Purchase of Software	1,350,000	4,489,850			
	Pre-feasibility, Feasibility and Appraisal Studies	3,000,000	6,038,387			
P3 & P4	Housing Development & Human Settlement and Government Buildings	21,850,000	19,621,459	90%	Project spans more than One financial year and it took some time for the project to go through tendering process	Starting the procurement process for building works within the first quarter of the financial year.

a	Department of Public works					
	Non-Residential Buildings (offices, schools, hospitals, etc.)	15,000,000	12,190,360			
b	Department of Housing					
	Non-Residential Buildings (offices, schools, hospitals, etc.)	4,850,000	4,817,591.00			
	Refurbishment of Residential Buildings	2,000,000	1,956,808.00			
	Other Infrastructure and Civil Works	-	656,700.00			
P5	Department of Roads & Allied Infrastructure <i>(See attached for the Major, Access roads & Streetlights)</i>	649,760,051	684,954,370	105%	Additional graders were purchased within the financial year which contributed to the implementation of the programs as planned and exceeded	Building capacity among contractors
	Purchase of Workshop Tools,	6,000,000	11,390,827			

Spares and Small Equipment				
Maintenance of Roads, Ports and Jetties	3,500,000	92,173,450		
Non-Residential Buildings (offices, schools, hospitals, etc..)	24,500,000	19,128,993		
Major Roads		12,546,761		
Access Roads	237,231,753	202,229,034		
Construction of Roads - Other	23,500,000	24,474,542		
Other Infrastructure and Civil Works	150,500,000	129,286,526		
Other Infrastructure and Civil Works	26,728,298	14,311,122		
Purchase of Motor Vehicles	-	1,745,858		
Purchase of Office Furniture and Fittings	7,500,000	5,948,100		
Purchase of	2,500,000	2,682,180.00		

Software					
Purchase of Graders	163,300,000	161,039,256.00			
Purchase of Specialised Plant. -	4,500,000	7,997,721.00			
GRAND TOTAL	735,025,051	780,605,275	106%		

3716: HEALTH AND SANITATION

S/N O	Project/ Programme Name	Budget 2015/2016 (Kshs)	Expenditure (Kshs)	Absorption (%)	Explanation For Level of Absorption	Measure To Safeguard Against Such Risk In Future
1.	Completion of OPD Wards in Kitui Hospitals	30,533,745.0 0	0	0	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan
2.	Completion of OPD Wards in Mwingi Hospitals	29,416,911.0 0	0	0	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E	- Procurement plan -Early project documentation -Continuous project supervision/

					-Lack of projects implementation plan	M&E -Develop projects implementation plan
3.	Purchase of Medical and Dental Equipment(Equipping of OPD in Kitui Hospitals)	10,000,000.0 0	0	0	Delay incompleting of construction of the OPD to pave way forth equipping	Fast track the completion of construction of the OPD
4.	Purchase of Medical and Dental Equipment (Equipping of OPD in Mwingi Hospitals)	10,000,000.0 0	0	0	Delay incompleting of construction of the OPD to pave way forth equipping	Fast track the completion of construction of the OPD
5.	Purchase of Medical and Dental Equipment(Refurbishment and equipping Kitui level IV amenity ward)	16,000,000.0 0	0	0	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan
6.	Purchase of Medical and Dental Equipment (Completion and equipping of Mwingi level IV hospital surgical and amenity ward)	22,043,344.0 0	0	0	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan

7.	Purchase of Medical and Dental Equipment (Completion of roofing and refurbishment of Kitui Level IV hospitals)	25,000,000.00	0	0	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan
8.	Purchase of Medical and Dental Equipment (Refurbishment and equipping of Maintenance units at Kitui and Mwingi Level IV Hospitals)	3,000,000.00	0	0	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan
9.	Purchase of Medical and Dental Equipment (Refurbishment and equipping of eye unit and ENT unit at Kitui and Mwingi LIV Hospitals)	5,000,000.00	0	0	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan
10.	Purchase of Medical and Dental Equipment (Refurbishment and equipping of MCH and CCC at Mwingi)	5,000,000.00	0	0	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan

	Hospital)					plan
11.	Expansion of Kauwi Hospital	4,000,000.00	4,000,000.00	100.00		
12.	Expansion of Ikanga Hospital	4,000,000.00	0	0	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan
13.	Expansion of Nuu Hospital	4,000,000.00	1,083,710.00	27.09	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan
14.	Expansion of Katulani Hospitals	4,000,000.00	4,000,000.00	100.00		
15.	Completion & Renovation of Dispensaries/ Health centres	7,036,278.00	0	0	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E

						-Develop projects implementation plan
16.	Purchase of Medical and Dental Equipment for Theatres, Maternities and Wards	85,932,035.00	0	0	Delay incomplection of construction of the theatres and maternity wards to pave way forth equipping	Fast track the completion of construction of the theatres and maternity wards
17.	Purchase of Laboratory Equipment for Theatres, Maternities and Wards	32,000,000.00	0	0	Delay incomplection of construction of the theatres and maternity wards to pave way forth equipping	Fast track the completion of construction of the theatres and maternity wards
18.	Construction of CHMT car park	2,255,643.00	2,255,643.00	100.00		
19.	Construction of 24 body mortuary at Mutomo	9,451,151.00	9,451,151.00	100.00		
20.	Refurbishment of records department building in Mwingi level 4 hospital	141,668.00	141,668.00	100.00		
21.	Alteration of mg6 to office block at KMTC Mwingi	502,650.00	502,650.00	100.00		
22.	Construction of walkway at KMTC	20,000.00	20,000.00	100.00		

	Mwingi					
23.	External water reticulation at Mwingi KMTC	58,000.00	58,000.00	100.00		
24.	Amenity ward Kitui district hospital	16,557,942.36	1,587,832.84	9.59	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan
25.	Construction of modern gate at Kitui district hospital	160,005.00	160,005.00	100.00		
26.	Re-roofing and repainting of various buildings at Kitui district hospital	1,304,140.00	1,304,140.00	100.00		
27.	Construction of Kanyangi maternity	9,006,390.00	0	0	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan

28.	Construction of OPD Mwingi	47,550,877.0 0	47,550,877.0 0	100.00		
29.	Construction of amenity and surgical ward at Mwingi	29,555,220.0 0	29,555,220.0 0	100.00		
30.	Extension of laboratory at Mwingi district hospital	4,175,203.00	4,175,203.00	100.00		
31.	Mutitu hospital renovations	6,050,790.00	6,050,790.00	100.00		
32.	Renovation of Lundi dispensary	8,080.10	8,080.10	100.00		
33.	Renovation of Mathyakani dispensary	1,341,020.00	1,005,764.70	75.00	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan
34.	Construction of staff house Katalwa dispensary	847,215.00	847,215.00	100.00		
35.	Renovation to Thaana nzau	1,133,965.00	1,133,965.00	100.00		
36.	Mutomo mortuary	4,103,384.00	2,860,204.00	69.70	Delay in importation of the specialised	Fast track the procurement of the

	cold rooms				mortuary equipment	equipment so that they can be installed within the required timeframe
37.	Construction of CHMT gate	373,310.00	373,310.00	100.00		
38.	Refurbishment of office toilet at CHMT	151,180.00	151,180.00	100.00		
39.	Construction of main theatre Ikutha	4,908,339.00	3,402,118.86	69.31	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan
40.	Construction of OPD Ikutha	19,293,307.00	18,204,739.57	94.36	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan
41.	Construction of maternity Ikutha	15,042,355.00	15,042,355.00	100.00	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E

						-Develop projects implementation plan
42.	Chain link Fence at Ikutha	2,783,500.00	0	0	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan
43.	Construction of 24 Body Mortuary at Mutitu	7,543,500.00	7,543,500.00	100.00		
44.	Renovation of Kyuso Ward	1,289,992.00	0	0	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan
45.	Migwani Hospital Renovations	932,800.00	932,800.00	100.00		
46.	Expansion of Kauma Dispensary	35,217.60	35,217.60	100.00		
47.	Mutitu Mortuary Cold rooms	2,057,223.00	2,057,223.00	100.00		

48.	Mechanical Works At KMTC	521,512.00	521,512.00	100.00		
49.	Construction of Mordern Gate at Mwingi District Hospital	373,854.00	373,854.00	100.00		
50.	Construction Of Two Door Pit Latrine at KMTC Mwingi	36,800.00	36,800.00	100.00		
51.	Installation Of 3no.10,000 Litres Plastic Water Tanks at KMTC	98,460.00	98,460.00	100.00		
52.	Alteration To House HG2 to Skills Laboratory and Library at KMTC	170,419.00	170,419.00	100.00		
53.	Alterations To House Hg5 To 3no.Classrooms At KMTC	870,409.00	870,409.00	100.00		
54.	Curtains And Partitions Of Amenity Ward Kitui District Hospital	3,515,995.00	3,515,995.00	100.00		
55.	Extra Works- Re-Roofing And Repainting Of	4,554,080.00	0	0	-Delayed project documentation (It takes more than a month to come up with BoQ)	- Procurement plan -Early project documentation

	Various Buildings At Kitui District Hospital				-Weak project supervision/ M&E -Lack of projects implementation plan	-Continuous project supervision/ M&E -Develop projects implementation plan
56.	Construction of OPD At Kitui District Hospital	30,000,000.00	22,415,195.81	74.72	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan
57.	Renovation And Equipping Of Kitui District Hospital High Dependency Unit	6,118,936.00	0	0	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan
58.	Construction Of Zombe Maternity	4,360,920.00	0	0	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan
59.	Earth Works At	3,208,650.00	0	0	-Delayed project documentation (It takes	- Procurement plan

	Zombe Maternity				more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	-Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan
60.	Construction Of Mutomo Maternity	7,522,368.00	2,408,879.20	32.02	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan
61.	Renovations Of Tseikuru Wards, Maternity and Theatre	1,374,611.00	1,374,611.00	100.00		
62.	Construction of Kisasi Health Centre Maternity	1,801,990.00	1,801,990.00	100.00		
63.	Expansion of Kwamutonga Dispensary	271,439.80	271,439.80	100.00		
64.	Expansion of Ikutha Health Centre	4,000,000.00	0	0	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E	- Procurement plan -Early project documentation -Continuous project supervision/

					-Lack of projects implementation plan	M&E -Develop projects implementation plan
65.	Computerization Kitui And Mwingi Hospitals	5,000,000.00	3,500,000.00	70.00	-Weak project supervision/ M&E, due to the nature of the project which required ICT expert to do supervision	-Continuous project supervision/ M&E
66.	Renovation of Kalisasi Dispensary	1,082,659.00	1,082,659.00	100.00		
67.	Renovation of Kilawa Dispensary	1,099,334.00	1,099,334.00	100.00		
68.	Renovation of Nuu Dispensary	1,342,456.00	1,198,456.40	89.27	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan
69.	Renovation of Kakeani Dispensary	1,089,685.00	0	0	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan

70.	Electrical Installation at Kathome Dispensary	616,329.00	0	0	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan
71.	Renovations At Kauwi Sub District Hospital	3,163,993.00	3,163,993.00	100.00		
72.	Renovation Of Mui Dispensary	1,000,000.00	710,500.00	71.05	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan
73.	Refurbishment of Office Block at Health Administration	81,200.00	81,200.00	100.00		
74.	Refurbishment of Office Block at CHMT	233,090.00	233,090.00	100.00		
75.	Renovation of CEC Office	549,625.00	549,625.00	100.00		

76.	Construction of Storage Block At Ikutha	2,559,164.00	1,542,215.00	60.26	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan
77.	Construction of Paediatric Ward Ikutha	10,272,760.00	5,078,060.00	49.43	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan
78.	Installation of 4no. 10,000 Litres Plastic Water Tanks Ikutha	690,200.00	0	0	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan
79.	Construction Of Radiology Room Ikutha	8,134,950.00	0	0	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation

						plan
80.	Drainage Works at Ikutha	2,092,487.00	0	0	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan
81.	Construction of Incinerator at Ikutha	367,300.00	0	0	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E -Lack of projects implementation plan	- Procurement plan -Early project documentation -Continuous project supervision/ M&E -Develop projects implementation plan
82.	Construction of Power House and Generator At Ikutha	2,478,754.00	0	0	- the project was not initially factored in the initial plan of the facility, hence delay in commencement	-Early and comprehensive project documentation -Continuous project supervision/ M&E -Develop projects implementation plan
83.	Construction of CEC Member-Health Office	4,459,187.00	4,244,210.00	95.18	-Delayed project documentation (It takes more than a month to come up with BoQ) -Weak project supervision/ M&E	- Procurement plan -Early project documentation -Continuous project supervision/

					-Lack of projects implementation plan	M&E -Develop projects implementation plan
84.	Purchase of a generator	3,000,000.00	0	0	-The funds were allocated through a supplementary budget, which came late in the year	-Comprehensive budgeting of projects
85.	DANIDA Funds	36,990,000.00	19,447,665.00	52.58	-Delay in receiving the funds at the County accounts	Prompt disbursement of the funds to facilities once received in the county treasury
86.	World Bank (HSSF)	46,995,266.00	4,518,550.00	9.61	-Delay in receiving the funds at the County accounts	Prompt disbursement of the funds to facilities once received in the county treasury
	Total	687,695,262	245,803,684			

3717: MINISTRY OF TRADE, INDUSTRY, ICT AND CO-OPERATIVES

S/no	Project	Budget (2015-2016)	Expenditure	Absorption	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
8.	Construction of market sheds, toilets market renovations and chain link livestock yard fence	124,603,474	124,595,982	100%	Some contracts were taken up late	Fast-track the award of the contracts
9.	Construction of boda-boda sheds	10,190,029.00	3,787,452.00	37%	Suitable site identification for some took time	Map out the earmarked locations in advance
10.	Construction of public toilets	6,730,725.00	1,922,464.00	29%	Submission of certificates of works done delayed and were coming at the end of the financial year	Contractors to be asked to speed up completion of works so that they are not caught with end of financial rush
11.	Domestic loans to financial institutions	16,000,000	0	%	The legal framework for the loan scheme had not been finalized	The legal framework is being fast-tracked. The bill and regulations has been submitted to Kenya Law Reform Commission for review
12.	Refurbishment of buildings	6,100,000	6,099,987.00	100%	100%	
13.	Construction of ICT centres	18,912,134.00	16,458,789.00	87%	Contracts were awarded a bit late	Fast-track the award of contracts
14.	Other infrastructure and civil works	23,930,606	23,930,604	100%	-	

S/no	Project	Budget (2015-2016)	Expenditure	Absorption	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
15.	Supply of ICT Equipment and furniture to the ICT centres	15,583,863.00	10,842,730.00	70%	Some centres were not fully complete to necessitate supply of equipment	Fast-track the completion of the centres.
16.	Purchase of specialized equipment	6,040,065.00	6,040,646.00	100%	-	
17.	Equipping the honey processing factories	15,921,797.00	7,925,000.00	50 %	Invoice for the second batch of delivery submitted late	The contractor to submit invoice as he/she delivers the equipment
18.	Training of co-operators	3,000,000.00	2,999,930	99.9%	-	
19.	Training of traders	1,433,900.00	1,430,750	100%	-	
20.		248,446,593	206,034,334			

3718: Ministry of Culture, Youth, sports and Social Services

S/No.	Project/Program name	Budget 2014/15 FY (Kshs)	Expenditure (Kshs)	Absorption (%)	Explanation for the level of absorption	Measures to safeguard against such risks in future
1.	Support Youth Development on Talent	7,000,000.00	6,659,650.00	95.1%	Reproduction of CDs for mass distribution was not done for the Kamba Signature song.	This will be done in October 2016 by Permanent Presidential Music Commission

2.	Resource Centers-	30,000,000.00	19,038,742	67%	Certificates were not presented by the Contractors. Much of the money is for greening of the stadium which starts by October on the onset of rains	The Ministry will work more closely with the LIUD department to ensure certificates are produced on time and work schedules are adhered to
3.	Sports Grounds	65,132,148.00	36,121,522	55.4%	This was mostly caused by delays in the completion of sports grounds. Reasons for this ranged from contractors not adhering to schedules to delays in processing of payments	The Ministry will monitor more closely the pace of works and request periodic site meetings.
4.	Youth Infrastructure Savings and Investment Program	48,330,021.00	48,330,021.00	100%		
5.	Socio-economic empowerment and gender activities	15,229,324.00	15,229,324.00	100%		
6.	Development of cultural program for performing groups in schools and Cultural day	8,927,823.00	8,927,823.00	100%		
7.	Culture-Other infrastructure	6,155,606.00	6,155,606.00	100%		
8.	Purchase of agricultural material	1,200,000.00	1,200,000.00	100%		
9.	Purchase of Certified crop seed	3,179,606.00	3,179,606.00	100%		
10.	Purchase of animal and breeding stocks	1,000,000.00	1,000,000.00	100%		

11.	Children	2,400,000.00	2,400,000.00	100%		
12.	Support for Sports activities	18,391,972.00	18,391,972.00	100%		
	Total	206,946,500	166,634,266			

3719: Ministry of Environment, Energy and Mineral Investment Development

ENVIRONMENT DEPARTMENT COUNTY BUDGET REVIEW AND OUTLOOK PAPER 2016 (CBROP)						
Project / Programme Name	Activity descriptions	Budget 2015/16 FY	Expenditure (Kshs)	Absorption (%)	Explanation for the level of absorption	Measure to safeguard against such risks in future
Tree growing	Establishment of 3 community tree nurseries, support of County tree planting exercise, purchase and distribution of tree seedlings to public schools	3,712,217.00	3,694,276.00	99.52	Tree seedlings and tree nursery equipments were procured at once and distributed to the beneficiaries	Department shall be supporting community empowerment through the support for the establishment of tree nurseries, community tree champions & demonstration plots
Rehabilitation of Mumaki Ecosystem	Purchase and distribution of 2,000 stems of dryland bamboo, payment of casuals for bush clearing, pitting & tree planting	2,384,627.00	2,374,593.00	99.58	Tree seedlings and tree nursery equipments were procured at once and distributed to the beneficiaries	Department shall procure targeted tree seedlings early in order to ensure high survival rate
Climate Change Adaptation and Resilience	Support feasibility surveys and consultative meetings	2,100,238.00	2,001,953.00	95.32	Activities were implemented as per the workplan and annual targets	The department is working with development partners in order to build community capacities to adapt and mitigate effects of climate change in Kitui County
Environmental education	Support World Environment Day, International Day of	3,512,345.00	3,475,348.00	98.95	County, National & International events were held as planned	Activities shall continue to be implemented as planned

	Forest & show events					
Environmental Policies, Research & Development	Research survey on High Value and Multi - Purpose Trees and Shrubs (HVMTS) data collection and consultative meetings	1,582,426.00	1,572,368.00	99.36	Activities were implemented as per the workplan and annual targets	The department shall continue working with research institutions such as KEFRI, SEKU and also communities shall be involved
Environmental Compliance & Enforcement	Support sensitization and public participation meetings, inspection patriols and arrests	2,381,364.00	2,374,583.00	99.72	Activities were implemented as per the workplan and annual targets	The department shall continue working with national government security institutions such as National Police Service, other county departments and also communities shall be involved
Total		15,673,217.00	15,493,121.00	98.85		

3720: Ministry of Tourism and Natural Resources

S/No	Project	Budget (2015-2016)	Expenditure	Absorption	Explanation For The Level Of Absorption	Measure To Safeguard Against Such Risk In The Future
21.	Purchase of Certified Seeds	711,500	0	0.00%	<ul style="list-style-type: none"> The prices quoted by the prequalified supplier were illogical hence the ministry managed to get seedlings donated by community groups and planted them in riverine ecosystem 	<ul style="list-style-type: none"> Consultations have been completed to have prequalified suppliers quote logical prices per seedlings akin to what other organizations like KFS quote
22.	Pre-feasibility, Feasibility and Appraisal Studies	3,703,330	0	0.00%	<ul style="list-style-type: none"> Delays in the procurement process 	<ul style="list-style-type: none"> The ministry has resolved to always kick-start procurement process early in advance to avoid any complications that might hinder implementation of projects
23.	Research	3,500,000	0	0.00%	<ul style="list-style-type: none"> Planned research work proved more costly than the budgeted amount 	<ul style="list-style-type: none"> There will be more money allocated to facilitate such research
24.	Other Infrastructure and Civil Works	5,667,222	5,666,955	100.00%	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A
25.	Other Infrastructure and Civil Works	14,000,000	14,000,000	100.00%	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A
26.	Kenya School of Government	7,000,000	0	0.00%	<ul style="list-style-type: none"> The planned training at the Kenya School Of Government was overtaken by events because the ministry needed officers to be trained as a single batch, 	<ul style="list-style-type: none"> Individual officers have already indicated the courses related to improving efficiency that they would take and this will facilitate early engagement with Kenya school of Government
27.	Establish snake park at Mutomo Plant Hill Sanctuary	12,975,000	12,975,000	100.00%	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A

S/No	Project	Budget (2015-2016)	Expenditure	Absorption	Explanation For The Level Of Absorption	Measure To Safeguard Against Such Risk In The Future
28.	Pre-feasibility, Feasibility and Appraisal Studies	4,987,500	0	0.00%	<ul style="list-style-type: none"> Delays in the procurement process 	<ul style="list-style-type: none"> The ministry has resolved to always kick-start procurement process early in advance to avoid any complications that might hinder implementation of projects
29.	Research On Tourism Circuit Design And Marketing Strategy	2,487,500	0	0.00%	<ul style="list-style-type: none"> This budget line was to undertake Research On Tourism Circuit Design And Marketing Strategy in conjunction with KTB and their consultancy process took longer than expected 	<ul style="list-style-type: none"> Measures Have Been Instituted To Ensure This Work Is Contracted To Other Private Tourism Marketing Experts In The Vent That KTB Does Not Respond Positively In Time
30.	Nzambani Eco-tourism Centre (climbing structure, nature trail)	879,835	0	0.00%	<ul style="list-style-type: none"> Land Tussle at Nzambani following the 99 year lease hindered any activity at the rock 	<ul style="list-style-type: none"> The ministry has resolved to halt all activity at the rock until revocation by the National Land commission is done
31.	Upgrades of access roads and open up new roads in MNR and SKNR	3,838,560	1,737,314	45.26%	<ul style="list-style-type: none"> Only access roads were done in MNR but SKNR was suspended because of security issues and the slow pace at which the community has embraced operationalization of SKNR 	<ul style="list-style-type: none"> Plans have been made to ensure that SKNR projects are not delayed anymore
32.	Establishment of picnic site	1,987,500	0	0.00%	<ul style="list-style-type: none"> This idea of renovating a picnic site was reversed because it was resolved that leasing it to a private investor would be the best for the county 	<ul style="list-style-type: none"> There are plans to advertise sites to investors who would then take them over
33.	Construction of revenue gates at Kaningo and in south Kitui game reserve	13,183,636	13,182,568	99.99%	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A

S/No	Project	Budget (2015-2016)	Expenditure	Absorption	Explanation For The Level Of Absorption	Measure To Safeguard Against Such Risk In The Future
34.	Acquisition of Land	3,760,000	1,240,000	32.98%	<ul style="list-style-type: none"> The money was budgeted to cater for two parcels of land but there arose complications regarding the second parcel 	<ul style="list-style-type: none"> Prior consultations with owners in areas where land is to be acquired as been set as a prerequisite before budgeting is done
35.	Akamba handicraft centre at Nzambani ecotourism centre	992,222	0	0.00%	<ul style="list-style-type: none"> Land Tussle at Nzambani following the 99 year lease hindered any activity at the rock 	<ul style="list-style-type: none"> The ministry has resolved to halt all activity at the rock until revocation by the National Land commission is done
36.		79,673,805	48,801,837	63.75%	<ul style="list-style-type: none"> 	<ul style="list-style-type: none">

3721: Ministry of Finance & Economic Planning

S/no	Project	Budget (2015-2016)	Expenditure	Absorption	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
37.	County Treasury block	21,126,159	0	0	<ul style="list-style-type: none"> The design of the building was redone and BoQ revised to accommodate Supplies Chain Management. This meant the project never kicked off 	<ul style="list-style-type: none"> New design already out and hitch not expected to recur
	Operationalization of LAIFOMS in Mutomo and Tseikuru	15,805,328	1,327,100	9%	The assigning of this project to a cross-ministerial committee added to implementation red-tape.	<p>County ministry seeking greater implementation control</p> <p>Ministry to kick off implementation early.</p>
	Revenue Mapping	2,307,487	2,304,550	100%	Project implemented	Project successfully implemented

S/no	Project	Budget (2015-2016)	Expenditure	Absorption	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
	Integrating the Finance Act into LAIFOMS	10,000,000	9,926,023	99%	Project implemented	Project successfully implemented
	Execution of budget making	14,787,419	14,496,172	98%	Project implemented	Project successfully implemented

3723: County Assembly Service Board

S/no	Project	Budget (2015-2016)	Expenditure	Absorption	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
	Non-Residential Buildings (Construction of Chamber)	147,648,897	150,105,543	102%	Need to speed up completion as a result of delay caused by court case	Ensure adherence to set targets
	Other Infrastructure & Civil Works	31,913,517	1,612,674	5%	It has been difficult to identify suitable piece of land where the project can be undertaken	Continue with the search for land

3724: Kitui Town Administration

S/No.	Project	Budget (2016/17) Kshs.	Expenditure Kshs.	Absorption Rate Kshs.	Explanation for the Level of Absorption	Mitigation
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1.	Kitui-Ithookwe-Airstrip Road Upgrading to Bitumen Standards.	133,451,698.60	0	0%	➤ Contractor is on site.	➤ Contractor on site and instructed to expedite in project management meeting.
2.	Street/Security Lighting	117,174,330.08	0	0%	➤ Contractors on site and work is in progress.	➤ Contractor on sit and good progress noted.
3.	Town Road Grading and Gravelling.	60,300,707.92			➤ BoQs and procurement approvals obtained, and now in the procurement process.	➤ Awarded and site handover been organised.
4.	Renovations of the Slaughter House	2,030,945.40	2,030,945.40	100%	➤ In the payment process.	➤ Site handed over and contractor instructed to move with speed.
5.	Kalundu Market Renovations	4,703,238.00	0	100%	➤ Contract and site handover planned for Friday this week.	➤ Site handed over and contractor instructed to move with speed.
6.	Renovations of Kitui Town Administration Block.	4,361,670.00	0	0%	➤ Contract awarded and the contractor committed to start work by Monday next week.	➤ Site handed over and contractor instructed to move with speed.
7.	Purchase of 2 Skipper-loaders and 20 Skippers.	24,000,000	0	0%	➤ One skip-loader is procured and due for delivery in two weeks' time, and the other is in the procurement process.	➤ Skippers and skipper loader ready; transportation for delivery being organised. Expected to be delivered in a week's time.
8.	Street/security lights maintenance kit.	4,000,000	2,000,000	50%	➤ Some worth Ksh.2M already delivered awaiting payment, while the rest is in the procurement process.	➤ Part of the gadgets delivered and the rest under procurement.
		350,022,590	4,030,945.4	1.15%		

3725: Mwingi Town Administration

S/No	Project	Budget (2015-2016)	Expenditure	Absorption	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
1.	Renovation and Repair of Mwingi Slaughter House.	2,198,300.00	1,759,708	80%	Contractor delayed submission of claim for second instalment which was eventually locked out during yearend closeout process, plus 10% defects liability retention	Put more pressure on Contractors to submit their claims early enough
2.	Town beautification Between 2000 and KCB Boulevard	3,525,137.60	2,850,655.60	81%	Contractor delayed submission of claim for second instalment which was eventually locked out during yearend closeout process,	Put more pressure on Contractors to submit their claims early enough

S/No	Project	Budget (2015-2016)	Expenditure	Absorption	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
					plus 10% defects liability retention	
3.	Drainage works at Cabro-paved Old Kitui Stage	2,105,991.66	2,105,991.66	100%	Contractor completed work ahead of schedule	Continue with proper management of contracts.
4.	Improvement of storm water drainage system RHS – Equity Bank to Sunkar Hardware.	3,494,946.70	2,755,899.74	79%	Contractor delayed submission of claim for second instalment which was eventually locked out during yearend closeout process, plus 10% defects liability retention	Put more pressure on Contractors to submit their claims early enough
5.	Construction of 2No market sheds in Mwingi town.	2,483,766.00	0	0%	Contractor delayed submission of claim for payment which was eventually locked out during yearend closeout process, plus 10% defects liability retention	Put more pressure on Contractors to submit their claims early enough
6.	Construction of a public toilet outside Parkside Hotel.	2,674,664.00	0	0%	Contractor delayed submission of claim for payment which was eventually locked out during yearend closeout process, plus 10% defects liability retention	Put more pressure on Contractors to submit their claims early enough
7.	Rerouting of street lighting at Old Kitui stage.	366,511.65	0	0%	Unavailability of armored cable in the market.	Diversify specification of the cable so that it may be acquired from several manufacturers.
8.	Walkways at Old Market	2,959,975.71	0	0%	Contractor delayed submission of claim for payment which was eventually locked out during yearend closeout process, plus 10% defects liability retention	Put more pressure on Contractors to submit their claims early enough
9.	Street lights – Current Nzeluni Road to Br. David's junction	6,965,400.96	0	0%	Unavailability of armored cable and KPLC postpaid meters in the market.	Diversify specification of the cable so that it may be acquired from several manufacturers.
10.	Street lighting – Br. David's junction to Mang'ara's junction	6,958,434.00	0	0%	Unavailability of armored cable and KPLC postpaid meters in the market.	Diversify specification of the cable so that it may be acquired from several manufacturers.

S/No	Project	Budget (2015-2016)	Expenditure	Absorption	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
11.	Street lighting – Mang'ara's junction to Southern end of Kalisasi Market	7,039,854.86	0	0%	Unavailability of armored cable and KPLC postpaid meters in the market.	Diversify specification of the cable so that it may be acquired from several manufacturers.
12.	Town Mwingi Beautification General at various Location.	1,941,081.20	1,941,081.20	100%	Contractor completed work ahead of schedule	Continue with proper management of contracts.
13.	Proposed installation of Solar Security Lighting in Mwingi town.	6,601,304.80	4,290,849.00	65%	Contractor delayed submission of claim for second instalment which was eventually locked out during yearend closeout process, plus 10% defects liability retention	Pressurize Contractors to submit their claims as soon as appropriate stage of construction is completed.
14.	Repair and renovation of 40No Market stalls- Mwingi town	1,260,530.24	0	0%	Contractor delayed submission of claim payment which was eventually locked out during yearend closeout process, plus 10% defects liability retention	Pressurize Contractors to submit their claims as soon as appropriate stage of construction is completed.
15.	Construction of 5 temporary transfer stations.	2,246,224.00	1,543,625.20	69%	Residents' resistance to several suggested sites for one of the transfer stations.	Discuss and firm up project sites with affected residents well in advance before tenders are awarded.
16.	Installation of 32 refuse bins- Mwingi town	725,479.31	0	0%	Delayed submission of claim for second instalment which was eventually locked out during yearend closeout process, plus 10% defects liability retention	Pressurize Contractors to submit their claims as soon as appropriate stage of construction is completed.
17.	Purchase 10M ³ Exhauster	9,320,000.00	0	0%	Late delivery by contractor hence could not be paid.	Pressurize Contractors to submit their claims as soon as appropriate stage of construction is completed.
18.	Procure 6,000-litre Fire engine	14,925,720.00	0	0%	Late delivery by contractor hence could not be paid.	Pressurize Contractors to submit their claims as soon as appropriate stage of construction is completed.
19.	Gravelling and gabioning of Town Roads	3,819,690.79	0	0%	Delayed acquisition of County own Roadworks machinery	Ensure machinery is always in good state of repair.
20.	Street lighting – Tyaa Kanginga Oasis	4,453,537.83	0	0%	Diversify specification of the cable so that it may be acquired from several manufacturers.	Diversify specification of the cable so that it may be acquired from several manufacturers.

S/No	Project	Budget (2015-2016)	Expenditure	Absorption	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
21.	Improvement of drainage system at Mwingi bus Park.	1,077,746.67	907,022.66	84%	Contractor delayed submission of claim for second instalment which was eventually locked out during yearend closeout process, plus 10% defects liability retention	Work with Contractors to submit their claims early enough
22.	Repair and Renovation of Mwingi town Offices.	2,217,352.00	1,995,598.80	90%	10% defects liability retention	No intervention required
23.	Proposed Chain-link Fencing of Ngwatano dumpsite.	3,330,532.00	2,735,065.40	82%	Delayed submission of claim for second instalment which was eventually locked out during yearend closeout process, plus 10% defects liability retention	Work with Contractors to submit their claims early enough
24.	Proposed construction of Kathonzweni Vented Drift.	3,992,893.79	3,282,142.60	82%	Delayed submission of claim for second instalment which was eventually locked out during yearend closeout process, plus 10% defects liability retention	Work with Contractors to submit their claims early enough
25.	Street lighting – Cottage to Kwakinyili	8,198,339.70	0	0%	Diversify specification of the cable so that it may be acquired from several manufacturers.	Diversify specification of the cable so that it may be acquired from several manufacturers.
26.	Street lighting – Happy Zone to Ithoka/Stockyard	5,022,207.52	0	0%	Diversify specification of the cable so that it may be acquired from several manufacturers.	Diversify specification of the cable so that it may be acquired from several manufacturers.
27.	Street lighting – Nguni line - KwaBen	5,578,632.07	0	0%	Diversify specification of the cable so that it may be acquired from several manufacturers.	Diversify specification of the cable so that it may be acquired from several manufacturers.
28.	Improve Global Vision Centre to Kathonzweni drift road section	2,974,433.33	0	0%	Delayed appointment of accounting officer hence tendering process:-LSOs were issued 15th March 2015 thereby giving contractors insufficient time to implement and complete projects and be paid by 30th June, 2016.	Complete all FY2016/2017 tendering process by October 2016 to give contractors 7 months to complete projects, and be paid by 30th June.
29.	Supply of Specialized equipment	355,400.00	0	0%	Equipment was supplied and payment initiated but was eventually locked out during yearend closeout process	Better cash flow projections
30.	Construction of Guard house with store & toilet at town Admin offices	1,138,983.81	0	0%	Not awarded due to delayed appointment of accounting officer hence tendering process.	Complete all FY2016/2017 tendering process by October 2016 to give contractors 7 months to complete projects, and be paid by 30th June.

S/No	Project	Budget (2015-2016)	Expenditure	Absorption	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
31.	Purchase and Fence land for dumpsite	4,500,000.00	0	0%	Land was purchased and paid for from LIUD	More coordinated budgeting process
	Grant Total	124,453,072	25,522,974	21%		