COUNTY GOVERNMENT OF UASIN GISHU

THE COUNTY TREASURY

2017 COUNTY FISCAL STRATEGY PAPER (CFSP)

NOVEMBER 2016

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FOREWARD

The 2016 County Fiscal Strategy Paper (CFSP) set out six policy priorities aimed at transforming the county economy: Investing in infrastructure development – roads and water, to reduce cost of doing business, link farmers to markets and make clean water accessible ; investing in agriculture in order to increase food supply, improve farmers' income and support agro-processing industries; investing in quality and accessible healthcare services in order to have a healthy and productive population; strengthening social services initiatives aimed at addressing social issues affecting residents of the county, especially the vulnerable groups; and improving in service delivery by enhancing efficiency and effectiveness of the public administration.

The 2017 CFSP was prepared against the backdrop of improved performance in all sectors of the county's economy. In order to maintain this momentum, we shall build on the achievements made so far; and through the policies set out in this CFSP we will double our efforts in order to address the existing as well as emerging challenges. Specifically, we shall over the medium term continue to invest heavily in the productive areas of our economy namely agriculture and infrastructure – roads and water. In addition, more resources will be devoted to health, education and youth. Further, we will seek to make our county competitive and attractive to investors.

The fiscal stance set out in this paper will support economic activity within a context of sustainable public financing. We will adopt a balanced budget in the FY 2017/18 budget and MTEF. County government spending will be guided by sector objectives outlined in the County Integrated Development Plan (CIDP). We will institute measures aimed at improving revenue performance and improve on quality of spending.

Therefore the 2017 CFSP lays a firm foundation for consolidation of socio-economic gains made over the last four years. As a result, we will accelerate our economy towards a prosperous and attractive county as envisaged in our vision.

MR. SHADRACK SAMBAI
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ACKNOWLEDGEMENT

The 2017 County Fiscal Strategy Paper (CFSP) is the fourth to be prepared by the county government and under the Public Finance Management Act, 2012. The paper outlines the broad strategic objectives of the county government and the fiscal frameworks for the medium term. In addition, it gives a summary of county government spending plans, as a basis of 2017/18 budget and the Medium Term Expenditure Frameworks (MTEF).

The preparation of the 2017 CFSP was a highly participatory and collaborative effort. The information on this report was obtained from the county departments and the residents of the county. We are grateful for their inputs. Special recognition goes to the County Executive Committee Members and Chief Officers for their invaluable support and guidance.

The preparation of this CFSP was made possible by a special team at the County Treasury. Special gratitude goes to Mr. Shadrack Sambai (CEC member for Finance and Economic Planning) whose leadership and insightful comments made the preparation of this paper possible. I extend special thanks to the technical team composed of Mr. Charles Rutto (Economist), Mr. Michael Ndolo (Economist), Mr. Martin Mutai (Budget Officer), Mr. Ephraim Njure (UN Volunteer) and Mr. Charles Musyimi (Librarian) who put in significant time and sacrifice in preparing the Paper.

Finally, special appreciation and gratitude goes to His Excellency the Governor and His Excellency the Deputy Governor for their general leadership in the development discourse of the county.

MILLICENT OKONJO

AG. CHIEF OFFICER – ECONOMIC PLANNING

ABBREVIATIONS AND ACRONYMS

A.I.A	:	Appropriation in Aid
AI	:	Artificial Insemination
MS	:	Machinery Services
ATC	:	Agricultural Training College
CARPS	:	Capacity Assessment and Rationalization of the Public Service
CBD	:	Central Business District
C-BROP	:	County Budget Review and Outlook Paper
CEC	:	County Executive Committee
CEDF	:	Co-operative Enterprise Development Fund
CFSP	:	County Fiscal Strategy Paper
CIDP	:	County Integrated Development Plan
CO	:	Chief Officer
CRA	:	Commission of Revenue Allocation
ECDE	:	Early Childhood Development Education
ELDOWAS	:	Eldoret Water and Sewerage
FBO	:	Faith Based Organization
HELB	:	Higher Education Loans Board
NHC	:	National Housing Co-operation
IBEC	:	Inter-Governmental Budget and Economic Council
ICT	:	Information Communication Technology
IFMIS	:	Integrated Financial Management Information System
KICOSCA	:	Kenya Inter- Counties' Sports & Cultural Association
KPLC	:	Kenya Power Lighting Company
LED	:	Light Emitting Diode
MOUs	:	Memorandum of Understanding
MTEF	:	Medium Term Expenditure Framework
NCPB	:	National Cereal and Produce Board
NGO	:	Non-Governmental Organization

NLC	:	National Land Commission
NOREB	:	North Rift Regional Economic Bloc
PFM	:	Public Finance Management
POS	:	Point of Sale
PSM	:	Public Service Management
PWDs	:	People Living With Disabilities
RVTTI	:	Rift Valley Technical Training Institute
SSTMS	:	Small Scale Traders Management System
SWG	:	Sector Working Groups
TIVET	:	Technical, Industrial, Vocational and Entrepreneurial Training
YAGPO	:	Young Accessing Government Procurement Opportunities

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SOCIO-ECONOMIC TRANSFORMATION AND CONSOLIDATION FOR SHARED GAINS

1.0 Introduction

This section presents an overview of the County Fiscal Strategy Paper (C-FSP) 2017; county development priorities; and outline of the financial policy document.

1.1 Overview

County Fiscal Strategy Paper (C-FSP) is the county government's primary financial policy document setting out priority interventions which the government intends to implement over the medium term. It therefore seeks to specify the broad strategic priorities and policy goals that guide the county government in preparing its budget for the coming financial year and over the medium term.

Section 117 of the PFM Act 2012 requires the County Treasury to prepare County Fiscal Strategy Paper (C-FSP) to be submitted to the County Assembly by 28th February of each year. The Section and Regulations 26, 27 and 28 of the Act further require the County Treasury to align the Paper with the national objectives as captured in the Budget Policy Statement, and apply fiscal responsibility principles given in section 107 of PFM Act 2012. Being a budget election year this C-FSP 2017 is to be prepared and submitted to the County Assembly by 25th November due to the revised budget calendar circular issued by National treasury. This C-FSP 2017 was therefore developed pursuant to the aforementioned sections and regulations. It is the fourth to be prepared by the county government since the last general elections (2013).

The C-FSP 2017 is prepared against a backdrop of a slow growing global economy as a result of a more subdued outlook for advanced economies, and a sharp slowdown among Sub-Saharan African economies, notably commodity exporters. But the Kenyan economy remains resilient with strong growth prospects, registering strong economic growth of 5.6 percent in 2015 compared to the average growth of 3.4 percent for Sub Saharan-Africa and 3.2 percent for global economy. The national economy further experiences stable macroeconomic performance with overall inflation within target, stable exchange rate and low short term interest rates. The county is expected to benefit from these prevailing macroeconomic conditions especially on exports/imports (especially agricultural produce and inputs), reduced fluctuations in oil prices, stable commodity prices, and access to credit for investment and employment creation.

The C-FSP 2017 seeks to consolidate even as it continues to pursue the transformation agenda started since the county government came into being after the last general election (2013). This has been done by crafting targeted broad policies and strategic interventions whose implementation is expected to yield enhanced productivity and efficiency in the county, thus accelerating and sustaining growth, creating job opportunities and securing livelihoods of the county residents. In the next financial year (2017/18) and over the medium term the county government will address itself to consolidating the following outcomes/transformations.

i. Agricultural production and productivity and food security:

Uasin Gishu County is largely agriculture based. Therefore, investing in agriculture is expected to have huge potential in expanding economy of the county. Agricultural transformation will boost agricultural production and productivity for increased income for farmers and food security.

ii. Water

Investing in water infrastructure improves access to clean and safe water for domestic, industrial and agricultural use.

iii. Roads infrastructure

Roads infrastructure development forms the platform for accelerated growth and development in the county. Investing in roads is expected to improve road network and linkages for improved access to market.

iv. Health

Quality health services translate to healthy and productive population, an important requisite for socio-economic development of the county. Investing in health infrastructure and programmes will enhance quality healthcare provision.

v. Education, Youth and Sports

This entails improving access to ECD and tertiary levels of education, equipping residents with necessary skills to adequately participate in development of the county, and other youth empowerment initiatives.

Adequate potential of productivity in the agricultural and manufacturing has not also been realized in the county due to inadequate investment and inappropriate incentive structure. The emerging high and unsustainable recurrent expenditure, weak budget execution especially on development and fiscal related challenges are also likely to constrain the county from realizing full potential and therefore, affecting the socio-economic consolidation and transformation agenda in the medium term.

However, the priority policies, strategic interventions, and sector-specific expenditure programs contained in this C-FSP 2017 are expected to address these challenges, bolster resilience to shock and foster sustained growth.

1.2 Development Priority Programmes

This County Fiscal Strategy Paper articulates the priority policies, strategic interventions, and sector-specific expenditure programs to be implemented under the Medium Term Expenditure Framework for the financial year periods of 2017/2018-2019/2020 in order to actualize the county government's goal of ***Socio-Economic Transformation and Consolidation for Shared Gains.***

Priority I: Agricultural Production & Productivity and Food Security

Uasin Gishu County is largely agriculture based, hence heavily relying on agricultural production and agribusiness. Agriculture sub-sector engages as well as employs a substantial portion of the population of the county, thus a major determinant of growth path of the economy

Uasin Gishu economy. Therefore, investing in agriculture is will have a huge potential in the expansion of the economy of the county. Agricultural transformation will boost agricultural production and productivity leading to increased income for farmers and food security.

In the FY 2015/16, the sub-sector realized the following milestone: rolled out *Kijana na acre* project with 138 groups benefiting from the programme; Soil Testing Laboratory established in the county; construction of multi-purpose Hall at Chebororwa ATC near completion; Construction of Electric Fence and Chain link fence around the ATC ongoing; and extension services revamped. In addition, construction of 46 milk coolers structures started; over 94,500 chicks distributed to 464 groups under *Inua Mama na Kuku*; AI services up-scaled with 14,230 inseminations done through 18 cooperative societies; over 200 dips renovated and supplied with acaricides; and livestock vaccinated across the county. Further, fish hatchery being developed in collaboration with University of Eldoret stood at 98 percent complete; Aqua shops established; and 75 fishing nets, 2 gill nets and 7 scoop nets availed to farmers.

Slow growth in the subsector has been blamed on low agricultural production, poor market access, lack of value addition and post-harvest losses. Therefore, to strengthen agricultural production and productivity in the next financial year (2017/18) and over the medium term the government intends to strengthen research and extension services; post harvest management by constructing 15,000 bags-cereal stores (one in each county), rehabilitation of collection/distribution centres (formerly NCPB stores), refrigerated stores (cold storage) for horticulture and air-rated stores for potatoes, and mobile driers; value addition by establishing agro-processing plants; securing of markets for farmers; soil management; wide application of appropriate technology and mechanization to enhance levels of production, this being done by also equipping Agricultural Machinery Services (AMS); formation and strengthening of farmer cooperative societies to enable them reach economies of scale. In addition, the government will strengthen Cooperative Development Fund to increase credit access by farmers. Further, the county government will provide subsidized fertilizers and seeds, as well as providing transportation to the nearest centres for ease of access by farmers. To further improve production, irrigation will also be promoted.

To improve livestock production the county government will pursue appropriate strategies. This will involve strengthening disease control through construction and rehabilitation of dips and vaccination, and purchase of veterinary equipment; value addition by completing installation of milk cooling plants, having milk dispenser fitted with pasteurizers (one per sub-county) and access to market; improving livestock nutrition (feed mixers); and constructing/renovating slaughter houses. In addition, AI services and embryo transfer technology will be promoted. Extension services will also be strengthened and up scaled.

To strengthen fish production the government will seek to promote *Samaki Pesa* programme across the county by providing fingerlings and feeds to farmers. It will also support fish farmers through extension services and better farming methods by constructing demonstration ponds,

Farmers will also be encouraged to utilize Eldoret International Airport for export of horticulture and flowers, amongst other produce. In collaboration with development partners and other stakeholders, the county government will seek ways to develop cold storage facilities at the airport to handle horticulture, flowers and other perishable produce.

Priority II: Water Services

Development and maintenance of water infrastructure facilitate industrial and agricultural development in the county. It also improves access to clean and safe water for domestic and livestock use. This improves health status of residents since incidence of water-borne diseases greatly reduces with improved access to clean water.

The county government will continue with targeted policy interventions to ensure that residents of the county get clean and safe water within a minimal distance. The government's efforts in the financial year 2015/16 yielded the following results: drilled 18 boreholes rehabilitated 2 dams and also did 60 community water projects. The government also improved six water supplies within the county through the installation of new pumps and rehabilitating the reticulation network. The supplies were meant to serve the centres and households around them. These water supplies are in Turbo, Mois'bridge, Burntforest, Sambut, Sosiani and Kipkabus. To sustain water supply, water catchment areas were planted with 12,000 tree seedlings.

To ensure sustained supply of clean and safe water, the government will continue to improve existing water infrastructure as well as doing expansion. Timely maintenance of the existing six water supplies in Turbo, Mois'bridge, Burntforest, Sambut, Sosiani and Kipkabus will be ensured for uninterrupted water supply. The government will also continue with construction and rehabilitation/desilting of dams, drilling and equipping of boreholes, and protection of water points (springs). In addition, water catchment areas will be protected and residents around these areas will be sensitized on the need to have water towers protected and conserved. Schools and health facilities will be encouraged to install roof catchment systems to assist address water challenges in the rural areas. Private developers will also be encouraged to do the same.

To reduce the cost of pumping water, the government plans to introduce solar water pumps to pump water from boreholes and other water distribution networks. The demand for water in Eldoret town and its environs far outstrips supply. To address this, there is plan by the county government to enhance capacity of ELDOWAS in order that water services are improved.

Priority III*: *Health

Provision of quality health services is the ultimate motivation of the County Government of Uasin Gishu, because a healthy population participates well in socio-economic development process of the county. Provision of quality services attracts huge outlay. Nevertheless, with limited resources available the government has always endeavoured to allocate substantial budget to health sector.

The overall strategic objective of the sector is to reduce illnesses, disabilities and exposure to risk factors through evidence-based interventions and best practices. The county has a total of 201 health facilities, 115 are public facilities and 86 are either privately owned or FBO or NGO.

During the period 2015/16 this sector made substantial progress. In Infrastructure development the health sector was upgrading sub-county health facilities from level 3 to level 4 in each sub-county. Construction works were on-going at Turbo, Kapteldon, Moiben, Kesses health centres, and Ziwa-Sirikwa and Burnt Forest Sub County Hospitals were all at different levels of completion. In addition, construction of Eye Hospital at Huruma Hospital had been completed and launched. This facility is expected to provide specialized eye treatment. A further 98 dispensaries and health centers across the county have been renovated and 22 new facilities constructed to improve access to health services in the rural areas.

To strengthen collaboration with health related sectors, the sector partnered with stakeholders in implementing the community health strategy, advocating for health issues at community level, and promoting hygiene and sanitation. In strengthening referral systems in the county, 12 new modern ambulances had been acquired for adequate and reliable response to emergencies within the shortest time with no direct cost to the clients. The sector also continually invested heavily in provision of essential medical supplies and technologies including equipping and automation of health facilities; and construction of a modern drug store. The sector also employed over 350 health care staff at all cadres to meet staffing needs for the upgraded facilities.

Going forward, the County Government strategy on health care will continue to focus on expansion, completion and equipping of all health facilities, and stocking of all health facilities with requisite drugs. The government will also focus on capacity building by employing and training health workers to improved health services provision to the public. It will also collaborate with the National Government and other development partners to train healthcare workers so as to equip them with necessary skills for provision of quality health care services. The government will continue with preventive and curative programmes to address health concerns of the public.

Priority IV: Roads infrastructure

Infrastructural development facilitates development. It is the platform upon which development discourse thrives. Modern infrastructure supports sustained agricultural transformation, encourage expansion of commerce, grow export of goods and services and expand economic opportunity for employment. Investing in infrastructure reduces cost of doing business; enhancing competitiveness, transforming the county into a regional hub, and achieving the twin objective of food security and market linkage.

Investing in roads infrastructure improves road network and linkages. In the financial year 2015/2016 the county realized the following milestones in roads development: constructed 0.8 Km length of road to bitumen standard; grading of 2122 Km of road; gravelling of 240 Km of road; drainage and culvert work (773.84 metres); construction of bridges/box culverts (15No.) which were substantially completed; and street lights (1380No) to improve on security.

Effective roads infrastructure will be realized through purchase roads development, management and maintenance; upgrading of existing roads from earth to bitumen; road grading and gravelling of county roads; construction of bridges and culverts; designing of bridges, footbridges, and box culverts; drainage works; survey of county roads; and construction and maintenance of street lights. This is expected to reduce the cost of doing business and hence enhance returns and reduce poverty in the county. Timely and prompt maintenance of roads programme will be developed and implemented so that county roads are kept in shape. To fully mechanize the roads sub-sector the government intends to purchase roads equipment (concrete mixer, among others)

The roads interventions will be fast tracked with a view to also connecting missing links in the road network by construction of bridges, installing box culverts and construction of foot bridges, and decongesting the Central Business District of Eldoret Town by surveying and designing and construction of by-passes, new roads, walkways and cycle ways in the next financial year and over the medium term. It will also require development of a comprehensive urban development plan with provisions for all services and amenities expected of a modern city. Construction and timely maintenance of street lights in the CBD and other urban centres will be expected to enhance security, a key facilitator of development as it boosts investor confidence leading to increased investments in the county for employment creation and poverty reduction. To improve safety of road users the government plans to install traffic signals in Eldoret Town.

Priority V: Education, Youth and Sports

An educated population is essential for higher productivity and sustained long term development of the county. The county government will implement strategies necessary to have educated population, equipped with necessary skills, and nurture talents so that residents meaningfully participate in the development of the county.

During the period 2015/16 the county realized achievements in the area of Education Youth and Sports. The county successfully hosted and organized KICOSA games, the Governor's cup, East African Competition trials, and Paralympics and athletics field events. It also graded 30 play grounds at ward level to improve sports infrastructure. The county improved vocational institute's infrastructure by constructing 11 classrooms/hostels with some complete and in use. The government granted Kshs. 3M TIVET scholarships, facilitated training of YAGPO and enrolled 240 student artisans at RVTTI. Monitoring visits were conducted to the various implemented projects to ensure quality assurance. The government also partnered with RVTTI on training of school heads under the *Tayari* Program to promote sensitization and support transition from primary to secondary, and secondary to tertiary institutions respectively. A total of 16000 needy students were provided with bursaries. In addition, the government developed ECDE infrastructure and on course to facilitate equipping of the new facilities.

To strengthen education at ECD and VTC levels, the government will continue to pursue strategies aimed at building capacities of these facilities to offer quality learning services. The government will develop infrastructure in ECD and Vocational Training centres. Classrooms and hostels and other necessary infrastructures will be constructed and /or rehabilitated. To improve access to tertiary education by the youth, the government will upscale TIVET loans, increasing the number of beneficiaries. The youth will also be sensitized on the availability of national devolved funds such as Youth Enterprise Fund, Uwezo Fund, Women Enterprise Fund, among others. As also part of youth empowerment, the youth will be sensitized on the thirty percent tender amount available at the national and county level governments to youth, women and people with disabilities. This will enable them the opportunity to upscale their participation in the socio-economic development of the county. In sports development the government will improve stadia. This will involve rehabilitation/renovation of stadia (Construction of perimeter wall, pavilion, toilets and landscaping).

1.3 Outline of the CFSP 2017

Recent Economic Developments and Policy Outlook

Section II outlines the economic context in which the 2017/18 MTEF budget is prepared. It provides an overview of the recent economic developments and the macroeconomic outlook.

Fiscal Policy and Budget Framework

Section III outlines the fiscal framework that is supportive of growth over the medium-term, while continuing to provide adequate resources to facilitate the transformation of the county as envisaged in the CIDP.

Medium-Term Expenditure Framework

Section IV presents the resource envelope and spending priorities for the proposed 2017/18 MTEF Budget and the Medium Term. Sector achievements and priorities are also reviewed for the 2017/18-2019/20 MTEF period.

II

RECENT ECONOMIC DEVELOPMENTS AND POLICY OUTLOOK

This section outlines the economic context in which the 2015/16 budget is prepared. It provides an overview of the recent economic developments and macroeconomic outlook.

2.0 Overview of Recent Economic Developments

Kenya's macroeconomic performance remains broadly stable despite the global economic slowdown. The economy's growth momentum has been strongly supported by significant investment in infrastructure, construction and mining sectors, strong recovery in tourism sector, lower energy prices and improved agricultural production following improved weather conditions. Inflation is within the target band due to prudent monetary policy management while interest rates are low and stable despite global financial pressures following the enactment of the Banking (Amendment) Act, 2015.

Improved export earnings from tea and horticulture, reduced import bill of petroleum products due to lower oil prices, resilient diaspora remittances and improved tourism performance has led to a narrower current account deficit.

The Kenya shilling exchange rate has continued to display relatively less votality compared with the major regional currencies and strengthened by 1.4 percent for the period October 2015 to October 2016. The stability of Kenya shilling exchange rate reflected improved earnings from tea, horticulture, resilient diaspora remittance and improved tourism performance. Further it has led to stabilization of the shilling in the foreign exchange market, and has also allowed the accumulation of international reserves.

The Kenyan economy has sustained its robust growth in the past decade supported by significant structural and economic reforms. The economy grew by 5.6 percent in 2015 compared to 5.3 percent growth in 2014**.** The economy further improved and grew at 6.2 percent in quarter two of

2016 up from 5.9 percent growth registered in quarter one of 2016. This strong growth was supported by improved performance in agriculture due to favorable weather conditions, forestry and fishing 5.5%, mining and quarrying 11.5%, transport and storage 8.8%, electricity and water supply 10.8%, wholesale and retail trade 6.1%, accommodation and restaurant 15.3% and information and communication 8.6%.

Overall month on month inflation rose slightly to 6.7 percent in October 2016 from 6.34 percent in September 2016. The growth was due to the increase in food prices. The annual average inflation rate of 6.5 percent in the year to October 2016 was within the target of 2.5 percent. Going forward, the economy is projected to expand further by 6.0 percent in 2016 and above 6.5 percent in the medium term respectively supported by strong output in agriculture with a stable weather outlook, continued recovery of tourism sector and completion of key infrastructures.

2.1 Impact of National Macroeconomic Variables on County Development

The prevailing macro-economic stability in the country has a direct bearing on the economy of the county. Any growth in national economy releases resources for development activities in the county. The county government has been able to receive enhanced portion of the shareable revenue from the national government due to improved economic performance at the national level, thus enabling increased allocations to the various development programs. Also, prevailing interest rates and exchange rates affect investments in the county. With the implementation of the Banking (Amendment) Act, 2015, the accompanying reduction in cost of borrowing is expected to significantly increase investments in the county and consequently create jobs. Easing in inflation and stability in exchange rates will make consumer goods and farming inputs more affordable respectively.

2.2 Update on Fiscal Performance and Emerging Challenges

There was an overall improvement in fiscal performance for the 2015/16 FY compared to the 2014/15 FY.

- **Fiscal Performance**

In 2015/16 FY revenue grew by 15 percent despite a 10 percent drop in local revenue in the same period; while total expenditure increased by 14 percent in similar period. The county's allocation of equitable share of revenue was Kshs. 5,190,879,968 and grants of Kshs. 221,440,068; while local revenue amounted to Kshs. 718,228,068 against a target of Kshs. 1,037,217,425, a 31 percent shortfall. While on spending, actual expenditure was at Kshs. 6,453,010,280 against the projected amount of Kshs. 7,542,626,350, reflecting under-utilization of Kshs. 1,089,616,070 which translated to an absorption rate of 86 percent.

- **Emerging Challenges**

The aforementioned fiscal performance of 2015/16 FY faced the following challenges:

- Capacity challenges such as inadequate field staff led to poor revenue performance especially on licensing of motor-cycles operators in the outskirt of the town.
- Delays in release of funds by national government affected absorption levels.
- Procurement challenges due to slow uptake of e-procurement by the business community.
- Introduction of force account in project implementation led to delays.

2.3 Revised Estimates

In the 2015/16 period the county government was necessitated to revise its budget through supplementary budget as indicated in table 2.1 below:

Table 2.1 Showing 2015/16 Budget Revised Estimates for FY

Vote Head	Previous	Revised
Recurrent	4,589,734,056	4,210,980,092
Development	2,952,892,294	2,323,816,733
Totals	**7,542,626,350**	**7,223,636,970**

As shown in table 2.1 above, the county government budget was revised downwards by 4 percent due to: unforeseen expenditures such as emergencies; under performance in local revenue collection and re-prioritization of county priorities.

2.4 County Economic Policy and Outlook

The county's fiscal policy will continue to focus on balanced budget in the 2017/18 FY and in the medium term plan.

The anticipated growth will be driven by increased economic activity in the agriculture sector, wholesale and retail trade, ongoing capital investment projects in the county and real estate. The county also expects to reap from the established North Rift Regional Economic Bloc (NOREB) in terms of increased investments inflows.

In addition, the county government will over the medium term implement policies set out in the CIDP. The policy will be focusing on increased access to clean and portable water; increased agricultural production and productivity; having a healthy and productive county; enhanced social services; and increased investments in roads infrastructure.

In the medium term, there will be resource mobilization in form of grants from external sources to support policy implementation across the sectors and use of e-payment solutions such as recently launched *UGpay* to enhance efficiency in revenue collection. The county government will also engage stakeholders to develop a comprehensive policy and legislative framework to regulate exploitation of the vast natural resources in the county. Expenditure management will be strengthened by full implementation of the Integrated Financial Management Information System (IFMIS) across all the departments.

Further the county government will adhere to Fiscal responsibility principles, as stipulated by the Constitution and the PFM Act, 2012 and its regulations with a view to entrenching fiscal discipline**.**

2.5 Risks to the Economic Outlook

The aforementioned outlook will however not be without any risks which may emanate from both national and domestic sources. They include:

- The economy is exposed to risks including any occurrence of adverse weather conditions, public expenditure pressures especially recurrent expenditures and any inefficiency in spending county resources may lower development.
- The election year uncertainties associated with the run-up to 2017 elections may lead to a wait-and-see attitude by investors, thereby dampening investments and short-term growth prospects.
- Differing priorities between the County Assembly and the County Executive thus affecting budget making process and budget execution.

- Legislative challenges in the form of delayed enactment of County Allocation of Revenue Bill, affecting counties' budgeting process for not having their respective clear ceilings beforehand. Variations of county allocation of revenue formula by the Commission on Revenue Allocation and Senate is also a potential risk as this may lead to reduced share of shareable revenue. This is also compounded by delay in exchequer releases.
- Revenue performance may also pose a potential risk. However the county will ensure full implementation of *UGpay* to seal loop holes and expand revenue base

III

FISCAL POLICY AND BUDGET FRAMEWORK

The section summarizes consolidated fiscal policy and framework for FY 2017/18 and MTEF; and the key actions the county government will take in budget allocation.

3.1 County Fiscal Policy

The county government will pursue sound fiscal policy to create the necessary conditions for more rapid growth. The fiscal policy aims to deliver a measured consolidation that continues to prioritize capital investments in infrastructure, agricultural and social services including health and vocational training.

The county's fiscal policy in the FY 2017/18 budget and over the medium term aims at:

- Ensuring a balanced budget is maintained i.e. no deficit financing.
- Re-prioritizing spending towards development programmes in the productive areas.
- Broadening revenue base.
- Expanding investment inflows by encouraging private sector investments.

3.2 Fiscal Framework

The fiscal framework details the medium term fiscal framework for the county government outlining the resource envelope and broad expenditure levels. It also includes updated forecasts for the current budget year, projected estimates for MTEF period and actual results for the previous budget year 2015/16 FY. Table 3.1 below summarizes the consolidated fiscal framework.

The county government expects to raise Kshs. 7,399,783,750 in 2017/18 FY as total revenue as indicated in table 3.1 below. This amount will be realized from national government equitable share of Kshs. 5,977,414,645, local revenue at Kshs. 1 billion and grants at Kshs. 422,369,105. Total grants comprises of Kshs. 20,843,281 as compensation for user fees foregone, Kshs. 117,335,400 free maternal health care, Kshs. 157,500,000 road maintenance levy fund, Kshs. 95,744,681 leasing of medical equipment and Kshs. 30,945,743 as loan and grants. In the medium term, county government revenue is expected to rise to Kshs. 8,953,738,338 in the MTEF period.

Table 3.1: Summary of Consolidated Fiscal Framework 2015/16 - 2019/20

	2015/16		2016/17	2017/18	2018/19	2019/20
	Actual	Revised	Printed Estimates	Proj.	Proj.	Proj.
Total Revenue & Grants	**7,542,626,350**	**7,223,636,970**	**7,679,438,797**	**7,399,783,750**	**8,139,762,125**	**8,953,738,338**
Unspent Bal b/f	1,093,088,839	1,093,088,839	688,840,145	0	0	0
Revenue (Total)	**6,449,537,511**	**6,130,548,131**	**6,990,598,652**	**7,399,783,750**	**8,139,762,125**	**8,953,738,338**
Local Revenue	1,037,217,425	718,228,095	1,192,000,000	1,000,000,000	1,100,000,000	1,210,000,000
National Govt Transfers	5,190,879,968	5,190,879,968	5,601,025,717	5,977,414,645	6,575,156,110	7,232,671,720
Grants & Others	221,440,118	221,440,068	197,572,935	422,369,105	464,606,016	511,066,617
CG Expenditure	**7,542,626,350**	**6,534,796,825**	**7,679,438,797**	**7,399,783,749**	**8,139,762,124**	**8,953,738,336**
Recurrent	4,589,734,056	4,210,980,092	4,563,372,616	5,079,285,209	5,587,213,730	6,145,935,103
Rec. as a % of CG Expenditures	**61%**	**64%**	**59%**	**69%**	**69%**	**69%**
Operation & Maintenance	2,135,337,407	2,059,260,838	1,806,790,748	2,531,831,123	2,785,014,234	3,063,515,658
Personnel Emoluments	2,454,396,649	2,151,719,254	2,756,581,868	2,547,454,086	2,802,199,496	3,082,419,445
PE as a % of CG Revenues	**38%**	**35%**	**39%**	**37%**	**37%**	**37%**
Development	2,952,892,294	2,323,816,733	3,116,066,181	2,320,498,540	2,552,548,394	2,807,803,233
Dev. as a % of CG Expenditures	**39%**	**36%**	**41%**	**31%**	**31%**	**31%**
Unspent Bal c/f	-	688,840,145	0			

Similarly, recurrent expenditure is projected at Kshs. 5,079,285,210 in 2017/18 FY, accounting for 69 percent of total expenditures and an increase of 10 percent from the previous financial year; while development expenditure is projected at Kshs.2,320,498,540 accounting for 31 per cent of total expenditure. Wages and benefits for county government staff is projected at Kshs.

2,581,643,419, accounting for 37 per cent of total expenditures and 2 per cent decrease from the previous financial year. The decline in projections for development expenditure is attributed to unspent balances of Kshs. 688,840,145 from 2015/16 financial year that was re-appropriated into the FY 2016/17 budget.

Therefore, in the FY 2017/18 MTEF period the county government will reorganize non-essential spending to essential capital development aimed at decreasing recurrent expenditure and thereby increasing development expenditures. In addition, wages and benefits are projected at 37 per cent, which the county government will seek to maintain within the prescribed limit of 35 per cent.

3.3 Adherence to Fiscal Responsibility Principles

The county government adhered to the fiscal responsibility principles set out in section 107 of the Public Finance and Management (PFM) Act 2012 to ensure prudence and transparency in the management of public resources. Development expenditure will be maintained at 31 percent of the entire budget allocations to meet the minimum 30 percent requirement; Expenditures on wages and benefits is above the prescribed limit of 35 percent by two percent (37 percent). In addition, total expenditure will not exceed the total revenue as the county government will be implementing a balanced budget; and any borrowing made by county government will be to finance development expenditure and in line with the Constitution of Kenya 2010, PFM Act 2012 and the borrowing framework by sub nationals and shall be maintained at a sustainable level as approved by county assembly. Further, all fiscal risks to the budget were managed prudently by taking into account the challenges in revenue performance and pressures on expenditures.

3.4 Fiscal Structural Reforms

To achieving faster economic growth, the county government requires to rapidly implement structural reforms identified in the 2016 CFSP, and remove constraints to growth. In FY 2017/18 and in the medium term the county government endeavours to undertake the following:

Enhancing revenue collection

The county government will deepen reforms for resource mobilization towards improved local revenue collection by: Fully rolling-out automation of revenue collection system *UGPaY* and sensitizing the public on use of the same; Decentralise revenue collection to wards and sub-counties levels and introduce agency banking in all county hospitals and revenue collection points; and complete county spatial plans including valuation rolls to map out economic activities with intent to raise more resources.

Improving spending

Over the medium term, the monitoring of budget execution will be strengthened to improve on absorption. The county government will remain committed towards reducing wastage so that spending produces the intended results. In addition, the county government will continue to build up capacity in the utilization of e-procurement to improve spending efficiency.

3.5 Debt Financing Policy

Over the medium term, any borrowing by the county government shall be used only for the purpose of financing development expenditure in line with the PFM Regulations and the borrowing framework by sub nationals approved by the Inter-governmental Budget Economic Council. And such borrowing shall be maintained at sustainable level as prescribed in the Debt Management Strategy Paper.

3.6 Budget Framework for Proposed FY 2017/18

Over the medium term, the county government spending is expected to grow by 9 per cent in nominal terms.

Revenue Growth

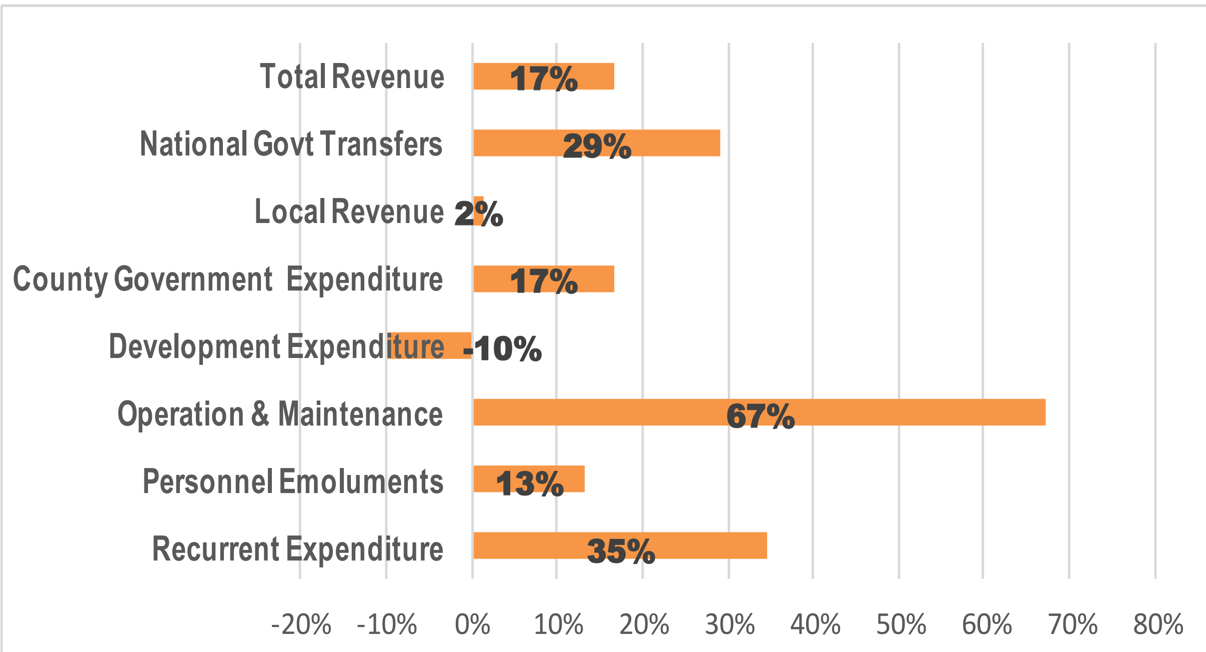
In FY 2017/18 Budget the county government targets to raise total revenue of Kshs 7,399,783,750 billion, Kshs 5,977,414,645 billion equitable share and Kshs 1 billion local revenue and Kshs. 422,369,105 million conditional grants as indicated in table 3.1 above.

The county government local revenue growth projections have been revised downwards by 16 per cent due to over projection and under performance in FY 2015/16. However the county government intends to improve on this performance through: full automation of revenue systems *UG-PaY,* decentralize and strengthen revenue collection, recruit revenue enforcement collectors throughout the county and sensitize the public on the use of *UG-PaY.*

Expenditure Forecasts

The county government has successfully maintained the expenditure ceiling over the past four years. Spending pressures have been accommodated through reallocations in subsequent supplementary budgets. County government targets a total spending of Kshs. 7,399,783,750 in FY 2017/18 budget; with a recurrent expenditure of Kshs. 5,079,285,210 and a development expenditure of Kshs. 2,230,498,540 accounting for 31 percent of total expenditures as indicated in table 3.1.

Figure 3.1 Showing Average Growth in Revenue and Expenditure, 2016/17 - 2019/20 MTEF



As shown in Figure 3.1 above, total revenue and expenditure is projected to grow by 17 per cent over the MTEF period. Similarly, revenue from national government to the county is expected to grow by 29 per cent while local revenue will grow by 2 per cent over the same period. On expenditure, recurrent expenditure is expected to rise by 35 per cent and development expenditure kept within a margin of 10 per cent; personnel emoluments is projected to grow by 13 per cent while operations and maintenance will grow by 67 per cent within the MTEF period.

3.7 Summary

The county government will maintain a balanced budget in the fiscal year and in the medium term. The goal of the county fiscal policy is to consolidate the fiscal gains made for socio-economic transformation. Further the county government will observe fiscal responsibility principles as outlined in the PFM Act 2012 and regulations. With the volatile economic environment the county government will observe fiscal risks that may affect its revenue resource and thereby implement relevant fiscal structural reforms.

IV

FY 2017/18 BUDGET & MEDIUM TERM EXPENDITURE FRAMEWORK

This section discusses expenditure proposals by function group a classification of public spending in similar or related areas.

4.1 Resource Envelop

The FY 2017/18 Budget targets to raise a total of Kshs. 7,399,783,750; Kshs. 1 Billion from local sources and Kshs. 5,977,414,645 as equitable share from the National Government. In addition, the county government expects to receive Kshs. 422,369,105 in form of conditional grants.

Over the medium term, the county government envisages a balanced budget and any budget deficits occasioned by change of county government policies will be met by borrowing in line with the fiscal responsibility principles provided in the PFMA 2012 and borrowing framework for sub-nationals approved by IBEC and guidelines issued by CRA.

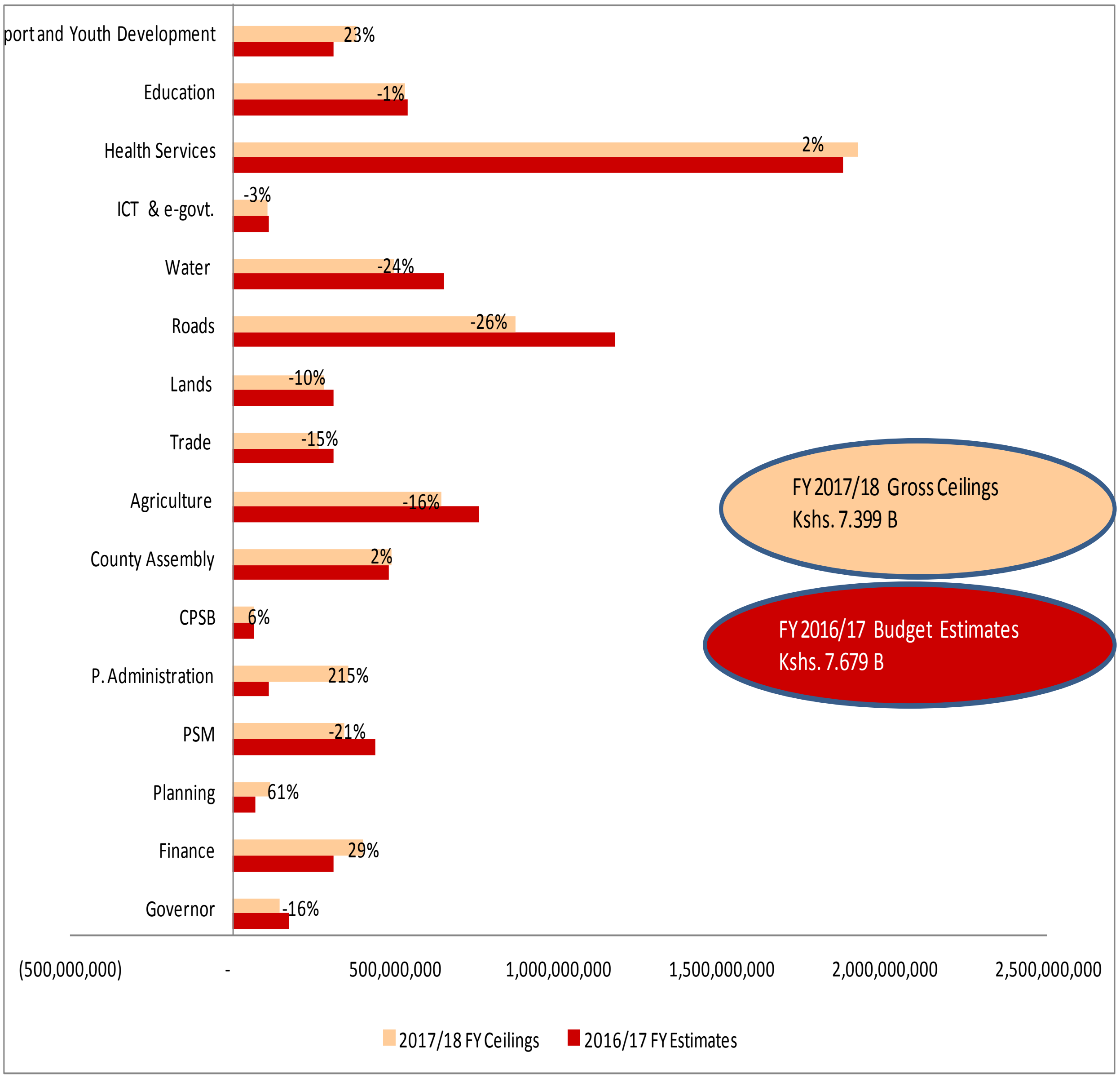
4.2 Medium-Term Spending Proposals

Total county government spending is expected to grow at 10 per cent in nominal terms over the MTEF period. Table 4.1 provides the projected baseline ceilings for the 2017/18 MTEF, classified by sector and sub-sector.

Table 4.1: Medium Term Expenditure Sector Ceilings, 2017/18 – 2019/20 (Kshs Millions)

ESTIMATE CEILING 2017/2018 - 2019/20														
Sector	MDAs	Estimates		CBROP Ceiling			CFSP Ceiling				Projections			
		2016/17		2017/18							2018/19		2019/20	
	Items	Rec. Gross	Dev. Gross	Rec. Gross	Dev. Gross	Gross Total	Rec. Gross	Dev. Gross	Gross Total	% Change	Rec. Gross	Dev. Gross	Rec. Gross	Dev. Gross
PUBLIC ADMIN.	Governor	173,648,791	0	112,583,253	0	112,583,253	143,549,472	0	**143,549,472**	28%	157,904,419	0	173,694,861	0
	% of Total Expenditure	3.81%	0.00%	2.24%	0.00%	1.49%	2.83%	0.00%	**1.94%**	0.00%	2.83%	0.00%	2.83%	0.00%
	Finance	284,972,258	24,436,170	549,287,025	0	549,287,025	391,902,817	0	**391,902,817**	-29%	431,093,099	0	474,202,409	0
	% of Total Expenditure	6.24%	0.78%	10.91%	0.00%	10.91%	7.72%	0.00%	**7.72%**	-29.25%	7.72%	0.00%	7.72%	0.00%
	Planning	61,228,132	9,406,725	155,783,445	0	155,783,445	103,496,507	0	**103,496,507**	-34%	113,846,158	0	125,230,774	0
	% of Total Expenditure	1.34%	0.30%	3.09%	0.00%	2.07%	2.04%	0.00%	**1.40%**	-32.34%	2.04%	0.00%	2.04%	0.00%
	PSM	426,011,346	13,139,808	452,826,243	0	452,826,243	312,383,916	32,444,978	**344,828,894**	-24%	343,622,308	35,689,476	377,984,539	39,258,424
	% of Total Expenditure	9.34%	0.42%	8.99%	0.00%	6.01%	6.15%	1.40%	**4.66%**	-22.45%	6.15%	1.40%	6.15%	1.40%
	Administration	62,739,614	50,201,000	111,222,169	241,735,034	352,957,202	182,630,284	162,224,890	**344,855,175**	-2%	200,893,312	178,447,380	220,982,644	196,292,118
	% of Total Expenditure	1.37%	1.61%	2.21%	9.67%	4.68%	3.60%	6.99%	**4.66%**	-0.50%	3.60%	6.99%	3.60%	6.99%
	CPSB	63,589,434	0	74,202,599	0	74,202,599	67,426,580	-	**67,426,580**	-9%	74,169,238	0	81,586,162	0
	% of Total Expenditure	1.39%	0.00%	1.47%	0.00%	0.98%	1.33%	0.00%	**0.91%**	-7.46%	1.33%	0.00%	1.33%	0.00%
	CA	462,071,800	15,907,805	607,483,397	0	607,483,397	572,000,000	0	**572,000,000**	-6%	629,200,000	0	692,120,000	0
	% of Total Expenditure	10.13%	0.51%	12.06%	0.00%	8.06%	11.26%	0.00%	**7.73%**	-4.11%	11.26%	0.00%	11.26%	0.00%
	Sub-Totals	**1,534,261,375**	**113,091,508**	**2,063,388,130**	**241,735,034**	**2,305,123,164**	**1,773,389,576**	**194,669,869**	**1,968,059,445**	**-15%**	**1,950,728,534**	**214,136,855**	**2,145,801,387**	**235,550,541**
	% of Total Expenditure	**33.62%**	**3.63%**	**40.97%**	**9.67%**	**30.59%**	**34.91%**	**8.39%**	**26.60%**	**-13.05%**	**34.91%**	**8.39%**	**34.91%**	**8.39%**
ARD	Agriculture	247,380,841	509,857,049	270,660,375	358,782,358	629,442,733	258,361,619	410,969,723	**669,331,342**	6%	284,197,781	452,066,695	312,617,559	497,273,364
	% of Total Expenditure	5.42%	16.36%	5.37%	14.35%	8.35%	5.09%	17.71%	**9.05%**	8.29%	5.09%	17.71%	5.09%	17.71%
	Trade	108,670,825	199,596,968	144,132,151	191,058,898	335,191,049	116,503,944	183,854,876	**300,358,820**	-10%	128,154,338	202,240,363	140,969,772	222,464,400
	% of Total Expenditure	2.38%	6.41%	2.86%	7.64%	4.45%	2.29%	7.92%	**4.06%**	-8.74%	2.29%	7.92%	2.29%	7.92%
	Lands	109,121,286	202,044,247	116,626,016	154,597,276	271,223,292	105,395,722	173,039,883	**278,435,605**	3%	115,935,294	190,343,872	127,528,823	209,378,259
	% of Total Expenditure	2.39%	6.48%	2.32%	6.18%	3.60%	2.08%	7.46%	**3.76%**	4.55%	2.08%	7.46%	2.08%	7.46%
	Sub-Totals	**465,172,952**	**911,498,264**	**531,418,542**	**704,438,532**	**1,235,857,074**	**480,261,285**	**767,864,482**	**1,248,125,767**	**1%**	**528,287,414**	**844,650,930**	**581,116,155**	**929,116,023**
	% of Total Expenditure	10.19%	29.25%	10.55%	28.18%	16.40%	9.46%	33.09%	**16.87%**	2.85%	9.46%	33.09%	9.46%	33.09%
I&ICT	Roads	522,172,039	652,290,254	540,399,615	360,266,410	900,666,025	440,943,153	410,570,829	**851,513,983**	-5%	485,037,469	451,627,912	533,541,216	496,790,703
	% of Total Expenditure	11.44%	20.93%	10.73%	14.41%	11.95%	8.68%	17.69%	**11.51%**	-3.72%	8.68%	17.69%	8.68%	17.69%
	Water	156,122,509	492,105,212	167,723,460	391,354,740	559,078,200	132,938,353	346,079,766	**479,018,120**	-14%	146,232,189	380,687,743	160,855,407	418,756,517
	% of Total Expenditure	3.42%	15.79%	3.33%	15.66%	7.42%	2.62%	14.91%	**6.47%**	-12.74%	2.62%	14.91%	2.62%	14.91%
	ICT & e-govt.	45,787,844	64,273,291	87,955,667	71,963,727	159,919,394	54,247,698	38,933,974	**93,181,672**	-42%	59,672,468	42,827,371	65,639,715	47,110,108
	% of Total Expenditure	1.00%	2.06%	1.75%	2.88%	2.12%	1.07%	1.68%	**1.26%**	-40.66%	1.07%	1.68%	1.07%	1.68%
	Sub-Totals	**724,082,392**	**1,208,668,757**	**796,078,742**	**823,584,877**	**1,619,663,619**	**628,129,205**	**795,584,569**	**1,423,713,774**	**-12%**	**690,942,125**	**875,143,026**	**760,036,338**	**962,657,329**
	% of Total Expenditure	15.87%	38.79%	15.81%	32.95%	21.49%	12.37%	34.29%	**19.24%**	-10.48%	12.37%	34.29%	12.37%	34.29%
Health	Health Services	1,555,309,819	320,000,000	1,095,612,247	570,317,252	1,665,929,499	1,664,809,906	205,484,861	**1,870,294,767**	12%	1,831,290,897	226,033,347	2,014,419,986	248,636,682
	% of Total Expenditure	34.08%	10.27%	21.75%	22.82%	22.11%	32.78%	8.86%	**25.27%**	14.33%	32.78%	8.86%	32.78%	8.86%
	Sub-Totals	**1,555,309,819**	**320,000,000**	**1,095,612,247**	**570,317,252**	**1,665,929,499**	**1,664,809,906**	**205,484,861**	**1,870,294,767**	**12%**	**1,831,290,897**	**226,033,347**	**2,014,419,986**	**248,636,682**
	% of Total Expenditure	34.08%	10.27%	21.75%	22.82%	22.11%	32.78%	8.86%	**25.27%**	14.33%	32.78%	8.86%	32.78%	8.86%
Education	Education	241,481,937	296,307,652	447,000,000	101,167,143	548,167,143	390,008,166	118,964,920	**508,973,085**	-7%	429,008,982	130,861,412	471,909,881	143,947,553
	% of Total Expenditure	5.29%	9.51%	8.88%	4.05%	7.27%	7.68%	5.13%	**6.88%**	-5.44%	7.68%	5.13%	7.68%	5.13%
	Sport and Youth Development	43,064,141	266,500,000	102,900,000	58,357,347	161,257,347	142,687,071	237,929,839	**380,616,911**	136%	156,955,778	261,722,823	172,651,356	287,895,106
	% of Total Expenditure	0.94%	8.55%	2.04%	2.33%	2.14%	2.81%	10.25%	**5.14%**	140.38%	2.81%	10.25%	2.81%	10.25%
	Sub-Totals	**284,546,078**	**562,807,652**	**549,900,000**	**159,524,490**	**709,424,490**	**532,695,237**	**356,894,759**	**889,589,996**	**25%**	**585,964,761**	**392,584,235**	**644,561,237**	**431,842,659**
	% of Total Expenditure	6.24%	18.06%	10.92%	6.38%	9.41%	10.49%	15.38%	**12.02%**	27.70%	10.49%	15.38%	10.49%	15.38%
	Grand Totals	**4,563,372,616**	**3,116,066,181**	**5,036,397,661**	**2,499,600,185**	**7,535,997,846**	**5,079,285,209**	**2,320,498,540**	**7,399,783,749**	**-2%**	**5,587,213,730**	**2,552,548,394**	**6,145,935,103**	**2,807,803,233**
	% of Total Expenditure	67%	33%	67%	33%	100.00%	**69%**	**31%**	100.00%	0.00%	69%	31%	69%	31%
			7,679,438,797		7,535,997,846		0	7,399,783,749				8,139,762,124		8,953,738,336

Figure 4.1 Showing Growth in Allocations between FY 2016/17 Budget and Proposed FY 2017/18 Budget by Department/ County Entity



As shown in Fig.4.1 allocation to the Public Administration and Co-ordination Department is projected to significantly grow by 215 percent in the coming financial year while that of the Roads Department will decline by 26 percent. However, allocations (ceilings) to the Public Administration Sector remain the highest accounting for 26.6 percent of total allocations; while Education Sector is the least accounting for 12 percent.

4.3 Apportionment of the Baseline Ceilings

The ceiling estimates reflect the current departmental spending levels in sector programmes. In the recurrent expenditure category, non-discretionary expenditures take first charge. These include personnel emolument and payment of statutory obligations and servicing of debts. Development expenditures were apportioned resources based on priorities outlined in the CIDP; strategic policy interventions of the county government; and need to complete all on-going capital projects. In addition, the County Assembly ceiling is apportioned based on guidelines prescribed in the PFM Regulations 2015.

4.4 County Spending Plans

County government's medium-term spending plans take into account the growth in revenue and fiscal policy framework set out in Sections 2 and 3. They include projected growth in the expenditure ceiling of Kshs.7, 399,783,750 in 2017/18 and Kshs.8, 139,762,125 in 2018/19. Within this framework, the 2017 Budget will sustain spending on core priorities and shift existing resources to critical needs.

4.3 County Sector Priorities

The medium term expenditure framework for 2017/18 – 2019/20 ensures continuity in resource allocation based on prioritized programmes outlined in the CIDP and other policy documents to accelerate growth. The recent achievements and key priority targets for each sector are based on the sector reports generated from the Sector Working Groups (SWG) undertaken in October 2016.

Table 4.2 : Showing Details of Sector Priorities

Name of sector	**1.0 Agriculture, Rural and Urban Development**
Name of sub-sectors	Agriculture, Livestock and Fisheries; Trade, Industrialization, Cooperative & Enterprise Development, Tourism & Wildlife Management; Lands, Physical Planning and Housing
Sector mandate	The sector is charged with promotion of farming as a business; land administration and management, spatial planning, development control, management of county houses; development of trade and investment commerce; promotion of tourism and strengthening of co-operative movement in the county.

Key sector achievement	In 2015/16 period the Agriculture sub-sector achieved the following: rolled out *Kijana na acre* project targeting 138 groups; established Soil Testing Laboratory; constructed a Multi-purpose Hall and electric and chain link fence at Chebororwa ATC; and revamped extension services. In addition, construction of 46 milk coolers structures started; over 94,500 chicks distributed to 464 groups under *Inua Mama na Kuku* programme; up-scaled AI services achieving 14,230 inseminations through 18 cooperative societies; renovated over 200 dips; and vaccinated livestock across the county. Further, fish hatchery being developed in collaboration with University of Eldoret stood at 98 percent complete; Aqua shops established; and 75 fishing nets, 2gill nets and 7 scoop nets availed to farmers. The Trade sub-sector achieved the following: developed 15 markets across the county; fabricated modern kiosks to be completed in the first quarter of current FY; conducted trainings for SMEs; Disbursed loans worth Kshs.57 Million to co-operatives societies through Co-operative Enterprise Development Fund; Developed CEDF loan management system; Trained 11 cooperative society leaders; and over 25,000 business permits issued. In addition, the sub-sector promoted tourism and wildlife conservation in the county through development of River Sosiani nature and amusement park, Kesses dam management Plan and Chagaiya High Altitude Training Camp. Under lands sub-sector, completed preparation of Valuation Roll for Moi's Bridge and for Eldoret 90 percent complete and Scrutiny of area list for Shauri Yako Estate and Moiben complete. In addition, preparation of county spatial development plan undertaken; and Local Physical Development Plans for Burnt Forest, Moi's Bridge and Cheptiret 75 percent complete while those for Wounifor and Kipkabus are 50 percent complete; Classification of urban areas 90 percent complete; prepared Southern By-Pass Advisory Plan and Karandili Advisory Plan. Further, surveys of public land and roads were undertaken and 4 maps drawn; Fenced 5 public utilities; and 12 boundaries re-established. The sub-sector also designed and constructed senior staff houses.
Sector challenges	Low productivity in crop and livestock farming; high cost of farm inputs; low value addition of agricultural produce; high prevalence of livestock diseases; mechanization farming; post harvest management; high cost of AI services; retail trade; access to affordable credit; inadequate capacities; revenue leakages; licensing processes; low property rates; development control; inadequate office accommodation; availability of public land

Sector medium term plan	The sector intends to address these challenges in 2017/18 FY and over the medium term by: *Agriculture Sub-Sector* ▪ Revamping extension services and acquire a Mobile Training Unit; ▪ Promoting irrigation through purchase of irrigation kits targeting 30 farmers; ▪ Fertilizer subsidy targeting 1000 farmers; ▪ Purchase of certified crop seeds and seedlings for issuance to farmers; ▪ Construct 15,000 bags capacity cereal stores at Turbo, Ainabkoi, and Kapseret Sub-counties; ▪ Construct cold storage facility for horticultural crops; ▪ Establish rural agro-processing plants targeting 30 cottage industries and 1 multi-purpose fruit juice processing unit; ▪ Purchase of quicksets and GPS for each sub-county; ▪ Renovate two collection/distribution centres (formally NCPB stores); ▪ Improve livestock nutrition by targeting 6 cottage feed industries & 50 bulking plots ▪ Promote value addition and market access targeting 6 milk dispenser fitted with pasteurizers (1 per Sub county); and beehives and honey processing equipment ▪ Establish model farms targeting 6 farms (1 per sub county); ▪ Establish livestock demonstration structures targeting 6 structure (zero grazing, poultry, rabbit, piggery, goat, sheep, bee hives) ▪ Staff development through trainings ▪ Vaccinate over 200,000 livestock against notifiable disease ▪ Control of Disease Vectors and pests targeting supply of acaricides and rehabilitation of 100 cattle dips ▪ Equipping with Veterinary Equipment's purchase ▪ Increase productivity through improved breeding through targeting subsidizing 10,000 AI semen and 1000 sexed semen. ▪ Safeguard human health and ensure hygienic slaughter by constructing one modern slaughter house and license 40 slaughter slabs. ▪ Strengthen extension services on veterinary issues/technology ▪ Provide adequate transport facilities ▪ Samaki Pesa project targeting 600,000 Fingerlings, 24 tonnes of feeds for issuance to farmers. ▪ Promote fish farming through construction of demonstration ponds in each ward targeting 150 ponds ▪ Establish demonstration ponds ▪ Purchase one fish feed extruder

	▪ Aquaponics targeting one unit at the fisheries offices ▪ Conduct Eat More Fish Campaign ▪ Complete construction of hostel at Chebororwa ATC ▪ Provide clean water to ATC and rehabilitate the sewerage system ▪ ATC farm equipping through purchase of a four raw planter ▪ Construct a Zero Grazing Unit at the ATC ▪ Construct service workshop and machinery shade at AMS ▪ Purchase of AMS machineries targeting wheel excavator, boom sprayer, Combine Harvester, Bulldozer; and overhaul of Caterpillar D6E GKZ 975 and Changlin bulldozer,

	Trade Sub-Sector ▪ Develop a community conservancy ▪ Complete River Sosiani Nature Trail, Recreation and amusement Park ▪ Complete construction of Chagaiya High altitude Training Camp ▪ Upscale Enterprise Development Fund ▪ Construct refrigerated and air rated stores ▪ Refurbish cooperative office ▪ Capacity building targeting co-operative committees and MSEs; Markets Management Committees; Licensing/compliance staff ▪ Develop Commercial Centres-Markets ▪ Conduct feasibility study and Development of Business incubation centres ▪ Fabricate modern Kiosks ▪ Upscale Uasin Gishu Joint Loans Board Scheme ▪ Acquire standard weighbridge testing unit ▪ Install software for the Management of Small scale Traders-Small Scale Traders Management System(SSTMS) ▪ Automation of the One Stop Shop Licensing Centre ▪ Procure compliance Staff Uniforms, Laptops, Point of Sale(POS) devices, Permit Papers, Procedure Manuals, Licensing Act, ▪ Procure 10 cess booths to enhance revenue collection *Lands Sub-Sector* ▪ Prepare Valuation Roll for Turbo Town ▪ Land banking ▪ Construction of office block and staff parking shade ▪ Construction of Town Administrators Office ▪ Operationalization of County Housing Corporation ▪ Fencing of County Estates in Eldoret Town and public utilities ▪ Preparation of Local Physical Development Plans ▪ Completion of LPDPs for Sigowet, Wareng TC, Kapkoiga, Lower Moiben, Chelelmetio, Kaptelton, Cheplaskei and Kipchamo -Plateau. ▪ Undertake mapping /cadastral survey of public utility plots in the county and acquire survey equipment.
Sector resource usage	The sector accounted for about 19.9 per cent of total county budget in FY 2016/17. A total of Kshs. 1,248,125,767 is allocated to the sector in 2017/18 Budget accounting for 16.8 percent of total budget; of which Recurrent is Kshs. 480,261,285 and Development is Kshs. 767,864,482

Name of sector	**2.0 Health Services**
Sector mandate	The sector is charged with the provision of equitable, affordable and quality health care of the highest standard to the citizens of the county.
Key sector achievement	In 2015/16 FY the sector achieved the following: undertaken construction of Turbo, Kapteldon, Moiben, Kesses, Ziwa and Burnt forest sub-county hospitals; and completed and launched Eye Hospital at Huruma Hospital. In addition, a total of 98 dispensaries and health centers across the county were renovated and 22 new facilities constructed. Further, the sector implemented the community health strategy; acquired 12 new modern ambulances; timely provision of essential medical supplies and equipments; automation of health facilities undertaken; and construction of a modern drug store. The sector also employed over 350 health care staff at all cadres to meet staffing needs for the upgraded facilities.
Sector challenges	Health facilities and equipment; staffing
Sector medium term plan	The sector intends to address these challenges in 2017/18 FY and over the medium term by: ▪ Construct an abolition block and install a water tank at EATEC dispensary ▪ Construct a county Emergency Unit/Casualty ▪ Construct model health centers at Kamalel, Chepkanga, Kuinet ▪ Construct model dispensaries at Uswo and Langas ▪ Construct an in-patient ward at Kapteldon Sub-county Hospital ▪ Complete construction of model Sub-County hospitals phase I at Moiben and Ziwa; and County Reference Laboratory ▪ Complete construction of a model sub-county hospital (Phase II) at Kesses sub-county hospital ▪ Construct a model maternity unit at West health Centre ▪ Construct standard incinerators at Sub county Hospitals & high volume Health centers ▪ Equip health care facilities across the county ▪ Construct a morgue ▪ Purchase 6 utility vehicles for sub-counties, 30 Motor cycles and stand by generator
Sector resource usage	Health accounted for about 22 per cent of total county budget in FY 2016/17. A total of Kshs.1,870,294,767 is allocated to the sector in 2017/18 budget, accounting for about 25.2 percent of total budget; of which Recurrent is Kshs. 1,664,809,906 and Development is Kshs. 205,484,861

Name of sector	**3.0 Infrastructure and ICT**
Name of sub-sectors	Roads, Transport and Public Works; ICT and e-Government
Sector Mandate	The sector is vested with the responsibility of providing a holistic and integrated transport system within the county as well as operating and maintaining an efficient, safe and cost effective transport system. In addition, the department is charged with the responsibility of developing and maintaining cost effective government buildings and management of fire and emergencies as well as development of ICT and its use within the county.
Key sector achievement	In 2015/16FY the roads sub-sector constructed 0.8 Km length of road to bitumen standard. It also did grading (2122 Km), gravelling (240 Km), drainage and culvert work (773.84 metres), construction of bridges/box culverts (15No.) which were substantially completed, street lights (1380No), and 2No *boda boda* shades with 28No others being ongoing. Water and Environment Sub-sector procured 10 refuse trucks, 80 skip containers, and one dumpsite to improve on waste management. A total of 35 women and youth groups were also contracted in waste management. One public park was rehabilitated and a total of 258,000 tree seedlings were planted. The directorate of water drilled 4 boreholes and rehabilitated 2 dams. It also did 60 community water projects. ICT Sub-Sector undertook phase I of most of the projects including deployment of UG-Pay and HMIS II with Huruma Health Centre fully paperless. In addition, the sub-sector purchased 47 laptops for health facilities and conducted trainings; point to point connectivity within the county was undertaken aimed at improving intercommunication (intercom) across county facilities; and LED screens installed in town.
Sector Challenges	Poor road network; encroachment of roads reserves; inadequate street lighting in urban centres; missing road links; disaster response; data recovery; information dissemination; access to clean and portable water; poor waste disposal and management; encroachment of riparian and water catchment areas; electricity connectivity; open/green spaces
Sector medium term plan	The sector intends to address these challenges in 2017/18 FY and over the medium term by:

	Roads Sub-Sector ▪ Construct a total of 6 Bridges and box Culverts ▪ Construct 2km of roads to bitumen standards ▪ Grade 2,200 Km of road across the county ▪ Gravel 300 Km of county roads ▪ Improve drainage by installing/cleaning 3000m of culverts ▪ Survey county roads targeting 400 Km ▪ Install 450 street lights across the county ▪ Reseal potholes targeting 2 Km patching ▪ Construct 2 foot bridges ▪ Purchase of 3 motor vehicles for supervision ▪ Routine maintenance of roads targeting 300 Km for spot gravelling and light grading; and bitumen roads ▪ Design of Bridges, Footbridges and Box culverts targeting 2 foot bridges; 2 bridges and 8 box culverts. ▪ Design and construct a Fire and Emergency Facilities at Mois' Bridge/ Kesses ▪ Design and Construction of Fire Training Facility at Maili Nne ▪ Repair and Maintenance of Transport Infrastructure targeting Airstrip ▪ Repair and Maintenance of Plant Machinery, street lights ▪ Repair and Maintenance of county government buildings ▪ Construct Bus /Lorry parks targeting 5 in Eldoret Town and other urban centres ▪ Install traffic signals in Eldoret Town ▪ Complete construction of 2 Km roads to bitumen standard within Eldoret town (ongoing) ▪ Complete construction of 13 bridges (ongoing) *ICT & e-Government Sub-Sector* ▪ Acquire ICT Asset management system ▪ Install power backup solution to county hospitals ▪ Purchase ICT equipment ▪ Establish data recovery Center ▪ Complete automation of health facilities ▪ Expand revenue system - Phase IV ▪ Install information monitor/display screens in strategic locations within Eldoret town *Water, Environment & Energy Sub-Sector* ▪ Construct and expand community water supplies county wide

	▪ Rehabilitation of existing water supplies county wide ▪ Drilling and equipping of boreholes county wide ▪ Spring protection county wide ▪ Rehabilitation/desilting of dams county wide ▪ Promote roof catchment systems ▪ Refurbish Burnt forest dump site ▪ Purchase of machinery targeting excavator 180-220HP for Kipkenyo, 4 side loader lorries and 5 skip lorries ▪ Town beautification targeting planting ornamental indigenous trees and flowers and landscaping of open spaces. ▪ Install a solid waste recycling plant at Kipkenyo dumpsite ▪ Increase electricity connectivity and establish biogas demonstrations centres county wide
Sector resource usage	The sector accounted for about 27 per cent of total county budget in FY 2016/17. A total of Kshs. 1,423,713,774 is allocated to the sector in 2017/18 Budget, accounting for about 19 percent of total budget; of which Recurrent is Kshs. 628,129,205 and Development is Kshs. 795,584,569.
Sector	**4.0 Education**
Sub – Sectors	Education, Culture and Social Services; Youth and Sports
Sector Mandate	The sector is responsible for development, management and administration of early childhood development education and vocational training; sustainably promote and preserve cultural heritage; manage and coordinate social welfare programmes; and develop sports.
Key sector achievement	In 2015/16 FY the sub-sector partnered with RVTTI on training of school heads under the Tayari Program; issued bursaries to over 16000 needy students; undertook improvement of ECDE infrastructure and equipping. The social services implemented rescue and repatriation/re-integration of street children; undertook construction of a dormitory at the Rescue Centre and dining hall kitchen at Home craft centre which are near completion. The sub-sector also successfully promoted cultural activities and peace reconciliations events. The Youth and Sports sub-sector hosted successfully KICOSA games, the Governor's cup, East African Competition trials, and Paralympics and athletics field events during this period. The sub-sector also graded 30 playgrounds aimed at improving sports Infrastructure in all wards. In addition,

	infrastructure improvement of vocational institutes undertaken through construction of 11 classrooms/hostels; issued Kshs.3M TIVET scholarships; facilitated trainings of YAGPO and enrolled 240 students to study artisan at RVTTI.
Sector challenges	Poor ECDE and VTCs infrastructure; low transition rates; street children; inadequate special school facilities; growing PWDs and vulnerable groups population; inadequate office accommodation
Sector medium term plan	The sector intends to address these challenges in 2017/18 FY and over the medium term by: ▪ Improve and upgrade stadia targeting 64 stadium and Kipchoge Keino ▪ Construct a cultural centre ▪ Construct special schools at Hill School, Kambugu and Moiben ▪ Improve ECDE infrastructure in the county targeting 90 classrooms ▪ Equip ECDE centres with teaching and learning materials targeting 500 centres ▪ Bursary programme targeting 20,000 beneficiaries from needy background ▪ Improve VTCs infrastructure and equipping targeting 12 centres across the county ▪ Provide TVET Loans targeting 1200 students ▪ Construct conference facilities, hostels and administration block at Home craft Training Centre ▪ Construct girl's dormitory, counseling rooms and perimeter wall at Rescue Centre. ▪ Upscale PWDs and other vulnerable groups programme ▪ Refurbish and partition rooms at social hall
Sector resource usage	Education accounted for about 12 per cent of total county budget in FY 2016/17. A total of Kshs. 889,589,996 is allocated to the sector in 2017/18 Budget, accounting for about 12 percent of total budget; of which Recurrent is Kshs. 532,695,237 and Development is Kshs. 356,894,759.
Name of Sector	**5.0 Public Administration**
Name of Sub-Sectors	Public Service Management, Public Administration & Co-ordination; Finance; and Economic Planning
Sector Mandate	The sector is tasked with coordination, management and supervision of general administration functions of the county; management of the human resource function, public finances and economic affairs of the county.
Key sector achievement	In 2015/16 period the PSM sub - sector managed to train county staffs on various areas such as change management, paramilitary training and leadership. Over 1200 staffs underwent the training. Performance contracts

	for C.E.Cs, COS and Directors were also developed and the same cascaded to the lower levels for implementation. Tremendous achievements in the registry section included opening and forwarding of 466 new plot files; generated a baseline report on status of records management; developed County Draft Policy on records management procedure manuals aimed at to enhancing records management at the county. The legal section formulated relevant policies and legislations for the various sectors that were devolved; 33 pieces of legislations were drafted with a number of them passed into law. The litigation section acted on several matters of illegally acquired parcels of land of which a number of the matters were concluded. Over 50 cases have been forwarded to NCL for action. Various MOUs and Contracts agreements were entered by the county government. MOUs drafted include with HELB for administration of loans to needy students, KPLC for operation and maintenance services in respect to street lighting and NHC for financial framework for development of houses. The public administration & Co-ordination sub-sector undertook construction of sub-county offices for Ainabkoi, Kapseret and Moiben Sub-Counties. Under Finance and Economic Planning sub-sector all statutory policy documents were prepared and timely submitted to the County Assembly including CFSP 2016, CBROP 2015, and ADP for FY 2016/2017 and County Budget Estimates 2016/17 and Statutory Reports to the Office of Controller of Budget was up to date. The sub-sector also conducted revenue sensitization aimed at enhancing revenue performance and conducted M&E to track project implementation.
Sector challenges	Records management; inadequate office accommodation at the sub-counties; transport challenges; efficiency in service delivery

Sector medium term plan	The sector intends to address these challenges in 2017/18 FY and over the medium term by: *Public Service Management* ▪ Install an Electronic Records Management System ▪ Construct and equip a gymnasium at the cultural centre ▪ Purchase a 52 seater staff bus ▪ Establish a Huduma centre ▪ Complete installation of equipment for the Broadcasting and information services *Public Administration & Co-ordination* ▪ Construct Sub-County offices for Kesses, Soy, Turbo Sub-Counties ▪ Construct 24 ward offices ▪ Purchase of motor vehicles targeting 30 ▪ Complete construction of Sub-County offices for Ainabkoi, Kapseret and Moiben Sub-Counties.
Sector resource usage	The sector accounted for about 18.6 per cent of total county budget in FY 2016/17. A total of Kshs. 1,968,059,445 is allocated to the sector in 2017/18 Budget, accounting for 26.6 percent of total budget; Recurrent is Kshs. 1,773,389,576 and Development is Kshs. 194,669,869