SAMBURU COUNTY GOVERNMENT

MEDIUM TERM

COUNTY FISCAL STRATEGY PAPER

February 2019

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Foreword

The Samburu County 2019 Fiscal Strategy Paper sets out the framework for the preparation of the 2019/2020 budget as required under Section 117 of the Public Finance Management Act, 2012. It articulates economic policies and structural reforms as well as sector-based expenditure programs that the County intends to implement in line with the Annual Development Plan 2019/2020 in realization of Samburu County Integrated Development Plan 2018-2022.

The paper highlights the outcome of the previous financial year and also realigns itself to the broad national objectives as outlined by the national treasury in the Budget Policy Statement (BPS). It also contains vital information on: macroeconomic policy and plans; overall fiscal strategy, such as revenue projections; the overall resource envelope for the medium-term; overall priority interventions and proposed sectoral expenditure as outlined in the Medium term Expenditure Framework.

The Fiscal Framework hereby is expected to raise efficiency and productivity in the County's economy and in turn accelerate and sustain inclusive growth, create opportunities for productive growth and ensure high standards of living for Samburu County residents.

The unveiling of this fiscal strategy paper with a budget estimate of Ksh 5.45 Billion for the fiscal year 2019/2020 is a clear demonstration of our commitment to the realization of our county vision of "A county with high quality of life." I call upon all our stakeholders to continue supporting us on the basis of mutual respect, cooperation and consultation.

Dorcas Lekesinyal
CECM -Finance ,Economic Planning &ICT

Acknowledgement

The Samburu County Fiscal Strategy Paper 2019 is informed by the Public Finance Management Act, 2012 Section 117 (1) which stipulates that the County Treasury should prepare the Fiscal Strategy Paper for the County.

It sets out broad strategic priorities and policy goals that will guide the Samburu County Government in preparing its budget over the medium term and for the Financial Year 2019/2020. In summary it have the following components; **performance, priorities, projections**, and sector **ceilings**.

Much information in this report was obtained from various sectors\departments and other agencies. We are grateful for the input. We are also grateful for the comments from the public participation hearing which provided input for this 2019 CFSP; in addition to comments from several other stakeholders.

A core team from Finance department spent a significant amount of time putting together this paper. We are particularly grateful to the County Executive Committee Member finance, economic Planning & ICT Hon. Dorcas Lekesinyal for coordinating the execution of this task.

I would like to take this opportunity to thank the entire staff of the finance and economic Planning for their dedication, sacrifice and commitment to public service.

Daniel N. Lenolkirna

Chief Officer-Finance

Legal Basis

Legal Basis for the Publication of the CFSP.

The county fiscal strategy paper is prepared in accordance with Section 117 of the PFMA. The law states that:

(1) The County Treasury shall prepare and submit to the County Executive Committee the CFSP for approval and the County Treasury shall submit the approved CFSP to the County Assembly, by the 28th February of each year.

(2) The County Treasury shall align its CFSP with the national objectives in the BPS.

(3) In preparing the CFSP, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term.

(4) The County Treasury shall include in its CFSP the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term.

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

(a) the CRA;

(b) the public;

(c) any interested persons or groups; and

(d) any other forum that is established by legislation.

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

(7) The County Treasury shall consider any recommendations made by the county assembly when finalizing the budget proposal for the financial year 2018/19.

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

Fiscal Responsibility

Fiscal Responsibility Principles in the PFM Law

In line with the Constitution, the PFM, sets out the fiscal responsibility principles to ensure prudency and transparency in the management of public resources. The PFM law (Section 107) states that:

(a) The county government's recurrent expenditure shall not exceed the county government's total revenue;

(b) Over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure;

(c) The county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;

(d) Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;

(e) The county debt shall be maintained at a sustainable level as approved by county assembly;

(f) The fiscal risks shall be managed prudently; and

(g) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

Abbreviations and Acronyms

ADP	Annual Development Plan
BPS	Budget Policy Statement
CBK	Central Bank of Kenya
CBR	Central Bank Rate
CFSP	County Fiscal Strategy Paper
CRA	Commission on Revenue Allocation
CIDP	County Integrated Development Plan
EAC	East Africa Community
ECD	Early Childhood Development
EIU	Economic Intelligence Unit
FY	Financial Year
GDP	Gross Domestic Product
ICT	Information,Communication and Technology
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
KSH	Kenya Shillings
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
PBB	Programme Based Budget
PFMA	Public financial Management Act 2012
SNR	Samburu National Reserve
SWG	Sector Working Group

CHAPTER ONE: OVERVIEW

1. Introduction:

The 2019 Samburu County Fiscal Strategy Paper identifies the broad strategic priorities and policy goals that will guide the County Government in preparing its budget for Financial Year (FY) 2019/2020 and the Medium Term. The paper covers the following broad areas: review of the fiscal performance of FY 2017/18, the fiscal performance of first half of the FY 2018/2019; highlights of the recent economic developments and economic outlook; broad strategic priorities and policies for FY 2019/2020 as indicated in the Annual Development Plan and the Medium Term Fiscal Framework as outlined in the Samburu County Integrated Development Plan (CIDP) 2018-2022.

2. The county will continue reorienting expenditure towards those priority programmes outlined in County's Integrated Development Plan and as identified in public consultative forums. The critical programmes to be implemented are expected to accelerate economic activities and socio-economic development. The key County priority areas are;

a) Invest in food security
b) Investing in quality and accessible Health Care
c) Provision of Quality Education

The implementation of projects and programs under the three strategic objectives are all geared towards an enhanced economic development.

2. Outline of the 2019 County Fiscal Strategy Paper

The Fiscal Strategy Paper is presented in four Chapters. After the Introduction presented in Chapter One, which presents an overview and objective of the Paper, Chapter Two outlines the economic context within which the 2019/2020 budget will be prepared. It also presents an overview of the recent economic recent economic developments and policy outlook covering the domestic scene.

In Chapter Three, the Paper describes the fiscal framework that will support sustained growth over the medium-term to long term, while continuing to provide adequate resources to facilitate the policy priorities of the County Government while at the same time ensure that the public debt is sustainable.

Chapter Four presents the resource envelope and spending priorities for the proposed FY 2019/2020 budget and medium term.

Chapter Five: Conclusion of the document.

CHAPTER TWO: RECENT ECONOMIC DEVELOPMENTS AND POLICY OUTLOOK

3. Overview of Recent Economic Performance

This chapter highlights the recent economic situation in the two levels of government, national and Samburu County. It also identifies the relationship between the county and the national economy while recommending various fiscal measures to be employed in the prudent use of the county's resources. Various risks and challenges in the medium term have also been identified.

4. Kenya Economic Review

Domestic Economy

Provisional estimates of Gross Domestic Product (GDP) showed that Kenya's economy expanded by 4.9 per cent in 2017 compared to a revised growth of 5.9 per cent in 2016. The slowdown in the performance of the economy was partly attributable to uncertainty associated with a prolonged electioneering period coupled with effects of adverse weather conditions. A widespread drought experienced during the fourth quarter of 2016 and somewhat suppressed long rains in 2017, negatively impacted on crop production and rearing of animals as well as generation of hydro-electric power. A slowdown in credit uptake to the private sector also contributed to the deceleration in growth during the period under review.

Performance across the various sectors of the economy varied widely, with Accommodation and Food services; Information and Communication Technology; Education; Wholesale and Retail trade; and Public Administration registering accelerated growths in 2017 compared to 2016. On the other hand, growths in Manufacturing; Agriculture, Forestry and Fishing; and Financial and Insurance decelerated significantly over the same period and therefore dampened the overall growth in 2017

Generally, key macroeconomic indicators largely remained stable and therefore supportive of growth in 2017. Weighted interest rates on commercial banks loans and advances declined to 13.64 per cent in December 2017 from 13.69 per cent in December 2016.

The Central Bank Rate (CBR) was maintained at 10.00 per cent throughout the year. In the money market, the Kenyan Shilling strengthened against most of the major trading currencies but weakened against the Euro and the US Dollar in 2017. There was a moderate buildup in inflationary pressures mainly due to significant increase in oil and food prices during the year under review. Consequently, inflation rose from 6.3 per cent in 2016 to 8.0 per cent in 2017 thereby overshooting the Central Bank's upper limit of 7.5 per cent.

The current account deficit widened from KSh 375.3 billion in 2016 to a deficit of KSh 518.9 billion in 2017 on account of significant growth of imports against a slow growth of exports. The Nairobi Securities Exchange (NSE) 20-Share index rose to 3,712 points in December 2017 from 3,186 points in December 2016.

Domestic prices of petroleum products rose significantly in 2017 in response to a 24.6 per cent rise in the international oil prices. In particular, wholesale prices of motor gasoline premium and light diesel increased by 9.7 per cent and 8.7 per cent, respectively, in 2017. The increase in oil prices was mainly on account of reduced global supply against a strong demand growth during the year under review.

5. Outlook

Kenya's economy is projected to grow by 5.8 per cent 2019-2020 year supported by strong remittance inflows and rising household income from agriculture harvests and lower food prices. According to the World Bank's biannual report, gross domestic product growth in Kenya will increase to 5.8 per cent in 2019 and could rise to six per cent by 2020. The bank notes that economic headwinds in 2017 adversely impacted manufacturing, but with their easing a modest recovery is underway, albeit uneven. Manufacturing is still recovering and activity remains sluggish. The sector growth rose from 0.5 per cent in 2017 to 2.7 per cent in 2018, but still remains weak compared with a three-year average of 3.6 per cent over 2013 to 2016.

The on-going investments in infrastructure, improved business confidence, and strong private consumption are likely to support growth in 2018. Weather forecast points to a possibility of sufficient and well spread long rains in 2018 which is likely to be a major boost for activities in agriculture and electricity and water supply sectors. This will in turn be favourable for the manufacturing sector. However, rising oil prices and slow credit uptake by the private sector are likely to dampen growth in 2018. Improved business environments as well as easing of political uncertainty are the key drivers of Kenya's recent growth, underpinned by strong agricultural output and good performance by the service sector.

Apart from the road network, which has improved significantly over the past decade, the standard gauge railway has eased movement of people and the port of Mombasa, which still has its own challenges, has improved vessel turnaround times and reduced container transit time,". The new Financial Year 2018/2019 is also expected to realize a further growth of the economy in terms of infrastructure. This will play a key role in ensuring that the private sector is in a position to open up investment opportunities at county levels and especially affordable land which is key in ensuring the Affordable Housing Agenda is realized in our nation.

The downside of the projections is the recently introduced VAT of eight per cent on petroleum products, which, combined with rising global oil prices, will affect household incomes.

Further, the Bank projects that with the law that restricts movement of interest rates and banks leaning towards government securities, credit is unlikely to grow, especially for small and medium-sized enterprises. lack of access to credit for the private sector presents a significant downside risk to growth prospects since it could soften the projected uptick in domestic demand and derail business expansion plans, particularly in terms of funding micro, small and medium sized enterprises.

To support private sector-led growth and advance the Big Four agenda, advancements are needed in e-vouchers to target small-scale farmers with fertiliser subsidies, approve warehouse receipts system and provide extension services. There is also limited progress on some structures to advance the Big Four agenda, like lack of operational efficiency at NHIF, and a multiplicity of taxes across counties. On affordable housing, minimal prices for professional services on housing have not been eliminated.

The Big Four agenda is a government initiative meant to spur growth through boosting manufacturing, achieving universal health coverage, enhancing food and nutrition security and supporting the construction of at least 500,000 affordable houses by 2022. With continued jitters among global investors, emerging and frontier markets like Kenya remain vulnerable to changing sentiments. The country's vulnerability could intensify given the upcoming bullet payment for its Eurobonds and other commercial syndicated loans.

Inflation is expected to ease in 2018 supported by lower food prices due to improved agricultural output. The expected strong world trade is likely to increase Kenya's export and therefore supportive of growth. Other macroeconomic indicators are projected to remain stable and supportive of growth in 2018. Overall, factors favourable to growth are likely to more than offset impacts of those against and result to a better economic growth in 2018 compared to that of 2017.

County Economy

The main achievements in the current financial year include;

6. County Assembly

i. Training conducted on County assembly staff and members of County Assembly
ii. On- going completion of County Assembly -40%

7. County Executive

The main achievements in the current financial year include

iii. Training conducted on various County cadre staffs about 50

iv. Formation of the County Disaster Management Committee, completion of disaster policy and working in collaboration with National Drought Disaster Management Authority to manage and mitigate disasters in the county
v. On- going completion of County headquarter -90%
vi. Staff audit and payroll cleansing ongoing exercise
vii. Training and development of performance contracting and staffs appraisal

8. Finance, Economic Planning & ICT

The County Treasury's achievements during the period for 2017/18- 19 includes; completion of value for money audits in selected departments, implementation of policy on access to county government procurement opportunities for women, the youth and persons with disabilities, procurement plan ,enhancement of revenue measures and trainings, ICT policy preparations and trainings, preparation of financials statements on time, preparation of annual budget and developed CIDP 2018-2022, evaluation, review and finalization of M &E policy, trainings of county treasury staffs on Monitoring and evaluation system through Kenya Devolution Support Programme and roll out to all Key Result Areas.

9. Agriculture, Livestock Development, Veterinary Services & Fisheries

The key achievements realized during the 2017-2018/19 period were: improved livestock breeds availed to farmers for upgrading the local breeds. These included, Breeding Galla Community Breeding Somali Camel Heifers which were 250 heads distributed to the following areas;samburu north sub county,samburu east sub county,and lodokejek ward of samburu central. Farm Office and staff house renovated. Various livestock were vaccinated against various notifiable diseases as follows:

Veterinary diagnostic laboratory at 90% completion and fingerings introduce to existing dams in Samburu Central Sub-County. Partnership with development partners and collaboration with other stakeholders will be embraced to enhance ownership and the pace of implementation.

Monitoring and evaluation will also be strengthened to ensure that allocated funds are applied for the intended purposes and are used efficiently.

Despite the above achievements, the sector was faced with the challenges of inadequate funding and delays in disbursement of exchequer; poor performance of markets and infrastructure; limited access to financial services; slow enactment of bills; crop and livestock diseases, impacts of climate change, range degradation, limited value addition, high production costs, and inadequate strategies for implementation of policies and enforcement of legislation.

10. Water, Environment, Natural Resources & Energy

Natural resource-based activities and products are critical for socio-economic development of this county and the country at large. This therefore means that environmental protection, conservation and management of our natural resources require sound management and capacity building of community and government institutions and/or structures that are critical in supporting sustainable management of these resources.

During the MTEF period 2017/18-2018/19, the Department realized the following achievements: Construction of dumpsite in Wamba Town(complete) and Archers Post town which is ongoing to address solid waste management; environmental sanitation in all major towns and livestock markets, protection of water catchment areas; increasing forest cover from 8% through supporting school greening programme; carrying out surveys on green energy potentials and promote them; protection and conservation of water catchment areas, strengthening of institutions such as Water Resource User Associations(WRUAs) in various wards.

Going forward in the MTEF period 2018/19- 2019/20, the department requires resources to fund intervention measures geared towards protection, conservation and sustainable management of the environment and natural resources. We will strive to continue supporting sanitation and solid waste management in the county; rehabilitation of degraded areas and control of invasive plant species, and promotion of other sustainable land management approaches; undertake natural resource inventory as well as establishment, training and strengthening of natural resource management institutions such as Water Resource User Associations (WRUAs), Sand harvesting groups, Charcoal Producers Associations (CPA's), and Community Forest Associations (CFA's) in the county. The department will also strive to enter into Public Private Partnerships with investors interested in sustainable development and exploitation of Non-Timber Forest products; mining and mineral products, and Green energy activities as the county has great potential on these resources.

In the 2017-2018/19 FY the water sector strived towards ensuring the following programmes have exhaustively been adhered to completion:-

- Ground water exploration and utilization
- Construction and Repair of water works for distribution
- Construction/ disilting of various Dam and Pans
- Provision of water services through Trucking & Purchase of water bowers and storage tanks
- Rainwater Harvesting through artificial catchments and storage
- Drilling and equipping of 8 No. Borehole, rehabilitation of Wamba, Baragoi, Archers post, Kisima water supplies and numerous repair and overall maintenance of rural water supplies across the county.

11. Education and Vocational Training

The sector presents a platform for imparting much needed skills, competencies and attitude to propel the County development.

In the 2017-18/2019 financial year, Key achievements includes; increased number of children receiving pre-school food rations, construction and equipping of ECD classrooms, employment of ECD teachers ,Construction of sanitary blocks office, store and kitchen.

Going forward the department intends to continue with the construction of more classrooms, sanitary blocks, kitchen and stores and upgrade some to primary level. Continue with the provision of water harvesting tanks, outdoor fixed equipment, furniture for ECDE centers and polytechnic, teaching and learning materials, polytechnic tools and equipments provisions.

12. Medical Services, Public Health & Sanitation

- ✓ Implementation of Free Health services in all tier 2 facilities,
- ✓ Free Maternity services in all facilities,
- ✓ Intensified outreach services one monthly outreach per facility.
- ✓ Equipping of health facilities with basic equipments with support of UZAZI Salama and AFYA TIIMIZA.
- ✓ Increasing immunization centre's by installation of solar fridges to 11 more facilities
- ✓ Improvement of referral system because of increase of community units to 32
- ✓ Capacity building of health workers among others trainings e.g BEMOC, CMOC
- ✓ Deliveries by skilled delivery at the facility increasing to 37%,
- ✓ Fully Immunized Child (FIC) 58%,
- ✓ Antenatal Care (ANC) fourth visit from 47.3% to 49.6%, TB patients completing treatment – 80%
- ✓ Women of Reproductive Age (WRA) receiving Family Planning (FP) commodities from 17.8% to 21.9%. However, differences in the improvement varied from one Sub County to another. Other interventions were also introduced to specifically address the high burden of diseases such as HIV/AIDS, TB, and malaria. Notably, HIV/AIDS control programming showed progress, with evidence of reducing incidence, prevalence, and mortality.

To this end, in the 2017/18 financial year, new dispensaries were constructed to increase access to Health services. To address the issue of Utilization of health services, health education sessions were intensified and integrated in various departmental activities. Community Units were sensitized to bring through the support of partners. Community units have been identified as the new frontier for entrenching behavior change among the communities and also enabling they take charge of their health matters.

13 Lands, Housing, Physical Planning & Urban Development

Planned projects for 2017/18 F/Y

i. Some local Physical Development Plans was implemented
ii. Spatial Plan development 90 % progress
iii. Boundaries identification and disputes management and group ranches capacity building undertaken
iv. Beaconing of unbeaconed adjudication sections ongoing
v. Cadastral surveys was undertaken
vi. Urban development beautification and landscaping
vii. Plots Regularization program undertaken

14 Roads, Transport & Public Works

During the period 2017-18/2019 some of the key achievements include. Its during this spell that the county headquarter (Maralal town) various outskirt roads was culveted,murram thus positively improving the various town business , also the several rural roads have been opened and improved to motorable state. Others include;

a. Sewerage System and exhauster services improvement in Major Towns
b. Upgrading of various Urban/town Roads
c. Purchase of road construction equipments
d. Improvement of Major Access Roads
e. Opening of New Access Roads
f. Maintenance of existing various Roads
g. Supervision of various building works

15. Tourism, Trade, Enterprise Development & Cooperatives

During the financial year 2017-18/19 the department utilized its budgetary allocation as indicated by the sub-sectors' below:

Under the co-operatives Sector the following have been achieved:-

The sector pursued diversification of cooperative ventures by forming new cooperatives; Members and officials of co-operatives such as bead work through establishment of Ushanga Kenya Initiative and beekeepers were taken for benchmarking and exposure visits in other counties.

Several co-operative societies' members were trained during the year under review. The Cooperatives were supported through advisory, extension services, capacity building for selected women groups.

The co-operative sector strengthened revolving fund for societies by County Cooperative Development Fund initiatives.

Through the department of trade, here under is a recap of the achievements:-

Follow-up for Samburu County Youth and women fund groups was done and defaulted loans were recovered. The department has also allocated market stalls to traders in Wamba, Archers Post and Maralal markets.

Also Construction of Market stalls in loibor Nkare And 10 boda boda sheds, Water bottling plant in Nyiro (first phase), feasibility study conducted.

Consumer protection from unfair trade practices through sensitization, inspection and verification of weighing and measuring equipment was also realized. The routine exercise was done in all trading centers within the county. Under the tourism department the following was achieved:

Construction of

a) Cafeteria and Staff units at Malaso Campsite
b) Construction of SNR headquarters at Archer's gate
c) Renovation of rangers houses at Archers gate SNR
d) Support of existing conservancies, through SNR revenue sharing ; Kalama & West gate
e) Support of Newly established conservancies
f) Development projects for existing conservancies
g) Purchase of Vehicles 1 NO. for Samburu National Reserve
h) Purchase of Conservancies Uniforms
i) Purchase of VHF radios handsets and base radios.
j) Tourism promotion and marketing

k) Construction of an Eco-lodge at Ndoto and Ltungai community conservancies

l) Construction of Fortified camp in Lonyori pecheu (Keno) and Suyian

m) Development of Conservancy Management plans for the Six Conservation areas

n) Development of a County Tourism Website and ensure full update

16. Culture, Social Services, Gender, Sports & Youth Affairs

A. Gender and Women Empowerment.

Capacity Building Trainings:

i. Ltungai and malaso star beaders two weeks training at Narok
ii. Observed international women's day 2017 and 2018 editions.
iii. Girls' Mentorship:
    - ✓ Conducted girl's anti FGM camp in collaboration of world vision, Caritas Maralal, Amref and ministry of education.
    - ✓ Girls and morans life skills training at westgate conservancy
    - ✓ Provided sanitary towels to various primary schools and girls rescue centers.

B. PROMOTION OF CULTURE AND HERITAGE.

Cultural Events:

I. Conducted Yare Camel Derby 2017 and 2018 editions.
II. Participated in both Kakamega and Naivasha devolution conferences to showcase cultural artifacts.

Cultural Manyattas:

Constructed South Horr cultural Manyatta.

Renovated Mataakwani cultural Manyatta.

Completion of Baragoi cultural Manyatta.

Support to Cultural Groups and Artists:

I. Facilitated local artists to showcase talents in various events e.g. annual yare camel derby, national days and conferences.
II. Supported artists production studio.

III. Supported traditional dancers during both local and national day's events.

C. SOCIAL SERVICES

Promotion of Talents:

i) Completion of Four social halls was under construction. These are Lolmolog, Nkirenyi, Seketet and Barsaloi.
ii) Archers post stadium construction is ongoing.

Drug and Substances Control:

I. Liquor licensing committee trained.
II. Inspection of premises conducted and licenses issued.
III. Trainings conducted with stakeholders.
IV. Bill to enforce operations in place.
V. Revenue generated through licensing.

Disability Mainstreaming:

(i) Supported the formation of the board.
(ii) Identified people living with disabilities in the whole county

Sports and Youth Affairs

I. Purchase of sports equipment's and uniforms

Construction of various playgrounds

I. Construction of High Altitude Sports Centre Loiborngare (3rd phase)
II. Participate in KECOSCA competitions - Kisii

17 Emerging Challenges

Over the medium term, the county anticipates to encounter the following risks and challenges in implementing its development agenda:

a) Low absorption rate is explained in large part by procurement challenges at the County Government level
b) Pending payments older than 90 days constitute a fiscal risk with major potential consequences to the economy
c) Underperformance of own source revenue
d) Inability of County Governments to attain at least one-third development spending, despite having budgeted to do so.

Review of Fiscal Performance in 2018/19

18. County revenue

The total revenue budgeted was **ksh 255,031,22** in local revenue. The collection for first quarter was **ksh 139,554,470** as shown below (Table 1). The revenue collected is further analyzed by departments as shown in Table 2. Local revenue collection forms part of the total revenue for the county and its adequacy is important to funding of development projects.

19. Total County Expenditure

There has been a lot of public attention on county government spending. The County Government always aim to shift more public resources from recurrent to capital investment so as to promote sustainable and inclusive growth. The budgeted expenditure for the f/y 2018-19 amounted to **ksh 5,861,119,744**. The budget for reccurent was **ksh 3,856,214,608** and development **ksh 2,004,905,136.** The expenditure for the first half was **ksh 2,594,805,154** of which recurent was **ksh 1,927,272,355** and development was **ksh 667,532,799** as shown in Table 3 . The expenditure can further be categorized into three major economic classification (as shown Table 4) namely ;

a) Personnel emolument is composed of basic staff salaries and all allowances.

b) Operation and maintenance include expenditure incurred in running the offices such as payment of bills, maintenance of vehicles, maintenance of buildings, fueling of vehicles, travelling cost and purchase of working tools such as stationeries, computer and accessories and any other cost incurred in running the offices.

c) Development expenditure involves costs incurred in payment of capital projects.

Majority of the development projects in budget will be implemented in the second half and absorption rate is expected to improve . Personnel emoluments, operation and maintenance expenditure are expected to remain relatively the same. This requires the departments to be more cautious on spending and cut on unnecessary cost while at the same time fast tracking implementation of projects to ensure that they are completed within the time frame set in contract agreement.

CHAPTER THREE: FISCAL POLICIES AND BUDGET FRAMEWORK

20. Overview

This chapter provides the county's fiscal policy, how the county will observe the fiscal responsibility principles and the fiscal reforms the county will implement to improve its fiscal performance. The chapter also outlines the county budget framework for 2019/2020 and the first half year fiscal performance for 2018/2019.

21. Continuing with Prudent fiscal policy

The fiscal policy stance over the medium term aims at supporting rapid and inclusive economic growth. The fiscal policy underpinning the FY 2019/20 budget and MTEF will sustain the revenue projections in line with revenue mobilization trends in order to maintain fiscal predictability. In an effort to boost local revenue, the county Government is going to undertake a combination of policy and administrative reforms to bolster revenue yields going forward. These efforts will reverse the revenue losses experienced in the recent past where ordinary revenues have been declining.

The County's policy will be to continue with the fiscal balance through a balanced budget which will ensure the level of expenditure continues to sustain growth. The County Treasury will continue to tighten the fiscal policy to avoid fiscal deficit.

22. Fiscal Strategy Paper's obligation to observe Fiscal Responsibility Principles

In line with Public Finance Management (PFM) Act, 2012, and in keeping with the prudence and transparent management of public resources, the Government has adhered to the fiscal responsibility principles as set out in the statutes as follows:

a) *Balanced Budgets are mandatory*: The County Government's expenditure have not exceeded its total revenue hence no deficit in our budget in the current year.

b) *Over the medium term, a minimum of 30% of the County Budget shall be allocated to development expenditure.* The County Government's development budget allocation over the medium term is above 30 percent, the minimum set out in law. In FY 2018/19 the County

Government allocated 34.2% to development. Similarly, delays in disbursement by National government snow balled to delays in procurement by County departments; hence uptake of development funds is low.

c) *Limit county wage bill to thirty five percent of the government's total revenue*: The County expenditure on wages and benefits for its public officers in 2018/19 was 33.4 % which is below 35% of the County Government's total as prescribed in the regulations.

d) *Over the medium term, the County Government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.* It is a prudent fiscal policy for a government to procure external financing only for development projects. Although the County Government envisages maintaining a balanced budget, it will seek to adhere to borrowing guidelines as set out in the PFM regulations, if need arises.

e) *Public debt and obligations shall be maintained at a sustainable level as approved by National Assembly (NA) and County Assembly (CA).* The County Government borrowing level is set in the Medium Term Debt Strategy approved by the County Assembly. The sustainability of debt is guided by PFM Act section 107 (2) (e) and section 107 (4). As per section 107 (2) (e) the county debt shall be maintained at sustainable level as approved by county assembly. Section 107 (4) further states that every county government shall ensure that its level of debt at any particular time does not exceed a percentage of its annual revenue specified in respect of each financial year by resolution of the county assembly. Over the medium term the Samburu County Government will continue to maintain a balanced budget where total revenue equal total expenditure. Nevertheless, if need arises, the County will adhere to laid out laws by the County Assembly, using guidelines passed by the National Parliament and senate.

f) *Fiscal risks shall be managed prudently.* The County Government also takes into account the fiscal risks arising from contingent liabilities, liquidity risk arising from failure to actualize local revenue targets. The

County government continues to put measures in place to enhance revenue collection, majorly through widening of revenue base.

g) *Predictable taxes*: A reasonable degree of predictability to the level of tax rates and tax bases is maintained and there are no major changes in our Finance Acts over the years. The same stability is expected in the future.

23. For the County to achieve the above fiscal responsibilities the following controls will be exercised;

Legislative (County Assembly) control: The Authority of raising revenue and their appropriation is provided by the County Assembly. The County Executive will work closely with the county assembly to ensure legitimacy of collection of taxes and appropriation of the same.

The Controller of budget: the office of the controller of budget will oversee the implementation of county budgets by authorizing withdrawals from the county revenue fund.

The Auditor General : The office of the Auditor general will be involved in auditing the accuracy of all accounts, the propriety of the expenditure and the appropriateness of all county public finance matters.

In collaborating with the office the county treasury will ensure efficiency, effectiveness and guard against unauthorized expenditure.

24. Fiscal structural reforms

The County has great potential to improve its revenue collection and administration. This will be achieved by improving efficiency in collection, enforcement of revenue collection guidelines and employing new methods to enhance revenues.

The improvement in County revenue collection and administration will be informed by the need to reduce the cost of revenue collection through offering more innovative and efficient procedures. The focus of the county government will be to sustain the ongoing reforms in revenue collection and administration. To achieve this, the county will leverage on the following:

(a) Legislation

The County government will enact the required legislation to anchor its revenue administration process. These will include legislation on property rates, County revenue administration and trade licenses among others. There will be adequate public participation in the public finance management to increase the compliance of rate payers while at the same time reducing the incidences of litigation against the County.

(b) Computerization and Automation

The County plans to computerize and automate all the activities related to revenue administration from the financial year 2018/19 going forward.

(c) Leverage and maximize on the role of auditing (internal and external).

This will ensure compliance as well as evaluate effectiveness of internal controls in revenue administration. It will involve regular audits with dedicated follow up on auditor's recommendations.

Budget Framework

The County's 2019/20 budget framework is set against the background of the medium-term fiscal framework and the strategic objectives as outlined in the County Annual Development Plan.

25. Revenue projections;

The projected resources accruing from the national government for the financial year 2019/20 will be Ksh **4,371,000,000** as equitable share. Additionally it's projected that revenue from local collections will amount to ksh **267,032,788**. The County will also get conditional grants from the national government and development partners. In total, the county's projected resource envelope for 2019/20 will be KSh **5,458,435,959.**

The locally mobilized resources will account for 4.89 % of the 2019/2020 budget, while external resources will account for 95.11% of the total expected revenues.

Table 5 indicates the projected revenue by source for the period under consideration.

26. Expenditure Forecasts

The recurrent expenditure includes compensation to employees, use of goods and services and maintenance which should not exceed 70 % of total expenditure while the development costs should not be less than 30 % of the budget.

Revenues from local sources are expected to finance 4.89% of the County Government's expenditures while the balance will be financed by transfers from National Government and development partners.

CHAPTER FOUR : STRATEGIC PRIORITIES

27. Overview

The broad key priority areas for resources allocation will be handled by the different departments to address the theme of the budget. One of the mandates of the sector working groups is to prioritise the programs in line with the CIDP and their respective strategic plan.

28. Priority Areas

To afford appropriate focus, there are 3 strategic thrust areas identified that should stimulate the entire service delivery impetus in the county. These are: Food Security, Health care and Education

Food Security

Livelihoods Strengthened (Agro-pastoralist)

- ✓ Increased food crop production through: Agricultural mechanization, Increased acreage and Drought resistant crops

Building Resilience

- ✓ Improved livestock breeds, Camel distribution and Irrigation schemes

Access to Water

- ✓ Access to adequate clean water increased to within 5km radius
- ✓ Sustainable management and use of water catchments

Education

Pre-schools

- ✓ Fully equipped complete modern ECD centers in every village
- ✓ Improved enrollment, retention and transition to primary

Enhanced Secondary & Tertiary Education

- ✓ Bursary Schemes
- ✓ Scholarship programs
- ✓ Internships and Placements

Health Care

Universal Healthcare

- ✓ Pilot Universal Health Care
- ✓ Significantly improve the Immunization

Health Infrastructure

- ✓ Increase the number of health facilities
- ✓ Augmented by existing dispensaries

Human Resource

- ✓ Increase nurses and other medical professionals to WHO standards at sub-county level hospitals
- ✓ Capacity building programs for existing staff.
- ✓ Enhance service delivery through optimally motivated personnel

From the above, Annual Development Plan and the SWG the broad priorities to be handled by the different departments are detailed below;

29. County Assembly

The Objectives of the county assembly can be derived from Article 185 of the Constitution of Kenya which include;

(1) The legislative authority of a county.

(2) Making any laws that are necessary for or incidental to, the effective performance of the functions and exercise of the powers of the county government under the Fourth Schedule.

(3) While respecting the principle of the separation of powers, The County Assembly may exercise oversight over the county executive committee and any other county executive organs.

(4) The County Assembly may receive and approve plans and policies for;

  a. The management and exploitation of the county's resources; and
  b. The development and management of its infrastructure and institutions.

The other roles of the county assembly can also be derived from the County Government Act, Part III Article 8 include;

a) Vetting and approving nominees for appointment to county public offices as may be provided for in this Act or any other law;
b) Performing the roles set out under Article 185 of the Constitution;
c) Approving the budget and expenditure of the county government in accordance with Article 207 of the Constitution, and the legislation contemplated in Article 220 (2) of the Constitution, guided by Articles 201 and 203 of the Constitution;
d) Approve the borrowing by the county government in accordance with Article 212 of the Constitution;
e) Approving county development planning; and
f) Performing any other role as may be set out under the Constitution or legislation.

30. County Executive

1) To provide and Implement Policies and Programmes that provides efficient services to various County entities, bodies and members of the public.
2) To Improve Human resource productivity through employee empowernment, motivation and implementation of an effective employee appraisal and reward mechanism
3) To establish a county M&E unit and structures that will coordinate and strengthen M&E activities in the county.
4) To establish an efficient Legal Department that ensures appropriate legislation is put in place and minimize litigation.
5) To Provide an effective framework for information dissemination and sharing
6) To Improve the image of the County through civic education, County branding and public relations services
7) To provide a framework for coordination of the County Government and external actor

31. Finance, Economic Planning & ICT

1) Enhance revenue collection

2) Ensure timely preparation and approval of the county budget
3) Ensure compliance with the budget cycles timeliness and milestone
4) Establish the county specific economic status
5) Provide basis for evidence based planning and budgeting
6) Interlink planning budget expenditure management and control, accounting, auditing and reporting
7) Carry out quarterly annual monitoring and evaluation exercise
8) Align sector policies to county mandate
9) Reduction of debt levels to sustainable level
10) To formulate appropriate policies and provide the necessary legal framework for the development of ICT and its optimal use in the County and Sub-counties
11) To ensure prudent financial management and internal controls for effective and efficient service delivery by all county government entities.
12) To ensure goods and services are procured in an efficient, cost effective manner and promote fair competition.

32. Agriculture, Livestock Development, Veterinary Services & Fisheries

1) To improve livestock and agricultural crop productivity and profitability and output.
2) Enhance market access for livestock and agricultural products.
3) Increase investment for value addition in livestock sector.
4) Create enabling environment for livestock and agricultural crop
5) development.
6) To Enhance accessibility of affordable farm inputs and credit to both
7) livestock and crop farmers

33. Water, Environment, Natural Resources & Energy

1) Increase service area and water demand coverage
2) Minimal effects to the environment in regard to every water project.
3) Efficient institutional and management systems
4) Economic and financial principles in water supply and sanitation.
5) Information, awareness and communication on water related issues.
6) Legal framework for water sector
7) Protect, conserve and manage the environment sustainably

8) Promoting sustainable management and utilization of natural resources
9) Create an enabling environment to promote environmental conservation and stewardship
10) Improve solid and liquid waste management and reduce environmental pollution in the county
11) Enhance sustainable mining activities within the county
12) Joint Management of Trans-Boundary Environmental Resources

34. Education and Vocational Training

a) Pre-school (ECDE) sector

1) To increase access and enrolment in ECDE centers
2) To safeguard rights and welfare of children as per the children's act of 2001
3) To strengthen management and governance of ECDE centers
4) To enhance proper co-ordination and collaboration of ECDE centers and mother primary school
5) To improve health, growth safety and development of children
6) To improve personal hygiene and sanitation among ECDE children
7) To monitor and evaluate ECDE programmes
8) To facilitate networking and forming linkages among stakeholders and partners
9) To provide learning/teaching materials
10) To provide playing materials both fixed and indoor materials

b) Vocational Training

1) To increase access to vocational training
2) To Equip the youth with relevant skills, knowledge and attitudes for labour market
3) To promote and support campaigns aimed at reducing HIV/AIDS,STD infections ,crime and drugs
4) To increase opportunity for young people to access training on meaningful participation and development.
5) To reduce the level of youth unemployment through empowerment.
6) Mainstream and sustain youth issues in all the relevant policies and policy documents

7) To enhance capacity of young people to engage in meaningful activities.

35. Medical Services, Public Health & Sanitation

1) Halt, and reverse rising burden on non communicable conditions: All NCD(non communicable disease) conditions addressed
2) Reduce burden of violence and injuries
3) Provide essential health services: Affordable, equitable, accessible, and responsive to client needs
4) Minimize exposure to health risk factors: Health promotion services
5) Strengthen collaboration with health related sectors: Adoption of a 'Health in all Policies' approach

36. Lands, Housing, Physical Planning & Urban Development

1) Formulate and implement a county land policy
2) Undertake physical/ land use planning within the county
3) Undertake land surveys and mapping
4) Support Land adjudication and settlement Programme for purposes of registration of community Land
5) Preparation of valuation rolls for urban plots
6) Development and management of affordable housing
7) Development and management of county government housing

37. Roads, Transport & Public Works

1) Improve the whole road network to motorable conditions and enhance routine maintenance
2) Increase access to Salient areas
3) Provide and maintain street lighting to all urban areas.
4) Develop and enforce a legal framework to govern county public roads transport.
5) Ensure public buildings/works are efficient during their design span.
6) Ensure that public buildings meet the requisite standards for integrity.

38. Tourism, Trade, Enterprise Development & Cooperatives

1) Develop products for marketing and promotion of growth in tourism, trade and cooperatives both locally and internationally.
2) Develop and support growth of tourism activities within the county
3) Promote value addition to produce and access to markets.
4) Protect consumers from unfair trade practices and reduction of consumer complains
5) Map out investment opportunities in the county with a view to promote growth and diversification in business ventures
6) Develop and empower sustainable cooperative societies. Support the growth of small and medium Increase in economic empowerment of the residents of the county
7) Support of community conservancies by establishing new conservancies and supporting existing to promote wildlife conservation as well as mobilization of security measures within the conservancies.

39. Culture, Social Services, Gender, Sports & Youth Affairs

1) Promote cultural heritage both as a source of identity and livelihoods through material culture.
2) Preserve and advance positive cultural aspects.
3) To attain affirmative action by promoting gender equality and equity.
4) To promote projects ownerships through participatory projectsidentification, implementation, monitoring and evaluation.
5) Mainstreaming responsible drinking behaviour in the county through enhancement of national and county policies regulating liquor brands and operation times.
6) Promotion of harmonious and cohesive co-existence of all communities in the county
7) Provision of effective and inclusive social services
8) To develop and improve sports facilities

CHAPTER FIVE: MEDIUM TERM EXPENDITURE FRAMEWORK

Resource Envelope

40. In accordance with the provisions of the constitution and PFMA on enhancing openness and accountability in public finances, the County Government will facilitate full participation of the people in the budget making process as well as observe fairness in allocation of resources. The sectoral allocation for the 2019/20 financial year and the medium term are influenced by the necessity to finance projects that directly support economic growth and reduce poverty. Attention will be given to projects that improve the quality of life of the residents in the county. The allocations are informed by the county goals and peoples aspirations as captured in the CIDP 2018-2022.

Spending Priorities

41. The County Key focus in the FY 2019/20 Medium Term Budget will be guided by the County's medium term, strategic plan and the Annual sectoral reports as prepared by the SWG. Respective sector reports have been prepared with keen inputs from the Public participation. As the County deepens the adoption of PBB the focus will be on revision of the departmental programmes to align them with core County mandate. This is expected to eliminate non-core expenditures and eliminate overlap and or duplication of activities across sectors.

In adherence with the Provisions of Constitution and the PFMA on enhancing openness and accountability in public finances, the County Government will facilitate full participation of the people in the budget making process.

Departmental Ceilings and criteria for resource allocation

42. The PFM Act, 2012 and the PFM (County Regulations), 2015 set out fiscal responsibilities principles that guide the Medium Term Expenditure Framework (MTEF) for the County. The guiding principles that are considered in the allocation of the available resources include:

a) The requirement that the County public debt shall never exceed twenty (20) percent of the County government's total revenue at any one time. The county will not be incurring any debt;
b) The County Government wages shall be contained at thirty five (35) percent of the County government's total revenue in the medium term;
c) The approved expenditures of a County assembly will be as per senate's recommendations;
d) The County government actual expenditure on development shall be at least thirty percent.

43. Going forward the FY 2018/19 Medium Term Budget will be guided by;

- The baseline estimates reflected in the current sector spending levels in the sector programmes.
- *On-going projects:* emphasis was given to completion of on-going capital projects and in particular infrastructure projects with high impact on poverty reduction, equity and employment creation.
- *Counterpart funds:* priority was also given to adequate allocations for donor counterpart funds which is the portion that the Government must finance in support of the projects financed by development partners.
- *Strategic policy interventions:* further priority was given to policy interventions covering the entire nation, regional integration, social equity and environmental conservation.

The recurrent expenditure includes compensation to employees, use of goods and services and maintenance which should not exceed 70 % of total expenditure while the development costs should not be less than 30 % of the budget.

Revenues from local sources are expected to finance 4.89% of the County Government's expenditures while the balance will be financed by transfers from National Government and development partners.

The detailled sector ceillings are in table 6.

Risk Management

44 The Public Finance Management Act 2012 requires that counties prepare " Statement of Fiscal Risks" as a way to mitigate and manage risks prudently**.** Although the domestic as well as the county economy is expected to be resilient with a promising growth outlook, risks still remain.

a) Risks in Changes in Macroeconomic Assumptions

Adverse and unexpected changes in macroeconomic variables may pose risks to the national economy with trickling down effects to the county economy. Macroeconomic variables changes such as reduced real GDP growth rates, increased inflation, depreciated exchange rate and the volatility of commodity prices on imports will have an effect on revenues to be generated.

The budget formulation which depends on balancing of revenues with expenditures will be affected as revenues are reduced and expenditures increased.

The county government will monitor the developments in the macroeconomic environment and adopt mitigating measures to contain the risks.

b) Risks associated with slow execution of development budget

The execution of development has been low due to lower absorption rates by departments. This is also partly due to delays in the release of funds to counties by the National Treasury. As departments rush to beat deadlines in development budget execution they hasten their procurement processes. Due to prolonged processes and capacity issues with contractors departments commit themselves raising commitments monies at the end of the financial year.

The County Government recognizes the risk inherent in slow pace of development budget execution. The County Government is committed to ensuring procurement processes are set in earnest to ensure prompt implementation of approved development plans.

c) Risks related to Underperformance of Own Source Revenue (OSR) targets

Underperformance in OSR will impact negatively on the total revenues against the planned expenditures. Total revenues will be lower than the expected expenditures. Due to the non- discretionary nature of some of the expenditures like salaries which cannot be reduced or deffered,monies earmarked for development may be affected. Reduction in development expenditure will imply non-implementation or staggering of some of the development programmes/projects.

The County Government will mitigate this risk by ensuring revenue raising measures are implemented. These measures include the fast tracking the automation of the revenue collection system, lobbying for faster enactment of the Finance Bill and other affiliated bills, intensifying compliance and enforcement efforts in revenue collection and completion of the valuation roll for assets and properties.

d) Risks associated with Wages Expenditures

Regulation 25(1)(b) of the Public Finance Management for County Governments requires that a county wage bill shall not exceed 35 percent of the total revenue. There is a strong inverse correlation between development expenditures and wage bill. The higher the wage bill the less will be the development expenditure. Higher wage bill will retard development in the county

e) Risks due to Natural Disasters

Natural disasters such as severe and prolonged drought will have a negative impact on agricultural productivity. Lower agricultural production often leads to higher food prices and affects other sectors of the economy and generally reduced economic growth. The County Government will continue to budget for such emergencies to help restore situation and sustain social welfare.

There will be as in the previous years and per requirements of the PFM Act a contingency fund(Emergency Fund) to defray these emergency costs and cushion our fiscal framework from such risks.

f) Risks associated with Climate Change

The effects of climate change including changing weather patterns and extreme weather conditions will impact farmers and thus affect food production. Lower food production will slow down our attainment of the food security objective. The fiscal implications of climate change to our plan will be serious and immediate. It will directly affect our revenues and expenditures. Reduced revenues and increased expenditures will distort the county budget formulation.

CHAPTER SIX – CONCLUSION

45. This 2018 County Fiscal Strategy Paper is the key document which will inform the FY 2019/2020 budget. It has been prepared in accordance with the law and regulations .It is expected as per the PFM regulations that the County Assembly will only change 1 percent of the allocations made to implement the strategic programs and policies. The sector ceilings in this 2019 CFSP will be deliberated and firmed up and thus form a basis for the FY 2019/2020 budget and the medium term. This will guide departments in preparing their budgets for FY 2019/2020.

In this 2019 CFSP,the county government will remain steadfast in implementing a fiscal policy that will be sustainable while ensuring the county's strategic priority programs and policies are implemented to accelerate growth and attain rapid county socio- economic transformation. While emphasizing this, our policy reforms and programs will also complement the National Government's efforts in realizing the Big Four Plan and priorities of the Vision 2030 to be implemented in MTP III.

Annexes

Table 1:First half Revenue 2018-19

MONTH	EXCHEQUER	LOCAL REVENUE	DONOR ,USER FEE &MATERNITY	TOTAL
JULY				-
AUGUST	221,482,719.65	19,500,000.00	-	240,982,720
SEPTEMBER	311,448,747.75	66,926,000.00	-	378,374,748
OCTOBER	-	-	85,113,084.25	85,113,084
NOVEMBER	398,466,000.00	43,305,000.00	6,378,750.00	448,149,750
DECEMBER	442,740,000.00	9,823,470.00	76,924,024.00	529,487,494
TOTAL	,374,137,467.40	139,554,470.00	168,415,858.25	1,682,107,796

Source: County Treasury 2018

Table 2: Local Revenue Analysis by departments (31-12-2018)

Department	Budget	Own	%	Total
Treasury	12,652,145	64,202	1	12,587,943
Agriculture	26,280,536	5,389,975	21	20,890,561
Environment	4,275,000	1,549,550	36	2,725,450
Education	0	0		0
Health	6,386,920	3,267,309	51	3,119,611
Land	29,000,000	7,123,339	25	21,876,661
Works	2,436,628	558,000	23	1,878,628
Tourism	170,000,000	120,331,695	71	49,668,305
Culture	4,000,000	1,270,400	32	2,729,600
Totals	**255,031,228**	**139,554,470**	55	115,476,758

Source: County Treasury 2018

Table 3: Comparison of Budget Estimates and Actual Expenditure.(31-12-2018)

DEPARTMENT	RECURRENT (Ksh).	Actual (Ksh)	DEVELOPMENT (Ksh.)	Actual (Ksh)	TOTAL(Ksh)	Total -Actual (Ksh)
County Assembly	474,006,348	220,073,089	75,000,000	0	549,006,348	220,073,089
County Executive	420,246,552	200,483,816	17,902,656	12,594,496	438,149,208	213,078,312
Finance, Economic Planning & ICT	638,600,061	306,403,878	44,160,890	13,620,968	682,760,951	320,024,846
Agriculture, Livestock Development, Veterinary Services & Fish	327,725,731	125,595,295	278,834,343	40,618,603	606,560,074	166,213,898
Water, Environment, Natural Resources & Energy	171,488,698	93,087,918	302,156,840	150,055,958	473,645,538	243,143,876
Education and Vocational Training	364,053,093	285,613,189	175,097,590	75,057,755	539,150,683	360,670,944
Medical Services, Public Health & Sanitation	887,505,890	457,421,923	342,110,718	57,615,391	1,229,616,608	515,037,314
Lands, Housing, Physical Planning & Urban Development	128,481,267	52,119,926	126,659,530	18,454,565	255,140,797	70,574,491
Roads, Transport & Public Works	116,730,204	35,746,645	431,739,114	212,724,668	548,469,318	248,471,313
Tourism, Trade, Enterprise Development & Cooperatives	190,943,952	74,393,408	171,550,820	78,892,440	362,494,772	153,285,848
Culture, Social Services, Gender, Sports & Youth Affairs	136,432,813	76,333,268	39,692,635	7897955	176,125,448	84,231,223
TOTAL	**3,856,214,608**	**1,927,272,355**	**2,004,905,136**	**667,532,799**	5,861,119,744	2,594,805,154
Percentages	65.79	74.27	34.21	25.73		

Source: County Treasury 2018

Table 4:Economic Classification of Expenditure (31-12-2018)

Description	Budget Estimates 2018/2019	Total Expenditure 2018/2019	% of Budget Absorption
Personnel Emoluments	1,925,710,366	1,053,359,785	54.70
Operational & Maintenance	1,930,504,242	873,912,570	45.27
Development Expenditure	2,004,905,136	667,532,800	33.29
TOTAL	5,861,119,744	2,594,805,155	44.27

Source: County Treasury 2018

Table 5: Revenue Estimates for the period

SAMBURU COUNTY GOVERNMENT REVENUE ESTIMATES

	ITEMS	Approved Estimate 2018/19	Projection 2019/20	Projection 2020/21	Projection 2021/22	Projection 2022/23
	COUNTY GENERATED REVENUE					
1130104	Land Rates	29,000,000	15,750,000	16,537,500	16,805,313	16,693,425
1420328	Single Business Permits	20,000,000	20,000,000	21,050,000	21,390,890	21,198,000
1110104	Total Cess Receipts	20,000,000	21,000,000	22,050,000	22,407,085	22,257,900
1420327	Game Parks/Nature Reserves Fees	150,000,000	168,000,000	171,375,000	172,972,165	178,063,200
1420405	Markets and Slaughter House Fees	8,000,000	8,400,000	8,820,000	8,962,834	8,903,160
1420404	Vehicle Parking Receipts/Transport	1,436,628	3,508,458	3,583,882	1,609,531	3,718,614
1110104	Wheat Cess	700,000	735,000	771,750	784,247	779,026
1140509	Prospecting Licenses	275,000	288,750	303,188	308,097	306,046
1420601	Tender Application Fees	552,145	579,752	608,740	618,597	614,479
1140501	Liquor License	4,000,000	6,200,000	6,410,000	6,481,417	6,571,380
	Various Health Departments Fees	6,386,920	12,706,265	12,041,579	12,155,612	13,467,370
	Agricultural Machinery Services	1,580,536	1,659,563	1,742,541	1,770,760	1,758,970
	Approval of plans and supervision	1,000,000	1,050,000	1,102,500	1,120,354	1,112,895
	Insurance Recoveries	1,100,000	1,155,000	1,212,750	1,232,389	1,224,184
	Proceeds from sale of Motor Vehicles	11,000,000				
	Miscellaneous Revenue		6,000,000	6,000,000	6,000,000	6,000,000
	SUB-TOTAL LOCAL SOURCES	**255,031,228**	**267,032,788**	**273,609,429**	**274,619,291**	**282,668,649**
	SUMMARY					
	Revenue from Local Sources	**255,031,228**	**267,032,788**	**273,609,429**	**274,619,291**	**282,668,649**
	Revenue transfer from national government	4,427,400,000	4,371,000,000	4,558,919,973	4,740,005,317	4,840,005,317
	Road Maintenance Fuel Levy	116,569,586	126,675,281	126,675,281	126,675,281	126,675,281
	Conditional Grant-Compensation for User Fee Foregone	5,235,578	5,235,578	5,235,578	5,235,578	5,235,578
	Conditional Grant-Leasing of Medical Equipment	200,000,000	131,914,894	131,914,894	131,914,894	131,914,894
	Conditional Allocation for Development of Youth Polytechnics	20,905,000	20,905,000	20,905,000	20,905,000	20,905,000
	Kenya Urban Support Program(UDG and UIG)	50,000,000				
	Kenya Devolution Support Program (KDSP)	39,330,852				
	DANIDA (Health support funds)	12,757,500				
	World bank loan for National agricultural and rural inclusive growth project	140,435,163				
	EU Grant for instrument for devolution advice and support (Abattoir Construction)	70,000,000				
	Agriculture Sector Development Support Programme (ASDSP)	18,839,203				
	Urban Institutional Grant (KUSP)	40,000,000				
	World Bank Loan to Supplement financing of County Health facilities					
	World Bank Loan for transforming health systems for universal care project	97,143,610				
	LOANS AND GRANTS		535,672,418	535,672,418	535,672,418	535,672,418
	Brought forward revenue					
	GRAND TOTAL	**5,493,647,720**	**5,458,435,959**	**5,652,932,573**	**5,835,027,779**	**5,943,077,137**

Source: County Treasury 2018

Table 6: MTEF Sector Ceilings 2019/2020

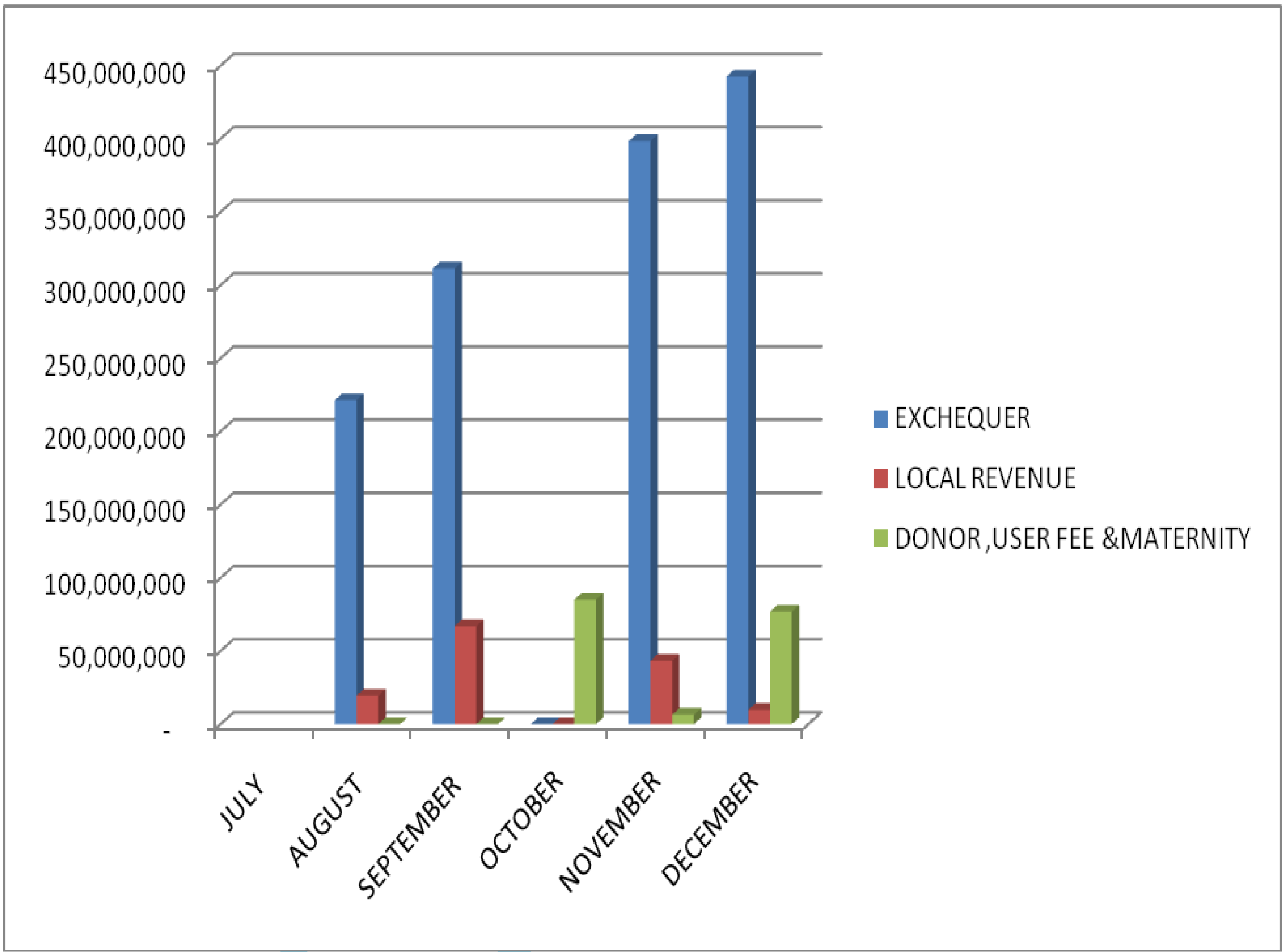
		Total Expenditure, Ksh Million in FY									%SHARE OF TOTAL EXPENDITURE				
		Approved Budget 2018/19	PARTNERS	NET	%	similar % share as this year	CHANGE	CFSP Ceilings 2019/20	CFSP Ceilings 2019/20	CBROP Ceilings 2019/20	Approved 2018/19	Loans, grant and development partners			
County Assembly	**SUB-TOTAL**	549,006,348		549,006,348	11	504,229,352	-	504,229,352	9.2376	575,816,523	9				
	Rec. Gross	474,006,348													
	Dev. Gross	75,000,000													
County Executive	**SUB-TOTAL**	438,149,208		438,149,208	9	402,413,728	-	402,413,728	7.3723	490,259,062	7				
	Rec. Gross	420,246,552													
	Dev. Gross	17,902,656													
Finance, Economic Planning & ICT	**SUB-TOTAL**	682,760,951	39,330,852	643,430,099	13	590,951,895	-	692,435,842	12.6856	562,148,108	12	39,330,852	62,153,095		
	Rec. Gross	638,600,061													
	Dev. Gross	44,160,890													
Agriculture, Livestock Development, Veterinary Services & Fisheries	**SUB-TOTAL**	606,560,074	229,274,366	377,285,708	7	346,514,259	(13,467,667)	566,133,953	10.3717	613,946,714	10	140,435,163	70,000,000	22,652,198	
	Rec. Gross	327,725,731													
	Dev. Gross	278,834,343													
Water, Environment, Natural Resources & Energy	**SUB-TOTAL**	473,645,538		473,645,538	9	435,014,975	(17,315,572)	417,699,403	7.6524	451,841,604	8				
	Rec. Gross	171,488,698													
	Dev. Gross	302,156,840													
Education and Vocational Training	**SUB-TOTAL**	539,150,683	20,905,000	518,245,683	10	475,977,528	(19,239,524)	477,643,004	8.7505	571,294,550	9	20,905,000			
	Rec. Gross	364,053,093													
	Dev. Gross	175,097,590													

Medical Services, Public Health & Sanitation	**SUB-TOTAL**	1,229,616,608	315,136,688	914,479,920	18	839,894,873	92,349,717	1,179,296,172	21.6050	1,322,941,642	21	131,914,894	5,235,578	12,757,500	97,143,610
	Rec. Gross	887,505,890													
	Dev. Gross	342,110,718													
Lands, Housing, Physical Planning & Urban Development	**SUB-TOTAL**	255,140,797	90,000,000	165,140,797	3	151,671,902	(5,771,857)	237,100,044	4.3437	286,123,796	4	50,000,000	41,200,000		
	Rec. Gross	128,481,267													
	Dev. Gross	126,659,530													
Roads, Transport & Public Works	**SUB-TOTAL**	548,469,318	116,569,586	431,899,732	9	396,673,960	(17,315,572)	506,033,669	9.2707	472,742,466	9	126,675,281			
	Rec. Gross	116,730,204													
	Dev. Gross	431,739,114													
Tourism, Trade, Enterprise Development & Cooperatives	**SUB-TOTAL**	362,494,772		362,494,772	7	332,929,673	(13,467,667)	319,462,006	5.8526	357,689,710	6				
	Rec. Gross	190,943,952													
	Dev. Gross	171,550,820													
Culture, Social Services, Gender, Sports & Youth Affairs	**SUB-TOTAL**	176,125,448		176,125,448	3	161,760,644	(5,771,857)	155,988,787	2.8578	197,645,005	3				
	Rec. Gross	136,432,813													
	Dev. Gross	39,692,635													
TOTAL		5,861,119,744	811,216,492	5,049,903,252	100	4,638,032,788	-	5,458,435,959	100.0000	5,902,449,180	100	509,261,190	178,588,673	35,409,698	97,143,610
TOTAL REC. GROSS		3,856,214,608						0		0					
TOTAL DEV. GROSS		2,004,905,136													

Sub total 820,403,171

Source: County Treasury 2018

Figure 1: Half Year Revenue 2018-19



Source: County Treasury 2018