

**COUNTY BUDGET OUTLOOK  
AND REVIEW 2015**

## **Foreword**

This is the second County Budget Review and Outlook Paper (CBROP 2015) for Migori County and a second of its kind under the new constitution that heralded the new governance structures of devolved governments. The Constitution and Public Financial Management Law enacted in 2010 and 2012 respectively ushered in a paradigm shift in budget making. Apart from introducing reforms in our public financial management system, the law entrenched the Medium-Term Expenditure Framework budgeting.

The County Budget Review and Outlook Paper sets out the background and broad fiscal parameters for the FY 2015/16 budget and medium-term, consistent with County Government strategies and policies. The CBROP 2015 is prepared taking into account resources required for the implementation of a devolved government, which, among other things, provides for fiscal decentralization of resources to the County entities and reforms to several institutions. The ensuing MTEF resource allocation therefore will be critical in laying the foundation and setting the stage for full operationalization of the new devolved units within Migori County.

The link between policy, planning and budgeting will become even more important under the new constitution and County Government Act 2012. As such, CBROP will continue to play a critical role in the preparation of budgets and management of public resources in the devolved system. To strengthen the budget preparation process, the County government will continue to embrace performance budgeting and deepen public financial reforms to increase efficiency and effectiveness in service delivery and value for money.

Finally, this County Budget Review and Outlook Paper (CBROP) is expected to provide the basis to revise the FY 2015/16 budget in the context of the Supplementary Estimates, as well as set out the broad fiscal parameters for the next budget and medium term.

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**Executive Summary.**

The Migori BROP gives a highlight of the fiscal performance in the 2014/15 FY Budget and its implication on the execution of the 2015/16 FY budget. According to the findings, the budget was funded to the tune of 92.2% as compared to 2013. Recurrent and development expenditure accounted for 53 percent and 47 percent respectively. The 8% that was unfunded was attributed to the non-release of unconditional fund total to and shortfall of local revenue resulting to 146 million.

There was however improvement in revenue generating raising from 132 million in FY 2013/2014 to 352 million in FY 2014/15 increment of 49% during the period under review. The report has highlighted both the major resources and weak areas for consideration during the FY 2015/16.

The report further has highlighted the priority areas that need to be given special attention during the 2015/16FY budget in order to achieve the county medium term objectives and the vision 2030 as articulated in the CIDP and the county fiscal strategy paper 2015. Among the priority areas includes; road, water development, health and energy.

In order to realise a balanced budget in the 2015/16 FY, and achieve the county's objectives during the medium term, the report has suggested the need to complete all the on-going project right from FY 2013/2014 to 2014/2015 FY, and clear all the pending bills.

Finally, the report has proposed a tentative ceiling to sectors during the medium-term period which if well implemented shall witness tremendous growth in the county economy and result to the overall achievement of the county's vision by the end of the medium term.

## **SECTION ONE: INTRODUCTION**

### **Background**

1. This County Budget Review and Outlook Paper (CBROP) is prepared under the Public Financial Management Act, 2012 within the devolved units of County Governments. In line with the law, the CBROP contains a review of the fiscal performance of the financial year 2014/15 FY and deviations from the Approved 2014/2015 FY budget.

### **Objective of CBROP**

2. The objective of the CBROP is to provide a review of the previous fiscal performance and how this impacts the financial objectives and fiscal responsibility principles set out in the last County Fiscal Strategy Paper. This together with updated economic outlook provides a basis for revision of the current budget 2015/16 FY in the context of Supplementary Estimates and the broad fiscal parameters underpinning the next budget 2016/17 FY and the medium term plan.

3. The CBROP will be a key document in linking policy, planning and budgeting. Together with the County Integrated Development Plan and Medium-Term Expenditure Framework (MTEF) they shall guide budgetary preparation and programming from 2014 onwards. It's embedded on the first (MTEF) priorities, in addition to taking into account emerging challenges and transition to a devolved system of government.

4. The new PFM law enacted in 2012 has set high standards for compliance with the MTEF budgeting process. Therefore, it is expected that the sector ceilings on the onset will form the indicative baseline sector ceilings for the next budget of FY 2016/17.

5. The rest of the paper is organised as follows. The next section provides a review of the fiscal performance in FY 2014/15. This is followed by brief highlights of the recent Fiscal developments and updated economic outlook in Section III. Section IV provides the resources allocation framework, while Section V concludes the County Budget Review and Outlook Paper.



## **2. SECTION TWO: REVIEW OF FISCAL PERFORMANCE IN 2014/15.**

### **Overview.**

6. The fiscal performance in FY 2014/15 was generally satisfactory, despite the few teething problems encountered during the implementation. Among the major challenges experienced was the late release of development funds which actually arrived during the second quarter, piecemeal funding and capacity issues particularly on the management of the IFMIS and the e-procurement.

7. Substantial allocation was spent to clear pending bills from FY 2013/14 thus slowing down the accomplishments of the targeted projects in FY 2014/15. Equally the shortfalls in revenue collection coupled with non-release of the conditional grants significantly contributed to the slow realization of the targeted objectives during the year under review.

### **2.1 Fiscal Performance for FY 2014/15.**

8. The total budget for the Migori County Government in the FY 2014/15 was Kshs. 5.269 billion comprising of Kshs.2.93 billion (55.6%) recurrent expenditure and Kshs. 2.33 billion (44.4%) development expenditure. This was however revised upward during the supplementary to stand at Kshs. 5.8 billion comprising of Kshs.2.91 billion (50.2%) recurrent expenditure and Kshs. 2.89 billion (49.8%) development expenditure.

9. During the period under review the Migori County Government received Kshs. 5.466 billion or 94.2 percent of the approved supplementary budget in to the CRF account. However, during the same period Kshs. 5.39 billion was disbursed to the county. The overall fiscal performance is summarised in table 1.0 below.

11. The budget missed its target by ksh. 336 million which was attributed to non-release of the conditional grant of ksh. 192 million and local revenue shortfall of ksh 144 million.

**Table 1.0 Fiscal performance in 2014/15FY**

<b>Revenue Streams</b>	<b>FYR 2014/15 Expected Allocation</b>	<b>FYR 2014/15 Actual receipts</b>	<b>Deviation</b>
Equitable share (CRA)		5,092,809,787.00	-
conditional Grants	192,000,000.00	-	192,000,000.00
Additional grants-health	18,060,000.00	18,060,000.00	-
Total Share of National Revenue	5,302,869,787.00	5,110,869,787.00	192,000,000.00
Locally Collected Revenue	500,000,000.00	355,157,549.00	144,842,451.00
<b>TOTALREVENUE (CRF ACCOUNT)</b>	<b>5,802,869,787.00</b>	<b>5,466,027,336.00</b>	<b>336,842,451.00</b>
<b>EXPENDITURE</b>			
RECURRENT		3,241,899,037.00	
DEVELOPMENT		1,962,568,582.00	
<b>Total expenditure</b>		<b>5,204,467,619.00</b>	
Balance c/f		261,559,717.00	

### 2.2 County Expenditure Performance.

11. In the period under review, the total cumulative expenditure was Kshs. 5.204 billion against Kshs. 5.446 billion released to the County Revenue Fund, representing 96.5 percent of the funds released.

12. The County Executive departments and County Assembly spent Kshs. 4.37 billion (83.97%) and Kshs. 577 million (16.3%) respectively of the total amount spent. Analysis of the County expenditure by economic classification indicates that Kshs. 3.241 billion was spent on recurrent activities while Kshs.1.963 billion was spent on development activities accounting for 60% and 40% of the total expenditure respectively.

13. Sectors with highest level of spending were Public Service Management at 135%, Roads and public works at 92% and Health at 83% of their budgets respectively. The high spending in the public service sector could be attributed to increased wage bill that was occasioned by the additional staff engaged during the year.

14. Sectors with the lowest levels of expenditure included; Trade Development and Regulation at 33.22%, Agriculture, Livestock Production, Fisheries, Veterinary Services, Water, Energy at 40.84% and Environment and Disaster Management at 41.32



**Table 2: Total Expenditure –funding levels per sector.**

Sector.	Actual	Budget	Deviation	% level of funding
Agriculture, Livestock Production, Fisheries, Veterinary Services, Water and Energy	228,057,331.00	558,402,202.00	330,344,871.00	40.84
Lands, Housing, Physical Planning and Survey	58,969,283.00	110,792,965.00	51,823,682.00	53.22
Roads, Public Works and Transport	622,785,921.00	667,591,081.00	44,805,160.00	93.29
Trade Development and Regulation	54,508,309.00	164,064,362.00	109,556,053.00	33.22
Health	479,807,982.00	586,851,153.00	107,043,171.00	81.76
Education, Youth, Sports and Culture	241,723,205.00	329,031,417.00	87,308,212.00	73.47
Public Service Management	2,555,997,853.00	1,832,866,167.00	- 723,131,686.00	139.45
Finance and Economic Planning	416,745,838.00	692,912,879.00	276,167,041.00	60.14
Environment and Disaster Management	60,871,897.00	147,333,600.00	86,461,703.00	41.32
County Assembly	484,999,999.99	621,196,899.99	136,196,900.00	78.08
<b>Total</b>	<b>5,204,467,618.99</b>	<b>5,711,042,725.99</b>	<b>506,575,107.00</b>	<b>91.13</b>

**2.3 Recurrent Expenditure.**

15. Analysis of the recurrent expenditure shows the county spent Kshs. 3.241 billion (103%) in recurrent expenditure against the budget amount of Kshs 2.89 billion. The recurrent expenditure for the period under review represented an absorption rate of 103 percent, an increase from an absorption rate of 84 percent realized in FY2013/14.

16. Analysis of the recurrent expenditure of Kshs.3.241 billion shows that the County spent Kshs.1.775 billion (54.78 percent) on personnel emoluments and Kshs.1.466 billion (45.22 percent) on operations and maintenance expenditure. Expenditure on personnel emoluments accounted for 1.775 billion of total expenditure compared to Kshs.1.30 billion in FY 2013/14.

17. The County spent Kshs 204.50 million on established County Funds namely: Kshs 98 million for MCA, Executive car loans and mortgages and Kshs 106.5 million on bursaries at ward level.

18. County Assembly, Public Service Management, Lands, Housing, Physical Planning and Survey and Finance sectors were the highest spenders on recurrent expenditure each having 97%, 75%, and 46% respectively.

19. Sectors with highest absorption rates were; Environment at 260%, Public service management at 186% and Roads, Public Works and Transport at 118%.

20. Sectors with the lowest absorption rates were; Finance and Economic Planning at 46% and Health at 63%, as shown in table 5 below.

**Table 3:2014/2015 Financial Year Recurrent Expenditure.**

<b>RECURRENT EXPENDITURE-JULY TO JUNE 2015</b>				
<b>Sector</b>	<b>Budget</b>	<b>Actual</b>	<b>Deviation</b>	<b>% funding rates</b>
Agriculture, Livestock Production, Fisheries, Veterinary Services, Water and Energy	111,788,592	83,259,725	28,528,867	74.48
Lands, Housing, Physical Planning and Survey	50,362,220	35,493,270	14,868,950	70.48
Roads, Public Works and Transport	20,605,760	24,314,764	-3,709,004	118.00
Trade Development and Regulation	28,446,800	24,391,029	4,055,771	85.74
Health	194,489,178	123,551,242	70,937,936	63.50
Education, Youth, Sports and Culture	29,277,823	22,999,645	6,278,178	78.56
Public Service Management	1,420,590,938	2,196,529,080	611,342,984	186.00
Finance and Economic Planning	535,222,294	300,201,772	287,677,776	46.25
Environment and Disaster Management	14,583,600	37,985,571	-23,401,971	260.47
County Assembly	393,172,938.99	393,172,938.99	0	100.00
<b>Total</b>	<b>2,798,540,144</b>	<b>3,241,899,037</b>	<b>-134,279,419</b>	<b>104.46</b>



**2.4 Development expenditure.**

21. The Migori County Government spent Kshs1.96 billion (67 percent of development budget) on development activities in the period under review. This was an improvement from 61percent realized in FY 2013/14.

22. Analysis of the development expenditure in FY 2014/15 indicates that Health and roads department had the highest expenditure at 90.5% and 95.9% respectively. This could be attributed to two major capital activities i.e. the procurement of medical drugs for various health facilities within the County and upgrading to bitumen standard of A1-Access to the Migori offices-Ombo Hospital A1 loop.

23. On the other hand, the lowest spending was recorded in the following sectors: Environment and Disaster Management at 17% (23 million), Trade Development and Regulation at 24% (32 million) and Agriculture, Livestock Production, Fisheries, Veterinary Services, Water and Energy at 34% see table 6 below.

**Table 4: 2014/2015 FINANCIAL YEAR: DEVELOPMENT EXPENDITURE.**

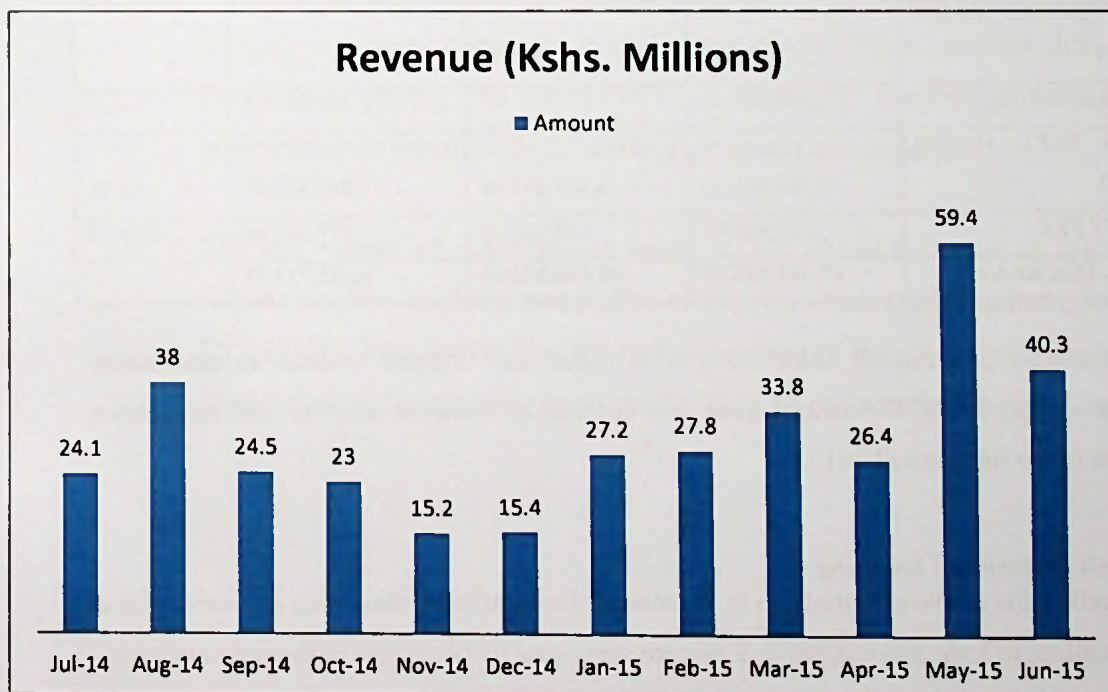
<b>DEVELOPMENT FUNDS ABSORPTION RATES—JULY TO JUNE 2015</b>				
<b>Sector</b>	<b>Budget</b>	<b>Actual</b>	<b>Deviation</b>	<b>Funding Rates</b>
Agriculture, Livestock Production, Fisheries, Veterinary Services, Water and Energy	446,613,610.00	144,797,606.00	301,816,004.00	32.42
Lands, Housing, Physical Planning and Survey	60,430,745.00	23,476,013.00	36,954,732.00	38.85
Roads, Public Works and Transport	646,985,321.00	598,471,157.00	26,633,626.00	92.5
Trade Development and Regulation	135,617,562.00	30,117,280.00	105,500,282.00	22.21
Health	392,361,975.00	356,256,740.00	36,105,235.00	90.78
Education, Youth, Sports and Culture	299,753,594.00	218,723,560.00	81,030,034	72.97
Public Service Management	412,275,229.00	359,468,773.00	52,806,456.00	87.2
Finance and Economic Planning	157,690,585.00	116,544,066.00	41,146,519.00	73.91
Environment and Disaster Management	132,750,000.00	22,886,326.00	109,863,674.00	17.24
County Assembly	228,023,961.00	91,827,061.00	136,196,900.00	40.27
<b>Total</b>	<b>2,912,502,582.00</b>	<b>1,962,568,582.00</b>	<b>949,934,000.00</b>	<b>67.38</b>

**2.5 Local Revenues.**

24. Total cumulative revenue collection for FY 2014/15 was Ksh.355.16 million compared to Ksh 238.63 million generated in FY 2013/14 representing an increase of 49 percent during the period under review. The cumulative revenue of Kshs.355.16 million was 71% of the targeted annual local revenue (ksh 500 million) for 2014/2015 financial year. This represents a revenue deficit of Kshs.145 million or 29% below the approved target.

25. The improved performance in revenue generation was as a result of the concerted efforts made by the revenue departments to address the loopholes in revenue leaks and the implementation of the recommendations contained in the 2014 finance. Despite these measures still the department was faced with several challenges ranging from; inefficient collection systems, corruption, weak or non-existence revenue collection structures and unexploited revenue sources among others.

**Figure 1: Monthly Locally Collected Revenue collection-July 2014 to June 2015.**





26. Major increase in local revenue collection can be attributed to four major revenue items, which contributed to over Kshs. 40 million as tabulated in the table 7 below.

**Table5: Revenue streams with increased performance.**

REVENUE-ITEM	3RD QUARTER	4TH QUARTER	INCREASE	% CHANGE
CESS - TOBACCO	-	37,202,320.55	37,202,320.55	100.00
CESS MAIZE/POTATOES	1,431,480.00	3,789,430.00	2,357,950.00	62.22
TRANSPORT ON LAND	350,760.00	614,430.00	263,670.00	42.91
PARKING - BUS PARK	12,499,710.00	12,739,400.00	239,690.00	1.88
<b>TOTAL INCREASE</b>	<b>14,281,950.00</b>	<b>54,345,580.55</b>	<b>40,063,630.55</b>	

27. Major decrease in local revenue collection can be attributed to five revenue items, which contributed to over Kshs. 8 million decrease as indicated below.

**Table 6: Revenue streams with Decreased performance.**

REVENUE-ITEM	3RD QUARTER	4TH QUARTER	DECREASE	%CHANG E
LICENSE APPLICATIONS	20,109,480.00	15,430,940.00	- 4,678,540.00	-30.32
AGRICULTURE FARM INPUTS	1,217,000.00	-	- 1,217,000.00	-
MISCELENEOUS	1,170,281.75	-	- 1,170,281.75	-
LANDS DEPT. (LAND RATES)	4,385,444.00	3,145,052.00	- 1,240,392.00	-39.44
SURVEY FEE	542,460.00	264,900.00	- 277,560.00	-104.78
<b>TOTAL DECREASE</b>	<b>27,424,665.75</b>	<b>18,840,892.00</b>	<b>- 8,583,773.75</b>	

28. The county government shall move with speed and institute revenue enhancements measures during 2015/16 financial year and enforce all revenue sources that have been identified in the finance bill 2015.

## 2.6 Overall balance and financing

29. Reflecting the above performance in revenue and expenditure, there was an overall fiscal deficit totalling to Ksh .336 million or 5 percent compared to 14 percent in the previous year.

**IMPLICATION OF 2014/15 FISCAL PERFORMANCE ON FINANCIAL OBJECTIVES CONTAINED IN THE 2015/16 BUDGET AND COUNTY FISCAL STRATEGY PAPER.**

30. The performance in the FY 2014/15 shall affect the financial objectives set out in the Budget for FY 2015/16 in the following ways:

- i. The pending bills from FY 2014/15 shall be factored into the FY2015/16 budget consequently reducing the number of proposed projects to be implemented in FY 2015/16.
- ii. The increasing wage bill which accounted for 55 percent of the total recurrent expenditure in FY 2014/15 if not controlled in 2015/16 FY shall continue to erode the gains the county intends to make towards attaining its objectives.
- iii. The non-release of the conditional grants of ksh.192 million and the shortfall in revenue generation of ksh.146 million affected the timely completion of the earmarked projects during the period under review. These projects shall be reprioritised during the 2015/16FY consequently tempering with the implementation schedule for 2015/16FY programs and projects.
- iv. The late release of development funds in FY 2014/15 accounted for the reasons for none or partial completion of projects which finally spilled over to FY 2015/16. This implies that the commencement of the FY 2015/16 projects shall be delayed during the period the FY 2014/15 projects shall be completed.



### SECTION THREE: RECENT ECONOMIC DEVELOPMENT AND OUTLOOK.

#### 3.0 Recent Developments.

31. During the year under review a number of developments took place across all the sectors as enumerated here below:

- i. **Agriculture, Livestock, Fisheries and Veterinary.** This sector is critical to the county's economic growth, employment creation and poverty reduction. During the period under review, the sector through the support of the county government was able to achieve the following: Distribution of 300,000 tons of fertilizer to 4000 farmers, distribution of 29950 tons of certified maize seed to 2995 farmers, Distribution of 20,000 tons of rice merica to 1005 farmers, Purchase of 39,000 banana suckers tissues at Oyani tree nursery, Purchase of 3 rice milling machines and the establishment of fruit tree nursery at Oyani, Distribution of 73000 bananas tissues, Purchase and distribution of 40 dairy cows to farmers in the county, Supply of 802,000 fingerings to farmers and Supply of 3535 bags of feeds to fish farmers, completion of Sibuoche and Karalang cattle dip, launching of County artificial insemination services, completion of Migori slaughter house (Nyasare), purchase of various vaccines for livestock disease control, disease surveillance and livestock health programs carried out in sub counties, meat inspectorate services done in the sub-counties, livestock spraying against tsetse flies and ticks done in Karungu covering a total of 605 h/c cattle, distribution of 150 dairy cows to dairy farmers and distribution of honey extractors, spray pumps and deformers to famers.
- ii. **Education, Youth, Culture and Sports.** The major achievement under this sector was the disbursement of bursaries to 1785 needy students across all the wards at a cost of ksh. 92 million (from the Ward Development fund kitty). In addition, 155 students benefited from the governor's scholarship Programme to the tune of ksh. 20m. This initiative were done mainly to improve retention rate in both primary and secondary schools in the county. Other achievements made included the completion of the ECD classrooms, 10 polytechnics and the Migori stadium.
- iii. In the roads sector the following were achieved: Improvement of roads in 40 wards, gravelling of approximately 100km, opening of 400km new roads, tarmacking of 4km ring road and purchase of 3No.roads construction equipment. This improved performance was as the result of the enhanced funding to the sector to the tune of ksh.



630 million in the supplementary up from ksh. 360 million that was initially allocated in the FY 2014/15 budget.

- iv. In order to reduce the distance to the nearest water source and avoid contamination of water borne diseases, the county government continued with the following; Construction and rehabilitation of Migori Water Supplies and Sanitation projects, Purchase and distribution of 81 plastic water storage tanks of 10,000 litre capacity, completion of 13 spring protection works, completion of 2 earth dams each of capacity 15000m<sup>3</sup> and drilling, completion and equipping of 3 boreholes.
- v. In order to reduce dependence on wood fuel as a source of lighting in the household, the county government made considerable strides in lighting towns and market through the street lighting programme.
- vi. In the trade sector, the county government continued to face lift markets through; construction of 17 market shades (works on going), construction of modern toilets and fencing. Revived 7 dormant cooperatives societies dealing in dairy, fish and rice. Ten new cooperatives societies were registered in addition to carrying out education, training and mobilization of savings for cooperative societies in the county. This measures in addition to other strategies instituted by the county government witnessed increased in revenue collection from ksh. 238 million in FY 2013/14 to ksh. 355 million in 2014/15 FY.
- vii. In order to improve the health indicators, the county government continued with its comprehensive strategy to improve the health systems through construction and refurbishment of health facilities and provision of drugs. In addition, substantial resources were committed towards the construction and completion of Migori MTC. Construction of Mortuary at Kehancha (on- going) and three operation theatres in Isebania, Awendo and Rongo were also done.
- viii. On Environmental and Disaster Management matters the county government managed to establish county greening programme where 400 schools were planted with 1200 trees seedlings and 6000 youths contracted, established a demonstration farm and Riverine conservation, promoted of on -farm tree growing and rehabilitation 6 hilltops.
- ix. In Finance and Economic Planning, a number of achievements were made including; Preparation of the FY 2014/15 budget, FY 2014/15 County Fiscal Strategy Paper, County Review and Outlook paper, Debt Management Plan, Transition



Implementation Plan and Collection of revenue to the tune of Ksh. 355 million from Ksh. 238 million in 2013/14 FY.

- x. In the sector of Lands, Housing, Physical Planning and Urban development, the major highlights included: Demarcated County Boundaries, beaconed over 12 public titled land, Surveyed over 10 acquired sites to be titled and converted into public land, resolved over 40 land related conflicts and issued over 2000 new parcel numbers to facilitate production of Title deeds.
- xi. The sector of Public Service Management accomplished the following: Coordinated and supervised County Government affairs, articulated and implemented the county's policies, establishment of the organizational structures, construction of sub-county and ward offices, renovation of the public service offices, developed the Department's Strategic Plan for the period 2013-2017, County Anti-Corruption Policy, and the County Public Participation Policy.
- xii. The Public Service Board achieved the following: Recruitment of various staff cadres across all sectors, Development of Migori County Public Service Board Bill 2014, Development of Migori County Public Service Strategic Plan, Development of Human Resource Policy of Migori County, and Conducted Suitability Interview for employees of former Local Authorities seconded to Migori County Government among other achievements.

### **3.1 Outlook for the Financial Year 2015/16.**

32. As already articulated in the 2015 County Fiscal Strategy Paper and Annual Development Plan, the county shall give prominence to the following priorities with the view of improving the economy of the county:

- i. Enhancing food security through strengthened and improved farmers' access to subsidized farm inputs, including credit financing in time for the season.
- ii. Developing and diversifying markets for county produce, construction and fencing of open-air markets.
- iii. Provision of clean water through roof catchment, spring protection and drilling of boreholes and dams/pans.
- iv. Supply of medicines and medical supplies, Provision of functional equipment, and expansion of existing infrastructure in all health facilities.
- v. Establishment, expansion and equipping existing educational institutions and promotion of bursary scheme to enhance retention in learning institutions,

establishment of Early Childhood Development (ECD) centres and employment of instructors and teachers.

- vi. Opening up of rural areas to markets and public facilities, Construction of by-passes, Tarmacking of roads among others.

### **3.2 Risks to the outlook.**

33. The risks to the economic outlook for FY 2015/16 includes; both internal, external and fiscal risks which may impact negatively on the economic performance of the county.

#### **3.2.1 External risks:**

- i. The external risks to the economic outlook of the county for the year 2015 and medium-term include stiff competition and importation of sugar which shall weaken the prices of the commodity thus affecting the income accruing to farmers in the county.
- ii. The unfavourable weather conditions such as the drought and the impending El-Nino rains that shall to floods, destruction of crops, displacement of people and outbreaks of water borne diseases thus resulting to adjustments in priorities and resources allocations.
- iii. Other risks are frequent power blackouts resulting to high cost of production which shall result to low production and low economy.
- iv. Inadequate infrastructure particularly roads, electricity and other social amenities could affect the level and rate of private investment in the county.
- v. The County wage bill will be expected to increase by 5 percent from 30 percent to 35 percent of the total expenditure during FY 2015/16. If unmanaged the high wage bill may affect the economic growth of the County through decreased allocation of funds to development projects.
- vi. Shortfall in revenue collection shall affect the economic outlook of the County as priorities shall change to accommodate the gap in revenue generation



#### **4. SECTION FOUR: RESOURCE ALLOCATION FRAMEWORK.**

**34.** In view of the recent increased devolved functions and limited resources, MTEF budgeting will entail adjusting non-priority expenditures to cater for the priority sectors. However, resource allocation and utilization in the coming financial year and the medium term will be guided by the following in order to ensure effective utilization of public finances:

- (i) The County integrated development plan (2013-2017).
- (ii) The county Fiscal Strategy paper 2015.
- (iii) The Annual Development Plan FY 2015/2016.
- (iv) The PFM 2012.
- (v) On- going projects.

**35.** Under the social pillar the following areas shall be given first priority; Provision of clean water, supply of medicines and medical supplies and expansion of existing health infrastructure in all facilities, expanding and adequately equipping existing educational institutions including ECDE centre and employing of instructors, sport development and talent nurturing, youth development Programmes and people with disabilities.

**36.** Under economic pillar, priority shall be given to the following areas; Infrastructure development, Street lighting to strategic major towns/markets with the view of enhancing security and revenue generation particularly from the SMEs, development and rehabilitation of tourism sites and up-scaling of street lighting. Equal emphasis shall be focused on enhancing food security through strengthened and improved farmers' access to subsidized farm inputs, Improvement of livestock marketing, disease and pest control and promotion of sustainable capture fisheries.

**37.** Under governance pillar, priority shall be given to the following areas; facilitating proper and prudent collection, utilization, management and accounting of county resources, streamlining measures aimed at rejuvenating revenue generation, staff rationalization and training, establishment and strengthening of devolved units and establishment ICT structures.

**38.** Based on the above medium-term expenditure framework resolutions, resources allocations to sectors shall be done as per the attached table in order to realise the anticipated county medium-term objectives as articulated in the CIDP 2013/2017.

**Table 7: Total Expenditure Ceilings for MTEF Period 2013/2014-2016/17.**

<b>MINISTRY</b>	<b>2013/14 000</b>	<b>2014/15 000</b>	<b>2015/16 000</b>	<b>2016/17 000</b>	<b>13/14</b>	<b>14/ 15</b>	<b>15/16</b>	<b>16/ 17</b>
Agriculture, Livestock Production, Fisheries, Veterinary Services and Water	298,980	427,481	662,699	680,000	7%	8%	7.9%	7%
Lands, Housing, Physical Planning and Survey	98,000	204,898	133,499	150,000	2%	4%	2.5%	4%
Roads, Public Works, Transport and Energy	341,883	414,968	943,214	1,250,000	8%	8%	14.1%	11%
Trade Development and Regulation	210,536	103,532	133,350	140,000	5%	2%	2.3%	4%
Health	572,781	632,852	1,133,609	1,300,000	13%	12%	9.4%	9%
Education, Youth, Sports, Culture and Social Development	305,917	178,667	238,755	250,000	7%	3%	3.4%	5%
Water and Energy	226,905	0	0	0	5%	0	0	0
Public Service Management	1,097,489	265,571	928,018	1,000,000	24%	5%	2.8%	4%
Public Service Board	0	25,949	100,000	110,000	0	0%	1.7%	2%
ICT	0	182,690	150,000	200,000	0	3%	2.3%	3%
Finance and Economic Planning	25,000	784,258	835,675	850,000	1%	15%	12.4%	11%
Environment and Disaster Management	122,488	111,232	134,407	150,000	3%	2%	1.9%	3%
County Assembly	105,000	566,000	797,604	797,000	2%	9.2%	9.4%	10%
County Executive	0	0	566,089	580,000	0	0	4.7%	5%
<b>Total</b>	<b>4,509,989</b>	<b>5,269,562</b>	<b>6,656,919</b>	<b>7,257,000</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



**5. SECTION FIVE: CONCLUSION AND NEXT STEPS.**

39. The set of policies outlined in this CBROP reflect the changed circumstances and are broadly in line with the County Integrated Development Planned the fiscal responsibility principles outlined in the PFM Act 2012. They are also consistent with the national strategic objectives pursued by the County Government as a basis of allocation of public resources. Details of the strategic objectives are provided in the 2013-2017 County Integrated Development Plan.

40. As budgetary resources are finite; it is critical that CSWGs and Ministries prioritize their programmes within the available ceilings to ensure that use of public funds are in line with county government priorities. There is also need to ensure that current resources are being utilised efficiently and effectively before funding is considered for programmes. CSWGs needs to carefully consider detailed costing of projects, strategic significance, deliverables (output and outcomes), alternative interventions, and administration and implementation plans in allocation of resources.

41. The County should implement the following recommendations in order to improve budget execution:

- I. Establish an internal Audit Committee as per section 155(5) of the PFM Act, 2012 to enhance transparency and accountability in public finance management.
- II. Efforts should be made to clear all the pending bills before commencements of new projects.
- III. The budget should be strictly adhered to when making any commitment or payment for the purpose of financial management.
- IV. The County treasury should ensure issued funds are utilised for intended purposes through timely exchequer advices to the departments and stringent controls on application of funds.
- V. Automation of Revenue Collection system should be done to improve revenue collection and reporting