

**REPUBLIC OF KENYA  
COUNTY GOVERNMENT OF KILIFI**

**COUNTY TREASURY**



**COUNTY FISCAL STRATEGY PAPER**

**TOWARDS ECONOMIC TRANSFORMATION  
FOR A SHARED PROSPERITY**

**FEBRUARY 2015**

[www.kilifi.go.ke](http://www.kilifi.go.ke)

## **FOREWORD**

This County Fiscal Strategy Paper (CFSP) 2015, the second to be prepared for Kilifi County under the devolved system of government, spells the strategic priorities and policy goals of the county's administration to be implemented in the FY 2015/16 budget and over the medium term. The paper is prepared in accordance with the Public Finance Management (PFM) Act 2012 and priority policy goals are aligned to the second Medium Term Plan (MTP) 2013-2017 of Vision 2030; first County Integrated Development Plan (CIDP) 2013-2017 and sectoral plans. The strategic priorities are also in line with the policy mix comprising of a five pillar strategy in the Budget Policy Statement, 2015 aimed at transforming the economy for a shared prosperity.

Kilifi County has made significant progress towards the economic transformation agenda set in the 2014 CFSP and is addressing outstanding challenges. The County has put in place public financial and administrative structures as well as build staff capacity which are a launch pad for implementing policy programmes and extending progress to spur economic activities across the County. Concerted effort has also been put to surmount outstanding challenges related to the teething problems of implementing the devolved system of government including budget implementation by, among others, fully adopting fiscal reforms rolled out by the national government such as Integrated Financial Management Information System (IFMIS).

In the medium term, the County will ensure greater fiscal discipline, transparency and accountability, effectiveness and efficiency in public financial management focusing on continued investment in infrastructure; provision of water and sanitation services; boosting agricultural productivity; provision of health and emergency services; promotion of education, youth empowerment and social protection; provision of land tenure and housing services; supporting investment and trade; promotion of tourism and culture; maximizing the use of county's natural resources; public service management; and Information Communication and Technology (ICT). Implementation of programmes aimed at these policy goals will accelerate economic activities and transform the lives of Kilifi residents and the country as a whole.

**John Kombe Harold**  
**County Executive Committee Member**  
**Finance And Economic Planning**

## **ACKNOWLEDGEMENT**

The County Fiscal Strategy Paper (CFSP), 2015 outlines strategic priorities and policy goals to be implemented in the FY 2015/16 budget and over the medium. The paper sets the fiscal framework for implementation of the FY 2015/16 budget which is aligned to the Budget Policy Statement, 2015 and presents details of sector priorities in the context of recent economic development and policy outlook, fiscal policy and budget framework and the medium term expenditure framework.

The County Treasury was guided by statutory requirements and rigorously sought the views of key stakeholders in the preparation of the paper. The public submitted their views in forums held on 16<sup>th</sup> -19<sup>th</sup> February 2015.

Preparation of the paper was largely a collaborative effort involving Chief Officers, who provided information on strategic priorities and took part in public participation forums. The process was coordinated by County Treasury staff, namely; Wilberforce Mwinga, Florence Birya, Mathew Musyoka, Everlyne Ogega, Timothy Mwayele, Seth Ouma, Christopher Kanyetta, Nicholas Kiamba, Fredrick Kithi, Symon Mwakisha, Getrude Keah, and Eunice Mzungu.

I take this opportunity to thank the entire team including those not listed but took part in this process for their dedication, sacrifice and commitment to public service.

**John Kombe Harold**  
**County Executive Committee Member**  
**Finance And Economic Planning**

## **LEGAL BASIS FOR THE PUBLICATION OF THE COUNTY FISCAL STRATEGY PAPER**

The County Fiscal Strategy Paper is published in accordance with Public Finance Management Act No. 18 of 2012, Section 117 which requires the County Treasury to:

1. Prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the County Assembly by the 28th February of each year.
2. Align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.
3. 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. Include in its County Fiscal Strategy Paper the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term.
5. Seek and take into account the views of:
  - (a) The Commission on Revenue Allocation;
  - (b) The public;
  - (c) Any interested persons or groups; and
  - (d) Any other forum that is established by legislation.

This Section of the law also requires that;

6. Not later than fourteen days after submitting the County Fiscal Strategy Paper 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 concerned.
8. The County Treasury shall publish and publicize the County Fiscal Strategy Paper within seven days after it has been submitted to the County Assembly.

## **FISCAL RESPONSIBILITY PRINCIPLES FOR THE COUNTY GOVERNMENT**

In line with Article 201 of the Constitution of Kenya, 2010, the Public Finance Management Act, No. 18 of 2012 sets out the fiscal responsibility principles to ensure prudent and transparent management of public resources. The fiscal responsibility principles under Section 107 of the PFM Act, 2012 are:

- (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.

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# I. PROMOTING ECONOMIC TRANSFORMATION FOR A SHARED PROSPERITY

## Overview

1. The County Fiscal Strategy Paper (CFSP), 2015 succeeds the 2014 County Fiscal Strategy Paper and seeks to extend prioritization of programs to be implemented in the Medium Term Expenditure Framework (MTEF) under the devolved system of Government. The strategic priorities and policy goals outlined in this paper lay upon the transformative agenda set in the 2014 CFSP towards realization of economic transformation for a shared prosperity.
2. The fiscal framework in this paper adheres to Constitutional principles of public finance and fiscal responsibility principles outlined in the Public Finance Management (PFM) Act, 2012. The County takes bold steps towards instituting transparency, accountability, public participation, effectiveness and efficiency in management of economic policies and prudent use of financial resources.
3. The strategic focus in the 2015/16 budget is linked with the second Medium Term Plan (MTP- II), 2013-2017 of Vision 2030, first County Integrated Development Plan (CIDP), 2013-2017 and county administration's development agenda. In addition, this CFSP is framed against a back drop of growth prospects and challenges addressed in the Budget Policy Statement (BPS), 2015 and aligns to implementation of the five broad pillars namely;
  - i. Creating a Conducive Business Environment for Employment
  - ii. Agricultural Transformation and Food Security
  - iii. Transport, Logistics, Energy and Water for Inclusive Growth
  - iv. Access to Quality Social Services
  - v. Further Entrenching Devolution for Better Service Delivery
4. The County will work with relevant stakeholders to reduce the cost of doing business, encourage private sector investment, innovation, entrepreneurship and business expansion including inviting private sector participation through joint ventures. Priority investment programmes in agriculture are modeled towards increasing agricultural output and reviving cashew nut, coconut and milk production to increase food supply, create employment and promote rural development. Emergency Response Services along major transport and logistics corridors, investing in affordable and reliable green energy and waste management solutions are priority programmes expected to position the County as safe, affordable and environmentally secure tourist and investment destination in the country.
5. The County will also model social protection programmes to complement national government initiatives targeting the elderly, persons with disability and orphaned and vulnerable children, educational access initiatives in particular provision of free pre-primary education and engage the youth through vocational training and profitable self-employment initiatives by rolling out programmes bringing youth groups in sustainable environmental activities in the urban centers.
6. The County will remain guided by fiscal responsibility principles and further decentralization of resources in the provision of services while moderating the zeal for additional own revenue collection and create thriving business environment supportive of the private sector.
7. The sections that follow present details of sector spending priorities for FY 2015/16 budget in the context of recent economic development and policy outlook, fiscal policy and budget framework and the medium term expenditure framework.

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## II. RECENT ECONOMIC DEVELOPMENT AND POLICY OUTLOOK

8. Kilifi county FY 2015/16 MTEF budget preparation takes into account determined steps taken by the national government to bolster resilience of Kenyan economy to external and domestic shocks and foster sustained high and inclusive growth underpinned by;
- i. Increase in per capita to US\$1,269 in 2013
  - ii. Increase in economic growth to 5.7 per cent in 2013 up from 4.5 per cent in 2012
  - iii. Broad Money Supply, M3 within target
  - iv. Stabilizing Private Sector Credit
  - v. Single digit inflation rate
  - vi. Progressive easing of interest rates
  - vii. Overall balance of payments surplus of US\$ 1,507 million in the year to October 2014 from a surplus of US\$ 607 million in the year to October 2013 and improvement in the current account
  - viii. Improved Foreign Exchange Reserves
  - ix. Mixed performance of the shilling exchange rate and
  - x. Vibrant stock market

### **Update on Fiscal Performance and Emerging Challenges**

9. Total expenditure for FY 2014/15 was projected at Ksh. 8.43 billion and total expected revenues were Ksh. 8.43 billion (including re-voted amount of Ksh. 1.87 billion from FY 2013/14). Development allocation constituted a total of Ksh. 3.69 billion representing 44 percent and recurrent allocation was Ksh. 4.74 billion representing 56 per cent of the total allocation.

### **Implementation Progress and Emerging Fiscal Challenges**

10. The County's FY 2014/15 budget has been implemented on a vote on account basis due to a dispute on budgetary ceilings for County Assemblies set by the Commission on Revenue Allocation (CRA) but adequate measures have been put in place to ensure priority programmes are fully implemented, tracked and feedback provided periodically.

**Table 1: Approved Budget Estimates for FY 2014/15 (including re-voted) against Actual Expenditure by December, 2014**

Sector	Approved Budget 2014/15	"Expenditure as at December, 2014"	% Utilization
County Assembly	910,169,451	313,014,558	34
County Executive	747,956,063	368,478,311	49
Finance and Economic Planning	945,859,454	146,376,514	15
Agriculture and Fisheries	819,692,509	116,559,277	14
Water Environment and Natural Resources	371,394,127	111,114,858	30
"Education, Youth Affairs and Social Development"	1,095,555,811	449,858,526	41
County Health Services	1,782,081,466	744,559,037	42
Roads and Public Works Services	586,555,863	329,147,927	56
"Land Physical Planning Housing and Energy"	690,924,799	134,335,508	19
ICT and e-Government	135,417,816	78,170,519	58
Trade Development and Regulation	254,775,245	19,459,870	8
County Public Service Board	94,503,776	34,712,503	37
<b>Total</b>	<b>8,434,886,380</b>	<b>2,845,787,408</b>	<b>34</b>

Source County Treasury;

11. Total expenditures amounted to Ksh. 2.8 billion against a vote on account target of Ksh 4.2 billion (or Ksh. 1.4 billion below target) at the end of December 2014. The shortfall was as a result of underperformance in both the recurrent and development expenditures by Ksh. 613 million and Ksh. 758 million respectively. Information Communication and Technology (ICT) and e-Government; and Roads, Transport and Public Works Services departments utilized 58 and 56 per cent of their approved budgets respectively on account of projects started in the previous and completed in the current financial year.

12. The national equitable share of revenue received by the County government as at January 2015 amounted to Ksh. 3.3 billion being 39.5 per cent of the total budget estimates and 79.1 per cent of the vote on account provision. This underperformance together with ceilings based on vote on account disbursement of funds constrained overall utilization of funds particularly development funds.
13. County own revenue collection for the period up to December, 2014 was Ksh. 222.5 million representing 22 per cent of the annual target. The enactment of the Finance Act 2015, automation of revenue collection, enforcement and supervision will address the challenge of low revenue collection for the remaining period and over the medium term.

### **Risks to the Outlook**

14. The risks to the national outlook for 2015/16 and the medium-term include continued weak growth in advanced economies that will impact negatively on county's tourism activities.
15. Public expenditure pressures especially recurrent expenditures pose a fiscal risk. Wage pressures may limit continued funding for development expenditure.
16. The impact of insecurity and depressed rainfall could affect tourism and agricultural production respectively.

### **III. FISCAL POLICY AND BUDGET FRAMEWORK**

#### **Overview**

17. The 2015 medium term- fiscal policy aims at supporting rapid development and ensuring effective delivery of public goods and services in a sustainable manner. Specifically, the fiscal policy underpinning the FY 2015/2016 budget and MTEF aims at increasing revenue by 10% and containing growth of total expenditure. Further, the policy aims at shifting more public resources from recurrent to capital investment so as to promote sustainable and inclusive growth. Specifically;
- i. Over the medium term a minimum of 30% of the county budget shall be allocated to development expenditure. The government is committed to a reduction in the recurrent expenditure to devote more resources to development.
  - ii. Expenditure on wages and benefits for public officers shall not exceed a percentage of the county government revenue as prescribed by the regulations. Once the share is prescribed in the regulation, the county government will ensure strict adherence to this principle.
  - iii. Over the medium term, the county government borrowing if any; shall be used only for the purposes of financing development expenditure and not for recurrent expenditure. It is the governments' policy to procure external financing only for development projects a practice which is in line with this principle.
  - iv. Public debt obligations shall be maintained at sustainable level as approved by county assembly.
  - v. Ensure efficiency and improved productivity of expenditure while at the same time ensuring that adequate resources are available for operations and maintenance.
  - vi. Increase the absorption of resources allocated for development purposes from the current levels to over 80 percent. This will give the envisaged impetus to economic development and further improve the credibility of our budget.

#### **Continuing with Prudent Fiscal Policy**

18. Fiscal policy will continue to support economic activity within a context of sustainable public financing. The County Government has oriented expenditure towards priority programmes in healthcare, agriculture, education and setting up a comprehensive administrative structure under the MTEF. These initiatives shall be rolled out in priority of high impact and visibility so as to jump start socio-economic development and serve as motivation and synergy efforts of the people of Kilifi County.

#### **Observing Fiscal Responsibility Principles**

19. The County government recognizes that the fiscal stance it takes today will have implications into the future. Therefore, and in line with the Constitution and Public Finance Management (PFM) Act of 2012, the principle of sharing the burden and benefits of the use of resources and public borrowing between the present and future generation implies that we have to make prudent policy decisions today so that we do not impose an unwarranted debt burden on future generations. Once the PFM regulations are finalized the county government will abide by the guidelines on wage levels in general and expenditure management on items such as office goods and their pricing that should as much as possible reflects actual market prices.
20. Timelines on paying goods will be minimized to enable county government get competitive prices in the market.
21. The county government will observe fiscal rules set in the PFM law so as to entrench fiscal discipline. Observance of the fiscal rules has been as follows:
- a) 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 per cent, the minimum set out in the law. In the F/Y 2014/15 the county government allocated 38 per cent to development. Over the medium term, development expenditure is budgeted to expand to 40 per cent in the FY 2017/18.

**Table 2: Revenue and Expenditures**

FINANCIAL YEAR	ESTIMATE FY 2013/14	ACTUAL FY 2013/14	ESTIMATE FY 2014/15	ESTIMATE FY 2015/16	PROJECTION FY 2016/17	PROJECTION FY 2017/18
Equitable Share	5,820,419,123	4,952,705,468	6,335,537,520	6,624,840,000	7,287,324,000	8,016,056,400
Local Resources	735,819,493	481,725,212	1,000,000,000	800,000,000	880,000,000	968,000,000
<b>Total Revenue</b>	<b>6,597,606,247</b>	<b>5,434,430,680</b>	<b>7,335,537,520</b>	<b>7,424,840,000</b>	<b>8,167,324,000</b>	<b>8,984,056,400</b>
Salaries and Wages	1,991,839,878	1,059,449,229	2,150,835,986	2,365,919,583	2,602,511,543	2,862,762,697
O&M Other	2,598,907,277	2,262,578,927	3,580,453,340	1,980,103,150	2,178,113,463	2,395,924,810
Development	2,006,859,092	448,879,706	2,589,690,027	3,078,817,267	3,386,698,994	3,725,368,893
<b>Total Expenditure</b>	<b>6,597,606,247</b>	<b>3,770,907,862</b>	<b>7,335,537,520</b>	<b>7,424,840,000</b>	<b>8,167,324,000</b>	<b>8,984,056,400</b>
Source: County Treasury						

Source: County Treasury

- b) The county government expenditure on wages and benefits for public officers shall not exceed a per cent age of the county of the county government revenue as prescribed by the regulations.  
On wages and benefits, the share to county government revenue is projected to remain at 32 per cent in FY 2014/15 and over the medium term up to FY Kilifi 2017/2018. The county government will strictly adhere to prescribed ceilings once regulations are in place.
- c) 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.  
The county government will adhere to the policy of obtaining external financing only for development projects a practice which is in line with this principle.
- d) Public debt and obligations shall be maintained at a sustainable level as approved by county ssembly
- e) Fiscal risks shall be managed prudently

## **Fiscal Structural Reforms**

22. Underpinning the fiscal program is to review own revenue estimates from Ksh. 1.0 billion in the FY 2014/2015 to a more realistic target. In the FY 2015/2016, own revenue is conservatively set at Ksh. 800 million and measures will be put in place to ensure that the target is realized. The measures include focusing on five major revenue sources for optimal collection and diversifying revenue streams. The levy compliance and enforcement unit shall be strengthened through training and automation of revenue collection to eliminate leakages and contribute toward achieving set revenue targets.
23. On the expenditure side, the county government will continue developing expenditure management systems aimed at improving efficiency and eliminate non-priority expenditure. Expenditure management will be strengthened through use of Integrated Financial Management Information System (IFMIS) and full operationalization of modules as and when they are rolled out by the National Treasury. The county government shall also entrench programme based budgeting (PBB) and embrace need-based staff recruitment in a bid to contain the wage bill and associated expenditure. The County will act promptly on the recommendations of ongoing payroll cleansing and staff rationalization once concluded.

## **2015/16 Budget Framework**

24. FY 2015/16 budget framework is set in the backdrop of the fiscal framework set above; priorities outlined in the second MTP, 2013-17 of Vision 2030, CIDP 2013-17 and sectoral plans.

## **Own Revenue Projections**

25. In the FY 2015/2016 budget, own revenue collection is conservatively projected at Ksh. 800 million down from Ksh. 1.0 billion in FY 2014/15. The County Treasury is expected to institute measures to expand revenue base, eliminate revenue leakages and enact in a timely manner the Finance Bill, 2015 in a bid to ensure that set revenue target is realized.

## **Expenditure Forecasts**

26. The recurrent expenditures are expected to increase from FY 2014/2015 levels as the devolved administrative structures become fully operational and the full cost of devolved functions become more apparent. Staff recruitment, purchase of equipment, drugs and learning and teaching aids to operationalize existing and unutilized health and education facilities in the County will also put pressure on recurrent expenditure.
27. Goods and services ceiling for the departments are determined by fund allocated in the current year's budget as the starting point. These ceilings are then reduced to take into account one-off expenditures in the FY 2014/2015 and then an adjustment factor is applied to take into account the general increase in prices.

## **Development Expenditure**

28. Consistent with the objective of allocating adequate resources towards development outlays and the need to ensure completion of projects, the development expenditure is projected at Ksh 3.3 billion in the FY 2015/16 up from Kshs 2.6 billion in the FY 2014/15 which is 40 per cent of the entire county budget.
29. Improvement in procurement, production and planning (following the expected review of Procurement and Disposal Act), the absorption rate of development funds is expected to increase resulting in incidental increase in economic activities and growth of the County.

## **Summary**

30. The fiscal policy outlined in this CFSP aims at improving revenue efforts as well as containing total expenditures. This will be achieved through administrative and legislative reforms aimed at enhancing resource mobilization, improving efficiency in government expenditures and eliminate non-priority expenditure.

## **IV. MEDIUM TERM EXPENDITURE FRAMEWORK**

### **Resources Envelope**

55. National Government Allocations as per the Commission on Revenue Allocation for the County government of Kilifi in the FY 2013/2014 was Ksh. 5,820,419,123. The total equitable share for FY 2014/2015 is Ksh. 6,335,537,520 while for FY 2015/16 provision is Ksh.6,624,840,000.
56. Own Revenue Collection from land rates, parking fees, plot rates and licenses was estimated at Ksh.735,819,493 in the FY 2013/2014. The County continues to face challenges in meeting annual own revenue targets and conservatively projects to collect Ksh. 800,000,000 in the FY 2015/16 down from the expected Ksh. 1.0 billion in the FY 2014/2015.
57. The County will also receive the following additional conditional allocations:
- i. Conditional grant in support of Free Maternal Health Care of Ksh. 132,730,986. This grant is to be transferred to the County on a reimbursement basis after confirmation that health facilities have provided maternal health care services in accordance with agreed specifications. This grant is intended to facilitate access to free maternal health care in order to reduce the high maternal and child mortality rates in Kenya on the basis of share of county population to the national population.
  - ii. Conditional grant to facilitate the leasing of health care equipment of Ksh. 56,716,918. This grant is intended to facilitate the purchase of modern specialized health care equipment in at least two health facilities in the County over the medium term. This will facilitate easy access to specialized health care services and significantly reduce the distance that Kilifi residents walk in search of such services.
  - iii. Conditional grant from the Road Maintenance Fuel Levy Fund of Ksh. 94,528,176 to enhance capacity to repair and maintain county roads.
  - iv. The County expects to receive an additional conditional allocation in form of donor loans and grants of Ksh. 83,305,600 from proceeds of a grant from the Government of Denmark and a loan from the World Bank. These funds are intended to support the delivery of health services in the county's health facilities and with a view to increase access to health care services by Kilifi residents and in particular the poor.

### **Prioritization and Allocation of Resources**

58. The County government will continue with its policy of expenditure prioritization with a view to funding core services, ensuring equity and minimizing costs through the elimination of duplication and inefficiencies.



## **Details of Departmental Priorities**

59. The medium term expenditure framework for 2015/16-2017/18 ensures continuity in resource allocation based on prioritized programmes aligned to key policies, programmes and projects of the second MTP (2013-2017) of Vision 2030, first CIDP 2014 and strategic policy initiatives of the county administration to accelerate growth, employment creation and poverty reduction.
60. County fiscal policies will remain supportive of growth while at the same time continuing with the fiscal discipline to ensure mobilization of adequate resources to support all the county development expenditures. Main areas of intervention over the medium term period will include:
- i. Continuing investment in Infrastructure
  - ii. Provision of Water and Sanitation services
  - iii. Boost Agricultural Productivity
  - iv. Provision of Health and Emergency Services
  - v. Promotion of Education, Youth Empowerment and Social Protection
  - vi. Provision of land tenure and housing services
  - vii. Supporting Investment and Trade
  - viii. Promotion of Tourism and Culture
  - ix. Maximizing the use of County's Natural Resources
  - x. Public Service, and ICT
61. The recent achievements and key priority targets for each sector are based on reports from departmental Sector Working Group (SWG).

## **Agriculture, Livestock Development and Fisheries**

62. The department's goal is to attain food security by development of agriculture and agribusiness; development of Livestock and provision of veterinary services; and development and management of fisheries which is consistent with priority policy of the second MTP (2013-2017) of Vision 2030 and departmental sectoral plan.
63. The department faced various challenges but realized key achievements highlighted below:
- i. To achieve the objective of modernizing agriculture for food security, the department focused on mechanized agriculture by procuring tractors and certified seeds and distributing them to farmers. Staff training on Agri- Business was also conducted and two bills were drafted to strengthen institutional capacity.
  - ii. To enhance livestock productivity and management, the department organized farmers training in cattle dip management and general disease control; livestock improvement, pasture grass seeds and various fodder and pasture seeds and cuttings were procured and distributed.
  - iii. In enhancement of fisheries production frame survey/census for fishermen and fisheries infrastructure and fishery awareness and licensing exercises were carried out. Construction of a fish depot at Mtwapa fish landing site was started and four deep freezers procured for fish storage by the fisher folk. In addition, 96 Beach Management Unit (BMU) officials were trained on BMU financial management and finance management books for 11 BMUs were published and a draft co-management training manual developed.



64. In the medium term, the department will undertake the following key policy measures with emphasis on cashew nut and coconut revival, milk production and fisheries development:
- i. Value addition and marketing;
  - ii. Technology transfer;
  - iii. Adoption of new technologies;
  - iv. Exploiting irrigation potential;
  - v. Exploiting the potential of Exclusive Economic Zone (EEZ);
  - vi. Creating an enabling policy and legal framework;
  - vii. Improvement of efficiency and effectiveness in sector's institutions;
  - viii. Infrastructure development and sustainable management of sector resources.  
Lands, Energy, Housing & Physical Planning
65. The core mandate of the department is management of land use and ownership; promoting the development of adequate and affordable quality housing; and management of development and utilization of green energy.
66. In the FY 2014/2015 the department initiated Housing Audit and Housing surveys, Land Audit, and Energy Audit which formed the basis for formulating the County Housing and Settlement policy, Land Use and Development Control Policy and Renewable Energy Policy respectively. These policies will guide investment in major flagship projects in the subsequent years. Further, the department will enhance security of land tenure through establishment of adjudication sections and settlements.
67. The department priorities to be implemented during the MTEF period 2015/16- 2017/18 are: land acquisition for housing development; adoption of appropriate building materials and technologies; and renovation of county houses.
68. Land registration programme; titling of land will be carried out as a programme by establishing several adjudication sections throughout the county in the community lands. Titling of county government properties and other public facilities will be also carried out. Further, planning, surveying and allocation of market centers will be initiated to stimulate growth of those centers. The department will endeavor to upgrade informal settlement schemes through planning and survey and provision of infrastructure services. Digitization of all building plans and approval systems and application of GIS and implementation of urban structure development plans for major urban centers will be initiated. Finalization of county spatial plan will open new page on modern planning for county projects and programmes.

69. The department will ensure provision of reliable and affordable energy through exploration of environmentally friendly and renewable energy sources by promoting use of renewable energy including establishment of Biogas demonstration centers in all 35 wards, promoting solar usage especially for street lighting in urban and market centers, providing solar systems in remote off-grid public utility facilities and provide solar lanterns to poor households.

### **Roads, Transport and Public Works**

70. The CIDP (2013-17) in line with the second MTP (2013-17) of Vision 2030 recognizes the sector as a key enabler for sustainable economic growth, development and poverty reduction.

71. The department achievements in FY 2013/14 and FY 2014/15 are:

- i. Opening of 120 km access roads; rehabilitation of Kilifi and Malindi storm water drainages; installation of road furniture; installation of solar streetlights; Rehabilitation and maintenance of streetlights; installation of 12 long monopole 30 meters high mast lights; and rehabilitation of Mariakani Bus Park.
- ii. Two bills were prepared and presented to the County Assembly; County Transport Bill, 2014 and County Traffic Bill, 2014. The County Transport Policy was prepared and presented to County executive. Also undertaken, was supervision of construction of Pwani University Medical Lab and Library and preparation of tender documents and bills of quantities and design for departments of Health; Education, Agriculture & Fisheries; and Trade Development.

72. The departments' strategic focus will be:

- i. Improvement of roads and drainage systems;
- ii. Improvement and diversification of transport services;
- iii. Development and maintenance of appropriate public work services; and
- iv. Strengthening of institutional capacity

73. During the MTEF period the department will give priority to opening of new access roads as well as maintenance of the existing roads to improve mobility; and improving transport services through the construction of bus parks in major towns.

74. Further, the department will put strategies in place to ensure that public buildings are constructed to the expected and recommended standards by carrying out routine supervision and management of projects.

### **Water, Environment, Forest and Natural Resources**

75. The departmental goals are provision of clean and safe water; sustainable development, exploitation and management of the environment and natural resources; and development of institutional capacity. In this regard, the department has completed extension of 78 km pipeline; rehabilitated 1.5 km water pipeline; initiated tree seedlings programme and established community forest associations aimed at increasing forest cover over the medium term period. improvement in sanitation. Environmental conservation and tree planting programmes will continue over the medium term period.

76. The department will ensure increased access to water through expansion of existing water infrastructure; construction of water pans and dams; drilling of shallow water wells and bore holes; purification and desalination of water; development of water storage facilities; and
77. Efficient use of natural resources is central to social-economic and cultural development. Natural resources will be conserved and utilized in a sustainable manner. The department shall undertake strategies aimed at conserving the environment and natural resources in partnership with relevant authorities and development partners for sustainable environmental exploitation.

### **Health Services**

78. The department aims to promote preventive, curative and general health services and has made strides in several fields including purchase of assorted equipment for health facilities; purchase of ambulances for referrals; plants and equipment purchased for various facilities; purchased specialized medical equipment and infrastructure development which included construction and rehabilitation of several health facilities. The department also developed waste management infrastructure such as construction of garbage receptacles; street waste receptacles and rehabilitation of dump sites.
79. The department will continue to provide accessible and affordable health care and public health services.
80. In the medium term period, the department will seek to address health related challenges through continued investment in capacity building of health professionals; providing high quality preventive, curative and rehabilitative healthcare services to all; sanitation infrastructure; and improvement in working conditions of medical practitioners. Focus will also be towards improving referral systems as well as provide emergency rescue services. Further, adequate funds will be allocated for construction and upgrading of health facilities; hiring of additional health workers; procurement of medical equipment and supplies; and provision of immunization services.

### **Finance and Economic Planning**

81. The department aims at effectively managing public resources through transparent and accountable system and developing and implementing sound economic policies and plans.
82. Notable achievements during the FY 2013/2014 to FY 2014/15 include:
- i. Preparation of departmental strategic plan;
  - ii. Rolling out IFMIS at the county level;
  - iii. Facilitating departments in preparation of procurement plans;
  - iv. Preparing the Annual Development Plan, 2015/2016 to guide the county's development agenda for the year; and
  - v. Preparing the County Budget Review and Outlook Paper (C-BROP).

83. The department will focus on strengthening management of public resources through automation of financial management systems; improving provision of advisory services; institutionalizing asset and debt management; and continue strengthening procurement systems and processes.
84. To improve coordination and management of economic plans, emphasis will be on strengthening linkage between policy, planning and budgeting. The department will also strengthen Monitoring and Evaluation through development of a framework and finalizing development of CIDP indicators for tracking progress and timely submission of reports to enhance feedback and improve efficiency and effectiveness.

### **Information, Communication and Technology (ICT), Culture and Social Services**

85. The strategic focus of the department for the FY 2015/16 budget and over the medium term entail leveraging on ICT to take county government services to the people by building ICT resource centers in Youth Polytechnics and interconnecting them to schools; provide voice over internet protocol (VOIP) phones and video conferencing facilities to improve internal communication in county government offices; and interconnecting all major hospitals to share information including patient's data files for referral cases.
86. The department will also set up radio and television station to enhance two-way communication as well as publish periodical magazines/newspapers. Priority will also be towards establishing youth incubation centers with a view to tap their potential on ICT usage and create employment opportunities by operating self-sustainable projects; facilitate involvement of youth groups in business; training them on entrepreneurial skills and assist them get markets; and undertake betting control and licensing.
87. The department will roll out a social protection programme to complement national government initiatives targeting the elderly, persons with disability and orphaned and vulnerable children.
88. The department will also focus on opening access to promote economic gains of cultural sites by rehabilitating Kayas; constructing multi-cultural centre; and campaign for promotion of Gede ruins to a world heritage site so as to reap the attendant benefits of having such a marvel in the County.

### **Education, Youth Affairs and Sports**

89. The department priorities to be implemented during the MTEF period 2015/16- 2017/18 are;
  - i. Feeding programme for pre-primary school with a view to increase attendance, retention and transition rates as well as improve learning outcomes;
  - ii. Constructing and equipping Early Childhood Development (ECD) centers and rehabilitate those formerly owned by the local authorities; and
  - iii. Recruiting ECD caregivers, provide them with in-service training and come up with co-curricular activities for ECD centers;

90. Priority initiatives targeting the youth include talent search and mentorship, youth councils and talent academies. The department will upgrade sports fields, construct sports stadium and form county sports team complete with coaches and managers whose activities will be financed through sports fund.
91. Vocational training institutions will be upgraded and youth centers will be integrated with youth polytechnics in partnership with the department of ICT, e-Government, Culture and Social Services.

### **Trade, Cooperative, Industrialization, Tourism and Wildlife**

92. Trade is a key productive sector due its immense potential for wealth and employment creation as well as poverty reduction. The sector will deepen business regulatory reforms, enhance access to credit, facilitate capacity building and simplify and modernize regime for small and medium businesses in order to amplify their multiplier effect on employment opportunities and accelerating growth. Efforts will also be made towards promotion and development of cooperative movements.
93. Further, the department will focus on industries that are labor intensive, with the potential to export and increase market opportunities for small and medium industries. Strategic efforts will be made to diversify markets by providing an environment conducive for business and ensuring that there is investor confidence. This will be achieved through development of policy, legal and institutional reforms for the development of the sector, fair trading licenses, support entrepreneurship and industrial development.
94. Tourism development has been a source of revenue to our county. The department will develop and promote tourism infrastructure that can serve both local and international visitors. This will include improving the quality of tourism facilities and developing areas with greatest potential to attract tourists, marketing the existing tourism attractions and promoting our cultural heritage.

### **Public Service management**

95. Public Service Management department will promote best labor practices in recruitment, allocating, motivating and effectively utilizing human resources for improved public service delivery and promote public service integrity

## **V. CONCLUSION**

96. This County Fiscal Strategy Paper, 2015 spells strategic priorities to be implemented over the medium term and is prepared pursuant to statutory requirements. The fiscal framework put in place is aligned to the Budget Policy Statement, 2015 policy mix of a five pillar economic transformation agenda for a shared prosperity. Implementation of programmes according to the outlined policy goals will accelerate economic activities and transform the lives of Kilifi residents.

**ANNEX**  
**DEPARTMENTAL CEILINGS MTEF FY 2015/16-2017/18**

DEPARTMENT		ESTIMATES FY 2014/15	CEILING FY 2015/16 (%)	"CEILING FY 2015/16"	FY2016/17	PROJECTION FY2017/18
	<b>SUB-TOTAL</b>	<b>867,706,013</b>	<b>9.1%</b>	<b>675,200,000</b>	<b>742,720,000</b>	<b>816,992,000</b>
	RECURRENT	732,206,013	12.7%	551,000,000	606,100,000	666,710,000
303010000 COUNTY ASSEMBLY	DEVELOP- MENT	135,500,000	4.0%	124,200,000	136,620,000	150,282,000
	SUB-TOTAL	747,956,063	8.8%	651,125,962	716,238,558	787,862,414
	RECURRENT	470,345,856	9.7%	421,000,000	463,100,000	509,410,000
303020000 COUNTY EXECUTIVE	DEVELOP- MENT	277,610,207	7.5%	230,125,962	253,138,558	278,452,414
	<b>SUB-TOTAL</b>		<b>3.3%</b>	<b>245,026,296</b>	<b>269,528,925</b>	<b>296,481,818</b>
303130000 PUBLIC SERVICE MAN- AGEMENT	RECURRENT		5.1%	220,186,296	242,204,925	266,425,418
	DEVELOP- MENT		0.8%	24,840,000	27,324,000	30,056,400
	<b>SUB-TOTAL</b>	<b>902,859,454</b>	<b>10.8%</b>	<b>796,827,164</b>	<b>876,509,881</b>	<b>964,160,869</b>
303030000 FINANCE AND ECONOMIC PLANNING	RECURRENT	377,859,454	10.7%	467,008,224	513,709,046	565,079,951
	DEVELOP- MENT	525,000,000	10.7%	329,818,940	362,800,834	399,080,918
	<b>SUB-TOTAL</b>	<b>630,440,426</b>	<b>8.1%</b>	<b>598,927,464</b>	<b>658,820,210</b>	<b>724,702,231</b>
	RECURRENT	370,486,672	3.9%	169,777,537	186,755,291	205,430,820
303040000 AGRICULTURE	DEVELOP- MENT	259,953,754	13.9%	429,149,927	472,064,919	519,271,411
	<b>SUB-TOTAL</b>	<b>285,021,929</b>	<b>8.1%</b>	<b>600,158,573</b>	<b>660,174,430</b>	<b>726,191,873</b>
	RECURRENT	132,745,008	1.9%	84,068,646	92,475,511	101,723,062
303050000 ENVIRON- MENT AND NATURAL RESOURCES	DEVELOP- MENT	152,276,921	16.8%	516,089,927	567,698,919	624,468,811
	<b>SUB-TOTAL</b>	<b>867,679,662</b>	<b>14.9%</b>	<b>1,100,608,375</b>	<b>1,210,669,212</b>	<b>1,331,736,134</b>
	RECURRENT	720,357,741	17.8%	774,810,985	852,292,083	937,521,292
303060000 EDUCATION, YOUTH AF- FAIRS AND SOCIAL DEVELOP- MENT	DEVELOP- MENT	147,321,921	10.6%	325,797,390	358,377,129	394,214,842

DEPARTMENT		ESTIMATES FY 2014/15	CEILING FY 2015/16 (%)	"CEILING FY 2015/16"	FY2016/17	PROJECTION FY2017/18
	<b>SUB-TOTAL</b>	<b>1,470,658,370</b>	<b>15.8%</b>	<b>1,171,025,966</b>	<b>1,288,128,562</b>	<b>1,416,941,418</b>
	RECURRENT	1,161,158,370	23.6%	1,024,467,369	1,126,914,106	1,239,605,516
303070000 COUNTY HEALTH SER- VICES	DEVELOP- MENT	309,500,000	4.8%	146,558,597	161,214,456	177,335,902
	<b>SUB-TOTAL</b>	<b>574,155,863</b>	<b>3.3%</b>	<b>243,824,419</b>	<b>268,206,861</b>	<b>295,027,547</b>
	RECURRENT	223,457,297	2.6%	113,562,485	124,918,733	137,410,607
303080000 PHYSICAL PLANNING AND DEVEL- OPMENT	DEVELOP- MENT	350,698,566	4.2%	130,261,934	143,288,128	157,616,941
	<b>SUB-TOTAL</b>	<b>491,924,799</b>	<b>11.1%</b>	<b>823,150,543</b>	<b>905,465,597</b>	<b>996,012,157</b>
	RECURRENT	117,865,316	5.4%	235,867,714	259,454,486	285,399,934
303090000 PUBLIC WORKS AND SERVICES	DEVELOP- MENT	374,059,483	19.1%	587,282,828	646,011,111	710,612,222
	<b>SUB-TOTAL</b>	<b>118,459,350</b>	<b>2.1%</b>	<b>153,098,814</b>	<b>168,408,695</b>	<b>185,249,564</b>
	RECURRENT	63,235,610	1.9%	81,307,952	89,438,747	98,382,621
303100000 ICT & E-GOVERN- MENT	DEVELOP- MENT	55,223,740	2.3%	71,790,862	78,969,948	86,866,943



DEPARTMENT		ESTIMATES FY 2014/15	CEILING FY 2015/16 (%)	"CEILING FY 2015/16"	FY2016/17	PROJECTION FY2017/18
	<b>SUB-TOTAL</b>	<b>129,075,245</b>	<b>3.7%</b>	<b>275,155,723</b>	<b>302,671,295</b>	<b>332,938,425</b>
	RECURRENT	103,423,659	2.6%	112,254,823	123,480,306	135,828,336
303110000 TRADE DEVELOPMENT AND REGULATION	DEVELOPMENT	25,651,586	5.3%	162,900,900	179,190,990	197,110,089
	<b>SUB-TOTAL</b>	<b>61,679,196</b>	<b>0.9%</b>	<b>65,870,702</b>	<b>72,457,773</b>	<b>79,703,550</b>
	RECURRENT	61,679,196	1.5%	65,870,702	72,457,773	79,703,550
303120000 COUNTY PUBLIC SERVICE BOARD	DEVELOPMENT		0.0%	-	-	-
	<b>GROSS TOTAL</b>	<b>7,147,616,371</b>	<b>1</b>	<b>7,424,840,000</b>	<b>8,167,324,000</b>	<b>8,657,518,182</b>
	<b>GROSS RECURRENT</b>	<b>4,534,820,192</b>	<b>1</b>	<b>4,346,022,733</b>	<b>4,780,625,006</b>	<b>5,258,687,507</b>
	<b>GROSS DEVELOPMENT</b>	<b>2,612,796,179</b>	<b>1</b>	<b>3,078,817,267</b>	<b>3,386,698,994</b>	<b>3,725,368,893</b>
	<b>Gross Recurrent (%)</b>	<b>63.45%</b>		<b>58.53%</b>		
<b>GROSS TOTAL</b>	<b>"Gross Development (%)"</b>	<b>36.55%</b>		<b>41.47%</b>		

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