

LAIKIPIA COUNTY GOVERNMENT



DEPARTMENT OF FINANCE AND ECONOMIC PLANNING

COUNTY BUDGET REVIEW OUTLOOK PAPER

SEPTEMBER 2014

COUNTY VISION, MISSION AND CORE VALUES

Vision Statement

A Peaceful and Prosperous Model County

Mission Statement

To facilitate equitable sustainable development through improved service delivery, technological adoption and advancement and effective resources management

Core Values

People-centeredness

Equity

Accountability

Efficiency

Professionalism

Integrity

Innovativeness

Passion

Foreword

This Budget Review and Outlook Paper (BROP) is prepared in accordance with the Public Financial Management Act, 2012. Sections 117 and 118 of the Act provides for the preparation of the County Fiscal Strategy Paper (CFSP) and County Budget Review and Outlook Paper (CBROP) respectively, by the County Treasury.

The CBROP 2014 presents the recent economic developments and actual fiscal performance of the FY 2013/2014 and makes comparisons to the budget appropriations for the same year. It further provides updated macro-economic and financial forecasts with sufficient information to show changes from the projections outlined in the latest Budget Policy Statement (BPS).

The CBROP 2014 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 Laikipia County.

The paper, also provides an overview of how the actual performance of the FY 2013/2014 affected the compliance with the fiscal responsibility principles and the financial objectives as detailed in the 2014 BPS.

The link between policy, planning and budgeting continues being a critical as provided for in the Constitution and County Government Act. The CBROP plays a critical role in the preparation of budgets and management of public resources. To strengthen the budget preparation process, the County government will continue to embrace programme based budgeting and deepen public financial reforms to increase efficiency and effectiveness in service delivery.

The County is committed in upholding the trend of stable macroeconomic performance and ensure transparency by relaying performance indicators to the public. This will be realized through publications as required by the Constitution and the PFM Act.

J. M. WAMICHWE

Executive Member Finance and Economic Planning

Table of Contents

COUNTY VISION, MISSION AND CORE VALUES	ii
Foreword	iii
Abbreviations	vi
1.0 INTRODUCTION	7
1.1 Objectives of CBROP	8
2.0 REVIEW OF FISCAL PERFORMANCE IN 2013/14	9
2.1 Overview	9
2.2 Fiscal Performance in 2013/14	9
2.3 Overall Balance and Financing	12
2.4 Implication of 2013/14 Fiscal Performance on Financial Objectives Contained in the 2014/15 Approved Budget	12
3.0 RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK	13
3.1 Recent Economic Developments	13
3.3 County Economic Outlook and Policies	15
3.4 Medium Term Fiscal Framework	16
3.5 Risks to the Outlook	17
4.0 RESOURCE ALLOCATION FRAMEWORK	18
4.1 Adjustment to the Proposed 2014/15 Budget	18
4.3 Proposed Budget 2014/15 Framework	21
5.0 CONCLUSION	22
Annex I: Yearly Budget Projection for the County Integrated Development Plan 2013-17	23
Annex II: Projected Revenues	19

List of Tables

Table 2.2.1 County Revenue Performance	4
Table 2.2.2 County Expected External Revenue for the 2013/14	10
Table 2.2.3 Laikipia County Local Revenue Collection 2013/14.....	10
Table 2.2.4 Laikipia County Expected External Revenue Collection 2013/14	6
Table 2.2.5 County Sectoral Expenditure 2013/2014.....	11
Table 4.2: Total Sector Ceiling for the MTEF Period 2014/2015-2016/2017.....	20

Abbreviations

AIA	Appropriation in Aid
BSP	Budget Strategy Paper
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy paper
CIDP	County Intergrated Development Plan
DANIDA	Danish International Development Agency
HFIF	Health Facility Improvement Funds
FY	Financial Year
ICT	Information Communication Technology
IFMIS	Integrated Finance Management Information System
MTEF	Medium Term Expenditure Framework
PFM	Public Financial Management
PPP	Public Private Partnership
CSWGs	County Sector Working Groups

1.0 INTRODUCTION

The County Budget Review and Outlook Paper (CBROP) is prepared under the Public Financial Management Act, 2012 and contains a review of the fiscal performance of the financial year 2013/14, and deviations from the approved 2013/2014 Budget.

The CBROP is a key document in linking policy, planning and budgeting. The County Government is implementing the First County Intergrated Development Plan and Medium Term Plan that is guiding budget preparation and programming in the county. The CBROP is embedded on the MTEF priorities and takes into account emerging challenges of the devolved system of government. The Sector Working Groups will see the formulation of the programmes for the Medium Term Expenditure Framework period focusing on developing of new programmes.

The County Budget Review and Outlook Paper is prepared in accordance with Section 118 of the Public Financial Management Act, 2012. Under this law the County Treasury is mandated to prepare and submit to the County Executive Committee for approval, by 30th September in each financial year, a County Budget Review and Outlook Paper. During its preparation, the County Executive committee considers its approval with or without amendments, not later than fourteen days after its submission.

The County Executive Committee shall submit the paper to the Budget and Appropriation Committee of the County Assembly to be discussed by the County Assembly for approval, publishing and publication.

This paper is organised into five sections. Section I introduces the CBROP, section II is made up of review of countys fiscal performance and implications of fiscal performance. Section III focusses on outlook in 2014/15 and medium term. Section IV is on resource allocation across government departments by setting expenditure limits or ceiling for each government department. Section V provides a conclusion on previous years fiscal outcome, macroeconomic forecast and their implications on the financial objectives as elaborated in County Fiscal Strategy Paper, 2014.

1.1 Objectives of CBROP

The objectives of CBROP are as listed:

- To specify how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the CFSP in 2013/14.
- To provide economic outlook as a basis for revision of the 2014/15 budget in the context of 2013/14 supplementary estimates and the broad fiscal parameters underpinning the current budget and the medium term.
- To specify the updated economic and financial forecasts in relation to the changes from the forecasts in the County Fiscal Strategy Paper , 2014.
- To point out reasons for any deviation from the financial objectives in the CFSP, 2014 together with proposals to address the deviations
- To affirm National economic outlook in the CFSP to reflect any changes in economic and financial conditions.

2.0 REVIEW OF FISCAL PERFORMANCE IN 2013/14

2.1 Overview

Fiscal performance in the year 2012/13 was below expectations attributed to transitional challenges in the second half of the financial year. The total cumulative revenue in 2012/13 to former local authorities was Kshs 483,784,725 with recurrent expenditure amounting to Kshs 480,389,092 against a target of Kshs 416,048,750 while the development expenditure was Kshs 58 million compared to a target of Kshs 70 million. The underperformance in development expenditure was attributed to delays in procurement and uncertainty of fund disbursements.

With the devolved government structures in 2013/14, the county had a supplementary budget of Kshs 3,317,772,184. By 30th June, 2014, a total of Kshs 2,933,843,923 had been disbursed to the county comprising both allocation from national government and local revenue collection.

2.2 Fiscal Performance in 2013/14

The revenue performance in 2013/14 is depicted in Table 2.2.1 that details (Revenue and Grants) for the FY and the deviations from the approved revenue estimates.

Table 2.2.1 County Revenue Performance

Total Revenue and Grants	Financial year 2012/13 Actual (Ksh)	Financial Year 2013/14		Deviation (Ksh)	% Growth
		Actual (Ksh)	Targets (Ksh)		
National Revenue Allocation	247,827,760.00	2,757,598,656.00	2,757,598,656.00	0	0
County Local Revenue	235,956,965.00	256,040,724.00	348,073,528.00	93,032,804	-36
Property Rates	58,815,017.00	34,695,449.00	47,166,300.00	12,470,851	-36
Cess and Parking Fees	53,062,037.00	58,524,782.00	79,562,370.00	21,037,588	-36
Single Business Permit	37,909,028.00	49,818,730.00	67,725,872.00	17,907,142	-36
Others	86,170,883.00	113,001,763.00	153,619,000.00	40,617,237	-36
Grants		212,100,000.00	212,100,000.00	0	0
Programme Grants		70,100,000.00	70,100,000.00	0	0
Cash		142,000,000.00	142,000,000.00	0	0
Appropriation in Aid		0	0	0	0
Total Revenue	483,784,725.00	3,225,739,380.00	3,317,772,184.00	92,032,804	-2.9

Total cumulative revenue collection is Kshs 3,225,739,380 against the target in the approved budget of Kshs 3,317,772,184. This represents a revenue deficit of Kshs 92,032,804 which is 2.9% deviation from the approved budget. The local revenue collection for the period amounts to

Kshs 256,040,724 against a target of Kshs 348,073,528 reflecting an under collection of Kshs 93,032,804 or 36%. Property rates collection amounts to Kshs 34,695,449 against a target of Kshs 47,166,300, Cess and parking fees Kshs 58,524,782.00 against a target of Kshs 79,562,370 while the Single business permit fees amounts to Kshs 49,818,730 against a target of Kshs 67,725,872. This under performance in revenue collection is mainly attributed to over-optimistic projections and under collections due to inadequate collection systems. The breakdown of revenue performance is shown in Table 2.2.2 and Table 2.2.3

Table 2.2.2 County Expected External Revenue for the 2013/14

Expected Incomes	Estimates 2013/14 (Kshs)	Supplementary Budget (Kshs)
National Government Expected Income	2,757,598,656.23	2,757,598,656.00
Sundry Debtors	110,000,000.00	0
Expected Revenue - County Government	740,000,000.00	348,073,528.00
Grants-HSSF	14,100,000.00	14,100,000.00
Transitional Authority	0	56,000,000.00
Hospitals Cost Sharing	142,000,000.00	142,000,000.00
External Sourcing	300,000,000.00	0
Totals	4,063,698,656.23	3,317,772,184.00

Table 2.2.3 Laikipia County Local Revenue Collection 2013/14

Month	Amount (Kshs)
July 2013	22,128,463.00
August 2013	14,027,104.00
September 2013	17,036,823.00
October 2013	14,576,755.00
November 2013	11,903,625.00
December 2013	11,363,632.00
January 2014	24,590,268.00
February 2014	21,615,827.00
March 2014	41,555,590.00
April 2014	28,475,878.00
May 2014	20,439,243.00
June 2014	28,327,516.00
Total	256,040,724.00

The expenditure performance in 2013/14 is depicted in Table 2.2.4 that details actual expenditure and the deviations from the approved estimates and sectoral expenditures in Table 2.2.5.

Table 2.2.4 County Expenditure Performance

Expenditure (1) Recurrent	Financial year 2012/13 Actual (Ksh)	Financial year 2013/14		Deviation (Ksh)	% growth
		Actual (Ksh)	Targets (Ksh)		
Wages & Salaries Expenses	296,098,336.00	1,510,937,154.40	1,440,750,959.00	70,186,195.40	4.7
Operation and Maintenance Expenses	184,290,756.00	498,205,220.20	502,112,858.00	3,907,637.80	-0.8
County Assembly	-	405,270,759.00	371,567,896.00	33,602,863.00	8.3
Total	480,389,092.00	2,414,413,133.60	2,314,431,713.00	99,981,420.60	4.1
(2) Development Expenditure					
County Government	58,971,949.00	191,666,203.00	844,097,087.00	652,430,884.00	-340.4
County Assembly	-	22,632,272.00	159,243,384.00	136,611,112.00	-603.6
Total	58,971,949.00	214,298,475.00	1,003,340,471.00	789,041,996.00	-368.2
Total Expenditure	539,361,044.00.00	2,628,711,608.00	3,317,772,184.00	689,060,576.00	-26.2
Surplus/ Deficit (Total Revenue- Total Expenditure)	-55,576,319.00	597,027,772.00	0	597,027,769.00	23.3

Table 2.2.5 County Sectoral Expenditure 2013/2014

County Departments	Personal Emoluments (Ksh)	Operation and Maintenance (Ksh)	Development (Ksh)	Total (Ksh)
County Assembly Services	95,389,980.00	309,880,779.00	22,632,272.00	427,903,031.00
County Executive Services	1,020,423,289.40	24,428,351.00	3,949,150.00	1,048,800,790.40
Financial Management Services		209,021,593.00	8,293,726.00	217,315,319.00
Infrastructure		4,997,227.00	153,117,779.00	158,115,006.00
Agriculture and Natural Resources		9,471,923.00	15,334,578.00	24,806,501.00
Finance and Economic Planning		28,179,292.00		28,179,292.00
Education and ICT		8,992,154.00	4,212,354.00	13,204,508.00
Security and Home Affairs		5,746,129.00	3,350,949.00	9,097,078.00
Industrialization and Enterprise Development		500,000.00		500,000.00
Health and Sanitation		168,011,985.00	784,280.00	168,796,265.20
Gender, Youth and Sports		11,797,889.00	1,401,351.00	13,199,240.00
Water		8,552,167.00		8,552,167.00
Tourism and Trade		18,506,510.00	1,222,036.00	19,728,546.00
Devolved Salaries Deductions	490,513,865.00			490,513,865.00
Total	1,606,327,134.40	808,085,999.20	214,298,475.00	2,628,711,608.60

Recurrent actual expenditure is Ksh 2,414,413,133.60 against a target of Ksh 2,314,431,713.00, representing an overspending of Ksh 99,981,420.60 (or 4.1 percent growth). The overspending is attributed to huge workforce catering for personnel costs.

Development actual expenditure is Ksh 214,298,475.00 compared to a target of Ksh 1,003,340,471.00. This represents an under-absorption of Ksh 789,041,996.00 (or 368 percent deviation from the approved development expenditure). The under-absorption is attributed to lengthy procurement processes and delay in disbursement of funds by the exchequer. The first development disbursement was done in November 2013 followed by the second one in February 2014 hence delay in the implementation of capital projects.

Overall, the expenditure analysis for FY 2013/14 awaits firm data upon statutory audit of the county accounts by the end of September 2014. This is because external auditors' opinions on qualification of financial status play a significant role in public finance management.

2.3 Overall Balance and Financing

The fiscal deficit is Ksh 92,032,804 which is a shortfall in revenue collection. This was covered by the Hospital Facility Improvement Fund of Ksh 91,077,733.00. The overall fiscal deficit therefore is Ksh 955,071.20

2.4 Implication of 2013/14 Fiscal Performance on Financial Objectives Contained in the 2014/15 Approved Budget

In the view of revenue performance of 2013/14 the local revenue projection for 2014/15 needs to be adjusted to conform with established mechanisms.

In the view of expenditure performance of 2013/14, there was low absorption especially for development expenditure therefore there is need for elaborate mechanisms to ensure development projects are completed on time in the FY 2014/15.

Recurrent expenditure represented a high percentage of the total budget allocation leaving a minimal requirement for development expenditure therefore need for adjustments of 2014/15 budget to conform and surpass the minimum thresholds specified in the PFM Act, 2012.

3.0 RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

This section highlights recent economic developments on the global and national level and their impact during the implementation of 2014/15 county budget. These issues may have either positive or negative effects on the economic development of the county at present and in the medium term.

3.1 Recent Economic Developments

Laikipia county has seen significant increase in economic activities including livestock production, horticulture production, expansion of hospitality services, annual sports events, ongoing infrastructure improvement and provision of social services.

a) Macroeconomic Environment

The performance of the world economy was 3.0 percent and projected to be improve in 2014. The East African Community average growth rate was 6.1 per cent in 2013 and also projected to improve in 2014. Kenyan growth rate stood at 4.7 per cent in 2013 and is projected to improve in 2014. However, the national growth rate is still below the target of over 10 per cent as envisaged in the Kenya Vision 2030.

The country continues to enjoy a relatively stable macroeconomic framework. Overall inflation rate stood at 8.36 per cent in the month of August 2014 attributed to increased food and non-food prices. The Kenyan shilling depreciated against major international and regional currencies including the US Dollar, Rwandese Franc, Burundian Franc and the Tanzanian shilling. The average exchange rates against the US dollar, Rwandese Franc, Burundian Franc and the Tanzanian shilling at the end of first week in September were Ksh 88.53, Ksh 7.80, Ksh 17.51 and Ksh 18.81 respectively. The Kenyan shilling appreciated against the Euro, the Sterling Pound, the Ugandan, the Japanese Yen, recording average exchange rate of Ksh 116.34, Ksh 146.45, Ksh 29.50, Ksh 84.69 respectively by the end of first week of September 2014. The inter-bank rates recorded an average of single digit figure of 9.35 per cent during the first week of September 2014. The Nairobi Securities Exchange share index (NSE 20) recorded an upward trend from 5,089.16 points in August 2014 to 5,157.15 points by the end of first week of September 2014. The total number of deals decreased from 10,984 to 9,704 whereas market

capitalization increased from Ksh 2,204.63 Billion to Ksh 2,238.630 Billion during the same period. Mixed performance of the Kenya shilling is expected with unpredictable patterns against the Euro following negotiations on horticultural tariffs on exports to the European Union. The exchange rates against regional currencies are expected to stabilize with increased regulatory harmonisation in the East African Community. Relative stability in the macro-economic variables will influence increased growth in key county economic sectors including agriculture, commerce, tourism, transport, financial services, communication and housing.

b) Weather Patterns

Laikipia is dominantly rural with a significant population in the agriculture sector and associated linkages. The economic environment has continued to improve despite unpredictability of long rains in the period March 2014 to May 2014. Prolonged dry spells were experienced in Laikipia North in June 2014 whereas other parts in the county received minimal amounts of rains through occasional afternoon showers. Nyahururu town and surrounding areas received near normal to slightly above average rainfall in July and August 2014. Interventions such as vaccination of livestock and relief supplies were in place to ensure minimum disruption of economic activities in most vulnerable parts that experienced delayed rainfall. The short rains during September to October 2014 are expected to be normal. Long rains are expected in the period March-May 2015. The stability of the weather patterns will influence positive growth in the key production sectors including agriculture, forestry and tourism.

c) Tourism

The National Government initiative to enhance domestic tourism following incidences of insecurity in parts of the country will have positive bearings on the county. Laikipia County being part of the northern circuit receives a big number of tourists due to its attraction sites such as Thomson Falls in Nyahururu, a wide range of wildlife in the conservancies, a rich Maa culture, proximity to snow capped Mt Kenya among others.

d) Push for Referendum

One and half year of devolved governments since the general elections in March 2014 has seen Kenyans awakened to institutional and governance gaps. Minimal requirements of 30 percent

allocation for development programmes has been thinly spread across county departments. The push for a referendum lies to many stakeholders as per Chapter Sixteen (Articles 255-257) of the Constitution. Unpredictability of the timing of the referendum or the outcome of the same may neither influence the short growth prospects at the local level nor the 2014/15 revenues expected from local collections and National Treasury. In the medium term, the national equitable allocations may slightly increase.

3.2 Progress Report on Budget Implementation

As the first quarter ends, the exchequer releases were done in August 2014 following nationwide fears of delayed salaries. The County Government received Ksh. 603, 172, 348.66. All County departments have Chief Officers who have been authorised as accounting officers of their respective departments. The Annual Procurement Plan and Annual Prequalification Plan are in place in line with IFMIS requirements.

The monthly revenue collections projections in July and August 2014 were Ksh 19,667,267 and Ksh 18,901,817 respectively totalling to Ksh 38,569,084. The revenue projections for the two months was Ksh 50,000,000 representing a 76.5% realization of targeted revenue.

The expenditure as at the end of the first quarter is **Ksh.....** against county revenue received of Ksh.603,172,348.66.

3.3 County Economic Outlook and Policies

The national growth rate continues recording below the target of 10 per cent as per Kenya Vision 2030. The County Government will continue enhancing diverse policies aimed at optimal funding of county sectors. This will be supported by administrative reforms and legislative agenda to untap the economic potentials in the county. All these efforts are aimed at improving investors confidence, improve the competitiveness of the county as a business hub and a tourist destination.

Horticulture production has continued to expand in the county attributed to Kenyan competitiveness as a leading exporter of cut-flowers. The County Government is committed to mobilization of more resources, raising factor productivity and moving to a higher value- added and more efficient production structure that attracts national and international markets. The co-

operative sector continues on a renewed trajectory of savings mobilization and value chain investment. Financial, hospitality and communication enterprises have increasingly set base within the county that paints the county conducive in terms of growth prospects in the medium term.

Growth will be bolstered by continued expansion in agriculture (barring any adverse weather), energy, tourism, construction, transport, financial services and ICT. Overall, these favourable factors are expected to compensate for weakened public and private demand resulting from a tighter macroeconomic environment and somewhat weak global demand. Consumption growth will moderate in the short term as rising inflation limits disposable income. Meanwhile, growth in gross fixed capital formation is expected to be modest with stabilized domestic interest rates.

Taking into account limited public resources, the County Government will rely on the private sector to meet the economy's resource requirements while developing the appropriate market environment to promote efficiency. This will be enhanced through robust public-private partnership (PPP) engagements. Revenue collection in the year is set as Ksh 400M and the Finance Act 2014 expected to be fully implemented.

3.4 Medium Term Fiscal Framework

The County Government will continue to pursue prudent fiscal policy to assure economic stability. In addition, the county fiscal policy objectives will provide an avenue to support economic activities while allowing for implementation of the programmes within sustainable public financing.

With respect to revenue, the County Government hopes to maintain strong revenue mechanisms that will realize over 75 percent of estimated revenue in 2014/2015 and subsequent years. Measures in place to realize local collections include; automation of tax collection points, improved tax compliance and operationalization of Laikipia County Revenue Board.

The Government will continue engaging with stakeholders in the implementation of tourism policies and legislations for sustainable use of the tourism related resources. This will ensure

local benefits from county parks and its heritage sites including conservencies, Thomson falls among others.

On the expenditure side, the County Government will continue with rationalization of expenditure to improve efficiency and reduce wastages. Expenditure management will be strengthened with enhanced use of the Integrated Financial Management Information System (IFMIS) across the county level. The various provisions in PFM Act, 2012 shall continue to be entrenched towards accelerating reforms in expenditure management system. The fiscal standing envisages borrowing from domestic sources. Robust public-private partnership (PPP) efforts will be sustained to address the increased public expenditure in capital projects. Borrowing will be undertaken in a cautious manner and limited to fitting purposes, acceptable sources and within favourable terms and conditions.

3.5 Risks to the Outlook

The risks to the outlook for 2014 and medium-term include slow economic growth of 4.7 per cent in 2013 against the targeted levels of over 6.4 per cent. The introduction of bed occupancy charges as a source of revenue in the Finance Act 2013 and 2014 has inherent risk and may adversely impact on revenue prospects. Ongoing negotiations on export tariffs by the European Union may also impact adversely on county revenue from agricultural farms as the county hosts a number of horticultural exporters.

Other risks include unpredictable weather conditions with possible adverse conditions, delays in passage of the Finance legislations, misappropriations during the implementation of development projects, re-allocations to non priority areas and political views which would adversely affect the revenue collections and outcomes of development expenditures.

4.0 RESOURCE ALLOCATION FRAMEWORK

This section highlights the projections for county revenue and recurrent and development expenditures for various county departments.

4.1 Adjustment to the Proposed 2014/15 Budget

In the financial year 2014/15 the county is estimated to receive revenue of Ksh 4,179,401,346 comprising of Ksh 2,936,985,641 from equitable share of the national revenue, pending bills Ksh 351,704,128.75, HFIF Ksh 160,000,000, Rural Electrification Fund Ksh 97,122,699.00, Conditional grants Ksh 211,224,518, AIA Ksh 13,014,359, Donor Support Ksh 9,350,000 and local revenue Ksh 400,000,000.

In the view of fiscal performance in 2013/14, low absorption of development expenditure calls for elaborate mechanisms to ensure that programmes and projects are completed on time in the 2014/15 and medium term.

Recurrent expenditure represents a high percentage of the total budget allocation leaving a minimum percentage for development expenditure therefore need for adjustments of 2014/15 budget to conform and surpass the minimal thresholds specified in the PFM Act, 2012.

Close collaboration and consultations with national institutions shall be maintained to ensure that funding is well timed in line with sector programmes. These include the National Treasury, DANIDA, Rural Electrification Authority, among others.

Adjustments will also be considered in case of adverse weather patterns through the Emergency Fund in consultation with national institutions such as the National Drought Management Authority. The operationalization of Laikipia County Revenue Board will also be expected to entrench established revenue raising mechanisms including tax compliance, automation and enhanced staff skills.

4.2 Medium Term Expenditure Framework

The approved budget will continue guiding allocation of resources. Compliance with the County Integrated Development Plan, Annual Development Plans and Annual Procurement Plans will be entrenched during 2014/15 and in medium term. Total sector ceilings as depicted in Table 4.2 shall be considered through consultations and county sector working groups. Focus on optimal funding of infrastructure improvement, social services, production activities will continue in the medium term. Recruitment, operations and maintenance shall also be done in a way that is most efficient towards reducing the high costs across county agencies and departments. This way, focus on development expenditure shall be realized to the required thresholds.

Table 4.2: Total Sector Ceiling for the MTEF Period 2014/2015-2016/2017

Expenditure, Ksh.				Projections		% Share of Total Expenditure		
County Sector	Estimates 2013/14 (Ksh)	Ceiling FY 2014/2015 (Ksh)	Approved Estimates 2014/15 (Ksh)	2015/2016	2016/2017	Estimates	Ceiling	Projections
				(Ksh)	(Ksh)	2013/2014	2014/2015	2015/2016
Agriculture, Livestock, Fisheries and Natural Resources	91,100,000.00	172,162,120.82	169,290,120.8	180,770,226.86	189,808,738.20	3.1%	5.1%	5.5%
Education Science and Technology and ICT	55,000,000.00	86,844,013.48	86,844,013.48	91,186,214.15	95,745,524.86	1.9%	2.6%	2.8%
Gender, Social Affairs, Children and Sports Development	24,500,000.00	63,650,575.27	62,650,575.27	66,833,104.03	70,174,759.24	0.8%	1.9%	2.1%
Office Of The Governor, County Administration, Public Service, Special Programme, Security, Disaster Management	1,440,750,959.00	1,856,124,079.89	1,861,784,081	1,819,029,410.1	1,909,980,880.61	49.2%	55.4%	56.0%
Infrastructure	262,000,000.00	143,961,151.50	113,948,251.5	151,158,938.08	158,717,169.53	8.9%	4.3%	4.6%
Finance, Planning and County Development	173,500,000.00	203,121,680.74	183,121,680.7	213,277,764.76	223,941,653.00	5.9%	6.1%	6.5%
Industrialization and Enterprise Development	5,000,000.00	90,198,728.00	90,198,728.00	94,708,664.40	99,444,097.62	0.2%	2.7%	2.9%
Health and Sanitation	313,100,000.00	169,912,580.30	171,912,580.3	178,408,209.32	187,328,619.79	10.7%	5.1%	5.4%
Water	34,500,000.00	121,543,600	133,543,600	127,620,780	134,001,819	1.2%	3.6%	3.9%
County Assembly of Laikipia	530,811,280.00	442,481,470	432,121,470	449,608,000	482,608,000	18.1%	13.2%	13.8%
TOTAL	2,930,262,239.00	3,350,000,000.00	3,305,415,101.05	3,244,980,531.70	3,551,751,261.85	100.0%	100.0%	100.0%

NB: Conditional grants for 2014/15 are excluded from the total ceilings

4.3 Proposed Budget 2014/15 Framework

In the financial year 2014/15 the county is estimated to receive Ksh 2,936,985,641 from equitable share of the national revenue and Ksh 400,000,000 from local revenue. In addition conditional grants of Ksh 211,224,518 are expected. The key sources of local revenue include houses and stalls rent, land rates, miscellaneous incomes, parking fees, single business permits and garbage dumping fees.

The county recurrent expenditure is expected to decline in 2014/15 to 68 % of the total budget from 70 % of the total budget in 2013/14 in consideration of conditional grants. The major operation spending departments include County Administration Services, County Assembly Services, Infrastructure, Agriculture, Health and Sanitation, Water, Finance and Planning. In 2014/15, overall development expenditures will be 32 percent of the total budget as required by the PFM Act, 2012 in consideration of conditional grants.

5.0 CONCLUSION

The CBROP reflects fiscal responsibility principles as guided by the PFM Act, 2012 and its regulations. This is necessary as it guides allocation of resources in line with strategic objectives spelt in the CIDP. The CBROP further guides CSWGs in various departments while prioritizing programmes within set ceilings in 2014/15 and medium term.

Local revenues collection in the county will be strengthened to realize over 75% of the set targets. Public Private Partnerships shall also be embraced as a critical tool towards an increased county resource envelope. Optimal use of county staff, working space, working tools and equipment is highly prioritized in view of the high percentage in recurrent expenditure. This will be coupled with strengthened performance appraisal, monitoring and evaluation in tracking the implementation of projects and programmes.

Strengthened public participation in governance and development will be embraced in broadening citizenry inputs in fiscal policies, budget making and implementation of programmes.

Annex I: Yearly Budget Projection for the County Integrated Development Plan 2013-17

Sector	Total Budget	Time Frame				
	Ksh. 'M'	2013/14	2014/15	2015/16	2016/17	2017/2018
Agriculture, Land, Livestock and Fisheries <ul style="list-style-type: none"> ▪ Agriculture, Land, Livestock and Fisheries- Sh. 8,468.1 M ▪ Livestock Production- 562.7 M ▪ Veterinary Services- 913 M 	9,943.8	1,988.8	1,988.8	1,988.8	1,988.8	1,988.8
Trade, Industrialization and Cooperative Development <ul style="list-style-type: none"> ▪ Trade and Industrialization- 583 M ▪ Cooperative Development- 808M 	1,191	238.2	238.2	238.2	238.2	238.2
Water, Environment & Natural Resources <ul style="list-style-type: none"> ▪ Water- 2.136 B ▪ Forestry – 221.7 M 	2,357.7	471.5	471.5	471.5	471.5	471.5
Finance & Planning	385	77	77	77	77	77
Health and Sanitation	31,687.5	6,337.5	6,337.5	6,337.5	6,337.5	6,337.5
Infrastructure, Energy & Housing <ul style="list-style-type: none"> ▪ Roads- 22.322 B ▪ Public works- 58M ▪ Urban Planning- 283M 	22,663	4,532.6	4,532.6	4,532.6	4,532.6	4,532.6
Governance, Security, Cohesion and Public Administration	1,301	260.2	260.2	260.2	260.2	260.2
Gender, Culture, Youth, Sports, Children and Social Development	960	192	192	192	192	192
Tourism and Wildlife Development	2,850	570	570	570	570	570
Total	72,148	14,429.60	14,429.60	14,429.60	14,429.60	14,429.60

NB: The amounts are exclusive of personnel emoluments, related expenses and County Assembly Services

Annex II: Projected Revenues

SUMMARY FOR LAIKIPIA COUNTY GOVERNMENT REVENUE			
Sr	Details	Estimates 2014/2015 (Ksh)	Projected 2015/2016 (Ksh)
1	Administration Fee	-	-
2	Advertisement Charges Recovery	38,502.64	42,352.91
3	Allotment	19,251.32	21,176.45
4	Application Fee	3,246,735.28	3,571,408.80
5	Bank Charges	5,775.40	6,352.94
6	B.R Forms	155,935.70	171,529.27
7	Ballast	-	-
8	Beacon Fees	110,695.10	121,764.60
9	Booking Office Per Month	14,438.49	15,882.34
10	Building Inspection Fee	3,089,538.62	3,398,492.48
11	Building Plan Approval Fee	1,793,481.94	1,972,830.13
12	Building Plan Preperation Fee	849,387.53	934,326.28
13	Burial Fees	62,566.79	68,823.47
14	Business Permits/Transfer Fees	306,288.52	336,917.37
15	Business Subletting/Transfer fees	492,833.82	542,117.20
16	Cattle Cess	2,550,607.51	2,805,668.26
17	Change Of User	48,128.30	52,941.13
18	Charcoal Fees	-	-
19	Cheque Clearance Fees	157,475.81	173,223.39
20	Clamping Fees	259,892.83	285,882.12
21	Clearance Cert.	750,801.52	825,881.67
22	Clearance Fee	385,026.42	423,529.06
23	Conservancy Chg	13,304,780.42	14,635,258.46
24	Consent To Charge Fee/Property cert Fee	433,154.72	476,470.19
25	Court Fines	44,278.04	48,705.84
26	Debts Clearance Certificate Fee	673,796.23	741,175.86
27	Education Fees	51,978.57	57,176.42
28	Other Vehicles Enclosed Park Fees(Cars,Lorries)	48,128.30	52,941.13
29	Parking Fees	32,245,577.55	35,470,135.31
30	Plan Approval	1,822,618.81	2,004,880.69
31	Plot Rent	6,880,893.76	7,568,983.14
32	Plot Rent Penalty	-	-
33	Plot Subdivision	96,256.60	105,882.27
34	Plot Transfer Fee	385,026.42	423,529.06
35	Production Cess	106,844.83	117,529.31
36	Promotion Fee	110,695.10	121,764.60
37	Property Certification Fee	-	-
38	Public Toilet Fees	23,775.38	26,152.92
39	Quarry Extraction Fees	853,796.08	939,175.69
40	Registration /Application Fee	-	-

SUMMARY FOR LAIKIPIA COUNTY GOVERNMENT REVENUE			
Sr	Details	Estimates 2014/2015 (Ksh)	Projected 2015/2016 (Ksh)
4	Sand Cess	4,288,231.74	4,717,054.91
4	Sales of County BY LAWS	-	-
4	SBP	22,617,414.41	24,879,155.85
4	SBP Reg Forms	102,032.00	112,235.20
4	Scrap Metal	-	-
4	Sheeps and Goats	2,264,340.37	2,490,774.41
4	Sign Boards & Advertisement Fee	11,646,086.60	12,810,695.26
4	Single Business Permits	147,062,525.16	161,768,777.68
4	Slaughter Slab	3,272,243.28	3,599,467.60
5	Social Hall Hire/ Stadium Hire	205,989.13	226,588.05
5	Structure Fees	57,753.96	63,529.36
5	Sub-division Fee	9,625.66	10,588.23
5	Survey fees	226,203.02	248,823.32
5	T.O.P	341,710.95	375,882.04
5	Temporary Occupation Licence	-	-
5	Tender Document Sale	57,753.96	63,529.36
5	Transfer Fee	312,352.68	343,587.95
5	Wheat Cess	9,625.66	10,588.23
		400,000,000.00	440,000,000.00

S

