REPUBLIC OF KENYA

MAKUENI COUNTY

BUDGET REVIEW AND OUTLOOK PAPER

SEPTEMBER, 2015

Foreword

This County Budget Review and Outlook Paper (BROP), prepared in accordance with the Public Financial Management Act, 2012, is the third to be prepared by the County Government. It presents the recent economic developments and actual fiscal performance of the FY 2014/2015, outlook of the FY2015/16 & 2016/17 and provides an overview of how objectives set out in 2014/15 relate to the actual performance of the FY 2014/2015.

The paper also outlines' the strategic intervention's the County Government will undertake to ensure socio economic transformation of the County over the medium term plan. These interventions are expected to reduce the poverty levels in the county and achieve the following key objectives; develop, maintain & improve water sources and increase water distribution for domestic use, equip health facilities and recruit general and specialist staff to increase access to healthcare, increase agricultural productivity, increase access to energy, ICT, road infrastructure, improve town and urban planning, increase opportunities and economic empowerment of youth, women, men, OVCs and the physically challenged. In this paper the Government adopts a holistic approach to development and service delivery.

In order to realize the development aspirations set in the FY 2015/16 - FY2018/19 MTEF budget framework, it will be crucial that we ensure increased political goodwill and commitment by all state officers, public officers and other stakeholders working with the County Government.

MARY KIMANZI

EXECUTIVE COMMITTEE MEMBER – FINANCE & SOCIO ECONOMIC PLANNING

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Abbreviations and Acronyms

BPS	Budget Policy Statement
CARA	County Allocation of Revenue Act
CBROP	County Budget Review and Outlook Paper
CBR	Central Bank Rate
CFS	Consolidated Fund Services
FY	Financial Year
GDP	Gross Domestic Product
IMF	International Monetary Fund
KNBS	Kenya National Bureau of Statistics
KRA	Kenya Revenue Authority
MDAs	Ministries, Departments and Agencies
NG	National Government
MPC	Monetary Policy Committee
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
NFA	Net Foreign Assets
NDA	Net Domestic Assets
PFM	Public Financial Management
SRC	Salaries and Remuneration Commission
SWGs	Sector Working Groups
TA	Transition Authority
WEO	World Economic Outlook
V 2030	Vision 2030
PFMA	Public finance management Act
CARA	County allocation of Revenue Act
RRI	Rapid Results Imitative
PPP	Public Private Partnership
CTTIs	County Technical Training Institutes
CFSP	County fiscal strategy paper

I. INTRODUCTION

Background

1. This County Budget Review and Outlook Paper (CBROP) is the third to be prepared under the Public Financial Management Act, 2012 within the devolved units of County Governments.

Objective of CBROP

2. The objective of the CBROP is to provide a review of the previous fiscal performance (FY2014/15) and how the performance relates to the objectives set out in the 2015 County Fiscal Strategy Paper. This together with updated macroeconomic outlook provides a basis for revision of the current budget and outlines broad parameters underpinning the next budget.

3. The CBROP is a key document in linking policy, planning and budgeting. This year's CBROP is embedded on the priorities of the County Government in achieving County transformational development agenda. The 2015 CBROP focuses on interventions in the following areas;

i. Developing, maintaining & improving water sources, and increasing water distribution for domestic use.
ii. Equipping health facilities and having general and specialist staff to increase access to healthcare.
iii. Increasing agricultural productivity through improved farming practices and value chain development, use of improved technologies, modern developed inputs and output markets.
iv. Increasing access to energy, ICT, road infrastructure and improving town and urban planning.
v. Increase opportunities and economic empowerment of youth, women, men, OVCs and physically challenged.
vi. Adopting a holistic approach to development and service delivery.

4. The PFM Act 2012 has set high standards for compliance with the MTEF budgeting process. Therefore, it is expected that the sector ceilings provided in the 2015 CFSP will form the indicative baseline sector ceilings for the next budget of 2016/17.

5. The rest of the paper is organised as follows: Legal Basis for the Publication of the County Budget Review and Outlook Paper, review of the fiscal performance in FY 2014/15 and its implications on the financial objectives set out in the 2015 CFSP. This is followed by brief highlights of the recent economic developments and updated macroeconomic outlook in Section III. Section IV provides the resources allocation framework, while Section V is the conclusion.

11. LEGAL BASIS FOR THE PUBLICATION OF THE COUNTY BUDGET REVIEW AND OUTLOOK PAPER

The Budget Review and Outlook Paper (BROP) is prepared in accordance with the provisions of Section 118 of the Public Finance Management Act (PFMA), 2012. The said provisions state as follows:

118. (1) A County Treasury shall—

(a) Prepare a County Budget Review and Outlook Paper in respect of the County for each financial year; and

(b) Submit the paper to the County Executive Committee by the 30th September of that year.

(2) In preparing its county Budget Review and Outlook Paper, the County Treasury shall specify—

(a) the details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;

(b) the updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper;

(c) information on—

(i) any changes in the forecasts compared with the County Fiscal Strategy Paper; or

ii) how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for that financial year; and

(d) reasons for any deviation from the financial objectives in the County Fiscal Strategy Paper together with proposals to address the deviation and the time estimated for doing so.

(3) The County Executive Committee shall consider the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, within fourteen days after its submission.

(4) Not later than seven days after the County Budget Review and Outlook Paper is approved by the County Executive Committee, the County Treasury shall—

(a) arrange for the Paper to be laid before the County Assembly; and

(b) as soon as practicable after having done so, publish and publicise the Paper.

Fiscal Responsibility Principles in the Public Financial Management Law

In line with the Constitution, the Public Financial Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudency and transparency in the management of public finances. The PFM law (Section 107) states that:

County Treasury to enforce fiscal responsibility principles.

107. (1) A County Treasury shall manage its public finances in accordance with the principles of fiscal responsibility set out in subsection (2), and shall not exceed the limits stated in the regulations.

(2) In managing the County Government's public finances, the County Treasury shall enforce the following fiscal responsibility principles—

(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.

(3) For the purposes of subsection (2) (d), short term borrowing shall be restricted to management of cash flows and shall not exceed five percent of the most recent audited county government revenue.

(4) Every county government shall ensure that its level of debt at any particular time does not exceed a percentage of its annual revenue specified in respect of each financial year by a resolution of the County Assembly.

III. REVIEW OF FISCAL PERFORMANCE IN FY 2014/15

A. Overview

6. The implementation of 2014/15 budget was faced by various challenges amongst them; delays in approving the budget - The 2014/15 budget was approved on 4th March 2015 (third quarter) of the year leaving the County with less than two months to implement the development programmes. Other challenges included shortfall in revenue collection, delays in passing bills by the County Assembly e.g on business empowerment, youth & gender, bursaries and scholarships and inadequate good will which affected project implementation and investments in the County.

7. Due to the various challenges experienced and delay of passing the Finance Bill for the year 2014/15, the County Government revenue collected fell short of the estimated target by Kshs 14,650,046 (6.37% deviation from the revised budget). The County received Ksh. 5,208,872,802 as National sharable revenue which was over and above the estimated by Kshs 15,346,370. This was as a result of the delay in enactment of CARA 2014/15 by the National Assembly and the Senate

8. The FY 2014/15 Budget ratios for recurrent & development budget was 51.87% and 48.13% respectively. However out of the overall expenditure in the Financial Year the recurrent & development expenditures stood at 72.2% and 27.8% respectively.

9. The Government's expenditures on salaries were 46% of the total expenditures operation & maintenance expenditures was 26% of the total while development expenditures was 28%. The delay in approval of the FY 2014/15 budget led to delay in the implementation of the development programmes. The County operated on Vote on Account up to the third quarter when the budget was approved by the County Assembly. Supplementary Estimates were approved by the County Assembly on 24th June 2015.

B. 2014/15 Fiscal Performance

10. The table below presents the fiscal performance for the FY 2014/15 and the deviations from the Original and Revised budget estimates.

Table 1; Deviations from the Original and Revised budget estimates (FY2013/14 – Fy 2014/15)

		2013/2014 Actual (000)	**2014/2015**		Deviation(000)	% **growth**	**2014/2015 as a % of Budget**		**2013/2014 as a % of Budget**
			Actual(000)	Target(000)			**Actual**	**Target**	
A	TOTAL REVENUE AND GRANTS	**4,555,426**	**6,971,825.05**	6,971,128.73	696	**53.04**	**100.01**	**100.00**	**100**
1	Revenue	**4,555,426**	**6,971,825.05**	6,971,128.73	696	**53.04**	**100.01**	**100.00**	**100**
	Local Revenue	189,187	215,349.95	230,000.00	-14,650	**13.83**	3.09	3.30	7.45
	National Shareable Revenue	4,366,239	5,208,872.80	5,193,526.43	15,346	**19.30**	74.72	74.50	92.55
	2013/14 Reallocation funds		1,328,122.17	1,328,122.17	0		19.05	19.05	
	FIF / AIA - Hospitals / Public Health		89,804.41	89,804.41	0		1.29	1.29	
	Transition Authority Funds		54,390.76	54,390.76	0		0.78	0.78	
2	Grants								
	Conditional Grants -								
	Donor Funding - DANIDA		21,750.00	21,750.00	0		0.31	0.31	
	World Bank Funding - Rural Health Facilities		51,022.69	51,022.69	0		0.73	0.73	
	Donor funding - Sanitary Programme		2,512.27	2,512.27	0		0.04	0.04	
B	Expenditure	**3,328,577**	**4,411,486.65**	6,971,128.73	-2,559,642	**32.53**	63.28	100.00	**100**
1	Recurrent	2,738,060	3,186,669.81	3,616,046.27	-429,376	**16.38**	45.71	51.87	61
	Development	590,517	1,224,816.84	3,355,082.46	-2,130,266	**107.41**	17.57	48.13	38.9

Source; County Treasury

Revenue

11. The Makueni County Government budget for the FY 2014/15 was mainly financed from 3 sources; Shareable revenue from the National Government 95.39%, Revenue collections from local sources 4.21% and donor funding 0.40%.

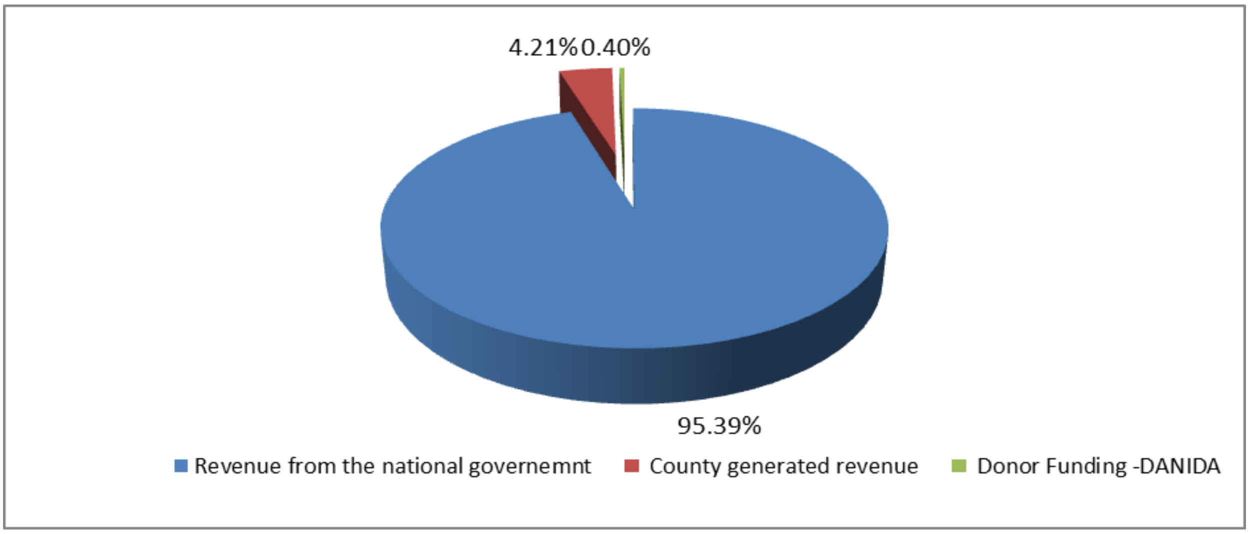
As a proportion of the total budget, local revenue averaged 4% in the period under review, just like in the FY 2013/14. Similarly, the National Shareable Revenue transfers rose to Kshs 5,208,872,802.00, an increase of 16.17% from Kshs 4,366,389,448.00 in FY 2013/14.

Table 2; Percentage contribution to Revenue

Revenue Source	Amount	Percentage (%)
Local revenue 2014/15	215,349,954.00	4.21
National equitable share	5,208,872,802.00	95.39
Conditional grants(DANIDA)	21,750,000.00	0.4
TOTAL	**5,445,972,756.00**	**100**

Source; County Treasury

Graph 1; Percentage contribution to county revenue



12. The full implementation of Article 203 (2) & (3) of the Constitution of Kenya 2010 resulted to an increase of 19% in the proportion of the National Shareable Revenue transfers to the County.

Table 3; FY 2014/15 revenue receipt per quarter,

Financial Year	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Total Actual
National Transfers	651,109,100.00	859,464,012.00	1,354,306,928.00	2,343,992,762.00	5,208,872,802.00
Conditional grants	-	10,875,000.00	10,875,000.00	-	21,750,000.00
Local revenue	51,801,993.00	34,986,402.00	65,866,418.00	63,114,454.00	215,349,954.00
Sub Total	702,911,093.00	905,325,414.00	1,431,048,346.00	2,407,107,216.00	5,445,972,756.00

Source; County Treasury

13. Local revenue collection totalled Kshs 215,349,954.00 against the revised supplementary target of Ksh 230,000,000.00, reflecting an under collection from local sources of Kshs 14,650,046.00 (or 6.37% deviation from the revised target). Similarly, conditional grants from Danida amounted to Ksh 21,750,000.00.

14. The FY 2014/2015 local revenue collection has been on an upward trend in first, second and third quarters except the fourth quarter which declined from Kshs 72,611,372.00 to Kshs 62,694,141.00 (13.1% decline). This increase was as a result of increased capacity, deepening local revenue streams and strengthening controls over collections through target setting, proper supervision and enforcement by the County Treasury. This eliminated leakages and improved accountability.

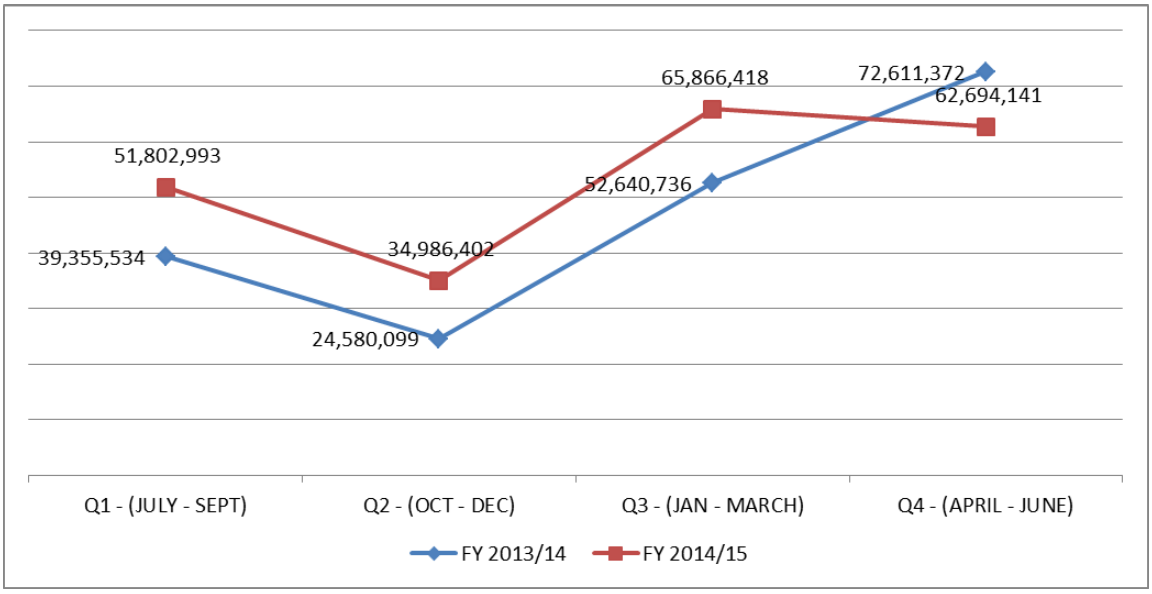
15. The annual revenue collection shows a positive increase trend of Kshs 26,162,213.00 as shown in table 4 below.

Financial Year	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Total Actual
2012/2013	39,610,012.00	31,080,950.00	64,063,086.00	35,747,141.00	170,501,189.00
2013/2014	39,355,534.00	24,580,099.00	52,640,736.00	72,611,372.00	189,187,741.00
2014/2015	51,801,993.00	34,986,402.00	65,866,418.00	63,114,454.00	215,349,954.00
Deviation	**12,446,459.00**	**10,406,303.00**	**13,225,682.00**	**9,496,918.00**	**26,162,213.00**

Source: County Revenue Directorate

16. The decline in fourth quarter was occasioned by the fact that most of the revenue comes from single business permit and corrective measures were put in place to ensure maximum collection before the end of third quarter. In addition the department had embarked on civic education to ratepayers on the deadline of payment since after 31st of March each year a penalty of 3% compounded interest is charged.

Graph 2: Quarterly Trend in Local Revenue Collection (FY 2013/14& 2014/15)



17. The revenue collected in the FY 2014/15 was raised from 11 main sources/revenue streams as indicated in the table below;

Table 5 revenue collection in FY 2014/2015 per source.

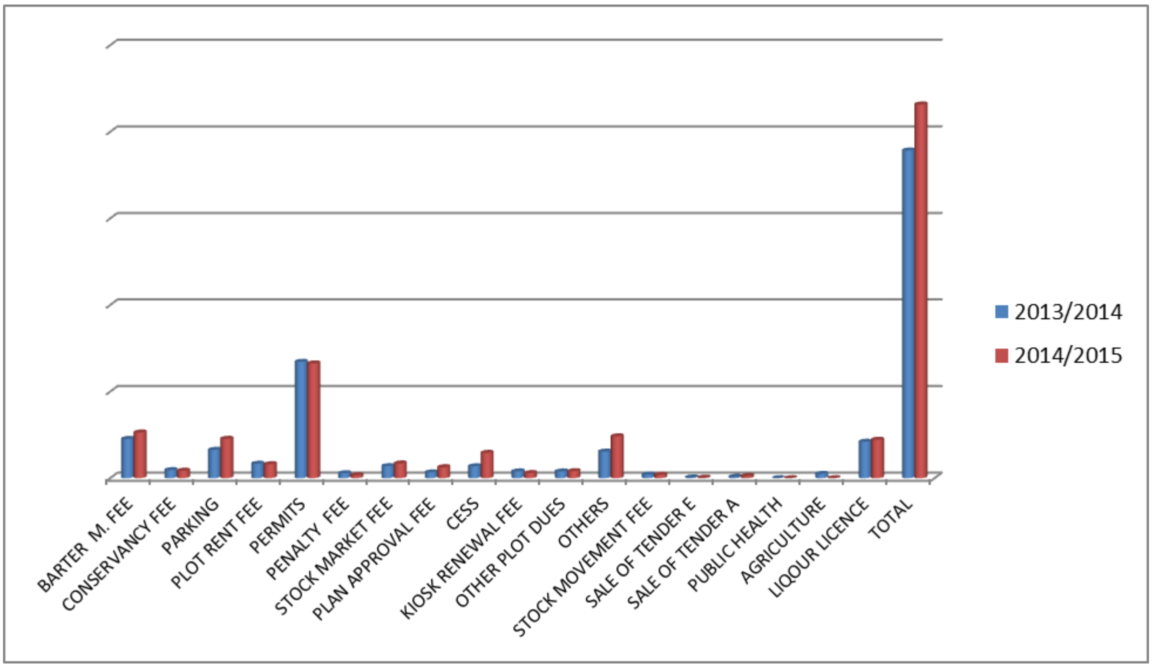
SOURCE	Q1 2014/2015	Q2 2014/2015	Q3 2014/2015	Q4 2014/2015	Total 2014/2015
Barter Market Fee	6,028,981.00	6,620,665.00	6,332,615.00	6,190,865.00	26,371,345.00
Conservancy Fee	925,065.00	266,550.00	1,703,877.00	1,729,320.00	4,298,807.00
Parking	3,171,669.00	5,511,966.00	6,179,620.00	5,625,430.00	22,737,626.00
Plot Rent Fee	1,516,467.00	1,409,832.00	2,368,487.00	2,684,847.00	8,065,108.00
Permits	12,879,543.00	2,969,370.00	29,100,455.00	26,804,969.00	66,279,779.00
Penalty Fee	1,700,432.00	299,197.00	46,585.00	730,588.00	1,698,194.00
Stock Market Fee	2,070,320.00	1,836,870.00	2,090,830.00	3,009,100.00	8,516,490.00
Plan Approval Fee	875,465.00	1,008,191.00	1,242,174.00	2,181,450.00	6,353,370.00
Cess	2,338,730.00	2,323,335.00	4,815,220.00	4,463,176.00	14,608,953.00
Kiosk Renewal Fee	1,019,190.00	172,800.00	1,238,200.00	1,188,800.00	2,969,900.00
Other Plot Dues	453,750.00	971,178.00	911,710.00	900,973.00	4,034,175.00
Others	1,338,159.00	6,969,258.00	7,769,095.00	5,018,696.00	23,760,087.00
Stock Movement Fee	318,755.00	298,090.00	608,030.00	569,470.00	1,929,580.00
Liquor Licensing	14,676,150.00	4,322,100.00	1,445,520.00	1,740,850.00	22,184,620.00
Sale Of Tenders-	1,244,000.00	7,000.00	14,000.00	275,920.00	1,540,920.00
TOTAL	**51,801,993.00**	**34,986,402.00**	**65,866,418.00**	**63,114,454.00**	**215,349,954.00**

Source: County Revenue Directorate

18. Single business permit and its associated streams were the major sources of revenue with total collections amounting to Ksh 66,279,779.00 contributing to 31% of total collection under the period of review.

19. Unfavourable macroeconomic conditions (inflation) in the first half of 2014/15 combined with administrative challenges like inadequate vehicles for revenue directorate are the key factors behind the revenue shortfall.

Graph 3; comparison of revenue streams for FY 2013/14 & FY 2014/15.



20. The Treasury will continue to enforce the various Circulars and regulations issued, as provided for in the PFM Act, for government agencies and Ministries to report on their quarterly expenditure and revenue returns.

21. In addition, the County Government intends to mitigate cases of deficits in the future by instituting strategies to counter challenges that hinder revenue collection. These interventions amongst others will include; establishing a resource mobilization unit, operationalization of the revenue automation system, Implementation of the FY 2015/16 Finance Bill, developing a framework for PPPs,

enhancing partnership and collaboration with the National Government and non-state actors, mapping all available revenue streams, redeployment, rotation and capacity building of staff.

22. The department will also put in place measures to ensure all revenue collected by the devolved units is banked in the County Revenue accounts and thus eliminate non disclosures of revenue. Other measures the county will undertake include;

i. Assessment of the potential actual revenue base
ii. Sensitizing all citizens on the benefits of paying rent & rates.
iii. Exploiting dormant revenue streams e.g. parking
iv. Updating records on Land Rates and Land Rent

Expenditure

23. The implementation of the FY2014/15 budget experienced expenditure underperformance which was caused by various factors. These factors included but not limited to delays in approving of the budget by the County Assembly, uncertainty in on the existence of the county due to the petition for dissolution by the Makueni citizenry occasioned by the persistent leadership wrangles, long procurement procedures, inadequate staffing, inadequate capacity in management and supervision of capital projects and under performance in revenue collection.

24. The overall county expenditure for the period ending 30th June 2015 amounted to Kshs 4,411,486,649.97 out of which Kshs 3,186,669,807.35 was recurrent and Kshs 1,224,816,842.62 development. This represents an overall absorption rate of 63% against the FY 2014/15 Revised budget. The recurrent and development absorption rates were 88.12% and 36.51% respectively.

25. Table 6 below presents the fiscal performance for the FY 2014/15 and the deviations from the Original and Revised budget estimates.

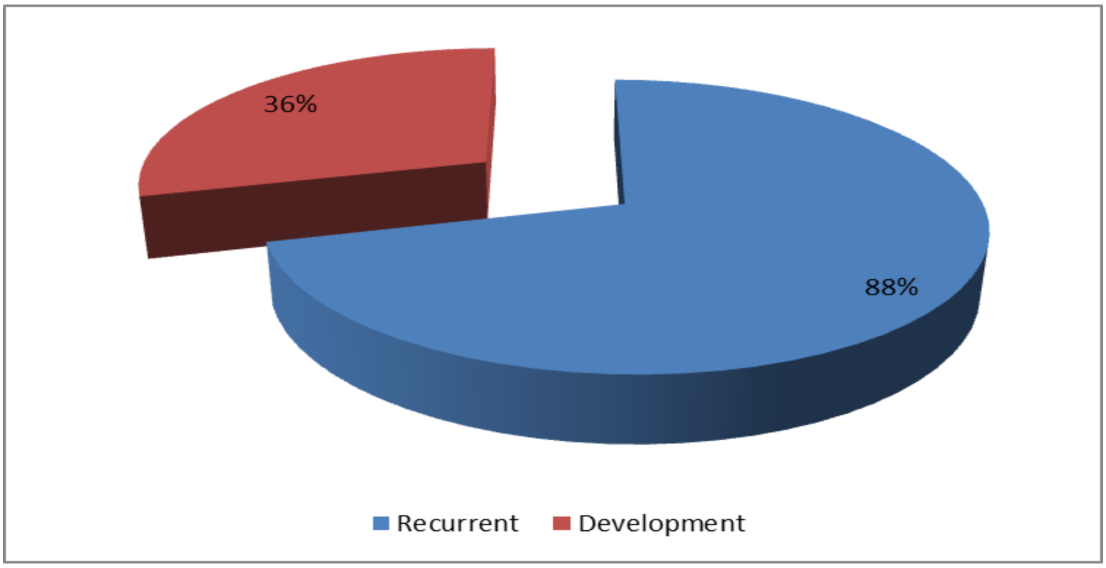
Table 6; Deviations from the Original and Revised budget estimates

	2014/15			2014/15 as a % of Budget	
Expenditure	Actual (000)	Targets (000)	Deviation (000)	Actual	Targets
Recurrent	3,186,669.81	3,616,046.27	-429,376.47	72	51.87
Development	1,224,816.84	3,355,082.46	-2,130,265.61	28	48.13
Total	4,411,486.65	6,971,128.73	-2,559,642.08	63	100.00

Source; County Treasury

26. The target expenditure for FY 2014/15 was Ksh 6,971,128,728 representing an under performance of Ksh 2,559,642,078.94 (or 36.7% deviation from the revised budget). Most of the unspent funds had already been committed by the closure of the FY. The underperformance of expenditure resulted to low absorption in development.

Graph 4; Absorption rates



27. The low absorption of development expenditure was partly attributed to delays in approval of the budget. The County Government operated on Vote on Account until the third quarter of the year when the budget was approved by the County Assembly. This largely affected implementation of development projects in the year.

Table 7; Analysis of Recurrent & Development expenditures against the targets. Table : Expenditure Ksh million

	2013/2014	**2014/15**		
	Actual	**Actual**	**Targets**	Deviation
RECURRENT				
Wages and Salaries	1,535,642,635.91	2,020,155,614.88	2,046,125,888.68	-25,970,273.80
Operation and Maintenance	1,202,417,691.06	1,166,514,192.47	1,569,920,384.36	-403,406,191.89
Sub Total	**2,738,060,326.97**	**3,186,669,807.35**	**3,616,046,273.04**	**-429,376,465.69**
DEVELOPMENT				
Development Projects	590,517,112.71	1,224,816,842.62	3,355,082,455.87	-2,130,265,613.25
TOTAL EXPENDITURE	**3,328,577,439.68**	**4,411,486,649.97**	**6,971,128,728.91**	**-2,559,642,078.94**

Source; County Treasury

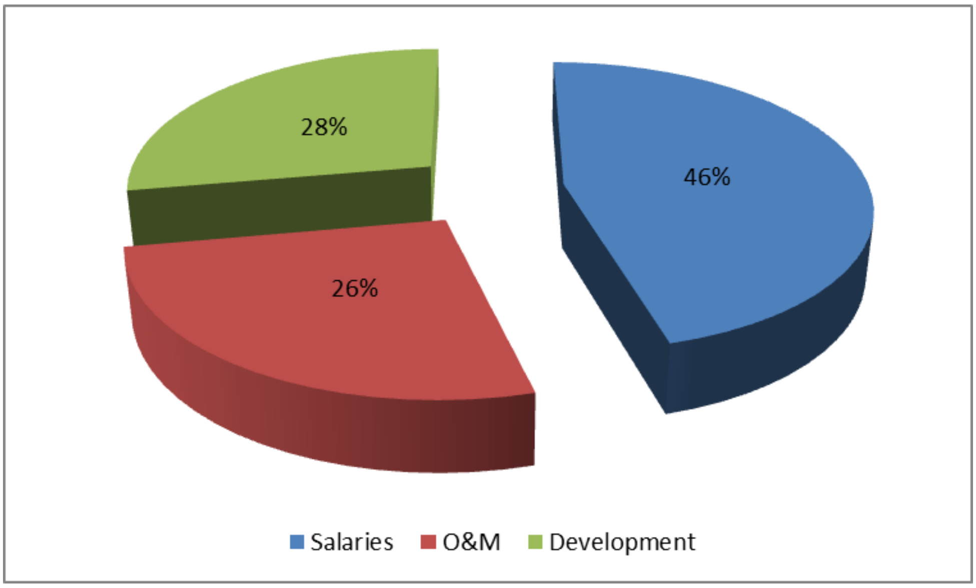
28. Recurrent expenditure amounted to Ksh 3,186,669,807.35 against a target of Ksh 3,616,046,273.04 representing an under-performance of Ksh 429,376,465.69 (or 11.87 per cent deviation from the approved recurrent expenditure). The under-spending in respect of salaries was Ksh 25,970,273.80 (or 1.27 per cent deviation from budget) while the under spending in respect of operations and maintenance was Ksh. 403,406,191.89(or 25.70 per cent deviation from budget).

29. Development expenditure amounted to Ksh 1,224,816,842.63 compared to a target of Ksh 3,355,082,455.87. This represented an under-spending of Ksh 2,130,265,613.25 (or 63.49 per cent deviation from the approved development expenditure).

3.1 Expenditure by Economic Classification

30. Out of the total expenditures in the Financial Year the greatest expenditures were on Personnel Emoluments at 46%, followed by development at 28% and then Operation & maintenance at 26%.

Graph 5; Expenditure by economic classification



Overall balance and financing

31. Reflecting the above performance in revenue and expenditure, the 2014/15 budget amounted to Ksh 5,756,103,525.00 with a reallocation budget of shs 1,328,122,173.56 and a revised budget of Kshs 6,971,128,728.91. The revised budget was financed with transfers from national government (74.5%), 2013/14 funds reallocation (19.1%), revenue from local sources (3.3%), Donor funding (1.86%) – (DANIDA Fund, Word Bank, TA Infrastructure fund & Sanitary programme), FIF/AIA (1.2%). Revenue from local sources had been budgeted at Ksh. 400,000,000 which was revised downwards by Ksh. 170,000,000 in the revised budget.

Implication of 2014/15 fiscal performance on objectives contained in the 2015 CFSP.

32. The performance in the FY 2014/15 has affected the strategies & objectives set out in the February 2015 County Fiscal Strategy. The base for revenue and expenditure projections as indicated in the CFSP has changed implying the need for adjustment in the departmental budget allocations.

The base ceilings will also be adjusted to take into account the unimplemented development projects in the FY 2014/15 budget and the interventions identified in the FY 2016/17 Annual development Plan. The baseline ceilings for departments will then be firmed up in the next CFSP in February 2016.

33. The under-performance of both recurrent and development budget for the FY 2014/15 additionally has implications on the base used to project expenditures in the FY 2016/17 and the medium term. Appropriate revisions have been undertaken in the context of this BROP.

The County Treasury will also work closely with county implementing agencies to improve resource absorption especially on improving the capacity of procurement in departments and strengthening the monitoring and evaluation unit.

34. For enhanced development in the County, the Government will focus on strategies that will enhance resource mobilization through initiatives such as; embracing public private partnerships, and soliciting for funds from other development partners.

35. There were minimal absorption rates on development expenditure in the first and second quarter of the FY 2014/15 because the County did not have approved budget. However in the FY 2015/16 the Government will hasten the pace of implementation of projects for the previous and the current year for purposes of improving the livelihoods of Makueni citizenry.

36. Table 8 provides comparison between the fiscal projections for the FY 2016/17 & FY 2014/15 and FY 2015/16 Budgets and in the medium term.

Table 8: Fiscal Projections against FY 2014/15 & Fy 2015/16 Budgets and in the medium term

Item	2014/15	2015/16 Budget	2016/17 - Projection	2017/18 - Projection
Revenue & Grants				
Allocation from National GoK	5,193,526,432	5,969,671,381	6,566,638,519	7,679,370,870.71
Local Revenue	400,000,000	400,000,000	440,000,000	484,000,000
Health FIF	89,804,407	89,081,516	97,989,668	107,788,634
Conditional Allocations for Free Maternal Health Care Allocation		80,802,400	88,882,640	97,770,904

Conditional Allocations for compensation for User Fees Forgone		20,618,293	22,680,122	24,948,135
Conditional Allocation for Leasing of Medical Equipment		95,744,681	105,319,149	115,851,064
Conditional Allocation from Road Maintenance Fuel Levy Fund		75,834,678	83,418,146	91,759,960
Conditional Allocation - other loans & grants		220,000,000	242,000,000	266,200,000
Sub-Total 1	5,683,330,839	6,951,752,949	7,646,928,244	8,867,689,568
Other sources				
World Bank Funding	51,022,686	51,022,686	56,124,955	61,737,450
DANIDA	21,750,000	24,130,000	26,543,000	29,197,300
Sub-Total 2	72,772,686	75,152,686	82,667,955	90,934,750
Variance - Mobilization of Funds from donors & partners			1,803,961,824	1,500,000,000
TOTAL REVENUE	5,756,103,525	7,026,905,635	9,533,558,024	10,458,624,318
Recurrent expenditure	3,843,738,717	4,141,445,465	4,555,590,012	5,011,149,013
Development expenditure	1,912,364,808	2,885,460,170	4,977,968,012	5,447,475,305
% of recurrent	66.78	58.94	47.78	47.91
% of Development	33.22	41.06	52.22	52.09

Source; County Treasury

37. Given the above analysis, the revision in revenues and expenditures will be based on the revised macroeconomic assumptions contained in this BROP and which will be firmed up in the context of the 2016 County Fiscal Strategy Paper.

38. Adjustments to the ceilings will be geared to ensure realization of the County Objective of transforming the livelihood of the citizenry by providing water for domestic use and irrigation, reducing poverty, stimulating growth and creating jobs, enhancing food security and protecting the livelihoods of the poor and the most vulnerable members of our county.

39. The revenue performance in the FY2015/16 is expected to be boosted by implementation of the Alcoholic drinks control Act, Finance Bill, up-scaling and enforcement of revenue collection.

40. The construction of Konza city, Standard Gauge Railway & Thwake dam will also contribute positively to the growth of the county's economy and also provision

of employment to a large percentage of the County's youth. The Konza city will contribute to the marketing of the County as an investment destination of choice worldwide.

41. The completion of the Standard Gauge railway will provide enormous opportunities in the county ranging from manufacturing, industrial development, tourism sector development due to the proximity to the railway and location of the railway stations in Mtito Andei and Sultan Hamud. This is expected to spur growth in these sectors and provide a multiplier effect on the other sectors.

42. The Construction of Thwake dam will open up more land for irrigation. The government will facilitate development of two additional large scale irrigation schemes to complement the irrigation project around Thwake Dam. The target is to increase the area under irrigation from the current 8,250 ha to over 20,000 ha.

1V. RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

43. The macroeconomic environment has continued to improve, going forward; the macroeconomic outlook remains favourable although risks remain.

A. Recent Economic Developments

44. Recent developments in the key macroeconomic variables are encouraging. Growth in real GDP remains resilient but downside risks remain. The country's Gross Domestic Product (GDP) expanded by 5.3 per cent in 2014 and 5.7 per cent in 2013.

45. This performance was supported by stable macroeconomic environment for the better part of the year, Low and stable inflation supported by improved supply of basic foods, lower international oil prices and lower costs of electricity, Infrastructural development and increase in exports of goods and services.

46. The main sectors that drive the economy recorded positive growths of varying magnitudes as shown below

Table 9; Performance of Key Sectors

	Sector	2013	2014
1.	Agriculture & Forestry	5.2	3.5
2.	Wholesale and retail trade, Repairs	8.5	6.9
3.	Mining and quarrying	-8.9	14.2
4.	Manufacturing	5.6	3.4
5.	Electricity Supply	9.8	6.8
6.	Financial and insurance activities	8.1	8.3
7.	Construction	5.8	13.1

Source; KNBS

47. Despite the positive growth of the economy's main driving sectors, the country's Gross Domestic Product (GDP) expanded by 5.3 per cent in 2014 compared to a growth of 5.7 per cent in 2013 due to the following factors;

i. Depressed performance of the erratic rains that affected the agriculture sector which is the single largest contributor to our GDP.

ii. Comparably higher interest rates.
iii. Slower expansion of global supply chains.
iv. Insecurity concerns

48. The overall Annual Average inflation increased to 6.9 percent in 2014 down from 5.7 percent in 2013 on account of increases in the cost of several food and non-food items which outweighed notable falls in the cost of electricity and petroleum products including petrol, diesel and kerosene.

49. The interest rates remained stable as indicated by the Central Bank with the 91-day Treasury bill rate settling 8.58 per cent in December 2014.

PERFORMANCE OF SELECTED ECONOMIC SECTORS

50. Growth in the agricultural sector decelerated in 2014 to 3.5 per cent from a growth of 5.2 per cent in 2013 partly due to erratic rains with some regions experiencing depressed rainfall.

51. The manufacturing sector grew by 3.4 per cent in 2014 compared to a revised growth of 5.6 per cent in 2013. The growth was partly due to modest inflation and decrease in oil prices which led in input costs.

52. Total output value from the transport sector expanded by 5.0 per cent in 2014 with Road transport accounting for 15.2 per cent of this. Cargo handled at the Port of Mombasa increased by 11.7 per cent to 24.9 million tonnes while Railway freight tonnage increased from 1.2 million tonnes in 2013 to 1.5 million tonnes in 2014. On the other hand, the Total volume of white petroleum products through Pipeline increased from 5.2 Million cubic metres in 2013 to 5.6 Million cubic metres in 2014.

53. Communications sector value added grew by 13.4 per cent in 2014 compared to a growth of 12.3 per cent recorded in 2013 with the number of internet subscriptions rising significantly by 38.3 per cent. The amount of money transacted through the mobile money transfer service also grew remarkably from Kshs 1,033 billion in 2013 to Kshs 1,269 billion in 2014.

54. The number of international visitor arrivals reduced by 11 per cent from 1.52 million in 2013 to 1.35 million in 2014.Factors that impacted negatively on the tourism sector include security concerns, negative travel advisories and fear of Ebola.

55. Imports increased by 14.5 per cent to Kshs 1,618 billion while total exports grew by 6.9 per cent to Kshs 537 billion. Tea, horticulture, articles of apparels and clothing accessories and coffee were the leading export earners in 2014 collectively accounting for 52.1 per cent of the total export earnings.

56. In 2014, there was reduced volatility in prices of global crude oil leading to increase in Net demand of petroleum products by 5.3 per cent to 3.9million tonnes.

57. Domestic demand for electricity increased by 3.8 per cent leading to significant increase in the number of connections under the Rural Electrification Programme (REP) by 16.5 per cent to stand at 528.5 thousand customers.

58. During the year under review, building and construction sector expanded by 13.1 per cent up from a growth of 5.8 per cent registered in 2013. This growth is attributed to an increase in funds allocated to construction of roads and railways coupled with rehabilitation of existing road network

59. The total number of persons engaged in both formal and informal sectors increased from 13.5 million in 2013 to 14.3 million in 2014, translating to 799.7

thousand new jobs. The informal sector had the largest share of employment accounting for 82.7 per cent of the total employment.

Economic Outlook for 2015/2016

60. The macroeconomic stability witnessed in 2014 continued into the first quarter of 2015 and is expected to be maintained through the rest of the year. Operationalization of the development budget in the counties is expected to spur further economic growth

61. Private consumption is also likely to improve given the stable interest rates and low inflation regime. Recent discoveries of petroleum oil and natural gas are likely to trigger more foreign direct investment inflows.

62. The manufacturing sector's performance is projected to maintain its current growth path given the positive growth within the region. Similarly, the financial intermediation sector is likely to maintain its momentum in 2015 mainly on account of enhanced performance and innovations in the sectors.

63. Investments in the construction industry is likely to remain robust against a background of stable interest rates coupled with the ongoing government infrastructural projects and the private sector's resilient participation especially in the real estate development.

64. The forecasted Elnino rains are expected to increase water availability in the county and thus have a positive multiplier effect on agricultural productivity in the county. This is expected to reduce the food prices and food insecurity in the county in the year.

65. The County Assembly has passed key crucial bills & reguations needed to execute the Budget. This include; Appropriation bills, sand bill, bursary regulations, climate change regulations amongst others. The FY 2015/16 Budget

was passed on 30th June 2015 giving an ample time & conducive environment for its implementation. This good will is expected to thrive & increase in the year and hence result to overall socio economic transformation of the county.

V. RESOURCE ALLOCATION FRAMEWORK

66. To ensure realization of the envisioned Makueni County Socio Economic Transformation resource allocation and utilization in the medium term will be guided by the following;

1. How the proposed programmes / projects are addressing the strategic intervention's identified in the County's vision for socio economic transformation and FY 2016/17 ADP.
2. Ensuring equity in distribution of resources in all areas of the County;
3. Projects that have not been implemented but are contained in the CIDP or have been prioritised by the Community in the past three financial year's budget hearings.
4. Fulfilment of County Government functions as provided for in schedule 4 of the Kenya Constitution 2010

67. To address equity in development in all areas of the county, the Government proposes to set up an social transformation fund targeting to fund development & poverty reduction initiatives in all marginalized areas.

A. Adjustment to 2015/16 Budget

68. The realignments in the departmental ceilings set in the 2015 CFSP and the FY 2015/16 Budget were occasioned by increased allocations to programmes that will facilitate the County's socio economic transformation and the budget Ceilings set by the CRA on the County Assembly and Executive.

69. The implementation of the FY 2014/15 budget was not as envisaged in the 2014 CFSP. The budget was passed in 4th March 2015 and thus no adequate time was available to implement development agenda set out in the budget. The County Government's overall development budget to be implemented in the FY 2015/16 will be Kshs 4,972,247,896.22 being; development budget for FY 2015/16, unfinished development projects in the FY 2013/14 budget and un implemented projects in the FY 2014/15 budget.

Table 10; Summary of Development Budget

	Supplementary (2) Budget (FY 2014/15 & FY 13/14)	**FY 2015/16**	**Total Development budget**
Development Budget	2,086,787,726.37	2,885,460,169.85	4,972,247,896.22

Source; County Treasury

70. This will have a direct effect on the implementation of the FY 2015/16 Budget due to outstretched recurrent budget and work load. To mitigate any risks arising thereof the Government has introduced performance contracting in all departments and will roll out the RRI programme for implementing development projects to increase the pace at which projects are being implemented in county.

71. It is expected that by the end of the implementation in the FY 2015/16 the transformational agenda laid in the FY2014/15 budget and 2015 CFSP is fulfilled through the following strategic activities; Water Sector Development: 'Harvesting Water Everywhere'; Kutwwiikany'a Kiw'u, Social Sector Development; focusing on Gender, Health and Education sectors' development, Infrastructural development; Road network, Financial Intermediation and Inclusion and County capacity development; training and sensitizing the community on the existing economic opportunities within their proximities; staff capacity development

72. Adjustments to the 2015/16 budget will take into account actual performance of expenditure and absorption capacity in the financial year. The Government is faced with the risk of the increased salaries & wages occasioned by

the implementation of the new hardship and house allowances recommended by the Salaries and Remuneration Commission. This is expected to result to expenditure pressures based on the fact that the development budget is huge and the recurrent budget is outstretched.

73. Despite these risks the resources earmarked for development purposes will be utilized in the said projects and none, whatsoever, will be expended as recurrent rather the Government will develop polices geared towards reducing wastages in spending and adopt other cost cutting measures such as rationalizing expenditures and cutting expenditures that are non-priority.

74. The Government will closely monitor all risks attributable to the implementation of the budget and would take appropriate measures in the context of the next Supplementary Budget.

75. On the revenue side, the County Treasury will institute strategies to increase efficiency and transparency and also enhance revenue collection. The interventions will include; establishing a resource mobilization unit, operationalization of the revenue automation system, Implementation of the FY 2015/16 Finance Bill, developing a framework for PPPs and enter into Public Private Partnerships and enhancing partnership and collaboration with the national government and non-state actors, strengthening controls over collections through target setting, proper supervision and enforcement and mapping all available revenue streams. The department will also put in place measures to ensure all revenue collected by the devolved units is banked in the County Revenue accounts and thus eliminate non disclosures of revenue.

B. Medium-Term Expenditure Framework

76. The County is developing the Makueni County strategic plan (vision 2025) which is meant to sustainably transform the livelihoods of each household through

provision of efficient, effective and inclusive services for county development. The Vision aims at attaining Value based prosperity and high quality of life for all.

77. Going forward, and in view of the macroeconomic outlook, MTEF budgeting will entail funding programmes that support the strategic interventions identified in the County's Vision for Socio Economic transformation, CIDP 2013-2017 and the Kenya Vision 2030.

78. The County will allocate resources according to three broad pillars; economic affairs pillar (encompasses agriculture, rural and urban development sector; energy infrastructure and ICT MTEF sectors), social development pillar (encompasses health sector; education sector; social protection, culture and protection sector; and environmental protection, water and natural resources MTEF sectors) and general public services pillar (encompasses public administration and internal relations sector and macro working group.)

79. In the FY 2016/17 the County will implement key flagship projects that are meant to ensure socio economic transformation of the county. Key flagship projects to undertake include; County Mega Dams, Piping and distribution of water for 1000 Km, Makueni Annual Agricultural Show, Farmer Clinics to facilitate high quality, timely and low cost extension services to famers, investment in green energy, Makueni County innovation Incubation Centre, telemedicine centres, infrastructure development in Urban centres, tarmacking of 100 KMs of roads strengthening Governance Mechanisms and Service Charter.

80. Specifically, the Government has identified key strategic interventions across major sectors as a way of accelerating the County's economic and social transformation so as to improve quality of services to the population. The interventions to be factored for in the FY 2016/17 include;

i. Increasing productivity and agricultural marketing in the County through ; intensifying extension services (Agronomic/animal husbandry practices, post-harvest management, and disease and pest control), Creating a conducive environment and platform to showcase agricultural produce from the County (establishment of Makueni Agricultural Show), Collaborating with private sector agro dealers and NGOs to ensure timely delivery of appropriate technologies and avail subsidized technologies trough farmer clinics (certified seeds, AI services, pests and disease control, advisory services) and Water harvesting and irrigation –irrigating 2000Hectares of land. Urban planning of major towns and centres will be prioritised to address the issue of poor town and urban planning. The County will lay strategies that will see the issuance of title deeds and ensure mapping and digitization of all land in urban and rural areas.

ii. Enhancing social development in the county through; ensuring significant investments are made in the education, health, social protection, culture and recreation, and environment, and water and natural resources sectors. The County aims at enabling shift from extreme poverty through social protection and skills development. This will be achieved through; inclusion of innovative training of vulnerable groups, creating alternative sources of income and programmes, initiating mentoring programmes in schools, providing psychosocial support to addicts recovering from drug and substance abuse, up scaling and institutionalising a county social protection programme to complement the national safety net programme and investing in sporting facilities and development of processes to harness talent.

iii. Improving access to quality health care through; increasing specialist doctor's services and using technology to provide diagnostic advice from a central facility (telemedicine). Existing health facilities will be maintained/ rehabilitated and **b**alancing of existing staff done in all the facilities.

iv. Facilitating access to quality basic education and vocational training through; equipping at least 10 CTTIs (right equipment, curriculum and distribution), recruiting qualified trainers and reviewing training curriculums and harmonizing them with labour market needs.

v. Halving the average distance to the nearest water point through; expanding water distribution lines across the county 1,000 Kms of piped water**, d**rilling of boreholes and reclaiming and rehabilitation of existing ones and construction of water dams. The county will also develop an elaborate water development policy which is expected to ensure the realization of the County water harvesting strategy & distribution.

vi. Economic empowerment of all citizenry in the County through; allocating resources to programmes that will enhance creation of economic opportunities, infrastructure development and strengthening development and usage of ICT to spur economic development. Investment on roads will be enhanced to ensure all dilapidated roads are maintained and other existing roads upgraded. Strengthening infrastructure at decentralized levels will also be a key strategy in order to facilitate the decentralization of services to the lowest possible levels.

vii. Promoting use of alternative sources of energy and ensuring an increase of 5% in the number of homesteads connected with the National grid in the county. This will also involve the lighting up of all major towns to boost the level of economic activity and security.

viii. Enhancing the growth of SMEs, boosting entrepreneurship skills and ensuring market linkages through; developing programmes geared towards capacity building of youth and women in marketable skills, business skills and mentorship. This is also expected to address the high levels of unemployed youth population in the County.

ix. Ensuring efficient service delivery to the citizenry through; strengthening the institutional relationships within the Government and enactment of code of conduct to facilitate communication between and within Government organs. Strengthening the skills and capacity of the departments will also be pivotal in overall development of the County.

x. Initiating a comprehensive Monitoring and Evaluation (M&E) process to track the development progress of the County. This is expected to continuously monitor the implementation of the development activities, generate information for use in planning and reorientation of projects.

81. All these interventions are geared towards reducing poverty by 26% by 2025, stimulating growth and creating jobs, enhancing food security, empowering the vulnerable groups in the County, reducing inequalities in resource distribution in the County and developing all marginalized areas of the County.

82. Reflecting the above medium-term expenditure framework, table 11 provides the tentative projected baseline ceilings for the 2015/16 – 2018/19 MTEF period, classified by department.

C. County Budget and the Transfer of Functions

83. The county government will continue to develop the requisite policies and laws to ensure all devolved functions are implemented as envisaged in the Constitution order to enhance service delivery.

D. 2016/17 Budget framework

84. The 2016/17 budget framework will be guided by the proposed County Vision 2025, Kenya Vision 2030, county integrated development plan, the ADP and the county's transformational agenda as outlined in the 2014/15 budget.

85. The 2016/17 Budget framework and aspirations assumes improved private sector investors' confidence in the county, increased political goodwill and stable national macro-economic conditions. The budget also anticipates that the forecasted elnino rains will result to increased agricultural productivity and thus positively affect the county performance.

Revenue projections

86. The FY 2016/17 budget targets increased revenue (equitable share & local sources collection) from Kshs. 7,026,905,635 in the FY2015/2016 budget to over Kshs. 9,533,558,023.50

Expenditure Forecasts

87. In FY 2016/17, overall expenditures are projected at Kshs 9,533,558,023.50 up from the estimated Kshs. 7,026,905,635 in FY 2015/16 budget.

Recurrent expenditures

88. The recurrent expenditure in FY 2016/2017 is expected to be 48% of the total budget. The County wage bill is expected to increase marginally to accommodate for more staff being employed and the reviewed hardship rates and house allowances payable to staff.

89. Expenditure ceilings on goods and services for sectors/ministries are based on funding allocation in the FY 2015/2016 budget, and adjustments done to consider for the new policies / programmes meant to address key strategic interventions identified in the County's strategic focus for socio economic development.

Development expenditure

90. The ceiling for development expenditure including donor funded projects will increase from Kshs. 2,885,460,170.00 in the FY 2015/2016 to Kshs. 4,977,968,012.00 in FY 2016/2017. The total development budget represents 52% of the total budget.

The development budget under the Governor's office represents funds for ward development projects that will be redistributed to the various departments after project identification. It also includes the proposed social transformation fund to address development inequalities in the county.

Overall Deficit and Financing.

91. The projected FY 2016/17 budget has a deficit of Kshs 1,803,961,824.00 which is expected to be mobilized from donors. The resource coordination unit in conjunction with the various departments is expected to ensure proposals are finalised and discussions initiated with the various donors and partners before preparation of the 2016 CFSP. By the time the 2016 CFSP is being finalised all projects to be funded by donors should be elaborated.

Table 11: Total Expenditure Ceilings for the MTEF period 2015/2016 – 2018/19 (Kshs.)

DEPARTMENT	2015/16 BUDGET ESTIMATES	2016/17 CEILINGS - RECURRENT	2016/17 DEVELOPMENT CEILINGS	DEVELOPMENT %AGE	TOTAL 16/17 BUDGET CEILINGS	ESTIMATES 2015/16	CEILINGS 2016/17
County Attorney's Office	43,571,041.79	47,928,145.97	-	0.00%	47,928,145.97	0.62%	0.50%
County Public Service Board	50,961,037.15	56,057,140.87	-	0.00%	56,057,140.87	0.73%	0.59%
Department of lands, Physical Planning & Mining	105,630,645.89	39,743,710.47	150,000,000.00	3.01%	189,743,710.47	1.50%	1.99%
Office of Governor	174,648,475.28	192,113,322.81	728,000,000.00	14.62%	920,113,322.81	2.49%	9.65%
Department of Trade, Tourism & Cooperatives	215,721,791.99	62,723,971.19	225,000,000.00	4.52%	287,723,971.19	3.07%	3.02%
Department of Gender, Youth & Social services	219,393,463.00	79,632,809.30	220,000,000.00	4.42%	299,632,809.30	3.12%	3.14%
County Secretary	109,603,288.05	120,563,616.86	-	0.00%	120,563,616.86	1.56%	1.26%
Department of finance & Socio Economic Planning	681,512,091.68	474,663,300.84	642,000,000.00	12.90%	1,116,663,300.84	9.70%	11.71%
Department of Education & ICT	498,503,413.88	237,053,755.27	190,000,000.00	3.82%	427,053,755.27	7.09%	4.48%
Department of Transport & Infrastructure	610,862,158.36	168,880,228.40	883,418,146.00	17.75%	1,052,298,374.40	8.69%	11.04%
Department of Agriculture, Livestock & Fisheries	423,319,363.20	242,021,299.52	240,000,000.00	4.82%	482,021,299.52	6.02%	5.06%
Department of water, Irrigation & Environment	820,037,836.00	174,053,444.40	540,000,000.00	10.85%	714,053,444.40	11.67%	7.49%
Department of health	2,128,759,687.39	1,759,935,790.29	689,549,866.00	13.85%	2,449,485,656.29	30.29%	25.69%
Department of Devolution & Public Service	279,714,012.19	246,085,413.41	430,000,000.00	8.64%	676,085,413.41	3.98%	7.09%
County Assembly	664,667,329.00	654,134,061.90	40,000,000.00	0.80%	694,134,061.90	9.46%	7.28%
Sub Totals	**7,026,905,634.85**	**4,555,590,011.50**	**4,977,968,012.00**		**9,533,558,023.50**		

VI. CONCLUSION AND NEXT STEPS

92. The County BROP relies a lot on the National Budget Review Outlook which gives an indication of the macroeconomic dynamics in the country. The paper elaborates on the county budgeting system and outlook.

93. The fiscal outcome for 2014/15 together with the political dynamics witnessed in the County in the year 2014 have had ramification of the financial objectives elaborated in the last County Fiscal Strategy submitted to County Assembly in February 2015. Going forward, the set of policies outlined in this BROP reflect the changed circumstances and are broadly in line with the fiscal responsibility principles outlined in the PFM law. They are also consistent with the County's strategic objectives pursued by the Government as a basis of allocation of resources. These strategic objectives are provided in the plans developed to implement the County Integrated Development Plan, the Makueni County Vision / Strategic Paper.

94. The sector ceilings annexed herewith will guide the departments in preparation of the 2016/17 budget.

95. The next County Fiscal Strategy Paper (CFSP) will be finalised by February 2016 deadline as per the PFM Act.

Annex 1;. Total Sector Ceilings for the MTEF Period 2015/16 – 2018/19 (Kshs Million)

	SECTOR		ESTIMATES	CEILING	PROJECTIONS	
			FY2015/16	FY 2016/17	2017/18	2018/19
ECONOMIC AFFAIRS PILLAR	**SUMMARY**	**Total**	**1,432,365,120.16**	**2,055,601,632.37**	**2,261,161,795.61**	**2,487,277,975.17**
		Rec. Gross	**506,530,442.16**	**557,183,486.37**	**612,901,835.01**	**674,192,018.51**
		Dev. Gross	**925,834,678.00**	**1,498,418,146.00**	**1,648,259,960.60**	**1,813,085,956.66**
	Agriculture and Rural Development	**SUB - Total**	**528,950,009.09**	**671,765,009.99**	**738,941,510.99**	**812,835,662.09**
		Rec. Gross	256,150,009.09	281,765,009.99	309,941,510.99	340,935,662.09
		Dev. Gross	272,800,000.00	390,000,000.00	429,000,000.00	471,900,000.00
	Energy, Infrastructure and ICT (EII)	**SUB - Total**	**687,693,319.08**	**1,096,112,651.19**	**1,205,723,916.31**	**1,326,296,307.94**
		Rec. Gross	193,358,641.08	212,694,505.19	233,963,955.71	257,360,351.28
		Dev. Gross	494,334,678.00	883,418,146.00	971,759,960.60	1,068,935,956.66
	General Economic Commercial and Labour Affairs (GECLA)	**SUB - Total**	**215,721,791.99**	**287,723,971.19**	**316,496,368.31**	**348,146,005.14**
		Rec. Gross	57,021,791.99	62,723,971.19	68,996,368.31	75,896,005.14
		Dev. Gross	158,700,000.00	225,000,000.00	247,500,000.00	272,250,000.00
SOCIAL DEVELOPMENT PILLAR	**SUMMARY**	**Total**	**3,589,863,239.55**	**3,846,411,388.47**	**4,231,052,527.32**	**4,654,157,780.05**
		Rec. Gross	**2,006,237,747.70**	**2,206,861,522.47**	**2,427,547,674.72**	**2,670,302,442.19**
		Dev. Gross	**1,583,625,491.85**	**1,639,549,866.00**	**1,803,504,852.60**	**1,983,855,337.86**
	Health	**SUB - Total**	**2,128,759,687.39**	**2,449,485,656.29**	**2,694,434,221.92**	**2,963,877,644.12**
		Rec. Gross	1,599,941,627.54	1,759,935,790.29	1,935,929,369.32	2,129,522,306.26
		Dev. Gross	528,818,059.85	689,549,866.00	758,504,852.60	834,355,337.86
	Education	**SUB - Total**	**421,672,253.16**	**383,239,478.48**	**421,563,426.32**	**463,719,768.96**
		Rec. Gross	175,672,253.16	193,239,478.48	212,563,426.32	233,819,768.96
		Dev. Gross	246,000,000.00	190,000,000.00	209,000,000.00	229,900,000.00
	Social Protection Culture and Recreation	**SUB - Total**	**219,393,463.00**	**299,632,809.30**	**329,596,090.23**	**362,555,699.25**
		Rec. Gross	72,393,463.00	79,632,809.30	87,596,090.23	96,355,699.25
		Dev. Gross	147,000,000.00	220,000,000.00	242,000,000.00	266,200,000.00

	Environmental Protection, Water and Housing	**SUB - Total**	**820,037,836.00**	**714,053,444.40**	**785,458,788.84**	**864,004,667.72**
		Rec. Gross	158,230,404.00	174,053,444.40	191,458,788.84	210,604,667.72
		Dev. Gross	661,807,432.00	540,000,000.00	594,000,000.00	653,400,000.00
GENERAL PUBLIC SERVICES	**Public Administration & Internal Relations (PAIR)**	**SUB - Total**	**2,004,677,275.14**	**3,631,545,002.65**	**3,966,409,994.78**	**4,363,050,994.26**
		Rec. Gross	1,628,677,275.14	1,791,545,002.65	1,970,699,502.92	2,167,769,453.21
		Dev. Gross	376,000,000.00	1,840,000,000.00	1,995,710,491.86	2,195,281,541.04
	Total	**Total**	**7,026,905,634.85**	**9,533,558,023.50**	**10,458,624,317.71**	**11,504,486,749.48**
		Rec. Gross	**4,141,445,465.00**	**4,555,590,011.50**	**5,011,149,012.65**	**5,512,263,913.92**
		Dev. Gross	**2,885,460,169.85**	**4,977,968,012.00**	**5,447,475,305.06**	**5,992,222,835.56**
		Rec. Gross %age	**59%**	**48%**	**48%**	**48%**
		Dev. Gross %age	**41%**	**52%**	**52%**	**52%**