REPUBLIC OF KENYA

MAKUENI COUNTY

2015 COUNTY FISCAL STRATEGY PAPER

VISION

"A COUNTY WHERE RESOURCES ARE SUSTAINABLY HARNESSED AND EQUITABLY SHARED FOR THE BENEFIT OF EVERY HOUSEHOLD"

FOREWORD

The Makueni 2015 County Fiscal Strategy Paper is the second to be prepared and reaffirms the broad policies and strategies in the 2014 CFSP. The CFSP sets out the priorities of the County in the medium term as outlined in the County Integrated Development Plan (2013-2017), aligned with the Second Medium Term Plan of the Vision 2030 and the County Government's transformational agenda .

The fiscal strategy paper recognizes the reality of scarce resource and the fact that there is need to invest on high impact programmes within a framework of sustainable development. The county faces many challenges among them poor infrastructure, water resources, access to healthcare, poor road network, environmental degradation market access, unemployment, insecurity among others. To address this challenges the government presents this fiscal strategy paper on the basis of laying a solid foundation for faster socio-economic development and sustainable growth.

The CFSP outlines the key government interventions in the next fiscal year. The emphasis will be on allocating resources to programs that support the County Government's agenda of socio economic transformation. Emphasis would be geared towards improving the living standard of Makueni Citizenry through ensuring each household earns at least Kshs 500/day; reduce the absolute poverty by 26% by 2017; reduce the social inequalities and reduce youth and women un-employment

The County government will continue to invest in four development priorities; -

- **Water Sector Development**:; Harvesting Water for Socio-Economic development; *Kutwwiikany'a Kiw'u.*
- **Social Sector Development;** focusing on Gender, Health and Education sectors' development.
- **Infrastructural development;** Road network, Financial Intermediation and Inclusion
- **Industrial/Economic Zoning ;**clustering the county into areas of specific intervention and focus

Governance and accountability in the management of public resources remains key in the implementation of planned programmes.

Monthly and quarterly Budget expenditure reports will be submitted to the executive by the budget and expenditure section. This will enhance adherence to the budget estimates and ensure value for money is realized.

ALIDAN MBINDA

COUNTY EXECUTIVE COMMITTEE MEMBER ~ FINANCE & ECONOMIC PLANNING

ACKNOWLDGEMENT

This County Fiscal Strategy paper outlines the broad strategic fiscal framework, together with a summary of the county's spending plans, as a basis of 2015/16 budget and the medium-term.

The overriding policy thrust of the Fiscal Strategy Paper is to sustain economic growth by restoring and focusing on economic policies and structural reforms aimed at promoting productivity and building the resilience necessary for employment creation and poverty reduction. The preparation of the 2015 CFSP was achieved through consultation and co-operation between the County Treasury and all county departments. Much of the information in this report was obtained from the county sector working groups and and other government agencies.

The National Treasury was very resourceful in timely release of Budget Policy Statement and Division of Revenue Bill. A core team in the County Treasury spent a significant amount of time putting together this Paper.

We would like to acknowledge the unlimited support and guidance by the Executive Committee Member – Finance and Economic Planning. A team from the Finance and Socio-Economic Planning spent valuable time to put together this strategy paper. The Officers included; Annastacia Muendo – Director Budget and Expenditure, Justus Suka – Director Financial Accounting Services, Boniface Mutua – Director Socio- Economic Planning, Stephen Thiongo-Director Audit, Alex Mutuku- Director Supply Chain Management, Karanja Waigi– Snr Economist , Maina G. C – Snr Economist , Amos Bitok – Snr. Economist and secretariat.

Since it would not be possible to list everybody individually in this page, I would like to take this opportunity to thank the entire staff of Makueni County Government for their dedication and commitment to public service.

Mary Kimanzi
Chief Officer Finance and Planning

LIST OF ACRONYMS

ADP – Annual Development Plan

ARUD – Agriculture Rural & Urban Development

CARPS - Capacity Assessment and Rationalization of the Public Service

CBROP – County Budget Review & Outlook Paper

CFSP – County Fiscal Strategy Paper

CIDP – County Integrated Development Plan

CTTI – County Technical Training Institute

ECDE – Early Childhood Development Education

FBS - County Food Banking System

FIF – Facility Improvement Fund

FY – Financial Year

GECA – General Economic Commercial Affairs

ICT – Information Communication Technology

IFMIS – Integrated Financial Management Information System

LAN – Local Area Network

MSMEs – Micro, Small & Medium Enterprises

MTEF – Medium Term Expenditure Framework

MTP - Medium Term Plan

NDA - Net Domestic Assets

NFA - Net Foreign Assets

P2B – Plan to Budget

P2P – Procure to Pay

PAIR – Public Administration and International Relations

PFMA – Public Finance Management Act

REA – Rural Electrification Authority

SWG - Sector Working Groups

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1.0 INTRODUCTION

1.1 Legal Basis for the Publication of the County Fiscal Strategy Paper

The County Fiscal strategy Paper (CFSP) is prepared in accordance with the provisions of Section 117 of the Public Finance Management Act (PFMA), 2012. The said provisions state as follows:

1) The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by the 28th February of each year.
2) The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.
3) In preparing the County Fiscal Strategy Paper, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term.
4) The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term.
5) In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of;
    a. The Commission on Revenue Allocation,
    b. The public,
    c. Any interested persons or groups,
    d. Any other forum that is established by legislation.
6) Not later than fourteen days after submitting the County Fiscal Strategy Paper to the county assembly, the county assembly shall consider and may adopt it with or without amendments.
7) The County Treasury shall consider any recommendations made by the county assembly when finalising the budget proposal for the financial year concerned.
8) The County Treasury shall publish and publicise the County Fiscal Strategy Paper within seven days after it has been submitted to the county assembly.

The fiscal policy statement 2015 is the second to be prepared under the new County Governance system which came into being with the enactment of the Constitution of Kenya 2010.

1.2 Fiscal Responsibility Principle for the County Government.

In line with the Constitution, the Public Finance Management Act (PFM) 2012 sets out the fiscal responsibility principles to ensure prudent and transparent management of Public Resources
The PFM Act (107) states that:

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

(b) over the medium term a minimum of thirty per-cent 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.

2.0 BACKGROUND / OVER VIEW

The 2015 Makueni County Fiscal Strategy Paper is the second to be prepared in the County and it reaffirms the broad policies and strategies in the 2014 CFSP. It sets out the administrations priority programmes to be implemented in the 2015/16-2017/18 medium term expenditure framework (MTEF) of the county government. This strategy for economic transformation covers five broad areas;

i. Socio-economic transformation while focusing on water harvesting all over the county ;
ii. Scaling up of investments in other key infrastructure, including Health, Roads and energy to reduce cost of doing business and improve competitiveness;
iii. Investing in agricultural transformation and food security to expand food supply, support agro-processing industries and promote irrigated agriculture;
iv. Creating conducive environment in order to encourage innovation, investments, growth and expansion of economic and employment opportunities;
v. Investing in quality and accessible healthcare services and education as well as social safety net to reduce burden on the households and complement and sustain long term growth and development.

The Makueni 2015 County Fiscal Strategy Paper articulates priority strategies and structural reforms as well as sectoral expenditure programs to be implemented in the FY 2015/16 of the MTEF 15/16 – 17/18. It firms up the strategies that have been laid up in the 2014/15 budget (Transformational budget) geared towards achieving socio economic transformation of the county. To fully actualize the dream the county has developed four broad development priority areas namely;

2.1 Water Harvesting - *kutwwiikany'a kiw'u*

The objective of this strategy is to harvest water everywhere for socio Economic transformation. The county has embarked on an eighteen(18) months programme focusing on harvesting water in the whole county.

Investing in water harvesting will spur an inclusive socio economic growth of the county with knock-on effects on related sectors of the economy such as agro- processing; storage and transport; wholesale and retail; construction; financial services as well as diversification and growth. This harvested water will also result to expanded agricultural output leading to increased food supply, creation of employment and promotion of overall rural development. This is expected to change the majority of lives of the Makueni Citizenry who depend on agriculture in the rural areas and is also expected to facilitate overall industrialization leading to economic transformation of the county.

This integrated water harvesting programme will entail afforestation, smart agriculture, construction of mega dams, mini dams and water pans and rehabilitation of existing dams and water pans. As part of this process, the Government will construct and rehabilitate at least 3,000 water pans of 50,000 cubic metres capacity every year, roll out water harvesting and storage in all public institutions throughout the country, and invest in mid-size dams / pans to store water for household and agricultural use.

The long-term target of this programme would be to improve the living standard of Makueni Citizenry by ensuring; Each household earn at least Kshs 500/day, The absolute poverty is reduced by 26% by 2017, existing social inequalities are reduced, youth and women un-employment is reduced and the County is food secure.

Through the department of agriculture much would be done to increase the production of fruits in the county in an aim of increasing job employment and wealth creation. The County will prioritise the operationalization of the fruit processing plant in Kalamba to harness the existing production of fruits in the county.

The potential of livestock, dairy and poultry farming, including value addition of their by-products remains untapped as a catalyst for economic transformation in the county. The county has great potential for livestock, dairy and poultry farming and it will initiate programs for promoting these sectors. This will be done by supporting farmers by extension services and undertaking breed improvement across the county.

2.2; Social Sector Development;

This Social sector development strategy will ensure that all Makueni citizens are healthy, educated and equipped with basic life skills, and that they are able to participate fully and share more equitably in the growing prosperity of the county.

Sustainable access to industrial and household water is essential for economic transformation and social development. Safe drinking water and sanitation also complement efforts towards improved primary health care and productivity of labour.

A healthy population is essential for higher productivity and sustained long term development of a county. Investing in quality and accessible health care services and quality education will also be a key strategy of the government. This health care reforms, aims to build a lasting healthy County with higher productivity for sustained economic transformation and long term development. The County Government will continue to partner with the National Government in ensuring health care is provided to all.

The County Government remains committed to addressing unemployment, especially among the youth, women and persons with disability so as to secure sharing in prosperity. The Government will build on on-going youth and women support programs to tap the creativity and knowledge of the young people so as to encourage entrepreneurship and innovation. Priority will also be given to skills development and access to credit to enable these groups to be the dynamic drivers of growth and employment creation.

The Government is cognisant of the fact that unless we invest in the potential of the youth, we will not achieve a real demographic dividend in the future. It is for this reason, that the county will continue to use a multi-facetted approach aimed at equipping the youth with the requisite skills and competencies; building their entrepreneurial capacities; investing in labour intensive sectors to generate jobs; Towards this end, in the FY2013/14 & FY 2014/15, the government allocated Kshs 50M for business empowerment. The County Government has also allocated funds for table banking, loans to youth & women in a bid to support the growth of Small and Medium Enterprises in the FY2014/15.

The County will also equip /upgrade / construct modern CTTI's at each sub county in an aim to equip and technically skill our labour force into a productive factor of production.

To protect and empower the special interest groups, the county will ensure at least 30 per-cent of all public procurement is reserved for the youth, women and persons with disability as entrenched in the law. In addition the county will enhance its support to the girl child by providing sanitary towels to all school-going girls and develop a policy to protect the boy-child.

To complement the abilities of the vulnerable groups to participate fully in the County's development, the government will continue to support persons with disability, orphaned and vulnerable children, and those living in extreme poverty.

2.3 Infrastructural development;

Modern infrastructure is a key prerequisite for sustained agricultural and industrial transformation. For this reason, the County Government's has prioritized investment in infrastructure covering all roads connecting sub-county headquarters and gravelling all roads to village market centres to all weather standards. This will ensure accessibility within the county is improved and produce reaches the intended markets.

Much progress has been achieved in the implementation of road rehabilitation and construction program. To date, the Government has constructed 140 km new roads, rehabilitated and maintained 115 km and 24,770 km of existing road, respectively and placed 312 km of road under periodic maintenance. Going forward, the Government will continue to invest in expansion of road network to open up rural areas, ease movements of goods and passengers and encourage growth of commerce and employment throughout the county.

The county will also embark on a programme of improving parking spaces through installation of cabros in all major towns especially along the Mombasa Nairobi highway. This will be achieved through setting up a cabro processing factory and acquiring the necessary equipment's to ensure the programme is cost effective and done in large scale.

The Construction of the standard gauge railway is expected to open up the corridor along Mombasa road. The county will strategically construct roads linking the substations and setup specific industrial economic zone along this corridor in order to fully maximize the potential arising out of the construction of the railway line. The completion of the railway line will greatly facilitate faster and cheaper movement of freight and passengers and enhance competitiveness of our County.

The County Government will, in addition, fast track the establishment and make operational Special Economic Zones at strategic locations so as to attract direct investment with new industrial technologies. This will help to expand and diversify industrial outputs, grow economy and create productive jobs for our youth. As part of this strategy, the Government will prioritize and facilitate establishment of modern and technology-based green industrial parks along the Mombasa – Nairobi highway.

The county enjoys a competitive advantage on marketing due to the Nairobi Mombasa Highway. To take advantage of this, strategies shall be developed to support the supply logistics sector by developing depots in Emali,Sultan Hamud and Salama. These depots will be used for storing various produce on transit to and from Nairobi or Mombasa such as livestock products, fresh produce and manufactured goods. The depot(s) are expected to benefit Machakos, Kitui, Kajiado and Taita Taveta counties and the proposed Konza City. The County shall develop linkages with manufacturers/traders and transporters to source raw materials/goods from this depots/storage facilities. This will be done through direct linking to community storage facilities and by creating a County Food Banking System (FBS).

2.4 Industrial/Economic Zoning ;

The county will anchor industrial zoning as a critical pillar for development. The industrial zoning will provide for wholesale and warehousing as well as other industrial functions that include fabrication, manufacturing, assembly or processing of materials that are in refined form. The county will pursue in the medium term providing integrated infrastructure in the designated zone while working to provide environmental controls. The development of the zone will be undertaken through the public private partnership model. Incentives will be provided to encourage private sector participation.

The proximity to Nairobi – Mombasa highway provides a competitive advantage to the county in tapping to the growing infrastructural development including the ongoing construction of the standard gauge railway. The establishment of the industrial zone will create employment and business opportunities for the residents in the county resulting to sustained economic growth and poverty reduction

3.0 ECONOMIC OUTLOOK

3.1 Global Economic Outlook

The global economy is still struggling to gain momentum as many high-income countries continue to grapple with legacies of the global financial crisis and emerging economies are less dynamic than in the past.

Global growth in 2014 was lower than initially expected, continuing a pattern of disappointing outturns over the past several years. Growth picked up only marginally in 2014, to 2.6 percent, from 2.5 percent in 2013.

While activity in the United States and the United Kingdom has gathered momentum as labor markets heal and monetary policy remains extremely accommodative, the recovery has been sputtering in the Euro Area and Japan as legacies of the financial crisis linger, intertwined with structural bottlenecks. China, meanwhile, is undergoing a carefully managed slowdown. Disappointing growth in other developing countries in 2014 reflected weak external demand, but also domestic policy tightening, political uncertainties and supply-side constraints.

Several major forces are driving the global outlook: soft commodity prices; persistently low interest rates but increasingly divergent monetary policies across major economies; and weak world trade. In particular, the sharp decline in oil prices since mid-2014 will support global activity and help offset some of the headwinds to growth in oil-importing developing economies. However, it will dampen growth prospects for oil-exporting countries, with significant regional repercussions.

Overall, global growth is expected to rise moderately, to 3.0 percent in 2015, and average about 3.3 percent through 2017. High-income countries are likely to see growth of 2.2 percent in 2015-17, up from 1.8 percent in 2014, on the back of gradually recovering labor markets, ebbing fiscal consolidation, and still-low financing costs. In developing countries, as the domestic headwinds that held back growth in 2014 ease and the recovery in high-income countries slowly strengthens, growth is projected to gradually accelerate, rising from 4.4 percent in 2014 to 4.8 percent in 2015 and 5.4 percent by 2017. Lower oil prices will contribute to diverging prospects for oil-exporting and -importing countries, particularly in 2015.

Downside risks have increased. Short term risks include a worsening of geopolitical tensions and a reversal of recent risk spread and volatility compression in financial markets. Medium-term risks include stagnation and low potential growth in advanced economies and a decline in potential growth in emerging markets.

Given these increased risks, raising actual and potential growth must remain a priority. In advanced economies, this will require continued support from monetary policy and fiscal adjustment attuned in pace and composition to supporting both the recovery and long term growth. In a number of economies, an increase in public infrastructure investment can also provide support to demand in the short term and help boost potential output in the medium term. In emerging markets, the scope for macroeconomic policies to support growth if needed varies across countries and regions, but space is limited in countries with external vulnerabilities. And in advanced economies as well as emerging market and developing economies, there is a general, urgent need for structural reforms to strengthen growth potential or make growth more sustainable.

3.2 National Economic Outlook

Nationally the macroeconomic environment has continued to improve. The economy grew by 5.7 percent in 2013 up from 4.5 percent growth in 2012. The increase in growth was supported by improved activities in Agriculture, Forestry and Fishing (5.1 percent), Manufacturing (5.9 percent) Wholesale and retail trade (9.2 percent) Finance and insurance activities(9.3 percent) and information and communication (13.5 percent)

The growth outlook looks promising due to the continued implementation of bold economic policies and structural reform as well as sound economic management. The economy is projected to grow by 5.3 percent, 6.9 percent in 2014 and 2015 respectively and, 7.0 percent over the medium term. This level of growth will be underpinned by the continued good performance in agriculture, forestry and fishing, manufacturing, real estate, wholesale and retail trade, finance and insurance activities and information and technology.

Growth in broad money supply increased to 17.3 percent in the year to November 2014 from a growth of 12.2 percent in the year to November 2013. This was attributed to an increase in both the net foreign assets (NFA) and net domestic assets(NDA) of the banking system. Growth of NDA increased to 17.7 percent in the year to November 2014 from a growth of 16.1 percent over similar period in 2013. Growth in NFA increased by 15.4 percent in the year to November 2014 from a contraction in growth of 2.0 percent over a similar period in 2013

Net credit to Government contracted by 38.0 percent in the year to November 2014 compared with a growth of 10.3 percent in a corresponding period in 2013. Bank credit to private sector amounted to ksh. 1,875.3 billion in November 2014 from 1,519.3 billion in November 2013.

Overall month on month inflation declined further to 6.0 percent in December 2014, from 6.1 percent in November 2014 and 6.4 percent in October 2014. On average, the annual inflation rate was 6.9 percent in December 2014 compared to 5.7 percent in December 2013. The decline in overall inflation in December 2014 is largely attributed to lower fuel inflation
Food inflation increased from 7.4 percent in November 2014 to 7.5 in December 2014.
The central bank rate remained at 8.5 percent in December 2014 and the average interbank rate averaged 6.9 percent in December and November 2014 from 6.8 percent in October 2014.

The Kenya shilling exchange rate demonstrated mixed performance against major international currencies. The currency depreciated against the US dollar to Kshs. 90.5 in December 2014 from Kshs 90 in November 2014 and Kshs. 89.0 in October 2014. Against the Sterling Pound, the shilling appreciated to Kshs. 141.4 in December 2014 from Kshs. 142 in November 2014. Against the Euro it appreciated to Kshs. 111.4 in December 2014 from Kshs. 112.3 in November 2014 and Kshs. 113.2 in October 2014.

Activity in the stock market remained vibrant in the year to December 2014. The NSE 20 share index improved to 5,113 points in December 2014 from 4,927 points in December 2013 representing an increase of 3.8 percent.

3.3 County Economic Outlook

Livestock production is a major economic activity in the County. The main breeds reared include livestock (dairy cattle, beef cattle, sheep, goats and donkeys, Poultry farming, pig farming and bee keeping).

The total area under cash and food crop is 23,356 Ha and 65,453 Ha respectively which is 2.9 per cent and 8.1 per cent respectively of the total County area. The main crops produced in the

County are Maize, Green grams, pigeon peas and sorghum. Mangoes, pawpaw and oranges are also being produced. Grafted mangoes are vastly gaining momentum due to the high demand and favourable weather conditions.

Fish farming was introduced recently in the County through the Economic Stimulus Programme, where more than 825 fish ponds were established and stocked with Tilapia fish. Despite the effort, water shortage and high temperatures are the major challenges facing fish farming.

The County has limited industries mainly due to limited natural resources, location from major urban centres and low level of investment. The four main industries include cotton ginnery and a bakery, motorcycles assembly and concrete crushing.
A fruit and milk processing plant are under construction at Kalamba and Kikima respectively. However, there are light industries especially in the *jua kali* sector which produce for the local market.

The County shares a small part of the famous Tsavo National park which is considered as one of the world's biodiversity strongholds. Tourism activities are mainly confined within the park which is rich in diverse wildlife which include the famous 'big five' consisting of Maasai Lion, black rhino, cape buffalo, red elephant and leopard.

The county is strategically located within the proposed standard gauge railway line and the two proposed stations lying within the county. The county also has comparative advantage on proximity to major markets in Nairobi and Mombasa because it hosts the largest stretch of the Nairobi Mombasa highway.

The county has experienced exponential growth of it real estate industry owing to increasing demand for decent housing in the urban centres. This has been occasioned by rural urban migration and the general increase in population. The high population has triggered demand for consumer goods requiring the small scale trades to expand their businesses. The county will therefore support and facilitate the growth and expansion of these small traders to meet the raising demand.

There are downside risks to the outlook:

i. Continued weak growth in advanced economies that will impact negatively on our exports and tourism activities.
ii. Further, geopolitical uncertainty on the international oil market will slow down the manufacturing sector.
iii. Untimely implementation of the budget cycle.
iv. Public expenditure pressures, especially recurrent expenditures and in particular wage and interest payment, pose a fiscal risk;
v. Implementation of devolved governance – especially PFM related challenges.

Government will undertake appropriate measures to safeguard macroeconomic stability should these risks materialize.

4.0 FISCAL POLICY AND BUDGET FRAMEWORK

4.1 Overview

The county will pursue prudent fiscal policy to ensure economic and financial stability. The activities in the county will be implemented within sustainable public finances.

The current Medium-Term Fiscal Framework aims at striking an appropriate balance between fiscal consolidations and supporting the expenditures of the county government all these within sustainable public finances. Specifically, the 2015 CFSP emphasizes:

- Fiscal consolidation while ensuring that the resources in the County are adequate to promote growth.
- The County Government is committed to a reduction in the recurrent expenditure to devote more resources to development. During the 2015/16 F.Y, the county will allocate at least forty per cent of its total available resources to development activities.
- Reforms in expenditure management and tax administration. This will improve revenue collection and thus create fiscal space for spending on infrastructure and other priority development programmes.
- Efficiency and improving the productivity of expenditure while at the same time ensuring that adequate resources are available for operations and maintenance.
- The county government will create the appropriate political and economic environment to attract private investors and create the possibility of public private partnerships in the financing of key development projects especially flagship water projects which will have positive economic impact and multiplier effect to accelerate development in the county.

Due to the historical economic marginalization of the county, high poverty index at 60.6%, persistent drought in the county and other adverse effects, the Makueni County Government will continue to pursue a share of the Equalization fund from the national government.

Uwezo fund, Youth Enterprise Fund and other devolved funds administered by the national government are expected to increase youth participation in entrepreneurship ventures and supplement the county's bid to fund youth groups. The uptake of the funds will be increased through publicity and awareness creation.

During the period, fastracking of funding Konza city ICT Park and Thwake multi-purpose dam by the National Government will be given priority by working together with neighbouring counties to ensure the projects are implemented. Supply of subsidized fertilizer to farmers will be pursued during the period to spur economic growth through increased yields.

Funding of county flagship projects in water harvesting for socio-economic transformation eighteen month programme (*kutwiikany'a kiw'u*) will be prioritized. The county government will exploit intergovernmental relationships on projects of mutual interest and benefits to stir social economic development.

4.2 Promoting Prudent Fiscal Policy

Fiscal policy will continue to support economic activity within a context of sustainable public financing. The county Government has reoriented expenditure towards priority programmes in water, health, agriculture, infrastructure and education under the medium-term expenditure framework.

4.3 County Government Fiscal Projections, 2015/16-2017/18

Item	**2014/15**	**2015/16**	**2016/17**	**2017/18**
Revenue & Grants				
Allocation from National GoK	5,193,526,432.00	5,825,665,924.00	6,408,232,516.40	7,049,055,768.04
Local Revenue	400,000,000.00	440,000,000.00	484,000,000.00	532,400,000.00
Health FIF	89,804,407.00	98,784,847.70	108,663,332.47	119,529,665.72
Total	5,683,330,839.00	6,364,450,771.70	7,000,895,848.87	7,700,985,433.76
Recurrent	**3,770,966,031.27**	**3,835,292,841.97**	**4,218,822,126.17**	**4,640,704,338.78**
Development	**1,912,364,807.73**	**2,529,157,929.73**	**2,782,073,722.70**	**3,060,281,094.97**
% of the total-recurrent	66	60	60	60
% of the total-Development	34	40	40	40

The recurrent expenditure in the FY 2015/16 is expected to increase marginally from the allocation in FY 2014/15. This can be attributed to the devolved functions and the continued recruitment by the County Government. The ratio of recurrent to the total revenue is 60% which is a remarkable decrease from 66% in the FY2014/15 Budget. The development ratio has increased to 40% from 34% in the FY2014/15. This meets the threshold set in the Public Finance

Management Act, 2012 for the minimum government revenue allocation to development.

4.4 Observing Fiscal Responsibility Principles

The County Government recognizes that the fiscal stance it takes today will have implications into the future. The county will uphold the principle of sharing the burdens and benefits of the use of resources and public borrowing between the present and future generation. To achieve this, the government will make prudent policy decisions to avoid an unwarranted debt burden to the future generations.

Makueni county Government shall ensure adherence to the ratio of development to recurrent of at least 30:70 over the medium term, as set out in the PFMA 2012. The projected development to recurrent ratio for FY2015/16 will be 40:60 a major improvement from the FY2014/15 ratios.

The respect and observance of these fiscal rules set out in the PFM Act and its regulations is important and necessary to entrench fiscal discipline. The County Treasury shall manage its public finances in accordance with the principles of fiscal responsibility set out in section 107 of PFMA.

Fiscal responsibility has become even more important since the Constitution requires the County Governments to progressively provide for a minimum basic standard of economic and social rights to its citizens within available resources. In order for spending to increase on a sustainable basis to meet these basic needs, we should be prepared to match the increased expenditure demands with a corresponding increase in tax revenue yield through efficient collection and widening of tax bases. It is therefore imperative to reform and modernize the tax regimes to ensure stability of revenue effort, while at the same time continuing to restructure expenditure systems to ensure efficiency and create fiscal space required to fund these basic needs expenditures on sustainable basis.

The County Government will pursue public private partnerships in major activities and programs such as Thwake Multi-purpose dam, Konza City among others.

4.5 Fiscal Structural Reforms

Underpinning the fiscal program are measures to raise revenue collection to Kshs 440 Million. This will be achieved through measures to enhance revenue collection; improved tax compliance, minimized delays and digitization of revenue collection.

The Makueni County Government will create and maintain effective revenue collection and accounting system from the revenue sources available. Measures to achieve this will include improved surveillance, public awareness and broadened revenue sources. Measures will also be instituted to reform tax administration, eliminate leakages and expand revenue base.

On the expenditure side, the County Government will undertake expenditure management reforms to improve efficiency and reduce wastage in line with the PFM Act. Expenditure management will be strengthened with expansion of IFMIS modules which are being used across all departments in the County. Financial management in the county will be done in accordance with the provisions of the Constitution of Kenya 2010, The Public Finance Management Act, 2012, the Public Procurement and Disposal Act, 2005 and all other applicable regulatory statutes.

The County Government will institute measures to contain the public wage bill and release needed resources for development funding. These would include implementation of Capacity Assessment and Rationalization of the Public Service (CARPS) recommendations, payroll cleansing, staff rationalization, identification and redeploying of excess staff.

The county government has restructured the procurement process by creating a central tender committee at the headquarters and creating clusters to ensure efficient procurement processes.

The budget section will prepare monthly budget expenditure reports to the county executive committee as means of tracking budget implementation.

The revenue section will introduce regular awareness creation to the citizenry as means of ensuring adherence to the Finance Act. A bill on sand harvesting has been drafted and submitted to the County Assembly. The sand Bill 2015 has already been assented to law and this is expected to marginally increase the revenue collections from sand.

Monitoring and evaluation is an important component in budget execution and implementation. The County planning unit has developed a monitoring and evaluation framework that will be institutionalized in all departments. The unit will prepare the policy and submit to the executive for approval. The policy is fundamental in monitoring development projects.

In the 2013/14 and FY 2014/15 budget the County Government set aside Kshs 70M and 110M respectively for a fruit processing plant, this reiterates the importance the county government places on value addition to agricultural products. It is expected that the operationalization of the plant will be achieved in the FY 2015/16 and budgetary provisions to ensure the same will be done. The operationalization of the plant will contribute greatly towards employment creation and enhance income for the farmers. Milk cooling plants and a processing plant are also being developed to improve farmers' earnings in the dairy sector. Formation and operationalizing of dormant co-operatives' is expected to make farming in the county more profitable to farmers and other groups within the county. This will lead to overall socio-economic development of the county.

4.6 Deficit financing policy

The County does not anticipate borrowing, but if any, it will be done in accordance with the Constitution of Kenya 2010 and the PFM act 2012.

5.0 2015/16 BUDGET FRAMEWORK

The 2015/16 budget framework is set against the background of the medium-term macro-fiscal framework set out above, the County Government‘s strategic objectives as outlined in County Integrated Development Plan and the Socio Economic Transformation agenda of the county.

5.1 Revenue Projections

The 2015/16 budget targets revenue collection of Kshs 440Million.The County is expected to institute measures to expand revenue base and eliminate revenue leakages. These measures include;

i. Revenue Automation
ii. Close supervision
iii. Training of revenue collectors
iv. Target setting and monitoring
v. Mapping of all revenue streams
vi. Rapid Results Initiative in revenue collection
vii. Restructuring and reorganizing revenue collection
viii. Introduction of parking bays.

5.2 Expenditure Forecasts

In 2015/16, overall expenditures estimated at Kshs **6,364,450,771.70**. This includes both the county executive and the county assembly.

5.3 Recurrent Expenditure

Recurrent expenditures in the FY 2015/16 is projected that Kshs **3,835,292,841.97** with respect to goods and services, expenditure ceilings for sectors/ministries are determined by the funding allocation for goods and services in the previous year budget as the starting point.

5.4 Development Expenditure

The projected development expenditures excluding donor funded projects is projected to be Kshs **2,529,157,929.73** Million.

The above allocation is expected to support critical infrastructure development that will attract private sector investment as well as facilitate critical interventions that will remove constraints to growth.

5.5 Summary

Prudent utilization of public resources will remain critical and ensure that citizens get value for money in all development projects undertaken. The County is committed to building a strong institution to ensure efficiency in the use of public resources.

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Efficiency and economical spending of government resources will be enhanced to ensure more funds are available for development. The county government is committed to ensuring that at least 30% of all government tenders are allocated to youth, women, persons living with disability and other vulnerable groups.

To fully engage and develop the sporting talent, the county will continue to support the youth in their sports and talent activities.

To ensure meaningful sustainable development, the county government will ensure there is meaningful public participation from the inception to the completion and post-management of all projects undertaken at the community level. It will also ensure that some of the projects which are labour intensive will be undertaken by the local community.

The county will ensure that monitoring and evaluation of development projects is given emphasis to ensure that there is proper tracking of how projects that are being implemented.

6.0 RESOURCE ENVELOPE AND CRITERIA FOR RESOURCE ALLOCATION

The Makueni County 2015 MTEF Fiscal Framework is being prepared at a time when significant progress has been made in operationalizing the County Government of Makueni in accordance with the provision of the constitution and the County government Act 2012.

The Makueni County has already set the development agenda for the next financial year by commencing the budget preparation process and also reviewing the county integrated development plan covering the period 2013-2017. –

The county has also set out a transformative agenda for improving the living standard of Makueni Citizenry through ensuring that each household earns at least Kshs 500/day; reduce the absolute poverty by 26% by 2017; reduce the social inequalities,reduce youth and women un-employment and develop programmes to support boys and men to be productivity where challenges have been identified. This will be achieved through undertaking 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
- **Industrial/Economic Zoning ;**clustering the county into areas of specific intervention and focus
- **County capacity development; training and** sensitizing the community on the existing economic opportunities within their proximities; staff capacity development

Programmes have been allocated resources based on the following criteria;

- Alignment to key County government development priorities & activities
- Alignment to the Makueni water agenda **"Kutwiikany'a Kiw'u"**
- Alignment to key government development policies (Vision 2030, MTP II)
- Fulfilment of county government functions as provided for in schedule 4 of the Kenya Constitution 2010
- Alignment to Makueni CIDP and ADP
- Phased 2014/15 projects

- The degree to which it addresses poverty alleviation
- Degree of which it addresses special interest groups

7.0 RESOURCE ALLOCATION FRAMEWORK

7.1 Adjustment to 2014/15 Budget

The promulgation of the Constitution of Kenya 2010 ushered a paradigm shift in Kenya. It introduced devolution which saw the creation of the 47 counties which vested substantial power and authority on governance to the County Government. This brought Governance and Public affairs management in the hands of the people at the local point.

The 2014/15 budget was formulated against the various sectors priorities identified during the 2011/2012-2014/2015 MTEF Sector Working Groups meetings and the 2014/2015 Budget Public Hearing as stipulated in the PFMA 2012.

The budget was geared towards transformational development through poverty reduction initiativies and equitable distribution of resources; "Kila nyumba o kalila". It also aimed at facilitating the implementation of the new governance structures ushered in by the Constitution of Kenya 2010.

Adjustments to the 2014/15 budget will take into account actual performance of expenditure and absorption capacity during 2013/14 financial year. Expenditure in non- priority areas will be cut by slowing down or reprioritizing development expenditures in order for the county Government to live within its means.

Wage bill will be a major challenge in the implementation of the budget alongside timely release of funds by the national government and local revenue collection capacity

7.2 2015/16 Budget framework

The 2015/16 - 2017/18 MTEF period resources will be aimed at achieving meaningful social economic development, by identifying and adopt a single sector with many linkages to other sectors; the sector adopted is expected to trigger development of other sectors once it is fully developed.

The 2015/2016 budget will thus be geared towards transformational development through poverty reduction initiativies and equitable distribution of resources while adopting the water sector as the anchor sector for Makueni socio-economic transformation.

The budget envisages that full development of the water sector would address over fifty per cent of issues in many of the remaining sectors within Makueni.

The Sector Working Groups has prioritized programmes and their respective resources requirements over the 2015/16 - 2017/18 MTEF period. The 2015/2016 programmes and their resources will be geared toward championing the realization of the County's water agenda which is **"Water Harvesting for Socio-Economic Transformation"** and christened **"Kutwiikany'a Kiw'u"**

The theme of the makueni 2015/16 budget will therefore be **"Water Harvesting for Socio-Economic transformation"**

The Makueni 2015/16 - 2017/18 MTEF programmes will be guided by the Makueni CIDP 2013-2017 and will facilitate implementation of the Second Medium Term Plan, (MTPII 2013/17) of the Kenya Vision 2030, the Constitution, Governor's and many other sub-sectors' specific priorities geared towards *Kutwiikany'a Kiw'u* within the county.

The 2015/16 Budget framework and aspirations assumes normal weather pattern during the year, improved private sector investors' confidence in the county and increased political goodwill. The budget also anticipated stable national macro-economic conditions which will directly affect the county performance. Key among them include; low and stable inflation, favourable interest rates and low oil prices.

7.3 Resources Available

7.3.1 Equitable Share

Article 202 of the Constitution requires that revenue raised nationally be shared equitably among the national and county governments. According to Article 203(2) of the Constitution, in dividing the shareable revenue between the two levels of government each financial year, county governments must be allocated an equitable share of revenue that is not less than 15% of most recent audited revenue received as approved by the National Assembly.

In this regard, the equitable share of revenue allocated to county governments in 2015/16 is not expected to be less than KsH 253.5 billion, based on the latest audited revenues of the national government.

In addition, the Government has set aside Sh20.6 billion as conditional allocation bringing total allocation to counties to Sh274.1 billion during 2015/2016 Financial year.

The equitable share of revenue is an unconditional allocation to the county governments and therefore county governments are expected to plan, budget, spend and account on the funds allocated independently.

7.3.2 Revenue Allocation from the national government for FY 2015/16

a. Equitable share and free maternal health fund

Type	FY 2013/14	FY 2014/15.	FY 2015/16.
Equitable Share	4,366,389,448.00	5,208,872,802.00	5,825,665,924.00
Free maternal health		21,750,000.00	105,794,753.00
TOTAL ALLOCATION	**4,366,389,448.00**	**5,230,622,802.00**	**5,931,460,677.00**
Change (Ksh)		**864,233,354.00**	**700,837,875.00**
Change (%ge)		**19.79**	**13.40**

b. Other Allocation from the national government for FY 2015/16

Type	FY 2013/14	FY 2014/15.	FY 2015/16.
Leasing of medical Equipments			45,500,807.00
Roads maintenance fuel levy			75,834,678.00
Loans and grants	354,912,725.00	287,383,344.00	257,665,006.00
TOTAL ALLOCATION	**354,912,725.00**	**287,383,344.00**	**379,000,491.00**

7.3.3 Additional Resources

In addition to the equitable share of revenue, county government of Makueni is expected to get additional resources from own revenues through imposition of property taxes, entertainment taxes, as well as any other tax they are authorised to impose by an Act of County Assembly as well as user fees

7.3.4 Local Revenue projections

The FY 2015/2016 budget will target increased revenue collection in the county from Kshs 400 Million in the FY2014/2015 budget to Kshs 440Million as tabulated below.

Type	FY 2013/14		FY 2014/15.	FY 2015/16.
	Projection	Actual	Projection	Projection
Local Revenues	350,000,000.00	189,187,741	400,000,000	440,000,000
Health-FIF			89,804,407	98,784,848
TOTAL OWN REVENUE	**350,000,000**	**189,187,741**	**489,804,407**	**538,784,848**
Change (Ksh)			**139,804,407**	**48,980,441**
Change (%ge)			**39.94**	**10**

The total revenue available for allocation amongst the prioritized programme for the 2015/2016 financial year will therefore be equal to ksh 6,364,450,771.70 excluding Conditional Allocations and donor funds.

7.3.5 Expenditure Forecasts

In FY 2015/16, overall expenditures are projected at Kshs. 6,364,450,771.70 up from the estimated Ksh. 5,756,103,525.00 in FY 2014/15 budget due to increased recurrent and capital expenditures.

Type	FY 2013/14	FY 2014/15.	FY 2015/16.
	Actual	Projection	Projection
Projected expenditure	4,555,577,189.00	5,756,103,525.00	6,364,450,771.70
TOTAL EXPENDITURE	**4,555,577,189.00**	**5,756,103,525.00**	**6,364,450,771.70**
Change (Ksh)		**1,200,526,336.00**	**608,347,246.70**
Change (%ge)		**26.35**	**10.57**

The above expenditure for F.Y 2015/2016 is exclusive of donor funded expenditures and the expected conditional expenditures from the National government.

7.3.6 Recurrent expenditures

The recurrent expenditure in FY 2015/2016 is projected to be 60% of the total budget. This is a remarkable decrease from 66% in the 2014/15 budget. This is majorly attributed to the fact that most departments have recruited required staff. The wage bill is expected to stabilize at 34.53% of revenue in the FY 2015/2016.

Expenditure ceilings on goods and services for the departments are based on funding allocation in the FY 2014/2015 budget as the starting point. Then an adjustment factor is applied to take into account the general increase in prices and the CIDP which is the development strategy for the county.

7.3.7 Development expenditures

The FY 2015/2016 ceiling for development expenditures excluding donor funded projects will be Kshs. 2,529,157,929.73, representing a 32.25% increase from, Kshs 1,912,364,807.73 in the FY 2014/2015.

7.3.8 Fiscal Discipline

Article 201 (d) of the Constitution requires public money to be used in a prudent and responsible way while Section 107 of the PFM Act, 2012 sets out the fiscal responsibility principles to be enforced by the County Treasuries. Current trends in the county planning and budgeting as well as execution of budgets suggest that county governments may have difficulty meeting these requirements.

The county may not realise the ambitious targets set for revenue collection for financial year 2014/15. There is therefore a risk that the county may end up with unfunded budget deficits at the end of the financial year. To mitigate this risk, the county will overhaul the revenue section and set up strategies to enhance efficiency and transparency in revenue collection.

The County government of Makueni will therefore be conservative in projecting its revenue collections. In addition, it will not include deficits in its budget for financial year 2015/16 without a clear and realistic plan of how the deficit will be funded.

To ensure a sustainable wage bill, the County Government will embark on staff rationalization and salary harmonization aimed at commiserating the staff based on the duties and responsibilities assigned. This will be achieved through implementation of the CARPS recommendation and other recommendations by the County Public Service Board.

The County government will also ensure compliance with the requirement of section 107(2) (b) of the PFMA 2012 which requires county governments to spend a minimum of 30 per cent of their budgets on development expenditure over the medium term.

To ensure openness and accountability in management of the county funds, the county treasury and the county government at large with adhere to Principles and Framework of Public Finance as provided for in chapter twelve of the constitution of Kenya 2010.

7.3.9 Key Focus areas

The key focus areas for the county government are;

i. develop a clear development road map for Makueni County build on available natural, financial and non-financial resources
ii. socio-economic transformation while focusing on water harvesting all over the county by improving the existing water structures and building new ones where applicable; *kutwiikany'a kiw'u*
iii. Investing in agricultural transformation and food security to expand food supply, support agro-processing industries and promote irrigated agriculture;. This will be done through development of the various value chains i.e horticulture value chain, fruit crops value chain, grains value chain, poultry value chain and meat value chains.
iv. Creating conducive environment in order to encourage innovation, investments, growth and expansion of economic and employment opportunities
v. Scaling up of investments in other key infrastructure including health, roads and energy to reduce cost of doing business and improve competitiveness;
vi. Investing in quality and accessible healthcare services and education as well as social

safety net to reduce burden on the households and complement and sustain long term growth and development.

8.0 MEDIUM TERM EXPENDITURE FRAMEWORK

Key Priorities for the 2015/16 Medium Term Budget

The MTEF budget will critically be reviewed with a view to remove non- priority expenditures and shift the savings to the priority programmes. The Constitution and the PFM Act, 2012 requires County Governments to promote budgetary transparency, accountability and effective management of the economy. In line with this, the County Government will aim at eliminating inefficient and wasteful public spending at all levels in order to promote public trust in public spending.

The water, infrastructure, Agriculture and health sectors will receive 35, 13.87, 13.40 and 10.79 per-cent respectively of total development expenditures. This reflects the priority assigned to the development in contributing to our growth objectives.

Sector percentage development allocation

SECTOR	2015/16 CFSP Development ceilings	%ge of Total Development Budget
AR&UD	339,000,475.75	13.40
Education	175,689,516.00	6.95
GECLA	180,865,000.00	7.15
Health	272,941,110.02	10.79
Infrastructure & ICT	350,693,122.00	13.87
PAIR	134,500,369.64	5.32
Social Protection	170,956,176.50	6.76
Water	904,512,159.83	35.76
Grand Total	**2,529,157,929.73**	**100.00**

Details of Sector Priorities

The medium term expenditure framework for 2015/16 – 2017/18 ensures continuity in resource allocation based on prioritized programmes aligned to the FY2013/14 & FY 2014/15 Budgets and strategic policy initiatives of the County Government to accelerate growth, employment creation and poverty reduction. The recent achievements and key priority targets for each sector are based on the reports from the Sector Working Groups (SWG).

8.1 Environmental Protection, Water and Natural Resources Sector

The Environmental Protection, Water and Natural Resources Sector consist of three sub-sectors namely: Environment, Water and Natural Resources, and Mining. The goal of the sector is to protect, conserve and promote environment and Natural Resources management and increase access to affordable water supply for sustainable County development.

In the FY 2013/14 the sector implemented 4 programmes and achieved the following; Constructed 12no. Earth dams desilted / constructed each with an average storage capacity of between 12000- 15000m3 , constructed 10 no sand dams were constructed across the County, drilled 9no. Boreholes with an average yield of 5M3/H. rehabilitated 15 water projects and initiated 7 Irrigation projects.

During the FY 2015/16, focus will be directed to the following priority areas; Water Harvesting - kutwiikany'a kiw'u, through construction of dams, Weirs, Sand dams and water pans and rehabilitation of existing dams and water pans, household water conservation and harvesting through; construction of terraces, construction of farm ponds, tree planting, rock catchment and water tanks. Operationalization of all stalled water projects, protection of springs in the hill masses & shallow wells in the lowlands, tree planting in the hill masses will done as part of catchment management to protect water sources. The county will also embark on construction of more sand dams across the major seasonal rivers Thwake, Kaiti. Ndue Nguu, Kiangini, Kikuu, Muuoni, Kiboko, Kibwezi, Kambu and Mtito Andei. This is expected to eventually restore the permanent flow in the rivers and also develop multipurpose storage reservoirs on the main river Athi in conjunction with the National government. The sector will also undertake planning, designing and construction of waste water treatment system in Wote urban centre and eventually in all major urban centres.

The sector will also lay strategies and implement re-afforestation and agroforestry programmes in order to increase the current forest cover of the county.

During the FY 2015/16, the Sector has been allocated Ksh 1,041,507,324.10 Billion, out of which Ksh 136,995,164.27Million is for Recurrent and Ksh 904,512,159.83Million for Development programmes.

8.2 Health Sector

The goal of the sector is to provide integrated and high quality curative, preventive and rehabilitative primary health care services that is equitable, responsive, accessible and accountable to the people of Makueni.

In the financial year 2013/14, the sector implemented four programmes and realized the following key achievements; constructed a new trauma centre at Makindu Hospital, operating theatres at Kilungu, Tawa and Sultan hospital and made adequate stocking of all hospitals, dispensaries and health centres with drugs and non-pharmaceuticals. The sector also employed new medical staff to reduce staff shortage i.e. 85 nurses, 21 clinical officers, 2 radiographers. An ultra-modern x-ray was also installed at Mbooni sub-county hospital.

Referral healthcare was improved through purchase and deployment of 12 new heavy duty ambulances together with setting up of an ambulance command centre for a toll free calling by patients. Hospitals, dispensaries and rural health facilities were also equipped with prerequisite equipment's and renovations done to 69 dispensaries across the county.

In order to sustain the gains made and improve on the sector performance, the County Government will be investing substantial resources in this Sector during the FY 2015/16. The Sector will construct laboratories, maternities and employ requisite staff to reduce distances covered by the county's citizenry looking for medical attention. The sector will endeavour to ensure medical drugs are sufficient and basic and technical health facility equipments are delivered to facilities. The department will further improve the referral system and ensure all sub-county hospitals are upgraded to provide integrated healthcare services. It will also ensure FREE maternal health care is availed to all health facilities.

During the FY 2015/16, the Sector has been allocated Ksh 1,782,406,074.67Billion, out of which Ksh 1,509,464,964.65Billion is for Recurrent and Ksh 272,941,110.02Million for Development programmes.

8.3 Energy, Infrastructure, Transport & Ict Sector

The goal of the sector is to ensure development of high quality, affordable, reliable and efficient transport, Energy and ICT infrastructure which are enablers for socio-economic transformation During the FY 2013/14 the Sector implemented 7 programmes and realized the following key achievements;

1. Transport Sub Sector; Graded over 1391 Km of roads, Purchased 2 graders, 2rollers, 2 back hoe loaders, 1 tippers truck,

2. Energy Sub Sector; Installed 60 no. of street lights erected & 33 no. of flood lights, done rural electrification done in 13 areas (electrical installation and KPLC power supply) and connected to power 60 institutions (ECDE classes)

3. ICT Sub Sector; established 16 CICs, Completed phase 1 of the County radio, launched GIS & Mapping on all county resources and major towns in conjunction with lands department for the purposes of efficient revenue and land rates collection.

During the FY 2015/16, focus will be directed to the following priority areas;

1. Transport Sub Sector; improving parking spaces through tarmacking & installation of cabros in all major towns, undertake road maintenance & construction of drifts & bridges on all roads connecting sub-county headquarters and gravelling all roads to village market centers to all weather standards through heavy grading and compacting, installing of a crusher plant (for Concrete) and tarmac 15km stretch of murram road at Wote town.
2. Energy sub sector; install flood lights in major towns, do electrification of public institutions, markets in conjunction with REA projects and promote use of renewable energy by households and institutions. This will involve the exploitation of the huge potential of renewable energy (wind & Solar) in the county.
3. ICT sub sector; Undertake Phase 2 of the County radio, construct model community empowerment centres to house a business center, an E-library, an incubator/research room and an e-billing/receipting desk, connect all Sub County ffices and ward

administrators offices with internet -Structured LAN (voice & data) and internet/Wi-Fi connectivity to all the Sub county Hqs offices and Ward administrators offices, roll out Bulk SMS system groups, staff and the public, establish an employment bureau-capacity database, develop and actualise the county fleet Management system,to cover various aspects of county fleet including scheduling, route allocation, online speed limit, fuel management and Geo fencing and remote engine management. The department also in conjunction with Finance department will roll out a revenue collection system to automate collection of revenue in the county. The department will also offer technical backstopping to all county departments on ICT matters and also lay strategies for the setting up of CCTVs in various parts of the county to boost security intervention measures.

During the FY 2015/16, the Sector has been allocated Ksh 515,279,529.13Million, out of which Ksh 164,586,407.13Million is for Recurrent and Ksh 350,693,122.00Million for Development programmes.

8.4 Agriculture, Rural and Urban Development (ARUD) Sector

The goal of the sector is to attain food security, sustainable land management, affordable housing and sustainable urban infrastructure development.

The key policy objectives of the sector include: raising agricultural productivity through value addition, increasing market access and adoption of technologies; exploiting irrigation potential; effective administration and management of land and land based resources; enhancing urban development; development of decent and affordable housing, and sustainable management of resources in the sector.

During the FY 2013/14 the Sector implemented 7 programmes and realized the following key achievements;

1. Agriculture & livestock subsector ; Provided Subsidized Artificial Insemination; Rehabilitated crushes for animal vaccination; undertook Poultry & Livestock breed improvement; trained farmers on Soil conservation, undertook vaccination against FMD and LSD; Started mechanized hay baling and pasture production and conservation programme, conducted farm tour visits, distributed Certified seeds, enhanced promotion

of orphaned crops; (through formation of sorghum clusters and demonstration on sorghum utilisation and on crop husbandry), Started construction of Kalamba fruit processing plant, installed coolers in the mini dairy processing plant and purchased motorbikes for various dairy cooperative societies.

2. Lands Sub Sector; planning was done for 25 markets, Surveying of land in 5 Wards completed successfully and data collection, analysis & plotting has done for various markets to facilitate land data digitization.

During the FY 2015/16, focus will be directed to the following priority areas:

1. Agriculture Sub sector; increasing agricultural production and productivity through input subsidy programme, mechanized agriculture, irrigated agriculture, improved animal genetics and vaccine production and enhancing County food security through increasing and expanding strategic food reserves.

   Specifically the department will undertake trainings & organise farm visits to farmers enhance their skills on modern farming techniques & livestock husbandry, enhance extension services, Undertake Environmental conservation, ensure and promote Agri business and value addition, expand the subsidized artificial insemination programme, initiate irrigation projects at household levels, ensure strengthening of farmer groups and marketing cooperatives to help in marketing of farm produce and reduce exploitation by middlemen, ensure timely provision of subsidized inputs; fertilizers and certified seeds, invest in state of art surveillance of crop & livestock diseases and initiate programmes for Pasture & range development and overall hay baling at household level.

   Agricultural development will be initiated through development of the various value chains i.e Horticulture value chain, Fruit crops value chain, Grains value chain, Poultry value chain and meat value chains

   The sub sector will also strengthen research, development and extension services, enhance farmer – market linkages by engaging the relevant stakeholders and support the operationalization of the Agricultural Training Centre.

2. Lands Subsector; Undertake Economic zoning of the county, Plan 60 markets, carry out land survey in the county and fast-track issuance of title deeds.

During the FY 2015/16, the Sector has been allocated Ksh 610,907,711.08 Million, out of which Ksh 271,907,235.33 Million is for Recurrent and Ksh 339,000,475.75 Million for Development programmes.

8.5 Public Administration and International Relations (PAIR)

This sector comprises of; Office of the Governor & Deputy Governor, Office of the County Secretary, County Public Service Board, Department of Finance & Planning, Department of Devolution and Public Service & the County Assembly.
The goal of the sector is to transformational development through poverty reduction initiativies and equitable distribution of resources; "Kila nyumba o kalila".

During the FY 2013/14 the Sector implemented 5 programmes and realized the following key achievements;

1. Finance Sub Sector; Undertook assets audit exercise of the previous local authorities, Spearheaded review of 1ST CDIP, uptake and promoting use of IFMIS in making payments, successful attempt to implement the 2013/14 budget together with other departments despite staff shortage, conducted county business census, Successfully conducted the 1st County PER & convened SWG, initiated development of the 2014/15 program based budget (1st under the county government), preparation of finance bill 2014/15 and operationalization of finance act 2013/14
2. County assembly Sub Sector; capacity building of committees, public participation and bills approval. The County Assembly also undertook training of staff for better productivity and high performance.
3. County Public service Board Sub Sector; Established board committees , recruited 1,200 new staff, carried out staff audit and developed the county disciplinary procedure manual.

During the FY 2015/16 focus will be based on the following priority areas;

1. CPSB Sub sector; strengthening the HR systems through the CPSB, Enhancing capacity building through training public service on change management / work culture and strengthening performance management in the County government.
2. Finance Sub Sector; Decentralization of treasury services to departments and the Sub County levels, strengthen the financial and planning regulatory framework,

strengthening documentation and information centers (DPU's), Operationalize the P2B & P2P modules of IFMIS system, Develop & ensure compliance to planning, budget & financial circulars and strengthen the procurement unit.

3. Devolution & Public Service; Institutionalize performance appraisal & performance contracting, operationalize the County Radio & undertake civic education.
4. Office of the Governor & Office of the County Assembly; Provide leadership and policy direction .

During the FY 2015/16, the Sector has been allocated Ksh 1,520,665,779.33 Billion, out of which Ksh 1,386,165,409.69 Billion is for Recurrent and Ksh 134,500,369.64 Million for Development programmes.

8.6 Education Sector;

The goal of the sector is to provide, promote, and coordinate quality pre-primary education, civic education, village polytechnics, home craft centre's and child care facilities.

During the FY 13/14 the department implemented 5 programmes and realized the following key achievements; Employed 66 CTTI instructors, 7 sub county ECDE coordinators and 882 ECDE teachers to support basic education and training in the county, Constructed 44 new ECDE centres, 22 CTTIs, 1 public library and 1 model primary school and awarded bursaries to needy and bright students worth Kshs 56M.

During the financial year 2015/2016 period focus will be based on the following priority areas;
Increased allocation to bursaries in collaboration with parents, enhance capitation to all ECDE learners, Construction and renovation of existing ECDE centres in primary schools, Construction of 3 No. model CTTIs, 6 No. Model Secondary Schools (3 Boys & 3 Girls), rehabilitation and equipping the existing CTTIs and develop suitable curriculum for CTTIs. The sector will further administer more county exams as well as rewarding and promoting best performers through scholarships and collaborating with other stakeholders to increase these beneficiaries.
The County will also establish a model library at each sub county level.

During the FY 2015/16, the Sector has been allocated Ksh 435,284,702.26 Million, out of which Ksh 259,595,186.26 Million is for Recurrent and Ksh 175,689,516.00 Million for Development programmes.

8.7 General Economic Commercial and Labour Affairs (GECLA)

The goal of the sector is to facilitate trade, investment and cooperatives by championing an enabling environment for business and facilitate sustainable tourism development for prosperity of the County.

In the Fy 2013/14 the sector implemented four programmes which realized the following key achievement; Set up Business Empowerment programme with an initial seed capital of 25M, Supported SMEs to participate in 4 trade shows and exhibitions, one investment conference successfully held, constructed 20 market sheds and 8 livestock yards, successfully trained 240 SMEs and established a consumer protection unit, Data collection on market infrastructure carried out in 2 sub counties, survey of tourism sites within the county was undertaken and documented. Further development of these potential tourism attraction sites is to be undertaken by the sector to promote the county for both internal and external tourism.

During the FY 2015/16 focus will be based on the following priority areas;
Establishing investment, research & marketing unit, construction of market sheds, modern stalls/kiosks, jua kali sheds stock yards, bus parks in major towns in the county. The sector will further establish light industrial park and facilitate trade shows and exhibitions for traders. Business empowerment programmes will be enhanced and collaboration with financial institution will be sort after to help entrepreneurs' access funds for business start-ups. The consumer protection unit will be further developed and capacity building for MSMEs shall be undertaken

During the FY 2015/16, the Sector has been allocated Ksh 235,146,139.96 Million, out of which Ksh 54,281,139.96 Million is for Recurrent and Ksh 180,865,000.00Million for Development programmes.

8.8 Social Protection, Culture and Recreation Sector

The goal of the sector is to facilitate and promote youth, men, women and sports activities by championing an enabling environment and securing cultural sites and empower the community to appreciate and sustain their cultural heritage. The sector seeks to promote issues of gender equality, equity and empowerment for different groups such as women, children, the unemployed youth, people living with HIV/AIDS and persons with disabilities.

During the FY2013/14, the sector implemented 4 programmes and realized the following key achievements; Surveyed OVCs in the county, 15 children homes supported with 5,000ltrs water tanks, 4 children homes supported with green houses, 10 children homes benefitted with drip kits, 23 children homes benefitted with food stuffs. Support to women programme led to 10 groups benefiting with tents & Chairs, 2 groups benefited with seats, 3 groups benefited with Galla goats, 25 groups supported with 5,000ltr water tanks, 1 group benefited with car wash machine to boost incomes of the group members. The sports programme successfully leveled and fenced off 12 sports fields, Organized Governor's cup in four leagues from the ward level to the county finals, supported 7 and 15 aside rugby teams which started and competing in the KRU leagues. 635 individual youths trained on entrepreneurship in the entire county to promote self-employment.

During the FY 2015/16 focus will be based on the following priority areas;
Empowerment of groups, initiating street children outreach programme, supporting OVC & the elderly, support to PWDs, construction and equipping of social halls, support and promotion of sporting activities and events, construction of sports stadium and Levelling of public sports fields, initiating drug and substance abuse programme and mentorship programmes, undertaking HIV/AIDS awareness programme and construction of a county talent centre.

The county will also construct a stadium, a talent centre & a county special school and enhance its support to the girl child by providing sanitary towels to all school-going girls and develop a policy to protect the boy-child.

During the FY 2015/16, the Sector has been allocated Ksh 223,253,511.17 Million, out of which Ksh 52,297,334.67 Million is for Recurrent and Ksh 170,956,176.50 Million for Development programmes.

ANNEXES

ANNEX 1: SECTOR CEILING

SECTOR	2014/15 ESTIMATES	2015/16 CFSP Salaries ceilings	2015/16 CFSP Recurrent ceilings	2015/16 CFSP Development ceilings	2015/16 CFSP TOTAL ceilings
AR&UD	542,370,045.74	188,645,147.17	83,262,088.16	339,000,475.75	610,907,711.08
Education	405,755,954.77	227,181,371.20	32,413,815.06	175,689,516.00	435,284,702.26
GECLA	206,916,420.57	25,093,214.00	29,187,925.96	180,865,000.00	235,146,139.96
Health	1,872,556,029.27	947,257,826.25	562,207,138.40	272,941,110.02	1,782,406,074.67
Infrastructure & ICT	393,859,790.04	71,990,209.86	92,596,197.27	350,693,122.00	515,279,529.13
PAIR	1,455,874,614.93	652,812,806.67	733,352,603.02	134,500,369.64	1,520,665,779.33
Social Protection	188,665,444.04	19,296,545.67	33,000,789.00	170,956,176.50	223,253,511.17
Water	690,105,225.64	65,399,164.27	71,596,000.00	904,512,159.83	1,041,507,324.10
Grand Total	5,756,103,525.00	**2,197,676,285.09**	**1,637,616,556.88**	**2,529,157,929.73**	**6,364,450,771.70**

Annex 3: Summary of Sector Programmes and sub-programmes, 2015/16 - 2017/18

Sector	Department	Programmes/Sub-Programme
Health	Health	**P.1 General administrative and policy formulation**
		SP 1.1 Personnel services
		SP 1.2 Administration Services
		SP 1.3 HQ Development
		P.2 Curative health care services
		SP 2.1 Administration Services for curative health
		SP 2.2 County clinic medicine supply & inventory mgt service
		SP 2.3 County Hospitals & County clinics management services
		SP 2.4 County clinics development
		P.3 Preventive and Promotive health care services
		SP 3.1 Community Health services
		SP 3.2 Disease control(Communicable & Non-communicable)
		SP 3 Community Health workers basic health service training
Social Protection	Gender	**P.1 Administration, planning and support services**
		SP1.1 Personnel services
		SP1.2 Administration services
		P.2 Gender and social development
		SP 2.1 Administration services for gender and social development
		SP 2.2 Support to PWDS
		SP 2.3 Men & Women financial support
		SP 2.4 capacity building and training for groups
		SP 2.5 Support to OVCs
		SP 2.6 Gender and development infrastructural support
		P 3:Youth Development & Empowerment
		SP 3.1 Administration services for Youth development, empowerment and sports
		SP 3.2 Youth support and empowerment
		P4 : Sports
		SP 4.1 Development and management of sports facilities
		SP 4.2 Sports promotion and support services
Education	Education	**P.1 Administration, Planning & Support Services**
		SP.1.1 Administration services
		SP1.2 Personnel services
		P.2.Early childhood education
		S.P.2.1 Administration, Planning & Support Services for early childhood
		SP2.2 Nursery infrastructure and facility development
		P.3 Technical Vocational training
		SP3.1 Technical training colleges development
		P.4 Civic education
		S.P.4.1 Administration, Planning & Support Services for civic

		education
		S.P.4.2 Community sensitization
Infrastructure, Energy & ICT	**Transport**	**Programme 1: Administration, Planning and Support services**
		SP1. 1 Administration services
		SP1. 2 Personnel services
		Programme 2: Road transport
		SP2. 1 Grading, Murraming, tarmacking of roads
		SP2. 2 Design & Construction of Culverts, Bridges & Drifts
		Programme 3: Infrastructure development, Vehicles , Machinery & other Equipments
		SP3. 1 Construction & Renovation of Buildings
		SP3. 2 Water Boozers, Machinery & Equipments
	Energy	**Programme 1; Electrification**
		SP1. 1 County Street Lighting
		SP1. 2 Rural Electrification
	ICT	**Programme 1: Administration, Planning and Support services**
		SP1. 1 Personnel services
		SP1. 1 Administration services
		P.2: Information and Communication Services
		SP2. 1 News and Information Services
		SP2. 2 Support to artist
		P3: ICT Infrastructure & Systems Development
		SP3. 1 ICT Development, Software applications & Disaster systems
		SP3. 2 Construction & Equipping of resource centres
		SP3. 3 Connectivity to institutions
Environmental Protection, Water & Natural Resources	**water**	**Programme 1: Administration, Planning and Support services**
		SP1.1 Administration services
		SP1.2 Personnel services
		SP1.3 Hydrological Survey and designs
		Programme 2: Water Resources Management and Water Storage
		SP2.1 Water storage and flood control
		SP2.2 Acquisition of earth moving Equipments
		SP2.3 Purchase of water drilling rig set and dozers
		SP2.4 Water Supply Infrastructure
		Programme 3: Irrigation development
		SP3.1 Construction of Weirs & pipeline Canals
		SP3.2 Establishing & Expanding Irrigation Schemes

		Programme 4: Environment Management and Protection
		SP3.1 Water catchment areas protection, rehabilitation
		SP3.1 Conservation
		Programme 5 : Natural Resources conservation and management
		SP5.1 Re-afforestation Programmes
General Economic & Commercial Affairs	**Trade**	**P1 Policy formulation and administrative services**
		SP 1.1 Personnel services
		SP 1.2 Administration services
		SP 3 Head Quarter projects
		P2 Trade development and promotion
		SP 2.1 Administration services for trade & development
		SP 2.2 Business financing & incubation for MSMEs
		SP 2.3 County trade & export markets development
		SP 2.4 Local markets development
		P 3 Tourism development and promotion
		SP 3.1 Administration services for tourism development & promotion
		SP 3.2 Tourism promotion and marketing
		SP 3.3 Local content niche tourism development
		SP 3.4 Tourism infrastructure development
		P 4 Co-operative development
		SP 4.1 Co-operative policy, research & advisory
		SP 4.2 Co-operative society development & promotion
Agriculture, Rural & Urban Development	**Agriculture**	**P.1 Administration, Planning & Support Services**
		SP.1.1 Administration services
		SP.1.2 personnel services
		P 2. Crop Development and Productivity
		S.P.2.1 land & crop productivity enhancement & management
		P 3. Agri-business and information management
		SP.3.1 Agricultural information management
		P 4. Livestock Resources Management and Development
		SP.4.1 livestock production and management
	Lands	**P.1 Administration, Planning & Support Services**
		SP.1.1 Administration services
		SP.1.2 personnel services
		P. 2 County Urban Planning& Housing
		SP.2.1 Urban planning& development agency
		P.3 Land Survey & Mapping
		SP.3.1 County human settlement services

		SP.3.2 County Planning & Spatial development
Public Administration And International Relations	Office of the Governor & Deputy Governor	**P.1 Administration, Planning & Support Services**
		SP.1.1 Administration services
		SP.1.2 personnel services
		SP.1.3 county cabinet support services
		P.2. Government advisory Services
		S.P.2.1 Legal & county assembly liaison & advisory services
		P.3 Deputy Governor
		SP.3.1 office of the deputy governor
		P.4. Leadership & Coordination of MDAs
		SP.4.1 County Service
	Finance & Socio Economic Planning	**P.1 Administration, Planning & Support Services**
		SP.1.1 Administration services
		SP.1.2 personnel services
		P.2. Accounting, financial standards & reporting
		S.P.2.1 Accounting standards policy enforcement & monitoring
		P.3 Economic & Financial policy management
		SP.3.1 Economic & Financial Planning
		P.4 Internal Audit
		SP.4.1 Government Internal audit service
		P.5. Resource mobilization & revenue
		S.P.5.1 Revenue generation & estimates modelling
		P.6. Procurement & supply chain oversight
		SP.6.1 Procurement compliance & reporting
		P.7. Budget management
		SP.7.1 Budget preparation, coordination & management
		P.8. Monitoring & Evaluation office
		SP.8.1 County integrated Monitoring & evaluation services
	County Public Service Board	**P 1 Administration, Planning and Support services**
		SP1.1 Administration services
		SP1.2 Personnel services
	Devolution	**P.1 Administration, Planning & Support Services**
		SP.1.1 Administration services
		SP.1.2 personnel services

	County Assembly	P Legislation and Oversight Services
		SP.1.1 Administration services

ANNEX 3: DEPARTMENT CEILING

DEPARTMENT	2014/15 ESTIMATES	2015/16 BROP CEILINGS	2015/16 CFSP Salaries ceilings	2015/16 CFSP Recurrent ceilings	2015/16 CFSP Development ceilings	2015/16 CFSP TOTAL ceilings	Ratio
Department of legal services	38,845,573.37	47,194,125.34	15,183,750.31	27,718,288.74		42,902,039.05	0.67
Department of ICT	66,679,342.50	88,480,055.96	22,338,915.92	20,315,121.83	35,700,000.00	78,354,037.75	1.23
County Public service board	71,267,006.63	59,228,071.10	13,294,752.40	45,350,000.00	0	58,644,752.40	0.92
Department of lands	134,635,148.51	145,185,581.75	25,866,894.23	16,874,969.27	122,300,000.00	165,041,863.50	2.59
Office of Governor	165,883,348.45	176,205,021.74	49,601,383.40	114,585,000.00	0	164,186,383.40	2.58
Department of trade	206,916,420.57	209,377,535.40	25,093,214.00	29,187,925.96	180,865,000.00	235,146,139.96	3.69
Department of gender	188,665,444.04	222,524,183.70	19,296,545.67	33,000,789.00	170,956,176.50	223,253,511.17	3.51
County Public service	232,841,201.74	290,791,274.05	201,605,703.68	67,401,375.38	0	269,007,079.06	4.23
Department of finance	405,600,522.91	364,162,076.32	171,924,071.33	226,316,488.45	33,000,000.00	431,240,559.78	6.78
Department of education	405,755,954.77	502,627,114.92	227,181,371.20	32,413,815.06	175,689,516.00	435,284,702.26	6.84
Department of transport	327,180,447.54	415,867,423.33	49,651,293.94	72,281,075.44	314,993,122.00	436,925,491.38	6.87
Department of agriculture	407,734,897.23	482,341,897.84	162,778,252.94	66,387,118.89	216,700,475.75	445,865,847.58	7.01
Department of water	690,105,225.64	894,175,880.70	65,399,164.27	71,596,000.00	904,512,159.83	1,041,507,324.10	16.36
Department of health	1,872,556,029.27	1,888,081,507.33	947,257,826.25	562,207,138.40	272,941,110.02	1,782,406,074.67	28.01
Department of Devolution & Public Service	91,254,368.83	12,488,554.10	5,328,231.00	50,907,772.00	39,000,369.64	95,236,372.64	1.50
County Assembly	450,182,593.00	460,550,852.30	195,874,914.55	201,073,678.45	62,500,000.00	459,448,593.00	7.22
Sub Totals	**5,756,103,525.00**	**6,259,281,155.88**	**2,197,676,285.09**	**1,637,616,556.88**	**2,529,157,929.73**	**6,364,450,771.70**	**100**
%ge of the total			**34.53**	**25.73**	**39.74**	**100**	