



# **COUNTY GOVERNMENT OF WEST POKOT**

## **COUNTY TREASURY**

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## **COUNTY BUDGET REVIEW**

## **AND OUTLOOK PAPER**

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**SEPTEMBER 2019**

## **FOREWORD**

It is with great pleasure that the County Treasury presents the County Budget Review and Outlook Paper (CBROP) for West Pokot County government for the FY 2018/19. This report has been prepared in line with Section 118 of The Public Finance Management Act, 2012 which requires every County Government to prepare and submit a County Budget Review and Outlook Paper (CBROP).

The CBROP provides an analysis of the details of the actual fiscal performance in the previous year compared to the budget appropriation for that year, the updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper. It also provides a description of 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. Further, it sets indicative ministerial ceilings for FY 2020/21 in line with key sector strategic objectives and priorities as set out in the County Integrated Development Plan (2018-2022) and the Governor's Manifesto.

Our commitment is to ensure that we realise the County's goal of reducing poverty and creating employment by focusing our expenditure on high impact projects and programmes. In this regard, the need for continued fiscal discipline through strategic planning, efficient resource management and prudent utilization of public resources is emphasized.

God bless our County.

**Augustine Monges**

**CECM, Finance and Economic Planning**

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## **ACRONYMS**

|       |                                    |
|-------|------------------------------------|
| CBROP | Budget Review And Outlook Paper    |
| CFSP  | County Fiscal Strategy Paper       |
| CIDP  | County Integrated Development Plan |
| ADP   | Annual Development Plan            |
| GDP   | Gross Domestic Product             |
| MTEF  | Medium Term Expenditure Framework  |
| PFM   | Public Finance Management Act      |
| FY    | Financial Year                     |
| CRF   | County Revenue Fund                |
| CARA  | County Allocation Revenue Act      |
| MTP   | Medium Term Plan                   |

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## **CHAPTER ONE: INTRODUCTION**

### **1.1 Legal Basis for the Preparation of CBROP**

The County Budget Review and Outlook Paper has been prepared in accordance with Section 118 of the Public Financial Management Act, 2012. The law states that:

1. The County Treasury shall prepare and submit to the County Executive Committee for approval in each financial year, a County Budget Review and Outlook Paper by 30th September of that year.
2. County Executive Committee shall consider the CBROP with a view to approving it with or without amendments, not later than fourteen days after its submission.
3. Not later than seven days after the CBROP has been approved by Executive committee, the County Treasury shall:
  - a) Submit the paper to the Budget and appropriation Committee of the County Assembly to be laid before the County Assembly; and
  - b) Publish and publicize the paper not later than fifteen days after laying the Paper before County Assembly.

### **1.2 Specific Objectives of County Budget Review and Outlook Paper**

The main objectives of the CBROP 2019 are;

- a) To provide an analysis of actual fiscal performance in the FY 2018/2019 compared to the budget appropriation for that year.
- b) To provide updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper (CFSP).
- c) To provide information on any changes in the forecasts compared with the County Fiscal Strategy Paper; or how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles or the financial objectives in the latest CFSP; and
- d) To give the reasons for any deviation from the financial objectives together with proposals to address the deviation and the time estimated to do so.

## CHAPTER TWO: REVIEW OF FISCAL PERFORMANCE

### 2.1 Overview of Resource Envelope

**Table 1: Total Resource Envelope for FY 2018/2019**

| PROJECTED REVENUE                                      | FY 2017/18<br>Approved<br>Estimates Kshs | FY 2018/19<br>Approved<br>Estimates<br>(Kshs) | FY 2018/19<br>Total<br>Supplementary<br>I Estimates<br>(Kshs) | FY 2018/19<br>Total<br>Supplementary<br>II Estimates<br>(Kshs) |
|--|--|---|---|--|
| <b>1. National Revenue</b>                             |  |   |   |  |
| a) Equitable share                                     | 4,726,351,328                            | 4,929,800,000.00                              | 4,929,800,000.00  | 4,929,800,000.00   |
| b) Equalization fund                                   | -  | -   | -   | -  |
| c) Conditional allocation(National Government Revenue) | 179,997,699                              | 170,810,825.00                                | 170,810,825.00  | 170,810,825.00   |
| d) Grants/Loans  | 95,792,447                               | 419,206,096                                   | 468,265,500.00  | 571,557,362.00   |
| e) Balance b/d   |  | -   | 574,974,004.00  | 574,974,004.00   |
| <b>2. Own Revenue Sources</b>                          |  |   |   |  |
| e) Projected Revenue From Local Sources                | 105,320,184.00                           | 122,370,189.00                                | 152,370,189.00  | 122,370,189.00   |
| <b>Total</b>   | <b>5,107,461,658.00</b>                  | <b>5,642,187,110.00</b>                       | <b>6,296,220,518.00</b>                                       | <b>6,369,512,380.00</b>  |

*Source: County Supplementary Estimates, FY 2018/19*

The table above provides estimates of revenue projection for the FY 2018/19 supplementary budget. The overall total projected revenue was estimated at Kshs. 6,369,512,380.00. This revenue comprised of projected equitable share of Kshs.4, 929,800,000.00.

Conditional allocation from the national government revenue was projected at Kshs.170, 810,825.00. This projection comprised of Kshs. 28,885,000.00 conditional allocation for rehabilitation of county polytechnics, Kshs. 12,128,484.00 conditional allocation for compensation for user fees foregone and Kshs.129, 797,341.00 conditional allocations from Roads Maintenance Fuel Levy Fund.

Other conditional allocations from external loans or grants from development partners were projected at Ksh. 571,557,362.00. The projected loans/ grants are a Ksh.100,000,000.00 loan to finance Transforming Healthcare Systems for Universal Care Project, Ksh. 117,000,000.00 loan to finance Kenya Climate Smart Agriculture Project, Ksh.42,917,546.00 grant for Kenya Devolution Support Programme (level I), Ksh.41,200,000.00(UGI) & Ksh.73,392,300.00(UDG) loan for the Kenya Urban Support Project. Others are Ksh.15, 896,250.00 DANIDA grant to finance Universal Healthcare in Devolved System Program,



Ksh.1,554,500 UNICEF grant for repair of boreholes, Ksh.77,504,904.00 EU grant to finance Instruments for Devolution Advice &Support (Nasukuta abattoir project), Ksh. 22,091,862 Swedish government loan to finance the Agricultural Sector Development Support Programme II and Ksh.80,000,000.00 EU loan to finance the water tower protection and climate change mitigation and adaptation programme.

Local internal revenue was projected at Ksh. 122,370,189.00. The balance brought forward (unspent balances) from the FY 2017/18 amounted to Ksh. 574,974,004.00. This comprised of equitable share balance of Ksh.376, 351,456.30, Roads Maintenance Fuel Levy Fund balance of Ksh. 100,934,657.95, allocation for rehabilitation of vocational training centres balance of Ksh. 32,549,071.00, allocation for transforming health systems for Universal Health Care balance of Ksh.50, 378,963.75 and balance of Ksh.14, 759,855.00 for the Kenya Devolution Support Programme.

## 2.2 Budget Summary Performance

### 2.2.1 Analysis of Performance of Conditional Grants/Loans

**Table 2: Conditional Grants Performance**

| Grants/Loans  | Budget FY 2018/2019   | Amount Received       | %         |
|---|-----------------------|-----------------------|-----------|
| Kenya Devolution Support Programme                                  | 57,677,401.00         | 14,759,855.00         | 26        |
| Transforming Health Systems for Universal Care Project (World Bank) | 150,378,963.00        | 105,678,435.70        | 70        |
| DANIDA (Universal Health Care in Devolved System Program)           | 15,896,250.00         | 15,896,250.00         | 100       |
| Forgone User Fees Grant   | 12,128,484.00         | 12,128,484.00         | 100       |
| Rehabilitation of Village Polytechnics Grant                        | 61,434,072.00         | 54,357,246.00         | 88        |
| Road Maintenance Fuel Levy Grant                                    | 230,731,998.00        | 230,731,998.00        | 100       |
| Kenya Climate Smart Agriculture Project (World Bank)                | 117,000,000.00        | 39,517,239.00         | 34        |
| EU IDEAS-Nasukuta project   | 77,504,904.00         | 77,503,804.00         | 100       |
| ASDSP   | 22,091,862.00         | 8,043,154.00          | 36        |
| Kenya Urban Institutional Grant (UIG)                               | 41,200,000.00         | 41,200,000.00         | 100       |
| Kenya Urban Support Project (UDG)                                   | 73,392,300.00         | 73,392,300.00         | 100       |
| EU-Water Protection   | 80,000,000.00         | -                     | 0         |
| UNICEF Grant for Repair of Water Facilities                         | 1,554,500.00          | 1,554,500.00          | 100       |
| <b>TOTAL</b>  | <b>940,990,734.00</b> | <b>674,763,265.70</b> | <b>72</b> |

*Source: West Pokot County Treasury, 2019*

The Conditional Grants/Loans Received from National Government and other Development Partners amounted to Ksh.674,763,265.70 representing 72 percent of the total projected Conditional Grants/Loans from National Government and Other Development Partners.

These comprised of ksh. 200,177,046.75 balance from FY 2017/2018 and Ksh.474, 586,218.95 received for FY 2018/2019.

## 2.2.2 Analysis of Local Revenue Performance

**Table 3: Local Revenue Streams and Performance**

| Revenue Source   | Projected Estimates<br>FY 2018/19 | Actual Revenue<br>Collected | %         |
|--|-----------------------------------|-----------------------------|-----------|
| Kiosk Rent   | 1,436,377.80                      | 1,571,900                   | 109       |
| Single Business Permit   | 5,423,697.80                      | 17,122,965                  | 316       |
| Market Fee   | 3,656,398.90                      | 2,774,345                   | 76        |
| Building Approvals   | 263,996.70                        | 384,000                     | 145       |
| Cess   | 24,932,703.80                     | 5,569,826                   | 22        |
| Sand, gravel and ballast extraction  | 24,894,475.60                     | 29,688,130                  | 119       |
| Stock cess/slaughter   | 7,873,354.50                      | 5,671,770                   | 72        |
| House Rent   | 438,845.00                        | 1,029,307.35                | 235       |
| Advertising  | 193,598.90                        | 578,670                     | 299       |
| Parking Fee  | 1,585,061.50                      | 801,320                     | 51        |
| Bus Park and Motorcycle  | 5,823,083.10                      | 3,753,020                   | 64        |
| Renewals/Applications  | 1,469,481.20                      | 1,359,230                   | 92        |
| Liquor Licensing   |                                   | 150,000                     |           |
| Other fees and charges (public toilet, honey, hides & skin, firewood, tamarind aloe Vera, fish, scrap metal, penalties,) | 14,751,526.90                     | 10,735,012                  | 73        |
| Agriculture  | 691,625.00                        | 2,791,473.25                | 404       |
| Health (cost sharing and public health)  | 24,677,901.70                     | 25,186,555                  | 102       |
| Lands (Plot/Land Rates)  | 3,075,955.30                      | 7,034,995                   | 229       |
| Livestock/Permits movement   | 1,182,105.30                      | 393,520                     | 33        |
| Public Health Facilities Fee   |                                   | 907,230                     |           |
| Forest Products Fees   |                                   | 1,326,170.00                |           |
| <b>Grand Totals</b>  | <b>122,370,189.00</b>             | <b>118,829,439</b>          | <b>97</b> |

*Source: West Pokot County Treasury, 2019*

Receipts from Local Revenue amounted to Kshs.118, 829,439 against the projection of Kshs. 122,370,189 in the FY 2018/2019. This represented local revenue performance of 97%. There was an overall improvement in the collection of revenue by the county Government by ksh 30.1 Million in Comparison with the local revenue collected in the FY 2017/2018.

## 2.3 County Expenditure Performance

The County Government had a total Projected Expenditure of Ksh. 6,369,512,380.00. Comprising of Projected Recurrent Expenditure of Ksh.4,139,234,607.73 for Recurrent Expenditure and Ksh. 2,230,277,772.27 for Development Expenditure.

### 2.3.1 Summary of Recurrent Expenditure by Sector

**Table 4: Summary of Recurrent Expenditure**

| <b>VOTE</b>   | <b>Recurrent Estimates</b> | <b>Actual Expenditure</b> | <b>Absorption (%)</b> |
|---|----------------------------|---------------------------|-----------------------|
| County Executive  | 444,030,949.43             | 426,079,101.00            | 96                    |
| Finance and Economic Planning                           | 283,612,694.07             | 265,046,394.00            | 93                    |
| Public Works, Transport and Infrastructure              | 79,140,055.60              | 71,791,527.00             | 91                    |
| Health, Sanitation and Emergency Services               | 1,265,030,261.55           | 1,254,510,315.00          | 99                    |
| Education and Technical Training                        | 659,976,246.27             | 628,790,152.00            | 95                    |
| Agriculture and Irrigation                              | 116,410,756.00             | 113,991,863.00            | 98                    |
| Pastoral Economy  | 107,928,262.00             | 100,226,520.00            | 93                    |
| Trade, Industrialization and Cooperative Development    | 58,238,656.80              | 54,519,971.00             | 94                    |
| Lands, Housing, Physical Planning and Urban Development | 80,098,049.60              | 77,388,884.00             | 97                    |
| Water, Environment and Natural Resources                | 90,806,379.48              | 79,865,586.00             | 88                    |
| Youths, Sports, Tourism, Gender and Social Services.    | 71,308,639.76              | 68,180,133.00             | 96                    |
| West Pokot County Assembly                              | 573,458,581.00             | 572,150,547.00            | 100                   |
| Public Service, ICT and Decentralized Units             | 204,451,984.88             | 196,352,188.00            | 96                    |
| Special Programmes and Directorates                     | 104,743,091.28             | 90,367,855.00             | 86                    |
| <b>TOTAL</b>  | <b>4,139,234,607.73</b>    | <b>3,999,261,036.00</b>   | <b>97</b>             |

*Source: West Pokot County Treasury, 2019*

The recurrent expenditure for the period under review represented an absorption rate of 97% of the annual recurrent budget. County Assembly had the highest percentage absorption rate of 100% while Special Programmes and Directorates had the least absorption rate of 86%.

### 2.3.2 Summary of Development Expenditure by Sector

**Table 5: Summary of Development Expenditure**

| <b>Vote</b>  | <b>Development Estimates</b> | <b>Actual Expenditure</b> | <b>Absorption (%)</b> |
|--|------------------------------|---------------------------|-----------------------|
| County Executive                                     | 51,620,340.00                | 20,574,811.00             | 40                    |
| Finance and Economic Planning                        | -                            | -                         | -                     |
| Public Works, Transport and Infrastructure           | 400,288,956.96               | 330,200,710.00            | 82                    |
| Health, Sanitation and Emergency Services            | 493,701,272.13               | 363,467,076.00            | 74                    |
| Education and Technical Training                     | 195,801,065.00               | 188,583,152.00            | 96                    |
| Agriculture and Irrigation                           | 198,312,441.15               | 85,054,344.00             | 43                    |
| Pastoral Economy                                     | 211,768,380.48               | 177,109,748.00            | 84                    |
| Trade, Industrialization and Cooperative Development | 33,725,504.28                | 20,714,575.00             | 61                    |

|   |                         |                         |           |
|---|-------------------------|-------------------------|-----------|
| Lands, Housing, Physical Planning and Urban Development | 134,840,390.00          | 71,192,010.00           | 53        |
| Water, Environment and Natural Resources                | 220,667,305.00          | 95,252,180.00           | 43        |
| Youths, Sports, Tourism, Gender and Social Services.    | 59,452,117.27           | 51,676,524.00           | 87        |
| West Pokot County Assembly                              | 143,000,000.00          | 117,184,727.00          | 82        |
| Public Service, ICT and Decentralized Units             | 22,100,000.00           | 20,000,000.00           | 90        |
| Special Programmes and Directorates                     | 65,000,000.00           | 47,299,800.00           | 73%       |
| <b>Totals</b>   | <b>2,230,277,772.27</b> | <b>1,588,309,657.00</b> | <b>71</b> |

*Source: West Pokot County Treasury, 2019*

The overall county Development expenditure represented absorption rate of 71%. Department of Public Service, ICT and Decentralized units had the highest absorption rate of 90% while Departments of Agriculture and Irrigation; and Water, Environment and Natural Resources had the least Percentage of 43% each.

West Pokot County Recurrent and Development expenditure was within the budgeted estimates in accordance with the fiscal responsibility principles and financial objectives contained in the PFM Act. All the funds which were not spent and Projects which were not implemented will be re-budgeted in FY 2019/20 supplementary budget.

### 2.3.3 Summary of Recurrent Expenditure by Economic Classification

**Table 6: Summary of Personal Emoluments Expenditure**

| Vote  | Projected PE     | Actual PE        | Absorption (%) |
|---|------------------|------------------|----------------|
| County Executive  | 207,890,689.21   | 207,874,558.00   | 100            |
| Finance and Economic Planning                           | 135,482,793.00   | 135,979,560.35   | 100            |
| Public Works, Transport and Infrastructure              | 48,291,955.80    | 50,071,010.40    | 104            |
| Health, Sanitation and Emergency Services               | 1,011,110,598.95 | 1,009,463,018.65 | 100            |
| Education and Technical Training                        | 211,553,429.87   | 210,000,309.55   | 99             |
| Agriculture and Irrigation                              | 85,054,296.00    | 84,992,875.20    | 100            |
| Pastoral Economy  | 73,179,462.00    | 73,094,362.05    | 100            |
| Trade, Industrialization and Cooperative Development    | 32,447,656.80    | 32,202,599.10    | 99             |
| Lands, Housing, Physical Planning and Urban Development | 50,470,740.00    | 50,770,721.50    | 101            |
| Water, Environment and Natural Resources                | 38,571,099.60    | 38,555,037.45    | 100            |
| Youths, Sports, Tourism, Gender and Social Services.    | 22,979,254.80    | 22,977,213.20    | 100            |
| West Pokot County Assembly                              | 225,007,608.80   | 224,332,542.00   | 100            |
| Public Service, ICT and Decentralized Units             | 148,447,774.60   | 145,371,824.10   | 98             |
| Special Programmes and Directorates                     | 40,113,025.00    | 39,198,478.25    | 98             |

|              |                         |                         |            |
|--------------|-------------------------|-------------------------|------------|
| <b>Total</b> | <b>2,330,600,384.43</b> | <b>2,324,884,109.80</b> | <b>100</b> |
|--------------|-------------------------|-------------------------|------------|

**Table 7: Summary of Operation and Maintenance Expenditure**

| <b>Vote</b>   | <b>Estimated O&amp;M</b> | <b>Actual O&amp;M</b>   | <b>Absorption (%)</b> |
|---|--------------------------|-------------------------|-----------------------|
| County Executive  | 236,140,260.22           | 218,204,543.00          | 92                    |
| Finance and Economic Planning                           | 148,129,901.07           | 129,066,833.65          | 87                    |
| Public Works, Transport and infrastructure              | 30,848,099.80            | 21,720,516.60           | 70                    |
| Health, Sanitation and Emergency Services               | 253,919,662.60           | 245,047,296.35          | 97                    |
| Education and Technical Training                        | 448,422,816.40           | 418,789,842.45          | 93                    |
| Agriculture and Irrigation                              | 31,356,460.00            | 28,998,987.80           | 92                    |
| Pastoral Economy  | 34,748,800.00            | 27,132,157.95           | 78                    |
| Trade, industrialization and Cooperative Development    | 25,791,000.00            | 22,317,371.90           | 87                    |
| Lands, Housing, Physical Planning and Urban Development | 29,627,309.60            | 26,618,162.50           | 90                    |
| Water, Environment and Natural Resources                | 52,235,279.88            | 41,310,548.55           | 79                    |
| Youths, Sports, Tourism, Gender and Social Services.    | 48,329,384.96            | 45,202,919.80           | 94                    |
| West Pokot County Assembly                              | 363,627,972.20           | 347,818,005.00          | 96                    |
| Public Service, ICT and Decentralized Units             | 56,004,210.28            | 50,980,363.90           | 91                    |
| Special Programmes and Directorates                     | 64,630,066.28            | 51,169,376.75           | 79                    |
| <b>Total</b>  | <b>1,823,811,223.30</b>  | <b>1,674,376,926.20</b> | <b>92</b>             |

In the period under review, the county government spent Kshs.2.324 billion on personnel emoluments an increase of Ksh 329 million compared to FY 2017/2018 which was ksh 1.995 billion. A total of Kshs.1.67 billion was spent on operations and maintenance expenses during the reporting period compared to Kshs. 1.57 billion spent in the FY 2017/2018.

## **2.4 Departmental Performance and Progress**

### **Department of Public Works, Transport and Infrastructure**

The department comprises of four units namely Roads, Transport, Public Works and Vehicle Maintenance .Its mandate is to provide efficient, affordable and reliable infrastructure for sustainable economic growth and development. In the FY 2018/19 the department maintained a total of 560km of county roads, 207 km of new roads were opened up and 31.5 km of county roads graveled. Several roads projects are currently ongoing.

### **Department of Finance and Economic Planning**

The department provides overall leadership and policy direction in economic planning coordination, public finance management, and accountability for quality public service delivery. This department comprises of the following units; Economic Planning, Budget, Revenue, M&E, Supply Chain Management, Accounts, and Internal Audit.

The department improved revenue collection performance by 33.9 per cent in 2018-2019 compared to 2017-2018. Further, the annual development plan, budget estimates, County Fiscal strategy & Debt management strategy papers, procurement plans and the annual progress reports were prepared and approved. Budget Public participation was also carried out during the review period. The strategic direction for the ministry during the MTEF period will include: Ensuring efficient resource mobilization, effective and equitable public spending, strengthening internal revenue and internal staff capacity, landscaping works for the new treasury building and completion of Masol Integrated Projects. In the FY 2018/19 the department had no Development allocation.

### **Department of Health, Sanitation and Emergency Services**

The department aspires to have a disease-free Community. In the FY 2018/19 the department was able to implement the following projects. The following is a summary of achievements and progress realized during the period under review.

- To reduce preventable disease incidences in order to lower the county disease burden, Proportion of children under one year fully immunized increased from 39.3 to 50.4 percent, while Proportion of pregnant women attending 4th ANC visit increased from 13.9 to 22 percent and Proportion of deliveries conducted by skilled attendants increased from 33.3 to 44.5 percent. The number of TB cases identified and put on treatment increased by 54.67 percent from 1,774 (2017-18) to 2,744 (2018-19).
- To improve access to quality and affordable curative services for a healthy society. The department constructed 18 new dispensaries and operationalized, renovation of Kapenguria county referral waiting shade (Kiror). 3 Level 4 health facilities are with X-Ray services – Ortum mission Hospital, Kacheliba Sub county Hospital and Kapenguria County Referral Hospital, to provide specialized curative diagnostic interventions, 2 utility vehicles were procured with support from World Bank – THS-UHC project. The department employed 114 nurses, Procured 20,000 mother child handbooks, 12 solar fridges, 43 delivery beds and 30 delivery set, and Procured and received 17,650 mama kit.

To improve water, hygiene standard and general environmental sanitation the department conducted 5 MOD sensitization meetings, 100 community opinion leaders were involved in RMNCAH indicators

### **Department of Education & Technical Training**

The department of education & technical training aspires to provide globally competitive pre-primary education and youth training system, integrating the use of technology for efficient service delivery. In the FY 2018/19 .

In the FY 2018-2019 the department the department constructed 164 ECDE classrooms, 12 ECDE pit latrines through use of labor based contracts, supplied new curriculum instructional books materials to 1032 ECDE centres and trained 135 ECDE teachers on new curriculum with partnership with world vision and daughters of charity. Under Technical education, the department renovated Kodich VTC by roofing the dormitory and supplied 6 VTCs with modern training tools and equipment. Two radio talks and 3 public Barazas sensitization campaigns were undertaken to promote VTCS. Kapenguria, Chepareria and Sigor VTCs were also rebranded and 42 VTC instructors were employed.

The department provided county bursary to 23,400 beneficiaries in secondary schools, 4005 in tertiary institutions and 3861 in universities .The department also supported 276 Adult education centers with learning materials.

### **Department of Agriculture and Irrigation**

Agriculture is the leading department in food security initiatives. In the FY 2018/19, the department achieved the following milestones: procured and distributed 526Tons of assorted Certified seed varieties benefiting approximately 263,000 farmers against 286Tons earlier achieved during the 2017/18 , ploughed 1126 Acres of land through the County Tractor Hire service against an annual target 1200 Acres, procured and delivered eight (8) water pumps each for Lomut and Masol respectively and further delivered Irrigation pipes for Kaminia – Kochiy Irrigation Scheme in Batei Wards.

### **Department of Pastoral Economy**

Livestock production is the major economic activity of West Pokot County. It is the main contributor in enhancement of food security and promotion of the local economy. The mandate of this department is to disseminate technologies and information through extension services in collaboration with other service providers and research institutions. Further, it is mandated to ensure control of diseases in livestock and fisheries through provision of

veterinary services. In the FY 2018/19, the department achieved the following milestones; supplied 375 dairy heifers cows to promote dairy farming, 300 Sahiwal bulls, 20 camels breeds to Endough ward, and 1428 Galla goats breeds. The department also established one AI scheme. To support Veterinary services and disease control; the department constructed and equipped one veterinary laboratory, constructed five cattle dips and four metallic crushes, procured 60 foot spray pumps to farmers. vaccinated 94,292 cattle, 711,522 sheep/goats, 550 dogs, To maximize contribution of fisheries to poverty reduction, food security and creation of wealth, the department procured 200,000 pcs of mixed sex tilapia fingerlings and supplied 500 fishing nets and 120 life safer jackets to Turkwel dam.

### **Department of Trade, Industrialization, Investment and Cooperative Development**

The department mandate is outlined in the Fourth Scheduled of the Constitution as follows: Trade development and regulation which includes: market infrastructure development, Trade Licensing, regulation, enforcement of fair trade practices and development of Cooperatives Societies. In the FY 2018/19 department implemented the following projects; construction of livestock sales yards at mbaru, chepareria and serewo and several boda Boda shades across the county.

### **Department of Lands, Housing, Physical Planning and Urban Development**

The main goal of the department is to ensure that there is sustainable management of the land resource and securing of land tenure, maintaining high standards of county development by developing appropriate planning tools and systems and providing support and accurate information on the county land ownership. In the FY 2018/19 The department implemented the following projects; construction of fire station, opening of kapenguria municipality access roads and storm control, installation of business containers kiosks at Makutano and construction of pit latrines at Tapach, Cheptuya, Kamelei, Sina and Keringet.

### **Department of Water, Environment and Natural Resources**

The department is mandated with the following: management of water resources; provision of water services; reclamation of degraded land and ASALs into vibrant economic development areas; conservation practices, protection and management of county forests and game reserves; promotion of farm and dry land forestry development; promotion of clean and secure environment by controlling air pollution, outdoor advertisement and other public nuisance. In the FY 2018/19 the department implemented the following projects.

The following is a summary of achievements and progress realized during the period under review. To increase access and availability of adequate water resources; the department



drilled and operationalized 25 Boreholes, Upgraded 8 Boreholes, Rehabilitated 30 Boreholes, constructed 12 Sand dams, and Dug 3 Shallow Wells. The department also developed 8 gravity Water Supply Systems and rehabilitated 4 Water Supply Systems. Also the department protected 3 water springs and constructed 6 Roof Water Catchment Systems.

To sustainably manage County forestry resources, for livelihood improvement, the department Planted 87,500 Tree Seedlings Supported and 9 Community Tree Nurseries, one Forests Conserved and Managed, 4 Policies and Regulations were also developed developed.

#### **Department of Youths, Sports, Tourism, Gender and Social Services**

The mandate of this department is to conduct formulation, coordination, administration of policy and programs with respect to promotion of Tourism, Culture, Sports, Youth, Social and Children Services functions. The department also has the responsibility to provide an enabling environment for all stakeholders in the sector. In the FY 2018/19 the department implemented the following projects; landscaping works at tourism building,levelling of playing field at konyao, construction of restaurant and cottages at mtelo, levelling of playing field at sigor, levelling of playing ground at tapach and purchase of land at morpus for construction of tourism cottages.Several sports events were also held during the period under review.

#### **Department of Public Service, ICT and Decentralized Units**

The department aims to transform the county public service to be professional, efficient and effective for the realization of county development goals. In the FY 2018/19 the department implemented the following project; construction of County Commissioner Office and the new Governor's annex building

#### **Department of Special Programmes and Directorates**

The ministry is mandated to provide leadership, coordination and policy direction on strengthened early warning system, disaster preparedness and communication, early response and livelihood recovery for sustainable development. The other directorates support in fast-tracking cash crop development, dairy development, resource mobilization, attracting foreign and domestic investment and promoting peace building and harmonious coexistence among various communities within and outside the county.

In the FY 2018/19 the department implemented the following projects:

## **2.5 Implication of Fiscal Performance on Fiscal Responsibility Principles and Financial Objectives**

From the above fiscal performance, it can be observed that the county total recurrent expenditure was within the county total revenue for the period under review. In addition, the expenditure on wages and benefits to its county public officers is sustainable over the medium term, although has been rapidly rising. Further, No borrowings were made and a reasonable degree of predictability with respect to the level of tax rates and tax bases was also maintained. As a result, the fiscal responsibility principles and financial objectives were largely met.

## **CHAPTER THREE: RECENT ECONOMIC DEVELOPMENT AND POLICY**

### **OUTLOOK**

#### **3.0 Overview of Recent Economic Performance and Outlook**

The global economic growth slowed down to 3.6 percent in 2018 compared to 3.8 percent in 2017 owing to increased trade tensions and tariff hikes between China and United States, weakening of consumer and business confidence in the Euro area and tightening of financial conditions for emerging markets. These conditions are expected to ease as markets became more optimistic about trade tensions following the G20 Summit in June. Owing to weaker trade and investment at the start of the year, global growth is expected to slow down to 3.2 percent in 2019 down from 3.6 percent in 2018. Growth is however expected to increase to 3.5 percent in 2020 on account of expected stabilization of the stressed emerging markets and developing economies, better financial market sentiments as well as aversion of escalated increase in tariffs following the June G20 summit.

Growth in Sub-Saharan Africa region remained strong at 3.1 percent in 2018 up from 2.9 percent in 2017. Growth in Sub-Saharan Africa is expected to remain relatively robust with the economy expanding by 3.4 percent in 2019 compared to 3.1 percent recorded in 2018; projected growth for 2020 improves further to 3.6 percent.

Despite the global economic challenges, Kenya's economy continues to register strong economic performance. The economy expanded by 6.3 percent in 2018 up from a growth of 4.9 percent in 2017. This growth was supported by strong agricultural and manufacturing activities, vibrant service sector, stable macroeconomic environment, ongoing public infrastructural investments and sustained business confidence. The outlook for Kenya's economy is strong, projected at 6.0 percent in 2019. In the first quarter of 2019, the economy expanded by 5.6 percent compared to a growth of 6.5 percent in the same quarter of 2018 supported by strong growth in the service sector industries despite contraction in agricultural activities due to delayed rains.

The economy grew by 5.6 percent in the first quarter of 2019 compared to a growth of 6.5 percent in the first quarter of 2018. Growth in the second quarter is expected to pick up owing to stronger non-agricultural performance despite depressed agricultural output. However, the economic growth outlook will continue to be supported by large-scale public infrastructure projects under the "Big Four" Plan, continua in payment of pending bills, a pickup in agricultural and manufacturing activities due to improved weather conditions as well as the

stable macroeconomic environment. As a result, the economy is projected to expand by 6.0 percent in 2019, 6.1 percent in the FY 2019/20 and 7.0 percent over the medium term due to investments in strategic areas under the “Big Four” Plan that aim to increase job creation through the manufacturing sector, ensure food security and improved nutrition, expand universal health coverage and provide affordable houses to Kenyans. These efforts will support the business environment, create jobs and ultimately promote broad based inclusive growth.

**Table 8: Sectoral GDP Performance**

| SECTORS                           | Real GDP growth by Sector |      |      |      | Sectoral Contribution to Real GDP Growth Rate |      |      |      |
|-----------------------------------|---------------------------|------|------|------|---|------|------|------|
|                                   | 2016                      | 2017 | 2018 | 2019 | 2016  | 2017 | 2018 | 2019 |
|                                   | Q1                        | Q1   | Q1   | Q1   | Q1  | Q1   | Q1   | Q1   |
| Primary Sector                    | 3.7                       | 4.1  | 7.3  | 5.2  | 1   | 1.1  | 2    | 1.4  |
| Agriculture, forestry and Fishing | 3.6                       | 4.1  | 7.5  | 5.3  | 1   | 1.1  | 2    | 1.4  |
| Mining and Quarrying              | 5.8                       | 5.8  | 2.4  | 2.2  | 0.1   | 0.1  | 0    | 0    |
| Secondary Sector                  | 4.7                       | 4.3  | 50   | 4.3  | 0.8   | 0.7  | 0.9  | 0.7  |
| Manufacturing                     | 1.4                       | 1.6  | 4    | 3.2  | 0.2   | 0.2  | 0.4  | 0.3  |
| Electricity and Water Supply      | 10.3                      | 8.2  | 6.5  | 6.1  | 0.2   | 0.2  | 0.2  | 0.2  |
| Construction                      | 9.2                       | 7.9  | 6.6  | 5.6  | 0.4   | 0.4  | 0.3  | 0.3  |
| Tertiary Sector                   | 6.8                       | 6.1  | 6.5  | 5.8  | 3.1   | 2.9  | 3.1  | 2.8  |
| Wholesale and Retail Trade        | 2.9                       | 3.4  | 5.9  | 5.3  | 0.2   | 0.2  | 0.4  | 0.4  |
| Accommodation and Restaurants     | 8.3                       | 24.2 | 13.1 | 10.1 | 0.1   | 0.3  | 0.2  | 0.1  |
| Transport and Storage             | 8.2                       | 7.3  | 8.5  | 6.7  | 0.5   | 0.4  | 0.5  | 0.4  |
| Information and Communication     | 10.5                      | 13.4 | 12.5 | 10.5 | 0.4   | 0.5  | 0.5  | 0.4  |
| Financial and Insurance           | 7.8                       | 3.8  | 5.2  | 5    | 0.5   | 0.2  | 0.3  | 0.3  |
| Public administration             | 6                         | 3.8  | 6.2  | 6.5  | 0.2   | 0.1  | 0.2  | 0.2  |
| Others                            | 6.8                       | 5.4  | 5.1  | 4.6  | 1.3   | 1.1  | 1    | 0.9  |
| of which :Real estates            | 9.6                       | 6.4  | 5.3  | 4.2  | 0.7   | 0.5  | 0.4  | 0.3  |
| GDP at Market Prices              | 5                         | 5.2  | 6.5  | 5.6  | 5   | 5.2  | 6.5  | 5.6  |
| of which Non-Agricultural GDP     | 6.2                       | 5.9  | 6.3  | 5.7  | 3.8   | 3.7  | 4.1  | 3.6  |

Source: Kenya National Bureau of Statistics

### 3.1 Inflation Rate

Year-on-year overall inflation remained within the government target range at 5.0 percent in August 2019 up from 4.0 percent in August 2018. This increase reflected higher prices of key food items such as carrots, potatoes, sifted maize flour, cabbages, and fresh packed milk, due to delayed long rain. Electricity cost, kerosene price and house rent also increased during the same period.

Core inflation (Non-Food-Non-Fuel) has remained below 5 percent in the period under review reflecting muted demand pressures in the economy arising from prudent monetary

policies. Fuel inflation rose gradually beginning August 2018 on account on the ban of charcoal and imposition of Value Added tax on petroleum products. The effect of these measures on fuel inflation coupled with declining oil prices has led to a decline in fuel inflation.

The delay in the onset of rains resulted in lower agricultural activities and rising food inflation from March 2018. However, food inflation declined from 7.9 percent in July 2019 to 6.7 percent in August 2019 reflecting declining prices of key food items such as Sukuma wiki, Irish potatoes, Cabbages, Carrots and Tomatoes

The contribution of core inflation to overall inflation has been low and stable reflecting muted demand pressures in the economy on account of prudent monetary policies. The major driver of overall inflation from August 2018 to March 2019 has been fuel inflation. However, beginning March 2019 the major driver of inflation has been food inflation on account of factors mentioned above.

Kenya's rate of inflation compares favorably with the rest of sub-Saharan Africa countries and especially its peers such as Nigeria and Ghana whose inflation rates were 11.1 percent and 9.4 percent, respectively in July 2019

### **3.2 Kenya Shilling Exchange Rate**

The Kenya Shilling has been relatively stable supported by continued narrowing of the current account deficit and adequate reserve buffer. The Shilling appreciated against the Euro and the Sterling pound exchanging at Ksh. 114.9 and Ksh. 125.5 in August 2019 from Ksh. 116.2 and Ksh. 129.7 in August 2018, respectively. However, against the US Dollar, the Shilling weakened in August 2019 exchanging at 103.3 compared to the same period in 2018 where Ksh 100.6 were required to buy one Dollar. The depreciation of shilling is attributed to increased demand for import and excess liquidity in the money market. The Kenya Shilling exchange rate has continued to display relatively less volatility, compared to most sub-Saharan African currencies. This stability reflected strong inflows from tea and horticulture exports, strong diaspora remittances and tourism receipts.

### **3.3 Interest Rates**

Short-term interest rates have remained fairly low and stable. The Monetary Policy Committee in July 2019 retained the Central Bank Rate at 9.0 percent. The interbank rate remained low at 3.6 percent in August 2019 from 6.52 percent in August 2018 due to ample

liquidity in the money market. The 91-day Treasury bill rate declined to 6.4 percent in August 2019 compared to 7.6 percent over the same period in August 2018.

The improved liquidity in the money market has resulted in stable commercial bank rates. The average lending rate declined from 13.2 percent in August 2018 to 12.5 percent in August 2019. However, the average interest rates spread increased from 5.2 to 5.3 percent in the same period on account of a decline in the average deposit rates from 8.0 to 7.2 percent over the review period.

### **3.4 Money Supply**

Broad money supply, M3, slightly slowed down to a growth of 9.2 percent in the year to June 2019 compared to a growth of 10.4 percent in the year to June 2018. Growth in M3 was supported by an improvement in the growth of the rate of demand deposits despite a decline in the foreign currency deposits, time and savings deposits and currency outside banks. The primary source of the growth in M3 in the year to June 2019 was the increase in the net foreign assets (NFA) despite a decline in the net domestic assets (NDA), which was largely reflected in the decreased growth of net domestic credit to other private sector.

### **3.5 Private Sector Credit**

Annual credit to the private sector grew by 5.2 percent in the year to June 2019, compared to a growth of 4.3 percent in the year to June 2018. In particular, lending to finance and insurance, consumer durables, trade, manufacturing, transport and communication and private household sectors grew by 4.7 percent, 21.3 percent, 5.5 percent, 11.4 percent, 5.8 percent and 7.6 percent, respectively. This offset the substantial loan repayments recorded in the building and construction, mining and business services sectors in the year to June 2019. Private sector credit growth is expected to strengthen in 2019 relative to 2018, with the anticipated higher economic activity and easing credit risk.

### **3.6 External Sector Developments**

The overall balance of payments position recorded a deficit of US\$ 524.6 million (0.5 percent of GDP) in the year to June 2019 from a deficit of US\$483.4 million (0.9 percent of GDP) in the year to June 2018. This increase in deficit was occasioned by deterioration in the financial account that more than offset the improvements in the current and capital account.

The current account deficit narrowed by 20.7 percent to a deficit of US\$ 3,788.2 million in the year to June 2019 compared to a deficit of US\$ 4,777.5 million in the year to June 2018. This reflects strong growth in diaspora remittances, higher receipts from services account,

especially transport, travel and financial services, resilient performance of horticulture and tea exports, and, slower growth in imports of food and standard gauge railway related equipment. As a percentage of GDP, the current account deficit narrowed to 3.8 percent in June 2019, from 5.4 percent in June 2018.

The deficit in the merchandise account improved by US\$ 353.9 million to US\$ 10,109.5 million in the year to June 2019 reflecting a decline in merchandise imports. Net services recorded an improvement of 25.5 percent in the year to June 2019 mainly on account of higher receipts from transport and travels.

The capital account improved by US\$ 32.0 million to US\$ 256.8 million in the year to June 2019, reflecting an increase in project grants. Flows in the Financial Account also declined to US\$ 6,674.3 million in June 2019 compared with US\$ 5,037.7 million in June 2018. The financial inflows were mainly in the form of other investments, direct investments and portfolio Investments which stood at US\$ 4,196.6 million, US\$ 1,558.9 million and US\$ 910.2 million, respectively in June 2019. Other investment inflows mainly include foreign financing for Government infrastructure projects

### **3.7 Foreign Exchange Reserves**

The CBK foreign exchange reserves continue to provide an adequate buffer against short-term shocks in the foreign exchange market. By end June 2019, the usable official reserves stood at US\$ 9,656 million (6.0 months of import cover), while commercial banks holdings were at US\$ 3,531 million in June 2019 from US\$ 3,145 million in June 2018.

### **3.8 Developments in Capital Markets**

Activity in the capital market slowed down with equity share prices declining as shown by the NSE 20 Share Index, which stood at 2,467.68 points by end August 2019 compared to 3,245.16 points by end July 2018. The depressed share prices resulted in lower market capitalization of Ksh 2,221.97 billion from Ksh 2,546.32 billion over the same period in 2018.

### **3.9 Monetary and Fiscal Policy Outlook**

Overall inflation is expected to remain within the target range in the medium term largely due to expectations of lower food prices following improved weather conditions, lower electricity prices with the reduced reliance on expensive power sources and stable exchange rates supported by adequate foreign exchange reserves. The indexation of excise tax is also expected to have a moderate impact on inflation.

The revenue forecast over the medium term takes into account the consistent decline in the share of revenue to GDP in the last five years. Fiscal policy over the medium-term aims at

enhancing revenue mobilization and furthering the fiscal consolidation plan to reduce budget deficit and strengthen our debt sustainability position while supporting economic growth. The fiscal consolidation will benefit from the revenue mobilization being undertaken with the Kenya Revenue Authority and complemented by expenditure rationalization to reduce non-core expenditure items from the budget.

### **3.10 Risks to the Domestic Economic Outlook**

Risks to the economic growth outlook emanate from both external and domestic factors. Domestically, the economy will continue to be exposed to risks arising from public expenditure pressures, particularly wage related recurrent expenditures and the erratic weather related shocks that could impact on agricultural output. The Government is continually monitoring these risks and taking appropriate monetary and fiscal policy measures to maintain macroeconomic stability, strengthen the economy's resilience and address constraints to potential economic growth. On risks emanating from domestic sources, the Government has laid foundations to enhance faster and lasting growth through the "Big Four" Plan, which will unlock better growth, and positively impact on the lives of people through jobs creation and poverty reduction. As such, the Government is expanding irrigation schemes to reduce dependence on rain-fed agriculture, diversifying exports and promoting value addition. Further, the Government is accelerating infrastructure development to support manufacturing and expand intra-regional trade by deliberately targeting new markets for our products. Enhanced domestic resource mobilization and expenditure rationalization will significantly reduce wage related pressures and debt accumulation thus creating fiscal space necessary for economic sustainability.

At the county level, the risks include; weakening of national economic growth, unfavourable weather conditions, delayed release of funds from the national treasury, threats of conflicts between the Pokot, Elgeyo/Marakwet and Turkana counties. Natural calamities may also pose a risk to the county's development agenda and revenue collection. The most common disaster risks include disease outbreaks for both livestock and human, conflicts, landslides, lightning strikes, flash floods and drought. These calamities can delay programs or lead to collapse of projects.

In the event the above risks materialize the county revenue framework and the medium term sector ceilings shall be revised in the 2019 Fiscal Strategy Paper. In the meantime, the county government continues to monitor the above risks and will undertake appropriate measures to contribute to national macroeconomic stability.





## CHAPTER FOUR: RESOURCE ALLOCATION FRAMEWORK

### 4.1 Revenue Outlook

The resources available to be shared by the national and county governments are estimated on the basis of projections of the economy’s performance. The economy grew by 6.3 percent in 2018 compared to 4.7 percent in 2017 and 5.8 percent growth in 2016. The Kenyan economy is projected at 6.1 percent in the FY 2019/20 and 7.0 percent over the medium term due to investments in strategic areas under the “Big Four” Plan that aim to increase job creation through the manufacturing sector, ensure food security and improved nutrition, expand universal health coverage and provide affordable houses to Kenyans. These efforts will support the business environment, create jobs and ultimately promote broad based inclusive growth.

### 4.2 Fiscal Projections for FY 2020/21- 2021/22 MTEF Period

**Table 9: Fiscal Projections for FY 2020/21- 2022/23 MTEF Period**

| PROJECTED REVENUE                                       | FY 2019/20              | FY 2020/21              | FY 2021/22              | FY 2022/23           |
|---|-------------------------|-------------------------|-------------------------|----------------------|
|   | Estimates (Kshs)        | Estimates (Kshs)        | Projected (Kshs)        | Projected (Kshs)     |
| <b>1. National Revenue</b>                              |                         |                         |                         |                      |
| a.) Equitable share                                     | 4,898,000,000.00        | 5,259,000,000.00        | 5,313,770,000.00        | 5,490,000,100        |
| b.) Conditional allocation(National Government Revenue) | 171,389,970.00          | 171,389,970.00          | 198,767,401.00          | 198,767,401          |
| c.) Grants/Loans  | 364,283,864.00          | 364,283,864.00          | 394,995,621.00          | 394,230,000          |
| d.) Balance b/d   | -                       |                         |                         |                      |
| <b>2. Own Revenue Sources</b>                           |                         |                         |                         |                      |
| e.) Projected Revenue From Local Sources                | 130,320,184.00          | 135,552,202.00          | 145,248,768.00          | 155,345,890          |
| <b>Total</b>  | <b>5,563,994,018.00</b> | <b>5,930,226,036.00</b> | <b>6,068,781,790.00</b> | <b>6,238,343,393</b> |

*Source: County Annual Development Plan for FY 2020/21*

Equitable share is expected to rise marginally from Ksh 4.898 Billion to Ksh. 5.259 Billion in the FY 2020/21 and 5.49 Billion over the medium term. In overall, the total county budget is expected to rise from the current Ksh. 5.644 Billion to 5.930 Billion in the FY 2020/21 and Ksh. 6.238 billion over the medium term.

#### 4.2.1 Internal Revenue Streams’ Projections for FY 2020/21-FY 2022/23

**Table 10: Internal Revenue Projections by Stream Targets**

| Revenue Source | FY 2018/2019 | FY 2019/2020 | FY 2020/2021 | FY 2021/2022 | FY 2022/2023 |
|----------------|--------------|--------------|--------------|--------------|--------------|
|                | Actual       | Projection   | Projection   | Projection   | Projection   |
| Kiosk rent     | 1,571,900    | 1,700,000.00 | 1,810,382    | 2,521,705    | 2,731,000.00 |

|   |                    |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Singe business permit   | 17,122,965         | 17,200,000.00      | 17,413,518         | 18,521,844         | 19,000,000         |
| Market fee  | 2,774,345          | 3,000,000.00       | 3,563,011          | 4,419,174          | 4,600,000          |
| Building approval   | 384,000            | 450,000.00         | 451,116            | 463,473            | 700,000            |
| Cess  | 5,569,826          | 6,000,000.00       | 6,260,345          | 7,085,300          | 9,000,000          |
| Royalties   | 29,688,130         | 31,000,000.00      | 32,109,653         | 33,004,741         | 34,000,000         |
| Stock   | 5,671,770          | 6,000,000.00       | 6,271,561          | 7,822,461          | 8,978,903          |
| House rent  | 1,029,307.35       | 1,400,000.00       | 1,583,664          | 1,770,436          | 2,000,000          |
| Advertising   | 578,670            | 606,990.00         | 857,487            | 939,882            | 1,100,000          |
| Parking   | 801,320            | 1,000,000.00       | 1,308,132          | 1,782,734          | 2,178,000.00       |
| Bus parks & Motorcycles   | 3,753,020          | 5,823,093.00       | 6,144,701          | 6,223,005          | 7,000,000          |
| Renewals/Application  | 1,359,230          | 1,613,210.00       | 1,704,410          | 2,579,821          | 2,650,900.00       |
| Liquor licensing  | 150,000            | 800,000            | 1,000,000          | 1,200,000          | 1,500,000          |
| Other fees and charges<br>(Public toilet), honey,<br>hides & skins, firewood,<br>tamarind alovera, scrap<br>metal, Fish, penalties) | 10,735,012         | 11,604,936         | 10,369,531         | 10,400,000         | 10,600,000         |
| Agriculture   | 2,791,473.25       |                    | 919,861            | 1,214,217          | 1,400,000.00       |
| Lands   | 7,034,995          | 9,075,955.00       | 9,191,021          | 10,400,147         | 10,600,000         |
| Health (FIF)  | 25,186,555         | 31,000,000.00      | 32,021,609         | 32,124,524         | 34,001,637.00      |
| Livestock/permits   | 393,520            | 646,000.00         | 1,072,200          | 1,075,304          | 1,305,450.00       |
| Public Health Facilities<br>Fee   | 907,230            | -                  | -                  | -                  |                    |
| Forest Products Fees  | 1,326,170.00       | 1,400,000          | 1,500,000.00       | 1700000            | 2,000,000          |
| <b>Total</b>  | <b>118,829,439</b> | <b>130,320,184</b> | <b>135,552,202</b> | <b>145,248,768</b> | <b>155,345,890</b> |

*Source: County Treasury, 2019*

Internal county revenue is projected to increase from the current target of Ksh. 130.32 million to Ksh.135.55 million in the FY 2020/21. This growth projection represents 4 percent increase from the current target. The new target will be achieved through the widening of tax bases, sealing of existing revenue leakages, strengthening of organizational structures and systems in revenue section, strengthening monitoring and evaluation of the revenue systems, and enhanced transparency, accountability and supervision in revenue collection.

#### 4.2.2 Projected Medium Term Revenue & Expenditure Framework

**Table 11: Expenditure Forecast for FY 2020/21-FY 2022/23**

| Item  | FY 2019/20 (Ksh)<br>Approved Budget | %          | FY2020/21<br>(Ksh)      | %          | FY 2021/22<br>(Ksh)     | %          | FY 2022/23<br>(Ksh)  |
|---|-------------------------------------|------------|-------------------------|------------|-------------------------|------------|----------------------|
| Projected Recurrent                                     | 3,893,095,529.00                    | 69.97      | 4,233,797,506.60        | 70         | 4,199,596,999           | 69.2       | 4,304,456,941        |
| Projected Development                                   | 1,670,898,489.00                    | 30.03      | 1,696,428,529.40        | 30         | 1,869,184,791           | 30.8       | 1,933,886,452        |
| <b>Projected Gross<br/>Expenditure</b>                  | <b>5,563,994,018.00</b>             | <b>100</b> | <b>5,930,226,036.00</b> | <b>100</b> | <b>6,068,781,790.00</b> | <b>100</b> | <b>6,238,343,393</b> |
| Projected Personnel<br>Emoluments to Gross<br>Estimates | 2,569,836,955.07                    | 46.19      | 2,826,820,650           | 47.66      | 3,006,709,237           | 49.5       | 3,083,804,346        |

### **4.3 Expenditure Priorities for FY 2020/21 –FY 2022/23 MTEF Period**

The County Integrated Development Plan (2018-2022) and the Medium Term Plan III of Kenya Vision 2030 are the key policy documents that will guide the county government spending decisions. The Vision 2030 provides the overarching long term national development agenda, while the CIDP sets out the county medium term development plan.

Table 9 below indicates tentative ceiling for the different county departments for FY 2020/21 - FY 2022/23 MTEF period:

**Tentative Sectoral Ceilings**

**Table 12: FY 2019/20- FY 2020/21 MTEF CEILINGS**

| Vote   | FY 2019/2020 APPROVED |                |                  | FY 2020/2021 PROJECTIONS |                |                  |
|--|-----------------------|----------------|------------------|--------------------------|----------------|------------------|
|  | Recurrent             | Development    | Total            | Recurrent                | Development    | Total            |
| County Executive                                     | 522,044,727.61        | 25,000,000.00  | 547,044,727.61   | 559,543,009.15           | 80,000,000.00  | 639,543,009.15   |
| Special Programmes & Directorates                    | 31,489,922.10         | 15,000,000.00  | 46,489,922.10    | 62,906,324.31            | 0.00           | 62,906,324.31    |
| Finance and Economic Planning                        | 225,858,628.11        | 25,000,000.00  | 250,858,628.11   | 240,001,726.78           | 35,000,000.00  | 275,001,726.78   |
| Public Works, Transport and Infrastructure           | 58,756,582.84         | 237,798,180.00 | 296,554,762.84   | 63,451,197.12            | 245,277,513.40 | 308,728,710.53   |
| Health, Sanitation and Emergency Services            | 1,251,903,130.24      | 155,500,000.00 | 1,407,403,130.24 | 1,353,901,711.20         | 235,000,000.00 | 1,588,901,711.20 |
| Education and Technical Training                     | 579,757,523.98        | 170,863,298.00 | 750,620,821.98   | 674,296,606.38           | 185,313,298.00 | 859,609,904.38   |
| Agriculture and Irrigation                           | 106,554,367.20        | 182,465,607.00 | 289,019,974.20   | 114,701,476.32           | 202,291,410.00 | 316,992,886.32   |
| Pastoral Economy                                     | 98,760,251.28         | 127,531,404.00 | 226,291,655.28   | 105,767,316.41           | 141,356,308.00 | 247,123,624.41   |
| Trade, Industrialization and Cooperative Development | 89,525,346.16         | 116,500,000.00 | 206,025,346.16   | 97,849,066.90            | 80,000,000.00  | 177,849,066.90   |

|   |                         |                         |                         |                         |                         |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Lands, Housing, Physical Planning and Urban Development | 71,907,635.40           | 105,290,000.00          | 177,197,635.40          | 61,515,998.00           | 112,190,000.00          | 173,705,998.00          |
| Water, Environment and Natural Resources                | 63,807,324.12           | 236,350,000.00          | 300,157,324.12          | 67,366,581.73           | 220,000,000.00          | 287,366,581.73          |
| Youth ,Sports, Tourism, Gender and Social Development   | 39,003,422.10           | 124,000,000.00          | 163,003,422.10          | 40,917,298.11           | 140,000,000.00          | 180,917,298.11          |
| West Pokot County Assembly                              | 582,300,000.00          | 100,000,000.00          | 682,300,000.00          | 582,300,000.00          | 20,000,000.00           | 602,300,000.00          |
| Public Service, CT and Decentralized Units              | 171,426,667.86          | 49,600,000.00           | 221,026,667.86          | 209,279,194.19          | 0.00                    | 209,279,194.19          |
| <b>Total</b>  | <b>3,893,095,529.00</b> | <b>1,670,898,489.00</b> | <b>5,563,994,018.00</b> | <b>4,233,797,506.60</b> | <b>1,696,428,529.40</b> | <b>5,930,226,036.00</b> |

## **5.0. CONCLUSION**

In summary, the County Budget Review & Outlook Paper has provided an analysis of the actual fiscal performance in the FY 2018/19 compared to the budget appropriation for the year and the updated economic and financial forecasts. The fiscal responsibility principles and the financial objectives for the year under review were met. In addition, the tentative ceilings for the FY 2020/21 have also been provided. Going forward, the ceilings are expected to be taken into account while setting the final ceilings in the County Fiscal Strategy Paper.

## Annex 1: Budget Calendar

**Table 13: Budget Calendar**

| <b>WEST POKOT COUNTY BUDGET CALENDAR FOR THE FY 2020/2021</b> |  |   |   |
|---|--|---|---|
|   | <b>ACTIVITY</b>  | <b>RESPONSIBILITY</b>   | <b>TIME FRAME</b>   |
| <b>1</b>  | <b>Budget Performance Review</b>   |   |   |
| 1.1   | Prepare and Issue County Treasury Circular   | CECM Finance & Economic Planning  | 30 <sup>th</sup> August 2019                                |
| 1.2   | Submission of CBROP to County Executive Committee  | CECM Finance & Economic Planning  | 27 <sup>th</sup> September 2019                             |
| 1.3   | Submission of CBROP to County Assembly for approval  | CECM Finance & Economic Planning  | 7 <sup>th</sup> October 2019                                |
| <b>2</b>  | <b>Strategic Planning</b>  |   |   |
| 2.1   | Preparation of Annual Development Plan for FY 2020/21  | CO Economic Planning, Head of planning, all directors and CO's                  | 20 <sup>th</sup> August -30 <sup>th</sup> August 2019       |
| 2.2   | Submission of Annual Development Plan for FY 2020/21 to County Assembly for approval               | CECM Finance & Economic Planning  | 30 <sup>th</sup> August 2019                                |
| <b>3</b>  | <b>Review of MTEF Budget Proposals:</b>  |   |   |
| 3.1   | Review and Estimation of Resource Envelope and Determination of Policy Priorities                  | Macro-Working Group   | 28 <sup>th</sup> August 2019                                |
| 3.2   | Preparation of 2020/21 County Wage Bill  | Head of Human Resources & Head of Budget  | 3 <sup>rd</sup> -6 <sup>th</sup> December 2019              |
| 3.3   | Convene Sector Working Group Meetings and Preparation of Sector Reports and Draft Budget Estimates | Chief Officers & Head of Planning, Directors                                    | 2 <sup>nd</sup> December 2019– 9 <sup>th</sup> January 2020 |
| 3.4   | Sector Hearing on Sector Budget proposals  | Chief Officers, County Assembly Clerk County Assembly Sectoral Committee Chairs | 13 <sup>th</sup> – 17 <sup>th</sup> January 2020            |
| 3.5   | Release of 2020/21 Budget Policy statement   | National Treasury   | 14 <sup>th</sup> February 2020                              |
| <b>4</b>  | <b>County Fiscal Strategy Paper and County Debt Management Strategy Paper</b>                      |   |   |
| 4.1   | Draft County Fiscal Strategy Paper and County Debt Management Strategy Paper                       | Head of Budget & Head of Planning   | 3 <sup>rd</sup> – 21 <sup>st</sup> February 2020            |
| 4.2   | Submission of CFSP and CDMSP to County Executive for approval                                      | Head of Budget & Head of Planning   | 24 <sup>th</sup> February 2020                              |



|          |   |  |  |  |
|----------|---|--|--|--|
|          | 4.3   | Submission of CFSP to County Assembly for Approval   | CEC Finance & Economic Planning                            | 27 <sup>th</sup> February 2020                           |
|          | 4.4   | Submission of County Debt Management Strategy Paper to County Assembly   | CEC Finance & Economic Planning                            | 27 <sup>th</sup> February 2020                           |
|          | 4.5   | Adoption of County Fiscal Strategy Paper   | County Assembly Budget & Appropriation Committee           | 12 <sup>th</sup> March 2020                              |
| <b>5</b> | <b>County Public Participation</b>                                      |  |  |  |
|          | 5.1   | Joint Meeting MCAs, Sub County & Ward Administrators for Participatory Budgeting Training and Preparation of Public Participation Schedule & Venues  | Head of Budget & Chairman Budget & Appropriation Committee | 17 <sup>th</sup> December 2019                           |
|          | 5.2   | Publicize Public Participation Schedule  | Head of Budget & Ward Administrators                       | 6 <sup>th</sup> January 2020                             |
|          | 5.3   | Ward Level Public Participation - All 20 Wards   | Head of Budget, Head of Planning & Ward Administrators     | 14 <sup>th</sup> January – 17 <sup>th</sup> January 2020 |
| <b>6</b> | <b>Preparation and Approval of Final Departmental Programme Budgets</b> |  |  |  |
|          | 6.1   | Preparation of Draft Budget Estimates by departments   | Departmental Heads & Technical Staff                       | 2 <sup>nd</sup> March – 10 <sup>th</sup> April 2020      |
|          | 6.2   | Submission of draft budget reports to Budget office  | Departments & Head of Budget                               | 10 <sup>th</sup> April 2020                              |
|          | 6.3   | Consolidate & Review of Draft Budget Proposals   | Head of Budget   | 13 <sup>th</sup> – 17 <sup>th</sup> April 2020           |
|          | 6.4   | Interrogation, Review and Harmonization of Departments Draft Budget Estimates  | Head of Budget, Head of Planning & Head of Accounting      | 20 <sup>th</sup> – 23 <sup>rd</sup> April 2020           |
|          | 6.5   | Submission of Consolidated Draft Budget Estimates to County Executive  | CECM Finance & Economic Planning                           | 27 <sup>th</sup> April 2020                              |
|          | 6.6   | Joint Review of Draft Budget Estimates by County Budget and Economic Forum, County Executive and County Assembly Budget and appropriations Committee | CECM Finance & Economic Planning                           | 28 <sup>th</sup> April 2020                              |
|          | 6.7   | Submission of Budget Estimates to County Assembly  | CECM Finance & Economic Planning                           | 30 <sup>th</sup> April 2020                              |
|          | 6.8   | Report on Budget Estimates from County Assembly  | County Assembly Budget & Appropriation Committee           | 29 <sup>th</sup> May 2020                                |
|          | 6.9   | Consideration of Final Budget Estimates  | CEC Finance & Economic Planning                            | 12 <sup>th</sup> June 2020                               |

|          |   |  |  |                            |
|----------|---|--|--|----------------------------|
| <b>7</b> | <b>Consideration of Passage of Appropriation Bill</b> |  |  |                            |
|          | 7.1   | Submission of Annual Cash Flow               | Head of Accounting & Principal Finance Officer | 16 <sup>th</sup> June 2020 |
|          | 7.2   | Approval of Final Budget Estimates           | County Assembly                                | 25 <sup>th</sup> June 2019 |
|          | 7.3   | Submission of Appropriation Bill to Assembly | CEC Finance & Economic Planning                | 26 <sup>th</sup> June 2019 |
|          | 7.4   | Passage of Appropriation Bill                | County Assembly                                | 26 <sup>th</sup> June 2019 |