



COUNTY GOVERNMENT OF ELGEYO MARAKWET

THE COUNTY TREASURY

**COUNTY FISCAL STRATEGY PAPER
(CFSP)**

2017

APPROVED

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FOREWORD

This 2017 County Fiscal Strategy Paper (CFSP), the Fourth to be prepared since the inception of County Government of Elgeyo Marakwet, sets out the county's priority programs to be implemented under the 2017/18–2019/20 Financial Years' Medium Term Expenditure Framework (MTEF) and aligns the aspirations of the county with those of the national government as stated in the 2017 Budget Policy Statement (BPS) and provisions of Elgeyo Marakwet County Equitable Development Act (EDA), 2015.

Development expenditures within the MTEF period will be shared out based on the parameters of EDA, 2015 to ensure social equity. However, EDA's parameters attach minimal weight to flagship and county wide projects which are capital intensive programmes and projects thus dragging their implementations to cover several budget cycles and therefore the forthcoming discussions on the amendment to EDA is welcomed to address the emerging issues from its implementation.

There is also need to adhere and implement the provisions of the Public Finance Management (County Governments) Regulations, 2015 for effective public finance management.

Implementation of programs expounded in this CFSP is expected to raise county economic efficiency and productivity and in turn, make our county competitive, thus creating vast opportunities for productive jobs and securing livelihoods.

Implementation of 2016/2017 is on course though there is a possibility of delay resulting from the forthcoming general election. Disbursements from the national treasury is timely and this is expected to boost project implementation. The county will build on the achievements made so far in most sectors and through the policy goals set out in this CFSP; we will scale up our efforts in order to address the existing as well as emerging challenges.

The Medium-Term Expenditure Framework (MTEF) balances continued growth in spending with fiscal consolidation. Spending on social and economic programmes will continue to grow in real terms. Going forward, many of the county's large infrastructure projects will start to operate; upgraded roads will get more goods to markets and ensure efficient transport system, water schemes improvements will ensure that communities have access to safe water and urban planning initiatives will help our towns become integrated places of work and social life. These are just a few of the major outputs expected from full implementation of this CFSP.

The 2017 CFSP emphasizes containing costs and improving efficiency across government departments and entities. To this end, we will moderate the pace of public expenditure growth while accelerating the delivery of quality services. Spending baselines which are basis for ceilings allocations have undergone rigorous review taking into account factors which include: the capacity of departments and public entities to manage resources, the link between outcomes, expenditure and departmental mandates, proposals

from the public and programme performance so far and the provisions of the Public Finance Management (County Governments) Regulations, 2015.

The document covers five chapters. Chapter one highlights the justification for the preparation of the document while at the same time detailing the legal framework for the CFSP. In Chapter two, recent economic developments on the global and national level and the impact that they have had on the recent county economic development have been highlighted. Chapter three explores the fiscal and budget framework that will inform the budgetary process. Chapter four details the sector and departmental ceilings for the Medium Term Expenditure Framework (MTEF) Period. Chapter five highlights the conclusions and finally, the Annexes section contains documentations that have informed the preparation of this County Fiscal Strategy Paper (CFSP)

STEPHEN BIWOTT

CEC, FINANCE AND ECONOMIC PLANNING

ACKNOWLEDGEMENTS

Special gratitude to individuals and entities for their vehemence and passion in the work that culminated in the realization of this document. The county would like to thank these individuals for the various roles they played during the preparation of this County Fiscal Strategy Paper, CFSP.

As usual, the preparation of CFSP continues to be a collaborative effort. Most of the information in this Paper was obtained from collaboration Departments and other county entities. We are grateful for their inputs.

We especially acknowledge the dedication of core team of technical staff from the Department of Finance and Economic Planning comprising mainly of Economists, budget officers and Accountants whose assignment was to collect, collate and analyze departmental findings from the CFSP questionnaire administered to all county entities and which formed the primary data for the preparation of this document.

This core team undertook the preparation task with the support and guidance of H.E The Governor, Deputy Governor, CECs and Chief Officers. This, hereby, is to further extend the county's gratitude to them and all others who participated in the CFSP preparation process too. The daft 2017 CFSP document was presented to the various institutions and members of the public for their inputs and direction. The County Budget and Economic Forum (CBEF) is one such institution whose inputs have been considered and thus deserves to be acknowledged. Finally, our county citizens continue to demand services as they should. We there do not take for granted their continued inputs and oversight and thus take this opportunity to thank them.

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ABBREVIATIONS

ADP	Annual Development Plan
BPS	Budget Policy Statement
CEC	County executive committee
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
CRA	Commission of Revenue Allocation
ECDE	Early Childhood Development Education
EDA	Equitable Development Act
ICT	Information Communication Development
IFMIS	Integrated Financial Management Information System
MTEF	Medium Term Expenditure Framework
PFM	Public Finance Management
SRC	Salaries and Remuneration Commission

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INTRODUCTION AND BACKGROUND

Rationale for County Fiscal Strategy Paper (CFSP)

The main objectives for preparing the CFSP are to specify;

- Mechanisms for aligning it with the national objectives contained in the Budget Policy Statement before the national budget is finalized
- Broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year
- Financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term
- Details of the sector and departmental ceilings for the Medium Term Expenditure Framework (MTEF) Period to ensure continuity in resource allocation from the last financial year consistent with the MTEF budgeting approach.
- Create a mechanism for public participation in the budgeting process thus informing priority choices for development.
- The overall deficit and financing, the underlying risks, structural measures and strategic interventions for development initiatives to be undertaken in the coming Financial Year and in the medium term

Roles in CFSP Preparation

County Treasury

The Public Finance Management (PFM) Act, 2012, in line with the Constitution, sets out the fiscal responsibility principles to ensure prudent and transparent management of public resources. Section 107(1-2) of Public Finance Management Act states that “In managing the County Government’s public finances, the County Treasury shall enforce the following Fiscal Responsibility principles:

- a) Over the medium term, a minimum of 30 percent of the national and county budgets shall be allocated to development expenditure;
- b) 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;
 - i. The limit set under paragraph (b) above, shall not exceed Thirty-five (35) percent of the county government's total revenue as set out by the Public Finance Management (County Governments) Regulations, 2015.
- c) Over the medium term, the County Government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;
- d) Public debt and obligations shall be maintained at a sustainable level as approved by County Assembly;
- e) Fiscal risks shall be managed prudently; and
- f) 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."

Departments/ Sectors

In the preparation of the CFSP and consequently the county budget, all sectors and departments in the county submits their respective strategic priorities and policy goals which would have been agreed upon by the various development actors within their sectors.

Role of County Budget and Economic Forum

County Budget and Economic Forum in the County serve as the primary institution for ensuring public participation in public finances. It is integral to the County government's strategy of improve accountability and public participation at the county level. Its` mandates include ensuring that: -

- The public can determine how to spend development (capital) funds on investment projects in the county;
- The public can determine how to spend part of the recurrent or operational budget in the county;
- The public can participate through sectors working groups, sub location and locational committees as well as Ward Development Committees to discuss part of or the full sector budget;
- The public can discuss the entire budget, both recurrent and development, and all sectors, especially if a mini-public is formed to deliberate on this.

Commission on Revenue Allocation (CRA)

The principal function of the Commission on Revenue Allocation is to make recommendations concerning the basis for the equitable sharing of revenue raised by the national government between the national and county governments; and among the county governments with the aim of promoting and giving

effect to the criteria of equitable share set out in Article 203 (1) of the constitution, defining and enhancing the revenue sources of the national and county governments and encourage fiscal responsibility. It therefore advises significantly the county resource envelope set out in the CFSP and the ceilings of both recurrent and development estimates.

Members of the public and Interest Groups

The county government of Elgeyo Marakwet recognizes that for the country to reach its full potential, it is important to empower youth, women and persons with disabilities and remove all obstacles to ensure full participation in social economic development of the county.

Stakeholders' participation is thus useful in the identification of stakeholders' social and developmental challenges and homegrown interventions to address the challenges and the enhancement of greater ownership, and participation of citizens in budget implementation, monitoring and evaluation via inclusivity in the planning and budget making process.

In addition, public involvement ensures openness, accountability and participatory bottom-up management of resources and informed decision-making. The Constitution as well as other national and County legislations including PFMA 2012, PFM regulations for county governments, COG 2012, Elgeiyo Marakwet Public Participation Act, Elgeiyo Marakwet Equitable Development Act (EDA) respectively introduced fundamental changes to Public financial management and specifically to the budget process. Therefore, in complying with these provisions, the CFSP preparation considers public participation as vital. The CFSP will be tabled before the general public, any other interest groups including FBOs, NGOs, CSOs and the County Economic and Budget Forum for consideration and inputting their views before being submitted for approval by the County Assembly.

Other Development Actors

The County Government of Elgeyo Marakwet is in discussions with various development partners seeking additional funds to bridge development gaps in the County. Among these partners include WORLD BANK, USAID, GIZ, FAO, WORLD VISION and CRA. The County will continue to seek and sustain support from donors and other development partners to fill the resources gap in the CIDP projected budget. To attain this strategy, the county is participating in Open Government Programme. Therefore, for accountability, openness and shared objectives, the CFSP preparation also involved all developments partners in its preparation and the budget process as a whole.

County Assembly

County Assembly plays a crucial role in strengthening good governance in the county. It approves overall policy and provides leadership to County Legislation and oversight with respect to public expenditures. It also plays the following roles;

- Receiving and approving among other documents the County Fiscal Strategy Paper (CFSP)

- Approve financial borrowing to finance deficit in the budget by the county government in accordance with Article 212 of the Constitution
- While respecting the principle of separation of powers, the county assembly may exercise oversight over the county executive committee and any other county executive organ on the implementation of the budgeted priorities
- County Assembly Speaker organizes and determines business to be conducted in the house including those regarding CIDP approval and implementation.
- County Assembly Speaker Receives bills, motions and questions and prepares an order paper for house business including those relating to CIDP.

Legal Framework for County Fiscal Strategy Paper (CFSP)

The preparation of the County Fiscal Strategy Paper (CFSP) is provided for in the Public Finance Management (PFM) Act section 117. Some of the provisions in this section state that;

(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. For the financial year 2017/18, the CFSP and the entire budgeting process and calendar was changed since the country is going to an electioneering period therefore necessitating the CFSP to be submitted 14 days after the publication of the National Budget Policy Statement. Section 7 (4) of PFM regulation 2015 states that The County Executive Committee Member shall give a responsibility statement confirming the extent to which general public was consulted particularly on the County Strategy Paper and Sector Working Groups.

(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; and
- 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. This provision is further expounded by section 37(1) of the PFM Act 2012 Regulations which indicates the extend of the percentages to amended by County Assembly and states that “Where a county assembly approves any changes in the estimates of budget under section 131 of the Act, any increase or reduction in expenditure

of a Vote, shall not exceed one (1%) percent of the Vote's ceilings'. Section 26(3) of the PFM Act 2012 Regulations further provides for engagement framework between the CEC Finance and the Budget Committee of the County Assembly on changes and decisions to be made by county assembly on budget documents and process. It state that; "Before tabling a report containing recommendations on the County Fiscal Strategy Paper for adoption by the County Assembly in accordance with section 117(6) of the Act, the relevant committee of the County Assembly shall seek the views of the County Executive Committee member on its recommendations.

(7) The County Treasury shall consider any recommendations made by the county assembly when finalizing the budget proposal for the financial year concerned.

(8) The County Treasury shall publish and publicize the County Fiscal Strategy

Fiscal Responsibility Management (Section 107)

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

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

(2) In managing the county government's public finances, the County Treasury shall enforce the following fiscal responsibility principles:

- a. The county government's recurrent expenditure shall not exceed the county government's total revenue;
- b. Over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure;
- c. the county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;
- d. Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;
- e. The county debt shall be maintained at a sustainable level as approved by county assembly;
- f. The fiscal risks shall be managed prudently; and
- g. A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

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

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

Guiding Legal Provisions

- More than 30% of budget allocated to development

- Development priorities derived from CIDP
- Personal Emoluments must not be more than 35% of budget
- County Assembly ceilings must be less than 7% of budget or twice county assembly PE
- Development allocation done per EDA
- Borrowings cannot exceed 20% of the last audited revenue

ALIGNING CFSP WITH BPS 2017

Background of Recent Economic Situation

Kenya's economic growth has been robust supported by significant infrastructure investments, construction, mining, and lower energy prices and improvement in agriculture following improved weather. The economy grew by 5.3 percent in 2014 and is projected at 5.6 percent in 2015, 6.0 percent in 2016 and 6.5 percent in the medium term.

Macroeconomic stability has been preserved with inflation remaining on average within target. Overall month on month inflation was at 8.0 percent in December 2015 from 6.0 percent in December 2014. This was attributed to the increase in prices of several food items which outweighed the decreases as well as increase in the Alcoholic Beverages, Tobacco & Narcotics index.

The Kenya Shilling exchange rate has stabilized following increased foreign exchange inflows in the money market. The current level of foreign exchange reserves, backstopped by the precautionary program with the IMF, continues to provide an adequate cushion against exogenous shocks. Furthermore, the current account deficit narrowed, mainly due to a lower oil import bill, and a slowdown in consumer imports.

Short term interest rates have declined following improved monetary conditions that led to increased liquidity in the money market. The interbank rate was at 6.2 percent as of 21st January 2016, while the 91-day Treasury bill rate was 11.4 percent as of 22nd January 2016.

The economy grew by 5.3 percent in 2014 supported by strong performance in most sectors of the economy which offset the contraction in the tourism sector. Kenya's economic growth remained resilient in 2015. The first three quarters of 2015 recorded an average of 5.5 percent growth compared to 5.3 percent growth in a similar period in 2014.

Global Economic Environment Impacts

The global economic growth outlook remains subdued in 2016, though expected to recover gradually in 2017 and beyond. The new shocks to the outlook include: Britain's referendum result in favor of leaving the European Union; ongoing realignments among emerging and developing economies, such as adjustment of commodity exporters to a protracted decline in the terms of trade; slow-moving trends, such as demographics and the evolution of productivity growth; as well as noneconomic factors, such as geopolitical and political uncertainty.

Global growth is estimated at 2.9 percent in the first half of 2016, slightly weaker than in the second half of 2015 and lower than the projected growth in the April 2016 WEO. The forecast for 2016 and 2017 is 3.1 percent and 3.4 percent, respectively.

National Economic Situation

The Country's economy is projected to grow by 6% in 2017 and by an average of 6.5% in the medium term supported by strong output in agriculture with a stable weather outlook, continued recovery of tourism and completion of key public projects in roads, rail and energy generation. In addition, strong consumer demand and private sector investment as well as stable macroeconomic environment will help reinforce this growth.

Budget Policy Statement (BPS) 2017

2017 BPS Priority Areas

As outlined by 2017 BPS, the third Medium Term Plan (MTP III) of the Kenya Vision 2030 for the period 2018-2022 has commenced with a concept note that will be finalized after incorporating stakeholder comments both at the national and county levels.

On the Post-2015 development agenda, the 17 Sustainable Development Goals (SDGs) and respective 169 targets and 230 indicators will be mainstreamed into the MTP III and County Integrated Development Plans (CIDPs). The SDGs will be mainstreamed based on key thematic areas that include advocacy and awareness creation; domestication and localizing SDGs; capacity building; stakeholder mapping and engagement; monitoring and reporting and resource mobilization.

Taken as a whole, the budget for FY2017/18 will focus on the following:

- (i) Sustaining Conducive Business Environment for Investment Opportunities;
- (ii) Continued spending in Infrastructure to Unlock Constraints to Growth
- (iii) Sustaining Sectoral Spending for Employment Creation
- (iv) Sustained Investment in Social Services for the Welfare of Kenyans
- (v) Enhancing Service Delivery through Devolution
- (vi) Structural Reforms

- Enhancing support to social sectors (Social Protection, Health and Education). These will continue to receive the bulk of budgetary resources especially in education and health sectors. The Social Sectors will receive 29.8 percent of total discretionary expenditures.
- Capital investments in Energy, Infrastructure, ICT sector and other development expenditure in general. This reflects the priority assigned capital investments in our growth objectives. With an overall allocation of 23.4 percent of total discretionary expenditures, the Energy, Infrastructure and ICT Sector will be receiving the second largest share of the resource envelope. This reflects Government's commitment in improving infrastructure countrywide for faster growth.

Other priority areas including security, social protection, youth and agriculture will be given priority in the allocation of resources.

The medium term expenditure framework for 2016/17 – 2018/19 ensures continuity in resource allocation based on prioritized programmes aligned to the Second MTP (2013-2017) of Vision 2030. It also focuses on strategic policy initiatives of the Jubilee Administration to accelerate growth, employment creation and poverty reduction. The recent achievements and key priority targets for each sector are based on the sector reports that can be accessed in the National Treasury website www.treasury.go.ke.

County Economic Performance and Prospects

Overview of county economy

Human development indicators show that the county has 52.7 percent of residents living below the poverty line compared to the national poverty level of 45.2 percent. The poverty levels in the county are geographically distributed. Levels of poverty are relatively higher at the Escarpment and The Kerio Valley, while in the Highlands poverty level is relatively low.

The county's economy and livelihood is driven by agriculture which is depended upon by over 76 percent of county's rural population. Therefore, promoting substantial investments in agriculture is key to our county's economic transformation.

The sub-sectors under agriculture include; Crop farming, livestock production and fisheries whose optimum harnessing, improvement and value addition could lead to enhanced food security, employment creation, income generation, related sectors' development and natural resource conservation.

More than 80 percent of the county's income is from agro-based economic activities. This income status effectively requires a well-managed and reliable physical infrastructure that supports and sustains progressive and efficient output optimization.

Growth Prospects and Challenges

The economic growth prospects for FY 2017/18 and the medium term takes into account developments in the global environment and internal risks while accommodating the Government's national strategic objectives as outlined in the second Medium Term Plan (MTP) for the period 2013-2017 of Vision 2030 and the broad development policies of the Jubilee Government.

The county's three ecological zones have varied levels of socio-economic developments and resource endowments. A review of these zones show that for the overall socio-economic development to be realized, there is need to invest in improvement of quality education at all levels, improving road network and power supply, eradicating alcoholism and drunkenness, improving value and quality of agricultural products through value addition and intensifying irrigation in the Kerio Valley.

Nevertheless, in the face of these challenges lies growth potential that can propel the county to higher economic possibilities. These growth prospects include; improved agricultural productivity, enhanced

tourism, value addition ventures, revamp irrigation investments and economic gains from sports related activities amongst others.

County Fiscal Strategy Paper (CFSP) 2017

The 2017 County Fiscal Strategy Paper, the fourth to be prepared under the devolved system of governance, also, this CFSP will take into account the provisions of EDA 2015 and the PFM regulations which largely inform County Assembly ceilings and development allocations across wards and also county wide projects. The implementation of the transformative agenda contained in the CIDP is expected to raise productivity in the county economy.

CFSP Strategic Priorities and Policy Goals

The 2017 County Fiscal Strategy Paper the fourth to be prepared under the devolved system of governance, reaffirms the broad policies and strategies outlined in the national 2017 Budget Policy Statement (BPS). The implementation of the transformative agenda is expected to raise efficiency and productivity in the economy. In alignment with the county's strategic objectives and policy goals, and in line with the six thematic areas contained in the BPS, six county strategies and policy goals are to be implemented in the Medium Term Expenditure Framework (2016/17 – 2018/19). These six main strategic priorities and policy goals are;

Sector priority 1: Creating an environment for investment and sustainable development;

Sector priority 2: Infrastructural expansion to facilitate economic transformation

Sector priority 3: Sustaining Sectoral Spending for Employment Creation

Sector priority 4: Access to quality Social Services

Sector priority 5: Enhancing Service Delivery through Devolution

Sector priority 6: Structural Reforms

The sector priorities and policy goals aligned for the CFSP 2017 are as follows;

Sector priority 1: Creating an environment for investment and sustainable development;

These will include creating regulatory and legal capacity for managing investment inflows, promoting and facilitating investment, attracting private investment in infrastructure, strengthening the links between investment and trade, and promoting responsible business conduct by business enterprises. This will further include harnessing investment inflows to generate maximum development benefits through employment, technology transfer, competitiveness and growth of domestic enterprises and industries.

Sector priority 2: Infrastructural expansion to facilitate economic transformation

In order to ensure sustained economic transformation, and a competitive economy, the Government will embark on massive public investments in road, rail, energy and water supplies.

Sector priority 3: Sustaining Sectoral Spending for Employment Creation

Agriculture transformation

The County's economy and livelihood is much driven by agriculture which is depended upon by over 76 percent of county's rural population. Promoting substantial investments in agriculture is the key to economic transformation. Improving agricultural productivity such as crop farming, livestock production, and fisheries would thus be an effective way to enhance food security, employment creation, income generation, industrialization and ultimately, economic transformation through stimulating growth of related sectors of the economy. The sector is also the main driver of the non-agricultural economy with a multiplier effect in manufacturing, non-agricultural operations such as transportation, education, and other social services. When the sector performs well, the entire economy performs well. The county's priority investments include; research and extension services, soil management, making available quality seeds, zoning and earmarking specific crops for highest yields through cash crops development, productivity and technology adoption in the region, Kerio Valley irrigation programme, horticultural development, fish farming promotion and support, value addition and marketing, value chain linkages, wide application of appropriate technology and mechanization to achieve the highest level of production as well as re-organization of farmers into viable cluster groups for economies of scale. Also exploit the provision of Vision 2030 flagship project of creating disease free zone along the Kerio Valley. This will enhance targeting export market for livestock and livestock products by enhancing disease control and surveillance.

Major challenges facing the agricultural sector include; high cost of inputs, unpredictable rainfall, overdependence on rain-fed agriculture, lack of markets, crop and livestock disease outbreaks, limited application of agricultural technology and innovation and poor livestock husbandry.

Tourism Recovery, Sports, Culture, and Arts

The county recognizes the vital role tourism, culture, sports and art play in sustainable development. Cultural diversity, Sports and Art foster inclusion a guarantee of social cohesion and a prerequisite for peace hence socio-economic development.

The opening of Rimoi Game Reserve will as a result improve the economy.

Attention will be made towards facilitating tourism promotion and marketing to increase international arrivals and tourism revenue.

The county should encourage the growth of youth talents in sports and arts and nurture them as catalyst for growth and development through financial support to sports organization and providing training and capacity building as well as empowering skilled cultural practitioners.

Sector priority 4: Access to quality Social Services

To bring quality healthcare closer to the people, programmes to increase access to quality healthcare services through health infrastructure improvement, recruitment and deployment of health personnel to facilities and efficient distribution of adequate medical supplies has to be undertaken. So far upgrading and expansion of Iten County Referral Hospital and sub-county hospitals is steadily progressing and this will make the hospitals critical providers of quality healthcare services through reduction of cost burden

of referral of patients to hospitals outside the County. Streamlining of the waiver system will ensure that everyone has access to health services by ensuring the existence of the waiver system is known and the ease of obtaining a waiver for patients who need health care assures that patients are not turned away.

So as to best serve patients in this age of modern medicine, our healthcare facilities must maintain good working condition state of the art equipment. To this end, the county continuous to equip Iten County referral hospital with modern equipment and a few other health facilities across the county with equipment including delivery sets, fridges and other critical laboratory equipment. Plans are underway to equip other remaining healthcare facilities with modern equipment. This calls for substantial investment in the sector through sizeable budget allocation.

In education, the county has been working to improve the quality of education, especially at the basic level. This has been done through building and equipping of modern ECD classrooms and recruitment of ECDE teachers in all the wards.

The main challenges affecting the education sector are inadequate teaching staff, teaching & learning materials, school infrastructure and funds to meet the high demand for bursary allocation to bright and needy students. Rebranding of technical and vocational education and giving it the important attention and support it deserves in the development of our county and nation at large calls for attention and consideration to enable youths acquire technical skills for their socio-economic wellbeing.

Sector priority 5: Enhancing Service Delivery through Devolution

To ensure accessible service delivery at all levels, the 2017 CFSP has identified enhancement of service delivery through devolution as one of the county's strategic objective and policy goal. This will be achieved through operations run at all intended offices, equitable distribution of resources and enhancement of community/public participation in prioritization of development projects and programmes.

Sector priority 6: Structural Reforms

Governance

The Government continues to fight against corruption and its adverse effects to the economy which include inefficiency, low productivity and high costs of doing business. The Government will continue with the implementation of the measures articulated in National Call to Action against corruption which include continuous and objective lifestyle audits for all Accounting Officers as well as Authority to Incur Expenditure (AIE) holders. The Government is also committed to strengthen expenditure control and improve the efficiency of public spending through Public financial management reforms aimed at upgrading efficiency, transparency and accountability in order to free fiscal space for priority social and investment projects and to improve governance in the public sector.

Risks to Fiscal Outlook

The risks to the economic outlook for 2017/18 and the medium-term include continued uneven and sluggish growth in advanced economies that will impact negatively on our exports and tourism activities.

Public expenditure pressures, especially recurrent expenditures, continue to pose fiscal risk to the National and County Governments.

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

COUNTY FISCAL POLICY

Background

The county government will pursue prudent fiscal policy to ensure macroeconomic stability. In addition, our fiscal policy objective will provide an avenue to support economic activity while allowing for implementation of devolution mandates within a sustainable public finances management system. With respect to revenue, the county will maintain a strong revenue effort over the medium term. Measures to achieve this effort include improved tax and cess compliance with enhanced administrative measures and adoption of national and international revenue enhancement best practices. In addition, the county Government will rationalize existing tax and cess incentives, and expanding revenue base.

The county Government reviewed all other tax and cess policies as per the approved Finance act 2013, in order to simplify and modernize them. On the existing mining activities and the prospects on the exploration of minerals in our country, the county Government has developed a comprehensive policy and legislative framework covering licensing, revenue sharing, taxation and sustainable use of the resources. This will ensure that we derive maximum and sustainable benefit from these natural resources.

On the expenditure side, the county Government will continue with rationalization of expenditure to improve efficiency and reduce overlaps and wastage. Expenditure management will be strengthened with through implementation capacity building of personnel in the use of the Integrated Financial Management Information System (IFMIS) and other appropriate financial management systems across all Departments. In addition, the PFM Act, 2012 is expected to accelerate reforms in expenditure management system at the county.

CFSP Alignment to Budget Policy Statement

The county CFSP's strategic priorities and policy goals have been aligned with the national Budget Policy Statement (BPS) 2016 which classifies the national strategic priorities and policy goals into five broad Thematic Areas, namely;

Thematic Area 1: Sustaining Conducive Business Environment for Investment Opportunities

Thematic Area 2: Continued spending in Infrastructure to Unlock Constraints to Growth

Thematic Area 3: Sustaining Sectoral Spending for Employment Creation

Thematic Area 4: Sustained Investment in Social Services for the Welfare of Kenyans

Thematic Area 5: Enhancing Service Delivery through Devolution

Thematic Area 6: Structural Reforms

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Risk to implementation of County Strategic priorities aligned to BPS

The Kenyan economy is susceptible to various domestic and external shocks, such as droughts, volatility in commodity prices, as well as insecurity and terrorism threats.

Our County is also susceptible to Inflation, disaster, lightning, litigations i.e. governors residence insecurity along the valley and inter-clan skirmishes etc.

More recently, the slowdown in global growth has posed challenges to attainment of projected expansion of our economy. To this end, maintaining fiscal stability is critical for safeguarding against these adverse shocks and ensuring that growth is sustained despite challenging circumstances.

Overview of 2016 Medium-Term Fiscal Policy

The policies set out in this 2016 BPS re-emphasize the ongoing Economic Transformation Agenda being implemented by the Government as follows:

- i. Creating a conducive business environment for job creation;
- ii. Investing in sectoral transformation to ensure broad-based and sustainable economic growth with a major focus on agricultural transformation to ensure food security;
- iii. Investing in infrastructure in areas such as transport, logistics, energy and water
- iv. Investing in quality and accessible health care services and quality education as well as strengthening the social safety net to reduce the burden on households and promote shared prosperity; and
- v. Further consolidate gains made in devolution in order to provide better service delivery and enhanced economic development.

The continued implementation of programmes under the above five pillars will make the economy maintain a strong growth momentum while at the same time remaining resilient to shocks.

The prioritized programmes in this BPS will minimize poverty through job creation and solidify Kenya as a middle-income country.

Fiscal Performance

Fiscal policy

Fiscal policy aims at supporting rapid and inclusive economic activity within a context of sustainable public financing. Revenue collection for the first half is Ksh 36,961,877 against a target of Ksh 40,005,278 implying a shortfall of Ksh 3,043,401.

On management of expenditures, the FY 2016/17 proposed budget will be guided by Programme Based Budgeting (PBB) concept which is an approach and process that relates resources to proposed and actual results. PBB budgets funds based on the relationship between program funding levels and expected results from the programs. PBB together with monitoring and evaluation concept and expenditure

controls such as audits and enforcement of cost benchmarks for all projects and consumables will achieve the intended impacts.

Fiscal Reforms and Policy

The 2017/2019 Medium-Term Fiscal Policy aims at supporting rapid and inclusive economic growth, ensuring sustainable debt position and at the same time supporting the devolved system of Government for effective delivery of services. Within a sustainable public financing as per the county fiscal strategy paper, the following emphasis are made;

- Respect and observance of the fiscal rules set out in the PFM law and its regulations is important and necessary to entrench fiscal discipline.
- Continued reforms in expenditure management and revenue collection so as to create fiscal space for spending on infrastructure and other priority development programmes.
- Expenditure efficiency and effective implementation of budget programs through enforcement of cost benchmarks for all projects and consumables, Price reference cost list during ADP public forums for informed decisions by the public.
- Improving the productivity of expenditure while at the same time ensuring that adequate resources are available for operations and maintenance.
- Increase the absorption of allocated resources which will in turn spur economic growth and further improve budget credibility. This will be done through strengthening ongoing reform engagements with development partners as well as strengthening project planning and management.

1.1.1 Deficit, Debt policy and Debt Sustainability

The County is in the process of developing Asset Financing and borrowing policy to enhance the legal framework guiding deficit and debt management of the county. During the fiscal year 2017/18, the county intends to undertake asset financing to finance development programs. Currently the county has no public debt.

1.1.2 Compliance with Fiscal Responsibility Principles

The constitution requires that county governments progressively provide for a minimum basic standard of economic and social rights to its citizens with available resources as per finance act in order for spending to increase on a sustainable basis to meet the basic needs.

So far, the fiscal performance has been generally satisfactory, despite the challenges with shortfall in revenues, the transition financial demands and increased expenditure pressures, the County government will ensure strict adherence to PFM act to comply with fiscal principles.

1.2 Challenges in County Public Finance Management

- i. Increase in wage bill.
- ii. Budget processes being determined by external factors that are not controlled directly by the county treasury e.g. County Allocation of revenue Bill,
- iii. Issuance of circulars with budgetary implications mid financial year.
- iv. Low absorption of development funds by departments.
- v. Under performance in local revenue collection occasioned by revenue leakages, level of skills required to track or monitor revenue collection streams and removal of maternity fees which are now reimbursed under the Free Maternity Grants and also abolishment of user fees in Health Centres and Dispensaries

2017/18 BUDGET FRAMEWORK

REVENUE

SOURCES OF REVENUE

Table 1 Source of Revenue

Revenue Source	Approved 2016/17 KSHS	Estimates FY2017/18	Projected FY2018/19	Projected FY2019/20
CRA Equitable Share	3,191,548,394	3,619,547,536	3,981,502,289.60	4,379,652,518
Local Revenue	149,980,000	160,021,113	176,023,224.30	193,625,546.7
Conditional Funds	230,303,750	217,205,169	217,205,169.00	217,205,169.0
Total	3,571,832,144	3,996,773,818	4,374,730,682.9	4,790,483,233.7

Local Revenue Analysis for the 1st Half of 2016/2017

The implementation of the 2016/17 FY budget has progressed well despite challenges in the first half. Revenue collection is slightly below the first half target of kshs. 40,005,278. By the end of September 2016, total cumulative local revenue collected amounted to Ksh **36,961,877** against a target of Ksh 40,005,278 implying a shortfall of Ksh 3,043,401. The underperformance was mainly on account of significant shortfalls recorded as a result of insecurity experienced along the mango producing areas of Kerio Valley and closure of operations at Fluorspar mining company.

Going forward the resource envelope may be revised in order to maintain a reasonable degree of predictability with respect to the level of local levies and charges. Consequently, expenditures will be aligned with the revised resource envelope with strong measures put in place to curb non-priority expenditures and hence free resources for more productive purposes.

2016/2017 First Half Local Revenue Collection by Source

Table 2: 2016/17 First Half Local Revenue Collection by Source

REVENUE SOURCES	1ST QTR
Auction/ Animal stock sale fees	741,780.00
Single Business Permit	838,360.00
Bus park/ motorcycle stickers	1,207,550.00
Trade applications and registration fees	237,900.00
Slaughter fees	370,400.00
Conservancy fees	15,530.00
Promotion/advert	60,550.00
Fines	103,285.00
Market & Hawkers fees	1,126,120.00
Produce & Other Cess	7,117,065.00
Plot rent/Rates	784,250.00
Stall and Ground rent	65,900.00

REVENUE SOURCES	1ST QTR
FIF funds	20,936,164.00
Public Health	484,445.00
House Rent	435,900.00
Vetenary – VSD	942,935.00
Agriculture	297,460.00
Plan approval fees	27,715.00
Lands	102,020.00
Clearance Certificate fees	13,500.00
Hide & skins	4,400.00
Water Department	244,940.00
Youth affairs and sports	9,000.00
Weights and measures	28,370.00
Tourism	138,900.00
Others	627,438.30
TOTAL	36,961,877

EXPENDITURE

RECURRENT EXPENDITURE

PERSONAL EMOLUMENTS

a) Annual wage Increase

Table 3: Annual Wage Increase

DEPARTMENT/SECTOR	2015/16	2016/17	2017/18
Office of the Governor	50,500,601	54,795,365	68,040,467
Administration	51,307,485	18,050,451	25,670,043
County Assembly	196,103,938	258,681,923	243,819,675
Finance & Economic planning	82,029,798	135,483,029	164,974,922
Roads, public works & Transport	30,914,392	43,685,461	53,220,775
Youth, Sports, Culture, Gender	16,410,194	18,714,126	21,153,005
Education and Technical Training	112,538,438	121,560,336	164,290,669
Health Services	709,423,939	944,920,514	1,053,525,926
Water, lands, Housing & planning	47,783,984	51,568,518	61,270,400
Trade, Tourism, Coops & Wildlife	27,544,327	32,581,497	39,785,516
Agriculture	132,923,700	174,322,871	186,781,940
ICT & Public service	18,243,435	76,613,029	70,847,528
County Public Service Board	19,810,704	20,016,511	37,161,506
TOTAL	1,495,534,935	1,950,993,631	2,190,542,372

b) PE Analysis

Table 4: PE analysis

Department	Staff Statistics	2017/178Aggregate P.E	2016/17 P.E	Deviation
	Existing	Projected	Estimates	
Office of the Governor	37	68,040,467	54,795,365	13,245,102
Administration	18	25,670,043	18,050,451	7,619,592
County Assembly		243,819,675	258,681,923	(14,862,248)
Finance & Economic planning	281	164,974,922	135,483,029	29,191,893
Roads, public works & Transport	74	53,220,775	43,685,461	9,535,314
Education and Technical Training	855	164,290,669	121,560,336	42,730,333
Youth, Sports, Culture, Gender	16	21,153,005	18,714,126	2,438,879
Health Services	912	1,053,525,926	944,920,514	108,605,412
Water, lands, Housing & planning	93	61,270,400	51,568,518	9,701,882
Trade, Tourism, Coops & Wildlife	44	39,785,516	32,581,497	7,204,019
Agriculture	216	186,781,940	174,322,871	12,459,069
ICT & Public service	53	70,847,528	76,613,029	(5,765,501)
County Public Service Board	17	37,161,506	20,016,511	17,144,995
TOTAL	2,616	2,190,542,372	1,950,993,631	239,248,742

The reason net positive deviation in PE is attributed to implementation of SRC circulars, mandatory annual increment and promotion of due staff within departments.

OPERATIONS AND MAINTENANCE

O&M Projections for 2017/18

Table 5: 2017/18 O&M Projections

Departments	Utilities and Operations	Requisite O&M		Mandatory O&M		Total O&M
	Amount	Description	Amount	Description	Amount	
Office of The Governor	10,980,465			Rent and rates	3,000,000	21,980,465
				Legal fees	2,000,000	
				Public participation	2,000,000	
				Donations & Emerging issues	4,000,000	
Administration	4,000,000			Office Rent (Mosop)	1,200,000	5,200,000
County Assembly	223,239,697					223,239,697
Finance & Economic Planning	13,448,312	valuation Roll	800,000	ADP	2,500,000	31,048,312
		Advertisemen t (tender and Public	2,000,000	CBROP	500,000	
				CFSP	800,000	
				Budget Estimates	2,000,000	

Departments	Utilities and Operations	Requisite O&M		Mandatory O&M		Total O&M
	Amount	Description	Amount	Description	Amount	
		participation notices)		procurement Plan	800,000	
				Funds Requisition	400,000	
				2 nd CIDP and sector plans	7,000,000	
				Finance Bill	800,000	
Roads, Public Works & Transport	8,014,721					8,014,721
Youth, Sports, Culture, Gender	9,084,108					9,084,108
Education and Technical Training	11,997,000	quality assurance	1,532,133	Bursary	20,000,000	33,529,133
Health Services	12,560,000			FIF	44,000,000	56,560,000
Water, Lands, Housing, & Physical Planning	8,098,862	Water & Electricity	1,000,000			9,498,862
		Water treatment chemicals	400,000			
Trade, Tourism, Co-operations & Wildlife	8,970,074	Street lighting bills (Iten)	5,000,000	Management fee for Rimoi	1,000,000	15,470,074
		Firearms, bullet proof jackets, screening machines and power saw	500,000			
Agriculture	10,824,770	Elec. Bill for Veterinary fridges	200,000			11,024,770
ICT & Public Service	4,863,318			Internet LAN	3,000,000	15,063,318
				Sub county and Ward operations	7,200,000	
County Public Service Board	4,023,618			part time board members	1,500,000	5,523,618

DEVELOPMENT EXPENDITURE

Summary of Development Allocations as per 2016/17 Annual Development Plan

Table 6: Summary of Development Allocation

DEPARTMENT/SECTOR	Ward Projects	County/Flagship Projects	Conditional Grants	Total
Office of the Governor	-	-		-
Administration	-	-		-
County Assembly	-	-		-
Finance & Economic planning	-	-		-
Roads, public works & Transport	158,335,426	18,000,000	95,287,500	271,622,926
Education and Technical Training	175,505,000	11,000,000	-	186,505,000
Youth, Sports, Culture, Gender	69,372,764	22,511,868	-	91,884,632
Health Services	125,983,464	164,000,000	121,917,669	411,901,133
Water, lands, Housing & planning	205,712,442	29,000,000	-	234,712,442
Trade, Tourism, Cooperatives & Wildlife	22,191,178	32,000,000		54,191,178
Agriculture	70,623,138	27,000,000		97,623,138
ICT & Public service	10,813,919	2,010,000		12,823,919
County Public Service Board	-	-		-
Total	838,537,331	305,521,868	217,205,169	1,361,264,368

ANALYSIS OF DEVELOPMENT PRIORITIES

Table 7: Analysis of Development Priorities

DEPARTMENT	2016/17 Approved	2017/18 Projected	Deviation
Office of the Governor	63,000,000	-	(63,000,000)
Administration	-	-	-
County Assembly	-	-	-
Finance & Economic planning	-	-	-
Roads, public works & Transport	273,438,424	271,622,926	(1,815,498)
Education and Technical Training	156,530,336	186,505,000	29,974,664
Youth, Sports, Culture, Gender	75,461,421	91,884,632	16,423,211
Health Services	263,252,958	411,901,133	148,648,175
Water, lands, Housing & planning	189,974,356	234,712,442	44,738,086
Trade, Tourism, Cooperatives & Wildlife	79,091,275	54,191,178	(24,900,097)
Agriculture	120,705,190	97,623,138	(23,082,052)
ICT & Public service	49,574,181	12,823,919	(36,750,262)
County Public Service Board	1,500,000	-	(1,500,000)
Total	1,272,528,141	1,361,264,368	88,736,227

2017/18 CFSP OVERALL EXPENDITURE ANALYSIS

Table 8: Overall Expenditure Analysis

Expenditure Type	Amount	Percentage of Budget
Compensation to Employees	2,190,242,373	54.80
Special O&M	115,132,133	2.88

Normal O&M	330,104,945	8.26
Development	1,361,264,368	34.06
Total	3,996,773,817	100

MEDIUM TERM EXPENDITURE FRAMEWORK

Background

An evaluation of the macroeconomic situation and a limited resource envelope in past four years shows that adjusting non-priority expenditures to cater for the priority ones will guide the Medium-Term Expenditure Framework (MTEF) budgeting processes. Social sectors including education and health, will continue to receive adequate resources while the economic sectors such as those of agriculture and livestock will receive increasing share of resources to boost agricultural productivity and value addition ventures. Share of resources for priority physical infrastructure sector, such as roads, water and irrigation, will continue to rise over the medium term. All the other sectors will continue to receive adequate resources in line with our county's commitment to a balanced sector development so as to enhance the quality of life for the residents of the county.

Resource envelop

Table 9: Resource Envelop

Revenue Source		Actual FY2015/16	Approved Estimates FY2016/17 KSHS	Estimates FY2017/18
Local Revenue		132,000,000	160,021,113	160,021,113
Central Government Transfers (CRA Share)		3,191,548,394	3,528,847,275	3,619,547,536
Conditional Grants	Support to abolishment of user fees in health centers and dispensaries	18,420,000	8,956,070	8,788,919
	Free maternal health	3,409,840	43,430,000	40,106,303
	Road maintenance levy Fund	41,545,473	54,220,715	95,287,500
	Loans and Grants	-	145,428,851	73,022,447
Total		2,995,655,405	3,947,702,398	3,996,773,818

Collaboration with National Government and Development Partners

Conditional Allocations from Development Partners

In the last four financial years, the county has been receiving DANIDA conditional grants as Health Sector Support Grant. In 2016/17, the county also received Health Sector Support conditional grant from World Bank. These conditional grants are expected to continue in the 2016/17 Financial Year as indicated in the 2016 Budget Policy Statement (BPS)

Conditional Allocations

Conditional Grants	Amount
Roads Maintenance Levy Fund (RMLF)	95,287,500
Free Maternal Health (FMH)	40,106,303
Abolition of User fees	8,788,919
Loans and Grants	73,022,447
TOTAL	217,205,169

National Government

Our county continues to encourage and sustain a cooperative and collaborative framework with the national government in terms of implementing the national development agenda and critical policy directives. This will ensure synergized devolution objectives achievement and rapid local economic development. Therefore, developing strategic networking and collaborations based on the needs and policy direction of the country’s Vision 2030 and those of our county’s CIDP is inevitable.

Consequently, the county will collaborate with the national government in several areas including; medical equipment’s, roads maintenance, maternal health and health facilities operations. This collaboration will be in form of conditional grants from the National Government’s allocation share as indicated in the 2017 Budget Policy Statement (BPS). These conditional grants include;

- Medical equip leasing
- Road Maintenance Levy Fund (RMLF)
- Free Maternal Health (FMH)
- Abolition of User Fees

Disaster Risk Reduction and Emergency Mitigation Strategies

Since drought risk management is so closely entwined with sustainable development, it is inevitably a shared function of both the national and the county governments thus both levels of government will initiate the prerequisite mechanisms to mitigate and manage disasters and emergencies. Over the last four years allocation towards attaining these strategies has been dwindling. As a result of strained resource envelope coupled with competing needs by various sectors therefore there is need to enhance collaboration with national government entities charged with the emergency related initiatives to consider the county in their strategic intervention bearing in mind that the county is disaster prone area.

Medium-Term Expenditure Estimates

Table 10: Medium-Term Expenditure Estimates

Department/ Sector	Approved			Proposed Ceiling	Projection
	Description	Approved	Approved Estimates		
			2015/16	2016/17	2017/18
Office of The Governor	Rec	81,468,807	94,777,495	90,020,933	98,122,816

Department/ Sector	Approved				Proposed Ceiling	Projection
	Description	Approved	Approved Estimates			
		2015/16	2016/17	2017/18		
	Dev	31,692,496	63,000,000	-	-	
Administration	Rec	23,352,343	29,618,531	30,870,043	33,648,347	
	Dev	-	-	-	-	
County Assembly	Rec	426,069,363	467,089,372	467,089,372	509,127,415	
	Dev	44,964,113	-	-	-	
Finance & Economic Planning	Rec	164,736,480	210,123,287	195,723,234	213,338,325	
	Dev	28,637,874	-	-	-	
Roads, Public Works & Transport	Rec	77,630,646	64,350,606	61,235,496	66,746,690	
	Dev	268,577,349	273,438,424	271,622,926	296,068,989	
Youth, Sports, Culture, Gender	Rec	25,430,485	19,299,111	30,237,113	32,958,453	
	Dev	120,385,846	75,461,421	80,372,764	87,606,313	
Education and Technical Training	Rec	138,864,570	174,847,458	197,819,802	215,623,584	
	Dev	241,274,353	156,530,336	198,016,868	215,838,386	
Health Services	Rec	1,088,525,205	1,107,297,130	1,110,085,926	1,209,993,659	
	Dev	201,634,519	263,252,958	411,901,133	448,972,235	
Water, Lands, Housing, & Physical Planning	Rec	66,586,942	74,422,613	70,769,261	77,138,495	
	Dev	261,464,816	189,974,356	234,712,443	255,836,563	
Trade, Tourism, Co-operations & Wildlife	Rec	47,747,087	54,554,311	55,255,590	60,228,593	
	Dev	55,993,164	79,091,275	54,191,178	59,068,384	
Agriculture	Rec	173,634,860	178,995,686	197,806,710	215,609,314	
	Dev	131,162,557	120,705,190	97,623,138	106,409,220	
ICT & Public Service	Rec	68,925,819	104,326,262	85,910,846	93,642,822	
	Dev	47,448,343	49,574,181	12,823,919	13,978,072	
County Public Service Board	Rec	34,095,934	34,121,876	42,685,124	46,526,785	
	Dev	-	1,500,000	-	-	
TOTAL	Rec	2,417,068,542	2,613,823,738	2,635,509,449	2,872,705,299	
	Dev	1,433,235,430	1,272,528,141	1,361,264,369	1,483,778,162	
Grand Total		3,850,303,972	3,886,351,879	3,996,773,818	4,356,483,462	

Baseline Ceilings

The baseline estimates reflect the current departmental spending levels though the departments are constrained. In the recurrent expenditure category, expenditures on Personal Emoluments which accounts for about 56 percent of the resource envelope take the first charge. Expenditure on operations and maintenance accounts for 9.9 percent of the resource envelope

Overall, recurrent expenditure on Personal Emoluments and operations and maintenance account for 66% percent of the projected resource envelope. Development allocation accounts for 34%.

Development Allocations Guidelines

- Development expenditure allocations are shared out amongst departments on the basis of the Equitable Development Act, 2015, County Integrated Development Plan (CIDP) and Annual Development Plan (ADP) as well as other strategic objectives and policy goals identified in this CFSP
- Development ceilings for departments/sectors are the aggregate for the cost of projects for Wards and County prioritized for that departments/sector during public participation forums
- Conditional allocations from the national governments to departments/sectors will be utilized as per the conditions set out in the Budget Policy Statement (BPS). These allocations supplement the allocations already considered in the ceilings for the same department.
- On-going and/or phased projects will be given emphasis and in particular infrastructure projects and other projects with high impact on poverty reduction and equity.
- Strategic objectives and policy goals: priority is also given to policy interventions covering the entire county and those that have huge implications in spurring growth in other departments/sectors

Details of Departments/Sectors Priorities

Education Sector

The sector is mandated to address: provision of pre-primary education, technical vocational education and training (TVET), provision of bursaries and scholarships and quality assurance and standards. To meet its mandate, the sector has prioritized the following programmes for the 2017/18 to 2019/2020 MTEF Period: Early Childhood Development Education, Bursaries & Scholarships, Vocational Education and Training, Special Needs Education and General Administration and Planning.

In order to implement the prioritized programmes, the Sector has been allocated Ksh 384,324,802 for 2017/2018 financial year. Recurrent expenditure allocation for the same period is Ksh 197,819,802 while the development expenditure allocation is Ksh 186,505,000

Health Sector

The Health sector goal is to attain equitable, affordable, accessible and quality health care for all. This will be done through curative and rehabilitative services, preventive and promotive health interventions that address risk factors to health and Strengthening collaboration with private and other sectors that have an impact on health

Key projects to be implemented in the MTEF period include: improvement and upgrading of health facilities, health care service delivery enhancement, community health strategy, vector control, efficient drugs and commodities management strategy and general administration and planning.

In order to implement the prioritized programmes, the Sector has been allocated Ksh 1,521,987,059 for the 2017/2018 financial year. The recurrent expenditure allocation for the same period is Ksh 1,110,085,926, while the development expenditure allocation is Ksh 411,901,133.

Roads

The sector aims at improving both quality and quantity of the existing road network in order to transform the socio-economic development of the county through effective and efficient transportation of residents and goods to output markets. The programmes prioritized in the MTEF period 2017/18-2019/20 include: road works, public works and General Administration and Planning.

In order to implement the prioritized programmes, the Sector has been allocated Ksh 332,858,422 for the 2017/2018 financial year. The recurrent expenditure allocation for the same period is Ksh 61,235,496, while the development expenditure allocation is Ksh 271,622,926.

Governance and Administration

The sector is responsible for providing overall policy direction, coordination of county government, communication services and legal advice to government agencies. It also plays a major role in promoting integrity and transparency in county governance. It also plays a key role in inter-governmental relations, peace building and enforcement of county laws and regulations.

To meet its mandate, the sector has prioritized the following programmes for the 2017/18 to 2019/20 MTEF Period: executive services, public advisory services, county attorney services, communication services, protocol and liaison services and general administration and planning.

In order to implement the prioritized programmes, the Sector has been allocated Ksh 120,890,975 for the 2017/2018 financial year. The recurrent expenditure allocation for the same period is Ksh 120,890,975. The department being a service one was not allocated development funds.

Youth, Sports, Culture and Gender

The sector is mandated to create a socially cohesive county through formulation, mainstreaming and implementation of policies that promote sharing of cultural experiences and talents while celebrating heritage and empowering vulnerable and marginalized groups.

This is achieved through sports Stadia development, sports activities enhancement, talents development and mentorship programs, women, special needs groups and youth empowerment, and cultural promotion and development. During the 2017/18 FY, the sector priorities will aim at empowering the

vulnerable groups, promoting culture, developing and promoting sports talent development. The priority programmes are sports development and Gender and social development.

In order to implement the prioritized programmes, the sector has been allocated Kshs. 122,121,745; Kshs. 30,237,113 and Kshs. 91,884,632 being for recurrent and development expenditures respectively

Water, Lands, Physical Planning and Natural Resources

This sector consists of water, Environment, lands, Physical Planning, survey, housing and Town administration units. The sector's mission is to improve access to decent and affordable housing with adequate, affordable, clean and safe water, facilitate efficient land administration and management in an appropriate spatial framework and sustainable environment. During the 2017/18 FY the sector has prioritized programmes intended at ensuring access to clean water and improved sanitation to all county residents and environmental conservation. These programmes include: Development and rehabilitation of water schemes, catchment conservation and development of spatial plans

In order to implement the prioritized programmes, the sector has been allocated Kshs. 305,481,704. Kshs. 234,712,443 has been allocated for development expenditure and Kshs. 70,769,261 for Recurrent expenditure.

Finance and Economic Planning

Provide overall leadership and policy direction in resource mobilization, management and accountability for quality public service delivery.

Strategies to attain the overall goal include establishment of directorate of inspection and enforcement, continuous training of staff on eProcurement and adherence to the provisions of PFM Act, Participatory planning and budgeting as well as mainstreaming crosscutting issues to planning and budgeting.

To implement the prioritized programmes, the Sector has been allocated Ksh 195,723,234. The entire departmental allocation is for recurrent and particularly for development of second County CIDP and public participation processes.

Agriculture Sector

The goal of the sector is to attain food security, improve livelihoods of the people of the county through promotion of competitive agriculture and innovative research, sustainable livestock and fisheries development, equitable productive capital and sustainable management of land resources.

During the 2017/18-2019/20 MTEF period, focus will be directed on enhancement of Food security through irrigated agriculture, research and development, dairy sector improvement through AI services and breed improvement, livestock disease control amongst other strategies.

To implement the prioritized programmes, the Sector has been allocated Ksh 295,429,848 for the financial years 2017/2018. Recurrent expenditure allocation for FY2017/18 is Ksh 197,806,710. The Development expenditure for the same is Ksh 97,623,138

Trade, Tourism and Co-operative Development

The general objectives of the sector include; promotion of fair trade practices and entrepreneurship, savings mobilization, marketing, tourism development and diverse innovative investments.

During the 2017/18 – 2019/20 MTEF period the sector will focus on improving niche tourism product development and diversification through opening and operationalization of Rimoi Game reserve, enhancement of co-operative movements by providing co-operative revolving fund and expansion of existing market infrastructure.

To implement the prioritized programmes, the Sector has been allocated Ksh 109,446,768 for the financial years 2017/2018. Recurrent expenditure allocation for FY2017/18 is Ksh 55,255,590. The Development expenditure for the same is Ksh 54,191,178

County Public Service Board and ICT and Public Service Management

The goal of the department is to establish and maintain sufficient professional and motivated public service that enhances efficient and effective service delivery as well as integration of ICT in public service management. Provision of ICT related infrastructure is also core goal of the sector.

Continued public service management together with adherence of human resource advisories and guidelines are some of the strategies employed by the departments in order to optimize human capital within the county.

During the 2017/18 fiscal period the sectors will focus on enhancing citizen engagements through the devolved units at the county by utilizing the sub county and ward structures. Setting up of sub county ICT centres will act as one stop shop to address devolved government functions and offering ICT related contents to the rural areas of the county as well as empowering the youths with digital contents and platform.

To implement the prioritized programmes, the Sectors have been allocated Ksh 98,734,765 and 42,685,124 for ICT and Public Service and CPSB respectively in the financial years 2017/2018. Recurrent expenditure allocation for ICT and Public Service and CPSB in FY2017/18 is Ksh 85,910,846 and Ksh. 42,685,124 while that of development expenditure is Ksh 12,823,919 for ICT and Public Service

ANNEXES

Annex 1: Departmental/Sector Ceilings 2015/16 – 2018/19

Department/ Sector	Approved & Ceilings				% Share of Total Revenue		
	Description	Approved	Approved	Proposed Ceiling	Projection	Approved	CFSP Ceiling
		2015/16	2016/17	2017/18	2018/19	2016/17	2017/18
Office of The Governor	Rec	81,468,807	94,777,495	90,020,933	98,122,816	2.44	0.02
	Dev	31,692,496	63,000,000	-	-	1.62	0.00
Administration	Rec	23,352,343	29,618,531	30,870,043	33,648,347	0.76	0.01
	Dev	-	-	-	-	0.00	0.00
County Assembly	Rec	426,069,363	467,089,372	467,089,372	509,127,415	12.02	0.12
	Dev	44,964,113	-	-	-	0.00	0.00
Finance & Economic Planning	Rec	164,736,480	210,123,287	195,723,234	213,338,325	5.41	0.05
	Dev	28,637,874	-	-	-	0.00	0.00
Roads, Public Works & Transport	Rec	77,630,646	64,350,606	61,235,496	66,746,690	1.66	0.02
	Dev	268,577,349	273,438,424	271,622,926	296,068,989	7.04	0.07
Youth, Sports, Culture, Gender	Rec	25,430,485	19,299,111	30,237,113	32,958,453	0.50	0.01
	Dev	120,385,846	75,461,421	80,372,764	87,606,313	1.94	0.02
Education and Technical Training	Rec	138,864,570	174,847,458	197,819,802	215,623,584	4.50	0.05
	Dev	241,274,353	156,530,336	198,016,868	215,838,386	4.03	0.05
Health Services	Rec	1,088,525,205	1,107,297,130	1,110,085,926	1,209,993,659	28.49	0.28
	Dev	201,634,519	263,252,958	411,901,133	448,972,235	6.77	0.10
Water, Lands, Housing, & Physical Planning	Rec	66,586,942	74,422,613	70,769,261	77,138,495	1.91	0.02
	Dev	261,464,816	189,974,356	234,712,443	255,836,563	4.89	0.06
Trade, Tourism, Co-operations & Wildlife	Rec	47,747,087	54,554,311	55,255,590	60,228,593	1.40	0.01
	Dev	55,993,164	79,091,275	54,191,178	59,068,384	2.04	0.01
Agriculture	Rec	173,634,860	178,995,686	197,806,710	215,609,314	4.61	0.05
	Dev	131,162,557	120,705,190	97,623,138	106,409,220	3.11	0.02
ICT & Public Service	Rec	68,925,819	104,326,262	85,910,846	93,642,822	2.68	0.02
	Dev	47,448,343	49,574,181	12,823,919	13,978,072	1.28	0.00
County Public Service Board	Rec	34,095,934	34,121,876	42,685,124	46,526,785	0.88	0.01
	Dev	-	1,500,000	-	-	0.04	0.00
TOTAL	Rec	2,417,068,542	2,613,823,738	2,635,509,449	2,872,705,299	67.26	0.66
	Dev	1,433,235,430	1,272,528,141	1,361,264,369	1,483,778,162	32.74	0.34

Annex 2: Recurrent Departmental/Sector Ceilings 2015/16 – 2018/19

Department/ Sector	Approved & Ceilings		Projections		% Share of Total Revenue	
	Approved 2016/17	Ceiling 2017/18	Projection 2018/19	Projection 2019/20	Approved 2016/17	CFSP Ceiling 2017/18
Office of the Governor	94,777,495	90,020,933	97,222,607	105,000,416	3.63	3.42
Executive Administration	29,618,531	30,870,043	33,339,646	36,006,818	1.13	1.17
County Assembly	467,089,372	467,089,372	504,456,522	544,813,044	17.87	17.72
Finance and Economic Planning	210,123,287	195,723,234	211,381,093	228,291,580	8.04	7.43
Roads, Public works and Transport	64,350,606	61,235,496	66,134,335	71,425,082	2.46	2.32
Education and Technical Training	174,847,458	197,819,802	213,645,386	230,737,017	6.69	7.51
Sports, Youth Affairs, Culture and Social Services	19,299,111	30,237,113	32,656,082	35,268,568	0.74	1.15
Health Services	1,107,297,130	1,110,085,926	1,198,892,800	1,294,804,224	42.36	42.12
Water, Environment Lands, Housing and Physical Planning	74,422,613	70,769,261	76,430,802	82,545,266	2.85	2.69
Trade, Tourism and Cooperative Development	54,554,311	55,255,590	59,676,037	64,450,120	2.09	2.10
Agriculture	178,995,686	197,806,710	213,631,246	230,721,746	6.85	7.51
ICT and Public service	104,326,262	85,910,846	92,783,714	100,206,411	3.99	3.26
County Public Service Board	34,121,876	42,685,124	46,099,934	49,787,928	1.31	1.62
Total	2,613,823,738	2,635,509,449	2,846,350,205	3,074,058,221	100	100

Annex 3: Development Departmental/Sector Ceilings 2015/16 – 2018/19

Department/ Sector	Approved & Ceilings		Projections		% Share of Total Revenue	
	Approved 2016/17	Ceiling 2017/18	Projection 2018/19	Projection 2019/20	Approved 2016/17	CFSP Ceiling 2017/18
Office of the Governor	13,000,000	-	-	-	1.13	-
Executive Administration	-	-	-	-	-	-
County Assembly	30,000,000	-	-	-	2.62	-
Finance and Economic Planning	30,000,000	-	-	-	2.62	-
Roads, Public works and Transport	266,344,172	271,622,926	293,352,760	316,820,981	23.25	19.95
Education and Technical Training	70,952,151	186,505,000	201,425,400	217,539,432	6.19	13.70
Sports, Youth Affairs, Culture and Social Services	151,708,478	91,884,632	99,235,403	107,174,235	13.24	6.75
Health Services	156,253,138	411,901,133	444,853,224	480,441,482	13.64	30.26
Water, Environment Lands, Housing and Physical Planning	205,460,593	234,712,443	253,489,438	273,768,594	17.94	17.24
Trade, Tourism and Cooperative Development	50,414,063	54,191,178	58,526,472	63,208,590	4.40	3.98
Agriculture	122,887,736	97,623,138	105,432,989	113,867,628	10.73	7.17
ICT and Public service	46,000,000	12,823,919	13,849,833	14,957,819	4.02	0.94
County Public Service Board	2,500,000	-	-	-	0.22	-
TOTAL	1,145,520,331	1,361,264,369	1,470,165,519	1,587,778,760	100	100

Annex 4: Summary Departmental/Sector Ceilings 2017/18

Department/ Sector	Description	Proposed Ceiling 2017/18	% Share of Total Revenue
Office of The Governor	Rec	90,020,933	2.25
	Dev	-	0.00
Administration	Rec	30,870,043	0.77
	Dev	-	0.00
County Assembly	Rec	467,089,372	11.69
	Dev	-	0.00
Finance & Economic Planning	Rec	195,723,234	4.90
	Dev	-	0.00
Roads, Public Works & Transport	Rec	61,235,496	1.53
	Dev	271,622,926	6.80
Youth, Sports, Culture, Gender	Rec	30,237,113	0.76
	Dev	80,372,764	2.01
Education and Technical Training	Rec	197,819,802	4.95
	Dev	198,016,868	4.95
Health Services	Rec	1,110,085,926	27.77
	Dev	411,901,133	10.31
Water, Lands, Housing, & Physical Planning	Rec	70,769,261	1.77
	Dev	234,712,443	5.87
Trade, Tourism, Co-operations & Wildlife	Rec	55,255,590	1.38
	Dev	54,191,178	1.36
Agriculture	Rec	197,806,710	4.95
	Dev	97,623,138	2.44
ICT & Public Service	Rec	85,910,846	2.15
	Dev	12,823,919	0.32
County Public Service Board	Rec	42,685,124	1.07
	Dev	-	0.00
TOTAL	Rec	2,635,509,449	65.94
	Dev	1,361,264,369	34.06

Annex 5: Summary Recurrent Departmental/Sector Ceilings 2017/18

Department	2017/18 STAFF No	2016/17 P.E Estimates	2017/18 Aggregate P.E	Deviation	Operation & Maintenanc e	TOTAL
Administration	18	24,822,438	25,670,043	847,605	5,200,000	30,870,043
County Assembly	-	243,819,675	243,819,675	-	223,269,697	467,089,372
Finance & Economic planning	281	170,436,949	164,674,922	(5,762,027)	31,048,312	195,723,234
Roads, public works & Transport	74	52,419,527	53,220,775	801,248	8,014,721	61,235,496
Youth, Sports, Culture, Gender	16	13,612,174	21,153,005	7,540,831	33,529,133	54,682,138
Education and Technical Training	855	123,080,385	164,290,669	41,210,284	9,084,108	173,374,777
Health Services	912	983,438,728	1,053,525,926	70,087,198	56,560,000	1,110,085,926
Water, lands, Housing & planning	93	56,848,218	61,270,400	4,422,182	9,498,862	70,769,261
Trade, Tourism, Coops & Wildlife	44	37,274,501	39,785,516	2,511,015	15,470,074	55,255,590
Agriculture	216	168,582,980	186,781,940	18,198,960	11,024,770	197,806,710
ICT & Public service	53	65,240,605	70,847,528	5,606,923	15,063,318	85,910,846
County Public Service Board	17	28,524,200	37,161,506	8,637,306	5,523,618	42,685,124
TOTAL	2,616	2,025,589,193	2,190,242,373	164,653,180	445,267,076	2,635,509,449