



COUNTY GOVERNMENT OF KAJIADO

COUNTY BUDGET REVIEW AND OUTLOOK PAPER 2018

Fostering Socio-Economic and Political Growth for Sustainable Development

September 2018

© Kajiado County Budget Review and Outlook Paper (CBROP) 2018

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FOREWORD

The 2018 Kajiado County Budget Review and Outlook Paper (CBROP) has been prepared in line with the Public Finance Management (PFM) Act 2012, Section 118. This CBROP is the sixth to be prepared by the County Government of Kajiado. It provides an analysis of fiscal performance of the 2017/18 Financial Year (FY) and outlines main economic development outlook as well as resource mobilization framework.

The County adhered to the fiscal responsibility principles as stipulated in the PFM Act, 2012 Section 107, Sub-section (2) while implementing the 2017/18 budget. The budget had a total resource envelop of Ksh.8.2Billion which comprised of 5.8Billion equitable share, 1Billion local revenue, 0.38Billion conditional grants and 0.997Billion balance brought forward. Analysis revealed that, actual expenditure amounted to Ksh.6.7 billion reflecting an absorption rate of 81 percent. On the other hand, the total local revenue collected was Ksh.680Million reflecting an increase of 22 percent from the 2016/17FY where Ksh.557Million was collected.

The County Government of Kajiado implemented a number of programmes and projects in line with the medium term theme '*fostering socio-economic and political development for sustainable growth*'. During the 2017/18FY, the county encountered several challenges including shortfall in revenue and severe drought among others. Consequently, there were expenditure pressures to mitigate drought and other emergencies that arose in the county.

In 2019/20 Medium Term Expenditure Framework, the county resource envelope is estimated at Kshs8.4 billion constituting of 72 percent equitable share, 19 percent from Own Source Revenue and 9 percent conditional grants from the National Government and development partners. The county will apply appropriate measures to mitigate challenges facing budget implementation so as to improve service delivery and to realize its development agenda.

MR. MICHAEL SEMERA

CECM COUNTY TREASURY

ACKNOWLEDGEMENT

The 2018 CBROP presents actual fiscal performance for the 2017/18 FY and a review of the recent economic developments. It also gives an overview of how the actual performance of the 2017/18FY affected compliance with fiscal responsibility principles and the financial objectives as outlined in the 2018 County Fiscal Strategy Paper (CFSP).

I wish to appreciate the Governor of Kajiado County, H.E Joseph Ole Lenku and His Deputy H.E Martin Moshisho for their leadership as well as invaluable support during the budget preparation and implementation process. Special thanks go to the County Executive Committee Members (CECM) in charge of various county government entities for their contribution and support to the process. I am specifically grateful to the CECM for the County Treasury, Mr. Michael Semera, for his guidance in the entire preparation process of this budget and outlook paper. Not forgetting to recognize the support and advice of the County Assembly through the leadership of the Hon. Speaker Mr. Johnson Osoi and the House Committee in charge of Budget and Appropriation lead by Mr Henry Kimiti.

The preparation of the 2018 CBROP was a collaborative effort amongst the various county entities/departments. We thank them all for timely provision of reports and data through their budget implementation for the 2017/18FY that greatly informed this CBROP. I extend my appreciations to the entire staff of the County Government of Kajiado (CGK) for their dedication, sacrifice and commitment to public service.

We acknowledge the Director and the entire staff of Budget and Economic Planning department, other County Treasury officers and the Macro Working Group (MWG) for their tireless and continuous effort in formulation and compilation of this 2018 CBROP.

MORRIS P. KAAKA
CHIEF OFFICER – COUNTY TREASURY

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ACRONYMS

ADP	Annual Development Plan
BPS	Budget Policy Statement
CBR	Central Bank Rate
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
CG	County Government
CIDP	County Integrated Development Plan
ECDE	Early Childhood Development Education
FY	Financial Year
GDP	Gross Domestic Product
GoK	Government of Kenya
ICT	Information Communication Technology
IFMIS	Integrated Financial Management Information System
KDSP	Kenya Devolution Support Programme
M&E	Monitoring and Evaluation
MTEF	Medium Term Expenditure Framework
OM	Operations and Maintenance
OSR	Own Source Revenue
PE	Personnel Emolument
PFMA	Public Financial Management Act
RMLF	Road Maintenance Fuel Levy Fund
SBP	Single Business Permit
SDGs	Sustainable Development Goals
SSA	Sub-Saharan African
UNDP	United Nations Development Programme

Legal Basis for the Preparation of CBROP (PFMA, 2012)

- I. The County Treasury shall prepare and submit to the County Executive Committee for approval by 30th September of each financial year, the County Budget Review and Outlook Paper shall include:
 - a. The details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;
 - b. The updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper;
 - c. Information on 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 County Fiscal Strategy Paper for that financial year; and
 - d. Reasons for any deviation from the financial objectives in the County Fiscal Strategy Paper together with proposals to address the deviation and the time estimated for doing so.
- II. The County Executive Committee shall consider the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, within fourteen days after its submission.
- III. Not later than seven days after the County Budget Review and Outlook Paper is approved by the County Executive Committee, the County Treasury shall:
 - a. Arrange for the Paper to be laid before the County Assembly; and
 - b. Publish and publicize the paper as soon as practicable

Fiscal Responsibility Principles in the PFM, 2012 (Sec 107)

- IV. The county government's recurrent expenditure shall not exceed the county government's total revenue;
 - a. Over the medium term a minimum of 30 percent of the county government's budget shall be allocated to the 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;
 - c. Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;
 - d. The county debt shall be maintained at a sustainable level as approved by county assembly;
 - e. The 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.

I. INTRODUCTION

Objectives of CBROP

1. It illustrates the fiscal performance of the County Government in 2017/18 Financial Year (FY) and assess how the performance will impact the budget policies for 2018/19 FY and the medium term.
2. It is a statutory document used in linking policy making, planning, budgeting preparation and implementation. The county Medium-Term Plan is keen on actualizing key development goals such as actualizing county food security; hence, 2018 CBROP will help guide in planning and budgeting for the key programs for the Medium Term years.
3. 2018 CBROP highlights the expenditures/performance of the **four thematic** areas/strategies adopted by the County Government in the medium term. These include: Agriculture and livestock development; Improved water access, sanitation and environment; Improved health care access and quality; and Infrastructural development to support economic growth.
4. It includes fiscal measures in revenue and expenditure to be implemented so as to actualize the thematic development goals. Expenditure priorities have to be aligned to: The Medium Term Plans; the Sustainable Development Goals (SDGs); 2018-2022 County Integrated Development Plan and Big Four agenda among others. Hence, 2018 CBROP assesses the 2017/18 fiscal performance and measures to be operationalized so as to cut unnecessary costs, increase absorption and increase revenue.
5. CBROP 2018 is organized in the following sections: Section I which outlines the objective of the CBROP; Section II covers a review of the county fiscal performance; Section III indicates the recent economic development and outlook; Section IV covers the resource allocation framework and Section V gives the conclusion.

II. REVIEW OF COUNTY FISCAL PERFORMANCE FOR THE 2017/18 FY

6. This section presents a review of the fiscal performance for the period 2017/18 FY. The section starts by providing an overview of the overall performance. A review of the County's fiscal performance, a comparison of the approved budget and the actual performance has been done to bring out the county's fiscal stance.

Overview

7. The total 2017/18 FY revised budget estimates amounted to Kshs.8.188 billion. Revenue comprised of the following: equitable share Kshs.5.77 billion, 70.1 percent of the total revenue; local revenue Kshs.1.04 billion, 12.7 percent of the total revenue; and Kshs.381 million conditional grants, and 4.7 percent of the total revenue (Table 1).
8. Equitable share recorded 100 percent performance of the expected Kshs.5.77 billion whereas conditional grants performance was 82 percent of the total target. Local revenue recorded 65 percent performance against the target. Overall, the total revenue performance was 83 percent compared of the expected Kshs.8.2 billion.
9. A comparison between FY 2016/17 and 2017/18 indicates an overall total resources growth of 19 percent. The growth was attributed to mainly the equitable share which contributed to 21 percent and the local revenue which contributed 22 percent. However, there was a decline in the growth of conditional grants by 13 percent as illustrated in table 1.
10. The total actual expenditure budget for FY 2017/18 amounted to Kshs.6.8 billion against a target of Kshs.8.2 billion representing an absorption rate of percent of 81 percent, an increase compared to 2016/17 FY absorption of 75 percent. The Kshs.6.8 billion comprised of an actual recurrent expenditure of Kshs.4.7 billion, 94 percent absorption rate and development expenditure of Kshs.1.96 billion, indicating 62 percent absorption rate.
11. County Government expenditure on Personnel Emoluments increased by 33 percent while development expenditure increased by 56 percent in FY 2017/18 compared to the previous financial year.
12. In compliance with the fiscal responsibility principles as stipulated in PFM Act, 2012, Recurrent expenditure absorption was 69 percent while absorption of the development budget recorded 31 percent of the total budget in the year under review.
13. Table 1 illustrates the aggregate fiscal performance for the county government for the FY 2016/17 and 2017/18.

Table 1: Aggregate Fiscal Performance for FY 2016/17 - 2017/18

	Actual Performance 2016/17FY	Targets 2017/18 FY	Actual 2017/18 FY	Deviation	% Growth	% Actual Performance	% of the Actual Budget
Revenue Summary	Amount in Kshs.						
GOK Transfer/Equitable Share	4,761,279,539	5,768,200,000	5,768,200,000	-	21.	100	85.31
Local Revenue	557,094,069	1,040,794,334	680,475,029	360,319,305	22	65	10.06
GRANTS-	358,232,098	381,102,715	312,795,678	68,307,037	(13)	82	4.63
DANIDA	8,945,000	25,719,948	13,945,701	11,774,247	55.90	54	0.21
WB-Universal HC	-	42,954,113	19,524,597	23,429,516	-	45	0.29
Free Maternity Fee	56,312,500	-	-	-	(100.00)	-	0.00
User fee reimbursement	16,311,160	16,955,365	16,311,160	644,205	-	96	0.24
WB -grants to supplement HCF	100,315,410	37,645,000	5,185,931	32,459,069	(94.83)	14	0.08
MOH -Doctors allowance	76,959,000	-	-	-	(100.00)	-	0.00
Road Maintenance Fuel Levy F.	73,157,028	188,008,411	188,008,411	-	156.99	100	2.78
Grants for Development of Y.P	-	26,990,230	26,990,230	-	-	100	0.40
KDSP	26,232,000	42,829,648	42,829,648	-	63.27	100	0.63
Bal B/F	-	997,910,841	-	-	-	-	0.00
Total	5,676,605,706	8,188,007,890	6,761,470,707	428,626,342	19	83	
Expenditure Summary							
Compensation of Employees	1,809,228,189	2,626,416,858	2,413,183,239	213,233,619	33	92	36
Operations and Maintenance	2,160,487,766	2,377,505,687	2,262,077,193	115,428,494	5	95	33
Acquisition of Assets	1,256,344,409	3,184,085,345	1,960,318,038	1,223,767,307	56	62	29
Total County Expenditure	5,226,060,364	8,188,007,890	6,635,578,470	1,426,537,183	19	83	-
Surplus/Deficit	450,545,342	-	125,892,237	(125,892,237)	(72)	-	2

The County's Fiscal Performance 2017/18 FY

14. The subsection analysis the county's fiscal performance for FY 2017/18 under revenue and expenditure. In addition, it brings out the deviations between the actual performance for the year and the budget estimates. It further highlights on the reasons for the deviation. The analysis is covers own source revenue and expenditure performance.

Own Source Revenue Performance

15. The County Own Source Revenue (OSR) target for the 2017/18 FY was Kshs.1.04 billion while the actual revenue collected amounted to Kshs.680 million with a shortfall of Kshs.360 million. This indicates an increase in the revenue collected by 22 percent compared to Kshs.557 collected in 2016/17 FY. (Table 2).

16. The highest performing revenue streams include Single Business Permit (SBP) which recorded Kshs.189 million, followed by Sand fees (Kshs.80.8 million), Building Plan Approval (Kshs.65 million), land rates (Kshs.50.6 million) and Plot rent (Kshs.44 million). Some of the streams that recorded a high increase compared to 2016/17 FY include: Bus park fees with a growth of 571 percent; sheep/goat cess which registered 237 percent growth; food and hygiene license, 209 percent growth; and parking and transit fees 208 percent growth.

Table 2: Own Source Revenue Analysis

Collection Stream	Revenue Type	2016/17 FY			2017/18 FY			Deviation 2017/18 Estimates	Growth
		Approved Estimates	Actual Performance	% Performance	Approved Estimates	Actual Performance	% Performance		
TRADE, CULTURE, TOURISM AND WILDLIFE	S.B.P	209,660,000	137,212,557	65	195,006,134	189,064,755	97	-5,941,379.00	38
	S.B.P Application fee	1,320,000.00	933,943.00	71	1,393,508	0	-	-1,393,508.00	-
	Penalties	816,308.00	251,845.00	31	3,107,753	0	-	-3,107,753.00	-
	Barter Market	75,902,356	14,967,460	20	30,393,947	22,203,270	73	-8,190,677.00	48
	Occupancy Fee	3,300,000.00	0	-	1,707,903	0	-	-1,707,903.00	-
	weight and measures	3,520,000.00	1,346,661	38	1,356,817	542,000	40	-814,817.00	(60)
	Tourism	0	2,462,280	-	0	0	-	0.00	(100)
	Market Stall	2,750,000.00	1,229,750	45	2,050,890	599,599.00	29	-1,451,291.00	(51)
	Miscellaneous (Trade)	0	0	-	0	3,039,625	-	3,039,625.00	-
	Co-operative and marketing	0	406,800.00	-	226,293.00	0	-	-226,293.00	-
	Subtotal	297,268,664	158,811,296	53	235,243,245	215,449,249	92	-19,793,996	36
LANDS AND PHYSICAL PLANNING	Quarry Chips	21,952,239	10,333,638	47	7,808,836	0	-	-7,808,836.00	(100)
	Plot Rent	30,855,677	28,310,615	92	37,036,620	44,685,813	121	7,649,193.00	58
	Search cert and consent	-	2,523,585	-	0	0	-	0.00	(100)
	Sewerage	550,000.00	0	-	709,410.00	20,000.00	3	-689,410.00	-
	Sand Fees	193,878,868	66,505,100	34	180,271,615	80,826,000	45	-99,445,615.00	22
	Burial Fees/Noise Pollution	27,500.00	0	-	32,364.00	0	-	-32,364.00	-
	Land Penalty	770,000.00	411,811.00	53	201,369.00	157,000.00	78	-44,369.00	(62)
	Mortuary fee	1,146,923.00	9,000.00	1	11,600.00	0	-	-11,600.00	(100)
	land rates	114,583,411	30,195,819	26	153,737,975	50,645,086	33	-103,092,889.00	68
	Survey Fees	550,000.00	2,135,367	388	1,268,820	0	-	-1,268,820.00	(100)
	Ballast Cess	21,780,000	5,719,200	26	8,046,050	10,267,750	128	2,221,700.00	80

Collection Stream	Revenue Type	2016/17 FY			2017/18 FY			Deviation 2017/18 Estimates	Growth
		Approved Estimates	Actual Performance	% Performance	Approved Estimates	Actual Performance	% Performance		
	Pozzolana Cess	19,292,370	11,102,300	58	6,862,943	0	-	-6,862,943.00	(100)
	Dumping fee	33,000.00	0	-	15,161.00	0	-	-15,161.00	-
	Fire Inspection Fee	-	316,000	-	0	0	-	0.00	(100)
	Limestone/royalties	41,051,576	8,517,491	21	32,466,583	9,579,061	30	-22,887,522.00	12
	Royalties soda ash	-	2,571,555	-	0	0	-	0.00	(100)
	Other Property charges	3,000,455.00	757,900.00	25	10,145,897	0	-	-10,145,897.00	(100)
	Subtotal	449,472,019	169,409,381	38	438,615,243	196,180,710	45	-242,434,533	16
	ROADS, TRANSPORT, PUBLIC WORKS, HOUSING AND ENERGY	Car/Bus Park	16,807,266	7,171,550	43	7,023,000	21,726,834	309	14,703,834.00
Motorcycle sticker		330,000.00	5,654,650	1,714	359,600.00	0	-	-359,600.00	-
Tuk tuk Sticker		-	184,200.00	-	0	0	-	0.00	-
Impounding Fee		660,000.00	20,000.00	3	517,238.00	0	-	-517,238.00	-
Parking & Transit		58,300,000	4,207,100	7	28,493,138	28,210,480	99	-282,658.00	571
Table		550,000.00	0	-	159,732.00	0	-	-159,732.00	-
Delivery		385,000.00	47,000.00	12	227,058.00	0	-	-227,058.00	-
Taxi		495,000.00	3,485,800	704	214,600.00	0	-	-214,600.00	-
Building Plan Approval		33,891,331	39,931,025	118	96,921,760	65,668,396	68	-31,253,364.00	64
Change of user		275,000.00	5,439,000	1,978	291,160.00	0	-	-291,160.00	-
Subtotal		111,693,597	66,140,325	59	134,207,286	115,605,710	86	-18,601,576	75
PUBLIC SERVICE, ADMINISTRATION AND CITIZEN PARTICIPATION		Promotion	16,500,000	9,340,451	57	12,604,877	0	-	-12,604,877.00
	Branding	-	1,087,800	-	0	0	-	0.00	(100)
	Sign Post Fee/billboards	17,600,000	24,663,226	140	17,570,018	34,426,000	196	16,855,982.00	40
	Film and TV documentary	275,000.00	0	-	169,128.00	0	-	-169,128.00	-
	Religious meetings	-	594,000.00	-	0	0	-	0.00	(100)

Collection Stream	Revenue Type	2016/17 FY			2017/18 FY			Deviation 2017/18 Estimates	Growth	
		Approved Estimates	Actual Performance	% Performance	Approved Estimates	Actual Performance	% Performance			
	Miscellaneous (communication)	-	-	-	0	25,328,180	-	25,328,180.00	-	
	flyers Fee	1,320,000.00	218,500.00	17	1,034,256	0	-	-1,034,256.00	(100)	
	Subtotal	35,695,000	35,903,977	101	31,378,279	59,754,180	190	28,375,901	66	
AGRICULTURE, LIVESTOCK, FISHERIES AND COOPERATIVE DEVELOPMENT	Agricultural Produce	20,900,000	12,496,518	60	21,260,949	5,773,465	27	-15,487,484.00	(54)	
	Livestock Vaccination	6,050,000.00	102,560.00	2	3,846,040	0	-	-3,846,040.00	(100)	
	Sheep/Goat Cess	4,950,000.00	1,924,420	39	4,655,410	11,135,970	239	6,480,560.00	479	
	Hides & Skin	935,000.00	320,980.00	34	516,246.00	0	-	-516,246.00	-	
	ATC	770,000.00	500,491.00	65	663,624.00	0	-	-663,624.00	-	
	Poultry cess	275,000.00	353,540.00	129	134,857.00	0	-	-134,857.00	-	
	Manure cess	385,000.00	296,300.00	77	221,067.00	0	-	-221,067.00	-	
	AMS	1,430,000.00	74,904.00	5	1,651,234	0	-	-1,651,234.00	-	
	slaughter Fee	11,000,000	11,062,199	101	11,935,320	11,349,585	95	-585,735.00	3	
	Cattle Cess/sale yards	4,950,000.00	5,481,040	111	6,509,951	0	-	-6,509,951.00	-	
	Permit fee	-	602,195.00	-	0	0	-	0.00	-	
	sale of tender documents	770,000.00	0	-	728,033.00	0	-	-728,033.00	-	
	Miscellaneous (Agriculture)	-	-	-	0	4,637,340	-	4,637,340.00	-	
	Bus Park	137,500,000	16,212,350	12	27,675,025	0	-	-27,675,025.00	-	
	marketing/ cooperative	550,000.00	677,510.00	123	109,376.00	0	-	-109,376.00	-	
		Subtotal	190,465,000	50,105,007	26	79,907,132	32,896,360	41	-47,010,772	(34)
	MEDICAL SERVICES, PUBLIC HEALTH AND SANITATION	Food Hygiene License	31,900,000	4,873,942	15	16,829,083	15,035,110	89	-1,793,973.00	208
Health Clearance		4,500,000.00	6,231,194	138	8,695,331	495,500.00	6	-8,199,831.00	(92)	
Sanitary Inspection Fee		5,510,000.00	11,612,855	211	5,723,747	3,974,400	69	-1,749,347.00	(66)	
General Hospital fee		53,049,436	24,398,578	46	46,489,464	34,154,370	73	-12,335,094.00	40	

Collection Stream	Revenue Type	2016/17 FY			2017/18 FY			Deviation 2017/18 Estimates	Growth
		Approved Estimates	Actual Performance	% Performance	Approved Estimates	Actual Performance	% Performance		
	occupation certificate	4,380,000.00	573,839.00	13	2,914,500	0	-	-2,914,500.00	-
	Medical Certificate	5,478,000.00	0	-	3,314,585	0	-	-3,314,585.00	-
	Others (Public Health)	-	180,700.00	-	0	1,595,260	-	1,595,260.00	783
	Miscellaneous (Health)	-	-	-	0	1,234,200	-	1,234,200.00	-
	Subtotal	104,817,436	47,871,108	46	83,966,710	56,488,840	67	-27,477,870	18
WATER, IRRIGATION, ENVIRONMENT AND NATURAL RESOURCES	water	5,500,000.00	0	-	552,972.00	0	-	-552,972.00	-
	Water Bowser	-	1,972,700	-	0	0	-	0.00	-
	Water Supply and Administration	-	5,312,475	-	0	0	-	0.00	-
	Subtotal	5,500,000.00	7,285,175.00	132	552,972.00	0.00	-	-552,972.00	(100)
EDUCATION AND VOCATIONAL	Registration of Institutions	660,000.00	149,150.00	23	577,564.00	337,980.00	59	-239,584.00	127
	Subtotal	660,000.00	149,150.00	23	577,564.00	337,980.00	59	-239,584.00	127
YOUTH, SPORTS, GENDER AND SOCIAL SERVICE	Social services	-	370,650.00	-	0	1,206,500.00	-	1,206,500.00	226
	Liquor license	52,800,000	21,048,000	40	36,345,903	2,555,500	7	-33,790,403.00	(88)
	Subtotal	52,800,000	21,418,650	41	36,345,903	3,762,000	10	-32,583,903	(82)
GRAND TOTAL	1,248,371,716.00	557,094,069.00	45	1,040,794,334.00	680,475,029.00	65	-360,319,305.00	22	

Outstanding issues in collection of Own Source Revenue

17. The County government still encounters a numbers of challenges related to revenue collection.
 - i. Weak policies and legal framework to facilitate revenue collection
 - ii. Vastness of the county and mobility challenges due to lack of reliable transport and the road infrastructure
 - iii. Public communication strategy to provide feedback with the tax payers
 - iv. Unreliable database for most of the major revenue streams to facilitate realistic targeting.
 - v. Unexploited revenue potential

18. The County Government undertook restructuring of the revenue administration to enhance revenue collection during the year among other measures such as:
 - i. Centralization of revenue collection under the County Treasury and creation of four sections in the revenue directorate. This has enhanced management, effectiveness and efficiency in revenue administration.
 - ii. Full automation of all revenue streams to ensure that revenue is collected and reported through the system, a very important strategy that requires monitoring.
 - iii. The management operationalized administrative strategies to seal revenue loopholes and leakages; dealing with corrupt practices and tax evasion.
 - iv. Enhanced the capacity of revenue officers through regular trainings by the service providers (River Bank) especially on use of the collection gadgets.
 - v. Strengthening the County Inspectorate Unit that oversees enforcement.

Strategies to Further enhance revenue collection

19. The county Government will implement the following strategies to address local revenue shortfalls:
 - i. Enforcement of the Finance Act, 2018 to ensure compliance by working effortlessly with the County Inspectorate Unit.
 - ii. Enact the relevant legislations to support revenue collection
 - iii. Ensure valuation roll and validation of plots exercises are effectively carried out so as to enhance revenue generation in the respective streams. The County Government will support the department of Lands in enhancing revenue collection of land rates.
 - iv. Continually build capacity of revenue officers, especially revenue clerks, collectors of revenue and billing officers in order to address capacity gaps.
 - v. The county Government will continue to eliminate corruption in revenue collection and deal with tax evasion cases to seal revenue collection loopholes and leakages.
 - vi. Performance appraisal of officers under the revenue directorate to ensure that productivity is measured and enhanced.

County Expenditure performance

20. The actual total expenditure for 2017/18 FY amounted to Kshs.6.8 billion against an approved estimate of Kshs.8.19 indicating an absorption rate of 81 percent. Expenditure analysis indicates an underspending of the allocated resource by 19 percent.
21. In comparing the recurrent budget versus the development budget; Recurrent expenditure for 2017/18 FY amounted to Kshs.4.7 billion against Kshs.5 billion target, which is 94 percent absorption rate. Expenditure on Personnel Emoluments accounted for 92 percent while Operations and Maintenance accounted for 95 percent of the total County Government expenditure. Development expenditure indicates an absorption of Kshs.2 billion against a targeted amount of Kshs.3.18 billion representing a 62 percent absorption rate.
22. Further analysis of the recurrent expenditure indicates a great improvement in absorption of funds by most departments with most recording an absorption rate of over 80 percent. With the exception of the department of Agriculture, Livestock, Fisheries and Cooperative development which reported an absorption rate of 71 percent.
23. County Departments that underperformed in absorption of allocated resources include: Youth, Sports, Gender and Social Services at 50 percent; the County Treasury at 57 percent and the Office of the Governor at 63 percent. The underperformance in the three County Departments is explained by low absorption of the development budget at zero, 46 and 38 percent respectively.
24. Majority of the County Departments recorded a high absorption of the development budget: Water, Irrigation Environment and Natural Resources 91 percent; Education and Vocational Training had the highest absorption rate 89 percent; Roads, Transport, Public Works Housing and Energy 81 percent; County Assembly 80 percent; and Trade, Culture, Tourism and Wildlife 76 percent.
25. The County Department of Agriculture, Livestock, Fisheries and Cooperative Development recorded 41 percent absorption while Medical Services, Public Health and Sanitation recorded an absorption rate of 61 percent.
26. Analysis of the 2017 County Fiscal Strategy Paper ceilings, and the approved (revised) budget estimates reflects a 38 percent deviation. This reflects the budgetary increase inline with in the County Allocation of Revenue Act, 2017 and the 2017 CBROP. The increment was mainly reflected in the equitable share and grants for the financial year. In addition, the balance brought forward from the 2016/17 FY accounted for this increase. In total the total revenue increased by 31 percent.
27. Further, the 2017/18 FY budget had been prepared earlier than the usual budget calendar due to the national election process. Immediately the Financial year roll out, a new administration was ushered in. This meant that the structure and functions of government had to be realigned

to suit the new administration. This realignment resulted into reorganisation of the budget to facilitate operations while new units were constituted.

28. Analysis of expenditure performance is presented in table 3.

Table 3: Expenditure Analysis

DEPARTMENT/ ENTITY		CFSP 2017 Ceiling (a)	Final Approved Estimates 2017-18 (b)	Actual Expenditure 2017- 18 (c)	Deviation from CFSP	% Deviation from CFSP	Deviation from Approved Estimates	Absorption Rate (c/b*100)
	Amount in Kshs.							
OFFICE OF THE GOVERNOR	SUB-TOTAL	152,018,437	473,210,002	299,359,816	(321,191,565)	(211)	(173,850,186)	63.3
	PE Gross	61,776,575	64,058,512	62,405,205	(2,281,937)	(4)	(1,653,307)	97.4
	Rec Gross	90,241,862	134,514,490	131,063,445	(44,272,628)	(49)	(3,451,045)	97.4
	Dev. Gross	-	274,637,000	105,891,166	(274,637,000)	-	(168,745,834)	38.6
COUNTY PUBLIC SERVICE BOARD	SUB-TOTAL	72,815,174	110,140,628	88,264,825	(37,325,454)	(51)	217,213,303	80.1
	PE Gross	40,706,106	44,210,628	37,429,652	(3,504,522)	(9)	(6,780,976)	84.7
	Rec Gross	32,109,068	65,930,000	50,835,173	(33,820,932)	(105)	(15,094,827)	77.1
	Dev. Gross	-	-	-	-	-	239,089,106	0.0
EDUCATION AND VOCATIONAL TRAINING	SUB-TOTAL	350,460,857	651,434,826	620,098,045	(300,973,969)	(86)	(31,336,781)	95.2
	PE Gross	141,379,747	241,171,325	197,018,963	(99,791,578)	(71)	(44,152,362)	81.7
	Rec Gross	129,081,110	141,673,271	183,989,976	(12,592,161)	(10)	42,316,705	129.9
	Dev. Gross	80,000,000	268,590,230	239,089,106	(188,590,230)	(236)	(29,501,124)	89.0
MEDICAL SERVICES, PUBLIC HEALTH AND SANITATION	SUB-TOTAL	1,954,157,326	2,242,532,320	2,077,399,923	(288,374,994)	(15)	(165,132,397)	92.6
	PE Gross	975,053,814	1,300,651,036	1,270,226,867	(325,597,222)	(33)	(30,424,169)	97.7
	Rec Gross	679,103,512	616,540,392	610,109,887	62,563,120	9	(6,430,505)	99.0
	Dev. Gross	300,000,000	325,340,892	197,063,169	(25,340,892)	(8)	(128,277,723)	60.6
YOUTH, SPORTS, GENDER AND SOCIAL SERVICES	SUB-TOTAL	110,419,095	152,187,260	76,697,668	(41,768,165)	(38)	(75,489,592)	50.4
	PE. Gross	31,244,214	31,431,367	27,118,043	(187,153)	(1)	(4,313,324)	86.3
	Rec Gross	42,929,163	62,555,893	49,579,625	(19,626,730)	(46)	(12,976,268)	79.3
	Dev. Gross	36,245,718	58,200,000	-	(21,954,282)	(61)	(58,200,000)	0.0
AGRICULTURE, LIVESTOCK, FISHERIES AND COOPERATIVE DEVELOPMENT	SUB-TOTAL	396,245,089	337,969,443	281,328,042	58,275,646	15	(56,641,401)	83.2
	PE. Gross	152,990,794	174,027,753	169,423,078	(21,036,959)	(14)	(4,604,675)	97.4
	Rec Gross	93,254,295	112,941,690	91,100,527	(19,687,395)	(21)	(21,841,163)	80.7
	Dev. Gross	150,000,000	51,000,000	20,804,437	99,000,000	66	(30,195,563)	40.8

WATER, IRRIGATION ENVIROMENT AND NATURAL RESOURCES	SUB-TOTAL	456,678,530	381,933,363	330,620,565	74,745,167	16	(51,312,798)	86.6
	PE. Gross	41,911,705	42,864,090	39,109,818	(952,385)	(2)	(3,754,272)	91.2
	Rec Gross	48,766,825	108,269,273	79,867,794	(59,502,448)	(122)	(28,401,479)	73.8
	Dev. Gross	366,000,000	230,800,000	211,642,953	135,200,000	37	(19,157,047)	91.7
ROADS, TRANSPORT,PUBLIC WORKS, HOUSING AND ENERGY	SUB-TOTAL	613,776,564	670,639,423	530,443,784	(56,862,859)	(9)	(140,195,639)	79.1
	PE. Gross	38,952,425	68,870,266	63,106,693	(29,917,841)	(77)	(5,763,573)	91.6
	Rec Gross	54,824,139	67,379,142	34,473,091	(12,555,003)	(23)	(32,906,051)	51.2
	Dev. Gross	520,000,000	534,390,015	432,864,000	(14,390,015)	(3)	(101,526,015)	81.0
PUBLIC SERVICE, ADMINISTRATION AND CITIZEN PARTICIPATION	SUB-TOTAL	390,766,698	419,247,272	397,022,221	(28,480,574)	(7)	(22,225,051)	94.7
	PE. Gross	159,527,319	147,757,272	127,232,538	11,770,047	7	(20,524,734)	86.1
	Rec Gross	231,239,379	271,490,000	269,789,683	(40,250,621)	(17)	(1,700,317)	99.4
	Dev. Gross	-	-	-	-	-	-	0.0
COUNTY TREASURY	SUB-TOTAL	436,135,299	1,644,781,044	942,859,660	(1,208,645,745)	(277)	(701,921,384)	57.3
	PE. Gross	119,026,528	128,904,518	115,368,822	(9,877,990)	(8)	(13,535,696)	89.5
	Rec Gross	267,108,771	370,180,643	300,055,432	(103,071,872)	(39)	(70,125,211)	81.1
	Dev. Gross	50,000,000	1,145,695,883	527,435,406	(1,095,695,883)	(2,191)	(618,260,477)	46.0
TRADE, CULTURE, TOURISM AND WILDLIFE	SUB-TOTAL	240,335,096	179,575,893	151,854,858	(60,759,203)	(25)	(27,721,035)	84.6
	PE. Gross	49,229,934	55,019,545	49,936,843	5,789,611	12	(5,082,702)	90.8
	Rec Gross	41,105,162	29,471,440	28,756,700	(11,633,722)	(28)	(714,740)	97.6
	Dev. Gross	150,000,000	95,084,908	73,161,315	(54,915,092)	(37)	(21,923,593)	76.9
LANDS AND PHYSICAL PLANNING	SUB-TOTAL	302,565,284	169,203,305	134,601,307	133,361,979	44	(34,601,998)	79.6
	PE. Gross	72,322,448	77,290,153	69,356,326	(4,967,705)	(7)	(7,933,827)	89.7
	Rec Gross	90,242,836	42,930,388	34,435,986	47,312,448	52	(8,494,402)	80.2
	Dev. Gross	140,000,000	48,982,764	30,808,995	91,017,236	65	(18,173,769)	62.9
COUNTY ASSEMBLY	SUB-TOTAL	465,990,969	755,153,111	705,027,756	(289,162,142)	(62)	(50,125,355)	93.4
	PE. Gross	223,152,475	250,160,393	185,450,391	(27,007,918)	(12)	(64,710,002)	74.1
	Rec Gross	192,838,494	353,629,065.00	398,019,874	(160,790,571)	(83)	44,390,809	112.6
	Dev. Gross	50,000,000	151,363,653.00	121,557,491	(101,363,653)	-	(29,806,162)	80.3

TOTAL	SUB-TOTAL	5,942,364,418	8,188,007,890	6,635,578,470	(2,245,643,472)	(37.8)	(1,552,429,420)	81.0
	PE. Gross	2,107,274,084	2,626,416,858	2,413,183,239	(519,142,774)	(24.6)	(213,233,619)	91.9
	Rec Gross	1,992,844,616	2,377,505,687	2,262,077,193	(384,661,071)	(19.3)	(115,428,494)	95.1
	Dev. Gross	1,842,245,718	3,184,085,345	1,960,318,038	(1,341,839,627)	(73)	(1,223,767,307)	61.6

Causes for low expenditure absorption

22. The FY 2017/18 performance was impressive despite the fact that the first half of the year was characterised by a general election and the challenges that came with this process. The first half of the year experienced a slow economic growth, drought and political unrest. The second half the FY was promising, with most of the regions in the county receiving a lot rain thus marking the end of the drought. The new administration was fully in charge and major restructuring in revenue administration yielded fruits.

23. The low absorption of the development budget for the 2017/18 FY was mainly as a result of operational delays in e-Procurement system thus causing delays in processing of requisitions. Delay in release of funds from the National Treasury with most of the funds being received at the County in the third and fourth quarter of the FY; limited capacity in project management processes such as personnel and mobility /transport to facilitate supervision. Other challenges include poor internet connectivity at IFMIS.

III. RECENT ECONOMIC DEVELOPMENT AND OUTLOOK

24. This section presents the current economic situation at the international, national and sub-national (county) scenes. It analyses the impact of macroeconomic variables including Gross Domestic Product (GDP) growth and inflation; the Medium Term Fiscal Framework as well as the risks faced by the county.

Overview of Recent Development

25. Kenya recorded a higher growth of 5.7 percent in the first quarter of 2018 compared a growth of 4.8 percent in a similar quarter of 2017, this was attributable to improved weather conditions as well as a boost in business and consumer confidence after the conclusion of the 2017 general elections.
26. Kenya's real GDP declined by 1.0 percent from 5.9 percent in 2016 to 4.9 percent in 2017. The decline was due to adverse weather conditions and uncertainty connected with prolonged electioneering period. However, the overall real GDP is expected to expand by 5.5 percent contributed by on-going investments in infrastructure, improved business confidence, strong private consumption and expected favourable macroeconomic environment. Growth in 2018 is likely to be dampened by rising oil prices and slow credit uptake by the private sector.

Global Economic Growth Outlook

27. The global economy expanded by 3.6 percent in 2017 compared to a growth of 3.1 percent in 2016. The positive growth was largely supported by a rebound in both public and private investments; rising profits; and growth in international trade partly as a result of favourable financing costs. The real GDP is projected to grow by 3.7 percent in 2018; this will be supported by resilient growth in advanced economies as well as the effect of tax reforms in the United States of America.
28. Similarly, the Real GDP in Sub-Sahara Africa (SSA) grew by 2.6 percent in 2017, an increase from 1.4 percent growth recorded in 2016. The growth was attributed to improved global financing conditions, favourable commodity prices, and reduced inflationary pressures. The growth is expected to rise to 3.4 percent in 2018 owing to strong domestic demand.
29. The East African Community (EAC) region economic growth is expected to rise to 5.9 percent in 2018 from 5.4 percent which remained unchanged in 2017 and 2016. The community's current account deficit as a percentage of GDP widened to 6.2 percent in 2017 up from 5.8 in 2016, while inflation rate rose to 6.7 percent in 2017 from 5.7 percent in 2016 due to rising oil and food prices.

Domestic Economic Growth Outlook

30. Kenya's economy is on a recovery path as reflected by the leading economic indicators with a growth of 5.7 percent in the first quarter of 2018 compared to a growth of 4.8 percent in the same quarter of 2017. The economic outlook is supported by sustained strengthening of the global economy, enhanced agricultural output and manufacturing activities attributed to improved weather conditions in addition to the stable macroeconomic environment, continuing public infrastructural investments, regain in consumer confidence and improvement in business resulting from political stability in the country.
31. In relation to the above developments, the 2018 growth outlook has been revised upwards from 5.8 percent to 6.0 percent as earlier projected in the 2018 Budget Policy Statement (BSP).
32. Investments in the key strategic areas of the "Big Four" Agenda: increasing the share of manufacturing sector to GDP to 15 percent by 2022; ensuring all citizens enjoy food security and improved nutrition by 2022; expanding universal health coverage; and constructing at least five hundred thousand (500,000) affordable housing units by 2022 are expected to spur economic growth projected at 6.2 percent in 2019/20FY and 6.9 over the medium term.

Recent Developments

Recent Sectoral Developments

33. During the first quarter of 2018, some sectors realized an increased growth compared to the first quarter of 2017. These include agricultural, electricity supply and manufacturing sectors. The agricultural sector registered a growth of 5.2 percent as compared to a growth of 1 percent in the same period of 2017. The sector's growth was largely supported by favourable weather conditions witnessed in the fourth quarter of 2017 and onset of long rains in early March 2018.
34. Electricity supply thrived well in the first quarter of 2018 due to increased utilization of less input intensive energy sources including geothermal power generation coupled with a slowdown in growth of thermal generation; the growth in electricity supply grew by 5.1 percent compared to 6.1 percent growth realized during the first quarter of 2017.
35. The manufacturing sector realized a growth of 2.3 percent in the first quarter of 2018, compared to a growth of 1.3 percent in a similar quarter in 2017. The improved growth was mostly supported by increased production of manufactured foods.
36. However, some sectors registered a slower growth in the first quarter of 2018 than the level realized in the corresponding quarter of 2017. These include construction; electricity and water; transport and storage; accommodation and food service activities; financial and

insurance sectors. The growth in percentages of these sectors were respectively 7.2, 5.1, 7.1, 13.5 and 2.6.

Inflation Rate

37. Inflation is expected to ease in 2018 supported by lower food prices due to enhanced agricultural output. In the first quarter of 2018, inflation averaged at 4.5 percent compared to an average of 8.8 percent experienced in the same period of 2017. Other macroeconomic indicators are expected to remain stable and supportive of growth in 2018.
38. Specifically, the month-on-month overall inflation declined to 4.0 percent in August 2018 from 8.0 August 2017, thus remaining within the medium term target set by the Government of 5.0 percent. This decline revealed lower food prices of key food items for instance cabbages, tomatoes, beans and loose maize flour.

Kenya Shilling Exchange Rate

39. The Kenya Shilling remained resilient against major international currencies in 2017. The overall Trade Weighted Index (TWI) reduced from 114.8 in 2016 to 116.5 in 2017, mainly due to slightly weakening of the Kenya Shilling against currencies of its key trading partners. In the same period, the Kenya Shilling depreciated against the Euro, US Dollar and Chinese Yuan by 0.1, 1.9 and 3.9 respectively. On the other hand, Kenya Shilling gained against the Japanese Yen and Sterling Pound 1.4 and 3.2 percent respectively. The Kenya Shilling strengthened against the Tanzanian Shilling, Ugandan Shilling and Rwandese Francs by 0.4, 3.7 and 7.7 respectively in 2017.
40. During the first quarter of 2018, the Kenya Shilling registered varied performance against its major trading partners. The exchange rate strengthened against the US Dollar from 103.6 in August 2017 to 100.6 in August 2018. Similarly, against the Euro, the Kenya Shilling strengthened to Ksh.116.2 from Ksh.122.2 and against the Sterling Pound to 129.7 from 134.2 during the same period.

Interest Rates

41. The average weighted interest rates for commercial banks loans and advances was 13.67 percent in January and February 2018 as compared to 13.68 percent during the same period in 2017 against a background of an unchanged Central Bank Rate (CBR) of 10.00 since August 2016.
42. Nonetheless, the rate fell to 13.49 percent after the CBR was revised downwards to 9.50 percent in March 2018 and further reduced to 9.0 percent on 30th July 2018 so as to support economic activity. The interbank rate declined from 8.1 percent in August 2017 to 6.8 percent in August 2018 owing to sufficient liquidity in the money market.

43. Similarly, the average yield rate for the 91- day Treasury bills, which is a benchmark for the general trend of interest rates declined to 7.6 percent in August 2018 compared to 8.2 percent in August 2017. Over the same period, the average of the 182-day and 364-day Treasury bills was 9.0 percent and 10.0 percent from 10.3 percent and 10.9 percent, respectively.
44. About the lending rates, there was a decline from 13.7 percent in May 2017 to 13.3 percent in May 2018 whilst the average commercial bank's deposit rate rose to 8.1 percent in May 2018 from 7.4 percent in May 2017. Consequently, the interest rate spread narrowed to 5.2 percent from 6.3 percent during the same period.

Money Supply

45. The broad money supply or M3 expanded to a growth of 10.2 percent in the year to July 2018 compared to a growth of 8.3 percent in the year to July 2017. This was largely contributed by increase in the growth of Net Foreign Assets (NFA) in spite of a decline in the Net Domestic Assets (NDA). The drop in the growth of NDA was attributable to decreased growth of net domestic credit to government.

Recent County Developments

Enhancing Agricultural and livestock development that promote food security and income

46. Towards achieving massive hay production, the county procured and distributed 1,400Kgs of pasture seeds to farmers and is in the process of fencing TARDA and Kajiado Demonstration farms for hay production. Construction of pit silage silo as well as rehabilitation of hay store at Ildamat are underway. Additionally, a machinery shed is being constructed at Kajiado demonstration farm. The county has identified designated areas in Kajiado West, Kajiado East and Kajiado Central where hay will be produced.
47. In regards to controlling animal diseases, the department of agriculture vaccinated approximately 3,000,000 animals against various animal diseases and constructed several crushes namely: Osoit, Eselenkei and Engongu Narok in Kajiado South; Mailwa and Kikurro in Kajiado Central; and Murantaua in Kajiado West.
48. In line with crop production to contribute to food security, the county procured and distributed 82,800Kgs of drought tolerant seeds (pulses) and 2040Kgs of drought tolerant maize seeds to farmers. The department also disseminated extension messages and trained farmers on best farming practices.
49. To reduce post-harvest losses, completion of grain drier in Rombo, and Namelok tomato processing plant as well as Isinya tannery are underway for purposes of crop and animal value addition. In addition, Ewuaso Kedong dairy house and a milking palour at Kajiado demonstration farm are under construction.

50. Further, to promote livestock market development, the department constructed Ewuaso Kedong sale yard and installed a weighing scale at Emali sale yard to promote fair trade.
51. To support irrigation, extension of canal and pipelines were undertaken. For instance, extended 3Km canal for Enkaji Naibor furrow and 0.2Km canal lining for Kisilet furrow in Kajiado South among others. Also, three (3) greenhouses were constructed and installed in Kimana (Kajiado South), Matapato South (Kajiado Central) and Ololua (Kajiado North). Several boreholes were drilled and equipped to improve water accessibility and to provide water for irrigation and domestic use.

Infrastructural development that support economic growth

52. Through the department of Roads and Public Works, the county graded 500 km of road, 3500M³ of culverts for improved road drainage system, constructed three (3) drifts and 0.8Km tarmac road of in Ongata Rongai town.
53. The department installed 32 floodlights and 263 solar powered street lights so as to promote green energy. It also rehabilitated five (5) floodlights and installed 350metres of electric fence round the governor's residence.

Enhancing access to basic education across the county.

54. Through the county department of education, the county completed construction of Enkasiti ECDE centre and constructed an ECDE centre at Iloshon/Ilkidemi primary and 22 classrooms at various primary schools across the county. To improve school security, the county fenced four (4) primary schools namely Utumishi, Malilima, Indarkalali and Entarara. It also initiated school feeding programme to enhance retention and completion rates of learners.
55. The county allocated school bursaries in 2017/18FY amounting to Kshs.80 million to needy and bright students in secondary schools and colleges.
56. To impact vocational and entrepreneurial skills, the county renovated, upgraded and equipped polytechnics in the county.

Investing in accessible, quality and affordable healthcare services

57. The county continued with upgrading of Kajiado sub-county hospital into level 5 status where construction of new maternity wing and theatre is almost complete. The county also constructed an Out Patient Department (OPD) and a toilet block at Lempei Dispensary. Additionally, it fenced Mashuuru Health centre, Isinet dispensary (concrete posts and chain link), Musemke dispensary (chain link) and Ololua dispensary (perimeter wall-phase 1). Further, septic tank and external drainage works were constructed at Gataka dispensary and as well constructed staff houses at Mashuuru, Matasia and Olekasasi health centres.

58. The county department of health, through Community Health Services (CHSs), registered 1,045 community members to the National Health Insurance Fund (NHIF); established and operationalized 39 community health units and distributed 20 motor cycles; established Maasai manyatta maternal shelter at Ngatataek Health Centre with aim of increasing hospital deliveries. The county also acquired five (5) ambulances (four (4) from Korea International Cooperation Agency (KOICA) and one (1) from Transforming Health Systems for Universal Care confirm (THS-UC). Acquired one (1) gene expert machine to aid in screening of multi-drug resistant Tuberculosis (TB) and received specialized lab equipment from KOICA.
59. The county through the department of health implements Community Led Total Sanitation (CLTS) whose aim is to declare Kajiado open defecation free by December, 2020. Forty (40) villages have so far been triggered with one verified open defecation free. The department accelerated enforcement of best practices in waste water management which contributed to increment in sanitation coverage from 42 percent to 45 percent.
60. The county also conducted Kajiado county SMART survey whose purpose was to find out the nutrition situation in the county. The survey revealed that the overall nutrition status is at the serious phase (IPC phase 3) with GAM of 10.0% (7.3- 13.5, 95% CI).

Creation of a suitable business environment

61. With a view of providing conducive environment for business community/traders, the county government rehabilitated Kajiado market (almost complete) and construction of market stalls/shades in Matasia and Entasopia markets as well as construction of one storey-building in Kiserian market are ongoing.
62. The department also facilitated fair trade and promoted consumer protection through calibration of working standards, check pumps and test weights; and verification of measuring equipment across the county.

Empowerment of Special Interest Groups

63. The county initiated the implementation of ‘Tujiajiri’ programme in collaboration with Kenya Commercial Bank (KCB) where 300 youths were trained. Specifically, they were trained on welding and fabrication, carpentry and joinery, masonry, plumbing, catering and solar installation to encourage self-employment.
64. 125 youth and women groups benefited from the Kajiado County Youth and Women Enterprise Fund where each group was issued a total of Kshs. 100,000. The money helped the groups engage in entrepreneurial activities.

65. Persons Living with Disability (PWDs) benefited from the Disability Fund which provides capital to individuals and groups to operate income generating activities, they were also provided with 50 assorted assistive devices.

County Economic Outlook and Policies

66. The County Government of Kajiado will strengthen partnerships with potential development partners as well as various stakeholder to implement county transformative programmes/projects that are aligned to the national development agenda.
67. The county will enhance livestock production by investing in hay production and conservation programme at identified strategic areas within the county. The aim of this programme is to ensure availability of livestock feeds especially during dry spells for constant supply of livestock produce.
68. There are plans to invest heavily on ways of harnessing water for irrigation and other uses through construction of mega dams. Already, feasibility study has been carried out on one site. The county will also continue to revamp water pipeline supply and water reticulation to the county residents.
69. The county will further continue with investment in revenue automation and other revenue reforms to strengthen revenue collection so as to enhance finances for implementing development projects and programmes to achieve its development agenda.
70. Additionally, the county intends to institutionalize and implement an effective as well as efficient monitoring and evaluation system. This will improve management of programmes/projects and provide data necessary for planning.
71. The county plans to continue strengthening provision of universal healthcare and improving healthcare access and quality at all levels within the county. The county will upgrade Kajiado referral hospital to a level 5 facility, upgrade sub-county hospitals to level 4 status and equip health centers and dispensaries. It will further enhance outreach programs to promote primary health care; strengthen ambulatory and referral services; and strengthen health workforce for effective service delivery.
72. The County through the department of Public Works plans to implement the *Unganisha* urban road network project in collaboration with various partners. Tarmacking of town roads within Kajiado town roads by the Kenya Urban Rural Roads Authority (KURA) is underway.
73. Through the performance-based conditional grants under the Kenya Devolution Support Programme (KDSP) which is financed by World Bank, the county has benefited from the level

II disbursement and it plans to improve the county human resource and performance management, intergovernmental relations, civic education as well as public participation. Other targeted key areas will include public finance management, planning, monitoring and evaluation.

74. In collaboration with UN Habitat, the county plans to implement a programme geared to promote equitable economic growth by supporting growth trajectories characterized by inclusiveness, equitable as well as environmental sustainability. The programme is currently working locally to identify and as well facilitate knowledge and concrete interventions to promote growth. Kitengela town has been earmarked as the first town to champion the programme that is expected to utilize rural and urban linkages for sustainable development within the county.
75. The County Government of Kajiado plans to finalize the preparation of the second generation County Integrated Development Plan (CIDP) covering the period 2018-2022 -the successor document of the first CIDP that covered 2013-2017. The CIDP will guide budgetary preparation and spending in the county from 2018 onwards.

Risks to the Outlook

76. The following risks to the outlook are envisaged by the county:
 - i. Fiscal risks: A growing wage bill may limit or threaten development expenditure thus hampering economic growth. High taxes may discourage developers from investing in the county.
 - ii. Under performance in own/local revenue collection and reduction of the expected equitable share may negatively affect implementation of planned expenditures or county's full budget. Additionally, delays in exchequer releases may delay procurement processes resulting to slow implementation of programmes and projects.
 - iii. External risks: Climate change impacts such as drought and floods may derail implementation of planned projects/programmes as this shifts the focus of the county government.
 - iv. Huge pending bills deter full implementation of projects unless a well thought strategy to handle them is devised.
 - v. The county Government will monitor the above risks and take appropriate measures when the risks arise.

IV. RESOURCE ALLOCATION FRAMEWORK

76. This section forms the basis of the County Government revenues for the Financial Year 2019/20 and the medium term. The projected expenditure ceiling is set to provide an outlay of resources in terms of personnel emoluments, operations and maintenance and development for the medium term. The figures will provide the basis for setting expenditure limits or ceilings for each county department/entities and shall be firmed up in the 2019 County Fiscal Strategy Paper.

Adjustment to the FY 2018/19 Budget

77. Implementation of the Medium Term Fiscal Framework for the period 2018/19 will focus on improving revenue collection to finance the expenditure requirement to finance the budget. Priority will be given to finalization and operationalization of outstanding projects to ensure that planned objectives are achieved. County Government operations will be enhanced to reduce the percentage of pending bills and improvement in the absorption of the development budget.

78. The 2018/19 budget implementation is experiencing challenges form expenditure pressures against constrained revenue collection. This is further affected by the performance of the larger economy and the National Government budget performance. This calls for review of the FY 2018/19 revenue forecast to take into account the current trends and subsequent austerity measures proposed under the national budget.

79. Expenditure projections for FY2018/19 will be revised to accommodate the said measures through trade-offs and reallocations of the existing budgetary provisions supported by austerity measures instituted on less productive areas of spending across the Government. These changes will ensure that the County Government leaves within its means.

The Medium Term Fiscal Framework

80. The 2019/20 -2021-22 Medium Term expenditure is formulated on the basis of the County Integrated Development Plan (2018-2022). The Plan outlines the County Government priorities, thus giving direction on the sectors that require resources to achieve the development agenda on ‘fostering social, economic and political development for sustainable growth’. The Plan is aligned to the ‘**Big Four Agenda**’ of the National Government to ensure that the County contributes to the overall development of the country.

81. The County targets to implement major flagships projects as outlined in the CIDP 2018-2022. This will be achieved by enhancing efficiency and effectiveness and accountability in public

spending and enhanced revenue collection in order to effectively finance implementation of the budget. Containing the growth of recurrent expenditure in favour of capital investment will further be checked. In order to implement the County's development priorities, investment projects and programs will be scrutinized to ensure that they are well aligned to the CIDP 2018-2022.

82. The County Government resource allocation will be aligned towards achieving the development programs under the current medium term theme 'fostering socio-economic development for sustainable growth. The following specific areas will receive more emphasis in the 2019/20 MTEF:
 - i. Agriculture and livestock development;
 - ii. Improved water access, sanitation and environment;
 - iii. Improved health care access and quality;
 - iv. Infrastructural development to support economic growth.

83. The County Government administration aims to implement the transformative agenda that ensures enhanced service delivery, improved standard of living among the county residents through employment creation and improved incomes. In setting departmental ceilings, attention will be given to projects and programmes that meet the following criteria:
 - i. Linkage of the programme with the 2018-2022 CIDP, the 'Big Four' agenda and the objectives of Third Medium-Term Plan of Vision 2030;
 - ii. Degree to which a programme addresses job creation and poverty reduction;
 - iii. Degree to which the programme is addressing the core mandate of the County Department;
 - iv. Expected outputs and outcomes from a programme; and
 - v. Cost effectiveness and sustainability of the programme.

84. Financing of rolling programmes will receive a first priority to ensure completion of ongoing programmes to deliver on the expected results. The County Fiscal Strategy Paper 2019 (to be finalized in February 2019) will be the basis for resource allocation to specific programs.

a. FY 2019/2020 Budget Framework

85. The 2019/20 -2021/22 Medium Term Expenditure Framework will focus on acceleration of the implementation of the County Government agenda especially for the county transformative projects: Hay production and storage; construction of the Kajiado Technical University; upgrading of the Kajiado level 5 hospital; Integrated solid waste management, and construction of sewerage system; construction of mega dams; and *Unganisha* urban road programme.

86. The county will therefore enhance efficiency and effectiveness in budgetary implementation in 2018/19 to set the pace for the MTEF period. To realize these, investment in mobilization

of local revenue especially in through support towards enforcement, policy formulation and implementation, training of staff are some of the steps the directorate of revenue will put in place. Other support mechanisms to be employed to enhance efficiency is performance contracting and appraisal to ensure that staff performance is measured and staff encouraged and supported to work.

87. The 2019/20 total revenue projection is estimated at Kshs.7.7 billion indicating a slight growth from 7.6 revenue estimates in 2018/19 budget. This comprises of the equitable share and the local revenue estimates. The projections take note of the fiscal consolidation measures advisory at the National level where allocation to county governments is expected to decline by 0.4 percent of the GDP, from 3.7 percent in FY 2018/19 to 3.3 percent in FY 2019/20. The County will benefit from conditional grants from both the National Government and donor financing, projected at Kshs.733 million.
88. Expenditure projection is expected to remain within the expected resources in FY 2019/20. The County Government budget for the year will be balanced where total revenue is equal to the total estimated expenditure. The total estimated expenditure is therefore Kshs.8.4 billion. Recurrent expenditure estimates constitute 65 percent of the total expected revenue. The estimated allocation towards personnel emoluments constitutes 35 percent while operations and maintenance constitutes 30 percent of the total budget. Development budget estimates makes 35 percent of the county's expected resources in FY 2019/20.
89. The County Government will set aside resources under various county funds with availability of resources. The County Emergency Fund will be allocated resources in the year to ensure that unplanned activities/ emergencies in the year are addressed.
90. In allocating resources in 2019/20, the county will adhere to the fiscal responsibility principles set in the Public Finance Management Act, 2012. Attention will be given to conditions set through agreements signed by the County Government and development partners to ensure that the county continues to access the various grants.
91. As the County Government prepares a balance budget, implementation of the overall transformative agenda as spelt out in the CIDP 2018-2022 more resources are required. The County will therefore will develop a framework to engage partners locally and internationally to mobilize resources needed to implement the plans. Further, in settling the pending bills, Accounting Officers are expected to treat this as first charge of their respective budgets for 2018/19 to ensure that the debts are adequately settled.
92. The aforementioned context has been used to develop the following medium term expenditure framework to form the basis for resource mobilization and allocation.

Table 4: Medium Term Expenditure Framework Ceilings (Ksh. Million)

Revenue Summary	Approved Estimates	Budget Estimates	Projections	
	2018/19	2019/20	2020/21	2021/22
Equitable share	5,997,400,000	6,057,374,000	6,148,234,610	6,240,458,129
Local Revenue	1,583,856,996	1,598,660,097	1,678,593,102	1,762,522,757
Conditional Grants	732,783,466	732,783,466	732,783,466	732,783,466
Balance B/F	1,200,000,000	0	0	-
Total	9,514,040,462	8,388,817,563	8,559,611,178	8,735,764,352
Expenditure Summary				
Personnel Emoluments	2,976,958,934	2,976,958,934	3,021,613,318	3,066,937,518
Operations and maintenance	2,467,430,793	2,513,511,129	2,595,657,039	2,681,806,887
Development	4,069,650,735	2,898,347,500	2,942,340,821	2,987,019,947
Total	9,514,040,462	8,388,817,563	8,559,611,178	8,735,764,352

V. CONCLUSION

93. Over the medium term, the county intends to leave within its means and therefore shall endeavour to operate a balanced budget.
94. There is need to enhance the collection Own Source Revenue to sustain the fiscal gains made in the previous year.
95. The County Treasury will enhance budget implementation and monitoring while enhancing austerity measures.