REPUBLIC OF KENYA

GOVERNMENT OF MAKUENI COUNTY

DEPARTMENT OF FINANCE AND SOCIO ECONOMIC PLANNING

COUNTY BUDGET REVIEW AND OUTLOOK PAPER-2018

Theme

"Community economic empowerment for increased household income"

September 2018

Foreword

This County Budget Review and Outlook Paper (CBROP) 2018, presents the recent economic developments, actual fiscal performance for the FY 2017/18, as well as an outlook for the Financial Year 2019/20. The paper is prepared annually in accordance with the Public Financial Management Act, 2012.

The report reviews the County performance for FY 2017/18 in terms of revenue, expenditure and realized achievement. It also analyses how the performance in implementation affects the budget for FY 2019/20. The CBROP 2018 highlights national economic performance. The latter gives an indication of fiscal projections and factors that may determine County performance, in relation to projected funding and programmes in the County.

The paper also serves as a baseline for financial resource allocation and sector ceilings for 2019/20 financial year. The base ceilings have been formulated to deliver envisaged results / programmes for socio economic transformation in the County. The same is in line with the interventions highlighted in the County Annual Development Plan for the financial year 2019/20, which is implementing the CIDP 2018-2022 and the Makueni County Vision 2025.

The focus of development for FY 2019/20 will be '**community economic empowerment for increased household income'**. All County Government entities and departments will be required to demonstrate how their programmes will realize the set agenda and the envisaged outcomes.

MARY KIMANZI
EXECUTIVE COMMITTEE MEMBER–FINANCE & SOCIO-ECONOMIC PLANNING, AND HEAD OF COUNTY TREASURY

Table of Content

LIST OF TABLE

LIST OF FIGURES

Abbreviations and Acronyms

ADP	Annual Development Plan
AGPO	Access to Government Procurement Opportunities
AIA	Appropriation In Aids
BOT	Build Operate And Transfer
BPS	Budget Policy Statement
CBROP	County Budget Review And Outlook Paper
CFSP	County Fiscal Strategy Paper
CIC	Community Information Centre
CIDP	County Integrated Development Plan
CPSB	County Public Service Board
CTTIs	County Technical Training Institutes
DANIDA	Danish International Development Agency
FIF	Facility Improvement Fund
FMD	Foot And Mouth Disease
FY	Financial Year
GDP	Gross Domestic Product
GoK	Government Of Kenya
ICT	Information Communication Technology
IFMIS	Integrated Financial Management System
KNBS	Kenya National Bureau Of Statistics
KRA	Kenya Revenue Authority
LAIFOMS	Local Authorities Integrated Financial Operations Management System
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
NHIF	National Hospital Insurance Fund
OVC	Orphans And Vulnerable Children
PDP	Part Development Plan
PFMA	Public Financial Management Act
PPP	Public Private Partnership
PWD	People Living With Disability
SGR	Standard Gauge Railway
SWGs	Sector Working Groups
SVTCSG	Subsidized Vocational Training Centre Support Grant
TA	Transition Authority
TV	Television

EXECUTIVE SUMMARY

The County Budget Review and Outlook Paper (CBROP) 2018, provides a review of the FY 2017/18 fiscal performance, in relation to the objectives set out in the 2017 County Fiscal Strategy Paper. It presents the last review for the Budget implementing the CIDP 2013-2017. The total expenditure for the Medium Term Plan 2013 - 2017 amounted to Kshs 28,883,799,172.32, against net cumulative budgets of Kshs 30,953,251,749.02. The interventions in the plan have laid the background for socio economic transformation. It is also expected that the envisaged socio economic transformation, as detailed in Vision 2025, will be realized.

The total cumulative revenue for FY 2017/18 amounted to Kshs. 8,980,996,629.25 against a revised target of Kshs. 9,674,896,011.15. This represents a revenue shortfall of Kshs. 693,899,381.90 (7% deviation from the revised target). The overall County expenditure amounted to Kshs. 7,605,443,436.45 against a target of Ksh 9,674,896,017.15. This is a 21 percent deviation from the revised budget, (Ksh 2,069,452,580.70).This shortfall was attributed to lower absorption in both recurrent and development expenditure, by the county government. The overall budget absorption stood at 79%.

The paper also presents an outlook for FY 2019/20. This will be the second budget that implements the second generation CIDP 2018-2022. The County will realign resource allocation, with a focus on result oriented programmes in Food Security, Water Development, Urban Development, Universal Health Care, ENE Microfinance, Youth, Women and PWD Economic Empowerment, Ward Based Funding, and all pending/ongoing projects.

As the National and County economy continues to grow, the county anticipates an increased budget allocation from the National Government. The projected equitable share for 2019/20 financial year is projected to increase by 3% from targeted Kshs 7,127,800,000.00 in FY 2018/19, to Kshs 7,324,203,256.00 in FY 2019/20.Conditional allocations and grants are projected to increase by 10% from Kshs 1,178,059,714.00 to Kshs 1,298,059,714.32. The own source revenues are targeted to be Kshs 600M. The projected total budget for FY 2019/20 is Kshs 9,322,262,970.32. Kshs 5,895,514,377.97 of this is recurrent (63%), and Kshs 3,426,748,592.35(37%) development.
To strengthen and enhance linkage between planning and budgeting, sector objectives and ceilings in the CBROP have been derived from development priorities / strategies. These were identified in the 2019/20 ADP. The strategies will be scaled up in sector working group reports, which will eventually determine the ceilings to be set in the 2019 CFSP. This, in turn, will later be used to develop the FY 2019/20 budget.

1.0 INTRODUCTION

1.1 Background

The County Budget Review and Outlook Paper (CBROP) 2018, is the sixth document to be prepared in line with the provisions of the Public Finance Management Act2012, within devolved units of County Governments. The paper reviews budget performance for FY 2017/18 and sets basis for the 2019/20 – 2021/22 Medium Term Plan Budget.

1.2 Objective of 2018 CBROP

The objective of the CBROP is to provide a review of the fiscal performance (FY2017/18) of the previous year, and relate it to objectives set out in the 2018 County Fiscal Strategy Paper. The paper also provides an updated macro-economic and fiscal forecast for the FY 2019/2020 period, based on the current performance of key economic indicators.

Other objectives include;

i. Provide sector ceilings for preparation of the FY 2019/20 budget and the MTEF period, guided by the PFM Act, 2012 and ADP 2019/20.
ii. Provide information on any changes in forecasts, compared with the CFSP 2018.
iii. Provide a platform for the implementation of the County agenda as spelt out in the ADP 2019/20.

The CBROP is rooted in the Makueni Annual Development Plan 2019/20 priorities. These focus on empowering the community economically, for increased household income. The annual plan is anchored on five thematic areas namely: Community Economic Empowerment; Water Resource Management; Lands, Urban Planning and Development; Socio-economic Development and Enablers (infrastructure, cooperatives, financial infrastructure, energy, ICT, institutional capacity and market infrastructure).

The strategies in the CBROP seek to;

i. Enhance community economic empowerment,
ii. Improve water resource management,
iii. Enhance land use, urban planning and development
iv. Enhance socio – economic development
v. Improve energy, infrastructure and ICT

In order to fund these strategic interventions, the county will develop a revenue strategy. It willensure a clear and workable approach, for managing both internal and external funding.

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

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

(1) A County Treasury shall—

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

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

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

a) The details of the actual fiscal performance in the previous year, compared with 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, as well as proposals that address the deviation and the time estimated for doing so.

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

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

a) Arrange for the Paper to be laid before the County Assembly; and
b) As soon as practicable after having done so, publish and publicize the Paper.

2.1 Fiscal Responsibility Principles in the Management of Public Finance

The Principles and Framework of Public Finance established by chapter twelve of the Constitution of Kenya, 2010 requires a County Government to uphold openness and accountability, equity, prudence and responsibility and clear reporting in management of public finance.

Section 103 of the PFMA establishes the County Treasury to monitor, evaluate and oversee the management of public finances and economic affairs on behalf of a County Government. The PFM Act bestows the responsibility of enforcing fiscal responsibilities envisaged in the constitution on the County Treasuries.

In managing the County Government's public finances, a County Treasury is required to enforce the following fiscal responsibility principles provided under section 107 of the PFMA.

a) A 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.

III. RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

3.1 Overview

Kenya's economy remained resilient in 2017, despite adverse weather conditions, a prolonged electioneering period, as well as subdued credit growth to the private sector. These factors combined, contributed to weakened growth in the first half of the year. Economic growth for 2017 is estimated at 4.9 percent from 5.8 percent in 2016, and is projected to bounce back to 5.8 percent in 2018.. Widespread drought experienced during the fourth quarter of 2016 somewhat suppressed the long rains in 2017. This negatively impacted crop production and animal rearing, as well as the generation of hydro-electric power. A slowdown in credit uptake to the private sector also contributed to the reduced growth in 2017. A total of 897,800 new jobs were created in 2017, with 787,800 in the informal sector.

3.2 Economic growth

The rate of economic growth dropped from 5.8 percent in 2016 to 4.9 percent in 2017. The economy grew by 4.4 percent in Quarter 3, 5.0 percent in Quarter 2, and 4.7 percent in Quarter 1, largely supported by robust activity in the service sectors particularly; accommodation and restaurant; real estate; and information and communication. The growth was somewhat constrained by subdued performance in the agriculture, forestry and fishing; manufacturing; electricity; and financial intermediation sectors. In the first quarter of 2018, the economy grew by 5.7 per cent. This is expected to be sustained through the year due to the existing political stability.

Figure 1, shows the economic growth trend in Kenya from 2011 to the 1st quarter of 2018.

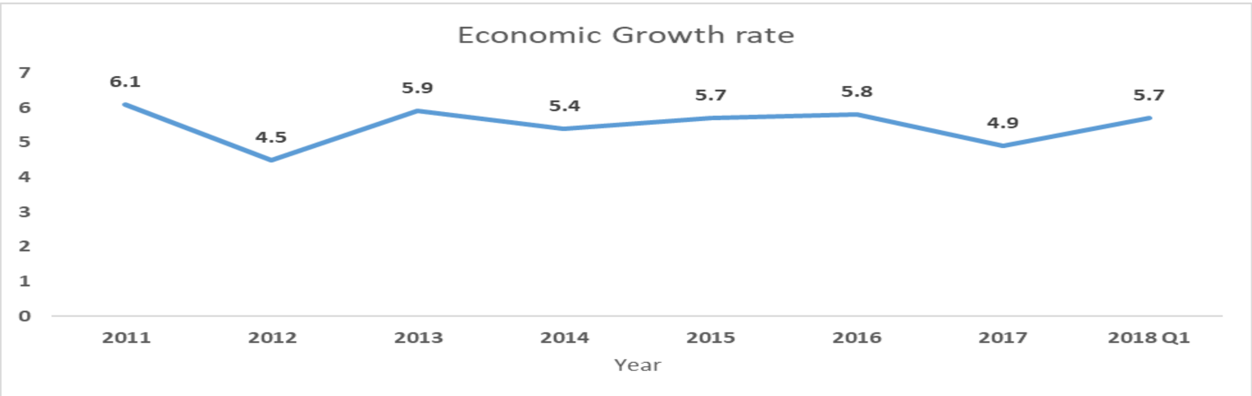

Figure 1; Kenya's Economic Growth Rate
Source: Kenya Economic Survey

3.3 Inflation Rate

During the year under review, global inflation rose to 3.1 per cent from 2.8 per cent in 2016, largely occasioned by increase in oil prices. This was due to reduced supply by leading oil producers, following a decision of the Organization of Petroleum Exporting Countries (OPEC) to limit oil production, against strong demand growth in 2017.

In Kenya, the inflation rate rose from 6.3 per cent in 2016 to 8.0 per cent in 2017. It thus exceeded the Central Bank's upper limit of 7.5 per cent. In the first half of 2017, there was a surge in inflation, which averaged 9.8 per cent, mainly due to food shortage witnessed during the period. Inflationary pressures started to ease in the second half of 2017 as the weather improved, and also as earlier measures taken by the Government to address food shortage took effect. These measures included: duty free importation of major food items (maize, wheat, sugar, and milk) and the introduction of a temporary subsidy on the price of maize meal.

As a result, overall month on month inflation was 4.8 percent in January 2018 from 8.0 percent in January 2017, which was within the Government's target range.
In 2018, inflation is expected to ease as a result of lower food prices occasioned by improved agricultural output. The expected, strengthening, world trade is likely to increase Kenya's export capacity and therefore support growth. Other macroeconomic indicators are projected to remain stable and supportive of growth in 2018. Overall, factors favorable to growth are likely to more than offset the impact of those against, and result in better economic growth in 2018, compared to that of 2017.

3.4 Kenya Shilling Exchange Rate

The Kenya Shilling exchange rate remained broadly stable against major international currencies. As at January 2018, the shilling exchange rate against the Dollar was at Ksh 102.9 compared with Ksh 103.7 in January 2017. Against the Euro and the Sterling pound, the Shilling weakened to Ksh 125.4 and Ksh 141.9 in January 2018 from Ksh 110.2 and Ksh 128.0 in January 2017, respectively.

3.5 Interest Rate

The Central Bank Rate (CBR) was retained at 10.0 per cent, to continue anchoring inflation expectations in 2017. The maximum lending rate is capped at no more than 4.0 per cent above the CBR. Average interest rates on deposits increased to 8.22 per cent in December 2017 from 7.33 per cent in December 2016. Commercial banks' average lending interest rates on loans and advances remained stable at 13.64 per cent in December 2017. The 91-day Treasury bill rate fell from 8.44 per cent in December 2016 to 8.01 per cent in December 2017.

3.6 Fiscal Performance

In the first half of the year, revenue collection consistently lagged behind targets, due to under performance of the main revenue tax heads. On the other hand, there were elevated expenditures pressures. These were a result of the adverse spillover effects of prolonged drought, the repeat of the Presidential Elections, and salary demands by Universities Staff and Health Workers. The revenue performance in Kenya is still low against the increasing expenditure. As a result, there has been an increase in public debt. The total public debt as at June 2017 was 3,971.3 Billion were foreign and domestic debt was 2,294.1 and 1,677.2 Billion respectively.

National Sector performance review and impact on the County Economy.

Table 1; Gross domestic product by Activity, Growth rates

Sectors/Activities	2013	2014	2015	2016	2017	2017Q1	2018Q1
Agriculture, forestry and fishing	5.4	4.4	5.3	4.7	1.6	1.0	5.2
Mining and quarrying	-4.2	14.9	12.3	9.5	6.1	7.1	4.5
Manufacturing	5.6	2.5	3.6	2.7	0.2	1.3	2.3
Electricity and water supply	6.6	6.1	8.5	8.3	5.6	6.1	5.1
Construction industry	6.1	13.1	13.9	9.8	8.6	8.2	7.2
Wholesale and retail trade; repairs	8.4	6.9	5.9	3.4	5.7	4.8	6.3
Accommodation and restaurants	-4.6	-16.7	-1.3	13.3	14.7	24.5	3.5
Transport and storage	1.3	5.5	8	7.8	7.3	9.4	7.1
Information and communication	12.5	14.5	7.4	9.7	11.0	12.5	12.0
Financial and insurance activities	8.2	8.3	9.4	6.7	3.1	5.3	2.6
Real estate	4.1	5.6	7.2	8.8	6.1	6.1	6.8
Education	6.3	7.8	4.9	5.4	6.1	5.7	6.7
Health	7.7	8.1	5.8	4.8	6.0	4.7	5.7
Taxes on Products	9.5	3.4	2.8	4.8	5.1	4.9	5.4
GDP growth at Constant prices	**5.9**	**5.4**	**5.7**	**5.8**	**4.9**	**4.8**	**5.7**

Source: Kenya National Bureau of Statistics

i. Agriculture, Forestry and Fishing sector national growth decelerated in 2017 to 1.6 per cent, compared to a revised growth of 4.7 per cent in 2016. This was attributed to depressed long rains, early cessation of short rains and fall army worm invasion. The County agricultural production was adversely affected, leading to a decline in crop and livestock production. Over the same period the county cushioned the residents against these effects through food aid, and the purchase and distribution of pesticides. In 2018, agricultural production is expected to increase due to the anticipated prolonged, short and long rainy seasons forecasted by the Kenya Metrological Department. This is expected to increase access to water for irrigation and livestock, leading to increased production. In addition a reduction in basic food prices is expected, due to the projected increase in food supply.

ii. The manufacturing sector grew by 0.2 per cent in 2017, compared to 2.7 per cent registered in 2016. This is attributed to the manufacturing sector's high dependence on agriculture, which experienced depressed production. At the county level, agricultural manufacturing is expected to increase, with strategies put in place to increase delivery of farm produce to milk and fruit factories in the county. Investment in the new milk processing plant by the County and ILRI in Kathonzweni, is set to be completed and commissioned in October 2018. This will increase the volume of processed milk within the county. Growth of cottage industries in sisal, macadamia and minerals is expected to increase value addition and boost the county's manufacturing sector.

iii. The building and construction sector grew by 8.6 per cent in 2017 compared to 9.8 per cent in 2016. At the county, major construction and building works are expected in the roads sector, and housing from the private sector, occasioned by the rising demand for housing in urban centres. This is due to increasing urbanization. The repair of infrastructure destroyed by the prolonged April rains, is also expected to increase government spending in the sector.

iv. Accommodation and food services sector remained on the recovery path, posting a growth of 14.7 per cent in 2017, compared to a revised growth of 13.3 per cent in 2016. The improved performance was mainly attributable to enhanced security, and concerted efforts instituted by the government, to market the country as a favorite tourist destination. The county has been experiencing increased demand for accommodation and food services due to increased urbanization and a growing middle class. The continued, increased investment in this sector, is expected to persist through 2018. Continued investment in urban infrastructure and tourist attraction sites, is expected to increase private sector investment. Transportation and storage sectors remained vibrant despite a slowed growth of 7.3 per cent in 2017, compared to 7.8 per cent in 2016. This was attributed to underperformance in land transportation, particularly in freight. At the county, improved access to markets was enabled by improved maintenance of the road network and construction of access roads. With increasing county investment on road infrastructure, a sustained increase in road transportation is expected. Similarly increased transportation of farm produce to markets and processing factories is expected to sustain increase in road transport. The county is also set to benefit from construction of a dual carriage way on Mombasa road, to supplement the Standard Gauge Railway (SGR).

v. Information and communication sector expanded by 11 per cent in 2017 compared to 9.7 per cent in 2016. This growth was supported by expansion in the digital economy through mobile telephony, e-commerce, online training, tax administration, among others. At the county level, tax administration, marketing and information dissemination have contributed to the growth in utilization of the ICT services. Information communication technology is expected to increase with the government's intention to increase automation of its functions. The county is also leveraging technology in marketing agricultural products through Digifarm, and other marketing platforms.

vi. Finance and Insurance activities decreased to 3.1 per cent in 2017, from 6.7 per cent in 2016. This was attributed to constrained growth in financial services, despite a better performance in insurance activities. The county has invested in financial inclusion for the unbanked through table banking, and connecting them to financial services. Access to financial services has also been improved through government support, The county population has received increased access subsidized loans, through local banks. The sector is therefore expected to improve in the county in the coming year with completion of processes to license the ENE micro-finance bank.

3.7 County Performance Review

A. Community Economic Empowerment

In the FY 2017/18, the County Government spent Kshs 284,197,257.75 to support crop and livestock productivity programmes. Key achievements included;

i. Issuance of 1,400 MT of fertilizers and 46, 295 Kgs of green grams to support legume value chain development, and training 6,083 framers on good legume farming practices

i. Establishing 2 Mango orchards, issuing 13,000 fruit seedlings and 3,000 fruit fly traps to farmers, training 5,055 farmers on global GAP certification for fruit production.

ii. Production of 453 MT of Puree by Makueni Fruit processing plant.

iii. Sensitizing 3,600 farmers on household farm ponds and supporting 105 farmers to start small scale irrigation along rivers and streams

iv. Training 10,000 farmers on Diseases and Pest control, and issuance of 1000Kgs of pesticides and 925 worm traps to farmers

v. Completed and equipped the Makueni Agricultural Mechanization center.

vi. Support to industrial crop production through; installation of two processing centers for sisal, sensitizing 7,224 Macadamia farmers on good farming practices, supplying 6,660 macadamia seedlings and supporting silk farmers with 500 sericulture for silk production.

vii. Carrying out 7,691 Artificial insemination to support dairy value chain development

viii. Livestock pest and diseases control through vaccinating 90,665 livestock, and vaccinating 79,265 dogs against rabies. 6 veterinary camps were also supported.

ix. Construction of a cold room and Supply of generator and digital parking machine to Kikima Dairy plant, equipping Kyambeke milk collection center with a pasteurizer, cooler and a motorbike.

x. Issuance of; 500 Kgs of Brachairia and 300 Kgs of Rhodes seeds for pasture development, five bio digester units to help in generation of bio gas.

xi. Support to poultry value chain development by training and issuing vaccine boxes to 198 village vaccinators, supplied 19,215 chicks and 11,220 hatching eggs to farmers.

xii. Support to honey development through supplying 2 set of processing and packaging equipment to Kathonzweni and kibwezi.

xiii. Support to Fisheries development by training 7 fish farming groups and 45 farmers on fish feed formulation.

Trade, Tourism and Commercialization

To support tourism development, the County spent Kshs 5,681,930.00 and managed to operationalize Emali Home Craft Center and Kalamba Historical Site. Itumbule Cultural Center, Makongo Viewpoint and Iviani Cultural Centre received site upgrades, involving the installation of solar lights, and fencing respectively. The department carried out feasibility studies for the slaughterhouse and tannery. It upgraded nine market sheds and two stockyards. Mapping of cottage industries was also done, and public market and trade bill and investment promotion guidelines and policy developed. On consumer protection, 30 camps for awareness and sensitization were carried out, with 5,414 equipment accurately verified.

B. Water Resource Management

In the Financial year 2017, the County spent Kshs 110,373,703.58 to operationalize / develop 103 boreholes countywide. Kshs 111,662,632.10 was spent on construction / rehabilitation of earthdams, where 58 earth dams were completed, and 16 are ongoing. The County also spent Kshs 77,710,730.03 to develop 89 water extension projects. All this was aimed at enhancing water availability and accessibility.

To develop the environment, 52,843 tree seedlings, and 800 bamboo trees were planted, and 4 nurseries established, under the county greening program. The climate change and mitigation board was also strengthened. The department spent Kshs 7,239,441.60 to construct/complete 20 sand dams county wide. A total of Kshs 107,555,276.00 Million was spent to support other environment programmes such as the sand authority, the climate change board programmes, the rehabilitation of springs, tree planting, construction of gabions and terrace and rehabilitation of denuded lands countywide.

C. Land, Urban Planning and Development

In the Financial year 2017/18, the County facilitated the issuance of title deeds to 152 public institutions. It also issued 38,971 title deeds to individuals from various registration sections in Makueni County. The County also prepared Nguu, Wayani and Ziwani implementation reports, initiated an Environmental Impact Assessment of Ngai Ndethya settlement scheme, and initiated the finalization of the county spatial plan.

In urban development, Wote municipality was granted a charter, and board members were vetted and approved by the County Assembly. 10 market plans were finalized and submitted to the County Assembly for approval. 18 floodlights were installed in various markets, and 24 markets installed with solar lighting systems (two per sub ward in Mbooni Sub County). 700 affidavits were prepared, ready for signing and filing to the High Court, in order to process letters of land administration. To support mining development, the County commenced the quantification and qualification of a basalt rock reserve in the County.

D. Socio- Economic Development

Investments in health led to an increase in immunization coverage, from 72% in 2017/18 to 84%. The government also established 4 community health units, and purchased 45 motorbikes to support the community strategy. 34 health facilities were equipped for essential operations, whereas the universal healthcare programme coverage increased from 30% to 38% of the total population, where 32,000 households subscribed to the program. 76 awareness fora were held across the county. These enhanced awareness and medical outreach on communicable diseases. The County recruited 118 health staff, to enhance service delivery in the various health facilities.

In health infrastructure, 31 health facilities were constructed while26 rural health facilities were upgraded. Completed projects include the Makindu Trauma center and Makueni County Mother and Child Health Hospital. In Makindu and Makueni county referral hospitals, outpatient services were automated.

E. Education

The County spent Kshs 65,266,143.64 to support early child hood education programmes. This involved constructing 9 ECDE centers, supplying instructional materials to 1,350 ECDE centers and the completion of 35 ECDE centres. To support technical training, the county spent Kshs 91,206,614.07. The funds were used to upgrade/complete 27 CTTIs countywide.

The Makueni CTTI policy was developed, and provided capitation to 4,022 trainees. 4 CTTIs were also supported to start income generating activities. The department also customized and implemented the national government grant (SVTCSG). The sector also awarded bursaries and scholarships to 6,200 students in secondary and tertiary institutions. Kiunduani library was also equipped computers and furniture.

F. Social Protection and Recreation

The government spent Kshs 44,158,644.85 to support gender and socio development programmes. Key achievements include; carrying out a gap analysis to support development of a Child Protection Policy, psychosocial support to 30 children institutions, the distribution of blankets to 720 child/elderly headed families, as well as publishing and issuing 4,000 IEC materials on child centered content to 860 schools.

The Government has also empowered PWDs, by distributing 105 assorted assistive devices, fitting 15 PWDs with prosthetic limbs, testing 20 children with hearing impairment, and organizing paralympics, where 138 PWDs participated. The construction of PWDs center and Iviani cultural center was completed. Other interventions include; rehabilitation programmes for destitute children, supporting 6 organizations for the elderly with chairs and tents for income generation, and 200 Elderly persons were facilitated to register with NHIF.

G. Enablers (Energy, Infrastructure and ICT, Institutional capacity, Governance and Citizen engagement)

In the FY 2017/18, the County spent Kshs 243,377,403.90 to develop road infrastructure. This facilitated the grading of 750Kms of rural earth roads, opening up of 117Kms of new roads, upgrading 38.7 Kms through gravelling, and the construction of 8 drifts. The County spent Kshs 5,719,895.55 towards various electrification programmes. Key activities implemented included the connection of 18 boreholes to electricity.

To support ICT infrastructural development, the County spent Kshs 23,671,393.00 to; develop LAN infrastructure at the new executive block, Governor and Deputy Governor residences, install security surveillance system, develop an ICT road map, constructing 2 CICs and developing an ECDE management system.

Institutional Capacity (O.O.G, CS, Devolution, CPSB, County Assembly, Finance and Socio-Economic Planning)

To enhance service delivery, the County Government initiated performance contracting where 96% of all staff were involved. The County initiated a survey on existing staff structure / skills that will assist in rationalizing County human resource.

IV. REVIEW OF FISCAL PERFORMANCE IN 2017/18 FINANCIAL YEAR

4.1 Overview

The FY 2017/18 Budget was the last one to implement the CIDP 2013-2017. The budget was founded on the theme for economic transformation for all households. The implementation of the budget progressed without major challenges. The total fiscal deficit for the year was 7%. This was due to own source revenue shortfall of Kshs. 416,591,190.30, and un-received donor and conditional allocations / grants amounting to Kshs. 277,308,191.60.

The outcome of the FY 2017/18 budget adhered to the Fiscal Responsibility Principles and financial objectives set out in the PFM Act, 2012. The County Government development budget was 37 percent of the total budget.

The implementation of FY 2017/18 budget was faced by various challenges. These mainly included; shortfall in own generated revenue, inadequate capacity to use e- procurement, inadequate technical skills in some of departments, an increase in the number of projects from previous years, high community expectations, amongst others. In order to address the challenges above, the Government instituted a number of measures including; timely execution of budgets, establishment of Service Delivery Unit, staff capacity building and internal restructuring of service delivery.

4.2 2017/18 Fiscal Performance

4.2.1 Performance of Revenues

By the end of June 2018, total cumulative revenue amounted to Kshs. 8,980,996,629.25, against a revised target of Kshs. 9,674,896,011.15. This represented a revenue shortfall of Kshs. 693,899,381.90 (7% deviation from the revised target). In the FY 2017/18 the County received Kshs. 6,825,200,000.00 as equitable share from the National Government. This was an increase of 6% from the Kshs. 6,441,351,588.00 received in the FY 2016/17.

During FY 2017/18 The County collected Kshs. 322,104,226.70 as own source revenues against a target of Kshs. 738,695,417.00. The revenue collection increased remarkably by 47 percent compared to 2016/17. The collected revenue increased by 1.27 percent as a proportion of the total budget.

The county Government received 64% (Kshs. 495,241,365.40) of the total allocated funds (Kshs. 772,549,557.00) of the conditional allocations and grants. 36% of the funds not received represented Kshs. 861,785.00 from DANIDA UHC Health programme support, Kshs 39,106,620.00 for World bank transforming Health systems for Universal Care project, Kshs 14,150,515.00 for Agricultural Sector Development Funds, Kshs 66,000,000.00 for EU Grant for instrument for Devolution Advice and support, Kshs 95,744,681.00 for Conditional Allocation for Leasing of Medical Equipment and Kshs. 42,068,488.00 for Conditional Allocation - other grants. During the same year, the County had a balance brought forward from the previous year (2016/2017) amounting to Kshs. 1,338,451,037.15

The FY 2017/18 budget ratios for recurrent and development budget were 63% and 37% respectively. However, out of the overall expenditure at the closure of the financial year, the recurrent and development expenditures stood at 74 % and 26% respectively.

The overall county absorption decreased by 8% from 86 % in FY 2016/17 to 79% in FY 2017/18. The table below presents the fiscal performance for the FY 2017/18 and the deviations from the Actual end year receipts/payments and revised budget estimates in Millions.

Table 2: Fiscal Performance for the FY 2017/18

	Sources of Revenue	Actual performance 2016/2017	Actual 2017/2018	Budget 2017/2018	Deviation	% growth	2017/2018 Actuals as a % of total Budget
A	**Total Revenue And Grants**	**10,481.85**	**8,981.00**	**9,674.90**	**(693.90)**	**-14%**	**93%**
	Revenue	10,481.85	8,981.00	9,674.90	(693.90)	-14%	93%
	Local Revenue	219.07	322.10	738.70	(416.59)	47%	44%
	National Shareable Revenue	6,441.35	6,825	6,825	-	6%	100%
	Reallocation funds	3,427.12	1,338	1,338	(0.00)	-61%	100%
	FIF / AIA - Hospitals / Public Health	80.00	0	0	-	-100%	
	Others - Doctors and Nurses increment	103.66	0	0	-	-100%	
	Conditional allocations and Grants	210.64	495.24	772.55	(277.31)	135%	64%
B	**Expenditure**	**8,527.07**	**7,605**	**9,674.90**	**(2,069.90)**	**-11%**	**79%**
	Recurrent Expenditure	**4,480.84**	**5,635**	**6,095**	**(460.39)**	**26%**	**92%**
	Development Expenditure	**4,046.23**	**1,970**	**3,580**	**(1,609.50)**	**-52%**	**55%**

4.2.2 Analysis of Revenue Streams

The FY 2017/18 County Budget was funded from three main sources mainly shareable revenue from the National Government of Kshs 6,825,200,000.00 (70%), FY 2016/17 reallocation funds – Kshs 1,338,451,037.15 (14%), own source revenues Kshs 738,695,417.00 (8%) and conditional allocations and other grants Kshs 772,549,557.00 (8%). Analysis of actual revenues are illustrated below.

Table 3: Analysis of Actual revenues

Revenue Source	Amount(KSHS.s. 000)-FY 2016/17	Percentage (%)FY 2016/17	Amount(KSHS.s. 000)-FY 2017/18	Percentage (%)FY 2017/18	Percentage (%)Change
Local revenue	219,073,847.95	2.13%	322,104,226.70	3.59%	47.03%
National equitable share	6,441,351,588.00	62.55%	6,825,200,000	76.00%	5.96%
Conditional Grants	210,643,630.00	2.05%	495,241,365.40	5.51%	135.11%
Fund balances	3,427,123,533.50	33.28%	1,338,451,037.00	14.90%	-60.95%
TOTAL	**10,298,192,599.45**	**100.00%**	**8,980,996,629.10**	**100.00%**	

The full implementation of Article 203 (2) and (3) of the Constitution of Kenya 2010 resulted in an increase of the National Shareable Revenue transfers to the County, from 6.441 billion in year 2016/17, to 6.285 billion in year 2017/18. This represents an increase of 6 percent. The rate of increment has however slowed down. Local revenue generation grew by 47%, from that of FY 2016/2017. It also represented the highest collection over the period from FY 2013/14 – 2017/18. The generated revenue was 56% off target (Ksh. 738,695,417.00).

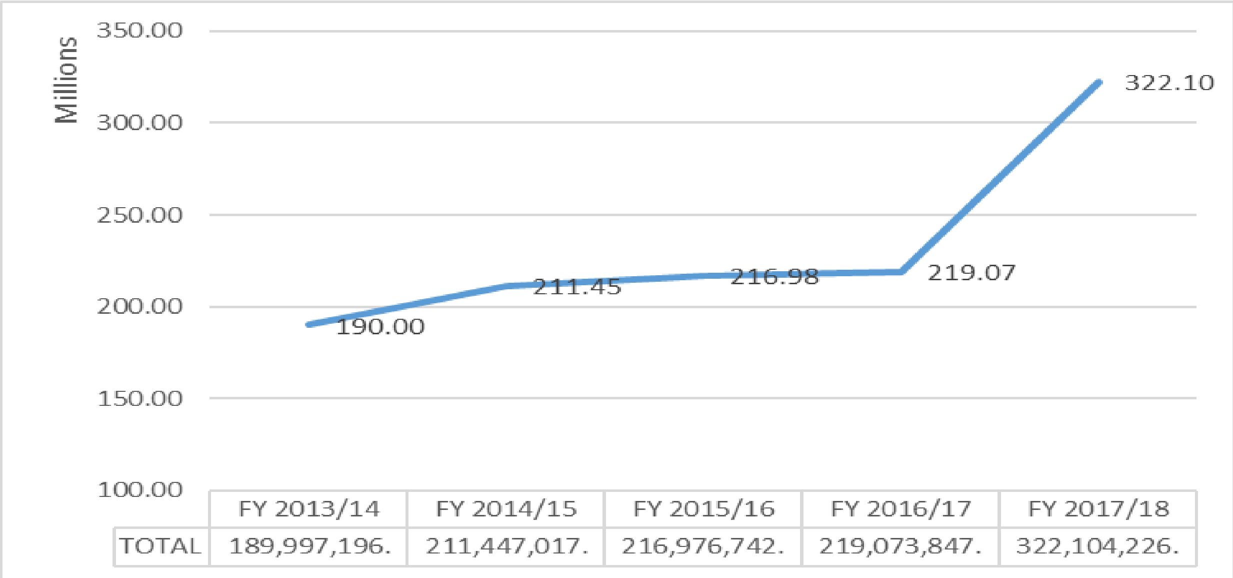

Figure 2: Local Revenue Performance for FY 2013/14 – FY 2017/18

Key Revenue Streams

The main revenue streams are Business Permits, Liquor, Parking, Hospital Fees and Market Entrance Fees. The quarterly performance of these streams is as follows;

Table 4: FY 2017/18 Highest Performing Streams

Stream	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Permits/Application	7,334,240.00	4,189,115.00	44,769,873.00	26,866,945.00	83,160,173.00
Liquor	1,579,100.00	2,948,000.00	7,653,400.00	24,767,251.00	36,947,751.00
Parking	7,181,645.00	6,449,740.00	8,064,440.00	6,833,515.00	28,529,340.00
Hospital	2,801,850.00	8,189,970.00	44,500.00	15,016,240.00	26,052,560.00
Market Entrance Fee	7,180,246.00	5,774,205.00	6,612,500.00	6,239,107.00	25,806,058.00

The sectors have shown an upward trend from financial year 2013/14. The FY 2017/18 performance is the highest compared to all other financial years.

The major challenges leading to low collection of own generated revenue are; few enforcement officers and an inadequate legislation framework to prosecute defaulters, as well as delays in the enactment of revenue administration bill, rating and valuation Act by the county assembly.

To address resource mobilization challenges, the County Treasury has developed a strategy to reduce the over dependence on shareable revenue. The strategy ensures that there is a clear, systematic, predictable and well-coordinated approach to soliciting, acquiring, and utilization, management, reporting, monitoring, and evaluating assistance from development partners, and for expanding the domestic resource base, to ensure sustainable resource availability for implementation of the Budget.

Table 5; FY 2017/18 revenue receipts per quarter

Item	Amount	Q1	Q2	Q3	Q4	Actual receipts	Variance
Conditional Allocations for compensation for User Fees Forgone	19,435,760.00			9,724,901.00	9,724,901.00	19,449,802.00	-14,042.00
Conditional Allocation for Development of Youth Polytechnics	64,131,527.00				64,131,527.00	64,131,527.00	0.00
Conditional Allocation for Leasing of Medical Equipment	95,744,681.00						95,744,681.00
Conditional Allocation from Road Maintenance Fuel Levy Fund	254,349,334.00	118,622,496.00			135,726,838.00	254,349,334.00	0.00
Conditional Allocation - other grants	42,068,488.00						42,068,488.00
Kenya Urban Development support programme	20,000,000.00						20,000,000.00
DANIDA UHC Health programme support	27,577,132.00		17,235,708.00		9,479,639.00	26,715,347.00	861,785.00
ASDSP Funds	14,150,515.00						14,150,515.00
KDSP (Level 1 Grant + FY 2016/17 allocation)	47,396,651.00			31,201,603.00	16,195,048.00	47,396,651.00	0.00
World bank transforming Health systems for Universal Care project	71,695,469.00		32,588,849.00			32,588,849.00	39,106,620.00
EU Grant for instrument for Devolution Advice and support	66,000,000.00						66,000,000.00
World bank loan for National Agricultural and Rural Inclusive Growth Project	50,000,000.00			50,609,855.40		50,609,855.40	-609,855.40
Conditional allocations Sub Total	**772,549,557.00**	**118,622,496.00**	**49,824,557.00**	**91,536,359.40**	**235,257,953.00**	**495,241,365.40**	**277,308,191.60**
Revenue from the national government	6,825,200,000.00		955,528,000.00	2,491,198,000.00	3,378,474,000.00	6,825,200,000.00	0.00
Sub Total	**7,597,749,557.00**	**118,622,496.00**	**1,005,352,557.00**	**2,582,734,359.40**	**3,613,731,953.00**	**7,320,441,365.40**	**277,308,191.60**
Own source revenues	738,695,417.00	66,268,246.00	46,023,459.00	94,948,640.70	114,863,881.00	322,104,226.70	416,591,190.30
FY 2016/17 Reallocation Funds	1,338,451,037.15	1,338,451,037.15				1,338,451,037.15	0.00
Total Budget	**9,674,896,011.15**	**1,523,341,779.15**	**1,051,376,016.00**	**2,677,683,000.10**	**3,728,595,834.00**	**8,980,996,629.25**	**693,899,381.90**

Source: County Treasury

Out of total conditional allocations of Kshs, 772,549,557.00 the County received Kshs. 495,241,365.40 representing 64% of the total revenues targeted. The major variances between the targeted and the actual received conditional allocations includes; EU Grant for instrument for Devolution Advice and support – Kshs 110,000,000.00 The funding targeted the development of the Makueni Fruit Processing Plant and Conditional Allocation for Leasing of Medical Equipment for Kshs 95,744,681.00. The latter is usually budgeted for counties, but not disbursed. The funds are intended to facilitate leasing of equipment's supplied to Makindu and Makueni Hospitals by the National Government.

4.2.3 Expenditure Performance

The total budget for FY 2017/18 amounted to Kshs. 9,674,896,017.15. The County Executive budget amounted to Kshs. 8,978,487,269.35 for both development and recurrent expenditure, while the County Assembly budget amounted to Kshs. 696,408,747.80, to fund its operations. The fund balances brought forward from FY 2016/17 amounted to Kshs. 1,338,451,037.15. This includes Kshs.1,307,139,563.35 and Kshs.31,311,473.80 for County Executive and County Assembly respectively.

The overall County expenditure for the period ending 30th June 2018 amounted to Kshs. 7,605,443,436.45, against a target of Ksh 9,674,896,017.15. This represents an under spending of Ksh 2,069,452,580.70 (or 21% percent deviation from the revised budget). This shortfall was attributed to lower absorption in both recurrent and development expenditures by the county government. The overall budget absorption stood at 79%.

Departmental Expenditure

The expenditure of all the departments against FY 2017/18 budget is illustrated in figure 3;

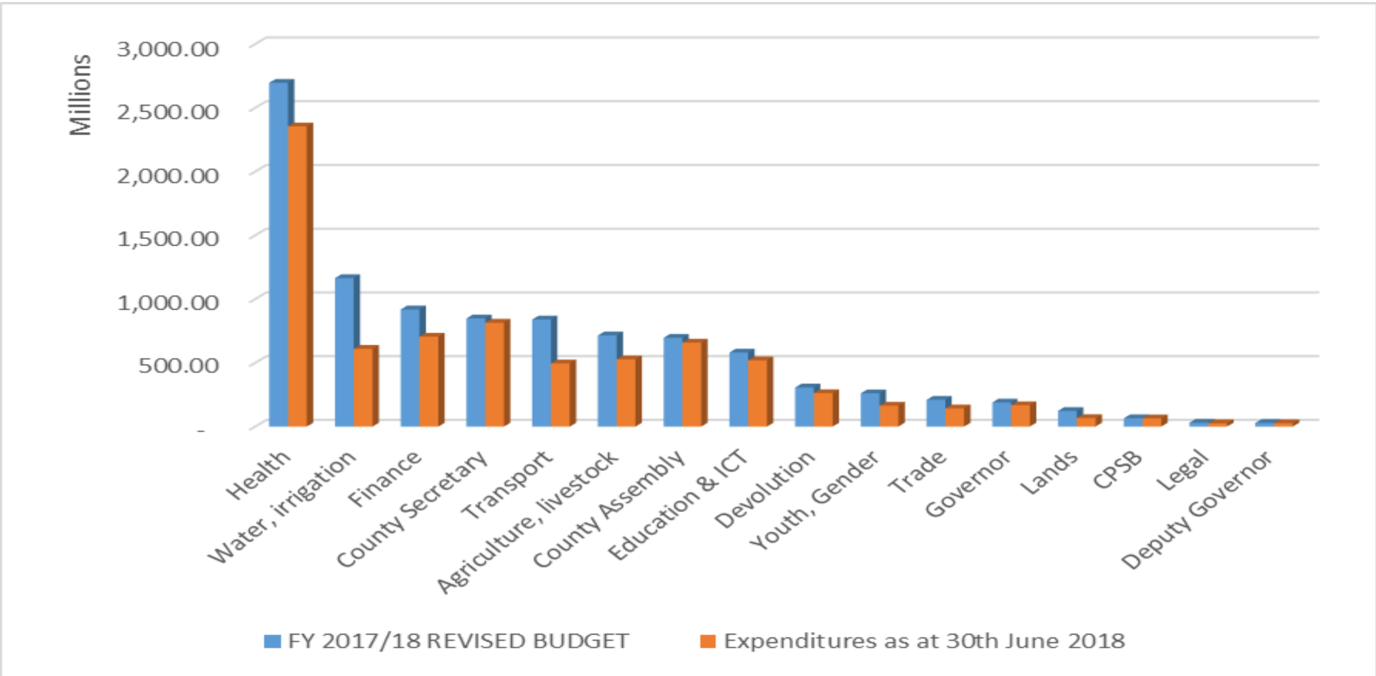

Figure 3; FY 2017/18 Departmental Expenditure (In Millions)

Deviations from the Original and Revised Budget Estimates

Table 6 below presents the fiscal performance for the FY 2017/18 and the deviations from the revised budget estimates.

Table 6; Deviations from the Original and Revised budget estimates (in Millions)

	FY2016/17			2016/17 as a % of Budget		FY 2017/18			2016/17 as a % of Budget	
Expenditure Item	**Actual**	**Budget**	**Deviation**	**Actual**	**Budget**	**Actual**	**Budget**	**Deviation**	**Actual**	**Budget**
Recurrent	5,108	5,155	-46	56%	48%	5,635	6,095	-460	74%	63%
Development	4,096	5,498	-1,402	44%	52%	1,970	3,580	-1,609	26%	37%
Total	**9,204**	**10,652**	**-1,448**	**1**	**1**	**7,605**	**9,675**	**-2,069**	**1**	**1**

The implementation of the FY 2017/18 budget experienced decreased expenditure performance compared to the previous financial year. The analysis of previous budget performances is as below;

Table 7; Expenditure analysis (FY 2013/14 – FY 2017/18)

Financial Year	Budget	Expenditure	Absorption
2013/14	4,717,623,056.26	3,328,577,439.68	71%
2014/15	6,971,128,728.91	4,411,486,649.97	63%
2015/16	9,449,929,066.05	5,011,221,581.39	53%
2016/17	9,949,239,427.45	8,527,070,064.83	86%
2017/18	9,674,896,013.15	7,605,443,436.45	79%

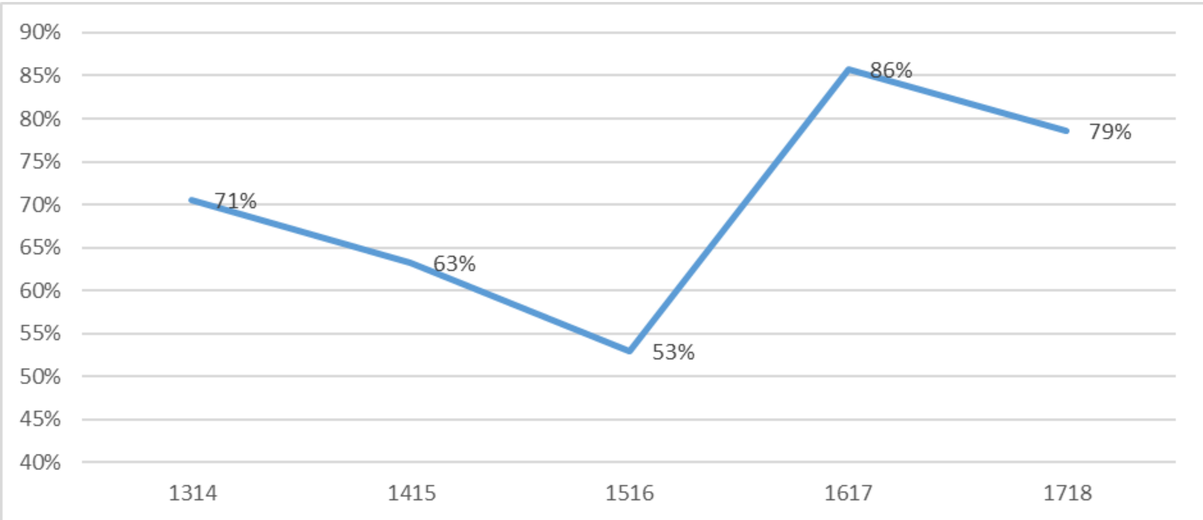

Figure 4; Budget Absorption – FY 2013/14 – FY 2017/18

FY 2015/16 recorded the lowest absorption at 53%. This was occasioned by political wrangles, which led to slow project implementation, and the subsequent roll over to the preceding years. The absorption in FY15/16 increased after introduction of CRRIT. The FY

2017/18 absorption dipped to 79% but is expected to rise in FY 2018/19 with the signing of performance contracting by all Government entities.

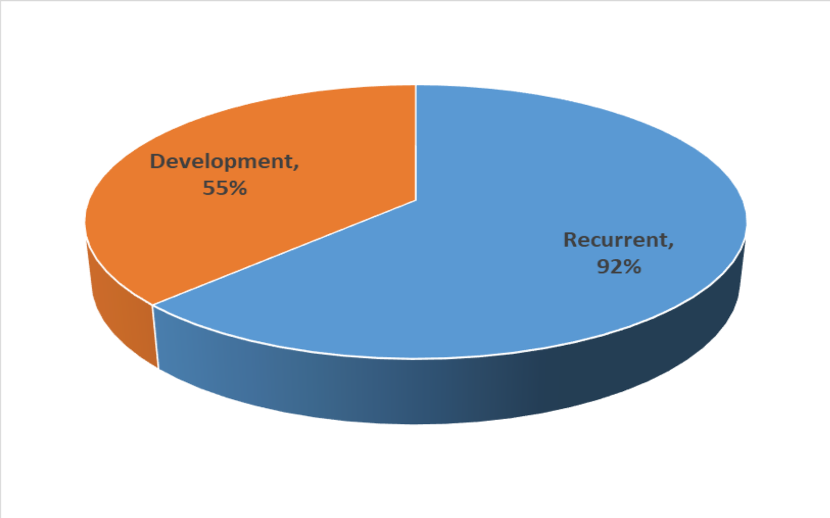

Figure 5; FY 2017/18 Absorption Rates Recurrent and Development

Recurrent expenditure for FY 2017/18 amounted to Kshs. 5,635,372,318.42, against a target of Kshs. 6,095,394,486.33. This represents an under-performance of Kshs. 460,022,167.91 (8 percent deviation from the approved recurrent expenditure).
FY 2016/17 recorded the highest recurrent absorption at 99%, with FY 2015/16 recording the least, at 77%.

Development expenditure for FY 2017/18 amounted to Kshs. 1,970,071,118.03 compared to a target of Kshs. 3,579,501,526.82. This represented 55 percent expenditure absorption against the budget. FY 2016/17 recorded the highest development absorption at 74%, with FY 2013/14 recording the least at 32%.

Table 8; Recurrent and Development Expenditures (FY2013/14 – 2017/18)

Financial Year	Recurrent Budget	Recurrent Expenditure	Absorption	Development Budget	Development Expenditure	Absorption
2013/14	2,881.47	2,738.06	95%	1,836.15	590.52	32%
2014/15	3,616.05	3,186.67	88%	3,355.08	1,224.82	37%
2015/16	4,704.41	3,626.74	77%	4,745.52	1,384.48	29%
2016/17	4,511.40	4,480.84	99%	5,437.84	4,046.23	74%
2017/18	6,095.39	5,635.37	92%	3,579.50	1,970.07	55%

4.3.3 Expenditure by Economic Classification

Out of total expenditure in the Financial Year, personnel emoluments was highest, t 44 percent. Operations and Maintenance was at 30 percent and Development at 26 percent.

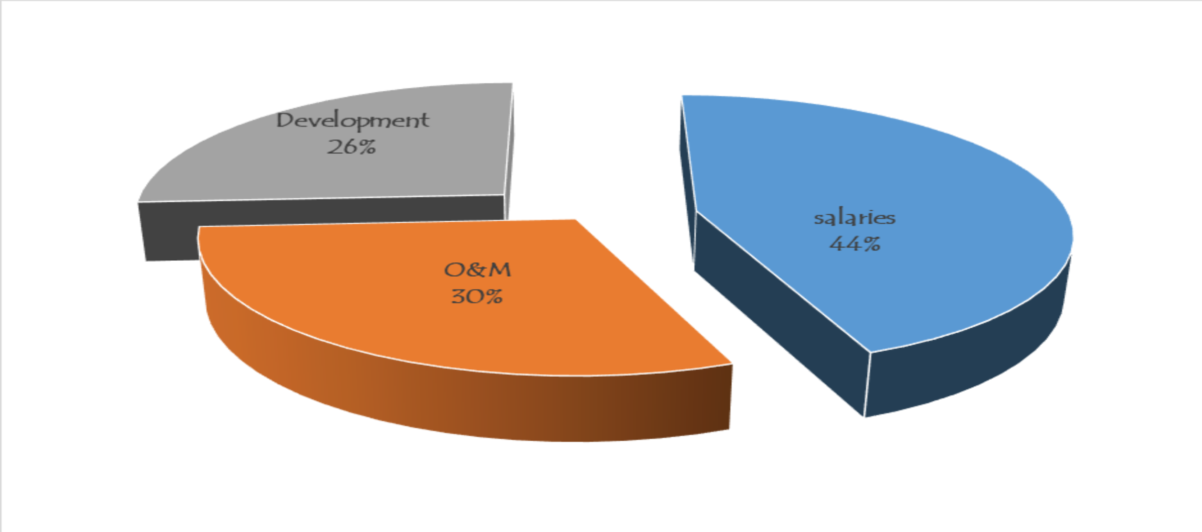

Figure 6; Expenditure by economic classification-FY 2017/18

4.3.4 Implication of 2017/18 Fiscal Performance on Objectives Contained in the 2018 CFSP

The performance in the FY 2017/18 has affected the strategies and objectives set out in the February 2018 County Fiscal Strategy. The base for revenue and expenditure projections as indicated in the CFSP has changed, implying the need for adjustment in the departmental budget allocations.

Under-spending in the development budget for the FY 2017/18 impacts the base used to project expenditures in the FY 2019/20, as well as the medium term. Appropriate revisions have been undertaken in the context of this BROP. They take into account the budget outturn for the FY 2017/18. The base ceilings will also be adjusted to account for the on-going development projects for the FY 2017/18 budget, and the interventions identified in the FY 2018/19 Annual Development Plan. The ceilings for sectors and departments will then be firmed up in the next CFSP.

The County Treasury, in collaboration with other departments, will fast track the implementation of projects/ programmes, including the backlog from previous years. This will improve resource absorption, service delivery and overall, the livelihoods of Makueni citizens. The acceleration will target improving the efficiency of procurement processes, project implementation and supervision, as well as strengthening and improving the capacity of monitoring and evaluation units.

To remedy these deviations, and going forward, resources will be allocated to capital projects, which will have complete project concept notes. The Concept notes will outline project costs, target beneficiaries, costs, how the projects are aligned to the CIDP and ADP, project sustainability and viability, preliminary appraisal reports and how each project is aligned to the five thematic areas as outlined in the CIDP. The concept notes will also inform the allocation of ceilings in the 2019 CFSP.

D. Fiscal Responsibility Principles

In line with the Constitution, the Public Finance Management (PFM) Act, 2012, the PFM regulations, and in keeping with prudent and transparent management of public resources, the Government has adhered to the fiscal responsibility principles as set out in the statute as follows: The County Government's revised development expenditure as a percent of total budget was 37 percent in FY 2017/18, and is set to remain above the 30 percent minimum threshold set out in the PFM law over the medium term.

The broad development policies of the County Government provide a clear and progressive approach to stimulate inclusive growth, and achieve the theme for ***community economic empowerment for increased household income***. Henceforth, resource allocation will be on the basis of results for achieving the envisaged agenda for economic empowerment.

Fiscal Projections

The table below provides comparison between the fiscal projections for the FY 2013/14-2017/18

Table 9; Fiscal Projections FY 2013/14 – 2017/18 Budgets

Revenues	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
Equitable share from National Government	4,366,289,206.00	5,193,526,432.00	5,969,671,381.00	6,441,351,588.00	6,825,200,000.00
County generated revenue	351,333,850.26	230,000,000.00	400,000,000.00	330,000,000.00	600,000,000.00
Reallocation funds		1,328,122,173.56	2,423,023,431.94	3,427,123,533.50	1,323,451,037.15
FIF / AIA - Hospitals / Public Health		89,804,407.00	89,081,516.00	80,000,000.00	86,000,000.00
Registration UHC					50,000,000.00
Ene Micro Finance Interest Income					2,695,417.00
Ene Micro Finance Capital Funds					15,000,000.00
DANIDA Grant (Universal Healthcare in Devolved System Program) - FY 2017/18 Funds		21,750,000.00	24,130,000.00		27,577,132.00
Conditional Allocations for compensation for User Fees Forgone			20,618,293.00	19,449,802.00	19,435,760.00
EU Grant for instrument for Devolution Advice and support					66,000,000.00
Conditional Allocation for Development of Youth Polytechnics					64,131,527.00
IDA (World Bank) credit: Kenya Devolution Support Project (KDSP) " Level 1 grant"				31,451,603.00	47,396,651.00
Transforming Health Systems for Universal Care Project (WB)				32,588,849.45	71,695,469.00
Conditional Allocations for Free Maternal Health Care Allocation			80,802,400.00	83,696,467.00	
IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)					50,000,000.00
Kenya Urban Support Programme - Urban institutional Grant					20,000,000.00
Agriculture Sector Support Development Programme - Donor funds					14,150,515.00
Conditional Allocation for Leasing of Medical Equipment			95,744,680.85	95,744,681.00	95,744,681.00
Conditional Allocation from Road Maintenance Fuel Levy Fund			75,834,678.00	98,971,324.00	254,349,334.00
Conditional Allocation - other grants			220,000,000.00	12,065,000.00	42,068,488.00
Total Revenue	**4,717,623,056.26**	**6,971,128,728.91**	**9,449,929,066.79**	**10,652,442,847.95**	**9,674,896,011.15**
Salaries		2,146,101,981.61			3,352,324,691.41
Operation and Maintenance					2,743,069,794.92
Recurrent	2,881,468,425.86	3,616,046,273.04	4,704,413,323.39	5,154,661,344.81	6,095,394,486.33
Development	1,836,154,630.40	3,355,082,455.87	4,745,515,742.66	5,497,781,503.14	3,579,501,526.82
Total Budget	**4,717,623,056.26**	**6,971,128,728.91**	**9,449,929,066.05**	**10,652,442,847.95**	**9,674,896,013.15**
Development Index	**39%**	**48%**	**50%**	**52%**	**37%**

V. RESOURCE ALLOCATION FRAMEWORK

5.1 Adjustments to the FY 2018/19 Budget

The 2018/19 budget departmental ceilings set in the 2018 CFSP, were realigned to take into account the set agenda for socio economic transformation. The realignments were also affected by changes in allocation (equitable share and conditional allocations) in the Division of Revenue Act, 2017 and CARA 2018. The realignments in the departmental ceilings set in the 2018 CFSP, and the FY 2018/19 budget, were elicited by increased allocation to programmes that will facilitate the County's socio- economic transformation, and the budget ceilings set by the CRA on the County Assembly and Executive.

The total revenue for the county government increased from Ksh 8,319,320,633 as set in the CFSP, to Ksh 10,525,722,006.85 in the revised budget. This is explained by increase in the equitable share from the national government, increase in the conditional allocation and other grants to the county government as well as increase in the county own generated revenue. The county government overall development budget to be implemented in FY 2018/19 budget will be Ksh 4,630,207,628.87, which is inclusive of the balances brought forward from FY 2017/18. The Table below represents the summary of the revised development and recurrent budget.

Table 10; Analysis of FY 2018/19 Budget Vs 2018 CFSP Ceilings

Expenditure Item	2018 CFSP	FY 2018/19 Budget	FY 2018/19 Revised budget
Development	2,373,608,213.60	3,023,481,164.00	4,630,207,628.87
Recurrent	5,450,382,552.40	5,524,323,229.00	5,895,514,377.97
Total Revenue	7,823,990,766.00	8,547,804,393.00	10,525,722,006.85

Development allocation in the revised budget accounts for 44% of the total budget, which is an increase from 30.34% as set in the CFSP. Recurrent allocation decreased from 69.66% of the total budget in the CFSP, to 56.01% in the revised budget. The increase in development expenditure, and decrease in recurrent expenditure, reflects the county government's commitment towards a prosperous value based county with a high quality of life.

The implementation of FY 2018/19 was slow in the first quarter. This is due delayed disbursements from the National Government. The County will have to fast track implementation of the projects within the remaining quarters, to ensure realization of the set agenda (socio economic transformation), by end of FY 2018/19.

5.2 Medium-Term Expenditure Framework

Resource allocation will be aligned to programmes supporting strategic interventions identified in Makueni County Vision 2025, and the CIDP 2018-22. The County will allocate resources, based on how department programs demonstrate alignment to the five thematic goals identified in the CIDP and ADP. The strategies identified in the ADP will be used to set the preliminary ceilings for FY 2019/20 budget. The FY 2019/20 MTEF budget will implement key flagship projects under each of the key thematic areas geared towards increased household income for sustainable livelihoods. Specific objectives in the areas include;

i. **Community Economic Empowerment**:

In the Medium term, the County will enhance the County food security by implementing programmes focusing on increasing agricultural and livestock productivity. This will be facilitated through promoting irrigated agriculture (small scale and large scale) and intensifying extension services for increased technology uptake.

The Government will promote value addition and agriculture commercialization by operationalizing Makueni Fruit Processing Plant, and establishing cottage industries through the various agricultural value chains. To reduce the proportion of the rural and urban unbanked population, the Government will establish the ENE Micro Finance Bank, and strengthen the cooperative movement. This will facilitate the marketing of products, and inculcate a savings culture among the citizenry.

ii. **Water Resource Management**:

The Government will expand the *Kutwiikany'a kiwu* initiative, with a target to increase availability, and access to safe water for communities. This will be done through; Construction of 2 mega dams, Construction of 7 medium sized dams, Construction of 30 small sized dams and Promotion of rain water harvesting at HH and institutions.

iii. **Lands, urban planning and development:**

Urban infrastructure development will be a key focus in the Medium term. The Government will allocate more resources towards planning and modernizing 12 County Urban areas, and upgrading two urban areas to smart cities. Other interventions will include; Improving land information management (GIS, digitization of land registry) and increasing HHs with secure land tenure system.

iv. **Socio-Economic Development:**

The Government is committed towards ensuring delivery of quality and affordable health care to all. To this end, the County will upscale the Universal Health Care Programme, targeting increased enrolment of households to the programme. In the Medium term, the Government will implement programmes geared toward promoting the Youth, Women and PWDs participation in income generating activities. This targets the communities' social and economic empowerment.. Other interventions will include; promotion of sports, culture and talent development, promoting market driven technical courses, and establishing incubation center's (agro-entrepreneurship) in CTTIs. The Government will also empower women, PWD and marginalized groups, and initiate programmes to mitigate gender based violence. It will also offer social assistance to the at most risk groups.

v. CIDP Enablers 2018 – 2022:

The enablers are critical components. They support and ensure delivery of envisaged objectives by the other thematic areas. The Government will enhance access to affordable reliable clean energy, improve road network and communication, improve institutional development and knowledge management, strengthen citizen engagement, improve access and use of ICT by automating government services and enhance fiscal responsibility and accountability in utilization and management of County resources.

To provide a conducive environment for growth and development of all sectors, the county will allocate more resources to the enablers, which will create a support system for the attainment of all programmes and projects in the CIDP. The county treasury will ensure proper linkage between planning and budgeting, by ensuring sector objectives and ceilings in the CBROP are derived from development priorities/strategies identified in the 2019/20 ADP. These strategies will also follow up in the sector working group reports, which will eventually determine the ceilings to be set in the 2019 CFSP, which will inform the FY 2019/20 budget.

To ensure realization of the envisioned economic empowerment for sustainable livelihoods for all, resource allocation and utilization in the medium term will be guided by how programmes;

i. Are supported by project / programme concept notes detailing viability, sustainability, cost and intended beneficiaries of the proposed project / programme.
ii. Integrate and align to the key result areas on; food security, urban development, water resource management, universal health care and youth, women and PWD economic empowerment
iii. Support implementation of county flagship and transformative programs,
iv. Support realizing the theme for *increased household income for sustainable livelihoods*,
v. Mainstream diversity / cross cutting issues in program design and implementation focusing on youth, environment and gender.
vi. Support the youth economic empowerment strategy
vii. Aligns to the fourth schedule to the constitution
viii. Demonstrate cost effectiveness and sustainability.
ix. Ensure equity in distribution of resources in all areas of the County

Treasury will also restructure the participatory planning and budgeting process. This will ensure priorities and programmes identified in the decentralized levels, are geared towards achieving specific set target results cum indicators. All stalled and ongoing projects will prioritized, to ensure they are completed to scope ,for the intended benefit to the citizenry.

5.3 Medium Term Fiscal Projections

The 2019/20 Budget Framework

The 2019/20 fiscal projections are guided by the 2019-20 ADP , CIDP 2018-2022 and the Vision 2025. The Budget framework and aspirations assumes increased public private partnerships and donor support to fund the various development initiatives.

Revenue Projections:

The FY 2019/20 budget targets revenue collection of Kshs 9,322,262,970.32 both from own source revenues, shareable revenue and conditional allocations and grants. The from the equitable share at 79%, local revenue at 6%, conditional allocation 6% and donor funding/ grant at 9%.

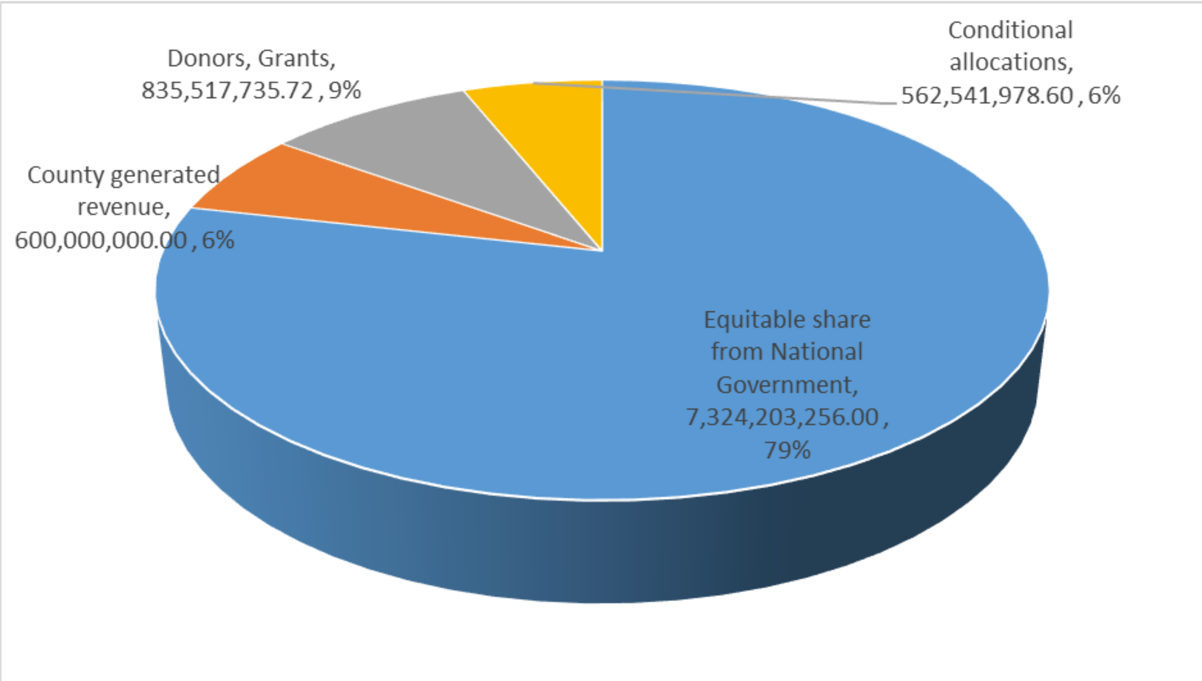

Figure 7: FY 2019/20 Revenue Projections

The County envisages a balanced budget, but where necessary will request funding through loans to implement flagship projects. The Makueni County Debt Strategy Paper 2019 will guide any borrowing.

The county will enforce policy of consistency and predictability of government spending and will be achieved through the following strategies.

i. Directing more resources coming from enhanced revenue mobilization to development related activities as curtailing recurrent spending;
ii. Ensuring efficient and effective public spending; and
iii. Ensuring funding to capital expenditure proposals is restricted only to projects / programmes with detailed concept notes.

To enhance the own resource revenue, the county will;

- Strengthen revenue streams inter-linkages. This will involve integrating the payments of related fees.

- Enhance the policy and legal framework for revenue collection by ensuring approval of the revenue administration bill, finance bill 2018/19 and the valuation roll.
- Exploiting the potential of the county's natural resources.
- Undertake a comprehensive revenue potential assessment for all streams (structured and unstructured). This will give the actual revenue potential for the County and assist in target setting for all revenue collectors.
- Fully automate revenue collection and establish one stop shop payment and approval for all licenses.

The county has aligned its programs to the National Big four agenda for manufacturing, food and nutrition, health and housing. This is targeted to harness the resources under the national government to fund the Budget. The county government will continuously engage the national government in the various fields, to enhance funding to key infrastructure and social programs through conditional allocations or grants.

The County will also fast track preparation of the public private partnership policy, to support growth of PPPs in the County. This will in turn support development. The county also recognizes communities as critical stakeholders, with an important role to play in management and implementation of programmes and projects in their areas, rather than them being only recipients. The community will be involved in the implementation of some programmes, through collaborative support, by pursuing social contribution activities.

5.4 Expenditure Forecasts

In the FY 2019/20, overall expenditure is projected at Kshs 9,322,262,970.32 up from the original Ksh 8,925,859,714.00 FY 2018/19 budget. These expenditures comprises among others, recurrent of Ksh 5,895,514,377.97 (65 percent of total budget), development of Ksh 3,226,748,592.35 (35 percent of total budget). The expenditure is expected to rise to Kshs 9,437,068,941.75 in the FY 2020/21.

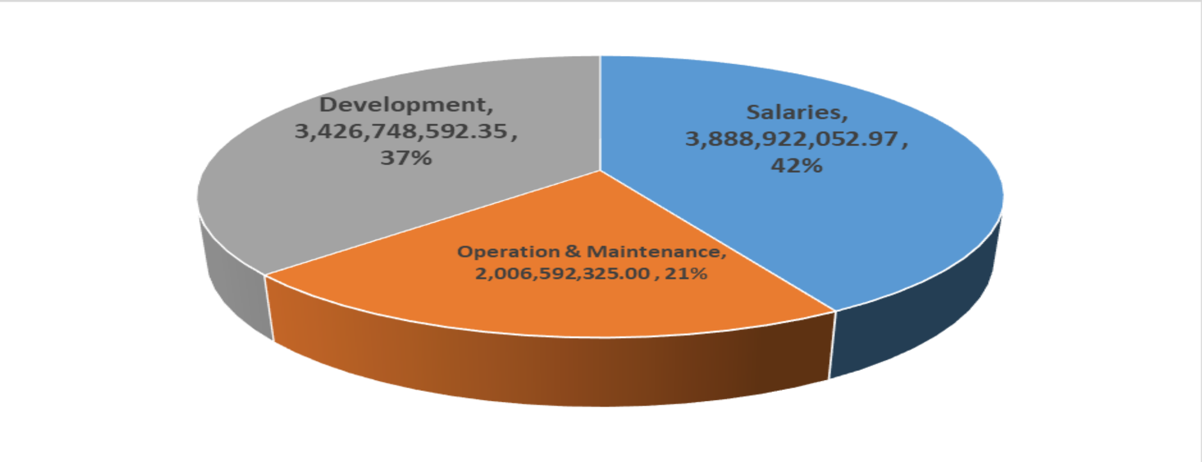

Figure 8: Projected FY2019/20 Budget by economic classification

Recurrent Expenditure

The recurrent expenditure in FY 2019/20 is expected to be 65 percent of the total budget.

Expenditure ceilings on goods and services for sectors/ministries are based on expenditure performance in FY 2017/18 and considerations for programmes to support the strategic interventions for FY 2019/20. The expenditures on salaries and wages will continue to surge as a result of the mandatory wage increments to county employees.

Development Expenditure

The ceiling for development expenditure including donor-funded projects, is expected to increase by 4% from Kshs. 3,306,329,616.00 in the FY 2017/2018 to Kshs. 3,426,748,592.35 in FY 2019/2020. The projected total development budget represents 37 percent of the gross budget including donor funding.

Table 11; Revenue projections (FY 2018/19 – FY 2021/22 Medium term)

Revenues	**FY 2018/19 Original Budget**	**FY 2019/20 Projected Budget**	**Projected FY 2020/21 Budget**	**Projected FY 2021/22 Budget**
Equitable share from National Government	7,127,800,000.00	7,324,203,256.00	7,524,203,256.00	7,624,203,256.00
County generated revenue	620,000,000.00	600,000,000.00	500,000,000.00	500,000,000.00
KDSP Grant - Investment Grant	168,575,682.00	300,000,000.00	200,000,000.00	200,000,000.00
DANIDA Grant (Universal Healthcare in Devolved System Program) - FY 2017/18 Funds	9,479,639.00			
IDA (World Bank) credit: Kenya Urban Support Project(KUSP)	136,261,600.00	149,887,760.00	164,876,536.00	181,364,189.60
DANIDA Grant (Universal Healthcare in Devolved System Program)	22,882,500.00	25,170,750.00	27,687,825.00	30,456,607.50
EU Grant (Instruments for Devolution Advice and Support IDEAS)	45,000,000.00			
Conditional Allocations for compensation for User Fees Forgone	19,435,760.00	21,379,336.00	23,517,269.60	25,868,996.56
EU Grant for instrument for Devolution Advice and support	66,000,000.00			
Conditional Allocation for Development of Youth Polytechnics	31,570,000.00	34,727,000.00	38,199,700.00	42,019,670.00
IDA (World Bank) credit: Kenya Devolution Support Project (KDSP) " Level 1 grant"	50,750,604.00	55,980,546.42	61,578,601.06	67,736,461.17
Transforming Health Systems for Universal Care Project (WB)	100,000,000.00	150,000,000.00	150,000,000.00	150,000,000.00
IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	140,435,163.00	154,478,679.30	169,926,547.23	186,919,201.95
Conditional Allocation for Leasing of Medical Equipment	200,000,000.00	200,000,000.00	200,000,000.00	200,000,000.00
Conditional Allocation from Road Maintenance Fuel Levy Fund	187,668,766.00	206,435,642.60	227,079,206.86	249,787,127.55
Conditional Allocation - other grants		100,000,000.00	150,000,000.00	150,000,000.00
Total Revenue	**8,925,859,714.00**	**9,322,262,970.32**	**9,437,068,941.75**	**9,608,355,510.33**

Economic Classification

Salaries	3,681,435,288.54	3,888,922,052.97	4,083,368,155.62	4,287,536,563.40
Operation and Maintenance	1,938,094,809.46	2,006,592,325.00	2,050,726,656.52	2,257,894,518.31
Recurrent	**5,619,530,098.00**	**5,895,514,377.97**	**6,134,094,812.14**	**6,545,431,081.71**
Development	3,306,329,616.00	3,426,748,592.35	3,302,974,129.61	3,062,924,428.61
Total Budget	**8,925,859,714.00**	**9,322,262,970.32**	**9,437,068,941.75**	**9,608,355,510.33**
Development Index	**37%**	**37%**	**35%**	**32%**

5.5 Development Funds; Resource Allocation Criterion.

Departments will be expected to realign their programmes to the five thematic areas. Resource allocation will be determined by how respective programmes are aligned / achieve the results defined for each , and how departments support their programmes with detail program/project concept notes. The ceilings will be firmed up in the 2019 CFSP.

The proposed development allocation per thematic area is as follows;

Table 12 FY 2019/20 Development allocation per thematic area.

Thematic area	Conditional allocations / grants	Other Development	Total Development Budget	% (devt)
Community economic empowerment	154,478,679.30	827,673,077.44	982,151,756.74	28.7%
Water resource management	0	466,800,000.00	466,800,000.00	13.6%
Lands, urban planning and development	149,887,760.00	250,000,000.00	399,887,760.00	11.7%
Socio-economic development	431,277,086.00	279,700,000.00	710,977,086.00	20.7%
Enablers	562,416,189.02	304,515,800.59	866,931,989.61	25.3%
Total	**1,298,059,714.32**	**2,128,688,878.03**	**3,426,748,592.35**	**100%**

5.6 County Budget and the Transfer of Functions

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

5.7 Overall Deficit and Financing

The FY2019/20 budget will be a balanced budget. However, strategies will be put in place to seek funding through loans from various agencies. This will be reflected in the County Debt Management Strategy Paper, which will be done in February 2019. Table 19 provides the tentative projected baseline ceilings for the 2019/20MTEF period, as a reflection of the above medium-term expenditure framework.

5.8 Risk and Risk Mitigation Framework

This section presents a brief framework for risk management. It includes identifying, assessing, monitoring, making decisions on, and communicating risk issues in the programmes and projects by the county government. Risk comes from uncertainties in financial operations, project failures, legal liabilities, credit risks, natural causes and disasters. The section presents identifiable risks, which could inhibit the achievement of the budget for FY 2019/20. They include fiscal, process, capacity and management risks. These risks are attributed to processes outside the county systems. They include:

No	Risk	Impact	Mitigation
Fiscal risks			
1.	**Reduction in funding**	Previous analyses have shown a consistent reduction in the rate of increase of funding from the national government. Over 97 percent of funding comes from the national government. Unmatched increases in demand for services and infrastructural development compared to transfers from the national government is identified as a major risk in the next financial year. In the last five years, the county has not been able to mobilize substantial own source revenue. Own source revenue has averaged 3.7 per cent funding of the county expenditures. The county will root for partnerships in FY 2019/20 to bolster funding for infrastructural development. The County does not have control over the amount of allocation from the national government.	To mitigate the risk of reduced funding, the county will turn to mobilization of funding in own source revenue and from development partners to meet the targeted revenues for FY 2019/20.
2.	**Late Disbursement of Funds**	Delayed disbursement of funds from the exchequer is another fiscal risk that the county might run in to. Delayed disbursement leads to late owning of obligation by the county and might lead to interest charges by the county suppliers and service providers. This increases the county's operating costs and leads further to accumulation of pending bills.	To mitigate this, the county shall prepare a procurement plan and cash flow early to allow for departments to organize for financial requisitions from the exchequer.
3.	**Inefficient Utilization of Resources**	This will result from failure of the county to deal with skewed staff establishment which leaves crucial sectors understaffed. Use of county assets in inappropriate and unauthorized means that leads to wastage portends risks that could usurp achievements of the county goals.	• The county will implement the recommendations of the organizational structure and staff establishment. • The county shall ensure full enforcement of existing government assets management frameworks.
4.	**Pending bills**	Pending bills have the effect of crippling a county government's ability to deliver in subsequent financial years. Pending bills	• The county will make sure that it plans to implement projects in

No	Risk	Impact	Mitigation
		makes it hard for counties to budget in subsequent financial years.	a timely manner and ensure that it is not disadvantaged by time value of money. Delayed implementation of projects may occasionally increase the cost of projects above and beyond the estimated budget. • The county will also adopt serious quantity surveying approach to make sure it estimates costs of infrastructural projects.
Process Risks			
5.	**Planning and Implementation Process Risks**	The county has effectively adopted participatory planning and budgeting which is a bottom-up arrangement to planning. This ensures project ownership and sustainability thereof. This opportunity may be abused by intensive and skewed lobbying for villages to have projects just for the sake of having them without regard to full utilization of its potential and maintenance costs. Sometimes projects are placed in the name of ensuring regional balance without looking at the need its serving in that particular location. The public has in the past suggested many projects to be implemented by the county government which after technical analysis was evident that there might have been no need to budget and implement them as suggested. All county plans, budgets, policies and laws have to be approved by the county assembly. The approval process requires adequate consultation and time to ensure that there is full interrogation and ownership of the plans, budgets, policies and laws before approval.	• The county will restructure the public participation to ensure its results oriented. • With regard to approvals by the county assembly, the executive will ensure adequate time and consultation is allowed for each of the laws, policies, plans and budget. As the executive starts on preparation of these documents, it will be mandatory to design a road map scheduling the process and allow adequate time for the county assembly to interrogate the documents and subsequent approval.
6.	**Procurement**	The procurement and contract administration process are prone to risks. There are risks in developing specifications, selecting the appropriate procurement methods, preparing tender documents and advertising, evaluation and selection of firms and individuals, negotiating the contract, and contract administration. The risks may be understatements, overstatements or misinterpretation of the need, narrow	• The county will apply the spirit of the Public Procurement and Disposal Act, 2015 which explicitly outlines how procurement should be conducted to the above mentioned risks. • Technical

No	Risk	Impact	Mitigation
		commercial and biased specification, failure to identify potential sources, selecting inappropriate methods, providing inadequate information, actual or perceived breach of confidentiality, offers fail to meet needs and failure to identify a clear winner.	departments' in-charge of infrastructure projects will be required to design implementable work plans for execution.
7.	**Accounting and Reporting Risks**	This risk might arise from incompetent personnel, poor supervision and weak internal audit oversight.	• The county will ensure that the financial accounting and reporting department is staffed with competent trained staff with adequate supervision. • The internal audit will regularly review financial statements and approve selection of accounting policies to be used.
Capacity Risks			
8.	**Technical Risks**.	Anticipated technical risks are associated with engineering designs, site specific characteristics, construction and installation, and operation and maintenance.	The county will strengthen the sections, which carries out design reviews, procurement support, construction supervision and test run support to control design and construction quality to ensure that no time is lost in design and site changes.
9.	**Absorptive Risks**	Low absorption of budgeted funds may delay delivery of essential infrastructure and programmes envisaged in the Budget and therefore delay in meeting the aspirations of the county in the next five years.	• The county will undertake monthly and quarterly implementation reporting of all county projects and programmes to ensure planned projects and programmes are implemented and paid on time. • Care will be taken to ensure financial procedures and procurement regulations are duly followed in implementation of the county projects and programmes. • All county employees

No	Risk	Impact	Mitigation
			will be put on performance contracting and ensure targets set relate to county development plans and policies.
10.	**Inadequate Legal Framework**	Weak or inadequate legal frameworks may pose great risks in delayed implementation of projects due to litigations as a result of loop holes in the legal framework in the county institutions.	Each department will be required to profile its entire institutional legal framework.
11.	**Change Management Risks**	The design of programmes in the FY 2019/20 Budget envisages inter-departmental synergies for effective and successful implementation of the five thematic areas. The Budget has been formulated in such a way that development initiatives are theme based and sectors will have to contribute to the achievement of the aspirations in the thematic areas.	The Department of Finance and Socio-economic Planning will strengthen the Sector Working Groups to ensure departments synergize in programs design and implementation.
Exogenous Risks			
12.	**Natural calamities**	The Budget will be cognizant of natural calamities like floods and famine which may befall the county and force the county to rework its budget to accommodate the situation. This will divert funds from strategic areas and affect smooth implementation of the programmes in the Budget.	The Public Finance Management Act, 2012 section 110 provides for establishment of an emergency fund to allow for forward budgeting and appropriation for funds for emergencies or amendment of the budget through a supplementary.
13.	**Court cases.**	Litigations and court injunctions can also derail timely execution of the Budget. These litigations can arise from county's processes especially procurement where perceived unfair competition may land the county in a court of law. Orders to repeat the whole procurement process will expose the county to disadvantages of time value of money, increase operation costs and lose valuable time in delivering the Budget.	Strict adherence to the provisions of the law and existing legal frameworks

Table 13: proposed total Expenditure Base Ceilings for the MTEF period 2019/20 (Kshs.)

DEPARTMENT	FY 2018/19 BUDGET	**FY 2018/19 REVISED SALARY BUDGET**	**FY 2019/20 SALARY BUDGET**	**FY 2019/20 RECURRENT BUDGET**	**TOTAL RECURRENT BUDGET**	**CONDITIONAL ALLOCATIONS**	**OTHER DEVELOPMENT**	**TOTAL BUDGET**
County Attorneys Office	31,092,171.20	4,192,171.20	4,401,779.76	20,049,635.54	24,451,415.30			
County Public Service Board	72,740,675.54	32,636,875.54	34,268,719.32	26,187,021.23	60,455,740.55			
Department of lands, Physical Planning and Mining	246,182,408.04	28,266,094.50	29,679,399.23	29,181,570.29	58,860,969.51	149,887,760.00		
Office of Governor	162,378,919.85	76,633,219.85	80,464,880.84	79,874,177.49	160,339,058.33			
Office of Deputy Governor	8,450,000.00	-	-	7,736,046.59	7,736,046.59			
Department of Trade, Tourism and Cooperatives	136,484,578.50	33,446,500.50	35,118,825.53	15,670,467.57	50,789,293.09			
Department of Gender and Social services	161,038,789.40	47,833,789.40	50,225,478.87	15,902,382.16	66,127,861.03			
County Secretary	291,733,696.76	96,203,196.76	101,013,356.59	261,405,591.75	362,418,948.34			
Department of finance and Socio Economic Planning	1,142,827,110.11	206,783,773.11	217,122,961.77	338,156,246.74	555,279,208.51	355,980,546.42		
Department of Education, Youth and ICT	501,849,763.28	242,844,763.28	254,987,001.44	91,523,381.94	346,510,383.38	34,727,000.00		
Department of Transport and Infrastructure	590,724,781.55	67,453,658.55	70,826,341.48	94,656,251.93	165,482,593.41	206,435,642.60		
Department of Agriculture, Livestock, Fisheries development and Irrigation	715,998,784.16	215,710,498.38	226,496,023.30	22,268,024.97	248,764,048.27	154,478,679.30		
Department of water, Sanitation and Environment	604,164,000.05	83,970,868.05	88,169,411.45	73,611,041.21	161,780,452.67			
Department of health	3,178,365,097.80	2,032,207,198.80	2,133,817,558.74	508,696,581.20	2,642,514,139.94	396,550,086.00		
Department of Devolution and Public Service	265,468,730.77	151,622,317.77	159,203,433.66	89,866,311.61	249,069,745.26			
County Assembly	816,360,207.00	383,930,362.86	403,126,881.00	331,807,592.80	734,934,473.80			
Sub Totals	**8,925,859,714.00**	**3,703,735,288.54**	**3,888,922,052.97**	**2,006,592,325.00**	**5,895,514,377.97**	**1,298,059,714.32**	**2,128,688,878.03**	**9,322,262,970.32**

VI. CONCLUSION AND NEXT STEPS

Resource allocation in the FY 2019/20 will be on the basis of how programmes demonstrate delivery of targeted results as prioritized in the 2019 Annual Development Plan. Departments will be tasked to support their programmes with detailed project concepts detailing viability, costs, interlinkages with departments and how these programmes achieve the desired objective of enhancing Food Security, Water Development, Urban Development, Universal Health care, ENE Microfinance, Youth, Women and PWD Economic Empowerment, Ward Development, and caters for pending/ongoing projects.

The County Treasury will provide guidelines on project investment management, which will outline how the Project / programme concept papers will be structured. The Sector Working Groups / Pillar Working groups will provide avenues to ensure the proper intersection of oral / interdepartmental linkages and synergies. Departments are asked to participate fully in the process, as each will be tasked to present their departmental programmes, and demonstrate how the programmes are geared to realize set results of socio economic transformation.

The Sector Working group reports will form the basis from which the resource allocation panel will determine departmental resource distribution. Resources will be allocated across departments, and affected in the in 2019 CFSP and Budget for FY 2019/20. Accounting officers are advised to plan within the set sector ceilings. Revision of ceilings within a sector/pillar can be done during sector/pillar hearings. An increase in a sub-sector's ceiling will require corresponding reduction of another sub-sector ceiling within the same, to offset changes.

To ensure meaningful sector-level engagement, the County Treasury will undertake the Public Expenditure review 2013-2017. The review will involve analyses of all previous County Government interventions, and assessing their efficacy and efficiency. The report will also provide information on all projects not fully utilized e.g. market shed, social halls, boreholes, map all social amenities and proposed intervention to ensure utility (ECDEs; CTTIs, water resources) and analyze previous funding, to enhance equity in distribution of resources. The report will be critical in preparing the Sector Working Group reports that will guide preparation of 2019 CFSP.

The Government will decentralize the planning unit from the ward to sub ward levels. The capacity of the existing participation structures will be enhanced to ensure they fully articulate development issues in their respective jurisdictions. The Government will also realign the participatory budgeting model to ensure focus on more transformative projects at both the Ward and the Head Quarters. The participation at the sub ward levels will be guided the key result areas as highlighted in the ward development plans customized from the CIDP. Communities will be tasked to prioritize interventions that will realize the set targeted results.

The County Government will also realign the participatory budget process to ensure needs are identified and met through well-designed programmes. The accounting officers are also reminded of important budget making events and dates as detailed in the 2019 /2020 Budget Circular issued on 28th August 2018.

Table 14; Total Sector Ceilings for the MTEF Period 2018/19 - 2021/2022 (Kshs Million)

			Printed Estimates	CEILING	PROJECTIONS	
			FY2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Community economic empowerment		**Total**	**852,483,362.66**	**454,032,020.66**	**484,457,555.66**	**517,176,760.80**
		Rec. Gross	**290,048,199.66**	**299,553,341.36**	**314,531,008.43**	**330,257,558.85**
		Dev. Gross	**562,435,163.00**	**154,478,679.30**	**169,926,547.23**	**186,919,201.95**
	Department of Agriculture, Livestock, Fisheries development and Irrigation	Rec. Gross	241,563,621.16	248,764,048.27	261,202,250.68	274,262,363.22
		Dev. Gross	474,435,163.00	154,478,679.30	169,926,547.23	186,919,201.95
		SUB - Total	**715,998,784.16**	**403,242,727.57**	**431,128,797.91**	**461,181,565.17**
	Department of Trade, Tourism and Cooperatives	Rec. Gross	48,484,578.50	50,789,293.09	53,328,757.75	55,995,195.63
		Dev. Gross	88,000,000.00	0.00	0.00	0.00
		SUB - Total	**136,484,578.50**	**50,789,293.09**	**53,328,757.75**	**55,995,195.63**
Water resource management	Department of water, Sanitation and Environment	Rec. Gross	129,770,868.05	**161,780,452.67**	**169,869,475.30**	**190,869,475.30**
		Dev. Gross	474,393,132.00	**0.00**	**0.00**	**0.00**
		Total	**604,164,000.05**	**161,780,452.67**	**169,869,475.30**	**190,869,475.30**
Lands, urban planning and development	Department of lands, Physical Planning and Mining	Rec. Gross	51,940,808.04	58,860,969.51	61,804,017.99	64,894,218.89
		Dev. Gross	194,241,600.00	149,887,760.00	164,876,536.00	181,364,189.60
		Total	**246,182,408.04**	**208,748,729.51**	**226,680,553.99**	**246,258,408.49**
Socio-economic development		**Total**	**3,841,253,650.48**	**3,486,429,470.35**	**3,641,359,071.66**	**3,852,522,267.70**
		Rec. Gross	**2,946,585,751.48**	**3,055,152,384.35**	**3,201,954,277.06**	**3,404,176,993.64**
		Dev. Gross	**894,667,899.00**	**431,277,086.00**	**439,404,794.60**	**448,345,274.06**
	Department of health	Rec. Gross	2,527,767,198.80	2,642,514,139.94	2,774,639,846.93	2,943,371,839.28
		Dev. Gross	650,597,899.00	396,550,086.00	401,205,094.60	406,325,604.06
		SUB - Total	**3,178,365,097.80**	**3,039,064,225.94**	**3,175,844,941.53**	**3,349,697,443.34**
	Department of Gender and Social services	Rec. Gross	73,038,789.40	66,127,861.03	63,478,527.58	66,652,453.96
		Dev. Gross	88,000,000.00	0.00	0.00	0.00
		SUB - Total	**161,038,789.40**	**66,127,861.03**	**63,478,527.58**	**66,652,453.96**
	Department of Education, Youth and ICT	Rec. Gross	345,779,763.28	346,510,383.38	363,835,902.55	394,152,700.40
		Dev. Gross	156,070,000.00	34,727,000.00	38,199,700.00	42,019,670.00
		SUB - Total	**501,849,763.28**	**381,237,383.38**	**402,035,602.55**	**436,172,370.40**
Enablers		**Total**	**3,381,776,292.78**	**2,882,583,419.11**	**2,874,593,841.29**	**3,072,756,423.75**
		Rec. Gross	**2,201,184,470.78**	**2,320,167,230.09**	**2,385,936,033.37**	**2,555,232,835.03**
		Dev. Gross	**1,180,591,822.00**	**562,416,189.02**	**488,657,807.92**	**517,523,588.72**
	Department of Transport and Infrastructure	Rec. Gross	186,145,658.55	165,482,593.41	173,756,723.08	182,444,559.23
		Dev. Gross	404,579,123.00	206,435,642.60	227,079,206.86	249,787,127.55
		SUB - Total	**590,724,781.55**	**371,918,236.01**	**400,835,929.94**	**432,231,686.78**

	Department of finance and Socio Economic Planning	Rec. Gross	462,500,824.11	555,279,208.51	532,803,610.71	589,443,791.24
		Dev. Gross	680,326,286.00	355,980,546.42	261,578,601.06	267,736,461.17
		SUB - Total	**1,142,827,110.11**	**911,259,754.93**	**794,382,211.77**	**857,180,252.41**
	County Assembly	Rec. Gross	746,360,207.00	734,934,473.80	771,681,197.49	810,265,257.36
		Dev. Gross	70,000,000.00	0.00	0.00	0.00
		SUB - Total	**816,360,207.00**	**734,934,473.80**	**771,681,197.49**	**810,265,257.36**
	Department of Devolution and Public Service	Rec. Gross	249,782,317.77	249,069,745.26	261,523,232.53	274,599,394.15
		Dev. Gross	15,686,413.00	0.00	0.00	0.00
		SUB - Total	**265,468,730.77**	**249,069,745.26**	**261,523,232.53**	**274,599,394.15**
	County Public Service Board	Rec. Gross	62,740,675.54	60,455,740.55	63,478,527.58	66,652,453.96
		Dev. Gross	10,000,000.00	0.00	0.00	0.00
		SUB - Total	**72,740,675.54**	**60,455,740.55**	**63,478,527.58**	**66,652,453.96**
	Office of Governor	Rec. Gross	162,378,919.85	160,339,058.33	168,356,011.25	186,773,811.81
	Office of Deputy Governor	Rec. Gross	8,450,000.00	7,736,046.59	8,122,848.92	18,528,991.36
	County Secretary	Rec. Gross	291,733,696.76	362,418,948.34	380,539,895.76	399,566,890.55
	County Attorneys Office	Rec. Gross	31,092,171.20	24,451,415.30	25,673,986.06	26,957,685.36
		Total	8,925,859,714.00	9,322,262,970.32	9,437,068,941.75	9,608,355,510.33
		Rec. Gross	5,619,530,098.00	5,895,514,377.97	6,134,094,812.14	6,545,431,081.71
		Dev. Gross	3,306,329,616.00	1,298,059,714.32	1,262,865,685.75	1,334,152,254.33
		Balance development funds		2,128,688,878.03	2,040,108,443.86	1,728,772,174.29
		Total develiopment finds	3,306,329,616.00	3,426,748,592.35	3,302,974,129.61	3,062,924,428.62
		Development rayion	37%	37%	35%	32%

Annex 1: 2019/20 MTEF BUDGET CALENDAR.

Activity	Responsibility	Timeframe/ Deadline
Develop and issue circular on Budget preparation and MTEF guidelines.	C.E.C Finance and Planning	By 30th August, 2018
Develop the County Annual Development Plan	C.E.C Finance and Planning	By 31st August, 2018
Presentation of County Budget Review and Outlook Paper (BROP) to County Executive Committee for approval	County Treasury	By 28th September, 2018
Preparation of Departments Public Expenditure Reviews – covering FY 2013/14 – FY 2017/18	All departments/ Finance and Planning to Co-Ordinate	By 28th November, 2018
Presentation of County Budget Review and Outlook Paper to County Budget and Economic Forum (CBEF)	C.E.C Finance and Planning in consultation with the Governor	By 5th October, 2018
Submission of County Budget Review and Outlook Paper (BROP) to the County Assembly	County Treasury	By 21st October, 2018
Circulation of approved CBROP to County Executive and Accounting Officers	County Treasury	By 30th October, 2018
Capacity building for MTEF and programme based budget (PBB)	C.E.C Finance and Planning in collaboration with National Treasury	October – December 2018
Start of Sector Consultations	All departments – Finance and Planning to co-ordinate in consultation	By 1st November, 2018
Feed Back – FY 2013/14 – 2017/14 Government performance	To be done in conjunction with departments	By 1st November, 2018
Participation – From Village to Village Cluster levels,	To be done in conjunction with departments	By end of December 2018
Participation – From Sub ward to Ward levels, Thematic groups (Youth, Women, Children, PWDS, PLHIV, Diaspora)	To be done in conjunction with departments	By end of January 2019
Presentation and Submission of final sector reports	All C.E.Cs for their respective departments	By end of January 2019

Development of County Fiscal Strategy Paper (CFSP)	County Treasury.	By end of January 2019
Submission of County Fiscal Strategy Paper (CFSP) to C.E.C for approval.	County Treasury.	By mid - February 2019
Presentation of County Fiscal Strategy Paper to County Budget and Economic Forum (CBEF)	C.E.C Finance and Planning in consultation with the Governor	By 22nd February, 2019
Submission of County Fiscal Strategy Paper (CFSP) to County Assembly	County Treasury	By 28th February 2019
Issue of circular for finalization of 2019/20 – 2021/22 MTEF estimates and PBB	County Treasury	By mid - March 2019
Circulate Approved County Fiscal Strategy Paper (CFSP) to county executive and Accounting officers	County Treasury	By mid - March 2019
Finalization of Departmental itemized and Programme Based Budget (PBB)	All departments	By end - March 2019
Review and finalization of Departmental itemized and Programmed Based Budgets	County Treasury	By mid - April 2019
Submission of Budget Estimates to County Executive for approval	County Treasury	By mid - April 2019
Publish departmental itemized and Programme Based Budgets	County Treasury	By 19th April 2019
Presentation of Budget to County assembly	C.E.C Finance and Planning	By 30th April 2019
Approval of the Budget and Appropriation Bill by the County Assembly	County Assembly	By 30th June 2019
Publication of the Budget Estimates	County Treasury	By 19th July 2019
Submission and Approval of the Finance Bill	C.E.C Finance and Planning and County Assembly	By 30th September 2019