

**REPUBLIC OF KENYA**



**COUNTY GOVERNMENT OF KAKAMEGA**

**THE COUNTY TREASURY**

**MEDIUM TERM**

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**COUNTY FISCAL STRATEGY  
PAPER**

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**An Economically Vibrant County**

**FEBRUARY 2016**

## FOREWORD

This is the third County fiscal strategy paper (CFSP 2016) for County government of Kakamega prepared by the County Treasury. It sets out the County priority programs to be implemented in the Medium Term expenditure Framework (MTEF) in the FY 2016/2017-2018/19. It is prepared in line with requirements of PFM Act of 2012 Section 117.

Kakamega County has witnessed tremendous economic development including improved infrastructure, revitalized agricultural sector, and massive investments in education and health sectors since the inception of county governments. In addition, the continued development of modern markets and *mikopo mashinani* trade loans are expected to boost the volume of trade which has a multiplier effect in job creation, increased incomes and opening up of opportunities for entrepreneurial growth in the County.

However, there are challenges that continue to hold the County back from achieving its full potential. They include: Inadequate budgetary allocation from the National Treasury, low local revenue base, high unemployment rates, inadequate human resource capacity and political interest. Strategies to address these challenges have been highlighted in this Fiscal strategy paper.

The strategy for economic success targets five core areas: Investment in health services, revitalizing the agriculture sector, improvement of the infrastructure network, improve education standards and promotion of trade and industry.

This fiscal strategy paper gives parameters for the 2016/17 budget and the medium-term expenditure framework which is consistent with both County and National Government priority programs, strategies and policies. The CFSP 2016 is prepared taking into consideration equitable shareable revenue from the national government, in addition to County's own source of revenue.

## **ACKNOWLEDGEMENT**

The preparation of this county fiscal strategy paper is a consultative and collaborative effort of the various county stakeholders. The strategic leadership of His Excellency the Governor, County departments through the respective County Executive Committee Members (CECs)s and Chief officers, comments from the various groups and public sector hearings in February 2016, in addition to inputs of Commission for Revenue Allocation (CRA), Controller of Budget (COB), the County Budget and Economic forum members among many other stakeholders who participated in the overall process which was guided by the National Government budget policy statement (BPS).

A core team in the County Treasury and Economic Planning and Investments spent a significant amount of time preparing this paper. Key among them was the Chief officer County Treasury, Mr Kenneth Kinyua, Mr .Otieno Samson, the Head of Budget, Planning Department headed by Mr. James Nyabochoa and the Economists from the Economic Planning and Investments Department; Mr Geoffrey Nyakwara, Margaret Gongi, Kennedy Lumbe, Alex Simiyu, Jacob Mumia, Dan Borter and Ondari Cyrus immensely took time to prepare the document. I would like to take this opportunity to thank the entire staff of the County Treasury and Economic Planning for their dedication and commitment.

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THE COUNTY TREASURY**

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## **ABBREVIATIONS AND ACRONYMS**

<b>BSP</b>	Budget Policy statement
<b>CBROP</b>	County budget review outlook paper
<b>CFSP</b>	County fiscal strategy paper
<b>CIDP</b>	County integrated development plan
<b>CSWGs</b>	County Sector Working Groups
<b>FY</b>	Financial Year
<b>IFMIS</b>	Integrated Financial Management Information System
<b>MTEF</b>	Medium Term Expenditure Framework
<b>PFM</b>	Public Financial Management
<b>PPP</b>	Public Private Partnership



### **Legal Basis for the Publication of the County Fiscal Strategy Paper**

The County fiscal strategy paper is prepared in accordance with Section 117 of the Public Financial Management Act, 2012. The law states that:

(1) The County, Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by the 28th February of each year.

(2) The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement. .

(3) In preparing the County Fiscal Strategy Paper. The County Treasury shall specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term.

(4) The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term.

(5) In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of

(a) The Commission on Revenue Allocation;

(b) The public;

(c) Any interested persons or groups; and

(d) Any other forum that is established by legislation.

(6) Not later than fourteen days after submitting the County Fiscal Strategy Paper to the county assembly, the county assembly shall consider and may adopt it with or without



### **Responsibility Principles in the Public Financial Management Law**

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

- 1) The county government's recurrent expenditure shall not exceed the county government's total revenue.
- 2) Over the medium term, a minimum of 30% of the County budget shall be allocated to development expenditure.
- 3) The County government's expenditure on wages and benefits for public officers shall not exceed 35 percent of the County government revenue.
- 4) Over the medium term, the County government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.
- 5) Public debt and obligations shall be maintained at a sustainable level as prescribed by the executive and approved by the County Assembly.
- 6) Fiscal risks shall be managed prudently.
- 7) 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

### **OUTLINE OF THE 2016 COUNTY FISCAL STRATEGY PAPER.**

This paper contains six sections as summarized below;

**Section I** Provides the county strategic blueprint which is to have an economically vibrant county and further explains how the county intends to transform its economy during its tenure in office.

**Section II** Outlines the economic context in which the 2016/17 MTEF budget is prepared. It provides an overview of the recent economic developments and the macroeconomic outlook covering the national government and county level.

**Section III** outlines the fiscal framework that is supportive of growth over the medium term, while continuing to provide adequate resources to facilitate service delivery and execute the policy priorities of the county Government.

**Section IV** provides a framework of managing the county government's administrative units and the budgetary allocation of the county revenue among its departments.

**Section V** presents the resource envelope and spending priorities for the proposed 2016/17 MTEF Budget and the Medium Term. Sector achievements and priorities are also reviewed for the 2015/16 MTEF period.

**Section VI** gives the conclusion.

## **EXECUTIVE SUMMARY**

# **1. AN ECONOMICALLY VIBRANT COUNTY**

## **1.1 Overview**

This County fiscal strategy paper (CFSP) 2016 has been prepared under the Public Financial Management Act, 2012. In line with the law, the CFSP sets out County priority programs outlined in the next paragraphs to be implemented in FY 2016/17 and the Medium Term expenditure Framework (MTEF).

The implementation of the county priority programs is expected to help in achieving its core mandate of service delivery to its citizens. These includes improving health services, enhancing food security, improving infrastructural network, upgrading education standards, revitalizing trade and industry development, promotion of social justice, provision of affordable housing and creation of employment.

The National economic outlook updates have been incorporated in this CFSP to reflect changes in National and Global economic and financial trends. When preparing this CFSP, the national budget policy statement (BPS) was a key reference document in aligning the national economic policy principles to county principles.

## **1.2 Building an Economically Vibrant County**

The focus of the County Government is to steer the county forward through numerous strategies to improve the delivery of services through sustained fiscal policy framework. Riding on the enormous resources and potential that the county has in Agriculture, Tourism, Sports, Energy, Minerals, Forestry, and favourable weather conditions presents numerous opportunities for investors which will be a key driver of the county economy. The County Government has continued to support investments through infrastructure development as an enabler to spur growth in all sectors.

The framework upon which an economically vibrant county agenda is built is on course despite some challenges. The low level of local revenue base of the FY 2015/16 and the inflation trend arising from the national government policies continue to be a source of concern for the County Government. Expenditure pressures with respect to salary demands and operational costs have impacted negatively on the county development agenda.

The broad strategic priorities for 2016/17 Budget will be anchored on the achievements of the County Government by directing public spending to stimulate growth. The investments by the private sector and other development partners will compliment these efforts. Taking the County Intergraded Development Plan (CIDP) 2013-2017 as basic document, the

County Government is certain that the broad strategic priorities for 2016/17 will provide a framework sustainable growth and development.

The County's broad strategic priorities for attaining economic vibrancy include:

- a) Promotion of health care through investing in quality and accessible health services
- b) Promotion of value addition for agricultural produce to enhance food security.
- c) Development of key infrastructure to spur economic growth.
- d) Improvement and upgrading education standards.
- e) Creating an enabling environment for business and entrepreneurial development.
- f) Promotion of equitable economic and social development for stability
- g) Enhancing governance, transparency and accountability in the delivery of public goods and services.

In identifying these priorities, the County Government acknowledges that there lies an enormous task ahead in their implementation which calls for concerted efforts of all stakeholders in the county.

This County fiscal strategy paper therefore articulates priority economic policies and sectors expenditure programs to be implemented under the Medium Term Expenditure Framework (MTEF) for 2016/17-2018/19 in order to achieve the County's sustainable development goals.

### **1.3 Programs for achieving a vibrant and sustainable economy.**

#### **Strategic priority I: Promotion of health care through investing in quality and accessible health services.**

The county government will procure more ambulance services, provide pharmaceutical and non-pharmaceutical medicines, continue the construction, equipping, renovation and upgrading of health facilities and revamping of Level four (4) facilities county wide. Furthermore, the establishment of a new County General hospital and a Medical school at MMUST, construction of two MTCs in the northern and southern region and rehabilitation of Kakamega MTC will enhance access to quality health services and increased number of health personnel. In addition construction of Kakamega Teaching and Referral Hospital will enhance the provision of comprehensive and reduce referral cases outside the county. Oparanya Care will continue to be revamped in order to reduce maternal and child

mortality rates. In addition the Community Strategy will be strengthened to increase the capacity of the community to handle their own health issues.

### **Strategic priority II: Revamping the Agriculture sector.**

Subsidization of farm inputs, procurement of tractors for improved mechanization will increase the acreage under crop production, introduction of the *one cow initiative*, Value addition in agriculture to increase farmer incomes, up-scaling artificial insemination for better breeds and revamping extension services are among the strategies which will be employed to revamp this sector.

### **Strategic priority III: Improving transport infrastructure.**

In order to improve the connectivity in the county, massive construction of the earth, gravel and bitumen roads as well as bridges and river crossings will be undertaken. Purchase of key construction equipment in addition to investment in the modern road construction technology and Construction of the county mechanical workshop will improve accessibility and connectivity. These will be achieved through both public and private partnerships. Within the medium term the county intend to upgrade 200Km of roads to Bituminous standards.

### **Strategic priority IV: Improvement of the education standards.**

Construction, equipping and staffing of modern county polytechnics and ECDE centers, roll out of ECDE school feeding programme, infrastructure support to primary and secondary public schools and provision of bursaries and scholarships to the bright but needy students and provision of tuition subsidies to students in county polytechnics will go a long way in improving access to quality education and training.

### **Strategy V: Promotion of Trade, Tourism and Industry.**

Construction of modern markets and stalls, provision of affordable credit to small and Medium sized businesses, erection of light masts in market centers, protection and development of tourism attraction sites, feasibility studies and provision of infrastructural support for the establishment of maize milling plant and tea processing factory among other cottage factories will create an enabling environment for business and industrial development and enhancing entrepreneurial culture..

### **Strategic priority VI: Promotion of culture, youth, sports and labour relations**

Enhancement of social services, preservation of culture, youth and women empowerment programmes, gender mainstreaming, support for people living with disabilities, establishment of rehabilitation centers, rescue centers, Library services and children support

centers. Support of sporting activities nurturing of talents and identification and training of labour laws are key in this sector. These programmes will enhance cohesion and social justice.

**Strategic priority VII: Provision and improving access of water**

Construction of water storage and harvesting facilities in schools, markets and health centers and hospitals will promote and improve access of water. The county will endeavor to fund projects with an aim of achieving sustainability in water provision in the county.

**2. RECENT ECONOMIC DEVELOPMENT AND POLICY  
OUTLOOK IN 2015/16**



## 2.1 Review of Recent Economic Performance

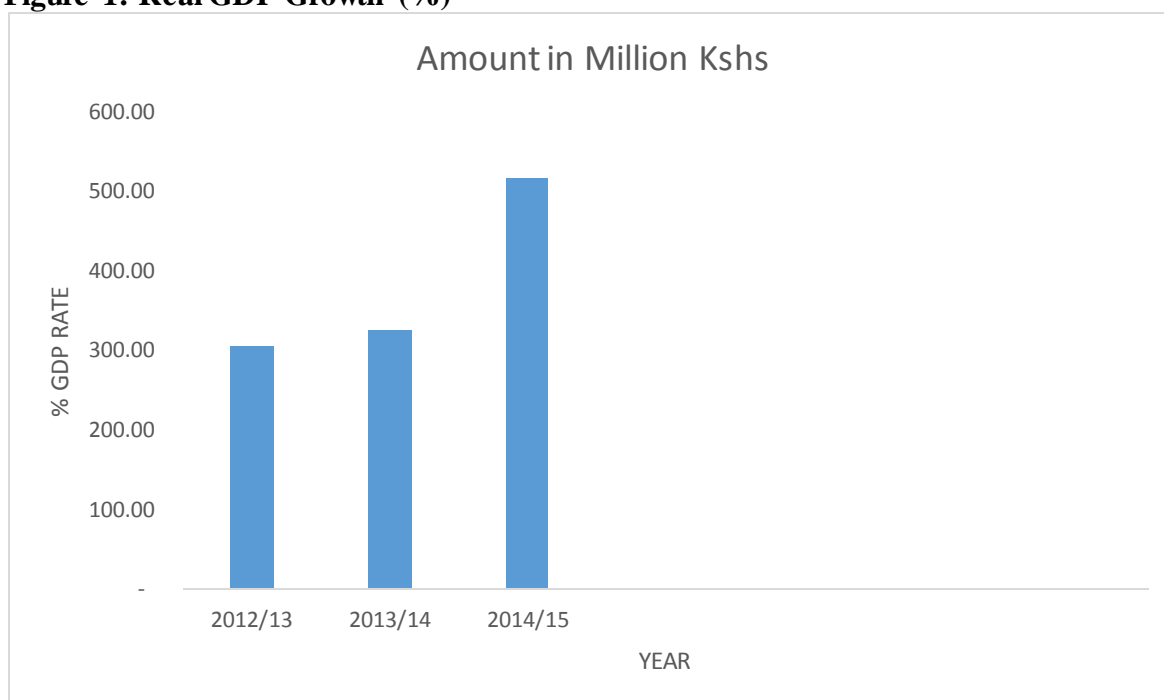
According to National Government statistics, Economic growth has been on an upward trend. The Economy grew by 5.3 percent in 2014, and was projected at 5.6 percent in 2015 and 6.0 percent in 2016 with 6.5 percent in the medium term (BPS, 2016). This was attributed to improved agricultural production, improved infrastructure and low oil and energy prices in the country and county.

The national inflation declined from double digit in 2011 and is still maintained below 10 percent in recent times. As at December 2015 the inflation was 8.01(KNBS).

### 2.1.1 Growth Update

The County relies on national government statistics to assess its economic growth. According to KNBS, the country's economy grew by 5.5% in first three quarters of 2015 as compared to 5.3 % in 2014 in the same period. This is an increase of 0.2%. The county's overall growth rate affects the country's economic performance. Below is an extract from budget policy statement February 2016 that gives information on real GDP growth.

**Figure 1: Real GDP Growth (%)**



Source: BPS 2016.

### 2.1.2 Growth of the private sector

The private sector has witnessed tremendous growth since the establishment of the devolved Governments. This is attributed to increased transfer of funds to the county

governments to spend on provision of goods and services. Private sector contributes to the development of the economy of the county by partnering with the county in provision of goods and services.

### **2.1.3 Inflation rate trend**

According to the National Government statistics, the annual average inflation rate increased from 6.9 percent in December 2014 to 6.5 percent in December 2015. Inflation rate is expected to reduce to less than 8 percent level in future. This is the national government target which will be uniform across all the counties.

### **2.1.4 Interest rate trend**

The County government is affected overally by the national government interest rate performance. Nationally, Central Bank Rate was 8.5 percent in December 2014. This was reviewed upward to 9.87 percent in July 2015 by the Monetary Policy Committee (MPC) .The upward review resulted in an increase of lending rate by commercial banks (BPS 2016)

## **2.2 Update on fiscal performance and emerging challenges**

The main spending units of the County Government are the County Assembly and the Executive. The main sources of revenue during the period under review was national government allocation (CRA shareable revenue), Conditional grants for Level 5 Hospital and local sources. The approved budget for 2015/16 was Kshs. 12.329 B to cater for the spending on the above county units.

### **2.2.1 County Revenue**

The budget of 2015/16 FY was financed by an equivalent of the expenditure budget amounts resulting to a balanced county budget .The total allocation from the shareable revenue for the County for FY 2015/16 was Kshs. 8,908,229,519 and a conditional grants of Ksh.709,676,711. Own source of revenue was forecasted at one billion.

### **2.2.2 Locally Collected Revenue**

The county Treasury is responsible for local revenue collection. Collections from the various ministries and other departments are deposited in county revenue fund account at the Central Bank of Kenya.

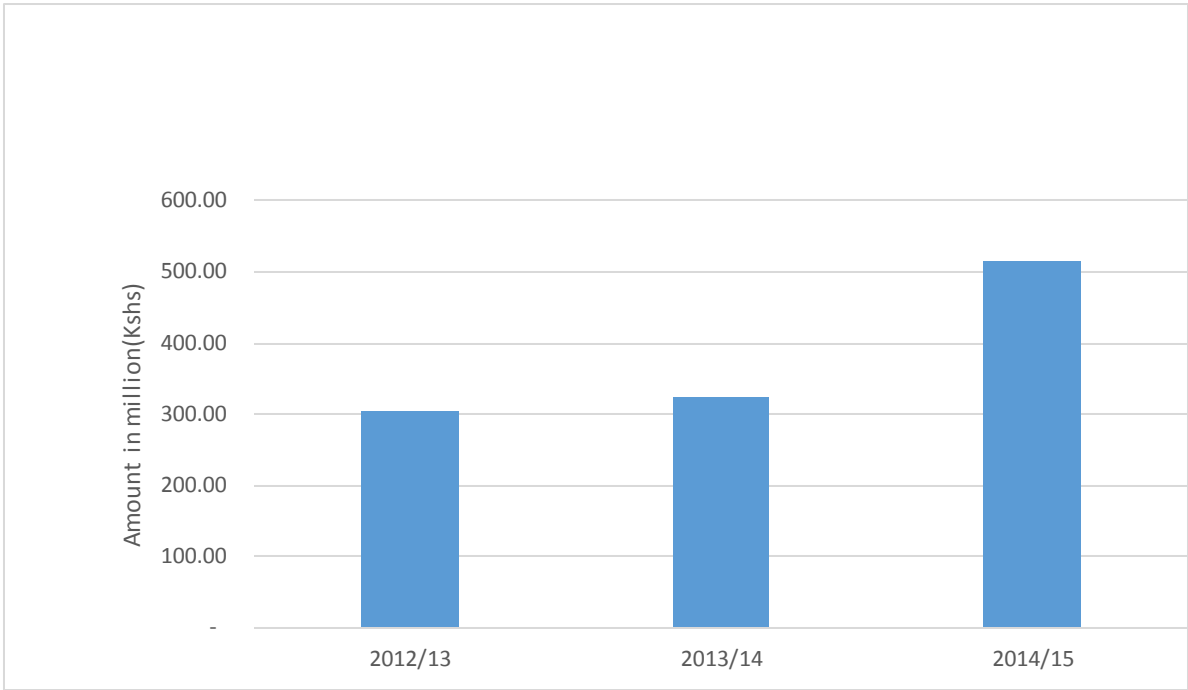
Total revenue collection for the period 2013/2014 and 2014/15 was Kshs.325M and 516 M respectively showing an upward trend. However, a collection of Kshs.218 M during the half year of FY 2015/16 ending December 2015 is an indicator of declining revenue generation. The county government has put in place measures to raise more revenue as compared to the previous years and will review the cause of underperformance compared to Ksh.242 M in the same period in December 2014. Table 1 and table 2 below show the expected trend.

**Table 1: County Revenue Analysis by year**  
**Actual County Revenue Analysis for FY 2012/13-2014/2015**

Sources	2012/2013	2013/2014	2014/2015
Single Business Permits	50,176,925	39,216,196	91,237,493
Land Rates	36,681,519	37,173,324	20,894,388
Bus parks	27,874,990	48,866,080	45,123,400
Markets	29,886,895	42,905,440	39,761,963
Parking Fee	13,328,083	18,838,018	11,359,310
Cess	28,060,507	17,123,608	42,083,893
Hire Fees	3,038,765	2,271,370	2,417,490
House/Office Rent	308,500	1,856,205	6,533,125
Other Charges	114,653,635	100,517,166	
Education		1,437,500	
Health		15,011,397	259,480,062
ATDC			4,154,000
Liquor Fess			7,444,500
Slaughter Houses			915,314
Dividend			1,140,000
Court fines			344,086
Tender fees		4,056,542	
<b>TOTALS</b>	<b>304,009,819</b>	<b>329,272,846</b>	<b>532,889,024</b>

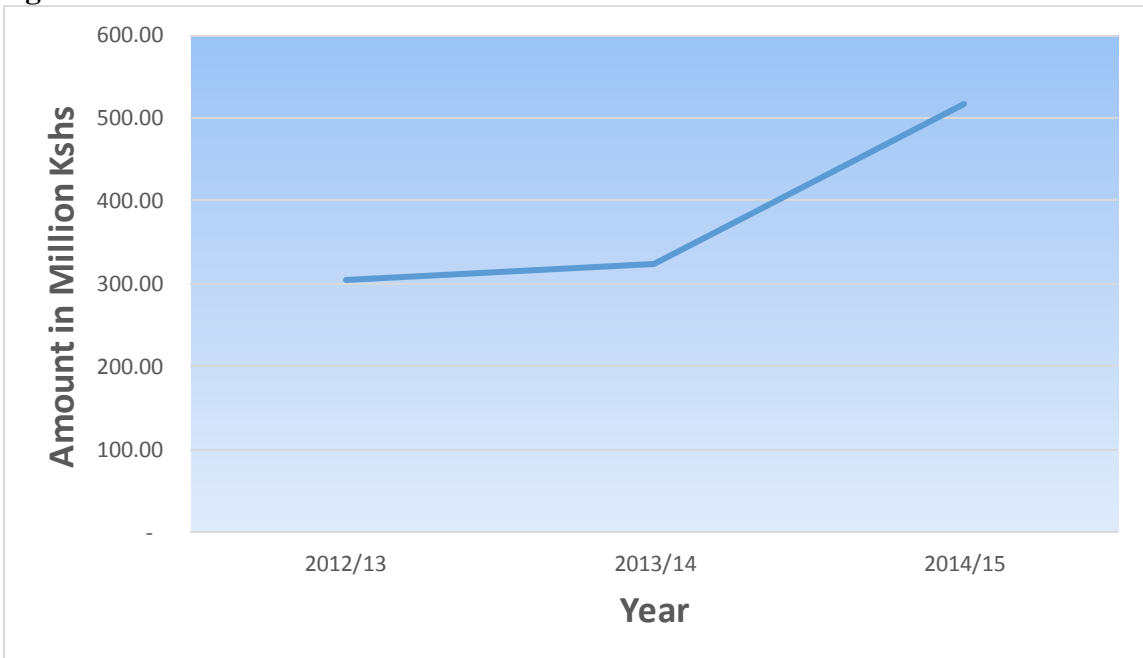
Source: Kakamega County Treasury 2016

**Figure 2: Actual County Revenue Analysis for FY 2012/13-2015/2016**



Source: The County Treasury February 2016

**Figure 3: Trend of Revenue Collections**



Source: Kakamega County Treasury-Revenue Report 2015

From graph 2 above it is evident that the revenue collection trend is improving each year. The trend doubled from 2013/14 up to 2014/15.

### 2.2.3 Exchequer Disbursements

The exchequer disbursements to the County Government totaled Kshs. 6.577 B for financial year 2014/15 and Kshs. 5.885 billion for a half year of 2015/16. The sum released to the County for FY 2015/16 for the half year is shown in table 3.

**Table 2: Exchequer Issues to Kakamega County for FY 2015/16**

<b>Month</b>	<b>Amount</b>
<b>July -15</b>	1,434,133,267
<b>August -15</b>	340,000,000
<b>September -15</b>	768,000,000
<b>October -15</b>	865,611,560
<b>November -15</b>	804,465,105
<b>December -15</b>	841,779,628
<b>January 2016</b>	831,418,005
<b>Total</b>	5,885,407,563

*Source: County Treasury 2016*

During the period under review, the actual monthly exchequer releases from July 2015 to January 2016 is shown in table 2 above. This comprises of part of balance from the FY 2014/15. This disbursements and exchequer requisitions are of up-to September 2015 according to CRA disbursement schedule. The challenges being faced during exchequer releases include late disbursement of funds by the National Treasury, poor financial reporting framework by the County spending units and poor implementation of strategies occasioned by inappropriate planning when executing the budget among others.

### 2.2.4 County Budget Expenditure

The total budget for FY 2014/2015 for all departments was Kshs.10.579 billion. The total actual expenditure for the period under review cumulatively stood at Kshs 7.955 billion which comprises of Kshs. 4.434 billion recurrent and Kshs. 3.521 billion development expenditure as indicated in table 4.

**Table 3: Comparison of Recurrent and Development Budget Estimates and Actual Expenditure FY 2014/2015**

<b>County Government Expenditures and transfers</b>						
	Budget	Actual	Budget	Revised Budget	Actual	% absorption
	2013/14		2014/15			
<b>Office of the Governor</b>	<b>0</b>	<b>0</b>	<b>271,125,751</b>	<b>239,887,784</b>	<b>155,995,573</b>	<b>65.03</b>
Current			216,125,751	184,887,784	155,126,573	<b>83.90</b>
Development			55,000,000	55,000,000	869,000	<b>1.58</b>
<b>Public Service and Administration</b>	<b>1,893,099,564</b>	<b>3,524,418,247</b>	<b>2,101,513,781</b>	<b>2,557,424,560</b>	<b>2,205,209,788</b>	<b>86.23</b>
Current	1,613,099,564	2,802,807,816	1,916,513,781	2,372,424,560	2,193,898,716	<b>92.47</b>
Development	280,000,000	721,610,431	185,000,000	185,000,000	11,311,072	<b>6.11</b>
<b>County Treasury</b>	<b>502,797,412</b>	<b>216,834,929</b>	<b>497,260,168</b>	<b>728,510,168</b>	<b>582,051,507</b>	<b>79.90</b>
Current	452,797,412	199,884,929	180,310,168	167,560,168	97,471,517	<b>58.17</b>
Development	50,000,000	16,950,000	316,950,000	560,950,000	484,579,990	<b>86.39</b>
<b>Water, Environment and Natural Resource</b>	<b>284,463,240</b>	<b>36,573,646</b>	<b>275,468,000</b>	<b>246,949,947</b>	<b>134,089,399</b>	<b>54.30</b>
Current	119,463,240	15,011,525	102,268,000	73,749,947	63,601,067	<b>86.24</b>
Development	165,000,000	21,562,121	173,200,000	173,200,000	70,488,332	<b>40.70</b>
<b>Social Services, Youth &amp; Sports</b>	<b>376,757,786</b>	<b>67,143,661</b>	<b>276,029,110</b>	<b>285,420,637</b>	<b>97,194,000</b>	<b>34.05</b>
Current	156,557,786	40,130,833	39,779,110	29,170,637	16,919,269	58.00
Development	220,200,000	27,012,828	236,250,000	256,250,000	80,274,731	31.33
<b>Transport, Infrastructure &amp; Public Works</b>	<b>2,416,881,694</b>	<b>153,277,669</b>	<b>1,139,690,660</b>	<b>1,320,690,660</b>	<b>958,435,015</b>	<b>72.57</b>
Current	91,281,694	24,083,687	62,690,660	43,690,660	30,038,685	<b>68.75</b>
Development	2,325,600,000	129,193,982	1,077,000,000	1,277,000,000	928,396,330	<b>72.70</b>
<b>Lands, Housing, Urban Areas and Physical Planning</b>	<b>362,804,888</b>	<b>17,930,637</b>	<b>364,540,000</b>	<b>302,034,419</b>	<b>72,461,586</b>	<b>23.99</b>
Current	52,804,888	4,430,637	72,540,000	50,034,419	23,869,966	<b>47.71</b>
Development	310,000,000	13,500,000	292,000,000	252,000,000	48,591,620	<b>19.28</b>
<b>Health Services</b>	<b>3,333,169,208</b>	<b>593,857,839</b>	<b>2,378,072,277</b>	<b>2,284,548,523</b>	<b>1,744,453,345</b>	<b>76.36</b>
Current	2,059,669,208	159,092,588	1,749,072,277	1,660,212,277	1,459,834,113	<b>87.93</b>
Development	1,273,500,000	434,765,251	629,000,000	624,336,246	284,619,232	<b>45.59</b>
<b>Agriculture, Livestock, Fisheries and Co-operatives</b>	<b>715,065,446</b>	<b>57,147,543</b>	<b>1,040,200,000</b>	<b>807,597,100</b>	<b>431,610,586</b>	<b>53.44</b>
Current	330,065,446	26,303,410	310,200,000	57,597,100	37,983,357	<b>65.95</b>
Development	385,000,000	30,844,133	730,000,000	750,000,000	393,627,229	<b>52.48</b>

County Government Expenditures and transfers						
	Budget	Actual	Budget	Revised Budget	Actual	% absorption
	2013/14		2014/15			
<b>Trade, Tourism &amp; Industrialization</b>	<b>1,022,457,000</b>	<b>43,267,757</b>	<b>409,950,000</b>	<b>386,950,000</b>	<b>318,669,048</b>	<b>82.35</b>
Current	32,457,000	14,486,126	69,950,000	46,950,000	26,117,105	55.63
Development	990,000,000	28,781,631	340,000,000	340,000,000	292,551,943	86.04
<b>Education, Science &amp; Technology</b>	<b>1,233,550,000</b>	<b>497,823,942</b>	<b>816,440,000</b>	<b>668,440,000</b>	<b>562,296,531</b>	<b>84.12</b>
Current	433,550,000	13,127,222	316,440,000	118,440,000	88,953,592	75.10
Development	800,000,000	484,696,720	500,000,000.00	550,000,000.00	473,342,939	86.06
<b>County Assembly</b>	<b>1,114,504,183</b>	<b>228,980,973</b>	<b>751,000,000</b>	<b>751,000,000</b>	<b>693,214,617</b>	<b>92.31</b>
Current	745,504,183	203,895,355	651,000,000	651,000,000	648,214,617	99.57
Development	369,000,000	25,085,618	100,000,000	100,000,000	45,000,000	45.00
<b>EXPENDITURES</b>	<b>13,255,550,421</b>	<b>5,437,256,843</b>	<b>10,321,289,747</b>	<b>10,579,453,798</b>	<b>7,955,680,995</b>	<b>75.20</b>

Source: County Treasury - (County Budget Review Outlook Paper 2015)

Table 3 and 4 compares the actual expenditure to the gross estimates for the FY 2013/14 - 2014/15 period. As indicated the County Public Service and administration had the highest absorption rate as compared to other ministries. This can be attributed to payments in form of salaries and wages which were lumped together.

## 2.2.5 Economic Classification of County Expenditure

The table 5 gives the details of the classifications of the expenditure as per the various economic items.

**Table 4: Economic Classification of Expenditure for FY 2014/15**

Description	Total Expenditure (Kshs. 000)	Total Expenditure %
Personnel Emoluments	3,247,713,320	40.82
Operational & Maintenance	1,186,569,934	14.92
Development Expenditure	3,521,520,947	44.26
<b>Total</b>	<b>7,955,804,201</b>	<b>100</b>

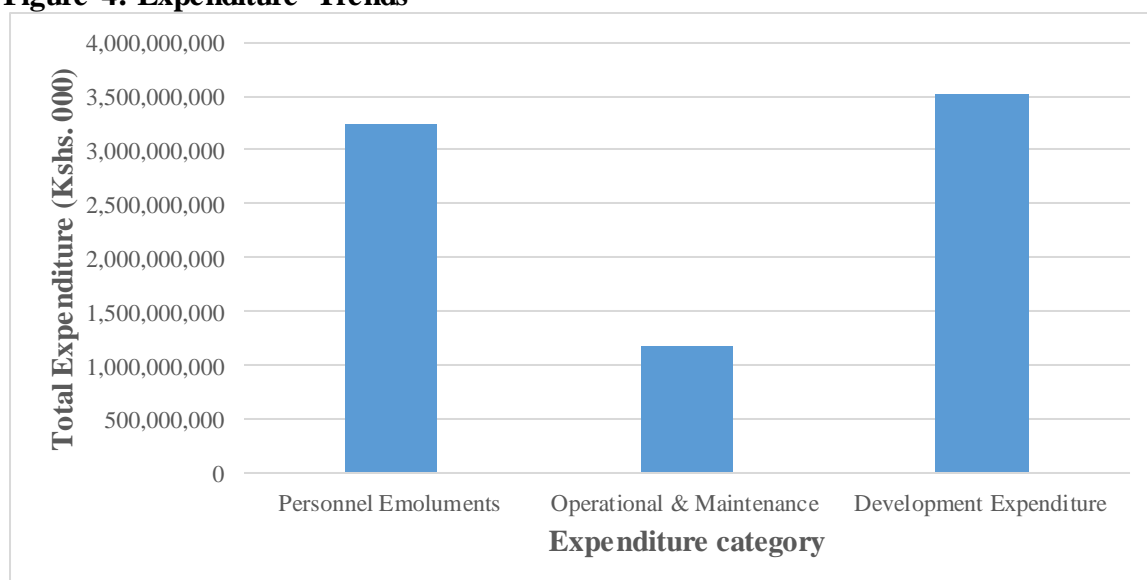
Source: County Treasury 2016.

The Table 4 groups the total county expenditures for the previous year into three main categories;

- i. **Compensation of Employees;** includes basic salaries paid to permanent and temporary employees and personal allowances paid as part of salary among other related costs.
- ii. **Operations/Use of goods and services;** includes utilities, supply and services, domestic travel and subsistence, and other transportation costs, training expenses, hospitality supplies and services, routine Maintenance among other related costs.
- iii. **Development expenditures** - These are the funding to the various capital projects and programmes in the county departments.

From Table 5, Compensation of Employees consumed 40.82 % of the total expenditure. Operations and Maintenance consumed 14.91 % while Capital Assets/ development consumed 44.26% of the total expenditure.

**Figure 4: Expenditure Trends**



Source: County Treasury 2016

### 2.3 Update on Fiscal performance and emerging challenges

The fiscal and economic assumption underlying the 2015/16 budget entailed improved collection of revenue from local sources and timely releases of funds by the national treasury. The updated Economic framework is promising, given that there is likelihood of improvement of local revenue collection and faster funds disbursement from the national government as compared to the FY 2014/2015. Despite this improvements the County Government will continue with its policy of expenditure rationalization with a view to



provide more funds to core services thus reducing costs through elimination of duplication and inefficiencies.

### **2.3.1 Implementation of 2015/16 Budget and Emerging Fiscal Challenges**

Challenges in the adherence to the budget plan continues to hamper smooth implementation of the FY 2015/16 budget. But with already established County organizational structures, the county is expected to improve on provision of services since there is clear responsibilities which are well defined.

Another challenge is in revenue collection due to delay in the automation of revenue collections which is still under pilot phase. In addition, expenditure pressures have emerged with salary and operational demands from the health, public service and administration and education among other departments. This takes place as the departments continue to recruit additional staff without due consultation with the County Treasury and Public Service to ascertain the availability of funds to cater for additions. These poses a risk to the stability of the budget for 2015/16 in the face of under collection of local revenue as indicated in the revenue target projection.

The revenue collection in FY 2014/15 was Kshs532M against a Kshs 903 Million target. In the FY 2015/2016 Kshs. 218 Million has been collected in the first half of the fiscal year against a target of 500million. This reflects a shortfall of Kshs 232 million indicating an underperformance from the set targets. This may be attributed to the delay in the operationalization of the County Revenue Agency that will have a strong control in addition to tapping of new revenue streams in the county.

### **2.3.2 Revised budgets**

During the FY 2014/2015 budget implementation, there were several challenges that came as a result of unrealistic budget. Some expenditure estimates were inadequate or were under-budgeted for, while others were over budgeted prompting a need for review. There was delay in approving the revised budget by the County Assembly and so the revised budget was not adequately implemented as required.

In the course of the budget implementation during the first half of the financial year 2015/2016 several challenges have emerged. Key among them are: local revenue underperformance, delays in exchequer releases by the National Treasury and continued expenditure demands from departments.

In view of the financing constraints from revenue and emerging expenditure pressures, a supplementary budget for FY year 2015/16 reflecting these changes has already been submitted to the county assembly for approval.

Adjustments to the 2015/16 budget will take into account actual performance of expenditure and absorption capacity for the remainder of the financial year. Due to resource constraints, the County Government will rationalize and re-prioritize development and operational expenditures in order to spend within the budget.

### **2.3.3 Risks to the outlook**

The devolved system has brought in itself several challenges to the counties. Expenditure pressures have emerged with salary and operational demands from across all county departments especially Health, education and Public Service and Administration. The high wage bill at the county poses a risk to sustainable implementation of the 2015/16 budget in the medium term by limiting funding to the capital expenditure.

The County government will undertake appropriate measures to safeguard economic stability in order to neutralize its effects to fiscal outlook.

## **3.0 FISCAL POLICY AND BUDGET FRAMEWORK**

### **3.1 Overview**

The 2016/17 Medium-Term Fiscal Policy aims at supporting a sustainably vibrant economic growth and ensuring that the county strives to provide high quality services to improve the livelihoods of its citizens. The county will pursue prudent fiscal policies to ensure economic stability. In addition, the county fiscal policies will provide support to economic activities while allowing for implementation of the projects and programmes sustainably. Adhering to these policies will also enhance local revenue collection. This will ensure that there are adequate resources for capital investments.

In respect to local revenue generation, the county will institute corrective measures to reduce revenue leakages from local sources. Course of actions will include operationalization of the County Revenue Agency that will solely be responsible for efficient and effective revenue collections, enforcement of local revenue laws and regulations, automation of revenue collection systems and speedy implementation of collection of other revenue streams .It will also undertake sensitization and education of the public on revenue matters. The county will continue to hire and train more staff to improve their capacity geared towards promotion of efficiency, effectiveness and accountability.

#### **3.1.1 Adherence to Fiscal Responsibility Principles**

These policies will aim at rationalizing allocation of more resources from recurrent to capital and development programmes so as to promote sustainable and inclusive growth.

Some of the fiscal responsibility principles to be observed include:

- Over the medium term, a minimum of 30% of the county budget shall be allocated to development expenditure. The County Government is committed to spend more in the development expenditure as compared to the recurrent expenditures.
- The County Government's expenditure on wages and benefits for public officers shall not exceed 35 percent of the County Government revenue as prescribed by the Public Financial Management Act (PFMA 2012). On wages and benefits, the share to County Government revenues was 34.20 percent in FY 2015/16, and is projected at 35 percent in FY 2016/17.

### **3.2. Fiscal structural reforms**

The County Government aims to widen the tax base in line with 2016 Finance Act that will be enacted by the County Assembly. The County Treasury plans to review other relevant revenue legislations in order to improve revenue raising measures and efficiency. In order to achieve this objective, the county government is in the final stages of operationalizing the county revenue agency which was created by an act of county assembly, Finance and Administrative Act 2014. This is expected to increase revenue collection in the medium term.

Over the medium term, the county government will rationalize its expenditure with an aim to reduce wastages. This will be done by ensuring there is improved accountability and transparency among the accounting officers who are in charges of public finances. The on-going fiscal structural reforms will eliminate duplications. The adoption of IFMIS and Internet Banking in the County is strengthening expenditure management. However, more needs to be done to enhance prudent financial management.

The county will strive to ensure that there is efficient and effective execution of the budget. This will be made possible through expenditure tracking and taking corrective measures on any deviations and instilling strong internal controls on expenditure. To achieve value for money there is need to strengthen audit function, through continuous review of audit risks and periodic monitoring and evaluation of projects and programmes.

#### **3.2.1 Deficit Financing Policy**

The county envisages borrowing from Domestic Sources for capital investments. Borrowing will be undertaken upon careful and critical analysis of financial position and capability of the county in repaying its debts. This initiative will take place in future upon preparation of medium term debt strategy paper.

### **3.3 Revenue projections**

The 2016/17 budget targets total revenue of Ksh12.79 Billion which is both the CRA shareable revenue, conditional grants and own source of revenue. Out of this, the County expects to receive Equitable Shareable Revenue of Kshs. 9.785 Billion and conditional grants totaling to Kshs. 782 Million. Local revenue source target is Kshs.868 Million and the expected balance brought forward of Kshs. 1.32 Billion.

### **3.3.1 Expenditure Forecasts**

The County expects overall expenditure to increase by an average of 3.89 percent up from Kshs.12.329 billion in 2015/2016 to the estimated Ksh.12.79 billion in the FY 2016/17 budget owing to slow economic growth and other macro-economic risks such as inflation, terrorism and unpredictable weather conditions.

Expenditure ceilings on goods and services for sectors/ministries and departments are based on funding allocation in the FY 2015/16 revised budget. The ceilings are adjusted based on expenditure trends and also the County change of priority programs within the spending units. Inflation which affects the expenditure trends is also put into consideration.

An emergency fund of Kshs. 50 million will be set aside to cater for any emergency that might arise during the financial year 2016/2017.

### **3.3.2 Overall deficit financing**

The county government target to have a balanced budget. However, a debt strategy paper will be prepared and outline the various strategies to manage county future debts.

The Fiscal policy outlined in this CFSP aims at improving revenue collection efforts as well as effectively managing total expenditures. This will be achieved through continued administrative and legislative reforms aimed at enhancing resource mobilization, improving efficiency in government spending and reducing wastages. The fiscal space created will avail resources to scale up investments in human capital including; health services, education and infrastructure while at the same time providing sufficient resources to improve service delivery in the county.

### **3.4 The 2016/2017 Budget framework**

The 2016/17 budget framework is prepared taking into consideration of macro-fiscal framework set by budget policy statement of February 2016 where real GDP is expected to grow by 5.5 percent by FY 2016/17 and the inflation rate is expected to remain low and stable below 8%. When preparing MTEF budget 2016/17-2018/2019, the County Integrated Development Plan, Annual Development Plans, Public Participation report and Budget Policy Statement have been key reference documents.

## **4.0 INTERGOVERNMENTAL FISCAL RELATIONS**

### **4.1 Legal Framework**

This being the third year of devolution, a lot needs to be done by the national government to ensure that county governments succeed in provision of devolved functions. These include transfer of assets by the transitional authority, legal framework for borrowing, clear classification and transfer of county roads and other unbundled functions. Some of the key significant progress that has been done include the establishment of sound legal framework for effective and efficient operation of county government financial management. This comprises of PFM Act of 2012 which defines the powers and functions of national and county institutions in financial management and control. This law also provides for accountability mechanisms by entrenching public participation and disclosure of budgetary information as well as mechanism for enforcing compliance to this law. Other laws enacted include; County Government Act 2011, Intergovernmental Relations Act 2011, Urban areas and Cities Act 2011, the Transition to Devolved Government Act 2011, the Commission on Revenue Allocation Act 2011 and the Independent Offices Act 2011. These laws ensure harmony in the operation of the county governments and also boost the inter and intra government relations.

The national government also rolled out IFMIS and internet banking platforms to all counties. In addition to this, the national government seconded staff to support county governments in service delivery during the transition period. Furthermore, the county government has also recruited more staff and still plan to do so in future.

### **4.2 Challenges Encountered by County Governments in Public Finance Management**

Some of the challenges encountered by the counties include:

- Local revenue collection mechanism is not efficient. The county local revenue is low despite the high potential for increased collections. This may be due to poor revenue structures in place. The county finance bills sometime face opposition which often delays the collection of local revenue.
- Capacity constraints in terms of both personnel and technical resource.
- Delay in release of funds from the National Treasury which hamper the timely implementation of programmes.

### **4.3 Equitable shares**

Pursuant to article 202 of the Constitution, the national government, through the budget policy statement allocated Kakamega county Kshs. 9,612,093,312. This equitable share allocation is expected to be planned, budgeted, spent and accounted for.

### **4.4 Additional resources**

The additional revenue to resource allocations by the CRA shareable revenue includes kshs. 873,804,000 own source of revenue and conditional grant of Kshs 810,427,395. This comprises of kshs.406,936,416 for level 5 hospital,Kshs38,617,147 for compensation for user fees foregone,Kshs.217,184,083 for free maternal health care, Kshs 11,750,000 DANIDA funds and Kshs147,689,749 road maintenance levy fund.

### **4.5 Fiscal Discipline**

The County Government must ensure that county resources are used in a prudent and responsible way as required under Article 201(d) of the Constitution. In addition, the county must comply with the fiscal responsibility principles as stipulated in the PFM Act 2012. County treasury will ensure compliance with the set fiscal targets. In this regard, the county will ensure that recurrent expenditure does not exceed annual revenue resource. Finally, the county will ensure that the development budget does not fall below 30 percent of the total budget over the medium term.

### **4.6 Capacity Building of County Governments**

The county is still experiencing challenges in the full compliance with the PFM Act 2012. The National Government rolled out trainings to build the capacity of county personnel in the following areas; IFMIS, budget preparation, accounting reporting, Monitoring and Evaluation, procurement among others. These has helped the county to improve service delivery to the public.

### **4.7 Summary**

The National Government, on the onset of the Constitution of Kenya (2010), embarked on the process of establishing the necessary legal and institutional framework for successful roll out of devolution. This is now in place including the requisite human and financial resources to facilitate operationalization of the devolved system of government. The share of National Government revenue allocated to this County has grown steadily from Kshs.6.825 billion in 2013/14 to Kshs. 7.7 billion 2014/2015 ,Kshs8.908 for 2015/2016

and is expected to increase further to 9.612 billion in 2016/2017. The county government is putting measures in place to enhance efficiency and effectiveness in the delivery of services. Training of staff has taken place and more are expected to be trained in the financial year 2016/2017. Through budget policy statement the National Government has given a hint on introduction of intergovernmental grants aimed at giving incentives for a desired result.



## 5.0 MEDIUM-TERM EXPENDITURE FRAMEWORK

### 5.1 Resource Envelope

The resource envelope available for allocation among the spending entities is based on the updated medium term fiscal framework which is outlined in Section III.

In view of the recent devolved functions and limited resources, MTEF budgeting will focus on adjusting non-priority expenditures to cater for the priority sectors. The County Integrated Development Plan 2013-2017 (CIDP) has guided resource allocation. The financing of county budget priorities revolve around two financing sources namely; transfers from the National Government and county local revenue. The shareable revenue transfers will account for 75.1 percent of the expenditure priorities in the budget while 18.4 percent will be financed from locally collected revenue sources. This comprises of 9.612 billion equitable shareable revenue, 810 million conditional grants and 873 million as own sources. The unspent balances from FY2015/2016 is estimated at 1.482 billion which makes up the total resource envelop estimated 12.79 billion.

**Table 5: Revenue resource envelope**

Revenue Category	2015/2016		2016/17
	Approved Estimates	Revised Estimates	Estimates
<b>Own sources</b>	1,000,000,000	1,000,000,000	873,804,000
Exchequer balance brought forward from 2014/15 fiscal year	1,688,334,939	1,709,115,820	1,482,770,683
<b>(1) Total own sources</b>	<b>2,688,334,939</b>	<b>2,709,115,820</b>	<b>2,356,574,683</b>
<i>Allocations from the National Government</i>			-
Equitable share of revenue	8,908,229,519	8,908,229,519	9,612,093,312
<b>(2) Total equitable share (CARA, 2015 First Schedule)</b>	<b>8,908,229,519</b>	<b>8,908,229,519</b>	<b>9,612,093,312</b>
<i>Conditional Grants</i>			
Level 5 Hospital	342,902,857	342,902,857	406,936,416
Free Medical Maternal Health Care	214,900,000	214,900,000	217,184,083
User Fees forgone	38,709,716	38,709,716	38,617,147
Road maintenance levy	113,164,138	113,164,138	147,689,749
<b>(3) Total conditional allocations (CARA, 2015 Second Schedule)</b>	<b>709,676,711</b>	<b>709,676,711</b>	<b>810,427,395</b>
<i>Conditional Grants</i>		-	-
<b>DANIDA Grant</b>	<b>23,500,000</b>	<b>23,500,000</b>	<b>11,750,000</b>
<b>(4) Total conditional allocations (CARA, 2015 Third Schedule)</b>	<b>23,500,000</b>	<b>23,500,000</b>	<b>11,750,000</b>
<b>Total Revenue (1+2+3+4)</b>	<b>12,329,741,169</b>	<b>12,350,522,050</b>	<b>12,790,845,390</b>

## 5.2 Spending Priorities for 2016/2017-2018/19 MTEF Budget

The county will focus on the following key priority areas;

- Promotion of health care through investing in quality and accessible health services.
- Promotion of value addition for agricultural produce to enhance food security.
- Development of key transport infrastructure to spur economic growth.
- Improvement and upgrading of education infrastructure and standards.
- Creating an enabling environment for business and entrepreneurial growth.
- Promotion of socio-economic stability through targeted transfers.
- Enhancing governance, transparency and accountability in the delivery of public goods and services.
- Upgrading and development of sports infrastructure and sporting activities.

## 5.3 Medium Term Expenditure Estimates

Table 6 below gives the ministerial total ceiling. To support and to give guidance on resource allocation the county treasury in annex 3 and 4 provides provision for both recurrent and development estimates. *In order to allow flexibility this paper gives a window for departments to adjust their budget within their overall total ministerial ceiling given in table 6. This means that the departments can adjust their budgets from recurrent and development estimates and vice-versa.*

**Table 6: Baseline ceilings 2016/17-2018/19**

	2014/15		2015/16	2016/17	2017/18	2018/19
		Revised Budget	Approved	Projections		
<b>Office of the Governor</b>	<b>271,125,751</b>	<b>239,887,784</b>	<b>626,599,838</b>	<b>714,529,000</b>	<b>750,255,450</b>	<b>765,260,559</b>
Current	216,125,751	184,887,784	318,599,838	374,529,000	393,255,450	401,120,559
Development	55,000,000	55,000,000	308,000,000	340,000,000	357,000,000	364,140,000
<b>Public Service and Administration</b>	<b>2,101,513,781</b>	<b>2,557,424,560</b>	<b>1,980,547,705</b>	<b>1,847,205,000</b>	<b>1,939,565,250</b>	<b>1,978,356,555</b>
Current	1,916,513,781	2,372,424,560	1,721,147,705	1,647,205,000	1,729,565,250	1,764,156,555
Development	185,000,000	185,000,000	259,400,000	200,000,000	210,000,000	214,200,000
<b>County Treasury</b>	<b>497,260,168</b>	<b>728,510,168</b>	<b>390,642,806</b>	<b>548,174,000</b>	<b>575,582,700</b>	<b>587,094,354</b>
Current	180,310,168	167,560,168	250,642,806	383,174,000	402,332,700	410,379,354
Development	316,950,000	560,950,000	140,000,000	165,000,000	173,250,000	176,715,000
<b>Water, Environment and Natural Resource</b>	<b>275,468,000</b>	<b>246,949,947</b>	<b>322,157,691</b>	<b>337,960,500</b>	<b>318,108,525</b>	<b>324,470,696</b>
Current	102,268,000	73,749,947	98,057,691	102,960,500	108,108,525	110,270,696
Development	173,200,000	173,200,000	224,100,000	235,000,000	210,000,000	214,200,000
<b>Social Services, Youth &amp; Sports</b>	<b>276,029,110</b>	<b>285,420,637</b>	<b>417,030,280</b>	<b>329,619,000</b>	<b>346,099,950</b>	<b>353,021,949</b>
Current	39,779,110	29,170,637	56,780,280	59,619,000	62,599,950	63,851,949
Development	236,250,000	256,250,000	360,250,000	270,000,000	283,500,000	289,170,000
<b>Transport, Infrastructure &amp; Public Works</b>	<b>1,139,690,660</b>	<b>1,320,690,660</b>	<b>1,742,435,569</b>	<b>1,993,978,800</b>	<b>2,093,677,740</b>	<b>2,135,551,295</b>
Current	62,690,660	43,690,660	63,789,401	66,978,800	70,327,740	71,734,295
Development	1,077,000,000	1,277,000,000	1,678,646,168	1,927,000,000	2,023,350,000	2,063,817,000
<b>Lands, Housing, Urban Areas and Physical Planning</b>	<b>364,540,000</b>	<b>302,034,419</b>	<b>296,062,159</b>	<b>280,265,000</b>	<b>294,278,250</b>	<b>300,163,815</b>
Current	72,540,000	50,034,419	84,062,159	88,265,000	92,678,250	94,531,815
Development	292,000,000	252,000,000	212,000,000	192,000,000	201,600,000	205,632,000
<b>Health Services</b>	<b>2,378,072,277</b>	<b>2,284,548,523</b>	<b>3,173,551,311</b>	<b>3,490,814,400</b>	<b>3,665,355,120</b>	<b>3,738,662,222</b>
Current	1,749,072,277	1,660,212,277	2,127,786,204	2,349,773,400	2,467,262,070	2,516,607,311
Development	629,000,000	624,336,246	1,045,765,107	1,141,041,000	1,198,093,050	1,222,054,911
<b>Agriculture, Livestock, Fisheries and Co-operatives</b>	<b>1,040,200,000</b>	<b>807,597,100</b>	<b>939,862,773</b>	<b>913,105,900</b>	<b>958,761,195</b>	<b>977,936,419</b>
Current	310,200,000	57,597,100	364,862,773	398,105,900	418,011,195	426,371,419
Development	730,000,000	750,000,000	575,000,000	515,000,000	540,750,000	551,565,000
<b>Trade, Tourism &amp; Industrialization</b>	<b>409,950,000</b>	<b>386,950,000</b>	<b>451,613,185</b>	<b>455,040,000</b>	<b>477,792,000</b>	<b>487,347,840</b>
Current	69,950,000	46,950,000	47,657,156	50,040,000	52,542,000	53,592,840
Development	340,000,000	340,000,000	403,956,029	405,000,000	425,250,000	433,755,000
<b>Education, Science &amp; Technology</b>	<b>816,440,000</b>	<b>668,440,000</b>	<b>1,016,586,176</b>	<b>875,065,400</b>	<b>918,818,670</b>	<b>937,195,043</b>
Current	316,440,000	118,440,000	269,586,176	283,065,400	297,218,670	303,163,043
Development	500,000,000.00	550,000,000.00	747,000,000	592,000,000	621,600,000	634,032,000
County Public Service Board	0	0	85,798,312	90,088,000	94,592,400	96,484,248
			85,798,312	90,088,000	94,592,400	96,484,248
<b>County Assembly</b>	<b>751,000,000</b>	<b>751,000,000</b>	<b>886,853,365</b>	<b>915,000,000</b>	<b>997,500,000</b>	<b>1,017,450,000</b>

	2014/15		2015/16	2016/17	2017/18	2018/19
		Revised Budget	Approved	Projections		
Current	651,000,000	651,000,000	786,853,365	865,000,000	892,500,000	910,350,000
Development	100,000,000	100,000,000	100,000,000	100,000,000	105,000,000	107,100,000
<b>TOTAL</b>	<b>10,321,289,747</b>	<b>10,579,453,798</b>	<b>12,329,741,170</b>	<b>12,866,565,835</b>	<b>13,430,387,250</b>	<b>13,698,994,995</b>

## 5.4 Baseline Ceilings

The baseline estimates reflects the current ministerial spending levels in sector Programmes. In development Programmes, adjustment has been made to take into consideration new projects which are key to development of the county economy.

The departmental ceilings in table 6 will form the indicative baseline for the FY 2016/17 budget. In the recurrent expenditure category, non –discretionary expenditures take first charge. Compensation of employees for county line departments’ account for a maximum of 35% of budget forecast. From the total expenditure estimates of Kshs. 12.79 billion, compensation to employees will account for utmost Kshs. 4.48 billion.

*When preparing the budget the County Treasury will adopt either lumping of the departments’ salaries in the department of Public Service and Administration or put the estimates in each individual department. In the medium term the County will apply the former since there is no structure that has been put in place for handling human resource issues in the individual departments. The result of this method is preparation and submission of Appropriation Act slightly different from the baseline estimates for the departments. The main reason for the inclusion of salaries in the departments’ ceilings was to facilitate the allocation of the resource envelope. However, when the county will be preparing the Appropriation Bill 2016, the salaries will be managed under the Public Service and Administration department. The result of this will be less amounts of the ministerial ceilings than what is in this paper.*

Development expenditures are undertaken on the basis of County Integrated Development Plan, Annual Development Plan (2015), Public participation report of 2016 as well as departmental strategic priorities. The Proposed capital projects will have to be evaluated in the context of the following elements:

- (a) Projects that are in full compliance with the County Government regulations and priorities as outlined in the County integrated development plan, Annual Development Plan and which are fully justified for financing.

(b) Community needs identified through public participation.

(c) Department/Agencies strategic needs that contribute greatly in addressing county's socio-economic needs.

Development expenditures are shared out on the basis of county priority programmes as well as aligning to the national government vision 2030 strategies to promote economic growth in the county.

The following were also taken in consideration in order of priorities.

- Ongoing projects- Emphasis on the completion and operationalization of the ongoing projects within the various departments.
- Emerging issues which require much attention in provision of service delivery such as education support programmes.
- Cross cutting issues and other special programmes of importance such as disaster management, youth development, gender, disability and HIV/AIDS.

## **5.5 Details of Sector/Department Priorities**

The MTEF for 2016/2017 -2018/2019 period will ensure that there is continuous resource allocation based on programme priorities that are aligned to CIDP 2013-2017 and annual development plan of 2016/2017.

The medium term expenditure framework ensures continuity in resource allocation based on prioritized programmes aligned to the County Integrated Development Plan and Strategic Policy Initiatives of the county administration to accelerate growth, employment creation and poverty reduction. The recent achievements and key priority targets for each county sector are based on the reports from the County Departments.

### **5.5.1 Agriculture, Livestock, Fisheries and Cooperative Development**

This sector comprises of the following departments; Crop production, Livestock Development, Veterinary Services, Cooperative Development and Marketing, Irrigation and Fisheries Development, Agriculture Training College.

The sector's vision is to be an innovative, commercially-oriented and modernized agriculture sector. The mission is to improve livelihoods of Kakamega county residents through promotion of competitive agriculture, sustainable livestock and fisheries,

quality and affordable veterinary services and growth of viable cooperatives through quality training in effective and efficient farming methods.

Agriculture accounts for over 65 percent of the total earnings in the county employing over 80% of residents. Multi-Sectoral strategies will be employed to increase the productivity and maximize earnings in this sector.

To undertake these programmes, the 2016/17 MTEF estimates for this sector are estimated to be Ksh.913, 105,900. This comprises of Ksh. 398,105,900 and Ksh.515,000,000 for Recurrent and Development respectively.

### **Flagship Projects/Programmes**

#### **Crop production**

- a. Farm input subsidization programme
- b. Farm mechanization-Tractor services
- c. Promotion of Tissue Cultured Bananas
- d. Horticulture development and Value addition
- e. Establishment of a dairy plant, maize milling plant and Tea factory
- f. Sugar revitalization
- g. Irrigation-Rehabilitation of dams

#### **Livestock Production**

- a. One cow per household programme
- b. Poultry Development
- c. Artificial Insemination Programme

#### **Veterinary Services**

- a. Animal disease control-Vaccination programme, Cattle dip rehabilitation.

#### **Fisheries Development**

- a. Rehabilitation of fish ponds,
- b. subsidies,
- c. Support to private hatcheries,
- d. Operationalization of Kakamega Fish Processing Factory.

#### **Cooperative Development**

- a. Strengthening of Co-operatives.
- b. Agriculture training and research

### **5.5.2 Transport, Infrastructure, Public Works and Energy**

This sector comprises of Transport, Infrastructure, Public Works and Energy. The vision of the sector is to be a world class provider of cost-effective physical infrastructure, energy facilities and public works services. And the mission of the department is, provide efficient, affordable and reliable infrastructure and energy for sustainable economic growth and development through construction, modernization, rehabilitation and effective management of all infrastructure, provision of public works services and energy facilities.

The state of the County infrastructural network is crucial for the overall development of the county. Reliable, adequate and quality infrastructure increases economic productivity, lowers production costs, improves quality of life, raises county's regional and global competitiveness, attracts Foreign Direct Investment (FDI), Public Private Partnerships and including Public Partnerships and this has a direct impact in the modernizing the economy. The Multiplier effect created by the investment in this sector is critical to sustain all the other sectors of the county economy.

To undertake these programmes, the 2016/17 MTEF estimates for this sector are estimated to be Ksh.1,993,978,800. This comprises of Ksh.66,978,800 and Ksh.1,779,310,251 and Ksh. 147,689,749 for Recurrent, Development and Road Maintenance Levy Fund respectively. Development estimates in this sector also includes a provision for the estimates of Kshs. 840,000,000 for **ward based civil works** in all the 60 wards.

#### **Flagship Projects/Programmes**

- a. Construction of 200 Km of roads to bitumen standard over the medium term
- b. Opening up, Construction and maintenance of 20 Kms per ward across all the 60 Wards of Kakamega county translating to 1200Kms.
- c. Continued construction and maintenance of roads across major linkages of the county
- d. Expansion of *Kazi Mashinani* roads programme across all the 60 wards.
- e. Construction and rehabilitation of bridges
- f. Research and Investment in modern road construction technology.
- g. Electrification of all major markets and public facilities.

- h. Taping solar energy for utilization in schools, hospitals and market centres.
- i. Construction and equipping of central and regional mechanical and transport workshops.

### **5.5.3 Trade, Tourism and Industry**

This sector comprises of the following sub-sectors: Trade, Tourism, Industry, Weights and Measures. The vision of the sector is to be a leader in investment, trade and Tourism and industrialization for a globally competitive county economy. The mission is to facilitate orderly Growth and Development of Investment, Trade, Standardization and Tourism in Kakamega County.

To undertake these programmes, the 2016/17 MTEF estimates for this sector are estimated to be Ksh.3 billion but due to the budgetary constraints, the sector will prioritize and implement the following and work within Ksh.455,040,000 comprising of Ksh.50,040,000 and Ksh. 405,000,000 for Recurrent and Development expenditure.

#### **Flagship projects/programmes**

- a. Construction and Renovation of modern markets and modern stalls
- b. Upscale of SME loans (*Mikopo Mashinani*)
- c. Construction, Operationalization of industrial Park /juakali shed.
- d. Protection and development of tourist attraction sites. (The crying stone).
- e. Construction of Snake Park through PPP.
- f. Eco-lodge in Kakamega forest through PPP
- g. Cable car and canopy walk in Kakamega forest through PPP.

### **5.5.4 Health Services**

This sector comprises the Public Health and Sanitation and Medical Services sub sectors. Its vision is to provide efficient and high quality County health care system that is accessible, equitable and affordable for every Kenyan. Its mission is to promote and participate in the provision of integrated and high quality promotive, preventive, curative and rehabilitative health care services to all Citizens.

Access to affordable and quality health care by county residents will enhance their economic productivity and investment.



To undertake these programmes, the 2016/17 MTEF estimates for this sector are to be Ksh.3,490,814,400 comprising of Ksh.2,349,773,000, Ksh.509,303,354 and Ksh.662,737,646 for Recurrent, Development and a conditional grant respectively.

#### **Flagship projects/programmes**

- a) Construction of Kakamega Teaching and Referral Hospital in collaboration with development partners.
- b) Renovation of the County General Hospital for improved service delivery.
- c) Renovation and Expansion of existing health facilities by constructing more maternity wards, male, paediatric, and female wards.
- d) Upscale the Afya ya Mama na Mtoto programme (*Oparanyacare*) to all health facilities
- e) Construction of county hospitals in Khwisero, Mumias West and Shinyalu.
- f) Construct Lumakanda and equip 3 No. HDU facilities Butere, Lumakanda and Malava County Hospitals.
- g) Purchase of No. 6 ambulances to enhance referral facilities.
- h) Upscale Community Health Strategy programme to cater for: Reproductive health, Child Survival/EPI, Family planning, HIV/AIDS/TB and Malaria Control Program.
- i) Automation of health services.
- j) Purchase of 10 No. utility vehicles for Ikolomani County, Shibwe Sub County, County Health Office, Malava County, Mumias East County hospitals.
- k) Construct and equip theatre facilities for Iguhu County Hospital, Shibwe, Mautuma, Matungu and Matunda SCHs. Butere, Lumakanda and Malava County Hospitals Butere, and Malava County Hospitals
- l) Establishment of a medical school in collaboration with MMUST.

#### **5.5.5 Education, Science and Technology**

This sector covers the following sub-sectors: ECDE, County Polytechnics and Education Support Programmes.

The sector vision is to be globally competitive in education, training, research and innovation for sustainable development. Its mission is to provide, promote and coordinate quality education and training, integration of science and technology, and innovation for sustainable socio-economic development process.

To undertake these programmes, the 2016/17 MTEF estimates for this sector are estimated to be Ksh.875,065,400 comprising of Ksh.283,065,400 and Ksh.592,00,000 for Recurrent and Development respectively. The development estimates includes a provision for ward based education support for the 60 wards totaling to Kshs. **150,000,000**

### **Flagship projects/programmes**

#### **Early Childhood Development**

- a) Equipping of 360 ECD centres
- b) Employment of 1000 ECD teachers
- c) Construction of two door toilets for ECD centres
- d) Feeding Programme in ECD
- e) Completion and equipping of Kakamega ECD teachers training resource Centre at Shisiru

#### **Polytechnics**

- a) Purchase of tools 30 for polytechnics
- b) Construction of 12 twin workshops
- c) Employment of more polytechnic instructors
- d) Education subsidy
- e) Construction of ICT Centers in county polytechnics selected as centers of excellence
- f) Construction of three hostels
- g) 3 polytechnic buses

#### **Education Support**

- a) Completion of the 24 centers of excellence
- b) Provision of Bursaries, HELB and Scholarships.
- c) Infrastructure support
- d) Purchase of buses for centers of excellence

### **5.5.6 Office of the Governor, Public Service and Administration**

The sector includes; Office of the Governor, County Administration, Legal Services, Communication, Liaison, Internal Audit, Economic Planning, Enforcement, County procurement, ICT, Cabinet Secretariat, Public Service and administration and Human Resource Management and Training.

The sector vision is to be a secure, just, cohesive, democratic, accountable and conducive county environment for a globally competitive and prosperous county. Its mission is to ensure effective and accountable leadership, promote a just, democratic environment and establish strong governance institutions to empower citizens for the achievement of socio-economic and political development.

This sector will ensure effective and efficient leadership, accountability, security, administration of justice, zero-tolerance to corruption and public participation.

To undertake these programmes, the 2016/17 MTEF estimates for this sector are estimated to be Ksh.1,847,205,000 and Ksh. 714,529,000 for Public Service and Administration and Office of the Governor respectively totaling to Ksh.2,561,734,000. This comprises of Ksh. 2,021,734,000 and 540,000,000 respectively. Public service board has been allocated Ksh. 90,088,000.

### **Flagship projects/programmes**

#### **Office of the Governor**

- a. Construction of the Governor's residence.
- b. Establishment of county production studio and Radio.
- c. Enterprise Resource Planning (ERP)
- d. Investment banking
- e. County financial Investments.
- f. Review of the CIDP 2013-2017.
- g. Conducting Social Intelligence Reporting County wide.
- h. County Monitoring and Evaluation.
- i. Research, Baseline Surveys and population studies.

#### **Public Service and Administration**

- a. Construction and refurbishment of ward and Sub-county headquarter blocks.
- b. Construction of county Headquarter administration block.
- c. Establishment and operationalization of County disaster Unit.
- d. Automation
- e. Construction of security personnel's houses.
- f. Establishment of the county Training College.

### **5.5.7 The County Treasury.**

The sector comprises of the following sub-sectors: County Treasury, County Budgeting and Control and County Revenue Administration. The sector vision is to be a leading sector in public finance management in the country. The mission is to provide overall leadership and coordination on financial management through effective budget formulation, implementation, resource mobilization and reporting.

To undertake these programmes, the 2016/17 MTEF estimates for this sector is Ksh.548,174,000 comprising of Ksh.383,174,000, Ksh.115,000,000 and Ksh. 50,000,000 for Recurrent ,Development and Emergency Fund respectively.

#### **Flagship projects/programmes**

- a. Operationalization of County Revenue Agency.
- b. Automation of Revenue collection.
- c. Asset tagging

### **5.5.8 Social services, Youth and Sports**

This sector is comprises of the following subsectors: Social Services, Youth and Gender Development, Sports, Culture, Children and Labour.

The sector Vision is to provide and promote a sustainable and equitable socio-cultural development, children and youth development in the county.

The sector mission is to formulate, mainstream and implement responsive policies through coordinated strategies for sustained and balanced socio-cultural and economic development of the County.

To undertake these programmes, the 2016/17 MTEF estimates for this sector are estimated to be Ksh. 329,619,000 comprising of Ksh.59,619,000 and Ksh.270,000,000 for Recurrent and Development respectively.

#### **Flagship projects/programmes**

- a) Rehabilitation and expansion of Bukhungu stadium - Phase I.
- b) Shelter improvement for the elderly – 6 per ward in phase I
- c) Promoting sports and sport activities

- d) Construction of Rehabilitation centres for drugs and alcohol addicts.
- e) Construction and rehabilitation of cultural centres.
- f) Establishment of children and women rescue centres phase II Lurambi
- g) Conservation and promotion of culture by holding cultural festivals and documentation of cultural heritage.
- h) Support for Persons Living with Disability.

### **5.5.9 Water, Environment & Natural Resources**

The sector is composed of water, environment, forestry and natural resources.

The sector vision is “Sustainable access to adequate clean and safe water in a clean and secure environment”.

The sector mission is “To promote, conserve and protect the environment and improve access to water for sustainable national development”.

In order to promote sustainable utilization of environmental resources, the county will promote investments in clean energy such as solar, wind, biogas and hydro-power. All the urban markets and centers will be required to establish a designated dumpsites and sewerage systems to ensure effective and reliable disposal of waste. Since the county faces an acute shortage of clean and safe drinking water, the sector will advocate for the construction of water treatment plants and boost the storage and supply lines. There is need to establish joint community-school water projects for the benefit of schools and the local communities.

To undertake these programmes, the 2016/17 MTEF estimates for this sector are estimated to be Kshs.337,960,500 comprising of Ksh.102,960,500 and Ksh.235,000,000 for Recurrent and Development respectively.

#### **Flagship Projects/Programmes**

- a) Development of water infrastructure for public facilities, markets and Households.
- b) Completion of Ongoing sewerage works in Kakamega& Mumias towns.
- c) Afforestation and Re-afforestation-Planting of indigenous tree seedlings.
- d) Environmental protection & Conservation
- e) Pollution Control.
- f) Solid and waste management.

- g) Rehabilitation of degraded mining sites.
- h) River-bank Conservation

#### **5.5.10 Lands, Physical Planning, Housing and Urban Development**

The sector comprises of the following sub-sectors: Lands and Settlement, Survey, Physical Planning, Housing and Urban Development.

##### **Vision**

Excellence in spatial planning, Land management, urban development and provision of decent shelter for sustainable development of Kakamega County

##### **Mission**

To facilitate improvement of the livelihood of county residents through efficient administration, sustainable management of land resources and improvement of living conditions of the residents within the context of a well-planned urban and rural environment.”

The county endeavors to fully utilize the available personnel and fill existing gaps to offer effective and efficient land administration, offer equitable access to land, implement the land policy to improve sustainability in the management of land resources. It will undertake the implementation of Housing policy, monitoring housing delivery processes and improvement of living conditions of the urban poor; low cost housing technologies, facilitate access to housing development finance; promotion of efficient and effective management of government housing and leases; and Rent restriction and dispute resolution services for low income groups, within the context of a well-planned urban and rural environments.

To undertake these programmes, the 2016/17 MTEF estimates for this sector are estimated to be Ksh. 280,265,000 comprising of Ksh.88,265,000 and Ksh.192,000,000 for Recurrent and Development respectively.

Urban Areas is one of the department within the ministry. For the purpose autonomy the County will prepare a separate budget estimates for town management as a separate entity. This will take place over the medium term expenditure framework.

### **Flagship projects/programmes**

- a) Street lighting/flood light in urban centers
- b) Urban areas waste management.
- c) Bus park development and maintenance.
- d) Beautification of urban roads and public gardens
- e) Mapping and profiling of public land.
- f) Purchase of land for development
- g) Geographical Information Systems (G.I.S) Programmes.
- h) Infrastructure improvement in informal settlements
- i) Review and preparation of spatial plans
- j) County spatial planning

### **5.5.11 The County Assembly**

The county Assembly's functions include oversight, Legislation and representation. The estimate for County Assembly programmes may change in the course of MTEF budgeting once the Commission of Revenue Allocation gives the ceilings for budget for FY 2016/2017.

To undertake these programmes, the 2015/16 MTEF estimates for this sector are estimated to be Ksh.915, 000,000 comprising of Ksh.865,000,000 recurrent and Ksh.35,000,000 development expenditure. **The estimates for County assembly will be amended once the county receives the expenditure ceilings from Commission for Revenue Allocation (CRA) as contained in their guidelines and recommendations.** This may reduce or increase the county overall budget estimates.

### **Flagship projects/programmes**

- a. Construction of the county Assembly chambers

## **6.0 CONCLUSION**

The set of policies outlined in this CFSP reflect the changed circumstances and emerging issues and are broadly in line with the CIDP and the fiscal responsibility principles outlined in the PFM law. They are also consistent with the national strategic objectives which set a basis for County Government allocation of public resources. Details of the strategic objectives are contained in the first County Integrated Development Plan (2013-2017). The policies and sector ceilings annexed herewith will guide the County sector working groups and line ministries in preparation of the 2016/17 budget.

Budgetary resources are usually limited, thus it is imperative that departments prioritize their programmes within the available ceilings to ensure that utilization of public funds are in line with county government priorities. There is also need to ensure that current resources are being utilized efficiently and effectively before funding is considered for programmes. Departments need to carefully consider detailed costing of projects, strategic significance, deliverables (output and outcomes), alternative interventions, administration and implementation plans in allocating resources.

Proper implementation of the budget is critical towards providing services that will promote sustainable growth. Sustainability requires greater co-operation and alignment between county government, civil society, communities and development partners to get things done. This means providing for continuous consultations with each other, finding solutions and encouraging innovation to build a sustainable County.



### Annex 1: Local revenue MTEF Forecast 2015/16-2018/19

	2014/15		2015/16	2016/17	2017/18	2018/19
	Approved	Actual	Approved estimates	Estimates	Forecast	
Single Business Permits	117,295,528	91,237,493	123,160,304	136,522,704	140,618,385	144,836,936
Land Rates	45,000,000	20,894,388	47,250,000	31,341,582	32,281,829	33,250,284
Bus parks	45,986,088	45,123,400	48,285,392	67,685,100	69,715,653	71,807,123
Markets	37,487,059	39,761,963	39,361,412	59,642,945	61,432,233	63,275,200
Parking Fee	46,350,800	11,359,310	48,668,340	17,038,965	17,550,134	18,076,638
Cess	230,000,000	42,083,893	241,500,000	120,000,000	132,000,000	145,200,000
Hire Fees	5,821,760	2,417,490	6,112,848	3,626,235	3,735,022	3,847,073
Housing/Stall	3,820,640		4,011,672		-	-
Kiosk fees	12,329,480	6,533,125	12,945,954	9,799,688	10,093,678	10,396,488
Sale of tenders	8,000,000		86,935,033	-	-	-
Bonding of County Assets	33,363,312				-	-
Contribution in lieu of rates			21,000,000	41,929,840	43,622,824	44,685,106
Other ministries fee charges	20,000,000				-	-
Health	262,000,000	243,480,062	275,100,000	365,220,093	376,176,696	387,461,997
Liquor Fees	29,283,876	4,154,000	0	6,231,000	6,417,930	6,610,468
ATDC		7,444,500	38,331,879	11,166,750	11,501,753	11,846,805
Slaughter Houses	6,789,080	915,314	7,128,534	1,372,971	1,414,160	1,456,585
Dividend		1,140,000		1,710,000	1,761,300	1,814,139
Court fines		344,086	208,632	516,129	531,613	547,561
<b>TOTALS</b>	<b>903,527,623</b>	<b>516,889,024</b>	<b>1,000,000,000</b>	<b>873,804,000</b>	<b>908,853,210</b>	<b>945,112,403</b>

## Annex 2: Medium Term Expenditure Estimates

Vote /Department	2014/15		2015/16	2016/17	2017/18	2018/19
		Revised Budget	Approved	Projections		
<b>Office of the Governor</b>	<b>271,125,751</b>	<b>239,887,784</b>	<b>413,269,838</b>	<b>714,529,000</b>	<b>750,255,450</b>	<b>765,260,559</b>
Current	216,125,751	184,887,784	318,599,838	374,529,000	393,255,450	401,120,559
Development	55,000,000	55,000,000	94,670,000	340,000,000	357,000,000	364,140,000
<b>Public Service and Administration</b>	<b>2,101,513,781</b>	<b>2,557,424,560</b>	<b>1,980,547,705</b>	<b>1,847,205,000</b>	<b>1,939,565,250</b>	<b>1,978,356,555</b>
Current	1,916,513,781	2,372,424,560	1,721,147,705	1,647,205,000	1,729,565,250	1,764,156,555
Development	185,000,000	185,000,000	259,400,000	200,000,000	210,000,000	214,200,000
<b>County Treasury</b>	<b>497,260,168</b>	<b>728,510,168</b>	<b>603,972,806</b>	<b>548,174,000</b>	<b>575,582,700</b>	<b>587,094,354</b>
Current	180,310,168	167,560,168	250,642,806	383,174,000	402,332,700	410,379,354
Development	316,950,000	560,950,000	353,330,000	165,000,000	173,250,000	176,715,000
<b>Water, Environment and Natural Resource</b>	<b>275,468,000</b>	<b>246,949,947</b>	<b>322,157,691</b>	<b>337,960,500</b>	<b>360,108,525</b>	<b>367,310,696</b>
Current	102,268,000	73,749,947	98,057,691	102,960,500	108,108,525	110,270,696
Development	173,200,000	173,200,000	224,100,000	235,000,000	252,000,000	257,040,000
<b>Social Services, Youth &amp; Sports</b>	<b>276,029,110</b>	<b>285,420,637</b>	<b>417,030,280</b>	<b>329,619,000</b>	<b>346,099,950</b>	<b>353,021,949</b>
Current	39,779,110	29,170,637	56,780,280	59,619,000	62,599,950	63,851,949
Development	236,250,000	256,250,000	360,250,000	270,000,000	283,500,000	289,170,000
<b>Transport, Infrastructure &amp; Public Works</b>	<b>1,139,690,660</b>	<b>1,320,690,660</b>	<b>1,742,435,569</b>	<b>1,916,978,800</b>	<b>2,012,827,740</b>	<b>2,053,084,295</b>
Current	62,690,660	43,690,660	63,789,401	66,978,800	70,327,740	71,734,295
Development	1,077,000,000	1,277,000,000	1,678,646,168	1,850,000,000	1,942,500,000	1,981,350,000
<b>Lands, Housing, Urban Areas and Physical Planning</b>	<b>364,540,000</b>	<b>302,034,419</b>	<b>296,062,159</b>	<b>328,265,000</b>	<b>344,678,250</b>	<b>351,571,815</b>
Current	72,540,000	50,034,419	84,062,159	88,265,000	92,678,250	94,531,815
Development	292,000,000	252,000,000	212,000,000	240,000,000	252,000,000	257,040,000
<b>Health Services</b>	<b>2,378,072,277</b>	<b>2,284,548,523</b>	<b>3,173,551,311</b>	<b>3,521,814,793</b>	<b>3,697,905,533</b>	<b>3,771,863,643</b>
Current	1,749,072,277	1,660,212,277	2,127,786,204	2,349,773,400	2,467,262,070	2,516,607,311
Development	629,000,000	624,336,246	1,045,765,107	1,172,041,393	1,230,643,463	1,255,256,332
<b>Agriculture, Livestock, Fisheries and Co-operatives</b>	<b>1,040,200,000</b>	<b>807,597,100</b>	<b>939,862,773</b>	<b>913,105,900</b>	<b>958,761,195</b>	<b>977,936,419</b>
Current	310,200,000	57,597,100	364,862,773	398,105,900	418,011,195	426,371,419
Development	730,000,000	750,000,000	575,000,000	515,000,000	540,750,000	551,565,000
<b>Trade, Tourism &amp; Industrialization</b>	<b>409,950,000</b>	<b>386,950,000</b>	<b>451,613,185</b>	<b>455,040,000</b>	<b>477,792,000</b>	<b>487,347,840</b>
Current	69,950,000	46,950,000	47,657,156	50,040,000	52,542,000	53,592,840
Development	340,000,000	340,000,000	403,956,029	405,000,000	425,250,000	433,755,000
<b>Education, Science &amp; Technology</b>	<b>816,440,000</b>	<b>668,440,000</b>	<b>1,016,586,176</b>	<b>833,065,400</b>	<b>874,718,670</b>	<b>892,213,043</b>
Current	316,440,000	118,440,000	269,586,176	283,065,400	297,218,670	303,163,043

Vote /Department	2014/15		2015/16	2016/17	2017/18	2018/19
		Revised Budget	Approved	Projections		
Development	500,000,000.00	550,000,000.00	747,000,000	550,000,000	577,500,000	589,050,000
County Public Service Board	0	0	85,798,312	90,088,000	94,592,400	96,484,248
			85,798,312	90,088,000	94,592,400	96,484,248
<b>County Assembly</b>	<b>751,000,000</b>	<b>751,000,000</b>	<b>886,853,365</b>	<b>915,000,000</b>	<b>997,500,000</b>	<b>1,017,450,000</b>
Current	651,000,000	651,000,000	786,853,365	865,000,000	892,500,000	910,350,000
Development	100,000,000	100,000,000	100,000,000	50,000,000	105,000,000	107,100,000
<b>TOTAL</b>	<b>10,321,289,747</b>	<b>10,579,453,798</b>	<b>12,329,741,170</b>	<b>12,790,845,393</b>	<b>13,430,387,663</b>	<b>13,698,995,416</b>

### Annex 3: Ministerial Recurrent Budget Ceiling

	2014/15		2015/16	2016/17	2017/18	2018/19
		Revised Budget	Approved	Estimates		
<b>Office of the Governor</b>	216,125,751	184,887,784	318,599,838	374,529,000	393,255,450	401,120,559
<b>Public Service and Administration</b>	1,916,513,781	2,372,424,560	1,721,147,705	1,647,205,000	1,729,565,250	1,764,156,555
<b>County Treasury</b>	180,310,168	167,560,168	250,642,806	383,174,000	402,332,700	410,379,354
<b>Water, Environment and Natural Resource</b>	102,268,000	73,749,947	98,057,691	102,960,500	108,108,525	110,270,696
<b>Social Services, Youth &amp; Sports</b>	39,779,110	29,170,637	56,780,280	59,619,000	62,599,950	63,851,949
<b>Transport, Infrastructure &amp; Public Works</b>	62,690,660	43,690,660	63,789,401	66,978,800	70,327,740	71,734,295
<b>Lands, Housing, Urban Areas and Physical Planning</b>	72,540,000	50,034,419	84,062,159	88,265,000	92,678,250	94,531,815
<b>Health Services</b>	1,749,072,277	1,660,212,277	2,127,786,204	2,349,773,400	2,467,262,070	2,516,607,311
<b>Agriculture, Livestock, Fisheries and Co-operatives</b>	310,200,000	57,597,100	364,862,773	398,105,900	418,011,195	426,371,419
<b>Trade, Tourism &amp; Industrialization</b>	69,950,000	46,950,000	47,657,156	50,040,000	52,542,000	53,592,840
<b>Education, Science &amp; Technology</b>	316,440,000	118,440,000	269,586,176	283,065,400	297,218,670	303,163,043
<b>County Public Service Board</b>			85,798,311	90,088,000	94,592,400	96,484,248
<b>County Assembly</b>	651,000,000	651,000,000	786,853,365	865,000,000	892,500,000	910,350,000
<b>TOTAL</b>	<b>5,686,889,747</b>	<b>5,455,717,552</b>	<b>6,275,623,865</b>	<b>6,758,804,000</b>	<b>7,080,994,200</b>	<b>7,222,614,084</b>

#### Annex 4: Ministerial Development Budget Ceiling

	2014/15		2015/16	2016/17	2017/18	2018/19
		Revised Budget	Approved	Estimates	Projections	
<b>Office of the Governor</b>	55,000,000	55,000,000	308,000,000	340,000,000	357,000,000	364,140,000
<b>Public Service and Administration</b>	185,000,000	185,000,000	259,400,000	200,000,000	210,000,000	214,200,000
<b>County Treasury</b>	316,950,000	560,950,000	140,000,000	165,000,000	173,250,000	176,715,000
<b>Water, Environment and Natural Resource</b>	173,200,000	173,200,000	224,100,000	235,000,000	210,000,000	214,200,000
<b>Social Services, Youth &amp; Sports</b>	236,250,000	256,250,000	360,250,000	270,000,000	283,500,000	289,170,000
<b>Transport, Infrastructure &amp; Public Works</b>	1,077,000,000	1,277,000,000	1,678,646,168	1,927,000,000	2,023,350,000	2,063,817,000
<b>Lands, Housing, Urban Areas and Physical Planning</b>	292,000,000	252,000,000	212,000,000	192,000,000	201,600,000	205,632,000
<b>Health Services</b>	629,000,000	624,336,246	1,045,765,107	1,141,041,393	1,198,093,463	1,222,055,332
<b>Agriculture, Livestock, Fisheries and Co-operatives</b>	730,000,000	750,000,000	575,000,000	515,000,000	540,750,000	551,565,000
<b>Trade, Tourism &amp; Industrialization</b>	340,000,000	340,000,000	403,956,029	405,000,000	425,250,000	433,755,000
<b>Education, Science &amp; Technology</b>	500,000,000	550,000,000	747,000,000	592,000,000	621,600,000	634,032,000
<b>County Assembly</b>	100,000,000	100,000,000	100,000,000	50,000,000	105,000,000	107,100,000
<b>TO TAL</b>	<b>4,634,400,000</b>	<b>5,123,736,246</b>	<b>6,054,117,304</b>	<b>6,032,041,393</b>	<b>6,349,393,463</b>	<b>6,476,381,332</b>

**Annex 5: County Programmes and Sub programmes**

<b>COUNTY DEPARTMENT &amp; FUNCTIONS</b>	<b>PROPOSED PROGRAMMES FOR FY 2015/16</b>	
	<b>PROGRAMMES (CP)</b>	<b>SUB-PROGRAMMES (CSP)</b>
<b><i>OFFICE OF THE GOVERNOR</i></b>		
Governor's Office	CP.1 Management and administration of County Functions	CSP.1.1 County executive services
Communications and County Radio	C.P.2 Support ,Co-ordination and Advisory services	CSP.2.1 Support and Advisory services
		CSP.2.2 County Internal Audit services
<b><i>PUBLIC SERVICE AND ADMINISTRATION</i></b>		
Public Service Administration	C.P.1 County Public service and Administrative services	CSP.3.1. County administration
		CSP.3.2.Human Resource Management
		CSP.3.3.County special programmes
<b><i>COUNTY TREASURY AND ECONOMIC PLANNING</i></b>		
Accounting Services, Revenue Resource and budgetting Functions	CP.1 Administration and Support services	CSP.1.1 Administrative services
	CP 2. Public Finance Management and Reporting	CSP.2.1 Financial Accounting& Reporting
		CSP.2.2 Budget formulation and management
		CSP.2.3 Revenue resource mobilization
	CP.3 Debt management	CSP 3.1Debt Management and Administration
Economic Planning	CP.2 Economic Policy Formulation and Management	CSP.2.1Fiscal Planning

**Annex 5: County Programmes and Sub programmes**

<b>COUNTY DEPARTMENT &amp; FUNCTIONS</b>	<b>PROPOSED PROGRAMMES FOR FY 2015/16</b>	
	<b>PROGRAMMES (CP)</b>	<b>SUB-PROGRAMMES (CSP)</b>
		CSP.2.2 Monitoring & Evaluation
		CSP.2.3 Statistical Data management
		CSP.2.4 Population Policy Management and analysis
<b><i>ENVIRONMENT, WATER, ENERGY AND NATURAL RESOURCES</i></b>		
Environmental Conservation	CP.1 Administration planning and support services	CSP.1.1. Administrative services
Water and Sewerage		
Forestry		
	CP.2 Environmental conservation.	CSP.2.1. Environmental protection
		CSP.2.2. Climate change management
	CP.3. water and sanitation services	CSP.3.1 Water resource supply and management
		CSP.3.2. Sewerage services
	CP.4 Rural electrification and renewable energy	CSP.4.1 Rural Electrification.
		CSP.4.2 Renewable energy
	S.P.5 Natural Resource Management	CSP 5. 1 Farm Forest resource management
		CSP 5. 1 Mineral resource management
		CSP. 5.2 Nature based enterprise Development
<b><i>LABOUR, SOCIAL SERVICES, CULTURE, YOUTH AND SPORTS</i></b>		

**Annex 5: County Programmes and Sub programmes**

<b>COUNTY DEPARTMENT &amp; FUNCTIONS</b>	<b>PROPOSED PROGRAMMES FOR FY 2015/16</b>	
	<b>PROGRAMMES (CP)</b>	<b>SUB-PROGRAMMES (CSP)</b>
Culture	CP.1 Administration, Planning and Support services	CSP.1.1. Administrative Services
Sports	CP.2. Culture Development, Promotion Of Arts	CSP.2.1. Culture and heritage conservation
		CSP 2.2. Promotion of arts
	CP.3 Management And Development Of Sports And Sports Facilities	CSP.3.1. Development of sports facilities
		CSP 3.2. Promotion and Development of sports and talent
	CP. 4 Youth & Gender Development And Promotion Services	CSP 4.1 Youth, Disability and Gender Empowerment and mainstreaming
	C.P 5 Labour Promotion And Industrial Peace	CSP 5.1 Promotion of industrial peace
		CSP 5.2 Labour laws awareness
	CP.6 Social Development And Promotions	CSP 6.1 Social Development and Social Protection
	C.P.7 Children Intervention Programme	CSP 7.1 Child protection support services
<b><i>TRANSPORT, INFRASTRUCTURE AND PUBLICS WORKS</i></b>		
Infrastructure and Public works	CP.1. Administration, Planning and Support Services.	CSP.1 Administrative services
	CP.2 Infrastructure ,Transport Services & Public works	CSP.2.1 Infrastructure development



**Annex 5: County Programmes and Sub programmes**

<b>COUNTY DEPARTMENT &amp; FUNCTIONS</b>	<b>PROPOSED PROGRAMMES FOR FY 2015/16</b>	
	<b>PROGRAMMES (CP)</b>	<b>SUB-PROGRAMMES (CSP)</b>
		CSP.2.2. Quality Enhancement and Assurance
		CSP.2.3. Transport system Management
<b><i>LANDS, PHYSICAL PLANNING, URBAN AREAS AND HOUSING</i></b>		
Lands and settlement	CP.1 General administration and planning	CSP.1.1 Administration services
	CP.2 Land administration and planning	CSP.1.2 Land Use Planning
		CSP.2.1 Land administration and planning
Housing and Physical Planning	CP.3 Housing Development and Management.	CSP.3.1 Housing Development
		CSP.3.2 Slum Upgrading
Urban Areas	CP.4 Urban Development and Service Provision	CSP.4.1 Urban transport Management
		CSP.4.2 Social Amenities and sanitary services
		CSP.4.3 Urban areas landscape improvement
<b><i>HEALTH SERVICES</i></b>		
Public Health	CP.1 Preventive and promotive services	CSP.1.1 Community health strategy
		CSP.1.2 Diseases surveillance & Emergency response
		CSP.1.3 Nutrition service promotion

**Annex 5: County Programmes and Sub programmes**

<b>COUNTY DEPARTMENT &amp; FUNCTIONS</b>	<b>PROPOSED PROGRAMMES FOR FY 2015/16</b>	
	<b>PROGRAMMES (CP)</b>	<b>SUB-PROGRAMMES (CSP)</b>
Health services, Dispensaries and Health Centres	CP.2 Curative Services	CSP.2.1 Infant and maternal health care promotion
		CSP.2.2 Reproductive health Services
County Health Management Team		CSP.2.3 Primary medical health services
	CP.3 Administration, Planning, Monitoring and Evaluation.	CSP.3.1 Administrative and Human Resources management
		CSP.3.2 Financial Services
<b><i>AGRICULTURE, LIVESTOCK, FISHERIES AND COOPERATIVE DEVELOPMENT</i></b>		
Livestock	CP.1 Livestock resource management and development	CSP.1.1 Livestock Value Chains Development
		CSP.1.2 Veterinary Services
Fisheries	CP.2 Fisheries development	CSP.2.1 Promotion of fish farming
Crop production	CP.3 crop production and management services	CSP.3.1 Horticulture Promotion and development
		CSP.3.2 Cash Crop production & development
		CSP.3.3 Farm input support and subsidies
Administrative services	CP.4 Administrative, planning and support service	CSP.4.1 Extension, Administration and Support services

**Annex 5: County Programmes and Sub programmes**

<b>COUNTY DEPARTMENT &amp; FUNCTIONS</b>	<b>PROPOSED PROGRAMMES FOR FY 2015/16</b>	
	<b>PROGRAMMES (CP)</b>	<b>SUB-PROGRAMMES (CSP)</b>
ATC &ATDC	CSP.5.1Agricultural training services	CSP.5.1Agricultural technologies development
	CSP.5.1Agricultural training services	CSP.5.1Infrastructure support
	CP.6 Cooperatives Development	CSP.6.1Promotion of cooperative movements
	CP.7. Irrigation and Drainage Development	CSP 7.1.Small holder Irrigation and drainage
<b><i>TRADE, TOURISM AND INDUSTRIALIZATION</i></b>		
Tourism	CP.1 Administration, Planning and support services	CSP.1.Administration support services.
		CSP.1.2 Quality assurance and Enhancement
Trade	CP.2.Trade Development and Investment	CSP.2.1.Modern Market infrastructure development
		CSP.2.2.Trade financing and support
		CSP.2.3.Meat hygiene infrastructure development
	CP.3.Tourism Development and Marketing	CSP.3.1Tourism promotion
		CSP.3.2 Development of Local content Niche tourism
	CP.4.Industrial Development and Investment	CSP.4.1 Industrial development support and promotion

**Annex 5: County Programmes and Sub programmes**

<b>COUNTY DEPARTMENT &amp; FUNCTIONS</b>	<b>PROPOSED PROGRAMMES FOR FY 2015/16</b>	
	<b>PROGRAMMES (CP)</b>	<b>SUB-PROGRAMMES (CSP)</b>
		CSP.4.2 Investment promotion
<b><i>EDUCATION, SCIENCE AND TECHNOLOGY</i></b>		
Polytechnics	CP.1 General Administration and support services	CSP.1.1 Administrative Services
		CSP.1.2 Education quality enhancement and Assurance
	CP.2 Vocational Education and Training development	CSP.2.1 Polytechnic Support and development
		CSP.2.2 Training promotion and development
Education support	CP.3.ECD Development and Support	CSP.3.1 ECD Infrastructure Development
		CSP.3.2 ECD education improvement and Support
	CP.4.Education Support and infrastructure development	CSP.4.1.General Infrastructure support
		CSP.4.2.Education financial support
COUNTY ASSEMBLY	C.P 1General Administrative and support services	CSP1.1 Administrative Services
		CSP1.2 Human Resource management
	CP.2. County Assembly Services and control	CSP.2.1 Legislative services

**Annex 5: County Programmes and Sub programmes**

<b>COUNTY DEPARTMENT &amp; FUNCTIONS</b>	<b>PROPOSED PROGRAMMES FOR FY 2015/16</b>	
	<b>PROGRAMMES (CP)</b>	<b>SUB-PROGRAMMES (CSP)</b>
		CSP.2.2. Oversight and Control services

## Annex 6: Budget Calendar

Activity	Responsibility	Deadline
<b>Develop and issue MTEF guidelines</b>	<b>Treasury</b>	<b>30-Aug-15</b>
<b>Launch Sector Working Groups</b>	<b>Treasury</b>	<b>15-Sep-15</b>
<b>Performance Review and Strategic Planning</b>	<b>MDAs</b>	<b>15-Sep-15</b>
Review and update of strategic plans		15-Sep-15
Review of programme outputs and outcome		15-Sep-15
Expenditure review		15-Sep-15
Progress report on MTP implementation		15-Sep-15
Preparation of annual plans		15-Sep-15
<b>Determination of Fiscal Framework</b>	<b>Macro Working Group</b>	<b>30-Sep-15</b>
Estimation of Resource Envelope		30-Sep-15
Determination of policy priorities		30-Sep-15
Preliminary resource allocation to sectors and County Assembly		30-Sep-15
Draft County Budget Review and Outlook Paper (C-BROP)		30-Sep-15
Submission and approval C-BROP by County Cabinet		15-Oct-15
Submit approved C-BROP to County Assembly		22-Oct-15
<b>Preparation of MTEF budget proposals</b>	<b>Line ministries</b>	<b>1-Oct-15</b>
Draft Sector Report	Sector Working Group	1-Oct-15
Review of the Proposal	Treasury	22-Nov-15
Submission of Sector Report to Treasury	Sector Working Group	30-Nov-15
<b>Draft County Budget Policy Statement (C-BPS)</b>	<b>Macro Working Group</b>	<b>1-Dec-15</b>

<b>Activity</b>	<b>Responsibility</b>	<b>Deadline</b>
Draft C-BPS	Macro Working Group	1-Dec-15
Division of Revenue Bill (DORB)	Treasury	15-Dec-15
County Allocation of Revenue Bill (CARB)	Treasury	5-Jan-16
Submission of BPS, DORB and CARB National Treasury	Treasury	15-Jan-16
Submission of BPS, DORB and CARB to National Parliament	Treasury	15-Jan-16
<b>The 2015/16 Supplementary Budget</b>	<b>Treasury</b>	<b>10-Nov-15</b>
Develop and issue guidelines on the 2015/16 revised budget	Treasury	10-Nov-15
Submission of Supplementary Budget Proposals	MDAs	20-Nov-15
Review of Supplementary Budget Proposals	Treasury	3-Dec-15
Submission of Supplementary Budget Proposals to County Cabinet	Treasury	5-Dec-15
Submission of Supplementary Budget Proposals to County Assembly	Treasury	15-Dec-15
<b>County Fiscal Strategy Paper</b>	Treasury	28-Feb-16
Submission & approval of the C-FSP by CEC	Macro Working Group	15-Feb-16
Submit approved C-FSP to County Assembly	Treasury	28-Feb-16
Passing the C-FSP by the County Assembly	Assembly	14-Mar-16
Publishing and publicizing the C-FSP	Treasury	21-Mar-16
<b>Preparation and approval of Final MDAs Programme Budgets</b>	<b>Treasury</b>	<b>28-Feb-16</b>
Develop and issue final guidelines on preparation of 2015-16 MTEF Budget	Treasury	28-Feb-16
Submission of Budget Proposals to Treasury	Line ministries	15-Mar-16

<b>Activity</b>	<b>Responsibility</b>	<b>Deadline</b>
Consolidation of Draft Budget Estimates	Treasury	1-Apr-16
Submission of Draft Budget Estimates to the County Assembly	Treasury	30-Apr-16
Review of Draft Budget Estimates by County Assembly	County Assembly	15-May-16
Report on Draft Budget Estimates from County Assembly	County Assembly	30-May-16
Consolidation of Final Budget Estimates and Cash flows	Treasury	15-Jun-16
Submission of Appropriation Bill to County Assembly	Treasury	15-Jun-16
Appropriation Bill passed	County Assembly	30-Jun-16
Finance Bill passed	County Assembly	30-Sep-16