

**REPUBLIC OF KENYA**



**COUNTY GOVERNMENT OF KERICHO**

**DEPARTMENT OF FINANCE AND ECONOMIC  
PLANNING**

**COUNTY BUDGET REVIEW AND OUTLOOK  
PAPER (C- BROP)**

**2018**

## **FOREWORD**

1. The Public Finance Management Act 2012, Section 118 requires every County government to prepare a County Budget Review and Outlook Paper (CBROP). In line with the law, this CBROP reviews the actual fiscal performance of FY 2017/2018 budget and together with updated macroeconomic outlook, provides a basis for the indicative resource allocation framework for the FY 2019/2020.
2. This County Budget Review and Outlook Paper (CBROP), prepared by the County Treasury, outlines the progress made by the Kericho County Government. The CBROP highlights fiscal implementation and challenges there of as well as provide a benchmark for fiscal forecasting for the next medium term planning. The CBROP takes a critical look at the underlying economic issues and proposes various options that should guide the process of budget formulation for the 2019/2020 Financial Year.
3. CBROP ensures effective linkage between policies, planning and budgeting. It sets out the broad objectives, policy goals and strategic priorities that will guide the County government in preparing the budget both for FY 2018/2019 and over the medium term. The CBROP also accounts for changes and reasons for economic deviations compared to the County Fiscal Strategy Paper (CFSP) 2017

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## **ACRONYMS**

CRA	Commission on Revenue Allocation
CRF	County Revenue Fund
CBK	Central Bank of Kenya
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
CPI	Consumer Price Index
FIF	Facility Improvement Fund
FY	Financial /Fiscal year
GDP	Gross Domestic Product
IFMIS	Integrated Financial Management Information Systems
MTEF	Medium Term Expenditure Framework
MTFF	Medium Term Fiscal Framework
MTP	Medium Term Plan
PFM Act	Public Finance Management Act

## **1.0 BACKGROUND**

The County Budget Review Outlook Paper (CBROP) 2018 is anchored on the county's key strategic, operational, and emerging challenges in the county. These strategic and operational priorities have been spelled in the County Integrated Development Plan (CIDP II) 2018-2022, Annual Development Plan FY 2018/2019 and the Amended County Fiscal Strategy Paper (CFSP) 2018. In this paper, provisional indicative sector ceilings for the FY 2018/2019 budget have been set informed by the forecasted revenues. These allocations set in motion the budget preparation for the Fiscal Year 2019/2020 in line with the PFM Act, 2012.

### **1.1 LEGAL BASIS FOR THE PREPARATION OF THE COUNTY BUDGET REVIEW AND OUTLOOK PAPER (C-BROP)**

Section 118 of the Public Financial Management Act, 2012 states that:

- 1) A County Treasury shall –
  - (a) Prepare a County Budget Review and outlook Paper in respect of the County for each financial year, and
  - (b) Submit the paper to the County Executive Committee by the 30<sup>th</sup> September of that year.
- 2) In preparing its County Budget Review and Outlook Paper, the County Treasury shall specify-
  - a) The details of the actual fiscal performance in the previous year compared to the budget appropriation for that year
  - b) The updated economic and financial forecasts with sufficient information to show changes from the forecast in the most recent County Fiscal Strategy Paper.

- c) Information on –
    - (i) Any changes in the forecasts compared with County Fiscal Strategy Paper, or
    - (ii) How actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for that financial year; and
  - d) Reasons for any deviation from the financial objectives in the County Fiscal Strategy Paper together with proposals to address the deviation and the time estimated for doing so.
- 3) The County Executive Committee shall consider the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, within fourteen days after its submission.
- 4) Not later than seven days after the County Budget Review and Outlook Paper is approved by the County Executive Committee, the County Treasury shall-
- (a) arrange for the Paper to be laid before the County Assembly; and
  - (b) as soon as practicable after having done so, publish and publicize the Paper.

Under section 137 of the PFM Act 2012, the County Budget and Economic forum purpose shall be;

- (a) Preparation of county plans, the County Fiscal Strategy Paper and the Budget Review and Outlook Paper for the county; and
- (b) Matters relating to budgeting, the economy and financial management at the county level.

### **1.1.1. Fiscal Responsibility Principles in the Public Financial Management Law.**

1. In line with the Constitution, the Public Financial Management Act, 2012, set out the fiscal responsibility principles to ensure prudence and transparency in the management of public resources. Section 107 avers that:

- 1) A County Treasury shall manage its public finances in accordance with the principle of fiscal responsibility set out in subsection (2), and shall not exceed the limits stated in the regulations.
- 2) In managing the county government's public finances, the County Treasury shall enforce the following fiscal responsibility principles-
  - (a) The County government recurrent expenditure shall not exceed the county government's total revenue.
  - (b) Over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure:
  - (c) The county government's expenditure on wages and benefits for the Public Officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive Member for Finance in regulations and approved by the County Assembly.
  - (d) Over the medium term, the government's borrowings shall be used for the purpose of financing development expenditure and not for recurrent expenditure i.e. the county debt shall be maintained at a sustainable level as approved by the County Assembly.



## **1.2 OBJECTIVE OF COUNTY BUDGET REVIEW AND OUTLOOK PAPER (C-BROP)**

2. The objective of the CBROP is to provide a review of the previous fiscal performance and how this impacts the financial objectives and fiscal responsibility principles set out in the last County Fiscal Strategy Paper (CFSP). This together with updated macroeconomic outlook provides a basis for revision of the current budget in the context of Supplementary Estimates and the broad fiscal parameters underpinning the next budget and the medium term. Details of the fiscal framework and the medium term policy priorities will be firmed up in the next County Fiscal Strategy Paper.

## **2.0 REVIEW OF FISCAL PERFORMANCE IN FINANCIAL YEAR 2017/2018**

### **2.1 OVERVIEW**

3.This section provides an overview of the performance and implementation of the budget for the financial year 2017/2018 and how this may have affected compliance with the fiscal responsibility with regards to the CFSP.

#### **2.1.1 Revenue**

4.The financial year 2017/18 budget was financed by the National Equitable Share of Kshs.5.224billion (79.72per cent), Kshs.20.811 million (0.22 per cent) from DANIDA grant to Health, World Bank grants of kshs.83.881 million towards transformative health system and Kenya devolution support, local revenue sources of Kshs.370.523 million (5.65 per cent), Facility improvement fund at Kshs.184.117 million (2.81 per cent), other conditional grants at 241.715 million (4 per cent), unspent balance at 396.766 million (6.05per cent). Table 1 shows the 2017/2018 income projection.

**Table 1: FY 2017/2018 Income Projection**

<b>SOURCES OF INCOME</b>		<b>% Share</b>
<b>A Income Description</b>	<b>Amount</b>	
1.CRA Equitable share	5,224,600,000	79.72%
2.Own Source Revenue	370,523,736	5.65%
3.Facility Improvement Fund	184,117,500	2.81%
<b>B Conditional Grants</b>		
4.User fee Reimbursement	18,048,789	0.28%
5.DANIDA FUND	20,811,321	0.32%
6.C. World bank Grant	42,286,732	0.65%
7.D.Routine Maintenance Fuel Levy	205,968,099	3.14%
8.Kenya Devolution Support Program	41,594,940	0.63%
9.Development of Youth polytechnics fund	35,747,121	0.55%
<b>C Unspent fund 2016/2017</b>	396,766,689	6.05%
<b>Total</b>	<b>6,540,464,927</b>	<b>100.00%</b>

**Source: County Treasury, 2018**

The total income received for the FY 2017/18 was kshs. 6.363 Billion of which Kshs.414 million was realized from own source revenue (OSR) against a target of kshs.554 million thus achieving 75%. There was backdrop in revenue collection in 2017 during the heightened political period leading to general election in august 2017 with a repeat in October. The unrealized donor grants was due to delayed communication between the donor and the concerned stakeholder on how much was to be reflected on the CARA 2017.

Table 2 provides the fiscal performance for the period and deviations from the target estimates.

**Table 2: Income Targets vs. Actuals**

Source of Income		FY 2017/2018			% deviation
		Target A (Kshs millions)	Actual B (Kshs Millions)	Deviations C = A-B (Kshs millions)	
National Equitable Share		5,224,600,000	5,224,600,000	0	0
Local revenues	Own source revenue <b>(Appendix 1)</b>	370,523,736	279,936,000	-90,587,736	-32
	Facility improvement fund (FIF)	184,117,500	134,085,985	-50,031,515	-37
Conditional Grants	User fee Reimbursement	18,048,789	18,313,556	264,767	1
	Routine Maintenance Fuel Levy	205,968,099	205,968,099	0	0
	Development of Youth polytechnics fund	35,747,121	35,747,121	0	0
Donor funds	DANIDA FUND	20,811,321	7,153,891	-13,657,430	-191%
	World bank Grant	42,286,732	19,221,241	-23,065,491	-120%
	Kenya Devolution Support Program	41,594,940	41,594,940	0	0
Unspent Funds 2016/17		396,766,689	396,766,689	0	0
<b>Total Collection</b>		<b>6,540,464,927</b>	<b>6,363,387,522</b>	<b>-177,077,405</b>	<b>-3</b>

**Source: Kericho County Treasury**

### 2.1.2 Expenditure

5. Expenditure amounted to Kshs. 4.185 billion as recurrent against a target of Kshs 4.499 billion, representing 93% absorption of the fund representing an under spending of Kshs 314 million from the revised budget expenditure. Development expenditure was Kshs. 1.074 billion against a target of Kshs 2.040 billion, representing an underspending of Ksh. 965 million from the revised budget expenditure.

**Table 3: Budgeted Recurrent Expenditure Vs. Actual Expenditure**

Name of Department	Budgeted (Ksh)	Actual(Ksh)	Variance(Ksh)	% Absorption
	A	B	C=(A-B)	
COUNTY ASSEMBLY	618,082,155	593,082,155	25,000,000	96%
AGRICULTURE, LIVESTOCK DEVELOPMENT AND FISHERIES	209,272,192	188,121,958	21,150,234	90%
COUNTY PUBLIC SERVICE BOARD	61,844,472	49,715,268	12,129,204	80%
EDUCATION, YOUTH AFFAIRS, CHILDREN, CULTURE AND SOCIAL SERVICES	398,516,344	388,037,649	10,478,696	97%
FINANCE AND ECONOMIC PLANNING	350,230,744	330,561,777	19,668,967	94%
HEALTH	1,922,003,723	1,740,847,440	181,156,283	91%
ICT	100,118,375	92,514,921	7,603,453	92%
LANDS, HOUSING AND PHYSICAL PLANNING	43,446,656	40,995,927	2,450,729	94%
OFFICE OF THE GOVERNOR	198,301,139	190,896,181	7,404,958	96%
PSM	326,111,507	310,244,833	15,866,675	95%
PUBLIC WORKS, ROADS, TRANSPORT AND ICT	86,672,769	83,804,547	2,868,223	97%
TRADE, INDUSTRIALISATION, TOURISM, WILDLIFE AND COOPERATIVE MANAGEMENT	65,041,632	59,661,177	5,380,455	92%
WATER, ENERGY, NATURAL RESOURCES AND ENVIRONMENT	120,036,881	116,809,759	3,227,122	97%
<b>Grand Total</b>	<b>4,499,678,589</b>	<b>4,185,293,592</b>	<b>314,384,999</b>	<b>93%</b>

**Source: Kericho County Treasury**

**Table 4: Budgeted Development Expenditure Vs. Actual Expenditure**

Name of department	Budgeted (Ksh)	Actuals(Ksh)	Variance(Ksh )	% absorptio n
	A	B	C=A-B	
AGRICULTURE, LIVESTOCK DEVELOPMENT AND FISHERIES	160,183,810	79,440,418	80,743,392	50
EDUCATION, YOUTH AFFAIRS, CHILDREN, CULTURE AND SOCIAL SERVICES	209,588,208	64,496,288	145,091,921	31
INFORMATION COMMUNICATION TECHNOLOGY	43,637,216	23,874,879	19,762,337	55
LANDS, HOUSING AND PHYSICAL PLANNING	196,602,270	184,789,020	11,813,250	94
PUBLIC WORKS, ROADS, TRANSPORT AND ICT	706,991,873	435,932,962	271,058,910	62
TRADE, INDUSTRIALISATION, TOURISM, WILDLIFE AND COOPERATIVE MANAGEMENT	30,635,414	14,308,541	16,326,873	47
WATER, ENERGY, NATURAL RESOURCES AND ENVIRONMENT	288,186,884	191,617,127	96,569,757	66
HEALTH	317,807,552	55,910,400	261,897,152	18
FINANCE AND ECONOMIC PLANNING	65,724,673	23,085,672	42,639,001	35
PSM	21,428,438	1,431,617	19,996,821	7
<b>Grand Total</b>	<b>2,040,786,338</b>	<b>1,074,886,923</b>	<b>965,899,414</b>	<b>53</b>

**Source: Kericho County Treasury**

### **3.0 IMPLEMENTATION OF FY 2017/2018 BUDGET**

#### **3.1 RECENT ECONOMIC DEVELOPMENTS**

**6.** Kenya's GDP growth is projected to decelerate to 5.5%, a 0.5 percentage point reduction from the 2016 forecast, according to the World Bank's Kenya Economic Update (KEU) released. Consistent with its robust performance in recent years, once again economic growth in Kenya was solid in 2016, coming in at an estimated 5.9%—a five-year high. This has been supported by a stable macroeconomic environment and oil prices, earlier favorable harvest, rebound in tourism, strong remittance inflows, and an ambitious public investment drive. Nonetheless, Kenya is currently facing headwinds that are likely to dampen GDP growth in 2018.

**8.** Firstly, the ongoing drought which has led to crop failure, dying herds of livestock, and increased food insecurity. Further, with hydropower being the cheapest source of energy in Kenya, poor rains increase energy costs, their effects spilling over to other sectors. The rise of food and energy prices drove inflation to a five-year high of 10.3% in March.

**9.** Secondly, Kenya faces a marked slowdown in credit growth to the private sector. At 4.3%, this remains well below the ten-year average of 19% and is weighing on private investment and household consumption. Thirdly, as a net oil importer, the rise in global oil prices compared to the lows of 2016 has a dampening effect on economic activity. However, in the medium term, economic growth is projected to rebound to 5.8% in 2018 and 6.1% in 2019, consistent with Kenya's underlying growth potential. But while the medium- to long-term outlook appears favorable, Kenya's economy remains vulnerable to downside risks. These include potential for fiscal slippages, a more prolonged drought in 2017, and external risks from a weaker than expected growth amongst Kenya's trading partners, as well as uncertainties related to US interest rate hikes and the resultant stronger dollar.

**10.**Fiscal consolidation needs to be implemented in such a way so as not to compromise the development spending needed to unlock the country's productive capacity. This will require adjustments on recurrent spending and improvements on domestic resource mobilization

**11.**But the special focus of the 15th edition of the KEU advocates a concerted campaign to develop the housing finance market that will present new avenues of income through the construction sector and other related industries.

**12.**Kenya can make housing more affordable to many more Kenyans, which will in turn create new channels to boost overall economic growth both at the national and county levels, With an urbanization rate of 4.4% and 61% of urban households living in slums, the provision of housing finance and new housing finance products can help unlock the housing market to address the pressing need for affordable dwellings, create new jobs, deepen the financial sector, and catalyze overall economic growth in the medium- to long-term.

### **3.1.1 Medium Term Fiscal Framework**

**13.**The county government will continue to pursue fiscal responsibility to ensure prudence and transparency in the management of public resources as per the Public Finance Management Act section 107.

**14.**The 2017-18 budget estimates show that revenue (especially own source revenue) is not growing as rapidly as expenditure, reflecting the narrow base for revenue and with the indicative expenditure requirements leading to a growing deficit.

**15.**Departmental budgets were constrained for 2017/18, impacting the efficient operations of departments. Higher budget bids for 2018/19 and implementation of the new government's policies have made the 2018/19 budget a difficult one. The



MTFF financial model has been updated in terms of capturing realistic figures for the likely inflow of revenue and indicative expenditure requirements.

## **4.0 RESOURCE ALLOCATION FRAMEWORK FOR FY 2018/2019 FINANCIAL YEAR**

### **4.1.1 2018/19 Budget framework**

**16.**The County fiscal framework supporting the FY 2017/18 was on the basis of improved budget execution, and efficient fiscal management of the budget, buoyed by improved efficiency. In comparisons, the County Government expected more prompt performance of revenues streams from both local sources and National exchequer transfers.

**17.**Balanced budget approach to budget preparation will be used to ensure matching of resources to needs in the county. This is necessary to ensure that all sectors are provided a substantial allocation of funds as per the resources available. There is also need to avoid off budget spending as this may lead to failure in achievement of set objectives. Outcome and impact targeted expenditure will be a guiding principle in utilization of funds. Feasible and measurable indicators will be set for each sector and will guide in output based implementation of projects.

An Approximate projection of estimates for 2019/2020, 2020/2021 -2021/2022 is shown in on table below classified by department and entity.

**Table 5: Projection of Estimates by Department**

S/N O	Departments	TOTAL	PROJECTION		% RATIO	% PROJECTION	
		2018/19	2019/20	2020/21	2018/ 2019	2019/ 20	2020/2 1
1	County Assembly Services	763,426,481	786,329,275	809,919,154	11%	11%	11%
2	Public Service Management	294,259,798	303,087,592	312,180,220	4%	4%	4%
3	Office of the Governor & Deputy governor	130,977,269	134,906,587	138,953,784	2%	2%	2%
4	County Public Service Board	61,594,593	63,442,431	65,345,704	1%	1%	1%
5	Finance & Economic Planning	404,073,407	416,195,609	428,681,477	6%	6%	6%
6	Health Services	2,365,396,294	2,436,358,183	2,509,448,928	33%	33%	33%
7	Agriculture, Livestock Development & Fisheries	396,454,532	408,348,168	420,598,613	6%	6%	6%
8	Education, Culture & Social Services	550,296,461	566,805,355	583,809,515	8%	8%	8%
9	Public Works, Roads & Transport	726,003,507	747,783,612	770,217,121	10%	10%	10%
10	Trade, Industrialization, Cooperative Management, Tourism and Wildlife	101,755,024	104,807,674	107,951,905	1%	1%	1%
11	Water, Environment, Energy, Natural Resources & Forestry	346,068,838	356,450,903	367,144,430	5%	5%	5%
12	Lands, ,Housing & Physical Planning	552,056,661	568,618,361	585,676,911	8%	8%	8%
13	Information, Communication, E-Government, youth Affairs & sports	225,760,330	232,533,140	239,509,134	3%	3%	3%
	<b>STRATEGIC INTERVENTION</b>	265,992,868	273,972,654	282,191,834	4%	4%	4%
	<b>TOTAL EXPENDITURE</b>	<b>7,184,116,063</b>	<b>7,399,639,544</b>	<b>7,621,628,731</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

#### 4.1.1 2018/2019- 2021/2022 Income Projection

18.The projected revenue for Medium Term Expenditure Framework (MTEF) i.e. 2019/2020 – 2021/2022 from all sources is Ksh 7.3 billion

**Table 6: 2018/2019- 2021/2022 Income Projection**

<b>FINANCIAL YEAR 2018/19</b>	<b>BASE YEAR</b>	<b>PROJECTED REVENUE</b>			<b>% PROJECTION</b>		
<b>SOURCES OF INCOME</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/2022</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
<b>I INCOME DESCRIPTION (3 Sources)</b>							
1.CRA Equitable share	5,714,800,000	5,886,244,000	6,062,831,320	6,244,716,260	79.55%	80.02%	80.49%
2.Local Collections	491,294,000	491,294,000	491,294,000	491,294,000	6.84%	6.68%	6.52%
3.Facility Improvement Fund	271,641,000	271,641,000	271,641,000	271,641,000	3.78%	3.69%	3.61%
<b>II CONDITIONAL GRANTS (3 Sources)</b>							
4.Routine Maintenance Fuel Levy	150,465,707	150,465,707	150,465,707	150,465,707	2.09%	2.05%	2.00%
5.User fee Reimbursement	18,048,789	18,048,789	18,048,789	18,048,789	0.25%	0.25%	0.24%
6.Development of Youth polytechnics fund	41,005,000	41,005,000	41,005,000	41,005,000	0.57%	0.56%	0.54%
<b>III DONOR FUNDS (7 Sources)</b>							
7.DANIDA FUND	17,516,250	17,516,250	17,516,250	17,516,250	0.24%	0.24%	0.23%
8.Agricultural Sector development support Fund(ASDSP)	0	-	-	-	0.00%	0.00%	0.00%
9.Transformative health system (world bank)	61,507,974	61,507,974	61,507,974	61,507,974	0.86%	0.84%	0.82%
10.Kenya Devolution Support Project (world bank)	44,538,343	44,538,343	44,538,343	44,538,343	0.62%	0.61%	0.59%
11.Climate Smart Agriculture Project (world bank)	117,000,000	117,000,000	117,000,000	117,000,000	1.63%	1.59%	1.55%

12.Kenya Urban Support Program UDG (SIDA)	256,299,000	256,299,000	256,299,000	256,299,000	3.57%	3.48%	3.40%
13.Kenya Urban Support Program UIG (SIDA)	-	-	-	-	0.00%	0.00%	0.00%
<b>TOTAL</b>	<b>7,184,116,063</b>	<b>7,355,560,063</b>	<b>7,532,147,383</b>	<b>7,714,032,323</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

#### 4.1.2 Expenditure Forecasts

19. The expenditure comprises recurrent and development votes. The County Treasury will endeavor to maintain fiscal responsibility principle of 70:30 in 2019/2020 for recurrent and development expenditures as required by section 107 of the Public Finance Management Act, 2012.

**Table 7: Consolidated Expenditure Forecast**

S/ No	Departments and Entities	BASE YEAR	ESTIMATE	PROJECTION		BASE YEAR	ESTI MAT E	PROJECTION S	
		2018/19	2019/20	2020/21	2021/22	2018 /19	2019 /20	2020 /21	2021 /22
1	County Assembly Services	763,426,481	781,510,072.59	804,955,375	829,104,036	11%	11%	11%	11%
2	Public Service & Administration	294,259,798	301,230,049.00	310,266,950	319,574,959	4%	4%	4%	4%
3	Office of the Governor & Deputy governor	130,977,269	170,350,720	175,461,242	180,725,079	2%	2%	2%	2%
4	County Public Service Board	61,594,593	63,053,609.02	64,945,217	66,893,574	1%	1%	1%	1%
5	Finance & Economic Planning	404,073,407	413,644,857.09	426,054,203	438,835,829	6%	6%	6%	6%
6	Health Services	2,365,396,294	2,421,426,391.99	2,494,069,184	2,568,891,259	33%	33%	33%	33%
7	Agriculture, Livestock & Fisheries	396,454,532	405,845,510.86	418,020,876	430,561,502	6%	5%	5%	5%
8	Education, Culture & Social Services	550,296,461	563,331,555.67	580,231,502	597,638,447	8%	8%	8%	8%
9	Public Works Roads & Transport	726,003,507	743,200,645.57	765,496,665	788,461,565	10%	10%	10%	10%
10	Trade, Industrialization, Cooperative Management, ,Tourism and Wildlife &	101,755,024	104,165,336.10	107,290,296	110,509,005	1%	1%	1%	1%

	Cooperative Development								
11	Water, Environment, Energy, ,Natural Resources & Forestry	346,068,838	354,266,310.43	364,894,300	375,841,129	5%	5%	5%	5%
12	Lands, ,Housing & Physical Planning	552,056,661	565,133,449.95	582,087,453	599,550,077	8%	8%	8%	8%
13	Information, Communication, E-Government, Youth Affairs & Sports	225,760,330	231,108,006.18	238,041,246	245,182,484	3%	3%	3%	3%
	STRATEGIC INTERVENTION	265,992,868	272,293,548.56	280,462,355	288,876,226	4%	4%	4%	4%
	<b>TOTAL EXPENDITURE</b>	<b>7,184,116,063</b>	<b>7,390,560,063</b>	<b>7,612,276,865</b>	<b>7,840,645,171</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Table 8: Recurrent Expenditure Forecast**

S/N O	Departments and Entities	BASE YEAR	ESTIMATE PROJECTION				BASE YEAR	% ESTIMATE PROJECTIONS		
		2018/19	2019/20	2020/21	2021/22	2018/19	2019/20	2020/21	2021/22	
1	County Assembly Services	661,426,481	677,093,957.37	697,406,776	718,328,979	15%	15%	15%	15%	
2	Public Service & Administration	284,029,914	290,757,845.60	299,480,581	308,464,998	6%	6%	6%	6%	
3	Office of the Governor & Deputy governor	130,977,269	170,350,720	175,461,242	180,725,079	3%	4%	4%	4%	
4	County Public Service Board	61,594,593	63,053,609.02	64,945,217	66,893,574	1%	1%	1%	1%	
5	Finance & Economic Planning	325,535,064	333,246,144.62	343,243,529	353,540,835	7%	7%	7%	7%	
6	Health Services	1,985,355,160	2,032,383,070.05	2,093,354,562	2,156,155,199	44%	44%	44%	44%	
7	Agriculture, ,Livestock & Fisheries	205,363,742	210,228,276.09	216,535,124	223,031,178	5%	5%	5%	5%	
8	Education, Culture & Social					9%	9%	9%	9%	

	Services	403,296,461	412,849,507.26	425,234,992	437,992,042				
9	Public Works, Roads & Transport	74,873,900	76,647,468.41	78,946,892	81,315,299	2%	2%	2%	2%
10	Trade, Industrialization, Cooperative Management, Tourism and Wildlife	70,733,248	72,408,734.75	74,580,997	76,818,427	2%	2%	2%	2%
11	Water, Environment, ,Energy, ,Natural Resources & Forestry	131,768,320	134,889,569.45	138,936,257	143,104,344	3%	3%	3%	3%
12	Lands, ,Housing & Physical Planning	76,074,723	77,876,735.42	80,213,037	82,619,429	2%	2%	2%	2%
13	Information, Communication & E-Government, youth development & sports	107,196,215	109,735,415.07	113,027,478	116,418,302	2%	2%	2%	2%
	<b>TOTAL EXPENDITURE</b>	<b>4,518,225,090</b>	<b>4,661,521,053</b>	<b>4,801,366,685</b>	<b>4,945,407,685</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



**Table 9: Development Expenditure Forecast**

	Line Ministries/Departments	BASE YEAR	ESTIMATE PROJECTION				BASE YEAR	% ESTIMATE PROJECTIONS		
			2018/19	2019/20	2020/21	2021/22	2018 /19	2019/20	2020/21	2021/22
1	County Assembly Services	102,000,000	104,416,115.22	107,548,599	110,775,057	4%	4%	4%	4%	
2	Public Service & Administration	10,229,884	10,472,203.40	10,786,369	11,109,961	0.00	0.00	0.00	0.00	
3	Office of the Governor & Deputy governor	-	-	-	-	0%	0%	0%	0%	
4	County Public Service Board	-	-	-	-	0%	0%	0%	0%	
5	Finance & Economic Planning	78,538,343	80,398,712.47	82,810,674	85,294,994	3%	3%	3%	3%	
6	Health Services	380,041,134	389,043,321.93	400,714,622	412,736,060	14%	14%	14%	14%	
7	Agriculture,Livestock Development & Fisheries	191,090,790	195,617,234.77	201,485,752	207,530,324	7%	7%	7%	7%	
8	Education,Youth,Children,Culture & Social Services	147,000,000	150,482,048.41	154,996,510	159,646,405	6%	6%	6%	6%	
9	Public Works,Roads & Transport	651,129,607	666,553,177.15	686,549,772	707,146,266	24%	24%	24%	24%	
10	Trade,Industrialization,Tourism, Wildlife & Cooperative Development	31,021,776	31,756,601.35	32,709,299	33,690,578	1%	1%	1%	1%	
11	Water,Energy,Natural Resources & Environment	214,300,518	219,376,740.98	225,958,043	232,736,785	8%	8%	8%	8%	
12	Land, Housing & Physical Planning	475,981,938	487,256,714.53	501,874,416	516,930,648	18%	18%	18%	18%	
13	Information, Communication & E-Government, youth development & sports	118,564,115	121,372,591.11	125,013,769	128,764,182	4%	4%	4%	4%	
14	STRATEGIC INTERVENTION	265,992,868	272,293,548.56	280,462,355	288,876,226	10%	10%	10%	10%	
	<b>TOTAL EXPENDITURE</b>	<b>2,665,890,973</b>	<b>2,729,039,010</b>	<b>2,810,910,180</b>	<b>2,895,237,486</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	

## **5.0. CONCLUSION AND WAYFORWARD**

Preparation of the C-BROP document and fiscal decisions made in this MTEF period 2018/2019-2020/2021 has largely relied on the lessons learnt in budget execution for the period under review.

Going forward the County Integrated Development Plan (CIDP 2018-2022), the Annual Development Plan (ADP 2018/2019) and the sectorial departmental strategic plans shall continue to advise the priorities in resource allocation.

Moreover, in entrenching fiscal discipline, the County Government has relied on the fiscal responsibility principal set out in the PFM Act 2012 in making forecasts realistic and reasonable. The County Government has also continued to pursue prudent fiscal policy through reorienting expenditure toward priority programmes within the mandate given.

**ANNEX I: LOCAL REVENUES INCLUSIVE OF FIF**

<b>Revenue Stream</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ESTIMATE</b>	<b>PROJECTION</b>	
	<b>16/17</b>	<b>17/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
ADVERTISMENT/BRANDING FEES	4,742,240	6,650,330	11,670,365	11,670,365	11,670,365
AGRICULTURE LIVESTOCK AND VETERINARY PAYMENTS	90,773,779	2,954,027	5,183,889	5,183,889	5,183,889
ALCOHOLIC DRINK LICENSE FEES	0	11,180,550	19,620,245	19,620,245	19,620,245
APPLICATION/REGISTRATION FEES	2,230,596	2,077,940	3,646,483	3,646,483	3,646,483
AUDIT FEES	127,600	114,150	200,317	200,317	200,317
BODA BODA PAYMENTS	1,141,670	5,280	9,266	9,266	9,266
BUILDING PLAN APPROVALS FEES	2,706,548	4,298,822	7,543,809	7,543,809	7,543,809
BUS PARK FEES	22,790,725	22,113,920	38,806,724	38,806,724	38,806,724
CAR PARK FEES	8,124,820	8,894,590	15,608,716	15,608,716	15,608,716
CEMETERY FEES	19,800	28,200	49,487	49,487	49,487
CLUMPING, FINES AND IMPOUNDING FEES	788,108	676,320	1,186,844	1,186,844	1,186,844
COFFEE FEES		603,916	1,059,785	1,059,785	1,059,785
EDUCATION PAYMENTS FEES	0	297,344			

			521,796	521,796	521,796
FIRE LICENSE FEE	0	3,320,020	5,826,154	5,826,154	5,826,154
FOREST CESS/SEEDLING SALE YARD	7,232,770	5,429,000	9,527,108	9,527,108	9,527,108
HIDES & SKINS		2,300	4,036	4,036	4,036
HIRE OF SOCIAL HALL/PARK & STADIUM FEES	236,800	200,800	352,375	352,375	352,375
<b>HOSPITAL PAYMENTS</b>	<b>149,510,263</b>	<b>134,085,985</b>	<b>271,641,000</b>	<b>271,641,000</b>	<b>271,641,000</b>
HOUSE RENT FEES	8,264,380	11,399,194	20,003,933	20,003,933	20,003,933
INSPECTION FEES	4,000	2,160,500	3,791,364	3,791,364	3,791,364
KABIANGA TEA FARM PAYMENTS	0	11,000,000	19,303,405	19,303,405	19,303,405
LAND AND PROPERTY RATES FEES	73,559,188	79,220,206	139,019,978	139,019,978	139,019,978
LAND CULTIVATION FEES		455,625	799,556	799,556	799,556
LAND PENALTY	1,853	10,100	17,724	17,724	17,724
MARKET FEES	25,768,374	26,386,610	46,304,676	46,304,676	46,304,676
MURRAM, BALLAST , SANDAND SCRAP METAL CESS FEES		1,119,500	1,964,560	1,964,560	1,964,560
NEMA FEES	0	205,500	360,623	360,623	360,623

PLOT RENT	0	1,578,291	2,769,672	2,769,672	2,769,672
PRODUCE CESS	6,483,811	1,159,098	2,034,049	2,034,049	2,034,049
PUBLIC HEALTH PAYMENTS	23,877,213	1,381,900	2,425,034	2,425,034	2,425,034
QUARRY STONE CESS	3,054,980	3,347,600	5,874,553	5,874,553	5,874,553
REFUSE FEES	263,900	6,859,900	12,038,130	12,038,130	12,038,130
RESERVED PARKING FEE	0	1,879,800	3,298,777	3,298,777	3,298,777
SBP PENALTY FEES	267,521	1,173,872	2,059,975	2,059,975	2,059,975
SIGNAGES FEES	0	4,330,340	7,599,119	7,599,119	7,599,119
SINGLE BUSINESS PERMIT	46,896,332	51,684,400	90,698,630	90,698,630	90,698,630
SLAUGHTER HOUSE OPERATION FEES	1,991,650	2,222,660	3,900,446	3,900,446	3,900,446
STOCKYARD SALES FEES	2,101,875	2,176,380	3,819,231	3,819,231	3,819,231
TEA TRANSPORT CESS	0	459,820	806,917	806,917	806,917
WEIGHTS AND MEASURES FEE	1,268,410	903,920	1,586,249	1,586,249	1,586,249
	<b>484,229,206</b>	<b>414,048,710</b>	<b>762,935,000</b>	<b>762,935,000</b>	<b>762,935,000</b>

**ANNEXII: SUMMARY OF ESTIMATE PROJECTION AND EXPENDITURE PROPORTION**

S/NO Departments and Entities	BASE YEAR	ESTIMATE PROJECTION			BASE YEAR	% ESTIMATE PROJECTIONS		
	2018/19	2019/20	2020/21	2021/22	2018/19	2019/20	2020/21	2021/22
<b>TOTAL PROJECTED COUNTY EXPENDITURE</b>	<b>7,184,116,063</b>	<b>7,390,560,063</b>	<b>7,612,276,865</b>	<b>7,840,645,171</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
					<b>% ALLOCATED PER EXPENDITURE PER FY</b>			
<b>TOTAL RECURRENT EXPENDITURE</b>	<b>4,518,225,090</b>	<b>4,661,521,053</b>	<b>4,801,366,685</b>	<b>4,945,407,685</b>	<b>63%</b>	<b>63%</b>	<b>63%</b>	<b>63%</b>
<b>TOTAL DEVELOPMENT EXPENDITURE</b>	<b>2,665,890,973</b>	<b>2,729,039,010</b>	<b>2,810,910,180</b>	<b>2,895,237,486</b>	<b>37%</b>	<b>37%</b>	<b>37%</b>	<b>37%</b>
<b>TOTAL</b>	<b>7,184,116,063</b>	<b>7,390,560,063</b>	<b>7,612,276,865</b>	<b>7,840,645,171</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>