

**REPUBLIC OF KENYA**



**BARINGO COUNTY GOVERNMENT**

**COUNTY BUDGET REVIEW AND OUTLOOK PAPER**

**30<sup>TH</sup> SEPTEMBER 2016**

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## Foreword

The County Budget Review and Outlook Paper (CBROP) is an important tool for strengthening the preparation of budgets and management of public resources in the County. This year's CBROP prepared by the county is the third in a row and is intended to guide the preparation of the budget over the medium term 2017/18-2019/20.

It is also expected that CBROP will help in improving the link between policy, planning and budgeting, transparency and accountability in the use of public resources. This is vital in the preparation of annual budgets, management of public resources, and prioritization of resources to key sectors. Thus this will help in addressing weaknesses in implementation of spending priorities consistent with government policies of achieving high and sustained economic growth and poverty reduction.

Going forward, the 2016 CBROP shall set out background and broad fiscal parameters for the 2017/18 budget and the medium term that is consistent with government strategies and policies as elaborated in its strategic plans. Subsequently, the County Fiscal Strategy Paper (CFSP) for 2017 will provide an update of available resources and set firm departmental ceilings and expenditure priorities.

The CBROP will be made available to the public including members of County Assembly to facilitate understanding of the fiscal situation and proposed government strategies in line with the objective of improving public transparency and accountability.

HON. GEOFFREY K. BARTENGE.

COUNTY EXECUTIVE

**TREASURY AND ECONOMIC PLANNING**

## Acknowledgements

The County Budget Review and Outlook Paper (CBROP) is a product of a rigorous exercise that was participatory bringing many actors together within the County Government. We would like to recognize individual roles. Special thanks go to the Executive Committee Members under the leadership of His Excellency Governor Benjamin C. Cheboi and Deputy Governor H.E Eng. Mathew Tuitoek for their steadfast leadership, guidance and support during the entire process of writing the paper. Special gratitude goes to the Executive Committee Member for Treasury and Economic Planning Mr. Geoffrey K. Bartenge for his invaluable input and leadership in preparation of this document.

We also appreciate the role played by Chief Officers from various departments and the following officers from accounting unit; Mr. Rerimoi David, Mr. Karimi Francis and Mr. Cherogony Moses for providing the necessary financial data that informed the preparation of this document.

Special appreciation to the core team from Directorate of Economic Planning and Budget who pieced up the document led by The Director of Economic Planning Mr. Evans K. Lokabel, Head of Budget Mr. Jacob Kendagor and Economists; Mr. Eric K. Kosgei, Mr. Daniel K. Koech, Mr. Michael K Ngetich, Mr. Solomon C. Kimuna and M&E UNDP UNV Specialist Mr. Cornel Ogutu.

Finally, we are grateful to those whom we would not individually mention here particularly staff from various departments whose input was significant in preparing this paper.

MR. RICHARD K. KOECH

CHIEF OFFICER

**TREASURY AND ECONOMIC PLANNING**

## Acronyms and Abbreviations

ADP	Annual Development Plan
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
CMA	Capital Markets Authority
DANIDA	Danish International Development Agency
FSI	Financial Services
FY	Financial Year
GDP	Gross Domestic Product
HSSF	Health Sector Support Fund
IRA	Insurance Regulatory Authority
JICA	Japan International cooperation Agency
KNBS	Kenya National Bureau of Statistics
KRA	Kenya Revenue Authority
KVDA	Kerio Valley development Agency
M&E	Monitoring and Evaluation
MTEF	Medium Term Expenditure Framework
NYS	National Youth Service
PFM	Public Finance Management
RBA	Retirement Benefits Authority
RVWSB	Rift Valley water Services Board
SASRA	Sacco Societies Regulatory Authority
SWGs	Sector Working Group
UNDP	United Nation Development Programme
UNV	United Nations Volunteer
WARMA	Water Resources Management Authority

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## Executive summary

The 2016 County Budget Review and Outlook Paper (CBROP) is prepared in accordance with the Public Finance Management (PFM) Act, 2012 and is the third be prepared by the county. It presents the Budget performance for FY 2015/16 and how the budget adhered to the fiscal responsibility principles and financial objectives set out in the PFM Act, 2012. The updated fiscal forecasts therein also provides the basis to revise the FY 2016/17 budget in the context of supplementary estimates, as well as set out the broad fiscal parameters for the FY 2017/18 budget and the medium term.

In the FY 2015/16, the cumulative local revenue collection was Kshs 279 million. This revenue was Kshs 21 million below the target of Kshs 300 million due to shortfall in tourism revenue as a result of travel advisories and insecurity in some parts of the county. Total expenditures was Kshs 4.808 Billion, which is Kshs 1.092 billion below the revised target of Kshs 5.900 billion. The shortfall was as a result of underperformance in the recurrent expenditures and development expenditures.

The fiscal deficit for the FY 2015/16 was on conditional Allocation grant for free maternity at Kshs 14.49 million was lower than the budget of Kshs 65.75 million. Other funds that led to the deficit include grants from HSSF DANIDA (to equip health facilities), the deficit of Kshs 25.97 Million. Another deficit in FY 2015/16 was due to shortfall in revenue collection of Kshs. 20.26 Million.

The FY 2015/16 budget adhered to the fiscal responsibility principles and financial objectives set out in the PFM Act, 2012, though development as a percent of total budget was 29 percent; this was due to pressure on Health workers wages and shortfall on revenues.

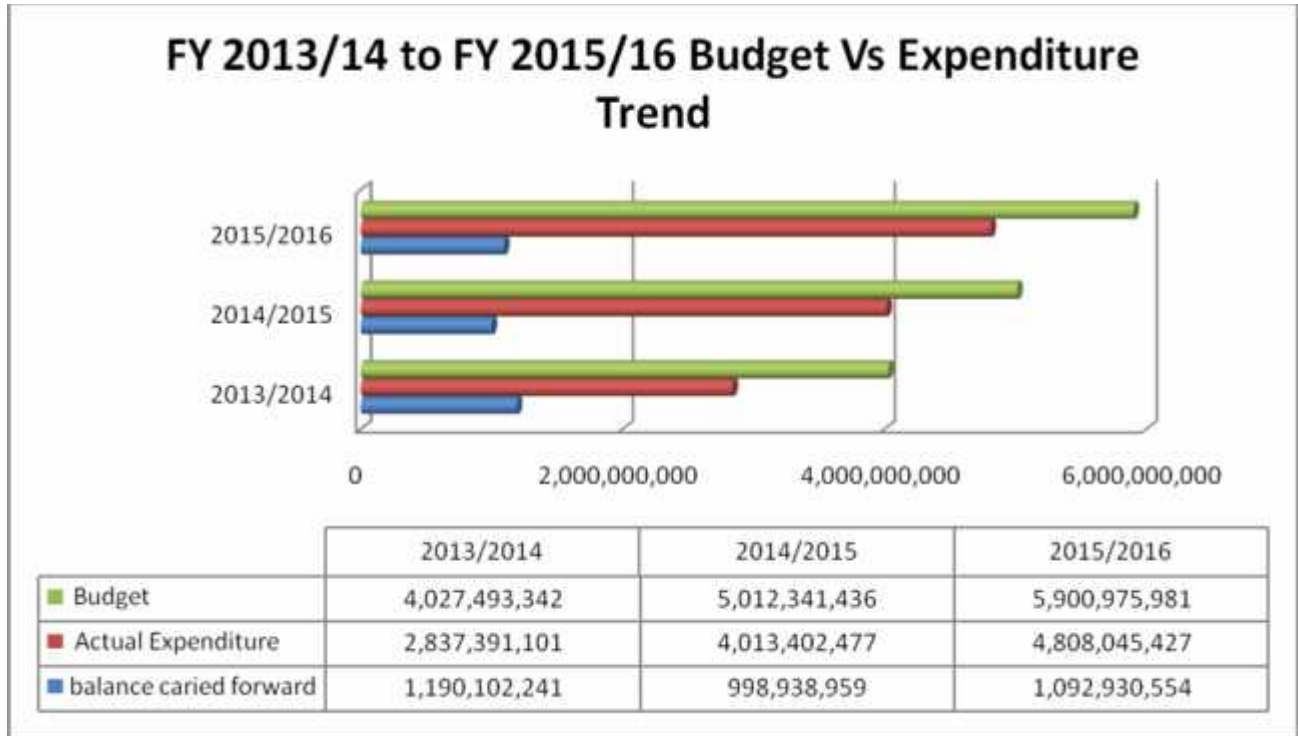
The budget for the FY 2016/17 and the medium term is premised on the prudent management of resources and continued timely release of funds and support from the national government and peaceful coexistence in Kenya.

The budget for FY 2017/18 targets local revenue collection of Kshs. 495 million up from Kshs. 472 million in FY2016/17. Overall expenditure is projected at Kshs. 5.910 Billion up from the projected Kshs 5.628 Billion in the FY 2016/17. Recurrent expenditures will amount to Kshs. 4.11 Billion while development expenditure is projected at Kshs. 1.79 Billion.

There are risks to the medium term framework that include among others, insecurity, pressures on expenditures especially recurrent related expenditures, the climate change and droughts that might disrupt economic activities and external risks particularly on the uncertainty in the tourism sector. The County will closely monitor the developments and undertake appropriate measures to safeguard its economic stability should these risks materialize.

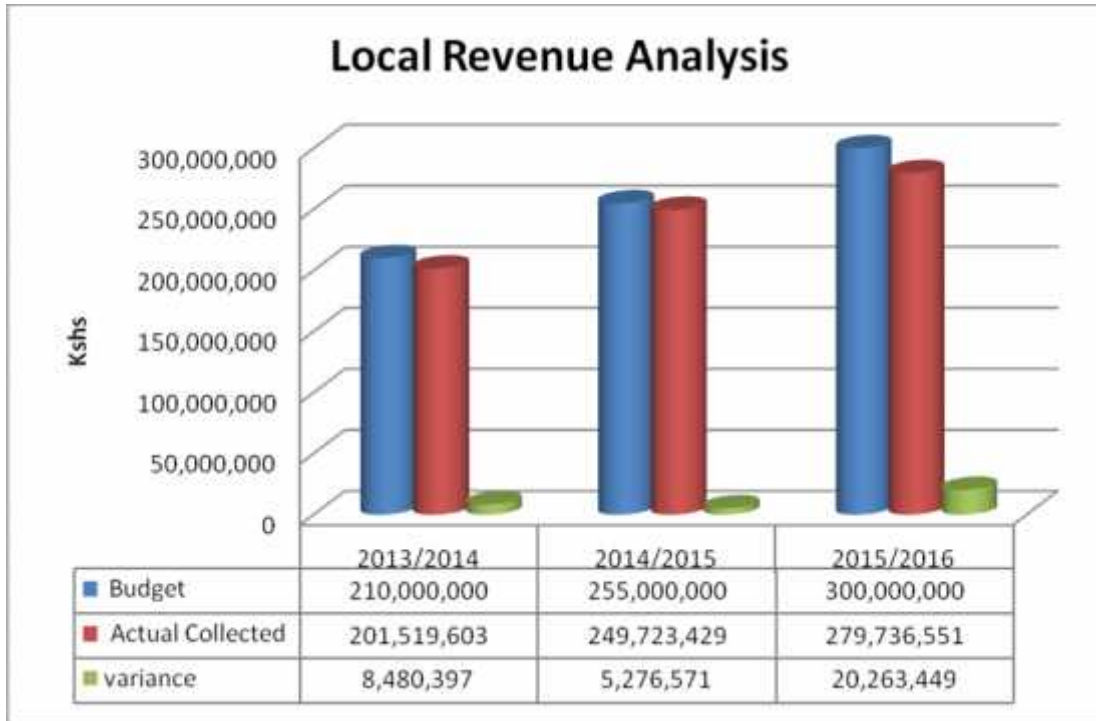
## 1.1 Summary of Key Highlights

### 1.1.1 Annual Budget Trend (2013/14, 2014/2015 and 2015/16)

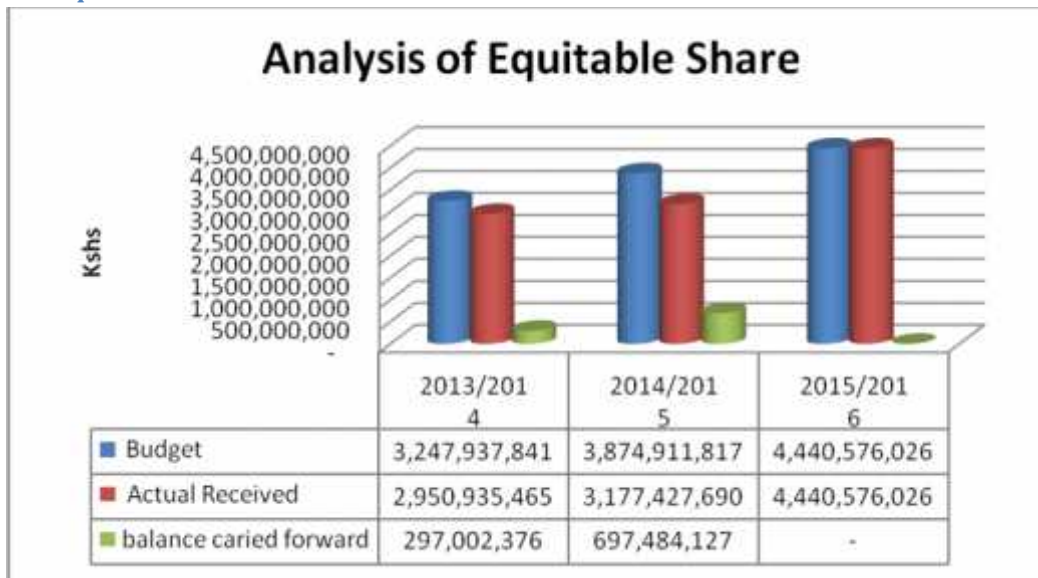


## 1.1.2 Annual Revenues

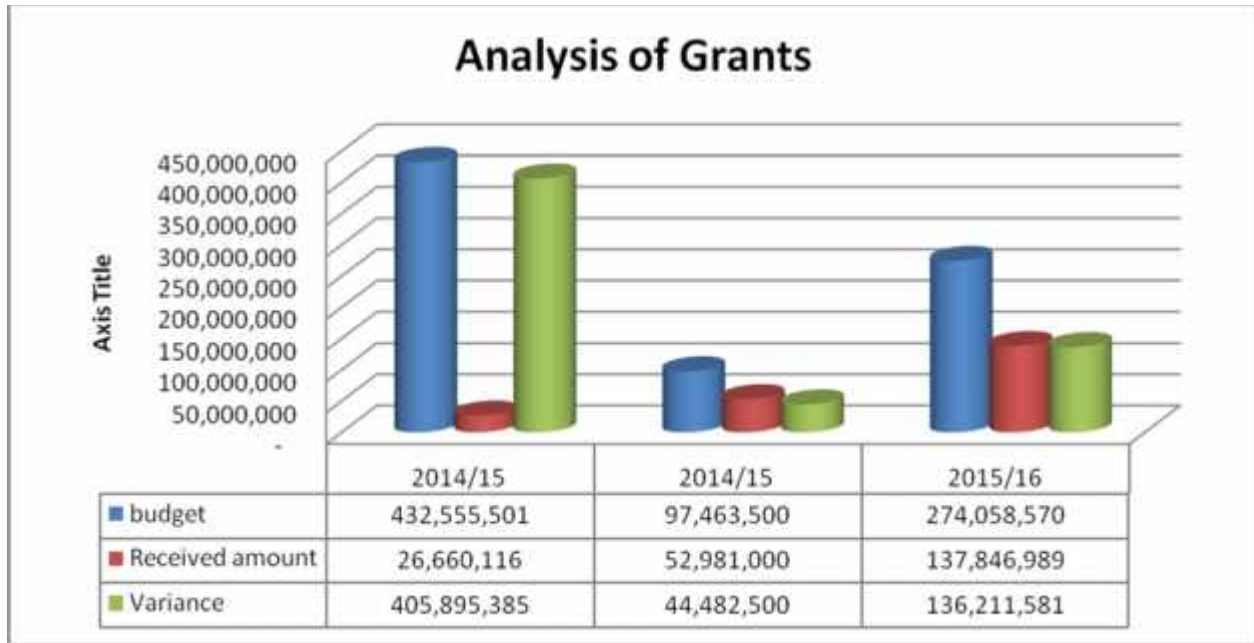
### Local Revenues



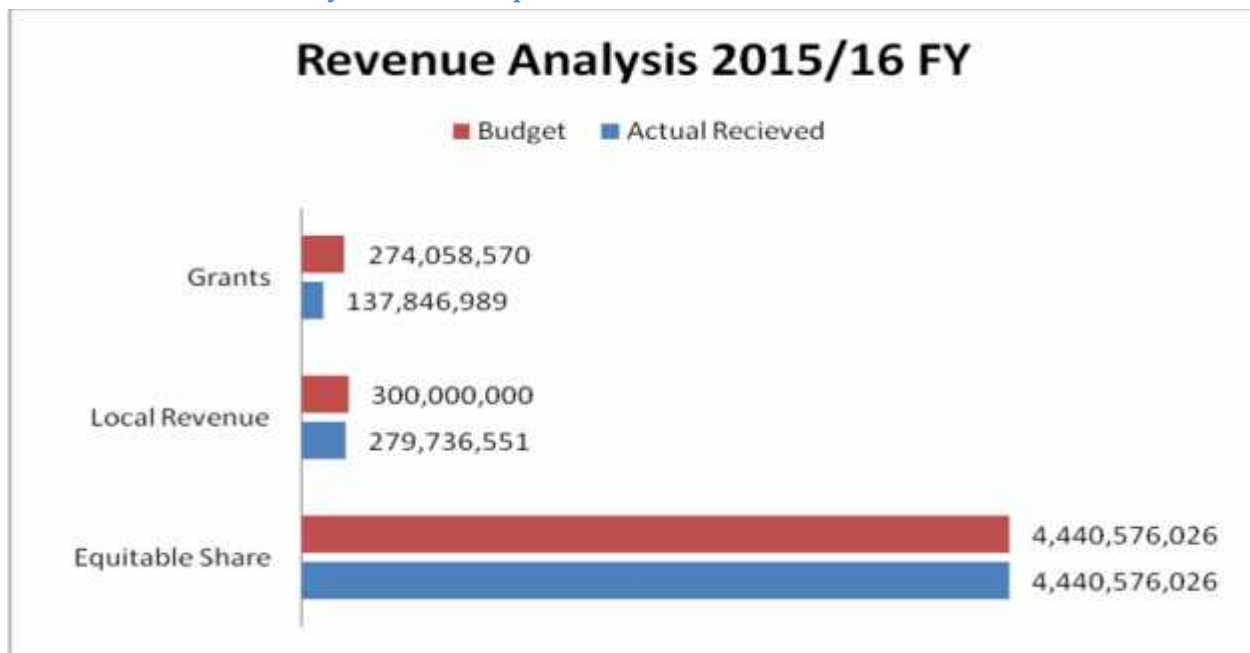
## 1.1.3 Equitable Share



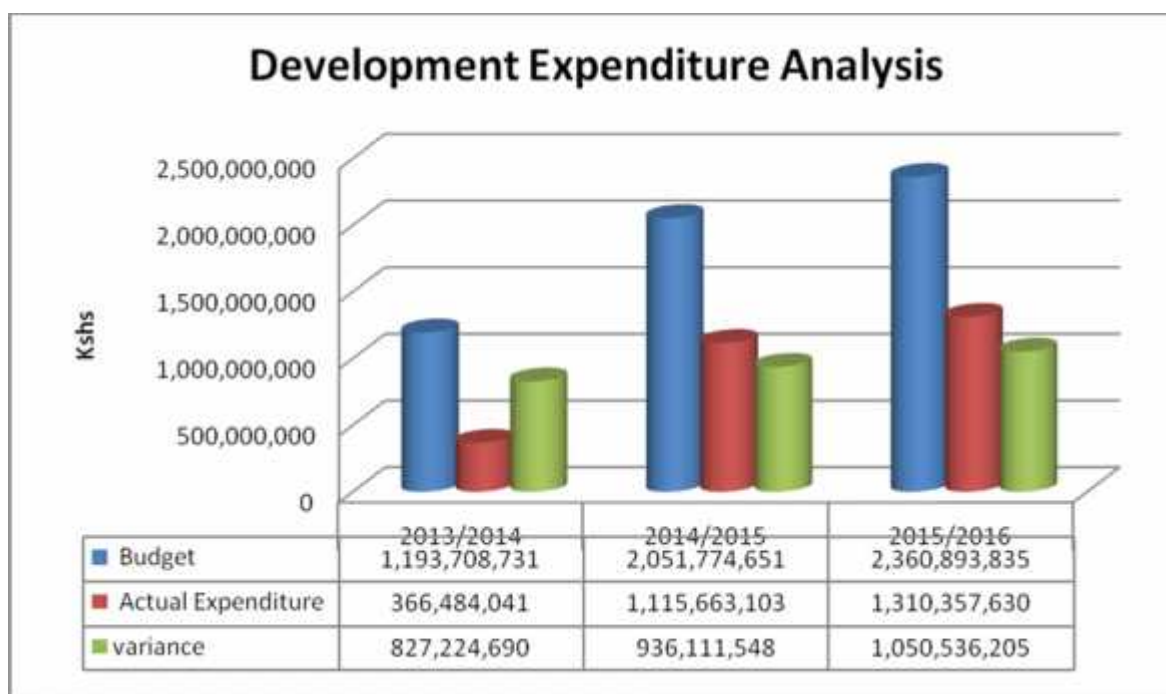
1.1.4 Grants for the Three Years



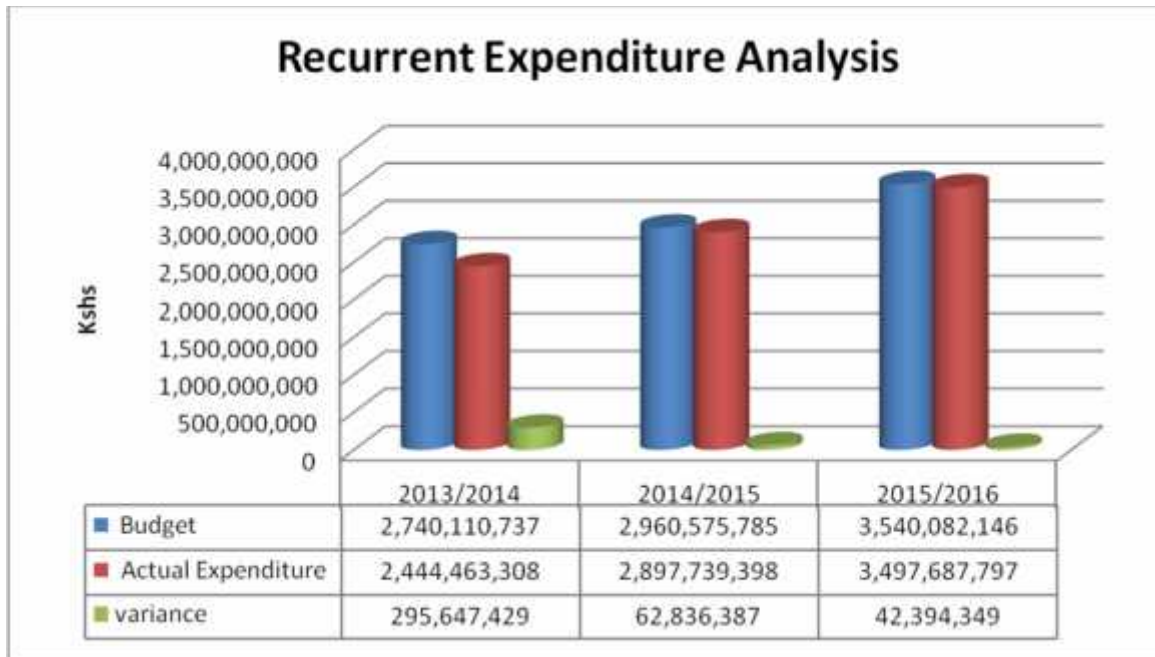
### 1.1.5 Overall revenue analysis for review period



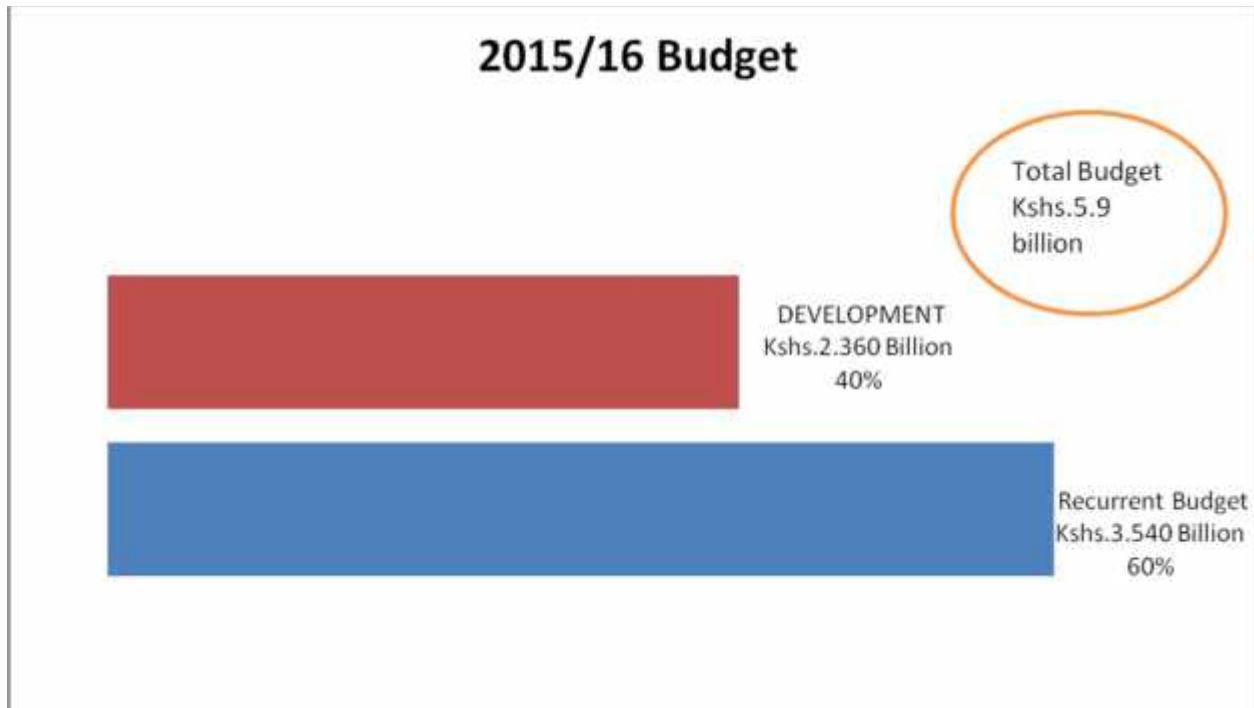
### 1.1.5 Expenditure Analysis: Development Summary For the Three Years



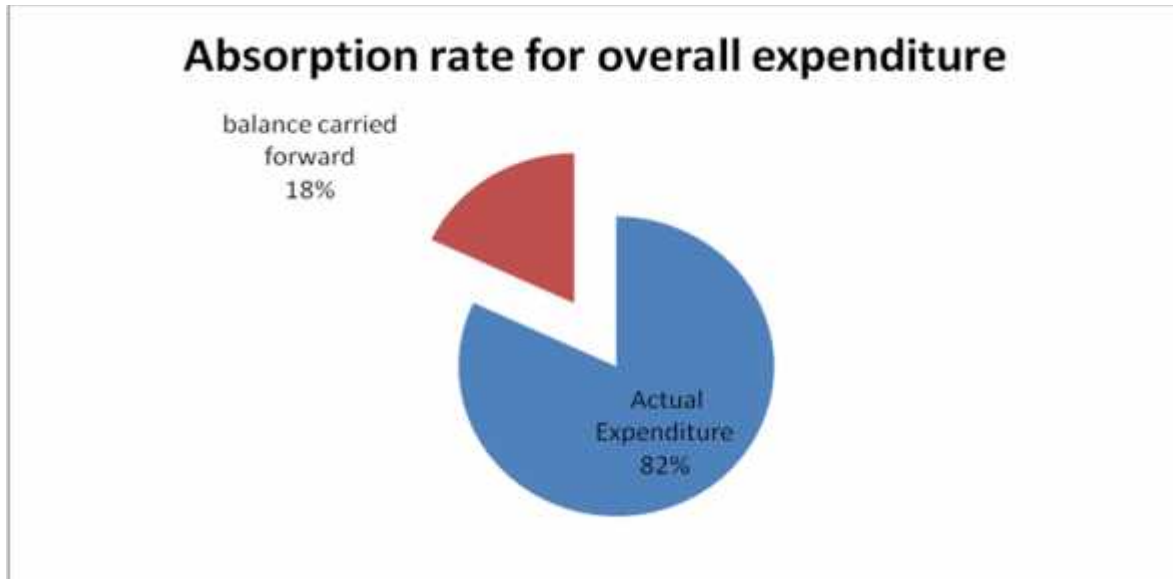
1.1.6 Recurrent Expenditure for the Three Years



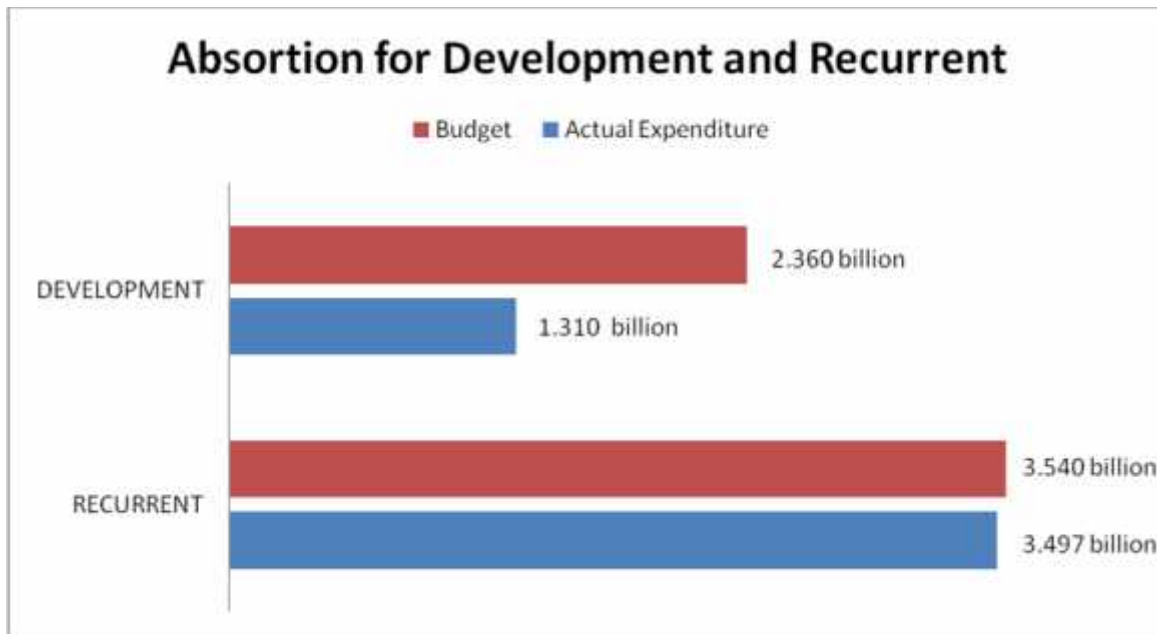
1.1.7 Budget for 2015/16 FY



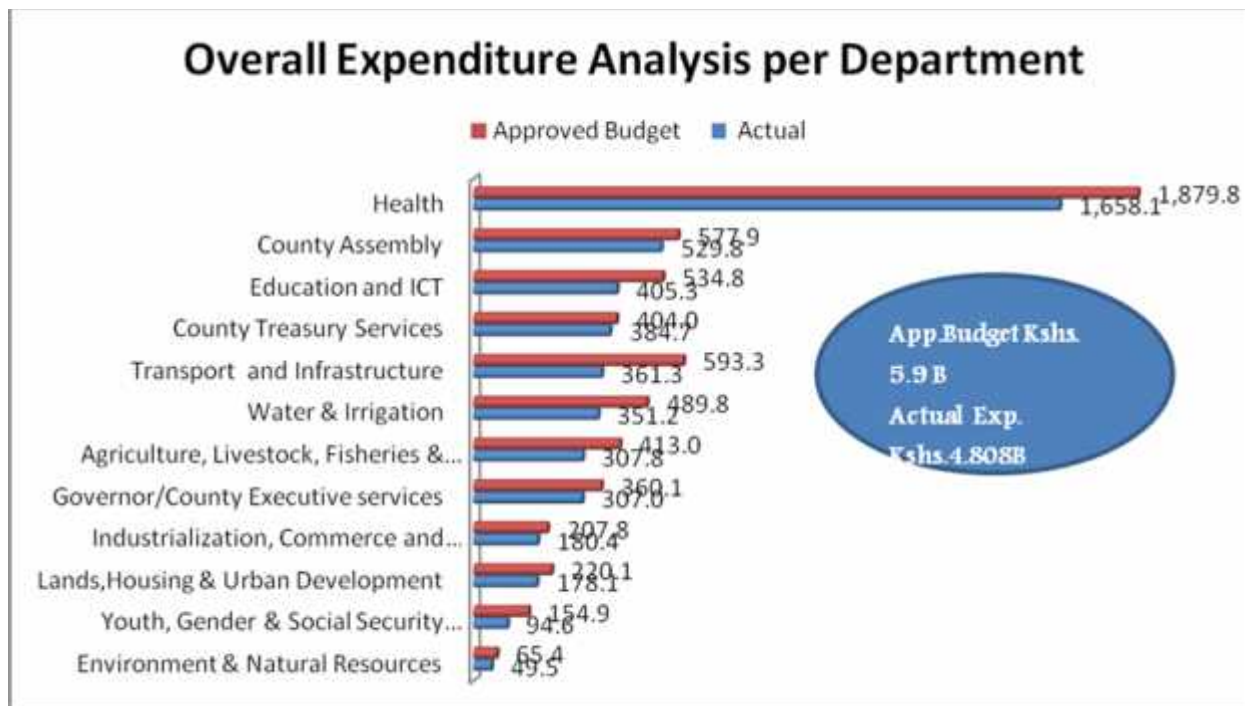
### 1.1.8 Expenditures for FY 2015/16



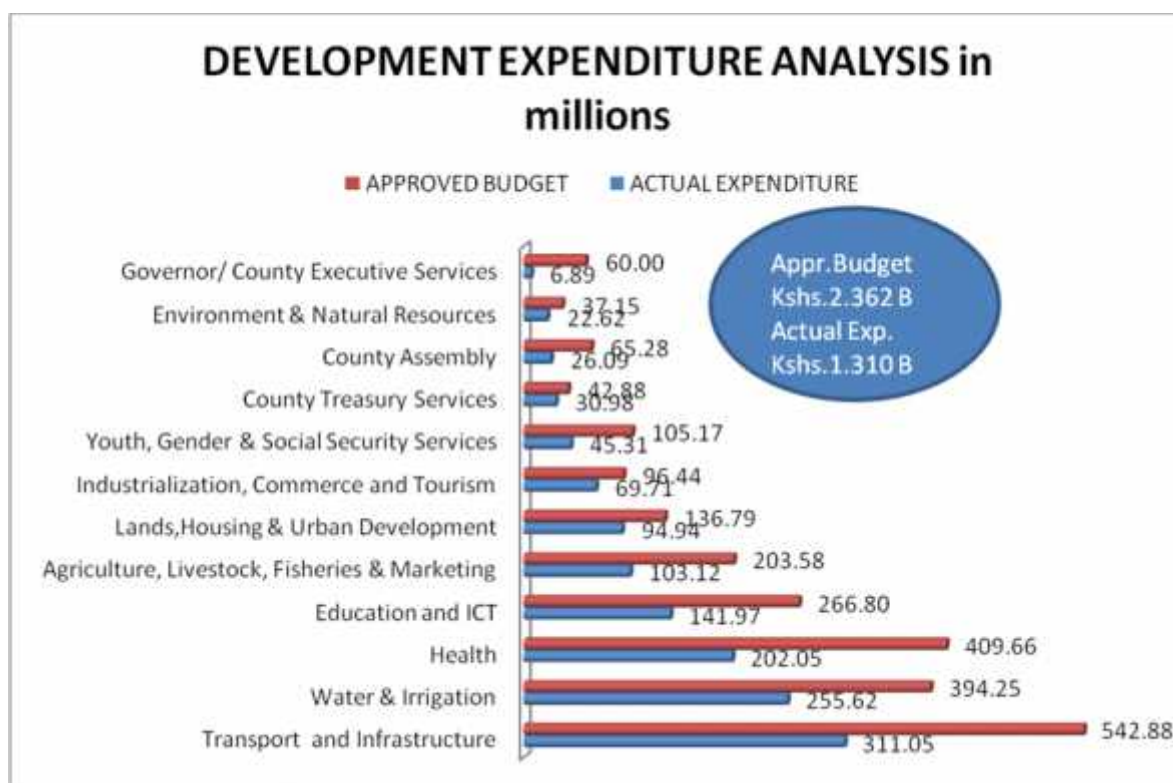
### 1.1.9 Overall absorption



### 1.1.9 Overall Expenditure Analysis Per Department

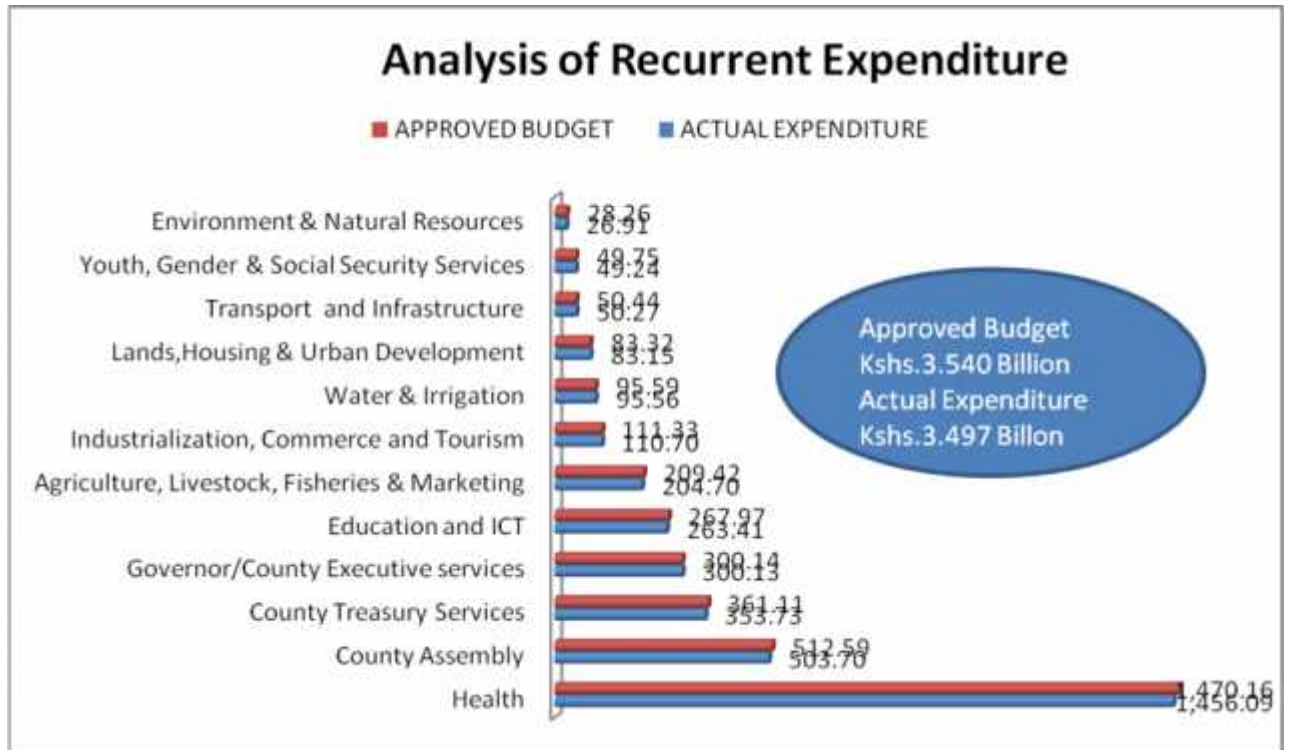


### 1.1.10 Development Expenditure Summary For 2015/16





1.1.11 Analysis of Actual Recurrent Expenditure Vs Approved Budget 2015/16



# I. INTRODUCTION

## Objectives

1. The objective of the 2016 CBROP is to provide a review of the previous fiscal performance and how it impacted on the financial objectives and fiscal responsibility principles set out in the 2015 County Fiscal Strategy Paper (CFSP).
2. This outlook will provide the basis for revision of the current budget in the context of Supplementary Estimates and the broad fiscal parameters underpinning the 2017/18 budget and the medium term.
3. This CBROP, therefore, continues to analyze the revenue and expenditure in the implementation of the development agenda in 8 thematic areas of investing, reviving, maintaining and extension of existing irrigation schemes, water supplies and sanitation systems; key infrastructural facilities including- opening of rural access roads, improving existing rural and urban roads; Investing in quality, affordable and accessible (curative, preventive and rehabilitative) healthcare services through infrastructural development, equipping existing hospitals and health centres as well as ensuring continuous supply of drugs and other non-pharmaceuticals; Investing in agricultural transformation, including opening up of land under irrigation, subsidized farm preparation and inputs, livestock upgrading, creating disease free zones, value addition and fisheries development; Promoting social welfare, education and improved standard of living by investing in ECDE, Vocational training centres; Sports and social programs for women, youth, vulnerable groups and talent development; Creating conducive business environment to enhance investments in enterprise development, tourism and value addition; Working towards effective management of land, environment and natural resources/spatial planning and land banks for strategic developments; Investing in county governance structures to enhance service delivery through building a competent, responsive and accountable county public service.
4. The 2016 CBROP projects the anticipated revenue and expenditure for the medium term as guided by the PFM Act, 2012. The projection sets in motion the budget preparation for the Fiscal Year 2017/18.
5. The rest of the paper is organised as follows: Section II provides a review of the fiscal performance for the FY 2015/16 and its implications on the financial objectives set out in the 2016 CFSP submitted to the County Assembly in February 2016. This is followed in Section III by brief highlights of the medium term fiscal performance and highlights. Section IV outlines the recent national economic outlook and highlights. The proposed medium term expenditure framework is detailed in Section V while the Section VI concludes with Section VII Annexes all key tables.

## Legal Basis for the preparation and publication of the County Budget Review and Outlook Paper (CBROP)

### ***Legal Basis for the Publication of the County Budget Review and Outlook Paper***

***The County Budget Review and Outlook Paper is prepared in accordance with 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 forecasts in the most recent County Fiscal Strategy Paper;*

*(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.*

## 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 a percentage of the County government revenue as prescribed by the regulations.*
- 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 approved by County Government (CG)*
- 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*

## II. COUNTY FISCAL PERFORMANCE FOR 2015/2016

### Overview

6. The budget for fiscal year 2015/16 begun well with the submission of procurement plans despite facing some challenges following the introduction of e- procurement processes which negatively affected budget implementation process and particularly development. Generally, there was pressure on recurrent spending which necessitated revision of the budget to address employee compensation which resulted from promotions and confirmation of health workers.
7. The initial county budget was Kshs 5.846 billion but was later revised to Kshs 5.900 billion as a result of additional fiscal balance brought forward from 2014/15 FY of Kshs 886.34 million from Kshs 831.91 million.
8. The actual revenue received for the fiscal year was Kshs 5.744 billion comprising of Kshs 4.440 billion equitable share, Kshs 137.84 million from grants, Kshs 886.34 million from rollover and Kshs 279.73 million from County own revenue.
9. Over the review period, actual expenditure amounted to Kshs 4.808 billion as compared to Kshs 4.013 billion during the same period of 2014/15 FY representing 16.5 percent increase. Of this Kshs 4.808 billion, Kshs 3.497 billion was spent on recurrent and Kshs 1.310 billion on development representing 22 percent and 17 percent increase respective as compared to the previous year. However, overall budget performance for the fiscal year was 82 percent absorption rate.

### Performance of Revenue

10. The total revenue for the county was projected to be Kshs 5.9 billion comprising of Kshs 4.440 billion equitable share, Kshs 274.05 million from grants, Kshs 886.34 million rollover and own revenue of Kshs 300 million.
11. The actual revenue received for the fiscal year was Kshs 5.744 billion comprising of Kshs 4.440 billion equitable share, Kshs 137.84 million from grants, Kshs 886.34 million from rollover and Kshs 279.73 million from County own revenue. This was below the target by Kshs 136.21 million which was mainly from grants as shown in **Table 1**.
12. Locally collected revenue of Kshs 279.317 million was 93 percent to the actual target of Kshs 300 million. As compared to the previous years, there has been a rise in own revenue from Kshs 201.519 million and Kshs 249.723 million in 2013/14 FY and 2014/15 FY respectively as in **Table 2**. The gradual increase is attributed to revenue enhancement measures including automation of revenue system and strong internal control systems as well as setting up of good business working environment for trade through construction and upgrading of markets and sale yards amongst others.

**Table1: Revenue Trends**

Revenue	2013/14		2014/15		2015/16		variance
	Actual	budget	Actual	budget	Approved Budget	Actual	
Conditional Allocation Free Maternity	-	-	-	-	65,759,400	51,262,500	14,496,900
Leasing Of Medical Equipment	-	-	-	-	95,744,681	-	95,744,681
User Charges	-	50,000,000	-	-	-	-	-
HSSF DANIDA - Health facilities	-	-	23,790,000	23,790,000	25,970,000	-	25,970,000
Loans And Grants(WHO)	26,660,116	382,555,501	29,191,000	73,673,500	-	-	-
World Bank Support To Health Facilities	-	-	-	-	17,224,300	17,224,300	-
Compensation For Use Fees Forgone	-	-	-	-	12,950,107	12,950,107	-
Roll Over Funding	137,000,000	137,000,000	784,166,119	784,166,119	886,341,385	886,341,385	-
Roads Maintenance Fuel Levy Fund	-	-	-	-	56,410,082	56,410,082	-
C & P Grant	-	-	-	-	-	-	-
Equitable Share	2,950,935,465	3,247,937,841	3,177,427,690	3,874,911,817	4,440,576,026	4,440,576,026	-
Total Equitable /Grants Revenue	3,114,595,581	3,817,493,342	4,014,574,809	4,756,541,436	5,600,975,981	5,464,764,400	136,211,581
Local Revenue	201,519,605	210,000,000	249,723,429	255,800,000	300,000,000	279,736,551	20,263,449
Total Revenues	3,316,115,186	4,027,493,342	4,264,298,238	5,012,341,436	5,900,975,981	5,744,500,951	156,475,030

**Table 2: County Own Revenue Trend**

Revenue Stream	2013/2014	2014/2015	2015/2016	2015/2016	2015/16.	
	Actual (Kes)	Actual (Kes)	Actual (Kes)	Approved Budget (Kes)	Variance (Kes)	Percentage
Game Park Fees	69,456,838	54,429,063	44,298,390	65,378,063.83	(21,079,673.83)	-32%
Animal Stock Sale Fees	7,497,705	9,928,000	15,258,665	14,269,644.46	989,020.54	7%
Produce & Other Cess	18,374,372	32,385,244	48,506,214	26,754,431.28	21,751,782.72	81%
Single Business Permit	31,737,095	35,722,947	38,098,248	44,430,982.05	(6,332,734.05)	-14%
Plot Rent/ Rates	15,127,880	17,317,051	16,744,873	29,476,585.69	(12,731,712.69)	-43%
Market Fees & Others	29,184,504	30,303,827	37,215,442	28,871,413.05	8,344,028.95	29%
Koibatek ATC	-	7,404,056	2,893,400	6,000,000.00	(3,106,600.00)	-52%
Marigat AMS	-	4,159,189	3,930,042	6,000,000.00	(2,069,958.00)	-34%
Public Health	570,900	1,136,942	2,157,105	5,113,620.00	(2,956,515.00)	-58%
Veterinary	266,320	1,200,000	1,158,190	8,522,700.00	(7,364,510.00)	-86%
Hospital Revenue	29,303,991	55,737,110	69,475,982	65,182,560.00	4,293,422.00	7%
<b>Total</b>	<b>201,519,605</b>	<b>249,723,429</b>	<b>279,736,551</b>	<b>300,000,000</b>	<b>20,682,797</b>	<b>6.9%</b>

### Overall Expenditure Performance per Sector

13. During the period under review, the county's approved budget was Kshs 5.90 billion which was inclusive of balance brought forward (rollover) of Kshs 886.34 million from 2014/2015 FY. From the approved budget, Kshs 3.540 billion was allocated to finance recurrent and Kshs 2.360 billion for development expenditure.

14. The cumulative expenditure for the period under review was Kshs 4.808 billion which was below target of Kshs 5.9 billion by Kshs 1.092 billion representing 81.5 percent overall absorption rate as illustrated in *Table 3* below.
15. The recurrent and development expenditures for the review period were Kshs 3.497 billion and Kshs 1.310 billion respectively implying that utilization of recurrent was 98.8 percent and 55.5 percent for development. For the recurrent expenditure, Kshs 2.326 billion was used for employee compensation of 4,337 staff in various sectors as per attached staff establishment, while Kshs 1.171 billion was spent on operations and maintenance.
16. The development expenditure for the fiscal year was below the target of Kshs 2.36 billion by Kshs 1.050 billion representing 55.5 percent due to slow take off of program implementation. This was attributed by new changes in procurement processes which included end to end e-procurement which did not materialize but was later terminated towards the end of 2<sup>nd</sup> quarter of the fiscal year.
17. Going forward, the county has put in place mechanisms to overcome such challenges in future through adherence to procurement plans by all departments as well as embracing monitoring and evaluation of development activities. Also, monitoring and evaluation framework has been established and that sub county and county steering committees will engage departments to provide timely feedback and solutions on project implementation. It is expected that through implementation of the framework, delay in program/project spending will solve the evident expenditure underperformance.

**Table 3: Overall Expenditure**

<b>Department</b>	<b>Actual Expenditure</b>	<b>Approved Budget</b>	<b>Variance</b>	<b>Absorpti on Rate</b>
County Assembly	529,827,498	577,869,962	48,042,464	91.7%
Governor/County Executive services	307,023,468	360,139,363	53,115,895	85.3%
County Treasury Services	384,722,735	403,989,058	19,266,323	95.2%
Transport and Infrastructure	361,324,935	593,321,184	231,996,249	60.9%
Industrialization, Commerce and Tourism	180,414,687	207,774,865	27,360,178	86.8%
Education and ICT	405,386,258	534,771,897	129,385,639	75.8%
Health	1,658,146,296	1,879,822,658	221,676,363	88.2%
Lands, Housing & Urban Development	178,096,785	220,108,643	42,011,858	80.9%
Agriculture, Livestock, Fisheries & Marketing	307,826,173	412,999,313	105,173,140	74.5%
Youth, Gender & Social Security Services	94,558,718	154,925,090	60,366,372	61.0%
Water & Irrigation	351,189,298	489,841,137	138,651,839	71.7%
Environment & Natural Resources	49,528,579	65,412,812	15,884,233	75.7%
<b>Total</b>	<b>4,808,045,428</b>	<b>5,900,975,982</b>	<b>1,092,930,554</b>	<b>81.5%</b>

## Performance per Sector

### A. Administration and Governance

18. The county executive service is comprised of four sections i.e. Office of the governor, Office of the Deputy Governor, Office of the county secretary and County Public Service Board and together with the County Treasury and Economic planning and County Assembly form the overall sector of Public Administration and Governance.
19. The sector was allocated a total of ksh.1.341 billion for its operations consisting of kshs.1.173 billion and kshs.168.16 million for recurrent and development expenditure respectively.
20. During the period under review the actual recurrent expenditure and development expenditure was kshs.1.157 billion and 63.96 million respectively.

#### a) County Assembly

21. In the financial year 2015/2016 the county assembly was allocated Kshs 577.86 million to finance its operations consisting of Kshs 512.588 million for recurrent and Kshs 65.281 million for development expenditure. During the year under review, the county assembly actual expenditure was Kshs 529.82 million against a budget of Kshs 577.86 million, this expenditure was higher by Kshs 151.55 million from 2014/15 FY.
22. The recurrent expenditure for the County Assembly was Kshs 503.73 million against a budget of Kshs 512.58 million representing 98 percent absorption rate which was higher by Kshs 153.76 million from Kshs 349.97 million of 2014/15 FY . Out of this, Kshs 276.81 million was spent on employee compensation and Kshs 226.91 million on operations and maintenance.
23. On development, Kshs 26.09 million was spent against allocated budget of Kshs 65.28 million with a variance of Kshs39.8 million representing absorption rate of 40 percent. As compared to the previous financial year, actual expenditure for development was Kshs 25.69 million.

#### b) Office of the Governor /County Executive services

24. In the fiscal year, the department was allocated Kshs 360.13 million for its operations consisting of Kshs 300.13 million for recurrent and Kshs 60 million for development expenditure.
25. During the period under review the department spent a total of Kshs 307.02 million against a target of Kshs 360.13 million representing 85.3 percent overall absorption as compared to expenditure of Kshs 257.98 million in 2014/15 FY.
26. Similarly, the recurrent expenditure was Kshs 300.13 million out of which, Kshs 126.53 million was spent on employee compensation and Kshs 173.60 million for operations and maintenance.



27. On development, it indicates that Kshs 6.88 million was spent against allocated budget of Kshs 60 million representing absorption rate of 11.5% which was below the target by Kshs 53.11 million.

**c) County Treasury and Economic Planning**

28. The departments' allocation in the fiscal year was Kshs 403.98 million consisting of Kshs 361.10 million for recurrent and Kshs 42.88 million for development expenditure. During the period, the department expenditure was Kshs 384.72 million against a budget of Kshs 403.98 million representing 95.2 percent absorption. This indicates department's actual expenditure increased by Kshs 154 million from Kshs 230.71 from 2014/15 FY. This drastic increase of Kshs 154 million was as a result of employment of revenue clerks and a shift of sub county administration budget to the sub sector.

29. The recurrent expenditure was Kshs 353.73 million against a target of Kshs 361.10 million which shows variance of Kshs 7.36 million, representing 98 percent absorption rate. Out of which Kshs 197.45 million was spent on employee compensation and Kshs 156.28 million on operation and maintenance against a target of Kshs 197.45 million and Kshs 163.65 respectively.

30. The development expenditure indicates that Kshs 30.98 million was spent against allocated budget of Kshs 42.88 million representing absorption rate of 72 % which was below the target by Kshs11.89 million.

**B. Energy Infrastructure and ICT**

31. The sector was allocated a total of ksh.593.32 million for its operations consisting of kshs.50.27 million and kshs.542.88 million for recurrent and development expenditure respectively.

32. During the period under review the actual recurrent expenditure and development expenditure was kshs.50.27 million and 311.04 million respectively.

**C. Transport and Infrastructure**

33. In the financial year 2015/2016 the sub sector was allocated Kshs 593.32 million for its operations. This consisted of Kshs 50.43 million for recurrent and Kshs 542.88 million for development expenditure.

34. During the period under review the sub sector expenditure was Kshs 361.32 million against a target of Kshs593.32 million representing 60.9 percent absorption rate which indicate an underperformance by Kshs231.99 million. This fiscal expenditure was higher than the 2014/15 expenditure of Kshs 346.46 million by Kshs 14.85 million.

35. The recurrent expenditure was Kshs 50.27 million against a target of Kshs 50.43 million which shows variance of Kshs 0.15 million, representing 99.7 percent absorption rate. Out of this, Kshs 37.44 million was spent on employee compensation and Kshs 12.83 million for

operation and maintenance against a target of Kshs 37.59 million and Kshs12.83 respectively.

36. Development expenditure indicates that Kshs 311.04 million was spent against allocated budget of Kshs 542.88 million representing absorption rate of 57.3 % which was below the target by Kshs231.83 million.

#### **D. General Economic and Commercial Affairs**

37. The sector was allocated a total of ksh.207.77 million for its operations consisting of kshs.111.33 million and kshs.96.44 million for recurrent and development expenditure respectively.
38. During the period under review the actual recurrent expenditure and development expenditure was kshs.110.70 million and 69.71 million respectively.

##### **a) Industrialization, Commerce and Tourism**

39. In the financial year 2015/2016 the department was allocated Kshs 207.77 million for its operations. This consists of Kshs 111.33 million for recurrent and Kshs 96.44 million for development expenditure.
40. During the period under review the department spent a total of Kshs180.41 million against a target of Kshs207.77 million representing 86.8 percent absorption rate, an underperformance of Kshs 27.36 million.
41. The recurrent expenditure was Kshs 110.70 million against a target of Kshs 111.33 million which shows variance of Kshs 0.62 million, representing 99.4 percent absorption rate which was Kshs 16.83 million higher than the previous year of 2014/15. Out of which Kshs 53.36 million was spent on employee compensation and Kshs 57.33 million for operation and maintenance against a target of Kshs 53.99 million and Kshs 57.33 respectively.
42. On development, actual expenditure was Kshs 69.71 million against a budget of Kshs 96.44 million representing absorption rate of 72.3 % which was below the target by Kshs26.73 million.

#### **E. Education**

43. In the financial year 2015/2016 the department was allocated Kshs 534.77 million for its operations. This consists of Kshs 267.97 million for recurrent and Kshs 266.80 million for development expenditure.
44. During the period under review the department spent a total expenditure of Kshs 405.38 million against a target of Kshs 534.77 million representing 75.8 percent overall absorption rate which indicate an underperformance by Kshs129.38 million.
45. The recurrent expenditure was Kshs 263.41 million against a target of Kshs 267.97 million which shows variance of Kshs 4.55 million, representing 98.3 percent absorption rate. Out

of which Kshs 194.93 million was spent on employee compensation and Kshs 68.47 million for operation and maintenance against a target of Kshs 198.26 million and Kshs 69.7 respectively.

46. Analysis on development indicate that Kshs 141.97 million was spent against allocated budget of Kshs 266.80 million representing absorption rate of 53.2 % which was below the target by Kshs124.83 million.

#### **F. Health Services**

47. During the fiscal year the department was allocated Kshs 1.879 billion for both recurrent and development. Of the total allocation, Kshs 1.47 billion was allocated to finance recurrent and Kshs 409.65 million for development.
48. During the period under review the department expenditure was Kshs 1.658 billion against a target of Kshs 1.879 billion representing 88.2 percent overall absorption rate which indicate an underperformance of Kshs 221.67 million. As compared to the previous year expenditure, there was an increase of Kshs 399.94 million from Kshs1.256 billion in the previous year of 2014/15. Departments overall absorption rate stood at 88 percent.
49. During the review period, actual recurrent expenditure was Kshs 1.456 billion and was below budget of Kshs 1.47 billion by Kshs 14.07 million. Of this recurrent expenditure, Kshs 1.116 billion was spent on employee compensation whereas Kshs 339.98 million spent on operations and maintenance. The increase in recurrent expenditure of Kshs 277.11 million as compared to 2014/15 FY was mainly attributed to staff promotion and confirmation of medical personnel.
50. The development expenditure for the department amounted to Kshs 202.05 million against allocated budget of Kshs 409.65 million representing 49.3 percent absorption rate and was below target of Kshs 207.6 million.

#### **G. Agriculture, Rural and Urban Development Sector**

51. The Agricultural Rural and Urban Development Sector comprises of the following three sub-Sectors: Agriculture; Livestock Development; Cooperative Development and Marketing; Fisheries Development, Lands, Housing and Urban development.
52. The sector was allocated a total of kshs.633.10 million for its operations consisting of kshs.292.76 million and kshs.340.37 million for recurrent and development expenditure respectively.
53. During the period under review the actual recurrent expenditure and development expenditure was kshs.287.86 million and 198.05 million respectively.

##### **a) Lands, Housing & Urban Development**

54. The sub sector of Lands, Housing and Urban Development was allocated Kshs 220.10 million of which Kshs 136.78 million was for recurrent and Kshs 83.31 million for development.

55. During the period under review, the sub sector spent a total expenditure of Kshs 178.09 million against a target of Kshs 220.10 million representing 80.9 percent overall absorption rate which indicate an underperformance by Kshs 42.01 million.
56. During the review period, recurrent expenditure was Kshs 83.15 million which was below the target by Kshs 0.16 million. Of this recurrent expenditure, Kshs 58.23 million was spent on employee compensation whereas Kshs 24.91 million for operations and maintenance.
57. Actual expenditure on development amounted to Kshs 94.94 million which was below budget by Kshs 41.84 representing 69.4 percent absorption rate. When this is compared to 2014/15 expenditure, it clear that the sub sector actual expenditure increased by Kshs 61.33 million from 33.60 million

**b) Agriculture, Livestock, Fisheries & Marketing**

58. In the sub sector of Agriculture, Livestock, Fisheries & Marketing a total of Kshs 412.99 million out of which Kshs 209.41 million was for recurrent and Kshs 203.58 million for development.
59. During the period under review the department spent a total expenditure of Kshs 307.82 million against a target of Kshs 412.99 million representing 74.5 percent overall absorption rate which indicate an underperformance by Kshs 105.17 million.
60. Actual recurrent expenditure amounted to Kshs 204.70 million which was below the budget of Kshs 209.14 by Kshs 4.70 million. Of this recurrent expenditure, Kshs 178.25 million was spent on employee compensation whereas Kshs 26.45 million spent on operations and maintenance.
61. The development expenditure for the department was Kshs 103.11 million which was below target by Kshs 100.46 million representing 50.7 percent absorption.

**H. Social Protection, Culture and Recreation Sector**

**a) Youth, Gender & Social Security Services**

62. This sub sector total allocation was Kshs 154.92 million out of which Kshs 49.75 million was for recurrent and Kshs 105.17 million was allocated for development activities. During the period, the sub sector expenditure was Kshs 94.55 million against a target of Kshs 154.92 million representing 61 percent absorption rate, an underperformance by Kshs 60.36 million.
63. During the review period, actual recurrent expenditure amounted to Kshs 49.24 million which was below the target Kshs 0.50 million, indicating 99 percent absorption rate. Of this recurrent expenditure, Kshs 19.94 million was spent on employee compensation whereas Kshs 29.30 million was spent on operations and maintenance.
64. The development expenditure for the period under review was Kshs 45.31 million against a target by 59.85 million representing 43.1 percent absorption rate. When compared to the

2014/15 FY actual expenditure, there was an improvement by 26 percent from Kshs 35.93 million to Kshs 45.31 million.

#### **I. Environmental Conservation, Water and Natural Resources**

65. The Sector consists of 2 sub-sectors namely: Environment protection and Natural Resources; Water and irrigation.

66. The sector was allocated a total of kshs.555.25 million for its operations consisting of kshs.123.85 million and kshs.431.39 million for recurrent and development expenditure respectively.

67. During the period under review the actual recurrent expenditure and development expenditure was kshs.122.47 million and 278.23 million respectively.

##### **a) Water & Irrigation**

68. The cumulative budget for the department was Kshs 489.84 million to finance both recurrent and development. Of the total budget, Kshs 95.59 million was allocated to finance recurrent and Kshs 394.24 million for development.

69. During the period, expenditure was Kshs 351.18 million against a target of Kshs 489.84 million representing 71.7 percent absorption rate, an underperformance of Kshs138.65 million. The fiscal expenditure was higher than the previous year's expenditure by Kshs 69.48 million from Kshs 281.69 million following the need to address water challenges in the county for both domestic and agricultural use.

70. During the review period, actual recurrent expenditure amounted to Kshs 95.56 million which was slightly below the target by Kshs 28,390. Of this recurrent expenditure, Kshs 46.32 million was spent on employee compensation whereas Kshs 49.24 million on operations and maintenance.

71. However, development expenditure was Kshs 255.62 million against budget of Kshs 394.24 million representing absorption rate of 64.8 percent which was below the target by Kshs 138.62 million. The development expenditure was Kshs 59.12 million (30%) higher than 2014/15 FY.

##### **b) Environment & Natural Resources**

72. The department was allocated Kshs 65.41 million which consists of Kshs 26.91 million for recurrent and Kshs37.15 million for development expenditure.

73. During the review period the department spent of Kshs 49.52 million against a target of Kshs 65.41 million representing 75.7 percent overall absorption rate which was below target by Kshs15.88 million.

74. The recurrent expenditure during the period amounted to Kshs 26.91 million against a target of Kshs 28.26 million which showed variance of Kshs1.34 million, representing 95.2 percent

absorption rate. Out of which Kshs 20.81 million was spent on employee compensation and Kshs 6.09 million for operation and maintenance.

75. Analysis on development indicates that Kshs 22.61 million was spent against allocated budget of Kshs 37.15 million representing absorption rate of 60.9 percent. This shows underperformance by Kshs 14.53 million.

### **Other Public Expenditure Funds**

76. A total of Kshs 81.61 million was disbursed for various programmes ranging from Youth and women fund (Kshs 10 million), education bursary fund ( Kshs 54 million), Conservancy fund (Kshs 9.5 Million), Small and Medium Enterprise Fund (2.41 million) and Cooperative fund (Kshs 5.7 million).
77. Section 116 of the Public Finance Management Act 2012, provides that the County Executive Member in charge of Finance may establish other public funds with the approval of the county executive committee and the county assembly. County executive for Finance shall establish a fund to be known as Emergency Fund. The Fund will allow the government to respond promptly to urgent unforeseen emergencies such as drought, landslides, and floods, among others. In this regard, County emergency fund was established and in the fiscal year under review and Kshs 46 million was allocated and Kshs 22.18 million was spent during the period.

### **Summary of key Achievements**

#### **General Economics and Commercial Affairs Sector**

78. Under Business Environment for Investment and Enterprise Development program the County subsector has invested a total of Kshs. 120,160,582 for the last three years in building of nine (9) market sheds and stalls to benefit more than 1200 traders, Construction of Honey Stalls; construction of two (2) Jua ali industrial sheds and construction of one (1) Mogotio Tannery leading to employment and wealth creation, increase revenue, bolster market outlets; promote socio-economic livelihoods of small scale businesses and increase in value addition. .
79. Under Tourism development the county has cumulatively invested Kshs. 5,914,682.12 in protection of Cheploch gorge and Construction of two (2) Curio shops. This will increase revenue generation, Employment creation, Safer diving at Cheploch and Improved access and marketing of the counties' tourist sites.
80. Community Conservancies is also key to the sub sector and the County has invested cumulative Kshs.72, 750,128.4 to erect twenty two (22) signage, Promotion of five (5) community conservancies, restoration of Lake Kapnarok, Refurbishment and Equipping information centre in Mogotio Centre and Renovation of Reptile Park at Lake Baringo.
81. Loan, small and medium Enterprise Fund program has also added a new impetus to micro and small scale enterprises in the county. Two hundred and fifty two Small and Medium

Enterprises have benefited with Kshs. 19.826 million and a cumulative investment of Kshs. 30 million has been used to finance traders. This has improved business environment and improved incomes to the traders.

82. Cooperative Development Fund and Enterprises development programs has received and investment totaling to Kshs.18, 756,400 in support to ten (10) cooperative societies and Rehabilitate and Operationalize Aloe factory Plant in Koriema.

### **Challenges**

- a) Land ownership issues,
- b) Inadequate budgets,
- c) Some Contractors are not responsive to contract timelines
- d) Dispute by two counties sharing the boundary
- e) Contractor provided direction only on one side of the signage
- f) Lack of clear boundary, capacity to enforce
- g) Human wildlife conflicts, Human settlement in the park
- h) Budgetary deficits forcing extension of contract period
- i) Default rate high on non-performing loans especially Tiaty and Baringo South Sub counties
- j) Lack of collateral to secure loans

### **Agriculture, Rural and Urban Development Sector**

83. Investing in agricultural transformation, including opening up of land under irrigation, subsidized farm preparation and inputs, livestock upgrading, creating disease free zones, value addition and fisheries development; and Working towards effective management of land, environment and natural resources/spatial planning and land banks for strategic developments is the desired goal for the county.
84. Under Livestock Upgrading Program the sub sector has invested an accumulated amount of Kshs.67.003 million in capacity building of 53,147 dairy farmers/ extension(dairy farmers);- Provision of AI services to33,376 farmers ; provision of 210 galla goats for upgrading; provision of 179 dorper sheep for upgrading; 19 sahiwal bulls for livestock upgrading; 14,900 chicks for poultry upgrading;- 1040 ha(20,800 kgs of pasture seed for pasture and fodder development and conservation; establishment of a milk processing plant; purchase of two motorbikes for extension ;establishment of five (5)milk coolers in high milk density areas in the county and Provision of credit facilities to the farmers.
85. The outcome has been tremendous with increase in milk production from 12M litres to 31M litres which hundred and twenty eight per cent increment. Milk production per cow increased contributed as well by Artificial insemination services, effective disease control and acquisition of high quality breeds by the farmers.
86. Other outcomes were, 5 per cent increase in goat carcass weight. (12kgs to 12.6kgs); 5 per cent increase in sheep carcass weight (11kgs to 11.55kgs);10 per cent increase in meat in cattle(80kgs to 88kgs carcass weight);30per cent increase in meat and eggs in poultry (1.5kgs

of meat to 2kgs, 45 eggs to 60 eggs per year);15per cent increase in availability of improved pastures as livestock feed;80 per cent increase in milk value addition in the county and 30per cent reduction in milk post-harvest losses. There is also improved mobility of extension staff

87. Other program in the mid-term was vector control and the sub sector has invested a total of Kshs. 113.6 million in construction of seventy (70 ) out of projected ninety (90) and rehabilitated forty five (45) cattle dips. The outcome has been reduction of vector bones diseases incidences@ 39.8 per cent and increase dipping figures by 5million per year.
88. Other program in the sub sector is Bee Keeping/Farming and the sub sector has put an accumulated investment of Kshs. 8.85 million. The activities were provision of credit for bee hives and procession equipment; Capacity building and training; Value addition and Branding of Honey.
89. The outcome has 15per cent increase in honey production; 15 per cent increase in honey quality and quantity and 8 per cent increase in honey value addition.
90. Fish development subsector in the mid-term attracted an accumulative investment of Kshs. 11 million in setting up a structure to house the peletizer machine in Emining and Capacity building farmers on fish feed formulation and value addition. The activities were three hundred and fifty thousand fingerlings stoked in the, 34 fishponds constructed; 17 boats purchased and distributed to the fishermen.

#### Health Services Sector

91. The ultimate goal of the County Government is Investing in quality, affordable and accessible (curative, preventive and rehabilitative) healthcare services through infrastructural development towards upgrading of Kabarnet and Eldama Ravine County hospital to a level five and five Sub-county hospitals to level 4, equipping existing hospitals and health centres as well as ensuring continuous supply of drugs and other non-pharmaceuticals.
92. The key objects of the sector are to promote access to quality and affordable curative health care services and to deliver preventive and promotive health care services. The sector also strives to achieve efficiency and effectiveness in health care delivery through appropriate health management systems so as to promote excellence in service delivery.
93. Under promotion of access to quality and affordable curative health care services program the challenges facing the sector are; Inadequate health infrastructure ;Poor emergency preparedness and response; Inadequate medical equipment ;Poor access to health care services ;Infrastructure development and equipping; Upgrading, completion and renovation of existing health infrastructure; Diagnosis and treatment of non-communicable diseases; Ring-fencing of commodities towards emergency preparedness and respond; Capacity building on emergency preparedness ;Improvement of referral services; Strengthen outreach services ;Procure assorted medical equipment, x-ray machine, CT scanner, portable ultrasound machine ;Inadequate medical supplies (pharmaceutical & non pharmaceutical,



laboratory reagents,);Insufficient mortuaries and cemeteries; Provision of adequate drugs, essential supplies and laboratory reagents; Increase and improve morgue services.

94. The county government has cumulatively invested Kshs 89,038,000 under the promotion of access and affordable curative health care services. The outcomes are: - percentage of fully immunized children has increased from 57.4 percent in FY 2013 to 55.3 percent, 57.3 per cent and 55.1 in the three preceding years; Percentage of HIV + pregnant mothers receiving preventive ARV's has increased from 59.8 percent in FY 2012/13 to 59.9 per cent in FY 2013/14, 90.8 per cent in FY 2014/15 and 92.6 per cent in FY 2015/16.
95. Other accrued achievements are % of targeted pregnant women provided with LLITN's have increased from 12358 to 13874, 14239 and 16827 in the preceding years. The percentage of newborns with low birth weight has continued to reduce from 6.2in FY 2012 to 5.2 in FY 2013/14 to 4.9 in FY 2014/15 to 5.1 in the FY 2015/16. Percentage of pregnant women attending 4 ANC visits has continued to increase from 22.9 in FY 2012/13 to 24.8,29.2 and 30.7 in the preceding years
96. Under curative health care services the county has invested in infrastructures development 2013/14 F/Y (43 Projects) - Seventy seven (77) percent are complete and (10 health centres are on the final stages of completion),
97. Infrastructure development 2014/15 F/Y-(76 Projects) - Ten (10) health centres and Sixty six (66) are on various stages of completion.
98. Infrastructure development 2015/16 F/Y—(90 Projects) - the projects are in various stages, tenders have been awarded, sites handed over and some are ongoing.
99. The following health facilities have been done roll out and currently using the AFYA EHMS ;Esageri health centre, Kituro health centre, Mogorwo health centre, Salawa health centre, Kimalel health centre, Barwessa health centre,Bartabwa health centre, Kipcherere health centre, Kampi samaki centre, Mochongoi health centre, Nyinyang heath centre, Kisanana health centre, Emiming health centre, Lebolos dispensary.

#### **Water, Irrigation and Environment Sector**

100. Under rehabilitation of existing water supplies program the county has invested Kshs304, 479,678.90 M and out of the targeted 70,000 HHs, additional 19,000 HHs have been served with clean and safe water.
101. Improvement of existing water supplies 33,000 HHs access to clean and safe water from current 291 point sources 70,000 HHs to be served with clean and safe water
102. New water supplies development has been increasing with 12 new water supplies serving a population of 1,000HHs with clean safe water.

103. Ground water development (Drilling programme) has accumulated investment of Kshs 27,391,489 Million Kenya Shillings and the outcome is 21 masonry tanks constructed with a total storage capacity of 2,300 M3.
104. Under Rain Water Harvesting (Roof Catchment in public institutions) program, the sector has invested accumulated Kshs. 4,215,838 Million and 87 number 10,000 litre plastic tanks for roof harvesting with storage capacity of 870M3 have been installed.
105. The sector has invested in Water Pans and small dams programme since financial year 2013/2014 an accumulated Kshs.4, 215,838 Million has been invested and 700,000M3 storage capacity of run-off water has been harnessed with 33,000livestock population being served.
106. Other investments the department has achieved are through Partnership with other key stakeholders ie. Italian Government- Kirdam phase two extension targeting an additional 7,000 HHs to be served with potable water. Already Kshs 305Million has been spend on project preparation and GOK contribution with completion of the designs and payment of land compensation.
107. JICA borehole project accumulated invest in the mid-term is Kshs. 1.25B and 12,000 households already been served with clean safe water with 81 boreholes sunk so far.
108. Under Drought Resilience and sustainable Livelihood project, African Development Bank has invested Kshs. 2 Million in designing of water pans with 500 households and 3,200 livestock have accessed to water.
109. Tullow Cooperate Social Responsibility project -1 borehole, 2 water pans and one water supply which has translated to 1,600 livestock accessing to water.
110. Kenya Rain water Harvesting Association-2 water pans with accumulated investment of Kshs. 10Million and the outcome is integrated water use serving 200HH, 1600 Livestock Units and Kitchen drip irrigation.
111. Irrigation development programme has an accumulated investment of Kshs108.5 Million with Additional 2,800 Hectares of land put under irrigation.
112. Government Agencies (KVDA, NYS, RVWSB, WSTF, WRMA) 61 water pans, 1 small dam, 1 borehole and 100% complete with 49,000 livestock have access to water.

#### **Challenges and Recommendations**

- a) Low funding, below normal rainfall, over pumping resulting in frequent breakdowns, aging pumping equipment
- b) Low uptake of roof water harvesting by stakeholders
- c) Delay in project preparation and design
- d) Delay in funding from the donor

- e) Insecurity in parts of Tiaty
- f) Low Funding from JICA
- g) Inadequate Community Management

### III. Medium Term Fiscal Performance and Projections

113. This section highlights the assumptions that can affect the implementation process, performance on revenue and expenditure and looks at the Fiscal Responsibility Principles that will guide the future projections.

#### Assumptions

114. During the medium term fiscal framework, it is expected that,
- ⇒ National economy will grow at a steady growth rate of more than five percent;
  - ⇒ The Auditor General will be timely in the release of audited financial statements and be approved by the National Assembly on time resulting in increased equitable share;
  - ⇒ County assembly approval of budgets within the legal framework;
  - ⇒ Normal weather pattern during the year;
  - ⇒ Improved investor confidence through partnerships;
  - ⇒ Inflation will be expected to remain low and stable;
  - ⇒ Oil prices and exchange rate will also be expected to remain stable;
  - ⇒ The County expects to continue receiving conditional grants;
  - ⇒ The revenues assumed to grow steadily over the medium term;
  - ⇒ Discretionary expenditures will reduce over time and
  - ⇒ Yearly departmental budgets will be balanced or zero based budgets.

#### Fiscal Performance for FY 2016/17 in relation to Fiscal Responsibility

115. Revenue projections will remain on upward trajectory in line with the initial projections taking into account the revised revenue and expenditure base. The equitable share is expected to increase based on approval of the audited accounts. Local own revenue is also expected to be on upward trend based on improved security, enhancement of revenue measures and taking into account that the assumptions mentioned above remain constant.

116. The overall revenue collection during the fiscal year was lower than projected estimates of Kshs 300 million by Kshs 20.68 million (6.9 percent). This was attributed by travel advisories which mainly affected revenues from tourism by Kshs 21 million and plot rent/rates which was below target by Kshs 12.8 million. As compared to the previous years, own revenue has been improving from Kshs 201.51 million in 2013/14 and Kshs 249.72 million in 2014/15. This local revenue is further expected to rise to Kshs. 472 million in 2017/18 financial year. To achieve this, the county will focus in enhancing revenue systems and embark on infrastructure development of game parks which is the main source of revenue.

117. Towards achievement of the revenue target of 2016/17 FY, the County Treasury is expected to properly rollout the implementation of Finance Act, 2016 and other subsidiary legislative such as Property Rates Bill and Alcohol Bill which will significantly improve revenue collection. This will need more public participation forums through civic education for compliance and the benefits that comes with it.
118. Equitable share has been on a rising trend from Kshs. 3.247 billion in FY 2013/14 to Kshs 3.874 billion in FY 2014/15 and to Kshs 4.440 in FY 2015/16 and expect to rise to Kshs 4.877 billion in 2016/17. By the end of the review period, the county received the total amount of equitable share. In addition the county received Kshs 137.84 million conditional grants which were below target by Kshs 136.21 million.
119. Given the performance in 2015/16 the expenditure pressure, especially recurrent expenditures, poses a fiscal risk. Total wages for employees during the fiscal year was Kshs 2.313 billion after revision from Kshs 2.222 billion. The additional of Kshs 123.82 million for employee compensation was adjusted form development budget. The overcome such a situation from occurring in future, all accounting officers are required to work on staff personnel emoluments and work on expenditure reviews in their various sector working groups. Also, low revenue has been putting pressure on the budget hence affecting projections for development. To breach this expenditure pressures, the County Government will rationalize expenditures by cutting those that are non-priority.
120. In addition, implementation pace in the spending units continues to be a source of concern especially with regard to the development expenditures. To improve on this slow absorption rate of project/programme implementation, the county has put in place various measures. These measures include close monitoring of programme/project implementation while observing high standards of accounting processes and implementation of monitoring and evaluation framework.

### **Fiscal Responsibility Principles**

121. In line with the Constitution, the Public Finance Management (PFM) Act, 2012, and in keeping with the prudence and transparent management of public resources, the County Government adhered to the fiscal responsibility principles as set out in the statutes as follows:
122. The County Government development budget allocation over the medium term was above 30 percent, the minimum set out by law. Over the medium term development expenditure is budgeted to expand from 30 percent in current financial 2016/17, 31 percent in 2017/18, 30 percent in 2018/19 to more than 30 percent in FY 2019/20.

## Budget Implementation of the financial year 2016/17

123. Implementation of 2016/17 budget took off with slow pace. This was attributed by reduction of the allocated funds by division of Revenue Allocation and the passage of a bill by national assembly and the senate that increases the recurrent allocation to the county assembly.
124. Regarding own revenue, the collection for the first two months of 2016/17FY is broadly on course and therefore we expect that the outturn will be within the target. The Revenue Section returns by end of August 2016 shows that local revenue amounted to Ksh 70.17 million against a target of Kshs 89.51million, thus, the total revenue collection was target by Kshs 19.33 million.
125. Preliminary outturn indicates that the expenditure by mid September 2016 had not commenced due to delays in release of funds from national treasury. The department of treasury has put in place mechanisms to roll out budget implementation before the end of September, 2016. Furthermore, procurement plan has been put in place for project implementation take off and payment pending bills is ongoing.

## IV. RECENT NATIONAL ECONOMIC DEVELOPMENTS AND OUTLOOK

### Overview

126. Kenya's economic growth has been robust supported by significant infrastructure investments, construction, mining and lower energy prices and improvement in agriculture following improved weather. The economy grew by 5.3 percent in 2014 and projected at 5.6 percent in 2015, 6.0 percent in 2016 and 6.5 percent in the medium term.
127. Macroeconomic stability has been preserved with inflation remaining on average within target. Overall month on month inflation was at 8.0 percent in December 2015 from 6.0 percent in December 2014. This was attributed to the increase in prices of several food items which outweighed the decreases as well as increase in the Alcoholic Beverages, Tobacco & Narcotics index.
128. The Kenya Shilling exchange rate has stabilized following increased foreign exchange inflows in the money market. The current level of foreign exchange reserves, backstopped by the precautionary program with the IMF continues to provide an adequate cushion against exogenous shocks. Furthermore, the current account deficit narrowed, mainly due to a lower oil import bill, and a slowdown in consumer imports.
129. Short term interest rates have declined following improved monetary conditions that led to increased liquidity in the money market. The interbank rate was at 6.2 percent as of 21st January 2016 while the 91 day Treasury bill rate was 11.4 percent as of 22nd January 2016.
130. Going forward, macroeconomic stability remains favourable although risks remain. The government will closely monitor the developments and undertake appropriate measures to safeguard macroeconomic stability should these risks materialize.

### Real GDP Growth

131. The economy grew by 5.3 percent in 2014 compared with growth of 5.7 percent registered in 2013. Quarterly growth estimates indicate that the economy, which slowed in the last half of 2013, gained some momentum particularly after the first quarter of 2014. The economy grew by 4.8 percent in the first quarter, 6.1 percent in the second quarter, 5.4 percent in the third quarter and 5.1 percent in the fourth quarter of 2014 compared with growth of 6.0 percent, 7.0 percent, 6.8 percent and 3.0 percent in comparable quarters of 2013. Growth in 2014 was largely supported by improved performance in construction; transport and storage; education; financial and insurance activities; real estate; and

information and communication. In the first quarter of 2015, the economy expanded by 4.9 percent compared with 4.7 percent in the first quarter of 2014, and most sectors of the economy recorded positive growths of varying magnitudes. The tourism sector, however, declined owing to concerns over insecurity.

## Overall inflation

132. Overall inflation eased by 33 basis points to 7.02 percent in the first quarter of 2016 from 7.35 percent in the fourth quarter of 2015 largely on account of declining food and fuel inflation as shown in the **Table 4** below. Although elevated, food inflation declined by 119 basis points to 10.43 percent in the first quarter of 2016 compared to 11.62 percent in the fourth quarter of 2015. This decline is attributed to favourable weather conditions in the period under review. Non-food non-fuel (NFNF) inflation increased further to 5.81 percent in the first quarter of 2016 from 4.63 percent and 5.06 percent in the third and fourth quarters of 2015, respectively on account of persistent effect of excise duty tax on some alcoholic beverages and narcotics. Fuel inflation declined marginally by 14 basis points to 2.25 percent in the first quarter of 2016 compared to 2.39 percent in the fourth quarter of 2015 reflecting minimal declines in bus fares and house rents.

133. The contribution of food inflation to overall inflation declined to 4.82 percentage points in the first quarter of 2016 from 5.31 percentage points in the fourth quarter of 2015, largely on account of favourable weather conditions.

134. The contribution of fuel inflation to overall inflation remained low reflecting the fairly low international oil prices. It eased marginally to 0.58 percentage points in quarter one of 2016 from 0.63 percentage points in quarter four of 2015

## Inflation Trends

*Table 4*

	2014				2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	16-Jan	16-Feb	16-Mar
Overall Quarterly inflation	6.7	7.0	7.5	6.1	5.8	6.99	6.14	7.35	7.02	7.78	6.84	6.45
Food Inflation (KNBS)	8.9	8.2	9.1	7.6	8.6	12.5	10.0	11.6	10.4	11.98	10.28	9.05
Fuel Inflation	5.2	7.7	8.2	6.4	3.5	0.68	1.04	2.39	2.25	2.88	1.72	2.14
Non-Food Non-Fuel Inflation	4.9	4.4	4.3	3.6	3.3	4.1	4.63	5.06	5.81	5.47	5.89	6.05
Average annual	6.2	6.8	7.2	6.9	6.6	6.66	6.39	6.44	6.84	6.77	6.87	6.88
Three months annualized	7.8	9.3	6.4	1.2	6.4	14.2	3.1	5.96	5.14	8.23	4.25	2.95

*Source: Kenya National Bureau of Statistics and Central Bank of Kenya*

## Interest Rates

135. According to the CBK, lending rates in Kenya increased from 15.5% in February 2015 to 17.9% in February 2016 while deposit rates increased from 6.7% to 7.5% in the same period perhaps due to a move by Kenyan banks to maintain their interest spreads

following the increase in the base lending rate by CBK by 300 basis points to 11.5% in July 2015.

136. The World Bank attributes the high interest spreads in Kenya due to lack of competitiveness in the banking sector and the high cost of financial intermediation. The World Bank notes that large banks in Kenya have the power to maintain wide interest spreads at the expense of borrowers and depositors.
137. The CBK reported that the 91 day Treasury bill (T-bill) rates were volatile in 2015 increasing from 8.3% in June 2015 to 21.7% in October 2015. BMI attributes this increase to tight liquidity in the market following the decision by CBK to raise its base lending rate in July 2015 the t-bill rates dropped to 10.6% in February 2016 following improved liquidity in the market.
138. However, due to recent enactment of the Central Bank (Amendment) Act 2016, whereby interest rates will be based on Central Bank Rate (CBR) the interest rates are expected to drop to 14.5% based on the current CBR of 8.5%.

## Exchange Rates

139. The KES depreciated by 8% against the USD, by 4% against the British pound (GBP) and by 14% against the Euro (EUR) between April 2015 and April 2016 according to the KNBS. The International Monetary Fund (IMF) attributes the weakening of the KES to reduction in foreign currency denominated capital inflows, declining of tourism receipts and interventions by the CBK to smooth the foreign exchange market.
140. Despite the KES depreciation, the EIU notes that KES is resilient compared to other emerging market currencies due to the country's stringent monetary tightening and also due to the country's low level of dependence on hydrocarbons and minerals exports. The EIU reports that the KES will remain vulnerable to global development such as further rises in US rates and uncertainties surrounding the state of the Chinese economy. The EIU predicts the KES to weaken from an average of 104.23 against the US dollar in 2016 to an average of 117.5 in 2020.

## Financial Services

141. The Kenya National Bureau of Statistics (KNBS) reported that the financial services (FSI) industry which contributes 6.8% to the country's Gross Domestic Product (GDP), withstood a turbulent year to post a growth of 9.3% in 2015 compared to 9.1% in 2014. This is attributed to increase in lending to the Government and growth in the construction, manufacturing and agriculture sectors.
142. The FSI industry in Kenya is currently characterized by themes on consolidation, with both the industry's regulators and players expected to consolidate in the near-term.



143. On 31 May 2016, the Treasury published a bill that proposes the merging of four regulatory agencies: the Capital Markets Authority (CMA), the Retirements Benefits Authority (RBA) and the Insurance.
144. Regulatory Authority (IRA) and the Sacco Societies Regulatory Agency (SASRA) into one regulatory body: the Financial Sector Authority (FSA).
145. The introduction of risk-based minimum capital ratios together with liquidity constraints in the banking and insurance sectors also point towards the consolidation of small and large banks and of small and large insurers respectively.

## V. MEDIUM-TERM EXPENDITURE FRAMEWORK

146. Going forward, and in view of the recent macroeconomic circumstance and limited resources, MTEF budgeting will entail adjusting non-priority expenditures to cater for the priority sectors. All plans developed will guide resource allocation, going forward. In the Meantime, the resource allocation will be based on the updated Annual development Plan developed in August 2016
- ⇒ The priority social sectors, education and health, will continue to receive adequate resources. Both sectors (education and health) are already receiving a significant share of resources in the budget and require them to utilize the allocated resources more efficiently to generate fiscal space to accommodate other strategic interventions in their sectors.
  - ⇒ The economic sectors including agriculture and livestock will receive increasing share of resources to boost agricultural productivity with a view to deal with threats in food security in the country.
  - ⇒ With the Government's commitment in improving infrastructure countywide, the share of resources going to priority physical infrastructure sector, such as roads, energy and water and irrigation, will continue to rise over the medium term. This will help the sector provide reliable and affordable energy, as well as increased access to water and development of irrigation projects countywide.
  - ⇒ Other priority sectors including youth and gender will continue to receive adequate resources.
147. Reflecting the above medium-term expenditure framework, the *Annex Table 8* below provides the tentative projected ceilings for the 2017 MTEF, classified per Sub Sector.

### Budget framework for 2017/18 FY

148. The 2017/18 budget framework is set against the background of the updated medium-term macro-fiscal framework set out. Real GDP is expected to increase by 6.1 percent in FY 2017/18 underpinned by continued good performance across all sectors of the national economy. The projected growth assumes normal weather pattern during the year and improved investor confidence in the economy. Inflation is expected to remain low and stable, reflecting continued implementation of a prudent monetary policy and stable food and oil prices, as well as the shilling exchange rate.

### Revenue projections

149. The 2017/18 budget targets revenue of Kshs 5.910 billion of which Kshs.495.6 million will be from local revenue sources, Kshs. 383.45 million from grants and Kshs 5.031billion will be from equitable share. This revenue is expected to rise to Kshs 6.205 billion and Kshs. 6.515 billion in the 2018/19 FY and 2019/20 FY.

## Expenditure Forecasts

150. In 2017/18 FY, overall expenditure is projected to rise from Kshs 5.628 billion in the 2016/17 FY to Kshs. 5.910 billion. In 2018/19 FY and 2019/20 FY expenditure is expected to be Kshs 6.205 billion and Kshs. 6.515 respectively.
151. The total recurrent expenditure for 2017/18 FY was projected to be Kshs 4.117 billion of which Kshs.2.726 billion and Kshs 1.391 billion will be for compensation of employees and operation and maintenance respectively. Also Kshs. 4.323 billion and Kshs. 4.539 billion will be spent in recurrent expenditure in 2018/19 FY and 2019/20 FY respectively. Similarly, compensation of employees and operation and maintenance is projected to be Kshs.2.862 billion and Kshs. 1.460 in 2018/19 FY and Kshs. 3.005 billion and Kshs. 1.533 billion in 2019/20 respectively.
152. Development expenditure is projected to be Kshs 1.792 billion, Kshs 1.882 billion and Kshs.1.976 billion in 2017/18 FY, 2018/19 FY and 2019/20 FY respectively.

## Risks to the Outlook

153. The risks to outlook include unpredictable movement of world oil prices, drought, 2017 general elections uncertainties which have always been associated elections in the country.
154. Public expenditure pressures particularly wage related recurrent expenditures, continue to pose fiscal risks. Impacts of insecurity on tourism and general economic performance as this will directly affect the investor confidence in the country and beyond.
- 155.If the anticipated risks materialize, macro framework and medium term ceilings shall be revised in the 2017 CFSP.

## VI. RECOMMENDATION AND CONCLUSIONS

156. The 2017/18-2019/20 MTEF presented in this BRPOP is developed taking into account the key objectives and County Government's priority policies as outlined in the County Integrated Development Plan (CIDP), Sector plans, Annual Development Plan, 2016 and Second Medium Term Plan towards realization of Vision 2030. The policies, therefore, are broadly in line with the fiscal responsibility principles outlined in the PFM law.
157. Therefore, SWGs should carefully consider detailed costing of programmes /projects in addressing county strategic objectives. In this regard, the next County Fiscal Strategy Paper (CFSP) will be finalized early than the usual February 28th as per the PFM law because of electioneering period.
158. The sector ceilings annexed herewith will guide the Sector Working Group (SWGs) recently constituted and spending departments in rolling out preparation of 2017/18 budget as per the circular issued in August, 2016. Since resources are finite, it is critical that Sector Working Groups and respective department allocate resources based on prioritized programs earmarked for 2017/18 but within the CBROP ceiling.

## VII. ANNEXES

### Annex 1; Revised Budget

Revenue Source	Approved Budget	Revised Budget	Increase/Decrease
Equitable share	4,440,576,026.00	4,440,576,026.00	-
Conditional Allocation Free Maternal Health Care	65,759,400.00	65,759,400.00	-
Leasing of Medical Equipment	95,744,681.00	95,744,681.00	-
Roads Maintenance Fuel Levy Fund	56,410,082.00	56,410,082.00	-
Local revenue	300,000,000.00	300,000,000.00	-
Compensation for use fees forgone	12,950,107.00	12,950,107.00	-
World Bank support to Health Facilities	17,224,300.00	17,224,300.00	-
Danida (Health Facilities)	<b>25,970,000.00</b>	<b>25,970,000.00</b>	-
Roll over funds	831,912,416.00	886,341,385.00	(54,428,969.00)
<b>TOTAL</b>	<b>5,846,547,012.00</b>	<b>5,900,975,981.00</b>	<b>(54,428,969.00)</b>

### Annex 2; Actual Revenue Against Projected

Revenue Source	Year 2015/16		Deviation
	Actual	Budgets	
<b>A. Total Revenue and Grants</b>	<b>5,744,500,951</b>	<b>5,900,975,981</b>	(156,475,030)
<b>1 Revenue Totals</b>	<b>4,440,576,026</b>	<b>4,440,576,026</b>	-
Equitable Share	4,440,576,026	4,440,576,026	-
<b>Other Grants</b>	<b>1,024,188,374</b>	<b>1,160,399,955</b>	<b>(136,211,581)</b>
Conditional Allocation Free Maternity	51,262,500	65,759,400	(14,496,900)

Revenue Source	Year 2015/16		Deviation
	Actual	Budgets	
Leasing Of Medical Equipment	-	95,744,681	(95,744,681)
HSSF DANIDA -Health facilities	-	25,970,000	(25,970,000)
World Bank Support To Health Facilities	17,224,300	17,224,300	-
Compensation For Use Fees Forgone	12,950,107	12,950,107	-
Roll Over Funding	886,341,385	886,341,385	-
Roads Maintenance Fuel Levy Fund	56,410,082	56,410,082	-
<b>Total County own Local Revenue</b>	<b>279,736,551</b>	<b>300,000,000</b>	<b>(20,263,449)</b>
Game Park Fees	44,298,390	65,378,064	(21,079,674)
Animal Stock Sale Fees	15,258,665	14,269,644	989,021
Produce & Other Cess	48,506,214	26,754,431	21,751,783
Single Business Permit	38,098,248	44,430,982	(6,332,734)
Plot Rent/ Rates	16,744,873	29,476,586	(12,731,713)
Market Fees & Others	37,215,442	28,871,413	8,344,029
Public Health Licenses	2,893,400	6,000,000	(3,106,600)
Veterinary Services	3,930,042	6,000,000	(2,069,958)
Koibatek ATC	2,157,105	5,113,620	(2,956,515)
Marigat AMS	1,158,190	8,522,700	(7,364,510)
Hospital Revenue	69,475,982	65,182,560	4,293,422

### Annex 3; Recurrent and Development Expenditure

Department	RECURRENT EXPENDITURE				DEVELOPMENT EXPENDITURE			
	ACTUAL EXPENDITURE	APPROVED BUDGET	Variance	Absorption Rate	Actual Expenditure	Approved Budget	Variance	
County Assembly	503,733,925	512,588,730	8,854,805	98%	26,093,572	65,281,232	39,187,660	40%
Governor/County Executive services	300,136,528	300,136,528	(0)	100%	6,886,940	60,002,835	53,115,895	12%
County Treasury Services	353,738,990	361,106,060	7,367,070	98%	30,983,745	42,882,998	11,899,253	72%

Department	RECURRENT EXPENDITURE				DEVELOPMENT EXPENDITURE			
	ACTUAL EXPENDITURE	APPROVED BUDGET	Variance	Absorption Rate	Actual Expenditure	Approved Budget	Variance	
Transport and Infrastructure	50,278,589	50,437,567	158,978	100%	311,046,346	542,883,617	231,837,271	57%
Industrialization, Commerce and Tourism	110,703,543	111,333,192	629,649	99%	69,711,144	96,441,673	26,730,529	72%
Education and ICT	263,416,093	267,970,615	4,554,522	98%	141,970,165	266,801,282	124,831,117	53%
Health	1,456,092,121	1,470,163,276	14,071,155	99%	202,054,175	409,659,382	207,605,207	49%
Lands, Housing & Urban Development	83,154,905	83,319,435	164,530	100%	94,941,880	136,789,208	41,847,328	69%
Agriculture, Livestock, Fisheries & Marketing	204,709,066	209,417,223	4,708,157	98%	103,117,107	203,582,090	100,464,983	51%
Youth, Gender & Social Security Services	49,245,494	49,753,806	508,312	99%	45,313,224	105,171,284	59,858,060	43%
Water & Irrigation	95,565,198	95,593,588	28,390	100%	255,624,100	394,247,549	138,623,449	65%
Environment & Natural Resources	26,913,345	28,262,126	1,348,781	95%	22,615,234	37,150,686	14,535,452	61%
<b>TOTAL</b>	<b>3,497,687,797</b>	<b>3,540,082,146</b>	<b>42,394,349</b>	<b>99%</b>	1,310,357,631	2,360,893,836	1,050,536,205	<b>56%</b>

## Annex 4; Employee Compensation & Operations and Maintenance

DEPARTMENT	Employee Compensation		Operations and Maintenance		Total Actual	Total Budget
	Actual	Budget	Actual	Budget		
County Assembly	276,814,075.00	285,668,881.00	226,919,849.97	226,919,849.00	503,733,924.97	512,588,730.00
Office Of the County Executive services	126,535,374.35	126,535,374.72	173,601,153.85	173,601,153.00	300,136,528.20	300,136,527.72
County Treasury Services	197,453,060.70	197,453,060.30	156,285,929.45	163,652,999.57	353,738,990.15	361,106,059.87
Transport and Infrastructure	37,440,083.95	37,599,062.22	12,838,505.75	12,838,505.00	50,278,589.70	50,437,567.22
Industrialization, Commerce and Tourism	53,369,690.65	53,999,340.00	57,333,852.95	57,333,852.29	110,703,543.60	111,333,192.29
Education and ICT	194,937,680.15	198,268,468.24	68,478,413.10	69,702,147.00	263,416,093.25	267,970,615.24
Health	1,116,103,463.55	1,116,103,462.70	339,988,658.25	354,059,813.70	1,456,092,121.80	1,470,163,276.40
Lands,Housing & Urban Development	58,236,316.20	58,400,846.73	24,918,588.85	24,918,588.00	83,154,905.05	83,319,434.73
Agriculture, Livestock, Fisheries & Marketing	178,258,961.40	182,967,118.00	26,450,105.10	26,450,105.00	204,709,066.50	209,417,223.00
Water & Irrigation	46,321,598.50	46,321,598.00	49,243,599.50	49,271,990.00	95,565,198.00	95,593,588.00
Environment & Natural Resources	20,817,316.15	22,166,098.00	6,096,028.00	6,096,028.00	26,913,344.15	28,262,126.00
Youth, Gender & Social Security Services	19,944,610.85	20,452,923.00	29,300,883.45	29,300,883.00	49,245,494.30	49,753,806.00
<b>TOTAL</b>	<b>2,326,232,231.45</b>	<b>2,345,936,232.91</b>	<b>1,171,455,568.22</b>	<b>1,194,145,913.56</b>	<b>3,497,687,799.67</b>	<b>3,540,082,146.47</b>

## Annex 5: Comparative analysis for actual expenditure for 2014/15 and 2015/16

Departments		FY 2014/2015	FY 2015/2016	Change	% change
		Actual	Actual		
County Assembly	<b>Sub totals</b>	<b>375,670,025</b>	<b>529,827,498</b>	<b>154,157,473</b>	<b>41%</b>
	Rec.	349,977,218	503,733,925	153,756,707	44%
	Dev	25,692,807	26,093,572	400,765	2%
Office of the Governor	<b>Sub totals</b>	<b>289,286,538</b>	<b>307,023,468</b>	<b>17,736,930</b>	<b>6%</b>
	Rec.	251,605,790	300,136,528	48,530,738	19%
	Dev	37,680,748	6,886,940	(30,793,808)	-82%



Departments		FY 2014/2015	FY 2015/2016		
		Actual	Actual	Change	% change
County Treasury	<b>Sub totals</b>	<b>230,715,936</b>	<b>384,722,735</b>	<b>154,006,799</b>	<b>67%</b>
	Rec.	229,935,296	353,738,990	123,803,694	54%
	Dev	780,640	30,983,745	30,203,105	3869%
Agriculture, Livestock and Fisheries	<b>Sub totals</b>	<b>307,641,749</b>	<b>307,826,173</b>	<b>184,424</b>	<b>0%</b>
	Rec.	193,940,675	204,709,066	10,768,391	6%
	Dev	113,701,074	103,117,107	(10,583,967)	-9%
Health	<b>Sub totals</b>	<b>1,256,900,322</b>	<b>1,658,146,296</b>	<b>401,245,974</b>	<b>32%</b>
	Rec.	1,178,979,295	1,456,092,121	277,112,826	24%
	Dev	77,921,027	202,054,175	124,133,148	159%
	Leasing of med.equip.	-	-	-	
Education and ICT	<b>Sub totals</b>	<b>406,074,291</b>	<b>405,386,258</b>	<b>(688,033)</b>	<b>0%</b>
	Rec.	249,534,495	263,416,093	13,881,598	6%
	Dev	156,539,796	141,970,165	(14,569,631)	-9%
Transport and Infrastructure	<b>Sub totals</b>	<b>346,467,310</b>	<b>361,324,935</b>	<b>14,857,625</b>	<b>4%</b>
	Rec.	53,149,668	50,278,589	(2,871,079)	-5%
	Dev	293,317,642	311,046,346	17,728,704	6%
	RMLF	-	-	-	
Water and Irrigation	<b>Sub totals</b>	<b>281,699,488</b>	<b>351,189,298</b>	<b>69,489,810</b>	<b>25%</b>
	Rec.	85,201,712	95,565,198	10,363,486	12%
	Dev	196,497,776	255,624,100	59,126,324	30%
Environment and Natural Resources	<b>Sub totals</b>	<b>51,951,304</b>	<b>49,528,579</b>	<b>(2,422,725)</b>	<b>-5%</b>
	Rec.	29,191,160	26,913,345	(2,277,815)	-8%
	Dev	22,760,144	22,615,234	(144,910)	-1%
Industrialization, Commerce, Tourism and Enterprise Development	<b>Sub totals</b>	<b>215,104,636</b>	<b>180,414,687</b>	<b>(34,689,949)</b>	<b>-16%</b>
	Rec.	93,871,561	110,703,543	16,831,982	18%
	Dev	121,233,075	69,711,144	(51,521,931)	-42%
Youth, Gender, Sports, Culture and Social	<b>Sub totals</b>	<b>99,727,320</b>	<b>94,558,718</b>	<b>(5,168,602)</b>	<b>-5%</b>

Departments		FY 2014/2015	FY 2015/2016		
		Actual	Actual	Change	% change
Services	Rec.	63,797,073	49,245,494	(14,551,579)	-23%
	Dev	35,930,247	45,313,224	9,382,977	26%
Lands, Housing and Urban Development	<b>Sub totals</b>	<b>152,163,557</b>	<b>178,096,785</b>	<b>25,933,228</b>	<b>17%</b>
	Rec.	118,555,431	83,154,905	(35,400,526)	-30%
	Dev	33,608,126	94,941,880	61,333,754	182%
<b>TOTAL</b>	<b>REC.</b>	<b>2,897,739,374</b>	<b>3,497,687,797</b>	<b>599,948,423</b>	<b>21%</b>
	<b>DEV</b>	<b>1,115,663,102</b>	<b>1,310,357,631</b>	<b>194,694,529</b>	<b>17%</b>
<b>GRAND TOTAL</b>		<b>4,013,402,476</b>	<b>4,808,045,428</b>	<b>794,642,952</b>	<b>20%</b>

### Annex 6; Projected Expenditure and Revenue Per Economic Classification in the MTEF period

Revenue	2013/14	2014/15	2015/16		2016/17	Projection 2017/18-2019/20		
	Actual	Actual	Approved Budget	Actual	Approved Budget	2017/2018	2018/2019	2019/20
<b>Total Equitable /Grants Revenue</b>	<b>3,817,493,342.00</b>	<b>3,972,375,317.00</b>	<b>5,600,975,981.00</b>	<b>5,464,764,400.00</b>	<b>5,156,635,169.00</b>	<b>5,414,466,927.45</b>	<b>5,685,190,273.82</b>	<b>5,969,449,787.51</b>
Conditional Allocation Free Maternity	-	-	65,759,400.00	51,262,500.00	64,662,618.00	67,895,748.90	71,290,536.35	74,855,063.16
Leasing Of Medical Equipment	-	-	95,744,681.00	-	95,744,681.00	100,531,915.05	105,558,510.80	110,836,436.34
User Charges	50,000,000.00	-	-	-	-	-	-	-
HSSF DANIDA -Health facilities	-	23,790,000.00	25,970,000.00	-	12,985,000.00	13,634,250.00	14,315,962.50	15,031,760.63
Loans And Grants(WHO)	382,555,501.00	73,673,500.00	-	-	-	-	-	-
World Bank Support To Health Facilities	-	-	17,224,300.00	17,224,300.00	77,761,278.00	81,649,341.90	85,731,809.00	90,018,399.44
Compensation For Use Fees Forgone	-	-	12,950,107.00	12,950,107.00	13,370,516.00	14,039,041.80	14,740,993.89	15,478,043.58
Roll Over Funding	137,000,000.00	-	886,341,385.00	886,341,385.00	-	-	-	-
Roads Maintenance Fuel Levy Fund	-	-	56,410,082.00	56,410,082.00	73,620,416.00	77,301,436.80	81,166,508.64	85,224,834.07
C & P Grant	-	-	-	-	27,052,470.00	28,405,093.50	29,825,348.18	31,316,615.58
Equitable Share	3,247,937,841.00	3,874,911,817.00	4,440,576,026.00	4,440,576,026.00	4,791,438,190.00	5,031,010,099.50	5,282,560,604.48	5,546,688,634.70
<b>Local Revenue</b>	<b>201,519,605.00</b>	<b>249,723,429.00</b>	<b>300,000,000.36</b>	<b>279,736,551.00</b>	<b>472,000,000.50</b>	<b>495,600,000.53</b>	<b>520,380,000.55</b>	<b>546,399,000.58</b>
<b>Total Revenues</b>	<b>4,019,012,947.00</b>	<b>4,222,098,746.00</b>	<b>5,900,975,981.36</b>	<b>5,744,500,951.00</b>	<b>5,628,635,169.50</b>	<b>5,910,066,927.98</b>	<b>6,205,570,274.37</b>	<b>6,515,848,788.09</b>
<b>Expenditure Projection</b>								

Revenue	2013/14	2014/15	2015/16		2016/17	Projection 2017/18-2019/20		
	Actual	Actual	Approved Budget	Actual	Approved Budget	2017/2018	2018/2019	2019/20
Department		Budget 2014/2015		Actual	Approved Budget 2016/2017	Projection 2017/2018	Projection 2018/2019	Projection 2018/2019
<b>Total Recurrent Expenditure</b>	2,444,246,944.00	2,897,739,374.88	3,540,082,146.47	3,527,555,700.37	3,921,226,171.50	4,117,287,480.08	4,323,151,854.08	4,539,309,446.78
Employee Compensation	1,535,626,757.00	2,022,272,997.80	2,345,936,232.91	2,313,848,172.35	2,596,219,734.00	2,726,030,720.70	2,862,332,256.74	3,005,448,869.57
Operation and Maintenance	908,620,187.00	875,466,377.08	1,194,145,913.56	1,213,707,528.02	1,325,006,437.50	1,391,256,759.38	1,460,819,597.34	1,533,860,577.21
<b>Total Development</b>	<b>393,144,156.00</b>	<b>1,115,663,103.00</b>	<b>1,474,552,450.00</b>	<b>1,310,357,630.85</b>	<b>1,707,408,997.00</b>	<b>1,792,779,446.85</b>	<b>1,882,418,419.19</b>	<b>1,976,539,340.15</b>
Development expenditure	393,144,156.00	1,115,663,103.00	1,474,552,450.00	1,310,357,630.85	1,707,408,997.00	1,792,779,446.85	1,882,418,419.19	1,976,539,340.15
<b>Total Expenditure</b>	<b>2,837,391,100.00</b>	<b>4,228,175,317.00</b>	<b>5,014,634,596.47</b>	<b>4,837,913,331.22</b>	<b>5,628,635,168.50</b>	<b>5,910,066,926.93</b>	<b>6,205,570,273.27</b>	<b>6,515,848,786.93</b>
<b>Project Net Deficit/Surplus</b>	-	-		-	-	-	-	-
Development rate of change	14%	26%	29%	27%	30%	30%	30%	30%
Employee Compensation Rate	54%	48%	47%	48%	46%	46%	46%	46%
Operation and Maintenance rate	32%	21%	24%	25%	24%	24%	24%	24%
<b>TOTAL RATE</b>	<b>100.00%</b>	<b>94.92%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

### Annex 7; projected locally generated revenue for MTEF Period

No	Sources	2013/2014	2014/2015	2015/2016		2016/2017	2017/2018	2018/2019	2019/2020
		Actuals	Actuals	Actuals	Approved Budget	Approved Budget	Projections		
1	Game Park Fees	69,456,838	54,429,063	44,298,390	65,378,063.83	159,170,751.78	167,129,289.37	175,485,753.84	184,260,041.53
2	Animal Stock Sale Fees	7,497,705	9,928,000	15,258,665	14,269,644.46	19,026,192.62	19,977,502.25	20,976,377.36	22,025,196.23
3	Produce & Other Cess	18,374,372	32,385,244	48,506,214	26,754,431.28	35,672,575.04	37,456,203.79	39,329,013.98	41,295,464.68
4	Single Business Permit	31,737,095	35,722,947	38,098,248	44,430,982.05	59,241,309.40	62,203,374.87	65,313,543.61	68,579,220.79
5	Plot Rent/ Rates	15,127,880	17,317,051	16,744,873	29,476,585.69	39,302,114.25	41,267,219.96	43,330,580.96	45,497,110.01
6	Market Fees & Others	29,184,504	30,303,827	37,215,442	28,871,413.05	38,495,217.41	40,419,978.28	42,440,977.19	44,563,026.05
7	Koibatek ATC	-	7,404,056	2,893,400	6,000,000.00	6,818,160.00	7,159,068.00	7,517,021.40	7,892,872.47
8	Marigat AMS	-	4,159,189	3,930,042	6,000,000.00	11,363,600.00	11,931,780.00	12,528,369.00	13,154,787.45
9	Public Health	570,900	1,136,942	2,157,105	5,113,620.00	8,000,000.00	8,400,000.00	8,820,000.00	9,261,000.00

		2013/2014	2014/2015	2015/2016		2016/2017	2017/2018	2018/2019	2019/2020
No	Sources	Actuals	Actuals	Actuals	Approved Budget	Approved Budget	Projections		
10	Veterinary	266,320	1,200,000	1,158,190	8,522,700.00	8,000,000.00	8,400,000.00	8,820,000.00	9,261,000.00
11	Hospital Revenue	29,303,991	55,737,110	69,475,982	65,182,560.00	86,910,080.00	91,255,584.00	95,818,363.20	100,609,281.36
<b>Total</b>		<b>201,519,605</b>	<b>249,723,429</b>	<b>279,736,551</b>	<b>300,000,000</b>	<b>472,000,001</b>	<b>495,600,000.53</b>	<b>520,380,000.55</b>	<b>546,399,000.58</b>

### Annex 8; Medium Term Expenditure Sub Sector Ceilings, FY 2017/18-2019/20 (Kshs)

Departments		FY 2014/2015	FY 2015/2016			FY 2016/2017		2017/2018	2018/19	2019/2020
		Actual	Actual	Budget	CFSP Ceiling	CFSP Ceiling	Approved Budget	Ceiling	Projections	
County Assembly	<b>Sub totals</b>	<b>375,670,025</b>	<b>528,521,674</b>	<b>522,588,730</b>	<b>442,854,617</b>	<b>558,640,078</b>	<b>593,775,560</b>	<b>623,464,338</b>	<b>654,637,555</b>	<b>687,369,433</b>
	Rec.	349,977,218	502,428,102	512,588,730	402,854,617	476,140,078	573,775,560	602,464,338	632,587,555	664,216,933
	Dev	25,692,807	26,093,572	10,000,000	40,000,000	82,500,000	20,000,000	21,000,000	22,050,000	23,152,500
Office of the Governor	<b>Sub totals</b>	<b>289,286,538</b>	<b>338,326,746</b>	<b>337,131,353</b>	<b>378,937,367</b>	<b>562,656,875</b>	<b>438,087,534</b>	<b>459,991,911</b>	<b>482,991,506</b>	<b>507,141,082</b>
	Rec.	251,605,790	331,439,806	300,136,528	298,937,367	453,656,875	393,635,396	413,317,166	433,983,024	455,682,175
	Dev	37,680,748	6,886,940	36,994,825	80,000,000	109,000,000	44,452,138	46,674,745	49,008,482	51,458,906
County Treasury	<b>Sub totals</b>	<b>230,715,936</b>	<b>415,813,438</b>	<b>387,301,999</b>	<b>425,853,261</b>	<b>312,481,923</b>	<b>273,385,437</b>	<b>287,054,709</b>	<b>301,407,444</b>	<b>316,477,817</b>
	Rec.	229,935,296	384,829,693	361,106,060	381,853,261	286,231,923	258,060,903	270,963,948	284,512,146	298,737,753
	Dev	780,640	30,983,745	26,195,939	44,000,000	26,250,000	15,324,534	16,090,761	16,895,299	17,740,064
Agriculture, Livestock and Fisheries	<b>Sub totals</b>	<b>307,641,749</b>	<b>297,026,174</b>	<b>334,360,210</b>	<b>430,829,917</b>	<b>452,371,413</b>	<b>356,341,900</b>	<b>374,158,995</b>	<b>392,866,945</b>	<b>412,510,292</b>
	Rec.	193,940,675	193,909,067	209,417,223	200,829,917	210,871,413	227,370,686	238,739,220	250,676,181	263,209,990
	Dev	113,701,074	103,117,107	124,942,987	230,000,000	241,500,000	128,971,214	135,419,775	142,190,763	149,300,302
Health	<b>Sub totals</b>	<b>1,256,900,322</b>	<b>1,656,846,019</b>	<b>1,718,541,113</b>	<b>1,498,162,049</b>	<b>1,576,220,151</b>	<b>2,111,466,254</b>	<b>2,217,039,567</b>	<b>2,327,891,545</b>	<b>2,444,286,122</b>
	Rec.	1,178,979,295	1,454,791,844	1,470,163,276	1,293,162,049	1,325,431,800	1,818,571,510	1,909,500,086	2,004,975,090	2,105,223,844
	Dev	77,921,027	202,054,175	248,377,837	205,000,000	215,250,000	292,894,744	307,539,481	322,916,455	339,062,278
	Leasing of med.equip.	-	-	-	-	35,538,351	-	-	-	-
Education and ICT	<b>Sub totals</b>	<b>406,074,291</b>	<b>394,486,258</b>	<b>432,042,556</b>	<b>377,514,673</b>	<b>391,140,407</b>	<b>438,765,519</b>	<b>460,703,795</b>	<b>483,738,985</b>	<b>507,925,934</b>
	Rec.	249,534,495	252,516,093	267,970,615	257,514,673	265,140,407	286,423,763	300,744,951	315,782,199	331,571,309
	Dev	156,539,796	141,970,165	164,071,941	120,000,000	126,000,000	152,341,756	159,958,844	167,956,786	176,354,625

Departments		FY 2014/2015	FY 2015/2016			FY 2016/2017		2017/2018	2018/19	2019/2020
		Actual	Actual	Budget	CFSP Ceiling	CFSP Ceiling	Approved Budget	Ceiling	Projections	
Transport and Infrastructure	<b>Sub totals</b>	<b>346,467,310</b>	<b>362,224,936</b>	<b>429,078,029</b>	<b>328,758,188</b>	<b>345,196,098</b>	<b>470,266,057</b>	<b>493,779,360</b>	<b>518,468,328</b>	<b>544,391,744</b>
	Rec.	53,149,668	51,178,590	50,437,567	69,529,500	73,005,975	56,155,117	58,962,873	61,911,016	65,006,567
	Dev	293,317,642	311,046,346	378,640,462	259,228,688	212,959,537	414,110,940	434,816,487	456,557,311	479,385,177
	RMLF	-	-	-	-	59,230,586	-	-	-	-
Water and Irrigation	<b>Sub totals</b>	<b>281,699,488</b>	<b>351,189,298</b>	<b>330,593,336</b>	<b>399,378,759</b>	<b>378,559,345</b>	<b>429,875,254</b>	<b>451,369,017</b>	<b>473,937,468</b>	<b>497,634,341</b>
	Rec.	85,201,712	95,565,198	95,593,588	95,694,228	100,478,939	100,116,835	105,122,677	110,378,811	115,897,751
	Dev	196,497,776	255,624,100	234,999,748	303,684,531	278,080,406	329,758,419	346,246,340	363,558,657	381,736,590
Environment and Natural Resources	<b>Sub totals</b>	<b>51,951,304</b>	<b>49,070,579</b>	<b>57,746,808</b>	<b>90,576,000</b>	<b>89,854,800</b>	<b>82,163,760</b>	<b>86,271,948</b>	<b>90,585,545</b>	<b>95,114,823</b>
	Rec.	29,191,160	26,455,345	28,262,126	40,576,000	37,354,800	28,156,515	29,564,341	31,042,558	32,594,686
	Dev	22,760,144	22,615,234	29,484,682	50,000,000	52,500,000	54,007,245	56,707,607	59,542,988	62,520,137
Industrialization, Commerce, Tourism and Enterprise Development	<b>Sub totals</b>	<b>215,104,636</b>	<b>181,214,687</b>	<b>184,446,866</b>	<b>204,021,909</b>	<b>208,973,004</b>	<b>156,845,618</b>	<b>164,687,899</b>	<b>75,080,492</b>	<b>181,568,409</b>
	Rec.	93,871,561	111,503,544	111,333,192	109,021,909	109,223,004	80,080,547	84,084,574	88,288,803	92,703,243
	Dev	121,233,075	69,711,144	73,113,674	95,000,000	99,750,000	76,765,071	80,603,325	84,633,491	88,865,165
Youth, Gender, Sports, Culture and Social Services	<b>Sub totals</b>	<b>99,727,320</b>	<b>94,180,017</b>	<b>109,503,277</b>	<b>133,954,500</b>	<b>140,652,225</b>	<b>131,512,317</b>	<b>138,087,933</b>	<b>144,992,329</b>	<b>152,241,946</b>
	Rec.	63,797,073	48,866,793	49,753,806	58,954,500	61,902,225	33,774,123	35,462,829	37,235,971	39,097,769
	Dev	35,930,247	45,313,224	59,749,471	75,000,000	78,750,000	97,738,194	102,625,104	107,756,359	113,144,177
Lands, Housing and Urban Development	<b>Sub totals</b>	<b>152,163,557</b>	<b>168,096,785</b>	<b>171,300,319</b>	<b>208,270,030</b>	<b>219,101,020</b>	<b>146,149,958</b>	<b>153,457,456</b>	<b>161,130,329</b>	<b>169,186,845</b>
	Rec.	118,555,431	73,154,905	83,319,435	112,270,030	118,301,020	65,105,216	68,360,477	71,778,501	75,367,426
	Dev	33,608,126	<b>94,941,880</b>	87,980,884	96,000,000	100,800,000	81,044,742	85,096,979	89,351,828	93,819,419
<b>TOTAL</b>	<b>REC.</b>	<b>2,897,739,374</b>	<b>3,526,638,979</b>	<b>3,540,082,146</b>	<b>3,321,198,051</b>	<b>3,553,276,811</b>	<b>3,921,226,171</b>	<b>4,117,287,480</b>	<b>4,323,151,854</b>	<b>4,539,309,446</b>
	<b>DEV</b>	<b>1,115,663,102</b>	<b>1,310,357,631</b>	<b>1,474,552,450</b>	<b>1,597,913,219</b>	<b>1,682,570,529</b>	<b>1,707,408,997</b>	<b>1,792,779,447</b>	<b>1,882,418,419</b>	<b>1,976,539,340</b>
<b>GRAND TOTAL</b>		<b>4,013,402,476</b>	<b>4,836,996,610</b>	<b>5,014,634,596</b>	<b>4,919,111,270</b>	<b>5,235,847,340</b>	<b>5,628,635,168</b>	<b>5,910,066,926</b>	<b>6,205,570,273</b>	<b>6,515,848,786</b>

## Annex 9; Staff Establishment Per Department

S/No	Department	Number of Staff
0001	County Assembly	144
0002	Office Of the County Executive services	42
0003	Office of the Deputy Governor	6
0004	Office of the County Secretary	24
0005	County Public Service Board	12
0006	County Treasury Services	252
0007	Tiaty Sub county	12
0008	Baringo North Sub County	15
0009	Baringo Central Sub County	7
0010	Baringo South Sub County	26
0011	Mogotio Sub County	13
0012	Eldama Ravine Sub County	12
0013	Transport and Infrastructure	57
0014	Industrialization, Commerce and Tourism	74
0015	Education and ICT	1882
0016	Health	1255
0017	Lands, Housing & Urban Development	28
0018	Eldama Ravine Town	20
0019	Kabarnet Town	34
0020	Agriculture, Livestock, Fisheries & Marketing	274
0021	Youth, Gender & Social Security Services	12
0022	Water & Irrigation	106
0023	Environment & Natural Resources	24
	<b>TOTAL</b>	<b>4,331</b>

## Annex 10; Expenditure for Specialized Recurrent Items

<b>YOUTH &amp; WOMEN FUND</b>			
	2013/2014	2014/2015	2015/2016
Allocation	-	10,000,000	10,000,000
Disbursements	-	10,000,000	10,000,000
<b>EDUCATION BURSARY FUND</b>			
	2013/2014	2014/2015	2015/2016
Allocation	45,000,000	41,000,000	54,000,000
Disbursements	45,000,000	41,000,000	54,000,000
<b>CONSERVANCIES</b>			
	2013/2014	2014/2015	2015/2016
Allocation	6,000,000	6,000,000	-
Disbursements	-	-	9,500,000
<b>SME FUND</b>			
	2013/2014	2014/2015	2015/2016
Allocation	-	15,000,000	4,826,000
Disbursements	-	14,800,000	2,413,000
<b>EMERGENCY FUND</b>			
	2013/2014	2014/2015	2015/2016
Allocation		21,000,000	46,000,000
Disbursements		19,324,908	22,182,100
<b>COOPERATIVE FUND</b>			
	2013/2014	2014/2015	2015/2016
Allocation	6,000,000	6,000,000	5,700,000
Disbursements	6,000,000	6,000,000	5,700,000