

**REPUBLIC OF KENYA**



**GARISSA COUNTY BUDGET REVIEW AND OUTLOOK PAPER (CBROP)**

**2017/2018 FINANCIAL YEAR**

**OCTOBER 2017**

## **Foreword**

The County Budget Review and Outlook Paper (CBROP) is prepared in accordance with section 118 of the Public Finance Management Act, 2012. The document provides the actual fiscal performance of the Financial Year 2016/2017 in comparison to budgeted appropriations for the same year as well as review of the recent economic development. It further provides an overview of how the actual performance for the financial of the FY 2016/017 affected our compliance with fiscal responsibility principles and financial objectives spelt out in PFM Act as well as information showing changes from the projections outlined in the County fiscal strategy paper (CSFP).

The CBROP is a key document in linking up of policy, planning and budgeting. It is embedded on the Kenya's Vision 2030, Medium Term Plan (MTP) and the Garissa County Integrated Development Plan (CIDP). As such, the CBROP will continue to play a critical role in the preparation of budgets and management of public resources in a devolved system. To strengthen the budget preparation process, the County government will continue to embrace program base budgeting and deepen public financial reforms to increase efficiency and effectiveness in service delivery and value for money.

The County Budget Review and Outlook Paper (CBROP) provides basis to review the 2016/17 budget and as well set out the broad fiscal parameters for the next budget and the medium term.

This document was put together by core team of officers at the county Treasury who spent a significant amount time. It is in this regard that I sincerely thank all for their dedication, sacrifice and commitment to accomplish this task.

**Mr. Roble Said Nunow**

**County Executive Committee Member**

**Finance, Economic Planning, Revenue Management and County Affairs**

**Acknowledgement**

The County Budget Review and Outlook Paper mark the beginning of the journey of preparing the 2018/19 budget. It is one of the documents required to be prepared by the PFM Act. It reviews the fiscal performance in the previous financial year and gives an outlook for the coming year.

The preparation of this document was a collaborative effort from my staff of the directorate of Finance, Economic Planning and Revenue Management under the leadership of the Executive member of finance.

I take this opportunity to sincerely thank all for their dedication, sacrifice and commitment to public service.

**Mr. Bashir Hassan Hussein**

**Chief Officer**

**Finance and Economic Planning**

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## **Abbreviations and Acronyms**

<b>CA</b>	County Assembly
<b>CBR</b>	Central Bank Rate
<b>CBROP</b>	County Budget Review and Outlook Paper
<b>CFSP</b>	County Fiscal Strategy Paper
<b>CIDP</b>	County Integrated Development Plan
<b>CPI</b>	Consumer Price Index
<b>FY</b>	Financial Year
<b>GDP</b>	Gross Domestic Product
<b>IFMIS</b>	Integrated Financial Management Information System
<b>MTEF</b>	Medium Term Expenditure Framework

## **Preamble**

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

The Garissa County Budget Review and Outlook Paper was prepared in accordance with section 118 of the Public Finance Management Act, 2012 which states that:

1. A County Treasury shall prepare and submit a County Budget Review and Outlook Paper (CBROP) to the County executive committee for approval by 30<sup>th</sup> September each financial year. The CBROP shall include;
  - a) Details of actual fiscal performance in the previous financial year compared to the budget appropriation for that year;
  - b) Updated financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper (CFSP);
  - c) Information on any changes in the forecasts compared with the CFSP or actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles or the financial objectives in the CFSP for that year; and
  - d) The reasons for any deviation from the financial objectives in the CFSP together with proposals to address the deviations and the time estimated for doing so.
2. The County Executive Committee shall consider the CBROP with a view to approving it, with or without amendments within fourteen days after its submission.
3. Not later than seven days after the CBROP has been approved by County Executive Committee, the County Treasury shall:
  - a) Arrange for the CBROP to be laid before the County Assembly; and
  - b) Publish and publicize the paper as soon as practicable.

## **Fiscal Responsibility Principles in the Public Financial Management Act**

Section 107 of the Public Finance Management (PFM) Act 2012 sets out the fiscal responsibility principles to ensure prudent and transparent management of county resources. The PFM Act states that:

- i. The county government's recurrent expenditure shall not exceed 70% of the county government's total revenue;
- ii. Over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure;
- iii. The county government's expenditures on wages and benefits shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive Member for finance in regulations approved by the County Assembly;
- iv. 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;
- v. The county debt shall be maintained at a sustainable level as approved by the County Assembly (CA);
- vi. Fiscal risks shall be managed prudently; and
- vii. A reasonable degree of the 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.

# 1 INTRODUCTION

## Background

1. The Garissa County Budget Review and Outlook Paper (CBROP) is prepared under the provisions of the Public Financial Management Act, 2012. In line with this Act, the CBROP contains a review of the fiscal performance of the financial year 2016/2017, updated macroeconomic forecasts and information on the changes in the forecasts compared with the financial year 2016/2017 county budget. The paper also contains actual financial performance for the previous financial year 2016/2017.

## Objectives of CBROP

2. It provides a review of the previous fiscal performance and how it impacts on the financial objectives and fiscal responsibility principles as set out in the PFM Act, 2012. This together with an updated macroeconomic outlook provides a basis for revision of the current budget in the context of Supplementary Estimates and the broad fiscal parameters underpinning the next budget and the medium term

3. It links up policy, planning and budgeting. It is embedded on the Kenya's Vision 2030 through the Second Medium Term Plan (MTP) and the Garissa County Integrated Development Plan (CIDP). The CBROP will be firmed up in the County Fiscal Strategy Paper (CFSP), 2016 to reflect any changes in the economic and financial conditions.

4. The CBROP is organized into the following sections: review of the fiscal performance in the Financial Year 2016/2017 and its implications on the financial objectives set out in the CFSP; highlights on recent economic developments and outlook; resource allocation framework; and the conclusion.



## II REVIEW OF FISCAL PERFORMANCE IN 2016/2017

### A. Overview

5. The fiscal performance in FY 2016/2017 was satisfactory with an absorption rate of 94%. Out of this 42% of total actual expenditure was spent on salaries, 22% operations & maintenance and 36% of the total expenditure was spent on development. However the county had huge shortfall of local collection in which the county realized a paltry 23% of the estimates.

### B. 2016/17 Fiscal Performance

6. Table 1 presents the fiscal performance for the Financial Year 2016/17 and the deviation from the revised budget estimates.

**Table 1: Fiscal Performance**

	<b>Budgeted</b>	<b>Actual Performance</b>	<b>Deviation</b>
<b>REVENUE</b>	<b>2016/17 (Ksh)</b>	<b>2016/17 (Ksh)</b>	<b>2016/17 (Ksh)</b>
Equitable Share	6,227,726,513.00	6,227,726,513.00	0.00
Local Resources	350,000,000.00	80,649,231.00	269,350,769.00
Conditional Grants	100,131,467.00	37,800,298.54	62,331,168.46
Balance B/F	306,000,000.00	306,000,000.00	0.00
Other Conditional Grants	586,657,085.00	469,452,351.00	117,204,734.00
<b>Total Revenue</b>	<b>7,570,515,065.00</b>	<b>7,121,628,393.54</b>	<b>448,886,671.46</b>
Salary	2,826,467,854.79	3,023,553,660.42	<b>-197,085,805.63</b>
O&M/ Others	1,661,313,552.21	1,541,594,767.04	<b>119,718,785.17</b>
Development	3,082,733,658.00	2,561,277,520.26	<b>521,456,137.74</b>
<b>Total Expenditure</b>	<b>7,570,515,065.00</b>	<b>7,126,425,947.72</b>	<b>444,089,117.28</b>
<b>Surplus/deficit</b>	<b>NIL</b>	<b>(4,797,554.18)</b>	<b>4,797,554.18</b>

Source: County Treasury

## Revenue Performance

7. During the financial year 2016/17, the county government received funds mainly from three sources. These were the equitable share from the National Government, conditional grants mainly focusing on the health sector and the county's own local collection. In addition, there was also balance carried forward from the 2015/16 financial year. The County government received an equitable share of ksh.6,227,726,513.00 which was fully received. The conditional grants comprised of Level five hospital funding of ksh 328,323,699, Forgone user compensation of ksh 13,126,920, free maternity support of ksh 56,235,000 and ksh. 71,766,732 road maintenance levy representing 75% of the estimated amount to be received. Additionally, DANIDA funds of ksh 17,940,000 was received. The balance from the financial year 2015/16 stood at ksh 306,000,000. Revenue from local sources amounted to ksh 80,649,231.00 against the target of ksh.350,000,000.00 representing an under-collection of ksh. 269,350,769.00; the under-collection was attributed to, among other things:

- i. The inability of the county government to implement the 2016/2017 finance bill due to legal challenges.
- ii. Non automation of revenue collection
- iii. Inadequate and ineffective enforcement officers
- iv. Lack of enough vehicles for supervision

These challenges are currently being addressed and this is expected to bring effectiveness and efficiency in revenue collection in the coming financial year.

Table 2 shows the various local revenue sources and estimated and actual performance in local revenue collection.

**Table 2: LOCAL Revenue 2016/2017**

REVENUE ITEM	TARGET	ACTUAL	VARIANCE
Sale of Tender Documents	2,160,000.00	273,000.00	1,887,000.00
Stock Auction fees	17,544,000.00	6,485,667.00	11,058,333.00
License And fees	1,968,000.00		1,968,000.00
Hire of Agricultural Machinery	6,000,000.00	1,645,155.00	4,354,845.00
Agricultural Training Center	1,800,000.00	193,790.00	1,606,210.00
cost sharing -pgh and sub counties	30,000,000.00	27,705,895.00	2,294,105.00
public health services and other charges	4,800,000.00	1,469,490.00	3,330,510.00
Daily fees	1,800,000.00	384,635.00	1,415,365.00
Market Entry fees	2,640,000.00	2,429,220.00	210,780.00

Market Stall Fees	9,936,000.00	356,100.00	9,579,900.00
Building Material /blocks	6,960,000.00	7,800,800.00	(840,800.00)
Miraa cess	8,700,000.00	4,603,150.00	4,096,850.00
Vegetable cess	2,640,000.00	3,228,450.00	(588,450.00)
Misc Income	2,400,000.00	1,247,296.00	1,152,704.00
Cereals	3,600,000.00		3,600,000.00
Outdoor Advertisement	6,000,000.00	20,000.00	5,980,000.00
Traffic and Parking	6,000,000.00	661,070.00	5,338,930.00
Transit fees	2,400,000.00		2,400,000.00
Single Business Permit ( Once in a year)	48,000,000.00	12,098,004.00	35,901,996.00
Tourism fees and Charges	1,500,000.00		1,500,000.00
Weights and Measures	500,000.00		500,000.00
Revenue from water Companies	12,000,000.00		12,000,000.00
Water pumps	18,000.00		18,000.00
Boreholes	60,000.00		60,000.00
Irrigation farm pumps	24,000.00		24,000.00
Water trucks/vendors	360,000.00		360,000.00
charcoal CESS	6,000,000.00	1,010,300.00	4,989,700.00
Environmental Certificates	1,800,000.00	48,000.00	1,752,000.00
Royalties	3,000,000.00		3,000,000.00
Fees for Cutting trees	600,000.00		600,000.00
Waste Disposal site	1,800,000.00		1,800,000.00
Liquor Licensing	100,000.00		100,000.00
Social Hall hire	1,200,000.00		1,200,000.00
Furniture & crockery's/utensils	360,000.00		360,000.00

Hire of stadium, open grounds	600,000.00		600,000.00
Registration of Welfare Groups	50,000.00		50,000.00
County Parks	600,000.00		600,000.00
Application/Approval for Registration of Educational Institutions(yearly)	100,000.00		100,000.00
Inspection of educational facilities	1,200,000.00		1,200,000.00
Impounding/storage charges of Roaming animals	3,600,000.00		3,600,000.00
Drainage of Stagnated water in CBD	2,400,000.00		2,400,000.00
Refuse Collection	3,600,000.00		3,600,000.00
Rent from County Houses	3,224,000.00	1,000,000.00	2,224,000.00
New land Registration	120,000,000.00		120,000,000.00
Land Rate	18,276,000.00	8,321,593.00	9,954,407.00
Road cutting	1,680,000.00		1,680,000.00
<b>GRAND TOTAL PERFORMANCE</b>	<b>350,000,000.00</b>	<b>80,981,615.00</b>	<b>269,018,385.00</b>

8. As indicated in table 2 the highest sources of local revenue are cost sharing fees from the county referral hospital, revenues from single business permits and Land rents which contributed ksh. 24,506,000.00, ksh. 8,365,370.00 and 8,321,593.00 to the county revenue respectively. More need to be done in order to improve the revenue streams from all the sources.

9. The lowest source of revenue during the period under review were those generated from the Agricultural Training College, Clearance certificates and fees from advertisements which contributed ksh. 193,790.00, ksh. 48,000.00 and ksh. 20,000.00 to the local county revenue respectively.

### **Expenditure Performance**

10. During the Financial Year 2016/2017, total expenditure amounted to Ksh. 7,126,425,948.00 against budgeted amount of Ksh. 7,570,515,065.00 representing an under-performance of 5.87%.

Recurrent expenditure amounted to Ksh.4,565,148, 427.46 compared to the budgeted estimate of Ksh. 4,487,781,407.00.00 representing an over-spending of 1.69%.

11. During the period under review, the expenditure on development amounted to Ksh. 2,561,277,520.26 compared to the budgeted estimate of Ksh. 3,082,733,658.00 representing an under-performance of 16.92%. This was attributed to lengthy procurement procedures.

### **C. Implication of 2016/17 Fiscal Performance on Fiscal Responsibility Principle and Financial Objectives Contained in the 2017 CFSP**

12. The performance in the FY 2016/17 has affected the financial objectives set out in the Budget for FY 2018/2019 in the following ways:

- i. The underperformance of own county revenue in the financial year 2016/17 has implications in the resource envelope and the base used to project the revenue for the tax items in the financial year 2018/19. Therefore, in projecting the revenue for 2018/19 new base of the current trend of revenue has been taken into account.
- ii. The base for revenue and expenditure projections has changed implying the need for adjustment in the fiscal aggregates for the current budget and the medium-term; and
- iii. Taking into account the slower pace of execution of the budget by the departments resulting from the uncertainty surrounding the release of funds by the National Treasury, the baseline ceilings for spending agencies will be adjusted.

13. Given the above deviations, the revision in revenues and expenditures will be based on the revised macroeconomic assumptions which will be firmed up in the context of the County Fiscal Strategy Paper. The County Government will not deviate from the fiscal responsibility principles, but will make appropriate modification to the financial objectives to be contained in the CFSP to reflect the changed circumstances.

### **III. RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK**

14. The performance of the County economy large relies on the performance of Country's economy as well as formulation and implementation of prudent policies by the county. Nationally, the macroeconomic environment has continued to improve and this will certainly impact positively on the County's economy; however inherent risks remain.

#### **A. Recent Economic Developments**

15. East African economy begins the year on a solid footing. Recent developments in key macroeconomic variables are encouraging. The country's economy is projected to grow by 5.9% and by 6.0% in 2017 supported by stable macroeconomic environment, low oil prices, earlier favorable harvest, rebound in tourism, strong remittance inflows and ambitious public investment. However, in the medium term, economic growth is projected to rebound to 5.8% and 6.1% in 2018 and 2019 respectively consistent with Kenya's underlying growth potential.

16. Overall inflation decreased from 6.9% in the year 2015 to 6.3% in 2016 and rose to 7.06% in September 2017 following an 8.04% rise in the month of August. The modest decrease in the rate of inflation was attributed to decline in the cost of several food items specially the vegetables and electricity cost.

17. The share of the commercial banks' credit going to private sector increased from 61.2% of total domestic credit to 69.6%.

18. Although the growth of the County is promising, it is subject to both macro and micro risks. The macroeconomic management and performance of the National Government has an

effect on how the county economy performs. This is because greater percentage of the county's resources is drawn from the National government resources.

## **B. Overview of Recent Developments**

19. The increase in inflation rate meant that consumers and businesses were worse off. As such they are not to make long-range plans because they know that the purchasing power of their money will not hold and will steadily be eroded year after year. Additionally, high inflation also means higher nominal and real (inflation-adjusted) interest rates. Higher real interest rates increase the cost of borrowing. This in turn has led to contraction in real estate and other investment opportunities. It has also discouraged businesses to invest in order to improve productivity so that they can stay competitive and prosper without steadily having to raise prices.

20. The County Government is committed to sustain economic growth by deepening and widening the agricultural base in Garissa. This will mainly be done along the River Tana through expansion of the irrigation infrastructure. It is the belief of the County's political leadership that this is the path to the revitalization of the county's economy and consequently to sustainable employment creation and empowerment of the county's citizens. The County Government has expanded agricultural growth through the supply of pump sets, construction of canals, provision free certified seeds and fertilizers to improve productivity.

21. Livestock development and value addition to livestock products continues through improved access to livestock markets such as construction and repairs of existing livestock sale yards, availability of livestock feeds through production and conservation of pasture and fodder, improved animal health and general disease control.

22. In an endeavour to uplift the lives of the vulnerable members, the county kept up - scaling the *ugatuzi na kazi* by absorbing more women in to this program hence uplifting living standards many Garissa people.

23. To further spur economic growth and propel the county to higher levels of development, the county government intends to promote investment opportunities and trade. To improve on trade, street lights have been installed in Garissa town. This has led to reduced crime rate in the county. The business working hours in the town has increased leading to higher levels of income thus enhancing economic development.

24. The roads sub sector has had considerable success for last 4 years, the county managed to open up several roads over the period, approximately 3000 km have been bush cleared and graded, 400km of marum, 26 drifts and 171 cal vets and 4 km of bitumen standard constructed over period. This eased transport and encourage people to adopt other means transport (tuktuk) that didn't existed before.

25. Garissa is a water scarce county. It heavily relies on river-based water supply schemes, water pans and boreholes. Over the period several water supply system has been commissioned the biggest water project so far completed and launched is Masalani water supply systems, several boreholes and water were also completed. more need to be done in Garissa water

supply system in 2017-2018 budget close to 150 million was factored for upgrade of Garissa water supply .

26. Being one of Counties with high illiteracy level, the county government is committed to eradication of illiteracy over medium term. To ensure that this achieved, the County has put in place ambitious programme and measures such recruitment of more E.C.D teachers, construction of more classrooms and enhancing food rations through promotion of school feeding programme.

27. Conservation of the environment has been given considerable support by recruiting enough forest guards and rangers and provided motor bike for patrols and Ishaq pin conservancy has been supported for construction offices and water pan .

### **C. Budget Implementation status**

28. The county is in the process of implementing the 2017/18 budget. The county treasury has largely adopted the Integrated Financial Management Information System (IFMIS). Continuous training for the personnel in IFMIS enhanced capacities of the staff in the use of IFMIS system leading to proper utilization of funds.

29. In terms of expenditure the county has so far expended a total of Ksh.7.126 billion in which ksh 4.564 billion translating to 64% of total revenue was spent in recurrent expenditure and ksh 2.56 billion translating to 36% of total revenue was spent in development expenditure . This overall translates to 94% absorption rate, which is an indication of proper fund utilization. Unfortunality the revenue collection was poor, we only managed to collect Ksh 80 million which translates to only 22.8% performance compared to our target.

### **D. Economic Outlook and Policies**

#### **Growth prospects**

30. The economic outlook takes into account the poor performance in the Agriculture and electricity and water supply sectors following the unfavorable weather conditions experienced in the first quarter of 2017, subdued credit to private sector during the quarter. As a result, the economy is projected to expand by 5.5 percent in 2017 from a growth of 5.8 percent in 2016.

31. The growth estimates for the medium term in fiscal years are ;5.7 percent n FY 206/2017,5.9 percent in FY 2017/18, 6.3 percent in FY 2018/2019 and .7 percent in FY 2020/2021.

#### **Inflation Outlook**

32. The inflation rate is projected to decline gradually to government's target supported by prevailing monetary policy stance, favorable weather conditions that will lower food prices and the increasing output of the geothermal generated power which will continue to moderate electricity prices and support lower consumer prices. The main risks to inflation relate to adverse weather conditions that affect food production and hence food prices and potential volatility in international oil prices following the decision by the major oil producers to reduce production.

### **E. Medium Term Fiscal Framework**

34. The County's fiscal policy objective will be to focus on government spending in the coming year and in the medium term on efforts to expand the county's five key sectors of Infrastructure, Agriculture, Health, Water and Education. To ensure sustainable resource usage, other sector allocations will be reduced to appropriate levels. Prudent fiscal policy is the key to maintaining economic stability in the county. The County Government is committed to operating within the approved fiscal framework. The county will continue maintaining a strong revenue mobilization effort. The economic agenda will continue being premised on inclusive and sustainable growth that opens economic opportunities and provide a better future for all residents of the county.

35. The county will continue to maintain a balanced budget in the medium term. This will be followed by prudent financial management to ensure that all planned projects are implemented. The county's economy is also expected to grow by 5.5% in line with the national economy.

36. In the 2017/18 financial year, the county expects to receive ksh.7.3 billion from the National Government, 128 million from World Bank and 26.6 million from DANIDA and Ksh. 250 million from local revenue sources. In order to attain the target for local revenue a number of measures need to be taken. These include;

- i. Widening of the revenue base by implementing the 2017/18 finance bill;
- ii. Tax incentives and relief;
- iii. Measures to prevent non remittance of collected revenue;
- iv. Automation of the tax collection;
- v. General anti-evasion rule.
- vi. Adequate training for the recently-employed revenue collection personnel

37. On the expenditure, the county shall adopt prudent rationalization to improve efficiency and reduce wastage. The top three expenditure items include development; salaries and wages; and operations and maintenance. In the medium term, the government expects to carry out austerity measures to maintain the recurrent expenditure to manageable level.

38. The full roll out of IFMIS, procurement-to-pay system] along with the simplification of the procurement legislation are likely to significantly improve the County Government directorates absorption capacity with positive impacts on economic activity in the county triggered by increased county government spending. The county will continue building capacity of its personnel to enable the staff to adapt to the new systems.



## **F. Risks to the Fiscal Framework**

39. Domestic economy is exposed to risks including any occurrence of adverse weather conditions, public expenditure pressures especially recurrent expenditure pose a fiscal risk and any inefficiency in spending government resources that may lower impact of development expenditure. The repeat of the presidential elections also poses risk to the growth as the resources have to avail for the exercise and may mean foregoing some programmes. The country may also experience the possibility of slowed economic activity as investor's holdback a waiting the conclusion of the elections.

## **IV. RESOURCE ALLOCATION FRAMEWORK**

### **A. Adjustment to 2016/2017 Budget**

40. The medium fiscal framework (MTFF) for the FY year 2016/2017 reiterates on efficiency and effectiveness of public spending and improving on local collection and ensuring that debt position is sustainable. However, the implementation of the FY 2016/2017 budget comes with its own risks which include;

- Incessant failure by the county to meet its local revenue collection target;
- Pressures from the ever ballooning wages bills as well as overall recurrent expenditures;
- Uncertainty of resulting from impending general elections amongst others;

41. Adjustments to the FY 2017/2018 budget will take into account actual performance of expenditure so far and absorption capacity in the remainder of the financial year. In the face of expenditure pressures, the county government will rationalize its operation by cutting on non-priority items. However, the resources allocated for development expenditure will be utilized as planned by ensuring that spending units stick to their development plans.

42. On revenue, the county will fully implement the 2017/18 Finance Bill once it is enacted into law. The government aims to expand the tax base and further seal avenues for financial leakages. Similarly, full automation of revenue collection system and processes in the county should be enhanced to eliminate existing leakages.

### **B. Medium-Term Expenditure Framework (MTEF)**

43. Going forward, and in view of the county's economic outlook, MTEF budgeting will focus on adjustment of non-priority expenditures to cater for the priority sectors. The review of first County Integrated Development Plan and preparation of second CIDP is ongoing once completed (CIDP), it will be launched later in the course of financial year, together with the county department's sectoral plans which will guide resource allocation.

44. The priority sectors of health, water, agriculture and infrastructure will continue to receive sufficient resources. These sectors, having already received a substantial share of county resources and are required to utilize them more efficiently to generate fiscal space to accommodate other strategic interventions in the county.

45. Specifically, the county government has prioritized key strategic interventions across all the sectors as a way of accelerating economic and social transformation to improve quality of life of its residents. The main areas of interventions cover food security, improved access to quality health care, access to clean water and engagement of additional ECD teacher and construction of a model ECD canters for provision of basic quality education to improve mobility by opening up of rural access roads, empowering youth and women through provision of start-up capital for the youth and mothers in initiatives such as the revolving funds project as well as enhancing efficiency in revenue collection and administration.

46. Reflecting the above medium-term expenditure framework, the table below provides the tentative projected baseline ceilings for the **2017/18-2019/2020** MTEF budget.

**Table 3: Total Sector Ceilings for the MTEF Period 2017/18-2019/2020**

DEPARTMENTS	Current Budget	Projections	Projections
	2017/2018	2018/2019	2019/2020
Agriculture, Irrigation Services and Fisheries	160,831,644.00	176,914,808.40	194,606,289.4
Women Affairs, Culture, Social Services and Libraries	45,075,068.00	49,582,574.80	54,540,832.28
Roads, Public Works, Lands, Housing and Physical Planning	97,309,226.00	107,040,148.60	117,744,163.6
Education, Public Services, Labour Relations and Information	434,726,471.00	478,199,118.10	526,019,029.1
Environment, Energy, Natural Resources, Wild Life Management and Tourism	43,479,546.00	47,827,500.60	52,610,250.66
Urban Services	267,400,410.00	294,140,451.00	323,554,496.0
Finance Revenue, Economic Planning and Revenue Management	1,009,642,988.00	1,110,607,286.80	1,221,668,.48
Health and Sanitation	1,952,890,049.00	2,148,179,053.90	2,362,996,.29
Livestock and Pastoral Economy	105,418,507.00	115,960,357.70	127,556,393.7
Youth, Sports, Trade, Investment, Enterprise Development and Co-operatives	82,798,688.00	91,078,556.80	100,186,412.8
Water	173,044,514.00	190,348,965.40	209,383,861.94
Executive Services	254,112,661.00	279,523,927.10	307,476,319.1
Assembly	760,322,471.00	836,354,718.10	919,990,189.1
<b>TOTAL</b>	<b>5,387,052,243.00</b>	<b>5,925,757,467.0</b>	<b>6,518,333,.03</b>

Source: County treasury

**Development ceilings**

DEPARTMENTS	Current Budget	Projections	Projections
	2017/2018	2018/2019	2019/2020
Agriculture, Irrigation Services and Fisheries	128,000,000.00	140,800,000.00	154,880,000.00
Women Affairs, Culture, Social Services and Libraries	29,800,000.00	32,780,000.00	36,058,000.00
Roads, Public Works, Lands, Housing and Physical Planning	723,596,649.00	795,956,313.90	875,551,945.29
Education, Public Services, Labour Relations and Information	107,909,841.00	118,700,825.10	130,570,907.61
Environment, Energy, Natural Resources, Wild Life Management and Tourism	83,000,000.00	91,300,000.00	100,430,000.00
Urban Services	44,000,000.00	48,400,000.00	53,240,000.00
Finance Revenue, Economic Planning and Revenue Management	210,000,000.00	231,000,000.00	254,100,000.00
Health and Sanitation	325,744,681.00	358,319,149.10	394,151,064.01
Livestock and Pastoral Economy	179,000,000.00	196,900,000.00	216,590,000.00
Youth, Sports, Trade, Investment, Enterprise Development and Co-operatives	33,000,000.00	36,300,000.00	39,930,000.00
Water	450,000,000.00	495,000,000.00	544,500,000.00
Executive Services	120,000,000.00	132,000,000.00	145,200,000.00
Assembly	30,000,000.00	33,000,000.00	36,300,000.00
<b>TOTAL</b>	<b>2,464,051,171.00</b>	<b>2,710,456,288.10</b>	<b>2,981,501,916.91</b>

**Source: County treasury**

### **C. 2018/19 Budget framework**

47. The 2018/2019 budget framework is set against a background of the third medium-term fiscal framework and second County integrated development with expected national growth of economy hence increase county allocations and is expected to bear a direct effect on the county's performance. The projected growth assumes proper measures in mitigating the anticipated prolong drought and the erratic weather patterns during the year. The government continued effort in creating favourable environment for investors and implementation of a prudent monetary policy will result in a stable economy and affordable food prices at both the county and national levels.

#### **Revenue Projections**

48. The 2018/2019 budget targets local revenue collection of Ksh. 275,000,000.00. As noted above, this performance will be underpinned by improvement in revenue collection system and processes to eliminate existing leakages.

#### **Expenditure Forecasts**

49. In 2018/19, recurrent expenditures are projected at 69% of county's annual budget while the development expenditure is expected to be pegged at 31% and expects more funds to be devoted to development vote.

50. Expenditure ceilings on goods and services for departments are based on allocations in the FY 2017/18 budget as the starting point. Stringent measures need to be put in place to ensure more resources are allocated to development expenditure over the medium term for maintenance of the PFM Act, 2012 requirement. Most of the outlays are expected to support critical infrastructure.

#### **Overall Deficit and Financing**

51. The overall budget for FY 2018/19 will be balanced and hence fully financed, though it should be highlighted that this can fluctuate due to performance of local revenue collection as well as the grants pledged by development partners.

### **CONCLUSION**

52. This C-BROP is prepared taking into account the challenges facing the economy of this county. There is need to maintain fiscal discipline in all directorates in order to ensure maximum return from the available public resources.

53. The departmental ceilings shown above will guide the departments in preparation of FY 2018/19 Budget. The next County Fiscal Strategy Paper which will provide the final ceilings once finalized and forwarded to the County Assembly by 28<sup>th</sup> February 2018.

