REPUBLIC OF KENYA

COUNTY GOVERNMENT OF KAKAMEGA

THE COUNTY TREASURY

MEDIUM TERM

COUNTY FISCAL STRATEGY

PAPER

A wealthy and Vibrant County

February 2018

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Foreword

This is the First County fiscal strategy paper (CFSP 2018) prepared during the second term of the County government. The document has been prepared by the department of Finance and Economic Planning and takes into account the changed priorities which have different financial objectives from the first term of the government. The County Integrated Development Plan 2018-2022 has been prepared to capture areas of priority for the next five years. It sets out the County priority programs to be implemented in the Medium Term expenditure Framework (MTEF) in the FY 2018/2019-2020/21 and is prepared in line with the requirements of Section 117 of the PFM Act, 2012.

Kakamega County has recorded tremendous economic development as a result of improved infrastructure, revitalized agricultural sector and the significant investments in education and health sectors since the inception of county governments. In addition, development of market infrastructure is expected to boost the volume of trade which has a multiplier effect in job creation, increasing incomes and opening up of opportunities for entrepreneurial growth in the County.

Despite the progress made, there are challenges that continue to hold the County back from achieving its full potential. They include inadequate financial resources, high unemployment rates, inadequate human resource capacity and political related issues. Strategies to address these challenges have been highlighted in this Fiscal strategy paper.

The strategy for economic success targets the following core areas:

- Transforming the Agricultural Sector
- Infrastructure Development
- County Health Services:
- County Education Services
- Water service provision
- County Governance
- Information, Communication and Technology
- Trade development
- Youth and women empowerment.

This fiscal strategy paper gives parameters for the 2018/19 budget and the Medium-Term Expenditure Framework which is consistent with both County and National Government priority programs, strategies and policies. It is prepared taking into consideration equitable shareable revenue from the national government, in addition to County's own source of revenue.

MR. GEOFFREY N. OMULAYI

COUNTY EXECUTIVE COMMITTEE MEMBER

THE COUNTY TREASURY

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Acknowledgement

The preparation of this county fiscal strategy paper was a consultative and collaborative effort of various County stakeholders.

I wish to sincerely thank and acknowledge all individuals who collectively and individually contributed towards the development and production of this Strategy Paper. First and foremost, I acknowledge the valuable leadership and support of H.E The Governor and The Deputy Governor. Your guidance and general goodwill enabled the process to be completed in good time. Great thanks goes to all CEC Members, the County Secretary and all the Chief Officers for their overall coordination of their departments and support throughout the process.

Furthermore, I wish to appreciate the efforts and inputs of Commission for Revenue Allocation (CRA), the National Treasury, Controller of Budget (COB), the County Budget and Economic forum (CBEF) members among many other stakeholders who participated in the overall process.

Lastly, I wish to thank the entire staff of the department of Finance and Economic Planning for their dedication and commitment in the preparation of this document.

Mrs. Evelyn Mulunji

Chief Officer

The County Treasury

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Table of Contents

Foreword **2**

Acknowledgement **3**

Table of Contents **4**

ABREVIATIONS AND ACRONYMS **6**

OUTLINE OF THE 2017/18 COUNTY FISCAL STRATEGY PAPER **9**

1.0 EXECUTIVE SUMMARY **10**

1.1 Building a wealthy and prosperous County 10
1.2 Programs for achieving a wealthy and vibrant County. 11
2.0 RECENT ECONOMIC DEVELOPMENT AND POLICY OUTLOOK IN 2017/18 ..... **14**

2.1 Review of Recent Economic Performance 14
2.1.4 Overall Growth environment in the County 15
2.1.5 The Economic Situation and Poverty Reduction **16**

2.2 Update on fiscal performance and emerging challenges 16
2.2.1 County Revenue 16
2.2.2 Locally Collected Revenue 17
2.2.2 County programmes and projects implemented 17
2.2.2.1 Agriculture, Livestock, Fisheries and Cooperatives 17
2.3.2 Transport, Infrastructure, Public Works and Energy 18
2.3.3 Health Services 18
2.3.4 Education Science and Technology 19
2.3.5 Trade, Industrialization and Tourism 20
2.3.6 Water, Environment and Natural Resource 20
2.3.7 Social Services, Youth and Sports 20
2.3.8 2.3.7 Lands, Housing, Urban Areas and Physical Planning 21
2.3.8 Public Service and Administration 21
2.3.9 The County Treasury 22
2.3.10 Office of the Governor 22
2.3.11 County Public Service Board (CPSB) 23
2.3.12 The County Assembly 23
2.2.3 County Budget Expenditure 24
2.2.3.1 Economic Classification of County Expenditure 24
2.3 Update on Fiscal performance and emerging challenges 25
2.3.1 Implementation of 2017/18 Budget and Emerging Fiscal Challenges 25
2.3.2 Revised budgets 25
2.3.3 Risks to the outlook 26
3.0 FISCAL POLICY AND BUDGET FRAMEWORK **27**

3.1 Overview 27
3.1.1 Adherence to Fiscal Responsibility Principles 27
3.3.1 Expenditure Forecasts 29
3.3.2 Overall Budget financing 29
3.4 The 2018/19 Budget framework 29
4.0 INSTITUTIONAL IMPLEMENTATION FRAMEWORK **30**

DRAFT

4.1 Legal Framework 30
4.3 Equitable shares 31
4.4 Additional resources 31
4.5 Fiscal Discipline 31
4.6 Capacity Building of County Staff 31
4.7 County Asset Management 31
4.8 Performance Contracting 32
4.9 Summary 32
5.0 MEDIUM-TERM EXPENDITURE FRAMEWORK **33**

5.1 Resource Envelope 33
5.2 Spending Priorities for 2018/2019-2020/21 MTEF Budget 34
5.3 Medium Term Expenditure Estimates 34
5.4 Baseline Ceilings 44
5.5 Details of Sector/Department Priorities 45
5.5.1 Agriculture, Livestock, Fisheries and Cooperative Development 45
5.5.2 Transport, Infrastructure, Public Works and Energy 47
5.5.4 Health Services 50
5.5.5 Education, Youth Empowerment, Sports and Social Services 52
Education 52
Social services, Youth and Sports 53
5.5.6 Office of the Governor 54
5.5.7 Public Service and Administration 55
5.5.8 Finance and Economic Planning 56
5.5.10 Water, Environment & Natural Resources 57
5.5.11 Lands, Physical Planning, Housing and Urban Development 59
5.5.13 County Public Service Board 61
Overall Goal 61
Functions and Powers of the Board: 61
6.0 CONCLUSION **64**

Annex 1: Actual revenue Analysis 2016/17 65

Annex 2: Comparison of Recurrent and Development Budget Estimates and Actual Expenditure FY 2016/2017 68

DRAFT

ABREVIATIONS AND ACRONYMS

BSP Budget Policy statement

CBROP County budget review outlook paper

CFSP County fiscal strategy paper

CIDP County integrated development plan

CSWGs County Sector Working Groups

ERP Enterprise Resource Planning

FY Financial Year

IFMIS Integrated Financial Management Information System

KES Kenya Shillings

MTEF Medium Term Expenditure Framework

PFM Public Financial Management

PPP Public Private Partnership

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Legal Basis for the Publication of the County Fiscal Strategy Paper

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

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

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

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

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

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

(a) The Commission on Revenue Allocation;

(b) The public;

(c) Any interested persons or groups; and

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

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

Responsibility Principles in the Public Financial Management Law

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

1) The county government's recurrent expenditure shall not exceed the county government's total revenue.

2) Over the medium term, a minimum of 30% of the County budget shall be allocated to development expenditure.

3) The County government's expenditure on wages and benefits for public officers shall not exceed 35 percent of the County government revenue.

4) Over the medium term, the County government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.

5) Public debt and obligations shall be maintained at a sustainable level as prescribed by the executive and approved by the County Assembly.

6) Fiscal risks shall be managed prudently.

7) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future

OUTLINE OF THE 2017/18 COUNTY FISCAL STRATEGY PAPER.

This paper contains six sections as summarized below;

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

Section II Outlines the economic context in which the 2018/19 MTEF budget is prepared. It provides an overview of the recent economic developments and the macroeconomic outlook covering the national government and county level.

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

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

Section V presents the resource envelope and spending priorities for the proposed 2018/19 MTEF Budget and the Medium Term. Sector achievements and priorities are also reviewed for the 2016/17 MTEF period.

Section VI gives the conclusion.

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1.0 EXECUTIVE SUMMARY

This County fiscal strategy paper (CFSP) MTEF period 2018/2019-2021/2022 has been prepared as provided for in Section 117 of the Public Financial Management Act, 2012. In line with the law, the CFSP sets out County priority programs outlined in the next paragraphs to be implemented in FY 2018/19 and the Medium Term expenditure Framework (MTEF).

The implementation of the county priority programs over the medium term is expected to achieve the County mandate. This paper is the first to be prepared during the second term of the County government that came into office after the general election of August 2017. The priorities to be pursued are in line with Kenya Vision 2030, MTP III, Sustainable Development Goals (SDGs), the Governor's Manifesto and County Integrated Development Plan (2018-2022) among others. The strategic priority areas include infrastructure development, revitalization of agriculture for food security, provision of quality education, increasing access to water, provision of affordable quality health care and improving trading environment. These priority programmes are aimed at providing employment to youth and broaden social stability of the people hence improving their living conditions.

This CFSP also incorporates the national economic outlook updates to reflect changes in economic and financial trends. In the preparation of this document, the National Budget Policy Statement (BPS) was a key reference document in aligning the national economic policy principles to the County

1.1 Building a wealthy and prosperous County

The focus of the County Government is to steer the county forward towards wealth creation and building an economically prosperous county through numerous strategies and a proper sustainable fiscal policy framework. Riding on the enormous resources and potential that the county has in Agriculture, Tourism, Sports, Energy, Minerals, Forestry, and favorable weather conditions present numerous opportunities for investors which will be key drivers of the economy.

The County is working towards strengthening the framework upon which a wealthy and economically prosperous county agenda would be built. This journey experiences several

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challenges that need to be addressed gradually. These challenges include the low level of local revenue and the uncertainties arising from national government own challenges in dealing with devolution of function and their accompanying resources. Expenditure pressures with respect to salary demands and operational costs have impacted negatively on the county development agenda.

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

a) Revitalize Agriculture sector and ensure food security and value addition

b) Development of key infrastructure including construction of road networks to spur economic growth.

c) Promotion of health care through investing in quality and accessible health services

d) Improvement and upgrading education standards.

e) Improvement of County Governance

f) Improvement of Information, Communication and Technology infrastructure

g) Provision of safe, adequate and affordable water

h) Creating an enabling environment for trade, tourism & business activities

To achieve the above priority areas, the county government acknowledges that there is need to partner with other stakeholders in its implementation

This County fiscal strategy paper therefore articulates priority for economic policies and sectors expenditure programs to be implemented under the Medium Term Expenditure Framework (MTEF) for 2018/19-2020/21 in order to achieve the County's sustainable development goals.

1.2 Programs for achieving a wealthy and vibrant County.

a) **Strategic priority I:** Revitalize Agriculture sector and ensure food security and value addition

- Promote new technologies for agricultural production and crop husbandry practices which will improve yields and reduce costs of production;
- Improve livestock breeding, nutrition and animal health in order to improve the quality of meat and milk production;
- Enhance Agribusiness development focussing on: Commercialization of dairy farming, Expansion of tea production and establishment of a tea factory, expansion of fish farming and fully operationalize the fish processing plant,

Commercialization of indigenous poultry farming, indigenous vegetables, banana production and rice production;

- Strengthening of smallholder farmer organizations and developing market linkages for smallholder farmers including linkages to regional and international retail and wholesale value chains;
- Expand irrigation to ensure all year round production of food crops

Strategic priority II: Development of key infrastructure including construction of road networks to spur economic growth.

- Tarmacking of 120 kms of roads over the medium term (MTEF);
- Construction of 1800 km of gravel roads throughout the county;
- Implementing a continuous roads maintenance programme to ensure all year round mobility;
- Construction of culverts and bridges to improve transport connectivity;
- Constructing culverts on all roads to make them more durable;

Strategic priority III: Promotion of health care through investing in quality and accessible health services

- Complete and equip the state-of- the- art Kakamega Teaching and Referral Hospital to offer specialised treatment;
- Equip level four hospitals in all Sub Counties;
- Revamp primary healthcare facilities;
- Develop and implement effective community healthcare services;
- Strengthen the County medical supply chain to ensure all health facilities have adequate supply of drugs and non-pharmaceutical products;
- Ensure citizens access NHIF services;
- Digitize all health care service operations;
- Expand scope and coverage of the "Imarisha Afya ya Mama na Mtoto" Programme to all heath facilities in the county to reduce infant, child and maternal deaths.

Strategic priority IV: Improvement and upgrading of education standards.

- Implementation of Free ECDE Programme
- Construct and equip all ECD and childcare centres;
- Implementation of the ECDE feeding program ;
- Provide high quality ECDE teaching and learning resources;
- Construct and equip County Polytechnics;
- Increase financial allocation for bursaries to improve access to education;
- Increase employment of ECD teachers and Polytechnic instructors.

Strategy priority V: Creating an enabling environment for trade, tourism & business activities

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- Establish the Kakamega County Investment and Development Corporation which will promote, support and attract public and private investment in various sectors in the County;
- Establish the Kakamega County Microfinance Company which will provide savings and loan products and services to the SMME sector.
- Provide an enabling environment for business and industrial activities to thrive;
- Construction of open air markets;
- Identify and develop potential tourism sites in the County;

Strategic priority VI: Provision of safe, adequate and affordable water

- Develop a water and sewerage Master Plan to guide the development of water and sewerage infrastructure in the county;
- Extend water distribution lines from the main Water Supply Sources;
- Sink boreholes to supplement water supply from the main water supply lines;
- Promote adoption rain water harvesting technologies across the County;
- Mobilise resources to construct sewerage lines in Kakamega and Mumias Towns and other upcoming urban centres;

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2.0 RECENT ECONOMIC DEVELOPMENT AND POLICY OUTLOOK IN 2017/18

2.1 Review of Recent Economic Performance

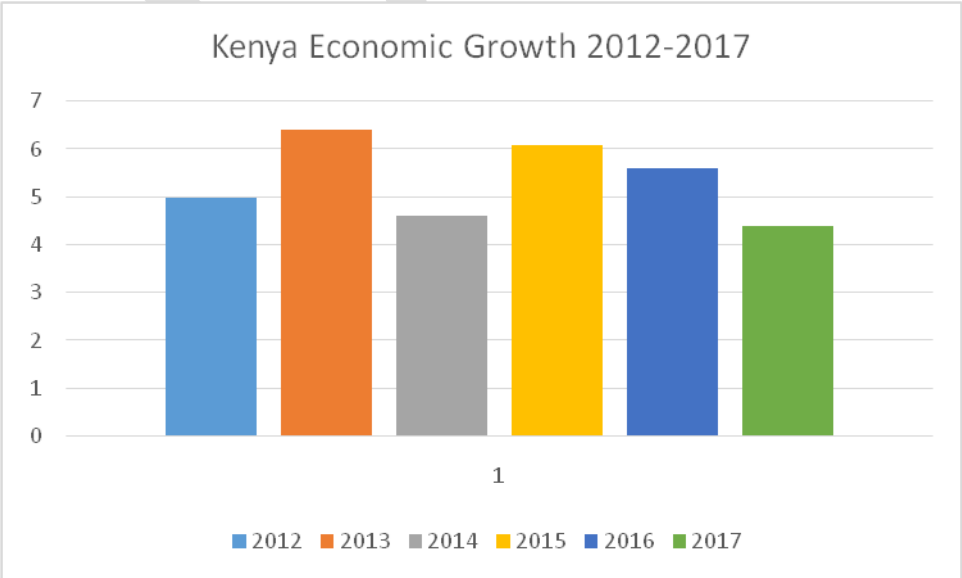
The County Government relies on the National Government statistics on economic indicators .This information is provided by the Kenya National Bureau of Statistics (KNBS).

According to the recent statistical data for 2017/18 economic survey 2017, the overall county economic performance 2016 was 5.8 percent as compared to revised growth of 5.7 percent in 2015. During the third quarter of 2017, the growth rate decelerated to 4.4 % as compared to the same period during 2016. This strong growth in 2016 was supported by improved performance in information and communication sector; real estate; and transport and storage. Other sectors which also contributed to this growth rate during this period in 2016 were construction; mining and quarrying; and financial and insurance sectors.

2.1.1 Growth in real GDP

Kenya's economic growth is estimated to have decelerated to 4.4 per cent in the third quarter of 2017 compared to 5.6 per cent in the same period of 2016. Although this was the case, KNBS quotes that during this quarter, the macroeconomic fundamentals remained largely stable and supportive of growth. However, uncertainty associated with political environment coupled with effects of adverse weather conditions slowed down the performance of the economy. As a result, most sectors of the economy posted slower growth during the quarter under review compared to the same quarter of 2016. Kenya GDP trend since 2012 data: 5.0 in 2012, 6.4 in 2013, 4.6 in 2014, 6.0 in 2015, 5.6 in 2016 and 4.4 in 2017. This is shown in figure 2.

Figure 1: Economic Growth Trends



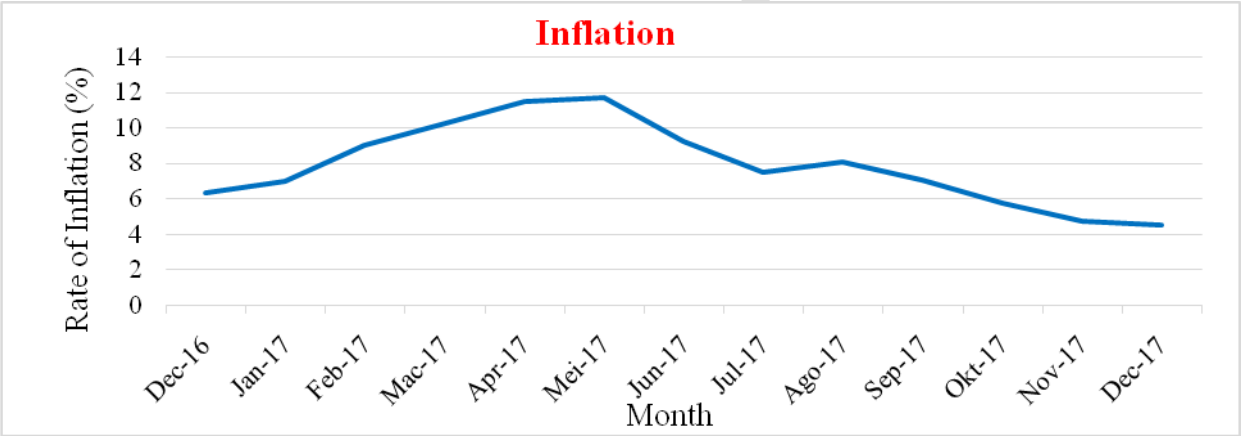
Source: KNBS

2.1.3 Inflation Rate

Inflation averaged 7.5 per cent during the third quarter of 2017 compared to an average of 6.3 per cent during the same period in 2016. The rise in inflation was mainly on account of a surge in prices of food and non-alcoholic beverages that started in the second quarter of 2017 and continued into the period under review.

The increase in food prices was evidenced by comparably high wholesale prices of key food crops. This was principally attributable to adverse weather conditions that prevailed in the second quarter and for the better part of the third quarter of 2017.

Figure 2: Inflation trend



Sources: KNBS 2017

Source:

2.1.4 Interest Rate

Weighted interest rates on commercial banks loans and advances declined to an average of 13.84 per cent in the third quarter of 2017 from 16.54 per cent during a similar quarter in 2016. This was mainly attributable to the capping of interest rates that started in September 2016. The Central Bank Rate (CBR) was maintained at 10.0 per cent throughout the quarter. **(KNBS-Quarterly Gross Domestic Product Report Third Quarter 2017).**

2.1.4 Overall Growth environment in the County

There has been improved economic growth in the County. This has been due to an increasing activities of the private sector. This is attributed to an enabling environment provided by the County and national government.

Private sector contributes to the development of the economy of the county by partnering with the county in provision of goods and services. The key area that has experienced tremendous growth is the construction industry, agriculture, retail trade and financial services.

2.1.5 The Economic Situation and Poverty Reduction

Since the inception of devolved government there has been tremendous effort to reduce the poverty level within the County. The poverty index for Kakamega County has improved from the initial 51 percent in 2013 to 49.2 percent in the year 2015 percent which is higher than the country's 46 percent. The county contributed to 4.8 percent to National poverty.

The key contributors to the reduction in poverty levels in the county include initiatives in terms of programmes that alleviate poverty either directly or indirectly including subsidized farm inputs, One cow initiative in Agriculture; construction of roads, street lighting in Transport and Infrastructure; expansion of piped water schemes, County Trade loans fund (Mikopo Mashinani), Youth and Women empowerment programme (Kazi Mashinani) Imarisha Afya ya Mama na Mtoto programme, health infrastructure improvement, Community Strategy, Shelter improvement programme, Youth empowerment programmes such entrepreneurship training, provision of car wash machines and Money maker pumps among others. Other areas which also contribute to poverty reduction were the Higher education Scholarships, tuition subsidies, improved market infrastructure.

2.2 Update on fiscal performance and emerging challenges

The county government has improved on its spending amid the challenges exerted over the County development needs to offer quality services. The overall spending has increased from Kshs **9.925 billion** in FY 2015/16 to Kshs. 10.845 billion in FY 2016/17. The main spending units of the County Government are the Executive and County Assembly. This translates to average absorption rate of 87.7 percent with a percentage of 93.3 percent and 82.4 percent for recurrent and development expenditure respectively. As indicated above, the performance for FY 2016/17 was better as compared to the financial year 2015/2016 which was 80.6 percent.

The main sources of revenue during the period under review were national government allocation (CRA shareable revenue - 9.612 Billion), Conditional grants for Level 5 Hospital (406.9 million), free maternity care fund (205.5 million), Roads Maintenance Levy Fund (147.7 million) and local sources (504 million).

2.2.1 County Revenue

The county implementation of the budget of 2017/18 FY started at a very slow pace due to prolonged election related factors and industrial unrest by health workers. The total

allocation from the shareable revenue for the County for FY 2017/18 was KES 9.935 billion and conditional grants of KES 1.140 billion. Own source of revenue was forecasted at KES 952 million and has been revised downward to KES 774 million.

By December 2017 the total amount of money received from the County Revenue Fund amounted to KES 4,303,280,535. This includes KES 1.02 billion being balance carried forward from the previous financial year of 2016/2017.

2.2.2 Locally Collected Revenue

The county Treasury is responsible for local revenue collection. The county performance in collection of own revenue has been declining hence unable to achieve its revenue target.

Total revenue collection for the period 2014/2015, for FY 2015/16 and FY 2016/17 was KES 516 Million, 504 Million and 449 Million respectively showing a consistent downward trend. A collection of KES 132 M during the first half of the FY 2017/18 is an indication of continued downward trend in revenue collection.

However, there is great potential with the establishment of a Revenue Agency, automation of revenue collection processes, legislative framework policy reforms and industrial harmony.

2.2.2 County programmes and projects implemented

2.2.2.1 Agriculture, Livestock, Fisheries and Cooperatives

- **One Cow Initiative** – 1,310 in-calf dairy cows have been distributed to households targeting at least 20 households per ward;
- Established two Smart Dairy units with 25 dairy cows in each unit;
- **Artificial Insemination Subsidization (AI)** – 34,409 cows have been served with subsidized AI services; 23AI providers trained and incorporated on the AI Programme and 12Motor bikes distributed per Sub-county to facilitate AI services;
- **Poultry Farming** – 62,000 chicks distributed to 600 youths and women groups across the County;
- **Disease Prevention** - 433,461 cattle, 11,076 sheep, 9,546 goats and 379 pigs vaccinated against foot and mouth disease; 59,526 dogs and 631 cats vaccinated against rabies disease;
- **Fish Farming and Productivity** – 828 farmers received fish farm inputs (Fingerlings, DAP, lime and fish feeds); 36 earthen fishponds constructed (3 per sub-county); Fishing gears (20 seine nets) purchased, purchased a collection van, fridge and a strategic investor identified to operationalize the Fish Factory;
- **Farm Input Subsidy** – Distributed 313,080 bags of planting fertilizer, 231,760 bags of top dressing fertilizer and 412,787 (2 kg) packets of maize seeds;
- **Tea development** – 400,000 Seedlings were distributed to farmers in Shinyalu, Ikolomani and Khwisero Sub-counties for infilling and a 150,000 Tea seedlings

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nursery established at Bukura ATC. License for establishment of a tea factory has been acquired and construction of the factory is underway;

- **Banana Commercialization** – A total of 62,012 tissue banana plantlets distributed to farmers at a subsidized cost;
- **Farm Mechanization Services (Tractor services)** – A total of 15 tractors have been purchased for ploughing land at subsidized cost. A total of 3,719 acres of land has been ploughed;
- **Irrigation** – A total of 128 foot pumps have been distributed to farmer groups. Total area of land under irrigation is 335 acres, 4,135 acres under drainage, 60 dams and water pans.

Impact

These initiatives have improved County food security and enhanced peoples standards of living.

2.3.2 Transport, Infrastructure, Public Works and Energy

- 44.85 Km of gravel roads upgraded to bitumen standards and 1.9 Km of bitumen road maintained;
- 1,090.55 Km of gravel roads have been constructed and 589 Km of gravel road maintained;
- 12 bridges and10 box culverts have been constructed across the County;
- 35 high mast floodlights have been erected in various trading centres across the County;
- Installation of street lights in Kakamega, Mumias and other towns done in partnership with KPLC and other development partners.

Impact

Opening up of rural areas and linking them to markets and other facilities has increased connectivity and improved accessibility.

2.3.3 Health Services

- Construction of Kakamega County Teaching and Referral Hospital underway;
- Kakamega General Hospital has been refurbished and expanded with construction of a Renal unit, amenity block C and a blood transfusion center;
- Construction of two new level 4 hospitals at Shamakhubu in Shinyalu and Mumias Town underway;
- Recruited 582 health workers including 35 Doctors, 452 nurses, 50 clinical officers, 20 pharmaceutical technicians, 20 laboratory technicians and 5 radiographers and equipped all level four hospitals with specialized equipment;
- Purchased 3 ambulances and contracted Red Cross to provide an additional 9 ambulance services;
- In partnership with UNICEF, over 39,000 mothers have been able to access safe delivery and full vaccination cycle under the *'Imarisha Afya Ya Mama Na Mtoto'*

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Programme. Among them, 33,000 needy mothers have been supported financially to improve child and mother survival rate;

- Installed 12 Generators in the County General Hospital and all other County Hospitals;
- Constructed, expanded and upgraded health facilities across the County;
- There is regular supply of drugs and medical consumables in all public health facilities.

Impact

There is reduced distances travelled to access medical services while prompt, safe emergency evacuation has improved patients' survival rate. Furthermore, skilled deliveries have improved from 33 % to 69 % while infant mortality has dropped to below 65 per 1000 live births. Use of generators for standby power has reduced service interruptions drastically.

2.3.4 Education Science and Technology

Polytechnic

- Completed 17 twin workshops in County polytechnics;
- Establishment of Board of Management (BOM) for each County polytechnic;
- Employment of 10 Sub-county Youth Training officers and 361 instructors;

ECDE

- Employed 1,901 EDCE teachers and 12 Programme Officers;
- Constructed 414 ECDE classrooms;
- There are 1,943 ECDE centers in the County, of which 924 are supported by County.

Education support

- Established a County Higher Education Loans Scheme administered by HELB which has benefited 1,235 students;
- Established the County Ward Based Bursary Scheme which has benefitted over 45,000 students;
- Contracted 545 Board of Management teachers in secondary schools across the County;
- Established a County University Education Scholarship Scheme which has benefited 25 students to study in local and foreign universities of their choice;
- Supported several public primary and secondary in construction of classrooms, furniture and provision of other learning equipment;

Impact

There has been an increased access to quality education and training. Enrollment rates in both ECDE and County polytechnics have tremendously increased as a result of the improved infrastructure, staffing and tuition fees subsidization.

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2.3.5 Trade, Industrialization and Tourism

- Constructed 10 modern markets and refurbished 11 markets;
- Fabricated and installed 665 modern kiosks across markets in the County;
- Constructed 24 stock rings across the County;
- Construction of 28 six-door toilets and 6 ablution blocks;
- Established Small Scale Traders Loan Scheme (Mikopo Mashinani) which has benefitted 9,200 traders so far;
- Lurambi CIDC has been equipped; and

Impacts

The County initiatives have improved access to better market environment, increased business hours, increased revenue sources and improved access to cheap business credit.

2.3.6 Water, Environment and Natural Resource

- Established Kakamega County Water and Sanitation Company for effective provision of water and sanitation services in Kakamega town, Mumias, Malava, Lumakanda, Butere and Khayega;
- Constructed boreholes, water supply schemes and protection of springs;
- Enhanced cleanliness in the County through the County Environment Conservation Programme that offers cleaning services in each of the 12 Sub-counties;
- Installed 106 elevated litter bins to enhance solid waste segregation and collection;
- Constructed a Management Office block, access roads and fenced Roaster-man solid waste disposal site to achieve the site requirements as per the ideal solid waste management strategy; and
- Increased County Tree cover by planting over 430,000 trees in public institutions, hill tops and river banks.

Impacts

The initiatives of the Sector have led to a clean and secure environment, reduced prevalence of waterborne diseases and improved access to water hence enhanced productivity.

2.3.7 Social Services, Youth and Sports

- Upgrading and refurbishment of Bukhungu Stadium to international standards (phase 1 complete);
- Constructed 720 low cost housing units for the elderly and vulnerable under the Shelter Improvement Programme, 12 units per ward;
- Empowered youth groups and PWDs through distribution of 65 car wash machines which have benefited an average of 650 youths;
- 693 boda boda riders have been trained and issued with driving licenses;
- Supplied Sports equipment and goods to 39 sports centers;

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- Held 2 Annual Governor's Cup Sporting Festivals where over 18,000 youth have directly participated;
- Renovated Nabongo cultural centre, traditional homesteads at Mumias cultural centre, renovated and furnished Mumias Multi-purpose Hall at the Mumias Cultural Centre;
- Participated in the Annual County Kenya Music and Cultural Festival and National Kenya Music and Cultural Festival and emerged the best; and
- 480 talented youth have been trained and nurtured; 20 youth per Sub-county.

Impact

The County has improved the livelihood of the disadvantaged members of the society, increased the participation of youths in development activities and nurtured talents.

2.3.8 2.3.7 Lands, Housing, Urban Areas and Physical Planning

- Acquired over 85 acres of land for development purposes including establishment of an industrial park, construction and expansion of health and education facilities as well as trading facilities;
- Completed construction of Mumias Town office;
- Landscaped Mumias town headquarters, Muliro gardens and Kenyatta Avenue;
- Renovated Kakamega town offices at Mwauda;
- Upgraded Mumias and Shibale bus parks to bitumen standards;
- Rehabilitated Kakamega Bus Park and constructed non-motorized transport pathways within the town;
- Outsourced cleaning services for Kakamega and Mumias Towns;
- Modern toilets constructed at Ekero and Mumias Bus Park;
- Established Kakamega and Mumias Town Management Committees;
- Preparation of Kakamega Town spatial plan complete and Mumias Town spatial plan preparation ongoing.
- Constructed modern slaughter house in Mumias.

Impact

Improved the business environment, hygiene and control of construction activities in urban areas hence ensured safe buildings.

2.3.8 Public Service and Administration

- Implemented county devolved structures by hiring and installing twelve (12) Sub-county Administrators, sixty (60) Ward Administrators.
- Created one hundred and eighty seven (187) village Units, four hundred (400) Community administrative areas and is in the process of hiring Community Area Administrators;
- Recruited and trained 300 enforcement officers and outsourced 720 guards to supplement county enforcement;
- Completed construction of 15 ward offices and refurbished 3 Sub-county offices;
- Constructed County headquarters annex;

DRAFT

- A Kituo Cha Umma has been established as a one stop shop for all County government services;
- Constructed Alcoholic and Drugs Rehabilitation Centre;
- Constructed police houses (8 units) for Matunda Police Station, purchased four (4) land cruisers and two (2) traffic control cars for Kenya Police;
- Acquired 1 modern fire engine;
- Provided temporary employment to over 2,062 youth and women through the Kazi Mashinani programme.

Impacts

There has been improved service delivery up to the Community level. These initiatives have also created job opportunities for many people especially the youths as a result of the direct employment of administrators, enforcement officers and other employees. There is improved response to disasters and emergencies.

2.3.9 The County Treasury

- Established a County Revenue collection agency to manage Revenue collection;
- Initiated Revenue automation system - ongoing;
- Established the County Audit Committee;
- Established County Budget and Economic Forum (CBEF).

Impact

The establishment of the Revenue agency will provide efficient management of local revenue. The established committees have improved prudent financial management.

2.3.10 Office of the Governor

- ICT connectivity i.e. Local Area Network (LAN) at the County Headquarter and other County offices and WIFI services availed at the county headquarter. Structured cabling done and telephones and interoffice communication phones installed;
- Development of ERP system on-going;
- Creation of communication channels including corporate emails and a County website;
- Establishment of a Production studio 70% complete - acoustic treatment, carpeting and wiring, lighting and sound proof doors have been done;
- A functional liaison office established in Nairobi.

Impact

The implemented projects above have led to coordinated efforts and smooth implementation of county projects and programmes. Internet connectivity and developed communication systems have ensured efficiency and effectiveness in service delivery to citizens and increased transparency and accountability in financial management.

DRAFT

2.3.11 County Public Service Board (CPSB)

The CPSB is an independent entity established by the County government Act, 2012

- 1,901 ECDE Assistants recruited, over 1000 nurses hired and 1,387 promotions done;
- Over 728 suitability interviews for both defunct local authorities and those seconded from national government done;
- County staff establishment is at 57.5% female and 42.5% male comprising of youths (18-35 years) at 76.2% and 23.8% (36 years and above).

Impact

There is an improvement in service delivery to the citizenry as well as improved livelihood through employment creation.

2.3.12 The County Assembly

The County Assembly is the legislative arm of the County government. The assembly has enacted the several legislations and regulations;

These includes:

- County Honors and Awards Act, 2017,
- Kakamega County Flag Emblem and Names (Amendment) Act, 2017 ,
- Kakamega County Code of Conduct and Ethics for Executive Committee Members, 2017,
- Kakamega County Administrative Units and Boundaries (Amendment) Act, 2016,
- Kakamega County Decentralized Units (Amendment) Act, 2016,
- Kakamega County Education Fund Regulations, 2015,
- Kakamega County Flag Emblem and Names Act, 2015,
- Kakamega County Disaster Management Act, 2015,
- Kakamega County Public Participation Act, 2015,
- Kakamega County Childhood Development and Education Act, 2014,
- Kakamega County Polytechnics Act, 2014,
- Kakamega County Tourism Act, 2014,
- Kakamega County Alcoholics Drinks Control Act, 2014,
- Kakamega County Revenue Administration and Collection Act, 2014; and
- Kakamega County Abattoirs Act, 2014

Impact

Enacted legislations and developed regulations have provided a legal framework for operationalization of respective County functions.

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2.2.3 County Budget Expenditure

The total revised budget for FY 2016/2017 for all departments was Kshs.12.369 billion. The total actual expenditure for the period under review stood at Kes **11.995 billion** which comprises of **Kes. 5.636 billion** Recurrent and **Kes. 5.208 billion** Development expenditure respectively.

2.2.3.1 Economic Classification of County Expenditure

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

Table 1: Economic Classification of Expenditure for FY 2016/17

	2014/15		2015/2016		2016/17		
PAYMENTS	**Actual**	**Revised Target**	**Actual**	**Revised Target**	**Actual**	**Revised Target**	**Deviation**
1. RECURRENT	**4,434,283,254**	**5,455,717,552**	**5,679,195,475**	**6,446,735,431**	**5,636,742,700**	**6,044,607,793**	**-407,865,093**
Compensation of Employees	3,247,713,320	3,564,735,344	3,739,850,040	4,009,532,644	4,108,458,873	4,061,296,969	47,161,904
Operations and Maintenance	1,186,569,934	1,890,982,208	1,939,345,435	2,437,202,787	1,528,283,827	1,983,310,824	-455,026,997
2. DEVELOPMENT	**3,521,520,947**	**5,123,736,246**	**4,246,534,146**	**5,865,713,690**	**5,208,764,157**	**6,325,149,467**	**-1,116,385,310**
Development projects	3,521,520,947	5,123,736,246	4,246,534,146	5,865,713,690	5,208,764,157	6,325,149,467	-1,116,385,310
TOTAL EXPENDITURE	**7,955,804,201**	**10,579,453,798**	**9,925,729,621**	**12,312,449,121**	**10,845,506,857**	**12,369,757,260**	**-1,524,250,403**

Source: County Treasury 2017.

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

i. **Compensation of Employees;** includes basic salaries paid to permanent and temporary employees and personal allowances paid as part of salary among other related costs.

ii. **Operations/Use of goods and services;** includes utilities, supply and services, domestic travel and subsistence, and other transportation costs, training expenses, hospitality supplies and services, routine Maintenance among other related costs.

DRAFT

iii. **Development expenditures** - These are the funding to the various capital projects and programmes in the county departments. Compensation of Employees consumed 37.8 % of the total expenditure. Operations and Maintenance consumed 14.09 % while Capital Assets/ development consumed 48.02% of the total expenditure.

2.3 Update on Fiscal performance and emerging challenges

The fiscal and economic assumption underlying the 2016/17 budget entailed improved collection of revenue from local sources and timely releases of funds by the national treasury. The updated Fiscal Economic framework is skeptical, given that the revenue collection trend is worrying increasing likelihood of underperformance; because of varied challenges. Despite the several challenges, the County Government will continue with its policy of expenditure rationalization with a view to provide more funds to core services.

2.3.1 Implementation of 2017/18 Budget and Emerging Fiscal Challenges

Challenges in the adherence to the budget plan continue to hamper smooth implementation of the FY 2017/18 budget. Another challenge is inefficiency of revenue collection system. In addition, expenditure pressures have emerged due to salaries review upwards with no corresponding revenue. There are challenges as a result of high operational demands from the health, public service and administration and education among other departments as result of hiring of additional staff without consultation with the County Treasury and Public Service Board to ascertain the availability of funds.

The revenue collection prospects in FY 2017/18 is not promising. The data provided up to end of second quarter in December 2017 is only 132 million which is not even a half way mark of revenue target of revised estimate of Ksh. 774 million.

2.3.2 Revised budgets

During the ongoing FY 2017/18 budget implementation; there are several challenges that came as a result of over ambitious budget. Some expenditure estimates were over budgeted prompting a need for review. The review will enable the county to have a budget that matches the realistic cash flow.

DRAFT

In the course of the budget implementation during the first quarter of the financial year 2017/2018 several challenges have emerged. Key among them is: local revenue underperformance, delays in exchequer releases by the National Treasury because of the prolonged election, continued expenditure demands from departments and operalization of Government e-procurement

In view of the financing constraints from revenue and emerging expenditure pressures, a supplementary budget for FY year 2017/18 reflecting these changes has already been submitted to the county assembly for approval.

Adjustments to the 2017/18 budget took into account actual performance of expenditure and absorption capacity for the remainder of the financial year. Due to resource constraints, the County Government will continue to rationalize and re-prioritize development and operational expenditures in order to spend within the budget.

2.3.3 Risks to the outlook

The devolved system has brought in itself several challenges to the counties. Expenditure pressures have continued with salaries and operational demands from all county departments especially Health, education and Public Service and Administration. The high wage bill at the county poses a risk to sustainable implementation of the 2017/18 budget in the medium term by limiting funding to the capital expenditure.

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

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3.0 FISCAL POLICY AND BUDGET FRAMEWORK

3.1 Overview

The 2018/19 Medium-Term Fiscal Policy aims at supporting a sustainably wealthy and vibrant county providing high quality services to improve the livelihoods of its citizens. The county will pursue prudent fiscal policies to ensure economic growth and development. In addition, these policies will provide support to economic activities while allowing for sustainable implementation of the projects and programs. Adhering to these policies will also enhance local revenue collection which will ensure there are adequate resources for capital investments.

In respect to local revenue generation, the county is striving to institute corrective measures to reduce revenue leakages from local sources. This include operationalization of the County Revenue Agency that has been formed to solely be responsible for efficient and effective revenue collections, enforcement of local revenue laws and regulations, automation of revenue collection systems and speedy implementation of collection of other revenue streams. It also has responsibility to undertake sensitization and education of the public on revenue matters.

For efficient and effective service delivery, there is need to increase the County human resource capacity especially the technical staff.

3.1.1 Adherence to Fiscal Responsibility Principles

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

Some of the fiscal responsibility principles to be observed include:

- Over the medium term, a minimum of 30% of the county budget shall be allocated to development expenditure. The County Government is committed to spend more in the development expenditure as compared to the recurrent expenditures.
- The County Government's expenditure on wages and benefits for public officers shall not exceed 35 percent of the County Government revenue as prescribed by the Public Financial Management Act (PFMA 2012). This a challenging fiscal principle as the county is faced with huge wage bill without equivalent corresponding revenue that support cash flow to meet this requirement.
- The County government will prepare balanced budget where the expenditure estimates will be equal to the total revenue resource. This will help in avoiding

DRAFT

instances of deficit financing thus eliminating the occurrence of pending bills at the end of each financial year.

- Borrowing shall be used for capital and development estimates only. While the county desire o borrow in future to fund its development agenda, this will be determined by the frame work developed between the National Government and the County Governments

3.2. Fiscal structural reforms

The County Government aims to widen the tax base by reviewing the relevant revenue legislations in order to improve revenue raising measures and efficiency. In order to achieve this objective, the county government is in the final stages of operationalizing the county revenue agency which was created by an Act of county assembly (Finance and Administrative Act 2014).

Over the medium term, the county government will rationalize its expenditure with an aim to reduce wastages. This will be done by ensuring there is improved accountability and transparency among the accounting officers who are in charge of public finances. The on-going fiscal structural reforms will eliminate duplications.

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

3.2.1 Deficit Financing Policy

The county envisages borrowing from domestic sources for capital investments upon the completion of a framework to be developed by the National Treasury. Borrowing will be undertaken upon careful and critical analysis of financial position and capability of the county in repaying its debts.

3.3 Revenue projections

The 2018/19 budget estimates will target total revenue of KES 13 Billion which has both the CRA shareable revenue, conditional grants and own source of revenue. Out of this, the County expects to receive Equitable Shareable Revenue of KES 10.23 billion and conditional grants totaling to KES 1.14 billion. Local revenue source target is KES 869 Million and the expected balance brought forward of KES 1 billion.

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3.3.1 Expenditure Forecasts

The County expects overall expenditure estimates to increase slightly from the revised budget of FY 2017/18. This is due to an increase in both County own source of revenue and the Equitable shareable revenue by an average of 0.1 percent. The expenditure estimates for the FY 2018/19 is KES 13 billion.

Expenditure ceilings on goods and services for the County sectors/departments are based on the County priorities extracted from the CIDP 2018-2022. The ceilings are also adjusted based on expenditure trends and the County change of priority programs within the spending units. Inflation which affects the expenditure trends has been put into consideration.

An emergency fund of KES 100 million will be set aside to cater for any emergency issues that might arise during the financial year 2018/2019.

3.3.2 Overall Budget financing

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

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

3.4 The 2018/19 Budget framework

The 2018/19 budget framework is prepared in consideration of the macro-fiscal framework set by budget policy statement of January 2018 where real GDP is expected to grow by 6.0 percent in 2018/2019 and by 6.2 percent in FY 2019/20. Inflation rate is expected to remain low and stable below 8 percent.

DRAFT

4.0 INSTITUTIONAL IMPLEMENTATION FRAMEWORK

4.1 Legal Framework

The achievements that have been realized since devolution are an indication that the county is moving in the right direction. This has taken place despite challenges emanating from factors related to capacity, intergovernmental relations, fiscal responsibility principles and pressures from the public on service delivery. The success of county government requires collaboration with all stakeholders as provided by relevant laws of Kenya that include Constitution of Kenya, County Government Act, 2012, Intergovernmental Relations Act, 2012, Urban Areas and Cities Act, 2012, Public Finance Management Act, 2012, Public procurement and Asset Disposal Act, 2015 and the Independent Offices Act 2011. These laws ensure harmony in the operation of the county governments and also boost the inter and intra government relations.

The County acknowledges the contribution by the national government in ensuring that county governments succeed in provision of devolved functions. However there is still more to be done that includes transfer of assets by responsible authority, legal framework for borrowing, clear classification and transfer of county roads and other unbundled functions.

The national government also implemented programmes that have assisted the County to effectively and efficiently manage public finances. Some of the initiatives include Continuous training of County staff on IFMIS and the internet banking platforms and other support related to other areas of financial management such as preparing guidelines and providing way forward in those matters.

4.2 Challenges faced in the implementation of the County Budget and other plans

Some of the notable challenges faced in the implementation of the County Projects and programmes include;

- **High expectation from the Public** – Because of pressure for development expenditure and wage bill, the development plans are usually ambitious in nature;
- **Delays in disbursement of funds** – Delays in release of funds from the exchequer has resulted in delays in the County meeting its development aspirations;
- **Inadequate financial allocation** – The financial resources the County is allocated through the equitable share of the national revenue, and other grants and payments is inadequate to meet the development goals;
- **Low domestic revenue collection** – The County government has not been able to realize its targets in collecting local revenue;
- **Inadequate policy and legal framework** – Inadequate policies and legal framework undermines the ability of the County government to adequately execute its mandates;

DRAFT

- **Inadequate technical staff**– The County government implements projects up to the grass root level but has no adequate technical staff like engineers, land valuers, extension officers among others especially at ward level which derails project implementation;
- **Inadequate office space and facilities**– The County government faces shortage of office space and other facilities like land and equipment to implement its development priorities and this has impacted negatively on service delivery.

4.3 Equitable shares

Article 202 of the Constitution provides for the sharing of the Country resources between the National and the county government. Through the Budget Policy Statement (2018), the County allocation is estimated to be KES 10.231 billion. This allocation has continued to increase but at a decreasing rate.

4.4 Additional resources

In addition to equitable shareable allocations, Counties are also allocated resources inform of grants from development partners and Loans granted to the National government which are then provided to the Counties as conditional grants.

The additional revenue includes KES.869 Million own source of revenue and conditional grant of KES.893 Million. This comprises of KES 427 Million for level 5 hospital, KES.37 million for compensation for user fees foregone, KES.162 million for free maternal health care and KES 266 million for road maintenance levy fund.

4.5 Fiscal Discipline

The County Government must ensure that county resources are used in a prudent and responsible way as required under Article 201(d) of the Constitution. In addition, the county must comply with the fiscal responsibility principles as stipulated in Section 107 of the PFM Act 2012.

County treasury will ensure compliance with the set fiscal targets. In this regard, the county will ensure that recurrent expenditure does not exceed annual revenue resources. Finally, the county will ensure that the development budget does not fall below 30 percent of the total budget over the medium term.

4.6 Capacity Building of County Staff

The County government in collaboration with the national government and other stakeholders such as GIZ, UNICEF, World Bank (KDSP), USAID (AHADI), continues to enhance the capacity of its staff through trainings on budget preparation, accounting, reporting, monitoring & evaluation and procurement among others. So far these training have helped the county to improve service delivery to the public.

4.7 County Asset Management

Prudent management of County assets is critical for effective and efficient service delivery including enhanced revenue generation. However, management of these assets is facing challenges such as development of a reliable and accurate asset register.

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To address this challenge, the Intergovernmental Relations Technical Committee formed a County Assets and Liabilities Committee to identify and ascertain the status of County assets and liabilities. The committee will then provide a report that will form the basis for the valuation of the County Assets and updating of the valuation roll.

4.8 Performance Contracting

The county has established and implemented performance contracting and performance management framework to improve service delivery. This will ensure that results are achieved efficiently and effectively leading to successful implementation of the County budget.

4.9 Summary

Devolution has proved to be effective in strengthening governance through provision of government services and resources up to the grass root level. This has led to economic empowerment and improved livelihoods of the people.

The established legal and institutional frameworks have been instrumental in making devolution successful.

The share of National Government revenue allocated to this County has grown steadily for the first three years from KES 6.825 billion in 2013/14 to KES 7.7 billion in 2014/2015, KES 8.908 billion for 2015/2016, KES 9.612 for FY 2016/2017 and KES 9.935 billion for FY 2017/18 which is expected to increase slightly to 10.230 billion in 2018/19. There is however a worrying trend for the last two financial years where revenues have been increasing but at a decreasing rate.

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5.0 MEDIUM-TERM EXPENDITURE FRAMEWORK

5.1 Resource Envelope

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

In view of the continued pressure that arise from wage bill and limited resources, MTEF budgeting will focus on adjusting non-priority expenditures to cater for the priority sectors. The County Integrated Development Plan 2018-2022 (CIDP) has been used in the resource allocation. The financing of county budget priorities revolve around two main financing sources namely; transfers from the National Government and county local revenue. The shareable revenue transfers will account for 92.56 percent of the expenditure priorities in the budget while 7.44 percent will be financed from locally collected revenue sources. This will comprise of KES 10.231 billion equitable shareable revenue, KES 1.141 billion conditional grants and KES 869 million as own sources. The unspent balance from FY 2017/2018 is estimated to be KES 1 Billion which makes up the total resource envelope estimate to be **KES 13.241billion**.

Table 2: Revenue resource envelope

Revenues	2017/2018		2018/19
	Approved	**Revised Estimates**	
(1) Own sources	**952,571,849**	**774,571,849**	**869,300,644**
(2) Exchequer balance brought forward from previous year	**1,284,026,951**	**1,054,095,324**	**1,000,000,000**
Allocations from the National Government			
3) Total equitable share	**10,110,802,208**	**9,935,800,000**	**10,231,827,634**
Conditional Grants			
Level 5 Hospital	427,283,237	427,283,237	427,283,237
World Bank Universal Health Care Fund	50,000,000	160,000,000	160,000,000
ASDSP	-	8,933,152	8,933,152
User Fees forgone	37,789,290	37,789,290	37,789,290
Road maintenance levy	266,175,000	379,552,256	379,552,256
Youth Polytechnic		28,060,821	28,060,821
DANIDA Grant		39,865,919	39,865,919
Kenya Devolution Support Programme-Grant	41,307,447	59,311,725	59,311,725
(4)Total conditional allocations -Development Partners	**822,554,974**	**1,140,796,400**	**1,140,796,400**
Total Revenue (1+2+3+4)	**13,169,955,982**	**12,905,263,573**	**13,241,924,678**

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5.2 Spending Priorities for 2018/2019-2020/21 MTEF Budget

The county will focus on the following key priority areas;

- Transforming the Agricultural Sector;
- Infrastructure Development;
- County Health Services;
- Water service provision;
- County Education Services;
- Trade development, Tourism and Industrialization;
- County Governance;
- Information, Communication and Technology;
- Youth and women Empowerment.

5.3 Medium Term Expenditure Estimates

Table 6 below gives the ministerial total ceiling and gives guidance on resource allocation. Annex 3 and 4 provides provision for both recurrent and development estimates. This gives a window for departments to adjust their budget within their overall total ministerial ceiling given in table 6.

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Table 3: Baseline ceilings 2018/19-2020/21

Vote /Department	2016/17		2017/18	2018/19	2019/20	2020/21	% Share of Revenue estimates CFSP		
	Approved	Revised estimates	Approved	Estimates	Forcast	Forcast	2016/2017	2017/18	2018/19
Office of the Governor	**705,186,498**	**587,303,401**	**689,900,902**	**459,575,701**	**473,958,729**	**488,917,078**	**5.34**	**4.77**	**5.24**
Employee Cost			140,318,250	113,956,574	118,514,837	123,255,431			
Current	346,588,756	358,303,401	240,821,652	245,619,127	255,443,892	265,661,648			
Development	358,597,742	229,000,000	308,761,000	100,000,000	100,000,000	100,000,000			
Public Service and Administration	**1,620,040,958**	**1,250,695,863**	**1,536,582,006**	**1,313,914,070**	**1,357,848,206**	**1,403,551,202**	**12.27**	**10.16**	**11.67**
			805,968,752	713,078,370	734,470,721	756,504,843			
Current	1,362,688,698	1,074,343,603	542,305,807	450,835,700	473,377,485	497,046,359			
Development	257,352,260	176,352,260	188,307,447	150,000,000	150,000,000	150,000,000			
County Treasury	**445,822,601**	**505,939,984**	**510,512,700**	**982,758,298**	**1,016,172,424**	**1,051,128,304**	**3.38**	**4.11**	**3.88**
			200,934,450	322,378,944	335,274,102	348,685,066			
Current	309,260,395	328,786,809	157,578,250	410,379,354	430,898,322	452,443,238			
Development	136,562,206	177,153,175	152,000,000	250,000,000	250,000,000	250,000,000			
Water, Environment and Natural Resource	**344,080,064**	**299,703,835**	**327,200,031**	**495,574,180**	**499,831,258**	**504,280,324**	**2.61**	**2.44**	**2.48**
			66,656,141	52,163,095	54,249,619	56,419,604			
Current	96,080,064	88,283,835	41,343,890	43,411,085	45,581,639	47,860,721			
Development	248,000,000	211,420,000	219,200,000	400,000,000	400,000,000	400,000,000			
Social Services, Youth & Sports	**441,169,707**	**396,256,227**	**364,665,942**	**336,417,684**	**340,258,977**	**344,273,150**	**3.34**	**3.22**	**2.77**
			25,540,426	47,959,160	49,877,526	51,872,627			

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Vote /Department	2016/17		2017/18	2018/19	2019/20	2020/21	% Share of Revenue estimates CFSP		
	Approved	Revised estimates	Approved	Estimates	Forcast	Forcast	2016/2017	2017/18	2018/19
Current	67,168,957	48,167,582	36,627,166	38,458,524	40,381,451	42,400,523			
Development	374,000,750	348,088,645	302,498,350	250,000,000	250,000,000	250,000,000			
Transport, Infrastructure & Public Works	**1,995,322,444**	**2,119,377,184**	**1,972,784,661**	**1,599,183,574**	**1,605,915,156**	**1,612,954,213**	**15.12**	**17.22**	**14.98**
			53,863,445	72,759,680	75,670,067	78,696,870			
Current	71,967,265	66,784,661	18,921,216	76,423,894	80,245,089	84,257,343			
Development	1,923,355,179	2,052,592,523	1,900,000,000	1,450,000,000	1,450,000,000	1,450,000,000			
Lands, Housing, Urban Areas and Physical Planning	**463,425,366**	**450,261,448**	**442,299,235**	**483,906,445**	**494,697,072**	**505,991,042**	**3.51**	**3.66**	**3.36**
			117,578,734	90,469,581	94,088,365	97,851,899			
Current	175,925,366	160,661,448	95,720,501	143,436,864	150,608,707	158,139,143			
Development	287,500,000	289,600,000	229,000,000	250,000,000	250,000,000	250,000,000			
Health Services	**3,498,455,487**	**3,380,468,387**	**3,968,570,917**	**4,570,189,996**	**4,700,776,099**	**4,836,874,572**	**26.50**	**27.47**	**30.13**
			1,818,237,289	2,542,339,687	2,644,033,274	2,749,794,605			
Current	2,288,428,340	2,207,217,208	550,333,628	577,850,309	606,742,825	637,079,966			
Development	1,210,027,147	1,173,251,179	1,600,000,000	1,450,000,000	1,450,000,000	1,450,000,000			
Agriculture, Livestock, Fisheries and Co-operatives	**957,116,060**	**910,407,457**	**968,369,916**	**835,366,178**	**851,687,058**	**868,706,085**	**7.25**	**7.40**	**7.35**
			364,062,004	294,742,870	306,532,585	318,793,888			

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Vote /Department	2016/17		2017/18	2018/19	2019/20	2020/21	% Share of Revenue estimates CFSP		
	Approved	Revised estimates	Approved	Estimates	Forcast	Forcast	2016/2017	2017/18	2018/19
Current	409,156,375	395,447,772	86,307,912	90,623,308	95,154,473	99,912,197			
Development	547,959,685	514,959,685	518,000,000	450,000,000	450,000,000	450,000,000			
Trade, Tourism & Industrialization	**479,486,636**	**462,941,386**	**403,683,736**	**325,083,652**	**378,490,612**	**382,054,031**	**3.63**	**3.76**	**3.07**
			39,244,293	34,722,237	36,111,126	37,555,571			
Current	56,486,636	54,941,386	38,439,443	40,361,415	42,379,486	44,498,460			
Development	423,000,000	408,000,000	326,000,000	250,000,000	300,000,000	300,000,000			
Education , Science & Technology	**996,409,963**	**866,680,276**	**806,927,958**	**722,161,102**	**791,408,939**	**811,444,759**	**7.55**	**7.04**	**6.13**
			390,509,550	436,021,773	453,462,644	471,601,150			
Current	324,363,566	321,948,276	34,418,408	36,139,328	37,946,295	39,843,610			
Development	672,046,397	544,732,000	382,000,000	250,000,000	300,000,000	300,000,000			
County Public Service Board	**76,709,853**	**75,662,753**	**95,000,000**	**90,162,920**	**94,245,631**	**98,515,459**	**0.58**	**0.61**	**0.72**
			49,648,236	42,543,568	44,245,311	46,015,123			
	76,709,853	75,662,753	45,351,764	47,619,352	50,000,320	52,500,336			
ICT, E-government & Communication	**-**	**-**	**-**	**233,574,815**	**236,917,808**	**240,993,381**	**-**	**-**	**-**
Employee Cost				25,992,042	27,031,724	28,112,993			
Current				57,582,773	59,886,084	62,880,388			
Development				150,000,000	150,000,000	150,000,000			
County Assembly	**1,176,913,088**	**999,913,088**	**1,083,457,978**	**1,027,630,877**	**1,074,012,421**	**1,122,713,042**	**8.92**	**8.13**	**8.23**
Current	899,913,088	899,913,088	883,457,978	927,630,877	974,012,421	1,022,713,042			

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Vote /Department	2016/17		2017/18	2018/19	2019/20	2020/21	% Share of Revenue estimates CFSP		
	Approved	Revised estimates	Approved	Estimates	Forcast	Forcast	2016/2017	2017/18	2018/19
Development	277,000,000	100,000,000	200,000,000	100,000,000	100,000,000	100,000,000			
TOTAL	**13,200,138,725**	**12,305,611,289**	**13,169,955,982**	**13,241,924,678**	**13,679,302,581**	**14,031,403,262**	**100**	**100**	**100**

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5.4 Baseline Ceilings

The baseline estimates reflect the current ministerial spending levels in sector Programmes. In development Programmes, adjustment has been made to take into consideration the new projects which are key to development of the county economy and also the governor's objectives as outlined in his manifesto.

The departmental ceilings in table 6 will form the indicative baseline for the FY 2018/2019 budget. In the recurrent expenditure category, non–discretionary expenditures take first charge. Compensation of employees for the county overall expenditure should account for a maximum of 35 % of budget estimates. Adhering to this principle may not be achieved as there are challenges which affect the county in realizing local revenue targets and continued recruitment to cover the gap on capacity which has continually led to increase in county wage bill. Going forward, the County will address the issue of low local revenue and staff rationalization.

In this document, the ceilings, employee cost for ministries are provided separately alongside the operation recurrent estimates and development estimates. The employee cost will be centralized in the department of Public Service and Administration for easier implementation. *This will be effected in the Appropriation Act of 2018 thus causing slight difference between the budget and the Appropriation Act.*

Development expenditures are undertaken on the basis of County Integrated Development Plan 2018-2022, Annual Development Plan (2018), the Governors Manifesto, Public participation report of 2018 as well as departmental strategic priorities. The Proposed capital projects will have to be evaluated in the context of the following elements:

(a) Ongoing projects-emphasis on the completion and operationalization of the ongoing projects within the various departments;
(b) Projects that are in full compliance with the County Government regulations and priorities as outlined in the County integrated development plan, Annual Development Plan and which are fully justified for financing;
(c) Community needs identified through public participation;
(d) Department/sector strategic needs that contribute greatly in addressing county's socio-economic needs.

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

(a) Emerging issues which require much attention in provision of service delivery such as education support programmes;

(b) Cross cutting issues and other special programmes of importance such as disaster management, youth development, gender, disability and HIV/AIDS;

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5.5 Details of Sector/Department Priorities

The MTEF for 2018/2019 -2020/2021 period will ensure that there is continuous resource allocation based on programme priorities that are aligned to CIDP 2018-2022 and annual development plan of 2018/2019.

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

5.5.1 Agriculture, Livestock, Fisheries and Cooperative Development

This sector comprises of the following departments; Crop production, Livestock Production, Veterinary Services, Cooperative Development, Irrigation, Fisheries Development and Bukura ATC.

The sector's vision is to be an innovative, commercially-oriented and modernized agriculture sector. The mission is to improve livelihoods of Kakamega county residents through promotion of competitive agriculture, sustainable livestock and fisheries production, quality and affordable veterinary services and growth of viable cooperatives through quality training in effective and efficient farming methods.

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

To achieve its objectives the department will implement the following programmes over the medium term.

Programme 1: Agricultural Extension and Research

Sub programme	Projects (Investment)
Training and demonstration	Establish a demonstration centre with green house Farmer's training
Agricultural training Infrastructure development	Construction of Multi-purpose hall Renovation of existing hostels
Agriculture research and value chains development	ASDSP Grant

Programme 2: Livestock development

Sub programme	Projects (Investment)
Dairy Development	One Cow initiative Breeding (AI) Development of Smart Dairy units
Poultry development	Supply Poultry to farmers
Other livestock development	a) Rabbit farming promotion b) Dairy Goat farming promotion c) Pig farming promotion d) Apiculture (Bee Farming)
Livestock disease and pest prevention	a) Vaccination programme b) Cattle dip rehabilitation c) Tick and pest control d) Construction of spray race e) Rehabilitation of Veterinary Lab
Veterinary public health	Rehabilitation of slaughter slabs Construction of slaughter houses

Programme 3: Smallholder Irrigation and drainage Programme

Sub programme	Projects (Investment)
Irrigation and drainage infrastructure development	a. Capacity building of small-holder irragation farmers b. Development of Small holder irrigation and drainage schemes; c. Equipping farmers with irrigation equipment

Programme 4: Cooperatives development

Sub programme	Projects (Investment)
Governance of cooperatives	Revamping and strengthening of Co-operatives Undertake Cooperatives audit Capacity Building of Cooperative Societies
Support to Cooperatives	Establish Cooperative enterprise development fund
	Grants To Small Cooperative Societies

Programme 5: Fish Farming Productivity

Sub programme	Projects (Investment)
Fish Pond Development	a) Construction of fish ponds Rehabilitation of fish ponds Fish subsidies- fish meals, fingerlings and limes Provision of fish feeds machines Fish gears support
Hatchery Development	Support to private hatcheries

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Sub programme	Projects (Investment)
Fish Marketing and value addition	Operationalization of Kakamega Fish Processing Factory Fish market research
River dam fisheries	Capacity building Purchase of cages Stocking of dams and rivers

Programme 5: Crop Production and Management services

Sub programme	Projects (Investment)
Cash crop development	Promotion of tea, coffee and sugarcane production
Food crop production	Seeds and fertilizers subsidy programme Farm mechanization-Tractor services Promotion of Nerica rice production
Horticulture promotion and development	Banana production Construction of green houses Promotion of indigenous vegetable production
Crop pest and disease management	Capacity building Purchase of pesticides

To undertake these programmes, the 2018/19 MTEF estimates for this sector are estimated to be Kes.835,366,178.This comprises of KES 294,742,870, KES90,623,308 and Kes.450, 000,000 for Employee cost , Recurrent and Development respectively.

5.5.2 Transport, Infrastructure, Public Works and Energy

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

The state of the County infrastructural network is crucial for the overall development of the county. Reliable, adequate and quality infrastructure increases economic productivity, lowers production costs, improves quality of life, raises county's regional

and global competitiveness, attracts Foreign Direct Investment (FDI), Public Private Partnerships and including Public Partnerships and this has a direct impact in the modernizing the economy. The Multiplier effect created by the investment in this sector is critical to sustain all the other sectors of the county economy.

PROGRAMMES TO BE IMPLEMENTED

Programme 1: Transport Infrastructure Development

(Sub Programmes)	**Projects (Investment)**
Road construction	a) Bitumen road construction b) Gravel road construction
Road Maintenance	a) Bitumen Roads b) Gravel roads
Bridges and culverts Construction	a) Bridges b) Box culverts
Road construction equipment	Acquisition of Road equipment-Graders,water bowser trucks, bull dozers, excavators,rollers, bed trailers.

Programme 2: Public works Management

Sub programme)	**Projects (Investment)**
Government Buildings	a) Refurbishment and maintenance b) Construction and equipping of central and regional mechanical and transport workshops.

Programme 3: Energy Reticulation

(Sub programme)	**Projects (Investment)**
Renewable energy	a) Green energy installation-Biogas, solar
Rural Electrification programme	a) Supply public institution with power b) Highmast power erection c) Electricty supply to hoseholds

To undertake these programmes, the 2018/19 MTEF estimates for this sector are estimated to be KES.1,599,183,574 This comprises of KES72,759,680, KES. 76,423,894 and KES 1,450,000,000 for Employee costs, Recurrent and Development respectively. Development estimates in this sector also includes a provision for the estimates for w**ard based road civil works** in all the 60 wards.

5.5.3 Trade, Tourism and Industry

This sector comprises of the following sub-sectors: Trade, Tourism, Industry, Weights and Measures.

The vision of the sector is to be a leader in investment, trade, tourism and industrialization for a globally competitive economy. The mission is to facilitate orderly Growth and Development of Investment, Trade, Standardization and Tourism in Kakamega County.

PROGRAMMES TO BE IMPLEMENTED

Programme 1: Trade Development and Investment

(Sub programme)	**Projects (Investment)**
Market infrastructure Development	a) Construction of Open air markets b) Refurbishments and maintenance of markets c) Establishment of a wholesale hub d) Construction of ablution blocks e) Construction and maintenance of stock rings
Micro and small enterprises development	Provision of loans to MSMEs

Programmed 2: Tourism Development

(Sub programme)	**Projects (Investment)**
Cultural and heritage tourism development	Developing and preserving tourist sites
	Tourist information centre
	Establishing home stays
	Installation of electric permeter fence around Kakamega forest
Conserved tourism activities	a) Develop bull fighting arena b) Tourism sites mapping c) Training practitioners on tourism and hospitality d) Establishment of a snake park

Programmed 3: County Marketing, promotion and branding

Sub programme	**Projects (Investment)**
Tourism promotion and marketing	a) Awareness creation on tourism

Sub programme	Projects (Investment)
	opportunities – Annual Miss Toursim event, bull fighting, cultural events b) Information centres
County branding	Entry point branding, Investment forums

Programme 4: Industrial development

(Sub programme)	Projects (Investment)
Industrial development	a) Establishment of maize factory b) Establishment of dairy factory c) Establishment of tea factory d) Establishment of incubation centres
cottage industrial development	a) Construction of jua kali shades b) Development of an industrial park c) Equiping CIDCs
Quality assurance and customer protection	a) Purchase weight and measures equipments

To undertake these programmes, the 2018/19 MTEF estimates for this sector are estimated to be KES 325,083,652 comprising of KES. 34,722,237 , KES. 40,361,415 and KES. 250,000,000 for Employee costs ,Recurrent and Development expenditure respectively.

5.5.4 Health Services

The Sector comprise of two departments namely; Public Health and Medical Services. The County has 202 health facilities including one (1) County General hospital, 12 County hospitals, Nine (9) mission hospitals, one (1) private hospital, eight (8) nursing homes, 27 public health centers, one (1) private health center, 66 public dispensaries, 31 private dispensaries and 107 private clinics

This sector comprises the Public Health and Medical Services sub sectors. Its vision is to provide *Quality health services for all"*. Its mission is *dedicated to delivering accessible, equitable, efficient and respectful, promotive, preventive, curative and rehabilitative health services to all*

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

Programme 1: Promotion of Curative health services

(Sub programme)	Projects (Investment)

(Sub programme)	Projects (Investment)
Health Infrastructure Development	a) Completion of County teaching and Referral hospital b) Upgrading of Level five Hospital-(CGH) c) Upgrading health centres to level IV- Khwisero and shianda d) Completion of Mumias West and Shamakhubu level IV hospitals e) Rehabilitate and renovate health centres f) Rehabilitate and renovate dispensaries g) Construction of new dispensaries h) Construction of mortuaries i) Completion and operationalization of stalled health projects from CDF and former local authorities; j) Acquisition of additional ambulances
Quality health products and Technology	a) Purchase and distribution of drugs b) Construction of storage facilties

Programme 2: Preventive and Promotive Health care services

(Sub programme)	Projects (Investment)
Desease prevalence controls	a) Malaria control b) TB treatment and control c) HIV/AIDS control
Maternal and child healthcare promotion	a) Imarisha Afya ya Mama na Mtoto programme b) Facilitating deliveries in hospitals
Family Planning	a) Promotion of family planning initiatives
Nutrition services	a) Promotion of child and mother nutrition
Community Health strategies	a) Disease surveillance b) Hygiene promotion c) Jigger control and prevention d) Alcohol and drug abuse prevention e) Training/sentisization and awareness creation

To undertake these programmes, the 2017/18 MTEF estimates for this sector are to be KES.4,570,189,996, comprising of Ksh.2,542,339,687, KES.577,850,309, and KES1,450,000,000 for Employee cost, Recurrent and Development respectively.

5.5.5 Education, Youth Empowerment, Sports and Social Services

Education

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

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

Programme 1: Polytechnic Improvement

(Sub programme)	Projects (Investment)
Polytechnic Tuition Subsidy	a) Provision of subsidized polytechnic tuition
Polytechnic Infrastructure Development	b) Construction and equipping of new polytechnics c) Polytechnic grants from NG d) Construction of twin workshops e) Equipping polytechnics

Programme 2: Early Childhood Development Education

(Sub programme)	Projects (Investment)
ECDE Infrastructure Development	a) Equip ECD Centers b) Contruction and equipping ECDE Centers c) Construct model ECDE Center
County ECDE support programmes	a) Provide learning materials b) School feeding programmes c) Tuition fees subsidies for ECDE pupils

Programme 3: Education Support Programme

Sub programme	Projects (Investment)
Education support	a) Completion of centres of excellence b) Provision of County Education Scholarship c) Dining halls construction d) Twin labs construction

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To undertake these programmes, the 2017/18 MTEF estimates for this sector are estimated to be KES. 722,161,102 comprising of KES.436,021,773, KES. 36,139,328 and KES.250,000,000 for Employee cost, Recurrent and Development respectively.

Social services, Youth and Sports

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

The sector Vision is to provide and promote a sustainable and equitable socio-cultural development, children and youth development in the county. The sector mission is to formulate, mainstream and implement responsive policies through coordinated strategies for sustained and balanced socio-cultural and economic development of the County.

Programme 1: Culture and Arts Development

Sub programme	Projects (Investment)
Culture and heritage conservation	a) Construction of cultural centres b) Rehabilitate culture centers c) Culture practioners support programmes d) Culture exchange programmes

Programme 2: Management and Development of Sports

Sub programme	Projects (Investment)
Development and promotion of sports and talents	a) Promotion Sports talent events and tournaments b) Provision of sport equipment and materials c) Development of talent academies
Sports infrastructure development	a) Phase II Bukhungu stadium b) Develop and construct other sports facilities

Programme 3: Youth & Gender Development and Promotion Services

Sub programme	Projects (Investment)
Youth Empowerment, disability and Gender mainstreaming	a) Provision of disabilty support gears and equipments b) Training and sentisization of people with disabilities, youth and women c) Women empowerment d) Nurturing of youth talent

Sub programme	Projects (Investment)
	programmes

Programme 4: Social Development and Promotions

Sub programme	Projects (Investment)
Social Development and Protection	a) Shelter improvement b) Gender based violence rescue centre c) Children rescue center d) Support social welfare organizations

Programme 5: Development of Library services

Sub programme	Projects (Investment)
Librarry infrastructure development	a) Refurbish and equip Kakamega and Lusumu libraries b) Construct regional libraries c) Automate libraries

To undertake these programmes, the 2018/19 MTEF estimates for this sector are estimated to be KES. 336,417,684 comprising of KES.47,959,160. KES. 38,458,524 and Kes.250,000,000 for Employee Costs, Recurrent and Development respectively.

5.5.6 Office of the Governor

This includes Governor's Office, Deputy Governor's Office, Cabinet Secretariat, County Secretary Office, Internal Audit, Liaison, Security and Enforcement, Protocol, Service Delivery Unit, Advisory Unit, Press Unit and Legal Unit.

The office of the Governor is the central administrative unit for the county. Its overall function is to ensure effective and efficient leadership, accountability and administration of justice. This is achieved through Civic education, fairness to all and dissemination of government policies to communities.

The department vision is "to provide a conducive environment for a competitive and prosperous County."

The department mission is "to ensure effective and accountable leadership, promote a just, democratic environment and establish strong governance institutions to empower citizens for the achievement of socio-economic and political development".

PROGRAMMES TO BE IMPLEMENTED

Programme 1: Office of the Governor

Sub programme	Projects (Investment)
Infrastructure development	a) Completion of Governor's residence b) Construction of deputy governor's residence c) Construction of enforcement camp d) Erection of communication masts e) Completion of County Court
Support, Coordination and Advisory Services	a) Rehabilitation and operationalization of regional audit offices b) Automate internal audit process c) Gender mainstreaming d) Legal services

To undertake these programmes, the 2017/18 MTEF estimates for this department are estimated to be KES.459,575,701 comprising of KES. 113,956,574, KES. 245,619,127 and KES. 100,000,000 for Employee cost, Recurrent and Development respectively.

5.5.7 Public Service and Administration

The sector comprises of the following sub-sectors; County Administration, Human Resource Management, Public participation and Civic Education, Records Management, Alcoholic Drinks Control Directorate, Performance Management, HIV/AIDS, Anti-Corruption and Kazi Mashinani Secretariat.

The vision is to be the leading department in the provision of excellent human resource and administrative services in the county and beyond.' The mission is 'To provide quality and timely human resource and administrative services for sustainable environmental, social and economic development of Kakamega County.

PROGRAMMES TO BE IMPLEMENTED

Programme 1: County Administration

Sub Programme	Projects (Investment)
County administration infrastructure Development	a) Construction of County HQ block b) Completion and Construction of sub county, ward offices c) Refurbishment of County, Sub county and ward offices d) Establishment of a record center e) Construction of a County Training college f) Construction of County Youth Service HQ
Disaster response and mitigation	a) Completion of Disaster Centre at Mwauda

Sub Programme	Projects (Investment)
	b) Construction of disaster Operation Centers c) Purchase disaster specialized equipment
Alcohol and Drug Rehabilitation	a) Construction of a Rehabilitation center

To undertake these programmes, the 2017/18 MTEF estimates for this sector are estimated to be KES.1,313,914,070 comprising of KES. 713,078,370 ,KES.450,835,700 and KES. 150,000,000 for Employee Cost, Recurrent and Development respectively.

5.5.8 Finance and Economic Planning

The Sector of Finance, Economic Planning & Investment is made up of the following units; Accounting, Revenue Agency, Budget, Procurement, Debt Management, Economic Planning and Investment.

The vision is to be the leading sector in formulation of economic policies and provision of prudent public financial management in Kenya. The mission is to provide prudent financial management through effective Economic planning, robust resource mobilization, investment promotion, sustainable budgeting, transparent procurement, timely monitoring & evaluation and financial reporting.

PROGRAMMES TO BE IMPLEMENTED

Programme 1: Public Financial Management

Sub programme	Projects (Investment)
Resource Mobilization	a) Revenue automation b) Purchase motor vehicles and motor cycles for revenue unit
Accounting and Financial services	a) Asset tagging and valuation b) Establish emergency fund

Programme 2: Debt management

Sub programme	Projects (Investment)
Public debt management	a) Establish debt management unit b) Develop risk management framework c) Develop compliance guidelines

Programme 3: Economic policy formulation and management

Sub programme	Projects (Investment)
Economic policy formulation	a) Preparation of County development plans b) Development of County project implementation guidelines c) Monitoring and Evaluation d) Macro-economic indicators baseline survey

Programme 4: County Investment

Sub programme	Projects (Investment)
Investment promotion	a) Investment in the Lake Region Economic Block b) Prepare county investment profile c) Organise County Investment forum d) Initiate PPPs programmes

To undertake these programmes, the 2018/19 MTEF estimates for this sector is KES.982,758,298 comprising of KES. 322,378,944, KES. 410,379,354 and KES. 250,000,000 for Employee costs, Recurrent and Development respectively. Emergency Fund of KES. 100,000,000 is included in development Expenditure estimates

5.5.10 Water, Environment & Natural Resources

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

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

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

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

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PROGRAMMES TO BE IMPLEMENTED

Programme 1: Water and Urban Sanitation service provision and management

Sub-programme	Projects (Investment)
Water Supply Services	a) Rehabilitation, augmentation and construction of surface water supply schemes; b) Drilling, equipping and rehabilitation of boreholes; c) Construction of a water storage tank in Kakamega town d) Extension of water distributionlines; e) Spring development and protection f) Rainwater harvesting g) Rehabilitation, desilting and development of water pans and small dams; h) Water service infrastructure equipment
Urban Sanitation	a) Completion of stalled Maraba Sewerage Plant b) Expansion of sewerage network in Kakamega town c) Construction of sewerage plantsin urban areas

Programme 2: Environmental Conservation

Sub-programme	Projects (Investment)
Environmental Conservation	a) County cleaning services b) Establishment of a County Sanitary Landfill c) Establishment ofgarbage transfer stations d) Acquisition of waste handling equipment e) Establishment of manure composting sites f) Development of a Solid Waste Management Plan g) Environmental education and awareness campaigns
Environmental Pollution Control	a) Acquisition of mobile ambient air quality monitoring station
Climate Change Management	a) Acquisition of automatic climate monitoring stations b) Renewable energy installations (Solar, biogas, improved jikos, kiln, gasifier) c) Capacity building workshops on climate change mitigation and adaptation

Programme 3: Natural Resource Management

Sub programme	Projects (Investment)
Afforestation and Re-afforestation	a) Development of County forests on hill tops; b) Development of green zones in urban centers c) Protection of riparian areas d) Establishment of environmental demonstration Centre

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Promotion of nature based enterprises	a) Bamboo and palm oil propagation b) Establishment of a wildlife Conservancy Centre c) Empowerment of environmental conservation groups
Mineral Resource management	a) Development of policy framework on Sand, quarrying and Marram harvesting b) Training artisanal mining groups; c) Rehabilitation of degraded areas

To undertake these programmes, the 2018/19 MTEF estimates for this sector are estimated to be KES. 495,574,180 comprising of KES. 52,163,095, KES. 43,411,085 and Kes.400,000,000 for Employee cost Recurrent and Development respectively.

5.5.11 Lands, Physical Planning, Housing and Urban Development

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

The sector vision is 'Sustainable and equitable access to land, quality housing and coordinated urban development.'

The sector mission is 'To facilitate improvement of the livelihood of county residents through efficient administration, Equitable access, secure tenure, and sustainable management of land resources, implementation of Housing policy, improvement of living conditions of the urban poor within the context of a well-planned urban and rural environment.'

PROGRAMMES TO BE IMPLEMENTED

Programme 1: Land Management Services

Sub Programme	**Projects (Investment)**
Land use Planning	a) Market planning; b) Policy framework for land management c) Prepare County Spatial Plan
Land administration Services	a) Purchase of land for development initiatives b) Land sensitization clinics c) Develop County public and community land inventory d) Update valuation roll e) Digitization of land records
Survey services	a) Establish accurate land boundaries

Sub Programme	Projects (Investment)
	b) Purchase of survey equipment

Programme 2: Housing Management Services

Sub Programme	Projects (Investment)
Housing infrastructure development	a) Renovation of government houses b) Construct additional Housing units for civil servants and general public

Programme 3: Urban Management Services

Sub Programme	Projects (Investment)
Urban Infrastructure Services	a) Develop recreational parks b) Renovation of markets in Kakamega and Mumias town c) Construct bus parks d) Construct storm water drainage e) Erect high mast lights f) Construction of boda boda shades g) Landscaping of open places h) Construction of non-motorized transport
Urban waste Management	a) Purchase garbage collection truck b) Provision of litter bins c) Construct waste recycling plant d) Construct functional cemetery e) Provision of cleaning services
Improvement of Informal Settlement	a) Slum upgrading initiatives

To undertake these programmes, the 2018/19 MTEF estimates for this sector are estimated to be KES. 483,906,445 comprising of KES.90,469,864, KES. 143,436,864 and KES. 250,000,000 for Employee cost, Recurrent and Development respectively.

5.5.12 The County Assembly

The county Assembly's functions include oversight, Legislation and representation. The estimate for County Assembly programmes may change in the course of MTEF budgeting once the Commission of Revenue Allocation gives the ceilings for budget for FY 2017/2018.

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To undertake these programmes, the 2018/19 MTEF estimates for this sector are estimated to be Ksh.1,027,630,877 comprising of KES. 927,630,877 recurrent and Ksh.100,000,000 development expenditure.

Flagship projects/programmes

a. Construction of the county Assembly chambers

5.5.13 County Public Service Board

Vision

A leading Board in providing human resource for high quality client-centered service

Mission

To build an optimal, efficient and effective human resource for quality service delivery to the people of Kakamega County and beyond

Overall Goal

A Public Service Board that inculcates transparent and merit-based recruitment practices for competent personnel of appropriate skills mix into the service, development and enforcement of standards and ensuring continuing professional development and progression of public servants.

Functions and Powers of the Board:

a. Appoint and confirm persons who hold and/ or act in offices of the County public service including on the Boards of cities and urban areas within the County;
b. Discipline, control and if need be, remove persons, holding or acting in those offices as provided for under this Part; Disciplinary control;
c. Prepare regular reports for submission to the County assembly on the execution of the functions of the Board;
d. Promote in the County public service the values and principles referred to in Articles 10 and 232; County public service.

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e. Evaluate and report to the County assembly on the extent to which the values and principles referred to in Articles 10 and 232 are complied with in the County public service;
f. Facilitate the development of coherent, integrated human resource planning and budgeting for personnel emoluments in counties;
g. Advise the County government on human resource management and development;
h. Advise County government on implementation and monitoring of the national performance management system in counties;
i. Make recommendations to the Salaries and Remuneration Commission and on pensions and gratuities, for County Public Service Employees, on behalf of the County government.

Flagship Programmes

a. Automate the Human Resource function through establishing the Integrated Human Resource Management System (IHRMS).
b. Refurbishment of offices that have sound proof conference halls.
c. Build institutional capacity through the development of a skills inventory for the County.

To undertake these programmes, the MTEF estimates for this sector are Kes. 94,245,631

5.5.14 ICT, e-Government and Communication

The department consists of ICT, e-Government and Communication. It was established to facilitate, through the implementation of an e-Government Programme, the provision of County services electronically anytime anywhere for the greater convenience of the citizens.

The Vision is '*To be a leading county in providing of ICT, e-government and communication services in Kenya.'* The Mission is '*To provide efficient and robust innovative information systems and infrastructure as well as accessible communication services that enable the county meet its set goals, aspirations and targets for delivery of quality services to the citizens of Kakamega County.'*

PROGRAMMES TO BE IMPLEMENTED

Programme 1: County Information Management

Sub programme	Projects (Investment)

Sub programme	Projects (Investment)
County Media Services	a) Establishment of County Media centre b) Establishment of a radio station c) Development of a Production studio d) Production of county magazine
Information and Communication Technology	a) Install ERP Module b) ICT connection upto sub counties c) Construct data center d) Establish wifi substation e) Construct ICT centers f) Develop an ICT Hub g) Establish departmental portals

To undertake these programmes, the 2018/19 MTEF estimates for this sector are estimated to be KES. 233,574,815 comprising of KES.25,992,042 KES. 57,582,773 and KES. 150,000,000 for Employee cost, Recurrent and Development respectively.

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6.0 CONCLUSION

The set of policies outlined in this CFSP aims at striking a balance between circumstances which keep changing and the emerging issues and are broadly in line with the CIDP and the fiscal responsibility principles outlined in the PFM law. They are also consistent with the national strategic objectives which set a basis for County Government allocation of public resources.

Details of these strategic objectives are contained in the County Integrated Development Plan (2018-2022). The policies and sector ceilings annexed herewith will guide the Sectors/departments in preparation of the 2018/19 MTEF budget.

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

Proper implementation of the budget is critical towards providing services that will promote sustainable growth. Sustainability requires greater effort from all the stakeholders including county government departments, civil societies, communities, County Assembly and development partners to get things done. This means providing for continuous consultations with each other, finding solutions and encouraging innovation to build a sustainable County.

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ANNEX

Annex 1: Actual revenue Analysis 2016/17

	Budget	Revised Budget	Actual	Budget	Revised Budget	Actual	Budget	Revised Budget	Actual	Deviation	% deviation
	2014/15			2015/2016			2016/2017				
TOTAL REVENUE AND GRANTS	10,321,289,747	10,579,453,798	8,493,059,916	12,329,741,169	12,075,539,497	11,455,272,789	13,200,138,725	12,369,757,260	11,995,207,542	(374,549,718)	(3.03)
Own sources	874,243,747	903,537,623	516,889,025	1,000,000,000	1,000,000,000	504,238,292	994,070,561	894,070,561	449,487,475	(444,583,086)	(49.73)
Single Business Permit	117,295,528	117,295,528	91,237,493	123,160,304	123,160,304	71,420,051	136,522,704	136,151,240	59,469,151	(76,682,089)	(56.32)
Barter Market	37,487,059	37,487,059	39,761,963	39,361,412	39,361,412	32,389,482	46,572,785	46,572,785	41,988,843	(4,583,942)	(9.84)
Property Rates	45,000,000	45,000,000	20,894,388	47,250,000	47,250,000	19,078,434	41,341,582	41,341,582	16,898,047	(24,443,535)	(59.13)
CESS	230,000,000	230,000,000	42,083,894	241,500,000	241,500,000	43,186,774	120,000,000	120,000,000	41,996,730	(78,003,270)	(65.00)
Housing/Stall	3,820,640	3,820,640	1,777,435	4,011,672	4,011,672	11,958,910	6,000,000	6,000,000	7,562,670	1,562,670	26.04
Kiosk Fee	12,329,480	12,329,480	4,755,690	12,945,954	12,945,954	3,887,700	3,799,688	3,799,688	4,691,450	891,762	23.47
Slaughter	6,789,080	6,789,080	915,314	7,128,534	7,128,534	1,431,130	7,372,971	3,372,971	3,549,615	176,644	5.24
Bus Park	45,986,088	45,986,088	45,123,400	48,285,392	48,285,392	48,381,260	52,685,100	52,685,100	50,541,615	(2,143,485)	(4.07)
Parking Fee	46,350,800	46,350,800	11,359,310	48,668,340	48,668,340	8,925,394	17,038,965	17,038,965	9,259,360	(7,779,605)	(45.66)
Hire of Machinery	5,821,760	5,821,760	2,417,490	6,112,848	6,112,848	7,832,156	12,626,235	12,626,235	1,719,600	(10,906,635)	(86.38)
Other Revenues/devolved	61,363,312	61,363,312	5,294,000	21,000,000	21,000,000	66,821,659	57,538,214	57,538,214	61,340,662	3,802,448	6.61

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	Budget	Revised Budget	Actual	Budget	Revised Budget	Actual	Budget	Revised Budget	Actual	Deviation	% deviation
	2014/15			2015/2016			2016/2017				
government functions											
Contribution in lieu of rate			-	86,935,033	86,935,033	-	95,628,536	-		-	-
Liquor license		29,293,876	7,444,500	38,331,879	38,331,879	13,139,200	29,231,000	29,231,000	13,972,281	(15,258,719)	(52.20)
Court Fines			344,086	208,632	208,632	-	516,129	516,129	-	(516,129)	(100.00)
Health facilities & Others	262,000,000	262,000,000	243,480,062	275,100,000	275,100,000	175,786,142	365,220,093	365,220,093	135,737,451	(229,482,642)	(62.83)
Dividend							1,976,559	1,976,559	760,000	(1,216,559)	(61.55)
County Revenue Fund brought forward					236,909,624	236,909,624	-			-	
Exchequer balance brought forward	1,675,926,000	1,675,926,000	1,363,618,000	1,688,334,939	1,434,133,267	1,434,133,267	1,732,621,879	938,094,443	938,094,443	-	-
Total Allocation from the National Government	7,771,120,000	7,999,990,175	6,612,552,891	9,641,406,230	9,641,406,230	9,516,901,230	10,473,446,285	10,537,592,256	10,422,636,624	(126,705,632)	(1.20)
Equitable share of revenue	7,750,000,000	7,772,533,929	6,385,096,645	8,908,229,519	8,908,229,519	8,908,229,519	9,612,093,312	9,612,093,312	9,612,093,312	-	-
Conditional Grants	21,120,000	227,456,246	227,456,246	733,176,711	733,176,711	608,671,711	861,352,973	925,498,944	810,543,312	(126,705,632)	(13.69)
Level 5 Hospital	-	206,336,246	206,336,246	342,902,857	342,902,857	342,902,857	406,936,416	406,936,416	406,936,416	-	-
Roads Maintenance Levy Fund				113,164,138	113,164,138	113,164,138	147,689,749	147,689,749	147,689,749	-	-

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	Budget	Revised Budget	Actual	Budget	Revised Budget	Actual	Budget	Revised Budget	Actual	Deviation	% deviation
	2014/15			2015/2016			2016/2017				
HSSF	21,120,000	21,120,000	21,120,000	23,500,000	23,500,000	-	11,750,000	25,895,971	11,750,00	(14,145,971)	(54.63)
Free Medical Maternal Health Care				214,900,000	214,900,000	113,895,000	217,184,083	217,184,083	205,550,000	(11,634,083)	(5.36)
User Fees forgone				38,709,716	38,709,716	38,709,716	38,617,147	38,617,147	38,617,147	-	-
Kenya Devolution support programme							39,175,578	39,175,578	-	(39,175,578)	(100)
Universal Health Care Fund							-	50,000,000	-	(50,000,000)	(100)
Transfer from the National government entities-Ministry of Health								-	184,989,000	184,989,000	

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Annex 2: Comparison of Recurrent and Development Budget Estimates and Actual Expenditure FY 2016/2017

DEPARTMENT	Budget	Revised Budget	Actual	Budget	Revised Budget	Actual	Budget	Revised Budget	Actual	Absorption rate
	2014/15			2015/2016			2016/2017			
EXPENDITURES	**10,321,289,747**	**10,579,453,798**	**7,955,804,201**	**12,329,741,169**	**12,312,449,121**	**9,925,729,621**	**13,200,138,725**	**12,369,757,260**	**10,845,506,847**	**87.7**
Office of the Governor	**271,125,751**	**239,887,784**	**155,995,573**	**626,599,838**	**503,405,688**	**214,060,850**	**705,186,498**	**359,597,151**	**195,791,392**	**54.4**
Current	216,125,751	184,887,784	155,126,573	318,599,838	255,413,688	203,489,248	346,588,756	230,597,151	182,315,545	79.1
Development	55,000,000	55,000,000	869,000	308,000,000	247,992,000	10,571,602	358,597,742	129,000,000	13,475,847	10.4
Public Service and Administration	**2,101,513,781**	**2,557,424,560**	**2,205,332,994**	**1,980,547,705**	**2,819,975,355**	**2,431,874,721**	**1,620,040,958**	**4,148,607,571**	**3,874,085,249**	**93.4**
Current	1,916,513,781	2,372,424,560	2,194,021,922	1,721,147,705	2,650,745,255	2,358,766,817	1,362,688,698	3,972,255,311	3,781,851,579	95.2
Development	185,000,000	185,000,000	11,311,072	259,400,000	169,230,100	73,107,904	257,352,260	176,352,260	92,233,670	52.3
County Treasury	**497,260,168**	**728,510,168**	**582,051,507**	**390,642,806**	**375,350,772**	**341,277,820**	**445,822,601**	**330,454,363**	**190,236,242**	**57.6**
Current	180,310,168	167,560,168	97,471,517	250,642,806	250,365,772	224,978,947	309,260,395	153,301,188	112,748,043	73.5
Development	316,950,000	560,950,000	484,579,990	140,000,000	124,985,000	116,298,873	136,562,206	177,153,175	77,488,199	43.7
Water, Environment and Natural Resource	**275,468,000**	**246,949,947**	**134,089,399**	**322,157,691**	**244,843,288**	**167,493,726**	**344,080,064**	**234,047,694**	**129,442,205**	**55.3**
Current	102,268,000	73,749,947	63,601,067	98,057,691	49,115,638	25,499,612	96,080,064	22,627,694	12,509,456	55.3
Development	173,200,000	173,200,000	70,488,332	224,100,000	195,727,650	141,994,114	248,000,000	211,420,000	116,932,749	55.3
Social Services, Youth & Sports	**276,029,110**	**285,420,637**	**97,194,000**	**417,030,280**	**274,458,546**	**246,525,453**	**441,169,707**	**373,037,658**	**268,439,451**	**72.0**

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DEPARTMENT	Budget	Revised Budget	Actual	Budget	Revised Budget	Actual	Budget	Revised Budget	Actual	Absorption rate
	2014/15			2015/2016			2016/2017			
Current	39,779,110	29,170,637	16,919,269	56,780,280	24,439,125	19,792,330	67,168,957	24,949,013	13,851,972	55.5
Development	236,250,000	256,250,000	80,274,731	360,250,000	250,019,421	226,733,123	374,000,750	348,088,645	254,587,479	73.1
Transport, Infrastructure & Public Works	**1,139,690,660**	**1,320,690,660**	**958,435,015**	**1,742,435,569**	**1,927,125,249**	**1,715,129,443**	**1,995,322,444**	**2,265,513,739**	**2,086,199,967**	**92.1**
Current	62,690,660	43,690,660	30,038,685	63,789,401	22,810,548	12,164,412	71,967,265	12,921,216	8,072,567	62.5
Development	1,077,000,000	1,277,000,000	928,396,330	1,678,646,168	1,904,314,701	1,702,965,031	1,923,355,179	2,252,592,523	2,078,127,400	92.3
Lands, Housing, Urban Areas and Physical Planning	**364,540,000**	**302,034,419**	**72,461,586**	**296,062,159**	**251,649,364**	**133,496,438**	**463,425,366**	**333,354,714**	**134,091,728**	**40.2**
Current	72,540,000	50,034,419	23,869,966	84,062,159	53,989,364	36,086,547	175,925,366	43,754,714	25,083,991	57.3
Development	292,000,000	252,000,000	48,591,620	212,000,000	197,660,000	97,409,891	287,500,000	289,600,000	109,007,737	37.6
Health Services	**2,378,072,277**	**2,284,548,523**	**1,744,453,345**	**3,173,551,311**	**3,301,772,366**	**2,737,056,025**	**3,498,455,487**	**1,805,043,399**	**1,853,700,917**	**102.7**
Current	1,749,072,277	1,660,212,277	1,459,834,113	2,127,786,204	2,162,347,009	1,931,858,297	2,288,428,340	531,792,220	517,119,015	97.2
Development	629,000,000	624,336,246	284,619,232	1,045,765,107	1,139,425,357	805,197,728	1,210,027,147	1,273,251,179	1,336,581,902	105.0
Agriculture, Livestock, Fisheries and Co-operatives	**1,040,200,000**	**807,597,100**	**431,610,586**	**939,862,773**	**619,052,810**	**448,361,570**	**957,116,060**	**581,206,542**	**395,284,577**	**68.0**
Current	310,200,000	57,597,100	37,983,357	364,862,773	89,790,310	53,696,431	409,156,375	66,246,857	28,809,817	43.5
Development	730,000,000	750,000,000	393,627,229	575,000,000	529,262,500	394,665,139	547,959,685	514,959,685	366,474,760	71.2
Trade, Tourism & Industrialization	**409,950,000**	**386,950,000**	**318,669,048**	**451,613,185**	**444,558,339**	**243,317,395**	**479,486,636**	**433,912,525**	**312,261,875**	**72.0**

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DEPARTMENT	Budget	Revised Budget	Actual	Budget	Revised Budget	Actual	Budget	Revised Budget	Actual	Absorption rate
	2014/15			2015/2016			2016/2017			
Current	69,950,000	46,950,000	26,117,105	47,657,156	26,294,310	17,477,277	56,486,636	25,912,525	17,604,339	67.9
Development	340,000,000	340,000,000	292,551,943	403,956,029	418,264,029	225,840,118	423,000,000	408,000,000	294,657,536	72.2
Education , Science & Technology	**816,440,000**	**668,440,000**	**562,296,531**	**1,016,586,176**	**612,287,532**	**467,844,702**	**996,409,963**	**571,212,592**	**478,798,315**	**83.8**
Current	316,440,000	118,440,000	88,953,592	269,586,176	23,454,600	16,094,079	324,363,566	26,480,592	9,601,437	36.3
Development	500,000,000.00	550,000,000.00	473,342,939	747,000,000	588,832,932	451,750,623	672,046,397	544,732,000	469,196,878	86
County Public Service Board	**-**	**-**	**-**	**85,798,311.00**	**51,116,447.00**	**38,949,465**	**76,709,853**	**33,856,224**	**33,767,471**	**100**
Current				85,798,311	51,116,447	38,949,465	76,709,853	33,856,224	33,767,471	100
County Assembly	**751,000,000**	**751,000,000**	**693,214,617**	**886,853,365**	**886,853,365**	**740,342,013**	**1,176,913,088**	**893,407,468**	**898,517,564**	**100**
Current	651,000,000	651,000,000	648,214,617	786,853,365	786,853,365	740,342,013	899,913,088	899,913,088	898,517,564	99
Development	100,000,000	100,000,000	45,000,000	100,000,000	100,000,000	-	277,000,000	-	-	-

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