

REPUBLIC OF KENYA



COUNTY GOVERNMENT OF KAKAMEGA

THE COUNTY TREASURY

MEDIUM TERM

**COUNTY FISCAL STRATEGY
PAPER**

A Wealthy and Vibrant County

February 2020

Kakamega County Fiscal Strategy Paper 2020

To obtain copies of the document, please contact

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KAKAMEGA, KENYA

The document is also available on the official county website www.kakamega.go.ke

Foreword

The Kakamega County Fiscal Strategy Paper (CFSP 2020) is prepared as provided under section 117 of PFM Act of 2012. It sets out the county priority programmes to be implemented during the financial year 2020/2021 and over the MTEF period. Preparation of this document has been done through collaborated effort and therefore reflects the needs of people of Kakamega County. The document has been aligned to key National and County policy documents which include Kenya Vision 2030, MTP 2018-2022, Kakamega County Integrated Development Plan(CIDP 2018-2022) and Kakamega County Annual Development Plan (CADP 2020/2021).

The County has continued to record positive economic development as a result of improved infrastructure, revitalized agricultural sector and the significant investments in other sectors including health, education and trade. To continue with this development pace, the focus of 2020/2021 will be geared towards achieving the County Vision. Pursuing this agenda will have long term impact of job creation and improved incomes from the vibrant economic activities in the County.

Despite the tremendous progress made, the County is still faced with several challenges that hold it from achieving its full potential. These challenges include inadequate financial resources, high unemployment rates, and political related issues. Strategies and measures to address these challenges have been captured in this document.

To achieve the County vision and the broad economic transformation, the County will focus on five core areas which are aligned to the Big four agenda as outlined below:

- Transforming the Agricultural Sector to ensure food security and increased incomes;
- Infrastructure Development including opening of road networks and housing units;
- Achieve universal Health Care;
- Promotion of fair trade, trade development, industrial growth and investment; and
- Access to clean and safe water for all.

This fiscal strategy paper also gives parameters for the 2020/21 budget and the Medium-Term Expenditure Framework which is consistent with both County and National Government priority programs, strategies and policies.

MR. GEOFFREY N. OMULAYI
COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE AND ECONOMIC PLANNING

Acknowledgement

The development of the FY 2020/21 CFSP was a collaborative effort throughout the County under the leadership of His Excellency the Governor, Hon. Wycliffe Ambetsa Oparanya and the County Executive Committee Members, led by Mr. Geoffrey Omulayi CEC for Finance and Economic Planning.

In the same vein, I would like to sincerely thank the County chief officers and agency/departmental directors for their cooperation and efforts in the preparation of this document that meets the aspirations of the County residents.

Furthermore, I appreciate the efforts and inputs of the members of the public. In addition, the Commission for Revenue Allocation (CRA), the National Treasury, the Controller of Budget (COB), the County Budget and Economic forum (CBEF) members among many other stakeholders were very instrumental in the preparation of this document by providing important information in their policy documents and advisories.

Lastly, Special thanks to the Chief Officer, Economic Planning, the staff in the Department of Budget, Revenue and Economic Planning for their significant contribution to the development of the 2020 CFSP.

Mr. John Imbogo
Chief Officer, Finance
Department of Finance and Economic Planning.

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ABBREVIATIONS AND ACRONYMS

ASDSP	Agricultural Sector Development. Support Programme
ATVET	Agricultural Technical and Vocational Education and Training
BPS	Budget Policy statement
CADP	County Annual Development Plan
CBR	Central Bank Rate
CBROP	County Budget Review Outlook Paper
CFSP	County Fiscal Strategy Paper
CIDC	County Industrial Development Centres
CIDP	County Integrated Development Plan
CRA	Commission on Revenue Allocation
CSWGs	County Sector Working Groups
CTRH	County Teaching and Referral Hospital
ERP	Enterprise Resource Planning
FY	Financial Year
GDP	Gross Domestic Product
HELB	Higher Education Loans Board
ICT	Information Communication & Technology
IFMIS	Integrated Financial Management Information System
KALRO	Kenya Agricultural Livestock Research Organization
KES	Kenya Shillings
KIHBS	Kenya Integrated Household Budget Survey
KIWASH	Kenya Integrated Water, Sanitation and Hygiene
KNBS	Kenya National Bureau of Statistics
KYISA	Kenya Youth Inter County Sports Association

MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
NEMA	National Environmental Management Authority
ODF	Open Defecation Free
PFM	Public Financial Management
PPP	Public Private Partnership
SDG	Sustainable Development Goals
UNICEF	United Nations International Children's Emergency Fund

Legal Basis for the Publication of the County Fiscal Strategy Paper

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

- (1) The County, Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by the 28th February of each year.
- (2) The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement. .
- (3) In preparing the County Fiscal Strategy Paper. The County Treasury shall specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term.
- (4) The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term.
- (5) In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of
 - (a) The Commission on Revenue Allocation;
 - (b) The public;
 - (c) Any interested persons or groups; and
 - (d) Any other forum that is established by legislation.
- (6) Not later than fourteen days after submitting the County Fiscal Strategy Paper to the county assembly, the county assembly shall consider and may adopt it with or without

Responsibility Principles in the Public Financial Management Law

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

- 1) The county government's recurrent expenditure shall not exceed the county government's total revenue.
- 2) Over the medium term, a minimum of 30% of the County budget shall be allocated to development expenditure.
- 3) The County government's expenditure on wages and benefits for public officers shall not exceed 35 percent of the County government revenue.
- 4) Over the medium term, the County government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.
- 5) Public debt and obligations shall be maintained at a sustainable level as prescribed by the executive and approved by the County Assembly.
- 6) Fiscal risks shall be managed prudently.
- 7) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future

OUTLINE OF THE COUNTY FISCAL STRATEGY PAPER FY 2021.

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 government intends to transform its economy.

Section II Outlines the economic context in which the 2020/21 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 2020/20 MTEF Budget and the Medium Term. Sector achievements and priorities are also reviewed for the 2018/19 MTEF period.

Section VI gives the conclusion.

1.0 EXECUTIVE SUMMARY

This County fiscal strategy paper (CFSP 2020) covers MTEF period 2020/2021-2022/2023 and 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 2020/21 and the MTEF period.

The implementation of the county priority programs over the medium term is expected to achieve the County vision of **wealthy and economically vibrant county**. The priorities to be pursued are in line with Kenya Vision 2030, MTP III, Big Four Agenda, Sustainable Development Goals (SDGs), the Governor's Manifesto and County Integrated Development Plan (2018-2022) among other policy documents. 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 creating employment and broadening socio-economic stability hence improving living standards.

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) will be a key reference document in aligning the national economic policy principles to the County.

1.1 Building a wealthy and economically vibrant County

The focus of the County Government is to steer the county forward towards wealth creation and building an economically vibrant County through numerous strategies and a proper sustainable fiscal policy framework. Riding on the available resources and potential that the county has in Agriculture, Tourism, Sports, Energy, Minerals, Forestry, and favorable weather conditions, present broad opportunities for investment.

The County has elaborate plans towards strengthening the framework upon which a wealthy and economically vibrant county agenda would be built, however, there are challenges that need to be addressed gradually. They include: low level of local

revenue collection, uncertainties arising from national government fund disbursement and expenditure pressures with respect to salary demands and operational costs which have impacted negatively on the county development agenda.

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

- a) Transforming the Agricultural Sector to ensure food security and increased incomes;
- b) Infrastructure Development including opening of Road networks and housing units;
- c) Achieve universal Health Care;
- d) Promotion of fair trade, trade development, industrial growth and investment; and
- e) Access to clean and safe water for all.

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 priorities for economic policies and sectors expenditure programs to be implemented under the MTEF for 2020/20-2021/22 in order to achieve the County 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.
 - Strengthen cooperative movements.

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

- Tarmacking of 120 kms of roads over the medium term;
- Construction of 1800 km of gravel roads throughout the county over the medium term;
- Implementing a continuous roads maintenance programme to ensure all year round mobility;
- Construction of box culverts and bridges to improve road connectivity;
- Constructing culverts on all roads to ease drainage;
- Connecting all household and centres and institutions to power and electricity

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 health strategy;
- Strengthen the County medical supply chain to ensure all health facilities have adequate supply of drugs and non-pharmaceutical products;
- Promote universal access to health care;
- Digitize all health care service operations;
- Expand scope and coverage of the “Imarisha Afya ya Mama na Mtoto” Programme to all health facilities in the county to reduce infant, child and maternal deaths.

Strategic priority IV: Promotion of fair trade, trade development, industrial growth and investment

- Improvement of marketing infrastructure
- Establishment of industrial park
- Development of cottage industries and jua kali sectors
- Identify and develop potential in tourism

Strategic priority V: Improvement and upgrading of education standards.

- Implementation of free ECDE Capitation programme
- Construct and equip all ECDE and childcare centres;
- Implementation of the ECDE school based feeding program ;
- Provide high quality ECDE teaching and learning resources;
- Construct and Equip County Polytechnics;
- Provide bursaries to improve access to education;
- Integrate ICT for Education

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

- Implementation of the County Water and sewerage Master Plan;
- Construction of bulk water harvesting and storage facilities with bulk storage;
- Expansion of water distribution lines to unserved areas from the main Water Supply Sources;
- Sink boreholes to supplement water supply from the main water supply lines;
- Promote adoption of rain water harvesting and storage technologies at household and institutional level;
- Mobilise resources to construct sewerage lines in Kakamega and Mumias Towns and other upcoming urban centres;

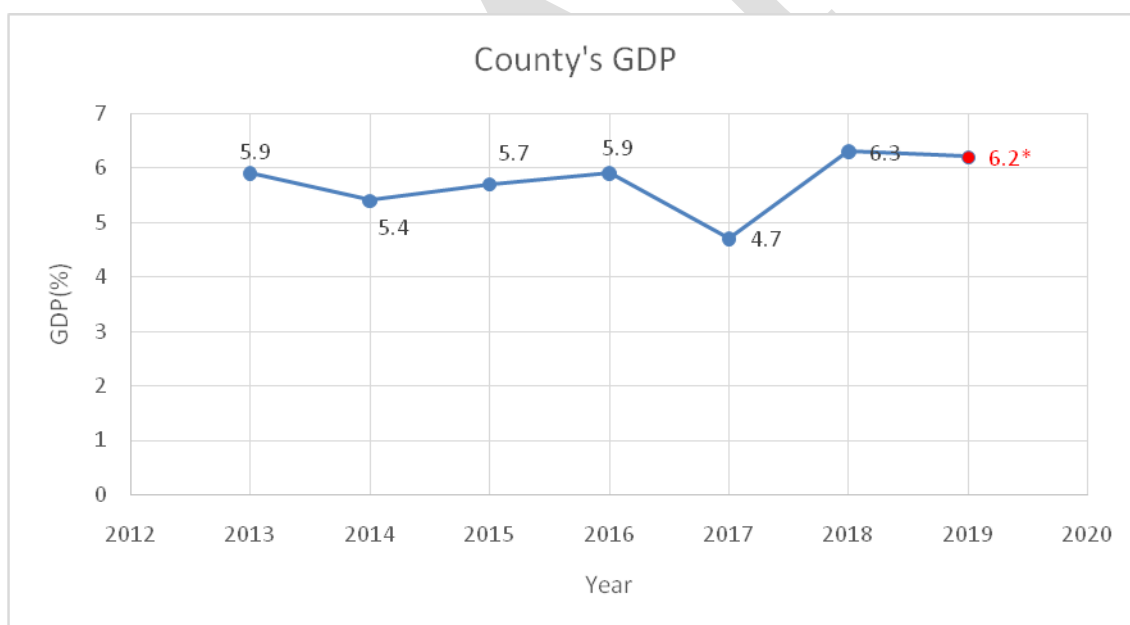
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2.0 RECENT ECONOMIC DEVELOPMENT AND POLICY OUTLOOK IN 2019/20

2.1 Review of Recent Economic Performance

The Country's Gross Domestic Product (GDP) is estimated to have grown by 6.3% in 2018 compared to 4.9% in 2017 (Economic Survey, 2019) and it is estimated at 5.6% in 2019(National Treasury).The GDP is projected to grow to 6.1% in the year 2020.(BPS 2020) This growth was attributed to increased agricultural production, accelerated manufacturing activities, sustained growth in transportation and vibrant service sector activities. The growth realized was anchored on relatively stable macroeconomic indicators in 2018. Inflation remained low at 4.7% in 2018 compared to 8.0% in 2017 majorly as a result of considerable declines in prices of food after the shortage experienced in 2017(Economic Survey, 2019).

Economic Performance



Source: KNBS Economic Survey, 2019 Report

2.1.1 Inflation Rate

4. The annual inflation as measured by the Consumer Price Index (CPI) decreased from 8.0% in 2017 to 4.7% in 2018 (Economic Survey, 2019). The decline was on account of favorable weather conditions and prudent macroeconomic policies.

Figure 1: Kenya's inflation rates from 2013-2018



Source: KNBS Economic Survey, 2019 Report

2.1.2 Interest Rate

The Central Bank of Kenya adopted an accommodative monetary policy by reviewing the Central Bank Rate (CBR) from 10%, to 9.5% in March 2018 and 9% in July 2018. The easing of monetary policy aimed at reducing cost of borrowing particularly for the private sector to stimulate production and boost economic growth. Overall, interest rates dropped during the review period except for the interbank rate.

2.1.3 Exchange Rate

In the East Africa Community (EAC) region, the Kenyan Shilling gained against the Ugandan Shilling, Rwandese Francs and Tanzanian Shilling by 5.4%, 4.8% and 3.8% respectively. It strengthened against Indian Rupee, the US Dollar, Saudi Riyal and UAE Dirham by 6.9%, 2.1%, 2% and 2% respectively in 2018. However, the Kenyan Shilling weakened against the Euro and Sterling Pound by 2.5% and 1.5% respectively in 2018.

Table 1: Average Foreign Exchange Rates of Kenya Shilling for Selected Currencies, 2014-2018

Currency	Exchange Rate against KES				
	2014	2015	2016	2017	2018
1 US Dollar	87.92	98.18	101.5	103.41	101.29
1 Euro	116.84	108.96	112.33	116.73	119.63
1 Sterling Pound	144.88	150.17	137.66	133.20	135.25
1 Swiss Franc	96.18	102.04	103.04	105.04	103.58
1 UAE Dirham	23.94	26.73	27.64	28.15	27.58
1 Indian Rupee	1.44	1.53	1.51	1.59	1.48
1 Chinese Yuan	14.27	15.62	15.29	15.30	15.33
100 Japanese Yen	83.26	81.12	93.55	92.22	91.74
1 SA Rand	8.10	7.72	6.93	7.77	7.69
1 Egyptian Pound	12.41	12.77	10.14	5.80	5.69
TSh/KSh	18.93	20.73	21.54	21.63	22.48
USh/KSh	29.55	32.94	33.68	34.92	36.81
100 Rwanda Francs	7.79	7.09	7.53	8.11	8.50

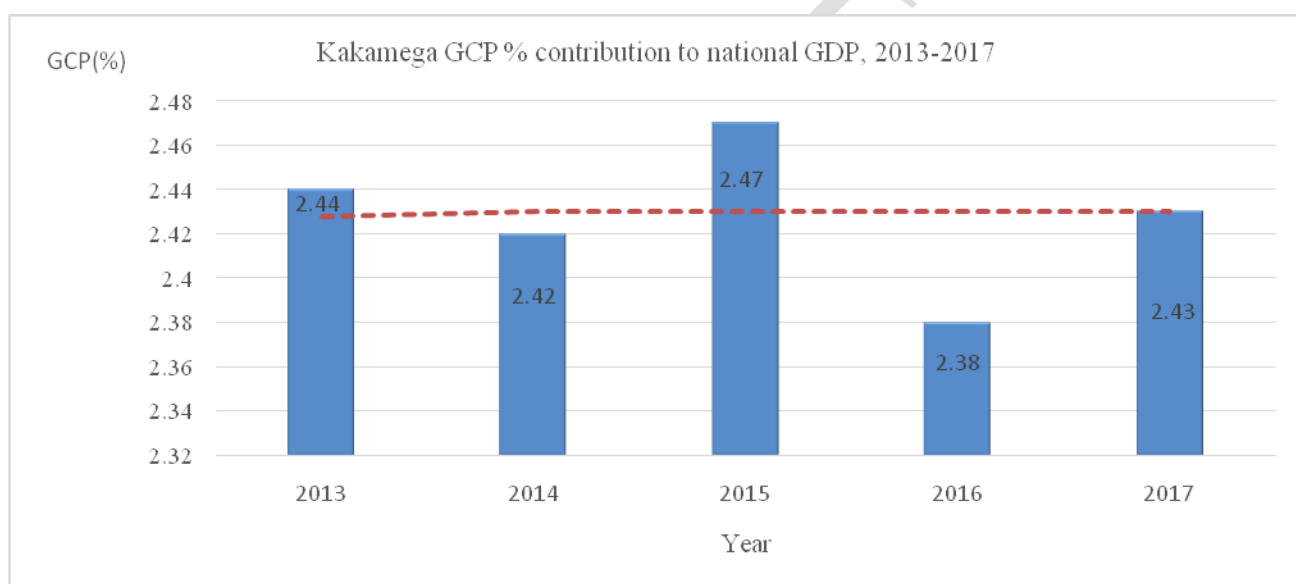
Source: KNBS, Economic Survey 2018 Report

2.1.4 Overall Economic Growth in the County

County Economic Performance

According to KNBS, Gross County Product Report 2019, the county's GDP was estimated at KES 182.563 Billion which is 2.4% of the national GDP in 2017 (KES 7.524 Trillion). The average GCP contribution of the counties to the national GDP in current prices is estimated at 2.43% in the five year period. Figure 3 shows the county's GCP estimates over the period 2013-2017.

Figure 2: Kakamega GCP % contribution to national GDP, 2013-2017



Source: KNBS, GCP report 2019

The increase in GCP from 2016 to 2017 was principally attributed to increased agricultural production, accelerated sustained growth in transportation and vibrant service sector activities. The average GCP across all counties is approximately 2.8%. However, Kakamega County GCP growth was slower than the average growth across the 47 counties due to high poverty levels (35.8%). Figure 4 compares the GCP of the counties neighbouring Kakamega County.

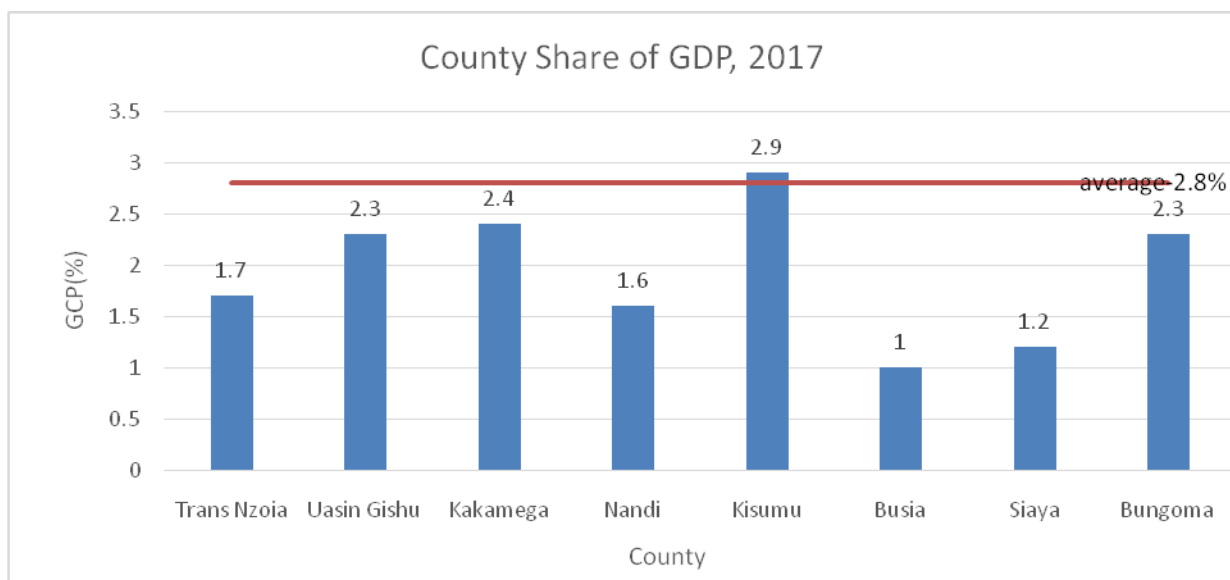


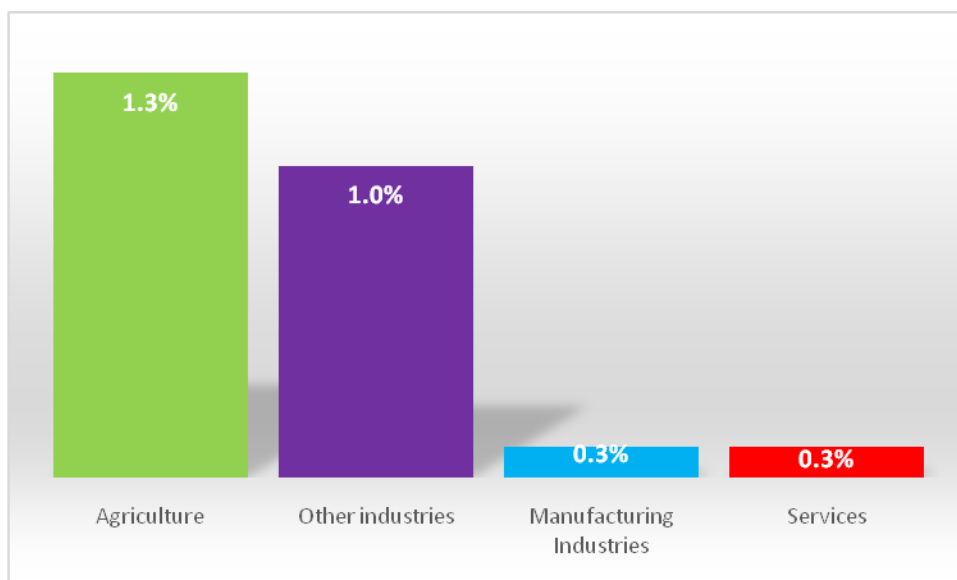
Figure 3: County Share of GDP, 2017

Source: KNBS, GCP report 2019

All counties in the western region have their contribution to the national GDP below the average of the 47 counties' contribution as shown in the figure 4 above at 2.8%.

Contribution of main sectors to GCP, 2017

Kakamega County was ranked ninth in agricultural activities among the 47 counties, hence, the sector significantly contributed to the Kakamega GCP. Other sectors that contributed to growth include; other industries, manufacturing industries and service sector as shown in figure 5



2.2 Update on fiscal performance and emerging challenges

The fiscal and economic assumption underlying the 2019/20 budget entailed improved collection of revenue from local sources and timely releases of funds by the national treasury. The updated Fiscal Economic framework is optimistic, given that the local revenue collection trend has improved. Despite the several challenges that still exist, the County Government will continue with its policy of expenditure rationalization with a view to provide more funds to core services.

2.2.1 County Revenue performance for Previous Year 2018/2019

The total local revenue collection was KES 896.6 million compared to the target in the revised budget to KES1 Billion. This represents revenue shortfall of KES 103.3 million or 10.3%. The National Government disbursements amounted to KES 11.974 Billion. This amount consisted of conditional grants amounting to KES 1.644Billionand equitable shareable revenue of KES10.330 Billion as provided in table1.The total revenue available for spending was **14,279,632,581**after the incorporation of transfers from the National Government besides the balance from the previous FY 2017/18 of KES. 1.293 Billion

2.2.1.1 Locally Collected Revenue

The County Revenue collection performance was better than the previous year(2017/18). In the FY 2018/2019, local revenue was KES. 896.6 Million against the revised budget of KES. 1 Billion

Table 2: Comparison Of Yearly Revenue Collection

Total Revenue And Grants	Actual Receipts		Approved Budget	Revised Budget	Actual Receipts
	2016/2017	2017/2018	2018/2019		
Own sources	449,487,475	682,269,542	843,624,284	1,000,000,000	896,660,752
Single Business Permit	59,469,151	68,649,690	104,372,988	104,372,988	79,968,601
Barter Market	41,988,843	25,824,915	60,329,969	60,329,969	33,397,604
Property Rates	16,898,047	30,774,822	42,581,829	42,581,829	18,555,615
CESS	41,996,730	27,155,400	56,154,787	56,154,787	49,245,668
Housing/Stall	7,562,670	6,745,045	12,092,535	12,092,535	3,028,776
Kiosk Fee	4,691,450	1,686,040	3,913,679	3,913,679	3,385,980
Slaughter	3,549,615	1,840,475	7,594,160	7,594,160	2,094,795
Bus Park	50,541,615	47,579,674	64,565,653	64,565,653	40,742,790
Parking Fee	9,259,360	6,960,280	17,850,134	17,850,134	11,667,960
Hire of Machinery	1,719,600	1,529,700	13,005,022	13,005,022	3,913,200
Other Revenues/devolved government functions/miscellaneous	61,340,662	40,396,621	-	-	42,329,472
Stock Sales			15,106,905	15,106,905	11,985,875
Service fee charges			7,762,608	7,762,608	9,434,445
Liquor license	13,972,281	26,667,711	30,107,930	30,107,930	17,886,326
Health facilities & Others	135,737,451	187,867,271	356,387,604	512,763,320	333,420,554
Public Health			15,167,050	15,167,050	15,367,433
Dividend and interest	760,000	12,508,664	2,624,860	2,624,860	450,000

Total Revenue And Grants	Actual Receipts		Approved Budget	Revised Budget	Actual Receipts
	2016/2017	2017/2018	2018/2019		
Plans inspection		8,250,495	10,229,260	10,229,260	16,531,643
Advertising(Billboard)		7,548,007	12,195,558	12,195,558	17,535,426
Farm mechanization		2,776,000		-	1,495,033
ATDC			11,581,753	11,581,753	5,295,121
Farm Input Proceeds		177,508,732	-	-	178,928,435

2.2.1.2 National Government Revenue

Revenue from the National Government consisted of equitable shareable revenue of KES 9.935 Billion, and total Conditional grants of KES 1.022 Billion. The summary of transfers from the National Government including conditional grants is highlighted in table 5

Table 3: National Government Revenue 2018/2019

Revenue Source	Amount in KES
Equitable Shareable	10,330,000,000
Level 5 Hospital	427,283,238
Roads Maintenance Levy Fund	271,995,701
DANIDA	33,311,250
User Fees forgone	37,789,290
Youth polytechnics	52,782,050
World bank-Universal Health Care Fund	67,018,603
Agricultural Sector Development Support Programme	19,655,858
World Bank-KCSAP	41,643,182
World Bank-KUSP(DEV)	389,118,800
World Bank-KUSP(REC)	41,200,000
KDSP Level 2	262,583,677
Total	11,974,981,652

Table 4: Comparison of Yearly Revenue receipts from the National Government

FY	Equitable share	Conditional grants	Total
2015/2016	8,908,229,519	608,671,711	9,516,901,230
2016/2017	9,612,093,312	798,793,312	10,410,886,624
2017/2018	9,935,800,000	1,022,691,107	10,958,491,107
2018/2019	10,330,000,000	1,644,381,649	11,974,981,652

2.2.2 County Expenditures for previous FY 2018/2019

Total expenditure was KES 12.352 Billion against revised expenditure estimates of KES14.489 Billion, representing an under-spending of KES 2.137 billion (14.75%). Overall absorption rate was 85.25% of which 95% was recurrent and 74% development. As indicated above, the performance for FY 2018/2019 remained the same compared to that of FY2017/2018 which was 85%.

Total recurrent expenditure for FY 2018/2019 amounted to KES.7.299 Billion; representing an under-spending of KES. 385.927million (5%) deviation from the revised expenditure estimates. The under-spending was generally in respect to delayed disbursements for May and June 2019 equitable shareable revenue and the unmet target of revised local revenue.

The total recurrent expenditure consists of 23% for Operations and Maintenance, 62%for Salaries& wages and 15% transfer to County Assembly.

Table 5: Expenditure by Category

PAYMENTS	2017/2018	2018/2019			
	Actual	Approved budget	Revised budget	Actual	Deviation
1. RECURRENT	6,915,058,972	7,499,284,319	7,685,242,963	7,299,315,002	385,927,961
Compensation of Employees	4,576,715,972	4,726,622,183	4,546,356,117	4,469,521,710	76,834,407
Operations and Maintenance	1,444,826,262	1,773,944,746	2,077,522,256	1,778,487,462	299,034,794
County Assembly	893,516,738	998,717,390	1,061,364,590	1,051,305,830	10,058,760

PAYMENTS	2017/2018	2018/2019			
	Actual	Approved budget	Revised budget	Actual	Deviation
2. DEVELOPMENT	4,238,969,011	7,008,466,183	6,804,180,524	5,053,002,551	1,751,177,973
Development projects	4,238,969,011	7,008,466,183	6,804,180,524	5,053,002,551	1,751,177,973
TOTAL EXPENDITURE	11,154,027,983	14,507,750,502	14,489,423,487	12,352,317,553	2,137,105,934

2.2.2.1 Economic Classification of County Expenditure

The table 7 gives the details of the classifications of the expenditure as per the various economic items.

Table 6: Economic Classification of Expenditure for FY 2018/19

PAYMENTS	2017/2018	2018/2019			
	Actual	Approved budget	Revised budget	Actual	Deviation
1. RECURRENT	6,915,058,972	7,499,284,319	7,685,242,963	7,299,315,002	385,927,961
Compensation of Employees	4,576,715,972	4,726,622,183	4,546,356,117	4,469,521,710	76,834,407
Operations and Maintenance	1,444,826,262	1,773,944,746	2,077,522,256	1,778,487,462	299,034,794
County Assembly	893,516,738	998,717,390	1,061,364,590	1,051,305,830	10,058,760
2. DEVELOPMENT	4,238,969,011	7,008,466,183	6,804,180,524	5,053,002,551	1,751,177,973
Development projects	4,238,969,011	7,008,466,183	6,804,180,524	5,053,002,551	1,751,177,973
TOTAL EXPENDITURE	11,154,027,983	14,507,750,502	14,489,423,487	12,352,317,553	2,137,105,934

Source: County Treasury 2017.

Table 7 groups the total county expenditures for the previous year into three main categories;

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

- ii. **Operations/Use of goods and services;** includes utilities, supply and services, domestic travel and subsistence, and other transportation costs, training expenses, hospitality supplies and services, routine Maintenance among other related costs.
- iii. **Development expenditures** - These are the funding to the various capital projects and programmes in the county departments.

2.2.2.2 Expenditure by Departments

The overall departmental expenditure was satisfactory. Most departments performed fairly well with the Department of Public Service and Administration being the highest at 96% while the Department of Lands, Urban Areas, Housing and Physical Planning was lowest at 39%

Table 7: Departmental Expenditure for the period ending 30th June 2018

	Actual Expenditures			Budget	Revised Budget	Actual	Absorption rate
	2015/2016	2016/2017	2017/2018	2018/2019			
EXPENDITURES	9,925,729,621	10,850,616,953	11,154,027,983	14,507,750,502	14,489,423,487	12,352,317,553	85.25
Office of the Governor	214,060,850	195,791,392	269,222,770	293,576,985	283,576,985	212,498,784	74.94
Current	203,489,248	182,315,545	239,222,770	200,576,985	200,576,985	178,009,734	88.75
Development	10,571,602	13,475,847	30,000,000	93,000,000	83,000,000	34,489,050	41.55
Public Service and Administration	2,431,874,721	3,874,085,249	4,904,586,912	5,368,519,945	5,186,924,325	4,970,638,300	95.83
Current	2,358,766,817	3,781,851,579	4,798,713,628	5,209,011,415	5,030,705,349	4,910,587,561	97.61
Development	73,107,904	92,233,670	105,873,284	159,508,530	156,218,976	60,050,739	38.44
County Treasury	341,277,820	190,236,242	304,780,353	438,186,115	488,071,310	301,614,031	61.80
Current	224,978,947	112,748,043	179,780,353	233,186,115	233,071,310	220,033,703	94.41
Development	116,298,873	77,488,199	125,000,000	205,000,000	255,000,000	81,580,328	31.99
Water, Environment and Natural Resource	167,493,726	129,442,205	157,915,053	402,560,408	370,380,408	224,708,216	60.67
Current	25,499,612	12,509,456	30,728,948	41,560,408	41,560,408	39,372,086	94.73
Development	141,994,114	116,932,749	127,186,105	361,000,000	328,820,000	185,336,130	56.36
Social Services, Youth & Sports	246,525,453	268,439,451	298,436,204	556,310,217	274,610,217	176,046,659	64.11

	Actual Expenditures			Budget	Revised Budget	Actual	Absorption rate
	2015/2016	2016/2017	2017/2018	2018/2019			
Current	19,792,330	13,851,972	26,641,572	45,310,217	49,110,217	37,149,341	75.64
Development	226,733,123	254,587,479	271,794,632	511,000,000	225,500,000	138,897,318	61.60
Transport, Infrastructure & Public Works	1,715,129,443	2,086,199,967	1,539,262,134	1,642,921,263	1,997,598,376	1,817,139,333	90.97
Current	12,164,412	8,072,567	10,911,433	44,925,562	44,925,562	26,040,410	57.96
Development	1,702,965,031	2,078,127,400	1,528,350,701	1,597,995,701	1,952,672,814	1,791,098,923	91.73
Lands, Housing, Urban Areas and Physical Planning	133,496,438	134,091,728	178,594,564	702,690,293	732,936,875	288,525,232	39.37
Current	36,086,547	25,083,991	92,961,647	136,071,493	205,471,493	173,526,755	84.45
Development	97,409,891	109,007,737	85,632,917	566,618,800	527,465,382	114,998,477	21.80
Health Services	2,737,056,025	1,853,700,917	1,673,577,719	1,852,948,526	1,858,889,865	1,477,247,946	79.47
Current	1,931,858,297	517,119,015	488,744,742	382,948,526	519,885,865	389,103,216	74.84
Development	805,197,728	1,336,581,902	1,184,832,977	1,470,000,000	1,339,004,000	1,088,144,730	81.27
Agriculture, Livestock, Fisheries and Co-operatives	448,361,570	395,284,577	355,855,298	762,816,807	902,937,007	789,696,278	87.46
Current	53,696,431	28,809,817	57,962,757	61,383,655	61,383,655	51,585,066	84.04
Development	394,665,139	366,474,760	297,892,541	701,433,152	841,553,352	738,111,212	87.71
Trade, Tourism &	243,317,395	312,261,875	162,885,933	392,423,951	300,473,951	141,850,444	47.21

	Actual Expenditures			Budget	Revised Budget	Actual	Absorption rate
	2015/2016	2016/2017	2017/2018	2018/2019			
Industrialization							
Current	17,477,277	17,604,339	29,501,573	27,423,951	40,473,951	37,428,247	92.47
Development	225,840,118	294,657,536	133,384,360	365,000,000	260,000,000	104,422,197	40.16
Education , Science & Technology	467,844,702	478,798,315	379,798,444	817,059,502	750,059,502	688,699,202	91.82
Current	16,094,079	9,601,437	30,776,950	34,149,502	114,149,502	112,661,111	98.70
Development	451,750,623	469,196,878	349,021,494	782,910,000	635,910,000	576,038,091	90.58
County Public Service Board	38,949,465	33,767,471	35,595,861	29,817,224	29,817,224	29,732,599	99.72
Current	38,949,465	33,767,471	35,595,861	29,817,224	29,817,224	29,732,599	99.72
County Assembly	740,342,013	898,517,564	893,516,738	1,048,717,390	1,061,364,590	1,051,305,830	99.05
Current	740,342,013	898,517,564	893,516,738	998,717,390	1,061,364,590	1,051,305,830	99.05
Development	-	-	-	50,000,000	-	-	-
ICT, E-government & Communication	-	-	-	199,201,876	251,782,852	182,614,699	72.53
Current	-	-	-	54,201,876	52,746,852	42,779,342	81.10
Development	-	-	-	145,000,000	199,036,000	139,835,357	70.26

2.3 Major Programmes and projects implemented for the period 2016/17 – 2018/19

2.3.1 Agriculture, Livestock, Fisheries and Cooperatives

- **One Cow Initiative** – 1180 in-calf dairy cows have been distributed to households, of which 900 have calved down producing over 2 Million litres of milk annually. 308 calves have been passed over and 400 calves ready for pass over.
- Established three **Smart Dairy units** with 25 dairy cows in each unit;
- **Artificial Insemination (AI)** – Enhanced access to AI services through training of 23 AI providers and acquisition of 12 Motor bikes for administration of subsidized AI services that has served 28,119 cows;
- **Poultry Farming** – 40,000 chicks distributed and 4,665 chicks being brooded for distribution to women and youth groups;
- **Disease Prevention** – 900,501 cattle, 12,313 sheep, 9,546 goats, 64 donkeys and 379 pigs vaccinated against major diseases ; 68,779 dogs and 678 cats vaccinated against rabies;
- **KALRO diagnostic Laboratory** – The laboratory at KALRO has been renovated and operationalized;
- **Livestock sale yards**-Constructed Lubao modern stock-ring
- **Fish Farming and Productivity** – Purchased and distributed 52.55 tonnes of fish feeds and 500,000 fingerlings to fish farmers under fish farming subsidy programme (; Fishing gears (60 seine nets) purchased for farmers fish harvesting
- **Farm Input Subsidy** – Distributed 286,073 bags of planting fertilizer, 232,366 bags of top dressing fertilizer and 511,503 (2 kg) packets of maize seeds;
- **Tea development** – 607,000 Seedlings were distributed to farmers in Shinyalu, Ikolomani and Khwisero Sub-counties for infilling and land for establishment of a tea factory acquired;
- **Farm Mechanization Services (Tractor services)** – The County acquired 15 tractors for ploughing land at subsidized cost where a total of 5,496.75 acres of land have been ploughed;
- **Irrigation** – A total of 128 foot pumps have been distributed to farmer groups. Total area of land under irrigation is 362 acres, 4,315 acres under drainage;
- **Bukura ATC**- Developed tea nursery, Dairy unit constructed, block A renovated, constructed a concrete slab, purchased ICT equipment and furniture from prisons
- **Cooperatives Support**-Provided tools and equipment for value addition and agro-processing to 14 Cooperatives Societies

Impact

These initiatives have improved County food security and enhanced people's standards of living. Maize production has increased from 2.2 million bags in 2014 to 2.8 million bags in 2018 while milk production has increased by 2 million litres over the same period

2.3.2 Roads, Infrastructure, Public Works and Energy

- A total of 72 Km of gravel roads upgraded to bitumen standards (Soy – Kogo Rd 13 km, Khayega – Shinyalu Rd 11 km, Khumailo - Khwisero Rd, Khwisero – Akatsa Rd 7.2, Lumakanda Town – Lumakanda Junction Rd 4 km, Hill School Logma Guest House, National Housing net work , Kakamega Teaching and Referral road, Shibuli Bukura road, Kencom Road, and various in Mumias and Kakamega towns) and 6.9 Km of bitumen road maintained hence improving access;
- A total of 1,258.05 Km of gravel roads have been constructed and 984.3 Km of gravel road maintained;
- Constructed 40 bridges and box culverts have been constructed across the County including Khaunga Bridge that connects 3 sub-counties and several others are still ongoing;
- Installed 61 high mast floodlights have been erected in various trading centres across the County;

Impact

Investment in the road sector, where 80 % of the County roads are motorable has increased connectivity and improved accessibility. Moreover, installation of high mast flood lights has increased hours of doing business thus increased incomes.

2.3.3 Health Services

- Construction of Kakamega County Teaching and Referral Hospital phase 1 ongoing at 85 % Complete;
- Kakamega General Hospital has been refurbished and expanded with Construction of Amenity Block C and Pharmacy Store;
- Upgrading of Shamakhubu (80 %) and Mumias West health centres(98%) to level 4 hospitals is ongoing;
- Delivery by skilled attendance has increased from 59.7% in 2016 to 64.7% in 2018.
- Attendance of fourth ANC has grown from 47.1% in 2016 to 53.3% in 2018
- Refurbished mortuary at Kakamega General Hospital
- Constructed medical waste management plant at Kakamega General Hospital.

Impact

The employment of more health care workers and the expansion of infrastructure in various health facilities has increased access to medical health care. There has also been a reduction in maternal and child mortality due to the roll out of the Imarisha Afya Ya Mama na Mtoto programme. There is reduced distances travelled to access medical services while provision of ambulance services has ensured prompt and safe emergency evacuation of patients through the revamped referral system. Furthermore, skilled deliveries have improved from 33% to 69% while infant mortality has dropped to below 65 per 1000 live births. Acquisition of stand-by power generators has reduced service interruptions by ensuring continuous power supply.

2.3.4 Education Science and Technology

Polytechnic Improvement

- Polytechnic tuition subsidy capitation of KES 15,000 per trainee has increased enrolment from 6,966 in 2016 to 7,186 in by 2019;
- Through the ATVET Programme, 1,900 farmers and youth have been trained in Agri-preneurial skills;
- Constructed 35 twin workshops in County polytechnics;
- Registration of County Polytechnics by TVETA increased from 14 to 55.
- Provision of Textbooks and branded exercise books to all the 63 County Polytechnics.
- Employed 250 Instructors on BOM terms

ECDE

- To improve ECDE education, the County employed 1,901 ECDE teachers and 12 Programme Officers;
- A total of 304 ECDE Centres have been constructed;
- 334 ECDE Centres benefitted from 3,340 child sized tables and 22,044 chairs.
- Provided Teachers guides, Children's Workbooks and branded exercise books to all the 900 ECDE Centres.
- 859 ECDE teachers trained on Competency Based Curriculum.
- Capacity Building 859 ECDE teachers in charge on Financial Management

Education support

- 5,694 students benefited from County Higher Education Loans Scheme administered by HELB studying in local universities and other tertiary institutions;
- County Ward Based Bursary Scheme benefitted 30,839 students studying in colleges and secondary schools;
- Contracted 545 Board of Management teachers in secondary schools across the County;
- The County University Education Scholarship Scheme has benefited 37 students who are studying in local and foreign universities of their choice;
- Completed 6 Centres of Excellence(i.e. Sir. Henry Saisi, Malava, Namulungu, Shikondi Elukho, Lubinu and St Kizito Lusumu secondary schools)
- Supported public learning institutions in provision of learning infrastructure and equipment;

Impacts

The County initiatives have improved access to better market environment and increased incomes and revenues.

2.3.5 Trade Industrialization and Tourism

- The County has constructed 10 modern markets;
- Refurbished 13 markets;
- Fabricated and installed 715 modern kiosks across the County;
- Constructed 24 stock rings across the County;
- Constructed 28 six-door toilets in market centres;
- Constructed 7 ablution blocks in urban areas;
- A total of 9,200 traders benefited from the loan provided by the County in the year 2017;
- Lurambi CIDC has been equipped; and
- Initiated construction of Dairy factory
- Completed construction of Admin block at Amaranth factory

Impacts

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

2.3.6 Water, Environment and Natural Resource

- Developed the County Water and Sewerage Master Plan (2018-2023);
- In partnership with KIWASH, constructed a 100 m³ distribution tank at Bishop Stam and also expanded distribution lines in Butere;
- Constructed Misango water project
- Constructed Sisokhe school, Makunga Health Centre, Lugari school and Likuyani hospital water supply projects;
- Rehabilitated 40 boreholes across the County;
- Constructed Mumias town water supply scheme
- Expansion of Koyonzo water scheme and
- Constructed Likuyani water scheme

Impacts

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

2.3.7 Social Services, Youth and Sports

- Upgraded Bukhungu Stadium to international standards (Phase 1 complete);
- Promoted the development of sports talent through KYISA games;
- Constructed 1,440 low cost housing units for the elderly and vulnerable under the Shelter Improvement Programme;

- Established the County Youth Service where 3,000 youth and women have been engaged to provide services to the County;

Impact

The County has improved the socio-economic situation of the disadvantaged members of the society, promoted social cohesion and increased the participation of youths in development activities and nurtured talents.

2.3.8 Lands, Housing, Urban Areas and Physical Planning

- Prepared Mumias Urban development Plan/Spatial Plan;
- Constructed Shirere Market;
- Constructed Mumias, Sabatia Bus park and Shibale parking Lot;
- Renovated Mumias Slaughter House;
- Continuous cleaning services in Kakamega and Mumias towns;
- Landscaping in Kakamega and Mumias towns;

Impact

Improved the business environment, hygiene and town planning.

2.3.9 Office of the Governor & Public Service and Administration

- Established 400 community areas;
- Constructed 18 ward offices;
- Refurbished 3 Sub-county offices;
- Constructed County headquarters annex;
- Constructed Alcoholic and Drugs Rehabilitation Centre;
- Constructed police houses (8 units) for Matunda Police Station and (4 units) for Navakholo Police Station.

Impact

There has been improved efficiency in service delivery up to the Community level and improved response to disasters and emergencies.

2.3.10 The County Treasury

- Revenue collection improved from 682 million in 2017 to 896 million in 2019;
- Improved internal control environment which has enhanced efficiency in financial management and reduced audit queries;
- Fully implemented the e-procurement module;
- Training of staff on revenue management.

Impact

Improved financial management and enhanced coordination in implementation of County Plans.

2.3.11 ICT, e-Government and Communication

- Full implementation of ERP module
- ICT connectivity i.e. Local Area Network (LAN) at the County Headquarter and other County offices and WIFI services availed at the county headquarter offices.
- Rolling out of cashless systems;
- Enhanced information sharing through county documentary

Impact

Internet connectivity and developed communication systems have ensured efficiency and effectiveness in service delivery to citizens and increased transparency and accountability in financial management.

2.4 Implementation of 2019/20 Budget and Emerging Fiscal Challenges

The implementation of budget for FY 2019/20 started smoothly despite uncertainty in release of funds from the national government due to late approval of County Disbursement schedule. Most spending during the first quarter was majorly recurrent in nature with employee cost taking a bigger percentage.

Challenges in the adherence to the budget plan continue to hamper smooth implementation of the FY 2019/20 budget. The revenue collection prospects in FY 2019/20 is promising. The data provided up to end of second quarter in December 2018 is KES 429 million as compared to KES 228 million during the same period. It is expected that the revenue target of KES 2Billion will be met.

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

- High expectation from the Public for development;
- Expanding wage bill which limits funds meant for development;
- Delays in disbursement of funds from the National government;
- Inadequate financial resources;
- Low domestic revenue collection;
- Inadequate policy and legal framework;
- Inadequate technical staff;

2.5 Revised budgets

In the course of the budget implementation during the first half of the financial year 2019/2020 several challenges have emerged. Key among them is: Insufficient budget for some programmes resulting from payment of pending bills, delays in exchequer releases by the National Treasury and continued expenditure demands from departments.

In view of the financial constraints from revenue and emerging expenditure pressures, a supplementary budget for FY year 2019/2020 reflecting these changes has submitted to the County Assembly for approval.

Adjustments to the 2019/20 budget has taken 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.

2.6 Risks to the outlook

Expansion of devolved system up to the grass root 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 2019/20 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.

3.0 FISCAL POLICY AND BUDGET FRAMEWORK

3.1 Overview

The 2020/21 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 Legal Framework

Budget process is provided in legal frame work including but not limited to the Constitution of Kenya, County Government Act, 2012 and the Public Finance Management Act, 2012, Such processes requires collaboration with all stakeholders and ensure harmony in the operation of the county governments and also boosting the inter and intra government relations.

3.1.2 Adherence to Fiscal Responsibility Principles

To have sustainable development and growth, the County is required to meets its fiscal targets. This is made possible by strict 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 is 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 wage bill stands at 37%.
- The County government will prepare balanced budget where the expenditure estimates will be equal to the total revenue resource. This will help in avoiding 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 desires to borrow in future to fund its development agenda, this will be determined by the framework developed between the National Government and the County Governments. Currently, there is no framework in place.

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 has operationalized 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 2020/22 budget estimates will target total revenue of KES 15 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 11 billion and conditional grants totaling to KES 1.664 billion. Local revenue source target is KES 2 Billion and the expected balance brought forward of KES 1 billion.

3.3.1 Expenditure Forecasts

As required by Public Finance Management Act, 2012 on fiscal responsibility principles the County will have to prepare a balanced budget where expenditure is equivalent to the revenue projections. The County expects overall expenditure estimates to remain slightly the same from the Approved budget of FY 2019/20. The expenditure estimates for the FY 2021/21 is KES 15. 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 2020/2021.

3.4 The 2020/21 Budget framework

The 2020/21 budget framework is prepared in consideration of the macro-fiscal framework set where real GDP is expected to grow to 6.1 percent in 2020 and to 6.2 percent in 2021. Inflation rate is expected to remain low and stable below 6 percent.

4.0 MEDIUM-TERM EXPENDITURE FRAMEWORK

4.1 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 IV.

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 CIDP 2018-2022 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 73 percent of the expenditure priorities in the budget and 10 percent for Conditional Grants while 13 percent will be financed from locally collected revenue sources. This will comprise of KES 11 billion equitable shareable revenue, KES 1.664 billion conditional grants and KES 2 Billion as own sources. The unspent balance from FY 2019/2020 is estimated to be KES 1 billion which makes up the total resource envelope estimate to be **KES 15.7 billion**. This amount excludes borrowing

Table 8: Revenue resource envelope:

Revenue source	Approved Budget	Budget estimates		
	2019/2020	2020/2021	2021/2022	2022/2023
Own sources	1,157,455,491	2,103,000,000	2,100,000,000	2,205,000,000
Exchequer balance brought forward from previous year	1,596,984,941	1,000,000,000	500,000,000	500,000,000
Equitable share	10,199,000,000	11,000,000,000	11,660,000,000	12,359,600,000
Conditional Grants				
Level 5 Hospital	427,283,237	427,283,237	427,283,237	427,283,237
World Bank Universal Health Care Fund	61,794,598	61,794,598	61,794,598	61,794,598
KUSP(Kenya Urban Support Programme)	389,118,800	389,118,800	389,118,800	389,118,800
KUSP(Kenya Urban Support Programme)	10,000,000			
KCSAP-Kenya Climate Smart Agriculture Project	117,000,000	117,000,000	117,000,000	117,000,000
User Fees forgone	37,789,290	37,789,290	37,789,290	37,789,290
Road maintenance levy	295,575,656	295,575,656	295,575,656	295,575,656
KASP(Kenya Agricultural Support Programme)	33,716,311	33,716,311	33,716,311	33,716,311
Youth Polytechnic	76,923,298	76,923,298	76,923,298	76,923,298
DANIDA Grant	33,311,250	33,311,250	33,311,250	33,311,250
Kenya Devolution Support Programme-Level 1	93,508,830	93,508,830	93,508,830	93,508,830
Kenya Devolution Support Programme-Level 2	262,583,677			
EU-Water Tower Protection and Climate Change Mitigation and Adaptation Programme(WaTER)	80,000,000	80,000,000	80,000,000	80,000,000
Total conditional allocations -Development Partners	1,918,604,947	1,918,604,947	1,918,604,947	1,918,604,947
TOTAL REVENUE	14,872,045,379	15,759,021,270	15,916,021,270	16,720,621,270

4.2 Spending Priorities for 2020/2021 – 2022/23 MTEF Budget

The county will focus on the following key priority areas;

- Transforming the agricultural sector to improve food security and income;
- Development of road network to enhance accessibility;
- Enhance access to universal and affordable health care;
- Increase access to safe and clean water;
- Enhance access to quality education and training;

- Promote fair trade development and industrial growth and investment;
- Improve ICT infrastructure;

4.3 Medium Term Expenditure Estimates

Table 12 gives the ministerial total ceiling and gives guidance on resource allocation. Annex 3 and 4 provides provision for both recurrent and development estimates. This guides departments to adjust their budgets within their overall total ministerial ceiling.

Table 9: Baseline ceilings 2019/20-2022/23

Vote /Department					% Share of Revenue estimates			
	2019/20	2020/21	2021/22	2022/23	Approved Budget	CFSP		
	Approved Budget	Forecast	Forecast		2019/20	2020/21	2021/22	2022/23
Office of the Governor	257,465,271	409,497,000	392,818,167	410,959,075	1.73	2.60	2.34	2.34
Employee Cost	105,199,884	109,497,000	112,818,167	118,459,075				
Current	129,065,387	250,000,000	250,000,000	262,500,000				
Development	23,200,000	50,000,000	30,000,000	30,000,000				
Public Service and Administration	1,287,681,743	1,364,284,769	1,415,556,160	1,486,333,968	8.66	8.66	8.44	8.47
Employee Cost	667,925,892	694,284,769	722,056,160	758,158,968				
Current	456,247,321	470,000,000	493,500,000	518,175,000				
Development	163,508,530	200,000,000	200,000,000	210,000,000				
County Treasury	596,032,171	907,339,516	943,394,233	990,563,945	4.01	5.76	5.62	5.65
Employee Cost	306,225,834	406,225,834	422,474,867	443,598,611				
Current	184,806,337	396,113,682	415,919,366	436,715,334				
Development	105,000,000	105,000,000	105,000,000	110,250,000				
Water, Environment and Natural Resource	638,474,837	652,095,928	545,650,725	572,933,261	4.29	4.14	3.25	3.27
Employee Cost	49,298,377	51,939,625	59,786,607	62,775,937				
Current	38,592,783	50,156,303	35,864,118	37,657,324				

Vote /Department					% Share of Revenue estimates			
					CFSP			
	2019/20	2020/21	2021/22	2022/23	Approved Budget			
	Approved Budget	Forecast	Forecast		2019/20	2020/21	2021/22	2022/23
Development	550,583,677	550,000,000	450,000,000	472,500,000				
Social Services, Youth & Sports	933,726,153	950,314,002	985,294,621	1,034,559,352	6.28	6.03	5.87	5.90
Employee Cost	43,822,224	45,314,002	50,729,702	53,266,187				
Current	74,903,929	80,000,000	84,564,919	88,793,165				
Development	815,000,000	825,000,000	850,000,000	892,500,000				
Transport, Infrastructure & Public Works	1,914,798,980	1,907,918,080	1,924,863,984	2,021,107,183	12.88	12.11	11.47	11.52
Employee Cost	73,459,293	76,988,871	85,038,314	89,290,230				
Current	22,764,031	30,929,209	39,825,670	41,816,954				
Development	1,818,575,656	1,800,000,000	1,800,000,000	1,890,000,000				
Lands, Housing, Urban Areas and Physical Planning	770,263,076	775,759,228	811,247,189	876,809,548	5.18	4.92	4.84	5.00
Employee Cost	91,339,481	95,701,778	105,736,867	111,023,710				
Current	168,704,795	180,057,450	205,510,322	215,785,838				
Development	510,218,800	500,000,000	500,000,000	550,000,000				
Health Services	4,535,606,497	4,425,913,892	5,246,559,586	5,508,887,565	30.50	28.08	31.28	31.40
Employee Cost	2,610,059,467	2,705,444,677	2,945,716,910	3,093,002,756				
Current	551,547,030	720,469,215	800,842,676	840,884,810				
Development	1,374,000,000	1,000,000,000	1,500,000,000	1,575,000,000				

Vote /Department					% Share of Revenue estimates			
					CFSP			
	2019/20	2020/21	2021/22	2022/23	Approved Budget			
	Approved Budget	Forecast	Forecast		2019/20	2020/21	2021/22	2022/23
Agriculture, Livestock, Fisheries and Co-operatives	958,411,274	1,170,459,029	1,209,981,981	1,230,481,080	6.44	7.43	7.21	7.01
Employee Cost	287,576,936	311,228,571	347,790,000	365,179,500				
Current	52,118,027	59,230,458	62,191,981	65,301,580				
Development	618,716,311	800,000,000	800,000,000	800,000,000				
Trade, Tourism & Industrialization	390,666,276	452,515,845	456,591,637	461,921,219	2.63	2.87	2.72	2.63
Employee Cost	35,056,105	36,581,824	42,610,915	44,741,461				
Current	50,610,171	60,934,021	63,980,722	67,179,758				
Development	305,000,000	355,000,000	350,000,000	350,000,000				
Education , Science & Technology	1,151,245,899	1,226,481,352	1,262,805,420	1,300,945,691	7.74	7.78	7.53	7.42
Employee Cost	424,008,690	515,979,581	541,778,560	568,867,488				
Current	200,313,911	210,501,771	221,026,860	232,078,203				
Development	526,923,298	500,000,000	500,000,000	500,000,000				
County Public Service Board	67,222,938	77,849,409	81,741,879	85,828,973	0.45	0.49	0.49	0.49
Employee Cost	40,295,203	47,355,287	49,723,051	52,209,204				
Current	26,927,735	30,494,122	32,018,828	33,619,770				
County Assembly	1,111,364,590	1,164,432,820	1,220,154,460	1,278,662,183	7.47	7.39	7.27	7.29

Vote /Department					% Share of Revenue estimates			
					Approved Budget	CFSP		
	2019/20	2020/21	2021/22	2022/23		2019/20	2020/21	2021/22
Current	1,061,364,590	1,114,432,820	1,170,154,460	1,228,662,183				
Development	50,000,000	50,000,000	50,000,000	50,000,000				
ICT, E-government & Communication	259,085,674	274,160,400	277,868,421	281,761,842	1.74	1.74	1.66	1.61
Employee Cost	25,992,042	28,656,226	30,089,038	31,593,490				
Current	42,743,632	45,504,174	47,779,383	50,168,352				
Development	190,350,000	200,000,000	200,000,000	200,000,000				
TOTAL	14,872,045,379	15,759,021,270	16,774,528,463	17,541,754,886	100	100	100	100

4.4 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 2020/21 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 the 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 2020 thus causing slight difference between the budget and the Appropriation Act.*

Development expenditures are undertaken on the basis of CIDP 2018-2022, Annual Development Plan (2018), the Governors Manifesto, Public participation report of 2020 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;
- (c) Implementing projects that require massive resources in phases such as construction of Bukhungu Stadium, bitumen roads and Kakamega Teaching & Referral Hospital.

4.5 Details of Sector/Department Priorities

The MTEF for 2020/2021 - 2022/2023 period will ensure that there is adequate resource allocation based on programme priorities that are aligned to CIDP 2018-2022 and CADP 2020/2021.

The medium term expenditure framework is 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 sector development priorities are;

4.5.1 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 ATCs.

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 in Likuyani Undertake farmer's training and field visits
Agricultural training Infrastructure development	Construction of Multi-purpose hall and renovation of existing hostels in Bukura ATC
Agriculture research and value chains development	ASDSP Grant for value chain development

Programme 2: Livestock development

Sub programme	Projects (Investment)
Dairy Development	One Cow initiative Breeding (AI) Development of Smart Dairy units
Poultry development	Brooding of chicks and supply Poultry to farmer groups, 2 per ward
Livestock disease and pest prevention	a) Vaccination of animals b) Cattle dip rehabilitation c) Tick and pest control d) Construction of spray race e) Equipping of Veterinary Lab at KALRO
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 irrigation 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 Capacity Building of Cooperative Societies
Support to Cooperatives	Grants To Small Cooperative Societies

Programme 5: Fish Farming Productivity

Sub programme	Projects (Investment)
Fish Pond Development	Construction of fish ponds in County institutions for demonstrations Rehabilitation of fish ponds Fish subsidies- fish feeds, fingerlings, DAP and limes Provision of fish feeds processing machines Fish gears support
Hatchery Development	Support to private hatcheries (Grants)
Fish Marketing and value addition	Operationalization of Kakamega Fish Processing Factory Establishment of fish buying centres in all sub-counties Fish market research
River dam fisheries	Capacity building Purchase of cages

Sub programme	Projects (Investment)
	Stocking of dams and rivers

Programme 5: Crop Production and Management services

Sub programme	Projects (Investment)
Cash crop development	Promotion of tea, coffee, macademia and sugarcane production
Food crop production	Seeds and fertilizers subsidy programme Provision of farm produce storage services Farm mechanization – Tractor services and purchase of agricultural machineries Promotion of Nerica rice production
Horticulture promotion and development	Banana production and promotion of fruit trees. Promotion of indigenous vegetable production
Crop pest and disease management	Capacity building Purchase of pesticides

To undertake these programmes, the 2020/21MTEF estimates for this sector are estimated to be KES 1,170,459,029. This comprises of KES 311,228,571, KES 59,230,458 and KES 800,000,000 for Employee cost, Recurrent and Development respectively.

4.5.2 Roads, Infrastructure, Public Works and Energy

This sector comprises of Roads, 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: Roads, Infrastructure Development

(Sub Programmes)	Projects (Investment)
Road construction and Maintenance	a) Bitumen road b) Gravel road (10 km per ward) c) Roads maintainance
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: Energy Reticulation

(Sub programme)	Projects (Investment)
Rural Electrification programme	a) Supply public institution with power b) Highmast power erection c) Electricity supply to households on existing transformers d) Purchase of new transformers and connection of new households.
Renewable energy	a) Green energy installation - Biogas, solar

Programme 3: Public works Management

Sub programme)	Projects (Investment)
Public works management	a) Refurbishment and maintenance b) Construction and equipping of central and regional mechanical and transport workshops.

To undertake these programmes, the 2020/21 MTEF estimates for this sector are estimated to be KES.1,907,918,080 This comprises of KES, KES. 76,988,871,KES. 30,929,209 and KES 1,800,000,000 for Employee costs, Recurrent and Development respectively.

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

The vision of the department is to provide Quality health services for all". Its mission is dedicated towards delivering accessible, equitable, efficient health care services through Promotive, preventive, curative and rehabilitative health services to all"

Priorities

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)
Health Infrastructure Development	<ul style="list-style-type: none">a) Equipping of phase1 of the CTRHb) Construction of phase 2 of the CTRHc) Continuous upgrading of Level five Hospital (CGH)d) Upgrading health centres to level IV- Khwisero, Shianda, Ileho and Matetee) Expansion of the existing level IV hospitalsf) Equipping of Mumias West and Shamakhubu level IV hospitalsg) Equipping of all other level IV hospitalsh) Renovation and completion of all other health facilitiesi) Equipping of level 2 and 3 facilitiesj) Continuous rehabilitation and renovation of health facilities centresk) Construction of mortuariesl) Completion and operationalization of stalled health projects from CDF and former local authorities (LATIF)
Quality health products and Technology	<ul style="list-style-type: none">a) Purchase and distribution of drugs and non-pharmsb) Construction of drug storage facilities

Programme 2: Preventive and Promotive Health care services

(Sub programme)	Projects (Investment)
Disease controls	<ul style="list-style-type: none">a) Malaria controlb) TB and leprosy treatment and managementc) HIV/AIDS control
Maternal and child healthcare promotion	Imarisha Afya ya Mama na Mtoto programme
Family Planning	Promotion of family planning initiatives
Universal health care programme	Promote access to medical care
Blood transfusion services.	<ul style="list-style-type: none">a) Acquisition of equipment for processing and screening blood components;b) Establish blood satellite centres (Butere and Lumakanda)

(Sub programme)	Projects (Investment)
Nutrition services	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 f) Establish integrated and comprehensive community service implementation
WASH/CLTS (Community Led Total Sanitation)	a) Certification of Open Defecation Free (ODF) villages
Promotion of Immunization Services	a) Increase no of facilities providing immunization and expand immunization coverage
Health education and promotion	a) Integrated school health education and promotion b) Increase Proportion of population with knowledge in key health messages
Programme Name : General Administrative, Finance and Support Services	
Administrative support services	a) Purchase of utility vehicles b) Gazettement of health facilities c) Signage for all Health facilities
Health standards and Quality Assurance	a) Trainings, Mentorship, Support supervision, Information products, Reviews of work plans, Project M & E
Human Resource management	a) Recruitment and promotion of healthcare workers b) Staff training and grants to medical training centres
Disability mainstreaming	a) Assess and categorize PWDs for registration b) Train CUs on Community based rehabilitation modules c) Assessment of learners with special needs d) Purchase of post rape kits e) Train Health care workers on Gender mainstreaming
Health Data and Information Management	a) Digitization of health facilities b) Establish Health Enterprise Architecture

To undertake these programmes, the 2020/20 MTEF estimates for this sector are to be KES 4,425,913,892 comprising KES. 2,705,444,677 of KES 720,469,215 and KES 1,000,000,000 for Employee cost, Recurrent and Development respectively.

4.5.3 Trade, Tourism and Industry

The mandate of the County Department of Trade, Industrialization and Tourism (CDTIT), is derived from the constitution of Kenya 2010 under the Fourth Schedule. The Department is responsible for formulating and supporting strategies, plans and programs that promote and ensure expansion and diversification of trade, promotion of fair trade practices, environmentally sustainable industrialization and tourism.

Vision

To be the preferred hub for Trade Industrialization, and Tourism

Mission

To Promote and sustain Trade development Fair trade, Industrial growth, Investment, Tourism development and regulation for wealth creation and employment.

Priority Areas.

Infrastructure development and equipment

Fair trade practices and consumer protection.

Industrial and SME development

Tourism promotion and development

PROGRAMMES TO BE IMPLEMENTED

Programme 1: Trade Development and Investment

(Sub programme)	Projects (Investment)
Market infrastructure Development	Construction of Open air markets Completion of Modern markets – Bukura, Kipkaren, Nambacha, Mumias and Malinya Refurbishments and maintenance of existing markets Fabrication and installation of modern Kiosks Construction of wholesale hub at Sichirai
Micro and small enterprises development	Establishment of Microfinance corporation

Programme 2: Fair trade and consumer protection

Sub programme	Projects involved
Weights and Measures infrastructure development	Purchase of mobile weigh bridge inspection Unit Refurbishment of weight and Measures laboratory in Kakamega Acquisition of Weight and Measures equipment
Fair Trade and consumer protection services	Inspection, verification of the standard Certification of the standards Sensitization of public on fair trade practices

Programme 3: Tourism Development

(Sub programme)	Projects (Investment)
Cultural and heritage tourism development	Development of Nabongo Shrines
	Development of Mawe Tatu Hills
Eco-tourism Development	Development of Snake Park and Animal Orphanage Development of canopy walk and nature trails Development of eco-lodge Development of Cable Car
County Branding, Marketing and Promotion	Develop county tourism guides, documentary and promotional material
Tourism Regulation and standards	Inspect and register home stays Develop strategy and implement county tourism licensing and classification regime

Programme 4: Industrial development

(Sub programme)	Projects (Investment)
Industrial development	Establishment of Maize factory; Establishment of Dairy factory; Establishment of Tea factory; Establishment of leather treatment and buying centre.
Cottage industrial development and SME development	Construction of Jua kali shades; Development of an Industrial park; Equipping CIDCs; Establishment of Incubation centres.

To undertake these programmes, the 2020/20 MTEF estimates for this sector are estimated to be KES 452,515,845 comprising of KES 36,581,824, KES,60,934,021 and KES. 355,000,000 for Employee costs, Recurrent and Development expenditure.

4.5.4 Education, Science and Technology.

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 (capitation); b) ATVET support programme.
Polytechnic Infrastructure Development	a) Construction and equipping of new polytechnics; b) Construction and equipping of twin workshops; c) Construction of classrooms; d) Staffing.

Programme 2: Early Childhood Development Education

(Sub programme)	Projects (Investment)
ECDE Development	a) Provision of free ECDE Tuition (Capitation) b) Construction and equipping of ECDE Centers; c) Feeding programme.

Programme 3: Education Support Programme

Sub programme	Projects (Investment)
Education support	a) Completion of Secondary Schools Centres of Excellence; b) Provision of County Education Scholarships; c) Provision of Ward Based Bursary; d) County Higher Education Loans Board(HELB) Scheme; e) Education awards.

To undertake these programmes, the 2020/21 MTEF estimates for this sector are estimated to be KES. 1,226,481,352 comprising of KES.515,979,581 KES. 210,501,771 and KES.500,000,000 for Employee cost, Recurrent and Development respectively.

4.5.6 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) Culture promotion; c) Rehabilitation of Khayega art gallery;

Programme 2: Management and Development of Sports

Sub programme	Projects (Investment)
Development and promotion of sports and talents	a) Promotion of sports and tournaments; b) Provision of sport equipment and materials;
Sports infrastructure development	a) Upgrading of Bukhungu stadium (Phase II); 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 disability support gears and equipment; b) Training and sensitization of people with disabilities, youth and women; c) Youth and Women empowerment programme.

Programme 4: Social Development and Promotions

Sub programme	Projects (Investment)
Social Development and Protection	a) Shelter improvement programme; b) Completion of Gender based violence rescue centre at Shinyalu model health centre; c) Support social welfare organizations.

Programme 5: Development of Library services

Sub programme	Projects (Investment)
Library infrastructure development	a) Refurbish and equip Kakamega and Lusumu libraries;

To undertake these programmes, the 2020/21 MTEF estimates for this sector are estimated to be KES.950,314,002 comprising of KES. 45,314,002. KES. 80,000,000 and KES. 825,000,000 for Employee Costs, Recurrent and Development respectively.

4.5.7 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: Governance and Administration

Sub programme	Projects (Investment)
Support, Coordination and Advisory Services.	a) Construction and furnishing of deputy governor's residence in Lurambi; b) Construction and equipping of enforcement camp at Rosterman; c) Rehabilitation and operationalization of regional audit offices; d) Automation of internal audit process;

To undertake these programmes, the 2020/21 MTEF estimates for this department are estimated to be KES. 409,497,000 comprising of KES. 109,497,000, KES. 250,000,000 and KES.50,000,000 for Employee cost, Recurrent and Development respectively.

4.5.8 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;
Disaster response and mitigation measures.	a) Construction of disaster Operation Centers; b) Purchase disaster specialized equipment.
Alcohol and Drug Rehabilitation	a) Construction of a Rehabilitation center in the Northern region; b) Purchase of Specialized equipment for Rehabilitation Centres.

To undertake these programmes, the 2020/21 MTEF estimates for this sector are estimated to be KES.1,364,284,769 comprising of KES. 694,284,769 ,KES.470,000,000 and KES. 200,000,000 for Employee Cost, Recurrent and Development respectively. Disaster Fund of KES.90,000,000 is included in Recurrent Expenditure estimates.

4.5.9 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(ongoing); b) Purchase motor vehicles and motor cycles for revenue unit.
Accounting and Financial services	a) Asset tagging and valuation.

Programme 2: Debt management

Sub programme	Projects (Investment)
Public debt management	a) Develop risk management framework; b) 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) Undertake Monitoring and Evaluation;

Programme 4: County Investment

Sub programme	Projects (Investment)
Investment promotion	a) Investment in the Lake Region Economic Block; b) Development of county investment profile and policy(ongoing); c) Initiate PPPs programmes.

To undertake these programmes, the 2020/21 MTEF estimates for this sector is KES.807,339,516 comprising of KES. 406,225,834, KES. 396,113,682 and KES. 205,000,000 for Employee costs, Recurrent and Development respectively. Emergency Fund of KES. 100,000,000 is included in Recurrent Expenditure estimates.

4.5.10 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.

PROGRAMMES TO BE IMPLEMENTED

Programme 1: Water and Urban Sanitation service provision and management

Sub-programme	Projects (Investment)
Water Supply Services	a) Construction of surface water supply schemes; b) Expansion of distribution lines to un served areas; c) Drilling, equipping and rehabilitation of boreholes; d) Promotion of rainwater harvesting and storage; e) Rehabilitation, desilting and development of water pans and small dams. f) Spring protection
Urban Sanitation	a) Expansion of sewerage network in Kakamega town; b) Construction of sewerage plants in Mumias and other urban areas.

Programme 2: Environmental Conservation

Sub-programme	Projects (Investment)
Environmental Conservation	a) Establish a waste to energy plant and b) Establish 2 garbage transfer stations; c) Acquisition of waste handling and transportation equipment (skips and truck); d) Environmental education and awareness campaigns.
Climate Change Management	a) Acquisition of automatic climate monitoring stations; b) Promotion of renewable energy technologies (Solar, biogas, improved jikos, kiln, gasifier).

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.
Promotion of nature based enterprises	a) Establishment of a wildlife Conservancy Centre;

Sub programme	Projects (Investment)
	b) Capacity building of environmental conservation groups.
Mineral Resource management	a) Development of policy framework on Sand, quarrying and Murram harvesting; b) Training artisanal mining groups; c) Rehabilitation of degraded areas.

To undertake these programmes, the 2020/21 MTEF estimates for this sector are estimated to be KES 652,095,928 comprising of KES.51,939,625, KES 50,156,303 and KES 550,000,000 for Employee Recurrent and Development costs respectively.

4.5.11 Lands, Physical Planning, Housing and Urban Development

The sector comprises of the following sub-sectors: Lands, Survey, Physical Planning, and 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	Prepare County Spatial Plan.
Land administration	a) Establishment of a Land Bank; b) Preparation of Valuation roll.
Survey services	a) Fencing of County Government Land; b) Purchase of survey equipment; c) Survey of Public land;

Programme 2: Housing Management Services

Sub Programme	Projects (Investment)
Housing infrastructure development	a) Renovation of government houses; b) Upgrading of Informal Settlements.

Programme 3: Urban Management Services

Sub Programme	Projects (Investment)
Urban Infrastructure Development	a) Establishment of Recreational Park; b) Construction of Closed water drains; c) Construction of Non-Motorized walkways; d) Construction of Modern bus park in Mumias; e) Landscaping and beautification. f) Street Parking Bays
Urban waste Management	a) Construction of a cemetery; b) Provision of cleaning services.

To undertake these programmes, the 2020/21 MTEF estimates for this sector are estimated to be KES.775,759,228 Million comprising of KES. 95,701,778, KES. 180,057,450 and KES. 500,000,000 for Employee cost, Recurrent and Development expenditure estimates

4.5.12 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 2020/2021.

To undertake these programmes, the 2020/21 MTEF estimates for this sector are estimated to be Ksh.1,164,432,820 comprising of KES. 1,114,364,590 recurrent and Ksh.50,000,000 development expenditure.

Flagship projects/programmes

- a. Construction of the county Assembly chambers

4.5.13 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.
- 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. 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. 77,849,409

4.5.14 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)
Information and Communication Technology	a) Development of a Production studio; b) Implementation of the ERP Modules(continous); c) Enhance county connectivity; d) Establishment of the wifi sub-stations; e) Establishment of e-Government portals; f) Installation of the Integrated surveillance system.

To undertake these programmes, the 2020/21 MTEF estimates for this sector are estimated to be KES. 274,160,400 comprising of KES.28,656,226, KES. 45,504,174 and KES. 200,000,000 for Employee cost, Recurrent and Development respectively.

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 CIDP (2018-2022). The policies and sector ceilings provided in this document will guide the Sectors/departments in preparation of the 2020/21 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.

Monitoring and Evaluation will play a critical role in tracking the implementation of the projects and programmes envisaged in this document.

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.