REPUBLIC OF KENYA

BARINGO COUNTY GOVERNMENT

MEDIUM TERM

COUNTY FISCAL STRATEGY PAPER

Achieving accelerated socio-economic development through implementation of priority programs and efficient and effective management of public resources.

FEBRUARY 2014

Foreword

The 2014/15 county fiscal strategy paper is developed in accordance with the requirements of the Public Finance Management Act 2012; section 117. This fiscal strategy paper is framed against a broad fiscal policy and reform measures underpinning the budget for the year 2014/15, outlining expenditures on priority programmes and allocation of resources as per each sectoral medium term plan.

These developments together with synergy for devolved systems of administration ensures that the county government will continue with the important function of sustainable economic growth, create employment and ensure poverty reduction.

The fiscal strategy takes cognisance of the reality of scarce resource and the fact that there is need to invest on high impact programmes within a framework of sustainable fiscal stance.
We are alive to the fact that, the county faces myriad challenges among them poor infrastructure, water resources, access to healthcare, poor road network, environmental degradation market access, unemployment, insecurity among others. To address this challenges the government presents this fiscal strategy paper on the basis of laying a solid foundation for faster socio-economic development and sustainable growth.

The strategy paper shall cover five broad enablers as follows:

a) **Enabler I**: Investing in county governance structures to enhance service delivery through building a competent, responsive and accountable county public service.

b) **Enabler II:** Investing in agricultural transformation and food security, including opening up at least 60,000 acres of land under irrigation and livestock upgrading in order to enhance food security, raise incomes and employment.

c) **Enabler III:** Investing in quality, affordable and accessible (curative, preventive and rehabilitative) healthcare services through upgrading of Kabarnet County hospital to a level five and five Sub-county hospitals to level 4 and improvement of existing Health centres and dispensaries.

d) **Enabler IV:** Infrastructure development is also a key priority for the county. In the medium term, the County government will invest in key infrastructural facilities such as roads, education facilities, markets, water and sanitation systems, rural electrification among others.

e) **Enabler V:** Creating conducive business environment through investments in enterprise development, tourism, value addition and collaboration with national government to reduce insecurity.

f) **Enabler VI:** Working towards effective management of land and natural resources resource/spatial planning and land banks.

g) **Enabler VII:** Promoting social welfare and improved standard of living by investing in social programs for women, youth, vulnerable groups and talent development.

This fiscal strategy paper sets out the priority programmes for the county for sustainable growth and laying a solid foundation in the next financial year. The implementation of these programmes is expected to promote sustained socio-economic development for the county.

Hon. Kipchumba W. Keitany

Ag. CEC Treasury and Economic Planning

Acknowledgments

This is the first county fiscal strategy paper to be tabled in the Assembly in accordance with the requirements of the Public Finance Management Act, 2012. It outlines the broad strategic fiscal framework, together with a summary of county's spending plans, as a basis of 2014/15 budget and the medium-term.

The overriding policy thrust of 2014 Fiscal Strategy Paper, therefore, is to sustain economic growth by restoring and focusing on economic policies and structural reforms aimed at facilitating private sector to expand, promote productivity and build the resilience necessary for employment creation and poverty reduction.

The preparation of the 2014 CFSP was achieved through consultation and co-operation between County Treasury and all County Departments. Much of the information in this report was obtained from the Ministries and various government departments and agencies.

We have also received valuable inputs from the public during budget consultations process. We are grateful for their inputs.

The national Treasury was very resourceful in timely release of Budget Policy Statement and Division of Revenue Bill.

A core team in the County Treasury and Economic Planning spent a significant amount of time putting together this Paper. We are grateful for inputs from each and everyone of this team.

Richard K. Koech
Chief Officer
Treasury and Economic Planning

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Abbreviation

CFSP	County Fiscal Strategy Paper
MTEF	Medium Term Expenditure Framework
CBR	Central Bank Rate
FY	Financial Year
CIDP	County Integrated Development Plan
PBB	Performance Based Budgeting
BPS	Budget Policy Statement
PFMA	Public Finance Management Act

Legal Basis for the County Fiscal Strategy Paper

Section 117 of the Public Finance Management Act, 2012, provides that the County Treasury shall prepare and submit to the County Executive Committee a County Fiscal Strategy Paper (CFSP) for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by the 28th February of each year. In preparing the Paper:

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

(2) 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;

(3) The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook with respect to county government revenues, expenditures and borrowing from and within for the subsequent financial year and over the medium term; and

(4) 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.

(5) 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 amendments.

(6) The County Treasury shall consider any recommendations made by the county assembly when finalising the budget proposal for the financial year concerned.

(7) The County Treasury shall publish and publicise the County Fiscal Strategy Paper within seven days after it has been submitted to the county assembly.

I. BACKGROUND AND OVERVIEW

1. This is the first County Fiscal Strategy Paper (CFSP) to be tabled in the County Assembly in accordance with the requirements of Public Financial Management Act, 2012, section 117. It presents broad fiscal policy and reform measures underpinning the Budget for FY 2014/15 and the medium-term. Specifically, the 2014 CFSP presents the recent economic developments; and fiscal framework underlying the MTEF budget; an outline of the expenditure programme priorities and allocation of resources as well as a summary of sector achievements and medium-term priorities.

2. In pursuit of the 2014/15 budget theme *'Achieving robust socio-economic development through implementation of priority programs and efficient and effective management of public resources',* the county government take remain cognizant of its shared vision and mission:

Shared vision

To be the most attractive, competitive and resilient county that affords the highest standard of living and security for all its residents.

Mission

To transform the livelihoods of Baringo residents by creating a conducive framework that offers quality services to all citizens in a fair, equitable and transparent manner by embracing community managed development initiatives for environmental sustainability, adaptable technologies, innovation and entrepreneurship in all spheres of life.

3. The overriding policy thrust of this CFSP is to set the pace for faster socio-economic development and sustainable growth through efficient and effective management of public resources. To achieve the envisaged performance, the County Government will

step-up investment in the key priority social and economic sectors. Equally important is the planned up-scaling of investment in critical physical infrastructure such as roads, water supply, schools and hospitals.

4. To complement the investment in the socio-economic sectors and physical infrastructure, the County Government aims at implementing reforms in the area of governance, public financial management; public service and business regulation. Once implemented, the County's competitiveness to attract both domestic and foreign investors will be enhanced.

5. The 2014 CFSP also underlines the importance of continued maintenance of sustainable economic growth, employment creation and poverty reduction objectives. On the fiscal front, this CFSP takes cognisance of the reality that available resources are scarce and that there is need to focus on County and national priority programmes that have high impact on our stated County and national objectives, but within a framework of a sustainable fiscal stance.

6. The county faces a number of challenges among them but not limited to; poor infrastructure, water resources, access to healthcare, poor road network, environmental degradation, market access, unemployment and insecurity.

7. The need to address these challenges and lay a solid foundation for socio-economic development is the basis for this County Fiscal Strategy Paper. Below are five (5) enablers which will guide the process of identifying and prioritizing the strategic programs of the county.

a) **Enabler I**: Investing in county governance structures to enhance service delivery through building a competent, responsive and accountable county public service.

b) **Enabler II**: Investing in agricultural transformation and food security, including opening up at least 60,000 acres of land under irrigation and livestock upgrading in order to enhance food security, raise incomes and employment.

c) **Enabler III**: Investing in quality, affordable and accessible (curative, preventive and rehabilitative) healthcare services through upgrading of Kabarnet County hospital to a level five and five Sub-county hospitals to level 4 and improvement of existing Health centres and dispensaries.

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Outline of the 2014 County fiscal strategy paper

Recent national economic outlook

8. The next section II outlines the economic context in which 2014/15 MTEF budget is prepared. It provides an overview of the recent economic developments in the national economy.

Fiscal policy and Budget framework

9. Section III outlines the fiscal framework that is supportive of growth over the medium term, while continuing to provide adequate resources to facilitate achievement of key priorities of the county while promoting sustainable growth.

Medium term expenditure framework

10. Section IV presents the resource envelope and spending priorities for the proposed 2014/15 MTEF budget and the medium term. Sector achievements and priorities are also reviewed for the 2014/15 period.

II. RECENT NATIONAL ECONOMIC DEVELOPMENTS AND OUTLOOK

Growth update

11. The economy experienced moderate growth of 4.4% in 2011 and 4.2% in 2012 and is expected to reach 4.5% in 2013 and 5.2% in 2014. Having witnessed drastic currency depreciation and rapid inflation in 2011, the economy experienced stability for both indicators in 2012. This stability is expected to continue in 2013.

12. The estimated growth of 4.2% in 2012 was mainly curtailed by a slowdown in most economic sectors. Agriculture – the mainstay of Kenya's economy recorded suppressed activity (mainly in the industrial crops sub-sector) and was further affected by slowed

demand for Kenyan horticultural exports in the European market. Similarly, the tourism, manufacturing and construction sectors did not reach the anticipated growth levels.

Political Situation

13. The peaceful elections of March 2013 which ushered in a new administration under the Jubilee government is expected to result in investor confidence and thus an increase in foreign direct investment.

14. Devolution, although it has come with challenges, should spur economic growth through job creation, increased investment opportunities and development of infrastructure at County level.

Inflation and interest rates

15. Overall month on month inflation declined further to 7.2% in December 2013 from the 8.3 percent in September 2013. On average, annual inflation declined to 5.7 percent in December from 9.6 percent in December 2012.

16. Going forward, we expect inflation to slow down to the 5 percent target in the months ahead with appropriate monetary policy, barring any external shocks such as surge in international market prices.

17. The Central Bank Rate (CBR) continued trending downwards since July 2012 as the CBK eased monetary policy. As a result, the CBR was reduced from 18.0 percent in June 2012 to 8.5 percent in December 2013.

18. Commercial banks average lending and deposit rates declined to 16.9 percent and 6.6 percent, respectively in November 2013 compared with 18.1 percent and 6.8 percent in December 2012. As a result, the lending rates as generally declined.

III. REVIEW OF PAST PERFORMANCE AND KEY STATISTIC

Devolution

19. The devolved system of government took effect after the general election of March 2013. The new system has come with myriad challenges but at the same time offered us a great opportunity to manage our affairs in order to improve the lives of our people.

20. As a government, we have been in existence for approximately one year but have made significant progress in setting governance structures as well as in implementing some key priority programs. The following paragraphs highlight the progress in sectoral programs/projects.

Health Sector

21. In an effort to achieve the goal of realizing accessible, quality and affordable healthcare services for county residents, the government has signed contracts worth Ksh. 90,990,096 for construction and equipping of health facilities across the county. In addition, four (4) ambulances have been procured and delivered for sub-county hospitals.

22. Drugs and other non-pharmaceuticals worth over Kshs. 75million have been acquired for all health facilities. It is the government vision to ensure that all health facilities stock adequate quantities of quality drugs.

23. Hiring of approximately one hundred (100) nurses in currently in progress.

Education

24. The county government is responsible for the pre-primary education in this sector. However, the government will continue to collaborate with the national government in construction of education facilities for primary and secondary schools as well colleges.

25. Construction of twenty seven (27) Early Childhood Education (ECD) will start late February. In addition, three (3) youth polytechnic have received support worth over Ksh. 15M in construction of infrastructure.

26. Over one thousand two hundred (1,200) ECD teachers have been employed and deployed across the county. This will ensure that children receive quality start in their education lives.
27. A Ksh.30 million Bursary Scheme was recently launched by the government with the sole purpose of supporting bright but needy students joining secondary schools. This scheme will be enhanced over time to allow many needy students to complete their studies.

Transport and Infrastructure

28. This sector is vital for improving road network and thus ensuring ease of transport and communication. The county government intends to invest heavily in this sector.

29. Purchase and delivery of plant, machinery and equipment worth over Kshs. 60million has been realized. This will enable the government to carry out road construction works efficiently and effectively at lower costs.

30. Contracts for Kshs. 47,972,401.76 have been signed and work started for opening of new roads and improvement of existing roads in most parts of the county. Besides another significant of work has been done in road maintenance by use of community labour.

31. Street lighting in Eldama Ravine, Kabarnet, Marigat and Mogotio is to commence soon.

Water and Irrigation

32. The government's vision is to achieve the millennium development goal of ensuring that majority of people access clean and reliable source of water. This sector is important for enhancing food security through irrigation.

33. The government has signed contracts worth Kshs. 51,923,955 for construction of water pans and development of irrigation schemes. Works on these projects are ongoing.

34. Design and procurement of other water projects, i.e., dams, water supply and rain water harvesting facilities are ongoing.

Industrialization, Commerce and Tourism

35. This sector in important not only in building business enterprise through promoting innovation and investment but also supporting entrepreneurship. The department is also key in promoting tourism by investing in tourist attraction facilities and creating awareness, partnerships and in marketing Baringo as a first choice of tourist destination.

36. Towards achieving its mandate, the department has embarked on infrastructural development of markets, information centres and tanneries. Many tourist sites have also been identified for refurbishment.

37. The process of setting up Micro, Small and Medium Entrepreneurs Fund is at advanced stages. A regulatory framework has been developed will be approved before end of February 2014.

38. Support to co-operative societies and community enterprise initiatives for purposes of promoting tourism and income generation is also an important role of the department.

39. A massive flagship project to save and brand Lake Kapnarok National Reserve as a tourist destination is the current task of the department. This will be achieved through significant allocation by the county government but to a large extent by seeking partnership with donors and international agencies.

Youth, Gender and Social Services

40. The youth form the highest percentage of the County's population. Investment in youth programs and initiatives, therefore, is paramount for the sake of reducing unemployment, promoting talent, and building a responsible population of young people.

41. The Department has allocated at least Kshs. 50 million for youth and women programs/enterprises. Currently, a regulatory framework is being worked out to facilitate roll of these programs.

Lands, Housing and Urban development

42. The department has embarked in the process of surveying and taking inventory of public land and other resources within the County. More allocations will be made for purposes of setting up a land bank, effective spatial and urban planning as well developing housing schemes.

Employment creation

43. The county government has directly employed over three thousand (3,000) people and created over 12,000 other jobs indirectly through business promotion in all the sectors of its operations. This way, the lives of tens of thousands of residents of the county have been improved.

Challenges

44. During the past 12 months, the government has faced numerous challenges which include but not limited to the following:
    - insecurity and cattle rustling in the northern and eastern parts of the County;
    - Landslides and drought;
    - Lack of adequate and competent staff; and

- Inadequate office space

IV. FISCAL POLICY AND BUDGET FRAMEWORK

Fiscal responsibility principles

45. The Constitution of Kenya 2010 requires national and county governments to promote budgetary transparency, accountability and effective financial management of the economy and the public sector. Therefore; inefficient and wasteful public expenditure will be eliminated at all costs in order to promote public trust on County Government.

46. The County government will in its fiscal operations respect and ensure compliance with provisions of Section 107 of Public Finance Management Act, 2012. The Act states as follows:

    i. In managing the county government's public finances, the County Treasury shall enforce the following fiscal responsibility principles—

       (a) The county government's recurrent expenditure shall not exceed the county government's total revenue;

       (b) Over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure;

       (c) The county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;

(d) Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;

(e) The county debt shall be maintained at a sustainable level as approved by county assembly;

(f) The fiscal risks shall be managed prudently; and

(g) 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.

Deficit financing

47. In regard to deficit financing and borrowing, the County Government is alive to the provisions of PFM Act, 2012 and although the government is faced with a mismatch of financial resources vis-a-visa planned programs, adherence to the requirements of these laws is ensured. Section 107(3)(4) of the PFM Act provides as follows:

- ✓ For the purposes of subsection (2) (d), short term borrowing shall be restricted to management of cash flows and shall not exceed five percent of the most recent audited county government revenue.

- ✓ Every county government shall ensure that its level of debt at any particular time does not exceed a percentage of its annual revenue specified in respect of each financial year by a resolution of the county assembly.

Fiscal reforms and governance

48. In finalizing the preparation of the 2014 MTEF budget, spending proposals will undergo rigorous scrutiny to identify areas of inefficient and non priority expenditure in the areas indicated in the table below. During scrutiny of 2014/15 budget proposals, more effective use of resources will be sought across spending agencies, through austerity measures and any identified savings will be redirected to deserving priority programs.

Targeted expenditures for scrutiny to create savings
Telephone, Telex, Facsimile and Mobile Phone Services
Courier and Postal Services
Domestic Travel and Subsistence
Foreign Travel and Subsistence, and other transportation costs
Printing , Advertising and Information Supplies and Services
Hospitality Supplies and Services
Office and General Supplies and Services
Fuel lubricants and maintenance of motor vehicles
Contracted Professional Services
Contracted Technical Services
Alterations to Buildings and Civil Works

49. Economy, efficiency and effectiveness in public expenditure will be the government's key objective. The county government will at all times adhere to the laid down procurement laws and regulations across all the departments.

Revenue Management

50. The success of the government's programs is dependent on sound and robust revenue management systems. The County Government will achieve this goal through the following intervention strategies.

- ✓ Automation of revenue collection function
- ✓ Capacity building, accountability and efficiency of revenue staff
- ✓ Effective and consultative process in enactment of the Finance Bill
- ✓ Effective enforcement measures of the Finance Act
- ✓ Drawing an urgent implementable debt recovery strategy

V. MEDIUM TERM EXPENDITURE FRAMEWORK

Resource envelope

51. The resource envelope available for allocation among the spending agencies is based on the medium term fiscal framework outlined in Section III:

- Domestically mobilized budget resources finances approximately 5 percent of the budget while 95 percent is financed by equitable share from the National government.
- Committed National or external financing in the form of grants and concessional borrowing tied to specific development programmes/projects as determined by the relevant legislations.

52. The 2014/15 budget revenue estimates are as follows:

National Government share for Baringo County

✓ Equitable Share	Kshs. 3,780,757,552
✓ Rural electrification	Kshs. 125,025,255
✓ Loans and grants	Kshs. 182,876,218

Own revenue (user charges, rates, parking fees, cess, etc)

- ✓ Kshs. 352,000,000

53. Article 201(d) of the constitution requires public money to be used in a prudent and responsible way while section 107 of the PFM Act, 2012 sets out the fiscal responsibility principles to be enforced by the county treasuries. The county will be conservative in projecting its revenue collection and whenever deficits is included in its 2014/15 budgets, clear and realistic plan of how the deficit will be financed will be demonstrated.

Resource sharing criteria for baseline ceilings

54. The 2014/15 budget framework is set against the background of the medium term fiscal framework, the government's strategic objectives and priorities as outlined in the CIDP and broad development policies of the new administration. The projected growth assumes normal economic condition during the year and in the medium term.

55. The baseline estimates reflects current spending priorities in social programmes (Women and Youth empowerment) and infrastructural development in Roads and bridges, Water, Education and Health will receive significant allocation. Other priority areas are in Tourism and Enterprise development.
56. However, in the expenditure plan, the government recognizes that *Non discretionary expenditures* takes first charge and includes payment of statutory obligations such as salaries and allowances of state officers and public officers and related deductions. In addition, expenditure on rural electrification and loans and grants to a large extent is not discretionary.

57. In setting sector/departmental ceilings, consideration is made about the need to continue to completion projects started in 2013/14 financial year and more importantly the strategic priority programs that spur socio-economic development and enhance the living standards of our people.

Details of Sector Priorities and Departmental Ceilings for 2014/15-2016/17

58. This 2014 CFSP provides the sector ceilings for the MTEF Period 2014/15 – 2016/17, which ensures continuity in resource allocation from the last financial year consistent with the MTEF budgeting approach. Once specific interventions are agreed upon with the various Sector Working Groups, these ceilings will be updated accordingly. Details of sector ceilings as well as programmes and expected outputs are as explained bellow:

Agriculture and Rural Development

59. The sector is critical to economic growth, employment and poverty reduction, contributing about 80% of employment.

60. The challenges facing the sector include high cost of agricultural inputs such as fertilizer, agrochemicals, drugs, animal feeds and poor infrastructure. Other challenges facing the are unfavourable climate, poor planning, inadequate warning systems, low value addition and competitiveness and low access to financial services as well access to affordable credit.

61. In the medium term, the sector will focus its efforts on promoting an innovative, commercially oriented and modern agriculture by transforming key institutions in the sector, increasing productivity, and promoting better land use policies. It also aims at exploiting irrigation potential to address the overreliance on unpredictable rainfall patterns.

62. In order to address the challenges, total MTEF estimates for the sector are provided in the table below. For the financial year 2014/15, Kshs. **321.6M** has been set aside; this translates to 7% of the total expenditure. This is projected to increase to KSH **354.5M** in the year 2016/17.

Agriculture and Rural Development				
Millions		2014/15	2015/16	2016/17
	2013/14 Revised	Medium Term Estimates		
Recc. Exp	227,272,181	219,272,181	23,235,790	241,747,579
Development	93,800,000	102,300,000	107,415,000	112,785,750
Sub Totals	**321,072,181**	**321,572,181**	**337,650,790**	**354,533,329**

Industrialization, Commerce, Tourism and Enterprise Development

63. The Sector plays a vital role in creating an enabling environment for trade development; promotion of industrial development and investment, promotion of sustainable tourism and marketing; preservation of national heritage and culture.

64. To facilitate sustainable trade, investment and tourism, vibrant industrial base, preservation of national heritage and culture for sustainable development, the sector will, in the medium term, focus on undertaking policy, legal and institutional reforms for the development of the sector; improving business environment for trade, tourism and investment; supporting entrepreneurship, industrial development, reviving of dormant cooperatives and SACCOs research, and innovation.

65. Also on the agenda of the sector in the medium term is promotion of County's cultural and natural heritage; improving records and archives management; access to public library services; and making Baringo County the leading tourist destination with diverse high quality products and services.

66. To achieve the above objectives, the ceiling allocated to the Sector in the budget for FY 2014/15 to undertake these programmes amounts to Ksh. **270,603,309**, which is equivalent to 5.9% of total departmental expenditures.

Trade, Tourism and Industry				
Millions	2013/14 Revised	2014/15	2015/16	2016/17
		Medium Term Estimates		
Recc. Exp	150,103,309	119,603,309	125,583,474	131,862,648
Development	101,000,000	151,000,000	158,550,000	166,477,500
Sub Totals	**251,103,309**	**270,603,309**	**284,133,474**	**298,340,148**

Transport, Infrastructure and Energy

67. The Sector is responsible for provision of an efficient, affordable and reliable infrastructure network for sustainable economic growth and development through construction, rehabilitation and effective management of County infrastructure facilities. It is a key enabler as indicated in the vision 2030 and subsequent medium term plans.

68. The strategic objectives of the sector over the medium term include: strengthening the institutional framework for infrastructure development and accelerating the speed of completion; raising efficiency and quality of infrastructure projects and timely implementation; developing and maintaining an integrated, safe and efficient transport network.

69. The ceiling allocated to the Sector in the budget for FY 2014/15 to undertake these programmes is Kshs. **519.9M**, equivalent to 11.36% of total expenditure. This allocation is expected to increase to Kshs. **573.2M** by 2016/17. The critical role infrastructure is expected to play toward reducing cost of doing business, improving competitiveness of the economy, and promoting high and sustainable level of economic growth and development.

Physical Infrastructure				
	2013/14Revised	2014/15	2015/16	2016/17
		Medium Term Estimates		
Transport and Infrastructure				
Recc. Exp	109,844,577	104,844,577	110,086,805	115,591,146
Development	315,000,000	290,000,000	304,500,000	319,725,000
Rural Electrification (Grant)				
	-	125,025,255	131,276,517	137,840,343
Sub Totals	**424,844,577**	**519,869,832**	**545,863,323**	**573,156,489**

Water and Irrigation, Environment and Natural Resources

70. The sector plays a very important role in providing a clean, secure and sustainable environment, in addition to developing natural resource that form critical linkage with other sectors of the economy. Prospects for the county's long term growth are therefore dependant on effective management of these resources.

71. Over the MTEF period the sector aims to achieve expansion of water coverage and sewerage facilities; scaling up water storage to improve water security; conservation and management of catchment areas; mitigation and adaptation measures on climate change; enforcement of sector laws and regulations; mineral mapping and exploration.

72. To achieve these goals, Water and Irrigation sector is allocated a total budget of Kshs 339.1M equivalent to 7.41% of total expenditure for the FY 2014/15 to undertake these activities. This allocation is expected to stabilize at Kshs. 373.9M by 2016/17. On the other hand, Environment and Natural Resources is allocated a total of Kshs. 82.5M in FY 2014/2015 and expected to increase to Kshs. 91M in FY 2016/17.

Environment, Water and Irrigation Sector				
Millions	2013/14 Revised	2014/15	2015/16	2016/17
		Medium term estimates		
Water and Irrigation				
Recc. Exp	6,5307,095	84,807,095	89,047,449	93,499,822
Development	264,300,000	254.300,000	267,015,000	280,365,750
Sub Totals	**329,607,095**	**339,107,095**	**356,062,449**	**373,865,572**
Environment and Natural Resources				
Recc. Exp	36,273,753	35,523,753	37,299,940	39,164,937
Development	21,000,000	47,000,000	49,350,000	51,817,500
Sub Totals	**57,273,753**	**82,523,753**	**86,649,940**	**90,982,437**

Education

73. Human resource development is a key foundation for national and county socio-economic transformation. The overall goals of the sector are to provide access to quality education, and training in an equitable manner at all levels, manpower development, employment creation and enterprise competitiveness.

74. The sectors main challenges include inadequate infrastructure and staffing, low ICT levels and low transition rates to tertiary institutions.

75. In the medium term, the Sector's priorities include: enhancing access, equity, quality and relevance of education at all levels. institutionalizing human resource development within employment with emphasis on learning to deepen technological knowledge; strengthening linkages between industry and training/research institutions to promote demand driven training responsive to industry requirements, establishing a comprehensive County human resource database; formulate and implement an integrated human resource development policy and strategy; and promote entrepreneurship development and competitiveness of Micro and Small Enterprises.

76. For the financial year 2014/15, Kshs. **354.4M** has been set aside; this translates to 7.74% of the total expenditure. This is projected to increase to Kshs. **501M** in the year 2016/17.

Education Sector				
Millions	2013/14 Revised	2014/15	2015/16	2016/17
		Medium term estimates		
Recc. Exp	160,378,411	147,378,411	154,747,331	162,484,698
Development	187,200,000	207,000,000	322,350,000	338,467,500
Sub Totals	**347,578,411**	**354,378,411**	**477,097,331**	**500,952,198**

Health

77. The sector mandate is to promote and participate in the provision of integrated and high quality curative, preventive and rehabilitative services that is equitable, responsive, accessible and accountable to county residents. The sector faces a number of challenges including inadequate infrastructure, shortage of qualified health personnel and medicines and medical supplies.

78. In the medium term the sector will seek to address these challenges through continued investment in training of health professionals, medical services healthy and sanitation infrastructure and improvement in the working condition of the medical practitioners.

79. The county health services will focus on county health facilities and pharmacies, ambulance services, promotion of primary health care, licensing and control of selling of food in public places, veterinary services, cemeteries, refuse dumps and solid waste. This scenario will need concerted efforts in restructuring human resource management, infrastructure development and maintenance, health financing, donor funding and partnerships.

80. The sector is allocated a total budget of Kshs. 1.02 Billion, equivalent to 22.37% of total expenditure for the FY 2014/15 to undertake these activities, making it the largest consumer of the county budget. This allocation is expected to increase to Kshs. **1.13 Billion** by the FY 2016/17. Over 85% of the department's allocation is spent on recurrent expenditure leaving only less than 15% for development. This recurrent expenditure is heavily loaded on salaries and remunerations of personnel and other operational cost.

Health Services				
Millions	2013/14 Revised	2014/15	2015/16	2016/17
		Medium term estimates		
Recc. Exp	837,059,803	876,059,803	919,862,793	965,855,932
Development	153,500,000	147,116,061	154,471,864	162,195,457
Sub Totals	**9,90559,803**	**1,023,175,864**	**1074,334,657**	**1,128,051,390**

Legislative and Executive Services/functions

81. In the medium term, the county will ensure and coordinate the participation of communities and locations in Governance at the county level and assisting communities and locations to develop the administrative capacity for the effective exercise of the functions and powers and participation in Governance at the local level. Costing of these assigned functions will depend on the scope of restructured functions of the provincial administration.

82. County Assembly plays a crucial role in strengthening the democratic space and good governance in the county. Resources will be required for emoluments, capacity building and modernization of the existing facilities. Due to increasing demands for additional facilities, a development vote for assembly shall be created.

83. The sector proposals for the MTEF expenditure limits for the county assembly that is expected to be submitted directly to the county assembly in line with the constitution.

84. The estimate for the County Assembly for the FY 2014/15 is Kshs 450M which translates to 9.83% of total county budget. However, funds for FY 2013/14, Kshs. 412,574,136 was set aside as baseline ceiling. This estimate is expected to rise to Kshs. 472,472,843 and 496,096,484 in the FY 2015/16 and FY 2016/17 respectively. In the 2014/15 financial year, 87.9% will be for the recurrent expenditures of the county assembly.

85. For the office of the governor, a total of Kshs. 387M will be spent during the financial year 2014/15. Of this 70.1% represent recurrent expenditure while 29.9 % is for development expenditure mainly toward the refurbishment and construction of the county headquarters.

Legislative and Administrative Services				
Millions	2013/14 Revised	2014/15	2015/16	2016/17
		Medium term estimates		
County Assembly				
Recc. Exp	362,574,136	409,974,136	430,472,843	451,996,484
Development	50,000,000	40,000,000	42,000,000	44,100,000
Sub Totals	**412,574,136**	**449,974,136**	472,472,843	496,096,484
Office of the Governor				
Recc. Exp	314,648,563	272,648,563	317,780,991	333,670,040
Development	75,000,000	85,000,000	89,250,000	93,712,500
Sub Totals	**389,648,563**	**387,648,563**	**407,030,991**	**427,382,540**

County Administration

86. The sector's strategic objectives over the MTEF period include: promoting public sector reforms, inter county integration and cooperation, public service integrity, county unity, developing policies and creating a conducive environment for fair, competitive and sustainable private sector participation and development, human resource management and development, better service delivery, efficient public finance and enterprise management, policy formulation, coordination and implementation, and county monitoring and evaluation.

87. Over the medium term, priority areas for the Sector include: policy formulation and implementation of the CIDP; development of an economic and structural reform programme which will have, among others, the following elements: deepening of public sector and structural reforms; development and implementation of a comprehensive financial sector reform programme, strengthening public finance management, and entrenching Programme-Performance Based Budgeting (PBB); operationalize the Public Private Partnership and promotion of investments.

88. The estimate for the County Treasury and Economic planning in the FY 2014/2015 is Kshs. 190M which is 4.14% of the county budget. It is expected to increase to Kshs. 200M in FY 2016/17 over the MTEF period. The other departments within the sector are as shown in the table below.

County Administration				
Millions	2013/14 Revised	2014/15	2015/16	2016/17
		Medium term estimates		
Treasury and Economic Planning				
Recc. Exp		122,196,934	149,596,934	157,076,780
Development		-	40000,000.00	42,000,000
Sub Totals		**122,196,934**	**189,596,934**	**199,076,780**
County Administration				
Recc. Exp	-	66,000,000	69,300,000	72,765,000
Development	-	24,000,000	25,200,000	26,460,000
Sub Totals	-	**90,000,000**	**94,500,000**	**99,225,000**
County Public Service Board				
Recc. Exp	33,384,000	49,884,000	52,378,200	54,997,110
Development	-	-	-	-
Sub Totals	**33,384,000**	**49,884,000**	**52,378,200**	**54,997,110**
Eldama Ravine Town				
Recc. Exp	45195,915.00	41895,915.00	43990,710.8	46190,246.29
Development	8000,000.00	1000,000.00	1050,000.0	1102,500.00
Sub Totals	**53195,915.00**	**42895,915.00**	**45040,710.8**	**47292,746.29**
Kabarnet Town				
Recc. Exp	64,640,064	63,340,064	66,507,067	69,832,420
Development	8,000,000	1,000,000	1,050,000	1,102,500
Sub Totals	**72,640,064**	**64,340,064**	**67,557,067**	**70,934,920**

Social Protection, Culture and Recreation

89. The sector's strategic objectives include formulating and implementing cultural heritage policies; youth empowerment; gender, children and social development; disaster management and coordination of development activities in arid and semi arid areas which cuts across all the three pillars of the Kenya Vision 2030.

90. In the medium term, disaster mitigation; increased coverage of cash transfers for the vulnerable groups in the county; development of cultural and heritage infrastructure; improvement, improvement of sports facilities construction of water and sanitation infrastructure in the low lands shall be enhanced, construction, rehabilitation and equipping of Youth Polytechnics and empowerment centres.

91. Funding over the 2014 MTEF period will continue to enhance delivery of the sector priorities. For FY 2014/15, Kshs 134M will be set aside to support the sector's activities. This is projected to increase steadily to Kshs 148M in the FY 2016/17.

Youth, Gender, Labour and Social Services				
Millions	2013/14 Revised	2014/15	2015/16	2016/17
		Medium term estimates		
Recc. Exp	115,297,676	118,797,676	124,737,559	130,974,437
Development	16,000,000	15,000,000	15,750,000	16,537,500
Sub Totals	**131,297,676**	**133,797,676**	**140,487,559**	**147,511,937**

Special Programmes and Disaster Management

92. The main goal of the sector is to empower and mainstream the vulnerable and marginalized groups/areas for sustainable and equitable development. The strategic objective of the sector include: formulation and implementation of policies for economic utilization of resources in the sub-counties, management of disasters, enhancement of equity and poverty reduction in order to improve the welfare of the people in the extreme marginalized areas and empowerment of vulnerable groups, including women and youth.

93. The setting of Baringo County Emergency Fund is in progress. The Fund will allow the government to respond promptly to urgent unforeseen occurrences such as drought, floods, among others. A reasonable allocation will be made to this fund and the amount will progressively be increased over the medium term.

94. Engagement with Commission on Revenue Allocation is being considered with a view to making the County eligible for a share of the Equalization Fund.

VI. CONCLUSION

95. The 2014 MTEF is marked by moderate growth in overall expenditure taking into account the weaker global and national economic outlook and the need to stimulate economic growth.
96. Expansion of infrastructure investment, while maintaining reasonable growth on social development continues to be a priority. Allocations to sectors reflect an equitable sharing of county resources for the betterment of the county residents.

97. The set policies outlined in this BPS reflect the changed circumstances and are broadly n line with the fiscal responsibility principles outlined in the PFM law. They are also consistent with the county strategic objectives pursued by the Government as a basis of allocation of public resources. These strategic objectives are provided in the county Government priorities.

98. In the MTEF period, significant investments will be required to reduce county's vulnerability to repeated droughts. This will include improving of agricultural productivity in a sustainable manner in order to ensure food security by investing in irrigation and agribusiness activities.ANNEX1 Medium-Term Expenditure Estimates