COUNTY GOVERNMENT OF UASIN GISHU

THE COUNTY TREASURY

COUNTY FISCAL STRATEGY PAPER 2018 (CFSP)

BUILDING ON SOLID FOUNDATIONS, TRANSFORMING LIVES

FEBRUARY 2018

DRAFT

© County Fiscal Strategy Paper (CFSP) 2018

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FOREWARD

County Fiscal Strategy Paper (CFSP) is the primary financial policy document setting out the county government's policy and priority interventions intended for implementation in the financial year 2018/19 and in the medium term. It identifies the broad strategic priorities and policy goals that will guide in the preparation of the county budget for the next financial year and over the medium term. CFSP 2018 lays ground for the preparation of 2018/19 budget, which budget will implement the first year policies, programmes and projects of County Integrated Development Plan 2018-2022 (CIDP II)

The CFSP 2018 has been prepared pursuant to Section 117 of the PFM Act 2012 which requires the County Treasury to prepare County Fiscal Strategy Paper and submit it to the County Assembly by 28th February of each year. The paper has been aligned with the national objectives as captured in the Budget Policy Statement, with application of fiscal responsibility principles as required by section 107 of PFM Act 2012.

The CFSP 2018 has been prepared against a backdrop of a resilient Kenyan economy in the context of a global economy which is picking up from its previous slowdown, supported by improving domestic demand in advanced economies and China and improved performance in other emerging market economies, and the easing of the broad-based slowdown in sub-Saharan Africa. These positive dynamics in the international and Kenyan economies portend economic premiums for the county, in the form of increased National Transfers, increased agricultural production, enhanced value addition and exports, and benefit from reduced fluctuations in oil prices and imports, stable commodity prices, and access to credit for investment and employment creation. The paper contains broad strategic interventions with the purpose of achieving five main transformations or outcomes, namely: investing in water services; investing in agricultural production and food security; investing in roads infrastructure; investing in social services; and investing in cooperatives development and management. Investments in the five areas will be expected to transform lives of residents of Uasin Gishu County.

The county government will pursue fiscal transformations to heighten revenue performance and ensure enhanced expenditure productivity in the face of inherent scarcity of resources at the disposal of the county government. The government will also develop and implement

strategies that will enable attainment of the aforementioned five outcomes which have been aligned with "The Big Four" plan of the national government: increasing the share of manufacturing sector to GDP; ensuring all citizens enjoy food security and improved nutrition by 2022; expanding universal health coverage; and delivering at least five hundred thousand (500,000) affordable housing units. The government is also committed to implementing strategies that will strengthen participation of the youth, women and PWDs in the socio-economic development discourse of the county.

The CFSP 2018 therefore intends to build on the solid foundations laid in the previous term of the current administration of H.E The Governor, for sustained growth and development, thus securing livelihoods of residents of the county.

CPA JULIUS RUTTO

CECM – FINANCE AND ECONOMIC PLANNING

ACKNOWLEDGEMENT

The 2018 CFSP presents broad strategic macroeconomic issues and medium term fiscal framework for the county together with a summary of county government spending plans, as a basis for the 2018/19 budget.

The preparation of this policy paper was a collaborative effort. The information on this paper was obtained from the County Government Departments and Agencies and the citizens of the county.

Special recognition goes to all the Chief Officers from line ministries who together with their technical officers provided information that went into this policy paper through the Sector Working Groups.

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Finally, special appreciation and gratitude goes to His Excellency the Governor and His Excellency the Deputy Governor for their general leadership in the development discourse of the county.

CPA MILLICENT OKONJO
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ABBREVIATIONS AND ACRONYMS

AI	:	Artificial Insemination
AGPO	:	Access to Government Procurement Opportunities
CBD	:	Central Business District
C-BROP	:	County Budget Review and Outlook Paper
CEC	:	County Executive Committee
CFSP	:	County Fiscal Strategy Paper
CIDP	:	County Integrated Development Plan
CO	:	Chief Officer
CPA	:	Certified Public Accountant
CRA	:	Commission of Revenue Allocation
EAC	:	East Africa Community
ECDE	:	Early Childhood Development Education
FY	:	Financial Year
GDP	:	Gross Domestic Product
IBEC	:	Inter-Governmental Budget and Economic Council
ICT	:	Information Communication Technology
IFMIS	:	Integrated Financial Management Information System
MSE	:	Medium and Small Scale Enterprise
MTEF	:	Medium Term Expenditure Framework
NHIF	:	National Health Insurance Fund
NOREB	:	North Rift Regional Economic Bloc
PE	:	Personnel Emoluments
PFM	:	Public Finance Management
PSM	:	Public Service Management
PWDs	:	People Living With Disabilities
RRI	:	Rapid Result Initiative
SRC	:	Salaries and Remuneration Commission

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I. BUILDING ON SOLID FOUNDATIONS, TRANSFORMING LIVES

1.1 Introduction

This section presents Purpose of County Fiscal Strategy Paper (CFSP), Legal Framework, an Overview of the CFSP, and County Development Programmes. It also presents an Outline of the paper.

1.2 Purpose of CFSP

County Fiscal Strategy Paper (CFSP) sets out the county government's policy and priority interventions for the financial year 2018/19 and in the medium term. The paper identifies the broad strategic priorities and policy goals that will guide in the preparation of the county budget for the next financial year and over the medium term.

1.3 Legal framework

The CFSP 2018 has been prepared pursuant to Section 117 of the PFM Act 2012 which requires the County Treasury to prepare County Fiscal Strategy Paper (CFSP) and submit it to the County Assembly by 28th February of each year. The Section and Regulations 26, 27 and 28 of the Act further require the County Treasury to align the Paper with the national objectives as captured in the Budget Policy Statement, and apply fiscal responsibility principles given in section 107 of PFM Act 2012. Section 117 of the Act further instructs the County Treasury to 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. The CFSP also includes financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term. Vide Section 117(5) of the PFM Act 2012, in preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of the Commission on Revenue Allocation; the public; any interested persons or groups; and any other forum that is established by legislation. The Section further requires that 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.

1.4 Overview

The CFSP 2018 has been prepared in the face of a global economy that has been picking up since 2016 and gathered pace in first half of 2017 supported by notable improvements in investment, trade, and industrial production, coupled with strengthening business and consumer confidence. The global growth is therefore, projected to increase to 3.8 percent in 2018 from 3.6 percent in 2017 and 3.2 percent in 2016 primarily driven by improving domestic demand in advanced economies and China and improved performance in other emerging market economies. The broad-based slowdown in sub-Saharan Africa is easing and growth is expected to improve from 1.4 percent in 2016 to 2.6 percent in 2017 and further to 3.4 percent in 2018, partly supported by a recovery in growth of larger commodity exporters such as Nigeria and South Africa, and the easing of drought conditions in the Eastern and Southern Africa have contributed to the positive outlook. However, downside risks have increased following policy uncertainties and delays in the implementation of policy adjustments in Nigeria and South Africa. Many of the faster growing economies in sub Saharan African economies continue to be driven by public spending, with debt levels and debt service costs rising.

In the East African Community (EAC) region, economic growth is estimated to stabilize at 5.4 percent in 2016 and 2017, a slowdown from a 6.1 percent growth in 2015. The prolonged effect of drought experienced in 2016 and continued in 2017, dampened agricultural output and GDP growth in Uganda, Tanzania and Rwanda. In addition, there was a slowdown in credit growth across countries in the region, which further dampened the growth. Further, insecurity and political tensions continued to constrain economic activities in countries such as Burundi, Somalia, and South Sudan. In 2018, economic growth is projected to increase to 5.9 percent supported by a stable macroeconomic environment, ongoing infrastructure investments, and strong private consumption.

Kenyan economy remained resilient in 2017 despite adverse weather conditions, prolonged electioneering period and subdued credit growth to the private sector which combined to weaken growth in the first half of the year. Growth in 2017 is estimated at 4.8 percent down from 5.8 percent in 2016. The growth in 2017 was supported by the ongoing public infrastructure investments, improved weather towards end of 2017, recovery in the tourism sector and a stable macroeconomic environment. Inflation remained low, stable and within

target while foreign exchange market remained relatively stable supported by resilient tea and horticultural exports, strong diaspora remittances, and continued recovery in tourism. In addition, Interest rate remained low and stable

Over the medium term, economic growth in Kenya is projected to increase by more than 7.0 percent due to investments in strategic areas under "The Big Four" plan: increasing the share of manufacturing sector to GDP; ensuring all citizens enjoy food security and improved nutrition by 2022; expanding universal health coverage; and delivering at least five hundred thousand (500,000) affordable housing units.

The easing of the broad-based slowdown in the global economy as well as the resilient Kenyan economy, with positive growth prospects supported by favourable macroeconomic conditions and improving weather conditions will drive the prospects of the county to a new height. Being an agricultural county, the county is expected to experience increased agricultural production, enhanced value addition and exports, and benefit from reduced fluctuations in oil prices and imports, stable commodity prices, and access to credit for investment and employment creation. The anticipated expansion of the economy over the medium term is also expected to result in more shareable revenue from the National Treasury to the county, thus allowing for expanded execution of the broad strategic priorities and interventions for enhanced livelihoods of residents of the county.

The CFSP 2018 seeks to develop broad strategies and targeted interventions aimed at building on solid foundations to transform lives of residents of Uasin Gishu County. The transformational agenda of the county government will align to "The Big Four" plan of the national government thus securing the socio-economic development of the county – yielding increased production and productivity, and efficiency in the county thus accelerating and sustaining growth, creating job opportunities and securing livelihoods of the county residents. The Big Four plan, thus:

i. Supporting value addition and raise the manufacturing sector's share of GDP to 15 percent by 2022. This will accelerate economic growth, create jobs and reduce poverty;

ii. Focusing on initiatives that guarantee food security and improve nutrition to all Kenyans by 2022 through expansion of food production and supply, reduction of food prices to ensure affordability and support value addition in the food processing value chain;

iii. Providing Universal Health Coverage thereby guaranteeing quality and affordable healthcare to all Kenyans; and

iv. Providing at least five hundred thousand (500,000) affordable new houses to Kenyans by 2022, hence improve living conditions for Kenyans.

In the financial year 2018/19 and in the medium term the government is geared towards achieving the following outcomes.

i. Investing in water services

Investing in water services will alleviate the problem of inadequate access to water in the county. Communities will thus be able to access water within reasonable distance for domestic, agricultural and industrial use.

ii. Investing in agricultural production and food security

Agriculture is a major growth potential area of Uasin Gishu County. Investing in agriculture will therefore unlock the county's potential in economic growth and development. With improving weather conditions and irrigation services, coupled with access to both local and international markets, investment in this growth potential area is expected to yield increased production, food security and employment creation and income.

iii. Investing in roads infrastructure

Investing in roads infrastructure improves roads network and linkage thus stimulating economic and social development. Reliable roads network connects supply chains and efficiently moves goods and services across the county and beyond, therefore contributes to the competitiveness of the county.

iv. Investing in social services – Health, Education and Social Protection

Investing in social services entails investments in health infrastructure development and medical supplies, as well as investments in infrastructure development in ECDE and vocational

training facilities. It also provides for equipping and employment of qualified personnel and teachers in these facilities. This is aimed at improving quality of health services and educational services at ECDE and vocational training levels.

v. Investing in cooperatives development and management

Cooperative development enhances farmers' capacity in economic transactions. This yields in increased incomes and enhanced participation in socio-economic development of farmers and the county in general.

1.5 County Development Programmes

The County Fiscal Strategy Paper 2018 articulates the priority policies, strategic interventions, and sector-specific expenditure programs to be implemented under the Medium Term Expenditure Framework for the financial year periods of 2017/2018-2019/2020 in order to realize the county government's goal of ***Building on Solid Foundations, Transforming Lives.***

I. Investing in water services

The county government of Uasin Gishu has done quite a lot regarding provision of water to residents of the county. Currently, a number of water projects are ongoing and are at different levels of implementation. However, access to clean and portable water remains a development challenge in Uasin Gishu; this is despite the county boasting of a substantial number of water points and sources. The government will therefore prioritize distribution of water to public institutions, communities and households in a programme dubbed *last pipe connectivity*. In the financial year 2018//19 and in the medium term the government will strengthen its efforts in the provision of clean and portable water within reasonable distance for domestic, agricultural and industrial use. Investing in water services will stimulate agricultural and industrial development in the county, yielding job opportunities, income and food security, thus securing livelihoods of residents of the county. To improve access to clean and portable water, the government will continue to pursue efforts in water development, construction and rehabilitation of dams and distribution. In water development, the government will complete all ongoing water projects even as it initiates new ones. Drilling and equipping of boreholes as well as spring protection will be done across the county. The government will purchase drilling machines to strengthen drilling services in the county.

To ensure uninterrupted water supply to residents of the county, the government will rehabilitate and maintain existing water infrastructures. All the water supplies in Turbo, Mois'bridge, Burnt Forest, Sambut, Sosiani and Kipkabus will be rehabilitated and maintained. The government will also develop new intake and treatment works. To further address water challenges in the county, the government will promote roof catchment/rain water harvesting across the county by urging public institutions and households to install roof catchment infrastructure. Water bodies and catchment areas will also be protected and secured and residents sensitized on the importance of protecting and conserving water towers. The government will prioritize construction and rehabilitation of dams. This will also involve desilting, embankment and spillway repair; and demarcation, fencing and growing of indigenous trees.

II. Investing in agricultural production and food security

Agriculture remains the mainstay of Uasin Gishu County, accounting for huge proportion of employment both in agricultural production and agribusiness. The subsector is also a major growth potential area whose focus has great potential in unlocking economic growth and development in the county. Investing in agricultural production and productivity will generate job opportunities, income and ensure food security, hence securing the livelihoods of residents of the county. Investments in water and roads infrastructures and access to credit are the enablers of the subsector for they stimulate production & productivity and market access. To strengthen agricultural production and productivity the government will avail appropriate knowledge, information, and skills to farmers through well executed farmer extension programmes; strengthening post harvest management by reducing post-harvest losses through provision of adequate storage facilities and driers; strengthen agricultural mechanization services; subsidize farm inputs (seeds, fertilizers and AI); provide quality and effective AI services (sexed semen); deepen livestock disease management, control and surveillance through construction and rehabilitation of cattle dips, vaccinations and strengthen veterinary services; ensure livestock feed improvement; improve soil condition by conducting soil testing and application of appropriate fertilizers; and management and control of crop pests (army worm). The government will also promote emerging cash crops such as coffee and horticultural production.

To address unemployment and income, the government will promote and strengthen value addition and marketing by developing and supporting agro-processing initiatives, and soliciting for both local and international markets for local agricultural produce and products. It will also construct and operationalize cooling plants in the county. Programmes targeting the youth, women and PWDs will also be initiated, strengthened and supported. Initiatives such as *Inua Mama na Kuku* and *Kijana na Acre* have made tremendous impact and will be strengthened in the medium term. Fish farming will be promoted as a source of food security and nutrition as well as income to residents of the county. This will be achieved by establishing and installing fish cages at sub-counties; construction of fish ponds and provision of fingerlings; purchase and operationalize fish feed extruder; and construction and installation of aqua-shop.

III. Investing in roads infrastructure

Adequate roads infrastructure yields a reliable platform that facilitates sustained growth and development. Reliable roads network and linkage connects supply chains and effectively and efficiently moves goods and services across the county and beyond. Investing in roads infrastructure therefore reduces cost of doing business; enhancing competitiveness, transforming the county into a regional hub, and achieving the twin objective of food security and market linkage. The county government has consistently allocated substantial resources to roads infrastructure development, and this has considerably improved the roads condition and network in the county. To ensure that the county maintains reliable roads network and linkage, the government will continue investing in roads infrastructure development. This will entail construction and upgrading of roads to bitumen standards; survey, opening and expansion of roads; grading and gravelling, drainage works and installation of culverts; construction of bridges and box culverts; and construction and maintenance of street lights in Eldoret town and other urban centres. Timely routine maintenance of roads programme will also be designed aimed at keeping county roads in constant shape.

The county government will continue its efforts to decongest the Central Business District of Eldoret Town by surveying, designing and construction of by-passes, new roads, walkways and cycle ways over the medium term. We will also develop a comprehensive urban development plan with provisions for all services and amenities expected of a modern city; Eldoret town being already designated to acquire city status.

IV. Investing in social services – Health, Education and Social Protection

Investing in social services entails investments in the provision of quality healthcare services and access to quality education and social protection. A healthy, educated & skilled population is a vital ingredient in the realization of socio-economic goals of the county. The county government is committed to the implementation of strategic programmes targeted at releasing favourable social services outcomes. To strengthen healthcare systems in the county, the government will continue with its efforts in developing infrastructure in health facilities and equipping with necessary equipment and requisite medical supplies. Ongoing infrastructure projects in the health facilities will be fast tracked and completed. Six sub-county hospitals being constructed in the sub-counties will also be completed and operationalized. The government will construct new health facilities in areas where access to healthcare services remains a challenge. The government will also upgrade health facilities and strengthen capacity of medical personnel by exposing them to relevant training and skills, as well as employing more to fill the existing personnel gap. Referral systems will also be strengthened. Department of Health Services will continue with strategic priority programmes aimed at addressing public health concerns of the county, including increasing immunization coverage.

To improve access to ECDE and vocational training, the government will also continue with infrastructure development and upgrading in these facilities. Ongoing ECDE projects will be completed, even as construction of new ECDE centres in areas and public primary schools with no ECDE component being undertaken. To enhance quality of ECD education, the ECDE centres will be fully equipped and staffed with qualified teachers. To improve access to and quality of vocational training, the county government will construct, rehabilitated and equip vocational training institutions in the county. Additional vocational training institutes will also be constructed and operationalized in all the six sub-counties. All ongoing infrastructure projects in the vocational training centres will also be fast tracked and completed. Qualified teachers will be engaged to impart technical knowledge and skills to learners in these facilities. The county government will also upscale scholarships and bursary allocations to benefit more needy and bright students in the county.

The government will develop targeted programmes and interventions geared towards empowering the youth, women and PWDs to enhance their participation in socio-economic development discourse of the county. To empower youth, women and PWDs, the government

will increase their access to AGPO opportunities; promote their participation in cooperatives and give them loans at 5 percent interest; establish and operationalize an innovation/incubation centre; and empower the youth through paid internship opportunities. To develop sports and nurture talent among the youth, the government will develop a Sports Talent Academy; and construct a state-of-the-art Culture and Arts centre; complete playing fields and develop one well equipped playground in every sub-county; and upgrade 64 Stadium to national standards.

In the medium term the government will initiate social protection programmes targeting senior citizens of the county. This will include NHIF to senior citizens and other empowerment programmes targeting PWDs.

V. Investing in cooperatives development and management

Investing in cooperatives development is an act of sustainable development in the county. The county government will develop strategies and programmes aimed at strengthening cooperatives movement in the county. Farmers will be encouraged to form and join cooperatives as a way of pooling their resources to enhance and secure their livelihoods. Targeted programmes will be implemented to strengthen these cooperatives with a view to meeting farmers' needs. The cooperatives will be trained and funded to enhance their capacity to offer cheaper credit facilities to farmers.

Investments in the above five areas will be expected to transform lives of residents of the county. The county government will also pursue policies and strategies that will enable achievement of the key priority areas discussed above. The government will collaborate with the national government to strengthen security in the county. Trade development strategy will also be pursued as a lubricant to the realization of the anticipated outcomes. This will involve development of markets, and installation of security lights in the markets. The government will also strengthen governance and provide conducive environment that will facilitate economic activities in the county.

The policies in this C-FSP are also aligned to the medium-term priorities and strategies outlined in the Third Medium-Term Plan (2018-2022) of the Kenya Vision 2030.

1.6 Outline of the CFSP 2018

Recent Economic Developments and Policy Outlook

Section II outlines the economic context in which the 2018/19 MTEF budget is prepared. It provides an overview of the recent economic developments and the macroeconomic outlook.

Fiscal Policy and Budget Framework

Section III outlines the fiscal framework that is supportive of growth over the medium-term, while continuing to provide adequate resources to facilitate the transformation of the county as envisaged in the CIDP II.

Medium-Term Expenditure Framework

Section IV presents the resource envelope and spending priorities for the proposed 2018/19 MTEF Budget and the Medium Term. Sector achievements and priorities are also reviewed for the 2018/19-2020/21 MTEF period.

II. RECENT ECONOMIC DEVELOPMENTS AND POLICY OUTLOOK

This section presents economic overview in which 2016/17 budget was prepared. It outlines the recent National and County Government economic development and macroeconomic outlook.

2.1 Overview of Recent Economic Developments

Kenya's economy remained resilient in 2017 in a global economy that is picking up since 2016 and gathered pace in the first half of 2017. The resilience in the Kenyan economy was experienced despite adverse weather conditions, a protracted electioneering period as well as unresponsive credit growth to the private sector which combined to weaken growth in the first half of the year. On the positive side, growth in 2017 was supported by the ongoing public infrastructure investments, improved weather conditions towards the end of 2017, recovery in the tourism sector and a stable macroeconomic environment. The Kenyan economy registered strong performance of 5.5 percent in the past five years 2013-2017 outperforming the growth rate of 4.7 percent in the period 2008-2012. This was supported by strong public and private sector investments and appropriate economic and financial policies

Inflation rates remained low, stable and within the government target range of 5 percent in the period 2013-2017. This is as a result of favourable weather conditions, appropriate economic and financial policies implemented by the government.

The Kenya Shilling exchange rate remained broadly stable against major international currencies. As at December 2017, the shilling exchange rate against the Dollar was at Kshs 103.1 from Kshs 102.1 in December 2016. Against the Euro and the Sterling pound, the shilling weakened to Kshs 122.0 and Kshs 138.2 in December 2017 from Kshs 107.7 and Kshs 127.7 in December 2016, respectively. The Kenya Shilling exchange rate as compared to most sub-Saharan African currencies has continued to display relatively less volatility. This stability reflected resilient receipts from tea and horticulture despite lower export volumes due to adverse weather conditions in the first quarter of 2017. Additionally, receipts from tourism, coffee exports and Diaspora remittances remained strong.

Over the medium term, the growth is expected to increase by 7.0 percent due to investments in strategic areas under "the Big Four" Plan, namely; Increasing the share of manufacturing sector to GDP, Food security and improved nutrition, Expanding universal health care coverage and Delivering affordable house units.

2.2 Impact of National Macroeconomic Variables on County Development

The above mentioned underlying forces have consequences on the development agenda of the county governments. The predominant macroeconomic stability in the country is essential in creating favourable environment for private sector investments as a basis for sustained economic growth and expanded business opportunities in the county.

Kenya's economic growth prospects translate to enhanced release of fiscal resources to the counties for development activities. The county will continue to receive enhanced portion of the equitable share due to improved performance in the national economy. This will enable the county apportion more financial resources to development programmes.

2.3 Update on Fiscal Performance and Emerging Challenges

The county fiscal strategy paper is prepared on the assumption of strong local revenue collection base, increase in county equitable share from the national government, prudent expenditure controls and strict adherence to fiscal responsibilities.

Fiscal Performance

Revenue collection

In the FY 2016/17 the county received its share of equitable share of revenue of Kshs 5,601,025,717 and total grants of Kshs 253,214,324. Local revenue performance was Kshs. 668,516,746 against a target of Kshs 1,192,000,000 signifying under collection of Kshs 523,483,254, approximately 44 per cent. The local revenue collection for the period was a shortfall of Kshs 49,711,349, approximately 6.9 per cent, compared to the previous period's collection of Kshs 718,228,095.

Expenditure analysis

The County Government expenditure for the financial year amounted to Kshs. 5,852,630,567. Out of this amount, recurrent expenditure took Kshs. 4,175,855,360 while development expenditure was Kshs. 1,676,775,207.

Emerging Challenges

The above fiscal performance met the following challenges:

- System transition from *LAIFOM* to *UG Pay* system
- Political interference; residents tie compliance to politics
- Revenue decentralization which led to weak supervision
- Conversion of street parking slots to walk ways within the CBD (Uganda road & pioneer area)
- Inadequate field staff which led to reduced revenue performance
- Delays in release of funds by national government which affected absorption levels

2.4 Revised Estimates

In the 2016/17 FY, the county government revised its budget through supplementary as indicated in table 2.1 below

Table 2.1 Showing 2016/17 FY Budget Revised Estimates

2016/17FY Revised Estimates		
	Estimates	Revised
Total Revenue & Grants	**7,679,438,797**	**7,719,087,215**
Unspent Bal b/f	688,840,145	**672,847,174**
Revenue (Total)	**6,990,598,652**	**7,046,240,041**
Local Revenue	1,192,000,000	**1,192,000,000**
National Govt Transfers	5,601,025,717	**5,601,025,717**
Grants & Others	197,572,935	**253,214,324**
CG Expenditure	**7,679,438,797**	**7,719,087,215**
Recurrent	4,563,372,616	**5,042,938,818**
Rec % increase	**59.42%**	**65.33%**
Development	3,116,066,181	**2,676,148,397**
Dev. % decrease	**40.58%**	**34.85%**
Unspent Bal c/f	**0**	**688,840,145**

As indicated in the table above, the county budget on development was revised down wards due to unforeseen expenditures such as emergencies which the emergency fund could not cover; under collection of revenues due to capacity challenges; and re-prioritization of programmes and projects. Recurrent expenditure was revised upwards because of increase in personnel emoluments

2.5 County Economic Policy and Outlook

The CFSP is prepared with prospects of positive growth in the county. The anticipated growth will be supported by enhanced activities in the agricultural sector, wholesale and retail trade being key economic drivers of the county, capital investments projects and ongoing massive investments in real estates. In addition the growth will be accelerated by ongoing initiatives to deepen regional integration through NOREB.

The Fiscal policy will continue to support county development programmes while providing opportunity for the implementation of CIDP II. The county will continue to re-orientate its expenditure towards those priority programmes identified in public participation forums with a view of securing socio- economic development.

In the medium term, the county will embark on resource mobilization inform of grants and development partners to support development agenda across all the sectors. Revenue collection will be heightened by ensuring there are sufficient legislations to guide revenue collection, improved enforcement and compliance and full integration of revue collection in partnership with local banks.

2.6 Risks to the Economic Outlook

This macroeconomic outlook may face the following risks.

- Occurrence of adverse weather conditions resulting to reduced productions
- Public expenditure pressures mostly in recurrent expenditures
- Conflicting priorities between the County Assembly and the County Executive thus affecting budget absorption.
- Subdued revenue performance due to lack of capacities
- Delay in exchequer releases hence affecting absorption levels

2.7 Proposed Interventions to the Risks

The county government will monitor the above risks and take appropriate measures to safeguard any adverse effects. Such measures will include the following.

- Full automation and integration of revenue collection in partnership with local banks
- Implementation of Rapid Results Initiative (RRI) for revenue collection
- Retaining recurrent and development expenditures within the prescribed limit of 65 percent and 35 percent respectively
- Formulation of adequate legislations to guide and manage revenue collection in the county

III. FISCAL POLICY AND BUDGET FRAMEWORK

This section summarises county government fiscal actions put into consideration in budget allocations for 2018/19 FY and MTEF.

3.1 County Fiscal Policy Status

The county government continues to build on gains made in prioritisation of development spending in infrastructure, agriculture, health improvement and social services. In addition, spending will be directed towards prioritized programmes of water, agriculture, roads, social services (health, education and social protection) and cooperatives.

Emphasizing on growth, the county's fiscal policy in 2018/19 FY and the medium term will focus on:

- Maintaining a balanced budget
- Enhancing revenue collection and,
- Enforcing austerity measures; re-organizing recurrent spending for development purposes

3.2 Fiscal Framework

The fiscal framework details medium term fiscal framework that defines the aggregate resource envelope and expenditure levels of the county government. This includes the budget allocation for 2017/18 financial year, actual results for the 2016/17 financial year and forecast estimates for the MTEF period.

The county expects to raise total revenue of Kshs. 7,877,239,941 in the 2018/19 financial year as provided in the 2018 Draft Budget Policy Statement as shown in table 3.1 below. It comprises of Kshs. 5,877,858,428 as equitable share; Kshs. 850,000,000 as local revenue; and Kshs. 1,149,381,513 as loans and grants. The grants comprise of Compensation of user fees foregone of Kshs. 20,813,065; Rehabilitation of village polytechnics of Kshs. 32,398,936; Road maintenance levy fund of Kshs. 156,252,849; and other Loans and Grants of Kshs. 939,916,663. The county will be allocated a further Kshs.129, 787,234 for Leasing of medical equipment.

In the same period, recurrent expenditure is projected at Kshs. 5,333,837,706 accounting for 68 per cent of total revenue while development expenditure is projected at Kshs. 2,543,402,235 accounting for 32 per cent of total revenue. Wages and benefits for county government staff is projected at Kshs. 3,162,093,461 accounting for 47 per cent of total revenue. The rise in PE cost is attributed to the implementation of the doctors and nurses collective bargaining agreement and civil servants salary increment as per the recommendations of the SRC. To manage the ballooning wage bill, the county government will continue to pursue measures aimed at reversing this trend including: optimal staffing levels; developing of a human resource management framework; recruit only essential staff; and appropriate engagement of casuals.

Table 3.1: Summary of consolidated fiscal framework 2016/17 – 2020/21

	2016/17		2017/18		2018/19		2019/20		2020/21
	Actual	Revised	CFSP'17	Revised	CFSP'17	CFSP'18	CFSP'17	CFSP'18	CFSP'18
Total Revenue & Grants	**7,679,438,797**	**7,719,087,215**	**7,399,783,750**	**8,042,144,047**	**8,139,762,125**	**7,877,239,941**	**8,953,738,338**	**8,113,557,139**	**8,356,963,853**
Unspent Bal b/f	688,840,145	672,847,174	0	836,841,574	0	0	0	0	0
Revenue (Total)	**6,990,598,652**	**7,046,240,041**	**7,399,783,750**	**7,205,302,473**	**8,139,762,125**	**7,877,239,941**	**8,953,738,338**	**8,113,557,139**	**8,356,963,853**
Local Revenue	1,192,000,000	1,192,000,000	1,000,000,000	850,000,000	1,100,000,000	850,000,000	1,210,000,000	875,500,000	901,765,000
National Govt Transfers	5,601,025,717	5,601,025,717	5,977,414,645	5,707,800,000	6,575,156,110	5,877,858,428	7,232,671,720	6,054,194,181	6,235,820,006
Grants & Others	197,572,935	253,214,324	422,369,105	647,502,473	464,606,016	1,149,381,513	511,066,617	1,183,862,958	1,219,378,847
CG Expenditure	**7,679,438,797**	**7,719,087,215**	**7,399,783,749**	**8,042,144,047**	**8,139,762,124**	**7,877,239,941**	**8,953,738,336**	**8,113,557,139**	**8,356,963,853**
Recurrent	4,563,372,616	5,042,938,818	5,079,285,209	4,993,108,853	5,587,213,730	5,333,837,706	6,145,935,103	5,402,571,989	5,510,429,446
Rec. as a % of CG Expenditures	**59%**	**65%**	**69%**	**62%**	**69%**	**68%**	**69%**	**67%**	**66%**
Operation & Maintenance	1,806,790,748	2,200,293,101	2,531,831,123	1,826,473,389	2,785,014,234	2,171,744,245	3,063,515,658	2,177,236,659	2,220,587,409
Personnel Emoluments	2,756,581,868	2,842,645,717	2,547,454,086	3,166,635,464	2,802,199,496	3,162,093,461	3,082,419,445	3,225,335,330	3,289,842,037
PE as a % of CG Revenues	**41%**	**38%**	**37%**	**42%**	**37%**	**47%**	**37%**	**47%**	**46%**
Development	3,116,066,181	2,676,148,397	2,320,498,540	3,049,035,194	2,552,548,394	2,543,402,235	2,807,803,233	2,710,985,150	2,846,534,407
Dev. as a % of CG Expenditures	**41%**	**36%**	**31%**	**38%**	**31%**	**32%**	**31%**	**33%**	**34%**
Unspent Bal c/f	0	836,841,574							

3.3 Consistency of Fiscal Strategies

County government spending in 2018/19 FY is projected to decrease by 3 per cent to Kshs. 7,877,239,941 compared to a projection of Kshs. 8,139,762,125 in CFSP 2017 as shown in table 3.1 above. This was necessitated by a review of the sharing formula which reduced the county equitable share downwards. However, total county spending is projected to rise to Kshs. 8,113,557,139 in 2019/20 FY and Kshs. 8,356,963,853 in 2020/21 FY.

Local revenue projections in CFSP 2018 has been reviewed downwards by 23 per cent from the CFSP'17 projections due to underperformance. However, revenue projections in the medium term is expected to increase to Kshs. 875,500,000 in 2019/20 FY and Kshs. 901,765,000 in 2020/21 FY.

The fiscal strategies and structural reforms employed in 2017/18 FY and the medium term are expected to improve the overall county fiscal outlook.

3.4 Adherence to Fiscal Responsibility Principles

The county government adhered to fiscal responsibility principles in line with section 107 of the Public Finance Management (PFM) Act, 2012, and in keeping with prudent and transparent management of public resources. The total county government expenditure shall not exceed its total revenue, as such the county will be implementing a balanced budget; borrowing made by county government over the medium term will be to finance development expenditure and in line with the Constitution of Kenya 2010, PFM Act 2012, borrowing framework by sub nationals and shall be maintained at a sustainable level as approved by county assembly.

Development expenditure as a percentage of county government expenditure has been set above the minimum 30 per cent minimum threshold by 2 per cent; Expenditure on wages and benefits is above the prescribed limit of 35 per cent of total revenue by 12 per cent.

3.5 Fiscal Structural Reforms

This sub section provides an update on the county's progress in implementing fiscal structures. County fiscal structural reforms have been rolled out to ensure compliance with the PFM Act 2012. These include:

(i) Enhancement of Revenue Collection

The county government automated revenue collection by launching *UG Pay* in 2016/17 financial year aimed at increasing efficiency in revenue collection. In the current year the county government has adopted cashless and paperless payment of parking fees. In addition, full integration of the revenue system with Equity Bank and Safaricom's MPESA has been undertaken. These measures are expected to seal revenue leakages while at the same time ease payments of taxes by the residents. Further, the county government has put in place a revenue enhancement committee to roll out revenue rapid results initiative (RRI).

(ii) **Enhanced Expenditure Productivity**

Under spending in the 2016/17 financial year is attributed to low absorption rates in both recurrent and development expenditures by the line departments. To increase absorption rates, the county government has re-organised its structure of government to focus more on increased expenditure productivity in certain areas. The county government is also committed towards reducing wastage by reducing recurrent expenditure to devote more for development.

3.6 Debt Financing Policy

Over the medium term any county borrowing shall be used only for the purpose of financing development expenditure and not for recurrent expenditure as prescribed in the PFM Act 2012. Further the county debt shall be maintained at a sustainable level as approved by county assembly and shall not exceed twenty (20%) percent of the county governments total revenue.

3.7 Budget Framework for Proposed FY 2018/19

The budgetary allocation for the county government is summarised as follows:

Revenue allocation

In the financial year 2018/19 the county government expects to raise a total revenue of Kshs. 7,877,239,941; comprising Kshs. 5,877,858,428 of as equitable share, Kshs. 850,000,000 as local revenue; and Kshs. 1,149,381,513 as loans and grants as shown in table 3.1 above.

Local revenue projection for 2018/19 FY has been maintained at Kshs. 850,000,000 due to over projection and under performance in FY 2016/17 and first half of 2017/18 FY. The county government has put up measures to curb the revenue shortfall with a rapid results initiative already ongoing and revenue enhancement committee established.

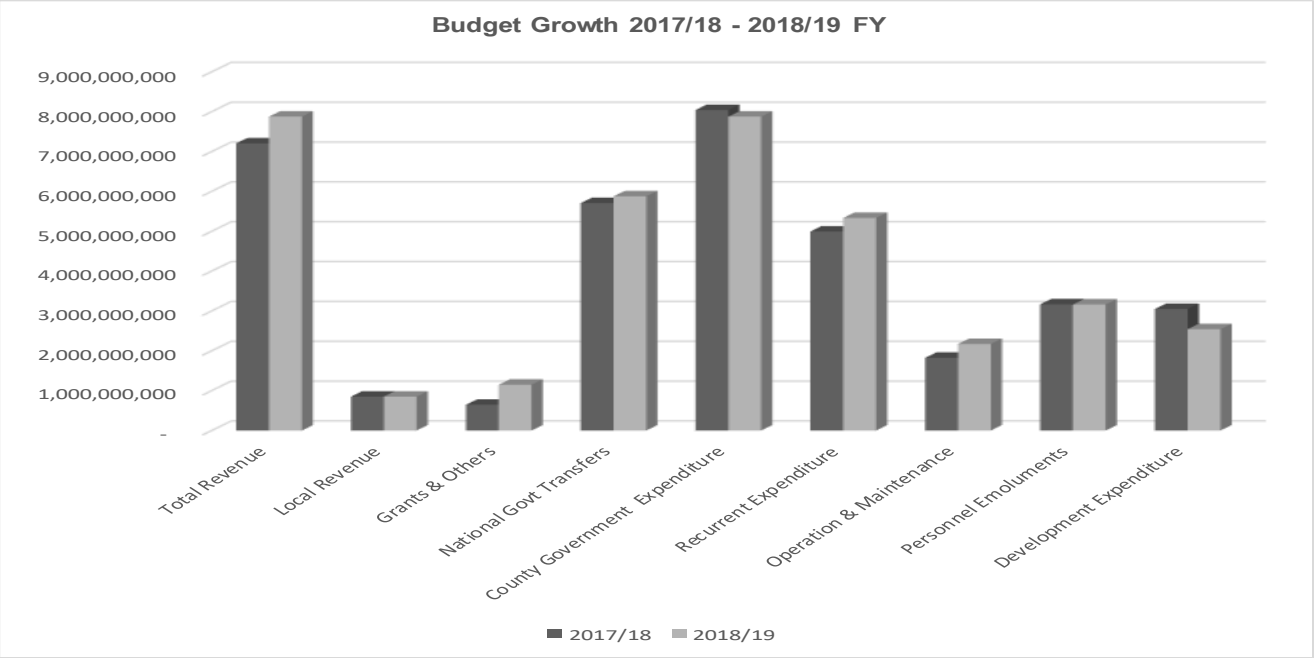
Expenditure Forecasts

In FY 2018/19, overall county government spending is projected at Kshs. 7,877,239,941. This spending comprises of recurrent expenditure of Kshs. 5,333,837,706 and development expenditure of Kshs. 2,543,402,235. Development expenditure accounts for 32 per cent of total county government revenues 2 per cent above the minimum 30 per cent threshold in the PFM Act 2012.

Growth of Revenue and Expenditure Allocations 2017/18 FY – 2018/19 FY

Total county revenue is projected to grow by 9 per cent in 2018/19 FY while local revenue collections will be maintained at Kshs. 850,000,000 compared to 2017/18 FY as shown in figure 3.1 below. Total county government expenditures are projected to decline by 2 per cent; development expenditure is projected to decline by 17 per cent per cent attributed to unspent balances carried forward in 2017/18 FY. Recurrent expenditure is projected to rise by 7 per cent while personnel emoluments will be maintained at the same levels compared to 2017/18 FY.

Figure 3.1: Average Growth in Revenue and Expenditure Allocations, 2017/18 – 2018/19 FY



3.8 Summary

The county's fiscal strategy seeks to improve spending on county programmes and increase revenue collection in the medium term. Further the county government will ensure adherence to the fiscal responsibility principles as outlined in sections 107 and 25 of the PFM Act 2012 and PFM regulations 2015 respectively.

IV. FY 2018/2019 BUDGET & MEDIUM TERM EXPENDITURE FRAMEWORK

This section discusses expenditure proposals by function group a classification of public spending in similar or related areas.

4.1 2018/2019 Fiscal Framework

The overall budget is expected to increase by 6 percent in FY 2018/19 based on the macroeconomic policy framework set out in Chapter II.

Resource Projections

The FY 2018/19 budget targets revenue collection of Kshs. 7,877,239,941 from Kshs. 7,425,884,487 in FY 2017/18. The amount includes Kshs. 1,149,381,513 in form of conditional grants and Kshs. 850,000,000 local revenue.

Expenditure Projections

In FY 2018/2019, overall expenditure is projected at Kshs. 7,877,239,941, an increase of 6 percent from the FY 2017/18 estimates largely attributed to increased allocations in the projected equitable shareable revenue.

The wages and salaries in FY 2018/19 is projected at 47 percent of total county government revenues.

Most of the expenditures are expected to support priority programmes set out in Chapter I.

Overall Budget Financing

The county government will adopt a balanced budget for FY 2018/19 as a yearly operating and capital plan. Therefore the county government does not envisage any budget deficits in the medium term, however, any shortfalls will be met by borrowing in line with the fiscal responsibility principles provided in the PFM Act 2012 and the borrowing framework for sub-nationals approved by IBEC and guidelines issued by CRA.

4.2 Medium-Term Spending Proposals

Table 4.1 provides the projected baseline ceilings for the 2018/19 MTEF, classified by sector and sub-sector.

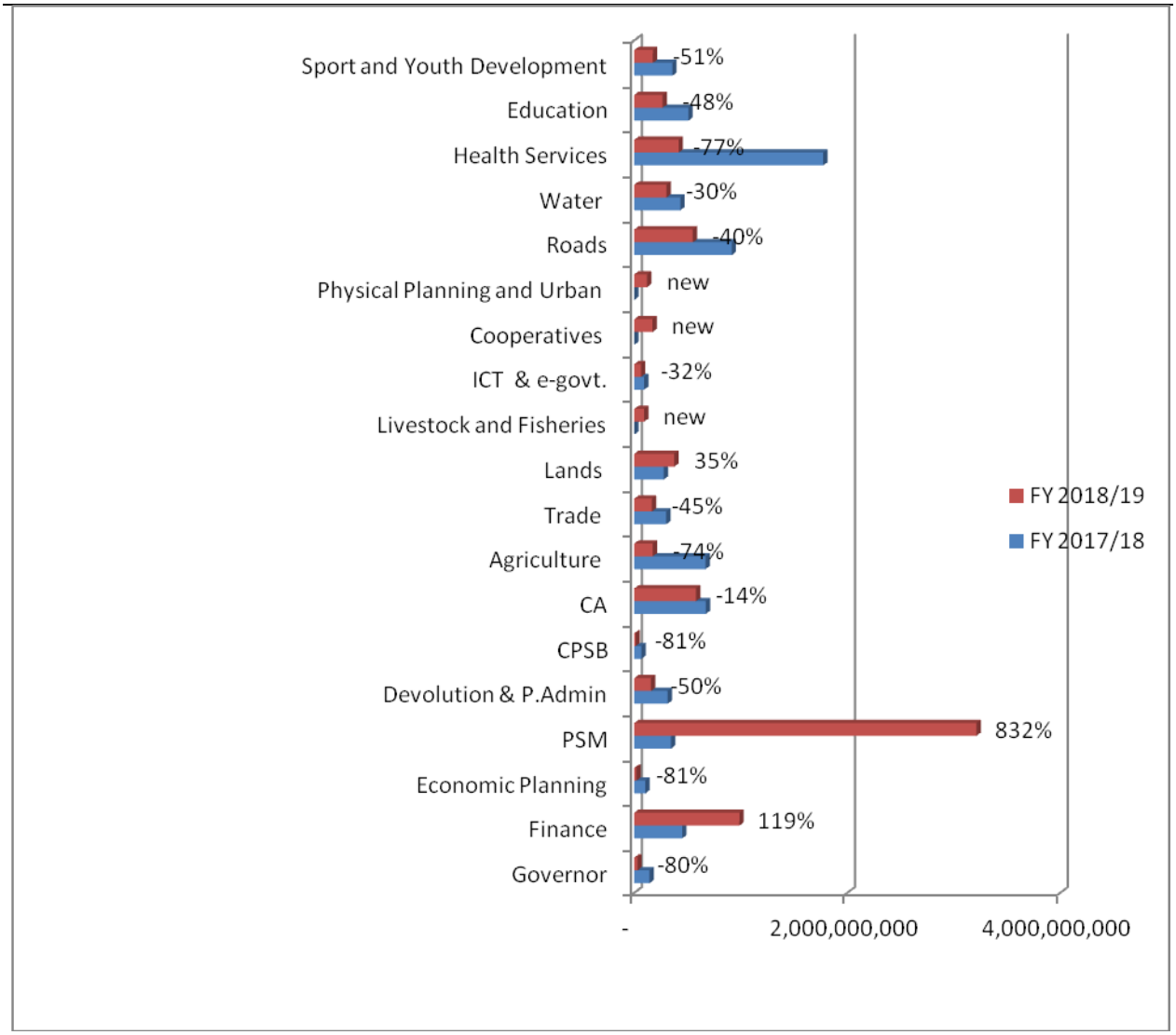
Table 4.1: Medium Term Expenditure Sector Ceilings, 2018/19 – 2020/21 (Kshs Millions)

		FY 2017/2018			FY 2018/2019							FY 2019/20		FY 2020/21	
Sector	MDAs	Estimates			CBROP Indicative Ceiling			CFSP Ceiling				Projections		Projections	
		Rec. Gross	Dev. Gross	Gross Total	Rec. Gross	Dev. Gross	Gross Total	Rec. Gross	Dev. Gross	Gross Total	% Change	Rec. Gross	Dev. Gross	Rec. Gross	Dev. Gross
PUBLIC ADMIN.	Governor	143549472	0	143549472	112583253	0	112583253	29392513.49	0	29392513.49	-0.738926415	30274288.9	0	31182517.57	0
	% of Total Expenditure	3%	0%	3%	2%	0%	1%	1%	0%	0%	0%	1%	0%	1%	0%
	Finance	450080813	0	450080813	549287024.7	0	549287024.7	987552171.1	0	987552171.1	0.797880028	1017178736	0	1047694098	0
	% of Total Expenditure	9%	0%	9%	10%	0%	10%	18%	0%	18%	72%	18%	0%	18%	0%
	Economic Planning	103496507	0	103496507	155783445	0	155783445	19399058.91	0	19399058.91	-0.875474195	19981030.67	0	20580461.59	0
	% of Total Expenditure	2%	0%	2%	3%	0%	2%	0%	0%	0%	-87%	0%	0%	0%	0%
	PSM	312383916	32444978	344828894	452826242.7	0	452826242.7	3181816895	32293720.45	3214110616	6.097889461	3277271402	33262532.07	3375589544	34260408.03
	% of Total Expenditure	6%	1%	8%	9%	0%	6%	57%	1%	41%	622%	57%	1%	57%	1%
	Devolution and Public Administra	182630284	131224890	313855174	111222168.8	241735033.5	352957202.3	17635508.1	139939455.3	157574963.4	-0.553557875	18164573.34	144137639	18709510.54	148461768.1
	% of Total Expenditure	4%	6%	9%	2%	9%	4%	0%	6%	2%	-55%	0%	6%	0%	6%
	CPSB	67426580	0	67426580	74202599	0	74202599	12932705.94	0	12932705.94	-0.825710877	13320687.12	0	13720307.73	0
	% of Total Expenditure	1%	0%	1%	1%	0%	1%	0%	0%	0%	-82%	0%	0%	0%	0%
	CA	572000000	100000000	672000000	607483397	0	607483397	470674599.2	109798649.5	580473248.7	-0.044462365	484794837.1	113092609	499338682.3	116485387.3
	% of Total Expenditure	11%	4%	16%	11%	0%	8%	9%	5%	7%	-3%	9%	5%	9%	5%
	Sub-Totals	1831567572	263669868	2095237440	2063388130	241735033.5	2305123164	4719403452	282031825.3	5001435277	1.169704143	4860985556	290492780.1	5006815122	299207563.5
	% of Total Expenditure	36%	11%	47%	39%	9%	29%	85%	12%	63%	121%	85%	12%	85%	12%
ARD	Agriculture	258361619	410969723	669331342	270660375.2	358782357.8	629442733	19986909.18	154363983.8	174350892.9	-0.723007537	20586516.45	158994903.3	21204111.94	163764750.4
	% of Total Expenditure	5%	17%	22%	5%	13%	8%	0%	7%	2%	-72%	0%	7%	0%	7%
	Trade	116503944	183854875	300358819	144132151.1	191058897.9	335191049	14696256.75	150704028.8	165400285.5	-0.506549217	15137144.45	155225149.7	15591258.78	159881904.1
	% of Total Expenditure	2%	8%	10%	3%	7%	4%	0%	6%	2%	-50%	0%	6%	0%	6%
	Lands	105395722	173039883	278435605	116626015.6	154597276.4	271223292	14696256.75	361689669.1	376385925.8	0.387734523	15137144.45	372540359.2	15591258.78	383716569.9
	% of Total Expenditure	2%	7%	9%	2%	6%	3%	0%	15%	5%	41%	0%	15%	0%	15%
	Livestock and Fisheries	0	0	0	87955666.7	71963727.3	159919394	13520556.21	79657843.79	93178399.99	-0.417341464	13926172.89	82047579.1	14343958.08	84509006.47
	% of Total Expenditure	0%	0%	0%	12%	10%	28%	9%	5%	54%	93%	6%	13%	6%	13%
	ICT & e-govt.	54247698	38933974	93181672	87955666.7	71963727.3	159919394	14108406.48	49517038.03	63625444.51	-0.602140535	14531658.67	51002549.17	14967608.43	52532625.65
	% of Total Expenditure	9%	5%	14%	12%	10%	28%	9%	5%	37%	32%	6%	8%	6%	8%
	CO-OP and Ent	0	0	0	87955666.7	71963727.3	159919394	13520556.21	158239230.2	171759786.4	0.074039753	13926172.89	162986407.1	14343958.08	167875999.3
	% of Total Expenditure	0%	0%	0%	8%	13%	28%	85%	12%	100%	256%	6%	92%	6%	92%
	Physical Planning and Urban Dp	0	0	0	87955666.7	71963727.3	159919394	12344855.67	107645734.8	119990590.5	-0.249680808	12715201.34	110875106.9	13096657.38	114201360.1
	% of Total Expenditure	0%	0%	0%	8%	13%	158%	0%	7%	105%	-33%	5%	63%	5%	63%
	Sub-Totals	534508983	806798455	1341307438	883241208.6	992293441.4	1875534650	102873797.2	1061817529	1164691326	-2.036945285	105960011.1	1093672054	109138811.5	1126482216
	% of Total Expenditure	11%	34%	44%	17%	37%	23%	2%	45%	15%	-37%	2%	45%	2%	45%
INFRASTRUCTURE	Roads	440943154	474238255	915181409	540399615	360266410	900666025	221750460	328486024.8	550236484.7	-0.389078227	228402973.8	338340605.5	235255063	348490823.7
	% of Total Expenditure	9%	20%	29%	10%	13%	11%	4%	14%	7%	-38%	4%	14%	4%	14%
	Water	132938353	300079766	433018119	167723460	391354740	559078200	19986909.18	282677699.7	302664608.9	-0.458636361	20586516.45	291158030.7	21204111.94	299892771.6
	% of Total Expenditure	3%	13%	15%	3%	14%	7%	0%	12%	4%	-45%	0%	12%	0%	12%
	Sub-Totals	573881507	774318021	1348199528	708123075	751621150	1459744225	241737369.2	611163724.5	852901093.6	-0.847714588	248989490.2	629498636.2	256459174.9	648383595.3
	% of Total Expenditure	11%	32%	44%	13%	28%	18%	4%	26%	11%	-41%	4%	26%	4%	26%
HEALTH	Health Services	1569065225	205484861	1774550086	1095612247	570317252.1	1665929499	244327075.8	172233175.8	416560251.6	-0.749953253	251656888.1	177400171	259206594.7	182722176.2
	% of Total Expenditure	31%	9%	40%	21%	21%	21%	4%	7%	5%	-75%	4%	7%	4%	7%
	Sub-Totals	1569065225	205484861	1774550086	1095612247	570317252.1	1665929499	244327075.8	172233175.8	416560251.6	-0.749953253	251656888.1	177400171	259206594.7	182722176.2
	% of Total Expenditure	31%	9%	40%	21%	21%	21%	4%	7%	5%	-75%	4%	7%	4%	7%
EDUCATION	Education	390008166	118964919	508973085	447000000	101167143	548167143	152635508.1	114104478.9	266739987	-0.513396616	157214573.3	117527613.3	161931010.5	121053441.7
	% of Total Expenditure	8%	5%	13%	8%	4%	7%	3%	5%	3%	-50%	3%	5%	3%	5%
	Sport and Youth Development	142687071	214929839	357616910	102900000	58357347	161257347	74696256.75	100215749	174912005.7	0.084676196	76937144.45	103222221.4	79245258.78	106318888.1
	% of Total Expenditure	3%	9%	12%	2%	2%	2%	1%	4%	2%	10%	1%	4%	1%	4%
	Sub-Totals	532695237	333894758	866589995	549900000	159524490	709424490	227331764.8	214320227.9	441651992.7	-0.377450315	234151717.8	220749834.7	241176269.3	227372329.8
	% of Total Expenditure	11%	14%	25%	10%	6%	9%	4%	9%	6%	-37%	4%	9%	4%	9%
	Grand Totals	5041718524	2384165963	7425884487	5300264661	2715491367	8015756028	5535673459	2341566482	7877239941	-0.017280477	5701743663	2411813476	5872795973	2484167881
	% of Total Expenditure	67%	33%	100%	66%	34%	100%	70%	30%	100%	0%	70%	30%	70%	30%

The spending levels in sector programmes are reflected in the ceilings estimates in Table 4.1. In the recurrent expenditure category, non-discretionary expenditures take first charge i.e. personnel emolument and payment of statutory obligations and servicing of debts.

The budgets proposals by departments will be reviewed with a view to remove any non-priority expenditures and shift the savings to the prioritized programmes. The CIDP (2018 – 2022) and the priorities of the current administration will guide resource allocation for the medium term.

Figure 4.1 Showing Growth in Allocations between FY 2017/18 Budget and Proposed FY 2018/19 Budget by Department/ County Entity



As shown in Fig.4.1 allocation to the Public Service Management (PSM) Department is projected to significantly grow by 832 percent in the 2018/19 financial year attributed to lumping of all

Personnel Emolument (PE) cost under this sub-sector. On development expenditures, the department of Lands and Housing is leading in terms of allocations followed by Water; while PSM is the lowest accounting for 1 percent.

4.3 Details of Sector Priorities

The medium term expenditure framework for 2018/19 – 2020/21 will allocate resources in line with the prioritized programmes of the county government aligned to the CIDP (2018 – 2022) and other strategic policy direction of the county government. The interventions identified during the stakeholders consultations for 2018/19 MTEF budget carried out in the month of December 2017 are as follows:

4.3.1 Agriculture, Rural and Urban Development Sector

The goal of the sector is to attain food security; promotion and development of trade, industrialization and investment; reliable and affordable ICT services; sustainable land management, affordable housing and sustainable urban infrastructure development.

The sector comprises the following sub-sectors; Agriculture, Livestock Development and Fisheries; Co-operative and Enterprise Development; ICT, Trade & Industrialization; and Lands, Housing, Physical Planning and urban Development.

During the 2018/19 – 2020/21 MTEF period the sector will focus on postharvest management of agricultural produce, provision of seed subsidies, enhancement of value addition of livestock products, improvement in livestock production, provision of AI services, increased agricultural mechanization and development of fish production. In addition, the sector has prioritized on the development of market infrastructure, increase access to loans by MSEs; strengthen cooperative movement and establishment of industrial centres. The focus will also be directed on Land banking, preparation of valuation rolls and development plans; and housing development including construction of Governor's and Deputy Governor's residence as per the directive of the SRC. Further, other prioritized areas include establishment of an ICT innovation centre and expansion of revenue and hospital management systems.

To implement the prioritized programmes, the Sector has been allocated Kshs. 4,777,903,500 for the financial year 2018/19. Recurrent expenditure for the same period is Kshs.3, 901,667,218 while development expenditure is Kshs. 876,236,282.

4.3.2 Infrastructure Sector

The sector is responsible for provision of quality and cost effective transport system within the county; provision of clean and safe water to the residents; and promotion of sustainable utilization and management of environment and natural resources for socio- economic development.

The sector comprises the following sub-sectors; Roads, Transport, Energy and Public Works; and Water, Environment, Natural resources, Tourism and Wildlife Management.

The programmes prioritized in the MTEF period 2018/19 – 2020/21 intend to facilitate provision of quality and accessible transport infrastructure that supports socio-economic activities in the county; increase access to clean and safe water; and promotion of sustainable utilization and management of environment and natural resources. These programmes include: construction of roads and bridges, improvement of drainage, street lighting services, public work services, and promotion of clean energy; drilling and equipping of boreholes, de-silting of dams/pans, spring protection, expansion of community water supplies, conservation of water catchment areas, solid waste management, afforestation, beautification services and development of tourism.

In order to implement the prioritized programmes, the Sector has been allocated Kshs. 1,174,355,593 in financial year 2018/19. Recurrent expenditure allocation for 2018/19 is Kshs. 522,932,364. The development expenditure for the same period is Kshs. 651,423,229.

4.3.3 Health Sector

The sector aims at expanding access to quality healthcare to the residents of the county. This will be done through provision of essential healthcare that are affordable and accessible to the residents; and strengthening health preventive interventions.

The critical and priority activities for this sector in the 2018/19 to 2020/21 MTEF period include: development of health infrastructure across the county i.e. completion of the sub-county hospitals and construction of incinerators; and provision of medical equipment and supplies to all health facilities.

In order to implement the prioritized programmes, the sub-sector has been allocated Kshs. 1,866,116,967 in financial year 2018/19. The recurrent expenditure for the same period is Kshs. 1,693,883,792, while the development expenditure is Kshs. 172,233,176.

4.3.4 Education Sector

The sector is responsible for development, management and administration of early childhood development education and vocational training; sustainably promote and preserve cultural heritage; manage and coordinate social welfare programmes; and sports development.

The sector comprises two sub-sectors namely; Education, Culture & Social Services and Youth Affairs, Gender & Sports sub-sectors.

To meet its mandate, the sector has prioritized the following programmes for the 2018/19 - 2020/21 MTEF period: improvement of ECD infrastructure, construction of a cultural centre, construction of conference room and counseling rooms at Home-craft and Rescue Centre respectively; improvement of youth training infrastructure; and upgrading of sports facilities and stadia.

The 2018/19 - 2020/21 MTEF allocations for the sector amounts to Kshs. 785,047,652. The recurrent expenditure for same period is Kshs. 520,133,928, while the development expenditure is Kshs. 264,913,723.

4.3.5 Public Administration Sector

The sector is responsible for overall coordination and management of the administrative and human resource functions of the county government. In addition, it coordinates county policy formulation, implementation, monitoring and evaluation. It is further mandated with resource mobilization and management; as well as oversight on use of public resources and service delivery.

The public Administration sector comprises four sub-sectors namely: Finance & Economic Planning; Devolution, Administration and Public Service Management sub-sectors; County Public Service Board and County Assembly.

For the 2018/19 - 2020/21 MTEF period the sector has prioritized programmes intended to transform service delivery in the county. They include: decentralizing services further through construction of sub-county and ward offices; employee support services; establishment of service delivery centres, library services and resource centre; and effective monitoring and evaluation of county programmes, projects and policies.

In order to implement the prioritized programmes, the sector has been allocated Kshs. 2,496,544,915. The recurrent expenditure is Kshs. 2,324,311,739 for financial year 2018/19. The development expenditure for the same period is Kshs. 172,233,176.

In conclusion, a detailed list of prioritized programmes and projects for the sectors in the 2018/19 MTEF budget is indicated in Annex 1.

Annex Table 1: Summary of Programmes, 2018/19 Financial Year

LIST OF PROGRAMMES
4.1 HEALTH SERVICES
Programme1: Health infrastructure
SP1.1 Completion of sub county hospitals
SP1.2 Purchase of medical equipment
SP1.3 Completion of model health centres

SP1.4 Completion of county maternity unit
SP1.5 Completion of reference laboratory
SP1.6 Construction of incinerators
SP1.7 Construction of county emergency Unit/casualty
SP 1.8 Construct of a morgue
4.2 DEPARTMENT OF EDUCATION, CULTURE AND SOCIAL SERVICES,
Programme 1: Social welfare and community development
SP1.1 Construction of multipurpose hall, Art gallery, open air stage music studio &museum
SP1.2 Refurbishment of performing arts hall
SP1.3 Construction of additional Conference rooms, Perimeter wall and Landscaping at Home craft
SP 1.4 Construction of additional counseling rooms, Security house, Kitchen
Programme 2: ECDE infrastructure
SP2.1 Construction of ECD classrooms and equipping of ECDE classrooms
SP2.2 Construction of ECDE toilets
SP2.3 Teaching/Learning Materials
SP2.4 Tools and Equipment
4.3 YOUTH AFFAIRS, GENDER AND SPORTS
Programme 3: Youth Training and empowerment
SP3.1 Construction of Workshop
Programme 4:Sports Development
SP4.1 Installation of Flashlights at 64 stadium
SP4.2 Upgrading of playfields in 6 Sub Counties
SP4.3 Construction of sports talent academy
SP4.4 Gymnasium
SP4.5 Swimming pool
4.4 PUBLIC SERVICE MANAGEMENT
P1 General Administration Support Services
SP 1.1.Equipping staff gymnasium
SP 1.2 Equipping of three sub county service centres
P2 Records Management & information services
SP 2.1 Construction of an archive and archiving of the records
SP 2.2 Construction and equipment of a legal library
SP 2.3 Construction and equipment of a Resource Centre
4.5 DEVOLUTION AND PUBLIC ADMINISTRATION
P3 Field Operations
SP3.1 Construction and completion of sub county offices
SP 3.2 Construction of Ward Offices

4.6 LIVESTOCK DEVELOPMENT AND FISHERIES
P 1 Livestock production
SP 1.1 Completion of milk cooler structures & Demo plots
SP 1.2 Disease Control
SP 1.3 Seed acaricides
SP 1.4 Disease surveillance
SP 1.5 AI Subsidy
SP 1.6 Construction of slaughter house
SP 1.7 Construction of tannery
P 2 Fisheries production
SP 2.1 Construction and installation of fish cages
SP 2.2 Fish ponds
SP 2.3 Fish feed Extruder
SP 2.4 Fish feeds
SP 2.5 Construction of Aqua-shop
4.7 AGRICULTURE
P 3 Agricultural training services
SP 3.1 Construction of Modern Hostel –Phase II
SP 3.2 Installation of irrigation system
SP 3.3 Construction of Modern dairy unit
SP 3.4 Construction of Cereal and livestock feed stores
P4 Agricultural mechanization services
SP 4.1 Construction of service workshop and workshop shade
SP 4.2 Purchase of farm machinery & implements
P5 Crop development and management
SP 5.1 Construction of high capacity cereal store
SP 5.2 Purchase of maize driers
SP 5.3 Promotion of high value crops
4.8 LANDS AND HOUSING
P1 Land administration
SP1.1 Land Banking
SP 1.2 Turbo Valuation Roll
SP 1.3 Cheptiret Valuation Roll
SP 1.4 Kesses Valuation Roll
SP 1.5 Digitization of Land Records
P2 Housing development and management
SP 2.1 Feasibility Study on disposal of Asbestos Material (Undertake an EIA)

SP 2.3 Renovations of County Houses
SP 2.4 Improvement of Estate Drainages and Other Civil works
SP 2.5 Fencing of Public Utilities
SP 2.6 Fencing County Houses
SP 2.7 Construction of Office Block for Housing Section
SP 2.8 Completion of Kodhek Estate
SP 2.9 Completion of Town Administrators office in Moi's Bridge
SP 2.10 Construction of Governors and Deputy Governors residence
SP 2.11 Purchase of National Bank Building
4.9 PHYSICAL PLANNING & URBAN DEVELOPMENT
P3 Physical planning and urban development
SP 3.1 Kesses Local Physical Development Plan
SP 3.2 Completion of Local Physical Development Plan
SP 3.4 Street Naming and Building Numbering
SP 3.5 Capital Investment Plan
4.10 TRADE, INVESTMENT & INDUSTRIALISATION
P1 Trade Development and Promotion
SP 1.1 Market, Infrastructure Development
SP 1.2 County Micro And Small Enterprises Initiative
SP 1.3 Fair Trade Practices
P2 Trade Improvement and Regulation
SP 2.1 Capacity Building of Tax payers
SP 2.2 Development of Modern Mama Mboga Sheds
SP 2.3 Development of Shoe shiners-sheds
SP 2.4 Online Marketing Software for Traders
SP 2.5 Research on SMEs
4.11 CO-OPERATIVE AND ENTREPRISE DEVELOPMENT
P3 Co-operative Development
SP 3.1 Refurbishment and furnishing of County cooperative office
SP 3.2 Construction of refrigerated stores for horticultural produce
SP 3.3 Capacity Building for the co-operative sector
4.12 ECONOMIC PLANNING
P1: Administration Support Services
Develop Strategic Plan
Develop County Statistical Abstract (CSA) for 2018
Develop County Indicator Handbook
Develop Sectoral Plans

Conduct baseline survey
4.13 ROADS, TRANSPORT AND PUBLIC WORKS
P1 Road Transport
P2 Street Lighting / Lights
P3 Public Works Services
P5 Green Energy
P6 Electrification
4.14 ENVRONMENT WATER ENERGY, NATURAL RESORCES, TOURISM & WILDLIFE MANAGEMENT
P1 Water development
P2 Solid waste management
P3 Afforestation
P3 Beautification
P4 Tourism Development and Promotion
SP 3.1 Construction of Chagaiya High Altitude Training Camp
SP 3.2 Development of River Sosiani Nature and Amusement Park
SP 3.3 Kesses Dam
SP 3.4 Development of Kapsiliot Hills
SP 3.5 Development of MICE tourism
SP 3.6 Ziwa Dam and Two river Dam
SP 3.7 Koromosho water fall
SP 3.8 Procurement of Tourist Micro Bus/Rosa
SP 3.9 4 Wheel Drive Cruiser
SP 3.10 Procurement of safety/Patrol boat
4.15 ICT & E-GOVERMENT
P1 ICT Services
SP 1.1 Design and Construction of Uasin Gishu ICT Innovation Centre
SP 1.2 Expansion of revenue system
SP 1.3 Expansion of Hospital Management System