



**THE COUNTY GOVERNMENT OF LAMU**



# **LAMU COUNTY BUDGET REVIEW OUTLOOK PAPER**

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**September, 2018**

Prepared by:

**The Department of Finance, Strategy and Economic Planning**

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## **Foreword**

The County Budget Review and Outlook Paper (CBROP) 2018 has been prepared in line with section 118 of the Public Finance Management (PFM) Act 2012 which requires the county government to prepare a budget review and outlook paper in respect for each financial year; and submit it to the County Executive Committee by 30th September.

The paper reviews fiscal performance of the county for the 2017/18 financial year while comparing it with the budget appropriation. In addition, it provides information on changes in forecasts as indicated in the County Fiscal Strategy Paper (CFSP) 2018; and how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the county financial objectives for that year. It further gives reasons for any deviation from the county financial objectives in the fiscal strategy paper together with proposals to address the deviations.

The updated economic and financial outlook presented in this paper will set out the broad fiscal parameters for preparation of the next budget. In particular, the provisional ceilings presented are intended to act as a guide to sector working groups in preparing their budgets.

It is therefore my expectation that the policy paper will be useful in enhancing financial discipline and fiscal responsibilities outlined in section 107 of the PFM Act 2012 and thus contribute towards the realization of aspiration of the residents of Lamu county.

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## Acknowledgement

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In compliance with the Public Finance Management (PFM) Act, 2012 and its related regulations, we are pleased to present the 2018 Lamu County Budget Review and Outlook Paper (CBROP). The CBROP highlights actual financial performance for the Financial Year (FY) 2017/2018 against the budget appropriations for the same year. It equally provides a review of the recent economic developments and highlights the actual performance of the FY 2017/18 with regards to compliance with the fiscal responsibility principles and the financial objectives spelt out in the PFM Act or the financial objectives in the CFSP for that financial year; and

The preparation of the 2018 CBROP was a collective effort by various departments of the Lamu county Government. I sincerely wish to thank all the departments for providing important and timely information about the execution of their budget for the financial year 2017/18. This information was very helpful in laying out the basis upon which the projections for the next financial years was done.

My heartfelt appreciation goes to the team of staff from Finance Department who put in a great effort in compiling the CBROP. In this regard I am specifically grateful to the staff from revenue, Economic Planning, accounts and audit departments who not only ensured its timely production but also reviewed its overall flow and quality.

Lastly, I wish to thank USAID –AHADI for their immense contribution in the preparation of the CBROP. Through their consultants, AHADI provided the overall guidance in the preparation of this important document. The comments, positive feedback and the constructive criticism was valuable in making sure that the CBROP is in compliance with the Public Finance Management (PFM) Act, 2012 and its regulations.

**FARIDA HASSAN**  
**CHIEF OFFICER, BUDGET & ECONOMIC PLANNING**

## Table of Content

---

<b>1.0 INTRODUCTION</b> .....	<b>7</b>
<b>1.1 Objective of CBROP</b> .....	<b>7</b>
<b>1.2 Significance of CBROP</b> .....	<b>7</b>
<b>1.3 Structure</b> .....	<b>8</b>
<b>2.0 REVIEW OF COUNTY FISCAL PERFORMANCE IN 2017/18 FY</b> .....	<b>9</b>
<b>2.1 Overview</b> .....	<b>9</b>
<b>2.2 Fiscal Performance</b> .....	<b>10</b>
2.2.1 Conditional Grants.....	10
2.2.2 Revenue Performance .....	11
2.2.3 Expenditure Performance .....	15
a. Revenue Analysis .....	15
b. Recurrent and development expenditure .....	18
c. Expenditure per economic classification .....	18
Analysis of Recurrent Expenditure.....	19
Development Expenditure Analysis .....	21
<b>3.0 RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK</b> .....	<b>24</b>
<b>3.1 Overview</b> .....	<b>24</b>
<b>3.2 County Economic Outlook and Policies</b> .....	<b>25</b>
<b>3.3 Medium Term Expenditure Framework</b> .....	<b>26</b>
3.3.1 Revenue enhancing measures:.....	26
3.3.2 Expenditure management and budgetary control .....	27
<b>3.4 Risks to the Outlook</b> .....	<b>27</b>
<b>4.0 RESOURCE ALLOCATION FRAMEWORK</b> .....	<b>29</b>
<b>5.0 CONCLUSION</b> .....	<b>34</b>

## ABBREVIATIONS AND ACRONYMS

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CARA	County Allocation of Revenue Act
CBK	Central Bank of Kenya
CRA	Commission of Revenue Allocation
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
GDP	Gross Domestic Product
IBEC	Inter-Governmental Budget and Economic Council
ICT	Information and Communication Technology
IFMIS	Integrated Financial Management Information System
KNBS	Kenya National Bureau of Statistics
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
PE	Personnel Emoluments
PFM	Public Finance Management
PWD	People with Disabilities
SRC	Salaries and Remuneration Commission
SWG	Sector Working Group

## LIST OF TABLES

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Table 1: Summary of County Fiscal Performance .....	10
Table 2: Analysis of conditional grants received in the FY 2017/18 .....	10
Table 3: Revenue Performance .....	11
Table 4: Revenue Performance per Stream .....	12
Table 5: Budget Absorption and Comparison between CFSP 2017 Ceilings and FY 2017/18 Budget .....	16
Table 6: Ratio of recurrent to development expenditure.....	18
Table 7: Revenue Projections.....	32
Table 8: Summary of Expenditure Projections for FY 2019/20 and MTEF in Million KShs .....	33

## Preamble

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

The Budget Review and Outlook Paper (CBROP) is prepared in accordance with Section 118 of the Public Finance Management (PFM) Act 2012. The law stipulates that:

- 1) A county Treasury shall;
  - a. Prepare a CBROP in respect of the County for each year; and
  - b. Submit the paper to the County Executive Committee (CEC) by 30th September of that year.
- 2) In preparing its CBROP, the County Treasury shall specify;
  - a. The details of the actual fiscal performance in the previous year compared to the budget appropriation for that year
  - b. The updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper (CFSP)
  - c. Information on:
    - (i) Any changes in the forecasts compared with the CFSP; or
    - (ii) How actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or financial objectives in the CFSP for that financial year; and
  - d. Reasons for any deviation from the financial objectives in the CFSP together with proposals to address the deviation and the time estimated for doing so.
- 3) The CEC shall consider the CBROP with a view to approving it, with or without amendments, within fourteen days after its submission.
- 4) Not later than seven days after the CBROP is approved by the CEC, the County Treasury shall:
  - a. Arrange for the paper to be laid before the County Assembly; and
  - b. As soon as practicable after having done so, publish and publicize the paper.



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

In line with the Constitution of Kenya 2010, the PFM Act, 2012 sets out the fiscal responsibility principles to ensure prudence and transparency in the management of public resources. Section 107 of the PFM Act, 2012 states that: The County Government's recurrent expenditure shall not exceed the County Government's total revenue;

- 1) Over the medium term, a minimum of thirty (30) per cent of the County Government's budget shall be allocated to the development expenditure;
- 2) The county Government's expenditure on wages 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;
- 3) Over the medium term, the Government's borrowing shall be used only for purpose of financing development expenditure and not for recurrent expenditure;
- 4) The County debt shall be maintained at a sustainable level as approved by County Assembly;
- 5) The fiscal risks shall be managed prudently; and
- 6) 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.

## **1.0 INTRODUCTION**

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This section provides a highlight of the objectives of the CBROP, its significance in the budget making process and a brief description of the structure. The CBROP is prepared in line section 118 of the Public Finance Management (PFM) Act, 2012. The paper reviews the fiscal performance of the county for the financial year 2017/2018; the updated macro-economic and financial forecasts; and deviations from the approved County Fiscal Strategy Paper (CFSP) 2018 and reasons for such deviations.

### **1.1 Objective of CBROP**

The objective of CBROP is to provide a review of the previous fiscal performance and how this impacts the financial objectives and fiscal responsibility principles to be set out in the CFSP. This together with macroeconomic outlook provides a basis for revision of the current budget in the context of the broad fiscal parameters underpinning the next budget and the medium term. Details of the fiscal framework and the medium term policy priorities will be firmed in the CFSP.

Specifically the CBROP provides:

- Updated economic and financial forecasts in relation to the changes from the forecasts in the most recent County Fiscal Strategy Paper (CFSP);
- Details of the actual fiscal performance in the previous year compared to the budget appropriation for that particular year;
- Any changes in the forecasts compared with the CFSP;
- Indication on how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the CFSP for that financial year; and
- Reasons for any deviation from the financial objectives in the CFSP together with proposed measures to address the deviation and the time estimated for doing so.

### **1.2 Significance of CBROP**

The paper is a policy document and links planning with budgeting. It is significant in the budget making process within the Medium Term Expenditure Framework (MTEF) as it reviews previous fiscal performance for the year and identifies any deviations from the budget with the aim of providing realistic forecasts for the coming year. It also assesses how fiscal responsibility principles were adhered as provided in section 107 of the PFM Act 2012. In addition the updated macroeconomic and financial outlook provides a basis for any budget revision and sets out broad

fiscal parameters for the next budget. Further, the paper is expected to provide indicative sector ceilings for the FY 2019/2020 budget and in the medium term to guide Sector Workings groups (SWGs) before being affirmed in the CFSP 2019.

### **1.3 Structure**

This paper has four other sections. Section Two reviews the county's fiscal performance for the previous year. It is divided into three sub-sections, namely, The Overview, Fiscal Performance and Implications of Fiscal Performance. Section three reviews recent economic developments and has four subsections of Recent Economic Developments, Economic Outlook & Policies, Medium Term Fiscal Framework and Risks to the Outlook. Section four sets out how the county government intends to operate within its means. It establishes the resources envelop (total revenues) it expects then allocates these across departments by setting expenditure ceilings for each department. In addition, it has four sub-sections: adjustment to the proposed budget; the medium term expenditure framework; proposed budget framework; and projected fiscal balance and likely financing. And lastly, section five gives a conclusion of the entire paper.

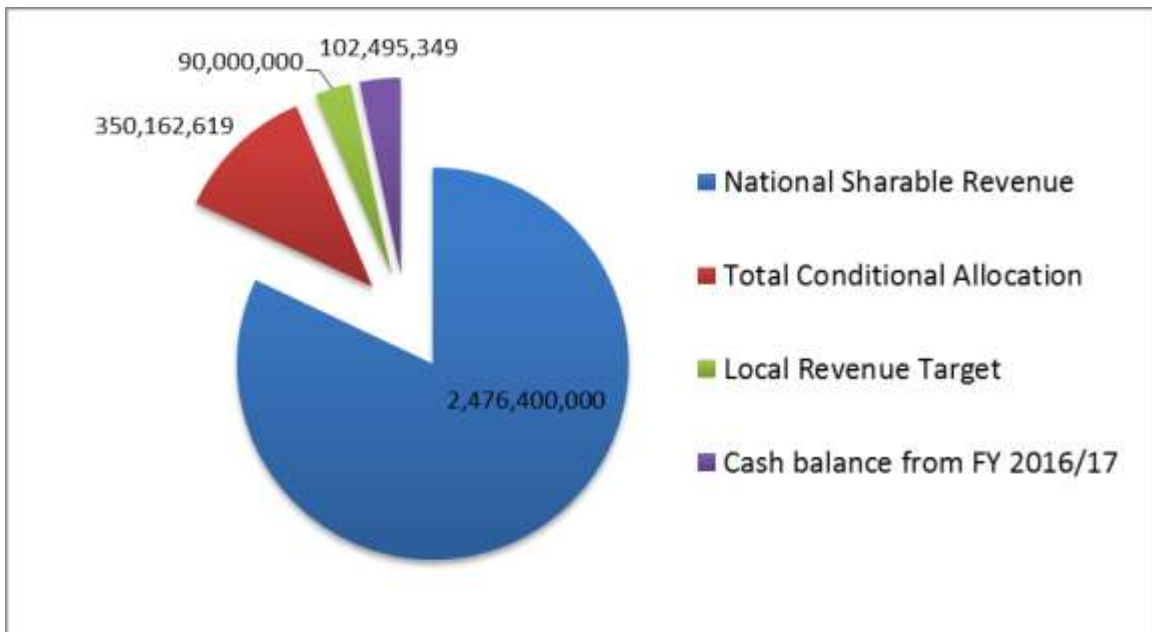
## 2.0 REVIEW OF COUNTY FISCAL PERFORMANCE IN 2017/18 FY

### 2.1 Overview

The County’s FY 2017/18 Approved Supplementary Budget was KShs.3.01 Billion, comprising of KShs.2.01 Billion (67.0 per cent) and KShs.1.01 billion (33.0 per cent) allocation for recurrent and development expenditure respectively.

To finance the budget, the County expected to receive Kshs.2.48 billion (82.2 per cent) as equitable share of revenue raised nationally and Kshs.350.16 million (11.2 per cent) as total conditional grants. The county also targeted to generate Kshs.90. million (3.0 per cent) from own source revenue, and had made a KShs.102.50 million (3.4 per cent) cash balance brought forward from FY 2016/17. The expected sources of budget financing are shown in Figure 1.

**Figure 1: Expected Sources to budget Financing in FY 2017/18**



The conditional grants contained in the CARA, 2017 comprised of Kshs.95.74 million (22.1 per cent) for Leasing of Medical Equipment, Kshs.87.42 million (20.2 per cent) from the Road Maintenance Fuel Levy Fund, Kshs.2.45 million (0.6 per cent) as Compensation for User Fee Foregone, Kshs.5.92 million (1.4 per cent) from DANIDA, Kshs.11.79 million (2.7 per cent) as World Bank loan to supplement financing of County Health facilities, Kshs.31.56 million (7.3 per cent) for the World Bank Kenya Devolution Support Programme, Kshs.31.78 million (7.3 per cent) for Development of Youth Polytechnics, Kshs.28.59 million (6.4 per cent) as World Bank loan for Transforming Health System

for Universal Care Project, Kshs.121 million (28.0 per cent) as Supplement for construction of county headquarters and Kshs.16.25 million (3.8 per cent) as Other Loans and Grants.

The County also expected to receive Kshs.13.4 million from World Bank Loan for National Agricultural & Rural Inclusive Project, which was not contained in the CARA, 2017.

## 2.2 Fiscal Performance

Overall revenues increased by 9% as per table 1 below on summary of County Fiscal Performance

**Table 1: Summary of County Fiscal Performance**

	2016/17 FY	2017/18 FY			Growth %
	Actual	Approved	Actual	% Deviation	
<b>TOTAL REVENUE &amp; GRANTS</b>	<b>2,487,257,691</b>	<b>2,916,562,619</b>	<b>2,706,716,201</b>	<b>7%</b>	<b>9%</b>
Unspent Bal from Previous FY	577,396,692	102,495,349	102,495,349	0%	-82%
<b>REVENUE (Total)</b>	<b>3,064,654,383</b>	<b>3,019,057,968</b>	<b>2,809,211,550</b>	<b>7%</b>	<b>-8%</b>
Equitable Share Allocation	2,214,008,743	2,476,400,000	2,476,400,000	0%	12%
Local Revenue	65,109,972	90,000,000	63,437,305	30%	-3%
Grants (Total)	203,606,915	350,162,619	175,422,899	50%	-14%
<b>TOTAL EXPENDITURE</b>	<b>2,954,595,656</b>	<b>3,019,057,968</b>	<b>2,305,394,917</b>	<b>24%</b>	<b>-22%</b>
Recurrent	2,006,946,763	2,009,115,571	1,901,384,937	5%	-5%
Development	947,648,894	1,009,942,397	404,009,980	60%	-57%
Unspent Bal Current FY	110,058,727	0	401,321,284		265%

### 2.2.1 Conditional Grants

The Table 1 below shows an analysis of conditional grants received in the FY 2017/18.

**Table 2: Analysis of conditional grants received in the FY 2017/18**

No.	Grants	Annual CARA 2017 Allocation (in KShs)	Annual Budget Allocation (in KShs)	Actual Receipts in the FY 2017/18 (in KShs)	Actual Receipts as Percentage of Annual Allocation (%)	CARA Annual Allocation (%)	Annual Budget Allocation (%)
<b>A</b>	<b>Grants Contained in the CARA, 2017</b>						
1	Road Maintenance Fuel Levy Fund	87,424,448	87,424,448	87,424,448	100%	20.2%	25.0%
2	Leasing of Medical Equipment	95,744,681			0%	22.1%	0.0%
3	World Bank loan to supplement financing of County Health facilities	11,785,000	11,785,000	12,993,407	110%	2.7%	3.4%

No.	Grants	Annual CARA 2017 Allocation (in KShs)	Annual Budget Allocation (in KShs)	Actual Receipts in the FY 2017/18 (in KShs)	Actual Receipts as Percentage of Annual Allocation (%)	CARA Annual Allocation (%)	Annual Budget Allocation (%)
4	Kenya Devolution Support Programme (KDSP)	31,560,246	31,560,246	31,560,246	100%	7.3%	9.0%
5	Compensation for User Fee Foregone	2,451,034	2,451,034	2,481,810	101%	0.6%	0.7%
6	DANIDA Grant	5,924,224	9,182,547	9,182,547	155%	1.4%	2.6%
8	Supplement for Construction of County Headquarters	121,000,000	121,000,000		0%	28.0%	34.6%
9	Development of Youth Polytechnic	31,780,441	31,780,441	31,780,441	100%	7.3%	9.1%
10	Conditional Allocation - Other Loans & Grants	16,251,730			0%	3.8%	0.0%
11	World Bank Loan for Transforming Health System for universal Care Project	28,585,496	41,578,903	-	0%	6.6%	11.9%
12	World Bank Loan for National Agricultural & Rural Inclusive Project	-	13,400,000	-	-	0.0%	3.8%
<b>Grand Total</b>		<b>432,507,300</b>	<b>350,162,619</b>	<b>175,422,899</b>	<b>41%</b>	<b>100.0%</b>	<b>100.0%</b>

*Source: Lamu County Treasury*

Analysis of the conditional grants released during the period under review indicates that, the County received grants from DANIDA (2.6%), the Road Maintenance Fuel Levy Fund (25.0%), Compensation for user fees foregone (0.7%), Kenya Devolution Support programme (9.0%), Development of youth polytechnics (9.1%) and World Bank loan to Health Facilities (3.4%).

## 2.2.2 Revenue Performance

The total revenue for the years 2015/2016, 2016/2017 and 2017/2018 was approximately KShs 181.69million. The respective revenue for each year is provided in Table 3. While the total revenue has been steadily increasing, the data shows that more revenue was collected during the 3rd and 4th quarters. The 1st and 2nd quarters had comparatively lower collections. Some of the reasons for the decline include the prolonged electioneering period during the 1st and 2nd quarter of the year and insecurity incidences which mostly affected businesses. However, there was more revenue realized during 3rd and 4th quarter as more staffs were engaged to counter the shortage of revenue collectors that was experienced previously.

**Table 3: Revenue Performance**

YEAR	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	TOTAL
2015-2016	10,192,829	12,400,163	18,519,597	12,030,828	53,143,417
2016-2017	4,658,554	15,425,210	16,470,702	28,555,506	65,109,972
2017-2018	4,308,450	12,077,394	24,505,766	22,545,695	63,437,304
<b>TOTAL COLLECTION</b>	<b>19,159,833</b>	<b>39,902,766</b>	<b>59,496,065</b>	<b>63,132,028</b>	<b>181,690,692</b>

Figure 1: Revenue Performance Over a period of three Fiscal Years

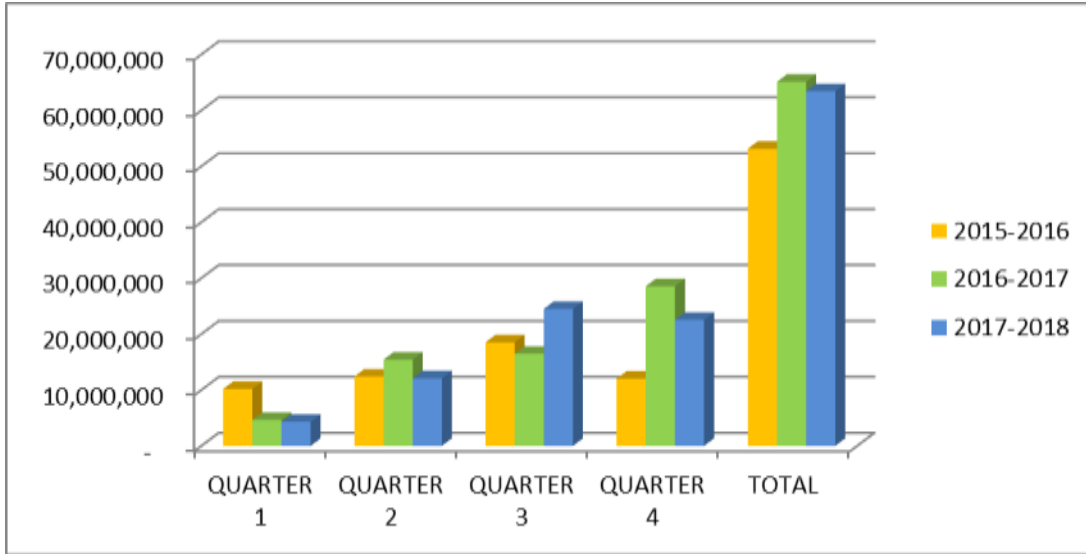


Table 4: Revenue Performance per Stream

REVENUE PERFORMANCE	2016-2017	2017-2018	VARIANCE
REVENUE FROM HOSPITALS	24,759,606.90	12,773,559	-48%
OPEN AIR MARKET	999,958.00	741,254	-26%
REVENUE FROM PUBLIC HEALTH	1,454,595.00	499,530	-66%
FISHERIES REVENUE	704,800.00	479,851	-32%
PARKING FEES	931,150.00	494,960	-47%
REVENUE FROM AGRICULTURE	3,394,956.00	4,868,659	43%
SINGLE BUSINESS PERMIT	8,313,586.50	20,007,916	141%
STALL REVENUE	1,124,000.00	1,068,600	-5%
CESS	4,699,536.00	2,409,877	-49%
MISCELLANEOUS	6,382,700.00	1,032,245	-84%
LAND RENT/PROPERTY RATES	12,163,158.30	5,328,894	-56%
REVENUE FROM VETERINARY SERV	181,925.00	1,144,076	529%
INSURANCE COMPENSATION(MV)		8,950,000	100%

<b>ADVERTISEMENT</b>		<b>957,762</b>	<b>100%</b>
<b>COMMISSION EARNED</b>		<b>2,680,121</b>	<b>100%</b>
	<b>65,109,971.70</b>	<b>63,437,304</b>	<b>-3%</b>

As shown in Table 4, the total own source revenue collected in the FY 2017/18 amounted to approximately KShs.63.4 million. This represented 70 .4 per cent of the annual own source revenue target of KShs 90 million. As compared to the FY 2016/17, the collected amount represents an overall decline in revenue collection of about 3 per cent. There were also some significant variations in collection among the various revenue streams, which is explained below.

#### **REVENUE FROM HOSPITAL**

The above table shows that the hospital revenue declined in 2017/2018 as compared to 2016/2017 by 48 % due to remittance of the hospital collection in 2016/2017 lump sum from the previous years.

#### **OPEN AIR MARKET**

The collection from open air market reduced by 26% was due to an extended electioneering period and shortage of staff in the third quarter when casual revenue collectors were discontinued.

#### **REVENUE FROM PUBLIC HEALTH**

The revenue from public health reduced by 66% was due to shortage of staff during the second and third quarter when casual collectors were discontinued.

#### **FISHERIES REVENUE**

There was a reduction in fisheries revenue by 32% due to lack of relevant laws to enforce collection of fisheries revenue.

#### **PARKING FEES**

The collection of parking fees was reduced by 47% due to lack of relevant laws to enforce collection of parking fees.

#### **REVENUE FROM AGRICULTURE**

Increased collection of revenue from agriculture by 43% was due to operationalization of the agricultural Training and accommodation institution in 2017/2018 which was used to accommodate security forces for free in 2016/2017.

#### **SINGLE BUSINESS PERMIT**

The collection of SBP increased by 141% was due to enhanced enforcement, payment of SBP by all contractors during prequalification in 2017/2018 and growth in business registration.

#### **CESS**

Reduction in the collection of cess by 49% due extended electioneering period and the draught experience in 2017/2018.



## **MISCELLANEOUS**

Reduction of miscellaneous revenue figure by 84% was due to proper classification of revenue per stream in 2017/2018 as opposed to 2016/2017 when revenue from some streams was lumped together.

## **LAND RENT/PROPERTY RATES**

There was a decline in land rates by 56% compared to 2016/2017. This was due to failure to declare a waiver of interest on rates in 2017/2018 as opposed to 2016/2017, challenges encountered during automation process e.g. incorrect balances hence lack of payment of amount due by rates payers. There was also a system breakdown on third quarter for a period of three months hence no payment of rates was done.

## **REVENUE FROM VETERINARY SERVICES**

Revenue from veterinary services increased by 529% due to revised charges upward in 2017/2018 and improved supervision in veterinary services.

## **INSURANCE COMPENSATION (MV)**

We received insurance compensation for the written off motor vehicle (GVN005A) in 2017/2018 for the governors car which was involved in an accident along Mpeketoni-Lamu road.

## **ADVERTISEMENT AND COMMISSION EARNED**

The two streams above were included in miscellaneous revenue in 2016/2017 but now separately disclosed in 2017/2018.

Key challenges in revenue collection

- Lack of **legislative framework** in Lamu county
- Poorly maintained rate payers **databases**
- Inadequate **human capacity**
- Ineffective **enforcement**
- High cost of revenue collection
- Poorly structured/implemented **revenue systems**
- Loopholes and leakages
- Lack of rate payer **education**
- Failure to match fees & Charges to **service provision**

Strategies to be employed by the department to enhance revenue and service delivery

1. Fully automate revenue operations (to integrate with county bank account )
2. Enact revenue collection legislation bills i.e. hotel levies and charges, quarry act, liquor license act

3. Develop a service charter for the revenue
4. Identify new revenue sources
5. Do valuation for areas that are not currently covered by valuation roll
6. More engagement of the enforcement officers to ensure compliance
7. Clear defined roles and responsibility for the revenue staff
8. Develop remuneration policy for the revenue staff
9. Training of revenue staff (capacity building)
10. Tax payer civic education
11. Develop an internal control systems
12. Involvement and sensitization of key stakeholders e.g. other department
13. Develop profile ( bio data) for all land rate payers

### **2.2.3 Expenditure Performance**

#### **a. Revenue Analysis**

During the FY 2017/18, the County received Kshs.2.48 billion as equitable share of revenue raised nationally, Ksh 175.42 million as total conditional grants, raised Kshs.54.69 million from own source revenue, and had a cash balance of Kshs.102.50 million from FY 2016/17. The total available funds amounted to KShs.2.81 billion.

**Table 5: Budget Absorption and Comparison between CFSP 2017 Ceilings and FY 2017/18 Budget**

Department	CFSP 2017			Budget Allocation (Kshs. Million)			Exchequer Issues in the FY 2017/18 (Kshs. Million)		Expenditure in The FY 2017/18 (Kshs. Million)		FY 2017/18 Expenditure to Exchequer Issues (%)		FY 2017/18 Absorption rate (%)		Deviation (%)
	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	CFSP - BUDGET
County Assembly	351	50	401	350	150	500	301.13	130.97	291.75	132.94	97%	102%	83%	89%	25%
County Executive And Public Service Management	361	196	557	330.9	233.8	564.7	330.9	11.78	256.74	11.92	78%	101%	78%	5%	1%
Finance And Economic Planning	104.4	28.5	133.1	135.34	7.1	142.44	131.6	0	97.87	0	74%	-	72%	-	7%
Agriculture And Irrigation	73.7	65	138.7	64.13	58.56	122.69	63.94	15.82	48.01	1.18	75%	7%	75%	2%	-12%
Land, Physical Planning, Infrastructure Water And Urban Development	74.6	150	224.6	66.59	206.17	272.76	66.59	142.58	57.5	116.1	86%	81%	86%	56%	21%
Education, Gender, Youth Affairs, Sports And Social Services	131.9	80	211.9	133.26	83.78	217.04	133.26	50.57	125.47	20.93	94%	41%	94%	25%	2%
Health, Environment And Sanitation	635.8	130	765.8	761.72	174.54	936.26	717.83	76.01	681.4	63.51	95%	84%	89%	36%	22%
Fisheries, Livestock, Veterinary Services And Co-Operatives	32.7	47	79.7	66.49	60.2	126.69	65.43	13.25	61.65	11.9	94%	90%	93%	20%	59%
Trade, Investment, Tourism And Natural Resources	35	18	53	22.88	24.1	46.98	22.49	2.79	16.54	2.79	74%	100%	72%	12%	-11%
Information, Communication And	77	65	142	30.01	11.7	41.71	29.93	2.01	19.57	0	65%	0%	65%	0%	-71%

Public Participation															
County Public Service Board	56	-	56	47.8	0	47.8	47.38	0	43.22	0	91%		90%	-	-15%
<b>TOTAL</b>	<b>1,933</b>	<b>830</b>	<b>2,763</b>	<b>2,009</b>	<b>1,010</b>	<b>3,019</b>	<b>1,910</b>	<b>446</b>	<b>1,700</b>	<b>361</b>	<b>89%</b>	<b>81%</b>	<b>85%</b>	<b>36%</b>	<b>9%</b>

**Budget Absorption:** For the financial year 2017/2018, The County achieved an overall absorption of 36 percent. The county assembly has been the most efficient in the absorption of its budget. This was at the rate of 89 percent. Agriculture and the department of Public Service Management have been the least efficient with each garnering 2 and 5 percent respectively.

The overall low absorption was as a result of prolonged electioneering period. However for the department of agriculture the absorption was largely hampered by the fact that a huge chunk of its development budget (150million for climate smart agriculture program) was never released to the county. Whereas the department of Public service management low absorption was due to the fact that the construction of county headquarters project (120million) did not take off. The department of ICT was dissolved and merged with the department of Public Service Management.

**Expenditure to Exchequer Issues:** The ratio of expenditure to exchequer issues was averaged at 85%, with 89 percent being for recurrent and 81 percent for development. The ration gap between the two variables is primarily as a result of late exchequer releases (quarter four release was made after the closure of the financial year – 2017/18) from the national treasury to the county’s CRF account.

**Deviation from CFSP:** The budget deviated from the CFSP by an average factor of 9 percent. This deviation was caused by the balance brought forward (102million) from the previous financial year and increased allocation from the national government transfer (23million) that were not captured as at the time the strategy paper was published. It was also caused by increased revenue estimation (10million) in the budget estimates.

### b. Recurrent and development expenditure

The bulk of the expenditure for the financial year 2017/2018 was recurrent in nature. This resulted in a recurrent to development expenditure ratio of 82:18. The major contributor to this ratio is the prolonged electioneering period, late exchequer releases and challenges during the transition to the current county government.

**Table 6: Ratio of recurrent to development expenditure**

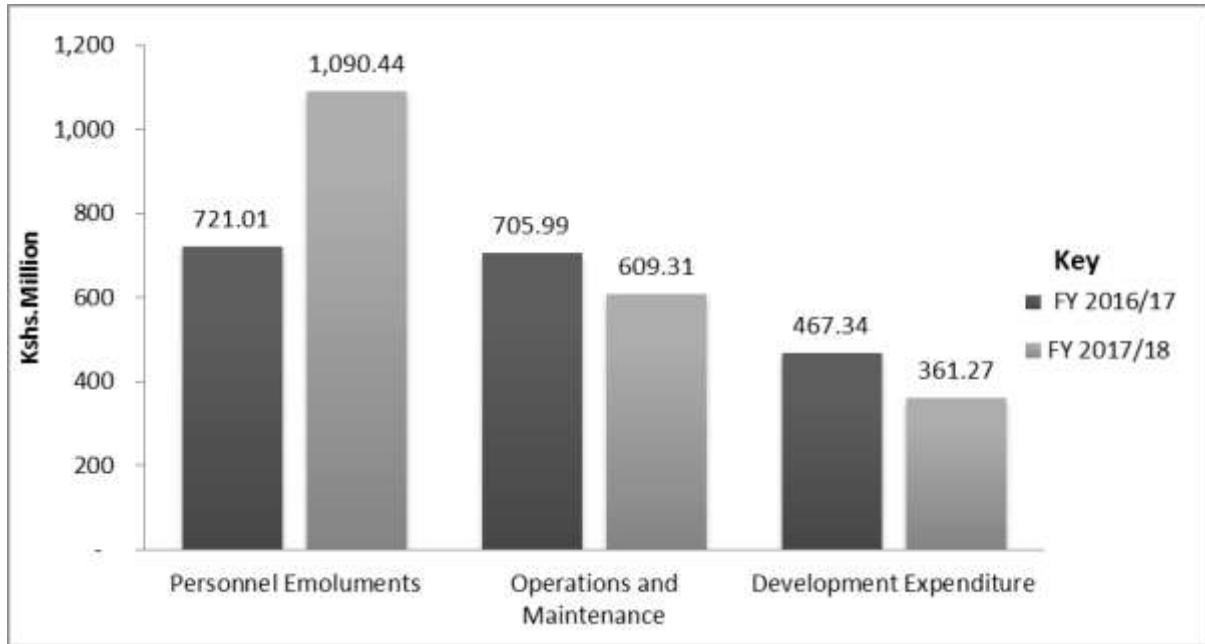
	2016/17		2017/18		2018/19	
	Projected	Actual	Projected	Actual	Projected	Actual
<b>Ration of recurrent to development</b>	65:35	68:32	67:33	82:18	58:42	-

### c. Expenditure per economic classification

During the FY 2017/18, the County spent KShs 2.06 billion, which was 87.5 per cent of the total funds released for operations. This was an increase of 8.8 per cent from KShs 1.89 billion spent in FY 2016/17. Of the KShs 2.06 billion, a total of KShs.1.70 billion was spent on recurrent expenditures while KShs 361.27 million was spent on development activities. These expenditures accounted for 89.0% and 81.0% of funds released for recurrent and development activities respectively. The expenditure excluded pending bills, which amounted to KShs 39.60 million for development activities and KShs.139.89 million for recurrent expenditure as at 30<sup>th</sup> June, 2018.

The recurrent expenditure represented 84.6 per cent of the annual recurrent budget, an increase from 82.5 per cent recorded in FY 2016/17. Development expenditure recorded an absorption rate of 17.5 per cent, which was a decrease from 24.7 per cent attained in the FY 2016/17 by economic Classification. Figure 3 presents a comparison between the total expenditure in the FY 2016/17 and the FY 2017/18.

**Figure 2: Expenditure by Economic Classification in the FY 2016/17 and the FY 2017/18**



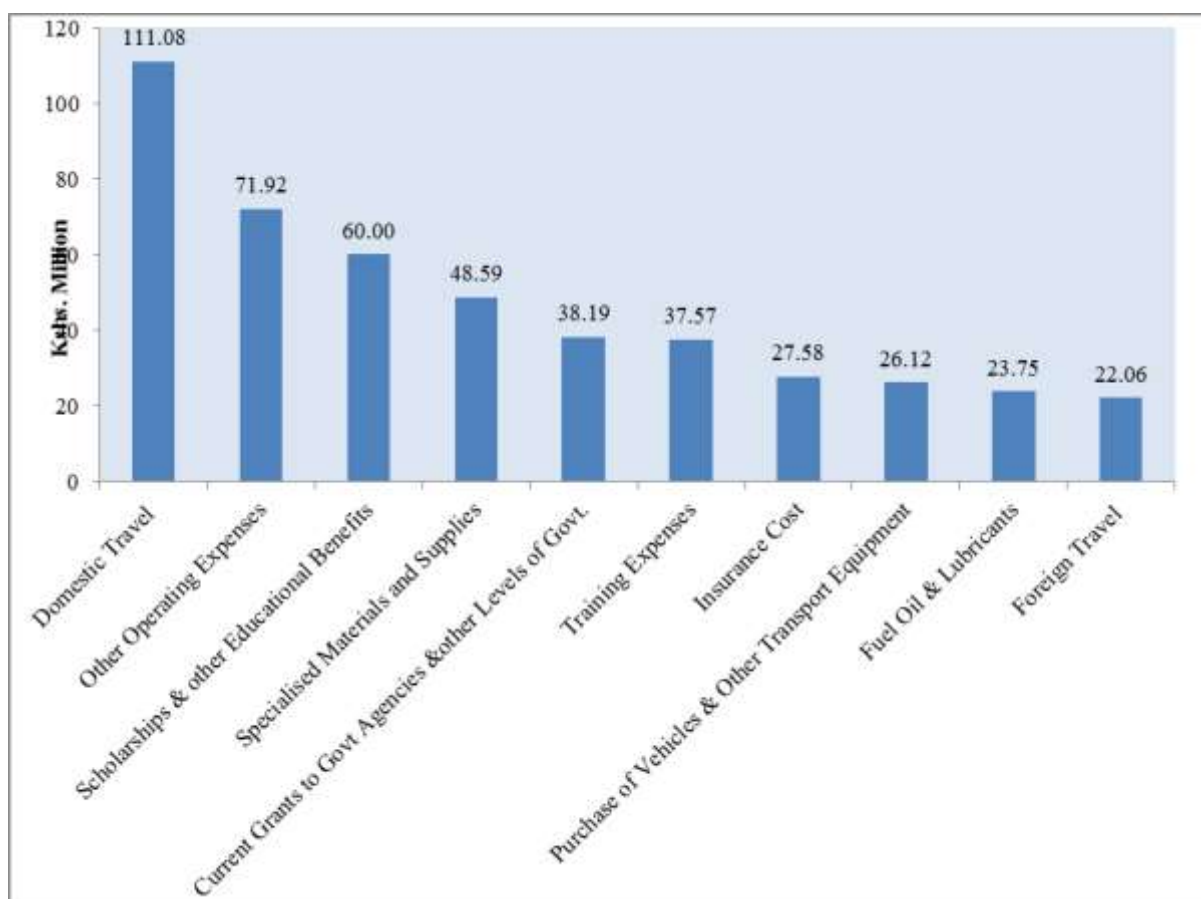
Source: Lamu County Treasury

**Analysis of Recurrent Expenditure**

The total recurrent expenditure of KShs 1.70 billion comprised of KShs 1.09 billion (52.9per cent) incurred on personnel emoluments and KShs 609.31 million (29.6 per cent) on operations and maintenance as shown in

Figure 2. During the FY 2017/18, expenditure on personnel emoluments increased by 51.2 per cent compared to the FY 2016/17 when the County spent KShs 721.01 million. As such, expenditure on personal emoluments comprised 52.9 per cent of total expenditure in the FY 2017/18. **Error! Reference source not found.** shows a summary of operations and maintenance expenditure by major categories.

**Figure 3: Operations and Maintenance Expenditure by Major Categories for FY 2017/18**



Source: Lamu County Treasury

### Development Expenditure Analysis

The total development expenditure of Ksh. 361.27 million represented 35.8 per cent of the annual development budget of KShs.1.01 billion. **Error! Reference source not found.** provides a summary of development projects with the highest expenditure in the FY 2017/18.

#### 2.1.6 Implications for the FY 2017/18 performance

The fiscal performance in the FY 2017/18 has affected the financial objectives set out in the 2018 CFSP and the Budget for FY 2018/19 in the following ways:

- The low performance of Own Source Revenue (OSR) will have a downward base effect adjustment in ordinary revenues for FY 2018/19 and the medium term. This adjustment in revenues is expected to translate to a mix of downward adjustment in expenditure projections

and upward adjustment in financing for the FY 2018/19. In addition, adjustments will be made to fiscal aggregates to reflect revisions in the macroeconomic projections as well as revenue performance for the first two months of FY 2018/19;

- The baseline ceilings for spending agencies will be adjusted in line with the revised resource envelope under the updated macroeconomic framework in the 2018 Budget Policy Statement. In addition the revisions will take into account the performance in project execution in the FY 2018/19 budget by MDAs and any identified one-off expenditures; and,
- The under-spending development budget for the FY 2017/18 additionally has implications on the base used to project expenditures in the FY 2018/19 and the medium term. Appropriate revisions have been undertaken in the context of this BRPOP taking into account the budget outturn for the FY 2017/18. As highlighted above, the reasons for the deviations from the financial objectives include: lower than projected revenue collection; under-spending development

To remedy these deviations, the fiscal outlook will focus on completing the OSR reforms contained in the 2018 CFSP. Further, ongoing projects will be prioritized and any new projects will be evaluated in the context of their contribution to the achievement of the Big Four plan, importance in line with the medium and long term development agenda; their impact on poverty; promotion of growth and job creation; and the viability and sustainability of the project.





## **3.0 RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK**

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### **3.1 Overview**

The Kenyan economy is on a recovery path and is projected to recover to 6.0 percent in 2018, an upward revision from the earlier projection of 5.8 percent in the 2018 Budget Policy Statement. This strong growth momentum is reflected in the strong growth of 5.7 percent in quarter one of 2018 compared to a growth of 4.8 percent in the same quarter in 2017. The outlook is supported by a pickup in agricultural and manufacturing activities due to improved weather conditions as well as the stable macroeconomic environment, ongoing public infrastructural investments and regain in business and consumer confidence following political stability in the country.

Indeed, Kenya continues to be ranked favorably in the ease of doing business and as a top investment destination. In February, 2018, Fitch Ratings revised the Outlook on Kenya's Long-Term Foreign and Local Currency Issuer Default Rating (IDR) to Stable from Negative and affirmed the IDRs at 'B+'. In addition, Kenya successfully issued a US\$ 2.0 billion Euro bond split into 10yr and 30yr Tenors in February 22, 2018.

The economy continues to register macroeconomic stability with low and stable interest rates and competitive exchange rate to support exports. The overall year on year inflation fell to 4.0 percent in August 2018 from 8.0 percent in August 2017, thereby remaining within the 5.0 percent medium term target set by Government. This decline reflected a decrease in food prices, which outweighed the rise in international oil prices.

The foreign exchange market remains stable supported by a narrower current account deficit. The current account deficit narrowed to 5.8 percent of GDP in the 12 months to June 2018 from 6.4 percent over the same period in 2017 reflecting strong growth of agricultural exports particularly tea and horticulture, resilient diaspora remittances, and improved tourism receipts. The strong capital inflows has also led to the stabilization of the shilling in the

foreign exchange market and also allowed accumulation of international reserves. The usable official reserves stood at US\$ 8,652 billion or 5.8 months of imports by end August 2018.

### **3.2 County Economic Outlook and Policies**

The county is at an advanced stage in cementing its economic collaboration with other counties through the FCDC (Frontier Counties Development Council) and the *Jumuia ya Kaunti za Pwani* (JKP). This will enable the county leverage on its comparative advantage and strengthen its ability to pool resources as well as attract development partners. Lamu County also intends to undertake feasibility studies to explore the possibilities of obtaining water from the Tana Delta in collaboration with Tana River County.

For the financial year 2018-2019, the county has emphasized programs aligned to the agenda of the Big 4. On healthcare, these include an initiative to provide healthcare coverage for all households in the county and an expansion of the county medical workforce, a program which is funded to the tune of 529 million shillings. In the area of food production, the county is implementing the Kenya climate smart agriculture program at a cost of 150 million. This is expected to improve food production and resilience against drought. In addition to these, Ksh.100 million is budgeted for the provision of clean portable water to households in the eastern part of the county.

In order to ensure efficient utilization of resources, the county will adopt the CIMES (County Integrated Monitoring and Evaluation System) as the preferred monitoring tool. This will be aided by the development of the county Indicator handbook. In addition, a monitoring and evaluation committee will be set up and a designated M&E officer deployed.

The county will continue engaging the national government MDAs with the aim of improving the ongoing capacity building initiatives. Also in line for improvement is the engagement with development partners (USAID-AHADI, UNDP, WWF and World Bank).

Finally, on revenue maximization the county intends to enact key legislations regulating liquor licensing, hotel levies & charges and quarrying. In addition to this, there will be civic education workshops targeting rate payers across the county as well as integrating the revenue collection system to the county's collections account.

### **3.3 Medium Term Expenditure Framework**

To strengthen its fiscal responsibility, the county will put in place the following measures to enhance revenue collection, expenditure management and budget control.

#### **3.3.1 Revenue enhancing measures:**

The county intend to expand the valuation roll. This will include other areas which have been recently surveyed e.g mpeketoni, witu, Faza and Hindi. This will increase revenue for that stream by approximately 50% in the next five years.

The county intends to enact legislation of county revenue laws e.g. liquor licensing, hotel levies & charges and quarrying in the financial year 2018/2019. This will increase revenue by approximately 30% in the year 2018/2019.

The county will automate and integrate all revenue systems with the county bank accounts. This will increase revenue by approximately 20% in the year 2018/2019.

The county shall improve enforcement of revenue collection which in return increases revenue by approximately 5% in 2018/2019.

Another measure to improve own source revenue will be through the provision of tax waivers to rate payers. This will be expected to increase revenue by 10 % in 2018/2019.

### **3.3.2 Expenditure management and budgetary control**

The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.

Proper management of assets – The County will ensure tagging of all its assets and establish an all-inclusive register.

Lamu County will adopt GIS-based project mapping technology in order to locate projects and assets in real time to avoid duplication.

Strict adherence to PFMA and other relevant laws like procurement laws .This will avoid wastages in procurement, over expenditure and nugatory payments

County shall operationalize Internal Audit Committee to strengthen the Internal Audit function in an effort to enhance prudent financial management.

In addition to the above measures, the county should fully implement the CIMES in order to effectively monitor projects and evaluate their implementation.

### **3.4 Risks to the Outlook**

The risk to outlook includes the following

#### **National risks**

- Continued uncertainty in the global markets due to US economic and trade policies (Monetary policy normalization) and Geopolitical tensions.
- Uneven and sluggish growth in advanced and emerging market economies as well as impact of low commodity prices on our exports.
- Increasing national debts
- Internally, public expenditure pressures, particularly wage related recurrent expenditures

- Weather related shocks that could impact on agricultural output, energy generation and higher inflation
- Insecurity issues being experience in lamu
- Rising cost of fuel and food/nonfood products

## **4.0 RESOURCE ALLOCATION FRAMEWORK**

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This section establishes the resource envelope the county expects and how it will be allocated across all the sectors for 2018/19 FY and MTEF.

### **4.1 Adjustment to the FY 2018/19 Budget**

Adjustments to the 2018/2019 budget will be based on the expected reduction of equitable share expected from the nation government due to expected reduction of revenue as a result of reduction in VAT from 16% to 8%.

Adjustments to the 2018/19 budget will be based on the actual performance of the expenditure thus far and the absorption capacity in the remainder of the financial year. Due to the resource constraint, the county will rationalize expenditures by cutting those that are non-core. Resources earmarked for development purposes will however remain as such, and will be utilized only for development projects.

The Lamu county treasury will make adjustments to the 2018/2019 FY Budget taking into consideration the changes made as a result of the change of administration which will include reorganizing the budget to comply with the structure announced by his excellency the Governor. The County treasury will also realign the Budget to cater for the priorities of the new administration.

Given the performance of the FY 2017/2018 which was characterized by underperformance in collection of own source revenue (OSR) where 54M was collected against a target of 90 Million. The county shall roll out reforms in the revenue collections and administration that may aim at expanding its revenue base and complemented with improvement in revenue collections through full automation of all county revenue streams. The county will also undertake resource mapping for all its

revenue streams with the aim of knowing its net worth. Also the county will prepare the necessary legislation with the aim of enhancing resource collection.

The county treasury may appropriate monies to offset the pending bills amounting to approximately KShs 129 M. This will be accompanied pre-validation session to determine authenticity of the bills and ensure that only vendors/contractors who have genuinely rendered services to the county are paid. The current wage bill will be reviewed by establishing the actual number of contracted and permanent staff, identifying existing staffing gaps with a view of filling the gaps in the staff establishment in the subsequent financial years. However, all county departments will be required to optimally use their existing human resources to discharge their respective mandate. The county treasury will endeavor to incorporate the development priorities of the new administration in the remaining part of the implementation of the current financial year's budget.

#### **4.2 Medium Term Expenditure Framework**

Allocation and utilization of resources in the medium term will be guided by the priorities outlined in county integrated development plan and other county plans; and in accordance with section 107 of the PFM Act 2012. For effective utilization of public finances for enhanced expenditure productivity, the county government will prioritize expenditures within the overall sector ceilings and strategic sector priorities.

Table 5 below therefore provides indicative sector ceilings for the 2019/2020 – 2021/22 MTEF period. The projections are inclusive of conditional allocations and grants/loans.



Table 5 Summary of Indicative Sector Ceilings for FY 2019/20 MTEF

Departments	Total Expenditure in KShs					% Share of Total Expenditure				
	Revised Estimates	Estimates	Projections			Estimates	Ceilings	Projections		
	2017/18	2018/19	2019/20	2020/21	2021/22	17/18	18/19	19/20	20/21	21/22
Governor's Office	564,700,215.00	292,713,488	219,535,116	230,511,872	242,037,466	19	7	7	7	6
Public Service Management		369,178,060	276,883,545	290,727,722	305,264,109		8	8	8	8
ICT Support Services	41,710,362	35,748,985	26,811,643	28,152,225	29,559,836	1	1	1	1	1
Finance	142,437,114	157,370,580	118,027,935	123,929,332	130,125,798	5	3	4	4	3
Economic Planning		7,258,114	38,443,586	40,365,765	42,384,053		0	1	1	1
County Public Service Board	47,800,000	45,352,249	42,000,000	44,100,000	46,305,000	2	1	1	1	1
County Assembly	500,000,000	654,000,000	490,500,000	515,025,000	586,776,250	17	15	15	15	16
Fisheries, Livestock Development & cooperative development	126,692,116	113,803,934	85,352,951	89,620,598	94,136,628	4	3	3	3	3
Tourism, Trade, Investment & Industrialization	46,979,189	49,176,032	36,882,024	38,726,125	40,662,431	2	1	1	1	1
Lands, infrastructure, Physical Planning & Urban Development and housing	272,760,837	673,788,583	392,027,124	465,628,420	488,909,841	9	15	12	13	13
Water		150,000,000	112,500,000	118,637,000	124,568,850		3	3	3	3
Agriculture	122,682,750	283,383,777	212,537,833	223,164,966	234,323,214	4	6	6	6	6
Public health	936,259,064	196,586,612	147,439,959	154,811,957	162,552,555	31	4	4	4	4
Health		1,027,013,294	770,259,971	808,772,969	849,141,054		23	23	23	23
Education and vocation training	217,036,322	447,004,400	335,253,491	352,016,844	369,617,686	7	10	10		10
Youth, Gender and Sports			-	-	-					
<b>Total</b>	<b>3,019,057,969</b>	<b>4,502,378,109</b>	<b>3,304,455,177</b>	<b>3,524,190,795</b>	<b>3,746,364,771</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

### 4.3 The Proposed 2019/20 Budget Framework

**Table 7: Revenue Projections**

Grants	2017/18	2018/19	Projection 2019/20	Projection 2020/21	Projection 2021/22
Equitable share	2,476,400,000	3,548,200,000	2,800,000,000	3,000,000,000	3,200,000,000
Local revenue	90,000,000	70,000,000	68,604,360	70,000,000	72,000,000
<b>Grants Contained in the CARA</b>					
Road Maintenance Fuel Levy Fund	87,424,448	93,421,016	102,763,118	113,039,429	124,343,372
World Bank loan to supplement financing of County Health facilities	11,785,000	0	0	0	0
Kenya Devolution Support Programme (KDSP)	31,560,246	33,793,559			
Compensation for User Fee Foregone	2,451,034	2,451,034	2,451,034	2,451,034	2,451,034
DANIDA Grant	5,924,224	8,302,500	9,132,750	10,046,025	11,050,628
Supplement for Construction of County Headquarters	121,000,000	121,000,000	0	0	0
Development of Youth Polytechniques	31,780,441	31,210,000	34,331,000	37,764,100	41,540,510
Conditional Allocation - Other Loans & Grants	16,251,730	-	0	0	0
World Bank Loan for Transforming Health System for universal Care Project	28,585,496	50,000,000	50,000,000	50,000,000	50,000,000
Kenya Urban Support Program (KUSP)-World bank	-	50,000,000	50,000,000	50,000,000	50,000,000
Kenya Climate Smart Agriculture Project (KCSAP) -World bank	-	150,000,000	150,000,000	150,000,000	150,000,000
	<b>2,903,162,619</b>	<b>4,158,378,109</b>	<b>3,304,455,177</b>	<b>3,524,190,795</b>	<b>3,746,364,771</b>

In the FY 2017/18 Lamu County was one of the counties that benefited from additional of Kshs 1.1 Billion as a result of fiscal discipline as a result of consistently meeting and increasing its local revenue in three previous years. However in the FY 2017/18 the county did not meet the target and is expected that lamu will loose on this factor hence the county might receive less funds from the equitable share.

On the issues of grants,a reduction is expected as Supplement for Construction of County Headquarters and Kenya Devolution Support Programme (KDSP) are expected to come to an end

#### 4.3.1 Expenditure Forecasts

Table 8 indicates the projections for expenditure in the the FY 2019/20 and in the medium term period.

**Table 8: Summary of Expenditure Projections for FY 2019/20 and MTEF in Million KShs**

Revenue type	Actual	Approved	Projected Expenditures		
	2017/18	2018/19	2019/20	2020/21	2022/23
Personnel Emoluments	1,094.44	1,423	1342.70	1409.84	1526.33
Operations & Maintenance	609.31	1,182	900.00	947.00	993.35
Development	361.27	1,897	1062	1167.98	1226.38
Unspent Balance FY			0	0	0
<b>Total</b>	<b>2,065.02</b>	<b>4,502.38</b>	<b>3,304.00</b>	<b>3,524.00</b>	<b>3,746.06</b>

#### 4.4 Projected Fiscal Balance

The proposed 2019/20 county budget is balanced, but however, any shortfall in revenue that may occur within the year will be addressed through supplementary or borrowing within the borrowing framework by sub-nationals as approved by the Intergovernmental Budget and Economic Forum (IBEC).

## **5.0 CONCLUSION**

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This CBROP has reviewed the previous year's fiscal performance and how it impacted the financial objectives and fiscal responsibility principles set out in the last Fiscal Strategy Paper (FSP). The set of policies outlined in this CBROP are broadly in line with the fiscal responsibility principles outlined in the PFM law. They are also consistent with the national strategic objectives pursued by the Government as a basis of allocation of public resources.

Following the fiscal outcome of 2017/18 and the updated macroeconomic framework, the sector ceilings have been modified as indicated in the appendix of this CBROP. Therefore, this CBROP will inform the sector ceilings that will be set in the Fiscal Strategy Paper in February, 2019 to guide the sectors in preparation of the 2019/20 budget.

The CBROP will be a key document in linking policy, planning and budgeting. The document will guide Sector Working Groups in reviewing programmes for the last Medium Term Expenditure Framework (MTEF) focusing on updating and developing new programmes for the next MTEF 2019/20 - 2021/22

**Annex 1: Budget Calendar for the 2019/20 Budget**

Document	Contents of the Document	Date Due in the County Assembly	Deadline for Action by the County Assembly	Rationale for Public Release	Publication Information/ Input by the Public
Budget Circular	<ul style="list-style-type: none"> <li>• Timelines for various activities;</li> <li>• Procedures for review and projection of revenues and expenditures;</li> <li>• Key policy areas to be taken into consideration;</li> <li>• Procedures for public consultation; and</li> <li>• Format for budget documentation</li> </ul>	30 August 2018	For the information of members especially in scheduling their annual calendar	The document is critical for the public to know when, where and how to participate in the budget process	To be publicized within 7 days of publication
County Annual Development Plans1	<ul style="list-style-type: none"> <li>• Strategic priorities for the medium term;</li> <li>• Programmes to be delivered;</li> <li>• Significant capital expenditure; and • Grants, transfers and subsidies to be made on behalf of County Governments.</li> </ul>	1 September 2018	No date provided but should be within 14 days Action: To debate and approve with or without amendments	<p>The plans will go through three main stages</p> <ol style="list-style-type: none"> <li>a. Formulation by the County Planning Unit</li> <li>b. Approval by the County Executive</li> <li>c. Tabling and approval in the County Assembly</li> </ol> <p>In each of these stages there is need to share with the public the documents whether as draft especially in stage (a) and (b)</p>	14 days before adoption in the County Executive and then tabling in the CA To be publicized within 7 days of tabling in the CA
County Budget Review and Outlook Paper (CBROP)	<ul style="list-style-type: none"> <li>• Actual fiscal performance in the previous year; • Updated economic and financial forecasts from the recent Budget Policy Statement;</li> <li>• Identification of broad policy priorities to be implemented by the CG in the medium term;</li> <li>• Provide indicative available resources (i.e. ceilings) to fund CG priorities-in consultation with CRA and the National Treasury; and</li> <li>• Reasons for any deviations from the financial objectives in the CFSP</li> </ul>	30 September 2018	Action: For Information of Members	The County Treasury will prepare the BROP and it is important that before they table it in the County Executive the Public be given an opportunity to comment. Thereafter when the final document is approved and tabled in the County Assembly it should also be published and publicized within 7 days	14 days before tabling in the County Executive committee (with 7 days allowed for input) To be publicized within 7 days of tabling in the CA

Document	Contents of the Document	Date Due in the County Assembly	Deadline for Action by the County Assembly	Rationale for Public Release	Publication Information/ Input by the Public
County Fiscal Strategy Paper (CFSP)	<ul style="list-style-type: none"> <li>Broad strategic priorities and policy goals-medium term and long term.</li> <li>Outlook on expenditures, revenues and borrowing for the medium term</li> </ul>	28 February 2019	15 March 2019 Action: To debate and approve	There is need that before the County Executive approves it that the public be given an opportunity to input. Thereafter when it is tabled in the County Assembly it should be made public Finally what the County Assembly approves (with or without amendments) should be made public too for greater certainty	7 days before tabling in the County Executive To be publicized 7 days after tabling in the CA
Debt Management Strategy	(a) the total stock of debt as at the date of the statement; (b) the sources of loans made to the county government; (c) the principal risks associated with those loans; (d) the assumptions underlying the debt management strategy; and (e) An analysis of the sustainability of the amount of debt, both actual and potential.	28 February 2019	Action: For information of members in decision making on the liabilities of the county	It is important that the public know the debt obligations facing them and what strategies the county is taking to address them	
Budget Estimates (Revenue and Expenditure) Appropriation Bill	Details of all planned development and recurrent expenditures of the government. Also the estimated revenues by source and explanation of strategies for deficit financing	30 April 2019	30 June Action: To debate and approve with or without amendments.  To pass the appropriations bill to authorize withdrawals from the County Revenue Fund	The public need to see what is tabled in the County Assembly. This should also be complemented by clear dates (Not later than May 30) as to when the public can give feedback to the departmental committees (on sector specific matters) or to the Budget and Appropriation Committee	7 days after tabling in the CA with 14 days of public input
Budget and Appropriation Act	Same as above	By 30 June 2019		Once all has been discussed and the final budget approved it should be made public via the appropriations act and detailed programme/itemized budget documents on the day it is approved but not later than 7 days	To be publicized 7 days after approval in the County Assembly
Supplementary Budget Documents	Revised Budget Estimates	On needs basis		All supplementary budget estimates and the rationale for the same should be availed before they are tabled in the respective	14 days before tabling in the CA and 7 days after tabling in the CA

Document	Contents of the Document	Date Due in the County Assembly	Deadline for Action by the County Assembly	Rationale for Public Release	Publication Information/ Input by the Public
				CA and thereafter when they are tabled in the house	
Finance Bill and Act	Taxation and other revenue raising measures of the county government	30 September (Within 90 Days)	Action: To debate and approve with or without amendments	There is need that the public have an opportunity to input into the Finance Bill before it is tabled at the County Assembly; Further the public should also be allowed space by the Finance Committee to contribute before the respective house approves it	14 days before tabling in the CA and 7 days after approval in the CA
Expenditure Review Reports	An in-depth analysis on specific sectors to establish the progress (or lack of it) by the county	No Specific Date	Action: For information of members		
Audit Reports	An independent opinion on the use of public funds in the county (both the County Executive and County Assembly)	31 December	2 months Action: To debate and decide on what actions should be taken		

## Annex II: Status of Development Projects

S/No.	Description	Department	Project Location	FY 2017/18 Project Expenditure	Sub-Total	Absorption Rate (%)
1	Construction of Witu grain store	Agriculture	Witu	1,179,841.80	1,179,841.80	30.25
2	Supply of DAP fertilizers	Agriculture	County Wide	2,475,000.00	4,950,000.00	99.00
3	Supply of CAN fertilizer	Agriculture	County Wide	2,475,000.00		
4	Supply of certified seeds	Agriculture	County Wide	9,694,000.00	9,694,000.00	96.94
<b>Total</b>					<b>15,823,841.80</b>	<b>83.72</b>
5	Construction of Lamu County Assembly Offices and Chambers	C. Assembly	County HQRS	10,640,965.13	60,966,848.06	88.36
6	Construction of Lamu County Assembly Offices and Chambers	C. Assembly	County HQRS	14,743,945.23		
7	Construction of Lamu County Assembly Offices and Chambers	C. Assembly	County HQRS	15,532,050.98		
8	Supply of Silent Generator	C. Assembly	County HQRS	4,970,000.10		
9	Construction of Lamu County Assembly Offices and Chambers	C. Assembly	County HQRS	15,079,886.62		
10	Purchase of land for the construction of the speakers official residence	C. Assembly	County HQRS	70,000,000.00	70,000,000.00	93.33
<b>Total</b>					<b>130,966,848.06</b>	<b>90.95</b>
11	Construction of command center	C. Executive	County HQRS	11,743,840.00	11,921,215.60	99.34
12	Fencing of command center	C. Executive	County HQRS	177,375.60		
13	Partitioning of main conference room into offices-Headquarter	C. Executive	County HQRS	3,583,309.60	3,583,309.60	2.07
14	Fencing of Hindi Ward Office	C. Executive	County HQRS	31,320.00	31,320.00	0.63
<b>Total</b>					<b>15,535,845.20</b>	<b>8.19</b>
15	Construction of Bopwe ECD classroom CUM office	Education	Bopwe	707,708.75	17,330,225.08	86.65
20	Construction of ECD classroom,office and 4 door VIP toilet-kizingitini	Education	Kizingitini	2,258,451.21		
21	Construction of ECD classroom,office and 4 door VIP toilet-Pangani	Education	Pangani	2,333,444.40		
22	construction of ECD classroom office and 4 door VIP toilet-Sese	Education	Sese	3,115,504.80		
23	construction of ECD classroom office and 4 door VIP toilet-Shanga	Education	Shanga	2,541,577.40		
24	construction of ECD classroom office and 4 door VIP toilet -Bobo	Education	Bobo	3,119,190.12		



S/No.	Description	Department	Project Location	FY 2017/18 Project Expenditure	Sub-Total	Absorption Rate (%)
26	constructio of ECD cclaaroom offoce and 4 door VIP toilet-Amkeni	Education	Amkeni	2,333,444.40		
28	Construction of Rehema ECD classroom CUM office	Education	Rehema	801,308.00		
29	Construction of POROMOKO ECD classroom & toilet	Education	Poromoko	119,596.00		
16	Purchase of text books for department of education	Education	Education Office - Mokowe	359,000.00	3,816,325.00	47.70
17	payment for script printing of various text books	Education	Education Office - Mokowe	540,000.00		
18	supply and delivery of various text books	Education	Education Office - Mokowe	369,800.00		
19	Supply of text books to the department	Education	Education Office - Mokowe	566,525.00		
25	Supply of school furniture	Education	Education Office - Mokowe	329,000.00		
27	supply and delivery of furniture	Education	Education Office - Mokowe	1,652,000.00		
30	Construction of workshop At Kizingitini polytechnic	Education	Kizingitini	217,094.00	217,094.00	0.68
31	Training on community sensitization & awareness on 30% tenders	Education	Lamu County	1,741,500.00	1,741,500.00	58.05
<b>Total</b>					<b>23,105,144.08</b>	<b>36.80</b>
32	Final payment for revenue collection system	Finance	County HQRS	975,000.00	975,000.00	32.50
<b>Total</b>					<b>975,000.00</b>	<b>32.50</b>
33	Construction of 2doors VIP toilet and fencing of kiunga slaugher house	Fisheries	Kiunga	497,698.00	497,698.00	12.44
34	supply of vaccines	Fisheries	Fisheries Office	1,588,000.00	4,842,340.00	96.85
35	Supply of veterinary drugs	Fisheries	Fisheries Office	1,284,340.00		
37	Supply and delivery of vaccines	Fisheries	Fisheries Office	1,970,000.00		
36	Construction of Ishakani fish landing	Fisheries	Ishakani	2,356,966.30	2,356,966.30	78.57
38	Supply and delivery of engines and its accessories	Fisheries	Fisheries Office	3,583,415.62	3,583,415.62	65.15
<b>Total</b>					<b>11,280,419.92</b>	<b>64.46</b>
39	Proposed maternity wing and renovations of existing building at mpeketoni sub-county hospital	Health	Mpeketoni	16,241,079.96	22,735,284.16	57.92
53	Proposed maternity wing and renovations of existing building at mpeketoni sub-county hospital	Health	Mpeketoni	6,494,204.20		
40	Proposed laundry and kitchen at faza subcounty hospital	Health	Faza	5,853,355.90	7,438,997.02	93.09

S/No.	Description	Department	Project Location	FY 2017/18 Project Expenditure	Sub-Total	Absorption Rate (%)
56	Proposed laundry and kitchen at faza subcounty hospital	Health	Faza	1,585,641.12		
41	Construction type 'O' dispensary at Kiangwe	Health	Kiangwe	776,225.00	776,225.00	39.37
42	Proposed out patient wing at Faza subcounty hospital	Health	Faza	6,131,694.00	8,617,166.85	47.53
46	Proposed extension of maternity wing at Faza Sub-County Hospital	Health	Faza	2,485,472.85		
43	Supply of Generator of 110kv to Witu heath centre	Health	Witu	3,950,000.00	3,950,000.00	100.00
44	Construction of perimeter wall at sheila dumping site	Health	Shella	1,388,323.00	1,388,323.00	69.42
45	Construction of Perimeter wall at Mpeketoni Sub-County HospitalPhase II	Health	Mpeketoni	1,580,442.00	1,580,442.00	72.57
47	Proposed extension of Siyu Dispensary	Health	Siyu	1,716,573.97	1,716,573.97	24.74
48	Construction of 4 door VIP toilet at Moa Dispensary	Health	Moa	997,609.99	997,609.99	99.77
49	Renovation and extention of Manda Dispensary	Health	Manda	1,850,490.00	1,850,490.00	98.26
50	cost of 2 garbage collecting trailers,heavy duty hydrolic tipping gear and front seating	Health	Lamu County Hospital	4,000,000.00	4,000,000.00	100.00
51	Service rendered to GK	Health	King Fahad Hospital	451,900.00	451,900.00	7.53
52	Improvement of waste water disposal -Langoni	Health	Langoni	1,403,020.00	1,403,020.00	47.75
54	construction of type O Dispensary - Katsaka Kairu	Health	Katsaka Kairu	510,252.24	510,252.24	77.88
55	Construction of incinerator with shed at witu health center	Health	Witu	657,801.19	657,801.19	89.33
57	Construction of faza sub-county hospital permeter wall	Health	Faza	1,501,625.00	1,501,625.00	34.09
58	Construction of type O Dispensary - Baragoni	Health	baragoni	1,806,313.00	1,806,313.00	116.76
59	Supply of Goods	Health	King Fahad Hospital	1,202,000.00	1,202,000.00	20.03
<b>Total</b>					<b>62,584,023.42</b>	<b>56.09</b>
60	Proposed ICT Center-Kiunga	ICT	Kiunga	2,010,529.40	2,010,529.40	100.00
<b>Total</b>					<b>2,010,529.40</b>	<b>100.00%</b>
61	Supply of desalination plant unit and its accessories-siyu	Lands	Siyu	6,098,024.00	6,098,024.00	76.23%
62	Service of high pressure pump RO plant at Kizingitini water project	Lands	Kizingitini	134,421.00	134,421.00	100.00%
63	Planning and survey of Sinambo trading centre	Lands	Sinambo	800,400.00	800,400.00	53.36%
64	supply of desalination unit and its accessories -kiunga	Lands	Kiunga	10,362,028.00	10,362,028.00	254.74%
65	Submission of status report(survey)for consultancy services of pate village	Lands	Pate	1,798,280.60	1,798,280.60	76.58%

S/No.	Description	Department	Project Location	FY 2017/18 Project Expenditure	Sub-Total	Absorption Rate (%)
66	Survey & regularization of kiunga township	Lands	Kiunga	866,172.00	866,172.00	15.00%
67	Consultancy Services for survey of Mokowe town	Lands	Mokowe	996,068.80	996,068.00	66.40%
68	Consultancy services for planning ,survey & regularization of ishakani settlement	Lands	Ishakani	1,187,376.00	1,187,376.00	98.95%
69	Routine Maintenance works of Manda Maweni Jetty road phase II	Lands	Manda Maweni	5,235,196.00	9,980,582.00	99.81%
77	Routine Maintenance works of Manda Maweni Jetty road phase II	Lands	Manda Maweni	4,745,386.00		
70	Planning ,survey and regularization of witu township	Lands	Witu	876,090.00	876,090.00	37.38%
71	Consultancy services for survey and regularization of Vumbe settlement scheme	Lands	Vumbe	3,364,000.00	3,364,000.00	103.83%
72	consultancy services for survey and regularization of Rubu and Mwambore Scheme	Lands	Rubu and Mwambore	3,000,000.00	3,000,000.00	78.95%
73	2nd payment for provision of consultancy services for planning & survey-Kiongwe	Lands	Kiongwe	2,000,000.00	2,000,000.00	100.00%
74	Professional fees relating to submission of approved county spatial plan	Lands	Lamu County	1,896,519.04	1,896,519.04	99.82%
75	construction and repair of Myabogi footbridge phase I	Lands	Myabogi	2,983,173.86	2,983,173.86	96.53%
76	Planning & survey of Amu Ranch settlement scheme -2nd payment	Lands	Lamu West Sub county	8,970,000.00	8,970,000.00	64.07%
78	Routine Maintenance works of Bangure junction kizuke road	Lands	Mkunumbi	3,677,229.00	7,426,488.20	106.09%
79	Routine Maintenance works of Bangure junction kizuke road	Lands	Mkunumbi	3,749,259.20		
<b>Total</b>					<b>62,739,622.70</b>	<b>87.26%</b>
80	Construction of Hindi fresh produce market	Trade	Hindi	1,171,988.60	1,171,988.60	58.60%
81	Construction of Chainlink Fence at Kibaoni Open Market	Trade	Kibaoni	1,614,140.00	1,614,140.00	100.88%
<b>Total</b>					<b>2,786,128.60</b>	<b>77.39%</b>
<b>TOTAL</b>					<b>361.27</b>	