

COUNTY GOVERNMENT OF ELGEYO MARAKWET

THE COUNTY TREASURY

2020 COUNTY FISCAL STRATEGY PAPER (CFSP)

FEBRUARY, 2020

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FOREWORD

Over the past few years, Elgeyo Marakwet County has demonstrated the ability to manage the annual budget, allocate investments, and has struggled to create an economy that allows progressive and sustainable development. This is due to budgets being approved on time in the year and the release of the money thereafter by the National treasury.

This 2020 County Fiscal Strategy Paper (CFSP) is the Seventh to be prepared since the inception of County Government of Elgeyo Marakwet. It sets out the county's priority programs to be implemented under this Medium-Term Expenditure Framework (MTEF III) and aligns the aspirations of the county with those of the national government as stated in the 2020 Budget Policy Statement (BPS) and provisions of Elgeyo Marakwet County Equitable Development Act (EDA), 2015.

Development expenditures within the MTEF period will be shared out based on the parameters of EDA, 2015 to ensure social equity. There is also need to adhere and implement the provisions of the Public Finance Management (County Governments) Regulations, 2015 for effective public finance management. Implementation of programs expounded in this CFSP is expected to raise county economic efficiency and productivity and in turn, make our county competitive, thus creating vast opportunities for productive jobs and securing livelihoods.

Implementation of 2019/2020 is on course despite delay in disbursements from the national treasury, lack of timely and also the procurement procedures end to end is a challenge. The bidders also have an inadequate capacity to use the procurement system hence need continuous capacity building hence, affect our absorption rate. The county will build on the achievements made so far in most sectors and through the policy goals set out in this CFSP; we will scale up our efforts in order to address the existing as well as emerging challenges.

The Medium-Term Expenditure Framework (MTEF) balances continued growth in spending with fiscal consolidation. Spending on social and economic programs will continue to grow in real term. The infrastructure projects will start to operate; upgraded roads will get more goods to markets and ensure efficient transport system, water schemes improvements will ensure that communities have access to safe water and urban planning initiatives will help our towns become integrated places of work and social life. These are just a few of the major outputs expected from full implementation of this CFSP.

The CFSP also strives to ensure that the county's revenue base will continue to be enhanced and expenditure streamlined to ensure prudent financial management and further lead to wealth and employment creation in the county. To achieve efficiency, the pace of public expenditure growth will be moderated, while accelerating the delivery of quality services at the same time. One of the challenges facing recurrent budget is the implications of implementing healthcare workers' Collective Bargaining Agreement (CBA), Salaries Remuneration Commission' (SRC) harmonization of public service salaries and continuous mandatory annual increments in salaries.

The 2020 CFSP emphasizes containing costs and improving efficiency across government departments and entities. To this end, we will moderate the pace of public expenditure growth while accelerating the delivery of quality services. Spending baselines which are basis for ceilings allocations have undergone rigorous review taking into account factors which include: the capacity of departments and public entities to manage resources, the link between outcomes, expenditure and departmental mandates, proposals from the public and programme performance so far and the provisions of the Public Finance Management (County Governments) Regulations, 2015.

The document covers five chapters. Chapter one highlights the justification for the preparation of the document while at the same time detailing the legal framework for the CFSP. In Chapter two. Chapter three explores the fiscal and budget framework that will inform the budgetary process. Chapter four details the sector and departmental ceilings for the Medium-Term Expenditure Framework (MTEF) Period. Chapter five highlights the conclusions and finally, the Annexes section contains documentations that have informed the preparation of this County Fiscal Strategy Paper (CFSP).

ISAACK KAMAR

CECM, FINANCE AND ECONOMIC PLANNING

ACKNOWLEDGEMENTS

The 2020 Elgeyo Marakwet County CFSP has been prepared in compliance with the provisions of the Public Finance Management Act, 2012. It outlines the county's performance for the current half year, financial projections, sector projections and sector ceilings for the next financial year 2020/21.

Special gratitude to individuals and entities for the passion in the work that culminated in the realization of this document. The county would like to thank these individuals for the various roles they played during the preparation of this County Fiscal Strategy Paper, CFSP. As usual, the preparation of CFSP continues to be a collaborative effort. Most of the information in this Paper was obtained from collaboration Departments and other county entities. We are grateful for their inputs. We especially acknowledge the dedication of core team of technical staff from the Department of Finance and Economic Planning and Budgeting comprising mainly of Economists, budget officers and Accountants whose assignment was to collect, collate and analyze departmental findings from the CFSP questionnaire administered to all county entities and which formed the primary data for the preparation of this document.

This CFSP plan, is a major achievement of the county government of Elgeyo Marakwet and represents the heart of the directorate of finance, economic planning and budget experience as well as the dedication and hard work of its experts and guidance of H.E. the Governor, Deputy Governor, CECs, Ag. Chief Officers and Directors. It also includes all of its agencies and experts, worked diligently until this was achieved. The daft 2020 CFSP document was presented to the various institutions and members of the public for their inputs and direction. The County Budget and Economic Forum (CBEF) is one such institution whose inputs have been considered and thus deserves to be acknowledged. Finally, our county citizens continue to demand services as they should. We therefore do not take for granted their continued inputs and oversight and thus take this opportunity to thank them.

John Keen Jairo

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ABBREVIATIONS

ADP	Annual Development Plan
BPS	Budget Policy Statement
CBA	Collective Bargaining Agreement
CBROP	County Budget Review and Outlook Paper
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
CRA	Commission on Revenue Allocation
EAC	East Africa Community
EAMU	East African Monetary Union
ECDE	Early Childhood Development Education
EDA	Equitable Development Act
FY	Financial Year
GDP	Gross Domestic Product
ICT	Information Communication Technology
KDSP	Kenya Devolution Support Program
KUSP	Kenya Urban Support Program
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
OSR	Own Source Revenue
PFM	Public Finance Management
PoS	Point of Sale
RBF	Result-Based Financing
RMLF	Road Maintenance Levy Fund
SDGs	Sustainable Development Goals
SRC	Salaries and Remuneration Commission
UNDP	United Nations Development Program

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CHAPTER ONE: INTRODUCTION

1.1. Legal Framework for County Fiscal Strategy Paper (CFSP)

Preparation of the County Fiscal Strategy Paper (CFSP) is provided for in the Public Finance Management (PFM) Act section 117 with emphasis on:

1. Timelines which The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by the 28th February of each year.
2. How County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.
3. How County Treasury in the County Fiscal Strategy Paper shall specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term.
4. How County Treasury in the County Fiscal Strategy Paper shall include the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term.
5. In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and consider the views of:
 - a. The Commission on Revenue Allocation;
 - b. The public;
 - c. Any interested persons or groups; and
 - d. Any other forum that is established by legislation
6. Not later than fourteen days after submitting the County Fiscal Strategy Paper to the county assembly, the county assembly shall consider and may adopt it with or without amendments. This provision is further expounded by section 37(1) of the PFM Act 2012 Regulations which indicates the extent of the percentages to amended by County Assembly and states that “Where a county assembly approves any changes in the estimates of budget under section 131 of the Act, any increase or reduction in expenditure of a Vote, shall not exceed one (1%) percent of the Vote’s ceilings. Section 26(3) of the PFM Act 2012 Regulations further provides for engagement framework between the CEC Finance and the Budget Committee of the County Assembly on changes and decisions to be made by county assembly on budget documents and

process. It states that; “Before tabling a report containing recommendations on the County Fiscal Strategy Paper for adoption by the County Assembly in accordance with section 117(6) of the Act, the relevant committee of the County Assembly shall seek the views of the County Executive Committee member on its recommendations.

7. The County Treasury shall consider any recommendations made by the county assembly when finalizing the budget proposal for the financial year concerned.
8. The County Treasury shall publish and publicize the County Fiscal Strategy

1.2. Fiscal Responsibility Principles for the County Government

In line with the Constitution, the Public Finance Management (PFM) Act, 2012, the PFM regulations, and in keeping with prudent and transparent management of public resources, the County Government has adhered to the fiscal responsibility principles as set out in the statute as follows:

- a. The county government's recurrent expenditure has not exceeded the county government's total revenue;
- b. In line with the law, the county's development expenditure has been over thirty percent of the county government's budget and CFSP 2020 will further entrench this trend;
- c. Section 25(1)(b) of the PFM (County Governments) Regulations, 2015 requires that County Governments' wage bill shall not exceed 35 percent of their total revenue. The county has not been able to adhere to this principle because of continued pressure on wage bill occasioned by CBA agreements for the health workers, SRC salary harmonization review circulars and service delivery need for the devolved functions necessitating additional employees' recruitment together with annual basic pay allowance increments.

1.3. Development Allocations Guidelines

Development expenditure allocations are shared out amongst departments on the basis of the Equitable Development Act, 2015, County Integrated Development Plan (CIDP) and Annual Development Plan (ADP) as well as other strategic objectives and policy goals identified in this CFSP.

Development ceilings for departments/sectors are the aggregate for the cost of projects for Wards and County prioritized for that departments/sector during public participation forums. Conditional allocations from the national governments to departments/sectors will be utilized as per the conditions set out in the 2020 Budget Policy Statement (BPS). These allocations supplement the allocations already considered in the ceilings for the same department in the already approved ADP.

CHAPTER TWO: RECENT ECONOMIC DEVELOPMENTS AND MEDIUM-TERM OUTLOOK

2.1 Overview

Kenyan economy, emerging global challenges, remains resilient. It grew by an average of 5.4 % in the first three quarters of 2019 and is estimated at 5.6 % by end of the year, mostly supported by strong performance in the services sector. Growth momentum is expected to pick up to 6.1 % in 2020 and further to 7.0 % over the medium term supported by a strong rebound in the agricultural output, strategic investments under the “Big Four” Agenda, steady recovery in industrial activities and robust performance in the services sector.

The economy continues to register macroeconomic stability with low and stable interest rates and a competitive exchange rate that supports exports. Year-on-year overall inflation remained within the Government target range in January 2020 at 5.8 % up from 4.7 % in January 2019 due to higher food prices.

The foreign exchange market remains stable supported by the narrowing of the current account deficit. The current account deficit is estimated at 4.6 % of GDP in 2019 down from 5.0 % of GDP in 2018. The narrowing of the deficit reflects strong growth in diaspora remittances and tourism receipts, increase in exports particularly coffee and cut flowers and lower imports of food.

2.2 Recent Economic Developments and Outlook

Global and Regional Economic Developments

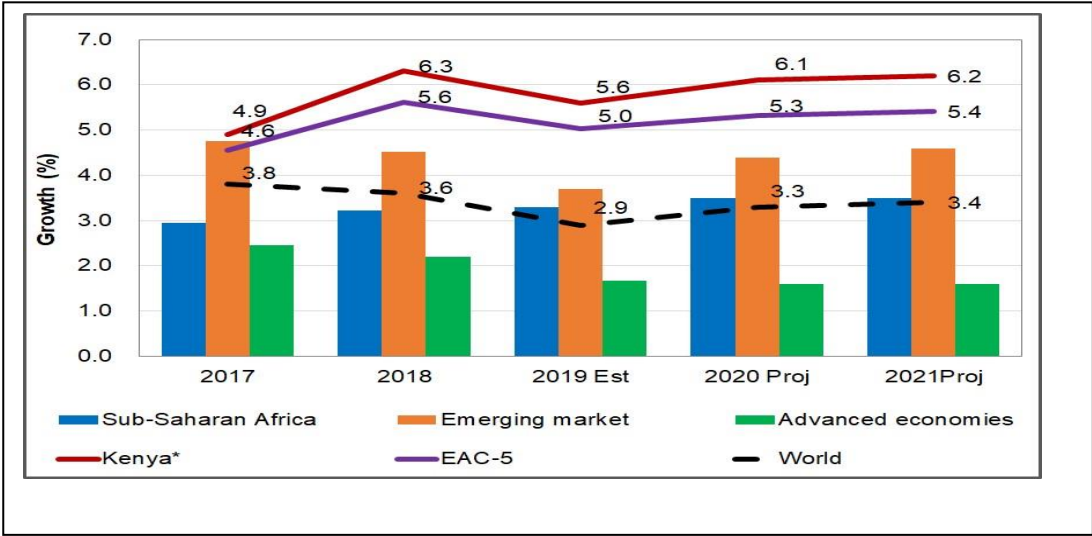
Global growth is projected to pick up to 3.3 % in 2020 and further to 3.4 % in 2021, from an estimated 2.9 % growth in 2019. The projected pick up is on account of recoveries in stressed emerging and developing market economies and macroeconomic policy support by advanced economies. This is summarized in figure 1

In advanced economies, growth is expected to slow down to 1.6 % in 2020 and 2021 from an estimated 2.2 % in 2018 mainly due to rising global oil prices resulting from tensions between U.S.A and Iran and the return to neutral fiscal policy stance in the United States.

Among emerging markets and developing countries, growth is expected to pick up to 4.4 % in 2020 and further to 4.6 % in 2021 from an estimated 3.7 % in 2019. The growth profile reflects a projected recovery from deep downturns for stressed and underperforming emerging market economies as well as improved growth in India.

Growth prospects for Sub-Saharan Africa continue to strengthen. Growth is projected to improve to 3.5 % in 2020 and 2021 from 3.3 % in 2019, supported by higher commodity prices, improved capital market access and contained fiscal imbalances in many countries. Growth in the East African Community (EAC) region is estimated to improve to 5.3 % in 2020 and 5.4 % in 2021 from an estimated 5.0 % in 2019.

Figure 1. Global Economic Growth

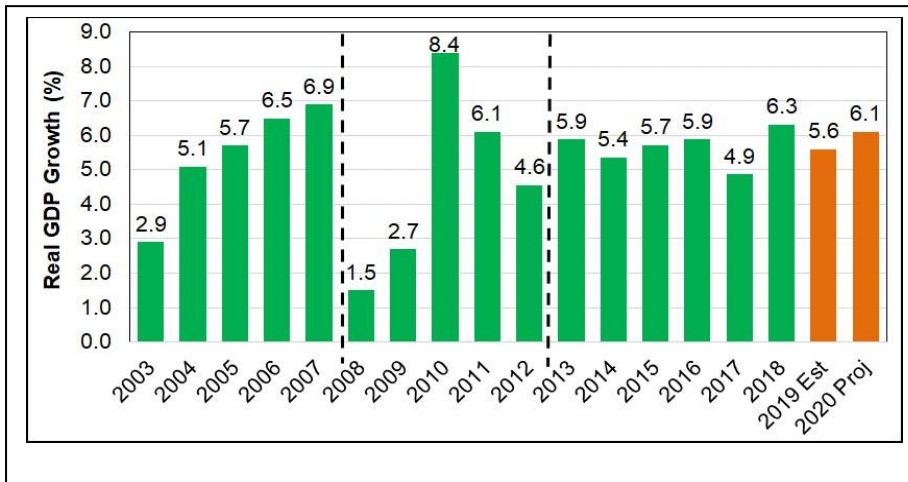


Source of Data: January 2020 World Economic Outlook

Domestic Economic Developments

The broad-based economic growth in Kenya for 2018 to 2020 has been estimated at an average of 6.0 % outperforming the 5.6 % for the previous 5 years (2013 to 2017) and the average growth rate of 4.7 % in the period 2008 to 2012. Growth is projected to recover to 6.1 % in 2020 from an estimated growth of 5.6 % in 2019. This is as summarized in figure 2.

Figure 2: Trends in Kenya's Economic Growth Rates, %.



Source of Data: Kenya National Bureau of Statistics

2.3 Fiscal Policy

In the medium term, the Government will curtail growth in public expenditures to ensure it attains its fiscal consolidation path with the overall fiscal deficit being maintained broadly at the levels. This will ensure debt is maintained within sustainable levels. The fiscal deficit is expected to decline from 7.7 % of GDP in FY 2018/19 to around 3.0 % of GDP by FY 2023/24. This deliberate fiscal consolidation plan also resonates well with the East African Monetary Union's (EAMU) Protocol target ceiling of 3.0 % of GDP.

2.4 Economic Outlook

Global Growth Outlook

Owing to weaker trade and investment at the start of the year, global economic growth is expected at 3.3 % in 2020 from a projection of 2.9 % in 2019. The sluggish growth reflects the continued geopolitical tensions between the U.S.A and Iran, subdued investment and demand for consumer durables in emerging markets, developing economies and rising energy prices. As a result of the weaker prospects in the United States as its fiscal stimulus fades and the forthcoming increase in the consumption tax rate in Japan, growth in the advanced economies is expected to ease to 1.6 % in 2020 from 1.7 % in 2019.

Growth in the emerging markets and developing economies is expected to pick up to 4.4 % in 2020 from an estimated growth of 3.7 in 2019. Similarly, the sub-Saharan Africa region is expected to remain relatively robust growing by 3.5 % in 2020 from 3.3 % in 2019.

Domestic Growth Outlook

On the domestic scene, Kenya's economy has remained strong and resilient. The economy expanded by an average of 5.4 % in the first three quarters of 2019. The latest economic indicators in the fourth quarter of 2019 point to continued economic recovery that will culminate to an overall projected growth of about 5.6 % in 2019. Economic growth is further projected to rise to 6.1 % in 2020 and 7.0 % over the medium term.

The growth outlook for the FY 2020/21 and the medium term is supported by a stable macroeconomic environment, investments in the strategic areas under the "Big Four" Agenda and their enablers, and existing business and consumer confidence in the economy. Further, the ongoing public investments in infrastructure projects, growth in tourism, resilient exports and the associated benefits from regional economic integration in the sub region will reinforce the projected growth. However, given the recent locusts infestation, it is uncertain how this will impact agricultural activities and the impact on economy. With measures set in place to fight the locusts, there might not be significant impacts on the economic performance of the country.

CHAPTER THREE: COUNTY FISCAL POLICY

3.1 Overview

The county fiscal policy over the medium term aims at supporting stable economic growth and ensure effective delivery of services. The fiscal policy is aligned to the country's MTP III targets. To sustain the budget, there will be concerted efforts to expand revenue base and maintain increased revenue collection as projected. The county government will pursue prudent fiscal policy to ensure macroeconomic stability. The County fiscal policy objective will provide an avenue to support economic activity while allowing for implementation of mandates bestowed upon the county, within a sustainable public finances management system.

3.2 CFSP Alignment to Budget Policy Statement

The county CFSP's strategic priorities and policy goals have been aligned to the national Budget Policy Statement (BPS) 2020. Over the medium term, growth is projected to increase by more than 7.0 percent due to investments in strategic areas under "The Big Four" Plan, namely: 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 500,000 affordable housing units. At the county level the county government's priorities align with those of the BPS through;

- I. Creating conducive business environment for investment and job Creation;
- II. Investing in infrastructure to unlock growth potential;
- III. Investing in sectoral transformation for food security and broad based sustainable economic growth;
- IV. Investing in quality and accessible social services (health, education and social safety net)

3.3 Fiscal Performance

Going forward into the medium term, the Government will continue in its fiscal rationalization path with the overall fiscal balance being maintained broadly at the levels outlined in the CFSP 2020, this will ensure debt is maintained between recurrent and development. To achieve these targets, the Government will continue to rationalize recurrent spending while doubling its effort in resource mobilization. To mobilize revenues, the Government has put in place revenue enhancement measures to boost performance and cushion against further revenue shortfalls by strengthening collection and compliance through:

- i. Continued automation of collection through use of Point of Sale (PoS) devices in collection and documentation of revenues.
- ii. Strengthening of the directorate of enforcement to ensure compliance and reduce leakages
- iii. Capacity building of staff through KDSP to motivate and enhance their effectiveness
- iv. Setting of personal targets for individual officers through Performance Contracting and Appraisal System.

Revenue collection for the first half of 2019/20 FY was Ksh. 57,383,505. This represents an increase of 1% from the same period in the previous financial year where Kshs 56,873,458 was collected. The FY 2019/20 proposed budget will be guided by the Programme Based Budgeting (PBB) concept which relates resources to proposed and actual results of projects. PBB together with monitoring and evaluation concept and expenditure controls will achieve the intended impacts and development goals.

3.4 Deficit, Debt policy and Debt Sustainability

Currently, the county has no public debt. On the National level, the Government is required to maintain public debt at sustainable levels as set out in the Public Finance Management Act 2012, and its regulations. The external debt sustainability indicators illustrate that Kenya remains within the sustainable bounds. This is attributed to the large portion of debt that is on concessional terms in terms of low costs and long-term maturity.

3.5 County Economic Performance and Prospects

3.5.1 Growth Prospects and Challenges

The county growth prospects that can propel the county to higher economic possibilities include; improved agricultural productivity, urban growth, enhanced tourism, value addition ventures, revamp irrigation investments and economic gains from sports related activities amongst others.

The county's economic growth majorly relies on rain-fed agriculture and agricultural activities. Climatic conditions, therefore play a key role in determining the county's economy. It is with this in mind that the county continues to pursue climate-smart initiatives in a bid to combat the impacts of global warming. Citizens within the wards in the Kerio Valley have continued to prioritize and allocate substantial resources to irrigation projects. This has also been complemented by projects from the climate smart programme. All the three ecological zones depend on rainfall, and the zones have varied levels of socio-economic developments and resource endowments. A review of these zones shows that for the overall socio-economic development to be realized, there is need to invest in value addition and modernization of agriculture, improving road network and power supply and also improving the marketing chains

though cooperatives and farmer organizations. Designation of Iten as a municipality has shown potential prospects for urban growth especially with the implementation of urban infrastructure projects through Kenya Urban Support Programme (KUSP). The implementation of climate smart agriculture programme has a potential to improve production of horticultural crops and thus improving household incomes.

The county government continue to face challenges as a result of constrained fiscal space necessary for implementation of strategic priorities especially in the productive sector. The major challenges include wage bill pressure which has been occasioned over the years by implementation of SRC circulars and demand for promotions from the labour unions. The wage bill pressure has been compounded by stagnation of equitable share of revenue from the national government as well as under performance in local revenue collection.

Also, implementation of development programmes and projects has been slow resulting in low absorption; this can be attributed to challenges in implementation of end to end procurement amongst other administrative and external challenges.

3.5.2 Risks to Fiscal Outlook in the County

The desert locust invasion witnessed in parts of the county poses a risk to agricultural production and food security. Another risk relates to rising global oil prices due to tensions between U.S.A and Iran, uncertainty of the global trade agreements as well as uneven and sluggish growth in advanced and emerging market economies could hamper the forecasted growth.

Another risk is the outbreak of infectious diseases which threaten county health system, labour productivity as well as drainage of household financial resource. Such outbreaks will occasion budget re organization to contain the situation.

The proposed National Treasury allocation to county governments has stagnated thus there is no growth in the equitable share from the national government. The implication of this is that allocation to the county will be the reduction of allocations to programmes which may slow down development agenda of the county.

The county is prone to natural disasters including landslides, flooding and draught, these disasters pose huge risk to life and property. The disasters also threaten food security, utilities, road network and public health. Occurrence of such disasters will require huge financial resources and thus pose fiscal risk to the county government.

3.5.3 Wage Bill Risk to Fiscal Outlook

Wage bill is a major risk to the fiscal outlook for FY 2020/21 and the medium-term. The burgeoning public expenditure pressures are heightened mainly by demands for promotions backlog from staff and need to confirm staff who are in casual terms across the county civil service. The burden that wage-bill weighs on the budget is heavy and it is expected to continue posing fiscal risk to the County Government.

CHAPTER FOUR: COUNTY BUDGET FRAMEWORK

4.1 Fiscal Performance of County Governments in FY 2018/19

In FY 2018/19, the county government had a total budget of Ksh. 5,601,076,601 out of which Ksh 3,768,000,000 was CRA allocation and the rest comprised of Own Source Revenue (OSR) and conditional grants. From the total revenue, Ksh.3,135,267,094 was recurrent budget and Ksh.2,465,809,506 development budget. The table below presents the overview of fiscal performance of the county during financial year 2018/2019.

Table 1: Fiscal outturn in FY 2018/19

	Revenue Sources	Approved Estimates (Net)	Actual Revenue	Percent of total (%)
1.	CRA Share	3,768,000,000	3,768,000,000	100%
2.	Local Revenue	130,438,893	141,609,140	109%
3.	Balance b/d	675,695,692	464,710,745	69%
4.	World Bank	0	0	0%
5.	Dev. Of Youth Polytechnics	79,441,245	31,559,000	40%
6.	DANIDA -Universal Health Care	12,150,000	12,150,000	100%
7.	Retention Monies	66,495,981	66,495,981	100%
8.	World Bank -Maternal Health	1,009,812	-	0%
9.	Lease of Medical Equipment	200,000,000	-	0%
10.	Kenya Climate Smart Agriculture Project	117,000,000	31,698,328	27%
11.	Agricultural Sector Dev. Support (ASDSP)	19,408,938.00	7,066,361	36%
12.	KDSP	60,461,883	-	0%
13.	KUSP	131,002,100	131,002,100	100%
14.	EU Water Support	80,000,000	-	0%
15.	World Bank -Transforming Health Systems	50,000,000	22,067,993	44%
16.	Support to Abolishment of User Fees in H/C & Dispensaries	8,788,919	8,788,919	100%
17.	RMLF	201,183,138	99,208,159	49%
	Total	5,601,076,601	4,784,356,726	85%

4.1.1 County Governments' Own-Source Revenue (OSR)

Total OSR amounted to Ksh 141,609,140 against a target of Ksh 130,438,893. There was a surplus of Kshs 11,170,247 in the 2018/19 FY translating to 9% increase. The slight improvement in OSR is attributed to broadening of the revenue base and strict enforcement.

Table 2: County Governments' Own-Source Revenue (OSR) for period July 2018 to June 2019 (F/Y 2018/2019)

S/No.	REVENUE SOURCE	APPROVED ESTIMATES 2018/19	ACTUAL
1.	Animal Stock auction fees	2,820,450	2,061,270
2.	Produce and other cess	25,789,204	25,642,114
3.	Single Business Permit	15,932,050	12,743,500
4.	Lands Rates/Plot Rent	2,399,092	2,477,936
5.	Bus park/motorcycle fees	2,836,350	4,644,290
6.	Trade applications fees	1,910,890	1,861,605
7.	Slaughter fees	1,551,000	1,286,500
8.	House rent/stall/ground	1,730,500	2,039,342
9.	Conservancy fees	906,750	1,354,390
10.	Plan approval fees	150,550	102,815
11.	Clearance fees	101,300	28,000
12.	Hide & skins	50,000	12,600
13.	Promotion/advert	1,103,580	2,878,850
14.	Tender Documents	50,000	-
15.	Hire of road machinery	-	-
16.	Trade	185,000	590,239
17.	Fines	810,150	351,954
18.	FI Funds	42,800,250	63,897,473
19.	VSD Funds	3,820,080	1,835,795
20.	Water Department	1,519,688	536,945
21.	Health Services-Public Health	4,693,895	2,983,415
22.	Youth Affairs and sports	218,230	500
23.	Agriculture	3,260,105	1,058,265
24.	Tourism	1,556,923	379,850
25.	Market fees and others	5,303,713	8,185,870
26.	Recoveries of MCA allowances		-
27.	Others	8,939,143	4,655,622
	TOTALS	130,438,893	141,609,140

Source: Revenue office

4.1.2 County Governments' Budget Absorption

The total expenditure for the FY 18/19 amounted to Ksh 5,083,637,961 against an approved budget of 5,601,076,601, representing an under spending of Kshs 517,438,640 which translates to 9.2%. Absorption rate of recurrent budget remained high amounting to Kshs 3,125,150,927 against an approved budget of Kshs 3,135,267,095 reflecting an absorption rate of 99%, the absorption of development budget amounted to Ksh 1,958,487,034 against an approved budget Ksh 2,465,809,506. This reflects an absorption rate of 55%. The low absorption rate is explained in large part by procurement challenges and capacity deficits. These figures contain rollover funds from the 2017/18 FY.

Table 3: Overall absorption Rates for F/Y 2018/2019

CODE	DEPARTMENT	Original Budget	Actual Expenditure	Deviation	%
4361	County Assembly	567,970,833	567,682,878	287,955	99.95
4362	Office of The Governor	161,590,330	160,743,975	846,355	99.48
4363	Finance and Economic Planning	243,241,589	238,259,993	4,981,596	97.95
4364	Agriculture and Irrigation	374,692,044	277,862,422	96,829,622	74.16
4366	Education & Technical Training	597,617,377	575,174,912	22,442,465	96.24
4367	Health and Sanitation Services	1,862,953,604	1,646,437,446	216,516,158	88.38
4368	Water, Lands and Physical Planning	627,360,506	496,012,202	131,348,304	79.06
4369	Roads, Transport & Public Works	543,332,735	534,041,274	9,291,461	98.29
4371	Trade, Tourism & Industrialization	91,557,987	83,680,781	7,877,206	91.40
4372	Youth, Sports, ICT and Gender	154,523,558	142,102,079	12,421,479	91.96
4373	Public Service Management	185,166,776	173,492,307	11,674,469	93.70
4374	County Public Service Board	55,916,733	55,919,706	-2,973	100.01
4377	Livestock, Fisheries and Co-operatives	135,152,529	132,227,986	2,924,543	97.84
	TOTAL	5,601,076,601	5,083,637,961	517,438,640	90.762

4.2 2019/2020 FINANCIAL PERFORMANCE

The revenue collected in first half of FY 2019/2020 was Ksh. 69,640,402 against a target of Ksh. 70,000,000. This is as shown in the table below.

Table 4: Revenue Collection for Period July 2019 To Dec 2019 (F/Y 2019/2020)

	REVENUE SOURCE	APPROVED ESTIMATES 2019/20	GRAND TOTAL
1.	Animal Stock auction fees	2,820,450	653,300
2.	Produce and other cess	23,789,204	15,909,665
3.	Single Business Permit	13,932,050	2,535,310
4.	single business permit-liquor license	4,000,000	498,280
5.	Lands Rates/Plot Rent	2,500,392	1,220,583
6.	Bus park/motorcycle fees	2,836,350	3,610,420
7.	Trade applications fees	1,910,890	363,100
8.	Slaughter fees	1,551,000	613,440
9.	House rent/stall/ground	1,730,500	135,500
10.	Conservancy fees	1,967,105	377,460
11.	Plan approval fees	150,550	29,000

	REVENUE SOURCE	APPROVED ESTIMATES 2019/20	GRAND TOTAL
12.	Clearance fees		8,700
13.	Hide and skins	50,000	1,860
14.	Promotion/advert	1,103,580	719,810
15.	Tender Documents	50,000	-
16.	Hire of road field	218,230	-
17.	Trade	185,000	1,400
18.	Fines	810,150	381,321
19.	FI Funds	60,000,000	32,786,998
20.	VSD Funds	-	995,265
21.	Water Department	1,519,688	104,530
22.	Health Services-Public Health	7,513,975	856,790
23.	Youth Affairs and sports	-	-
24.	Agriculture	-	262,650
25.	Tourism	1,556,923	587,550
26.	Market fees and others	5,303,713	4,005,235
27.	Recoveries	-	26,247
28.	Others	8,500,250	2,955,988
	TOTALS	144,000,000	69,640,402

4.3 2019/2020 ABSORPTION RATES

The absorption rates among departments in the county for half year 2019/20 are as shown in table 5 and table 6 below.

Table 5: Recurrent absorption Rates

CODE	DEPARTMENT	Approved Budget	Total Expend.	Balance	% on Total Expenditure
R.4361	County Assembly	566,844,007	396,968,376	169,875,631	70.03%
R.4362	Office of the Governor	157,236,868	98,254,055	58,982,813	62.49%
R.4363	Finance and Economic Planning	242,064,887	123,543,111	118,521,776	51.04%
R.4364	Agriculture and Irrigation	100,653,823	55,302,649	45,351,174	54.94%
R.4366	Education & Technical Training	216,736,544	130,310,653	86,425,891	60.12%
R.4367	Health and Sanitation	1,461,878,154	850,040,450	611,837,704	58.15%
R.4368	Water, Lands and Physical Planning	73,112,006	41,554,977	31,557,029	56.84%
R.4369	Roads, Transport & Public Works	64,250,494	33,671,222	30,579,272	52.41%
R.4371	Trade, Tourism & Culture	35,086,495	19,243,819	15,842,676	54.85%
R.4372	Youth, Sports, Gender and ICT	35,742,302	16,366,936	19,375,366	45.79%
R.4373	Public Service Management	92,480,618	48,074,415	44,406,203	51.98%
R.4374	County Public Service Board	45,650,555	21,878,965	23,771,590	47.93%
R.4377	Livestock and Co-operative Development	96,058,255	54,826,215	41,232,040	57.08%
	Total	3,187,795,008	1,890,035,843	1,297,759,165	59.29%

Table 6: Development Absorption Rates

CODE	DEPARTMENT	Approved Budget	Total Expenditure	% on Total Expenditure
D.4361	County Assembly	1,028,790	-	0.00%
D.4362	Office of the Governor	-	-	0.00%
D.4363	Finance and Economic Planning	-	-	0.00%
D.4364	Agriculture and Irrigation	342,219,054	121,777,071	35.58%
D.4366	Education & Technical Training	360,017,259	194,759,385	54.10%
D.4367	Health and Sanitation	646,776,275	118,686,884	18.35%
D.4368	Water, Lands and Physical Planning	438,798,148	212,901,026	48.52%
D.4369	Roads, Transport & Public Works	470,912,642	141,830,768	30.12%
D.4371	Trade, Tourism & Industrialization	27,902,398	11,927,570	42.75%
D.4372	Youth, Sports, Gender and ICT	129,722,400	44,953,095	34.65%
D.4373	Public Service Mgt & Admin.	51,629,292	19,698,777	38.15%
D.4374	County Public Service Board	-	-	0.00%
D.4377	Livestock and Co-operative Development	83,793,128	-	-
	Total	2,552,799,386	866,534,576	33.94%

During the first half of FY 2019/20, the recurrent and development absorption rates of total expenditures are 59 percent and 33 percent respectively. The low absorption in development is occasioned by delay in disbursement of funds by the national government, coupled with difficulties the bidders encounter in their efforts to adhere to e-procurement requirements.

4.4 2019/20 EXPENDITURE

4.4.1 RECURRENT EXPENDITURE

PERSONAL EMOLUMENTS

a) PE ANALYSIS

Table 7: PERSONNEL EMOLUMENTS ANALYSIS

DEPARTMENT	Approved Supplementary 2019/20 FY	2020/21 FYPE Estimates
COUNTY ASSEMBLY	566,844,007	572,974,781
OFFICE OF THE GOVERNOR AND EXECUTIVE	119,157,536	127,513,712

ADMINISTRATION		
FINANCE AND ECONOMIC PLANNING	157,258,110	166,465,827
AGRICULTURE AND IRRIGATION	90,267,419	96,775,822
LIVESTOCK PRODUCTION, FISHERIES AND CO-OPERATIVE DEVELOPMENT	92,924,369	91,532,469
EDUCATION AND TECHNICAL TRAINING	176,764,892	192,363,158
HEALTH AND SANITATION	1,269,767,809	1,323,732,301
WATER, LANDS ENVIRONMENT AND CLIMATE CHANGE	64,924,074	66,037,465
ROADS PUBLIC WORKS AND TRANSPORT	52,543,317	56,864,366
TOURISM, CULTURE, WILDLIFE, TRADE AND INDUSTRY	27,513,041	31,590,054
YOUTH AFFAIRS, SPORTS, ICT AND SOCIAL SERVICES	34,024,386	34,284,436
PUBLIC SERVICE MANAGEMENT AND COUNTY ADMINISTRATION	71,426,143	84,565,573
COUNTY PUBLIC SERVICE BOARD	33,879,227	41,382,811
TOTAL (KSHS)	2,757,294,330	2,886,082,775

4.4.2 OPERATIONS AND MAINTENANCE

Table 8: Operations and Maintenance

DEPARTMENT	O&M	Mandatory O&M	Conditional Grants	TOTAL
COUNTY ASSEMBLY	0			0
OFFICE OF THE GOVERNOR AND EXECUTIVE ADMINISTRATION	14,067,800			14,067,800
FINANCE AND ECONOMIC PLANNING	9,381,042		30,000,000	39,381,042
AGRICULTURE AND IRRIGATION	4,001,325			4,001,325
LIVESTOCK PRODUCTION, FISHERIES AND CO-OPERATIVE DEVELOPMENT	5,027,449	962,350		5,989,799
EDUCATION AND TECHNICAL TRAINING	4,027,449			4,027,449
HEALTH AND SANITATION	8,032,003	156,900,000		164,932,003
WATER, LANDS ENVIRONMENT AND CLIMATE CHANGE	5,021,656	7,000,000		12,021,656
ROADS PUBLIC WORKS TRANSPORT AND ENERGY	5,103,851	5,000,000		10,103,851
TOURISM, CULTURE, WILDLIFE, TRADE AND INDUSTRY	4,019,754			4,019,754
YOUTH AFFAIRS, SPORTS, ICT AND SOCIAL SERVICES	4,084,746			4,084,746

DEPARTMENT	O&M	Mandatory O&M	Conditional Grants	TOTAL
PUBLIC SERVICE MANAGEMENT AND COUNTY ADMINISTRATION	4,513,380	63,181,625		67,695,005
COUNTY PUBLIC SERVICE BOARD	5,355,463			5,355,463
TOTAL (KSHS)	72,635,918	233,043,975	30,000,000	335,679,893

O&M to total Ksh 335,679,893. This comprises Ksh 72,635,918 as general day-to-day running of departmental operations, Kshs. 30,000,000 KDSP level I conditional allocation and Kshs 233,043,975 is Mandatory O&M which is composed of the following;

- Medical Drugs
- FIF
- Street Lighting Bills
- Conservancy services
- Staff medical scheme

4.4.3 DEVELOPMENT EXPENDITURE

a) Summary of Development Allocations

Table 9: Summary of Development Allocation

DEPARTMENT	Ward Projects	Conditional Grants	County Level	TOTAL (Kshs)
COUNTY ASSEMBLY	0	0		0
OFFICE OF THE GOVERNOR AND ADMINISTRATION	0	0		0
FINANCE AND ECONOMIC PLANNING	0			0
AGRICULTURE AND IRRIGATION	63,036,484	135,055,268		198,091,752
LIVESTOCK PRODUCTION, FISHERIES AND CO-OPERATIVE DEVELOPMENT	65,238,670			65,238,670
EDUCATION AND TECHNICAL TRAINING	118,326,481	27,904,894		146,231,375
HEALTH AND SANITATION	84,464,412	218,893,055		303,357,467
WATER, LANDS ENVIRONMENT AND CLIMATE CHANGE	164,897,966	134,802,100		299,700,066
ROADS PUBLIC WORKS AND TRANSPORT	212,478,190	115,085,841		327,564,031
TOURISM, CULTURE, WILDLIFE, TRADE AND INDUSTRY	12,400,550	73,465,889		85,866,439
YOUTH AFFAIRS, SPORTS, ICT AND SOCIAL SERVICES	71,694,579			71,694,579

PUBLIC SERVICE MANAGEMENT AND COUNTY ADMINISTRATION	21,000,000			21,000,000
COUNTY PUBLIC SERVICE BOARD				0
TOTAL (KSHS)	813,537,332	705,207,047	0	1,518,744,379

b) ANALYSIS OF DEVELOPMENT PRIORITIES

Table 10: Analysis of Development Priorities

Department	APPROVED 2019/2020	ESTIMATES 2020/2021
Office of the Governor & Executive Administration	0	0
County Assembly	1,028,790	0
Finance & Economic Planning	0	0
Roads, Transport, Public Works and Transport	470,912,642	327,564,031
Sports, Youth affairs, ICT and Social Services	129,722,400	71,694,579
Education and Technical Training	360,017,259	146,231,375
Health and Sanitation	646,776,275	303,357,467
Water, Lands, Environment and Climate Change	438,798,148	299,700,066
Tourism, Culture, Wildlife, Trade and Industry	27,902,398	85,866,439
Agriculture and Irrigation	342,219,054	198,091,752
Livestock Production, Fisheries and Cooperatives Development	83,793,128	65,238,670
Public Service Management and County Administration	51,629,292	21,000,000
County Public Service Board	0	0
TOTAL	2,552,799,386	1,518,744,379

The 2019/2020 approved estimates in table 10 above, contains rolled over funds of Ksh 464,710,745 from FY 2017/18

4.4.4 2020/21 CFSP OVERALL EXPENDITURE ANALYSIS

Table 11: Overall Expenditure Analysis

Expenditure Type	Amount	Percentage of Budget
Compensation to Employees	2,886,082,775	60.88%
Requisite & Mandatory O&M	263,043,975	5.55%
Utilities and operations	72,635,918	1.53%
Development	1,518,744,379	32.04%
Total	4,740,507,047	100%

From the above summary, development allocations are Ksh 1,518,744,379 while the rest make up the recurrent expenditure totaling Ksh. 3,221,762,668.

4.5 Resource envelop of the Medium Term

Table 12: Resource Envelop

REVENUE SOURCE	APPROVED	APPROVED	APPROVED 2019/20	ESTIMATED	PROJECTED
	2017/18	2018/19		2020/2021	2021/2022
CRA Share	3,624,000,000	3,768,000,000	3,782,000,000	3,861,300,000	4,054,365,000
Equalization Fund	-	-	-	-	-
Conditional Allocation			-	-	-
Local Revenue	160,291,113	130,000,000	144,000,000	144,000,000	151,200,000
Balance B/F		464,710,745	1,164,149,352		-
Surplus from 2018/19 OSR			8,000,000		-
Savings from procurement			7,000,000		-
World Bank - Dev. Of Youth Polytechnics	37,641,245	41,800,000	30,228,298	27,904,894	29,300,139
DANIDA - Universal Health Care	9,442,456	12,150,000		11,250,000	11,812,500
World Bank- Maternal Health				6,751,373	7,088,942
WORLD BANK RBF	47,990,000				-
Lease of Medical Equipment	95,744,681	200,000,000	131,914,894	132,021,277	138,622,341
Other Loans and Grants	18,956,694			73,465,889	77,139,183
Kenya Devolution support Programme (KDSP)	36,005,074	38,552,919	46,326,333	30,000,000	31,500,000
Kenya Climate Smart Agriculture (KCSA)		117,000,000	140,590,677	135,055,268	141,808,031
Agriculture Sector Support					-

REVENUE SOURCE	APPROVED	APPROVED	APPROVED 2019/20	ESTIMATED	PROJECTED
	2017/18	2018/19		2020/2021	2021/2022
Development Programme (ASDSP)					
Kenya Urban Support Programme (KUSP)		89,802,100	107,908,872	89,802,100	94,292,205
EU WaTER Support				45,000,000	47,250,000
World Bank – Transforming Health Systems	30,279,354	50,000,000	60,081,486	60,081,486	63,085,560
Support to Abolishment of User Fees in H/C & Dispensaries	8,788,919	8,788,919	8,788,919	8,788,919	9,228,365
Road Maintenance Levy Fund (RMLF)	139,343,420	99,208,158	109,605,563	115,085,841	120,840,133
TOTAL REVENUE	4,208,482,956	5,020,012,841	5,740,594,394	4,740,507,047	4,977,532,399

Conditional grants were consolidated in the BPS but has been prorated in this CFSP using the 2019/20 FY approved estimates.

4.5.1 Collaboration with National Government and Development Partners

Conditional Allocations from Development Partners as per BPS 2020, the county will receive Health Sector Support conditional grant, Development of Youth Polytechnics, Kenya Urban Support Programme, Kenya Climate Smart Agriculture, Kenya Devolution Support Programme from World Bank, Road Maintenance Levy Fund among other loans and grants. Table 13 below shows the conditional grants.

Table 13: Conditional Allocations

Conditional Grants	ESTIMATED 2020/2021
World Bank - Dev. Of Youth Polytechnics	27,904,894
DANIDA - Universal Health Care	11,250,000
World Bank- Maternal Health	6,751,373
Lease of Medical Equipment	132,021,277
Other Loans and Grants	73,465,889
Kenya Devolution support Programme (KDSP)	30,000,000
Kenya Climate Smart Agriculture (KCSA)	135,055,268

Conditional Grants	ESTIMATED 2020/2021
Agriculture Sector Support Development Programme(ASDSP)	
Kenya Urban Support Programme (KUSP)	89,802,100
EU WaTER Support	45,000,000
World Bank – Transforming Health Systems	60,081,486
Support to Abolishment of User Fees in H/C & Dispensaries	8,788,919
Road Maintenance Levy Fund (RMLF)	115,085,841
TOTAL REVENUE	735,207,047

4.3.2 Medium-Term Expenditure Estimates

Table 14: Medium-Term Expenditure Estimates

Department/ Sector	Approved					Projected ceiling 2021/2022
	Description	Approved	Approved	Approved	Proposed ceiling	
		2017/2018	Estimates 2018/2019	2019/2020	2020/2021	
Office of the Governor	Rec	90,020,932	158,230,280	157,236,868	141,581,512	148,660,588
	Dev		0	0	0	-
Executive Administration	Rec	30,870,042	0	0	0	-
	Dev	0	0	0	0	-
County Assembly	Rec	467,059,372	566,844,007	566,844,007	572,974,781	601,623,520
	Dev	0	0	1,028,790	0	-
Finance & Economic Planning	Rec	196,029,234	212,433,531	238,064,887	205,846,869	216,139,212
	Dev	0	0	0	0	-
Roads, Transport, Public Works and Transport	Rec	61,235,496	64,495,007	64,250,494	66,968,217	70,316,628
	Dev	271,622,926	333,796,322	470,912,642	327,564,031	343,942,233
Sports, Youth affairs, ICT and Social Services	Rec	30,237,114	34,910,518	35,742,302	38,369,182	40,287,641
	Dev	91,884,632	90,630,005	129,722,400	71,694,579	75,279,308
Education and Technical Training	Rec	197,819,802	213,669,037	216,736,544	196,390,607	206,210,137
	Dev	188,557,837	276,635,132	360,017,259	146,231,375	153,542,944
Health and Sanitation	Rec	1,110,085,926	1,356,073,746	1,401,878,154	1,488,664,304	1,563,097,519
	Dev	387,151,133	496,877,929	646,776,275	303,357,467	318,525,340
Water, Lands, Environment and Climate Change	Rec	70,769,262	73,716,831	73,112,006	78,059,121	81,962,077
	Dev	234,712,442	371,732,200	438,798,148	299,700,066	314,685,069
Tourism, Culture, Wildlife, Trade and Industry	Rec	55,355,591	34,000,486	35,086,495	35,609,808	37,390,298
	Dev	54,191,178	28,464,302	27,902,398	85,866,439	90,159,761
Agriculture and	Rec	197,806,710	108,932,587	100,653,823	100,777,147	105,816,004

Department/ Sector	Approved					Projected ceiling
	Description	Approved	Approved Estimates	Approved	Proposed ceiling	
		2017/2018	2018/2019	2019/2020	2020/2021	
irrigation	Dev	97,224,299	231,873,608	342,219,054	198,091,752	207,996,340
Livestock Production,	Rec	0	98,382,203	96,058,255	97,522,268	102,398,381
Fisheries and Cooperatives Development	Dev	0	41,721,572	83,793,128	65,238,670	68,500,604
Public Service	Rec	85,910,847	114,801,571	92,480,618	152,260,578	159,873,607
Management and County Administration	Dev	35,813,919	52,266,184	51,629,292	21,000,000	22,050,000
County Public Service Board	Rec	42,685,124	59,525,783	45,650,555	46,738,274	49,075,188
	Dev	0	0	0	0	-
TOTAL	Rec	2,635,885,452	3,096,015,587	3,123,795,008	3,221,762,668	3,382,850,801
	Dev	1,361,158,366	1,923,997,254	2,552,799,386	1,518,744,379	1,594,681,598
GRANT TOTAL		3,997,043,818	5,020,012,841	5,676,594,394	4,740,507,047	4,977,532,399

The above table shows that there was an exponential growth in annual budgetary allocations from FY 2017/18 to 2019/20. However, during FY 2020/21, CFSP estimates there is a reduction. The difference in totals, is as a result of rolled over funds which were included in FY 2019/20 budget.

3.2 Revenue and Expenditure Trends, 2013/14- 2019/20

The table below shows revenue and expenditure trends of the county between FY 2013/14 to FY 2019/20.

Table 15 Revenue and Expenditure Trends

DESCRIPTION	FY 2013/2014	FY 2014/2015	FY 2015/2016	FY 2016/2017	FY 2017/18	FY 2018/2019	FY 2019/2020	FY 2020/2021 (Proposed)	Change from 2013/14 to 2019/20	% Change from 2013/14 to 2018/19
Revenue										
CRA Share	2,392,011,591	2,845,235,405	3,191,548,394	3,528,847,275	3,619,547,536	3,768,000,000	3,782,000,000	3,861,300,000	1,389,988,409	58.11
Local Revenue	85,023,379	112,851,887	128,055,734	97,323,973	102,190,172	130,000,000	144,000,000	144,000,000	58,976,621	69.37
Conditional Grants	0	18,420,000	134,559,069	197,483,491	560,936,413	657,302,096	635,445,042	735,207,047	635,445,042	3,449.76
Expenditure										
Development allocations: County Executive	765,235,586	1,360,302,070	1,115,520,332	1,272,528,141	1,361,264,368	1,923,997,254	2,551,770,596	1,518,744,379	1,786,535,010	131.33
Development allocations: County Assembly	0	26,226,173	30,000,000	0	0	0	1,028,790	0	1,028,790	3.92
County Assembly Ceiling	154,077,585	377,404,111	429,000,000	467,089,372	467,059,372	566,844,007	566,844,007	572,974,781	412,766,422	109.37

Recurrent: PE (Wage Bill)- Executive	1,073,861,427	1,279,907,746	1,680,373,221	1,781,164,558	1,921,054,279	2,140,604,393	2,142,414,396	3,221,762,668	1,068,552,969	83.49
Recurrent: Operations & Maintenance (O&M)	538,206,246	435,873,906	442,115,610	365,569,808	247,665,799	350,014,271	414,536,605	335,679,893	-123,669,641	(28.37)

As shown in the table, there had been growth in revenue allocations to the county. However, expenditures also increased too especially personnel emoluments resulting to reduction in O&M to gather for increasing PE. On the other hand, there was an increase in County Assembly ceiling over the period under review.

ANNEXES

Annex 1: Recurrent Departmental Ceilings

Department/ Sector	Approved	Approved	Approved Estimates	Proposed Ceiling	Projection
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Office of the Governor	90,020,932	158,230,280	157,236,868	141,581,512	148,660,588
Executive Administration	30,870,042				0
County Assembly	467,059,372	566,844,007	566,844,007	572,974,781	601,623,520
Finance & Economic Planning	196,029,234	212,433,531	238,064,887	205,846,869	216,139,212
Roads, Transport, Public Works and Transport	61,235,496	64,495,007	64,250,494	66,968,217	70,316,628
Sports, Youth affairs, ICT and Social Services	30,237,114	34,910,518	35,742,302	38,369,182	40,287,641
Education and Technical Training	197,819,802	213,669,037	216,736,544	196,390,607	206,210,137
Health and Sanitation	1,110,085,926	1,356,073,746	1,401,878,154	1,488,664,304	1,563,097,519
Water, Lands, Environment and Climate Change	70,769,262	73,716,831	73,112,006	78,059,121	81,962,077
Tourism, Culture, Wildlife, Trade and Industry	55,355,591	34,000,486	35,086,495	35,609,808	37,390,298
Agriculture and irrigation	197,806,710	108,932,587	100,653,823	100,777,147	105,816,004
Livestock Production, Fisheries and Cooperatives Development	-	98,382,203	96,058,255	97,522,268	102,398,381
Public Service Management and County Administration	85,910,847	114,801,571	92,480,618	152,260,578	159,873,607
County Public Service Board	42,685,124	59,525,783	45,650,555	46,738,274	49,075,188
TOTAL	2,635,885,452	3,096,015,587	3,123,795,008	3,221,762,668	3,382,850,801

Annex 2: Development Departmental Ceilings

Department/ Sector	Approved	Approved	Approved Estimates	Proposed Ceiling	Projection
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Office of the Governor	0	0	0	0	0
Executive Administration	0	0	0	0	0
County Assembly	0	0	1,028,790	0	0
Finance & Economic Planning	0	0	0	0	0
Roads, Transport, Public Works and Transport	271,622,926	333,796,322	470,912,642	327,564,031	343,942,233
Sports, Youth affairs, ICT and Social Services	91,884,632	90,630,005	129,722,400	71,694,579	75,279,308
Education and Technical Training	188,557,837	276,635,132	360,017,259	146,231,375	153,542,944
Health and Sanitation	387,151,133	496,877,929	646,776,275	303,357,467	318,525,340
Water, Lands, Environment and Climate Change	234,712,442	371,732,200	438,798,148	299,700,066	314,685,069
Tourism, Culture, Wildlife, Trade and Industry	54,191,178	28,464,302	27,902,398	85,866,439	90,159,761
Agriculture and irrigation	97,224,299	231,873,608	342,219,054	198,091,752	207,996,340
Livestock Production, Fisheries and Cooperatives Development	0	41,721,572	83,793,128	65,238,670	68,500,604
Public Service Management and County Administration	35,813,919	52,266,184	51,629,292	21,000,000	22,050,000
County Public Service Board	0	0	0	0	0
Total	1,361,158,366	1,923,997,254	2,552,799,386	1,518,744,379	1,594,681,598

Annex 3: Summary Departmental Ceilings

Department/ Sector	Approved	Approved	Approved Estimates	Proposed Ceiling	Projection
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Office of the Governor	90,020,932	158,230,280	157,236,868	141,581,512	148,660,588
Executive Administration	30,870,042	-	0	0	0
County Assembly	467,059,372	566,844,007	567,872,797	572,974,781	601,623,520
Finance & Economic Planning	196,029,234	212,433,531	238,064,887	205,846,869	216,139,212
Roads, Transport, Public Works and Transport	332,858,422	398,291,329	535,163,136	394,532,248	414,258,860
Sports, Youth affairs, ICT and Social Services	122,121,746	125,540,523	165,464,702	110,063,761	115,566,949
Education and Technical Training	386,377,639	490,304,169	576,753,803	342,621,982	359,753,081
Health and Sanitation	1,497,237,059	1,852,951,675	2,048,654,429	1,792,021,771	1,881,622,860
Water, Lands, Environment and Climate Change	305,481,704	445,449,031	511,910,154	377,759,187	396,647,146
Tourism, Culture, Wildlife, Trade and Industry	109,546,769	62,464,788	62,988,893	121,476,247	127,550,059
Agriculture and irrigation	295,031,009	340,806,195	442,872,877	298,868,899	313,812,344
Livestock Production, Fisheries and Cooperatives Development	-	140,103,775	179,851,383	162,760,938	170,898,985
Public Service Management and County Administration	121,724,766	167,067,755	144,109,910	173,260,578	181,923,607
County Public Service Board	42,685,124	59,525,783	45,650,555	46,738,274	49,075,188
TOTAL	3,997,043,818	5,020,012,841	5,676,594,394	4,740,507,047	4,977,532,399



COUNTY GOVERNMENT OF ELGEYO MARAKWET
2020/21 FY COUNTY FISCAL STRATEGY PAPER (CFSP)
EXPLANATORY NOTES AND REFERENCE MATERIALS

1. REVENUE AND EXPENDITURE BACKGROUND
1.1. TRENDS ANALYSIS (2013/14 – 2019/20)

REVENUE/EXPENDITURE	FY 2013/2014	FY 2019/2020	Change from 2013/14 to 2019/20	% Change 2013/14 to 2019/20	% Average Annual Change
Resource Envelope (CRA Share + Local Revenue)	2,477,034,970	3,991,738,893	1,514,703,923	61	9
County Assembly Ceiling	154,077,585	566,844,007	412,766,422	168	24
Personal Emoluments - PE (Wage Bill)- County Executive	1,073,861,427	2,190,450,332	1,116,588,905	104	15
Operations & Maintenance (O&M)	538,206,246	180,210,272	-357,995,974	-67	-10

1.2. TRENDS ANALYSIS EXPLANATION

Resource Envelope grew annually (average) by 9% (excluding Conditional Grants) allocations while Expenditure grew by 19% (average of CA ceilings and PE – wage bill growth). This means that the resource envelope available for budgeting has been growing on average by -10% (negative) annually (9% revenue growth Vs 19% expenditure growth). The county for the last seven years has been curing this negative growth by using each or combination of one or more of the following strategies;

- 4 Gradual reduction of flagship projects - now at ZERO
- 5 Not replacing exiting staff
- 6 Gradual reduction in O&M allocations
- 7 Freeze on new employments
- 8 Freeze on promotions

2 DEVELOPMENT ALLOCATION

No.	Allocation	Amount	Basis/Justification	Reference/ Evidence material
1.	Ward Projects	813,537,332	Guided by the Equitable Development Act (EDA 2013) allocation criteria	Approved 2020/21 FY Annual Development Plan (ADP) priority projects
2.	County Level or flagship projects	0	Has been gradually reducing since 2013/14 because of the wage bill pressure as explained in Explanation 1.2 above	Analysis Table 1.1 above
3.	Conditional Grants	705,207,047	Total allocation to the county as Conditional grants from Development Partners and National Government	Budget Policy Statement (BPS) for 2020/21 FY
	Total	1,518,744,379		

3 RECURRENT EXPENDITURE

3.1 Personal Emoluments (PE)

No.	Items	Amount	Basis/Justification	Reference/ Evidence material
1.	PE projected for 2020/21 for County Executive staff guided by the basic salary annual increment rates in the IPPD	2,249,081,394	<p>i) Make-up of staff whose PE is projected include;</p> <ul style="list-style-type: none"> - All existing staff in the approved 2019/20 FY Supplementary budget excluding those who will retire by June 30th 2020 - All positions to be filled in 2019/20 FY approved as 'Competency Positions' in the approved 2019/Supplementary budget - Replacement positions for staff who will retire by 30th June, 2020 for two Department's; <ul style="list-style-type: none"> a) Agriculture and Irrigation b) Water, Environment & Natural Resources <p>ii) Full year provisions who were engaged mid-way 2019/20 FY – Chief Officers & County Public Service Board members. Their PE provisions for 7 months had been used to address PE deficits in the initially approved 2019/20 FY</p>	Attached list of staff and list of positions
2.	Salary increment for all existing ECD teachers (Kshs. 1,000 each)	9,360,000	All ECD teachers since their employment have never had salary increments yet inflation has continued to rise.	
3.	Provision for employment of 84 new ECD teachers	10,953,600	There are 84 ECD Centers without teachers	Attached list of staff and list of positions
4.	Provision for Nurses salary arrears	43,713,000	<p>The county declined to pay Nurses their monthly salary for the three months they were on 'Industrial Strike' in 2017 (August, September & October). However, the nurses sought legal redress which led to the ruling on 21st February, 2020 in their favor.</p> <p>The salary allocation due to them was used to addressed a PE deficit then which had</p>	Court Ruling

			been created by SRC issuing an abrupt Circular to increase all staff salaries as the first phase of salary rationalization process.	
	Total	2,313,107,994		

3.2 OPERATIONS AND MAINTENANCE

3.2.1 Mandatory O&M

No.	Items	Amount	Basis/Justification	Reference/ Evidence material
1.	Medical Insurance for County Executive staff	63,181,625	<p>There are two categories of staff in the County Executive who up to 2019/20 FY were not on any medical cover;</p> <p>a) Former Local Authority staff b) Staff who were employed through the County Public Service Board</p> <p>In 2019/20 Approved Supplementary Budget Kshs. 40,742,461 was allocated for this purpose. However the quotation from NHIF for the enhanced cover was Ksh. 101,898,119. So full implementation was put three phases as more staff are being added annually;</p> <ul style="list-style-type: none"> - Phase 1- 2019/20 FY Kshs. 40,742,461 - Phase 2 – 2020/21 FY 63,181,625 (an addition of 22,439,164 from phase 1) - Phase 3 – 38,716,494 	Quotation from NHIF
2.	FIF Allocation	66,900,000	Amount generated from Health Facilities to be reimbursed back in full	
3.	Medical Drugs	90,000,000	For use in Health facilities	
4.	Slaughter/abattoir allocations AIA	962,350	Amount raised from slaughter houses operations to be reimbursed back in full	
5.	Street lighting provision	5,000,000		

6.	Urban areas Conservancy allocation	7,000,000	Amount to be used to pay temporary casual staff to keep urban areas clean	
	Total	233,043,975		

3.2.2 Normal O&M Allocation

These are O&M requirements for the normal expenditure items such as fuel, allowances, utilities, stationery etc

No.	Items	Amount	Basis/Justification	Reference/ Evidence material
1.	Various items	72,635,918	This amount as been reducing due to the factors explained in 2.1 above. It has reduced from Kshs. 538,206,246 in 2013/14 FY to Kshs. 180,210,272 in 2019/20 FY (Refer to 1.2 above)	Revenue and Expenditure Summary Table, Refer to 4 below
	Total	72,635,918		

4 Revenue and Expenditure Summary

Category	Revenue/Expenditure	Amount
Revenue	Local Revenue	144,000,000
	CRA Share	3,861,300,000
	Total Revenue	4,005,300,000
Development & County Assembly Ceiling	Less Development allocation - EDA	813,537,332
	Less County Assembly Ceilings	572,974,781
	=Amount for Recurrent	2,618,787,887
PE County Executive	Less Projected PE	2,313,107,994
	=Remainder is Operations and Maintenance (O&M)	305,679,893
Mandatory O&M	Less Staff Medical Insurance	63,181,625
	Less FIF Allocation to Health	66,900,000
	Less medical drugs	90,000,000
	Less provisions for street lights bills	5,000,000
	Less Slaughterhouses operations	962,350
	Less provisions for conservancy services	7,000,000
Normal O&M	= Norman O&M available to be divided by Departments (refer to Table 8)	72,635,918

5 ITEMS NOT PROVIDED FOR IN THE 2020/21 FY CFSP

Due the low fiscal space as per Summary Table 4 above the following important items were not provided for;

No.	Allocation	Amount
1.	Replacement of retiring staff (only Departments of Agriculture and Irrigation and Water and Water and Environment were provided for)	32,000,000
2.	Amount for New Staff	15,000,000
3.	Bursary Allocation	27,000,000
4.	Matching amount for TIVET Conditional grant	31,000,000
5.	Alternative provision for DANIDA exit	10,000,000
6.	Alternative provision for World Vision – Enrich Program exit	10,000,000
	Total	125,000,000

6 2020/21 FY CFSP Methodology and Approach

No.	ACTIVITY	REFERENCE	Decision
1.	Confirmation of Resource Envelope	Budget Policy Statement (BPS)	Incorporated as provided for in the BPS 2020/21 FY
2.	Determination of all County Executive staff details	IPPD List Approved Supplementary Budget Circulars	Validated list of staff
3.	Departments deliberation visits	Budget requirements submissions Attendance list	Few submissions considered due to the low fiscal space. Refer to the revenue and summary table 4 below
4.	County Public Service Board visit	Budget requirements submissions Attendance list	Few submissions considered due to the low fiscal space. Refer to the revenue and summary table 4 below

5.	Joint meeting for H.E Governor, Deputy Governor, CECs, COs and Directors	Attendance lists Resolutions list	Few resolutions taken up the CFSP because of low fiscal space
6.	Submissions from County Assembly	Submissions through a letter	Budget ceiling for the County Assembly for 2020/21 be as requested at Kshs. 572,974,781 Development allocation request of Kshs. 60,000,000 was not considered because of low fiscal space as summarized in Revenue Vs Expenditure Summary Table 4
7.	Cabinet meeting	Cabinet Minutes Attendance list	Few resolutions considered but way forward to deliberate with the County Assembly was approved