

REPUBLIC OF KENYA



COUNTY GOVERNMENT OF KWALE

COUNTY TREASURY

KWALE COUNTY FISCAL STRATEGY PAPER

FEBRUARY 2016

FOREWORD

The theme of the 2016 National Budget Policy Statement (BPS) is sustaining Economic Prosperity for all Kenyans. In the spirit of keeping in line with this theme, this 2016 Kwale County Fiscal Strategy Paper (CFSP) will aim at consolidating the gains made so far in implementation of planned programmes and projects and build on the successes to achieve even greater economic prosperity for the Kwale Citizens. Thus, the 2016 CFSP re-emphasizes the County Government's economic transformation agenda and propose strategic priorities aimed at addressing our key development challenges to sustain economic prosperity which we have gained so far. The strategic priorities as outlined in our recent Annual Development Plan of 2016/2017 include (i) improvement in infrastructural facilities in education, roads, water and sanitation systems, markets and others. (ii) investing in quality, accessible and affordable (both preventive and curable) health care services through the rehabilitation and upgrading of our hospitals, health centres and dispensaries, provision of medical supplies, research and employment of more health workers (iii) investing in agricultural transformation and food security through increased extension services, agricultural mechanization, irrigation, livestock breeding and disease control and fisheries upgrading. This will enhance food security, create employment, raise rural incomes and reduce poverty (iv) working towards effective management of land and physical planning of urban areas, our natural resources and investing in land banking. (v) investing in social welfare programmes for the youths, women and the vulnerable groups to ensure inclusivity and equity in development. These strategic priorities will guide the preparation of the county budget for FY 2016/2017 and over the medium term.

The strategic priorities contained in this 2016 CFSP are linked to our policy goals in the first County Integrated Development Plan 2013-2017 and the priorities of the MTP 11 and strategic objectives of the Kenya Vision 2030. Implementation of the strategic priorities and planned sector programmes outlined in this 2016 CFSP aims at achieving the objectives of the five pillar thematic areas mentioned in the three previous years BPS and reiterated in this financial year 2016 BPS. Implementation of the prioritised programmes is expected to raise productivity and efficiency in the county economy thereby achieving economic prosperity and inclusive growth for all citizens.

Budget execution for the last three years of devolution has had positive tremendous impact on the socio economic development of the people of Kwale. There has been great improvement in productivity and growth in agriculture, trade, industry and infrastructure. Likewise, greater achievement has been made in public awareness and engagement with the county government in development of county plans and policies. This has resulted in enhanced good governance. The County Government will build on the progress made so far and address the challenges that continue to derail the county's transformation agenda.

The Global economic environment has been beset by a myriad of challenges chief among them is the continued declining commodity prices. Global economic growth is projected to be 3.1

percent in 2015, a decline from a growth of 3.4 percent in 2014. This is expected to recover in 2016 to about 3.6 per cent although risks and emergent challenges remain. Such risks and emergent challenges include declining commodity prices, depreciating emerging market currencies and increasing financial markets volatility. On the domestic front, the Kenyan economy remains to be robust despite the shocks from the global economic environment. Kenyan economy grew by 5.3 percent in 2014 and is projected to rise to 5.6 per cent in 2015, 6.0 percent in 2016 and 6.5 per cent over the medium term. This will be achieved and sustained by the maintenance of prudent macroeconomic policies and suitable structural reforms. Since the county economy does not operate in isolation it is expected to be affected by such exogenous macroeconomic environment. Challenges to the Global and domestic economies will have influence in our economy. Such challenges include high levels of unemployment, rising insecurity, unstable fixed exchange rates, high interest rates which impedes borrowing by private investors and fluctuating inflation rates. Despite these challenges, the county's economic growth outlook looks promising as there is greater growth potential in agriculture, trade, industry, tourism and land development. With the continued private investment in mining and agri-business industry, the county's economy will recover and growth is expected across all sectors.

In this 2016 CFSP, the County Government of Kwale will build on the gains made thus far and implement strategic interventions that will address our core development challenges in order to provide better service delivery and enhance the county's transformation agenda for economic prosperity of our people.

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ACKNOWLEDGEMENT

This is the third County Fiscal Strategy Paper to be tabled in the County Assembly of Kwale under the new system of governance. This paper is prepared in consistent with the requirements of section 117 of the Public Finance Management Act(PFMA),2012.It outlines the broad strategic priorities and policy goals that will guide the preparation of the County Budget for financial year 2016/2017 and over the medium term. It will also provide up to date information on county performance, the sectors spending plans and ceilings and the projections of revenues and expenditure for 2016/17 and over the medium term. These coupled with the county's macroeconomic outlook will form a basis of the FY 2016/2017 county budget and the medium term. This document is expected to improve the citizens understanding of the County Government public finances and guide public debate on development matters among various stakeholders.

Budget implementation over the past three years has had challenges mainly arising from delays in release of exchequer issues from the National Treasury, long public procurement procedures and under collection of local county own revenues below the set targets. Despite these challenges tremendous progress was made in county expenditure performance. Our economy is expected to grow as continued private investment is enhanced and tourism starts recovering. This CFSP will address the outstanding challenges which drag on our economic transformation agenda.

In all the three years the preparation of this paper has been through the collaborative efforts of all county departments and agencies. Information from the County departments and agencies form a great part of this report. We are grateful to the departments and agencies for their invaluable inputs. Our gratitude goes to the Kwale citizens who participated by giving their views both oral and written during the public hearings of 8th to 12th February 2016 in the sub counties. My sincere appreciation also goes to members of the County Budget and Economic Forum for their active participation in the public forums.

Finally special thanks go to the Budget and Economic Planning Team of the County Treasury who spent substantial amount of time on content development, compilation, editing and finalization of this 2016 CFSP. We are particularly grateful for their tireless effort in ensuring the timely preparation and high quality of this document.

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ACRONYMS AND ABBREVIATIONS

BPS	Budget Policy Statement
CBEF	County Budget and Economic Forum
CBROP	County Budget Review and Outlook Paper
CBOs	Community Based Organizations
CCG	Council of County Governors
CEC	County Executive Committee
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
COFOG	Classification of Functions of Government
ECDE	Early Childhood Development Education
FY	Financial Year
IBEC	Intergovernmental Budget and Economic Council
IFMIS	Integrated Financial Management Information System
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
NGOs	Non-Governmental Organizations
PER	Public Expenditure Review
PFM	Public Finance Management
SWG s	Sector Working Groups
TVET	Technical Vocational Education Training
WEO	World Economic Outlook

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Legal Basis for the Publication of the County Fiscal Strategy Paper

Section 117 of the Public Finance Management Act, 2012 states;

- 1) The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the County Assembly by the 28th February of each year.
- 2) The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.
- 3) In preparing the County Fiscal Strategy Paper, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term
- 4) The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term
- 5) In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account, the views of:-
 - a) the Commission on Revenue Allocation
 - b) the public
 - c) any interested persons or groups
 - d) any other forum that is established by the PFM Act 2012
- 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
- 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 Paper within seven days after it has been submitted to the County Assembly.

Fiscal Responsibility Principles for the National and County Governments

Section 107 of the Public Finance Management Act, 2012 sets the principles of fiscal responsibility.

Subsection (2) states that:

In managing the county government's public finances, the County Treasury shall enforce the following fiscal responsibility principles:-

- a) the county government's recurrent expenditure shall not exceed the county government's total revenue
- b) over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure
- c) the county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenues as prescribed by the County Executive member for finance in regulations and approved by the County Assembly.
- d) Over the medium term, the county government's borrowing shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.
- e) the County debt shall be maintained at a suitable level as approved by County Assembly
- f) the financial risks shall be managed prudently, and
- g) a reasonable degree of predictability with respect to the level of tax bases shall be maintained, taking into account any tax reforms that may be made in the future
- h) Short term borrowing as mentioned in (d) above shall be restricted to management of cash flows and shall not exceed five percent of the most recent audited county government revenue.

OVERVIEW

- 1.** The 2016 County Fiscal Strategy Paper (CFSP), the third to be prepared under the County Government, continues the implementation of far reaching economic policies and structural reforms for economic prosperity. These policies are linked to the five pillar strategic objectives of the Nation as given in the last two years of the National Budget Policy Statement. The 2016 BPS which this 2016 CFSP borrows and complements reemphasizes the implementation of five key thematic areas namely:(i) creating a conducive business environment for job creation;(ii)investing in sectoral transformation to ensure broad based and sustainable economic growth with a major focus on agricultural transformation to ensure food security;(iii)investing in infrastructure in areas such as transport, logistics, energy and water;(iv)investing in quality and accessible health care services and quality education as well as strengthening the social safety net to reduce the burden on households and promote shared prosperity; and (v)further consolidating gains made in devolution in order to provide better service delivery and enhanced economic development.
- 2.** The implementation of the five pillar transformative agenda is expected to raise efficiency and productivity in the economy thereby sustaining inclusive growth. This will create opportunities for productive jobs for all Kenyans. This 2016 CFSP will endeavor to complement therefore, the ongoing National Government’s priority programmes and structural reform measures in the ongoing MTP II and strive to achieve the objectives of the SDGs and the Kenya Vision 2030. In the county, our strategic priorities to be implemented during the period FY 2016/17 – 2018/19 will be linked to the achievement of the strategic objectives of Vision 2030 by addressing the key development challenges which derail our economic transformation agenda.
- 3.** The 2016 CFSP is framed against the backdrop of uneven and moderate global economic recovery. Global growth for 2015 is projected at 3.1 percent, a slowdown from a growth of 3.4 percent in 2014 .Due to the recovery in most advanced economies global growth is projected to be 3.6 percent in 2016. However, with declining commodity prices, depreciating emerging market currencies, and increasing financial market volatility, downside risks to the outlook have risen, particularly for emerging markets and developing economies.

4. Growth in Sub-Saharan Africa is expected to slowdown in 2015 to 3.8 percent from 5.0 percent in 2014 due to declining commodity prices, particularly oil as well as lower demand from China (the largest single trade partner of Sub-Saharan Africa) and the tightening of global financial conditions for the region's frontier market economies.

5. Kenya's macroeconomic performance remains strong in the face of headwinds from the global economic slowdown. The economy grew by 5.3 percent in 2014 and is projected to rise to 5.6 percent in 2015, 6.0 percent in 2016 and 6.5 percent over the medium term. This robust economic growth is supported by continued investment in infrastructure, construction, mining, lower energy prices and improved agriculture following improved rains. Inflation is expected to remain within target over the medium term. Interest rates are expected to remain low and stable and the exchange rate competitive.

6. The County economy is mainly supported by the growth in agriculture, trade, industry, tourism and investment. The County Government implemented programmes to revitalize agricultural productivity through increased agricultural mechanization, irrigation, extension services and disease control. This coupled with favorable long rains has raised agricultural productivity. Trade and other business activities have increased following financial assistance programme and business training. Government efforts to revamp tourism through international marketing and subsidies for domestic tourism and other incentives have resulted in tourism recovery. Our economy has potential for more growth following increased private investment in mining and agribusiness industry.

I. POLICIES TO ACHIEVE AND SUSTAIN ECONOMIC PROSPERITY

Introduction

7. The policies set out in this 2016 CFSP re-emphasizes the ongoing Economic Transformation agenda being implemented by the County Government which borrows heavily from the five pillar strategy of the 2016 BPS. The five pillar strategy include: (i) creating a conducive business environment for job creation; (ii) investing in sectoral transformation to ensure broad-based and sustainable economic growth with a major focus on agricultural transformation to ensure food security; (iii) investing in infrastructure in areas such as transport, logistics, energy and water (iv) investing in quality and accessible health care services and quality education as well as strengthening the social safety net to reduce the burden on households and promote shared prosperity; and (v) further consolidate gains made in devolution in order to provide better service delivery and enhanced economic development.

8. Further the strategic priorities and policies reiterated in this 2016 CFSP recognizes the fact that the county economy does not operate in isolation and it will be affected by external shocks both in the domestic and global economies. In the international front declining commodity prices particularly oil prices will have a bearing on our economy as will be the case for continued deterioration of emerging markets and insecurity. In the domestic economy stable macroeconomic environment will be key in ensuring stable growth of our economy. Vagaries of weather and unfavorable conditions like drought may affect agricultural productivity which is the main stay of the county's economy.

9. Implementation of strategic priorities and policies since the inception of devolution in our county has had tremendous achievements. Our fiscal policy has resulted in fiscal prudence and achievement of value for money in most of our implemented projects. Business environment has greatly improved on improvement of macroeconomic stability, enhanced electric power generation and enhanced security.

10. General infrastructure has improved with the continued rehabilitation and opening up of county feeder roads, street lights installation, development of water pipeline systems and enhanced power generation.

11. On Education, the county has made tremendous improvement. The county is mandated to look after Early Childhood Development and Education and Youth Training. Since its inception, the County Government of Kwale has increased the ECDE enrolment from 64,282 in 2013 to about 72,837 in 2015. For infrastructural development, the number of ECDE Centres have increased from 210 in 2013 to 303 in 2015. The County Government initiated the Bursary and Scholarship programme cognizant of the need to build on human capital and assist the bright students from needy families. Bursaries and Scholarships to needy students have been on an upward trend from a budget of Ksh 110 Million in 2013 to 280 Million and 400 Million in 2014 and 2015 respectively. The number of beneficiaries have also increased from 15,900 in 2013 to 26,917 in 2014.

12. Under the Health Sector, the County Government aims at ensuring that the county has a healthy population to realize its dream of economic transformation. Since its inception, the devolved government has embarked on ambitious health programmes including health infrastructural development programmes, medical staffing programme, provision of essential medical supplies, establishment of medical emergency services, public health programme and sanitation.

13. The agricultural transformation programme including agricultural mechanization, irrigation, provision of farm inputs, training on smart agriculture and extension services as well as disease control has had huge pay offs in agricultural productivity. To make the county more food secure and self reliant, the county government in collaboration with development partners will set up more irrigation schemes in the semi arid areas across the county.

14. The continued implementation of county strategic priorities and sector programmes articulated in the previous two years CFSP and those outlined in this 2016 CFSP linked to the

five pillar strategy of the 2016 BPS will raise overall productivity and efficiency in the county economy. The private sector will be expected to complement the County Government's efforts as a key driver of our economic transformation agenda while the County Government will endeavor to create an enabling environment.

Pillar I: Sustaining Conducive Business Environment for Investment Opportunities

15 .As stated in the 2015 CFSP, the objective of the reforms under Pillar I is to create conducive business environment by maintaining macroeconomic stability and improving security so as to encourage investment opportunities in the county.

Macroeconomic Stability for Sustained Growth and Development

16 Maintaining macroeconomic stability is a prerequisite for sustained and inclusive development. The broad objective of macroeconomic policy is to contribute to economic and social well-being in an equitable and sustainable manner through employment generation, as well as providing fiscal space to address other critical social concerns. As such the County and National Governments will continue to pursue prudent fiscal and monetary policies that are supportive of accelerated inclusive growth and development.

17 Our fiscal policy strategy aims at a strong revenue effort and containing the growth of total expenditure, while shifting composition of expenditure from recurrent to capital expenditure and eliminating unproductive expenditures.

18. Monetary policy aims to maintain a low rate of inflation of around 5 percent, strengthen the international reserves position to over 4.5 months of import cover and to provide space for sustainable increase in credit to the private sector to support productive activities. This will be maintained within low and stable interest rates and competitive exchange rate.

Enhancing Security for Sustained Growth and Employment

19. Security continues to be critical for social economic development of the county. Recent security challenges have caused dismal performance of the tourism sector leading to general loss of jobs and negative multiplier effect on other sectors of the county economy like agriculture, trade and investments.

20. Following the insecurity incidences in 2014, the National Government prioritized security and in the 2015/16, allocated significant resources to support the security agencies. Over the medium term, the strategy will be on strengthening the coordination among security agencies, scaling up investments towards modernization, enhancing security operations and investigations, building professional capacity of the force and strengthening partnership with communities.

21. To enhance security and stability in the county's economy, this 2016 CFSP re-emphasizes the proposals made in our last year's CFSP. The County Government will fast track the measures which were put forward. These include (i) the completion of street lighting in all major centres including Kwale, Ukunda, Kinango, Taru, Msambweni, Kombani, Samburu, Lunga Lunga among others in a PPP framework (ii) setting up of rehabilitation centres to rehabilitate hard drug addicts in a bid to minimize crime (iii) resettlement programs for squatters and historical injustice victims through the department of lands, physical planning and natural

Pillar II: Infrastructure Expansion to Facilitate Economic Transformation

22. In order to ensure sustained economic transformation, and a competitive economy, the County Government embarked on massive public investments in road and water supplies.

Further Expanding Road Network

23. Much progress has been achieved in the implementation of road rehabilitation and construction programme and a number of key programmes in the road sector have been

completed. In the FY 2014/2015, 250 kilometers were upgraded, 651 kilometers targeted to be done during the current FY 2015/2016.

24. Over the medium term, the strategy is to develop the road transport in order to have an effective, efficient and secure road network. The County Government will continue to enhance road network connectivity across the county with the aim of enhancing trade and agricultural productivity. The County department of Infrastructure and Public Works will continue to open up more feeder roads, Sub County and County roads to improve on general competitiveness of the county economy. The County government is planning to upgrade 1200 kilometers of roads in the coming FY 2016/2017.

Access to Adequate, Affordable and Reliable Energy Supply

25 The realization of the development objectives set out in the County Integrated Development Plan (CIDP 2013 – 2017) and Vision 2030 will be feasible if quality energy services are availed in a sustainable, competitive, cost effective and affordable manner to all sectors of the economy.

26 . The County's economy will benefit from the National Government's programme to generate additional 5,000 MW of power, mainly comprising of renewable geothermal, wind and coal, in partnership with private sector players, by end of 2017. Already programmes on rural electrification have been implemented and significant progress has already been attained. The additional 615MW electricity to the National grid will significantly reduce the cost of power. Going forward, there will be modest reduction in cost of energy as new sources of power come on board and thus reduce further the cost of doing business. The coming on-stream of additional power supplies at a much lower tariff will significantly spur growth of enterprises and industries, and accelerate the realization of the planned economic transformation agenda.

27 .To sustain the growing demand for efficient energy supply, Kenya Power has implemented a programme to connect at least 70 percent of Kenyan households to electricity by 2017 and subsequently reduce the connection cost and time by at least 60 percent in the medium term.

28. At the same time and partly to conserve the environment and encourage value addition, the National Government will facilitate the development of micro hydro power projects, particularly in irrigation schemes, rivers and streams for small and medium size enterprises and households. The Government will also rollout a program of green biomass digester bag technology in at least 100,000 households annually to facilitate access to healthier cooking and lighting methods and encourage production of organic fertilizer for enhanced agricultural productivity.

29. Further as outlined in the 2015 CFSP, the County Government has the intention of encouraging usage of solar and bio- mass to produce energy for households and small medium size enterprises within the county as part of adopting the green energy initiative. Initiatives mentioned in the CIDP 2013- 2017 such as assessing the viability of hydroelectricity generation along Uмба and Marere rivers will be explored. Other sources of power generation such as Coal power from the Taru basin and thermal power in Ukunda will be undertaken through Public Private Partnership initiative. These interventions will complement generation of power for both industries and households.

Pillar III: Sectoral Policies

Agricultural Transformation

30. Agriculture is one of the key sectors aimed at delivering the 10 per cent economic growth under Vision 2030. In addition, majority of the County population live in rural areas and derive their livelihood from agriculture. Therefore, promoting substantial investments in agriculture is key to the county economic transformation. Improving agricultural productivity and value addition would thus be an effective way to enhance food security, employment creation, income generation, industrialization and ultimately, economic transformation through stimulating growth of related sectors of the economy such as agro-processing; storage and transport; wholesale and retail; construction; financial services as well as export diversification and growth. This would also move us towards achieving the second Sustainable Development Goal (ending hunger) which aims at achieving food and nutrition security and promotion of sustainable agricultural development.

31. The county government has over the last three years put in place policies, strategies and interventions to ensure sustainable food security within the county. During the 2013/14 - 2015/16 MTEF period, key achievements made include: 65 and 110 metric tonnes of fertilizer and seeds respectively were distributed to farmers; 86,777 hectares of land was put under food production, 22,015 was put under cash crop production, 500 hectares of irrigation land was developed and over 1200 livestock breeds improved among others.

32. The County Government priority investments include; improving food security, research and extension services, agro-processing and re-organization of farmers into viable cluster groups for economies of scale, establishing a fruit manufacturing plant and organized marketing.

Supporting Growth of Manufacturing for Employment Creation

33. The manufacturing sector is viewed as a catalyst for moving the county economy up the value chain and in particular in the agriculture sector for growth of exports and job creation.

34. As outlined in the 2015 BPS, the National Government developed the industrial transformation programme to build a network of competitive Special Economic Zones (SEZ) which will attract new investments, expansion of infrastructure, reform of the regulatory environment, adoption of innovative, more efficient technologies with the participation of the private sector to exploit business opportunities in regional and international markets. Some of the key achievements made to boost the industrial sector in the county for the MTEF period 2014/15 to 2015/16 include: capacity development on governance issues for cooperative societies, conduct of feasibility studies on establishment of fruit processing plant and establishment of trade revolving fund under the County department of Trade and Cooperative Development.

35. Going forward, the County Government will prioritize on the establishment of the Kwale Economic Development Corporation (KEDEC), blacksmiths and associated disciplines (jua kali) development and establishment of jua kali industrial parks. In addition, the county government will embark on improving applied technology and artisan training in our youth polytechnics to improve technical skills for better productivity. Furthermore, the County Government, working

with Development Partners, will put in place a program to support Small and Medium Enterprises to acquire small industrial plants for value addition of agricultural produce and products currently produced under the Jua kali.

Tourism Recovery, Sports, Culture, and Arts

36.The County Government recognizes the vital role tourism, culture, sports and art play in sustainable development. Cultural diversity, Sports and Art foster inclusion, a guarantee of social cohesion and a prerequisite for peace hence socio-economic development. Furthermore, the centrality to our tourism strategy cannot be underestimated. The tourism sector has been boosted by the recent withdrawal of travel advisories by key tourist source countries, hosting of the 10th World Trade Organization Ministerial Conference and visit by high profile world leaders.

37.Key achievements that have been realized by the County Government include; initiated improvement of sports facilities, demarcation and preservation of Kayas and other heritage collections for posterity including Maji Moto tourist attraction site, completion of county stadia Phase I and II and conduct of cultural competitions.

38.Going forward and building on the progress made thus far, the county government working in partnership with key stakeholders, will continue to promote and develop tourism, sports and conserve county heritage and enhance integration, cohesion and patriotism, and promote a vibrant art. Attention will be drawn towards: (i)Facilitating tourism promotion and marketing to increase international arrivals and tourism revenue;(ii)Conduct of Kwale County Investment forum to market the county as the preferred tourist destination centre,(iii)Development and management of sports facilities, fast tracking the completion of county stadia and establishment of sport academies,(iv)Encouraging the growth of youth talents in sports and arts and nurture them as catalyst for growth and development through financial support to sports organization and providing training and capacity building as well as empowering skilled cultural practitioners;

Pillar IV: Social Sectors

39. In order to ensure sustained economic transformation, reduce the burden of economic shocks on the households and enhance access to services by most county citizens, the County Government will continue to invest in quality and accessible healthcare services and quality education as well as strengthening the social safety nets programme.

Health Care

40. The Kwale County's strategy on health care aims to build a healthy population that can ensure higher productivity for sustained economic transformation and long term county development. This strategy shall build on the progress achieved and continue accomplish the programs as outlined in the CIDP. The strategy will involve; research on medicines and health services provision, construction and equipping dispensaries and maternity wings, enhancing the community health strategy to improve access to medical health care and improving quality assurance spot checks and supervision in all health facilities.

41. Key achievements recorded during the MTEF period 2013/14 – 2015/16 include; construction and equipping of 16 dispensaries, construction and operationalization of 17 maternity wings, purchase and distribution of medical drugs worth Kshs 347 million and employment of 310 medical personnel. Other outcomes as per its mandate include: reduction of Under Five Mortality from 115 per 1,000 live births in 2003 to 74 per 1,000 live births in 2013/14 and Infant Mortality from 77 per 1000 live births to 52 per 1000 live births in the same period. The sector has also seen increased immunization coverage for under 1 year olds from 71% in 2008 to 90% in 2014. Births attended by skilled health personnel have also increased from 40% in 2012 to 49% in 2014. This may be attributed to decentralization of services by opening up of new facilities, equipping of facilities with new delivery beds and the improved referral system by the county's acquisition 6 new ambulances Others include five rounds of polio immunization campaign conducted targeting high risk border counties in addition to two nation-wide polio immunization campaigns targeting under-5 children.

Quality and Relevant Education for all Kwale Citizens

42.As outlined in the 2015 CFSP, the county will continue to invest heavily on Early Childhood Development Education (ECDE) and youth training. The policy goal is to ensure that there is quality learning for all children and youth, provision of adequate teaching and training services and improvement of performance and professional conduct of teachers for increased learning outcomes.

43.Key achievements that have been realized include; construction and equipping of 102 ECDE centres, purchase and distribution of learning materials and equipment to 350 centres and employment of 450 ECDE care givers and quality assurance officer through the County Public Service Board. During the same period, the school feeding programme provided midday meals to approximately seventy three thousand pre-primary children aged below five years. As a result, the enrollment rate at ECDE level improved significantly to 76 percent against the set Education For All (EFA) target of 80 percent. In the youth training section, key achievements include rehabilitation of seven youth polytechnics and upgrading of four polytechnics with relevant courses for the job market and 65 students were supported through the county scholarship and bursary programme to study abroad for higher education.

44.Going forward the medium term strategy will focus on: (i)Enhancing and strengthening the support to bright needy students through scholarship programmes, bursaries and grants.(ii)Providing educational delivery standards and strengthening quality control in order to enforce and uphold quality education; (iii)Align education and training curricula to the demands of the changing labor markets by developing competency based education and training for TVET and revitalizing youth polytechnics.(iv)Strengthening Early Childhood Development Education infrastructure by constructing more ECDE centres at least three in each ward in the FY 2016/17 to improve on access to ECDE.

Empowering Youth, Women and Persons with Disabilities

45.The County Government recognizes that for the county to realize its full potential, it is important to empower the youth, women and persons with special abilities and remove all obstacles to ensure full participation in social economic development of the county. The County government is therefore committed to promote gender and youth empowerment and improve the livelihood for these vulnerable groups. During the 2013/14 – 2015/16 MTEF period, the county government through the department of Community Development, Culture and Talent Management funded 74 youth groups ,217 women groups and 29 PWDS groups through the youth and women revolving fund. The aim is to empower the youth, women and persons with special abilities to engage in meaningful and productive activities to improve their livelihood. In the coming financial year, the strategy is to emphasize on capacity development to ensure full utilization of the county revolving funds, improve governance of cooperatives and enhancing marketing strategy.

Environmental Conservation and Making Water Accessible

46.The County Government recognizes that protecting and conserving the environment, underpinned by effective climate change mitigation and adaptation measures is fundamental to sustain access to clean water, clean environment and a healthy productive population. Indeed, safe drinking water and sanitation do complement efforts towards improved primary health care and productivity of labour. For this reason, the county government will continue to invest in clean water supply, harvest rain water as well as to protect and conserve the environment.

47.So far, this sector has made achievements as follows: implementation of the forest development and environmental management programme, expansion of various water pipeline systems, construction and drilling of dams and boreholes and rain water harvesting in institutions. Over the medium term, the county government will prioritize developing, maintaining and managing water supply systems and enhancement of the tree planting programme.

48. In order to mitigate the impact of climate change, the Government will continue to mainstream climate change measures into its projects and programmes. This includes: tree

planting and re-forestation, water harvesting, smart agriculture, technologies that reduce pollution levels, investments in green energy (micro-hydro, solar, biomass) construction of mini dams, water pans and rehabilitation of existing dams and water pans. As part of this process, the Government will continue to construct and rehabilitate water pans, roll out water harvesting and storage in all public institutions throughout the country, and invest in mid-size dams to store water for household and agricultural use.

Pillar V: Devolution for Better Service Delivery

49. The decentralization of service delivery and resources through Devolution has had a profound effect on the lives of Kwale citizens. The strategy by the National government to strengthen institutions and capacity to link inter-governmental fiscal transfers will revenue raising capacity of the County governments Kwale included. This will enhance service delivery and ensure equitable economic development. In the 2016 BPS, the county allocation of its equitable share from the National Government for FY 2016/2017 has been raised to Ksh. 5,630,578,438.00 from an allocation of Kshs 5,090,842,160.00 and Ksh.4,472,304,285.00 in FY 2015/16 and 2014/15 respectively.

50. Further, the National Government will implement a strategy to enhance revenue management by Counties in order to strengthen their revenue raising measures and correct duplication and distortions in local taxes and fees that hurt the business environment. The National Treasury through the Intergovernmental Budget and Economic Council (IBEC) will initiate the development of a national framework legislation to support the enhancement of county own-source revenue. In addition, a comprehensive review and harmonization of all existing legislation relating to county taxes, fees, user charges and business licenses will be undertaken.

II. RECENT ECONOMIC DEVELOPMENTS

Overview of Recent Economic Developments

51. Kenya's economic growth has been robust supported by significant infrastructure investments, construction, mining, and lower energy prices and improvement in agriculture following improved weather. The economy grew by 5.3 percent in 2014 and is projected at 5.6 percent in 2015, 6.0 percent in 2016 and 6.5 percent in the medium term.

52. Macroeconomic stability has been preserved with inflation remaining on average within target. Overall month on month inflation was at 8.0 percent in December 2015 from 6.0 percent in December 2014. This was attributed to the increase in prices of several food items which outweighed the decreases as well as increase in the Alcoholic Beverages, Tobacco & Narcotics index.

53. The Kenya Shilling exchange rate has stabilized following increased foreign exchange inflows in the money market. The current level of foreign exchange reserves, backstopped by the precautionary program with the IMF, continues to provide an adequate cushion against exogenous shocks. Furthermore, the current account deficit narrowed, mainly due to a lower oil import bill, and a slowdown in consumer imports.

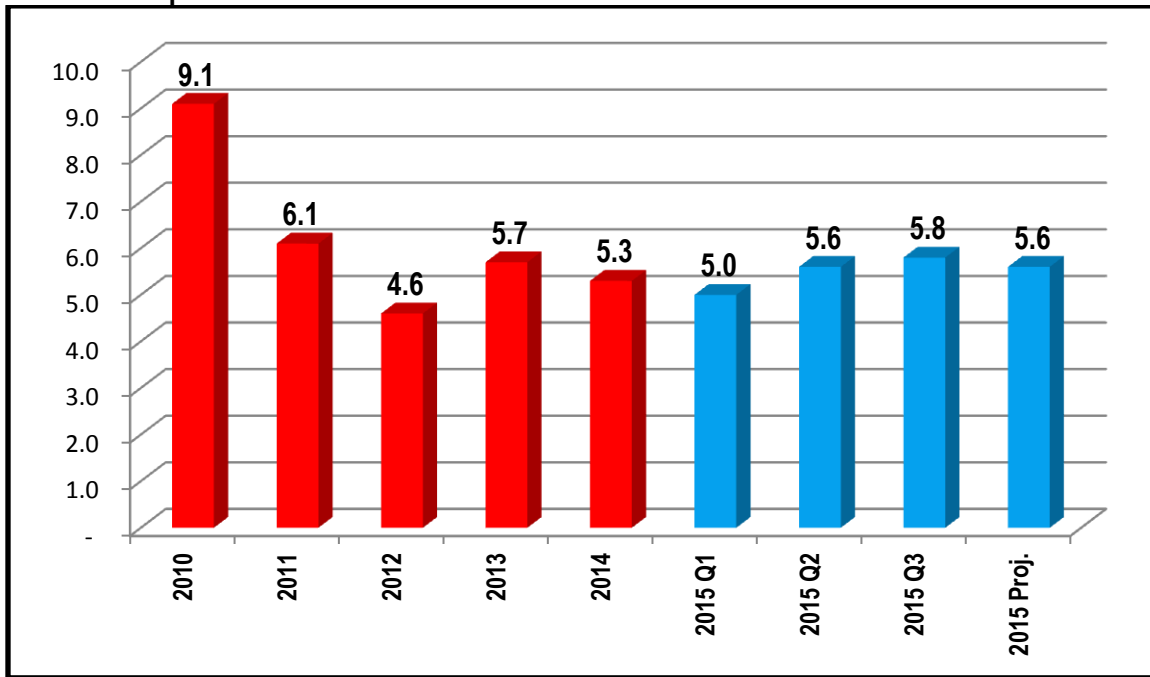
54. Short term interest rates have declined following improved monetary conditions that led to increased liquidity in the money market. The interbank rate was at 6.2 percent as of 21st January 2016 while the 91 day Treasury bill rate was 11.4 percent as of 22nd January 2016.

Growth Update

55. The economy grew by 5.3 percent in 2014 (**Chart 1**) supported by strong performance in most sectors of the economy which offset the contraction in the tourism sector. Kenya's economic growth remained resilient in 2015. The first three quarters of 2015 recorded an average of 5.5 percent growth compared to 5.3 percent growth in a similar period in 2014.

56.In Quarter three of 2015, the economy grew by 5.8 percent, an improvement from a growth of 5.0 percent and 5.6 percent in quarter one and two of 2015 respectively. The growth in the third quarter was supported by improved performance in agriculture, forestry and fishing (7.1 percent), construction (14.1 percent), wholesale and retail trade (6.5 percent), transport and storage (8.7 percent) and electricity and water supply (11.0 percent). The accommodation and restaurant sector improved during the third quarter of 2015 with a contraction of 2.3 percent from a contraction of 16.0 percent during the same period 2014. This improvement is as a result of the withdrawal of the travel advisories by some key tourist source countries.

Chart 1: Comparison in GDP Growth Rates



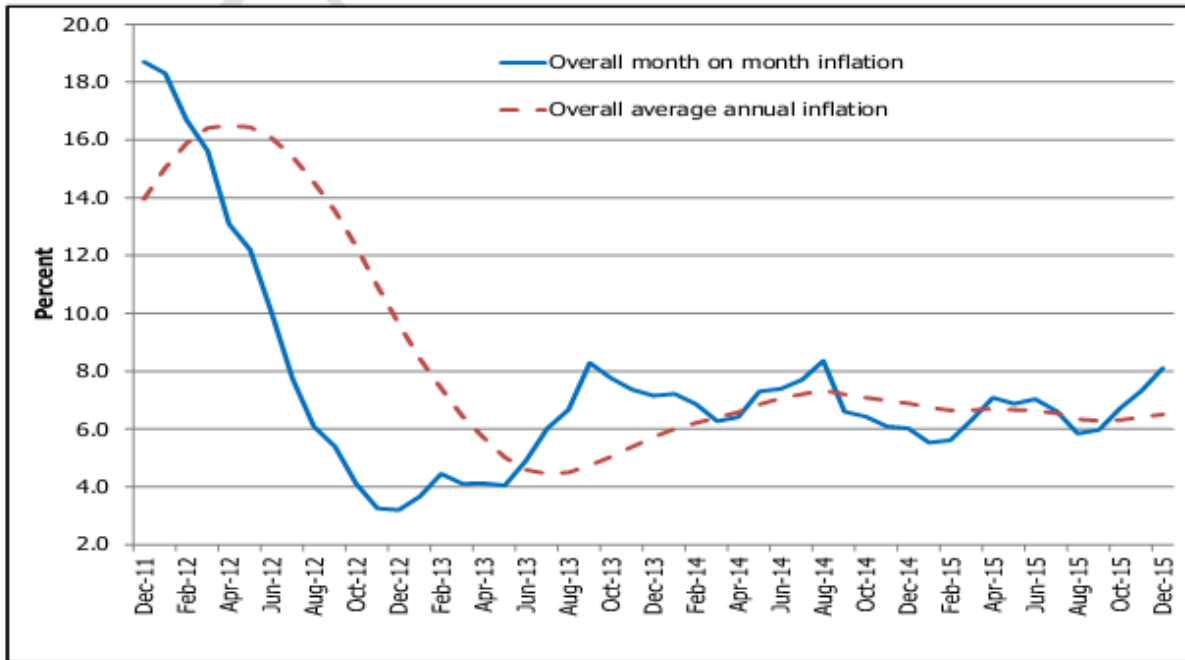
Source: KNBS

Inflation within target

57.Overall month on month inflation was at 8.0 percent in December 2015 from 7.3 percent in November 2015 (**Chart 2**). This was attributed to the Food and Non-Alcoholic Drink’s Index which increased by 1.23 percent following increases in prices of several food items; the Alcoholic Beverages, Tobacco & Narcotics index increased by 11.46 per cent from November

2015. However, during the same period there were notable falls in the cost of electricity, kerosene and cooking gas.

Chart 2: Inflation Rate



Source: KNBS

58. On average, the annual inflation rate was 6.5 percent in December 2015 compared to 6.9 percent in December 2014 and was therefore, within the current allowable margin of 2.5 percent on either side of the target of 5.0 percent.

Private Sector Credit

59. Net credit to Government grew by 36.0 percent in the year to December 2015 compared to a contraction of 4.5 percent in a corresponding period in 2014. Bank credit to the private sector grew by 18.0 percent compared with 22.2 percent growth in the same period in 2014.

60. The sectors of the economy that received improved contribution of the private sector Bank credit in the year to December 2015 were; business services (31.7 percent), trade (19.3

percent), transport and communication (10.2 percent) and building and construction (7.3 percent). Credit to private households declined by 9.1 percent in December 2015 and its contribution to annual credit growth decreased from 26.2 percent in December 2014 to 8.6 percent in December 2015.

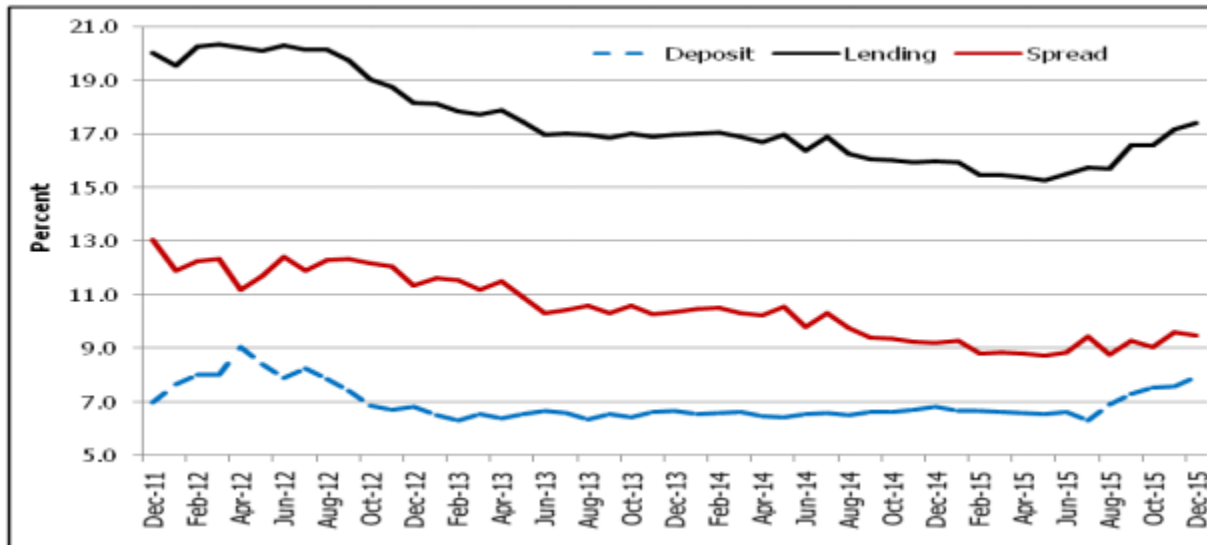
Interest rates

61. Liquidity conditions remained tight between September and October 2015, with short-term interest rates remaining above the Central Bank Rate (CBR) and the rates on treasury bills rising substantially. This tight liquidity situation improved beginning November 2015 resulting in reduction in all the money market interest rates.

62. The interbank rate averaged 6.2 percent as of 21st January 2016 compared to 7.3 percent in December 2015 and 8.8 percent in November 2015. The 91-day Treasury bill rate declined to 11.4 percent as of 22nd January 2016 from 21.7 percent in October 2015. The 182 day Treasury bill also declined to 13.7 percent as of 22nd January 2016 from 21.5 percent in October 2015 while the 364 day Treasury bill rate averaged at 14.3 percent from 21.6 percent over the same period.

63. The Kenya Banks Reference Rate (KBRR) was reviewed upwards from 8.5 percent in January 2015 to 9.87 percent in July 2015 as a result of the upward revision of CBR. The increase of the KBRR resulted to the increase of the average lending rates to 17.4 percent in December 2015 compared to 16.0 percent in December 2014 while the deposit rate increased to 7.9 percent from 6.8 percent over the same period. As a result, interest rate spread was at 9.5 percent in December 2015 from 9.2 percent in December 2014, a reflection of the increase in both the lending rate and deposit rate.

Chart 3: Commercial Banks Lending and Deposit Interest Rates



Source: CBK

Balance of Payments Developments

64.The overall balance of payments recorded a deficit of US\$ 60 million in the year to November 2015 from a surplus of US\$ 872 million in the year to November 2014. The deficit reflected a decrease in the capital and financial account that more than offset the improvement in the current account.

65.The current account deficit was at US\$ 4,366 million in the year to November 2015 from a deficit of US\$ 5,862 million in the year to November 2014. As a share to GDP, the current account deficit improved to 7.2 percent in November 2015 from 10.7 percent in November 2014 due to the decline in the import payments despite the declining export receipts. The value of services declined in the period under review mainly due to the decline in the receipts from tourism and transport services.

66.The deficit in the merchandise account narrowed by US\$ 2,023 million to US\$ 10,568 million in the year to November 2015 reflecting a decline in growth (12.4 percent) in the value of merchandise imports despite the decline in the value of merchandise exports by 4.8 percent. The capital and financial account surplus declined to US\$ 4,305 million in the year to November 2015 from US\$ 6,734 million in the year to November 2014. The decline reflects

37.5 percent decrease in the financial account surplus that more than offset the US\$84.2 million increase in the capital account surplus.

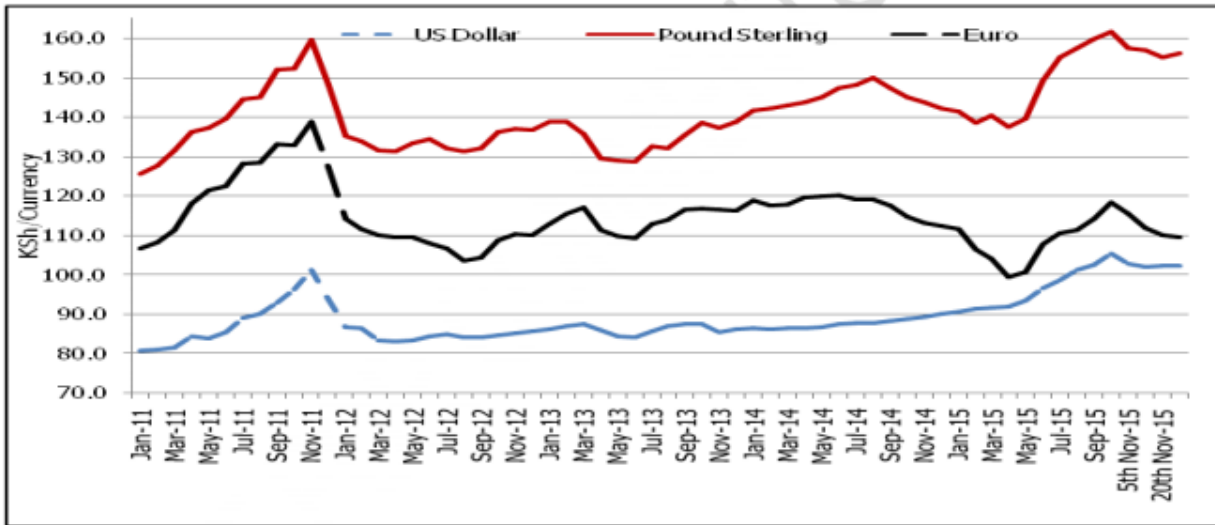
Foreign Exchange Reserves

67. Gross foreign exchange holdings of the banking system increased by 5.0 percent from US\$ 8,964 million in November 2014 to US\$ 9,411 million in November 2015. Gross official reserves held by the Central Bank decreased to US\$ 7,161 million (4.6 months of import cover) in November 2015 from US\$ 7,274 million (4.6 months of import cover) in November 2014. The commercial banks' reserves increased from US\$ 1,691 million in 2014 to US\$ 2,250 million in 2015.

The Kenya Shilling Exchange Rate

68. The Kenya Shilling exchange rate which had weakened against major international currencies, for most of the year strengthened following foreign exchange inflows into the money market. The currency stabilized at Ksh 102.2 against the US dollar as of 21st January 2016 compared to Ksh 102.8 in October 2015. The depreciation of the currency was mainly due to the global strengthening of the US Dollar on the international market, and high dollar demand by importers in the domestic market. Against the Sterling Pound, the shilling strengthened to Ksh 145.2 as of 21st January 2016 from Ksh 153.3 in December 2015 and against the Euro, the exchange rate also strengthened to Ksh 110.8 from Ksh 111.1 over the same period. The Kenya shilling has continued to display relatively less volatility compared with the major regional currencies due to Diaspora remittances, increased foreign investor participation in the NSE.

Chart 4: Kenya Shilling Exchange Rate



Source: CBK

Stock Market Developments

69. Activities at the stock market remained strong in the year to December 2015. The NSE 20 share index stood at 4,003 points in December 2015, an improvement from 3,994 points in November 2015. At the same time, Market capitalization improved to Ksh 2,031 billion in December 2015 from Ksh 2,015 recorded in November 2015, although lower than Ksh 2,300 billion in December 2014. The drop in market capitalization in the year to December 2015 is as a result of an increase in share supply which depressed the overall share prices.

70. Foreign equity market turnover for the month of December 2015 stood at Ksh 16.1 billion from Ksh 11.7 billion in November 2015, representing an increase of 37.6 percent. December 2015 bond turnover stood at Ksh 23.4 billion, 27.2 percent higher than Ksh 18.4 billion recorded in November 2015.

Fiscal Performance in FY 2015/16 and Emerging Challenges

71. Implementation of 2015/16 budget is progressing well despite initial challenges encountered at the start of the financial year mainly brought about by the delay in release of funds by the national exchequer. In addition, the setting up of electronic payment system platform- the e-procurement has resulted in delayed budget execution/payments to suppliers of services between July and December 2015.

72. By the end of December 2015, total County own revenue amounted to Ksh 89.98 million against a target of Ksh 300 million implying a shortfall of Ksh 210.02 million. In addition, the total half year county own revenue collected up to December 2015 represented a 6.95 percent decline compared to Kshs 96.7 million collected during the same period up to December 2014. The underperformance in county own revenue was mainly on account of the pending court cases against the operationalization of the 2014 County Finance Act which has significantly affected the collection of revenue on both silica sand and homalime and the slow implementation of the revenue automation system

73.Total development expenditure as at December 2015 amounted to Ksh. 1,239,554,313.00 against a target of Kshs 3,793,278,214.00. This represented a 32.68 percent absorption rate. Recurrent expenditure amounted to Kshs 774,850,135.00 against a target of Kshs 2,749,483,687.00 representing an absorption rate of 28.18 percent during the same period.

2015/16 Revised Estimates

74. As the FY 2015/16 is progressing, requests for additional funding amounting to about **Ksh 113** million have been made to the County Treasury by various county departments. The County Treasury has recommended for funding requests deemed to be critical amounting to **Ksh 57** million. However, these critical expenditures will be funded solely through expenditure rationalization. The overall fiscal framework after the revisions is depicted in **Table 2.1** below.

Table 1: 2015/2016 Kwale County Supplementary Budget Framework

INCOME FOR THE SUPPLEMENTARY BUDGET 2015/2016		
Source of Revenue	Approved Budget Estimates- 2015/2016 -Amount in Ksh	Revised Budget Estimates- 2015/2016-Amount in Ksh
County Own Revenue	300,000,000.00	300,000,000.00
Equitable Share (National Government Disbursement)	5,120,061,156.00	5,120,061,156.00
Reallocation of Funds from FY 2014/2015	1,846,000,000.00	468,719,821.41
Conditional Grants	345,797,399.00	345,797,399.00
Total Revenue	7,611,858,555.00	6,234,578,376.41
EXPENDITURE FOR THE SUPPLEMENTARY BUDGET 2015/2016		
Department	Approved Budget Estimates- 2015/2016 -Amount in Ksh	Revised Budget Estimates- 2015/2016-Amount in Ksh
Agriculture , Livestock and Fisheries	490,485,504.00	378,975,097.96
Lands , Physical Planning and Natural Resources	175,234,279.00	160,282,226.00
Infrastructure and Public Works	498,756,828.80	442,916,324.31
Water Services	573,909,628.28	538,293,068.61
Trade and Cooperative Development	308,996,919.20	279,341,988.94
Tourism, Investment and ICT	208,851,976.00	200,235,343.12
Medical and Health Services	1,747,769,695.91	1,238,704,848.26
Education , Research and Human Resource development	1,326,732,711.00	1,043,998,412.23
County Executive Services	217,247,456.00	287,110,060.00
Public Service and Administration	300,070,738.00	252,652,572.37
County Treasury	366,247,817.00	327,891,037.00
County Public Service Board	45,520,000.00	32,994,850.00
County Assembly	971,757,000.82	775,472,586.82
Community Development, Culture and Talent Management	379,896,888.00	275,709,962.80
TOTAL BUDGET	7,611,477,440.00	6,234,578,376.41

Source: Kwale County Treasury

III. MACROECONOMIC POLICYFRAMEWORK AND MEDIUM TERM OUTLOOK

External Environment

75. Global growth for 2015 is projected at 3.1 percent, a slowdown from a growth of 3.4 percent in 2014. Prospects across the main countries and regions remain uneven; the recovery in advanced economies is expected to pick up slightly, while activity in emerging market and developing economies is projected to slow primarily reflecting weaker prospects for some large emerging market economies and oil-exporting countries. Global activity is projected to gather some pace in 2016 to 3.6 percent due to the recovery in growth in advanced economies. However, with declining commodity prices, depreciating emerging market currencies, and increasing financial market volatility, downside risks to the outlook have risen, particularly for emerging market and developing economies.

Table 2: Growth Projections for Selected Regions/Countries

REGION/COUNTRY	WEO OCTOBER 2015			
	GDP ACTUAL		GDP PROJECTED	
	2013	2014	2015	2016
World	3.3	3.4	3.1	3.6
Advanced Economies	1.1	1.8	2.0	2.2
USA	1.5	2.4	2.6	2.8
Euro Area	-0.3	0.9	1.5	1.6
Japan	1.6	-0.1	0.6	1.0
UK	1.7	3.0	2.5	2.2
Canada	2.0	2.4	1.0	1.7
Emerging and Developing Economies	5.0	4.6	4.0	4.5
<i>Emerging and Developing Asia</i>	<i>7.0</i>	<i>6.8</i>	<i>6.5</i>	<i>6.4</i>
China	7.7	7.3	6.8	6.3
India	6.9	7.3	7.3	7.5
MENA	2.3	2.7	2.5	3.9
<i>Sub-Saharan Africa</i>	<i>5.2</i>	<i>5.0</i>	<i>3.8</i>	<i>4.3</i>
South Africa	2.2	1.5	1.4	1.3
Nigeria	5.4	6.3	4.0	4.3
Kenya	5.7	5.3	6.5	6.8
Tanzania	7.3	7.0	6.9	7.0
Uganda	3.9	4.8	5.2	5.5
Rwanda	4.7	6.9	6.5	7.0

Source: IMF World Economic Outlook

76. Growth in Sub-Saharan Africa is expected to weaken from 5.0 percent in 2014 to 3.8 percent in 2015. The slowdown in 2015 is primarily driven by the repercussions of declining commodity prices, particularly those for oil, as well as lower demand from China, the largest single trade partner of sub-Saharan Africa, and the tightening of global financial conditions for the region's frontier market economies. Among the region's oil importers a majority will continue to experience solid growth, especially low-income countries, where investment in infrastructure continues and private consumption remains strong. The growth will pick up in 2016 to 4.3 percent, driven by sustained infrastructure investment; buoyant services sectors, and strong agricultural production, even as oil-related activities provide less support.

Kenya's Growth Prospects

77. The economic growth prospects for FY 2016/17 and the medium term takes into account developments in the national environment and internal risks while accommodating the County government's strategic objectives as outlined in the County Integrated Development Plan (CIDP 2013 – 2017) and the second Medium Term Plan (MTP) for the period 2013-2017 of Vision 2030. Real GDP is estimated to expand by 5.9 percent in FY 2014/2015, 6.3 percent in FY 2015/2016 and 6.4 percent by FY 2018/19. This robust broad based growth will be supported by increased production in agriculture, completion of infrastructural projects to boost economic and recovery of Tourism.

78. The projected growth assumes normal weather pattern in 2016 and the medium term. Inflation is expected to revert within 5.0 percent target and interest rates and shilling exchange rate expected to be stable .

Risks to the Outlook

79. The risks to the economic outlook for 2016/17 and the medium-term include delayed disbursement of funds from the national exchequer and continued uneven and sluggish growth in advanced economies that will impact negatively on our exports and tourism activities.

80.Public expenditure pressures, especially recurrent expenditures, continue to pose fiscal risk to the County Government. Huge wage bill is imminent as the County Government continues to hire personnel in key sectors .

81.The county government in conjunction with the national government is working out measures to safeguard macroeconomic stability as these risk materialize.

Fiscal Policy

82. As pointed out in the 2015 CFSP and reiterated in this 2016 CFSP, the County's Medium term fiscal policy seeks to support a rapid sustainable county economy to ensure effective service delivery. Towards this end, the county government will take deliberate efforts in allocating adequate resources for development programmes at 54 percent compared to 46 percent allocation for recurrent expenditures. This represents an increase from 52 percent allocation on development programmes in FY 2015/16.

83.The Fiscal policy underpinning the FY 2016/17 Budget and MTEF aims at raising county own revenue from an estimated 4 percent of annual budget in FY 2014/15 to 10 percent of annual budget over the medium term while containing growth of total expenditure.

Adherence to Fiscal Responsibility Principles

84.In particular, and as outlined in the 2015 CFSP the county government will over the medium term endeavor to ensure strict adherence to the fiscal responsibility principles outlined herein below:-

- i. Over the medium term, a maximum of 60% of the county budget shall be allocated to development expenditure. Currently, the county government has allocated 54 percent of the county budget to development programmes in the coming FY 2016/17 with the expectation that it will expand to 60 percent over the medium term.
- ii. The county government's expenditure on wages and benefits for its employees shall not exceed a percentage of the county government revenue as prescribed by

regulations. On wages and benefits, the share of expenditure to our total revenue was 25 percent in financial year 2013/14, 23.50 percent in 2014/2015 and is set to decline to about 20 percent by financial year 2017/18.

- iii. Over the medium term, the county government borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure. The county government's policy is aimed at utilizing any external financing only for capital projects. Although counties have not been allowed to borrow, strict adherence to this policy will be ensured once the permission is granted.
- iv. Public debt and obligations shall be maintained at a substantial level as approved by the County Assembly. In our medium term debt strategy, the county government shall at all times ensure public debt sustainability. At the same time ensure moderate domestic borrowing to facilitate private sector investment to accelerate economic growth.
- v. Fiscal risks shall be managed prudently. The county government shall study the macroeconomic forecasts issued by the national government and utilize them for projections in the budget. To cater for urgent and unforeseen expenditure, a 2 percent of our revenue allocation is factored in our budget.
- vi. 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. Based on this principle, the county treasury is still committed to initiating a research based on macroeconomic factors in the county to ensure there is a degree of predictability in all the local taxes, rates and charges levied by the county government.

IV. FY 2016/17 BUDGET AND THE MEDIUM TERM

Overview

85. The resource envelope available for allocation among the programmes is based on the fiscal policy and medium term fiscal framework which is explained as follows:

Revenue Projections

86. The medium term fiscal framework for the FY 2016/17 is set based on macroeconomic policy framework set out in Chapter III.

87. The FY 2016/17 county budget targets revenue collection of about Ksh.6, 265,176,374.00 from all the sources of revenues. The county government is expecting to receive Kshs5,530,693,069.00 as its equitable share from the National Government, Kshs404,413,884.00 being special funds, grants and loans and Kshs330,000,000.00 from the county own revenue sources. This will be an improvement from previous financial year's allocation of Kshs5,125,697,562.00, Kshs339,828,678.02 and Kshs300,000,000.00 being county's equitable share from the National Government, special funds, grants and loans and county own revenue for FY 2015/16 respectively.

Expenditure Projections

88. Total county expenditure in the FY 2016/17 is projected at Ksh.6, 265,176,374.00 compared to an expenditure of Kshs 2,014,404,448.00 that the county had spent as at 31st December 2015.

89. Recurrent expenditure will amount to Kshs 2,757,392,135.00 compared to Kshs 2,749,483,687.00 allocated in the current FY 2015/16.

90. The ceiling for development expenditures in nominal terms amounts to Ksh3,507,784,239.00 in the FY 2016/17 compared to Kshs2,931,247,548.48 allocated in the current FY 2015/16.

91.Expenditure ceilings on goods and services for sectors/departments are based on funding allocation in the current FY 2015/16 budget as the starting point. The ceilings are then adjusted to take into account one-off expenditures in FY 2015/16 and then an adjustment factor is applied to take into account the general increase in prices.

92. A contingency of about Ksh 40 Million will be provided for in the FY 2016/2017 Budget to cater for emergencies and calamities which may happen affecting citizens lives.

93.In terms of expenditure ratios, this 2016 CFSP proposes 56 per cent of the budget to be allocated to development programmes while the balance of 44 per cent be allocated to recurrent expenditure. On the recurrent expenditure, personnel emoluments will be allocated 24 per cent of the budget 20 per cent of the budget will cover operations and maintenance.

Key Priorities for the 2016/17 Medium Term Budget

94.The sector budget submissions will be critically reviewed to identify any non-priority expenditures and eliminate them. The savings made will then be shifted to the priority programmes. The CIDP 2013 – 2017 strategic objectives ,the sector planned priorities outlined in this 2016 CFSP and our spirit of attaining the objectives of Vision 2030 will guide the resource allocation in the 2016/17 budget.Specifically,resource allocation criteria shall consider the following:-

- (i.) Linkage of the programme with objectives of the County Integrated Development Plan 2013 – 2017, Kenya Vision 2030 and its second Medium Term Plan (2013 – 2017).
- (ii.) Degree to which a programme addresses core poverty interventions.
- (iii.) Degree to which the programme is addressing the core mandate of the respective divisions within the sub sector.
- (iv.) Expected outputs and outcomes from a programme.
- (v.) Linkages with other programmes.
- (vi.) Cost effectiveness and sustainability of the programme.
- (vii.) Contribution to Prudent Financial Management.

- (viii.) Immediate response to the requirements and furtherance of the implementation of the Constitution.
- (ix.) Affirmative action and harmonization.

95. As outlined in the CFSP 2015 and reiterated in this 2016 CFSP, the constitution and the PFM Act, 2012 requires county governments to promote budgetary transparency, accountability and effective management of public resources. In line with this statutory requirement, the County Government of Kwale will continue working towards eliminating inefficient and wasteful public spending at all levels in order to promote public trust in public spending.

96. The County Government is committed towards improving the implementation and absorption capacity of projects. On average, the County Treasury has recommended for an absorption of about 80 per cent of the projects funds across all departments. Timely preparation of procurement plans by departments and starting of public procurement processes will be emphasized in the FY 2016/2017 budget execution.

97. Going by the medium term policy mentioned above, the county budget for FY 2016/2017 focus on the following:-

- i. Enhancing support to the social sector as a deliberate and affirmative action to promote human capital development and ensure a healthy and productive population. In this vein, the social sectors of Education and Health will continue to receive the bulk of our budgetary resources. About 40 per cent of the resources will be channeled to these sectors.
- ii. Capital investments in roads infrastructure, water services and markets development will receive substantial portion of our resource envelope. This is keeping in line with our growth objective of creating an enabling environment for economic prosperity. This sector will receive about 30 per cent of our budgetary resources.

- iii. The other priority areas including social protection, youth and women empowerment, trade and tourism promotion, land development ,crop production, livestock development and fisheries will also receive adequate funding.

Apportionment of the Base Sector Ceilings

97. In the recent County Government restructuring and recent recruitment in key areas, sector reallocations became imminent. This will necessitate budget reviewing and harmonization to ensure our strategic priorities are adequately funded. This 2016 CFSP has proposed sector ceilings which will become binding when preparing the FY 2016/2017 budget.

98. The baseline estimates used in this 2016 CFSP reflect the average county departments spending levels over the last three years of budget execution. In the recurrent expenditure, personnel emoluments, and expenditure on essential services for staff welfare such as medical cover take first charge. This will account for about 25 percent of the budgetary resources.

99. Other recurrent expenditures will be examined and expenditure on non-essential items will be curtailed and wastage of resources eliminated. Once off expenditure items will be curtailed and only made where it is critical. The operations and maintenance expenditure bracket will not exceed 20 percent of our budgetary resources.

100. Development expenditures have been shared out on the basis of the strategic priorities enumerated in this 2016 CFSP and on the basis of meeting our policy goals mentioned in the County Integrated Development Plan-2013-2017. The following criteria was used in apportioning development budget:-

- i. On-going projects- This will take first charge when preparing the 2016/2017 budget. Most of these are infrastructural projects for which the county government has committed itself.
- ii. Prioritized development projects with high impact on improved social infrastructure, poverty reduction, equity and job creation.

- iii. Counterpart funds: priority will also given to adequate allocations to ensure donor funded projects with great benefit to the citizens are undertaken.

Finalization of Spending Plans

101. When finalizing the preparation of the detailed budgets both itemized and programme based, proper scrutiny of expenditure items will be done to curtail spending on non-productive areas and ensure resources are directed to county priority programmes. As the budgets are careful scrutinized and the resources available are firmed up, savings could be made. In the event savings are realized and therefore additional resources are made available, priority will be given to the following:-

- i. Funding for interventions made during public sector hearings which may have greater impact and benefit to the citizens
- ii. Implementation of any outstanding areas not accommodated within the baseline ceilings allocated to departments
- iii. Any new projects the county executive committee has justified and which are aligned to our strategic priorities
- iv. Strategic intervention in the areas of education and health for which may become crucial to be undertaken
- v. Specific consideration for affirmative action on youth, women and persons with special abilities to create jobs and empower them

Details of Sector Priorities

102. The medium term expenditure framework for 2016/17 – 2018/19 ensures continuity in resource allocation based on prioritized programmes aligned to the CIDP 2013 – 2017 and the Second MTP (2013-2017) of Vision 2030. Specific strategy policy initiatives as outlined in this 2016 CFSP have been considered in the resource allocation. These policy initiatives are geared towards accelerating economic growth, employment creation and poverty reduction. The recent achievements and key priority targets for each sector are based on the reports from the Sector Working Groups (SWGs) and the input from the public hearings held for preparation of this 2016 County Fiscal Strategy Paper.

Agriculture, Rural and Urban Development (ARUD) Sector

103. This sector is comprised of the department of Agriculture, Livestock Development and Fisheries and the department of Lands, Physical Planning and Natural Resources. The goal of this sector is to attain food security, sustainable land management, housing and sustainable urban infrastructure development. Article 43 of the Constitution 2010 in the Chapter on Bill of Rights, provides for accessibility of food of acceptable quality and accessible and adequate housing which is consistent with the aspirations of Vision 2030 (Second MTP 2013-2017).

104. The key objectives of the sector include (i) enhance agricultural productivity with a view of attaining food security and improve household's incomes, (ii) promote livestock production and improve on livestock products and by-products and (iii) promote fish production for income generation, employment creation. Others are to provide an effective framework to guide land use planning and development, efficient and sustainable management of natural resources and increase area under forest coverage from current 5 percent to about 10 percent by 2017.

- 105.** During the period 2016/17- 2018/19 MTEF period, focus will be directed to the following priority areas: increasing agricultural productivity through investing in research on agricultural development, soil sampling and enhancing irrigation. Others include improving animal breeding and artificial insemination, construction of grain storages, improved training to farmers on smart agriculture, cattle disease control and establishment of cold storages and exploration of deep sea fishing and training fishermen for increased fish production.
- 106** In addition, the county will put emphasis on employing more agricultural extension officers, value addition in livestock products and establishment/revival of food processing plants. The sector will also consider the establishment of county farms in each ward that will be used as demonstration farms to farmers with a view of promoting smart agriculture and food security.
- 107.** The sector through the department of lands, physical planning and natural resources and in collaboration with the National Land Commission address land based conflicts. In addition, the county will strive to establish county spatial data infrastructure, tackle the problem of squatter and informal settlements and development of a master plan for development of social and physical urban infrastructural facilities.
- 108.** In order to implement the prioritized programmes, the Sector has been allocated Ksh 427.87 Million, Ksh 470.66 Million and Ksh 517.73 Million for the financial years 2016/2017, 2017/2018 and 2018/2019 respectively. Recurrent expenditure allocation is Ksh 223.87 Million, Ksh 246.26 Million and Ksh 270.89 Million for FY2016/17, 2017/18 and 2018/19 respectively, whereas Development expenditure for the same period is Ksh 204.00 Million, Ksh 224.40 Million and Ksh 246.84 Million.

Energy, Infrastructure and ICT Sector

- 109.** The sector is comprised the department of infrastructure and public works and Information and Communications Technology (ICT) division. The sector aims at improving both quality and quantity of the existing Infrastructure facilities in order to contribute to attaining and sustaining the county economic transformation agenda.
- 110.** The programmes prioritized in the MTEF period 2016/17-2018/19 intends to facilitate quality, and accessible transport infrastructure, efficient, reliable and affordable ICT services that supports socio-economic transformation in the county.
- 111.** During the 2016/17- 2018/19 MTEF period, the sector will focus on construction/rehabilitation of 1200 Kms of roads. Emphasis will be given to quality assurance and enhancement to improve on the workmanship during opening up and rehabilitation of feeder roads and installation of electricity in youth polytechnics and ECDE centres in collaboration with Kenya Power and Lightening Company and establishment of community information centres (hot spot centres).
- 112.** In order to implement the prioritized programmes, the Sector has been allocated Ksh427.20 Million, Ksh 469.92 Million and Ksh 516.91 Million for the financial years 2016/2017,2017/2018 and 2018/2019 respectively. Recurrent expenditure allocation is Ksh 123.20 Million, Ksh 135.52 Million and Ksh 149.07 Million for FY2016/17, 2017/18 and 2018/19 respectively, whereas Development expenditure will be Ksh 304.00 Million, Ksh 334.40 Million, and Ksh 367.83 Million respectively.

Social Protection, Culture and Recreation Sector

- 113.** This Sector is made up of the department of Community Development, Culture and Talent Management. The Sector is mandated to address the issues on promotion and exploitation of County's diverse culture for peaceful co-existence; enhancing County's reading culture; development and promotion of sports; preservation of County's heritage and promotion of cultural activities.
- 114.** The sector's key objectives are to (i) promote, develop and revitalize community and social development for sustainable development, (ii) identify, nurture, develop and manage sports, arts and talents to foster economic empowerment, unity and social integration, and (iii) promote and develop diverse cultural and social heritage for economic development.
- 115.** As outlined in the 2015 CFSP, the sector priorities will continue to emphasis on creating an enabling environment for the development and promotion of Kwale rich cultural heritage for generation of revenue and creation of employment. Development of a sports policy to guide sports activities, a sports academy and talent centre to help nurture top level skills and support to football clubs and musical bands and coming up with games that are specific to the persons with special abilities (Paralympics).
- 116.** In order to implement the prioritized programmes, the Sector has been allocated Ksh 318.09 Million, Ksh 349.90 Million and Ksh 384.89 Million for the financial years 2016/2017, 2017/2018 and 2018/2019 respectively. Recurrent expenditure allocation is Ksh 68.85 Million, Ksh 75.74 Million and Ksh 83.31 Million for FY2016/17, 2017/18 and 2018/19 respectively, whereas Development expenditure for the same period is Ksh 249.24 Million, Ksh 274.17 Million, and Ksh 301.59 Million respectively.

Education Sector

- 117.** The goal of the sector is to improve on education standards, human resource management through quality and effective Early Childhood Development Education (ECDE), technical vocational education and training (TVET); research, science technology and innovations. The sector is represented by the department of Education, Research and Human Resource Development.
- 118.** The key objectives of the sector include to (i) improve access to quality pre-primary education to all children in the county (ii) empower the youth in technical, vocational and entrepreneurship knowledge and skills. (iii) improve the standards of education and ensure sustainable human capital development for economic transformation of the county.
- 119.** During the 2016/17- 2018/19 MTEF period, the sector will focus on: improving the infrastructural facilities and equipping ECDE centres and youth polytechnics, quality assurance and standards enhancement, enhancing youth polytechnics by initiating curriculum that covers socio economic activities affecting Kwale citizens and continuing supporting needy students through the scholarship and bursaries programme.
- 120.** In order to implement the prioritized programmes, the Sector has been allocated Ksh 1,124.78 Million, Ksh 1,237.26 Million and Ksh 1,360.99 Million for the financial years 2016/2017, 2017/2018 and 2018/2019 respectively. Recurrent expenditure allocation is Ksh 186.78 Million, Ksh 205.46 Million and Ksh 226.01 Million for FY2016/17, 2017/18 and 2018/19 respectively whereas development expenditure for the same period is Ksh 938.00 Million, Ksh 1,031.80 Million, and Ksh 1,134.98 Million respectively

Health Sector

121. This sector is made up of the department of Medical and Public Health Services. The Health sector's goal is to attain equitable, affordable, accessible and quality health care for all. This will be achievable through elimination of the communicable diseases, minimizing exposure to health risks by strengthening health promoting interventions that address risk factor to health and strengthening collaboration with private and other sectors that have an impact on health. The key objectives of the sector include (i) reduce disease burden associated with unhealthy lifestyles and environmental health risk factors. (ii) Provide essential health services that are accessible, responsive and acceptable to county population.

122. The Kwale County's strategy on health care is to build a healthy population that can ensure higher productivity for sustained economic transformation and long term county development. This will be attained through putting more emphasis on upgrading of health facilities, and enhancing quality assurance and standards in health care service provision. Additional areas of focus will include strengthening the community health strategy by facilitating and equipping community health Volunteers (CHVs), and establishment of emergency response units at the ward level.

123. To implement the prioritized programmes, the sector has been allocated Ksh 1,566.88 Million, Ksh 1,723.56 Million and Ksh 1,895.92 Million for the financial years 2016/2017, 017/2018 and 2018/2019 respectively. Recurrent expenditure allocation is Ksh 935.83 Million, Ksh 1,029.41 Million and Ksh 1,132.36 Million for FY2016/17, 2017/18 and 2018/19 respectively, whereas Development expenditure for the same period is Ksh 631.04 Million, Ksh 694.15 Million, and Ksh 763.56 Million.

General Economic and Commercial Affairs Sector

124. The sector comprises of the department of Trade, Industry and Cooperatives Development and the department of Tourism and Investment. The general objectives of the sector include: promotion and development of trade, tourism, industrialization and entrepreneurship, innovation, savings mobilization and investment.

125. During the 2016/17- 2018/19 MTEF period, the sector will focus on expansion and promotion of new tourists attraction sites, provide business skills and entrepreneurship training to small scale traders, promote domestic tourism and enhancing management of the Trade Revolving Fund. The county government will consider possible innovative ways of marketing the county for instance providing uniforms/ T- Shirts for boda boda riders that bear messages aimed at attracting investors and tourists. Others are strengthening governance of cooperative societies, promotion and marketing of products, ensure guaranteed safety along the sea shores by building watch towers and formation of beach management policies, and come up with an inspection station for the tourists and market infrastructure development.

126. In order to implement the prioritized programmes, the Sector has been allocated Ksh 388.76 Million, Ksh 427.64 Million and Ksh 470.40 Million for the financial years 2016/2017, 2017/2018 and 2018/2019 respectively. Recurrent expenditure allocation is Ksh 94.16 Million, Ksh 103.58 Million and Ksh 113.93 Million for FY2016/17, 2017/18 and 2018/19 respectively, whereas development expenditure for the same period is Ksh 294.60 Million, Ksh 324.06 Million, and Ksh 356.47 Million respectively.

Public Administration and Internal Relations Sector (PAIRS)

127. The sector is comprised of; County Executive Services, Public Service and Administration, Finance and Economic planning (County Treasury), County Public Service Board and the County Assembly. This sector is mandated to provide overall policy, leadership, and oversight in economic and devolution management to the county, public service delivery and resource mobilization.

It further coordinates county policy formulation, implementation as well as facilitating the tracking of the implementation of county programmes and projects. The main objectives of the sector include (i) provide overall policy and leadership direction for county prosperity; (ii) promote good governance and accountability in the management of public affairs at the county level; (iii) promote prudent economic, financial and fiscal management for growth and economic stability; (iv) provide quality, efficient, effective, results based and ethical public services for county development; (v) promote and strengthen county legislation, oversight over public agencies and good governance.

128. As outlined in the 2015 CFSP and reiterated in this 2016 CFSP, the sector will emphasis on preparation and passage of county bills to ensure smooth and efficient service delivery, strengthening governance structures including the setting up of village units and public participation in county policy formulation, strict adherence to relevant Public Financial Management legislations and enhancing prudent use of public financial resources. In addition, the sector will work towards establishing an appropriate monitoring and evaluation framework, digitizing the selection and recruitment of county employees and strengthening the oversight, legislation and representation role of the County Assembly.

129. In order to implement the prioritized programmes, the Sector has been allocated Ksh 1,521.79 Million, Ksh 1,673.97 Million and Ksh 1,841.37 Million for the financial years 2016/2017, 2017/2018 and 2018/2019 respectively. Recurrent expenditure allocation is Ksh 1,071.69 Million, Ksh 1,178.86 Million and Ksh 1,296.74 Million for FY2016/17, 2017/18 and 2018/19 respectively whereas development expenditure for the same period is Ksh 450.10 Million, Ksh 495.11 Million, and Ksh 544.62 Million respectively

Environmental Protection, Water and Natural Resources Sector

130. This sector is comprised of the department of water services with a Semi Autonomous Government Agency (SAGA) which is the Kwale Water and Sewerage Company (KWAWASCO). The key objectives for this sector include (i) improve household access to safe

portable water from the estimated current 45 percent to 60 percent by 2017, and (ii) improve the management and protection of water catchment areas.

131. Projects that will given priority in the MTEF period of 2016/17- 2018/19 include assessment, survey, design and development of water supply systems. Other priority areas include enhanced water sources protection and storage, improving rain water harvesting and support to KWAWASCO.

132 .In order to implement the prioritized programmes, the Sector has been allocated Ksh 489.8 Million, Ksh 538.79 Million and Ksh 592.66 Million for the financial years 2016/2017, 2017/2018 and 2018/2019 respectively. Recurrent expenditure allocation is Ksh 53.01 Million, Ksh 58.31 Million and Ksh 64.14 Million for FY2016/17, 2017/18 and 2018/19 respectively, whereas Development expenditure for the same period is Ksh 436.80 Million, Ksh 480.48 Million, and Ksh 528.53 Million.

V. CONCLUSION

133. This 2016 County Fiscal Strategy Paper has been prepared in accordance to the statutory requirements and details the strategic priorities to be implemented in the FY 2016/17 budget and over the medium term. This 2016 CFSP will guide the preparation of the FY 2016/2017 budget. The sector ceilings proposed in this 2016 CFSP will guide departments in preparing their budgets.

134. The fiscal framework put in place is aligned to the policy mix of a five pillar economic transformation agenda for a shared prosperity as re-emphasized in the 2016 Budget Policy Statement. It is expected that budget programmes will be implemented according to the outlined policy goals aimed at accelerating economic growth and transforming the lives of Kwale residents.

135. Sector working groups provided important venues for resource bidding. Proposals and priorities made by each sector were subjected to public participation to validate them. All the sectors incorporated views from the Public during the sector hearings. The details of the comments made by the public which were incorporated when preparing the County Fiscal Strategy Paper are shown in Annex 2.

ANNEXES

STATEMENT OF REVENUE FOR THE FY 2016/2017 BUDGET

The total revenue the county expects to collect for the FY 2016/2017 is Ksh. This is broken down into the following sources.

Annex Table 3 - 2016/2017 Kwale Revenue Allocation

SOURCE OF REVENUE		AMOUNT IN KSH
1.	Equitable Share of Revenue from National Government	5,530,693,069
2.	County Own Revenue	330,000,000
CONDITIONAL GRANTS		
3.	Free Maternal Healthcare	119,385,662
4.	Compensation for User Fees Forgone	15,397,611
5.	Leasing of Medical Equipment	95,744,681
6.	Road Maintenance Levy	84,979,062
LOANS AND GRANTS		
7.	World Bank Loan to Supplement Financing of County Health facilities	82,166,289
8.	DANIDA Grant to Supplement Financing of County Health facilities	6,810,000
TOTAL REVENUE		6,265,176,374

Source: *2016 BPS*

Annex Table 4: Medium Term Expenditure Framework 2016/17 -2018/19 Sector Ceilings

SECTOR		APPROVED ESTIMATES 2015/16	CEILING 2016/17	PROJECTIONS	
				2017/18	2018/19
AGRICULTURE, RURAL AND URBAN DEVELOPMENT	SUB TOTAL	665,719,783.00	427,872,629.32	470,659,892.26	517,725,881.48
Agriculture, Livestock and Fisheries		490,485,504.00	300,355,507.25	330,391,057.97	363,430,163.77
Lands, Physical Planning and Natural Resources		175,234,279.00	127,517,122.08	140,268,834.28	154,295,717.71
ENERGY, INFRASTRUCTURE AND ICT	SUB TOTAL	629,130,628.80	427,196,754.38	469,916,429.82	516,908,072.80
Infrastructure and Public Works		498,756,828.80	399,196,754.38	439,116,429.82	483,028,072.80
ICT		130,373,800.00	28,000,000.00	30,800,000.00	33,880,000.00
GENERAL ECONOMIC, COMMERCIAL AND LABOUR AFFAIRS	SUB TOTAL	387,475,095.20	388,759,493.42	427,635,442.76	470,398,987.04
Trade and Cooperative Development		308,996,919.20	229,635,135.87	252,598,649.46	277,858,514.41
Tourism and Investment		78,478,176.00	159,124,357.55	175,036,793.30	192,540,472.63
HEALTH	SUB TOTAL	1,747,769,695.91	1,566,876,335.03	1,723,563,968.53	1,895,920,365.38
EDUCATION	SUB TOTAL	1,326,732,711.00	1,124,781,997.27	1,237,260,196.99	1,360,986,216.69
PUBLIC ADMINISTRATION AND INTERNATIONAL RELATIONS	SUB TOTAL	1,900,843,011.82	1,521,789,491.76	1,673,968,440.93	1,841,365,285.03
County Assembly		971,757,000.82	663,689,136.08	730,058,049.68	803,063,854.65
Executive Services		217,247,456.00	275,274,981.44	302,802,479.58	333,082,727.54
Public Service and Administration		300,070,738.00	226,420,549.55	249,062,604.50	273,968,864.95
County Treasury		366,247,817.00	315,385,338.83	346,923,872.71	381,616,259.98
County Public Service Board		45,520,000.00	41,019,485.87	45,121,434.45	49,633,577.90
SOCIAL PROTECTION, CULTURE AND RECREATION	SUB TOTAL	379,896,888.00	318,094,256.97	349,903,682.66	384,894,050.93
ENVIRONMENT PROTECTION, WATER AND NATURAL RESOURCES	SUB TOTAL	573,909,626.28	489,805,415.87	538,785,957.45	592,664,553.20
TOTAL	TOTAL	7,611,477,440.01	6,265,176,374.00¹	6,891,694,011.40	7,580,863,412.54

Source: Kwale County Treasury

¹ Including loans and grants amounting to Kshs 404,483,305.00

Annex Table 5: 2016/17 – 2018/19 Medium Term Expenditure Framework Recurrent Sector Ceilings

SECTOR		APPROVED ESTIMATES 2015/16	CEILING 2016/17	PROJECTIONS	
				2017/18	2018/19
AGRICULTURE, RURAL AND URBAN DEVELOPMENT	SUB TOTAL	234,306,320.80	223,872,629.32	246,259,892.26	270,885,881.48
Agriculture, Livestock and Fisheries		172,122,041.80	166,355,507.25	182,991,057.97	201,290,163.77
Lands, Physical Planning and Natural Resources		62,184,279.00	57,517,122.08	63,268,834.28	69,595,717.71
ENERGY, INFRASTRUCTURE AND ICT	SUB TOTAL	138,695,628.80	123,201,196.38	135,521,316.02	149,073,447.62
Infrastructure and Public Works		128,531,828.80	123,201,196.38	135,521,316.02	149,073,447.62
ICT		10,163,800.00		-	-
GENERAL ECONOMIC, COMMERCIAL AND LABOUR AFFAIRS	SUB TOTAL	93,119,151.20	94,159,493.42	103,575,442.76	113,932,987.04
Trade and Cooperative Development		56,646,919.20	52,035,135.87	57,238,649.46	62,962,514.41
Tourism and Investment		36,472,232.00	42,124,357.55	46,336,793.30	50,970,472.63
HEALTH	SUB TOTAL	949,370,674.91	935,831,654.03²	1,029,414,819.43	1,132,356,301.37
EDUCATION	SUB TOTAL	192,754,860.00	186,781,997.27	205,460,196.99	226,006,216.69
PUBLIC ADMINISTRATION AND INTERNATIONAL RELATIONS	SUB TOTAL	1,094,773,165.82	1,071,689,491.76	1,178,858,440.93	1,296,744,285.03
County Assembly		492,661,060.82	483,689,136.08	532,058,049.68	585,263,854.65
Executive Services		97,247,456.00	96,274,981.44	105,902,479.58	116,492,727.54
Public Service and Administration		173,096,832.00	235,320,549.55 ³	258,852,604.50	284,737,864.95
County Treasury		286,247,817.00	215,385,338.83	236,923,872.71	260,616,259.98
County Public Service Board		45,520,000.00	41,019,485.87	45,121,434.45	49,633,577.90
SOCIAL PROTECTION, CULTURE AND RECREATION	SUB TOTAL	73,631,890.00	68,850,256.97	75,735,282.66	83,308,810.93
ENVIRONMENT PROTECTION, WATER AND NATURAL RESOURCES	SUB TOTAL	57,627,000.00	53,005,415.87	58,305,957.45	64,136,553.20
TOTAL	TOTAL	2,834,278,691.53	2,757,392,135.00	3,033,131,348.50	3,336,444,483.35

Source: Kwale County Treasury

² The figure includes a grant on compensation for user fees foregone of Kshs 15,397,611.00, free maternal healthcare of Kshs 119,385,662.00 and World Bank and DANIDA Loans and grants of Kshs 82,166,289.00 and Kshs 6,810,000.00 respectively.

³ Including Kshs 68,000,000.00 for Medical Cover

Annex Table 6: 2016/17 – 2018/19 Medium Term Expenditure Framework Development Sector Ceilings

SECTOR		APPROVED ESTIMATES 2015/16	CEILING 2016/17	PROJECTIONS	
				2017/18	2018/19
AGRICULTURE, RURAL AND URBAN DEVELOPMENT	SUB TOTAL	431,413,462.20	204,000,000.00	224,400,000.00	246,840,000.00
Agriculture, Livestock and Fisheries		318,363,462.20	134,000,000.00	147,400,000.00	162,140,000.00
Lands, Physical Planning and Natural Resources		113,050,000.00	70,000,000.00	77,000,000.00	84,700,000.00
ENERGY, INFRASTRUCTURE AND ICT	SUB TOTAL	490,435,000.00	303,995,558.00	334,395,113.80	367,834,625.18
Infrastructure and Public Works		370,225,000.00	275,995,558.00 ⁴	303,595,113.80	333,954,625.18
ICT		120,210,000.00	28,000,000.00	30,800,000.00	33,880,000.00
GENERAL ECONOMIC, COMMERCIAL AND LABOUR AFFAIRS	SUB TOTAL	294,355,944.00	294,600,000.00	324,060,000.00	356,466,000.00
Trade and Cooperative Development		252,350,000.00	177,600,000.00	195,360,000.00	214,896,000.00
Tourism and Investment		42,005,944.00	117,000,000.00	128,700,000.00	141,570,000.00
HEALTH	SUB TOTAL	798,399,021.00	631,044,681.00⁵	694,149,149.10	763,564,064.01
EDUCATION	SUB TOTAL	1,133,977,851.00	938,000,000.00	1,031,800,000.00	1,134,980,000.00
PUBLIC ADMINISTRATION AND INTERNATIONAL RELATIONS	SUB TOTAL	806,069,846.00	450,100,000.00	495,110,000.00	544,621,000.00
County Assembly		479,095,940.00	180,000,000.00	198,000,000.00	217,800,000.00
Executive Services		120,000,000.00	179,000,000.00	196,900,000.00	216,590,000.00
Public Service and Administration		126,973,906.00	59,100,000.00	65,010,000.00	71,511,000.00
County Treasury		80,000,000.00	32,000,000.00	35,200,000.00	38,720,000.00
County Public Service Board		0	-	-	-
SOCIAL PROTECTION, CULTURE AND RECREATION	SUB TOTAL	306,264,998.00	249,244,000.00	274,168,400.00	301,585,240.00
ENVIRONMENT PROTECTION, WATER AND NATURAL RESOURCES	SUB TOTAL	516,282,626.28	436,800,000.00	480,480,000.00	528,528,000.00
TOTAL	TOTAL	4,777,198,748.48	3,507,784,239.00	3,858,562,662.90	4,244,418,929.19

Source: Kwale County Treasury

⁴ This figure include a grant on road maintenance levy fund of Kshs 84,979,062.00

⁵ Including a grant on leasing of medical equipment of Kshs 95,744,681.00

Annex Table 7- Sectors Public Hearings Report - 9th to 12 February, 2016

Department	Proposals	Remarks
LUNGALUNGA SUB COUNTY		
Agriculture, Livestock and Fisheries	<ul style="list-style-type: none"> • Farm inputs be delivered in time to the Farmers. 	
	<ul style="list-style-type: none"> • Farm inputs be increased. 	
	<ul style="list-style-type: none"> • There be equal distribution of the farm inputs even to those farmers who did not have their land prepared by the County tractor. 	
	<ul style="list-style-type: none"> • An allocation be there at the Sub County level for maintenance and repair of the County government tractors. This is because they break down and it takes a long period of time to repair them. 	
	<ul style="list-style-type: none"> • Allocation of funds be put meant for research on crops. 	
	<ul style="list-style-type: none"> • Soil sampling be done. 	
	<ul style="list-style-type: none"> • Provide Pesticides meant for storage of the harvests.(post harvest pesticides) 	
	<ul style="list-style-type: none"> • Water harvesting pans be built to help micro irrigation work efficiently. 	
	<ul style="list-style-type: none"> • Research and rehabilitation of the herbal medicine trees be done. 	
	<ul style="list-style-type: none"> • Buy equipments for fishermen, where the qualified fishermen will be called to identify the best equipments. 	
	<ul style="list-style-type: none"> • Agricultural field extension officers be employed. 	
	<ul style="list-style-type: none"> • Market research of the farm products be done. This because farmers most of the time are forced to sell their farm produce at low prices because of lack of markets. 	

	<ul style="list-style-type: none"> • Provide Tractor arrows. 	
	<ul style="list-style-type: none"> • Increase the breeding cattle to the farmers so that they can improve the normal breeds. 	
	<ul style="list-style-type: none"> • Farm inputs be delivered in time to the Farmers. 	
	<ul style="list-style-type: none"> • Farm inputs be increased. 	
	<ul style="list-style-type: none"> • There be equal distribution of the farm inputs even to those farmers who did not have their land prepared by the County tractor. 	
	<ul style="list-style-type: none"> • An allocation be there at the Sub County level for maintenance and repair of the County government tractors. This is because they break down and it takes a long period of time to repair them. 	
	<ul style="list-style-type: none"> • Allocation of funds be put meant for research on crops. 	
	<ul style="list-style-type: none"> • Soil sampling be done. 	
	<ul style="list-style-type: none"> • Provide Pesticides meant for storage of the harvests.(post harvest pesticides) 	
	<ul style="list-style-type: none"> • Water harvesting pans be built to help micro irrigation work efficiently. 	
	<ul style="list-style-type: none"> • Research and rehabilitation of the herbal medicine trees be done. 	
	<ul style="list-style-type: none"> • Buy equipments for fishermen, where the qualified fishermen will be called to identify the best equipments. 	
	<ul style="list-style-type: none"> • Agricultural field extension officers be employed. 	
<ul style="list-style-type: none"> • Market research of the farm products be done. This because farmers most of the time are forced to sell their 		

	<p>farm produce at low prices because of lack of markets.</p> <ul style="list-style-type: none"> • Provide Tractor arrows. • Increase the breeding cattle to the farmers so that they can improve the normal breeds. 	
Education, research and Human Resource Development	<ul style="list-style-type: none"> • Increase the number of ECDE teachers. 	
	<ul style="list-style-type: none"> • Build a well equipped youth polytechnic like Ukunda youth polytechnic. 	
	<ul style="list-style-type: none"> • Provide a full package for porridge to the ECDE schools to avoid parents being requested to bring sugar for the porridge to be prepared. 	
	<ul style="list-style-type: none"> • Provide curriculum that includes teaching fishing skills e.g. kneading of fishing nets, repair of boats etc. 	
	<ul style="list-style-type: none"> • Provide a continuous feeding program. 	
	<ul style="list-style-type: none"> • Proper supervision be provided for the building of ECDE classes to avoid shoddy work being done. 	
	<ul style="list-style-type: none"> • Upgrade some youth polytechnics to an agricultural training center. 	
	<ul style="list-style-type: none"> • To provide motorbike licenses to the youths trained on driving. This will help them use these certificates so that they can enhance their life. 	
	<ul style="list-style-type: none"> • Build an ECDE block at Mrima because the one that is available is not able to cater for the demand. 	
Medical and Public Health Services.	<ul style="list-style-type: none"> • Officially launch the Herbalist Association so that 	

	<p>they can also be funded by the county government to enhance their services.</p>	
	<ul style="list-style-type: none"> • Construct a herbal clinics in all wards. 	
	<ul style="list-style-type: none"> • Construct a medical processing plant in each ward. 	
	<ul style="list-style-type: none"> • First aid department be included in the curative and rehabilitative health care. 	
	<ul style="list-style-type: none"> • Build mortuary in Lunga Lunga Sub County. 	
	<ul style="list-style-type: none"> • CHVs be considered for employment by the County Government. 	
	<ul style="list-style-type: none"> • Traditional birth attendants be considered by the county for employment. 	
	<ul style="list-style-type: none"> • Supply more drugs in the hospitals because time to time they get finished and the patients have to be referred to the chemists. 	
	<ul style="list-style-type: none"> • Keen monitoring of the dispensary nurses be done because most of them are stealing drugs from the hospitals meant for the public and they sell them on their own chemists. 	
Trade and Cooperative Development	<ul style="list-style-type: none"> • Come up with favorable conditions to ensure that the youths benefit from the same. 	
	<ul style="list-style-type: none"> • To provide civic education on trade revolving fund. 	
	<ul style="list-style-type: none"> • Help form a cooperative dealing with coconut so that traders from Tanzania can buy coconut from the cooperative. 	
	<ul style="list-style-type: none"> • Civic education be provided on how to form a cooperative dealing with 	

	<ul style="list-style-type: none"> milk 	
	<ul style="list-style-type: none"> Build a fruit processing plant in Lunga Lunga. 	
	<ul style="list-style-type: none"> Social audit and sensitization of cooperatives. 	
Tourism , Investment and ICT	<ul style="list-style-type: none"> Identify, expand and advertise new tourist attraction sites in the sub county such as Lwayoni, Maji moto, Mwanguda Dziweni and Shimoni Slave caves. 	
	<ul style="list-style-type: none"> Community information centers be built in each ward. 	
	<ul style="list-style-type: none"> To provide ICT infrastructures in all hospitals. This will help in service delivery to the patients. 	
Infrastructure and Public works	<ul style="list-style-type: none"> Access roads to institutions be opened up and cleared. 	
Water Services	<ul style="list-style-type: none"> Dam be constructed at Umba River so that its water can be harvested to help in irrigation. 	
	<ul style="list-style-type: none"> Buy machines to pump water from Dzombo water catchment areas to tanks for domestic uses. 	
	<ul style="list-style-type: none"> Expand the <i>majabia</i> so that they can harvest more rain water. 	
	<ul style="list-style-type: none"> Install water pumps and pipes at a borehole in Mwambalazi done by Base Titanium Company. 	
	<ul style="list-style-type: none"> Installation of electricity on the existing boreholes to help pump the water so that the old ways of pumping water can be done with. 	
Lands, Physical Planning	<ul style="list-style-type: none"> Marking and ensuring that 	

and Natural Resources.	all the natural resources are put in use	
Community Development, Culture and Talent Management	<ul style="list-style-type: none"> Talented youths to be identified and promoted/advertised outside the county so that they can be helped to secure jobs to enhance their career. 	
	<ul style="list-style-type: none"> Community TOTs and TOFs be employed to help enhance culture in the grassroots. 	
	<ul style="list-style-type: none"> Come up with county teams where the players will be paid by the county and a coach be employed to train these players. 	
	<ul style="list-style-type: none"> Come up with a studio to help the community dance group and any cultural activities be recorded so that CDs can be produced. This will help these groups raise income for themselves. 	
MSAMBWENI SUB COUNTY		
Agriculture, Livestock and Fisheries	<ul style="list-style-type: none"> The 134 Million shillings allocated for this department is too little since it includes so many activities and it is the main economic activity in the County. 	
	<ul style="list-style-type: none"> Employ more Agricultural extension officers. 	
	<ul style="list-style-type: none"> Feasibility study be done for market of our agricultural products. 	
	<ul style="list-style-type: none"> Fruit processing plant be constructed at the sub county to help process fruits produced in the ward. 	
	<ul style="list-style-type: none"> The county to help manage the Human wildlife Conflict in Ukunda because farmers are not harvesting anything as a result of wild animals 	

	especially the monkeys.	
	<ul style="list-style-type: none"> • Expansion of the fruit processing plant at Maphombe because the plant is small and cannot cater for the demand of the farmers. 	
	<ul style="list-style-type: none"> • Soil sampling to be done. 	
	<ul style="list-style-type: none"> • Research to be conducted for livestock and crops. 	
	<ul style="list-style-type: none"> • Policy be formed that deals with compensation to farmers whose crops are destroyed by animals. 	
	<ul style="list-style-type: none"> • Distribution of those cows given to the farmers to include also the PWDs. 	
	<ul style="list-style-type: none"> • Cold storage facilities be provided to the Gasi residents. This is because the output of fish is high as a result of the provision of the modern fishing equipments from the county government. 	
	<ul style="list-style-type: none"> • Help to recover the landing site at Gasi. 	
Education, Research and Human Resource	<ul style="list-style-type: none"> • Increase the allocation for for youth training and development. 	
	<ul style="list-style-type: none"> • Ensure there is enough facilities in the Youth Polytechnics especially provide seats in Mivumoni youth polytechnic. 	
	<ul style="list-style-type: none"> • Build more classes in each polytechnic because as the students graduate to another level there is usually no enough classes. 	
	<ul style="list-style-type: none"> • Have a budget for special needs people. 	
	<ul style="list-style-type: none"> • Build a County center to train the ECDE teachers (DCECE) 	

	<ul style="list-style-type: none"> • Increase the amount of funds in the bursary Kitty to help increase the allocation that goes to the tertiary institutions. 	
	<ul style="list-style-type: none"> • Build washrooms which can be used by PWDs in ECDE centers. 	
	<ul style="list-style-type: none"> • Equity be observed in distribution of bursaries and scholarships in the wards. This is because there is a likelihood that some wards which have many students joining secondary schools or colleges may get a small share. 	
	<ul style="list-style-type: none"> • Civic education on the county bursary be provided to the communities. This is because most people do not know they are given and where to get the forms. 	
	<ul style="list-style-type: none"> • Increase the bursary fund because the number of students is increasing. 	
	<ul style="list-style-type: none"> • Youth polytechnic students should be given bursary. 	
	<ul style="list-style-type: none"> • Introduce a HELB like program for our Tertiary institution students. 	
Medical and Public Health Services.	<ul style="list-style-type: none"> • Build child friendly services / equipments in hospitals e.g. swings , slides. 	
	<ul style="list-style-type: none"> • Put a waiver for the P3 Levy. 	
	<ul style="list-style-type: none"> • Provide salary for the CHVs. 	
	<ul style="list-style-type: none"> • Ensure there is maintenance and upkeep of the cemetery provided by the Base Titanium Company. 	
	<ul style="list-style-type: none"> • Provide drugs and nurses at those ECDE schools to 	

	ensure that incase of any accident they can help save the situation.	
	<ul style="list-style-type: none"> Remove the ksh 50 for doctors fee In the hospitals. 	
	<ul style="list-style-type: none"> There should be a program to register all the PWDs at the ward administrators office. 	
Trade and Cooperative Development	<ul style="list-style-type: none"> Organize a training for all the traders so that they can get more knowledge on business skills. 	
	<ul style="list-style-type: none"> Organize marketing, trade shows, and exhibitions for our products in the county. 	
	<ul style="list-style-type: none"> Have trade officers to follow up the loans given to public because most of the people do not pay back. 	
	<ul style="list-style-type: none"> Time be reduced between period of application of the trade revolving fund and loan disbursement. This is because it takes a long period of time. 	
	<ul style="list-style-type: none"> Increase the kitty for trade revolving fund because many people are in demand of it. 	
Tourism, Investment and ICT	<ul style="list-style-type: none"> To organize for a forum to discuss tourism matters so that new ideas about tourism can be discussed and shared. 	
	<ul style="list-style-type: none"> “All inclusive program of payment for foreign tourists should be scrapped. This is because locals are not benefitting from the tourists because all the money is paid to the hotels. 	
	<ul style="list-style-type: none"> Come up with a college that teaches tourism courses. 	
	<ul style="list-style-type: none"> Proper vigilance should be observed because there are 	

	<p>white people who own private cottages as their homes and they use them for business purposes. They bring visitors to their house and in that way the county is losing a lot of revenue.</p>	
	<ul style="list-style-type: none"> • Do marketing for our beach products or any product relating to tourism. 	
	<ul style="list-style-type: none"> • Organize for an inspection station for our tourists. 	
	<ul style="list-style-type: none"> • Tourism trust fund be introduced. 	
	<ul style="list-style-type: none"> • Increase allocation for tourism department. 	
	<ul style="list-style-type: none"> • Promote local tourism by giving regulation to hotel owners to ensure that there is capacity building to the workers in the hotel. 	
	<ul style="list-style-type: none"> • Remove ICT from tourism department and make it a department on its own. 	
	<ul style="list-style-type: none"> • Remove investment from tourism department and transfer it to Trade and development department. 	
	<ul style="list-style-type: none"> • Beach management policy be formulated 	
	<ul style="list-style-type: none"> • Enhance tourism by buying hotels which are collapsing and use them to create revenue. 	
Infrastructure and Public works.	<ul style="list-style-type: none"> • County government should mark all the roads which belong to them so that they can be separated from those of national government. 	
	<ul style="list-style-type: none"> • Allow the public to choose the roads to be repaired. 	
	<ul style="list-style-type: none"> • Install electricity in all polytechnics and ECDE centers. 	
Water services	<ul style="list-style-type: none"> • Mkanda dam water should 	

	<p>be connected to pipes and pumped to the whole sub county.</p>	
	<ul style="list-style-type: none"> • Install a community water pump to ensure that people do not miss water. 	
	<ul style="list-style-type: none"> • Renovate drainage system at Ukunda. 	
	<ul style="list-style-type: none"> • Encourage the KWASCO to use real data for water bills rather than estimates which makes people to pay highly. 	
	<ul style="list-style-type: none"> • Ensure that locals have get water supply like the counter parts along the beach areas who don't miss water all the times. 	
	<ul style="list-style-type: none"> • Improve water office at Ukunda by ensuring that there is enough facilities. 	
<p>Lands , physical Planning and Natural Resources.</p>	<ul style="list-style-type: none"> • Form a committee or a board that will investigate the side effects caused by the companies doing mining within the county. 	
	<ul style="list-style-type: none"> • Come up with a waste management policy. 	
	<ul style="list-style-type: none"> • There be public participation on the draft for mining bill. 	
<p>Community Development, Culture and Talent Management.</p>	<ul style="list-style-type: none"> • Support local sports clubs. Sponsorship should be done based on equity. 	
	<ul style="list-style-type: none"> • Promote/market our players who made us proud during the inter-county ball games internationally. 	
	<ul style="list-style-type: none"> • Organize a place where the local traditions can be exhibited so that this place can be a tourism site that when tourists want to be entertained, then that is the place they are directed to. 	
	<ul style="list-style-type: none"> • The County government 	

	<p>should buy sports grounds because most of the ones available are private.</p>	
	<ul style="list-style-type: none"> • Hire coaches to train our youths new games e.g. Rugby, tennis ,hockey etc. 	
	<ul style="list-style-type: none"> • Uphold and provide a civic education on formation of self help groups 	
	<ul style="list-style-type: none"> • Protection and rehabilitation of kayas 	
	<ul style="list-style-type: none"> • Promote Paralympics. 	
MATUGA SUB-COUNTY		
Agriculture, livestock development and fisheries	<ul style="list-style-type: none"> • Timely land preparation by tractors 	
	<ul style="list-style-type: none"> • Finding markets for the increased sea food 	
	<ul style="list-style-type: none"> • Tractors bought are difficult to use on smaller farms. Buy smaller tractors with hydraulics system. 	
	<ul style="list-style-type: none"> • Prepare land and give seeds and manure over long rain season only. Short rains is a waste. 	
	<ul style="list-style-type: none"> • Protection of fish breeding sites. 	
	<ul style="list-style-type: none"> • Do research on best fishing methods and train the fishermen on it. 	
	<ul style="list-style-type: none"> • Misuse of fishing licenses. Tighten laws on that. 	
	<ul style="list-style-type: none"> • People involved in the shell business are being mistreated (by the Indian Buyer) in terms of the payments made without grading the shell properly. Give the license to locals. 	
	<ul style="list-style-type: none"> • Increase number and allowance for agriculture extension officers 	
	<ul style="list-style-type: none"> • Improve water supply for agriculture 	

	<ul style="list-style-type: none"> • Train livestock keepers on correct breeding methods 	
	<ul style="list-style-type: none"> • Veterinary doctors to do research on diseases affecting livestock 	
	<ul style="list-style-type: none"> • Introduce and promote inland fish farming (fish ponds) 	
	<ul style="list-style-type: none"> • Do more research on artificial insemination. The extension officers in charge are rarely available 	
	<ul style="list-style-type: none"> • Give free insecticides/pesticides for fruit trees and crops 	
	<ul style="list-style-type: none"> • Fair distribution of tractors, seeds and farm inputs. Those in charge should be changed frequently 	
	<ul style="list-style-type: none"> • Increase the number of oxen 	
	<ul style="list-style-type: none"> • Help find market for bee keepers to sell honey 	
	<ul style="list-style-type: none"> • Soil sampling before issuing fertilizers 	
	<ul style="list-style-type: none"> • Construction of dips in every ward 	
	<ul style="list-style-type: none"> • Train bee keeping 	
	<ul style="list-style-type: none"> • Put emphasis on planting of coconut trees 	
Education, research and human resource development	<ul style="list-style-type: none"> • diversify courses offered at youth polytechnics. Consult with the people on what courses should be offered 	
	<ul style="list-style-type: none"> • Increase number of youth polytechnics 	
	<ul style="list-style-type: none"> • Employ more ECD teachers and increase their salaries 	
	<ul style="list-style-type: none"> • Give more scholarships to those going to local public universities 	
	<ul style="list-style-type: none"> • Supervision of ECD teachers is necessary 	
	<ul style="list-style-type: none"> • Reduce pass mark for receiving bursary to 300mrks and not 350mrks 	

	<ul style="list-style-type: none"> • Employ ECD teachers across all tribes in Kwale county 	
	<ul style="list-style-type: none"> • Set aside funds for Madrasas 	
	<ul style="list-style-type: none"> • Fence ECD centers and employ a watchman 	
	<ul style="list-style-type: none"> • The bursary committee should be rotational. Hold elections to vote new members member 	
	<ul style="list-style-type: none"> • Buy mattresses for ECD pupils to sleep on 	
	<ul style="list-style-type: none"> • Allocate bursaries according to the financial abilities of the parent/guardian and not the Ksh. 5,000 flat rate. 	
	<ul style="list-style-type: none"> • Supply water to ECDE centers 	
	<ul style="list-style-type: none"> • For the students that get grade 'C' and are not called to take degree courses, can they be sponsored to take diploma courses at the university 	
Medical and Public Health Services	<ul style="list-style-type: none"> • Put in place community-to-facility ambulance referral and offer contact emergency numbers 	
	<ul style="list-style-type: none"> • Health services for pregnant mothers and children below five years should be made free 	
	<ul style="list-style-type: none"> • Chalk board in all health centers/dispensaries listing all available and unavailable meds. 	
	<ul style="list-style-type: none"> • CHVs should also visit people with disabilities 	
	<ul style="list-style-type: none"> • Pay CHVs 	
	<ul style="list-style-type: none"> • Recognize herbalists and herbal medicines. Equip herbalists with drug processing machinery 	
	<ul style="list-style-type: none"> • Make hospital toilets pit latrines and keep them clean 	

	<ul style="list-style-type: none"> • Drug shortages in health centers 	
	<ul style="list-style-type: none"> • Make dentists and other special doctors available at the health centers, OR, have mobile clinics where they are available at least every month in every village. 	
	<ul style="list-style-type: none"> • Offer free water treatment for drinking water 	
	<ul style="list-style-type: none"> • Give free bigger nets for bigger beds 	
	<ul style="list-style-type: none"> • Jigger prevention drugs 	
	<ul style="list-style-type: none"> • Make X-ray and scans available in all health centers 	
	<ul style="list-style-type: none"> • Make the build dispensaries operational 	
	<ul style="list-style-type: none"> • Eye mobile doctor weekly in every ward 	
	<ul style="list-style-type: none"> • CHVs to be given medication for first aid such as pain medication 	
Trade and Cooperative Development	<ul style="list-style-type: none"> • Organize business training for small-scale business owners 	
	<ul style="list-style-type: none"> • Help business groups in their businesses 	
	<ul style="list-style-type: none"> • Build more and increase the number of auction rings 	
	<ul style="list-style-type: none"> • Build a larger slaughter house 	
Tourism, Investment and Information Communication Technology	<ul style="list-style-type: none"> • Educate on domestic tourism and promote local tourist attractions 	
	<ul style="list-style-type: none"> • Build safety towers along the beaches and employ trained safety officers and live savers (That will be paid directly by the tourists) 	
Infrastructure and Public Works	<ul style="list-style-type: none"> • Tarmac county roads 	
	<ul style="list-style-type: none"> • Clear bushes before constructing roads 	
	<ul style="list-style-type: none"> • Connect electricity to all ECDE centers and hospitals 	

	<ul style="list-style-type: none"> Supervise fully road construction to ensure its done well 	
	<ul style="list-style-type: none"> Expand roads (The width is small) 	
Water Services	<ul style="list-style-type: none"> Build water storage tanks in every village. Either pump water from water sources or harvest rain water 	
	<ul style="list-style-type: none"> Plan the water pipeline well to avoid destruction 	
	<ul style="list-style-type: none"> Water for Irrigation 	
	<ul style="list-style-type: none"> Water offices in every ward 	
	<ul style="list-style-type: none"> Dig dried wells further 	
	<ul style="list-style-type: none"> Improve water pipeline supply to every village 	
	<ul style="list-style-type: none"> Reduce tourism budget by 40m and add that to the water ministry 	
	<ul style="list-style-type: none"> Improve water harvesting techniques during rainy season 	
Lands, Physical Planning and Natural Resources	<ul style="list-style-type: none"> Drill a well in each village 	
	<ul style="list-style-type: none"> Tighten laws on planning trees to replace those cut down 	
	<ul style="list-style-type: none"> Offer land search services at the sub-county level 	
	<ul style="list-style-type: none"> Develop policy guiding the harvesting of murrum, sand and stone. 	
	<ul style="list-style-type: none"> Town plots should either be developed or kept clear at all times 	
	<ul style="list-style-type: none"> Rehabilitate quarries 	
	<ul style="list-style-type: none"> Village committees to monitor use of natural resources and ensure they are not destroyed 	
Community Development,	<ul style="list-style-type: none"> Demarcate county boundaries e.g. Mombasa county has encroached into Pungu Villa which is Mombasa county 	
	<ul style="list-style-type: none"> Create a civic education 	

Culture and Talent Management	department so that the people are made aware off all development projects and their rights to be involved	
	<ul style="list-style-type: none"> • Build special schools for games and arts e.g. Football 	
	<ul style="list-style-type: none"> • Local TV station for Kwale County 	
	<ul style="list-style-type: none"> • Build dumping sites in every ward. 	
KINANGO SUB-COUNTY		
Agriculture, Livestock and Fisheries	<ul style="list-style-type: none"> • Timely delivery of farm inputs to farmers 	
	<ul style="list-style-type: none"> • Employ more Agricultural extension officers 	
	<ul style="list-style-type: none"> • Construct a modern slaughter house at Kinango Town 	
	<ul style="list-style-type: none"> • Provide civic Education on general Agriculture and planting of trees 	
	<ul style="list-style-type: none"> • Emphasis on value addition on agricultural products 	
	<ul style="list-style-type: none"> • Tractor servicers to be provided in time 	
	<ul style="list-style-type: none"> • Provide a clear animal medication program 	
	<ul style="list-style-type: none"> • Construct a groundnuts factory 	
	<ul style="list-style-type: none"> • Increase the number on tractors 	
	<ul style="list-style-type: none"> • Fish ponds to be introduces in every school and village 	
	<ul style="list-style-type: none"> • Agricultural water harvesting 	
	<ul style="list-style-type: none"> • Timely provision of fuel and repairs of mechanicals problems for the tractors 	
	<ul style="list-style-type: none"> • Provision of cold fish storage facility at Tsunza 	
	<ul style="list-style-type: none"> • Sensitize and emphasize extension officers to prioritize listening and solving agricultural 	

	Disputes	
	<ul style="list-style-type: none"> • Elimination of middlemen in livestock production and marketing 	
	<ul style="list-style-type: none"> • Valuation of livestock prices 	
	<ul style="list-style-type: none"> • Exposure visits and Trainings through tours and close follow ups ,to improve adoption and attitude change 	
	<ul style="list-style-type: none"> • Finding soil PH 	
Education, Research and Human Resource Devolution	<ul style="list-style-type: none"> • Increase playing tools for ECDE children 	
	<ul style="list-style-type: none"> • Build a school for the mentally handicapped children 	
	<ul style="list-style-type: none"> • Construct a village polytechnic at Samburu 	
	<ul style="list-style-type: none"> • Provision of ECDE stationery 	
	<ul style="list-style-type: none"> • Employment of qualified experienced teachers in polytechnics 	
	<ul style="list-style-type: none"> • Sensitization and civic Education to parents on the importance of education 	
	<ul style="list-style-type: none"> • Special Scholarship and bursaries for orphans 	
	<ul style="list-style-type: none"> • Subsidize tractors fees 	
	<ul style="list-style-type: none"> • Suppliers of porridge flour for ECDE centre 	
	<ul style="list-style-type: none"> • Youth training on roads construction 	
	<ul style="list-style-type: none"> • Construction of a youth polytechnic in every location 	
Medical and Public Health Services	<ul style="list-style-type: none"> • Provide condoms to primary and secondary schools 	
	<ul style="list-style-type: none"> • Budget for de-worming in ECDE school 	
	<ul style="list-style-type: none"> • Employ nurses to work in the newly constructed dispensaries e.g. Mackinnon 	
	<ul style="list-style-type: none"> • Lutsangani to be provided with ambulances 	

	<ul style="list-style-type: none"> • Provide transport and close supervision to the CHVs. • 	
	<ul style="list-style-type: none"> • Send a female nurse to aid in delivery service in Lutsangani 	
	<ul style="list-style-type: none"> • Close monitoring of medicines in health centers 	
	<ul style="list-style-type: none"> • Introduction of mobile clinics 	
	<ul style="list-style-type: none"> • Provision and distribution of epilepsy drugs 	
Trade and Cooperatives Development	<ul style="list-style-type: none"> • Free Public toilet in every market 	
	<ul style="list-style-type: none"> • Plan and expand Kinango market 	
	<ul style="list-style-type: none"> • Functionalize the Auction ring 	
	<ul style="list-style-type: none"> • Increase the number of market stalls 	
Tourism, Investment and ICT	<ul style="list-style-type: none"> • Transportation of traditional singing groups to the beach Hotels to increase revenue 	
	<ul style="list-style-type: none"> • Come up with a uniform for boda boda riders so that they can help attract tourists 	
	<ul style="list-style-type: none"> • Strategize on how the Zebras at Gozani can attract tourists in Kinango sub county 	
	<ul style="list-style-type: none"> • Construct a tourist centre for the tourists heading to Tsavo 	
	<ul style="list-style-type: none"> • Promote and encourage domestic tourism 	
	<ul style="list-style-type: none"> • Mark and identify the old buildings e.g. the buildings at Gandini to be tourists sites 	
	<ul style="list-style-type: none"> • Construction of cottages at Kinango for domestic and international tourists 	
	<ul style="list-style-type: none"> • Tourist camp sites for every ward 	

Infrastructure and Public Works	<ul style="list-style-type: none"> • Proper repair and maintenance of county roads 	
	<ul style="list-style-type: none"> • Supervisors' be done during opening up the roads 	
	<ul style="list-style-type: none"> • Murram needed on the roads 	
	<ul style="list-style-type: none"> • Consultation and engagement of the public in road construction and repair 	
	<ul style="list-style-type: none"> • Proper supervision during construction of buildings 	
	<ul style="list-style-type: none"> • Construction of civil servants houses 	
	<ul style="list-style-type: none"> • Construction of a road from Tsunza to Kinango 	
	<ul style="list-style-type: none"> • Construction of a straight good road from Kwale to Lungalunga 	
Water Services	<ul style="list-style-type: none"> • Drilling of boreholes in all ECDE schools 	
	<ul style="list-style-type: none"> • Supply piped water to Ndavaya ward 	
	<ul style="list-style-type: none"> • Involve community on where to construct a Mtsara 	
	<ul style="list-style-type: none"> • Piped in all the wards 	
	<ul style="list-style-type: none"> • Drill wells in mosques and churches 	
	<ul style="list-style-type: none"> • Drill borehole in all constructed polytechnics 	
	<ul style="list-style-type: none"> • Purchase of water tanks 	
Land, Physical planning and Natural Resources	<ul style="list-style-type: none"> • Land to be marked 	
	<ul style="list-style-type: none"> • Easy title deed acquisition process 	
	<ul style="list-style-type: none"> • Provide civic education to the public on the importance to discourage charcoal burning 	
	<ul style="list-style-type: none"> • County government to intervene on matters pertaining land disputes 	
	<ul style="list-style-type: none"> • Intervention on traditional and tribal ideologies that hinder development of a town 	
	<ul style="list-style-type: none"> • Formation and 	

	implementation of policies that will guide sand and stone harvesting	
	<ul style="list-style-type: none"> • Formation of policies to rehabilitate quarries 	
Community Development, Culture and Talent management	<ul style="list-style-type: none"> • Award singing groups with money instead of certificates 	
	<ul style="list-style-type: none"> • Start a talent academy at kinango 	
	<ul style="list-style-type: none"> • Formation of a county team for every sport activity 	
	<ul style="list-style-type: none"> • Coming up with games that encompasses the PWD 	
	<ul style="list-style-type: none"> • Identify and empower groups that associate themselves with cultural issues 	
	<ul style="list-style-type: none"> • Timely delivery of women and youth fund 	
	<ul style="list-style-type: none"> • Sensitize youth on funds available for loans 	
	<ul style="list-style-type: none"> • Re-introduce the circumcision 	

Annex Table 8: Summary of Expenditure by Programmes 2015/2016 -2018/2019

SECTOR/DEPARTMENT	Estimates	CEILING	PROJECTIONS	
	2015/2016	2016/2017	2017/2018	2018/2019
AGRICULTURE,RURAL ANDURBAN DEVELOPMENT				
County Department of Agriculture, Livestock and Fisheries				
1.General Administration, Planning and Support Services	131.4	130.1	143.11	157.42
2.Crop production and Development	86.6	54	59.4	65.34
3.Livestock promotion and development	101.3	56	61.6	67.76
4. Fisheries Development	27.1	24	26.4	29.04
Sub Total	346.5	264.1	290.51	319.56
County Department of Lands, Physical Planning and Natural Resources				
1. General Administration, Planning and Support Services	62.2	36.7	40.37	44.41
2. Land Use Planning and Management	53.53	58.5	64.35	70.79
3. Environment and Natural Resources Management and Protection	5.5	11.5	12.65	13.92
Sub Total	121.23	106.7	117.37	129.11
EDUCATION				
County Department of Education, Research and Human Resources Development				
1. General Administration, Planning and Support Services	183.99	179.4	197.34	217.07
2.Early Childhood Development and Education	382	458.2	504.02	554.42
3. Youth Training and Development	68.31	66.4	73.04	80.34
4. Scholarship and Bursary	220	400	440	484
Sub Total	854.30	1104	1214.4	1335.84
HEALTH				
Department of Medical and Public Health Services				

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1. General Administration ,Planning and Support Services	949.4	1225.32	1347.85	1482.64
2. Preventive and Promotive Health Services	179.9	240.7	264.77	291.25
3. Curative and Rehabilitative Health Care Services	368.5	333.74	367.11	403.83
Sub Total	1,337.60	1799.76	1979.74	2177.71
GENERAL ECONOMIC AND COMMERCIAL AFFAIRS				
County Department of Trade and Cooperative Development				
1.General Administration, Planning and Support Services	64.9	51.61	56.77	62.45
2.Market Infrastructural Development	82.7	90.5	99.55	109.51
3.Trade Promotion and Development	70	66	72.6	79.86
4. Cooperatives Promotion and Development	13.4	18.5	20.35	22.39
Sub Total	221.1	226.61	249.27	274.2
Department of Tourism , Investment and ICT				
1.General Administration, Planning and Support Services	24.03	56.5	62.15	68.37
2.Tourism Promotion and Development	55	101	111.1	122.21
3. Investment Promotion and Development	3	16	17.6	19.36
4.ICT Infrastructural Development	60	28	30.8	33.88
Sub Total	96.2	201.5	221.65	243.82
ENERGY, INFRASTRUCTURE AND ICT				
County Department of Infrastructure and Public Works				
1. General Administration, Planning and Support Services	147.8	202.75	223.03	245.33
2 County Roads Construction/Rehabilitation	46.7	175.5	193.05	212.36
3. County Electrification	30	60.1	66.11	72.72

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4. County Housing Rehabilitation and Development	24	10	11	12.1
Sub Total	238.5	448.35	493.19	542.5
PUBLIC ADMINISTRATION AND INTERNATIONAL RELATIONS				
County Assembly				
1. General Administration, Planning and Services	335.01	452.53	497.78	547.56
2. County Legislation, Representation and Oversight	156.65		0	0
3. County Assembly Infrastructural Development	212.14	45	49.5	54.45
Sub Total	703.8	497.53	547.28	602.01
County Executive Services				
1. General Administration, Planning and Services	92.5	97.9	107.69	118.46
2. County Governance and Advisory Services	22.5	-	0	0
3. County Infrastructural Development Services	90 .00	197	216.7	238.37
Sub Total	205.55	294.9	324.39	356.83
Public Service and Administration				
1. General Administration, Planning and Support Services	106.55	119.3	131.23	144.35
2. Administrative Units Establishment and Development	130.15	49.6	54.56	60.02
Sub Total	236.8	168.9	185.79	204.37
County Treasury				
1. General Administration, Planning and Support Services	223.7	117.38	129.12	142.03
2. Revenue Mobilization and Development	20.51	10.76	11.84	13.02
3. Economic and Financial Policy Formulation and Management	13.58	7.13	7.84	8.62
4. Public Financial Management	28.9	15.16	16.68	18.35
5. Revenue Administration and System Development	42	22.04	24.24	26.67
Sub Total	328.69	172.47	189.72	208.69
County Public Service Board				

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1. General Administration Planning and Support Services	49.35	46.66	51.33	56.46
2. Human Resource Management and Development	0		0	0
Sub Total	49.35	46.66	51.33	56.46
SOCIAL PROTECTION, CULTURE AND RECREATION				
County Department of Community Development, Culture and Talent Management				
1. General Administration Planning and Support Services	96.1	153.21	168.53	185.38
2. Community Development and Social Services	43.8	47.6	52.36	57.6
3. Arts, Sports and Talent Management and Development	96.1	134.1	147.51	162.26
4. Culture and Heritage Promotion and Development	56.8	22.5	24.75	27.23
Sub Total	192.3	357.41	393.15	432.47
ENVIRONMENTAL PROTECTION, WATER AND NATURAL RESOURCES				
County Department of Water Services				
1. General Administration Planning and Support Services	68	46.54	51.19	56.31
2. Development and Management of Water Resources	272.36	436.8	480.48	528.53
Sub Total	340.36	483.34	531.67	584.84
GRAND TOTAL	5,730.67	6,265.17	6,810.76	7,491.84

Source: Kwale County Treasury