



COUNTY GOVERNMENT OF WAJIR
DEPARTMENT OF FINANCE AND ECONOMIC PLANNING

COUNTY FISCAL STRATEGY PAPER

FEBRUARY 2020

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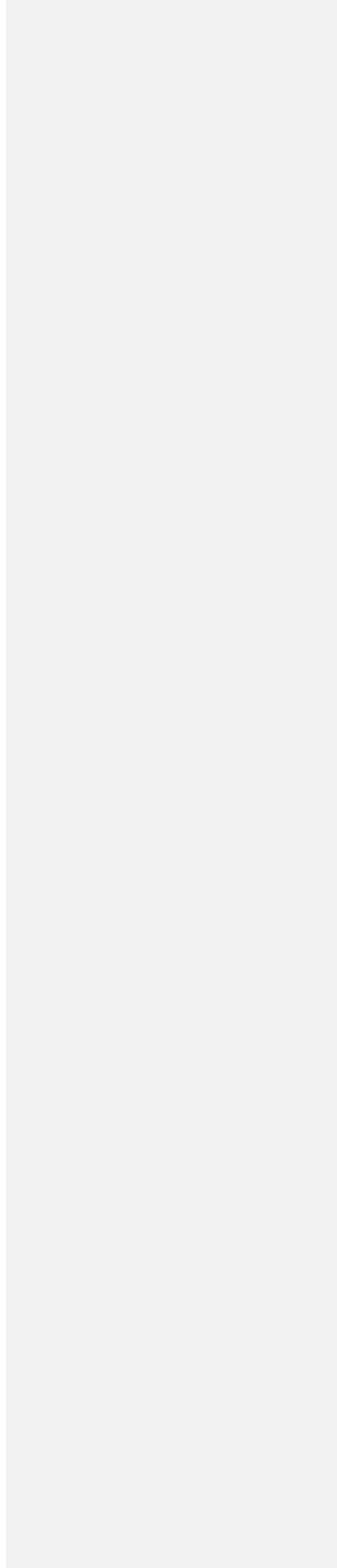
CFSP 2020 will be published on the website at: www.wajir.go.ke within 7 days of adoption by the County Executive Committee

Table of Contents

Foreword	v
Acknowledgement.....	vi
ABBREVIATIONS AND ACRONYMS	vii
LIST OF TABLES AND FIGURES.....	viii
Legal Basis for the preparation of the County Fiscal Strategy Paper	ix
1. COUNTY STRATEGIC BLUE PRINT	11
1.1. Overview	11
1.1.1. General Context.....	11
1.2. Programmes for Achieving the County Strategic Blueprint's Objective.....	12
1.2.1. Improve Access to Universal Health Care to Guarantee Quality and Affordable Health.....	12
1.3. Outline of County Fiscal Strategy Paper.....	14
2. RECENT ECONOMIC DEVELOPMENTS AND POLICY OUTLOOK	15
2.1. Overview	15
2.1.1. Gross Domestic Product Growth and Its Main Drivers by Sector.....	15
2.1.2. The Broad Money Supply Trend	16
2.1.3. The Inflation Rate Trend.....	16
2.1.4. The Interest Rate Trend	16
2.1.5. The Balance Of Payments Trend	17
2.1.6. The Exchange Rate Trend.....	17
2.1.7. The Stock Market Trend.....	18
2.2. Impact of the Macro-Economic Performance Indicators to the County	18
2.3. Update on Fiscal Performance and Emerging Trends	19
2.3.1. Revenue	19
2.3.2. Expenditure.....	19
2.3.3. Fiscal balance.....	20
2.4. Comparison of Actual Performance against budget	20
2.5. Significant Economic, Legislative and Financial Events.....	20
2.6. Revised Estimates	21
2.7. Economic Policy and Outlook	21
2.8. Risks to the Outlook	22
3. FISCAL POLICY BUDGET FRAMEWORK	24
3.1. Overview	24
3.2. FY2020/21 and Medium Term budget Priorities	24
3.3. Fiscal Policy Status	26
3.4. Fiscal Strategy Paper's Obligation to Observe Principles	26

3.4.1.	Fiscal Responsibility.....	26
3.4.2.	Fiscal Structural Reforms	28
3.4.3.	Debt Financing Policy.....	28
3.5.	Budget Framework Proposed for FY 2020/21 MTEF	29
3.5.1.	Revenue Projections	29
3.5.2.	Expenditure Projections.....	30
3.5.2.1.	Recurrent Expenditure Forecasts.....	32
3.5.2.2.	Development and Net Lending	33
3.5.3.	Fiscal Balance and Deficit Financing	33
3.6.	Summary.....	34
4.	MEDIUM TERM EXPENDITURE FRAMEWORK	35
4.1.	Resource envelope	35
4.2.	Spending priorities.....	35
4.3.	Medium Term Expenditure Estimates	36
4.4.	Baseline Ceilings	38
4.5.	Finalization of Spending Plans	40
4.6	Details of Sector Priorities	40
4.6.1	Agriculture and Livestock Development.....	40
4.6.2	Roads and Transport	41
4.6.3	ICT, Trade, Industrialization, Co-operative Development.....	42
4.6.4	Education, Youth, Gender and Social Services.....	43
4.6.5	Water Department.....	44
4.6.6	Energy, Environment and Natural Resources	45
4.6.7	Public Works, Lands, Housing and Physical Planning	46
4.6.8	Finance and Economic Planning.....	46
4.6.8	County Executive.....	47
4.6.9	County Assembly	47
4.6.10	Public Service, Special Programs, Decentralized Units and Town Administration	48
4.6.11	WAJWASCO.....	48
5.	CONCLUSION AND NEXT STEPS.....	49
	ANNEXES	50
	ANNEX 1: FY 2019/20 MTEF Budget timelines	50
	ANNEX 2: MTEF Departmental Ceilings – FY2019/20 -2021/22.....	52
	Annex 3: Own Source Revenue Collection for First Half FY2019/20.....	53
	Annex 4: County Treasury Macro Working Group members.....	Error! Bookmark not defined.

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Foreword

Wajir County Fiscal Strategy Paper (CFSP) 2020 is prepared as provided for in section 117 of PFM Act of 2012. It sets out the county priority programs for implementation in the FY 2020/21 and in the medium term as per the MTEF. The preparation of this document has been extensively collaborative and consultative and therefore reflects the needs and aspiration of the people. The document has also been aligned to the county and national policy documents key among them the County Integrated Development Plan (CIDP), County Annual Development Plan, The national medium term plan (MTP 2018-22) and the vision 2030.

Wajir County has been on a growth trajectory since devolution underscored by massive investment in improving infrastructure, water systems, livestock & crop production and energy services as well as investment in important social sectors like health, education and social protection. To sustain this development path, the focus in 2020/21 and in the medium term shall remain on the areas that can transform the lives of wajir residents in the long term with job creation, food & nutritional security, universal health care, water & sanitation services and ease of access through improved infrastructure.

The climate change continue to present unique and dynamic challenges to the county economic wellbeing; natural disasters such as floods and droughts have increased in intensity and frequency while the county also is currently fighting the invasion by large swarms of locusts that now threaten the livestock and crop production which are the economic mainstay for the county. In order to build resilience, the government shall in 2020/21 and in the MTEF period invest substantial resources in climate smart systems of production.

In summary, key priorities in 2020/21 and MTEF period include

- i. Enhancing food security by investing in climate smart production systems;
- ii. Improving access to universal health care to guarantee quality and affordable health for all
- iii. Enhancing cohesion and integration through equity and inclusivity for all;
- iv. Improving Road, Transport, Energy and Communication Infrastructure to Spur Investment
- v. Improving early childhood education, and youth, women and marginalized groups empowerment;
- vi. Improving access to adequate portable water, and ensure clean and safe environment;

Mr Abdihakim Billow
County Executive Committee Member
Finance and Economic Planning

Acknowledgement

The development of the 2020/21 CFSP was a strong collaborative effort by county departments, agencies and individuals under the leadership of the CEC Finance and Economic Planning Hon Abdihakim Billow. Special appreciation to the public that enthusiastically participated in identifying community priorities during the preparation of the ADP 2020/21 that has formed the basis of this document.

I want to appreciate the County Chief Officers and Directors for leading their respective teams in sector working groups and submitting reports that have immensely contributed to priority setting for this document.

Lastly but not least, special thanks to staff in Finance and Economic Planning specifically in the directorates of Economic Planning, Budget and Statistics that have put a lot of time and effort in drafting this document.

To all that were involved, receive my heartfelt appreciation.

Abdirahman Madhow

County Chief Officer, Department of Economic Planning, Budget and Statistics

ABBREVIATIONS AND ACRONYMS

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

LIST OF TABLES AND FIGURES

List of Tables

- Table 1: Macroeconomic Indicators Underlying the Medium Term Fiscal Framework (FY 2020/21 MTEF)
- Table 2: County Government Revenue trends and projections
- Table 3: County Government Fiscal Projections FY 2020/21 MTEF
- Table 4: Actual Expenditure by Economic Classifications from FY 2015/16 – FY 2018/19
- Table 5: Actual and projected expenditure by Economic Classifications
- Table 6: Actual and projected development expenditure
- Table 7: Summary of Indicative Sector Ceilings for FY 2020/21 – FY 2022/23

List of Figures

- Figure 1: County revenue by source, estimates, actual and trends
- Figure 2: Estimates versus Actual expenditures (Million Kshs)
- Figure 3: Expenditure by Economic Classifications from FY 2015/16 – FY 2018/19
- Figure 4: Ceiling projections per sector
- Figure 5: Development Estimates, Actual and projections (Kshs Millions)

Legal Basis for the preparation of the County Fiscal Strategy Paper

Legal Basis for the Publication of the County Fiscal Strategy Paper

The County fiscal strategy paper is prepared in accordance with Section 117 of the Public Financial Management Act, 2012. The law states that:

- (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; and
 - (d) Any other forum that is established by legislation.
- (6) Not later than fourteen days after submitting the County Fiscal Strategy Paper to the county assembly, the county assembly shall consider and may adopt it with or without

Responsibility Principles in the Public Financial Management Law

In line with the Constitution, the new Public Financial Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudence and transparency in the management of public resources. The PFM law (Section 107(b)) states that:

- 1) The county govern
- 2) Over the medium term, a minimum of 30% of the County budget shall be allocated to development expenditure
- 3) public officers shall not exceed a percentage of the County government revenue as prescribed by the regulations.
- 4) be used only for the purpose of financing development expenditure and not for recurrent expenditure.
- 5) Public debt and obligations shall be maintained at a sustainable level as
Approved by County Government (CG)
- 6) Fiscal risks shall be managed prudently
- 7) 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

I. COUNTY STRATEGIC BLUE PRINT

The County's vision is to build "A Secure, Resilient and Globally Competitive First Class County in Service Delivery for All". The County Integrated Development Plan (CIDP) for 2018-2022 and mainly the Annual Development Plan for 2020/2021 informed the priorities in this paper. The plans places key focus on programmes and interventions required to achieve the governor's manifesto and the National Government's "Big 4" agenda towards implementation of the country's Vision 2030.

I.1. Overview

I.1.1. General Context

The Kenyan economy remains resilient and grew by an average of 5.5 percent in the first three quarters of 2019, mostly supported by strong performance in the services sector. Growth momentum is expected to pick up to 5.6 percent in 2019, 6.1 percent in 2020 and further to 7.0 percent over the medium term supported by a strong rebound in the agricultural output, steady recovery in industrial activities, robust performance in the services sector, and investments in strategic areas under the "Big Four" Plan.

The Kenyan economy continued registering macroeconomic stability with low and stable interest rates and a competitive exchange rate to support exports. At 5.8 percent in December 2019, year-on-year overall inflation remained stable and within the 5 (+/-2.5) percent target largely due to lower food prices following favorable weather conditions. Inflation is expected to remain within target in 2020, largely due to lower energy prices and expected stability in food prices.

The foreign exchange market remains stable supported by the narrowing of the current account deficit. The current account deficit is estimated at 4.3 percent of GDP in 2019 down from 5.0 percent in 2018. The narrowing deficit reflects strong growth in diaspora remittances and tourism receipts, higher tea and horticultural exports, slower growth in imports due to lower food imports and the decline in international oil prices.

The focus of the County Government is to achieve socio-economic transformations by building an economically vibrant County through numerous strategies and a proper sustainable fiscal policy framework. In the FY 2020/2, priority will be given to health, roads, Water and agricultural sectors.

1.1.2 Specific Context

Wajir County's Medium Term Expenditure Framework for the FY 2020/21 to FY 2022/2023 is based on the Government priorities in the second generation CIDP that have been aligned to Third MTP of Kenya's Vision 2030 and the National Government Big Four Agenda.

To propel this agenda, the following key priorities and strategies were identified:

- Achieve universal Health Care;
- Infrastructure development including opening of road networks and housing units;
- Transforming the agricultural sector to ensure food security and increased incomes;
- Access to quality preprimary and TVET education
- Promotion of fair trade, trade development, industrial growth and investment; and
- Access to clean and safe water for all.

1.2. Programmes for Achieving the County Strategic Blueprint's Objective

This Paper articulates priority economic policies, structural reforms as well as sector-specific expenditure programs to be implemented under the Medium Term Expenditure Framework for FY2020/21, FY2021/22 and FY 2022/23 towards attainment of the County Government's development goal of ensuring a secure, resilient and globally competitive first class county in service delivery.

1.2.1. Improve Access to Universal Health Care to Guarantee Quality and Affordable Health.

Under this strategic objective, some of the medium term priority economic policies, structural reforms and sector-specific expenditure programs include:

- a) Investment in improving health infrastructure including diagnostic services through establishing specialized services units.
- b) Provision of regular adequate supplies of pharmaceuticals and non-Pharmaceuticals;
- c) Equipping the Wajir Referral Hospital to level 5 hospital standard and Upgrading of health facilities to higher level;
- d) Strengthening emergency services and referral system to enhance referral services;
- e) Recruitment of Health technical staff;
- f) Strengthen health education/promotion system through Strengthening Community health strategy;and

g) Enhance capacity development through investment in research and development.

1.2.2 Improve Road, Transport and Housing Infrastructure to Spur Economic Growth

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs include:

- a) Construction of County Roads and Bridges;
- b) Maintenance & Rehabilitation of County Roads and Bridges;
- c) County Transport Services;
- d) Provision of affordable and quality housing units;
- e) Promotion of appropriate building technology.

1.2.4 Enhance Food Security By Investing In Appropriate Systems:

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs include:

- a) Increase livestock productivity, marketing of livestock and livestock products, value addition and livelihood diversification for the economic wellbeing of the county citizenry;
- b) Enhance animal health through disease surveillance and disease control;
- c) Improve veterinary public health;
- d) Improve livestock health, welfare and productivity;
- e) Create enabling environment for crop development and crop productivity;
- f) Improve the income of the farmers through proper market linkage, research and increased shelf life of agricultural produce; and
- g) Enhance efficiency in service delivery & office operations.

1.2.5 Improve Early Childhood Education, Youth, and Women and Marginalized Groups Empowerment:

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs include:

- a) Improve ECDE infrastructure and Learning programs;
- b) Implementation of the ECDE school based feeding program;
- c) Improve TVET infrastructure and Learning programs;
- d) Construction, refurbishment and renovation of cultural and historical sites;

- e) strengthening existing social protection initiatives;
- f) Provision of business start-up capital & mentoring for women;
- g) Improvement of sport facilities;
- h) Expansion of county library services.

1.2.6 Improve Access to Adequate Portable Water and Ensure Clean and Safe Environment

Under this strategic objective, some of the priority policies and sector-specific expenditure programs include:

- a) Infrastructure Development Services targeting construction mega pan, major water works and drilling of boreholes;
- b) Overhaul and maintenance of water supplies;
- c) Maintenance of boreholes and sanitation services by WAJWASCO;
- d) Strengthening water resource management and improving water quality

1.3. Outline of County Fiscal Strategy Paper

The Paper is made up of four sections as summarized below:

Section I highlights the County Strategic Blueprint and further explains how the County Government intends to transform its economy.

Section II presents the economic context in which the 2020/21 MTEF budget is prepared. It provides an overview of the recent economic developments and the macroeconomic outlook covering at the National and County Government level.

Section III outlines the fiscal framework that is going to support growth over the medium and the framework for the proposed Budget.

Section IV provides a framework of managing the county government's administrative units and the budgetary allocation of the county revenue among its departments.

2. RECENT ECONOMIC DEVELOPMENTS AND POLICY OUTLOOK

2.1. Overview

This section reviews the latest information on the macroeconomic variables and their trends at the national level and how these impact the county government policies, processes and operations. These statistics are based on the National Treasury's draft Budget Policy Statement for 2020.

2.1.1. Gross Domestic Product Growth and Its Main Drivers by Sector

The National economy is expected to remain resilient in 2019 despite a slight slowdown in growth momentum, the economy recorded a 5.5% growth for the first three quarters of 2019 expected to rise to 5.6% for the full year compared to 6.3% recorded in 2018. The expansion of the economy is supported mainly by the service sub-sector as elaborated below.

Specifically, we note the following main drivers of the growth by sector:

- Services remained the main source of growth and expanded by 5.7 percent in the third quarter of 2019 compared to a growth of 6.5 percent in the same quarter of 2018. The service sector was supported by improved growth in accommodation and restaurant (9.0 percent), transport and storage (7.1 percent) and financial and insurance (5.6 percent). Growth of activities in information and communication (8.4 percent) and real estate (4.9 percent) also remained vibrant. The services sector contributed 3.0 percentage points to real GDP growth in the third quarter of 2019 largely supported by Transport and storage (0.5 percentage points), wholesale and retail trade (0.4 percentage points) and Real estate (0.4 percentage points).
- The agriculture sector recorded a decreased growth of 3.2 percent in the third quarter of 2019 compared to a growth of 6.9 percent in a similar quarter of 2018, as a result of delayed long rains. Consequently, the sector's contribution to GDP growth declined to 0.6 percent in the third quarter of 2019 compared to 1.3 percent in the same period in 2018.
- The performance of industry declined to 4.5 percent in the third quarter of 2019 compared to 5.8 percent in the same quarter in 2018 following subdued activities in the manufacturing, electricity and water supply and construction sectors. The

slowdown in the manufacturing sector was attributed to the fall in agro-processing activities, a reflection of declining agricultural production.

- Overall, in the third quarter of 2019, the economy grew by 5.1 percent compared to a growth of 6.4 percent in a similar quarter in 2018, as stated above mainly supported by strong performance in the services sub-sector such as information and communication, transportation and storage, and accommodation and restaurant.

2.1.2. The Broad Money Supply Trend

Growth in broad money supply, M3, slowed down to 5.9 percent in the year to November 2019 compared to a growth of 8.4 percent in the year to November 2018. This was due to the decline in both Net Foreign Assets (NFA) and Net Domestic Assets (NDA). Despite the slowdown, growth in M3 was supported by an improvement in the growth of demand deposits despite a decline in the time and savings deposits, foreign currency deposits, and currency outside banks.

2.1.3. The Inflation Rate Trend

Month-on-month overall inflation remained stable and within target at 5.8 in December 2019 although registering a marginal increment from 5.7 percent in December 2018. It should be noted that inflation has remained on the upper band of the target $5.0 \pm 2.5\%$. Core inflation (Non-Food-Non-Fuel) remained below 5.0 percent in the period under review reflecting subdued demand pressures in the economy. Fuel inflation declined from 6.9 percent in December 2018 to 2.5 percent in December 2019 on account of declining energy prices.

The delay in the onset of rains resulted in lower agricultural activities and raised food inflation from March 2019. Food inflation increased from 2.6 percent in December 2018 to 9.3 percent in December 2019 reflecting rising prices of key food items.

2.1.4. The Interest Rate Trend

Interest rates were low and stable for the period 2008 to 2011 due to ample liquidity in the money market. However, interest rates increased in 2012 following tight monetary policy stance in order to ease inflationary pressures. Interest rates remained stable and low in the period 2013 to October 2019, except from June to December 2015 when world currencies were under pressure. During the period, the Central Bank Rate (CBR) was adjusted appropriately to anchor inflation expectations. The Central Bank Rate was reduced to 8.5

percent on 25th November 2019 from 9.0 percent in August 2018 as there was room for easing monetary policy stance to support economic activity.

The interbank rate declined to 5.9 percent in December 2019 from 8.2 percent in December 2018 due to enhanced liquidity in the money market. The interest rates for government securities have been declining indicating that the implementation of government domestic borrowing program supported market stability. The 91-day Treasury bills rate declined to 7.2 percent in December 2019 compared to 7.3 percent in December 2018. The 182-day Treasury bills rate declined to 8.2 percent from 8.4 percent while 364-day increased to 9.8 percent from 9.7 percent.

2.1.5. The Balance Of Payments Trend

The overall balance of payments position improved to a deficit of US\$ 873.3 million (0.9 percent of GDP) in the year to October 2019 from a deficit of US\$ 1352.4 million (1.5 percent of GDP) in the year to October 2018. This deficit was due to a decline in the capital and financial account despite an improvement in current accounts.

The capital account declined by US\$ 38.6 million to US\$ 223.6 million in the year to October 2019, reflecting a decline in project grants. Similarly, financial account deteriorated to US\$ 6,346.3 million in October 2019 compared to US\$ 5,829.5 million in October 2018. The financial inflows were mainly in the form of other investments, direct investments and portfolio investments which stood at US\$ 3,680.8 million, US\$ 1,357 million and US\$ 1,284.4 million, respectively in October 2019. Other investment inflows mainly include foreign financing for Government infrastructure projects.

The current account balance narrowed by 35.4 percent to a deficit of US\$ 3783.2 million (4.0 percent of GDP) in the year to October 2019 compared to a deficit of US\$ 4,452.8 million (5.1 percent of GDP) in the year to October 2018. This reflects resilient performance of exports particularly horticulture and manufactured goods, strong diaspora remittances, higher receipt from tourism and transport services and lower imports of food and SGR-related equipment. The current account deficit is expected to narrow to 4.3 percent in 2019.

2.1.6. The Exchange Rate Trend

The Kenya Shilling has been relatively stable supported by continued narrowing of the current account deficit and adequate foreign reserve buffer. The Shilling appreciated against the US Dollar and the Euro exchanging at an average of Ksh 101.4 and Ksh 112.7 in

December 2019 from Ksh 102.3 and Ksh 116.4 in December 2018, respectively. However, against the Sterling Pound, the Shilling weakened exchanging at an average of Ksh 133.0 in December 2019 compared to Ksh 129.7 in December 2018.

2.1.7. The Stock Market Trend

Activity in the capital market picked up in December 2019 compared to December 2018, with equity share prices rising as shown by the NSE 20 Share Index. The NSE 20 Share Index was at 2,654.4 points by end of December, 2019 compared to 2,383.8 points by end December, 2018. On the other hand, market capitalization improved from Ksh 2,102.0 billion to Ksh 2,540.0 billion over the same period.

2.2. Impact of the Macro-Economic Performance Indicators to the County

As the economy remains resilient and the expansion trajectory is maintained as noted by the increase in GDP, more opportunities arise for investments and growth in the productive sectors. An immediate impact will be an increase in the equitable share from the government due to increased revenue flows at the national level and which will offer the County government more resources to invest in the transformative programs already identified. Further, the growth in the economy promotes foreign direct investments and the County is able to realize more private and public investments if the trend continues in the medium term.

The rate of inflation has largely been held stable due to a favorable macroeconomic environment and a prudent fiscal and monetary policy regime. Further, favorable climatic patterns from the second half of 2019 could help maintain the price levels favorably. With stable conditions forecasted in the medium term, the county can project and maintain stable public investment and service delivery and hence a more stable approach to planning and budgeting. This is contrasted against an unstable inflation environment which ultimately affects the buying power of the resources both at the disposal of the government and the residents, and increases the poverty demographics to levels that may impact the spending patterns of the County Government. Hence the stability in the inflation rates is important for the continued implementation of the county development strategy.

The Country has benefitted from accelerated growth in the non-agricultural sector mainly the service sub-sector. Wajir County has recorded tremendous growth in restaurant and accommodation with more than two major facilities expected to enter the market within

2019/20 FY. Transport; information and communication; and real estate are other sectors performing well nationally and also reflected in the county. The agricultural sector benefited from enhanced rains in OND season and have recorded bumper harvest for the water melons; however, these gains in the agricultural sector are now threatened by the locusts invasion that have had devastating results in most parts of the county and now affecting other parts of the country as well.

The county government will continue executing strategies to tap into the previously unexploited tourism sector. Specifically and in the medium term FY2020/21-2022/23, the County has planned to develop more cultural site and products, improve advertisement of the available tourism products and development of conservancies and wildlife sanctuaries. Proposed investments in infrastructure and water & sanitation systems will enhance connectivity and sanitation and further bolster the various initiatives targeted by the County.

2.3. Update on Fiscal Performance and Emerging Trends

In FY 2018/19, the County had a final Budget of Kshs.10.56 billion, comprising of Kshs.6.22 billion (59 per cent) and Kshs.4.34 billion (41 per cent) allocation for recurrent and development expenditure respectively. The County expected to receive Kshs. 8,478,000,000 as equitable share , Kshs. **1,878,115,190** as total conditional grants, generate Kshs.200 million from own source revenue, and Kshs. 2,619,575,061 cash balance from FY 2017/18.

2.3.1. Revenue

During the FY 2018/19, the county received in County Revenue Fund Kshs. 8,478,000,000 as equitable share of revenue raised nationally, Kshs. 640,202,963 as total conditional grants, raised Kshs.60,123,112 from own source revenue, and a cash balance of Kshs. 2,619,575,061 from FY 2017/18.

2.3.2. Expenditure

In 2018/19 a total of Kshs. 5,588,942,075 was spent on recurrent activities while Kshs. 4,585,614,090 was spent on development activities. The expenditure included part of the pending bills which amounted to Kshs. 2,490,000,000 for development activities and Kshs. 126,715,675 for recurrent expenditure as at June 30, 2019.

2.3.3. Fiscal balance

In the medium term, the government is forecasting a balanced budget hence there will be no need for debt financing.

2.4. Comparison of Actual Performance against budget

The analysis of the budget performance in the FY2018/19 a significant improvement in development expenditure compared to previous year while recurrent continues to perform well. To finance the government operation in 2018/19, the County expected to receive Kshs.8.48 billion (80.3 %) as equitable share of revenue raised nationally, Kshs.1.88 billion (17.8 %) as total conditional grants, generate Kshs.200 million(1.9%) from own source revenue. A cash balance of Kshs. 2.62 billion from FY 2017/18 was also carried forward to 2018/19. The Equitable share allocation from the national treasury were well released at 100%, 34.1% grant allocation was received while the OSR performed poorly at 30.06%.

The County's budget absorption on the development vote in FY 2018/19 improved significantly from what was recorded the previous year. The absorption for the budget was Kshs 10.17 billion where Kshs. 5.589 billion (55%) was used for recurrent and Kshs 4.586 billion (45%) development expenditure. On the overall the government expended 86.17% of the appropriated resources leaving approximately 13.8% (Kshs 1.74 billion) unspent for the FY 2018/19. In absolute figures, there was a significant improvement of 58% in budget absorption from the previous 6.4B to 10.17B recorded in the year under review. This improvement was mainly driven by better performance in the development expenditure that recorded an improvement of 444% from 842.54M previously to 4.586B in the year under review.

2.5. Significant Economic, Legislative and Financial Events

The constitutional provisions for county governments financing have guaranteed stable flow of funds from the National Government with Wajir County recording an average of 12% growth per annum between 2013/14 and 2017/18. This has however significantly changed with introduction of the 2nd revenue sharing formula as well as slowdown in revenue collection nationally; the projection in the medium term from 2017/18 to 2022/23 gives a growth rate of equitable share at 1.46%.

The government continues to make strides to fully operationalize e-procurement in the county despite various capacity challenges that have slowed down implementation of the

county projects this is why there has a marked improvement in the budget implementation for the FY 2018/19 while in the current FY the momentum is expected to continue

2.6. Revised Estimates

The current year's budget estimates are not expected to change significantly. In the medium term, macroeconomic outlook projects a stable financial situation for the county. The negotiation by senate to increase equitable share from 310 billion to 316.5 billion resulted to an increase of the county equitable share by Kshs 175 million. The government is in the process of developing a supplementary budget to incorporate balances brought forward from FY2018/19 as well as the additional revenue.

2.7. Economic Policy and Outlook

The BPS projects a GDP growth of 6% in the medium term, this is expected to guarantee a revenue growth of at least 3% annually for the county governments although the revenue projections in this CFSP have been conservatively at 1.46%. This anticipated revenue allocations to the county has been factored in the budget projections in this CFSP. The government has projected a balanced budget in the medium term.

Inflation has been projected to remain within target of 5+/- 2.5% in the medium term and is therefore not expected to have adverse effect on the budgetary resources for the county government.

In order to align and support the National government focus on the four areas of Food security, universal health care, expansion of manufacturing and housing, the county has committed to sustain allocation of significant resources to the concerned sector. An average of 22% of budgetary allocations will go to the health sector while the agriculture, Trade and Cooperatives, Water Services and Energy & Environment sectors that support food security and value addition will consume 20% in the medium term.

Table 2: Macroeconomic Framework

	2017/18 Pre I Act	2018/19 Rev Budg et II	2019/20 Pre I Act	2019/20 Printed Estimates	2019 BR OP	2019 Rev Budg et I	2020/21 BP SI	2019 BR OP	2020 B PS	2021/22 BP SI	2019 BR OP	2020 B PS	2022/23 BP SI	2019 BR OP	2020 B PS	2023/24 BR OP	2020 B PS
National Account and Prices	Annual Percentage Change																
Real GDP	5.6	6.3	5.9	6.2	5.9	5.9	6.4	6.2	6.2	6.7	6.4	6.3	7	6.7	6.6	6.9	6.8
GDP Deflator	6.7	4.9	3.9	6.5	4.9	4.9	6	5.1	5.5	6	5.1	5.4	5.8	5.1	5.3	5.2	5.4
CPI Index (eop)	5.1	5.3	5.1	5.2	5.2	5.2	5	5	5	5	5	5	5	5	5	5	5
CPI Index (avg.)	5.2	5.2	5	5.3	5.4	5.4	5	5	5	5	5	5	5	5	5	5	5
Terms of Trade (-)	0.8	-3.5	0.6	0.4	0.5	0.5	-1.8	0.3	0.8	1.1	1.1	1.1	-2.2	0	0.3	-0.2	0.4

deterioration)																		
Investment and saving	Percentage of GDP																	
Investment	18.6	21.9	19.7	24.4	24.2	24.2	23.3	24.1	21.4	25	25.5	22.2	27.9	28.7	22.5	31.2	22.6	
Gross National Savings	13.9	17.1	15.2	19.8	19.2	19.2	17.4	19.1	16.6	19.7	21.2	17.7	22.8	24.9	19.5	26.5	21.3	
Central Government Budget																		
Total revenue	17.9	18.9	18.2	19.7	20.2	20.1	18.5	18.5	18.3	18.3	18.3	18.2	18.8	18.4	18.2	18.3	18.1	
Total expenditure and net lending	25.2	26.9	26	25.9	27.4	27.8	22.8	24.1	23.6	22.2	23.2	23	22.2	22.7	22.4	21.9	21.7	
Overall Fiscal balance excl. grants	-7.3	-8	-7.9	-6.3	-7.2	-7.6	-4.3	-5.7	-	-3.7	-4.9	-	-3.4	-4.3	-	-3.6	-	
Overall Fiscal balance incl. grants, cash basis	-7.4	-6.8	-7.7	-5.9	-6.2	-6.3	-3.9	-5.3	4.9	-3.3	-4.5	4.8	-3.1	-4	4.3	-3.4	3.6	
Nominal debt (eop). Net of deposits	52.7	54.8	56.7	54.1	57.3	57.5	52.6	56.6	56.1	50.4	55.1	54.5	48.2	53.1	52.4	50.5	49.8	
External Sector																		
Current external balance, inc. Official transfers	-4.7	-4.8	-4.5	-4.9	-4.9	-4.9	-5.9	-5	-4.8	-5.4	-4.3	-4.4	-5.1	-3.9	-2.9	-4.7	-1.3	
Gross reserves in months of imports	6.3	7	6.4	7.1	6.4	6.4	7.2	6.4	6.4	7.3	6.4	6.4	7.4	6.4	6.4	6.4	6.4	

2.8. Risks to the Outlook

This sub-section deals with the risks associated with the outlook of the proposed budget 2019/20 and the medium term.

Risks	Mitigation measures
<p>Risk in Changes in Macroeconomic Assumptions</p> <p>Unexpected changes in macroeconomic variables create risks to both revenue and expenditure projections in this CFSP as they play a key role in the formulation of the budget. Some of these risks include adverse changes in real GDP growth rates, inflation rate, exchange rate and volatility of commodity prices that affect the County's own source revenue. However, on the overall, any negative external and internal shocks to our economy may adversely affect transfers from the national government and may significantly affect the funds allocated to Wajir County.</p>	<p>Mitigation Measures</p> <p>Wajir County understands that the risks in macro-economy largely affect the programmed spending on the development budget. The National Treasury has developed a national mitigation measure by establishing the Public Investment Management Unit which will be responsible for ensuring that all capital projects are planned, appraised and evaluated before funds are finally committed in the budget. Wajir County government shall borrow from this initiative and ensure that capital projects planning, appraisal and evaluation are conducted efficiently and necessary commitments made through a structure similar to Public Investment Management Unit to ensure that funds are allocated early in the financial year. To this end the County will develop comprehensive work plans, procurement plans and cash flow projections and ensure these are submitted as required (by the 15 June of each financial year) to mitigate the effects of any adverse macroeconomic</p>

Risks	Mitigation measures
	changes and ensure that if this risk crystalizes then the effects are borne by the National government.
<p>Shortfall in County Revenue</p> <p>The third revenue sharing formula proposed by CRA will lead to slower growth of the county revenue significantly. The County government has projected as part of its revenue envelope own source revenue that will be used for budgetary support. Own source revenue generation has continued to face challenges that has resulted in consistent drop in the revenue collected and the failure to achieve the targets in the past.</p>	<p>Mitigation Measures</p> <p>While country's GDP growth is projected at 7%, the county government has conservatively projected the revenue growth at 1.46% in the medium term; Understanding the own source revenue environment, the county has in the FY 2019/20 and 2020/21 reduced the OSR projections to reflect more closely the expected revenue given the current environment. However, in the medium term the government will undertake measures aimed at expanding the revenue base and increasing tax compliance through the integration of technology in revenue collection. Further, the County will develop legislation over key revenue sources and develop enforcement mechanisms to stem the revenue leakages.</p>
<p>Pending Bills</p> <p>Wajir County continues to face major challenges of pending debts and bills. The Government is in the process of verifying the pending bills (including pending debts inherited from the defunct local authorities and County departments from prior financial years) to establish the genuine ones.</p>	<p>Mitigation Measures</p> <p>The verified and approved pending bills will be given first charge in the FY2020/21 expenditure. In the medium term, the county treasury will ensure that commitments are made against the appropriated resources and payments will be made in strict compliance with the approved estimates.</p>
<p>Contingent Liabilities</p> <p>County Government continues to face potential litigation on the pending bills and/or due to lack of compliance on the various statutory requirements including the myriad of requirements imposed by Kenya Revenue Authority. Though there were no active cases at the time of the development of this CFSP (2019), the possibility of such being brought remains a risk.</p>	<p>Mitigation Measures</p> <p>The County will continue to ensure full compliance with contractual agreements and with statutory requirements imposed by the various national agencies.</p> <p>Further, the county will seek to revamp its legal department to ensure that the implementing departments get the requisite legal advice when dealing with all contractual matters.</p>

3. FISCAL POLICY BUDGET FRAMEWORK

3.1. Overview

The FY 2020/21 MTEF budget framework will continue to pursue the county's fiscal agenda of transforming the lives and livelihoods of the county residents. The county departments will adopt prudence in allocation of resources in order to achieve value for money in delivery of services to the residents. The county's fiscal framework for the FY2020/21 Budget will be based on the Government's policy priorities and economic policy framework set out in Chapter I and Chapter II.

In FY 2020/2021 the government will pursue efficient fiscal policies to ensure economic growth and development. The policies will be geared towards spurring economic growth by creating enabling environment for private sector to thrive as well as ensuring sustainability in the programs implemented. In addition, The Government will endeavor to improve on service delivery in the medium term.

In order to improve service delivery, the government will adopt the following measures in allocation of resources:

- Implementation of performance management and institute critical actions to manage the growth in wage bill.
- Improving equity in distribution of resources to improve service delivery across the county. In the past it has been addressed through ward priority projects.
- Strengthening resource mobilization to eliminate the fiscal gap that have been experienced in the past as a result of own source revenue shortfalls. This will be through increasing tax compliance through the integration of technology in revenue collection and developing legislation over key revenue sources as well as developing enforcement mechanisms to stem the revenue leakages.

3.2. FY2020/21 and Medium Term budget Priorities

The Government will continue to ensure that the priority programmes stipulated in the CIDP are implemented to enhance the growth of the county economy. This will be aimed at complementing the big four agenda of the National Government. The revenues received will be used optimally to ensure value for money and efficiency in service delivery during the programming period. In this respect the government will develop a framework to ensure delivery of better quality services that will link resources, budgeting and monitoring. This

will ensure that public spending leads to high quality outcomes as well as improving the quality of public spending.

Under this strategy, the government will ensure sustainability and strict prioritization in allocation of resources to programmes. In order to achieve this, the government will ensure:

- Spending is directed towards the most critical needs of the county (like water health and road sectors) and is well utilized;
- More outputs and outcomes are achieved with existing or lower level of resources; and
- Departments' budgets are realistic and take into account the resource constraints.

In the FY2020/21 the total resource envelope is projected at 9.89 billion. As per the current macro-economic environment and the trend of growth of the county revenues, the projections for FY2021/22 and FY2022/23 are Kshs 9.91 billion and Kshs 10.11 billion respectively which is 1% growth per annum. This is hedged on the overall expected growth of 6% on GDP and projected national revenues as per the criteria determined by the Commission of Revenue Allocation. The own source revenue is projected to be steady until a point where automation as well the regulation and operationalization of land rates and rents is fully in place.

In the medium term the Government will ensure a balanced budget is realized and that the development expenditure shall constitute 38% of the total budget across FY2020/2021, FY 2021/22 and FY2022/23. In this respect, the recurrent expenditure will not exceed 62% of the budget in the medium term.

The Government while setting expenditure ceilings considered: county priorities extracted from the CIDP 2018-2022, ADP 2020/21, the sector working group reports for each of the sectors as well as the priorities in the big four agenda of the National Government. Moreover, the ceilings were also adjusted based on the prevailing climatic conditions and changes, expenditure trends and the changes in sector specific priorities. All the conditional funding and grants related expenditures have been ring fenced based on the purpose for which the funding was meant for.

The proposed FY 2020/21 MTEF fiscal strategy is based on a balanced budget. However, any shortfall in revenue that may occur within the MTEF period will be addressed through

supplementary or borrowing within the framework by county governments if approved by the Intergovernmental Budget and Economic Forum (IBEC).

3.3. Fiscal Policy Status

In the FY2020/21 and the medium term, the Government's fiscal policy objective will focus allocation of resources to only the priority and growth potential areas. Allocation and utilization of resources in the medium term will be guided by the priorities outlined in ADP2020/21, CIDP 2018-2022 and The National Government's Big Four Agenda; and in accordance with fiscal responsibility principles as set out in section 107 of the PFM Act 2012.

The Government will spend on strategic sector priorities within the sector ceilings. The different sector working groups will provide the platform for dialogues between the government and the various sectors of the county economy. The departments should implement their priorities within the ceiling and hence the following should be given priority: projects/ programmes that affects lives and livelihoods of the county residents and projects geared towards creating enabling environment for the private sector to grow. In addition, the departments are required to clear all their pending bills from the previous years before implementation of new projects.

3.4. Fiscal Strategy Paper's Obligation to Observe Principles

The Government will ensure strict adherence to fiscal responsibility principles. Moreover, it will ensure rationalization is done and resources allocated to non-core recurrent expenditure is shifted to capital and development programmes to ensure sustainable and inclusive growth.

3.4.1. Fiscal Responsibility

The PFM Act, 2012 sets out the fiscal responsibility principles to ensure prudence and transparency in the management of public resources. In FY2020/21, the government will adhere to these principles. They include:

- I. Over the medium term, a minimum of thirty (30) per cent of the budget shall be allocated to the development expenditure. In FY 2017/18, FY 2018/19 and FY 2019/20, the government achieved an allocation to development expenditure of

39%, 39% and 38 %, respectively. In the medium term, the projections is 38% across the years which is within the law;

2. The Government's expenditure on wages shall not exceed a percentage of 35% of the County total revenue. This is a challenging fiscal principle for the government due to challenges brought up by revenue shortfall whereby the growing county wage bill is not counteracted by proportional increase in county revenues. The projected percentage of Personnel Emoluments in FY 2020/21 is 36.5% which represents a 2.5 percentage increase from the budgeted amount in FY2019/20 which stood at 34%. In order to achieve this principle, there is need to adopt a strict policy on employment going forward to ensure sustainable wage bill as well as growing the total county revenues. The Government is in the process of automating most of the revenue streams in order to enhance own source revenue.
3. Over the medium term, the Government's borrowing shall be used only for purpose of financing development expenditure and not for recurrent expenditure. In the medium term the County government has no plans to borrow. However, if need arises it will only be directed to development purpose.
4. The county debt shall be maintained at a sustainable level as approved by County Assembly. The county debts are mostly tied to the pending bills. This are mostly occasioned by the commitments carried forward from FY 2018/19 of Kshs 1.74 billion. The Kshs 1.74 billion was the balance brought forward at the end of the financial year and the respective debts shall be settled by the close of the financial year 2019/2020. The government is in the process of vetting pending bills to determine their validity once completed, a report will be ready for implementation. The Settlement process of the pending bills will be given first priority every start of financial year.
5. The fiscal risks identified shall be managed prudently and all mitigation measures indicated put in place to manage all identified and emerging risks. Chapter two of this paper identifies the probable risks to the county and their mitigation measures well spelt out; and

6. The government shall maintain a reasonable degree of predictability with respect to the level of tax/ levy rates and bases shall be maintained, taking into account any tax reforms that may be made in the future. This was factored in while projecting the own source revenues. In the medium term, more efforts will be put to curtail revenue leakages through automation of the revenue streams and institution of strong revenue laws and regulations.

3.4.2. Fiscal Structural Reforms

The Government endeavors to widen the tax base through the following: reviewing the relevant revenue legislations in order to improve revenue raising measures and efficiency and

Installation of revenue system to ensure automation of most of revenue streams to stem revenue leakages.

In FY2020/21 and the medium term, the government will rationalize its expenditure in order to curtail wastages. In this respect therefore, the accounting officers will be required to ensure there is improved accountability and transparency in utilization of public resources as well as ensuring more focus is put on programs and activities that have a high impact on the lives of the county residents. In addition, the government will strive to ensure that there is efficient and effective execution of the budget. This will be made possible through expenditure tracking and taking corrective measures on any deviations and instilling strong internal controls on expenditure.

3.4.3. Debt Financing Policy

The County Government's current debts are limited to the pending bills. The FY2018/19 budget balances have been appropriated in the first supplementary of the FY2019/20 budget which was forwarded to the county assembly for approval. The pending bills represent carried forward debts over the years and some few that date back to the pre-devolution period. In the medium term, no debt has been factored in the financial projections for the County. However, in the medium term the government does relish the opportunity to borrow from domestic sources for key capital investments and will be willing to revisit the current projections upon the completion of a framework to be developed by the National Treasury on borrowing by County governments. In such instances, borrowing will be

undertaken upon careful and critical analysis of financial position and capability of the county in repaying its debts.

3.5. Budget Framework Proposed for FY 2020/21 MTEF

3.5.1. Revenue Projections

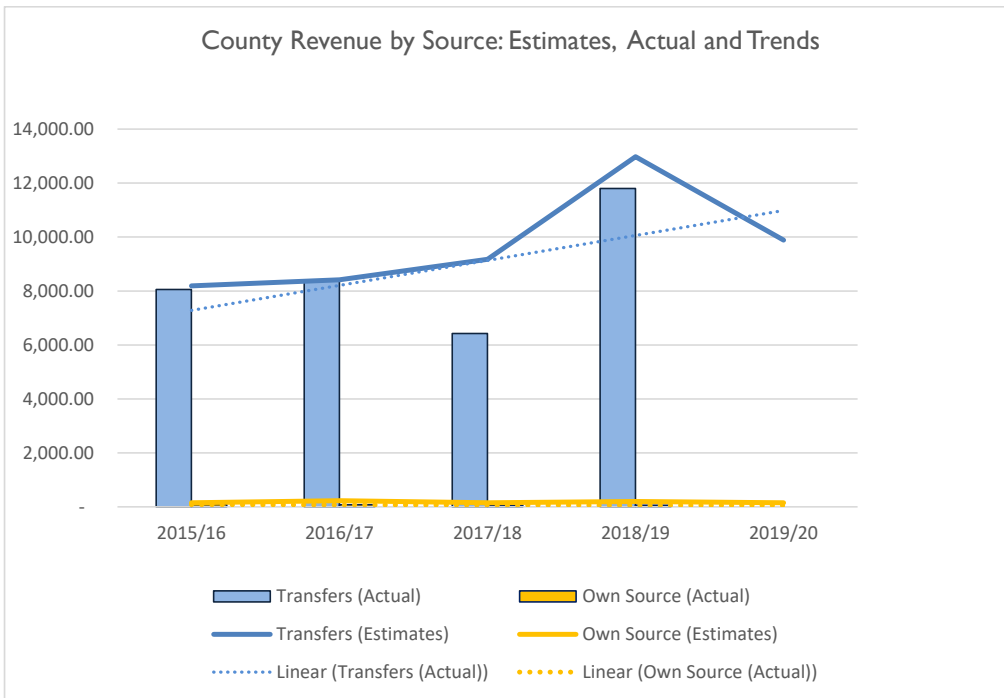
The county government is projected to receive total revenue of Kshs 9.89 Billion from National Treasury as indicated in the draft Budget Policy statement while own source revenue is projected to at Ksh 150 Million.

Table 3: County Government Revenue Trends and Projections

Financial Year	Equitable Share	User Fees forgone	Fuel Levy	Development of Youth Polytechnics Conditional Grant	other Loans and Grants	Own Source Revenue	Total
2017/18	8,138,900,000	15,784,997	308,164,819	28,307,881	246,754,445	150,000,000	8,887,912,142
2018/19	8,478,000,000	15,784,997	223,218,356	21,295,000	1,617,816,837	200,000,000	10,556,115,190
2019/20	8,580,600,000	150,000,000	15,784,997	254,698,172	12,336,170	871,896,369	9,885,315,708
2020/21	8,580,600,000	15,784,997	254,698,172	12,336,170	871,896,369	150,000,000	9,885,315,708
2021/22	8,666,406,000	15,784,997	267,433,081	12,336,170	880,615,333	165,000,000	10,007,575,580
2022/23	8,753,070,060	15,784,997	280,804,735	12,336,170	889,421,486	165,000,000	10,116,417,448
Proportion of total Revenues (2020/21)	86.80%	1.52%	0.16%	2.58%	0.12%	8.82%	100%

The County Government's major source of revenue is the equitable share followed by other loans and grants. The own source revenue still faces challenges of growth as a result of delayed automation of revenue streams as well as weak revenue regulation and laws. In Figure 1 below, the total local revenue analysis show a declining trend over the years. This has led to revenue shortfalls and hence budget deficit. The Government will fast-track the process of revenue automation as well as legislation of the required laws in order to reverse this negative trend. Over the years, the growth rate of the transfers from the national government has been declining.

Figure 1: County revenue by source, estimates, actual and trends



3.5.2. Expenditure Projections

In FY2020/21 the forecasted expenditure is Ksh 9.89 Billion which represents 3.8% growth from the current FY 2019/20 budget estimates of Kshs 9.51 Billion. Over the medium term projections stand at 9.89 Billion, 10.01 Billion and 10.12 Billion in 2020/21, 2021/22 and 2022/23 respectively.

Figure 2: Estimates versus Actual Expenditures (Million Kshs)

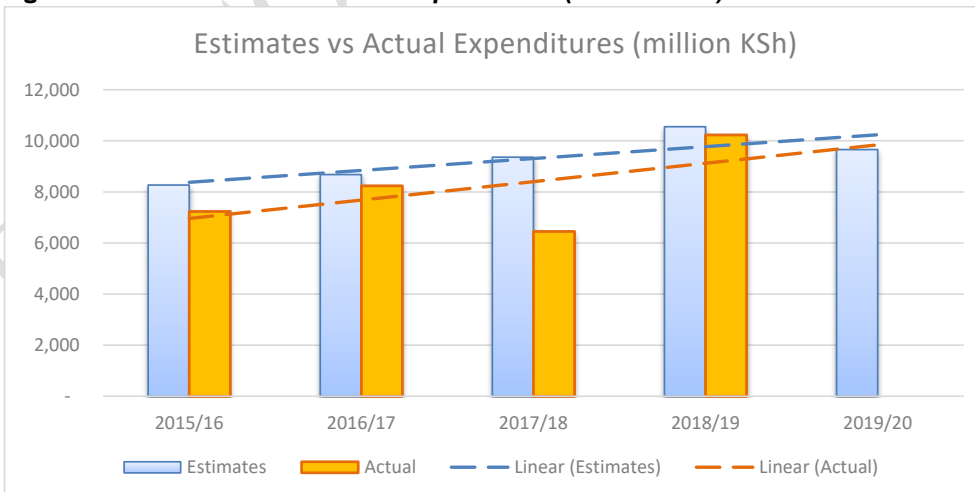


Table 4: County Government Fiscal Projections FY 2020/21 MTEF

	2018/19 FY	2019/20 FY		2020/21 FY		2021/22 FY		2022/23 FY
	Actual	Budget	CFSP 2019	CFSP 2020	CBROP 2019	CFSP 2020	CBROP 2019	CFSP 2020
TOTAL REVENUE & GRANTS	9,178,326,075	9,666,416,131	9,513,107,834	9,885,315,708	9,907,000,000	10,007,575,580	10,105,000,000	10,116,417,448
Unspent Bal b/f \Previous FY	2,619,575,061	1,740,139,077	0	0	0	0	0	0
Revenue (Total)	11,797,901,136	11,406,555,208	9,513,107,834	9,885,315,708	9,907,000,000	10,007,575,580	10,105,000,000	10,116,417,448
Equitable Share Allocation	8,478,000,000	8,370,000,000	8,370,000,000	8,580,600,000	8,610,000,000	8,666,406,000	8,782,000,000	8,753,070,060
Local Revenue	60,123,112	150,000,000	165,000,000	150,000,000	150,000,000	165,000,000	153,000,000	165,000,000
Grant income	640,202,963	1,146,416,131	993,107,834	1,154,715,708	1,147,000,000	1,176,169,580	1,170,000,000	1,198,347,388
Grant (Total)	9,178,326,075	9,666,416,131	9,528,107,834	9,885,315,708	9,907,000,000	10,007,575,580	10,105,000,000	10,116,417,448
Total Expenditure	10,174,556,165	9,666,416,131	9,528,107,834	9,885,316,348	9,907,000,000	10,007,575,580	10,105,000,000	10,116,417,448
Recurrent	5,588,942,075	5,990,734,939	6,267,966,000	6,165,545,175	6,227,000,000	6,243,167,153	6,352,000,000	6,309,842,733
Recurrent as % of CG Total Revenue	55%	62%	66%	62%	63%	62%	63%	62%
Personnel Emolument	3,398,130,571	3,316,038,030	3,966,344,070	3,615,272,107	3,467,450,000	3,651,424,828	3,536,750,000	3,687,939,076
Operations & Maintenance	2,190,811,504	1,914,502,509	2,301,621,930	2,550,273,068	2,759,550,000	2,591,742,325	2,815,250,000	2,621,903,656
Personnel Emoluments as % of CG Revenue	37%	34%	41.69%	36.57%	35.00%	36.49%	35.00%	36.45%
Development	4,585,614,090	3,675,681,192	3,260,141,834	3,719,771,173	3,680,000,000	3,764,408,427	3,754,000,000	3,806,574,715
Development as % of CG Total Revenue	39%	38%	34%	38%	37%	38%	37%	38%
Unspent Bal Current FY	1,740,139,077	0	0	0	0	0	0	0

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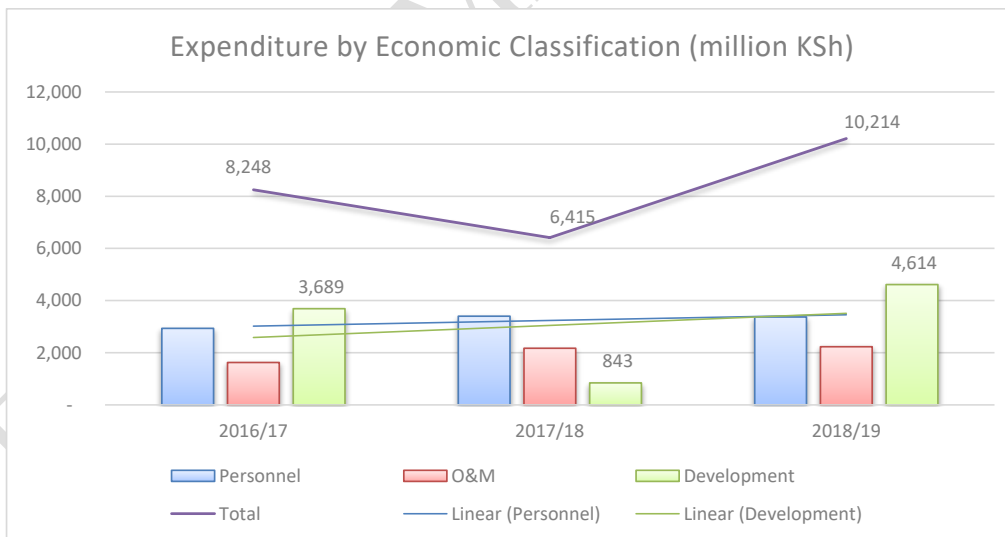
3.5.2.1. Recurrent Expenditure Forecasts

The forecasted recurrent expenditure for FY2020/21 is Kshs 6.17 billion which is an increase of Ksh 174.8 million from the budgeted amount in the current FY2019/20 of Ksh5.99 billion. The increase is mainly attributed to increased recurrent grants and loans from the national government. Personnel emoluments will comprise 59% of the total recurrent expenditure amounting to Kshs 3.62 Billion while operations and maintenance will amount to Kshs 2.55 Billion. The compensation to employees represent 36.5% of the total revenues for FY2020/21 compared to 34% in budget estimates for FY2019/20 which represent a 2.5% growth in county wage bill.

Table 5: Actual Expenditure by Economic Classifications from FY 2016/17 – FY 2018/19 (in Millions)

	2016/17	2017/18	2018/19
Personnel Emoluments	2,934	3,401	3,370
O&M	1,625	2,171	2,230
Development	3,689	843	4,614
Total	8,248	6,415	10,214
Proportion of Personnel Emoluments as % of total Expenditure	35.58%	53.02%	33%

Figure 3: Actual Expenditure by Economic Classifications from FY 2016/17 – FY 2018/19



We observe that personnel and operations and maintenance costs over the years have been increasing which can be attributed to increasing county wage bill. The Government will institute the necessary policies to ensure it complies with the fiscal responsibility principles. In FY2019/20 recurrent budget constitutes 62% of the total budget compared to 55%

in FY2018/19 budget expenditure. The development expenditure increased marginally in FY2018/19 as a result of huge budget balances forwarded from FY2017/18.

Table 6: Actual and Projected Expenditure by Economic Classifications (in Millions)

	2018/19 FY	2019/20 FY	Projections		
	Actual Expenditure	Budget Estimates	2020/21 FY	2021/22 FY	2022/23 FY
Total Expenditure	10,175	9,666	9,885	10,008	10,116
Recurrent	5,589	5,991	6,166	6,243	6,310
<i>Recurrent as % of CG Total Revenue</i>	55%	62%	62%	62%	62%
Personnel Emolument	3,398	3,316	3,615	3,651	3,688
Operations & Maintenance	2,191	1,915	2,550	2,592	2,622
<i>Personnel Emoluments as % of CG Revenue</i>	37%	34%	36.6%	36.5%	36.5%

3.5.2.2. Development and Net Lending

The development expenditure for FY2020/21 is projected at Kshs 3.72 Billion compared to Ksh 3.67 Billion in FY2019/20 budget estimates. This is an increase from 36% in the current year FY2019/20 to 38% in the financial year 2020/21. In the medium term the development expenditure will retain the proportion of 38%. The development expenditure will mainly be funded by equitable share transfers as well as loans and grants from National Government.

Table 7: Actual and Projected Development Expenditure in Millions

	Actual Expenditure	Budget Estimates	Projections		
	2018/19 FY	2019/20 FY	2020/21 FY	2021/22 FY	2022/23 FY
Total Expenditure	10,174	9,666	9,885	10,008	10,116
Development	4586	3,666	3,720	3,764	3,807
<i>Development as % of CG Total Revenue</i>	39%	36%	38%	38%	38%

3.5.3. Fiscal Balance and Deficit Financing

The Government in the medium term does not plan to pursue long term borrowing and hence no debt has been factored in all the financial projections within the CFSP. If in the medium term there arises the need to borrow it will only be for key development projects. The borrowing will however be carried out as per the framework provided by the National Treasury on borrowing by County governments.

3.6. Summary

The Government's fiscal policy goals will focus on adherence to fiscal responsibility principles and mainly on ensuring that 38% of the budget is spent on development. The government is in the process of automating own source revenue in order to enhance the potential of the county as well as control revenue leakages. The PFM Act 2012 and Public Financial Management Regulations (PFR) will continue to guide County Treasury on strict controls over budgets and budget execution. Overall, in the medium term the Government endeavors to utilize the highlighted policies in this chapter to revitalize the private sector and enhance investments in the key sectors as well as growth of the county economy.

FOR COMMENTS ONLY

4. MEDIUM TERM EXPENDITURE FRAMEWORK

4.1. Resource envelope

The County projects and programmes in the various departments will be funded through equitable shares from National Treasury, conditional grants, loans and grants and own source revenue collected by the county government. In the Financial year 2020/21 the county treasury projects to receive the following resources: This is depicted in table 3.

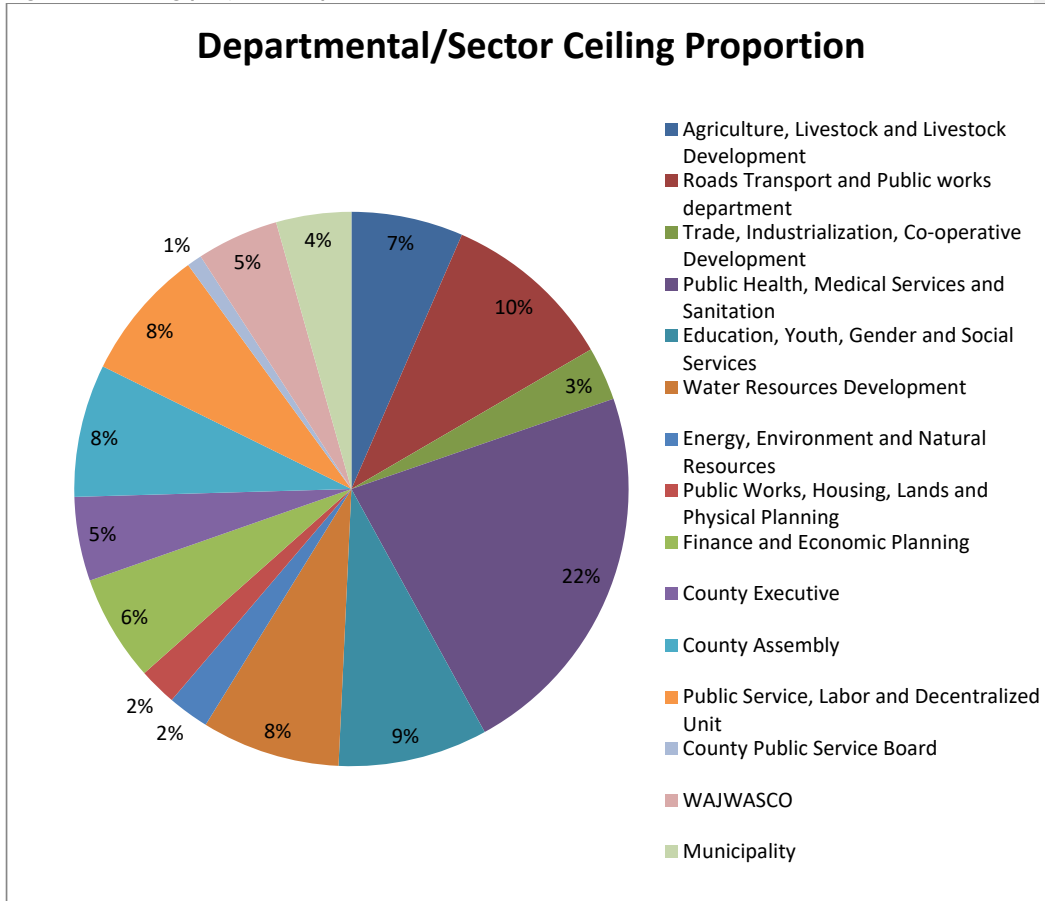
- 8,580 million (86.80%) as Equitable Share;
- 15.78 Million (0.16%) as User Fees Forgone;
- 254.70 Million (2.58%) as Fuel Levy;
- 12.34 Million (0.12%) as development of youth polytechnic grants ;
- 871.90 Million (8.82%) as Other loans and grants;
- 150 Million (1.52%) as own source revenue.

4.2. Spending priorities

The County Government will finance all existing programmes and sub-programmes in the various departments. All sectors will receive funding to enable them deliver services to the residents. The Government will give priority to the vetted and approved pending bills in the various departments and allocate resources to clear them. In the medium term, priority will be given to projects and programmes geared toward 'the big 4 agenda' and especially the universal health care, and food and nutritional security.

In the medium term, 22% of the county funding will be allocated to health care services, 10% towards roads and transport, 9% towards Early Childhood Education Vocational Training and Social Protection, 8% towards water services and 7% to Agriculture, Livestock and Alternative livelihood development.

Figure 4: Ceiling projections per sector



4.3. Medium Term Expenditure Estimates

In the medium term the government plans to spend Ksh 9.89 billion, Ksh 10 billion and 10.12 billion in FY 2020/21 FY 2021/22 and FY 2022/23 respectively. Health care services has the biggest allocation as the county government moves towards offering universal healthcare to the county residents. As the government enhances service delivery, other high beneficiaries include: transport services; Education vocational Training and Social Protection; as well as water and agricultural sectors.

Table 8: Summary of Indicative Sector Ceilings for FY 2020/21 – FY 2022/23

Department/Sector	Expenditure Type	Approved Budget 2018/19	Budget Estimates 2019/20	Projection 2020/21	Projection 2021/22	Projection 2022/23
Agriculture, Livestock and Livestock Development	Recurrent	230.29	206.06	220.37	223.01	225.47
	Development	453.53	414.69	424.89	429.99	434.72
	Sector Total	683.82	620.76	645.26	653.00	660.19
Roads Transport and Public works department	Recurrent	145.39	134.78	140.20	141.88	143.44
	Development	719.97	772.97	855.93	866.20	875.73
	Sector Total	865.36	907.75	996.13	1008.08	1019.17
Trade, Industrialization, Co-operative Development	Recurrent	205.81	211.62	216.47	219.07	221.48
	Development	91.8	87.25	91.92	93.03	94.05
	Sector Total	297.61	298.87	308.39	312.09	315.53
Public Health, Medical Services and Sanitation	Recurrent	1,641.30	1667.33	1704.21	1724.66	1743.63
	Development	297.31	528.67	499.29	505.28	510.83
	Sector Total	1938.61	2196.00	2203.49	2229.94	2254.46
Education, Youth, Gender and Social Services	Recurrent	560.81	560.93	578.50	585.44	591.88
	Development	162.88	282.00	284.12	287.53	293.28
	Sector Total	723.69	842.94	862.62	872.98	885.17
Water Resources Development	Recurrent	150.97	199.25	187.96	190.21	192.31
	Development	474.7	589.70	610.35	617.67	624.47
	Sector Total	625.67	788.95	798.31	807.89	816.77
Energy, Environment and Natural Resources	Recurrent	73.15	64.23	68.94	69.77	70.54
	Development	202.25	163.15	169.49	171.52	173.41
	Sector Total	275.4	227.38	238.43	241.29	243.94
Public Works, Housing, Lands and Physical Planning	Recurrent	87.73	73.74	79.35	80.30	81.19
	Development	164	130.50	138.73	140.39	141.93
	Sector Total	251.73	204.24	218.08	220.69	223.12
Finance and Economic Planning	Recurrent	705.76	582.50	603.05	610.28	616.99
	Development	528	112.00	10.54	10.66	10.78
	Sector Total	1233.76	694.50	613.58	620.94	627.77
County Executive	Recurrent	484.45	444.28	484.91	490.73	496.13
	Development	-	-	0.00	0.00	0.00
	Sector Total	484.45	444.28	484.91	490.73	496.13
County Assembly	Recurrent	719.76	760.19	765.52	774.71	783.23
	Development	-	-	0.00	0.00	0.00
	Sector Total	719.76	760.19	765.52	774.71	783.23

Department/Sector	Expenditure Type	Approved Budget 2018/19	Budget Estimates 2019/20	Projection 2020/21	Projection 2021/22	Projection 2022/23
Public Service, Labor and Decentralized Unit	Recurrent	1,077.92	662.75	679.26	687.41	693.97
	Development	181.64	67.60	80.06	81.02	81.91
	Sector Total	1259.56	730.35	759.32	768.43	775.88
County Public Service Board	Recurrent	70.4	67.26	86.18	90.85	90.85
	Development	-	-	0.00	0.00	0.00
	Sector Total	70.4	67.26	86.18	90.85	90.85
WAJWASCO	Recurrent	62.25	114.83	143.84	145.57	147.17
	Development	1,064.05	301.50	328.14	332.08	335.73
	Sector Total	1126.3	416.33	471.98	477.64	482.90
Municipality	Recurrent	0	240.97	206.79	209.27	211.57
	Development	0	225.64	226.32	229.04	229.73
	Sector Total	0	466.61	433.11	438.31	441.30
Total	Total	10,556.12	9,666.42	9885.32	10007.58	10116.42
	Recurrent	6,215.99	5,990.73	6,165.55	6,243.17	6,309.85
	Development	4,340.13	3,675.68	3,719.77	3,764.41	3,806.57

4.4. Baseline Ceilings

The baseline ceilings reflect the current departmental spending priorities in sector programmes and the 15 point transformative agenda of the Governor. In providing the ceilings for programmes, adjustment has been made to take into consideration the transformative projects which are key to development of the county economy and also the governor's objectives as outlined in his manifesto. Adjustments have also been made to augment the "Big Four" Agenda as espoused in the Budget Policy Statement.

The departmental ceilings in part 4.3 above will form the indicative baseline for the FY 2020/21 budget. In the recurrent expenditure category, non-discretionary expenditures take first charge. Compensation of employees for the county overall expenditure account for a maximum of 36.6% of the budget estimates. The Government will institute measures to bring down proportion of compensation to employees to the legal ceiling of 35% in the Medium term. This will ensure that the county government Adheres to the fiscal responsibility principle guiding the resource allocation of compensation to employees expenditure against the total revenue. The County intends to keep this percentage below

the 35% prescribed in the medium term by continuous expansion of own source revenue and staff rationalization aimed at enhancing productivity and capacity within the County.

Development expenditure are undertaken on the basis of CIDP 2018-2022 and the Annual Development Plan (FY2020/21). The Governors Manifesto was included in the CIDP 2018-2022 and the ADP draws on the CIDP currently in the third year of implementation. Development expenditures have been shared out on the basis of the transformative projects in the CIDP 2018-2022 and linked to the flagship projects in, "The Big Four" Plan and the MTP III priorities of Vision 2030.

The following criteria will be used in apportioning the development budget;

- a) On-going projects: emphasis has been given to completion of on-going capital projects and in particular development projects with high impact on poverty reduction, equity and job creation;
- b) Verified and approved pending bills: The government will prioritise clearing of the verified pending bills by the county departments in the financial year 2020/21.
- c) Counterpart funding towards development partners' co-funded projects;
- d) Projects that comply with the County Government regulations and priorities as outlined in the CIDP, Annual Development Plan and which are high priority for financing through the sector working group reports;
- e) High priority community needs identified through public participation i.e. ward based priority projects;
- f) Department/Sector strategic needs that contribute greatly in addressing county's socioeconomic needs.

The following will also be taken into consideration:

- g) Cross cutting issues such as climate change, disaster management, community resilience, youth development, gender and disability mainstreaming;
- h) Implementing projects that require massive resources in phases such as the water and sanitation project for Wajir town and the tarmacking of sub-counties headquarter roads and graveling of intra county roads to improve connectivity.

4.5. Finalization of Spending Plans

Finalization of the detailed budgets will entail thorough scrutiny to curtail spending on non-productive areas and ensure resources are directed to priority programmes. Since detailed budgets are scrutinized and the resource envelope firmed up, in the event that additional resources become available, the County Government will utilize them to accommodate key County strategic priorities.

Specifically, the following will receive priority:

1. Interventions identified during the stakeholders consultation for the FY 2020/21 budget and over the medium term;
2. Strategic interventions in the areas of (i) enhancing food security by investing in appropriate systems; (ii) improving access to universal health care to guarantee quality and affordable health for all (iii) enhancing cohesion and integration through equity and inclusivity for all; (iv) Improving Road, Transport, Energy and Communication Infrastructure to Spur Investment and ease of doing business; (v) improving early childhood education, and youth, women and marginalized groups empowerment; (vi) Improving access to adequate portable water, and ensure clean and safe environment; and (vii) Promoting clean energy by tapping into solar and wind energy; and
3. Emerging issues which require much attention in provision of service delivery such as emergency response, livestock disease breakouts and clan/resource based conflicts.

4.6 Details of Sector Priorities

During the 2020/21 – 2022/23 MTEF, the spending estimates allocates resources based on priority programmes in MTP III of Vision 2030 and the CIDP 2018–22. The county will focus on improving food security, infrastructure improvement, decent housing for all, employment creation and poverty reduction. The sector achievements and key priorities are based on the reports from the Sector Working Groups (SWG)

4.6.1 Agriculture and Livestock Development

The mandate of the department is to promote, regulate and facilitate Agriculture and Livestock production for socio-economic development and industrialization. The sector aims to; Create enabling environment for agricultural development, Increase agricultural productivity and outputs, Promote market access and product development, Enhance accessibility of affordable inputs and credit to farmers, Promote sustainable land use and

conservation of the environment, Enhance institutional efficiency and effectiveness in implementation and service delivery. The main challenges facing the sector include: Low Agricultural and livestock Production; Poor access to markets; Land ownership, poor markets and marketing infrastructure, low value addition and competitiveness and low access to financial services as well as affordable credit.

During FY 2018/19 the department implemented the following projects: trained 40 staff, 820 farmers, operationalization of one animal disease control lab construction of 2 livestock markets, one Irrigation system (Done at Bulla Elmi) in Wajir bor, Construction of hay store in Elben and Malkagufu.

In the current FY 2019/20, the planned projects include: Construction of dining hall, hostels, training hall for Agriculture and livestock training centre, Construction of a farmhouse, Train 900 farmers on postharvest technologies & support value addition for produce, Procure 10,000 seedlings and farm inputs, Procurement of equipment and provision of agriculture mechanical services, Identification of breeds, purchase and distribution of livestock(100 goats and 20 bulls), Purchase of grass seeds and distribution; purchase of baling equipment, Establishment of one local feed formulation plant, Establishment of fish farms, Establishment of Gum and resin nursery, Constructing 2 water pans complete with Irrigation infrastructure

During the 2020/21–2022/23 MTEF period, the focus will be on farmer empowerment, irrigation structure establishment; diseases control, market access improvement, extension services, breed improvement, agricultural mechanization, completion of the modern Abattoir, value addition and infrastructure improvement.

To achieve all the above, the department will require Ksh **1.95845** billion over the MTEF period.

4.6.2 Roads and Transport

The department includes Roads and Transport Sections. Its mandate includes Traffic Management; Construction and maintenance of all County roads; Public roads Transport Including Street lighting, road signs, parking and regulation of County public transport systems and maintenance and hiring out of Construction plants and machinery. Over the medium-term, the sector priorities include: Improvement of access roads (All weather

roads) and interconnection of all towns & villages and Establishment of efficient transports systems within the county.

In FY 2018/19 the department implemented the following projects: tarmacking of 5 Kms in wajir town, 3329 km roads graded, 1000 km road bush cleared, 99.2 km of roads graveled, construction of 11 drifts. The planned Projects for implementation in FY 2019/20 include: Upgrading of Wajir town roads to Bitumen Standard, Bus Park in Wajir Town, Purchase of 2 Motor Vehicles,

For the MTEF period 2020/21 – 2022/23, the department will focus on tarmacking additional Wajir town roads, impact gravelling of county roads, maintenance of all county roads, construction of parking bays and purchase of more machinery/equipment for hire. To ensure the projects are implemented the department will require Ksh **3.02** Billion over the MTEF period.

4.6.3 ICT, Trade, Industrialization, Co–operative Development

The department is composed of three sections which include ICT, Trade & Industry and Cooperative Development. The department's strategic objectives include: Facilitate and promote investment and light industries, providing efficient and effective support services to entrepreneurs and businesses, ICT Infrastructure Improvement and Enhancement, and promote growth and development of Medium, Small and Micro Enterprises.

In FY 2018/19 the department implemented the following projects: one trade fair conducted, installation of LAN in 4 offices, installation of CCTV in one county office. In FY 2019/20 the following projects will be implemented: Purchase of milk and milk processing plant at Wajir Town, construction of market and milk sheds, setting of charcoal processing plant (Kiln) using mathenge trees for youth cooperatives at Wajir, Construction of Market stalls, 4 Local Area Network (LAN) & IP telephony, CCTV and Access Control Systems.

In the 2020/21 – 2022/23 MTEF period, the department will mainly focus on: Setting up programmes to promote and support entrepreneurship, investment and business growth; Market infrastructure improvement; establishment of programmes and skills development targeting the cooperatives; provision of affordable credit; investment and improvement of ICT and communication Infrastructure. In order to achieve this, the department will require Kshs **936.01** Million over the medium term.

2. Public Health, Medical Services and Sanitation sector

The health department is comprised of 2 sections: Medical Services and Public Health. Its mandate is to provide quality, accessible and affordable health care services at the same time putting a framework of monitoring and evaluation with all stakeholders. In the medium term, the county government will continue to invest in recruitment and training of health professionals, infrastructure improvement in Health facilities and improvement in the working conditions of medical practitioners.

In FY 2018/19, the department implemented the following projects: Construction of 12 Staff Houses, Construction of 2 laboratory blocks in Health facilities, Construction of 2 surgical wards in Wajir County Referral Hospital, Construction and Equipping of X ray unit, Construction of 11 Dispensaries, Construction of two theatres, Construction of one mortuary, constructions of 7 maternity wards, 2 general wards constructed, Procurement of 10 EPI fridges and installation for newly operationalized health facilities.

The department will implement several projects in FY2019/20 which include: Construction of Modern Maternal Child Health Unit, Construction of Emergency and Accident unit, Construction of Intensive Care Unit, Construction of 3 maternities, Purchase of EPI fridges, Vaccine transportation and distribution.

During the 2020/21–2022/23 MTEF period, the focus will mainly be on: Providing quality and affordable health care; Strengthening Health workforce numbers and skills; Enhancing quality emergency referral services; health infrastructure improvement; improvement of maternal and child health care; Improving public health and sanitation services and Improving nutrition services. To implement the above programmes, the department will require Kshs **6.69** Billion over the medium term.

4.6.4 Education, Youth, Gender and Social Services

The department has 3 sections which include: Early Childhood Education Development; Youth, Sports and Vocational Training and Gender, Culture and Social Services. The mandate of the department is: Early Childhood Education Care and Development; Management of Vocation Training Centers (VTCs); promotion of community development initiatives through registration of groups and community-based organizations; promotion of sports,

culture and arts, youth development; Social protection programmes; Gender mainstreaming and women economic empowerment.

During the FY 2018/19, the department implemented the following projects: Construction of 25 ECDE Classrooms & twin toilets, Construction of Steel Elevated water tank (50m³) at Wajir ECDE College, Supply and delivery of food to ECDE centers, provision of 15 SNE equipment to ECD learners, improvement of sports fields.

In FY 2019/20 the department is in the process of implementing the following projects: Construction of 36 classrooms and 2 College classrooms, Construction of classrooms for primary & secondary schools, Construction of workshops in VTCs, Connection of electricity to Vocational Training centre, Construction of Wajir stadium, Upgrading of football fields.

For the 2020/21–2022/23 MTEF period, the department's major focus will be on: Improving access to quality education and retention; Improving youth access to skills and gainful livelihoods; Nurturing sports talents; Enhancing Gender Equity and empowerment; promoting & Preserving culture & Heritage, social Protection for Severely Disabled persons and Improving the living standards for other vulnerable members of the society. To ensure full funding of these programmes, the department will require Kshs **2.62** Billion in the medium term.

4.6.5 Water Department

The department's mandate is to develop and maintain infrastructure to supply safe, adequate water in a sustainable environment. Over the MTEF period the department aims to: improve equitable access to clean water for domestic use; improve access and availability to quality water for livestock and wildlife; improve provision and access to sanitation systems and promote hygienic practices throughout the county; provide safe and sustainable water and sanitation services in all schools, health facilities and other public facilities and improve the availability of irrigation water for enhanced agricultural productivity.

During FY 2018/19 the department undertook the following projects: desilting of 50 water pans, drilled, equipped and functionalized 19 boreholes, construction of 20 livestock troughs, 15 masonry tanks constructed, 27 reticulation systems established, 25 underground tanks constructed,

In the current FY 2019/20, the main planned projects includes: drilling, equipping and operationalization of 30 boreholes, Desilting of 16 water of pans, Procuring 30 Collapsible Water tanks, Piping of water and construction of kiosks for 4 centres,

In the 2020/21 – 2022/23 MTEF period, the department will focus mainly on: Drilling and developing more boreholes; Construction of mega dams; Maintenance of water supplies; Survey and piping of water to Wajir town; water distribution to households and construction and Desilting of water pans. In order to implement these programmes successfully, the department will require Kshs **2.42** Billion in the medium term.

4.6.6 Energy, Environment and Natural Resources

The department has three sections namely Energy & Environment, Natural Resources, Tourism and wildlife. Its main role is ensuring that every county citizen has access to electricity, live in a clean environment and promotion of tourism as well as conservation of wildlife. Over the MTEF period the department aims to: Enhance the harnessing and distribution of renewable energy; enhance environmental conservation and management of dry lands; Enhance tourism for environment conservation and economic development; increase forest cover in the county through afforestation and reforestation of indigenous and fruit trees. During the FY 2018/19 the department implemented the following projects: 5 gabions constructed, planting and distribution of over 5000 seedlings, installation of solar back up to 5 health facility

For FY 2019/20, the planned projects include: Afforestation (County wide), Construction of 5 Gabions, Procurement and Installation of Solar back-up in 20 County Offices/facilities, Purchase and installation of 200 street light, Establishment of human waste treatment biogas plant, installation of bone crusher and shredder for slaughter house, Installation of tourism signage for ecotourism promotion, Build resilience and improve clean energy provision,

In the MTEF period 2020/21 – 22/23, the main focus will be on promoting clean energy by tapping county's strategic sunshine, wind to install and commission solar street lights and high flood masts afforestation, wildlife conservation and solid waste management. In order for the department to fully fund these programmes, the department will require Kshs **723.65** Million.

4.6.7 Public Works, Lands, Housing and Physical Planning

The department has 4 sections: Public Works; Lands; Housing and Physical Planning. Its mandate is to ensure a rational sustainable and effective use and management of land and orderly development of urban and rural areas as well as safe, planned and adequate housing for socio-economic development. In FY 2018/19 the department implemented several projects which included; 1250 plots surveyed, prepared plans for 7 towns, renovation of 10 government houses, and equipping GIS resource lab, repair of three machine for interlocking blocks.

In the current FY 2019/20 the department will implement the following projects: Surveying of 1750plots, TOR FOR Spatial planning, Construction and face lifting of Wajir stadium, Construction of storm water drainage, greening and beautification of 10 towns, Opening of access roads (150 km), Construction of town administration offices, Purchase of one tipper, Construction of 5 more slaughter houses, Construction of sub-county guest houses at sub county headquarters,

During the MTEF period 2020/21–2022/23, the department's key focus will be on: Physical Planning and Surveying of all Sub-counties; Public awareness and sensitization on land ownership; Increasing adoption of Appropriate Building Technology(ABT); Promoting development of affordable housing; Strengthen the capacity of the county department of lands, physical planning, public works and housing to support the supervision of land registration and planning and Improve the spatial planning for the county. To ensure the programs are implemented successfully, the department will require Kshs **661.89** Million.

4.6.8 Finance and Economic Planning

The department has six sections namely: Accounting; Revenue Collection and Management; Procurement; Economic Planning; Budget Management and Internal Audit. The mandate of the department is to facilitate and coordinate county development planning and to provide leadership in county economic policy management and formulating financial and economic policies. In FY 2018/19 the department prepared a county Annual Development plan, County Budget Review and Outlook Paper, County Fiscal Strategy Paper, Finance Bill, Annual Budget estimates as well as other circulars.

Sufficient funding over the 2020/21 – 2022/23 MTEF period is needed to enable the department promote sound public financial and economic management for socioeconomic development; articulate and implement the county’s policy for development; strengthen planning and budgetary process including implementation, monitoring and evaluation.

In FY 2018/19 the department coordinated the preparation of county budget; updated the CIDP; prepared financial and economic policy papers. In the current FY 2019/20 the department will; automate revenue collection; prepare financial and economic policy papers; automate procurement and budget making processes; enhance revenue collection; coordinate preparation of annual budgets and undertake county monitoring and evaluation exercise and reporting;

During the 2020/21 – 2022/23 MTEF period, the focus will be: improving domestic revenue generation and collection in the county; automating data collection and analysis, strengthen planning, budgeting, auditing, monitoring and evaluation of county programs; efficient financial management; timely preparation of financial and economic policy papers and tracking of the implementation of CIDP 2018–22. The resource requirement to successfully facilitate the programmes over the medium term is Kshs **1.86** Billion.

4.6.8 County Executive

The county executive is tasked with the responsibility of formulation of key county laws and policies that are key in creating an enabling environment for the government to thrive and hence laying the necessary foundations for county development and economic growth. During the MTEF period 2020/21 – 2022/23 the department will require Kshs **1.47178** Billion. The County Public Service Board is mainly charged with the responsibility of recruitment and deployment of county staff including clear definition of job specifications, officer responsibilities and officer career progression. In the medium term the board will require Ksh **267.89** Million to carry out its mandate successfully.

4.6.9 County Assembly

The County assembly main role is oversight in strengthening good governance in the county government operations. The assembly in the current FY 2019/20, will focus on regulating on the new laws as well as oversight roles on the government. During the MTEF period 2020/21 – 2022/23, The Assembly will require Kshs **2.32** Billion to successfully implement their mandate.

4.6.10 Public Service, Special Programs, Decentralized Units and Town Administration

The department is composed of: Public Participation, Peace, Governance and Ethics; Special Programs, Human resources Management; EMU Services; Disaster Management and Coordination of Humanitarian Services; Decentralized Units & Town Administration. The mandate of the department is to: To investigate, monitor and evaluate the organization administration and personnel practices of county public service; Disaster Risk Reduction, public participation and civic education services; Ensuring that the county public service is efficient and effective; Performance Management; Development of human resources in the county public service; and coordination of decentralised units in the county. The department is charged with coordinating towns and decentralized units (sub-counties & wards).

For the MTEF period 2020/21 – 2022/23, the focus will be on efficient service delivery; resilience building to minimize effects of disasters; early conflict resolution; performance management; improvement of staff welfare as well as clear job specification. The department's resource requirement over the medium term will be Kshs **2.30** Billion.

4.6.11 WAJWASCO

Wajir Water and Sewerage Company (WAJWASCO) is responsible for management of water resources within the county. Currently the company is in charge of 15 boreholes. In FY2018/19, The Company implemented the following: construction of 11 water kiosks, Construction of two rooms for staff quarter, 400 Households with metered Water connected, Additional 8, 10 M³ storage constructed, 2 water sources with solar pumping systems, and 1 reverse osmosis equipment installed. 8, two door VIP latrines constructed and 14 animal troughs constructed.

In FY 2019/20 the planned projects include: Metering of end user points (6000 households), construction of Storage tanks, Water desalination of 8 water sources, Procurement and supply of 10 Gensets, Installation of 38 hand washing points in schools. During the MTEF period 2020/21 – 2022/23, the main focus will continue to be the distribution of water to more households and settlements which will require Kshs **1.43** Billion in the medium term.

5. CONCLUSION AND NEXT STEPS

The CFSP 2020 details the set of fiscal policies geared to balancing general emerging issues while keeping the link to the CIDP and the fiscal responsibility principles espoused in the PFM Act, 2012. In addition, the policies highlighted are consistent with the national strategic objectives detailed in the Budget Policy Statement.

The CIDP (2018-2022) gives details of these strategic objectives. The sector working groups reviewed the priorities in the CIDP and refined them to finalize the annual Development Plan 2020/21 which highlight key priorities and resources needed for the 2020/21 MTEF budget. The policies and sector ceilings provided in this document will guide the departments in preparation of Programme Based Budgets for the 2020/21 MTEF.

Since we operate with limited resources, the departments shall prioritize their programmes within the available resources to ensure that utilization of public funds are in line with county government priorities. The departments will be required to consider detailed costing of projects, strategic significance, deliverables (output and outcomes), alternative interventions, administration and implementation plans in allocating resources. Finally, there is also need to ensure that recurrent resources are being utilized efficiently and effectively before funding is considered for programmes.

County Monitoring and Evaluation Unit will remain active in ensuring that tracking of implementation of the projects and programmes highlighted in this CFSP as well as improve efficiency in service delivery. Monitoring and Evaluation will involve: setting the key performance indicators; tracking of activities, tracking of budget usage, assessment and reporting of performance and putting in place strategies and actions for the attainment of results.

To ensure sustainable growth, efficiency in budget implementation is key to ensuring key government services are delivered. To ensure sustainable growth in the county economy, all the stakeholders including county government departments, national government departments, private sector and partners will be involved. Sector working groups have been strengthened to provide platform for stakeholder engagements. Finally, the government looks forward to great collaboration in implementation as well as active public participation in budgeting process during FY2020/21 and in the medium term.

ANNEXES

ANNEX I: FY 2019/20 MTEF Budget timelines

NO	ACTIVITY	RESPONSIBILITY	TIMEFRAME/DEADLINE
1.	Develop and issue circular on Budget preparation and MTEF guidelines.	C.E.C Finance & Planning	30 th August, 2019.
2.	Submission of the County Annual Development Plan to the County Assembly	C.E.C Finance & Planning	30 th August, 2019
3.	Launch of Sector Working Groups	All departments coordinated by County Treasury	11 th September, 2019
4.	Submission of Departmental Public Expenditure Reviews to County Treasury	All Accounting Officers	By 18 th September, 2019
5.	Preparation of Draft County Budget Review and Outlook Paper (CBROP)	Macro Working Group	By 27 th September, 2019
6.	Presentation of County Budget Review and outlook Paper (CBROP) to County Executive Committee for approval	Macro Working Group	By 27 th September, 2018
7.	Submission of County Budget Review and Outlook Paper (CBROP) to the County Assembly	Macro Working Group	By 18 th October, 2019
8.	Circulation of approved CBROP to County Executive and Accounting Officers	County Treasury.	By 25 th October, 2019
9.	Draft Sector reports by SWG's	All departments – County Treasury to co-ordinate	By 29 th November, 2019
10.	Submission of final Sector Working Groups reports	Sector Working Groups/ County Treasury	By 11 th December 2019
11.	Capacity building for Budget Execution and Programme Based Budget (PBB)	County Treasury in collaboration with National treasury	September 2018-January 2019
12.	Development of County Fiscal Strategy Paper (CFSP)	County Treasury.	By 21 st February 2020
13.	Submission of County Fiscal Strategy Paper (CFSP) to C.E.C for approval.	County Treasury.	By 22 nd February 2019
14.	Submission of County Fiscal Strategy Paper (CFSP) to County Assembly	County Treasury.	By 28 th February 2019
15.	Develop and issue final guidelines on preparation of 2019/20 Medium Term	County Treasury.	By 5 th March 2019

NO	ACTIVITY	RESPONSIBILITY	TIMEFRAME/DEADLINE
	Budget		
16.	Submission of departmental budget proposals to county treasury	All Departments	By 15 th March 2019
17.	Consolidation of final draft budgets by MWG	County Treasury.	1 st April 2019
18.	Submission of Draft Budget Estimates to County Executive Committee for approval	County Treasury.	18 th April 2019
19.	Submission of Draft Budget Estimates to County Assembly	County Treasury.	30 th April 2019
20.	Review of Draft Budget Estimates by County Assembly	County Assembly	15 th May 2019
21.	Report on Draft Budget Estimates from County Assembly	County Assembly	30 th May 2019
22.	Consolidation of final budget estimates	County Treasury	15 th June 2019
23.	Preparation and submission of budget statement to the County Assembly	County Treasury	20 th June 2019
24.	Approval of the Budget & Appropriation Bill by the County Assembly	County Assembly	By 30 th June 2019
25.	Appropriation Bill Passed	County Assembly	By 30 th June 2019

ANNEX 2: MTEF Departmental Ceilings – FY2019/20 -2021/22

Department/Sector	Expenditure Type	Approved Budget 2018/19	Budget Estimates 2019/20	Projection 2020/21	Projection 2021/22	Projection 2022/23
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	Sector Total	625.67	788.95	798.31	807.89	816.77
Energy, Environment and Natural Resources	Recurrent	73.15	64.23	68.94	69.77	70.54
	Development	202.25	163.15	169.49	171.52	173.41
	Sector Total	275.4	227.38	238.43	241.29	243.94
Public Works, Housing, Lands and Physical Planning	Recurrent	87.73	73.74	79.35	80.30	81.19
	Development	164	130.50	138.73	140.39	141.93
	Sector Total	251.73	204.24	218.08	220.69	223.12
Finance and Economic Planning	Recurrent	705.76	582.50	603.05	610.28	616.99
	Development	528	112.00	10.54	10.66	10.78
	Sector Total	1233.76	694.50	613.58	620.94	627.77
County Executive	Recurrent	484.45	444.28	484.91	490.73	496.13
	Development	-	-	0.00	0.00	0.00
	Sector Total	484.45	444.28	484.91	490.73	496.13
County Assembly	Recurrent	719.76	760.19	765.52	774.71	783.23
	Development	-	-	0.00	0.00	0.00
	Sector Total	719.76	760.19	765.52	774.71	783.23

Department/Sector	Expenditure Type	Approved Budget 2018/19	Budget Estimates 2019/20	Projection 2020/21	Projection 2021/22	Projection 2022/23
Public Service, Labor and Decentralized Unit	Recurrent	1,077.92	662.75	679.26	687.41	693.97
	Development	181.64	67.60	80.06	81.02	81.91
	Sector Total	1259.56	730.35	759.32	768.43	775.88
County Public Service Board	Recurrent	70.4	67.26	86.18	90.85	90.85
	Development	-	-	0.00	0.00	0.00
	Sector Total	70.4	67.26	86.18	90.85	90.85
WAJWASCO	Recurrent	62.25	114.83	143.84	145.57	147.17
	Development	1,064.05	301.50	328.14	332.08	335.73
	Sector Total	1126.3	416.33	471.98	477.64	482.90
Municipality	Recurrent	0	240.97	206.79	209.27	211.57
	Development	0	225.64	226.32	229.04	229.73
	Sector Total	0	466.61	433.11	438.31	441.30
Total	Total	10,556.12	9,666.42	9885.32	10007.58	10116.42
	Recurrent	6,215.99	5,990.73	6,165.55	6,243.17	6,309.85
	Development	4,340.13	3,675.68	3,719.77	3,764.41	3,806.57

Annex 3: Own Source Revenue Collection for First Half FY2019/20

REVENUE STREAM	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
Stock Auction fees	567,500	635,800	516,740	465,190	698,019	1,138,980
Stock Export fees	194,560	136,900	177,300	159,000	220,100	244,500
Slaughter fees	117,300	128,000	111,300	119,300	104,900	123,125
Hides &Skin	-	-	-	-	-	-
Arabic Gum	21,900	3,840	36,800	34,400	2,000	5,700
Miraa Cess	691,000	785,000	908,500	527,000	1,083,000	1,333,000
Single Business Permit(SBP)	741,100	319,800	325,200	620,000	162,200	179,500
Septic Tank	-	-	-	-	-	-
Conservancy	23,200	36,800	21,000	52,500	12,750	7,000
Land Rent	231,250	76,950	52,200	-	-	17,980
House Rent	-	-	-	-	-	-
Survey fees	557,400	258,400	71,000	118,000	248,800	
Peging fees/site visit	-	-	-	-	-	-
Water	-	-	-	-	-	-
Building Materials	176,300	149,200	311,600	225,800	76,000	168,696
Market gate fees(fresh produce)	60,900	39,700	43,000	52,000	58,500	49,000
Scrap metal	-	-	-	-	-	-
Cereals	300,100	285,100	110,500	62,500	107,700	72,500
Development permission	-	-	-	-	-	-
Allotment(for schools)	-	-	-	-	-	-
Charcoal	-	-	-	-	-	-
Hire of County Assets	-	-	40,000	117,000	58,000	400,000

Cost sharing	996,641	959,515	1,118,930	738,595	678,390	658,000
Medical Certificate	11,000	30,000	22,000	18,000	6,000	-
Wayleave	-	-	-	-	-	-
Clearance certificate	-	-	-	-	-	-
School registration	-	-	-	-	-	-
Approval of Building Plan(Safcom)	-	36,000	-	-	-	-
Advertisement	200,000	-	24,000	-	-	-
Sale of tender documents	-	-	15,000	3,000	-	-
Veterinary department	8,700	17,200	-	8,000	8,925	-
Transport/parking fee	-	-	-	-	-	-
MONTHLY TOTALS	4,898,851	3,898,205	3,905,070	3,320,285	3,525,284	4,397,981

Annex 4: Budget Calender

NO	ACTIVITY	RESPONSIBILITY	TIMEFRAME/ DEADLINE
26.	Develop and issue circular on Budget preparation and MTEF guidelines.	C.E.C Finance & Planning	30 th August, 2019.
27.	Submission of the County Annual Development Plan to the County Assembly	C.E.C Finance & Planning	30 th August, 2019.
28.	Launch of Sector Working Groups	All departments coordinated by County Treasury	11 th September, 2019
29.	Submission of Departmental Public Expenditure Reviews to County treasury	All Accounting Officers	By 18 th September, 2019
30.	Preparation of Draft County Budget Review and Outlook Paper (CBROP)	Macro Working Group	By 27 th September, 2019
31.	Presentation of County Budget Review and outlook Paper (CBROP) to County Executive Committee for approval	Macro Working Group	By 30 th September, 2019
32.	Capacity building for Budget Execution and Programme Based Budget (PBB)	County Treasury in collaboration with National treasury	September – November 2019, January 2020
33.	Submission of County Budget Review and Outlook Paper (CBROP) to the County Assembly	Macro Working Group	By 21 st October, 2019
34.	Circulation of approved CBROP to County Executive and Accounting Officers	County Treasury.	By 25 th October, 2019
35.	Draft Sector reports by SWG's	All departments – County Treasury to co-ordinate	By 26 th November, 2019
36.	Submission of final Sector Working Groups reports	Sector Working Groups/ County Treasury	By 10 th December 2019
37.	Development of County Fiscal Strategy Paper (CFSP)	County Treasury.	By 21 st February 2020
38.	Submission of County Fiscal Strategy Paper (CFSP)	County Treasury.	By 24 th February 2020

	to C.E.C for approval.		
39.	Submission of County Fiscal Strategy Paper (CFSP) to County Assembly	County Treasury.	By 28 th February 2020
40.	Develop and issue final guidelines on preparation of 2020/21 Medium Term Budget	County Treasury.	By 2 nd March 2020
41.	Submission of departmental budget proposals to county treasury	All Departments	By 16 th March 2020
42.	Consolidation of final draft budgets	County Treasury.	1 st April 2020
43.	Submission of Draft Budget Estimates to County Executive Committee for approval	County Treasury.	17 th April 2020
44.	Submission of Draft Budget Estimates to County Assembly	County Treasury.	30 th April 2020
45.	Review of Draft Budget Estimates by County Assembly	County Assembly	15 th May 2020
46.	Report on Draft Budget Estimates from County Assembly	County Assembly	29 th May 2020
47.	Consolidation of final budget estimates	County Treasury	15 th June 2020
48.	Preparation and submission of budget statement to the County Assembly	County Treasury	19 th June 2020
49.	Approval of the Budget & Appropriation Bill by the County Assembly	County Assembly	By 30 th June 2020
50.	Appropriation Bill Passed	County Assembly	By 30 th June 2020