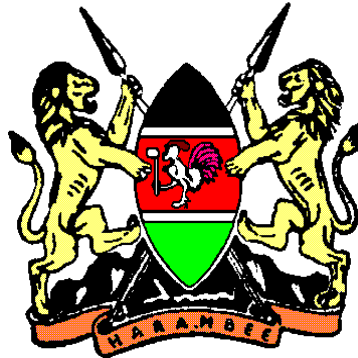


REPUBLIC OF KENYA



**COUNTY GOVERNMENT OF KERICHO
FINANCE AND ECONOMIC PLANNING**

MEDIUM TERM

COUNTY FISCAL STRATEGY PAPER 2019

FEBRUARY 2019

© County Fiscal Strategy Paper (CFSP) 2019

Office of the Governor
County Government of Kericho
P.O. Box 112- 20200
Kericho
Email: info@kericho.go.ke

The document is also available on the internet at: www.kericho.go.ke

DRAFT

Foreword

This County Fiscal Strategy Paper 2019 is prepared pursuant to section 117 of the public finance management act 2012 and it sets out county policy goals and strategic priorities that will be the basis for formulation of County's Financial Year 2019/20 budget and the Medium Term.

The paper highlights the outcome of the previous financial year and also realigns itself to the broad national objectives as outlined by the National Treasury in the Budget Policy Statement (BPS). It also contains vital information on: macroeconomic policy and plans; overall fiscal strategy, such as revenue projections; the overall resource envelope for the medium-term; overall priority interventions and proposed sectorial expenditure as outlined in the Medium-term Expenditure Framework.

The 2019 CFSP is prepared based on Promotion of Sustainable Social Economic Growth and Development. Its implementation is expected to increase speed in service delivery, protract broad-based economic growth and to change our county's economy in line with the county transformative agenda and the vision 2030. Significant progress has been made in the implementation of the 2018/19 budget so far; similarly the local revenue collected has been recording a shortfall which has continued to impact negatively on our budget implementation in the previous years and the department of Finance and Economic Planning jointly is pursuing various avenues of revenue raising that will not have an adverse effect on the residents of the county but still promote revenue collection detailed in the Finance Bill 2018.

In pursuit of the 2019/20 budget theme, the County Government has identified key development priority areas from the Second Generation County Integrated Development Plan (CIDP II) and Annual Development Plan

2019/2020 (ADP 19/20) that include: Enhanced provision of Quality Health Care and implementation of universal health care to residents, Promotion of Food Security, County wide promotion of Infrastructural developments, Supply and access to quality basic services, enhancing efficiency and effectiveness in service delivery.

This policy paper covers the following broad areas in review of the fiscal performance of financial year 2019/2020; highlights of the recent economic developments and the economic outlook; broad strategic priorities and policies for the Medium Term and the Medium-Term Fiscal Framework. The fiscal framework presented in the paper ensures a sustainable financing while allowing continued spending on priority programmes. Achievement of the set objectives calls for greater transparency, effectiveness and efficiency in public financial management in order to ensure fiscal discipline

Hon. Dr. Patrick Mutai
County Executive Committee Member for Finance and Economic Planning and Head of County Treasury.

Acknowledgement

The County Fiscal Strategy Paper (CFSP) is envisaged to play critical role in influencing the pace at which the County's economy will grow. It provides a framework under which the County will deal with the key strategic priority issues and challenges in the next three years and beyond. It also outlines a summary of government spending plans as a basis for the 2019/20 budget.

I am grateful to the County Secretary and all Chief Officers for the valuable information they provided in their respective fields and for the cooperation shown during the period of the assignment. I also take this opportunity to express my profound gratitude to members of the County Executive Committee and especially His Excellency the Governor for the visionary leadership that has enabled us chart a clear development path. It is through his exemplary guidance, support and mentorship that the County Treasury has continued to produce and implement prudent policies, excellent plans and budget documents that have helped steer the County to great success on financial and budgetary matters.

Finally, special thanks go to Mr. Ian Rotich, Chief Budget Officer and his team; Mr. David Ruto, Mr. Kenneth Ouma, Mr. Lawrence Koech, Mrs. Nancy Rop, and all County Treasury Staff for their commitment and hard work in ensuring this policy paper is prepared.

Leah Chirchir (Mrs.)
Chief Officer Economic Planning.

Contents

Foreword	3
Acknowledgement	5
ABBREVIATIONS AND ACRONYMS	7
1.BUDGET THEME.	8
1.1 Introduction	10
1.2 CFSP Process Overview	10
1.3 Outline of the CFSP	10
2.0 Recent Economic and Fiscal Developments	11
2.1 National Economic and Fiscal Overview	11
2.2 County Economic and Fiscal Overview, FY 2017/2018	12
3.0 FORWARD ECONOMIC AND FISCAL OUTLOOK	13
3.1 National Economic and Fiscal Outlook	13
4.0 STRATEGIC PRIORITIES AND INTERVENTIONS	14
4.1 Overview	14
4.2 Strategic Priorities	15
5.0 FISCAL POLICY AND BUDGET FRAMEWORK FOR 2019/20 – 2021/22	15
5.1 Overview	15
5.2 Fiscal Policy Framework	15
5.2.1 Fiscal Responsibility Principles	16
5.2.2 Debt Management Strategy	16
5.3 FY 2019/20 Budget Framework	17
5.3.1 Revenues projections.....	17
5.3.2 Expenditure Forecast	17
6.0 MEDIUM-TERM EXPENDITURE FRAMEWORK	25
6.1 Overview	25
6.2 Resource Envelope and Allocation Criteria	25
6.3 Overall Spending Priorities	26
6.4 Medium- Term Expenditure Baseline Ceilings	26
6.5 Sector/Departmental Priorities	26
6.5.1.Public Works, Roads and Transport	26
6.5.2 Agriculture, Livestock development and Fisheries.....	27
6.5.3 Water, Environment, Energy, Forestry and Natural Resources	29
6.5.4 Trade, Industrialization, Tourism, Wildlife and Cooperative Management	29
6.5.5 Health Sector	30
6.5.6 Education, Youth, Culture and Social Services	32
6.5.7. Lands, Housing and Physical Planning	33
6.5.8 Public Service Management.....	35
6.5.9 Finance and Economic Planning.....	36
6.5.10 Governor's Office	38
6.5.11 Public Service Board	38
6.5.12 Information Communication and E- Government	38
6.5.13 Kericho Municipal Board	Error! Bookmark not defined.
6.5.14 Strategic Intervention Projects	39
7.0 CONCLUSION	40

ABBREVIATIONS AND ACRONYMS

ADP	-	Annual Development Plan
CFSP	-	County Fiscal Strategy Paper
CIDP	-	County Integrated Development Plan
CRA	-	Commission on Revenue Allocation
CSP	-	County Strategic Plan
ECDE	-	Early Childhood Development Education
ERP	-	Enterprise Resource Planning
FIF	-	Facility Improvement Fund
FY	-	Financial Year
HDU	-	High Dependency Unit
ICU	-	Intensive Care Unit
ICT	-	Information Communication Technology
IFMIS	-	Integrated Financial Management Information System
MTEF	-	Medium Term Expenditure Framework
MTP	-	Medium Term Plan
NHIF	-	National Hospital Insurance Fund
NSSF	-	National Social Security Fund
O&M	-	Operation and Maintenance
PFM A	-	Public Finance Management Act, 2012
PBB	-	Program Based Budgets

Legal basis for the publication of County Fiscal Strategy Paper

The County Fiscal Strategy Paper is published in accordance with section 117 of the Public Finance and 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 amendments.

(7) The County Treasury shall consider any recommendations made by the county assembly when finalising the budget proposal for the financial year concerned.

Fiscal Responsibility Principles for the County Government

In line with the Constitution, the Public Finance and Management Act, 2012 sets out the fiscal responsibility principle to ensure that prudent and transparent management of public resources. The PFM law (Section 107) states that:

(1) A County Treasury shall manage its public finances in accordance with the principles of fiscal responsibility set out in subsection (2), and shall not exceed the limits stated in the regulations.

(2) In managing the county government's public finances, the County Treasury shall enforce the following fiscal responsibility principles—

- (a) the county government's recurrent expenditure shall not exceed the county government's total revenue;
- (b) over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure;
- (c) the county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;
- (d) over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;
- (e) the county debt shall be maintained at a sustainable level as approved by county assembly;
- (f) the fiscal risks shall be managed prudently; and
- (g) 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.

(3) For the purposes of subsection (2) (d), short term borrowing shall be restricted to management of cash flows and shall not exceed five percent of the most recent audited county government revenue.

(4) Every county government shall ensure that its level of debt at any particular time does not exceed a percentage of its annual revenue specified in respect of each financial year by a resolution of the county assembly.

1. BUDGET THEME: CONSOLIDATING GAINS ACHIEVED THROUGH BUDGETING.

1.1 Introduction

1. This County Fiscal Strategy Paper 2019 is prepared pursuant to section 117 of the Public Finance Management Act 2012 and it sets out county policy goals and strategic priorities that will be the basis for formulation of County's Financial Year 2019/20 budget and the Medium Term.

1.2 CFSP Process Overview

2. This Fiscal Strategy Paper will actualize the implementation of the Second-Generation County Integrated Development Plan, (CIDP 2018-2022), and the Annual Development Plan 2019.
3. The county Fiscal Strategy Paper 2019 will be submitted to the County Assembly by 28th February for review by the budget and appropriation committee. Once the county Assembly approves and adopts the policy document it shall form the basis of expenditure ceilings specified in the fiscal framework.

1.3 Outline of the CFSP

4. The County Fiscal Strategy Paper has seven chapters, that is: the County Budget Theme; Recent Economic and Fiscal Developments, Forward Economic and Fiscal Outlook, Strategic Priorities and Interventions, Fiscal Policy and budget Framework and the Medium Term Expenditure Framework.

2.0 Recent Economic and Fiscal Developments

5. Kenya has made significant political, structural and economic reforms that have largely driven sustained economic growth, social development and political gains over the past decade. However, it's key development challenges still include poverty, inequality, climate change and the vulnerability of the economy to internal and external shocks. Devolution remains the biggest gain from the August 2010 constitution, which ushered in a new political and economic governance system. It is transformative and has strengthened accountability and public service delivery at local levels.

2.1 National Economic and Fiscal Overview.

6. Looking ahead, real GDP growth is expected to rebound in 2019 dependent on completion of ongoing infrastructure projects, resolution of slow credit growth, strengthening of the global economy and tourism. In the long-term, adoption of prudent macroeconomic policies will help safeguard Kenya's robust economic performance. This includes implementation of fiscal and monetary prudence and lowering deficit down to 4.3% by FY19/20 as per the Medium-Term Fiscal Framework. The fiscal consolidation needs to avoid compromising public investments in critical infrastructure key to unlocking the economy's productive capacity.
7. Growth momentum will likely be sustained in 2019, as healthy remittance inflows and a tighter labor market drive solid private consumption, while upbeat business confidence fuels a strong expansion in fixed investment. However, the prevalence of the interest rate cap will likely continue to limit the availability of credit and could hinder the government's ability to secure additional funding from the IMF. This, coupled with fiscal tightening measures, pose headwinds to the outlook. Focus Economics analyst's project GDP growth of 5.8% in 2019, which is unchanged from December 2018 forecast, and 5.7% in 2020.

8. The economy likely sustained a solid pace of growth in the final quarter: Private sector activity seems to have expanded robustly in October and November, despite losing some momentum from first half of 2018, while the arrival of the short rainy season boosted agricultural and hydro-powered electricity output. That said, a slowdown in remittance inflows, rising inflationary pressures—mainly owing to the adoption of the 8% VAT on fuel—and continued lackluster credit growth, which bode ill for household incomes, point to weaker private spending in the quarter. Moreover, although the introduction of the VAT has improved the fiscal account, the misalignment between overly optimistic revenue targets and the government’s spending plans raises concerns about its ability to satisfy its fiscal consolidation goals. In view of making debt repayments more manageable, the country is looking to roll over a syndicated loan worth USD 760 million and extend the maturity of the debt.

2.2 County Economic and Fiscal Overview, FY 2017/2018

9. The financial year 2017/18 budget was financed by the National Equitable Share of Kshs.5.224 billion (79.72 per cent), Kshs.20.811 million (0.22 per cent) from DANIDA grant to Health, World Bank grants of Kshs.83.881 million towards Transformative Health System and Kenya Devolution Support, local revenue sources of Kshs.370.523 million (5.65 per cent), Facility improvement fund at Kshs.184.117 million (2.81 per cent), other conditional grants at 241.715 million (4 per cent) and unspent balance at 396.766 million (6.05 per cent).

Expenditure

10. Expenditure amounted to Kshs. 4.185 billion as recurrent against a target of Kshs 4.499 billion, representing 93% absorption of the fund representing an under spending of Kshs 314 million from the revised budget expenditure. Development expenditure was Kshs. 1.074 billion against a target of Kshs

2.040 billion, representing an underspending of Ksh. 965 million from the revised budget expenditure.

11. In the current financial year 2018/2019 the county government expects to receive equitable share of Kshs 5.714 Billion, local collection Kshs. 491 Million, Unspent funds relating to FY 2017/18 at Kshs 1.236 Billion, Donor funds i.e. Danida is Kshs 17.5 Million and World Bank Kshs 222.4 Million and Kenya Urban Support Program Kshs296.3 Million, conditional grants comprising of: (fuel levy Kshs. 150.4 Million, Development of Youth Polytechnics Kshs. 41 Million, and User Fee Reimbursement Kshs.18 Million) and Health Facility Improvement Fund Kshs 338.5 million. The national equitable share forms 66.83% of the total county revenue, own revenue constitute 9.7%, unspent funds constitute 14.46% while the remaining conditional grants and donor funds forms 9.01% of the total revenue.

3.0 FORWARD ECONOMIC AND FISCAL OUTLOOK

3.1 National Economic and Fiscal Outlook

12. The economy of Kenya has continued to be the largest in the East African region and third largest in Sub-Saharan Africa after South Africa and Nigeria respectively. At present Kenya is one of the most highly literate countries in sub-Saharan Africa. However, more than 60% people of Kenya live below the poverty line. Rapid increases in inflation could reduce economic growth and worsen the poverty levels of the citizens of Kenya. In Kenya, economic development is dependent on agricultural improvement. Kenya is the largest food and agricultural products importer in east Africa. About 82% of the total land in Kenya is classified as arid and semi-arid. Agricultural products depend on rainfall. Staple food of Kenya is maize, which accounted about 65% of total staple food caloric intake and 36% of total food caloric intake. The cash income of the rural people of Kenya comes from the selling of

agricultural products. At present Kenya Government is trying to reduce poverty. An attempt has been taken here to discuss the food and economic situation and the development of these sectors of the country.

13. The economy of Kenya advanced 6.0 percent year-on-year in the third quarter of 2018, compared to a downwardly revised 6.2 percent rise in the previous period. Output growth was boosted by the agricultural sector (5.2% vs 5.4%), thanks to favorable weather conditions which prompted a 12 percent surge in tea production; electricity and water supply (8.5% vs 8.6%), amid a substantial increase in generation of electricity using hydro and geothermal sources; and construction (6.8% vs 6.1%). Other significant positive contributions came from: accommodation & food services (16% vs 15.7%); information & communication (9.1% vs 12.6%); mining & quarrying (8.5% vs 3.5%); transport & storage (5.4% vs 7.8%); manufacturing (3.2% vs 3.1%) and financial services (2.6% vs 2.3%). On a quarterly basis, the GDP grew 0.9 percent, after a downwardly revised 1.3 percent increase in the second quarter of 2018. GDP Annual Growth Rate in Kenya averaged 5.47 percent from 2004 until 2018.

14. GDP Annual Growth Rate in Kenya is expected to be 5.80 percent by the end of 2018, according to Trading Economics global macro models and analysts' expectations. Looking forward, we estimate GDP Annual Growth Rate in Kenya to stand at 6.10 in 2019. In the long-term, the Kenya GDP Annual Growth Rate is projected to trend around 6.80 percent in 2020. *(Source: World Bank Country Review)*

4.0 STRATEGIC PRIORITIES AND INTERVENTIONS

4.1 Overview

15. The County had prepared the Second-Generation County Integrated Development Plan (CIDP) for the period 2018-2022 which has taken into account public input through the countywide CIDP consultative meetings and the Medium-Term Plan (MTP) III priority programmes covering the

period 2018-2022. Development expenditures are shared out on the basis of the County Integrated Development Plan 2018-2022 (CIDP II).

4.2 Strategic Priorities

16. The ultimate goal of the county government is to improve the quality of life for the residents of Kericho County. The CFSP's strategic priorities and policy goals have therefore been aligned as follows;

Strategic Priority 1: Enhanced provision of Quality Health Care and implementation of universal health care to residents.

Strategic Priority 2: Promotion of Food Security.

Strategic Priority 3: County wide promotion of Infrastructural developments.

Strategic Priority 4: Supply and access to quality basic services

Strategic Priority 5: Enhancing efficiency and effectiveness in service delivery.

5.0 FISCAL POLICY AND BUDGET FRAMEWORK FOR 2019/20 – 2021/22

5.1 Overview

17. The priorities outlined in the Medium-Term Plan of Kenya Vision 2030 and the Second County Integrated Development Plan will guide the development of sector priorities, policies, plans and monitoring and evaluation processes for FY 2019/20 - 2021/22 County MTEF budget.

5.2 Fiscal Policy Framework

18. The Fiscal policy underpinning the FY 2019/20 Budget and MTEF aims at revenue target 822.9 Million from Local Sources (including FIF), 5.27 Billion from equitable share, Conditional Grants of 200.2 Million and Donor funds amounting to Kshs.599.5 Million and the need for containing growth of total expenditure over the medium term. This will translate to a total revenue of Kshs 6.892 Billion for the financial year 2019/20.

5.2.1 Fiscal Responsibility Principles

19. In compliance with section 107 of the PFM Act, 2012 the County Treasury shall;

(1). Manage its public finances in accordance with the principles of fiscal responsibility set out in subsection (2), and shall not exceed the limits stated in the regulations.

(2). In managing the county government's public finances, the County Treasury shall enforce the following fiscal responsibility principles-

(a) the county government's recurrent expenditure shall not exceed the county government's total revenue;

(b) over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure;

(c) the county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;

(d) over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;

(e) the county debt shall be maintained at a sustainable level as approved by county assembly;

(f) the fiscal risks shall be managed prudently; and

(g) 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.

5.2.2 Debt Management Strategy

20. In regard to deficit financing and borrowing, the County Government is aware of the provisions of PFM Act, 2012 and adherence to the requirements of these laws is ensured. Section 107(3) (4) of the PFM Act provides as follows:

- For the purposes of subsection (2) (d), short term borrowing shall be restricted to management of cash flows and shall not exceed five percent of the most recent audited county government revenue.

21. The county Debt Management Strategy paper is currently being prepared alongside this policy paper and the strategy spells out the various debt the county owes to suppliers and Contractors.

5.3 FY 2019/20 Budget Framework

22. The 2019/20 budget framework is set against the background of the medium-term fiscal framework, the county government's strategic objectives and priorities as outlined in the CIDP II and broad development policies in the 2018-2022 Governor's manifesto.

5.3.1 Revenues projections

23. The County Government is committed towards a specific, measurable, accurate and time bound balanced and pro-growth budget that is in perfect consonance with the fiscal responsibility principles.

24. The Medium-Term Fiscal Policy aims at supporting economic growth, infrastructure development and enhancing quality of life for county residents and promoting transparency in the county government while at the same time supporting the devolved system of Government for effective delivery of public goods and services in a sustainable manner.

5.3.2 Expenditure Forecast

25. Considering the limited resources facing the county Government and the rise in need for funding for programmes, priorities for funding in FY 2019/20 has been given to projects/programmes that focus on strategic interventions. These programmes are geared towards enhanced provision of health care, infrastructural development, economic growth and promotion of food security of the County. They are also in line with the county goals and objectives as outlined in this CFSP, the 2019 BPS and the Annual Development Plan 19/20. In this regard, departments were

required to rationalize and prioritize their expenditure programmes in the FY 2019/20 to focus only on the strategic interventions and projects as captured in these documents

26. The table below show the estimates for the 2019/20 budget and projections of the medium term. The tables below show the projections for recurrent and development respectively.

DRAFT

Amended Global Consolidated Budget Forecast Ceiling

Department and Entity Name					%age share of total expenditure			
	2018/2019	2019/2020	2020/2021	2021/2022	2018/19	2019/20	2020/21	2021/22
	ACTUAL(PRIN TED)	PROJECTION			Projections			
County Assembly Services	763,426,481	670,825,544	737,908,099	811,698,909	11%	10%	10%	10%
Finance & Economic Planning	404,073,407	325,623,760	470,978,314	518,076,145	6%	6%	6%	6%
Agriculture, Livestock Development & Fisheries	396,454,532	281,468,441	470,602,905	517,663,195	6%	6%	6%	6%
Health Services	2,365,396,294	2,188,036,396	2,634,070,349	2,897,477,384	33%	34%	35%	35%
Education, Youth, Children, Culture & Social Services	550,296,461	518,480,770	613,705,475	675,076,022	8%	8%	8%	8%
Land, Housing & Physical Planning	552,056,661	186,339,919	189,023,911	207,926,302	8%	2%	2%	2%
Public Works, Roads & Transport	726,003,507	287,919,900	611,213,860	672,335,246	10%	8%	8%	8%
Water, Energy, Natural Resources & Environment	346,068,838	230,103,659	365,864,024	402,450,427	5%	5%	5%	5%
Public Service & Administration	294,259,798	313,690,583	356,059,641	391,665,606	4%	5%	5%	5%
County Public Service Board	61,594,593	69,714,829	76,686,311	84,354,942	1%	1%	1%	1%
Office of the Governor and Deputy Governor	130,977,269	166,029,658	193,632,623	212,995,886	2%	3%	3%	3%
Trade, Industrialization, Tourism, Wildlife & Cooperative Development	101,755,024	145,302,110	181,832,321	200,015,553	1%	2%	2%	2%
Information, Communication & E-Government	225,760,330	229,439,221	201,783,360	221,961,696	3%	3%	3%	3%
CAPITAL TRANSFERS TO COUNTY GOVERNMENT ENTITIES (Lands Housing & P. Planning)								
Kericho Municipal Board		60,000,000	66,000,000	72,600,000	0%	0%	0%	0%
Litein Municipal Board		35,000,000	38,500,000	42,350,000	0%	0%	0%	0%
Londiani Municipal Board		5,000,000	5,500,000	6,050,000	0%	0%	0%	0%
STRATEGIC INTERVENTION (Finance and Economic Planning)			0	0	0%	0%	0%	0%
Water Works & other projects in Kipkelion West/Chepseon	58,992,868	0	0	0	2%	0%	0%	0%
Drilling, casing, piping and water pumps& Other Projects in Soin/Sigowet/Kapsoit	60,000,000	0	0	0	2%	0%	0%	0%

Kaboloin water project - lower part of Kapsaos Ward	10,000,000	0	0	0	0%	0%	0%	0%
Construction and equipping of wards for Accident& Emergency unit in Kaitui health Centre	10,000,000	0	0	0	0%	0%	0%	0%
Upgrading of Ainamoi Health Centre to Sub County Hospital	20,000,000	0	0	0	1%	0%	0%	0%
Horticulture Collection Center & Cereal Store-Tendeno/Sorget Ward	10,000,000	0	0	0	0%	0%	0%	0%
Completion of Rehabilitation, Tarmacking and Construction of Drainage structures in Londiani and Kapkatet Townships	113,894,482	125,460,210	65,000,000	0	3%	6%	3%	0%
Rehabilitation of Sondu Market	20,000,000	50,000,000	40,000,000	0	1%	2%	2%	0%
Kimologit water project		40,000,000	50,000,000	0	0%	2%	2%	0%
Tuiyobei water project		17,000,000	18,700,000	0	0%	1%	1%	0%
Kapkures water project		13,000,000	5,000,000	0	0%	1%	0%	0%
Soin water project		15,000,000	16,500,000	18,150,000	0%	1%	1%	1%
Cheplanget water project		15,000,000	16,500,000	18,150,000	0%	1%	1%	1%
Chepseon Water projects		13,500,000	14,850,000	16,335,000	0%	1%	1%	1%
Kap Kisiara Water Project		10,000,000	11,000,000	12,100,000	0%	0%	0%	1%
Kapkelek Drainage project		10,000,000	11,000,000	12,100,000	0%	0%	0%	1%
Kipchimchim Maternity Wing		10,000,000	11,000,000	12,100,000	0%	0%	0%	1%
Completion of Sosiot Health Centre		10,000,000	0	0		0%	0%	0%
Tendeno sorget health Centre		13,000,000	14,300,000	15,730,000	0%	1%	1%	1%
Kipkelion Sub County Hospital water supply		13,000,000	14,300,000	15,730,000	0%	1%	1%	1%
Londiani Water Supply		15,000,000	16,500,000	18,150,000	0%	1%	1%	1%
Roret Pineapple Plant	20,000,000	10,000,000	11,000,000	12,100,000	1%	0%	0%	1%
CONDITIONAL GRANTS AND DONOR FUNDS		0						
4A. Routine Maintenance Fuel Levy (Public Works, Roads and Transport)	150,465,707	152,729,063	168,001,969	184,802,166	4%	7%	7%	8%
4B. User fee Reimbursement (Health Services)	18,048,789	18,048,789	19,853,668	21,839,035	0%	1%	1%	1%
4C. Development of Youth polytechnics fund (Education, Culture and Social Services)	41,005,000	29,433,298	32,376,628	35,614,291	1%	1%	1%	2%
5A. DANIDA FUND (Health Services)	17,516,250	17,516,250	19,267,875	21,194,663	0%	1%	1%	1%
5B. Agricultural Sector development support Fund(ASDSP)	0	0	0	0	0%	0%	0%	0%
5C. Transformative health system (world bank)	61,507,974	61,507,974	67,658,771	74,424,649	2%	3%	3%	3%

5D. Kenya Devolution Support Project (world bank) (Finance & E.Planning)	44,538,343	44,538,343	48,992,177	53,891,395	1%	2%	2%	2%
5E. Climate Smart Agriculture Project (world bank)	117,000,000	117,000,000	128,700,000	141,570,000	3%	5%	6%	6%
5F. Kenya Urban Support Program (SIDA) (Lands, Housing and P. Planning)	256,299,000	256,299,000	281,928,900	310,121,790	7%	12%	12%	13%
5G. Kenya Urban Support Program (SIDA)UIG (Lands, Housing and P. Planning)	40,000,000	10,000,000	45,320,000	49,852,000	1%	2%	2%	2%
LOANS AND GRANTS NOT SPECIFIED		92,719,071	67,670,978	74,438,076	0%	3%	3%	3%
GRAND TOTAL	7,184,116,063	6,892,726,788	8,430,782,160	9,077,290,376	100%	100%	100%	100%

5.4 Recurrent Expenditure

Department and Entity Name	2018/2019	2019/2020	2020/2021	2021/2022	%age share of total expenditure			
					2018/19	2019/20	2020/21	2021/22
	ACTUAL(PRIN TED)	PROJECTION						
County Assembly Services	661,426,481	670,825,544	737,908,098	811,698,908	15%	14%	14%	14%
Finance & Economic Planning	325,535,064	307,623,760	360,386,136	396,424,750	7%	7%	7%	7%
Agriculture, Livestock Development & Fisheries	205,363,742	205,730,032	226,303,035	248,933,339	5%	4%	4%	4%
Health Services	1,985,355,160	1,983,221,530	2,181,543,683	2,399,698,051	44%	42%	42%	42%
Education, Youth, Children, Culture & Social Services	403,296,461	406,311,011	446,942,112	491,636,323	9%	9%	9%	9%
Land, Housing & Physical Planning	76,074,723	69,156,981	76,072,679	83,679,947	2%	1%	1%	1%
Public Works, Roads & Transport	74,873,900	71,643,521	78,807,873	86,688,660	2%	2%	2%	2%
Water, Energy, Natural Resources & Environment	131,768,320	121,621,721	133,783,893	147,162,282	3%	3%	3%	3%
Public Service & Administration	284,029,914	302,594,458	332,853,904	366,139,294	6%	6%	6%	6%
County Public Service Board	61,594,593	69,714,829	76,686,312	84,354,943	1%	1%	1%	1%
Office of the Governor and Deputy Governor	130,977,269	166,029,658	160,632,624	176,695,886	3%	3%	3%	3%
Trade, Industrialization, Tourism, Wildlife & Cooperative Development	70,733,248	74,178,131	81,595,944	89,755,539	2%	2%	2%	2%
Information, Communication & E-Government	107,196,215	200,900,885	220,990,974	243,090,071	2%	4%	4%	4%
CAPITAL TRANSFERS TO COUNTY GOVERNMENT ENTITIES (Lands Housing & P. Planning)		-						
Kericho Municipal Board	0	20,000,000	22,000,000	24,200,000	0%	0%	0%	0%
Litein Municipal Board	0	15,000,000	16,500,000	18,150,000	0%	0%	0%	0%
Londiani Municipal Board	0	5,000,000	5,500,000	6,050,000	0%	0%	0%	0%
GRAND TOTAL	4,518,225,090	4,689,552,061	5,136,507,267	5,650,157,994	100%	100%	100%	100%

5.5 Development Expenditure

DEVELOPMENT Department and Entity Name	ACTUALS(PRI NTED) 2018/2019	PROJECTION			%age share of total expenditure			
		2019/2020	2020/2021	2021/2022	2018/ 19	2019/ 20	2020/ 21	2021/ 22
County Assembly Services	102,000,000	-	0	0	3%	0%	0%	0%
Finance & Economic Planning	78,538,343	18,000,000	19,800,000	21,780,000	2%	1%	1%	1%
Agriculture, Livestock Development & Fisheries	191,090,790	75,738,409	83,312,250	91,643,475	5%	3%	4%	4%
Health Services	380,041,134	204,814,866	225,296,353	247,825,988	10%	9%	10%	11%
Education, Youth, Children, Culture & Social Services	147,000,000	112,169,759	101,386,735	111,525,408	4%	4%	4%	5%
Land, Housing & Physical Planning	475,981,938	117,182,938	128,901,232	141,791,355	13%	5%	6%	6%
Public Works, Roads & Transport	651,129,607	216,276,379	237,904,017	261,694,419	18%	10%	10%	11%
Water, Energy, Natural Resources & Environment	214,300,518	108,481,938	119,330,132	131,263,145	6%	5%	5%	6%
Public Service & Administration	10,229,884	11,096,125	12,205,738	13,426,311	0%	1%	1%	1%
County Public Service Board	0	-	0	0	0%	0%	0%	0%
Office of the Governor and Deputy Governor	0	-	0	0	0%	0%	0%	0%
Trade, Industrialization, Tourism, Wildlife & Cooperative Development	31,021,776	71,123,979	78,236,377	86,060,015	1%	3%	3%	4%
Information, Communication & E-Government	118,564,115	28,538,336	31,392,170	34,531,387	3%	1%	1%	1%
CAPITAL TRANSFERS TO COUNTY GOVERNMENT ENTITIES (Lands Housing & P. Planning)		-						
Kericho Municipal Board		30,000,000	44,000,000	48,400,000	0%	2%	2%	2%
Litein Municipal Board		30,000,000	22,000,000	24,200,000	0%	1%	1%	1%
STRATEGIC INTERVENTION (Finance and E.Planning)		-	0	0	0%	0%	0%	0%
Water Works & other projects in Kipkelion West/Chepseon	58,992,868	-	0	0	2%	0%	0%	0%
Drilling, casing, piping and water pumps& Other Projects in Soin/Sigowet/Kapsoit	60,000,000	-	0	0	2%	0%	0%	0%
Kaboloin water project - lower part of Kapsaos Ward	10,000,000	-	0	0	0%	0%	0%	0%
Construction and equipping of wards for Accident& Emergency unit in Kaitui health Centre	10,000,000	-	0	0	0%	0%	0%	0%
Upgrading of Ainamoi Health Centre to Sub County Hospital	20,000,000	-	0	0	1%	0%	0%	0%

Horticulture Collection Center & Cereal Store-Tendeno/Sorget Ward	10,000,000	-	0	0	0%	0%	0%	0%
Completion of Rehabilitation, Tarmacking and Construction of Drainage structures in Londiani and Kapkatet Townships	113,894,482	125,460,210	65,000,000	0	3%	6%	3%	0%
Rehabilitation of Sondu Market	20,000,000	50,000,000	40,000,000	0	1%	2%	2%	0%
Kimologit water project		40,000,000	50,000,000	0	0%	2%	2%	0%
Tuiyobei water project		17,000,000	18,700,000	0	0%	1%	1%	0%
Kapkures water project		13,000,000	5,000,000	0	0%	1%	0%	0%
Soin water project		15,000,000	16,500,000	18,150,000	0%	1%	1%	1%
Cheplanget water project		15,000,000	16,500,000	18,150,000	0%	1%	1%	1%
Chepseon Water projects		13,500,000	14,850,000	16,335,000	0%	1%	1%	1%
Kap Kisiara Water Project		10,000,000	11,000,000	12,100,000	0%	0%	0%	1%
Kapkelek Drainage project		10,000,000	11,000,000	12,100,000	0%	0%	0%	1%
Kipchimchim Maternity Wing		10,000,000	11,000,000	12,100,000	0%	0%	0%	1%
Completion of Sosiot Health Centre		10,000,000	0	0	0%	0%	0%	0%
Tendeno sorget health Centre		13,000,000	14,300,000	15,730,000	0%	1%	1%	1%
Kipkelion Sub County Hospital water supply		13,000,000	14,300,000	15,730,000	0%	1%	1%	1%
Londiani water supply		15,000,000	16,500,000	18,150,000	0%	1%	1%	1%
Completion of Roret Pineapple Plant	20,000,000	10,000,000	11,000,000	12,100,000	1%	0%	0%	1%
CONDITIONAL GRANTS AND DONOR FUNDS		-						
4A. Routine Maintenance Fuel Levy	150,465,707	152,729,063	168,001,969	184,802,166	4%	7%	7%	8%
4B. User fee Reimbursement	18,048,789	18,048,789	19,853,668	21,839,035	0%	1%	1%	1%
4C. Development of Youth polytechnics fund	41,005,000	29,433,298	32,376,628	35,614,291	1%	1%	1%	2%
5A. DANIDA FUND	17,516,250	17,516,250	19,267,875	21,194,663	0%	1%	1%	1%
5B. Agricultural Sector development support Fund(ASDSP)	0	-	0	0	0%	0%	0%	0%
5C. Transformative health system (world bank)	61,507,974	61,507,974	67,658,771	74,424,649	2%	3%	3%	3%
5D. Kenya Devolution Support Project (world bank)	44,538,343	44,538,343	48,992,177	53,891,395	1%	2%	2%	2%
5E. Climate Smart Agriculture Project (world bank)	117,000,000	117,000,000	128,700,000	141,570,000	3%	5%	6%	6%
5F. Kenya Urban Support Program (SIDA)	256,299,000	256,299,000	281,928,900	310,121,790	7%	12%	12%	13%
5G. Kenya Urban Support Program (SIDA)UIG	40,000,000	41,200,000	45,320,000	49,852,000	1%	2%	2%	2%
LOANS AND GRANTS NOT SPECIFIED		92,719,071	67,670,978	74,438,076	0%	3%	3%	3%
GRAND TOTAL	3,713,404,058	2,203,174,727	2,321,185,969	2,356,734,566	100%	100%	100%	100%

6.0 MEDIUM-TERM EXPENDITURE FRAMEWORK

6.1 Overview

27. This chapter provides the details for resource envelope and spending priorities of the county government. It also describes the sectoral spending priority programmes and projects for the remaining MTEF period.

6.2 Resource Envelope and Allocation Criteria

28. The resource envelope available for allocation among the departments is informed by the guiding principles of ensuring fiscal responsibility. For the Financial year 2019/2020 the projected budget stands at Kshs 6,892,726,788. These funds will be utilized to meet both recurrent and development expenditure in a ratio of 68% and 32% respectively.

29. The table below provides a summary of all expected sources of revenue and the amounts: -

FINANCIAL YEAR 2018/19	Budget Estimate		Ratio
SOURCES OF REVENUE	2018/19	2019 FINAL BPS	
Revenue Description			
1.CRA Equitable share	5,714,800,000	5,270,000,000	76.46%
2.Local Collections	491,294,000	501,294,000	7.27%
3.Facility Improvement Fund	338,525,121	321,641,000	4.67%
4.CONDITIONAL GRANTS			
4A. Routine Maintenance Fuel Levy	150,465,707	152,729,063	2.22%
4B. User fee Reimbursement	18,048,789	18,048,789	0.26%
4C. Development of Youth polytechnics fund	41,005,000	29,433,298	0.43%
5. DONOR FUNDS			
5A. DANIDA FUND	17,516,250	17,516,250	0.25%
5B. Agricultural Sector development support Fund(ASDSP)	0	-	0.00%
5C. Transformative health system (world bank)	61,507,974	61,507,974	0.89%
5D. Kenya Devolution Support Project (world bank)	44,538,343	44,538,343	0.65%
5E. Climate Smart Agriculture Project (world bank)	116,443,510	117,000,000	1.70%
5F. Kenya Urban Support Program (SIDA)	256,299,000	256,299,000	3.72%
5G. Kenya Urban Support Program (SIDA)UIG	40,000,000	10,000,000	0.60%
5H. Other Donor Funds		92,719,071	0.89%
UNSPENT FUND	1,236,591,031		
Total	8,551,767,273	6,892,726,788	100.00%

6.3 Overall Spending Priorities

30. The 2019/2020 Annual Development Plan spells out priority activities, projects and programmes to be undertaken by the various departments during the plan period. This is key in terms of informing allocation of resources to various sectors, projects and programmes.

6.4 Medium- Term Expenditure Baseline Ceilings

31. The allocation of departmental ceilings over the medium term is informed by the following guidelines:

1. Non-discretionary expenditures: This takes first charge and includes payment of Salaries and wages.
2. Operations and maintenance: Departments are allocated funds for basic operations and maintenance.
3. Development expenditure: As indicated, 30 percent of the total revenue that will be available will be used to finance development expenditure. The entire Development expenditures are shared out on the basis of County priorities.

6.5 Sector/Departmental Priorities

6.5.1. Public Works, Roads and Transport

Mission: Prosperous County where residents enjoy a high quality of life in a sustainable environment

Vision: To foster equitable and sustained socio-economic development through effective and efficient mobilization and utilization of available resources.

Previous performance 2017/2018

32. The department of Public Works, Roads and Transport was allocated Kshs 793,664,642 in the financial year 2017/2018. Development allocation was Kshs 706,991,873 and recurrent allocation was Kshs 86,672,769. During this period the department was able to absorb Kshs 519,737,509 translating to 60%. Major activities under the development component were; Opening of county roads, Maintenance of existing roads,

Construction of minor and major drainage structures, Street lighting/Solar Lights Installation and Maintenance and Purchase and overhaul of Project Equipment and Machinery

Current Performance 2018/2019

33. In the Current financial year, the department has been allocated Kshs 726,003,507.00 comprising of development and recurrent at Kshs 651,129,607 and Kshs 74,873,900.00 respectively. As at the close of FY 18/19 half year, the department has been able to undertake the following major activities, Maintenance of road projects and opening of new roads county wide.

Fiscal Projections for the financial year 2019/2020

34. For the financial year 2019/2020, the department projects to undertake development activities derived from the Annual Development plan and CIDP 2 which is in line with vision 2030. The department has been allocated Kshs 440.6 million for the financial year 2019/2020. Recurrent expenditure accounts for kshs.71.6 million. Development expenditure stands at kshs 369 million which consists of road maintenance fuel levy at kshs 152,729,063 and an additional kshs 216 million for Construction of County Roads in the Rural areas Equitably, County-wide Design and construction of Drainage Structures and other infrastructure and civil works (Bridges, culverts and other civil works) across the county Purchase and overhaul of Project Equipment and Machinery Street lighting/Solar Lights Installation and Maintenance Street lighting/Solar Lights Installation and Maintenance and Construction of bodaboda shades in 30 wards and mapping of all roads.

6.5.2 Agriculture, Livestock development and Fisheries

Mission: To improve livelihoods of Kenyans through promotion of competitive agriculture and innovative research, sustainable livestock and fisheries development

Vision: An innovative, commercially-oriented and modern Agriculture and Rural Development Sector.

Previous performance 2017/2018

35. The department of Agriculture, Livestock Development and Fisheries was allocated Kshs 369,456,002 in the financial year 2017/2018. Development allocation was Kshs 160,183,810 and recurrent allocation was Kshs 209,272,192. During this period the department was able to absorb Kshs 188,231,135.85 translating to 50.95%.

Current Performance 2018/2019

36. In the Current financial year, the department has been allocated Kshs 396,454,532 comprising of recurrent and development at Kshs 205,363,742 and Kshs 191,090,790 respectively. As at the close of half year i.e. 31st December 2018 the department has been able to undertake the following major activities in construction of Tea Buying Centres Kshs 11,778,281, Purchase of certified batian coffee seeds Kshs. 2,250,000, Kenya Climate Smart Agriculture Programme (KCSAP) Kshs. 42,000,000 and Agriculture Sector Development Support Programme II (ASDSP II) Kshs. 5,500,000 all adding up to Kshs 61,528,281. An additional Kshs. 61,528,281 has been encumbered or committed to ensure that the department will meet its obligations as at the close of the financial year.

Fiscal Projections for the financial year 2019/2020

37. For the financial year 2019/2020, the department has been allocated kshs 398.4 million. Recurrent and development expenditures forecasts stand at kshs 205.7 million and kshs 75.7 million. The department intends to undertake following programmes and projects; Policy strategy and management structure, Crop development and management, Livestock Resource Management and Development, Fisheries Development and Climate Smart Agriculture. An additional kshs. 117 million has been allocated for Climate Smart Agriculture project under development resource envelope.

6.5.3 Water, Environment, Energy, Forestry and Natural Resources

Vision: “To be a department of excellence in sustainable management, conservation and development of natural resources”

Mission: “Promote and conserve water; renewable energy; forests and allied resources while protecting the environment”,

38. The mandate of the department is Provision of safe water and sanitation services, Control of air pollution, noise pollution, other public nuisances and outdoor advertisement. The Department will endeavor to increase access to safe water and basic sanitation as well as enhancing access to clean, safe and sustainable environment.
39. For the 2019/20 to 2021/22 MTEF period the sector has prioritized programmes intended to; increase availability of safe and adequate water resources; enhance accessibility of water and sewerage services; develop policy and legal framework for efficient and effective management of the environment; sustainably manage and conserve environment; sustainably manage and conserve forests and water towers; promote good governance in the management of water resources.
40. The sector has been allocated Kshs 230.1 million for the financial year 2019/2020 which includes a grant of Kshs 25 million to Tililbei water and sanitation company, rehabilitation of dumpsites and other various prioritized programmes and projects under the department. The recurrent expenditure allocation for FY 2019/2020 is Kshs 121.6 million, while development expenditure allocation for the same period is Kshs 108.9 million.

6.5.4 Trade, Industrialization, Tourism, Wildlife and Cooperative Management

Mission: To Promote Vibrant Business Enterprise Growth through an Enabling Policy and Legal Framework for Sustainable Socio-Economic Development in Kericho County.

Vision: To be a Leading Agent in Fair Trading Practices for Competitive Business Enterprises in Industrial Development.

Previous performance 2017/2018

41. The department of Trade, Industrialization, Cooperative Management, Tourism and Wildlife was allocated Kshs 105,313,472 in the financial year 2017/2018. Development allocation was Kshs 30,827,208 and recurrent allocation was Kshs 74,486,264.

42. During this period the department was able to absorb Kshs 26,318,702 translating to 85%. Major activities under the development component have been attached.

Current Performance 2018/2019

43. In the Current financial year, the department has been allocated Kshs 101,755,024 comprising of recurrent and development at Kshs 70,733,248 and Kshs 31,021,776 respectively. As at the close of half year that is 31st December 2018, the department has been able to commit Kshs 31,021,776 to ensure that the department will meet its obligations as at the close of the financial year.

Fiscal projections for the financial year 2019/2020

44. For the financial year 2019/2020, the department has been allocated kshs 145.3 million consisting of Kshs 74.1 million and Kshs 71.1 million under recurrent and development respectively. Under the development allocation Kshs 40 million is geared towards the Lake Region Economic Bloc activities. The department also projects to undertake development activities amounting to Kshs 31.1 million mainly derived from the Annual Development Plan and CIDP 2 which is in line with vision 2030.

6.5.5 Health Sector

Vision: “A prosperous county where residents enjoy a high quality of life in a sustainable environment”

Mission: “To foster equitable and sustained socio-economic development through effective and efficient mobilization and utilization of available resources”.

Previous performance 2017/2018

45. The department of Health Services was allocated Ksh. 2,239,811,275 in the financial year 2017/2018. Development allocation was Kshs 317,807,552 and recurrent allocation was Kshs 1,922,003,723. During this period the department was able to absorb Kshs 2,037,077,175 translating to 90.95%. Major activities under the development component were: Ongoing extension of the CCC administration block, Extension of lab blocks at Kapkatet and Londiani Hospitals, Construction of wards at Kipkelion Hospital, Ongoing construction of a theatre at Fort Tenan Hospital, Ongoing facelift at Londiani Hospital, Construction of a chain link fence at Londiani National Referral Hospital, Purchase of medical equipment for the regional blood bank Centre, Purchase of eye equipment for Kapkatet Hospital, Purchase of a stand by generator for Kericho CRH.

Current Performance 2018/2019

46. In the Current financial year, the department has been allocated Kshs 2,365,396,294, comprising of recurrent and development at Kshs 1,985,355,160 and Kshs 380,041,134 respectively. As at the close of half year i.e. 31st December 2018 the department has been able to pay most of its pending bills and is committed to ensure that it will meet its obligations as at the close of the financial year.

Fiscal Projections for the financial year 2019/2020

For the financial year 2019/2020, this sector has been allocated Kshs 2.285 billion comprising of Kshs 1.983 billion and Kshs 301 million recurrent and development respectively. It is important to note that Kshs 97 million are conditional grants and donor funds comprising of User Fee Reimbursement at Kshs 18 million, DANIDA funds at Kshs 17.5 million and Transformative Health System (World Bank) at Kshs 61.5 million in the development

expenditure. The department projects to undertake development activities which includes Completion of health Centres and dispensaries, Construction of sub county drug stores to cover Bureti and Kipkelion West sub counties, Construction of male and female wards at Londiani Sub County Hospital, Extension of the laboratory block at Kericho County Referral Hospital to make it a story a building, Construction of male and female wards at Fort Tenan Sub County Hospital, Construction of a prosthesis and orthotics plant, Implementation of medical oxygen strategy by building oxygen plants at Kericho, Kapkatet, Londiani and Sigowet Hospitals, Purchase of 1 fully equipped mobile clinic for each sub county, Purchase of 8 project supervision vehicles, Construction of amenity wards Construction of cardiology Centre of excellence, Construction of male and female wards at Roret Hospital derived from the Annual Development plan and CIDP 2 which is in line with vision 2030. Further Kshs 30 million has been allocated for the completion of the cancer Centre.

6.5.6 Education, Youth, Culture and Social Services

- a) *Vision:* “A globally competitive education, training, research and innovation for sustainable development”
- b) *Mission:* “To provide, promote and coordinate quality education and training; integration of science, technology and innovation in sustainable socio-economic development process”.
- c) *Mandate:* The department of Education, Youth Affairs, Sports, Culture & Social Services has been mandated to promote education, empower the youth, promote sports, culture and also improve the provision of social services whereas ensuring gender is mainstreamed in all its programmes.

Previous performance 2017/2018

47. The department of Education, Culture and Social Services was allocated Kshs 608,104,552 in the financial year 2017/2018. Development allocation was Kshs 209,588,208 and recurrent allocation was Kshs 398,516,344.

During this period the department was able to absorb Kshs 452,533,937 translating to 74%. Major activities under the development component were Construction and Completion of ECD nursery classrooms, Construction ablution blocks, Equipping existing youth polytechnic with training tools and equipment, construction of workshops in youth polytechnics, Purchase of Tartan Track for Kericho Green Stadium and Conditional allocation for Youth Polytechnics.

Current Performance 2018/2019

48. In the Current financial year, the department has been allocated Kshs 550,296,461 comprising of recurrent and development at Kshs 403,296,461 and Kshs 147,000,000 respectively. As at the close of half year i.e. 31st December 2018 the department has been able to undertake the following major activities Construction and Completion of model ECDE classrooms, purchase of playing items for the existing ECDE classrooms and Furnishing of ECDE classrooms with furniture amounting to Kshs 63 Million. An additional Kshs 84 Million has been encumbered or committed to ensure that the department will meet its obligations as at the close of the financial year.

Fiscal Projections for the financial year 2019/2020

49. For the financial year 2019/2020, the department has been allocated Kshs 547.9 million comprising of Kshs 406.3 million and Kshs 141.6 million recurrent and development votes respectively. Under the recurrent expenditure an allocation of Kshs 121.6 million towards bursary aid and Kshs 30 million for training of bodaboda riders has also been factored. Under the development expenditure Kshs 29.4 million is a conditional grant for Development of Village Polytechnics from World Bank.

6.5.7. Lands, Housing and Physical Planning

Vision: ,“To become a unique, technically capable and proactive entity, able to contribute effectively to the rational spatial development of sustainable human settlements in Kericho county.”

Mission: “To plan, manage, promote harmonious, sustainable and effective spatial development of human settlements in the county in accordance with sound environmental and Physical Planning principles”.

Previous performance 2017/2018

50. The department of Land, Housing and Physical Planning was allocated Kshs. 240,048,926 in the financial year 2017/2018. The development allocation was Kshs 196,602,270 and recurrent allocation was Kshs 43,446,656. During this period the department was able to absorb Kshs 225,784,947 translating to 94 %. In order to implement the prioritized programmes, the department has been allocated Kshs 268.6million for the financial year 2019/20. The recurrent expenditure allocation for FY 2019/20 is Kshs 88.5 million, while development expenditure allocation for the same period is Kshs 180.1 million.

Current Performance 2018/2019

51. In the Current financial year, the department has been allocated Kshs 552,056,661 comprising of recurrent and development at Kshs 475,981,938 and Kshs 76,074,723 respectively. As at the close of half year i.e. 31st December 2018 the department has been able to undertake the following major activities like repairs and refurbishment of residential facilities construction of county nonresidential facilities amounting to Kshs 21,571,907. An additional Kshs 261,784,681 has been encumbered or committed to ensure that the department will meet its obligations as at the close of the financial year.

Fiscal Projections for the financial year 2019/2020

52. For the financial year 2019/2020, the department been allocated Kshs 552.6 million comprising of Kshs 109.1 million and Kshs 443.4 million recurrent and development respectively. The development allocation includes Kshs 29.5 million towards start of Construction of Governor and Deputy Governors residences while kshs 87.5 million is set aside for other development priorities. Kshs 256 million and Kshs 10 million for Kenya

Urban Support Programme (Urban Development Grant) and Urban Institutional Grant respectively both funded by the World Bank.

53. The Kericho Municipal Board and Litein Municipal Board recently inaugurated recently by the Governor also gives rise to the need to factor the semi-autonomous agency in the budget. Londiani Municipal Board is also to be included in the next financial year as its inception is in due course. Therefore, the department has set aside kshs 100 million under capital transfer to County Government entities, under recurrent kshs 20 million for Kericho and Kshs 15 million for Litein board's allowances and other operational costs for the next financial year; kshs 5 million for Establishment of Londiani board. Under development kshs 30 million and kshs 30 million has been set aside for Kericho and Litein municipal board development expenditures.

6.5.8 Public Service Management

54. This is a service department mandated to guide the county human capital in human resource policies provisions and guidelines both at the county headquarters and the devolved units down to the village level.

Vision: To be a model department in the formulation of public policy and service delivery

Mission: Provision of policy direction for public participation and quality public service delivery

Mandate: The mandate of the department is to provide Human Resource policies and guidelines of the County Civil Service and Co-ordinate the Administrative Units at the County, Sub-County, ward and Village level.

Previous performance 2017/2018

55. The department was allocated Kshs 347,539,945 in the financial year 2017/2018. Development allocation was Kshs 21,428,438 and recurrent allocation was Kshs 326, 111,507. During this period the department was able to absorb Kshs 311,676,450 translating to 89.7 %. Major activities

under the development component were Constructions of Ward offices in Kapsaos.

Current Performance 2018/2019

56. In the Current financial year, the department has been allocated Kshs 294,259,798, comprising of recurrent and development at Kshs 10,229,884 and Kshs 284,029,914 respectively. As at the close of half year i.e. 31st December 2018 the department has been able to undertake the following major activities i.e construction of two ward offices (Chilchila & Tendeno offices) amounting to Kshs 3,106,313. An additional Kshs 20,792,801 has been encumbered or committed to ensure that the department will meet its obligations as at the close of the financial year.

Fiscal Projections for the financial year 2019/2020

57. For the financial year 2019/2020, the department has been allocated Kshs 313.6 million consisting of Kshs 302.5 million and Kshs 11 million recurrent and development respectively. Under the recurrent expenditure Kshs 40 million has been allocated for medical cover for all the staff and Kshs 30 million for legal fees. The department plans to complete construction of the ward offices in the next financial year.

6.5.9 Finance and Economic Planning

Fiscal performance 2017/2018.

58. The total revenue collected/received for the FY 2017/18 was Kshs 6.363 Billion of which Kshs 414 million was realized from own source revenue (OSR) against a target of Kshs 554 million thus achieving 75%. There was backdrop in revenue collection in 2017 during the heightened political period leading to general election in August 2017 with a repeat in October. The unrealized donor grants was due to delayed communication between the donor and the concerned stakeholder on how much was to be reflected on the CARA 2017. Expenditure amounted to Kshs 4.185 billion as recurrent against a target of Kshs 4.499 billion, representing 93% absorption of the fund representing an under spending of Kshs 314 million

from the revised budget expenditure. Development expenditure was Kshs 1.074 billion against a target of Kshs 2.040 billion, representing an underspending of Kshs 965 million from the revised budget expenditure.

Current Performance 2018/2019

59. In the current financial year, the department has been allocated Kshs 404 million comprising of recurrent and development at Kshs 325.5 million and Kshs 78.5 million respectively.

60. As at the 31st December 2018 the department has been able to undertake public participation on this policy document, sensitization on baseline survey, carry out prefeasibility and feasibility studies on strategic intervention projects and instituted procurement process for the same. The department foresees an implementation of all the proposed programmes and projects for this financial year at the budgeted cost. These programmes and projects include; Baseline Survey Development of county Integrated monitoring and evaluation system (E-CIMES) Integrated Enterprise Resource Planning Establishment and refurbishment of county revenue offices, county planning offices and county treasury offices Purchase of backup Generator for Revenue headquarters and Establishment of Resource Centre

Fiscal Projections for the financial year 2019/2020

61. For the financial year 2019/2020, the department has been allocated Kshs 388.1 million. Development and recurrent budgets stand at Kshs 62.5 million and Kshs 307.6 million. The department has set aside an allocation of Kshs 45 million for emergency, staff car loans and mortgages at Kshs 60 million under the recurrent budget. Further an allocation of Kshs 50 million has been allocated for general insurance, motor vehicle insurance and WIBA. Under the development component the department has an allocation of Kshs 44 million for Kenya Devolution Support Programme a conditional grant from World Bank, Review of CIDP2 and Development County Statistical Abstract 2020.

6.5.10 Governor's Office

62. In the medium term, the county will ensure and coordinate the participation of communities and locations in Governance at the county level and assisting communities and locations to develop the administrative capacity for the effective exercise of the functions and powers and participation in Governance at the local level.
63. Public participation in financial matters is a key requirement in the budget making process. This is enshrined in the Constitution and the Public Finance Management Act, 2012. As such, the office of the Governor together with the department of finance and economic planning shall ensure that the public is engaged in all financial matters and budget preparation.
64. The office of the governor expects to receive a total of Kshs 166 Million that will be utilized during the financial year 2019/20.

6.5.11 Public Service Board

65. The County Public Service Board (CPSB) is an independent county board established by law and is in charge of handling all matters of human capital of the county. It ensures that all the sectors have qualified and adequate staff. Further the County will promote best labour practices in recruitment, allocating, motivating and effectively utilizing human resources for improved public service delivery and promote public service integrity.
66. The department has been allocated Kshs 69.7 Million to undertake its activities in the financial year 2019/20.

6.5.12 Information Communication and E- Government

67. The mandate of the Department of Information, Communication and E-Government in County Government of Kericho is to position itself in order to grow a knowledge-based economy in line with Mid Term Sustainable Development Goals and aspiration of Kenya's Vision 2030.

- a). *Vision:* “To maximize Productivity and Efficiency in Service delivery by Utilizing and Exploiting ICTs platforms so as to make Kericho County the choice of everyone”.
- b). *Mission:* “To develop, deploy and support innovative, quality and sustainable ICTs and E-Government solutions and services that meet and exceeds the changing needs of governance and management of the CGK”.

68. The department has been allocated Kshs 229.4 million, for the financial year 2019/2020. Recurrent expenditure allocation for FY 2019/20 is Kshs 200.9 million including recruitment of enforcement officers under the Directorate of Youth Affairs at kshs 117 million. The development expenditure for the same period is Kshs 28.5 million in order to facilitate implementation of the identified priority areas of the department.

6.5.13 Strategic Intervention Projects

69. Strategic intervention projects are a combination of programmes or strategies designed to improve living standards and health status among residents of Kericho County. These strategic Interventions include multiple projects that are typically the most effective in producing desired and lasting change. They remain key flagship projects for the County Government arrived at in consultation between H.E Governor and the Honorable MCA’s. In this regard the county government has set aside kshs 379.9 million under development budget that will cater for Completion of Rehabilitation, Tarmacking and Construction of Drainage structures in Londiani and Kapkatet Townships at Kshs 125.4 million, Rehabilitation of Sondu Market at Kshs 50 million, Kimologit water project Kshs 40 million, Tuiyobei water project Kshs 17 million, Kapkures water project Kshs 13 million, Soin water project kshs 15 million, Cheplanget water project kshs 15 million and Chepseon Water projects at Kshs 13.5 million Kap Kisiara Water Project at kshs 10 million, Kapkelek Drainage project at kshs 10 million, Kipchimchim Maternity Wing at kshs 10 million, Completion of

Sosiot Health Centre at kshs 10 million, Tendeno sorget health Centre at Kshs 13 million, Kipkelion Sub County-Hospital water supply at Kshs 13 million, Londiani water supply at Kshs 15 million and Completion of Roret Pineapple Plant at Kshs 10 million. It should be noted that most of these projects have been tendered and are phased projects

7.0 CONCLUSION

70. Fiscal policy as shown here will support growth within a sustainable path of public spending by adhering to the Fiscal Responsibility Principles enshrined in Sec 107 of the PFM Act 2012. Therefore, moderation in county spending will help increase the pool of funds available for development initiatives in the county. Proper utilization of funds of county resources while improving on efficiency will also help to create room for critical interventions in the social sector.

71. The set of policies outlined in this CFSP reflect the current circumstances and are broadly in line with the fiscal responsibility principles outlined in the PFM Act 2012. They are also consistent with the county and national strategic objectives pursued by both levels of Government as a basis of allocation of public resources. Details of the strategic objectives are contained in the second generation CIDP 2018-2022.