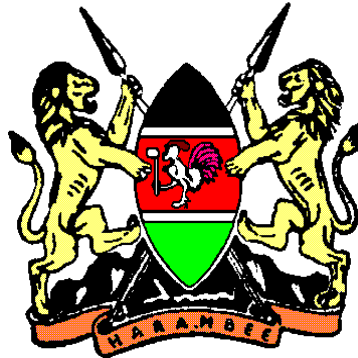


REPUBLIC OF KENYA



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

MEDIUM TERM

COUNTY FISCAL STRATEGY PAPER 2020

FEBRUARY 2020

© County Fiscal Strategy Paper (CFSP) 2020

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DRAFT

Foreword

This County Fiscal Strategy Paper 2020 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 2020/21 budget and the Medium Term.

The paper highlights the outcome of the previous financial year and 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.

This policy paper is prepared based on Promotion of Sustainable Social Economic Growth and Development. The priorities and goals outlined herein realign to the County Integrated Development Plan II, The Annual Development Plan 2020/21 and the inputs from the public participation for a with focus on: increased accessibility to water and food security, Supply and access to quality basic services, investing in accessible and quality health services, Streamlined waste management services, Provision of Quality Education, Youth & Sports development, Improved Land and Housing Services and investing in Countywide infrastructure 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.

Hon. Charles Birech

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 2020/21 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 CPA. Ian Rotich, Chief Budget Officer and his team; Mr. David Ruto, CPA. Kenneth Ouma, CPA. Lawrence Koech, Mrs. Nancy Rop, and all County Treasury Staff for their commitment and hard work in ensuring this policy paper is prepared.

CPA. George Kirer
Chief Officer Finance and Ag. C.O. Economic Planning.

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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 2020 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 2020/21 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 20/21.
3. The county Fiscal Strategy Paper 2020 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's economic growth has remained strong and resilient supported by strong public and private sector investment and appropriate economic and financial policies. Growth was projected at 6.0% in 2019. The broad-based economic growth has averaged 5.7% for the period (2013 to 2018) outperforming the average growth rate of 4.7% in (2008 to 2012). Growth recovered in 2018 and grew by 6.3% up from 4.9% in 2017. In the year 2019, the economy is estimated to have expanded by 5.6 percent in part reflecting the impact of delayed rainfall in the first half of 2019 that affected agricultural production.

2.1 National Economic and Fiscal Overview.

6. Kenya's resilient non-agricultural sector continues to support economic growth. The economy grew by an average of 5.5 percent in the first three quarters of 2019 and the full year growth is estimated at 5.6 percent in 2019 down from 6.3 percent in 2018. 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, mainly supported by strong performance in the services sub-sector such as information and communication, transportation and storage, and accommodation and restaurant.
7. 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 non-agricultural sector (service and industry) remained vibrant and grew by 5.7 percent in the third quarter of 2019 down from a growth of 6.5 percent in a similar quarter in 2018. It has the largest percentage points contribution to real GDP growth at 4.0 in the third quarter of 2019, mainly supported by the services sector

8. Year-on-year overall inflation remained low, stable and within the Government target range of 5+/-2.5 percent in December 2019 at 5.8 percent up from 5.7 percent in December 2018 reflecting higher food prices

2.2 County Economic and Fiscal Overview, FY 2018/2019

9. The financial year 2018/19 budget was financed by the National Equitable Share of Kshs. 5.714 billion (67.89 per cent), Kshs. 17.51 million (0.21 per cent) from DANIDA grant to Health, World Bank grants of Kshs. 61.50 million towards Transformative Health System and Kshs 44.538 million for Kenya Devolution Support, local revenue sources of Kshs. 356.29 million (4.23 per cent), Facility improvement fund at Kshs. 338.5 million (4.02 per cent), Agricultural Sector Development Support fund at Kshs 24.73 million, Climate Smart Agriculture Project at Kshs. 116.44 million, Kenya Urban Support Project 297.5 million, other conditional grants at 209.5 million (2.49 per cent) and unspent balance at 1.236 billion (14.69 per cent).

Expenditure

10. Expenditure amounted to Kshs. 3.988 billion excluding County Assembly as recurrent against a target of Kshs 4.046 billion, representing 99 % absorption of the fund representing an under spending of Kshs 57.6 million from the supplementary 2 budget expenditure. Development expenditure was Kshs. 1.246 billion against a target of Kshs 3.612 billion excluding County Assembly, representing an underspending of Kshs. 2.365 billion from the supplementary 2 budget expenditure.
11. In the current financial year 2019/2020 the county government projects to raise Kshs. 8,611,379,022 comprising of Kshs. 512,294,000 from own source revenue, Kshs. 5,270,000,000 from National Government as Equitable Share transfers, KShs. 401,641,000 as F.I.F, Conditional grants at Kshs. 200,211,150 from: User Fee Reimbursement at Kshs. 18,048,789, Road Maintenance Fuel Levy at Kshs. 152,729,063 and Development of Youth Polytechnics at Kshs. 29,433,298. Donor Funds include; DANIDA Funds at

Kshs. 17,516,250, Transformative Health systems (Universal Health Care) at Kshs. 61,507,974, Kenya Devolution Support Project at Kshs. 44,538,343, Climate Smart Agriculture Project at Kshs. 117,000,000 as well as Kenya Urban Support Program (Urban Development Grant) at Kshs. 256,299,000, Kenya Urban Support Program (Urban Institutional Grant) at Kshs. 10,000,000 unspent balance relating to last FY2018/19 at Kshs 1,627,652,234 and other donor funds not yet specified at KShs 92,719,071 as per the budget policy statement 2019. In total the budget is expected to be financed to the tune of Kshs. 61.20% by National Government transfers, Conditional Grants by 2.32%, 10.61% from local sources, 18.9% from unspent balance brought forward and 6.9% from Donor Funds.

3.0 FORWARD ECONOMIC AND FISCAL OUTLOOK

3.1 National Economic and Fiscal Outlook

12. Kenya's Government will continue in its fiscal consolidation path with the overall fiscal deficit being maintained broadly at the levels outlined in this BPS. This will ensure debt is maintained within sustainable levels. The fiscal deficit is expected to decline from 7.7 percent of GDP in FY 2018/19 to 3.3 percent by FY 2023/24. This deliberate fiscal consolidation plan also resonates well with the East African Monetary Union's (EAMU) protocol target ceiling of 3.0 percent of GDP.
13. To achieve this target, the Government will continue to restrict growth in recurrent spending and double its effort in domestic resource mobilization. In the FY 2019/20, the Government is implementing a raft of tax policy measures through the tax amendment law and the Finance Act, 2019 whose revenue yield is estimated at about 0.3 percent of GDP. In addition, the modernized Income Tax Bill currently undergoing legal drafting, will also ease administrative bottlenecks, improve compliance and boost revenue collection, thereby supporting the government's fiscal consolidation efforts.

14. The establishment of Public Investment Management (PIM) Unit at the National Treasury continues to play a great role in enhancing efficiency in identification and implementation of priority social and investment projects. This takes into account the Government's efforts to increase efficiency, effectiveness, transparency, and accountability of public spending. In particular, the implementation of PIM regulations under the Public Finance Act will streamline the initiation, execution and delivery of public investment projects. It will also curtail runaway project costs, eliminate duplications and improve working synergy among implementation actors for timely delivery of development projects.
15. In this regard, expenditures as a share of GDP are projected to decline from 26.0 percent in the FY 2018/19 to 23.6 percent in the FY 2020/21 and further to 21.7 percent in the FY 2023/24.

4.0 STRATEGIC PRIORITIES AND INTERVENTIONS

4.1 Overview

16. 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

17. 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 2020/21 - 2022/23

5.1 Overview

18. 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 2020/21 - 2022/23 County MTEF budget.

5.2 Fiscal Policy Framework

19. The Fiscal policy underpinning the FY 2020/21 Budget and MTEF aims at revenue target 514 Million from Local Sources (including FIF), 5.466 Billion from equitable share, Conditional Grants of 203.167 Million and Donor funds amounting to Kshs.445.266 Million and the need for containing growth of total expenditure over the medium term. This will translate to a total revenue of Kshs 6.628 Billion for the financial year 2020/21.

5.2.1 Fiscal Responsibility Principles

20. 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

21. 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.

5.3 FY 2020/21 Budget Framework

22. The 2020/21 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. In FY 2020/21, the County government targets to raise a total revenue inclusive of grants amounting to Kshs. 6,628,593,520. This will comprise Kshs. 514,000,000 as Own Source Revenue (OSR), Kshs. 5,466,160,000 as Equitable Share and Kshs. 648,433,520 as Donor funds and Conditional Grants. The County government OSR has been revised downward compared to FY 2019/20 by due to under performance and over projections. Nevertheless the County intends to implement structural reforms such as expansion of revenue streams, enforcement and legislation on revenue administration as a measure to enhance revenue collection.

5.3.2 Expenditure Forecast

24. In the same period, the County government spending will be guided by the ADP and CIDP 2018- 2022. The County targets to spend Kshs. 6,628,593,520 in FY 2020/21 budget out of which Kshs. 4,314,825,143 and Kshs. 2,313,768,377 will be set aside for recurrent and development translating into 65 and 35 percent of recurrent and development expenditures respectively

The table below show the estimates for the 2020/21 budget and projections of the medium term for global, recurrent and development respectively.

1. Global Consolidated Forecast.

COUNTY GOVERNMENT OF KERICHO						
CONSOLIDATED SUMMARY						
	Line Ministries/Departments	TOTAL EXPENDITURE				% OF ALLOCATION
		19/20	20-21	21-22	22-23	20-21
1	County Assembly Services	722,825,544	617,004,412	652,716,906	685,352,751	9%
2	Public Service & Administration	333,814,460	291,918,288	292,233,256	306,844,919	4%
3	Office of the Governor & Deputy governor	124,029,658	120,301,145	113,716,203	119,402,013	2%
4	County Public Service Board	56,703,222	89,512,544	51,988,171	54,587,580	1%
5	Finance & Economic Planning	413,239,338	331,178,236	335,232,380	351,993,999	5%
6	Health Services	2,626,450,263	2,491,167,682	2,532,395,517	2,654,015,293	38%
7	Agriculture, Livestock Development & Fisheries	417,723,802	550,958,716	312,185,215	327,794,476	8%
8	Education, Youth Affairs, Children, Culture & Social Services	739,987,328	520,991,888	573,867,783	602,561,173	8%
9	Public Works, Roads & Transport	1,049,606,655	783,419,311	654,734,790	687,471,530	12%
10	Trade, Industrialization, Tourism, Wildlife & Cooperative Development	117,144,877	119,297,717	91,158,743	95,716,680	2%
11	Water, Energy, Natural Resources & Environment	541,930,473	289,903,678	367,351,432	385,719,003	4%
12	Land, Housing & Physical Planning	458,908,920	284,173,747	300,785,655	315,824,938	4%
13	Information, Communication & E-Government	302,705,203	98,766,155	140,308,132	152,323,538	1%
	Kericho Municipal Board		20,000,000	22,000,000	24,000,000	0.5%
	Litein Municipal Board		20,000,000	22,000,000	24,000,000	0.5%
	STRATEGIC INTERVENTION	695,590,210	-	-	-	0%
	LOANS AND GRANTS NOT SPECIFIED	10,719,071	-	-	-	0%
	TOTAL EXPENDITURE	8,611,379,022	6,628,593,520	6,462,674,183	6,787,607,893	100%

2. Recurrent Expenditure

COUNTY GOVERNMENT OF KERICHO						
CONSOLIDATED SUMMARY						
Line Ministries/Departments		RECURRENT EXPENDITURE				% OF ALLOCATION
		19/20	20-21	21-22	22-23	20-21
1	County Assembly Services	690,825,544	603,220,220	633,381,231	665,050,292	14%
2	Public Service & Administration	289,594,458	272,870,257	265,513,769	278,789,458	6%
3	Office of the Governor & Deputy governor	124,029,658	120,301,145	113,716,203	119,402,013	3%
4	County Public Service Board	56,703,222	89,512,544	51,988,171	54,587,580	2%
5	Finance & Economic Planning	273,623,760	241,037,985	250,871,085	263,414,639	6%
6	Health Services	2,059,421,530	2,040,261,107	2,189,774,162	2,294,262,870	47%
7	Agriculture, Livestock Development & Fisheries	191,230,032	156,979,671	175,328,654	184,095,087	4%
8	Education, Youth Affairs, Children, Culture & Social Services	405,422,618	354,009,956	371,710,454	390,295,977	8%
9	Public Works, Roads & Transport	65,643,521	77,319,101	60,185,056	63,194,309	2%
10	Trade, Industrialization, Tourism, Wildlife & Cooperative Development	65,178,131	66,912,728	59,758,364	62,746,283	2%
11	Water, Energy, Natural Resources & Environment	127,621,721	111,437,690	117,009,574	122,860,053	3%
12	Land, Housing & Physical Planning	75,156,982	80,626,136	68,907,443	72,352,815	2%
13	Information, Communication & E-Government	183,622,196	70,336,604	68,353,434	76,771,105	2%
	Kericho Municipal Board		15,000,000	16,500,000	18,000,000	0%
	Litein Municipal Board		15,000,000	16,500,000	18,000,000	0%
	TOTAL EXPENDITURE	4,608,073,372	4,314,825,144	4,459,497,600	4,683,822,481	100%

3. Development Expenditure

COUNTY GOVERNMENT OF KENYA						
CONSOLIDATED SUMMARY						
Line Ministries/Departments		DEVELOPMENT EXPENDITURE				% OF ALLOCATION
		19/20	20-21	21-22	22-23	20/21
1	County Assembly Services	32,000,000	13,784,193	14,473,402	15,197,072	1%
2	Public Service & Administration	44,220,002	19,048,032	26,719,487	28,055,461	1%
3	Office of the Governor & Deputy governor	-	-	-	-	0%
4	County Public Service Board	-	-	-	-	0%
5	Finance & Economic Planning	139,615,578	90,140,250	84,361,296	88,579,360	4%
6	Health Services	567,028,733	450,906,575	342,621,355	359,752,423	19%
7	Agriculture, Livestock Development & Fisheries	226,493,770	393,979,045	136,856,561	143,699,389	17%
8	Education, Youth Affairs, Children, Culture & Social Services	334,564,710	166,981,932	202,157,329	212,265,196	6%
9	Public Works, Roads & Transport	983,963,134	706,100,210	594,549,734	624,277,221	31%
10	Trade, Industrialization, Tourism, Wildlife & Cooperative Development	51,966,746	52,384,989	31,400,379	32,970,398	2%
11	Water, Energy, Natural Resources & Environment	414,308,752	178,465,988	250,341,857	262,858,950	8%
12	Land, Housing & Physical Planning	383,751,938	203,547,611	231,878,213	243,472,123	9%
13	Information, Communication & E-Government	119,083,007	28,429,552	71,954,698	75,552,433	1%
	Kericho Municipal Board		5,000,000	5,500,000	6,000,000	0%
	Litein Municipal Board		5,000,000	5,500,000	6,000,000	0%
	STRATEGIC INTERVENTION	695,590,210				0%
	LOANS AND GRANTS NOT SPECIFIED	10,719,071				0%
	TOTAL EXPENDITURE	4,003,305,650	2,313,768,377	2,418,956,796	2,539,904,636	100%

6.0 MEDIUM-TERM EXPENDITURE FRAMEWORK

6.1 Overview

25. 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

26. The resource envelope available for allocation among the departments is informed by the guiding principles of ensuring fiscal responsibility. For the Financial year 2020/2021 the projected budget stands at Kshs 6,628,593,520. These funds will be utilized to meet both recurrent and development expenditure in a ratio of 65% and 35% respectively.

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

COUNTY GOVERNMENT OF KERICHO

FINANCIAL YEAR 2020/21	Projected revenue	% Ratio
SOURCES OF REVENUE	2020/21	2020/21
Revenue Description		
1.CRA Equitable share	5,466,160,000	82.96%
2.Local Collections	322,000,000	4.28%
3.Facility Improvement Fund	192,000,000	2.91%
4.CONDITIONAL GRANTS		
4A. Routine Maintenance Fuel Levy	162,252,169	2.46%
4B. User fee Reimbursement	18,048,789	0.27%
4C. Development of Youth polytechnics fund	22,866,170	0.35%
5. DONOR FUNDS		
5A. DANIDA FUND	17,062,500	0.26%
5B. Agricultural Sector development support Fund (ASDSP II)	16,415,491	0.25%
5C. Transformative health system (world bank)	71,544,247	1.09%
5D. Kenya Devolution Support Project (world bank)	30,000,000	0.46%
5E. Climate Smart Agriculture Project (world bank)	280,000,000	4.25%
5F. Kenya Urban Support Program UDG (SIDA)	30,244,154	0.46%
Total	6,628,593,520	100.00%

6.3 Overall Spending Priorities

28. The 2020/2021 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

29. The County is committed to improving the implementation and absorption capacity of projects. Due to the tight fiscal framework involved in budget preparation, the departments will be tasked with rationalizing and prioritizing their expenditures and programmes to ensure that they are in line with the CFSP ceilings.

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.

30. The Department will continue to focus on road infrastructure improvement through maintaining the already existing road networks and also opening up new access roads so as to restore confidence of residents and making the cost of doing business favorable.

31. The County is embarking on expanding on the following priority programmes: 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.

32. Due to the vital role of the department, it has been allocated Kshs 783,419,311 in FY 2020/2021. The budget consists of 12% of the total county budget. Development and Recurrent amounts to Kshs. 706,100,210 and Kshs. 77,319,101 respectively.

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.

33. The overall objective of the Department is continued improvement of livelihoods of the people of Kericho County through promotion of competitive and sustainable agriculture, livestock, and fisheries enterprises for development, cooperative marketing and value addition.

34. In the financial year 2020/2021 the department will continue undertaking the following; provision of efficient and effective agricultural, livestock and fisheries services, improving food security and; promoting affordable agricultural land use and efficiency in farm operations through crop management; the veterinary services will continue preventing and controlling spread of disease from within and other counties; providing animal health and extension and welfare services; Improved livelihood for the households in income generation activities through cooperative marketing and value addition.

35. For the financial year 2020/2021, the department has been allocated Kshs 550,958,716. Recurrent and development expenditures forecasts stand at Kshs 156,979,671 million and Kshs 393,979,045 million.

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”,

36. The mandate of the department is Provision of safe water and sanitation services, Control of air pollution, noise pollution, other public nuisances. The Department will endeavor to increase access to safe water and basic sanitation as well as enhancing access to clean, safe and sustainable environment.

37. For the 2020/2021 period the sector has prioritized programmes intended to; increase availability of safe and adequate water resources; enhance accessibility of water and sewerage services; Environmental conservation and protection, Develop effective and efficient waste collection system, Environmental governance compliance and enforcement; promote good governance in the management of water resources.

38. Due to the crucial role of the department, it has been allocated Kshs 289,903,678 in FY 2020/2021. The budget consists of 4% of the total county budget. The recurrent expenditure allocation is Kshs 111,437,690, while development expenditure is Kshs 178,465,988.

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.

39. The Department significantly contributes towards generation of income and employment through tourism and trade development thus promoting self-employment, improving trading environment and attracting more investors and tourists in the County.

40. For the financial year 2020/2021, the department has been allocated Kshs 119,297,717. The budget consists of 2% of the total county budget. Recurrent and Development amounts to Kshs 66,912,728 and Kshs 52,384,989 respectively.

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”.

41. The department is committed to improving access to quality health services in the county through promotion and provision of integrated and high quality curative, preventive and rehabilitative services that are equitable, responsive, accessible and universal health care for all.

42. In the medium term, the department will continue investing in service delivery, health workforce, health infrastructure, health products and technologies, health information, health financing and leadership governance. The resources allocated will be used to implement projects aimed at achieving accessibility, affordability of health services, and reduction of health inequalities and optimal utilization of health services.

43. The department has been allocated Kshs 2,491,167,682 in FY 2020/2021. The budget consists of 38% of the total county budget. Recurrent and Development allocations amount to Kshs. 2,040,261,107 and Kshs. 450,906,575 respectively.

6.5.6 Education, Youth Affairs, 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.
44. The Department will continue: to complete and equip the ongoing ECD Centers; empower the youth with livelihood skills; harness the full potential of our cultural heritage; support women and persons living with disability with start-up kits.
45. Due to the crucial role of the department, it has been allocated Kshs 520,991,888 in FY 2020/2021. The budget consists of 8% of the total county budget. Development and recurrent ceilings are set at Kshs. 166,981,932 and Kshs. 354,009,956.

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”.

46. The department is in charge of management of land use and ownership; Physical Planning, provision of adequate, clean, affordable and quality housing. The objectives of the department are; to continue ensuring proper management of land use and ownership, optimal use of land for

development, promoting the provision of adequate and affordable housing. The proposed priority programmes to be undertaken to achieve these objectives include; Promoting sustainable use of land and its resources through land use planning and provision of secure land tenure and management.

47. The Department will also promote development of adequate, affordable quality housing through developing and implementing county housing unit, provision of affordable and quality housing units, refurbishment of county residential houses and maintenance of offices and promotion of appropriate building technology.

48. The Department has been allocated Kshs. 284,173,747 and this consist of recurrent and development ceilings of Kshs. 80,626,136 and Kshs. 203,547,611 respectively.

6.5.7.1 Municipal Boards

49. The Kericho Municipal Board and Litein Municipal Board have been allocated Kshs.20,000,000 each for the financial year 2020/2021. These amounts includes amounts for recurrent and development at Kshs.15,000,000 and Kshs 5,000,000 respectively.

6.5.8 Public Service Management

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.

50. To enhance coordination of Government programs for efficient and effective service delivery and enhance teamwork within the Government departments, the Department has been allocated Kshs 291,918,288 in FY 2020/2021. The budget consists of 4% of the total county budget with recurrent and development ceilings at Kshs. 272,870,257 and Kshs. 19,048,032 respectively.

6.5.9 Finance and Economic Planning

51. The key role of the Department is to ensure optimal collection, distribution and utilization of the scarce resources, provide leadership and policy direction in the governance of the County, coordination and supervision of County Financial and Economic affairs, promote sound public financial and economic management for socio-economic development, promote macroeconomic stability, planning and budgetary process, monitoring and evaluation of departmental development performance.

52. The department targets to maintain a database of all county assets, continue tracking all development projects and programmes; risk management strategies, prepare quarterly briefs or reports on development; enhance revenue collection; pending bills management, source for development partners and ensure that funds in the county are prudently utilized to achieve the county objectives and the realization of the vision 2030, implementation of the medium term plan III, the Governors Manifesto and the big four agenda.

53. Due to the crucial role of the department, it has been allocated Kshs 331,178,236 in the FY 2020/2021. The budget consists of 5% of the total county budget. Recurrent and Development ceilings stand at Kshs 241,037,985 and Kshs 90,140,250 respectively.

6.5.10 Governor's Office

54. The operations under this sub-sector consists of the Governor, Deputy Governor's office, the County Secretary, communication unit, cabinet affairs and the County Attorney's office. This sub-sector requires considerable funding to oversee the implementation of the Kenyan Constitution, Vision 2030, and the Governors manifesto, CIDP, the CFSP through provision of leadership and policies in governing of the county.
55. 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.
56. The department has been allocated Kshs. 120,301,145 in the FY 2020/2021. The budget consists of 2% of the total county budget.

6.5.11 Public Service Board

57. The County Public Service Board is established under an Act of Parliament as provided for under Article 235(1) of the Constitution of Kenya, 2010. The Article provides for a County Public Service Board in each county with control over the County Public Service. It also ensures that the county has adequate and competent personnel. The department has been allocated Kshs. 89,512,544 in the FY 2020/2021. The budget consists of 1% of the total county budget.

6.5.12 Information Communication and E- Government

58. 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”.

59. The department has been allocated Kshs 98,766,155 for the financial year 2020/2021. Recurrent and development expenditure allocation for is Kshs 70,336,604 and Kshs 28,429,552.

7.0 CONCLUSION

60. Public participation was carried out across the County in each of the six Sub counties and specific projects identified by the community. These projects will be streamlined into their respective line ministries for implementation. However, emphasis will be given to the ongoing projects to ensure completion and operationalization of the same.

61. This County Fiscal Strategy Paper was prepared in line with the Budget Policy Statement 2020