

**REPUBLIC OF KENYA**



**COUNTY GOVERNMENT OF WEST POKOT**

**COUNTY TREASURY**

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**County Fiscal Strategy Paper**

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**February 2018**

***THE HIDDEN TREASURE***

## FOREWORD

The FY 2018/19-2020/21 MTEF budget will be anchored on the new county administration economic and transformation agenda as enshrined in the County Integrated Development Plan (2018-2022), the third Medium Term Plan of Kenya Vision 2030, and the Governor's Manifesto. The manifesto is premised on the 3E's pillar framework of Education, Equity and Economy for sustainable, inclusive development and shared prosperity. It has been prepared by the County Government as part of its efforts to ensure effective linkage between policy, planning and budgeting. It provides an updated resource envelope of Kshs. 5.64 Billion for the FY 2018/2019 County budget, presents a fiscal framework and ministerial ceilings for the fiscal year and the medium term.

The world economy is estimated to grow by 3.9 percent in 2018 from 3.7 percent in 2017 and 3.2 percent in 2016. Kenya's growth remains strong, supported by strong public and private sector investment and appropriate economic and financial policies.

The county government of West Pokot is committed to ensuring the success of devolution. In this regard, the need for continued fiscal discipline and prudent utilization of public resources is emphasized. This therefore calls for greater transparency and accountability in public finance management at the county level.

The ministerial priorities for the 2018/2019 fiscal year and the medium term include investments in agriculture and irrigation to boost county food security, education, road infrastructure, health, water, peace and security, strengthening business environment and support to Small and Micro enterprises and Co-operatives to boost job creation more specifically for the youth. I call upon all our stakeholders to continue supporting us on the basis of mutual respect, cooperation and consultation.



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## ACKNOWLEDGEMENT

The County Fiscal Strategy Paper is prepared in accordance with section 117(1) of the Public Finance Management (PFM) Act, 2012. The paper outlines the broad strategic priorities and policy goals, provides linkage with the national objectives in the Budget Policy Statement, and provides the financial outlook with respect to county government revenues and spending plans for the Financial Year 2018/2019. The document is expected to improve the public's understanding of County's public finances and guide public debate on economic and development matters.

The preparation of the 2018 CFSP was a collaborative effort among various county government agencies. We are grateful for their inputs. We thank all the spending units and agencies for timely provision of information. We are also grateful for the comments from the public participation of 15<sup>th</sup> February 2018 which provided inputs to this paper, in addition to comments from several other stakeholders.

A core team in the County Treasury spent substantial amount of time putting together this document. We are particularly grateful to them for their tireless efforts in ensuring that this document was produced in time and is of high quality.



**Solomon Merireng**

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**West Pokot County**

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## CHAPTER 1.0: INTRODUCTION

### 1.1 Overview

The 2018 County Fiscal Strategy Paper sets out the new county administration priority economic and transformation agenda as enshrined in the County Integrated Development Plan (2018-2022) and the Governor's Manifesto. The Manifesto is premised on the 3E's pillar framework of Education, Equity and Economy for sustainable, inclusive development and shared prosperity. The programs and policies are also anchored to the Medium Term Plan III of the Kenya Vision 2030. It therefore builds on the commitments made by the new government on implementing programs that raise productivity and economy-wide efficiency, thereby sustaining high and inclusive growth in line with aspirations of Vision 2030.

Since independence, Kenya's economic development focused on alleviation of poverty, improvement of literacy levels, and reducing incidence of diseases. Kenya Vision 2030 is the new long-term development blue print for the country. It is motivated by a collective aspiration for a better society by the year 2030. It aims to transform Kenya into "a newly industrializing, middle income country providing a high quality of life to all its citizens in a clean and secure environment". The Third medium Term Plan and the County Integrated Development Plan (2018-2022) for West Pokot County outlines the policies, programmes and projects to be implemented during the five year period starting 2018 to 2022 in order to deliver accelerated and inclusive economic growth, food security, higher living standards, better education and health care, increased job creation especially for youth, commercialized agriculture providing higher rural income, and improved manufacturing sector. This fiscal framework is aligned to ensure the goals of these medium and long term development plans are realized.

Kenya's economy remained resilient in 2017 despite adverse weather conditions, a prolonged electioneering period as well as subdued credit growth to the private sector which combined to weaken growth in the first half of the year. Economic growth for 2017 is estimated at 4.8 percent from 5.8 percent in 2016 and is projected to bounce back to 5.8 percent in 2018. The resilience in growth in 2017 was supported by the ongoing public sector infrastructure investments, recovery in the tourism sector and continued stable macroeconomic environment.

## **1.2 Rationale for the Fiscal Strategy Paper**

This strategy paper articulates priority socioeconomic policies and structural reforms as well as sectoral expenditure programs to be implemented in the fiscal year 2018/19 and the medium term. Specifically, the County Fiscal Strategy Paper aims to;

- a) 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.
- b) Provide Linkage with the national objectives in the Budget Policy Statement.
- c) Provide the financial outlook with respect to county government revenues, expenditures and borrowing over the medium term.
- d) Provide a basis for stakeholder engagement in the formulation and implementation of county priorities and budgeting.

### **1.3 Legal Basis for the Publication of the County Fiscal Strategy Paper**

The public Finance Management Act 2012 Section 117 empowers County Treasury to prepare County Fiscal Strategy Paper. Section 117 (1) stipulates that The County ,Treasury shall prepare and submit to the County Executive Committee (CEC) the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by the 28<sup>t</sup> February of each year.

Section 117 (3) stipulates that “Not later than the 15th day of February of each year in the case of the National Treasury and 28th day of February in each year in the case of each County Treasury, the National or County Treasury as the case may be, shall submit to Parliament or their County Assembly, a budget policy statement or county fiscal strategy paper for the next three years) while 117 (4) informs the County Treasury to mandatory 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.

***The Act is also specific that “Once the Budget Policy Statement (BPS) or County Fiscal Strategy Paper as the case may be are adopted they will serve as the basis of ceilings specified in the fiscal framework, grounded in a budgetary strategy”.***

## **1.4 Fiscal Responsibility Principles for the County Governments**

In line with the Constitution, the new Public Finance Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudent and transparent management of public resources. The PFM law (Section 15) states that:

- 1) Over the medium term, a minimum of 30 percent of the national and county budgets shall be allocated to development expenditure
- 2) 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.
- 3) Over the medium term, the National and County Government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.
- 4) Public debt and obligations shall be maintained at a sustainable level as approved by Parliament for the National Government and the county assemblies for the County Governments.
- 5) Fiscal risks shall be managed prudently; and
- 6) 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.

## **1.5 Overview of 2018 Budget Policy Statement (BPS) and Integration of CFSP into the BPS: *Creating Jobs, Transforming Lives - "The Big Four" Plan***

### **1.5.1 Overview**

Over the last five years, the Government has implemented various policies and structural reforms under the Economic Transformation Agenda to foster a rapid social-economic transformation. The transformation Agenda focused on five key pillars including: (i) creating a conducive

business environment; (ii) investing in sectoral transformation; (iii) infrastructure expansion; (iv) investing in quality and accessible social services; and (v) consolidating gains made in devolution. Significant achievements have been realized on all the five pillars.

Under the Economic Transformation Agenda therefore, the Government has laid a solid foundation for Kenya's industrialization as envisaged in the Kenya Vision 2030. The Government realizes that much more remains to be done to achieve our developmental objectives of creating jobs and wealth, ensuring continued inclusive growth, reducing poverty and more generally, achieving our Vision 2030 development objectives.

Building on the progress made this far and with the desire to decisively confront the three perennial challenges of unemployment, poverty and income inequality that this economy continues to face, the National Government has identified four key strategic areas of focus over the next five years that will accelerate broad based economic growth. This will help transform the lives of all Kenyans. The strategic areas under "The Big Four" Plan include:

- ✚ Supporting value addition and raising the manufacturing sector's share of GDP to 15 percent by 2022. This will accelerate economic growth, create jobs and reduce poverty;
- ✚ Focusing on initiatives that guarantee food security and improve nutrition to all Kenyans by 2022 through expansion of food production and supply, reduction of food prices to ensure affordability and support value addition in the food processing value chain;
- ✚ Providing Universal Health Coverage thereby guaranteeing quality and affordable healthcare to all Kenyans; and,
- ✚ Providing at least five hundred thousand (500,000) affordable new houses to Kenyans by 2022, hence improve living conditions for Kenyans.

Investments in the above four areas is expected to transform lives by creating the much needed jobs enabling Kenyans meet their basic needs, improve living conditions, lower cost of living, and reduce poverty and inequality. Thus, particular focus will be on key enablers such as macroeconomic stability, improving the ease of doing business, expanding infrastructure, improving security, expanding access to finance, and instituting governance reforms. Policies in the BPS are also aligned to the medium-term priorities and strategies outlined in the Third Medium-Term Plan (2018-2022) of the Kenya Vision 2030.

### **1.5.2 Supporting Value Addition and Raising the Share of Manufacturing Sector to GDP to 15 Percent by 2022**

The Government will target to increase the contribution of manufacturing sector to GDP from 9.2 percent in 2016 to 15 percent by 2022 by adding USD 2 to 3 billion to our GDP. It is expected that this will increase manufacturing sector jobs by more than 800,000. In order to ensure that we achieve the manufacturing sector target of 15 percent of GDP, the Government will place special emphasis on the following key areas: (i) Textile and Apparels; (ii) Leather products; (iii) Agro - processing; and (iv) Manufacturing of construction materials. Other important sectors will be Oil, Mining and Gas; Iron and Steel; ICT; and Fish Processing

To support this initiative at the county level, the following shall be given priority over the medium term plan period; undertake a resource endowment mapping in the county to establish Quantities and location of both natural and man-made resources in the county to facilitate identification and prioritization of bankable industrial projects ,develop and support of capacity building and training programmes on technology and value addition, conduct annual investment Fora to show case products and investment opportunities in the County, enhance licensing with a view to rolling out an E – registry for online licence applications and payments, develop one industrial park and enhance collaboration between department of Vocation training to enhance skills development for industrial purpose for the youth. Other priorities include; establishment of a technical institution for the county to strengthen MSMEs, Establish Micro and Small Enterprise (SMEs) centres of excellence, support Sebit Cement manufacturing plant as a Public Private Partnership Model, support value addition to Milk, Wool, Mangoes, Sunflower, Aloe vera and other products.

Other priorities that will also be undertaken in order to unlock growth within this sub- sector include; establishment of a County Cooperative Development Fund to help SMEs access capital, promote retail banking and expansion of agent banking to the unbanked, promote the establishment of more deposit taking Societies and Micro Finance Services, promote FOSA establishments and SACCOs that take withdrawal deposits and Promote vibrant sustainable marketing Cooperative Movement,establish a Mineral/ Natural Resources database through Geo spatial mapping of mineral resources, regulation of Sand harvesting, engage Tullow oil

cooperation for exploration of petroleum with a view to exploiting in Central Pokot and attract investors to support the generation of energy by use of Solar and Wind in various parts of the County.

### **1.5.3 Enhancing Food and Nutrition Security to all Kenyans by 2022**

To achieve food security and improved nutrition, the Government will focus on three broad areas, namely: enhancing large-scale production; boosting smallholder productivity; and reducing the cost of food. At the county level, the medium term priorities to support the realization of this objective are: development of agro processing industries & strengthening market linkage, redesigning subsidies to ensure they target improvements in food yields and production quality; facilitating large scale commercial agriculture; expansion of irrigation schemes and securing water catchment and river ecosystems. The priorities will target food security, improving the communities' household incomes and improvement of farmers' knowledge and skills. These priorities and needs will be addressed specifically through establishment of irrigation infrastructure, purchase of water pumps, promotion of traditional high value crops, promotion of cash crops, post-harvest management(cold stores for onions and Irish potatoes, cereal produce stores),fertilizer and seed subsidy, pest and disease surveillance and control(fall armyworm and maize lethal necrosis disease etc.), establishment of agricultural mechanization unit, establishment of demonstration plots, promotion of greenhouse farming, soil and water conservation and capacity building of staff and farming communities.

Under the livestock subsector, the medium term priorities include: strengthening extension services through field demonstrations, farmer s trainings and agricultural shows. Other priorities include :livestock breed improvement, beekeeping promotion, establishment of livestock strategic feed reserves, range development (reseeding, enclosures, water harvesting), exposure tours, establishing disease free zones, improving access to artificial insemination, livestock marketing and value addition, completion of Nasukuta abbatior, establishment of fish hatchery, restocking Turkwel dam, expand fingerlings distribution and develop sub-sector policies and legislations.

#### **1.5.4 Providing Universal Health Coverage to Guarantee Quality and Affordable Healthcare to All Kenyans**

Over the next five years, the Government targets 100 percent Universal Health Coverage (UHC) for all households. This will guarantee access to quality and affordable health care to all Kenyans.

Efforts to support achievement of universal health coverage at the county level will include; the elimination of communicable conditions especially diarrheal diseases through eradication of open defecation through the Community Led Total Sanitation program and strengthening of the preventive and promotive health activities through community strategy. The focus will be on disease prevention and control through community participation and involvement. This will entail health promotion through strategic advocacy, communication and social mobilization (ACSM), strengthening the referral system and community strategy.

Under curative and rehabilitative health services, focus will be on improving access and quality to universal healthcare at all levels. This will be done through provision of adequate support to all the health system components ranging from health supplies to human resources for health, provision of administrative support and establishment of a robust monitoring and evaluation system.

The enhancement of essential services through the upgrading of the county referral hospital to level 5 and also improvement of the Chepareria, Sigor, Kacheliba, Kabichbich sub county hospitals and Alale and Makutano hospitals will increase the range and quality of services available to county residents, prevent avoidable deaths, costly referrals and leverage on information technology through telemedicine and use of EMR thereby enhancing efficiency and effectiveness in service delivery. Other key components of the upgrade include targeted trainings and the construction and equipping of ICU and the Renal Unit. The completion, equipping and operationalization of the blood bank will further prevent avoidable morbidity, mortality and referrals.

The health sector is also keen to invest in tier 1 or the community level by setting up six (6) community units in each sub county. This should provide a backbone for community health services (CHS) and a platform for building capacity of community health volunteers (CHVs) and other key resource persons at this level. This investment in the community strategy signals the

appreciation of this level of care as a key entry point for program implementation. Furthermore the provision of the monthly stipend as captured in His Excellency the Governor’s manifesto will go a long way in motivating these CHVs to be more productive. In this regard, an improvement in CHS characterized by a robust, efficient and effective community based health information system (CBHIS), disease surveillance, and hygiene and health promotion activities is being given priority.

Other priorities over the plan period include; Purchase of 8 additional ambulances, recruitment and provision of incentives to specialized health workers, ensuring timely and adequate procurement and distribution of drugs and supporting provision of universal health care by promoting enrolment to NHIF.

### **1.5.5 Provision of Affordable and Decent Housing for All Kenyans**

The Government is keen on delivering five hundred thousand housing units by 2022 in major cities across the country. This will provide decent homes, create an additional 350,000 jobs, provide market for manufacturers and suppliers and raise the contribution of real estate and construction sector to 14 percent of GDP.

To achieve this objective at the county level, the county government has prioritized building of 300 housing units and upgrade county slum areas with social amenities over the medium term plan period.

## **1.6 Enablers for the “The Big Four” Economic Plan**

Building on the progress made, the Government will continue with the implementation of programmes and policies under the Economic Transformation Agenda. As such, a raft of policies will be implemented under the five thematic areas of the Transformation Agenda namely:

### **1.6.1 Sustaining Conducive Business Environment for Investment Opportunities**

The reforms under this thematic area continues to focus on sustaining conducive business environment by maintaining macroeconomic stability and enhancing security, so as to promote sustainable growth and encourage investment opportunities in the country. To anchor macroeconomic stability, the fiscal policy strategy recognizes the need to efficiently apply the

limited resources on priority programs with the highest impact on the stated objectives, but within a medium term framework of sustainable debt and strong financial position.

### **Macroeconomic Stability for Sustained Growth and Development**

Maintaining macroeconomic stability is a prerequisite for sustained and inclusive development. The broad objective of our macroeconomic policy is to contribute to economic and social well-being in an equitable and sustainable manner through employment generation, as well as providing fiscal space to address other critical social concerns. As such the National Government will continue to pursue prudent fiscal and monetary policies that are supportive of accelerated inclusive growth and development. Monetary policy will aim to maintain inflation rate within the 5 percent corridor, strengthen the international reserves position to over 4.5 months of import cover and to provide space for sustainable increase in credit to the private sector through stable interest rates and a competitive exchange rates to support productive activities.

To boost the National goals on macroeconomic stability, the County fiscal policy will over the medium term continue maintaining a strong revenue effort and containing the growth of total expenditure, while shifting composition of expenditure from recurrent to capital expenditure and eliminating unproductive expenditures. In addition, further rationalization and alignment of programmes and resources to the priorities will be undertaken for the county spending departments to deliver desired outcomes economically. Other areas to improve on the business environment are to continue investing in modernizing revenue collection systems as well as registration processes of new businesses.

### **Enhancing Security for Sustained Growth and Employment**

Kenya is part of the global community and is susceptible to various security challenges including terrorism and the radicalization of young men and women. Recognizing the importance of security in sustaining economic growth and attracting investments, the Government remains committed to reducing incidences of crime and insecurity.

The County Government recognizes the importance of security in sustaining economic growth of the county economy and creating jobs for unemployed youth. Recognizing the importance of

security in sustaining economic growth and attracting investments, the County Government remains committed to reducing incidences of crime and insecurity.

The County Government will continue to support peace initiatives especially along its borders with Turkana and Elgeyo Marakwet to give confidence to potential investors.

### **1.6.2 Investing in Infrastructure Development to Unlock Growth Potential and Drive “The Big Four” Plan**

Development of faster and cheaper means of transport for freight and passengers is critical for expansion of economic opportunities for employment and competitiveness of an economy. Investing in Infrastructure development will support achievement of the “The Big Four” Plan. The strategy will therefore, involve building on the on-going infrastructural development in road, rail, marine, air, energy, and ICT.

#### **Further Expanding Road Network**

Over the next five years, the Government intends to complete the 7,000km of roads currently under construction and work with County Governments to increase the coverage of rural access roads to enable farmers to get their produce to markets faster and cheaply.

Over the medium term, the strategy is to develop the road transport in order to have an effective, efficient and secure road network, step up road transport safety and regulation that is aimed at developing and implementing road transport policies for an efficient, effective and safe transport system. The county strategic objectives of the sub-sector over the medium term include: maintenance and rehabilitation of existing roads, construction of footbridges and opening up of new roads.

#### **Access to Adequate, Affordable and Reliable Energy Supply**

Access to adequate, affordable and reliable energy supply is necessary to reduce cost of doing business, spur growth of enterprises and industries, and accelerate the realization of “The Big Four” Plan

The County Government will continue with street lighting program with an aim of lighting urban areas into 24-hour economy and work closely with the national government and promote the use of solar and wind energy.

### **1.6.3 Sustaining Sectoral Spending for Employment Creation**

Recognizing that Agriculture is a key sector in the economy of our nation contributing 23 percent to the country's GDP and 27 percent indirectly through forward and backward linkages, there is need for deliberate investment in this sector. It is worth noting that the sector is not only a key player in our economy as a nation but that it also provides employment and is means of livelihood for the majority of the Kenyan people.

Recognizing the importance of the sector, the Government has remained committed to ensuring that the sector is cushioned through development of policies, measures and interventions to enable it to adopt a forward look to transforming agriculture from subsistence to commercial farming and agribusiness, and to ensure sustainable food security in the country.

To realize the above, the County government will put more land under irrigation. Efforts to control animal diseases and improve animal productivity will be put in place. Subsidized mechanical farming will also be provided by the government to improve on productivity. Demonstration centres, agricultural show and extension services will also be strengthened for the benefit of the farmers. For value addition and to improve on the income of the farmers, the County will operationalize the Nasukuta slaughter house. Training of SMEs on business management and value addition will also be undertaken to support SMEs development.

### **Tourism Recovery, Sports, Culture, and Arts**

The role of tourism, sports, culture and arts in the country's transformation and economic development is diverse. These sectors play this role by promotion and exploitation of Kenya's diverse culture and arts; enhancing Kenya's reading culture; regulation, development and promotion of sports, film industry and music; and preservation of Kenya's heritage. In cognizance of this, the Government has continued to undertake several initiatives to spur recovery of the tourism sector and create an enabling environment for tourism businesses, sports and culture, including encouraging joint partnerships between individuals, citizen

companies and non-citizens.

The county will also continue to invest in talent development through promotion of sports activities and investing in capital development like training camps by operationalizing the athletics camp in Lelan. More efforts to promote tourism through the Pokot rich culture will be undertaken and also through completion of the tourist hotel being undertaken by the county.

To support talents, Artists existing within the County will be promoted through organizing for talents exhibition and nurturing such talents to excel to higher levels. The county will also continue to invest in talent development through promotion of sports activities and investing in capital development like training camps by operationalizing the athletics camp in Lelan. More efforts to promote tourism through the Pokot rich culture will be undertaken. To support talents, Artists operating within the County will be promoted through organizing for talents exhibition and nurturing such talents to excel to higher levels.

#### **1.6.4 Sustained Investment in Social Services for the Welfare of Kenyans**

For inclusive growth and sustained economic transformation to be realized as well as reduce the burden of economic shocks on the households and enhance access to services by most Kenyans, the Government will continue to invest in quality and accessible health care services and quality education as well as strengthening the social safety nets programme.

#### **Quality and Relevant Education for all Kenyans**

The overall goal in the education sector is to increase access to education and training; improve quality and relevance of education; reduce inequality as well as leverage on knowledge and skills in science, technology, and innovation for global competitiveness. To achieve this goal the Government is committed to further entrenching universal and compulsory basic education and expanding tertiary education.

To improve on access to education at the county level, the county government has prioritized provision of school bursary to needy students, employment of additional ECDE teachers, construction of border boarding primary schools, Infrastructure support to primary and secondary schools and provision of support adult education training.

### **Empowering Youth, Women and Persons with Disabilities**

Demographically, Kenya is among the few countries with large proportion of youthful population. Demographic dividend is reaped when this youthful population is utilized to accelerate economic development. To reap the benefits of the demographic dividend, the government recognizes that it is important to empower youth, women and persons with disabilities and remove all obstacles to ensure their full participation in social economic development of the country.

Also, the government will continue to promote gender and youth empowerment, livelihoods for the vulnerable groups and marginalized areas through the National Youth Service (NYS) program, the social transformation program, and SACCOs in order to attain sustainable youth led enterprises and promote employment creation services.

To that end, the County will continue empowering the youths as well as Women and PWD in APGO. Deliberate measures to promote girl child education will be put in place in the medium term with emphasis on eradicating early marriages and FGM. The County will also invest on building of entrepreneurship skills through equipping the youth polytechnics, provision of bursary, and provision of capital to SME from the cooperative development fund and community service programme.

### **Environmental Conservation and Making Water Accessible**

The national policy blue print envisions the country to be a nation that prides in a clean, secure and sustainable environment and targets universal access to clean water and basic sanitation for all by the year 2030. To date, about 56 percent of Kenyans have access to reliable clean water, while 70 percent have access to clean sanitation.

The County government will continue to invest in clean water supply schemes, put in place measures to control floods and harvest rain water as well as to protect and conserve the environment thus connecting more county residents to safe drinking water. To improve access, more boreholes will be drilled and upgraded to solar power to lower maintenance cost. To mitigate the impact of climate change, the County Government will continue to mainstream climate change measures into its projects and programmes. This includes: tree planting and re-

forestation, water harvesting, smart agriculture, technologies that reduce pollution levels, investments in green energy (micro-hydro, solar, biomass) construction of mini dams, water pans and rehabilitation of existing dams and water pans.

### **1.6.5 Enhancing Service Delivery through Devolution and Structural Reforms**

The five years that devolution has been in existence, despite its many challenges, shows that it's one of the greatest successes of our new constitutional architecture. The decentralization has led to distribution of resources to all corners of our country and spread development to previously unbelievable villages. Further, it has devolved leadership hence reducing political and social risks that comes with system where leadership is centralised hence some communities/people feel left out.

In conjunction with the National Government, the county government will continue to build capacity of the staff and assist them develop a strategy to enhance revenue management by identifying strong revenue raising measures. To enhance accountability and good governance and enhancement of service delivery to the public, the county will embrace decentralization of its services to the village level by creating village structures and also enhance civic education program to the public.

## **2.0 RECENT ECONOMIC DEVELOPMENT AND POLICY OUTLOOK**

### **2.1. Overview of Recent Economic and Financial Development**

Kenya's economy remained resilient in 2017 despite adverse weather conditions, a prolonged electioneering period as well as subdued credit growth to the private sector which combined to weaken growth in the first half of the year. Economic growth for 2017 is estimated at 4.8 percent from 5.8 percent in 2016 and is projected to bounce back to 5.8 percent in 2018. The resilience in growth in 2017 was supported by the ongoing public sector infrastructure investments, recovery in the tourism sector and continued stable macroeconomic environment.

### **2.2 Inflation Rate**

Inflation rate has been low, stable and within the Government target range for the period 2013 to 2017 as a result of prudent monetary and fiscal policies. Inflation averaged 6.7 percent in the period (2013-2017) compared with 7.4 percent in the period (2002-2007), 10.6 percent in the period (2008-2012). Inflation during the period 2008 to 2012 was highly volatile following a steep depreciation of the Kenya shilling exchange rate and policy response.

### **2.3 Kenya Shilling Exchange Rate**

The Kenya Shilling exchange rate remained broadly stable against major international currencies. As at December 2017, the shilling exchange rate against the Dollar was at Ksh 103.1 from Ksh 102.1 in December 2016. Against the Euro and the Sterling pound, the Shilling weakened to Ksh 122.0 and Ksh 138.2 in December 2017 from Ksh 107.7 and Ksh 127.7 in December 2016, respectively.

The Kenya Shilling exchange rate as compared to most sub-Saharan African currencies, has continued to display relatively less volatility. This stability reflected resilient receipts from tea and horticulture despite lower export volumes due to adverse weather conditions in the first quarter of 2017. Additionally, receipts from tourism, coffee exports and Diaspora remittances remained strong.

### **2.4 Interest Rates**

Interest rates remained stable and low in the period 2013-2017 except June – December 2015 when world currencies were under pressure. During the period, the policy rate (Central Bank Rate) was adjusted appropriately to anchor inflation expectations. The rate is currently (January 2017) at 10.0 percent since August 2016. The interbank rate has remained low at 7.7 percent in December 2017

from 5.9 percent in December 2016 due to ample liquidity in the money market, while the 91-day Treasury bill rate declined to 8.0 percent from 8.4 percent over the same period. The 182 day and the 364 day Treasury bills averaged 10.6 percent and 11.1 percent in December 2017 from 10.5 percent and 11.0 percent in December 2016, respectively.

## **2.5 Money and Credit**

Broad money supply, M3, grew by 8.4 percent in the year to November 2017 compared to a growth of 6.2 percent in the year to November 2016. The growth in M3 was largely on account of an increase of net domestic credit to the Government and other public sectors. The contribution of net foreign assets declined. Net Foreign Assets (NFA) of the banking system in the year to November 2017 contracted by 1.6 percent from a growth of 26.0 percent over a similar period in 2016. Meanwhile, the Net Domestic Assets (NDA) improved to a growth of 11.0 Percent in the year to November 2017 from the growth of 2.1 percent over a similar period in 2016. The pickup in growth in 2017 is due to an improvement in the growth of net domestic credit. Domestic credit improved to an annual growth of Ksh 246.5 billion (8.4 percent) in the year to November 2017 compared to a growth of Ksh 109.9 billion (3.9 percent) in the year to November 2016.

Private sector credit increased to 2.7 percent in November 2017 from 2.0 percent in October 2017 and 1.7 percent in September 2017, reversing the downward trend witnessed since August 2015. However, this was a slowdown compared to the 4.2 percent growth in November 2016. The real estate, manufacturing, trade, consumer durables and private households have continued on a net basis to receive credit flows from the banking sector since January 2017.

## **2.6 Balance of Payments**

The overall balance of payments position improved to a surplus of US\$ 879.7 million (1.2 percent of GDP) in the year to November 2017 from a deficit of US\$ 821.4 million (1.3 percent of GDP) in the year to November 2016 due to the improvement in the financial account that more than offset the widening current account deficit.

The current account balance registered a deficit of US\$ 5,110.1 million (7.0 percent of GDP) in the year to November 2017 from a deficit of US\$ 3,452.5 million (5.4 percent of GDP) in the year to November 2016. This reflects the widening of the trade account balance and the increased payments to foreign investors (due to high interest payments) despite an improvement in the secondary income account balance particularly increased workers' remittances The deficit in the merchandise account

widened by US\$ 2,477.7 million to US\$ 10,243 million in the year to November 2017 reflecting increase in payments for import of oil on account of the rebound in international oil prices and the Increase in imports of machinery and transport equipment mostly on account of imports of wagons, locomotives and associated equipment related to the Standard Gauge Railway (SGR) project. In addition, net export of goods and services declined generally reflecting lower global demand for exports of manufactured goods; raw materials; chemicals and related products; and miscellaneous manufactured articles.

Flows in the Financial Account increased to US\$ 5,870.6 million in November 2017 compared with US\$ 3,298.5 million in November 2016, with the surplus reflecting higher liabilities compared to assets. The financial inflows were mainly in form of Foreign Direct Investments and other investments which stood at US\$ 360.6 million and US\$ 6,439.6 million, respectively in November 2017. Other investment inflows mainly include foreign financing for Government infrastructure projects.

## **2.7 Foreign Exchange Reserves**

The banking system's foreign exchange holding was at US\$ 9,202 million in November 2017 from US\$ 10,327 million in November 2016. The official foreign exchange reserves held by the Central Bank remained strong at US\$ 6,919.5 million (4.6 months of import cover) in November 2017 compared with US\$ 7,872.1 million (5.2 months of import cover) in November 2016 while commercial banks holdings was at US\$ 2,282.8 million in 2017 from US\$ 2,454.6 million in 2016.

## **2.8 County's Fiscal Performance and Emerging Challenges**

The fiscal policy strategy will focus on the county government's priority programs. It will therefore focus on: strengthening internal revenue collection; containing growth of total expenditures while ensuring a shift in the composition of expenditure from recurrent to capital expenditures and ensuring a significant shift in resource allocation towards county priority social and economic sectors identified in the CIDP (2018-2022).

In view of the constrained fiscal developments, the County Government has revised downwards its revenue projections for the financial year on account of weaker than expected performance to December 2017. Fiscal policy will continue to support economic activity while undertaking the functions of county government within a context of sustainable public financing.

The implementation of the half year budget for FY 2017/18 experienced slow implementation. In overall, absorption was below the 50 percent threshold for both recurrent and development budget for the two quarters under review. This was caused by the repeat presidential election which delayed the disbursement of funds by the National Treasury to County Government. This calls for special attention going forward so that funds do not roll over to the next financial year. There was also shortfall of internal revenue collection by Ksh. 39,026,718.00 in FY 2016/17 caused by low enforcement on collection of land rates, unfavourable political environment and loopholes in revenue collection. The total local revenue collection in the first half of FY 2017/18 amounted to Kshs 35.54 million which is a decrease of 14.24 per cent compared to Kshs 41.44 million generated in a similar period of FY 2016/17. This revenue collected accounts for 33.75 per cent of the annual revenue target. Although performance has improved in the second quarter, it's below the target. Variation of contracts is another challenge that has led to projects cost overrun and accumulation of huge pending bills.

## **2.9 County Development Analysis**

West Pokot County experiences recurrent food insecurity, inadequate access to clean and safe water, high illiteracy levels, inaccessible health services due to long distance to health facilities and inadequate health personnel, high poverty & inequality levels and limited internal revenue base due to underdevelopment, low investment and historical marginalization.

## **2.10 County Development Priorities**

In the FY 2018/2019 and over the medium term, the following County development priorities will be pursued;

- a) Ensuring food security and nutrition to all through expansion of food production and supply and support value addition in the food processing value chain
- b) Increasing access to safe and clean water for domestic use
- c) Investing in Education by focusing on provision of bursary, development and improvement of ECD centres, rehabilitation and equipping of youth polytechnics and technical institutions and infrastructure support to primary and secondary schools.
- d) Infrastructure development (Roads, Bridges, Water Supply, Sewerage Systems and urban development).

- e) Support provision of universal health coverage by investing in quality, affordable and accessible health care services.
- f) Investing in community development through social and economic empowerment programmes, projects and safety nets, peace programmes and environmental conservation.
- g) Promoting trade, investment and industrial development including development of cottage industries.

All these are aimed at accelerating growth, reduce poverty, transform the structure of the economy and create more jobs, as the county prepares to achieve the upper middle income status by 2030.

### 3.0 CHAPTER THREE: FISCAL AND BUDGET FRAMEWORK

#### 3.1 Overview

The budget submissions by county departments will critically be reviewed with a view to remove any non-priority expenditures and shift the savings to the priority programmes. The fiscal policy strategy will focus on the county government’s priority programs and projects contained in the Third Medium Term Plan (2018-2022), County Integrated Development Plan (2018-2022), and the priorities contained in the Annual Development Plan for the FY 2018/19.

#### 3.2 Fiscal Policy and Reforms

Fiscal policy will continue to support poverty reduction efforts while undertaking the functions of county government within a context of sustainable public financing. The fiscal policy will therefore focus on: strengthening internal revenue collection; containing growth of total recurrent expenditures through expenditure rationazation, reprioritization and budget cuts and ensuring a significant shift in resource allocation towards county priority social and economic sectors.

The FY 2018/19 local revenue target is projected at Kshs.122, 370,189.00. This projection is modest in maintaining a reasonable degree of predictability with respect to the level of tax rates and tax bases. In addition, the county government has instituted various measures aimed at aligning the expenditures within the revised resource envelope. These include measures to curb non priority expenditures and to free resources for more productive purposes as well as expenditures cuts on non-priority expenditures.

#### 3.3 MTEF Resource Envelope

**Table 1: MTEF Resource Envelope**

PROJECTED REVENUE	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
	Estimates Kshs	Projected (Kshs)	Projected (Kshs)	Projected (Kshs)
<b>1. National Revenue</b>				
a) Equitable share	4,726,351,328.00	4,929,800,000.00	5,029,145,431.01	5,180,019,793.94
b) Equalization fund	-	-	-	-
c) Conditional allocation(National Government Revenue)	179,997,699.00	170,810,825.00	190,789,789.00	130,090,000.00

d) Grants/Loans	95,792,447.00	419,206,096	260,670,010.00	172,678,980.00
e) Balance b/d		-	-	-
<b>2. Own Revenue Sources</b>				
e) Projected Revenue From Local Sources	105,320,184.00	122,370,189.00	163,320,184.00	208,724,890.00
<b>Total</b>	<b>5,107,461,658.00</b>	<b>5,642,187,110.00</b>	<b>5,643,925,414.01</b>	<b>5,691,513,663.94</b>

**Source: West Pokot County Treasury, 2018**

The table above provides estimates of revenue projection for the FY 2018/19 and the medium term. The overall total projected revenue is estimated at Kshs.5, 642,187,110.00. This projected revenue comprise of the equitable share of Kshs.4, 929,800,000.00 which will finance 87% of the total budget.

Conditional allocation amounts to Kshs.170, 810,825.00 constituting 3% of the total budget. This comprise of Kshs. 28,033,944.00 conditional allocation for rehabilitation of village polytechnics. It also comprises of Kshs. 12,128,484.00 conditional allocation for compensation for user fees foregone. Further, a Kshs.129, 797,341.00 conditional allocations is provided from Roads Maintenance Fuel Levy fund to enhance county government’s capacity to repair and maintain county roads.

Other allocation amounts to Kshs419, 206,096.00 being proceeds of external loans/grants to be transferred to the County Government as conditional allocation, and which will finance devolved functions in accordance with signed financing agreements for the loans/grants. The loans/ grants are a World Bank loan financing the Health Support Project (also known as Result Based Financing) and Kenya Devolution Support Programme (KDSP), which is facilitating capacity building and performance grants to all counties, Agriculture Support Programme and EU IDEAS grants for completion of Nasukuta abattoir.

Locally mobilized revenue is projected at Ksh. 122,370,189.00 which will finance 2.1% of the total county annual budget.

### **3.4 Internal Revenue Performance & Projections for FY 2018/19-FY 2020/2021**

**Table 2: Internal Revenue Performance & Projections**

Revenue Source	Actual Revenue	Approved Estimates	First half Revenue collection	Projected Estimates		
				2016/17	2017/18	2017/18
<b>FY</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
<b>Kiosk Rent</b>	1,105,700	1,305,798	653,900	1,436,377.80	1,910,382	2,521,705
<b>Single Business Permit</b>	8,366,560	8,566,998	1,362,780	5,423,697.80	7,213,518	9,521,844
<b>Market Fee</b>	3,123,700	3,323,999	1,850,680	3,656,398.90	4,863,011	6,419,174
<b>Building Approvals</b>	219,000	239,997	108,000	263,996.70	351,116	463,473
<b>Cess</b>	7,615,031	26,302,458	3,043,290	24,932,703.80	33,160,496	43,771,855
<b>Royalties</b>	13,739,360	24,739,360	9,679,950	24,894,475.60	33,109,653	43,704,741
<b>Stock cess/slaughter</b>	7,057,520	7,157,595	3,885,940	7,873,354.50	10,471,561	13,822,461
<b>House Rent</b>	320,655	398,950	0	438,845.00	583,664	770,436
<b>Advertising</b>	123,300	175,999	31,500	193,598.90	257,487	339,882
<b>Parking Fee</b>	1,040,900	1,440,965	340,295	1,585,061.50	2,108,132	2,782,734
<b>Bus Park and Motorcycle</b>	4,084,620	4,384,621	2,797,760	5,823,083.10	7,744,701	10,223,005
<b>Renewals/Applications</b>	1,235,800	1,335,892	509,240	1,469,481.20	1,954,410	2,579,821
<b>Liquor Licensing</b>	76,000	96,500	0	-	0	0
<b>Other fees and charges (public toilet, honey, hides &amp; skin, firewood, tamarind aloe vera, fish, scrapmetal, penalties,)</b>	10,410,420	13,410,479	6,631,465	14,751,526.90	19,619,531	25,897,781
<b>Agriculture</b>	248,750	628,750	0	691,625.00	919,861	1,214,217
<b>Health(cost sharing and public health)</b>	23,343,547	13,343,547	4,458,295	24,677,901.70	32,821,609	43,324,524
<b>Lands(Plot/Land Rates)</b>	220,650	2,796,323	33,000	3,075,955.30	4,091,021	5,400,147
<b>Livestock/Permits</b>	184,045	194,045	158,325	1,182,105.30	1,572,200	2,075,304
<b>Trade</b>	<b>703350</b>	1,403,350	0	-	0	0
<b>Grand Totals</b>	<b>83,218,908</b>	<b>111,245,626</b>	<b>35,544,420</b>	<b>122,370,189.00</b>	<b>162,752,351</b>	<b>214,833,104</b>

**Source: West Pokot County Treasury, 2018**

The County Government collected Kshs.83.2 Million in FY 2016/17 against a target of Kshs. 122,198,627.00 Million. This represented local revenue performance of 68.10% per cent. The local revenue raised also represents a decline of 15.08 Million from the revenue collected in FY 2015/16. Revenue collected for the first half of FY 2017/18 amounted to Ksh.35, 544,420.00 representing 33.75% of the target. This performance is not satisfactory given that it is below the 50 percent target for the half year. There is therefore need for adequate measures to be put in place to ensure the remaining revenue targets are met to avoid a budgetary deficit in the current financial year.

Internal revenue target is projected to grow to Kshs 122, 370,189 in FY2018/19 from Ksh.111, 245,626.00 in FY 2017/18. This growth projection represents an increase of 10 percent from the previous target. The highest revenue stream contributors are expected from royalties (20.3%), Cess (20.3%), and health cost sharing (20.2%).

### **3.5 Deficit Financing**

The County Government is taking all measures to ensure there is balance between the resources available and the priorities and programmes identified for implementation. The county expenditures are limited to county estimates that balance off with the sum total of internal revenue collection, share of the national revenue and conditional grants. In the FY 2018/19 and over the medium term, the County Government has no plans of borrowing from domestic or external sources. However, the strategy for settling pending bills and liabilities from defunct local authorities has been identified in the county debt strategy paper.

### **3.6 Adherence to Fiscal Responsibility Principles**

The county government recognizes that the fiscal stance it takes today will have implications into the future. Therefore, the county government will ensure adherence to fiscal responsibility principles provided under section 107(2) of the PFM Act. The respect and observance of these fiscal rules set out in the PFM law and its regulations is important and necessary to entrench fiscal discipline. Observance of the Fiscal responsibility principles has been as follows:

- a) The County Government's development allocation as a percent of total budget was 32.5 percent in FY 2016/17 and 31.85 per cent in FY 2017/18. It is projected at 25 percent in FY

2018/19. Although this is below the 30 percent required threshold, it is expected to stabilize in the outer years of the MTEF period.

- b) The county government recurrent expenditure was 67.50 percent in FY2016/17 and in the financial year 2017/2018 recurrent budget is 68.25%. This is projected to stabilize at 68.0 percent in FY 2018/19 and in the medium term. This is within fiscal responsibility principle of ensuring that the county government's recurrent expenditure shall not exceed the county government's total revenue.
- c) The allocation for compensation for employees (wage bill) for the FY 2018/2019 is at 39 percent of the total budget. County wage bill is expected to stabilize at 35 % of the total revenue in the FY 2019/20 and over the medium term so as not to crowd out the operation and maintenance expenditure plan.

### 3.7 Stakeholders Input

Public participation is both a key promise and provision of the Constitution of Kenya 2010. It is enshrined in the national values and principles of governance stipulated in article 10. Further, article 201 of the constitution provides that there shall be openness and accountability, including public participation in financial matters. The county government conducted public participation on 15<sup>TH</sup> February 2018 where all the County Development Partners, Civil Society Members, County Assembly Members, staff of both national and county governments, County Professionals, interest groups and Members of the Public were invited to give input for the strategy paper. A summary of the key issues raised have been taken into account in the provision of the final ceilings and are as follows:

Department	Summary Issues
Agriculture And Irrigation	<p>The public raised the need for :</p> <ul style="list-style-type: none"> <li>• More funding to agriculture for irrigation to boost food security in River Suam, River kerio and River muruny and other small rivers which can sustain irrigation.</li> <li>• Value addition for Mangoes in lomut ward and weiwei ward</li> <li>• Crops Diseases treatment and Control</li> <li>• Generators in Masol Ward along River Kerio were reported as not working.</li> </ul>

Education And Technical Training	<ul style="list-style-type: none"> <li>• Increase the Bursary allocation from the current 200M</li> <li>• Promote Adult Education</li> <li>• Free milk to ECDE</li> <li>• Green Houses to ECDE for Food crops to support ECDE on Food matters</li> <li>• Rescue Centers to be supported to boarding Schools</li> <li>• More Vocational Training Centre's for North Pokot Sub-County</li> <li>• Introduce Secondary Day Schools in North Pokot Especially Kacheliba and Alale.</li> </ul>
Youths, Sports, Tourism, Gender And Social Services.	<ul style="list-style-type: none"> <li>• Allocation of Funds to Council Of Elders to support their Activities</li> <li>• Support of Sports Activities along the Borders with neighboring counties to promote Peace.</li> <li>• Purchase of a bus to assist in ferrying players from one place to another</li> <li>• Construction of Mega Cultural Centre to promote and preserve Pokot Culture</li> <li>• Passing of Pokot customized Customary Bill</li> <li>• Compensation on wildlife destruction of property and Deaths Caused by wild Animals especially in Masol and Areas around Nasolot.</li> <li>• More Support For People Living with Disabilities</li> <li>• Construction and Equipping Of Public Library.</li> <li>• Construction of More sports Fields in all the Sub-Counties</li> <li>• Upgrading and marketing of Kapenguria Museum And Chewoyet for Kapenguria Six.</li> </ul>
Health , Sanitation And Emergency Services	<ul style="list-style-type: none"> <li>• Increase Budget allocation For Medical Drugs</li> <li>• Civic education on Family planning to all citizens especially the women</li> <li>• Constructions of youth friendly centers.</li> <li>• Only Two health Facilities are Functioning in Alale Ward need for more from County Government</li> <li>• Preventive measures of Diseases are cheaper than Curative e.g promotion of use of Pit latrines.</li> </ul>
Pastoral Economy	<ul style="list-style-type: none"> <li>• Community pasture Establishments especially in low land Area</li> </ul>
Lands, Housing,Physical Planning And Urban Development	<ul style="list-style-type: none"> <li>• Makutano Sewerage System</li> <li>• Sand Harvesting Bill</li> <li>• Makutano Town Garden</li> <li>• Street Lighting in Market Centre's</li> </ul>

<p>Water , Environment And Natural Resources</p>	<ul style="list-style-type: none"> <li>• Land reclamation both on Arid areas(gullys) and highlands (landslides)</li> <li>• Alale Ward more budget Allocation for Water.</li> <li>• More Bore holes, sand dams, shallow wales and gravity water supplies thought the county.</li> </ul>
<p>Trade, Industrilisation And Cooperative Development</p>	<ul style="list-style-type: none"> <li>• Milk processing plant</li> <li>• Honey processing plant</li> <li>• Reviving of Collapsed Cooperatives</li> </ul>
<p>Public Service, Ict And Decentralized Units</p>	<ul style="list-style-type: none"> <li>• Civic Education to Sub-location levels.</li> </ul>

## **4.0 CHAPTER FOUR: MEDIUM TERM EXPENDITURE FRAMEWORK**

### **4.1 Introduction**

The fiscal framework for the FY 2018/19 budget is based on the Government's policy priorities and macroeconomic policy framework set out in Chapter II and III.

### **4.2 Ministerial Expenditure Sector Priorities and their Justification**

#### **4.1.1 Public Administration Sector**

##### **4.1.1.1 County Executive**

The county Executive has been allocated Ksh.357M and Ksh.40.6M for recurrent and development expenditure respectively. The allocation will help the County Executive to provide overall County leadership in the implementation of county economic and social policies by ensuring that government works in harmony through improved policy direction, coordination, and information sharing among the county government departments and agencies. All this is aimed at accelerating growth and reducing poverty to fast-track the attainment of Vision 2030 goals at the county level.

##### **4.1.1.2 Special Programmes and Directorates**

This is the governor's strategic delivery unit in the implementation of his manifesto. This delivery unit is composed of directorates of cash crops development, dairy development, emergency and disaster response, investment and cooperative development, peace building and reconciliation, and resource mobilisation & donor coordination. This strategic delivery unit has been allocated Ksh. 330.2M and Ksh. 4.2M for recurrent and development expenditure respectively to support strategic implementation of new administration manifesto. Some of these strategic interventions include the cooperative development fund which has been allocated Ksh.60 Million, provision of Ksh.10 million for purchase of seedlings for cash crops development and Ksh. 20 Million for purchase of improved animals and breeding stocks for dairy development.

##### **4.1.1.3 Public Service Management**

This department is strategic in providing sound leadership through coordination of county public service. In FY 2018/19, a total of Kshs 177.1M has been allocated to the department. The major services / outputs during the MTEF period will include; promotion, upholding constitutionalism and enforcing national values and principles of governance in public service, supporting

establishment of policies, systems and structures for the promotion of national values and principles of governance as underpinned under Article 10 and Article 232 of the Constitution of Kenya 2010 and maintaining focus on efficiency, effectiveness and equity in service delivery.

#### **4.1.1.4 Finance & Economic Planning**

The County department of Finance and Economic Planning is charged with the responsibility of formulating sound economic, fiscal and financial policies that facilitate socio - economic development.

In FY 2018/19, a total of Kshs164.8M has been allocated to the department. Over the medium term the subsector priorities include: GIS development planning, ensuring coordination, preparation and timely implementation of the county budget, improving internal revenue collection, develop and implement effective and efficient county procurement systems for improved service delivery and value for money, undertaking effective financial management and strengthen internal control systems in the county to safeguard public resources.

#### **4.1.1.5 County Assembly**

The County Assembly is mandated with oversight, representation and legislative role. The assembly therefore plays a crucial role in strengthening the democratic space and good governance in the county.

The county assembly has been allocated Ksh.484.3M and Ksh.65M for recurrent and development expenditure respectively. The county assembly's priorities over the medium term includes strengthening its legislative, representation and oversight role, completion of modern County Assembly office block, construction of speaker's official residence, and putting into use the county assembly restaurant.

### **4.1.2 Agriculture and Urban Development Sector**

The goal of this sector is to attain food security, sustainable land management, affordable housing and sustainable urban infrastructure development. In terms of contribution to GDP, the agricultural sector directly contributes 25.3 percent of the GDP valued at Ksh.961 billion. The sector also contributes approximately 27 percent to GDP through linkages with manufacturing, distribution and other service related sectors.

#### **4.1.2.1 Agriculture and Irrigation**

Agriculture in West Pokot County significantly contributes towards enhancement of food security & employment in the county and to other parts of Kenya.

The subsector has been allocated Ksh.76.1M and Ksh.81.2M for recurrent and development expenditure respectively. Over the MTEF period, the sub-sector will focus its efforts on provision of subsidies to farm inputs through fertilizer subsidy program, putting more land under irrigation through development of micro irrigation schemes, strengthening agricultural extension services and environmental conservation, distribution of certified crop seeds to farmers to increase productivity and value addition to agricultural outputs.

#### **4.1.2.2 Pastoral Economy**

Livestock production is the major economic activity of West Pokot County. It is the main contributor in enhancement of food security and promotion of the local economy. The mandate of this department is to disseminate technologies and information through extension services in collaboration with other service providers and research institutions. Further, it is mandated to ensure control of diseases in livestock through provision of veterinary services.

The subsector has been allocated Ksh.84.6M and Ksh.40.1M for recurrent and development expenditure respectively. The sub-sector's medium term priorities include promotion of livestock breeds, improvement of market infrastructure and value addition, control of livestock diseases, provision of extension and training services, and establishment of strategic livestock feed reserve, re-seeding programme, and promotion of fish farming and completion of Nasukuta slaughter house.

#### **4.1.2.3 Lands, Physical Planning, Urban Development and Housing**

The main goal of the department is to ensure that there is sustainable management of the land resource and securing of land tenure, maintaining high standards of county development by developing appropriate planning tools and systems and providing support and accurate information on the county land ownership.

The department has been allocated Ksh.39.0 M and Ksh.55.6M for recurrent and development expenditure respectively. The medium term priorities for the sub-sector over the MTEF period comprises of completion of county spatial plan, projects mapping, land adjudication programmes, cadastral surveys of public land, resolution of boundary disputes, preparation of part development plans, public sensitization on matters of physical planning, policy

formulation(County spatial planning bill, Development control bill), town beautification, construction public toilets, street lighting and maintenances of town roads.

### **4.1.3 General Economic, Commercial & Labour Affairs Sector**

#### **4.1.3.1 Trade, Industry, Cooperatives and Energy**

Trade sub-sector programmes are geared towards creating an enabling business environment and implement a core poverty programme that provides affordable business credit and entrepreneurial business development services to Micro and Small Enterprises (MSEs) with the aim of reducing poverty and unemployment. This sector is also key in poverty reduction as farm products as well as small business persons depends on trade and cooperative development to market their produce.

The department has been allocated Ksh.35.2M and Ksh.71.4M for recurrent and development expenditure respectively. The sector priorities over the medium term include completion of market infrastructure (market construction), value chain development, improving other social amenities e.g. water, toilets, purchase of standards and standard equipments for weights and measures, capacity building on MSMEs and cooperatives through training.

### **4.1.4 Energy and Infrastructure Sector**

#### **4.1.4.1 Roads, Public Works and Transport**

An efficient and effective infrastructural system is an engine for socio-economic transformation. This sub-sector aims at providing efficient, affordable and reliable infrastructure for sustainable growth and development.

The department has been allocated Ksh.68.3M and Ksh.200.6M for recurrent and development expenditure respectively. The strategic direction for the ministry during the MTEF period will include development of a safe and efficient road transport system that facilitates easy mobility of goods, services and people through routine maintenance of existing infrastructure and construction of new roads.

## **4.1.5 Health Sector**

### **4.1.5.1 Health and sanitation services**

The Kenya Vision 2030 envisages provision of equitable and affordable healthcare at the highest affordable standards. The department has been allocated Ksh.1.3Billion and Ksh.80.1M for recurrent and development expenditure respectively. In the FY 2018/19 and over the MTEF period, health sector will strive to address health related challenges through; provision of improved preventive, curative, and rehabilitative health care services, investment in infrastructural development both for health facilities and sanitation, timely procurement of medical supplies and equipment and continued staffing and training of health professionals to improve human resource manpower as well as enhance efficient service delivery to county residents. In addition, priority will be given to development of sectoral plan, upgrading of the ICT system in KCRH, upgrading of sub county hospital and strengthening of the emergency services and the referral system.

## **4.1.6 Social Protection, Youth, Culture & Recreation Sector**

### **4.1.6.1 Tourism, Culture, Sports and Social Development**

The tourism sub-sector remains one of the leading foreign exchange earners and a major contributor of employment in Kenya, contributing about 10% of the GDP and also providing a market for goods produced in other sectors and is thus key to attainment of the economic pillar goals of Vision 2030.

The department has been allocated Ksh.41.4M and Ksh.98.6M for recurrent and development expenditure respectively. Over the MTEF period, the sub-sector priorities include: tourism and culture promotion, youth talent development, empowerment of PLWDs, development of social amenities like social halls and conservancies, supporting and marketing women cottage industries products such as Pokot traditional ornaments, bracelets and clothing, Nasolot gate construction and implementation of the community service programme which has allocated Ksh.50 million.

#### **4.1.7 Environmental Protection and Water Sector**

The overall goal of Environment and Water Sector is to attain a “clean, secure and sustainable environment” by 2030.

##### **4.1.7.1 Water, Environment and Natural Resources.**

The main mandate of this sub-sector is to provide clean, secure and sustainable environment by promoting the quality and preservation of the county’s environment and natural resources. Approximately 25% of households use improved sources of water, with the rest relying on unimproved sources in West Pokot County.

The department has been allocated Ksh. 76.5M for recurrent and Ksh.118.6M for development expenditure. The sector priority over the MTEF period includes; development of gravity water supplies, upgrading boreholes to solar power, intake protection works, and construction of water pans/sand dams and rain water harvesting.

#### **4.1.8 Education Sector**

##### **4.1.8.1 Education, Communication and Information Technology**

Through Kenya Vision 2030, the government recognizes that Kenya’s main potential is in its people; their creativity, education, and entrepreneurial skills. The success of turning Kenya into a globally competitive and a prosperous nation is hinged on the performance of the Education Sector. Therefore, this sector has a responsibility of facilitating the process of inculcating knowledge and skills necessary for uplifting the country to a globally competitive country.

The department has been allocated Ksh.662.2M and Ksh.118M for recurrent and development expenditure respectively. The sub-sector medium term sector priorities includes provision of school bursary to needy students (Ksh.400Million), recruitment of additional teachers and, provision of ECD learning materials, support to primary and secondary school infrastructure improvement and school feeding program.

### 4.3 Budget Ceilings

**Table 3:2018/19 Budget Ceilings**

VOTE	2017/2018 PRINTED ESTIMATES	2017/2018PRINTED ESTIMATES (AS %)	2017 CBROP CEILING	2017 CBROP CEILING AS A %	CFSP CEILING 2018/2019	CFSP CEILING 2018/2019 as a %	2019/2020 PROJECTIONS	2020/2021 PROJECTIONS
COUNTY EXECUTIVE	461,679,491.66	9.04%	487,545,640	8.52%	397,657,530.18	7.05%	437,423,283.20	481,165,611.52
SPECIAL PROGRAMMES AND DIRECTORATES	105,026,574.74	2.06%	249,826,366	4.37%	334,328,737.99	5.93%	367,761,611.79	404,537,772.97
FINANCE AND ECONOMIC PLANNING	268,890,714.36	5.26%	247,553,446	4.33%	164,804,303.17	2.92%	181,284,733.48	199,413,206.83
PUBLIC WORKS,TRANSPORT AND INFRASTRUCTURE	224,968,618.11	4.40%	495,719,411	8.67%	268,883,880.18	4.77%	295,772,268.20	325,349,495.02
HEALTH , SANITATION AND EMERGENCY SERVICES	1,144,454,217.76	22.41%	1,542,716,165	26.97%	1,332,435,525.10	23.62%	1,465,679,077.61	1,612,246,985.37
EDUCATION AND TECHNICAL TRAINING	494,531,373.77	9.68%	738,158,971	12.91%	780,210,355.05	13.83%	858,231,390.56	944,054,529.61
AGRICULTURE AND IRRIGATION	255,858,013.30	5.01%	212,984,899	3.72%	157,362,475.33	2.79%	173,098,722.86	190,408,595.15
PASTORAL ECONOMY	151,670,097.90	2.97%	227,871,807	3.98%	124,699,443.00	2.21%	137,169,387.30	150,886,326.03
TRADE, INDUSTRIALISATION AND COOPERATIVE	129,898,174.68	2.54%	130,774,320	2.29%	106,631,929.14	1.89%	117,295,122.05	129,024,634.26

DEVELOPMENT								
LANDS, HOUSING,PHYSICAL PLANNING AND URBAN DEVELOPMENT	123,356,888.59	2.42%	192,748,614	3.37%	94,607,415.50	1.68%	104,068,157.05	114,474,972.76
WATER , ENVIRONMENT AND NATURAL RESOURCES	178,068,154.53	3.49%	252,948,001	4.42%	195,062,049.20	3.46%	214,568,254.12	236,025,079.53
YOUTHS, SPORTS, TOURISM, GENDER AND SOCIAL SERVICES.	154,138,429.21	3.02%	172,006,604	3.01%	139,970,525.56	2.48%	153,967,578.12	169,364,335.93
WEST POKOT COUNTY ASSEMBLY	570,519,537.00	11.17%	551,880,526	9.65%	549,251,629.12	9.73%	604,176,792.03	664,594,471.23
PUBLIC SERVICE, ICT AND DECENTRALIZED UNITS	153,611,226.40	3.01%	216,541,933	3.79%	177,075,215.48	3.14%	194,782,737.03	214,261,010.73
WARD SPECIFIC PROJECTS	415,000,000.00	8.13%			400,000,000.00	7.09%	400,000,000.00	400,000,000.00
LOANS/GRANTS	275,790,146.00	5.40%			419,206,096.00	7.43%	419,206,096.00	419,206,096.00
<b>TOTAL</b>	<b>5,107,461,658.01</b>	<b>100.00</b>	<b>5,719,276,705.00</b>	<b>100.00</b>	<b>5,642,187,110.00</b>	<b>100.00</b>	<b>6,124,485,211.40</b>	<b>6,655,013,122.94</b>

**Source: West Pokot County Treasury, 2018**

The Public sector hearings saw a number of proposals that could not be funded as departments have a number of on-going projects that need to be completed. Therefore, most sectorial proposals for new priorities have been shelved until the next budget cycle.

#### **4.3.1 Ward Specific Projects**

This fund has been allocated a total of Kshs 400M to finance projects emanating from the grassroots. Ward meetings shall be conducted to come up with priorities using participatory budgeting.

#### **4.4 Summary**

After public participation and identification of the Ward Specific projects, these projects will be aligned or streamlined into their respective line ministries for implementation. The FY 2018/19-2020/21 MTEF budget will be anchored on the new county administration economic and transformation agenda as enshrined in the County Integrated Development Plan (2018-2022) and the Governor's Manifesto that is premised on the 3E's pillar framework of Education, Equity and Economy for sustainable, inclusive development and shared prosperity.

## ANNEXES

### 1. Summary of Sectorial Ceilings by Economic Classification

DEPARTMENT	NO OF STAFF	WAGEBILL	OPERATION AND MAINTENANCE	DEVELOPMENT	TOTAL
OFFICE OF THE GOVERNOR	103	224,186,622.00	132,827,432.18	40,643,476.00	397,657,530.18
FINANCE AND ECONOMIC PLANNING	165	110,610,568.20	54,193,734.97	-	164,804,303.17
PUBLIC WORKS, TRANSPORT AND INFRASTRUCTURE	59	48,291,955.80	20,024,160.80	200,567,763.58	268,883,880.18
HEALTH, SANITATION AND EMERGENCY SERVICES	802	1,013,330,205.50	238,998,412.60	80,106,907.00	1,332,435,525.10
EDUCATION AND TECHNICAL TRAINING	876	174,202,744.65	487,973,666.40	118,033,944.00	780,210,355.05
AGRICULTURE AND IRRIGATION	67	59,377,989.00	16,756,460.00	81,228,026.33	157,362,475.33
PASTORAL ECONOMY	71	60,141,734.00	24,456,000.00	40,101,709.00	124,699,443.00
TRADE, INDUSTRIALISATION, AND COOPERATIVE DEVELOPMENT	31	20,868,160.50	14,371,000.00	71,392,768.64	106,631,929.14
LANDS, HOUSING, PHYSICAL PLANNING AND URBAN DEVELOPMENT	27	22,566,003.90	16,467,309.60	55,574,102.00	94,607,415.50
WATER, ENVIRONMENT AND NATURAL RESOURCES	45	30,567,649.20	45,894,400.00	118,600,000.00	195,062,049.20
YOUTH, SPORTS, TOURISM, GENDER AND SOCIAL DEVELOPMENT	20	14,669,100.60	26,732,384.96	98,569,040.00	139,970,525.56
PUBLIC SERVICE, ICT AND DECENTRALISED UNITS	49	84,405,007.20	77,670,208.28	15,000,000.00	177,075,215.48
SPECIAL PROGRAMMES AND DIRECTORATES	5	142,960,125.18	187,191,005.26	4,177,607.55	334,328,737.99
COUNTY ASSEMBLY		204,082,134.27	280,169,494.85	65,000,000.00	549,251,629.12
WARD PROJECTS				400,000,000.00	400,000,000.00
LOANS AND GRANTS					419,206,096.00
<b>TOTALS</b>	<b>2,320</b>	<b>2,210,260,000.00</b>	<b>1,623,725,669.90</b>	<b>1,388,995,344.10</b>	<b>5,642,187,110.00</b>
PERCENTAGES		<b>39%</b>	<b>29%</b>	<b>25%</b>	<b>100%</b>

## 2. Ceilings Comparative Analysis Table: CBROP 2017 and CFSP for FY 2018/19-2020/21 MTEF PERIOD

VOTE	2017/2018 PRINTED ESTIMATES	2017/2018 PRINTED ESTIMATES (AS %)	2017 CBROP CEILING	2017 CBROP CEILING AS A %	CFSP CEILING 2018/2019	CFSP CEILING 2018/2019 as a %	2019/2020 PROJECTIONS	2020/2021 PROJECTIONS
COUNTY EXECUTIVE	461,679,491.66	9.04%	487,545,640	8.52%	397,657,530.18	7.0%	514,919,383.25	566,411,321.58
SPECIAL PROGRAMMES AND DIRECTORATES	105,026,574.74	2.06%	249,826,366	4.37%	334,328,737.99	5.9%	371,206,811.54	408,327,492.70
FINANCE AND ECONOMIC PLANNING	268,890,714.36	5.26%	247,553,446	4.33%	164,804,303.17	2.9%	210,950,104.10	232,045,114.51
PUBLIC WORKS, TRANSPORT AND INFRASTRUCTURE	224,968,618.11	4.40%	495,719,411	8.67%	268,883,880.18	4.8%	338,038,901.15	371,842,791.26
HEALTH, SANITATION AND EMERGENCY SERVICES	1,144,454,217.76	22.41%	1,542,716,165	26.97%	1,332,435,525.10	23.6%	1,508,854,077.61	1,659,739,485.37
EDUCATION AND TECHNICAL TRAINING	494,531,373.77	9.68%	738,158,971	12.91%	780,210,355.05	13.8%	583,499,148.82	641,849,063.70
AGRICULTURE AND IRRIGATION	255,858,013.30	5.01%	212,984,899	3.72%	157,362,475.33	2.8%	173,098,722.86	190,408,595.15
PASTORAL ECONOMY	151,670,097.90	2.97%	227,871,807	3.98%	124,699,443.00	2.2%	149,609,287.30	164,570,216.03
TRADE, INDUSTRIALISATION AND COOPERATIVE DEVELOPMENT	129,898,174.68	2.54%	130,774,320	2.29%	106,631,929.14	1.9%	96,414,501.15	106,055,951.27
LANDS, HOUSING, PHYSICAL PLANNING AND URBAN DEVELOPMENT	123,356,888.59	2.42%	192,748,614	3.37%	94,607,415.50	1.7%	107,928,417.19	118,721,258.91

WATER , ENVIRONMENT AND NATURAL RESOURCES	178,068,154.53	3.49%	252,948,001	4.42%	195,062,049.20	3.5%	158,758,280.12	174,634,108.13
YOUTHS, SPORTS, TOURISM, GENDER AND SOCIAL SERVICES.	154,138,429.21	3.02%	172,006,604	3.01%	139,970,525.56	2.5%	169,118,643.98	186,030,508.38
WEST POKOT COUNTY ASSEMBLY	570,519,537.00	11.17%	551,880,526	9.65%	549,251,629.12	9.7%	604,176,792.03	664,594,471.23
PUBLIC SERVICE, ICT AND DECENTRALIZED UNITS	153,611,226.40	3.01%	216,541,933	3.79%	177,075,215.48	3.1%	142,706,044.31	156,976,648.74
WARD SPECIFIC PROJECTS	415,000,000.00	8.13%			400,000,000.00	7.1%	560,000,000.00	560,000,000.00
LOANS/GRANTS	275,790,146.00	5.40%			419,206,096.00	7.4%	419,206,096.00	419,206,096.00
<b>TOTAL</b>	<b>5,107,461,658.01</b>	<b>100.00</b>	<b>5,719,276,705.00</b>	<b>100.00</b>	<b>5,642,187,110.00</b>	<b>100.00</b>	<b>6,108,485,211.40</b>	<b>6,621,413,122.94</b>

