REPUBLIC OF KENYA

COUNTY GOVERNMENT OF WEST POKOT

COUNTY TREASURY

County Fiscal Strategy Paper

November 2016

THE HIDDEN TREASURE

FOREWORD

The 2017 Fiscal Strategy Paper for West Pokot County sets out the administration's priority programs to be implemented in the Medium Term Expenditure Framework under the devolved system of government. It has been prepared by the County Government as part of its efforts to ensure effective linkage between policy, planning and budgeting.Its preparation has been informed by the priorities identified in the Second Medium Term Plan of Vision 2030, County Integrated Development Plan, Sustainable Development Goals, the Annual Development Plan and the National Budget Policy Statement. It provides an updated resource envelope of Kshs. 5.13 Billion for the FY 2017/2018 County budget, presents a fiscal framework and ministerial ceilings for the fiscal year and the medium term.

The world economy is estimated to have grown by 3.2 per cent in 2015. Kenya's macroeconomic performance remains broadly stable despite the global economic slowdown. Kenya's growth remains strong, supported by significant infrastructure investments, construction, mining, and lower energy prices and improvement in agricultural The Kenyan economy grew by 5.6 percent in 2015 compared to 5.3 percent growth in 2014**.** It is projected to expand further by 6.0 percent in 2016 and above 6.5 percent in the medium term supported by strong outputs in agriculture with a stable weather outlook, continued recovery of tourism and completion of key public projects in roads, rail and energy generation. In addition, strong consumer demand and private sector investment as well as stable macroeconomic environment will help reinforce this growth.

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 2017/2018 fiscal year and the medium term include investments in agriculture and irrigation to boost county food security, health, road infrastructure, education, water, strengthening business environment and support to Small and Micro enterprises to boost job creation more specifically for the youth. Other sectors have also been given prominence due to their contribution towards citizen socioeconomic transformation. Allocation of resources has been premised on the county strategic priorities, non-discretionaryexpenditures and absorption capacity of departments.

The unveiling of this fiscal strategy paper with a budget estimate of Ksh.5.403 Billion for the fiscal year 2017/2018 is a clear demonstration of our commitment to the realization of our county vision of being the leading county in effective and efficient resource management, sustainable development and service delivery. I call upon all our stakeholders to continue supporting us on the basis of mutual respect, cooperation and consultation.

Mr. Joel Ngolekong,
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West Pokot County

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 a given year.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 2017 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 25th November 2016 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.

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CHAPTER 1.0: INTRODUCTION

1.1 Overview

The 2017 County Fiscal Strategy Paper (CFSP) continues to focus on the implementation of far reaching socio-economic policies aimed at achieving economic transformation and prosperity at the county level. It therefore builds on the commitments made by the government in the last strategy paper of implementing programs to 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 Second Medium Term Plan and the County Integrated Development Plan for West Pokot County outlines the policies, programmes and projects to be implemented during the five year period starting 2013 to 2017 in order to deliver accelerated and inclusive economic growth, higher living standards, better education and health care, increased job creation especially for youth, commercialized agriculture providing higher rural incomes and affordable food, improved manufacturing sector and more diversified exports. This fiscal framework is aligned to ensure the goals of thesemedium and long term development plans are realized.

The fiscal strategy paper is prepared against a backdrop of slow global economic growth owing to a more subdued outlook for advanced economies following the UK vote in favour of leaving the European Union (Brexit) and weaker than expected growth in the United States, and a sharp slowdown among Sub-Saharan African economies especially commodity exporters. However, the Kenyan economy remains resilient registering strong economic growth of 5.6 percent in 2015 compared to the average growth of 3.4 percent for Sub Saharan Africa and 3.2 percent for global economy. Further, our macroeconomic performance remains broadly stable with overall inflation within target, Kenya Shilling exchange rate to the US dollar remaining stable and low short term interest rates, a reflection of ample liquidity in the money market. The economy is projected to grow at 6.0 percent in 2016 and over 6.5 percent in the medium term.

On the Post-2015 development agenda, the 17 Sustainable Development Goals (SDGs) and respective 169 targets and 230 indicators will be mainstreamed into the County policies,projects and programmes. It is expected that theimplementation of the identified priority programs will raise productivity and economy-wide efficiency, thereby bolstering and sustaining high and inclusive growth. This will, in turn, create opportunities for productive jobs.

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 year2017/18 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^{t} 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 2016 Budget Policy Statement (BPS) and Integration of CFSP into the BPS: *Consolidating economic gains in an environment of subdued global demand*

1.5.1 Overview

With the global economy experiencing a period of growth slowdown in the volume of international trade driven majorly by subdued demand, we are yet to reach our optimal levels and hence the need to tackle the challenges that hinder us from operating optimally domestically despite the improvements in growth over the last few years.

Some of the constraints as identified in the previous budget policy statements involved: business environment; infrastructure; agriculture; devolution and social services. The government therefore, needs to continue carrying out measures aimed at tackling the constraints and advancing structural reforms to substantially reduce unemployment and poverty.

In this regard, this BPS will continue to focus on the implementation of the Vision 2030 and the five pillars of the economic transformation agenda, namely: creating conducive business environment; developing infrastructure for growth of industries; transforming agriculture to sustain growth; supporting manufacturing to create employment; investing in quality, accessible and relevant social services; and enhancing rural economic development through consolidating gains made in devolution will ensure that Kenya makes social progress and build a competitive economy. This Budget Policy Statement therefore builds on the commitments of sustaining high and inclusive growth in line with aspirations of Vision 2030.

The County Government has started the preparation of the new County Integrated Development Plan (CIDP)2018-2022 which will integrate the National Third Medium Term Plan (MTP III) of the Kenya Vision 2030 for the period 2018-2022 as well as on the Post-2015 development agenda(17 Sustainable Development Goals). The SDGs will be mainstreamed based on key thematic areas that include advocacy and awareness creation; domestication and localizing SDGs; capacity building; stakeholder mapping and engagement; monitoring and reporting and resource mobilization.

1.5.2 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 the potential investors.

1.5.3 Continued spending in Infrastructure to Unlock Constraints to Growth

In order to support a rapidly-growing economy as envisaged in the Kenya Vision 2030, the Government will continue to sustain and expand the on-going public investments in road, rail, energy and water supplies.

Further Expanding Road Network

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 Government will continue to enhance road network connectivity across the country with the aim of enhancing trade, commerce, agricultural productivity and regional trade.

Much progress has been achieved in the implementation of County road rehabilitation and construction programme and a number of key programmes in the road sector have been completed. To date, the County Government has opened up more than 1,300 Kms of new roads in the county, 22km of roads in Makutano Town, 3 foot bridges, and several other roads under routine and periodic maintenance.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.

Continuous improvement of road network across the County over the medium term to have an efficient and effective transport system will be done. This also include road network in Kapenguria-Makutano urban area.

Access to Adequate, Affordable and Reliable Energy Supply

The realization of the development objectives set out in the Government's economic transformation agenda and Vision 2030 will be feasible if quality energy services are availed in a sustainable, competitive, cost effective and affordable manner to all sectors of the economy.

The County Government will continue with street lighting program with an aim of lighting urban areas into 24-hour economy and improving the security.

1.5.4 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 will invest in training of farmers through operationalization of the Agricultural Training Centre and organizing farmers field tours. 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 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.

1.5.5 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.

<u>Health Care</u>

The health sector aims to achieve the highest possible health standards in line with the population needs through supporting provision of equitable, affordable and quality health and related services to all Kenyans. To this effect, the financial year FY 2017/18-2019/20 the National Budget will prioritize scaling up of policy interventions aimed at enhancing equitable access to high impact healthcare services, addressing challenges associated with devolution of health care and high turnover rate among health workers, controlling non-communicable diseases, and improving health service delivery in the country. The emphasis will therefore, be addressing these challenges in order to ease the burden to the households and attainment of the highest standards care for sustained long-term growth and development.

Over the medium term, the health sector at the county will seek to address access to quality health care provision. This will be through completing the ongoing construction of health facilities, operationalization of completed projects through equipping and staffing, improving the standards of the existing facilities and continued training of staff.

Efforts to improve on preventive health care will be put in place over the medium term. This include improving sanitation of urban centres, advocating of Open Defecation Free (ODF) County by sensitizing local communities on the need of latrines and also putting up Latrines in major urban areas. The county will also implement community strategies through building strong community networks for disease prevention.

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.

In order to build on the National priority areas, the County will employ different strategies. Completion of ongoing projects and operationalization of completed projects like the ECD centres and ECD college will be of utmost priority. To improve on access to education, of school bursary and scholarship to needy students and those in professional courses will be provided.

The County Monitoring and Evaluation unit will be empowered to continue with monitoring of the ECD programs together with ECD coordinators to ensure that the residents benefit from the investments in ECD education.

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 Youth training in the form of equipping the youth polytechnics, provision of bursary and civic education.

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.

Noting that Kenya is a water-scarce country with less than 1,000 cubic metres per capita of renewable freshwater resources, the Government working with devolved units of government will continue to invest in clean water supply and put in place measures to control floods and harvest rain water as well as to protect and conserve the environment thus connecting over one million additional Kenyans to safe drinking water.

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. Moreover, the Government will ensure that in every project, an Environmental Impact Assessment is undertaken and adhered to.

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. Access to adequate, clean and affordable water is key to sorting out more than 50 percent of our disease burden

1.5.6 Enhancing Service Delivery through Devolution and Structural Reforms

The three 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 continue building capacity of the staff in the counties and assist them develop a strategy to enhance revenue management by identifying strong revenue raising measures and correct duplication and distortions in local taxes and fees that hurt the business environment and reduce revenue streams when investors shy away from such counties and also in public financial management.

To enhance accountability ad 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 Performance

Kenya's macroeconomic performance remains broadly stable despite the global economic slowdown. Kenya's growth remains strong, supported by significant infrastructure investments, construction, mining, and lower energy prices and improvement in agricultural productivity.

The Kenyan economy grew by 5.6 percent in 2015 compared to 5.3 percent growth in 2014**.** The economy is projected to expand further by 6.0 percent in 2016 and above 6.5 percent in the medium term supported by strong output in agriculture with a stable weather outlook, continued recovery of tourism and completion of key public projects in roads, rail and energy generation. In addition, strong consumer demand and private sector investment as well as stable macroeconomic environment will help reinforce this growth.

2.2 Overview of County Economy

The county economy is supported by agriculture and livestock subsectors. This sectors contributes 84 percent of the household income. Trade in the form of retail and wholesale is also a key sector that employs majority of the county population. However, these main drvers has not been fully exploited. During FY 2015-2016 the sectors production were affected by livestock diseases, famine and drought which led to closure of various livestock sale yards which affected county revenue performance.The county will continue pushing for completion of ongoing Irrigation schemes as well as value addition technologies and prevention measures in livestock sector by enhancing disease surveiliance and vaccination.

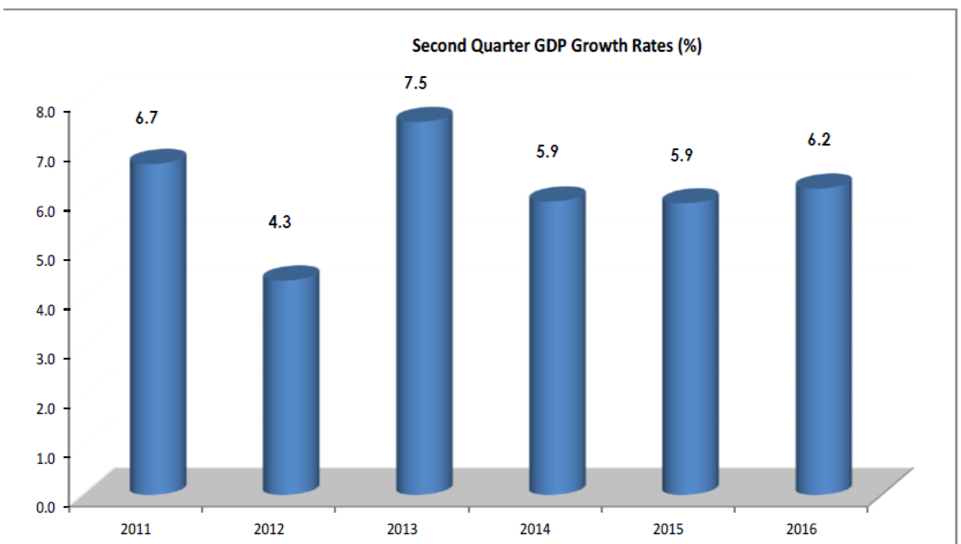
Tourism as well as mining sectors are still undeveloped but has the potential of turning the county around by creating job opportunities and increasing county revenue. The sector remains key in unlocking the full potential of the county.

Internal revenue generation has been low comprising of approximately 2 percent of the county resource envelope. High dependency on external revenue might jeopardize growth prospects of the County.Going forward, the county will continue to invest on conducive market working environment and providing affordable credit access to business community through Bieshara Mashinani fund that is expected to increase business activities that will enhance county revenue.

2.3 Growth Update

The Kenyan economy has sustained its robust growth in the past decade supported by significant structural and economic reforms. The economy grew by 5.6 percent in 2015 compared to 5.3 percent growth in 2014**.** The economy further improved and grew at 6.2 percent in quarter two of 2016 up from 5.9 percent growth registered in quarter one of 2016 .This strong growth was supported by improved performance in agriculture, forestry and fishing (5.5 percent), mining and quarrying (11.5 percent), transport and storage (8.8 percent), electricity and water supply (10.8 percent), wholesale and retail trade (6.1 percent), accommodation and restaurant (15.3 percent) and information and communication (8.6 percent). Growth in other sectors, particularly manufacturing, construction, financial and insurance and real estate, though slightly lower compared to quarter two of 2015, remained robust.

Second Quarter 2016 GDP Report

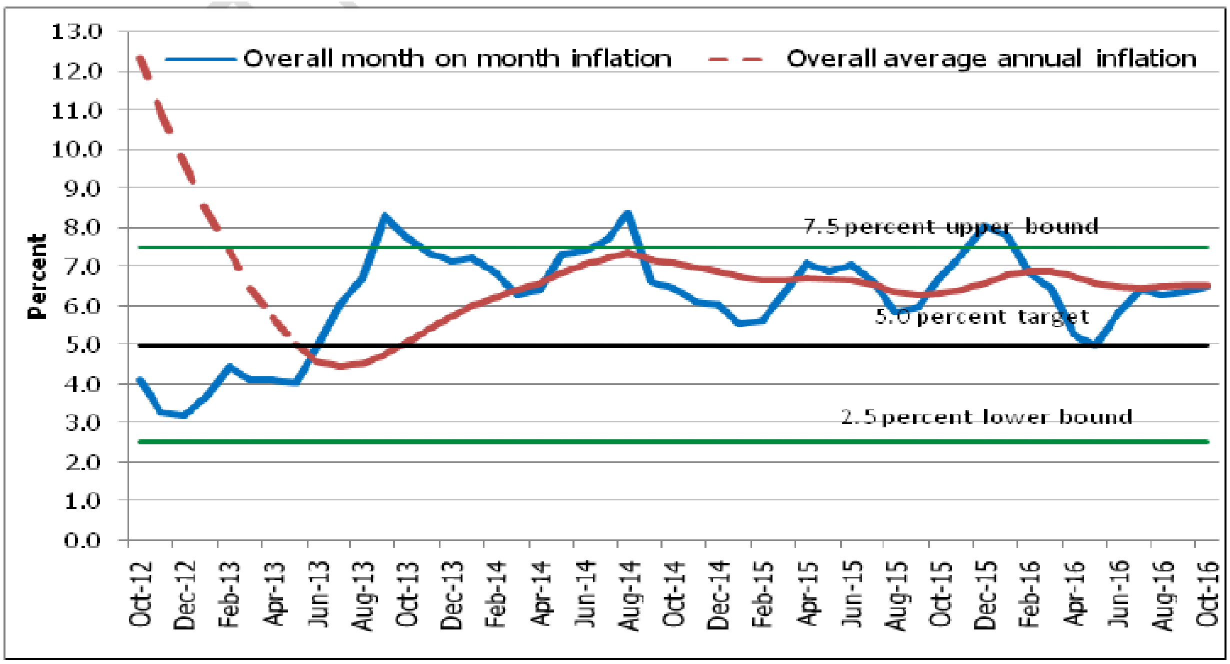


Source: KNBS 2016

The economy experienced a relatively conducive environment for growth during the second quarter of 2016. Consequently, all the economic sectors recorded positive growths, though at significantly varied magnitudes. Overall, the economy is estimated to have expanded by 6.2 per cent during the second quarter of 2016 compared to 5.9 per cent during the same quarter of 2015. This growth was mainly supported by better performances in the outputs of agriculture, forestry and fishing; transportation and storage; real estate; and wholesale and retail trade.

2.4 Inflation

Overall month on month inflation rose slightly to 6.47 percent in October 2016 from 6.34 percent in September 2016 due to increase in food prices. The annual average inflation rate at 6.5 percent in the year to October 2016 was within the target range of 2.5 percent on either side of the 5.0 percent target (**chart below**)



Source of data: Kenya National Bureau of Statistics

2.5 The Kenya Shilling Exchange Rate

The Kenya Shilling exchange rate has continued to display relatively less volatility compared with the major regional currencies and strengthened by 1.4 percent for the period October 2015 to October 2016**.** The stability of the Kenya shilling exchange rate reflects improved export earnings from tea and horticulture, a reduction in the imports of petroleum products due to lower oil prices, resilient diaspora remittances and improved tourism performance.

The Kenya Shilling exchange rate strengthened in October 2016 against major international currencies. The currency traded at Kshs 101.3 against the US dollar, Kshs 111.9 against the Euro and Kshs 125.4 against the Sterling Pound in October 2016 compared to Kshs 102.8, Kshs 115.4 and Kshs 157.4 respectively, in October 2015.

The foreign exchange market has remained stable, reflecting a narrower current account deficit due to a lower import bill, improved tea and horticulture exports, and stronger diaspora remittances. The stability was also supported by the CBK's closer monitoring of the market before and after the U.K. vote to leave the European Union.

2.6 Interest Rates

Kenya, short term interest rates remained low due to the improvement of liquidity conditions in the money market. The interbank rate declined to 4.1 percent in October 2016 from 4.9 percent in September 2016 and 21.3 percent in September 2015, while the 91-day Treasury bill rate declined to 7.8 percent from 8.1 percent and 14.0 percent over the same period.

The implementation of the Banking (Amendment) Act, 2015 effective September 14, 2016, that cap interest rates on banks' loans at 4.0 percent above the base rate (currently at 10.0 percent) and sets the minimum interest paid for a saving product at 70.0 percent of the same base rate has led to the narrowing of the interest rate spread from 11.3 percent in August 2016 to 7.0 percent by September 14, 2016. As a result of the new Act, Kenya has the lowest lending rate among the East African Countries.

The average lending rates which had increased to 17.7 percent in August 2016 from 15.7 percent in July 2015 have declined to 14.0 percent. Similarly, the deposit rate which had decreased to 6.4 percent in August 2016 from 6.9 percent in August 2015 have risen to 7.0 percent from September 14, 2016 as provided in the Banking (Amendment) Act, 2015.

2.7 Fiscal Risks to the 2017-2018 Outlook

Kenya's recent growth performance remains robust and the outlook is positive.The economy remains vulnerable to shocks, reflecting less favourable global financial market conditions, as well as continued security threats and potential extreme weather events. To this end, maintaining fiscal stability is critical for safeguarding against these adverse shocks and ensuring that growth is sustained despite challenging circumstances.

At the County level, the risk to the outlook for the year 2017/18 and Medium-Term include vulnerable threats of tribal/boundary conflicts and changing of political environment due to 2017 polls. This may pose investor confidence challenges as well as risk in the operationalization of the policies and programs planned in the medium term.

Natural calamities will also pose the greatest risk to the county's development agenda and revenue collection. The most common disasters hazards include disease outbreaks for both livestlock and human, conflicts, landslide, gulley erosion, lightning, flooding and drought. These calamities could delay programs or lead to collapse of projects.Without proper contingency plans, funds meant for other programs can be redirected to mitigate against the effects of disasters.

Timely release of funds by the national government will be another challenge since revenue cash flow from the national government is unpredictable. The release of the equitable share from the national government has been irregular and thus affecting commencement and completion of projects and compromising service delivery.

Other risks that will impact on the county's economy include;

- Growing wage bill that may put pressure and shrink the development expenditure;
- Low absorption by the spending units which may lead to projects variation and cost overrun;

2.8 County Development Challenges

The county experiences recurrent food insecurity, inaccessibility of sufficient clean water, high illiteracy,inaccessible health services, poor road network, inequality and low investment which remain to be part of myriad challenges facing the county that needs to be addressed to realize sustainable development growth.

2.9 County's Fiscal Performance in FY 2016/17 and Emerging Challenges

The implementation of the half year budget for FY 2016/17 experienced slow implementation leading to relatively low absorption of development funds. There was also shortfall of internal revenue collection by 79,344,720 in FY 2015/16 caused by low enforcement on collection of land rates due to lack valuation roll. Capacity gaps within the county departments also remain a big impediment. Variation is an emerging challenge that has led to projects cost overrun.

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 Second Medium Term Plan (2013-2017), County Integrated Development Plan (2013-2017), and the priorities contained in the Annual Development Plan for the fiscal year 2017/18.

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 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.

In view of the constrained fiscal developments to end of September 2016, the county government has slightly revised downwards its revenue projections for the financial year FY 2017/18 on account of weaker than expected performance to September 2016. The FY 2017/18 local revenue target is projected at Kshs. 125,320,184.00.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 slow and delayed projects.

3.3MTEF Resource Envelope

Table 1: MTEF Resource Envelope

PROJECTED REVENUE	FY 2016/17 Estimates Kshs	FY 2017/18 Projected (Kshs)	FY 2018/19 Projected (Kshs)	FY 2019/20 Projected (Kshs)
1. National Revenue				

a) Equitable share	4,654,529,143.00	4,726,351,328	4,834,234,000.00	5,103,450,910.00
b) Equalization fund	-	-	-	-
c) Conditional allocation(National Government Revenue)	223,729,117.00	179,997,699	190,789,789.00	130,090,000.00
d) Grants/Loans	-	95,792,447	260,670,010.00	172,678,980.00
e) Balance b/d	40,799,898.00	-	-	-
2. Own Revenue Sources				
e) Projected Revenue From Local Sources	122,245,626.00	125,320,184.00	163,320,184.00	208,724,890.00
TOTAL	**5,041,303,784.00**	**5,127,461,658**	**5,449,013,983.00**	**5,614,944,780.00**

Source: West Pokot County Treasury, 2016

The table above provides estimates of revenue projection for the FY 2017/18 and the medium term.The overall total projected revenue is estimated at Kshs.5,127,461,658.00. This projected revenue comprise of the equitable share of Kshs.4,726,351,328.00which will finance 91.9% of the total budget. The equitable revenue share allocation for FY 2017/18 is based on the current formula, which uses five parameters with specific weights namely: population (45 percent); equal share (25 percent); poverty (20 percent); land area (8 percent); and, fiscal responsibility (2 percent).

Conditional allocation amounts to Kshs.179,997,699.00 constituting 3.4% of the total budget. This comprise of Kshs. 43,444,215conditional allocation in support of free maternal health care. This grant will be transferred to the county government on a reimbursement basis, upon confirmation that the county government provided maternal health care services in its health facilities in accordance with the agreed specifications. It also comprise of Kshs. 12,128,484.00 conditional allocation for compensation for user fees foregone.Further, aKshs.124,425,000conditional allocation is providedfrom Roads Maintenance Fuel Levy fund to enhance county government's capacity to repair and maintain county roads.

Other allocation amounts to Kshs95,792,447.00being 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/ grantsare 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.

Locally mobilized revenue will fund 2.3% of the total county annual budget.

3.4 Internal Revenue Performance & Projectionsfor FY 2017/18-FY 2019/2020

Table 2: Internal Revenue Performance&Projections

Revenue Source	Actual Revenue	Projected Estimates	First Quarter Revenue	Projected Estimates		
FY	**2015/16**	**2016/17**	**2016/17**	**2017/18**	**2018/19**	**2019/20**
Kiosk Rent	1,784,300	2,643,722	409,300	2,700,000	3,200,000	3,400,000
Single Business Permit	6,607,420	13,216,000	73,000	13,400,000	16,000,000	18,000,000
Market Fee	3,379,335	4,019,884	770,620	4,200,000	6,000,000	9,500,000
Building Approvals	235,600	452,340	75,000	500,000	500,000	550,000
Cess	5,989,511	7,634,100	2,230,649	8,000,000	8,000,000	9,500,000
Royalties	25,772,015	29,523,440	4,953,220	30,000,000	30,000,000	34,500,000
Stock cess/slaughter	7,041,955	10,175,184	1,542,410	10,500,000	12,000,000	14,257,890
House Rent	1,566,832	311,115	41,424	390,000	500,000	700,000
Advertising	258,560	419,937	26,000	500,000	1,000,000	1,200,000
Parking Fee	696,550	4,678,070	244,520	4,705,890	5,105,890	6,000,000
Bus Park and Motorcycle	6,036,988	2,134,200	1,143,730	2,300,000	4,000,000	4,500,000
Renewals/Applications	1,454,100	2,330,990	31,800	2,400,000	2,500,000	2,700,900
Liquor Licensing	62,000	993,782	76,000	1,000,000	1,000,000	1,250,980
Other fees and charges (public toilet, honey, hides & skin, firewood, tarmarind aloevera, fish, scrapmetal, penalties,)	9,402,495	10,902,926	6,092,946	11,000,000	11,000,000	13,890,010
Agriculture	364,400	1,500,000	-	1,610,000	2,500,000	3,510,090
Health(cost sharing and public health)	26,453,217	25,320,000	5,884,860	25,400,000	40,000,000	50,000,000
Lands(Plot/Land Rates)	655,280	2,796,323	593,650	3,108,244	15,908,244	30,090,890
Livestock/Permits	544,555	1,283,210	58,775	1,500,000	2,000,000	2,568,040
Trade		1,910,404	0	2,106,050	2,106,050	2,606,090
Grand Totals	**98,305,114**	**122,245,626**	**24,247,904**	**125,320,164.00**	**163,320,184**	**208,724,890**

Source: West Pokot County Treasury, 2016

The County Government collected Kshs.98.3 Million in FY 2015/16 against a target of Kshs. 177.3 Million. This represented local revenue performance of 55.4% per cent. The local revenue raised also represents a decline of 5.6 Million from the revenue collected in FY 2014/15. Revenue collected for the first quarter of FY 2016/17 amounted to Ksh.24, 247,904representing 19.84% of the target. This performance is not satisfactory given that it is below the 25 percent target for the quarter. There is need for adequate measures to be put in place to ensure the remaining revenue targets are met to avoid a budgetary deficit.

Internal revenue target is projected to grow to Kshs 125, 320,184 (2.3%)in FY2017/18 from Ksh.122.2M in FY 2016/17. This growth projection represents an increase of 2.5 percent from the previous target. The highest revenue stream contributors are expected from royalties (23.9%), health cost sharing(20%) and single business permits (10.6%).

3.5Deficit 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 countyexpenditures are limited to county estimates that balancesoff with the sum total of internal revenue collection, share of the national revenue and conditional grants. Therefore over the medium term, the County Government will not borrow so that domestic borrowing does not crowd out the private sector given the need to increase private investment to accelerate economic expansion.

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 43.3 percent in FY 2014/15, 37.69 percent in FY 2015/16 and 34.94 per cent in FY 2016/17.It is projected to be 32.5 percent in FY 2017/18. These resources for development are above the 30 percent minimum threshold set out in the PFM law.

b) The county government recurrent expenditure was 56.7 per cent and 58.44 percent in FY 2014/15 and FY2015/16 respectively.This is projected to grow to 63.3 percent in FY 2016/17 and 65.2 percent in FY 2017/18 and 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 2017/2018 is slightly above recommended ratio of 35 percent of the total budget. County wage bill is expected to stabilize at 37.22% of the total revenue in the FY 2017/18 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 bethere shall be openness and accountability, including public participation in financial matters.The county government conducted public participation on 25TH November 2016 where all the County Development Partners, Civil Society Members, County Budget and Economic Forum 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
All Departments	The public raised the need for : • Civic education on Family planning to all citizens especially the women • Constructions of youth friendly centers • Operationalizing youth empowerment centre in Alale • Harvesting water in places where there is inadequate rain • Support to young upcoming artist in the county • Introduction of west pokot talent show to promote young artist • Explanation on the reason why project cost for building a market in

	Bendera was higher than that in Makutano • Purchase of a bus to assist in ferrying players from one place to another • Introduction of maisha league in the county • Building of more cattle dips in North Pokot • Purchase of ambulance and employment of staff in Nauyopong dispensary • Need for playing ground for youths in Alale ward • Measures the county government is taking to ensure that the rights of women are protected • Training of business people on business skills • Need for investment conferences at county level • Vaccination of livestock along the county borders to reduce disease incidences • Reason for delay in upgrading of Kaibos dispensary to health centre • Need to improve roads around the town than constructing packing sites

4.0 CHAPTER FOUR: MEDIUM TERM EXPENDITURE FRAMEWORK

4.1 Introduction

The fiscal year 2017/2018 present a momentous opportunity to the County to complete and operationalize most of the projects it has been undertaking. Apart from the funds allocated for Ward Specific projects, all the other funds will go towards completion of the ongoing projects.

Therefore, the ceilings for the different sectors of the County have been dictated by the need to complete ongoing projects rather than the priority needs.

4.2 Ministerial Expenditure Sector Priorities and their Justification

4.1.1 Public Administration Sector

County Executive

With the overall mandate of providing overall County leadership in the formulation and implementation of County economic and social Policies, the following priorities will be pursued over the medium term; to improve County governance, administration and decision making processes for improved social, economic and political environment.

The County Executive will also spearhead the Profiling and mapping of new investment opportunities, civic education and support devolution through continuous engagement with the Council of Governors and development partners. All these are aimed at accelerating growth and reducing poverty as a contribution to the attainment of Vision 2030 goals.

With its division of the office of the Governor, subcounty and ward administration, and public service board, this vote is under Ceiling of 7 percent of the total resource envelope and has been allocated a final ceiling of Kshs 364.8M including development of Kshs 111.3M being for completion of governor's residence, Sub county office for Kapenguria and operationalization of ward offices..

Intergovenmental Relations and Special Initiatives

This Couny Ministry is charged with strengthening intergovernmental relations among different arms of government within and outside the County as well as other special initiatives like coordination of peace building activities and disaster management.

The county is prone to many disasters hazards like drought, mudslides, flooding, lightning and fire outbreaks. Conflict with neighbouring Turkana as well as Elgeyo Marakwet counties has been a constant recurrence and the County has a resolve of ending the conflict that occur mainly due to cattle rustling and boundary disputes.

Peace building activities along the borders will be continued; disaster management committee activated and strengthen inter-governmental relations between the county and national government. The County will continue to prioritize contingency planning and strengthening disaster risk reduction through capacity building and improvement of disaster risk early warning. Adaptation and mitigation measures against disaster hazards like drought, fire, landslides and other natural calamities has also been given priority.

A total of Kshs 46.5 has been set aside for emergency relief and 4.5M to purchase more lightning arrestors.

Public Service Management

This Ministry is strategic in providing sound leadership through coordination of county public service. Civic education of the public will be enhanced during the next FY 2017/18 through the support of Kenya Devolution Support Program. In addition, capacity building of technical departments on Finance, Planning, Monitoring and Evaluation and Human resources will be supported.

Finance & Economic Planning

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

In the FY 2016/2017, KShs 38.8M had been allocated to Masol Integrated Project and completion of Treasury Building. In FY 2017/18, a total of Kshs36.5 has been allocated to opertaionalize the County treasury building and complete Masol Integrated Project. Priority has also been given to the preparation and publication of Integrated Development Plan(2018-2022).

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, Undertake effective financial management and strengthen internal control systems in the county to safeguard public resources.

County Assembly

The County Assembly is mandated with oversight , representation and legislative role for the county. The assembly therefore plays a crucial role in strengthening the democratic space and good goverance in the county. This Vote is also under ceiling from CRA of 7 Percent of the county budget and has been allocated Kshs 450 with KShs 80M for Development expenditure.

The County Assembly's priorities over the medium term are; putting into use the county assembly restaurant andcontinuing with Modern County Assembly.

4.1.2 Agriculture and Rural Development Sector

The goal of the 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 27percent to GDP through linkages with manufacturing,distribution and other service related sectors. It further accounts for about 65 percent of Kenya's total exports, 18 percent and 60 percent of the formal and total employment respectively(economic survey 2014).

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 strategy of the Ministry

is to create an enabling environment for farming and provide support services to the medium and small scale farmers.
The Financial Year 2017/2018 and over the MTEF period, the sub-sector will focus its efforts on completion and operationalization of a county agricultural training Centre, funding of ongoing irrigation schemes, strengthening agricultural extension services and environmental conservation and purchase of certified seeds.

Livestock development, Veterinery Services and Fisheries

The sub-sector will prioritize strategies that will increase livestock productivity as a large portion of the county's population practice livestock production owing to existing favourable semi-arid ecological conditions. Livestock proceeds contribute significantly to household incomes and revenue to the County.

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.In the FY2017/2018, the sub-sector will be allocated KShs, 168,670,097 in which KShs.61.5M has been allocated to development programs.

Lands, Physical Planning, Urban Development and Housing

Some of the medium term priorities for the sub-sector comprises: urban planning, completion of spatial planning, projects mapping, land adjudication programmes, cadastral surveys of public land, resolution of general boundary disputes, preparation of Part development plans- for public institutions/offices, public sensitization on matters of physical planning, policy formulation(County spatial planning bill, Development control bill), Makutano car parking phase II, town beautification, construction public toilets, street lighting, maintenances of town roads, traditional/alternative dispute resolution and investigation of the status of public land.

This sub sector will be allocated Kshs 132.3M outof which Kshs 40.5 will be for development. This is down from Kshs 135.8M in FY2016/2017. In FY 2015/16 the sub-sector budget was allocated KShs 92,197,154down from Kshs164, 587,806.75 that was allocated in the FY 2014/15.

4.1.3 General Economic, Commercial & Labour Affairs Sector

Trade, Industry, Cooperatives and Energy

Trade sub-sector programmes are geared towards creating an enabling business environment and implements 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 produces.

The sector priorities over the medium term include completion of market infrastructure (market construction), value chain development, boosting of biashara mashinani fund, 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.

The funding for this sub sector has been Kshs 146,490,510.70 in 2014/2015, Kshs 110,668,271 in FY 2015/2016, and Kshs 94.6 in 2016/17. To complete the planned activities including milk processing plant, this sector has been allocated Kshs 138.3.

The sub sector established a Biashara Mashinani Fund to assist traders with capital to boost business activities within the county. This fund will be boosted this FY to enable more traders access the fund.

4.1.4 Energy and Infrastructure Sector

Roads, Public works and Transport

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

A total of Kshs 221,666,616 for FY 2017/18 has been allocated to the sub-sector to complete ongoing road works. More funds need to be allocated to the sub sector to improve on road drainage and structures. Training of Boda-Boda operators to enhance road safety has also been given a priority. Ward access roads received some funding of Kshs 1.1M per ward to help improve rural feeder roads.

4.1.5 Health Sector

Health and sanitation services

The Kenya Vision 2030 envisages provision of equitable and affordable healthcare at the highest affordable standards. Further, this is anchored in our constitution under the Bill of rights. The sector's budget allocation for 2014/15 FY was Kshs. 922,530,200 accounting for 24.41% of the total revised budget. This rose to Kshs 1,166,265,293 in 2015/2016representing 24.14 per cent of the total budget and Kshs1,388,328,758.94 in 2016/17. In the FY 2017/18, the sub sector will receiveKshs 1,129,975,774 representing 26.7 percent of the total budget (without conditional grant and ward fund projects).

During the next fiscal year and medium term, there will be restrictions of establishing new health facilities to concentrate on completing the ongoing and operationalizing them. Also, in the medium term, 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, 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 its residents.

4.1.6 Social Protection, Youth, Culture & Recreation Sector

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 of Vision 2030. In FY 2015/2016, the sub-sector was allocated Kshs 144.5accounting for 2.99 %

of the total revised budget. This allocation reduced to KShs 129M in FY 2016/2017 and will increase to Kshs 169 in 2017/2018 with a development budget of Kshs 109M to complete and or fund ongoing projects.

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 and construction of the main stadium in Kapenguria,

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. 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. Environmental issues are also closely linked to other sectors of the economy such as development planning, population dynamics, finance, public health and sanitation, and trade.

Water, Environment and Natural Resources.

In West Pokot County, 25% of residents use improved sources of water, with the rest relying on unimproved sources.Given the county is ASAL; water is key priority to the citizens. Improved sources of water comprise protected springs, protected wells, boreholes, piped water into dwellings, piped and rain water collection while unimproved sources include pond, dam, lake, stream/river, unprotected spring, unprotected well, jabia, water vendor and others.

In the medium term, the sector priority includes: Development of gravitywater supplies, solar powered boreholes, intake protection works, waterpans/sand dams and rain water harvesting.

To address the challenges in this sector, Kshs 192 has been allocated during the FY2017/18 compared to Kshs196 in the FY 2016/17.

4.1.8 Education Sector

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 sub-sector medium term sector priorities includes provision of school bursary and scholarship to needy students and those in professional courses and completing the ongoing projects especially the ECD college, ECDs, Chesta TTC, provision of ECD learning materials, school infrastructure improvement and school feeding program. To achieve this, Kshs 351.6M has been allocated to this sub sector with Kshs 118.9M going to fund Development projects (This excludes Ward specific projects that are yet to be identified with the bursary fund). The FY 2016/17 saw the sector receive Kshs 594.7M**.**

4.3 Budget Ceilings

Table 3:2017/18 Budget Ceilings

VOTE	TOTAL 2015/2016 ESTIMATES	2015/ 2016 %	2016/2017 PRINTED ESTIMATES RECURRENT	2016/2017 PRINTED ESTIMATES DEVELOPMENT	TOTAL FY 2016/2017 ESTIMATES	2016/ 2017 %	2017/2018 RECURRENT PROJECTIONS	2017/2018 DEVELOPMENT PROJECTIONS	2017/2018 TOTAL PROJECTIONS	2017/2 018 AS %	PERSONNEL EMOLUMENTS
COUNTY EXECUTIVE	543,729,479.10	11.26%	348,998,949.81	103,295,297.95	452,294,247.76	8.53	364,859,303.30	111,386,112.98	476,245,416.28	9.29	205,944,300.30
FINANCE AND ECONOMIC PLANNING	188,424,396.75	3.90%	276,852,510.27	75,952,122.50	352,804,632.77	6.65	220,276,605.71	36,525,000.00	256,801,605.71	5.01	128,709,937.00
ROADS, PUBLIC WORKS AND TRANSPORT	473,834,101.10	9.81%	73,800,110.62	450,978,548.30	524,778,658.92	9.89	103,451,616.00	118,275,000.00	221,726,616.00	4.32	74,876,819.00
HEALTH AND SANITATION	1,166,265,293.10	24.14%	1,112,971,405.91	364,362,639.41	1,477,334,045.32	27.85	1,046,761,850.51	83,213,924.01	1,129,975,774.52	22.04	804,651,850.51
EDUCATION AND ICT	630,650,499.00	13.06%	367,903,239.22	288,377,142.83	656,280,382.05	12.37	232,702,094.50	118,949,935.88	351,652,030.38	6.86	159,566,131.50
AGRICULTURE AND IRRIGATION	304,949,826.90	6.31%	95,774,290.12	145,097,488.38	240,871,778.50	4.54	98,256,873.00	164,601,140.20	262,858,013.20	5.13	80,000,413.00
LIVESTOCK, FISHERIES AND VETERINARY SERVICES	216,786,896.00	4.49%	88,369,482.58	69,605,784.45	157,975,267.03	2.98	107,170,097.90	61,500,000.00	168,670,097.90	3.29	64,005,097.90
TRADE, INDUSTRY AND COOPERATIVE DEVELOPMENT	110,668,270.80	2.29%	62,352,191.30	34,824,165.45	97,176,356.75	1.83	62,552,934.00	75,845,240.00	138,398,174.00	2.70	22,992,934.00
LANDS, HOUSING, PHYSICAL PLANNING AND URBAN DEVELOPMENT	92,197,514.00	1.91%	83,864,371.32	57,870,000.00	141,734,371.32	2.67	90,124,512.00	42,188,878.39	132,313,390.39	2.58	64,197,875.00
WATER DEV., ENVIRONMENT AND NATURAL RESOURCES	256,428,861.65	5.31%	66,511,139.19	166,770,582.07	233,281,721.26	4.40	79,224,853.53	112,842,401.00	192,067,254.53	3.75	29,873,852.00

TOURISM, CULTURE, SPORTS, YOUTH AND GENDER DEV.	144,524,426.25	2.99%	40,280,999.34	87,212,779.28	127,493,778.62	2.40	57,559,521.20	109,268,316.58	166,827,837.78	3.25	25,903,440.00
WEST POKOT COUNTY ASSEMBLY	527,478,443.35	10.92%	450,000,000.00	85,000,000.00	535,000,000.00	10.09	450,217,500.18	80,000,000.00	530,217,500.18	10.34	201,777,500.18
COUNTY PUBLIC SERVICE MANAGEMENT	174,550,000.00	3.61%	135,923,220.88	14,000,000.00	149,923,220.88	2.83	130,711,226.40	25,980,000.00	156,691,226.40	3.06	47,799,346.06
INTERGOVERNMENTAL RELATIONS AND SPECIAL INITIATIVES			85,520,918.57	72,000,000.00	157,520,918.57	2.97	86,526,574.74	5,700,000.00	92,226,574.74	1.80	8,153,360.80
WARD SPECIFIC PROJECTS			-	0.00	0.00	0.00	-	575,000,000.00	575,000,000.00	11.21	
LOANS AND GRANTS			0.00	0	0.00	0.00	95,792,447.00	-	95,792,447.00	1.87	
CONDITIONAL GRANTS TO HEALTH			0.00		0.00	0.00	55,572,699.00	-	55,572,699.00	1.08	
CONDITIONAL GRANTS TO ROADS			0.00		0.00	0.00	-	124,425,000.00	124,425,000.00	2.43	
TOTAL	**4,830,488,008.00**	**100.00**	**3,289,122,829.13**	**2,015,346,550.62**	**5,304,469,379.75**	**100.00**	**3,281,760,708.96**	**1,845,700,949.04**	**5,127,461,658.00**	**100.00**	**1,918,452,857.24**
PERCENTAGE	100.00%		60.37%	39.63%	100.00%		64.00	36.00	64.00		37.42

Source: West Pokot County Treasury 2016

From Table 3 above, the wage bill is expected to take 37.42per cent of the FY 2017/2018 budget while Development stands at 36per cent. Operation and Maintenance stands at 24.36per cent of the total county revenue. The next budget is expected to fund completion and operationalization of the completed projects. Operation and maintenance include medical drugs, bursary, Biashara mashinani fund and emergency relief among others.

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

4.3.1 Ward Specific Projects

This fund has been allocated a total of Kshs 575M to fund projects emanating from the grassroots. Sub location/location/ward meetings shall be held 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. A good percentage of development funds will go to the on-going projects and most on-going projects will be completed by end of the 2016/2017 FY.

ANNEXES

1. Summary of sectorial Ceilings by Economic Classification

Sector/ Department	No. of Staff	Personnel Emoluments	O & M	Development
Office of the Governor	80	205,944,300.30	158,915,003.00	111,386,112.98
Finance and Economic Planning	170	128,709,937.00	91,566,668.71	36,525,000.00
Roads, Public Works and Transport	62	74,876,819.00	28,574,797.00	118,275,000.00
Health and Sanitation	826	804,651,850.51	242,110,000.00	83,213,924.01
Education and ICT	823	159,566,131.50	43,135,963.00	118,949,935.88
Agriculture and Irrigation	71	80,000,413.00	18,256,460.00	164,601,140.20
Livestock, Fisheries and Veterinary Services	75	64,005,097.90	43,165,000.00	61,500,000.00
Trade, industry and Cooperative development	28	22,992,934.00	39,560,000.00	75,845,240.00
Lands, Housing, Physical Planning and Urban Development	30	64,197,875.00	25,926,637.00	42,188,878.39
Water dev., environment and natural Resources	35	29,873,852.00	49,351,001.53	112,842,401.00
Tourism, Culture, Sports, Youth and gender Dev.	18	25,903,440.00	31,656,081.20	109,268,316.58
West Pokot County Assembly	119	201,777,500.18	248,440,000.00	80,000,000.00
County Public Service Management	42	47,799,346.06	82,911,880.34	25,980,000.00
Intergovernmental Relations and Special Initiatives	6	8,153,360.80	78,373,213.94	5,700,000.00
Total	**2385**	**1,918,452,857.24**	**1,181,942,705.72**	**1,146,275,949.04**

2. Ceilings Comparative Analysis Table: CBROP 2016and 2017/2018 CFSP

VOTE	2016/2017 PRINTED ESTIMATES	2016/2017 PRINTED ESTIMATES (AS %)	2016 CBROP CEILING	2016 CBROP CEILING AS A %	CFSP CEILING 2017/2018	CFSP CEILING 2017/2018 as a %	2018/2019 PROJECTIONS	2019/2020 PROJECTIONS
COUNTY EXECUTIVE	446,103,446.14	8.85%	325,536,098	6.79%	476,245,416.28	11.14%	334,740,050.40	368,214,055.44
INTERGORNMENTAL RELATIONS AND SPECIAL INITIATIVES	157,520,918.57	3.12%	75,073,010	1.57%	92,226,574.74	2.16%	123,900,000.00	136,290,000.00
FINANCE AND ECONOMIC PLANNING	315,817,448.27	6.26%	270,588,829	5.64%	256,801,605.71	6.00%	301,082,959.80	331,191,255.78
ROADS, PUBLIC WORKS AND TRANSPORT	503,208,962.92	9.98%	430,913,815	8.99%	221,666,616.00	5.18%	609,940,336.48	670,934,370.13
HEALTH AND SANITATION	1,390,328,758.94	27.58%	1,300,958,192	27.14%	1,129,975,774.52	26.42%	1,450,471,423.04	1,595,518,565.34
EDUCATION AND ICT	593,424,823.25	11.77%	568,026,359	11.85%	351,652,030.38	8.22%	591,871,556.06	651,058,711.67
AGRICULTURE AND IRRIGATION	238,871,778.50	4.74%	245,113,695	5.11%	262,858,013.20	6.15%	305,329,729.07	335,862,701.98
LIVESTOCK, FISHERIES AND VETERINARY SERVICES	148,882,863.58	2.95%	192,472,702	4.01%	168,670,097.90	3.94%	242,068,687.26	266,275,555.99
TRADE, INDUSTRY AND COOPERATIVE DEVELOPMENT	94,651,356.75	1.88%	105,238,177	2.20%	138,398,174.00	3.24%	174,773,722.20	192,251,094.42
LANDS, HOUSING, PHYSICAL PLANNING AND URBAN DEVELOPMENT	140,875,875.32	2.79%	149,515,694	3.12%	132,313,390.39	3.09%	167,725,757.79	184,498,333.57

WATER DEV., ENVIRONMENT AND NATURAL RESOURCES	203,825,552.26	4.04%	207,697,957	4.33%	192,067,254.53	4.49%	278,023,583.70	305,825,942.07
TOURISM, CULTURE, SPORTS, YOUTH AND GENDER DEV.	127,618,778.62	2.53%	219,642,257	4.58%	166,827,837.78	3.90%	201,899,860.68	222,089,846.75
WEST POKOT COUNTY ASSEMBLY	535,000,000.00	10.61%	560,282,000	11.69%	530,217,500.18	12.40%	547,219,657.95	601,941,623.75
COUNTY PUBLIC SERVICE MANAGEMENT	145,173,220.88	2.88%	142,790,543	2.98%	156,691,226.40	3.66%	147,000,000.00	161,700,000.00
TOTAL	**5,041,303,784.00**	**100.00%**	**4,793,849,328**	**100.00%**	**4,276,611,512.01**	**100.00%**	**5,476,047,324.43**	**6,023,652,056.87**

Note1 – This table does not include ward fund for the CFSP projected ceilings for FY 2017/18.

3. Line Budget