



# **COUNTY GOVERNMENT OF KITUI**

**COUNTY MINISTRY OF FINANCE AND ECONOMIC PLANNING**

## **County Fiscal Strategy Paper (2015/2016)**

**INVESTING IN FOUNDATIONS FOR SUSTAINED  
ECONOMIC GROWTH AND DEVELOPMENT**

**FEBRUARY, 2015**

## **Foreword**

Kitui County Fiscal Strategy Paper 2015 is the second to be prepared by the County Government under the devolved governance structure and sets out the priority programs to be implemented in the Medium Term Expenditure Framework (MTEF) as outlined in 2014 CFSP. The basis for this strategy paper and all the policies anchored on it are built on the background of improving national and global economic forecasts, underpinned by gradual recovery of the advanced economies and sustained robust growth in Sub-Saharan Africa. Shifting priorities in favour of sub Saharan Africa fuelled by mining interests, investment in infrastructure as well as other investment segments further reinforces the hope for accelerated economic growth prospects and creation of more jobs.

The Country continues to encounter domestic shocks, putting to test the resilience and strength of the economy. Insecurity, inadequate rainfall, are some of the shocks that caused headwinds to the economy in 2014. Kitui County is largely agricultural economy, and domestic shocks such as inadequate rainfall constitute a major component of downside risks to our growth prospects. Strong and stable growth environment has been anchored on prudent economic policies undertaken by the national government over the years. However, the economy still face domestic and international challenges that pull down the performance. This County Fiscal Paper is designed to address such challenges while building the successes achieved over the last decade.

The broad strategies for investing the foundations for sustained economic growth and development are anchored on the following five pillars, namely;

- i. Ensuring business environment is conducive to attract investment. Attracting investment into the county both local and international will vital for employment creation and economic prosperity.
- ii. Accelerating agricultural transformation for food security through irrigation and adoption appropriate technology to expand food supply.
- iii. Investing in infrastructural development such as roads network, energy and water supply to improve on connectivity and investor attractiveness.
- iv. Investing in social infrastructure for quality and accessible health care services and quality education as well as social safety nets to reduce the burden on the households.
- v. Entrenching devolution into the lower units of governance for better service delivery and enhance rural development.

In line with the above broad priorities, the CFSP outlines the strategies to be employed in 2015/16 program implementation to achieve the desired objectives.

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A dedicated team in the county treasury spent significant amount of time putting together this county fiscal strategy paper. In particular, we are grateful to Mr Fidhelis Mwaniki, Deputy Director: Budgeting and Economic Planning, Mr Joel Muyanga: Assistant Director, Economic Planning, Mr. Paul Kimwele: Economist, Mr Kairu Mwangi, Economist; Reynold Njue, Economist and many other departmental staff for their invaluable input into this report.

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## Abbreviations

AD	Assistant Director
AIA	Appropriation-In-Aid
AMS	Agricultural Mechanization Services
BPS	Budget Policy Statement
CAATs	Computer Aided Audit Tools
CECM	County Executive Committee Member
CFAs	Community Forest Associations
CFSP	County Fiscal Strategy Paper
CG	County Government
CLIPD	Community Level Infrastructure Projects Development programme.
CO	Chief Officer
CoK 2010	Constitution of Kenya 2010
CRA	Commission for Revenue Allocation
CT	County Treasury
DD	Deputy Director
ECDE	Early Childhood Development Education
EZs	Economic Zones
GDP	Gross Domestic Product
GIS	Geographical Information System
IDCs	Industrial Development Centres
IFMIS	Integrated Financial Management Information System
KES	Kenya Shilling
KEWI	Kenya Water Institute
KMTC	Kenya Medical Training College
KTTC	Kitui Teachers Training College
LAN	Local Area Network
LAPSSET	Lamu Port South Sudan Ethiopia Transport (Corridor)
MDGs	Millennium Development Goals
MTEF	Medium Term Expenditure Framework
NCD	Non Communicable Diseases
REA	Rural Electrification Authority
SEKU	South Eastern Kenya University
SGR	Standard Gauge Railway
SRC	Salaries and Remuneration Commission
VPN	Virtual Private Network

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

The County Fiscal Strategy Paper is published in accordance with Section 117 of the Public Finance Management Act, 2012. The law states that:

- 1) The County Treasury shall prepare and submit to County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by 28th February of each year.
- 2) The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.
- 3) In preparing the County Fiscal Strategy Paper, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the county government in preparing their budget both for the coming financial year and over the medium term.
- 4) The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term.
- 5) In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of -
  - (a) the commission of revenue allocation;
  - (b) the public;
  - (c) the interested persons or groups;
  - (d) Any other forum that is established by legislation.
- 6) Not later than fourteen days after submitting the County Fiscal Strategy Paper to the County Assembly, the county assembly shall consider and may adopt it with or without amendments.
- 7) The County Treasury shall consider any recommendations made by the County Assembly when finalizing the budget proposal for the financial year concerned.
- 8) The County Treasury shall publish and publicise the County Fiscal Strategy Paper within seven days after it has been submitted to the county assembly.

## **Fiscal Responsibility Principles for the National and County Governments**

In line with the Constitution, the Public Finance Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudent and transparent management of public resources. The PFM Act, 2012, (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 national government's expenditure on wages and benefits for public officers shall not exceed a percentage of the national government revenue as prescribed by the regulations.
- 3) 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.
- 4) 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.
- 5) 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.
- 6) Fiscal risks shall be managed prudently; and
- 7) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.



## **I. INVESTING IN FOUNDATIONS FOR SUSTAINED ECONOMIC GROWTH AND DEVELOPMENT**

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### **Overview**

1. The 2015 Kitui County Fiscal Strategy Paper (CFSP) is the second to be prepared by the county government of Kitui. It addresses the challenges encountered in the implementation of the previous budget as set out in the CFSP 2014. As such, this paper sets out the broad priorities of the county and highlights the programs to be implemented both in the short and medium terms in line with the set priorities.

2. The increase in funding from the national government's equitable share and the county's own resources will be channelled to development. Increasing interest from private sector investors will be expected to accelerate growth prospects in the county and creating more jobs. This will lead to creation of more assets necessary for achievement of sustainable development.

3. Economic growth prospects remain high as the County continues to invest in infrastructural development. The County's economy is mainly agricultural based and continued investment in the sector will lead to increased levels of income and expansion of employment opportunities.

4. Despite the bold economic reforms undertaken at the national level, the County is still experiencing development challenges which may hamper development growth as we move forward. Such challenges include; food insecurity, low coverage of electricity and high cost of energy, low land productivity compounded by inappropriate agricultural practices and land tenure system, undeveloped and poorly maintained road network, inadequate water supply, low youth and women empowerment, high poverty levels and huge medical costs in the context of low medical insurance cover.

5. The County will ensure that the objectives of devolution are achieved through better service delivery and rapid local economic development as well as jobs creation. However, this can only occur if the fiscal discipline in the use of devolved resources is entrenched and national macroeconomic environment remains stable. There is therefore great need to lay a strong economic foundation that will generate the resources for the entire County.

6. Over the medium term period, the County will undertake programs aimed at accelerating inclusive growth that will lead to jobs creation for the youth, women and the people living with disability (PLWD). The county has aligned its programme priorities to the national development agenda and has adopted the national pillars listed below. The five key pillars the County has organised its programmes and development agenda are:

- **Pillar I:** Ensuring a conducive business environment to enable the private sector conduct their business and attract investment.

- **Pillar II:** Investing in agricultural transformation and food security through irrigation and appropriate technology to expand food supply.
- **Pillar III:** Investing in infrastructural development such as roads network, energy and water supply to improve on the ease of doing business and attract private investors as well as reducing the cost of our products.
- **Pillar IV:** Investing in quality and accessible health care services and quality education as well as social safety nets to reduce the burden on the households.
- **Pillar V:** Cascading devolution to the decentralized units of governance for better service delivery and enhanced rural development.

### **Policies and Programs for achieving economic prosperity**

7. This CFSP therefore, articulates broad sector priorities, strategic objectives as well as sectoral expenditure programs to be implemented under the Medium Term Expenditure Framework (MTEF) 2014/15 – 2016/17 in order to achieve the County development goals of laying foundation for economic transformation. The County Government is using the strategies outlined below to achieve objective of each pillar.

#### **Pillar I: Ensuring a Conducive Business Environment for Employment Creation**

8. Macroeconomic stability necessary for attracting investment in the County is the responsibility of the National Government. However, the County Governments are responsible for maintaining conducive environment to compete among themselves and attract investors. In this regard, the County Government will implement structural reforms aimed at removing impediments in establishing/ doing business with the County

9. In the financial year 2013/14-2014/15, the County Government implemented a number of programmes and projects aimed at creating a conducive business environment with the long term goal of creating employment.

- The implementation of community level infrastructure programme which mainly targets local contractors was rolled out and it's expected to impact positively on business people at the community level.
- The construction, maintenance, grading and murraming various key roads in the county major urban areas while at the same time linking productive areas and markets.
- Installation of street lights in major towns to improve the security of the urban residents
- Renovation of various markets and putting up crucial amenities like toilets in market centres as well as supporting bee keeping initiatives through construction and equipping 16 honey processing refineries, supporting two cooperatives in dairy and horticulture farming with coolers, packaging machines for milk and mangoes processing machines.
- The ministry is also facilitating the registration of business names for newly trained contractors where they have registered 374 businesses and trained 1,896 contractors.

10. To enhance the culture of entrepreneurship among the youth and women, a program of youth saving and entrepreneurship was started that will benefit 10,000 youths and 150 women and 200 youths were trained on government procurement opportunities.

11. To ensure the County benefits from its large deposits of various minerals, necessary process will be undertaken to ensure approvals required from the County Government by prospecting companies are granted within reasonable time. The county government will also fast track the process of land adjudication in mineral rich areas.

12. In order to improve the income from tourism sector, the county government has embarked on an exercise to activate the dormant tourists' circuit that runs from the southern part of the county to the northern part, through the county headquarter. In this regard;

- The tourism department has initiated a number of infrastructural projects in roads expansion and maintenance, site development promotion and tourism, which include construction the George Adamson bridge revenue gate and Masyungwa revenue gate, Rehabilitation of the Nzambani rock ecotourism centre and development of management plans for South Kitui game reserve and Mwingi game reserve.

13. To harness the potential of ICT in improving business productivity and reducing cost, the County Government will invest in technology and roll out services mainly offered by electronic means such as licenses, revenue management. Financial management, topographic mapping, etc. In this regard, the county government has initiated the following projects:

- Community Resource Centres which will be equipped with the necessary IT facilities to enhance business communication
- Installation of Local Area Networks (LAN) and Wide Area Networks (WAN) to facilitate communication within the government and other business entities
- Establishment of data centres and ICT centres within the county

**Pillar II:** Investing in agricultural transformation and food security

14. Kitui County is described as food insecure, and perennially prone to drought. Food sufficiency is the first step towards economic transformation. To address the challenge of inadequate rainfall necessary to sustain agriculture, the County Government will adopt a mix of strategies to increase land productivity in the County.

15. During the financial year 2013/14 - 2014/15 the County government initiated a number of projects/programs aimed at addressing the above challenges and reversing the negatives impacts of food insecurity in the county. These include:

- Drip Kits for kitchen gardening and farm input support: 238.5 tons of assorted relief seeds worth Kshs 43,000,000 were procure and distributed to 117,000 beneficiaries in the whole county. 12,400 Ha were planted and 26,400 MT of food was expected to be produced;

- Equipping agricultural mechanisation services: procurement of Tractors, Crawlers and Low loader to enhance AMS service delivery and improve food production.
- Increase in area under irrigation: 17 irrigation projects were implemented in the county where 64.66 acres of land were put under crop production at a cost of Kshs 52,667,000
- Improvement of local breeds to enhance disease resistance and improve productivity. This has been taken together with disease control measures such as cattle dip rehabilitations and other extension services.

16. In line with the national policies to address food shortage through irrigated farming, a comprehensive program has been developed targeting construction of major dams to provide water for irrigation and domestic purposes. For this purpose, necessary machineries have been purchased to give the required support.

**Pillar III:** Investing in infrastructural development such as road networks, energy and water supply.

17. The County Government allocated a huge proportion of its budget to the development of roads, power distribution and water infrastructure in the 2014/15 FY. In order to build a reliable network of roads, electricity distribution, and water supply infrastructure, similar allocation has been made to continue the momentum on investment in infrastructure expansion and rehabilitation.

18. In order to complement the efforts made by the county government to build, and maintain road infrastructure through contracting, the county has resorted to acquisition of machineries and equipment needed for road maintenance. In 2013/14 and 2014/15 budget, some funds were set aside for graders and tippers acquisition. In 2015/16, more funds will be set aside for procurement of equipment.

19. In the year 2013/14-2014/15 various projects were implemented under this pillar. These includes:

- Road maintenance works which included, grading, gravelling, re-carpeting and installation of drifts and culverts. These development are expected to improve security, and link economic and investment zones as well as productive areas and markets.
- To increase access to electricity in the rural areas the county government embarked on the accelerated rural electrification programme. This projects is expected to continue over the medium term to ensure the rural population has access to electricity.
- In order to improve access to safe drinking water, 23 pipeline extensions were laid aimed at benefiting 21,750 community members and 8,500 livestock, 46 boreholes were rehabilitated benefiting about 105,000 people. Athi- Kanyangi-Mutomo-Ikutha- Kanziko pipeline extension water supply has also been initiated that is set to benefit over 10,000 residents
- In order to support community own initiatives in addressing their development needs, the County Government has come up with the

Community Level Infrastructure Development Programme (CLIDP) that targets small community initiated projects.

20. In order to drive economic growth over the medium term, create jobs and wealth for the County, the focus will be improvement of infrastructure mainly roads and water for irrigation. In particular, expansion of infrastructure shall include improvement of local roads to facilitate faster movement of goods and services across and outside the County as well as putting plans in place to open up major roads connecting the County to outside markets.

21. The County faces stiff shortage of housing, more pressure being generated by the devolution and the recent influx of institutions of higher learning. To address this pressure, the County Government will need to prepare development master plan for all its major towns to avoid the development pitfalls facing other major cities in Kenya today.

**Pillar IV:** Investing in quality and accessible health care services and quality education as well as social safety nets

22. Access to affordable health care services is vital for economic transformation. The need for well-equipped and adequately functioning health care facilities need not be over-emphasised. To achieve the Kenya Vision 2030 on lowering maternal and infant mortality service delivery in health facilities has to be improved, distance to the nearest facilities reduced and health care professional to population ratio substantially reduced. The County will need to reduce, over the medium term, the number of deliveries not attended by skilled health professional and increase the proportion of children completing immunisation as required.

23. To achieve this vital goal of quality affordable health, the County government implemented a number of projects in the financial year 2013/14-2014/15:

- Provision of drugs and non-pharmaceuticals to all public health care facilities in the county. The objective of this program is to ensure that patients have access to essential drugs at the lowest level possible.
- In order to improve access to medical and referral services across the county and to the regional referral health facilities, the county government has increase the number of ambulances and acquired 2 mobile clinics.
- The county government has also embarked on expansion, equipping, renovations and rehabilitation of health facilities across the county. Under this program, wards, outpatient units, theatres, mortuaries and other facilities are targeted for construction and equipping.
- Collaboration with the national government to open a new branch of Kenya Medical Training College in Mwingi. This program is aimed at providing support to Mwingi Hospital.

24. Looking forward, the County will structure its health care infrastructure around the identified economic zones forming a cluster of facilities around each level four facility. To support these level four facilities, the County plans to upgrade Kitui and Mwingi Hospitals to level 5 status to reduce referral cases to Machakos and Embu Hospitals and support referral services for all the facilities in the county. The county will promote reproductive health, behaviour change and mental health. The

ambulance services will be, overtime, available in each Sub County, operated and coordinated from a central command. Emphasis will be put to ensure completion of all on-going and reviving of stalled projects.

25. The South Eastern Kenya University plans to establish a medical school. The County Government will enter into arrangement with the University to use Kitui Hospital for internship as they train medical doctors. The County will also continue cooperating with the Kenya Medical Training College (KMTC) to extend its services from Kitui Hospital to Mwingi Hospital and other hospitals in the County.

26. In the education sector, the county government implemented the following projects:

- Provided 6,250 desks to ECDE centres benefitting a total of 18,750 children.
- Provided teaching and learning materials to 1,530 ECDE centres that benefitted 88,750 ECDE children to improve the quality of education.
- A stipend was paid to 2,156 ECDE teachers in order to motivate them.
- Forty (40) model ECDE classrooms were constructed.
- Eight (8) model youth training and skills enhancement workshops were constructed that benefitted 724 youths.
- Twenty nine (29) youth polytechnics were equipped with dress making, Carpentry, joinery and Construction tools to benefit 3,755 trainees.

27. The County Government will continue ensuring ECDE, home craft, childcare centres, and youth polytechnics are fully functional with teachers/ instructors, infrastructure and equipment. The County Government is well aware of the challenges the youth are facing and will create link between education and employment driven by knowledge and technology.

28. In order to achieve the Medium Development Goals (MDGs) and pursue post 2015 development agenda, the Government with the support of Development Partners will direct substantial resources to economic and social sectors such as agriculture, infrastructure, health and education. The targeted social safety net programmes include pro-poor support programme, infrastructure savings and investment programme and emergency fund among others.

29. Towards this end the County government has already rolled out programmes aimed at strengthening the social safety net in the last financial year. This includes, the pro-poor programme which have provided bursaries to 12,800 needy students and the youth infrastructure saving and investment programme aimed at benefitting 10,000 youths.

**Pillar V:** Entrenching devolution to the decentralized of governance for better service delivery and enhance rural development

30. In order to ensure the poor in the rural areas benefit from devolution, the County Government will continue to support the establishment and operationalization of sub county units that include sub county offices, ward and village offices. The county government will also constitute the necessary institutions

to midwife devolution. The government is in the process of constructing 40 ward administration offices to take county services closer to the people.

31. To ensure the devolution bears the intended fruits to the residents, the County Government will build the capacity of the institutions in the devolved units. The county government will ensure that the accounting officers understand and cascade downwards the principles of the PFM Act 2012 through adequate capacity building. It will also ensure that the principle of inclusiveness in the constitution is implemented e.g. through public participation in decision making and ensuring the one third gender rule is adhered to.

## **II. RECENT ECONOMIC DEVELOPMENTS**

### **Overview of Recent Economic Developments**

32. Kenya's economy, like many other countries, is highly synchronised to the global markets, with volatilities and boom in the world markets impacting negatively or positively on the local economy. The world economy continues to grow at a moderate and uneven pace, encumbered by both the legacies of the global financial crisis and a number of new challenges.

33. The global growth is projected to strengthen in 2015-2016, to a pace of 3.8 per cent, up from the estimated rate of 3.3 per cent in 2014. This is largely because developed economies have indeed in 2014 all registered positive growth for the first time since 2011 despite the fact that growth in the euro zone remains fragile. Global growth will receive a boost from lower oil prices, which reflect, to an important extent, higher supply. Africa's overall growth momentum is set to continue, with GDP growth expected to accelerate from 5 per cent in 2014 to 5.75 per cent in 2015.

34. Major uncertainties and risks threatening the world economic outlook include the risks associated with the quantitative easing exit by the United States Federal Reserve (popularly known as the economic stimulus), the divergence in monetary policies among the major developed countries, a possible escalation in geopolitical tensions; and the risk of a failure in containing Ebola and other related disasters.

35. Economic growth in Kenya remains robust. The Kenya National Bureau of Statistics rebased and revised the National Accounts statistics (NAS) in September 2014. Subsequently, the rebased GDP which now stands at Kshs 4,757.5 Billion translating to a GDP per capita of US\$ 1,269, and placing Kenya at lower middle income economy.

36. The economy grew by 5.7 per cent in 2013, up from 4.5 per cent in 2012 with the increase being attributed to improvement in agriculture, forestry, fishing, manufacturing, wholesale and retail trade, financial and insurance activities and information and communication. Looking forward, the growth is promising due to continued implementation of bold economic policies and structural reforms as well as sound economic management. The economy is projected to grow at 5.3 per cent, 6.9 per cent in 2014 and 2015 respectively, and 7.0 per cent over the medium term.

37. Key macroeconomic variables remained at the desired levels with the average annual inflation rate resting at 6.9 per cent in December 2014. However, there was a decline in overall inflation in the month of December 2014, which stood at 6.0 per cent, largely attributed to lower fuel costs. The Central Bank interest rate remained at 8.5 per cent in December 2014 with the commercial banks average lending rate declining to 15.9 per cent from 17.0 per cent in 2013. The Kenya Shillings exchange rate demonstrated mixed performances against major currencies. The currency depreciated against the US dollar while appreciating against the Sterling pound and the Euro. Activities in the stock market remained vibrant in the year 2014. The NSE 20 share index improved to 5,113 points in December 2014 from 4,927 points the previous year. Market Capitalization improved from Ksh 1,901 billion in December 2013 to Ksh 2,300 billion in December 2014.

38. Growth in the Country was affected by insecurity concerns which negatively impacted heavily on the tourism sector, droughts and other weather related shocks, inadequate investment and inappropriate incentive structure leading to decline in agricultural productivity and manufacturing sectors and emerging high and unsustainable recurrent expenditure.

39. At the local level, the County economy has continued to show improvement as more funds allocated to development get absorbed into planned projects/programs. Infrastructure and urban development received a major boost as funding for the county increased substantially under devolved system relative to amount initially allocated to county by the national government.

### **Macroeconomic Stability (Inflation, Interest Rates, Exchange Rates)**

40. Even though the management of these variables is left solely to the National Treasury, their effect on the economy is of great concern to the County Governments as the national treasury itself. The inflation rate over the medium term improved significantly from 7.2 per cent in December 2013 to 6.4 per cent in December 2014. The overall target level is 5 per cent in the medium term, which is desirable economy to achieve its fiscal and monetary objectives.

41. Over the medium term, the exchange rate movements have been mixed, with the Kenya Shilling appreciating against major international currencies such the Japanese Yen, Sterling Pound and the Euro but weakening to the Dollar over the period to October 2014. A strong Shilling to the Japanese Yen may be good for car importers, but weakens our competitive advantage for exporters. A weaker Shilling on the other hand makes imports costly and will not pass the full benefit of oil price decline to the economy.

42. The interest rates continue to decline significantly over the medium term, with the Central Bank of Kenya 91-day Treasury bill interest rate declining from 9.7 per cent in October 2013 to 8.7 per cent in October 2014. Whereas the Central Bank Rate has remained stable at 8.5 per cent, the interbank rate has been declining from 8.98 per cent in December 2013 to 6.73 per cent in October 2014. This has the effect of stimulating private credit that is required to accelerate private development and the financing of public private partnership projects.



## **Stock Markets**

43. The performance of our stock exchange is an important index of a County's economic performance. Over the medium term, Nairobi Securities Exchange performance has been satisfactory, recently outperforming most of its peers in the continent. The NSE 20 share index improved from 4,992.88 points in October 2013 to 5,194.89 points in October 2014. Market capitalisation (measures shareholders wealth) improved from Kshs1,873.7 billion to Kshs2,246.6 billion over the same period. This development is important for the County as stable capital markets are necessary for financing private sector investments.

## **Challenges in implementing 2013/14 budget**

44. Generally, performance of the County was greatly affected negatively by inadequate rainfall, which resulted in low crop yields. The County relies on rain fed agriculture for its agricultural productivity. This calls for change of tact for the county to improve its food security and overall growth.

45. The implementation of 2013/14 financial year was hampered by low absorption of development funds. The recruitment of the necessary personnel and setting up of the institutional framework vital for projects implementation. This resulted in the county only absorbing 14.7 per cent of total development allocation.

46. This low absorption rate has been attributed to various factors that affected service delivery during 2013/14 financial year. These include: delay in the recruitment of key personnel; set up challenges that county governments faced in the entire country that resulted from managers having to learn the operational procedures within their work environment as well as institutional capacity gaps that are being filled over time.

47. The devolved functions did not collect projected revenue. This resulted in the projected total budget being revised downwards to accommodate the projected deficit during supplementary budget review. This resulted from bills proposed for the assembly to pass to allow the executive to collect being delayed.

## **Key Development Projects likely to Impact on Kitui County**

48. A number of projects initiated mainly by the National Government are likely to impact positively on the growth prospects of Kitui County. Kitui County being home to the Mui Coal Basin, is likely to benefit from the mining of coal within blocks C and D. The agreement for the concessioning of the blocks to Fenxi Mining Company, a Chinese Company has been signed. The Government has also advertised for the concessioning of the remaining two blocks A and B and construction of a coal fired plant within the basin.

49. The coal mining at Mui basin agreement also envisages other infrastructural projects to the zone that will spur economic growth for the County including a T-junction of the Mombasa- Nairobi Standard Gauge Railway at Kibwezi, roads and a 12 inch water pipeline from Tana river to the basin

50. The construction of the recently launched Standard Gauge Railway (SGR) from Mombasa to Nairobi, with a T-junction at Kibwezi to Mui coal basin is another development likely to have a transformative impact on Kitui County. This railway will connect Mui coal basin through the southern economic zone (Kanziko-Ikutha-

Mutomo) of the County which is endowed with mineral deposits like limestone, iron ore and gemstones.

51. The National Government plans to start upgrading Kibwezi – Mutomo – Kitui – Mwingi road from the lower side, where it diverts from Mombasa road. This road has been prioritised and the process of bidding has been initiated by the Kenya National Highway Authority (KeNHA) to select contractor(s). This road is likely to have great impact on sectors like tourism, transport and other service sectors after diverting traffic from Mombasa road to central Kenya through the County. It will also play a key link role when the LAPSSET corridor is done.

52. Limestone mining has also generated considerable interest in Kyuso-Tseikuru as well as Ikutha-Mutomo-Kanziko Economic and Investment zones. Athi River Mining Co. Ltd is already in Ngaie area, prospecting for limestone. Dangote Group, has also expressed interest to invest in Kanziko-Mutomo-Ikutha Economic and Investment zone.

53. The Lamu Port Southern Sudan Ethiopia Transport (LAPSSET) corridor though taking shape slowly is also another mega project that will greatly impact on the economic growth of Kitui County. This corridor, once completed will position Kitui as logistics hub and unlock a major economic opportunity for the County such as the export of livestock and livestock products to the Middle East.

54. In recent past, Kitui County has attracted institutions of higher learning (Universities and other middle level colleges). Institutions of higher learning play two key roles in the development of an economy; i) capacity development and ii) research. Already, South Eastern Kenya University (SEKU) is working with the County on water resource mapping and looking into the possibility of partnering with Kitui hospital to start training of doctors.

55. The development of Kitui Town Sewerage system & Water supply funded by the African Development Bank (AfDB) in conjunction with the National Government is like to increase the land value, attract more investors and result in increased revenue potential for the County.

56. Kiambere- Mwingi phase II water supply, intended to expand the existing pipeline to accommodate the northern part of Mwingi which was not included in the first phase. The second phase targets Muumoni, Kyuso and Tseikuru.

57. The Athi – Kanyangi – Mutomo water project, which is funded by the World Vision in collaboration with the County Government, is likely to change the lives of Kitui residents. Its main intention is to supply water for domestic supply in Mutomo and other markets in Kitui south.

58. Construction Mutha – Walden Road to interconnect Kitui and Tana River Counties. This has led to reduced cost for doing business between the two counties as well as boosting security.

59. Improvement of roads connecting Economic and Investment zones that has reduced cost of doing business. These roads include:-

- Kitui – Miambani A (D507) – Township and Kyangwithya East wards.
- Kitui – Miambani B (D507) – Kyangwithya East and Miambani wards.

- Miambani – Mikuyuni – Ikoo A (D507) – Miambani ward
- Miambani – Mikuyuni – Ikoo B (507) – Miambani ward
- Ikoo – Nuu A (D507) – Mui and Nuu wards.
- Ikoo – Nuu B – Mui and Nuu wards.
- Kiongwe – Mutula (E731) ) – Miambani ward.
- Miambani – Kamandio – Mwanzilu A (E731) – Miambani and Migwani wards.
- Miambani – Kamandio – Mwanzilu B (E731) – Miambani and Migwani wards.
- Kwa Siku – Usiani – Kasyala A (E744J2) – Miambani Kwa Siku – Usiani – Kasyala A (E744J2) – Miambani and Kyangwithya East Wards.
- Kwa Siku – Usiani – Kasyala B (E744J2) – Miambani Kwa Siku – Usiani – Kasyala A (E744J2) – Miambani and Kyangwithya East Wards.
- Kyeni – Kavalo – Kasyala (URP 279) – Mutonguni & Kyangwithya East Wards.
- Kwa Soo – Kea – Kamandio A (URP 280) – Migwani and Miambani Wards.
- Kwa Soo – Kea – Kamandio B (URP 280) – Migwani and Miambani Wards.
- Kwa Soo – Kea – Kamandio C (URP 280) – Migwani and Miambani Wards.
- Zombe – Mutito – Ikoo A (D509) – Zombe/ Mwitika & Mutitu/ Kaliku wards.
- Zombe – Mutito – Ikoo B (D509) – Zombe/ Mwitika & Mutitu/ Kaliku wards.

60. Construction of Fibre Optic Cable and installation of 21 BTS by Safaricom within Kitui County that will boost mobile network connectivity from about 35 per cent to 55 per cent.

61. The County in collaboration with Kenya Medical Training College will open a campus at Mwingi Level 1V Hospital.

### **III. NATIONAL AND COUNTY ECONOMIC OUTLOOK**

#### **Overview of Economic Outlook**

62. Kenya's economy remains strong despite the headwinds it faced in 2014. This has been underpinned by its macroeconomic stability and adherence to credible fiscal policy. Achieving the target growth has been a major challenge in the face of recurring domestic shocks such as inadequate rainfall and insecurity, especially during tourists' peak seasons, resulting in poor sector performance.

63. The economy recorded a growth of 4.7 per cent in 2013, up from 4.6 per cent in 2012. This growth is expected to rise to 5.3 per cent in 2014 and 6.9 per cent in 2015. According to the World Bank, this will be supported by activities in Kenya's trading partners. However, for the economy to sustain or improve this growth rate in 2015, a number of domestic shocks as well as other supply risks inherent in international trade will have to be surmounted.

64. The County economy heavily relies on the performance of the Nation economy, as much as its merchandise and food comes from other counties. Being semi-arid and less industrial, much of the employment and hence the generation of gross domestic product is essentially from service sector which includes whole sale and retail business, construction and Financial Services.. This makes the economy too vulnerable to domestic shocks and its performance volatile.

65. Inadequate rainfall during the November – December short rains season, has affected crop yields and pasture formation resulting in poor performance in the agricultural sector, which is the main provider of informal employment and source of income and livelihoods. Revenue performance for the county is also likely to be negatively affected by the drought, as cess and other market fees are important revenue streams. Also the prices of livestock is usually depressed when crop production is low.

66. The economic transformation agenda of the County is premised on the County's long term development blue print, "The Kitui Vision for Economic and Social Transformation – KVEST". The Vision is based on the six economic and investment zones (EIZs) with various economic potentials that have been mapped out and specific programmes designed for each zone. The six economic zones include:

- i. Mui Basin, whose main potential is the coal mining and associated coal power generation. Its other potentials include livestock farming and limestone mining.
- ii. Ikutha – Mutomo – Kanziko, whose main potential is mining of limestone, iron ore and other precious stones.
- iii. Kitui Town and its environs, whose main potential is commercial and financial hub for the surrounding zones.
- iv. Kanyangi - Kwa Vonza – Kanyoonyoo, whose potential is also commerce and education hub and a research and development zone. Already two universities are hosted in this zone.
- v. Mwingi Town and its surrounding, whose potential is main commercial and financial centre, being the largest town next to the LAPSSET corridor. It has potential for tourism development since it is at the upper circuit of the County.
- vi. Muumoni – Kyuso – Tseikuru which has potential in irrigated farming, mining of limestone and other precious stones.

67. These Economic and Investment zones are designed to help the County to realize the following key objectives and to position Kitui County as:

- a) An economic unit where a high quantum of GDP is generated;
- b) An attractive place for industrial investors and business ventures anchored on the natural and other resources within the County;
- c) A place where a wide range of skilled, semi-skilled and unskilled employment opportunities are created;
- d) A source of wealth creation for its people and the Country at large; and a place where people enjoy a high quality of life in a clean and safe environment in both rural and urban areas.

68. The service sector in the County is expected to serve as a driver to economic growth. The banking industry that provides credit to the business community is

expected to play a vital role in financing the expansion and growth of construction sector that will be fuelled by rising institutional as well as individual demand for residential and commercial properties. Expansion and improvement of some road networks to all weather roads is envisaged to reduce post-harvest waste, cost of doing business by improving connectivity and accessibility. The rising number of tertiary institutions opening Campuses in the County will serve to build the capacities for local residents necessary for research, as well as provision of much needed jobs for youths and skilled personnel.

### **Risks to County Economic Outlook**

69. Delayed take off of major projects highlighted above as key driver of economic transformation such as the Mui coal mining, coal fired plant, limestone mining in Kanziko and Ngaaiye, upgrading of the Kibwezi-Mutomo-Kitui road and many other projects lined up for the County and the National Governments pose serious risk to future outlook. This may result into lost revenues expected to accrue from levies and royalties expected from mines as well as employment benefits.

70. Public expenditure pressures especially recurrent expenditures, mainly salaries and other emoluments may curtail the County's ability to continue investing in infrastructural expansion, human resource development and social sectors. That, wage bill is not declining as a percentage of expenditure over time should signal a serious problem.

71. Over reliance on rain fed agriculture is another serious vulnerability to this economic outlook. Erratic weather pattern that is so characteristic in the County may derail our development agenda with substantial resources channelled to emergency relief services. This is so real given that the December rain did not do well in most parts of the County.

72. The proportion of local revenue to the total budget is very little (less than 8 per cent), monthly revenue collection cannot meet the wage bill for the county. A delay by the national government to release monthly allocation can easily plunge the county into crisis. Imprudent management of resources can result into financial crisis both for the employees and the suppliers of goods and services.

73. Though the proportion of revenue generated locally is very low compared to that received by the county from the equitable share as required by Article 202 of the constitution of Kenya 2010, lack of appreciation and misinformation related to Finance Act 2014 as passed by the County Assembly may affect service delivery. Any reason for the merchant to delay payment for the services charged by the county government in the delivery of service, whether being political or apolitical has the risk of derailing the plans of the County.

74. Delay in the release or non-release of conditional grants provided through the National Government will affect timely implementation of planned projects and programmes.

## **IV. FISCAL FRAMEWORK AND STRUCTURAL MEASURES**

### **Overview**

75. The 2015 medium term fiscal framework is to accelerate financing for development projects while still providing for adequate budgetary support and human resource development necessary to address capacity gaps. In this regard, this County Fiscal Strategy Paper emphasizes on:

76. Continued reforms in expenditure management and revenue administration will be accelerated. This will increase revenue and create fiscal space for spending on infrastructure and other development programmes.

77. Efficiency and improvement of productivity of expenditure while ensuring that adequate resources are available for operations and maintenance of the decentralized County Government structures. The County Government recognizes that the fiscal stance it takes today will have implications into the future.

### **County Financial Outlook**

78. The County Government of Kitui recognises that the fiscal stance taken today influences future choices. The County Government, just like the National Government is bound by the Constitution and the Public Finance Management (PFM) Act of 2012 to adhere to the set rules so as to entrench fiscal discipline.

79. In the medium term, fiscal consolidation measures will be put in place while ensuring that the resources in the County are adequate to promote growth and improve the living standards of the people of Kitui. The County Government of Kitui is committed to a reduction in the recurrent expenditure to devote more resources to development.

80. In order to achieve the set development agendas of the County, the proportion of development in the overall budget to remain above 30 per cent over the medium term, as set out by the PFM law. The county government has gone further to target 40 per cent allocation to development in the medium term.

81. In order to address the risks associated with wage bill and other operational an expense crowding out development, the proportion of was shall be managed in a manner that it should decrease or remain constant as the total expenditure increases. In this personnel costs have been capped at 35 per cent and operations and maintenance at 25 per cent.

82. To ensure that the County Government get competitive rates for goods and services from its suppliers, payments shall be made on timely basis to forestall confidence and creditworthiness.

83. In the financial year 2015/16, the County Government expects to receive Kshs 7.54B from the National Government and generate locally Kshs 608M. The Kshs 7.54 comprise of Kshs 7.217B from equitable share plus Kshs 322M being conditional allocations and grants.

84. In the medium term, the county government plans to maintain a balanced budget to avoid deficit financing. This is in line with recommendation of the National Treasury and the Commission on Revenue Allocation that counties should not borrow

in the medium term. However, The County Executive Committee Member in charge of finance may enter into an overdraft arrangement with the central bank of Kenya if there are enough funds in the County Revenue Fund account to guarantee it. Such an arrangement must be in line with section 58, 140 and 141 of the PFMA and will be entered into purely for cash flow management.

### **Fiscal Policy and Other Structural Reforms**

85. At the foundation of fiscal reforms are the measures that the County Government will institute to raise the revenue collection. The County Government has inherited a revenue collection system that local authorities used for revenue administration. In order to increase the efficiency of revenue administration and thereby increase local resources, the County Government has initiated the process of automating revenue collection and continuous review of fees and charges.

86. In order to broaden the revenue base and thereby increase resource potential, the County Government will undertake resource mapping to determine the county's revenue generation potential and assess the proportion of potential revenue not currently being collected for targeting. Establishing the main revenue streams and undertaking appropriate reforms within these streams is likely to improve collection.

87. On the expenditure side, the County Government will continue with expenditure management reforms initiated by the National Treasury to improve efficiency and reduce wastage in line with the PFM Act, 2012. Compliance with the budgetary requirements and full adoption of the Integrated Financial Management Information System (IFMIS) from budgeting to reporting will be necessary.

88. In order to manage and contain wage bill and wage related expenses, it is important for the County entities to formulate their organisational structures complete with necessary staff establishment. It has been noted that defending the rationale for recruiting more staff without an established structure is really difficult. These structures have to be approved by the appropriate authority.

89. In line with the above proposed measures, the County Government will undertake job realignment to ensure that staffs inherited from the Local Authorities and the National Government are well oriented to the work assignment for efficiency and effectiveness in service delivery.

## **V. MEDIUM TERM EXPENDITURE FRAMEWORK**

90. The 2015/16 budget framework is based on the broad priorities set out in the subsequent section of this document. These priorities address the strategic objectives of the County Government as set out in the County Integrated Development Plan (CIDP) and contribute to the national objectives as identified by Medium Term Plan II (MTP II) of the Kenya Vision 2030.

91. On Revenue Projections, the County Government is expected to institute measures to expand revenue base and eliminate leakages. Review of charges and fees charged by the County Government for its services and modernization of revenue collection from manual to electronic, is expected to realise the set targets

for revenue collection. The Government expects to get from equitable share, in form of transfer Kshs 7.48B. Own revenue to be generated by the County is expected to be Kshs 608M making a resource envelope of Kshs 8.089B for the year 2015/2016.

92. Expenditure Forecast is built around the resource envelope to ensure a balanced budget and avoid deficit financing. The key policy document guiding the County Government's expenditure decisions is the first CIDP, which provides the updated development priorities of the County.

93. Recurrent expenditure is to be maintained at 60 per cent of the total budget. In order to accommodate the increase in payroll related costs while still maintaining the recurrent to development ratio, operation and maintenance may go down (as a proportion of the total budget) compared to last financial year.

94. The overall budget ceiling for spending entities are based on the broad priorities of the County as outlined in this paper. The budget framework adopted over the medium term for 2014/15 will be rolled over to 2015/16, in line with the 2014/15-2016/17 MTEF. Programs initiated during the last financial year will continue to be funded to ensure intended benefits are realised.

### **Broad Sector Priorities for 2015/2016**

95. In the period 2014/15, the County Government initiated and implemented various programmes, some of which will continue to receive funding in the financial year 2015/16.

96. The County Broad sector priorities, strategies and proposed projects and programmes to be implemented in 2015/2016 FY are analysed in the table below.



<b>County Ministry/ Spending Entity</b>	<b>Broad Priorities</b>	<b>Broad Strategic Objectives</b>	<b>Proposed Projects and Programmes for 2015/2016 FY</b>
1. Office of The Governor	· Promote socio-economic development in the community	· Facilitate implementation of pro-poor and community level infrastructure support programmes	Pro – Poor Support Programme
			Community Level Infrastructure Development Program (CLIDP)
	· Response to disasters and emergencies	· Develop and implement disaster management plan	Emergency Relief and Refugee Assistance
	· Positioning, branding and county image	· Develop and implement a county branding and communication policy	Establish and equip a county headquarter media centre; Equipment and furniture
			Purchase of County Reception equipment
· Fostering intra and intergovernmental relations	· Develop and implement a policy on intra and intergovernmental liaison functions	County Administration Block – Perimeter wall, car park and landscaping	
		Completion of County headquarters	
2. Administration & Coordination of County Affairs	· Coordination of county activities	· Tracking of county programmes and projects	Construction/ expansion of Kitui Central Sub County office block
			· Conducive working and living environment.
3. Agriculture, Water and Irrigation	· Promote socio-economic development in the community	· Investing in input subsidy programme, irrigation and encouraging use of appropriate technologies	<b>AGRICULTURE</b>
			Drip Kits for Kitchen gardening for malnutrition and food security
			Seed bulking (Input support programme)
			Development of on-farm water resources (on-farm ponds, shallow wells, etc.)
			Irrigation development and management

County Ministry/ Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for 2015/2016 FY
			Postharvest management, Crops Pest and Disease control
			Agricultural show and trade fair
	· Training and development on Agriculture	· Capacity building of farmers to equip them with necessary skills.	Building capacity of ATC
	· Promotion of traditional food crops and fruit tree nurseries	· To promote traditional high value drought resistant crops and fruit tree nursery	Acquisition of agricultural/water machinery
	· Conducive work environment for the field officers	· To improve the working environment for field officers by providing office space and transport.	Promotion of sorghum production and utilization
	Promote use of appropriate technologies	To provide farmers with appropriate technologies to promote agriculture mechanisation	Fruit trees nursery establishment
			Establish and operationalize plant clinics in 10 Wards
			Acquisition of motor vehicles & Motor bikes
			Completion of stalled office blocks
			To enhance capacity of Kitui AMS
			<b>LIVESTOCK</b>
	· Boosting livestock production through breeding, fodder and enhanced animal health.	· Promotion of livestock breeds, pasture improvement and invest in animal health and bee keeping	Livestock breeds improvement
			Bee keeping and honey production
			Livestock disease prevention and control (Dip rehabilitation and animal vaccination)
			<b>FISHERIES</b>
	To increase fish production	Promotion of fish production in the county	Aquaculture development
			<b>WATER</b>

<b>County Ministry/ Spending Entity</b>	<b>Broad Priorities</b>	<b>Broad Strategic Objectives</b>	<b>Proposed Projects and Programmes for 2015/2016 FY</b>
	· Improve availability and accessibility of water both for domestic and agricultural use	· Construction and distilling of earth dams, drilling, rehabilitation and equipping of boreholes, laying of pipelines and extending existing ones and paying subsidies to WSPs to improve water services.	Sub surface Sand Dams ( <i>ming'eeto</i> ) Athi – Kanyangi - Mutomo water Projects Drilling and Equipping of Boreholes Construction/desilting of earth dams Subsidies to WSPs Construction/Extension of pipelines Borehole and pipeline repairs/rehabilitation
4. LANDS, INFRASTRUCTURE AND URBAN DEVELOPMENT			<b>LANDS ADJUDICATION AND SETTLEMENT DEPARTMENT</b>
	· Specialised Equipment, Materials and Supplies	· Purchase of Specialized Plant, Equipment, Materials and Supplies and refurbishment of buildings	Purchase of specialized equipment's - satellite images Refurbishment of Non-Residential Buildings
			<b>VALUATION AND ESTATE MANAGEMENT DEPARTMENT</b>
	Improve efficiency in service provision		Purchase of tools and office equipment
			<b>TRANSPORT AND MECHANICAL SECTION DEPARTMENT</b>
			Construction of offices and workshops Purchase of specialized plant and equipment, material and supplies
			<b>PHYSICAL PLANNING DEPARTMENT</b>
	· Construction of	· Strengthening the	Construction, repair and maintenance of non-commercial

<b>County Ministry/ Spending Entity</b>	<b>Broad Priorities</b>	<b>Broad Strategic Objectives</b>	<b>Proposed Projects and Programmes for 2015/2016 FY</b>
	Buildings	institutional framework for infrastructure development	buildings including a GIS Lab
			Contracted services for research, feasibility studies and technical consultation
	· Efficient land management	· Digitization of land management system	Preparation of digital PDPs, DPs and digitization of the existing paper maps. Purchase of data, software, equipment, furniture, cars and motorcycles
			<b>SURVEY AND MAPPING DEPARTMENT</b>
	· Efficient land management	· Purchase of Specialized Plant, Equipment, Materials and Supplies	Purchase of specialized equipment, furniture and other office installations
	· Construction of Buildings.	· Strengthening the institutional framework for infrastructure development	Construction, repair and maintenance of non-commercial buildings
		· Carrying out cadastral surveys and land adjudication county wide with an aim of issuing residents with title deeds	Cadastral and Perimeter survey of major towns
			<b>PUBLIC WORKS DEPARTMENT</b>
	Ensure construction of building standards are adhered to	Supervision of construction works of all buildings and maintenance of the same	Refurbishment of all stalled government buildings
			Construction of cube tasting building
			Training and higher education
			<b>ROADS AND ALLIED INFRASTRUCTURE DEPT</b>

<b>County Ministry/ Spending Entity</b>	<b>Broad Priorities</b>	<b>Broad Strategic Objectives</b>	<b>Proposed Projects and Programmes for 2015/2016 FY</b>
	· Construction of Buildings.	· Strengthening the institutional framework for infrastructure development	Construction of departmental offices and store yards for 6 civil and 3 mechanical Engineers
			Construction/Improvement of departmental offices at each Sub-County for 3 civil and 2 mechanical technician with stores
	· Specialised Equipment, Materials and Supplies.	· Purchase of Specialized Plant, Equipment, Materials and Supplies	Purchase of 2 No. Graders
			Purchase of 2No.Backhoe Loaders
			Purchase of 1No. Tipper Trucks
			Purchase of 1 No. Drum Rollers 10-ton
			Purchase of 1 No. Wheel Loader
			Purchase of 1 No. Hydraulic Excavator
			Purchase of 1 No. Earthmovers D180
			Purchase of 3 No. Water Bowsers
			Purchase of material testing workshop tools and equipment
			Purchase and installation of CAD software and related hardware
	· Enhance infrastructural development to support efficient transport and effective service delivery.	· Construction of Roads and related civil works	Construction of Roads – Others/Emergency
			Construction of hydraulic Structure, Drifts, slabs e.t.c
			Maintenance of roads (Purchase of marrum, hard core etc.)
			Road marking and signage/ identification Work
· Specialised Equipment, Materials and	· Purchase of Specialized Plant, Equipment, Materials and Supplies	Construction of transport &mechanical departmental workshops & store yards	
		Purchase of various mechanical and other relevant equipment	

<b>County Ministry/ Spending Entity</b>	<b>Broad Priorities</b>	<b>Broad Strategic Objectives</b>	<b>Proposed Projects and Programmes for 2015/2016 FY</b>	
	Supplies.			
5. KITUI TOWN	· Town Civil and Other Infrastructural Works.	· Opening up Town Roads, markets, bus stages and beautification	Kitui Town Roads Tarmacking	
			Manhole Covers and Bollards.	
			Parking Bays and Road Marking.	
			Bus Stops	
			Markets Renovations	
				Town Beautification
	· Security lighting in major Towns	· Improved security system through street lighting.	Street Lighting - Kitui Town Kwa-Vonza	
	· Improved water and Sewerage System	· Enhanced water and Sewerage System	Purchase of cleansing and sanitation tools and equipment	
			Purchase of solid waste bins	
	· Training (including capacity building).	· Capacity Development.	Capacity building for staff	
			Town/Municipality Management Committee/Board induction.	
			Benchmarking on Integrated Strategic Municipality Management.	
			Kitui Agricultural Show	
			Public Participation (Public Fora)	
	· Construction of Buildings (and Purchase of land).	· Construction of offices and related building works	Renovations of the Town Administration Block	
Construction of a New Kitui Slaughter House				
Construction of 1 Public Ablution Facilities (Kalundu & Kiembeni)				
Cemetery Land				
· Specialised Equipment,	· Purchase of Specialized Plant, Equipment,	Purchase of one Town Administration Vehicle		
		Purchase of one dump-truck		

<b>County Ministry/ Spending Entity</b>	<b>Broad Priorities</b>	<b>Broad Strategic Objectives</b>	<b>Proposed Projects and Programmes for 2015/2016 FY</b>
	Materials and Supplies.	Materials and Supplies	Purchase of one fully equipped 5M <sup>3</sup> fire engine
6. MWINGI TOWN	· Training (including capacity building)	· Capacity Development	Capacity building for staff
			Community awareness creation on primary Solid Waste Storage
			Benchmarking on Integrated Solid Waste Management
			Town Administration Committee induction and training
	· Specialised Equipment, Materials and Supplies	· Purchase of Specialized Plant, Equipment, Materials and Supplies	Purchase of workshop tools, spares and equipment
			Purchase and repair of cleansing and sanitation tools and supplies
			Purchase and replacement of slaughterhouse tools and equipment
			Repaint and renew the office and its compound.
	· Construction of Non-residential Buildings	· Construction of Civil Works	Construct a guardhouse at office gate
			Repair/maintenance of 74 market stalls
			Construct a new public toilet at Garissa stage
			Rehabilitate & exhaust 4 public latrines (bus park, stockyard and slaughterhouse - 2)
			Construct Town Roads to bitumen standards
			Fence Town Cemetery
			Rehabilitate old dumpsite
Fence and re-organize Ngwatano dumpsite			
Cleanse and Beautify the Town			
Maintenance of current flowers and trees			
Plant more flowers and trees			
Landscape old market triangle			
Clear bush along Garissa Rd from Tyaa Bridge to Halal			

County Ministry/ Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for 2015/2016 FY
			<ul style="list-style-type: none"> <li>Petrol Station &amp; Kamuwongo Rd up to Cottage</li> <li>Repair/renovate the Town's slaughterhouse</li> <li>Install Town Street lighting</li> <li>Purchase and fence 5 acres land for dumpsite</li> <li>Construct new and maintain old storm water drains</li> <li>Construct walkways/pathways in old and open- air (barter) markets</li> <li>Erect road sign along two newly re-carpeted roads</li> <li>Construct drainage, shades and temporary transfer station at old Kitui stage</li> <li>Redesign and construct drainage of the RHS of the re-carpeted KCB –sunkar road station</li> </ul>
		<ul style="list-style-type: none"> <li>· Enhanced water and Sewerage System</li> </ul>	<ul style="list-style-type: none"> <li>Purchase of waste bins for secondary solid waste storage</li> </ul>
	Disaster risk preparedness and management	To improve disaster preparedness and management	<ul style="list-style-type: none"> <li>Purchase of double cabin pick up</li> <li>Purchase of a fully equipped 10m3 exhauster</li> <li>Purchase of one fully equipped 3 m3 fire engine</li> </ul>
7. Basic Education, Training & Skills Development	· Enhancing early childhood education	· Improving infrastructure at the ECDE centres and the quality of teaching and learning	Construction of 40 ECDE class rooms
			Equipping of ECDE centres with teaching and learning materials
			Outdoor play equipment for ECDE centres
			ECDE desks
	· Promoting, facilitating and improving youth training and development	· Improve infrastructure in the youth polytechnics and broaden the curriculum offered in them	<ul style="list-style-type: none"> <li>Refurbishment of 8 youth polytechnics to become centres of excellence (based on a baseline survey to establish the needs of each polytechnic)</li> <li>Construction of 1 workshop in wards (13) where there are no youth polytechnics</li> </ul>



County Ministry/ Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for 2015/2016 FY
	<ul style="list-style-type: none"> <li>Integrated Programmes to Improve Academic Performance.</li> </ul>	<ul style="list-style-type: none"> <li>Improve the academic performance in the National examinations for both Primary and Secondary Schools.</li> </ul>	<ul style="list-style-type: none"> <li>Equipping of youth polytechnics with modern tools to expand the courses offered to include metal processing technology, electrical &amp; Motor Vehicle Mechanics</li> <li>Mentorship programme for form 4 and standard 8 candidates (10 students per school)</li> <li>Facilitate 3 Joint County exams for standard 8 candidates</li> <li>Benchmarking visit to Makueni County</li> <li>Capacity building of primary school head teachers on item setting (Science )</li> <li>Support for low cost boarding primary schools (Beds and mattresses)</li> <li>Consultative meetings and forums</li> </ul>
8. Health & Sanitation	<ul style="list-style-type: none"> <li>Ensuring efficiency and effectiveness in health service delivery</li> </ul>	<ul style="list-style-type: none"> <li>Construction, renovation and equipping of health facilities</li> </ul>	<ul style="list-style-type: none"> <li>Completion of OPD in Kitui Hospitals</li> <li>Completion of OPD in Mwingi Hospitals</li> <li>Equipping of OPD in Kitui Hospitals</li> <li>Equipping of OPD in Mwingi Hospitals</li> <li>Equipping Kitui L IV Hospital amenity ward</li> <li>Completion of Mwingi L IV Hospital Surgical and amenity wards.</li> <li>Completion of roofing and refurbishment of Kitui.</li> <li>Completion of roofing and refurbishment Mwingi</li> <li>Refurbishment of Eye unit at Kitui hospital</li> <li>Refurbishment of ENT unit at Kitui and Mwingi hospitals.</li> <li>Refurbishment of MCH and CCC at Mwingi Hospital</li> <li>Purchase of Medical and Dental Equipment for new Maternity theatres, wards, mortuaries (Kyangi, Mutomo, Zombe, Mutitu mortuary, Mutomo, Kyuso, Mwingi theatre</li> </ul>

County Ministry/ Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for 2015/2016 FY
			10m, Kitui Theatre, CT scan. Purchase of Laboratory Equipment for new theatres, wards, mortuaries. Construction of Ward at Kauwi Hospital Construction of Ward at Nuu Hospital Construction of Ward at Katulani Hospitals Construction of Ward at Ikanga Hospital Construction of OPD at Mutomo Hospital Construction of OPD at Zombe Hospital Tiva Dispensary renovations Kathome dispensary wiring Construction of maternity unit at Ikutha Tharaka HC Renovations Malalani Disp renovations Delivery of Beds and equipment at Kalambani dispensary Mutha Health Centre renovations New/Stalled dispensaries in needy/underserved areas New 6 dispensaries
9. Trade, Industry, IT & Co-operatives	<ul style="list-style-type: none"> <li>Improving business environment and promotion of active investment climate</li> </ul>	<ul style="list-style-type: none"> <li>Setting up a kitty to support micro and small enterprises with trade loans, capacity building residents with requisite business management skills and construction/rehabilitation of markets and livestock</li> </ul>	Construction of 10 fresh produce modern markets in major trading centres: <ul style="list-style-type: none"> <li>Kamutei – Kitui south</li> <li>Katse – Mwingi north</li> <li>Mbitini - Kitui Rural</li> <li>Mathuki – Mwingi central</li> <li>Miambani - Kitui Central</li> <li>Katulani – Kitui Central</li> <li>Zombe- Kitui East</li> </ul>

County Ministry/ Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for 2015/2016 FY
		yards	<ul style="list-style-type: none"> <li>. Kisasi- Kitui rural</li> <li>. Kanziko –Kitui south</li> <li>. Ngomeni- Mwingi North</li> </ul> <p>Construction of 24 simple market sheds in medium trading centres: market shed: capacity 40 traders, 6 door public toilet, refuse</p> <p>Construction of 10 public toilets at the market centres</p> <p>Construction of loading facilities and chain link fence with concrete posts in various livestock yards.</p> <p>Construction of 40 boda-boda sheds in each ward</p> <p>Establishment of Kitui Trade Development Loan Board</p> <p>Training on business management skills to SMEs and newly trained contractors : Book keeping, documentation, Development of bills and policies</p>
	<ul style="list-style-type: none"> <li>· Encourage savings and investment culture</li> </ul>	<ul style="list-style-type: none"> <li>· Promotion of SACCOs and boosting value addition of products</li> </ul>	<p><b>COOPERATIVES AND INDUSTRY</b></p> <p>Construction/ Equipping of 10 honey processing factories: processing room, display room, office, store, public toilets, fence, power connection, water tanks</p> <p>Facilitate 2 cooperatives with a 1000 ltrs Milk cooler-Packaging machine (pasteurizer) ; Mango processing machines 2 components (Juice line and Pure water treatment plant system .</p> <p>Capacity building programme to SACCO targeting women, youth, newly trained contractor boda boda operators, producer business groups, formation of new cooperatives in mineral endowed</p>
	<ul style="list-style-type: none"> <li>· ICT infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>· Establishment and</li> </ul>	ICT capacity building

<b>County Ministry/ Spending Entity</b>	<b>Broad Priorities</b>	<b>Broad Strategic Objectives</b>	<b>Proposed Projects and Programmes for 2015/2016 FY</b>
	development and connectivity	installation of ICT infrastructure, increase internet connectivity and enhance ICT use and adoption	Equipping the 12 ICT Centres Establishment of county radio station Reinforce security at the data center
			<b>YOUTH</b>
	· Encourage savings and investment culture	· Encouraging savings and capacity to do value addition through formation of cooperatives societies	Youth Infrastructure ,Savings and Enterprises Development Programme Capacity building youth on Entrepreneurship, leadership, mentorship , ICT,IGAs, procurement, drug and substance abuse Gender mainstreaming programs within communities
			<b>CULTURE</b>
	· Preservation, Promotion and development of the culture	· Boosting the cultural activities and programmes within the County	Cultural programs for community performing groups, artists and schools Identification and Preservation historical and cultural sites
			<b>SPORTS</b>
	· Development of Sports facilities	· Talent Development	Development of 2 sports facilities and stadia – Mwingi and Kitui county headquarters , and 80 play grounds in all the 40 wards Support development of sport in the county
			<b>SOCIAL DEVELOPMENT AND CHILDREN SERVICES</b>
	Construction of Resource Centres	· Community empowerment	Socio economic development of marginalized members of society, women, PLWD, Children.

<b>County Ministry/ Spending Entity</b>	<b>Broad Priorities</b>	<b>Broad Strategic Objectives</b>	<b>Proposed Projects and Programmes for 2015/2016 FY</b>
	and Socio Economic Development targeting the marginalized groups.		Construction of resource centres , Recreational park and culture and heritage Centre Support community based child development initiatives
10. Environment, Energy & Minerals Investments Development	· Climate change adaptation and mitigation measures	· Afforestation and re-afforestation programs	Tree growing programme
	· Training and capacity development on environment conservation	· Establish and capacity build the relevant institutions/ committees/ stakeholders	Build capacity for communities to adopt environmental conservation for sustainable livelihoods. Climate change adaptation and mitigation programme
	· Renewable energy sources	· Capacity build communities on alternative sources of energy	Renewable energy technologies programme:
	· Increase access to electricity and other alternatives energy sources	· Partnership with REA to rollout county accelerated electrification programme	Rural Electrification Programme.
11. Tourism & Natural Resources	· Development and promotion of tourism products	· Rehabilitating existing tourism sites through improvement of infrastructure, introducing niche products, improve	Nzambani Ecotourism Centre(climbing structure, a cultural centre, nature walk)
			Construction of revenue gates in mwingi game reserve and south kitui game reserve.
			Grading/opening up access roads in the game

County Ministry/ Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for 2015/2016 FY
		security and encourage private investment in the hospitality industry	reserves(Mwingi and south kitui game reserves) Undertake feasibility studies (Nzambani , proposed Kanyonyoo wildlife sanctuary) Organise for Miss Tourism Kitui County Land Acquisition at Nzambani Rock (for county projects and potential investors) Development of a picnic site in Mwingi Game Reserve (near Adamson bridge) Establishment of Akamba Handicraft Centre at Nzambani Rock
	· Management and conservation of protected areas	· Protecting natural resources by fencing off venerable areas, establishing security outposts, establishing community conservation groups and establishing a snake park	Fencing of Mwingi Game Reserve (with support from other partners) Construction of security outposts in Mwingi and South Kitui game reserves Establishment of snake park at the Mutomo Hill Plant Sanctuary Establishment of conservation and ecotourism groups (Masyungwa, Mumoni, Mutitu, Nuu, Nzambani and Mutha areas) Development of Ikoo Valley as a tourist destination (feasibility study, development of viewpoint, etc) Opening up Mutitu and Mumoni hills as bird watching areas (development of nature walks for visitors) Development of county tourism marketing strategy
			<b>Economic Planning</b>

<b>County Ministry/ Spending Entity</b>	<b>Broad Priorities</b>	<b>Broad Strategic Objectives</b>	<b>Proposed Projects and Programmes for 2015/2016 FY</b>	
12. Finance & Economic Planning	· Institutionalise sound economic planning	· Coordinate preparation of development plans, strategic plans and sector plans.	Development Plans (Preparation of Ministerial strategic Plan)	
		· Coordinate the county budget cycle and production the relevant budget document	Capacity building on Budget Making cycle – Public participation	
			<b>Finance</b>	
	To develop and implement prudent financial systems and control	· Conducive working environment for the County Treasury Staff	Construction of County Treasury Offices	
			Generator for the County Treasury	
	· To ensure timely preparation and submission of financial reports	· Capacity build on IFMIS and connect county spending entities to IFMIS		
			<b>Revenue</b>	
	· Institutionalizing and promoting a culture of accountability, integrity and transparency	· Setting up and operationalizing LAIFOM systems in all sub-counties	LAIFOMS systems to other sub counties (Kabati, Mutomo, Zombe, Migwani, Kyusyani, Kyuso	
		· Establish county revenue base through resource mapping	Revenue mapping	
			<b>Internal Audit</b>	
· To implement	· Ensuring compliance to			

<b>County Ministry/ Spending Entity</b>	<b>Broad Priorities</b>	<b>Broad Strategic Objectives</b>	<b>Proposed Projects and Programmes for 2015/2016 FY</b>
	prudent financial systems and controls	the set internal controls	
13. County Assembly	· Enhance county legislation	· Establishment of a conducive environment	Construction of modern debating chamber
			Construction of modern office block
			Construction of Speakers Residence
	· Supporting legislation processes and oversight role	· Capacity building and provision of requisite equipment	Training and Development
ICT Networking and Communication equipment			



## **Resource Envelope**

97. Article 202 of the Constitution requires that revenues raised nationally be shared equitably between the National and County Governments. Article 203(2) of the Constitution requires that; in dividing the shareable revenue between the two levels of government, County Government shall not receive less than 15 per cent of the recently audited revenue received as approved by National Assembly.

98. In proposing resources allocation between the national and County Government to the National Treasury, the Commission for Revenue Allocation (CRA) takes into account the functions that each level of the government has been assigned by the Transition Authority. The principle of resources follow functions is applied when allocating resources. This function of transfer is the responsibility of Transition Authority.

99. Kitui County expects to receive Kshs 7.48B from the equitable share plus other conditional/unconditional grants and loans amounting to Kshs 263M and generate about Kshs 608M from its local sources. The National Government has also allocated additional funding in order to support various national initiatives. These initiatives are intended to support road maintenance, free maternal healthcare, and leasing of medical equipment.

100. The conditional grants from the Government of Denmark (DANIDA) and World Bank (IDA) of Kshs 83M are intended to support delivery of healthcare services in the county.

101. Resources generated locally constitute less than eight per cent (8%) of the total County budget. The rest (92 per cent) is allocation from equitable share plus the conditional/ unconditional grants and loans. The summary of local revenue streams for the county ministries and spending entities are shown in table 2 below.

**Table 1: Revenue projections**

County Ministry/ Entity	ANNUAL TARGET 2014/ 2015	ANNUAL PROJECTIONS TARGET 2015/ 2016	ANNUAL PROJECTIONS (5 per cent GROWTH)	
			2016/ 2017	2017/ 2018
Ministry of Agriculture, Water and Irrigation	15,000,000.00	26,000,000.00	27,300,000.00	28,665,000.00
Ministry of Environment, Energy and Mineral Investment Development	2,000,000.00	1,000,000.00	1,050,000.00	1,102,500.00
Ministry of Health and Sanitation	144,000,000.00	131,000,000.00	137,550,000.00	144,427,500.00
Ministry of Youth, Sports, Culture and Social Services	1,000,000.00	1,000,000.00	1,050,000.00	1,102,500.00
Ministry of Lands, Infrastructure and Urban Development	55,000,000.00	57,243,581.72	60,105,760.81	63,111,048.85
Ministry of Administration & Coordination of County Affairs	100,000.00			
Office of The Governor	80,000,000.00	128,666,409.46	135,099,729.93	141,854,716.43
Ministry of Basic Education, Training and Skills Development	800,000.00			
Ministry of Tourism and Natural Resources	100,000.00	200,000.00	210,000.00	220,500.00
Trade, Industry, IT and Cooperatives	2,000,000.00	1,000,000.00	1,050,000.00	1,102,500.00
Ministry of Finance and Economic Planning	350,000,000.00			
1. Finance		123,661,976.82	136,337,326.51	158,387,326.14
2. Kitui Town		97,111,415.00	101,966,985.75	107,065,335.04
3. Mwingi Town		<u>41,316,620.00</u>	<u>43,382,451.00</u>	<u>45,551,573.55</u>
		262,090,008.82	275,194,509.26	288,954,234.72
<b>TOTAL</b>	<b>650,000,000.00</b>	<b>608,200,000.00</b>	<b>638,610,000.00</b>	<b>670,540,500.00</b>

**NB:**

It is envisaged that the growth in revenue collection in 2015/2016 financial year will be anchored on the following:-

- i. Continuation of automation process – this process started in 2014/15 financial year with the aim of eliminating revenue leakages in improving efficient revenue management.
- ii. Capacity building of staff – the staff in revenue collection will be capacity build in order to foster attitude change towards revenue collection and public relation/ communication skills. It will serve as morale booster to the collectors
- iii. Operationalization of Finance Act 2015 – some fees and charges have been reviewed by the Finance Act 2015 after a long time. This is likely to increase the revenue generation over the period.
- iv. Supervision and logistical support – in order to ensure continuous improvement in revenue collection, adequate supervision and necessary support to revenue staff is essential and shall be provided.
- v. Revenue mapping to establish the county optimal levels.

102. In the financial 2015/16, the resource envelope will be Kshs 8,089,575,083. This amount comprises of equitable share, conditional allocations and own revenue.

This information is presented in table 3 the county resource envelope for 2015/ 2016 analysed as per revenue source.

**Table 2: Resource Envelope for 2015/16 and 2016/17-2017/18 projections**

S/No	Source	Revenue Estimates 2015/16 (Kshs)	Projected Revenue (Kshs)	
			2016/17	2017/18
1	<b>Equitable share</b>	7,217,854,672	7,939,640,139	8,733,604,153
2	<b>Grants</b>		-	-
	Free Maternal Healthcare	63,610,400	69,971,440	76,968,584
	Compensation for User Fees Forgone	23,606,211	25,966,832	28,563,515
	Road Maintenance Fuel Levy	92,318,534	101,550,387	111,705,426
	HSSF/HSPS - (DANIDA/IDA)	83,985,266	92,383,793	101,622,172
		<b>7,481,375,083</b>	<b>8,229,512,591</b>	<b>9,052,463,850</b>
3	<b>Own Revenue</b>		-	-
	<b>County ministries</b>		-	-
	Ministry of Finance & Economic Planning	123,661,974	129,845,073	136,337,326.34
	Kitui Town Administration	97,111,415	101,966,986	107,065,335.04
	Mwingi Town Administration	41,316,620	43,382,451	45,551,573.55
	<b>Subtotal</b>	<b>262,090,009</b>	<b>275,194,509</b>	<b>288,954,235</b>
	Ministry of Administration and Coordination/ Governor's Office	128,666,410	135,099,731	141,854,717
	Ministry of Health and Sanitation	131,000,000	137,550,000	144,427,500
	Ministry of Land Infrastructure and Urban Development	57,243,581	60,105,760	63,111,048
	Ministry of Agriculture water and Irrigation	26,000,000	27,300,000	28,665,000
	Ministry of Environment, Energy and Minerals Investment Development	1,000,000	1,050,000	1,102,500
	Ministry of Tourism and Natural Resources	200,000	210,000	220,500
	Ministry of Culture, Youth, Sports & Social Services	1,000,000	1,050,000	1,102,500
	Ministry of Trade, Industry IT and Cooperative Development	1,000,000	1,050,000	1,102,500
	<b>Subtotal</b>	<b>346,109,991</b>	<b>363,415,491</b>	<b>381,586,265</b>
	<b>TOTAL</b>	<b>608,200,000</b>	<b>638,610,000</b>	<b>670,540,500</b>
	<b>TOTAL</b>	<b>8,089,575,083</b>	<b>8,868,122,591</b>	<b>9,723,004,350</b>

**Notes:** *Conditional grants and allocations to be transferred to county*

Health: Free maternity services kshs 63,610,400, compensation for user fees forgone Kshs 23,606,211 and HSPS/HSSP from DANIDA/World Bank (IDA) Kshs

83,985,266 made to support health care delivery. (Free maternity funds will be transferred on re-imburement basis)

Roads: Roads Maintenance Levy Fund Kshs 92,318,534.

103. An additional Kshs 95,744,681 not included in this envelope meant for leasing of medical equipment for two hospitals will be budgeted for by the National Government. Also budgeted by the National Government funds from donors and development partners for projects in health, infrastructure and urban development sectors to finance existing programmes which were initiated before devolved governments were formed.

### **Budgetary Allocation to County Ministries**

104. Allocations to County entities have been adjusted to take into account realignment of sector priorities. Additional Kshs 359,265,092 comprising of conditional grants and allocations have been allocated to the county strategic interventions to specific projects in Health; Lands, Infrastructure and Urban Development sectors.

105. Allocation to County sector priorities as outlined in 2014/15 CFSP have been maintained to ensure programs started within this MTEF period are implemented and intended impacts realised by the residences. Major emphasis has been put on:

- Agriculture, Water and Irrigation, which received 11 per cent in 2014/15 financial year, has been allocated the same percentage in order to continue to address the broad objective of food security and water issues in the county.
- Health and Sanitation, which had been allocated 17.9 per cent for health delivery services, received a major, boost this financial, bagging 23 per cent. This amount includes conditional allocations to address maternal health and equipping health facilities.
- Lands, Infrastructure and Urban Development which received 18 per cent in 2014/15 will receive 11 per cent this financial year (including Mwingi and Kitui Towns). This is after acquisition of the necessary machinery for road construction by the ministry.
- Investment in Basic Education has received bigger share this year from 6 per cent last financial year to 7 per cent to address the additional burden of refurbishing village polytechnics and personnel devolved towards the end of 2014.
- Office of the Governor has received slightly higher proportion than allocated in the last financial year (17 per cent compared to 14 per cent last financial year). The office of the Governor, though not a development entity houses key projects (Community Level Infrastructure Development Projects, pro-poor programme and response to emergencies), both of which constitute over 70 per cent of its development vote.
- Other service and social sectors have generally retained the allocations to ensure service delivery is not affected.

106. Table 3 below provides details of resource allocation for each County entities in 2014/2015 and projected allocations 2015/2016 – 2017/18 financial years.

**Table 3: Budget Allocation among Ministries (MTEF Projections)**

S/No	County Ministry/ Institution	2014/2015			%	2015/2016			%	Projected Allocations	
		Allocation	Conditional Allocation	Total		Allocation	Conditional Allocation	Total		2016/2017	2017/2018
1	Office of The Governor	1,074,613,464		1,074,613,464	14	1,399,998,033		1,399,998,033	17	1,534,796,844	1,682,815,721
2	Administration & Coordination of County Affairs	489,470,068		489,470,068	6	567,447,381		567,447,381	7	622,083,945	682,078,758
3	Agriculture, Water & Irrigation	840,499,120		840,499,120	11	897,335,175		897,335,175	11	983,734,924	1,078,607,960
4	Basic Education, Training and Skills Development	409,596,793		409,596,793	5	546,843,100		546,843,100	7	599,495,785	657,312,157
5	Lands, Infrastructure, and Urban Development	1,293,620,974	265,106,518	1,558,727,492	20	555,894,930	92,318,534	648,213,464	8	710,626,575	779,160,586
6	Kitui Town Administration			0	0	159,625,199		159,625,199	2	174,994,711	191,871,551
7	Mwingi Town Administration			0	0	117,848,233		117,848,233	1	129,195,228	141,655,032
8	Health & Sanitation	1,516,181,986	34,610,000	1,550,791,986	20	1,709,542,484	171,201,877	1,880,744,361	23	2,061,831,832	2,260,679,017
9	Trade, Industry, ICT & Co-operatives	272,656,376		272,656,376	4	189,091,116		189,091,116	2	207,297,754	227,289,964
10	Culture, Youth, Sports and Social Services	133,805,778		133,805,778	2	176,572,500		176,572,500	2	193,573,783	212,242,426
11	Environment, Energy & Minerals Investments Development	276,972,989		276,972,989	4	212,943,946		212,943,946	3	233,447,213	255,961,252
12	Tourism & Natural Resources	54,435,778		54,435,778	1	119,597,754		119,597,754	1	131,113,202	143,757,977
13	Finance & Economic Planning	157,328,241		157,328,241	2	256,596,976		256,596,976	3	281,303,416	308,432,880
14	County Public Service Board	55,253,860		55,253,860	1	43,544,347		43,544,347	1	47,737,014	52,340,868
15	County Assembly	778,808,578		778,808,578	10	873,173,500		873,173,500	11	957,247,010	1,049,565,827
<b>Total</b>		<b>7,353,244,003</b>	<b>299,716,518</b>	<b>7,652,960,521</b>	<b>100</b>	<b>7,826,054,672</b>	<b>263,520,411</b>	<b>8,089,575,083</b>	<b>100</b>	<b>8,868,479,236</b>	<b>9,723,771,976</b>

107. Table 4 provides estimates of resource allocation for each Ministry among County Ministries for financial year 2015/16 along personnel emoluments, operations and maintenance and development. The conditional loans and grants have also been analysed. The Matching fund allocation of Kshs. 95 Million allocated to Ministry of Environment, Energy and Mineral Investment Development is not part of the conditional allocation.

**Table 4: Allocation between PE, O&M and Development**

	Vote	PE	O&M	Conditional Allocations (O&M)	Total Recurrent Allocation	Development	Total	%
1	Office of the Governor	158,808,470	321,189,563	-	479,998,033	920,000,000	1,399,998,033	17
2	Ministry of Administration and Coordination of County Affairs	288,393,123	147,941,566	-	436,334,689	131,112,692	567,447,381	7
3	Ministry of Agriculture, Water and Irrigation	261,210,469	128,564,187	-	389,774,656	507,560,520	897,335,175	11
4	Ministry of Basic Education, Training and Skills Development	317,702,456	42,750,772	-	360,453,228	186,389,871	546,843,100	7
5	Ministry of Lands, Infrastructure and Urban Development	174,917,439	80,352,528	-	255,269,967	392,943,496	648,213,464	8
6	Kitui Town Administration	29,079,691	21,550,000	-	50,629,691	108,995,508	159,625,199	2
7	Mwingi Town Administration	15,338,944	17,205,000	-	32,543,944	85,304,289	117,848,233	1
8	Ministry of Health and Sanitation	1,011,016,910	396,882,034	171,201,877	1,579,100,821	301,643,540	1,880,744,361	23
9	Ministry of Trade, Industry, ICT and Co-operatives	43,199,702	23,290,724	-	66,490,426	122,600,689	189,091,116	2
10	Ministry of Culture, Youth, Sports and Social Services	30,560,120	35,783,816	-	66,343,936	110,228,564	176,572,500	2
11	Ministry of Environment, Energy and Mineral Investment Development	18,775,399	21,853,883	-	40,629,282	172,314,664	212,943,946	3
12	Ministry of Tourism and Natural Resources	24,271,936	20,258,044	-	44,529,980	75,067,774	119,597,754	1
13	Ministry of Finance and Economic Planning	133,644,503	66,822,251	-	200,466,754	56,130,222	256,596,976	3
14	County Public Service Board	29,029,565	14,514,782	-	43,544,347	-	43,544,347	1
15	County Assembly	467,875,392	255,298,108	-	723,173,500	150,000,000	873,173,500	11
	<b>Total</b>	<b>3,003,824,119</b>	<b>1,594,257,258</b>	<b>171,201,877</b>	<b>4,769,283,254</b>	<b>3,320,291,829</b>	<b>8,089,575,083</b>	<b>100</b>
		<b>37</b>	<b>20</b>	<b>2</b>	<b>59</b>	<b>41</b>	<b>100</b>	

108. The total Personnel Emoluments as percentage of total budget is 34.4 per cent while the proportion of O&M costs constitutes 25.1 per cent. The balance of 40.5 per cent has been allocated to development.

### **Fiscal Discipline**

109. The County will pursue prudent management of resources as outlined in the PFM Act, 2012. With ministerial and itemised budget, delivery of goods and services in the county will be hastened. This will be made possible by full adoption of IFMIS procedures/modules and ensuring efficiency in procurement procedures. This will majorly entail planning county activities in advance.

110. In order to guard against fiscal irresponsibility arising from passing of legislations and regulations fixing the percentage of wage bill, it will be important for the county government to ensure recruitment of new personnel does not lead to unsustainable wage bill. In order to achieve this objective, all county entities will need to prepare their operation structure to show staffing requirements.

111. In adhering to the principles of fiscal responsibility set out in PFM Act 2012, the county government shall ensure that revenue projections are not overstated to minimise the risk of budget deficit that could affect projects implementation.

### **Capacity Building of Personnel**

112. Evidence shows that the county departments are experiencing challenges in the planning and budgeting as well as in the execution and reporting on their budgets. The county treasury will continue to provide the necessary support and organising training/capacity building programmes for the county personnel.

113. In collaboration with the national treasury, the county treasury has been conducting trainings to improve the capacity of counties to adopt IFMIS in their budgeting and utilisation of the allocated resources. It will be necessary to ensure this collaboration is deepened for better resource utilisation and appropriate accounting and reporting.

## **VI. CONCLUSION**

114. The 2015 MTEF is marked by moderate growth in overall expenditure, taking into account the need to strategically intervene in various sectors to improve the outputs and outcomes. While expansion of infrastructure remains a priority, investment in food security, provision of water and support to social sectors will be desirable to achieve economic development. Allocations to county ministries reflect county development priorities.

115. In view of the low implementation of programmes that resulted in low absorption of funds in 2013/14, there is need to strengthen monitoring and evaluation framework. It will be important to analyse the cause of delay in funds utilisation; particularly at the procurement level, contracts management, and inspection and payment approval. Breaking down the three stages of project implementation and critically analysing them may improve absorption rates. Annex 2



tables 6 and 7 show the expenditure analysis of spending units in 2013/2014 and the first six (6) months up to December 2014 respectively.

## ANNEX 1

**Table 5: Revenue Streams and Projections**

County Ministry/ Institution	ACTUAL REVENUE 2014/ 2015 (AS AT DEC)	EXPECTED REVENUE 2014/ 2015	ANNUAL TARGET 2015/ 2016	ANNUAL PROJECTIONS 2016/ 2017 (5% GROWTH)	ANNUAL PROJECTIONS 2017/ 2018 (5% GROWTH)
<b>Ministry of Agriculture, Water and Irrigation</b>					
<b>Machinery And Workshop Services, Transport And Farm Planning Services.</b>					
<b>1. Agricultural Machinery and Workshop Services</b>					
<b>a) Tractor powered operations</b>					
Ploughing per acre:					
Ploughing old land	-	-	1,000,000	1,050,000	1,102,500
<b>2. Heavy earth moving machinery</b>					
<b>Agricultural Work - Dry Rate</b>					
Cat D6, Honamag D600C, TD15, and all other 150-17HP	-	-	2,000,000.00	2,100,000	2,205,000
Cat D7, Komatsu D75, TD20E and other 180HP TO 240HP	94,120.00	188,240.00	10,000,000	10,500,000	11,025,000
<b>4. Transport Hire</b>					
Low loader - 40 tons capacity	-	-	2,000,000.00	2,100,000	2,205,000
<b>Veterinary</b>					
Meat Inspection				-	-
- Goat/cow	14,285.00	28,570.00	1,457,000	1,529,850	1,606,342
Slaughter House Licence	-	-	20,000.00	21,000.00	22,050.00
Slaughter man's Licence	-	-	8,000	8,400	8,820
Slaughter man's Licence Registration	-	-	2,000.00	2,100	2,205
Dispatch Note (Hides & skins)	200.00	400.00	5,000	5,250	5,512

Meat carrier licence.	5,870.00	11,740.00	8,000	8,400	8,820
Vaccination of animals	211,485.00	422,970.00	3,000,000	3,150,000	3,307,500
<b>Agricultural Institute</b>					
Sale of farm produce	3,424,705.00	6,849,410.00	1,000,000	1,050,000	1,102,500
Hire of training equipment	-	-	50,000	52,500	55,125
Hire of grounds for wedding	1,807,958.00	3,615,916.00	40,000	42,000	44,100
Training and Accommodation	1,912,788.00	3,825,576.00	5,410,000	5,680,500	5,964,525
<b>TOTAL</b>	<b>7,471,411.00</b>	<b>14,942,822.00</b>	<b>26,000,000.00</b>	<b>27,300,000.00</b>	<b>28,665,000.00</b>
<b>Ministry of Environment, Energy and Mineral Investment Development</b>					
Sale of County trees	-	-			
Hardwood		-	24,000.00	25,200.00	26,460.00
Softwood		-	24,000.00	25,200.00	26,460.00
Tree cutting/pruning certificate within towns:					-
Tree cutting - Large size		-	12,000.00	12,600.00	13,230.00
Medium size		-	12,000.00	12,600.00	13,230.00
Small size		-	12,000.00	12,600.00	13,230.00
Penalty for illegal cutting of trees		-	6,000.00	6,300.00	6,615.00
noise pollution	47,300.00	94,600.00			
<b>Waste Disposal Charges:</b>				-	-
Vehicle 7 tonnes			30,000.00	31,500.00	33,075.00
Vehicle 3 tonnes			50,000.00	52,500.00	55,125.00
Vehicle 1 tonne pick up			72,000.00	75,600.00	79,380.00

Hand cart load			12,000.00	12,600.00	13,230.00
Charcoal Cess Permit			240,000.00	252,000.00	264,600.00
Registration to transport sand permit			120,000.00	126,000.00	132,300.00
Sand approval fee for commercial buildings			60,000.00	63,000.00	66,150.00
Initial mining approval	4,500.00	9,000.00	200,000.00	210,000.00	220,500.00
Mining or Natural Resource Extraction operation			100,000.00	105,000.00	110,250.00
Vaccination services done (card & vaccine owners)			14,000.00	14,700.00	15,435.00
Unscheduled vaccination charges			12,000.00	12,600.00	13,230.00
<b>TOTAL</b>	<b>51,800.00</b>	<b>103,600.00</b>	<b>1,000,000.00</b>	<b>1,050,000.00</b>	<b>1,102,500.00</b>
<b>Ministry of Health and Sanitation</b>					
<b>Medical examination</b>					
Food handlers			300,000.00	315,000.00	330,750.00
Colleges, schools & universities			300,000.00	315,000.00	330,750.00
Inspection certificate to Hotels & Restaurants Authority			150,000.00	157,500.00	165,375.00
			<b>Inspection of Medical Institutions</b>		
Clinics			300,000.00	315,000.00	330,750.00
Hospitals			300,000.00	315,000.00	330,750.00
Public Health Inspection Certificate			240,000.00	252,000.00	264,600.00
Application for Examination of Drain layers & plumbers			200,000.00	210,000.00	220,500.00
Plumber & drain layers licence			120,000.00	126,000.00	132,300.00
			<b>Public Health School Inspection Reports:</b>		
Nursery Schools			60,000.00	63,000.00	66,150.00

Primary schools			120,000.00	126,000.00	132,300.00
Secondary Schools			100,000.00	105,000.00	110,250.00
Liquor License fee and report			120,000.00	126,000.00	132,300.00
		<b>Food and Hygiene Licenses</b>			
Food & Hygiene Application form			100,000.00	105,000.00	110,250.00
Categories of premises:				-	-
General shops, market stall & retail grocery shops			360,000.00	378,000.00	396,900.00
Dairies, milk shops, milk bars, canteens			60,000.00	63,000.00	66,150.00
Fish shops, Butcheries, meat roasting, house cafes, snacks bars, wines & spirits			120,000.00	126,000.00	132,300.00
Posho mills			60,000.00	63,000.00	66,150.00
Restaurants, members clubs, medium supermarkets, vehicles, meat wholesalers.			360,000.00	378,000.00	396,900.00
Hotels, nightclubs, slaughter houses, large scale supermarkets, warehouses, whole sellers, go downs, medium class bakeries, Food processing small scale			844,000.00	886,200.00	930,510.00
Food factories, bottling plants, creameries. Canning plants, flour millers and other food processing factories.			1,200,000.00	1,260,000.00	1,323,000.00
Kitui District Hospital-User fee			60,000,000.00	63,000,000.00	66,150,000.00
Mwingi District Hospital-user fees			42,000,000.00	44,100,000.00	46,305,000.00
Migwani District hospital-user fees			8,400,000.00	8,820,000.00	9,261,000.00
Kauwi sub -district hospital-user fees			5,040,000.00	5,292,000.00	5,556,600.00

Katulani Sub-district Hospital-user fees			2,820,000.00	2,961,000.00	3,109,050.00
Ikanga Sub-district hospital-user fees			2,004,000.00	2,104,200.00	2,209,410.00
Tseikuru sub-district hospital-user fees			1,620,000.00	1,701,000.00	1,786,050.00
Kyuso sub -district hospital -user fees			1,200,000.00	1,260,000.00	1,323,000.00
kanyangi sub-district Hospital -user fees			1,200,000.00	1,260,000.00	1,323,000.00
Mutitu Sub-district hospital-User fees			900,000.00	945,000.00	992,250.00
Nuu-Sub district hospital-user fees			402,000.00	422,100.00	443,205.00
<b>TOTAL</b>			<b>131,000,000.00</b>	<b>137,550,000.00</b>	<b>144,427,500.00</b>
<b>Ministry of Culture, Youth, Sports and Social Services</b>					
hire of county stadia			305,000.00	320,250.00	336,262.50
Camel/Horse riding(per animal)			100,000.00	105,000.00	110,250.00
Manual Miniature car			150,000.00	157,500.00	165,375.00
Motorized Miniature car/motorbike			50,000.00	52,500.00	55,125.00
Fixed Swing			100,000.00	105,000.00	110,250.00
Mobile/Manual swing			200,000.00	210,000.00	220,500.00
Bouncing castle			50,000.00	52,500.00	55,125.00
<b>Boat hire services-KIAMBERE</b>					
Small boat(4 passengers)			10,000.00	10,500.00	11,025.00
Medium boat(6 passengers)			15,000.00	15,750.00	16,537.50
Big boat( more than 6 passengers)			20,000.00	21,000.00	22,050.00
<b>TOTAL</b>			<b>1,000,000.00</b>	<b>1,050,000.00</b>	<b>1,102,500.00</b>
<b>Ministry of Lands, Infrastructure and Urban Development</b>					
Approval of building plan	973,152.00	1,946,304.00	2,564,352.00	2,692,569.60	2,827,198.08

Alteration of building	1,000.00	2,000.00	6,017.00	6,317.85	6,633.74
Change of user	12,500.00	25,000.00	13,359.00	14,026.95	14,728.30
Application for parcel of land	-	-	10,000.00	10,500.00	11,025.00
Plot application fee	574,350.00	1,148,700.00	12,000.00	12,600.00	13,230.00
plot subdivision		-	361,053.00	379,105.65	398,060.93
Allotment fee	-	-	480,000.00	504,000.00	529,200.00
Application for declared vacant plot	-	-	84,000.00	88,200.00	92,610.00
Plot transfer fee	120,000.00	240,000.00	480,000.00	504,000.00	529,200.00
Amalgamation of plots	-	-	60,000.00	63,000.00	66,150.00
Plot extension fee	15,300.00	30,600.00	3,008.00	3,158.40	3,316.32
Consent to charge a plot	-	-	56,000.00	58,800.00	61,740.00
Inspection fee during construction	-	-	520,000.00	546,000.00	573,300.00
Certificate per building	-	-	600,000.00	630,000.00	661,500.00
Application for sub division of a registered parcel of land	-	-	640,000.00	672,000.00	705,600.00
Plot reinstatement fee	-	-	361,327.00	379,393.35	398,363.02
Drawing of a building plan	-	-	638,947.00	670,894.35	704,439.07
Penalty for illegal construction	-	-	120,000.00	126,000.00	132,300.00

survey fees	22,000.00	44,000.00	47,537.00	49,913.85	52,409.54
survey fees(court summons)	-	-	230,400.00	241,920.00	254,016.00
EIA	-	-	432,000.00	453,600.00	476,280.00
Sale of maps	-	-	360,000.00	378,000.00	396,900.00
boundary resolutions	-	-	360,000.00	378,000.00	396,900.00
registration of mutations	-	-	480,000.00	504,000.00	529,200.00
disputed road disputes	-	-	360,000.00	378,000.00	396,900.00
plot beacon identification	49,500.00	99,000.00	720,000.00	756,000.00	793,800.00
Land rates	7,904,685.00	15,809,370.00	45,809,370.00	48,099,838.50	50,504,830.43
Penalties	-	-	1,434,211.72	1,505,922.31	1,581,218.42
<b>TOTAL</b>	<b>9,672,487.00</b>	<b>19,344,974.00</b>	<b>57,243,581.72</b>	<b>60,105,760.81</b>	<b>63,111,048.85</b>
<b>Office of the Governor</b>					
Alcoholic Drinks License:	1,459,000.00	2,918,000.00			
Ordinary bar Per Annum	-	-	18,000,000.00	18,900,000.00	19,845,000.00
Wines & spirits Per Annum	-	-	11,000,000.00	11,550,000.00	12,127,500.00
Brewers Per Annum	-	-	200,000.00	210,000.00	220,500.00
Wholesalers Per Annum	-	-	5,000,000.00	5,250,000.00	5,512,500.00



Bottler's Per Annum	-	-	40,000.00	42,000.00	44,100.00
Distributors Per Annum	-	-	16,000,000.00	16,800,000.00	17,640,000.00
Hotels Per Annum	-	-	4,800,000.00	5,040,000.00	5,292,000.00
Importers Per Annum	-	-	2,400,000.00	2,520,000.00	2,646,000.00
Restaurants Per Annum	-	-	15,829,552.00	16,621,029.60	17,452,081.08
clubs(Members, Proprietary, night club & Discotheque) Per Annum	-	-	1,700,000.00	1,785,000.00	1,874,250.00
Supermarkets	-	-	4,800,000.00	5,040,000.00	5,292,000.00
Franchised Retail Stores Per Annum	-	-	2,400,000.00	2,520,000.00	2,646,000.00
Theatre Per Annum	-	-	500,000.00	525,000.00	551,250.00
Traveller's Per Annum	-	-	96,000.00	100,800.00	105,840.00
Temporary or occasional per day	-	-	7,200,000.00	7,560,000.00	7,938,000.00
sale of tender documents	2,562,000.00	5,124,000.00	10,800,000.00	11,340,000.00	11,907,000.00
Impounding Charges	168,050.00	336,100.00	11,300,857.46	11,865,900.33	12,459,195.35
Penalties	-	-	6,600,000.00	6,930,000.00	7,276,500.00
<b>TOTAL</b>	<b>4,189,050.00</b>	<b>8,378,100.00</b>	<b>128,666,409.46</b>	<b>135,099,729.93</b>	<b>141,854,716.43</b>
<b>Ministry of Tourism and Natural Resources</b>					

Game reserves	-	-	100,000.00	105,000.00	110,250.00
Plant sanctuaries	-	-	50,000.00	52,500.00	55,125.00
Historical sites, rocks, ridges and rivers	140,900.00	81,800.00	50,000.00	52,500.00	55,125.00
<b>TOTAL</b>	<b>140,900.00</b>	<b>281,800.00</b>	<b>200,000.00</b>	<b>210,000.00</b>	<b>220,500.00</b>
<b>Ministry of Trade, Industry, ICT and Co-operatives</b>					
Verification of weighing and measuring equipment	-	-	750,000.00	787,500.00	826,875.00
Co-operative audit services	24,220.00	48,440.00	250,000.00	262,500.00	275,625.00
<b>Total</b>	<b>24,220.00</b>	<b>48,440.00</b>	<b>1,000,000.00</b>	<b>1,050,000.00</b>	<b>1,102,500.00</b>
<b>Ministry of Finance and Economic Planning</b>					
Single business permits	17,630,959.00	35,261,918.00	18,053,125.46	18,955,781.73	19,903,570.82
House and stalls rents	1,710,356.00	3,420,712.00	3,146,613.49	3,303,944.16	3,469,141.37
Market fees	22,096,024.00	44,192,048.00	20,488,903.60	21,513,348.78	22,589,016.22
Cess	50,972,753.00	101,945,506.00	69,852,810.00	73,345,450.50	77,012,723.03
Penalty charges	922,083.00	1,844,166.00	2,774,629.85	2,913,361.34	3,059,029.41
Sing board & advertising	3,303,226.00	6,606,452.00	2,939,701.15	3,086,686.21	3,241,020.52
Transportation fees	2,206,570.00	4,413,140.00	2,639,765.00	2,771,753.25	2,910,340.91
Slaughter fees	2,761,690.00	5,523,380.00	2,310,171.11	2,425,679.67	2,546,963.65

Burial fee	20,500.00	41,000.00	61,686.33	64,770.65	68,009.18
Registration fees	405,305.00	810,610.00	1,219,598.83	1,280,578.77	1,344,607.71
Sale of bylaws	-	-	5,000.00	5,250.00	5,512.50
Consent to charge/ certificate.	74,500.00	149,000.00	114,000.00	119,700.00	125,685.00
Search of record charges	1,036,800.00	2,073,600.00	55,969.00	58,767.45	61,705.82
<b>Total</b>	<b>114,626,827.00</b>	<b>229,253,654.00</b>	<b>123,661,973.82</b>	<b>129,845,072.51</b>	<b>136,337,326.14</b>
	<b>KITUI TOWN</b>				
Signboard and advertising			2,200,000.00	2,310,000.00	2,425,500.00
Single business permits			17,700,000.00	18,585,000.00	19,514,250.00
Transportation fees			839,765.00	881,753.25	925,840.91
Enclosed parking			20,113,400.00	21,119,070.00	22,175,023.50
Street parking			18,225,000.00	19,136,250.00	20,093,062.50
Market fees			33,720,000.00	35,406,000.00	37,176,300.00
Penalty charges			2,783,000.00	2,922,150.00	3,068,257.50
Burial fee			30,250.00	31,762.50	33,350.63
Registration fees			500,000.00	525,000.00	551,250.00
<b>TOTAL</b>			<b>97,111,415.00</b>	<b>101,966,985.75</b>	<b>107,065,335.04</b>
	<b>MWINGI TOWN</b>				
Signboard And Advertising			2,248,000.00	2,360,400.00	2,478,420.00
Single Business Permits			7,700,000.00	8,085,000.00	8,489,250.00
Transportation Fees			530,000.00	556,500.00	584,325.00
Enclosed Parking			8,200,000.00	8,610,000.00	9,040,500.00
Street Parking			8,792,000.00	9,231,600.00	9,693,180.00
Market Fees			11,500,000.00	12,075,000.00	12,678,750.00

Penalty Charges			2,246,200.00	2,358,510.00	2,476,435.50
Burial Fee			2,420.00	2,541.00	2,668.05
Registration Fees			98,000.00	102,900.00	108,045.00
<b>Total</b>			<b>41,316,620.00</b>	<b>43,382,451.00</b>	<b>45,551,573.55</b>
	<b>114,626,827.00</b>	<b>229,253,654.00</b>	<b>262,090,008.82</b>	<b>275,194,509.26</b>	<b>288,954,234.72</b>
<b>GRAND TOTAL</b>	<b>136,176,695.00</b>	<b>272,353,390.00</b>	<b>608,200,000.00</b>	<b>638,610,000.00</b>	<b>670,540,500.00</b>

## ANNEX 2

**Table 6: Expenditure Analysis Financial Year 2013/2014**

	BUDGET		ACTUAL EXPENDITURE			
	RECURRENT	DEVELOPMENT	RECURRENT	DEVELOPMENT	TOTAL	%AGE OF DEV. AGAINST TOTAL EXPEND
Office of the Governor	614,333,824	563,565,858	614,461,303	113,265,536	727,726,839.00	15.56
Agriculture, water & Irrigation	330,041,136	573,403,050	282,794,225	78,709,600	361,503,825.00	21.77
Basic Education & Skills Devt.	362,723,123	73,362,000	224,542,555	36,067,372	260,609,927.00	13.84
Land Infrastructure & Urban Devt.	361,681,767	985,673,489	248,531,356	191,925,259	440,456,615.00	43.57
Health & Sanitation	984,833,099	115,000,000	876,283,361	28,366,219	904,649,580.00	3.14
Trade, Industry, ICT & Co-operatives	33,028,621	134,126,076	29,721,152	-	29,721,152.00	0.00

Culture, Youth, Sports & Social Services	63,797,882	109,700,000	48,834,943	20,679,350	69,514,293.00	29.75
Environment, Energy & Mineral Resources	36,814,268	150,000,000	26,935,899	8,111,782	35,047,681.00	23.14
Natural Resources & Tourism	24,759,301	21,500,000	7,793,994	-	7,793,994.00	0.00
Treasury	187,777,239	48,000,000	127,945,563	7,637,625	135,583,188.00	5.63
County Assembly	618,474,448	96,430,321	533,920,866	21,518,714	555,439,580.00	3.87
<b>TOTAL</b>	<b>3,618,264,706</b>	<b>2,870,760,794</b>	<b>3,021,765,217</b>	<b>506,281,457</b>	<b>3,528,046,674</b>	<b>14.35</b>

**Tables 7: Expenditures By Spending Units (6 Months up to Dec 31 2014)**

Vote	Spending Entity	RECURRENT				DEVELOPMENT				TOTAL		
		Budget Estimates	Expenditure	Balance	Absorb Rate	Budget Estimates	Expenditure	Balance	Absorp Rate	Budget Estimates	Expenditure	Absorp Rate
1	Office of the Governor	436,613,464	154,956,289	281,657,175	35.49	1,025,474,030	62,309,188	963,164,842	6.08	1,462,087,494	217,265,477	41.57
2	Ministry of Administration & Co-ordination of Affairs	418,620,068	79,210,849	339,409,219	18.92	124,126,330	16,002,250	108,124,080	12.89	542,746,398	95,213,099	31.81
3	Ministry of Agriculture, Water & Irrigation	412,759,720	123,041,306	289,718,414	29.81	894,267,312	234,274,327	659,992,985	26.20	1,307,027,032	357,315,633	56.01
4	Ministry of Basic Education, Training and Skills Development	318,832,310	127,945,282	190,887,028	40.13	152,758,632	51,971,113	100,787,519	34.02	471,590,942	179,916,395	74.15
5	Ministry of Lands, Infrastructure & Urban Development	502,839,804	108,208,393	394,631,411	21.52	1,260,950,095	418,687,133	842,262,962	33.20	1,763,789,899	526,895,526	54.72
6	Ministry of Health & Sanitation	1,331,571,986	593,121,608	738,450,378	44.54	285,488,865	50,684,332	234,804,533	17.75	1,617,060,851	643,805,940	62.30
7	Ministry of Trade, Industry, IT & Cooperatives	75,027,106	21,038,794	53,988,312	28.04	331,755,346	18,206,998	313,548,348	5.49	406,782,452	39,245,792	33.53

8	Ministry of Culture, Youth, Sports & Social Services	60,305,778	15,353,910	44,951,868	25.46	135,767,952	14,377,830	121,390,122	10.59	196,073,730	29,731,740	36.05
9	Ministry of Environment, Energy & Tourism	46,793,778	10,924,223	35,869,555	23.35	380,179,211	67,061,382	313,117,829	17.64	426,972,989	77,985,605	40.98
10	Ministry of Natural Resources & Tourism	31,935,778	11,617,350	20,318,428	36.38	27,500,000	933,640	26,566,360	3.40	59,435,778	12,550,990	39.77
11	Ministry of Finance & Economic Planning	138,328,241	55,369,901	82,958,340	40.03	56,578,751	-	56,578,751	-	194,906,992	55,369,901	40.03
12	County Public Service Board	55,253,860	20,968,258	34,285,602	37.95			-	-	55,253,860	20,968,258	-
13	County Assembly	775,808,578	275,160,190	500,648,388	35.47	77,490,787	4,142,406	73,348,381	5.35	853,299,365	279,302,596	40.81
	<b>TOTALS</b>	<b>4,604,690,471</b>	<b>1,596,916,353</b>	<b>3,007,774,118</b>	<b>34.68</b>	<b>4,752,337,311</b>	<b>938,650,599</b>	<b>3,813,686,712</b>	<b>19.75</b>	<b>9,357,027,782</b>	<b>2,535,566,952</b>	<b>27.10</b>

