

**REPUBLIC OF KENYA**

**COUNTY GOVERNMENT OF TAITA TAVETA**



**COUNTY BUDGET REVIEW  
AND OUTLOOK PAPER**

**SEPTEMBER 2015**

## Foreword

This 2015 County Budget Review and Outlook Paper (CBROP) prepared in accordance with the Public Financial Management (PFM) Act, 2012 is the third to be prepared under this County Government's administration. It presents the recent economic developments and the actual fiscal performance of the 2014/15 and how this affects the financial objectives set out in the 2015 County Fiscal Strategy Paper (CFSP). The updated macroeconomic outlook herein also provides us with a basis to revise the 2015/16 budget in the context of the Supplementary Estimates, as well as set out the broad fiscal parameters for the next budget, 2016/17 under the Medium Term Framework.

The County Government has embarked on an ambitious programme of creating wealth and increasing the socio-economic status of the citizens through addressing unemployment and reduction in poverty. These broad objectives will be achieved through:-

- a) Increasing access to water for domestic, irrigation and improvement of sanitation and environmental management.
- b) Ensuring food security by promotion of agriculture, livestock and fisheries and investing in value addition.
- c) Improvement of health care
- d) Empowerment of Youth, women, and vulnerable members of the community.
- e) Improving access to ECDE, Polytechnics and library services.
- f) Investing in physical infrastructure including ICT and decentralization of services
- g) Promotion of tourism, trade and industry
- h) Land planning and management

To meet these objectives this 2015 CBROP has identified both financial resources mobilization and overall budget execution as of major concern. This has been necessitated by the challenges witnessed in the FY 2014/2015 with regards to achieving local revenue targets and controlling the level of recurrent expenditure. The County Government will realign and revamp the six Sector Working Groups (SWG) that will drive the development agenda in the county. These sectors include: Agriculture and water sector, Social sector, Strategy sector, Tourism, environment and Natural resources sector, Trade, Industry and research sector, lands and infrastructure sector. The SWGs are expected to lead the Sector Budget Discussions in the months of November and December 2015 as the budget making process for 2015/16 progresses.

In the FY 2014/15, the budgeted total resource envelope for the county amounted to Kshs 4.1 Billion. This consisted of Kshs 2.9Billion as equitable share from the National Government, Kshs 217 Million as equalization fund, and Kshs 483 Million from Local revenue and Kshs 500 Million as balances brought forward from the FY 2013/14. In terms of Local revenue, the County managed to generate Kshs 217 Million being 45% of the targeted Kshs 483 Million. The shortfall is attributed to many factors with the major one being inclusion of iron ore revenue which was affected by inactivity in that industry. The shortfall in the budget was also

affected by none-remittance of Equalization funds amounting to Ksh.217million for 2014/15 and Kshs 194 Million for 2013/14.

In the FY 2014/15, the actual total expenditure amounted to Kshs 3.5Billion. This comprised of Kshs 2.56 Billion as recurrent expenditure accounting for 72.9% of the total expenditure and Kshs 947.8 Million as development expenditure representing 27% of the total expenditure. The total County absorption rate for 2014/15 was 85%. Low absorption rate for some development votes can be attributed to the late disbursement of development funds from the exchequer with most of the funds being received in the last quarter of the financial year.

As we move forward in preparing the County Fiscal Strategy Paper 2016, it should be noted that demands by the people of Taita Taveta citizens are still high as reflected in the 2016/2017 County Annual Development Plan (CADP) where the proposals amounted to Kshs 6.8 Billion while the envisaged 2016/2017 resource envelop is Kshs 4.9 Billion. With this realization and the need to fulfill the County development agenda, the County Government has been engaging the National Government and various Donor agencies to bridge the financial gap especially in critical areas of water and Health. The County Government will also continue engaging stakeholders in refining its priorities and targets while at the same time taking measures to raise more revenue through implementation of Finance Act amongst others.

While undertaking the budget execution, this CBROP acknowledges that there are some other factors that can affect our budget. These include the inflation rates, the anticipated positive and negative effects of *El-nino* and *Lanina*. These factors might trigger the process of making adjustments in our current budget (2015/16)

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**COUNTY EXECUTIVE MEMBER FOR FINANCE AND PLANNING**

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## **Abbreviations and Acronyms**

AiA	Appropriation in Aid
BOPA	Budget Outlook Paper
BPS	Budget Policy Statement
CA	County Assembly
CADP	County Annual Development Plan
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
CPI	Consumer Price Index
CPSB	County Public Service Board
FY	Financial Year
GDP	Gross Domestic Product
KNBS	Kenya National Bureau of Statistics
Kshs	Kenya Shillings
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
PFMA	Public Financial Management Act
PPP	Public Private Partners
SBP	Single Business Permit
SGR	Standard Gauge Railway
SWG	Sector Working Groups

## **LEGAL BASIS FOR THE PUBLICATION OF THE COUNTY BUDGET REVIEW AND OUTLOOK PAPER**

2015 Taita Taveta CBROP is the third one to be prepared by the County Government of Taita Taveta. The County Budget Review and Outlook Paper is prepared in accordance with Section 118 of the Public Financial Management Act, 2012 which requires the County Treasury to;

- 1. Prepare a County Budget Review and Outlook Paper in respect of the county for each financial year; and*
- 2. Submit the paper to the County Executive Committee by the 30th September of that year.*

In this 2015 County Budget Review and Outlook Paper, the County Treasury specifies the following;

- a. The details of the actual fiscal performance in FY 2014/15.
- b. The updated economic and fiscal forecasts with sufficient information to show changes from the forecasts in the 2015 County Fiscal Strategy Paper
- c. Reasons for any deviation from the financial objectives in the 2015 County Fiscal Strategy Paper.

## **FISCAL RESPONSIBILITY PRINCIPLES**

In line with the Constitution, the Public Financial Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudence and transparency in the management of public resources. The PFM Act, 2012 (Section 107) states that:

- 1) Over the medium term, a minimum of 30% of the national budget shall be allocated to development expenditure*
- 2) The County government's expenditure on wages and benefits for public officers shall not exceed a percentage of the total revenue as prescribed by County Executive Member for Finance.*
- 3) Over the medium term, the County is not allowed to borrow any funds.*
- 4) Fiscal risks shall be managed prudently*
- 5) A reasonable degree of predictability with respect to the level of rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.*

## I. INTRODUCTION

### **Background**

This 2015 County Budget Review and Outlook Paper (CBROP) is the third to be prepared by the County Government of Taita Taveta under the Public Financial Management Act, 2012. In line with the law, this CBROP contains a review of the fiscal performance for financial year 2014/15 and national updated macroeconomic outlook and forecast for 2015/16 which has an influence on the county economy. The document also contains explanations for deviations from the 2015 County Fiscal Strategy Paper (CFSP) submitted to County Assembly.

### **Objectives of CBROP**

1. The objective of the 2015 CBROP is to provide a review of the previous fiscal performance and how this impacts the financial objectives and fiscal responsibility principles set out in the 2015 CFSP. This, together with the updated macroeconomic outlook provides a basis for revision of the current budget (2015/16) in the context of Supplementary Estimates and the broad fiscal parameters underpinning the next budget (2016/17) and the medium term. Details of the fiscal framework and the medium term policy priorities will be firmed up in the 2016 CFSP to be prepared in February 2016.
2. The 2015 CBROP is a key document in linking policy, planning and budgeting. This year's CBROP is embedded on the Taita Taveta County Integrated Development Plan 2013-2017, CADP priorities, in addition to taking into account emerging challenges.

## II. REVIEW OF FISCAL PERFORMANCE IN 2014/15

### Overview

There was general improvement in the county fiscal performance in FY 2014/15 as compared to the previous FY. The County however realized challenges in meeting the local revenue targets due over ambitious targets for local revenue, non-disbursement of equalization fund and other administrative bottlenecks.

On the expenditure side, the County Government continued to incur higher expenses on the recurrent vote lines in terms of salaries and Operations which stood at Kshs 2.57 Billion accounting for 72.9% of the total expenditure.

### Expenditure and Revenue

#### Revenue

In the FY 2014/15, the budgeted total resource envelope for the County amounted to Kshs 4.1 Billion. This consisted of Kshs. 2.9Billion as equitable share from national Government, Kshs 217 Million as equalization fund, Kshs 483 Million from Local revenue and Kshs 500 Million balances brought forward from the FY 2013/14. In addition, to these funds, the county had pending budget proposals of Kshs. 194 Million to 2013/014/equalization fund.

**Table 1: County Resource Envelope for FY 2014/2015**

Source Of Revenue	Budgeted	Actual
Equitable share	2,887,455,925.00	2,887,455,925.00
Conditional Funds	35,976,504.00	35,976,504.00
Local revenue	483,884,110.75	216,680,956.00
Equalization Fund(2014/15)	217,263,689.00	0
NHIF Transfer	14,400,021.00	14,400,021.00
Balances Brought forward	508,409,335.00	508,409,335.00
<b>TOTAL</b>	<b>4,147,389,584.75</b>	<b>3,662,922,741</b>
Equalization fund(2013/14)	194,000,000.00	0
<b>Grand Total</b>	<b>4,341,389,584.75</b>	<b>3,662,922,741</b>

Though the County received its entire share from the national government, the equalization fund amounting to Kshs 401 Million which was for the past two financial years has never been received. There was also a shortfall of Kshs 267 Million in terms of local revenue. During the period under review, the County Government received a total of Kshs 3.55 Billion consisting of Kshs 2.3 Billion for recurrent and Kshs 1.3 Billion for development.

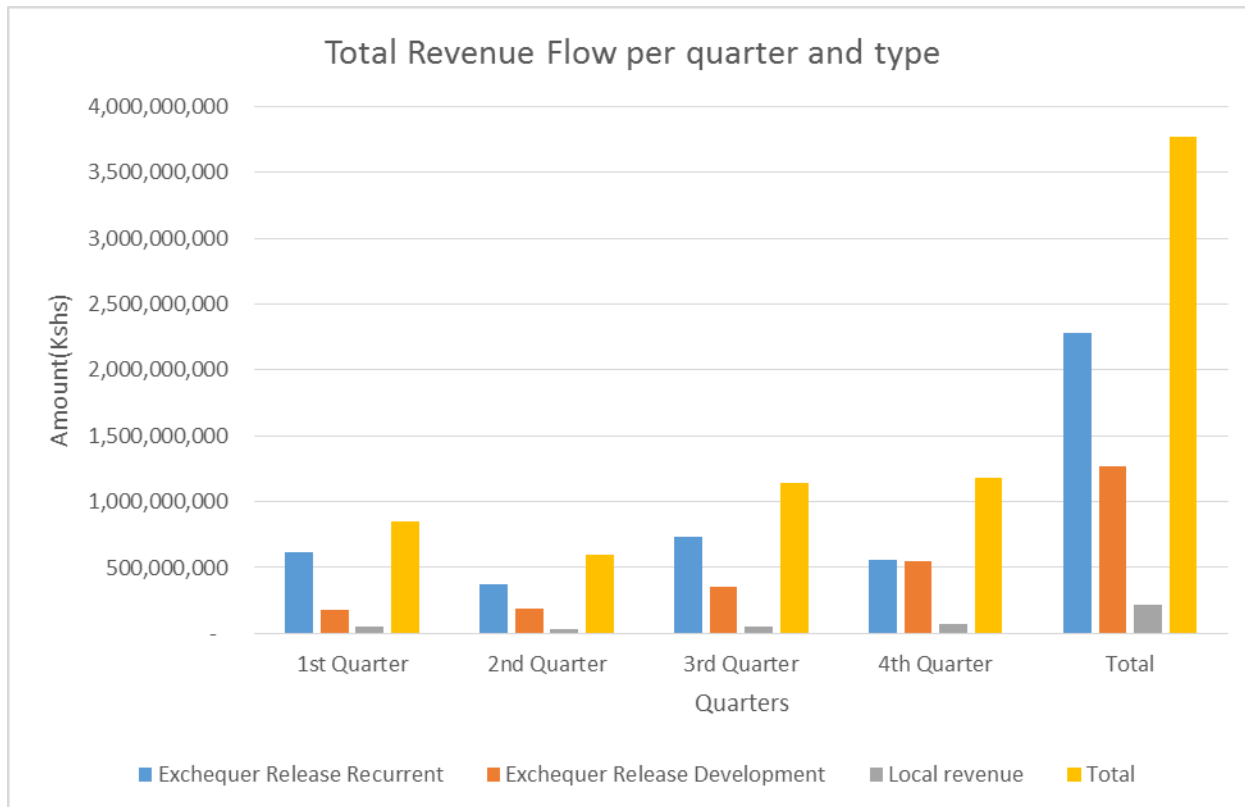
**Table 2: National Exchequer releases per Quarter (2014/15)**

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Recurrent	616,358,567	374,577,521	728,662,617	556,128,025	<b>2,275,726,730</b>
Development	179,809,543	186,395,479	357,986,970	548,689,252	<b>1,272,881,244</b>
<b>Total</b>	<b>796,168,110</b>	<b>560,973,000</b>	<b>1,086,649,587</b>	<b>1,104,817,277</b>	<b>3,548,607,974</b>



Much of the development funds from the national exchequer was received in the 4<sup>th</sup> quarter amounting to Kshs 548.7 Million accounting for 45% of the total development vote. The least amounts were received in the 1<sup>st</sup> and 2<sup>nd</sup> quarters at Kshs 179.8 Million and Kshs 186.3 Million respectively.

Figure 1: County Revenue Flow per quarter per type



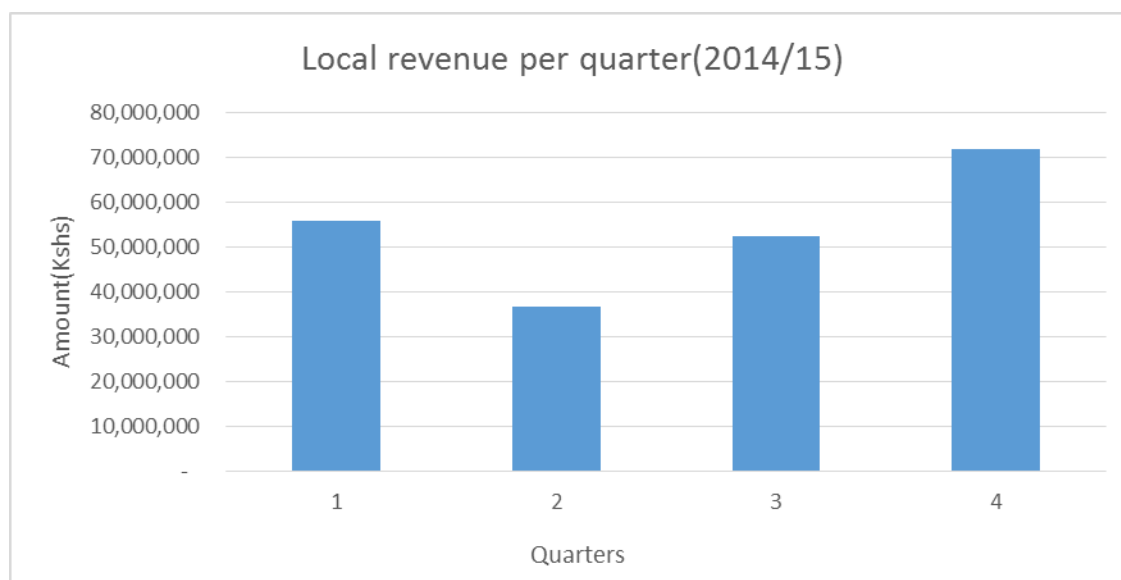
Local Revenue

In terms of Local revenue, the County managed to generate Kshs 217 Million being 45% of the targeted Kshs 483 Million. (Annex 1). The shortfall in local revenue is attributed to the following:

- a. Over estimation of local revenue collection due to inclusion of iron ore revenue
- b. Administrative challenges such as inadequate staffing, inadequate enforcement officers and inadequate mobility
- c. Lack of weighbridge
- d. Non-payment of land rates despite issuance of waivers

During the period under review, local revenue collection was highest in the 4<sup>th</sup> quarter with Kshs 71 million while the 2<sup>nd</sup> quarter recorded the least at only Kshs 36 Million. (Annex 2)

Figure 2: Local Revenue collection per Quarter (2014/15)



In 2014/2015, the major sources of local revenue were singled out as Single Business Permits (SBPs) accounting for 17.3% of the total local revenue as compared to 10.83% in 2013/14. Hospitals-FIF and General Cess are also major sources accounting for 16.7% and 11.2% respectively of the total local revenue in 2014/15. Others are major sources in 2014/15 are Land rates (8.4%), Bus park fees (5.8%) and Market fees (5.7%). (Annex 3)

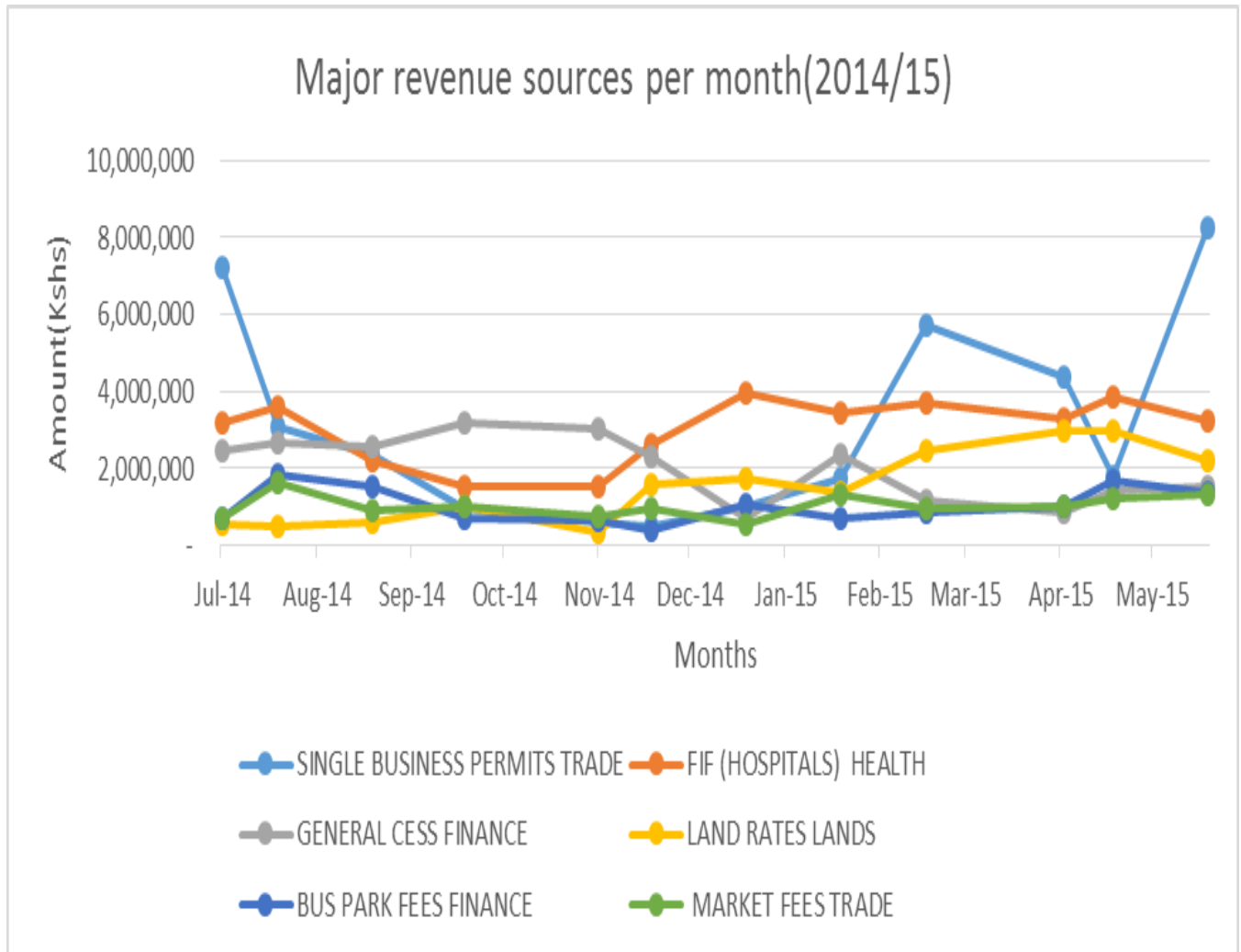
Table 3: Local Revenue by Type and percentage proportion to total revenue

	REVENUE TYPE	AMOUNT		% Proportion to Total Local Revenue		% change 2013/14 to 2014/15 FY
		2013/14	2014/15	2013/14	2014/15	
1	Single business permits	15,951,034	37,660,062	10.83	17.39	(+)136
2	Hospitals(User Fees)	588,300	36,227,267	0.40	16.72	(+)6057.9
3	General CESS	23,565,633	24,339,350	16.00	11.24	(+)3.7
4	Land rates	7,671,396	18,350,359	5.21	8.47	(+)139
5	Bus park fees	14,346,480	12,557,115	9.74	5.80	(-)12.5
6	Market fees	1,900,806	12,386,039	1.29	5.72	(+)551.6
7	House rent	3,284,070	8,958,444	2.23	4.14	(+)172.8
8	Public health (User fees)	871,300	7,539,305	0.59	3.48	(+)765.3
9	Natural resources exploitation	4,722,120	5,666,140	3.21	2.62	(+)19.9
10	Other local levies	4,008,168	5,179,157	2.72	2.39	(+)29.2
11	Sand CESS	2,201,395	4,979,821	1.49	2.30	(+)126.2
12	Slaughter houses administration	2,524,471	4,409,495	1.71	2.04	(+)74.7
13	Others Revenues	65,618,657	38,358,802	44.56	17.7	(-)41.5
	<b>Total</b>	<b>147,253,830</b>	<b>216,611,356</b>	<b>100.00</b>	<b>100.00</b>	<b>(+)47.1</b>

There was a general increase of 47.1% in local revenue collection between 2013/2014 and 2014/2015. Significant decrease was however in bus park fees and other revenues sources. The high increase in Hospital and public health use fee was as a result of the health sector fees being collected through National Government systems in better part of 2013/2014 financial year

In terms of local revenue flow, revenue from Single Business permits recorded an upward rise during the second half of the 2014/2015 financial year. The other major sources of revenue exhibited a fairly constant trend throughout the year.

Figure 3: Local Revenue trends for leading sources per month (2014/15)



### Expenditure

In the FY 2014/15, the actual total expenditure amounted to Kshs 3.4 Billion with an absorption rate of 85%. This comprised of Kshs 2.57 Billion as recurrent expenditure accounting for 72.9% of the total expenditure and Kshs 947.8 Million as development expenditure representing 27% of the total expenditure.

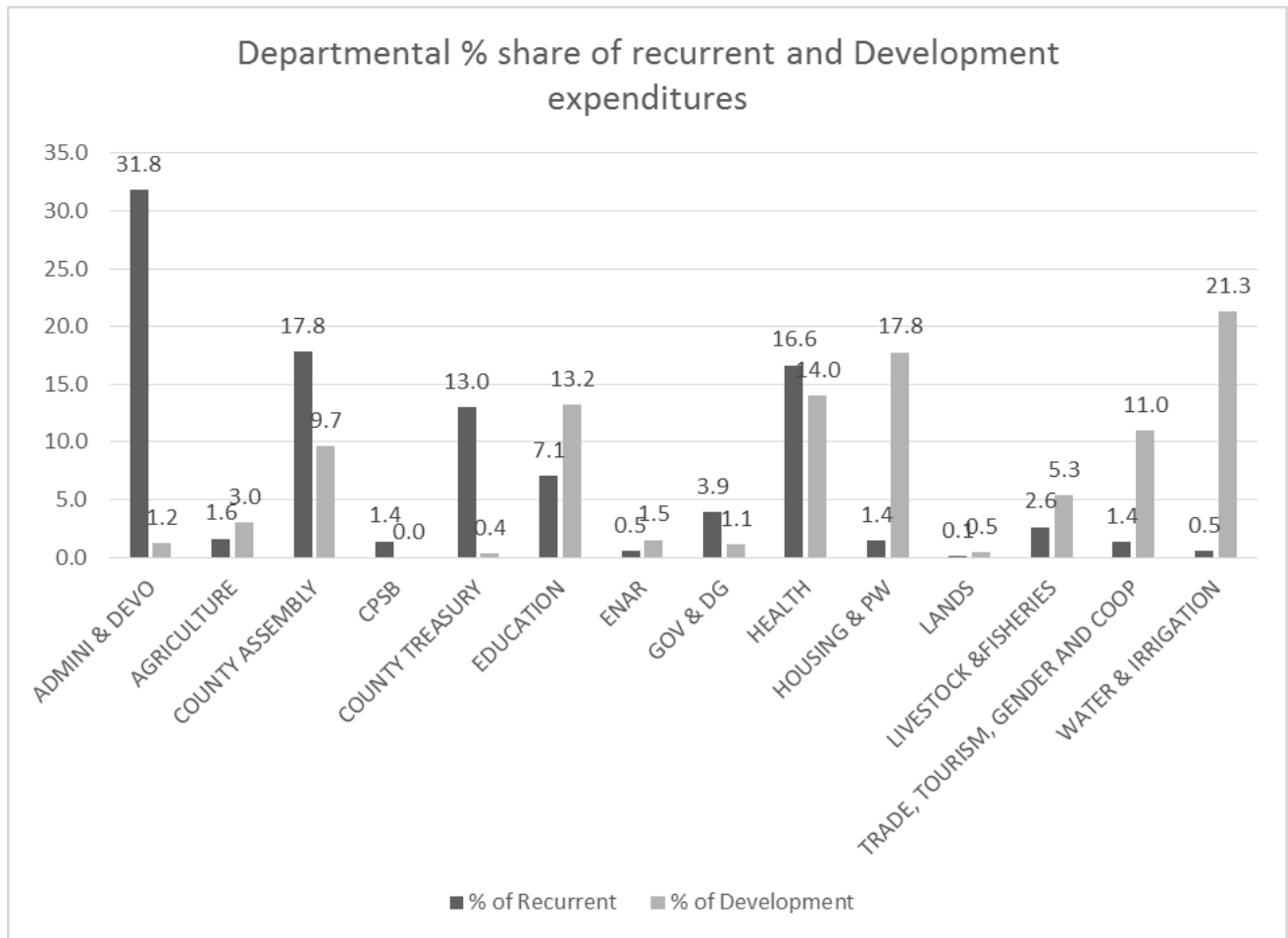
Table 4: Total expenditure per department

DEPARTMENT	REVISED BUDGET(2014/15)			ACTUAL EXPENDITURE(2014/15)			Absorption
	RECURRENT	DEVELOPMENT	TOTAL	RECURRENT	DEVELOPMENT	TOTAL	T
ADMIN AND DEVOLUTION	829,174,435	11,900,000	841,074,435	815,832,441	11,052,614	826,885,055	0.98
AGRICULTURE	43,174,115	37,665,142	80,839,257	41,785,027	26,394,334	68,179,361	0.84
COUNTY ASSEMBLY	458,327,367	85,450,000	543,777,367	458,148,799	85,449,999	543,598,798	1.00
CPSB	36,435,052		36,435,052	35,908,004		35,908,004	0.99
COUNTY TREASURY	345,973,416	84,191,569	430,164,985	332,130,637	81,936,932	414,067,569	0.96
EDUCATION	182,125,570	127,478,297	309,603,867	180,691,128	115,219,706	295,910,834	0.96
ENVIRO, MINING AND NARe	15,879,779	20,700,000	36,579,779	13,657,604	13,446,350	27,103,954	0.74
GOVERNOR AND DEPUTY	114,065,154	48,395,989	162,461,143	99,666,533	7,825,152	107,491,685	0.66
HEALTH	468,126,063	202,444,444	670,570,507	425,095,775	122,967,041	548,062,816	0.82
HOUSING, WORKS, ROADS & ICT	41,764,756	334,359,513	376,124,269	36,765,219	154,035,305	190,800,524	0.51
LANDS	4,242,437	11,600,000	15,842,437	2,565,437	4,124,890	6,690,327	0.42
LIVESTOCK, FISHERIES AND VET	44,925,659	61,197,675	106,123,334	67,682,271	43,878,088	111,560,359	1.05
TRADE, INDUSTRY, TOURISM, GENDER AND COOPERATIVE	48,624,555	123,232,000	171,856,555	34,123,245	97,322,780	131,446,025	0.76
WATER AND IRRIGATION	15,104,623	347,331,975	362,436,598	14,076,560	184,160,037	198,236,597	0.55
<b>JUNE 2015 TOTAL</b>	<b>2,647,942,981</b>	<b>1,495,946,604</b>	<b>4,143,889,585</b>	<b>2,558,128,680</b>	<b>947,813,228</b>	<b>3,505,941,908</b>	<b>0.85</b>

Though the overall County absorption rate was 85%, the rates varied considerably at the departments' level. The low absorption rate for some development votes can be attributed to the following:

- a. Late disbursement of development funds from the exchequer
- b. Challenges in the procurement process
- c. Disagreements and disputes in location of projects
- d. Non involvement of the technical staff in project planning of Ward Projects leading to disparities between budgeted and tendered amounts
- e. Disagreements during implementation of projects.
- f. Lack of a monitoring and evaluation framework.

Figure 4: Departmental Percentage share of Recurrent and Development expenditure



### Development Expenditure

Water and irrigation, Public works and County Assembly had the highest development expenditures at 21.3%, 17.8 and 17.8% respectively of the total development expenditure. The food security related sector consisting of agriculture, livestock, Water and irrigation and lands accounted for 30.1% of the total development expenditure. Other sectors like Education, Health and Trade accounted for 13.2%, 14% and 11% respectively. This reflects the county's strategic priorities of improving food security, access to health care and quality education.

### Recurrent expenditure

County Assembly, Health and County Treasury accounted for 17.8%, 16.6% and 13.0% respectively of the total recurrent expenditure. The County Treasury's high recurrent expenditure can be attributed to the statutory obligations such as County Emergency Fund and Gratuity Fund. The percentage share for Administration and Devolution department is also high at 31.8% due to inclusion of all County Staff salaries for the period January to June (2<sup>nd</sup> Half) 2015 for ease of administration.

## **Implication of 2014/15 fiscal performance on financial objectives**

The County's 2014/15 fiscal performance has affected the County financial objectives in the following ways:

- (i) The county revenue and expenditure projections for 2014/15 were not achieved implying the need to review the fiscal aggregates for the next FY and the medium term.
- (ii) Due to the non-release of the equalization fund for FY 2013/14 and 2014/15 amounting to Kshs 401 Million, the budget for 2015/16 did not factor in the share from the equalization fund.
- (iii) Arising from (i) above and taking into account the fact that execution of the budget was not fully realized due to aforementioned factors , the baseline ceilings for spending by county departments should be adjusted and then firmed up in the 2016 County Fiscal Strategy Paper.
- (iv) Non-realization of local revenue collection targets in 2014/15 has implications on the base that was used to project the revenue for the FY 2015/16 and the medium term. Therefore, in updating the fiscal outlook a new base should be taken into account.

Given the above deviations, the revision in revenues and expenditures will be based on the proposed policies outlined in this CBROP which reflect the changed circumstances to be firmed up in the context of the 2016 County Fiscal Strategy Paper. The County Government will not deviate from the fiscal responsibility principles as outlined in the PFM Act, but will make appropriate modification to the financial objectives contained in the 2015 County Fiscal Strategy Paper to reflect the changed circumstance.

### **III. RECENT NATIONAL ECONOMIC DEVELOPMENTS AND OUTLOOK**

The National economic developments and macroeconomic outlook has a positive and direct bearing on the performance of the County. Some of these developments and outlook have been briefly outlined below:

#### **Recent National Economic Developments**

According to KNBS statistical release for August 2015 indicates that the first quarter of 2015 experienced relative stability in key macroeconomic indicators. The Kenya Shilling strengthened significantly against all its major trading currencies but depreciated by 6.0 per cent against the US dollar. The current account worsened despite cheaper oil prices mainly due to a significant increase in the import bill against a contraction in export earnings. Interest on commercial bank loans declined by 8.7 per cent to average at 15.52 per cent during the quarter under review compared to an average of 17.00 per cent during the first quarter of 2014. The Central Bank Rate (CBR) was maintained at 8.5 per cent throughout the quarter.

The same report shows that, Overall Inflation eased downwards to an average of 5.8 per cent compared to 6.8 per cent recorded in the same quarter of 2014. The decline in inflation was mainly driven by a significant drop in oil prices during the review period. The decrease in oil prices also contributed to lower costs of electricity and transport services. Increased generation of geothermal electricity coupled with a reduction in thermal generation also contributed to lower cost of electricity during the review period. However, increased prices of vegetables and some key food products, in the first two months of the year, worked against the cost of living and led to a moderate level of inflation during the quarter.

The country's economic performance improved to 4.9per cent during the first quarter of 2015 compared to a growth of 4.7 per cent realized in the same quarter of 2014. The growth was mainly supported by strong expansions of activities of Construction; Finance and Insurance; Information and Communication; Electricity and Water Supply; Wholesale and Retail Trade; and Transport and Storage. All the sectors of the economy recorded positive growths of varying magnitudes except the Hotels and Restaurant whose growth contracted. This was the fifth consecutive decline in growth which is mainly attributed to low hotel occupancy rates arising from insecurity concerns mainly by international visitors.

#### **County Growth prospects**

The key driving sectors of the county economy include agriculture and livestock, mining and Trade. These sectors are expected to continue their growth trend.

Productivity in the agricultural sector is bound to improve with an increase the value of cereals produced from Kshs 66,559 Million in 2014 to Kshs 72,063 Million in 2015. The major cereals produced in the county is maize, rice and sorghum. The value of legumes produced is projected to increase from Kshs 724.7 Million in 2014 to Kshs 825.4 Million in 2015. Fruit production is also expected to grow from Kshs 2211.8 Million in 2014 to Kshs 2937 Million in 2015 with the major fruit types being bananas and water melon. (See Annex 5)

The value of production in the livestock sector is expected from Kshs 5,031 Million in 2014 to Kshs 5,119 Million in 2015 with the major earnings from milk, beef, mutton and eggs. The Value of fisheries subsector products is projected to increase from Kshs 38 Million in 2014 to Kshs 40 million in 2015 with major earnings from pond harvest. (See Annex 6)

The Cooperative sector is key in the mobilization of savings/resources and marketing of locally produced goods and services. The county has seen an increase in the number of active cooperatives from 57 in 2012 to 63 in 2014. Share capital has increased from Kshs.678 Million in 2012 to Kshs.904 Million in 2014 while turnover increased from Kshs.16 Million in 2012 to Kshs.236 million in 2014.

The County Government is also implementing various infrastructure projects in the water sector, roads, markets, health, education, agriculture and livestock and fisheries which will spur growth and development.

There are several infrastructural development programmes being undertaken in the county and which will in turn contribute positively to the growth of the county economy .These are :- The Intensive improvement of Infrastructure by the National government which are aimed at providing the necessary ingredient for growth. The major capital projects currently being undertaken within the County include among others: Standard Gauge Railway (SGR), Ikanga Airstrip expansion Gemstone Centre at Voi, tarmacking of Mwatate- Taveta and Mwatate – Wundanyi Roads, Kenya Pipeline Company Depot, Small Medium Enterprise industrial Parks , KPA Inland Dry port and management of just completed Maungu Lorry Park.

The ongoing rural electrification programmes and reduced cost of connections is expected spur growth of businesses especially in the rural areas in the county. This will in-turn lead to increased local revenue due to opening up of new businesses.

The deliberate enhancement of land titling programme by the National Government supported by the County Government portrays another avenue of growth. This boosts peoples borrowing capacity due to availability of collateral for loans. There will also be increase in investors' confidence in new industrial projects like iron ore, steel factories and cement companies to exploit the abundant natural resource in the mining sector.

The county Government will also partner with various development partners who will fund development projects especially in the water sector. These include: Red Cross society of Kenya who will fund water projects in Challa, Kaloleni, Mbololo and Kasighau wards amounting to Kshs 100 Million. The Standard Gauge Railway Project will also undertake the Construction of Kighombo Dam at Kshs 270 Million. National Drought Management Authority (NDMA) and European Union have also targeted water projects at a tune of Kshs 20 Million and Kshs 100 Million respectively.



## **Medium Term Fiscal Framework**

On the expenditure side, the County Government will over the medium term continue to pursue prudent fiscal policy of rationalizing expenditures. Non-priority expenditures will continue to be avoided while funding to areas with high impact will be intensified. This will ensure improved efficiency in resource utilization and reduction of wastage.

The ongoing implementation of e-procurement for goods and services will further improve the absorption capacity especially for capital projects. In addition the platform ensures that value for money is guaranteed.

To address the high wage bill, the county will implement the recommendations contained in the Capacity Assessment and Rationalization Programme (CARPS) report to ensure optimal level of staff and at the same time increasing efficiency

On the revenue side, the County Government intends to realize a strong revenue effort at 10-12 percent of the total County Resources envelop. Measures to achieve this deliberate effort will include:

- a. Automation of revenue collection
- b. Carrying out a baseline survey to determine the County's potentiality of revenue
- c. Employment and training of permanent revenue collectors and enforcement officers
- d. Undertaking supplementary valuation roll
- e. Establishment of revenue tolls and weighbridges
- f. Ensuring that revenue generating departments meet their set targets
- g. The County Government is partnering with Kenya Revenue Authority (KRA) to increase efficiency in revenue management.
- h. Involvement of stakeholders and political leaders in decision making
- i. Promotion of Private-Public Partnerships (PPPs) and reaching out to donors
- j. Educating the public on the need to pay their fees and rates
- k. Strengthening of revenue department through provision of staff and transport

## **Risks to the outlook**

The risk to the outlook for 2015/16 and medium-term include:

1. Unfavourable weather conditions should there be any drought in 2015 and years ahead. Other unforeseen disasters such as floods occasioned by the forecasted possibility El nino rains, pest infestation and diseases outbreak are also likely to affect the outlook.
2. The continuous increase in the County wage bill resulting from upward Salaries and allowances reviews and recruitment of new staff will impact negatively on the development vote.
3. Unfavourable political and legal decisions and actions that might affect collection of Local revenue
4. Continuous creation of numerous Funds in the county will exert more pressure on the recurrent vote at the expense of development vote.
5. The anticipated political electioneering climate is likely to lead to reduced investment and diversion of productive labour

Should these risks materialize the government will undertake appropriate measures to mitigate the impact on the budget

## **IV. RESOURCE ALLOCATION FRAMEWORK**

### **Adjustment to 2015/16 Budget**

Though frequent adjustments to the approved budget is not in line with good budgeting and planning best practices, the County government will however accommodate minimum adjustments in the context of supplementary budget to the 2015/16 budget. These adjustments will be due to the following risks:

- a. Inclusion of balances brought forward from the FY 2014/15
- b. Possible additional sources of local revenue especially from the mining and forestry sectors and the passage of the 2015 Finance Act.
- c. Inclusion of the Ward development equalization Projects.
- d. Weather conditions such as effects of El-nino and drought
- e. The County Government has been engaging with various partners. In the event that the engagements are positive and finalized in the financial year, there will be need to adjust the budget. These partners include: Red Cross Society of Kenya, National Drought Management Authority, European Union and Standard Gauge Railway Project-CSR

### **2016/17 Budget framework**

The 2016/17 budget framework is set against the background of the updated medium-term macro-fiscal framework at the national level as set out above. Inflation is expected to remain low and stable, reflecting continued implementation of a prudent monetary policy and stable food and oil prices, as well as the shilling exchange rate.

The growth in the county economy is underpinned by continued good performance across all sectors of the economy. The projected growth of the county economy assumes normal weather pattern during the year and improved investor confidence, completion of ongoing major infrastructure projects and enactment of land and mining laws which are favorable to the county.

### ***Revenue projections***

The total county Resource envelop envisaged for the 2016/17 budget amounts to Kshs 4.9 Billion comprising of the share from the national Government and locally collected revenue. The total accumulated amount of equalization fund from 2013/14 to 2016/17 is estimated at Kshs 845 Million. This amount if released will form part of the Resource envelop and earmarked for the specific sectors. The total local revenue for 2016/17 is projected at Kshs 320 Million representing 8% of the total resource envelop. However, over the medium term, the target for local revenue is expected to reach between 10-12% of total County Revenue base. As noted above, this performance will be underpinned by implementation of The County Finance Act, on-going fiscal reforms, partnering with Kenya Revenue Authority in revenue management and enhancement.

## ***Expenditure Forecasts***

***Recurrent expenditures:*** The absolute recurrent expenditure is expected to remain significantly stable. The total recurrent expenditure ratio to total county budget is however expected to further decline from 76 % in FY 2013/14 to 70 % in the FY 2016/17. The ratio is expected to continue improving over the medium term. This will be achieved through continuous rationalization of expenditures.

***Development Expenditures:*** The ceiling for development expenditures including donor funded projects is expected to increase to 39.8% of total County's Revenue base over the medium term from 30.1% in the FY 2015/16. Most of the savings are expected to support critical infrastructural development that will attract private sector investment.

### ***Overall Deficit and Financing***

It is expected that the 2016/17 budget will remain balanced with zero deficit as is the 2015/16 budget. Austerity measures will be put in place to ensure that only when macro-fiscal conditions and PFM laws allows the deficit does not exceed 5% of the County's Resources envelop. Such a deficit will be financed through loans and grants.

## **CONCLUSION AND NEXT STEPS**

The fiscal outcome for 2014/15 together with the updated forecasts have had ramification on the financial objectives elaborated in the 2015 County Fiscal Strategy Paper submitted to the County Assembly in February. This implies the need to adjust the departmental ceilings in the context of the next supplementary budget.

Going forward, the policies outlined in this CBROP reflect the changed circumstances and are broadly in line with the fiscal responsibility principles outlined in the PFM law.

The policies and proposed sector ceilings (Annex 4) will guide the County Departments in the preparation of their preliminary budget proposals for the 2016/17 budget. The actual ceilings will be contained in the 2016 County Fiscal Strategy Paper to be prepared between December 2015 and February 2016.

**ANNEX 1: Total Local Revenue By Type and Department (2013/14 to 2017/18 Projections)**

TAITA TAVETA COUNTY									
TOTAL LOCAL REVENUE STATISTICS PER REVENUE TYPE AND DEPARTMENT									
REVENUE TYPE	2013/14		2014/15		2013	2014	PROJECTIONS		
	TARGET	ACTUAL	TARGET	ACTUAL	% Variance	% Variance	2015-2016	2016-2017	2017-2018
App for SBP/renewal	741,389	554,750	815,525	1,975,900	(25)	142	839,991	865,191	951,710
Impounding charges	524,214	311,100	576,665	321,300	(41)	(44)	593,965	611,784	672,962
Sale of Tender docs	1,950,600	1,364,700	2,145,660	282,000	(30)	(87)	200,000	206,000	226,600
Hire of hall	33,000	257,400	300,000	257,020	680	(14)	339,000	349,170	384,087
Hire of council's equipment	25,721	8,480	28,293	12,815	(67)	(55)	29,142	30,016	33,018
Clamping & declamping fees	227,425	204,250	250,168	51,850	(10)	(79)	257,673	265,403	291,944
Hire of stadium	153,450	146,350	168,795	70,500	(5)	(58)	173,858	179,074	196,981
Advertisement of SBP	1,230,614	1,517,593	2,000,000	4,363,188	23	118	2,060,000	2,121,800	2,333,980
Single business permits	30,584,089	15,951,034	35,200,000	37,660,062	(48)	7	31,661,326	32,611,166	35,872,282
Signboards/billboards	3,178,000	354,590	3,495,800	1,866,032	(89)	(47)	3,600,674	3,708,694	4,079,564
Land rates	48,503,486	7,671,396	53,353,835	18,350,359	(84)	(66)	34,503,486	35,538,591	39,092,450
Ground rent	746,768	9,859,493	12,000,000	3,997,809	1,220	(67)	4,859,493	5,005,278	5,505,806
Rates clearance certificate	316,800	2,101,331	3,000,000	285,500	563	(90)	3,090,000	3,182,700	3,500,970
Market stalls/slabs	322,344	776,280	1,000,000	618,190	141	(38)	1,030,000	1,060,900	1,166,990
House rent	820,800	3,284,070	8,454,600	8,958,444	300	6	8,708,238	8,969,485	9,866,434
Sisal Cess	3,396,000	445,600	3,735,600	4,109,695	(87)	10	3,847,668	3,963,098	4,359,408
Sand Cess	4,597,446	2,201,395	5,057,191	4,979,821	(52)	(2)	5,208,906	5,365,173	5,901,690
Bus park fees	14,813,967	14,346,480	16,295,364	12,557,115	(3)	(23)	16,784,225	17,287,752	19,016,527
Taxi, & tuktuk cabs	1,906,504	417,845	2,097,154	988,320	(78)	(53)	2,160,069	2,224,871	2,447,358
Motorcycle curb	2,012,380	21,900	2,213,618	16,700	(99)	(99)	2,280,027	2,348,428	2,583,271
Daily parking fees	5,505,969	1,495,805	5,739,667	2,815,165	(73)	(51)	5,911,857	6,089,213	6,698,134
Reserved parking fees	13,843,155	13,448,984	316,899	190,700	(3)	(40)	326,406	336,198	369,818
Market fees	5,320,296	1,900,806	15,227,482	12,386,039	(64)	(19)	15,684,306	16,154,835	17,770,319
Approval of building plans	62,920	218,750	5,852,326	2,754,216	248	(53)	6,027,896	6,208,733	6,829,606
Renovation fees	31,350	106,200	69,212	135,980	239	96	71,288	73,427	80,769
Renewal of building plans	1,074,500	105,700	144,485	10,000	(90)	(93)	148,820	153,285	168,613
Plot transfer fees	556,459	-	1,181,950	571,500	(100)	(52)	1,217,409	1,253,931	1,379,324
Drawing plans fees	78,991	16,600	391,995	-	(79)	(100)	403,755	415,868	457,454
Plot fencing fees	113,344	100,550	196,890	112,000	(11)	(43)	202,797	208,881	229,769
Application for exhauster	25,280	31,050	124,678	193,800	23	55	128,418	132,271	145,498
Burial site fees	508,180	622,939	137,808	52,700	23	(62)	141,942	146,200	160,820
Exhauster services	1,338,425	1,433,450	2,000,000	2,145,250	7	7	2,060,000	2,121,800	2,333,980

Mileage-exhauster	134,220	3,094,183	4,000,000	181,250	2,205	(95)	4,120,000	4,243,600	4,667,960
Annual lease fees	825,000	-	907,500	988,977	(100)	9	934,725	962,767	1,059,043
Public toilet fees	2,781,176	3,181,745	3,500,000	2,211,425	14	(37)	3,605,000	3,713,150	4,084,465
General Cess	25,009,340	23,565,633	30,000,000	24,339,350	(6)	(19)	30,195,035	31,100,886	34,210,975
Plot rents	10,680,000	1,071,776	11,748,000	386,370	(90)	(97)	10,667,580	10,987,607	12,086,368
Other local levies	1,200,000	4,008,168	4,400,000	5,179,157	234	18	4,532,000	4,667,960	5,134,756
NaRe exploitation	20,609,600	4,722,120	17,370,759	5,666,140	(77)	(67)	7,625,878	7,854,654	8,640,120
Social premise charges	140,000	1,795,550	2,000,000	1,978,590	1,183	(1)	2,060,000	2,121,800	2,333,980
Slaughter houses administration	1,680,000	2,524,471	3,000,000	4,409,495	50	47	3,090,000	3,182,700	3,500,970
Technical services fees	550,000	-	605,000	-	(100)	(100)			
Environ & refuse collection	3,530,000	405,000	839,498	1,463,600	(89)	74	864,683	890,623	979,686
Administrative service fees	646,707	1,007,991	1,000,000	345,363	56	(65)	50,000	51,500	56,650
Water supply admin	1,790,000	208,190	1,056,988	330	(88)	(100)	50,000	51,500	56,650
Revenues from financial investment	214,119,909	126,861,698	11,000	-	(41)	(100)	11,330	11,670	12,837
Fire and extinguisher	30,000,000			397,000	(100)				
Penalty and fines		226,740		69,864					
<b>Sub total</b>		-	<b>264,010,405</b>	<b>170,706,881</b>		(35)	<b>222,358,866</b>	<b>229,029,632</b>	<b>251,932,595</b>
Weight &measures		555,500	1,000,000	554,950	(45)		1,030,000	1,060,900	1,166,990
Survey and mapping			100,000	54,700	(45)		103,000	106,090	116,699
Physical planning		<b>127,709,368</b>	200,000	77,300	(61)		206,000	212,180	233,398
Livestock and veterinary		1,127,710	1,900,000	1,120,585	(41)		1,957,000	2,015,710	2,217,281
Fisheries		1,063,730	100,000	32,200	(68)		103,000	106,090	116,699
Co-operatives		3,679,540	750,000	367,768	(51)				
Liquor licences(adm)		3,617,710	6,432,000	-	(100)		6,624,960	6,823,709	7,506,080
Mining cess		58,765	134,391,706	-	(100)		0	0	-
Aia (user fees)		8,537,407		-					
Hospitals		588,300	57,362,333	36,227,267	(37)		59,083,203	60,855,699	66,941,269
Public health		871,300	17,637,667	7,539,305	(57)		18,166,797	18,711,801	20,582,981
Social services							772,500	795,675	875,243
<b>Totals for devolved</b>	<b>244,119,909</b>	<b>147,253,830</b>	<b>219,873,706</b>	<b>5,974,075</b>		<b>(79)</b>			
<b>Grand total</b>			<b>483,884,111</b>	<b>216,680,956</b>		(55)	<b>310,405,326</b>	<b>319,717,486</b>	<b>351,689,234</b>

## ANNEX 2: Total Local revenue per Type and Quarter (2014/15)

### TAITA TAVETA COUNTY

#### TOTAL LOCAL REVENUE STATISTICS PER REVENUE TYPE, DEPARTMENT AND QUARTER(2014/15)

REVENUE TYPE	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2014/15	
					TARGET	ACTUAL
Application for SBP/renewal	415,250	128,900	501,850	929,900	815,525	1,975,900
Impounding charges	60,250	60,100	91,650	109,300	576,665	321,300
Sale of tender documents	-	6,000	-	276,000	2,145,660	282,000
Hire of hall	53,050	55,950	62,360	85,660	300,000	257,020
Hire of council's equipment	8,535	50	1,770	2,460	28,293	12,815
Clamping & declamping fees	26,950	6,000	10,800	8,100	250,168	51,850
Hire of stadium	33,000	-	11,000	26,500	168,795	70,500
Advertisement of SBP	990,000	471,515	1,163,376	1,738,297	2,000,000	4,363,188
Single business permits	12,625,540	2,100,570	8,517,540	14,416,412	35,200,000	37,660,062
Signboards/billboards	351,520	22,750	601,130	890,632	3,495,800	1,866,032
Land rates	1,603,654	2,951,714	5,624,341	8,170,650	53,353,835	18,350,359
Ground rent	1,147,651	328,507	869,131	1,652,520	12,000,000	3,997,809
Rates clearance certificate	37,500	45,000	43,000	160,000	3,000,000	285,500
Market stalls/slabs	164,920	241,380	132,870	79,020	1,000,000	618,190
House rent	1,546,640	1,405,967	1,452,250	4,553,587	8,454,600	8,958,444
Sisal CESS	837,930	1,340,165	1,048,000	883,600	3,735,600	4,109,695
Sand CESS	1,102,690	1,035,696	1,295,460	1,545,975	5,057,191	4,979,821
Bus park fees	4,082,375	1,733,950	2,638,040	4,102,750	16,295,364	12,557,115
Taxi, light transport & tuktuk cabs	294,040	153,070	95,210	446,000	2,097,154	988,320
Motorcycle curb	12,200	2,400	2,100	-	2,213,618	16,700
Daily parking fees	722,870	350,000	817,415	924,880	5,739,667	2,815,165
Reserved parking fees	98,700	-	52,000	40,000	316,899	190,700
Market fees	3,270,615	2,709,548	2,838,851	3,567,025	15,227,482	12,386,039
Approval of building plans	938,211	631,683	456,942	727,380	5,852,326	2,754,216
Renovation fees	3,000	25,500	36,500	70,980	69,212	135,980
Renewal of building plans	2,000	-	8,000	-	144,485	10,000
Plot transfer fees	239,500	78,000	101,500	152,500	1,181,950	571,500
Drawing plans fees	-	-	-	-	391,995	-
Plot fencing fees	45,000	9,000	39,000	19,000	196,890	112,000
Application for exhauster	43,800	48,900	55,800	45,300	124,678	193,800

Burial site fees	500	36,100	14,100	2,000	137,808	52,700
Exhauster services	503,200	462,000	518,050	662,000	2,000,000	2,145,250
Mileage-exhauster	10,950	21,900	43,600	104,800	4,000,000	181,250
Annual lease fees	10,000	-	-	978,977	907,500	988,977
Public toilet fees	770,215	356,835	412,655	671,720	3,500,000	2,211,425
General CESS	7,720,350	8,568,450	4,219,425	3,831,125	30,000,000	24,339,350
Plot rents	53,720	24,170	116,750	191,730	11,748,000	386,370
Other local levies	2,131,661	1,861,183	792,890	393,423	4,400,000	5,179,157
Natural resources exploitation	1,473,920	1,219,560	1,819,700	1,152,960	17,370,759	5,666,140
Social premises use charges	456,900	509,940	516,100	495,650	2,000,000	1,978,590
Slaughter houses administration	939,020	1,131,830	983,740	1,354,905	3,000,000	4,409,495
Technical services fees	-	-	-	-	605,000	-
Environment & refuse collection	506,400	117,600	455,300	384,300	839,498	1,463,600
Administrative service fees	6,751	30,872	59,620	248,120	1,000,000	345,363
Water supply administration	-	330	-	-	1,056,988	330
Interest and revenues from financial investment	-	-	-	-	11,000	-
Fire and extinguisher	-	-	-	397,000	-	397,000
Penalty and fines	-	-	-	69,864	-	69,864
<b>Sub total</b>	<b>45,340,978</b>	<b>30,283,085</b>	<b>38,519,816</b>	<b>56,563,002</b>	<b>264,010,405</b>	<b>170,706,881</b>
<b>Devolved functions</b>		-	-	-	-	-
Weight &measures	127,240	42,600	260,510	124,600	1,000,000	554,950
Survey and mapping	32,200	12,000	7,000	3,500	100,000	54,700
Physical planning	8,000	5,800	50,500	13,000	200,000	77,300
Livestock and veterinary	297,575	189,915	217,975	415,120	1,900,000	1,120,585
Fisheries	-	-	-	32,200	100,000	32,200
Co-operatives	-	72,940	76,478	148,750	750,000	298,168
Liquor licences(adm)	-	-	-	-	6,432,000	-
Mining CESS	-	-	-	-	134,391,706	-
<b>Aia (user fees)</b>		-	-	-	-	-
Hospitals	8,981,315	5,710,211	11,111,102	10,424,639	57,362,333	36,227,267
Public health	1,007,100	347,300	2,236,100	3,948,805	17,637,667	7,539,305
<b>Totals for devolved</b>	<b>10,453,430</b>	<b>6,380,766</b>	<b>13,959,665</b>	<b>15,110,614</b>	<b>219,873,706</b>	<b>45,904,475</b>
<b>Grand total</b>	<b>55,794,408</b>	<b>36,663,851</b>	<b>52,479,481</b>	<b>71,673,616</b>	<b>483,884,111</b>	<b>216,611,356</b>
	<b>1st Quarter</b>	<b>2nd Quarter</b>	<b>3rd Quarter</b>	<b>4th Quarter</b>	<b>Target</b>	<b>Actual</b>

### ANNEX 3: Major Sources Local revenue Per Month (2014/15)

REVENUE TYPE	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	15-Apr	May-15	Jun-15	TOTAL
SINGLE BUSINESS PERMITS	7,199,600	3,089,240	2,336,700	987,900	602,070	510,600	1,025,140	1,758,900	5,733,500	4,380,978	1,795,150	8,240,284	37,660,062
FIF (HOSPITALS)	3,164,514	3,602,231	2,214,570	1,558,149	1,547,685	2,604,377	3,950,441	3,446,537	3,714,124	3,313,260	3,854,520	3,256,859	36,227,267
GENERAL CESS	2,443,420	2,685,100	2,591,830	3,208,045	3,031,705	2,328,700	691,970	2,339,355	1,188,100	873,330	1,408,660	1,549,135	24,339,350
LAND RATES	533,332	480,179	590,143	1,033,485	328,046	1,590,183	1,755,278	1,403,868	2,465,195	2,984,982	2,976,005	2,209,663	18,350,359
BUS PARK FEES	719,070	1,852,255	1,511,050	717,310	632,210	384,430	1,068,030	692,820	877,190	1,007,685	1,693,010	1,402,055	12,557,115
MARKET FEES	725,575	1,623,570	921,470	996,604	768,520	944,424	572,250	1,320,941	945,660	1,041,120	1,199,125	1,326,780	12,386,039
HOUSE RENT	611,807	445,163	489,670	481,150	494,267	430,550	592,100	430,000	430,150	549,600	433,150	3,570,837	8,958,444
FIF (PUBLIC HEALTH)	395,800	410,700	200,600	177,500	85,900	83,900	464,400	572,800	1,198,900	1,162,200	1,041,500	1,745,105	7,539,305
NATURAL RESOURCES EXPLOITATION	399,995	739,175	334,750	572,730	329,910	316,920	136,200	848,865	834,635	450,985	378,465	323,510	5,666,140
OTHER LOCAL LEVIES	711,131	604,520	816,010	404,797	1,224,563	231,823	72,101	333,130	387,659	0	120,443	272,980	5,179,157
SLAUGHTER HOUSES ADMINISTRATION	303,840	319,690	315,490	571,860	348,070	211,900	362,160	220,350	401,230	317,480	484,935	552,490	4,409,495
ADVERTISEMENT OF SBP	409,350	237,300	343,350	186,645	122,130	162,740	417,485	181,665	564,226	350,380	416,337	971,580	4,363,188
GROUND RENT	749,640	226,084	171,927	111,560	99,666	117,281	76,540	254,443	538,148	863,722	384,270	404,528	3,997,809
DAILY PARKING FEES	80,610	440,170	202,090	67,620	105,790	176,590	312,000	135,125	370,290	249,090	443,280	232,510	2,815,165
APPROVAL OF BUILDING PLANS	99,600	301,000	537,611	287,083	231,100	113,500	229,710	78,900	148,332	43,100	416,480	267,800	2,754,216
PUBLIC TOILET FEES	143,740	393,280	233,195	120,000	95,835	141,000	197,635	75,890	139,130	124,420	306,175	241,125	2,211,425
EXHAUSTER SERVICES	222,900	135,000	145,300	146,000	128,000	188,000	192,000	149,050	177,000	141,000	197,000	324,000	2,145,250
SOCIAL PREMISES USE CHARGES	148,200	139,900	168,800	130,550	143,900	235,490	191,950	157,700	166,450	157,100	160,300	178,250	1,978,590
APPLICATION FOR SBP/RENEWAL	226,520	50,500	138,230	62,300	33,800	32,800	52,700	96,250	352,900	338,040	209,310	382,550	1,975,900
SIGNBOARDS/BILLBOARDS	135,770	90,550	125,200	10,250	12,500	0	62,500	153,830	384,800	29,174	828,818	32,640	1,866,032
ENVIRONMENT & REFUSE COLLECTION	252,800	143,300	110,300	60,700	27,300	29,600	67,000	103,200	285,100	133,400	137,700	113,200	1,463,600
LIVESTOCK AND VETERINARY	106,680	98,550	92,345	69,880	48,095	71,940	71,690	46,480	99,805	78,770	155,100	181,250	1,120,585



**ANNEX 4: Proposed CBROP Departmental ceilings**

DEPARTMENT	REVISED BUDGET	APPROVED ESTIMATES	CBROP CEILING	Percentage Share		
	2014/15	2015/16	2016/17	2014/15	2015/16	CBROP 16/17
County Assembly	386,692,356	562,479,137	582,400,000	9	14	14
Governor and Deputy Governor	128,228,599	143,943,579	153,920,000	3	4	3.7
County Public Service Board	20,530,054	43,810,349	62,400,000	0	1	1.5
Administration and Devolution	1,455,502,967	234,581,811	199,680,000	35	6	4.8
Health Services	406,586,167	1,068,028,346	1,040,000,000	10	27	25
Agriculture	44,845,942	83,630,590	112,320,000	1	2	2.7
Livestock & Fisheries	74,381,122	51,433,326	74,880,000	2	1	1.8
Tourism, Environment and Natural Resources	-	60,941,488	66,560,000		2	1.6
Trade & Community affairs	192,070,238	202,372,437	170,560,000	5	5	4.1
Water & Irrigation	361,715,008	303,186,758	345,280,000	9	8	8.3
Voi Town Administration	15,596,502	13,050,000	12,480,000	0	0	0.3
Taveta Town Administration	14,222,502	14,400,000	16,640,000	0	0	0.4
Lands & Mining	14,100,000	44,944,990	62,400,000	0	1	1.5
Education & Library Services	236,324,250	444,085,681	457,600,000	6	11	11
Public works& Infrastructure	330,180,716	243,420,205	253,760,000	8	6	6.1
Industrialization, Energy, ICT & Research	39,920,929	25,148,980	108,160,000	1	1	2.6
Finance & Planning	426,492,235	346,510,170	440,960,000	10	9	10.6
<b>TOTAL</b>	<b>4,147,389,587</b>	<b>3,885,967,847</b>	<b>4,160,000,000</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Accumulated Equalization Fund(2013/14 to 2016/17)**</b>	<b>401,000,000</b>	<b>618,000,000</b>	<b>845,000,000</b>			

NB/ The total amount accumulated as equalization fund from 2013/14 to 2016/17 is Kshs 854 Million. The same amount once disbursed will be included in the budget and only be used to fund specific projects in specific sectors.

The division of funds between recurrent and development to be done during the sector bidding process