

REPUBLIC OF KENYA



COUNTY GOVERNMENT OF BOMET

THE COUNTY TREASURY

**COUNTY BUDGET REVIEW
AND OUTLOOK PAPER**

SEPTEMBER 2018

© County Budget Review and Outlook Paper (CBROP) 2018

To obtain copies of the document, please contact;

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ABBREVIATIONS AND ACRONYMS.

ADP - Annual Development Plan

AIA - Appropriation in Aid

CARPS - Capacity Assessment and Rationalization Programme

CBROP - County Budget Review and Outlook Paper

CDMS- County Debt Management strategy

CFSP - County Fiscal Strategy paper

CG - County Government

CIDP - County Integrated Development Plan

COB - Controller of Budget

COFOG- Classification of Functions of Government

CRA - Commission of Revenue Allocation

DAs - Department and Agencies

DANIDA - Danish International Development Agency

FIF - Facility Improvement Fund

FY - Financial Year

IFMIS - Integrated Financial Management Information Systems

MLND - Maize Lethal Necrosis Disease

MTEF - Medium Term Expenditure Framework

PBB - Program Based Budget

PFM - Public Finance Management

RMFLF - Road Maintenance Fuel Levy Fund

SMEs - Small Microenterprises

SRC - Salaries and Remuneration Commission

SWGs - Sector Working Groups

FOREWORD

This County Budget Review and Outlook Paper (CBROP) 2018 was prepared in accordance with section 118 of the Public Financial Management Act, 2012. The PFM law envisages production of a CBROP by the end of September each year. This review document covered the fiscal year ending 30th June 2018 and has focused on the progress made compared to similar review period in FY 2016/2017.

The CBROP also reviews the fiscal outcome for FY 2017/18 and its effects on the financial objectives set out in the 2018/19 budget estimates submitted to the County Assembly on April 30, 2018. It provides a basis upon which to revise the 2018/19 budget in the context of the supplementary budget and set out the broad fiscal parameters for the next medium-term budget. The outcome of the budget review revealed a stable macroeconomic environment at the National level and the County level. The total County receipts amounted to Ksh 6.063 billion against a revised target of Ksh 6.242 billion. The County Government received full transfers from the targeted National transfers. The total exchequer receipts amounted to Ksh 5.255 billion against a similar target. The local revenue dropped by approximately 30 percent from Ksh 236 million in FY 2016/2017 to Ksh 182 million in FY 2017/2018. This outcome was a 91 percent performance in comparison with a target of Ksh 200 million. The total County expenditure was 4.9 billion against a total planned expenditure of Ksh 6.2 billion representing 79 percent budget absorption rate. Total recurrent expenditure accounted for 82 percent of the actual expenditure or Ksh 4.07 Billion. On the other hand, County Development expenditure was Ksh 874 million against a revised target of Ksh 1.86 billion translating to 47 percent performance.

Adequate effort has been made to ensure compliance with the County Government fiscal responsibility principles envisaged in section 104 of the PFM Act 2012.

Hon. Andrew Sigei
CECM- Finance & Economic Planning
County Government of Bomet

ACKNOWLEDGEMENTS

The 2018 County Budget Review and Outlook Paper is the sixth to be prepared under the inaugural County Government. Its preparation was made successful by contributions of various participants, whom we highly recognized and appreciated for their efforts.

This statutory document was prepared by a joint team of County Treasury Planning Unit with extensive inputs from Departmental Sector Working Groups and a sub-committee from the Bomet County Budget and Economic Forum (CBEF). We are grateful to all the spending units and their respective heads for their timely provision of data necessary for qualifying this review and outlook paper.

A core team of the county planning unit provided technical expertise in compilation of the document, with support from the various departments which provided the needed information timely. In particular, I wish to appreciate the County Executive Committee member for Finance and Economic Planning, for providing leadership throughout the preparation of this document. I further wish to recognise staff of the Department of economic planning for their hard work and commitment in successfully delivering the document in time. It may not be possible to mention everyone on this list and I therefore take this opportunity to thank all County Treasury staff for their dedication and commitment to duty.

MILCAH C. RONO,
CHIEF OFFICER- ECONOMIC PLANNING

Legal Basis for the Publication of the County Budget Review and Outlook Paper

The Budget Review and Outlook Paper is prepared in accordance with Section 118 of the Public Financial Management Act, 2012. The law states that:

(1) A County Treasury shall—

(a) prepare a County Budget Review and Outlook Paper in respect of the county for each financial year; and

(b) submit the paper to the County Executive Committee by the 30th September of that year.

(2) In preparing its county Budget Review and Outlook Paper, the County Treasury shall specify—

(a) the details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;

(b) the updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper;

(c) information on—

(i) any changes in the forecasts compared with the County Fiscal Strategy Paper; or

(ii) how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for that financial year; and

(d) reasons for any deviation from the financial objectives in the County Fiscal Strategy Paper together with proposals to address the deviation and the time estimated for doing so.

(3) The County Executive Committee shall consider the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, within fourteen days after its submission.

(4) Not later than seven days after the County Budget Review and Outlook Paper is approved by the County Executive Committee, the County Treasury shall—

(a) arrange for the Paper to be laid before the County Assembly; and

(b) as soon as practicable after having done so, publish and publicise the Paper.

County Government Fiscal Responsibility Principles

In line with chapter twelve of the Constitution, Section 107 of the Public Financial Management (PFM) Act, 2012

- 1) *The county government's recurrent expenditure shall not exceed the county government's total revenue*
- 2) *Over the medium term, a minimum of 30% of the County budget shall be allocated to development expenditure*
- 3) *The County government's expenditure on wages and benefits for public officers shall not exceed a percentage of the County government revenue as prescribed by the regulations.*
- 4) *Over the medium term, the 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 County Government (CG)*
- 6) *Fiscal risks shall be managed prudently*
- 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. INTRODUCTION

Objectives of the County Budget Review and Outlook Paper (C-BROP) 2018

1. The objectives of the 2018 CBROP is to provide an assessment of the fiscal performance for the FY 2017/2018 and how the outcomes impact on the County fiscal responsibility principles outlined in the County Fiscal Strategy paper 2018 as envisaged in the PFM Act 2012. This information alongside other emerging issues on the current budget year will provide the background for revising the current budget via a supplementary budget proposal.
2. This CBROP therefore will underpin the County fiscal initiative outlined in CFSP 2018. This include; i) To establish a fully functional health system at all levels. ii) To provide quality training services to framers and other stakeholders on modern farming technologies and increase agricultural productivity. iii) To create an enabling environment through policy, legal and regulatory reforms for management of the land and land use activities and; iv) To promote growth and development of the trade.
3. The C-BROP 2018 also set the primary sector ceilings for the FY 2019/2020 budget and indicative projections for the FY 2020/2021 and 2021/2022 MTEF period. These ceilings will set off budget preparation process for the fiscal year 2019/2020.
4. Finally the rest of the paper is organised into four sections namely section II provides a review of fiscal performance in FY 2017/2018 and its implication to the 2018 CFSP financial objectives; Section III observes the recent economic developments and the updated National macroeconomic outlook; Section IV and V contains the proposed sector budget ceilings and the Conclusion respectively.

II. REVIEW OF FISCAL PERFORMANCE IN FY 2017/2018

A. Overview

The fiscal year 2017/18 marked the fourth year of Programme Based Budgeting (PBB) for all County Government entities as per section 12 of the second schedule of the PFM Act 2012. During the financial year 2017/18 there was a visible decline in local revenue collection and absorption of both development and recurrent expenditure as compared to similar period in FY 2016/17.

During the year under review total county revenue amounted to Ksh 6.063 billion against a revised target of Ksh 6.242 billion. Total receipts from Equitable share of revenue comprised of Ksh 5.255 billion (86 per cent percent of the total receipts). Ksh 336 million(5.5%) being conditional allocations, Ksh 13.6 million(0.22%) received from Donors (DANIDA, Ksh 277 million (5%). and local revenue collection amounting to Ksh 182 million (3%).

In the reporting period the execution of both development and recurrent budget revealed considerable decline as compared to financial year 2016/17. The county spent a total of Ksh 4.9 billion during financial year 2017/18 against a revised target of Ksh 6.242 billion representing an execution rate of 79 percent. Recurrent expenditure for the period under review

represents 93 percent of the annual recurrent budget while development expenditure represents 47 percent of the annual development budget. The absorption of development expenditure was hampered mainly by lengthy procurement process and late disbursement of fund from national treasury.

B. Fiscal Performance FY 2017/2018

Revenue performance

Total exchequer receipts and local revenue collection amounted to Ksh 6,063,127,252 against a target of Ksh 6,241,908,699.00 representing a performance of 97 per cent. Despite a deviation of Ksh 179 million from the planned target there was a growth in revenue by 8.5% in the year under review compared to actual receipt in financial year 2016/17. Figure I below demonstrate the total County Receipts by source. As projected during the period under review the County received the highest revenues from exchequer transfers.

Figure I: County Total Receipts by Source

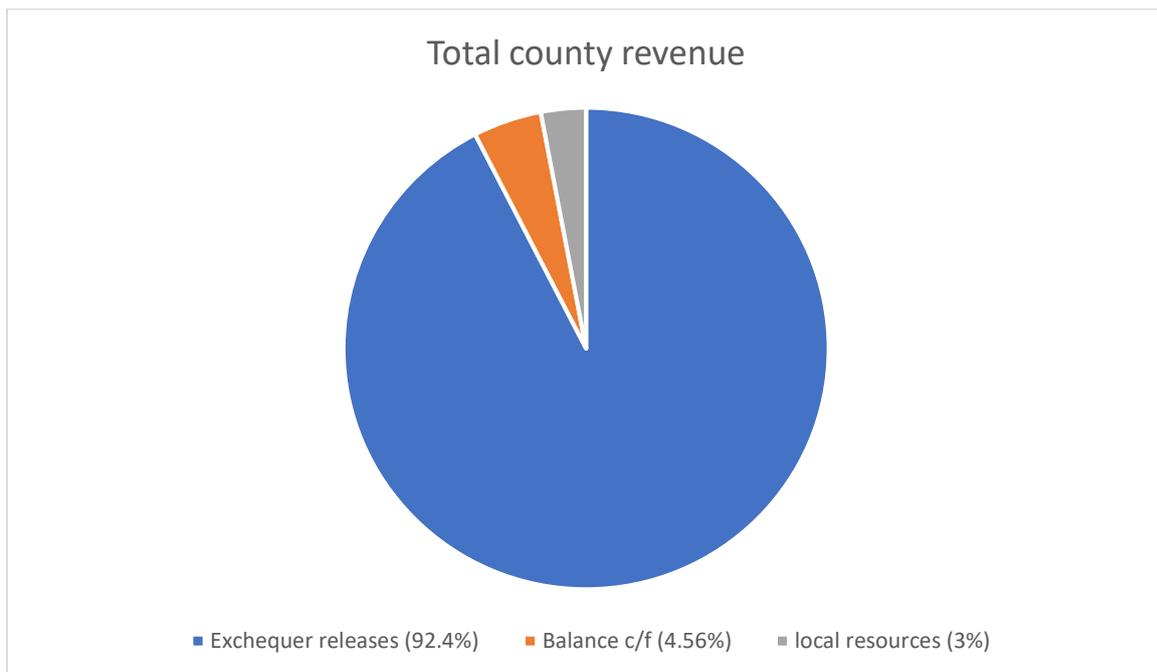


Table 1: County Government Total Revenues FY 2017/2018 (Kshs.)

Item	Actual 2016/17 Baseline	2017/2018 Actual Revenue (Ksh.s)	2017/2018 Target Revenue(Kshs.)	Variance	% Growth
Own Revenue by source	236,697,037	181,675,343	200,211,165	18,535,822	-23%
Government Funding	5,078,797,925	5,254,800,000	5,254,800,000	-	3%
Commitments b/f	39,132,236	276,777,185	279,352,703	2,575,518	607%
HSSF Danida	8,810,000	13,589,799	13,589,799	-	54%
CA- Fuel Levy Fund	78,035,696	200,546,244	200,546,244	-	157%
CA- Maternal Health Care	84,677,500		34,476,134	34,476,134	-100%
CA-User Fees foregone	14,191,766	14,191,766	16,713,356	2,521,590	0%
CA- World Bank (KDSP)	-	41,921,669	41,921,669	-	100%
Polytechnics	-	45,149,112	45,149,112	-	100%
CA- World Bank for transforming Health System Universal Care Project	-	34,476,134	59,403,836	24,927,702	100%
CA- Leasing of Medical Equipment	-	-	95,744,681	95,744,681	0%
Others	47,574,000	-	-	-	-100%
Total	5,587,916,160	6,063,127,252	6,241,908,699	178,781,447	8.5%

In addition to the revenue received for the year, there were unspent balances carried forward from FY 2016/17 amounting to Ksh 277 million. The fund available for use in financial year 2017/18 was Ksh 6.24 billion comprising of equitable share, conditional grants, local revenue and unspent balances for financial year 2016/17. The variance between targeted revenue and actual revenue was Ksh 179 million which is mostly attributed to deviation in local revenue collection.

Table 2: County Own Revenue

		2015/16	2016/17 (Baseline)	2017/2018	2017/2018				
No.	Revenue Sources	Actual	Actual	Actual	Target	Variance(Ksh.s)	Variance (%)	% Growth	PERCENT OF TOTAL E
1	Property Rates	9,275,843	6,303,554	4,828,467	10,940,335.00	6,111,868	56%	-23%	
2	Business Permits	27,350,252	20,929,132	32,327,387	38,998,650.00	6,671,263	17%	54%	
3	Cess Collections	4,243,031	5,226,108	3,958,421	4,805,550.00	847,129	18%	-24%	
4	Markets & Slaughter Fees	11,668,305	10,683,065	10,024,389	14,412,793.00	4,388,404	30%	-6%	
5	Rental Income	3,675,959	1,733,384	1,940,170	2,538,689.00	598,519	24%	12%	
6	Parking Charges	12,301,750	11,131,850	8,626,090	14,347,431.00	5,721,341	40%	-23%	
7	Others	18,398,232	17,301,778	4,748,814	9,531,680.00	4,782,866	50%	-73%	
8	Hosp/Disp/Health Centres	39,723,940	47,545,363	64,300,097	51,143,000.00	-13,157,097	-26%	35%	
9	Water Revenue	0	0	0	0	0	0%	0%	
10	Multi Nationals	40,349,975	30,209,021	30,494,717	31,033,266.00	538,549	2%	1%	
11	Embomos Tea Farm	12,570,614	18,618,773	20,426,791	19,478,981.00	-947,810	-5%	10%	
12	Agri, Fisheries & Food Auth	-	7,015,009	0	0	0	0%	-100%	
13	Miscellaneous Receipts		0	0	2,980,790.00	2,980,790	100%	0%	
	TOTALS	179,557,901	236,697,037	181,675,343	200,211,165.00	18,535,822	9%	-23%	

Local revenue collections amounted to Ksh 182 million against a target of 200 million. This illustrates that there was a deviation of Ksh 18 million from the projected estimates. However, compared to the previous financial year, local revenue collection dropped by 55 million or 23 percent. Analysis of revenue by sources indicates that the major sources of revenue for the financial year 2017/18 was Hospital/health centres which accounted for 35% of the total local revenue collected, single business permits accounted for 18%, multinationals 17% and Embombos tea farm 11%, property rates 3%, cess collections 2%, markets and slaughter fees 6%, rental income 1%, parking charges 5% and others 3%. The local revenue dropped by 23 per cent from 237 million in 2016/17 fiscal year to 182 million in the period under review.

Figure II: Local Revenue Performance by Stream (Kshs. Million)

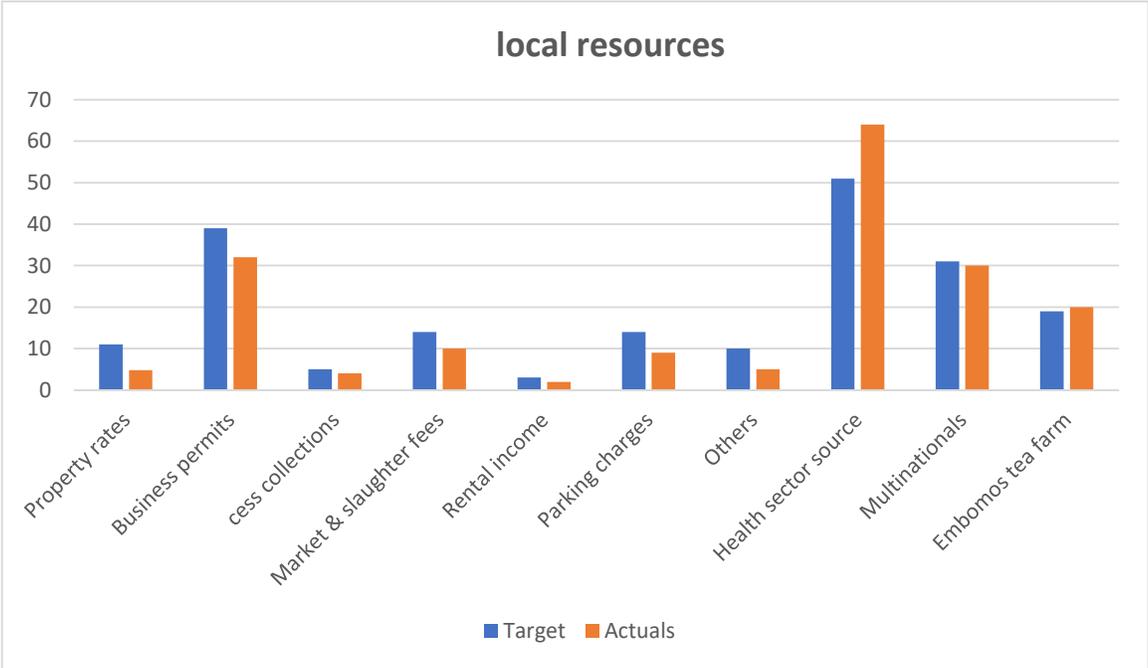


Table 3: Exchequer Releases

REVENUE SOURCE	ACTUAL (Baseline) 2016/2017	TARGETS 2017/2018	ACTUALS 2017/2018	VARIANCE	GROWTH IN PERCENT
Equitable Share	5,078,797,925	5,254,800,000	5,254,800,000	-	3%
HSSF Danida	8,810,000	13,589,799	13,589,799	-	54%
CA- Fuel Levy Fund	78,035,696	200,546,244	200,546,244	-	157%
CA- Maternal Health Care	84,677,500	34,476,134		(34,476,134)	-100%
CA-User Fees foregone	14,191,766	16,713,356	14,191,766	(2,521,590)	0%
CA- World Bank (KDSP)	-	41,921,669	41,921,669	-	
Polytechnics	-	45,149,112	45,149,112	-	
CA- World Bank for transforming Health System Universal Care Project	-	59,403,836	34,476,134	(24,927,702)	
CA- Leasing of Medical Equipment	-	95,744,681	-	(95,744,681)	
Sub Total	5,264,512,887	5,762,344,831	5,604,674,724	(157,670,107)	6%
Total Exchequer Receipts as a percent of Total Budget	94%	95%	90%		

The county received a total of Kshs. 5.605 billion as exchequer releases comprising of equitable share Kshs. 5.255 billion, conditional grants Kshs. 336 million and donor funds (DANIDA) of Kshs. 13.6 million. Fund for leasing of medical equipment were not received since they were deducted at source to pay for medical equipment delivered. The conditional fund for free maternity was budgeted for 34.5 million, however, the funds were not received.

Expenditure Performances

The total spending in the financial year 2017/18 amounted to Ksh 4,947,942,666 against a target of Ksh 6,241,908,704 indicating underperformance by 26%. Recurrent expenditure recorded the highest absorption rate of 93% against the budget while development expenditure recorded an absorption rate of 47% against the budget.

Further analysis of expenditure in term of economic classification indicates that salaries and wages consumed a huge part of the expenditure for the period at 49% of the total expenditure. Operations and Maintenance accounted for 33% of the period expenditure while development expenditure accounted for 18% of the actual expenditure for the period. Table 4: below illustrate 2017/18 county expenditure by economic classification.

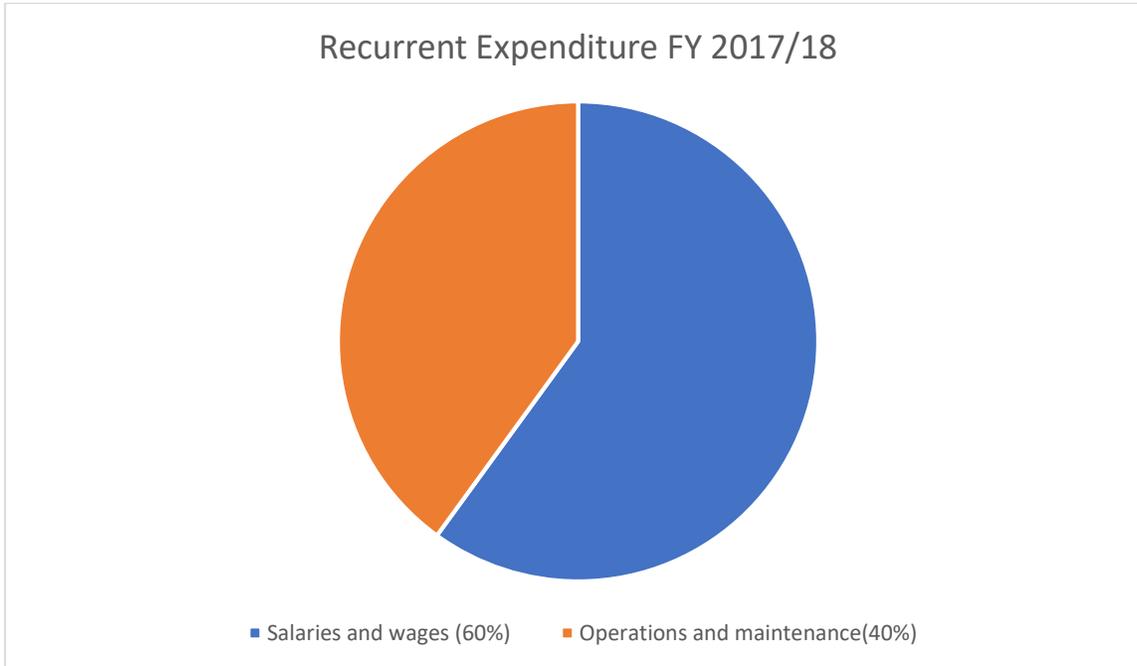
Table 4: Expenditure performance by Economic Classification

Expenditure	2016/17 (Baseline)		2017/2018		Variance(Ksh.s)	Vari ance (%)	Budget Execution Rate	% Grow th	PERCENT OF TOTAL EXPND.
	Actual	Target	Actual	Target					
Recurrent Expenditure									
Salaries and Wages	2,665,386,538	2,431,383,581	2,429,986,866.83	2,532,797,051.50	102,810,184.67	4%	96%	- 8.831 7%	49%
Operations and Maintenance	1,135,695,114	1,480,553,798	1,644,418,753.24	1,844,980,286.50	200,561,533.26	11%	89%	45%	33%
Sub Total	3,801,081,652	3,911,937,379	4,074,405,620.07	4,377,777,338.00	303,371,717.93	7%	93%	7%	82%
Development Expenditure	1,496,676,696	1,671,012,917	873,537,046.09	1,864,131,365.60	990,594,319.51	53%	47%	-42%	18%
Total Expenditure	5,297,758,348	5,582,950,296	4,947,942,666	6,241,908,704	1,293,966,037.4 3	21%	79%	-7%	

Compared to the previous financial year development expenditure dropped with the highest margin of 42 % from 1.503 billion in 2016/17 to 0.874 billion in the year under review.

Operations and Maintenance grew by 18% while compensation to employees had the least growth of only 0.0137%. Additionally, as reflected in Figure III below, compensation to employees was the highest proportion of all recurrent expenditures while Operations and Maintenance accounted for only 40 percent of total recurrent expenditures.

Figure III: Composition of Recurrent Expenses



The categorization of spending by departments as illustrated by table 5 below indicates that all the departments except two (Water services and Roads and public works departments) recorded more than 75% budget execution rate. The County executives had the highest execution with 98% while the department of Roads and Public works had the lowest absorption rate of 36%.

Table 5: Departments’ Expenditure Performance for Period ending 30th June 2018 (Kshs.)

SECTOR		EXPENDITURE 2017/18		Variance(Ksh.s)	Variance (%)	Rate of Budget Execution
		ACTUAL	TARGET			
COUNTY EXECUTIVES						
	Personal emoluments	188,473,086	190,408,278	1,935,192	1%	99%
	Operation & maintenance	187,297,510	193,186,775	5,889,265	3%	97%
	Development					
	SUB-TOTAL	375,770,596	383,595,053	7,824,457	2%	98%
ADMINISTRATION						
	Personal emoluments	477,035,735	489,797,231	12,761,495	3%	97%
	Operation & maintenance	114,447,922	117,621,894	3,173,972	3%	97%
	Development	70,869,918	137,154,000	66,284,082	48%	52%

	SUB-TOTAL	662,353,575	744,573,125	82,219,550	11%	89%
PUBLIC SERVICE BOARD						
	Personal emoluments	25,784,718	30,472,000	4,687,282	15%	85%
	Operation & maintenance	16,397,762	18,653,320	2,255,558	12%	88%
	Development					
	SUB-TOTAL	42,182,480	49,125,320	6,942,840	14%	86%
FINANCE						
	Personal emoluments	133,847,763	153,750,712	19,902,949	13%	87%
	Operation & maintenance	174,681,137	176,347,993	1,666,856	1%	99%
	Development	505,321	520,000	14,679	3%	97%
	SUB-TOTAL	309,034,221	330,618,705	21,584,484	7%	93%
LANDS, HOUSING & URBAN PLANNING						
	Personal emoluments	211,442,492	213,946,434	2,503,942	1%	99%
	Operation & maintenance	8,584,859	13,426,828	4,841,969	36%	64%
	Development	41,507,084	66,890,860	25,383,776	38%	62%
	SUB-TOTAL	261,534,435	294,264,122	32,729,687	11%	89%
SOCIAL SERVICES						
	Personal emoluments	45,313,796	47,226,632	1,912,836	4%	96%
	Operation & maintenance	42,912,602	48,793,850	5,881,248	12%	88%
	Development	18,007,096	39,244,150	21,237,054	54%	46%
	SUB-TOTAL	106,233,494	135,264,632	29,031,138	21%	79%
MEDICAL SERVICES						
	Personal emoluments	590,140,450	593,492,464	3,352,014	1%	99%
	Operation & maintenance	448,617,573	535,031,227	86,413,653	16%	84%
	Development	71,144,431	168,144,681	97,000,250	58%	42%
	SUB-TOTAL	1,109,902,455	1,296,668,372	186,765,917	14%	86%
ECONOMIC PLANNING AND DEVELOPMENT						

	Personal emoluments	8,066,798	21,995,925	13,929,127	63%	37%
	Operation & maintenance	87,256,140	88,581,814	1,325,674	1%	99%
	Development					
	SUB-TOTAL	95,322,938	110,577,739	15,254,801	14%	86%
AGRIBUSINESS, CO-OPERATIVES AND MARKETING						
	Personal emoluments	170,613,658	170,680,171	66,513	0%	100%
	Operation & maintenance	21,384,226	23,721,151	2,336,925	10%	90%
	Development	162,088,051	214,621,389	52,533,338	24%	76%
	SUB-TOTAL	354,085,935	409,022,711	54,936,776	13%	87%
WATER SERVICES						
	Personal emoluments	45,214,539	46,804,635	1,590,096	3%	97%
	Operation & maintenance	13,055,206	13,972,883	917,677	7%	93%
	Development	200,071,317	324,354,156	124,282,839	38%	62%
	SUB-TOTAL	258,341,062	385,131,674	126,790,612	33%	67%
EDUCATION AND VOCATIONAL TRAINING						
	Personal emoluments	206,552,442	208,135,411	1,582,969	1%	99%
	Operation & maintenance	54,394,267	66,574,299	12,180,032	18%	82%
	Development	98,192,517	168,080,563	69,888,046	42%	58%
	SUB-TOTAL	359,139,227	442,790,273	83,651,046	19%	81%
ROADS AND PUBLIC WORKS						
	Personal emoluments	47,487,520	52,642,775	5,155,255	10%	90%
	Operation & maintenance	51,688,397	52,601,289	912,892	2%	98%
	Development	175,992,223	658,919,443	482,927,220	73%	27%
	SUB-TOTAL	275,168,140	764,163,507	488,995,367	64%	36%
ICT, TRAINING & INDUSTRY						
	Personal emoluments	9,282,647	13,080,406	3,797,759	29%	71%

	Operation & maintenance	10,139,204	11,010,000	870,796	8%	92%
	Development					
	SUB-TOTAL	19,421,852	24,090,406	4,668,554	19%	81%
COUNTY ASSEMBLY						
	Personal emoluments	208,888,868	235,423,846	26,534,978	11%	89%
	Operation & maintenance	395,590,408	458,427,664	62,837,256	14%	86%
	Development	7,511,576	55,350,024	47,838,448	86%	14%
	SUB-TOTAL	611,990,852	749,201,534	137,210,682	18%	82%
TRADE, ENERGY, TOURISM AND INDUSTRY						
	Personal emoluments	61,842,353	64,940,132	3,097,779	5%	95%
	Operation & maintenance	17,971,539	27,029,300	9,057,761	34%	66%
	Development	27,647,514	30,852,100	3,204,586	10%	90%
	SUB-TOTAL	107,461,405	122,821,532	15,360,127	13%	87%
TOTAL	TOTAL					
	Personal emoluments	2,429,986,867	2,532,797,052	102,810,185	4%	96%
	Operation & maintenance	1,644,418,753	1,844,980,287	200,561,534	11%	89%
	Development	873,537,046	1,864,131,366	990,594,320	53%	47%

Development expenditure had the highest deviation from the planned performance with a variance of 0.99 billion. This may be attributed to cash-flow constraint and lengthy procurement process that lead to late commencement of development project. In addition, insufficient capacity to execute the projects across all County departments has also hampered the smooth implementation leading to huge rollover of project to FY 2018/2019. Recurrent expenditure was below target by 0.303 billion (7 per cent).

B. Fiscal Performance for FY 2017/2018 in Relation to Fiscal Responsibility Principles and Financial Objective

The fiscal performance achieved in financial year 2017/18 has implication on financial objectives set out in 2018 county fiscal strategy paper (CFSP) and approved budget for FY 2018/19 in the following ways:

- The performance in local revenue against target in FY 2017/18 was 91%. This illustrate that the economic assumption underpinning the 2018/19 budget and over the medium term may need to be modified to reflect a realistic revenue projection i.e. a maximum growth of 10% on actual revenue collected. Cashflow projections remain unrealistic due to unsystematic transfer of fund from the National treasury thereby affecting implementation of development project and majority end up being rolled over to the next

financial year. In the financial year 2018/19 the county anticipates to collect Ksh. 210 m and has put in place various revenue enhancing measures which includes revenue automation, sealing revenue leakages and capacity-built revenue collectors.- Compensation to employees which accounted for 49% of the total amount spent continue to put pressure on other spending areas particularly on execution of development budget and over the medium-term sufficient checks will be put in place to ensure that it remains within the relevant range as set out in regulation i.e. 35% of the total budget. This will ensure that more funds are released to increase absorption of development budget. - The county treasury will continue to improve capacity across all department to further improve absorption of development budget which is still low compared to recurrent budget execution in FY2017/18. - The fiscal performance in FY 2017/18 in both development and recurrent vote across all county department will inform the county treasury in making expenditure projections for the FY 2019/20 and over the medium term.

Continuing in Fiscal Discipline and Responsibility Principles

During the year under review the county government allocated 30% towards development expenditure thereby attaining the minimum 30% requirement set out in the PFM Act 2012. There was a decrease in execution of development budget where 47% of the revised budget (1.864 billion) was absorbed in FY 2017/18 compared to 90% (1.497 billion) absorbed in FY 2016/17. This illustrates a decline across all departments in their commitment to enhance implementation of development projects.

The total wage bill (salaries and wages) with an allocation of 41% in 2017/18 financial year is still higher than the recommended ratio of 35% as set out in the PFM ACT. However, Over the medium-term, expenditure on salaries and wages are expected to remain relatively constant which will free additional resources toward development spending.

The county government has continued in its commitment to maintain debt at sustainable levels pursuant to section 123 of the PFM Act. During the year under review the county government serviced debt amounting to 222 million and will continue to monitor and encourage financial discipline across all departments to avoid further accumulation of pending bills by spending units.

Based on revenue performance in FY 2017/18 of 91% the county government will continue to be more rational while projecting future revenue particularly putting into consideration past revenue trends and capability of new revenue streams.

C. Macroeconomic Outlook and Policies

Global Outlook

The pickup in global economic activity continues to firm up with output strengthening by 3.7 percent in 2017 from 3.2 percent in 2016, supported by notable improvements in investment, trade, and industrial production, coupled with strengthening business and consumer confidence. This growth momentum is expected to reach 3.9 percent in 2018 and 2019, reflecting improving domestic demand in advanced economies and China, accommodative financial conditions and improved performance in other emerging market economies. In addition, the partial recovery in commodity prices should allow conditions in commodity exporting countries to gradually improve. In advanced economies, growth is expected to remain at 2.4 percent in 2017 and 2018 reflecting stronger prospects for the euro area and Japan and

especially the projected domestic and spillover effects of expansionary fiscal policy in the United States. Growth in emerging market and developing economies is expected to increase further from 4.7 percent in 2017 to 4.9 percent in 2018 and 5.1 percent in 2019 reflecting improved prospects for commodity exporters after three years of very weak economic activity. Similarly, growth in Sub-Saharan Africa is projected to pick up to 3.4 percent in 2018 from 2.8 percent in 2017, albeit with variations across the region. At the sub region, the East African Community economies continue to record relatively higher economic growth supported by a stable macroeconomic environment, on-going infrastructure investments and strong private consumption. Further, insecurity and political tensions continued to constrain economic activities in countries such as Burundi, Somalia, and South Sudan. In 2018, economic growth is projected to increase to 5.9 percent supported by a stable macroeconomic environment, ongoing infrastructure investments, and strong private consumption.

Domestic outlook

The economy remained resilient in 2017 and grew by 4.9 percent compared with a revised growth of 5.9 percent in 2016, supported by the strong performance in the non-agricultural sector relative to the decline in the agricultural sector. In the first quarter of 2018, the economy recovered and grew by 5.7 percent compared to a growth of 4.8 percent in the same quarter in 2017. This growth was mainly attributed to improved weather conditions and regain in business and consumer confidence following political stability in the country and is reflected in the increased activities in both the agricultural and non-agricultural sectors of the economy. The economy is on a recovery path as reflected by the leading economic indicators for the second quarter of 2018 and the strong growth of 5.7 percent in quarter one of 2018 compared to a growth of 4.8 percent in the same quarter in 2017. The economic outlook is supported by continued strengthening of the global economy, a pickup in agricultural and manufacturing activities due to improved weather conditions as well as the stable macroeconomic environment, ongoing public infrastructural investments and regain in business and consumer confidence following political stability in the country. Given the above developments the growth outlook for 2018 has been revised upward to 6.0 percent. Going forward in terms of fiscal years, the economic growth is projected at 6.2 percent in the FY 2019/20 and 6.9 percent over the medium term due to investments in strategic areas under the “Big Four” plan, namely: increasing the share of manufacturing sector to GDP to 15 percent by 2022; ensuring all citizens enjoy food security and improved nutrition by 2022; expanding universal health coverage; and constructing at least five hundred thousand (500,000) affordable housing units by 2022. These efforts will support the business environment, create jobs and ultimately promote broad based inclusive growth.

Risks to the Domestic Economic outlook

The economy will continue to be exposed to risks arising from adverse weather conditions until the mitigating measures of food security under “The Big Four” Plan are put in place. Additional risks could emanate from public expenditure pressures especially recurrent expenditures. The government will monitor the above risks and take appropriate measures to safeguard macroeconomic stability.

Recent geopolitical tensions building around production and use of nuclear weapons if not addressed could weigh down global growth with negative impact on trade and financial flows. Risks from the global economies relates to uncertainties in the global financial markets particularly with regard to the U.S. economic and trade policies, normalization of monetary policy in the advanced economies and the Brexit outcome.

III. RECENT ECONOMIC DEVELOPMENTS AND FISCAL OUTLOOK

The County performance is dependent on the National economic performance as well as formulation and implementation of prudent policies by the County Government.

A. Recent Economic Developments

Real Sector Developments

The National Government last mile connectivity programme in the energy sector with the aim of ensuring that all remote regions are connected to the National grid. Going forward this initiative is expected to stimulate business activities in the rural parts of Bomet County.

The department of Lands, Physical Planning and Housing is preparing a County Spatial Plan which is expected to identify opportunities that will translate to investments and job creation thus leading to improved livelihoods. In this regard the completion of a new valuation roll in the current MTEF period is expected to have a direct impact on land-based revenue sources such as land rates.

The County health services was further boosted by the supply and installation of the modern dialysis specialised machine to Longisa Level 5 hospital.

Further, the department of Lands, Physical Planning and Housing, has improved the sewerage systems which were in deplorable conditions in a bid to promote healthy environment. This alongside other sanitation initiatives have great help in mitigating the possible communicable disease such as cholera in the period under review.

Agricultural sector improved to a growth of 5.2 percent in the first quarter of 2018 compared to a growth of 1.0 percent in a similar quarter in 2017. The improved growth was as a result of favourable weather conditions that increased production of key food crops and livestock products especially in the dairy subsector. Similarly, production of tea and horticultural crops improved during the period and mitigated the impact of the decline in the production of coffee thereby anchoring the growth in the export's subsector. The contribution of Agricultural sector to overall GDP growth was at 1.3 percentage points in the first quarter of 2018, an improvement from the 0.3 percentage points in the same quarter in 2017

The Non-agricultural sector (service and industry) remained vibrant and grew by 6.0 percent in the first quarter of 2018 compared to a growth of 6.4 percent in a similar quarter in 2017. It has the largest percentage points to real GDP growth at 3.8 percentage points mainly supported by the service sector.

The performance of Industry improved to a growth of 4.1 percent in the first quarter of 2018 compared to a growth of 3.9 percent in the same quarter in 2017 following increased activities in the manufacturing sector. The improvement in the manufacturing sector was as a result of the recovery of the Agricultural sector. Activities in electricity and water supply and construction slowed down compared to the same quarter in 2017. However, industry accounted for 0.7 percentage points to growth largely driven by the Construction Sector which contributed 0.4 percentage points.

Inflation Rate

Month-on-month overall inflation fell to 4.0 percent in August 2018 from 8.0 percent in August 2017, thereby remaining within the 5.0 percent medium term target set by Government. This decline reflected lower prices of key food items such as carrots, loose maize grain, loose maize flour, tomatoes, cabbages,

and beans. However, energy prices continued to exert upward pressure on overall inflation due to higher fuel and electricity prices. In the twelve month to August 2018, the average annual inflation rate was at 4.7 percent compared to 8.3 percent in the same period in 2017.

Kenya's rate of inflation compares favourably with the rest of sub-Saharan African countries and especially its peers such as Nigeria and Ghana whose inflation rates were 11.2 percent and 9.9 percent respectively.

Banking Act amendment and interest rates

The Banking Act amendment Bill were assented on by the President in August 2015. The new law caps the maximum rate on interest on a "credit facility" at 4 percent of that Central Bank base rate and the minimum rate of interest on deposits should not go below 70% of the Central Bank's base lending rate. Short term interest rates have remained fairly low and stable. The Central Bank Rate was reduced to 9.0 percent on 30th July 2018 from 9.5 percent in March 2018 in order to support economic activity. The apparently reduced cost of credit, it is expected also that the cost of doing business particularly for the SME will considerably reduce in the Medium term to long-term.

The raise in the deposit saving interest rate is further likely to increase a savings culture among county citizenry and further enhance investments in the medium term to long term period.

The Central Bank of Kenya's (CBK) Monetary Policy Committee (MPC) in September 2016 lowered its benchmark interest rate to 10% from 10.5% due the trends of reducing inflation rates and stabilization of the Kenyan shilling (KES). Following this move, the MPC is also expected to revise the base lending rate, Kenya Banks' Reference Rate (KBRR) and hence reduce the cost of credit in the country.

Monetary Policy Outlook

Overall month on month inflation has been below the 5.0 percent target for the first eight months of 2018. However, higher domestic fuel prices due to the recent increase in international oil prices, and the impact of the excise tax indexation on prices of some of the CPI items are expected to exert moderate upward pressure on inflation in the near term. Nevertheless, overall inflation is expected to remain within the target range mainly due to expectations of lower food prices reflecting favourable weather conditions and the continued prudent monetary policy measures that will moderate demand-driven inflationary pressures. Further, the stability of the Kenya exchange rate will reinforce the price stability objective and keep inflation within the Government target range in the remainder period of the fiscal year and in the medium term. The main risks to inflation remain adverse weather that affects agricultural production and their prices, and potential volatility in international oil prices. The close coordination of fiscal and monetary policies will continue to delivering on price stability and reduction in cost of doing business in the country.

Medium Term fiscal Framework

Over the medium term, county own revenue collection is expected to increase to 280m by FY 2021/22 from 182m in FY 2017/18 due to continued reforms in revenue administration and revenue enhancement measures such as automation of revenue collection and capacity-built revenue **collection officers**.

IV. RESOURCE ALLOCATION FRAMEWORK

A. Amendment to the 2018/2019 MTEF Budget

The budgetary framework for the 2018/19 was on the basis of better budget execution and improved fiscal management. Prompt revenue performance from local sources and national exchequer transfers was envisaged.

However, amendments are expected on the following basis;

Some projects executed in the year 2017/18, and whose payment was expected to have been cleared in June 2018, were actually not paid due to the following reasons:

- (i.) Harsh weather conditions i.e. heavy rainfall delayed the completion of projects.
- (ii.) The transition of government after the last general election necessitated capacity building among staff which consumed most of the county resources and time.
- (iii.) Funds from the National treasury were released at the end of the financial year. This delay gave rise to huge pending bills that needs to be cleared.

B. Medium Term Expenditure Framework

The Bomet County MTEF fiscal strategies contained in the planning and budgeting documents are as follows: Developing the ICT infrastructure(s) to ensure effective and reliable communication; Promotion of health services through investing in quality and affordable health services; Promotion of value addition for agricultural produce, food security and environmental conservation; Promotion of equitable social economic development for county stability; Enhancing governance, transparency and accountability in the delivery of public goods and service by promoting participation of the people in governance; Promoting equitable access to resources for local beneficiation; Creating an enabling environment for business and private sector participation in County Economic growth and development; Providing skilled, financial and technical human resource capacity and adequate policy development; Having an efficient and effective intergovernmental unit. All these are aimed at ensuring that inclusive socio-economic growth and development of the county is achieved.

The allocation of resources in the 2019/20-2021/22 will be geared towards the actualization of core programmes and sub-programmes contained in the first CIDP (2018-2022, as well as programmes in Sectoral strategic plans, the 2019/20 Annual Development Plan, and fiscal initiatives of the county government enumerated in the CFSP 2018.

These allocations are only indicative ceilings, which will be firmed up in the Fiscal Strategy Paper and the Budgetary estimates.

Improving of livelihoods through efficient urban development, coordination, and land administration through promoting adequate and accessible housing, optimal land management and urban facilities for all County Citizen.

Land, Housing and Urban Development Department is responsible for ensuring rational and sustainable land use, effective land information management and orderly development of urban and rural areas, as well as safe, planned and adequate provision of affordable housing for sustainable socio-economic development of the County. The functions of the department include: improvement of land tenure security; provision and management of urban infrastructure; sanitation, cleansing and effective wastes management; facilitation of access to adequate and affordable housing; as well as ensuring security of public land.

The establishment of a **Municipality in Bomet town and the Management Board for the Municipality** is a priority in the FY 2018/19. Municipal Charter, Strategy and Participation Agreement was already concluded in the FY 2017/18 as per the timelines provided by the Kenya Urban Support Programme; A World Bank Aided Programme. Over the next six years, the Municipal activities will benefit from Kenya Urban Support Programme (KUSP) to the tune of Kshs 1008 million for development activities and 50 million for institutional establishment and capacity building. In the FY 2018/19 Kshs 168 million was earmarked for urban development activities and Kshs 20 million will support institutional establishment of the Municipality. Kshs 20 was disbursed before the end of April 2018 and another Kshs 10 million will be disbursed in the FY 2019/2020. Sotik town has also been prioritized for a facelift and with the appointment of the Town Management Committee, the initial Urban Development Plan commenced in July 2018 with an expected cost of Kshs 25 million. The World Bank support to Bomet Municipality will be channelled through a Special Purpose account. Quality and quantity of land information will be improved through computerization and geo-referencing at all levels of the county. This is necessary for protection of intellectual property rights and for land administration. The ministry will develop policies and legislation governing land management. The sector will work with County Public Service Board to fill vacant posts. Inadequate housing will be addressed through development of low-cost housing and promotion of appropriate building materials and technology. The sector will collaborate with the National government and development partners to fill funding gaps for flagship projects. The priorities of the sector include development of county spatial plan, sewerage systems in Bomet and Sotik towns, markets, land bank programme; low cost housing and public amenities. The development of Bomet and Sotik sewerage systems will be implemented over the next five (5) years with the county contributing 64 million shillings. The programme is capital intensive and therefore the county will seek assistance from development partners to bridge the gap estimated budget of Kshs 3.28 billion. The ministry is already working with Lake Victoria Environmental Management Programme which has contributed Kshs 40 million for design of sewerage ponds. The spatial plan is expected to cost Kshs 35 million, while the review of Integrated Strategic Urban Development Plan for 2010 to 2030, is expected Kshs 29 million.

Promoting and participating in the provision of integrated and high quality promotive, preventive, curative and rehabilitative health care services to Bomet residents and beyond at affordable costs.

For optimal sector co-ordination, the Public Health sub-sector is now domiciled with the Medical Services in the sector of Medical Service & Public Health. Therefore, sector coordination and implementation of the Programme Based Budget 2018/2019 is expected to be successful.

The major services/outputs to be provided in the forthcoming MTEF period include; Development of health bill, review of health facility management and domestication of other relevant policies, creating a fund policy to support the chronically ill, especially cancer patients, strengthening human resource for health through recruitment and capacity building, financial support for effective health care services,

upgrading, completion, renovation and expansion of existing health facilities across the county, implementation of Governor's manifesto by establishing functional health centres in all the wards and dispensaries in all sublocations, equipping county referral and sub-county hospitals with specialized and other medical equipment, provision of sustainable pharmaceutical and non-pharmaceuticals for effective service delivery and provision of emergency referral services.

The department will also focus in strengthening health research and innovations, HIV/AIDS prevention and control: advocacy and awareness, access to preventive programs, access to ARVs, malaria control, non-communicable diseases (NCDs) control and prevention, community Health strategy services, access to improved sanitation, enhance mechanism for disease burden reduction including disease surveillance among others, health promotion services, nutrition health services.

Since Universal Health Coverage (UHC) is key to delivering quality healthcare by ensuring that all people have access to the health services they need without the risk of financial hardship as was included as part of the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015, the department shall embark on an ambitious undertaking to enrol at least 10,000 vulnerable households to have accessible health coverage. Under the sub-programme of Community Health services (UHC, community units, health education), the department is planning to spend at least Kshs 60,000,000 for this endeavour in the FY 2018/19.

For the FY 2018/19, Kshs. 1,464,348,401.00 was allocated to this sector. This represents 21% of the total allocation and is expected to increase within the MTEF. This is in-line with the DANIDA/World Bank Conditional criteria for funding where the department must be allocated at least 20% of the County Budget.

Provision of a county government that exercises transparency and accountability in the use of public resources and ensures equitable distribution of resources, corruption-free governance and equal opportunities

During the FY 2017/2018, the Department managed to complete construction of new Governor's office and lounge in which upon occupancy, other departments were accommodated. The department also put up three Sub-County offices in which two are completed. There were 17 ward offices at various stages of completion in which ten (10) is expected to be complete within the FY of 2018-19.

Through partnership with the National Campaign Against Drug Abuse (NACADA) together with Bomet County Alcohol and Beverage Control Agency (BOCABCA) the county has managed to sign an agreement for the construction of Alcohol and Drug Rehabilitation Centre at Cheptalal sub county hospital at the cost of Kshs. 9 Million to be funded fully by NACADA.

To facilitate service delivery, the department purchased nine Isuzu Double Cabin Motor Vehicles for various departments.

Harnessing of resources through innovation for the realization of a food secure, value adding and environmentally sustainable sector.

Over the 2018/2019 MTEF, the sector aims to address the above challenges by raising agricultural productivity through exploiting irrigation potential, commercialization through structured marketing, enacting of favourable legal and policy framework, strengthening of multipurpose cooperatives to facilitate access to financial resources, land development and promotion of sustainable management of agribusiness. For Fiscal year 2018/2019, Ksh 532,480,900 is budgeted for implementing programs for the entire sector,

representing 7% of the total County allocation. It is projected to be increased in the subsequent period under the MTEF.

Developing, conserving, utilizing, protecting and sustainably managing water, environment and natural resources for improved livelihoods for the people.

The county Department of water, sanitation and environment is mandated to provide policy direction and coordinate all matters related to water supply, irrigation and environment. The core functions of the county Department include Planning; water supply, irrigation and sanitation infrastructure development; water service provision and environmental management and protection. Major services /outputs to be provided by the Department in the 2017/18 - 2019/20 period will be completion of 21 on-going water projects at various stages of implementation including protection of springs and other water points. It will undertake feasibility study Detailed Design for Sotik proposed Sewerage Project. It will improve acreage under irrigation from the current 90 hectares to 420 hectares in the medium-term period. Under environment and natural resources protection, the department will implement soil and water conservation activities, riparian land protection, agroforestry and solid waste management in the medium-term period.

Nurturing of every learner's potential and skills within the county

The key achievements of the department include supervision and capacity building of 2,119 ECD Assistant and also sensitization on the new curriculum for pre-school. This has resulted in increased enrolment from 43,123 children in 2013 to 51,144 children in 2018 in public ECD centers and from 4,200 to 12981 in private ECDE centres. The department has also completed construction of 26 new ECDE classrooms whereby 12 of the classrooms were constructed in FY 2017/2018. The department has also supported secondary schools to clear pending payments of 6 School buses and paid bursaries for 460 bright needy students across all the 25 wards.

The department has also paid tuition support to VTCs trainees which has seen enrolment rising from 1771 trainees in 2013 to 2400 in 2017 trainees. The number of graduands has risen to 1200 in FY 2017/2018 with improved skills tailored to employability and development. The department has partnered with Techno serve (STRYDE) in training, capacity building and provision of start-up capital to trainees in 10 VTCs. Cap Youth Empowerment institute (CAPYE) has also partnered with the department in training of instructors for short courses. Capacity building of 30 VTC Managers, Accountants, instructors and BOM members has also been done.

Provision of quality, safe and adequate county infrastructure and other public works for socio-economic development.

The major services/outputs that are to be delivered by the department are; Enhanced connectivity and transportation through the maintenance of roads and the building of quality infrastructure. Availing of Designs and reliable contract documentation for the planned bridges set for construction in FY2018/19. A Project management system will be put in place to ensure effective management of the works contracted in the department. The county fleet will be effectively managed and also, we will realize a reduced cost of vehicle maintenance

Facilitation of conducive environment creation for sustainable trade, investment, tourism and a vibrant industrial base.

The County Government of Bomet has made significant progress in enhancing service delivery to the residents of Bomet as guided by the Governor's vision "To transform Bomet into an economic power house in the South-rift region and beyond by adopting sound economic policies". The vision recognizes unlocking the growth potential of the productive sectors of, trade, industry and agriculture. Trade constitutes a key and highly productive sub sector of the Kenyan economy. It has strong linkages with other sectors of the economy and contributes towards poverty reduction, employment and wealth creation. The Trade Division is charged with the responsibility of nurturing the growth of the wholesale and retail trade, promotion of fair-trading practices, training of small business traders through consultancies, branding of products from the County and indeed the County itself. The division also manages a loans scheme for small traders and linking produce from the County to national and international markets.

The Energy division has the dual mandate of ensuring the County has reliable and affordable power through generation of power and equitable power reticulation across the County. Promotion of alternative sources of energy is a critical component of the energy objectives.

The industry division undertook to carry out two programmes in the period 2017/2018 namely;

- a) Industrial development and support.
- b) Development of Strategic Framework for Jua Kali /SME Sector.

Industrial Development and Support:

Under Industrial development and support programme, the division had undertaken to construct one Jua Kali shed in each of the 25 wards. However, 11 Jua Kali sheds were prioritized in the period under review and are at various stages of completion. Additional activities under the programme includes land acquisition for the development of Industrial Park.

The Export Processing Zone (EPZ) wrote to the County Government of Bomet seeking for allocation /acquisition of at least 50 (fifty) acres to develop an industrial park in the County. The department of TETII wrote to the Department of Lands, Housing and Urban Development to initiate the process of land acquisition. Already an expression of interest has been sent out to potential land owners.

Development of Strategic Framework for Jua Kali /SME Sector.

A Memorandum of Understanding was entered into by the County Government of Bomet and Kalomba Consulting Systems in the year 2015 to carry out a baseline survey on the existing, collapsed and cottage industries to be initiated in the county. The firm has developed a draft business and technology incubation policy framework for Jua kali industry.

The projects identified for improvement included: i) Siwot Vocational Training Institute. ii) Tupcho Nutri-business cooperative. iii) Ndaraweta Potato crisps plant iv) Mulot mini-abattoir/ Slaughter house and v) Kitoben Energy Centre among others.

Raising standards of living among the youth, women, children and vulnerable groups through socio-economic development

The concerned sector comprises of two major sub sectors, Gender, Culture & social service, and Youth and Sports. Key functions of the sector include: Support the less fortunate children, set up social protection

kitty, improve skills for Youth, Women and Vulnerable groups across the County, promote culture, performing arts and sports talent and Promote reading culture through setting up of libraries. The Gender, culture, youth, Sport, and social services sector’s total budget allocation in the FY 2017/2018 was 210,010,632.30. However, the challenges faced included; inadequate funding coupled with delayed release of funds and lack of necessary policies to carry them out those projects. Mobility was also hampered as the department did not have a specific vehicle assigned. The department intends to address this by sourcing for financial support from other organizations such as Ahadi Kenya to help with policy formulation and other donors to help with development projects such as construction of museum. Procurement of a sports van is intended to help with mobility issues. The department will also prioritize programs by ensuring that most urgent programs are carried out. As such in the coming financial year we expect key deliverables to be in the following areas: Policy development, gender development, women empowerment; social protection to include children and PWDs, Promotion and development of culture, constructions cultural centre (museum) and libraries, Sport development – IAAF Stadium and Tegat stadium development, youth empowerment programs.

Annex I: County Government total revenue ceilings FY 2019/2020-2021/2022

REVENUE SOURCE	ESTIMATES	C-BROP CEILINGS	PROJECTIONS			
Item	FY 2018/2019	2019/2020	2020/2021	2021/2022	Annual Growth	% Growth
Property Rates	11,487,352	12,636,087	13,899,696	15,289,666	1,148,735	10%
Business Permits	40,948,583	45,043,441	49,547,785	54,502,564	4,094,858	10%
Cess Collections	5,045,828	5,550,411	6,105,452	6,715,997	504,583	10%
Markets & Slaughter	15,133,433	16,646,776	18,311,454	20,142,599	1,513,343	10%
Rental Income	2,665,623	2,932,185	3,225,404	3,547,944	266,562	10%
Parking Charges	15,064,803	16,571,283	18,228,412	20,051,253	1,506,480	10%
Others	10,008,264	11,009,090	12,109,999	13,320,999	1,000,826	10%
Longisa County Hospital	49,939,943	54,933,937	60,427,331	66,470,064	4,993,994	10%
Sigor Sub-County Hospital	2,022,153	2,224,368	2,446,805	2,691,486	202,215	10%
Cheptalal Hospital	944,675	1,039,143	1,143,057	1,257,362	94,468	10%
Embomos Tea Farm	20,452,930	22,498,223	24,748,045	27,222,850	2,045,293	10%
James Finlays (K)	9,982,840	10,981,124	12,079,236	13,287,160	998,284	10%

Unilever Tea (LR)	13,313,940	14,645,334	16,109,867	17,720,854	1,331,394	10%
Williamson Tea Kenya (LR)	3,467,316	3,814,048	4,195,452	4,614,998	346,732	10%
Kipsigis Highlands	1,663,200	1,829,520	2,012,472	2,213,719	166,320	10%
Sotik Tea (LR)	4,157,633	4,573,396	5,030,736	5,533,810	415,763	10%
Ndanai Dispensary	793,380	872,718	959,990	1,055,989	79,338	10%
Miscellaneous Receipts	3,129,830	3,442,813	3,787,094	4,165,804	312,983	10%
SUB TOTAL (Local Sources)	210,221,723	231,243,899	254,368,288	279,805,117	21,022,173	10%
National Allocations	5,934,600,000	6,528,060,000	7,180,866,000	7,898,952,600	593,460,000	10%
Balance B/f	329,888,183	362,877,001	399,164,701	439,081,172	32,988,818	10%
HSSF-Danida	17,617,500	17,617,500	19,379,250	21,317,175	-	0%
Universal Health care(World Bank)	86,405,581	95,046,139	104,550,753	115,005,828	8,640,558	10%
CA- Fuel Levy Fund	156,252,849	171,878,134	189,065,947	207,972,542	15,625,285	10%
IDA(Word Bank) Kenya Climate Smart	117,000,000	128,700,000	141,570,000	155,727,000	11,700,000	10%
CA-User Fees foregone	16,713,356	16,713,356	18,384,692	20,223,161	-	0%
CA- Leasing of Medical Equipment	200,000,000	200,000,000	220,000,000	242,000,000	-	0%
Kenya Urban surport programme(KUSP)	208,334,800	229,168,280	252,085,108	277,293,619	20,833,480	10%
CA- Development of Youth polytechnics	47,875,000	47,875,000	52,662,500	57,928,750	-	0%
CA - KDSP (level 1 + FY2016/17 allocation)	44,888,193	44,888,193	49,377,012	54,314,714	-	0%
SUB TOTAL	7,159,575,462	7,842,823,603	8,627,105,964	9,489,816,560	683,248,141	10%
Total	7,369,797,185	8,074,067,502	8,881,474,252	9,769,621,677	704,270,314	10%
	ESTIMATES	C-BROP CEILINGS	PROJECTIONS			
Expenditure:	FY 2018/2019	2019/2020	2020/2021	2021/2022	% Growth	% Growth
Recurrent Expenditure						
Salaries and Wages	2,292,037,018.12	2,521,240,720	2,773,364,792	3,050,701,271	229,203,701.81	10%

Operations and Maintenance	2,090,800,052.70	2,299,880,058	2,529,868,064	2,782,854,870	209,080,005.27	10%
Sub total	4,382,837,070.82	4,821,120,777.90	5,303,232,855.69	5,833,556,141.26	438,283,707.08	10%
Development Expenditure	2,986,960,114.00	3,285,656,125	3,614,221,738	3,975,643,912	298,696,011.40	10%
Total Expenditure	7,369,797,185	8,106,776,903	8,917,454,594	9,809,200,053	736,979,718.48	10%
PERCENT OF TOTAL BUDGET						
Current Expenditure:	59%	59%	59%	59%		
Capital Expenditure:	41%	41%	41%	41%		

Annex II: Trend in Growth of Equitable share of Revenue

EXCHEQUER RECEIPTS TRENDS	ALLOCATION	GROWTH	% GROWTH			
2015/2016 (Base Year)	4,706,893,298.00	4,706,893,298.00	100%			
2016/2017	5,170,521,981.00	463,628,683	10%			
2017/2018	5,254,800,000	84,278,019	2%			
2018/2019	5,934,600,000	679,800,000	13%			
2019/2020 (CBROP 2018 Projected Growth	6,528,060,000	593,460,000	10%			

Annex III: Total Expenditure Sector Ceilings for the Period 2019/2020-2021/2022

SECTOR	Expenditure:	ESTIMATES	C-BROP CEILINGS	PROJECTIONS	
		FY 2018/2019	2019/2020	2020/2021	2021/2022
COUNTY EXECUTIVES	SUB-TOTAL	526,709,969	579,380,966	637,319,062	701,050,969
	Personal emoluments	220,414,568	242,456,025	266,701,627	293,371,790
	Operation & maintenance	306,295,401	336,924,941	370,617,435	407,679,179
	Development	-	-	-	-
ADMINISTRATION	SUB-TOTAL	274,884,303	302,372,733	332,610,007	365,871,007

	Personal emoluments	168,442,133	185,286,346	203,814,981	224,196,479
	Operation & maintenance	89,352,170	98,287,387	108,116,126	118,927,738
	Development	17,090,000	18,799,000	20,678,900	22,746,790
PUBLIC SERVICE BOARD	SUB-TOTAL	59,723,921	65,696,313	72,265,944	79,492,539
	Personal emoluments	36,538,520	40,192,372	44,211,609	48,632,770
	Operation & maintenance	23,185,401	25,503,941	28,054,335	30,859,769
	Development	-	-	-	-
FINANCE AND ECONOMIC PLANNING	SUB-TOTAL	442,026,179	486,228,797	534,851,676	588,336,844
	Personal emoluments	168,140,377	184,954,415	203,449,856	223,794,842
	Operation & maintenance	263,458,043	289,803,847	318,784,232	350,662,655
	Development	10,427,759	11,470,535	12,617,588	13,879,347
LANDS, HOUSING & URBAN PLANNING	SUB-TOTAL	480,212,017	528,233,219	581,056,541	639,162,195
	Personal emoluments	114,177,559	125,595,315	138,154,846	151,970,331
	Operation & maintenance	53,309,041	58,639,945	64,503,940	70,954,334
	Development	312,725,417	343,997,959	378,397,755	416,237,530
YOUTH, SPORTS, GENDER AND CULTURE	SUB-TOTAL	252,941,964	278,236,160	306,059,776	336,665,754
	Personal emoluments	47,226,632	51,949,296	57,144,225	62,858,648
	Operation & maintenance	114,715,332	126,186,865	138,805,551	152,686,106
	Development	91,000,000	100,100,000	110,110,000	121,121,000
MEDICAL SERVICES AND PUBLIC HEALTH	SUB-TOTAL	1,464,348,400	1,610,783,240	1,771,861,564	1,949,047,720
	Personal emoluments	580,224,710	638,247,181	702,071,899	772,279,089
	Operation & maintenance	497,364,541	547,100,995	601,811,095	661,992,204
	Development	386,759,149	425,435,064	467,978,570	514,776,427
AGRICULTURE, LIVESTOCK AND COOPERATIVES	SUB-TOTAL	532,480,900	585,728,990	644,301,889	708,732,078
	Personal emoluments	176,653,977	194,319,375	213,751,312	235,126,443
	Operation & maintenance	51,430,544	56,573,598	62,230,958	68,454,054

	Development	304,396,379	334,836,017	368,319,619	405,151,580
WATER, SANITATION AND ENVIRONMENT	SUB-TOTAL	488,945,716	537,840,288	591,624,316	650,786,748
	Personal emoluments	48,442,797	53,287,077	58,615,784	64,477,363
	Operation & maintenance	79,941,448	87,935,593	96,729,152	106,402,067
	Development	360,561,471	396,617,618	436,279,380	479,907,318
EDUCATION AND VOCATIONAL TRAINING	SUB-TOTAL	618,254,227	680,079,650	748,087,615	822,896,376
	Personal emoluments	331,420,151	364,562,166	401,018,383	441,120,221
	Operation & maintenance	132,840,799	146,124,879	160,737,367	176,811,103
	Development	153,993,277	169,392,605	186,331,865	204,965,052
ROADS AND PUBLIC WORKS	SUB-TOTAL	827,657,005	910,422,706	1,001,464,976	1,101,611,474
	Personal emoluments	72,512,320	79,763,552	87,739,907	96,513,898
	Operation & maintenance	98,817,423	108,699,165	119,569,082	131,525,990
	Development	656,327,262	721,959,988	794,155,987	873,571,586
ICT, TRAINING & INDUSTRY	SUB-TOTAL	231,168,620	254,285,482	279,714,030	307,685,433
	Personal emoluments	13,538,220	14,892,042	16,381,246	18,019,371
	Operation & maintenance	32,661,000	35,927,100	39,519,810	43,471,791
	Development	184,969,400	203,466,340	223,812,974	246,194,271
COUNTY ASSEMBLY	SUB-TOTAL	893,549,397	982,904,337	1,081,194,770	1,189,314,247
	Personal emoluments	280,517,134	308,568,847	339,425,732	373,368,305
	Operation & maintenance	313,032,263	344,335,489	378,769,038	416,645,942
	Development	300,000,000	330,000,000	363,000,000	399,300,000
TRADE, ENERGY, TOURISM AND INDUSTRY	SUB-TOTAL	276,894,567	304,584,024	335,042,426	368,546,669
	Personal emoluments	33,787,920	37,166,712	40,883,383	44,971,722
	Operation & maintenance	34,396,647	37,836,312	41,619,943	45,781,937
	Development	208,710,000	229,581,000	252,539,100	277,793,010
TOTAL	TOTAL	7,369,797,185	8,106,776,903	8,917,454,594	9,809,200,053
	Personal emoluments	2,292,037,018	2,521,240,720	2,773,364,792	3,050,701,271

	Operation & maintenance	2,090,800,053	2,299,880,058	2,529,868,064	2,782,854,870
	Development	2,986,960,114	3,285,656,125	3,614,221,738	3,975,643,912

Annex IV: Sector Composition and Sector Working Groups for MTEF Budget 2019/2020- 2021/2022

CLASSIFICATION OF	SECTOR	SECTOR COMPOSITION (5)
Economic Affairs	Agriculture Rural and Urban, Development	Agriculture, livestock and fisheries
		Lands physical planning and housing
	General Economics and Commercial Affairs	Trade, Tourism and Cooperatives
	Energy Infrastructure and ICT	Roads, public works and transport
		ICT and E-government
Environment Protection	Environment Protection Water and Natural Resources	Environment, water and Natural resources
Health	Health	County Health Services
Macro Working Group	Macro Working Group	Department of Finance and economic planning
General Public Services	Public Administration and National/Inter County Relations	Office of the Governor and Deputy Governor
		County Public Service Board
		Finance and Economic Planning
		Public Service Management
		County Assembly
Recreation, Culture and Social Protection	Social Protection, Culture and Recreations	Dept. of Culture, Dept. of Sports
		Dept. of Social Services

Education	Education	Dept. of Education
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Annex V: Bomet County Budget Calendar for the FY 2019/2020

	ACTIVITY	RESPONSIBILITY	DEADLINE
1	Performance Review and strategic planning	Treasury	July-Aug 2018
	1.1 develop strategic plans	Das	"
	1.2 prepare Annual Development Plans	"	"
	1.3 Expenditure review	"	"
	1.4 Preparation of annual Work plans	"	
	Develop and issue County budget		
2	guidelines	Treasury	30th August 2018
3	Launch of sector Working Groups	Treasury	30th August 2018
	Annual Development Plan submitted to		
4	county assembly	Treasury	1st September 2018
		Macro Working	
5	Determination of Fiscal Framework.	Group	15th Sept. 2018
	5.1 Estimation of Resource Envelop	Treasury	"
	5.2 Determination of policy priorities	"	"
	5.3 Preliminary Resource allocation to sectors, Assembly & Sub Counties	"	"
	5.4 Draft County Budget Review and outlook paper (CBROP)	"	20th Sept. 2018
	5.5 Submission and approval by cabinet	"	23rd Sept. 2018
	5.6 Tabling of CBROP TO County assembly	"	30th Sept 2018
	5.7 Circulate the Approved CBROP to Accounting Officers.	"	5th October 2016
	5.8 Capacity building for MTEF Programme Based Budget	"	10th-14th October 2018
6	Preparation of County Budget Proposals	Line Ministries	
	6.1 Draft Sector Report	Sector Working Group	13th Oct. 2018
	6.2 Submission of Sector Report to County Treasury	Sector Working Group	17th Oct. 2018
	6.3 Review of the proposals	Macro Working Group	24th-28th 2018
7	Stakeholders/Public participation	Treasury/DAs	Nov-18
8	The 2016/2017 Supplementary Budget		
	8.1 Develop and issue guidelines on the 2015/16 Revised Budget	County Treasury	Sept. 2018
	8.2 Submission of supplementary Budget proposals	Das	Oct . 2018
	8.3 Review of the supplementary Budget		

	proposals	County Treasury	Oct . 2018
	8.4 submission of supplementary budget		
	proposals to cabinet	County Treasury	November . 2016
	8.5 submission of supplementary Budget		
	proposals to County Assembly	County Treasury	November . 2016
		Macro Working	
9	Draft County Fiscal Strategy paper(CFSP)	Group	
	9.1 Draft CFSP	Macro Working Group	31st January. 2019
	9.2 Submission of CFSP to cabinet for approval	County Treasury	20th Feb. 2019
	9.3 Submission of CFSP to County Assembly		
	for approval.	County Treasury	28th Feb. 2019
	9.4 Submission of Debt management strategy		
	to County Assembly for approval.	County Treasury	28th Feb. 2019
	Preparation and approval of final DAs		
10	Programme Budgets		
	10.1 Issue final guidelines on preparation of		
	2016/17 County Budget.	County Treasury	15th March, 2019
	10.2 Submission of Budget proposals to		
	Treasury	Line Ministries	23rd March. 2019
	10.3 Consolidation of the Draft Budget		
	Estimates	County Treasury	10th April 2019
	10.4 Submission of Draft Budget Estimates for		
	county government to County assembly	County Treasury	30th April 2019
	10.5 Review of Draft Budget Estimates by		
	Departmental committee	County Assembly	22nd May 2019
	10.6 Report on the budget and appropriation		
	committee Draft Budget Estimates from County		
	Assembly	County Assembly	24th May 2019
	10.7 Annual cash flow.	County Treasury	15th June 2019
	10.8 Submission of Appropriation Bill to		
	County Assembly		
		County Treasury	15th June 2019
	10.9 Resolution of county assembly on		25th June 2019
	Budget Statement	County Treasury	25th June 2019
	10.9 Consideration and passage of		
	Appropriation Bill	County Assembly	30th June 2019

Annex VI; LIST OF CONTRIBUTORS- COUNTY BUDGET AND ECONOMIC FORUM (NON - STATE MEMBERS)

S/NO	NAME	CATEGORY
1.	H.E. Dr. Joyce Laboso	The Governor (Chair)
2.	Hon. SIGEI KIMUTAI ANDREW	CECM- Finance & Economic Planning
3.	Hon. ENG. BENSON KIPLANGAT SANG	CECM- Water, Sanitation & Environment
4.	Hon. NGENO BENARD KIPKORIR	CECM- Trade, Energy, Tourism & Industry
5.	Hon. DR. JOSEPH KIPRUTO NGENO SITONIK	CECM- Medical Services & Public Health
6.	Hon. JULIANA YEGON	CECM- Education & Vocational Training
7.	Hon. JULIUS K. TUEI	CECM- Agriculture, Livestock & Cooperatives
8.	Hon. JUSTUS K. MAINA	CECM- Administration, ICT & Public Services
9.	Hon. ENG. PHILIP KIPNGENO SOWEK	CECM- Roads, Public Works & Transport
10.	HON. DAISY CHELANGAT RONO	CECM- Lands Urban Planning
11.	HON. JOHN TERER	Elderly people representative
12.	BENJAMIN MITEI	Business Comm representative
13.	VICKY BETTY CHEPKORIR	Professional
14.	GLADYS CHEPKIRUI	Youth representative
15.	KIMALEL ARAP KIRUI	ICPAK representative
16.	JANE NGENO	Faith Based representative
17.	FELIX CHERUIYOT	PWD representative
18.	NANCY CHEPKOECH KORIR	Women representative
19.	OSMAN ALI	Muslim Community representative