

REPUBLIC OF KENYA



MIGORI COUNTY  
BUDGET REVIEW AND OUTLOOK PAPER 2017

SEPTEMBER 2017

*A vibrant and Prosperous County*

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## **Foreword**

This is the fourth edition of the County Budget Review and Outlook Paper (CBROP), prepared by the County Treasury, outlines the progress made by the Migori County government in 2016/17FY. The CBROP takes a critical look at the underlying economic issues and proposes various options that should guide the process of budget formulation for the 2018/19 Financial Year. The paper highlights key challenges facing the county as it plans and implements the development priorities, giving recommendations to address those challenges.

Prudent financial management in the county is ensured through balancing investment in productive sectors and protecting the gains from previous investment by instituting sustainability measures. The pace at which the county shall adhere to fiscal discipline remains a crucial factor in determining the pace of future growth of the country.

In addition, the huge recurrent related expenses especially on wage bill and operations and maintenance continues to be a major challenge as the implementation of devolved system of governance continues. Therefore, the county's growth trajectory will largely depend on how fast programme based budget is implemented as well as how quickly people and business get to full capacity and produce at optimum levels.

The 2017/18 budget for Migori County must therefore strike a delicate balance of prioritizing critical expenditure subject to resource constraints; promoting the functionality of the devolved system of government to spur economic growth and enhancing poverty reduction and employment creation.

Finally, this County Budget Review and Outlook Paper (CBROP) is expected to provide the basis to revise the 2017/18 budget in the context of the Supplementary Estimates, as well as set out the broad fiscal parameters for the next budget and medium term.

Executive Member Finance and Economic Planning  
Migori County Government

## **Executive Summary**

The Migori CBROP gives a highlight of the fiscal performance in the 2016/17 FY budget and its implication on the execution of the 2017/18 FY budget. According to the findings, the budget was funded to the tune of 91.7% as compared to 89.2% in the previous FY 2015/2016. During the period under review the county received 7.086 billion shillings out of which 6.344 billion was spent representing 89.52% expenditure of the funds disbursed. Recurrent and development expenditure accounted for 70.68 per cent and 29.32 per cent respectively. The 8.3% that was unfunded was attributed to the non-release of conditional fund totalling 297.7 M, shortfalls in equitable share of 277M and local revenue collection of 69.7 M.

The overall absorption rate for the county was 94.42 percent for recurrent and 62.40 for development expenditure respectively. However, the absorption rates for individual departments varied for both development and recurrent expenditure as can be seen from the report. It is also worth noting that the county surpassed the amount budgeted for the personnel emoluments. The amount budgeted was 2.36 billion while the actual expenditure was Kshs 2.485 billion.

There was however an increase in local revenue generated from 339.4M in 2015/2016 to 350.3M in 2016/17 an increase of 3.2% during the period under review. The report has highlighted both the major resources and weak areas for consideration during the FY 2017/18.

The report further has highlighted the priority areas that need to be given special attention during the 2017/18 FY budget in order to achieve the county medium term objectives and the Vision 2030 as articulated in the CIDP and the County Fiscal Strategy Paper (CFSP) 2017. Among the priority areas includes; road, water, health and energy development.

In order to realise a balanced budget in the 2017/18 FY, and achieve the county's objectives during the medium term, the report has suggested the need to complete all the on-going project right from the previous financial years, and clear all the pending bills.

Finally, the report has proposed a tentative ceiling to sectors during the medium-term period which if well implemented shall witness tremendous growth in the county economy and result to the overall achievement of the county's vision by the end of the medium term. Recommendations are also suggested on enhancing financial management practices.

## **Abbreviations and Acronyms**

ADP	Annual Development Plan
BSP	Budget Strategy Paper
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
CIDP	County integrated Development Plan
CSWGs	County Sector Working Groups
FY	Financial Year
MTEF	Medium Term Expenditure Framework
PFM	Public Financial Management
ENT	Ear Nose and Throat

## **Legal Basis for the Publication of the County Budget Review and outlook paper**

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

1. The County Treasury shall prepare and submit to County Executive committee for approval, by 30th September in each financial year, a County Budget Review and Outlook Paper which shall include:
  - a) Actual fiscal performance in the previous financial year compared to the budget appropriation for that year;
  - b) 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 how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles or the financial objectives in the latest County Fiscal strategy paper; and
  - d) The reasons for any deviation from the financial objectives together with proposals to address the deviation and the time estimated to do so.
2. County Executive committee shall consider the County Budget Review and outlook Paper with a view to approving it with or without amendments, not later than fourteen days after its submission.
3. Not later than seven days after the CBROP has been approved by Executive committee, the County Treasury shall:
  - a) Submit the paper to the Budget and appropriation Committee of the County Assembly to be laid before the County assembly; and
  - b) Publish and publicise the paper not later than fifteen days after laying the Paper before County Assembly.

## **Fiscal Responsibility Principles in the Public Financial Management Law**

In line with the Constitution, the new 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 law (Section 107(b)) states that:

- 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

## **SECTION ONE: INTRODUCTION**

### **1.1 Background**

This County Budget Review and Outlook Paper (CBROP) is the fourth one to be prepared under the Public Financial Management Act, 2012 within the devolved units of County Governments of Migori. The 2017 CBROP contains a review of the fiscal performance of the financial year 2016/17, and deviations from the Approved 2016/2017 Budget.

### **1.2 Objective of CBROP**

The objective of the 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 2017 County Fiscal Strategy Paper. This together with updated economic outlook provides a basis for revision of the current budget 2017/18 FY in the context of Supplementary Estimates and the broad fiscal parameters underpinning the next budget of 2018/19 FY and the medium-term plan.

The CBROP will be a key document in linking policy, planning and budgeting. Together with the County Integrated Development Plan and Medium-Term Expenditure Framework (MTEF) they shall continue to guide budgetary preparation and programming from 2014 onwards. It's embedded on the first (MTEF) priorities, in addition to taking into account emerging challenges and transition to a devolved system of government.

The new PFM law enacted in 2012 has set high standards for compliance with the MTEF budgeting process. Therefore, it is expected that the sector ceilings on the onset will form the indicative baseline sector ceilings for the next budget of 2018/19.

The rest of the paper is organised as follows. Section II provides a review of the fiscal performance in FY 2016/17. This is followed by brief highlights of the recent Fiscal developments and updated economic outlook in Section III. Section IV provides the resources allocation framework, while Section V concludes the County Budget Review and Outlook Paper.

## SECTION TWO: REVIEW OF FISCAL PERFORMANCE IN 2016/2017

### 2.1 Overview

The 2016/2017 FY started generally well and funds were disbursed regularly from the exchequer. However, there were delays in access to funds due to issues with IFMIS. Substantial allocation was spent to clear pending bills and on-going projects from previous financial years thus slowing down the accomplishments of the targeted projects in 2016/17 as prioritised by the community during public forums. Equally, the shortfalls in revenue collection coupled with non-release of the conditional grants significantly contributed to the slow realization of the targeted objectives during the year under review.

### 2.2 Fiscal Performance for 2016/17

The County's 2016/17 FY Supplementary Budget was Kshs.7.7 billion comprising of Kshs.4.75 billion (61.4 per cent) and Kshs.2.98 billion (38.6 per cent) recurrent and development expenditure respectively.

During the 2016/17 FY, the County received Kshs.6.02 billion as equitable share, Kshs 268.36 million conditional allocations, Kshs.350.3 million from local sources, and balance of Kshs.446.63 million brought forward from FY 2015/16.

The budget missed its target by Kshs 644.5 million which was attributed to non-release of the conditional grant of Kshs 297.7 million, local revenue shortfall of Kshs 69.7 million and a shortfall in the equitable share of 277.14 million.

### 2.3 Exchequer Issues

During the reporting period, the Controller of Budget authorised withdrawal of Kshs.7.086 billion from the CRF account, which was 97.6 per cent of the Approved Budget. This amount represented an increase of 9.4 per cent from Kshs.6.49 billion authorized in FY 2015/16 and consisted of Kshs.4.8billion (67.8 per cent) for recurrent expenditure and Kshs.2.3 billion (32.2 per cent) for development activities. The County Treasury had a balance carried forward of Kshs 741,683,681.42 at the end of 2016/17 financial year.

**Table 1: Fiscal performance in 2016/2017 FY**

Revenue Streams	FY 2016/17	FY 2016/17	Actual receipt	Deviation	% Deviation
	Approved	Supplementary	2016/2017		
Opening balance (CRF Account)	0	446,627,440	446,627,440	0	0%
Equitable share (CRA)	6,298,037,918	6,298,037,918	6,020,897,512	277,140,406	4%
Conditional allocation - free maternal Health	172,348,147	172,348,147	131,394,500	40,953,647	24%
Allocation for Leasing of medical equipment	95,744,681	95,744,681	0	95,744,681	100%
Road maintenance fuel levy fund	96,769,311	96,769,311	84,859,828	11,909,483	12%
Compensation for user fee forgone in health facilities	21,882,372	21,882,372	21,882,372	0	0%
Capacity and performance grant (IDA) World Bank	30,840,602	30,840,602	0	30,840,602	100%
Conditional grants	0	0	0	0	0%
<b>Total Share of National Revenue</b>	<b>6,715,623,031</b>	<b>7,162,250,471</b>	<b>6,705,661,652.00</b>	<b>456,588,819</b>	<b>6%</b>

Danida funds	10,220,000	10,220,000	10,220,000	0	0%
World Bank funds for County Health Facilities	138,220,725	138,220,725	20,004,000	118,216,725	86%
Locally Collected Revenue	420,000,000	420,000,000	350,334,348	69,665,652	17%
<b>GRAND TOTAL</b>	<b>7,284,063,756</b>	<b>7,730,691,196</b>	<b>7,086,220,000.00</b>	<b>644,471,196</b>	<b>8%</b>

*Source: Migori County Treasury*

## 2.4 Conditional grants

The figure below shows an analysis of conditional grants released in FY 2016/17.

**Table 2: Conditional grants Analysis for 2016/17FY**

No.	Conditional Grant	Amount allocated as provided in CARA 2016 (Kshs.)	Actual receipt of the Conditional Grants, FY 2016/17 (Kshs.)	Actual receipts as a percentage of Annual Allocation (%)
1	Road Maintenance Fuel Levy Fund	96,769,311	84,859,828	87.7
2	Free Maternal Healthcare	172,348,147	131,394,500	76.2
3	User Fees Foregone	21,882,372	21,882,372	100
4	DANIDA Grant	10,220,000	10,220,000	100
5	World Bank Loan and Grants	169,061,327	20,004,000	11.8
6	Other Loans and Grants	95,744,681	-	-
<b>Total</b>		<b>566,025,838</b>	<b>268,360,700</b>	<b>47.4</b>

*Source: Migori County Treasury*

Analysis of the conditional grants released during the period under review indicates that, the User Fee Forgone and Danida Grant recorded the highest receipt at 100 per cent of the annual target followed by Road Maintenance Fuel Levy at 87.7 per cent, Free Maternal Healthcare at 76.2 per cent and World Bank loans and Grants at 11.8 per cent

## 2.5 Other Financial Organs

The Health Department received the following amount which was not channelled through the county treasury to support the functions of health services.

**Table 3: Funds Received in the Health Department Not Channelled through County Treasury**

Source	Amount
University of Maryland	<b>127,970,855.00</b>
UNICEF	<b>10,035,120.00</b>
UNFPA	<b>17,742,656.00</b>
<b>TOTAL</b>	<b>155,748,631.00</b>

*Source: County Treasury 2017*

Funds received from University of Maryland amounting to Kshs 127.97 Million was majorly used to pay salaries for the PHASES staff. The 10 million shillings from UNICEF were utilised in establishing community units while the UNFPA funds were mainly for carrying out family planning activities.

## 2.6 County Expenditure Performance

The County spent Kshs.6.344 billion which was 89.53 per cent of the total funds released for operations. This was a increase of 8.08 per cent from Kshs.5.87 billion spent in FY 2015/16.

A total of Kshs.4.48 billion was spent on recurrent activities, while Kshs.1.86 billion was spent on development activities. The recurrent expenditure was 93.3 per cent of the funds released for recurrent activities while development expenditure accounted for 81.6 per cent of the funds released for development activities.

The recurrent expenditure represented 94.42 per cent of the annual recurrent budget, an increase from 91.9 per cent spent in FY 2015/16. Development expenditure recorded an absorption rate of 62.4 per cent, which was a decrease from 66.7 per cent attained in FY 2015/16. Table 4 below presents budget performance by department in FY 2016/17.

**Table 4: Budget Performance by Department**

Department	Annual Budget Allocation (Kshs. Million)		Total Budget	Expenditure (Kshs. Million)		Total Actual Expenditure	Absorption rate (%)	
	Rec	Dev		Rec	Dev		Rec	Dev
Agriculture & Rural Development, Water and Sanitation Services	289.4	455.85	745.25	270.12	175.7	445.82	93.34%	38.54%
County Executive	292.67	94	386.67	206.32	96.25	302.57	70.50%	102.39%
Public Service Management	645.94	327	972.94	376.65	265.71	642.36	58.31%	81.26%
Education, Vocational Training & Sports, Gender Culture & Social Services	216.59	221.5	438.09	279.52	13.8	293.32	129.05%	6.23%
Trade & Tourism	81.87	26.44	108.31	74.81	19.15	93.96	91.38%	72.43%
Lands physical planning and housing	66.01	47.9	113.91	48.96	17.99	66.95	74.17%	37.56%
Finance & Economic Planning	735.99	367.24	1103.23	1,050.386	312.37	1,362.756	142.72%	85.06%
Health	1,558.13	365.3	1923.43	1146.6	220.65	1367.25	73.59%	60.40%
Environment & Natural Resources	69.76	83.38	153.14	75.29	2.95	78.24	107.93%	3.54%
Roads & Public Works	70.51	948.02	1018.53	84.82	691.4	776.22	120.29%	72.93%
County Assembly	722.19	45	767.19	870.58	44.5	915.08	120.55%	98.89%
<b>TOTAL</b>	<b>4,749.07</b>	<b>2,981.63</b>	<b>7,730.69</b>	<b>4,484.06</b>	<b>1,860.48</b>	<b>6,344.536</b>	<b>94.42%</b>	<b>62.40%</b>

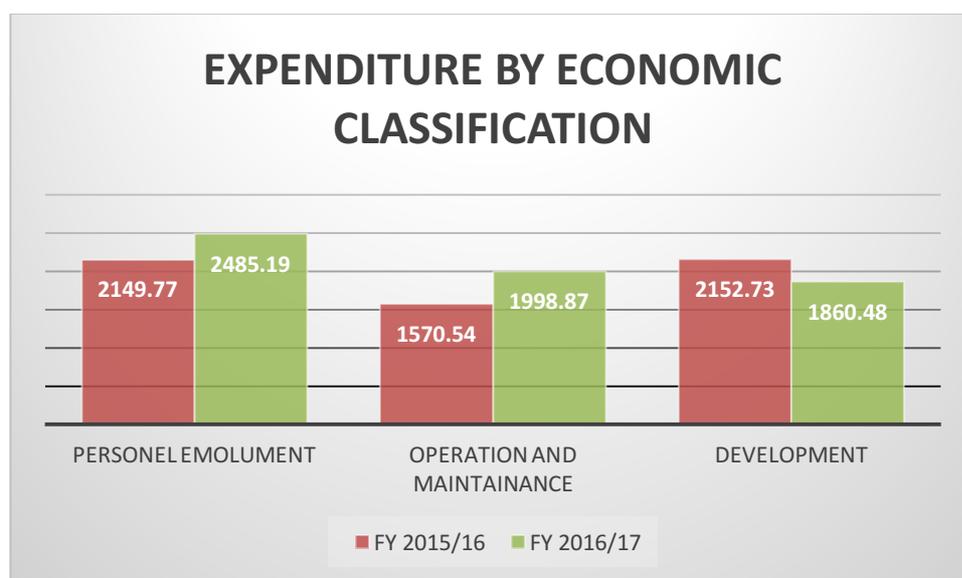
*Source: Migori County Treasury*

## 2.7 Analysis of Recurrent Expenditure

The total recurrent expenditure of Kshs.4.484 billion represented 94.42 per cent of the annual recurrent budget of 4.75billion. The amount comprised Kshs. 2.485 billion (55.42 per cent) spent on personnel emoluments and Kshs.1.998.87 billion (44.58 per cent) on operations and maintenance as shown in Figure 1. Expenditure on personnel emoluments represented an increase of 10.44 per cent compared to FY 2015/16 when the County spent Kshs.2.149 billion. In addition, the amount budgeted for personnel emoluments was exceeded by Kshs 125 Million. The Figure below shows a summary of operations and maintenance expenditure by major categories.

Analysis of table 4 above reveals that Finance and Economic Planning recorded the highest absorption rates at 142.72 per cent followed by Education Vocational Training Sports and Gender at 129.1 percent and County Assembly at 120.6 percent. Public Service Management sector recorded the lowest absorption rate at 58.3 per cent followed by finance and economic planning at 70.1 per cent and county executive at 70.5 per cent.

Figure 1: Migori County, Expenditure by Economic Classification for FY 2016/17 and FY 2015/16



Source: Migori County Treasury

## 2.8 Development Expenditure Analysis

The total development expenditure of Kshs.1.86 billion represented 62.4 per cent of the annual development budget of Kshs.2.98 billion. Table 4 above reveals that county executive recorded the highest absorption rate at 102.4 per cent followed by county assembly at 98.9 per cent and finance and economic planning at 85.1 per cent. The sectors with the lowest absorption rate include environment and natural resources at 3.5 per cent, education at 6.2 per cent and lands and physical planning and housing at 37.6 per cent. Table 5 provides a summarized list of development projects with the highest expenditure during the period under review.

## 2.9 Revenue Analysis

The sources of revenue during the period under review were from the National Government and other sources, and County own generated revenue.

### i. Revenue from National Government and other sources

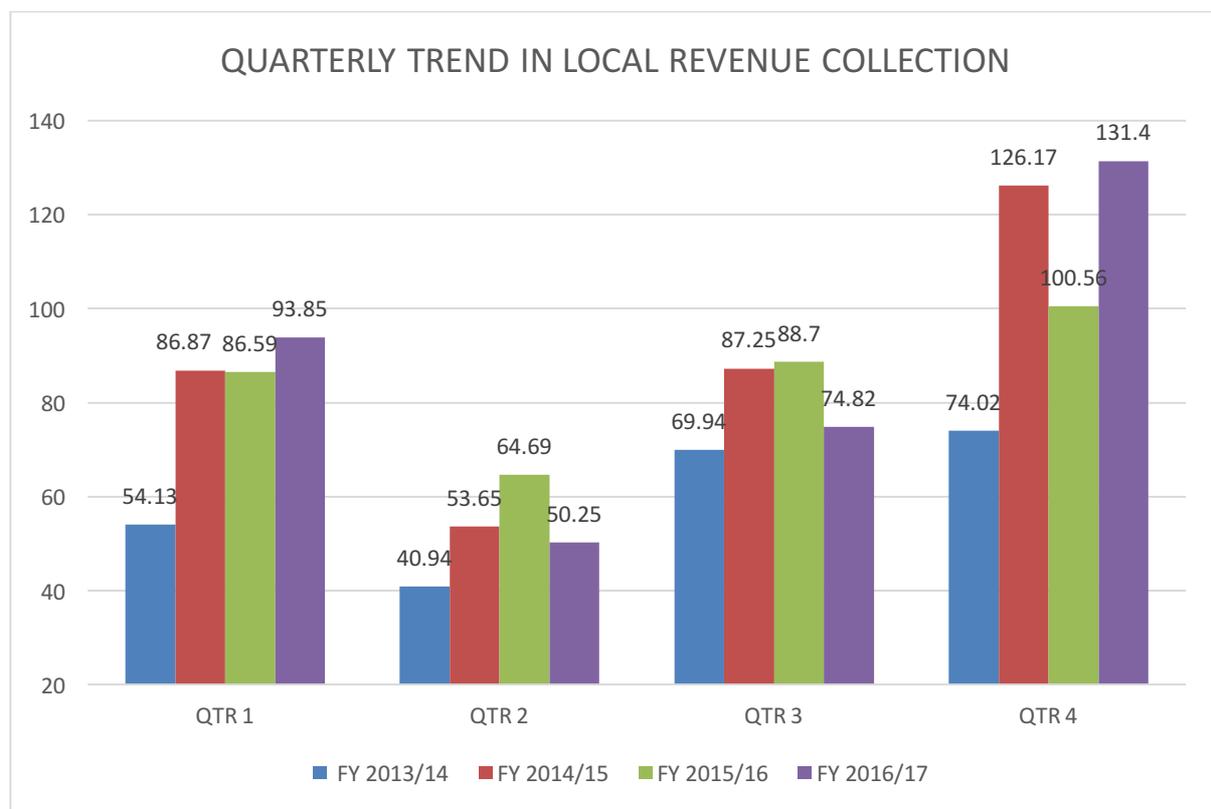
During the FY 2016/17, the County received Kshs.6.1billion as equitable share of the revenue raised nationally, Kshs.214.7 million as total conditional allocations, raised Kshs.350.3 million from local sources, and had a cash balance of Kshs.446.63 million brought forward from FY 2015/16.

The total received funds by the Health Department not channelled through the County Treasury amounted to KES 155,748,631.00

### ii. County own generated Revenue

The graph below shows the quarterly trend in local revenue collection from the first quarter of FY 2013/14 to the third quarter of FY 2016/17

**Figure 2: Migori County, Trend in Local Revenue Collection by Quarter from the First Quarter FY 2013/14 to the fourth quarter FY 2016/17**



Source: Migori County Treasury

The total local revenue collected in the FY 2016/17 amounted to Kshs.350.3 million representing an increase of 3.2 percent compared to Kshs.339.4 million generated in a similar period of FY 2015/16, and

represented 83.4 per cent of the annual local revenue target. This implies that the county missed its 2016/17 FY local revenue target by 16.6 per cent

**Table 5: Migori County analysis of revenue collected by stream in FY 2016/17**

<b>DEPARTMENT</b>	<b>PROJECTED 2016/2017</b>	<b>ACTUAL 2016/17</b>	<b>as a percentage of Annual Targets (%)Actual Revenue</b>	<b>deviation from the projected amount</b>
Agricultural activities	1,600,000.00	1,737,585.00	109%	<b>137,585.00</b>
Approval of plans	4,500,000.00	1,964,100.00	44%	<b>(2,535,900.00)</b>
Billboard fees	6,000,000.00	15,101,754.00	252%	<b>9,101,754.00</b>
Business permit	55,000,000.00	57,092,030.00	104%	<b>2,092,030.00</b>
Cesses	96,700,000.00	92,528,337.00	96%	<b>(4,171,663.00)</b>
Environment and conservancy administration	200,000.00	1,575,600.00	788%	<b>1,375,600.00</b>
External service fees	5,000,000.00	762,800.00	15%	<b>(4,237,200.00)</b>
Fines penalties and forfeitures	1,500,000.00	253,600.00	17%	<b>(1,246,400.00)</b>
Fuel levy	200,000.00	30,500.00	15%	<b>(169,500.00)</b>
Health and sanitation revenues	45,000,000.00	21,385,772.00	48%	<b>(23,614,228.00)</b>
Kiosk operating fees	7,000,000.00	4,540,240.00	65%	<b>(2,459,760.00)</b>
Land rates	25,000,000.00	28,170,598.00	113%	<b>3,170,598.00</b>
Liquor licences & application	2,850,000.00	2,075,820.00	73%	<b>(774,180.00)</b>
Market/trade centre fee	50,000,000.00	38,529,910.00	77%	<b>(11,470,090.00)</b>
Other receipts not classified anywhere-weights/ measures	1,000,000.00	152,800.00	15%	<b>(847,200.00)</b>
Physical planning activities	250,000.00	3,017,606.00	1207%	<b>2,767,606.00</b>
Plot rent	2,500,000.00	2,647,850.00	106%	<b>147,850.00</b>
Slaughterhouse administration	21,200,000.00	12,831,210.00	61%	<b>(8,368,790.00)</b>
Survey fees	1,500,000.00	1,098,254.00	73%	<b>(401,746.00)</b>
Transport on land	4,500,000.00	1,907,390.00	42%	<b>(2,592,610.00)</b>
Vehicle parking fee	88,500,000.00	62,930,590.00	71%	<b>(25,569,410.00)</b>
<b>TOTAL</b>	<b>420,000,000.00</b>	<b>350,334,346.00</b>	<b>73%</b>	<b>(69,665,654.00)</b>

**Source:** Migori County Treasury

Analysis of the local revenue by stream indicates that Cesses recorded the highest amount collected at 92.5 Million followed by vehicle packing fee at 62.9 Million and business permit at 57.1 Million. The revenue streams that recorded the lowest amount collected include: fuel levy at 0.03 Million followed by weights and measures at 0.15 Million and fines penalties and forfeitures at 0.25 million. Some revenue streams surpassed their targets while others recorded smallest percentage compared to the projected target. Physical planning activities, environment and conservers and billboard fees surpassed their targets 1107 per cent, 688 per cent and 152 per cent respectively.

However, the county was not able to meet its projected revenue target of Kshs 420 million by Kshs 70 million. This could be attributed to unfavourable weather conditions, presence of leakages and strike by the revenue staffs. Some of the revenue streams that did not achieve their target include: parking fees by 25 million shillings, health by 23 million shillings and market fee by 11million shillings.

The County deposited all locally generated revenue into the County Revenue Fund account maintained at Central Bank of Kenya (CBK) as required by Article 207 of the Constitution.

## **2.10 Implication of 2016/17 Fiscal Performance on Financial Objectives Contained in the 2017/18 Budget and County Fiscal Strategy Paper**

The performance in the FY 2016/17 shall affect the financial objectives set out in the Budget for FY 2017/18 in the following ways:

- i. The on-going and stalled projects shall be factored into 2017/18 supplementary and 2018/19 FY budgets.
- ii. The non-release of the conditional grants of KES 297.7 million and the shortfall in revenue generation of KES 69.7 million affected the timely completion of the earmarked projects during the period under review. These projects shall be reprioritised during the 2017/18 and 2018/19 FY consequently tampering with the implementation schedule for 2016/17FY and new project proposals for 2018/19 FY.
- iii. There is need for regular monitoring and evaluation of project in order to ensure timely completion and value for money. This will go a long way in reducing the number of stalled projects and pending bills.

## **SECTION THREE: RECENT ECONOMIC DEVELOPMENT AND OUTLOOK**

### **3.1 Outlook**

In achieving the county's medium-term strategic objectives, greater emphasis shall be focused on strengthening accountability and fiscal discipline in the use of the devolved resources to ensure that devolution achieves the objectives of better service delivery and rapid local economic development. Further measures such as revenue automation shall be instituted to enhance locally generated revenue to support the county's earmarked objectives as articulated in the ADP 2017-2018.

The county's growth prospect for 2017/18 and the medium term will be supported by increased production in Agriculture and the timely completion of the infrastructural projects to boost economic activities.

### **3.2 Recent Developments**

During the year under review a number of developments took place across all the sectors as enumerated here below:

- I. Agriculture, livestock, fisheries and veterinary and water services. This sector is critical to the county's economic growth, employment creation and poverty reduction. During the period under review, the sector provided subsidised tractor for hire services to ensure the area under crop farming was increased; distributed tissue culture bananas to farmers to provide alternative crops thus enhance food security and increased income levels. The department also promoted soya bean farming which is on high demand and with ready market and also completed and equipped dining hall and kitchen at Miyare ATC to train farmers on modern farming methods thus increasing productivity.
- II. Under water subsector, drilling rig, support truck, TPU and terametre were procured and delivered. This has enabled the subsector to carry out ground water exploration, ground water exploitation (Drilling and related works) and test pumping of the existing boreholes within the county with a view of rehabilitating/upgrading to increase accessibility to portable water and effective water coverage in the county. Other achievements made during the period under review include rehabilitation of four minor water schemes i.e Nyatike water supply, Rapogi water supply, Mabera Water project and Ntimaru water project. This approach is expected to increase water coverage in the county to approximately 2500 persons.
- III. In the fisheries sub-sector, a number of interventions were carried out including: supply of 1222 bags of 20kg quality fish feeds to 307 famers, supply of quality monosex tilapia fingerlings to fish farmers and training of 71 new fish pond farmers in modern fishing farming techniques. These interventions were geared towards enhancing food security in the county and raising income levels thus improving local economy.
- IV. The veterinary subsector conducted vaccination exercise for 417 animals on East Coast Fever, 32,400 animals against Foot and Mouth Disease and 16,304 animals against Black Water Disease. Fixed Time Artificial Insemination was also carried out in three sub-counties (Kuria West, Awendo and Rongo) where 1047 animals were served.

- V. In Education, Youth, Culture and Sports sector the major achievements included recruitment of 386 ECDE care givers and 52 VETCs instructors. There was also Purchase of sports equipment, VETCs tools and equipment which aimed at improving the quality of education in early childhood and Vocational centres.

Another achievement in this sector included issuance of Governor's Scholarship for 2 years running benefitting 315 learners. This helped the needy learners in the community to access education. The school feeding programme was meant to increase enrolment and retention in schools.

The department of gender conducted trainings on Access to Government Procurement Opportunities (AGPO) for youth, women and persons with disability to apply for 30% Government tenders.

- VI. The roads and energy sector made the following achievements: opening new roads, improvement of existing roads, construction of bridges and box culverts all over the county. The sector opened 80 new roads totalling to 980km and improved a total of 18 roads totalling to 216km. fifteen box culverts were installed across the county roads and one bridge (Kiringi Bridge) which is still under construction. Uriri-Kabwana Ayego road upgraded to bitumen standards which is ongoing. Some of the equipment procured for use by the sector includes a grader and low loader. Improvement on the road network resulted in increased access and reduced transportation costs.
- VII. In the trade sector, the county government continued to face lift markets through; construction of 23 market shades, 81 modern toilets and 8 water-borne toilets. This has improved hygiene in the market places hence reduction of disease outbreak.
- VIII. The county government continued with its comprehensive strategy of improving health systems through construction of the Laboratory and Ear Nose and Throat (ENT) centre at Migori County Referral Hospital and installation of incinerators at Uriri and Nyatike sub-county hospitals. These interventions have improved efficiency and effectiveness of medical services.
- IX. On Environmental and Disaster Management sector, the county government managed to restore two degraded hilltops i.e. Agongo in Uriri sub-county and Seronga complex in Kuria East sub-county covering a total of 30 acres. Conserved wetland and river rines covering a total of 10kms was conserved for Migori and Misadhi rivers. Greening was done for schools and also on farms. A total of 630 schools and 270 farms benefitted from this project. This has increased the forest cover in the county and conservation of wetlands. These are some of the mitigation measures to address issues of climate change.
- X. The Public Service Management sector made the following major achievements among others during the implementation of the 2015/16 budget: settled land dispute at Komosoko/Nyamosense Ward Administration office construction site; completed the construction of 6 ward and one sub-county administration offices; commissioned 2 ward administration offices during the period, furnished one ward office; sponsored 20 officers to attend various courses at the Kenya School of Government; conducted a successful County Dialogue Day and prepared various policies e.g. Anti-corruption, Public Participation and Village Units Administration policies. This resulted to effective and efficient service delivery.

### **3.3 Outlook for the financial year 2017/18 FY**

As already articulated in the 2017 County Fiscal Strategy Paper and Annual Development Plan, the county shall give prominence to the following priorities with the view of improving the economy of the county:

- (i) Completion of the ongoing and the stalled projects from the previous financial years in order to ensure value for money and the community gets the expected benefits from the projects in their areas.
- (ii) Investing in infrastructure in areas such as roads, energy water and sanitation thus creating a conducive business environment for job creation;
- (iii) Investing in agricultural transformation to ensure food security and also Investing in quality and accessible health care services and quality education.
- (iv) Strengthening the social safety net to reduce the burden on households and promote shared prosperity among the youths and other vulnerable groups within the County.

### **3.4 Risks to the outlook**

The risks to the economic outlook for 2017 includes both internal, external and fiscal risks which may impact negatively on the economic performance of the county

#### ***3.4.1 External risks:***

- i. The unfavourable weather conditions such as the drought and floods shall result to crop failures, displacement of people and outbreaks of water borne diseases which shall result to adjustments in priorities and eventually resources.
- ii. Other risks are frequent power blackouts resulting to high cost of production which shall result to low production and low economy.
- iii. Inadequate infrastructure particularly roads, electricity and other social amenities could affect the level and rate of private investment in the county.
- iv. The County wage bill will be expected to increase by 2.1 per cent from 33 per cent to 35 per cent of the total expenditure during 2017/18 financial year. If unmanaged the high wage bill may affect the economic growth of the County through decreased allocation of funds to development projects.
- v. Revenue collection risks may also affect the economic outlook of the County due to the shortfall of the actual revenue from the targeted revenue.

## SECTION FOUR: RESOURCE ALLOCATION FRAMEWORK

In view of the recent increased devolved functions and limited resources, MTEF budgeting will entail adjusting non-priority expenditures to cater for the priority sectors. However, resource allocation and utilization in the coming financial year and the medium term will be guided by the following factors:

- (i) The County integrated development plan (2018-2022)
- (ii) The County Fiscal Strategy paper 2017
- (iii) the Annual Development Plan 2018/2019
- (iv) The PFM Act 2012

Under the social pillar, priority shall be given to the following areas; Provision of clean water; supply of medicines and medical supplies and expansion of existing health infrastructure in all facilities; expanding and adequately equipping existing educational institutions including ECDE Centre and employing of instructors; sport development and talent nurturing; youth development Programmes and people living with disabilities.

Under economic pillar, priority shall be given to the following areas; Infrastructure development, Street lighting of strategic major towns/markets with the view of enhancing security and revenue generation particularly from the SMEs, development and rehabilitation of tourism sites and up-scaling of street lighting. Equal emphasis shall be focused on enhancing food security through strengthened and improved farmers' access to subsidized farm inputs, Improvement of livestock marketing, disease and pest control and promotion of sustainable capture fisheries.

Under governance pillar, priority shall be given to the following areas; facilitating proper and prudent collection, utilization, management and accounting of county resources, streamlining measures aimed at rejuvenating revenue generation, staff rationalization and training, establishment and strengthening of devolved units and establishment ICT structures.

Based on the above medium-term expenditure framework resolutions, it shall be viable to allocate resources to sectors as per the attached table in order to realise the anticipated county medium-term objectives as articulated in the CIDP 2018/2022.

**Table 6: Total Expenditure Ceilings for MTEF Period 2015/2016-2018/19**

SECTOR		2016/17	2017/18	2018/19	15/16	16/17	17/18
Agriculture, Livestock Production, Fisheries,		520,000,000	732,067,000	790,632,360	7.90%	7%	8%

Veterinary Services and Water						
Lands, Housing, Physical Planning and Survey	200,000,000	187,735,691	195,245,119	2.50%	4%	4%
Roads, Public Works, Transport and Energy	950,000,000	1,155,441,072	1,270,985,179	14.10%	11%	10%
Trade Development and Regulation	180,000,000	201,608,997	207,657,267	2.30%	4%	3%
Health	630,000,000	1,860,540,475	2,046,594,523	9.40%	9%	10%
Education, Youth, Sports, Culture and Social Development	250,000,000	533,962,000	555,320,480	3.40%	5%	4%
Public Service Management	200,000,000	746,458,841	776,317,195	2.80%	4%	4%
Public Service Board	110,000,000	70,004,216	71,404,300	1.70%	2%	2%
ICT	172,500,000	300,380,000	309,391,400	2.30%	3%	3%
Finance and Economic Planning	900,000,000	568,769,121	614,270,651	12.40%	11%	8%
Environment and Disaster Management	180,000,000	125,185,502	127,689,212	1.90%	3%	2%
County Assembly	655,500,000	736,791,732	810,470,905	9.40%	10%	10%
County Executive	445,000,000	561,676,000	589,759,800	4.70%	5%	5%
Salaries	1,766,400,000					
<b>Total</b>	<b>7,159,400,000</b>	<b>7,780,620,647</b>	<b>8,365,738,390</b>	<b>100%</b>	<b>100%</b>	

*Source: County Treasury*

## **SECTION FIVE: CONCLUSION AND NEXT STEPS**

The set of policies outlined in this CBROP reflect the changed circumstances and are broadly in line with the County Integrated Development Plan and the fiscal responsibility principles outlined in the PFM Act 2012. They are also consistent with the national strategic objectives pursued by the County Government as a basis of allocation of public resources. Details of the strategic objectives are provided in the 2018-2022 County Integrated Development Plan.

As budgetary resources are finite, it is critical that CSWGs and Ministries prioritize their programmes within the available ceilings to ensure that use of public funds are in line with county government priorities. There is also need to ensure that current resources are being utilised efficiently and effectively before further funding is considered for programmes. CSWGs needs to carefully consider detailed costing of projects, strategic significance, deliverables (output and outcomes), alternative interventions, and administration and implementation plans in allocation of resources.

The County should implement the following recommendations in order to improve budget execution: Efforts should be made to clear all the on-going projects and the pending bills before commencements of new projects.

- i. The procurement plan and the budget should be strictly adhered to when making any commitment or payment for the purpose of financial management. To ensure this e-Procurement and IFMIS should be strictly adhered to in all time
- ii. The County treasury should ensure issued funds are utilised for intended purposes through timely exchequer advices to the departments and stringent controls on application of funds.
- iii. Automation of Revenue Collection and Health Management Information system should be done to improve revenue collection and reporting.
- iv. The county should strive to set realist targets especially in revenue collection in order to minimise stalled projects and pending bills.
- v. In collaboration with the national government the county should institute measures to address challenges related to IFMIS

## ANNEXES

Table 7: Disbursement Schedule –July 2016 to June 2017 by the Controller of Budget

Period	Development	Recurrent	Total
	000	000	000
<b>JULY 2016 DISBURSEMENT</b>		<b>370,220</b>	<b>370,220</b>
<b>AUGUST 2016 DISBURSEMENT</b>	380,000	148,000	<b>528,000</b>
<b>SEPTEMBER 2016 DISBURSEMENT</b>	180,000	670,000	<b>850,000</b>
<b>OCTOBER 2016 DISBURSEMENT</b>	200,000	20,000	<b>220,000</b>
<b>NOVEMBER 2016 DISBURSEMENT</b>	420,000	798,000	<b>1,218,000</b>
<b>DECEMBER 2016 DISBURSEMENT</b>	150,000	362,000	<b>512,000</b>
<b>JANUARY 2017 DISBURSEMENT</b>	160,000	360,000	<b>520,000</b>
<b>FEBRUARY 2017 DISBURSEMENT</b>		50,000	<b>50,000</b>
<b>MARCH 2017 DISBURSEMENT</b>	150,000	480,000	<b>630,000</b>
<b>APRIL 2017 DISBURSEMENT</b>	180,000	420,000	<b>600,000</b>
<b>MAY 2017 DISBURSEMENT</b>	150,000	390,000	<b>540,000</b>
<b>JUNE 2017 DISBURSEMENT</b>	310,000	738,000	<b>1,048,000</b>
<b>TOTAL</b>	<b>2,280,000</b>	<b>4,806,220</b>	<b>7,086,220</b>
<b>PERCENTAGE</b>	<b>32.2%</b>	<b>67.8%</b>	<b>100%</b>

Source: Migori County Treasury

Table 8: Quarterly Disbursement Schedule

PERIOD	2015/16 FY	2016/17 FY
1 <sup>ST</sup> QUARTER TRANSFER	466,948,170	1,748,220,000
2 <sup>ND</sup> QUARTER TRANSFER	2,013,713,983	1,950,000,000
3 <sup>RD</sup> QUARTER TRANSFER	1,459,213,031	1,200,000,000
4 <sup>TH</sup> QUARTER TRANSFER	1,896,897,943	2,188,000,000
<b>TOTAL</b>	<b>5,836,773,127</b>	<b>7,086,220,000</b>

Source: Migori County Treasury