



MIGORI COUNTY

BUDGET OUTLOOK AND REVIEW PAPERS
FY 2013/2014-FY 2017/2018



*A Vibrant and
Prosperous County*

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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
FY	Financial Year
MTEF	Medium Term Expenditure Framework
PFM	Public Financial Management
CSWGs	County Sector Working Groups

Legal Basis for the Publication of the County Budget Review and outlook papers.

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.

**COUNTY BUDGET OUTLOOK
AND REVIEW 2014**

Foreword

This is the first County Budget Review and Outlook Paper (CBROP 2014) for Migori County and a first of its kind under the new constitution that heralded the new governance structures of devolved governments. The Constitution and Public Financial Management Law enacted in 2010 and 2012 respectively ushered in a paradigm shift in budget making. Apart from introducing reforms in our public financial management system, the law entrenched the Medium-Term Expenditure Framework budgeting.

The County Budget Review and Outlook paper sets out the background and broad fiscal parameters for the FY 2014/15 budget and the medium-term, consistent with County Government strategies and policies. The CBROP 2014 is prepared taking into account resources required for the implementation of a devolved government, which, among other things, provides for fiscal decentralization of resources to the county entities and reforms to several institutions. The ensuing MTEF resource allocation therefore will be critical in laying the foundation and setting the stage for full operationalization of the new devolved units within Migori County.

The link between policy, planning and budgeting will become even more important under the new constitution and County Government Act 2012. As such, CBROP will continue to play a critical role in the preparation of budgets and management of public resources in the devolved system. To strengthen the budget preparation process, the County government will continue to embrace performance budgeting and deepen public financial reforms to increase efficiency and effectiveness in service delivery and value for money.

Finally, this County Budget Review and Outlook Paper (CBROP) is expected to provide the basis to revise the FY 2014/15 budget in the context of the Supplementary Estimates, as well as set out the broad fiscal parameters for the next budget and medium term.

Tom Kasera

Executive Member Finance and Economic Planning
Migori County Government

Executive Summary

The Migori BRBP gives a highlight of the fiscal performance in the 2013/14 budget and its implication on the execution of the FY 2014/15 budget. According to the findings, the budget missed its mark by ksh 1.2 billion or 22 per cent and local revenue by 70 per cent. Recurrent and development expenditure accounted for 74 per cent and 26 per cent respectively. Public Service Management overspent its allocated resources to the tune of 281 per cent.

The report has also highlighted the implications of the 2013/14 budget on the implementation of the 2014/15 activities and underscored the importance of reallocating additional funds to cater for pending and uncompleted projects and also the need to readjust and realign budgets of those sectors that overspend in the 2013/14 budget. The possibility of commencing late implementation of 2014/15 projects is also anticipated as the uncompleted projects from the 2013/14FY shall be given the first priority.

The report further has highlighted the priority areas that need to be given special attention during the 2014/15 budget in order to achieve the county medium term objectives and the vision 2030 as articulated in the CIDP. Among the priority areas includes; Rehabilitation of road network especially rural access roads, Lighting of urban and market centre, Construction/rehabilitation of urban and rural markets and improvement of sanitation facilities and construction of market shades/stalls for *mama mboga*

In order to realise a balanced budget in the FY 2014/15, and achieve the County's objectives during the medium term, the report has suggested the need to undertake some adjustment to the FY 2014/15 budget during the supplementary on the following areas; increasing total allocation to the county by a margin equivalent to the projected increase in revenue collection, reprioritizing of development funds, operational and maintenance expenditures among other measures.

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

SECTION ONE: INTRODUCTION

Background

1. This County Budget Review and Outlook Paper (CBROP) is prepared under the Public Financial Management Act, 2012 within the devolved units of County Governments. In line with the law, the CBROP contains a review of the fiscal performance of the financial year 2013/14 and deviations from the Approved FY 2013/2014 budget.

Objective of CBROP

2. 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 last County Fiscal Strategy Paper. This together with updated economic outlook provides a basis for revision of the current budget 2014/15 in the context of Supplementary Estimates and the broad fiscal parameters underpinning the next budget 2015/16 and the medium term.

3. The C-BROP 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 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.

4. 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 FY 2015/16.

5. The rest of the paper is organised as follows. The next section provides a review of the fiscal performance in FY 2013/14. 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 2013/14

Overview

6. The fiscal performance in FY 2013/14 was generally satisfactory, despite few challenges experienced which included the late release of development funds which actually arrived during the third quarter, piecemeal funding and capacity issues particularly on the management of the IFMIS based vote book.

7. Accomplishments of the targeted projects were equally slowed down by the shortfalls in revenue collection resulting in accumulation of pending bills that were carried forward to the FY 2014/15.

2.1 Fiscal Performance for 2013/14

8. Table 1 presents the fiscal performance for the FY 2013/14 and the deviations from the original and revised budget estimates.

9. Migori County had an approved budget of Kshs. 5.5 billion with a recurrent allocation of Kshs. 3.9 billion (70%) and development allocation of Kshs. 1.7 billion (30%). The budget was poised to be funded through Ksh.4.3 billion (76.8%) from national shareable revenue, Kshs.491.0 million (8.8 %) from donor funded projects and Kshs. 795.4 million (14.3%) from local revenue collections.

10. The actual amount received from the national revenue share was Kshs. 4.1 billion and local revenue of Kshs. 238 million. No grants were received during the year under review. This implies that the approved budget missed its target by Kshs. 1.2 billion or 22 % of the budget estimate.

Table1: The Fiscal Performance of the County

TOTAL REVENUE AND GRANTS			Deviation (%)
I. Revenue (Total)	2013/2014 FY Actual	2013/2014 FY Target	
			-0.72
I. National revenue allocation	4,269,095,299	4,300,000,000.00	
II. County own revenue	238,630,498.70	795,400,000.00	-233.32
III. Grants	-	491,000,000.00	-100
	4,507,725,797.70	5,586,400,000.00	23.93
TOTAL EXPENDITURE			
2. Recurrent	3,209,495,056.00		
3. Development Expenditure			
I. Total Paid	1,008,659,206.25		
TOTAL EXPENDITURE	4,218,154,262.25		
BALANCE	289,571,535.45		

2.2 County Expenditure performance

11. In the period under review, the total expenditure was Kshs. 4.2 billion representing 93.3% of the funds released. The County Executive departments spent Kshs. 3.563 billion (82.0%) while the County Assembly spent Kshs. 654.3 million (15.0%). Analysis of the County expenditure by economic classification indicates that Kshs. 3.2 billion was spent on recurrent activities while Kshs. 1.0 billion was spent on development activities accounting for 74% and 26% of the total funds disbursed respectively.

2.3 Recurrent expenditure

12. Further analysis of the recurrent expenditure shows that the County spent Kshs. 1.3 billion on personnel emoluments accounting for 34.0% and 25% of the total recurrent expenditure and total expenditure respectively.

13. During the period under review, the county spent Kshs. 2.1 billion on operations and maintenance which accounts for 66% of the total recurrent expenditure. Public service management had the highest expenditure on operations and maintenance at Kshs. 882 million possibly due to its combination several sub-sectors. Other sectors with high expenditures on this category include county assembly at Kshs. 401 million, Finance and Economic planning at Kshs.220 million and health at Kshs. 231 million.

14. Sectors which registered low expenditure on operations and maintenance include: Land Survey and Physical Planning at Kshs. 24 million and trade and cooperative development at Kshs. 30 million.

Table 2: Recurrent Ratios

Sector	Actual Paid
Water, Energy & Natural Resources	53,305,527.83
Health services	231,163,885.26
Roads, Public works& infrastructure	54,404,875.03
Trade & cooperative Development	30,816,936.31
Education, Youth & culture	88,131,894.00
Finance & Economic planning	220,591,107.01
Agriculture, Fisheries & livestock	82,781,259.52
Lands, survey & physical planning	24,143,103.63
Public Service Management	882,048,166.00
Environment & Disaster Management	35,975,141.20
County Assembly	401,123,276.20
Salaries	1,105,009,884
TOTAL	3,209,495,055

2.4 Development expenditure

15. The County Government incurred development expenditure totalling to Kshs. 1.0 billion or 24% of the total expenditure. Roads, Public works & infrastructure spent the highest proportion of their total expenditure on development accounting for Kshs. 167 million or 75%, followed by environment and disaster management at Kshs. 65 million or 65%.the high expenditure in roads was as a result of construction works which included the tarmacking of Ombo road, ring road and access roads across all the wards.

Table 3: Absorption rate for development funds

SECTOR	BUDGET	ACTUAL DEV PAID	DEVIATION	ABSORPTION RATE %
Agriculture and ,Livestock	200,000,000.00	81,324,607.00	118,675,393.00	40.66%
Water and Energy	158,072,405.00	94,964,780.25	63,107,624.75	60.08%
Trade Development and Regulation	120,000,000.00	0.00	120,000,000.00	0.00%
Health Services	250,000,000.00	115,891,000.00	134,109,000.00	46.36%
Education , Culture, Youth and Sports	259,386,791.00	26,241,865.00	233,144,926.00	10.12%
Transport and Infrastructure	300,000,000.00	167,605,481.00	132,394,519.00	55.87%
Land, Housing and Physical Planning	50,000,000.00	10,092,200.00	39,907,800.00	20.18%
Public Service Management and ICT	85,160,375.00	239,521,645.00	- 154,361,270.00	281.26%
Finance & Economic Planning	25,000,000.00	20,707,480.00	4,292,520.00	82.83%
County Assembly	105,000,000.00	186,886,528.00	-81,886,528.00	177.99%
Environment and Disaster management	103,354,480.00	65,423,620.00	37,930,860.00	63.30%
TOTAL	1,655,974,051	1,008,659,206	647,314,844.75	60.91%

16. Trade development and regulation recorded the lowest absorption rate of development fund at 0%, followed by Education, culture, youth and sport sector at 10 %. Public Service Management and County Assembly recorded the highest absorption rates at 281% and 241% respectively. The construction of ward and sub county offices formed the reasons for high expenditure in the Public Service Management.

2.5 Own Source Revenue

17. Total cumulative revenue collection for FY 2013/14 was Kshs. 238 million compared to the target in the Approved budget of Kshs. 795.4 million. This represents a revenue deficit of Kshs.556.8 million (or 70 % deviation from the approved target).

18. The underperformance of revenue was largely on account of under collections due to capacity challenges such as: Untrained staff and incompetence, inefficient collection systems,

corruption, weak or non-existence revenue collection structures and unexploited revenue sources among others.

Table 4: Revenue projections

REVENUE ITEM	Actual 2012/13	PROJECTED 2013/14	Actual 2013/14	Growth
S.B.P/Applications	31,231,820.00	116,776,471.73	35,034,448.00	3,802,628.00
Parking Fees	73,016,728.00	235,301,714.92	70,593,550.00	- 2,423,178.00
Market Dues	49,867,598.00	156,471,914.75	46,943,593.00	- 2,924,005.00
C/A,C/F,S.H Fees	19,596,794.00	40,222,637.02	12,067,310.00	- 7,529,484.00
Kiosk Fees	-	12,281,205.22	3,684,520.00	3,684,520.00
Plot Rent/Card Application	-	3,926,681.15	1,178,055.00	1,178,055.00
Kiosk/Ground Rent/T.O.L	3,830,418.00	7,900,290.27	2,370,189.00	- 1,460,229.00
Plan Approval/Search Fees	-	4,628,780.95	1,388,694.00	1,388,694.00
Land Rates	-	6,941,224.85	2,082,457.00	2,082,457.00
School Reg/Clearance	-	1,650,862.34	495,280.00	495,280.00
Land Board Fees	-	47,997.94	14,400.00	14,400.00
Bill-Board/Advertisement	3,240,614.00	5,845,248.64	1,753,650.00	- 1,486,964.00
Cess – Sand/Stones	-	17,466,312.25	5,240,119.00	5,240,119.00
-Fish	-	1,381,840.58	414,570.00	414,570.00
-Sugar-Cane	24,222,705.00	81,310,021.72	24,394,055.46	171,350.46
-Maize/Potatoes	-	22,873,406.40	6,862,317.00	6,862,317.00
-Copper	-	119,061.55	35,720.00	35,720.00
-Hides & Skin	-	317,786.33	95,340.00	95,340.00
Transport On Land	-	4,509,139.43	1,352,800.00	1,352,800.00
Entry/Exit Fee	-	16,469,291.79	4,941,000.00	4,941,000.00
Cement/Burial Permits	-	48,997.89	14,700.00	14,700.00
Stadium/Hall Hire	-	82,496.45	24,750.00	24,750.00
Tipper/Tractor/Gradder Hire	5,671,550.00	1,889,918.73	567,000.00	- 5,104,550.00
Ncema Activities	-	79,996.56	24,000.00	24,000.00
Fuel Levy	-	412,482.26	123,750.00	123,750.00
Electricity Bill	-	406,499.19	121,955.00	121,955.00
Penalty/Fines	-	1,165,293.22	349,603.00	349,603.00
Weights & Measures	-	271,988.30	81,600.00	81,600.00
Survey Fee	-	1,348,925.33	404,695.00	404,695.00
Physical Planning Fee	-	119,994.84	36,000.00	36,000.00
Agriculture – Veterinary	-	84,479.70	25,345.00	25,345.00
-Ams	-	333,319.00	100,000.00	100,000.00
-Fisheries	-	2,094,743.26	628,450.00	628,450.00
Public Works (Building)	-	549,976.35	165,000.00	165,000.00
Procurement	-	17,040,933.88	5,112,500.00	5,112,500.00
Lands Dept.(Land-Rates)	1,839,528.00	3,785,657.21	1,135,746.00	- 703,782.00
Miscellaneous	3,598,219.00	29,243,199.95	8,773,337.24	5,175,118.24
Grand Total	216,115,974.00	795,400,000.00	238,630,498.70	22,514,524.70

Source: Migori County Treasury

19. The County Government shall move with speed and institute revenue enhancements measures during FY 2014/15 financial year and enforce all revenue sources that shall be identified in the finance bill 2014.

2.6 Overall balance and financing

20. Reflecting the above performance in revenue and expenditure, there was an overall fiscal deficit Kshs. 627 million or 13 % the deficit was not financed but carried forward in terms of pending bills

Implication of 2013/14 fiscal performance on financial objectives contained in the 2014/15 budget and County Fiscal strategy paper

21. The performance in the FY 2013/14 has affected the financial objectives set out in the revised budget for FY 2014/15 in the following ways:

- I. There will be need to undertake reallocation or seek for additional funds during FY 2014/15 budget to cater for the pending bills from the FY 2013/14 budget. This implies that the FY 2014/15 budget shall be less by the equivalent amount that shall be used to fund those pending bills.
- II. Re-prioritization of projects during the FY 2014/15 budget shall be done to accommodate high impact projects that did not kick off during the FY 2013/14 budget so as to turn the county into a 24-hour economy. Consequently, the FY 2014/15 budget shall be reviewed with the view of accommodating this new high impact projects
- III. Completion of partially or uncompleted projects from the FY 2013/14 shall be given the first priority in terms of implementation before commencement of FY 2014/15 projects. This shall effectively lead to delays in the implementation of FY 2014/15 projects and some projects missing funds altogether.
- IV. The implication of weak revenue collection mechanism is expected to erode the revenue base upon which revenue projections for FY 2014/15 and the medium term is based. Therefore, there is need to modify and enforce the finance bill 2014 to effectively address the challenges related to revenue loss.

- V. Arising from above, as well as taking into account future increase in devolved functions and the need to turn into a 24 hour economy , the baseline ceilings for spending departments will be adjusted and then firmed up in the FY 2015/16 County fiscal strategy paper in January 2015.

3. SECTION THREE: RECENT ECONOMIC DEVELOPMENT AND OUTLOOK

3.1 Recent Economic Developments

Approximately 30% of the development fund in the FY 2013/14 was dedicated to Roads, health and public services management. However, other sectors also were allocated funds which went towards improving the standards of living as follows:

2.1. Agriculture, Livestock and Fisheries.

Under this sector, the following were achieved: Purchase and distribution of 200 tons of DAP fertilizer, 200 tons of CAN fertilizer, 27.2 tons seed maize and 25.8 tons of nerica rice to 4,000 farmers, Fruit Tree Nursery at Oyani for Production of Tissue culture bananas, paw paws, grafted mangoes and passion fruit, Purchase of 5 tractors and 5 disc ploughs to improve early and timely land preparation for higher crop production, Purchase of 30 motor cycles for field extension and construction of two water pans at Dak Magwar in Got Kachola ward and Okenge in North Kadem ward, other water pans under construction includes Okero (Kanyasa ward), Bam Got (Muhuru ward) and Kebarisia (Kuria East Sub County).

2.2. Education, Youth, Culture and Sports.

The following achievements were made: Provision of tools and equipment to 13 polytechnics inherited from the national government, construction of 10 new polytechnics (on-going), construction of 120 new ECDE classrooms (ongoing) in 40 wards each ward with 3 classrooms, hosted the first County Ball Games, conducted the Awendo road race, trained adjudicators for music, dance and drama, rehabilitation of Migori County Stadium in Migori town (on-going) and conducted one enterprise training for youth groups from all the sub counties

2.3. Trade Development and Regulation.

The progress made revolved on: Organised Miss Tourism, Migori County, boat race, produced editorial content magazine, participated in International Tourism Exhibition in Berlin, Germany, constructed 80 pit latrines across the county, with each ward getting two such latrines, issued loans worthy Sh10.2 million to 75 traders from different parts of the county, trained officials of 40 SACCOS, audited 35 SACCOS and revived 8 SACCO.

2.4. Environment and Disaster Management.

Some of the strides included: Planted 850,000 trees in 600 schools and other designated forest areas throughout the county, engaged over 6,000 youths in afforestation programmes, constructed classrooms in four schools destroyed by natural phenomena, offered relief supplies to families and schools with fire emergencies and catastrophe, trained health professionals from across the county on disaster response, trained various groups of people on effective disaster response methods, engaged artisanal miners to forms.

2.6. Water and Energy.

Under this sector, the following were achieved: Provided G.I pipes in Suna Central and Suna East and rehabilitated Lwanda Rapogi Community Water Project in North Kanyamkago in Uriri Sub County, rehabilitated/constructed Got Kwa Community Water Project in Kwa, Suna East sub county, developed the Gwitembe Community Water Project in Kuria East Sub County, purchased treated Water Meters Size in Suna Central and Suna East, supply of PVC Pipes in Suna East, Suna West, Uriri, Awendo sub counties, repaired water pipes in Suna Central and Suna East, supplied plastic tanks in all 40 wards across the County, supplied materials for spring protection in Rongo, Awendo, Uriri, Suna East, Suna West, Nyatike, Kuria East, Kuria West sub counties, constructed 14 springs in

Rongo, Awendo, Uriri, Suna East, Suna West, Nyatike, Kuria East and Kuria West sub counties, constructed Pundo-Kanyango pan in Kwa, Suna East Sub County and constructed/rehabilitated Kochere-Ratieny Water pan in Nyatike sub county.

2.6. Health.

The accomplishment made were as follows: Development of County Health Sector Strategic Plan (2013-2018), establishment of Kenya Medical Training College (KMTC) in Migori County with 50 Nursing students enrolled, procured drugs valued at Kshs. 48 million, established County Health Stakeholders Forum (CHSF) for provision of quality service delivery, construction of four general wards and ablution block at Uriri, Karungu, Ntimaru and Kegonga, construction of Paediatric ward at Migori County Hospital, construction of one surgical ward in Migori town, procured four utility vehicles i.e. Double Cabin pick-ups (Nissan), four Ambulances (Toyota) and one Official car (Everest) Procured, construction of three operation theatres in Isebania, Awendo and Rongo and construction of a mortuary in Kuria East Sub County.

2.7. Lands.

The following attainment were made : Submission of 20,000 parcels of land already adjudicated to Nairobi for issuance of title deeds, completion of Base map survey of Migori town, commencement of the preparation of county spatial plan, re-surveying, demarcation and opening up of access roads, lanes and corridors in towns and urban centres, trained over 100 youths on ABT in efforts to promote low cost housing investments, completion of Lichota advisory plan, establishment of modern survey office with modern equipment for map amendments, acquired land at Isebania for establishment of a water project that is funded by ADB and compilation of public land inventory and housing inventory for the county (70% and 90% complete respectively).

2.8. Roads, Transport and Public Works.

The sector achieved the following: Opening of 220 km in (one in each of the 40 wards across the county), construction of a 4 km tarmac road within Migori town (on-going), maintenance work in all towns in the county and opening of approximately 150 km short village access roads in various wards.

2.9. Finance and Economic Planning.

The sector realized the following triumphs: Preparation of the Finance Bill 2013, completion of the Fiscal Strategy Paper for FY 2013/14 and FY 2014/15, completion of the Migori County Integrated Development Plan 2013-2017, construction and furnishing of the Treasury offices, completion of the Transition Implementation Plan and preparation of the 10-year sectoral plans for various sectors (on-going).

3.0. Public Service Board.

The accomplishment made were as follows: Recruitment of Chief Officers, Directors, Sub-County Administrators and Ward Administrators, development of Migori County Public Service Board Bill, 2014, development of Strategic Plan of Migori County Public Service Board for 2014/2017, development of Human Resource Policy of Migori County and conducted suitability interview for employees of former Local Authorities seconded to Migori County Government.

3.1. Public Service Management.

The following milestones were realized: Conducted induction course for Chief Officers, Directors, Sub county Administrators and Ward Administrators, initiated courses for other middle and lower level officers, started construction of 16 Ward Offices, 2 Sub county offices, renovation of Public Service

Management offices and construction of the enforcement offices, developed the sectorial plan for the sector, developed various policies for the sector e.g. policy on recruitment of drivers, developed a Bill on County flag emblems and names which is awaiting approval at the County Assembly and Developed a service charter for the Public Service Management.

3.2 Economic outlook for FY 2013/14

In line with the County's Medium Term plan 2013-17 and the vision 2030, the County's priority areas of intervention in FY 2014/15 shall centre on the following:

33. Providing new infrastructure to disadvantaged areas that have the potential for poverty reduction as well as employment creation, investment in roads construction equipment, opening up of rural areas to markets and public facilities, opening of new earth roads in all the ward, gravelling of existing unclassified roads in all the ward, construction of foot bridges, construction of box culverts, opening of emergency roads reserves, rehabilitation of airstrips at Kehancha, Migori and Macalder and paving headquarters.

34. Developing and diversifying markets for County produce, tourism products and circuits, rehabilitation of tourism sites, providing an enabling environment for promotion of new industries, facilitating the access to credit for micro and small enterprises, revival of co-operatives societies, renovation of coffee factories, street lighting to strategic markets with the view of enhancing security and revenue generation particularly from the SMEs, development of other energy sources in partnership with private investors.

35. Enhancing food security through strengthened and improved farmers' access to subsidized farm inputs, including credit financing in time for the season, diversification through improved fruit trees and vegetable production, horticultural and green house farming, capacity building for farmers for improved production, improvement of livestock marketing, improvement of emerging livestock and existing livestock breed, provision of dairy cows to farmers, disease and pest control, improvement of fish quality assurance, promotion of sustainable capture fisheries and fish farming.

36. Provision of clean water through roof catchment, spring protection and drilling of boreholes and dams/pans, supply of medicines and medical supplies, provision of functional equipment, infrastructure and a reliable transport, expansion of existing infrastructure in all facilities and opening closed facilities to improve access to services, fast track construction/expansion of KMTC at Migori County Hospital to address human resource gaps and upgrade Migori District Hospital to level five, investment in Health information through laptops and modems to facilitate data entry into the DHIS.

37. Establishing, expanding and adequately equipping existing educational institutions including polytechnics to encourage access, retention and completion at every level, establishing an effective and efficient county bursary scheme to enhance retention in learning institutions, establishment of Early Childhood Development (ECD) centers and employment of instructors and teachers, bringing on board the needs of the girl-child, special needs learners, and the marginalized and adult learners, sport development and talent nurturing and Youth development programmes and people with disabilities.

38. Facilitating proper and prudent collection, utilization, management and accounting of county resources i.e. time, human, funds and other physical assets, developing policies and bills that enhances revenue generation to ensure economic growth and poverty alleviation, timely passages of bills and policies at the County Assembly, improving compliance with the laid down Government and County Financial management rules, regulations and procedures, staff rationalization and training so as to

increase the quality and competence of the human resource working in the County, public participation in decision making process as enshrined in the constitution 2010 and other Acts, establishment and strengthening of devolved units through construction of offices including the citizen participation centers, enhanced monitoring and evaluation of projects, timely production and distribution of county reports and plans, effective communication through connectivity and purchase of modern ICT equipment for efficient decision making.

3.3 Risks to the outlook

39. The risks to the economic outlook for 2014 include both external and fiscal risks which may impact negatively on the economic performance of the County.

External risks:

40. The external risks to the economic outlook of the county for the year 2014 and medium-term include weakening in global economic growth and unfavourable weather conditions should there be any drought or floods in the year. Other risks are frequent power blackouts, crop failure and high cost of production. Challenges faced by the County Government with regard to transition to a decentralized system of government could weaken investor confidence and slow down economic growth. The County government in consultation with the National government will undertake appropriate measures to safeguard macroeconomic stability if any challenges arise.

Fiscal Risks:

41. Inadequate infrastructure particularly roads, electricity and other social amenities could affect the level and rate of private investment in the county. The County Government will strive to ensure conducive environment for the investors through infrastructure development across the county. This will boost various sectors such as tourism, agriculture and trade.

42. The County wage bill will be expected to increase by 4 per cent from 25 per cent to 29 per cent of the total expenditure during 2014/15. If unmanaged the high wage bill may affect the economic growth of the County through decreased allocation of funds to development projects

43. Revenue collection risks may also affect the economic outlook of the County due to the shortfall of the actual revenue from the targeted revenue. Efficient measures will have to be put in place to reduce the gaps between the target and the actual revenue collected including the adoption of automated revenue collection systems among other measures.

SECTION FOUR: RESOURCE ALLOCATION FRAMEWORK

44. In order to absorb the expenditure pressures with respect to salary demand which stands at Kshs. 1.3 billion or 29 per cent of the total budget, there is urgent need to undertake staff rationalization, job evaluation and minimise recruitment to priority technical areas where staff are not currently available.

45. For a 24-hour economy to be realised the county government needs to reallocate funds to target the following key priority interventions;

- a) Rehabilitation of road network especially rural access roads.
- b) Lighting of urban and market centres.
- c) Construction/rehabilitation of urban and rural markets market and improvement of sanitation facilities.
- d) Construction of market shades/stalls for *mama mboga* among other key strategic interventions.

46. Further adjustments to the FY 2014/15 budget will take into account resource constraints and rationalize expenditures by cutting those that are non- priority. These may include reprioritizing development, operational and maintenance expenditures in order for the Government to live within its means and be able to settle the pending bills from FY 2013/14 and complete the outstanding projects.

47. For the County objectives as outlined in the medium term to be achieved, resources allocation in the medium-term plan shall be allocated as per the table 5 below.

Table 5: Total Expenditure Ceilings for MTEF Period 2013/2014-2016/17

MINISTRY	TOTAL EXPENDITURE				% share of Total Expenditure			
	2013/14	2014/15	2015/16	2016/17	13/14	14/15	15/16	2016/17
Agriculture, Livestock Production, Fisheries and Veterinary Services	298,980	326,547	391,857	411,450	7%	6%	7%	7%
Lands, Housing, Physical Planning and Survey	98,000	204,898	225,388	236,657	2%	4%	4%	4%
Roads, Public Works and Transport	341,883	337,700	540,995	568,045	8%	6%	10%	10%
Trade Development and Regulation	210,536	103,532	222,858	234,001	5%	2%	4%	4%
Health	572,781	632,852	696,137	730,944	13%	12%	13%	13%
Education, Youth, Sports, Culture and Social Development	305,917	178,667	214,400	225,120	7%	3%	4%	4%
Water and Energy	226,905	178,202	356,403	374,223	5%	3%	6%	6%
Public Service Management	1,097,489	474,210	497,920	522,816	24%	9%	9%	9%
Finance and Economic Planning	25,000	325,907	195,544	205,321	1%	6%	4%	4%
Environment and Disaster Management	122,488	111,232	144,602	151,832	3%	2%	3%	3%
County Assembly	105,000	852,129	426,064	447,368	2%	16%	8%	8%
Salaries	1,105,010	1,543,688	1,620,872	1,701,916	25%	29%	29%	29%
Total	4,509,989	5,269,563	5,533,041	5,809,693	100%	100%	100%	100%

48. The above ceiling were informed by the following factors

- I. Impact the sector creates in improvement of the livelihood of the community.
- II. Achievement of the county's medium-term objectives as enshrined in the CIDP.
- III. The previous funding and absorption rates.
- IV. Governor's manifesto.

SECTION FIVE: CONCLUSION AND NEXT STEPS

49. 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 2013-2017 County Integrated Development Plan.

50. 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 funding is considered for programmes. CSWGs need to carefully consider detailed costing of projects, strategic significance, deliverables (output and outcomes), alternative interventions, and administration and implementation plans in allocation of resources.