REPUBLIC OF KENYA
COUNTY GOVERNMENT OF KILIFI

COUNTY TREASURY

PAMOJA TUJENGE

COUNTY FISCAL STRATEGY PAPER

ACHIEVING BROADER PROSPERITY AMID HIGHER FREQUENCY OF WEATHER EXTREMES

FEBRUARY 2017

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FOREWORD

This 2017 County Fiscal Strategy Paper marks the end of the Þrst planning phase since the inauguration of the county government of KiliÞ in 2013.It is published in accordance with provisions of Section 117 of the Public Finance Management Act, 2012 and Public Finance Management (County Governments) Regulations, 2015. The paper details the strategic priorities and policy goals guiding the preparation of the FY 2017/18 budget while reviewing FY 2016/17 Þscal performance.

The strategies and policy goals outlined in this paper beneÞtted from input of the public who responded to the call for submission of proposals before the draft was presented for further scrutiny by key stakeholders. The incorporation of the input from public proposals, key stakeholder consultations, Þscal performance analysis, and 2017 Budget Policy Statement greatly contributed towards reÞning and sharpening the strategies and policy goals.

The county government expenditure in FY 2017/18 and medium term will focus on efforts aimed at realizing the beneÞts of further devolving governance to improve service delivery; raise income of the poor by channeling spending to the productive sectors of the County's economy; broadening the reach of social sector services such as health, education, water and sanitation; increase linkage of rural areas to major infrastructural projects to improve livelihoods of residents; and widen resource mobilization while improving business environment.

John Harold Kombe
County Executive Member For Finance And Economic Planning

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1. Strategic Priorities for Achieving Broader Prosperity amid Higher Frequency of Weather Extremes

Introduction

1. The 2017 County Fiscal Strategy Paper (CFSP) has been prepared at a critical juncture in the implementation of the economic transformation agendain Kilifi County. First, this CFSP marks the end of the first phase of County Integrated Development Planning(CIDP) 2013-2017 which initiated, managed and oversaw implementation of various social and economic transformation reforms associated with devolved governance structure which has been the overriding theme of theKenya's new constitutional dispensation. The gains made so far set the foundation to build-up into broader shared prosperity propelled by the overarching priority of delivering on the United Nations Sustainable Development Goals (SDGs).

2. Secondly, the Paper is prepared in the backdrop of heightened private investors'interest in the County's investment opportunities. This follows Kilifi County International Investment Conference (KIICO) held from October 6th-8th, 2016 at Pwani University Grounds, where agreements were entered between investors and the County Government of Kilifi.Over time, private investors will inject Ksh.300 billion into various sectors of the County's economy including infrastructure development, health, hospitality, agri-business and land development. Towards this end, the County has set up an Investment Node to facilitate these investors to start work immediately in a bid to quickly realize the benefits such as increased employment opportunities, technological transfers and linkages with small-scale investors in other sectors in the County's economy.

3. Thirdly, the Paper is prepared when there is famine and loss of livelihood due to drought in some parts of the County mainly Ganze and Magarini sub-counties. This calls for food relief and other emergency responseswithout losing focus on the underlying challenges and interventions required. The County will therefore give priority to programmes responding to immediate as well as long-term food security and poverty-reduction initiatives, particularly those addressing the global climate change phenomenon.

4. Finally, this CFSP is prepared earlier than has been provided in the Public Finance Management (PFM) Act, 2012 to ensure the budget process is not interfered with by challenges related to the electioneering period. According to the Constitution, General Elections will be held in August 2017. This means that the electioneering period will coincide with the budget preparation and approval process. To address this, the national government issued the Treasury Circular which informed revisions in the budget preparation timelines issued by the county government.

5. This CFSP is aligned to the 2017 Budget Policy Statement (BPS), which spells the national strategic priorities and policy goals as: -
   i. Sustaining conducive business environment for investment opportunities; a thematic area that continues to focus on sustaining conducive business environment by maintaining macroeconomic stability and enhancing security so as to promote sustainable growth and encourage investment opportunities in the country
   ii. Continued spending in infrastructure to unlock constraints to growth, that constitutes sustaining and expansion of the on-going public investments in road, rail, energy and water supplies
   iii. Sustaining sectoral spending for employment creation through agricultural transformation to sustain growth; supporting growth of manufacturing for employment creation; touris recovery, sports, culture, and arts; and promoting mining sector for job creation.

iv. Sustained investment in social services for the welfare of Kenyans through continued investment in quality and accessible healthcare; quality and relevant education for all Kenyans; scaling up social safety nets; empowering youth, women and persons with disabilities; access to clean water; basic sanitation and; a secure and sustainable environment
v. Enhancing service delivery through devolution; entailing adherence to the objects and principles of devolution, spreading development to previously marginalized areas, enhancing county own-source revenue performance, strengthening accountability and fiscal discipline, and disbursing funds to county governments in accordance with the approved disbursement Schedule
vi. Structural reforms, particularly continued strengthening of the various institutions that are mandated to fight corruption in the country and financial sector development and reforms

6. The strategic priorities and policy goals spelt out by this CFSP are: -
   i. Further devolve governance to improve service delivery;
   ii. Raise income of the poor by channeling spending to productive sectors of the County's economy;
   iii. Broaden the reach of social sector services such as health, education, water and sanitation;
   iv. Increase linkage of rural areas to major infrastructural projects to improve livelihoods of residents; and v. Widen resource mobilization base while improving business environment Further Devolving Governance

7. Since its establishment in 2013, the County Government of Kilifi has further devolved governance through capacity-building on devolved governance structures up to the Village level. So far, strategic priority has been accorded to provision of services at the Sub-County and Ward level and in major towns such as Mtwapa, Mariakani, Malindi and Watamu. This has been achieved through deployment of administrators at the Sub-County and Ward level; construction of Sub-County Offices as well as deployment of Town administrators at Mtwapa, Mariakani and Watamu. The County has further devolved governance both administratively and functionally by deploying departmental staff to Sub-Counties and Wards and will continue doing so with a view to improve service delivery and reduce time taken to obtain County services.

8. In line with the national strategic objectives of adhering to the objects and principles of devolution, spreading development to previously marginalized areas, strengthening accountability and fiscal discipline, the county government will continue establishing and strengthening citizen participation structures, including finalization of the Kilifi County Citizen Participation And Civic Education Bill, which objective is to establish modalities and a platform for citizen participation in the governance of the County, and a framework for undertaking civic education and connected purposes.

9. Among endeavours to ensure spread of development to previously marginalized areas is initiation of the Ward Development Programme, which management the government has planned to streamline in 2017/18 FY, with a view to improve targeting and effectiveness of Ward-specific projects.

Raising Incomes of the Poor

10. In harmony with the national strategy to sustain sectoral spending for employment creation through agricultural transformation to sustain growth; supporting growth of manufacturing for employment creation; tourism recovery, sports, culture, and arts; and promoting mining sector for job creation, the County will continue to allocate more resources to programmes that will raise incomes of the poor.

Spending on irrigation projects will be increased with the goal of enhancing rural food security, in addition to reviving agricultural extension through initiatives like Farmer Field Schools (FFS), supporting upgrade of local livestock breeds, revival and introduction of emerging livestock and crops with food security and economic growth potential, new farming techniques and use of appropriate farm inputs. The fisheries industry, in which the County has invested substantial resources in the development of capture fish landing infrastructure such as cold storage depots, flake ice plants, modern fishing boats and chest freezers will be supported with development of fish and fish products marketing systems and value addition initiatives to fish and fishery products.

11. Additionally the County will promote sustainable rural and urban self-employment production enterprises through promotion of production and marketing co-operatives societies, farm level value-addition through processing of products such as cassava, cashew nuts, coconut, fruits, milk and other animal products. These initiatives will further be supported through extension of cheap and interest free credit facility under the "Mbegu Fund". The Fund will also support other initiatives that seek to promote trade and other enterprise. Private investment is expected to tap into intermediate products from these initiatives and further develop these ventures through forward linkages.

12. The County will prioritize income gains from climate-smart agricultural initiatives in order to boost productivity while building resilience to climate change and lowering production of greenhouse gases. Climate-Smart Agricultural initiatives are adoptable to the County's condition; cost effective in implementation and their contribution to increased small-holder productivity in yields such as cereals, livestock and fisheries lifts a higher share of the population, particularly the marginalized, poor and vulnerable, out of poverty and hunger. The initiatives include adoption of drought tolerant crop varieties, expanding and improving the quality of extension services and improving pasture and rangeland management.

Linking Rural Areas to Major Infrastructural Projects

13. A running theme of the national budget policy is continued spending in infrastructure to unlock constraints to growth. In line with this, the County has undertaken major infrastructural projects including the Mtwapa Bus Park and Market, improving to bitumen standard roads in Mtwapa, Kilifi and Malindi towns; unified communication infrastructure between the County Headquarter in Kilifi and Sub-County Offices; and County data centre infrastructure. These projects have transformed the County's image in the eyes of investors, improved market access of Kilifi's produce as well as improved delivery and access to County services.

14. Going forward, the County intends to improve linkage of county government infrastructural projects to the Mariakani-Mavueni road, Mariakani-Bamba road, and Malindi-Sala Gate road so as to reap maximum benefits from agricultural and tourism related activities.

Broadening Reach of Social Sector Services

15. Regarding response to the national budget policy on sustained investment in social services for the welfare of Kenyans through continued investment in quality and accessible healthcare; quality and relevant education for all Kenyans; scaling up social safety nets; empowering youth, women and persons with disabilities; access to clean water; basic sanitation and; a secure and sustainable environment, the county government will continue allocating resources to increase education access, retention and completion rates at all levels of education. The County will continue providing Early Childhood Development and Education (ECDE) and Vocational Training through infrastructure improvement; recruitment and training of care givers and the school feeding programme. The functional limitation of the county government in provision of education will be overcome under the Education Support Services to students attending secondary schools, tertiary institutions and universities through the Kilifi County Education

Support Fund which will offer scholarships and bursaries to needy but deserving secondary school going and vocational students and loans for higher education students. Promoting access to quality health care services and affordable, accessible, clean and safe water remain county social sector priorities, as is establishment of a strong social safety net programme through cash transfer for the elderly, orphans and vulnerable children (OVC).

16. Empowerment of youth, women and persons with disabilities will be enhanced through programmes in the department of ICT, Culture and Social Services as well as that of Education, Youth and Sports. Such programmes include the county scholarship, bursary and loan fund, the on-going set-up of ICT labs and internet facilities in Youth Polytechnics, construction and equipping of social halls, completion and equipping Chonyi amphitheatre, proposed construction of youth talent academy phase 2 at Shimo la Tewa, revitalization of youth polytechnics and sports improvement programme.

Widening Resource Mobilization Base and Improving Business Environment

17. On the resource mobilization front, the County will continue to leverage on reforms in own-revenue administration; implement the fundraising strategy and promote private investment in a bid to expand the resource base. The benefits of the reforms in own-revenue administration are two-pronged. First, with increased own-revenue collection, the County stands to benefit from more allocation through the national equitable share. This is because the second generation revenue sharing formula amongst county governments prepared by the Commission on Revenue Allocation (CRA) encourages counties to optimize their fiscal effort so as to qualify for more. Secondly, increase in own-revenue collection widens the fiscal space within which the County can fund priority programmes and projects. This forms the basis for the County to foster adherence to the fiscal responsibility principles, in particular, ensuring a reasonable degree of predictability in revenue raising measures by expanding the revenue base instead of increasing fees and charges. This, together with other structural reforms aimed at increasing own-revenue collection will in turn make the County conducive for business growth.

18. The Kilifi County Fundraising Strategy affords the County an opportunity to expand the resource base and plug in the gap between resource allocation and resource requirement to undertake priority programmes. Although the gap between resource allocation and resource requirement is expressed in monetary terms, in-kind contributions such as technical assistance to improve service delivery by the County; partnerships on research between Universities such as Pwani University and other institutions, and Corporate Social Responsibility initiatives by private firms on programmes prioritized for implementation by the County will be embraced.

19. The County will also promote private investment as a strategy for increasing resources invested in key programmes aimed at growing the economy. This will be done by offering an environment conducive for private business growth through partnerships between the county government, Kenya Investment Authority (KenInvest), national government Ministries, Departments and Agencies (MDAs) and private firms to reduce delays on investment start-ups amongst other incentives and guarantees.

20. Another strategy to enhance own-source revenue performance is seeking collaboration with the Kenya Revenue Authority (KRA) in development of an efficient revenue collection system with well trained and motivated staff.

2. Recent Economic Developments and Structural Reforms

Recent Economic Developments

21. According to the International Monetary Fund (IMF) World Economic Outlook Report for October, 2016, global growth is projected to slow to 3.1 percent in 2016 before recovering to 3.4

percent in 2017 and 3.8 percent by 2021. This growth projection reflects a more subdued outlook for advanced economies following what is popularly known as Brexitand weaker than expected growthin the United States of America (USA). Brexit calls for renegotiation of institutional and trade arrangements that had ordered how businesses organized their production and hiring, sourcing of raw materials and financing, and distribution channels across borders within the European Union (EU). This uncertainty surrounding the fate of renegotiations coupled with US presidential election campaign concerns with labor mobility and migration, global trade integration, and cross-border regulation are expected to slow growth in advanced economies.

22. Regionally, growth in Sub-Saharan Africa is projected to decline from 3.4 percent in 2015 to 1.6 percent in 2016 and recover to 2.9 percent in 2017. The weakened growth in Sub-Saharan Africa is on account of subdued global demand on commodity-exports, particularly fuel exports, and other non-macroeconomic shocks such as conflicts and difficult security situations and droughts and natural disasters thereby exacerbating already weak macroeconomic conditions.

23. In contrast to Sub-Saharan Africa growth projections, Kenya’s outlook remains solid because the economy is relatively diversified. The economy is projected to grow from 5.6 percent in 2015 to 6.0percent in 2016 and 6.1 percent in 2017.This growth projection is attributed to the decline in oil prices that has eased pressure on the external account and improved the net exports position; good agriculture performance and supportive monetary policy which has contained inflation within target; ongoing innovations in the ICT sector that have provided a platform for growth in services; ongoing infrastructure investments’ stimulation of growth and employment in the construction sector; and the completion of energy projects that resulted in cheaper retail electricity prices.

24. The unpredictable and drastic change in climatic conditions prevailing since this economic update are, however, likely to undercut the projected growth prospects for 2016 and 2017. The prolonged drought in the arid and semi-arid areas of the country, including a large area in Kilifi County, has not just lowered agricultural productivity but also acquired disastrous dimensions that are forcing diversion of development resources to relief and emergency operations. The weather forecast for the last season of 2016 is not encouraging either, and even if 2017 long rains are normal, a substantial percentage of the FY2017/18 budget will be earmarked for drought recovery and rehabilitation programmes.

Structural Reforms

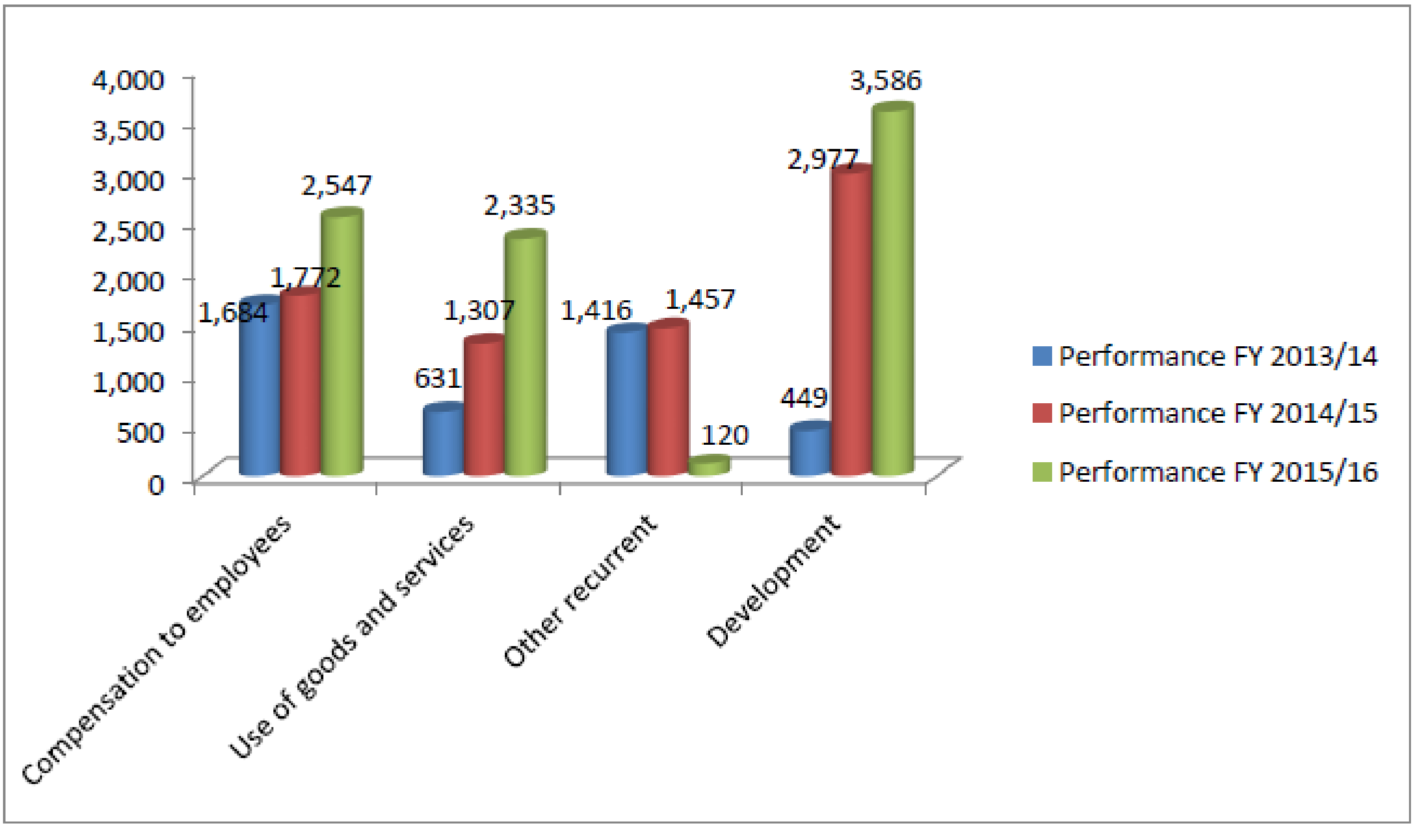
25. The 2017 CFSP is anchored on the successes achieved in the ongoing structural reforms in governance, social and economic spheres. Sustainable development, however, requires entrenchment of these reforms. The county government will implement ongoing reform programmes, using its own resources and in collaboration with other institutions, toensure transparency and accountability and improve efficiency and effectiveness in public resource utilization. The County will among others; re-train and re-deploy staff into fields of their competence and recruit critical staff on a need basis in order to contain the growing wage bill. Other initiatives will include continued capacity building to overcome the challenges related to the implementation of e-procurement, programme-based budgeting; result-based management, establishment of County Statistics unit, revamping Monitoring and Evaluation (M&E), effective public participation and budget absorption rates.

3. Fiscal Performance FY 2013/14-FY 2016/17 and Emerging Challenges

Fiscal Performance FY 2013/14-FY 2015/16

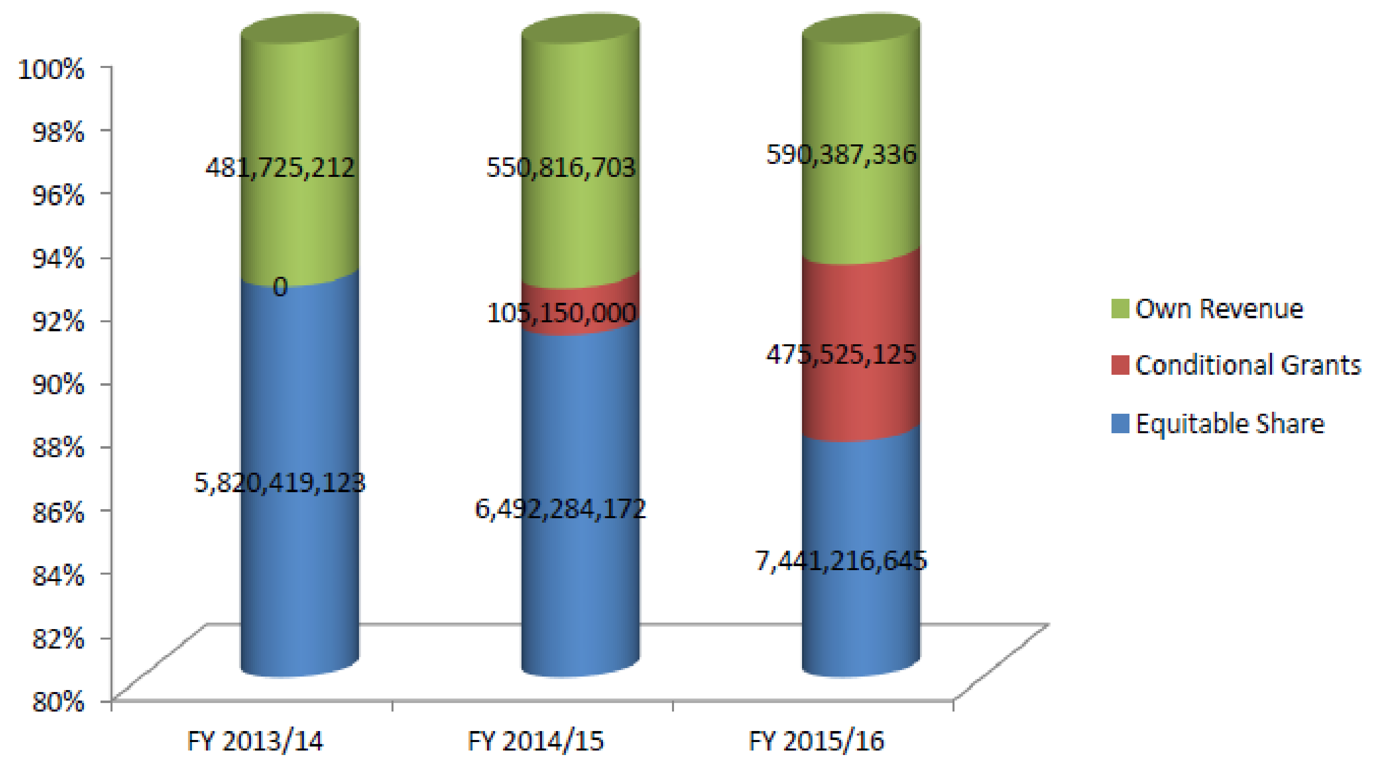
26. The County’s expenditure on compensation to employees has increased from Ksh.1.684 billion in FY 2013/14 to Ksh.1.772 billion in FY 2014/15 and Ksh.2.547 billion in FY 2015/16 on account of additional staff recruited to fill critical positions over the years. The County’s expenditure on development has also increased over the years from Ksh.449 million spent in FY 2013/14 to Ksh. 2.977 billion spent in FY 2014/15 and Ksh.3.596 billion spent in FY 2015/16.

27. Figure 1: Actual Expenditure according to Economic Classification FY 2013/14-FY 2015/16



28. The County budget was only funded by the equitable share and own-revenue collection in FY 2013/14. Since then the County has received increasing conditional allocations to fund the budget as shown below.

Figure 2: Actual Revenue FY 2013/14-FY2015/16 (Kshs.)



Implementation Of Fy 2016/17 Budget

29. The County operated on vote on account till August 30, 2016 when FY 2016/17 budget was approved by the County Assembly and subsequently assented to by the Governor on September 02, 2016. This has significantly delayed implementation of the budget especially development budget. The vote on account permitted use of funds on essential services excluding development projects. As a result, the County paid salaries for July and August with minimal payments made to operational and maintenance costs.

30. Expenditure on development projects is expected to pick very fast because of pending payments on projects that were completed in the previous financial year. There are also other development projects that have since been completed and are due for payment which are going to boost development expenditure in the first quarter of FY2016/17. The momentum on implementation of development projects will remain high on account of ongoing projects expected to be completed during the second quarter of FY 2016/17. This trend will continue in the third and fourth quarters of FY 2016/17 when completion of new projects is expected to pick. The County will keep an eye on this projection to identify potential project implementation risks and take appropriate action to mitigate them.

31. Regarding own revenue, the Finance Bill that is before the County Assembly was guided by the policy stance to maintain and possibly reduce taxes and rates. In the first two months of FY 2016/17, actual revenue collection was Ksh.44,224,080 compared to Ksh.37,887,689 collected over a similar period in FY 2015/16. It is expected that revenue collection outturn will be within the target because the County has rolled out some of the measures aimed at increasing revenue collection such as the waiver of penalties on land rates.32. Total expenditure for FY 2016/17 was projected at Ksh.13.03 billion and total expected revenues were Ksh.13.03 billion (including re-voted amount of Ksh.2.8 billion from FY 2015/16). Development allocation constituted a total of Ksh.6.954 billion representing 51.5 percent and recurrent allocation was Ksh. 6.076 billion representing 48.5 percent of the total allocation. The revenue collected from local sources is projected at Ksh.1.58 billion (including the Facility Improvement Fund (FIF) Ksh. 200 million); conditional allocation for free maternal health care Ksh.181million, conditional allocation for compensation for user fees forgone Ksh.26 million, conditional allocation for leasing of medical equipment Ksh.95 million, conditional allocation for Road Maintenance and Fuel Levy Fund Ksh.123 million, conditional allocation from World Bank loan to supplement financing of County Health facilities Ksh.114 million, conditional allocation from DANIDA grant to supplement financing of County Health facility Ksh.7.7 million, World Bank Grant for Kenya Devolution Support Program Capacity and Performance Ksh.35 million and equitable share of revenue raised nationally Ksh.8 billion.

33. Budget implementation progress in FY 2016/17 as at September, 2016, shows that total expenditure amounted to Ksh.1.5134 billion representing an absorption rate of 11 percent. The shortfall was largely a result of delay in disbursement of fund due to uploading of procurement plan and underperformance in development expenditures which stood at Ksh.457 million whereas recurrent expenditure nearly attained the quarter year pro-rated average at Ksh.1.0555 billion. Executive Department spent Ksh.81 million representing the highest absorption rate at 24 percent whereas the Department of Trade, Industrialization, Cooperatives, Tourism and Wildlife had the lowest absorption at 7 percent having spent Ksh.36 million.

Table 1: Approved Budget Estimates for FY 2016/17 against Actual Expenditure as at September, 2016 (Kshs.)

Department	Approved Estimates FY 2016/17		Expenditure FY 2016/17 (As At Sept 2016)			Absorption Rate (%)
	Recurrent	Development	Recurrent	Development	Total	
County Assembly	774, 923, 317	415,144,013	35,634,827		35,634,827	3%
County Executive	342,249,726	-	81,111,206	-	81,111, 206	24%
Finance and Economic Planning	567,911,791	40,063,063	108,736,307	-	108,736,307	18%
A griculture, Livestock and Fisheries	300,986,451	478,524,535	5,609,873	24,599,352	90,209,225	12%
Water, Environment , Natural Resources & Solid Waste Management	174,358,099	1,144,189,459	53,325,899	175,615,236	228,941,135	17%
Education, Youth Affairs and Sports	698,062,354	1,211,658,354	141,640,737	10,648,925	152,289,662	8%
County Health Services	1,949,514,895	990,290,528	341,561 ,931	47,405,549	388,967,480	13%
Roads, Transport and Public Works	235,332,269	1,559,060,249	20,653,672	147,189,597	167,843,269	9%
Lands, Physical Planning, Housing and Energy	209,973,818	308,411,881	71,083,105		71,083,105	14%
ICT, Culture & Social Services	110,404,195	215,231,447	10,557,566	23,888,264	34,445,830	11%
Trade, Industrialization, Cooperatives, Tourism and Wildlife	80,579,784	438,549,746	8,128,134	28,560,613	36,688,747	7%
County Public Service Board	67,027,670	-	7,335,188	-	7,335,188	11%
Devolution, Public Service & Disaster Management	565,494,372	153,488,949	110,163,649	-	110,163,649	15%
Grand Total	**6,076,818,740**	**6,954,612,224**	**1,055,542,094**	**457,907,536**	**1,513,449,630**	**11%**

34. The national equitable share of revenue received by the County government as at September 2016 amounted to Ksh.1.364 billion being 17 percent of the total estimates. County own revenue collection (including FIF Ksh.23.1 million) for the period up to September 2016 was Ksh.132.6 million representing 7 percent of the annual target. The enactment of the Finance Act 2016, enhanced supervision, compliance and enforcement will address the challenge of low revenue collection for the remaining period and over the medium term.

FY 2016/17 Revised Estimate

35. Arising from the delays in budget approval, implementation of projects in FY2016/17 budget is expected to spill over to the coming financial year while recurrent expenditure pressures will continue to constrain availability of funding. This risk is fueled by delays related to procurement processes especially e-procurement and inadequate financial capacity of contractors to complete projects within the six months stipulated in most contracts. The spilled implementation of projects will lead to an accumulation of on-going projects which will have

the effect of taking up funds allocated to projects in FY2017/18 budget. This means that the County has to secure continuity of these projects through re-voting while ensuring sufficient resources are mobilized to fund these projects when they are due. Herein lays a multi-faceted challenge that requires concerted efforts to address.

36. First, the practice that poses a challenge arises on estimation of how much of a project will not be complete by the close of the financial year to accord them the on-going project status and give them priority for funding in the next financial year. As a result, re-voting is done just before the budget is approved by the County Assembly when project completion status has been confirmed with a higher degree of certainty. While this is a sure approach that all budgeted projects in the previous financial years will be implemented to completion, it bloats the budget by creating a hidden deficit especially when unspent funds at the end of a financial year cannot fully meet the cost of these projects and alternative funding mechanism are not brought to the fore.

37. Secondly, in the coming financial year, going by the trend at which re-voted projects have been accumulating, the allocations of funds to some departments cannot fully accommodate on-going projects that take priority during allocation of funds before new ones are considered. This implies that the budget for the coming year for these departments may not have new projects yet the on-going ones will not be fully funded as well.

38. Thirdly, the needs of the County are a critical component in allocating as well as estimating the resource basket. It is nearly always the case that estimation of own revenue resources will be committed to emerging needs yet the build-up on shortfall of revenue collection has contributed to the funding constraint. This becomes more complex when increase in own revenue collection is one of the most likely solution to funding of on-going projects. It is therefore possible to apportion part of the own revenue collection estimates for funding new projects and the other for on-going projects such that any shortfall or excess is likewise distributed.

39. Arising from the above, and the stance to consolidate gains on project implementation, FY2016/17 budget will focus on completion of re-voted projects and on-going activities of the county government flagship projects. Adjustment of the FY2016/17 budget will be guided by reviewing the project implementation cycle of new projects as informed by the delayed approval of the budget, experiences and lessons learnt to allocate funds that will be utilized by the close of the financial year and roll over the balance to the next financial year and the medium term. The rolled-over projects will be accorded priority in allocation on funds in FY 2017/18 together with county government flagship projects and Ward Development Projects in a bid to ensure continuity and equitableallocation of resources respectively. Rolling-over allocation of funds to outer years is distinct from pending of spending in the current financial year and should not be construed as savings but an attempt to address the issue of re-voting and entrenching MTEF.40. On the revenue front, full automation of revenue collection system and processes will be enhanced to eliminate leakages and reduce the cost of compliance. The County will also consolidate the gains made on the legislative front by operationalizing laws that enable revenue collection including the Finance Bill, once enacted, so as to boost revenue collection to meet and possibly exceed the set target. In addition, implementation of the Kilifi County Fundraising Strategy together with promoting private investment inflows will significantly contribute towards widening the resource base for the County.

41. The Supplementary budget FY 2016/17 prepared in line with Article 223 of the Constitution of Kenya, 2010 and Section 135 of the Public Finance Management (PFM) Act, 2012 will address unforeseen and unavoidable expenditure requirements, in this case relief and emergency operation to the drought stricken areas of Ganze and Magarini, without disrupting

implementation of ongoing programmes. In addition, there is a considerable lapse of time between submission of expenditure estimates for approval and execution of programmes such that past assumptions need to be relaxed in a bid to incorporate recent economic developments and emerging priorities without shifting policy and service delivery initiatives.

42. This context forms the basis upon which no adjustment are made in own-revenue estimates; equitable share and other conditional grants in the financial year.
43. On the expenditure side, departments are advised to allocate funds to development projects and spread them to outer years in line with the Medium Term Expenditure Framework (MTEF). MTEF afford departments the opportunity to allocate funds to projects consistent with fiscal objectives and strategic priorities while increasing the degree of predictability on the availability of funds in subsequent financial years. This approach will unlock funds to be allocated to emerging priorities to ensure implementation of government priority projects.4.

Fiscal Policy and Budget Framework
Continuing with Prudent Fiscal Policy

44. This 2017 County Fiscal Strategy Paper (CFSP) will continue to support the development agenda by putting more effort on the implementation of projects in the County Integrated Development Plan 2013-2017, Annual Development Plan, 2016, and Sectoral (departmental) plans. The County Government has oriented expenditure towards priority programmes in agriculture, livestock and fisheries (including land); water, sanitation, and environment; infrastructure development (roads, energy and ICT); healthcare, education; social safety nets and setting up a comprehensive administrative structure under the MTEF. These initiatives continue to be rolled out in order of their impact, visibility and pace of implementation for faster gains towards achieving broader prosperity and recovering from weather extremes.

Observing Fiscal Responsibility Principles

45. The County government appreciates that the fiscal stance it takes today will have implication in the future. Therefore the county government will ensure strict adherence to the Fiscal Responsibility Principles under Section 107 of the PFM Act, 2012 and Regulation 25 of Public Finance Management Regulations 2015 (County Government). It is however noted that implementation of Regulation 25 has generated more controversy particularly the ceiling on County Assemblies and County Executives. In spite of this, the County will observe the fiscal responsibility entailing:

    i. Over the medium term a minimum of 30% of the county budget shall be allocated to development expenditure.
    ii. Expenditure on wages and benefits for public officers shall not exceed thirty five (35) percent of the county government's revenue as prescribed under Regulation 25(1) (b).
    iii. Over the medium term, the county government borrowing if any; shall be used only for the purposes of financing development expenditure and not for recurrent expenditure. It is the governments' policy to procure external financing only for development projects a practice which is in line with this principle.
    iv. County public debt obligations shall be maintained at sustainable level as approved by County Assembly and shall never exceed twenty (20) percent of the county government's total revenue at any one time in accordance to Regulation 25(1)(d).
    v. Ensure efficiency and improved productivity of expenditure while at the same time

ensuring that adequate resources are available for operations and maintenance.

vi. Increase the absorption of resources allocated for development purposes from the current levels to over 80 percent. This will give the envisaged impetus to economic development and further improve the credibility of our budget.

Fiscal Structural Reforms

46. Underpinning this CFSP effort create fiscal space is the set-up of the Fundraising unit to mobilize a conservative target of Ksh.50 million in FY 2017/18; Ksh.75 million in FY 2018/19; and Ksh.125 million in FY 2019/20. The Investment Node is also expected to lock-in the gains from the investment agreements entered between the county government and private investors during the inaugural investment conference to hasten fruition of benefits such as jobs. With regard to own revenue collection, the County will implement the Facility Improvement Fund (FIF) Act 2016 to catalyze collection of more revenue because of the provision which allows the collecting facility to utilize a portion of their collection for their own needs. Other legislations enabling own revenue collection will also be implemented. These are the Liquor Licensing Act; Betting Control Act; Valuation for Rating Act and Rating Act- to ensure settarget for own-revenue collection are met.
47. On the expenditure side, the county government will continue developing expenditure management systems aimed at improving efficiency and eliminate non-priority expenditure. Thus far, the County has fully operationalized modules of the Integrated Financial Management Information System (IFMIS) rolled out by the National Treasury. The County will also use the Hyperion Planning and Budgeting Module to prepare the Programme Based Budget once it is fully rolled out for county governments to use. During budgeting, effort will be made to ensure that programmes do not get lost in the lines when the budget is being finalized. Departments are also expected to come up with plans to designate some entities as county government entities such as Agricultural Technical Centers and Agricultural Mechanization Centers with a view to improve efficiency and effectiveness in service delivery and raising more revenue for use by these entities.

2017/18 Budget Framework

48. The Kilifi County FY2017/18 budget framework focuses efforts to create fiscal space by widening resource mobilization base and improving efficiency of government spending as well as reorient fiscal spending to protect the vulnerable and address infrastructure gaps to foster sustained and inclusive growth, and development. In response to the limited fiscal space the County now faces, spending will be rationalized to the extent possible by preserving priority capital expenditure and social sector spending and containing current expenditures.

The table below presents the 2017/18 budget framework.

Table 2: 2017/18 Budget Framework

DESCRIPTION	"APPROVED ESTIMATES FY 2016/17"	ESTIMATES FY 2017/18
TOTAL REVENUE AND GRANTS	13,031,430,963	11,557,083,220
Re-voted	2,831,590,371	-
Re-voted	2,831,590,371	
"Allocation of Equitable Share of Revenue Raised Nationally"	8,029,167,703	9,961,234,128
Equitable Share	8,029,167,703	9,961,234,128
"Conditional Allocations from National Government Revenue"	427,175,164	508,413,388
Compensation for User Fees Foregone	26,392,597	25,969,864
Free Maternal Healthcare	181,669,778	124,461,343
Road Maintenance Levy Fund	123,368,108	262,237,500
Leasing of Medical Equipment	95,744,681	95,744,681
"Conditional Allocations from Loans and Grants from Development Partners"	122,422,642	157,772,447
"World Bank Loan to Supplement financing of County Health Facilities"	114,657,642	157,772,447
"Danida Grant to Supplement financing of County Health Facilities"	7,765,000	
"World Bank, Kenya Devolution Support Program Capacity &Performance Grant"	35,193,507	-
C&P Grant	35,193,507	
Local Revenue Collection	1,585,881,576	929,663,257
Facility Improvement Fund	200,000,000	208,413,052
Cess	453,672,278	255,086,204
Land/Property Rates	589,257,465	217,815,688

DESCRIPTION	"APPROVED ESTIMATES FY 2016/17"	ESTIMATES FY 2017/18
Business Permits & Market Fees	219,029,081	157,974,770
Parking Fees	57,881,569	41,747,093
Advertisement	31,774,934	22,917,678
Devolved Revenue	10,190,201	7,349,685
Agricultural Fees & Cess	8,589,233	6,194,987
Liquor Licensing	7,974,811	5,751,834
Public Health	6,627,066	4,779,771
Betting	823,381	593,864
Fines & Penalties	61,557	1,038,631
TOTAL EXPENDITURE	13,031,430,963	11,557,083,220
RECURRENT	6,076,818,741	7,386,561,193
COUNTY ASSEMBLY	774,923,317	663,572,557
COUNTY EXECUTIVE	342,249,726	462,466,662
FINANCE AND ECONOMIC PLANNING	567,911,791	690,915,555
AGRICULTURE, LIVESTOCK AND FISHERIES	300,986,451	387,145,588
"WATER, ENVIRONMENT, NATURAL RESOURCES AND SOLID WASTE MANAGEMENT"	174,358,099	561,053,438
EDUCATION, YOUTH AFFAIRS ANDSPORTS	698,062,354	770,603,445
COUNTY HEALTH SERVICES	1,949,514,895	2,361,088,275
ROADS, TRANSPORT AND PUBLIC WORKS	235,332,269	241,978,425
"LANDS, ENERGY, HOUSING, PHYSICAL PLANNING AND"	209,973,818	222,473,769
"ICT, E-GOVERNMENT, CULTURE AND SOCIAL SERVICES"	110,404,195	108,706,767
"TRADE, INDUSTRIALIZATION, COOPERATIVES, TOURISM AND WILDLIFE"	80,579,784	109,955,458
COUNTY PUBLIC SERVICE BOARD	67,027,670	91,314,178
DEVOLUTION, PUBLIC SERVICE AND DISASTER MANAGEMENT	565,494,372	715,287,078
DEVELOPMENT	6,954,612,222	3,244,852,690
COUNTY ASSEMBLY	415,144,013	115,701,657
COUNTY EXECUTIVE	-	-
FINANCE AND ECONOMIC PLANNING	40,063,063	35,000,000
"AGRICULTURE, LIVESTOCK AND FISHERIES"	478,524,535	448,748,764
"WATER, ENVIRONMENT, NATURAL RESOURCES AND SOLID WASTE MANAGEMENT"	1,144,189,459	591,677,056
EDUCATION, SPORTS AND YOUTH AFFAIRS	1,211,658,354	269,600,812
COUNTY HEALTH SERVICES	990,290,528	453,615,127
ROADS, TRANSPORT AND PUBLIC WORKS	1,559,060,249	732,843,248

DESCRIPTION	"APPROVED ESTIMATES FY 2016/17"	ESTIMATES FY 2017/18
LANDS, HOUSING, PHYSICAL PLANNING AND ENERGY	308,411,881	72,000,000
ICT, E-GOVERNMENT, CULTURE AND SOCIAL SERVICES	215,231,447	176,625,685
TRADE, INDUSTRIALIZATION, COOPERATIVES, TOURISM AND WILDLIFE	438,549,746	308,467,905
COUNTY PUBLIC SERVICE BOARD	-	-
DEVOLUTION, PUBLIC SERVICE AND DISASTER MANAGEMENT	153,488,947	40,572,436
ROLLED-OVER PROJECT EXPENSES	-	925,669,338
ROLLED-OVER PROJECT EXPENSES	-	925,669,338
FISCAL BALANCE	-	0

Revenue Projections

49. The projected own revenue FY 2017/18 budget would be scaled down from 1,585,881,577 to Ksh. 929,663,259 which is eight (8) percent of the total revenue estimates.This projection is based on previous performance and applying an average growthfactor of 23 percent that has been attained over last three financial years.
50. In FY 2016/17, re-voted projects were considered as revenue and expenses as well. However, the unspent funds at the end of FY 2015/16 did not match the re-voted projects. To address this challenge in FY 2017/18, the re-voted projects are considered as an expense by setting aside funds for the rolled over projects as a fiscal buffer.

Expenditure Forecasts

51. The overall expenditure budget for the County is projected at Ksh.11,557,083,220 comprisingKsh.7,386,561,193 for recurrent and Ksh.4,170,522,028 for development. This expenditure projection includes conditional grants from the national government that have been factored as an additional allocation to County Health Services and Department of Roads, Transport and Public Works. The development expenditure includes Kshs.925,669,338 that has been set aside as a fiscal buffer aimed at addressing the accumulation of pending bills on re-voted projects arising mostly from own revenue shortfalls.

52. The county government recurrent expenditure is projected at 66 percent of the total budget. Compensation to employees is projected at 31.7 percent of the total budget while use of goods and services will constitute 32.2 percent. On use of goods and services, the County will amongst other key outputs ensure provision for education support, supply of educational material to ECDE and Youth Polytechnics, supply of essential drugs to health facilities, provide extension services, maintenance of roads and other civil works and provision ICT related services.

53. Development expenditure will constitute 36.1 percent of the total budget and will be used to fund priority agricultural programmes and other infrastructure developments inhealthcare, education, water, land, energy, trade and ICT.

Apportionment of the Baseline ceilings

54. The projected baseline ceiling for the FY 2017/18 budget provided are based on previous a llocations and performance. However, the County will further rationalize them according to the priority of programmes developed by the department in addressing key issues such as:

    i. Revenue raising measures;
    ii. Programme implementation cycle;
    iii. Programmes to end poverty and hunger;
    iv. Programmes addressing vulnerabilities and marginalization;
    v. Response of the programme to emerging challenges

55. The allocation for Ward Development Programmes (WDP) has been distributed according to sectors. WDP are a critical component of the County's effort to ensure equitable allocation of development resources, community participation in identifying Ward specific projects and fulfillment of promises made by Members of the County Assembly to the electorate. The sectoral distribution of WDP is intended to guide Ward Development Committees to tilt their preference towards these sectors and avoid concentrating resources to a single department in FY 2017/18. The 2017CFSP, County Government of Kilifi Page 32 priority sectors for allocating the Ksh. 825 million set aside for WDP are Water (30%), Agriculture (20%), Trade (15%), Roads (15%), ICT (10%) and Health Services (10%). This allocation has been incorporated in the departmental ceilings.
56. The expenditure ceilings for each department are provided in the table below.

Table 3: Expenditure Ceilings FY 2017/18 Budget

DEPARTMENT/ EXPENDITURE	GROSS RECURRENT ESTIMATES		GROSS CAPITAL ESTIMATES		GROSS TOTAL ESTIMATES	
	APPROVED ESTIMATES FY 2016/17	ESTIMATES FY 2017/18	APPROVED ESTIMATES FY 2016/17	ESTIMATES FY 2017/18	APPROVED ESTIMATES FY 2016/17	ESTIMATES FY 2017/18
COUNTY ASSEMBLY	774,923,317	838,942,332	415,144,013	150,000,000	1,190,067,330	988,942,332
COUNTY EXECUTIVE	342,249,726	462,466,662	-	0	0	462,466,662
FINANCE AND ECONOMIC PLANNING	567,911,791	660,915,555	40,063,063	35,000,000	607,974,854	695,915,555
AGRICULTURE, LIVESTOCK AND FISHERIES	300,986,451	367,145,588	478,524,535	283,748,764	779,510,986	650,894,352
WATER, ENVIRONMENT, NATURAL RESOURCES AND SOLID WASTE MANAGEMENT	174,358,099	421,053,438	1,144,189,459	344,177,056	1,318,547,558	765,230,494

DEPARTMENT/ EXPENDITURE	GROSS RECURRENT ESTIMATES		GROSS CAPITAL ESTIMATES		GROSS TOTAL ESTIMATES	
	APPROVED ESTIMATES FY 2016/17	ESTIMATES FY 2017/18	APPROVED ESTIMATES FY 2016/17	ESTIMATES FY 2017/18	APPROVED ESTIMATES FY 2016/17	ESTIMATES FY 2017/18
COUNTY HEALTH SERVICES	1,949,514,895	2,361,088,275	990,290,528	371,115,127	2,939,805,423	2,732,203,402
ROADS, TRANSPORT AND PUBLIC WORKS	235,332,269	241,978,425	1,559,060,249	609,093,248	1,794,392,518	851,071,673
LANDS, HOUSING, PHYSICAL PLANNING AND ENERGY	209,973,818	222,473,769	308,411,881	72,000,000	518,385,699	294,473,769
"ICT, E-GOVERNMENT, CULTURE AND SOCIAL SERVICES"	110,404,195	108,706,767	215,231,447	94,125,685	325,635,642	202,832,452
"TRADE, INDUSTRIALIZATION, CO-OPERATIVES, TOURISM AND WILDLIFE"	80,579,784	99,955,458	438,549,746	184,717,905	519,129,530	284,673,363
COUNTY PUBLIC SERVICE BOARD	67,027,670	91,314,178	-	0	67,027,670	91,314,178
"DEVOLUTION, PUBLIC SERVICE AND DISASTER MANAGEMENT"	565,494,372	655,618,960	153,488,949	40,572,436	718,983,321	696,191,396
WARD DEVELOPMENT PROGRAMME	0	0		875,000,000		875,000,000
GRAND-TOTAL. Kshs.	6,076,818,741	7,302,262,852	6,954,612,224	3,329,151,033	12,689,181,239	10,631,413,885
Budget Threshold	47%	69%	53%	31%		

Details of Sector Priorities

Trade, Industrialization, Co-operative Development, Tourism and Wildlife

57. This sector comprises three sub-sectors namely; Trade and Industrialization, Co-operative Development and Tourism and Wildlife. The general mandates of the sector are development and management of trade and industrialization, promotion and development of cooperative societies and promotion and development of tourism within the County. The sector has potential of accelerating economic growth and development, job creation and poverty reduction in the County.
58. During the years FY 2013/14-2015/16, the trade sub-sector experienced improved business, especially during the festive seasons. The hotel industry enjoyed a commendable hotel occupancy which was attributed to the lift of travel advisories by various foreign countries and numerous marketing campaigns by both stakeholders and the department. The process of setting up a Micro and Small Entrepreneurship Fund also known as 'Mbegu Fund' is at advanced stages and trainings have been conducted to facilitate access to credit facilities and promote trade. The performance of the Co-operative Development sub-sector continued to improve with new co-operative and Saccos registered during the year under review. However, more efforts need to be put for the agro marketing co-operatives to enhance their institutional capacity and to facilitate the marketing and value addition of small-holder goods and services. The department also coordinated the hosting of the Kilifi County International Investment Conference (KIICO) to promote investments.

59. The medium term priorities, FY 2017/18-2019/20, will be implemented under four programmes namely; General Administration, Planning and Support Services; Trade Development and Promotion; Cooperative Development and Management; and Tourism Development and Promotion.

60. These programmes will seek to deepen business regulatory reforms, enhance access to credit, facilitate capacity building and simplify and modernize regime for MSEs in order to amplify their multiplier effect on employment opportunities and accelerating growth. Further, the sector will proceed with the shift in focus to industries that are labor intensive, with the potential to export and increase market opportunities for small and medium industries.

61. Strategic efforts will be made to diversify markets by providing an environment conducive for business and ensuring that there is investor confidence. This will be achieved through development of policy, legal and institutional reforms for the development of the sector, fair trading practices, support entrepreneurship and industrial development and promote exports. In addition, specific measures will be undertaken to provide incentives to both local and international investors in order to position Kilifi County as a premier investment hub in the country.

62. Local businesses will be promoted through promotion of agro-based industries, training of entrepreneurs and enhanced licensing of businesses. Other measures will include vigorous promotion of cooperatives as a model for marketing of produce and encourage collective price bargaining.

63. It is a key sector in the promotion of tourism attraction facilities and creating awareness, partnerships and in marketing Kilifi as a premier destination of choice for tourists. Towards this end, the sector has embarked on institutionalization of the legal framework, policy development, marketing campaigns and proposed construction of information centers for the dissemination of information to potential visitors.

Agriculture, Livestock and Fisheries Development

64. This sector, directly and indirectly, contributes about 80% of the county's household incomes. Over 50% of the county's labour force is employed in agriculture, fishing, forestry and mining, while about 30% earn their living in rural self-employment activities associated the sector's forward and backward linkages. This sector, therefore, holds the key to the county's food security and poverty reduction strategies.

65. However, this sector is the most susceptible to the vagaries of frequent and unpredictable weather changes that have currently destroyed livelihoods of the county's largely subsistence farming community. Many parts of the county have suffered crop failure in the last three or so seasons and the latest prolonged drought have resulted in the death of livestock and threaten the very survival of people in parts of Kaloleni, Bamba and Magarini.

66. The county has a huge marine fisheries industry potential availed by it'sa 300 km Indian Ocean shoreline with its 200 nautical mile exclusive economic zone (EEZ), but this resource remains under-exploited.This industry can be a source of food security, wealth creation and employment for large proportion of county residents.

67. Efforts to secure the livelihoods of the population dependent on this sector have so far involved programmes targeting increased food crop yields, adoption of new farming techniques, value-addition, marketing and strengthened extension services. The county has invested in several irrigationprojects, tractors and farming equipment, distribution of farm inputs, revival of cash crops, milk storage facilities, improvement of livestock breeds, animal husbandry and marketing infrastructure and development of capture fish landing infrastructure such as cold storage depots, flake ice plants, modern fishing boats and chest freezers.

68. In 2017/18 more resources will channeled to agricultural extension services to assist with agri-business development and adoption of climate smart agriculture, while continuing with investments in water harvesting infrastructure, revival and introduction of new cash crops, value-addition facilities and farmer training. This will be done in collaboration with other sector actors like trade, industry and cooperative development; water and environmental management; the National Drought Management Authority (NDMA) and other partners involved in combating effects of global warming. Also, in this fiscal year partnerships will to be sought and a plan for establishment of irrigation schemes fed by dammed major rivers in the county developed.

69. More resources will also be dedicated increasing capture of fish and development of fish products marketing systems as well as value addition initiatives to fish and fishery products.

Department of Land, Energy, Housing and Physical Planning

70. Land ownership is a major development issue in Kilifi County. Although administration of land affairs is largely a shared function between the national and county governments, Kilifi County government has a special interest in ensuring accelerated formalization of settlements and orderly development of all land: public, community and private. Pre- and post-independence Kenya governance injustices have contributed to low investment on land due to unsecured ownership of land on which many households live, both in rural and urban centers.

71. The government will, therefore, continue allocating resources to execution of approved squatter settlement schemes and adjudication sections, in addition to spearheading completion of the county spatial plan and development of town physical and buildingsplans.

County Health Services

72. A healthy population is essential for higher productivity and sustained long term development of a nation. The aim of the health sector is to enable each county resident access to modern and well-equipped health facilities and well trained and motivated health care workers.

73. Beginning 2017/18 the county government, in conjunction with other partners, will implement a second generation health care reform strategy involving recruitment of more health workers, expansion of training facilities, and development of systems to support and expand health care services and sanitation at the community level. A program for health care infrastructure upgrade and equipment modernization, especially through leasing, will be implemented. The government will also finalize the development of a health policy and institutional and legal framework for enforcement of health care standards. In addition an efficient, effective and accountable framework for the management of public resources and medical supplies at the facility levels will be put in place.

74. The foregoing programmes will, of course, be in addition to on-going health service rehabilitation infrastructure and construction of additional facilities and supply of equipment started in 2013/14 financial year.

Education, Youth Affairs and Sports

75. The government is committed to the achievement of universal primary and quality education, empowerment of theyouth population and promotion of talent through sports activities.The county government will, therefore, continue allocating resources to increasingaccess to education opportunities, retention and completion rates at all levels of education.The County will continue supporting Early Childhood Development and Education (ECDE) and vocational training centers through infrastructure improvement; recruitment and training of care givers and the ECDE centre feeding programme. The functional limitation of the county governmentin provision of education will be overcome under the Education Support Services to students attending secondary schools, tertiary institutions and Universities through the Kilifi County Education Support Fund which will offer scholarships, bursaries and loans to needy but deserving students attending secondary school,
Technical and Vocational Education Training (TVET) institutions and other higher education programmes.

76. Youth empowerment programmes will involve talent search and promotion programmes to be undertaken in collaboration with other government and non-governmental institutions, including sports organizations such as Federation of Kenyan Football (FKF). Other programmes will also be designed targeting behavior change and youth capacity to overcome contemporary social, economic and cultural challenges, including issues of HIV/AIDS, drug abuse, unwanted pregnancies and gainful employment.

77. The government will also, in collaboration with stakeholders, diversify and strengthen training programmes offered by youth polytechnics with the aim of improving these institutions’ role as skill and employment creation components in the county.

ICT, Culture & Social Services

78. The world economy today is driven by ICT and therefore the County lays great emphasis on the essence of this sector. The focus for this sector is continued establishmentof ICT infrastructure for business efficiency, county government management and competitiveICT enterprisesin the county. The County, in conjunction with the relevant National Government Departments, will continue putting in place dynamic information and communication infrastructure that can facilitate processing, communication and dissemination of information more efficiently and cost effectively.
79. In 2017/18 financial year, the government will put all ICT services under this department, which will be responsible for all ICT procurement specifications, installation and maintenance for efficiency and cost-effectiveness.
80. Also, the government will construct a more social halls across the county, with priority given to equipping new and old halls with the aim of making them information and learning centers, apart from community meetings and entertainment venues.Community information and learning will be facilitated with installation of internet-based communication infrastructure, alongside other social welfare programmes that the government plans to implement in collaboration with the national government and other stakeholders, particularly those targeting childprotection and other vulnerable groupaffairs.

81. Cultural affairs will also be given prominence within their social and economic aspects. Cultural practices like those promoting gender mainstreaming will be made public agenda with a view to influencing attitudes, while county heritage like cultural sites, songs, dance and artifacts will be promoted for their intrinsic educational value and economic gain.

Water, Natural Resources, Environment, Forestry and Solid Waste Management

82. Major funding support in this sector has been in water infrastructure development since 2013/14 financial year, with the initial focus being in water pipeline extensions, new water pipelines, water pans, and storage facilities. This has led to the improvement of the water provided to residents in the county from 63.3% to 75%. It has also reduced the average distance of a community member to the nearest water point from 5km to 3km in the rural areas where water is scarce. Investment in water infrastructure will be continued to not only reduce these distances further but also increase accessibility of safe and reliable water supply.
83. The need to ensure sustainability of all the programmes and projects lies in sound management of the environment and the natural resources whilst focusing on the social economic dimensions. This focus on the sustainable management of the environment is anchored within the Sustainable Development Goals making sound environmental management a key pillar in economic development. The government will, thus, continue allocating resources to environmental impact studies and related activities, which include effective solid waste management, conservation of natural resources, tree planting and promotion of sustainable mining.

84. In partnership with stakeholders at all levels, the government will continue promoting production technologies that help mitigate effects of climate change, which outcomes are deteriorating livelihood patterns for majority of county residents, particularly those dependent on agriculture.

Roads and Public Works

85. The County has undertaken major infrastructural projects including improving to bitumen standard roads in Mtwapa, Kilifi and Malindi towns.These projects have transformed the County's image in the eyes of investors, improved market access of its produce as well as improved delivery and access to County services. Going forward, the County intends to

improve linkage of county government infrastructural projects to the Mariakani-Mavueni road, Mariakani-Bamba road, and Malindi-Sala Gateroad so as to reap maximum benefits from agricultural and tourism related activities.

86. Routine maintenance of county roads will also continue to be adequately funded.

County Public Service Board

87. The specific mandate of the Board is derived from the County Governments Act 2012, Section 59 which empowers the Board to manage Human Resource (HR) in the County. In implementing its programmes, the sector will be guided by 3 strategic goals which are anchored in its mission, which is “To provide skilled and competent Human Resource for effective and efficient public service”. The strategic goals are: strengthening institutional and operational efficiency of the Board, strengthening Human Resource practices and systems for effective service delivery and enhancing public participation, accountability and compliance with best HR practices.

88. The Sector utilized its FY 2015/16 budgetary resources to implement various projects and activities namely;

- Recruited a procurement officer and established a procurement Committee
- Filled various vacant positions in the County Public Service
- Conducted induction training for County Chief Officers, Sub County Administrators and County Head of Human Resource Management
- Trained the Board on Performance Management
- Installed data and voice communication network for the Board offices
- Established a central register
- Recruited an additional one driver for the Board
- Undertook County staff audit under the Capacity Assessment and Rationalization of the public Service (CARPS) programme.
- Conducted sensitization for Chief Officers on disciplinary procedures
- Sensitize Wananchi in 5 sub-counties on the roles of the CPSB and organized a validation workshop for Chief Officers and Directors for 13 HR policies.

89. In the FY 2017/18 and medium term, CPSB will implement two programmes namely; General Administration and Support Services; and County Public Service Transformation. CPSB will address priority areas including recruiting from diverse groups such as representation of gender, youth, religion, marginalized groups, minorities and people with disabilitiesas required by the Constitution; build staff capacity and harmonize schemes of services to address mismatch of skills and job requirements; improve service delivery and fill existing gaps in the staff establishment and develop policies to ensure a balance between sustainability of the wage bill and filling vacant positions

Summary

90. The fiscal policy outlined in this CFSP aims at improving revenue efforts as well as containing total expenditures. This will be achieved through administrative and legislative reforms aimed at enhancing resource mobilization, improving efficiency in government expenditures and eliminate non-priority expenditure.

The County Treasury County Treasury Building
P. O. Box 519-80108 KILIFI, KENYA

E-mail: cecmfinance@kilifi.go.ke
Website: www.kilifi.go.ke