



KISII COUNTY GOVERNMENT

COUNTY TREASURY

MEDIUM TERM

FISCAL STRATEGY PAPER

FEBRUARY 2016

FOREWORD

The Kisii County 2016/2017 Fiscal Strategy Paper sets out the framework for the preparation of the 2016/2017 budget as a requirement under Section 117 of the Public Finance Management Act, 2012. It articulates economic policies and structural reforms as well as sector based expenditure programs that the County intends to implement in line with the Annual Development Plan 2015 in realization of the Kisii County Integrated Development Plan 2013-2017.

In compliance with the mandate bestowed on the County governments by the Constitution, Kisii County Government is dedicated to prudently utilizing the available resources and enhancing fiscal discipline so as improve the living standards of its residents. The County Government will focus in this Fiscal Strategy Paper and in the Medium Term to expand and maintain infrastructure development specifically roads network, improve health care, increase water reticulation and/ or environmental preservation, enhance social protection, increase employment opportunities and reduce poverty levels in the County.

This Fiscal Strategy Paper articulates economic policies and structural reforms as well as sector based expenditure programmes that the County intends to implement in order to achieve the broad goal of its development agenda of employment creation and poverty reduction. In particular, it emphasizes continued shift of resources in favour of programmes that enhance growth and job creation, and to support stronger private sector investment in pursuit of new opportunities in a changing economic environment.

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ACKNOWLEDGEMENTS

The Kisii County Fiscal Strategy Paper 2016-2017 is a result of contribution and concerted efforts of Kisii County stakeholders. The paper is informed by the Public Finance Management Act 2012 Section 117 (1) which stipulates that the County Treasury should prepare the Fiscal Strategy Paper for the County. This Strategy Paper sets out broad strategic priorities and policy goals that will guide the Kisii County Government in preparing its budget for coming Financial Year 2016/2017 and over the medium term.

The content of this Fiscal Strategy Paper has benefited from an array of expertise of professionals and key stakeholders in the County. Their tireless efforts have informed the four chapters of this Strategic paper. We wish to express our gratitude to all those persons that participated in the preparation of this paper.

We are grateful to His Excellency the Governor for his lead role, direction and guidance in developing this document; His Excellency the Deputy Governor, County Executive Member for finance and economic planning and other County Executive Committee Members for their input in providing much needed information to the team working on the third Fiscal Strategy Paper for Kisii County Government. Similarly, the technical role played by Chief Officers in preparation of this paper is highly appreciated.

We are equally grateful to the technical team comprising of Onchari Kenani, (Economic Advisor); John Nyamiobo, (Political and Budget Advisor); County Economists, Edward Mayogi, Julius Kitunda, Penuel Ondiengá, Peterson Nyakeri, Steve Siso; Joshua Simba and Alfred Keter, County Treasury representatives comprising of Johnes Chacha, Chrispinus Ibalai and Jeremiah Onchieku for working tirelessly in the development of this document.

We also wish to thank the County Treasury staff for working with the drafting team in the provision of the much needed information for this document

We acknowledge the input of the Members of the County Assembly, County Budget and Economic Forum (CBEF) and members of the public during the consultative meetings.

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ABBREVIATIONS

AIDS	Acquired Immune Deficiency Syndrome
ARV	Antiretroviral
CIDP	County Integrated Development Plan
ECD	Early Childhood Education
FSP	Fiscal Strategy Paper
FY	Financial Year
GDP	Gross Domestic Product
HIV	Human Immune Virus
ICT	Information Communication Technology
PPPs	Public Private Partnerships
PFM	Public Finance Management
KNBS	Kenya National Bureau Statistics
KSHS	Kenya Shillings
DANIDA	Danish International Development Agency
MDA	Ministry Department Agencies
SDGs	Sustainable Development Goals
NHIF	National Hospital Insurance Fund
JLBS	Joint Loans Board Scheme
IFMIS	Integrated Financial Management System
KCG	Kisii County Government
MTEF	Medium Term Framework
SACCO	Savings and Credit Cooperative Society
SMEs	Small and Medium Enterprise

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CHAPTER ONE

1.0 OVERVIEW

1. The 2016/2017 Fiscal Strategy Paper (FSP) identifies the broad strategic priorities and policy goals that will guide the County Government in preparing its budget for Financial Year (FY) 2016/2017 and over the Medium Term.
2. This Fiscal Strategy Paper outlines the performance of the FY 2015/2016 budget up to 31st December, 2015 which forms the basis for projecting the financial outlook with respect to the County Government revenues and expenditures for FY 2016/2017 and over the Medium Term.
3. The County priorities outlined in this Paper shall form the basis for formulation of FY 2016/2017 budget and the Medium Term. The framework ensures adherence to public finance and fiscal responsibility principles as set out in the Constitution, 2010 and the Public Finance Management Act, 2012. Specifically, the Paper outlines guidelines to ensure that the development to recurrent expenditure has been maintained within the required ratios of 30:70. It details how the expenditures will be funded fully from the allocations from the equitable share, conditional grants, local revenue sources and revenue from the development partners.
4. This FSP covers the following broad areas: review of the fiscal performance of first half of the FY 2015/2016; highlights of the recent economic developments and economic outlook; broad strategic priorities and policies for FY 2016/2017 as spelled out in the Annual Development Plan and the Medium Term Fiscal Framework as outlined in the County Integrated Development Plan (CIDP) 2013-2017.
5. The priorities outlined in this Paper are in line with those set out in the Annual Development Plan (Sept. 2015), namely:
 - a) Infrastructure Development
 - b) Health Care
 - c) Water reticulation and Environmental Preservation
 - d) Social protection

e) Economic Development

6. The focus of this FSP in the Medium Term is to expand and maintain infrastructure development specifically roads network, improve health care, increase water reticulation and/or environmental preservation, enhance social protection, increase employment opportunities and reduce poverty levels in the County.

7. This Fiscal Strategy Paper articulates economic policies and structural reforms in revenue, procurement and performance management as well as sector based expenditure programmes that the County intends to implement in order to achieve the broad goal of its development agenda. In particular, it emphasizes continued shift of resources in favour of programmes that enhance growth and job creation, and to support stronger private sector investment in pursuit of new opportunities in a changing economic environment. It takes cognizance of the reality of scarce resources and the fact that there is need to invest in high impact programmes with a framework of sustainable fiscal stance.

8. The County government is committed to be effective and efficient in management of its resources to make meaningful gains in employment creation and poverty reduction. The fiscal framework outlined in this FSP requires greater fiscal discipline and alignment of resources to priority areas. In particular, better control of expenditure and a clear focus on core mandates by County departments will be emphasized.

9. The County Government will continue creating enabling environment to attract investors. This is meant to set the pace for faster socio-economic development and sustainable growth through public private partnerships (PPPs).

1.1 OBJECTIVE

10. The 2016/2017 Fiscal Strategy Paper sets the frame work for the preparation of the County budget.

11. It is a requirement under section 117 of the Public Finance Management Act, 2012 that each County Treasury shall prepare and submit to the County Executive Committee the Fiscal Strategy Paper for approval, and the County Treasury shall submit the approved Fiscal Strategy Paper to the County Assembly by the 28th February of each year. This Fiscal Strategy Paper contains the following:

- The principles that will guide the 2016/2017 budgetary process;
- The broad fiscal parameters for the 2016/2017 budget and the key strategies and policies for management of revenues and expenditures;
- The broad strategic priorities and policy goals that will guide the preparation of the budget over the medium term;
- A discussion of risks to the budget parameters and Budget Strategies;
- The medium-term outlook for County Government revenues and expenditures;
- A discussion of how the Budget Strategies relates to the County priorities as drawn from the County Integrated Development Plan (CIDP); and
- A framework for the preparation of departmental forward budget estimates and the development of detailed budget policies.

1.2 OUTLINE OF THE 2016/17 FISCAL STRATEGY PAPER

12. This Fiscal Strategy Paper is presented in four Chapters. Chapter one, provides an overview and objective of the Paper, Chapter Two outlines the economic context within which the 2016/2017 budget will be prepared. It also presents an overview of the recent economic developments and the macroeconomic outlook covering the Global, National and County scene.

13. Chapter Three presents the Fiscal Policy and Budget Framework that will support planned growth over the medium to long term, while continuing to provide sufficient resources to support projects and programmes in spending sectors.

14. The last Chapter presents the resource envelope and spending priorities for the proposed FY 2016/2017 budget and medium term. Sector ceilings, as well as sector achievements and priorities are also reviewed.

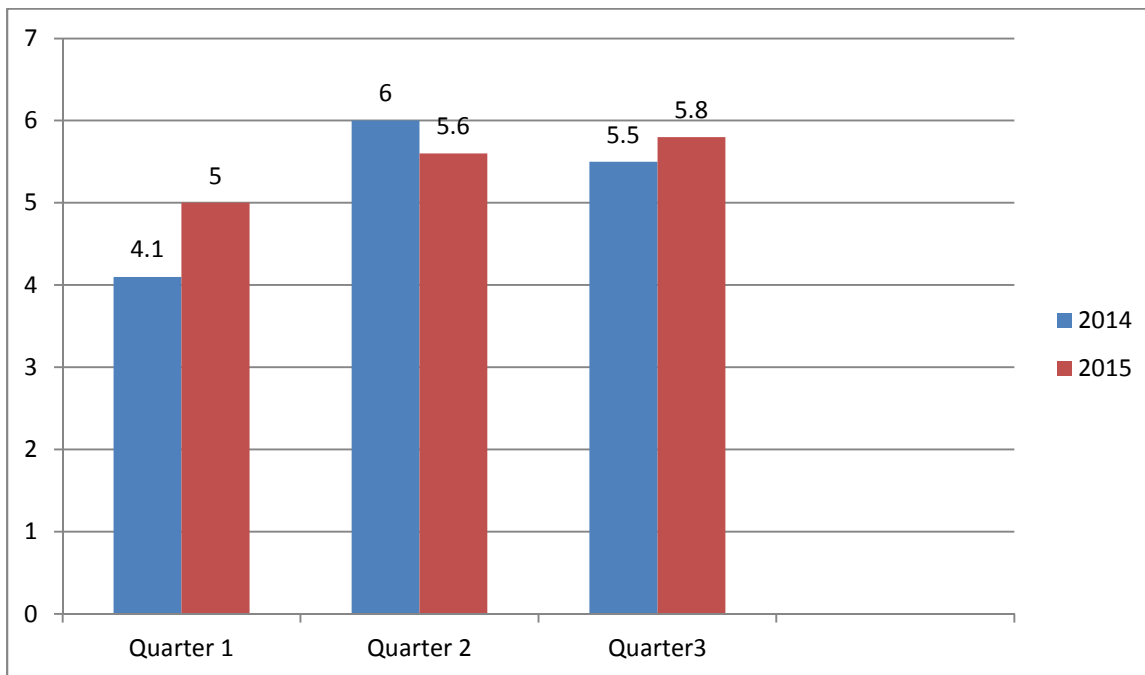
CHAPTER TWO

2.0 RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

2.1 OVERVIEW OF ECONOMIC PERFORMANCE

15. According to the Budget Policy Statement 2016, Kenya's economic growth remained resilient in 2015. The first three quarters of 2015 recorded an average of 5.5% growth compared to 5.3% growth in similar period in 2014. Macro-economic stability has been preserved with inflation remaining on average within target. Overall month on month inflation was at 8.0% in December 2015 from 6.0% in December 2014. The Kenya shilling exchange rate has stabilized following increased foreign exchange reserves. Growth was mainly driven by infrastructure investments, construction, mining, lower energy prices and improvement in agriculture following improved weather.

Figure 1: Kenya's GDP Growth in percentage

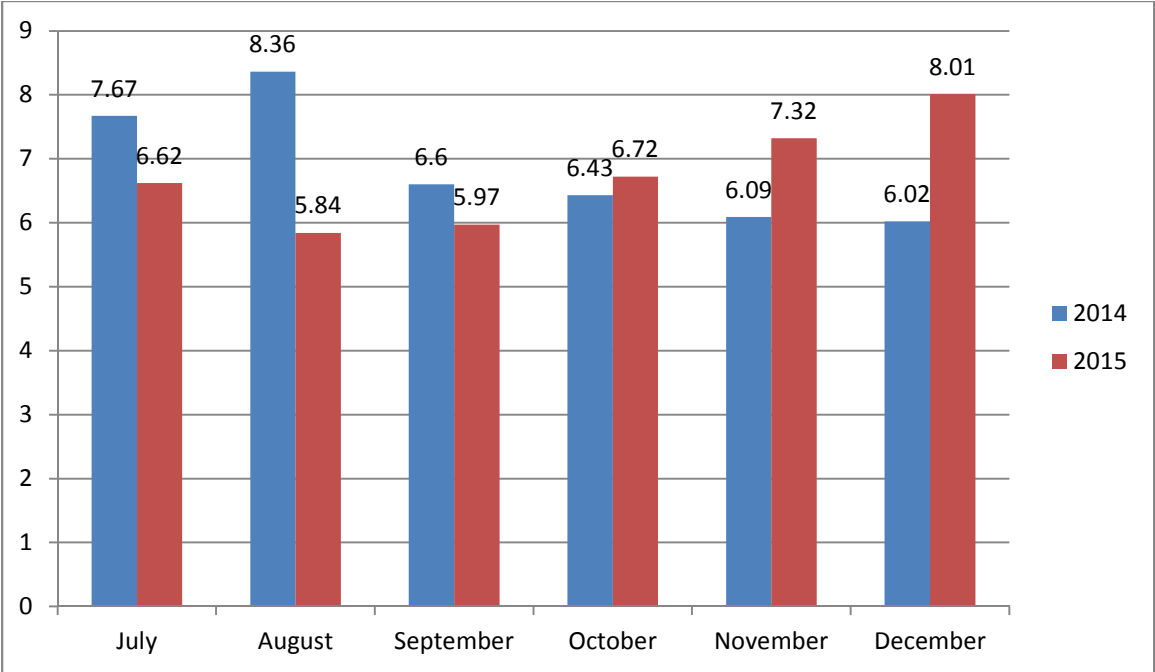


Source: KNBS

16. Short term interest rates have also eased in line with the drop in inflation. The Central Bank of Kenya has left the interest rate at 8.5 percent as the current monetary policy stance is considered to deliver the desired objective of price stability. Overall inflation declined in both

September and October 2014 to within the prescribed range of the medium term target of 5 percent after some sporadic effects in the months of July and August. According to Central Bank monthly reports, inflation rate increased from 7.67 in July 2014 to 8.36 in August, but then indicated a downward trend all through to December 2014 with the rate being at 6.02 as shown in figure 2 below. This was mainly due to better food supply resulting from favourable weather conditions. These trends portend improvement in the performance of the economy for the country and to the county as well.

Figure 2: Inflation rates 2014 and 2015

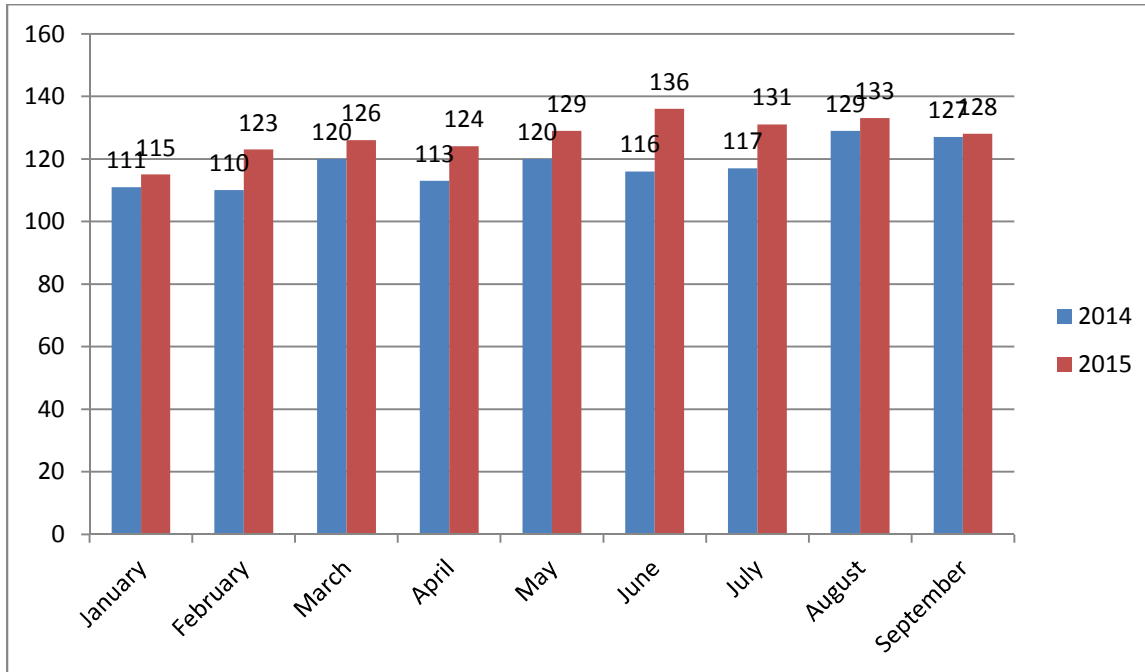


Source: Central Bank of Kenya website

17. Remittance inflows to Kenya in September 2015 increased by 0.9% to USD 128.4 million compared to USD 127 million in September 2014 as shown in figure 3 below. As a source of external funding at the National level, remittances impact the economy of a nation from an individual level by augmenting the recipient’s income which will in turn lead to reduced poverty levels, the remittances also increase the credit worthiness of a country to the international markets for financing which alleviates credit constraints and also act as a substitute for financial development. The large percentage of this remittances trickle down to Kisii County due to many of its residents in the Diaspora who have continued to maintain strong ties and bonds with family members. This is evident in the increase in financial

institutions in the county and rapid development especially in the construction, transport and hospitality industry sectors.

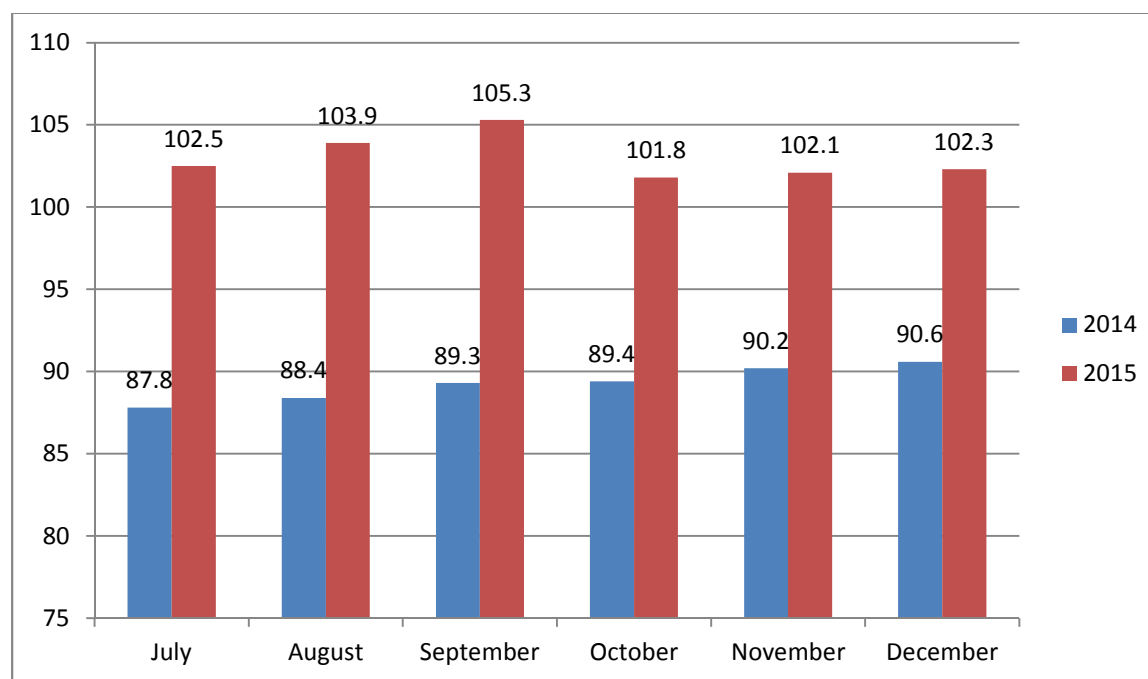
Figure 3: Diaspora Remittances in USD in millions



Source: Central Bank of Kenya, Website

18. However, the Kenyan Shilling continued to lose value against the dollar between July and December 2015 as compared to the same period in 2014 as shown in the Figure 4. The depreciation of the currency was mainly due to the global strengthening of the US Dollar on the international market, and high dollar demand by importers in the domestic market. This affected the market prices of Kenyan exports in the foreign markets. Tea and coffee which are the major exports from the county fetched low prices as compared to 2014.

Figure 4: Exchange Rate in USD 2014 and 2015



Source: Central Bank of Kenya Website

2.2 FISCAL PERFORMANCE AND EMERGING CHALLENGES

19. The approved budget for the Kisii County Government in the FY 2015/2016 had expenditures amounting to Kshs.9, 180,079,312, comprising of recurrent expenditure of KShs.5, 375,424,504 and development expenditures of Kshs.3, 804,654,808. This budget will be financed by Kshs. 7.1 billion from national equitable share, Kshs. 700 million from local revenue sources, 22.75 million from DANIDA to support the health sector services, Kshs. 338 million conditional share for Kisii Level Five Hospital, Leasing of medical equipment Kshs. 96 million, conditional allocation for maternal health care Kshs 195 million, Road Maintenance Fuel Levy Fund Kshs. 90 million and conditional allocation for compensation for user fee forgone Kshs.27 million.

20. Fiscal outcome for the first six months of the financial year 2015/2016 was fairly satisfactory, but domestic revenue shortfall continue to persist amid rising expenditure pressures. Expenditure pressures relate to the rising wage bill, domestic and foreign travel expenditure. These pose risks to the stability of the budget for 2015/2016 in the face of resource requirement for County development.

2.2.1 Development and Recurrent Expenditures

21. The National Government disbursed a total of Kshs.3, 872,257,900 as at 31st December 2015, comprising of KShs.2, 767,906,381 for recurrent expenditure and KShs.1, 104,351,419 for development expenditure. Out of these disbursements, the County spent KShs.2, 638,613,718 on recurrent expenditure and KShs. 934,039,305 on development expenditure.

Tables 1 and 2 show departmental expenditures for both recurrent and development budget as at a 31st December 2015.

Table 1: Recurrent Budget Outturn for the first six months 2015/2016

Department	Budget Estimates (Kshs.)	Exchequer Issues as at 31/12/2015	Expenditure as at 31/12/2015 (Kshs.)	Balance as at 31/12/2015 (Kshs.)	Absorption Rate (%)
County Assembly	713,649,293	360,783,939	318,688,718	42,095,221	88%
Office of the Governor & Deputy Governor	369,785,884	192,498,962	165,431,054	27,067,908	86%
County Public Service Board	54,545,000	20,668,100	17,308,720	3,359,380	84%
Administration, Corporate Services and Stakeholder Management	529,829,404	270,156,302	263,245,393	6,910,909	97%
Finance and Economic	691,531,390	397,807,083	312,982,036	84,825,047	79%
Agriculture, Livestock, Fisheries	267,372,760	153,326,992	153,893,415	(566,423)	100%
Health services	1,805,902,100	929,411,319	984,282,709	(54,871,90)	106%
Energy, Water, Environment	141,090,592	66,687,886	59,859,080	6,828,806	90%
Trade Dev't and Regulations	60,551,862	29,340,722	26,503,492	2,837,230	90%
Land, Physical Planning	84,540,088	31,954,379	27,953,407	4,000,972	87%
Culture, Sports, Youth	65,908,840	28,203,362	26,453,064	1,750,298	94%
Education and Youth affairs	315,430,804	192,139,494	198,187,207	(6,047,713)	103%
Public Works, Roads and Transport	138,578,036	59,494,798	51,841,345	7,653,453	87%
Kisii Town	62,580,937	35,433,043	31,984,078	3,448,965	90%
Total	5,301,296,990	2,767,906,381	2,638,613,718	129,292,663	95%

Source: Kisii County Treasury

Table 2 Development Budget Out turn for the first six months 2015/2016

Department	Budget Estimates FY 2015/2016 (Kshs.)	Exchequer Issues as at 31/12/2015 (Kshs.)	Expenditure as at 31/12/2015 (Kshs.)	Balance as at 31/12/2015 (Kshs.)	Absorption Rate (%)
County Assembly	0	0	0	0	0
Office of the Governor and Deputy Governor	0	0	0	0	0
Administration, Corporate Services and Stakeholder Management	130,000,000	10,000,000	10,000,000	0	100%
Finance and Economic	180,500,000	80,000,000	60,327,230	19,672,770	75%
County Public Service Board	0	0	0	0	0
Agriculture, Livestock, Fisheries	151,800,000	45,700,000	24,148,380	21,551,620	53%
Health services	890,930,732	243,105,126	244,071,926	(966,800)	100%
Energy, Water, Environment	449,000,000	74,000,000	50,185,791	23,814,209	68%
Trade Dev and Regulations	157,500,000	28,000,000	22,839,044	5,160,956	82%
Land, Physical planning	206,500,000	80,000,000	57,624,421	22,375,579	72%
Culture, Sports, Youth	215,500,000	30,000,000	14,205,070	15,794,930	47%
Education and Youth affairs	478,750,000	44,000,000	24,594,631	19,405,369	56%
Public Works, Roads and Transport	784,100,000	469,546,393	426,042,812	43,503,581	91%
Kisii Town	19,000,000	0	0	0	0
Total	3,663,580,732	1,104,351,519	934,039,305	170,312,214	85%

Source: Kisii County Treasury

Tables 1a and 1b, indicate that the County Government has absorbed 85 percent and 95 percent of development and recurrent funds released by the National Government respectively. However, delays in exchequer releases by the National Government still remains a source of concern as it affects the implementation of planned programmes and projects.

22. To ensure proper implementation of the budget in the County, various measures have been put in place including preparation of procurement plans, annual work plans, deployment of procurement officers and accountants to departments, regular monitoring and evaluation of projects and programmes and the rolling out of e-procurement platform.

2.2.2 Revenue Projections

23. The County Government projected to raise KShs.350 million from local sources in the first six months of FY 2015/2016. However, only KShs.103 million was realised in the same period.

Table 3: Revenue outturn for the first six months FY 2015/2016

SUB-COUNTY/CENTER	15-Jul	15-Aug	15-Sep	15-Oct	15-Nov	15-Dec	TOTALS
SOURCES							
Market Dues	5,057,250	5,174,030	4,689,510	4,896,010	4,581,570	4,618,230	29,016,600
Cess	977,984	754,422	547,200	529,810	424,810	413,400	3,647,626
Toll/Buspark	4,139,310	4,214,670	3,759,800	4,035,360	3,914,960	3,728,810	23,792,910
Motorcycle	1,612,900	1,218,100	1,022,500	862,000	1,231,000	1,246,150	7,192,650
Charcoal	-	-	-	-	-	4,750	4,750
Single Business Permit	3,543,715	1,443,370	1,014,510	875,685	380,105	332,195	7,589,580
Parking	865,090	935,590	962,600	743,920	842,500	870,950	5,220,650
Plot Rent	370,598	228,850	240,550	340,980	196,035	133,600	1,510,613
Impounding charges	83,360	88,460	97,400	86,700	179,200	276,400	811,520
Application fees	91,400	41,500	50,900	37,000	19,000	39,300	279,100
House Rent/Stall	389,973	486,283	484,584	340,196	349,544	350,850	2,401,430
Advertisement	1,282,233	1,363,099	533,900	895,600	845,393	1,214,750	6,134,975
Plan Approvals	649,899	781,723	898,308	645,987	707,534	738,039	4,421,490
Isolated Plot Rent	73,000	13,000	27,500	678,793	1,334,586	90,965	2,217,844
Renewal Charges	9,500	-	-	-	3,350	-	12,850
Slaughter fees	60,800	56,300	54,600	50,750	53,750	60,800	337,000

Cattle fees	152,250	149,550	143,850	126,950	145,950	136,900	855,450
Fire Compliance Certificate	259,670	147,500	58,000	29,000	20,500	65,600	580,270
Land Rates	406,354	406,354	406,354	406,354	406,354	406,354	406,354
Miscellaneous	6,950	1,900	6,000	8,930	3,850	1,800	29,430
Cattle Movement	28,350	31,800	26,860	25,910	29,000	36,150	178,070
Fines	27,260	13,340	31,670	17,675	34,800	16,300	141,045
Water	5,600	3,800	4,200	-	2,900	6,815	23,315
Shop Rent	1,000	-	-	-	-	-	1,000
Penalty	11,700	4,700	11,800	36,400	-	5,000	69,600
Transfer fees	-	-	15,000	26,120	15,000	-	56,120
Livestock	56,900	75,600	56,950	56,950	68,000	70,950	385,350
TOTALS	20,163,046	17,633,941	15,144,546	15,753,080	15,789,691	14,865,058	99,349,362
DEVOLVED UNITS							
AGRICULTURE	1,000	5,100	967,241	52,500	23,600	25,500	1,074,941
TRADE AND INDUSTRY	52,400	110,020	92,500	17,420	13,260	56,240	341,840
ENVIRONMENT (NOISE AND VIBR.	8,800	13,200	4,400	4,400	11,000	11,000	52,800
PUBLIC WORKS AND ROADS	246,900	253,300	1,092,700	406,600	41,700	30,000	2,071,200
FINANCE(TENDERS)	-	11,000	12,000	-	-	-	23,000
CULTURE AND SOCIAL	-	-	32,500	6,000	6,000	6,000	50,500
TOTALS	20,034,591	21,398,348	18,900,534	20,269,310	19,310,076	17,093,342	117,006,201
GRAND TOTALS	40,197,637	39,032,289	34,045,080	36,022,390	35,099,767	31,958,400	102,963,643

Source: County Treasury January, 2016

24. Table 3 shows that there is a revenue shortfall in all sources in the first six months of FY 2015/2016. This revenue shortfall can be attributed to failure to deposit hospital improvement fund and other local revenues from devolved units into County Revenue Fund as required by article 207 of the Constitution 2010.

25. To adhere to the fiscal responsibility principles, the County Treasury shall ensure that departments spend not more than the exchequer releases as we move towards the closure of the FY. Departmental expenditures should be for votes in the budget and within the ceilings.

26. Additionally, there is need to establish a budget monitoring and implementation committee to oversee the management of public finances and economic affairs of the County Government on quarterly basis in line with Section 166 of the PFM Act. This will lead to efficient reporting of the ongoing development projects to ensure that they are implemented as per the budget and timeframe.

27. The County Government should put measures in place to ensure budget revisions are minimized. Where necessary such revisions should be informed by appropriate reconciliation of withdrawals and expenditures and should be undertaken in good time to allow time for budget execution.

28. To address the challenges of revenue shortfalls and expenditure pressures, the County Government will step up efforts on revenue administration and mobilization to eliminate leakages and increase revenue collection as targeted in the FY 2016/2017 as well as rationalize expenditure so as to minimize budget deficit. The County Government is in the process of automating revenue collection which is past the evaluation stage, broadening revenue base, enhancing enforcement services through the retraining of enforcement officers, structuring staff, setting targets, updating of register for all the traders in the market sheds and kiosks; development of valuation role, registering all the vehicles using the enclosed bus park; fencing all open air markets in the county and enhancing collection of coffee, tea, sugarcane, log and other cess and particularly enforcing the collection of land rates in the county.

2.3 MACRO ECONOMIC POLICIES AND OUTLOOK

2.3.1 Growth Prospects

29. Growth will be bolstered by production in agriculture assuming the favourable weather conditions that prevailed in the previous year will persist and that the ongoing key infrastructural projects such as roads and energy are completed in time. Domestic demand is expected to be robust following a drop in inflation at the national level increasing foreign remittances, and fostering of investor confidence.

30. The County Government will continue with strategic interventions to accelerate growth and improve competitiveness. Specifically, the following strategies will be implemented:

a) Investment in Infrastructure

31. The current restriction to the movement of people, goods and services due to the poor road network has negatively affected the economic development of the county as our agricultural products cannot be transported to the markets in time and services cannot reach the public. Investment in key infrastructural projects will be continued as they are vital for achieving the county development objectives, employment creation and poverty reduction. Private-sector participation will be encouraged in these sectors.

32. The County Government will place priority in this sector by ensuring that at least 30% of the development budget is allocated to this critical sector.

b) Agro-processing

33. The County has enormous raw materials like bananas, tea, coffee, Sugarcane, pyrethrum, vegetables and avocado among others to support value addition in the agricultural sector. Appropriate policies and strategies will be put in place to unlock the potential of the sector through active participation of the private sector along the value chain. The expansion of the agricultural output will also increase food supplies, reduce food prices and bring down the cost of living, create employment in the county and promote overall county rural development.

34. On the other hand, the County Government will solicit for funding for the construction of refrigeration facilities to preserve much of the produce currently going to waste. In sugar producing areas, like South Mugirango, the County Government will explore the possibility of inviting a strategic investor to set up a sugar processing plant in the area.

35. Kisii County being endowed with agricultural and natural resources which are pre requisites for industrialization, will facilitate growth of the manufacturing sector which will move our agriculture and natural resources up the value chain and grow and diversify county exports. Private sector will further be facilitated to actively participate in agro-processing and manufacturing inputs.

36. The county will also build on the youth and women support initiatives to further encourage access to credit which will be given priority to enable the group to be dynamic of growth and employment creation.

c) Supporting Small and Medium Enterprises (SMEs)

37. The County Government will also build on the youth and women support initiatives like the Joint Loans Board Scheme to further encourage access to credit in order to enable the group to be dynamic of growth and employment creation. Furthermore the County Government will set aside land for micro and small enterprises activities and promote access to markets, and collaborate with other partners to improve trade and the trading environment. The current road network to manufacturing zones in the county has not been well maintained over time leading to dilapidated sections. These sections will be the focus of maintenance programme and will receive priority funding.

d) Supporting Manufacturing

38. Kisii County being endowed with Agricultural and Natural Resources which are pre requisites for industrialization, will continue facilitating growth of the manufacturing sector which will move our agriculture and natural resources up the value chain and grow and diversify county exports. Private sector will further be facilitated to actively participate in agro-processing and manufacturing inputs such as machinery and spare parts.

39. Resources for this sector will be focused on research studies in order to provide informed options on investment and trade. Further, small and medium enterprises and especially cottage industries will take priority as a means of creating a firm industrial base.

40. To accelerate growth, investment and employment, initiatives will focus on cottage industries that are labour intensive with the potential to export, joining regional and global supply chains and becoming competitive logistics hubs.

41. The County has positioned itself to be an industrial hub in the region. To realise this vision, the County is committed to address challenges facing manufacturing sector. The County Government in collaboration with the National Government will provide adequate security in the manufacturing zones through street lighting and security operations. Power outages are also a major challenge as investors have to incur extra costs to install alternative sources of

energy. The County Government will continue holding consultative discussions with the Kenya Power and Lighting to resolve this issue.

e) Maximizing the use of County's Natural Resources

42. The mining of soapstone at Tabaka in South Mugirango is an important economic activity that provides over 7,000 people with incomes. This mineral is mainly used in the making of carvings that are sold in the local and international markets. However, full exploitation of the mineral would include the production of chalk, talc powder, ceramics, tiles and paint. Another natural resource to be exploited is granite which is found in Bonchari. Granite is an important component for processing of tiles and therefore can be exported to factories in the Country that manufacture tiles. The small market for this mineral and its unorganized marketing channels are inhibiting its full exploitation.

43. Water is another resource to be exploited in the County since there are permanent rivers like Gucha, Iyabe, and Mogusii among others which can be exploited in the generation of power. Also several springs in the County can also be exploited for bottled water to be sold within and to other counties in Kenya. Forests like Nyangweta, Ritumbe, Emborogo, and Ibencho among others can be exploited for the production of timber, construction poles, electricity poles, honey and medicinal products.

f) Deepening Inter-County Integration

44. There is much potential for expanded inter trade and with Nyamira, Migori, Homa Bay, and Narok Counties, among others. The County Government will continue with collaborative infrastructure investment to enhance improved transport services within the region, and removing barriers in trade.

2.3.2 Sustaining Inclusive Growth

45. Besides mobilizing significant resources and providing an appropriate environment for businesses to thrive, sustaining inclusive growth requires us to continue building transparent, responsive, accountable, efficient and effective government.

46. In addition, the County Government will ensure that gains from growth are widely distributed through sustainable employment in order to guarantee durable reduction in

poverty. These will be complimented by measures to address socio-economic inequities and improving the county's human capital. To this end, the County Government will continue implementing the socio-economic priority programmes articulated in the County's first Current Annual Development Plan as well as increased devolved resources to local levels in line with the Constitution.

CHAPTER THREE

3.0 FISCAL POLICY AND BUDGET FRAMEWORK

3.1 OVERVIEW

47. The resource envelope available for allocation among the programmes is based on the fiscal policy and medium term fiscal framework. The Kisii County 2016 Medium-Term Fiscal Framework aims at striking an appropriate balance between supports for County development, continued fiscal consolidation and ensuring sustainable debt position. Specifically, the Fiscal Strategy Paper 2016 aims at ensuring the following:

- That the level of expenditure is adequate to sustain County development through continued investment in the five County priorities i.e. infrastructure development, health care, water reticulation and environmental preservation, social protection and economic development.
- Ensure transparency and accountability by embracing prudent financial management practices such as the use of e-procurement platform and IFMIS, training of treasury staff, use of performance contracting at all levels of management and cascading of financial resources up to sub counties and ward level.

3.2 FISCAL POLICY FRAMEWORK

48. This Fiscal policy will continue to support County development agenda while providing room for the implementation of the CIDP within a context of sustainable public financing. Over the past year, the County Government has reoriented expenditure towards priority programmes and projects in infrastructure development, health care, social protection, economic development, water reticulation and preservation. This process will be strengthened in the FY 2016/17 with relevant legislative frameworks in place like the Public Private Partnership (PPP) to enable the County Government implement critical programmes that will accelerate socio-economic development while endeavouring to run a balanced budget.

49. Based on the budget out turn over the past six months of the FY 2015/16 and in view of the interventions the County Government has made especially in revenue collection and expenditure management, it is expected that both revenue and expenditure current trends will

be adequately addressed in the last half of 2015/16 FY. Revenue projections for the County Government have been projected to grow at 4 percent.

50. Based on the interventions the County Government is putting in place, targets for local revenues have been maintained at KShs. 700,000,000 per annum. Transfers from the National Government are projected to be KShs.8.6 billion in FY 2016/2017 up from KShs. 8.5 billion in the last Financial Year. This comprises of equitable share, conditional allocations to Kisii Teaching and Referral Hospital, Roads Fuel Levy Fund, leasing of medical equipment, free maternal health care among others. Departmental ceilings for FY 2015/16 have been revised accordingly.

Table 4 presents the County Government fiscal projections over the medium term.

Table 4: County Government Fiscal Projections, 2015/2016- 2018/2019

Item	2015/2016	2016/2017	2017/2018	2018/2019
Revenue/Grants	9,180,079,312	9,215,012,591	9,583,613,094	9,966,957,618
National Gov't –equitable share	7,093,627,514	7,654,114,596	8,104,041,256	8,428,202,907
Conditional allocation – Kisii Level 5	338,616,571	397,687,861	391,238,095	406,887,619
Conditional allocation – Free maternal health care	194,699,400	168,133,301	202,581,600	210,684,864
E.U. Instruments for Devolution Advice and Support		120,000,000		
Leasing of medical equipment	95,744,681	95,744,681	99,574,468	103,557,447
DANIDA – Health care support services	22,950,000	-	-	-
Conditional allocation for compensation for user fee forgone	26,859,623	26,947,170	27,934,039	29,051,401
Road Maintenance Fuel Levy Fund	90,112,658	117,605,419	122,309,636	127,202,021
Loans and grants	-	11,475,000	11,394,000	12,411,360
Unreleased balances for FY 2013/2014	617,468,835	-	-	-
Local revenue	700,000,000	700,000,000	728,000,000	757,120,000
Expenditure	9,180,079,312		9,687,613,094	10,075,117,618
Recurrent	5,375,424,504	5,436,857,429	5,654,331,726	5,880,504,995
Development	3,804,654,808	3,798,155,162	3,929,281,368	4,086,452,623

Source: Budget Policy Statement 2016

3.3 FISCAL RESPONSIBILITY PRINCIPLES

51. The County Government acknowledges the fact that the fiscal stance it takes today will have implications into the future. The County Government will ensure strict adherence to Section 107 of the Public Finance Management (PFM) Act, 2012 which outlines the fiscal responsibility principles. These include:

- The County Government's recurrent expenditure shall not exceed the County Government's total revenue;
- Over the medium term a minimum of thirty percent of the County Government's budget shall be allocated to the development expenditure;
- The PFM (County Governments) Regulations, 2015, requires County Governments to maintain employee compensation levels at no more than 35 percent their equitable revenue share.
- Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure
- The County debt shall be maintained at a sustainable level as approved by County Assembly
- 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.

3.4 FISCAL STRUCTURAL REFORMS

52. For effective and efficient management of financial resources, the County treasury through the revenue directorate will continue to eliminate leakages and enhance revenue collection as well as rationalize expenditure. Some of the measures include automation of revenue collection and use of e-procurement and IFMIS platform to enhance public financial management. The County will also disburse departmental allocations to departments who will be managing individual vote books for efficient and effective service delivery.

53. It is imperative that counties make commitments against their budgets, and that amounts relating to outstanding contracted services and works be re-voted in subsequent budgets. As part of the effort to discourage the growth in liabilities, the cash accounting policy already being used by Government MDAs will be fully enforced at the county level.

3.5 FINANCING POLICY

54. The County Government will have a balanced budget in the FY 2016/2017 and over the medium term. Financing of the budget will be by the National Government through receipts, conditional allocations, grants and loans and own revenue.

3.6 KISII COUNTY 2016/2017 BUDGET FRAMEWORK

55. The Kisii County 2016/2017 budget framework is set against the background of the County Government's strategic objectives and priorities as outlined in the CIDP (2013-2017) and the Annual Development Plan (ADP) 2015. The County is expected to realize key developments by ensuring adequate budgetary allocations in the project activities and programmes of the priority areas.

3.6.1 Revenue Projections

56. The Kisii County 2016/2017 financial year budget targets local revenue collection of Kshs. 700 million and equitable share and conditional allocations of KShs.8.6 billion from the National Government. This performance will be underpinned by the on-going reforms in revenue administration. The revenue department will institute measures to expand the revenue base and curb revenue leakages.

3.6.2 Expenditure Forecasts

57. The County Government's funding allocation decisions for the FY 2016/2017 are guided by the Annual Development Plan 2015 which outlines the priority areas to be addressed in the FY 2016/2017 in the realization of the CIDP. Overall expenditures are projected to Kshs.9.2 billion comprising of Kshs.3.8 billion for development and Kshs.5.4 billion for recurrent.

3.6.3 Recurrent Expenditure

58. The County Government will retain the recurrent expenditures at 70 percent of the County budget.

59. The County Government will exercise essential controls to manage the wage bill by ensuring that recruitment will be based on vacancies that arise from natural attrition, retirement and need for specialized and essential staff.

3.6.4 Development Expenditure

60. The County Government will endeavour to allocate adequate resources towards development expenditure to enable it complete critical infrastructure priority projects and programmes. The ceiling for development expenditures will be KShs.2.6 billions.

CHAPTER FOUR

4.0 MEDIUM TERM EXPENDITURE FRAMEWORK

4.1 SOURCES OF FUNDS

61. Kisii County Government has two main sources of funding namely revenue from local sources and the equitable share from the National Government as provided under Article 201 of the Constitution .The resource envelope available for allocation among the spending units is based on the medium term fiscal framework outlined in Chapter Three.

4.2 SPENDING PRIORITIES

62. Prioritization of resource allocation will be based on the ADP (September 2015) which spells out County priorities identified during the County-wide budget consultative meetings.

63. The County Government will promote efficient and effective budget implementation and financial management.

64. The following areas have been identified for scrutiny with a view to making savings to be redirected to deserving priority expenditures as indicated in the table x below.

Targeted Expenditures for Scrutiny
Recurrent
Telephone, Telex, Facsimile and Mobile phone services
Courier and postal services
Domestic Travel and Subsistence, and other transportation Costs
Foreign Travel and Subsistence, and other transportation costs
Printing, Advertising and Information Supplies and Services
Hospitality Supplies and Services
Office and General Supplies and Services
Minor Alterations to Buildings and Civil Works
Purchase of Office Furniture and General equipment
Refurbishment of Building
Purchase of Motor vehicles

65. The County Government will reorient its expenditure programmes to focus on the following sartorial priorities:

4.2.1 Infrastructure Development

66. In the medium term, the County Government will invest in infrastructural facilities which consist of Roads; Transport; Public Works; Energy; Sewerage System; Market Development and Information and Communications Technology (ICT) programmes among others. The overall goal of the priority is to have a well-developed and maintained physical infrastructure for rapid and sustainable economic growth and poverty reduction.

4.2.2 Health Care

67. In health, funds will be allocated for provision of an efficient and high quality health care system that is accessible, equitable and affordable for every person in the County. This will be achieved through provision of funds for purchase of pharmaceuticals and non-pharmaceuticals; purchase of ambulances; purchase of diagnostic equipment; recruitment and retraining of health personnel; anti-malarial campaign; family planning campaigns; HIV/AIDS campaigns; training of health care providers on customer care; commemoration of health days; construction and establishment of a cancer centre; purchase of truck for the distribution of pharmaceuticals and non-pharmaceutical upgrading of level 4 hospitals and strengthening of the community units. Funds also will be utilized in completion and equipping health facilities at the ward levels.

4.2.3 Water Reticulation

68. The overall goal of the strategic priority is to contribute to Kisii County government's target of providing sustainable access to clean and safe drinking water and preservation of the environment as set out in the Sustainable Development Goals (SDGS).

69. Funds in this priority area will be allocated towards water reticulation schemes, drilling and equipping of boreholes, roof catchment, promotion of green energy, cleaning of rivers, garbage collection, establishment of tree nursery and tree planting.

4.2.4 Social Protection

70. The Strategic priority is made up of the following five inter-related sub-sectors, namely: Education; Gender; Children and Social Development; Heritage and Culture; Youth Affairs and Sports; and Finance.

71. Funds in this priority area will be County Social protection Fund (NHIF) cover for the poor, old and vulnerable, Affirmative action fund for disabled, youth and women groups, facilitation of sports and cultural activities and bursary for both secondary and tertiary education.

4.2.5 Economic Development

72. This strategic priority constitutes of programmes in Crop Production, Livestock Development and Fisheries, Agribusiness and value addition, Veterinary Services, Agricultural Engineering Services, Corporative development, Trade and Markets Development.

73. Funds in this priority area will also be directed towards market fencing, construction of markets and toilets, formation of cooperatives to assist in marketing, provision of soft loans for value addition and Joint Loans Board Scheme (JLBS), provision of extension services, promotion of greenhouses, and vaccination and surveillance operations against zoonotic diseases.

4.3 KISII COUNTY 2015/2016 REVISED ESTIMATE

74. Expenditure in the first six months of 2015/2016 amounted to KShs.3, 572,653,023; this is 39 percent of the County budget. In view of the financing constraints from revenue and in order to realign priority areas, adjustment to the budget, in the context of revised budget of FY 2015/2016.

4.3.1 Medium –Term Expenditure Estimates

75. The 2016/2017 FY proposed budget ceilings reflect social programmes (health and Education) and Infrastructure development receiving large shares of the budget. In the recurrent expenditure category, non-discretionary expenditures will take first charge and include payment of statutory obligations such as salaries, pension that are financed by the County Government.

76. Recurrent expenditure will account for about 70% of projected budget and the local revenue will finance about 8 percent of the budget and the rest will be financed by the Revenue share from the National government, Grants and loans from development partners.

77. Development expenditures will be shared in accordance with County priorities, economic development enablers as well as other strategic interventions to deal with unemployment and remove constraints to accelerated growth. The following guidelines are used:

- On-going projects: emphasis is given to completion of on-going projects and in particular infrastructure projects and other projects with high impact on poverty reduction and equity, employment and wealth creation.
- Strategic policy interventions: priority is also given to policy interventions covering the entire county, social equity and environmental conservation.

4.4 DETAILS OF SECTOR PRIORITIES

78. The medium term spending estimates for Kisii County 2016/2017-2018/2019 will ensure continuity in resource allocation from the last FY based on prioritized programmes aligned to the CIDP, ADP 2015 and policy initiatives to accelerate growth, employment creation and poverty reduction. Sectorial ceilings are given in Table 5.

Table 5 projected baseline ceilings for 2016/2017 by sector

Medium –Term Sector Ceilings, 2016/2017-2018/2019				
Sector.	2015/2016 Budget (KShs)	(KShs Millions)		
		2016/2017 Estimate	2017/2018 Estimate	2018/2019 Estimate
County Assembly	749	750	780	811.20
County Executive	379	360	374.4	389.38
Public Service	54	50	52	54.08
Administration Stakeholder Management and Corporate Services	619	610	634.4	659.78
Finance and Economic Planning	869	970	1008.8	1,049.15
Agriculture, Livestock , Fisheries and Cooperate Development	406	390	405.6	421.82
Energy, Water, Environment and Natural Resources	495	460	478.4	497.54
Education, Labor and Manpower Development	771	786	817.44	850.14
Health Services	2,831	2,370	2464.8	2,563.39
Lands, Housing, Physical Planning and Urban Development	285	250	260	270.40
Roads, Public Works and Transport	1,151	815	847.6	881.50
Trade and Industry	225	233	242.32	252.01
Culture, Sport, Youth and Social Services	273	200	208	216.32
Kisii Town	73	110	114.4	118.98
Total	9,180	8,354	8,688	9,035.69

Source: Kisii County Treasury

Note: **The Kshs.9.18** billion in FY 2015/2016 budget included the unspent balances of Kshs. 617 million from FY 2014/2015 and conditional allocations.

: Roads increased 922 Million to 1,151 Billion in the supplementary to clear the pending bills

4.4.1 County Assembly

79. This is a key sector in the implementation of development programmes in the County as it has the oversight role. It also plays the role of strengthening the democratic space and governance in the county. Due to the crucial role of the sector, it has been allocated KShs.750.

million in FY 2016/2017. This is increase of 5.1% from the previous year's budget. The County Assembly budget consists of 8.9% of the total county budget.

4.4.2 County Executive

80. This is the sector that is in charge of enhancing public service delivery, organization and coordination of County Government business through planning, mobilization of financial and human resources in the public sector.

81. This sector requires considerable funding to oversee the implementation of the Kenyan Constitution, Vision 2030, CIDP, provision of leadership and policies in governing of the county. It has the task of supervising the County Government departments.

Due to the vital role the sector plays, in the FY 2016/2017 budget, the sector has been allocated KShs.419 million.

4.4.3 Administration and Corporate and Stakeholders Management

82. The sector plays a key role in enhancing public service delivery, organization and coordination of County Government business. In addition, the sector links all other sectors with key stakeholders. The sector is expected to provide leadership and policy direction in the governance of the county; coordinate and supervise County Government affairs; articulate and implement the county's policies, promote efficient and effective human resource management and development for improved public service delivery, and public service integrity. The sector intends to construct administration offices in all the sub-counties, wards and villages to enhance service delivery. The priority of the sector is to establish county structures and ensure that they work in harmony to achieve county goals.

To achieve the above objectives, the sector has been allocated KShs.650 million in the FY 2016/2017 from KShs 659 million in the FY 2015/2016.

4.4.4 Agriculture, Livestock and Fisheries

83. The county is mandated to carry out the following functions as spelled out in Schedule Four of the Kenya Constitution 2010: crop and animal husbandry, livestock sale yards, abattoirs, plant and animal diseases control, fisheries and cooperative societies.

84. This sector is critical to the county's economic growth, employment creation and poverty reduction.

It contributes about 80 percent of the Kisii County economy and contains multiple linkages with other key sectors such as manufacturing, wholesale and retail, transport and distribution and other service related sectors. The challenges facing the sector include land fragmentation, uncertified seeds, low productivity, poor marketing, reliance on out-dated farming methods, low value addition and competitiveness, inadequate physical infrastructure and low access to financial services as well as affordable credit.

85. The sector aims to address the above challenges in the 2016/2017 budget by raising agricultural productivity through improvement in the provision of extension services; improved livestock breeds through artificial insemination; increased adoption of appropriate livestock production technologies; introduction of traditional food crops; provision of farm inputs package to needy farmers, increased agricultural commercialization through value addition and forming of farming SACCOs to assist in marketing; improving governance of agricultural intuitions and departments, land development, and promotion of sustainable management of fisheries and forestry.

To achieve the above targets, KShs.400 million has been set aside for the sector in the 2016/2017 budget.

4.4.5 Education, Manpower and Labour Development

86. The sector's goal is to enhance access to basic quality education, reduce inequality, and exploit knowledge and skills in science, technology and innovation to achieve global competitiveness of county labour force.

87. The sector faces many challenges including inadequate infrastructure, inadequate learning materials and staffing.

88. In the FY 2016/2017, the sector intends to construct classrooms, purchase learning materials, recruit teachers and construct toilets for ECD centers. For village polytechnics, the sector intends to construct workshops and classrooms, purchase tools, recruit instructors, formulate and promote relevant bills/regulations for efficient management of the institutions.

89. The sector has been allocated KShs. 796 million in FY 2016/2017 compared to KShs.794 million in FY 2015/2016.This is an increase of 1%.

4.4.6 Energy, water, Environment and Natural Resources

90. This is a critical sector in the county economy with the role of ensuring that every citizen has access to portable water in a clean and secure environment. Under the sector, the assigned functions to the county include soil and water conservation, forestry, storm water management, water sanitation services, air pollution, noise pollution, other public nuisance and outdoor advertising.

91. Some of the challenges facing the sector include over-reliance on hydro-power, low investment in power generation by private sector, and inadequate funding. To deal with the above challenges in the next FY, the sector will approach investors to invest in hydropower generation, encourage the usage of green or renewable sources of energy, supply clean and safe drinking water through expansion of the existing water schemes, starting new water schemes, drilling boreholes, encouraging and supporting roof harvesting in public institutions. For the last two years, the sector has protected over 680 water springs. The goal under the MTF is to reduce the distance to the water points through water reticulation.

92. The sector will establish a tree nursery, plant trees along the roads, market centres and in public institutions as a way of dealing with the challenge of global warming. In the area of sanitation, the sector plans to expand the sewer system in Kisii Town and its environs; identify and secure dumping sites in all the towns in the county and purchase garbage transport trucks. To achieve its objective, the sector has been allocated Kshs. 470 million in the FY 2016/17.

4.4.7 Finance and Economic Planning

93. The key role of the sector is to provide leadership and policy direction in County Economic planning and sound public financial management for socio-economic development. The sector has continually improved the County treasury operations for effective and efficient service delivery.

94. The sector targets to establish all County assets, track all development projects and programmes; enhance revenue collection; source for development partners and ensure that funds in the county are prudently utilized to achieve the county objectives and the realization of the CIDP objectives and enhance ICT connectivity throughout the County.

95. In meeting the above targets, the sector has been allocated KShs.980 million in the FY 2016/2017 budget. The sector was allocated KShs 872 million in the FY 2015/2016.

4.4.8 Health Services

96. This is a key sector in the development of the County. The goal of the sector is to provide equitable and affordable health care to the County residents. The sector aims at improving immunization coverage, reduction of deaths due to malaria and other diseases, increase the proportion of patients covered by ARVs and increase the proportion of mothers delivering in health facilities.

97. The County Government will try to address these challenges through continued investment in training of health workers; construction and equipping level 4 health facilities with x-ray facilities in each sub-county; purchasing ambulances for all health facilities in the long-run and allocating more resources for the procurement of drugs.

98. To address the above challenges, the sector has been allocated Kshs.2.38 billion in FY 2016/2017 compared to KShs.2.2 billion in FY 2015/2016.

4.4.9 Land, Housing, Physical Planning and Urban Development

99. This sector is in charge of lands, survey and physical planning of the county. The sector faces many challenges ranging from lack of town plans in the county to lack of proper supervision on infrastructure in the county; slow issuance of land title deeds and other documents; lack of proper register of public land; illegal acquisition of public land by unscrupulous developers; lack of firefighting equipment; and shortage of dwelling units.

100. To address the above shortcomings, the sector intends to: prepare town plans for all major towns in the county; implement the integrated Strategic Kisii town plan, complete Nyamarambe, Marani, Keumbu ,Masimba and Kenyeny physical plans, improve/rehabilitate urban roads in major towns, complete installation of street lights in major towns and market

centres in the county, beacon public lands, Complete public washrooms at the sub County Headquarters, fast track the issuance of land documents: establish the Development Control Unit which will ensure that buildings/ development meet the required standards.

101. The County also intends to refurbish the existing County housing units and encourage estate developers towards the construction of low cost houses. The County will also allocate funds for the acquisition of firefighting equipment.

102. To achieve the above targets, in the FY 2016/2017, the sector has been allocated KShs.300 million compared to KShs.291 million in the previous FY 2015/2016.

4.4.10 Roads, Public Works and Transport

103. The sector is a key enabler for sustained development of our economy through provision of the necessary infrastructure. In order to provide the infrastructure the sector will develop roads and bridges, organized transport system, supervision of buildings among others.

104. The sector faces a number of challenges that limit its optimal operations, including: inadequate funds, continuous heavy rains which destroy roads and sweep culverts, lack of adequate local construction capacity and few private partners willing to invest in the sector.

105. The total budget estimate for the sector is KShs.835 million in FY 2016/2017 against an allocation of KShs.922 million in the FY 2015/2016. This is 10% of the total county budget.

4.4.11 Culture, Sports, Youth and Social Services

106. The sector is involved in vocational rehabilitation and training; social infrastructure development and gender mainstreaming; children's institution and community support services, transfers to the old persons; People Living with server Disabilities, Orphans and Vulnerable Children; prevention and promotion of county culture and heritage; provision of public library services; training of youth in entrepreneurial skills and refurbishment of sports facilities. Though, some of the programmes are executed by the national government, this is done in consultation with the County Government to ensure that all corners of the county are covered.

107. The priorities of the sector is to establish a cultural center in the county; establish sports centers and talent centers; construction of libraries, museum and establish a rehabilitation center in the county to rehabilitate drug addicts and street children.

108. To achieve the above targets, the sector has been allocated KShs.210 million in FY 2016/2017.

4.4.12 Trade Development, Regulation and Industry

109. This sector is critical to the realization of the CIDP through markets development, tourism promotion, trade and investment promotion and industrial development. The sector has contributed in transforming Kisii Town into a commercial hub in the region. The presence of many commercial banks and improvement in the catering industry and many business outlets can attest to this.

110. However, the sector is facing many challenges ranging from high cost of production, stiff competition, and lack of access to international markets and congestion in Kisii Town among others. The sector targets to promote industrial development; value addition in soapstone and other *Jua Kali* products; trade development and tourism.

111. To achieve these goals, the County Government has allocated KShs.243 million in FY 2016/2017.

4.4.13 Kisii Town

112. This is a department in charge of the management of County headquarters through waste management, firefighting services, access to safe and clean water, and improved sewerage systems among others.

113. The department is experiencing many challenges ranging from poor infrastructure, population pressure due to rapid growth of the town and its environs as well as inadequate firefighting equipment.

The sector intends to rehabilitate the sewer lines, improve access to clean and safe water, ease congestion, organize transport system, beautify the town and ensure proper waste management.

To achieve the above targets, in the FY 2016/2017 budget, the county has allocated the department KShs.110 million.