COUNTY GOVERNMENT OF TURKANA

OFFICE OF THE COUNTY EXECUTIVE
FINANCE AND ECONOMIC
PLANNING

COUNTY BUDGET REVIEW AND OUTLOOK PAPER

SEPTEMBER 2018

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Department of Economic Planning
Office of the Executive – Finance and Economic Planning
County Treasury
P.O. Box 11-30500
LODWAR, KENYA

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FOREWORD

The County Budget Review and Outlook Paper (CBROP) 2018 has been prepared in line with Section 118 of the Public Finance Management (PFM) Act 2012 which requires the county government to prepare a budget review and outlook paper in respect for each financial year; and submit it to the County Executive Committee by 30th September.

The paper reviews fiscal performance of the county for the 2017/18 financial year while comparing it with the budget appropriation. In addition, it provides information on changes in forecasts as indicated in the County Fiscal Strategy Paper (CFSP) 2018; and how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the county financial objectives for that year. It further gives reasons for any deviation from the county financial objectives in the fiscal strategy paper together with proposals to address the deviations.

The updated economic and financial outlook presented in this paper will set out the broad fiscal parameters for preparation of the next budget. In particular, the provisional ceilings presented are intended to act as a guide to sector working groups in preparing their budgets.

It is therefore my expectation that the policy paper will be useful in enhancing financial discipline and fiscal responsibilities outlined in Section 107 of the PFM Act 2012 that will contribute towards the realization of aspiration of the residents of Turkana County.

HON. ROBERT ERENG LOTELENG'O
COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE AND ECONOMIC PLANNING
TURKANA COUNTY GOVERNMENT

ACKNOWLEDGEMENTS

The PFM Act 2012 obliges the county government to facilitate the preparation of a Budget Review and Outlook Paper. It is in keeping with this provision that the Department of Economic Planning has put remarkable effort and commitment into the preparation and delivery of the CBROP 2018.

The preparation of this 2018 CBROP was a collaborative effort from various County Government Departments. We acknowledge inputs from various Directorates and Departments within the County. We are specifically indebted to the Directorate of Budget, Directorate of Accounting Services, Directorate of Revenue, Directorate of Human Resource, Directorate of Economic Planning and Turkana County Assembly.

The core team under the guidance of the Director Budget, tirelessly worked beyond working hours to put together this document and ensured its production in time while maintaining high quality standards.

In conclusion, allow me to re-emphasize the importance of public participation in the preparation process of 2019/20- 2021/22 Medium Term Expenditure Framework by encouraging all Sector Working Groups to devise an engagement framework that will allow open public and stakeholders' participation and incorporation of their proposals in the budget.

JEREMIAH APALIA
COUNTY CHIEF OFFICER
DEPARTMENT OF FINANCE
TURKANA COUNTY GOVERNMENT

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ABBREVIATIONS AND ACRONYMS

AIA	Appropriation In Aid
BS	Budget Statement
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
CG	County Government
CIDP	County Integrated Development Plan
CRF	County Revenue Fund
FY	Fiscal Year /Financial Year
GDP	Gross Domestic Product
MTEF	Medium Term Expenditure Framework
OSR	Own Source Revenue
PFM	Public Financial Management Act
SWGs	Sector Working Groups

GLOSSARY OF TERMS

Gross Domestic Product - This is the aggregate measure of production equal to the sum of the gross value-added of all resident institutional units engaged in all production (plus any taxes, and minus any subsidies, on products not included in the value of their output.

Real GDP- This is a macroeconomic measure of the value of economic output adjusted for price changes i.e. inflation or deflation.

County Integrated Development Plan- This is a super plan for an area that gives an overall framework for development. It aims to coordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in an area. The plan should look at economic and social development for the area as a whole.

Medium Term Expenditure Framework-It is an integrated approach to policy, planning and budgeting by developing countries that estimate expenditures of three years from the present.

County Fiscal Strategy Paper- This is an overview of how a county plans to raise and spend money for the next year while considering a 2-3 year perspective.

Appropriation in Aid- These are receipts which may be retained by a department to offset expenditure instead of being paid into the exchequer account of the central fund

Budget Statement- It sets out the Administrations priority programs to be implemented in the Medium Term Development under a devolved system of government

Sector Working Groups- These are forums to discuss and build consensus about development priorities and improve sectoral aid coordination and effectiveness.

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

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

1) The County Treasury shall prepare and submit to County Executive Committee for approval, by 30th September in each financial year, a County Budget Review and Outlook Paper which shall include:

a. Actual fiscal performance in the previous financial year compared to the budget appropriation for that year;

b. Updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper.

c. Information on how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles or the financial objectives in the latest County Fiscal Strategy Paper; and

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

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

3) Not later than seven days after the County Budget Review and Outlook Paper (CBROP) has been approved by the County Executive Committee, the County Treasury shall:

a. Submit the paper to the Budget Committee of the County Assembly to be laid before County Assembly; and
b. Publish and publicize the paper not later than fifteen days after laying the Paper before the Assembly.

Fiscal Responsibility Principles in the Public Financial Management Law

In line with the Constitution of Kenya 2010, the Public Finance Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudency and transparency in the management of public resources. The PFM law (Section 107) states that:

1. The County government's recurrent expenditure shall not exceed the county government's total revenue.

2. Over the medium term a minimum of thirty percent of the County government's budget shall be allocated to the development expenditure.

3. The County government's expenditure on wages and benefits for public officers shall not exceed a percentage of the County government's total revenue as prescribed by the County Executive Member Finance regulations and approved by the County Assembly.

4. Over the medium term, the County government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.

5. The County debt shall be maintained at a sustainable level as approved by the County Assembly

6. Fiscal risks shall be managed prudently.

7. A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

CHAPTER ONE: INTRODUCTION

1. The main objective of the 2018 County Budget Review and Outlook Paper (CBROP) is to provide a review of fiscal performance for the FY 2017/18 and how its performance impacts on the financial objectives and fiscal responsibility principles set out in the County Fiscal Strategy Paper (CFSP) 2018. It also provides a basis for the revision of the current budget (FY 2018/19) and the broad fiscal parameters that will determine the FY 2019/20 budget and the medium term.
2. As required by the PFM Act, 2012, the aim of the budget process is to promote the efficient and effective use of resources, based on evidence and rationalization. To achieve this, the sector ceilings are guided by the overall resource envelope that is informed by our own source revenue and equitable share from the National Government as presented in Chapters III and IV of this document. The sector ceilings set in motion the budget preparation for the FY 2019/20 and in the medium term.
3. This 2018 CBROP is a key document that links policy to plans and budgets. The Turkana County Assembly approved the County Integrated Development Plan (CIDP) which covers 2018 – 2022 that will guide budgetary preparation and programming from 2018 onwards. The 2018 CBROP is embedded on the priorities of the County Government, the National Government "Big Four" Plan and Vision 2030 Pillars, in addition to taking into account emerging macroeconomic challenges.
4. In this context, the 2018 CBROP is anchored on the policies as detailed in the CFSP 2018. These policies are anchored on these key priority areas Water Development, Mineral Exploration and Natural Resource Management; Food Security; Peace Building and Conflict Management; Investment and Partnership Development; and Resource Mobilization and Prudent Resource Utilization.
5. To realize the commitments as contained in the 2018/19 Budget and the CIDP 2018 – 2022, the County Government will supplement the National Sharable Revenue by maximizing Own Source Revenue collection through Revenue Automation, minimizing leakages and stabilize its revenue streams. In addition the Government will continue to gradually reduce non-priority expenditures and improve value for money spent. As reported by the National Treasury, the macro-indicators of the Kenyan Economy for the FY 2018/19 are pointing in the right direction because of the improved fiscal discipline, competent management of the economy and good rains.
6. However, the underperformance in fiscal parameters (revenue collection and expenditure) in the FY 2017/18 has implications on the financial objectives outlined in the 2018 Budget

Statement and the 2018/19 Budget. In particular, the baseline for projecting both the revenue and expenditures for the FY 2018/19 and the medium term has changed due to changes in fiscal performance at the end of FY 2017/18 and quarter one FY 2018/19.

7. With this background, the rest of the paper proceeds as follows: Chapter II reviews the fiscal performance for the FY 2017/18 and its implications on the financial objectives set out in the 2018 Budget Statement. Chapter III highlights the recent economic developments and outlook. Chapter IV details the proposed Resource Allocation Framework while Chapter V concludes this paper.

CHAPTER TWO: REVIEW OF FISCAL PERFORMANCE IN 2017/18

OVERVIEW

8. The fiscal performance for the FY 2017/18 budget was generally satisfactory, despite the drawbacks with shortfall in revenues and growing expenditure pressures. The FY 2017/18 was particularly challenging because of the prolonged electioneering period and the floods which impacted revenue performance and exerted pressure on expenditure.
9. Total cumulative revenue (Carry Forward, OSR, Grants and Shareable) for the County was Kshs. **11,873,472,458.70** (97.71 percent of Approved Budget) which is Kshs. **277,815,990.70** below the FY 2017/18 approved budget estimates of Kshs. **12,151,288,449.40**. The shortfall was as a result of underperformance in the OSR by Kshs. **55,709,262.30** from a target of Kshs. **200,000,000** and undisbursed funds for the Conditional Grants of Kshs. **219,159,550.00**.
10. The significant Own Source Revenue shortfall was driven by many factors including; inefficiency in the revenue systems, election shocks, absence of Finance Act, spending at source by ministries among other externalities.
11. Total releases as per the County Revenue Fund Account statement, by end of June 2018 was Kshs. **9,104,050,510.00** against the revised revenue estimates of Kshs. **12,151,288,449.40**, falling short of the revised county revenue target by Kshs. **3,047,237,939.40**. Releases to Recurrent Account for County Executive was Kshs. **5,953,823,158.00** and Recurrent Account for County Assembly was Kshs. **980,455,963.00.** Release to Development Account for County Executive was Kshs. **1,454,426,023.00** and Development Account for County Assembly was Kshs. **48,000,000.00.** The remaining **667,345,366.00** was transferred to Special Purpose Accounts.
12. As at the close of the FY 2017/18, there was an expenditure shortfall of Kshs. **3,047,237,939.40** because Kshs. **2,769,421,948.70** could not be spent due to late exchequer releases, some being released as late as 5th July 2018, and therefore was carried forward to the FY 2018/19 as the opening balance. There was a shortfall of Own Source Revenue of Kshs. **55,709,262.30** and a whooping Kshs. **219,159,550.00** for conditional grants were not received.
13. The late disbursements led to the low absorption of both recurrent (82%) and development expenditure (46%) by the County Departments as compared to the budget estimates.
14. The fiscal outcome for the FY 2017/18 budget adhered to the provisions set out in the PFM Act, 2012. The County Government development expenditure as a percent of total budget was 35.5 percent way above the ceiling of 30.0 percent; the share of County Government wages and benefits to County Government revenues was 43.8 percent, above the target of 35.0 percent.

FY 2017/18 FISCAL PERFORMANCE

Revenue Performance

15. Total OSR for the period under review amounted to Kshs. **144,290,737.70** (**See Table 1**) representing 72%, against a target of Kshs. **200,000,000.00**, short of Kshs. **55,709,262.30** (or 28%), compared to FY 2016/17 where the revenue realized was Kshs. **186,316,769.10** against a revised target of Kshs. **180,000,000.00** (or 103%). The decline in revenue for FY 2017/18 compared to FY 2016/17 is largely attributed to electioneering effects in 2017.

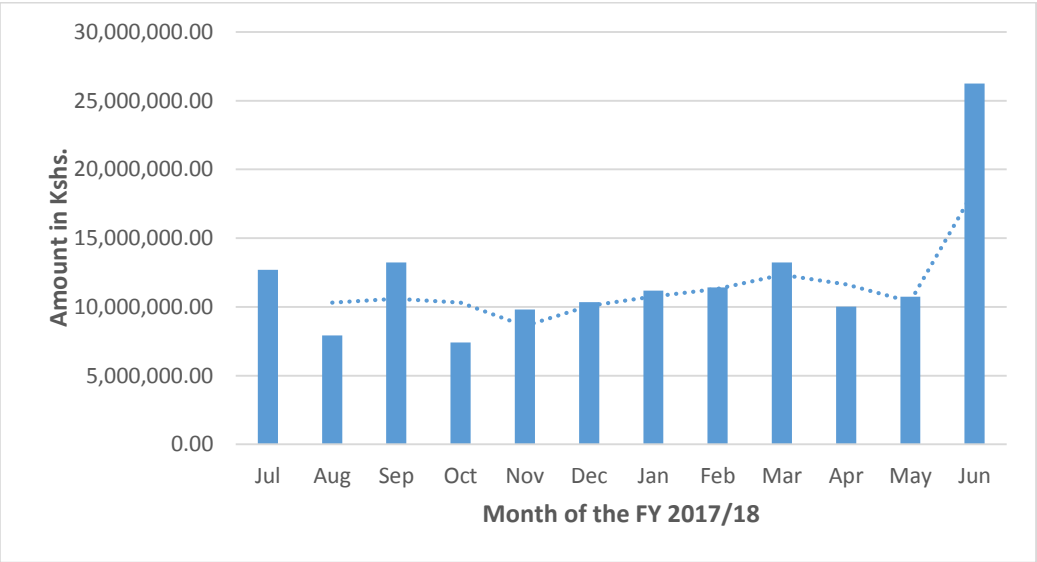
Table 1: Total Monthly Revenue Collection for Turkana County for FY 2017/2018

Month	Amount Collected in Kshs.	Cumulative Collections
Jul	12,707,674.10	12,707,674.10
Aug	7,926,850.00	20,634,524.10
Sep	13,231,210.00	33,865,734.10
Oct	7,406,330.00	41,272,064.10
Nov	9,802,228.00	51,074,292.10
Dec	10,351,300.00	61,425,592.10
Jan	11,177,429.25	72,603,021.35
Feb	11,426,041.00	84,029,062.35
Mar	13,238,670.00	97,267,732.35
Apr	10,030,580.00	107,298,312.35
May	10,752,125.00	118,050,437.35
Jun	26,240,300.35	144,290,737.70
Total Collections for FY 2017/2018		**144,290,737.70**

Source: Revenue Directorate, Turkana County

16. Notably, the highest OSR county collection was realized in the month of June 2018 amounting to Kshs. **26,240,300.35**, while the least collection was in the month of October 2017 amounting to Kshs. **7,406,330.00** (**See Figure I**).

Figure I: Analysis of Monthly Revenue Collection



Source: Analysis by Directorate of Budget, Turkana County

17. As depicted in **Table 2 below**, the revenue streams that yielded the highest (25.9%) and the least (0.1%) revenue were CESS and liquor licenses respectively.

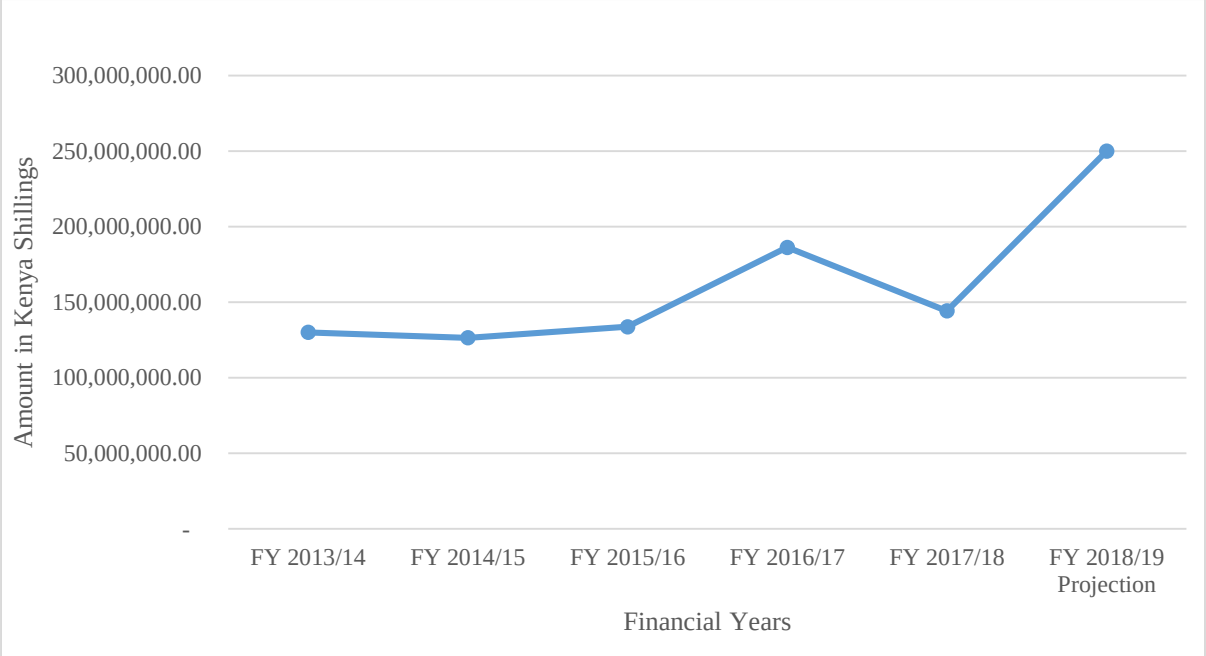
Table 2: FY 2017/18 Revenue Collection by Stream

REVENUE STREAM	Amount Collected in Kshs.	%
Single Business Permit	24,337,650.00	16.9%
Royalty (Murram, hardcore sand, ballast, Exploitation, Burrow pit)	29,879,868.80	20.7%
CESS (Transport , Charcoal cess, Hide & skin, firewood, miraa cess)	37,398,850.00	25.9%
Market Fee(Barter, fish, market stall fees, offloading)	4,984,720.00	3.5%
Slaughter/Auction Fee(Small and Big animals)	3,292,290.00	2.3%
Advertisement (Sign post, sign boards)	127,400.00	0.1%
Parking Fee (all vehicles)	2,734,450.00	1.9%
Transport Operation Fee (Taxi, Boda Boda, Matatu, Canter, Lorry, and buses)	9,562,230.00	6.6%
Liquor Licenses (Liquor SBP and Application Fee)	45,000.00	0.0%
Land Survey/Application/ Building Approval	10,501,600.00	7.3%
House Rent/Kiosks/Stalls	1,636,390.00	1.1%
Health (Public health & cost sharing)	420,080.00	0.3%
Weights And Measures	169,200.00	0.1%
Other Fees And Charges(Hides And Skins)	19,201,008.90	13.3%
T0TAL	**144,290,737.70**	100.0%

Source: Revenue Directorate, Turkana County

18. The OSR has been growing at a somewhat slow steady rate as depicted by **Figure II,** though there was a notable slump in the year 2017 occasioned by the election shocks especially in Quarter I and Quarter II, cash flow challenges, pending bills that were not honored, spending at source by the county entities and inefficient revenue system that allowed for leakages. In the FY 2018/19, revenue is projected to be in the region of Kshs. **250,000,000.00.** Looking at this trend, OSR is potentially anticipated to continue growing exponentially into the future.

Figure II: Annual OSR Trend



Source: Analysis by Directorate of Budget, Turkana County

19. During the FY 2017/18, the total Exchequer Issues to Turkana County Revenue Fund Account were Kshs. **10,944,863,878.20** as demonstrated by **Table 3** on the next page.

Table 3: FY 2017/18 County Revenue Fund Receipts

COUNTY REVENUE FUND RECIEPTS					
Month of the Year	**Inward RTGS Payment MT 103**	**Account Transfer (Unspent Funds)**	**Conditional Grants**	**Account Transfer (Request for Refund)**	**Equitable Share**
Jul-17	16,218,804.35	18,222,876.55	67,258,982.00		
Aug-17					
Sep-17	9,750,000.00		208,227,392.00		
Oct-17	17,206,000.00				705,019,000.00
Nov-17	10,946,000.00				705,019,000.00
Dec-17			80,255,192.00		
Jan-18	11,580,000.00		13,061,360.00		1,863,264,500.00
Feb-18	19,023,000.00		43,439,295.00		
Mar-18	10,837,143.25		50,609,855.40		1,812,906,000.00
Apr-18	6,597,360.00				805,736,000.00
May-18	18,794,030.50		209,346,753.00		
Jun-18	33,391,979.85		23,230,070.00	5,167,784.30	4,179,755,500.00
Total Per Category	**154,344,317.95**	**18,222,876.55**	**695,428,899.40**	**5,167,784.30**	**10,071,700,000.00**
Total Releases			10,944,863,878.20		
FY 2017/18 Opening Balance			928,608,580.50		
FY 2017/18 Total County Revenue Receipts			**11,873,472,458.70**		
FY 2017/18 Revenue Estimates			**12,151,288,449.40**		
Deficit			**(277,815,990.70)**		

Source: Treasury Directorate, Turkana County

20. From the table, the opening balance for the year was Kshs. **928,608,580.50** hence total money in the County Revenue Account was Kshs. **11,873,472,458.70**. Note that the County Revenue estimates for the period was Kshs. **12,151,288,449.40** implying a deficit of Kshs. **277,815,990.70**. The deficit arose from a shortfall of Own Source Revenue of Kshs. **55,709,262.30** and unremitted conditional grants amounting to Kshs. **219,159,550.00** as shown in **table 4** on the next page.

Table 4: FY 2017/18 Conditional Grants Received

Financial Year 2017/18 Conditional Grants Received			
Grants to the County FY 2017/18	**Printed Estimates**	**Actual Received**	**Unremitted Amounts**
Grant Supporting Compensation for user fees	25,634,941.00	13,061,360.00	12,573,581.00
Road Maintenance Levy Fund	446,479,380.00	367,062,051.00	79,417,329.00
Financing of County Health Facilities (World Bank)	24,195,000.00	13,061,360.00	11,133,640.00
Results Based Financing (World Bank) FY 2016/17	67,258,982.00	67,258,982.00	-
DANIDA- Universal Healthcare for Devolved System Programme	46,895,548.00	46,895,548.00	-
DANIDA- Universal Healthcare for Devolved System Programme FY 2016/17	6,035,000.00		6,035,000.00
Transforming Health Systems for Universal Care Project (World Bank)	160,000,000.00	50,000,000.00	110,000,000.00
Kenya Devolution Support Programme	61,120,888.00	61,120,888.00	-
National Agricultural and Rural Inclusive Growth Project	50,609,855.40	50,609,855.40	-
Development of Youth Polytechnics	26,358,855.00	26,358,855.00	-
TOTAL	**914,588,449.40**	**695,428,899.40**	**219,159,550.00**

Source: Analysis by Directorate of Budget, Turkana County

21. **Table 5** below illustrates CRF Releases to various accounts.

Table 5: FY 2017/18 County Revenue Fund Releases

COUNTY REVENUE FUND RELEASES					
	COUNTY EXECUTIVE			**COUNTY ASSEMBLY**	
Month	**Recurrent Account**	**Development Account**	**Fund Accounts**	**Recurrent Account**	**Development Account**
Jul-17	560,000,000.00	-		-	-
Aug-17	380,000,000.00	-		40,000,000.00	-
Sep-17	-	-		60,000,000.00	-
Oct-17	641,000,000.00	-		-	-
Nov-17	215,000,000.00	-		80,000,000.00	-
Dec-17	657,937,623.00	-		100,000,000.00	-
Jan-18	501,458,498.00	340,000,000.00		100,000,000.00	-
Feb-18	434,850,230.00	436,305,135.00		100,000,000.00	-
Mar-18	390,000,000.00	467,000,000.00	163,255,192.00	50,000,000.00	-
Apr-18	420,393,962.00	-		40,000,000.00	-
May-18	718,438,610.00	150,000,000.00	258,227,392.00	80,000,000.00	48,000,000.00
Jun-18	1,034,744,235.00	61,120,888.00	245,862,782.00	330,455,963.00	-
Total Per Category	**5,953,823,158.00**	**1,454,426,023.00**	**667,345,366.00**	**980,455,963.00**	**48,000,000.00**
FY 2017/18 Total Revenue at CRF			11,873,472,458.70		
FY 2017/18 Total Releases			9,104,050,510.00		
FY 2017/18 Closing Balance			**2,769,421,948.70**		

Source: Treasury Directorate, Turkana County

22. The total revenue at CRF was Kshs. **11,873,472,458.70** and the total CRF Releases amounted to Kshs. **9,104,050,510.00** leaving a closing balance of Kshs. **2,769,421,948.70**.

Expenditure Performance

23. Total expenditures by end of June 2018 was Kshs. **8,415,946,118** against the revised budget estimates of Kshs. **12,151,288,449**, falling short of the revised target by Kshs. **3,735,342,332** as shown in the **Table 6** below.

Table 6: FY 2017/18 Total Expenditure

EXPENSE CATEGORY	ANNUAL BUDGET	TOTAL EXPENDITURE	VARIANCE (KES)	ABSORPTION RATE (%)
CURRENT	7,840,829,549	6,430,276,999	1,410,552,550	82%
DEVELOPMENT	4,310,458,900	1,985,669,119	2,324,789,782	46%
TOTAL	**12,151,288,449**	**8,415,946,118**	**3,735,342,332**	**69%**

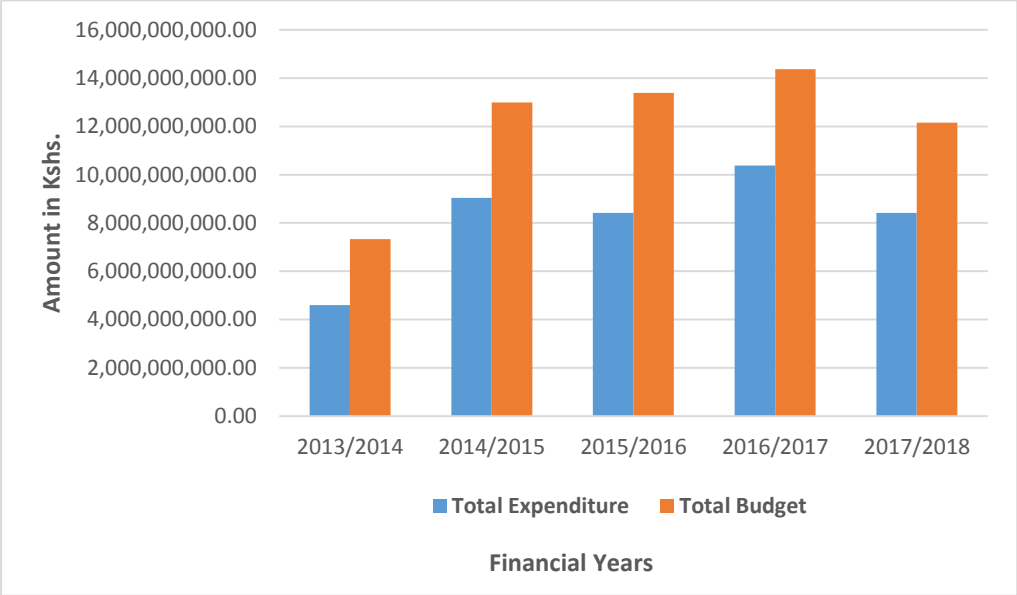
Source: Analysis by Directorate of Budget, Turkana County

24. The shortfall led to lower absorption of both recurrent (82%) and development expenditure (46%) by the County Departments. In particular, underperformance by the development vote was occasioned late releases of funds others being released as late as 5th July 2018.
25. The County Government's recurrent expenditure amounted to Kshs. **6,430,276,999** against a target of Kshs. **7,840,829,549**, representing an under-spending of Kshs. **1,410,552,550** (or 18 % deviation from the approved recurrent expenditure). Total Personnel Emolument amounted to Kshs. **3,692,699,843.73** (or 43.8 % percent of the total revenue). Development expenditure for the period under review amounted to Kshs. **1,985,669,119** against a revised estimate of Kshs. **4,310,458,900**, an underspending of Kshs. **2,324,789,782** (or 54% deviation).
26. The total CRF Releases to various accounts amounted to Kshs. **9,104,050,510.00** (**see table 5**) while the total expenditures at entities amounted to Kshs. **8,415,946,118** (**see table 6**), releases to fund accounts amounted to Kshs. **667,345,366.00** (**see table 5**) Kshs. **18,222,876.55** were unspent funds and a refund of Kshs. **5,167,784.30** (**as shown in table 3).**

Year to Year Expenditure

27. Over the financial years, expenditure has been gradually increasing with the highest recorded in the FY 2016/17 and the lowest was in FY 2013/14. There is a strong correlation between budgetary allocation and expenditure as shown in the **Figure III** below;

Figure III: Year to Year Analysis of Expenditure



Source: Analysis by Directorate of Budget, Turkana County

Expenditure by Entity

28. The table below represents total expenditure by vote as at 30th June 2018. The Office of the Governor recorded the highest absorption rate of 87% while the department of Agriculture, Pastoral Economy & Fisheries recorded the lowest rate of 30%. **See table 7 below.**

Table 7: Expenditure by Entity

Department	Annual Budget(1)	Total Expenditure (2) Year-To-Date	Variance (3) (1-2)	Absorption Rate(%)(4) (2/1)
Governance (Office of the Governor and Liaison)	412,198,394.99	360,509,916.43	51,688,479	87.46%
Office of the Deputy Governor	21,136,437.24	12,117,751.00	9,018,686	57.33%
Finance and Planning	756,603,450.30	550,884,517.49	205,718,933	72.81%
Water Services, Environment and Mineral Resources	706,993,343.18	365,008,364.43	341,984,979	51.63%
Health & Sanitation Services	1,412,947,190.78	635,541,304.48	777,405,886	44.98%
Trade, Gender and Youth Affairs	360,739,002.45	130,042,533.43	230,696,469	36.05%
Education, Sports and Social Protection	853,631,067.12	332,259,113.86	521,371,953	38.92%
Public Services, Decentralized Administration & Disaster Management	3,796,644,298.98	3,793,744,409.28	2,899,890	99.92%
Infrastructure Transport & Public Works	1,225,668,001.90	727,639,985.98	498,028,016	59.37%
Agriculture, Pastoral Economy & Fisheries	682,362,596.57	205,261,776.00	477,100,821	30.08%
Tourism, Culture and Natural Resources	223,692,547.55	80,440,768.05	143,251,779	35.96%
Lands, Energy, Housing & Urban Areas Mgt.	384,249,083.68	128,934,378.53	255,314,705	33.55%
County Public Service Board	128,491,714.66	66,224,458.04	62,267,257	51.54%
County Assembly	1,185,931,320.00	1,027,336,840.60	158,594,479	86.63%
TOTAL	**12,151,288,449**	**8,415,946,118**	**3,735,342,332**	69.26%

Source: Analysis by Directorate of Budget, Turkana County

Expenditure by Month

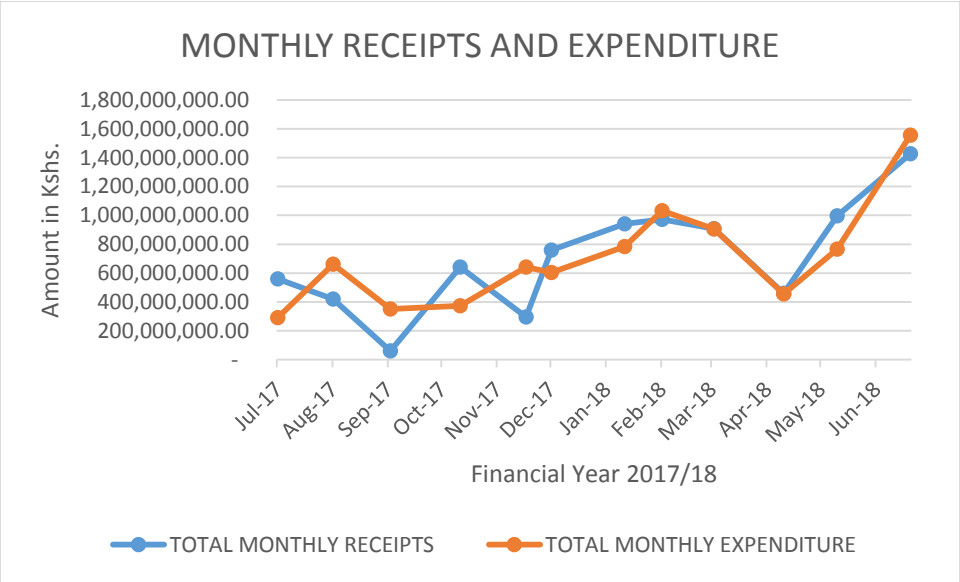
29. Expenditure by month for the period under review can be seen in **Table 8** below. The month of June 2018 recorded the highest expenditure of Kshs. **1,554,954,192.96** while the month of July 2017 recorded the least expenditure of Kshs. **290,676,350.33**. The high expenditure in June 2018 is largely attributed to corresponding high exchequer release at the close of the financial year. July 2017 being the beginning of the financial year recorded the least expenditure.

Table 8: Expenditure by Month

FINANCIAL YEAR 2017/18		
MONTH	**TOTAL MONTHLY RECEIPTS**	**TOTAL MONTHLY EXPENDITURE**
Jul-17	560,000,000.00	290,676,350.33
Aug-17	420,000,000.00	660,653,943.99
Sep-17	60,000,000.00	351,685,696.14
Oct-17	641,000,000.00	372,550,665.11
Nov-17	295,000,000.00	641,658,686.14
Dec-17	757,937,623.00	603,215,609.14
Jan-18	941,458,498.00	783,378,900.70
Feb-18	971,155,365.00	1,030,881,368.86
Mar-18	907,000,000.00	906,193,945.68
Apr-18	460,393,962.00	455,483,922.68
May-18	996,438,610.00	764,612,835.87
Jun-18	1,426,321,086.00	1,554,954,192.96
TOTAL	**8,436,705,144.00**	**8,415,946,117.60**

Source: Analysis by Directorate of Budget, Turkana County

Figure III: Annual Expenditure by Month



Source: Analysis by Directorate of Budget, Turkana County

Expenditure analysis by Category

30. The total recurrent expenditure for FY 2017/18 amounted to Kshs. **6,430,276,999.09** representing 82% of the budget estimates while the development expenditure totaled to Kshs. **1,985,669,118.51** representing 46% of the revised budget estimates.

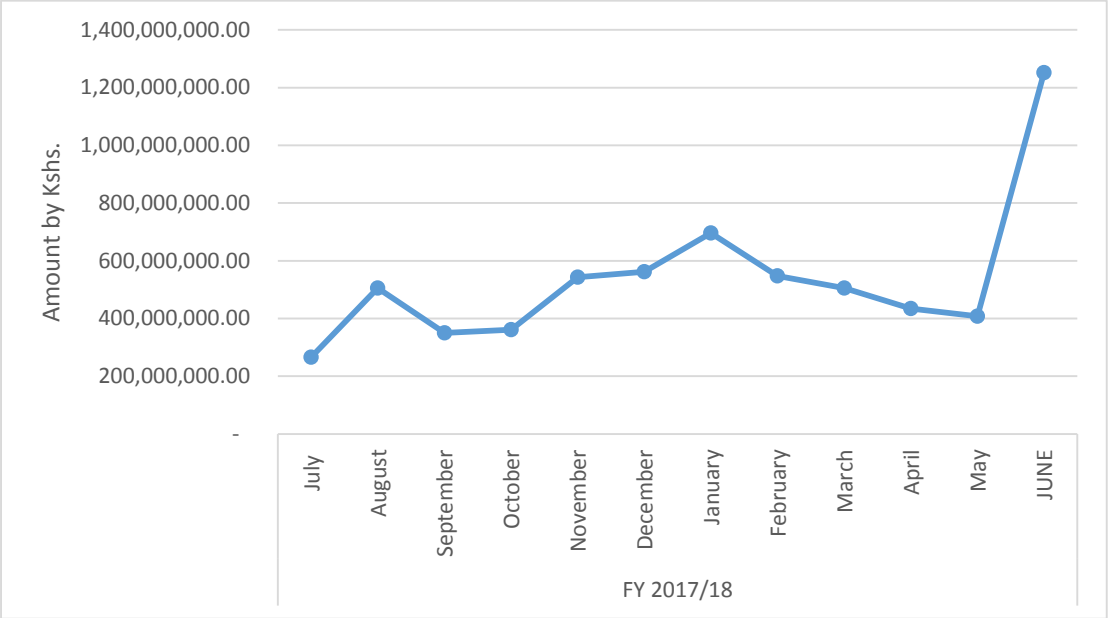
Table 9: Expenditure by Category

Department	Current Expenditure (1)	Development Expenditure (2)	Total Expenditure (1+2) Year-To-Date
Governance (Office of the Governor and Liaison)	360,509,916.43	-	360,509,916.43
Office of the Deputy Governor	12,117,751.00	-	12,117,751.00
Finance and Planning	284,625,249.98	266,259,267.51	550,884,517.49
Water Services, Environment and Mineral Resources	22,157,603.96	342,850,760.47	365,008,364.43
Health & Sanitation Services	541,818,757.25	93,722,547.23	635,541,304.48
Trade, Gender and Youth Affairs	76,912,333.43	53,130,200.00	130,042,533.43
Education, Sports and Social Protection	158,321,398.21	173,937,715.65	332,259,113.86
Public Services, Decentralized Administration & Disaster Management	3,768,053,646.38	25,690,762.90	3,793,744,409.28
Infrastructure Transport & Public Works	23,486,607.07	704,153,378.91	727,639,985.98
Agriculture, Pastoral Economy & Fisheries	56,404,883.80	148,856,892.20	205,261,776.00
Tourism, Culture and Natural Resources	34,722,026.32	45,718,741.73	80,440,768.05
Lands, Energy, Housing & Urban Areas Mgt.	44,919,694.62	84,014,683.91	128,934,378.53
County Public Service Board	66,224,458.04	-	66,224,458.04
County Assembly	980,002,672.60	47,334,168.00	1,027,336,840.60
TOTAL	**6,430,276,999.09**	**1,985,669,118.51**	**8,415,946,117.60**

Source: Analysis by Directorate of Budget, Turkana County

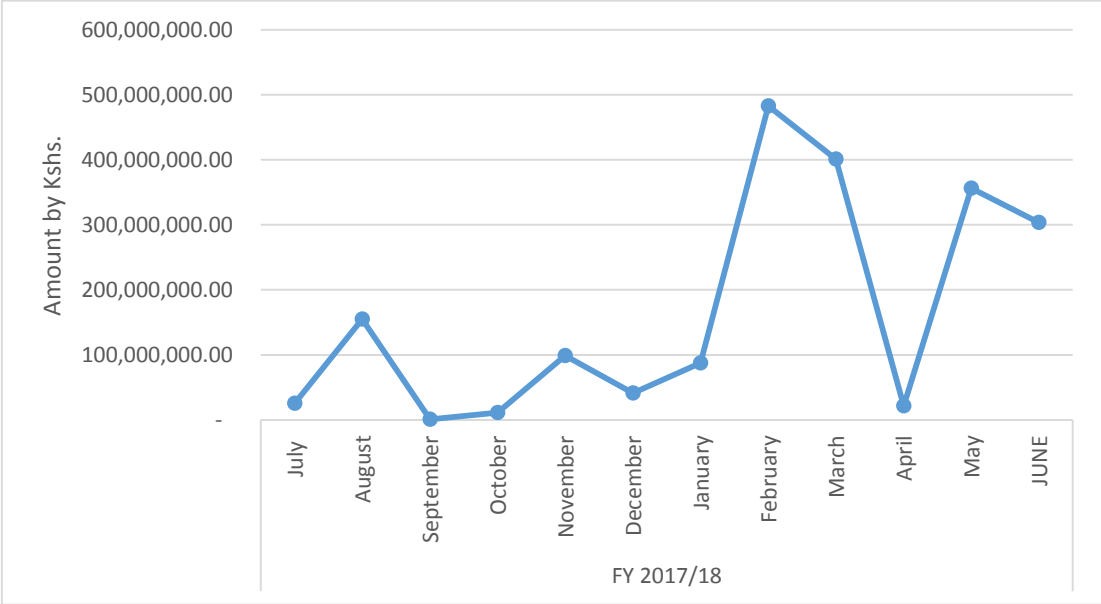
31. The cyclical nature of the expenditure **Figures IV and V** below is attributable to the unpredictable release of funds by the exchequer.

Figure IV: Analysis of Recurrent Expenditure by Month



Source: Analysis by Directorate of Budget, Turkana County

Figure V: Analysis of Development Expenditure by Month



Source: Analysis by Directorate of Budget, Turkana County

Compensation to Employees

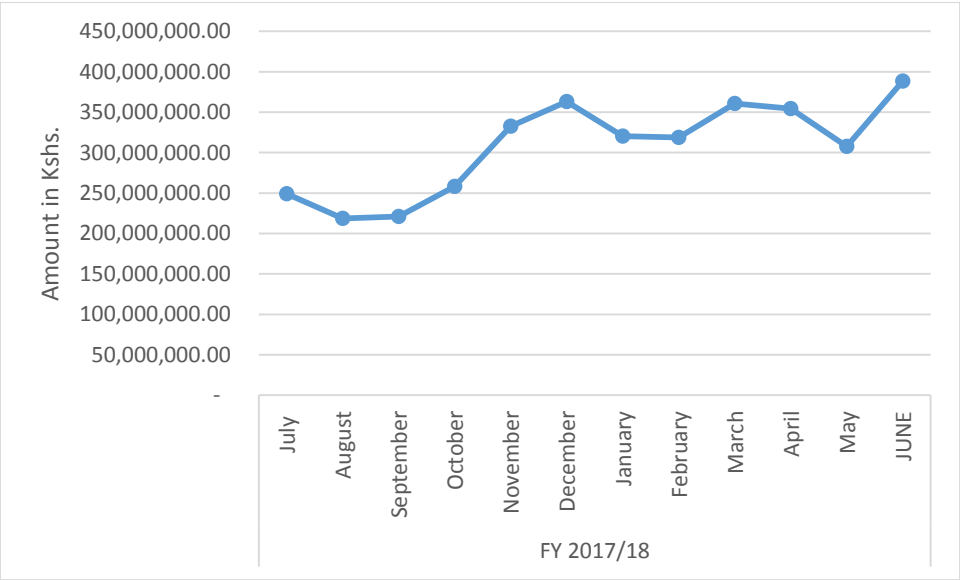
32. As can be seen in Table 10 below, the total Personnel Emolument amounted to Kshs. **3,692,699,843.73** (or 43.8 % percent of the total revenue). The fluctuations depicted in Figure VI below over the months can be attributed to payment in arrears of employee benefits i.e. provident funds and special allowances. The months of December 2017 and June 2018 recorded high expenditure due to payment of leave allowances and gratuities.

Table 10: Compensation to Employees

FY 2017/18 PE MONTHLY EXPENDITURE	
Month	**Amount**
Jul	248,968,249.15
Aug	218,510,248.90
Sep	221,088,009.61
Oct	258,391,386.10
Nov	332,474,354.41
Dec	363,093,510.24
Jan	320,174,509.59
Feb	318,893,507.45
Mar	360,843,440.87
Apr	354,253,434.85
May	307,574,650.70
Jun	388,434,541.86
Total	**3,692,699,843.73**

Source: Directorate of Human Resource, Turkana County

Figure VI: Analysis of Compensation to Employees by Month



Source: Analysis by Directorate of Budget, Turkana County

Challenges Encountered in the FY 2017/18 Budget Implementation

33. The implementation of the FY 2017/18 Budget faced a number of challenges, notably, a shortfall in local revenue collections and unremitted grants. This led to some budgeted programmes/activities not being funded and therefore were not implemented.
34. The county missed its Own Source Revenue target majorly because of:
    i. Election shocks that had effects on Quarter I and II revenue collection performance. Political stability has been achieved after the famous "Handshake" and the county has since recovered from the shocks.
    ii. The Finance Act 2017 has not been in place hence there has been no law to collect revenue from certain revenue streams that had been targeted. The Finance Bill 2018 has already been submitted to the assembly awaiting approval.
    iii. Cash flow challenges which had a ripple effect on the both microeconomic and macroeconomic environment. The county has set policies and programmes that will diversify the revenue sources and the economy in the county.
    iv. County entities were spending at source instead of remitting to the County Revenue Fund Account e.g. Department of Health services and Sanitation. In FY 2018/19, all departments are remitting all revenue to the County Revenue Fund Account.
    v. Inefficient revenue system that resulted to revenue leakages. The system has since been enhanced through use of a software that does not allow manipulation.
35. The County Government continues to grapple with the burden of pending bills that currently stands at Kshs. **2,453,178,845.03**. The pending bill has an effect on the collection of royalties and creates pressure on limited resources of subsequent years. The pending bills report is under the consideration of the County Executive Committee and will be addressed in due course.
36. Lastly, there are technicalities in utilizing the Integrated Financial Management Information System (IFMIS). The technicalities arises from staff incapacities and poor connectivity. The county has since undertaken a number of IFMIS trainings on various modules targeting relevant staff and still working on enhancing connectivity.

Implication of 2017/18 fiscal performance on fiscal responsibility principles and financial objectives contained in the 2018 CFSP

1. **Implication of 2017/18 Fiscal Performance on Financial Objectives**

37. The performance in the FY 2017/18 has affected the financial objectives set out in the Budget for the FY 2018/19 in the following ways:

i. The OSR for FY 2017/18 did not meet the expected target of Kshs. **200,000,000.00** affecting

implementation of FY 2017/18 Budget. The first two months of FY 2018/19 mirror the performance of the same period of the base year hence an indication of not meeting the set target of Kshs. **250,000,000.00**. This will necessitate a revision of FY 2018/19 fiscal parameters.

ii. Taking into account the slower pace of execution of the budget by the departments resulting from the uncertainty surrounding release of funds by the national treasury, there is need to enhance project execution by departments. The baseline ceilings for departments will be adjusted and then firmed up in the County Fiscal Strategy Paper (CFSP) 2019.

iii. The baseline ceilings for departments will be adjusted in line with the revised resource envelope under the updated macroeconomic framework in the 2018 Budget Statement. In addition the revisions will take into account the performance in project execution in the FY 2018/19 budget by departments and any identified one-off expenditures;

38. Given the above deviations, the revision in revenues and expenditures will be based on the revised macroeconomic assumptions which will be firmed up in the context of the CFSP 2019. The County government will not deviate from the fiscal responsibility principles, but will make appropriate modification to the financial objectives to be contained in the CFSP to reflect the changed circumstances.

CHAPTER THREE: ECONOMIC OUTLOOK AND RECENT DEVELOPMENTS

National Economic Outlook as reported by National Treasury

39. The Kenyan economy is on a recovery path and is projected to recover to 6.0 percent in 2018, an upward revision from the earlier projection of 5.8 percent in the 2018 Budget Policy Statement. This strong growth momentum is reflected in the strong growth of 5.7 percent in quarter one of 2018 compared to a growth of 4.8 percent in the same quarter in 2017. The outlook is supported by a pickup in agricultural and manufacturing activities due to improved weather conditions as well as the stable macroeconomic environment, ongoing public infrastructural investments and regain in business and consumer confidence following political stability in the country.
40. Indeed, Kenya continues to be ranked favorably in the ease of doing business and as a top investment destination. In February, 2018, Fitch Ratings revised the Outlook on Kenya's Long-Term Foreign- and Local-Currency Issuer Default Rating (IDR) to Stable from Negative and affirmed the IDRs at 'B+'. In addition, Kenya successfully issued a US$ 2.0 billion Euro bond split into 10yr and 30yr Tenors in February 22, 2018.
41. The economy continues to register macroeconomic stability with low and stable interest rates and competitive exchange rate to support exports. The overall year on year inflation fell to 4.0 percent in August 2018 from 8.0 percent in August 2017, thereby remaining within the 5.0 percent medium term target set by Government. This decline reflected a decrease in food prices which outweighed the rise in international oil prices.
42. The foreign exchange market remains stable supported by a narrower current account deficit. The current account deficit narrowed to 5.8 percent of GDP in the 12 months to June 2018 from 6.4 percent over the same period in 2017 reflecting strong growth of agricultural exports particularly tea and horticulture, resilient diaspora remittances, and improved tourism receipts. The strong capital inflows has also led to the stabilization of the shilling in the foreign exchange market and also allowed accumulation of international reserves. The usable official reserves stood at US$ 8,652 billion or 5.8 months of imports by end August 2018.

County Economic Outlook and Policies

43. The recent 2018 National Government Finance Bill has brought new dynamics to the economy. Firstly, to plug in the national deficit, the national government has proposed many far reaching fiscal measures to rationalize the FY 2018/19 financial commitments. The County Governments' budget will be reduced by Kshs. 9.8 Billion of development spending. Turkana County is expected to reduce its development expenditure budget by a provisional amount of Kshs. 310 Million.

44. Secondly, the new VAT levy on all petroleum products has a multiplier effect on the economy. The cost of living and the cost of doing business are set to rise sharply over the short term. This will be replicated in Turkana county as well, as food and other basic commodities are largely sourced from outside.
45. Thirdly, the ongoing infrastructural developments including road networks by the National and County government have continued to ease transportation in the North Rift region.

Risks to the Outlook

46. Disbursement of funds from the National Treasury to the counties poses a big risk to implementation of County policies, programmes and projects. Disbursements are not always done on time thereby making it difficult for counties to implement their programmes according to their initial plans and budgets. The County Government has over the years not received the funds allocated to it. This is a major risk owing to the fact not all programmes are implemented fully the way they were planned.
47. In addition to the above, low absorption rates by county entities also poses a big threat to implementation of county programmes and projects. This means that the entities fail to implement their budgets as planned.
48. Political good will is another major risk to the implementation of programmes and projects. If the two arms of government (Executive and County Assembly) are not working together in harmony then service delivery to the people will be hampered.
49. Public expenditure pressures, especially recurrent expenditures, pose a fiscal risk. Ballooning wage bill and institutionalization of decentralized units under the devolved government may limit continued funding for development expenditure.
50. The government will undertake appropriate measures to safe guard macroeconomic stability should these risks materialize.
51. The County intends to fully implement the Universal Health Care targeting at least 10,000 households costing approximately Kshs. **60,000,000.00**. This will exert more pressure on already constrained resources.
52. Employer contribution particularly to housing fund and employee pension will have a huge impact on personnel emoluments. This has to be considered in the revised estimates of FY 2018/19.

CHAPTER FOUR: RESOURCE ALLOCATION FRAMEWORK

Adjustments to the FY 2018/19 Budget

53. The Medium Term Fiscal Framework (MTFF) for the FY2018/19 emphasizes on efficiency and effectiveness of public spending and improving revenue while at the same time supporting rapid and inclusive economic growth and continued fiscal discipline.
54. As we start preparation of the FY 2019/20 medium-term budget, it is worth noting that the implementation of the FY 2018/19 budget is experiencing challenges emanating from possible revenue shortfall and budget cuts from the National Government. The outturn for the FY 2017/18 necessitates review of the projected revenues in FY2018/19 in order to take into account the lower than expected revenue performance in the base year.
55. Expenditure projections for FY2018/19 will be revised to accommodate some of these challenges through tradeoffs and reallocations of the existing budgetary provisions supported by austerity measures instituted on less productive areas of spending across the departments.

Medium Term Fiscal Projections

56. In the wake of ballooning current expenditure, the County Government will continue with its policy of expenditure rationalization with a view to funding only core services and reducing costs through the elimination of duplication, inefficiencies and wasteful expenditure.
57. With the constrained resource envelopes and given the need to prioritize actions within the framework of the priority programmes, the following criteria will serve as a guide for allocating resources;
    a. Spending must contribute, whether directly or indirectly, to the reduction of poverty;
    b. Spending will be targeted at those activities which the private sector cannot realistically be expected to undertake;
    c. Spending will target those activities which can be shown to have high socio-economic impact;
    d. Expenditures will target the activities that communities have identified as important to them;
    e. Spending will be directed to well planned activities for which realistic and modest unit costs have been identified;
    f. Spending that reduce future recurrent costs will be prioritized;
    g. Spending will be targeted at those activities which can affordably be extended to the whole relevant target population, rather than those which could only be delivered to a few;
    h. Activities that are labour intensive and create necessary infrastructure for development will be prioritized;
    i. Activities that favor disadvantaged groups, including activities which address gender or age-based inequities and protect the rights of children, and activities that reduce

economic inequality will be prioritized;

j. Provision for mandatory expenditures such as salaries, rent, utilities, etc.;
k. Resources required to sustain or complete ongoing projects;
l. Linkage of the programmes with the Governor's "Five Point Agenda", CIDP, The "Big Four", SDGs and with Vision 2030 Objectives;
m. Degree to which the programme is addressing the core mandate of the Sector/Department; and
n. Promotion of Public Private Partnership as a strategy in the delivery of infrastructure/services.

58. Reflecting on the above, we have developed the Medium-Term Expenditure Framework as provided in **Table 11**.

Table 11: Indicative Medium Term Fiscal Projections

SECTOR		ESTIMATES 2017/18		MTEF PROJECTIONS	
			CEILING 2018/19	2019/20	2020/21
OFFICE OF THE GOVERNOR	SUB-TOTAL	412,198,394.99	625,336,660.11	687,870,326.12	756,657,358.73
	Rec. Gross	412,198,394.99	380,198,394.99	418,218,234.49	460,040,057.94
	Dev. Gross	-	245,138,265.12	269,652,091.63	296,617,300.79
OFFICE OF THE DEPUTY GOVERNOR	SUB-TOTAL	21,136,437.24	21,136,437.24	23,250,080.96	25,575,089.06
	Rec. Gross	21,136,437.24	21,136,437.24	23,250,080.96	25,575,089.06
	Dev. Gross	-	-	-	-
OFFICE OF THE COUNTY ATTORNEY	SUB-TOTAL	-	-	80,000,000.00	88,000,000.00
	Rec. Gross	-	-	80,000,000.00	88,000,000.00
	Dev. Gross	-	-	-	-
FINANCE & ECONOMIC PLANNING	SUB-TOTAL	756,603,450.30	1,011,892,881.49	1,113,082,169.63	1,224,390,386.60
	Rec. Gross	331,033,702.42	764,704,956.42	841,175,452.06	925,292,997.27
	Dev. Gross	425,569,747.88	247,187,925.07	271,906,717.57	299,097,389.33
WATER SERVICES, ENVIRONMENT & MINERAL RESOURCES	SUB-TOTAL	706,993,343.18	489,475,009.79	538,422,510.77	592,264,761.84
	Rec. Gross	60,673,649.58	53,673,649.58	59,041,014.54	64,945,115.99
	Dev. Gross	646,319,693.60	435,801,360.21	479,381,496.23	527,319,645.85
HEALTH & SANITATION SERVICES	SUB-TOTAL	1,412,947,190.78	1,173,421,907.10	1,290,764,097.81	1,419,840,507.60
	Rec. Gross	1,146,521,497.00	755,521,227.00	831,073,349.70	914,180,684.67
	Dev. Gross	266,425,693.78	417,900,680.10	459,690,748.11	505,659,822.93
TRADE, GENDER & YOUTH AFFAIRS	SUB-TOTAL	360,739,002.45	520,617,464.52	572,679,210.97	629,947,132.06
	Rec. Gross	104,329,539.45	104,429,539.45	114,872,493.40	126,359,742.73
	Dev. Gross	256,409,463.00	416,187,925.07	457,806,717.57	503,587,389.33
EDUCATION, SPORTS AND SOCIAL PROTECTION	SUB-TOTAL	853,631,067.12	871,720,042.39	958,892,046.63	1,054,781,251.29
	Rec. Gross	485,051,481.72	574,059,192.26	631,465,111.48	694,611,622.63
	Dev. Gross	368,579,585.40	297,660,850.13	327,426,935.14	360,169,628.66
PUBLIC SERVICE, ADMINSTRATION AND DISASTER MANAGEMENT	SUB-TOTAL	3,796,644,298.98	4,382,945,174.11	4,821,239,691.52	5,303,363,660.67
	Rec. Gross	3,741,644,298.98	4,246,757,249.04	4,671,432,973.95	5,138,576,271.34
	Dev. Gross	55,000,000.00	136,187,925.07	149,806,717.57	164,787,389.33

INFRASTRUCTURE, TRANSPORT, AND PUBLIC WORKS	SUB-TOTAL	1,225,668,001.90	559,040,261.53	614,944,287.69	676,438,716.46
	Rec. Gross	43,950,802.92	43,950,802.92	48,345,883.22	53,180,471.54
	Dev. Gross	1,181,717,198.98	515,089,458.61	566,598,404.47	623,258,244.92
AGRICULTURE, PASTORAL ECONOMY & FISHERIES	SUB-TOTAL	682,362,596.57	604,018,900.77	664,420,790.84	730,862,869.93
	Rec. Gross	168,217,540.56	168,217,540.56	185,039,294.62	203,543,224.08
	Dev. Gross	514,145,056.01	435,801,360.21	479,381,496.23	527,319,645.85
TOURISM, CULTURE AND NATURAL RESOURCES	SUB-TOTAL	223,692,547.55	252,089,935.61	277,298,929.17	305,028,822.09
	Rec. Gross	135,902,010.55	115,902,010.55	127,492,211.60	140,241,432.76
	Dev. Gross	87,790,537.00	136,187,925.07	149,806,717.57	164,787,389.33
LANDS, ENERGY, HOUSING AND URBAN AREAS MANAGEMENT	SUB-TOTAL	384,249,083.68	202,158,513.10	222,374,364.40	244,611,800.84
	Rec. Gross	87,244,088.03	65,970,588.03	72,567,646.83	79,824,411.52
	Dev. Gross	297,004,995.65	136,187,925.07	149,806,717.57	164,787,389.33
COUNTY ASSEMBLY	SUB-TOTAL	1,185,931,320.00	1,153,581,887.60	1,268,940,076.36	1,395,834,083.99
	Rec. Gross	981,000,000.00	839,300,000.00	923,230,000.00	1,015,553,000.00
	Dev. Gross	204,931,320.00	314,281,887.60	345,710,076.36	380,281,083.99
COUNTY PUBLIC SERVICE BOARD	SUB-TOTAL	128,491,714.66	121,926,105.66	134,118,716.23	147,530,587.85
	Rec. Gross	121,926,105.66	121,926,105.66	134,118,716.23	147,530,587.85
	Dev. Gross	6,565,609.00	-	-	-
TOTAL	**TOTAL**	**12,151,288,449.40**	**11,989,361,181.00**	**13,268,297,299.10**	**14,595,127,029.01**
	Rec. Gross	**7,840,829,549.10**	**8,255,747,693.70**	**9,161,322,463.07**	**10,077,454,709.38**
	Dev. Gross	**4,310,458,900.30**	**3,733,613,487.30**	**4,106,974,836.03**	**4,517,672,319.63**

Source: Directorate of Budget, Turkana County

CHAPTER FIVE: CONCLUSION AND NEXT STEPS

59. The FY 2019/20 budget is being prepared within the context of a moderate national economic recovery. As we scale up implementation of Turkana CIDP II 2018 - 2022, there is need to allocate resources efficiently in order to achieve value for money and economic growth. The aim of the MTEF is therefore to strike an appropriate balance between support for county economic growth and continued fiscal discipline.
60. To create fiscal space and guarantee appropriate phasing out of expenditure programmes, Sectors Working Groups will be required to conduct a thorough scrutiny of all proposed departmental budgets for FY 2019/20 to ensure that they are not only directed towards improving productivity but also aligned to the achievement of the objectives of the CIDP 2018 - 2022 either directly as drivers or indirectly as enablers. As such, the fiscal strategy in this CBROP will focus on enhancing overall revenue collection and reallocating resources to productive sectors of the economy
61. SWGs are required to prepare medium-term budgets that are consistent with the Medium-Term Fiscal Framework. The resource envelope for each Sector which will be provided in the County Budget Review and Outlook Paper (CBROP 2018). The ceilings which will be finalized in the County Fiscal and Strategy Paper (CFSP 2019) by end of February 2019, will inform the next Budget Statement (BS 2019).

ANNEXES

Annex 1: CFSP CEILINGS 2017

DEPT	REC-2016/17	DEV-2016/17	TOT-2016/17	REC-2017/18	DEV-2017/18	TOT-2017/18
OFFICE OF THE GOVERNOR	164,134,504.20	395,702,410.00	559,836,914.20	257,443,155.13	201,280,637.36	458,723,792.49
OFFICE OF THE DEPUTY GOVERNOR	31,298,296.75		31,298,296.75	21,136,437.24	-	21,136,437.24
FINANCE			821,076,013.26	216,086,039.86	287,694,884.00	503,780,923.86
ECONOMIC PLANNING	146,710,573.11	674,365,440.15	-	66,875,720.33	80,000,000.00	146,875,720.33
WATER SERVICES			1,069,389,476.60	32,757,044.60	453,800,000.00	486,557,044.60
IRRIGATION AND AGRICULTURE	53,914,293.58	1,015,475,183.02	-	33,000,000.00	344,127,641.11	377,127,641.11
HEALTH	172,699,362.63	861,854,877.23	1,034,554,239.86	710,700,000.00	521,759,083.78	1,232,459,083.78
TRADE, TOURISM AND INDUSTRY	65,366,171.92	309,414,649.28	374,780,821.20	48,866,539.45	289,755,087.15	338,621,626.60
EDUCATION	46,962,285.84	963,902,042.05	1,010,864,327.89	299,790,510.74	328,801,882.30	628,592,393.04
GENDER, SPORTS AND SOCIAL SERVICES			-	24,686,366.50	266,000,000.00	290,686,366.50
PUBLIC SERVICE, DECENTRALISED SERVICES AND DISASTER MANAGEMENT	2,539,310,670.29	725,302,704.65	3,264,613,374.94	3,344,018,807.92	501,000,000.00	3,845,018,807.92
TRANSPORT, ROADS, HOUSING AND PUBLIC WORKS	73,455,385.36	645,743,665.67	719,199,051.03	37,970,023.32	713,725,179.00	751,695,202.32
PASTORAL ECONOMY	68,874,247.55	445,560,944.47	514,435,192.02	50,046,404.86	266,939,295.00	316,985,699.86
ENERGY, ENVIRONMENT AND NATURAL RESOURCES	38,183,450.77	250,105,501.79	288,288,952.56	32,378,522.30	181,000,000.00	213,378,522.30
LANDS, PHYSICAL PLANNING AND URBAN AREAS MANAGEMENT	66,661,338.74	337,617,700.18	404,279,038.92	51,178,588.03	171,860,076.10	223,038,664.13
COUNTY ASSEMBLY	986,049,728.93	261,430,750.03	1,247,480,478.96	784,929,847.00	85,000,000.00	869,929,847.00
PUBLIC SERVICE BOARD	89,475,442.61	67,439,150.19	156,914,592.80	105,792,139.92	-	105,792,139.92
	4,543,095,752.28	**6,953,915,018.71**	**11,497,010,770.99**	**6,117,656,147.20**	**4,692,743,765.80**	**10,810,399,913.00**

Annex 2: 2017/18 Revised Estimates

THE COUNTY GOVERNMENT OF TURKANA

CONSOLIDATED PROPOSED BUDGET ESTIMATES FOR FY 2017-2018

DEPARTMENTS	Total Recurrent Expenditure	Total Development Expenditure	Total Proposed Expenditure	Allocation (%)	2017/2018 Ceilings	Deviation from Ceiling %
Governance (Office of the Governor and Liaison)	412,198,394.99	-	**412,198,394.99**	3.4%	458,723,792.49	-10.14%
Office of the Deputy Governor	21,136,437.24	-	**21,136,437.24**	0.2%	21,136,437.24	0.00%
Finance and Economic Planning	331,033,702.42	425,569,747.88	**756,603,450.30**	6.2%	650,656,644.19	16.28%
Water Services, Environment and Mineral Resources	60,673,649.58	646,319,693.60	**706,993,343.18**	5.8%	863,684,685.71	-18.14%
Health & Sanitation Services	1,146,521,497.00	266,425,693.78	**1,412,947,190.78**	11.6%	1,232,459,083.78	14.64%
Trade, Gender and Youth Affairs	104,329,539.45	256,409,463.00	**360,739,002.45**	3.0%	338,621,626.60	6.53%
Education, Sports and Social Protection	485,051,481.72	368,579,585.40	**853,631,067.12**	7.0%	919,278,759.54	-7.14%
Public Service, Administration. & Disaster Management	3,741,644,298.98	55,000,000.00	**3,796,644,298.98**	31.2%	3,845,018,807.92	-1.26%
Infrastructure Transport & Public Works	43,950,802.92	1,181,717,198.98	**1,225,668,001.90**	10.1%	751,695,202.32	63.05%
Agriculture, Pastoral Economy & Fisheries	168,217,540.56	514,145,056.01	**682,362,596.57**	5.6%	316,985,699.86	115.27%
Tourism, Culture and Natural Resources	135,902,010.55	87,790,537.00	**223,692,547.55**	1.8%	213,378,522.30	4.83%
Lands, Energy, Housing & Urban Areas Management	87,244,088.03	297,004,995.65	**384,249,083.68**	3.2%	223,038,664.13	72.28%
County Assembly	981,000,000.00	204,931,320.00	**1,185,931,320.00**	9.8%	869,929,847.00	36.32%
County Public Service Board	121,926,105.66	6,565,609.00	**128,491,714.66**	1.1%	105,792,139.92	21.46%
TOTAL	**7,840,829,549.10**	**4,310,458,900.30**	**12,151,288,449.40**	100.0%	10,810,399,913.00	12.40%
	64.5%	**35.5%**	**100.0%**	**0%**		

Annex 3: FY 2017/18 OWN SOURCE REVENUE

TURKANA COUNTY GOVERNMENT														
MINISTRY OF FINANCE AND ECONOMIC PLANNING														
DEPARTMENT OF REVENUE														
REVENUE COLLECTION FOR FY 2017/2018.														
REVENUE STREAM	MINISTRY	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	TOTALS
SINGLE BUSINESS PERMIT	TRADE	783,800.00	425,700.00	2,372,800.00	176,500.00	269,000.00	332,500.00	1,029,800.00	1,380,400.00	2,966,500.00	3,251,400.00	3,726,500.00	7,622,750.00	**24,337,650.00**
ROYALTY(Murram, hardcore sand, ballast, Exploitation,Burrow pit)	LANDS	4,678,777.80	1,548,950.00	924,200.00	2,865,700.00	3,113,360.00	4,518,450.00	3,426,800.00	798,311.00	4,189,260.00	574,360.00	1,734,600.00	1,507,100.00	**29,879,868.80**
CESS(Transport , Charcoal cess,Hide & skin, firewood, miraa cess	TRANSPORT	5,382,170.00	3,982,800.00	7,004,550.00	2,371,800.00	2,302,860.00	3,629,330.00	2,882,030.00	4,477,820.00	3,197,560.00	715,350.00	975,930.00	476,650.00	**37,398,850.00**
MARKET FEE(Barter, fish, market stall fees, offloading)	TRADE	784,860.00	441,260.00	974,620.00	382,560.00	645,260.00	182,210.00	99,630.00	142,200.00	177,110.00	149,560.00	325,120.00	680,330.00	**4,984,720.00**
SLAGHTER/AUCTION FEE(Small and Big animals)	PASTORAL	111,610.00	166,840.00	176,850.00	486,320.00	261,510.00	178,170.00	495,610.00	307,270.00	417,840.00	165,670.00	284,230.00	240,370.00	**3,292,290.00**
ADVERTISEMENT(Sign post, sign boards)	LANDS	-	-	-	50,200.00	-	-	-	40,200.00	26,000.00	-		11,000.00	**127,400.00**
PARKING FEE (all vehicles)	LANDS	3,500.00	85,240.00	76,550.00	78,240.00	140,600.00	132,520.00	243,100.00	258,990.00	156,360.00	1,398,900.00	108,000.00	52,450.00	**2,734,450.00**
TRANSPORT OPERATION FEE (Taxi, Bodaboda, Matatu, Canter, Lorry, and buses)	ROADS	74,000.00	148,860.00	130,440.00	44,210.00	57,120.00	73,300.00	389,320.00	72,800.00	294,710.00	2,703,630.00	1,709,230.00	3,864,610.00	**9,562,230.00**
LIQUOR LICENCES(Liquer SBP and Application Fee)	HEALTH	-	45,000.00	-	-	-	-	-	-	-	-	-	-	**45,000.00**
LAND SURVEY/APPLICATION/ BUILDING APPROVAL	LANDS	667,600.00	984,500.00	460,000.00	500,000.00	712,000.00	454,000.00	1,720,000.00	900,000.00	1,205,100.00	312,000.00	1,228,900.00	1,357,500.00	**10,501,600.00**
HOUSE RENT/KIOSKS/STALLS	LANDS	116,000.00	89,600.00	117,900.00	123,500.00	94,800.00	146,000.00	70,500.00	208,400.00	196,890.00	116,800.00		356,000.00	**1,636,390.00**
HEALTH(Public health & cost sharing)	HEALTH	-	-	16,600.00	-	2,000.00	25,400.00	20,500.00	56,500.00	63,000.00	91,680.00	47,100.00	97,300.00	**420,080.00**
WEIGHTS AND MEASURES	TRADE	-	-	16,000.00	75,000.00	-	-	-	-	2,000.00	-		76,200.00	**169,200.00**
OTHER FEES AND CHARGES(Hides and Skins)	FINANCE	105,356.30	8,100.00	960,700.00	252,300.00	2,203,718.00	679,420.00	800,139.25	2,783,150.00	346,340.00	551,230.00	612,515.00	9,898,040.35	**19,201,008.90**
TOTAL		**12,707,674.10**	**7,926,850.00**	**13,231,210.00**	**7,406,330.00**	**9,802,228.00**	**10,351,300.00**	**11,177,429.25**	**11,426,041.00**	**13,238,670.00**	**10,030,580.00**	**10,752,125.00**	**26,240,300.35**	**144,290,737.70**

Annex 4: FY 2017/18 COMPREHENSIVE EXPENDITURE

TURKANA COUNTY
MINISTRY OF FINANCE AND
COUNTY TREASURY DIVISION
FY 2017/2018 EXPENDITURE

COUNTY ENTITY	Department	Budgets	July	August	September	October	November	December	January	February	March	April	May	June	TOTAL EXPENDITURE
Governance (Office of the Gvn	Recurrent	412,198,395	5,400,000	7,319,084	8,426,926	15,329,035	45,017,198	59,692,403	15,696,536	49,008,375	22,550,455	34,188,622	26,127,002	71,754,281	360,071,645
	Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office of the Deputy Governor	Recurrent	21,136,437	-	582,400	776,300	340,950	600,000	438,760	1,582,400	607,500	630,000	-	3,384,465	3,174,976	12,117,751
	Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and Planning	Recurrent	331,033,702	18,800,000	3,368,667	22,599,042	15,971,146	37,148,385	62,334,101	23,487,115	31,033,670	15,444,531	7,676,254	9,270,800	37,491,540	277,287,025
	Development	425,569,747.88	24,300,000	24,005,762	-	3,206,450	61,787,294	9,530,800	3,767,800	52,848,177	43,349,480	-		43,463,505	266,259,268
Water Services, Environment	Recurrent	53,673,650	-	13,816,000	44,000	-	2,057,994	1,275,137	1,338,500	1,588,650	-	-	857,670	1,179,653	22,157,604
	Development	646,319,694	-	107,021,828	-	-	10,537,200	1,706,897	18,480,798	110,995,571	40,995,043	1,337,825	27,749,990	24,025,609	349,450,760.96
Health & Sanitation Services	Recurrent	1,146,521,497	2,814,903	14,615,119	3,177,276	6,585,537	33,277,415	60,182,419	39,233,492	3,475,967	57,393,876	18,675,768	13,508,700	288,878,286	541,818,757
	Development	266,425,693.78	-	1,302,341	-	-	4,172,125	2,440,100	26,190,900	19,981,167	21,461,104	474,267	12,100,880	5,599,663	93,722,547
Trade, Gender and Youth Affairs	Recurrent	104,329,539	-	5,560,063	230,000	625,593	9,131,524	6,468,368	11,727,981	9,797,570	10,248,196	2,408,449	4,383,408	16,331,182	76,912,333
	Development	256,409,463	-	-	-	-	-	-	-	23,442,800	20,000,000	-	5,372,900	4,314,500	53,130,200
Education, Sports and Social	Recurrent	485,051,482	-	4,000,000	-	629,500	-	1,555,500	138,669,482	-	5,613,946	3,357,899	1,164,389	3,330,683	158,321,398
	Development	368,579,585	-	-	-	-	-	-	1,555,500	138,669,482	-	-	24,312,836	9,399,897	173,937,716
Public Services, Decentralized	Recurrent	3,741,644,299	197,505,495	392,780,744	265,996,249	281,881,499	313,969,052	283,881,499	347,969,052	347,969,052	307,613,182	316,476,260	276,766,010	435,245,553	3,768,053,646
	Development	55,000,000	-	-	-	-	-	-	11,690,763	12,632,848	1,367,152	-	-	-	25,690,763
Infrastructure Transport &	Recurrent	43,950,803	-	2,692,200	-	426,250	7,970,338	1,915,230	3,550,894	1,983,440	-	336,400	-	4,611,855	24,303,007
	Development	1,181,717,199	-	-	-	-	4,779,285	17,722,705	14,598,305	43,484,877	238,838,919	-	225,784,144	158,945,144	704,153,379
Agriculture, Pastoral Economy	Recurrent	168,217,541	-	5,622,576	-	109,600	9,170,847	7,880,889	10,374,166	6,318,921	2,594,462	1,110,482	7,414,350	5,808,591	56,404,884
	Development	513,535,201	-	7,650,200	-	-	7,247,213	3,548,000	2,791,205	73,366,225	1,396,500	-	7,414,350	45,443,200	148,856,892
Tourism, Culture and Natural	Recurrent	75,902,011	-	-	-	1,028,100	4,209,889	122,500	247,543	-	2,891,968	4,246,059	1,656,900	20,319,068	34,722,026
	Development	147,790,537	-	2,056,200	1,013,003	1,083,100	1,043,000	1,506,260	1,663,325	2,362,599	11,148,442	15,468,715	2,935,048	5,439,049	45,718,742
Lands, Energy, Housing &	Recurrent	94,244,088	-	6,038,103	4,087,620	1,028,100	3,071,932	8,147,394	8,640,210	2,459,469	5,607,982	2,877,884	-	2,961,000	44,919,695
	Development	297,004,996	872,638	12,962,150	-	6,850,524	9,194,062	4,699,200	6,751,900	5,151,858	22,649,427	4,246,059	4,697,267	5,939,600	84,014,684
County Public Service Board	Recurrent	121,926,106	1,081,084	9,351,619	2,126,500	1,915,119	10,894,543	1,995,110	2,263,950	5,783,823	3,420,000	2,074,402	1,269,462	24,048,846	66,224,458
	Development	6,565,609	-	-	-	-	-	-	-	-	-	-	-	-	-
County Assembly	Recurrent	981,000,000	39,902,230	39,908,888	43,208,780	35540163.3	66379390.7	66172338.79	91107083.44	87919327.4	70979282.1	40528578.8	62,232,597	336,124,013	980,002,673
	Development	204,931,320	-										46,209,668	1,124,500	47,334,168
Grand Total		12,150,678,594	290,676,350	660,653,944	351,685,696	372,550,665	641,658,686	603,215,609	783,378,901	1,030,881,369	906,193,946	455,483,923	764,612,836	1,554,954,193	8,415,586,022

Annex 5: Analysis of Expenditure by Economic Classification

S/NO	EXPENSE CATEGORY	ANNUAL BUDGET	TOTAL EXPENDITURE	VARIANCE (KES)	ABSORPTION RATE (%)
1	CURRENT	7,840,829,549	6,430,276,999	1,410,552,550	82%
2	DEVELOPMENT	4,310,458,900	1,985,669,119	2,324,789,782	46%
	TOTAL	**12,151,288,449**	**8,415,946,118**	**3,735,342,332**	**69%**

Source: Analysis by Directorate of Budget Department of Economic Planning, Turkana County