

# Analysis Report: Uasin Gishu County Fiscal Strategy Paper (CFSP) 2014

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The document discusses the analysis of Uasin Gishu County Fiscal Strategy Paper (CFSP), 2014 done by Civil Society Organizations (CSOs) under the umbrella of Governance Working Group. The group is an initiative of six Civil Society Organizations: Transparency International, Kenya, National Tax Payers Association, Catholic Justice and Peace Commission, North Rift Women Voice, Nelson and Francis Associates. The initiative is hosted by the Kerio Center for Community Development and Human Rights (KCCDHR) with support from the International Budget Partnership (IBP). The summary of the document gives some few specific points on the performance of the paper. The introduction section gives the legal background of the paper where IBP provides precise and clear explanation on what the section of the Public Finance Management Act (PFM Act 2012) that requires Counties to develop the County fiscal Strategy Paper really implies for the public finance process. The document also provides information and comparisons on revision of the current Budget, 2013/2014 financial year. In the conclusion section, the document closes with Local Civil Society Organizations offering to provide the County Government with technical support and Objective analysis information to use to meet the requirements of the Budget Law and embrace good practice in the budgeting process.

## Summary



Being the first County Fiscal Strategy Paper (CFSP)<sup>1</sup> document since establishment of Counties in March 2013, Uasin Gishu CFSP is doing fairly well. Nevertheless, there are several areas where the paper could be improved for readers to understand the development plans for the County Government. The Civil Society Organizations under the umbrella of Governance Working Group (GWG) offer to aid the technical capacity of the County Government to improve the design and development of policies and development plans while meeting the requirements of the Budget Laws and Regulations.

The CFSP paper recognizes the implications the National Policies have at the County level. The County's twin investments in Agriculture and Infrastructure as the basis of the County's economic growth adapts to the National priorities to maintain and grow the Country's economy at the National level. The paper therefore aligns itself to large extent to the Budget Policy Statement (BPS) which is a requirement of the Public Finance Management (PFM Act 2012).

Uasin Gishu County is moving in the right direction in terms of fiscal discipline as well as plans to improve the capacity of its staff to deliver better services to the citizens. It could be good if areas of need are identified and tangible plans with targets, indicators and timelines for achievement are put in place and Budgeted for. The CSOs can offer technical support in this area of need as well.

Uasin Gishu CFSP provides priority areas in general terms, however there are no sector ceilings for 2014/15 financial year. The medium term expenditure section refers to unavailable table annexed 2. This being the main role of the CFSP; it is therefore difficult for readers to paint a true picture of the next financial year Budget, 2014/2015. Priority areas and allocation of resources on the other hand cannot be determined today using the document thus; there is limited detail that allows readers to connect these priorities to specific Budget figures and outcomes.

Uasin Gishu CFSP does communicate the fiscal performance for the current financial year (2013/2014); however it is not clear enough. While some information is provided in section 79 in Table 1 on actual performance and projections, it is highly aggregated and detailed expenditure estimates for the first 6 months are not provided for comparison with actual down to department level.

Information on the County's own revenue and performance on collection is provided, however, it lacks consistency, both within the CFSP and comparing it to other sources. The revised Budget which was

<sup>1</sup> <http://uasingishu.go.ke/live/wp-content/uploads/2014/03/Uasin-Gishu-CFSP.pdf>

table at the County Assembly indicates own revenue target of Ksh 831 million whereas according to the Controller of Budget reports, the County's own revenue target is just under KES 1.7 billion. On the other hand, sections of the CFSP communicate different information on the same: Table1 which is provided in section 79 indicate an estimate target of Ksh 1.9 billion while section 57 states that Ksh 1.5 billion part of the County Budget for 2013/2014 will be financed from local sources. The CFSP goes ahead to explain the revision of Budget in section 62. In this section, the County's own revenue was revised down from Ksh 2 billion to Ksh 1.9. In section 97, local revenues will be revised down from estimate target of KES 1.6 billion to Ksh 1.1 billion. On collection of own revenue, according to CoB report, the county was able to collect Ksh 150 million in the first 6 months of the year, while the CFSP gives a figure of Ksh 138 million for the same period. Irrespective of the target figure, the County is underachieving on revenue collection.

The Supplementary Budget copy in our possession does not have direct linkage to the communicated figures in the section of CFSP on revised Budget, therefore making it difficult for readers to understand the revisions made on the Budget and analyze the entire financial year 2013/2014.

Uasin Gishu CFSP does not separate grants from equitable share revenue for the County for financial year 2013/2014. Citizens and the Members of County Assembly (MCAs) require clear explanations of the sources of revenue which should be provided in the Budget document.

Uasin Gishu CFSP states in general the strategic plans for the County to achieve its development objectives, but it does not provide specifics, measurable timelines and tangibles. Section 89 and 90 of the CFSP outline the numbers of households depending on Livestock and Agriculture respectively. The objective and target of the sector is stated. However, it could make more sense to mention a more detailed plan to achieve the value addition by estimating allocation of resources so that readers can connect the programme objectives to spending, indicators & targets and timeline. Measures to enable Farmers to access Loans and the processing Plants to be installed for the purpose of Meat and Milk processing are proposed, which is a step to achieve the goals of sector plan, but clearer and more detailed plans would be more sensible.

Uasin Gishu CFSP recognizes risks which are likely to constraint its economic development growth as it plans to invest in growth potential sectors. Such risks include; public expenditure pressure, the effects of International Oil market (Oil Price Shocks) on the cost of Fertilizers, unreliable weather conditions and high Bank lending interest rates which are likely to impact negatively on investments in Agriculture. However these risks are recognized and appreciated by the County, the CFSP does not communicate the contingency plans in cases where the projected risks become real.

There are no clearly communicated updates on ongoing or yet to be completed projects at least per sector going in to the future to allow determination of allocation of resources and estimated impact.

## **Introduction**

The County Fiscal Strategy Paper is the first official document released by the County Government laying out its broad plans for the next Budget year.<sup>2</sup> It normally includes a discussion of fiscal performance of the active Budget, Economic trends and an estimate of overall spending and revenues and most importantly, the sector ceilings. It is supposed to be aligned with the Budget Policy Statement (BPS)<sup>3</sup> which is released by February 15 every year by National Treasury.

In preparing the County Fiscal Strategy Paper, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the County Government in preparing its Budget for the coming financial year and over the medium term.<sup>4</sup>

The County Treasury shall include in its County Fiscal Strategy Paper the Financial Outlook with respect to County government revenues, expenditures and borrowing for the coming financial year and over the medium term.

## **Fiscal Responsibility Principles to be adhered to by the County Treasury**

In laying out its plans, the PFM Act 2012 requires the County Government to meet the following guidelines:

- 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 County Government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the County Government's total revenue as prescribed by the County Executive Member for Finance in regulations and approved by the County Assembly;
- 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
- the County Debt shall be maintained at a sustainable level as approved by County Assembly;
- the fiscal risks shall be managed prudently; and
- 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.

## **Additional considerations**

- A good Fiscal Strategy Paper should also include information related to risk:
- Fiscal risk related to Debt, contingent liabilities, State Corporations, pensions, etc. What happens if we suddenly lose money or owe more than expected?
- Fiscal sensitivity analysis: assessing what happens if our estimates for growth at the County level are wrong? How will the County Budget be affected?

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<sup>2</sup> <http://internationalbudget.org/wp-content/uploads/CFSP.pdf>

<sup>3</sup> [http://www.treasury.go.ke/index.php/resource-center/cat\\_view/96-budget-policy-statement-](http://www.treasury.go.ke/index.php/resource-center/cat_view/96-budget-policy-statement-)

<sup>4</sup> <http://www.parliament.go.ke/plone/statutory-documents/public-finance-management-act-2012-no-18-of-2012>

## **Uasin Gishu county financial information**

The Uasin Gishu CFSP<sup>1</sup> provides general information on the implementation of the active Budget, 2013/2014 financial year. In section 56, the CFSP discusses the initial Budget for financial year 2013/2014 before revision through a Supplementary:

- the County's total revenue is KES 5,821,338,393
- KES 2,059,700,000 will be committed to development expenditure;
- KES 3,590,208,693 will be committed to recurrent expenditure
- Debt repayment is allocated KES 171, 429, 700.

The CFSP explains the sources of funding of the above mentioned expenditure categories as follows;

- National transfers (equitable shares and conditional grants) KES 4,066,931,320;
- Local revenues (County's own revenue from various sources; Licenses, Rates, Fees and Charges, these are distributed across the departments) KES 1,467,407,073 and;
- Contribution in Lieu of Rates (CILOR) KES 287, 000, 000.

The CFSP therefore is supposed to provide/explain the estimated amount expected through National transfers as equitable shares and conditional grants respectively as well as provide what each department is estimated to raise in revenue for the financial year.

Other than the failure to provide details of its revenues, the CFSP contradicts itself. Section 97 of the CFSP states that, the County's local revenue for financial year 2013/2014 was revised down from Ksh1.6 billion to Ksh1.1 billion while in section 57 of same document states that a total of Ksh 1,467,407,073 will come from local sources.

### **County revenues**

This section points out the inconsistent data and the poor performance in the collection of revenue in the County.

### **Revenue collection**

As stated above the main sources of revenue are local (County's own) and National transfers.

Section 59 of the CFSP provides information in regards to the County's own revenue. By end-Dec 2013, Uasin Gishu County target was to collect Ksh 357,447,073 from local sources. However, during this period, the County managed to collect the sum of Ksh 138, 343,152 representing 39% of target. This contrasts with the (CoB) reports that the County has collected Ksh 150 million in the same period. Nonetheless, both figures suggest that the County's performance in collection of own revenue is below the target.

In regards to National transfers during this period of July to Dec 2013, the County received a total of Ksh 1,166,730,187 of its total share of Ksh 4,066,931,320 for financial year 2013/2014.

In meeting the requirements of CFSP, the Uasin Gishu paper is not very clear in terms of the achievements made and the challenges faced in revenue collection during the period stated. In giving

reasons of the County's low revenue collection on own revenues, the paper cites challenges in (i) implementing Public Finance Management Act 2012, and (ii) transitional challenges: in the contrary, the challenges faced by Uasin Gishu County in meeting its target of local revenue are more likely to be linked to the unrealistic estimation of the revenues and the implementation of the County Finance Act 2013 in relation to poor public participation and formulation and legislation of the County Finance Act 2013 rather than the stated reasons. Indeed, the consultations on Uasin Gishu County Finance Act 2013 was inadequate therefore the challenges in its implementation.

In addition to the reasons given for the poor performance in revenue collection, the CFSP does not communicate measures to mitigate for risks that may arise during the remaining period of the financial year 2013/2014.

### **Revenue projection**

Uasin Gishu County seems confident it can raise Ksh 1.5 billion in the coming year through local revenues, but it has not demonstrated capacity to able to meet same target during the current year according to the CoB reports for first and second quarters of the financial year. The CFSP does not provide adequate explanations to justify this confidence. If the County Government has specific information about how it plans to increase revenue collections, including how it will increase the collection of specific fees/rates, it should explain that in the CFSP to justify its confidence.

The County Finance Act 2013 will continue to present challenges unless the issue of public consultation is sorted once and for all. The deployment of the National Youth Service (NYS) to improve revenue collection is enough proof that the County is experiencing challenges in enforcing the Finance Law. For the people to willingly support the County Government plans and policies there must be effective consultations.

The capacity of the County staff is not yet sufficient to achieve accuracy in estimation of revenues, (or other areas such as economic/inflation growth,) and this should lead the County to be conservative in its estimates. Timely procurement procedures, adhering to the Budget Laws as stated in the next point.

### **County expenditure and estimates**

Through the Uasin Gishu CFSP, the County targeted to have spent the sum of Ksh 2,824,954,349 by the end of December 2013, however, during this period, the County Government spent Ksh 321,972,572 representing 11% of the County's target for the same period according to the CFSP.

As stated in the introduction, the Budget Law requires that, the CFSP should discuss the fiscal performance of the active Budget and overall spending and revenues. As much as this information is communicated above, it is too general to use and asses the challenges and achievements. It doesn't tell how the Ksh 322 million was spent by sector. We assume that, most of this spending went to recurrent expenditure in salaries and wages as the CoB report indicates the same for the first quarter.

In regards to the challenges facing spending, the CFSP cites delays in disbursements from the Exchequer and continuing difficulties in procurement as the major reasons behind the County's lower expenditure during this period. There is no clear linkage between the delays by Exchequer and difficulties in procurement to warrant the low spending. Within the period stated, the County Government managed to raise accumulated amount of Ksh 1.3 Billion in total; Ksh 1.16 billion from National transfers and KES

138 million from local sources according to the CFSP, but spent only Ksh 322 million out of this. It is likely that, the County's procurement system or poor absorption rate by departments could be more of the major reason to explain this low spending other than the delays in release of funds from the Exchequer.

The County expects the expenditure to rise drastically in January 2014 through Salaries of staff devolved from the National Government. As much as the additional staff salaries will definitely increase the expenditure, the Uasin Gishu CFSP does not provide the details involved in the devolution of staff; for example the number of staff and their salaries. Other than staff salaries which will definitely impact on recurrent spending, the CFSP does not state how the development spending will be affected by the expected increase. In addition, the paper should provide general implementation figures for things such as salaries, and wages and, funds absorption under each sector.

Despite the procurement challenges, in giving an overview of the implementation of the active Budget, the CFSP should have provided information on the completed projects, projects in progress and those that are yet to be implemented per sector. Such information will help readers to understand the basis of the decisions the County Government makes in its development plans, assess the performance of the County Government during the period stated or rather estimate the rate of performance for the financial year and forecast the County Budget for the next financial year 2014/2015.

### **Supplementary Budget**

Section 62 provides the revised County Budget 2013/2014. In revising the County Budget, the CFSP cites the abrupt transfer of functions from the National Government, Member of County Assembly (MCAs) mortgage and exclusion of Debt repayment plans based on CoB advice.

The office of CoB advised the County Government to exclude the debt repayment plans because the National Government was planning to undertake a comprehensive audit of Devolved Units' Assets and Liabilities. The payment of Debt was to be shelved until the audit is finalized, states the 2014 CFSP. While the paper provides some explanation for the revisions, these are not sufficiently detailed to understand all the changes. For example, there is no explanation of the revised own revenue figures despite the inconsistencies.

According to the County Supplementary Budget which is yet to be approved by the County Assembly to give effect to the proposed changes in the Budget, the local revenue indicates Ksh 831, 380, 003 while the development expenditure has been reduced to Ksh 1, 499,300,000. The tables below shows the proposed revisions made to the County Budget. Yes, it is likely that County collected some additional revenue in the period after Dec 2013 to March 2014, but there is no communication of such information in either of the two documents – the Supplementary Budget and the CFSP were developed after February 15, 2014. See the tables below for comparisons on the revisions made on the revenues.

County Fiscal Strategy Paper table below showing revised figures

Vote Head	Previous	Revised
Recurrent	3,590,208,693.00	3,781,083,679.00
Development	2,059,700,000.00	1,946,800,000.00
Totals	5,649,908,693.00	5,727,883,679.00

Supplementary Budget versus the Budget version before revision (in our possession)

Vote Head	Previous (Ksh)	Revised (Ksh)
Recurrent	3,590,208,693.00	3,128,708,690.00
Development	2,059,700,000.00	1,499,300,000.00
Debt repayment	171, 429, 700.00	Nil
Totals	5,821,338,393.00	4, 628,008,690.00

The revisions as shown in each of the tables above show different figures, therefore, the CFSP and the Supplementary Budget lack a clear linkage making it difficult for readers to understand the relationship between the changes made. For example, the revised figures for development and recurrent in both tables indicate different figures which are not explained anywhere in the CFSP or the Supplementary Budget; development expenditure between the two tables indicate a difference of Ksh 652, 374, 989 while recurrent figures differ by Ksh 447, 500,000 – how did or does the County Government plan to spend the difference on? What could be the explanation of the difference if there could be?

### Reprioritization

After the Budget is revised, the County Government plans to reprioritize its spending to conform to the proposed changes made in the current financial year 2013/2014 Budget. Section 62 states what the County Government plans to reprioritize spending on; absorption of previously National Government staff, Road upgrade and Supply of drugs to Health Facilities. Further details through narrative explanations and Budget notes would have been necessary to explain which sectors have been affected by the changes as well as how the affected sectors' projects will be addressed.

In regards to the above point, acceptable good practices in Government Budgeting require that, Fiscal Risk Management be communicated in advance; which sectors' allocations will likely be reduced in case we fail to meet our estimate target revenue? Uasin Gishu Supplementary Budget or the Fiscal Strategy Paper does not have such information.

### Financial outlook

Uasin Gishu 2014 CFSP projects the revenue to grow by 10 percent in the 2014/2015 financial year and over the medium term as provided in the table below.

	2013/2014		2014/2015	2015/2016	2016/2017
	Budget (million) (Ksh)	Act. (Dec. 2013)	Projections (Ksh)	Projections (Ksh)	Projections (Ksh)
Revenue (NT)	3,796,628,687	1,166,730,187	4,419,574,966	4,885,941,152	5,548,303,031
Revenue (local)	1,931,254,992	138,343,152	1,210,000,000	1,331,000,000	1,464,100,000
Grants		0	96,432,418	932,541,172	1,051,860,454
Borrowing	0	0	0	0	0
Total Revenue	5,727,883,679	1,305,073,339	5,726,007,384	7,149,482,324	8,064,263,485
Developments exp.	1,946,800,000	26,596,842	2,363,543,429	2,502,318,813	2,822,492,219
Recurrent Exp.	3,781,083,679	651,809,644	4,389,437,796	4,647,163,510	5,241,771,265
Total exp.	5,727,883,679	678,406,486	6,752,981,225	7,149,482,323	8,064,263,484

Table1 in the County Fiscal Strategy Paper

Part of the grants that National Government will collect in revenues will be shared with counties in form of conditional grants to implement specific programmes. The BPS is very clear on the programmes to spend grants on. Uasin Gishu paper however does not explain how its allocation for grants will be used for so that, common citizens, who are unlikely to be aware of the BPS, can be able to understand. Information on grants should be provided to help readers understand how they will be used. Conditional allocations to Counties for programmes such as Rural Electrification and Level Five Hospitals should be communicated, however, for 2014/2015 financial year; the Division of Revenue Act does not provide for conditional grants for Counties therefore, Counties are unlikely to receive any condition grant as of now, unless otherwise the Senate restores the allocation.

Uasin Gishu County development plans for the financial year 2014/2015 do not have deficits. The CFSP provides flexibility to borrow in future to manage cash flow over the medium term; however, cash flow management is not used for Capital Investment as the paper seems to imply on section 77.

### **Aligning to Budget Policy Statement BPS**

Unlike other CFSPs we have analyzed, Uasin Gishu CFSP adapts itself to the Budget Policy Statement (BPS)<sup>5</sup> to a large extent; first, the County recognizes the implications that National economy has at County level in that, the priority sectors for the coming year as provided in section 12 of the paper are very much consistent with the National development agenda and economic growth rate currently at 5% which is largely driven by the expansion of Agriculture and conducive business environment. In adapting to the National development objectives and investments to spur development through investments such as the Standard Gauge Railway Line, Uasin Gishu County positions itself first as an epicenter for Agricultural productivity in Kenya, second as a transit point into Western Kenya and Eastern Africa region in readiness to tap in the advantages and opportunities presented by such investments. It is very important that, through the CFSP the County is aware of the Global Economic trends; risks and measures being taken by the Global players to improve the World Economy.

### **Economic Growth Forecasts**

Uasin Gishu County through its 2014 CFSP ties its economic growth around the Agriculture and Infrastructural development linked to one another and Health as high potential sectors; subsidized Fertilizer, the ongoing reconstruction of trunk roads and the commissioned Standard Gauge Railway Line linking Mombasa to Ethiopia, Uganda and Rwanda provides a basis for accelerated growth in the medium term.

In addition to this, setting up systems in the face of Devolution, Institutionalization of Public Financial Management, building human and institutional capacity and revenue mobilization will form a basis for sustained growth.

The CFSP alludes to risks that may affect the achievement of the economic forecast; public expenditure pressure (the huge number of staff impact on the wage bill), Oil price shocks that it is likely to affect the prices of Fertilizer and unpredictable Rainfalls variation in weather conditions that is likely to hinder the investment in Agriculture.

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<sup>5</sup> [http://www.treasury.go.ke/index.php/resource-center/cat\\_view/96-budget-policy-statement-](http://www.treasury.go.ke/index.php/resource-center/cat_view/96-budget-policy-statement-)

The above forecast is very good going in to the future; however, the CFSP does not communicate its contingency plans. The flexibility to borrow as provided for in section 77; flexibility in Fiscal Management to allow borrowing and the section 71 which provides for risks to be addressed is not sufficient to explain how the County will cushion itself from the shocks imposed by the risks it forecasts as well as in the circumstances it does not meet its revenue targets.

### **Narrative information on County priorities**

Section 14 to 41 provides for priority economic policies and structural reforms the County intends to implement to attain its development objective in terms of Pillars, however it fails to tie the priorities to resources.

Since the CFSP focuses on the coming year, it is supposed to communicate the changes to be made from the current financial year priority areas; what do we want to give more funding or reduce or maintain and for how long? The Pillars also do not provide more details on the existing resources and the status of continuing development projects in the mentioned sectors going into the next financial year. For example of good practice, see example of Taita Taveta CFSP

**Allocations will be informed by core needs identified through analysis by fiscal experts in the county as well as from insightful and welcome submissions from the county public and submissions by individuals and organizations on the 2014/15 budget proposals. In this regard, the areas that are identified to receive additional funds are the “high impact” areas or chronically neglected, but important, areas of public spending such as increased funding for roads and energy infrastructure, health facilities, water and for the provision of extension services for agriculture.**

#### **ii. Reorienting Expenditures**

##### **• Agriculture**

**Given the need to revitalize agricultural expenditures in the County and to address low agriculture productivity, poverty and unemployment in rural areas, the share of resources allocated to the agriculture sector is projected to increase sharply from 3.1% to 13% of the total expenditure outlay in the financial years 2013/14 and 2014/15 respectively and these additional resources should specifically be to adequately fund extension services in order to support both crop and livestock production in the medium term. This should be done in collaboration with Kari to ensure that modern farming methods are entrenched to maximize both real output and quality for the Taita Taveta Farmer.**

**Figure 1: example of good practice: linking investment to objectives with narrative to explain the changes in priority areas**

The CFSP should also communicate the expected sector outputs for any expected increase in resources or justification to reduce sector allocation. For example, when the Government plans to increase the allocation for Health in the coming year, information such as the number of People (target) to access certain Healthcare services within a certain timeline should be communicated; this information should also include indicators.

In Infrastructure sector for example, the County intends to complete the purchase of equipment to fully mechanize the roads department in its bid to establish Road Corporation to be owned by the County Government. However, it does not provide updates on the progress of the purchases of the said equipment. How many units of equipment have been purchased already and how many more are needed to establish the Road Corporation? What is the estimate cost? Our understanding is that, the Road Corporation to be established is a programme within the Public Works, Roads and Transport sector, therefore, the objectives, indicators & target and timelines information should be communicated.

In section 26 of the CFSP, the County intends to protect Water sheds and Water bodies which is a function of National Government according to Schedule Four of the Constitution of Kenya 2010. The Constitution however states that, the County Government may implement specific functions of National Government; Natural Resources and Environmental Conservation, including— Soil and Water Conservation and Forestry. As much as the Constitution states this, there has to be some explanations on the arrangements made between the two levels of Government. The main function of the County Government in the Water sector is provision of Water and Sanitation Services and Management of Storm Waters.

In 2013/2014 Budget, the County allocated KES 5 million for the relocation of Street Children which is categorized under the OVCs in 2014 CFSP in section 32 which means it is within the County plans for next year. Good practice therefore dictates that the progress of the current programme be communicated in this paper. Actually, the Estates and Streets of Eldoret town are full of Street Children, all over the place; they are nuisance and a threat to the living and business environment which the County intends to address in order to attract investors in its plans to improve the revenue base. It is therefore important that this issue be sorted out through long-term measures as soon as possible to improve security and provide conducive environment for business.

### **Fiscal Responsibility Principles**

The PFMA 2012 provides the fiscal responsibilities principles in section 107. In adherence to the PFMA 2012, Uasin Gishu County through its 2014 CFSP will commit at least 30% of the total revenue to development in 2014/2015 financial year.

### **Medium Term Expenditure Estimates**

The medium term expenditure estimate is missing completely; section 89 of the CFSP refers to unavailable annex 2, which we believe to have been the sector ceilings. Uasin Gishu County Fiscal Strategy Paper does not have a sector ceiling which is supposed to estimate the ceilings of sector allocations. The sector ceilings are supposed to be provided under this section. For an example of what the law expects, see the sample from Wajir County Fiscal Strategy below:

Wajir CFSP sector ceilings sample: Annex table 1: Medium Term Sector Ceilings, 2014//15 - 2016//17  
(Ksh Million)

SECTOR	Estimate 2013/14	CBROP ceiling 2014/15	CFSP ceiling 2014/15	Projections		% change	Proportion of the budget (%)
				2015/16	2016/17		
Agriculture, Livestock and Livestock Development	552.7	552.7	<b>607.97</b>	668.77	735.64	10	<b>9.25</b>
Roads Transport and Public works department	1,305	1,305	<b>1,566</b>	1,722.6	1,894.86	20	<b>23.83</b>
Trade, Industrialization, Co-Operative Development	265	265	<b>304.75</b>	335.23	368.75	15	<b>4.64</b>
Public Health, Medical Services and Sanitation	719.8	719.8	<b>863.76</b>	950.14	1,045.15	20	<b>13.15</b>
Education, Youth, Gender and Social Services	208.7	208.7	<b>229.57</b>	252.53	277.78	10	<b>3.49</b>
Water, Energy, Environment and Natural Resources	749.2	749.2	<b>953</b>	1,048.3	1,153.13	27.2	<b>14.5</b>
Lands, Housing and Physical Planning	96.83	96.83	<b>111.36</b>	122.5	134.75	15	<b>1.69</b>
Information Communication and E-Government	214.02	214.02	<b>235.42</b>	258.97	284.86	10	<b>3.58</b>
Finance and Economic Planning	200.8	200.8	<b>241</b>	265.1	291.61	20	<b>3.67</b>
County Executive	568.7	568.7	<b>654</b>	719.4	791.34	15	<b>9.95</b>
County Assembly	400.43	400.43	<b>472.5</b>	519.75	571.73	18	<b>7.19</b>
Public Service, Labor and Decentralized Unit	101.6	101.6	<b>132.1</b>	145.31	159.84	30	<b>2.01</b>
County Public Service board		-	<b>50</b>	55	60.5	-	<b>0.76</b>
Town administration		-	<b>150</b>	165	181.5	-	<b>2.28</b>
<b>TOTAL</b>	<b>5,413</b>	<b>5,413</b>	<b>6,571</b>	<b>7,229</b>	<b>7,951</b>	<b>21.4</b>	<b>100</b>

### Resource Distribution Criteria

The sharing of the County's revenue to the vote heads and within subheads will be guided by the County's medium term plan priorities as well as any other strategic interventions such as roads upgrade.

35% of the total revenue will be committed to operations and maintenance of Ministries, Departments and Agencies and Non-Discretionary expenditures respectively.

The statutory deductions, ongoing projects (emphasis is on completion of ongoing projects in Infrastructure and high impact projects such as in Health and ECD) and strategic Interventions (Environmental Conservation Advocacy, Waste Management, De-siltation of Damns, Water Supply, Tree Planting and Activities geared towards implementation of Devolution) will determine the distribution of the County's resources.

The CFSP says that, the County Government has ongoing projects which are not factored in, in the projections in the medium term estimates, but are stated to be aligned to the County's Spatial Plan. These pending proposals include the automation of revenue collection in sub sectors for efficiency, Business Licensing and Zoning. As much as these projects are ongoing, it is projected that they may require additional resources in the future.

## **Conclusion**

Rating Uasin Gishu County on the performance of the development of the 2014 County Fiscal Strategy Paper, we could give her less than average this year and call upon the Government to step up its effort to meet the requirements of the PFMA 2012<sup>6</sup> which are provided in the introduction part of this document.

Local Civil Society Organizations through the Governance Working Group (GWG) are ready to offer technical support to County Government of Uasin Gishu to meet the requirements of the Budget Law. GWG is an initiative of civil organization with expertise and over time experience in governance. The initiative is hosted by Kerio Center for Community Development and Human Rights (KCCDHR) supported by International Budget Partnership<sup>7</sup> to Strengthen and Enhance Citizen Participation and the Oversight Role in the Formulation and Execution of the Government policies in Uasin Gishu County. As a group of Civil Society Organizations therefore, we offer to engage proactively with the Government and provide objective analysis information and recommendations to use in formulating and executing County Government policies. We also have vast experience and expertise in promoting participatory budgeting processes and self governance.

We have been actively involved in the County Government processes. To date, the Governance Working Group has analyzed the 2014 CFSP and the County Supplementary Budget, 2013/2014 financial year. We also participated actively in the formulation of the CFSP 2014 where we presented a proposal<sup>8</sup> during the public participation forums in February 2014. We have also attended and participated in various public consultation forums organized by the County Government on various issues including the County Finance Bill (now an Act of the County Assembly of Uasin Gishu) and the 2014/2015 public consultations on Budget estimate.

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<sup>6</sup> <http://www.parliament.go.ke/plone/statutory-documents/public-finance-management-act-2012-no-18-of-2012>

<sup>7</sup> <http://internationalbudget.org/>

<sup>8</sup> [http://internationalbudget.org/wp-content/uploads/CSOs\\_Participation\\_in\\_UG\\_CFSP- final.pdf](http://internationalbudget.org/wp-content/uploads/CSOs_Participation_in_UG_CFSP- final.pdf)