COUNTY GOVERNMENT OF THARAKA-NITHI

COUNTY TREASURY AND ECONOMIC PLANNING DEPARTMENT

COUNTY BUDGET REVIEW AND OUTLOOK PAPER

FY 2016-2017

February 2018

A Globally Competitive and Prosperous Kenya

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Forward

The Public Finance Management Act, 2012 (PFM) requires that the County Treasury release a County Budget Review and Outlook Paper each financial year (section 118) be tabled in the County Executive Committee for approval and thereafter tabled in the County Assembly within seven days. The required content of this paper is detailed in sections 118(2) of the Act.

The CBROP is presented as follows:

- The review of FY 2016/17 expenditure and associated budget targets are detailed in section II: Review of County Fiscal Performance;

- Section I to IV and conclusion in Section V in this Budget Review and Outlook Paper, meets all the disclosure requirements outlined in PFM Act, 2012 section 118(2(a-d)). In particular: Section II details actual expenditure of 2016-17 compared to budget appropriations of the same period as required by section 118(2(a)) of PFM Act, 2012; − Section III and IV detail the economic and other assumptions underlying the Budget projections as required by section 118(2(b)) and − the Statement of Risks in Section III details the sensitivity of the projections to various economic and financial assumptions and other risks section 118(2(c and d)).

The County Budget Review and Outlook Paper presents County Government decisions that were made by County Treasury, together with other relevant information known to Treasury which have material effects on the county's financial projections in 2016/17.

The C-BROP has been prepared in accordance with applicable Accounting Standards and Government Finance principles and is based on the economic forecasts and assumptions outlined in Section I: review of fiscal performance, Section II: Review of county fiscal performance, Section III: recent economic developments and outlook and Section IV: resource allocation framework.

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CEC Member for County Treasury

February, 2018

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SECTION I: INTRODUCTION

This C-BROP is the fourth to be issued reflecting on the performance of the County Government of Tharaka Nithi since onset of devolution. The paper establishes the fiscal performance of the county government in FY 2016/17, recent economic developments that affected the performance and the possible implications of the performance and updated outlook. The comparison provided in this document shall provide reasonable observations on significant changes in the forecasted performance of the county, in comparison to the actual performance during FY 2015/16. The following are key objectives of 2017 CBROP:

i. Review the county fiscal performance for FY 2016/17 in relation to the appropriations approved by the County Assembly.
ii. Establish how the deviations from approved budget estimates continue to affect the economic performance of the county.
iii. Provide an updated economic outlook given in the most recent County Fiscal Strategy Paper (CFSP 2017).
iv. Provide explanation for deviations from the set priorities, if any, and subsequently propose corrective measures to address the changes within reasonable timelines.

The 2017 CBROP will guide budget preparation and programming for the FY 2018/19 budget in line with section 118 of the PFM 2012 Act, Section 25(1)(d) of PFM Regulations 2015 and Article 201(a) of the Constitution of Kenya. The paper will also provide forward information for MTEF 2018-19 to 2020-2021. This year's CBROP is pegged on the County Assembly approved Budget for FY 2016/17 with theme "sustaining development for economic transformation."

The next sections of the paper will focus on review of fiscal performance of the county for FY 2016/17, recent economic developments and outlook, projected resource allocation envelope and final section providing conclusion and way forward.

SECTION II: REVIEW OF COUNTY FISCAL PERFORMANCE

Section Overview

The fiscal performance in FY 2016/17 was averagely impressive. Development expenditure was recorded at 42.9% of the total development allocation, which included visible development projects transport networks and education.

On recurrent expenditure, the County Government optimized operational and administrative costs. The measures adopted in the FY 2016/17 fiscal framework included increased restriction of administrative-related costs, effective expense management control through Authority to Incur Expenditure (AIE) procedures and human resource policies.

Fiscal Performance for FY 2016-2017

During the period under review, the County total basket was Kshs 3.84 billion comprising of Ksh 3.39 billion from exchequer as equitable share of domestic revenues raised nationally, Kshs 98.69 million realized from conditional grants, Kshs 78.57 million being revenues raised locally (CORe) and an additional Kshs 69.1 million which is the amount negotiated as additional allowances for Health Sector Workers. In addition, the County had Kshs 199.43 million as balance brought forward from FY 2015-2016.

County Own Revenue Performance

The total amount of County Own Revenue (CORe) collected in FY 2016/17 was Kshs 78.57 million a decrease of 43.5 percent from Kshs 139.15 million realized in FY 2015/16. This represented 60.7 percent under collection given the annual CORe target of Kshs 200 million approved in the FY 2016/17 budget.

The under-performance in CORe collection can be attributed to unfavorable microeconomic conditions in the second half of the FY 2016/17 which resulted from labour unrests in the health sector, soaring political environment with antinode being August 8 general elections and weakening capacity in collecting county taxes especially parking fees due to lack of requisite legislations. Even though these factors contributed to the revenue shortfall on one side, lack of effective enforcement strategies coupled with weak internal controls contributed significantly to the reported under performance. The weak internal controls were evidenced in delayed banking of collections, unexplained revenue variances and lack of regular monitoring which was attributed to laxity from subduing political pressures.

The conditional allocations received of Kshs 98.69 million didn’t include Kshs 44.6 million from World Bank being grant that wasn’t received by the closer of FY 2016/17 but was realized in the first quarter of FY 2017/18.

Table 1 below analyzes Conditional Grants released in FY 2016/17.

Table 1: Summary of release of conditional grants

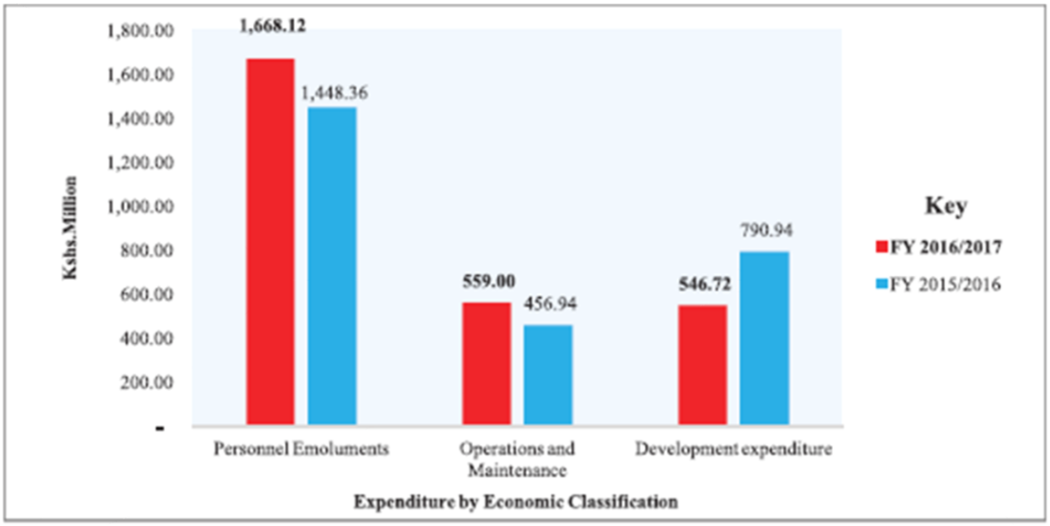
No.	Conditional Grant	Estimate FY	Actual Receipts in	Percentage

		2016/17 (CARA, 2016) Kshs	Kshs	Actual Receipts as per annual allocation (%)
1	Road Maintenance Fuel Levy Fund	52,017,792	52,017,792	100
2	Free Maternal Healthcare	29,853,703	32,085,000	107.5
3	DANIDA Grant	6,165,000	6,165,000	100
4	User Fees Foregone	8,419,197	8,419,197	100
5	World Bank Grant	44,654,343	-	-
	Total	**141,110,035**	**98,686,989**	**69.9**

County Expenditure Performance

The total expenditure was Kshs 2.77 billion against the target of Kshs 3.51 billion, reflecting an under-spending of Kshs 740 million. This represented 78.9 per cent of the total funds available for spending which was an increase of 6.1 percent from the Kshs 2.61 billion spent in FY 2015/16. Specifically, the County Government spent Kshs 2.23 billion on recurrent activities while Kshs 546.72 million was spent on development expenditure. The recurrent expenditure was 55.6 per cent of the funds released from exchequer for recurrent operations while development expenditure represented 55.6 per cent of the funds released for that particular purpose. This reported expenditure excluded the pending bills as at 30th June 2017 that comprised of Kshs 205.5 million for development and Kshs 69.64 million incurred as recurrent expenditure but had not yet been paid.

The recurrent expenditure represented 82.9 percent of annual recurrent appropriations of Kshs 2.75 billion Which was a decrease from 83.8 per cent spent in FY 2015/16. The development expenditure realized an absorption of 42.9 per cent against a total appropriation of Kshs 1.28 billion, a decrease from 51.4 percent reported in FY 2015/16. The Figure 1 below presents expenditure by economic classifications comparisons over FY 2016/17 and FY 2015/16.



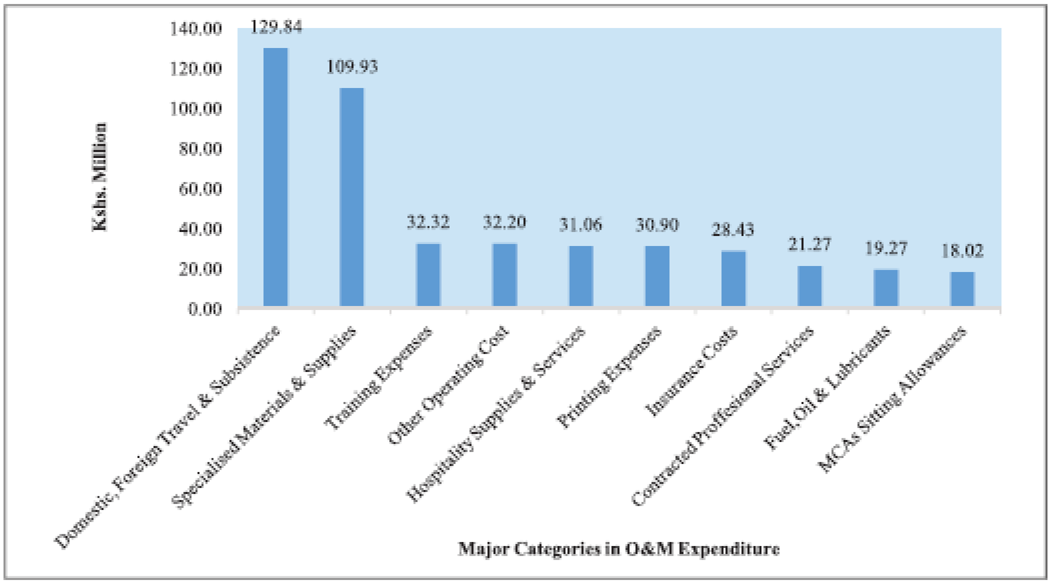
Source: Tharaka Nithi County Treasury

Figure 1: Summary of expenditure by economic classification

The underperformance in expenditure absorption can be attributed to slow procurement processes that the spending departments had to comply with, slow disbursement of funds from exchequer to County Revenue Fund account by the National Treasury, lack of requisite legislations to facilitate disbursements, inadequate staffing both in quantity and quality at the departmental level hence inadequate management and supervision of programmes and projects and finally lengthened campaign period resulting from early campaigns.

Recurrent Expenditure

The total recurrent expenditure of Kshs 2.23 billion comprised of 74.9 per cent (Kshs 1.67 billion) spent on payment of wages and salaries and 25.1 per cent (Kshs 559 million) spent on operations and maintenance. The figure above partly represents this expenditure. The reported expenditure on salaries and wages, being personnel emoluments, represented an increase of 15.2 per cent when compared to similar spending of Kshs 1.45 billion in FY 2015/16. The Figure 2 below shows a summary of expenditure by major classifications.



Source: Tharaka Nithi County Treasury

Figure 2: Summary of recurrent expenditure by category

Included in the recurrent expenditure is Kshs 320 million being amount spent by the County Assembly comprising, inter alia, Kshs 18.02 million sitting allowance for MCAs which averaged to Kshs 60,051 per MCA per month compared to Kshs 124,800 recommended by SRC and Kshs 62.18 million foreign travel.

Development Expenditure

The total development expenditure of Kshs 546.72 million represented 42.9 per cent of total development appropriations of Kshs 1.27 billion for FY 2016/17.

Further analysis of development indicated that the highest expenditure was incurred on maintenance and improvement of feeder roads across the county being Kshs 100.25 million against the budget of Kshs 150 million. Other major projects with significant expenditure included water pipeline rehabilitation and civil works of Kshs 79.21 million, market construction of Kshs 18.40 million, purchase of hospital equipment of Kshs 13.03 million, construction of ECDE classes at Kshs 11.62 million and milk cooler installation of Kshs 10.0 million among others. The Table 2 below shows summary of major expenditure by projects.

Table 2: Development major expenditure projects

S/No.	Project name	Project location	Annual project budget (Kshs.)	Annual project expenditure (Kshs.)	Absorption rate (%)
1	Maintenance and improvement of feeder roads	Countywide	150,000,000	100,250,312	66.8
2	Rehabilitation, maintenance of roads and civil works	Countywide	90,000,000	79,211,675	88
3	Market construction	Countywide	40,000,000	18,395,272	46
4	Other infrastructure project	Countywide	20,000,000	18,174,042	90.9
5	Revenue automation	Countywide	30,000,000	17,737,580	59.1
6	Purchase of hospital equipment	Karingani	14,000,000	13,026,226	93
7	Construction of ECDE classes	Countywide	33,950,000	11,618,480	34.2
8	Milk cooler installation	Upper Zone	10,000,000	10,000,000	100
9	Kathwana Water project	Chuka/ Igambangombe	10,000,000	9,590,000	95.9
10	Marimanti paediatric ward	Marimanti	8,000,000	7,496,424	93.7

Source: Tharaka Nithi County Treasury

The expenditure by department is outlined in the **Annex I**.

Fiscal Balance/Net Position

The net fiscal position of the county was a surplus which was attributed to delayed implementation of projects and late release of funds from exchequer. However, the County Government had taken pre-emptive measures that were targeting to ensure that projects and other payables that were likely to be affected were sufficiently provided for in the proposed budget for 2017-2018 with a provision of a total of Kshs 240 million comprising of Kshs 170 million and Kshs 70 million being provided for development and recurrent pending bills respectively.

Implication of FY 201/17 Fiscal Performance

The performance in the FY 2016/17 affected the financial objectives set out in the County Fiscal Strategy Paper 2016 in the following ways:

i. That the revenue base has changed significantly from Kshs 200 million projected to Kshs 78.57 million realized in FY 2016/17 enough to warrant an adjustment to projected revenues for FY 2017/18 and MTEF;
ii. That low absorption rates by County departments imply that current expenditure ceilings are either too high and need to be adjusted in the next County Fiscal Strategy Paper or re-alignment of spending priorities to better reflect departmental requirements in the proposed budget for FY 2018/19; and
iii. That the expenditure on personnel emoluments should be restricted to 35 per cent of all revenues to the County Government as required by PFM regulations 2015 and appropriate preemptive measures be taken as this will release more fund for development activities.

Given the above deviations, the revision of revenues and expenditure ceilings for FY 2017/18 and FY 2018/19 will be based on the revised macroeconomic assumptions and be affirmed in the County Fiscal

Strategy Paper 2018. The County Government will not deviate from the fiscal responsibility principles stipulated in Section 107 of the PFM Act 2012 but will make appropriate modification to the financial objectives to be contained in the CFSP to reflect the changed circumstances.

Section III: Recent Economic Developments and Outlook

This section is divided into three subsections that covers recent economic development, medium term fiscal framework and risks to the outlook. The section outlines and discusses assessed prospects for growth and an analysis of the recent economic development.

Recent Economic Developments

The macroeconomic environment has continued to improve despite the pro-longed campaign period which affected the second half of the financial year. The forecasts of the near future indicate that macroeconomic outlook will remain favourable with an overall GDP growth of 6.2 per cent in 2018, an increase from 5.8 per cent forecast for 2017. The inflation rate and interest rates are expected to remain relatively stable of the MTEF.

Back home, Tharaka Nithi, the expansive macroeconomic indicators depict a stable growth in the county economy driven by relatively stable food prices, fuel prices and conducive environment for doing business. The county government has continued to invest in improving productivity and competitiveness of county's agricultural produce through emphasis on value addition and increasing acreage under irrigation; continued support to SMEs through financial skill development and protectionist legislations; continued investment in water resource and development of infrastructural projects that support and boost trade; boosting food security for improved nutrition; and improved governance including public participation, operational efficiency and sealing revenue leakages. Generally, the county mainly expects macroeconomic stability characterized by low-moderate inflation rates and stable interest rates.

Overview of recent developments

The symbiotic economic relationship between the county governments and national government implies that economic developments in the national economy has direct effects on the economic activities in the county economy as evidenced by the revenue streams, expenditure priorities and spending patterns. Therefore, it is critical for the county government to be concerned with economic development in the National economy.

The Kenya's economy has over the last three (3) years maintained an economic growth above 5.5 per cent despite the electioneering period. In 2016 the GDP growth was 5.8 per cent compared to the revised growth of 5.7 per cent forecasted in 2015. The forecasted GDP growth for 2017 and 2018 is 5.8 and 6.2 per cent respectively. The growth was well spread across the sectors of the economy with agriculture and manufacturing recording the best growth of 5.7 and 6.2 percent respectively. Food services and accommodation registered the improved growth with 13.3 per cent while mining, construction, real estate and financial and insurance sectors registered the most notable slowdowns in growth.

The key macroeconomic indicators remained fairly stable in 2016 and first half of 2017. The average annual inflation was within 6.3 per cent target. However, month-on-month inflation declined from 8.0 per cent in December 2015 to 7.8 per cent in 2016. This slowdown was attributed to sustain declined in prices of fuel, gas and electricity as indicated by the Transport Index. Additionally, the data from KNBS also indicate that inflation increased from 7.0 per cent in January 2017 to 9.0 per cent in February 2017 on account of rising food and electricity prices.

The Kenya Shilling reported a strong position against the major currencies with relatively low volatility. The performance was even stronger in October 2016 when the Kenya Shilling gained 1.4 per cent against the US Dollar. Stability of the Kenya Shillings reflects strengthening foreign trade characterized by improved export earnings from agricultural produce such tea and horticulture, a reduction on net imports, improved tourism performance and increased diaspora remittances.

The interest rates have remained relatively low due to improved liquidity conditions in the money markets as well as recently introduced interest capping which has remained at 10.0 base lending rate. The interbank rate declined with 800 basis points from 4.9 per cent to 4.1 per cent in the month of September and October 2016 respectively. The 91-day Treasury bill yield rate declined from 8.1 per cent to 7.8 per cent over the same period. The annual average lending rates which had increased to 17.7 per cent in August 2016 from 15.7 per cent in August 2015 declined to 14.0 per cent in 2017 following enactment of Banking Act (Amendment), 2015 and forthwith capping of interest rates to 4.0 per cent points from base interest rate. Similarly, the annualized rate on deposits has decreased from 6.9 per cent in August 2015 to 6.1 per cent in August 2016.

The favourable growth of the national economy with inflation within target, low interest regime and stable and strengthening Kenya shilling exchange rate reflects good prospects for both the national and county economies. The county is expected to experience increased demand for agricultural produce as well as investment opportunities leading to increased economic activities. More investments as a result of favourable macroeconomic conditions are expected to yield more job opportunities that will benefit the youth, women and people with disabilities seeking jobs in the labour market. The county government will also continue to provide suitable business environment to attract investments by investing in infrastructure expansion and rationalizing taxes and policies thus ensuring conducive environment for doing business

The stable and expansive macroeconomic environment at the national economy is expected to yield enhanced revenue performance to the county government through increased shareable domestic revenue and revamped county economy will have increased collections on county own revenue (CORe). This means that the county government will have increased resources to be used in implementing strategic interventions.

Medium Term Fiscal Framework

The macroeconomic stability experienced in 2015 has spilled into the better part of 2016 and is likely to continue to the rest of the year. Macroeconomic stability has been supported by a projected stable low inflation, moderate interest rates, increasing private and government spending, and a possible restraint in domestic government borrowing. Improvement in the investment climate, coupled with further structural and legal reforms are expected to improve competitiveness of the private sector and promote overall productivity in the economy.

The County Government has the fiscal policy of maintaining a zero-fiscal balance. In this regard, FY 2016/17 posited a performance without budget deficit and in compliance with recommendation from the National Treasury for counties to ensure that total planned expenditures equal total expected revenues.

In 2016/17, the ratio of development to recurrent expenditure was 34.5 percent to 65.5 percent respectively. This meant that there are little funds allocated for development which can be used for efficient and productive purposes in the county. More funds are required for infrastructure development, water and irrigation, garbage management and quality service delivery among others so as to meet the desired county development targets as envisioned in the CIDP. This huge wage-bill the county labour leaves little allocation towards county endeavors thus curtailing achievement of key targets. The ballooning wage bill has hampered delivery of quality public services and it has led to reduced capital investment. Through this paper, policy suggestions that can be implemented in the short to medium term, in order to tame the rising wage-bill include: review of recruitment practices, freeze on employment and streamlining payroll and control systems (cleaning of payroll) in the county.

The increasing National Government debt has a negative effect both on short and long-term economic growth and development in both the national and county governments. Current, county debt has no registered commercial loans but accruing debts to suppliers of goods and services exceeding Kshs 1.01 billion continues to be great threat to the county fiscal stance. These pending bills have effect on current and future capital investment and service delivery in the county. Substantial resources meant for efficient and productive purposes have to be committed repayment of these pending bills over the years as negotiated with suppliers.

SECTION III: RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

The County Government of Tharaka Nithi has a focus on quality and growth strategies to ensure that the way of life of its residents is improved. The administration has ensured that it consistently maintains a more than 30% development budget threshold recommended by the PFM Act, 2012 to supported direct growth to towns, market centers and rural areas in all 15 wards. This strategy has been effective in realizing greater and balanced benefits for our revamped, almost rural, macroeconomic environment for our County.

Kenya has invested in numerous corridors to promote trade and development. Tharaka Nithi has mirrored the efforts of the national government by continuous improvement of transport infrastructure that connect major towns and incentivized new development to build up along these roads. Although the county government has a key target on access roads, feeder roads and opening of new rural in-roads it is important to note that big picture is have universal development which is inclusive and non-discriminative. This robust countywide strategy includes improvement of elements such as social amenities and accessibility across sub-counties, towns and wards for purposes of ensuring benefits are shared and that urban sprawl is controlled where towns are growing at an impressive rate.

In addition to applying this strategy to all departments in the county, the administration addresses challenges that arise. For instance, the labor challenges within the department of health will continue to be addressed through the concerted efforts from departments of County Treasury, Health and Public Service.

Recent Economic Developments

Tharaka Nithi County continues to benefit from various policies that have been presented during the 2016/17-2019/20 MTEF period. Earlier this year, stable inflation was attributed as a cause of improved economic prospects. The county has utilized this steady economic environment despite currency depreciation challenges expected to carry to on the third quarter of 2018.

Fortunately, priorities that were set in the 2016/17 CFSP anticipated the unsteady effects that are now being witnessed. Development of agendas is therefore faster in the county, in comparison to neighboring counties. Education programmes supporting the recruitment of teachers across all the wards stands to improve the quality of early childhood education. Distribution of learning materials and text books for the new curriculum are expected to lead to improved performance all primary and secondary institutions.

The household and economic survey show that investments in the infrastructure, agriculture and education sectors have contributed to improved socio-economic wellbeing of the county. The heavy infrastructural spending fuels Kenya's production space and future growth is considered to lender short-term to medium-term macroeconomic framework vulnerable. The county government understands the important roles played by our National leaders elected from Tharaka Nithi and through their concerted efforts, lobbying and spirited determination this county can be able to allure some of these infrastructural developments.

The table below summarizes the first quarter GDP rates since 2011. GDP is an important indicator of expected economic growth which is a driving factor in revenue determination for the government. Consequently, county governments have an obligation to follow this indicator in determining their revenue projections.

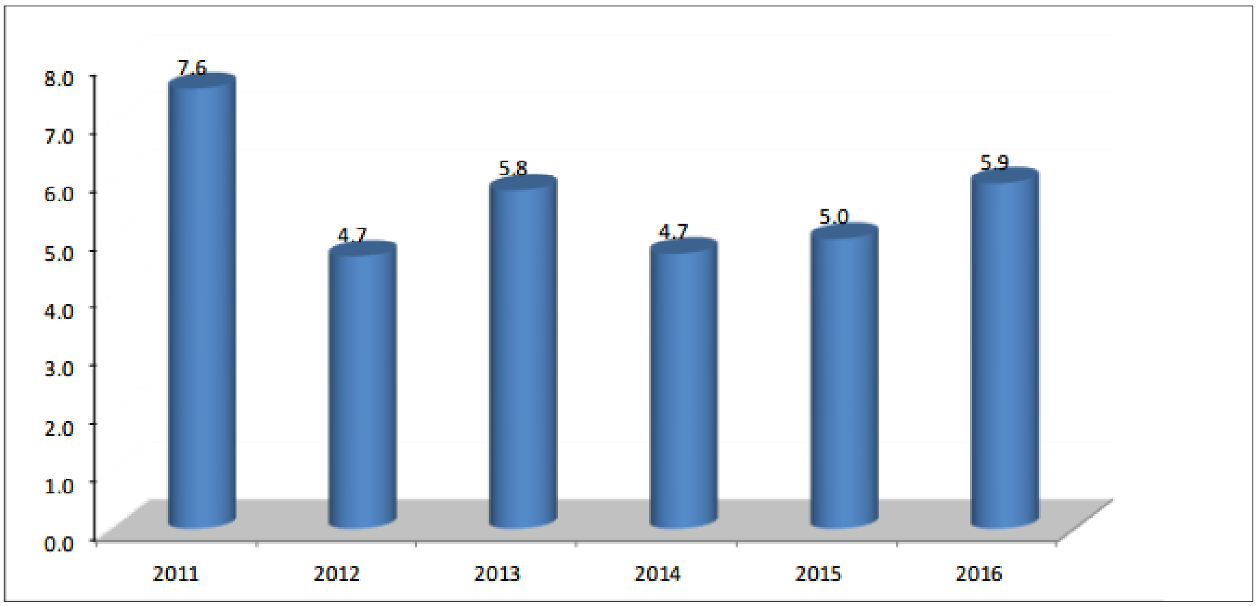


Figure 3: GDP growth 2011-2016

The County Government has increased its investment in flagship projects with long term impact as a way of ensuring sustained development. In this regard, CG has stayed on course in the construction of County Headquarters at Kathwana which is expected to be completed within two years with the funding being spread across the same period. Counter-part funding which includes conditional grants, conditional loans, donor funding, community partnership, PPP and other forms of concessionary agreements was considered in the development of the 2017/18 budget, especially for energy and ICT programmes supported by the Rural Electrification Authority.

Overview of Recent Developments

Several reports have recognized the considerable progress made by the county governments in implementing constitutional and legal provisions for transparency, accountability and public participation since 2013. H.E Muthomi Njuki has prioritized the setting up of structures and systems that will uphold public participation and advocate for development that is citizen focused.

The county takes pride in going beyond the threshold requirements to adopt innovative initiatives to engage citizen which include use of social and printed media to ensure that information necessary for decisions and opinions is available to all. Despite the high cost of participation, the County, led by the County Treasury has made progress on improving county awareness of ongoing matters of concern. The ongoing partnership with Plan International and USAID – AHADI and World Bank, the CG has developed administrative capacity and training staff implementing participatory governance and progress which has yielded impressive results during the past financial year. The United Nations Development Program has also offered its support through provision of volunteers for monitoring and evaluation and public finance management through its devolution initiative program that will run to 2018.

The county embarked on extensive opening, grading and gravelling of roads making the roads and infrastructure department the largest spender in two years running, the FY 2015/16-2016/17. The County Government through the docket in charge of infrastructure development improved accessibility by grading 780 kilometers, gravelling 50 kilometers and constructed several footbridges and drifts**.** The county government has gone further to carry out a monitoring and evaluation exercise of these and more county projects to ensure the delivery of these projects in terms of quality and timing is guaranteed. This has greatly improved accessibility to health facilities, ECD centers and schools, market places and work places and conclusively improved the business running environment in the County.

The Department of Physical Planning, Lands, Energy and ICT in collaboration with Rural Electrification Authority increased electricity connectivity within the county by supporting the national urban electrification project, which seeks to bring light to urban areas throughout the country. The towns of Chuka and Chogoria have benefited from the program, which is also set to roll out in Kathwana, Tharaka Nithi County administrative capital. Kenya targets a nationwide target of 70% connectivity; 37% of the country is connected to the electricity grid. The partnership with the national government to provide street lights throughout urban centers in the county has been underway during 2016.

Embracing a comprehensive health strategy targeting to improve patients' experiences in every health facilities has been a daunting but satisfying undertaking for Tharaka Nithi. Continuous consultations with workers union to minimize occurrences of perpetual strikes by health workers, purchasing and maintaining hospital equipment, vaccine store establishment, construction and refurbishment of dispensaries, improving access to facilities is nonetheless a surmounting undertaking and the county government is ready for it. Generally, the health department had a funding slightly exceeding a billion shillings and with direct funding to facilities in the year under review being approximately Kshs 46 million. All the health listed institutions from the 15 wards share resources allocated equitably ensuring that all communities are fairly represented in the distribution of development expenditure. This was proposed in the Fiscal Strategy 2016/17 and has been upheld. Provision for utilities such as non-pharmaceuticals, chemicals and gases, drugs, food and rations have been factored and continue to be a leading priority.

The County Government has been addressing the major challenge of accessibility to safe water for domestic purposes and irrigation. The County government has emphasized on a sustainable mission to connect all households to a water point. Purchase and supply of water pipes to communities, construction of water storage tanks, intakes and boreholes that can serve two or three communities simultaneously was started in 2016/17. For public schools, community base organizations such as HopeCore have been major supporters of water storage tanks and by extension supported the health department's sanitation and hygiene initiatives.

Agriculture is the highest contributor to the county economy; the sector benefited from efforts in the lower and upper zones supporting fish farming, disease surveillance, vaccination, milk cooling and cereal production. Quality and affordable equipment that supports over 60% of the farming population purchased by the county 2017.

During FY 2016/17, the county successfully distributed free certified seeds worth in excess of Kshs. 5 million, delivered subsidized fertilizers that are sold at various cooperative societies, trained farmers on strategic agri-business practices and facilitation of logistical training for hard-to-reach farming areas through collaboration.

Fish farming has also been encouraged in learning institutions to supplement meals to pupils, due to the unwavering efforts of the non-governmental organizations that visit and directly support the county. The county has identified fish as an affordable means of improving the nutritional levels of residents and has popularized the consumption of fish. During FY 2017/18, Kshs 19 million was allocated to the construction of more fish ponds, restocking and purchase of feeds for farming and supporting the Kinondoni trout hatchery located at Chogoria for trout fish. Alternative revenue sources in agriculture continue to be sought.

The county has established ECDE centres in over 90% of the primary schools that are registered in the County. Through the Department of Education, Culture, Social Services and Youth Development, established programmes also include hiring of 450 ECDE teachers and plans are underway to identify and support schools that have not benefitted from the ECDE class construction initiative. The department will continue to manage the bursary which will support many needy and intelligent students in secondary schools and colleges. The 18 polytechnics that are in the three constituencies – Maara, Igambang'ombe and Tharaka - will received funding in 2016/17 to facilitate training equipment purchase, renovation of structures, teaching material and dormitory construction.

Talent search/cultural education, tree planting and tourism branding are leading development projects that shall be undertaken by the Department of Tourism, Environment, Natural Resources and Water Services during 2016/17. In addition, CG has embarked in aggressive strategy that focuses on construction and branding of tourism sites and tourism niche markets.

During the FY 2016/17 the CG established a tree nursery at Mutonga River and embarked on tree planting/greening programme targeting schools, hillsides, highways and even private farmlands. This site was supported during 2016/17 and will receive additional support during the FY 2018/19. Tharaka Nithi will continue to be a regional leader in agro-forestry, afforestation and environmental conservation. Tourist sites on waterfalls and rivers have also been considered and are likely to be taken up in the years to come as development projects supporting local employment and the county's popularity in Kenya.

In Public Service, the implementation of Capacity and Rationalization of Public Service Report, Report on Job Evaluation and Tharaka Nithi Staff Audit Report will review contracts, salaries and benefits for the County workers in accordance with Article 230 of the Constitution, recommendations by County Public Service Board, recommendations by SRC and any other relevant law.

The Department of Trade, Cooperatives and Industry has achieved the following since the establishment of the devolved units: it led the establishment of the Tharaka Nithi County Staff SACCO, re-organized the Tharaka Nithi County Cereals Marketing Cooperative Union, developed Tharaka Nithi Trade Loans Act, drafted a bill establishing Tharaka Nithi County Investment and Development Corporation which will be county's investment vehicle and will provide the CG with legal framework for Public Private Partnership (PPP). The Department also rehabilitated seventeen markets across the County with Kathwana and Kaanwa markets nearly completion and constructed stage sheds throughout the county, supporting boda-boda operators and the public transport system.

Lessons from 2016/17 Budget Implementation

The County Government continues to address challenges that affect resources mobilization for planned programmes. Fostering the establishment of new systems that support County Own Revenue (CORe) through improved aggressive revenue collection systems is one of the leading projects that will assist in the reduced dependence on allocations provided by the National Government. Improved compliance to donor and/or grant funding requirements has continued to increase funds available for implementation of programmes as projected in the FY 2017/18 budget.

Review of taxes, rates and fees as proposed in the Finance Bill 2017 has initiated widening the revenue base as part of considerations factored in the process of improving CORe, due to the increasing demand for infrastructure development, limited borrowing and other fiscal responsibilities that the county is currently facing.

In order to minimize the possibility of slowed implementation of budgeted programmes and projects as well penalties associated with late submissions statutory deductions, the County Government of Tharaka Nithi urges timely disbursement of equitable sharing of revenues raised nationally to county governments, in line with the Commission on Revenue Allocation (CRA) to close vertical fiscal imbalance, improved fiscal conditions and support of county fiscal objectives.

The CG has rectified anomalies highlighted in FY 2016/17 budget process through engaging relevant government agencies including the Office of Controller of Budget, Commission on Revenue Allocation, Council of Governors and National Treasury.

The process of FY 2017/18 budget implementation can be said to be in progress and bound to improve the management of county resources and operations in comparison to that in 2016/17. In retrospect, the county managed emergency situations satisfactorily during the past fiscal year. However, improved resource allocation towards unforeseen circumstances and temporary need to be increased to feasible amount.

County Economic Outlook and Policies

International, National finance and economic reports review the importance of the improved relations between governments, better fiscal balance and management of economic disparities. County Government of Tharaka Nithi will continue to invest in its readily available resources to improve food security, infrastructure, security, trade, social and health services for its residents through stringent control of projects and nationally-promoted initiatives. The CG has identified the time line as one major factor affecting oversight and management of fiscal policies set annually for the control of current status of projects to align with national priorities. This is especially true during the process of determining current year to date (YTD) and last annual estimate (LAE) in the supplementary budget.

In addition, the CG's focus on further devolution of services is projected to yield results in the medium term due to the well estimated sector ceilings and resource envelope consideration

The County Government of Tharaka Nithi fiscal policy and budget framework has been designed to promote trade agreements, cross-border infrastructure developments and promotion of products of the county in other counties. Periodic reports indicate that this has been achieved through collaborative activities with neighboring counties as well as participative approach in national economic policies and events with stakeholders such as the National Treasury, Public Sector Accounting Standards Board (PSASB) and the recommendations that they share.

The level of development and expenditure needs are factors witnessing growth in the county.

This means that the annual budgets will reflect this through various indicators that were used to arrive at the figures therein. In comparison to a similar period in 2016, real GDP growth for Quarter 1 2017 is 5.5%. However, inflation rose to 7.7%; and is expected to generate shocks due to changes in the global currency markets.

Medium Term Fiscal Framework

Our prudent fiscal policy objectives are derived from Section 36 of the Public Finance Act, which provides guidelines on how to prepare medium term budgets, performance reviews, timeline and framework. The policies support economic agendas of the county, while allowing for implementation of the Governor's manifesto within sustainable public finances and allow for social inclusion during decision making.

During the first quarter of FY 2017-18, the County Government has embarked on the process of automating the Local revenue collection. The county is finalizing automation of revenue collection points to ensure accountability and efficiency within the Revenue docket. The county is also in the process of streamlining tax to simplify and modernize them as will be indicated in the FY 2016/17 Budget Statement.

As a County we do recognize the vast natural resources at our disposal. Our County Government is engaging with stakeholders to develop a comprehensive policy and legislative framework covering ways of attracting investors, licensing, mapping revenue sources, taxation and sustainable use of the resources. This will ensure that we derive maximum benefit from these natural resources.

On the expenditure side, the County Government will continue with rationalization of expenditure to improve efficiency and reduce wastage. Expenditure management will be strengthened with implementation of the Integrated Financial Management Information System (IFMIS) and Internet Banking (IB) across departments and subsequently at the sub county level following decentralization. Above all, the Public Finance Management Act, 2012 is expected to accelerate reforms in expenditure management.

Risks to Tharaka Nithi's Economic Outlook for 2017-18

Although the Tharaka Nithi County economy has exhibited a resilient growth trend, it is still vulnerable to shocks emanating from macro environment affecting the larger national economy. The continued interventions in the economy by the Central Bank and National Treasury through modified macroeconomic policies, austerity expenditure measures, revamped revenue raising strategies and investment in mega infrastructure projects will have significant effect on the performance of county's key sectors.

The following key risk factors are likely to have an impact on the performance of the county economy;

External risks:

Country Risk: Tharaka Nithi County is likely to be affected by the combined risks associated with investing in Kenya:

Political risk: the repeat election of October 2017 has culminated to financial uncertainty in the current financial year. The countries that Kenya benchmarks its country risk – USA, South Africa, Nigeria and the countries within the East African Communities – have considered the long term repercussions of the political climate in the country and will remain so for the foreseeable future. Similarly, CGTN is prone to dynamics in the political arena within the country and the prolonged electioneering period has affected both fiscal position of the county and project implementation.

Sovereign and Exchange rate risk: The continued weakening of Kenyan Shilling against the dollar will negatively affect dollar denominated imports and dollar-based loans. . An increase in the costs of farm inputs and machinery which are generally imported is expected to be higher than current market rate, however, Tharaka Nithi County will buffer this by provision of subsidized inputs to farmers. Coffee, tea and grain farmers are likely to reap big from export trade though the structural high prices might not be sustainable and raise ***liquidity risk***, which it has regulated since 2015/16. The adjustment of base lending rates for inter-bank lending by Central Bank as resulted in rising interest rates thus high cost of doing business. However, the interventions by the Central Bank and National Treasury targeting both monetary and fiscal policies will guarantee stable business environment characterized with stable inflation rate, exchange rate and moderate interest rates.

The vulnerability of the Kenya's macroeconomic stability to the external shocks resulting from the current high deficit which is 5.5 percent of GDP has effect on sustained economic growth. In this regard, low country's economic growth will have a negative impact of the growth of the counties especially on creation of jobs, wealth and sustainable development.

Business Risks

Public expenditure pressures originating from recurrent expenditures being driven by enormous wage bill pose serious fiscal risks. The runaway pending bills and other commitments (Kshs.275 million) are expected drain resources available for programmes and projects scheduled for this FY 2016/17. During 2017/18, some key projects had been registered during the finance department's annual monitoring exercise. County residents have realized the benefits of the implementation of these projects through the introduction of tertiary education and the popularization of entrepreneurship among youth.

Agriculture will remain the main driver of the county economy for the foreseeable future. However it faces unreliable weather patterns, poor post-harvest handling practices and lack of commercialization. The CG has embarked on transformative strategy that target to rely down appropriate structures to address overreliance on rain fed production, reduce post-harvest loses, link farmers to markets through future contracts and partnerships to offer comprehensive extension services.

The county is aware of all potential risks and will take appropriate measures to safeguard the stability of the county economy. This is a continuous effort and will require additional support from the national government through the establishment of county policies supplementing efforts currently underway to shield the population from uncertainty over the medium term i.e. 2018/19.

SECTION IV: RESOURCE ALLOCATION FRAMEWORK

This section sets out how the County Government intends to spend within its budget line. It establishes the total revenues it expects to raise during the period under review, and then allocates these across the County Government departments by setting expenditure limits or ceilings for each government department. It has the following sub-sections as discussed below:

a) Adjustment to the proposed (2017-2018) budget;
b) The medium term expenditure framework up until 2019/2020FY;
c) Proposed (2018-2019) budget framework; and
d) Projected fiscal balance and likely financing.

Adjustment to the proposed 2016/17 Budget

Considering the developments outlined earlier during the first quarter of 2017/18 and the changes in the outlook discussed: the volatility of Kenyan shilling, high interest rates and slower economic growth, we expect the changing microeconomic environment to affect negatively the implementation of FY 2017/18 budgets.

Although the CG as a fiscal responsibility to ensure the recurrent expenditure does not exceed 70 percent in the medium term, the increasing recurrent expenditure pressures, especially rising wage bill, pose a serious fiscal risk in event the revenues are not realized in full. Wage pressures, establishment of devolved units at ward and village levels, structural reforms proposed in rationalization report and implementation of Constitution in governance on participation and civil education may limit the level of funding for development programmes.

Adjustments to the 2017/18 budget will take into account actual performance of department so far and absorption capacity in the previous financial year 2016/17. In addition, the review will also address the pending accounts payables for goods and services rendered and brought forward from FY 2016/17 ending 30th June, 2017.

Further, the basis for adjustment will take into the consideration resource constraints such that the CG will rationalize expenditures by cutting on non-priority areas. Additionally, the CG will require the departments to spread the planned expenditure in adherence to the departmental work plans and procurement plans, according to the PPRA regulations. The reason for slowing down or reprioritizing development expenditures is to ensure that the Government lives within its means or available resource envelope. Utilization of contingencies/ emergency funds and other funds established in the FY 2016/17 budget will be within the criteria specified in the PFMA, 2012.

Medium-Term Expenditure Framework

As a way forward, medium term expenditure framework (MTEF) will refocus expenditure on priority sectors by reducing non-priority expenditures in remaining

MTEF budgets. The revised County Integrated Development Plan (2013-2017) will be used to guide identification of investment programmes and projects by departments as well as guaranteeing regional distribution balance in terms of capital investment projects. Therefore, it is important to note the only projects and programmes to be funded in the MTEF 2015/16-2018/19 are those captured in the CIDP 2017-22. Meanwhile, the resource allocation will be based on Annual Development Plan 2017/18 which will be submitted to the county assembly for approval within the course of FY 2017/18.

The education and health social sectors - early childhood education, vocational training and health - will continue to receive adequate resources. Both sectors are already receiving a significant share of resources in the budget and are required to utilize the allocated resources more efficiently to generate fiscal space to accommodate other strategic interventions in their sectors as is evident in the 2017/18 County Approved Budget.

On improving infrastructure the CG will commit a substantial share of resources targeting physical infrastructures, such as roads, energy, water and irrigation. The funding to these sectors will increase interconnectivity, communication, reliable and affordable energy, as well as increased access to clean domestic water and irrigation water.

The CG will also finalize flagship projects in Roads, Lands, ICT, Housing, Industry, Culture, Youth Development, Physical Planning and Cooperative Development where they have been previously underfunded. Particularly, the CG is in the process of developing an integrated spatial plan, GIS lab, housing units at Kathwana for county employees and development of stadia at strategic points to engage our youth constructively.

The proposed budget framework for FY 2018/19

The proposed budget FY 2018/19 will be rolled out on the background of updated medium term framework and outlook with expenditure ceilings for the department being proposed in the County Fiscal Strategy Paper 2017 to be released in February 2018. In addition, the general macroeconomic condition for the county is expected to be stable synonymous to the overarching country macroeconomic environment. Therefore, the envisioned resource envelope and expenditure outlook will be based on inflation rate, exchange rate, interest rate and other macroeconomic conditions which are all considered generally stable.

Revenue Projections for MTEF 2017/18-2019/2020

The projected budget for FY 2018/19 targets a total resource envelop of Kshs 4.6 billion comprising of an equitable share of Kshs 3.68 billion, county own revenue (CORe) of Kshs 179 million and grants of Kshs 445 million, up from 141 million projected during 2016/17 FY. The MTEF fiscal requirement of Kshs 11.18 billion is targeted for in the three (3) year MTEF period (2017/18-2019/2020).

The county revenue is expected to remain relatively stable with standard variation of less than Kshs 21 million from the mean of Kshs 179 million adopted for the MTEF is approximately 6 percent of total county revenue. However, this fiscal performance on CORe will be a drop against the 7-9 percent projected in the medium term according to County Budget Review and Outlook Paper 2016. The Kshs.179 million CORe includes Appropriations – In – Aid (AIA) of Kshs 62 million on average targeted in the medium term from three (3) level four hospitals (Magutuni, Marimanti, Kibung'a) and our County Referral Hospital at Chuka.

On the other hand, the revenue resources from grants and equitable share of domestic resources as allocated by the National Government are expected to increase significantly over the MTEF period. The increase in equitable share will be derived by larger audited national government budget accounts, review of policies on sharing formula, and increasing pressures by the Council of Governors to have the National Government devolve more functions to county governments. The increase in both conditional grants and non-conditional grants will be based on increasing and strengthening capacity of CG to mobilize stakeholder resources in support of the development agenda envisioned by the CG.

The County Treasury has continued to focus extensively on instituting structural reforms aiming at rationalization of revenue collection procedures, harmonizing revenue laws and policies, as well as fiscal reforms targeting optimization of personnel costs, operation costs and minimizing financial wastages. Therefore, the planned acquisition and implementation of electronic revenue system in FY 2017/18 will ensure that the CG realizes the revenue target of Kshs179 million against the actual revenue collection of Kshs 78.57million in FY 2016/17.

Expenditure Forecasts for FY 2018/19

The current 2017-18 FY budget has a total forecasted expenditure of Kshs.4.6 billion and projected total expenditure of Kshs.11.2 billion in the MTEF period. The projected expenditure for FY 2018/19 is Kshs.4.13 billion. The recurrent expenditure is estimated at Kshs 3.0 billion, Kshs 2.8 billion and Kshs.3.1 billion for FY 2017/18, FY 2018/19 and FY 2019/20 respectively. The expenditure pressures from wage bill and operations costs are the major drivers for the MTEF period. The increasing demand for crucial qualified skills including civil engineers, architects, accountants, lawyers, and economists among others has been on rise and will continue to push the wage higher as the departments try to fill their capacities. However, the County Treasury is advising on staff rationalization with a possibility of reducing the number of redundant staff.

The capital expenditure for FY 2017/18 is Kshs1.48 billion compared to Kshs 1.3 billion and Kshs 1.5 billion anticipated in FY 2018/19 and 2019/20 respectively. The major focus of development will be on infrastructure including rural roads, water infrastructure, electricity and urban infrastructures. However, the county anticipates investing substantially in the medium term on school infrastructure such construction of ECD classes in 410 centres across the county with each centre having at least two classes. The total investment in ECD classes will exceed Kshs 600 million in the medium term with a class costing Kshs 500,000 on average. The CG will continue to foster stronger public-private partnerships (PPP) in the medium term with increased financing of projects and programmes from private investors.

Recurrent vs Development Budget Expenditure

The FY 2018/19 budget targets a recurrent expenditure of Kshs 2.8 billion against Kshs 3.0 billion Expended in FY 2016/17. This recurrent expenditure represents 70.0 percent of total budgeted expenditure compared to 67 percent targeted FY 2016/17. However, the proportion of the recurrent expenditure to total targeted expenditure is expected to drop to 55 percent over the medium term as the fiscal measures capping on recurrent expenditure take effect.

The development expenditure targeted for FY 2018/19 is Kshs.1.30 billion which represent 32 percent of total expenditure. This is expected to increase to Kshs 1.6 billion and Kshs 1.8 billion in FY 2019/20 and 2020/21 respectively representing 45 percent of the total budgeted expenditure in the medium term. These proportions of recurrent and development expenditures indicate that the CG is compliant with PFM Act, 2012 requirement that the development expenditure shall not be lower than 30 percent in the medium term. The development ratio will be strengthened further in the medium term by anticipated rationalization of expenditure, improved development policies and overall *efficiency* in service delivery.

Debt Obligations

The county has no planned external debt obligations. However, bills payable from FY 2016/17 of Kshs 275 million will be fully provided for in the supplementary budget for FY 2017/18. Therefore, there are no major events that are likely to impact negatively on CG debt position and credibility.

Wage bill

The CG spent a total of Kshs 1.82 billion as compensation to employees and related benefits in the FY 2016/17 which represents 45.2 percent of total expenditure by the CG. When compared to previous FY 2015/16 the amount spent on wages and salaries represent 42.2 percent increase from Kshs 1.4 billion. This is against the fiscal responsibility principles as stated in PFM Act, 2012 Section 107(2)(c) which indicates that the expenditure on wages and benefits for CG shall not exceed a percentage of the total revenue as prescribed in the regulations. The rate normally adopted by government is 35 percent of total revenues for the CG.

Despite this, County Government has anticipated to employ an additional 410 ECDE care givers, polytechnic tutors and additional technical staff in all the departments in the FY 2017/18. Also targeted for hiring are additional health personnel to ensure that our health facilities are adequately staffed especially the primary care facilities. As a result, the proposed budget for FY 2018/19 targets a wage bill of Kshs 1.8 billion with the increase attributable to expected new staffs, promotions and confirmation of employees on either probation or contract to permanent terms. ***Therefore, it is important to reiterate that the ever growing wage bill is detrimental to development prospects of CG and the recommendations from SRC on Capacity Assessment and Rationalization, CPSB Human Resource audit and Human Resource Headcount reports should be adopted and implemented in full.***

Expenditure Ceilings

The expenditure ceilings for the county departments shall be outlined in the County Fiscal Strategy Paper 2018 published in February 20178and will have to be strictly followed. However, the departments are advised to consider guidance provided in the Annual Development Plan as the basis of establishing the preliminary ceilings.

Projected fiscal Balance (deficit) and likely financing

The county governments are required to maintain a balanced budget in the medium term. Therefore, the CG has complied with this advisory by the National Treasury and has maintained a planned expenditure equal to the planned total revenue. However, technical deficits arise especially where there is under collection of own revenue, delay by the national government to release all monies allocated to the county governments before 30th June and donor funds not received before the end of a financial year.

SECTION V: CONCLUSION

The review of implementation of FY 2016/17 budget shows that the fiscal outcome coupled with updated macroeconomic forecast advises the need for review of the financial objectives for FY 2017/18. Therefore, the reviewed expenditures reflect the real circumstances that surrounded the implementation of FY 2016/18 budget and are broadly within the fiscal responsibility principles outlined in the PFM Act, 2012, Section 107(2). The fiscal outcomes are also consistent with the national financial objectives as outlined in relevant policy documents and various legislations including the Constitution of Kenya, County Government Act, 2010, PFM Act, 2012 and PFM Regulations 2015.

The CG is devoted to ensuring services delivered are aligned to specific needs of our communities. In doing so, the CG will endeavor to mobilize more resources through innovative and enhanced revenue collection mechanisms, embracing private-public partnership and creation of a conducive environment for business to thrive. This will be achieved through equity and fairness in distribution of resources and prioritization of development based on thematic approach for a particular financial year.

Finally, the CG needs to adopt a strong human resource policy for the county to cap the escalating wage bill in order to ensure sustainable development.

ANNEXURES

THARAKA NITHI COUNTY

DEVELOPMENT EXPENDITURE SUMMARY FOR FY 2016/17

DEPARTMENT	REVISED ESTIMATES	Cumulative Expenditure	% Absorption
Agriculture, Livestock, Veterinary and Fisheries Development	72,775,000	27,468,023	37.7%
Education, Social Services, Culture and Sports	73,500,000	17,266,060	23.5%
Finance and Economic Planning	146,880,000	67,392,799	45.9%
Health Services	104,300,000	46,296,389	44.4%
Lands, Physical Planning, Energy and ICT	31,000,000	2,279,000	7.4%
Public Service, Urban Development and Disaster Management	71,000,000	11,949,908	16.8%
Roads, Infrastructure, Housing, Public Works and Legal Affairs	448,000,000	288,125,849	64.3%
Tourism Development and Promotion	12,500,000	7,543,326	60.3%
Trade, Industry and Cooperatives	88,000,000	21,895,272	24.9%
Water Services and Irrigation	148,000,000	56,499,628	38.2%
Grand Total	**1,195,955,000**	**546,716,254**	**45.71%**

THARAKA NITHI COUNTY

RECURRENT EXPENDITURE SUMMARY FOR FY 2016/17

DEPARTMENT	Revised Estimates FY 2016/17	Total Expenditure	Percentage Absorption
Agriculture, Livestock and Fisheries Development	204,181,555	183,527,393	89.9%
County Public Service Board	30,362,084	17,214,582	56.7%
Education, Social Services, Culture and Sports	165,290,224	149,842,488	90.7%
Finance and Economic Planning	335,316,751	195,824,789	58.4%
HEALTH SERVICES	992,164,865	927,731,279	93.5%
Lands, Physical Planning, Energy and ICT	56,027,193	40,118,583	71.6%
Office of the Governor and Deputy Governor	188,116,749	149,090,796	79.3%
Public Service and Urban Development	168,535,334	124,611,530	73.9%
Roads, Infrastructure, Public Works and Legal Affairs	73,939,643	43,774,627	59.2%
Tourism Development and Promotion	48,754,200	51,673,106	106.0%
TRADE, INDUSTRY AND COOPERATIVES	45,441,626	24,959,612	54.9%
Water Services and Irrigation	8,920,000	1,036,500	11.6%
Grand Total	**2,317,050,224**	**1,909,405,285**	**82.4%**

THARAKA NITHI COUNTY

RECURRENT EXPENDITURE SUMMARY FOR FY 2016/17

Economic Item & Title	Revised Estimates FY 2016/17	Total Expenditure	Percentage Absorption
2110100 Basic Salaries - Permanent Employees	747,554,114	871,403,942	116.6%
2110300 Personal Allowance - Paid as Part of Salary	586,613,803	586,840,755	100.0%

2120100 Employer Contributions to Compulsory National Social Security Schemes	6,805,000	6,500,000	95.5%
2120300 Employer Contributions to Social Benefit Schemes Outside Government	30,880,692	30,245,562	97.9%
2210100 Utilities Supplies and Services	21,198,260	8,910,620	42.0%
2210200 Communication, Supplies and Services	15,868,991	4,385,368	27.6%
2210300 Domestic Travel and Subsistence, and Other Transportation Costs	108,478,400	51,507,329	47.5%
2210400 Foreign Travel and Subsistence, and other transportation costs	28,171,500	17,452,741	62.0%
2210500 Printing , Advertising and Information Supplies and Services	48,889,212	14,153,218	28.9%
2210600 Rentals of Produced Assets	8,261,200	2,098,760	25.4%
2210700 Training Expenses	51,128,925	12,975,895	25.4%
2210800 Hospitality Supplies and Services	54,828,205	20,267,546	37.0%
2210900 Insurance Costs	21,679,820	9,703,567	44.8%
2211000 Specialised Materials and Supplies	166,125,362	109,237,751	65.8%
2211100 Office and General Supplies and Services	34,108,150	6,209,441	18.2%
2211200 Fuel Oil and Lubricants	41,713,526	18,212,240	43.7%
2211300 Other Operating Expenses	101,337,037	63,576,323	62.7%
2220100 Routine Maintenance - Vehicles and Other Transport Equipment	20,038,524	3,199,918	16.0%
2220200 Routine Maintenance - Other Assets	18,403,300	1,355,016	7.4%
2510100 Subsidies to Non-Financial Public Enterprises	10,200,000	-	0.0%
2620100 Membership Fees and Dues and Subscriptions to International Organization	9,000,000	8,881,985	98.7%
2640100 Scholarships and other Educational Benefits	15,105,000	2,374,300	15.7%
2640200 Emergency Relief and Refugee Assistance	20,000,000	10,407,779	52.0%
2640400 Other Current Transfers, Grants and Subsidies	4,170,165	-	0.0%
2710100 Government Pension and Retirement Benefits	27,414,988	26,387,793	96.3%
2810200 Civil Contingency Reserves	2,750,000	-	0.0%
3110300 Refurbishment of Buildings	3,491,500	-	0.0%
3110700 Purchase of Vehicles and Other Transport Equipment	31,701,000	7,593,389	24.0%
3111000 Purchase of Office Furniture and General Equipment	25,251,700	1,212,700	4.8%
3111100 Purchase of Specialised Plant, Equipment and Machinery	7,492,600	-	0.0%
3111300 Purchase of Certified Seeds, Breeding Stock and Live Animals	189,250	-	0.0%
3111400 Research, Feasibility Studies, Project Preparation and Design, Project S	21,200,000	535,000	2.5%
4110400 Domestic Loans to Individuals and Households	5,000,000	1,280,000	25.6%
4130200 Payable from Previous Financial Periods	22,000,000	12,496,347	56.8%
Grand Total	**2,317,050,224**	**1,909,405,285**	**82.4%**