

# COUNTY GOVERNMENT OF NAKURU



## COUNTY TREASURY

# COUNTY FISCAL STRATEGY PAPER

*Achieving Economic Prosperity for All*

**FEBRUARY 2019**



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CFSP 2019 will be published on website at: [www.nakuru.go.ke](http://www.nakuru.go.ke) within 7 days after adoption by the County Executive.

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## List of Abbreviations and Acronyms

AMS	Agricultural Mechanisms Services
ATC	Agricultural Training Centre
BOP	Balance of Payments
BPD	Budget Policy Document
BPS	Budget Policy Statement
C.I.D.P	County Integrated Development Plan
CBD	Central Business District
CBR	Central Bank Rate
CBROP	County Budget Review & Outlook Paper
CFSP	County Fiscal and Strategic Paper
DANIDA	Danish International Development Agencies
IMF	International Monetary Fund
KDSP	Kenya Devolution Support Programme
KRA's	Key Result Area
LAN	Local Area network
MTEF	Medium Term Expenditure Framework
PFM	Public Finance Management Act
PPP	Public Private Partnership
PWD	Persons with Disability
SDG's	Sustainable Development Goals
SWG's	Sector Working Group
UNDP	United Nation Development Programme

## FOREWORD

The County Fiscal Strategy Paper (CFSP 2019) is the 2nd to be prepared under the new County Administration and coming against the backdrop of the launch of the 2nd CIDP (2018-2022) and the MTP III (2018-2022). The period under review was marked by slow recovery from the transition from previous County administration and setting up the institutional arrangement for the current administration. The current County Administration has prioritised the implementation of the CIDP (2018-2022) which further integrates the political manifesto of the Governor over the medium-term period. The finalisation of this CFSP 2019 is pursuant to Section PFM Act 2012 and the PFM (County Government) Regulations 2015.

The National economy remains resilient due to its diversity. This is expected to continue as the country remains the leading regional hub for information and communication technology, financial, and transportation services. According to the National Treasury economic updates, the economy, grew at an average of 5.6 percent per year in the five years (2013 - 2018) outperforming the average growth rate of 4.7 percent in the period 2008 to 2012 and 4.6 percent during the period 2002-2007. The growth has been supported by the increased investment in public infrastructure, improved local and international tourism and stable macroeconomic conditions.

Over the period under review the County Government focused on consolidating on the gains made in the first five years of the integrated plan period and setting up the institutional arrangement of the administration as well induction for incoming executives. Important lessons learnt from the implementation of the inaugural devolution will continue to inform the next integrated development plan period as well fiscal decisions going forward.

Significant improvements have been noted in revenue performance in the period under review 2017/2018. Own Source Revenue growth amounted to 16 percent

while expenditure performance slowed as a result of the suspended budget implementation relating to examination of the pending bills.

The National Treasury has released the draft Budget Policy Statement (BPS 2019) which articulates the national fiscal policy priorities underpinning the MTEF period 2019/2020-2021/2022 and beyond. These priorities focus on the realisation of the Big Four Agenda focusing on four pillars namely; Food Security, Manufacturing, Housing and Universal Health Coverage (UHC).

The County Government's broad fiscal policy has therefore been aligned to the direction taken by the national development agenda espoused in the Draft BPS 2019. This has been crystalized into the following five fiscal strategy initiatives; Promotion of accessible and affordable healthcare for all County residents toward the realisation of UHC; Revival of pyrethrum, promotion of agri-business and achieving food nutrition & security; Expansion and operationalization of County social and physical Infrastructure; Creating an enabling conducive business environment for growth; Enhancing governance, transparency, accountability and human resource productivity in the delivery of public good and service;

In the FY 2019/20 budget estimates the total targeted revenue will amount to Kshs15.399 billion including CRA equitable share, which is projected to increase by Kshs 800 million in the current BPS 2019, Kshs. 2.338 billion as Conditional grants and Facility Improvement Funds (FIF) which is projected to increase to Kshs 800 million (16.8%) up from Kshs 685 million in the FY 2018/19 as indicated in Annex I.

This own source revenue performance will be predicated by on-going reforms in tax policy and revenue administration. Tax administration will be further strengthened to improve collection efficiency by employing appropriate technology, accelerating the pace of automation of various revenues streams and adoption of the new valuation roll. The County government will also identify and plug revenue leakages, improve compliance through tax code and

broaden the tax base through mapping new sources. The ongoing revenue sources mapping exercise is expected to provide valuable data necessary for achieving accurate Own Source Revenue forecasts.

Overall expenditure and net external funding for FY 2019/20 are projected at Kshs 15.399 billion and Kshs. 1.32 billion respectively. These expenditures comprise among others, recurrent of Kshs 10.02 billion (65 percent of total expenditure) and development of Kshs. 5.379 billion including 45% of Ward Allocation based on the Nakuru County Revenue Administration Act, 2018.

The ceiling for development expenditures (inclusive of conditional grants to County Governments) including foreign financed projects (World Bank KUSP projects) amount to Kshs. 5.379 billion in the FY 2019/20 from Kshs. 7.995 billion in FY 2018/19. Most of the outlays are expected to support critical infrastructure. Part of the development budget will be funded by project loans and grants from development partners, conditional transfers by National Government, while the balance will be financed through own source resources from the FIF. Mortgage and car loan of Kshs 60 million in addition to an Emergency Fund of Kshs. 50 million is provided for in the FY 2019/20 budget.

In arriving at the fiscal framework in the MTEF period 2019/2021 -2021/2022 the County Treasury has been guided by the need to achieve an equitable level of development across the County and maximizing utility in County government spending and realistic fiscal forecasting. Moving forward, the County Treasury has endeavoured to achieve a balance in adherence to fiscal responsibility principles, sectoral priorities and realising the Strategic Sectoral initiatives for both internal and external stakeholders.



Joseph Kiuna

**CEC Member – Finance and Economic Planning**  
**NAKURU COUNTY**

## **ACKNOWLEDGEMENT**

The CFSP 2019 is a statutory fiscal planning document prepared pursuant to the PFM Act 2012 in further deepen County Government effort for effective linkage between policies, planning and budgeting. It provides updated financial information, fiscal forecasts and presents a budget framework for the next Medium-Term Expenditure Framework (MTEF 2019/2020- 2021/2022). It also sets indicative sectoral ceilings in line with indicative priorities and programmes as outlined in the Departmental Sector reports 2018.

The preparation of the CFSP 2019 was an inclusive process. Departmental Sector Working Groups (SWGs) played a significant role in arriving the final fiscal policy determination for the next MTEF period. We are grateful for comments from the County Treasury Macro Working Group, the sector working groups and other stakeholder inputs. May I take this opportunity to sincerely thank the general public and all interested groups who participated in the public participation meetings held in January 2019 toward for finalisation of the CFSP 2019. Your valuable contributions helped to shape the County Fiscal framework.

The coordination and harmonisation process was made possible by a core team from the County Treasury which spent a significant amount of time to put together the report. We are especially grateful to the County Executive Member for Finance and Economic Planning for his guidance and stewardship in achieving this planning and budget document. Special thanks to the staff in the Economic Planning Directorate led by Ag. Director Mr. Cyrus M. Kahiga, Head of Budget Mr. Charles Lwanga, Snr Economists Ms Dorcas Mwangi and Ms Asinah Wanga and the entire Secretariat who demonstrated commitment in the preparation, editing and timely finalization of the CFSP 2019.

Kennedy Momanyi Ombati  
**Chief Officer – Economic Planning**  
**NAKURU COUNTY**



## **Legal Basis for the Publication of the County Fiscal Strategy Paper**

The County fiscal strategy paper is prepared in accordance with Section 117 of the Public Financial Management Act, 2012. The law states that:

(1) The County, Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by the 28<sup>th</sup> February of each year.

(2) The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.

(3) 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.

(4) 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.

(5) In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of

(a) The Commission on Revenue Allocation;

(b) The public;

(c) Any interested persons or groups; and

(d) Any other forum that is established by legislation.

(6) Not later than fourteen days after submitting the County Fiscal Strategy Paper to the county assembly, the county assembly shall consider and may adopt it with or without

### **Responsibility Principles in the Public Financial Management Law**

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

- 1) The County Government's recurrent expenditure shall not exceed the county government's total revenue
- 2) Over the medium term, a minimum of 30% of the County budget shall be allocated to development expenditure
- 3) The County Government's expenditure on wages and benefits for public officers shall not exceed a percentage of the County Government revenue as prescribed by the regulations.
- 4) Over the medium term, the County Government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.
- 5) Public debt and obligations shall be maintained at a sustainable level as  
Approved by County Government (CG)
- 6) Fiscal risks shall be managed prudently
- 7) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future

# **I. RECENT ECONOMIC DEVELOPMENTS AND MEDIUM-TERM OUTLOOK.**

## **Global and Regional Economic Developments**

The global economic activity is projected to remain steady at 3.7 percent in 2019. This is due to the recently announced trade measures including the tariffs imposed on \$200 billion of US imports from China, closure of output gaps in advanced economies, moderation in trade and investment, and a gradual tightening of financing conditions due to ongoing withdrawal of accommodative monetary policies in advanced economies. Global growth optimism is constrained by rising trade tensions likely to have a negative impact on confidence, asset prices, global trade and investments.

In advanced economies, the growth is expected to increase slightly from 2.3 in 2017 to 2.4 in 2018. This is attributed to the strong fiscal stimulus in the USA. This growth is however constrained by a slowdown in economic growth in the Euro area and the United Kingdom due to declining global trade and industrial production. Growth is projected to ease to 2.1 percent in 2019 reflecting consequences of the trade war.

In Africa and Sub-Saharan Africa (SSA) in particular, the broad-based slowdown is easing and growth is expected to improve from 2.7 percent in 2017 to 3.1 percent in 2018 and further to 3.8 percent in 2019, partly supported by a recovery in growth of larger commodity exporters such as Nigeria and South Africa. In Eastern and Southern Africa, the easing of drought conditions has contributed to the positive outlook. However, downside risks have increased following policy uncertainties and delays in the implementation of policy adjustments in Nigeria and South Africa. Many of the faster growing economies in sub Saharan African economies continue to be driven by public spending, with debt levels and debt service costs rising.

However, downside risks may arise from uncertainties in the run up to the 2019 general elections in South Africa and Nigeria.

East Africa remains the fastest-growing sub region in Africa, with an estimated growth of 5.3 per cent in 2017, up from 4.9 per cent in 2017. Growth is expected to remain buoyant, reaching 5.9 percent in 2018 and firming further to 6.3 percent in 2019 bolstered by resurgence in agriculture, infrastructure and manufacturing. The risks to the outlook for the EAC regions include insecurity and political tensions in Burundi, Somalia and South Sudan which continue to constrain economic activities in these countries.

### **National Economic Updates**

The Country's economy remains resilient due to its diversity. This is expected to continue as the country remains the leading regional hub in information and communication technology, financial, and transportation services. According to the National Treasury economic updates, the economy, grew at an average of 5.6 percent per year in the five years (2013 - 2018) outperforming the average growth rate of 4.7 percent in the period 2008 to 2012 and 4.6 percent during the period 2002-2007. The per capita income increased from Kshs 113,539 in 2013 to Kshs 190,521 in 2018. The growth has been supported by increased investment in public infrastructure, improved local and international tourism and stable macroeconomic conditions.

### **Key Macroeconomic Indicators**

#### ***Inflation***

Inflation averaged 6.4 percent in the period (2013-2018) compared with 8.5 percent in the period (2003-2007), 10.6 percent in the period (2008-2012). During the period 2008 to 2012 inflation was highly volatile following a steep depreciation of the Kenya shilling exchange rate, policy responses and the effects of the volatile elections in 2007.

### **Exchange Rate**

The Kenya Shilling exchange rate as compared to most sub-Saharan African currencies, has continued to display relatively less volatility. The Kenya Shilling exchange rate remained broadly stable against major international currencies. As at December 2018, the shilling exchange rate against the Dollar was at Kshs.102.3 up from Kshs 103.1 during the same period in 2017.

### **Interest rates**

The Central Bank continued to pursue accommodative monetary policies aimed at increasing credit uptake by the private sector to stimulate economic growth. The Central Bank Rate was reduced to 9.0 percent in July 2018 from 9.5 percent in March 2018 as there was room for easing monetary policy stance to support economic activity.

According to the CBK, the interbank rate has remained low at 8.1 percent in December 2018 from 7.7 percent in December 2017 due to ample liquidity in the money market. Interest rates remained stable and low in the period 2013-2017 except June – December 2015 when world currencies were under pressure. During the period, the policy rate (Central Bank Rate) was adjusted appropriately to anchor inflation expectations.

Commercial banks' average interest rates remained stable and compliant with the interest rate capping law effected in September 2016. The CBR was reduced to 9.0 percent from 9.5 percent in March 2018 and as a result the lending rate declined to 12.6 percent in October 2018 compared to 13.7 percent in October 2017.

### **Balance of Payments**

The Balance of Payments BOP The is the record of all international financial transactions made by a country's residents. A country's balance of payments tells you whether it saves enough to pay for its imports. It also reveals whether the

Country produces enough economic output to pay for its growth. The overall balance of payments position was at a deficit of US\$ 1,333.9 million (1.4 percent of GDP) in the year to October 2018 from a surplus of US\$ 490.5 million (0.6 percent of GDP) in the year to October 2017). This deficit was due to a decline in the financial account despite an improvement in the capital and current accounts.

### **Impact of the Macro-Economic Performance Indicators to the County**

This County Fiscal Strategy paper recognizes that Nakuru County is not isolated from the developments in the global and national economic environment. Developments in the macro-environment will always have either positive or negative effects on the economic development of the County.

### ***Tourism***

The tourism sub -sector remains one of the leading foreign exchange earners and a major contributor of employment in Kenya, contributing about 10% of the GDP and also providing a market for goods produced in other sectors and is thus key to attainment of the economic pillar goals of Vision 2030. Tourism earnings increased by 20.3 per cent from Kshs 99.7 billion in 2016 to Kshs 119.9 billion in 2017. The number of international visitor arrivals increased by 8.1 per cent to 1,448.8 thousand in 2017. The County has greatly benefitted from the recovery of the tourism sector occasioned with increased number of local, international tourists and conference tourism in the County. Further there is continued investment in this sector with a number of new high-class hotels coming up. This will create employment opportunities in the sector and spur economic growth.

### ***Interest rates***

The annual growth of credit to the private sector grew by 4.4 percent in the year to October 2018, an improvement from the 2.4 percent growth in October 2017. The interest rate capping law became operational on September 14, 2016. It was

implemented following concerns raised by the public regarding the high cost of credit in Kenya, which was viewed as a hindrance to credit access by a large segment of the population. However, it has been noted that the introduction of the interest rate capping law had not necessarily translated to easy access to credit by borrowers since some of the borrowers deemed to be risky had been locked out. This is likely to affect the access to credit facilities to SMEs.

### ***Oil prices***

The international oil prices have an impact on the County's economy. Oil prices in the international market have increased marginally. Further the National government introduced 8 percent tax on petroleum and petroleum products. This in turn had an impact on the prices of commodities, increased transport costs and further the County government had increased electricity bills due to increase in the fuel cost charge.

### ***Infrastructure development***

The National Government has embarked on the construction of Phase 2A (Nairobi to Naivasha) of the Standard Gauge Railways (SGR). Implementation of the Phase 2A project is already at 85 percent. Completion of the project is expected to ease movement of goods to the port of Mombasa ready for export.

The proposed airport at the Lanet Airbase will spur growth in the County by linking it to the rest of the Country as well ease movement of people and goods.

The proposed elevation of Nakuru town to City Status is expected to attract more investors as well promote infrastructural development.

The County launched the **Boresha Barabara** Initiative that aims to upgrade and rehabilitate 30kms of roads in each of the 55 wards using the County machinery. This will greatly improve road accessibility.

### ***Nakuru International Investors Conference (NIICO 2018)***

The County held an International Investors Conference in November, 2018 in Naivasha that attracted 1200 participants. The participants were drawn from within Nakuru County, National Government and international investors. As a result of the conference the County Government expects more commitments from local and international investors to leverage on the available opportunities like Geothermal production in Olkaria, proposed setting up of the container depot in Naivasha the proposed construction of the airport within the County and to set up businesses in the County.

### **Release of the Gross County Product 2019**

The Kenya National Bureau of Statistics (KNBS) released the GCP 2019 report that is aimed at informing County development plans, estimation of revenue potential for each County, an indicator for potential for Private Sector Investment and informing monitoring of economic progress at the County level. Nakuru County's share to the Gross Domestic Product (GDP) stood at 6.1 percent which was second with Nairobi coming first with 21.7 percent. The County has been highlighted among Counties with huge agricultural potential together with Nyandarua, Kiambu, Elgeyo Marakwet, Meru, Narok and Bomet. Further the County reported to have huge potential in both agriculture and the service sub-sector. Nakuru County is among few counties that attained a GDP above the National GDP. The Nakuru GDP stood at Kshs.102,826 against the National GDP of Kshs 96,779. This shows that Nakuru is on the road to growth if it attracts investors in the sectors with huge growth potential like Agriculture, Service and Manufacturing.



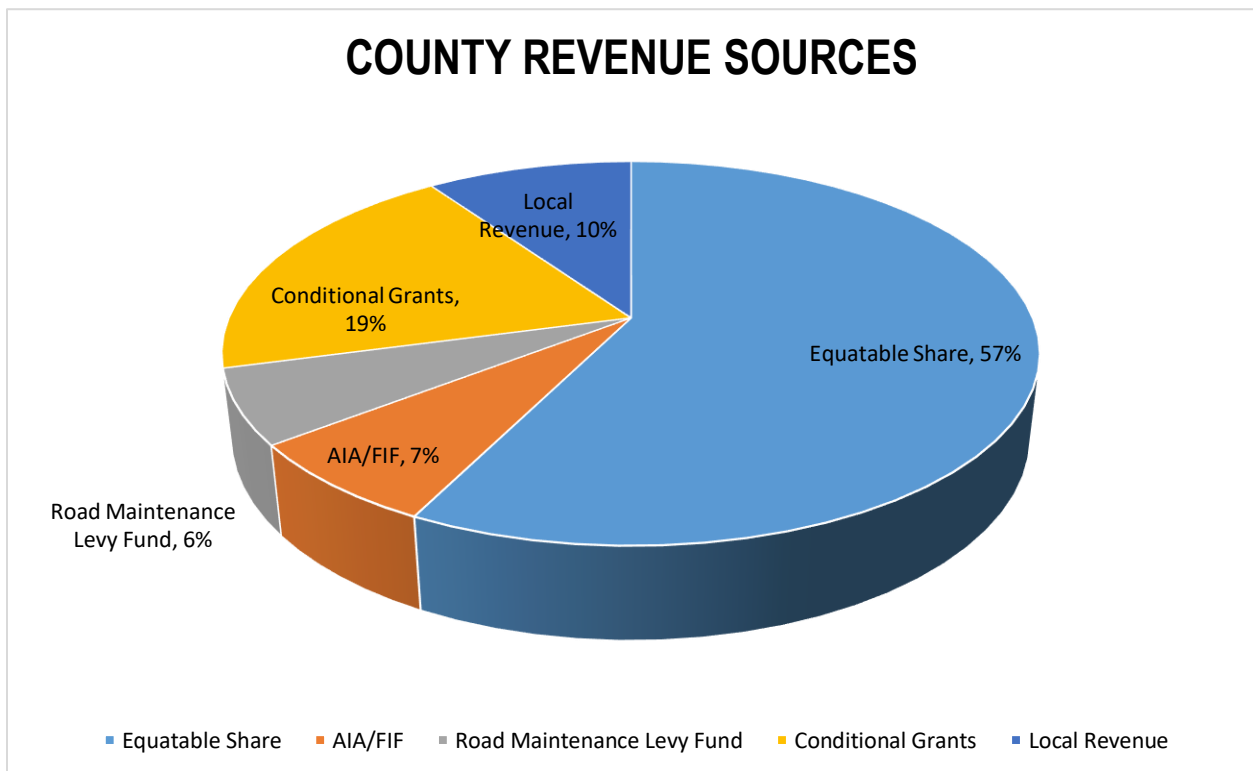
## Review of the County Fiscal Performance

### County Revenue

During the first half of FY 2018/19, the County received **Kshs 3.4 billion** as equitable share of revenue raised nationally, **Kshs1.4 billion** as total conditional allocations, and Kshs **1.0 billion** as own source. However, the County had balances carried forward amounting to **Kshs 3.8billion** from the financial year 2017/18.

### County Revenue Sources

Revenues for the County for the half year amounted **to Kshs 5.9 billion**. The major source of revenue were exchequer releases from the National Treasury which accounted for 57 percent followed by conditional grants at 26 percent and local revenue at 17 percent.



**Figure 1.1 County Revenue Sources**

**Source:** County Treasury, February 2019

**Table 1.1: County Revenue Source (1<sup>st</sup> and 2<sup>nd</sup> Quarter)**

REVENUE SOURCE	QUARTER 1	QUARTER 2	TOTAL
Equitable Share	1,426,671,920	1,994,996,582	3,421,668,502
AIA/FIF	209,318,644	216,015,410	425,334,054
Road Maintenance Levy Fund	-	374,552,157	374,552,157
Conditional Grants	-	1,159,615,760	1,159,615,760
Local Revenue	336,244,059	241,873,112	578,117,171
<b>Total</b>	<b>1,972,234,623</b>	<b>3,987,053,021</b>	<b>5,959,287,643</b>

**Source:** County Treasury, February 2019

### Revenue Analysis by Department

**Table 1.2: Analysis of Revenue by Department**

Revenue Source	A.I.A	Local Revenue	Sub Total	Percent of Collection
Trade Tourism and Cooperatives		115,540,073	<b>115,540,073</b>	11.51
Health	425,334,056	32,723,199	<b>458,057,255</b>	45.65
Education, Culture and Youth		1,188,458	<b>1,188,458</b>	0.12
Lands Physical Planning and Housing		149,142,156	<b>149,142,156</b>	14.86
Agriculture, Livestock and Fisheries		21,729,999	<b>21,729,999</b>	2.17
Roads, Public Works and Transport		143,557,180	<b>143,557,180</b>	14.31
Environment and Natural Resources		113,472,231	<b>113,472,231</b>	11.31
Public Service, Training and Devolution		265,200	<b>265,200</b>	0.03
Finance and Economic Planning		478,675	<b>478,675</b>	0.05
<b>Totals</b>	<b>425,334,056</b>	<b>578,097,171</b>	<b>1,003,431,227</b>	<b>100.00</b>

**Source:** County Treasury, February 2019

The cumulative revenue collected from departments amounted to **Kshs 1 billion** during the first half of the financial year 2018/19. The department of Health accounted for 45.65 percent of the total collection with AIA from health facilities being the major contributor amounting to Kshs 425.3 million.

Lands Physical Planning and Housing was second at 14.86 percent majorly from land rates followed closely by the department of Roads, Transport and Public works at 14.31 percent.

## Comparison in Revenue Growth for the half year of 2018/19 and 2017/18

In the 1<sup>st</sup> half of the FY 2018/19 there was an increase in revenue as compared to the same period in the FY 2017/18. The month of August had the highest growth for both local revenue and FIF at 35 percent and 32 percent respectively. Cumulatively local revenue has grown by 17 percent compared to the same period in FY 2017/18. Further the FIF has grown by 54 percent compared to the same period in FY 2017/18. The notable growth in FIF is attributed to the upgrading of some health facilities to Level four and five.

**Table 1.3: Half Year Growth for 2018/19 vs 2017/18**

Month	Local Revenue 2018/19	Local revenue 2017/18	Percentage growth	FIF 2018/19	FIF 2017/18	Percentage growth
July	123,605,063	100,490,802	28.0%	75,411,960	36,172,723	26.0%
August	102,358,394	73,453,573	35.0%	69,219,191	22,186,626	32.0%
September	110,280,602	97,528,520	15.0%	64,687,494	27,083,679	25.0%
October	91,943,851	71,846,396	24.0%	70,565,237	28,223,710	28.0%
November	85,086,370	78,156,721	8.0%	83,019,263	78,231,354	3.0%
December	64,842,891	73,671,790	-11.0%	62,430,910	84,383,279	-15.0%
<b>Totals</b>	<b>578,117,171</b>	<b>495,147,802</b>	<b>17%</b> <b>(Average Growth)</b>	<b>425,334,054</b>	<b>276,281,371</b>	<b>54%</b> <b>(Average Growth)</b>

**Source:** County Treasury, February 2019

## Exchequer issues to Nakuru County

The total receipts for the County during the half year period amounted to **Kshs. 5.9 billion**. The Equitable share amounted to **Kshs.3.4 billion** for the first half of the FY 2018/19 against a target of **Kshs.4.7 billion** depicting a shortfall of **Kshs. 1.3 billion**. Conditional grants amounted to **Kshs. 1.1 billion** and local revenue amounted to **Kshs 1 billion** a target of **Kshs.1.3 billion**.

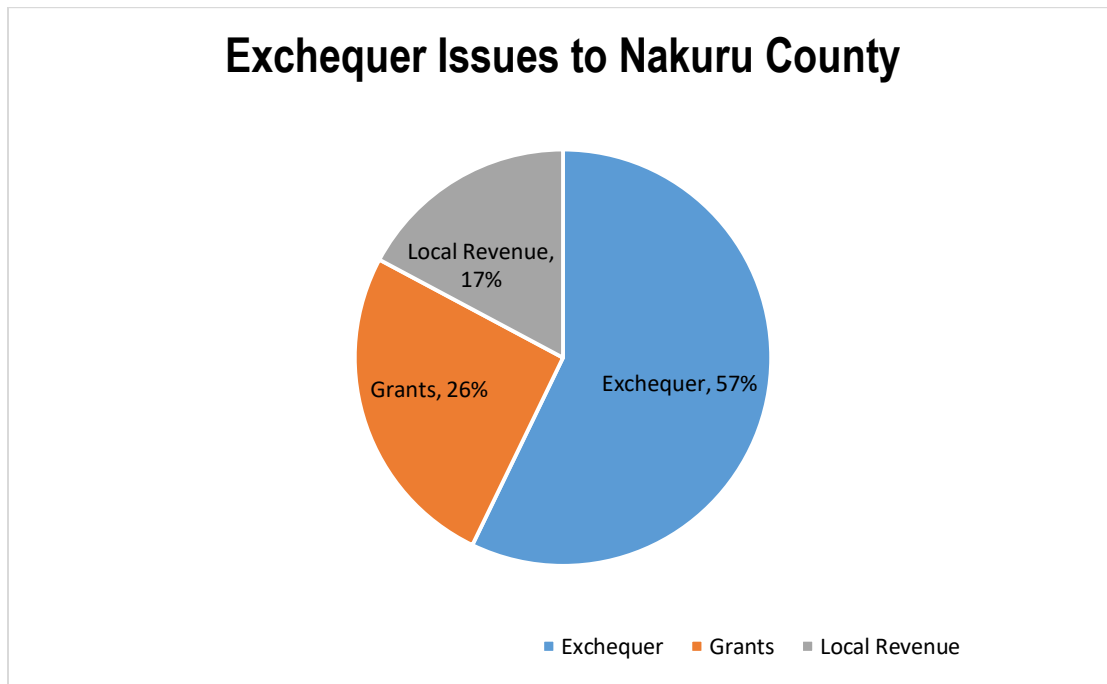
### Exchequer Release by Source

Equitable share accounted for 69 percent followed with donor grants and RMFLF at 23.4 percent and 7.6 percent respectively.

**Table 1.4: Exchequer release by Source**

Source	Receipt Amount	Percent of the total
Donor Grants	1,159,615,760	23.4
User Foregone Fees	-	-
Level 5 Hospital	-	-
Road Maintenance Fuel Levy Fund	374,552,157	7.6
Equitable Share	3,421,668,502	69.0
<b>Totals</b>	<b>4,955,836,419</b>	<b>100</b>

**Source:** County Treasury, February 2019



**Figure 1.2:** Exchequer Issues to Nakuru County

## Expenditure Trends

The total spending by departments amounted to **Kshs 3.8 Billion** during the first half of 2017/18.

**Table 1.5: Actual Expenditure by Departments from July to December 2018**

DEPARTMENT	APPROVED BUDGET 2018/2019	RECURRENT EXPENDITURE Q1	RECURRENT EXPENDITURE Q2	TOTAL	BUDGET BALANCE	PERCENT OF BUDGET ABSORPTION
Office of The Governor	275,718,158	12,174,750	48,300,526	<b>60,475,276</b>	215,242,882	22%
Finance and Economic Planning	1,267,215,249	139,420,420	236,086,654	<b>375,507,074</b>	891,708,175	30%
Agriculture Livestock and Fisheries	1,044,468,990	90,124,080	164,031,751	<b>254,155,831</b>	790,313,159	24%
Health	6,214,866,638	811,180,833	1,015,540,655	<b>1,826,721,488</b>	4,388,145,150	29%
Environment Natural Resources and Water	1,221,755,178	53,674,865	77,349,919	<b>131,024,784</b>	1,090,730,394	11%
Education ICT & E-Government	1,199,646,380	61,482,000	14,722,948	<b>76,204,948</b>	1,123,441,432	6%
Lands Physical Planning and Housing	1,490,623,467	26,862,635	29,976,702	<b>56,839,337</b>	1,433,784,130	4%
Roads Transport and Public Works	2,437,206,002	35,860,905	145,295,570	<b>181,156,475</b>	2,256,049,527	7%
Public Service Training and Devolution	820,933,741	141,106,727	148,662,909	<b>289,769,636</b>	531,164,105	35%
Public Service Board	54,534,720	10,795,376	11,005,897	<b>21,801,273</b>	32,732,997	40%
Youth Culture and Gender Sports and Social Services	464,506,952	0	68,107,414	<b>68,107,414</b>	396,399,538	15%
Trade, Cooperative and Tourism Management	537,275,632	13,401,072	31,104,621	<b>44,505,693</b>	492,769,939	8%
County Assembly	1,287,000,637		445,048,420	<b>445,048,420</b>	841,952,217	35%
<b>TOTAL</b>	<b>18,315,751,744</b>	<b>1,396,083,663</b>	<b>1,990,185,566</b>	<b>3,831,317,649</b>	<b>14,484,433,645</b>	<b>21%</b>

**Source:** County Treasury, February 2019

Table 1.5 compares the approved budget against the actual expenditure for the first half. Overall the County spent **Kshs 3.8 billion** excluding conditional grants of **Kshs 1.4 billion** depicting an absorption rate of 21 percent.

## Expenditure by Economic Classification

### Comparison in Expenditure trend for Half Year by economic classification

County government expenditure is classified into five economic classifications that include;

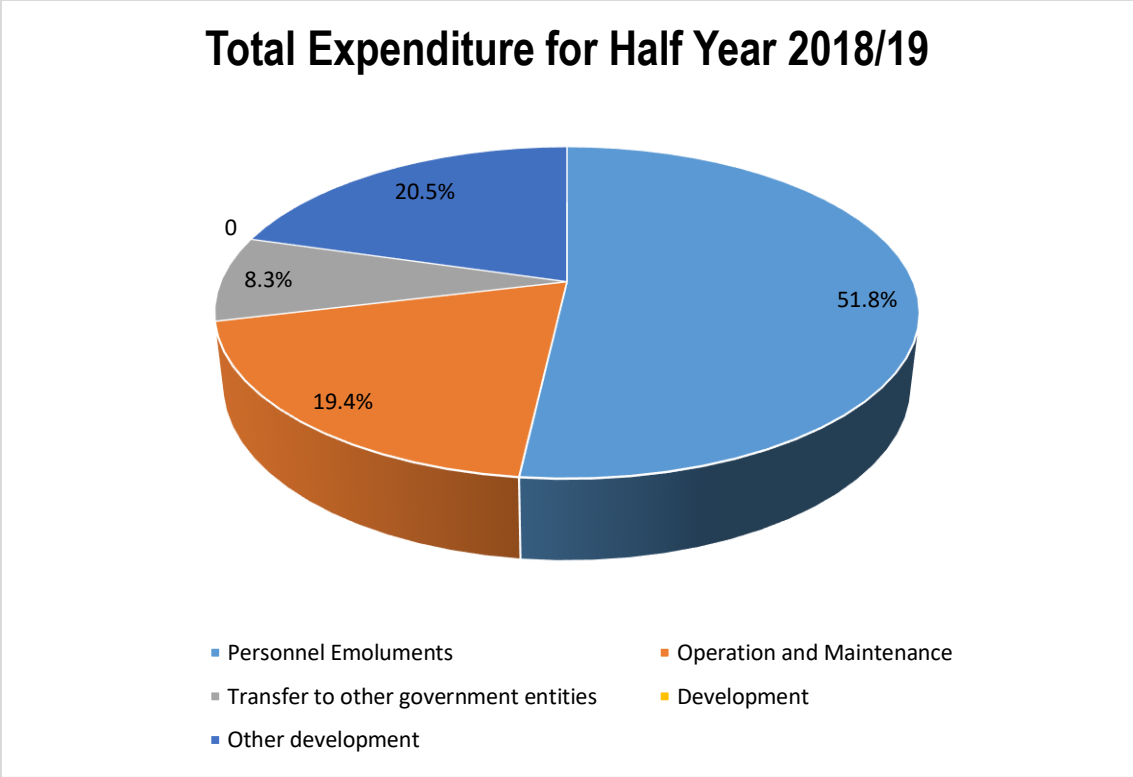
- a. Personnel Emoluments
- b. Operation and Maintenance
- c. Transfer to other government agents
- d. Development
- e. Other development

As per the table below remuneration of employees accounted for 51.8 percent of the total expenditure in the first half of the year. Operation and maintenance accounted for 19.4 percent, transfer to other government entities accounted for 8.3 percent and other development 20.5 percent.

**Table 1.6: Analysis of expenditure by Economic classification**

Description	Total expenditure 2018/19 (1 <sup>st</sup> Half)	Total Expenditure 2017/18 (1 <sup>st</sup> Half)	Total Expenditure %
Personnel Emoluments	2,743,641,090	789,512,711	51.8
Operation and Maintenance	1,026,756,387	1,247,011,892	19.4
Transfer to other government entities	445,048,420	0	8.3
Development	0	0	0
Other development	1,085,972,193		20.5
<b>Total</b>	<b>5,301,418,090</b>	<b>2,036,524,603</b>	<b>100</b>

**Source:** County Treasury, February 2019



**Figure 1.3: Total Expenditure**

**\*Kshs 1 billion in other development is a conditional grant for the Kenya Urban Support Programme (KUSP) that is yet to be expended.**

The half year expenditure on remuneration to employees amounted to Kshs. 2.7 billion representing 51.8 percent. Operation and maintenance stood at 19.4 per cent and transfers to other government entities (County Assembly) at to 8.3 percent.

**Update on Fiscal Performance in the FY 2018/19 and the Emerging Challenges**

The delay in the approval of the FY 2018/19 budget posed a major challenge to budget implementation in the first quarter. Implementation of the budget has since progressed despite other hiccups like the delay in the disbursement of national shareable revenue as well as delay in finalization and uploading the procurement plan in the IFMIS.

During the first half of FY 2018/19, the County received **Kshs 3.4 billion** as equitable share of revenue raised nationally, **Kshs 1.1 billion** as total conditional allocations, **374.6 Million** as Road Maintenance Fuel Levy Fund and **Kshs 1 billion** from local revenue sources.

### **Risk to the Economic Outlook**

The Salaries and Remuneration Commission (SRC) finalized Phase II of salary harmonization for public servants which came into effect in July 2018. This together with the implementation of the CBAs in the health sector is likely to constrain and adversely affect expenditure during this period.

There is risk arising from the effects of adverse weather conditions like heavy rainfalls which negatively affect infrastructure and prolonged drought affecting food production.

The proposed implementation of contributory pension scheme by counties for staff devolved from National Government (previously a non-contributory scheme pension scheme) poses a risk to the fiscal responsibility principle of 35% on wage bill as it is expected to increase recurrent expenditure.

The court rulings regarding salaries for Members of the County Assemblies (MCAs) to be reinstated and further the ruling on reinstating employees back to the County payroll is also expected to adversely affect expenditure.

The County Government will monitor the above risks and take appropriate measures to mitigate the risks when they occur.

### **Review of the County Fiscal Performance for the Period 2017/2018**

#### **Energy Infrastructure and Information Communication Technology**

The departments of Roads, Transport and Public Works graded/gravelled 1796KM of road under the RRI programme, constructed (32) motorable footbridges, rehabilitated 4 bus parks; installed and rehabilitated 793 streetlights, constructed one fire station and issued 300 compliance certificates.



Key achievements of the department of ICT for this included; Establishment of two digital centres at Subukia and Kuresoi North. The centre in Kuresoi North is operational with free Wi-Fi installed. Installation of CCTV cameras in County offices was done in a bid to enhance security level within those offices. The department also redesigned the County Website and developed an ICT policy for the County.

### **Agricultural Rural and Urban Development Sector**

The Directorate of Agriculture through the farm input support program acquired and distributed Avocado and Pyrethrum seedlings to 6,838 farmers; supported farmers through provisions of potato seedlings and fertilizers. In addition, 4,000 vulnerable farmers were supported with fertilizer and maize seeds and over 200 farmers were supported with coffee seedlings.

In collaboration with other stakeholders 80 staff were trained on Fall Army Worm (FAW) control and 21 plant health clinics held in Subukia and Nakuru-North sub-counties.<sup>11</sup> Milk bulking and chilling plants were commissioned. An annual average production of 200,000 litres of milk valued at Kshs.7.0 B was marketed.

The Directorate of Livestock vaccinated over 70,000 herds of cattle against FMD, LSD and Anthrax while over 1,000 were vaccinated against ECF. Over 20,000 sheep and goats were vaccinated against PPR, sheep and goat pox and CCPP. About 10,000 dogs and cats were vaccinated against Rabies.

Average annual meat slaughtered was valued at Kshs.17B. 80 slaughter houses & slabs and 60 hides skins traders were licensed and 18 cooperatives were issued with AI kits

The Department of Lands, Physical Planning and Housing achieved the following; Preparation of valuation roll which is 90 percent complete. The directorate of Physical planning prepared the County Spatial Plan and is also 90 percent complete. The Land Information Management System was also prepared during

the period under review. The department embarked on planning and development of trading centers which is at 50 percent completion.

### **Environment Water and Natural Resources**

In the Water and Sewerage Management Programme the directorate purchased one water bowser, drilled six boreholes, rehabilitated/constructed 36 water projects, and constructed two water pans. Under the Environmental Management programme, the sector purchased 60 litter bins while the County Clean Energy Policy was developed under the Energy programme.

### **Education**

The Directorate of Education constructed 400 ECDE classrooms around the County in a bid to enhance early childhood learning within the County, the directorate recruited 266 ECDE teachers and 109 instructors for vocational training, Rolled out the feeding programme in all the public ECDE centres, constructed 17 vocational training centres across the County, Constructed an administration block for Molo resource centre and a double storeyed building workshop and classrooms in Njoro VTC and equipped six VTCs, The sub-sector supervised 2100 trainees in various firms and industries on attachment.

### **Social Protection, Culture and Recreation**

The directorate renovated and equipped social halls. Held sensitization on gender and disability through collaborations with external stakeholders; equipped the studio at the Nakuru players theatre, established sub-county cluster groups for gender-based violence to enhance prevention and response to GBV. Developed and nurtured sports talents by improving the sports facilities, the Supported PWDs Paralympic sports tournament and issued of assisted mobility devices for PWDs.

## **Health**

The directorate adopted the Integrated Human Resources Information System (IHRIS) in order to optimize HR management. The Department commissioned 40 new primary level facilities spread across all sub counties, Increased sanitation coverage from 85 percent to 87 percent in which 100 villages were declared ODF. The department commissioned the Margaret Kenyatta Mother Baby Wing with a bed capacity of 240. Further, oncology services were launched at the County referral Hospital, seven health centres were elevated to level 4 status in order to improve access to care in all sub counties. A diabetes Centre of Excellence was established at the County Referral Hospital with over 5000 patients accessing specialized services in the period under review and Procurement of drugs and health commodities worth Kshs 850 million and were distributed to all 177 public health facilities.

## **General Economics and Commerce Affairs**

The Directorate of Trade prepared four bills which were at the final stages. The Alcohol Drinks Act was enacted, one milk cooler and digital weighing scales were procured. The directorate trained 700 SMEs and 53 producer business groups linked to markets. The directorate held an investors conference that attracted 1500 participants was held in collaboration with partners. 550 business premises were inspected and 4470 certificates issued in a bid to promote consumer protection.

## **Public Administration & International/National Relation Sector**

During the period under review the Revenue Directorate collected Kshs 2.2B as local revenue including FIF. Developed a code of regulations for County employees. The County Public Service Board recruited 130 enforcement officers and clerical officers supported the implementation of a Biometric Human

Resource Audit Sensitization and training of senior officers on performance management.

The Internal audit directorate prepared reports and submitted financial statements in compliance with the PFM Act, Preparation and timely submission of statutory documents including budget estimates, the CBROP, CFSP, ADP, the 2<sup>nd</sup> CIDP (2018-2022) and the County Debt Management Strategy Paper.

## II. POLICIES TO ACHIEVE MEDIUM TERM OUTLOOK

### Overview

The 2019 CFSP is the 2<sup>nd</sup> to be prepared under the new County Administration against the backdrop of the launch of the 2<sup>nd</sup> CIDP (2018-2022) and the MTP III (2018-2022). The period under review was marked by slow recovery from the transition from previous County administration and setting up the institutional arrangement for the current administration. The current County Administration has prioritised the implementation of the CIDP (2018-2022) which further integrates the political manifesto of the Governor over the medium-term period.

Over the period under review the County Government focused on consolidating on the gains made in the first five years of the integrated plan period and setting up the institutional arrangement of the administration as well induction for incoming executives. Important lessons learnt from the implementation of the inaugural devolution will continue to inform the next integrated development plan period as well fiscal decisions going forward.

The National Treasury has released the draft Budget Policy Statement (BPS 2019) which articulates the national fiscal policy priorities underpinning the MTEF period 2019/2020-2021/2022 and beyond. These priorities focus on the realisation of the *Big Four Agenda* under the following pillars: (i) supporting job creation by increasing value addition and raising the manufacturing sector's share to GDP; (ii) focusing on initiatives that guarantee food security and nutrition to all Kenyans; (iii) providing Universal Health Coverage (UHC) thereby guaranteeing quality and affordable healthcare to all Kenyans; and (iv) supporting construction of at least 500,000 affordable new houses to Kenyans.

The County Government's broad fiscal policy has therefore been aligned to the direction taken by the national development agenda espoused in BPS 2019 and within the priority constraints of the devolved functions. The County Government has continued to focus on expansion of its physical and social infrastructure,

prioritisation of health and agriculture programmes as well improvement of service delivery for realisation of public good/services.

Observing the National fiscal policy priorities contained in the BPS 2019 therefore, the CFSP 2019 has been founded on the following five fiscal strategy initiatives;

- i. Promotion of accessible and affordable healthcare for all county residents toward the realisation of UHC;
- ii. Revival of pyrethrum, promotion of agri-business and achieving food nutrition & security;
- iii. Expansion and operationalization of County social and physical Infrastructure.
- iv. Creating an enabling conducive business environment for growth
- v. Enhancing governance, transparency, accountability and human resource productivity in the delivery of public good and service;

The County Government will continue to focus on creating a conducive environment for all-inclusive and sustainable growth, equitable social economic development and reduced inequalities among county residents.

### **Fiscal Strategy Initiatives.**

#### **i. Revival of pyrethrum promotion of agri-business and achieving food security;**

The County Government will prioritise agricultural sector policies aimed at increasing food production, and achieving food nutrition and security. The broad-based approach in the sector will focus on programmes targeting an increase in crop production, livestock production, animal health and fishery production including extension services.

At 19 percent Nakuru County currently has among the lowest food poverty index in Kenya although there are pockets of food poor population in the County. The main goal will be to focus on food production in crop and livestock husbandries aimed towards promoting food nutrition and security. Further the Sector will focus

on improving farmer incomes through promoting small holder commercialisation initiatives.

To expand the extension services the sector will leverage on collaborations with stakeholders to implement three main prioritised programmes in the Crop, Livestock and Fisheries subsectors. These priority programmes shall include; Livestock Resources Management and Development, Fisheries Development and Management, and Crop Production and Management.

Effort will be put to address the constraints that affect efficiency along the agriculture value chain. This will include working with farmers cooperatives to streamline market infrastructure, including purchase of milk cooler plants.

To reach out to farmers, the County Government will upscale extension services across the wards with the aim of equipping farmers with the requisite skills on proper farming methods. The County Government has also established a farmers' call centre that will further provide real time information to farmers on improved farming methods.

To enhance research and training the County will leverage on the existing County stakeholders in the implementation of sub sector programmes. Non-state organisations will be engaged to lead in community mobilisation and provide platforms for public participation in government service delivery. Research institutions namely KARLO, RVIST, Egerton University, DTI among other will continue to lead in Research, training, and capacity development of farmers.

To bridge the budgetary gaps in sector the department of Agriculture shall continue to leverage on financial support from development partners. Through the NARIG-P Project the County will focus on increased agricultural productivity and profitability of targeted rural communities. The ASDSP now in its second phase (ASDSP II) will aim to enhance coordinated sector support towards resilient value chain development.

The Crop sub sector will aim at promoting the dissemination of knowledge and skills to improve agricultural productivity, food security, and farm incomes. To

increase food productivity the sub sector will further focus on enhancing management of crop pests and diseases, promoting the sustainable use of land resources as a basis for agricultural enterprises, promoting the uptake of technology and leveraging on the national fertiliser cost reduction programme. To further increase revenue streams and contribution towards County Own Source Revenues (OSR) in the sub sector the County will enhance mechanisation in agriculture through the Agriculture Mechanisation Services (AMS) unit and upscale conferencing services in agriculture related trainings through the Agriculture Training Centre (ATC).

To further address climate change effects in the sector, the County will focus on promotion of climate smart agriculture including up scaling farmer under crop insurance, diversification to other non-traditional crops including macadamia nuts, avocado.

The livestock sub sector will focus on increased livestock production, productivity, health and improve livestock products and by products to enhance food security in the County. To promote animal health and boost livestock productivity, the Veterinary Services unit shall focus on disease control, food safety and trade in animals and animal products. Control of livestock movement to reduce the spread of diseases and promotion of value addition on hides and skins.

To achieve the targeted priorities in fisheries the sub sector will prioritise to grow capture Fisheries resource management and fish safety, restocking of Lake Naivasha, value addition and marketing through construction of the Naivasha fish Market and revival of fish farming across all Sub Counties.

## **ii. Promotion of accessible and affordable healthcare for all County residents toward the realisation of UHC;**

Over the next MTEF period the County Government has placed high priority in attaining accessible, quality and affordable healthcare under the auspices of the national UHC programme.



The County shall continue to work with the National Government under the proposed road map for attaining UHC. This will be achieved through continuous registration of County residents on the NHIF programme and addressing health infrastructure constraints.

To further increase the number of County residents covered under the UHC programme, the County will continue to leverage on the National Government expanded programme to cater for comprehensive medical cover for students in public secondary schools, elderly and vulnerable persons in all the NHIF-accredited mission and private hospitals.

The County runs 15 level four Hospitals, 26 Health centres and 144 dispensaries spread out across the 11 Sub Counties. The County has upgraded seven of its facilities to level 4 status in order to upscale health services across the County. During the next MTEF period the County will upgrade an additional four health centres to level 4 status.

The Facility Improvement Fund (FIF) has significantly increased by 53 percent in the period July to December 2018 compared to its similar period in 2017 as a result of upgraded health facilities and better revenue administration. In this regard the County will optimise the utilisation these new increments to improve quality of care and services in the level 4 and level 5 facilities.

To consolidate the gains realised in the inaugural County Government on health infrastructure development the County will continue to prioritise equipping of existing health centres and dispensaries with the aim of operationalizing them and increase the uptake of service delivery.

To leverage on development partnerships in the health sector, the County will maximise collaboration with related sectors including Water and Sanitation, Agricultural, Housing sector and the communities through community strategy. The World Bank, MoH and UNICEF Report on Sanitation 2017, revealed that Nakuru County bears disease a burden of approximately Kshs 978 Million as result of sanitation health related constraints. Therefore, the sector will place particular

emphasis on Water and Sanitation Hygiene (WASH) programme over the next medium-term period partly through the Sanitation Roadmap Campaign 2020 and Urban Led Total Sanitation (ULTS) programmes.

Approximately 80 percent of the top ten disease burdens are caused by preventable causes, the health sector will therefore focus on preventive and promotive health services as a primary health related. To sustain services provision across under the curative health programme the County Government shall continue to prioritise budget allocation for drugs and non-pharmaceuticals and on the basis of level of service in each facility.

To address the rising burden of non-communicable diseases, the County will establish and strengthen specialized services such as comprehensive oncology services, imaging and specialized clinics and theatres, renal units among others in selected major hospitals.

To improve uptake of reproductive health services, the County will continue to ensure all pregnant mothers have attend all four ANC visits and finally deliver with the assistance of skilled birth attendants. To attain this reproductive initiative, the County will leverage on the national *Linda Mama* programme which allows free maternal service in all public facilities. To expand facilities the County has opened the Mother and Child Unit (namely the Margaret Kenyatta Wing) with a capacity of 240 beds. This will further promote the Prevention of Mother to Child Transmission (PMTCT) aid in reducing transmission of HIV/Aids virus from mother to their newborns.

Observing the growing trends of health referral cases from more than six neighbouring Counties, the County has envisioned the upgrading of Nakuru Level 5 hospital to a Teaching and Referral Hospital to address emerging needs. To attain this goal the County will seek strategic partnerships with University medical schools, build the body of knowledge and expertise required. Further the County will expand the Managed Equipment Service (MES) project to cover three major Hospitals.

To address the shortfall in healthcare financing, the County continues to collaborate with State Department of Health in support of HIV/AIDS/ TB program, children Immunizations, Conditional Grants for referral hospital (PGH –Nakuru), Reproductive health commodities and Anti- Malarial commodities.

To further maximise the outcome of development partnerships the County will leverage on the World Bank Funded Transforming Health Systems (THS) for Universal Care project programme, DANIDA grant in support of primary health care services. Further the County will continue to partner with other private healthcare providers to realise target health indicators.

To progress towards long term realization of quality affordable and accessible healthcare services the County requires a highly motivated and skilled health work force working in a conducive environment and facilitated with the right equipment. During the period under review the County adopted the Integrated Human Resources Information System (IHRIS) in order to optimize HR management. To this end the County continues to commit resources to address human resource constraints including commitments to Collective Bargaining Agreements (CBA) for health workers, succession management and facilitation with tools and equipment.

### **iii. Expansion and operationalization of County physical and Social Infrastructure.**

The *Kenya Vision 2030* blueprint identified physical infrastructure as a foundation for national transformation and an enabler towards the realisation of other sectoral goals. The County Government has therefore placed high priority in realising both social and physical infrastructure initiatives/programmes.

To address the rising cost of maintaining County access roads the County Government has adopted *Boresha Barabara* a new approach which entails implementation of road projects using owned machinery. In the current FY 2018/2019 the County will finalise the acquisition of construction machinery

including, dozers, rollers, tippers, excavators, and graders. To further address access in rural road networks the County will target to grade and gravel approximately 7500 Km of road in the MTEF period 2019/2020-2021/2022.

To achieve the urban development infrastructure initiative the County Government opted into the World Bank funded Kenya Urban Support Programme (KUSP). Through the Urban Development Grant (UDG) the KUSP programme the County has prioritised the following; construction of a fresh produce market in Naivasha, upgrading selected roads to bituminous standards, construction of a fire station in Nakuru town, construction of storm water drains in Nakuru Town, construction of a new stadium, and densification of Moi estate in Nakuru Town.

To achieve broad based approach outcome in roads maintenance the County will continue to maximise the conditional allocation on Road Maintenance Levy Fund work plan based on the following guidelines; i) Artery roads that connect more than one ward; ii) Roads that are commonly utilised by Public Service Vehicles (PSV); iii) Roads that are of industrial importance; iv) County bus parks and terminals.

To promote 24-hour economy under the *Inua Biashara* platform and address insecurity concerns, the County Government has prioritised expansion of the street lighting programme. To this end the County will install 300 security lights and maintain approximately 1,000 street lights in FY 2019/2020. To promote sustainability of the street lighting programme and address the high maintenance cost, the County will adopt an integrated approach to adopt solar lighting and the low maintenance LED lights.

Over the 2018-2022 integrated development plan period, the sector has identified the public works programme as critical to the realisation of effective County physical infrastructure. The sector has prioritised to address this initiative through construction and rehabilitation of storm water drainage in all urban areas, construction of motorable bridges and construction of bus parks. In the next MTEF

period 2019/2020-2021/2022 the County will target to construct 30 bus parks, 60 motorable bridges.

In response to fire and emergency services, the County will leverage on the KUSP support in the Construction a comprehensive fire station in Nakuru town. The County will acquire one fire engine in current FY 2018/2019. Further the County will focus on training of key personnel and proactively pursue fire compliance inspections as part of preventive measures. This initiative among other planned/ongoing programmes will prepare the proposed Nakuru municipality towards elevation into City status in line with the urban areas and Cities (amended) Act 2011.

To leverage on the recent National infrastructure development (Including completion of the SGR Phase 2A in Naivasha and the proposed Nakuru International Airport) the County will seek to create job opportunities for the abundant available County labour force and generally shore up the County economic growth.

Development of ICT infrastructure is critical in reduction of the turnaround time in service delivery platforms across all the sectoral areas. In line with the national direction in provision of services through the digital platforms, the County has committed resources towards the adoption of ICT platforms in service delivery. Initiatives started in the current FY 2018/2019 that will be carried through to the MTEF period 2019/2020-2021/2022 include acquiring of a new Revenue Management system, and Lands Integrated Management Information Systems (LIMS).

Other major priorities on ICT subsector in MTEF period 2019/2020-2021/2022 shall include: establishment of a data centre; establishment of 15 free Wi-Fi sites across the county; establishment of 15 digital centres across the county; procurement of an ERP system; installation of LAN and WAN connectivity.

Development of adequate Social infrastructure is key to the achievement of social equity and poverty alleviation. During the MTEF period 2019/2020-

2021/2022, the County has prioritised will build on the gains realised in the first integrated plan period (2013-2017) in social infrastructural development.

To increase water and sanitation coverage and address the disease burden associated with lack of water & sanitation through construction of over the next MTEF period the County will prioritise completion of all ongoing water projects, drilling of 21 no. water boreholes, construct 10 no. water dams/pans, desilt 14 no water pans/dams.

To maximise on the national capitation for village polytechnics, the County will upscale on infrastructure development for vocational training, through construction of new classroom blocks, curriculum development and equipping of existing polytechnics. Further to increase access and retention for ECD education the County will continue to prioritise on the operationalization and expansion of ECD classrooms within the already established centres as well as equipping of existing classrooms.

**iv. Creating an enabling conducive business environment for growth and private sector participation.**

As part of the commitment towards County investment promotion and Foreign Direct Investment (FDI) and growth, Nakuru County held a successful international conference in November 2018 under the theme “*Using geothermal Energy as a Competitive Advantage*”. Major feasible initiatives showcased in the conference include the Egerton Agri-city project, Oserian Two Lakes Industrial Park. The County will continue to follow through the commitments from the conference and work towards eliminating bureaucratic bottlenecks that limit the turnaround time for business start-ups.

To fast-track regulatory frameworks necessary for the establishment of business and industrial parks, the County Government will initiate relevant policy legislations including Land Use zoning and enhance collaboration with the national institutions in promoting County investments. Further the County will

provide linkages between the local farmers and the export market to promote agribusiness and spur local economy. Over the next MTEF period 2019/2020-2021/2022 the County will continue to pursue an investor focused policy guided by the unique outcome of the Investment Conference.

To address concerns on payment of fees and charges the County will continue to pursue a business-friendly fiscal policy and engage all rate payers through public participation in the formulation and implementation of the County Finance Bill. Additionally, the County will continue to pursue a harmonised tax regime in business licensing and further deepen automation to enhance efficiency in the revenue administration.

To further reduce the cost of doing business the County has prioritised the improvement of physical infrastructure as discussed in the fiscal strategy initiative above. This initiative will be realised mainly through the *Boresha Barabara* Programme aimed at improving access in rural roads and the KUSP programme aimed at expanding urban infrastructure. Further the ongoing County Street lighting program under the banner *Inua Biashara* is aimed at increasing business hours for traders and the long-term plan of achieving a 24-hour economy.

Nakuru County will further seek to leverage itself as an investment destination observing the recent National Development projects, (which include the completion of the SGR Phase 2A and proposed construction of Nakuru International Airport). The completion of the two notable projects among other recent planned infrastructure development alongside the geothermal energy comparative advantage will increase the land capture value and the pull factors for both external investments.

To cushion the disadvantaged/ vulnerable groups in the society from poverty the County has signed an agreement with the National Council for Persons with Disability on the planned utilisation of a County initiated PWD Fund. This County Fund is aimed at providing social safety nets for PWDs and further giving them the much-needed social economic empowerment. Going forward into the next MTEF

period 2019/2020-2021/2022 the County will continue to prioritise allocation for this and other social safety programmes.

The County Government has invested significant resources in the preparation of the County Spatial Plan (2015-2025) as well as the integrated Strategic Urban Development Plans for Nakuru and Naivasha (ISUDP) as envisaged in the relevant County Government laws. These initiatives are aimed at providing the County strategy for long-term urban planning as well land use planning framework necessary for creating catalytic economic growth of the City status for Nakuru and Municipal status for Naivasha.

**v. Enhancing governance, transparency, accountability and human resource productivity in the delivery of public good and service;**

The outcome of the County fiscal policy planning and implementation is dependent on the productivity of human capital outlays as well the commitments toward good governance, transparency and accountability. The approach to achieving productivity will focus on the recruitment, induction and strategic placement; performance management; continuous employee training and development; addressing succession management among other human resource planning priorities.

To optimally realise the targets under human resource, the County Government will leverage on impetus brought about by the new administration, as well as the ongoing restructuring of the County executive under the leadership of HE the Governor. This initiative has entailed implementation of a comprehensive Human Resource Audit (whose report was released in November 2018) and whose aim was to establish the accurate account of County Human resource, and make recommendations on current human resource constraints, gaps and possible rationalisation. The HR audit findings revealed gaps in the skills set, demographic variability of County staff and the need to strategically align staff within the devolved functions. Going into the next MTEF period the County Government will



endeavour to implement the recommendations of the human resource audit exercise within the fiscal limits allowed for human resource related expenditures. To achieve a result-oriented employee performance, the County Government shall continue to apply integrated tools on Result Based Management (RBM). All County departments completed their performance vetting exercise in October 2018 in readiness for the roll out of the Performance Contracting (PC) and Performance Appraisal System (PAS). Going into the next MTEF period 2019/2020-2021/2022 the County Government shall continue to allocate resources aimed at inducting key County employees into a culture of performance as well as facilitating the process of performance contracting, vetting, and reporting. In maintaining the human resource conduct and discipline the County Government shall continue to enforce the Public officer ethics Act, Leadership and integrity Act, and values and principle for public service in accordance with Article 232 of the Constitution of Kenya 2010.

To reduce the cost of running government, enhance accountability and good governance, eliminate duplication and achieve efficiency and economy in utilisation of financial resources, the County Government will through the County Treasury continue to institute public finance management reforms and control measures as envisaged by the Public Finance Management Act 2012 and the Public Finance Management (County Governments) Regulations 2015. Additionally, the County shall continue to publish and publicise its policies/financial reports through the available platforms in further compliance with the access to public information laws.

In a move towards achieving social equity, and a people-centred service delivery in budget formulation and implementation, the County Government has streamlined procedures for public consultations based on the new revenue sharing formula envisaged in County Revenue Allocation Act 2018. This initiative has begun with the 2019/2020-2021/2022 MTEF Budget and is expected to help the County to sufficiently prepare for feasibility studies before final harmonisation

of project costs into the budget and thereby fast-track the implementation process.

To realise the customer focused approach in service delivery the County Government established a complaint handling mechanism in the current FY 2018/2019. During the MTEF period 2019/2020-2021/2022 this initiative will be upscaled and cascaded to the decentralised units in the Sub Counties and Wards to comprehensively address concerns of the external customers and further help retool and refocus policy formulation and implementation accordingly.

M&E planning, implementation and subsequent dissemination of findings and results is essential in achieving accountability for County fiscal decision. To this end the County has prepared a draft M&E policy, as well as the institutional framework for M&E (as per the CIDP 2018-2022) with a secretariat under Economic Planning unit. Going forward the County will focus on documentation and dissemination of project implementation outcomes for further guidance in future programme/project design.

To ensure prudence in public finance management, the County will during the MTEF period 2019/2020-2021/2022 continue to enforce the fiscal responsibility principles identified in Section 107 of the PFM Act 2012 which include prudence in fiscal risk management, debt sustainability, allocation to capital expenditure and general budget framework. As part of strengthening internal control systems, the County will further continue to take corrective steps based in the findings and recommendations of both internal and external audit reports going forward.

To improve the capacity of the County staff to handle devolved functions, the Nakuru County Government is implementing a World Bank funded programme namely the Kenya Devolution Support Programme (KDSP). The implementation process has been consolidated in a Capacity Building Plan organised in the following five Key Result Area (KRAs) namely; i) Public Finance Management; ii) Planning, Monitoring and Evaluation iii) Human Resource Management; iv) Civic Education and Public Participation; v) Environmental Safeguards. This KDSP

programme will continue through to the MTEF period 2019/2020-2021/2022 to the addressing constraints and gaps identified within each KRA with the aim of strengthening the fiscal and technical capacity of the County government to handle devolved functions. Additionally, the County Government will continue to commit resources to other training and development needs to improve efficiency and staff productivity.

In further pursuit of improved service delivery for the urban dwellers the County Government has started in earnest the process of establishing Municipal boards for Nakuru and Naivasha towns as envisaged in the revised Urban Areas and Cities Act 2011. During the current FY 2018/2019, the County Executive submitted Municipal Charters (for Nakuru and Naivasha) to the County Assembly for approval. Further the recruitment of municipal managers and board members is expected to be finalised within the current FY 2018/2019 to pave way for operationalization of the municipal governance structures and fiscal allocations beginning FY 2019/2020. The implementation of KUSP under the Urban Development Grant (UDG) and the Urban Institutional Grant (UIG) within the next MTEF period 2019/2020-2021/2022 are expected to further improve service delivery for urban dwellers.

As a result of reforms and efficiency in the mobilisation of local revenue administration, the CBROP 2018 revealed a resurgence of County Own Source Revenues (OSR) with an appreciable growth of 16.3 percent in FY 2017/2018. Going forward into the FY 2019/2020 the County will leverage on strategic initiatives which will include revenue sources mapping, improved forecasting and revenue automation to maximise collections of OSR. On the expenditure front the County will initiate training of staff on all IFMIS modules and further (through the County Treasury) provide guidance in prudent accounting procedures for improved expenditure management and financial reporting.

### **III. INTERGOVERNMENTAL FISCAL RELATIONS AND DIVISION OF REVENUE**

#### **Background**

The devolved governance system continues to take root, with the County governments becoming the focal units for providing critical services to the *Mwananchi*. It is necessary that the two levels of governments foster synergistic and complementary relationships to ensure smooth service delivery.

#### **Intergovernmental Relations**

##### **a) PFM Institutions**

The County continues to work closely with other PFM institutions. The National Treasury has continued to undertake capacity development of officers in the Nakuru County Treasury on PFM related functions such as Accounting, Budgeting, Revenue Management and Intergovernmental Fiscal relations. The National Treasury continues to play a key role in budgetary implementation, through the management of the IFMIS modules. Other PFM institutions such as the COB, CRA, PPRA, SRC, CBK and OAG have had close working interactions with the Nakuru County Government. The County will continue working with these institutions to achieve improved budget outturns and strengthen financial processes.

The Ministry of Devolution and ASAL continues to oversight the World Bank funded Kenya Devolution Support Programme (KDSP), whose objective is improving capacities in PFM Systems, Planning Monitoring and Evaluation, Human Resource Management, Civic Education and Public Participation and Environmental Safeguards.

##### **b) Other Institutions**

The County Government has had continuous engagement with the State Department of Planning in the finalization of the Nakuru County Integrated Development Plans, preparation of a County Indicator Handbook, training on

Monitoring and Evaluation Systems and sensitization on SDGs mainstreaming and reporting. Engagements will continue during the preparation and implementation of the County's M&E Policy.

The County Government was one of the heavily funded CG under the 4-year Kenya Urban Support Programme (KUSP) grant whose goal is to support the establishment and strengthening of urban institutions and systems to deliver improved infrastructure and services in participating counties, hosted by the Ministry of Transport and Urban Development. Although there is little achievement so far under the programme, the grant will go a long way in revamping the institutional existence and operations of the urban areas, and in readiness for the proposed City Status of Nakuru Town. So far, project selection under the programme has been undertaken for both Nakuru and Naivasha towns, and tendering has been initiated.

The County is also working closely with Technical and Vocational Education and Training Authority (TVETA) on Curriculum development to implement the Akira-ILO (International Labour Organisation) Project, which seeks to train youth on identified skills to enable them meet requirements of the job market and increase employability. The project, known as the "Inclusive Growth through Decent Work in the Great Rift Valley" targets both Nakuru and Narok Counties and will focus on skills required for the Energy Sector (Geothermal Development). The 4-year project is implementable under a Public Private Development Approach, where Counties will be responsible for equipping, employing and training the personnel for the targeted polytechnics.

The County still continues to benefit from the capitation programme accorded to the Vocational Training Centres.

### **Inter-County Relations**

In order to consolidate devolution, County Governments have been joining forces to form Regional Economic Blocs. This will enable them leverage on economies

of scale in investments, trading and infrastructural activities. Nakuru County has subscribed to the Central Kenya Economic Bloc (CEKEB) whose membership consists of 10 Counties, Namely: Embu, Kiambu, Kirinyaga, Laikipia, Nakuru, Nyandarua, Nyeri, Meru, Murang'a and Tharaka Nithi. CEKEB envisions a region where people can realize their full potential to attain high-quality life. To achieve this, CEKEB will promote sustainable regional socio-economic development for the welfare of citizens. The Regional Bloc is still at its formative stages, and is currently finalizing on a blueprint that will be launched during the March 2019 Devolution Conference at Kirinyaga County to guide development in the region.

### **Cash Disbursement and Expenditure by Nakuru County Government**

The share of funds received by Nakuru County Government from the National Government has been increasing at a declining rate. In the FY 2017/2018 the County received a total of 12.9B as exchequer release compared to 11.7B in the FY 2016/17. The exchequer release comprised of Kshs 9.27B equitable share, Kshs 889Million conditional grants and Kshs 185 Million donor grants. Expenditures by the County Government stood at 11.3B including debt repayment against a target of Kshs 16.1B (inclusive of rolled over resources) representing an under spending of Kshs.4.7B (or 29% deviation from the approved budget). The underutilization was attributed partly to a shortfall in local revenue of Kshs 830M, and delay by National Treasury in disbursing funds to the County Governments. Exchequer releases for the half year ended 31<sup>st</sup> December 2018 amounted to Kshs 5.985B compared Kshs 3.2B in a similar period the previous year.

### **Revenue Allocation to the County Government for the Year 2019/2020**

As envisioned in Article 217 as well as the Sixth Schedule of the Constitution, the CRA is in the process of developing and recommending the third basis for allocating revenue raised nationally among the County Governments. However, the Third Basis formula is yet to be adopted for purposes of allocation of funds

among County Governments. Table 3.1 details the parameters used in the first, second and third basis formulae.

**Table 3.1: Parameters for Revenue Allocation**

No	Parameter	First Basis	Second Basis
1	Population	45%	45%
2	Basic Equal Share	25%	26%
3	Poverty	20%	18%
4	Land Area	8%	8%
5	Fiscal effort	2%	2%
6	Development Factor	-	1%
	<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

The proposed Third Basis formula is informed by the Fourth Schedule that distributes government functions between the two levels of government, and complies with the requirements of Article 203(1) of the Constitution. The recommendation in the Third formula are in Table 2.2;

**Table 3.2: Proposed Third Basis Formula Recommendations for Revenue Allocation**

Public sector function	Constitutional functions and powers (Schedule 4)	Indicator of expenditure need	Proposed weight
<b>Objective 1. Ensure efficient and equitable county services</b>			
1.1 Health	County health services	Uninsured population, In-patient days equivalent, and Outpatient Visits	15%
1.2 Agriculture	Agriculture Animal control and welfare	Rural population	10 %
1.3 Water	County public works and services water services	Population in need of access to clean drinking water	3 %
1.4 Urban services and environment	Control of air pollution, noise pollution, other public nuisances and outdoor advertising Fire-fighting services and disaster management; Control of drugs and pornography; County public works and services storm water management and Sanitation	Urban population	3 %
1.5 Other county services	Pre-primary education, village polytechnics, home craft centres and childcare facilities. Cultural activities,	County population	18 %

Public sector function	Constitutional functions and powers (Schedule 4)	Indicator of expenditure need	Proposed weight
	public entertainment and public amenities Implementation of specific national government policies on natural resources and environmental conservation		
1.6 Public administration	County planning and development Ensuring and coordinating the participation of communities in governance at the local level	Equal share	20%
<b>Objective 2. Promote Balanced Development</b>			
2.1 Balanced Development	County transport Trade development and regulation	Land area (km <sup>2</sup> ) County road network (km) No of poor people	8 % 3 % 15 %
<b>Objective 3. Incentivize capacity to raise revenue</b>			
3.1 Revenue collection	County revenue collection	Revenue collection	2 %
<b>Objective 4. Incentivize prudent use of public resources</b>			
4.1 Prudent use of public resources	Management of public resources	Prudence (Internal audit, external audit, County Budget and Economic Forum, Staff costs and development expenditure	3 %

If the Third Basis formula is adopted, Nakuru County would stand to gain as its allocation would rank second after Nairobi County. However, according to the Draft BPS 2019/20, the National Treasury has made proposed allocations based on the Second Basis formula. Accordingly, the Counties will share an estimated Kshs 371.6billion compared with Kshs 372.7billion in the previous year. The projected transfer to each County in FY 2019/20 is shown in Table below;



**Table 3.3: Allocation of funds to County Governments**

County	FY 2018/19			FY 2019/20									Per capita allocation (KSh)
	Equitable Share	Total Allocations	Allocation Ratio	Equitable Share	Level-5 Hospitals	Compensation for user fees foregone	Rehabilitation of Village Polytechnics	Road Maintenance Levy Fund	Leasing of Medical Equipment	Supplement for construction of county headquarters	Loans & Grants	Total Allocations	
Baringo	4,940,384,400	5,778,725,715	1.61	4,991,000,000	-	13,191,000	24,873,298	144,643,406	131,914,894	-	325,325,802	5,630,948,489	10,136
Bomet	5,765,781,800	6,680,534,474	1.74	5,394,000,000	-	16,713,336	47,388,298	136,322,688	131,914,894	-	457,270,099	6,203,609,334	8,596
Diagana	8,691,417,000	9,998,082,441	2.81	8,711,000,000	-	32,837,307	53,923,298	252,452,156	131,914,894	-	923,352,734	10,105,485,388	6,196
Busia	5,794,278,000	6,744,730,378	1.9	5,880,000,000	-	16,934,085	63,333,298	170,697,188	131,914,894	-	419,041,031	6,691,920,495	13,711
Elgeyo/Marakwet	3,659,544,000	4,457,455,034	1.22	3,782,000,000	-	8,788,919	30,228,298	109,605,563	131,914,894	-	354,907,368	4,417,445,040	11,939
Embu	4,330,460,400	5,421,155,761	1.36	4,216,000,000	301,040,462	10,724,225	33,603,298	122,183,210	131,914,894	-	581,992,893	5,397,459,024	10,436
Garissa	6,739,660,200	9,134,942,947	2.22	6,882,000,000	344,739,894	12,964,636	20,623,298	199,446,188	131,914,894	-	918,389,383	8,510,083,282	13,659
Homa Bay	6,495,690,600	7,419,924,616	2.13	6,603,000,000	-	22,185,346	35,163,298	191,360,511	131,914,894	-	599,801,103	7,583,425,171	7,868
Isiolo	3,817,025,000	4,685,836,269	1.34	4,154,000,000	-	3,472,461	10,833,298	120,386,438	131,914,894	121,000,000	408,048,854	4,944,655,943	34,507
Kajiado	5,824,774,200	6,812,115,049	2.03	6,293,000,000	-	16,935,365	35,493,298	182,376,469	131,914,894	-	626,033,282	7,285,773,307	10,600
Kalenjinjia	10,033,249,800	11,888,141,665	3.29	10,199,000,000	427,282,237	37,789,290	76,923,298	295,575,656	131,914,894	-	702,368,864	11,870,885,238	7,148
Kenya	5,550,308,400	6,517,000,071	1.7	5,270,000,000	-	18,048,788	29,433,298	152,729,063	131,914,894	-	599,580,638	6,201,706,681	8,178
Kimbu	9,087,867,600	12,406,684,614	2.93	9,238,000,000	538,716,763	34,671,342	53,113,298	267,725,063	131,914,894	-	2,381,409,369	12,647,580,928	7,791
Kisumu	10,521,189,000	12,211,730,837	3.3	10,230,000,000	-	25,969,864	38,863,298	286,474,063	131,914,894	-	1,500,516,666	12,243,738,784	11,033
Kisumu	3,995,002,200	4,742,094,252	1.34	4,151,000,000	-	11,282,370	34,503,298	120,386,438	131,914,894	-	521,896,956	4,973,984,155	9,419
Kisumu	7,471,569,000	8,979,452,357	2.46	7,626,000,000	417,572,234	261,38,997	74,553,298	221,007,938	131,914,894	-	684,744,542	9,181,931,923	7,968
Kisumu	6,709,164,000	8,783,717,305	2.16	6,696,000,000	369,017,341	21,299,489	41,673,298	194,053,730	131,914,894	-	1,084,577,868	8,538,538,639	8,813
Kisumu	8,477,943,600	9,613,793,830	2.79	8,649,000,000	-	22,499,906	72,583,298	250,655,344	131,914,894	-	797,515,756	9,924,174,197	9,800
Kisumu	7,319,088,000	8,647,570,910	2.46	7,626,000,000	-	15,209,593	59,793,298	221,007,938	131,914,894	-	982,716,075	9,036,641,797	13,904
Kisumu	3,995,002,200	4,783,508,025	1.32	4,092,000,000	-	9,968,308	31,908,298	118,389,625	131,914,894	-	305,078,964	4,689,459,988	11,746
Kisumu	3,446,070,600	4,243,697,344	0.82	2,542,000,000	-	2,451,034	41,298,298	73,669,313	131,914,894	121,000,000	306,166,757	3,218,500,295	31,697
Kisumu	8,081,493,000	10,331,845,617	2.45	7,595,000,000	383,583,815	24,129,039	51,093,298	220,109,511	131,914,894	-	1,379,849,081	9,785,679,657	8,908
Kisumu	6,922,637,400	7,920,572,018	2.34	7,254,000,000	-	19,435,760	60,333,298	210,227,063	131,914,894	-	704,754,514	8,380,665,828	9,475
Kisumu	9,830,272,600	10,960,277,905	3.23	10,013,000,000	-	25,474,920	22,113,298	290,185,219	131,914,894	-	593,513,860	11,076,202,190	10,798
Kisumu	6,800,632,600	7,737,611,745	2.14	6,634,000,000	-	6,643,714	15,558,298	192,258,938	131,914,894	-	527,053,108	7,907,980,951	23,786
Kisumu	7,776,531,000	9,107,881,832	2.54	7,874,000,000	373,872,832	31,648,428	56,568,298	228,195,188	131,914,894	-	532,143,439	9,228,343,078	6,804
Kisumu	6,526,186,800	7,938,813,470	2.14	6,634,000,000	-	21,655,884	30,033,298	162,258,938	131,914,894	-	1,065,515,513	8,075,378,026	8,805
Kisumu	7,990,004,400	9,808,035,295	2.23	6,913,000,000	388,439,306	23,385,934	25,473,298	200,344,294	131,914,894	-	1,638,859,269	9,341,417,295	9,944
Kisumu	6,068,743,800	6,901,233,125	1.99	6,169,000,000	-	20,138,691	83,268,298	178,782,844	131,914,894	-	520,780,762	7,103,985,489	7,537
Kisumu	15,339,588,600	16,284,579,349	5.03	15,598,000,000	-	79,423,251	22,998,298	451,898,344	131,914,894	-	194,699,600	16,473,934,386	5,249
Kisumu	9,179,356,200	11,563,464,586	3.31	10,261,000,000	373,872,832	38,723,265	63,063,298	297,372,469	131,914,894	-	1,591,604,871	12,757,551,629	7,957
Kisumu	5,214,850,200	6,228,538,378	1.69	5,239,000,000	-	18,086,363	32,793,298	151,830,656	131,914,894	-	683,841,621	6,257,466,832	8,310
Kisumu	6,190,728,600	7,058,421,235	2.54	7,874,000,000	-	20,595,297	19,488,298	228,195,188	131,914,894	-	538,612,751	8,613,006,427	10,357
Kisumu	4,635,422,400	5,451,219,340	1.52	4,712,000,000	-	13,175,221	67,068,298	136,557,750	131,914,894	-	569,692,854	5,630,409,017	9,411
Kisumu	4,787,903,400	5,757,469,519	1.54	4,714,000,000	-	12,735,922	37,983,298	138,354,563	131,914,894	121,000,000	377,541,424	5,593,530,100	9,381
Kisumu	4,879,392,000	6,184,636,952	1.71	5,301,000,000	407,861,272	13,701,379	53,143,298	133,627,469	131,914,894	-	541,842,102	6,605,090,413	9,523
Kisumu	4,299,964,200	5,116,193,687	1.46	4,526,000,000	-	5,235,178	15,483,298	131,167,313	131,914,894	-	538,172,418	5,347,973,499	23,881
Kisumu	5,855,270,400	6,699,573,187	1.83	5,673,000,000	-	18,194,808	40,278,298	164,408,344	131,914,894	-	360,748,123	6,388,544,466	7,585
Kisumu	3,934,009,800	5,116,215,328	1.34	4,154,000,000	-	5,296,305	55,638,298	120,386,438	131,914,894	-	734,315,201	5,201,551,135	18,273
Kisumu	5,397,827,400	6,402,983,240	1.83	5,735,000,000	-	5,682,337	21,228,298	106,205,156	131,914,894	121,000,000	392,038,835	6,573,064,719	27,379
Kisumu	3,537,559,200	4,329,735,296	1.24	3,844,000,000	-	8,218,119	55,638,298	111,402,375	131,914,894	1,152,184	307,617,021	4,459,942,890	12,208
Kisumu	5,458,819,800	6,627,548,529	1.82	5,642,000,000	-	21,304,915	61,188,298	163,509,938	131,914,894	-	808,143,691	6,823,061,734	8,333
Kisumu	10,460,196,600	11,501,934,005	3.33	10,325,000,000	-	25,634,941	13,893,298	299,169,281	131,914,894	-	825,467,592	11,619,080,006	13,583
Kisumu	5,765,781,800	7,254,209,346	2	6,200,000,000	-	20,813,065	37,583,298	179,681,210	131,914,894	-	1,046,492,860	7,636,490,366	8,540
Kisumu	4,330,460,400	5,376,604,500	1.47	4,557,000,000	-	12,657,201	67,743,298	132,065,719	131,914,894	-	769,853,103	5,671,234,214	10,225
Kisumu	8,233,974,000	10,305,710,437	2.7	8,370,000,000	-	15,784,997	18,903,298	242,569,688	131,914,894	-	715,958,149	9,495,131,024	14,344
Kisumu	4,787,903,400	5,721,212,183	1.53	4,898,000,000	-	12,128,484	17,313,298	141,948,188	131,914,894	-	364,283,864	5,565,588,726	10,856
GRAND TOTAL	394,962,000,000	367,443,384,193	100.0	316,000,000,000	4,326,000,000	906,000,000	2,000,000,000	8,984,062,500	6,200,000,000	485,152,184	38,704,877,210	371,600,091,894	11,885

The allocations to Counties in the BPS 2019 by the National Treasury propose an allocation of Kshs 310B to the 47 county governments as equitable share versus Kshs 1,567.2B to the National Government. This depicts a proportionate downward allocation to County Governments in favour of National Government. In the FY 2018/19 allocations to Counties stood at Kshs 314B compared to 1.370T to the National Government as equitable share. This depicts a negative growth on allocation to County governments by 3.2% vs a positive growth of 14.4% in favour of the National Government.

The Kshs 371.6B allocation to County Governments constitutes of Kshs 310B equitable share, conditional grants amounting to 13.91B, Equalization Fund of Kshs 5.76, Kshs 8.98B from the Road Maintenance Fuel Levy Fund (RMLF) and Kshs 38.7B from proceeds of external loans and grants, which will finance devolved functions in accordance with the signed financing agreement for each loan/grant. Each conditional allocation is distributed according to its objectives, criteria for selecting beneficiary counties and distribution formula.

### **Allocation on Equitable Share**

Nakuru County will receive a total allocation of Kshs 12.757B comprising an equitable share of Kshs 10.261B. This allocation ranks third after Nairobi (Kshs 15.593B) and Turkana (Kshs 10.323B).

The allocation depicts an 8.57 percent increase in equitable share from last year's Kshs 9.451B amount. However, although the increment is welcomed, it remains insignificant for the rising County needs, as most of it will meet the rising wage bill occasioned by implementation of the phased harmonisation of salaries by SRC, recruitment of health sector and ECDE personnel to P&P terms, and implementation of the CRA allocated ceilings to the County Assembly and County Executive needs.

### **Allocation to Level-5 Hospital (Nakuru PGH) of Kshs. 373,872,832**

The Nakuru PGH continues to play a critical role in providing specialized health care, referral services and training facilities in the region. The facility provides services to residents of Nakuru County and other surrounding counties such as Narok, Nyandarua, Baringo, Kericho and Laikipia due its location and level of infrastructure. Additionally, the facility has expanded its capacity on maternity services and introduced new services such as oncology. As such, the amount allocated is way below what the facility requires for the targeted services under the Conditional Grant. Going forward, the Ministry of Health and the Senate should consider reviewing the allocation to this facility. Notably, the facility is highly understaffed in nursing and specialized services. Additionally, the operationalisation of the proposed trauma and cancer centres will require additional staffing and operational funds. Despite the expanded services, the allocation has remained stagnant for the last 2 years, hence requires reviewing.

### **Compensation for User Forgone Fees of Kshs. 38,723,265**

This is a compensation to County Governments for revenue forgone by not charging user fees in the county health facilities, transferred on reimbursement basis. Again, the allocation has remained unchanged from the allocations in the previous two financial years.

### **Allocation for Leasing of Medical Equipment of Kshs. 131,914,894**

This grant is in its fifth year of implementation and is intended to facilitate the leasing of modern specialised medical equipment in at least two health facilities in each County over the medium term. The intention is to facilitate easy access to specialised health care services and significantly reduce the distance that Citizens travel in search of such services. Nakuru PGH, Naivasha and Molo Level IV hospitals were the beneficiaries of these equipment. This grant is managed by the National Government on behalf of the County Governments.

### **Conditional Grant from the Road Maintenance Fuel Levy Fund of Kshs. 297,372,469**

This grant is meant to further enhance County Governments' capacity to repair and maintain county roads and is equivalent to 15 percent of the Road Maintenance Fuel Levy Fund. There has been an overall reduction in the allocation of this grant in the medium term, from Kshs 345M in 2017/18, Kshs 248 M in 2018/19 to 297M in the FY 2019/20. Notably, the County has one of the largest road networks, due to its vastness and large population.

### **Conditional Allocation for Rehabilitation of Youth Polytechnics of Kshs. 63,063,298**

The conditional allocation goes towards building, equipping and renovating of Vocational Training Centres identified by the County governments. The targeted VTCs will go a long way to serve as centres of excellence in youth empowerment, impart practical skills to youths who fail to transit to institutions of higher learning and for employment generations.

### **Loans and Grants amounting to Kshs. 1,591,604,871**

The County will receive the aforementioned amount from donors for various programmes under KDSP, health, Kenya Urban Support Programme and the Agriculture sector.

- **Kenya Urban Support Programme (KUSP)**

The County signed a participation agreement to opt-in the KUSP programme funded by World Bank. The objective of the KUSP is to support the establishment and strengthening of urban institutions and systems to deliver improved infrastructure and services in participating counties.

In the FY 2018/19, the County received Kshs 1.084B as an Urban Development Grant whose aim is to provide funding for urban infrastructure. The County has further been allocated Kshs 41.2M as an Urban Institutional Grant (UIG) under the KUSP whose objective is to build urban institutional Capacities.

- **The National Agricultural and Rural Inclusive Growth project (NARIGP)**

The Project Development objective for the NARIGP is to increase agricultural productivity and profitability of targeted rural communities in selected counties, and in the event of an Eligible Crisis or Emergency, to provide immediate and effective response. The project has four components: Supporting Community-Driven Development; Strengthening Producer Organizations and Value Chain Development; Supporting County Community-Led Development; Project Coordination and Management. In the FY 2018/19, the County was allocated Kshs 140M towards the project's objectives.

### **Conclusion**

In conclusion, Nakuru County has one of the lowest per capita allocations implying that there are few resources towards service delivery to its citizens. There is need to review this phenomenon, in order to improve service delivery and spur development.

## **IV. 2019/20 BUDGET FRAMEWORK AND THE MEDIUM TERM**

### **Fiscal Framework Summary**

The 2019/20 budget framework will continue with the fiscal strategy of directing resources to the most productive areas and growth enhancing sectors while complementing the Big Four Agenda by the National Government. Efforts will further be intensified to increase own source revenue while leveraging on development partners and donors including the World Bank to supplement capital allocation in the budget. The County will also continue with fiscal rationalization and consolidation strategies, by adopting the culture of doing more with less that is available with a view of promoting sustainability and affordability.

The motivation of a rationalized and balanced budget will continue to be the norm and will encompass sustainability, affordability and strict prioritization as a resource allocation strategy. To achieve this, we need to ensure that: Spending is directed towards the most critical needs of the County and is well utilized; More outputs and outcomes are achieved with existing or lower level resources; and County departments and entities requests for resources are realistic and take into account the resource constraints, in light of the county Government's fiscal consolidation policy.

The fiscal framework for the FY 2019/20 Budget is based on the County Government's policy priorities and macroeconomic policy framework set out in **Chapter I and Chapter II** and the 2019 budget policy statement by the National Treasury.

### **Revenue Projections**

In the FY 2019/20 budget estimates the total targeted revenue will amount to Kshs 15.399B. This includes CRA equitable share projected at Kshs 10.2B for FY 2019/20 as provided in the Budget Policy Statement 2019 compared to Kshs 9.4B in 2018/19

an increase of Kshs 809M, 2.338B as Conditional grants and own source revenue of Kshs 2.8B (including Facility Improvement Funds-FIF) which is projected to increase to Kshs 800M (16.8%) up from Kshs 685M in the FY 2018/19) as indicated in Annex I. This translates to an overall increase in the County Resource Envelope by Kshs 376M from 15.02B in 2018 CFSP to Kshs 15.399B in the current CFSP 2019.

The County Government will continue to explore ways of generating additional own source revenue to complement the national disbursement for accelerated development. Own source revenue performance will be predicated by on-going reforms in tax policy and revenue administration. Additional strategies and measures will include fast-tracking the completion of revenue mapping in the current FY 2018/19, and timely formulation and approval of the Finance Bill. The tax system will be further strengthened to improve collection efficiency by employing appropriate technology, accelerating the pace of automation on various revenues streams and adoption of the new valuation roll. The County government will also identify and plug revenue leakages, improve compliance through tax code and broaden the tax base through mapping new sources. A tax compliance audit will be conducted to identify tax leakages and evasion, non-compliant tax payers will be engaged to ensure compliance

To ensure effectiveness of the revenue directorate in collection of revenue the performance of revenue will continuously be monitored through a performance management framework currently being instituted. Finally, the Executive will continue to work closely with the County Legislative Arm to fast track the approval of revenue related laws and instruments including the valuation roll.

### **Expenditure Projections**

Overall expenditure and net World Bank funding for FY 2019/20 are projected at Kshs 15.399B (excluding fiscal balances) from the estimated Kshs 18.315B in the FY 2018/19 Approved Budget. These expenditures comprise among others, recurrent of Kshs 10.02B (65 percent of total expenditure) and development of Kshs 5.379B

including 45% of Ward Allocation out of equitable allocation under development Nakuru County Revenue Administration Act, 2018.

In terms of percentage of total expenditure, the wages and salaries bill for County Executive staff including the County Assembly and its staff is expected to rise to 38.8 percent of the total expenditure in the FY 2019/20 from 34 percent in the FY 2018/19. Pending bills pay are expected to decline to 1.7 percent of total budget in the FY 2019/20.

The ceiling for development expenditures (inclusive of conditional grants to County Governments) including foreign financed projects (World Bank KUSP projects) amount to Kshs. 5.379B in the FY 2019/20 from Kshs. 7.995B in FY 2018/19. Most of the outlays are expected to support critical infrastructure. Part of the development budget will be funded by project loans and grants from development partners, conditional transfers by National Government, while the balance will be financed through own source resources from the FIF. Mortgage and car loan of Kshs 60 million in addition to an Emergency Fund of Kshs. 50M is also provided for in the FY 2019/20 budget.

The expenditure ceilings on goods and services for 2019/20 are underpinned by priorities in the 2018-2022 County Integrated Development Plan and further adjusted on the basis of expenditure trends, policy changes and policy pronouncements both at County and National level. The inflation rate and other macro and micro economic fundamentals have also been taken into consideration. The stance on total revenue projection will therefore necessitate the maintenance of expenditure at current levels considering the increase in nondiscretionary expenditure (salaries, debt repayments and CRA allocations) and increase in operational and maintenance costs related to increased stock of infrastructure and machinery. Finally, the reduction in conditional grants will necessitate refinancing of critical expenditure items in the affected Departments with equitable allocation and own source revenue.



## **Deficit Financing**

Given the projected revenue and planned expenditure the fiscal deficit is projected to be nil. In line with the PFM Act 2012 borrowing can only be made to undertake development projects in the framework developed between the National and County Governments. Given this underlying reason the County has projected a balanced budget with projected expenditure fully funded by own source revenues, transfers from National Government and approved donor support.

## **Fiscal and Structural Reforms**

The County Government remains committed to improving efficiency and quality of its services. Public expenditure will be properly scrutinized including capital projects emanating from the 55 Wards in compliance with the provision of the Nakuru County Revenue Allocation Act of 2018 and to ensure value for money. To ensure this, the budget formulation process will further be strengthened by subjecting capital projects to be incorporated in the budget estimates to feasibility studies, availability of designs and bill of quantities thereon. The County will continue instituting strong internal controls to enhance expenditure tracking for corrective action thereon which will ensure effective and efficient execution of the budget.

In line with the rationalization strategy and cost minimization measures attention will continue to be paid to costing of activities/projects within the confines of the programme-based budget, continuous audit of County departments, competitive bidding under public procurement and through the performance management system currently being instituted. The National Treasury recently engaged Counties in the process of developing project implementation guidelines which when completed will enable the streamlining of project identification, implementation and management. This will complement the County's effort of improving project execution, enhancing value for money and

ensuring effective stakeholder engagement. This comes at a time when counties are faced with under execution of projects and increased pending bills thereon. The County will also continue to leverage on the use of appropriate technology in various platforms including; revenue collection, management of data for land property within the county through the launch of the Land Management Information System (LIMS).

The implementation of the staff audit report will moving forward be undertaken for purposes of staff rationalization to promote efficiency and effectiveness in service delivery. To enhance accountability and transparency at all levels, performance contracting will be cascaded to staff at lower levels.

To achieve value for money the audit function will be strengthened through constitution of the audit committee and the monitoring and evaluation function for project and programmes. The ongoing fiscal and structural reforms will enable the County realize some of the strategic priorities in its development plans.

### **Overall Budget Financing**

The fiscal policy outlined in this CFSP aims at rationalization of the budget to achieve a balance of revenue and expenditure. In this respect, the County Government targets to have a balanced budget. This will be achieved through enhanced collection of own source revenue while aiming to qualify for the 2% fiscal effort a component of the horizontal share of revenue among County Governments. This is addition to prudent management of its total expenditure.

To enhance resource mobilization and improve efficiency in expenditure management, continuous administrative and fiscal reforms will be undertaken. The fiscal space created thereon will advance resources needed to scale up investment in key sectors and prioritized development programmes aimed improving service delivery within the county.

## Budgetary Allocations for the FY 2019/20 and the Medium Term

The budgetary allocations to the two arms of Government including sharable revenues to County Governments is summarized in the **Table 4.1** below:

**Table 4.1: Summary of Budget Allocations**

Details	Approved Estimates 2018/2019	2019/2020	2020/2021	2021/2022
County Executive and County Public Service Board	17,028,751,107	14,191,329,040	15,610,461,944	17,171,508,138
County Assembly	1,287,000,637	1,208,282,875	1,329,111,163	1,462,022,279
<b>Total</b>	<b>18,315,751,744</b>	<b>15,399,611,915</b>	<b>16,939,573,107</b>	<b>18,633,530,417</b>

Source: County Treasury

### Key Priorities for the 2019/20 Medium Term Budget

Going forward, and in view of limited resources, MTEF budgeting will entail adjusting non-priority expenditures to cater for the priority sectors. The approved County Integrated Development Plan (2018-2022) and the Annual Development Plan (ADP) 2019/20 will guide development programmes. In the meantime, resource allocation will be based on strategic objectives outlined in this CFSP and programmes adopted by sector working groups.

Overall the medium-term budget framework will focus a large portion of its spending on key priority social sectors like Agriculture, Infrastructure & ICT, Education and Health, which will continue to receive adequate resources. By investing in these sectors, the County Government is working to reduce infrastructure gaps, improve food security, enhance access to universal health care and attain job creation as envisioned in the National Government's Big Four Agenda. This will foster economic growth within the country.

Both sectors (Roads and Health) 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 other sectors.

In respect to the development agenda and economic interventions, resource allocation will be aligned to the County Government's special focus areas including:

- I. **Environment, Agriculture and Livestock** which will receive an increasing share of resources to ensure sustainable development, boost agricultural productivity with a view to, promoting value addition and overcoming the threat to food security to compliment the Big Four Agenda being championed by the National Government.
- II. **Infrastructure and ICT** - With the County Government's commitment towards improving infrastructure countywide through the BORESHA BARABARA initiative, the share of resources going to the physical infrastructure sector, such as roads, street lighting, and ICT including CCTV and security systems will continue to rise over the medium term. This will help the sector provide reliable access roads, security and boost the 24-hour economy.
- III. **Health** – the provision of accessible and affordable health care to all County residents as a key pillar in the 2018-2022 County integrated development plan and the Big four Agenda.
- IV. **Public Service and Good Governance**-deepen good governance practices including public financial management reforms to guarantee transparency, accountability and efficiency in public spending.
- V. **Enhancing investment opportunities within the County**- through robust investment campaign and measures including taxation and legislative.

### **Allocation Baseline Ceilings**

The baseline estimates reflect the provisions of Section 4 of the Nakuru County Revenue Act 2018 and Section 32(1) of the PFM Regulations 2015, current Departmental spending levels in sector programmes and the underlying ceiling

provided for the County Executive and County Assembly in the immediate CARA 2018.

The resources for financing the 2019/20 budget are derived from the Budget Policy Statement 2019 detailing equitable share of Kshs 10.26B, Conditional grants of Kshs 2.338B and loans and grants of Kshs 1.59B from various donors. This is in addition to own source revenue projected at Kshs 2.0 billion and FIF of Kshs 800M being a forecast of current and past performance. The total resource available with respect to the above source amounts to Kshs 15,399,611,915.

In the budgetary allocation and establishment of ceilings thereon, the category, non-discretionary expenditures take first charge. These include payment of salaries and statutory obligated gratuities, pension, debt, and other related items. The baseline estimates for recurrent expenditure reflect the current ministerial spending levels in sector Programmes.

Development expenditures have been shared out on the basis of the flagship projects in 2018-2022 CIPD, provisions of the Nakuru County Revenue Allocation Act 2018, the urban support programmes and projects complimenting the Big Four Agenda.

The following criteria was used in apportioning capital budget:

- Ward project allocations in compliance with Section 4 NCRAA 2018 to support community-initiated projects for equitable development. This will be based on the following parameters as enacted in the above Law and will apply to the 55 Wards:
  - 60% on account of population
  - 30% on account of land area, and
  - 10% on poverty

- Emphasis was given to completion of multiyear ongoing capital projects in particular infrastructure projects with an expected high impact on poverty reduction, employment creation
- Priority was also given to adequate allocations for donor counterpart funds. Donor counterpart funds are the portion that the Government must finance in support of the projects financed by development partners.
- Department/sector strategic needs that contribute greatly in addressing county's socio-economic needs and those complementing the Big four Agenda.

In this document, the ceilings on employee costs for Departments are provided separately alongside the operation of recurrent estimates and development estimates. The ceilings are further provided on the basis of programmes adopted by the County for purposes of entrenching programme-based budgeting. The CBROP 2018 provided the indicative ceilings which have been firmed up in this document.

### **Strategic policy interventions**

Further priority will be given to policy interventions in the County with respect to project identification. The County has set aside funds to carry out feasibility studies for identification of viable projects to mitigate loss of funds.

### **Finalization of Spending Plans**

The finalization of the detailed budgets will entail thorough scrutiny to curtail spending on non-productive areas and ensure resources are directed to priority programmes. Since detailed budgets are scrutinized and the resource envelope firmed up, in the event that additional resources become available, the County Government will utilize them to accommodate key priorities. The following will specifically be prioritized:

- Interventions identified during the stakeholders' consultation for the FY 2019/20 budget and over the medium term
- Strategic interventions in the area of governance, revenue enhancement, food security enhancing programmes, affordable housing, health coverage and infrastructural development
- Specific consideration to enhance job creation for the youth based on sound initiatives identified within and outside the normal budget preparation process.

### **Details of Sector Priorities**

The medium-term expenditure framework for 2019/20 – 2021/22 ensures resource allocation based on prioritized programmes aligned to the CIDP 2018-2022. It also focuses on strategic policy initiatives of the new administration to accelerate growth, employment creation and economic prosperity.

**Table 4.2** below provides the projected baseline ceilings for the FY 2019/20 and the medium term, classified by sector.

**Table 4.2: Medium Term Sector Ceilings, 2019/20 - 2021/22 (Kshs Million)**

	SECTOR		APPROVED ESTIMATES FY 2018/2019	CFSP TOTAL CEILINGS 2019/2020	PROJECTIONS		% of Total Expenditure (CFSP)		
					2020/2021	2021/2022	2019/2020	2020/2021	2021/2022
1	Agriculture Rural and Urban Development	<b>Sub Total</b>	<b>2,535,092,456</b>	<b>2,249,927,562</b>	<b>2,474,920,318</b>	<b>2,722,412,350</b>	<b>14.6%</b>	<b>14.9%</b>	<b>14.9%</b>
		Recurrent Gross	740,214,295	577,957,714	635,753,485	699,328,834	5.8%	5.9%	5.9%
		Development Gross	1,794,878,161	1,671,969,848	1,839,166,833	2,023,083,516	31.1%	31.6%	31.6%
2	Education	<b>Sub Total</b>	<b>1,084,450,359</b>	<b>471,894,871</b>	<b>519,084,358</b>	<b>570,992,794</b>	<b>3.1%</b>	<b>3.1%</b>	<b>3.1%</b>
		Recurrent Gross	273,950,000	361,365,234	397,501,758	437,251,933	2.3%	2.4%	2.4%
		Development Gross	810,500,359	110,529,637	121,582,601	133,740,861	0.7%	0.7%	0.7%
3	Social Protection, Culture and Recreations	<b>Sub Total</b>	<b>464,506,952</b>	<b>327,861,038</b>	<b>360,647,142</b>	<b>396,711,856</b>	<b>2.1%</b>	<b>2.2%</b>	<b>2.2%</b>
		Recurrent Gross	345,874,199	245,275,113	269,802,624	296,782,887	1.6%	1.6%	1.6%
		Development Gross	118,632,753	82,585,925	90,844,518	99,928,969	0.5%	0.5%	0.5%
4	Energy, Infrastructure and ICT	<b>Sub Total</b>	<b>2,552,402,023</b>	<b>914,416,637</b>	<b>1,005,858,301</b>	<b>1,106,444,131</b>	<b>5.9%</b>	<b>6.1%</b>	<b>6.1%</b>
		Recurrent Gross	379,430,954	414,168,807	455,585,688	501,144,256	2.7%	2.7%	2.7%
		Development Gross	2,172,971,069	500,247,830	550,272,613	605,299,874	3.2%	3.3%	3.3%
5	Environment Protection, Water and Natural Resources	<b>Sub Total</b>	<b>1,221,755,178</b>	<b>416,298,924</b>	<b>457,928,816</b>	<b>503,721,698</b>	<b>2.7%</b>	<b>2.8%</b>	<b>2.8%</b>
		Recurrent Gross	320,310,848	285,342,236	313,876,460	345,264,106	1.9%	1.9%	1.9%
		Development Gross	901,444,329	130,956,688	144,052,357	158,457,592	0.9%	0.9%	0.9%
6	General Economics and Commercial Affairs	<b>Sub Total</b>	<b>537,275,632</b>	<b>288,266,862</b>	<b>317,093,548</b>	<b>348,802,903</b>	<b>1.9%</b>	<b>1.9%</b>	<b>1.9%</b>
		Recurrent Gross	171,771,365	137,529,567	151,282,524	166,410,776	0.9%	0.9%	0.9%
		Development Gross	365,504,267	150,737,295	165,811,025	182,392,127	1.0%	1.0%	1.0%
7	Health	<b>Sub Total</b>	<b>6,214,866,638</b>	<b>5,610,674,899</b>	<b>6,171,742,389</b>	<b>6,788,916,628</b>	<b>36.4%</b>	<b>37.2%</b>	<b>37.2%</b>
		Recurrent Gross	5,123,399,206	5,067,389,561	5,574,128,517	6,131,541,369	32.9%	33.6%	33.6%
		Development Gross	1,091,467,432	543,285,338	597,613,872	657,375,259	3.5%	3.6%	3.6%



	SECTOR		APPROVED ESTIMATES FY 2018/2019	CFSP TOTAL CEILINGS 2019/2020	PROJECTIONS		% of Total Expenditure (CFSP)		
					2020/2021	2021/2022	2019/2020	2020/2021	2021/2022
8	Public Administration and National/ Inter County Relations	Sub Total	3,705,402,506	5,120,271,122	5,632,298,234	6,195,528,058	33.2%	34.0%	34.0%
		Recurrent Gross	2,964,949,847	2,931,041,747	3,224,145,922	3,546,560,514	19.0%	19.4%	19.4%
		Development Gross	740,452,658	2,189,229,375	2,408,152,313	2,648,967,544	14.2%	14.5%	14.5%
	TOTAL	Total Recurrent Gross	10,319,900,715	10,020,069,979	10,752,274,353	11,827,501,788	65.1%	64.9%	64.9%
		Total Development Gross	7,995,851,029	5,379,541,936	5,826,651,612	6,409,316,773	34.9%	35.1%	35.1%
		GRAND TOTAL	18,315,751,744	15,399,611,915	16,578,925,965	18,236,818,561	100.0%	100.0%	100.0%

## **Agriculture, Rural and Urban Development Sector**

The Sector plays a key role in the development agenda of the country through enhancing food and nutrition security; employment and wealth creation; foreign exchange earnings; security of land tenure and land management.

At the devolved level this sector is comprised of two subsectors including; Agriculture, Livestock and Fisheries and Lands, Housing and Physical Planning. The sector is a major driver of the Country's economy on both levels of government. The Agriculture, Livestock and Fisheries subsector has the following Directorates; Agriculture, Livestock, Veterinary services and Fisheries. The subsector's vision is a food secure, industrialized and wealthy County. Its mission is to offer client-oriented extension services, promote commercialized and sustainable Agriculture, Livestock and Fisheries industry for food security and wealth creation. Key achievements in the Sector during the 2015/16 – 2017/18 Medium-Term period were: provision of Farm input include provision of fertilizer and distribution of Avocado and Pyrethrum seedlings to 6,838 farmers. Organization of agricultural exhibitions field days in collaboration with other stakeholders and partners, participation in ASK Show provision of extension services. This is in addition to commissioning of milk bulking and chilling plants Vaccination of 70,000 herds of livestock against FMD, LSD and ECF.

In the next MTEF period 2019/20-2021/22, the Sub Sector has elaborate commitment towards Big Four Agenda that focuses on enhancing large scale production, driving smallholder productivity and reducing the cost of producing food. Going forward the sector considers Avocado and Pyrethrum as flagship projects that will pioneer the County into greater heights.

With livestock production as a major economic and social activity undertaken in the County, the sector aims to promote animal health services towards then prevention, control and eradication of animal diseases. Increased extension services to provide all-round support for livestock farmers in the County is a major method the sector will employ to boost efforts geared towards improving livestock

productivity. The subsector will delve into the promotion of livestock enterprises through development of marketing networks, value addition of livestock products and by products and so forth. In this regard the section will embark on capacity development for livestock farmers on livestock management, improving breed quality through training of A.I service providers and licensing of existing A.I practitioners. Further, the subsector will increase the commercialization of livestock and livestock products through the acquisition of requisite tools and equipment, conduct value addition trainings and promote the establishment of market linkages.

Growth in fisheries development in the County has propelled the sector's priorities toward improving fish safety assurance processes through the establishment of fish bulking and processing facilities. In addition, initiatives addressing value addition and marketing of fish will be scaled up to promote food security and improve fish productivity from fish farming.

The focus on food security as part of the Big Four Agenda compels the sector to double its efforts toward promotive practices that will contribute towards the achievement of a food secure nation. These efforts cascaded to County level have impelled the sector to embrace dissemination of information to farmer to improve crop productivity. These efforts will be maximized through increased crop extension services for farmers. In addition, the sector plans to enhance the reduction of post-harvest losses through increased field and grain store surveillance, establishment of produce cold stores and awareness creation on postharvest technologies. Previously the subsector has benefitted from collaborating with various stakeholders in implementation of its mandates and will continue to pursue partnerships in order to receive requisite support towards achievements of its goals.

In order to implement the prioritized programs, the subsector has been allocated Kshs. 878,281,734 million, Kshs. 966,109,907 and Kshs. 1,062,720,898 billion for the FY 2019/20, FY 2020/21 and FY 2021/22 respectively.

## **The Lands, Housing and Physical Planning**

The subsector comprises of two Directorates; Lands and Physical Planning; and Housing. Its vision is a secure and diversified human settlement. Its mission is to facilitate participatory planning, affordable housing and sustainable development of rural and urban areas.

Key outcomes expected to be achieved in period 2019/20-2021/22 include: finalization and approval of the County Spatial Plan; development of various development plans like the urban investment plan, county infrastructural plan among others. In addition, the subsector will also develop county physical development plans. The subsector will continue to carry out the digitization of maps and surveying of urban centres and scale up service delivery through the acquisition of requisite working tools and equipment. The subsector will continue with regular maintenance of County estates. Further the sector will promote the adoption of alternative building technology through establishment of ABT centres in various areas within the County.

To realize these outcomes, the Sub Sector has been allocated Kshs. 1,371,645,828 billion, Kshs. 1,508,810,411 billion and Kshs. 1,659,691,452 billion in FY 2019/20, FY 2020/21 and FY 2021/22, respectively. The Sector has also compliment implementation of "The Big Four" Plan initiatives.

## **Energy, Infrastructure and Information, Communication and Technology Sector**

County Government of Nakuru recognizes Energy, Physical Infrastructure and ICT sector as a key enabler for sustained economic growth, development and poverty reduction. The Roads, Transport and Public Works sub sector aims at sustaining and expanding physical infrastructure to support a rapidly growing economy. The Sector aims to sustain and expand cost-effective public utility infrastructure facilities and services in the areas of road infrastructure, transport, communication and ICT in line with the priorities in the CIDP. Sustaining and expanding physical infrastructure is geared towards the realization of "The Big

Four" Plan. The entire road network in the Nakuru County is approximately 12,491km. Out of which paved roads are 993.7 Km and gravel roads are 4,500 Km and earth roads are 6,998Km. The road infrastructure can be described as 20% good, 35% fair and 45% poor.

During the period under review, some of the key achievements in the Sector include;

Gravelling 906 km and grading of 397.4 km of road network, tarmacked 9.95km of road, constructed 97 motorcycle sheds, constructed two bus parks and rehabilitated selected transport terminals.in addition to construction of motorable bridges, installed 200 streetlights and maintained 8,200 streetlights around the County. Further, the directorate constructed 4.5km of new drainage and maintained 400km of existing drainage towards addressing storm water management in the County.

The ICT Sub Sector during the period under review set up various infrastructural projects such as establishment of Local Area Networks, CCTV cameras and internet connectivity at the county headquarters and various departments, procured assorted ICT equipment including servers, computers, photocopiers and printers to promote efficiency in service delivery. Two digital centres were established at Kuresoi South and Subukia sub-counties.

Over the 2019/20-2021/22 MTEF period: The Sector plans to tarmac 49Kms, Grade & Gravel 2100Kms of roads access during implementation period of the County Integrated Development Plan (CIDP). In addition, during this period build 150 No Motorable foot bridges. Further, there will be bus park maintenance and rehabilitation of 9No Lorry parks & 15No Bus parks that are in a sorry state to ease transport within the urban centres in Nakuru, distributed among the undermentioned sub counties: and construct bridges. This will be partly achieved by scaling up Boresha Barabara initiative.

The Sector also targets during the MTEF period 2019/20, 2020/21 and 2021/22: to install Fibre & CCTV, construct data centre; establish 15 free Wi-Fi sites and 15 digital centres across the County; procure of an ERP system; and Install of LAN and WAN connectivity.

In order to implement the prioritized programs, the Sector has been allocated Kshs. 914,416,637 million, Kshs. 1,005,858,301 billion and Kshs. 1,106,444,131 billion for the FY 2019/20, FY 2020/21 and FY 2021/22 respectively.

### **General Economic and Commerce Affairs Sector**

The Sector is mandated to promote, co-ordinate and implement integrated socio-economic policies and programmes for a rapidly industrializing economy.

During the FY 2015/16 - 2017/18 MTEF, key achievements realized in the Sector included;

Rehabilitation of markets, organization of cultural events to boost local tourism, procurement of milk coolers for Cooperative societies, Trainings of Cooperative leaders, managers and members on business skills and issuance of compliance certificates to traders

Over the 2019/20-2021/22 MTEF period the sector will work towards establishment of one stop shop service delivery centre, rehabilitation of markets, rehabilitation and construction of new main markets (including Karai , Njoro-kihing markets), completion of Nasha square, capacity building of Cooperatives and SMEs, establishment of enterprise and Cooperative revolving funds and funding SMEs and Cooperatives, holding Investors conference, consumer protection through weighing machines and inspection of business premise among other programmes and projects.

In order to implement the prioritized programmes, the Sector has been allocated Kshs 288,266,862 million, Kshs 317,093,548 million and Kshs 348,802,903 million in the FY 2019/20, FY 2020/21 and FY 2021/22 respectively.

## **Health Sector**

Health is a shared function between the National Government and County Governments. The Sector is responsible for the provision and coordination of the health services which contributes to the overall productivity and economic development of the country. The department comprises of three directorates; Planning and Administration, Public health and sanitation and Medical Services. The sector's Vision is A Healthy County. Its mission is to provide integrated quality health services for all. With the move towards universal healthcare as envisioned in the Big Four Agenda, the Nakuru County Health sector aims to upscale implementation of its core mandate to ensure that accessible and affordable healthcare is provided to the County residents.

For the 2015/16-2017/18 MTEF period, the Sector realized the following achievements among others; Completion of 200 bed capacity mother to child maternity wing at PGH level 5 which will serve to meet the SDG goal of reduction of maternal and mortality rates. Implemented interventions on Preventive/Promotive health where 70% of the households were reached with health messages in order to reverse the downward trend of health indicator, 87% of household had functional toilets, 120 villages were declared open defecation free and one microwave and shredder was installed at Nakuru PGH for medical waste management and 88% of children below one year were fully immunized 3. Curative and Rehabilitation, HIV pregnant mother receiving ARVs increased from 85% to 98%, Increase of cervical cancer screening and operationalizing of Oncology and diabetic centres. Procured drugs and other health commodities for various county health facilities.

The County Government has also expanded social health protection by implementing the Linda Mama Programme targeting maternal deliveries and their infants.

During the 2019/20-2021/22 MTEF period, the Sector will prioritize provision of preventive and promotive health services and curative and rehabilitative

services. Provision of these services is expected to spur the Sector towards achieving its goals in line with the National blueprint on health matters. The sector's upgrading program is targeting key health facilities within the County. This initiative will expand service provision in the facilities and is expected to increase the coverage areas. Expansion will also be cascaded to the grassroots with the promotion of capacity development of community health units in the decentralized levels. The Sector will also continue to expand the health infrastructure including: expanding specialized medical equipment and establish centres of excellence in health, health commodity storage centres, new specialized health facilities and laboratories throughout the county. In partnership with development partners the Department intend to upgrade the Naivasha Sub County Hospital to level 5 through construction of additional facilities to cost up to Kshs 300 million.

The acquisition of requisite working tools and equipment will also facilitate the realization of the County's long-term goal in the provision of healthcare services. In this regard, the sector aims to promote automation of health records, HMIS and use of IT innovation as an enabler of quality health service provision. Within the focus of the sector's priorities is the endeavour to address the County's burden of sanitation related diseases which is currently over 80%. Public health initiatives will be geared towards increasing water and sanitation hygiene services within the County. The sector will also address the rising burden of NCDs through investing in awareness and screening services as well as specialized diagnostic and treatment facilities such as oncology, renal, imaging and specialized theatres.

In order to implement the prioritized programmes, the Sector has been allocated Kshs. 5,610,674,899 billion, Kshs. 6,171,742,389 billion and Kshs 6,788,916,628 billion for the FY 2019/2020, FY 2020/2021 and FY 2021/2022 respectively.



## **Education Sector**

The Sector is committed to the provision of quality education, vocational training, research and skills development for the youth, in order to contribute to meaningful engagement of the youth and entrepreneurial orientation for self-employment.

During the FY 2015/16 - 2017/18 MTEF period, the Sector made several achievements including: disbursement of County Bursaries amounting to 275 million benefiting 120,428 students in the three years under review, construction of 400 ECD classrooms, provision of instructional materials and school feeding programme to all 939 public ECD centres, employment 96 of vocational training instructors and rehabilitation of vocational training centres. This has seen an increased enrolment of pupils for early childhood development programme.

During the MTEF period under review 109 instructors were recruited under vocational training. The sub sector was able to construct 17 Vocational training Centre's spread across the County. The sub sector also constructed administration blocks in 3 VTC's namely, Njoro, Molo and Nakuru. The sub sector was also able to equip 6 VTC's with tools and equipment, provided 2,100 attachment places and supervision and held sensitization sessions across the county

For the FY 2019/20 - 2021/22 MTEF period, the Sector has prioritized several programmes for implementation including: recruitment of additional ECD teachers to operationalize the new facilities and ensure 100% enrolment of eligible children in addition to improving on the school feeding programme to attract and retain high number of learners. The county will continue to support youth training through increased allocation to youth polytechnics and allocation of bursary to support bright and needy students. The Sector will also complete the ongoing construction and equipment of Youth Polytechnic in order to equip the youth with relevant skills required to drive the industrialization agenda.

In order to implement the prioritized programmes, the Sector has been allocated Kshs 471,894,871 million, Kshs 519,084,358 million and Kshs 570,992,794million for the FY 2019/2020, FY 2020/2021 and FY 2021/2022, respectively.

### **Public Administration and National/International Relations Sector**

The Sector provides overall policy direction and leadership to the country, oversee the human resource function in the county public service, coordinate county policy formulation and implementation, resource mobilization, allocation and management, coordinating implementation of gender and youth policy and mainstreaming in county development, implementation of the national policy as well as oversight, monitoring, evaluation and reporting on the use of public resources and service delivery.

Programmes were implemented within the sector during the MTEF period 2015/16 - 2017/18. With tremendous progress was made in achievement of the sector's set targets. These include the following among others: development of county 2018-2022 CIDP; preparation of various publications and reports; provision of capacity building and technical assistance to county departments, resource mobilization, allocation and oversight in the public sector; established and institution of performance management systems, continued improvement of staff welfare. Staff audit was also conducted for purposes of future planning and staff rationalization process.

In the FY 2019/20 and the medium term, the Sector will focus on enhancing advisory on public policy for effective management of public affairs; management and implementation of contract staff audit report for rationalization of staff to improve efficiency of the public sector in service delivery. Public Service, Devolution and Training is mandated with coordinating, management and supervision of general administrative functions, performance management, development planning and service delivery including in sub-counties and devolved units, facilitating citizen participation at the grass root,

and civic education. To promote efficient public service the county will embark on implementation of recommendation staff audit report, continue with staff comprehensive medical cover under NHIF and upscale the implantation of the performance contracts. The sub Sector has a legal directorate which will also facilitate drafting of various legislations to harmonize existing laws with the Constitution and continued to promote national values and cohesion.

The County Treasury will focus on improving supportive services to line departments in the provision of financial services to facilitate the ease of departmental operations. The sector will enhance revenue administration through continuous automation and implement other revenue strategies in a bid to enhance revenue mobilization in the County. Further the sector will continue to enhance the implementation of IFMIS in budgeting, planning, procurement and financial reporting. In line with statutory requirements, the Sector will continue to prepare and submit the relevant financial reports to the County Assembly, National Treasury, Controller of Budget, Office of the Auditor General and the Commission on Revenue Allocation.

The Nakuru County Public Service Board will endeavour to enhance human resource productivity through staff recruitment in line with sectorial requirements. The Board will also continue providing HR advisory services to improve sectorial collaboration and facilitate the implementation of human resource operations in the County

### **County Assembly**

The sector proposal includes indicative ceilings County Legislative arm as set out by CRA in 2018/19 and as reviewed and proposed by the county assembly in line with the CARA of 2018. The County Assembly plays a critical role in strengthening democratic space and enhancing good governance. The County Assembly will set about enacting requisite legislation, approval of statutory documents, and policies as required. The Assembly will also upscale oversight on development

processes in the County against the background of public participation and representation. This oversight role is extended to supervision of operations as implemented by the County Executive.

In a bid to facilitate smooth operations and management of resources by the County Government, the County Assembly will set about enacting requisite legislation, approval of statutory documents, and policies as required. The Assembly will also upscale oversight on development processes in the County against the background of public participation and representation. This oversight role is extended to supervision of operations as implemented by the County Executive.

In order to achieve its targets in the financial year 2019/20 and the medium term the Sector has been allocated Kshs 5,120,271,122 billion, Kshs 5,632,298,234 billion and Kshs 6,195,528,058 billion for FY 2019-20, FY 2020/2021 and FY 2021/2022 respectively. This includes allocation for the County Assembly.

### **Social Protection, Culture and Recreation Sector**

The Sector is mandated to promote sustainable employment, best labour practices, sports, gender equity, empowerment of communities and vulnerable groups, diverse cultures, heritage and arts.

During the FY 2015/16 – 2017/18 MTEF period, the key achievements in the Sector included; procuring land for construction of a sports centre in Olenguruone, rehabilitation and fencing of stadia's, Implemented the strategic plan during the period end, the studio at Nakuru player's theatre established and equipped. The Culture Directorate was able to organize cultural festivals at both national and regional levels train adjudicators as well as facilitators, GBV clusters formed, Sensitization meetings on Disability mainstreaming were held, we were able to Sensitize over 300 families on HIV AIDS which was achieved with Public and private partnership involvement. Implementation of Ward sports through funding of sports

teams and equipping of youths with assorted items is ongoing throughout the county wards. The sector was also able to support PWD's during sports tournaments.

Despite the achievements, the department has experienced challenges such as inadequate staffing, underfunding, lengthy procurement procedures and delay of release of funds. Attempts to utilize disability funds was hindered by lack of proper procedures such as lack of MOU with the National Council for Persons with Disabilities and National Disability Fund.

In the 2019/20 – 2021/22 MTEF period, the Sector will implement various initiatives including: the development of resource centres and social halls in various areas; construction of cultural centres to promote the preservation of the County's culture and heritage; continue developing and upgrading sports infrastructure. The sector also plans to continue providing sanitary towels to school going girls, participate in games at National, Regional and International sports competitions; In order to implement the prioritized programmes, the Sector has been allocated Kshs. 327,861,038 million, Kshs 360,647,142 million and Kshs 396,711,856 million for the FY 2019/2020, FY 2020/2021 and FY 2021/2022, respectively.

### **Environment Protection, Water and Natural Resources**

The sector is comprised of Water, Environment, Energy and Natural Resources. The mandate of the sector includes: environmental policy management, forest resource management, water resource management and sewerage services policy. The sector also undertakes conservation and protection of water wells and springs. The sector plays an important role in management of health safety measure in mines, and resource surveys and policy formulation on extractive industries. The Sector plays a crucial role in the economy as it contributes immensely to life support systems by providing goods and services that are critical enablers for the realization of the "Big Four" Plan. Investment in this Sector also ensures the delivery of direct and indirect goods and services that are the

backbone for the main productive Sectors namely agriculture, tourism, energy and manufacturing.

During the MTEF 2015/16- 2017/18 period under review, some of the key achievements in the Sector include planting of more than 300,000 trees of various species of in the sub-counties, under climate change mitigation, beautification of urban areas, rehabilitation of the County designated disposal site (Gioto) through a facelift. The sector has also drafted Waste Management Bill 2018, County Clean Energy Policy and County Climate Change Action Plan 2018-2022 waiting for enactment. During the period under review implemented 48 No. water projects that contributed to increased water accessibility through borehole drilling, rehabilitation of existing water supply systems, construction of new projects and desilting of dams and water pans. This resulted in increased production as well as reticulation.

For the 2019/20 to 2021/22 MTEF period, the Sector has prioritized programmes intended to; provide policy and legal framework for efficient and effective management of the environment; sustainably manage and conserve environment and water resources; increase reticulation and accessibility of water and sewerage services; sustainably manage and conserve forests and water sources; provide policy and legal framework for efficient and effective management of the county natural resources Going forward the sector will concentrate on the Integrated solid waste Management, tree growing, greening and beautification, pollution control on lentic-lotic ecosystems, air, land, noise and other public nuisance, Environmental education through creating awareness on environmental degradation, inculcating knowledge and skills on sound environmental management in order to change their attitudes towards the environment, and eventually participate in environmental management. Green energy promotion and provision of water services and management, promotion of Green Growth Economy, enforcement and compliance of environmental standards.

In order to implement the prioritized programmes, the Sector has been allocated Kshs 416,298,924 million, Kshs 457,928,816 million and Kshs 503,721,698 million for the FY 2019/2020, FY 2020/2021 and FY 2021/2022, respectively.

### **Public Participation/ Sector Hearings and Involvement of Stakeholders**

The law requires that the input of the public be taken into account before the Budget proposals are firmed up. Public participation provides an all-inclusive avenue for identifying and prioritizing government projects and activities under the budgeting process by key stakeholders and the general public. In this regard the process commenced early in the budget preparation process with the launch of Sector Working Groups (SWGs) in September 2018, finalization of the 2018 Budget Review and Outlook Paper in October 2018 and engagement in all sector activities and meetings. Public participation of CFSP was held between 15-18th January 2019 with sector presentations being made. The PFM Act, 2012 section 25 (5) requires the County Treasury while preparing the County Fiscal Strategy Paper to seek views of various Stakeholders, Institutions and the public for which the draft CFSP will be shared with CRA, and National Treasury for their input and comments. **Annex VII** highlights issues raised during the CFSP public hearings held in the month of January 2019 and probable solutions for the same.

## **V. CONCLUSION AND NEXT STEP**

The set of policies outlined in this CFSP aims at striking a balance between circumstances which keep changing and the emerging issues and are broadly in line with the CIDP and the fiscal responsibility principles outlined in the PFM law. They are also consistent with the national strategic objectives which set a basis for County Government allocation of public resources.

Details of these strategic objectives are contained in the County Integrated Development Plan (2018-2022). The policies and sector ceilings annexed herein will guide the Sectors/Departments in final adjustments of the 2019/20 MTEF budget.

Budgetary resources are usually limited thus it is imperative that departments prioritize their programmes within the available resources to ensure that utilization of public funds are in line with County Government priorities. Departments need to carefully consider detailed costing of projects, strategic significance, deliverables (output and outcomes), alternative interventions, administration and implementation plans in allocating resources. There is also need to ensure that recurrent resources are being utilized efficiently and effectively before funding is considered for programmes.

Proper implementation of the budget is critical towards providing services that will promote sustainable growth. Sustainability requires greater effort from all the stakeholders including County Government Departments, Civil Society, Communities, County Assembly and development partners to get things done. This means providing for continuous consultation, finding solutions and encouraging innovation to build a sustainable County.



## ANNEXURES

### Annex 1: County Government of Nakuru Operations FY 2019/2020-2021/2022

No.	REVENUE SOURCE	CFSP	CFSP	PROJECTIONS		ANNUAL GROWTH	% GROWTH		
		2018/2019	2019/2020	2020/2021	2021/2022		2019/2020	2020/2021	2021/2022
1	Property tax (Plot rent and Land rates)	300,980,000	300,980,000	316,029,000	331,830,450	-	0.0%	5.0%	5.0%
2	Trade License	400,000,000	400,000,000	420,000,000	441,000,000	-	0.0%	5.0%	5.0%
3	Market Fees	107,220,000	107,220,000	112,581,000	118,210,050	-	0.0%	5.0%	5.0%
4	Building Approval	120,310,000	120,310,000	126,325,500	132,641,775	-	0.0%	5.0%	5.0%
5	Cess	100,000,000	100,000,000	105,000,000	110,250,000	-	0.0%	5.0%	5.0%
6	Royalties	104,460,000	104,460,000	109,683,000	115,167,150	-	0.0%	5.0%	5.0%
7	Stock/ Slaughter fees	23,000,000	23,000,000	24,150,000	25,357,500	-	0.0%	5.0%	5.0%
8	House Rent	70,000,000	70,000,000	73,500,000	77,175,000	-	0.0%	5.0%	5.0%
9	Advertising	100,000,000	100,000,000	105,000,000	110,250,000	-	0.0%	5.0%	5.0%
10	Parking fees	330,100,000	330,100,000	346,605,000	363,935,250	-	0.0%	5.0%	5.0%
11	Liquor Licensing	72,150,000	72,150,000	75,757,500	79,545,375	-	0.0%	5.0%	5.0%
12	County Park Fees	750,000	750,000	787,500	826,875	-	0.0%	5.0%	5.0%
13	Water And Sewerage			-	-	-			
14	Health fees and charges	120,350,000	120,350,000	126,367,500	132,685,875	-	0.0%	5.0%	5.0%
15	Other Fees and Charges	150,680,000	150,680,000	158,214,000	166,124,700	-	0.0%	5.0%	5.0%
	<b>Sub Total Local Sources</b>	<b>2,000,000,000</b>	<b>2,000,000,000</b>	<b>2,100,000,000</b>	<b>2,205,000,000</b>	-			
16	Facility Improvement Fund	685,000,000	800,000,000	824,000,000	848,720,000	115,000,000	16.8%	3.0%	3.0%
	<b>SUB TOTAL (AIA &amp; Local Sources)</b>	<b>2,685,000,000</b>	<b>2,800,000,000</b>	<b>2,924,000,000</b>	<b>3,053,720,000</b>	<b>115,000,000</b>	<b>4.3%</b>	<b>4.4%</b>	<b>4.4%</b>
17	Balance in County Revenue Fund	545,000,000				(545,000,000)	-100.0%	#DIV/0!	
	Balance in County Local Revenue Account					-			
18	Donor Grants (DANIDA)	31,083,750	31,083,750	34,192,125	37,611,338	-	0.0%	10.0%	10.0%
19	Loans and Grants CRA	-		-	-	-		0.0%	0.0%
20	Symbiocity Programme								
21	Kenya Devolution support program (KDSP)	60,282,958	60,282,958	66,311,254	72,942,379	-	0.0%	0.0%	0.0%
23	World bank National Agricultural and Rural inclusive growth Projects (NARIGP)	140,435,163	140,435,163	154,478,679	169,926,547	-		0.0%	0.0%

No.	REVENUE SOURCE	CFSP		PROJECTIONS		ANNUAL GROWTH	% GROWTH		
		2018/2019	2019/2020	2020/2021	2021/2022		2019/2020	2020/2021	2021/2022
24	Agricultural Sector Development Support Projects (ASDSP)		21,983,635	24,181,999	26,600,198	21,983,635		0.0%	0.0%
25	Conditional Allocation to compensate Forgone user fees	38,723,265	38,723,265	42,595,592	46,855,151	-	0.0%	0.0%	0.0%
26	Conditional Fund -Kenya Urban Support Project(KUSP)	1,084,843,300	1,084,843,300	1,193,327,630	1,312,660,393	-		0.0%	0.0%
27	Conditional Fund -Leasing of Medical Equipment	200,000,000	131,914,894	145,106,383	159,617,022	(68,085,106)	-34.0%	0.0%	0.0%
28	Conditional Fund -Free Maternal Health			-	-	-			
29	Road Maintenance Fuel Levy Fund (RMFLF)	248,847,131	297,372,469	327,109,716	359,820,687	48,525,338	19.5%	10.0%	10.0%
30	Conditional Allocation For Level- 5 Hospital	373,872,832	373,872,832	411,260,115	452,386,127	-	0.0%	10.0%	10.0%
31	World Bank THS-UC Conditional allocation	95,036,351	95,036,351	104,539,986	114,993,985	-			
32	Conditional Allocation for Rehabilitation of Youth Polytechnics	47,800,000	63,063,298	69,369,628	76,306,591				
33	C.R.A Equitable Share	9,451,400,000	10,261,000,000	11,287,100,000	12,415,810,000	809,600,000	8.6%	10.0%	10.0%
	<b>SUB TOTAL</b>	<b>12,317,324,750</b>	<b>12,599,611,915</b>	<b>13,859,573,107</b>	<b>15,245,530,417</b>	<b>282,287,165</b>	<b>2.3%</b>	<b>40.0%</b>	<b>40.0%</b>
	<b>GRAND TOTAL</b>	<b>15,002,324,750</b>	<b>15,399,611,915</b>	<b>16,783,573,107</b>	<b>18,299,250,417</b>	<b>397,287,165</b>	<b>2.6%</b>	<b>44.4%</b>	<b>44.4%</b>
	<b>Allocation For Ward Projects 2019/2020</b>								
	Total Development Budget	5,266,843,763	5,379,541,936	5,917,496,129	6,509,245,742	112,698,173	2.1%	10.0%	10.0%
	Less Development Conditional Grant	2,069,703,195	2,094,674,380	2,304,141,818	2,534,556,000	24,971,185	1.2%	10.0%	10.0%
	Debt Resolution	289,730,000	150,000,000	165,000,000	181,500,000	(139,730,000)	-48.2%	10.0%	10.0%
	<b>Equitable Allocation</b>	<b>2,907,410,568</b>	<b>3,134,867,556</b>	<b>3,448,354,312</b>	<b>3,793,189,743</b>	<b>227,456,989</b>	<b>7.8%</b>	<b>10.0%</b>	<b>10.0%</b>
	County Assembly HQ Development	190,000,000	180,282,875	198,311,163	218,142,279	(9,717,125)	-5.1%	10.0%	10.0%
	Flagship HQ development	1,617,410,568	1,407,584,681	1,548,343,149	1,703,177,464	(209,825,886)		(0)	(0)
	<b>45% of Equitable Allocation for Ward Projects</b>	<b>1,100,000,000</b>	<b>1,547,000,000</b>	<b>1,701,700,000</b>	<b>1,871,870,000</b>	<b>447,000,000</b>	<b>40.6%</b>	<b>10.0%</b>	<b>10.0%</b>
	<b>Expenditure:</b>								
	<b>Current Expenditure:</b>								
	Compensation to Employees	6,057,711,905	5,968,181,959	6,505,318,335	7,090,796,985	(89,529,947)	-1.5%	0.0%	0.0%
	Use Of Goods And Services	3,472,621,617	3,824,853,885	4,169,090,734	4,544,308,900	352,232,267	10.1%	0.0%	0.0%
	Grants And Other Transfers			-	-	-		0.0%	0.0%

No.	REVENUE SOURCE	CFSP	CFSP	PROJECTIONS		ANNUAL GROWTH	% GROWTH		
		2018/2019	2019/2020	2020/2021	2021/2022		2019/2020	2020/2021	2021/2022
	Other Recurrent	205,147,465	227,034,136	254,278,232	284,791,620	21,886,672	10.7%	0.0%	0.0%
	<b>Sub Total:</b>	<b>9,735,480,987</b>	<b>10,020,069,979</b>	<b>10,928,687,301</b>	<b>11,919,897,505</b>	<b>284,588,992</b>	<b>2.9%</b>	<b>0.0%</b>	<b>0.0%</b>
	<b>Capital Expenditure:</b>								
	Acquisition Of Non-Financial Assets	1,495,660,568	1,537,867,557	1,828,082,857	2,206,684,771	42,206,989	2.8%	0.0%	0.0%
	Capital Grants To Governmental Agencies	2,416,683,195	2,294,674,379	2,524,141,817	2,776,555,999	(122,008,816)	-5.0%	0.0%	0.0%
	Other Development	1,354,500,000	1,547,000,000	1,701,700,000	1,871,870,000	192,500,000	14.2%	0.0%	0.0%
	<b>Sub Total:</b>	<b>5,266,843,763</b>	<b>5,379,541,936</b>	<b>6,053,924,674</b>	<b>6,855,110,770</b>	<b>112,698,173</b>	<b>2.1%</b>	<b>0.0%</b>	<b>0.0%</b>
	<b>Grand Total:</b>	<b>15,002,324,750</b>	<b>15,399,611,915</b>	<b>16,982,611,975</b>	<b>18,775,008,275</b>	<b>397,287,165</b>	<b>2.6%</b>	<b>0.0%</b>	<b>0.0%</b>
	DEFICIT/ SURPLUS	-	0						
	<b>PERCENT OF TOTAL BUDGET</b>								
	<b>Current Expenditure:</b>	65%	65%	64%	63%				
	<b>Capital Expenditure:</b>	35%	35%	36%	37%				

**Annex II: Trend in Growth of Equitable share of Revenue and Local Revenue  
2013/2014 (Base Year)-2019/2020**

**Trend in Growth of Equitable share of Revenue 2013/2014 (Base Year) 2019/2020**

<b>EXCHEQUER RECEIPTS TRENDS</b>	<b>ALLOCATION</b>	<b>GROWTH</b>	<b>% GROWTH</b>
2013/2014 (Base Year)	5,936,875,619	5,936,875,619	100%
2014/2015	7,082,152,961	1,145,277,342	19%
2015/2016	8,116,330,943	1,034,177,982	15%
2016/2017	8,757,624,645	641,293,702	8%
2017/2018	9,271,400,000	513,775,355	6%
2018/2019	9,451,400,000	180,000,000	2%
2019/2020 (BPS 2019)	10,261,000,000	809,600,000	9%

**Trend in Growth of Local Revenue 2013/2014 (Base Year) to 2019/2020**

<b>LOCAL REVENUE TRENDS</b>	<b>ACTUAL</b>	<b>GROWTH</b>	<b>% GROWTH</b>
2013/2014 (Base Year)	1,372,049,460		0%
2014/2015	1,600,420,288	228,370,828	17%
2015/2016	1,780,654,967	180,234,679	11%
2016/2017	1,555,180,152	(225,474,815)	-13%
2017/2018	1,682,970,850	127,790,698	8%
2018/2019 (Target)	2,000,000,000	-	0%
2019/2020 (Target)	2,000,000,000	-	0%

### Annex III: Total Expenditure Sector Ceilings for the Period 2019/2020-2021/2022

	SECTOR	SUB SECTOR	APPROVED ESTIMATES FY 2018/2019	CFSP CEILINGS	PROJECTIONS	
				2019/2020	2020/2021	2021/2022
1	Agriculture Rural and Urban Development					
1.1		<b>Agriculture, Livestock and Fisheries</b>				
		Recurrent Gross	599,957,883	437,789,561	481,568,517	529,725,369
		Development Gross	444,511,107	440,492,173	484,541,390	532,995,529
		<b>Sub Total</b>	<b>1,044,468,990</b>	<b>878,281,734</b>	<b>966,109,907</b>	<b>1,062,720,898</b>
1.2		<b>Lands, Physical Planning and Housing</b>				
		Recurrent Gross	140,256,412	140,168,153	154,184,968	169,603,465
		Development Gross	1,350,367,055	1,231,477,675	1,354,625,443	1,490,087,987
		<b>Sub Total</b>	<b>1,490,623,467</b>	<b>1,371,645,828</b>	<b>1,508,810,411</b>	<b>1,659,691,452</b>
		<b>SUB TOTAL (SECTOR)</b>	<b>2,535,092,456</b>	<b>2,249,927,562</b>	<b>2,474,920,318</b>	<b>2,722,412,350</b>
2	Education					
2.1		<b>Education</b>				
		Recurrent Gross	265,800,000	294,618,034	324,079,837	356,487,821
		Development Gross	594,121,462	23,466,339	25,812,973	28,394,270
		<b>Sub Total</b>	<b>859,921,462</b>	<b>318,084,372</b>	<b>349,892,810</b>	<b>384,882,091</b>
2.2		<b>Vocational Training</b>				
		Recurrent Gross	8,150,000	66,747,201	73,421,921	80,764,113
		Development Gross	216,378,897	87,063,298	95,769,628	105,346,591
		<b>Sub Total</b>	<b>224,528,897</b>	<b>153,810,499</b>	<b>169,191,548</b>	<b>186,110,703</b>
		<b>SUB TOTAL (SECTOR)</b>	<b>1,084,450,359</b>	<b>471,894,871</b>	<b>519,084,358</b>	<b>570,992,794</b>
3	Social Protection, Culture and Recreation					
3.1		<b>Youth, Sports, Culture and Social Services.</b>				
		Recurrent Gross	345,874,199	245,275,113	269,802,624	296,782,887
		Development Gross	118,632,753	82,585,925	90,844,518	99,928,969
		<b>Sub Total</b>	<b>464,506,952</b>	<b>327,861,038</b>	<b>360,647,142</b>	<b>396,711,856</b>
	<b>SUB TOTAL (SECTOR)</b>	<b>464,506,952</b>	<b>327,861,038</b>	<b>360,647,142</b>	<b>396,711,856</b>	
4	Energy, Infrastructure and ICT					
4.1		<b>Infrastructure</b>				
		Recurrent Gross	307,234,933	343,128,807	377,441,688	415,185,856
		Development Gross	2,129,971,069	470,181,764	517,199,940	568,919,934
	<b>Sub Total</b>	<b>2,437,206,002</b>	<b>813,310,571</b>	<b>894,641,628</b>	<b>984,105,791</b>	

	SECTOR	SUB SECTOR	APPROVED ESTIMATES	CFSP CEILINGS	PROJECTIONS	
			FY 2018/2019	2019/2020	2020/2021	2021/2022
4.2		<b>ICT and E-Government</b>				
		Recurrent Gross	72,196,021	71,040,000	78,144,000	85,958,400
		Development Gross	43,000,000	30,066,066	33,072,673	36,379,940
		<b>Sub Total</b>	<b>115,196,021</b>	<b>101,106,066</b>	<b>111,216,673</b>	<b>122,338,340</b>
	<b>SUB TOTAL (SECTOR)</b>	<b>2,552,402,023</b>	<b>914,416,637</b>	<b>1,005,858,301</b>	<b>1,106,444,131</b>	
5	<b>Environment Protection, Water and Natural Resources</b>					
5.1		<b>Water, Environment, Energy and Natural Resources</b>				
		Recurrent Gross	320,310,848	285,342,236	313,876,460	345,264,106
		Development Gross	901,444,329	130,956,688	144,052,357	158,457,592
	<b>Sub Total</b>	<b>1,221,755,178</b>	<b>416,298,924</b>	<b>457,928,816</b>	<b>503,721,698</b>	
<b>SUB TOTAL (SECTOR)</b>	<b>1,221,755,178</b>	<b>416,298,924</b>	<b>457,928,816</b>	<b>503,721,698</b>		
6	<b>General Economics and Commercial Affairs</b>					
6.1		<b>Trade, Industry, Marketing and Tourism</b>				
		Recurrent Gross	171,771,365	137,529,567	151,282,524	166,410,776
		Development Gross	365,504,267	150,737,295	165,811,025	182,392,127
	<b>Sub Total</b>	<b>537,275,632</b>	<b>288,266,862</b>	<b>317,093,548</b>	<b>348,802,903</b>	
<b>SUB TOTAL (SECTOR)</b>	<b>537,275,632</b>	<b>288,266,862</b>	<b>317,093,548</b>	<b>348,802,903</b>		
7	<b>Health</b>					
7.1		<b>Health Services</b>				
		Recurrent Gross	5,123,399,206	5,067,389,561	5,574,128,517	6,131,541,369
		Development Gross	1,091,467,432	543,285,338	597,613,872	657,375,259
	<b>Sub Total</b>	<b>6,214,866,638</b>	<b>5,610,674,899</b>	<b>6,171,742,389</b>	<b>6,788,916,628</b>	
<b>SUB TOTAL (SECTOR)</b>	<b>6,214,866,638</b>	<b>5,610,674,899</b>	<b>6,171,742,389</b>	<b>6,788,916,628</b>		
8	<b>Public Administration and National/Inter County Relations</b>					
8.1		<b>Office of the Governor and Deputy Governor</b>				
		Recurrent Gross	171,862,840	265,824,259	292,406,685	321,647,353
		Development Gross	103,855,318	96,605,318	106,265,850	116,892,435
	<b>Sub Total</b>	<b>275,718,158</b>	<b>362,429,577</b>	<b>398,672,535</b>	<b>438,539,788</b>	

	SECTOR	SUB SECTOR	APPROVED ESTIMATES FY 2018/2019	CFSP CEILINGS	PROJECTIONS	
				2019/2020	2020/2021	2021/2022
8.2		<b>County Treasury</b>				
		Recurrent Gross	974,485,249	860,764,875	946,841,363	1,041,525,499
		Development Gross	292,730,000	1,862,185,864	2,048,404,450	2,253,244,895
		<b>Sub Total</b>	<b>1,267,215,249</b>	<b>2,722,950,739</b>	<b>2,995,245,813</b>	<b>3,294,770,394</b>
8.3		<b>Public Service, Training and Devolution</b>				
		Recurrent Gross	768,933,741	719,393,288	791,332,617	870,465,878
		Development Gross	52,000,000	49,245,765	54,170,342	59,587,376
		<b>Sub Total</b>	<b>820,933,741</b>	<b>768,639,053</b>	<b>845,502,958</b>	<b>930,053,254</b>
8.4		<b>County Public Service Board</b>				
		Recurrent Gross	50,129,192	57,059,325	62,765,258	69,041,783
		Development Gross	4,405,528	909,553	1,000,508	1,100,559
		<b>Sub Total</b>	<b>54,534,720</b>	<b>57,968,878</b>	<b>63,765,766</b>	<b>70,142,342</b>
8.5		<b>County Assembly</b>				
		Recurrent Gross	999,538,825	1,028,000,000	1,130,800,000	1,243,880,000
		Development Gross	287,461,812	180,282,875	198,311,163	218,142,279
		<b>Sub Total</b>	<b>1,287,000,637</b>	<b>1,208,282,875</b>	<b>1,329,111,163</b>	<b>1,462,022,279</b>
	<b>SUB TOTAL (SECTOR)</b>		<b>3,705,402,506</b>	<b>5,120,271,122</b>	<b>5,632,298,234</b>	<b>6,195,528,058</b>
		<b>Total Recurrent Gross</b>	10,319,900,715	10,020,069,979	11,022,076,977	12,124,284,675
		<b>Total Development Gross</b>	7,995,851,029	5,379,541,936	5,917,496,129	6,509,245,742
		<b>GRAND TOTAL</b>	<b>18,315,751,744</b>	<b>15,399,611,915</b>	<b>16,939,573,107</b>	<b>18,633,530,417</b>

**Annex IV: Total Recurrent Expenditure Ceilings for the Period 2019/2020-2021/2022**

VOTE	Source of Funding	APPROVED ESTIMATES 2018/2019	CFSP CEILINGS	PROJECTIONS	
			2019/2020	2020/2021	2021/2022
Office of the Governor and Deputy Governor	<b>Gross Allocation</b>	<b>171,862,840</b>	<b>265,824,259</b>	<b>292,406,685</b>	<b>321,647,353</b>
	Local Revenue	18,904,912	39,873,639	43,861,003	48,247,103
	CRA Equitable Share	152,957,928	225,950,620	248,545,682	273,400,250
County Treasury	<b>Gross Allocation</b>	<b>974,485,249</b>	<b>860,764,875</b>	<b>946,841,363</b>	<b>1,041,525,499</b>
	Local Revenue	100,562,252	120,072,288	132,079,516	145,287,468
	Conditional Grant	60,282,958	60,282,958	66,311,254	72,942,379
	CRA Equitable Share	813,640,039	680,409,629	748,450,592	823,295,652
County Public Service Board	<b>Gross Allocation</b>	<b>50,129,192</b>	<b>57,059,325</b>	62,765,258	69,041,783
	Local Revenue	5,514,211	8,558,899	9,414,789	10,356,267
	CRA Equitable Share	44,614,980	48,500,426	53,350,469	58,685,516
Public Service, Training and Devolution	<b>Gross Allocation</b>	<b>768,933,741</b>	<b>719,393,288</b>	<b>791,332,617</b>	<b>870,465,878</b>
	Local Revenue	84,582,712	107,908,993	118,699,893	130,569,882
	CRA Equitable Share	684,351,030	611,484,295	672,632,724	739,895,997
Health	<b>Gross Allocation</b>	<b>5,123,399,206</b>	<b>5,067,389,561</b>	<b>5,574,128,517</b>	<b>6,131,541,369</b>
	Local Revenue	452,143,826	612,560,248	673,816,272	741,197,900
	AIA	816,055,787	690,000,000	759,000,000	834,900,000
	Conditional Grant	196,944,998	293,654,577	323,020,035	355,322,039
	CRA Equitable Share	3,658,254,595	3,471,174,736	3,818,292,210	4,200,121,431
Trade, Industry, Marketing and Tourism	<b>Gross Allocation</b>	<b>171,771,365</b>	<b>137,529,567</b>	<b>151,282,524</b>	<b>166,410,776</b>
	Local Revenue	18,894,850	20,629,435	22,692,379	24,961,616
	CRA Equitable Share	152,876,515	116,900,132	128,590,145	141,449,160
Infrastructure	<b>Gross Allocation</b>	<b>307,234,933</b>	<b>343,128,807</b>	<b>377,441,688</b>	<b>415,185,856</b>
	Local Revenue	33,795,843	51,469,321	56,616,253	62,277,878
	CRA Equitable Share	273,439,090	291,659,486	320,825,435	352,907,978
Education, Vocational Training, ICT and E-Government	<b>Gross Allocation</b>	<b>346,146,021</b>	<b>432,405,234</b>	<b>475,645,758</b>	<b>523,210,333</b>
	Local Revenue	38,076,062	64,860,785	71,346,864	78,481,550
	CRA Equitable Share	308,069,959	367,544,449	404,298,894	444,728,783
Agriculture, Livestock and Fisheries	<b>Gross Allocation</b>	<b>599,957,883</b>	<b>437,789,561</b>	<b>481,568,517</b>	<b>529,725,369</b>
	Local Revenue	65,995,367	65,668,434	72,235,278	79,458,805
	CRA Equitable Share	533,962,516	372,121,127	409,333,240	450,266,563



VOTE	Source of Funding	APPROVED ESTIMATES 2018/2019	CFSP CEILINGS	PROJECTIONS	
			2019/2020	2020/2021	2021/2022
Lands, Physical Planning and Housing	<b>Gross Allocation</b>	<b>140,256,412</b>	<b>140,168,153</b>	<b>154,184,968</b>	<b>169,603,465</b>
	Local Revenue	15,428,205	21,025,223	23,127,745	25,440,520
	CRA Equitable Share	124,828,207	119,142,930	131,057,223	144,162,945
Youth, Culture, Sports and Social Services.	<b>Gross Allocation</b>	<b>345,874,199</b>	<b>245,275,113</b>	<b>269,802,624</b>	<b>296,782,887</b>
	Local Revenue	38,046,162	36,791,267	40,470,394	44,517,433
	CRA Equitable Share	307,828,037	208,483,846	229,332,231	252,265,454
Water, Environment, Energy and Natural Resources	<b>Gross Allocation</b>	<b>320,310,848</b>	<b>285,342,236</b>	<b>313,876,460</b>	<b>345,264,106</b>
	Local Revenue	35,234,193	42,801,335	47,081,469	51,789,616
	CRA Equitable Share	285,076,655	242,540,901	266,794,991	293,474,490
County Assembly	<b>Gross Allocation</b>	<b>999,538,825</b>	<b>1,028,000,000</b>	<b>1,130,800,000</b>	<b>1,243,880,000</b>
	Local Revenue	109,949,271	154,200,000	169,620,000	186,582,000
	CRA Equitable Share	889,589,554	873,800,000	961,180,000	1,057,298,000
<b>SUB TOTAL</b>		<b>10,319,900,715</b>	<b>10,020,069,979</b>	<b>11,022,076,977</b>	<b>12,124,284,675</b>

**Annex V: Total Development Expenditure Ceilings for the Period 2019/2020-2021/2022**

VOTE	Source of Funding	APPROVED ESTIMATES 2018/2019	CFSP CEILINGS	PROJECTIONS	
			2019/2020	2020/2021	2021/2022
Office of the Governor and Deputy Governor	<b>Gross Allocation</b>	<b>103,855,318</b>	<b>96,605,318</b>	<b>106,265,850</b>	<b>116,892,435</b>
	Local Revenue	11,424,085	14,490,798	15,939,877	17,533,865
	CRA Equitable Share	92,431,233	82,114,520	90,325,972	99,358,570
County Treasury	<b>Gross Allocation</b>	<b>292,730,000</b>	<b>1,862,185,864</b>	<b>2,048,404,450</b>	<b>2,253,244,895</b>
	Local Revenue	32,200,300	279,327,880	307,260,668	337,986,734
	CRA Equitable Share	260,529,700	1,582,857,984	1,741,143,783	1,915,258,161
County Public Service Board	<b>Gross Allocation</b>	<b>4,405,528</b>	<b>909,553</b>	1,000,508	1,100,559
	Local Revenue	484,608	136,433	150,076	165,084
	CRA Equitable Share	3,920,920	773,120	850,432	935,475
Public Service, Training and Devolution	<b>Gross Allocation</b>	<b>52,000,000</b>	<b>49,245,765</b>	<b>54,170,342</b>	<b>59,587,376</b>
	Local Revenue	5,720,000	7,386,865	8,125,551	8,938,106
	CRA Equitable Share	46,280,000	41,858,900	46,044,790	50,649,269
Health	<b>Gross Allocation</b>	<b>1,091,467,432</b>	<b>543,285,338</b>	<b>597,613,872</b>	<b>657,375,259</b>
	Local Revenue	54,400,341	10,135,588	11,149,147	12,264,062
	AIA	86,657,500	110,000,000	121,000,000	133,100,000
	Conditional Grant	510,261,376	376,976,515	414,674,167	456,141,583
	CRA Equitable Share	440,148,215	46,173,235	50,790,558	55,869,614
Trade, Industry, Marketing and Tourism	<b>Gross Allocation</b>	<b>365,504,267</b>	<b>150,737,295</b>	<b>165,811,025</b>	<b>182,392,127</b>
	Local Revenue	40,205,469	22,610,594	24,871,654	27,358,819
	CRA Equitable Share	325,298,798	128,126,701	140,939,371	155,033,308
Infrastructure	<b>Gross Allocation</b>	<b>2,129,971,069</b>	<b>470,181,764</b>	<b>517,199,940</b>	<b>568,919,934</b>
	Local Revenue	206,923,633	31,105,673	34,216,240	37,637,864
	Conditional Grant	248,847,131	297,372,469	327,109,716	359,820,687
	CRA Equitable Share	1,674,200,305	141,703,622	155,873,984	171,461,382
Education, Vocational Training, ICT and E-Government	<b>Gross Allocation</b>	<b>853,500,359</b>	<b>140,595,703</b>	<b>154,655,273</b>	<b>170,120,800</b>
	Local Revenue	88,627,040	11,629,861	12,792,847	14,072,131
	Conditional Grant	47,800,000	63,063,298	69,369,628	76,306,591
	CRA Equitable Share	717,073,320	65,902,544	72,492,799	79,742,078
Agriculture, Livestock and Fisheries	<b>Gross Allocation</b>	<b>444,511,107</b>	<b>440,492,173</b>	<b>484,541,390</b>	<b>532,995,529</b>
	Local Revenue	33,448,354	41,711,006	45,882,107	50,470,318
	Conditional Grant	140,435,163	162,418,798	178,660,678	196,526,746
	CRA Equitable Share	270,627,590	236,362,369	259,998,606	285,998,466

VOTE	Source of Funding	APPROVED ESTIMATES 2018/2019	CFSP CEILINGS	PROJECTIONS	
			2019/2020	2020/2021	2021/2022
<b>Lands, Physical Planning and Housing</b>	<b>Gross Allocation</b>	<b>1,350,367,055</b>	<b>1,231,477,675</b>	<b>1,354,625,443</b>	<b>1,490,087,987</b>
	Local Revenue	29,207,613	21,995,156	24,194,672	26,614,139
	Conditional Grant	1,084,843,300	1,084,843,300	1,193,327,630	1,312,660,393
	CRA Equitable Share	236,316,142	124,639,219	137,103,141	150,813,455
<b>Youth, Culture, Sports and Social Services.</b>	<b>Gross Allocation</b>	<b>118,632,753</b>	<b>82,585,925</b>	<b>90,844,518</b>	<b>99,928,969</b>
	Local Revenue	13,049,603	12,387,889	13,626,678	14,989,345
	CRA Equitable Share	105,583,150	70,198,036	77,217,840	84,939,624
<b>Water, Environment, Energy and Natural Resources</b>	<b>Gross Allocation</b>	<b>901,444,329</b>	<b>130,956,688</b>	<b>144,052,357</b>	<b>158,457,592</b>
	Local Revenue	99,158,876	19,643,503	21,607,854	23,768,639
	CRA Equitable Share	802,285,453	111,313,185	122,444,503	134,688,954
<b>County Assembly</b>	<b>Gross Allocation</b>	<b>287,461,812</b>	<b>180,282,875</b>	<b>198,311,163</b>	<b>218,142,279</b>
	Local Revenue	31,620,799	27,042,431	29,746,674	32,721,342
	CRA Equitable Share	255,841,013	153,240,444	168,564,488	185,420,937
<b>SUB TOTAL</b>		<b>7,995,851,029</b>	<b>5,379,541,936</b>	<b>5,917,496,129</b>	<b>6,509,245,742</b>

**Annex VI: Sector Composition and Sector Working Groups for MTEF Budget  
2019/2020-2021/2022**

<b>CLASSIFICATION OF FUNCTIONS OF GOVERNMENT (COFOG)</b>	<b>SECTOR</b>	<b>SECTOR COMPOSITION (S)</b>
General Public Services	Public Administration and National/Inter County Relations	Office of The Governor and Deputy Governor
		County Public Service Board
		Finance and Economic Planning
		Public Service, Training and Devolution
		County Assembly
Recreation, Culture and Social Protection	Social Protection, Culture and Recreations	Dept. Of Culture, Dept. Of Sports Dept. Of Social Services
Education	Education	Dept. Of Education Dept. of Vocational Training
Economic Affairs	Agriculture Rural and Urban Development	Agriculture, Livestock and Fisheries
		Lands Physical Planning and Housing
	General Economics and Commercial Affairs	Trade, Tourism And Cooperatives
	Energy, Infrastructure and ICT	Infrastructure ICT And E-Government
Environment Protection	Environment Protection Water and Natural Resources	Water, Environment, Energy and Natural Resources
Health	Health	County Health Services
Macro Working Group	Macro Working Group	Department of Finance and Economic Planning

## Annex VII: CFSP 2019/2020 Public Hearings Highlights

Sector	Issues Raised	Feedback/Way Forward
PAIR	<ul style="list-style-type: none"> <li>-Need to enhance automation of systems to alleviate fiscal corruption.</li> <li>-Promotion of citizen participation in budget making process.</li> <li>-Establish of a County M&amp;E Unit to track County performance.</li> <li>-Regular follow-up on issues concerning recruitment in the County</li> </ul>	<ul style="list-style-type: none"> <li>-The sector will collaborate with various stakeholders to improve service delivery. This includes adoption automation of systems and the operationalization of M&amp;E committees to track performance.</li> <li>-Going forwards the sector will strengthen the civic education unit in a bid to promote not only citizen participation in the budget making Process but also general participation in matters governance.</li> <li>-The subsector will continue overseeing recruitment in the County in collaboration with the Public Service Board.</li> </ul>
	<ul style="list-style-type: none"> <li>- Delays in the enactment of various bills into laws.</li> <li>-Enhance the function of oversight by the Assembly</li> </ul>	<p>The Assembly endeavours to collaborate with other the County Executive to enhance its oversight role.</p>
Agriculture, Rural and Urban Development	<ul style="list-style-type: none"> <li>-Regular follow up on the distribution of seedlings and cattle dips operations in various areas.</li> <li>-Promotion of exhibitions for farmers on crop farming practices.</li> <li>-Follow up on animal feed prices in the market.</li> <li>-Enhance the use of ATC for farmer trainings.</li> <li>-Promotion and revitalization of urban farming practices among County citizens residing in the urban areas within the County.</li> <li>-Need to be inclusive through the Ministry of Agriculture by the county residents</li> <li>-Adoption and implementation of initiatives to promote youth participation in Agriculture.</li> <li>-Promotion of consumer protection through control of food-produce for sale</li> <li>-The fast tracking of affordable housing projects within the County in relation to the Big Four Agenda.</li> </ul>	<ul style="list-style-type: none"> <li>-The Sector will follow up on the operations of cattle dips in various areas in collaboration with the Dip Committees.</li> <li>-The Sector will continue the distribution of crop seedlings which had stalled as a result of climatic changes.</li> <li>-The Sector endeavours to construct and manage of cattle dips in areas that were prone to disease infestation.</li> <li>-The Sector urged citizens to beware of animal feed vendors within the markets due to market liberalization.</li> <li>-The Sector plans to rehabilitate the Agricultural Training Centre (ATC).</li> <li>-The Sector has initiated a programme to promote youth in agriculture with the process having taken off in December 2018.</li> <li>-The Sector will collaborate with stakeholder to promote consumer protection in the sale of safe food produce in the market. Further the sector has developed a bill that will guide these operations once enacted into law</li> <li>-The Sector will collaborate with external stakeholders in implementation of the Big Four Agenda by the national government</li> </ul>

Sector	Issues Raised	Feedback/Way Forward
	<ul style="list-style-type: none"> <li>- Implementation of the Land Information Management System (LMIS) to automate land rates and land ownership.</li> </ul>	<ul style="list-style-type: none"> <li>-The Sector will fast track the implementation of the system.</li> </ul>
Energy, Infrastructure, Information and Communication Technology	<ul style="list-style-type: none"> <li>-Need to enhance youth participation in ICT programs.</li> <li>-Promotion of Cyber Security by the County ICT sub Sector</li> </ul>	<ul style="list-style-type: none"> <li>-The Sector will promote the adoption of ICT to promote efficient County operations.</li> <li>-The Sector endeavours to increase Wi-Fi hotspots to improve access by the citizenry.</li> <li>-The Sector will monitor and control ICT operations within the County to assist to curb cyber insecurity.</li> <li>-The Sector through the Ajira program will develop the capacity of the youth in ICT operations</li> </ul>
Health	<ul style="list-style-type: none"> <li>-Rising menace of teenage pregnancy.</li> <li>-Provisions for patients unable to pay hospital bills.</li> <li>-Provision of drugs in hospital facilities.</li> <li>-Enhance health facilities equipment.</li> <li>-Recruitment of additional staff.</li> <li>-Promotion of public health initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>-The Sector will scale up its services towards curbing rising teenage pregnancies through establishing more youth friendly centres and increasing awareness campaigns on the same.</li> <li>-The Sector will collaborate with external stakeholders to improve service delivery in all the health facilities, this will also include equipping the facilities.</li> <li>-The Sector waiver committee is to oversee issues towards assisting patients unable to raise hospital bills.</li> <li>-The Sector will increase sensitization campaigns to address HIV /AIDS issues in the County.</li> </ul>
Environment Protection, Water and Natural Resources	<ul style="list-style-type: none"> <li>-Completion of existing pending projects</li> <li>-Collaborative implementation of the Water programme with existing water institutions and the identification of water committee members in different wards.</li> <li>-Plans should be put in place for water treatment in areas with high fluorine content</li> <li>-Proposed action points for the relocation of occupants near the existing dumping site.</li> </ul>	<ul style="list-style-type: none"> <li>-The Sector is prioritizing the completion of any existing incomplete projects.</li> <li>-Promotion of multi-sectoral approaches towards implementation of projects this includes external stakeholders.</li> <li>-Development and implementation of strategies for the relocation of occupants near the dumping site.</li> </ul>
General Economic and Commerce Affairs	<ul style="list-style-type: none"> <li>-Involvement of citizenry in the celebration of Ushirika Day'</li> </ul>	<ul style="list-style-type: none"> <li>-The Sector forecasts an improvement in County Tourism and investment with the elevation of Nakuru County to city status.</li> </ul>

Sector	Issues Raised	Feedback/Way Forward
	<ul style="list-style-type: none"> <li>-Promote participation of cooperative members in the rural areas.</li> <li>-Regulation of rates for doing business for small business owners.</li> <li>-Recruitment of staff</li> <li>-Strengthen consumer protection initiatives like regulation of weighing equipment.</li> <li>-The implementation of Miss Tourism in the County</li> <li>-Provision of information on the number of industries revived by the County</li> <li>-Strengthen County Tourism.</li> <li>-Reallocation of business premises in cases of destruction of small businesses.</li> </ul>	<ul style="list-style-type: none"> <li>-The Sector urged the citizenry to be vigilant when purchasing commodities weighed using the digital weighing tools. Further, the Sector will conduct regular inspections of business premise for inspections to enforce compliance.</li> <li>-The Sector will develop a bill which once enacted into law will provide requisite regulation for the revolving fund.</li> <li>-The Sector plans to recruit more officers to aid in the implementation of its mandate.</li> <li>-The Sector urged County residents to report cases of human-animal conflict for quick response</li> <li>-The Sector will collaborate with external stakeholders on the issues concerning SMEs with the County's elevation to city status.</li> <li>-The sector will promote collaboration with stakeholders to establish and revive collapsed and new industries.</li> </ul>
Social Protection	<ul style="list-style-type: none"> <li>-Inadequate youth empowerment and lack of employment.</li> <li>-Misuse of social halls in some areas</li> <li>-To improve vocational centres by allocating more funds</li> <li>-Establishment of vocation centres board in the County</li> <li>-Promote participation of PWDs in recruitment</li> <li>-Sports for the PWDs to under social service department</li> </ul>	<ul style="list-style-type: none"> <li>-The sector urged the youth to form and register groups to facilitate assistance. In addition, the sector will follow up on the use of social halls in affected areas.</li> <li>-The sector will collaborate with stakeholders to promote participation of PWDs in its implementation.</li> </ul>

## Annex VIII: Nakuru County Budget Calendar for the FY 2019/2020

	<b>ACTIVITY</b>	<b>RESPONSIBILITY</b>	<b>DEADLINE</b>
<b>1</b>	<b>Performance Review and Strategic Planning</b>	<b>County Treasury</b>	July-Aug 2019
	1.1 Develop strategic plans	<b>Departments</b>	"
	1.2 Prepare Annual Development Plans	"	"
	1.3 Expenditure review	"	"
	1.4 Preparation of Annual Work plans	"	"
<b>2</b>	<b>Develop and Issue County Budget Guidelines</b>	<b>County Treasury</b>	30th Aug 2019
<b>3</b>	<b>Annual Development Plan submitted to County Assembly</b>	<b>County Treasury</b>	1st Sept. 2019
<b>4</b>	<b>Launch of Sector Working Groups</b>	<b>County Treasury</b>	5th Sept. 2019
<b>5</b>	<b>Determination of Fiscal Framework</b>	<b>Macro Working Group</b>	13th Sept. 2019
	5.1 Estimation of Resource Envelop	<b>County Treasury</b>	"
	5.2 Determination of policy priorities	"	"
	5.3 Preliminary Resource allocation to Sectors, Assembly & Sub Counties	"	"
	5.4 Draft County Budget Review and Outlook Paper (CBROP)	"	20th Sept. 2019
	5.5 Submission and approval by County Executive Committee	"	23rd Sept. 2019
	5.6 Tabling of CBROP to County Assembly	"	27th Sept. 2019
	5.7 Circulate the Approved CBROP to Accounting Officers.	"	4th Oct. 2018
	5.8 Capacity building for MTEF Programme Based Budget	"	14th-18th Oct 2019
<b>6</b>	<b>Preparation of County Budget Proposals</b>	<b>Line Ministries</b>	
	6.1 Draft Sector Report	Sector Working Group	25th Oct. 2019
	6.2 Submission of Draft Sector Report to County Treasury	Sector Working Group	31st Oct. 2019
	6.3 Review of the Proposals	Macro Working Group	11th-15th Nov 2019
<b>7</b>	<b>Stakeholders/Public Participation</b>	<b>Treasury/ Departments</b>	November 2019
<b>8</b>	<b>The 2019/2020 Supplementary Budget</b>		
	8.1 Develop and issue guidelines on the 2019/20 Revised Budget	County Treasury	November 2019
<b>9</b>	<b>Draft Budget Estimates/ County Fiscal Strategy Paper (CFSP)</b>	<b>Macro Working Group / Departments</b>	
	9.1 Draft CFSP	Macro Working Group	31st Jan. 2020
	9.2 Submission of Draft Budget Estimates and Final Sector Reports	Departments	31st Jan. 2020
	9.3 Public Participation for identification of Ward based projects	County Treasury	10th-14th Feb. 2020



	<b>ACTIVITY</b>	<b>RESPONSIBILITY</b>	<b>DEADLINE</b>
	9.4 Submission of CFSP to County Executive Committee for approval	County Treasury	24th Feb. 2020
	9.5 Submission of CFSP to County Assembly for approval	County Treasury	28th Feb. 2020
	9.6 Submission of Debt Management Strategy to County Assembly for approval	County Treasury	28th Feb. 2020
<b>10</b>	<b>Preparation and approval of Final Departments' Programme Budgets</b>		
	10.1 Issue final guidelines on preparation of 2020/21 County Budget	County Treasury	16th March, 2020
	10.2 Submission of Budget proposals to Treasury	Line Departments	27th March, 2020
	10.3 Consolidation of the Draft Budget Estimates	County Treasury	6th April, 2020
	10.4 Submission of Draft Budget Estimates for County Government to County Assembly	County Treasury	30th April, 2020
	10.5 Review of Draft Budget Estimates by Departmental Committee	County Assembly	19th May 2020
	10.6 Report on Draft Budget by Budget and Appropriations Committee (County Assembly)	County Assembly	22nd May 2020
	10.6 Preparation of Annual Cash flow	County Treasury	9th-12th June 2020
	10.7 Submission of Annual Cash flow to Controller of Budget	County Treasury	15th June 2020
	10.8 Submission of Appropriation Bill to County Assembly	County Treasury	12th June 2020
	10.9 Resolution of County Assembly on Estimates and Approval	County Treasury	25th June, 2020
	Budget Statement	County Treasury	25th June, 2020
	Appropriation Bill Passed	County Assembly	30th June, 2020