REPUBLIC OF KENYA

COUNTY GOVERNMENT OF NYERI

COUNTY TREASURY

APPROVED COUNTY FISCAL STRATEGY PAPER, 2018

UNLOCKING THE POTENTIAL OF OUR PEOPLE THROUGH ROBUST SOCIAL-ECONOMIC INVESTMENT PROGRAMMES

14TH MARCH, 2018

Foreword

The 2018 County Fiscal Strategy Paper (CFSP) sets out the County Governments' priority programs and reforms to be implemented in the Financial Year 2018/2019. The programs and policies herein have taken into account priorities enunciated in the CIDP 2018-2022, the ADP 2018/2019, Medium Term Plan III of the Kenya Vision 2030 and Jubilee Administration Agenda and particularly the "Big Four".

The 2018 CFSP is framed against a backdrop of improving global and regional economic prospects. Global growth is projected to improve to 3.7 percent in 2018 up from 3.6 percent in 2017. The positive global outlook reflects recovery in investment, trade, and industrial production, coupled with strengthening business and consumer confidence. Similarly, growth in sub-Saharan Africa is projected to pick up, albeit with variations across the region. At the sub region, the East African Community economies continue to record relatively higher economic growth supported by stable macroeconomic environment, on-going infrastructure investments and strong private consumption. On the domestic front, our economy has remained resilient, with growth supported by a stable macroeconomic environment, resilient domestic demand and ongoing public infrastructural investments.

The County Government envisage to provide an enabling environment for economic growth and job creation, quality services to its citizens, and serve the residents in an accountable and transparent manner. In order to achieve this, we have identified, through a consultative process, thirteen priority areas. These are: Agriculture and Food Security; Resource Sustainability; Investment Attraction, Retention and Expansion; Accessible and Quality Health Care; Enhancing Basic Infrastructure; Leverage on Technology; Trade, Tourism and Enterprise; Spatial Planning and Housing; Efficient and Effective Public Service; Education and Technology; Youth Empowerment and Sports; Financial Sustainability and Resilience; and an engaged Citizenry.

The policy goals, priority programs and fiscal framework in this CFSP reflect emerging realities and priorities in the ADP 2018-2019 and CIDP 2018-2022.

The policy intentions outlined in this CFSP are a product of wide consultations with all stake holders within and outside the county. I would like to thank the entire County leadership for steering the preparation of this document as we all move together in building a united and prosperous Nyeri.

ROBERT THUO MWANGI
C.E.C.M - FINANCE AND ECONOMIC PLANNING

Acknowledgement

The Nyeri County Fiscal Strategy Paper (CFSP), 2018 is prepared in accordance with the Public Finance Management (PFM) Act, 2012. It outlines the current state of the economy and outlook over the medium term, broad macroeconomic issues and medium term fiscal framework, the set strategic priorities and policy goals together with a summary of county spending plans, which forms the basis of the FY 2018/19 budget. The document is expected to improve the public's understanding of county's public finances and guide public debate on economic and development matters.

Over the 2015/16-2017/18 Medium Term Expenditure Framework (MTEF) period, the county funded priority programs that are supportive of accelerated and inclusive economic growth. The programs were carefully assessed before funding to ensure they were in line with the broad economic transformation agenda. The key programs implemented aimed at creating conducive business environment, developing infrastructure to support marketing and access, transforming agriculture, provision of better social services and rural development.

The key achievements realized under the prioritized programs include: improved road network, towns and street lighting, increased irrigated acreage, enhanced security, new and improved farming technologies. All this is done in order to secure citizens in terms of food security, boost investments and investor's confidence.

The county government is committed to continue building capacity to enhance resource management, raise own revenue and entrench good governance in all departments and fight against economic crimes. The county government will continue to implement priority programs to raise productivity and economy-wide efficiency for sustainable and inclusive growth.

The preparation of the CFSP, 2018 was a concerted effort among all county departments who provided valuable and credible information. We appreciate their inputs in this noble course as a critical process of the county budget preparation process. Special thanks go to the office of the Governor, the County Secretary, all the Chief Officers, County Directors and other county officials who dedicated their valuable time to ensure the successful completion of this important policy document.

I would wish also to take this opportunity to thank all the stakeholders who attended the public participation forum held 23rd February, 2018. The contributions you made and questions asked for clarifications were not in vain as they greatly informed the policy direction in allocation of resources. Special appreciation goes to the staff of the Economic Planning Unit for working tirelessly to transform data and information gathered from public participation forum and county departments to this refined document.

As it is the responsibility of County Treasury to ensure timely submission of the CFSP, a team from the department of Economic Planning and Budgeting spent valuable time to put together this strategy paper. The team comprised of Sammy Mutua, Gibson Mwangi and Chris Gathogo whose tireless effort enabled the successful completion of the CFSP, 2018 with periphery support from the office staff

FRANCIS MARANGA KIRIRA

CHIEF OFFICER - ECONOMIC PLANNING

List of Abbreviations

ADP	-	Annual Development Plan
ASK	-	Agricultural Society of Kenya
ATC	-	Agricultural Training Centre
AMS	-	Agricultural Mechanization Services
BPS	-	Budget Policy Statement
CGN	-	County Government of Nyeri
CIDP	-	County Integrated Development Plan
CFSP	-	County Fiscal Strategy Paper
CRA	-	Commission on Revenue Allocation
EAC	-	East African Community
ECDE	-	Early Childhood Development Education
ESP	-	Economic Stimulus Program
EDF	-	Enterprise Development Fund
FY	-	Financial Year
FIF	-	Facility Improvement Fund
GDP	-	Gross Domestic Product
ICT	-	Information Communication and Technology
ICU	-	Intensive Care Unit
IFAD	-	International Fund for Agricultural Development
IFMIS	-	Integrated Financial Management and Information system
KISIP	-	Kenya Informal Settlement Program
MTP	-	Medium Term Plan
MTEF	-	Medium Term Expenditure Framework
NHIF	-	National Hospital Insurance Fund
OSR	-	Own Source Revenue
PFM	-	Public Finance Management
SGR	-	Standard Gauge Railway
TOL	-	Temporary Occupation License
USD	-	United State Dollar
WRUA		Water Resource Users association

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Legal Basis for the Publication of the County Fiscal Strategy Paper

The County Fiscal Strategy Paper is published in accordance with Section 117 of the Public Finance Management Act, 2012. The law states that:

1) The County Treasury shall prepare and submit to 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 28th 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 their budget both 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 of revenue allocation;

(b) the public;

(c)the interested persons or groups;

(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 amendments.
7) The County Treasury shall consider any recommendations made by the county assembly when finalizing the budget proposal for the financial year concerned.
8) The County Treasury shall publish and publicize the County Fiscal Strategy Paper within seven days after it has been submitted to the county assembly.

Fiscal Responsibility Principles for the National and County Governments

In line with the Constitution, the Public Finance Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudent and transparent management of public resources. The PFM act, 2012, (Section 15) states that:

1) Over the medium term, a minimum of 30 percent of the national and county budgets shall be allocated to development expenditure
2) The national government's expenditure on wages and benefits for public officers shall not exceed a percentage of the national government revenue as prescribed by the regulations.
3) The county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly.
4) Over the medium term, the national and 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 Parliament for the National Government and the county assemblies for the County Governments.
6) Fiscal risks shall be managed prudently; and
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.

INTRODUCTION

The County Fiscal Strategy Paper (CFSP) is a policy document that sets out the broad strategic priorities and policy goals that will guide the county departments and entities in preparing their budgets, both for the following financial year and over the medium term.

The commitment to the adherence to the fiscal responsibility principles, in this County Fiscal Strategy Paper, demonstrates the county's resolve to prudently and transparently manage public resources in line with the Constitution and the Public Finance Management (PFM) Act, 2012 and all related attendant laws.

Section 117 of the PFM Act, 2012 provides that the County Treasury shall prepare and submit to 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 28th February of each year. 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 amendments.

The County Executive Committee shall take into account resolutions passed by County Assembly in finalizing the budget for the relevant financial year. The budget for the FY 2018/2019 will be anchored on the approved CIDP 2018-2022 and the Annual Development Plan for the FY 2018/19 that clearly outlines the aspirations of the new administration.

I. RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

1.0 Overview

1. Kenya's economy remained resilient in 2017 despite adverse weather conditions, a prolonged electioneering period as well as subdued credit growth to the private sector which combined to weaken growth in the first half of the year. Economic growth for 2017 is estimated at 4.8 percent from 5.8 percent in 2016. On the positive side, growth in 2017 was supported by the ongoing public infrastructure investments, improved weather towards end of 2017, recovery in the tourism sector and a stable macroeconomic environment.

2. Over the medium term, growth is projected to increase by more than 7.0 percent due to investments in strategic areas under "The Big Four" Plan, namely: increasing the share of manufacturing sector to GDP; ensuring all citizens enjoy food security and improved nutrition by 2022; expanding universal health coverage; and delivering at least five hundred thousand (500,000) affordable housing units. These efforts will support the business environment, create jobs and ultimately promote broad based inclusive growth.

3. Kenya is ranked favourably in the ease of doing business and as a top investment destination. In 2017, the World Bank's Doing Business Report, ranked Kenya third in Africa in the ease of doing business after Rwanda and Mauritius, as the country moved up 12 places to position 80.

1.1 Recent Economic Developments

1.1.1 Global and Regional Economic Developments

4. The pickup in global activity that started in 2016 gathered pace in the first half of 2017 supported by notable improvements in investment, trade, and industrial production, coupled with strengthening business and consumer confidence. As such global growth is projected to increase to 3.8 percent in 2018 from 3.6percent in2017 and3.2 percent in 2016primarily driven by improving domestic demand in advanced economies and China and improved performance in other emerging market economies.

5. In the East African Community (EAC) region, economic growth is estimated to stabilize at 5.4 percent in 2016 and 2017, a slowdown from a 6.1 percent growth in 2015. The prolonged effect of drought experienced in 2016 and continued in 2017, dampened agricultural output and GDP growth in Uganda, Tanzania and Rwanda. In addition, there was a slowdown in credit growth across countries in the region, which further dampened the growth. Further, insecurity and political tensions continued to constrain economic activities in countries such as Burundi, Somalia, and South Sudan. In 2018, economic growth is projected to increase to 5.9 percent supported by a stable macroeconomic environment, ongoing infrastructure investments, and strong private consumption.

1.1.2 Domestic Economic Developments

6. Growth of the Kenyan economy remained resilient; broad based and registered strong performance in the past 5 years supported by strong public and private sector investment and appropriate economic and financial policies. The economy, specifically, grew at an average of 5.5 percent per year in the five years (2013 -2017) outperforming the average growth rate of 4.7 percent in the period 2008 to 2012.

7. The value of goods and services produced therefore raised the per capita income from Kshs 104,700 in 2013 to an estimated Kshs 174,200 in 2017. However, uncertainty associated with elections coupled with the effects of adverse weather conditions slowed down the performance of the economy in 2017. As a result, the economy is estimated to grow by 4.8 percent in 2017, which is a slowdown from the estimated growth rate of 5.1 percent.

1.1.3 Inflation Rate

8. Inflation rate has been low, stable and within the Government target range of 5+/-2.5 percent in the period 2013 to 2017 as a result of prudent monetary and fiscal policies. Inflation averaged 6.7 percent in the period (2013-2017) compared with 7.4 percent in the period (2002-2007), 10.6 percent in the period (2008-2012). However, inflation increased to above target in the first half of 2017 due to drought that affected food prices. Inflationary pressures started to ease in the second half of 2017 as the weather situation improved and earlier measures taken by the Government to address the food shortages took effect.

9. These measures included: allowing duty free imports of major food items (maize, wheat, sugar, and milk) and introducing a temporary subsidy on maize meal prices. As a result, overall month on month inflation was 4.5 percent in December 2017 from 6.4 percent in December 2016, and was within the Government's target range.

1.1.4 Kenya Shilling Exchange Rate

10. The Kenya Shilling exchange rate remained broadly stable against major international currencies. As at December 2017, the shilling exchange rate against the Dollar was at Kshs 103.1 from Kshs 102.1in December 2016. The Kenya Shilling exchange rate as compared to most sub-Saharan African currencies, has continued to display relatively less volatility. This stability reflected resilient receipts from tea and horticulture despite lower export volumes due to adverse weather conditions in the first quarter of 2017. Additionally, receipts from tourism, coffee exports and Diaspora remittances remained strong.

1.1.5 Interest Rates

11. Interest rates remained stable and low in the period 2013-2017except 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. From August 2016 to January 2017 the rate remained at 10.0 percent. The interbank rate has remained low at 7.7 percent in

December 2017 from 5.9 percent in December 2016 due to ample liquidity in the money market while the 91-day Treasury bill rate declined to 8.0 percent from 8.4 percent over the same period. The 182 day and the 364 day Treasury bills averaged 10.6 percent and 11.1 percent in December 2017 from 10.5 percent and 11.0 percent in December 2016, respectively.

1.1.6 County recent development outlook

12. In order to improve access in the rural areas, the County Government during the last 5 years has continued to invest in infrastructural development and especially on improvement of access and feeder roads through the '8Km per ward' programme and 10Km affirmative action for Kieni as a catalyst for social economic development.. A total of 1,168 Km had been upgraded to all weather standards and thus facilitating the marketing of farm produce and delivery of essential services. Footbridges and box culverts were also constructed to connect ridges and other areas that had been previously impassable.

13. Agriculture, being the county's main economic activity, has a great multiplier effect as every household is impacted by its investments. The trickle-down effect of any investment in the sector is felt far and wide. The county government has endeavoured to provide free A.I services where more than 4,424 farmers have benefitted, subsidized fertilizer and certified seeds were also distributed so as to improve yield and output for our farmers. Further, over 134,000 fingerings have been distributed covering over 800 ponds and 10 dams. This will ensure food and nutrition security.

14. In the heath sector, the county government has continually sought to minimize the burden of curative services by investing in preventive and Promotive health services. The community health services initiative dubbed *Afya Mashinani* has facilitated the training and commissioned a total 2,510 Community Health Volunteers on management of non-communicable diseases as well as reproductive health, family planning and palliative services. The county government has continued to focus on improvement of health infrastructure where 22 new dispensaries have been operationalized in last five years.

15. During the previous planning period, a total of 40 high mast floodlighting, 45Km of street lighting in our major trading centers was installed and 33,737 HH were connected to electricity. The lighting of major towns and trading centers has improved security and economic activities can now extend for longer hours.

16. The County Government in collaboration with the Ministry of lands, Kenya Informal Settlement Program (KISIP) and the National land commission have seen through the resettlement of colonial villagers across the county. Through this, planning and Surveying of the following colonial villages has been achieved namely; Kiamwathi, Miiri, Ihwagi, Gitero, Gikomo (Mweiga), Gitathini, Chorong'i, Kiaruhiu and Kariki Villages.

1.2 Fiscal performance and emerging challenges

FY 2017/18 Budget

17. Implementation of the FY 2017/18 budget is on course although performance is lagging behind targets. In the first half of the financial year, revenues collection has been consistently low due to the lengthy electioneering period. On the other hand, there has been an elevated expenditure pressure as a result of the adverse spill over effects of the FY 2016/17 pending bills and commitments.

18. The County Assembly approved the FY 2017/18 supplementary budget necessitated by the change in government after the general elections. The total budget estimates amounts to Kshs. 7,961,108,064. The budget comprises of Kshs 5,506,525,752for recurrent and Kshs 2,454,582,312for development expenditure. These expenditures are financed by the locally collected revenue and the allocation from the equitable share and conditional grants as shown below;

Equitable Share		**4,952,800,000**	Based on CRA Formula
Conditional Grants	County Referral Hospital	407,861,272	
	Compensation for user fees foregone	13,701,379	
	Loans and Grants	12,845,841	(DANIDA Grant for Universal Healthcare in Devolved System Program)
		22,000,000	World Bank loan for Transforming Health Systems for Universal Care Project
	Road maintenance levy fund	189,567,564	Roads Improvement
	Youth Polytechnics	42,211,848	For Education Department
	Level 1 Grant KDSP	40,850,289	Capacity Building (World Bank - KDSP)
	Sub Total	**729,038,193**	
Local Revenue		**1,000,000,000**	
Balance Brought Forward –County Assembly		16,000,670	
Executive		1,263,269,201	
Sub Total		**1,279,269,871**	
Total Revenue		**7,961,108,064**	

19. By end of December 2017, cumulative revenue receipts amounted to Kshs. 1,136,135,956, comprising of Kshs 861,960,472from the national sources and Kshs 274,175,484 as local revenue. However due to the late release of funds in the closure of financial year 2016/17, there was an unspent balance of Kshs. 1,279,269,871 brought forward to financial year 2017/18

Table 1: Cumulative Budget Out-turn, July – December 2017

Performance July – Dec 2017			
Description	Target	Achieved	Percentage achieved
Total revenue collected	1,000,000,000	274,175,484	27.42%
Total Expenditure			
- Recurrent	5,506,525,752	1,636,132,006	29.71%
- Development	2,454,582,312	0	0%

Source: Department of Finance and Economic Planning, 2018

20. The amount of local Revenue collected during the first half of the FY 2017/18 was Kshs 274,175,484 as compared to Kshs 308,172,693 over the same period in the FY 2016/2017. This

indicates a decrease of 11.03% which should be of great concern to the county. On the expenditure side, recurrent expenditure for the first half of FY 2017/18 was 1,636,132,006representing 29.71% of the annual target.

21. However there was no expenditure on development due to the prolonged electioneering process and realignment of county government policies. Notably, the major sources of local revenue remains as hospital levies, parking fees, single business permit, liquor license and land rates.

II. UNLOCKING THE POTENTIAL OF OUR PEOPLE THROUGH A ROBUST SOCIAL-ECONOMIC INVESTMENT

2.0 Overview

22. Over the last five years, the National Government has implemented various policies and structural reforms under the Economic Transformation Agenda to foster a rapid social-economic transformation. The transformation Agenda focused on five key pillars including:

(i) Creating a conducive business environment;
(ii) Investing in sectoral transformation;
(iii) Infrastructure expansion;
(iv) Investing in quality and accessible social services;
(v) Consolidating gains made in devolution. Significant achievements have been realized on all the five pillars.

23. Notably, through various key initiatives and interventions, significant achievements have been realized on all the five pillars. The maintenance of macroeconomic stability over the past five years has created a conducive environment for investment and business. The inflation rate has also remained low and within target in the period 2013 -2017 following implementation of conducive monetary and fiscal policies.

24. On infrastructure, the movement of goods and people around the country has been made cheaper and more effective through expansion of most roads, seaports and airports. On the Standard Gauge Railway (SGR), the Government completed the construction of Phase 1 (Mombasa -Nairobi) in 2017 and has embarked on the construction of Phase2A (Nairobi – Naivasha).The railway has significantly reduced transportation costs and eased the movement of people and goods from Nairobi to Mombasa. Further on infrastructure, by the end of 2017 more than 6.1million Kenyans had been connected to electricity compared to 2.3 million Kenyans connected in 2013.

25. Targeted policies and reforms have been implemented in all the economic sectors including expanding access to subsidized fertilizer and seeds to farmers enabling them to increase productivity of their lands, earn more incomes and indeed make Kenya more food secure.

Incentives in the manufacturing sector have included creation of industrial clusters, enactment of laws for Special Economic Zones, improving ease of doing business and expanding access to electricity.

26. On the social services, the Government has equipped hospitals with specialized medical equipment, and expanded access to maternal health care in all public hospitals. In the education sector, the Government abolished examination fees for both standard eight and form four candidates and increased capitation. The Government also provided free primary education, expanded the Digital Learning Program and more recently provided for free day secondary school education. In addition, thousands of orphans and vulnerable children, people living with disabilities and the elderly in our society continue to receive cash transfers through the social safety net program.

27. Under the Economic Transformation Agenda therefore, the government has laid a solid foundation for Kenya's industrialization as envisaged in the Kenya Vision 2030. The Government realizes that much more remains to be done to achieve our developmental objectives of creating jobs and wealth, ensuring continued inclusive growth, reducing poverty and more generally, achieving our Vision 2030 development objectives

2.1 The Big Four Plan

28. Building on the progress made this far and with the desire to decisively confront the three perennial challenges of unemployment, poverty and income inequality that this economy continues to face, the Government has identified four key strategic areas of focus over the next five years that will accelerate broad based economic growth. This will help transform the lives of all Kenyans. The strategic areas under "The Big Four "Plan include:

- Supporting value addition and raising the manufacturing sector's share of GDP to 15 percent by 2022. This will accelerate economic growth, create jobs and reduce poverty;
- Focusing on initiatives that guarantee food security and improve nutrition to all Kenyans by 2022 through expansion of food production and supply, reduction of food prices to ensure affordability and support value addition in the food processing value chain;
- Providing Universal Health Coverage thereby guaranteeing quality and affordable healthcare to all Kenyans; and,
- Providing at least five hundred thousand (500,000) affordable new houses to Kenyans by 2022,hence improve living conditions for Kenyans

29. The policies in this 2018 County Fiscal Strategy Paper are aligned to the Budget Policy Statement, 2018 and also medium-term priorities and strategies outlined in the Third Medium-Term Plan (2018-2022) of the Kenya Vision 2030.Therefore, the policies will seek to provide an enabling environment for the attainment of "The Big Four" Plan and to enable private sector to thrive. Thus, particular focus will be on key enablers such as macroeconomic stability, improving the ease of doing business, expanding infrastructure, improving security, expanding access to finance, and instituting governance reforms.

2.2 The County Thirteen Point Transformative Agenda

30. The county government has embarked on several initiatives aimed at laying a foundation for the next five years through reorganization targeting a more responsive approach to service delivery. The FY 2017/18 county budget was revised through a supplementary so as to align the overarching priorities of the new administration and thereby setting the stage for the desired greater and broader transformation process.

31. The county government has identified thirteen priority areas, through broad consultations, that envisage provision of an enabling environment for economic growth and job creation, quality services to its citizens, and serves the residents in an accountable and transparent manner. The county government will also strive to disrupt the existing silos across departments and sectors, through embracing a multi-sectoral approach that is more responsive to our people subsequently improving the overall citizen experience. This will be strengthened by carrying out the necessary governance reforms that will hasten implementation of programs and projects that affects the livelihoods of our people. .

32. The priority areas under the thirteen point agenda includes:

2.2.1 Agriculture and Food Security:

33. The county government, being alive to the current national priorities and based on its economic history and the spatial advantage, considers agriculture to be an important sector worth investing in. Recently the county government has already increased the allocation to the sector and do plan to even scale it up further in future so as to truly revitalize extension services and increase productivity of all the key value chains. Targeted investments in the areas of dairy, coffee, tea and horticulture production, where the county enjoys a competitive advantage, will facilitate the stimulation of the county's economic growth.

34. The county government has also initiated engagements with two European governments on mechanisms of strengthening value chains for milk, leather, and coffee through matching of potential investors. This initiative coupled with other efforts to fortify the linkages between the two chartered universities in the county and the county government sectors, is expected to promote agro-processing, reduce post-harvest losses, increase access to markets and hence improve farmers income.

35. On the diversification front, focus will be directed at a joint regional fish rearing program that will enable scaling up of fish production and revival of Wamagana Fish Processing Factory. The autonomy of Agricultural Mechanization Services (AMS) Unit and Wambugu Agricultural Training Centre will also be enhanced to enable them play their rightful role in our agricultural sector. County's partnerships with development partners, especially the International Fund for Agricultural Development (IFAD) programs will ensure better participation and community involvement. These initiatives aims at facilitating the consolidation and enhancement of partnerships with small scale farmers in production and pricing of their produce.

2.2.2 Resource Sustainability

36. The county's economic growth is strongly interrelated with the demand for water and energy (especially electricity). The county government will focus its efforts on demand-side management, effective repairs and maintenance of existing infrastructure as well as investment in new infrastructure to reduce consumption and ensure sustainable resource use. A county greening initiative, entailing planting of fruit trees, in partnership with schools in the county will be rolled out alongside conservation of existing forests and rehabilitation of abandoned quarries.

37. The recently experienced drought creates need to preserve our water resources to accord equitable and sustainable access thereby averting possible adverse impact in future. There is need to cultivate a water harvesting culture. Water supply networks will be extended to the un-served and underserved areas of the county. The county government will be rolling out a borehole drilling program, in Kieni Constituency and Konyu Ward in Mathira, with the aim of increasing the area under irrigation.

38. On energy sector, concerted focus will be put in completion the ongoing projects for lighting trading centers across the county and also promote energy saving initiative to reduce power consumption costs in the county. Similarly, collaborations aimed at exploring and promoting adoption of renewable energy will be explored especially the solar.

2.2.3 Investment Attraction, Retention and Expansion

39. The County takes pride in a rich historical heritage and resources that are strong levers for enabling investment and spurring local development and employment. To ensure informed growth that is both structured and strategic, experiences of eminent and skilled professionals of this county will be tapped through the establishment of the County Economic and Social Council.

40. In building investors' confidence, the county will work with these professionals to lobby for investors at both national and international forums. Parallel initiatives to ensure the input of the citizenry at large is obtained will be launched through investors' bulletins, stakeholder forum, county budget and economic forum and electronic platforms for feedback.

2.2.4 Accessible and Quality Health Care

41. One of the 'Big Four' Priorities is achieving universal health care. The county will play a significant role in health care provision to ensure sustainable economic productivity through a raft of initiatives aimed at unlocking the potential of this sector that takes up almost 40% of the entire county's budget. To improve governance of this sector, establishment of a county health services board with a clear mandate will be critical for increased operational autonomy to our County Referral Hospital.

42. The county government will restructure its mechanisms for retention of user fees to ensure that health facilities have progressive access of up to 90% of the user fees for improved service delivery. Similarly, we will embark on an aggressive program for recruiting people of Nyeri into the National Hospital Insurance Fund (NHIF).

43. The county government is particularly investing heavily in the long term training of health care professionals with a bid to improve the capacity to provide specialized health services by building a pool of medical specialists. Engagements with the national government will be considered to explore mechanisms for ensuring that the training of health professionals is fully aligned to service delivery provision. Towards sustainability, we will strengthen collaboration with universities in training of healthcare workers, medical research and biotechnology.

44. The county government seeks to arrest cases of non-communicable diseases through an elaborate promotive and preventive health services program that seeks to improve diagnostic capacity at Levels 2 and 3 of the county healthcare system. This initiative will be complemented by use of technology/telemedicine for instance in delivery of radiology services where the physical availability of specialized professionals may be a challenge.

2.2.5 Enhancing Basic Infrastructure

45. To improve connectivity of people with spokes of development in the county, the government will continue investing in basic infrastructure. One of the mechanisms of involving our people in local development will be through design and implementation of a community public works program that is planned to cover 2,000 kilometers of earth roads with gravel. Through this initiative the county envisage to provide at least 40,000 short term jobs over the period of five years. The county government will also ensure value for money from utilization of available office space through reorganization where necessary; reallocations; expansion and lease renegotiations.

2.2.6 Leverage on Technology

46. One of our main priorities is making the county a leader in broadband access in the region so as to create jobs and become competitive by broadening support to link the county to the optic fiber cable and enhance connectivity. The county government will enter into strategic agreements with firms to provide broadband services to government offices, vocational training centers, health facilities, markets and information centers as a potential game changer for the county’s local development through reducing the digital divide, making economic opportunities more accessible and generating new business opportunities.

47. This proliferation will also support the automation initiatives by the county government. The county administration is keen on identifying and implementing an appropriate revenue management system, fleet management system, hospital management information systems, e-recruitment and human resource information system amongst others.

2.2.7 Trade, Tourism and Enterprise

48. The county government envision, significantly, dealing with poverty and inequality through providing support for entrepreneurship and subsequently enabling small, medium and micro enterprises development and by also positioning the county as a significant tourism hub. Enterprise development program will be rolled out to improve business development, procurement support and access to finance to hundreds of small and medium enterprises.

49. The Enterprise Development Fund (EDF) will be reconfigured through an appropriate partnership with a financial institution and legislative framework review. Initiatives to reduce red tape and make the county an easier place to do business, will be targeted while at the same time ensuring that any new measures introduced by the county government do not increase regulatory obstacles to doing business in the county.

50. In tourism development, the county government will take advantage of its rich heritage to support stakeholders to tailor make tourism products and packages that are unique, innovative and attractive. These will take cognizance of the blend of natural environment, legacies in terms of prominent persons, cultural history, religion and sports.

2.2.8 Spatial Planning and Housing

51. The county government appreciates that to improve social cohesion and redress the legacies of the past, development of the county spatial plan and policy will be key area of focus to guide formulation of a county valuation roll for land rates for all urban areas. The efforts to accord land tenure to squatters living in colonial villages across the county through physical planning and survey continue in earnest. The county government owns over 500 houses across several housing estates. These houses are on land that is underutilized and do generate suboptimal revenue creating need to introduce reforms and explore opportunities for public private partnerships.

2.2.9 Efficient and Effective Public Service

52. To achieve the new administration's transformation agenda, significant reforms are needed in various spheres of the public service. A staff rationalization program to ensure that staff are optimally deployed and remain productively engaged will be rolled out. Similarly, invest in a staff integration program, taking advantage of the strengths of the pre-devolution staff legacy establishments, to increase staff motivation and productivity will be considered.

2.2.10 Education and Technology

53. This remains a key priority area where investment will be made towards strengthening of Early Childhood Development and Education (ECDE), Vocational Training and financing of education for indigents. Staffing capacity will be improved and further infrastructural investments at these institutions will be targeted.

54. The county government will also set up a quality assurance and standards unit in the department of education; undertake review of curriculum for vocational education to ensure that the courses offered are responsive to market needs; and review the bursary and financial awards scheme to better address the needs of the most deserving in line with devolved functions. In undertaking our reforms in the education sector, possible areas of collaboration with other training institutions will be explored and leverage particularly on technology platforms.

2.2.11 Youth Empowerment and Sports

55. The county government will drive economic inclusion in order to improve quality of life, promote greater levels of self-determination and create an enabling environment for economic

growth. Considering that youths account for more than 35% of the population, there will be youth empowerment initiatives focusing on capacity building through skills enhancement in ICT; provision of apprenticeship and internship opportunities to impart necessary workplace experience and training; and also through linkages with local training institutions.

56. Revival of the sporting culture of this county will focus on promoting competitive sports; renovation of sports facilities across the county, and roll out of sports mentorship programs that are innovative yet accessible. There are plans to strengthen various ball games and athletics at competitive and recreational level. Additionally, the national government has provided support towards renovation of Ruringu Stadium to international standards and the county administration will ensure that the facility is completed and usable. The county government will also continue to support participation of its staff in various competitive and recreational sports.

2.2.12 Financial Sustainability and Resilience

57. This current administration will embark on initiatives to eliminate wasteful expenditure by ensuring that departments operate as cohesive, integrated and aligned units with a desire to manage public finances in a manner that boosts public confidence and accords value for money.

58. Robust financial planning and budgeting will be undertaken with a view of ensuring strategic resource allocation to meet service delivery obligations. Investment will also be made to enhance local revenue through innovative expansion, collection efficiency, automation and legislative adjustments. Current payments processing system will be reviewed to ensure that payments timeline are adhered to. The county will adopt smart and efficient supply chain management through redefining of procurement policy to more strategically address local jobs and creating more transparency in procurement process.

2.2.13 Engaged Citizenry

59. The county government is in the process of establishing a dedicated civic education and public participation unit, under the department of public administration, to champion the citizen engagement agenda and ensure that the service delivery agenda is truly citizen focused. This will ensure that the people's role in the county affairs is active and are constantly engaged. The county communications team will guarantee greater and structured engagement through a regular county newsletter, media briefings, social media and even a 24 hours' county call center while appealing the people to engage the county government more constructively and openly.

III. FY 2018/19 BUDGET AND THE MEDIUM TERM FRAMEWORK

3.0 Overview

60. The County Fiscal Strategy Paper, 2018, emphasizes on:

- Measures aimed at ensuring expenditures are accommodated within the lean resource envelope. These include measures to curb non-priority recurrent expenditures to free resources for development expenditure.
- Continued reforms in expenditure management, implementation and enforcement of the various finance management policies will be enhanced. This will widen the revenue base by identifying new revenue streams and hence increasing the spending space.
- Efficiency to increase expenditure productivity by ensuring that adequate resources are available for the crucial operations cutting across all sectors in the county.

3.1 Fiscal Framework Summary

61. The FY 2018/19 budget framework is intended to give flexibility for counter cyclical fiscal policy interventions through continued fiscal consolidation which will bolster the county's debt sustainability position. The fiscal framework is based on the county's policy priorities.

3.2 Revenue Projections

62. In the FY 2018/19 revenue collection is projected at Kshs. 1 billion same as the projection in FY 2017/18. This revenue performance will be supported by the review of the County Revenue Administration Act, 2014 and enactment of the Finance Act, 2018.

3.3 Expenditure Projections

63. The key policy documents guiding the County Government's expenditure decisions is the CIDP (2018-2022), which outlines the development priorities of the county government. In addition, the Annual Development Plan outlines the priority projects and programme expected to be implemented in a particular year and this shall be adhered to when preparing the FY 2018/19 budget estimates.

64. Recurrent expenditure is expected to remain within 70 percent of total budget in FY 2018/19. This will greatly facilitate delivery of services in line with the programme based budgeting framework which will ultimately strengthen economic growth in the county by optimizing use of the available resources.

65. Projected development expenditures are expected to be at least 30 percent of total budget as required under the PFM Act, 2012.

3.4 Deficit Financing

66. Fiscal policy will support growth within a sustainable path of public spending by maintaining the county expenditures within the budget limits. Therefore, moderation in county expenditures will help assure debt sustainability and intergenerational equity in line with the Constitution of Kenya, 2010 and the fiscal responsibility principles in the PFM Act, 2012.

67. The overall budget for the Financial Year 2018/19 will be balanced and the only carry over's from FY 2017/18 will be paid through a budgetary reserve in FY 2018/19 planning period. This may result from shortfall in the current projected revenue collection and late disbursement of funds by the National Treasury necessitating ways of addressing the outcomes of the deficit.

68. The County Treasury will continue to tighten the fiscal policy to avoid fiscal deficit. This will be achieved through strengthening revenue mobilization and widening revenue base, containing unproductive expenditures and leakages during the medium term period.

IV. DEPARTMENTAL ALLOCATION OF RESOURCES

4.0 Introduction

69. The County Fiscal Strategy Paper, 2018 is prepared at a time when significant progress in financial and procurement systems in the county has been made. This includes the use of Integrated Financial Management Information System, internet banking and e- Procurement. Despite this progress, the County Government has continued to face a myriad of challenges in planning and budgeting as well as the implementation and reporting on budgets due to inadequate capacity at the departmental level.

70. There is need for continuous training and capacity building on public finance management, procurement and programme based and participatory budgeting so as to ensure effective service delivery. Further, there is need to identify and train staff at departmental levels on reporting on budget and projects implementation

4.1 Departmental Budgeting

71. The County Executive Committee Member in charge of Finance and Economic Planning will issue guidelines to the county departments on the preparation of 2018/19 budget with specific ceilings. Each department is expected to plan, formulate, execute and report on their budgets. The 2018/19 budget for the county will be prepared in line with the Public Finance Management Act, 2012 and its attendant regulations of 2015.

4.2 Resources available

72. In line with the government's commitment to spend within it means, the County Treasury projects a total budget of Kshs 7,632,055,820 for the 2018/19 financial year. This translates into a 4.3 per cent decline compared with the FY 2017/18 revised estimates. The budget will be funded through external and internal revenue sources.

4.3 External Sources

73. This will consist the equitable share of revenue raised nationally and conditional grants from the national government and donors.

74. During FY 2018/19, the county expects to receive Kshs 5,024,000,000 as equitable share from the consolidated fund as proposed in the Budget Policy Statement, 2018.

75. In addition, the County Government expects to receive Conditional grants from the national government as contemplated under Article 202(2) of the Constitution. The expected amount is Kshs 582,635,195 consisting of Kshs 407,861,272 for the Nyeri Level V Hospital, Kshs 13,701,379 for compensation of user fees forgone, Kshs 132,277,544 from the Roads Maintenance Levy Fund, Kshs.28,795,000 for rehabilitation of youth polytechnics and Kshs. 236,000,000 from the Kenya Urban Support Program.

4.4 Internal Sources

76. These are the local revenues from specific county revenue raising measures through imposition of land rates, parking fees, entertainment taxes, as well as any other tax and user fees and charges as authorised to impose. In the FY 2018/19 budget the local revenue is projected at Kshs 1 billion, the same amount anticipated in the FY 2017/2018

4.5 Allocation of Revenue among Departments

77. Departmental allocation for recurrent and development spending during FY 2017/18 is provided in table 2 below.

DEPARTMENT	RECURRENT (Kshs)	% OF TOTAL	DEVELOPMENT (Kshs)	% OF TOTAL	TOTAL(Kshs)
Office of the Governor and Deputy Governor	132,039,926	1.7	22,521,842	0.3	154,561,768
Office of the County Secretary	314,236,715	3.9	0	0	314,236,715
Department of Finance and Economic Planning	587,816,958	7.4	528,950,543	6.6	1,116,767,501
Department of Lands, Physical Planning, Housing and Urbanization	54,289,682	0.7	91,905,770	1.2	146,195,452
Department of Health, Public Health and Sanitation	2,418,140,043	30.4	270,442,356	3.4	2,688,582,399
Department of Gender and Social Services	124,643,245	1.6	138,422,222	1.7	263,065,467
Department of County Public Service, Administration and Youth Affairs	300,889,923	3.8	27,752,846	0.3	328,642,769
Department of Agriculture, Livestock and Fisheries	319,424,172	4.0	228,074,458	2.9	547,498,630
Department of Trade, Culture, Tourism and Cooperative Development	64,999,643	0.8	114,824,772	1.4	179,824,415
Department of Education, Science and Technology	179,032,452	2.2	100,232,540	1.3	279,264,992
Department of Water, Environment and Natural Resources	133,687,783	1.7	300,600,346	3.8	434,288,129
County Assembly	676,007,599	8.5	61,752,846	0.8	737,760,445

County Public Service Board	37,301,255	0.5	0	0	37,301,255
Department of Transport, Public Works and Infrastructure	160,916,356	2.0	569,101,771	7.1	730,018,127
Department of Energy	3,100,000	0.0	0	0.0	3,100,000
TOTAL	**5,506,525,752**	**69.2**	**2,454,582,312**	**30.8**	**7,961,108,064**

Table 2: Approved Supplementary Budget Allocations by County Departments and Units, July 2017 – June 2018

Source: Department of Finance and Economic Planning

4.6 Fiscal Discipline

78. The county government remains conscious of its limited fiscal space and the need to apply the scarce resources on priority programs with the highest impact. The government will pursue prudent public spending by ensuring it remains within its means while cutting expenditure on non-priority areas. Further, it will sustain revenue mobilization efforts so as to reduce over reliance on fiscal transfers from the national government and provide more fiscal space for development spending.

4.7 Equity in Allocation of Resources

79. The county will continue to pursue policies that promote equity in order to reduce poverty. Equity-enhancing policies, particularly investment in infrastructure development and human capital such as education and health can, in the long run, accelerate economic growth and thus creating sustainable development. The county will also continue exercising affirmative action for marginalised and underdevelopment areas.

V. 2017/18 EXPENDITURE FRAMEWORK

5.0 Resource Envelope

80. The resource envelope available for allocation among the spending departments is based on the fiscal and budget framework outlined in Section IV:

81. Equitable share from the Consolidated Fund will finance 70.7 percent of the total budget for FY 2018/2019. These are funds allocated to the County on the basis of the allocation formula by the Commission on Revenue Allocation (CRA). The proportion of the equitable share from the consolidated fund to locally raised revenue underscores the need to focus on the own sources in the medium term to raise its proportion. In financing this budget, own revenue collection is projected to be 14.1 percent of the total budget

82. The county own generated revenue, loans and grants are expected to finance the difference between the equitable share and the budget estimates. The County will focus on its potential to improve the own generated revenue in order to meet the expanding and strained budgetary

requirements. Further, the county will continue engaging and partnering with the private sector through PPP to fund some of the development activities during the year FY 2018/19.

83. The county government envisages a balanced budget that will be fully funded by the resource envelop comprising of revenue collected from local sources, equitable share, donor funds and conditional grants.

5.1 Spending Priorities

84. The County has prepared the second generation County Integrated Development Plan (CIDP) for the period 2018-2022 and Annual Development Plan 2018-2019 which have taken into account the views of the public as generated through a countywide consultative forums to prioritize various projects and programmes for implementation. These programmes are also in line with the Medium Term Plan (MTP) III of the Kenya's vision 2030 and the "big four" agenda of the Jubilee Government. Development expenditures are allocated based on these policy documents that provides information on:

- Ongoing projects
- County flagships
- County new project priorities
- Strategic policy thrusts and interventions

85. The above projects and policy interventions as contained in the planning documents have high impact on poverty reduction, investment, equity, employment and wealth creation. In addition, the Constitution and the PFM Act, 2012 requires the national and county governments to promote budgetary transparency, accountability and effective financial management of their respective jurisdictions. Therefore, inefficient and wasteful public expenditure will be eliminated at all costs in order to promote public trust in public spending.

86. In finalizing the preparation of the 2018/19 MTEF budget, the County Government will continue to pursue the policy of curtailing less productive expenditures and redirecting resultant savings to capital investment.

2017/18 Expenditure Estimates

87. In the course of budget implementation during the first half of the FY 2017/18, several challenges emerged. They include: delayed disbursement of funds resulting from the elongated electioneering period following the disputed presidential results and setting up of a new administration and structures. Development expenditure suffered greatly due to the realignment of policy and county budget with the new government agenda and therefore the due process of preparation and subsequent approval of a supplementary budget for the FY 2017/18 had to be followed.

5.2 Medium-Term Expenditure Estimates

88. The table below shows the projected baseline ceilings for the FY 2018/19 budget estimates classified by county departments and units.

Table 3: Projected Budget Allocations FY 2018-2019

DEPARTMENT	2017/2018 BUDGET						2018/2019 BUDGET		
	APPROVED BUDGET			REVISED BUDGET			Approved CEILINGS		
	RECURRENT	DEVELOPMENT	TOTAL	RECURRENT	DEVELOPMENT	TOTAL	RECURRENT	DEVELOPMENT	TOTAL
EXECUTIVE OFFICE OF THE GOVERNOR AND DEPUTY GOVERNOR	103,321,596	52,521,842	**155,843,438**	132,039,926	22,521,842	**154,561,768**	126,877,487	102,000,000	**228,877,487**
OFFICE OF THE COUNTY SECRETARY	210,325,487	0	**210,325,487**	314,236,715	0	**314,236,715**	240,479,318	0	**220,479,318**
FINANCE AND ECONOMIC PLANNING	298,247,258	269,990,676	**568,237,934**	587,816,958	528,950,543	**1,116,767,501**	471,622,792	376,000,000	**847,622,792**
LANDS, PHYSICAL PLANNING, HOUSING AND URBANISATION	52,593,623	101,752,846	**154,346,469**	54,289,682	91,905,770	**146,195,452**	52,609,464	316,000,000	**368,609,464**
HEALTH SERVICES	1,912,544,428	410,915,722	**2,323,460,150**	2,418,140,043	270,442,356	**2,688,582,399**	2,343,300,734	210,000,000	**2,553,300,734**
GENDER, YOUTH AND SOCIAL SERVICES	111,607,714	119,752,846	**231,360,560**	124,643,245	138,422,222	**263,065,467**	110,785,646	9,000,000	**119,785,646**
COUNTY PUBLIC SERVICE	399,027,939	40,752,846	**439,780,785**	300,889,923	27,752,846	**328,642,769**	182,569,365	12,000,000	**194,569,365**
AGRICULTURE, LIVESTOCK AND FISHERIES	299,797,276	109,798,236	**409,595,512**	319,424,172	228,074,458	**547,498,630**	324,538,275	109,074,458	**433,612,733**
TRADE, CULTURE, TOURISM AND CO-OPERATIVES DEVELOPMENT	13,983,357	27,837,185	**41,820,542**	64,999,643	114,824,772	**179,824,415**	52,987,961	102,000,000	**154,987,961**
EDUCATION,SPORTS, SCIENCE AND TECHNOLOGY	272,197,680	197,773,538	**469,971,218**	179,032,452	100,232,540	**279,264,992**	341,072,573	123,000,000	**464,072,573**
WATER, SEWERAGE AND SANITATION SERVICES, ENVIRONMENT & NATURAL RESOURCES	126,191,295	186,281,305	**312,472,600**	133,687,783	300,600,346	**434,288,129**	139,550,264	270,000,000	**409,550,264**
COUNTY ASSEMBLY	615,646,678	166,752,846	**782,399,524**	676,007,599	61,752,846	**737,760,445**	582,406,942	50,000,000	**632,406,942**
COUNTY PUBLIC SERVICE BOARD	34,819,383	6,752,846	**41,572,229**	37,301,255	0	**37,301,255**	38,146,814	0	**38,146,814**
TRANSPORT, PUBLIC WORKS, INFRASTRUCTURE AND ENERGY	160,051,693	531,478,175	**691,529,868**	164,016,356	569,101,771	**733,118,127**	158,940,194	807,093,533	**966,033,727**
TOTAL	**4,610,355,407**	**2,222,360,909**	**6,832,716,316**	**5,506,525,752**	**2,454,582,312**	**7,961,108,064**	**5,165,887,829**	**2,486,167,991**	**7,632,055,820**

Source: Department of Finance and Economic Planning, 2018

5.3 Baseline ceilings

5.3.1 Recurrent expenditure projections

89. Total recurrent expenditures in FY 2018/19 will be Kshs 5.15 billion as compared to Kshs 5.51 billion in FY 2017/18 revised Budget estimates, representing a decline of only 6 percent. The slowdown in recurrent expenditure is necessary to release resources for funding to critical development programs which are necessary for economic growth and social development. The recurrent estimates account for 67.42 per cent of the total county budget which consist of all non-

discretionary expenditures such as payment of statutory obligations e.g. wages, salaries, pension, payee and utilities taking first charge.

5.3.2 Development expenditure projections

90. A total of 32.58 percent of the total budget estimate is allocated to fund planned development projects and programmes in line with the PFM Act, 2012. The development expenditures are shared out on the basis of the county priorities as outlined in the CIDP (2018-2022) and the Annual Development Plan for FY 2018/19. The views of the public and stakeholders involved during preparation of this document and emerging issues such the requirement to construct an official residence for the governor have also been considered.

CONCLUSION

91. In order to enhance performance of County departments, the County Treasury in conjunction with the National Treasury and Ministry of Planning will continue to build the capacity of the staff through training and Peer-To- Peer Learning. Critical reforms will be carried out with the aim of strengthening counties' own-source revenue (OSR), improving the departments' capacity to formulate realistic and credible budget estimates and supporting County Assembly sectoral committees.

ANNEX I: OWN REVENUE SOURCES COLLECTED IN THE FIRST HALF OF THE FY 2017/2018

ACCOUNT DESCRIPTION	APPROVED TARGET FY 2017/2018	SECOND QUARTER FY 2017/2018 ACTUAL REVENUE
	Kshs	Kshs
Liquor License	40,154,959	31,483,760
CILOR Current Year	0	0
Agricultural Mechanization Station	1,526,753	319,100
Wambugu Agricultural Training Centre	8,285,658	1,531,215
Veterinary Charges	5,408,972	1,800,045
Slaughtering Fees	3,747,545	1,224,035
Slaughter House Inspection Fees	738,817	584,125
Nyeri Slaughter House	502,095	100,000
Kiganjo Slaughter House	117,724	50,000
Sale of Fertilizer	2,204,894	0
Tea Cess	0	0
Coffee Cess	306,840	0
Weights and Measures	943,406	699,750
Central Kenya show annual permit	0	0
Co-operative Audit	1,555,103	153,000
Hospital Services	307,333,513	103,594,103
Public Health	13,034,504	2,773,451
Burial Fees	149,952	59,400
Public Toilets	731,913	138,615
Use of public toilets	0	0
Garbage Dumping Fee/waste disposal charges	1,651,969	20,000
Refuse Collection Fee	44,035,791	7,138,780
Miscellaneous Income	42,822	313,770
Document Search Fee	255,475	186,150
Tender Documents Sale	1,759,806	0
Grants	0	0
Business Permits (e-SBP)	104,043,578	15,234,201
Market Entrance/Stalls/Shop Rents	54,734,733	16,672,051
Ambulant Hawkers Licences (Other than BSS Permits)	608,621	82,750
Impounding Charges/Court Fines, penalties, and forfeitures	6,834,231	473,230
Application Fee	17,733,318	2,503,000
Business Subletting / Transfer Fee	124,167	25,500
Parking Fees	151,788,768	41,884,220
Parking Clamping/Penalties/Offences fees	2,966,566	894,315
Cess (Quarry, Produce, Kaolin, e.t.c.)	32,202,148	13,753,722
Land Rates	106,890,100	8,983,103
Other Property Charges	698,978	54,910
Ground Rent - Current Year	4,343,068	383,587
Ground Rent - Other Years	2,902,141	587,228
Stand Premium/Commissioner of Lands	61,236	0
Temporary Occupation License (TOL), New Occupation, Space Rent, Retainers fees	2,249,510	762,500
Hire of Plant & Machinery	0	0
Plot Transfer Fee	1,155,024	494,800
Housing Estates Monthly Rent	18,582,391	7,491,895
Housing Estates Monthly Rent (Kiawara, Majengo&Kingongo Phase 3)	1,834,801	275,217
Approvals (Extension of users, Pegging for Kiosk, Subdivision, transfer, Amalgamation, survey, Occupation Cert, boundary dispute e.t.c.)	3,113,340	297,000
Sign Boards & Advertisement Fee	23,826,076	3,510,700
Buildings Plan Approval Fee	12,353,921	3,652,856
Buildings Inspection Fee	3,818,570	1,107,160
Right-of-Way / Way-Leave Fee (KPLN, Telkom, e.t.c.)	1,765,867	482,640
Consent to Charge Fee/Property Certification Fee (Use as Collateral)	1,789,854	522,600
Agency Fee (Fees from KHC, Insurance Firms, e.t.c.)	14,404	0

ACCOUNT DESCRIPTION	APPROVED TARGET FY 2017/2018	SECOND QUARTER FY 2017/2018 ACTUAL REVENUE
	Kshs	Kshs
Sales of Council's Minutes / Bylaws	406,002	94,000
Sale of Old Office Equipment and Furniture		0
Benevolent Fund	1,646,634	439,500
Debts Clearance Certificate Fee	2,457,204	750,000
Social Hall Hire, IFAD Hall	235,450	0
Stadium Hire	1,642,256	232,000
Fire-Fighting Services	1,877,705	71,300
Nursery Schools Fee (KRT)	315,796	121,600
Nursery Schools Fee (Kingongo)	227,208	104,550
Nursery Schools Fee (Nyakinyua)	208,961	64,050
Registration of School, Training/Learning Center Fee	58,862	0
Sale of flowers, Plants, Firewood, Produce e.t.c	0	0
Exhauster Services Charge	0	0
Private borehole operators	0	0
Quarry /mining charges-annual licence fee	0	0
Tree cutting permits	0	0
Water bowser/water vendor licences	0	0
Tipping charges	0	0
Polluters of Environment Penalties	0	0
TOTAL LOCAL SOURCES	**1,000,000,000**	**274,175,484**

Source: Directorate of Revenue, 2018

ANNEX II: SOURCES OF BUDGET FUNDING IN FY 2018/19

No.	Description		Total in Kshs
1	**Equitable Share**		**5,024,000,000**
2	Conditional Grants	County Referral Hospital	407,861,272
		Compensation for user fees foregone	13,701,379
		Rehabilitation of village polytechnics	28,795,000
		Road maintenance levy fund	132,277,544
		KDSP – World Bank	40,850,289
		Kenya Urban Support Program	236,000,000
		Total	**859,485,484**
3	Estimated Local Revenue		1,000,000,000
4	Balance brought forward		748,570,336
	Estimated total amount for budgeting		**7,632,055,820**

ANNEX III: HIGHLIGHTS ON PUBLIC PARTICIPATION ON PREPARATION OF THE CFSP, 2018 AND THE MTEF BUDGET, 2018/2019/2020/2021 AT WAMBUGU ATC HELD ON 23.02.2018

- There was a suggestion by the participants to have the name of Governor's residence project to be changed to County Governor's Mansion or County palace.
- The Participants recommended that the most critical needs in health are drugs and human resource for service provision.
- There urgent need for automation of the revenue collection and management system and be extended to the Sub-county levels.
- There is need to do more durable roads or change to low volume tarmac. Also proposed use of county owned machinery to reduce costs hence do more roads. Water, Environment

and Natural Resources

- Concerns were raised on environmental conservation especially in Mt.Kenya and Aberdares forests through reduction of logging. Tanyai forest was also mentioned to be considered in tree planting. Conservation of the riparian areas and dams especially in Kieni to reduce the effect of prolonged drought. Planting of indigenous trees was also advocated for.
- To mitigate the effects of drought participants said there is need for measures to reduce reliance on firewood and explore other renewable sources such as solar and biogas.
- The participants said there is need to check on the governance issues of the cooperative societies before county government support is extended.
- The issue of Wamagana Fish Processing plant was raised in regard to its underutilization. The participants were informed that efforts are underway for its revival through enhancement of fish supply.
- The participants were concerned over the idle markets which are already complete e.g. Kiganjo and Kamakwa- there is need for enforcement for people to operate from designated areas; Kiganjo market was proposed to be converted to Nyeri Furniture Market as this is a big industry and being on a major high way.
- In order to converting Nyeri town to a 24-hour economy- there is need to bring on board key players i.e. security, transport and explore on culture change. Government office could also consider working in shifts.
- There is need for county signage and directions from all points of entering and internal for important sites and trading centers.
- All participant supported the proposal to establish a talents academy covering all aspects.
- There was a proposal to establish a fund to support youth activities e.g. Mr. & Miss Tourism.
- Participants also appealed to the government to revitalize Ruring'u studio which was operational until security issues led to its closure.
- Developing Nyeri tourism centers e.g. Chinga and Hohwe dams to be equipped with boats like Uhuru Park to form Leisure Park for families.
- The participants also appealed to the government to support entrepreneurship for the youth such as poultry among many others.