MURANG'A COUNTY GOVERNMENT

FINANCE, IT & ECONOMIC PLANNING DEPARTMENT

COUNTY FISCAL STRATEGY PAPER (CFSP)

FEBRUARY 2020

Foreword

The Murang'a County Fiscal Strategy Paper (CFSP) 2020, is the third during the implementation period of the second generation County Integrated Development Plan (CIDP) 2018-2022. It highlights the legal framework underlying the fiscal responsibility for the County Government, sets out the broad County strategic priorities and goals for the FY 2020/2021, and reviews the current economic developments.

The strategic priorities are informed by the Governor's manifesto, the second generation CIDP 2018-2022, MTP III (Big Four Agenda), Kenya Vision 2030, and the Sustainable Development Goals. Revenue estimates and expenditure proposals take cognisance of the County's national and global economic situation and outlook over the medium term.

Murang'a County Government will enhance economic transformation by strengthening the County service delivery and performance management system supported by firm planning and budgeting. The CFSP identifies priority sectors to enhance and sustain the economic development prospects and trajectories. The major sectors identified include; agriculture, dairy, health, youth empowerment, water, roads and infrastructure. In identifying and allocating financial ceilings for the FY 2020/2021, the criteria takes into account efficiency as well as overall cost of operations in all departments.

Hon. David Waweru,
County Executive Committee Member,
Finance, IT & Economic Planning,
Murang'a County Government.

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Abbreviations

ADP	Annual Development Plan
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
COB	Controller of Budget
ECDE	Early Childhood Development
FY	Financial Year
GCP	Gross County Product
GDP	Gross Domestic Product
KNBS	Kenya National Bureau of Statistics
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
NDA	Net Domestic Assets
NFA	Net Foreign Assets
PFM	Public Finance Management

Executive Summary

The Murang'a County Fiscal Strategy Paper (CFSP) 2020, is the third during the implementation period of the second generation County Integrated Development Plan (CIDP) 2018-2022. It highlights the legal framework underlying the fiscal responsibility for the County Government, sets out the broad County strategic priorities and goals for the FY 2020/2021, and reviews the current economic developments. The strategic priorities are informed by the Governor's manifesto, the second generation CIDP 2018-2022, MTP III (Big Four Agenda), Kenya Vision 2030, and the Sustainable Development Goals. Revenue estimates and expenditure proposals take cognisance of the County's national and global economic situation and outlook over the medium term. The CFSP identifies priority sectors to enhance and sustain the economic development prospects and trajectories. The major sectors identified include; agriculture, dairy, health, youth empowerment, water, roads and infrastructure. In identifying and allocating financial ceilings for the FY 2020/2021, the criteria takes into account efficiency as well as overall cost of operations in all departments. Implementation of the FY 2019/20 County budget is on course with performance lagging behind targets. In the first six months of the year, revenue collection has lagged behind targets due to under performance of the main revenue sources. By the end of December 2019, the total Exchequer revenue received amounted to Kshs 2,229,815,900. The total amount received for conditional grants amounted to Kshs 120,504,951 while the local revenue collected amounted to Kshs 204,471,360 against a collection of KShs. 249,280,763 in a similar period 2018. The County Government expects to receive a total of KShs. 8,067,368,495 in the period 2020/21. Out of this own source revenue is expected to account for 10.2% of the total revenues. Budgetary allocation ceilings for FY 2020/21 are based on revenue growth, budget 2019/2020, and priorities outlined in key planning documents. The County Government expects to allocate 6.4% of the budget to Agriculture Livestock and Fisheries, 4.1% to Water and Irrigation, 4.9% to Transport and Infrastructure, 7.6% Education, 38.5% to Health and Sanitation, and 2.4% to Youth Culture and Social services.

Fiscal Responsibility Principles

1. A County Treasury shall manage its public finances in accordance with the principles of fiscal responsibility set out in subsection (2), and shall not exceed the limits stated in the regulations.
2. In managing the county government's public finances, the County Treasury shall enforce the following fiscal responsibility principles: -
   a) The county government's recurrent expenditure shall not exceed the county government's total revenue.
   b) Over the medium term a minimum of thirty percent **(30%)** of the county government's budget shall be allocated to the development expenditure;
   c) The county government's expenditure on wages and benefits for its public officers shall not exceed 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;
   d) Over the medium term, the government's borrowings shall be used only the purpose of financing development expenditure and not for recurrent expenditure;
   e) The County debt shall be maintained at a sustainable level as approved by county assembly:
   f) The fiscal risks shall be managed prudently; and
   g) 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.
3. For the purposes of subsection (2) (d), short term borrowing shall be restricted to management of cash flows and shall not exceed five percent of the most recent audited county government revenue.
4. Every county government shall ensure that its level of debt at any particular time does not exceed a percentage of its annual revenue specified in respect of each financial year by a resolution of the county assembly.
5. The regulations may add to the list of fiscal responsibility principles set out in subsection.

CHAPTER ONE

INTRODUCTION

1.0. Background Information

The Constitution of Kenya 2010 created a two-tier Government; a National Government, along with the County Governments that are distinct but interdependent. The County Governments are responsible for spearheading development and service delivery in counties through a process that links planning and budgeting as stipulated in the County Government Act, 2012. The Public Finance Management Act, 2012 requires that the County Governments prepare and submit a County Fiscal Strategy Paper (CFSP) to the County assembly by the **28th February** of each year.

The Murang'a County Fiscal Strategy Paper (CFSP) 2020, is the third during the implementation period of the second generation County Integrated Development Plan (CIDP) 2018-2022. It provides the link between the government's overall policies (as identified in the CIDP) and implemented through the annual budget. It specifies the broad strategic priorities and policy goals that will guide the County Government in preparing its budget for the FY 2020/2021 and over the medium term (3-5 years). The paper also reviews the performance of the 2018/2019 budget and implementation of 2019/2020 up to 30th December 2019 and makes projections indicating the overall revenue and expenditure expected for the 2020/2021 financial year.

Largely, the County Fiscal Strategy Paper contains:

i. Performance on the previous Financial Year (2018/19) and a description of budget implementation for the first half of the year, including revenue and expenditure performance.
ii. A description of any changes to the budget during the year (Supplementary Budget)
iii. An overview of the expected revenue and expenditure totals for the coming year based on an assessment of the economy and other factors which may affect the County.

iv. Ceilings on the amount of money each sector will get and a narrative explanation.

The strategic priorities are informed by the Governor's manifesto, the second generation CIDP 2018-2022, MTP III (Big Four Agenda), Kenya Vision 2030, and the Sustainable Development Goals. Revenue estimates and expenditure proposals take cognisance of the County's national and global economic situation and outlook over the medium term.

Murang'a County Government will enhance economic transformation by strengthening the County service delivery and performance management system supported by firm planning and budgeting. The CFSP identifies priority sectors to enhance and sustain the economic development prospects and trajectories. In identifying and allocating financial ceilings for the FY 2020/2021, the criteria takes into account allocative efficiency as well as overall cost of operations in all departments.

The Paper is the County Government's strategy document for the budget and provides the link between the government's overall policies (as identified in the CIDP) and implemented through the annual budget. It specifies 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 (3-5 years). This paper looks at performance of the 2018/2019 budget and implementation of 2019/2020 up to 30th December 2019 and makes projections indicating the overall revenue and expenditure expected for the 2020/2021 financial year.

1.2. County Strategic Priority Areas

i. Agriculture

Agriculture is the backbone of the county's economy, supporting more than 80% of the population. It is comprised of crop production, livestock development, and fisheries. In order to enhance the contribution of agriculture to the GCP, the County will continue to prioritize and invest heavily in agriculture particularly dairy programmes. It will also invest in the enabling infrastructure for agriculture such as access roads, irrigation infrastructure, market and market accessibility, and value addition.

ii. Roads and Infrastructure

A well-developed infrastructure is critical to growth and development of all sectors as this provide critical linkages for transporting goods and services. The sector continues to face challenges such as poor intra-county road network, poor drainage systems, bridges and related infrastructure. To overcome these challenges the county will continue to prioritize budgetary allocation to this sector.

iii. Health

Health is a fundamental right as enshrined in the constitution, and one of the Sustainable Development Goals. The county has been channeling its resources and will continue investing in the health of its citizens. In order to support universal healthcare access, the County Government will invest in robust approaches such as institutions of highly specialized health care centers; provide additional health care equipment and drugs to achieve universal healthcare.

iv. Water and Irrigation

Access to clean domestic water remains a challenge. In efforts to avail the same, the county will embark on robust programmes to bring piped water close to the residents. The county will focus on developing an integrated master plan, building and maintaining existing water intakes, sinking boreholes, and developing distribution networks.

v. Youth empowerment

It is one of the critical programmes that the county has embarked on, given that 50% of the population are the youth. The county will continue to invest more resources to ensure that youth empowerment is given priority to curb unemployment, which stands at 37%. Also, the county will seek to empower youth groups to help in pooling resources for economic empowerment and reduction of poverty.

1.2 Legal Basis for Preparation of the Fiscal Strategy Paper

The Fiscal Strategy Paper is prepared in pursuant to Public Finance Management Act, 2012 Section 117 which stipulates 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 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 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: -
    i. The Commission on Revenue Allocation
    ii. The public
    iii. Any interested persons or groups, and
    iv. 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.

1.3 Fiscal Responsibility Principles

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 law (Section 107) states that:

1. A County Treasury shall manage its public finances in accordance with the principles of fiscal responsibility set out in subsection (2), and shall not exceed the limits stated in the regulations.
2. In managing the county government's public finances, the County Treasury shall enforce the following fiscal responsibility principles: -
    a) The county government's recurrent expenditure shall not exceed the county government's total revenue.
    b) Over the medium term a minimum of thirty percent **(30%)** of the county government's budget shall be allocated to the development expenditure;
    c) The county government's expenditure on wages and benefits for its public officers shall not exceed 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;
    d) Over the medium term, the government's borrowings shall be used only the purpose of financing development expenditure and not for recurrent expenditure;
    e) The County debt shall be maintained at a sustainable level as approved by county assembly:
    f) The fiscal risks shall be managed prudently; and
    g) 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.
3. For the purposes of subsection (2) (d), short term borrowing shall be restricted to management of cash flows and shall not exceed five percent of the most recent audited county government revenue.

4. Every county government shall ensure that its level of debt at any particular time does not exceed a percentage of its annual revenue specified in respect of each financial year by a resolution of the county assembly.
5. The regulations may add to the list of fiscal responsibility principles set out in subsection.

1.4 Organisation of the Paper

This document is divided into four chapters. Chapter I highlights the background and overview of the CFSP. It also quotes the legal basis for the preparation and lists the fiscal responsibility principles as outlined in the PFM Act 2012; Chapter II examines national and county economic development and outlook, focusing on regional and global economic developments. It also reviews and forecasts fiscal performance and identifies risks to the economic outlook.

Chapter III provides for the budget estimates and ceilings for FY 2020/2021. The chapter highlights fiscal framework summary, revenue projections, expenditure projection, and overall deficit and financing mechanism; Finally, Chapter IV highlights departmental / subsector county development priorities as identified during stakeholder consultations through sector working groups.

CHAPTER TWO

RECENT NATIONAL AND COUNTY ECONOMIC DEVELOPMENT AND OUTLOOK

2.1 Overview

The Kenyan economy remains resilient and grew by an average of 5.4 percent in the first three quarters of 2019 and is estimated at 5.6 percent by end of the year, mostly supported by strong performance in the services sector. Growth momentum is expected to pick up to 6.1 percent in 2020 and further to 7.0 percent over the medium term supported by a strong rebound in the agricultural output, steady recovery in industrial activities, robust performance in the services sector, and strategic investments under the “Big Four” Agenda.

According to Gross County Product (GCP) for 2019 (KNBS), Murang’a County contributes 2.3 % to the country Gross Domestic Product (GDP), estimated at 173.018 Billion, which is above the 2.1 % average contribution per county to GDP growth. Agriculture is the main engine of growth for the county with most of the population engaged in Dairy, Mango, Avocado, Coffee, Tea, Macadamia, Banana, and Pineapple farming among others. The county’s Agricultural sector is estimated to contribute 89.003 Billion to the GCP. The service industry and Manufacturing are also significant contributors to the GCP. This trend is expected to continue in the coming financial years.

2.2 National Economic Developments

2.2.1. Global and Regional Economic Developments

Global growth is projected to pick up to 3.3 percent in 2020 and further to 3.4 percent in 2021, from an estimated 2.9 percent growth in 2019. The projected pick up is on account of recoveries in stressed emerging and developing market economies and macroeconomic policy support by advanced economies.

In advanced economies, growth is expected to slow down to 1.6 percent in 2020 and 2021 from an estimated 2.2 percent in 2018 mainly due to rising global oil prices resulting from tensions between U.S.A and Iran and the return to neutral fiscal policy stance in the United States. Among emerging markets and developing countries, growth is expected to pick up to 4.4 percent in 2020 and further to 4.6 percent in 2021 from an estimated 3.7 percent in 2019. The growth profile reflects a projected recovery from deep downturns for stressed and underperforming emerging market economies as well as improved growth in India.

Growth prospects for Sub-Saharan Africa continue to strengthen. Growth is projected to improve to 3.5 percent in 2020 and 2021 from 3.3 percent in 2019, supported by higher commodity prices, improved capital market access and contained fiscal imbalances in many countries.

Growth in the East African Community (EAC) region is estimated to improve to 5.3 percent in 2020 and 5.4 in 2021 from an estimated 5.0 percent in 2019 mostly supported by a stable macroeconomic environment, rebound in agricultural activities on the backdrop of favorable weather conditions, ongoing infrastructure investments and strong private consumption.

Kenya's economic growth has remained strong and resilient even under emerging global challenges, supported by strong public and private sector investment and appropriate economic and financial policies. The broad-based economic growth for 2018 to 2020 has been estimated at an average of 6.0 percent outperforming the 5.6 percent for the previous 5 years (2013 to 2017) and the average growth rate of 4.7 percent in the period 2008 to 2012. Growth is projected to recover to 6.1 percent in 2020 from an estimated growth of 5.6 percent in 2019.

2.2.2. Inflation Rate

Year-on-year overall inflation remained low, stable and within the Government target range of 5+/-2.5 percent in January 2020 at 5.8 percent up from 4.7 percent in January 2019 due to higher food prices. The delay in the onset of rains resulted in lower agricultural activities and raised food inflation from 1.8 percent in January 2019 to 8.9 percent in January 2020 on account of rising prices of key food items such as loose maize grain, sifted maize flour, green grams and onions. The contribution of food inflation to overall inflation increased from 0.9 percent to 4.3 percent over the same period.

Core inflation (Non-Food-Non-Fuel) remained below 5.0 percent, with a low and stable contribution to overall inflation, reflecting muted demand pressures in the economy on account of prudent monetary policies. The contribution of fuel to overall inflation declined from 2.9 percent in January 2019 to 0.8 percent in January 2020 on account of declining energy prices. The major driver of overall inflation beginning March 2019 has therefore been food inflation. Kenya's rate of inflation compares favorably with the rest of Sub-Saharan African countries. In December 2019, Kenya recorded a lower inflation than Ghana, Zambia, Rwanda, Nigeria and Ethiopia.

2.2.3. Kenya Shilling Exchange Rate

The Kenya Shilling remained competitive supported by continued narrowing of the current account deficit and adequate foreign exchange reserves. The Shilling appreciated against the US Dollar and the Euro exchanging at an average of Ksh 101.1 and Ksh 112.3 in January 2020 from Ksh 101.6 and Ksh 115.9 in January 2019, respectively. However, against the Sterling Pound, the Shilling weakened exchanging at an average of Ksh 132.1 in January 2020 compared to Ksh 130.8 in January 2019.

The Kenya Shilling has remained relatively stable, compared to most sub-Saharan Africa currencies. In the year to January 2020, the Shilling strengthened by 0.5 percent against US Dollar, when most of currencies such as Ghanaian Cedi, Rwanda Franc, Mauritius Rupee among others were depreciating. The low volatility is attributed to resilient performance in exports particularly coffee and cut flowers, strong diaspora remittances, improved receipts from services such as tourism and lower imports of food and SGR-related equipment.

2.2.4. Interest Rates

Interest rates remained stable and low in the period 2013 to January 2020, except from June to December 2015 when world currencies were under pressure. During the period, the Central Bank Rate (CBR) was adjusted appropriately to anchor inflationary expectations. The Central Bank Rate was reduced to 8.25 percent on 27th January 2020 from 8.5 percent to support economic activity.

The interbank rate increased to 4.3 percent in January 2020 from 3.5 percent in January 2019 due to tight liquidity in the money market. Government securities' interest rates have been stable indicating that the implementation of government domestic borrowing program has supported market stability. The 91-day Treasury bills rate was at 7.2 percent in January 2020 same as in January 2019. Over the same period, the 182-day Treasury bills rate declined to 8.2 percent from 8.9 percent while the 364-day rate declined to 9.8 percent from 9.9 percent.

2.2.5. Money and Credit

Growth in broad money supply, M3, slowed down to 5.6 percent in the year to December 2019 compared to a growth of 10.1 percent in the year to December 2018. This was due to the decline in both Net Foreign Assets (NFA) and Net Domestic Assets (NDA). Despite the slowdown, growth in M3 was supported by an improvement in the growth of demand deposits despite a decline in the time and savings deposits, foreign currency deposits, and currency outside banks.

NFA of the banking system in the year to December 2019 grew by 12.7 percent compared to a growth of 38.3 percent in the year to December 2018. The decline in NFA of the Central Bank partly reflected declined foreign currency deposits by the central Bank. On the other hand, increase in NFA of commercial banks, partly reflected increase in growth of their deposit holdings with non-resident banks alongside decreased foreign currency deposits accumulation.

Meanwhile, NDA declined to register a growth of 3.7 percent in the year to December 2019 from a growth of 3.9 percent over a similar period in 2018. This is largely due to a decline in net credit flows to the government. However, net credit flows to other public sector and the private sector increased during the review period.

Annual credit to the private sector grew by 7.1 percent in the year to December 2019, compared to a growth of 2.4 percent in the year to December 2018. In particular, credit to consumer durables, manufacturing, trade and transport & communication sectors registered strong growths of 26.0 percent, 9.2 percent, 8.9

percent and 8.1 percent respectively. This offset the substantial loan repayments recorded in the mining and construction sectors in the year to December 2019. Private sector credit growth is expected to strengthen in 2020 due to the repeal of interest rate cap.

2.2.6. Nairobi Securities Exchange (NSE)

Activity in the capital markets slowed down in January, 2020 compared to January, 2019 with share prices declining as shown by the NSE 20 Share Index. The NSE 20 Share Index was at 2,600.4 points by end of January, 2020 compared to 2,907.7 points by end January, 2019. However, market capitalization improved to Ksh 2,473.9 billion from Ksh 2,192.8 billion over the same period, reflecting rising prices of some equities.

2.3 COUNTY ECONOMIC DEVELOPMENTS

2.3.1. Roads and Infrastructure:

In the FY 2018/2019 the department achieved; Opened and graded 330 km access roads, Gravelling/maintened of access roads 160km, Construction of bridges and box culverts 17.

2.3.2. Agriculture, livestock and fisheries:

During the FY 2018/2019, the target of distributing 500 MT of assorted varieties of hybrid maize seeds was met and distributed to 249,950 farmers against a target of 252,200 farmers. 400 farmers were trained on grain storage and 1 rice irrigation scheme completed. 4 avocado nurseries owned by farmers were established. 500,000 hass avocado seedlings were procured and distributed to 104,841 farmers and 8,051 farmers trained on avocado husbandry practices.

In dairy breeding and cow ownership sub-programme, 100 cows were distributed through UTaNRMP, 4 egg hatching units were installed. 3 Fisheries cooperatives were formed. In Mariira farm, 1 apiary (10 hives) was established, 1 demonstration plot of 5 acres was established and trainings and field days held.

Under livestock breeding, 8,211 cattle were inseminated and 2,463 heifer calves born. Vaccination of 37,335 cattle, 631 goats and 12,482 dogs was undertaken. One veterinary lab was renovated in Kiharu Sub-County.

2.3.3. Education

In the year under review 12 ECDE classrooms were constructed and 3 ECDE classrooms renovated. 40,000 children were enrolled under the school feeding programme and 2,800 chairs issued to various ECDE centers in the County. 4 new vocational training centres were constructed, 4 vocational training centres (VTCs) workshops were renovated. 10,890 youths were trained in short courses under the Ufundi kwa Vijana programme while 25,890 students were enrolled in the VTCs against a target of 34,000.

2.3.4. Health

Under elimination of **communicable conditions sub-programme**, 74.4% of children under 1 year were fully immunized and issued with treated mosquito nets (LLITNs) during the year under review. 85% of TB patients completed treatment and 99% of TB patients were tested for HIV.

Under elimination of **non-communicable conditions sub-programme**, 4,170 women of Reproductive age were screened for cervical cancer against a target of 10,000 during the year under review. The number of new out patients who were diagnosed with mental health conditions were 4,966. There were 683 outpatient cases of gender based violence. Road traffic outpatient cases were 3,342 during the year. Proportion of children under 5 years of age attending Child Welfare Clinic who were stunted was 4.6%, while those underweight were 5.9% during the year under review.

During the year under review, 3 dispensaries were opened under **primary care treatment services**. 1 psychiatrist was deployed to Maragua and reverse referrals undertaken in hard to reach areas. 4 safety hoods were installed against a target of 30. Kandara theatre was fully operationalized, Kangema and Kigumo theatres were at 70% and 90% status as at the close of the year. Kambirwa rehab center was renovated. 1 centrifuge for lab was received from National government during the year.

9 hematology machines were procured and installed in Murang'a, Maragua, Kangema, Kigumo, Kandara, Kirwara, Muriranjas hospitals, Nyakianga and Ithanga health centers during the year. 2 water baths were installed in Kigumo and Kandara hospitals against a target of 6 hospitals. Biochemistry machines were bought for

Murang’a and Maragua hospitals against a target of 6 hospitals. 4 semi-automated electrolyte analyzers were procured and installed in Murang;a, Maragua, Muriranjas, and Kangema hospitals against a target of 8 hospitals. One (1) urinary analyzer was procured and installed in Murang’a Hospital against a target of 8 hospitals.

2.3.5. Lands and Housing

During the year under review, Kiharu and Mumbi estates were lighted. 1 GIS lab was installed and operationalized in the Lands department Murang’a town. 11 Parts Development Plans prepared. 70% of plots in Mjini provided with allotment letters. 5 draft spatial plans (Murang’a County, Kandara, Maragua, A2 corridor, and Kigumo) were completed through funds from NaMSIP.

2.3.6. Murang’a Municipality

During the year under review, the municipality installed flood lights at Mjini-Mumbi junction, 10 Kms Murang’a-Mortuary and Maathai-Benrose access roads were paved. Paving of Mukuyu bus-park was completed. The members of Muranga Municipality Board were recruited and the board operationalized. Delimitation and establishment of Kenol and Kangari municipalities initiated.

2.3.7. Environment and Climate change

In the year under review, 1000 litterbins were acquired, 2000 waste collection tools acquired, 320 protective equipment acquired, 50 waste chambers constructed 2 disposal sites improved. 10km of riverbanks were rehabilitated and 200,000 tree seedlings were planted.

2.3.8. Trade, Tourism and Cooperatives

During the year 2018/2019, 6 open air markets were renovated, 17 cooperatives were established and registered with the support of the County, 5 cooperatives revived, 16 refrigerators and generators for milk installed. Makuyu pack house was upgraded to meet market standards. 150,000 members of 210 Co-operatives were trained on various thematic areas that members are involved in.

2.4 FISCAL PERFORMANCE

Implementation of the FY 2019/20 County budget is on course with performance lagging behind targets. In the first six months of the year, revenue collection has lagged behind targets due to under performance of the main revenue sources. By the end of December 2019, the total Exchequer revenue received amounted to Kshs 2,229,815,900. The total amount received for conditional grants amounted to Kshs 120,504,951 while the local revenue collected amounted to Kshs 204,471,360 against a collection of KShs. 249,280,763 in a similar period 2018.

2.4.1 Local revenue performance

Table 1: Revenue analysis by revenue stream July 2019 – Dec 31 2019

SOURCE	2018/2019	Actual Revenue up to 31st Dec 2018	Actual revenue as at 31st Dec 2019	Variance (Target Vs Actual)
LICENCES	126,378,883.00	16,443,935.00	18,866,353.00	2,422,418
PLOT RENT/LAND RATES	60,126,961.00	16,039,100.00	13,080,973.00	(2,958,127)
MARKET FEES	53,712,820.00	23,301,280.00	14,100,187.00	(9,201,093)
PENALTIES	1,625,805.00	731,808.00	268,220.00	(463,588)
BUILDING MATERIAL CESS (sand, stones)	62,713,630.00	38,107,050.00	27,807,757.00	(10,299,293)
BUS PARK FEES	28,719,937.00	13,314,415.00	13,044,757.00	(269,658)
PARKING FEE	18,592,165.00	11,677,040.00	8,733,152.00	(2,943,888)
MOTOR BIKES	6,833,610.00	2,696,168.00	581,547.00	(2,114,621)
LIQOUR LICENCE	28,003,100.00	7,352,750.00	18,319,922.00	10,967,172
PLAN APPROVAL	36,907,306.00	27,847,012.00	4,675,826.00	(23,171,186)
CONSERVANCY	13,515,289.00	1,598,550.00	1,740,876.00	142,326
OTHER CESS REVENUE	20,174,817.00	768,520.00	9,831,630.00	9,063,110
SALE OF FORMS	8,565,260.00	1,210,812.00	496,264.00	(714,548)
TENDER FORMS	10,000.00	10,000.00		(10,000)
ADVERVISEMENTS	17,027,999.00	3,653,491.00	1,484,921.00	(2,168,570)
SELF HELP GROUP	3,825,810.00	934,901.00	793,451.00	(141,450)
LAND SUBDIVISION/TRANSFER	7,114,440.00	5,033,921.00	3,004,521.00	(2,029,400)
HOUSE/STALLS RENT/S.HALL	8,151,673.00	2,691,051.00	1,906,403.00	(784,648)
OTHER LAND BASED REVENUE	3,242,610.00	3,340,749.00	2,177,509.00	(1,163,240)
MORGUE FEES	2,341,690.00	1,112,482.00	976,521.00	(135,961)
SLAUGHTER FEES	3,010,010.00	2,630,811.00	1,494,276.00	(1,136,535)
IMPOUNDING	5,277,070.00	3,570,294.00	929,521.00	(2,640,773)
COFFEE CESS				-
EDUCATION & POLYTECHNICS	2,380,606.00	78,672.00	166,189.00	87,517

FIRE		214,848.00	2,339,800.00	2,124,952
OTHERS	3,183,230.00	271,059.00	-	(271,059)
SUB-TOTAL	**521,434,721.00**	**184,630,719.00**	**146,820,576.00**	**(37,810,143)**
B) DEVOLVED FUNCTIONS				-
HOSPITALS	139,482,031.00	35,735,663.00	43,425,919.00	7,690,256
NHIF		17,063,181.00	-	(17,063,181)
PUBLIC HEALTH	24,008,915.00	5,957,525.00	5,795,778.00	(161,747)
LIVESTOCK (A.I)	3,331,125.00	629,599.00	2,123,160.00	1,493,561
MEAT INSPECTION	8,210,880.00	3,600,117.00	4,470,592.00	870,475
VET.CLINICAL SERVICES	47,220.00	-	565,234.00	565,234
FISHERIES		-	-	-
COOPERATIVES	840,110.00	75,565.00	242,529.00	166,964
HOUSING & PHYSICAL PLANNING	1,302,650.00	44,560.00	523,695.00	479,135
WEIGHT & MEASURES	1,067,250.00	1,444,078.00	473,881.00	(970,197)
MARIIRA FARM	2,483,171.00	54,315.00	29,996.00	(24,319)
WATER	123,930.00	45,441.00	-	(45,441)
NEMA			-	-
SUB-TOTAL	180,897,282.00	64,650,044.00	57,650,784.00	(6,999,260)
TOTAL	**702,332,003.00**	**249,280,763.00**	**204,471,360.00**	**(44,809,403)**

The local revenue collected in the six months period has declined by KShs. 44,809.403 as compared to the revenue collected in the first six months of the financial year 2018/2019. The revenue lines with the highest declines are plan approvals and NHIF both registering a decline of approximately KShs. 40 Million. Plan approvals have declined in line with cess on building materials, a likely indication of contraction in the construction sector within the period. Revenue from liquor license, revenue from other cess and hospitals has grown significantly by a total of approximately KShs. 26.9 Million.

This decline can be overturned in the remaining six months of the fiscal year since the County Government realizes most of its revenue in the peak period of January to March when businesses pay for their single business permits and land rates. The Department of Revenue should increase its enforcement measures to ensure that no revenue is lost through unnecessary leakages.

2.4.2. County own Source of Revenue

Table 2: Annual local revenue trends

Financial year	Local Revenue	FIF	Sub totals	Growth in percentage

2013/2014	383,226,402	36,702,015	419,928,417	-
2014/2015	481,978,934	80,248,600	562,227,534	33.89
2015/2016	531,764,224	85,933,391	617,697,615	9.87
2016/2017	444,517,876	62,167,855	506,685,731	(17.97)
2017/2018	407,423,419	47,174,546	454,597,965	(10.28)
2018/2019	562,849,972	139,482,031	702,332,002	54%

The county own source of revenue increased by the highest margin in the financial year 2018/2019. This was due to the enormous effort made by the County Government to enforce revenue collection, enactment of the Finance act 2018 and diversification of the County's revenue sources.

The county treasury shall build on the lessons gained in the previous year to enhance local revenue collection including enforcement, revenue automation diversification of revenue base and review of its fees and charges.
The County Government also intends to improve the business environment. This will ensure that the County is a preferred destination for investment further increasing its income from licensing and construction permits.

Table 3: Exchequer Release and Proceeds from Foreign Grants/ Development Partners

	Q1	Q2	CUMULATIVE
Equitable Allocation	1,095,912,900	1,133,903,000	2,229,815,900
DANIDA	-	9,328,125	9,328,125
Health Sector Support Project (THS-UCP)	-	24,767,776	24,767,776
Kenya Devolution Support Program	-	-	
NARIGP	-	41,713,340	41,713,340
Agricultural Sector Deepening Support Program	-	-	-
Urban Development Grant	-	-	-
Urban Institutional Grant	-	-	-
Conditional Allocation from Road Maintenance Fuel Levy Fund	-	44,695,711	44,695,711
Polytechnics grant	-	-	-
TOTALS	**1,095,912,900**	**1,254,407,952**	**2,350,320,852**

2.4.2 Expenditure performance
Table 4: Analysis of County Expenditures as at December 2019

	RECURRENT BUDGET				
	Department	**Approved Budget 2019-2020**	**Budget Allocation July-Dec 2019**	**Actual Expenditures July-Dec 2019**	**Absorption %**
1.	Assembly	873,333,175	436,666,587.50	216,443,597.00	25%
2.	Coordination	300,244,113	150,122,056.50	158,950,475.00	53%
3.	Finance	198,228,384	99,114,192.00	117,000,000.00	59%
4.	Agriculture	259,630,948	129,815,474.00	68,500,000.00	26%
5.	Transport	80,340,627	40,170,313.50	3,700,000.00	5%
6.	Trade	24,149,981	12,074,990.50	7,500,000.00	31%
7.	Education	348,537,966	174,268,983.00	143,774,706.00	41%
8.	Health	2,150,610,297	1,075,305,148.50	647,952,294.00	30%
9.	Lands	46,198,380	23,099,190.00	13,600,000.00	29%
10.	PSB	39,185,249	19,592,624.50	18,476,402.00	47%
11.	Youth	122,217,690	61,108,845.00	32,439,760.00	27%
12.	Environment	46,879,262	23,439,631.00	11,500,000.00	25%
13.	PSA	1,005,673,581	502,836,790.50	480,446,623.00	48%
14	Water and irrigation	55,610,127	27,805,064	23,700,000.00	**43%**
	RECURRENT TOTALS	**5,495,229,653**	**2,747,614,827**	**1,943,983,857.00**	
	DEVELOPMENT BUDGET				
	Department	**Approved Budget 2019-2020**	**Budget Allocation July-Dec 2019**	**Actual Expenditures July-Dec 2019**	**Absorption %**
1	Assembly	50,000,000.00	25,000,000.00		0%
2	Coordination		-		
3	Finance	45,000,000.00	22,500,000.00		0%
4	Agriculture	584,992,703.00	292,496,351.50	57,535,890.00	10%
5	Transport	737,019,018.00	368,509,509.00	196,944,551.00	27%
6	Trade	245,832,114.00	122,916,057.00	54,853,185.00	22%
7	Education	363,868,297.70	181,934,148.85	63,981,615.00	18%
8	Water	345,000,000.00	172,500,000.00	17,508,219.00	5%
9	Health	868,924,209.00	434,462,104.50	701,117,587.00	81%
10	Lands	126,937,600.00	63,468,800.00	3,284,343.00	3%
11	PSB	-	-	-	
12	Youth	73,000,000.00	36,500,000.00	16,473,045.00	23%
13	Environment	32,000,000.00	16,000,000.00		0%
14	Public Service	**-**	**-**		
		3,472,573,941.70	**1,736,286,970.85**	**1,111,698,435.00**	**32%**
	GRAND TOTAL	**8,967,803,594.70**	**4,483,901,797.35**	**3,055,682,292.00**	**34%**

The table above shows the total approved budget for the FY 2018-2019 totalling Kshs. 8,967,803,594 against the actual expenditure for period July 2018 to 31 Dec 2018 totalling KShs.3,055,682,292 representing 34% of the total budget. The less than 50% absorption rate was caused by the prolonged stalemate on the Division of Revenue Bill 2019 which delayed equitable share accruing to the County Government coupled with the low collection of own source revenue within the first half of the financial year.

Table 5: Expenditure trends by Economic classification

	Expense Item	2016/17 Actuals	2017/18 (Actual)	2018/19 (Actual)	2019/20 (July to Dec 19)
1.	Compensation of employees	2,881,669,319.00	3,326,870,489	3,251,578,339.00	1,221,615,056
2.	Use of good and services	1,896,272,501.00	1,597,445,503	1,726,574,677.00	834,389,684
3.	Subsidies	42,620,649.00	7,769,519	4,923,500.00	1,646,190
4.	Transfers to Other Government Units	-	501,971,452.00	689,437,600.00	240,808,987
5.	Other grants and transfers	296,540,771.00	203,630,631	140,507,653.00	52,893,390
6.	Social security benefits	4,084,515.00	2,080,184	6,407,252.00	-
7.	Acquisition of assets	1,333,508,912.00	839,596,195	821,709,226.00	53,035,182
8.	Finance costs, including loan interest	-	33,461,978	49696576	-
9.	Other payments	122,486,073.00	94,699,089	1,165,345,246	639,449,762
10.	**TOTAL**	**6,577,182,740.00**	**6,607,525,039.15**	**7,856,180,069**	**3,043,838,251**

In the six month period ending December 2019, compensation to employees takes the biggest allocation at 40% of the total expenditures. This is due to the fact that compensation to employees is a nondiscretionary expenditure taking a first charge on county expenditures. This figure is a decline of approximately 7% from a similar period in the year 2018/2019.

2.5 FISCAL POLICY

To attain the planned budget, the county will continue to be employ new and available strategies to raise the revenue. These strategies include;

New Sources of Revenue mapping: The County Government continues to pursue strong revenue collection and identification of new sources of revenues from the devolved functions e.g. Liquor Licensing, adjustments of business permit fee and land rates, identifying new parking lots and among others.

Enforcement of the Finance Acts and Regulations: The County Government will ensure that fees and charges are collected according as per the approved Finance Act.

Regular monitoring of revenue collection points to enhance accountability and seal corruption loopholes

Automation of revenue collection: The County is in the process of automating main revenue streams which will be used to enhance financial accountability and reporting.

2.6 RISKS TO THE ECONOMIC OUTLOOK

i. **Kenya Economic Performance:** The country's economic performance may affect the implementation of 2018/19 financial year budget. Poor economic performance due to unpredictable external and internal shocks will have a negative impact on the county performance in terms of the funds that will be allocated to the County from the National Government.
ii. **Shortfall in Local Revenue:** The main fiscal risk that is likely to be faced by the county government is the shortfall in local revenue flows. Own Sources Revenue generation has continued to face challenges such as inadequate financial regulations and laws, high cost of revenue collection, and constrained revenue base. In order to mitigate the identified challenges, the County will fast track enactment of finance regulation and laws and further identify new revenue streams. To cushion against high cost of revenue collection, the County plans to automate and capacity build revenue officers.
iii. **High wage bill:** The new CBA's may significantly increase the wage bill thereby reducing funds allocated for development.
iv. **Contingency Liabilities:** The county government has been facing various litigations on different matters. This has had a big impact on the budget as the legal fees keep on increasing as a result of the court cases. Depending the outcomes of the court cases in some instances the county has been ordered to pay the litigants thus hugely affecting the budget. In order to mitigate against high number of litigations, the County will enhance compliance with all procedures and regulations.
v. **Locusts**
Invasion of locusts in various parts of the county may significantly affect agricultural production hence constraining county revenues and at the same time impacting on food security. As a measure, the County will marginally increase allocation to the emergency kitty.

V1 CORONA VIRUS (covid 19)

The corona virus disease spread across the globe poses a threat to world economies Kenya included. The spread if it reaches pandemic level may necessitate some drastic realignment of resources.

CHAPTER THREE

BUDGET FOR FY 2020/21 AND THE MEDIUM TERM

3.1 FISCAL FRAMEWORK SUMMARY

The fiscal framework shows expenditures and how they will be financed. The first section shows the expected revenues and the rest of the section explains on expenditure.

3.2 REVENUE PROJECTIONS

The revenues for the year 2020/21and the medium term are as shown in the table below:

Table 6: Revenue Projections

	Actual Revenue	Budgeted Revenue	Proposed Budget	Projections	
Revenue Streams	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**
Equitable Allocation	6,248,600,000	6,679,833,000	6,483,120,000	6,543,559,137	6,613,222,770
Equitable share Carried Forward		525,000,000			
Conditional Grant	429,777,502	802,970,595	734,248,495	757,673,345	767,557,012
Local Revenue	702,332,003	960,000,000	850,000,000	850,000,000	870,000,000
Total	**7,380,709,505**	**8,967,803,595**	**8,067,368,495**	**8,151,232,482**	**8,250,779,782**

The County Government expects to receive a total of KShs. 8,067,368,495 in the period 2020/21. Out of this own source revenue is expected to account for 10.2% of the total revenues. However, the County Treasury shall regularly monitor the levels of collection in the course of the period and shall adjust its budget accordingly in case of material deviation. Own source revenue is expected to increase marginally in the medium term building on the measures implemented by the National Treasury of streamlining the economy through fiscal consolidation, prompt settlement of bills by Government entities. These efforts are expected to have multiplier effects on the economy by encouraging private investments in the local economy. This in effect could lead to increase in permits both business and construction permits.

The Equitable allocation is also expected to increase mainly due to an increase in National Government revenues and due to increase in own source revenue which leads to higher allocation through the fiscal effort parameter of the CRA.
Conditional grants shall continue to be a key source of revenue for the County Government. Every effort shall be put to ensure compliance with the stipulated conditions to ensure maximum benefits are reaped from this source of revenue. This source has very high potential given that some grants like the National Agricultural

Rural Inclusive Growth Project has no cap on the amount a County Government can receive as it shall be based on a County's absorption capacity. As such, every effort should be made by the various stakeholders to reap maximum benefits from these sources of revenue.

The figure for loans and grants is as per the table below:

	Details	Amount
1.	Road Maintenance Levy fund	192,438,619
2.	Rehabilitation of Village Polytechnics	98,436,170
3.	User fees foregone	20,138,691
4.	Loans and Grants	423,235,015
5.	Nutrition grant	As per CARA 2020

3.3 EXPENDITURE PROJECTIONS

3.3.1 Overall deficit and financing

The budget is balanced without any deficit. Financing of the budget shall be through equitable allocation, conditional grants and locally collected revenues. It is expected that the efforts the County has made in the current financial year of diversifying its revenue base, reviewing its fees and charges and enhanced enforcement will yield the targeted local revenue. Further, all effort shall be made to ensure the County Government adheres to the stipulated conditional grants guidelines.

3.4 BUDGETARY ALLOCATIONS FOR THE FY 2019/20 AND THE MEDIUM TERM

Budgetary allocation ceilings for FY 2020/21 are based on revenue growth, budget 2019/2020, and priorities outlined in key planning documents.

Table 7: Summary of Budget Allocations for the FY 2020/21 - 2022/23

Department	2019/2020 Departmental Ceiling ratio %	2020/2021 Proposed budget	Projection 2021/2022	Projection 2022/2023
Administration and Co-ordination	3.6%	291,307,897	285,246,208	288,098,670
Finance and Planning	2.8%	225,971,581	211,897,183	214,016,155
Agriculture Livestock and Fisheries	6.4%	516,354,215	513,443,174	518,577,606
Water and Irrigation,	4.1%	332,569,477	342,295,449	345,718,404
Transport and Infrastructure	4.9%	391,545,487	635,691,549	642,048,464
Trade industry and tourism	4.2%	338,842,188	350,445,341	353,949,795
Education	7.6%	615,300,765	539,233,677	543,271,778
Health and Sanitation	38.5%	3,103,640,022	2,909,511,320	2,956,641,409
Lands, Physical Planning and Urban Development	1.1%	86,448,422	97,798,700	98,776,687
Public Service Board	0.9%	70,373,685	81,498,917	82,313,906
Youth Culture and Social services	2.4%	194,859,475	187,447,508	189,321,983
Environment and Climate change	0.9%	71,373,685	81,498,917	82,313,906
Public Service	12.3%	988,596,325	1,002,436,673	1,012,461,040
County Assembly	10.4%	840,185,271	912,787,865	921,915,744
Total		**8,067,368,494.74**	**8,151,232,482**	**8,250,779,782**

The departmental budget ceilings are derived from the 2019/2020 budget. This has been informed by allocation of salaries to respective departments thus better reflecting expenditure on salaries for the various departments.

The Department of Health and Sanitation and Public Service take the highest allocation due to the high cost of salaries due to the huge number of staff and the high income levels in the Department relative to the other departments.

The County Assembly's ceiling shall be based on the ceilings approved by the County Allocation of Revenue Act 2020, as such, this figure could change depending on the ceiling given by the CRA for 2021.

Although agriculture is a priority sector, the percentage allocated to agriculture does not appear commensurate. However, funding allocated through other various sectors such as Water and Irrigation, Co-operatives, Environment and Roads have a direct input to agriculture.

3.5 RESOURCE ALLOCATION FRAMEWORK

In the allocation of resources, emphasis will be made on ensuring that:

- All ongoing projects are completed and the relevant expenditure necessary for their full operation adequately provided for.
- The rationale for any expenditure shall be geared towards service provision to the citizenry.
- Expenditure should be mainly for development purposes.
- Any outstanding bills shall take the first charge.

3.5.1. Risks to the 2020/21 Budget framework

In the year 2020/21 the budget framework could suffer impediments due to the following:

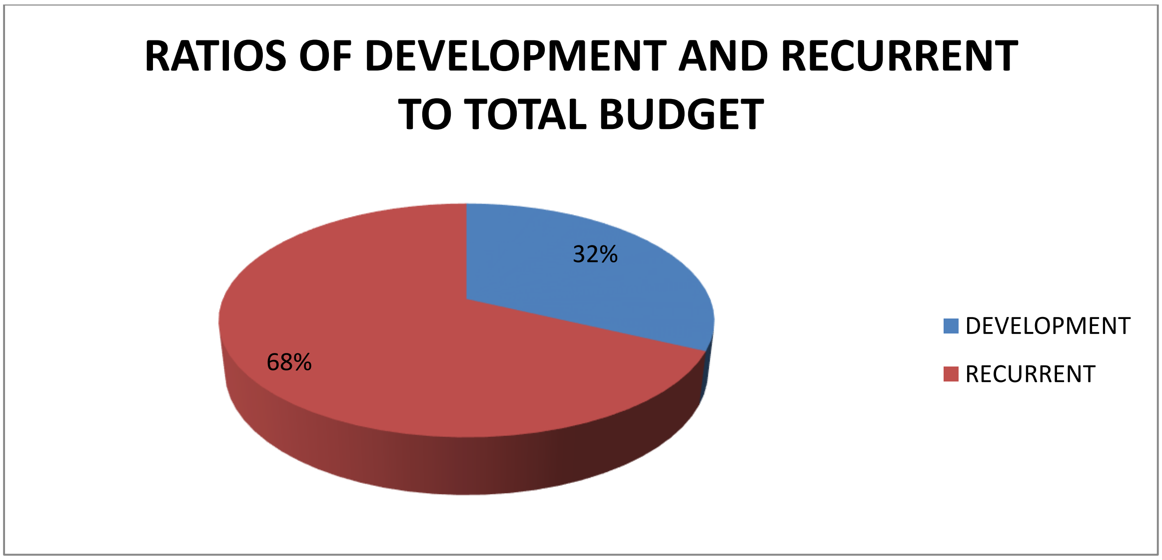
i. The county depends majorly on agriculture, and so extreme weather conditions may affect agricultural production negatively.
ii. High inflation rate that may render some cost estimates unrealistic.
iii. Disharmony between critical stakeholders leading to incomplete projects.
iv. Late disbursement of funds by National Treasury leading to low absorption rate.
v. Failure to realize the projected own source revenue for the fiscal year.

3.6 COMPLIANCE WITH FISCAL RESPONSIBILITY PRINCIPLES

3.6.1. Compliance with the requirement for development spending allocations

Pursuant to the PFM Act 2012, development expenditure shall be set at a minimum of 30%. The expenditure for the fiscal year 2020/21 stands at recurrent 68% of the total budget and development expenditure takes 32% of the total budget as shown below:

Figure 1: Recurrent and Development Allocation



3.6.2. Compliance with the requirement for expenditure on wages

The set limit for wages is maximum 35% of the County Government's total revenue. The estimate of total wages for the County Government stands at Kshs. 3,659,782,481 comprising of Kshs. 3,391,606,432 for the County Executive and Kshs. 268,176,049 for the County Assembly. As a percentage of the total budget, wages stand at 45% of the County Government's revenue.

This has been occasioned by the higher salaries accruing to the health sector employees (nurses and doctors). The County Treasury hopes that with the high number of employees leaving the County Government due to natural attrition this ratio shall be attained in the medium term.

3.6.3. Prudent Management of Fiscal Risks

The County Government still remains exposed to revenue shortfalls experienced by the National Government. These shortfalls are likely to lead to slow and unpredictable exchequer releases and also have the potential to lead to cuts in equitable allocation as experienced in the fiscal year 2018/19.

The County's economy is agricultural based and is heavily reliant on rain. Hence any drought experienced has the potential to affect implementation of intended programmes. Further, it also has the potential to affect the revenues collected locally.

Overall, the macro-economic factors affecting the Country such as an erratic inflation rate, fluctuation in exchange rates and interest rates and international shocks also pose risks to the county economy. These risks have the effect of reducing realizable local revenue and even the purchasing power of the citizens thus hampering effective implementation of the budget.

3.7. RESOURCE SHARING GUIDELINES

As can be seen in the table below, all the departments have adhered to the minimum 30% allocation to development. The departments that don't meet the threshold are service departments for example Administration and Co-ordination, Public Service and Public Service Board, Environment and Climate change and the Department of Finance, IT and Economic Planning.

Table 8: Proposed departmental budget allocation for 2020/21 (Kshs Million).

Sector	PROPOSED BUDGET	RECURRENT	DEVELOPMENT	REC % OF TOTAL DEPARTMENT BUDGET	DEV % OF TOTAL DEPARTMENT BUDGET
Administration and Co-ordination	291,307,897	291,307,897	-	100%	0%
Finance and Planning	225,971,581	201,271,035	24,700,546	89%	11%
Agriculture Livestock and fisheries	516,354,215	252,511,353	263,842,862	49%	51%
Transport and Infrastructure	391,545,487	41,728,520	349,816,967	11%	89%
Water and Irrigation	332,569,477	25,929,062	306,640,415	8%	92%
Trade Industry and Investments	338,842,188	24,149,981	314,692,207	7%	93%
Education	615,300,765	414,078,275	201,222,490	67%	33%
Youth Sports Culture and Social services	194,859,475	109,865,072	84,994,403	56%	44%
Health and Sanitation	3,103,640,022	2,150,610,297	953,029,725	69%	31%
Lands Housing and Physical Planning	86,448,422	60,938,475	25,509,947	70%	30%
Environment and Natural Resources	71,373,685	67,021,319	4,352,366	94%	6%
County Assembly	840,185,271	800,185,271	40,000,000	95%	5%
Public Service	988,596,325	988,596,325		100%	0%
Public Service Board	70,373,685	70,373,685		100%	0%
TOTAL	**8,067,368,495**	**5,498,566,566**	**2,568,801,929**		

Source: Murang'a County Treasury

CHAPTER FOUR

DEPARTMENTAL/ SUB SECTOR PRIORITIES

4.1 INTRODUCTION

This section highlights County development priorities identified in the sectors from the Sector Working Groups and during stakeholder consultations. The priorities are linked to the development priorities in the CIDP 2018-2022, ADP 2020-2021, County Transformative Agenda, as well as the Governor's manifesto. The priorities are also linked to the development priorities outlined in the Sustainable Development Goals (SDGs), Kenya Vision 2030, and MTP III (National Government 'Big Four' Agenda). The sectoral priorities envisage a green economy and mainstreaming of cross-cutting issues such as gender, youth and PWDs, disaster risk management, HIV/AIDs as well as climate change and environment conservation.

Sector	Sub Sector	Sector Priorities
Public Service Management and Administration	Public Service Administration (HR)	i. Carry out a workload analysis ii. Develop and review county organizational structures iii. Develop and implement the recruitment and maintenance policies. iv. Develop and implement Training and Development policy. v. Develop and implement performance management system. vi. Develop a reward and sanction framework. vii. Training on performance management. viii. Develop and implement an employee welfare policy ix. Establish a liaison office. x. Establish an industrial dispute resolution committee. xi. Acquire adequate and secure filing system. xii. Digitize all manual Human Resource Records. xiii. Training on records management
	Administration and Coordination (Governorship)	i. Improve efficiency in coordination ii. Public Awareness creation and enforcement of existing laws. iii. Recruitment and training of enforcement personnel iv. Operationalize legal department

Finance, IT and Economic Planning	Finance	i. Expansion of County Treasury (Establishing Sub County offices) ii. Enhance public participation in the entire PEM framework iii. Enhance internal control systems (Automation, Audit Committee) iv. Enhance record keeping system and efficient stores v. Mapping of county revenue streams vi. Preparation of County revenue legislations
	Information Technology (IT)	i. Enhance office connectivity and communication infrastructure ii. Provide IT equipment and accessories iii. Establish Information Resource Centres (Ujumbe) iv. Establish E-Government system across the county v. Procurement of media production equipment and editing software
	Economic Planning	i. Timely preparation of quality requisite County policy documents ii. Mid Term Review of CIDP 2018-2022 iii. Review implementation of ADP 2019-2020 iv. Monitoring, Evaluation and reporting of county programmes and projects. v. Conducting statistical surveys and establishment of county statistical database.
Education, Youth, Sports, Culture and Social Services	Youth Polytechnics	i. Improvement of YP infrastructure and new constructions. ii. Procurement and distribution of tools and equipment's to YPs. iii. Capacity building of YP instructors.
	Sports	i. Talent identification county wide ii. Infrastructure Development in all county stadia iii. Establishment of 1 Talent Academy iv. Procurement and issuance of Sports equipment and tools
	Social Services	i. Rehabilitation of social halls ii. Mobilization and sensitization of community to participate actively in all project activities; iii. Enhance the capacity of community members to initiate, plan, implement and monitor activities, which promotes their own livelihood iv. Promote, register and build the capacity of community groups in order to

		accelerate their participation in project activities
	Culture	i. Development of Mukurwe wa Nyagathanga ii. Establishment of a cultural studio iii. Nurturing and development of talents e.g. in music, dance and drama iv. Construction of county theatre
	ECDE	i. Improve ECDE infrastructure across the County ii. Capacity building of ECDE teachers iii. Establish Special Needs Education (SNE) which caters for ECD's
Health	Health	i. Improvement of infrastructure in all health facilities ii. Strengthen preventive and promote health services through; malaria control; expanded programs on immunization; integrated management of childhood illness; control and prevention of environment tally related communicable diseases and encouraging improved nutrition. iii. Strengthen curative health services through provision of health personnel, drugs and equipment. iv. Enhance managerial skills of CHMT and SCHMTs v. Improve school health programs vi. Improve cross-sectoral cooperation for health promotion and public health, in the areas of water and sanitation, reproductive health, gender, HIV/AIDS, nutrition, school health, road safety and tobacco control vii. Construct and equip new health facilities viii. Provide adequate referral services. ix. Enrolment of community in NHIF
Trade, Tourism, Investment, Agri-Business, and Cooperatives	Trade Development and Promotion	i. Market development ii. Construction of sanitation blocks iii. Enhance market accessibility and connectivity iv. Avail piped, clean and safe water in the market centres v. Street/Market lighting vi. Enhance marketing and market information vii. Facilitate affordable and accessible credit facilities to traders
	Tourism	i. Development and marketing of tourism attraction sites ii. Tourism product development

	Industrial Development and Investment	i. Agro-processing and manufacturing of farm produce (Value addition) ii. Enhance market information and access (milk, macadamia, coffee, tea, avocadoes, French beans, mangoes, bananas) iii. Enhance market linkage (local and international) iv. Development of agribusiness portal v. Transform agricultural enterprises from subsistence to agribusiness.
	Cooperative Development	i. Enhance market linkage ii. Enhance/streamline management of cooperative societies
	Agri-Business	i. Promote e-marketing for agriculture based produce and products ii. Capacity building of farmers
Environment and Climate Change	Environment and Climate Change	i. Proper waste management mechanisms ii. Prevention of noise and air pollution iii. Increase farm forest cover iv. Rehabilitate degraded sites v. Promotion of clean energy vi. Integrate climate change measures into county policies strategies and planning
Lands	Physical Planning	i. Prepare Integrated plans of urban centers and towns ii. Urban research and data management iii. Enhance revenue streams in collaboration with department of finance iv. Zoning of parks, open spaces and play fields establish urban parks v. Succession programs vi. Planning, survey and mapping of all urban plots vii. Establish Alternative Dispute Resolution (ADR) mechanisms viii. Land information management for public and private land
	Housing	i. Enhance revenue streams in collaboration with department of finance ii. Beautification of open spaces iii. Rural Housing program iv. Provision of land for housing and industrial development
	Urban Development	i. Sustainable solid and liquid waste disposal mechanism ii. Storm water drainage in major towns and market centers iii. Set up urban management system as provided in Urban Areas and Cities Act

		iv. Enhance revenue streams in collaboration with department of finance v. Establish urban parks vi. Urban renewal and redevelopment program vii. Establish Alternative Dispute Resolution (ADR)
Roads, Transport, Energy, and Public Works	Roads, Transport, Energy, and Public Works	i. Upgrading of county access roads ii. Rehabilitation of existing and installation of new security lights iii. Improve drainage
Agriculture, Livestock and Fisheries	Crop Production	i. Irrigation infrastructure ii. Water harvesting iii. Seeds, fertilizers and pesticides iv. Emerging crop pests and diseases v. Extension support
	Livestock Production	i. Contract farming ii. Livestock feeds and equipment iii. Optimal extension staff to farmer ratio. iv. Enhanced adoption of new technologies v. Enhanced information Access vi. Youth involvement
	Veterinary Services	i. Veterinary drugs ii. Optimal extension staff to farmer ratio. iii. Enhanced adoption of new technologies iv. Enhanced information Access v. Emerging and existing zoonotic diseases of anthrax, rabies and rift valley fever
	Fisheries	i. Contract farming ii. Market infrastructure iii. Fish feeds and equipment iv. Optimal extension staff to farmer ratio. v. Enhanced adoption of new technologies vi. Enhanced information Access
Water and Irrigation	Irrigation	i. Development of water harvesting and storage infrastructure for irrigation. ii. Rehabilitating, upgrading and management of existing under-utilized irrigation systems. iii. Enhancing farmer education and awareness, and improving communication and information flow. iv. Enhancing Public-Private Partnerships by encouraging private sector players to invest and participate in irrigation. v. Strengthening stakeholder participation in all irrigation projects and initiatives. vi. Enhancing compliance with environmental, statutory and legal requirements

	Water and Sanitation	i. Enhance user education on water and sanitation management ii. Enhancing Public-Private Partnerships to invest and participate in water and sanitation provision. iii. Strengthening stakeholder participation in all water and sanitation initiatives. iv. Enhancing compliance with environmental, statutory and legal requirements
County Assembly	County Assembly	i. Enhance public participation in County development ii. Enhance oversight iii. Fast track vetting and approving nominees for appointment to County public offices iv. Fast track approving the budget and expenditure, Bills, Acts and Development policies of the County government
County Public Service Board	County Public Service Board	i. Promote best labor practices in recruitment ii. Allocate, motivate and effectively utilize human resources for improved public service delivery iii. Promote public service integrity