



REPUBLIC OF KENYA
COUNTY GOVERNMENT OF NYANDARUA
COUNTY TREASURY



**COUNTY BUDGET REVIEW AND OUTLOOK
PAPER (CBROP)
2019**

Actualizing Nyandarua County socio-economic Transformative Agenda

October, 2019

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KENYA

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FOREWORD

The annual Nyandarua County Budget Review and Outlook Paper (CBROP) 2019 in line with Section 118 Public Finance Management Act, 2012, has reviewed the actual financial performance of the FY 2018/19 and makes comparisons to the Budget appropriations of the same year. Further, it captures updated economic and financial forecast with sufficient information that has provided an outlook of the County in the 2020/21 FY and the medium term. The preparation of this paper is the third under the CIDP 2 (2018-2022).

This paper has also provided an overview of how the actual performance of the FY 2018/19 affected the financial objectives as detailed in the County Fiscal Strategy Paper (CFSP), 2018. The anticipated performance of the FY 2019/20 Budget will form the basis for projecting the FY 2020/21 Budget based on the recent economic developments. It is anticipated that the projected revenue and expenditure for 2019/20 will be achieved through strict expenditure controls and enhanced revenue collection mobilization measures. This will be achieved through fiscal discipline to ensure proper management of public resources and delivery of expected outputs. The revenue performance for 2018/19 was excellent with a growth rate of over 20% compared to the 2017/18 FY and over 90% achievement of the set target.

CBROP 2019 is based on the medium-term development aspirations “*Actualizing Nyandarua County socio-economic Transformative Agenda*”. It is informed by the presidential “BIG FOUR” point agenda, Kenya Vision 2030, Agenda 2030, CIDP2 and the Governor’s manifesto. In the 2020/21 FY Budget, further efforts will be put in place to further enhance on own-source revenue generation through the growth of the productive sectors which will create the synergy for the growth of the County economy. The fiscal framework presented in this paper ensures sustainable financing while allowing continued spending on priority programmes. Achievement of the set objectives calls for greater transparency, effectiveness and efficiency in public financial management in order to ensure fiscal discipline. Focus will also be on enhancing efficiency in Budget implementation by prudence in the allocation of resources to ensure that all “claim holders” get value from their County entitlement. The County will leverage on the County and National opportunities to maximize the potential gains of the 2020/21 FY Budget while mitigating on any probable risks.

In line with best practice, Programme-Based Budgeting model will continue to be used. This model increases efficiency and effectiveness in service delivery and ensures that “duty-bearers” deliver the best possible services to the County Citizenry. Emphasis will be placed on results-based monitoring and evaluation of County programmes and County staff performance contracting and appraisal. This will ensure value for money to the Nyandarua citizenry.

The sector ceilings envisaged herein are arrived at after rigorous considerations by all the relevant stakeholders with the prime objective of steering Nyandarua County priority programmes and projects in achieving Social Economic Transformative Agenda for the County. Scarcity of resources amid competing priorities continues to be a challenge in the allocation of resources. Nevertheless, utmost consideration has been given to all sectors during the allocation of resources as they are viewed to contribute equitably towards achieving the targets of the County under CIDP2.

In ensuring there is transparency and accountability the executive will relay the County performance indicators to the public as well as publicizing as required by the Constitution 2010 and the Public Finance Management Act, 2012. This will enable stakeholders to keep abreast of all development programmes being carried out in the County. Quarterly implementation status reports will also be availed to the County Assembly for oversight and the general public for accountability and transparency.

HON. MARY W. MUGWANJA
COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE & ECONOMIC DEVELOPMENT

LEGAL BACKGROUND

The County Budget Review and Outlook Paper is one of the key stages in the preparation of the Annual County Budget. Its preparation is enshrined in the Public Finance Management Act, 2012 where section 118 (1) clearly postulates that a County Treasury shall:

(a) Prepare a County Budget Review and Outlook Paper in respect of the County for each financial year, and

(b) Submit the paper to the County Executive Committee by the 30th September of that year.

Section 118 (2) of the same Act further provides that the CBROP should contain:

(a) The details of the actual fiscal performance in the previous year compared to the Budget appropriation for that year;

(b) The updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper;

(c) Information on:

(i) Any changes in the forecasts compared with the County Fiscal Strategy Paper; or

(ii) How actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for that financial year; and

(d) Reasons for any deviation from the financial objectives in the County Fiscal Strategy Paper together with proposals to address the deviation and the time estimated for doing so.

After preparation of the Paper by the County Treasury, the County Executive Committee considers the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, and arranges for the same to be laid before the County Assembly, publishes and publicizes the Paper.

Preparation of this paper is further backed by the County Governments Act, 2012 and the Constitution of Kenya, which compels County Governments to plan for their Counties and requires the appropriation of the funds to be within the approved planning frameworks.

The main objectives of a CBROP are to 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;
- ❖ The financial outlook with respect to County Government revenues, expenditures and borrowing for the coming financial year and over the medium term;
- ❖ An assessment of the current financial year and the projected state of the economy for the succeeding three years;

- ❖ Targets for overall revenues, total aggregate expenditure and domestic and external borrowing for the succeeding financial year and the medium term;
- ❖ The total resources to be allocated to individual programmes within a sector indicating the outputs expected from each such programme during that period;
- ❖ The criteria used to allocate or apportion the available public resources among the various programmes; and
- ❖ Forecast financial position for the financial year to which the Budget relates and the next two financial years.

CHAPTER ONE

FISCAL PERFORMANCE FOR THE FY 2018/19

Overview

The County Government's mandate as stipulated by the Constitution of Kenya is discharged by Departments through the implementation of projects and programmes. These projects and programmes are allocated funds through the County Budgeting process.

In the FY 2018/19, the County had a Resource Envelope of Kshs. 7,669,536,086 out of which Kshs. 4,502,834,307 (58.7%) was allocated for recurrent expenditure and Kshs. 3,166,701,779 (41.3%) for development expenditure. In the year under review, the County met one of the Fiscal responsibilities requirements in the PFM Act (section 107) requiring that at least 30% of the County Budget be dedicated for development.

The Resource Envelope comprised of Kshs. 4,929,800,000 from Equitable Share, Kshs. 1,339,897,102 as conditional grants from National Government. The own source revenue was Kshs 440,000,000 while Kshs. 959,838,984 was balance brought forward as exchequer returns from 2017/18 FY.

The total expenditure for the year amounted to Kshs. 5, 767, 460, 997 out of which Kshs. 1,724,854,477 was spent on Development expenditure while Kshs. 4,042,606,520 was spent on recurrent expenditure representing a ratio of 30:70 respectively. The total expenditure represents absorption of 75.2% of the total budget.

Approved FY 2018/19 Budget Estimates

1.1.1 Revenue.

The County Budget revenues were made up of; Kshs. 4,929,800,000 from Equitable Share Transfers, Kshs. 410,000,000 from Own Source Revenue, Kshs. 30,000,000 from Linda mama (A-I-A), Kshs. 43,069,316 from World Bank grant for KDSP - Level I, Kshs. 78,766,766 from EU grant for potato Tissue Culture Lab (IDEAS), Kshs. 18,522,640 from Sweden- Agricultural Sector Development Support Programme (ASDSP) Level II, Kshs. 50,000,000 from World Bank (IDA) Loan for Transforming Health Systems, Kshs. 15,997,500 from DANIDA Grant, Kshs. 129,797,341 for Road maintenance levy fund, Kshs. 32,641,949 from Road maintenance levy of unaccredited FY 2017/18, Kshs. 12,735,922 for User fees foregone, Kshs. 39,700,000 for Rehabilitation of village polytechnics, Kshs. 21,274,457 for Rehabilitation of village polytechnics b/f from FY 2017/18, 121,000,000 as a Supplement for construction of County

headquarters, Kshs. 200,000,000 for Leasing of Medical Equipment, Kshs. 135,543,400 for Kenya Urban Support Programme (KUSP) Level 2, Kshs. 41,200,000 for Kenya Urban Support Programme (KUSP) Level 1, Kshs. 117,000,000 for Climate Smart Agriculture Programme (KCSAP), Kshs. 282,647,811 as Balance B/F (World Bank grant for KDSP - Level II) and Kshs. 959,838,984 as Balance B/F from FY2017/18 budget.

1.1.2 Expenditure

The County projected expenditure of Kshs 7,669,536,086 comprised of Kshs 4,502,834,307 (58.7%) for recurrent and Kshs 3,166,701,779 (41.3%) for development.

Table 1 provides the details for the County approved Budget revenues and expenditures for financial year 2018/19.

Table 1: Approved County Budget estimates for the FY 2018/19

REVENUE CLASSIFICATION	REVENUE BUDGET (Kshs.)
SUMMARY OF REVENUE ESTIMATES	
Equitable share Transfers	4,929,800,000
Own Source Revenue	410,000,000
Linda mama (A-I-A)	30,000,000
CONDITIONAL GRANTS	
World bank grant for KDSP - Level I	43,069,316
EU grant for potato Tissue Culture Lab (IDEAS)	78,766,766
Sweden - Agricultural Sector Development Support Programme (ASDSP) Level II	18,522,640
World Bank (IDA) Loan for Transforming Health Systems	50,000,000
DANIDA Grant For Universal Health care for Devolved System Programme	15,997,500
Road maintenance levy fund	129,797,341
Road maintenance levy of unaccredited 2017/18	32,641,949
User fees foregone	12,735,922
Rehabilitation of village polytechnics	39,700,000
Rehabilitation of village polytechnics B/F	21,274,457
Supplement for construction of County headquarters	121,000,000
Leasing of Medical Equipment	200,000,000
world bank Grant for Kenya Urban Support Programme (KUSP) Level 2	135,543,400
World Bank Grant for Kenya Urban Support Programme (KUSP) Level 1	41,200,000
World Bank Grant for Climate Smart Agriculture Programme (KCSAP)	117,000,000
Balance B/F (World bank grant for KDSP - Level II)	282,647,811
Balance B/F 2017/18	959,838,984
GRAND TOTAL	7,669,536,086

Expenditure	
Compensation to employees(executive only)	1,869,630,068
Use of Goods and Services	1,247,272,541
Current Transfers	435,977,422
KDSP Level 1	43,069,316
County Funds (Rec.)	186,900,000
Acquisition of Non -Financial Assets	76,510,664
Capital expenditure	2,970,601,779
County Funds (Dev.) - Trade /Biashara	-
County Assembly (Recurrent)	623,474,296
County Assembly (Mortgage)	20,000,000
County Assembly (Development)	196,100,000
County Assembly Pending Bills	-
TOTAL	7,669,536,086

1.1.3 Departmental allocations

In the 2018/19 FY, Departmental allocations were as shown in table 2 with details on recurrent and development allocations as well as proportions for each Department/ office to the whole County Budget.

Departmental Allocations

Table 2: Approved Departmental allocations for the period ending 30th June 2019

SECTORS	TOTAL
Gubernatorial Office	183,853,275
County Secretary Office (including salaries)	1,911,047,790
County Public Service Board	12,688,476
Public Administration and ICT	56,870,560
County Attorney	16,786,341
Finance and Economic Development	549,512,582
Agriculture, livestock and Fisheries	408,812,785
Health Services	785,208,223
Education, Gender, Culture and Social Services	280,960,157
Industrialization, Trade and Cooperatives	496,909,488
Transport, Energy and Public Works	1,214,173,391
Lands, Housing, and Physical Planning	377,265,084
Water, Environment, Tourism and Natural Resources	412,211,785
Youth, Sports and Arts	123,661,852
County Assembly	839,574,296
TOTAL	7,669,536,085

1.2 Actual Revenue Performance FY 2018/19

Of the anticipated revenues, there was a shortfall in the OSR (Own source revenue) by Ksh. 20,679,918, Kshs. 15,917,541 for Linda Mama, Kshs. 39,700,000 for the rehabilitation of

village polytechnics, Kshs.28,831,653 for Transforming Health Systems for Universal Care Project (WB), Kshs. 79,122,983 for Kenya Climate Smart Agriculture Project (KCSAP) and Kshs. 11,778,960 for Sweden – ASDSP. The total deficit amounted to Kshs. 239,091,561.

This is as shown in the table below.

Table 3: Revenue performance in FY 2018/19

SUMMARY OF REVENUES	Revenue Budget (Kshs.)	Actual (Kshs.)	Surplus/ Deficit	Realisation (%)
CARA FY 2018/2019				
National Shareable Revenue	4,929,800,000	4,929,800,000	-	100
Supplement for Construction of County Headquarters ¹	121,000,000	121,000,000	-	100
Compensation for User Fee Foregone	12,735,922	12,735,922	-	100
Leasing of Medical Equipment ²	200,000,000	200,000,000	-	100
Road Maintenance Fuel Levy	129,797,341	129,797,341	-	100
Rehabilitation of Village Polytechnics	39,700,000	0	(39,700,000)	-
Transforming Health Systems for Universal Care Project (WB)	50,000,000	21,168,347	(28,831,653)	42
Kenya Climate Smart Agriculture Project (KCSAP)	117,000,000	37,877,017	(79,122,983)	32
Kenya Devolution Support Project (KDSP) "Level 1 grant"	43,069,316	0	(43,069,316)	-
Kenya Urban Support Project (KUSP)	135,543,400	135,543,400	-	100
DANIDA Grant	15,997,500	15,997,500	-	100
EU Grant	78,766,766	78,775,576	8,810	100
Sweden - ASDSP	18,522,640	6,743,680	(11,778,960)	36
World bank Grant for Kenya Urban Support Programme (KUSP) Level 1	41,200,000	41,200,000	-	100
Total CARA	5,933,132,885	5,730,638,783	(202,494,102)	97
OTHER SOURCES (NOT IN CARA, 2018)				

¹ Supplement for County HQ construction is deducted at source hence not disbursed to the County.

² MES programme lease fees are also deducted at source.

Local Own Source Revenue	410,000,000	389,320,082	(20,679,918)	95
Linda mama (A-I-A)	30,000,000	14,082,459	(15,917,541)	47
Rehabilitation of village polytechnics B/F	21,274,457	21,274,457	-	100
Road maintenance levy of uncredited FY 2017/18	32,641,949	32,641,949	-	100
Kenya Devolution Support Project (KDSP) "Level 2 grant"	282,647,811	282,647,811	-	100
Balance b/f (FY 2017/18)	959,838,984	959,838,984	-	100
Total Other Sources	1,736,403,201	1,699,805,742	(36,597,459)	98
GRAND TOTAL	7,669,536,086	7,430,444,525	(239,091,561)	97

1.2.1 Equitable Share

The County had projected to receive Kshs. 4,929,800,000 as the equitable share from the national Government. For the period under review, the County received the entire share. Analysis of quarterly exchequer releases on the equitable share is shown in table 3.

Table 4: Exchequer Releases for the period ending 30th June 2019

RELEASE	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	TOTAL
Amount	246,490,000	1,281,748,000	1,355,695,000	2,045,867,000	4,929,800,000
% Release	5	26	27.5	41.4	100

Source: Financial Reporting

1.2.2 Conditional grants from National Government and Donor Funds

1.2.2.1 Conditional grants from National Government

The County had projected to receive a total of KShs.214,875,212 as conditional grants from the National Government. This comprised of KShs. 129,797,341 for Road maintenance Levy Fund, Kshs. 32,641,949 from Road maintenance levy of unaccredited FY 2017/18, KShs. 12,735,922 for hospitals user fees foregone, a grant for the development of youth polytechnics Kshs39,700,000, supplement the construction of County headquarters Kshs 121,000,000 and KShs. 200, 000,000 for leasing of medical equipment. However, some revenues were not received, these include Kshs. 121,000,000 as a Supplement for Construction of County Headquarters, Kshs.200, 000,000 for Leasing of Medical Equipment and Kshs. 39,700,000 for Rehabilitation of Village Polytechnics.

1.2.2.2 Donor funding

The County had expected to receive Ksh. 500,099,622 from donors which comprised of Kshs. 43,069,316 from World Bank grant for KDSP - Level I, Kshs. 78,766,766 from EU grant for potato Tissue Culture Lab (IDEAS), Kshs. 18,522,640 from Sweden- Agricultural Sector Development Support Programme (ASDSP) Level II, Kshs. 50,000,000 from World Bank (IDA) Loan for Transforming Health Systems, Kshs. 15,997,500 from DANIDA Grant, Kshs. 135,543,400 for Kenya Urban Support Programme (KUSP) Level 2, Kshs. 41,200,000 for Kenya Urban Support Programme (KUSP) Level 1, Kshs. 117,000,000 for Climate Smart Agriculture Programme (KCSAP) and Kshs. 282,647,811 as Balance B/F (World Bank grant for KDSP - Level II).

However, there was a shortfall of Ksh. 28,831,653 for World Bank (IDA) Loan for Transforming Health Systems, Ksh. 11,778,960 from Sweden- Agricultural Sector Development Support Programme (ASDSP) and Ksh. 79,122,983 from Climate Smart Agriculture Programme (KCSAP). A surplus of Ksh. 8,810 from EU grant for potato Tissue Culture Lab (IDEAS) was received while Kshs. 43,069,316 for Kenya Devolution Support Project (KDSP) "Level 1 grant" was not received

1.2.3 Own Source Revenue (OSR)

From its internal revenue sources, the County had projected to generate KShs. 440,000,000 from various local streams. From all County sources, the County generated KShs. 403,402,541 (92 % of target) which comprised of Ksh. 389,320,082 from Local Own Source Revenue and Ksh. 14,082,459 from Linda mama (A-I-A).

The table below shows locally generated revenue performance:

Table 5: Locally generated revenue performance for the period ending 30th June 2019

Source	Budgeted	Realised	Variance	% Realised
Local Own Source Revenue	410,000,000	389,320,082	20,679,918	95
Linda mama (A-I-A)	30,000,000	14,082,459	15,917,541	47

1.2.4 Unspent balances in FY 2017/18

In the FY 2018/19, the County had a total of Kshs.1, 296,403,201 as balances brought forward from FY 2017/18 budget. They included; Ksh. 21,274,457 for Rehabilitation of village

polytechnics, Ksh. 32,641,949 for Road maintenance levy of uncredited FY 2017/18, Ksh. 282,647,811 for Kenya Devolution Support Project (KDSP) "Level 2 grant" and Ksh. 959,838,984 as unspent Balance b/f from FY 2017/18 budget.

1.3 Actual Expenditure Performance FY 2018/19

1.3.1 County expenditure

In the period under review, the County spent 90% of its recurrent budget and 54 % of its development Budget. Overall, County spending stood at 75% % of the entire Budget as shown in table 6.

Table 6: County expenditure for the period ending 30th June 2019

	2018/19 FY Budget	Expenditure	% utilisation of Budget
Recurrent	4,502,834,307	4,061,754,015	90
Development	3,166,701,779	1,709,373,493	54
Total	7,669,536,086	5,767,460,997	75

1.3.2 Departmental expenditure

Office of the Governor

The strategic priority of the Office of the Governor is to provide policy direction for the County, coordinate service delivery, promotion of Investment and intergovernmental relations.

In the FY 2018/19, the Office allocation was a total of Kshs. 183, 853,275 with a Recurrent of Kshs. 178, 853,275 and Development of Kshs. 5,000,000.

The development funds were for tree planting in various parts of the County while the recurrent funds were intended for activities like sourcing of investors, holding public fora and site visits across the County, participating in the Council of Governor's forums, Devolution Conference and Summits, partnership agreements and MOUS for development of the County.

Office of the County Secretary

This office facilitates the County Departmental structures and functions as directed by the County Executive Committee, facilitates capacity building of senior County Government officers, arranges business and communicates decisions of the County Executive Committee, manages the human resource of the County, coordination of public participation & civic education and County branding.

For this purpose, in the 2018/19 FY, the Office was allocated a total of Kshs. 1,911,047,790 Including compensation to employees which was entirely recurrent.

Office of the County Attorney

The office is involved in the drafting of various Regulations and Acts, tabling various Bills and Regulations before forwarding them to the County Assembly for debate and approval, drawing various Commercial and Conveyance transactions, disputes settlement out of court (ADR) litigation on behalf of the County Government as well as offering general legal services.

In the FY 2018/19, the Office of the County Attorney had an allocation of Kshs. 16,786,341 whereby the recurrent Budget was Kshs.15, 028,000 and development of Kshs. 1,758,341.

The development funds were for the completion of the County Court.

County Public Service Board

In order to facilitate development and sustenance of coherent human resource for high standards in the public service of the County, the Board is involved in setting up optimal County offices and staffing levels for effective service delivery, entrenching values and principles to all County staff and maintaining discipline within the County Public Service.

The FY 2018/19 Budget for County Public Service Board was Kshs. 12,688,476 which was wholly recurrent.

Finance and Economic Development

In order to provide effective services in Financial Management, Economic planning & development, procurement, policy formulation, auditing and revenue collection and management in the FY 2018/19, this Department was allocated a total of Ksh 549,512,582 which was recurrent, County Funds and General Insurance.

The funds were utilized for preparation of Planning and Budget documents, entrenching Public Finance Management prudence, strengthening Economic modelling and research, guiding identification of projects, programmes and allocation of resources, monitoring and evaluation of the CIDP2, mobilization of Own Source Revenue, ensuring value for money in acquisition of goods, services and works, mitigation of internal risk and ensuring compliance to laws and procedures, coordination of the management of public funds, preparation of Projects Implementation reports/annual Progress Reports, procuring goods and services, training the technical staff and auditing the governments projects, procedures and systems.

Transport, Public Works and Energy

In order to develop infrastructure for socio-economic development and poverty reduction, the FY 2018/19 budget aimed at continuous improvement and maintenance of County roads, bus parks, bodaboda sheds, bridges, firefighting and emergency response services, floodlights and street lights. A sum of Kshs. 1,214,173,391 was allocated to the Department out of which Kshs. 89,501,075 was recurrent and Kshs. 1,124,672,316 was for development.

Flagship projects for FY 2018/19

1. Gravelling of earth roads, upgrading of roads to bitumen standards & connectivity to central Kenya trading block;
2. Bodaboda sheds & insurance;
3. Purchase of transformers; and
4. Purchase of fire engine.

Health Services

To achieve quality and accessible health care services, the FY 2018/19 Budget prioritized the elimination of communicable conditions, minimization of exposure to health risk factors, provision of essential health services and strengthening collaboration with the health-related actors. The major Development projects included an upgrade of JM and Engineer hospitals and improvement of other health facilities in the County. This Department had an allocation of Kshs. 785, 208,223 out of which Kshs.188, 040,006 was for development and Kshs. 597,168,217 for recurrent. The recurrent allocation included a sum of Kshs.415, 733,422 cash transfer to various health facilities in the County.

Flagship projects for 2018/19FY

1. Upgrade and equipping of JM Kariuki Memorial hospital;
2. Equip and operationalization of Bamboo, Manunga, Ngano and Mirangine Health Centres including a Rehabilitation Centre; and
3. Community health programme.

Lands, Housing & Physical planning

To streamline land ownership and promote investment in the County, the Budget prioritized buying land (for public facilities), land survey & mapping, drainage construction, Urban Development and construction of lands offices. The Department was allocated a sum of Kshs. 377, 265,084 out of which Kshs. 300,893,361 were for development and Kshs.76, 371,723

for recurrent. The allocation consisted of Kshs. 176, 743,400 World Bank grant for Kenya Urban Support Programme (level 1&2) for capacity building (Kshs. 41,200,000) and construction and civil works (Kshs. 135,543,400).

Flagship projects for FY 2018/19

1. County Spatial Planning;
2. Ol Kalou, Mairo Inya & Engineer Special Municipal Status;
3. Development of County land bank; and
4. Central Lands Offices.

Trade, Industrialisation & Cooperative Development

The FY 2018/19 Budget for this Department aimed at promoting trade, cooperative movement and cottage industries in the County through upgrade & completion of market sheds, construction of Jua kali sheds and purchase of milk coolers for cooperatives. It also purposed to enhance value addition to reduce postharvest losses, enhance cheap credit and fairness in weights and measures. This Department had an allocation of Kshs.496, 909,488 with Kshs. 453, 729,752 for Development and Kshs. 43, 179,736 for recurrent.

Flagship projects for FY 2018/19

1. Potato & Vegetable Processing Plant;
2. Development of Jua kali centres;
3. Promotion of cottage industries;
4. Nyandarua Cooperative Union;
5. Modern markets and Stalls; and
6. Operationalization of stalled SHOMAP Markets.

Education, Gender, Culture and Social Services

To promote education in the County, the FY 2018/19 Budget emphasized the construction of ECDE Centers and completion of Youth Polytechnics, provision of sanitation materials and learning materials. This Department had a total allocation of Kshs.280, 960,157 out of which Kshs. 96,701,314 was recurrent and Kshs. 184,258,843 was for development.

Flagship projects for FY 2018/19

1. ECDE feeding programme;

2. Rehabilitation and equipping of ECDEs & YPs; and
3. Issuance of bursary to needy and bright students.

Water, Environment, Tourism and Natural Resources.

The Department's strategic priority is to provide adequate and sustainable water supply for domestic, agricultural and industrial purposes by constructing water harvesting storage facilities, rehabilitation of existing water supply infrastructure and developing new water supply infrastructure to cover unserved areas. The Department was allocated Kshs. 412,211,785 out of which Kshs. 349,656,947 was for development and Kshs. 62,554,838 for recurrent. Development funds were utilized for construction and completion of water projects in the County which includes drilling of boreholes, construction of tanks, laying of pipes and installation of water pumps. In environment development; rehabilitation of community dams and improvement of drainage systems was carried out.

Flagship projects for FY 2018/19

1. Construction and rehabilitation of small dams and water pans;
2. Water infrastructure development (including sinking new boreholes and rehabilitating existing water supply projects ones);
3. Development of Irrigation infrastructure;
4. Gazettement, rehabilitation, dredging & conservation of lake Ol'Bolosat;
5. Tourism marketing events; and
6. Tree Planting, afforestation, re-afforestation and creation of forests.

Agriculture, Livestock & Fisheries

In the Financial Year under review, the Department had planned to concentrate on enhancing access to information, skills and adoption of modern technologies in order to increase Agricultural production, Productivity for food security and improved livelihoods. This would be achieved through the strengthening of institutional policy, legal framework and integrated extension services, enhancing access to quality inputs and safety of food products, promotion of postharvest handling services, market access, and sustainable land use and mechanized agriculture.

In the 2018/19 FY, the Department was allocated Kshs. 408, 812,785. Out of this allocation, Kshs. 127, 297,980 was recurrent while Kshs. 281, 514,805 was development expenditure. The Departmental allocation consisted of Ksh 78,766,766 EU Grant (IDEAS) for potato Tissue Culture Lab Ksh18, 522,640, Sweden - Agricultural Sector Development Support Programme (ASDSP) Level II and Ksh. 117,000,000 World Bank Grant for Climate Smart Agriculture Programme (KCSAP).

Flagship projects for 2018/19FY

1. Integrated agricultural extension services;
2. Input subsidy (fertilizer, seed); and
3. Promotion of pyrethrum, sugar beet, giant bamboo, avocados and sunflower.

Public Administration and ICT

In the Financial Year 2018/19, the Department prioritized the provision of security to County assets and ensured compliance with County Legislation and relevant National Laws, Coordination of County Government functions for efficient service delivery and automation of all County services while minimizing the risk exposure to the Systems.

For this purpose, the Department was allocated a total of Kshs.56, 870,560. Out of this allocation, Kshs. 54,372,960 was recurrent while Kshs. 2, 497,600 was Development.

Flagship projects for 2018/19FY

- 1) E-government e.g. revenue automation, e-commerce, etc; and
- 2) ICT incubation centres

Youth, Sports and Arts

The strategic priority of this Department in the FY 2018/19 was to develop and build capacity in sports, empower youth and nurture talents through art to enhance economic development. This was through enhancing access to information, skills and adoption of modern technologies in order to increase awareness in existing opportunities on job creation for improved livelihoods. In order to achieve this, the Department was allocated a total of Kshs.123, 661,852 out of which Kshs. 45,082,045 was recurrent and Kshs. 78,579,807 was for development. The development funds were mainly used for upgrading of sports facilities in all wards, upgrade of County stadia to support sporting activities, promotion of youth groups in activities

like purchase of greenhouses, incubators and public address systems among others, equipping of youth centres and development of studio.

Flagship projects for FY 2018/19

1. Talent Academy;
2. Ol Kalou County Stadia; and
3. Youth internship/mentorship.

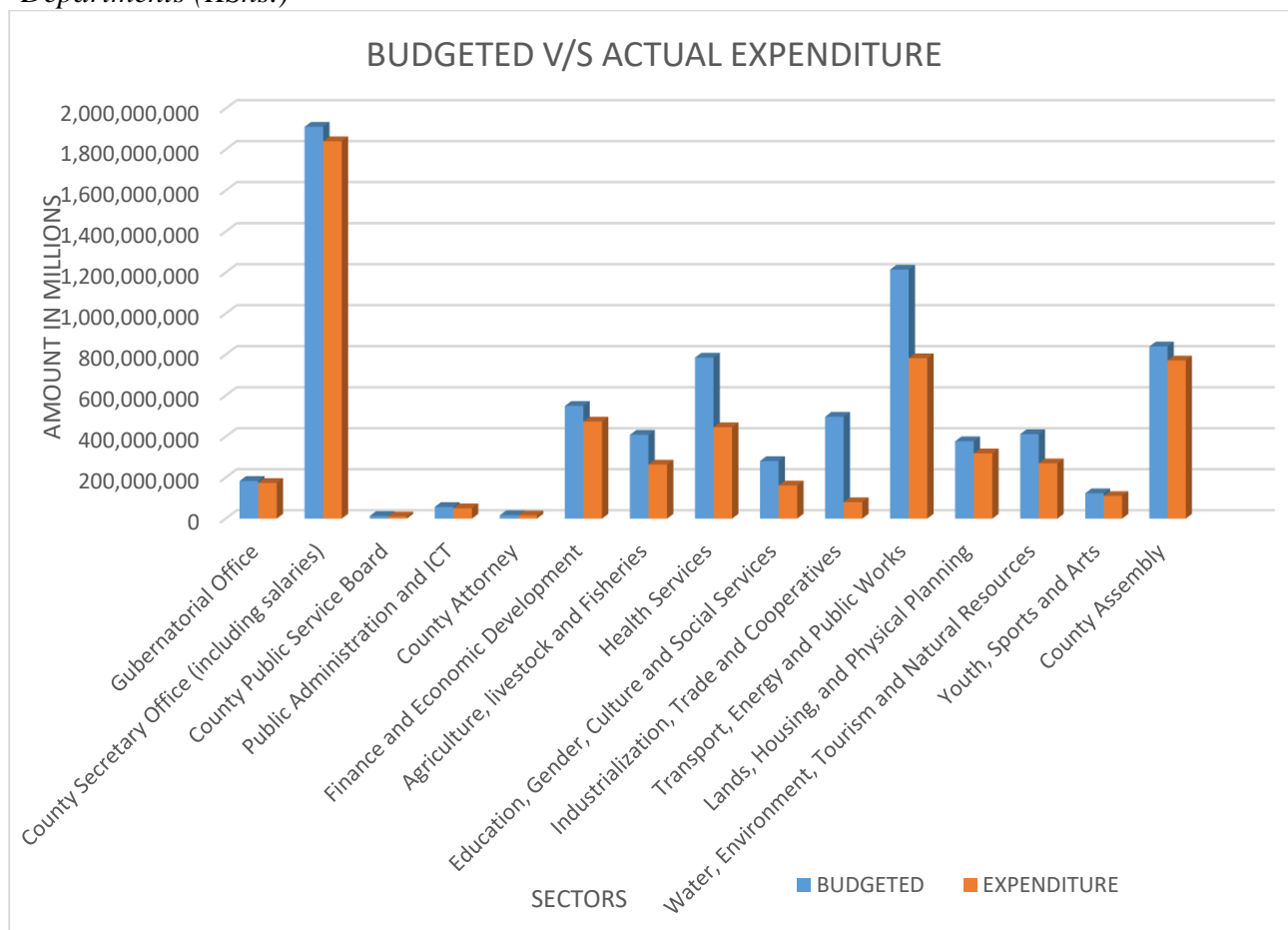
In its spending, the County Government was guided by the PFM Act, 2012 and other Financial Guidelines and Standards.

Table 7: Summary of Budgeted Verses the Actual Expenditure

DEPARTMENT	BUDGETED	EXPENDITURE	% ACTUAL/ BUDGETTED	UNSPENT BALANCE
Gubernatorial Office	183,853,275	173,899,838	95	9,953,437
County Secretary Office (including salaries)	1,911,047,790	1,855,720,532	97	55,327,258
County Public Service Board	12,688,476	10,689,568	84	1,998,908
Public Administration and ICT	56,870,560	50,236,907	88	6,633,653
County Attorney	16,786,341	15,781,935	94	1,004,406
Finance and Economic Development	549,512,582	473,329,341	86	76,183,241
Agriculture, livestock and Fisheries	408,812,785	267,478,004	65	141,334,781
Health Services	785,208,223	446,018,831	57	339,189,392
Education, Gender, Culture and Social Services	280,960,157	161,617,162	58	119,342,995
Industrialization, Trade and Cooperatives	496,909,488	80,340,989	16	416,568,499
Transport, Energy and Public Works	1,214,173,391	766,699,302	63	447,474,089
Lands, Housing, and Physical Planning	377,265,084	318,028,260	84	59,236,824
Water, Environment, Tourism and Natural Resources	412,211,785	269,574,651	65	142,637,134

Youth, Sports and Arts	123,661,852	110,434,102	89	13,227,750
County Assembly	839,574,296	771,278,086	92	68,296,210
TOTAL	7,669,536,085	5,771,127,508	75	1,898,408,577

Summary of Departmental allocations verses the actual expenditures by County Executive Departments (KShs.)



The table below shows the County expenditure for all the Departments, the County Assembly and payments & transfers done. These were KShs.4,681,479,593, KShs. 771,278,086 and Kshs. 314,703,318 respectively. Unrealized revenue and unspent balances are also reconciled with the 2018/19 Budget.

Table 8: Expenditure on Other transfers & payments

OTHER TRANSFERS & PAYMENTS	
Bursary fund	104,300,000
Mortgage fund	60,000,000
Pension and retirement benefits	101,304,027
Emergency fund	20,000,000
Hospital transfers and other transfers	29,099,291
Sub totals	314,703,318

Expenditure by Departments	4,681,479,593
County Assembly	771,278,086
Un surrendered imprest at 30th June 2018 b/f	-
Total Expenditure	5,767,460,997
Unrealised revenue (including Leasing of medical equipment)	239,091,561
Unspent balances (including unsurrendered imprests at 30th June 2019)	1,662,983,528
Grand total	7,669,536,086

1.4 Fiscal Performance in relation to Fiscal Responsibility Principles

Section 107 of the PFM Act, 2012 and regulation 25 of the PFM (County Governments) Regulations, 2015 sets out the fiscal responsibility principles which the County Governments have to observe. These include the following:

- I. County Government's expenditure on wages and benefits for its public officers shall not exceed thirty-five (35) per cent of the County Government's total revenue;
- II. The County public debt shall never exceed twenty per cent of the County Governments total revenue at any one time;
- III. The approved expenditures of a County assembly shall not exceed seven per cent of the total revenues of the County Government or twice the personnel emoluments of that County assembly, whichever is lower;
- IV. The County Government actual expenditure on development shall be at least thirty per cent

An analysis of the County's adherence to the fiscal responsibility principles for the period under review is as follows:

Table 9: Analysis of the County's adherence to the fiscal responsibility principles for the period ending 30th June 2019

Indicator	Budgeted (KShs.)		Ratio (%) in relation to the total Budget	Actual	Ratio (%) in relation to total expenditure
				Expenditure (Kshs.)	
County expenditure	Recurrent	4,502,834,307	59	4,061,754,015	70
	Development	3,166,701,779	41	1,709,373,493	30
	Total	7,669,536,086	100	5,771,127,508	100
	Expenditure on wages & benefits	2,351,860,262	31	2,283,632,270	40

	(executive and Assembly)				
Expenditure by County Assembly	Recurrent	643,474,296	8.4	642,036,267	11.1
	Development	196,100,000	2.6	129,241,819	2.2
	Total	839,574,296	10.9	771,278,086	13.4
County Debt financing		-			-

Expenditure on Wages and Benefits

The County's expenditure on wages and benefits accounted for 31% of the total Budget and 40% of the County's actual expenditure in 2018/19 FY for both executive and legislature. The County Budget was therefore not in line with the set limit of 35 % of the Revenues.

Public Debt

The County's budget was financed by own revenue from the equitable share, conditional grants and locally generated revenue. The County Government did not, therefore, consider Debt Financing through internal or external borrowing to finance the FY 2018/19 Budget.

Approved expenditures for County Assembly

The County Assembly approved the expenditure of KShs. 839,574,296 accounted for 10.9% of the County's total Budget. This was more than the set limit of 7%. The approved ceiling for recurrent expenditure was Kshs.643,474,296 representing 8.4 % of the County's total Budget.

The recurrent ceiling for the County Assembly was set in the County Allocation of Revenue Act 2018 which did not adhere to the requirement that the allocation should be the lower of twice the personnel emoluments or 7% of the Budget.

The County Assembly was also allocated Kshs, 196,100,000 towards the completion of the office Complex which was a non-ceiling Item. This further increased the share of the Budget allocated to the County Assembly.

Development expenditure

The approved development expenditures for FY 2018/19 was Kshs.3,166,701,779 representing(41.3%) of the County total Budget. However, the actual expenditure on development amounted to Ksh.1,724,854,477 which accounted for 30% of the County's total expenditure. This indicates the low absorption capacity for development funds.

From the analysis above, indications are that there were huge discrepancies between the Budget and the actual expenditure in relation to the adherence to the Fiscal Responsibility Principles as stipulated in the PFM Act.

Operational performance

The County's operations are structured in terms of Departments which are headed by a County Executive Committee Member. For seamless Service Delivery, all Departments have to work in unison and synergize.

In the table below, we summarize the key activities carried out by each Department during the year:

Table 10: Departmental performance in FY 2018/2019

Department	Key activities
Health Services	<ul style="list-style-type: none"> ❖ Construction and completion of Matura dispensary ❖ Construction and completion of Ndaragwa health centre store ❖ Construction and completion of Kanguu dispensary ❖ Construction and completion of Ndaragwa health centre theatre ❖ Construction and completion of Muhakaini dispensary, fencing and pavement ❖ Construction and completion of a public toilet at Geta Trading Center ❖ Construction and completion of Kihuha dispensary ❖ Construction and completion of Bamboo health centre theatre ❖ Construction of bamboo health centre casualty ❖ Purchase of bamboo health centre laboratory equipment ❖ Construction and completion of Manunga health centre theatre ❖ Construction and completion of Kangubiri dispensary ❖ Completion of Kamuchege dispensary ❖ Construction and completion of VIP patient toilets, septic tank and fencing at Kihuho Dispensary ❖ Purchase and installation of Mirangine Health Center Generator ❖ Construction and completion of VIP staff toilets at Mirangine Health Center OPD ❖ Completion of Kanjui dispensary maternity ❖ Renovations and Completion of Gichungo dispensary ❖ Fencing of Koinange dispensary ❖ Completion of Huhoini dispensary ❖ Completion of Haraka dispensary ❖ Completion of Kaimbaga Health Center ❖ Purchase and installation of Weru Dispensary Generator ❖ Construction and Completion of Matindiri Dispensary ❖ Upgrading of Njabini Health Center- purchase of a generator ❖ Renovations and fencing of Mikeu Dispensary ❖ Purchase of Karangatha Health Center ambulance ❖ Construction and completion of Kieni dispensary ❖ Construction and completion of JM Kariuki hospital mortuary

	<ul style="list-style-type: none"> ❖ Construction and completion of Engineer hospital laundry and kitchen ❖ Purchase of medical equipment and rehabilitation equipment
<p>Agriculture, Livestock and Fisheries</p>	<ul style="list-style-type: none"> ❖ A total of 4,000 bags of DAP and 1,660 bags of NPK fertilizer was procured and distributed to farmers at a subsidized rate. ❖ ATC Oljororok was refurbished and other infrastructural work done. ❖ A total of 3,550 avocado trees, 2,583 passion fruits and 1,712 tree tomato trees procured awaiting to be distributed to farmers. ❖ Assorted farm inputs procured for ATCs. ❖ Purchase of chemicals for various migratory pests and fall armyworms control. ❖ Procurement of 4,800 giant bamboo seedlings, 76,923 pyrethrum splits clones procured for Farmers Countywide. ❖ Purchase of 125 bags of potato seeds for vulnerable farmers ❖ Construction of grading sheds at Gathaara, Geta, Melangine and Nyakio. ❖ Renovation of the soil testing lab at Gatimu ward. ❖ Construction and equipping of a mushroom house at North Kinangop ward. ❖ Procurement of 6 walking tractors, 6 small trailers and 6 brush cultivators for youth groups ❖ Procurement of the following agricultural machinery for the AMS ❖ 2 row minimum tillage maize planter ❖ 4 bottom disc plough ❖ Car washing machine, electric hand drill, grinding machine and 8 inches table vice ❖ Procurement of 20 piglets and feeds for farmers ❖ Procurement of 25 rabbits and feeds at ATC ❖ Procurement of pedigree heifers, shoats and feeds ❖ Construction works at Geta and Ndaragwa sale yards ❖ Construction of a model zero grazing unit at Nyandarua school for the deaf. ❖ Procurement of various materials for the establishment of livestock feeds center. ❖ Purchase of 4,000 day old chicks for youth/women -Jeshirun Engineer. ❖ Procurement of 6 feed choppers and one feed mixer for farmers capacity building. ❖ Procurement of 3 sets of langstroth hives for bee keeping groups. ❖ Construction of a model zero grazing unit at Kimaru school -Kiriita ❖ Purchase of vaccines and sera- FMD,LSD, rabies, ECF. ❖ Purchase of veterinary supplies and materials, semen, liquid nitrogen. ❖ Purchase of supplies for production acaricides and drugs. ❖ Construction and maintenance of slaughterhouses Mirangine, OIKalou and Kipipiri. ❖ Procurement of accessories – haversack, universal pistollets, socks. ❖ Procurement of vaccination equipment. ❖ Procurement of 155 sprayer ❖ Procurement of tilapia and catfish and trout fingerings and feeds ❖ Procurement of fish cages ❖ Drilling of UmojaMbuyu borehole under KSCAP project

Transport, Energy and Public Works	<ul style="list-style-type: none"> ❖ Grading, gravelling, and upgrading of roads to bitumen standards, drainage works and maintenance of existing roads, opening up of new access roads, maintenance and improving road networks to standard, construction of footbridges and drainage works across the County. ❖ construction of Bodaboda Shed ❖ Culvert Installations ❖ Floodlights(Yaaga,Cheese,Mukiri,Kagemi,Njuguini, Barainya Shopping Centres, Kalulu, Kwajoma,Leshau, Ziwani) ❖ construction and maintenance of bus parks ❖ Road Routine Maintenance Including Hire Of Equipment ❖ Renovation Of County Headquarter Offices - Head Quarters
Water, Environment, Tourism and Natural Resources	<ul style="list-style-type: none"> ❖ Water projects supplied with pipes and fittings. Trenching done and pipes laid to extend water to locals. ❖ Construction and repair of masonry water tanks ❖ Plastic tanks supplied to water projects and various public institutions like schools. ❖ Supply, delivery and installation of solar panel and inverters, solar-powered submersible pumps, panel support structure and solar controller. ❖ construction of intakes for water projects ❖ Trees seedlings planted at water catchment area. ❖ Irrigation projects supported and completed ❖ County Borehole drilling program implemented. ❖ Rehabilitation of community dams/water pans
Education, Gender Affairs, Culture and Social Services	<ul style="list-style-type: none"> ❖ Construction and equipping of ECDE classes and Toilets ❖ Construction and refurbishment of YP-Hostels ❖ ECDE milk feeding programme. ❖ Refurbishment and equipping rehabilitation centres with medical and non-medical equipment.
Youth, Sports and Arts	<ul style="list-style-type: none"> ❖ Other Infrastructure& Civil Works Gathara ❖ Other Infrastructure & Civil Works(Construction of Kasuku Plying ground Toilet) ❖ Other Infrastructure & Civil Works(Kiriita Playing Ground-Fencing & Gate) ❖ Other Infrastructure & Civil Works (Wanjohi -Ndemi) ❖ Other Infrastructure & Civil Works Kanjuiri Fencing ❖ Completion of VIP Dias Olkalou Stadium ❖ Other Infrastructure & Civil Works construction of Olkalau Stadium new works(perimeter wall) ❖ Other Infrastructure & Civil Works (Githabai) heni ❖ Other Infrastructure & Civil Works (Koinange fencing) ❖ Other Infrastructure & Civil Works(Mirangine ward stadium-Levelling)Purchase of Specialised Plant, Equipment & Machines - Youth Groups ❖ Purchase and Installation of greenhouses

	<ul style="list-style-type: none"> ❖ Development of Youth One-Stop Empowerment Centers ❖ Purchase of Assorted equipment for Youth groups - All Wards ❖ Purchase of Assorted equipment for Youth groups (Geta) ❖ Purchase of Assorted equipment for Youth groups (Nyakio)
<p>Land, Housing, Physical Planning and Urban Development</p>	<ul style="list-style-type: none"> ❖ Acquisition of land for public amenities ❖ Towns designs upgrade and update ❖ Survey of Magumu Squatter village, Kambaa Squatter villages, Rurii and Githioro Squatter villages, Mbuyu Township, Sabugo Squatter Villages ❖ County Spatial Plan ❖ Construction Of Land Offices And Other Associated Works ❖ Drainage and walkways ❖ Engineer Town Parking lots ❖ Provision of Parking lots at Ol'kalou town for Revenue Enhancement – Karau Ward ❖ Improvement of Municipal Access Rds, Ol'kalou Drainage system & Parking lots, Solid Waste Mgt, Construction of street Lighting of Roads, Upgrading of Market Stalls, Development of Engineering Designs for Municipality
<p>Industrialization, Trade and Co-operatives</p>	<ul style="list-style-type: none"> ❖ Purchase of Supportive Infrastructure and Equipment <ul style="list-style-type: none"> ○ (Software for dairy cooperative) ❖ Construction of Tulasha market ❖ Construction of Ngorika market ❖ Construction of Geta market ❖ Construction of SokoMpya Toilet ❖ Construction n of refuse bins (Sokompya market) ❖ Construction of Gathara market ❖ Construction of Mirangine Market ❖ Construction of Toilet Mirangine ❖ Levelling of Wanjohi Market ❖ Levelling of Kasuku Market ❖ Construction of Shamata ❖ Construction of Toilet Mairoinya ❖ Construction of Boiman market ❖ Completion of NdunyuNjeru Market ❖ Charagita potato shed ❖ Githabai Market ❖ Rurii Market ❖ Miharati Market ❖ Purchase of market land at Tigoni ❖ County Contribution of Potato Processing Plant ❖ Purchase of Furniture and general equipment ❖ Hide, Skin and Wool Development ❖ Development of Cottage Industries

	<ul style="list-style-type: none"> ❖ Construction of SokoMpya market sheds ❖ WanjohiJua Kali shed ❖ MwangazaJua Kali shed ❖ MirangineJua Kali shed ❖ ShamataJua Kali shed ❖ KipipiriJua Kali shed ❖ KwaHarakaJua Kali shed ❖ NjabiniJua Kali shed
County Attorney	<ul style="list-style-type: none"> ❖ Drafted various Bills, ❖ Drawn various commercial and conveyance transactions, ❖ Litigated on behalf of the County government as well as offering general legal services, ❖ Rendering of legal opinions and advisories to various County Departments, ❖ Facilitating the taking of oaths of the 2 CECMs, ❖ Development of a strategic plan. ❖ Continuous representation of CGN in previously existing cases - about 140 cases - through its In-house Counsel or through the County's panel of Advocates, including handling demand letters served on the County Government. ❖ Review and preparation of various MOUs between the County Government and other partners, ❖ MOU between CGN and Boda Boda owners on the distribution of ECDE milk; ❖ Publication of various legal and gazette notices. ❖ Further improvement of the construction of County court
Finance and Economic Development Sector	<ul style="list-style-type: none"> ❖ Mobilized Kshs. 403 Million from Own Source Revenue ❖ Prepared budget documents i.e. Budget Circular, Annual Development Plan, CBROPs, CFSPs, Debt Management Strategy Paper, Programme and Itemized Budget, Appropriation Acts, Cash Flow Projection and 2 Supplementary Budgets ❖ Coordinated the preparation County work plans ❖ Coordinated the preparation of the RRI's ❖ Prepared Projects Implementation reports ❖ Prepared Annual Progress Report for FY 2018/19 ❖ Processed payments

	<ul style="list-style-type: none"> ❖ Procured assets for the County ❖ Prepared audit reports ❖ Prepared Annual Financial Reports among others.
<p>Public Administration and ICT</p>	<ul style="list-style-type: none"> ❖ Planned in liaison with the County Departments, for government functions and activities in the Sub Counties and Wards ❖ Provided information on service delivery to the County residents. ❖ Identified and reported issues requiring action by the County Government. ❖ Supervised County Government and other development programme and projects in the Sub Counties and wards. ❖ Supervised County Government staff in the Sub Counties and Wards ❖ Identified suitable offices for HE the Governor in each sub-County ❖ Formulated a draft disaster management policy ❖ Sensitized the public on disaster issues and intended policy ❖ Identified and made timely reporting of disasters and disaster-prone areas ❖ Established and maintained a list of assets in sub-County and ward offices ❖ Identified unserviceable, obsolete and surplus asset for disposal ❖ Developed a Departmental Skills Gap Analysis ❖ Carried out Departmental Staff Training Needs Assessment ❖ Developed interventions to address the identified gaps and training needs. ❖ Assessed all individual employees’ performance in the Department using a prescribed format. ❖ Developed a concept paper on the establishment of one-stop service Centres within the County. ❖ Formulated award committee draft policy ❖ Installed and terminated fibre optic cable at Agriculture and Water Offices ❖ Terminated fibre optic cable at Education and Enforcement Offices ❖ Completion of Revenue Automation system ❖ Enhancement of a customer facing website ❖ IP Based Surveillance and CCTV monitoring at HQ and Revenue offices ❖ Enhancement of a unified communication system ❖ Enhancement and update of ICT policy draft ❖ Purchase of Computers and other equipment ❖ Purchase of more data servers ❖ Maintenance of ICT infrastructure and systems ❖ Support of key systems like IFMIS and Revenue Collection Systems

	<ul style="list-style-type: none"> ❖ Installation of Internet at 4 ICT Resource Centres ❖ Trained youths on Ajira Program ❖ Purchase and installation of Antivirus Software across the County systems ❖ Revenue enhancement through enforcement drives ❖ Ensured compliance with County laws and regulations through impounding of contravening motor vehicles. ❖ Crowd control during County events ❖ Protected and secured County premises ❖ Acquired uniforms for the enforcement officers ❖ Maintained order at the bus parks within the County. ❖ Enhanced cooperation with other government arms •
Office of the governor	<ul style="list-style-type: none"> ❖ Tree planting ❖ Held over 80 public fora and site visits in all wards for engagement with citizenry. ❖ Strengthened relations with other counties, national and international community through participating in the council of governor's forums, devolution conference and the summit. ❖ Signed partnership agreements and MOUs for development of the County.
County Secretary	<ul style="list-style-type: none"> ❖ Facilitated the County Departmental structures and functions as directed by the County Executive committee ❖ Facilitated capacity building of senior County Government officers ❖ Arranged business and communicated decisions of the County Executive Committee. ❖ Managed the human resource of the County ❖ Engaged the Council of Governors towards the Annual Devolution Conference.

CHAPTER TWO

ECONOMIC AND FINANCIAL FORECAST FOR FY 2020/2021 AND THE MEDIUM TERM

2.1 Macroeconomic Outlook and Policies

The section gives an overview of recent economic developments, medium-term fiscal framework, risks to the outlook and proposed interventions to the risks. It gives an opportunity for the County to review and analyse recent economic performance for the purposes of positioning its outlook in the next financial year and over the medium term.

2.2 Recent Economic Developments

The FY 2020/21 Budget is being prepared within the context of a weakened global economy. As per the IMF reports, global growth has remained subdued due to the United States and China trade wars through tariffs which has further escalated and affected global technology supply chains. Geopolitical tensions have also impacted the energy sector. The IMF April report downgraded global expansion to 3.3 per cent in 2019. However, with a better outlook for US-China trade tensions given prospects of trade agreements, it is expected to pick up to 3.5 per cent in 2020. This, however, is a bet on stabilized and improved conditions on the current global issues. On the upside, growth prospects for sub-Saharan Africa continue to strengthen. Growth is expected at 3.4 per cent in 2019 and 3.6 per cent in 2020. Angola and Nigeria, leading commodity-exporting countries offset the poor (lacklustre) countries in the region.

On the domestic scene, economic growth has remained strong and resilient. The 2019 Economic Survey highlights an expansion of the Real Gross Domestic Product (GDP) by 6.3 per cent in 2018 compared to 4.9 per cent in 2017. To link up this to growth and development at the County, it is essential that a critique of the factors for which this growth was attributed to is done. These are; increased agricultural production, accelerated manufacturing activities, sustained growth in transportation and vibrant service sector activities. Agriculture, a mainstay for the County and Country at large had its growth accelerated from a revised 1.9 per cent in 2017 to 6.4 per cent in 2018. However, the performance of Kenya's economy looks less optimistic in 2019 on account of delayed long rains affecting the growth of the agricultural sector that is highly dependent on rains. The susceptibility of the economy to the impacts of

the volatile oil market has overtime been affecting the manufacturing sector that is to some extent dependent on the petroleum products. To propel growth and development, demand through public and private consumption is projected to be on the rise more so on the former given the ongoing development in infrastructure. Private consumption might not expand as fast as that of the public, but it is likely to remain high in 2019 and therefore support growth. The premises indicate a high probability of slow economic growth but with macroeconomic variables remaining desirable throughout 2019.

Medium-Term Development Strategy

The resilience of our economy to withstand the shocks witnessed over the last five years has improved significantly and this is laying a solid pathway for Kenya's industrialization as envisaged in the Vision 2030. In the actualization of priorities as set by the MDAs and County Governments, all the plans for implementation have been cascaded from the Medium Term III. The Government will continue to address the remaining policy, legal, regulatory, and governance challenges as a priority to ensure that we attain our full potential.

The Medium-Term Budget will further support the ongoing priorities for achievement of the "Big Four" Plan taking into account:

- i. Responsible management of public resources;
- ii. Building a resilient, more productive and competitive green economy;
- iii. Delivering better public services within a tight fiscal environment; and
- iv. Deepening governance, anti-corruption and public financial management reforms to guarantee transparency, accountability and efficiency in public spending.

Support and Implementation of the policies and programmes under the "Big Four" Agenda initiated in the FY 2017/18 is expected to accelerate and sustain inclusive growth, create opportunities for productive jobs, reduce poverty and income inequality for the attainment of the Sustainable Goals. Notable progress has already been made on the implementation across the four strategic areas through:

- (i) Enhancing Food and Nutrition Security to all Kenyans through the expansion of food production and supply, reduced food prices for affordability, and support value addition in the food processing value chain;

- (ii) Provision of Universal Health Coverage thereby guaranteeing quality and affordable healthcare to all Kenyans where piloting is ongoing in four Counties;
- (iii) Supporting value addition to raise the manufacturing sector's contribution to the GDP to 15 per cent where programmes are underway to incentivize investors whilst reviving traditional industries in the Country; and
- (iv) Provision of affordable housing through the construction of at least five hundred thousand (500,000) affordable housing units to improve the living conditions of Kenyans. Under this, Government has established the Kenya Mortgage Refinancing Company and the first affordable houses are under construction in Nairobi.

Prioritization and Allocation of Resources

The County Government will continue to pursue the transformative development agenda which is anchored on provision of core services, ensuring equity and minimizing costs through the elimination of duplication and inefficiencies, implementation of the Constitution, creation of employment opportunities and improving the general welfare of the people. Realization of these objectives will have implications in the budget ceilings to be provided in the Budget Review and Outlook Paper. The following criteria will serve as a guide for prioritizing and allocating resources:

- Linkage of Programmes to the 'Big Four' Plan either as drivers or enablers;
- Linkage of the programme with the objectives of Third Medium-Term
- The degree to which a programme addresses job creation and poverty reduction;
- The degree to which the programme is addressing the core mandate of the MDAs•,
- Expected outputs and outcomes from a programme;
- Ongoing Projects; and
- Cost-effectiveness and sustainability of the programme; and

The FY 2020/21 Budget will largely focus on the completion of ongoing projects. In particular, emphasis should be on projects nearing completion to ensure that citizens benefit from such public investments. The higher the impact to the citizenry, the higher the priority will be. It will thus be essential that Departments and Directorates provide adequate information with regard to the existence of ongoing and/or stalled projects. This should include a list of the

ongoing projects with details of the total cost, start and end date, cumulative expenditure to date, balance to completion, and the amount required over the medium term, among others.

2.3 County Economic Outlook and Policies

The County economic outlook banks on global and national economic stability and improvement. As has been the case previously, global monetary and fiscal impacts have been felt by the Kenyan economy. This outlook assumes that such shocks are not to be in the medium-term. The susceptibility of the national economy is highly likely to be felt at the County hence the assumption. Policies from the National Government “Big Four Agenda” have further been cascaded down to the Counties. A critique of some of the variables, programmes and policies considered are elucidated below.

1. Donor Funds/Grants:

Nyandarua County emerged a winner in the 2018/2019 financial year World Bank ranking for top-performing counties under the Kenya Devolution Support Programme (KDSP). The win has seen the County benefit from Kshs. 254 million grant from the World Bank to help in its development agenda in potatoes and vegetable processing factory. Despite topping the list, KDSP allocation declined by Kshs. 29 million compared to what the County received in the 2017/18 Financial Year. This was as a result of a revision of the allocation formula by the KDSP programme secretariat. Additionally, the number of Counties benefiting from the program increased to 22 compared to 13 in the 2017/18 Financial Year. The programme will also be coming to its end as FY 2019/21 winds up. Other programmes by the World Bank are expected to continue onwards to and through FY 2020/21.

2. Equitable Share:

In forecasting and setting budgetary ceilings for Departments and Directorates, growth of the equitable share from the National Government is expected to rise by 4 per cent annually given the premise of stable macroeconomic variables and absence of shocks to distort the growth and stability of the Country. The projected equitable share for the FY 2020/21 is Kshs. 5,061,680,000 whilst that of FY 2021/22 is Kshs. 5,264,147,200.

3. Own-Source Revenue:

In the Current FY, the County targets to collect Kshs. 600,000 Million. This is targeted to come from additional streams of revenue as encapsulated in the Finance Bill for 2020. Also, full automation of revenue collection is meant to enhance the processes and systems that are already

in place for revenue collection. Following these efforts, it is projected that in the FY 2020/21 and 2021/22, the County's own-source revenue will be Kshs. 650,000 and Kshs. 715,000 respectively. This is projected to enhance the County Resource envelope for an increase in development projects within the County.

4. Investment Promotion:

Nyandarua ranks eighth as per its contribution to the national GDP (through its Gross County Product). The County's share of the GDP is 2.6 %. The major contributor is the agriculture sector which is second in the country and is worth over Kshs. 200 Billion. However, the manufacturing and service sectors lag behind compared to the 47 County rankings. As per the KNBS Gross County Product (GCP) report of 2019, Nyandarua is ideally a top investment destination for private investors in the agriculture, manufacturing and services industry. Through the Office of the Governor and the Department of Trade, Industrialization and Cooperatives, marketing Nyandarua for its wide array of investment opportunities is an essential policy for job creation and diversification of income for socio-economic development. Investment promotion will thus be a key facet for the achievement of the Transformative Agenda.

5. Acquisition of Equipment to Enhance the County's Scope for Road and Civil works:

Nyandarua County only has 0.8 per cent of paved roads in the County and an approximately 224 Kms of tarmac roads. The County is oddly placed in comparison to other Counties from Central region. Given the prohibitive costs that are attached to the road projects, it is essential that the County mitigates this through acquiring equipment to cut on costs and massively work on providing a sustainable solution. The County plans to seek the most favourable approach to acquire this equipment.

6. Increasing Access to Clean Water:

The County is one of the water catchment areas in the country but the majority of the population can't access water as could be expected. Only 14.4% access to piped water, 2.0% from the borehole, and 24.3 per cent from wells, and 22.2 per cent from rain. The sanitation of some of the water sources is questionable given lack or poor treatment. The County, through the Department of Water, Environment, Tourism & Natural Resources purposes to reduce the distance taken to access clean water by households across the County. Further, this is meant to improve the welfare of households.

Key focal areas for the Department for funding are rehabilitation of dams and water pans for water harvesting, drilling and reticulation of boreholes and supply of water to the citizenry of Nyandarua.

7. Proper Housing and Settlement with the Advent of Urbanisation:

Nyandarua County has only 39.8% of its homes with cemented floors and 55.1% of its homes with earth floors. 16.1 % of its homes with stone and cement walls with 21% of its homes with mud walls 47.7% of houses have their walls made of wood. With regard to ownership, 70.1 % of the houses occupied on an owner-occupier basis with 24.2% being on rental terms. Article 25 of the Universal Declaration of Human Rights forthrightly puts it across that everyone has the right to a standard of living adequate for the health and well-being of himself and of his family. This, the Department of Lands, Housing, Physical Planning and Urban Development is pursuing through laying out of the County Spatial plans, conduction of survey for squatter villages and facilitation of the construction of 2,000 affordable housing units in the County.

To action the latter, the County Government has already set aside 20 acres of Land for Affordable Housing purposes at Olkalou (13 acres) and Engineer (7 acres), prepared the Designs and made consultations with the National Housing and Corporation (NHC) and MoU already signed whereby an identified financier is to finance 300 Million each financial year for the next 5 years for 200 units each year. Through the existing polytechnics, the County is undertaking Appropriate Building Technology (ABT) training in order to provide appropriate skills for the purposes of fast-tracking the Affordable Housing, the Lands, Housing and Physical Planning Department is also coordinating the necessary activities with the involved parties. This is estimated to cost around 2.5 Billion Shillings inclusive of the costs of the necessary infrastructure, this is to start at Olkalou being the County Headquarter and later to other Sub-County headquarters in the County, the Department targets to construct 200 units each year starting with the current financial year.

The Kenya Urban Support Programme is projected to continue funding as per the set conditions for operationalization of the Municipal board and infrastructural support for the identified townships at an approximated Kshs. 135,543,400 annually over the next 3 fiscal years.

8. Promotion of Early Child Education (formative education) and Tertiary Education (polytechnics)

The education sector has been on a downward trend in the County given poor performance, inadequate or poor infrastructure, low transition rates from the pre-primary to primary,

secondary and tertiary institutions. This is detrimental for the human capital of the County. Lack of competitiveness of students from the County could raise the dependency levels due to lack of income and a hike in social ills such as drug abuse, theft, prostitution among others.

The County is heavily investing in Early Child Education to promote transition to Primary education. This is currently being implemented through feeding programmes to tackle the problems of malnutrition as highlighted in the Kenya Household and Demographic Survey of 2014 that showed malnutrition in Nyandarua County at 29.4% for children under 5 through stunted growth (height for age) measures and also enhance daily attendance for children.

Transfers to polytechnics are expected to remain the same for the projected 3 years at Kshs. 39,700,000 per year. These funds together with the facilitation of the students through the Higher Education Loans Board (HELB) will promote sustainability of the polytechnics across the County.

9. Universal Health Care

The Sustainable Development Goals are anchored to the Universal Declarations of Human Rights. Article 25 reiterates the right for a healthy well-being of everyone. The SDGs envisages ensuring healthy lives and promotion of well-being for all at all ages. To facilitate this, the County through the Department of Health Services is striving to enhance access to quality health care services for the citizenry from all the corners of the County. The premises necessitates for the upgrade of JM Kariuki Memorial County Referral Hospital, Engineer County Hospital, Ndaragwa Health Centre, Mirangine Health Centre and Bamboo Health Centre. This notwithstanding, these facilities and dispensaries in all the 25 wards are to be provided with the requisite diagnostic equipment and commodities. The approximated cost for these projects is way above what the County can fund in any financial year. The upgrade of facilities alone is approximated to Cost Kshs. 7 Billion vis-a-vis a current projection of Kshs. 626,455,714 for the FY 2020/21 and Kshs. 658,716,285 for the FY 2021/22. The fact that these costs comprise of both the recurrent and development expenditure for the Department further exacerbates the situation.

Given the intensity of the capital investments requisite to effect the envisaged changes, a concerted effort between the National government and County Government is paramount. Also, so as to enhance Universal health coverage, promotion of insurance health coverage is necessary with only less than 18% of the population having enrolled with various health cover services providers. The National Hospital Insurance Fund plays a pivotal role in this. To this

end, the County has initiated strategies by allocating Kshs. 30 million to recruit 5,000 indulgent households to benefit through the NHIF scheme in the current fiscal year. The County requests for extended enrolment program from National Government through NHIF, Nyandarua Branch to net more beneficiaries into the programme.

10. Improving Agricultural Productivity for Food Security

Agriculture, as has been mentioned for the umpteenth time, is the backbone of the County's economy contributing over 70% to the County's Economy. The crop value chain is the leading crop enterprise in the County in terms of wealth creation, food security and employment creation. Currently our County cultivates an average of 37,000 Ha of potatoes per year with an average production of about 555,000 tons with a market value of Kshs. 9 Billion. The dairy value chain is the second leading agricultural activity in the County. The average annual milk production is 238 million litres with a value of Kshs. 7.6 Billion.

As the County pursues diversification for income generation and economic sustainability, it is inevitable that the productivity in the sector is enhanced to tap value addition, manufacturing and traditional markets that continue to grow given the rise in population. The Department of Agriculture, Livestock and fisheries is promoting food security through promotion of Potato farming by seed cleaning, issuance of subsidized fertilizer and other input subsidies, promotion of mechanized agriculture and precision agriculture through soil testing. In the Livestock sector, breed improvement and enhancement of extension services remain top priorities for the Department. To this end, a tissue culture laboratory for seed potato multiplication at Ol Joroork ATC at a cost of Kshs. 110 Million is being constructed and the World Bank (IDA) is investing 120 million this year in measures to mitigate climate change.

In collaboration with the Enforcement Directorate and the National Agriculture and Food Authority (AFA), the Department is coordinating the implementation of standardized potato packaging regulations. This will allow farmers to get value for their produce given reduced exploitation by the market. The productivity of the crop is expected to shoot up.

Value addition and Manufacturing

As envisaged in the National Government's Agenda, manufacturing is a multifaceted economic activity that will allow for job creation, creation of markets for raw materials and driver for consumer demand. The County has planned and is lobbying for the setting up of a potato, vegetable and fruits processing factory that has an initial investment of Kshs. 382 Million set

aside. A dairy processing industry estimated to cost Kshs. 2 Billion and support for the cottage industry to leverage on raw products readily available in the County.

These projects are anchored to their socio-economic impact on the citizenry of the County with their multiplier and spillover effects once implemented and fully operational.

As per the highlights in this section, the County purposes to achieve its Transformative Agenda via considerations that are wide and that are intertwined largely with the national government MTP III, Big Four Agenda and Global Goals as set out by the Sustainable Development Goals. With the scarce resources, innovative approaches for investment and programme or project implementation will be embraced. In achieving these goals, the County is in pursuit of enhancing its service delivery through staff appraisal and motivation.

2.4 Medium Term Fiscal Framework

2.4.1 Financial Forecast for 2020/21FY and the Medium Term

2.4.1.1 Revenue projections

The 2020/21-2021/22 Medium Term Expenditure Framework is founded on a stable national macroeconomic environment and improving the fiscal forecast of the County Government. Total Projected revenues for the County in the FY 2020/21 are estimated to be Kshs. **6,506,621,497** from Kshs. **6,521,891,236** in FY 2019/20. The 2020/21 projected County revenues will be generated from Own source revenue, conditional allocations, loans and grants from both the national government and donors who have continued to partner with the County in achieving its development agenda.

2.4.1.2 Expenditure forecasts

The forecast on expenditure has taken cognizance of the County's Government goal in reducing poverty levels and stimulating employment by re-orienting expenditure to the high impact areas and reducing on non-priority spending. It is therefore projected that the Government will continue to implement high-impact and sustainable projects/programs that will ensure stable and sustainable economic growth, prudent financial appropriation, enhanced revenue collection and Budget control mechanism.

Some of the measures that have been put in place include the centralization of operations in the Transport, Energy and Public Works Department where operations will take place in 5 centralized units using the purchased equipment that will increase productivity and reduce costs balancing out the laws of demand and supply in the County. The Overall development

expenditure is projected to be Kshs **2,277,317,524** in FY 2020/21 which will be 35 per cent of the projected total revenue.

Monitoring and evaluation of the expenditures will be strengthened by the County Treasury to ensure that fiscal responsibilities will be enhanced in the Medium Term. Provision of quality and timely financial reports will be done regularly to entrench value for money to the County residents and ultimately adhere to the fiscal responsibilities as provided in the Public Finance Management Act, 2012.

Table 11: Financial forecast for FY 20120/21 and the medium term (Kshs)

Revenue	2019/20	2020/21	2021/22	2022/23
Equitable Share	4,867,000,000	5,061,680,000	5,264,147,200	5,474,713,088
Local Collections	600,000,000	650,000,000	715,000,000	743,600,000
Linda Mama	30,000,000	30,000,000	30,000,000	30,000,000
Conditional Grants				
World Bank Grant For KDSP(Level 1)	-	-	-	-
World Bank Grant For KDSP(Level II)	254,280,493	-	-	-
EU Grant For Potato Tissue Culture Lab	-	-	-	-
World Bank Loan For Transforming Health Systems	50,000,000	50,000,000	50,000,000	50,000,000
Donor Fund(DANIDA)	15,997,500	15,997,500	15,997,500	15,997,500
Road Maintenance Levy Fund	141,049,781	141,049,781	141,049,781	141,049,781
User Fees Foregone	12,735,922	12,735,922	12,735,922	12,735,922
Transfers To Village Polytechnics	39,700,000	39,700,000	39,700,000	39,700,000
Rehabilitation Of Village Polytechnics Fy 2017/18	5,669,246			
Supplement For Construction Of County Headquarters	121,000,000	121,000,000	121,000,000	121,000,000
Leasing Of Medical Equipment	131,914,894	131,914,894	131,914,894	131,914,894
World Bank Grant For Kenya Urban Support Programme(KUSP Level 1)	0	-	-	
World Bank Grant For Kenya Urban Support Programme(KUSP Level Ii)	135,543,400	135,543,400	135,543,400	135,543,400
World Bank Grant For Climate Smart Agriculture Programme(KCSAP)	117,000,000	117,000,000	117,000,000	-
Balance B/F	0	-	-	-
Total	6,521,891,236	6,506,621,497	6,774,088,697	6,896,254,585
Expenditure				
Recurrent (65%)	4,239,229,303	4,229,303,973	4,403,157,653	4,482,565,480
Development (35%)	2,282,661,933	2,277,317,524	2,370,931,044	2,413,689,105
Total	6,521,891,236	6,506,621,497	6,774,088,697	6,896,254,585

2.5 Risks to the outlook

The macroeconomic outlook may face the following risks.

- Weakened global economy

- Commodity prices
- Erratic capital markets
- Climate change.
- The emergence of new priorities diluting attention to the Big Four
- The underperformance of the enablers
- Global and National political environment

2.6 Proposed interventions to the risks

The County will pursue the following to reduce the risks to the County’s economic outlook.

- i. Influence policy and administrative management for climate change at the County level
- ii. Increase coordination of climate change measures and activities
- iii. Increase community participation in Natural Resource Management, governances and biodiversity conservation interventions at County level.
- iv. Understand the fundamental role of the financial intermediary (saving, lending and risk hedging), the use of interest rate caps, and implementation of an effective profit allocation scheme.
- v. The coordination of the macroeconomic should be strengthened
- vi. The County needs to undertake coordinated action to promote and to secure market access for locally produced goods and services for the Big Four
- vii. In the Big Four, the County should develop good policies and strategy for the creation of the manufacturing sector.
- viii. Observe the County’s financial objectives and fiscal responsibility principles.
- ix. Improve dialogue between the County Executive and the Assembly in the budget-making process.
- x. Develop an adequate legislative framework to bolster revenue administration and management.

CHAPTER THREE

SECTORAL PRIORITIES AND RESOURCE ALLOCATION IN THE MEDIUM TERM

3.1 Overview

As a guide to medium-term resource allocation, the County Government will concentrate on socio-economic development through job creation and livelihood enhancement. The FY 2020/21 MTEF budget will, therefore, concentrate on measures to guide the County's transformation, with guidance being provided by the Constitution and other legal tools (Acts and Regulations). The County planning framework will endeavour to allocate resources to all the sectors equitably. In strengthening the linkage between planning, Budgeting and implementation, the Medium-Term Budget framework for the period 2021/22 will sustain allocation of resources to core programs and subprograms identified in CIDP 2 (2018- 2022).

3.1.1 Presidential “Big Four Point” Agenda and Sectoral Pillars

Through the County Annual Development Plan (ADP) 2020/21 FY, all the County sectors have clearly identified the priority areas with their estimated resource requirements. The sectoral priorities are in line with Constitution of Kenya (devolved functions), Vision 2030, Third National Medium-Term Plan (MTP III) 2018-2022, Nyandarua CIDP2 2018-2022, SDGs, Jubilee manifestos and the Presidential Big Four-Point Agenda. The “Big Four-Point Agenda” includes:

Supporting value addition and raising the share of Manufacturing Sector to GDP to 15% by 2022;

- i) Enhancing Food and Nutrition Security to all Kenyans by 2022;
- ii) Providing Universal Health Coverage to guarantee quality and affordable health care to all Kenyans; and
- iii) Provision of Affordable and Decent Housing for all Kenyans.

The development priorities will be anchored on the CIDP2 and the Governors Six Pillars Manifesto. These include:

1. Pillar One: Good Governance

- a) Transformative Strategies;
- b) Development of a Policy Framework;
- c) Creation of synergy on allocated funds to the County;

- d) Creation of a Leadership Caucuses; and
- e) Capacity Building.

2. Pillar Two: Social Sector Development

- a) Globally competitive education and learning;
- b) Accessible health service that is preventive, curative, responsive, efficient, and affordable;
- c) A vibrant cultural identity associated with hard work, optimism, productivity, and functional families; and
- d) Provide a safe and secure environment for people, property and natural resources.

3. Pillar Three: Infrastructure Development

- a) To implement the Integrated Water Resource Management Plan;
- b) To ensure an efficient transportation system including road, railways and air;
- c) To ensure access to affordable, reliable and quality energy for both domestic and industrial use;
- d) To achieve fast, reliable, efficient, affordable and 100% availability of ICT network;
- e) To place Nyandarua County on the World Sporting map by active participation in the global sporting community;
- f) To open up Nyandarua County as the preferred tourist destination in Kenya; and
- g) To achieve a sustainable development that espouses management and conservation of natural resources.

4. Pillar Four: Financial and Trade Services

- a) To attain stable personal and County incomes;
- b) Financial literacy and entrepreneurship development programs;
- c) Establish Talent Academy and Centres of Excellence;
- d) Mapping of Banks and Financial Service Providers;
- e) Establish a new County Men's and Youth Enterprise Funds; and
- f) Leverage on Youth, Women, Disabled, and Uwezo Funds.

5. Pillar Five: Agricultural Development

- a) Re-establish agriculture as the dominant component of the Nyandarua County Economy;
- b) Establish benchmarked quality control, weights and measures to standardize packaging of local agricultural products;
- c) Use contracted farming with guaranteed markets;

- d) Invest in value addition and agro-industries;
- e) Enhance access to farm inputs and subsidized services; and
- f) Establish irrigation systems in the high productive dry lowlands to reduce dependence on rain-fed agriculture.

6. Pillar Six: Industrialization

- a) Achieve industrialization for wealth and job creation;
- b) Encourage Agro-processing and value addition;
- c) Establish cottage industries;
- d) Establish a Special Economic Zone (SEZ) and Industrial Parks;
- e) Providing Innovation and Incubation services to SME's; and
- f) Development of “Jua-Kali” Associations in the Sub-counties.

In addition, resources allocation will also be based on;

- i) **Flagship Projects, the Big Four Presidential Agenda, The Governor’s Transformative Agenda and the 80-20 Rule.**
- ii) **Ongoing projects:** emphasis is given to completion of on-going and unfinished projects and in particular infrastructure projects and other projects with a high impact on poverty reduction, equity, and job and wealth creation.
- iii) **Job creation (High Impact Project):** Specific consideration to job creation for the youth based on sound initiatives identified in the Governor’s manifesto and during the County stakeholders’ consultation for the CIDP 2 will be considered as well as disability and gender mainstreaming.

3.2 Sectoral priorities in the medium term

3.2.1 Agriculture sector

This sector comprises of four sub-sectors namely:

- i. Agriculture
- ii. Livestock Development
- iii. Veterinary services
- iv. Fisheries development

Agriculture is the backbone of Nyandarua’s economy due to the fertile soils and favourable climate. It is considered the food basket of Kenya because of its high production of potatoes, cabbages, carrots, peas and milk. The sector has been a key economic driver creating over 70%

of the available employment opportunities directly & indirectly. The sector has also been a key contributor to local revenue generation.

In the 2019/20 FY, the sector has been allocated Kshs. 246,333,843 comprising 128 Million Grant for Kenya Climate-Smart Agriculture Project. Out of this allocation, Kshs. 109,966,161 (44.6%) is recurrent while Kshs. 136,367,682 (55.4%) is development expenditure. For the FY 2020/21 projections, an allocation of Kshs. 266,763,686 is set for this sector.

The Priorities and Strategies for this Sector in 2019/20 will be:

The priority for this Department over the planned period will be to enhance access to information, skills and adoption of modern technologies in order to increase Agricultural production, Productivity for food security and improved livelihoods.

This will be achieved through the following strategies;

- i) Strengthen institutional policy and legal framework
- ii) Strengthening extension services through integrated extension approaches
- iii) Enhance access to quality agricultural inputs.
- iv) Promotion of post-harvest handling for reduction of produce losses from Pests and Diseases;
- v) Promote Food Security through Monitoring of livestock and Crop Situation and Food Balances;
- vi) Promote Market Access and Product Development;
- vii) Enhance the quality and safety of food products both animal and crops
- viii) Promote sustainable land use and environmental conservation.
- ix) Promotion of mechanization in agricultural production

3.2.2 Water, Environment, Tourism and Natural Resources

The sector comprises of the following subsectors;

- i) Water Resource Development;
- ii) Environment Management and Conservation;
- iii) Tourism Development and Marketing;
- iv) Natural Resources Management; and
- v) Irrigation and Drainage.

The priorities for this Sector will be:

a) Water Resources Development

To provide adequate and sustainable water supply for domestic, agricultural and for industrial purposes by constructing water harvesting storage facilities, rehabilitation of existing water supply infrastructure and developing new water supply infrastructure to cover unserved areas. This will be achieved by mobilizing resources and sensitizing the beneficiaries to own, operate and maintain the water supply infrastructure.

b) Environment management

To promote integration of environmental requirements in policies, plan, programmes and projects in all sectors. The priority will be to advise on, and monitor implementation of environmental impact assessments on new projects and audit on ongoing projects and Engaging all stakeholder to manage and conserve the environment, this will be done through integrated service provision, capacity building for key stakeholders, operationalization of County environment committee and collaboration with lead agencies.

c) Tourism and Natural resources

Priority will be to map, develop, market and promote Nyandarua as a preferred tourist destination as well as to promote conservation, sustainable access and use of natural resources.

Priority will be to increase the area of acreage under irrigation to ensure productions.

In the current financial year, the sector has been allocated Kshs. 302,028,000. Out of this allocation, Kshs. 53,870,000 (17.9%) is recurrent while Kshs. 248,158,000 (82.2%) is development expenditure. For FY 2020/21, Kshs 314,815,948 is projected to be allocated to the sector for the achievement of the set priorities.

3.2.3 Finance and Economic Development Sector

The sector comprises of the following subsectors:

- i) Economic Development;
- ii) Local Revenue and Business Development;
- iii) Supply Chain Management;
- iv) Internal Audit; and
- v) Public Finance Management.

The mandate of the sector is to monitor, evaluate and oversee the management of public finances and economic affairs of the County Government.

The priorities for the Sector will be:

- i) Entrench Public Finance Management prudence;

- ii) Strengthen Economic modelling and research;
- iii) Entrench guided identification of projects and programmes, and allocation of resources;
- iv) Monitoring and evaluation of the CIDP;
- v) Mobilization of the Own Source Revenue;
- vi) Ensure there is value for money in the acquisition of goods, services and works;
- vii) Mitigate internal audit risk and ensure compliance to laws and procedures; and
- viii) Coordination of the management of public funds

In the current financial year, the sector has been allocated Kshs 650,290,795 which comprises of Kshs 593,290,795 (91.23%) recurrent and Kshs 57,000,000 (8.77%) development. For the FY 2020/21 projections, the sector has been allocated Kshs. 677,824,285 for both recurrent and development.

3.2.4 Governance Sector

This Sector comprises of the Office of the Governor, Office of the Deputy Governor, and Office of the County Secretary, the Service Delivery Unit, Office of County Attorney and the Directorate of the Governor Press service.

The priorities for the sector will be:

- i) Coordination of service delivery;
- ii) Promotion of Investment and intergovernmental relations; and
- iii) Provision of policy direction in the County.

In the 2019/20 FY, the Sector has been allocated Kshs. 120,115,558 which is recurrent. For the 2020/21 Financial year, the sector allocation is projected at Kshs. 125,201,284.

3.2.5 Public Administration and ICT

The Sector comprises of ICT, Enforcement and Compliance and Public Administration.

The priorities of this sector will be:

- i) Decentralized service delivery
- ii) Centralized security services
- iii) ICT, E-government and risk management services
- iv. Institutional strengthening

In the 2019/20 FY, the sector has been allocated Kshs 42,980,094 which comprises of 74.13 % recurrent and Kshs 15,000,000 (25.87%) development. 60,153,674 whilst the projected allocation for FY 2020/21 is Kshs. 60,434,987 for both development and recurrent expenditure.

3.2.6 County Public Service Board

This is a sub-sector under the Office of the County Secretary.

The priorities of the sector will be:

- i. Establishment and abolition of offices;
- ii. Appoint persons to hold or act in public offices of the County public service and to confirm appointments;
- iii. Disciplinary control;
- iv. Monitoring and reporting;
- v. Promotion of values and principles; and
- vi. Human Resource Planning, Management and Development.

In the 2019/20 FY, the sub-sector has been allocated Kshs. 12,550,000 which is 100% recurrent and a projected allocation for the FY 2020/21 is Kshs. 13,081,370.

3.2.7 Transport, Energy and Public Works

This Department is in charge of the provision of road infrastructural facilities for sustainable economic growth and development through maintenance of existing road networks and opening up rural areas.

Sub sectors

- ❖ Transport;
- ❖ Public works; and
- ❖ Energy

Sector Priorities will include:

- i. Providing Road Connectivity and Accessibility: This will include providing road connectivity to counties, Grading, gravelling, upgrading to bitumen, drainage works and maintenance of existing roads. Also it includes opening up of new access roads, maintenance and improving road networks to motorable standards and drainage works across the County;
- ii. Infrastructure: Design, documentation, construction and supervision of structures including County headquarters;
- iii. Lighting: Erection of more floodlights and streetlights; and
- iv. Development of energy.

During the Financial Year 2019/20, the Department has been allocated Kshs. 759,791,181 to finance its operations, development being allocated Kshs.702,049,781 (92.40%) and recurrent Kshs. 57,741,400 (7.60%). For the financial year 2020/21, the projected allocation is Kshs. 787,066,100.

3.2.8 Industrialization, Trade and Cooperatives

The Department comprises of four sections:

- i. Industrialization;
- ii. Trade;
- iii. Cooperative; and
- iv. Weights and Measures.

The Department aims to promote, coordinate and implement integrated socio-economic Policies and Programs for a rapidly industrializing economy through promotion and creation of an enabling environment to facilitate growth in trade, commerce, enterprise development and

Industrialization and to promote good governance and effective management of Cooperative Societies within the County.

The priorities of the Sector will be:

- i. Promotion of trade;
- ii. Promotion of Cooperative movement;
- iii. Promote cottage industries and enterprises;
- iv. Enhance value addition to reduce post-harvest losses and stabilize market prices;
- v. Facilitate access to affordable credit; and
- vi. Ensure fair trade practices through verification of weight and measures.

The Sector has been allocated a total of Kshs. 389,413,401 consisting of Kshs. 360,427,350 (92.56%) and Kshs. 28,986,051 (7.44%) for development and recurrent expenditure respectively for the FY 2019/20. For both the development and recurrent expenditure, the projected allocation for the FY 2020/21 is Kshs. 141,334,297.

3.2.9 Youth, Sports and Arts

The Department's aspiration is to create a cohesive, secure, socially, culturally and economically empowered youth through enhanced access to information, skills and adoption of modern technologies by increasing awareness in existing opportunities on job creation for improved livelihoods while promoting sports and talent development within the County.

It aims is to maximize the full potential of Nyandarua youth through participatory engagements that will safeguard the rights and welfare of all.

This Department comprises of:

- i. Youth affairs;
- ii. Sports; and
- iii. Arts/Theatre directorates.

Sector Priorities will be:

- i. Strengthen institutional policy and legal framework for the development of sports, Arts and youth empowerment;
- ii. Establishment and operationalization of the County Youth Master plan;
- iii. Enhance access to information on Youth empowerment especially concerning 30% tender opportunities;
- iv. Promotion of sports activities through the formation of a County league and introduction of other sports activities;
- v. Establishment of high altitude training centres; and
- vi. Establishment of sports academies, production studio and theatre.

The Sector has been allocated a total of Kshs. 121,493,200 consisting of Kshs. 69,950,000 (57.58%) and Kshs. 51,543,200 (42.42%) for recurrent and development expenditure respectively for the FY 2019/20. The projected allocation for the FY 2020/21 is Kshs. 126,637,255 for both recurrent and development expenditure.

3.2.10 Health Services

This Sector has three programs:

1. Curative;
2. Preventive Health Care; and
3. Solid Waste Management and Cemeteries.

These programs play a key role in the prevention of disease, provision of curative and rehabilitative services as a key pillar in the health transformative agenda. The ultimate goal of the County Government being investing in quality, affordable and accessible (curative, preventive and solid waste management and cemeteries) healthcare services through infrastructural development by upgrading and equipping of County health facilities as well as ensuring the continuous supply of drugs and other non-pharmaceuticals.

Sector Priorities will be:

- i) Eliminate communicable conditions,
- ii) Halt and reverse the rising burden of non-communicable conditions,
- iii) Reduce the burden of violence and injuries,
- iv) Provide essential health services,
- v) Minimize exposure to health risk factors and
- vi) Strengthen collaboration with health-related sectors.

During the Financial Year 2019/20, the Department was allocated Kshs. 601,008,836 of which 111,500,000 (18.55 %) is development while 489,508,836 (81.45 %) is recurrent. The projected allocation for the sector is set at Kshs. 626,455,714 for the financial year 2020/21.

3.2.11 Education, Culture and Social Services

This Department comprises of:

1. Early Childhood Development Education (ECDE); and
2. Gender, Culture and Social Development.

The subsector Priorities will be;

❖ Education Sub-Sector:

The institutions need more qualified teachers, suitable classrooms, sanitation facilities, play equipment, teaching/ learning materials, feeding program. The subsector also requires a robust curriculum supervision and co-curricular activities program. The youth polytechnics needs include; engagement of qualified instructors.

❖ Gender, Culture and Social Development:

Existing cultural assets will be harnessed; libraries established; issues affecting special interest groups in the County such as PWDs, PLWAs, widows/widowers, and drug abusers will be addressed to empower everyone to participate in social-economic development. For instance, the County will create job opportunities, and provide special consideration for business

licensing and access to credit to PWDs. Alcohol licensing; regulating, controlling and rehabilitating of the addicts will be enhanced.

This Department was allocated Kshs 191,919,418 in 2019/20 in which Kshs 73,420,000 (38.26%) is development while 118,499,418 (61.74%) is recurrent. A projected allocation for the sector for the FY 2020/21 is Kshs. 194,146,753 this is for both development and current expenditures.

3.2.12 Land, Housing and Physical Planning

Land is an essential factor of production and its effective management is paramount for social, economic and political development.

The objectives of the Department are to promote, coordinate and implement integrated socio-economic policies and programs in the management of Lands, Housing and Physical Planning within Nyandarua County.

Sector priorities will be:

- i) Survey and mapping; to implement approved plans and enhancement Development control and regulations;
- ii) Physical planning; to update and enhance the availability of geospatial data in a framework for coordinated development and decision making;
- iii) Land Administration and Management; to avail land for social amenities, investment and to enhance road connectivity; and
- iv) Housing and Urban Development; to bring services strategically closer to the people while providing all land-related services under one roof.

The Sub-Sectors aim at:

- i) Surveying and Mapping;
 - a) Implementing approved plans and enhancing development control and regulations.
- ii) Physical Planning;
 - a) Updating and enhancing the availability of geospatial data to allow for coordinated development and well-informed decision making.
- iii) Land Administration and Management;
 - a) Availing land for social amenities, investment and road connectivity
- i) Urban Development;
 - a) Bringing Services Strategically closer to the people

In the FY 2019/20, the Department was allocated Kshs. 237,926,660 out of which Kshs. 27,133,260 (11.40%) was allocated to finance recurrent operations and Kshs. 210,793,400 (88.60%) was allocated for development activities. For the financial year 2020/21, the projected allocation is Kshs. 248,000,540 for both recurrent and development expenditures.

3.3 RESOURCE ALLOCATION CRITERIA

The allocation of resources to projects has been based on;

- (i) Development priorities identified in CIDP2 from the Governor's manifesto, the Jubilee manifesto, MTP III, sectoral plans and priorities as per the previous Annual Development Plan and stakeholder's consultative forums.
- (ii) Ongoing projects: emphasis is given to completion of on-going and unfinished projects and in particular infrastructure projects and other projects with a high impact on poverty reduction, equity, and job and wealth creation.
- (iii) Transformative projects that have the highest impact on the citizenry of the County for socio-economic development.

Table 12: Sector Ceilings for FY 2020/21 and the Medium Term (Kshs.)

Programme	FY 2019/20	FY 2020/21	FY 2021/22 PROJECTED	FY 2022/23 PROJECTED
	ACTUAL APPROVED ESTIMATES	PROJECTED ESTIMATES	ESTIMATES	ESTIMATES
County Public Service Board	12,550,000	13,081,370	13,604,625	14,083,871
Governor's Office	120,115,558	125,201,284	130,209,335	134,796,182
Office of The County Secretary	2,032,860,449	2,118,932,317	2,203,689,610	2,281,318,355
County Attorney	15,280,000	15,926,959	16,564,037	17,147,534
Finance and Economic Development	650,290,795	677,824,285	704,937,256	729,769,880
Public Administration and ICT	57,980,094	60,434,987	62,852,386	65,066,470
Lands, Housing and Physical Planning	237,926,660	248,000,540	257,920,562	267,006,256
Transport, Public Works and Energy	759,791,181	787,066,100	818,548,744	847,383,529
Education, Culture and Social Services	191,919,418	194,146,753	201,912,623	209,025,342
Health Services	601,008,836	626,455,716	658,716,285	681,920,696
Agriculture, Livestock and Fisheries ³	246,333,843	266,763,686	277,434,233	170,744,325
Industrialization, Trade and Cooperatives	389,413,401	141,334,297	146,987,669	152,165,562
Sports Youth and Arts	121,493,200	126,637,255	131,702,745	136,342,200
Water, Environment, Tourism and Natural Resources	302,028,000	314,815,948	327,408,586	338,942,115
County Assembly	782,899,801	790,000,000	821,600,000	850,542,269
Total	6,521,891,236	6,506,621,497	6,774,088,697	6,896,254,585

³ It is expected that the World Bank Grant For Climate Smart Agriculture Programme (KCSAP) will not be available as from the FY 2022/23.

CHAPTER FOUR

RISKS TO THE COUNTY ECONOMY

In the County's plans to meet the Wanjiku's needs, the County Government is expected to face a number of risks and challenges that may derail or hinder the implementation of the Government's Agenda in fulfilling the people's needs.

Some of the risks associated with the implementation of the County Fiscal Policies include:

- ❖ **Unfavourable weather conditions**, the current and expected heavy downpour within the County and in other parts of the country has led to, Impassable roads that link to market places and to other productive economic activities. Lightening on 6th September 2019 that led to the destruction of County Headquarter Offices Network servers thus slowing down the County Offices operations such as sourcing and payments which are done online through E-procurement, Integrated Financial Management Information System (IFMIS) and Internet Banking (IB). This has slowed down civil works implementation thus affecting service delivery.
Normal commencement of activities is expected as soon as the servers are reconnected;
- ❖ **County Allocation Revenue Stand-Off**, The standoff between the National Assembly and the Senate is a risk that led to the late release of the County's Funds. The County Allocation Revenue Act (CARA) that clearly outlines the County's equitable share is not ready yet. This may affect the budget positively on negatively leading to the revision of the projects due to reduced expected revenues. The standoff has already been resolved awaiting enactment of the CARA;
- ❖ **Change of the Kenyan Currency Notes**, The Kenyan Central bank monetary policy on change of currency to be in line with the Kenyan Constitution is in effect. The bank released the new currency notes on 1st June this year and recalled the old Sh1,000 notes which will be obsolete from 30th September 2019. This poses a huge risk in the economy if the directive to change the Sh1000 note is not followed thereby affecting the County's cash flow. Adequate Countywide awareness on this issue should be done;
- ❖ **Bank Interest Capping rates**, the Banks interest capping rate Act is set to change after the Kenya Banker Association took the Central Bank's to court and a court order was

issued to suspend the law. This will be expected to affect both the National and County economies whereby the Loans borrowing will become more expensive to the Kenyans decelerating the current Economic growth;

- ❖ **Political risk**, The Country is in a heightened political mood due to the ongoing Referendum debate which is commonly characterized by divisive politics that may lead to political disputes plunging the country into economic depression. In addition, different priorities between the County Assembly and the County Executive may derail the implementation of programs and projects.

A degree of sobriety is required from all stakeholders to ensure the Country's Development and Economic Agenda is not affected; and

- ❖ **Low National Economic performance**, the low national economic performance due to Uncertainties associated with Global and National influences such as price of crude oil that affect the cost of production and exchange rate fluctuations will eventually have an impact on the performance of the County's economy. This causes contributed risks and spending pressure that should/must be managed prudently.

CHAPTER FIVE

CONCLUSION AND WAY FORWARD

County Budget Review and Outlook Paper (CBROP) is anchored to the Principles of Fiscal Responsibility described in the 2012 PFM Act. It also complies with the County Strategic Objectives being pursued as a basis for public resource allocation.

Strategic Objectives are set out in the policy documents developed by the County with the goal of successfully implementing the Second County Integrated Development Plan (CIDP2) aligned with the National Development Blue Print and Vision 2030. The strategy in this CBROP focuses on enhancing revenue collection, reallocating resources to productive sectors of the economy and exploiting all available platforms in meeting the set targets under the various Departmental priorities.

The National Government transfers continue to be the County's primary source of revenue, but the Executive will endeavour to strengthen income collection. Automated systems are being enhanced to fully automate all County Revenue Streams. Strict enforcement will be carried out to guarantee that the County receives optimum benefits.

The approach further aims to preserve fiscal discipline for maximum return from government funds in all County Government Departments and agencies in line with the Fiscal Responsibility Principles described in the 2012 PFM Act. The key stakeholders will also need to be involved in the budget process, which is essential to improving the general execution of the budget and ensuring that the public contributes to the 2020/21FY Final Budget Allocations. Previously identification and implementation of projects within the County have been affected by political interference posing a major threat to development. To counter this all political leaders within the County have greatly been engaged as well as creating awareness amongst the public.

The policies set out herein reflects the changed circumstances and is widely consistent with the Fiscal Responsibility Principle described in the PFM Act, 2012. This guarantees continuity in the distribution of resources on the basis of priority programs allocated by the County Government to provide vital services, accelerate development, generate jobs and decrease poverty.