COUNTY GOVERNMENT OF NAKURU

COUNTY TREASURY

COUNTY FISCAL STRATEGY PAPER 2020

Achieving Economic Prosperity for All

MARCH 2020

To obtain copies of the document, please contact:

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CFSP 2020 will be published on website at: www.nakuru.go.ke within 7 days after adoption by the County Executive.

TABLE OF CONTENTS

List of Abbreviations and Acronyms

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

FOREWORD

The County Fiscal Strategy Paper (CFSP 2020) is the third to be prepared under the current administration. The CFSP is prepared as provided under Section 117 of PFM Act of 2012. The CFSP 2020 has been prepared against the backdrop of the two year in the implementation of the CIDP 2018-2022 and the Governor agenda for transformation espoused in the Governors Manifesto, and the National Big Four Agenda in MTP III (2018-2022). Kenya's economic growth has remained strong and resilient even under emerging global challenges, supported by strong public and private sector investment and appropriate economic and financial policies. According to the National Treasury Economic update the economy grew by 6.3 percent in 2018 up from a growth of 4.9 percent in 2017. In the year 2019, the economy is estimated to have expanded by 5.6 it is projected that the economy will expand by above 6.1 percent in 2020 and 7.0 percent over the medium term. During the period under review the County Government of Nakuru made major gains in the implementation of the CIDP 2018-2022 as well as operationalized Nakuru and Naivasha Municipal Boards and the Audit Committee. During the FY2018/19, there was a major improvement in own source revenue (including FIF) performance compared a similar period in FY 2017/18 with the recorded figure of 2.814 billion surpassing the set target of Kshs 2.685 billion. However, the budget execution rate stood at 68 percent for the FY 2018/19 with recurrent expenditure execution rate at 95 percent and development expenditure execution rate at 33 percent.

To achieve the County's vision and the broad economic transformation, the CFSP 2020 will focus on five strategic areas which are aligned to the 'Big four' agenda as articulated in the BPS 2020.

In the FY 2020/21 budget estimates, the total targeted revenue is projected at Ksh 14.502 billion. This depicts a decline of 12 percent from the approved CFSP revenue forecast of Kshs 16.7 billion. This comprises of equitable share of revenue projected at 9.748 billion as provided in 2020 BPS compared to Ksh. 10.476 billion in the 2019 Revised CARA, a projected decline of Kshs 727 million and Kshs 901 million as conditional grants. Loans and grants are projected to stand at Ksh. 327

million. Own source revenue including FIF is projected to increase marginally to Ksh. 3.2 billion in 2020/2021 up from Kshs 3.1 billion in the current FY 2019/2020 as indicated in **Annex I** of this document.

The County Government will adopt measures aimed at improving own source revenue. This includes implementation of the Revenue Enhancement Strategy, improving technical capacity of staff in Revenue Directorate and legislative review of the current revenue related Laws through the Finance Act 2020 which is aimed at strengthening local revenue performance.

The County Government has projected that overall expenditure will equal the forecasted County receipts for FY2020/2021. In this regard, the County Government's total expenditure will reach Ksh 14.502 billion in the FY 2020/2021.

The County allocation for development expenditure (inclusive of conditional grants to County Government) in FY 2020/2021 will amount to Ksh 4.35 billion. Conditional grants and AiA will account for Ksh 1.264 billion of the development expenditure needs or 29 percent of the Development expenditure. An Emergency allocation of Ksh 40 Million has been provided in the Office of the Governor to cater for County unforeseen expenditure pursuant to Section 110 of the PFM Act 2012. The proposed allocation to the 55 Wards in FY 2020/2021 has been set at Ksh. 1.4 billion which translates to 50.2% of the equitable share of development expenditure.

The County Government of Nakuru will continue to work closely with Development Partners and the Private Sector through the newly established Resource Mobilization Unit.

The preparation of the CFSP 2020 was consultative as the County held public participation forums and valuable inputs came from stakeholders and the general public prior to compilation.

Dr. Peter E.K. Ketyenya

CEC Member – Finance and Economic Planning

NAKURU COUNTY

ACKNOWLEDGEMENT

The CFSP 2020 is a statutory document prepared in line with the PFM Act, 2012. It provides a highlight of the broad strategic macroeconomic issues and medium-term fiscal framework. It also outlines the spending plans that form the basis for FY 2020/21 budget and the medium term and give indicative ceilings in line with the priorities as outlined during the presentation of the Sector Reports.

There was wide consultation in the preparation process of the CFSP 2020. The Sector Working Groups (SWGs) played a significant role in the preparation and providing adequate information relevant in finalizing this document. We are grateful to the County Treasury Macro Working Group, the SWGs and stakeholders' inputs. May I take this opportunity to sincerely thank the general public, stakeholders and interested groups who participated in the public participation meetings held in January 2020. Your valuable contributions enabled the finalization of this document.

Special thanks go to the County Executive Committee Members (CECM), CPSB Secretary, Chief Officers in charge of various County Government Departments and Municipal Managers for their contribution and support through the process. Special acknowledgement goes the to the County Executive Committee Member for Finance and Economic Planning for his leadership and guidance. Special thanks to staff in the Economic Planning Directorate led by Ag. Director Mr. Cyrus M. Kahiga, Head of Budget Mr. Charles Lwanga, Senior Economists Ashinah Wanga and Dorcas Nduta, Emma Angwenyi, Kerubo Moseti and Sam Mwawasi for their dedication, sacrifice and commitment to ensure timely finalization of the CFSP 2020.

Kennedy Momanyi Ombati
Chief Officer – Economic Planning
NAKURU COUNTY

Legal Basis for the Publication of the County Fiscal Strategy Paper

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

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

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

(3) In preparing the County Fiscal Strategy Paper. The County Treasury shall specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term.

(4) The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term.

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

(a) The Commission on Revenue Allocation;

(b) The public;

(c) Any interested persons or groups; and

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

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

Responsibility Principles in the Public Financial Management Law

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

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

I. RECENT ECONOMIC DEVELOPMENTS AND MEDIUM-TERM OUTLOOK

Overview

The Kenyan economy remains resilient and grew by an average of 5.5 percent in the first three quarters of 2019, mostly supported by strong performance in the services sector. Growth momentum is expected to pick up to 5.6 percent in 2019, 6.1 percent in 2020 and further to 7.0 percent over the medium term supported by a strong rebound in the agricultural output, steady recovery in industrial activities, robust performance in the services sector, and investments in strategic areas under the "Big Four" Plan.

The economy continues to register macroeconomic stability with low and stable interest rates and a competitive exchange rate to support exports. Inflation is expected to remain within target in 2020, largely due to lower energy prices and expected stability in food prices.

The foreign exchange market remains stable supported by the narrowing of the current account deficit.

Global and Regional Economic Developments

Global growth is projected to pick up to 3.4 percent in 2020 from an estimated 3.0 percent growth in 2019 on account of recoveries in stressed emerging markets and macroeconomic policy support in major economies. In advanced economies, growth is expected to slow down to 1.7 percent in 2020 from an estimated 2.3 percent in 2018 mainly due to trade tensions between the U.S.A and China, uncertainties surrounding the Brexit outcome, rising global oil prices due to tensions between U.S.A and Iran, and the pace of normalization of monetary policy in the advanced economies.

Among emerging markets and developing economies, growth is expected to pick up to 4.6 percent in 2020 from an estimated 3.9 percent in 2019 reflecting recoveries in stressed economies such as Turkey, Argentina and Iran as well pickup in growth for Brazil, Mexico, India, Russia and Saudi Arabia which recorded significant slowdowns in 2019 relative to 2018. Growth prospects for sub-Saharan Africa continue to strengthen with a projected growth of 3.6 percent in 2020 from 3.2 percent in 2018 and 2019, supported by higher commodity prices, improved capital market access and contained fiscal imbalances in many countries.

Growth in the East African Community (EA.) region is estimated to improve to 6.0 percent in 2020 from 5.6 percent in 2019 mostly supported by the stable macroeconomic environment, rebound in agricultural activities on the backdrop of favorable weather conditions, ongoing infrastructure investments, and strong private consumption.

Kenya's Economic Updates and Macro-Economic Indicators

Kenya's economic growth has remained strong and resilient even under emerging global challenges, supported by strong public and private sector investment and appropriate economic and financial policies. The broad-based economic growth has averaged 5.7 percent for the last six years (2013 to 2018) outperforming the average growth rate of 4.7 percent in the period 2008 to 2012 and 5.4 percent in the period 2003 to 2007. Growth is estimated at 5.6 percent in 2019 and projected to recover to 6.1 percent in 2020.

Per capita income rose from Ksh 113,539 in 2013 to an estimated Ksh 202,859 in 2019, a 79 percent increase. This enabled generation of around 831,000 new jobs per year in the period 2013 - 2018 up from 656,500 new jobs per year in the period 2008 -2012.

The services and industry sectors were the major contributors to economic growth, compared to the agricultural sectors. The economy grew by an average of 5.5% in the first three quarters of 2019. Full year growth was estimated at 5.6% down from 6.3% in 2018.

The Agriculture sector recorded a decrease in growth of 3.2% in the third quarter of 2019, compared to a 6.9% growth in a similar period in 2018, due to delay in long rains. Consequently, the sector's contribution to GDP growth declined to 0.6

percent in the third quarter of 2019 compared to 1.3 percent in the same period in 2018. The non-agricultural sector (service and industry) remained vibrant and grew by 5.7 percent in the third quarter of 2019 down from a growth of 6.5 percent in a similar quarter in 2018 and contributing majorly to real GDP growth at 4.0 in the third quarter of 2019, mainly supported by the services sector. The service sector was supported by improved growth in accommodation and restaurant (9.0 percent), transport and storage (7.1 percent) and financial and insurance (5.6 percent). Growth of activities in information and communication (8.4 percent) and real estate (4.9 percent) also remained vibrant.

Sectoral Real GDP Growth Rates

The performance of industry sector declined to 4.5 percent in the third quarter of 2019 compared to 5.8 percent in the same quarter in 2018 following subdued activities in the manufacturing, electricity and water supply and construction sectors. The slowdown in the manufacturing sector was attributed to the fall in agro-processing activities, a reflection of declining agricultural production

Sectors	Sector Growth									Sector Contribution to Real GDP Growth								
	2017			2018			2019			2017			2018			2019		
	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3
Primary Industry	4.2	0.8	2.8	7.3	6.3	6.7	5.2	4.3	3.3	1.1	0.2	0.6	2.0	1.5	1.3	1.4	1.0	0.6
Agriculture, Forestry and Fishing	4.1	0.7	2.7	7.5	6.5	6.9	5.3	4.2	3.2	1.1	0.2	0.5	1.9	1.5	1.3	1.4	1.0	0.6
Mining and Quarrying	5.8	4.3	4.5	2.4	2.9	3.3	2.2	5.7	4.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Secondary Sector (Industry)	4.3	3.8	2.5	5.0	5.5	5.8	4.3	5.3	4.5	0.8	0.7	0.5	0.9	1.0	1.1	0.7	1.0	0.8
Manufacturing	1.6	0.1	0.1	3.8	4.7	4.6	3.2	4.2	3.1	0.2	0.0	0.0	0.4	0.5	0.5	0.3	0.4	0.3
Electricity and Water supply	8.2	8.3	5.8	6.5	8.4	7.8	6.1	5.6	4.9	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1
Construction	7.9	9.1	5.5	6.6	5.4	7.0	5.6	7.2	6.6	0.4	0.5	0.3	0.3	0.3	0.4	0.3	0.4	0.4
Tertiary sector (Services)	6.1	5.7	5.5	6.6	6.4	6.5	6.0	6.5	5.7	2.9	2.7	2.9	3.2	3.1	3.4	2.9	3.2	3.0
Wholesale and Retail trade	3.4	5.0	6.6	5.9	6.2	6.5	5.5	6.0	4.7	0.2	0.4	0.6	0.4	0.4	0.6	0.4	0.4	0.4
Accomodation and Restaurant	24.2	12.3	12.0	13.1	15.4	15.7	10.1	10.6	9.0	0.3	0.1	0.1	0.2	0.1	0.2	0.1	0.1	0.1
Transport and Storage	7.3	6.5	5.1	8.5	8.4	9.0	6.7	7.2	7.1	0.4	0.4	0.4	0.5	0.6	0.7	0.4	0.5	0.5
Information and Communication	13.6	11.4	10.7	12.5	11.1	9.8	10.4	11.3	8.4	0.5	0.3	0.4	0.5	0.4	0.4	0.4	0.4	0.3
Financial and Insurance	3.8	3.3	2.3	5.2	4.5	5.3	5.5	7.2	5.6	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.4	0.4
Public Administration	3.8	4.8	6.5	6.2	5.9	6.1	6.5	6.0	5.8	0.1	0.2	0.2	0.2	0.3	0.2	0.2	0.3	0.2
Others	5.4	5.5	4.9	5.3	5.3	5.0	4.8	5.4	5.0	1.1	1.1	1.0	1.0	1.1	1.1	0.9	1.1	0.0
of which Real Estate	6.4	6.3	6.1	5.3	4.6	3.8	4.2	5.4	4.9	0.5	0.5	0.5	0.4	0.4	0.3	0.3	0.4	0.4
Taxes less subsidies	4.0	6.0	4.6	5.7	5.5	5.6	5.8	4.6	4.2	0.4	0.7	0.6	0.6	0.6	0.7	0.6	0.5	0.5
GDP at market price	5.2	4.4	4.5	6.6	6.3	6.4	5.7	5.6	5.1	5.2	4.4	4.5	6.6	6.3	6.4	5.7	5.6	5.1
of which Non-Agriculture	5.9	5.6	4.9	6.4	6.3	6.5	5.8	6.2	5.7	3.7	3.6	3.4	4.1	4.1	4.5	3.7	4.1	4.0

Growth in the electricity and water supply remained vibrant, driven by increased use of less input intensive sources of energy such as hydro generated electricity supported by sufficient rainfall, wind power and geothermal power generation coupled with growth of thermal generation.

Inflation Rate

Year-on-year inflation remained low, stable at 5.8% in December up from 5.7% in December 2019, on account of higher food prices. This is within the government target range of 5+/-2.5%.

Core inflation (Non-Food-Non-Fuel) remained below 5.0 percent in the period under review reflecting subdued demand pressures in the economy. Fuel inflation declined from 6.9 percent in December 2018 to 2.5 percent in December 2019 on account of declining energy prices.

The delay in the onset of rains resulted in lower agricultural activities and raised food inflation from March 2019. Food inflation increased from 2.6% in December 2018 to 9.3% in December 2019 due to rise in key food items.

Nevertheless, Kenya's rate of inflation of 5.6% in November 2019 compares favourably with the rest of Sub-Saharan African countries and its peers such as Nigeria and Ghana whose inflation rates were 11.9 percent and 8.2 percent, respectively in November 2019. Some East African counterparts however had a lower inflation rate, with Uganda at 3.0%, Burundi at 3.6% and Tanzania at 3.8%.

Kenya Shilling Exchange Rate

The Shilling has relatively remained stable supported by narrowing current account deficit and adequate reserve buffer. In December 2019, the Shilling appreciated against the US Dollar and the Euro, exchanging at average of Ksh 101.4 and 112.7 in December, compared to 102.3 and 116.4 in December 2018 respectively. The Shilling however weakened against the Sterling pound at 133.0 in December 2019 compared to 129.7 in December 2018.

Interest Rates

Interest rates were low and stable for the period 2008 to 2011 due to ample liquidity in the money market. However, interest rates increased in 2012 following tight monetary policy stance in order to ease inflationary pressures. Interest rates remained stable and low in the period 2013 to October 2019, except from June to December 2015 when world currencies were under pressure. During the period, the Central Bank Rate (CBR) was adjusted appropriately to anchor inflation expectations. The Central Bank Rate was reduced to 8.5 percent on 25th November 2019 from 9.0 percent in August 2018 as there was room for easing monetary policy stance to support economic activity.

The interbank rate declined to 5.9 percent in December 2019 from 8.2 percent in December 2018 due to enhanced liquidity in the money market. The interest rates for government securities have been declining indicating that the implementation of government domestic borrowing program supported market stability. The 91-day Treasury bills rate declined to 7.2 percent in December 2019 compared to 7.3 percent in December 2018. The 182-day Treasury bills rate declined to 8.2 percent from 8.4 percent while 364-day increased to 9.8 percent.

Balance of Payments

The overall balance of payments position improved to a deficit of US$ 873.3 million (0.9 percent of GDP) in the year to October 2019 from a deficit of US$ 1352.4 million (1.5 percent of GDP) in the year to October 2018. This deficit was due to a decline in the capital and financial account despite an improvement in current accounts.

The current account deficit is estimated at 4.3 percent of GDP in 2019 down from 5.0 percent in 2018. The narrowing deficit reflects strong growth in diaspora remittances and tourism receipts, higher tea and horticultural exports, slower growth in imports due to lower food imports and the decline in international oil prices

The capital account declined by US$ 38.6 million to US$ 223.6 million in the year to October 2019, reflecting a decline in project grants. Similarly, financial account deteriorated to US$ 6,346.3 million in October 2019 compared to US$ 5,829.5 million in October 2018. The financial inflows were mainly in the form of other investments, direct investments and portfolio investments which stood at US$ 3,680.8 million, US$ 1,357 million and US$ 1,284.4 million, respectively in October 2019. Other investment inflows mainly include foreign financing for Government infrastructure projects.

Foreign Exchange Reserves

Foreign exchange reserves have increased from around 3.0 months of import cover in 2003 to above 5.0 months of import cover in 2019. This fulfils the requirement to maintain at least 4 months of imports cover, and the EAC region's convergence criteria of 4.5 months of imports cover and thus provide an adequate buffer against short term shocks in the foreign exchange market.

Impact of the Macro-Economic Performance Indicators to the County

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

Tourism; The Tourism sector remains one of the leading foreign exchange earners in the Country and key generator of employment in the accommodation and restaurant subsector. It also provides a market for goods produced in other sectors. The Subsector grew at about 10% in 2019. The County economy will continue to benefit from the recovery of the tourism sector characterised by increasing number of local, international tourists and conference tourism in the County. Further there is continued investment in this sector with a number of new high-class hotels coming up. This will create employment opportunities in the sector and spur economic growth.

Trade and Industry; Despite earlier misfortunes characterised by closing of key industries such as Eveready and Nakuru Blankets, the County's industrial sector has started to flourish, with a number of key industries setting base in the County. These include the Simba Cement Factory and other upcoming Industrial Parks such as KenGen, Oserian Two Lakes, Egerton Agri City, Menengai (GDC), etc. which will promote trade, industrialization and create employment opportunities The newly built SGR and Naivasha Dry Port (Inland Container Depot) will also create opportunities for investment in Trade and Tourism.

The uncapping of interest rates is likely to spur growth in the Micro, Small and Medium enterprises (MSMEs), by unlocking access to Credit. Should the stability of the interest rates continue and with the current Central Bank Rate at 8.5 percent, the business entities will likely continue to access affordable credit facilities and hence improve trade.

Infrastructure development; The completion of Phase 2A-Nairobi to Naivasha Standard Gauge Railway (SGR) and the accompanying industrial park and dry port activities will spur growth in the Naivasha region. Once fully operational, the project is expected to ease movement of goods to and from the port of Mombasa and across the East African Region.

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

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

***Agriculture*;** The agricultural sector was characterised by poor performance due to erratic weather patterns in the last 2 years. This has slowed agricultural productivity and led to other manmade and natural calamities. The County has experienced instances of looming drought and experienced flooding instances at different times in the period under consideration. The County has had to deal with disasters such as the Solai dam tragedy, army warm and the impending locust infestation. The County's agricultural sector will therefore need to adopt resilient strategies to safeguard food nutrition and security while protecting loss of lives and properties. Agro-processing and value addition to agricultural products will be key, going forward.

Fiscal Performance

Budget execution was slow in the first quarter, occasioned by delays in budget approval at the County Assembly, which affected the procurement processes. Nationally, there was a stalemate between the National Government and County Governments, on the vertical division of revenue to Counties which led to delays in finalisation of the Division of Revenue Act, 2019 and consequently the approval of the County Allocation of Revenue Act (CARA 2019).

There have been notable improvements in the 2nd quarter, with an amount of Ksh 575.7M being expended under the development expenditure.

County Receipts and Revenue Performance

The County receipts amounted to Ksh 5.04B, for the half year July-December 2019. Exchequer releases contributed to 74 percent of the receipts while Own Source Revenues including FIF stood at 22 percent. Transfers to other government entities included Conditional grant to PGH Level 5 hospital at Ksh 165.9M.

COUNTY RECEIPTS				
Source	**Q1 (July-Sept 2019)**	**Q2 (Oct-Dec 2019)**	**Cumulative**	**% contribution to County Receipts**
Exchequer Releases/ Equitable Share	1,822,850,100	1,885,707,000	3,708,557,100	73.54
Grants (DANIDA & NARIG-P	-	63,814,135	63,814,135	1.27
Transfers to Other Government Entities	-	165,999,537	165,999,537	3.29
Own Source Revenues	548,333,202	556,332,502	1,104,665,704	21.90
Total Receipts	**2,371,183,302**	**2,671,853,174**	**5,043,036,476**	**100.00**

Source: Nakuru County Financial Statement, December 2019

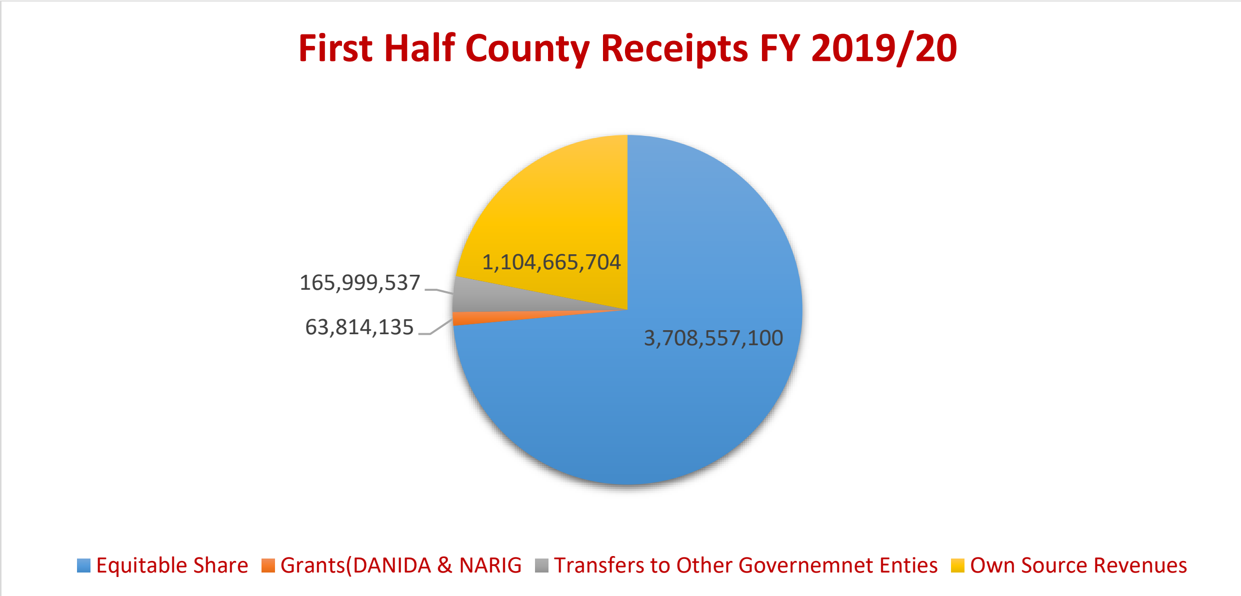
Own Source Revenue by Departments for the First Half FY 2019/20

Cumulative OSR for the first half amounted to Ksh 1.106B, against an annual target of Ksh 3.1B representing a cumulative performance of 35.7 percent. Local sources excluding FIF achieved a performance of 25.8 percent against a target of Ksh 2.1B. The Facility Improvement Fund achieved a performance of 56 percent, against a Ksh 1B target.

Revenue Source/ Department	A.I.A	Local Revenue	Sub/Total	Percentage of collection
Trade &Tourism		94,501,772.00	94,501,772.00	8.54
Health &Medical Services	563,310,989.40	27,078,613.00	590,389,602.40	53.38
Education, Culture &Youth		841,800.00	841,800.00	0.08
Lands, Physical Planning &Housing		139,101,140.00	139,101,140.00	12.58
Agriculture, Livestock & Fisheries		20,619,356.00	20,619,356.00	1.86
Roads, Public Works & Transport		147,914,993.00	147,914,993.00	13.37
Environment, Water & Natural Resources		111,821,977.00	111,821,977.00	10.11
Public Service Mgt		492,760.00	492,760.00	0.04
Finance & Economic Planning		337,569.00	337,569.00	0.03
Totals	**563,310,989.40**	**542,709,980.00**	**1,106,020,969.40**	**100**

53 percent of the collected revenues came from the Health Department, and are majorly attributable to the Facility Improvement Fund (FIF), which contributed to over half of all collected county revenues. The Infrastructure department ranked second at 13 percent, on account of parking fees. Revenues from Lands and Physical Planning Department came third majorly attributable to land rates and outdoor advertising, while mining royalties paid under the Environment and Water department ranked fourth.

Graphically, the County receipts for the period are depicted below;



Half Year Revenue performance for FY2019/20 vs FY2018/19

The was a 6 percent decline in collected local revenues (excluding FIF) in the first half of the current FY, compared to the previous FY. In the six months under review, only December had an upward improvement, with September achieving a 24% decline in collections.

Month	Local Revenue 2019/20	Local Revenue 2018/19	% Growth	FIF 2019/20	FIF 2018/19	% Growth
July	119,282,973.00	123,605,063.00	(3.50)	68,482,032.40	75,502,634.10	-9.30
August	89,618,340.00	102,358,394.00	(12.45)	88,037,162.00	69,219,191.00	27.19
September	83,705,529.00	110,280,602.00	(24.10)	100,562,431.00	64,687,496.50	55.46
October	90,274,668.00	91,840,351.00	(1.70)	90,122,730.00	70,520,887.00	27.80
November	84,482,703.00	85,086,370.00	(0.71)	99,650,455.00	82,992,563.00	20.07
December	75,345,767.00	64,842,890.80	16.20	116,456,179.00	62,409,060.00	86.60
Totals	**542,709,980.00**	**578,013,670.80**	**(6.11)**	**563,310,989.40**	**425,331,831.60**	**32.44**

Going forward, the local revenue streams needs to be given better attention, to improve collections.

Unlike the local sources, the FIF improved tremendously with a cumulative average growth of 32.4 percent in the first half, compared to a similar period in FY 2018/19. The FIF outperformed other revenue sources combined, achieving a collection of 563.3M in the first half, while other local sources cumulatively stood at 542.7M.

Expenditure Performance

The County expended Ksh 4.6B against an approved estimate of Kshs 21.3B. This represents an absorption rate of 22% of the annual budget. This compares negatively in absolute terms with a similar period last year, when execution stood at Ksh 5.3B.

County Expenditure in First Half FY 2019/20 vs FY2018/19					
Economic Classification	**Q1 (July-Sept 2019)**	**Q2 (Oct-Dec 2019)**	**First Half 19/20**	**First Half 18/19**	**% contribution to Expenditure**
Compensation to employees	1,381,628,305	1,320,467,001	2,702,095,306	2,743,641,090	**58.41**
Use of goods and services	213,876,356	732,738,390	946,614,746	1,026,756,387	**20.46**
Transfers to the County Assembly	156,540,838	215,308,123	371,848,961	445,048,420	**8.04**
Other grants and transfers (bursaries)	151,500	29,722,500	29,874,000		**0.65**
Repayment of Loans/ borrowings	-	-	-		**0.00**
Acquisition of assets (Development Expenditure)	-	575,738,546	575,738,546	1,085,972,193	**12.45**
Totals	**1,752,196,999**	**2,873,974,560**	**4,626,171,559**	**5,301,418,090**	**100.00**

Out of the 4.6B, Ksh 577.7M went towards development expenditure, against an approved estimate of Ksh 10.57B representing an absorption rate of 5.45% of the annual development budget. Compensation to employees took 58% while use of good and services took 20% of the expended amount.

Execution of the Recurrent Expenditure (July-December 2019)

The recurrent expenditure in the first half of the FY 2019/20 was Ksh 3.67B against the approved estimates of Ksh 10.8B. This represents an execution rate of 34% of the annual allocation. The Water, Environment, Energy and Natural Resources Department exceeded half their allocation, attributable to an absorption of Ksh 66.7M in recurrent expenses (operations and maintenance), against an annual allocation of Ksh 97.5M, representing a 68% absorption rate. Rest of the departments were between 15 percent to 46 percent.

Department	Compensation to Employees July-Dec 2019	Operation and Maintenance July-Dec 2019	Total Recurrent July-Dec 2019	Approved Estimates 2019/20 (Recurrent)	Rate of absorption
Trade, Industry, Marketing and Tourism	26,124,882.30	16,695,311.00	42,820,193.30	155,011,671.00	27.62
Health Services	1,602,102,587.41	490,521,902.14	2,092,624,489.55	5,518,100,250.00	37.92
Education, ICT &E-Government	64,863,013.60	12,113,553.70	76,976,567.30	497,112,751.00	15.48
Lands, Physical Planning &Housing	48,776,260.14	12,439,292.00	61,215,552.14	148,566,551.00	41.20
Agriculture, Livestock & Fisheries	172,007,267.25	45,687,672.90	217,694,940.15	591,448,175.00	36.81
Infrastructure	59,826,086.84	83,085,467.00	142,911,553.84	356,226,287.00	40.12
Environment, Water & Natural Resources	88,695,673.50	66,717,970.40	155,413,643.90	288,725,106.00	53.83
Public Service, Training and Devolution	264,341,985.13	43,379,890.60	307,721,875.73	730,222,713.00	42.14
Finance & Economic Planning	240,273,500.55	70,214,612.60	310,488,113.15	898,059,654.00	34.57
Youth, Gender, Culture, Sports & Social Services	58,046,883.73	60,586,498.50	118,633,382.23	259,225,750.00	45.76
County Public Service Board	11,381,428.40	2,330,240.00	13,711,668.40	62,059,326.00	22.09
Office of the Governor & Deputy Governor	41,142,599.62	88,924,034.60	130,066,634.22	315,824,259.00	41.18
County Assembly**	-	-	-	983,219,236.00	-
TOTALS	**2,677,582,168.47**	**992,696,445.44**	**3,670,278,613.91**	**10,803,801,729.00**	**33.97**

***This data excludes absorption by the County Assembly*

Execution of the Development budget (July- December 2019);

The rate of execution in the development budget was only 5.4% of the annual budget. Spending was only executed in the second quarter of the financial year, due late budget and procurement plan approval.

Department /Entity	Expenditure July-Dec 2019	Approved Budget 19/20	Absorption Rate
Trade, Industry, Marketing and Tourism	29,718,592.33	490,689,883	6.06
Health Services	206,089,389.25	1,169,793,892	17.62
Education, ICT &E-Government	65,589,655.98	999,378,222	6.56
Lands, Physical Planning &Housing	20,716,266.00	2,635,203,306	0.79
Agriculture, Livestock & Fisheries	27,525,411.00	593,035,247	4.64
Infrastructure	71,048,947.55	2,183,127,191	3.25
Environment, Water & Natural Resources	92,767,040.80	1,423,478,100	6.52
Public Service, Training and Devolution	-	61,471,478	0.00
Finance & Economic Planning	38,659,457.40	412,534,770	9.37
Youth, Gender, Culture, Sports & Social Services	23,623,786.40	234,562,371	10.07
County Public Service Board	-	1,817,929	0.00
Office of the Governor	-	118,210,636	0.00

Department /Entity	Expenditure July-Dec 2019	Approved Budget 19/20	Absorption Rate
County Assembly**		249,912,607	
Totals	**575,738,546.71**	**10,573,215,632**	**5.45**

***This data excludes absorption by the County Assembly*

The Health Services department was the best spender at 17%, followed by Youth Department (10%), Finance and Economic Planning (9.4%), followed Education (6.6%) and Environment (6.5%) at top five.

Nevertheless, all departments need to upscale their operational processes so as to improve the absorption rate of the development expenditure in this current half of the financial year.

Fiscal Policy Outlook

The National government continues to undertake fiscal consolidation path so as to ensure debt sustainability and achieve a convergence with the East African Monetary Union's Protocol of 3.0 percent of the GDP. In the medium term the fiscal deficit is expected to decline from 7.7 percent of GDP in FY 2018/19 to 3.3 percent in FY 2023/24.

To achieve this, the government will continue limiting growth in recurrent expenditure and double efforts in domestic resource mobilization. The establishment of Public Investment Management (PIM) Unit at the National Treasury will play a great role in enhancing efficiency in identification and implementation of priority social and investment projects. This takes into account the Government's efforts to increase efficiency, effectiveness, transparency, and accountability of public spending. It will also curtail runaway project costs, eliminate duplications and improve working synergy among implementation actors for timely delivery of development projects.

The County Government takes cognisant of the fact that growth in equitable share revenues continues to dwindle. The county government will continue with the expenditure rationalisation approach, sustain the improvement in budget credibility through realistic OSR estimates and prudent financial management. Efforts to improve performance of the Own Source Revenues are underway, as contained in the Draft Nakuru County Revenue Enhancement Strategy, 2019. Measures to improve the budget absorption rates and reduction of growth in pending bills are being instituted.

Economic Outlook

Growth in the emerging markets and developing economies is expected to pick up to 4.6 percent in 2020, from an estimated growth of 3.9 in 2019. Similarly, the sub-Saharan Africa region is expected to remain relatively robust growing by 3.6 percent in 2020 from 3.2 percent in 2019.

Despite the challenging environment, the Kenya's economy has remained resilient. The latest economic indicators in the third quarter of 2019 point to continued recovery that will culminate to an overall projected growth of about 5.9% in the FY 2019/20. Further projections indicate that economic growth will rise to 6.2% in FY 2020/21 and 6.9 percent by FY 2023/24.

The growth outlook for the FY 2019/20 and the medium term is supported by a stable macroeconomic environment, investments in the strategic areas under the "Big Four" Plan and their enablers, and existing business and consumer confidence in the economy. Further, the ongoing public investments in infrastructure projects, growth in tourism, resilient exports and the associated benefits from regional economic integration in the sub region will reinforce the projected growth.

The stability in the macroeconomic variables such as interest rates, exchange rate, inflation and GDP growth depict a conducive environment for economic performance both nationally and at the county level. In the medium term, the business environment at the County level is expected to stabilise, due to the stability in interest rates, inflation and exchange rates. This will lead to better revenue collection from trade licenses among other revenue sources. The good performance in the accommodation and tourism sector will also lead to improved collections in bed occupancy rates.

Risks to the Outlook

The Kenyan economy will continue to be exposed to risks arising from public expenditure pressures, particularly related to wage related recurrent expenditures and the inevitable climate change and variability which has enhanced the frequency of disaster such as landslides, droughts and destruction of physical infrastructure. Locust invasion witnessed in the country in late 2019 and early 2020 poses a risk to agricultural production and food security. These shocks are likely to have negative impact on energy generation and agricultural output leading to higher inflation that could slow down economic growth. At the County level, BBI Campaigns are likely to slow down County operations particularly performance of Own source revenues in the medium term.

The current outbreak of corona virus worldwide will also impact negatively on major tourist destinations across the country and Nakuru County. This will affect the hospitality business with the expected decline in tourist arrivals hence adversely impacting employment and revenue generation within the County. The impact of the above outbreak therefore calls for additional allocation of funds to Health to cope with the imminent challenges associated with managing the outbreak.

II. POLICIES TO ACHIEVE MEDIUM TERM OUTLOOK

Overview

The 2020 CFSP has been prepared against the backdrop of the two year in the implementation of the CIDP 2018-2022 and the Governor agenda for transformation espoused in the Governors Manifesto, and the National Big Four Agenda in MTP III (2018-2022). The period under review continue to be affected by post transitional constraints from previous County Administration.

The implementation of the current County Programmes and projects will lead to the realisation equitable social economic development, increased opportunities for private sector development, reduced income inequalities, reduced poverty incidences, promote food secure County and achieved sustainable development.

In the period under review the County Government consolidated gains made in the first five years of the integrated plan period and firmed up the institutional arrangement through approval of necessary policy documents and prioritisation of ongoing programmes/projects. County Performance was affected by below par budget implementation particularly for capital expenditure. Going forward therefore, the basis for strategic direction shall prioritize increasing efficiency in budget implementation and general performance management.

The County short term fiscal Strategic initiatives are further guided by National economic policy direction espoused in the Budget Policy Statement (BPS) among other key policy documents.

The National Treasury has released the Budget Policy Statement (BPS 2020) which outlined the national fiscal policy priorities informing the MTEF period 2020/2021-2022/2023 and beyond. This priorities focus on the realisation of the *Big Four Agenda* under the following pillars: (i) Supporting Value Addition and Raising the Share of Manufacturing Sector to GDP; (ii) Enhancing Food and Nutrition Security to all Kenyans by 2022; (iii) Providing Universal Health Coverage to Guarantee

Quality and Affordable Healthcare to All Kenyans; (iv) Provision of Affordable and Decent Housing for All Kenyans.

The BPS 2020 and its broad fiscal priorities shall continue to provide the general guidance to the County Government fiscal strategy initiatives based on the cascaded devolved functions. These priorities shall focus on increasing access to social and physical infrastructure, provision of quality healthcare services, Agriculture and increasing farm productivity and focus on improvement of service delivery towards the attainment of public good and services.

The overall policy framework for CFSP 2020 (as guided by the National fiscal policy priorities in BPS 2020) shall be founded on the following five fiscal strategy initiatives;

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

In order to support participation of the Private sector and a chive stability in County macroeconomic environment, the County Government will continue to focus on the creating a conducive environment for all-inclusive and sustainable growth, equitable social economic development and reduced inequalities among County residents.

Fiscal Strategy Initiatives

i. **Promotion of accessible and affordable healthcare for all county residents toward the realisation of UHC;**

Over the 2020/2021-2022/2023 MTEF period the County Government shall continue prioritise increasing access, quality and affordable healthcare in line with the national priority for UHC programme.

The County Government has identified health insurance as a key strategy in promoting the attainment of UHC aims and objectives. The County Government will sustain mobilisation and sensitisation of residents to increase NHIF cover to further reduce the *out-of-pocket* payments for health expenses.

The County Government will continue to leverage on National Government planned full roll-out of the UHC programmes in the rest of 43 other Counties as envisaged in the BPS 2020.

The County will also continue to leverage on the National Government expanded UHC programme to cater for comprehensive medical cover for students in public secondary schools, elderly and vulnerable persons in all the NHIF-accredited mission and private hospitals.

During the Period under review the County Government upgraded seven health centres to Level Four status in order to increase access to specialised care for as the Sub County level. The County Government will leverage on this initiative to increase supply of necessary equipment, drugs and non-pharmaceuticals to sustain delivery of healthcare services.

In order to further sustain continuous healthcare financing the County Government has achieved greater efficiency in internal Facility Improvement Fund (FiF). The County Government has achieved approximately 56 percent of Annual target for FIF within the period July to December 2019. Observing these gains The County Government will continue to promote efficiency and effectiveness in service delivery in Level Four and Level Five Hospitals.

The County Government continues to leverage on strategic partnership with stakeholders in the Health Sector through both on and off balance sheet to support health care financing. Over the next MTEF period 2020/2021-2022/2023 the County Government will maximise on development partnership including the Word Bank Funded Transforming Health Systems (THS) for Universal Care project programme, DANIDA grant in support of primary health care services.

The County will collaborate with State Department of Health in support of HIV/AIDS/ TB program, children Immunizations, Conditional Grants for referral hospital (PGH–Nakuru), Reproductive health commodities and Anti- Malarial commodities. Further the County will continue to partner with other private healthcare providers in realising target health indicators.

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

To address the disease burden as a result poor sanitation, the sector will place particular emphasis on Water and Sanitation Hygiene (WASH) programme over the next medium term period partly through Sanitation Roadmap Campaign 2020 and Urban Led Total Sanitation (ULTS) programmes. Further the County Government will pursue multi-sectoral approach in addressing the sanitation related health concerns through the NACOSTIC programme which bring together all major sectors in sanitation management including Water and Environment.

Approximately 80 percent of the top ten disease burden are caused from preventable causes, the health sector will therefore focus on preventive and promotive health services as a primary health related.

To sustain services provision across under curative health programme the County Government shall continue to prioritise budget allocation for drugs and non-pharmaceutical and on the basis of level of service in each facility.

Noting the trends in the disease morbidity and the rising burden of non-communicable diseases, The County Government has prioritised reversal of non-communicable disease through strengthening specialized services such as comprehensive oncology services, imaging and specialized clinics and theatres, renal units among others in selected major hospitals.

During the period under review the County opened the Mother and Child Unit (namely the Margaret Kenyatta Wing) with a capacity of 240 beds. To attain this reproductive initiative, the County will leverage on the national *Linda Mama* programme which allow free maternal service in all public facilities, ensure all pregnant mother have attend all four ANC visits and finally deliver with the assistance of skilled birth attendant, Promote the Prevention of Mother to Child Transmission (PMTCT) aid in reducing transmission of HIV/Aids to the new-borns.

To attain the goal of the Expanding research and development in health the County will seek strategic partnerships with University medical schools, build the body of knowledge and expertise required.

To further increase County health referral services the County Government has acquired ambulances with efficient fleet management system that leverages on GPS technology.

To better manage the limited human resource for health, the County Government will continue to leverage on use of the adopted County the Integrated Human Resources Information System (IHRIS) in order to optimize HR management. Further the County Government will continue to institute measures implementing commitments to Collective Bargaining Agreement (CBA) for health workers and addressing the natural employee attrition through an effective and efficient Succession Management system.

ii. Promotion of agri-business and achieving food security;

Agriculture as sub sector is expected to play a significant role in contributing to economic and social development through enhancing food security; income generation; employment and wealth creation; foreign exchange earnings as well as security of land tenure and public land management.

Inspired by the national Big Four Agenda on achieving food nutrition and food security, the County Government will prioritise agricultural sector policies aimed at increasing food production, and agriculture sector commercialisation.

Approximately 19 percent of the population in Nakuru County are classified as food poor. The broad based approach in the sector will focus on programmes aimed at increasing crop, livestock and fish productivity to ultimately address food shortage and assure productivity.

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

To improve agriculture commercialisation The County Government will sustain effort aimed at addressing constraints that impedes efficiency along the agriculture value chain. This will include working with farmers cooperatives to streamline the market infrastructure, Construction and operationalisation of milk cooler plants.

During the period under review the County reported increased productivity in maize production reaching 2380/Ha, and further growth in milk production rising to 290 million litres.

The main goal will be to focus on food production in crop and livestock husbandries and thereby food nutrition and security. Further the Sector will focus on improving the farm incomes through on small holder commercialisation initiatives.

Crop sub sector will target to enhance knowledge and skill transfer services, improved agricultural productivity, food security, and farm incomes. Significance emphasis will be placed on crop pest and disease control, sustainable use of land resources as a basis for agricultural enterprises, promotional of uptake of modern farming methods, leveraging on the national fertiliser cost reduction programme. During the next MTEF period 2020/2021-2022/2023 the County Government will continue to reach out to farmers, through extension services across all sub Counties with the aim of equipping farmers with the right skill on proper farming methods. The County Government shall further continue to address unique farmer needs through the established a farmers' call centre at the ATC to ensure an effective real time information response mechanism.

Providing interface between Agricultural research outcomes and farmer is critical to addressing important farming challenges. The County Government will continue to leverage on the existing county Research organisations based in Nakuru County namely KARLO, RVIST, Egerton University, DTI among other to lead in Research, training, and capacity development of farmers to implementation of sub sector programmes.

The County Government shall continue to leverage on support from development partners in an attempt to reduce the notable budgetary gaps in the agriculture. The main donor programs on the sector include National Accelerated Rural Inclusive Growth- Project (NARIG-P) and the Agricultural Sector Development Support Programme (ASDSP II). Under the NARIG-P Project the County focus on increased agricultural productivity and profitability of targeted rural communities. The ASDSP II aims enhance coordinated sector support towards resilient value chain development. IFAD and SIDA are also supporting other projects including such as SCDP, SHEP PLUS and VIJABIZ and ASDSP.

To improve sustainability of sector programmes the County Government will continue to maximise on Own Source Revenues (OSR) in agriculture streams namely Agriculture Mechanisation Services (AMS), the Agriculture Training Centre (ATC).

The County Government has mainstreamed climate change as one of cross cutting issue. To further address the climate change effect in the sector, the

County will prioritise promotion of climate smart agriculture through increasing no of farmer under crop insurance, crop diversification to other non-traditional crops including macadamia nuts, avocado.

The County Government continues to make significant progress in the livestock subsector during the reporting period including supported vaccinations to over 204,745 herds of cattle against FMD, 165,661 against LSD, 58,483 against Anthrax, 127,552 sheep and goats against PPR, sheep and goat pox and CCPP and 24,805 dogs, cats and donkeys against Rabies. The sub sector produced an average annual slaughter figures 21,582 cattle; 64,109 sheep; 17,247 goats; 1,507 pigs; 44,815 chicken and 38,264 Turkey. Further the Subsector licensed. 97 slaughter houses and slabs were licensed as well as 71 hides and skins traders.

To consolidate the gain realised thus far in the subsector. The County Government will prioritise the following; animal health and boost livestock productivity, animal disease control, food safety and trade in animals and animal products, Control of livestock movement reduce spread of diseases and promotion of value addition on hides and skins.

In the period under review approximately 1.75 MT of fish valued at Ksh. 200M were captured and marketed in the County, Further the number of fish farmers increased to 1,462. Further the County continues to monitor and make surveillance visit in Lake Naivasha in order to regulate and sustainable manage the fish resource.

Going forward The Fisheries Subsector prioritise growth capture Fisheries resource management and fish safety, regulation of Lake Naivasha value addition and marketing through construction of the Naivasha fish Market and revival of fish farming across all Sub Counties through supply of fingerlings and pond liners.

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

The existence of an efficient and reliable physical infrastructure is a significant '*enabler*' of achieving goals and objectives all other sector of the Economy (*Kenya Vision 2030)*. Efficient infrastructure also significantly contributes towards reduction of cost of doing business.

The County Government continues to places high priority in development of both physical and social infrastructure towards expansion of necessary county infrastructure and increasing accessing to all other services.

During the period under review the Roads and Transport subsector procured 1No grader, 3No. Excavators, 1No dozers, 8No tippers, 4No rollers, 1No low bed and 3No. Pick-up tracks with the aim of strengthening *Boresha Barabara programme*. This new programme aims at using own machinery to address the rising cost of road constructing and maintenance in the County.

Going forward the County Government aims to increase access in all County Roads by grading and gravelling of 4,000 km of road network through *Boresha Barabara programme* and other works allocated under sectors capital budget.

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

Further the County will prioritise design and construction of approximately of 20no. Motorable & foot bridges & rehabilitate and maintain 10no. Bus parks.

Results from the 2019 National Census revealed a significant growth in the urban population in Nakuru County. A rising urban population has continued to cause stress on the limited urban infrastructure.

The County Government is implementing the Kenya Urban Support Programme (KUSP) in Nakuru and Naivasha Municipalities through support from the World Bank. During the reporting period the County has County has prioritised six major projects including storm water drainage works, road works, Disaster management, markets (under the urban development institutional grant.

During the next MTEF period 2020/2021-2022/2023 the County Government will target the finalisation the prioritised KUSP projects with the aim of operationalizing the same to further address the growing need of urban infrastructure renewal and expansion.

The County Government has prioritised expansion of street lighting to promote 24 hour economy. The County has struggled to maintain operating cost of street lighting programme. To this end the County targets to install 300 new security lights and maintain approximately 1,000 No. of street light. To promote sustainability of the street lighting programme and address the high maintenance cost, the County will adopt more energy efficient strategies including solar lighting and the low maintenance LED lights.

The County Governments has prioritised Disaster management observing frequent disaster occurrences in the recent past. Major gains in the reporting period includes establishment of County Disaster management unit, Ongoing Construction of Disaster management Centre, Acquisition of Ambulances.

The County Government will conclude the construction of the Disaster management centre, operationalize the centre through creation of a central command communication, acquire new fire engines, expand and train the fire marshals, emergency health officers among other, continuously map-out all disaster prone areas in the County and finally develop a response and recovery strategy.

During the reporting period the County Government set up various ICT infrastructural projects including Local Area Networks (LAN) in several sites, internet connectivity at the county headquarters and various departments, operationalized two digital centres in Subukia and Kuresoi south, establishment of Wide Area Network (WAN) and installation of free Wi-Fi at Naivasha bus park, Molo market, Gilgil town and Kabazi market.

Going forward into the next MTEF 2020/2021-2022/2023 the County Government will leverage on the expanded ICT infrastructure (including expansion of Wi-Fi connectivity, LAN, WANs, and establishment of data centre) to promoting digitalization and digitisation of County services, the County will develop.

The National flagship project of construction SGR phase 2A completed in the first half of FY 2019/2020. The construction of the Naivasha inland container depot is also on schedule. The County Government has positioned itself to maximise on the expected multiplier effect through creating of the necessary supportive infrastructure and policy framework within the basis of County functions.

Among other the County is targeting to facilitate construction of 2400 affordable houses through private sector investments within Naivasha Sub County. The County will seek to create job opportunities for the abundant available County labour force and generally shore up the County economic growth.

The County has prioritised the expansion of other social infrastructure in an effect to reduce social inequality and realise effective and efficient service delivery. During the reporting period the County made significant gains in construction of ECDs, Social Halls, and Health Sector infrastructure. The County will continue to build on the gains realised in the period under review and focus mainly of operationalisation of completed infrastructure as well as equipping of the same.

The access to clean water and sanitation facilities significantly helps achieve the indicator for water but also significantly reduces the County disease burden (estimated at Ksh 978 million) resulting from poor sanitation. To increase water and sanitation coverage over the next MTEF period 2020/2021-2022/2023 the County will prioritise completion of all ongoing water projects, drilling of 21 no. water boreholes, construct 10 no. water dams/pans, desilt 14 no water pans/dams and construct Public toilets in strategic areas.

The County will upscale on infrastructure development for vocational training, through construction of new classroom block, curriculum development and equipping of existing polytechnic in order to maximise on the national capitation for village polytechnics.

To increase access and retention for ECD education the County will continue to prioritise on the operationalization and expansion of ECD classrooms within the already established centres as well as equipping of existing classrooms.

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

The County Government continues to pursue policies aimed at promoting the participation of the private sector through deliberate multi-sectoral initiatives that focus on the ease of doing business.

During the reporting period the County Government held a successful the Nakuru International Conference (NICO) in November 2018 under the theme "*Using geothermal Energy as a Competitive Advantage*" to further enhance investment promotion and Foreign Direct Investment (FDI).

A number of bankable projects were identified in which Investment commitments worth more than Ksh 2 billion were made. So far the *Simba* Cement Factory (worth Ksh 6 billion of private sector investment) has been completed and is a clear indicator of the Nakuru County business climate. The cement company is expected to considerably reduce to price of cement locally but more importantly affect positively the logistics business in Nakuru and further create job opportunities through direct and indirect linkages.

Other feasible project initiatives pipelined for implementation through private sector investment include the Egerton Agri-city project, Oserian two Lakes Industrial Park. Through the Department of Trade, the County Government will continue and work towards eliminating unnecessary bureaucratic bottleneck that limit the turnaround time for business start-ups.

The County Government has initiated relevant policy legislation including Land Use zoning and enhancing collaborations with relevant State Departments &

Agencies to promote County investments and fast-track regulatory frameworks necessary for business start-ups and growth. Among such initiatives include formation of Alternative Land dispute Resolutions, Spearheading of the National Titling Programme, preparation of new valuation roll, Finalisation of the Nakuru and Naivasha Strategic urban Development Plan.

To promote agribusiness and spur local economy the County will provide linkages between the local farmers and the export market and through focus on improving efficiency in the value-chains as well expansion of market infrastructure.

Over the next MTEF period 2020/2021-2022/2023 the County will continue pursue an investor focused policy guided by the unique outcome of the Investment Conference.

The County Finance Bill has continued to be a significant fiscal policy tool in Own Source Revenue Tax Administration. To address concern on payment of fees and charges the County will continue to pursue a business oriented fiscal policy, pursue a harmonised tax regime in business licensing and continuously engage all rate payers through the public participation in the formulation and implementation of the County Finance Bill 2020 and beyond.

To enhance efficiency and effectiveness in County infrastructure and further ease the cost of transport for business and general public, the County Government shall prioritise expansion, rehabilitation and maintenance of county roads. This initiative will be mainly realised through *Boresha Barabara* Programme discussed above, RMLF Conditional grant and the KUSP programme aimed at expanding urban infrastructure. Further to considerably increase business hours for traders/merchants aim the realisation long term plan of achieving 24-hour economy, the ongoing County Street lighting program under the banner *Inua Biashara*.

As noted above the County aims to leverage on the national flagship project implemented in Nakuru including the completed SGR Phase 2A, the ongoing proposed Naivasha Inland Container Deport and proposed construction of Nakuru International Airport). These national initiatives are certainly expected to attract increased private sector investment in the expansive Naivasha Sub County.

In increase County service delivery on the digital platforms, The County targets to reduce the turnaround time in service delivery through investment in ICT infrastructure for both hardware and software platforms. Major ICT systems identified to lead in these initiatives include the Revenue ZIZI system, Budget and Expenditure IFMIS system, and Lands Information Management System (LIMS). The County will continually provide necessary operational & maintenance support to facilitate continuous and consistent performance of ICT system.

During the reporting period the County Government established Naivasha and Nakuru Municipal Boards (in line with the Urban Areas and cities Act) to among other address unique needs of the urban dwellers. The County Government aims to finalise the preparation and begin the implementation of the three-year Integrated Development Plan (IDeP) for both municipalities. The County Government further expects to begin a grand urban renewal project alongside the ongoing proposal for elevation of Nakuru into a City. These initiatives are expected to further propel the County as a desirable investment destination.

To cushion the disadvantaged/ vulnerable groups in the society and promote social equity the County Government shall continue pursue a fiscal policy aimed at directly addressing social economic inequalities. This will among other entail implantation of the Disability Find, Sports Fund, AGPO, Ward based County Revenue Allocation Act

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

Prudence in management of County resources both financial and otherwise are the hall marks of achieving the stated fiscal goals. The focus in achieving good governance, transparency and accountability envisaged in the Constitution of the Kenya 2010 shall entail the following Employee performance management; Training and Development; Recruitment, Induction and Deployment; Strengthening of internal control systems.

During the reporting period The County Government established a performance management through the Performance Contracting process as envisaged in Section 27 of the County Government Act 2012. The outcome of the external evaluation done by the Kenya School of Government (KSG) revealed important lesson on the general performance of the County Government Departments which includes a correlation between Departments performance and rate of their budget execution.

Going forward the County Government has prioritised taking the necessary strategies aimed at significantly improving the Departmental performance contract commitments which includes commitments for financial utilisation, in order to transform the human resource and achieve a result-oriented workforce.

The comprehensive Human Resource Audit report released in the reporting period November 2018 identified significant human resource constraints and gaps ranging from mismatch in available skills sets aging workforce.

Observing the expanded mandate of devolved governments, in the next MTEF period 2020/2021-2022/2023 the County Government will prioritise a phased implementation of the recommendations of the human resource audit reports taking cognisance of the constraints of the personnel budget. This will among other entail formation of an advisory committee on Succession Management with linkages to budget making processes.

To promote access to County Government information as envisaged in the Access to Government Information Law, the County has taken deliberate steps to continuously publish all its statutory documents including key budget documents and plans through the County Website (www.nakuru.go.ke)

To further promote employee performance and efficiency the County Government shall continue to commit resources for training and employee development and align training to the needs of individual scheme services.

To achieve the fiscal responsibility principles envisaged in Section 107 of the PFM Act 2012 and the PFM (County Governments) Regulations 2015, the County Government shall through County Treasury utilise the available PFM tools to enforce fiscal responsibilities and move towards prudence in PFM.

In further compliance with the requirement of the PFM Laws, in the FY 2019/2020 the County Government has established the Nakuru County Audit Committee and the Nakuru County Budget and Economic Forum. Going forward into the next MTEF period 2020/2021-2022/2023, these measures are expected to instil more transparency and accountability in the budget formulation and expenditure.

To further meet the County Government financial obligations and in line with the National Treasury guidance on prioritisation of pending bills clearance, the County Government will prepare a Medium Debt management Strategy 2020 and continuously institute measures aimed at faster and prompt settlement of claims from its suppliers and contractors.

To achieve sound human resource conduct and discipline the County Government shall continue to enforce the Public officer ethics Act, Leadership and integrity Act, and values and principle for public service in accordance with Article 232 of The Constitution of Kenya 2010.

In order to reduce the administrative cost of running County Government functions, eliminate duplication, transfer critical resources to core expenditure and achieve economy in utilisation of financial resources, the County

Government continue to institute necessary public finance management reforms and controls measures envisaged in the PFM laws.

During the reporting period (FY 2018/2019) the County Government recorded a significant growth (23%) in County Own Source Revenues (OSR). The County Government will leverage on the gains realised thus far to exploit the potential in OSR and further benefit from the *fiscal effort* criteria envisaged in the horizontal division of nationally raised revenues. This will among other revenue sources mapping, improved forecasting and revenue automation to maximise collections of OSR.

On the expenditure front the County will initiate training of staff on all IFMIS modules and further (through the County Treasury) provide guidance in prudent accounting procedures for improved expenditure management and financial reporting.

Other major priorities aimed at realising social equity, transparency and accountability in the next MTEF period 2020/2021-2022/2023 shall include the following; implementation of the County Revenue Allocation Act 2018, implementation of the County Access to Government Procurement Opportunities (AGPO) including training and sensitisation on the same, public participation in the formulation of County Statutory documents, up-scaling of the County complaints handling mechanisms and providing feedback to the external stakeholders and further use such information to make improvements.

The County Government has continued to conduct tracking of the implementing of the CIDP 2018-2022 within the framework of the cascaded CIMES. In the next MTEF 2020/2021-2022/2023 the County Government will prioritise the preparation of the Mid-Term Review Report to assess the implementation status thus far and further recommend the implementation strategy for the second half of the plan period.

The County Government continues to strengthen the processes under the devolved mandate within the prioritised Key Result Areas (KRAs) which include

Public Finance Management; ii) Planning, Monitoring and Evaluation iii) Human Resource Management; iv) Civic Education and Public Participation; v) Environmental Safeguards. The recent Annual Capacity Performance Assessment (ACPA 2019) has identified significant gains and improvements across all KRAs in the next MTEF period 2020/2021-2022/2023 the County will continue to consolidate the gains made thus far to continuously strengthen the targeted subnational institutions

III. INTERGOVERNMENTAL FISCAL RELATIONS AND DIVISION OF REVENUE

Introduction

Intergovernmental Relations

a) PFM Institutions

The County has continuously worked closely with other PFM institutions. The National Treasury has continued to undertake capacity development of officers in the Nakuru County Treasury on PFM related functions such as Accounting, Budgeting, Revenue Management and Intergovernmental Fiscal relations. The National Treasury continues to play a key role in budgetary implementation, through the management of the IFMIS modules as well providing advisory on the budget making process. Other PFM institutions such as the Controller of Budget (CoB), Commission on Revenue Allocation (CRA), Public Procurement Regulatory Authority (PPRA), Salaries and Remuneration Commission (SRC), Central Bank Kenya (CBK) and Office of the Auditor General (OAG) have had a close working interaction with the Nakuru County Government. The County will continue working with these institutions to achieve improved budget outturns and strengthen financial processes.

b) Other Institutions

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

The County Government has continued to implement projects under the 4-year Kenya Urban Support Programme (KUSP) grant by the World Bank whose goal is to support the establishment and strengthening of urban institutions & systems to deliver improved infrastructure and services in participating Counties, hosted by

the Ministry of Transport Infrastructure Housing and Urban Development. The grant has seen the establishment of the two Municipal Boards i.e. Nakuru and Naivasha municipal boards and the implementation of the identified projects is on course.
The County is also working closely with Technical and Vocational Education and Training Authority (TVETA) on Curriculum development to implement the Akira-ILO (International Labour Organization) Project, which seeks to train youth on identified skills to enable them meet requirements of the job market and increase employability. The project, known as the "Inclusive Growth through Decent Work in the Great Rift Valley" targets both Nakuru and Narok Counties and it focuses on skills required for the Energy Sector (Geothermal Development). The 4-year project is implementable under a Public Private Development Approach, where Counties will be responsible for equipping, employing and training the personnel for the targeted polytechnics.
The County still continues to benefit from the capitation programme accorded to the Vocational Training Centres.

Inter-County Relations

In order to consolidate devolution, County Governments have been joining forces to form Regional Economic Blocs. This will enable them leverage on economies of scale in investments, trading and infrastructural activities. Nakuru County has subscribed to the Central Region Economic Bloc (CEREB) whose membership consists of 10 Counties, namely: Embu, Kiambu, Kirinyaga, Laikipia, Nakuru, Nyandarua, Nyeri, Meru, Murang'a and Tharaka Nithi. CEREB envisions a region where people can realize their full potential to attain high-quality life. To achieve this, CEREB will promote sustainable regional socio-economic development for the welfare of citizens. The CEREB has so far lobbied for the revitalisation of Nairobi-Nanyuki Railway and Gilgil-Nyahururu rail-line, which are currently under rehabilitation. The bloc has equally been active in the ongoing Coffee Sector reforms, including the operationalisation of the Coffee Cherry Fund.

Cash Disbursement and Expenditure by Nakuru County Government

The share of funds received by Nakuru County Government from the National Government has been increasing, but at a declining rate. In the FY 2018/2019 the County received a total of 15.8B as exchequer release compared to 12.9B in the FY 2017/18. The exchequer release comprised of Kshs 9.45B equitable share, Kshs 1.2B conditional grants and Kshs 6.7 Million donor grants. Expenditures by the County Government stood at 12.6B including debt repayment against a target of Kshs 18.5B (inclusive of rolled over resources) representing an under spending of Kshs.5.9B. The underutilization was attributed partly to a shortfall in local revenue of Kshs 142M, and delay by National Treasury in disbursing funds to the County Governments.

Revenue Allocation to the County Government for the Year 2020/2021

As envisioned in Article 217 as well as the Sixth Schedule of the Constitution, the CRA is in the process of developing and recommending the third basis for allocating revenue raised nationally among the County Governments. Table 3.1 details the parameters used in the first, second and third basis formulae.

Table 3.1: Parameter for revenue allocation

No	Parameter	Second Basis
1	Population	45%
2	Basic Equal Share	26%
3	Poverty	18%
4	Land Area	8%
5	Fiscal effort	2%
6	Development Factor	1%
	TOTAL	**100%**

Source: CRA 2019

The proposed Third Basis formula is informed by the Fourth Schedule that distributes government functions between the two levels of government, and complies with the requirements of Article 203(1) of the Constitution. The recommendation in the Third formula are in Table 3.2;

Table 3.2: Proposed Third basis Recommendation for Revenue Allocation

Public Sector Function	Constitutional Functions & Powers	Indicator of Expenditure	Weight
Objective 1. Enhance Services Delivery			
1.1 Health	• County health services	Health index	17%
1.2 Agriculture	• Agriculture • Animal control and welfare	Agricultural index	10 %
1.3 Other county services	• Pre-primary education, village polytechnics, homecraft centres and childcare facilities. • Cultural activities, public entertainment and public amenities	County population	18 %
1.4 Public Administration	• County planning and development • Implementation of specific national government policies on natural resources and environmental conservation • Ensuring and coordinating the participation of communities in governance at the local level	Basic share index	20%
Objective 2. Promote balanced development			
2.1 Infrastructure	• County transport • Trade development and regulation	Land area Rural access index Poverty	8 % 4 % 14%
2.2 Urban Services	• Urban services and environment • Control of air pollution, noise pollution, other public nuisances and outdoor advertising. • Fire-fighting services and disaster management. • Control of drugs and pornography.	Urban households	5 %

Public Sector Function	Constitutional Functions & Powers	Indicator of Expenditure	Weight
	• County public works and services for storm water management, water and sanitation services		
Objective 3. Incentivize capacity to raise revenue			
3.1 Revenue collection	• County revenue collection	Fiscal effort index	2 %
Objective 4. Incentivize prudent use of public resources			
4.1 Prudent use of public resources	• Establishment of Internal audit committee • Establishment of the County Budget and Economic Forum • Expenditure on development • Opinion of the External Auditor	Prudence index	2 %

Source: CRA 2019

If the Third Basis formula is adopted, Nakuru County would stand to gain as its allocation would rank second after Nairobi County. However, according to the BPS 2020, the National Treasury has made proposed allocations based on the Second Basis formula. Accordingly, the Counties will share an estimated Kshs 369.8 billion compared with Kshs 373.5 billion in the previous year. The projected transfer to each County in FY 2020/21 is shown in Table 3.3 below.

Table 3.3: Allocation of funds to County Governments

County	FY 2019/20		FY 2020/21										
	Equitable Share	Total Allocations	Allocation Ratio	Equitable Share	Level-5 Hospitals	Compensation for user fees foregone	Rehabilitation of Village Polytechnics	Road Maintenance Levy Fund	Leasing of Medical Equipment	Supplement for construction of county headquarters	Loans & Grants	Total Allocations	Per capita allocation (Kshs)
Baringo	5,095,650,000	5,735,598,489	1.62	5,127,300,000	-	13,191,000	20,494,894	152,818,903	132,021,277	-	434,339,263	**5,880,165,337**	10,584
Bomet	5,507,100,000	6,316,709,334	1.74	5,507,100,000	-	16,713,356	48,499,894	164,138,822	132,021,277	-	470,975,357	**6,339,448,705**	8,754
Bungoma	8,893,650,000	10,323,135,388	2.83	8,956,950,000	-	32,837,307	67,849,894	266,961,417	132,021,277	-	376,922,526	**9,833,542,420**	6,029
Busia	6,013,500,000	6,850,420,495	1.93	6,108,450,000	-	16,934,085	57,199,894	182,062,027	132,021,277	-	457,658,804	**6,954,326,086**	14,248
Elgeyo/Marakwet	3,861,300,000	4,531,745,040	1.22	3,861,300,000	-	8,788,919	27,904,894	115,085,841	132,021,277	-	451,406,116	**4,596,507,046**	12,423
Embu	4,304,400,000	5,485,859,024	1.44	4,557,600,000	301,040,462	10,724,225	34,249,894	135,839,025	132,021,277	-	384,183,435	**5,555,658,317**	10,762
Garissa	7,026,300,000	8,654,383,282	2.22	7,026,300,000	344,739,884	12,964,636	17,899,894	209,418,497	132,021,277	-	934,781,540	**8,678,125,727**	13,928
Homa Bay	6,741,450,000	7,721,875,171	2.13	6,741,450,000	-	22,185,346	40,399,894	200,928,558	132,021,277	-	309,416,619	**7,446,401,693**	7,726
Isiolo	4,241,100,000	5,031,755,943	1.32	4,177,800,000	-	3,472,461	5,344,894	124,519,106	132,021,277	100,000,000	577,117,295	**5,120,275,032**	35,733
Kajiado	6,424,950,000	7,417,723,307	2.02	6,393,300,000	-	16,955,365	28,504,894	190,551,966	132,021,277	-	559,702,274	**7,321,035,775**	10,652
Kakamega	10,412,850,000	12,119,705,238	3.34	10,571,100,000	427,283,237	37,789,290	102,349,894	315,071,072	132,021,277	-	485,462,055	**12,071,076,824**	7,269
Kericho	5,380,500,000	6,312,206,681	1.72	5,443,800,000	-	18,048,789	22,444,894	162,252,169	132,021,277	-	445,266,392	**6,223,833,520**	8,207
Kiambu	9,431,700,000	12,841,250,928	3.11	9,843,150,000	538,716,763	34,671,542	61,984,894	293,374,561	132,021,277	-	357,387,255	**11,261,306,291**	6,937
Kilifi	10,444,500,000	12,458,238,784	3.35	10,602,750,000	-	25,969,864	79,999,894	316,014,398	132,021,277	-	1,253,234,710	**12,409,990,143**	11,183
Kirinyanga	4,241,100,000	5,061,084,155	1.35	4,272,750,000	-	11,282,570	26,899,894	127,349,086	132,021,277	-	295,037,247	**4,865,340,073**	9,214
Kisii	7,785,900,000	9,341,831,923	2.47	7,817,550,000	417,572,254	26,138,997	70,549,894	233,001,661	132,021,277	-	364,718,901	**9,061,552,983**	7,864
Kisumu	6,836,400,000	8,713,938,639	2.16	6,836,400,000	369,017,341	21,299,489	45,349,894	203,758,538	132,021,277	-	425,782,038	**8,033,628,576**	8,291
Kitui	8,830,350,000	10,105,524,197	2.8	8,862,000,000	-	22,499,906	92,149,894	264,131,438	132,021,277	-	323,076,845	**9,695,879,359**	9,574
Kwale	7,785,900,000	9,196,541,797	2.42	7,659,300,000	-	15,209,593	56,299,894	228,285,028	132,021,277	-	732,337,859	**8,823,453,650**	13,576
Laikipia	4,177,800,000	4,775,259,988	1.52	4,810,800,000	-	9,968,208	18,319,894	143,385,638	132,021,277	-	412,138,832	**5,526,633,848**	13,843
Lamu	2,595,300,000	3,271,800,295	0.87	2,753,550,000	-	2,451,034	50,299,894	82,069,411	132,021,277	50,000,000	453,357,718	**3,523,749,334**	34,703
Machakos	7,754,250,000	9,944,929,657	2.54	8,039,100,000	383,583,815	24,129,039	62,749,894	239,604,947	132,021,277	-	405,961,434	**9,287,150,405**	8,454
Makueni	7,406,100,000	8,532,765,528	2.3	7,279,500,000	-	19,435,760	68,299,894	216,965,109	132,021,277	-	388,984,714	**8,105,206,753**	9,163
Mandera	10,222,950,000	11,286,152,190	3.23	10,222,950,000	-	25,474,920	15,049,894	304,694,480	132,021,277	-	681,208,984	**11,381,399,554**	11,096
Marsabit	6,773,100,000	7,647,080,951	2.17	6,868,050,000	-	6,643,714	10,699,894	204,701,864	132,021,277	-	616,904,659	**7,839,021,407**	26,923
Meru	8,039,100,000	9,393,443,078	2.56	8,102,400,000	373,872,832	31,648,428	58,249,894	241,491,600	132,021,277	-	320,613,089	**9,260,297,120**	6,828
Migori	6,773,100,000	8,214,478,026	2.17	6,868,050,000	-	21,655,884	36,439,894	204,701,864	132,021,277	-	332,385,398	**7,595,254,316**	8,281
Mombasa	7,057,950,000	9,486,367,295	2.35	7,437,750,000	388,439,306	23,385,934	18,484,894	221,681,742	132,021,277	-	1,292,389,448	**9,514,152,601**	10,128
Muranga	6,298,350,000	7,233,235,488	2.04	6,456,600,000	-	20,138,691	97,999,894	192,438,619	132,021,277	-	423,235,015	**7,322,433,495**	7,768
Nairobi	15,919,950,000	16,800,884,386	5.04	15,951,600,000	-	79,423,251	16,009,894	475,436,588	132,021,277	-	166,720,323	**16,821,211,332**	5,360
Nakuru	10,476,150,000	12,972,701,629	3.08	9,748,200,000	373,872,832	38,723,265	66,289,894	290,544,581	132,021,277	-	327,483,267	**10,977,135,116**	6,846
Nandi	5,348,850,000	6,402,316,832	1.7	5,380,500,000	-	18,086,363	27,919,894	160,365,516	132,021,277	-	433,775,389	**6,152,668,438**	8,171
Narok	8,039,100,000	8,978,106,427	2.25	7,121,250,000	-	20,595,297	16,084,894	212,248,477	132,021,277	-	404,396,552	**7,906,596,496**	9,292
Nyamira	4,810,800,000	5,729,209,017	1.55	4,905,750,000	-	13,175,221	60,409,894	146,215,617	132,021,277	-	549,161,906	**5,806,733,915**	9,706
Nyandarua	4,874,100,000	5,693,630,100	1.55	4,905,750,000	-	12,735,922	30,949,894	146,215,617	132,021,277	50,000,000	484,866,657	**5,762,539,367**	9,664
Nyeri	5,412,150,000	6,716,240,413	1.61	5,095,650,000	407,861,272	13,701,379	48,949,894	151,875,577	132,021,277	-	413,326,122	**6,263,385,519**	9,031
Samburu	4,620,900,000	5,442,873,499	1.26	3,987,900,000	-	5,235,578	10,549,894	118,859,147	132,021,277	-	335,728,670	**4,590,294,565**	20,497
Siaya	5,791,950,000	6,542,494,466	1.85	5,855,250,000	-	18,194,808	48,199,894	174,515,414	132,021,277	-	482,259,557	**6,710,440,949**	7,967
Taita Taveta	4,241,100,000	5,288,651,135	1.39	4,399,350,000	-	5,296,305	57,634,894	131,122,392	132,021,277	-	794,169,323	**5,519,594,190**	19,390
Tana River	5,855,250,000	6,693,314,719	1.77	5,602,050,000	-	5,682,537	14,674,894	166,968,802	132,021,277	50,000,000	550,425,744	**6,521,823,253**	27,166
Tharaka Nithi	3,924,600,000	4,540,542,890	1.22	3,861,300,000	-	8,218,119	60,799,894	115,085,841	132,021,277	50,000,000	489,787,815	**4,717,212,945**	12,912
Trans Nzoia	5,760,300,000	6,976,361,734	1.83	5,791,950,000	-	21,304,915	43,909,894	172,628,761	132,021,277	-	363,274,338	**6,525,089,184**	7,970
Turkana	10,539,450,000	11,835,530,006	3.34	10,571,100,000	-	25,634,941	12,709,894	315,071,072	132,021,277	-	809,914,377	**11,866,451,560**	13,872
Uasin Gishu	6,330,000,000	7,801,490,366	1.91	6,045,150,000	-	20,813,065	40,129,894	180,175,373	132,021,277	-	504,253,916	**6,922,543,525**	7,742
Vihiga	4,652,550,000	5,801,784,214	1.43	4,525,950,000	-	12,657,201	69,979,894	134,895,698	132,021,277	-	388,286,930	**5,263,791,000**	9,491
Wajir	8,545,500,000	9,670,631,024	2.7	8,545,500,000	-	15,784,997	14,074,894	254,698,172	132,021,277	-	871,896,369	**9,833,975,708**	14,856
West Pokot	5,000,700,000	5,703,288,726	1.58	5,000,700,000	-	12,128,484	17,749,894	149,045,597	132,021,277	-	502,634,431	**5,814,279,682**	11,341
GRAND TOTAL	**316,500,000,000**	**373,595,091,894**	**100.0**	**316,500,000,000**	**4,326,000,000**	**900,000,000**	**2,000,000,000**	**9,433,265,625**	**6,205,000,000**	**300,000,000**	**30,204,347,510**	**369,868,613,135**	**11,945**

Source: BPS 2020

According to the BPS 2020, equitable share allocation to Counties has been retained at Kshs. 316.5B for the 47 counties versus an allocation of Ksh. 1.832 trillion to the National Government. In the FY 2019/20, equitable share allocations to Counties stood at Kshs 316.5B compared to Ksh. 1.459T to the National Government.

The total allocation of Kshs 369.8B allocation to County Governments constitutes of Kshs 316.5B equitable share, conditional grants from National Government amounting to Ksh. 13.1B, Equalization Fund of Kshs 6.5B, Kshs 9.4B from the Road Maintenance Fuel Levy Fund (RMLF) and Kshs 30.2B from proceeds of external loans and grants, which will finance devolved functions in accordance with the signed financing agreement for each loan/grant. Each conditional allocation is distributed according to its objectives, criteria for selecting beneficiary counties and distribution formula.

Allocation on Equitable Share

Nakuru County will receive a total allocation of Kshs 10.977B comprising an equitable share of Kshs 9.748B. The allocation depicts a 6.9% percent decline in equitable share from last year’s Kshs 10.476B amount.

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

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

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

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

Allocation for Leasing of Medical Equipment of Kshs. 132,021,277

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

Conditional Grant from the Road Maintenance Fuel Levy Fund of Kshs. 290,544,581

This grant is meant to further enhance County Governments' capacity to repair and maintain county roads and is equivalent to 15 percent of the Road Maintenance Fuel Levy Fund. There has been an overall reduction in the allocation of this grant in the medium term, from Kshs 345M in 2017/18, Kshs 248 M in 2018/19, and Kshs 297M in the FY 2019/20 to Kshs 290M. Notably, the County has one of the largest road networks, due to its vastness and large population.

Conditional Allocation for Rehabilitation of Youth Polytechnics of Ksh. 66,289,894

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

Loans and Grants amounting to Kshs. 327,483,267

The County will receive an amount of Ksh. 327m from donors for various programmes under KDSP, Health, Kenya Urban Support Programme and the Agriculture sector.

- **Kenya Devolution Support Programme (KDSP)**

The County performed well as per the preliminary report of the Annual Capacity Performance Assessment (ACPA) which was done in 2019 that will determine level II funding that will go towards infrastructural development.

The County received Kshs.100M level 2 funding in the FY 2019/20.

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

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

In the FY 2019/20, the County received Kshs 1.084B as an Urban Development Grant whose aim is to provide funding for urban infrastructure.

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

The Project Development objective for the NARIGP is to increase agricultural productivity and profitability of targeted rural communities in selected counties, and in the event of an Eligible Crisis or Emergency, to provide immediate and effective response. The project has four components: Supporting Community Driven Development; Strengthening Producer Organizations and Value Chain Development; Supporting County Community-Led Development; Project Coordination and Management. In the FY 2019/20, the County was allocated Kshs 140M towards the project's objectives.

IV. 2020/2021 BUDGET FRAMEWORK AND THE MEDIUM TERM

Fiscal Framework Summary

The 2020/2021-2022/2023 medium-term expenditure framework will continue to be premised on fiscal consolidation strategy which aims at directing resources to the most productive areas and growth enhancing sectors. This is in line with programmes outlined in the CIDP 2018-2022 and County efforts in complementing the MTP III and the Big Four Agenda by the National Government. Efforts will also be intensified to increase own source revenue for sustainability of our development programmes. The county will in the meanwhile continue to engage with development partners through its external mobilization unit to raise additional funding to compliment her effort in meeting additional financial requirement for development programmes.

The County Government will continue to rationalize expenditures by cutting those that are non- priority through its fiscal rationalization and consolidation strategy. These may include slowing down or reprioritizing operational expenditures in order for the Government to live within its means. Resource allocation to county departments and entities will be premised on sustainability affordability and strict prioritization especially with reference to establishment of new funds and development programmes. This will ensure that more outputs and outcomes will be achieved at existing or lower resource level by County Department/Entities.

Revenue Projections

The cumulative revenue forecast for FY 2020/21 including Appropriation in Aid will decline marginally by approximately 12 percent to Ksh 14.502 billion as compared to the Approved 2019 CFSP revenue forecast of Kshs 16.7 billion. This comprises of equitable share of revenue projected at 9.748 billion as provided in 2020 BPS compared to Ksh. 10.4 billion in the 2019 Revised CARA, a projected decline of Kshs 727 million and Kshs 901 million as conditional grants. Loans and grants is projected to decline to Kshs 327 million from the current allocation of Ksh. 1.547

billion. Own source revenue including FIF is projected to increase marginally by 3% to Ksh. 3.2 billion in 2020/2021 up from Kshs 3.1 billion in the current FY 2019/2020. The 3% increase is on account of the current performance in FIF, a component of own source revenue. Summaries for both own source revenue and national transfers forecast over the medium-term period have been presented in **Annex I** of this document.

The County Government will continue to adopt measures aimed at improving own source revenue to expand its fiscal space for development programmes as witnessed in FY 2018/19. This includes implementation of the Revenue Enhancement Strategy and reforms in local revenue administration that has seen the establishment of external resource mobilization unit and legislative review of the current revenue related laws through the Finance Act 2020 which is aimed at strengthening local revenue performance.

The decline in funding under loans and grant in the 2020 BPS will however adversely impact on the operationalization of newly constituted urban entities of Nakuru and Naivasha municipalities. The national transfers in form of the equitable share of revenue and conditional grants will be firmed up on the passage of Division of Revenue Bill and CARB 2020.

Expenditure Projections

In pursuing a balanced budget, the County Government has projected that overall expenditure will equal the forecasted County receipts for FY 2020/2021. In this regard the County Government total expenditure will reach Ksh 14.502 billion in the FY 2020/2021 a decline of 12 percent from the Approved CFSP 2019 expenditure forecast. Compensation to employees will account for 46 percent of the total County budget approximately Ksh 6.753 billion. The proportion of the County wage bill is above the envisaged level of 35 percent of total revenues as recommended in Section 25 of the PFM (County Government Regulations) 2015. The marginal growth in County Allocation for salaries and wages is mainly on account of natural rise in annual increments and implementation of the third phase of salary harmonization by SRC effected in July 2019. Further allocation for other recurrent expenditures will remain at the current level including the allocation to the County Executive and the County Assembly as proposed by CRA, a legally body.

The County allocation for development expenditure will stand at 30 percent in FY 2020/2021 excluding balances carried forward. Total County development expenditure will reach Ksh 4.350 billion. Conditional grants and AiA will account for Ksh 1.264 billion of the development expenditure needs or 29 percent of the Development expenditure. The County development expenditure needs will be primarily financed by the projected National transfers to County Government (the equitable share and the conditional grants). An emergency allocation of Ksh 40 Million has been provided in the Office of the Governor to cater for County unforeseen expenditure pursuant to section 110 of the PFM Act 2012. The County will further allocate Kshs 78.7 million comprising of Ksh. 40m Emergency allocation in Office of the Governor and Ksh. 38.7 million under Department of Infrastructure to cater for Disaster Management which will become a fully-fledged unit. The Nakuru County Revenue Allocation Act provides for allocation of not less than 45 of development excluding conditional grants. The proposed allocation to the 55 Wards in FY 2020/2021 has been set at Ksh 1.4 billion which translates to 50.2 % of the equitable share of development expenditure.

The expenditure allocations are available in **Annexes III to V**.

Deficit Financing

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

Fiscal and Structural Reforms

The County Government undertook further reorganisation of its functions that saw the establishment of Nakuru and Naivasha Municipal Boards. In line with provisions of the PFM Act 2012 and PFM Regulation 2015, the County has reviewed its policy framework to enable allocation to the new Entities in order to reflect the new realities and confirm with the provision of the law. The County Assembly in this respect working with County Executive will formulate and approve a framework for allocation of resources to the Municipal Boards. This may call for amendments to the Nakuru County Revenue Allocation Act of 2018.

The focus of the County Government in the formulation of tax policy for the medium term will be to strike the right balance between domestic revenue mobilization for development and designing an attractive tax regime that promotes local and foreign investment. This is in addition to establishing and operationalization of external resource mobilization unit which will be tasked with seeking of additional funding from donors and development partners to fund the County development programmes as outlined in the CIDP. This will bridge the gap experienced due to the inadequacy of the existing internal revenue sources.

The county will undertake the operationalization of the contributory pension scheme for staff devolved from the national government who were previously under the non-contributory scheme. This in line with County Government Retirement Benefit Scheme Act of September 2019 which portends a contingent liability on the part of the County dating back to 2013 the advent of devolution. Details on the level of liability will be provided in the Medium Debt Strategy Paper of 2020

To achieve a result-oriented employee performance, the County Government will continue to apply integrated tools on Result Based Management (RBM with the roll out of the Performance Contracting (PC) having taken place in 2018. Going into the next MTEF period 2020/2021-2022/2023 the County Government will continue to allocate resources aimed at inducting key County employees into a culture of performance as well as facilitating to the lowest level of management the process of performance contracting, vetting, and reporting

Overall Budget financing

The National Government has adopted cautious and pessimistic approach in forecasting revenues for FY2020/21 and the medium term to manage expectations and improve budget credibility. Fiscal policy over the medium-term aims at enhancing revenue mobilisation and furthering the fiscal consolidation plan to reduce budget deficit and strengthen our pending bill resolutions position while supporting our development programmes. The County Government will replicate this approach in estimating OSR to improve budget credibility as was the case in FY2019/2020.

Budgetary Allocations for the FY 2020/2021 and the Medium Term

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

Table 4.1: Summary of Budget Allocations

Details	Approved Estimates 2019/2020	2020/2021	2021/2022	2022/2023
County Executive, County Public Service Board & Municipalities	20,143,885,518	13,368,915,880	14,705,807,468	16,176,388,215
County Assembly	1,233,131,843	1,133,219,236	1,246,541,160	1,371,195,276
Total	**21,377,017,361**	**14,502,135,116**	**15,952,348,628**	**17,547,583,490**

Source: County Treasury

FY2020/21 and Medium-Term Budget Priorities

The County Government is committed to implementing priority programmes under the CIDP 2018-2022 to enhance economic prosperity for County residents while taking into account the need to optimize use of taxes and other resources during the planned period.

The County Government will in this regard develop a framework for better quality services based on strong links between resources, budgeting, monitoring and clear expectations for delivering planned outcomes.

The Medium-Term Budget for 2020/21 – 2022/23 will primarily focus on priority programmes espoused in the CIDP 2018-2022, the Governors manifesto, the BIG FOUR AGENDA, whilst consolidating earlier gains. The above priorities notwithstanding, the County Government will continuously strive to ensure that public spending leads to high quality outcomes. Consequently, the medium-term spending programme will continue to focus on the quality of public spending.

Overall the medium-term budget framework will focus on sustainability, affordability and strict prioritization in resource allocation. To achieve this, the County will ensure that spending is directed towards the most critical needs of the country and is well utilized. The county will also ensure that more outputs and outcomes are achieved with existing or lower level of resources and County Department/Entities request for resources are realistic and take into account the resource constraints, in light of the Government's fiscal consolidation policy.

The County will continue allocating a large portion of its resources to key priority social sectors like Agriculture, Infrastructure, Education and Health, while also refocusing its attention to other equally important sectors like tourism and the existing and emerging urban areas. The later focus will be aimed at attracting investors for sustainability and resilience of urban areas in service provision. By investing in these sectors, the County Government is working to reduce infrastructure gaps, improve food security, enhance access to universal health care and attain job creation as envisioned in the National Government's Big Four Agenda.

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

I. **Health –** The provision of accessible and affordable health care to all by adopting the world health organization standards of strategic location of health facilities within the defined parameters. This will improve access to quality health care while aiding the implementation of UHC.

II. **Enhancing investment opportunities and promoting tourism within the County** - through robust investment campaign and allocation of addition resources for sustainable development and employment creation.

III. **Environment management and water reticulation-**Ensuring environmental protection and proper waste management for sustainable development. The County will also undertake to avail and improve water reticulation for its residents.

IV. **Agriculture, fisheries and Livestock** – Additional resources will be provided for sustainable development, improved agricultural productivity, promotion of value addition and ensuring food security to compliment the Big Four Agenda being championed by the National Government.

V. **Infrastructure and ICT** – The county government will continue to scale up investment in road network by opening up of new roads, construction and maintenance of road devolved to counties. This is in addition to leveraging on technology to enhance county operations and security.

VI. **Public Service and Good Governance –** deepen good governance practices including operationalization of the audit committee, CBEF and entrenching performance contracting.

Criteria for Resource Allocation

The resources for financing the 2020/2021 budget are derived from the 2020 Budget Policy Statement detailing equitable share of Kshs 9.748 billion, Conditional grants of Kshs 901 million and loans and grants of Kshs 327 million from various donors. This is in addition to own source revenue projected at Kshs 2.1 billion and FIF of Kshs 1.1 billion being a forecast of current and past performance. The total resource available with respect to the above source amounts to Kshs 14.502 billion.

The baseline estimates reflect the current Departmental spending levels in sector programmes and provisions for new Entities of Municipalities. In the recurrent expenditure category, non-discretionary expenditures take first charge. These include payment of salaries and wages, pending bills and allocation to recurrent expenditure of the Executive and County Assembly as provided through CRA advisory.

The baseline estimates for development is in compliance with fiscal responsibility of allocating at least 30% to total resources, the provisions of Section 4 of the Nakuru County Revenue Act 2018 and Regulation 32(1) of the PFM Regulations 2015.

In addition, development expenditures have been shared out on the basis of the flagship projects in 2018-2022 CIDP, the Kenya Urban Support Programmes and projects complimenting the Big Four Agenda.

The following criteria was used in apportioning capital budget:

- Emphasis will be given to completion of multiyear/ongoing capital projects in particular infrastructure projects currently being undertaken
- Ward project allocations in compliance with Section 4 NCRAA 2018 to support community-initiated projects for equitable development. The County Assembly is however expected review the parameters to be applied in allocating resources to the 55 wards.

- Priority was also given to adequate allocations for donor counterpart funds. Donor counterpart funds are the portion that the Government must finance in support of the projects financed by development partners.
- Department/sector strategic needs that contribute greatly in addressing county's socio-economic needs and those complementing the Big four Agenda.

In this document, the ceilings on employee costs including estimates of pension under New County Contributory Scheme of 2019 are provided separately alongside the recurrent estimates and development estimates. The ceilings are further provided on the basis of programmes adopted by the County for purposes of entrenching programme-based budgeting. The 2019 CBROP provided the indicative ceilings which have been firmed up in this document.

Table 4.2: Analysis of Development Allocation

ITEM	CFSP	APPROVED ESTIMATES	Supplementary I	CFSP
	2019/2020	2019/2020	2019/2020	2020/2021
CRA EQUITABLE SHARE AMOUNT (a)	***10,261,000,000***	***10,261,000,000***	***10,476,150,000***	***9,748,200,000***
TOTAL BUDGET (b)	***15,399,611,915***	***21,377,017,361***	***21,750,107,075***	***14,502,135,116***
Percentage of Development to Total Budget (c=d/b)	***34.9%***	***49.5%***	***50.3%***	**30.0%**
Allocation for Ward Projects				
Total Development Budget (d)	**5,379,541,936**	**10,573,215,632**	**10,943,612,736**	**4,350,920,517**
Less Development Conditional Grant (e)	2,094,674,380	2,304,080,087	2,493,502,759	1,264,339,019
Debt Resolution (f)	150,000,000	144,894,510	209,894,510	300,000,000
Ongoing Projects (g)		5,150,751,599	5,150,751,599	
Equitable Allocation (h=d-e-f-g)	**3,134,867,556**	**2,973,489,437**	**3,089,463,868**	**2,786,581,498**
County Assembly HQ Development (i)	180,282,875	108,282,875	144,833,908	150,000,000
Flagship HQ development (j=h-i-k)	1,407,584,681	1,318,206,562	1,397,629,960	1,236,581,498
At least 45% of Equitable Allocation for Ward Projects (k)	**1,547,000,000**	**1,547,000,000**	**1,547,000,000**	**1,400,000,000**
Percentage of Ward Projects to Equitable Development (l=k/h)	***49.3%***	***52.0%***	***50.1%***	***50.2%***
Percentage of County Assembly Projects to Equitable Development (m=i/h)	***5.8%***	***3.6%***	***4.7%***	***5.4%***
Percentage of HQ Projects to Equitable Development (n=j/h)	***44.9%***	***44.3%***	***45.2%***	***44.4%***

Finalization of Spending Plans

The finalization of the detailed budgets will entail thorough scrutiny for expenditure rationalization to ensure that resources are directed to priority programmes. Since detailed budgets are scrutinized and the resource envelope firmed up, in the event that additional resources become available, the County Government will utilize them to accommodate key priorities. The following will be prioritized:

- Interventions identified during the stakeholders' consultation for the FY 2020/2021 budget and over the medium term.
- Strategic interventions in the area of governance, revenue enhancement, food security, universal health care, and infrastructural development.
- Specific consideration to enhance job creation for county residents based on sound initiatives including attracting investments and promotion of tourism.

Details of Sector Priorities

The medium-term expenditure framework for 2020/2021 – 2022/2023 ensures resource allocation based on prioritized programmes aligned to the CIDP 2018-2022. It also focuses on strategic policy initiatives of the new administration to accelerate growth, employment creation and economic prosperity.

Table 4.3 below provides the projected baseline ceilings for the FY 2020/2021 and the medium term, classified by sector.

Table 4.3: Medium Term Sector Ceilings 2020/2021-2022/2023

	SECTOR		APPROVED ESTIMATES FY 2019/2020	CFSP TOTAL CEILINGS	PROJECTIONS		% of Total Expenditure (CFSP)		
				2020/2021	2021/2022	2022/2023	2020/2021	2021/2022	2022/2023
1	**Agriculture Rural and Urban Development**	**Sub Total**	**3,968,253,279**	**938,047,180**	**1,031,851,899**	**1,135,037,088**	**6.5%**	**6.6%**	**6.6%**
		Recurrent Gross	740,014,726	673,366,122	740,702,735	814,773,008	6.6%	6.8%	6.8%
		Development Gross	3,228,238,554	264,681,058	291,149,164	320,264,080	6.1%	6.2%	6.2%
2	**Education**	**Sub Total**	**1,368,540,707**	**665,239,098**	**731,763,008**	**804,939,308**	**4.6%**	**4.7%**	**4.7%**
		Recurrent Gross	462,428,751	526,376,785	579,014,463	636,915,910	3.6%	3.7%	3.7%
		Development Gross	906,111,956	138,862,313	152,748,544	168,023,399	1.0%	1.0%	1.0%
3	**Social Protection, Culture and Recreations**	**Sub Total**	**493,788,121**	**352,044,445**	**387,248,889**	**425,973,778**	**2.4%**	**2.5%**	**2.5%**
		Recurrent Gross	259,225,750	254,458,520	279,904,372	307,894,809	1.8%	1.8%	1.8%
		Development Gross	234,562,371	97,585,925	107,344,518	118,078,969	0.7%	0.7%	0.7%
4	**Energy, Infrastructure and ICT**	**Sub Total**	**2,667,303,744**	**832,290,470**	**915,519,517**	**1,007,071,468**	**5.7%**	**5.9%**	**5.9%**
		Recurrent Gross	390,910,287	371,477,542	408,625,296	449,487,825	2.6%	2.6%	2.6%
		Development Gross	2,276,393,457	460,812,928	506,894,221	557,583,643	3.2%	3.3%	3.3%
5	**Environment Protection, Water and Natural Resources**	**Sub Total**	**1,712,203,206**	**419,915,338**	**461,906,872**	**508,097,559**	**2.9%**	**3.0%**	**3.0%**
		Recurrent Gross	288,725,106	292,958,650	322,254,515	354,479,966	2.0%	2.1%	2.1%
		Development Gross	1,423,478,100	126,956,688	139,652,357	153,617,592	0.9%	0.9%	0.9%
6	**General Economics and Commercial Affairs**	**Sub Total**	**645,701,554**	**272,158,891**	**299,374,781**	**329,312,259**	**1.9%**	**1.9%**	**1.9%**
		Recurrent Gross	155,011,671	154,477,999	169,925,799	186,918,379	1.1%	1.1%	1.1%
		Development Gross	490,689,883	117,680,892	129,448,981	142,393,879	0.8%	0.8%	0.8%
7	**Health**	**Sub Total**	**6,687,894,142**	**5,753,786,574**	**6,329,165,232**	**6,962,081,755**	**39.7%**	**40.7%**	**40.7%**
		Recurrent Gross	5,518,100,250	4,992,744,313	5,492,018,745	6,041,220,619	34.4%	35.3%	35.3%
		Development Gross	1,169,793,892	761,042,261	837,146,487	920,861,136	5.2%	5.4%	5.4%
8	**Public Administration and National/ Inter County Relations**	**Sub Total**	**3,833,332,608**	**5,268,653,120**	**5,795,518,432**	**6,375,070,275**	**36.3%**	**37.2%**	**37.2%**
		Recurrent Gross	2,989,385,188	2,885,354,667	3,173,890,134	3,491,279,148	19.9%	20.4%	20.4%
		Development Gross	843,947,420	2,383,298,452	2,621,628,297	2,883,791,127	16.4%	16.8%	16.8%
	TOTAL	**Total Recurrent Gross**	**10,803,801,729**	**10,151,214,599**	**10,886,431,687**	**11,975,074,856**	**70.0%**	**69.9%**	**69.9%**
		Total Development Gross	**10,573,215,632**	**4,350,920,517**	**4,678,668,051**	**5,146,534,856**	**30.0%**	**30.1%**	**30.1%**
		GRAND TOTAL	**21,377,017,361**	**14,502,135,116**	**15,565,099,738**	**17,121,609,712**	**100.0%**	**100.0%**	**100.0%**

Agriculture, Rural and Urban Development Sector

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

At the devolved level this Sector is comprised of two Sub Sectors including; Agriculture, Livestock and Fisheries and Land, Housing and Physical Planning. The sector is a major driver of the Country's economy on both levels of Government.

Agriculture, Livestock and Fisheries Sub Sector

The Agriculture, Livestock and Fisheries Subsector has the following Directorates; Agriculture, Livestock, Veterinary Services and Fisheries. The subsector's vision is a food secure, industrialized and wealthy County. Its mission is to offer client-oriented extension services, promote commercialized and sustainable Agriculture, Livestock and Fisheries industry for food security and wealth creation. Key achievements in the Sector during the 2016/17 – 2018/19 Medium-Term period included distribution of over 3.3 million Pyrethrum seedlings, distribution of over 113,000 Avocado seedlings to more than 6200 farmers, distribution of over 50,000 coffee seedlings to cooperatives and distribution of over 1620 Macadamia seedlings to 80 farmers in Gilgil. The Sub Sector also saw an increase in the area under pyrethrum coverage to over 1100 acres. Through various extension approaches, the sub sector was able to reach 100,000 farmers and conducted over 13,000 farm visits. The subsector also established a Nakuru Call Centre to enhance E-extension services delivery through short messages, What's App, Twitter and Facebook. Over 2000 litres of pesticides for crop control were distributed to farmers in the County and 35 plant health clinics were operationalized throughout the County. The sub sector supported vaccinations to over 581,246 animals against diseases.

The sub sector receives other funds for implementation of programmes and projects. Additional funding from developmental and international partners supports the development of agriculture in the county in implementing projects which aim to increase productivity and profitability of agricultural enterprises.

The partners include World Bank which has funded NARIGP, IFAD has funded several projects such as SCDP, SHEP PLUS and VIJABIZ and ASDSP that is funded by SIDA.

In the next MTEF period 2020/21-2022/23, the Sub Sector will target priority programmes/projects outlined in the MTP III, Kenya Vision 2030, CIDP 2018-2022 and the Governor's Manifesto flagship projects/interventions. The county will also continue to focus on enhancing large scale production, driving smallholder productivity and reducing the cost of producing food as its commitment to big four agenda on food security.

The Sub Sector will focus on enhancing productivity and improve breeding service county with livestock production as a major economic and social activity undertaken in the County, the sector aims to promote animal health services towards then prevention, control and eradication of animal diseases. Increased extension services to provide all-round support for livestock farmers in the County is a major method the sector will employ to boost efforts geared towards improving livestock productivity. The sub sector increasingly focus on commercialization of livestock and livestock products by constructing honey refinery units, distributing pasteurizers, completion of cooling plants under construction. In addition to promotion of livestock enterprises through development of marketing networks and by conduct trainings on value addition and technologies. The sector will aim to promote animal health services towards the prevention, control and eradication of animal diseases.

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

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

In order to implement the prioritized programs, the Subsector has been allocated Kshs. 648,422,018 million, Ksh. 713,264,220 million and Kshs. 784,590,642 million for the FY 2020/21, FY 2021/22 and FY 2022/23 respectively. In FY 2020/2021 Kshs 532 million has been allocated for recurrent and Kshs 115 million has been allocated for development expenditure.

Land, Housing and Physical Planning

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

Some of the major achievements by the Sub Sector in the last MTEF period include preparation and submission of a Report on elevation of Nakuru Municipality to city status, preparation of Municipal Charters which were approved by the County Assembly, Valuation roll for the County was completed and is awaiting approval by the Assembly, preparation of Nakuru County Spatial Plan is 95% complete, preparation of Land Information Management System at 90%

completion, successfully resolved a Land dispute through the Alternative Dispute Resolution (ADR), secured titles for Twenty-seven (27) public utilities and facilitated the issuance of 15,747 titles in collaboration with the National Government, successful completion of physical development plans and surveys for Kongasis, Crater lake, Keringet, Kasarani, Eastleigh and Tarambete, feasibility study for Naivasha affordable housing project completed and approved by the Cabinet. In partnership with World Bank, the Sub Sector identified four major projects including Construction of storm water drainage within Nakuru, Construction of roads to bitumen standards in Naivasha, Construction of CBD Fire Station in Nakuru and Construction of a Market in Naivasha under Kenya Urban Support Programme (KUSP) which were procured and are currently being implemented.

Key outcomes expected to be achieved in period 2020/21-2022/23 include finalization and approval of the County Spatial Plan, finalize on preparation of Land Information Management System, develop development plans, prepare topo-maps, prepare Integrated Strategic Urban Development Plans (ISUDP) for Njoro, Molo, Gilgil and Keringet and regular maintenance of County estates. Further the Sub sector will promote the adoption of alternative building technology through establishment of ABT centres in various areas within the County. The Sub Sector intends to undertaken the construction of affordable housing through PPP framework and with the support of multilateral donor in Naivasha Sub County in the ensuing period.

To realize these outcomes, the Sub Sector has been allocated Kshs. 289,625,163 million, Kshs. 318,587,679 million and Kshs. 350,446,447 million in FY 2020/21, FY 2021/22 and FY 2022/23 respectively. In FY2020/2021 Kshs 140 million has been allocated for recurrent and Kshs 149 million has been allocated for development expenditure.

Environment Protection, Water and Natural Resources

The sector is comprised of the Department of Water, Environment, Energy and Natural Resources. The mandate of the sector includes environmental policy management, forest resource management, water resource management and sewerage services policy. The sector also undertakes conservation and protection of water wells and springs. The sector plays an important role in management of health safety measure in mines, and resource surveys and policy formulation on extractive industries.

During the 2016/17 – 2018/19 MTEF period, some of the key achievements in the Sector included adoption of circular economy through enhancement of waste recovery approaches, purchase of 5 Waste skips and 2 skip loader trucks, engagement of casual workers to help in environmental management, conducted rigorous Environmental Education and awareness (Clean up exercises in our Lakes ecosystems and other areas). The sector also managed to plant more than 357,000 trees of various species of in the sub-counties and embarked on rehabilitation of County parks i.e. Nyayo Garden, Naivasha Municipal Park. The rigorous efforts of rehabilitating the County designated disposal sites e.g. Gioto is a success story whereby the site has received a facelift, enhanced the aesthetics status as it is no longer the eyesore as before. The Sector has continuously undertaken on desilting of storm water retention ponds to enhance their functionality towards pollution control into Lake Nakuru. The sector formulated the Waste management Bill and Policy 2018, County Clean Energy Action Plan and Policy, County Climate Change Action Plan 2018-2022 and Climate Change policy awaiting enactment. During the period under review the sector implemented 196 No. water projects that contributed to increased water accessibility and coverage.

For the 2020/2021 – 2022/2023 MTEF period, the Sector has prioritized to sustainably manage and conserve environment, water resources, increase reticulation and accessibility of water and sewerage services, provide policy and legal framework for efficient and effective management of the County natural resources. The Sector will also target tree growing, greening and beautification, pollution control, integrated solid waste Management, Environmental education and inculcating knowledge and skills on sound environmental management. They will also promote Green energy and economy provision of water services and management, enforcement and compliance of environmental standards.

In order to implement the prioritized programmes, the Sector has been allocated Kshs 419,915,338 million, Kshs 461,906,872 million and Kshs 508,097,559 million for the FY 2020/2021, FY 2021/2022 and FY 2022/2023 respectively.

Energy, Infrastructure and Information, Communication and Technology Sector

County Government of Nakuru recognizes Energy, Physical Infrastructure and ICT sector as a key enabler for sustained economic growth, development and poverty reduction. The Sector is made up two Sub Sectors namely Roads, Transport and Public Works and ICT and E-Government Sub Sector. The Sector aims to sustain and expand cost-effective public utility infrastructure facilities and services in the areas of road infrastructure, transport, communication and ICT in line with the priorities in the CIDP.

During the period under review, some of the key achievements in the Roads, Transport and Public Works Sub Sector include grading of 1900Km, gravelling of 449Km, construction of 5 motorable & foot bridges, rehabilitation of Gilgil Bus Park, and rehabilitation of 1000 Streetlights across the County. In Disaster Management Unit, the sector responded to 100% of calls received and managed to inspect over 100 premises on compliance to fire safety and disaster preparedness.

Some of the major achievements in the ICT Sub Sector are setting up of LAN connection at Old town hall and Njoro Polytechnic, connection of County offices via WAN connectivity, installation of IP phones in offices, installation of Firewalls to protect against data intrusion, installation of CCTV camera at the Milimani Office block, establishment of a data centre and automation of Bursary system.

The sector aims at sustaining and expanding physical infrastructure to support a rapidly growing economy. The entire road network in the Nakuru County is approximately 12,491km. Over the 2020/21-2022/23 MTEF period, the Sector plans to grade/gravel 3500Km, design and construct 20 motorable & foot bridges, rehabilitate 5 Bus Parks, rehabilitate & maintain at least 3 County buildings, install 500 streetlights and rehabilitate 1200 which are non-functional, train at least 20 Disaster management personnel, construct 1 fire station and inspect and issue compliance certificate to 200 premises.

The Sector also targets to develop a Disaster recovery policy, re-design the County website, establish 5 digital centres, establish a Call Centre, increase the no of sites connected via WAN to 10 and automation of 1 other County Government Service.

In order to implement the prioritized programs, the Sector has been allocated Kshs. 832,290,470 million, Kshs. 915,519,517 million and Kshs. 1,007,071,468 billion for the FY2020/21, FY2021/22 and FY2022/23 respectively.

Education Sector

The Sector is committed to the provision of quality education, vocational training, research and skills development for the youth, in order to contribute to meaningful engagement of the youth and entrepreneurial orientation for self- employment. The Sector is comprised of two Sub Sectors namely Early Childhood Education and Vocational Training.

During the FY 2016/17 – 2018/19 MTEF period, the Sector made several achievements including facilitating the rolling out of bursaries worth Ksh.286,240,646 benefiting 62,102 students, construction of 240 ECDE classrooms, began the process of procuring ECDE Mathematics Course books for all public ECDE centres, recruited 13 Vocational instructors, construction of 5 Vocational Training Centres, construction of Administration Blocks in Chemare and Molo VTC's, put up a boys hostel at Dundori VTC, equipped 19 VTC's with assorted tools and equipment, provided 600 attachment places and supervision. It was also able to hold four sensitisation sessions across the County to popularize the Vocational training and the programmes offered. To increase access, retention and completion the Sector disbursed Kshs. 36,089,000 to 3207 trainees as subsidized Vocational Training Centres support grant to 26 qualifying Vocational Training centres.

In the MTEF period FY2020/21 – 2022/23, the Sector has prioritized several programmes for implementation including equipping of 300 ECD classrooms, rehabilitation of 20 classrooms, equip 25 ECDs with outdoor equipment, increase the number of ECDs participating in co-curricular activities to 939, conduct 113 workshops for capacity building, employ 350 ECD teachers, increase number of schools benefiting from instructional materials to 940, induct 3500 teachers on new curriculum, equip 50 ECD schools with ICT facilities, increase number of ECD Centres under school feeding programmes to 939, support needy students to a tune of Ksh 125m under bursaries programme, equip 25 VTCs, support 600 trainees and attaches on exit programmes, recruit 60 trainers for quality service delivery, ensure atleast 28 VTCs participate in co- curricular activities. The Sector will also construct 2 County Vocational Centres of Excellence and 2 County model Polytechnics.

In order to implement the prioritized programmes, the Sector has been allocated Kshs 665,239,098 million, Kshs 731,763,008 million and Kshs 804,939,308 million for the FY 2020/2021, FY 2021/2022 and FY 2022/2023, respectively.

General Economic and Commerce Affairs Sector

The GECA Sector is mandated to promote, co-ordinate and implement integrated socio-economic policies and programmes for a rapidly industrializing economy. The Sector is made up of Trade, Industrialization, Tourism and Cooperatives Department.

During the FY2016/17 - 2018/19 MTEF, the Sector successfully held one investor's conference (NIICO), rehabilitated sixteen (16) markets, trained two hundred and forty-seven (247) SME's on business skills and issued compliance certificates to one thousand five hundred (1500) traders for their Weighing and Measuring Equipment. Under Cooperative enhancement, the Sector purchased Milk coolers together with other accessories for one dairy Cooperative, sixty-five (65) Trainings were done for Cooperative leaders, managers and members. The Sector also carried out activation of two (2) Tourism sites (Lakes Solai and Nakuru) and held world tourism day.

Over the 2020/21-2022/23 MTEF period the sector will work towards rehabilitation of five markets and construction one new market, carry out SMEs training, hold one Trade Exhibition and undertake consumer Protection through Verification of Weighing of Measuring instruments. The Sector through Cooperative Directorate will rehabilitate one Cooperative Coffee Factory, Support Dairy Cooperatives with Value Addition Equipment, capacity build Cooperatives, carry out spot checks and audits. The Sector will also promote Tourism by holding Cultural events and establish Tourism Information Centre and partner with the private sector to promote domestic and foreign tourism for sustainable development and employment creation. The Alcohol Drinks Control Directorate will seek to operationalize the liquor fund as provided in the act this is in addition to undertaking sensitization Forums for Liquor Stakeholders and the various Liquor Committees.

In order to implement the prioritized programmes, the Sector has been allocated Kshs 272,158,891 million, Kshs 299,374,781 million and Kshs 329,312,259 million in the FY 2020/21, FY 2021/22 and FY 2022/23 respectively.

Health Sector

Health is a shared function between the National Government and County Governments. The Sector is responsible for the provision and coordination of the health services which contributes to the overall productivity and economic development of the country. The Department of Health is the largest devolved unit in Nakuru County with a current budgetary allocation reaching 30% of the entire County budget. The Department comprises of three directorates namely Administration and Planning, Public Health and sanitation and Medical Services. The sector's Vision is A Healthy County. Its mission is to provide integrated quality health services for all. With the move towards universal healthcare as envisioned in the Big Four Agenda, the Nakuru County Health sector aims to upscale implementation of its core mandate to ensure that accessible and affordable healthcare is provided to the County residents.

For the 2016/17-2018/19 MTEF period, the Sector realized the following achievements among others: inauguration of Margaret Kenyatta Mother Baby Wing which is one of its flagship projects, engaged 36 health workers on permanent and pensionable basis and 190 on contract, Facility Improvement Fund (FIF) collection amounted to Ksh 957,022,225 against a target of Ksh. 685m, opened over 45 new primary level facilities, latrine coverage increased to 90% and ODF villages to 309 villages. The Sector also developed the Nakuru County Sanitation Strategic and Investment Plan 2017- 2022 which is aimed at addressing the big burden of sanitation related diseases. The PMTCT Business Plan was also finalized which is aimed at sustaining the gains made in addressing the HIV scourge and towards 90-90-90 targets. Through partner support, the Sector started programs to address the rising burden of Non-Communicable Diseases. One such initiative is the Healthy Heart Africa (HHA) supported by AMREF Africa addressing hypertension and cardiovascular conditions (CDMS) Preventive/Promotive. 43% of households were reached with health messages in order to reverse the downward trend of health indicator, 90% of household had functional toilets, 124 villages were declared open defecation free and one microwave and shredder was installed at Nakuru PGH for medical waste management and 85% of children below one year were fully immunized. The Sector also Initiated oncology services at the County Referral Hospital and strengthened Ambulatory and referral services, elevated seven Health Centres to Level 4 status. Nakuru County has also benefited from the Managed Equipment Service (MES) Project in three Hospitals- Nakuru, Naivasha, and Molo which has greatly improved access to quality diagnostic and curative services. Through partner support, a diabetes Centre of Excellence was established at the County Referral Hospital with over 9781 patients accessing specialized services in the period under review. The Sector managed to procure drugs and health commodities worth Kshs 758,402,931.

Curative and Rehabilitation-, HIV pregnant mother receiving ARVs increased from 97.9% to 98%, Increase of cervical cancer screening and operationalizing of Oncology and diabetic centres.

During the 2020/21-2022/23 MTEF period, the Sector will build on the gains made in the previous MTEF period and prioritize provision of preventive and promotive health services and curative and rehabilitative services. Provision of these services is expected to spur the Sector towards achieving its goals in line with the National blueprint on health matters. A major infrastructural upgrading program has been planned targeting seven key hospitals. Automation of health Medical /Records, HMIS and use of IT innovations will be an enabler of quality health service provision. A central ambulance dispatch centre and fleet management system will also be strengthened to improve evacuations and pre hospital care. Proper planning with standard drawings, plans and facility master plans will be developed to guide development projects. The department will adopt the WHO standards of a health facility within 5 km radius to improve access towards Universal Health Coverage. Preventive and Promotive health services will be a priority to address the over 80% of the sanitation related disease burden. The Department will also address the rising burden of NCDs investing in awareness and screening services as well as specialized diagnostic and treatment facilities. These will include Oncology, Renal, Imaging and specialized theatres. Partner coordination and resource mobilization will also be enhanced to bridge the budgetary gaps and enhance efficiency and accountability.

In order to implement the prioritized programmes, the Sector has been allocated Kshs. 5,753,786,574 billion, Kshs. 6,329,165,232 billion and Kshs 6,962,081,755 billion for the FY 2020/2021, FY 2021/2022 and FY 2022/2023 respectively.

Social Protection, Culture and Recreation Sector

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

During the FY2016/17 – 2018/19 MTEF period, the key achievements in the Sector included: Culture Directorate was able to organise cultural festivals at both national and regional levels, train adjudicators and facilitators, Formed/launched Bahati and Njoro GBV clusters – totalling to 9 GBV clusters, conducted Women Empowerment programmes in four (4) sub-counties. The Sector also prepared and signed an MoU with Kenya Museum. Implementation of Ward Disability Fund was achieved after signing of MOU with National Council for Persons with Disabilities to facilitate expenditure of Ksh. 27.5m. Gender policy formulation on progress and is being undertaken by the Sector in partnership with the Centre for Enhancement of Democracy and Good Governance. The Sector also managed to level sports grounds in Subukia Sub County, revamped Kimathi grounds changing rooms as well as rehabilitation of Kamukunji stadium in Nakuru East. The Sector also purchased land at Keringet for establishment of a Sports centre, implemented Ward Sports through funding of sports teams and equipping of youths throughout Nakuru County with assorted items, equipped Bondeni Social Hall, Shabab and Kayole Social Hall with assorted items.

In the 2020/21 – 2022/23 MTEF period, the Sector will implement various initiatives including: training at least 220 of Visual Artist, organize community cultural festivals and exhibitions, identification and mapping of new of heritage sites. The gender unit will strive to increase participation of women in leadership through sensitization and empowerment programmes, improve prevention and response to sexual and gender-based violence and continue with formation of GBV sub-county clusters. The sub sector will also carry out sensitization of the public on gambling and gaming activities, continue sensitizing PLWDs on AGPO, issue at least 3000 assistive / mobility devices, conduct capacity building sessions on care and support for the elderly. The sector will step up improvement of public amenities with construction and rehabilitation sports infrastructure including Afraha stadia to international standards Social Halls and rehabilitation programme centres. This will enhance participation in various sporting discipline, social and cultural activities. Mainstreaming and linkage opportunities will also be offered to the youth and encourage them to enrol to Vijabiz programme as well as engage in Agribusiness, environment and community service.

In order to implement the prioritized programmes, the Sector has been allocated Kshs. 352,044,445 million, Kshs 387,248,889 million and Kshs 425,973,778 million for the FY 2020/2021, FY 2021/2022 and FY 2022/2023, respectively.

Public Administration and National/International Relations Sector

The Sector provides overall policy direction and leadership to the country, oversee the human resource function in the county public service, coordinate county policy formulation and implementation, resource mobilization, allocation and management, coordinating implementation of gender and youth policy and mainstreaming in county development, implementation of the national policy as well as oversight, monitoring, evaluation and reporting on the use of public resources and service delivery. The Sector is comprised of 7 Sub Sectors namely Office of the Governor & Deputy Governor, Finance & Economic

Planning, Public Service, Training and Devolution, County Public Service Board, Nakuru Municipality, Naivasha Municipality and County Assembly of Nakuru.

Some of the achievements arising from implementation of the Sector's planned programmes and outputs for the MTEF Period 2016/2017 – 2018/2019 included:

Full constitution of the County Executive Committee with the appointment of new CECM to fill vacant dockets, Annual State of the County speech addressed, formulation and composition of Nakuru and Naivasha Municipal Boards and their Secretariat, employment of 327 Officers to the County establishment and re-designation of 55 Officers within the County establishment, 50 court cases were concluded and 20 bills were drafted awaiting legislation and enactment into law by the County Assembly, formulation of policies on Casual staff engagement, leave and training of County staff and are awaiting approval by the County Public Service Board. The Sector also spearheaded Performance Management in an effort to roll out performance contracting and performance appraisal system through vetting, quarterly review and annual evaluation. Performance contracts documents were prepared and vetted through the support of Council of Governors, KDSP and UNDP. The documents were later on signed at the level of County Executive members. The Sector also provided information through issuing nine treasury circulars and public notices on public participation in compliance with the Constitution. The sector formulated statutory policy documents and ensured prudent financial management through internal controls, value for money in procurement, accounting for public finance spending, mobilization of own source revenue and transparent allocation of funds through budgeting for effective and efficient service delivery by all County Government Entities. Collection of own source revenue was improved from Ksh 2.28 billion to Ksh 2.810 billion an effort which the County Treasury targets to qualify for a share of 2% on fiscal effort a component of equitable allocation to County Governments.

In the FY2020/21 – FY2022/23 MTEF, the Sector will focus on enhancing advisory on public policy for effective management of public affairs, management and implementation of contract staff audit report for rationalization of staff to improve efficiency of the public sector in service delivery. The Sector will also will undertake projects as stipulated in the CIDP.

The County Treasury Sub Sector plans to establish a County Treasury office block which will accommodate all its Directorates within the building and also strengthen management and usage of funds to ensure prudence in financial management and reporting. In budget implementation, the Sub Sector will issue guidelines and do follow-ups to ensure projects and planned activities are realized within the set timelines. The Sector will also put in place measures to enhance revenue mobilization and ensure that all statutory documents are submitted to the County Assembly and other Entities as per the requisite directives/legislations.

Public Service, Training and Devolution Sub Sector will strive to improve coordination of service delivery at the Sub County and Ward Level by providing required facilities and facilitation which will enhance the image of the County Government at the grassroots and bring County services closer to the people. In order to mitigate Alcohol, drug and substance abuse that leads to non-performance, the Sub Sector intends to contain and control such addiction through rehabilitation of the affected at the workplace.

In liaison with CPSB, the Sub Sector will seek to equip the County with key personnel to provide the requisite leadership and direction in implementation of functions and to sustain optimal staff levels as well as the right mix of the necessary skills that meets the goal. Alternative dispute resolution mechanism will be initiated to fore stall influx of litigation to courts given cost implications.

Nakuru and Naivasha Municipality Sub Sectors will embark on development of Municipality Integrated Development Plan, Municipality Spatial Plan, Municipal Integrated Solid waste management plan and enhance awareness on environmental conservation. Nakuru Municipality Sub Sector will also liaise with other Sub Sectors to hold the Annual Nakuru City Marathon, Annual cycle with the Rhino and organize trade exhibitions and workshops. Naivasha Municipality Sub Sector will fast track the process towards declaration of Naivasha South Lake a special Economic zone and liaise with other Departments to develop Naivasha Water Front.

County Assembly

The Sub sector of County Assembly seeks to promote democratic and accountable exercise of power in Nakuru County through progressive legislation, faithful representation and effective public oversight.

During the MTEF period 2016/17 - 2018/19, the Sector made considerable achievement of the set targets for the programmes during the period under review. This includes but not limited to: facilitated the operationalization of key legislation including the legal, policy and regulatory frameworks and conducted oversight on County oversight, enhanced representation of the citizens for improved service delivery.

During the same period, the County Assembly was also able to undertake the construction of a new Office Block – the Ugatuzi Plaza, complete the construction of a public gallery, drilled and equipped a borehole, constructed access road to the Assembly from A104 road, configured and equipped the Chambers and refurbished Hansard equipment and initiated the construction of the Speakers House.

During 2020/21 – 2022/23 MTEF period, the County Assembly plans to complete the Speakers House, construct a Modern Chamber, install modern Hansard equipment to upscale the quality of debate in the House, prioritize the County Assembly mandates of legislation, oversight and oversight, refurbish office buildings and formulate and implement strategic plan for the medium term and in line with the National Government directive, settle the pending bills.

In order to achieve its targets in the FY2020/21 – FY2022/23, the PAIR Sector has been allocated Kshs 5,227,213,318 billion, Kshs 5,749,934,649 billion and Kshs 6,324,928,114 billion for FY 2020/21, FY2021/2022 and FY2022/2023 respectively. This includes allocation for the County Assembly Sub Sector.

Public Participation/Sector Hearings and Involvement of Stakeholders

The law requires that the input of the public be taken into account before the Budget proposals are firmed up. Public participation provides an all-inclusive avenue for identifying and prioritizing government projects and activities under the budgeting process by key stakeholders and the general public. In this regard the process commenced early in the budget preparation process with the release of budget guideline in August 2019 relaunch of Sector Working Groups (SWGs) in September 2019, finalization of the 2019 Budget Review and Outlook Paper in October 2019 and engagement in all sector activities and meetings in November 2019. Public participation of CFSP was held between 28-31st of January 2020 with sector presentations being made. The PFM Act, 2012 section 25 (5) requires the County Treasury while preparing the County Fiscal Strategy Paper to seek views of various Stakeholders this took place during sector hearings in January. Other statutory Institutions for which the draft CFSP will be shared for their input and comments for comments are CRA and National Treasury. The County also made its submissions on the Draft 2020 BPS with regard to fiscal policy pronouncement and proposed County allocations for the FY 2020/2021 with specific emphasis to their effect on Nakuru county planning and budgeting process.

Annex IX highlights issues raised during the CFSP public hearings held in the month of January 2020 and probable solutions for the same.

V. CONCLUSION AND NEXT STEP

The set of policies outlined in this CFSP aims at striking a balance between changing circumstances and emerging issues. The fiscal policies are broadly in line with the CIDP 2018-2022 and the fiscal responsibility principles outlined in the PFM law. They are also consistent with the national strategic objectives outlined in the 2020 BPS which set a basis for County Government allocation of public resources.

Details of these strategic objectives are contained in the County Integrated Development Plan (2018-2022). The policies and sector ceilings annexed herein will guide the Sectors/Departments in finalizing and adjusting 2020/2021-2022/2023 Draft MTEF budget estimates.

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

Going forward, and in view of the recent policy change involving reorganization of County Government functions that resulted into constitution of Municipal Boards and limited resources, MTEF budgeting will entail adjusting non-priority expenditures to cater for the priority sectors and the new entities. Resource allocation and planning process will be modified in the context of the above realities while this paper will provide final ceilings for adjustment of the draft estimates and finalization of the budget process.

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

ANNEXURES

Annex 1: County Government of Nakuru Operations FY 2020/2021-2022/2023

IFMIS CODE	REVENUE SOURCE	REVISED ESTIMATES	CFSP	PROJECTIONS		ANNUAL GROWTH	% GROWTH		
		2019/2020	2020/2021	2021/2022	2022/2023		2020/2021	2021/2022	2022/2023
1520101	Property tax (Plot rent and Land rates	300,980,000	300,980,000	316,029,000	331,830,450	-	0.0%	5.0%	5.0%
1520201	Trade License	400,000,000	400,000,000	420,000,000	441,000,000	-	0.0%	5.0%	5.0%
1550101	Market Fees	107,220,000	107,220,000	112,581,000	118,210,050	-	0.0%	5.0%	5.0%
1590112	Building Approval	120,310,000	120,310,000	126,325,500	132,641,775	-	0.0%	5.0%	5.0%
1520325	Cess	100,000,000	100,000,000	105,000,000	110,250,000	-	0.0%	5.0%	5.0%
1530301	Royalties	204,460,000	204,460,000	214,683,000	225,417,150	-	0.0%	5.0%	5.0%
1580401	Stock/ Slaughter fees	23,000,000	23,000,000	24,150,000	25,357,500	-	0.0%	5.0%	5.0%
1560101	House Rent	70,000,000	70,000,000	73,500,000	77,175,000	-	0.0%	5.0%	5.0%
1590132	Advertising	100,000,000	100,000,000	105,000,000	110,250,000	-	0.0%	5.0%	5.0%
1550221	Parking fees	330,100,000	330,100,000	346,605,000	363,935,250	-	0.0%	5.0%	5.0%
1420223	Liquor Licensing	72,150,000	72,150,000	75,757,500	79,545,375	-	0.0%	5.0%	5.0%
1530331	County Park Fees	750,000	750,000	787,500	826,875	-	0.0%	5.0%	5.0%
1530331	Water And Sewerage			-	-	-			
1580200	Health fees and charges	120,350,000	120,350,000	126,367,500	132,685,875	-	0.0%	5.0%	5.0%
1540105	Other Fees and Charges	150,680,000	150,680,000	158,214,000	166,124,700	-	0.0%	5.0%	5.0%
	Sub Total Local Sources	**2,100,000,000**	**2,100,000,000**	**2,205,000,000**	**2,315,250,000**	**-**			
1580211	Facility Improvement Fund	1,000,000,000	1,100,000,000	1,133,000,000	1,166,990,000	100,000,000	10.0%	3.0%	3.0%
	SUB TOTAL (AIA & Local Sources)	**3,100,000,000**	**3,200,000,000**	**3,338,000,000**	**3,482,240,000**	**100,000,000**	**3.2%**	**4.3%**	**4.3%**
9910201	Balance in County Revenue Fund	5,677,405,446	325,000,000			(5,352,405,446)	-94.3%	-100.0%	
9910201	Balance in County Local Revenue Account					-			
1310101	Donor Grants (DANIDA)	41,107,213	29,790,000	32,769,000	36,045,900	(11,317,213)	-27.5%	10.0%	10.0%
	Loans and Grants CRA		258,798,452	284,678,297	313,146,127	258,798,452		0.0%	0.0%
1310101	Symbiocity Programme								
1330203	Kenya Devolution Support Program (KDSP) Level I	30,000,000		-	-	(30,000,000)	-100.0%	0.0%	0.0%

IFMIS CODE	REVENUE SOURCE	REVISED ESTIMATES	CFSP	PROJECTIONS		ANNUAL GROWTH	% GROWTH		
		2019/2020	2020/2021	2021/2022	2022/2023		2020/2021	2021/2022	2022/2023
1330203	Kenya Devolution Support Program (KDSP) Level II			-	-	-	#DIV/0!	0.0%	0.0%
1310102	World bank National Agricultural and Rural inclusive growth Projects (NARIGP)	350,000,000		-	-	(350,000,000)		0.0%	0.0%
1310102	Agricultural Sector Development Support Projects (ASDSP)	18,507,501		-	-	(18,507,501)		0.0%	0.0%
1330104	Conditional Allocation to compensate Forgone user fees	38,723,265	38,723,265	42,595,592	46,855,151	-	0.0%	0.0%	0.0%
1330302	Conditional Fund -Kenya Urban Support Project(KUSP)	1,084,843,300		-	-	(1,084,843,300)		0.0%	0.0%
1330399	Conditional Fund -Kenya Urban Support Project (KUSP) - Urban Institutional Grant	8,800,000		-	-	(8,800,000)		0.0%	0.0%
1330104	Conditional Fund -Leasing of Medical Equipment	131,914,894	132,021,277	145,223,405	159,745,745	106,383	0.1%	0.0%	0.0%
1330104	Conditional Fund -Free Maternal Health			-	-	-			
1330102	Road Maintenance Fuel Levy Fund (RMFLF)	297,372,469	290,544,581	319,599,039	351,558,943	(6,827,888)	-2.3%	10.0%	10.0%
1330104	Conditional Allocation For Level- 5 Hospital	373,872,832	373,872,832	411,260,115	452,386,127	-	0.0%	10.0%	10.0%
1310101	World Bank THS-UC Conditional allocation	58,346,857	38,894,815	42,784,296	47,062,726	(19,452,042)			
9910201	Conditional Allocation for Rehabilitation of Youth Polytechnics	63,063,298	66,289,894	72,918,883	80,210,772				
9999999	C.R.A Equitable Share	10,476,150,000	9,748,200,000	10,723,020,000	11,795,322,000	(727,950,000)	-6.9%	10.0%	10.0%
	SUB TOTAL	**18,650,107,075**	**11,302,135,116**	**12,074,848,628**	**13,282,333,490**	**(7,347,971,959)**	**-39.4%**	**40.0%**	**40.0%**
	GRAND TOTAL	**21,750,107,075**	**14,502,135,116**	**15,412,848,628**	**16,764,573,490**	**(7,247,971,959)**	**-33.3%**	**44.3%**	**44.3%**
	Allocation For Ward Projects								
	Total Development Budget	**10,943,612,736**	**4,350,920,517**	**4,786,012,569**	**5,264,613,826**	**(6,592,692,219)**	**-60.2%**	**10.0%**	**10.0%**
	Less Development Conditional Grant	2,493,502,759	1,264,339,019	1,390,772,921	1,529,850,213	(1,229,163,740)	-49.3%	10.0%	10.0%
	Debt Resolution	209,894,510	300,000,000	330,000,000	363,000,000	90,105,490	42.9%	10.0%	10.0%
	Ongoing Projects	5,150,751,599		-	-	(5,150,751,599)	-100.0%		
	Equitable Allocation	**3,089,463,868**	**2,786,581,498**	**3,065,239,648**	**3,371,763,613**	**(302,882,370)**	**-9.8%**	**10.0%**	**10.0%**

IFMIS CODE	REVENUE SOURCE	REVISED ESTIMATES	CFSP	PROJECTIONS		ANNUAL GROWTH	% GROWTH		
		2019/2020	2020/2021	2021/2022	2022/2023		2020/2021	2021/2022	2022/2023
	County Assembly HQ Development	144,833,908	150,000,000	165,000,000	181,500,000	5,166,092	3.6%	10.0%	10.0%
	Flagship HQ development	1,397,629,960	1,236,581,498	1,360,239,648	1,496,263,613	(161,048,462)		(0)	(0)
	At least 45% of Equitable Allocation for Ward Projects	**1,547,000,000**	**1,400,000,000**	**1,540,000,000**	**1,694,000,000**	**(147,000,000)**	**-9.5%**	**10.0%**	**10.0%**
	Expenditure:								
	Current Expenditure:								
	Compensation to Employees	5,897,177,617	6,753,495,338	7,361,309,919	8,023,827,811	856,317,722	14.5%	0.0%	0.0%
	Use Of Goods And Services	4,601,112,322	3,397,719,261	3,703,513,994	4,036,830,254	(1,203,393,061)	-26.2%	0.0%	0.0%
	Grants And Other Transfers			-	-	-		0.0%	0.0%
	Other Recurrent	308,204,401		-	-	(308,204,401)	-100.0%		
	Sub Total:	**10,806,494,340**	**10,151,214,599**	**11,064,823,913**	**12,060,658,065**	**(655,279,741)**	**-6.1%**	**0.0%**	**0.0%**
	Capital Expenditure:								
	Acquisition Of Non-Financial Assets	6,767,295,374	1,386,581,498	1,648,247,182	1,989,604,542	(5,380,713,876)	-79.5%	0.0%	0.0%
	Capital Grants To Governmental Agencies	4,044,687,629	1,564,339,019	1,720,772,921	1,892,850,213	(2,480,348,610)	-61.3%	0.0%	0.0%
	Other Development	131,629,732	1,400,000,000	1,540,000,000	1,694,000,000	1,268,370,268	963.6%	0.0%	0.0%
	Sub Total:	**10,943,612,736**	**4,350,920,517**	**4,909,020,102**	**5,576,454,755**	**(6,592,692,219)**	**-60.2%**	**0.0%**	**0.0%**
	Grand Total:	**21,750,107,075**	**14,502,135,116**	**15,973,844,015**	**17,637,112,820**	**(7,247,971,959)**	**-33.3%**	**0.0%**	**0.0%**
	DEFICIT/ SURPLUS	-	0						
	PERCENT OF TOTAL BUDGET								
	Current Expenditure:	65%	70%	69%	68%				
	Capital Expenditure:	35%	30%	31%	32%				

Annex II: Trend in Growth of Equitable share of Revenue and Local Revenue FY2013/2014 – FY2020/2021

Trend in Growth of Equitable share of Revenue FY2013/2014 (Base Year) to FY2020/2021

EXCHEQUER RECEIPTS TRENDS	ALLOCATION	GROWTH	% GROWTH
2013/2014 (Base Year)	5,936,875,619	5,936,875,619	100%
2014/2015	7,082,152,961	1,145,277,342	19%
2015/2016	8,116,330,943	1,034,177,982	15%
2016/2017	8,757,624,645	641,293,702	8%
2017/2018	9,271,400,000	513,775,355	6%
2018/2019	9,451,400,000	180,000,000	2%
2019/2020	10,476,150,000	1,024,750,000	12%
2020/2021 (BPS 2020)	9,748,200,000	(727,950,000)	-8%

Trend in Growth of Own Source Revenue FY2013/2014 (Base Year) to FY2020/2021

OWN SOURCE REVENUE TRENDS	LOCAL REVENUE ACTUAL	FIF ACTUAL	TOTAL	GROWTH	% GROWTH
2013/2014 (Base Year)	1,372,049,460	427,340,768	1,799,390,228		0%
2014/2015	1,600,420,288	500,576,752	2,100,997,040	301,606,812	17%
2015/2016	1,780,782,667	514,680,175	2,295,462,842	194,465,802	9%
2016/2017	1,555,180,152	405,703,607	1,960,883,759	(334,579,084)	-15%
2017/2018	1,682,970,850	597,551,764	2,280,522,614	319,638,855	16%
2018/2019	1,853,568,733	957,002,225	2,810,570,958	530,048,344	27%
2019/2020 (Target)	2,100,000,000	1,000,000,000	3,100,000,000	289,429,042	15%
2020/2021 (Target)	2,100,000,000	1,100,000,000	3,200,000,000	100,000,000	4%

Annex III: Total Expenditure Sector Ceilings for the Period 2020/2021-2022/2023

	SECTOR	SUB SECTOR	APPROVED ESTIMATES FY 2019/2020	CFSP CEILINGS	PROJECTIONS	
				2020/2021	2021/2022	2022/2023
1	Agriculture Rural and Urban Development					
1.1		**Agriculture, Livestock and Fisheries**				
		Compensation to Employees	418,613,761	419,788,511	461,767,362	507,944,098
		Other Recurrent	172,834,414	113,141,334	124,455,467	136,901,014
		Development Gross	593,035,247	115,492,173	127,041,390	139,745,529
		Sub Total	**1,184,483,422**	**648,422,018**	**713,264,220**	**784,590,642**
1.2		**Lands, Physical Planning and Housing**				
		Compensation to Employees	104,246,792	100,266,520	110,293,172	121,322,489
		Other Recurrent	44,319,759	40,169,758	44,186,734	48,605,407
		Development Gross	2,635,203,306	149,188,885	164,107,774	180,518,551
		Sub Total	**2,783,769,857**	**289,625,163**	**318,587,679**	**350,446,447**
	SUB TOTAL (SECTOR)		**3,968,253,279**	**938,047,180**	**1,031,851,899**	**1,135,037,088**
2	Education					
2.1		**Education & Vocational Training**				
		Compensation to Employees	232,361,867	281,826,728	310,009,400	341,010,340
		Other Recurrent	230,066,884	244,550,057	269,005,063	295,905,569
		Development Gross	906,111,956	138,862,313	152,748,544	168,023,399
		Sub Total	**1,368,540,707**	**665,239,098**	**731,763,008**	**804,939,308**
	SUB TOTAL (SECTOR)		**1,368,540,707**	**665,239,098**	**731,763,008**	**804,939,308**
3	Social Protection, Culture and Recreation					
3.1		**Youth, Sports, Culture and Social Services.**				
		Compensation to Employees	111,478,562	125,826,266	138,408,892	152,249,782
		Other Recurrent	147,747,188	128,632,254	141,495,479	155,645,027
		Development Gross	234,562,371	97,585,925	107,344,518	118,078,969
		Sub Total	**493,788,121**	**352,044,445**	**387,248,889**	**425,973,778**
	SUB TOTAL (SECTOR)		**493,788,121**	**352,044,445**	**387,248,889**	**425,973,778**

	SECTOR	SUB SECTOR	APPROVED ESTIMATES FY 2019/2020	CFSP CEILINGS 2020/2021	PROJECTIONS 2021/2022	PROJECTIONS 2022/2023
4	**Energy, Infrastructure and ICT**					
4.1		**Infrastructure**				
		Compensation to Employees	130,928,523	148,057,021	162,862,723	179,148,995
		Other Recurrent	225,297,764	177,628,021	195,390,823	214,929,905
		Development Gross	2,183,127,191	430,726,346	473,798,981	521,178,879
		Sub Total	**2,539,353,478**	**756,411,388**	**832,052,526**	**915,257,779**
4.2		**ICT and E-Government**				
		Compensation to Employees			-	-
		Other Recurrent	34,684,000	45,792,500	50,371,750	55,408,925
		Development Gross	93,266,266	30,086,582	33,095,240	36,404,764
		Sub Total	**127,950,266**	**75,879,082**	**83,466,990**	**91,813,689**
	SUB TOTAL (SECTOR)		**2,667,303,744**	**832,290,470**	**915,519,517**	**1,007,071,468**
5	**Environment Protection, Water and Natural Resources**					
5.1		**Water, Environment, Energy and Natural Resources**				
		Compensation to Employees	191,205,864	235,101,636	258,611,799	284,472,979
		Other Recurrent	97,519,242	57,857,014	63,642,715	70,006,987
		Development Gross	1,423,478,100	126,956,688	139,652,357	153,617,592
		Sub Total	**1,712,203,206**	**419,915,338**	**461,906,872**	**508,097,559**
	SUB TOTAL (SECTOR)		**1,712,203,206**	**419,915,338**	**461,906,872**	**508,097,559**
6	**General Economics and Commercial Affairs**					
6.1		**Trade, Industry, Marketing and Tourism**				
		Compensation to Employees	74,321,783	69,465,835	76,412,418	84,053,660
		Other Recurrent	80,689,888	85,012,165	93,513,381	102,864,719
		Development Gross	490,689,883	117,680,892	129,448,981	142,393,879
		Sub Total	**645,701,554**	**272,158,891**	**299,374,781**	**329,312,259**
	SUB TOTAL (SECTOR)		**645,701,554**	**272,158,891**	**299,374,781**	**329,312,259**

	SECTOR	SUB SECTOR	APPROVED ESTIMATES FY 2019/2020	CFSP CEILINGS 2020/2021	PROJECTIONS 2021/2022	2022/2023
7	Health					
7.1		**Health Services**				
		Compensation to Employees	3,463,085,863	3,778,940,387	4,156,834,426	4,572,517,869
		Other Recurrent	2,055,014,386	1,213,803,926	1,335,184,319	1,468,702,750
		Development Gross	1,169,793,892	761,042,261	837,146,487	920,861,136
		Sub Total	**6,687,894,142**	**5,753,786,574**	**6,329,165,232**	**6,962,081,755**
	SUB TOTAL (SECTOR)		**6,687,894,142**	**5,753,786,574**	**6,329,165,232**	**6,962,081,755**
8	**Public Administration and National/Inter County Relations**					
8.1		**Office of the Governor and Deputy Governor**				
		Compensation to Employees	76,774,574	90,000,000	99,000,000	108,900,000
		Other Recurrent	239,049,685	204,905,792	225,396,371	247,936,008
		Development Gross	118,210,636	50,000,000	55,000,000	60,500,000
		Sub Total	**434,034,895**	**344,905,792**	**379,396,371**	**417,336,008**
8.2		**County Treasury**				
		Compensation to Employees	491,569,087	496,164,177	545,780,594	600,358,654
		Other Recurrent	406,490,568	296,277,463	325,905,209	358,495,730
		Development Gross	412,534,770	471,000,000	518,100,000	569,910,000
		Ward Development		1,400,000,000	1,540,000,000	1,694,000,000
		Other Loans & Grants CRA		258,798,452	284,678,297	313,146,127
		Sub Total	**1,310,594,424**	**2,922,240,092**	**3,214,464,101**	**3,535,910,511**
8.3		**Public Service, Training and Devolution**				
		Compensation to Employees	522,708,404	507,561,052	558,317,157	614,148,873
		Other Recurrent	207,514,309	186,392,356	205,031,592	225,534,751
		Development Gross	61,471,478	47,500,000	52,250,000	57,475,000
		Sub Total	**791,694,191**	**741,453,408**	**815,598,749**	**897,158,624**

	SECTOR	SUB SECTOR	APPROVED ESTIMATES FY 2019/2020	CFSP CEILINGS	PROJECTIONS	
				2020/2021	2021/2022	2022/2023
8.4		**County Public Service Board**				
		Compensation to Employees	30,218,428	33,661,028	37,027,131	40,729,844
		Other Recurrent	31,840,898	45,733,762	50,307,138	55,337,852
		Development Gross	1,817,929	6,000,000	6,600,000	7,260,000
		Sub Total	**63,877,255**	**85,394,790**	**93,934,269**	**103,327,696**
8.5		**Nakuru Municipality**				
		Compensation to Employees	-	2,319,802	2,551,782	2,806,960
		Other Recurrent	-	18,800,198	20,680,218	22,748,240
		Development Gross	-	-	-	-
		Sub Total	**-**	**21,120,000**	**23,232,000**	**25,555,200**
8.6		**Naivasha Municipality**				
		Compensation to Employees	-	2,319,802	2,551,782	2,806,960
		Other Recurrent	-	18,000,000	19,800,000	21,780,000
		Development Gross	-	-	-	-
		Sub Total	**-**	**20,319,802**	**22,351,782**	**24,586,960**
8.7		**County Assembly**				
		Compensation to Employees	381,362,637	462,196,575	508,416,233	559,257,856
		Other Recurrent	601,856,599	521,022,661	573,124,927	630,437,420
		Development Gross	249,912,607	150,000,000	165,000,000	181,500,000
		Sub Total	**1,233,131,843**	**1,133,219,236**	**1,246,541,160**	**1,371,195,276**
	SUB TOTAL (SECTOR)		**3,833,332,608**	**5,227,213,318**	**5,749,934,649**	**6,324,928,114**
		Total Recurrent Gross	**10,803,801,729**	**10,151,214,599**	**11,166,336,059**	**12,282,969,665**
		Total Development Gross	**10,573,215,632**	**4,350,920,517**	**4,786,012,569**	**5,264,613,826**
		GRAND TOTAL	**21,377,017,361**	**14,502,135,116**	**15,952,348,628**	**17,547,583,490**

Annex IV: Total Recurrent Expenditure Ceilings for the Period FY2020/2021-2022/2023

VOTE	Source of Funding	APPROVED ESTIMATES 2019/2020	CFSP CEILINGS 2020/2021	PROJECTIONS	
				2021/2022	2022/2023
Office of the Governor and Deputy Governor	**Gross Allocation**	**315,824,259**	**294,905,792**	**324,396,371**	**356,836,008**
	Local Revenue	34,740,668	41,286,811	45,415,492	49,957,041
	CRA Equitable Share	281,083,590	253,618,981	278,980,879	306,878,967
County Treasury	**Gross Allocation**	**898,059,654**	**792,441,640**	**871,685,803**	**958,854,384**
	Local Revenue	91,731,593	110,941,830	122,036,012	134,239,614
	Conditional Grant	64,136,085		-	-
	CRA Equitable Share	742,191,977	681,499,810	749,649,791	824,614,770
County Public Service Board	**Gross Allocation**	**62,059,326**	**79,394,790**	87,334,269	96,067,696
	Local Revenue	6,826,526	11,115,271	12,226,798	13,449,477
	CRA Equitable Share	55,232,800	68,279,520	75,107,471	82,618,219
Public Service, Training and Devolution	**Gross Allocation**	**730,222,713**	**693,953,408**	**763,348,749**	**839,683,624**
	Local Revenue	80,324,498	97,153,477	106,868,825	117,555,707
	CRA Equitable Share	649,898,214	596,799,931	656,479,924	722,127,917
Health	**Gross Allocation**	**5,518,100,250**	**4,992,744,313**	**5,492,018,745**	**6,041,220,619**
	Local Revenue	495,560,941	549,940,750	604,934,825	665,428,308
	AIA	816,055,787	852,000,000	937,200,000	1,030,920,000
	Conditional Grant	196,944,998	212,596,097	233,855,707	257,241,277
	CRA Equitable Share	4,009,538,523	3,378,207,466	3,716,028,213	4,087,631,034
Trade, Industry, Marketing and Tourism	**Gross Allocation**	**155,011,671**	**154,477,999**	**169,925,799**	**186,918,379**
	Local Revenue	17,051,284	21,626,920	23,789,612	26,168,573
	CRA Equitable Share	137,960,387	132,851,080	146,136,187	160,749,806
Infrastructure	**Gross Allocation**	**356,226,287**	**325,685,042**	**358,253,546**	**394,078,900**
	Local Revenue	39,184,892	45,595,906	50,155,496	55,171,046
	CRA Equitable Share	317,041,396	280,089,136	308,098,049	338,907,854
Education, Vocational Training, ICT and E-Government	**Gross Allocation**	**497,112,751**	**572,169,285**	**629,386,213**	**692,324,835**
	Local Revenue	54,682,403	80,103,700	88,114,070	96,925,477
	CRA Equitable Share	442,430,349	492,065,585	541,272,144	595,399,358
Agriculture, Livestock and Fisheries	**Gross Allocation**	**591,448,175**	**532,929,845**	**586,222,829**	**644,845,112**
	Local Revenue	65,059,299	74,610,178	82,071,196	90,278,316
	CRA Equitable Share	526,388,876	458,319,667	504,151,633	554,566,796
Lands, Physical Planning and Housing	**Gross Allocation**	**148,566,551**	**140,436,278**	**154,479,905**	**169,927,896**
	Local Revenue	16,342,321	19,661,079	21,627,187	23,789,905
	CRA Equitable Share	132,224,230	120,775,199	132,852,719	146,137,991
Youth, Culture, Sports and Social Services.	**Gross Allocation**	**259,225,750**	**254,458,520**	**279,904,372**	**307,894,809**
	Local Revenue	28,514,833	35,624,193	39,186,612	43,105,273
	CRA Equitable Share	230,710,918	218,834,327	240,717,760	264,789,536

VOTE	Source of Funding	APPROVED ESTIMATES 2019/2020	CFSP CEILINGS	PROJECTIONS	
			2020/2021	2021/2022	2022/2023
Water, Environment, Energy and Natural Resources	**Gross Allocation**	**288,725,106**	**292,958,650**	**322,254,515**	**354,479,966**
	Local Revenue	31,759,762	41,014,211	45,115,632	49,627,195
	CRA Equitable Share	256,965,345	251,944,439	277,138,883	304,852,771
Nakuru Municipality	**Gross Allocation**	**-**	**21,120,000**	**23,232,000**	**25,555,200**
	Local Revenue	-	2,956,800	3,252,480	3,577,728
	Conditional Grant	-		-	-
	CRA Equitable Share	-	18,163,200	19,979,520	21,977,472
Naivasha Municipality	**Gross Allocation**	**-**	**20,319,802**	**22,351,782**	**24,586,960**
	Local Revenue	-	2,844,772	3,129,250	3,442,174
	Conditional Grant	-		-	-
	CRA Equitable Share	-	17,475,030	19,222,533	21,144,786
County Assembly	**Gross Allocation**	**983,219,236**	**983,219,236**	**1,081,541,160**	**1,189,695,276**
	Local Revenue	108,154,116	137,650,693	151,415,762	166,557,339
	CRA Equitable Share	875,065,120	845,568,543	930,125,397	1,023,137,937
SUB TOTAL		**10,803,801,729**	**10,151,214,599**	**11,120,752,277**	**12,232,827,504**

Annex V: Total Development Expenditure Ceilings for the Period FY2020/2021-2022/2023

VOTE	Source of Funding	APPROVED ESTIMATES 2019/2020	CFSP CEILINGS 2020/2021	PROJECTIONS 2021/2022	PROJECTIONS 2022/2023
Office of the Governor and Deputy Governor	**Gross Allocation**	**118,210,636**	**50,000,000**	**55,000,000**	**60,500,000**
	Local Revenue	13,003,170	7,000,000	7,700,000	8,470,000
	CRA Equitable Share	105,207,466	43,000,000	47,300,000	52,030,000
County Treasury	**Gross Allocation**	**412,534,770**	**2,129,798,452**	**2,342,778,297**	**2,577,056,127**
	Local Revenue	29,440,429	23,940,000	26,334,000	28,967,400
	Debt Resolution	144,894,510	300,000,000	330,000,000	363,000,000
	Ward Development		1,400,000,000	1,540,000,000	1,694,000,000
	Other Loans & Grants CRA		258,798,452	284,678,297	313,146,127
	CRA Equitable Share	238,199,831	147,060,000	161,766,000	177,942,600
County Public Service Board	**Gross Allocation**	**1,817,929**	**6,000,000**	6,600,000	7,260,000
	Local Revenue	199,972	840,000	924,000	1,016,400
	CRA Equitable Share	1,617,957	5,160,000	5,676,000	6,243,600
Public Service, Training and Devolution	**Gross Allocation**	**61,471,478**	**47,500,000**	**52,250,000**	**57,475,000**
	Local Revenue	6,761,863	6,650,000	7,315,000	8,046,500
	CRA Equitable Share	54,709,616	40,850,000	44,935,000	49,428,500
Health	**Gross Allocation**	**1,169,793,892**	**761,042,261**	**837,146,487**	**920,861,136**
	Local Revenue	63,016,252	15,727,064	17,299,770	19,029,747
	AIA	86,657,500	248,000,000	272,800,000	300,080,000
	Conditional Grant	510,261,376	400,706,092	440,776,701	484,854,371
	CRA Equitable Share	509,858,765	96,609,105	106,270,016	116,897,017
Trade, Industry, Marketing and Tourism	**Gross Allocation**	**490,689,883**	**117,680,892**	**129,448,981**	**142,393,879**
	Local Revenue	53,975,887	16,475,325	18,122,857	19,935,143
	CRA Equitable Share	436,713,996	101,205,567	111,326,124	122,458,736
Infrastructure	**Gross Allocation**	**2,183,127,191**	**430,726,346**	**473,798,981**	**521,178,879**
	Local Revenue	207,433,019	19,625,447	21,587,992	23,746,791
	Conditional Grant	297,372,469	290,544,581	319,599,039	351,558,943
	CRA Equitable Share	1,678,321,702	120,556,318	132,611,950	145,873,145
Education, Vocational Training, ICT and E-Government	**Gross Allocation**	**999,378,222**	**168,948,895**	**185,843,785**	**204,428,163**
	Local Revenue	102,994,642	14,372,260	15,809,486	17,390,435
	Conditional Grant	63,063,298	66,289,894	72,918,883	80,210,772
	CRA Equitable Share	833,320,282	88,286,741	97,115,415	106,826,956
Agriculture, Livestock and Fisheries	**Gross Allocation**	**593,035,247**	**115,492,173**	**127,041,390**	**139,745,529**
	Local Revenue	47,367,809	16,168,904	17,785,795	19,564,374
	Conditional Grant	162,418,798	-	-	-
	CRA Equitable Share	383,248,640	99,323,269	109,255,596	120,181,155
Lands, Physical Planning and Housing	**Gross Allocation**	**2,635,203,306**	**149,188,885**	**164,107,774**	**180,518,551**
	Local Revenue	51,206,838	20,886,444	22,975,088	25,272,597
	Conditional Grant	2,169,686,600		-	-
	CRA Equitable Share	414,309,868	128,302,441	141,132,685	155,245,954
Youth, Culture, Sports and Social Services.	**Gross Allocation**	**234,562,371**	**97,585,925**	**107,344,518**	**118,078,969**
	Local Revenue	25,801,861	13,662,030	15,028,232	16,531,056
	CRA Equitable Share	208,760,510	83,923,896	92,316,285	101,547,914

VOTE	Source of Funding	APPROVED ESTIMATES 2019/2020	CFSP CEILINGS	PROJECTIONS	
			2020/2021	2021/2022	2022/2023
Water, Environment, Energy and Natural Resources	**Gross Allocation**	**1,423,478,100**	**126,956,688**	**139,652,357**	**153,617,592**
	Local Revenue	156,582,591	17,773,936	19,551,330	21,506,463
	CRA Equitable Share	1,266,895,509	109,182,752	120,101,027	132,111,130
Nakuru Municipality	**Gross Allocation**	**-**	**-**	**-**	**-**
	Local Revenue	-	-	-	-
	Conditional Grant	-		-	-
	CRA Equitable Share	-	-	-	-
Naivasha Municipality	**Gross Allocation**	**-**	**-**	**-**	**-**
	Local Revenue	-	-	-	-
	Conditional Grant	-		-	-
	CRA Equitable Share	-	-	-	-
County Assembly	**Gross Allocation**	**249,912,607**	**150,000,000**	**165,000,000**	**181,500,000**
	Local Revenue	27,490,387	21,000,000	23,100,000	25,410,000
	CRA Equitable Share	222,422,220	129,000,000	141,900,000	156,090,000
SUB TOTAL		**10,573,215,632**	**4,350,920,517**	**4,786,012,569**	**5,264,613,826**

ANNEX VI: ADHERENCE TO FISCAL RESPONSIBILITY PRINCIPLES

In line with Article 201 of the Constitution of Kenya 2010, Section 107 of the Public Finance Management Act (PFMA), 2012 the County Government has adhered to the fiscal responsibility as envisaged in the aforementioned statutes.

1) The County Government's recurrent expenditure shall not exceed the County Government's total revenue

The County Government has always implemented a balanced budget and ensures that a maximum of 70 percent is allocated towards recurrent expenditure. Recurrent expenditures as per the Approved Estimates for the FY2018/19 and FY2019/20 excluding fiscal balance have been 64.8% and 65% of the total budget respectively.

2) Over the medium term, a minimum of 30% of the County budget shall be allocated to development expenditure

The County Government of Nakuru has over time continued to adhere to the stipulated allocation requirement of a minimum of 30 percent to its development budget. The budgeted allocation for development in the FY 2018/19 was Ksh 8.011B, 43 percent of the targeted Ksh 18.49B budget.

Nevertheless, it is important to acknowledge that despite this deliberate allocation, the actual development expenditure for the FY 2018/19 amounted to Ksh 2.610B (21percent). This shortfall may be attributed but not limited to; lateness in budget approval, procurement delays and challenges in the preparation of project designs and plans. Moving forward the County is expecting an improvement towards complying to this principle by executing changes in strategy and the recent operationalization of the Project Implementation Committee through Executive Order.

In the medium term, the County's allocation for development expenditure will stand at 30 percent in FY 2020/2021, excluding balances carried forward. Total

County development expenditure will reach Ksh 4.35 billion. Projections for FY2021/22 and 22/23 stand at 31% and 32% respectively.

3) **The County Government's expenditure on wages and benefits for public officers shall not exceed a percentage of the County Government revenue as prescribed by the regulations.**

Section 25(1) (b) of the PFM (County Governments) Regulations, 2015 requires that County Governments' wage bill shall not exceed 35 percent of their total revenue.

In 2018/19, actual expenditure on wages and benefits for public officers amounted to Kshs 5.989 billion, an increase of about 2% (Kshs 132 million) from the 2017/18 actual expenditure of Kshs 5.856 billion. Further, a retrospective view into expenditure for FY 2016/17 show that actual expenditure for personnel cost amounted to Kshs 5.110 billion which depicts an increasing trend. Cognizant of this, the County Government undertook a staff audit in 2018 and found serious gaps in staffing at technical levels. It is important to note that with the County's fully devolved functions such as Early Childhood Education, Health, Agriculture and Infrastructure development there is still increasing pressure for more personnel within these departments. This will be further exacerbated by the creation of the two municipal bonds, which might require additional staffing. In addition, other extraneous factors including worker CBAs, salary harmonization by the Salary and Remuneration Commission (SRC) and Court awards on employee compensations may impact negatively on the County wage bill in the years to come. The wage bill in the FY 2020/21 is estimated at 46% of the county budget.

It is expected that in light of this status Nakuru County Government will continue to work towards rightsizing the County staff establishment to enable the County to be within the given legal thresholds. The entry of new County Public Service Board is also expected to assist in ensuring that prudent recruitment of new staff will be carried out.

4) **Over the medium term, the County Government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.**

Nakuru County Government has continued to ensure that it maintains a rationalized and balanced budget. Deliberate efforts exercised by the County enabled the clearance of any existing loans and as a result, the County is also working towards sorting the remainder of existing pending bills.

The County is committed to comply to this principle through ensuring that borrowings; if any will be informed by the County Debt Management Strategy Paper.

5) **Public debt and obligations shall be maintained at a sustainable level as Approved by County Government (CG)**

Section 107(2) and 107 (4) of the PFM Act provide guidance on matters concerning sustainable debt. It is expected that County debt be maintained at sustainable levels and does not exceed a percentage of its annual revenue in respect of each financial year by resolution of the County Assembly.

Nakuru County's pending bills as at 30th June 2018 were subjected to a special audit instituted by the Office of the Auditor General on request by the Office of the Controller of the Budget. This resulted into the categorization of the bills into eligible and ineligible pending bills and a subsequent reduction in the County's pending bills in the FY 2018/19. In addition, Kshs 121.7 million was utilized in repaying debts representing a 65% utilization rate. It is also important to note that cash flow constraints with respect to National transfers of funds is also a major derailment to the prompt settlement of existing debts.

In its commitment towards reducing pending bills, the County has constituted and gazetted a Pending Bills Committee as directed by Controller of Budget which will continuously analyze pending bills and provide report on the same regularly. This measure in addition to prudent financial management and improved credibility of the budget associated with realistic revenue estimates is expected to ensure that the County continues to maintain a balanced budget ensuring realistic revenue estimates which equals total expenditure with the aim of limiting the level of pending bills.

In addition, the focus will be on ensuring the reduction of current debt through servicing of pending bills.

6) Fiscal risks shall be managed prudently

The County Government has improved its macroeconomic forecasts and regularly reviews the impact of macroeconomic projections and its implications to the budget. The County government will continue to put measures in place to enhance revenue collection, majorly through automation and widening of revenue bases. Expenditure rationalization will also be continuously pursued.

7) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future

The County Government coordinates the collection of its local revenue to provide for revenue raising measures relating to County taxes, licenses, fees and charges through the preparation of the annual Finance Act. The County's realistic own source revenue targets have generally registered improvements in the County's revenue performance over the medium term.

The County Government expects to maintain a strong revenue effort at 40 and 60 percent of estimated revenue of Kshs 3.1 billion in the first and second half of fiscal year 2019/20. To achieve this effort the County intends to develop a revenue enhancement plan, implement proposed measures in OSR framework document developed by the National Treasury and the 2019 Finance Act. Further, the operationalization of the recently established external resource mobilization unit and legislative reviews of the current revenue related laws through the Finance

Act 2020 are reforms the County will also adopt with the aim of strengthening local revenue performance.

In addition, the County Government will offer tax relief incentives and widen the tax base.

ANNEX VII: STATEMENT OF SPECIFIC FISCAL RISKS

This section provides an assessment of fiscal risks that the County is exposed to that may affect the achievement of the macroeconomic targets and objectives detailed in this fiscal strategy paper. The fiscal risks arise from assumptions that underlie fiscal projections the growing wage bill, pending bills, magnitude of development projects, the pension scheme for staff among others.

I. The continuous growth in share of compensation to employees poses the greatest fiscal risk yet to the County budget outlook in the next MTEF period. The County has overtime exceeded the fiscal responsibility of 35% in its expenditure on wages and benefits for public officers. This is likely to further be exacerbated by the growing needs among County Departments to recruit key technical staffs, as recommended in the PWC Staff Audit of 2018. The operationalization of the Naivasha and Nakuru Municipal Boards might also require additional staffing.

II. Roll over of projects continue to expose the County to various risks including; completion, political and reputational risk due to increased magnitude of projects to be implemented in a subsequent year. This also increases the possibility of redundancy and obsoleteness as a result of projects losing relevance due to prolonged period to completion. This phenomenon invokes non-compliance to the Value of Money principle.

III. At the County level, BBI Campaigns are likely to slow down County operations particularly performance of Own source revenues, in the medium term. The transitional period will also pose a high staff turnover, leading to disruption of service delivery.

IV. At the national level, increasing level of national debt, shift to commercial debt and the consequent debt servicing costs will impact negatively on the funds allocated to Counties, due to reduction in shareable revenues. The growth in equitable share to County Governments has been dwindling over time.

V. The reclassification of a substantial amount of ineligible pending bills as eligible will pose an operational risk associated with delayed disbursement tied to their settlement.
VI. Decline in funding under loans and grant in the 2020 BPS will adversely impact on the operationalization of newly constituted urban entities of Nakuru and Naivasha Municipalities.
VII. Operationalization of the contributory pension scheme for staff devolved from the national government who were previously under the non-contributory scheme in line with County Government Retirement Benefit Scheme Act of September 2019 may pose a risk to the County.
VIII. The operationalization of the recently established Nakuru and Naivasha Municipal Boards poses a risk of increase in the County's recurrent expenditure.

Annex VIII: Sector Composition and Sector Working Groups for MTEF Budget 2020/2021-2022/2023

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

Annex IX: CFSP 2020 Public Hearings Highlights

SECTOR	ISSUES RAISED	FEEDBACK
Agriculture, Rural and Urban Development	What measures are being taken to curb occurrence of the locust disaster	✓ Extension officers have been trained on details about locusts. ✓ Creating awareness to the community assistance ✓ There is continuous collaboration between the national government and the County government on the same ✓ The County has pesticides ready in stock.
	Youth unemployment	✓ Cultural interferences (elders still holding land thus limiting youth employment opportunities) ✓ The County will work towards the provision of subsidies ✓ Provision of linkages to associations that will to work with youth groups
	What possibility of fish farming in Kuresoi. Production of fish in lake Solai	✓ The areas climatic conditions do not support fish farming. ✓ Fish farmers are sensitized on types of fish to keep ✓ Production of fish in Solai is in its early stages and is progressing well. ✓ The sector will follow up on the quantity of fish produced and where it's taken or sold.
	Inadequate slaughter houses in Kuresoi North	✓ The Sector intends to encourage people to put up slaughter houses
	Promote PWDs participation in bee keeping	✓ The Sector will offer training to willing PWD groups ✓ PWDs are encouraged to organize themselves in groups to improve access to training on the same.
	Inadequate staff	✓ There Sector intends to recruit more officers
	Sale of counterfeit milk within the County	✓ The subsector will enhance quality control to be done by the dairy board. ✓ The public was advised to buy milk from identified sellers and report illegal milk stockists
	How the County government intends to ensure that agricultural land is not grabbed for settlement.	✓ The Sub Sector is putting measures to limit sale of land meant for farming.
	Unlawful land acquisition Management of County Estates	✓ Inadequate funds for surveying purposes hindered the subsector from carrying out effective surveys however this is the subsector's priorities

SECTOR	ISSUES RAISED	FEEDBACK
		✓ The subsector intends to take legal action on any unlawful land acquisition ✓ The subsector encourages public participation to generate views on how to revitalize the County's Estates ✓ Residents are reluctant to paying land rates but CG will take necessary measures in collecting rates
	No issuance of land titles in Bahati as promised	✓ 60,000 title deeds already issued ✓ The sector is in the process of generating more titles deeds
	Plot disputes due to fraudulent practices during purchasing	✓ Surveying before purchases are not properly done by individuals. ✓ Disputes can be settled through use of ATR (arbitration) together with land administrators of county
	Inadequate measures/regulation taken to control the sale of small land portions	✓ CG to start developing public lands e.g. Start from Flamingo Area ✓ Redeveloping of Nakuru Town is in County plans ✓ Implementation of the municipal plans ✓ County spatial Plan is in progress of being implemented ✓ Existing intergovernmental challenges – the national government has a major play in land subdivision (issuance of title deeds, land survey)
Health	Inadequate staff in subcounty hospital levels Ngata bridge hospital built and never in operation Need to train staff on management	✓ The Sector government still in process of employing more staff ✓ Funds were only allocated for construction and not recruitment however the sector is working towards operationalization of the same. ✓ Hospital management teams are being trained ✓ Staff in dispensaries are yet to be trained
	Accident victims not receiving emergent and free treatments Delays in emergency surgeries	✓ Patients have the right to emergency treatment and surgeries ✓ There may be operational challenges in cases where emergencies surgeries maybe delayed e.g. equipment unavailability
	Inadequate awareness for the public and in schools on drug and substance abuse	✓ The sector is working towards increase awareness campaigns

SECTOR	ISSUES RAISED	FEEDBACK
	Lack of some services in dispensaries	✓ Provision of health services and medication available at dispensary levels is guided by national health policy.
	Inadequate compensation of CHVs	✓ Insufficient funds for regular compensation CHVs
	Inadequate ambulances	✓ The Sector plans has been set to add more ambulances
	Improve services for mentally ill people on the streets Measures to handle them	✓ The sector is enhancing capacity building is for staff to facilitate treatments and more consultations ✓ Inadequate funds to fully tackle mental health services
Social Protection	Underutilization of culture and social services facilities	✓ Public facilities are in operation and youth are free to access. ✓ Any assistance required be sought from county cultural and recreation department ✓ The County Government intends to develop more modernized art hubs which are youth friendly
	Land dispute yet the lib is 70% complete	✓ The land dispute emerged as the lib construction had already progressed. There are legal processes that are being taken to handle the issue
	Under development of sport centres/stadium Training of youth to start from early age	✓ There are plans to develop Afraha stadium to a modern and international stadium. ✓ The development of a County sports policy will help articulate the setting up of sports centers
	Enhance public participation on the funds to PWD allocation	✓ PWD Work Plan has been set up and the Department will mobilize PWDs and engage them ✓ CG to Finance PWD to enable them setup businesses
	Allocation of funds full of corruption	✓ Legal framework is followed in funds allocation ✓ Youth empowerment policy is being developed and will be implemented do address such issues
Education	Inadequate ECD teacher remuneration	✓ The Sector is only in charge of remuneration of County employed ECD teachers
	Enhance quality assurance	✓ Every sub county has education coordinators who work with the ministry of education to ensure quality delivery in education.
	Is the County prepared for the Competency Based Curriculum	✓ The Sector is well prepared to implement the new curriculum from the grassroots.

SECTOR	ISSUES RAISED	FEEDBACK
Energy, Infrastructure and ICT	Is there a way to ensure the county staff have reported to work	✓ The Sector intends to come up with a biometrics gadget where the staff can sign in and sign out.
	Utilization of public digital centres	✓ The sector intends to collaborate with vocational training to provide digital services. ✓ The subsector will enhance existing digital centres to enables training and nurturing talents
	Qualifications to join AJIRA	✓ AJIRA is open to anyone as long as the person knows how to use a computer.
	Mitigation measures of floods in hells gate park	✓ Hells Gate is under the jurisdiction of KWS and not the County
	Poor condition of various roads	✓ The sector faces various budgetary challenges in maintenance of County roads. However, it is still working towards improvement of various County roads
PAIR	Recruitment	✓ The subsector is in charge of deployment of staff and not recruitment
	Accrued debt due to legal services	✓ The legal department intends to enhance its establishment to effectively handle the I cases and this includes recruitment.
	Enhance public awareness on public participation	✓ The civic education unit intends to improve its services in this area
	How can the community complain about non-working staff.	✓ The public was encouraged to submits complains to the department through the use of the complaints box
	Are there funds set aside to improve the environment status	✓ The board is the process of making plans, programmes and projects to improve our environment.
	Duplication of duties among the departments.	✓ County government and the board of management work as an agency, boards are given duties by the county government and work together hence similar duties.

Annex X: Nakuru County Budget Calendar for the FY 2020/2021

	ACTIVITY	RESPONSIBLE	DEADLINE
1	**Performance Review and Strategic Planning**	**County Treasury**	July-Aug 2020
	1.1 Develop strategic plans	**Departments**	"
	1.2 Prepare Annual Development Plans	"	"
	1.3 Expenditure review	"	"
	1.4 Preparation of Annual Work plans	"	"
2	**Develop and Issue County Budget Guidelines**	**County Treasury**	30th Aug 2020
3	**Annual Development Plan submitted to County Assembly**	**County Treasury**	1st Sept. 2020
4	**Launch of Sector Working Groups**	**County Treasury**	8th Sept. 2020
5	**Determination of Fiscal Framework**	**Macro Working Group**	11th Sept. 2020
	5.1 Estimation of Resource Envelop	**County Treasury**	"
	5.2 Determination of policy priorities	"	"
	5.3 Preliminary Resource allocation to Sectors, Assembly & Sub Counties	"	"
	5.4 Draft County Budget Review and Outlook Paper (CBROP)	"	21st Sept. 2020
	5.5 Submission and approval by County Executive Committee	"	30th Sept. 2020
	5.6 Tabling of CBROP to County Assembly	"	9th Oct. 2020
	5.7 Capacity building on MTEF Programme Based Budget and Sector Reports	"	12th-16th Oct 2020
6	**Preparation of County Sectoral Budget Proposals**	**Line Ministries**	
	6.1 Draft Sector Report	Sector Working Group	28th Oct. 2020
	6.2 Submission of Draft Sector Report to County Treasury	Sector Working Group	30th Oct. 2020
	6.3 Review of draft Sector Report Proposals	Macro Working Group	2nd-6th Nov 2020
7	**Stakeholders/Public Participation**	**Treasury/ Departments**	November 2020
8	**The 2020/2021 Supplementary Budget**		
	8.1 Develop and issue guidelines on the 2019/20 Revised Budget	County Treasury	November 2020
9	**Draft Budget Estimates/ County Fiscal Strategy Paper (CFSP)**	**Macro Working Group / Departments**	
	9.1 Submission of Draft Budget Estimates and Final Sector Reports	Departments	31st Jan. 2021
	9.2 Public sector hearings on CFSP 2020	Macro Working Group	18th-22nd Feb. 2021
	9.3 Budget hearings on Draft Budget Estimates	Macro Working Group	18th-22nd Feb. 2021

	ACTIVITY	RESPONSIBLE	DEADLINE
	9.4 Submission of Draft CFSP & Debt Paper to County Executive Committee for approval	County Treasury	19th Feb. 2021
	9.5 Submission of CFSP to County Assembly for approval	County Treasury	28th Feb. 2021
	9.6 Submission of Debt Management Strategy Paper to County Assembly for approval	County Treasury	28th Feb. 2021
10	**Preparation and approval of Final Departments' Programme Budgets**		
	10.1 Issue final guidelines on preparation of 2020/21 County Budget	County Treasury	8th March, 2021
	10.2 Public Participation for identification of Ward based projects	County Treasury	March 2021
	10.3 Submission of Departmental Budget proposals to County Treasury	Line Departments	31st March, 2021
	10.4 Consolidation of the Departmental Budget Estimates and uploading to IFMIS Hyperion System	County Treasury	5th – 23rd April, 2021
	10.5 Submission of Original Budget Estimates for County Government to County Assembly	County Treasury	30th April, 2021
	10.6 Review of Original Budget Estimates by Departmental Committees	County Assembly	May, 2021
	10.7 Report on Original Budget by Budget and Appropriations Committee (County Assembly)	County Assembly	24th May, 2021
11	11.1 Preparation of Annual Cashflow	County Treasury	7th-11th June 2021
	11.2 Submission of Annual Cashflow to Controller of Budget	County Treasury	15th June, 2021
	11.3 Submission of Appropriation Bill to County Assembly	County Treasury	15th June, 2021
	11.4 Resolution of County Assembly on Estimates and Approval	County Treasury	25th June, 2021
	11.5 Budget Statement	County Treasury	25th June, 2021
	11.6 Appropriation Bill Passed	County Assembly	30th June, 2021