



REPUBLIC OF KENYA

COUNTY GOVERNMENT OF NYERI

COUNTY TREASURY

COUNTY FISCAL STRATEGY PAPER

2017

***CONSOLIDATING ECONOMIC GAINS IN AN
ENVIRONMENT OF HEIGHTENED DEMAND FOR
DEVELOPMENT***

JANUARY, 2017

Foreword

The 2017 County Fiscal Strategy Paper (CFSP) is prepared against the Country's strong economic growth of 5.6 percent in 2015 compared to the average growth of 3.4 percent for Sub Saharan Africa and 3.2 percent for global economy. Further, the Country's macroeconomic performance remains broadly stable with overall inflation within target, Kenya Shilling exchange rate to the US dollar remaining stable and low short term interest rates, a reflection of ample liquidity in the money market. The economy is projected to grow at 6.0 percent in 2016 and over 6.5 percent in the medium term.

This CFSP, 2017, also comes at the brink of completion of the first County Integrated Development Plan (CIDP), 2013-2017. The preparation of the second generation County Integrated Development Plan, will commence immediately after the mid-term review of the current CIDP slated for January-February, 2017. The review will take stock of the milestones achieved so far and transiting to the CIDP 2018-2022. The second generation CIDP will be aligned to the third Medium Term Plan (MTP III) of the Kenya Vision 2030 for the period 2018-2022

As such, the policy goals, priority programs and fiscal framework in this CFSP are revised to reflect emerging realities and priorities in the CIDP 2013-2017. The CIDP 2018-2022 will mainstream the Sustainable Development Goals (SDGs) based on key thematic areas that include advocacy and awareness creation; domestication and localizing SDGs; capacity building; stakeholder mapping and engagement; monitoring and reporting, and resource mobilization.

The fiscal framework will ensure sustainable debt and improvement in expenditure management. In particular, we plan to gradually lower our fiscal deficit (by closing the gap between revenue and expenditure), over the medium term, while at the same time providing sufficient room to finance productive expenditure so as to achieve and sustain equitable growth. Further, expenditures will be scrutinized carefully to ensure

quality and alignment to the county's economic transformation agenda as outlined in the CIDP and strategic interventions of county interest.

This being the fourth CFSP since the onset of the economic transformation agenda, tremendous achievements have been realized from the past investments. These include among others: improved infrastructure particularly upgrading of roads to all weather standards (where we are almost covering all earth service roads) and opening up new ones, installation of street lights in major trading centers among other social economic initiatives. We have also greatly improved the business environment for investment opportunities, enhanced security through community policing and adherence to AGPO by youth and women.

Going forward, spending on roads, water, education, health and social safety net remains a priority. Implementation of priority programs will be monitored closely so as to realize benefits and maintain positive growth momentum, create jobs, reduce poverty and inequality.

Due to the fact that the General Elections will be held in August 2017, this CFSP, 2017 is prepared against a revised/ restructured calendar in order to align it to this change to avoid delays that could arise from election related activities.

The policy intentions outlined in this CFSP are a product of wide consultations with relevant stake holders. I would like to thank the entire County leadership for steering the preparation of this document. To the staff of the County Treasury and other county officials, *Asante Sana* for your contributions and understanding as we build a united and prosperous Nyeri.



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Acknowledgement

The 2017 Nyeri County Fiscal Strategy Paper (CFSP) is prepared in accordance with the Public Finance Management (PFM) Act, 2012. It outlines the current state of the economy and outlook over the medium term, broad macroeconomic issues and medium term fiscal framework, the set strategic priorities and policy goals together with a summary of county spending plans, as a basis of the FY 2017/18 budget. The document is expected to improve the public's understanding of county's public finances and guide public debate on economic and development matters.

Over the 2014/15-2016/17 Medium Term Expenditure Framework (MTEF), the county has funded priority programs that are supportive of accelerated inclusive growth and development. The programs are carefully assessed before funding to ensure they are in line with the broad economic transformation agenda. The key programs implemented are aimed at creating conducive business environment, developing infrastructure to support marketing and access, transforming agriculture, provision of better social services and rural development.

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

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

The preparation of the CFSP, 2017 was a concerted effort among all county departments who provided valuable and credible information. We appreciate their inputs in this noble course as a critical process of the county budget preparation. Special thanks go to the office of the County Secretary, all the Chief Officers, County Directors and various county officials especially from the department of Public Administration, Information and Communication who dedicated their valuable time to ensure the success of the public participation forums held, in all the sub counties on 30th November, 2016, to collect information for the preparation of the CFSP, 2017. Special appreciation goes to the CFSP coordinating team that worked tirelessly throughout to transform raw data gathered from public participation forums and county departments to this refined document.

As it is the responsibility of County Treasury to ensure timely submission of the CFSP a team from the department of Finance and Economic Planning spent valuable time to put together this strategy paper. These officers included the Chief Officer of Finance and Accounting, Richard Kimani. Other team members included Lucy Kirigo, Gibson Mwangi and Chris Gathogo whose tireless effort enabled the successful completion of the CFSP, 2017.



FRANCIS MARANGA KIRIRA

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List of Abbreviations

ASK	Agricultural Society of Kenya
ATC	Agricultural Training Centre
BPS	Budget Policy Statement
CFSP	County Fiscal Strategy Paper
CGN	County Government of Nyeri
CIDP	County Integrated development Plan
CRA	Commission on Revenue Allocation
ECDE	Early Childhood Development Education
ESP	Economic Stimulus Program
FIF	Facility Improvement Fund
FY	Financial Year
ICT	Information and Communication Technology
ICU	Intensive Care Unit
IFMIS	Integrated Financial Management and Information System
MTEF	Medium Term Expenditure Framework
OSR	Own Source Revenue
PFM	Public Finance Management
TOL	Temporary Occupation License
USD	United States Dollar
WRUA	Water Resource Users Association

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Legal Basis for the Publication of the County Fiscal Strategy Paper

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

- 1) The County Treasury shall prepare and submit to County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by 28th February of each year.
- 2) The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.
- 3) In preparing the County Fiscal Strategy Paper, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the county government in preparing their budget both for the coming financial year and over the medium term.
- 4) The county treasury shall include in its County Fiscal Strategy Paper the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term.
- 5) In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of -
 - (a) the commission of revenue allocation;
 - (b) the public;
 - (c) the interested persons or groups;
 - (d) Any other forum that is established by legislation.
- 6) Not later than fourteen days after submitting the County Fiscal Strategy Paper to the county assembly, the county assembly shall consider and may adopt it with or without amendments.
- 7) The County Treasury shall consider any recommendations made by the county assembly when finalizing the budget proposal for the financial year concerned.
- 8) The County Treasury shall publish and publicize the County Fiscal Strategy Paper within seven days after it has been submitted to the county assembly.

Fiscal Responsibility Principles for the National and County Governments

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

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

I CONSOLIDATING ECONOMIC GAINS IN AN ENVIRONMENT OF HEIGHTENED DEMAND FOR DEVELOPMENT

1.1 Overview

1. The County Fiscal Strategy Paper (CFSP) is a policy document that sets out the broad strategic priorities and policy goals that will guide the county departments in preparing their budgets both for the following financial year and over the medium term.
2. In this County Fiscal Strategy Paper, 2017, the fourth to be prepared under the devolved governance structures, adherence to the fiscal responsibility principles has been maintained to ensure prudent and transparent management of public resources in line with the Constitution and the Public Finance Management (PFM) Act, 2012.
3. Section 117 of the PFM Act, 2012 provides that the County Treasury shall prepare and submit to County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by 28th February of each year. Not later than fourteen days after submitting the County Fiscal Strategy Paper to the county assembly, the county assembly shall consider and may adopt it with or without amendments. The County Executive Committee shall take into account resolutions passed by County Assembly in finalizing the budget for the relevant financial year. The budget calendar for the FY 2017/18 has been adjusted to take into account the general elections to be conducted in 2017 thus early preparation of the CFSP.

4. The CFSP,2017, contains:

(a) an assessment of the current state of the economy and the financial outlook over the medium term, including macroeconomic forecasts;

(b) the financial outlook with respect to County revenue and expenditures for the next financial year and over the medium term;

(c) the proposed expenditure ceilings for the county departments

(d) the fiscal responsibility principles and financial objectives over the medium term including limits on total annual debt;

5. Domestically, despite the improvements in growth over the last few years, we are yet to reach our optimal levels and hence the need to tackle the challenges that hinder us from operating optimally. Some of the constraints as identified in the previous CFSP's include: business environment; infrastructure; water; agriculture; devolution and social services. The county government therefore, requires focused measures aimed at tackling the constraints and advancing structural reforms, in line with national policies, to substantially unlock the growth potential and reduce unemployment and poverty.

6. In this regard, implementation of the Vision 2030, and in particular the five pillars of the economic transformation agenda, namely: creating conducive business environment; developing infrastructure for growth of industries; transforming agriculture to sustain growth; supporting manufacturing to create employment; investing in quality, accessible and relevant social services; and enhancing rural economic development through consolidating gains made in devolution will ensure that the county makes social progress and build a competitive economy.

7. This CFSP therefore builds on the commitments made by the county government in the last CFSP of implementing projects and programs to raise productivity and economy-wide efficiency, thereby sustaining high and inclusive growth in line with aspirations of Vision 2030. This will create opportunities for

productive jobs in Nyeri County. It therefore, reiterates the ongoing County's priority programmes and structural reform measures to be implemented over the Medium Term.

1.2 Sustaining Conducive Business Environment for Investment Opportunities in Nyeri

8. This thematic area continues to focus on sustaining conducive business environment by maintaining macroeconomic stability and enhancing security so as to promote sustainable growth and encourage investment opportunities in the country.

Macroeconomic Stability for Sustained Growth and Development

9. Macroeconomic stability is key to sustained and inclusive development. In order to sustain this development, the county government will continue to implement prudent fiscal policies that are supportive of accelerated inclusive growth and development.

10. To ensure accelerated and sustainable growth, the CFSP recognizes the need to efficiently apply the limited resources on priority programs with the highest impact on the community, but within a medium term framework of sustainable debt and strong financial position. As outlined in CFSP, 2016, this will be achieved by further rationalization and alignment of programs and resources to the priorities outlined in County Integrated Development Plan-2013-2017.

1.3 Continued spending in Infrastructure to Unlock Constraints to Growth

11. In order to support a rapidly-growing economy as envisaged in the Kenya Vision 2030, the Government will continue to sustain and expand the on-going public investments in roads, health, energy and water supplies.

Upgrading County Roads

12. Great strides have been made in the road improvement and rehabilitation which include opening up of new roads, rehabilitation and maintenance of existing roads.

13. Over the medium term, the strategy is to upgrade and maintain the road surface in order to have an effective, efficient and secure road network. Further, we aim to strengthen the institutional framework for road development and accelerate the speed of completion of road upgrading programme.

14. To this effect, in the FY 2017/18 the county government has earmarked to gravel 8 kilometres per ward and an extra 10 kilometres as affirmative action per ward in Kieni to facilitate efficient movement of goods and persons.

Energy

15. The county has continued to invest heavily in the energy sector. The most notable achievement is the installation of street lights in major trading centres thus improving security and enhancing the working environment of the business community.

Health

16. Health being one of the five broad areas of the county's economic transformation, massive investment has been made through highly motivated staff and provision of medicine and affordable ambulance services, whenever necessary, and shifting from curative to preventive services especially for the non-communicable diseases. The health sector aims to achieve the highest possible health standards in line with the population needs through supporting provision of equitable, affordable and quality health and related services to all citizens.

Water

17. In order to reduce dependence on rain fed agriculture, the county has continued to invest in provision of clean water for domestic use and irrigation. This will positively impact on the financial strength of the farmers thereby improving their purchasing power.

1.4 Prioritizing Development

18. In the Fiscal Year 2017/18, the County Government will continue receiving support from the National Government so as to improve on service delivery as visualised in the constitution. In addition, the County Treasury will continue to ensure prudent utilisation of financial resources as outlined in the Public Finance Management Act, 2012 and its resultant regulations. Continuous capacity building of personnel on emerging issues relating to financial management will continue being prioritized.

Structural Reforms

19. The county government is committed to strengthen prudence in expenditure and improve the efficiency of public spending through public financial management reforms aimed at promoting productivity, transparency and accountability in order to create fiscal space for priority social and investment projects and to improve governance in the public sector.

20. The county government will remain focused on enhancing own revenue collection through automation e.g. the introduction of the electronic single business permit that is currently being piloted and the procurement of automated revenue collection system in the health sector. Other measures will be initiated to ensure optimal levels of county revenue collection.

21. It will also continue capacity building on public finance management to simplify budget preparation, implementation, monitoring and reporting. This will incalculably reduce the challenges faced in administration of programme based budget.

Outline of the 2016 County Fiscal Strategy Paper

Recent Economic Developments and Outlook

22. The next section (II) outlines the economic context in which the FY 2017/18 budget is prepared. It provides an overview of the recent economic developments.

Fiscal and Budget Framework

23. Section III outlines the fiscal framework that is supportive of growth over the medium-term, while continuing to provide adequate resources to facilitate development and ensuring that the public debt will be sustainable.

Departmental Allocation of Resources

24. Section IV provides a framework for the proposed allocation of resources between county departments.

County Budget Framework

25. Section V presents the resource envelope and spending priorities for the proposed FY 2017/18 Budget and the Medium Term Expenditure Framework. Departmental achievements and priorities are reviewed for the FY 2016/17.

26. Section VI provides conclusions.

II RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

2.1 Overview

27. Kenya's macroeconomic performance remains broadly stable despite the global economic slowdown. The economy's growth momentum has been strong supported by significant investment in infrastructure, construction and mining

sectors, strong recovery in tourism, lower energy prices, and improved agricultural production following improved weather conditions. Inflation is within the target band due to prudent monetary policy management while interest rates are low and stable.

28. Improved export earnings from tea and horticulture, reduced import bill of petroleum products due to lower oil prices, resilient diaspora remittances and improved tourism performance led to a narrower current account deficit. The narrowing of the current account deficit together with strong capital inflows led to a stabilization of the shilling in the foreign exchange market, and also allowed the accumulation of international reserves.

29. Going forward, the economy is projected to expand further by 6.0 percent in 2016 and above 6.5 percent in the medium term supported by strong output in agriculture with a stable weather outlook, continued recovery of tourism and completion of key public projects in roads, rail and energy generation. In addition, strong consumer demand and private sector investment as well as stable macroeconomic environment will help reinforce this growth.

2.2 Recent Economic Developments

Global Economic developments

30. The global economic growth outlook remains subdued in 2016, though expected to recover gradually in 2017 and beyond. The new shocks to the outlook include: Britain's referendum result in favor of leaving the European Union; ongoing realignments among emerging and developing economies, such as adjustment of commodity exporters to a protracted decline in the terms of trade; slow-moving trends, such as demographics and the evolution of productivity growth; as well as noneconomic factors, such as geopolitical and political uncertainty.

Domestic Economic Developments

31. The Kenyan economy has sustained its robust growth in the past decade supported by significant structural and economic reforms. The economy grew by 5.6 percent in 2015 compared to 5.3 percent growth in 2014. The economy further improved and grew at 6.2 percent in quarter two of 2016 up from 5.9 percent growth registered in quarter one of 2016.

32. On average, GDP per capita for Kenya at US\$ 1,105.8 is the highest in the East African Community sub region. The high and resilient GDP per capita is due to the diversified nature of the Kenyan economy.

Inflation Rate

33. Overall month to month inflation rose slightly to 6.47 percent in October 2016 from 6.34 percent in September 2016 due to increase in food prices. The annual average inflation rate at 6.5 percent in the year to October 2016 was within the target range of 2.5 percent on either side of the 5.0 percent target

Kenya Shilling Exchange Rate

34. The Kenya Shilling exchange rate has continued to display relatively less volatility compared with the major regional currencies and strengthened by 1.4 percent for the period October 2015 to October 2016. The stability of the Kenya shilling exchange rate reflects improved export earnings from tea and horticulture, a reduction in the imports of petroleum products due to lower oil prices, resilient Diaspora remittances and improved tourism performance.

Interest Rates

35. In Kenya, short term interest rates remained low due to the improvement of liquidity conditions in the money market. The interbank rate declined to 4.1 percent in October 2016 from 4.9 percent in September 2016 and 21.3 percent in September 2015, while the 91-day Treasury bill rate declined to 7.8 percent from 8.1 percent and 14.0 percent over the same period..

Agriculture

36. The County Government has revitalized the delivery of agriculture and livestock extension services. As a result, more farmers are able to access these services across the County. Approximately 83,000 farmers have attended training at Wambugu Agricultural Training Centre (ATC), over 90,000 farmers trained during the ASK Show / Trade fair at Kabiru-ini Grounds and 356 field days held across the 8 Sub-Counties.

37. The County Government has so far procured and distributed to farmers 36.2 tonnes of maize seeds, 14 tonnes of bean seeds and 7.2 tonnes of wheat seeds. Additionally 24,716 bags of fertilizer were procured and distributed to farmers in order to subsidize their cost of production.

38. The County Government's efforts to improve livestock breeds and increase milk yields have been scaled up with the launch of free AI program. So far a total of 4,424 farmers have benefited from this initiative. In addition, to keep zoonotic diseases at bay, the County Government has rehabilitated 2 cattle dips, replenished 32 with acaricides and undertaken vaccination of 144,876 cattle, 26,853 goats, 24,279 sheep, 14,349 dogs, 251 cats and 87 donkeys.

39. The County has over 2,400 active fish farmers. The County Government has supported re-stocking of over 800 ponds and 10 dams with 134,000 fingerlings.

Infrastructure

40. Appreciating that an efficient and reliable road network is a catalyst for social economic development, by the end FY 2015/2016, the County Government had graded 987 kilometres and gravelled 848 kilometres of earth roads and constructed 11 footbridges.

41. The County Government procured plant and equipment including 4 graders, 2 rollers, 1 low-loaders, 2 excavators, 3 tippers and 4 pickups that have been instrumental in ensuring continuous repair, improvement and

maintenance of County roads. This has reduced the cost of road maintenance and improved the turnaround time for repairs.

Energy

42. The lighting program has covered trading centres across all the 8 sub-Counties: Chaka, Kirichu, Giakanja, Wamagana, Gichira, Gakindu, Marua, Thunguma, Micha, Wambugu farm, Owalo-Beavers Loop, Ibau-ini St Jude , Kamakwa Ext., Outspan college road., Off Mumbi road, Tumutumumu and Kiganjo College roads.

43. The County Government has continued to maintain street lights throughout the County working in partnership with Kenya Power. A total of 15 High Mast flood lights have been repaired at the following centres: Gatitu, Ruringu, Kamakwa, Mathari, Kiawara, Blue valley, Majengo, and Jua Kali. Additionally, a total of 40 high mast floodlights have been installed in various parts of the County. Overall 70 new automated light units have been installed to replace old models. Areas covered include: Nyeri Town- Kingongo, Kangemi, Ngangarithi, Transformer Estate, Othaya Town and Kiganjo centre.

Health

44. The County Government of Nyeri has continually sought to minimize the burden of Curative services, which is very expensive, by investing in preventive and promotive health services.

45. The community health services initiative dubbed Afya Mashinani has been instrumental in increasing access to screening services for non-communicable diseases. The County Government has facilitated the training of over 2,500 Community Health Volunteers on management of non-communicable diseases as well as reproductive health, family planning and palliative care. Further, the community units have been supported with blood pressure machines and glucometers and data collection forms for reporting. Over 700 clients are

referred from the community units annually and over 140 community health dialogue days have been held annually.

46. Referrals from community health units and primary health care facilities to county hospitals have been made much easier with the county ambulance and emergency rescue services that is anchored on 8 county ambulances operating on a 24 hour basis. Access and quality of services at primary health care facilities (82 dispensaries and 23 health centres) has tremendously improved following opening up of 13 new dispensaries and renovation of 9 health centres.

47. Ongoing work to modernize the Intensive Care Unit (ICU) at the County Referral Hospital is set to be completed by December 2016 paving access to the 12 beds in the ultra-modern ICU. This is part of the combined efforts between the County Government of Nyeri and the National Government under the Managed Equipment Scheme towards ensuring improved access to and quality of critical care.

48. The County Referral Hospital is over ninety years old and had faced serious infrastructure and equipment challenges at the time the county government came into office. Upgrade works have been ongoing for the last three years and have included: renovation and equipping of all theatres, renovation and equipping of dental unit, provision of renal dialysis machines, provision of diagnostic equipment for Magnetic Resonance Imaging (MRI), mammogram and digital X-Rays.

49. The county government has recruited 15 medical officers, 2 dentists and a consultant radiologist. Additionally the process of bringing on board an additional 150 health workers of different cadres so as to fill the prevailing workforce gap is at an advanced stage. The Government has also increased allocation for health commodities thus significantly improving availability and access to essential drugs.

Education, ICT, Trade and Industry

50. The County Government established a County Bursary Scheme dubbed the 'Elimu Fund' with the aim of assisting bright and needy children from poor background and, primarily those in secondary schools, universities and colleges including youth polytechnics. During the FY 2016/2017, Kshs. 100Million has been allocated to this fund. The county government coordinates the process of applications, vetting of applicants, and identification of beneficiaries and disbursed of funds in a manner that ensures utmost transparency.

51. The County Government has set up the framework for development of 9 centres of excellence offering vocational training. Teaching and learning materials have been provided in addition to tools and equipment.

52. The County Government continues to support the ECDE facilities across the County through provision of training materials, upgrading of infrastructure and capacity building of ECDE teachers and care givers. ECDE learning materials worth Kshs.3.2 million have been distributed to 300 ECDE centres. 9 ECDE classrooms and 11 toilet blocks have been constructed to date.

53. Towards improving trade environment, the County Government has embarked on a program of upgrading selected markets across the County.

Tourism and Culture

54. Promotion of tourism remains a key priority of the County Government of Nyeri. In June 2016, the county's Department of Culture and Tourism organized and successfully held a three day Nyeri Cultural Tourism Festival with an overarching goal of promoting cultural tourism through exhibition of cultural products and creating value connections amongst stakeholders.

55. The festival whose theme was 'Enhancing Nyeri County livelihoods through Sustainable Cultural Tourism' was in response to needs expressed by the citizens of Nyeri and stakeholders in tourism sub sector. Prior to the festival, the department had undertaken a rigorous mobilization of exhibitors that included

stakeholders' consultative meetings, road-shows, music extravaganza, vetting of Cultural Groups throughout the County and a public participation survey.

56. The County Government has compiled a database of all the exhibitors and cultural stakeholders who participated in the exhibition with a view to ensuring that they are linked to current and future support in improving their products and competitiveness through better partnerships with regulatory authorities, innovators and investors/financiers.

Special programmes

57. The County Government of Nyeri acknowledges that socio economic empowerment plays a critical role towards inclusive growth and development. As such, special focus is given to the caring of special groups that are either considered disadvantaged or vulnerable. Similarly, the County Government has led other partners in responding to emergencies as and when they arise.

58. There have been several County Government own initiatives aimed at enriching the socio economic status of the members of the community deemed to be marginalized. These interventions have benefitted the elderly, indigents, people living with disability, the youth, women groups, girls in class eight, street children, orphans amongst others.

59. The County Government continues to support youths in sport activities. The support has ranged from organizing sports tournaments, sponsoring teams participating in inter-county competitions, provision of sports equipment to training of officials. Further, the county government has continued to support teams of athletes participating in cross country, track and field events during county and regional championships. Additionally, the county also sponsored two teams (men and women) of people living with disabilities to participate in a national sitting volleyball tournament held in Machakos Town.

60. The county government, in partnership with Seventh Queue Media Ltd organized the inaugural Nyeri Rugby Sevens Tournament in 2016 with a view to

promoting the sport and tourism sector in the County through according an opportunity for several upcoming Rugby Sevens teams to participate and showcase their talents.

Water, Environment and Natural Resources

61. Extension of water services by the County Government has improved water supply to about 16,256 households among them new connections, bringing the overall coverage of water services in the County to about 70%. 95.79 Kilometers of pipelines have been laid to extend water services to underserved areas including Mwiyo, Ndimaini, Zaina - Muhoya and Titie. 1,809 sewerage connections serving approximately 9,045 people have been undertaken in the county since 2013, bringing overall sewerage coverage to 55,860 people in urban areas (about 8% of total population).

62. With regards to irrigation, the County Government has supported laying of 69.61 km of pipeline. 10 irrigation schemes in the County namely: Sagana, Kirimukuyu, Thiha- Kiruka, Gikondi, Kiirungi, Gura Ugachiku, Githiru, Treffos Kiburuti, Ndiriti-Aguthi and Nairobi Scheme. This has increased the area under irrigation by 2,847 acres benefitting about 5,693 households. Laying out of a further 28.082 km of pipeline is currently ongoing in areas such as: Kareithi, Wangi Kanuna, Ihwa, Kihuyo, Iruri, Giakagu and many more. Upon completion of the ongoing projects it is expected that about 2,576 acres serving 5,104 households will be realized.

63. In an effort to increase the water storage capacity in the County, 24 dams and pans with a total capacity of 263,000 cubic meters have been rehabilitated. They include: Githima, Kirurumi, Karima, Gathugu, Kagunyu, Kiirungi, Kaharo, Karangia, Wandubi, Kwa-Nderi, Kiburuti, Nairutia, Mahiga, Maturanguru, Mureru, Githima ha Mucucu, Kiririchwa, Nganyuthe, Ndiiri, Kuriru, Hiriga, Iruri, Ragati, Gitwerendu.

64. Eleven (11) tanks with a total capacity of 1,840 cubic meters have been constructed at Naromoru, Ndimaini, Gathugu, Warazo/Lusoi, Kiawara, Gitegi, Gathandu, Mwiyo, Biricha, Karicheni and Iruri to improve water storage. These will ensure uninterrupted water supply for domestic use and irrigation

65. Towards increasing tree cover in the County and protection of the environment, the County Government has embarked on planting of both indigenous and exotic trees. 91,451 seedlings have been distributed to 17 Water Resource Users Associations (WRUAs) and are already planted. The WRUAs include: Nanyuki, Naromoru, Ragati, Gura, Upper Gura, Honi, and Chania. 129,290 seedlings have been planted in 162 schools within the 8 sub-counties. 171,671 seedlings have also been planted in collaboration with self-help groups and individual farmers. These have covered Karima Hill, Gatondo, Mutui/Mutumaini, Kanjuri and Ragati River riparian. The County Government has provided certified seeds of various tree species, and have so far distributed 228 kgs of certified seeds to existing nurseries across all sub Counties.

Fiscal performance and emerging challenges

2016/17 Budget

66. The County Assembly approved the FY 2016/17 budget with expenditures amounting to Kshs. 6,464,561,041. The budget comprises of Kshs 4,640,955,030 for recurrent and Kshs 1,823,606,011 for development expenditure. These expenditures are financed by the locally collected revenue and the allocation from the equitable share and conditional grants as shown below;

Description		Total in Kshs
Equitable Share		4,800,764,767
Conditional Grants	County Referral Hospital	388,439,306
	Compensation for user fees foregone	14,347,664
	Free maternity health care	69,215,585
	DANIDA	22,930,000
	Road maintenance levy fund	73,762,719
Internally Generated Revenue		1,095,101,000
Total Revenue		6,464,561,041

Implementation progress and emerging fiscal challenges

67. As at end of September 2016, cumulative revenue receipts amounted to Kshs. 1,051,998,419, comprising of Kshs 882,164,693 from the National Government and Kshs 169,833,726 as local revenue.

Table 1: Cumulative Budget Out-turn, July – September 2016

Performance July – Sept 2016			
Description	Target	Achieved	Percentage achieved
Total revenue collected	1,095,101,000	169,833,726	15.5%
Total Expenditure			
- Recurrent	4,640,955,030	646,210,131	13.92%
- Development	1,823,606,011	0	0%

Source: Department of Finance and Economic Planning

68. Revenue collected during the first quarter of the FY 2016/17 was Kshs 169,833,726 as compared to Kshs 141,910,242 over the same period in the FY 2015/2016. This represents a 19.7% increase. On the expenditure side, recurrent expenditure for the first quarter of FY 2016/17 was 646,210,131 representing 13.92% of the annual target as compared to Kshs. 672,576,614 achieved in the first quarter in FY 2015/2016 representing 15.7%. However there was no expenditure on development due to delays in enacting the Appropriation Act, 2016.

69. The major sources of local revenue remains as hospital levies, parking fees, single business permit, liquor license and land rates.

III FISCAL AND BUDGET FRAMEWORK

Overview

70. The County Fiscal Strategy Paper, 2017, emphasizes on:

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

Observing fiscal responsibility principles

71. The County Government recognizes that the fiscal stance it takes today will have implications into the future. Therefore, and in line with the Constitution of Kenya, 2010 and the Public Finance Management (PFM) Act, 2012, the principle of sharing the burdens and benefits from the use of resources and public borrowing between the present and future generation implies that we have to make prudent policy decisions today so that we do not impose unwarranted debt burden to our future generations.

72. In an attempt to ensure that development is not crowded out, the County Government will ensure adherence to development to recurrent expenditure

ratio of at least 30:70, over the medium term, as set out in the PFM Act, 2012. The highest standards of fiscal rules will be observed to entrench fiscal discipline in all County Government spending entities.

73. In addition, the county government will through implementation of the e-procurement module of the IFMIS, apply prudent expenditure management on items such as office supplies and their pricing that should, as much as possible, reflect actual market prices. Time for paying for goods and services should be reduced to enable Government get competitive prices in the market.

74. The respect and observance of these fiscal rules set out in the PFM law and its regulations is important and necessary to entrench fiscal discipline. Fiscal responsibility has become even more important since the Constitution requires the Government to progressively provide for a minimum basic standard of economic and social rights to its citizens within available resources.

75. In order for the spending to increase on a sustainable basis to meet these basic needs, we should be prepared to match the increased expenditure demands with a corresponding increase in revenue yield through efficient collection, widening of revenue base, and reasonable rates. It is therefore imperative to reform and modernize the fiscal regime to ensure stability of revenue effort, while at the same time continuing to restructure expenditure systems to ensure efficiency and create fiscal space required to fund these basic needs on sustainable basis.

Fiscal structural reforms

76. Expenditure management will continue being reinforced with full implementation of the Integrated Financial Management Information System (IFMIS) covering all the county departments' and units' expenditures as an end-to-end transaction platform. Entrenchment of Program Based Budget, capacity building on budget related matters and enforcement performance benchmarks will be emphasized.

2017/18 Budget Framework

77. The County government strategic objectives are outlined in the County Integrated Development Plan on which the FY 2017/18 budget framework is based on. The presumed economic growth is based on an assumption of normal weather pattern during the year as the county is mainly agricultural based as well as the political will remains positive during implementation.

Revenue Projections

78. The County Government is expected to continue instituting measures to widen the revenue base and eliminate possible leakages. The modernization of revenue collection from manual to cashless method and also the implementation of Revenue Administration Act, 2014 and the yet to be enacted Finance Act, 2016 are expected to streamline revenue collection and increase own generated revenue. The projected own revenue for the FY 2016/17 budget was estimated at Kshs 1,095,101,000. The estimates have been reduced with Kshs. 95,101,000 to reflect the reality on the ground based on the prevailing economic trends. As such, total revenue including health sector FIF is expected to be maintained at Kshs 1 billion in the FY 2017/2018.

Expenditure Forecasts

79. The key policy documents guiding the County Government's expenditure decisions is the CIDP (2013-2017), which outlines the development priorities of the county government. In addition, the Annual Development Plan outlines the priority projects and programme expected to be implemented in a particular year and this shall be adhered to when preparing the FY 2017/2018 budget estimates. In FY 2017/18, projected development expenditures are expected to be at least 30 percent of total budget as required under the PFM Act, 2012.

Recurrent Expenditure

80. Recurrent expenditure is expected to remain within 70 percent of total budget in FY 2017/18. Importantly, this will greatly facilitate delivery of services in line with the programme based budgeting framework which will ultimately strengthen economic growth in the county by optimizing use of the available resources.

81. Wage bill pressures remain high emanating from staff promotion demands. This includes promotions made before devolution of salaries to the counties but have not yet been effected and also those promotions that fell due after devolution. There is also continued pressure from devolved staff especially within the health sector for promotion and salaries increase.

82. With respect to goods and services, expenditure ceilings for county departments are determined by the allocation for the previous year budget as the starting point. The ceilings are then reduced to take into account one-off expenditures affecting the entire county in the FY 2016/17 and then an adjustment factor is applied to take into account the general increase in prices.

Development Expenditure

83. Consistent with the objective of allocating adequate resources towards development outlays and the need to ensure completion of critical infrastructure (roads, energy and water), the minimum for development expenditures, including grants should be at least 30 percent of the total revenue in FY 2017/18, Most of the outlays are expected to support critical infrastructure that will crowd in private sector investment as well as facilitate critical interventions to eliminate requisite constraints to sustainable growth. Part of the development budget will be funded through equitable share and conditional grants from national government and development partners, while the balance will be financed through own revenue collections.

84. With improvement in procurement planning and introduction of performance contracting, the absorption capacity of project funds is expected to increase resulting in a higher investment level in infrastructure. This will support the delivery of services and encourage investment by the private sector.

Overall Deficit Financing

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

86. The overall budget for the Financial Year 2017/18 (including grants) is expected to be balanced and the only carry overs from FY 2016/17 budget will be paid through a budgetary reserve in FY 2017/18 planning period. This may result from shortfall in the current projected revenue collection and late

disbursement of funds by the National Treasury necessitating ways of addressing the outcomes of the deficit.

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

IV DEPARTMENTAL ALLOCATION OF RESOURCES

Introduction

88. The County Fiscal Strategy Paper, 2017 is prepared at a time when significant progress in financial and procurement systems in the county has been made. This includes the use of Integrated Financial Management Information System, internet banking and e- Procurement. Despite this progress, the County Government has continued to face a myriad of challenges in planning and budgeting as well as the implementation and reporting on budgets.

89. Inadequate capacity on budget making, implementation and reporting processes by county departments has contributed to discrepancies in their respective budget estimates. In order to realign the revenue projections with the prevailing economic trends, the projections for the FY 2017/18 will be reviewed through a supplementary budget.

90. There is continuous training and capacity building on public finance management, procurement and programme based and participatory budgeting to address the professional gaps for effective service delivery.

Departmental Budgeting

91. The County Executive Committee Member in charge of Finance and Economic Planning will issue guidelines to the county departments on the preparation of 2017/18 budget with specific ceilings. Each department is expected to plan, formulate, execute and report on their budgets. The 2017/18 budget for the county will be prepared in line with the Public Finance Management Act, 2012 and its attendant regulations of 2015.

Resources available

Equitable share

92. This is from the shared national revenue as provided for in Article 202 and 203 of the constitution. The county is expected to receive Kshs 4,965,660,256 as part of the constitutionally approved share from the consolidated fund as proposed in the Budget Policy Statement, 2017.

Additional resources

93. In addition to the equitable share of revenue, the County Government is also expected to get additional resources from the following sources as detailed in Annex II.

- *Conditional and unconditional* allocations from share of the national government as contemplated under Article 202(2) of the Constitution. These amount is expected to be Kshs 407,861,272 for the Nyeri Level V Hospital, Kshs 13,701,375 for compensation of user fees forgone, Kshs 39,866,658 for free maternity health care, Ksh 95,744,681 for leasing of health equipment and Ksh 130,725,000 as Roads Maintenance Levy Fund.
- *Own revenues* from specific county revenue raising measures through imposition of land rates, parking fees, entertainment taxes, as well as any other

tax and user fees and charges as authorised to impose. In the FY 2017/18 budget the local revenue is projected at Kshs 1 billion.

- *Grants and donations* from development partners in accordance with section 138 and 139 of the Public Finance Management Act, 2012. The county is expected to receive Kshs 28,407,447 as Loans and Grants.

Allocation of Revenue among Departments

94. Table 1 provides estimates of revenue allocation among departments in the county for FY 2016/17. The allocations comprise of the recurrent and development expenditure.

Table 2: Approved Budget Allocations by County Departments and Units, July 2016 – June 2017

DEPARTMENT	RECURRENT (Kshs)	% OF TOTAL	DEVELOPMENT (Kshs)	% OF TOTAL	TOTAL(Kshs)
Office of the Governor and Deputy Governor	105,074,442	1.6		0.0	105,074,442
Office of the County Secretary	205,125,487	3.2		0.0	205,125,487
Department of Finance and Economic Planning	307,752,950	4.8	63,990,676	1.0	371,743,626
Department of Lands, Housing and Physical Planning	54,346,469	0.8	38,570,542	0.6	92,917,011
Department of Health and Sanitation	1,914,297,274	29.6	389,162,876	6.0	2,303,460,150
Department of Special Programmes	113,360,560	1.8	118,000,000	1.8	231,360,560
Department of Public Administration and Communication	393,280,785	6.1		0.0	393,280,785
Department of Agriculture, Livestock, Fisheries and Co-operative Development	301,550,122	4.7	149,789,799	2.3	451,339,921
Department of Tourism and Culture	9,736,203	0.2	22,084,339	0.3	31,820,542
Department of Education, ICT, Trade and Industrialization	273,950,526	4.2	196,020,692	3.0	469,971,218
Department of Water, Irrigation and Natural Resources	133,144,141	2.1	162,829,555	2.5	295,973,696
County Assembly	633,206,457	9.8	50,000,000	0.8	683,206,457
County Public Service Board	36,572,229	0.6		0.0	36,572,229
Department of Roads and Infrastructure Development	59,708,366	0.9	571,179,042	8.8	630,887,408
Department of Energy	99,849,019	1.5	61,978,490	1.0	161,827,509
TOTAL	4,640,955,030	71.8	1,823,606,011	28.2	6,464,561,041

Source: Department of Finance and Economic Planning

Fiscal Discipline

95. The county will continue to ensure prudence in management of resources in line with the PFM Act, 2012. With programme based and itemised budget, delivery of goods and services in the county will be seamless. This will be made

possible by full adoption of IFMIS and e-procurement ensuring efficiency in financial and procurement procedures.

Equity in Allocation of Resources

96. In preparation of this year CFSP, equity has been considered and various public participation forum covering all sub counties were conducted. Through these forums, three priority projects per ward were identified for possible funding to ensure equitable allocation of resources. The county will also continue exercising affirmative action for marginalised and underdevelopment areas.

97. The county will continue to pursue policies that promote equity in order to reduce poverty. Equity-enhancing policies, particularly investment in infrastructure development and human capital such as education and health can, in the long run, accelerate economic growth creating sustainable development.

V 2016/17 EXPENDITURE FRAMEWORK

Resource Envelope

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

- Allocation from the equitable share from the Commission of Revenue Allocation will finance about 89 Percent of the total county budget. County generated revenue and grants are expected to finance the difference.

- The county will continue engaging and partnering with the private sector through PPP to fund some of the development activities during the year FY 2017/18.
- The county government envisages a balanced budget that will be fully funded by the resource envelop comprising of revenue collected from local sources, equitable share, donor funds and conditional grants.

Spending Priorities

99. The CIDP has identified priority sectors for funding and this will be adhered to as required as we embark on implementation of FY 2017/18 activities. These priorities were confirmed through the participatory sub county forums conducted during the preparation of this document.

100. The County Government will remain steadfast in promoting budgetary transparency, accountability and effective financial management of the economy and the public sector as required by the PFM Act, 2012. Therefore, inefficient and wasteful public expenditure will be eliminated at all levels in order to promote public trust in County Government spending.

2016/17 Expenditure Estimates

101. In the course of budget implementation during the first quarter of the FY 2016/17, several challenges emerged. They include: delayed disbursement of funds due delays in the enactment of the appropriation act, 2016, long down times of the IFMIS and internet banking systems and slow uptake of the end-to-end e-procurement procedures.

Medium-Term Expenditure Estimates

102. Table 3, below, shows the projected baseline ceilings for the FY 2017/18 budget estimates and projections for the FY 2018/2019 and FY 2019/2020 classified by county departments and units.

Table 3: Projected Budget Allocations FY 2017-2018

Department/ Spending Unit	FY 2016/2017 (Approved Estimates)			Proposed ceilings FY 2017/2018		
	Recurrent	Development	Total	Recurrent	Development	Total
Office of the Governor and Deputy Governor	105,074,442	0	105,074,442	105,074,442	50,768,996	155,843,438
Office of the County Secretary	205,125,487	0	205,125,487	210,325,487	0	210,325,487
Finance and Economic Planning	307,752,950	63,990,676	371,743,626	301,752,950	69,990,676	371,743,626
Lands, Housing and Physical Planning	54,346,469	38,570,542	92,917,011	54,346,469	100,000,000	154,346,469
Health and Sanitation	1,914,297,274	389,162,876	2,303,460,150	1,914,297,274	409,162,876	2,323,460,150
Special Programmes	113,360,560	118,000,000	231,360,560	113,360,560	118,000,000	231,360,560
Public Administration and Communication	393,280,785	0	393,280,785	400,780,785	39,000,000	439,780,785
Agriculture, Livestock, Fisheries and Co-operative Development	301,550,122	149,789,799	451,339,921	301,550,122	108,045,390	409,595,512
Tourism and Culture	9,736,203	22,084,339	31,820,542	15,736,203	26,084,339	41,820,542
Education, ICT, Trade and Industrialization	273,950,526	196,020,692	469,971,218	273,950,526	196,020,692	469,971,218
Water, Irrigation and Natural Resources	133,144,141	162,829,555	295,973,696	127,944,141	184,528,459	312,472,600
County Assembly	633,206,457	50,000,000	683,206,457	617,399,524	65,000,000	682,399,524
County Public Service Board	36,572,229		36,572,229	36,572,229	5,000,000	41,572,229
Roads and Infrastructure Development	59,708,366	571,179,042	630,887,408	59,708,366	495,993,993	555,702,359
Energy	99,849,019	61,978,490	161,827,509	103,849,019	81,978,490	185,827,509
TOTAL	4,640,955,030	1,823,606,011	6,464,561,041	4,636,648,097	1,949,573,911	6,586,222,008
Percentage				70	30	

Source: Department of Finance and Economic Planning, 2017

Baseline ceilings

103. The additional funds from the FY 2016/2017 budget is insignificant which totals Kshs 121,661,047 after reducing the projected local revenue with Kshs 95,101,000 has it will not be feasible to achieve this target based on the past experiences.

104. The recurrent estimates account for 70 per cent of the total county budget which consist of all non-discretionary expenditures such as payment of statutory obligations e.g. wages, salaries, pension, payee and utilities taking first charge. The proposed ceilings are not different from the FY 2016/2017 budget apart from health, due to the conditional grants, and the departments which were disadvantaged by the reorganisation of the government namely Tourism and Culture and Lands and Physical Planning

105. A total of 30 percent of the total budget estimate is allocated to fund planned development projects and programmes in line with the PFM Act, 2012. The development expenditures are shared out on the basis of the county priorities as outlined in the CIDP (2013-2017) and the Annual Development Plan for FY 2017/18. The views of the public and stakeholders involved during preparation of this document and emerging issues such the requirement to construct a house for the governor have also been considered. During the public forums, three priority projects per ward were identified for possible funding as included in Annex III, as well as other recent government policy and concept documents.

V CONCLUSION

106. In order to enhance performance of County departments, the County Treasury in conjunction with the National Treasury will implement wide-ranging reforms under the Revised Public Finance Management Reform Strategy (2016-

2018). Among other areas, the reforms are aimed at strengthening counties' own-source revenue (OSR) systems, improving the departments' capacity to formulate realistic and credible budget estimates and supporting County Assembly oversight committees.

ANNEX I: REVENUE COLLECTED IN THE FIRST 6 MONTHS OF THE FY 2016/2017

REVENUE STREAM	ANNUAL TARGET (KSHS.)	ACTUAL REVENUE (KSHS.)	PERCENTAGE
CILOR Current Year	0	0	0
DEPARTMENT OF PUBLIC ADMINISTRATION, INFORMATION AND COMMUNICATION.			
Liquor Licence	47,889,046	32,075,321	66.98
AGRICULTURE, LIVESTOCK, FISHERIES AND COOPERATIVE DEVELOPMENT			
Co-operative Audit	1,574,622	370,200	23.51
Agricultural Mechanisation Station	1,928,200	14,500	0.75
Wambugu Agricultural Training Centre	8,834,136	2,956,263	33.46
Veterinary Charges	5,743,179	1,727,810	30.08
Slaughtering Fees	3,751,267	1,354,035	36.10
Slaughter House Inspection Fees	1,530,484	581,496	37.99
Nyeri Slaughter House	0	60,000	
Kiganjo Slaughter House	0	20,600	
Sale of Fertilizer	3,500,000	0	0.00
Tea cess	50,000	0	0.00
Coffee Cess	392,000	0	0.00
TRADE AND INDUSTRIALIZATION			
Weights and Measures	1,182,944	515,460	43.57
Business Permits	121,984,610	8,917,400	7.31
Market Entrance/Stalls/Shop Rents	57,721,130	16,749,142	29.02
Ambulant Hawkers Licences (Other than BSS Permits)	501,430	162,870	32.48
Impounding Charges/Court Fines, penalties, and forfeitures	5,503,200	832,240	15.12
Application Fee	18,487,754	2,553,260	13.81
Business Subletting / Transfer Fee	194,660	25,000	12.84
Central Kenya show annual permit	0	0	0.00
HEALTH SERVICES AND SANITATION			
Hospital Services	308,859,938	120,124,453	38.89
Public Health	16,395,572	4,763,370	29.05
Burial Fees	142,660	40,900	28.67
Public Toilets	551,264	86,870	15.76
Use of public toilets		10,500	
Garbage Dumping Fee/waste disposal charges	2,572,800	36,600	1.42
Refuse Collection Fee	57,647,173	7,067,610	12.26
FINANCE & ECONOMIC PLANNING			
Miscellaneous Income	1,910,055	608,695	31.87

REVENUE STREAM	ANNUAL TARGET (KSHS.)	ACTUAL REVENUE (KSHS.)	PERCENTAGE
Document Search Fee	264,040	161,400	61.13
Tender Documents Sale	2,500,000	0	0.00
Grants	0	0	0.00
PUBLIC WORKS, ROADS, TRANSPORT, LANDS, HOUSING & PHYSICAL PLANNING			
Parking Fees	156,451,092	45,962,430	29.38
Parking Clamping/Penalties/Offences fees	3,000,000	898,620	29.95
Land Rates	127,771,637	15,951,611	12.48
Other Property Charges	737,597	109,194	14.80
Ground Rent - Current Year	4,405,532	513,248	11.65
Ground Rent - Other Years	3,086,009	942,721	30.55
Stand Premium/Commissioner of Lands	83,000	10,000	12.05
Temporary Occupation License (TOL), New occupation, Space Rent, Retainers fees	2,394,000	882,500	36.86
Hire of Plant & Machinery	0	0	0.00
Plot Transfer Fee	1,768,000	522,000	29.52
Cess (Quarry, produce, Kaolin, etc)	37,269,376	17,065,662	45.79
Housing Estates Monthly Rent	26,911,457	8,067,347	29.98
Housing Estates Monthly Rent (Kiawara, majengo & Kingongo ph. 3)	1,834,295	383,877	20.93
Approvals (extension of users, pegging for Kiosk, subdivision, transfer, amalgamation, survey, Occupation cert, boundary dispute etc)	3,342,500	559,500	16.74
Sign Boards & Advertisement Fee	23,269,444	5,605,050	24.09
Buildings Plan Approval Fee	13,216,766	4,360,465	32.99
Buildings Inspection Fee	3,643,348	1,310,903	35.98
Right-of-Way / Way-Leave Fee (KPLN, Telkom, etc.)	1,680,000	453,760	27.01
Consent to Charge Fee/Property Certification Fee (Use as Collateral)	1,693,220	578,500	34.17
Agency Fee (Fees from KHC, Insurance Firms, etc.)	1,723,703	1,050	0.06
Sales of Council's Minutes / Bylaws	396,960	240,000	60.46
Sale of Old Office Equipment and Furniture	1,000,000	0	0.00
Benevolent Fund	1,776,600	580,500	32.67

REVENUE STREAM	ANNUAL TARGET (KSHS.)	ACTUAL REVENUE (KSHS.)	PERCENTAGE
Debts Clearance Certificate Fee	2,774,320	907,300	32.70
Fire-Fighting Services	752,800	5,500	0.73
SPECIAL PROGRAMMES			
Social Hall Hire, IFAD Hall	183,420	0	0.00
Stadium Hire	1,552,800	203,000	13.07
EDUCATION AND ICT			
Nursery Schools Fee (KRT)	300,000	122,210	40.74
Nursery Schools Fee(Kingongo)	216,160	89,700	41.50
Nursery Schools Fee (Nyakinyua)	198,800	70,050	35.24
Registration of School, Training/Learning Center Fee	56,000	0	0.00
WATER, ENVIRONMENT AND NATURAL RESOURCES			
Sale of flowers, plants, firewood, produce e.t.c	0	0	0.00
Exhauster services Charge	0	0	0.00
Private borehole operators	0	0	0.00
Quarry /mining charges-annual licence fee	0	0	0.00
Tree cutting permits	0	0	0.00
Water bowser/water vendor licences	0	0	0.00
Tipping charges	0	0	0.00
Polluters of environment penalties	0	0	0.00
TOTAL LOCAL SOURCES	1,095,101,000	308,212,693	28.14

Source: Directorate of Revenue, 2016

ANNEX: II SOURCES OF BUDGET FUNDING IN FY 2017/18

No.	Description	Total in Kshs	Comments	
1	Equitable Share	4,965,660,256		
2	Conditional Grants	County Referral Hospital	407,861,272	For health department
		Compensation for user fees foregone	13,701,375	For health department
		Free maternity health care	39,866,658	For health department
		Leasing of medical equipment	95,744,681	Retained by the National Government
		Loans and Grants	28,407,447	For health department (Danida /world Bank?)
		Health sub total	585,581,433	
		Road maintenance levy fund	130,725,000	For roads department
		Total	716,306,433	
3	Local Revenue	1,000,000,000	Reduced by Kshs 95,101,000 from the FY 2016/2017 projected estimates	
	Total County Allocation	6,681,966,689		
	Total for budgeting	6,586,222,008		

ANNEX III: WARD PRIORITIES AS CAPTURED DURING THE PUBLIC PARTICIPATION FORUMS.

WARD PRIORITY PROJECTS FOR CONSIDERATION FOR FUNDING IN THE FY 2017/2018

MUKURWE-INI SUB-COUNTY					
No.	WARD	PROGRAMME/ PROJECT	SPECIFIC LOCATION	DEPARTMENT	DESCRIPTION OF ACTIVITIES
1.	MUKURWE-INI CENTRAL	1 Kiahungu Market	Kiahungu town	Trade	Physical planning/ surveying of kiahungu town, expansion of kiahungu market and all link roads.
		2 Irrigation Water project	Central ward	Agriculture	Establishment of irrigation project to benefit central ward
		3 Infrastructure	Central ward	Infrastructure (Roads)	Murraming of Thagana-Maganjo –Wamutitu- Miiri road/ kariani- mununu road
2.	MUKURWE-INI WEST	1. Gatura- Riambaria Bridge	Across Gura River at Gatura	Infrastructure	Construction
		2. Irrigation Water project	Across the ward	Water	Installation
		3. Ward Headquarters	Kiawamururu Chiefs Camp	Infrastructure	Construction
3.	GIKONDI	1. Roads	Ndonga- Kimaru- Wambugu Ituu Muchine Wambugu Igoka- Ngorano Muuraga-	Infrastructure	Grading, murraming and putting of culverts
		2. Water	Ruarai factory	Water	Intake construction for irrigation Improvement of domestic water

		3. Youth information empowerment centre	Muthuthi-ini	Special programmes, youth affairs and sports	Construction, fitting and equipping
4.	RUGI	1. Kabute irrigation water project	Mihuti-Gathea-Igana-Mweru-Karundu-Kungurwe	Water	Construction of a dam
		2. Wachee road	Kangurwe To Kiamambu	Infrastructure	Gravelling And Murraming
		3. Transformer	Kamungere-Mutituini-Giathugu-Rurangi-Thukuma-Gituraini	Energy	Installation of a transformer
KIENI EAST					
5.	GAKAWA	1. Roads	All sub locations	Infrastructure	Gravelling, grading and culvert installation
		2. Gakawa dispensary	Kahurura sublocation	Health	Equipping the dispensaries Laboratory equipment
		3. Mureru water project	Githima sublocation	Water	Rehabilitation intake/ Pipeline
6.	KABARU	1. Health	Mbiriri health centre munyu health	Health	Construction of dispensary Construction of mortuary facility
		2. Infrastructure	All locations	Roads	Grading and graveling
		3. Water	Warazojet water project Waraza-lusoi	Water	Construction of a tank Distribution of pipes and water tank
7.	NARUMORU KIAMATHAGA	1. Kiamathaga dispensary	Kiamathaga	Health	Laboratory and lab equipment
		2. Narumoru water treatment	Narumoru town	Water	Installation of water treatment plant
		3. Roads		Infrastructure	Gravelling, grading and culverts

8.	THEGU	1. Community storage tank (Thungare water project)	Thungare	Water	Construction of community storage tank and equipping of borehole
		2. Community dispensary	Thirigitu	Health	Construction of community dispensary to serve the three sublocations of Thegu location
		3. Access roads	Lower areas of Thegu Ward	Infrastructure	Grading and gravelling to ease access
NYERI CENTRAL					
9.	KIGANJO/ MATHARI	1. Muhoya Academy road- kihuyo	Kihuyo	Infrastructure	Grading and gravelling
		2. ECD	Nyarugumu Kahiga Kirichu Nyaribu	Education	Construction of classes, equipping and staffing
		3. Nyarugumu shopping Streetlighting	Kihuyo sublocation	Energy	Installation of streetlights
10.	RWARE	1. Road construction	Kwa dorn – Game rock bridge Baptist-	Infrastructure	Grading and gravelling
		2. Nyeri town health centre refurbishment	Nyeri Town Health Centre	Health	Provision of modernized laboratory, enlargement of consultation rooms, construction/improvement of patients toilets, fencing of the facility due to insecurity issues
		3. Upgrading of whispers park	Whispers Park Nyeri	Social services	Recreation of the facility i.e fencing , making it a conducive environment for resting, comfortable for mothers changing their babies diapers as well as tourist attraction site.
11.	KAMAKWA /MUKARO	1. Gitathini Dispensary	Gitathini	Health	Construction
		2. Kinunga/ Kihatha street lights	Kinunga/kihatha	Energy	Street lights installation
		3. Gitero, Gitathiini and Kihatha	Gitero, Gitathiini and Kihatha	Roads	Construction

		feeder roads murraming and grading			
12.	GATITU/ MURUGURU	1. Thunguma Dispensary Staff	Thunguma	Health	Construction
		2. Upgrading Gatitu Dispensary	Gatitu	Health	Construction and equipping laboratory and maternity wing and upgrading of Gatitu Dispensary
		3. Muruguru social Hall	Muruguru	Social services	Construction
13.	RURING’U	1. Banana leaf – dog section road	P.C.E.A Waka	Infrastructure	Murraming and grading
		2. Ruring’u street lighting Project	P.C.E.A Waka	Energy	Street light Installation
		3. Ruring’u Health Center	Near the coffee cooperative building space	Health	Construction of a health facility for the activity
MATHIRA-WEST SUB-COUNTY					
15.	RUGURU	1. Iruri irrigation water project	Hombe location	Water	Pipes distribution
		2. Kawangi to Kanyiriri road	Hombe	Infrastructure	Murram
		3. Gikiriri area electricity	Hombe	Energy	2 transformers, posts and wires.
16.	KIRIMUKUYU	1. Piped water drinking/ irrigation water points (Kanjata-Gtiba)	Kirimukuyu ward	Water	Piping
		2. Ikonju-Thaithi road	Kirimukuyu ward	Infrastructure	Murram

		3. Electricity / mulika mwizi Giagatika Karogoto Rititi	Kirimukuyu ward	Energy	Posts and wires
OTHAYA SUB-COUNTY					
17.	MAHIGA	1. Gura/Mahiga water irrigation project	Mahiga	Water	Intake Construction of main line Distribution
		2. Rukira Dispensary completion	Rukira	Health	Completion
		3. Street lighting Kagere, Msafiri	Rukira Kagere/Ugachiku	Energy	Installation
18.	KARIMA	1. Health centre Dispensaries	Witima H Center Kihugiru dispensary Karima dispensary	Health	Completion of staff houses Installation of generator X-ray Deployment of staff and equipment Lab reagents Renovation
		2. Markets	Gitugi shopping center Giathenge shopping center	Trade	Construction of both markets
		3. Street lighting	Giathenge shopping centre Gatugi shopping centre	Energy	Installation of lights

19.	IRIAINI	1. Iriaini irrigation water project	Iriaini ward	Water, environment & natural resources	Intake Construction of main line Distribution
		2. Street lights	Ruruguti Waihara Kairuthi thunguri	Energy	Installation
		3. E.C.D.E	Gitundu Thunguri	Education and I.C.T	Rehabilitation
20.	CHINGA	1. Chinga Dairy Project	Gichiche	Agriculture	Milk collection and processing
		2. lighting	All markets	Energy	Installation of street lights
		3. ECDE	The whole ward	Education	Renovation of classrooms
KIENI WEST					
21.	MWEIGA	1. Mulika mwizi	Kiwarua kia Mweiga Amboni Kamatongu Mwireri	Energy	Mulika Mwizi
		2. Roads murraming and gravelling	Njegu sublocation Amboni sublocation Bondeni sublocation Mweiga	Infrastructure	Murraming and grading, 11.5 KM
		3. Simbala-Bondeni water project	Amboni sublocation	Water	Pipes and distribution pipes phase 2

22.	MUGUNDA	1.Nairutia Kamutare society cooler	Nairutia	Agriculture	About 20,000 litres
		2.Potato storage facility	Kiambogo	Agriculture	County to construct a potato storage facility
		3.Colonial villages	Mugunda to Bellevue villages	Lands	Planning, Surveying, Issuance of titles
23.	ENDARASHA-MWIYOGO	1.Endarasha Health Centre	Endarasha	Health	Ablution blocks, stalled male ward, major renovations
		2.Babito-Munene Kairu road	Labura location	infrastructure	
		3.Kinyaiti water tank	Kinyaiti	Water	Increase tank allocated from 100M ³ to 225 M ³
TETU					
24.	AGUTHI IGAANKI	1. Muhaka-Mwangi Thaara road	Kiawathanji	Roads	2KM Grading and gravelling
		2. Upgrading of Gichira Health Center to level 4	Gichira	Health	Upgrading and equipping
		3. Street lighting per shopping centres		Energy	Installation

25.	WAMAGANA	1.Mutoigu irrigation water group	Kianjogu, Kariguini, Mbaaini, Kigwadi	Agriculture	Water irrigation schemes
		2. Murram roads	Thandie, kiandu, Wamagana market along Catholic road, Karigu-ini, Wamagana Gaaki-Kiawaibaki, Kimundo-Kanyii road, Mba-ini road, Kanyamati, Rwa Ihiga, Kamotho Keru road, Gachatha bridge	Infrastructure	Grading and gravelling
		3.Electricity power (Transformer in a convenient place)		Energy	Electrification of street markets and rurals
26.	DEDAN KIMATHI	1.Roads	Kwa Mbau Muchiri-Muhoya high school(1.5kms) Bridge Ihururu-Kamakwa road Ngoru-Kirurumi bridge	Roads	Grading and murraming Construction Construction
		2.Energy	<u>Transformers</u> Rutura – Githuri village Kirurumi shopping center	Energy	Transformer installations

		3.Health	Kagogi dispensary Kanjora dispensary Njogu-ini dispensary	Health	Construction Construction of laboratory Construction of maternity ward
MATHIRA EAST					
27.	KARATINA TOWN	1. Drainage system	Main stage (Karatina town)	Road	Drainage system to the main stage
		2. Mulika mwizi	Kiawarigi	Energy	Mulika mwizi at Kiawarigi
		3. Main market improvement	Karatina Town	Trade	Main market improvement of murraming and drainage works
28.	MAGUTU	1. West Magutu water project	Magutu	Water	Construction of an intake and water pipeline for Kiamucheru residents
		2. Fruits and water canning industry	Giakaibe	Agriculture	Construction of fruits and vegetables canning industry at Giakaibe
		3. Kiragati-Kamunyuini road, Kararu-Gathehu-Kanagi-Gitimaini road, Riathama	Magutu	Roads	Grading and murraming

29.	KONYU	1. Ndimaini health centre	Ndimaini	Health	Equipping and operationalization of Ndimaini Maternity
		2. Provision of transformers	Gachuku	Energy	Provision of transformers in areas that have not been reached.
		3. Gatina Dispensary	Gatina	Health	Construction of an ablution block at Gatina Dispensary
30.	IRIA-INI	1. Water project pipeline	Kaguyu	Water	Kaguyu-Kienjaini-Kahachu water project pipeline
		2. Construction of a bridge	Iria-ini	Roads	Construction of a bridge at Ngare Junior Academy (between Iria-ini and Magutu wards)
		3. Gravelling	Ihwagi	Roads	Ihwagi to mwaniki wa muchemi road gravelling

COUNTY SECTORAL PRIORITY

NO	DEPARTMENT	NO. OF PROJECTS	RANKING
1.	INFRASTRUCTURE (ROADS)	24	1
2.	HEALTH	16	2
3.	WATER	15	3
4.	ENERGY	15	4
5.	AGRICULTURE	5	5
6.	EDUCATION	3	6
7.	TRADE	2	7
8.	SOCIAL SERVICES	2	8
9.	SPECIAL PROGRAMMES, YOUTH AFFAIRS AND SPORTS	1	9
10.	LANDS	1	10