COUNTY GOVERNMENT OF NAKURU

COUNTY TREASURY

MEDIUM TERM

COUNTY FISCAL STRATEGY PAPER

CONSOLIDATING ECONOMIC GAINS

NOVEMBER 2016

To obtain copies of the document, please contact:

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CFSP 2016 will be published on website at: www.nakuru.go.ke within 7 days after adoption by the County Executive.

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LIST OF ABBREVIATIONS AND ACHRONYMS

AMS- Agricultural Mechanisms Services

ATC- Agricultural Training Centre

BPD- Budget Policy Document

BPS- Budget Policy Statement

C.I.D.P- County Integrated Development Plan

CBD- Central Business District

CBROP- County Budget Review & Outlook Paper

CFSP- County Fiscal and Strategic Paper

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 2017 County Fiscal Strategy Paper is prepared against a background of the end of the current plan period as per the County Integrated Development Plan (2013-2017) and the second Medium Term Plan period (2013-2017) of the Vision 2030. This fiscal year under focus is marked by slowed growth in transfers from the nationally raised revenue as well as limited projection of the locally raised revenues. The post devolution transition period was marked by stability in County expenditure management observed through the County Budget Review and Outlook Paper published in October 2016. In FY 2015/2016 the County government recorded significant improved performance in development expenditure spending at Ksh 3.2 billion compared to the Ksh 1.6 billion in the previous year.

In the fiscal year 2017/2018 the County Government has prioritised to consolidate gains made in implementing the first CIDP (2013-2017). As we lay the foundation and fiscal priorities for the next CIDP (2018-2022) the County Government will endeavour to integrate the Sustainable Development Goals (SDG), deepen mainstreaming green economy options adopted in the Annual Development Plan (ADP) 2017/18 and further learn important lessons from CIDP (2013-2017) mid-term review.

The County fiscal policy underpinning the next Medium Term Expenditure Framework period 2017/18-2019/20 therefore is to continue in strengthening County revenue forecast, streamlining expenditure management and controlling County debt position at sustainable levels. In order to achieve medium term policy targets the County Government shall continue to invest in the following key sectoral areas; physical and social infrastructures, Agricultural rural and urban development, quality and affordable healthcare, Early childhood and social protection, governance, transparency and delivery of public good and service.

The total County receipts are projected to rise to Ksh 13.7 billion in FY 2017/18. The draft Budget Policy Statement (BPS) 2017released by the National Treasury revealed that the County will receive a Ksh 9.3 billion from the National equitable share in FY 2017/18 up from Ksh 8.7 billion allocated in FY 2016/17. The projected equitable share of revenue shall constitute 68 percent of the projected County receipts. Total County allocation for conditional grants are projected to rise by 23 percent from allocation in the current year 2016/2017.

In FY 2017/18 Department of Health will receive a combined conditional grant of Ksh 799 million. Additionally, the County Government is projected to receive Ksh 246 million as conditional allocation from Roads Maintenance Fuel Levy Fund (RMFLF) representing an appreciable growth of 83 percent from the allocation in FY 2016/2017.

Observing the performance in FY 2015/16, local revenues including Appropriation in Aid under the Department of Health are projected to rise marginally in FY 2017/18 to 3.2 billion translating to approximately 24 percent of total County receipts.

The fiscal policy underpinning expenditure forecast were mainly guided by the need to free up more resource for capital investment, reduce county Government debt commitments and to further contain the rising county wage bill. During the next MTEF period 2017/18-2019/20, the total expenditures are expected rise by seven percent to Ksh 13.7 billion up from 12.5 billion in the approved estimates FY 2016/17.

Recurrent expenditures are expected to increase slightly by five percent to Ksh 9.4 billion in the FY 2017/18. Allocation for compensation to employees are projected to steady at 39 percent of the total County budget for FY 2017/18 or Ksh 5.3 billion. Over the medium term, the debt to revenue ratio is expected to be 15 percent while debt service to revenue ratio is expected to be four percent.

Allocation for County capital expenditure is projected increase to Ksh 4.2 billion in the FY 2017/2018 a growth of six percent from allocation in the current budget FY 2016/2017. This allocation includes an amount of Ksh 1.4 billion for Ward resource envelop, Ksh 400 million for County debt resolution, 95 million transfers to County Assembly and Ksh 2.2 billion for departmental strategic project.

In arriving at 2017/18 budget framework, the County has taken into consideration the view of Sector Working Groups (SWGs), County Budget and Economic Forum as well as outcomes of the public participation forums held earlier in November 2016. The 2017 CFSP has further observed the County Government fiscal responsibility principles set out in PFM Act 2012.

ANN NJENGA
Ag C.E.C FINANCE AND ECONOMIC PLANNING

ACKNOWLEDGEMENT

The County Fiscal Strategy Paper (CFSP 2016) is the fourth to be prepared under the Public Finance Management Act 2012. It outlines the broad strategic economic issues and county government spending plans by laying the foundation of the 2017/18 Budget and giving the projections for the medium term. Indicative resource envelope for the county departments and organs are explained within the fiscal responsibility principles

As required, the preparation of the 2017 C-FSP was an inclusive process with all the stakeholders involved through the sector working groups whose reports formed the basis of this document. We are grateful for comments from the County Treasury Macro Working Groups, various Sector Working Groups (SWGs) and public sector hearing forums held in November 2016 and the Nakuru County Budget and Economic Forum (CBEF) among other stakeholders for their valuable inputs.

A core team in the County Treasury spent a significant amount of time putting together this Paper. We are particularly grateful to the County Executive Committee member for Finance for her exemplary leadership during the preparation of this paper. Special thanks go to the staff of the Department of Economic Planning led by Ag. Director Mr. Cyrus. M. Kahiga, Planning officers, Ms. Asinah Ashiku, Ms. Emma Angwenyi and the UNDP Volunteer Ms. Kerubo Moseti for their hard work, teamwork and commitment in successfully delivering the document in time.

PARSALOI K. TOROME

CHIEF OFFICER, FINANCE AND ECONOMIC PLANNING

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

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 POLICIES TO ACHIEVE MEDIUM TERM OUTLOOK

1.0 Overview

The 2017 CFSP is the fourth to be prepared under the devolved system of government. This policy document will signal the end of the second Medium Term Plan (2013-2017) of the Vision 2030 as well as the end of term for the first Nakuru County Integrated Development Plan 2013-2017. Additionally, the period marks the finalization of the transition to Devolved Government as envisaged in the Constitution of Kenya 2010.

In the next Medium Term Expenditure Framework 2017/2018- 2019/2020 effort will be channelled towards sustaining the momentum gained in the growth prospect under the current planning period. Additionally, the National economic development agenda espoused in the Draft Budget Policy Statement, will continue inform of broad policy initiative of the County Government.

The post 2015 development agenda will guide the next CIDP (2018-2022) plan process. This will entail mainstreaming of the Sustainable development goals 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.

In order to sustain the growth momentum of the current plan period, the County Government will maintain the fiscal Strategy initiatives outlined in the CFSP 2016.

The six strategies shall include the following;

i. Continued enhancement of enabling environment for business and private sector participation
ii. Continued investment in County physical and social infrastructure facilities
iii. Investing in quality and affordable health services.
iv. Promotion of value addition for agricultural produce, food security and environmental conservation.
v. Continued Promotion of equitable social economic development for county stability.
vi. Enhancing governance, transparency and accountability in the delivery of public goods and service

The National BPD 2017 is premised against a backdrop of slowdown in global demand arising from "a more subdued outlook for advanced economies following the UK vote in favour of leaving the European Union" lower than expected projected growth in the United States and a sharp decline in the commodity export particularly among Sub Saharan Africa economies.

1.1 Macro-Economic Stability for Sustained Growth.

The National Outlook for Macroeconomic variability has demonstrated a more stable environment both in the current medium term plan and overt the medium-term period. Kenya's economic grew by 5.6 percent against a Sub-Saharan average of 3.4 percent. This gains are expected to be consolidated with a projected growth of 6.0 percent in 2016 and over 6.5 percent in the medium term. Further the National inflation has been managed with the single digit average target range of 2.5 percent on either side of 5.0 percent target. The exchange rate has also been stabilised by the subdued net import pricing (particularly for energy products) and the Precautionary Arrangements with the IMF for limiting short-term exchange rate shocks.

A stable Macroeconomic environment certainly has a bearing on the County Micro-economic outlook. The county Government accuracy in projections for both revenues and expenditures depend on the performance National Sectors of the economy.

The county Government wage bill is expected to stabilise at Ksh 5.2 billion in the next FY 2017/2018 in attempting to comply with fiscal responsibility envisaged in the Public Finance Management Regulations (County Governments) 2015.

Further the County Government has significantly reduced the level of County pending bills from a high of 2.9 billion in June 2016 to about less than one billion in September 2016. This was largely achieved by shelving planned development projects in FY 2016/2017 in order to cater for accumulated pending bills as at June 2016.

Further the County Treasury has instituted measures to ensure that the County Government does not accumulate pending bills as a result of shortfalls in local revenues. This will mainly be achieved by controlling department expenditure commitments within the prescribed budgets and within projected cash-flows.

1.2 Sustaining an enabling environment for business and private sector Investment.

The County Government has instated reforms in both revenue and expenditure management to help improve the participation of the private sector in business. Part of the adopted strategies in the revenue side include harmonisation of some fees and charges to help reduce the burden, and reduction of the fees and charges. Through the Finance Bill 2016; small and medium enterprises, the County Government has proposed to reduce the cost of trade licences by about 15 percent while larger enterprises are set to benefit by about 5 percent. In ensuring fairness in tax administration the County Government through the County Executive member for Finance and Economic Planning will make pronouncements on the new classification of geographical zones for taxes computation.

The County Government continues to prioritise capital expenditure based on needs identified through public participation forums in order to ensure a people focused development. Structural deficiency in the expenditure management will be streamlined to ensure a more efficiency delivery of the public good. This will include fast-tracking the project planning and the procurement system as well as prompt payment of County Suppliers of goods and services

Other County Government initiatives to support conducive business climate will entail;

i. Continued cooperation with National Government agencies to promote security and peace building initiatives.
ii. Investment in physical infrastructure including access roads and street lighting programmes as well as other social infrastructure.
iii. Fostering intercounty partnerships on matters of trade and commerce as envisaged in Article 2019 (5) of the Constitution of Kenya 2010.
iv. Deeping the adoption of the revenue automation to reduce the burden of tax administration on the part of tax payers.
v. Continuous support of the small-scale traders though offering of alternative business location and reduce decongestion of the Central Business District (CBD) in Nakuru and other major towns.

1.3 Continued Investment in County physical and social infrastructure facilities.

The Kenya Vision 2030 recognized an efficient physical infrastructure as one of the panacea for social economic transformation. In this regard the County Government has continued to deliberately invest in physical infrastructure in order to address the challenges of infrastructure access identified on the CIDP 2013-2017.

Significant progress continues to be made in improving rural and urban road access. During the period FY 2015/2016 the County Department of Roads Transport and Public Works supervised grading and gravelling of 1663 Km, construction of 14 bridges, construction of 43 motorbyke sheds and installation of 270 street lights which inluded 108 solar lights.

The County Government aims to ensure affordable, reliable safe quality and sustainable access to infrastructure facilities for Nakuru County while conserving the environment. In the next MTEF period the County will focus on Designing and construction of lorry/bus parks maintenance & rehabilitation of county buildings; construction and maintenance of County street lights.

The County Government will target to grade approximately 1700 KM of rural and access road and work with the National Government Road agencies to reduce congestion in Nakuru town. And improvement of street lighting in all major urban areas.

The County allocation to Roads Maintenance Levy Fund will focus on the following priority criteria;

- Artery roads that connect more than one ward
- Roads that are commonly utilised by the Public Service Vehicles (PSV)

- Roads that has industrial importance
- County bus parks and terminals;

During the period 2015/2016 the County ICT sub sector focused on installation of CCTV cameras to improve security; Enhancement of network security through installation of firewalls in sub counties; establishment of digital centres in selected Sub Counties to increase digital literacy and extension of LAN facility in selected sub County Headquarters.

In the next MTEF period the ICT sub sector will aim at automating County Government Service in order to improve efficiency in the delivery of public good and service.

1.4 Continued promotion and investment in quality and affordable health services.

The Health sector aims at achieving a healthy county through provision of integrated quality health services for all. The health sector form one of the single most important function under the County Government mandate both in terms of human resource establishment and budget requirements. The major devolved Health functions include: County health facilities and pharmacies, Ambulance services, Promotion of primary health care.

During the period the County Government operationalised 41 health facilities and a further five model health centres initiated under the former central government Economic Stimulus Programme of 2009. Further School sanitation facilities have been increased by 48 no. and purchase of 5 ambulances. Further the County Government has received specialised equipment under the National Managed Equipment Service.

Going forward the County Government will target to improve the quality of health services in the existing facilities though equipping and improvement of the Human resource base as well as training, further the department will aim to Eliminate Communicable Condition; Halt, and reverse the rising burden of non-communicable conditions and Minimize exposure to health risk factors.

1.5 Continued Sectoral Spending in Agricultural and Environment protection

1.5.1 Agricultural Transformation and Food Security;

The Agriculture has been an integral sector of the National GDP, contributing 23 percent to the country's GDP and 27 percent indirectly through forward and backward linkages. Locally the sector accounts for close to half of the County direct employment.

The 2nd Sustainable Development Goals (SDGs) adopted in Sept 2015 by UN member Countries "*End hunger, achieve food security and improved nutrition, and promote sustainable agriculture*" will also guide the policy framework for the sector in line with the next Medium term targets of the planned CIDP (2018-2022). Achieving food security and reduction poverty will depend on an efficient Agricultural sector.

During the period 2015/2016 the department trained approximately 3000 farmers in various husbandries, bought 7 AI kits to complement private sector service, vaccinated approximately 60 percent of County animal against various disease outbreaks. Additionally, the sector conducted 11 field days and rehabilitated 11 cattle dips. The Fishing subsector benefitted from distribution of 50,000 fingerlings and fish feeds in the period under review

During the next MTEF period the sector will strive to redouble the achievements gained in the reporting period noted above in livestock, crop and fisheries sub sectors;

Additionally, the Sector endeavour to achieve the following;

i. The agriculture sub-sector will spearhead training of farmers through field extension services, promoting crop varieties adaptable to prevailing climate conditions, pests and disease control, agribusiness marketing and provision of planting materials in the County as well advocating for commercially oriented farming.
ii. The livestock sub-sector will train farmers on proper animal husbandry practises, disease control for improved livestock productivity and further liaising with community and the private sector on provision of veterinary clinical and extension services. The sub sector will also continue supporting organised farmers' groups with the necessary infrastructure for daily value addition.
iii. Fisheries sub sector will embark on completing fish value chain approach through training of farmers and fishermen to increase production and also markets infrastructures establishment to reduce post-harvest loses.

The sector will also endeavour to build partnership with both state and non-state organisations in extension service delivery and value addition of all produces and products for increased household incomes.

In order to control land usage, the County Government will continue to complete the preparation of the Nakuru County Spatial Plan which is currently at 50 percent completion. Further the County Government will streamline physical planning and development of urban trading centers which is at 25 percent complete. Digitization of the land records through the preparation of the Nakuru Land Information

Management System (currently at 50 percent completion) is anticipated to enhance administration and management of land issues.

1.5.2 Environmental Conservation, Water and Sanitation

The County environment sector aspires to provide *"A self-reliant, secure and quality life*" as envisaged in the Vision 2030. Further the County goal on Water and Sanitation is to achieve universal access to clean water and basic sanitation for all by the year 2030.

The Constitution of Kenya 2010 recognizes the principle of sustainable development which ensures viable exploitation, utilization and management of its natural resources with the aim of guaranteeing intergenerational equity. High county population growth and Rapid urbanisation if unplanned are a threat environment conservation efforts.

During the period 2015/2016 the Environment sub sector spearheaded in protection of springs and beatification of major towns.

Further the County Government has succeeded in getting a clearance from the National PPP Unit on the proposed *Integrated Solid Waste Management Project* for the *Gioto* dump site in Nakuru. This project will endeavour to provide sustainable solution on solid waste management and reduce the damage of the ecologically sensitive sites in Nakuru. The baseline feasibility study will be funded by the World-bank.

Additionally, investment in water sub sector yielded 14 boreholes, 2 dams and 10 water projects. In the effort to achieve basic sanitation a further 50 household have been connected to the sewerage system. The National Government through the state department of Water services has launched a flagship project of the Itare Dam in Kuresoi South which is expected to produce 100,000 cubic meters of water per day. This project is expected to be finalised within three years.

In the next MTEF period 2017/18- 2019/20 the County Government sector on environment protection will concentrate on

- Control and management of solid and liquid waste,
- Tree planting and beautification to enhance carbon sinks including revival of the tree planting days.
- Control of pollution air, land, noise and other public nuisance
- Environmental education and awareness, green energy promotion and provision of water services and management, including afforestation and reforestation
- Protection of sensitive ecological zones particularly springs and other wetlands

1.6 Sustained Investment in equitable social economic development for county stability

One of the objects of devolution is “to promote social and economic development and the provision of proximate, easily accessible services and further to ensure equitable sharing of national and local resources. In fulfilment of the objects of the Constitution, the Nakuru County Government is committed to ensure that development investments are spread across all decentralised units.

Other social protection initiative in the period 2015/16 entailed sensitisation of HIV/AIDS support groups (300 families sensitized), mainstreaming disability in development through partner services on distribution of assistive devices for the physically challenged and increased cultural activities.
Various community social hall has been constructed across wards to support social cultural activities among youth, Women and other special interest groups.

To this end the County Government will continue to invest in disability fund to support PWD and other vulnerable groups and the sports fund to support recreational activities at the ward level. The County Government also will begin the process of gender mainstreaming through formulation on gender responsive budgeting policies.

Major fiscal initiatives planned in MTEF period 2017/18- 2019/20 will include;

i. Continued improvement in quality vocational training through equipping and operationalisations of the already polytechnics
ii. Sustaining the support for needy and bright students though the County Bursary Fund.
iii. Operationalisation of other social infrastructure through deployment of health workers recruited and equipping.
iv. Continued investment in alternative building technology through the housing technology transfers to promote decent housing for all.
v. Continue investment on sport, culture and recreation to empower the youthful population and nurture talents at the lower levels including wards
vi. Sustain investment in health with the primary focus on prevention and promoting its linkages to nutrition, sports and physical activity;

1.7 Strengthening of governance, transparency and accountability in the delivery of public goods and service

The County Government will continue to decentralise its services to the lower units as envisaged by the Constitution of Kenya 2010 (on objects of devolution).

Reforms in the County public service which includes rationalisation, promotions and the planned roll out of the performance appraisal are expected to increase the employee performance.

Additionally, Nakuru County Government will initiate National Capacity Building framework for County *Integrated UNDP Support Programme to the Devolution Process in Kenya* and the *Kenya Devolution Support Programme* (KDSP) as from FY 2016/2017. Through this programmes the County Government looks forward to externally support in funding for programmes aimed at strengthening devolution governance, and accountability of County Governments.

KDSP will focus on four Key Result Areas (KRAs), that is Public Finance Management; Civic Education and Public Participation; Planning Monitoring & Evaluation and Human Resource Development.

The County Government has also begun to implement the proposed Monitoring and Evaluation Framework in line with the guidelines published by the Council of Governor and the Ministry of Devolution that is the *Guidelines for the Development of County Integrated Monitoring and Evaluation System* (March 2016).

Through this M&E platform the County Government expects to gather data necessary for improving the efficiency and effectiveness as well as value for money in project prioritisation and implementation.

Other outlined programmes in the next MTEF period will entail;

- Sustained implementation of the civic engage forums for both the county budgets fiscal plans and other County policy development initiatives;
- Continued pursuit of intergovernmental partnerships nationally, regionally and internationally in order to contribute positive to our county's development.
- Enhanced transparency and Accountability though information sharing, creating interfaces in social media platforms and information centres.
- Enhancement, adherence to the County fiscal responsibility principles and of automation in managing county public resources including both revenue collection and expenditure management.

In addition, the sector will strengthen other Semi-Autonomous County Government agencies namely Agricultural Training Centre (ATC) and Agricultural Mechanisation Services (AMS) to both increase their effectiveness and enhance local revenues streams of commercially- oriented and modern agriculture.

II RECENT ECONOMIC DEVELOPMENT AND POLICY OUTLOOK IN 2016/17

2.0 Review of the Fiscal Performance

2.1.0 County revenue

Total revenue for the county from both exchequer releases and local revenue was Ksh 3.45 billion for the 1st quarter of the financial year 2016/17. The targeted revenue collection for the first quarter of the year was Ksh 3.7 billion. Local revenue collection was below target by Ksh 373 million while exchequer issues had a shortfall of 196 million over the same period. Appropriation in Aid (AIA) from the Facility Improvement Fund (F.I.F) was below by Ksh 62 million while Ksh 12.6 million that the county expected to receive in the first quarter of the year 2016/17 as grant from donors (DANIDA) was not received.

The sources of the revenue are analysed in the following graph shown in figure 1.

County revenue sources

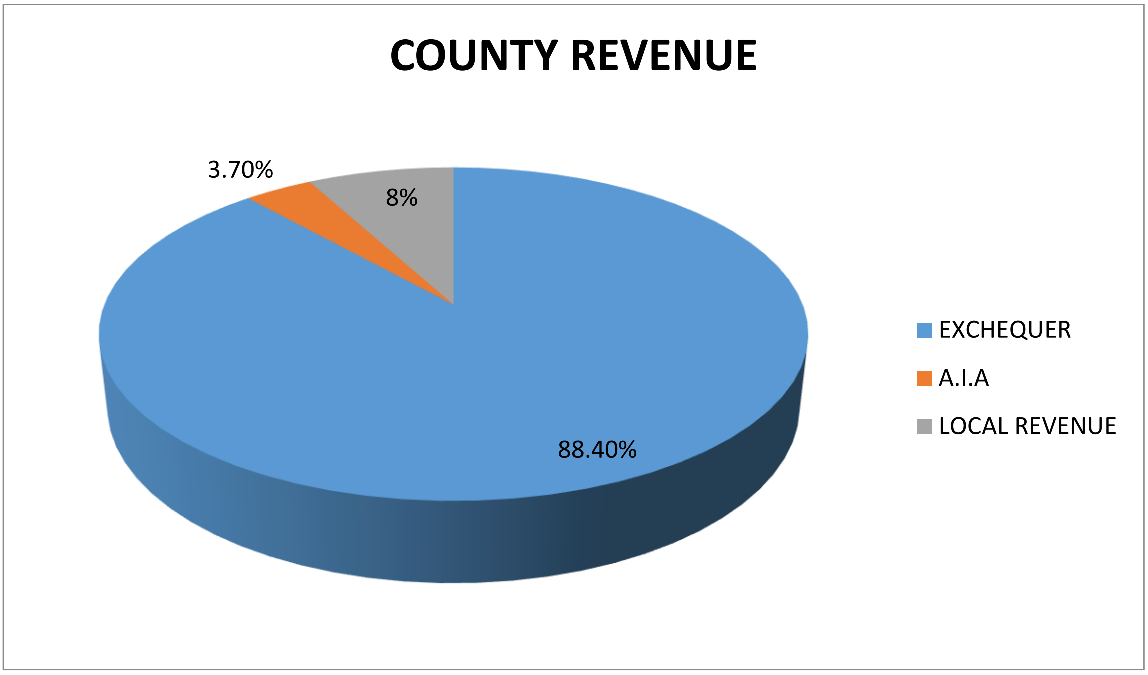
The major sources of revenue were exchequer release from the national treasury which accounted for 88 percent followed by local revenue source with 8 percent. Revenue collected as AIA accounted for 4 percent. There was no revenue source from donations within this period.

Table 1: County Revenue Source

Month	A.I.A(F.I.F)	Local Revenue	Donor (DANIDA)	Exchequer Issue	Sub Total
JULY	40,591,037.05	91,664,896.00			132,255,933.05
AUGUST	48,537,823.11	97,648,314.00		1,247,267,212.30	1,393,453,349.41
SEPTEMBER	40,175,429	86,259,185.00		1,834,509,096	1,960,943,710
TOTALS	**129,304,289.16**	**275,572,395.00**	**0.00**	**3,081,776,308.30**	**3,486,652,992.46**

Source: County treasury/controler of budget, October 2016

Figure 1 : County revenue sources



Source: county treasury/controler of budget, October 2016

Table 2: Revenue Analysis by unit

Revenue Sources	A.I.A	Local Revenue 2016/17	Sub Total	Percent Of Collection
Trade Tourism and Cooperatives		50,599,895.00	50,599,895.00	12.50%
Health	129,304,289.16	19,706,456.00	149,010,745.16	36.80%
Education Culture Youth		976,500.00	976,500.00	0.24%
Lands &Physical Planning		70,717,378.00	70,717,378.00	17.47%
Agriculture And Livestock		9,506,272.00	9,506,272.00	2.35%
Roads, Public Works And Transport		70,625,089.00	70,625,089.00	17.44%
Environment And Natural Resources		52,357,979.00	52,357,979.00	12.93%
Public Service Management		250,100.00	250,100.00	0.06%
Finance and Economic Planning		832,726.00	832,726.00	0.21%
TOTALS	129,304,289.16	**275,572,395.00**	**404,876,684.16**	**100%**

Source: County treasury, October 2016

The total cumulative revenue collection from all ministries amounted to Ksh 404 million during the first quarter of the year 2016/17. The department of health collected the highest revenue during the period under review which is at 36.8% as illustrated in table 2 with the major contributor being Appropriation in Aid where the various health facilities were able to collect 129 million for the various services they provide on cost sharing basis. The other major revenue collector was the department of Lands Physical Planning and Housing with a cumulative revenue collection of 70.7 million majorly from the land rates. The ministry of roads collected 70.6 million primarily from parking fees. The main collection from ministry of agriculture was from agriculture produce cess. The ministry of public service management collected the least revenue with their contribution to the total revenue being 0.06 percent.

Comparison in revenue growth rate

In the first quarter of the FY 2016/17 there was increase in revenue as compared to the same period in the FY 2015/16. In July, there was a growth of 21.96 percent, August had 60.66 percent growth and September had 33.48 percent. Considering that renewal of business licenses is done in the second half of the year, collection of revenue from local sources is expected to improve. Building approvals and slaughter fees are expected to improve.

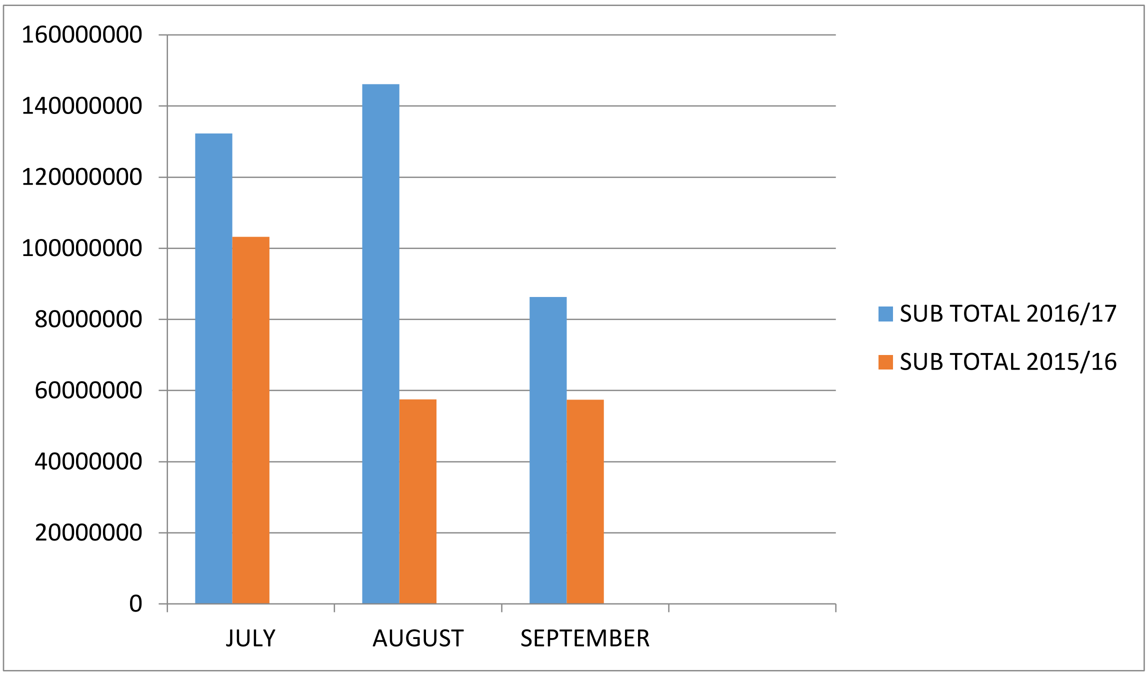
Table 3: Revenue collection for the first quarter of year 2016/17 and 2015/16

Month	Local Revenue 2016/17	A.I.A (Fif) 2016/17	Sub Totals 2016/17	Sub Totals 2015/16	% Of Collection 2015/16
JULY	91,664,896.00	40,591,037.05	132,255,933.05	103,209,999.00	36.3%
AUGUST	97,648,314.00	48,537,823.11	146,186,137.11	57,503,550.50	40.1%
SEPTEMBER	86,259,185.00	40,175,429	126,434,614	252,869,228	23.7%
TOTALS	**275,572,395.00**	**129,304,289.16**	**404,876,684.16**	**413,582,777.5**	**100%**

Source: County Treasury, October 2016

The trend in revenue growth for both 2016/17 and 2015/16 is further illustrated in the following graph

Figure 2: Trend of County Local Revenue Analysis by Month 2016/2017 vs 2015/2016



Source: County treasury, October 2016

Comparison in revenue growth rate

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Exchequer Issues to Nakuru County

The exchequer receipt from the national treasury amounted to 3.08 billion for the 1st quarter of the year. Of these, 1.4 billion were unspent balances carried forward from FY 2015/16. This amounted to 66.48 percent of the total amount the county expect to receive as equitable share and conditional grant from the national treasury in the 1st quarter. The expected amount to be received in August and September 2016 as exchequer releases were 2.4 billion as equitable share and conditional grants but only received 1.6 billion which meant that there was a shortfall of 0.8 billion translating to a deficit of 33.52 percent of what the county expected to receive

Table 4: Exchequer Issues to Nakuru County

MONTH	DONOR(DANIDA)	EXCHEQUER ISSUE	SUB TOTALS
JULY			**0**
AUGUST		1,247,267,212.30	**1,247,267,212**
SEPTEMBER		1,834,509,096.00	**1,834,509,096**
TOTALS	**0**	**3,081,776,308.00**	**3,081,776,308**

Source: Office of the Controller of Budget, October 2016

Exchequer Issue by Department

The exchequer receipt from the national treasury by departments amounted to 3.08 billion for the 1st quarter of the year against a target of 9.6 billion .This amounted to 32.2 percent of the total annual target the departments expect to receive as equitable share and conditional grant from the national treasury. The department with highest exchequer receipt is Health with 1,031,740,900.06 representing 33.5 percent of total exchequer received in the 1st quarter while the department with the least is County public service board with 8,861,872.56 representing 0.3 percent.

Table 5: Exchequer Issue by Department.

Department	Recurrent	Development	Totals	Percentage Total
Finance and Economic Planning	204,303,544.05	18,286,073	222,589,617.05	7.22
Public Service Management	178,994,109.28	20,265,794	199,259,903.28	6.47
Agriculture, Livestock Development and Fisheries	108,115,282.23	47,030,704	155,145,986.23	5.03
Land, Housing and Urban Development	29,153,745.10	114,415,148.90	143,568,894.00	4.66
Office of the Governor and Deputy Governor	65,362,030.27		65,362,030.27	2.12
Education, Culture Youth Affairs and Social Services	89,985,528.36	97,128,220	187,113,748.36	6.07
Trade, Industrialization and tourism	31,399,444.22	73,738,919.55	105,138,363.77	3.41
Information, Communication and E- Government	11,979,550.50	24,142,687.30	36,122,237.80	1.17

Department	Recurrent	Development	Totals	Percentage Total
Roads, Public Works and Transport	57,883,917.36	368,090,863.77	425,974,781.13	13.82
Environment, Energy, Natural Resources and Water	88,365,649.25	120,182,359	208,548,008.25	6.77
Health Services	871863374.1	159,877,525.97	1,031,740,900.06	33.48
County Public Service Board	8,861,872.56		8,861,872.56	0.29
County Assembly	196,121,795.75	96,228,068.00	292,349,863.75	9.49
TOTAL	**1,942,389,843.02**	**1,139,386,463**	**3,081,776,306.02**	**100.00**

Source: county treasury, October 2016

Exchequer Release by source

The amount received from different sources amounted to 1.6 billion in the 1st quarter which represents 66.48 percent of what was expected to be received. Equitable share was the highest amount received that is; 1.4 billion followed by conditional grant for Level-5 at 60 million and Free Maternal Health at 50million while DANIDA, compensate forgone user fees, Leasing of Medical Equipment and Road Maintenance Fuel Levy Fund did not release any amount in the first quarter.

Table 6: Exchequer Release by source

Source	Receipt Amount
Donor Grants (DANIDA)	
Compensate Forgone user fees	
Leasing of Medical Equipment	
Free Maternal Health	50,187,500
Road Maintenance Fuel Levy Fund (RMFLF)	
Level- 5 Hospital	60,531,792
C.R.A Equitable Share	1,488,796,190
Total	**1,599,515,482**

Source: county treasury, October 2016

Projected Achievement for the first quarter 2016/17.

The table below shows the projected and percentage actual achievements for the first quarter of the FY 2016/17. The overall actual percentage achievements for the first quarter is 54 percent. The month of August had highest achievement of 76 percent. The month of July had the lowest achievement of 36 percent.

Table 7: Projected achievement for the first quarter 2016/17

YEAR	Actual Collections 2015/16	Actual Collections 2016/17	% of 2015 Achievement	Projected Achievement	% Actual
July	169,657,368	91,662,896	10%	255,693,314.59	36%
August	85,441,960	97,648,314	5%	128,770,935.30	76%
September	82,345,183	86,259,185	5%	124,103,733.48	70%
Sub-total	337,444,511	275,570,395		508,567,983.37	54%

Source: County treasury, October 2016

2.1.1 Expenditure Trends

The total spending by ministries, executive and county assembly amounted to **1,654,343,555.00** for the 1st quarter of the year

Table 8: Actual expenditure by ministries from July to September 2016

Department	Budget Estimates (Ksh)	Total Expenditure	Budget Balance (Ksh)	% Of Budget Absorption
County Treasury	**1,379,939,627**	143,496,667	1,236,442,960	**10.40%**
Agriculture, Livestock and Fisheries	814,128,832	71,339,484	742,789,348	**8.76%**
Health	4,938,701,032	680,289,276	4,258,411,756	**13.77%**
Environment, Water and Natural Resources	1,063,375,966	83,766,200	979,609,766	**7.88%**
Education, Sports, Youth and Social Services.	1,410,419,547	115,103,273	1,295,316,274	**8.16%**
Lands, Physical Planning and Housing	353,151,913.00	27,042,781	326,109,132	**7.66%**
Roads Public Works and Transport	2,084,144,156	125,127,615	1,959,016,541	**6.00%**
Public Service Management	799,534,958	146,829,747	652,705,211	**18.36%**
Trade, Industrialization and Tourism	393,006,998.00	35,743,478	357,263,520	**9.09%**
ICT and E-Government	98,396,784	22,852,377	75,544,407	**23.22%**
Office of the Governor and Deputy Governor	261,497,170.00	89,841,888	171,655,282	**34.36%**
County Public Service Board	60,724,251.00	8,063,211	52,661,040	**13.28%**
County Assembly	1,085,307,568	104,847,558	980,460,010	**9.66%**
TOTAL	**14,742,328,802.00**	**1,654,343,555.00**	**13,087,985,247**	**11.22%**

Source: County Treasury, October 2016

Table 8 above compares the approved budget against the actual expenditure for the first three months i.e. July –Sept 2016.Overall the county was able to spend 1.65 billion, in the first quarter of the year out of the total budget of 14.7billion. This represents an absorption rate of 11.22 percent against expected absorption of 25 percent. The office of the Governor and the Deputy Governor had the highest absorption rate at 34.36 percent compared to the budget, while the

Ministry of Roads, Public works and transport had the least absorption rate at 6 percent. However, absorption across all ministries is expected to improve in the second quarter of the year.

Expenditure by economic classification

Table 9 below categorizes expenditure into 3 major economic classification namely:

a. Personnel emolument which is composed of staff salary and allowances
b. Operation and maintenance include expenditure incurred in running the offices such as the payment of bills, maintenance of vehicles, maintenance of buildings, fuelling of vehicles, travelling cost, and purchase of working tools such as stationaries, computer and accessories and any other cost incurred in running the office.
c. Development expenditure involves amount incurred in payment of development projects.

As per the table 9 below, during the first quarter expenditure on personnel (salary and allowances) accounted for 52.08 percent of cumulative expenditure followed by expenditure incurred in running the office with 33.33 percent. The development expenditure was the least with 14.59 percent.

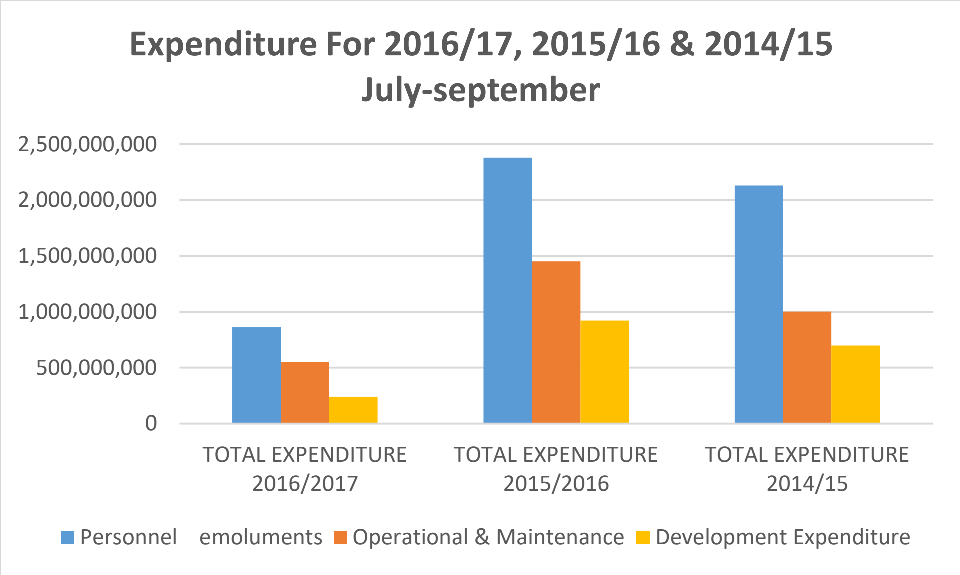
TABLE 9: Expenditure by economic classification

Description	Total Expenditure 2016/2017	Total Expenditure 2015/2016	Total Expenditure %
Personnel emoluments	861,597,778	2,378,599,373	52.08%
Operational & Maintenance	551,399,450	1,453,126,937	33.33%
Development Expenditure	241,346,326	921,413,541	14.59%
TOTAL	**1,654,343,554**	**4,753,139,851**	**100.00%**

Source: County Treasury, October 2016

As illustrated in figure 3, below the county spending in both recurrent and development expenditure has been increasing for the past three years. The graph also illustrates that compensation to employees had the highest expenditure in each of the past three years followed by operation and maintenance and the county spent the least amount on development expenditure. Majority of the project in budget will be implemented in the second quarter of the year therefore the proportion of expenditure on development is expected to improve while compensation to employees and operation and maintenance expenditure are expected to remain relatively the same.

Figure 3: Expenditure Trends



Source: county treasury, October 2016

2.2 Update on Fiscal Performance in FY 2016/17 and emerging challenges

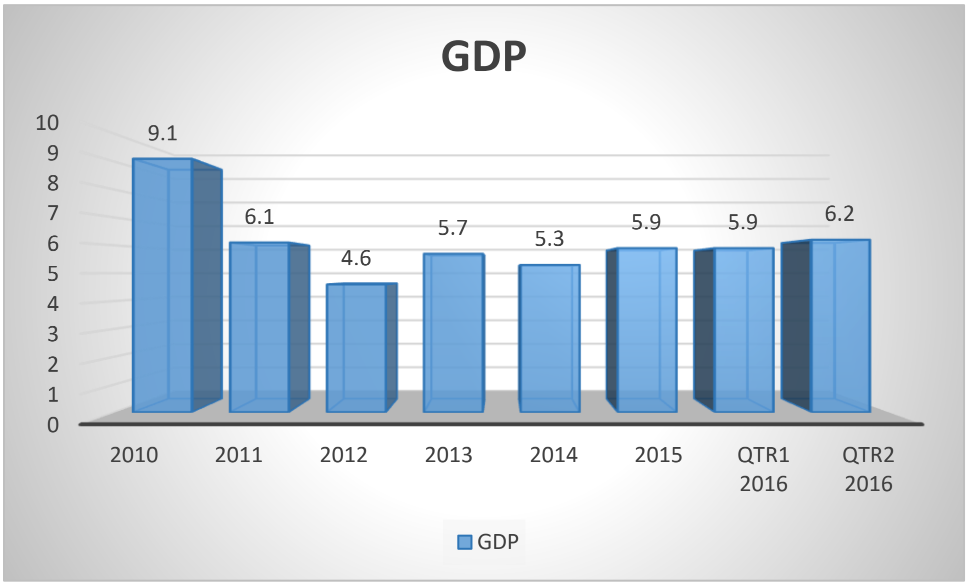
In the year 2016/17 budget, revenue was projected to grow by 10 percent compared to the previous financial year. However, first quarter performance illustrates that there was a 10.6 percent growth in revenue collection in year 2016/17. However, the collection of revenue from local sources is expected to improve in the second half of the year due to increase in slaughter fees and building approvals. The implementation of 2016/17 budget is on track despite the cash flow constraints faced by the county in the first quarter of the year. The national treasury delayed in disbursing fund to the county thereby affecting the absorption of both recurrent and development expenditure. In addition, the significant reduction in local revenue collection had an adverse impact on liquidity thereby affecting the smooth flow of fund for use in operation and development. The combined effect of significant reduction in local revenue and late disbursement of fund was a reduction of expenditure by the end of September 2016. Development expenditure was at 16 percent and recurrent expenditure was 42.7 percent. Overall the county spent 16.38 percent of the total target. The county treasury has taken appropriate actions to ensure that the budget implementation is on course particularly with regard to development projects.

2.2.1 National growth updates

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 the second quarter of 2016 up from 5.9 percent growth registered in quarter one of 2016. This strong growth was supported by improved performance in agriculture, forestry and fishing (5.5

percent), mining and quarrying (11.5 percent), transport and storage (8.8 percent), electricity and water supply (10.8 percent), wholesale and retail trade (6.1 percent), accommodation and restaurant (15.3 percent) and information and communication (8.6 percent). Growth in other sectors, particularly manufacturing, construction, financial and insurance and real estate, though slightly lower compared to quarter two of 2015, remained robust.

Figure 4: GDP growth rate



Source: KNBS, November 2016

The favorable weather conditions experienced during the second quarter enhanced agriculture production, as such the sector expanded by 5.5 percent compared to 4.0 percent growth in quarter two of 2015. Similarly, electricity and water sector remained strong recording a growth of 10.8 percent compared to 9.2 percent in same quarter in 2015 owing to continued substitution of thermal electricity generation with relatively cheaper sources.

The advantageous oil prices and continued improvement in the road network buoyed the transport and storage sector to a growth of 8.8 percent in the second quarter of 2016 compared to 6.8 percent during the same quarter of 2015. The accommodation and restaurants sector recorded an impressive growth of 15.3 percent in quarter two of 2016 from a contraction of 5 percent in the same quarter of 2015. The growth was on account of improved security and rigorous marketing initiatives that boosted conference tourism as well as the general tourism.

In Kenya, short term interest rates remained low due to the improvement of liquidity conditions in the money market. This means that the residents in the county will be able to borrow more money from the financial institutions resulting to expansions of SMEs and increasing investments in the county level hence increases the local revenue. Overall month on 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. With this slight increase in inflation, it will have a slight negative impact on the County's procurement and supply.

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.

III FISCAL POLICY AND BUDGET FRAMEWORK

3.0 Overview

Nakuru County 2017/18-2019/20 Medium-Term Fiscal Framework aims at achieving an appropriate balance between fiscal consolidations and supporting sustainable economic growth in the County. It's also being prepared when the first CIDP (2013-2017) is coming to an end and expected to prepare the second CIDP (2018-2022). This policy underscores the need to shift more public resources from recurrent expenditure to capital expenditure in order to enhance economic growth.

Over the medium term, a minimum of 30 percent of the County budget shall be allocated to development expenditure. The County Government is committed to prioritising capital expenditure in order to consolidate the gains being made in the inaugural devolved government.

The County government has continued to service existing debts, a bulk of which were majorly inherited from the defunct local authorities. Going forward the County will adhere to Public Finance Management (PFM) Regulations 2015 on procedures for borrowing as and when need arises. 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.

Through the approved County Budget Review and Outlook Paper 2016 the County Government has taken into consideration the probable fiscal risks. These include arising from contingent liabilities, liquidity risk arising from failure to actualize local revenue targets, rising county public wage bill (currently at 42 percent of the total budget) and potential changes to national transfers and allocations as well as potential uncertainties associated with the run-up to 2017 elections. that could lead to closure of some businesses hence reduced local revenue collection.
Nevertheless, the County Government will continue to monitor the stated risks and take appropriate measures to mitigate the same.

3.1 Continuing with Prudent fiscal policy

Fiscal policy will continue to support economic growth within a context of sustainable public financing. Over the past four financial years, the County Government has oriented expenditure towards priority programmes in Health, Agriculture, Infrastructure, Environment and Youth sectors under the MTEF. This process will be strengthened in the FY 2017/18 by encouraging more private-sector engagement in order to build concrete Public Private Partnership (PPP) in pursuit of new economic opportunities. The county has also been focusing on debt resolution for inherited debts in order to reduce the county's debt levels.

3.2 Observing Fiscal Responsibility Principles

The County Government recognizes that the fiscal stance it takes presently will have implications in the future. The principle of sharing the burdens and benefits of 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 on our future generations. The County Government will ensure strict adherence to Section 107 of the Public Finance Management (PFM) Act of
2012 which outlines the fiscal responsibility principles.

Pursuant to Section 107 (2) PFM-County Government's Regulations, 2015, the County Government's expenditure on wages and benefits for public officers is not supposed to exceed (35) percent of the County Government's total revenue. This has been a challenge to achieve since Nakuru County Government inherited staff from 4 Local authorities and others seconded from the National Government whose functions were devolved.

3.3 Fiscal Responsibility Principles

In line with Article 201 of the Constitution, Section 107 of the Public Finance Management (PFM) Act, 2012, and in keeping with the prudent and transparent management of public resources, the County Government has adhered to the fiscal responsibility principles as set out in the statutes as follows:

a. Over the medium term, a minimum of 30 percent of the County Budget shall be allocated to development expenditure.

The County Government's development budget allocation over the medium term is above 30 percent, the minimum set out in law. The County Government recorded improvement in the execution of development expenditure from 45 percent in 2014/15 to 61 percent 2015/16. However, inefficiency in procurement planning and preparation of designs and plans has continued to hamper the rate of absorption of development expenditure.

b. 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.

Pursuant to Section 107 (2) PFM-County Government's Regulations, 2015, the County Government's expenditure on wages and benefits for public officers is not supposed to exceed (35) percent of the County Government's total revenue.

The wages and benefits for the County employees accounts for 40[1] percent of the approved estimates in FY 2016/17 and is projected reduce marginally to 39 percent in FY 2017/18. Note that the County wage bill have risen in real terms. However this personnel expenditure is projected to decline over the MTEF period as sizeable number of county staff exit on retirement grounds.

c. 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.

It is a prudent fiscal policy for a government to procure external financing only for development projects. Any borrowing by the county government shall be informed by County medium term debt management strategy and shall set out the framework for the servicing county public debt.

[1] Note this percent exclude balances carried forward from FY 2015/2016

The County Government envisages maintaining a balanced budget, but if and when need arise for borrowing, guidelines as set out in the section **107** of the PFM 2012 and Regulations (County Governments) 2015 shall apply.

d. Public debt and obligations shall be maintained at a sustainable level as approved by National Assembly (NA) and County Assembly (CA).

The sustainability of debt is guided by PFM Act section 107 (2) (e) and section 107 (4). As per section 107 (2) (e) the county debt shall be maintained at sustainable level as approved by county assembly. Section 107 (4) further states that every county government shall ensure that its level of debt at any particular time does not exceed a percentage of its annual revenue specified in respect of each financial year by resolution of the county assembly.

The current County Medium Term Debt Strategy does not envisage borrowing to finance the budget and over the medium term the focus will be on ensuring the sustainability in serving of the current debt commitment.

The total stock of county debt as at end of September 2016 stood at Ksh 2.1 billion. This comprises of an amount inherited debt of Ksh 816 million and pending bills departmental commitments outside budget amounted to Ksh 1.3 billion .The County Government expects

e. Fiscal risks shall be managed prudently.

The County Government has improved its macroeconomic forecasts and regularly reviews the impact of fiscal projections and its implications to the MTEF budget process. It also takes into account the fiscal risks arising from contingent liabilities, impact of the Public Private Partnership and Financial Sector Stability, liquidity risk arising from failure to actualize local revenue targets, high county public wage bill and potential changes to national transfer and allocations. The County government continues to put measures in place to enhance revenue collection, majorly through automation and widening of revenue base.

3.4 Fiscal structural reforms

The County Government will continue pursuing its policy objectives within the financial context established by County fiscal responsibility principles. The progress made in the context of strategic priorities will continue to be regularly reviewed to establish the parameters for the Budget, with a continued focus on the level of expenditure on County development and the reduction of debt levels. The 2017/18 Budget will operate under tight fiscal conditions, with any new policies needing to be offset by savings in other areas. The fiscal policy will be geared towards:

- Enhanced revenue collection and administration, by formulating revenue administration regulations, improved enforcement as well as training revenue officers on customer relations. This is expected to increase revenue collection marginally from Ksh 2.5 million in FY 2016/2017 to Ksh 2.6 million in FY 2017/18. Automation of revenue collection will be extended to other major revenue streams currently outside the ZIZI system.

- The County will continue to embrace Programme Based Budgeting (PBB) during the medium term for effective implementation of programmes. Focus in the current MTEF period will be to strengthen the capacities of respective County Government Entities in order to fully prepare budgets on IFMIS *Hyperion Module*.
- The County Treasury is banking on the Finance Bill 2016 which has harmonised some fees and charges i.e Food hygiene handling certificate. There has also been a reduction of trade licenses for small scale traders by 15 percent to encourage more SME to start up and expand their business.
- **On the expenditure side,** the County Government will continue with expenditure management reforms initiated by the National Treasury to improve efficiency and reduce wastage in line with the PFM Act, 2012. Compliance with the budgetary requirements and continue with implementation of the Integrated Financial Management Information System (IFMIS) from budgeting to reporting.

The County Government will continue its prudent approach to budgeting through expenditure rationalization and optimal resource allocation as a measure of realizing quicker socio-economic growth.

3.5 Deficit Financing Policy

The County Medium Term Debt Strategy Paper does not envisage debt financing, During the MTEF period 2017/18-2019/20 County expenditures needs will be limited to only Own Source of Revenue and National Transfers from the equitable share of revenue as well as other conditional grants. This therefore implies, the county will not run into deficits while drawing budgeting the next MTEF period.

3.6 Budget Framework 2017/18

The 2017/18 budget framework is based on the Annual Development Plan ADP-2017/2018 and the Medium-Term Fiscal Framework broad priorities. These priorities address the strategic objectives of the County Government as set out in the County Integrated Development Plan (CIDP 2013-2017) and contribute to the national objectives as identified by Medium Term Plan II (MTP 2013-2017) of the Kenya Vision 2030. Additionally, the adopted SDG Goals 2015 and the outcome of the CIDP (2013-2017) mid-term review will shape the direction being taken by the County Government in the next MTEF period 2017/18-2019/20.

During FY. 2015/2016 Cumulative local revenues excluding Facility Improvement Fund amounted to Ksh 1.8 billion as compared to Ksh. 1.6 billion in the FY 2014/2015 translating to a growth of 9.3 percent.

In projecting the local revenue targets, the County Government has taken into consideration the findings of the National Treasury survey on County Governments Own Source of Revenue projections. The Survey noted that among other findings “revenue forecasting in CGs is not underpinned by macroeconomic assumptions or a credible methodology; revenue forecasts once included in the budget are hardly updated since there is no in-year monitoring that is done.”

To this end, the County Government has adopted a more pragmatic approach in both revenue and expenditure projections in the FY 2017/18 and beyond. Local revenues including Facility improvement funds (F.I.F) are projected to rise marginally by 1.8 percent to Ksh 3.2 billion in FY 2017/18. Local revenues will represent 24 percent of the total projected County receipts.

Projections from 2017 draft Budget Policy Statement revealed that the County will receive a Ksh 9.3 billion from the National equitable share in FY 2017/18 up from Ksh 8.7 billion allocated in FY 2016/17. The projected equitable share of revenue shall constitute 68 percent of the projected County receipts. Total County allocation for conditional grants are projected to rise by 23 percent from allocation in the current year 2016/2017.

In FY 2017/18 Department of Health will receive a combined conditional grant of Ksh 799 million that is Ksh. 446 million conditional grant to Nakuru Level-5 hospital; Ksh 220 million as conditional grant for Free Maternal Care; Ksh 96 million as conditional allocation for leasing of medical equipment. Ksh. 37 million as Compensation of foregone fees for health facilities.

Additionally, the County Government is projected to receive Ksh 246 million as conditional allocation from Roads Maintenance Fuel Levy Fund representing an appreciable growth of 83 percent from the allocation in FY 2016/2017.

In Summary, total projected County receipts including local revenue, National transfers and and AIA are expected to be Ksh 13.7 billion up in the FY 2017/18 from approximately 12.5 billion projected in current year 2016/17. This representing a seven percent growth.

3.7 Expenditure Forecasts.

The fiscal policy underpinning expenditure forecast were mainly guided by the need to free up more resource for capital investment, reduce county Government debt commitments and to further contain the rising county wage bill. During the next MTEF period 2017/18-2019/20, the total expenditures are expected rise by seven percent to Ksh 13.7 billion up from 12.5 billion in the approved estimates FY 2016/17.

Recurrent expenditures are expected to increase slightly by five percent to Ksh 9.4 billion in the FY 2017/18. Allocation for compensation to employees are projected to steady at 39 percent of the total County budget for FY 2017/18 or Ksh 5.3 billion. This is expected to cover for renewal of county assets and adjust recurrent expenditure for inflation on prices goods and services. Over the medium term, the debt to revenue ratio is expected to be 15 percent while debt service to revenue ratio is expected to be four percent.

- Allocation for county debt resolution are projected to rise from the current allocation of Ksh 361 in FY 2016/17 to Ksh 400 Million in FY 2017/18.
- The wage bill is expected to rise by marginally by four percent (mainly on account of annual salary increment) to steady at Ksh. 5.3 billion in FY 2017/2018.

Allocation for County capital expenditure is projected increase to Ksh 4.2 billion in the FY 2017/2018 a growth of six percent[2] from allocation in the current budget FY 2016/2017. This allocation includes an amount of Ksh 1.4 billion for Ward resource envelop, Ksh 400 million for County debt resolution, 95 million transfers to County Assembly and Ksh 2.2 for departmental strategic project.

Development budget ceiling in FY 2017/2018 is 30.7 percent proportion of the total budget in line with Section 107 (2) of the PFM 2012 Act.

Summary

The set of policies outlined in the County Fiscal Strategy Paper reflect circumstances that are in line with the fiscal responsibilities as outlined in the PFM Act, 2012. The use of the Integrated Financial Management Information System (IFMIS) and Performance Monitoring Tools will make it possible for the County to track and match resources to results achieved in a more efficient manner. The county will firm up M&E framework in the current FY 2016/17 to enhance effective and efficient reporting on the implementation of the current CIDP (2013-2017) and its Annual Development Plans. Further, preparation of the second CIDP (2018-2022) will begin in the FY 2017/18 and this will integrate SDGs and mainstream green economy options in planning and budgeting. The County will continue to embrace Program Based Budgeting (PBB) to ensure that all County resources are linked to specific projects outputs and outcomes. The fiscal policy will also endeavour to adhere to medium-term debt targets as provided in the next Medium Term Debt Management Strategy 2017 that aims at ensuring public debt sustainability.

[2] The growth in development expenditure exclude balances carried for from FY 2015/2016.

IV. INTERGOVERNMENTAL FISCAL RELATIONS AND DIVISION OF REVENUE

4.0 Overview

The Nakuru County Government will continually seek both horizontal and vertical fiscal relations with a view of promoting harmony in County social economic development.

The county government will continue to cascade the IFMIS system in all county government departments using the system currently whilst equipping of the sub counties with the necessary ICT infrastructure to support the system. The National Treasury through sponsorship from its Development partners have continued to support the County Government through training key personnel on the major IFMIS modules. Key focus on the next MTEF period will be to achieve full proficiency in the *Plan to Budget* module and *E procurement* module.

The County Government through H.E the Governor signed a Participation Agreement with the Kenya Devolution Support Programme (KDSP) in June 2016. The KDSP programme is a loan advanced to the national government by the World Bank but issued to the County government as a grant for capacity building anchored under National Capacity Building Framework (NCBF). The programme targets outcomes in four Key Result Areas (KRAs) namely: i) Public Financial Management Systems; ii) Planning, Monitoring and Evaluation; iii) Human Resource Management; and, iv) Civic Education and Public Participation. The programme is motivated by the need for a mechanism to incentivize counties which adhere to fiscal responsibility principles as per the Public Finance Management Act (2012) and the Public Finance Management Regulations (2015); which attain set minimum conditions.

In compliance with the funding Level one criteria, Nakuru County Government has prepared a capacity building plan which has been shared with the KDSP secretariat. Nakuru County has been allocated Ksh 37 million under this programme for Level One FY 2016/17. The outcome of Level one implementation will qualify the County Government for Level Two funding later in FY 2017/18

Additionally the County government is implementing a United Nations Development Programme (UNDP) under the programme '*Integrated UNDP Support Programme to the Devolution Process in Kenya'*. This programme envisages to improve capacities to the counties and its being undertaken in 21 counties although the funds do not flow directly to the county governments consolidated revenue fund but UNDP pays the service provider directly as per work plan which is approved by the Ministry of Devolution and Planning.

In line with the National policy the county government has continued to adhere to the Public Procurement and Asset Disposal Act, 2015 by ensuring that 20 percent of the tenders are reserved for the locals in the county as well as 30 percent

Access to Government Procurement Opportunities (AGPO) for the women, youth and Persons With Disabilities (PWDs).

As envisaged in Section 117 of the PFM Act 2012, the County has drafted its 3rd Medium Debt Management Strategy paper 2017. The strategies adopted in the MDSP 2017 will guide the County Government to adhere to borrowing terms specified under fiscal responsibility principles, and ensure sustainability in debt management. The PFM (County Government) Regulations 2015 and its regulations has clarified the procedure, purpose and thresholds for borrowing by the County Governments so as to contain fiscal risks and ensure public debt sustainability. Going forward, there is need to sensitize both the county executive and legislative arms on these guidelines.

It is important to observe that National Treasury has prioritised capacity County Government on the area of public finance management. However the apparent capacity constraints in County public finance management demonstrate the need to continually improve

The County Government has received a consent from the National Treasury PPP Unit to proceed with the proposed solid waste management project. The project named *Integrated Solid Waste Management Project* is expected to receive funding for feasibility study from the World Bank. Currently the project is at Transaction Advisory procurement stage (TA) at the National Treasury as per the BPS 2017.

Subject to Section 187 of the PFM Act 2012, the Intergovernmental Budget and Economic Council (IBEC) as chaired by the Deputy President deliberates on matters relating to budgeting, the economy and financial management and integrated development at the national and county level. The counties, through a consultative process with the national government, has identified a number of policy reform proposals whose implementation will contribute towards improved resourcing of counties, essentially by enhancing revenue collection from property taxes while capturing a greater share of appreciating property values.

Accordingly, the National Treasury through the IBEC will initiate a national framework legislation aimed at supporting enhancement of county own-source revenue. The proposed national framework legislation is geared towards regulating how County Governments introduce new taxes, fees, service charges and business licenses in keeping with Articles 209 and 210 of the Constitution as well as Section 161 of the PFMA. In addition, a comprehensive review is to be undertaken of all existing legislation related to taxes, fees, service charges and business licenses being imposed by the counties, with the aim of recommending how better these should be harmonized.

To spearhead implementation of the above policy measures, establishment of an inter-agency working committee is underway. Through IBEC and with National Treasury in the lead, the working committee will formulate and thereafter support implementation of the afore-mentioned national framework legislation. This process is still being subjected to stakeholder consultation as stated in the BPS 2017.

The BPS 2017 has noted, this CFSP 2017 will make considerations and make realistic projections so as to be able to meet our fiscal responsibilities.

4.1 Post Transition Policy Constraints

The Transition Authority mandate ended with the lapse of the transition period in March 2016 and its functions handed over to the Intergovernmental Relations Committee (IRC).

However, there are still pending issues that have remained unaddressed to-date. For instance, functions related to cultural activities and public entertainment (gambling, casinos, public libraries, cinemas,) have not been properly handed to Counties in line with the mandate set in law. Likewise, transfer of functions related to Regional Development Authorities (RDAs) and Water Services Boards (WSBs) as well as reform of the National Road authorities is pending due to incomplete unbundling of the mandates as well as clarifications on function definitions. Final determination of the transfer of these functions will have important budget implications because it is on the basis of devolved-function that decisions will be made on further fiscal decentralization.

4.2 Cash Disbursement to the County Government

The county received a total of Ksh 8.8 billion as exchequer release comprising of equitable share (8.1 billion), 702 million conditional grants and 25.6 million donor transfers. However there has been continued erratic pattern in exchequer releases to the county government thus the national government must prioritise releasing funds to counties, if optimal resource use by counties has to be achieved.

4.3 Revenue Allocation for Each County Government for FY 2017/18

In order to arrive at County Governments' equitable share of revenue for FY 2017/18, the equitable revenue share allocation in FY 2016/17(as the baseline) has been adjusted by a revenue growth factor of 6.72 percent, compared to the 7.9 percent revenue growth in 2016/17. Based on this adjustment, County Governments' equitable share of revenue in FY 2017/18 is estimated to be Ksh 280.3 billion. As contained in the Budget Policy Statement 2016/2017, the total allocations including conditional grants amounts to Ksh 334.9 billion.

Nevertheless, the National Assembly should expedite their approval process of audited revenues as the nationally raised revenues have in a positive growth in recent years.

The table below provides estimates of revenue allocation among Counties in the financial year 2016/17. The allocations comprise of the equitable share of Ksh. 280.3 billion, distributed based on the CRA recommended sharing formula in accordance with Article 217 of the Constitution(population (45 percent); equal share (25 percent); poverty (20 percent); land area (8 percent); and, fiscal responsibility (2 percent).

The ongoing process of developing the second criteria for the sharing of revenue among the counties should be fast-tracked as Nakuru County is set to gain with the expected revisions

The Nakuru County will receive a total allocation of Ksh. 9,611,129,327 where equitable share of revenue is Ksh. 9,346,137,021.

Table: Horizontal Allocation of Revenue across Counties

	FY 2016/17						2017/18				
County	**Allocation Ratio**	**Total Allocations**	**Equitable Share**	**Level-5 Hospitals**	**Compensation for user fees foregone**	**Free Maternal Healthcare**	**Road Maintenance Levy Fund**	**Leasing of Medical Equipment**	**Loans & Grants**	**Total Allocations**	**Per capita allocation (Kshs)**
Baringo	1.71%	**5,129,582,699**	5,113,422,836	-	12,950,107	65,759,400	134,662,500	95,744,681	166,111,284	**5,588,650,808**	10,059
Bomet	1.81%	**5,336,838,163**	5,420,093,145	-	16,880,750	58,452,800	142,537,500	95,744,681	29,600,406	**5,763,309,282**	7,958
Bungoma	2.95%	**8,735,435,297**	8,838,771,660	-	38,017,014	170,630,600	232,312,500	95,744,681	38,119,488	**9,413,595,943**	5,772
Busia	2.09%	**6,171,913,241**	6,264,567,459	-	11,377,011	99,713,600	164,587,500	95,744,681	31,664,390	**6,667,654,641**	13,661
Elgeyo/Marakwet	1.26%	**3,805,329,685**	3,765,985,812	-	8,624,640	43,409,800	99,225,000	95,744,681	125,946,589	**4,138,936,521**	11,186
Embu	1.48%	**4,659,902,222**	4,419,473,759	228,214,286	12,032,884	57,593,200	116,550,000	95,744,681	27,039,671	**4,956,648,481**	9,602
Garissa	2.22%	**6,864,515,065**	6,646,229,735	426,000,000	14,523,507	50,286,600	174,825,000	95,744,681	105,316,388	**7,512,925,911**	12,058
Homa Bay	2.17%	**6,433,098,836**	6,488,782,796	-	22,466,004	131,089,000	170,887,500	95,744,681	72,726,628	**6,981,696,609**	7,244
Isiolo	1.18%	**3,496,421,481**	3,519,703,730	-	3,340,178	23,209,200	92,925,000	95,744,681	64,074,326	**3,798,997,115**	26,512
Kajiado	1.70%	**5,150,776,771**	5,081,237,525	-	16,021,218	49,856,800	133,875,000	95,744,681	206,329,597	**5,583,064,820**	8,123
Kakamega	3.43%	**10,530,015,389**	10,258,025,983	405,714,286	38,709,716	214,900,000	270,112,500	95,744,681	41,676,146	**11,324,883,312**	6,820
Kericho	1.73%	**5,149,062,299**	5,187,682,228	-	17,676,855	98,854,000	136,237,500	95,744,681	28,912,108	**5,565,107,371**	7,339
Kiambu	2.87%	**8,932,697,756**	8,594,435,677	390,500,000	37,838,646	224,785,400	226,012,500	95,744,681	37,503,720	**9,606,820,624**	5,918
Kilifi	2.86%	**8,578,765,509**	8,568,727,773	-	25,867,884	177,077,600	225,225,000	95,744,681	259,933,618	**9,352,576,556**	8,428
Kirinyanga	1.36%	**4,035,586,671**	4,074,336,911	-	12,308,920	50,716,400	107,100,000	95,744,681	26,171,582	**4,366,378,494**	8,269
Kisii	2.73%	**8,471,708,029**	8,168,471,097	400,642,857	26,859,653	194,699,400	214,987,500	95,744,681	36,438,096	**9,137,843,284**	7,930
Kisumu	2.19%	**6,849,697,625**	6,542,104,657	400,642,857	22,585,235	123,782,400	172,462,500	95,744,681	32,360,003	**7,389,682,333**	7,627
Kitui	2.80%	**8,285,242,008**	8,368,427,839	-	23,606,211	63,610,400	220,500,000	95,744,681	269,220,781	**9,041,109,912**	8,928
Kwale	1.97%	**5,935,176,374**	5,902,355,643	-	15,149,869	104,441,400	155,137,500	95,744,681	175,868,372	**6,448,697,465**	9,922
Laikipia	1.33%	**4,012,138,985**	3,972,232,877	-	9,305,967	63,610,400	104,737,500	95,744,681	131,968,384	**4,377,599,809**	10,965
Lamu	0.79%	**2,479,974,659**	2,362,790,130	-	2,366,871	16,762,200	62,212,500	95,744,681	47,538,332	**2,587,414,714**	25,482
Machakos	2.61%	**8,020,334,685**	7,794,256,197	360,071,429	25,607,954	97,134,800	205,537,500	95,744,681	35,499,277	**8,613,851,839**	7,841
Makueni	2.30%	**6,751,278,862**	6,874,210,415	-	20,618,293	80,802,400	181,125,000	95,744,681	33,193,195	**7,285,693,983**	8,237
Mandera	3.45%	**10,028,184,872**	10,312,693,692	-	23,910,336	46,418,400	271,687,500	95,744,681	116,831,640	**10,867,286,249**	10,594
Marsabit	2.00%	**5,855,548,000**	5,975,781,746	-	6,787,069	19,341,000	157,500,000	95,744,681	92,093,584	**6,347,248,080**	21,799
Meru	2.50%	**9,423,247,567**	7,477,529,170	289,071,429	31,615,328	123,782,400	196,875,000	95,744,681	3,954,705,346	**12,169,323,354**	8,972
Migori	2.25%	**6,833,223,154**	6,721,266,066	-	21,379,200	165,043,200	177,187,500	95,744,681	276,916,983	**7,457,537,630**	8,131
Mombasa	2.00%	**6,328,843,626**	5,985,491,435	476,714,286	21,896,682	136,246,600	157,500,000	95,744,681	30,963,949	**6,904,557,632**	7,350
Muranga	2.06%	**6,075,714,168**	6,167,550,964	-	21,971,530	80,802,400	162,225,000	95,744,681	55,420,556	**6,583,715,132**	6,985

	FY 2016/17						2017/18				
County	Allocation Ratio	Total Allocations	Equitable Share	Level-5 Hospitals	Compensation for user fees foregone	Free Maternal Healthcare	Road Maintenance Levy Fund	Leasing of Medical Equipment	Loans & Grants	Total Allocations	Per capita allocation (Kshs)
Nairobi	5.00%	**14,988,400,877**	14,965,886,555	-	73,155,271	302,579,200	393,750,000	95,744,681	2,153,481,243	**17,984,596,949**	5,731
Nakuru	3.12%	**9,611,129,327**	9,346,137,021	446,285,715	37,373,449	219,627,800	245,700,000	95,744,681	39,391,730	**10,430,260,396**	6,505
Nandi	1.83%	**5,400,805,811**	5,475,611,000	-	17,551,588	67,048,800	144,112,500	95,744,681	29,685,498	**5,829,754,067**	7,742
Narok	2.04%	**6,069,533,014**	6,089,136,697	-	19,834,915	56,303,800	160,650,000	95,744,681	174,631,518	**6,596,301,611**	7,752
Nyamira	1.60%	**4,753,135,780**	4,784,043,659	-	13,945,233	79,942,800	126,000,000	95,744,681	27,952,601	**5,127,628,974**	8,571
Nyandarua	1.66%	**4,883,603,211**	4,959,688,612	-	13,898,986	50,716,400	130,725,000	95,744,681	37,393,353	**5,288,167,031**	8,869
Nyeri	1.71%	**5,453,740,722**	5,123,376,160	436,142,857	16,166,813	82,091,800	134,662,500	95,744,681	28,804,165	**5,916,988,975**	8,531
Samburu	1.37%	**4,045,213,041**	4,090,532,282	-	5,220,197	14,183,400	107,887,500	95,744,681	78,926,030	**4,392,494,090**	19,614
Siaya	1.92%	**5,713,934,349**	5,752,198,456	-	19,634,077	128,080,400	151,200,000	95,744,681	68,377,768	**6,215,235,381**	7,379
Taita Taveta	1.27%	**3,809,410,333**	3,811,041,961	-	6,635,345	42,120,400	100,012,500	95,744,681	89,150,851	**4,144,705,737**	14,560
Tana River	1.53%	**4,620,956,536**	4,588,321,642	-	5,596,140	19,341,000	120,487,500	95,744,681	70,152,919	**4,899,643,882**	20,409
Tharaka Nithi	1.21%	**3,622,329,182**	3,612,978,351	-	8,515,829	35,243,600	95,287,500	95,744,681	103,877,974	**3,951,647,934**	10,817
Trans Nzoia	1.96%	**5,785,005,400**	5,872,318,341	-	19,085,197	67,908,400	154,350,000	95,744,681	30,681,752	**6,240,088,371**	7,621
Turkana	4.03%	**11,707,868,339**	12,066,841,894	-	19,939,321	23,209,200	317,362,500	95,744,681	164,996,259	**12,688,093,855**	14,833
Uasin Gishu	2.00%	**5,854,438,019**	5,977,414,645	-	20,843,281	117,335,400	157,500,000	95,744,681	30,945,743	**6,399,783,750**	7,157
Vihiga	1.49%	**4,423,789,388**	4,458,017,656	-	12,928,219	67,908,400	117,337,500	95,744,681	43,635,292	**4,795,571,748**	8,647
Wajir	2.78%	**8,147,672,519**	8,328,662,609	-	15,429,821	50,286,600	218,925,000	95,744,681	118,372,535	**8,827,421,246**	13,336
West Pokot	1.66%	**4,947,297,179**	4,967,313,501	-	11,950,786	41,260,800	130,725,000	95,744,681	127,398,331	**5,374,393,099**	10,483
GRAND TOTAL	**100.00%**	**302,198,516,718**	**299,136,160,000**	**4,260,000,000**	**900,000,000**	**4,298,000,000**	**7,875,000,000**	**4,500,000,000**	**13,968,000,000**	**334,937,160,000**	8,675

Source: Budget Policy Statement 2017

In addition, Nakuru County Government will also get the following conditional allocations:

Allocation for Free Maternal Health Care of Ksh 220 Million.

This grant is to be transferred to County Governments on a reimbursement basis, upon confirmation that the County Government provided maternal health care services in their health facilities in accordance with agreed specifications.

Compensation for user fees forgone amounting to Ksh 37 Million

Allocation for leasing medical equipment of Ksh. 96 Million.

The medical equipment under this grant was purchased and delivered by the national government to Nakuru PGH and Naivasha Sub-county hospital as planned Ksh 95 million.

Allocation for level-5 hospital (Nakuru PGH) of Ksh 446 Million

Level-5 hospitals continue to play a significant role in providing specialized health care services. These hospitals provide health care services to citizens residing outside their host County Governments. The amount allocated for Nakuru PGH is less than half of what the hospital requires for optimal service delivery in a financial year. Thus, the County Government of Nakuru appeals for a significantly higher allocation for the level-5 facility based on the cost of running the facility.

The Naivasha Level hospital should be considered for a conditional grant as it serves communities from other surrounding counties namely; Kiambu, Nyandarua and Narok.

Allocation from the Fuel Levy Fund of Ksh 246 Million

This grant is transferred to counties in order to enhance repair and maintenance of county roads in accordance with the County Wort plans submitted to the Kenya Roads Board. The National Government to transfer 15 percent of the projected Road Maintenance Fuel Levy Fund to the County Governments.

Conditional Allocation-Loans and Grants of Ksh 39 Million

According to the BPS 2017, management of these loans/grants is to be undertaken by the National Government with involvement of County Governments through Project Steering Committees and Project Implementation Units for each programme/project. Prior to the release of funds, a clear framework needs to be agreed within the existing intergovernmental fiscal relations framework, to avoid non-remittance of the said funds, as past years' experience has shown.

Conditional Grant of KDSP of Ksh 37 Million

This grant will be used in capacity building in the four Key Result Areas (KRAs) as identified in the National Capacity Building Framework to improve the capacity of the devolved governments.

Conclusion

The IRC to fast track the process of compiling assets that belonged to defunct local authorities before devolution. The recommendations by CRA on conditional grants to cushion counties against high wage bills should be considered in the Division of Revenue Bill. Costing of the Nakuru L-5 Hospital to determine full cost of running the facility in comparison with the actual allocation.

V: MEDIUM TERM EXPENDITURE FRAMEWORK

5.0 Resource Envelope

This outlines County Government's spending plans and how the expenditure will be funded in the FY 2017/2018. The fiscal strategy of the Government is guided by contemporary events which have impacted on the economy, the CIDP, ADP and the departmental sector reports.

5.1 Revenue Projections

The total county receipts projected for the FY 2017/2018 is Ksh. 13.7billion Local revenue sources including AIA from the Department of Health will finance approximately 25.25 percent of the total budget. The total local revenue projected for FY 2017/2018 are 5 percent growth from the forecast in the current FY 2016/2017. The county will continue to improve revenue automation system by increasing the revenue sources on automation and improving efficiency in county revenue administrations as well training revenue administrators on customer relations and enhance enforcement so as to shore up projected revenues for the FY 2017/2018. Major local revenues streams include property taxes at 26.3 percent, trade licences at approximately 17.8 percent and outdoor advertisements at approximately 12 percent.

The county achieved 75.14 percent performance in local revenue for FY 2015/16, this shows predictability in revenues. In compliance with the laid down fiscal responsibility for Counties as set out in section 107 PFM Act 2012, the County Government of Nakuru shall ensure reasonable degree of predictability in both revenue projection and expenditure forecast. Therefore the County shall ensure a zero deficit financing policy and further maintain the County debt stock at 20 percent of the total County budget over the medium term.

Incomes from local sources are expected to finance 30.3 percent of the County Government's recurrent expenditures. The balance of the recurrent expenditures (including compensation to employees) and the Development expenditure will be financed by transfers from nationally raised revenues.

The County Government of Nakuru expects to receive Ksh 9.3 billion as equitable share of nationally raised revenues as per the Budget policy statement 2017 which translates to 6.29 percent growth against a projected CBROP 2016 target of 7.5 percent. This is a deviation of Ksh 68,309,472.00. The equitable share of revenues account 68.3 percent of the total budget and therefore any slight deviation on the allocation of the equitable share has a fundamental impact on the entire County budget.

The conditional grant for the level 5 hospital has increased from Kshs.356million in FY2016/17 to Ksh 446 million in FY 2017/2018. This shows a growth by 25.3 percent as per the draft BPS 2017. However this allocation is not sufficient considering the catchment area the level 5 serves.

Other conditional grant under the department of Health in the FY 2017/2018 include;

An amount of Ksh 219 million for free maternity health services and shall be financed as reimbursement for all deliveries in public health facilities within the County; an amount of Ksh 37million for forgone user fees.

For the third year running Nakuru County has been allocated Ksh 95.7million for financing for leasing medical equipment supplied by the National Government on behalf of Counties.

The County revenue share from the Road Maintenance Levy Fund has been increased from Ksh. 134.5 million in FY 2016/2017 to Ksh 245.7 million in FY 2017/2018 reflecting an 82.6 percent growth.

5.2 Key Priorities and Expenditure framework FY 2017/18

The CIDP 2013-2017 will guide the overall implementation framework of the fiscal year 2017/2018 thereafter the county will embark of the preparation of the 2nd CIDP for the plan period 2018-2022 which will inform the other MTEF period. Sustaining the gains being made through the first three years under the County Government shall be to ensure prudence and responsible public spending. Key focus in the FY 2017/18 Medium Term Budget will be guided by the County's medium terms, Departmental strategic plans and the Annual sector reports as prepared by the various Sector Working Groups (SWGs). The inputs of relevant stakeholders that were aired during the sector hearings have been incorporated in finalising the sector budget proposal of the County government entities.

Departmental programmes to align them with core County mandate as outlined in various legal notices on County functions with the aim of deepening the programme based budgeting approach. This is further expected to reduce non-core expenditures and eliminate overlap/duplication across budget sectors.

During the next MTEF period 2017/2018-2019/2020 the County Government will focus on operationalization of major social and physical infrastructure constructed so far.

- Overall county expenditure is expected to reach Ksh 13.7 billion a growth of 7.9 percent from the approved estimates in the current year 2016/2017.
- In addition compensation to employee is expected reach Ksh 5.3 billion in FY 2017/2018 which is 39% of the total budget.
- Further allocation for use of good and services is expected to be 30% percent of the total budget which is approximately 4.1 billion
- The department of Health continues to take the lion share of the total budget at 35 percent of the total budget in FY 2017/2018. This is mainly on account expenditure from local AIA receipts and several conditional grants from the sector.
- Capital expenditure is expected to rise from Ksh 3.9 billion to Ksh 4.2 billion representing a 9.3 percent growth.

5.3 Primary Ceilings

Total recurrent expenditure comprises of compensation to employees, use of goods and services and maintenance. The non-discretionary charges which include payment of salaries to county employees and utility expenses shall take priority of all recurrent payments. Compensation to employees is composed of 56.34 percent of the planned total recurrent expenses for the FY 2017/2018. As a share of total expenditure for FY 2017/2018 total recurrent expenses will account for 69 percent.

Capital expenditure is expected to be approximately 31 percent of the total County Budget. The breakdown for total include allocation of Ksh 1.375 billion to ward resource envelop, Ksh 47.07 million transfers to County Emergency Fund, Transfers to County Assembly Ksh 990.4 Million and Ksh 12.8 Million capital transfer from the DANIDA. The County Government expects the development expenditure will be financed by transfers from equitable share of revenues (at 85 percent) and the balance from conditional grants and local revenue sources.

Considerations for additional expenditure will be guided by the following priority.

The County Government spending plans is to eliminate non-core and non-productive expenditures. During the next MTEF period therefore the County Government will make priority to the following areas in the event of additional revenues;

- Preparation of the 2nd CIDP
- Operationalization of social infrastructure to maximize the gains being made in the current/ previous MTEF period
- Increase allocation for operations and maintenance for the County department of environment including payment of casual labourers
- Interventions observed from public participation activities.
- Consideration for projects aimed at reducing poverty reduction and maximisations of equitable development.
- Increasing allocation for the completion of the county spatial planning and completion valuation roll.

5.4 MTEF Budget Sectors

5.4.1 Energy Infrastructure and Information, Communication and Technology

The sector aims at improving both quality and quantity of the existing Infrastructure facilities as well as ICT development. At the County level, the sector is composed of the Roads Transport and Public Works as well ICT and e-Governance.
During the FY 2015/16 the Roads sub-sector earmarked to grade and gravel 2161km of road and achieved 1600km, further 25 footbridges were targeted out of which 3

bridges were completed. 300 streetlights were set out to be installed out of which 270 were installed.

The ICT sub sector achieved the following; installation of CCTV cameras at the County headquarters, continued to offer support for the implementation of ZIZI, LAIFOM and IPPD

The ICT sub-sector has planned to install Wide Area Networks connecting all sub counties and various county offices, set up a call centre at the County Headquarters, and install Structured cabling- LAN

During the FY 2017/18 period, the Roads infrastructure sub sector has been allocated Ksh 779.2 million up from the FY 2016/17 approved budget of Ksh. 673.1million, of this, Ksh 321.1 million has been allocated to recurrent whereas Ksh. 458.1 million has been allocated for development. This is projected to increase to Ksh. 857.2million and Ksh 942.9 million the FY 2018/19 and FY 2019/20 respectively.

As per draft Budget Policy Statement the sub sector has been allocated Ksh 245.7million through the Road Maintenance Levy Fund (RMLF).

On the other hand the ICT sub sector has been allocated Ksh. 153.6 million (that is Ksh 58.6million for recurrent expenditure and Ksh. 94.9 million for Development expenditure).

The total allocation for this sector is Kshs.1.3 billion.

5.4.1 Health Sector

The health sector goal is to reduce inequalities in health care services and reversing the downward trend in health related outcomes in the County. The health functions devolved are County health facilities and pharmacies, ambulance services, promotion of primary health care and licensing and control of undertakings that sell food to public. Former Nakuru Provincial General Hospital and other seven (Naivasha, Gilgil, Bahati, Molo, Elburgon, Olenguruone and Annex) Hospitals plus health centres and Dispensaries as per the Constitution of Kenya 2010, Sixth schedule as read with section 23 and 24 of the Transition to Devolved Government Act 2012, and further to the legal notice no. 157 of 2013.

In order to achieve its goal, the sector has six objectives: Eliminate communicable conditions; Halt and reverse the rising burden of non-communicable conditions; reduce the burden of violence and injuries; minimize exposure to health risk factors; provide essential health services and strengthen collaboration with health related sectors.

The Sector receives 35% of the total County budget which is the highest across all budget sectors though the sector still experiences underfunding.

In the FY 2017/2018 the County government has allocated Ksh. 4.7 billion (that is Ksh 4.2 billion recurrent and Ksh 499.5 million for Development) to finance priority programmes in the Health sector against a resource requirement of Ksh. 5,7 billion . Out of the above allocation the Facility Improvement Fund (FIF) collections is projected to be Ksh 611million.

The County Level 5 hospital has been allocated Ksh. 446.2 billion as per the baseline contained in the Budget Policy Statement 2017. This is a growth of 25.3 percent compared to the allocation for the FY. 2016/17 which is Ksh. 356million.
Further the sector has been allocated Kshs.245.7million for Free Maternity Health care as well as Ksh 39 million as compensation of user fees foregone for dispensaries and health centres and Ksh 95.7 million for lease of medical equipment.

Further an amount of Ksh 12.6 million of the Health sector allocations for FY 2017/2018 is expected to come from a DANIDA Donor grant.

It is worthy to note that while there evident gaps in County healthcare financing, national Government and Other Major Donors (WHO, World bank, USAID, HSSF) still bridge a significant budgetary gaps through direct transfers to facilities for instance in the immunisation and treatment of selected Major Diseases like Malaria, Tuberculosis and HIV/AIDs including supply of ARVs.

Challenges and emerging issues in the sector include;

1. Increase in non-communicable disease cases e.g. cancer, diabetes and hypertension.
2. Lack of specialized expertise to operate and maintain the newly procured medical equipment.
3. Fast expansion of health facilities v/s inadequate funding for operationalization.
4. Increased demand for drugs and health commodities due to rapidly increasing life style diseases
5. High cost of HIV/AIDS, T.B, Malaria and RH drugs and vaccines (Previously under National government but are now the responsibly of the county government.

5.4.3 Environment Protection, Water and Natural Resources

The sector goal is to improve environment, natural resource management, water & sewerage services and enhance energy within the county. The sector objective is to promote, conserve and protect the environment and improve access to water and enhance sustainable use of Natural resources. The sector plays a key role in ensuring every citizen has access to portable water in a clean and secure environment. Under this sector, functions include, soil and water conservation, forestry, storm water management, and water and sanitation services, air pollution, noise pollution, other public nuisance and outdoor advertising.

This sector is has embraced green economy options in the ADP after training by GIZ on Integrating Green Options in planning and budgeting.

- ***Environmental Conservation and solid waste management***

The sub-sector engaged PPPs in management of solid waste in residential estates and currently there is a feasibility study for the "Integrated Solid Waste Management Project" which is being done by the World Bank and the actual work will be implemented through PPP.

- ***County Water services***

The sub-sector has managed to increase water accessibility through borehole drilling, increased reticulation and rehabilitation of existing water projects. The area of coverage increased by 2%.

Going forward the sector has planned to increase accessibility to water by drilling 9 bore holes, desilting 6 water pans, protect 4 water springs as well as rehabilitate 10 water projects. On solid waste management, the sector plans to fence 3.5 Km of sewerage treatment plant as well as increase the number of households with sewerage connectivity and purchase 3 refuse trucks.

To achieve the above projects and programmes the Sector requires Ksh 1.5 billion but has been allocated Ksh 570.3 million that's Ksh. 398.5 million recurrent expenditure and Ksh. 171.7million for development.

Some of the challenges facing the sector include; lack of land for solid waste management as people are not willing to sell land for the purpose of solid waste management.

5.4.4 Public Administration and National Relations Sector

The sector plays a critical role in facilitating public service delivery as well as providing supportive services to other county Government entities. The sector also oversees county legislation, resource mobilisations, intergovernmental relations, public service management, recruitment and placement and overall political leadership.

During the 2017/2018- 2019/2020 MTEF period, the sector will comprise of 16 major programmes aimed at attaining the mandates highlighted above as well transforming the county public service delivery and overall leadership on economic management of the fiscal resources. Other major programmes include public finance management, coordination of County and sub county Coordination services, Human resource advisory services, and County legislation and oversight functions, providing intergovernmental linkages.

To implement the planned programmes for the sector, total allocation for the sector will reach Ksh 5.3 billion in FY 2017/2018 up from Ksh3.5 billion in the current budget. This excludes the allocation for the Ward resource envelop for Ksh 1.375 billion which are allocated in the department of Finance and Economic Planning.

Office of the Governor has been allocated Kshs.308.6million with 212.8 million as recurrent and Kshs.95.8 million.
Public Service Board has been allocated at total Ksh. 65.6 million.

The County Treasury has been allocated a total of Ksh. 3.04billion with recurrent being 1.01 billion and development allocation is Ksh. 2.026 billion which include 1.375 billion for ward resource envelope and 500million for debt resolution

Public Service Management has been allocated a total of Kshs.897.1million with Ksh 778 million for recurrent and Kshs.119.1 million for development expenditure.

Allocation to County Assembly for FY 2017/2018 is Ksh. 990.4 million which is seven percent of the total budget as envisaged in section 25 (f) PFM regulation (County Government).

5.4.5 Education Sector/ Social Protection

The Sector comprise the Education (ECDE), Culture & Gender, Youth Affairs & Vocational Training, Sports, Social Services and community development directorates. The goal of the sector is to realize issues relating to youth development, culture and gender, social services, sports development, early children education, betting and control in the county. The sector's priorities are based on quality education for pre-primary children, identification and development of socio cultural diversity, youth empowerment and sport management in the County.
In the MTEF period 2017/18-2019/20, the sector has prioritized the following programmes, in order to meet its mandate: Promotion of Early Childhood Education and development; Youth empowerment, training and participation; Development of Socio-cultural diversity, economic empowerment and promotion of responsible gaming; Management and development of sports, recreation and sports facilities and Administration, Planning and support services.

In order to implement these priorities, the sector has been allocated Ksh 693.95 million in the FY 2017/2018 with recurrent expenditure of Ksh. 583.3 million and development expenditure Kshs.110.5 million. The Development Expenditure ceilings are expected to increase substantially once the public participation forums on budget preparation are concluded, when the community prioritizes on the Ward Resource Envelope.

5.4.6 Agriculture, Rural and Urban Development Sector

The sector comprises of two subsector, namely: Agriculture, Livestock and Fisheries and the Lands, Housing and Physical planning subsector. The total sector allocation is Ksh1.1 billion which represent 8 percent of county budget ceilings.

The Agriculture, Livestock and Fisheries subsector's goal is to attain food security, sustainable land management and improve linkage to markets. In the MTEF period, the subsector will implement the following programmes, in order to meet its mandate: Livestock Resources Management and Development; Fisheries Management and Development; Crop Development and Management; Administration, planning and Support Services. The subsector allocation amounts to Ksh 731.7 million representing 5% of the county budget in the FY 2017/18. Of this, Ksh 555.6 million is recurrent whereas Ksh 176 million development. The development ceiling may increase depending on the outcomes of public participation forums on Ward Resource Envelope during budget preparation.

The Lands, Housing and Physical Planning subsector is mandated to implement Land Policy, undertake Physical Planning, Land Surveys & mapping and provide affordable and accessible housing. The sub-sector preparing a spatial plan which is intended to lay the long term blueprint in land use as well as development patterns. Further the sub-sector is preparing to update the valuation roll. This is expected to improve revenues ones it is complete. In the MTEF period, the department will implement the following programmes: Administration, Planning, Management and Support Services; Land Use Planning and Survey; Development and management of housing. To achieve this, the Subsector has been allocated a total of Ksh 422.9 million in FY 2017/18, Ksh 146.9 million as recurrent and Ksh. 275.9 million as development

5.4.7 General Economics and Commercial Affairs Sector

The sector encompasses the department of Trade, Industrialization, Cooperative and Tourism Management. The sector works towards achievement of creating conducive environment for the development and growth of trade and industrialization, Cooperatives and Tourism.

To achieve its mandate in the MTEF period the sector will implement the following programmes: Administration, Planning and Support Services; Cooperative Development & Management; Commerce and Enterprises; Market Rehabilitation & Development; Tourism Development & Management.

The sector was able to facilitate the revival of 6 cooperatives, financed 159 SMEs traders, counselled/advised 280 entrepreneurs, trained 285 SMEs, calibrated 2,890 weighing and measuring instruments, audited 130 cooperative societies. The sector also rehabilitated 11 markets, developed a tourism website and conducted 14 Miss Tourism auditions.

Towards this goal, the sector has been allocated a total of Ksh 295.3 million in 2017/18 representing 2% of the county budget ceilings. For the FY 2017/18, the recurrent vote ceiling amounts to Ksh 135.5 million while development expenditure is Ksh 159.7 million which is likely to get enhanced depending on the outcomes of the public participation meetings on budget priorities for the year 2017/18.

5.3 Primary Ceilings

Table 5.0 above reflects the overall budget ceilings per sector and per County departments. Total recurrent expenditure comprises of compensation to employees, use of goods and services and maintenance. The non-discretionary charges which include payment of salaries to county employees and utility expenses shall take priority of all recurrent payments. Compensation to employees is composed of 63 percent of the planned total recurrent expenses for the FY 2016/2017. As a share of total expenditure for FY 2016/2017 total recurrent expenses will account for 69.5 percent.

Capital expenditure is expected to approximately 30.5 percent of the total County Budget. The breakdown for total include allocation of Ksh 1.375 billion to ward resource envelop, Ksh 50 million transfers to County Emergency Fund, Transfer of Ksh 96.8 Million and Ksh 25 Million capital transfer from the DANIDA. The County Government expects the development expenditure will be finance by transfers from equitable share of revenues (at 85 percent) and the balance from conditional grants and local revenue sources.

Considerations for additional expenditure will be guided by the following priority.

The County Government spending plans is to eliminate non-core and non-productive expenditures. During the next MTEF period therefore the County Government make priority to following areas in the event of additional revenues;

- Operationalisation of social infrastructure to maximises the gains being made in the current/ previous MTEF period
- Increase allocation for operations and maintenance for the County department of environment including payment of casual labourers
- Interventions observed from public participation activities including.
- Consideration for projects aimed at reducing poverty reduction and maximisations of equitable development.
- Increasing allocation for the completion of the county spatial planning.

5.4 MTEF Budget Sectors

i. **Energy Infrastructure and Information, Communication and Technology**

The sector aims at improving both quality and quantity of the existing Infrastructure facilities as well as ICT development. At the County level the sector is composed of the Roads Transport and Public Works as well ICT and e-Governance.

During the period 2014/15 the Roads sub-sector earmarked to grade and gravel 1600km of road and achieved 2161km, further 25 footbridges were targeted out of which 3 bridges were completed. 300 streetlights were set out to be installed out of which 270 were installed.

The ICT sub sector achieved the following; procured and distributed 100 computers and accessories, Interconnect county offices to enable sharing of information, installed IP Telephones to improve internal communication.

Some of the specific programmes to be undertaken in the FY 2016/17 include; The Roads subsector has planned to rehabilitate 1800kms of road, install 400 new street lights across the county and rehabilitate 250 street lights

The ICT sub-sector has planned to install Wide Area Networks connecting all sub counties and various county offices, set up a call centre at the County Headquarters, set up 3 digital villages and install Structured cabling- LAN

During the FY 2016/17 period, the Roads infrastructure sub sector has been allocated Ksh 673,112,727 up from the FY 2015/16 approved budget of Ksh. 588,914,135, of this, Ksh. 317,275,130 will been allocated to Recurrent whereas Ksh. 355,837,598 will be for development. This is projected to increase to Ksh. 740,424,000 and Ksh. 814,466,400 the FY 2017/18 and FY 2018/19 respectively.

However the allocations are much less than the sub sector requirements of Ksh 939,810,622. Nonetheless the County Government has noted from the draft Budget Policy Statement that the sub sector expect to benefit from an additional funding of Ksh 134,560,844 allocated through the Road Maintenance Levy Fund (RMLF).

On the other hand the ICT sub sector has been allocated Ksh. 134,109,530 (that is Ksh 53,015,386 for recurrent expenditure and Ksh. 81,094,145 for Development expenditure). This is an improvement from the approved allocation for the FY. 2015/16 of Ksh. 95,514,215.

Emerging issues in this sector include reclassification of roads and transfer of all county roads to be done by the county government.

ii. Health Sector

The health sector goal is to reduce inequalities in health care services and reversing the downward trend in health related outcomes in the County. The health functions devolved are County health facilities and pharmacies, ambulance services, promotion of primary health care and licensing and control of undertakings that sell food to public. Former Nakuru Provincial General Hospital and other seven (Naivasha, Gilgil, Bahati, Molo, Elburgon, Olenguruone and Annex) Hospitals plus health centres and Dispensaries as per the Constitution of Kenya 2010, Sixth schedule as read with section 23 and 24 of the Transition to Devolved Government Act 2012, and further to the legal notice no. 157 of 2013.

In order to achieve its goal, the sector has six objectives: Eliminate communicable conditions; Halt and reverse the rising burden of non-communicable conditions; reduce the burden of violence and injuries; minimize exposure to health risk factors; provide essential health services and strengthen collaboration with health related sectors.

The Sector receives 30% of the total County budget which is the highest across all budget sectors though the sector still experiences underfunding.

The sectors' achievement in the FY 2014/15 were; construction of dispensaries within the county most which are at various level of completion, upgrading of various Health Centre i.e. Subukia Health Centre, Kabatini Health Centre, Construction of a sanitary block in Flamingo estate, construction of an Eco-toilet at Njoro and purchase of ambulances.

In the FY 2016/2017 the County government has allocated Ksh. 4,263,940,710 (that is Ksh 3,908,125,100 recurrent and Ksh 355,815,610, for Development) to finance priority programmes in the Health sector against a resource requirement of Ksh. 5,102,000,509. Out of the above allocation the Facility Improvement Fund (FIF) collections is projected to be Ksh 605,000,000.

The County Level 5 hospital has been allocated Ksh. 356,069,364 as per the baseline contained in the Budget Policy Statement 2016. This is a drop by 15 percent compared to the allocation for the FY. 2015/16 which is Ksh. 377,193,143.
Further the sector has been allocated Kshs.215, 283,613 for Free Maternity Health care as well as Ksh. 39,216,180 as compensation of user fees foregone for dispensaries and health centres and Ksh 95,744,681 for lease of medical equipment.

Further an amount of Ksh 25,260,000 of the Health sector allocations for FY 2016/2017 is expected to come from a DANIDA Donor grant.

It is worthy to note that while there evident gaps in County healthcare financing, national Government and Other Major Donors (WHO, World bank, USAID, HSSF) still bridge a significant budgetary gaps through direct transfers to facilities for instance in the immunisation and treatment of selected Major Diseases like Malaria, Tuberculosis and HIV/AIDs including supply of ARVs.

Challenges and emerging issues in the sector include;

6. New epidemics e.g. Zika, Cholera, MDR TB and Increase in Non-Communicable diseases
7. Fast expansion of health facilities vs inadequate funding for operationalization.
8. Increased demand for drugs and health commodities due to rapidly increasing life style diseases

9. High cost of HIV/AIDS, T.B, Malaria and RH drugs and vaccines (Previously under National government but are now the responsibly of the county government.

iii. Environment Protection, Water and Natural Resources

The sector objective is to promote, conserve and protect the environment and improve access to water and enhance sustainable use of Natural resources. The sector plays a key role in ensuring that every citizen has access to portable water in a clean and secure environment. Under this sector, functions include, soil and water conservation, forestry, storm water management, and water and sanitation services, air pollution, noise pollution, other public nuisance and outdoor advertising.

During the period 2014/2015 the sector was able to achieve the following;

- ***Tree Planting and beatification.***

The sector managed to plant more than 100,00 of various species of trees in the sub-counties, under climate change mitigation and partners contribution for the purpose of increasing forest cover .

The sector has partnered with various partners in beautifying our urban areas the area of concentration being towns' roundabouts, open spaces, road medians, and open spaces especially in Nakuru and Naivasha.

Rehabilitation of County 's Lions garden has been a success story whereby the garden has received a facelift though Climate change mitigation project and partners like Safaricom.

- ***Environmental Conservation and solid waste management***

The sub-sector has drafted Environmental conservation and management bill 2015 which has been forwarded to county Legal office for submission to the county assembly. The Sub-sector has constructed a pollution and quality control laboratory in Naivasha and Molo.

- ***County Water services***

The sub-sector has managed to increase water accessibility through borehole drilling, increased reticulation and rehabilitation. Area of coverage increased by 2%.

Going forward the sector has planned to increase accessibility to water by drilling 9 bore holes, desilting 6 water pans, protect 4 water springs as well as rehabilitate 10 water projects. On solid waste management, the sector plans to fence 3.5 Km of sewerage treatment plant as well as increase the number of households with sewerage connectivity and purchase 3 refuse trucks.

To achieve the above projects and programmes the Sector requires Ksh 2,202,995,508 but has been allocated Ksh 544,992,703 that's Ksh. 365,876,313 recurrent expenditure and Ksh. 179,116,390 for development.

Some of the challenges facing the sector include; lack of land for solid waste management as people are not willing to sell land for the purpose of solid waste management.

iv. Public Administration and Internal Relations Sector

The sector plays a critical role facilitating public service delivery as well as providing supportive services to other county Government entities. The sector also oversees county legislation, resource mobilisations, intergovernmental relations, public service management, recruitment and placement and overall political leadership. Management of the county public service and resource mobilisation, policy formulation and implementation are some of the other cross cutting mandates of the sector.

During the 2016/2017- 2018/2019 MTEF period, the sector will comprise of 16 major programmes aimed at attaining the mandates highlighted above as well transforming the county public service delivery and overall leadership on economic management of the fiscal resources. Other major programmes include public finance management, coordination of County and sub county Coordination services, Human resource advisory services, and County legislation and oversight functions, providing intergovernmental linkages.

To implement the planned programmes for the sector Total allocation for the sector will reach Ksh 3.29 billion in FY 2016/2017 up from Ksh3.29 billion in the current budget. This exclude the allocation for the Ward resource envelop for Ksh 1.375 billion which are allocated in the department of Finance and Economic Planning. The total allocation including ward resource envelope comprises of 37.5 percent of the budget. Allocation to County Assembly for FY 2016/2017 is seven percent of the total budget as envisaged in section 25 (f) PFM regulation (County Government).

v. Education Sector/ Social Protection

The Sector comprise the Education (ECDE), Culture & Gender, Youth Affairs & Vocational Training, Sports, Social Services and community development directorates. The goal of the sector is to realize issues relating to youth development, culture and gender, social services, sports development, early children education, betting and control in the county.

In the MTEF period 2016/17-2018/19, the sector has prioritized the following programmes, in order to meet its mandate: Promotion of Early Childhood Education and development; Youth empowerment, training and participation; Development of Socio-cultural diversity, economic empowerment and promotion of responsible gaming; Management and development of sports, recreation and sports facilities and Administration, Planning and support services.

In order to implement these priorities, the sector has been allocated Ksh 737,941,550 in the FY 2016/2017, Ksh 811,735,705 in 2017/18 and Ksh 892,909,275 in 2018/19 in the CFSP, representing 5.8% of the county budget. Recurrent ceilings for the MTEF period is Ksh 632,173,926, Ksh 695,391,318 and Ksh 764,930,450 respectively, whereas the development ceilings for the same period is Ksh 105,767,624, Ksh 116,344,387 and Ksh 127,978,825. The Development Expenditure ceilings are expected to increase substantially once the public participation fora on budget preparation are concluded, when the community prioritizes on the Ward Resource Envelope.

vi. Agriculture, Rural and Urban Development Sector

The sector comprises of two subsector, namely: Agriculture, Livestock and Fisheries and the Lands, Housing and Physical planning subsector. The total sector allocation as contained in the CFSP is Ksh 1,077,855,221 for FY 2016/17, Ksh 1,185,640,743 in 2017/18 and Ksh 1,304,204,818 in 2018/19 representing 8.4% of county budget ceilings.

The Agriculture, Livestock and Fisheries subsector's goal is to attain food security, sustainable land management and improve linkage to markets. In the MTEF period, the subsector will implement the following programmes, in order to meet its mandate: Livestock Resources Management and Development; Fisheries Management and Development; Crop Development and Management; Administration, planning and Support Services. The subsector allocation amounts to Ksh 764,197,322 representing 6% of the county budget in the FY 2016/17. Of this, Ksh 575,616,520 is recurrent whereas Ksh 188,580,802 is development. The development ceiling may increase depending on the outcomes of public participation forums on Ward Resource Envelope during budget preparation.

The Lands, Housing and Physical Planning subsector is mandated to implement Land Policy, undertake Physical Planning, Land Surveys & mapping and provide affordable and accessible housing. In the MTEF period, the department will implement the following programmes: Administration, Planning, Management and Support Services; Land Use Planning and Survey; Development and management of housing. To achieve this, the Subsector CFSP allocation is Ksh 313,657,899 in FY 2016/17, Ksh 345,023,689 in 2017/18 and 379,526,058, representing 2.4% of the county budget ceilings. In the FY 2016/17, the recurrent vote ceilings is Ksh 122,991,841 while that of development is Ksh 190,666,059, which is likely to increase at the conclusion of budget preparation.

vii. General Economics and Commercial Affairs Sector

The sector encompasses the department of Trade, Industrialization, Cooperative and Tourism Management. The sector works towards achievement of creating conducive environment for the development and growth of trade and industrialization, Cooperatives and Tourism.

To achieve its mandate in the MTEF period the sector will implement the following programmes: Administration, Planning and Support Services; Cooperative Development & Management; Commerce and Enterprises; Market Rehabilitation & Development; Tourism Development & Management.

Towards this goal, the sector has been allocated a CFSP ceiling of Ksh 250,321,045 in 2016/17, Ksh 275,353,150 in 2017/18 and Ksh 302,888,465 in 2018/19, representing 2% of the county budget ceilings. For the FY 2016/17, the recurrent vote ceiling amounts to Ksh 130,172,159, while that of development is Ksh 120,148,886, which is likely to get enhanced depending on the outcomes of the public participation meetings on budget priorities for the year 2016/17.

Annex 1: County Government of Nakuru Operations FY 2017/2018-2019/2020

No.	REVENUE SOURCE	APPROVED ESTIMATES	CFSP		PROJECTIONS	ANNUAL GROWTH	% GROWTH	PROJECTIONS % GROWTH	
		2016/2017	'2017/2018	2018/2019	2019/2020		' 2017/2018	2018/2019	2019/2020
1	Property tax (Plot rent and Land rates	682,000,000	695,640,000	730,422,000	766,943,100	13,640,000	2.0%	5%	5%
2	Single Business Permit	462,000,000	471,240,000	494,802,000	519,542,100	9,240,000	2.0%	5%	5%
3	Market Fees	115,500,000	117,810,000	123,700,500	129,885,525	2,310,000	2.0%	5%	5%
4	Building Approval	88,358,435	90,125,604	94,631,884	99,363,478	1,767,169	2.0%	5%	5%
5	Cess	138,501,000	141,271,020	148,334,571	155,751,300	2,770,020	2.0%	5%	5%
6	Royalties	113,401,200	115,669,224	121,452,685	127,525,319	2,268,024	2.0%	5%	5%
7	Stock/ Slaughter fees	22,000,000	22,440,000	23,562,000	24,740,100	440,000	2.0%	5%	5%
8	House Rent	55,000,000	56,100,000	58,905,000	61,850,250	1,100,000	2.0%	5%	5%
9	Advertising	316,800,000	323,136,000	339,292,800	356,257,440	6,336,000	2.0%	5%	5%
10	Parking fees	291,500,000	297,330,000	312,196,500	327,806,325	5,830,000	2.0%	5%	5%
11	Liquor Licensing	93,500,000	95,370,000	100,138,500	105,145,425	1,870,000	2.0%	5%	5%
12	County Park Fees	5,500,000	5,610,000	5,890,500	6,185,025	110,000	2.0%	5%	5%
13	Water And Sewerage	4,950,000	5,049,000	5,301,450	5,566,523	99,000	2.0%	5%	5%
14	Health fees and charges	77,000,000	78,540,000	82,467,000	86,590,350	1,540,000	2.0%	5%	5%
	Other Fees and Charges	131,254,023	133,879,103	140,573,059	147,601,711	2,625,080	2.0%	5%	5%
	Sub Total Local Sources	**2,597,264,658**	**2,649,209,951**	**2,781,670,449**	**2,920,753,971**	**51,945,293**			
16	Facilitiy Improvement Fund	605,000,000	611,050,000	629,381,500	648,262,945	6,050,000	1.0%	3%	3%
15	**SUB TOTAL (AIA & Local Sources)**	**3,202,264,658**	**3,260,259,951**	**3,411,051,949**	**3,569,016,916**	**57,995,293**	1.8%	5%	5%

No.	REVENUE SOURCE	APPROVED ESTIMATES	CFSP	PROJECTIONS		ANNUAL GROWTH	% GROWTH	PROJECTIONS % GROWTH	
		2016/2017	'2017/2018	2018/2019	2019/2020		' 2017/2018	2018/2019	2019/2020
	Balance in County Revenue Fund	1,891,906,591							
17	Donor Grants (DANIDA)	12,630,000	12,630,000	12,630,000	12,630,000	-	0.0%	0%	0%
18	Loans and Grants CRA	-	-	-	-	-		0%	0%
	Kenya Devolution support program (KDSP)	37,028,227	37,028,227	40,731,050	44,804,155	-	0.0%	0%	0%
19	Conditional Allocation to compensate Forgone user fees	39,216,180	37,373,449	41,110,794	45,221,873	- 1,842,731	-4.7%	0%	0%
	Conditional Fund -Leasing of Medical Equipment	95,744,681	95,744,681	105,319,149	115,851,064	-	0.0%	0%	0%
	Conditional Fund -Free Maternal Health	215,283,613	219,627,800	241,590,580	265,749,638	4,344,187	2.0%	10%	10%
	Road Maintenance Fuel Levy Fund (RMFLF)	134,560,844	245,700,000	270,270,000	297,297,000	111,139,156	82.6%	10%	10%
	Conditional Allocation For Level- 5 Hospital	356,069,364	446,285,715	490,914,287	540,005,715	90,216,351	25.3%	10%	10%
	C.R.A Equitable Share	8,757,624,645	9,346,137,021.00	10,280,750,723	11,308,825,795	588,512,376	6.7%	10%	10%
	SUB TOTAL	**11,540,064,145**	**10,440,526,893**	**11,483,316,582**	**12,630,385,241**	**(1,099,537,252)**	-9.5%	**0**	**0**
	GRAND TOTAL	**14,742,328,803**	**13,700,786,844**	**14,894,368,531**	**16,199,402,157**	**(1,041,541,959)**	-7.1%	**0**	**0**
	Expenditure:								
	Current Expenditure:								
	Compensation to Employees	5,198,897,144	5,441,559,919	5,931,300,311	6,465,117,339	242,662,774	4.7%	0.0%	0.0%
	Use Of Goods And Services	3,344,011,874	3,531,695,309	3,849,547,887	4,196,007,197	187,683,436	5.6%	0.0%	0.0%
	Grants And Other Transfers	175,000,000	183,750,000	198,450,000	214,326,000	8,750,000	5.0%	0.0%	0.0%
	Other Recurrent	245,317,943	274,756,096	307,726,828	344,654,047	29,438,153	12.0%	0.0%	0.0%
	Sub Total:	**8,963,226,961**	**9,431,761,324**	**10,287,025,026**	**11,220,104,583**	**468,534,363**	5.2%	0.0%	0.0%
	Capital Expenditure:								

No.	REVENUE SOURCE	APPROVED ESTIMATES	CFSP	PROJECTIONS		ANNUAL GROWTH	% GROWTH	PROJECTIONS % GROWTH	
		2016/2017	'2017/2018	2018/2019	2019/2020		' 2017/2018	2018/2019	2019/2020
	Acquisition Of Non-Financial Assets	5,724,471,842	4,209,355,520	5,003,714,807	6,040,000,441	- 1,515,116,322	-26.5%	0.0%	0.0%
	Capital Grants To Governmental Agencies	12,630,000	12,630,000	13,893,000	15,282,300	-	0.0%	0.0%	0.0%
	Other Development	42,000,000	47,040,000	51,744,000	56,918,400	5,040,000	12.0%	0.0%	0.0%
	Sub Total:	**5,779,101,842**	**4,269,025,520**	**5,069,351,807**	**6,112,201,141**	**(1,510,076,322)**	-26.1%	0.0%	0.0%
	Grand Total:	**14,742,328,803**	**13,700,786,844**	**15,356,376,833**	**17,332,305,725**	**(1,041,541,959)**	-7.1%	0.0%	0.0%
	DEFICIT/ SURPLUS	1	0						
	PERCENT OF TOTAL BUDGET								
	Current Expenditure:	61%	69%	67%	65%				
	Capital Expenditure:	0%	31%	33%	35%				

Annex II: Trend in Growth of Equitable share of Revenue 2013/2014 (Base Year) 2017/2018.

	EXCHEQUER RECEIPTS TRENDS	ALLOCATION	GROWTH	% GROWTH	deviation
	2013/2014 (Base Year)	5,936,875,619	5,936,875,619	100.0%	-
	2014/2015	7,082,152,961	1,145,277,342	19.3%	-5%
	2015/2016	8,116,330,943	1,034,177,982	14.6%	-7%
	2016/2017	8,757,624,645	641,293,702	7.9%	-6.7%
	2017/2018 (CFSP 2016 Projected Growth)	9,346,137,021.00	588,512,376	6.7%	

Annex III: Total Expenditure Sector Ceilings for the Period 2016/2017-2018/2019

			APPROVED ESTIMATES FY 2016/2017			CFSP TOTAL CEILINGS	PROJECTIONS	
	SECTOR NAME		RECURRENT EXPENDITURE	DEVELOPMENT* EXPENDITURE	SUB TOTAL	2017/2018	'2018/2019	2019/2020
0 2	Agriculture, Livestock and Fisheries		542,173,917	271,954,915	814,128,832	731,738,095	804,911,905	885,403,095.40
0 6	Lands, Physical Planning and Housing		113,371,375	239,780,538	353,151,913	422,919,445	465,211,389	511,732,527.92
1	**Agriculture Rural and Urban Development**	**SUB-TOTAL**	**655,545,293**	**511,735,453**	**1,167,280,746**	**1,154,657,540**	**1,270,123,294**	**1,397,135,623**
		Rec. Gross			655,545,293	702,646,497	772,911,146	850,202,261
		Dev. Gross			511,735,453	452,011,043	497,212,148	546,933,362
0 5	Education, Sports, Youth and Social Services.	SUB-TOTAL	562,220,067	848,199,480	1,410,419,547	693,950,417	**763,345,459**	**839,680,004**
		Rec. Gross			562,220,067	583,353,332	641,688,665	705,857,531
		Dev. Gross			848,199,480	110,597,085	121,656,794	133,822,473
2	**Education/ Social Protection, Culture and Recreations**	**SUB-TOTAL**	**562,220,067**	**848,199,480**	**1,410,419,547**	**693,950,417**	**763,345,459**	**839,680,004**
		Rec. Gross			562,220,067	583,353,332	641,688,665	705,857,531
		Dev. Gross			848,199,480	110,597,085	121,656,794	133,822,473
							-	**-**
2	Roads Public Works and Transport		306,149,320	1,777,994,836	2,084,144,156	779,293,776	**857,223,154**	**942,945,469**
0 6	ICT and E-Government		57,509,795	40,886,989	98,396,784	153,654,723	**169,020,195**	**185,922,214**
3	**Energy Infrastructure and ICT**	**SUB-TOTAL**	**363,659,115**	**1,818,881,825**	**2,182,540,940**	**932,948,499**	**1,026,243,349**	**1,128,867,683**
		Rec. Gross			363,659,115	379,796,951	417,776,646	459,554,311
		Dev. Gross			1,818,881,825	553,151,548	608,466,703	669,313,373
3	Environment, Water and Natural Resources		375,022,713	688,353,253	1,063,375,966	570,369,070	**627,405,977**	**690,146,575**

			APPROVED ESTIMATES FY 2016/2017			CFSP TOTAL CEILINGS	PROJECTIONS	
	SECTOR NAME		**RECURRENT EXPENDITURE**	**DEVELOPMENT* EXPENDITURE**	**SUB TOTAL**	**2017/2018**	**'2018/2019**	**2019/2020**
4	**Environment Protection Water and Natural Resources**	**SUB-TOTAL**	**375,022,713**	**688,353,253**	**1,063,375,966**	**570,369,070**	**627,405,977**	**690,146,575**
		Rec. Gross			375,022,713	398,589,815	438,448,796	482,293,676
		Dev. Gross			688,353,253	171,779,255	188,957,181	207,852,899
4	Trade, Industrialization and Tourism		130,788,964	262,218,034	393,006,998	276,304,691	**303,935,160**	**334,328,676**
5	**General Economics and Commercial Affairs**	**SUB-TOTAL**	**130,788,964**	**262,218,034**	**393,006,998**	**276,304,691**	**303,935,160**	**334,328,676**
		Rec. Gross			130,788,964	135,531,480	149,084,628	163,993,091
		Dev. Gross			262,218,034	140,773,211	154,850,532	170,335,586
08	Health		4,019,382,360	919,318,672	4,938,701,032	4,764,373,432	**5,240,810,775**	**5,764,891,853**
6	**Health**	**SUB-TOTAL**	**4,019,382,360**	**919,318,672**	**4,938,701,032**	**4,764,373,432**	**5,240,810,775**	**5,764,891,853**
		Rec. Gross			4,019,382,360	4,264,862,019	4,691,348,221	5,160,483,043
		Dev. Gross			919,318,672	499,511,413	549,462,554	604,408,810
5	County Treasury		977,785,148	402,154,479	1,379,939,627	3,046,301,500	3,350,931,650	3,686,024,816
09	Public Service Management		753,107,920	46,427,038	799,534,958	897,171,046	986,888,150	1,085,576,965
6	Office of the Governor and Deputy Governor		203,127,071	58,370,099	261,497,170	308,639,939	339,503,933	373,454,327
6	County Public Service Board		57,119,525	3,604,726	60,724,251	65,667,672	72,234,439	79,457,883
10	County Assembly		865,468,785	219,838,783	1,085,307,568	990,403,037	1,089,443,341	1,198,387,675
7	**Public Administration and National/Inter County Relations**	**SUB-TOTAL**	**2,856,608,449**	**730,395,125**	**3,587,003,574**	**5,308,183,195**	**5,839,001,515**	**6,422,901,666**
		Rec. Gross			2,856,608,449	2,148,857,556	2,363,743,311	2,600,117,642
		Dev. Gross			730,395,125	568,159,631	624,975,594	687,473,153
	SUB TOTAL		**8,963,226,961**	**5,779,101,842**	**14,742,328,803**	**13,700,786,844**	**15,070,865,528**	**16,577,952,081**

Annex IV: Total Recurrent Expenditure Ceilings for the Period 2017/2018-2019/2020

VOTE		APPROVED ESTIMATES	CFSP CEILINGS	PROJECTIONS	
	Source of Funding	**2016/2017**	**2017/2018**	**2018/2019**	**2019/2020**
Office of the Governor and Deputy Governor	**Gross Allocation**	**203,127,071**	**212,825,351**	**234,107,886**	**257,518,674**
	Local Revenue	-	165,784,196	182,362,616	200,598,877
	CRA Equitable Share	-	47,041,155	51,745,270	56,919,797
County Treasury	Gross Allocation	**977,785,148**	**1,019,930,572**	**1,121,923,629**	**1,234,115,992**
	Local Revenue	-	315,259,965	346,785,962	381,464,558
	CRA Equitable Share	-	704,670,607	775,137,667	852,651,434
County Public Service Board	**Gross Allocation**	**57,119,525**	**60,802,553**	66,882,808	73,571,089
	Local Revenue	-	18,794,035	20,673,438	22,740,782
	CRA Equitable Share	-	42,008,518	46,209,370	50,830,307
Public Service Management	**Gross Allocation**	**753,107,920**	**778,028,131**	**855,830,944**	**941,414,038**
	Local Revenue	-	240,488,057	264,536,863	290,990,549
	CRA Equitable Share	-	537,540,074	591,294,081	650,423,490
Health	Gross Allocation	**4,019,382,360**	4,264,862,019	4,691,348,221	5,160,483,043
	Local Revenue	-	770,594,921	847,654,414	932,419,855
	AIA		519,392,500	571,331,750	628,464,925
	Conditional Grant		534,869,518	588,356,470	647,192,117
	CRA Equitable Share	-	2,440,005,080	2,684,005,588	2,952,406,147
Trade, Industrialization and Tourism	**Gross Allocation**	**130,788,964**	**135,531,480**	**149,084,628**	**163,993,091**
	Local Revenue	-	42,142,704	46,356,974	50,992,672
	CRA Equitable Share	-	93,388,776	102,727,653	113,000,419
Roads Public Works and Transport	**Gross Allocation**	**306,149,320**	**321,102,518**	**353,212,769**	**388,534,046**
	Local Revenue	-	149,252,607	164,177,868	180,595,655
	Conditional Grant	-	-	-	-
	CRA Equitable Share	-	171,849,910	189,034,901	207,938,391
ICT and E-Government	Gross Allocation	**57,509,795**	58,694,433	64,563,877	71,020,264
	Local Revenue	-	53,142,416	58,456,658	64,302,324
	CRA Equitable Share	-	5,552,017	6,107,219	6,717,941
Agriculture, Livestock and Fisheries	**Gross Allocation**	**542,173,917**	**555,697,115**	**611,266,827**	**672,393,509**
	Local Revenue	-	172,365,665	189,602,232	208,562,455
	CRA Equitable Share	-	383,331,450	421,664,595	463,831,054
Lands, Physical Planning and Housing	**Gross Allocation**	**113,371,375**	**146,949,382**	**161,644,320**	**177,808,752**
	Local Revenue	-	60,421,971	66,464,168	73,110,585
	CRA Equitable Share	-	86,527,411	95,180,152	104,698,167
Education, Sports, Youth and Social Services.	**Gross Allocation**	**562,220,067**	**583,353,332**	**641,688,665**	**705,857,531**
	Local Revenue	-	280,314,186	308,345,605	339,180,165

VOTE		APPROVED ESTIMATES	CFSP CEILINGS	PROJECTIONS	
	Source of Funding	2016/2017	2017/2018	2018/2019	2019/2020
	CRA Equitable Share	-	303,039,146	333,343,060	366,677,366
Environment, Water and Natural Resources	**Gross Allocation**	**375,022,713**	**398,589,815**	**438,448,796**	**482,293,676**
	Local Revenue	-	173,203,887	190,524,276	209,576,704
	CRA Equitable Share	-	225,385,928	247,924,520	272,716,972
County Assembly	**Gross Allocation**	**865,468,785**	**895,394,625**	**984,934,087**	**1,083,427,496**
	Local Revenue	-	207,445,339	228,189,873	251,008,860
	CRA Equitable Share	-	687,949,286	756,744,214	832,418,636
SUB TOTAL	**-**	**8,963,226,961**	**9,431,761,324**	**519,392,500**	**8,912,368,824**

Annex V: Total Development Expenditure Ceilings for the Period 2017/2018-2019/2020

SECTOR NAME		APPROVED ESTIMATES	CFSP CEILINGS	PROJECTIONS	
-	Source of Funding	2016/2017	'2017/2018	'2018/2019	2019/2020
Office of the Governor and Deputy Governor	**Gross Allocation**	**58,370,099**	**95,814,589**	**105,396,047**	**115,935,652**
	Local Revenue		-	-	-
	CRA Equitable Share		95,814,589	105,396,047	115,935,652
County Treasury	Gross Allocation	**402,154,479**	**2,026,370,929**	**2,229,008,021**	**2,451,908,824**
	Local Revenue		-	-	-
	CRA Equitable Share		2,026,370,929	2,229,008,021	2,451,908,824
County Public Service Board	**Gross Allocation**	**3,604,726**	**4,865,120**	**5,351,632**	**5,886,795**
	Local Revenue		-	-	-
	CRA Equitable Share		4,865,120	5,351,632	5,886,795
Public Service Management	**Gross Allocation**	**46,427,038**	**119,142,915**	**131,057,206**	**144,162,927**
	Local Revenue		-	-	-
	CRA Equitable Share		119,142,915	131,057,206	144,162,927
Health	Gross Allocation	**919,318,672**	**499,511,413**	**549,462,554**	**604,408,810**
	Local Revenue		-	-	-
	AIA		91,657,500	100,823,250	110,905,575
	Conditional Grant		264,162,127	290,578,340	319,636,174
	CRA Equitable Share		143,691,786	158,060,964	173,867,061
Trade, Industrialization and Tourism	**Gross Allocation**	**262,218,034**	**140,773,211**	**154,850,532**	**170,335,586**

SECTOR NAME		APPROVED ESTIMATES	CFSP CEILINGS	PROJECTIONS	
-	Source of Funding	2016/2017	'2017/2018	'2018/2019	2019/2020
	Local Revenue		-	-	-
	CRA Equitable Share		140,773,211	154,850,532	170,335,586
Roads Public Works and Transport	**Gross Allocation**	**1,777,994,836**	**458,191,258**	**504,010,384**	**554,411,423**
	Local Revenue		-	-	-
	Conditional Grant (RMFLF)		245,700,000	270,270,000	297,297,000
	CRA Equitable Share		212,491,258	233,740,384	257,114,423
ICT and E-Government	**Gross Allocation**	**40,886,989**	**94,960,289**	**104,456,318**	**114,901,950**
	Local Revenue		-	-	-
	CRA Equitable Share		94,960,289	104,456,318	114,901,950
Agriculture, Livestock and Fisheries	**Gross Allocation**	**271,954,915**	**176,040,980**	**193,645,078**	**213,009,586**
	Local Revenue		-	**-**	**-**
	CRA Equitable Share		176,040,980	**193,645,078**	**213,009,586**
Lands, Physical Planning and Housing	**Gross Allocation**	**239,780,538**	**275,970,063**	**303,567,069**	**333,923,776**
	Local Revenue		-	-	-
	CRA Equitable Share		275,970,063	303,567,069	333,923,776
Education, Sports, Youth and Social Services.	**Gross Allocation**	**848,199,480**	**110,597,085**	**121,656,794**	**133,822,473**
	Local Revenue		-	-	-
	CRA Equitable Share		110,597,085	121,656,794	133,822,473
Environment, Water and Natural Resources	**Gross Allocation**	**688,353,253**	**171,779,255**	**188,957,181**	**207,852,899**
	Local Revenue		-	-	-
	CRA Equitable Share		171,779,255	188,957,181	207,852,899
County Assembly	**Gross Allocation**	**219,838,783**	**95,008,413**	**104,509,254**	**114,960,179**
	Local Revenue		**-**	-	-
	CRA Equitable Share		95,008,413	104,509,254	114,960,179
SUB TOTAL		**5,779,101,842**	**4,269,025,520**	**4,695,928,072**	**5,165,520,879**

Annex VI: Sector Composition and Sector Working Groups for MTEF Budget 2017/2018-2019/2020

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 Management
		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
Economic Affairs	Agriculture Rural and Urban Development	Agriculture, livestock and fisheries
		Lands physical planning and housing
	General Economics and Commercial Affairs	Trade, Tourism and Cooperatives
	Energy Infrastructure and ICT	Roads, public works and transport
		ICT and E-government
Environment Protection	Environment Protection Water and Natural Resources	Environment, water and Natural resources
Health	Health	County Health Services
Macro Working Group	Macro Working Group	Department of Finance and economic planning

Annex VII: Nakuru County Budget Calendar for the FY 2017/2018

	ACTIVITY	RESPONSIBILITY	DEADLINE
1	**Performance Review and strategic planning**	**Treasury**	July-Aug 2016
	1.1 develop strategic plans	**Das**	"
	1.2 prepare Annual Development Plans	"	"
	1.3 Expenditure review	"	"
	1.4 Preparation of annual Work plans	"	
2	**Develop and issue County budget guidelines**	**Treasury**	30th August 2016
3	**Launch of sector Working Groups**	**Treasury**	30th August 2016
4	**Annual Development Plan submitted to county assembly**	**Treasury**	1st September 2016
5	**Determination of Fiscal Framework.**	**Macro Working Group**	15th Sept. 2016
	5.1 Estimation of Resource Envelop	**Treasury**	"
	5.2 Determination of policy priorities	"	"
	5.3 Preliminary Resource allocation to sectors, Assembly & Sub Counties	"	"

	ACTIVITY	RESPONSIBILITY	DEADLINE
	5.4 Draft County Budget Review and outlook paper (CBROP)	"	20th Sept. 2016
	5.5 Submission and approval by cabinet	"	23rd Sept. 2016
	5.6 Tabling of CBROP TO County assembly	"	30th Sept 2016
	5.7 Circulate the Approved CBROP to Accounting Officers.	"	5th October 2016
	5.8 Capacity building for MTEF Programme Based Budget	"	10th-14th October 2016
6	**Preparation of County Budget Proposals**	**Line Ministries**	
	6.1 Draft Sector Report	Sector Working Group	13th Oct. 2016
	6.2 Submission of Sector Report to County Treasury	Sector Working Group	17th Oct. 2016
	6.3 Review of the proposals	Macro Working Group	24th-28th 2016
7	**Stakeholders/Public participation**	**Treasury/DAs**	November 2016
8	**The 2016/2017 Supplementary Budget**		
	8.1 Develop and issue guidelines on the 2015/16 Revised Budget	County Treasury	Sept . 2016
	8.2 Submission of supplementary Budget proposals	Das	Oct . 2016
	8.3 Review of the supplementary Budget proposals	County Treasury	Oct . 2016
	8.4 submission of supplementary budget proposals to cabinet	County Treasury	November . 2016
	8.5 submission of supplementary Budget proposals to County Assembly	County Treasury	November . 2016
9	**Draft County Fiscal Strategy paper(CFSP)**	**Macro Working Group**	
	9.1 Draft CFSP	Macro Working Group	7th Nov. 2016
	9.2 Submission of CFSP to cabinet for approval	County Treasury	10th Nov. 2016
	9.3 Submission of CFSP to County Assembly for approval.	County Treasury	11th Nov. 2016
	9.4 Submission of Debt management strategy to County Assembly for approval.	County Treasury	14th Nov. 2016
10	**Preparation and approval of final DAs Programme Budgets**		
	10.1 Issue final guidelines on preparation of 2016/17 County Budget.	County Treasury	2nd Dec, 2016
	10.2 Submission of Budget proposals to Treasury	Line Ministries	19th Dec. 2016
	10.3 Consolidation of the Draft Budget Estimates	County Treasury	15th January 2017
	10.4 Submission of Draft Budget Estimates for county government to County assembly	County Treasury	27th January 2017
	10.5 Review of Draft Budget Estimates by Departmental committee	County Assembly	22nd Feb 2017
	10.6 Report on the budget and appropriation committee Draft Budget Estimates from County Assembly	County Assembly	24th Feb 2017
	10.7 Annual cash flow.	County Treasury	15th March 2017
	10.8 Submission of Appropriation Bill to County Assembly	County Treasury	15th March 2017

	ACTIVITY	RESPONSIBILITY	DEADLINE
	10.9 Resolution of county assembly on Estimates and approval	County Treasury	25th March 2017
	Budget Statement	County Treasury	25th March 2017
	Appropriation Bill Passed	County Assembly	31st March 2017

Annex VII; LIST OFCONTRIBUTERS- COUNTY BUDGET AND ECONOMIC FORUM (NON – STATE MEMBERS)

	Name	Organisation	Sector/ Sub Sector Working Group
1.	Chris Kutto	Chamber of Commerce	Environment Water and Natural Resources
2.	Wilson Gitu	Nakuru Business Association	Roads, Transport and Public Works, ICT and E-Government
3.	Sammy Thuo Kang'ea	Institute of Certified Public Accountants of Kenya	Finance and Economic Planning
4.	Catherine Oosterwijk	Nakuru Business Association	Office of the Governor and Deputy Governor
5.	Benson Macharia	Nakuru Residents Forum	Public Service Management, County Public Service Board
6.	Jayen Dodhia	Kenya Association of Manufacturer	Agriculture, Livestock and Fisheries, Lands, Physical Planning and Housing
7.	Catherine Oosterwijk	Nakuru Business Association	Trade Cooperatives and Tourism
8.	Fred Owako	Association of physically Disabled of Kenya	Health
9.	Patrick Kigunda	Chamber of Commerce	Education, Youth Sports and Culture and Social Services
10.	Pauline Waitiki	Maendeleo ya Wanawake	Education, Youth Sports and Culture and Social Services