COUNTY GOVERNMENT OF NAKURU

COUNTY TREASURY

MEDIUM TERM

COUNTY FISCAL STRATEGY PAPER

SUSTAINING ECONOMIC EXCELLENCE

FEBRUARY 2015

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FOREWORD

The Public finance management Act 2012 requires County Government to state or reaffirm its long-term objectives for fiscal policy in the annual County fiscal strategy paper. Section 107 (b) of the Act sets out the long term fiscal principles to ensure prudency and transparency in the management of public resources .The 2015 County Fiscal Strategy Paper (CFSP) the second in the County set out the priority programs to be implemented under the Medium Term Expenditure Framework (MTEF). The theme under the 2015 CFSP is *Sustaining of Economic Excellence* agenda. In achieving this theme the County has reaffirmed the six strategic priorities adopted in 2014 CFSP. This comprised of the following: I) creating an enabling environment for business and private sector participation in County Economic growth and development. ii) Development of County physical and social infrastructure facilities including feeder roads, water, ICT to stimulate growth. iii) Promotion of health services through investing in quality and affordable health services. IV) Promotion of value addition for agricultural produce, food security and environmental conservation. V) Promotion of equitable social economic development for county stability VI) Enhancing governance, transparency and accountability in the delivery of public goods and service by promoting participation of the people in governance.

Significant progress has been made in most sectors under the six strategic priority areas. This is evident with the various milestones in addition our 2014/15 budget and previous ones are is testament to this premise. Since our elections in March 2013, the county Government has achieved much it can be proud of and taken decisions that were hard to make, but necessary, ensuring equity and will to benefit our County in the long run. In the 2014/15 budget, Government earmarked Ksh 3.4 billion to be spent on health. This included the purchase of much needed specialist equipment, completing upgrades of health facilities including dispensaries and providing drugs. Improving the health of the County estates through better sanitation systems is ongoing and the program will be spread to all underserved areas

With an estimated 50 to 60 percent of the labour force employed in the Agriculture, County Government continued to support the sector through providing funds and support to ensure that we are competitive and that we can grow our Agricultural sector and related industries with a focus on broadening our market base and maximising returns from our spending in agriculture

A total of ten pieces of heavy equipment consisting of excavators, rollers, graders, and tippers were procured and despatched to the sub counties. This considerably improve the ability of the county government to implement road projects in the sub counties.

Significant progress has been made in upgrading our water infrastructure in the county, as well as the improving water reticulation to households. County Government has also increased significantly exploration and drilling of borehole in addition to storage of water harvested in 2014/15.

The 2014/15 fiscal year also recorded the highest operational allocation of Ksh 351 million in education. An additional 88 million was provided for activities for providing social safety on the vulnerable members of the society. Scholarship to bright and less fortunate students from our county saw an allocation in county government support of kshs 120 million and these will be sustained over the medium term.

We have made substantial changes to our tax environment in 2014/15 where the burden is eased on our people through tax reductions and consolidations. Recognising the importance of responding immediately in times of disaster, County Government continued to put funds aside in our emergency vote which amounts to kshs 40 million which will be increased considerably in the 2015/2016.

In this year of 2015, we commemorate our progress, two years into our journey of devolution. To dismiss the magnitude of this progress and to suggest as some do, that little has changed, dishonours the courage and efforts of our county. The county Government will therefore continue pursuing its policy objectives within the financial context established by fiscal responsibility principle. 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. These are outlined clearly in the 2014/15 Half Year Fiscal Update The 2015/16 Budget will operate under tight fiscal conditions, with any new policies needing to be offset by savings in other areas.

During the 2015/2016 the County expect to raise approximately 2.2 billion in local revenues. Further the preliminary allocations from 2015 Budget Policy Statement (BPS) is about Ksh 7.9 billion in equitable allocation and 350 million as condition allocation from level 5 hospital. It is worthy to note from 2015 BPS that the County will additionally gain from other Conditional grants namely; the Road maintenance levy Fund (103 Million) and Ksh 61 million for Leasing of Medical Equipment in the. The County therefore expects to have a total budget of approximately 11.46 billion with zero deficit financing.

FRANCIS MATHEA
C.E.C FINANCE AND ECONOMIC PLANNING

ACKNOWLEDGEMENT

This is the second County fiscal strategy paper (CFSP) to be tabled in the county assembly under the Public finance management act 2012. It outlines the broad strategic and economic issues and framework together with county government spending plans as a basis of 2015/16 budget and medium term. We expect the document to enhance the understanding Of Nakuru county public finances and guide public debate on economic and development activities.

The preparation of the county fiscal strategy paper is a collaborative effort. Much of the input is borrowed from the National Budget Policy Statement for 2015, county department through the C.E.Cs and his H.E the Governor policy statements. We are grateful for comments from the County Treasury Macro Working Groups, Various Sector Working Groups and public sector hearing in January 2015, in addition to comments from commission for revenue allocation and other stakeholders.

A technical team in the county treasury spent a significant amount of time putting together this paper. We are particularly grateful to the County Director Economic planning, head of budget supplies Mr Charles Lwanga, Mr Cyrus Kahiga head of fiscal planning Mr Patrick Kinuthia, Ms Dorcas N Mwangi budget supplies and controller of budget, Mr Philemon Ronoh for coordinating the execution of this task. Special thanks goes to Mr David Tambo from the Ministry of devolution and planning who through constant consultations and input guided the document preparatory stage. I would like to take this opportunity to thank the entire staff of the County treasury for their dedication and commitment.

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. SUSTAINING ECONOMIC EXCELLENCE

Background

The 2014 County Fiscal Strategy Paper (CFSP) is the second to be prepared since the assumption of office by the Nakuru County Government. It seeks to sustain the six strategy priorities underpinned in 2014 CFSP under the strategic initiatives that proposed I) Creating an enabling environment for business in order to encourage investment growth and expansion of economic opportunities; (ii) Development of key infrastructure facilities including roads, water, energy, ICT countywide to stimulate growth, create employment and reduce poverty (iii) Promotion of health services (iv) Promotion of value addition for agricultural produce, environment management and food security (v) Promotion of equitable county and social development for stability (vi) Enhancing governance, transparency and accountability in the delivery of public good and service.

In line with the devolved functions of the County Governments, the CFSP sets out priority programs to be implemented in 2015/16 and the Medium Term expenditure Framework (MTEF).The updated National economic outlook had been firmed up in the 2014 CFSP to reflect changes in Global and National economic and financial conditions. The 2015 CFSP has been aligned National Budget policy Statement in released in January 2015. Moving forward the 2015 CFSP is buoyed by the stable macroeconomic environment and strong prospects in National economic growth.

Further, guiding the 2015/16 focus is the premise that implementation and performance of the FY 2013/2014-2015/2016 MTEF budget. Knowledge and lessons learnt from the initial phase of devolution will be significant in making decisions in the future. In deed the adoption of Programme Based Budget (PBB) in FY 2014/15 budget and strategic initiative adopted therein reveals a fundamental shift from the past.

The 2015 CFSP is framed against a backdrop of a report of the Controller of Budget on the performance of County Governments in the first year of devolution. Analysis of the report indicate that Nakuru County continue to face limited fiscal space resulting from high recurrent expenditure shot up by a wage bill of 51% of total budget. Further the County was rated highly in spending in some of the non-core expenditures such as domestic and foreign travel. As mentioned above major lessons were learnt and corrective measures taken in the current MTEF budget 2014/2015-2016/2017. Execution of the Development expenditure was significantly low at less than 20 percent in comparison to other Counties. The County Government has since adopted corrective strategies to ensure maximum prioritisation of development budget execution.

2015 is the year to reignite the embers of devolution that found expression in the Constitution of Kenya 2010. Sustaining the economic excellence in 2015/16 requires an ideal environment and hence an ambitious target but with courage and determination it can be done. If we have learnt anything from our past two years, it is that the promise of this county will only be kept when we work together and with support of those external partners who are willing to help us. Of critical importance is ensuring priority in development expenditure spending as well as exploring strategies for financing resource gaps outside.

Recognising the enormous resources and potential that the county has in geothermal energy, tourism, sports agriculture, energy, minerals, forestry portends a huge potential for investors which will be a key driver of the county economy. The County Government has continued to support the investment in infrastructure to compliment this sectors. This is to ensure the economy and all those who participate in it reap the benefits from the enormous resources. The allocation of 28 percent in the 2014/15-2016/17 MTEF budget of the Development expenditure to infrastructure is a clear commitment of the County Government priorities over the medium term period. Participation of the Non state actors have been formalised through the constitution and operationalization of the Sector Working Groups and the County Private Partnership initiatives.

The framework upon which to sustain economic excellence agenda is now in place. However despite the progress made thus far contrasting challenges remain. Expenditure pressures with respect to salary demand of devolved functions continue to persist, and so are operational demands for these sectors hence impacting negatively on the county development agenda.

The broad strategic priorities for Budget 2015/16 build on the achievements of the County Government to date by directing public spending to encourage growth and complement private sector investment. During the first half of the Current fiscal year the County Government has drawn up the investment focus over the medium term through the drafting of the County Annual Development plan and Departmental Strategic Plans. Therefore County Government is certain that the broad strategic priorities for 2015/16 will provide a framework which protects our fiscal position and supports inclusive sustainable growth. As indicated in this document broad strategic priorities for sustaining economic excellence will reinforce strategies adopted in 2014 CFSP. This will include the following;

i. Creating an enabling environment for business and private sector participation in County Economic growth and development.

ii. Development of County physical and social infrastructure facilities including feeder roads, water, ICT to stimulate growth.
iii. Promotion of health services through investing in quality and affordable health services.
iv. Promotion of value addition for agricultural produce, food security and environmental conservation.
v. Promotion of equitable social economic development for county stability.
vi. Enhancing governance, transparency and accountability in the delivery of public goods and service by promoting participation of the people in governance as envisaged in the Constitution of Kenya 2010.

In pursuing these priorities, County Government has been guided by the gains made in the first year of devolution but also acknowledges the challenges that lay ahead. Coordination of all County Entities and cooperation of the private sector player shall be significant. Further participation and cooperation of the County citizenry shall be key in implementing important programmes and projects as well as in resource mobilisation to fulfil these initiatives.

The discussion in subsequent subtitle will articulates the County operation route that shall be followed in sustaining county Government developmental goal of economic excellence over the Medium term for 2015/16-2017/18.

Programs for sustaining economic excellence

Strategic priority I: Creating an enabling environment for business and private sector participation in County Economic growth and development.

Business Regulatory reforms

The County Government will continue engaging with stakeholders to develop a comprehensive policy and legislative framework covering licensing, revenue sharing, taxation and sustainable use of the National resources within the County. This will ensure that we derive maximum benefit from existing county parks and its heritage sites including Lake Nakuru, Lake Elementaita Mt longonot, Hells gate among others, natural resources including geothermal power generation and mineral extractions. This will ensure that the county gets it right full share of royalties for sustainable development.

a) concentrate efforts on supporting our people who are starting and growing businesses;
b) continue to modify regulatory frameworks that stifle business and growth;
c) Implement a holistic tourism growth and marketing strategy that includes all sub counties in Nakuru County.

d) Improving urban planning and development through controlling unplanned business and providing alternative location for small scale traders.

Tax and revenue reforms

The County government is keen to note the participatory nature in which the Finance Act 2014 was revised. This entailed involvement of all business stakeholders from across sectors. The County tax administration has been guided by the need to reduce the burden of tax collection through offering more innovative and efficient procedures for tax collection. Fundamentally the focus of county government will be sustain by the ongoing reforms in tax policy and revenue administration. To help achieve this central objective a key proposal is to leverage on automation for key revenue collection points and items including parking fees, building plan approval, mutations and land rates collections.

The county government is sustaining the strategy for revenue administration to ensure minimal loss of revenue collected through corrupt practices. Further to improve the administration efficiency.

During the current fiscal year the County Government has observed significant improvement through adopting cashless system in a strategic partnership with banks which has seen them dedicate special counters for payment county charges. Performance from the first half year the current FY year have shown a remarkable contrast with the same period last FY. This contrast is well illustrated in the following chapter revenue performance. In addition the County Government has rolled an automated system for collecting of selected streams of revenues which allows customers to remit their dues through mobile money and debit card transfers. Further the systems allow the revenue administrators to monitor the process of tax collection and take corrective action in real time.

The Finance Act 2014 which was prepared with significant input from stakeholder has observed the diverse uniqueness of the County. A number of business locations and nature of businesses were therefore re-categorised to allow for fairness in setting fees and charges. The County Government will continue with initiatives for strengthening revenue efforts will be complimented by the ease of obtaining licenses hence doing business through the initial consolidation of the numerous charges for business people.

The 2014 CFSP had identified Harmonization of taxes as the hallmark of the reforms. Going forward therefore the County Government will explore more ways of consolidating fees and charges to avoid unnecessary time taken to obtain various licenses without raising the levels of taxes. Already a number of new taxes have been incorporated in the Finance Act 2014 in line with the devolved functions including tourism, betting and casino licensing, liquor licensing, county parks entry fees and mineral royalties as envisaged in the fiscal strategy for 2014 The County Government is in the process of developing regulations to facilitate collection of liquor for whose law have already been passed by the County Assembly.

In approving the 2014 fiscal strategy the County Assembly proposed for the creation of a semi-autonomous County Revenue Authority to allowing for efficiency in service delivery. In this respect the County Government is exploring ways in which this can be undertaken through harmonising the existing laws and creating structure for this proposal within the constraint of the fiscal framework for the next year.

Rationalization of inter - county taxation provision

As envisaged in the Article 209 (5) Constitution of Kenya 2010 in imposing taxes and charges the County Governments shall not in a way that prejudices national economic policies, economic activities across county boundaries or the national mobility of goods, services, capital or labour. In this respect Nakuru County will strive to ensure ease mobility of goods from other counties be accompanied by movement permits.

Royalty fees and charges

The County has observed the increasing demand for natural resource from the County. In this regard the cost of environmental degradation which may not be commensurate with the amount of fees and charges levied to going outsider the County. The County will consider revising the royalty fees upward in order to safeguard future economic effects to the mineral resources sites.

Complimenting National government security for sustained growth and employment

The emergence of new security threats from terrorism has necessitated renewed vigilance in security. Although Security is a national Government function, the County Government understand the central to stability and encouraging investments, accelerating growth and in turn creating employment, especially for the youth. The county government has been complimenting the national government effort through investment in street lighting. During this medium term period the County will focus on the following.

a. Redoubling the investment in County street lighting infrastructure including market centres and other urban centres.
b. Supporting ongoing efforts to cement the peace building initiative and using local leadership to reduce incidences of tribal animosity.

c. Partnering with the National Government to implement its Vision 2030 flagship project on installation of integrated closed circuit television(CCTV) system for building in major towns which including Nakuru.
d. Enhance county Government strategic partnerships with both police and community through supporting in the Community policing and the *Nyumba Kumi* initiatives;
e. Strengthen the investigative capacity of the Police to ensure that those who have committed crimes will be brought to justice.

Strategic priority II: Development of County physical and social infrastructure facilities including feeder roads, water, ICT to stimulate growth.

The County Government has made significant investments in infrastructure and has laid the foundation for continuation and actual rollout of development in 2014. To ensure resilience, our investments in infrastructure will take into take into consideration disaster risk mitigation and climate change implications. Therefore focus in infrastructure development will be to:

Continue investing extensively in infrastructure that will contribute to not only economic growth but also to improving the livelihoods of our people. In this financial year, the feeder roads, installation of streetlights in towns and major centres and water upgrade within the county is currently being implemented.

This will address not only reticulation around the county, but also upgrade intakes and improve the quality of water to our people. In addition, the sinking of the water borehole will bring relief too many households in different parts of the county.
The County Government will also focus on building dams and promoting water harvesting to ease the access to water for the communities. This initiatives are also expected to mitigate communities from the adverse impacts of climate change. Drawing of the Master plan for storm water drainage is expected to provide the roadmap to designing and implementation of drainage projects in major towns.

In renewable energy, exploration and exploitation of geothermal power has seen Significance supply of green energy into the grid. Going forward the County Government look forward to gain from geothermal natural resource in terms royalties once the Energy bill is passed by the National Assembly.

The ICT Sub sector will focus on promoting investment in ICT network infrastructure to provide support other County Departments and also support the important revenue collection initiatives.

Ongoing Project infrastructure donor project for KISSIP and KMP are well on course are expected to greatly improve urban infrastructure in Nakuru and Naivasha towns. Further other informal settlement in Molo, Njoro and Gilgil have been mapped for consideration in future programme implementation.

The ongoing urban development plan for Nakuru and Naivasha in the current FY 2014/15 is also expected to significantly improve future infrastructure development.

Strategic priority III: Promotion of health services through investing in quality and accessible health services

The strategy for human capital development entails getting more value out of current spending, improving equitable access to quality healthcare throughout the county

Building a healthier County

A healthy population is essential for higher productivity and sustained long-term development of a nation. The County Government has continued to invest in improving healthcare infrastructure and supply of drugs to medical facilities. The focus has in controlling communicable diseases (tuberculosis, HIV/AID Sand malaria) and attaining marked decrease in child mortality. National Government is supporting HIV/AIDS/ TB program, Vaccines for Immunizations for children, Anti D, Ant-retroviral drugs, Conditional Grants for referral hospital (PGH –Nakuru), Reproductive health commodities and Anti- Malarial commodities.

The County Government also expect a significant improvement with the introduction of access to modern and well-equipped health facilities through the leasing of medical equipment in two facilities (namely Nakuru and Naivasha) as envisaged in the National BPS 2015.

The health sector goal is to reduce inequalities in health care services and reversing the downward trend in health related outcomes in the County. However, it is widely recognized that international and national health goals will not be reached with current levels of health service provision. To expand provision on the scale that is necessary will require a massive, long-term injection of resources to provide staff, medical inputs and health centre facilities. In particular, employment of front line health professionals is vital given the positive relationship between the volume of medical personnel and health outcomes and impacts. At present the health sector is woefully under-staffed with staffing levels substantially below international minimum standards.

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 and three priority programmes based budgeting namely: Preventive and promotive health, Curative and rehabilitative health and Planning, operational research and administrative services in that order.

The county will undertake the decentralisation of health facilities to lowest level including decentralisation of health worker to those facilities.

Strategic priority IV: Promotion of value addition for agricultural produce, food security and environment management.

Value addition in agriculture and food security

Sustaining Investments in agricultural will spur an inclusive economic growth with knock-on effects on related sectors of the economy such as agro- processing; storage and transport; wholesale and retail; construction; financial services as well as export diversification and growth. Expanded agricultural output will also increase food supply, reduce food related prices and bring down the cost of living, create employment and promote overall rural development.

The passage of the packaging law in in selected Agricultural produces is expected to increase farm incomes who were previous facing exploitation from middlemen.

Under the Agriculture, Livestock and Fisheries sub sector some of the major achievements included support to 11,000 vulnerable farmers with farm inputs and a further support of 349 farmers by provision of pyrethrum planting materials.

To undertake these programmes, the sector requires Ksh. 823,025,794 in 2015/16 FY compared to an allocation of Kshs.503,915,018 in 2014/15 FY. The sector aims at improving production, accelerating productivity, achievement of food security and commercializing agriculture through trainings and input support programme to vulnerable farmers including crop, livestock and fish, mechanized agriculture, minimize diseases, identify researchable areas in agricultural, livestock and fisheries, revival of pyrethrum sector and improvement of market access through provision of market information.

The Key Challenges in this sub sector include unfavourable climate changes with the rainfall pattern being erratic and highly unpredictable, Crop pest and diseases like the Maize Lethal Necrosis Disease and Tomato leaf miner. Livestock pest and diseases outbreaks, Fish Poaching I which is mainly due to pressure in L. Naivasha where a limited number (maximum sustainable effort) is maintained. Food insecurity ,inadequate funding that hinder service delivery, poor infrastructure, inadequate, human resource, inadequate transport, high cost of farm inputs and farm, machinery, low farm gate prices of agricultural produce, unorganized marketing system, and slow value addition uptake

Environment Conservation and Management

The increasingly visible effects of the Climate change on a global scale have shifted the focus toward Environment Conservation efforts. Our culture teaches us that we are part of nature and our environment and cannot be separated from it. Thus our future is very much dependent on the natural system that will support our social and economic development. In 2015/16 we will:

- finalise our County Environment Strategic Action Framework for implementation;
- strengthen our systems and processes for assessing impact of development on our environment;
- continue to work on operationalizing our recreational parks
- promote eco-friendly and green growth initiatives;
- Continue on the work required to operationalize solid waste management and implement sanitation upgrades in the sub counties
- improve awareness of our areas of environmental and biological significance

Strategic priority V: Promotion of equitable economic and social development for county stability

Improve the wellbeing of our people

The investment in equitable social economic development is the objective of the National and County development for reducing income inequality as well as reducing our poverty indices. Our people are central to ensuring inclusive sustainable growth and must be active participants in our development. During 2015/16 FY the County will focus on the following:

a) Carry on our investment in vocational and formal education through bursary programme and investment Vocational training institutes.
b) Sustain investment in health with the primary focus on prevention and promoting its linkages to nutrition, sports and physical activity;

c) Investment on sport and recreation to empower the youthful population and nurture talents at the lower levels including wards
d) Enhance the kitty for supporting the vulnerable in the Community from the 55 million allocated in the Current MTEF 2014/15 budget.
e) Providing alternative building technology through the Housing Technology transfers to promote decent housing for all.

Revitalise growth in the Nakuru County

Over the medium term the Nakuru County Government will focus on Spatial Planning and Integrated Urban Development plan as envisaged in the County Government Act and the Urban Areas and Cities Act 2012. Already the State department of Urban Development is spearheading urban development planning for Nakuru and Naivasha Town. In the current FY 2014/2015 the County has allocated approximately Ksh 40 Million to begin the process of county planning and development. Long-term land use will also be governed by the approved plans to be finalised in the short term period. In the current FY 2014/15 has County Government has also embarked on relocating small scale traders to alternative sites and this has greatly improved the attractiveness of Nakuru as safer and cleaner town for investment. In the ensuing FY 2015/16 the County will further focus on

a) Embarking on beatification programme in major towns;
b) improving infrastructure Supportive infrastructure in the Major towns including ICT Water and other Physical infrastructure ;
c) building resilience in our county;
d) improving social development outcomes; and
e) To improve governance.

Strategic priority VI: Enhancing governance, transparency and accountability in the delivery of public goods and service by promoting public partition as enshrined in the constitution

Improve public service productivity

In the current FY the County Government has through the Department of Public Service conducted job evaluation, skill audit and initiated the background preparatory process of Performance management as envisaged in Section 47 CG Act 2012. Further the County Government has facilitated the biometric Capacity Assessment and Rationalisation Programme (CARPS) led by the State Ministry of Planning and Devolution. Over the Medium term the County will focus on

i. making recommendations for staff promotions to County Public Service Board in order to enhance staff motivation
ii. establish County Registry, Confidential registry, County Library and Legal Library
iii. Roll out Public Sector Reforms and Performance Management.
iv. continue to consolidate administrative functions where appropriate
v. Upscale staff training and capacity building; policy formulation, implementation, monitoring and evaluation.
vi. prioritizes development of high standard sub-county and ward offices in order to bring County Government services closer to the people

Delivery of Public Good and Public Participation.

Putting in place the means to progress our priorities

The County Government reiterate its commitment to delivering better service to the people of Nakuru. As envisaged in PFM law and the law participation of the People in governance and matters of public fiancé is essential to promote responsive development and sustainability of County Projects and programmes. To ensure that we are able to progress on the path of sustainable development, we need the appropriate structures and tangible infrastructure to underpin our efforts. In 2015/16 we will:

- Ensure the public service, its systems and processes and legislation will allow us to provide the services that our people need in the most productive way possible;
- continue our efforts in improving our asset management systems;
- repair existing community water tanks and install new tanks in the county to increase water storage capacity;
- Enhance transparency and Accountability though information sharing
- improve road and drainage infrastructure in county;
- implement our renewable energy program in for providing street lighting;
- build and undertake any required refurbishment in other schools;
- commence the upgrading of our markets
- make changes to our information communication and E government landscape to provide a competitive environment to deliver better and cheaper services to all county residents;
- continue to put aside funds that better prepare us in times of disaster;

- maintain our efforts to build the resilience of our communities to hazards and the slow onset effects of climate change; and
- Continue to build and pursue partnerships nationally, regionally and internationally that will contribute positive to our county's development.

II. RECENT ECONOMIC DEVELOPMENT AND POLICY OUTLOOK IN 2014/15

REVIEW OF FISCAL PERFOMANCE IN 2014/15

County revenue

Total revenue for the county from both exchequer releases and local revenue was 4.3 billion for the first half of the year. The sources of revenue is analysed in the following graph

County Revenue Source

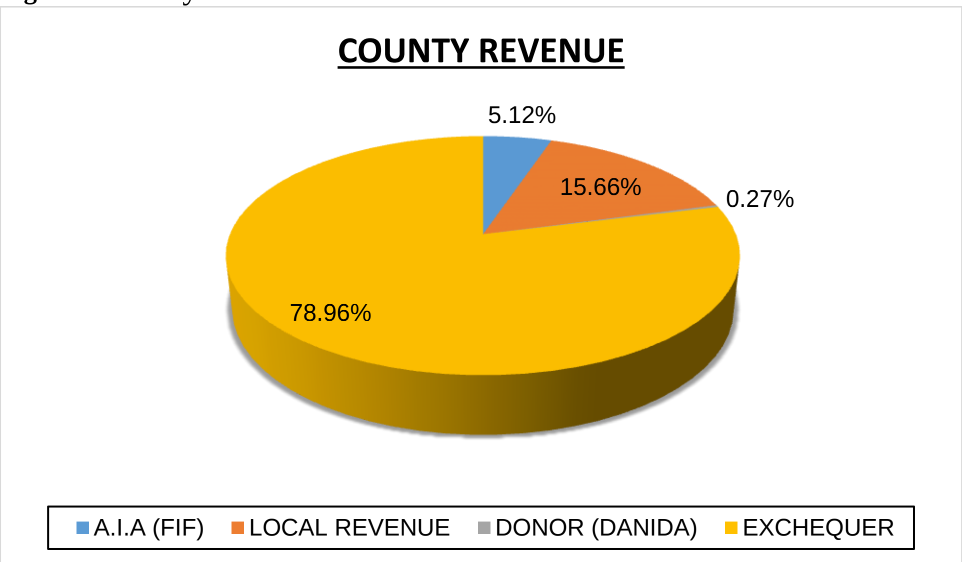
The major source of revenue was exchequer release from the national treasury which accounted for 78.9% followed by local revenue source with 15.6 %. Revenue collected as appropriation in aid accounted for 5.12% while donor funding accounted for only 0.27% of the total revenue.

Table 1: County Revenue Sources

MONTH	A.I.A (FIF)	LOCAL REVENUE	DONOR (DANIDA)	EXCHEQUER	SUB TOTAL
JULY	46,899,825	125,709,815	-		**172,609,640**
AUGUST	32,699,397	109,264,365	-	917,053,140	**1,059,016,902**
SEPTEMBER	35,657,546	111,707,337	-	669,177,786	**816,542,669**
OCTOBER	38,601,952	104,005,012	11,440,000	558,177,889	**712,224,853**
NOVEMBER	33,059,344	97,007,456	-	627,410,218	**757,477,018**
DECEMBER	33,731,879	127,230,919	-	632,177,321	**793,140,119**
TOTAL	**220,649,943**	**674,924,904**	**11,440,000**	**3,403,996,354**	**4,311,011,201**

Source: County Treasury/Controller of Budget

Figure 1 County Revenue Sources



Source: County Treasury/Controller of Budget

Table 2: Revenue Analysis by Unit

Revenue Source	LOCAL REVENUE 2014/2015	A.I.A (FIF) 2014/2015	SUB TOTAL	% of Collection
FINANCE & TRADE	-	72,230,692	72,230,692	8.07%
HEALTH	220,649,943	216,550,619	437,200,562	48.82%
EDUCATION	-	3,592,020	3,592,020	0.40%
LANDS	-	154,904,274	154,904,274	17.30%
AGRICULTURE	-	47,413,744	47,413,744	5.29%
ROADS	-	131,412,670	131,412,670	14.67%
ENVIRONMENT	-	48,820,885	48,820,885	5.45%
TOTAL	**220,649,943**	**674,924,904**	**895,574,847**	**100.00%**

Source: County Treasury

The total revenue collection by all ministries for the first half of the year was Ksh 895.57 million. Majority of the revenue was collected from the ministry of health and as illustrated in table 1 revenue collection from this ministry was almost half the revenue collected in the county. However 220 million was appropriation in Aid that the various health facilities are allowed to collect and spend. The other major revenue collector was the ministry of land with total revenue collection of 17.3% with the major contributor being land rates. The ministry of roads collected 131 million primarily from parking fees. The main collection from ministry of agriculture was from produce-cess. The ministry of education collected the least revenue with their contribution to the total revenue being 0.4%.

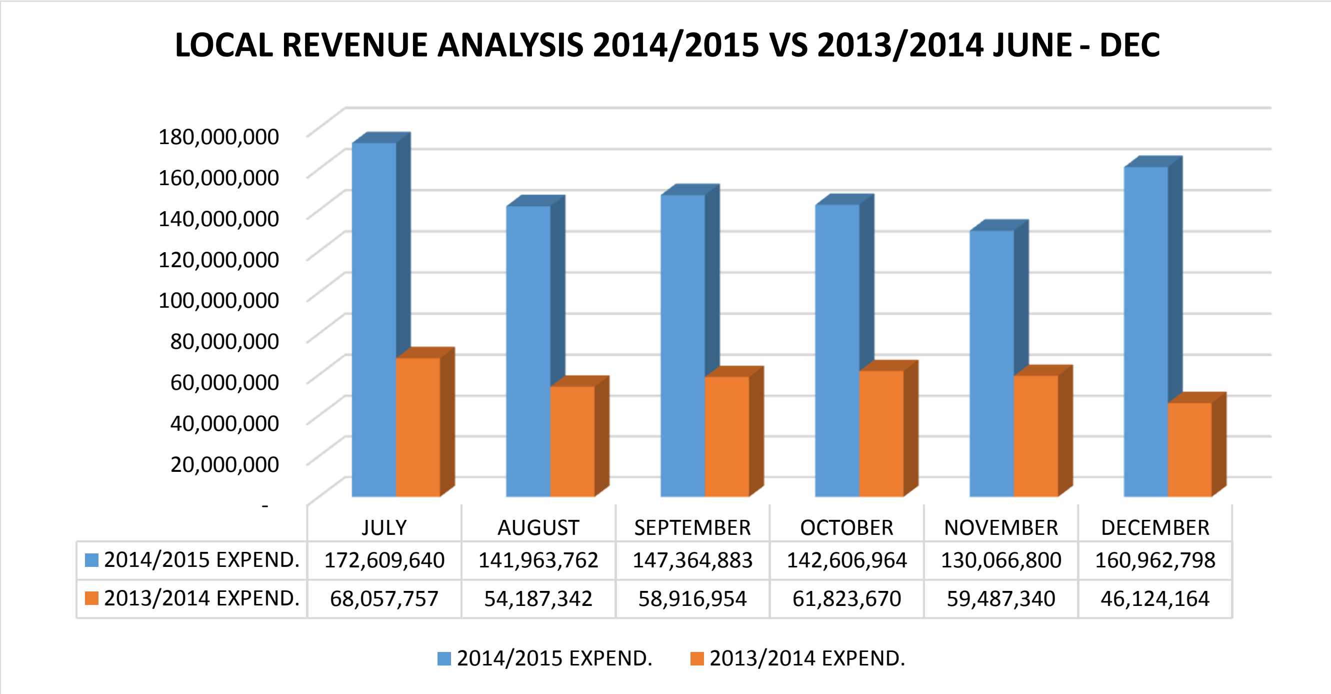
Table 3: County Local Revenue Analysis by Month 2014/2015

MONTH	LOCAL REVENUE 2014/2015	A.I.A (FIF) 2014/2015	SUB TOTAL 2014/2015	2013/2014 TOTAL	% of Collection 2014/2015
JULY	125,709,815	46,899,825	172,609,640	68,057,757	19.27%
AUGUST	109,264,365	32,699,397	141,963,762	54,187,342	15.85%
SEPTEMBER	111,707,337	35,657,546	147,364,883	58,916,954	16.45%
OCTOBER	104,005,012	38,601,952	142,606,964	61,823,670	15.92%
NOVEMBER	97,007,456	33,059,344	130,066,800	59,487,340	14.52%
DECEMBER	127,230,919	33,731,879	160,962,798	46,124,164	17.97%
TOTAL	**674,924,904**	**220,649,943**	**895,574,847**	**348,597,227**	**100.00%**

Source: County Treasury

Table 3 illustrate the revenue collection from all sources by month. The highest revenue collection was in July but from august to November the monthly collection has been declining.

Figure 2: Trend of County Local Revenue Analysis by Month 2014/2015 vs 2013/14



Source: County Treasury 2014

As illustrated in the bar graph above revenue collection has been declining since July 2014. However for the second half of the year i.e. January to June revenue is expected to increase particularly for single business permit as this is the period that the public renew licenses.

Table 4: Exchequer Issues to Nakuru County

MONTH	DONOR (DANIDA)	EXCHEQUER	SUB TOTAL
July	-		**-**
August	-	917,053,140	**917,053,140**
September	-	669,177,786	**669,177,786**
October	11,440,000	558,177,889	**569,617,889**
November	-	627,410,218	**627,410,218**
December	-	632,177,321	**632,177,321**
TOTAL	**11,440,000**	**3,403,996,354**	**3,415,436,354**

Source: Office of the Controller of Budget

Total exchequer receipt from the national treasury amounted to 3.4 billion for the first half. This amount to 46% of the total amount the county expect to receive as equitable share and conditional grant from the national treasury. In addition the county government through the ministry of health received donor funding amounting to 11.4 million during the first half and the balance.

Total County Expenditure

The total spending by ministries, executive and county assembly amounted to kshs3,833,280,536 for the first half of financial year.

Table 5: Comparison of Budget Estimates and Actual Expenditure.

DEPARTMENT	Budget estimates (Kshs. 000	Total Expenditure	Budget Balance (Kshs.)	% of Budget Absorption
County Assembly	1,254,609,003	306,675,334	947,933,669	24.44%
County Executive	349,651,198	153,363,589	196,287,609	43.86%
Finance	867,863,288	368,745,641	499,117,647	42.49%
Agriculture	635,433,021	279,464,623	355,968,398	43.98%
Health Services	3,457,382,514	1,444,698,763	2,012,683,751	41.79%
Education	990,219,116	211,216,933	779,002,183	21.33%
Roads & Public Works	1,258,798,756	432,308,959	826,489,797	34.34%
Lands	241,159,477	43,508,692	197,650,785	18.04%
County Public Service	574,873,937	320,727,409	254,146,528	55.79%
Trade	352,192,281	79,617,254	272,575,027	22.61%
ICT	84,584,811	12,717,877	71,866,934	15.04%
Environment	549,750,481	180,235,462	369,515,019	32.78%
TOTAL	**10,616,517,883**	**3,833,280,536**	**6,783,237,347**	**36.11%**

Source: County Treasury

Table 5 above compares the approved budget against the actual expenditure for the first six month i.e. July to December 2014. Overall the county was able to spend 3.8 billion in the first half of the year out of the total budget of 10.6 billion. This represent an absorption rate of 36% against expected absorption of 50%. The ministry of public service was the highest spender compared to budget while the ministry of ICT spent the lowest amount compared to budget. However absorption across all ministries is expected to improve in the second half of the year as procurement process for major development project is complete and implementation of this project will improve the absorption of development project. However no major changes is expected under recurrent expenditure and spending in the second half is expected to be relatively the same as reported in the first half.

Table 6: Economic Classification of Expenditure

Description	Total Expenditure (Kshs. 000) 2014/2015	Total Expenditure (Kshs. 000) 2013/2014	Total Expenditure %
Personnel Emoluments	2,131,951,968	858,482,070	55.62%
Operational & Maintenance	1,002,919,571	605,078,483	26.16%
Development Expenditure	698,408,997	12,113,543	18.22%
TOTAL	**3,833,280,536**	**1,475,674,096**	**100.00%**

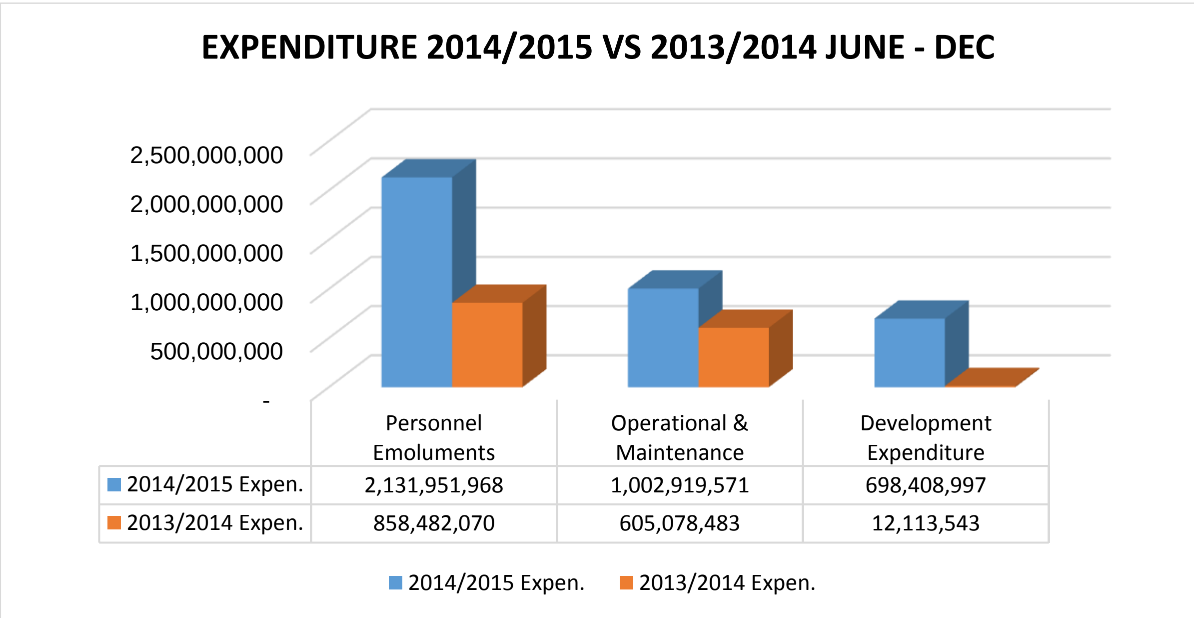
Source: County Treasury

Table 6 above categorize expenditure into three major economic classification namely

a. Personnel emolument is composed of staff salary and allowance
b. Operation and maintenance include expenditure incurred in running the offices such as payment of bills, maintenance of vehicle, maintenance of building, fueling of vehicle, travelling cost and purchase of working tools such as stationeries, 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 during the first half expenditure on personnel (salary and allowances) was the highest with 55% followed by expenditure incurred in running the office with 26%. The development expenditure was the least with 18.2%.

Figure 3: Expenditure Trends



Source: County Treasury

The highest proportion of expenditure was used in compensation to employee with the least amount being spent on development projects. Majority of development expenditure during the first half relates to previous financial year project which were rolled over to the current financial year. Majority of the project in budget will be implemented in the second half and proportion of expenditure on development is expected to improve and surpass the 30% stipulated under PFM Act. To attain the minimum spending on development i.e. 30% expenditure on development are expected to increase in the second half while compensation to employees and operation and maintenance expenditure are expected to remain relatively the same. This requires the ministry to be more cautious on spending and cut on unnecessary cost while at the same time fast tracking implementation of projects to ensure that they are completed within the time frame set in contract agreement.

Update on Fiscal Performance and emerging challenges

The fiscal assumption underlying the 2014/15 budget entail improved revenue collection. However the first half local revenue collection amounted to kshs 674.9 million against an annual target of 2.055 billion. This illustrate that the county managed to collect 33% of the annual target in the first half of the year. Though revenue collection in the second half is expected to improve the overall revenue collection may be lower than earlier envisaged

The first disbursement from the national treasury was in August, this has affected the absorption of fund during the first half as most programs were delayed pending availability of fund. In addition many incomplete project from financial year 2013/14 were rolled over to year 2014/15 and more focus was on ensuring the completion of this project. This delayed the implementation of new project and absorption of development expenditure as various ministries concentrated on existing project. In addition the procurement process for new project has taken a long period of time thus affecting the roll out of new project.

Implementation of 2014/15 budget and Emerging fiscal challenges

Revenue collection has been devolved to line ministries in order to achieve a more robust system of revenue collection. The ministries own a fiscal responsibility of raising resources that will support their economic operations in future. In the current fiscal year, automation of major revenue sources has been undertaken.

However, challenges have been encountered in the procurement processes. Prequalification of suppliers was only finalized late in the 2nd Quarter of the financial. This will delay the execution of development projects. Additionally, late disbursements from the exchequer have distorted spending plans.

National Growth Update

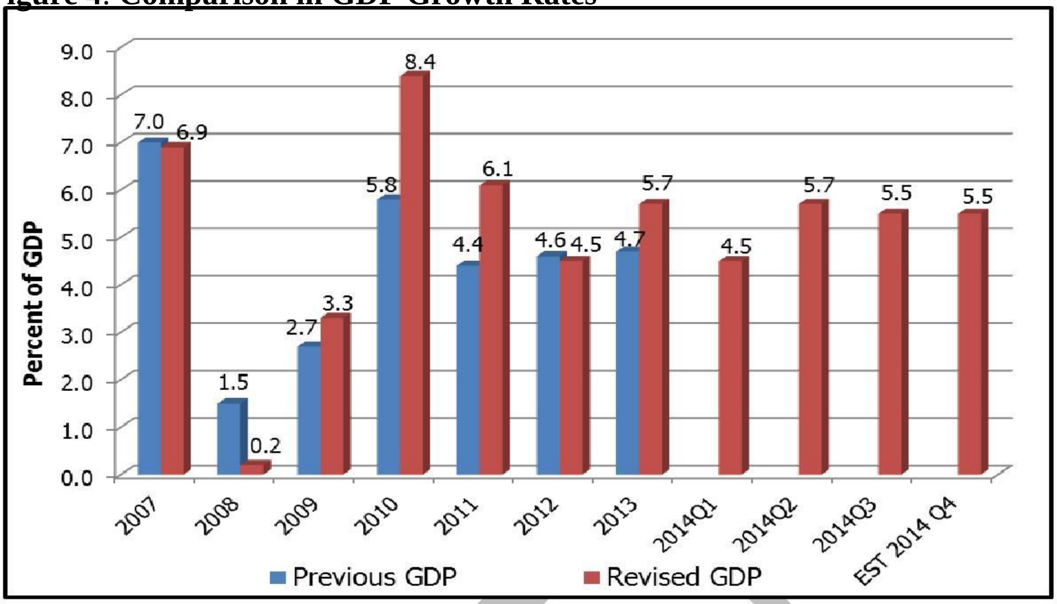
The Kenya National Bureau of Statistics (KNBS) initiated the process of rebasing and revising of the National Accounts Statistics (NAS) in 2010 and completed the exercise in September 2014. The rebased GDP estimates in nominal terms for 2013 is Ksh 4,757.5 billion which represents 25.3 percent increase from the previous estimates. This translates to US$ 1,269 in GDP per capita in 2013 up from US$ 994 in 2013, placing Kenya at lower middle income economy. Kenya's economy is now ranked as the 9th largest in Africa and 4th largest in SSA.

The economy grew by 5.7 percent in 2013, up from 4.5 percent growth in 2012 **(Chart 2.1).** The increase in growth in 2013 was supported by improved activities in agriculture, forestry and fishing (5.1 percent), manufacturing (5.9 percent), wholesale and retail trade (9.2 percent), financial and insurance activities (9.3 percent) and information and communication (13.5 percent).

In the first three quarters of 2014 the economy expanded by 5.2 percent on average compared with 6.6 percent in the same period in 2013. On account of performance during the first three quarters and the projected growth of 5.3 percent in 2014, the fourth quarter growth of 2014 is estimated to be at 5.5 percent.

The economy is estimated to have expanded by 5.5 percent in the third quarter of 2014 compared to a revised estimate of 6.2 percent in the same period of 2013. The growth was mainly supported by robust growths in; construction (11.0 percent), finance and insurance (9.9 percent), wholesale and retail trade (7.2 percent); information and communication (6.6 per cent); and agriculture and forestry (6.2 per cent). All the sectors of the economy recorded positive growths except accommodation and food services (hotels and restaurants) which has consistently been on the decline since last year.

Figure 4: Comparison in GDP Growth Rates



Source: KNBS

Going forward, the growth outlook is promising due to continued implementation of bold economic policies and structural reforms as well as sound economic management. The economy is projected to grow by 5.3 percent, 6.9 percent in 2014 and 2015, respectively, and 7.0 percent over the medium term. This level of growth will be underpinned by the continued good performance in agriculture, forestry and fishing, manufacturing, real estate, wholesale and retail trade, financial and insurance activities and information and communication.

III FISCAL POLICY AND BUDGET FRAMEWORK.

Overview

Fiscal responsibility is of utmost importance since the Constitution requires the County Government to progressively provide for a minimum basic standard of economic and social rights to its citizens within available resources. In order for spending to increase on a sustainable basis to meet these basic needs, we should be prepared to match the increased expenditure demands with a corresponding increase in revenue yield through efficient collection and widening of revenue bases. The Fiscal Policy underpinning the FY 2015/16 Budget and MTEF aims at revenues of more than 28 percent of total expenditure over the medium term and containing growth of total recurrent expenditure.

Review of salaries and benefits for the public sector workers will continue to be guided by Salaries and Remunerations Commission (SRC) in accordance with Article 230 of the Constitution, and Regulations on Pay Review and Determination, in addition to the County Public Service Board adhering to personnel ratio once regulations are passed by the relevant legislative authority.

Over the medium term, a minimum of 30% of the county budget shall be allocated to development expenditure. The County Government is committed to a reduction in the recurrent expenditure to devote more resources to development.

In the 2 years the County government has been in existence, efforts have been concentrated in servicing existing debts, majorly inherited from the defunct local authorities. With the passing of Public Finance Management Regulations by parliament this year, borrowing guidelines will be adhered to as set out in those guidelines when need arises. Nevertheless, as a prudent fiscal policy 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.

The County Government also takes into account the fiscal risks arising from contingent liabilities, liquidity risk arising from failure to actualize local revenue targets, high county public wage bill (currently at 41.15%) of the total budget and potential changes to national transfers and allocations.

Continuing with Prudent fiscal policy

The County will continue to pursue prudent fiscal policy to assure economic stability. The County Government's fiscal policy objectives will provide an avenue to support economic activity within a context of sustainable public financing.

The County Government has oriented expenditure towards priority programmes in Health, Agriculture, Infrastructure, Environment and Youth sectors under the MTEF. The county has also been focusing in debt resolution for inherited debts in order to reduce the county debt levels. In addition, the County Government in making decisions that establishes a new County sector agency with personnel and wage implications, will consider such policies in relation to financial capacity of the County. All such establishments will however be guided by comprehensive restructuring and rationalization of the County Government in accordance with the Constitution.

Observing Fiscal Responsibility Principles

The County Government recognizes that the fiscal stance it takes today will have implications into the future. As a County Government we shall ensure adherence to the ratio of development to recurrent of at least 30:70 over the medium term, as set out in the law. Once the PFM regulations are finalized the county governments will respect ratios guiding the wage levels in general and expenditure management on items such as office goods and their pricing that should as much as possible reflect actual market prices. Timelines on paying goods should be minimized to enable county government get competitive prices in the market. County borrowing will also be guided by the said PFM regulations and the County Assembly resolutions.

Fiscal Responsibility Principles

In line with the Constitution, the new Public Finance Management (PFM) Act, 2012, and in keeping with the prudence and transparent management of public resources, the 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% 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. In FY 2013/14 the County Government allocated 27.0 percent to development, however, the preliminary outcome indicates underperformance in development at 15 percent of total expenditure mainly attributed to the deduction of unbudgeted amount of Kshs 1.3 billion by National Government on account of devolved staff. Similarly, delays in disbursement by National government snow balled to delays in procurement by County departments, hence low uptake of development funds. Over the medium term, development expenditure is budgeted to expand to 34.4 percent in FY 2014/15(including an amount of Kshs 685.0 Million that was carried forward from the FY 2013/2014), and around 33.0 in FY 2017/18.

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.

On wages and benefits, the share to County Government revenues was 51 percent in FY 2013/14 (including arrears amounting to Kshs 200Million), and is projected at 41.15 percent in FY 2014/15.This expenditure item is projected to decline over the Medium term planning period. Once the share is prescribed in the regulations, the County Government will ensure that this principle is strictly adhered to.

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. Although the County Government envisages maintaining a balanced budget, it will seek to adhere to borrowing guidelines as will be set out in the PFM regulations currently in parliament, if need arises.

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

The County Government borrowing level is set in the Medium Term Debt Strategy approved by the County Assembly. 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.

Over the medium term the Nakuru County Government will continue to maintain a balanced budget where total revenue equal total expenditure i.e. the preparation of MTDS does not envisage borrowing to finance the budget and over the medium term the focus will be on ensuring the sustainability of current debt. Nevertheless, if need arises, the County will adhere to laid out laws by the County Assembly, using guidelines passed by the Parliament.

The County Government will continue to ensure that the level of debt does not crowd out economic activity and the private sector, given the need to increase private investment to accelerate economic expansion.

e. Fiscal risks shall be managed prudently.

The County Government also takes into account the fiscal risks arising from contingent liabilities, liquidity risk arising from failure to actualize local revenue targets, high county public wage bill

(41%) of the total budget 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. In addition the County Government has put aside Kshs 40.0 Million as an Emergency Fund in the current financial year. Regulations governing the Fund have been forwarded to the County Assembly for Approval.

The County Government of Nakuru will observe the fiscal rules set out in the PFM law and County Assembly regulations so as to entrench fiscal discipline.

Fiscal structural reforms

The County Government will continue pursuing its policy objectives within the financial context established by 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 2015/16 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:

- Enhancing revenue administration and efficiency in collection, by formulating revenue administration regulations and reviewing tax legislations in order to simplify and modernize them. This is expected to increase revenue collection in the medium term from Kshs 2.05 billion in 2014/2015 to Kshs 2.7 billion in 2017/18. Automation of revenue collection will extend to other major revenue streams as the current process cover parking, Cess barriers and markets.
- Reforming the budget process in the County to guarantee fundamental, long term objective of efficiency and effectiveness in public spending. In this regard, the County Government will continue to entrench Programme/Performance Based Budgeting (PBB) in its budget process. The desired goal is to have a PBB system which is fully operational by the financial year 2015/2016.
- The development of performance management framework as per section 47 of County Government act 2012 to enhance accountability while ensuring that county government attain it overall objectives.
- Expenditure efficiency and effective implementation of budget programs through enforcement of cost benchmarks for all projects and consumables. There will further be enforcement of a project implementation performance benchmark of at least 90 percent; expenditure tracking and value for money audits to ensure efficiency and effectiveness in

use of resources in the County Government; Project planning and management as well as engagement on public private partnership will be strengthened.

On the revenue front, the County Treasury is expected to institute corrective measures to reverse the loss of revenue from local sources. Options could include enhanced compliance audit of large outstanding property tax payments, targeted automation of highly potential but leaking revenue sources, and continue implementation of collection of other sources of taxes such as liquor licenses, Flower Cess, royalties, and advertisement and rental charges.

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.

On the expenditure front, the County Government will continue with rationalization of expenditure to improve efficiency and reduce wastage. Expenditure management will be strengthened with full adoption of the **Enterprise Resource Planning (ERP) system**. This will incorporate an integrated and inbuilt financial transactions model through IFMIS; a Human Resource model for Personnel Management; a Fleet Management System for the monitoring of the County motor vehicles and a Mapping Model to manage all Single Business Licenses.

It is therefore imperative to reform and modernize the revenue bases to ensure stability of revenue, while at the same time continuing to restructure expenditure systems to ensure efficiency and create fiscal space required to fund the county needs.

Deficit Financing Policy

The fiscal stance envisages maintaining a balanced budget, and resolving the already incurred debts. If necessary, borrowing will be undertaken in a cautious manner and limited to bankable projects and the stated ceiling in the Medium-Term Debt Strategy Paper and the County Assembly resolutions.

2015/16 Budget Framework

The 2015/16 budget framework is set against the background of Annual Development Plan (ADP) and the Medium-Term Fiscal Framework (MTEF) set out above. The National Budget Policy Statement projects improved performance across all sectors of the economy. Therefore, allocations from the National Government to the County Government are projected to be on the increase. Local revenue projections have been revised downwards against the shortfall realized in collections in the FY 2013/2014. In this light, revenues from local sources are projected to hit Ksh 2.05 billion in the FY 2014/2015, from an achievement of Kshs1.37billion in the FY 2013/2014. In the FY 2015/2016 and 2016/2017, local revenues are pegged at Kshs 2.26 billion and 2.49 billion respectively.

The 2015/16 budget will target revenue collection including Facility improvement funds (F.I.F) of Kshs 2.8 billion which translates to 25 percent of total expenditure. Additional funding under the national Budget Policy Statement (2015) includes proposed allocations of:

Kshs 7.9 billion of equitable share: Kshs. 350 million as conditional allocation to level 5 hospital; Kshs 191 million as conditional allocation for free maternal care; Kshs 61 million as conditional allocation for leasing of medical equipment; Kshs 103 million as conditional allocation from roads maintenance fuel levy fund; Kshs 88 million as conditional allocation loans and grants

The total proposed allocation for FY 2015/16 in the draft Budget Policy Statement to the county government amounts to Kshs 8.7 billion made up of equitable share and conditional allocations. As such, total revenues including Local revenue, CRA allocations and FIFs are expected to be Kshs11.46 billion.

Expenditure Forecasts.

In 2015/16, overall expenditures are projected to increase by 10 percent (or Kshs 1 billion) up from the estimated Ksh10 billion in the FY 2014/15 budget owing to allocation of additional funding and more functions being devolved.

Recurrent expenditures are expected to decrease slightly from 73 percent of total expenditure in the FY 2013/14 to 66 percent of total expenditure in the FY 2014/15, on account of growth in nominal total expenditure. In 2015/16 the Budget, will continue to focus on the level of expenditure on County development and the reduction of debt levels, these will lead to allocation of more resources for development and reduction of existing debts. The 2015/16 Budget will operate under tight fiscal conditions, with any new policies needing to be offset by savings in other areas.

- Debt repayments are expected to increase relative to total expenditure to 3.8 percent in 2015/16 from 1.8 percent in 2014/15.
- The wage bill is expected to stabilize at 43 percent of total expenditure in the FY2015/16.

- Transfers to County assembly and level five hospitals will be based of ceiling set by the constitutional bodies as by the PFM Amendment Act 2014.
- Expenditure ceilings on goods and services for sectors/ministries and county are based on funding allocation in the FY 2014/15 budget as the starting point. The ceilings are then reduced to take into account one-off expenditures in FY 2013/14 and then an adjustment factor is applied to take into account the general increase in prices. In addition the ceiling to county entities will be based on the provision of the PFM Act 2012 (amendment 2014)

The ceiling for development expenditures excluding donor funded projects will increase in nominal terms to Kshs 3.76 billion (30 percent of total expenditure) in the FY 2015/16 from Kshs 3.65 billion in 2014/15. Most of the outlays are expected to support critical infrastructure that will crowd in private sector investment.

The County will allocate Ksh.1.375 Billion to cater for the Ward Resource Envelope for the Financial Year 2015/2016 under the Department of Finance and Economic Planning for purposes of Public Participation in Development Projects.

An emergency provision of Kshs 70 million and Kshs 30million for renewal of assets will be provided in the budget for 2015/16.

Overall deficit financing

Overall fiscal balance on an accrual basis (including debts inherited by defunct local authority and devolved functions) is projected at Ksh 1.5 billion (deficit financing) in the FY 2014/2015 against the budget targeted of Ksh 10 billion. This translates to 1.5 percent of the targeted total expenditure. This stance means that the county will be forced to borrow or forfeit under expenditures so as to undertake development projects.

Summary

Fiscal policy outlined in this Fiscal strategy paper aims at improving revenue efforts as well as containing total expenditures. This will be achieved through administrative and legislative reforms aimed at enhancing resource mobilization, improving efficiency in county government expenditure and reducing wastage. The fiscal space created will avail resources to scale up investments in human capital, including on health and education, and physical infrastructure, while at the same time providing sufficient resources to sustain the progress made. The Fiscal policy will also endeavour to adhere to medium-term debt targets as provided in the medium term debt management strategy that aims at ensuring public debt sustainability.

IV. INTERGOVERNMENTAL FISCAL RELATIONS AND DIVISION OF REVENUE

The Nakuru County Government always seeks adherence to fiscal responsibility principles as set out in Section 107 of the PFM Act 2012, and the principles of public finance set out in Chapter 12 of the Constitution.

The County government has fully adopted the IFMIS system at the County Treasury and in all line ministries. During the 2015/16- 2017/18 MTEF period the County Government will cascade the IFMIS platform to the 11 sub-county treasuries. The objective of IFMIS is to automate and integrate PFM systems which facilitate efficient and effective execution of all financial management process, eliminate risks, and enhance security and financial controls in all service areas in the county. The County also noted the support of the National Treasury in seconding technical personnel to the County Treasury in line with section 14 of the PFM Act 2012.

Further various County Treasury officials have benefitted from trainings organized by the National treasury on Budget training manual. It expected that that over the 2015/16- 2017/18 MTEF period the National treasury will sustain training on other modules including procurement and internal audit as envisaged in the draft 2015 BPS.

The County has already drafted a Debt Management Strategy paper as envisaged in Section 117 of the PFM Act. This will assist the County in adhering to Borrowing, fiscal responsibility principles, and ensure their debt levels are manageable and do not hinder the undertaking of other functions by the county government. Borrowing will be in line with guidelines provided by the National Government, through approvals by the County Assembly. The PFM Act2012, peg borrowing by County governments on audited revenue, hence there is need to enhance capacity to both county governments and county assemblies.

The National government has been undertaking a key role of building capacity to the County government by seconding requisite personnel especially to the County Treasury. Staffs have been seconded to the finance, audit and procurement departments. Going forward it is expected the National Treasury (in collaboration with other stakeholders) will roll out training in specific modules cited above for County governments as envisaged in the current Budget Policy statement.

The National government through the CRA guides the process of revenue sharing between the Counties and the National government. The CRA has set the fiscal responsibility parameter at 2 % in the revenue sharing formula, which encourages the counties to observe fiscal prudence through implementation of sound economic and budgetary practices to ensure citizens get value for money.

The BPS has indicated that the National Treasury will come up with performance based grants to incentivize better financial management by county governments. This will encourage the counties to increase the compliance levels, hence enhance efficiency and service delivery. Nakuru County plans to position itself to benefit from this initiative through continuous adherence and improvement in fiscal management. However, the parameters governing the proposed performance grants are still vague.

Subject to Section 187 of the PFM Act, the 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; agree on the schedule for the disbursement of available cash from the Consolidated Fund on the basis of cash flow projections as well as any proposed legislation or policy which has a financial implication for the counties, or for any specific county or counties. It also gives recommendations on the equitable distribution of revenue between the national and county governments and amongst the county governments as provided in section 190 of the PFM Act.

Revenue Allocation for Each County Government for FY 2015/16

The table below provides estimates of revenue allocation among Counties in the financial year 2015/16. The allocations comprise of the equitable share of Ksh. 253.5 billion, distributed based on the formula for sharing revenue approved by Parliament in accordance with Article 217 of the Constitution. The Nakuru County will receive a total allocation of Ksh.8,716,819,576. Out of this, the equitable share of revenue to Ksh. 7,920,541,950.

Table 7: Horizontal Division of Revenue to Counties

	County	FY 2014/15		FY 2015/16							
		Allocation Ratio	Total County Allocations (Ksh)	Equitable Share	Conditional Allocations - Level-5 Hospitals	Conditional Allocations - Free Maternal Health Care	Leasing Allocations -of Medical Equipment	Allocations from Road Maintenance Fuel Levy Fund	Conditional Allocations - loans and grants	Total County Allocations	Per capita Allocations (Ksh)
		Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column I	Column J	
1	Baringo	1.71%	4,057,394,164	4,333,456,699	-	66,448,440	33,846,049	56,410,082	134,219,400	4,624,380,670	8,324
2	Bomet	1.81%	4,257,656,202	4,593,349,641	-	86,617,005	35,875,918	59,793,197	90,892,700	4,866,528,461	6,720
3	Bungoma	3.25%	8,084,627,110	8,246,570,809	-	195,069,523	64,409,053	107,348,422	217,395,024	8,830,792,831	5,415
4	Busia	1.80%	4,731,953,006	4,553,009,468	-	58,376,708	35,560,845	59,268,075	125,704,700	4,831,919,796	9,900
5	Elgeyo/Marakwet	1.26%	2,992,906,918	3,191,548,394	-	44,253,988	24,927,284	41,545,473	85,335,600	3,387,610,739	9,156
6	Embu	1.48%	3,960,971,745	3,745,357,812	205,095,090	61,742,062	29,252,759	48,754,599	271,538,460	4,361,740,782	8,450
7	Garissa	2.22%	5,239,680,285	5,632,459,839	123,569,521	74,521,726	43,991,789	73,319,649	34,915,600	5,982,778,124	9,602
8	Homa Bay	2.17%	5,132,111,440	5,499,028,767	-	115,275,564	42,949,639	71,582,731	165,447,600	5,894,284,300	6,116
9	Isiolo	1.18%	2,758,735,254	2,982,832,477	-	17,138,825	23,297,128	38,828,547	24,945,600	3,087,042,577	21,543
10	Kajiado	1.70%	4,064,285,065	4,306,180,712	-	82,206,652	33,633,013	56,055,021	157,175,600	4,635,250,998	6,744
11	Kakamega	3.43%	8,934,694,689	8,693,337,679	227,795,215	198,623,855	67,898,483	113,164,138	257,365,484	9,558,184,855	5,756
12	Kericho	1.73%	4,051,612,829	4,396,389,076	-	90,701,909	34,337,577	57,229,294	68,600,600	4,647,258,456	6,128
13	Kiambu	2.87%	6,748,191,710	7,283,499,928	96,989,804	194,154,298	56,887,080	94,811,800	92,577,700	7,818,920,609	4,817
14	Kilifi	2.86%	6,635,257,258	7,261,713,329	-	132,730,986	56,716,918	94,528,196	83,305,600	7,628,995,029	6,875
15	Kirinyanga	1.36%	3,364,763,091	3,452,865,750	-	63,158,437	26,968,278	44,947,130	215,519,474	3,803,459,069	7,203
16	Kisii	2.73%	6,428,632,090	6,922,509,037	92,027,539	137,819,863	54,067,595	90,112,658	104,022,700	7,400,559,393	6,423
17	Kisumu	2.19%	5,416,087,048	5,544,217,280	274,350,322	115,887,348	43,302,579	72,170,965	152,282,700	6,202,211,194	6,401
18	Kitui	2.80%	6,640,601,064	7,091,965,761	-	121,126,092	55,391,121	92,318,534	261,879,700	7,622,681,208	7,527
19	Kwale	1.97%	4,640,786,703	5,002,051,155	-	77,735,660	39,068,042	65,113,404	107,275,600	5,291,243,861	8,141
20	Laikipia	1.33%	3,165,045,544	3,366,335,960	-	47,749,952	26,292,445	43,820,742	92,127,700	3,576,326,799	8,958
21	Lamu	0.79%	1,882,124,293	2,002,386,473	-	12,144,676	15,639,448	26,065,747	24,615,600	2,080,851,943	20,493
22	Machakos	2.61%	6,365,722,976	6,605,374,289	173,228,300	131,397,259	51,590,644	85,984,407	254,860,471	7,302,435,371	6,647
23	Makueni	2.30%	5,517,826,712	5,825,665,924	-	105,794,753	45,500,807	75,834,678	257,665,006	6,310,461,168	7,134
24	Mandera	3.45%	7,905,886,654	8,739,666,754	-	122,686,592	68,260,332	113,767,220	31,795,600	9,076,176,497	8,848
25	Marsabit	2.00%	4,619,742,773	5,064,277,347	-	34,825,206	39,554,054	65,923,423	32,525,600	5,237,105,630	17,987
26	Meru	2.50%	7,314,154,186	6,336,958,611	71,001,192	162,221,763	49,494,209	82,490,349	615,503,566	7,317,669,691	5,395
27	Migori	2.25%	5,309,291,735	5,696,050,647	-	109,699,053	44,488,459	74,147,432	162,099,800	6,086,485,391	6,636
28	Mombasa	2.00%	4,876,632,249	5,072,505,987	231,404,138	112,354,306	39,618,323	66,030,539	63,202,700	5,585,115,993	5,946
29	Muranga	2.06%	5,007,259,582	5,226,795,416	-	112,738,361	40,823,386	68,038,977	283,995,967	5,732,392,107	6,082
30	Nairobi	5.00%	12,945,218,812	12,683,093,775	-	375,367,823	99,060,091	165,100,152	1,966,656,400	15,289,278,242	4,872
31	**Nakuru**	**3.12%**	**7,537,764,319**	**7,920,541,950**	**350,895,577**	**191,767,321**	**61,862,636**	**103,104,393**	**88,647,700**	**8,716,819,576**	**5,437**
32	Nandi	1.83%	4,269,752,922	4,640,399,187	-	90,059,146	36,243,394	60,405,657	64,282,700	4,891,390,084	6,496
33	Narok	2.04%	4,819,247,736	5,160,341,918	-	101,775,154	40,304,357	67,173,929	148,479,800	5,518,075,158	6,485
34	Nyamira	1.60%	3,778,844,772	4,054,318,743	-	71,554,540	31,665,869	52,776,448	102,995,600	4,313,311,200	7,210
35	Nyandarua	1.66%	3,903,805,713	4,203,172,029	-	71,317,242	32,828,473	54,714,122	89,807,700	4,451,839,567	7,466
36	Nyeri	1.71%	4,396,502,969	4,341,891,811	218,123,302	82,953,711	33,911,931	56,519,885	453,960,093	5,187,360,733	7,479
37	Samburu	1.37%	3,191,260,695	3,466,590,791	-	26,785,409	27,075,476	45,125,793	27,965,600	3,593,543,070	16,046
38	Siaya	1.92%	5,012,134,620	4,874,797,905	-	100,744,628	38,074,143	63,456,905	222,364,700	5,299,438,282	6,292
39	Taita	1.27%	2,979,486,645	3,229,731,990	-	34,046,691	25,225,513	42,042,522	31,785,600	3,362,832,315	11,814
40	Tana River	1.53%	3,600,438,234	3,888,450,807	-	28,714,415	30,370,373	50,617,289	108,460,600	4,106,613,485	17,106
41	TharakaNithi	1.21%	3,436,431,667	3,061,879,632	-	43,695,667	23,914,518	39,857,530	541,217,007	3,710,564,355	10,157
42	Tranzoia	1.96%	4,541,346,984	4,976,595,534	-	97,928,265	38,869,224	64,782,039	28,305,600	5,206,480,663	6,359
43	Turkana	4.03%	9,235,031,320	10,226,249,327	-	102,310,869	79,871,143	133,118,571	29,245,600	10,570,795,510	12,358
44	UasinGishu	2.00%	4,625,610,045	5,065,661,175	-	106,949,191	39,564,862	65,941,437	38,925,600	5,317,042,265	5,946
45	Vihiga	1.49%	3,788,364,319	3,778,022,489	-	66,336,130	29,507,883	49,179,806	159,978,392	4,083,024,700	7,362
46	Wajir	2.78%	6,402,556,247	7,058,266,044	-	79,172,128	55,127,912	91,879,854	37,065,600	7,321,511,538	11,061
47	West Pokot	1.66%	3,860,241,107	4,209,633,871	-	61,353,104	32,878,943	54,798,238	33,985,600	4,392,649,755	8,563
	GRAND TOTAL	100%	**242,428,673,499**	**253,508,000,000**	**2,064,480,000**	**4,618,032,294**	**1,980,000,000**	**3,300,000,000**	**8,642,921,744**	**274,113,434,037**	**7,100**

Source: Draft Budget Policy Statement 2015

In order for prudent management of public resources, the IBEC has advocated for regulations to be put in place to curb recurrent expenditure spent on foreign travel by the county governments. The Ministry of Foreign Affairs will avail the requisite regulations. In addition the Transition Authority will undertake a proper audit of assets and liabilities that belonged to the defunct local authorities and work out modalities of transferring them to the County Governments.

The Parliament provides the legal framework and backing for revenue sharing through the Division of Revenue Bill and the County Allocation of Revenue bills. The bills, prepared and submitted by the Cabinet Secretary for National Treasury, authorize the division of revenue raised nationally to the two levels of government.

Nevertheless, the counties continue to face several challenges in execution of their mandate.

Provisions of Article 187(2) of the Constitution which entrenches the principle '*finance should follow functions*' requires that once a function is transferred, the necessary resources should also be transferred to the Government that is assigned that function in order to enable such Government to perform the functions transferred. This has not all been the case as some functions were transferred midway in the financial year. The case of transfer of the polytechnics' instructors is a perfect example that went contrary to the provisions.

As per the Draft Budget Policy Statement 2015/2016, the funds allocated to County Governments are estimated at about Ksh 274.1 billion. This represents 35 percent of the most recent audited revenues approved by the National Assembly, for the financial year 2012/13. Nevertheless, the National Assembly should expedite their approval process of audited revenues as government revenue has been on in the increase in recent years.

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

- **Allocation for Free Maternal Health Care of Ksh 191,767,321 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. However, past experience has shown that the amount allocated is far much lower than that expended by the County previously.

- **Allocation for leasing medical equipment of Ksh. 61,862,636 million**. This grant is intended to facilitate the purchase of modern specialized health care equipment in at least two health facilities in each County Government over the medium term. This will facilitate easy access to specialized health care services and significantly reduce the distance that Kenyans walk in search of such services today. Nevertheless, the National Ministry of Health has not given clear guidelines on how the program will be executed. The program will require the counties to construct or refurbish special centres to house the specialized equipment, where such do not exist.

- **Allocation for level-5 hospital (Nakuru Provincial General Hospital PGH) of Ksh. 350,895,577 million, as a conditional grant**. Level-5 hospitals continue to play a significant role in providing specialized health care services. These hospitals provide health care services to citizens residing outsides their host County Governments. The amount allocated for Nakuru PGH is only a third of what the hospital requires for optimal service delivery in a financial year. With the introduction of specialized care occasioned by the leasing of machinery the Nakuru level-5 hospital operating cost is expected to rise. Going forward the County Government of Nakuru appeals for a significantly higher allocation for the level-5 facility based on the cost of running the facility.

- **Allocation from the Fuel Levy Fund of Ksh. 103,104,393 million**. In order to enhance County Governments capacity to repair and maintain county roads the National Government proposes to transfer 15 percent of the Road Maintenance Fuel Levy Fund to the County Governments. This proposal should be fast tracked and more road funds devolved to counties.

- **Conditional Allocation-Loans and Grants of Ksh 88,647,700**. This budget item needs fast tracking as the national government neither remitted the funds to the counties nor executed through existing performance contracts with financiers in the last financial year, hence creating a budget shortfall.

Conclusion

Notably, with disregard to the amounts of county allocations proposed in the Draft Budget Policy Statement 2015/2016 amounting to Ksh 274.1 billion, the Cabinet has approved a lesser amount of Ksh 264 billion. This depicts a Ksh 10.0 billion deviation to county allocations and goes against the Provisions of Article 187(2) of the Constitution which entrenches the principle '*Finance should follow function."*

V: MEDIUM TERM EXPENDITURE FRAMEWORK

Resource Envelope

The amount of local revenues has been projected at 2,261,149,650 and this is expected to finance20.3 percent of the total County Budget. On the strength of efficiency in revenue collection through automation, the County Treasury expects to improved growth from the major revenue streams namely Property taxes (plot rent and land rates) are expected to contribute 43.5 Percent of the total local revenues, Single business Permit12.4percent Parking Fee 9.9 percent.

Further the County will maximise on the devolved revenues streams notably the Liquor licensing whose law has been enacted in the current fiscal year.

In compliance with the laid down fiscal responsibility for Counties as set out by the National Government entities, 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.

All revenue incomes from local sources are expected to finance 30.3percent 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 National Government, Facility Improvement Fund. An amount of Ksh.7,920,541,950.00 is expected to come transfers from the equitable share of revenue raised nationally.

The County also expects to mobilise an amount of approximately Ksh. 25,168,000 from Donor grant to finance specific recurrent expenditure under the Health Sector. Conditional grant for the Nakuru level 5 hospital of Ksh. 350,895,577 will partly finance both recurrent and development expenditure for the former Provincial General Hospital. In addition an amount of Ksh 191,767,321 will cater for capitation free maternity health services and shall be financed as reimbursement for all deliveries in public health facilities with the County. The County also expects a financing of Ksh. 61,862,636 from National Government transfers for leasing medical equipment.

Maintenance of County roads shall be financed by an allocation from the Road Maintenance Levy Fund Ksh. 103,104,393.

Key Priorities for the 2015/16 Medium Term Budget

The County Key focus in the FY 2015/16 Medium Term Budget will be guided by the County's medium terms, Departmental strategic plans and the Annual sectoral reports as prepared by the various Sector Working Groups (SWG). Respective sector reports have been prepared with a keen inputs from the Public participation.

As the County deepen the adoption of Programme Based Budgeting the focus will be on revision of the Departmental programmes to align them with core County mandate as outlined in various legal notices on County functions. This is expected to eliminate non-core expenditures and eliminate overlap and or duplication across sectors

In adherence with the Provisions of Constitution and the PFM law on enhancing openness and accountability in public finances, the County Government will facilitate full participation of the people in the budget making process as well as observe rationality in allocation of scarce resource.

Going forward the FY 2015/16 Medium Term Budget will be guided by the investment in the County Physical infrastructure as well as continued upgrading and expansion of the social infrastructure.

- In this regard the County will commit Ksh 2,999,378,946of the total recurrent expenditure to cater for County health services, education, and youth and sports development.
- Further the County will allocate a 33 Percent of the total budget as development in energy, Road infrastructure and ICT.
- Additionally, the County will sustain investment in the water and sanitation, wastage management as well as environmental conservation.
- To enhance the business environment and private sector participation the County will increase investment in trade and market infrastructure as well as provide supportive services to SACCOs

Table 8: MEDIUM TERM EXPENDITURE ESTIMATES

MTEF Sector Ceilings 2015/2016 – 2017/2018 with Indicative Projections

					PROJECTIONS		%SHARE OF TOTAL EXPENDITURE			
SECTOR									PROJECTIONS	
		Approved 2014/15	CBROP Ceilings 2015/16	CFSP Ceilings 2015/16	2016/17	2017/18	Approved 2014/15	CFSP Ceilings 2015/16	2016/17	2017/18
1.AGRICULTURE, RURAL AND URBAN DEVELOPMENT SECTOR										
a) AGRICULTURE LIVESTOCK AND FISHERIES	**SUB-TOTAL**	**635,433,021**	**789,737,172**	**789,737,172**	**868,710,889**	**955,581,978**	**6.0%**	**6.9%**	**6.9%**	**6.9%**
	Rec. Gross	503,915,018	609,737,172	609,737,172	670,710,889	737,781,978	4.7%	5.3%	5.3%	5.3%
	Dev. Gross	131,518,003	180,000,000	180,000,000	198,000,000	217,800,000	1.2%	1.6%	1.6%	1.6%
b) LAND	**SUB-TOTAL**	**241,159,477**	**277,756,492**	**277,756,492**	**305,532,141**	**336,085,355**	**2.3%**	**2.4%**	**2.4%**	**2.4%**
	Rec. Gross	80,790,489	97,756,492	97,756,492	107,532,141	118,285,355	0.8%	0.9%	0.9%	0.9%
	Dev. Gross	160,368,988	180,000,000	180,000,000	198,000,000	217,800,000	1.5%	1.6%	1.6%	1.6%
2. ENERGY, PHYSICAL INFRUSTRUCTURE AND ICT SECTOR										
a) ROADS	**SUB-TOTAL**	**1,258,798,756**	**567,285,309**	**670,389,702**	**737,428,672**	**811,171,540**	**11.9%**	**5.8%**	**5.8%**	**5.8%**
	Rec. Gross	237,425,875	287,285,309	287,285,309	316,013,840	347,615,224	2.2%	2.5%	2.5%	2.5%
	Dev. Gross	1,021,372,881	280,000,000	280,000,000	308,000,000	338,800,000	9.6%	2.4%	2.4%	2.4%
	RML Fund			103,104,393	113,414,832	124,756,316	0.0%	0.9%	0.9%	0.9%
b) ICT	**SUB-TOTAL**	**84,584,811**	**97,227,357**	**97,227,357**	**106,950,093**	**117,645,102**	**0.8%**	**0.8%**	**0.8%**	**0.8%**
	Rec. Gross	30,766,411	37,227,357	37,227,357	40,950,093	45,045,102	0.3%	0.3%	0.3%	0.3%
	Dev. Gross	53,818,400	60,000,000	60,000,000	66,000,000	72,600,000	0.5%	0.5%	0.5%	0.5%
3. GENERAL ECONOMIC AND COMMERCIAL AFFAIRS SECTOR										
TRADE	**SUB-TOTAL**	**352,192,281**	**244,654,522**	**244,654,522**	**269,119,974**	**296,031,971**	**3.3%**	**2.1%**	**2.1%**	**2.1%**
	Rec. Gross						1.0%	1.1%	1.1%	1.1%

SECTOR					PROJECTIONS		%SHARE OF TOTAL EXPENDITURE			
									PROJECTIONS	
		Approved 2014/15	CBROP Ceilings 2015/16	CFSP Ceilings 2015/16	2016/17	2017/18	Approved 2014/15	CFSP Ceilings 2015/16	2016/17	2017/18
		103,892,281	124,654,522	124,654,522	137,119,974	150,831,971				
	Dev. Gross	248,300,000	120,000,000	120,000,000	132,000,000	145,200,000	2.3%	1.0%	1.0%	1.0%
4. EDUCATION, CULTURE, YOUTH AFFAIRS, SPORTS AND SOCIAL SERVICES SECTOR										
EDUCATION	**SUB-TOTAL**	**990,219,116**	**597,194,637**	**597,194,637**	**656,914,101**	**722,605,511**	**9.3%**	**5.2%**	**5.2%**	**5.2%**
	Rec. Gross	416,317,882	437,194,637	437,194,637	480,914,101	529,005,511	3.9%	3.8%	3.8%	3.8%
	Dev. Gross	573,901,234	160,000,000	160,000,000	176,000,000	193,600,000	5.4%	1.4%	1.4%	1.4%
5. ENVIRONMENT, NATURAL RESOURCES, WATER AND ENERGY SECTOR										
ENVIRONMENT	**SUB-TOTAL**	**549,750,481**	**458,436,871**	**458,436,871**	**504,280,558**	**554,708,614**	**5.2%**	4.0%	4.0%	4.0%
	Rec. Gross	254,906,505	308,436,871	308,436,871	339,280,558	373,208,614	2.4%	2.7%	2.7%	2.7%
	Dev. Gross	294,843,976	150,000,000	150,000,000	165,000,000	181,500,000	2.8%	1.3%	1.3%	1.3%
6. HEALTH SECTOR										
HEALTH	**SUB-TOTAL**	**3,457,382,514**	**3,362,184,309**	**3,615,814,266**	**3,977,395,693**	**4,375,135,261**	**32.6%**	**31.5%**	**31.5%**	**31.5%**
	Rec. Gross	2,179,500,184	2,562,184,309	2,562,184,309	2,818,402,740	3,100,243,013	20.5%	22.4%	22.3%	22.3%
	FIF Recc	652,822,673	500,000,000	500,000,000	550,000,000	605,000,000	6.1%	4.4%	4.4%	4.4%
	CFL Med Eq			61,862,636	68,048,900	74,853,790	0.0%	0.5%	0.5%	0.5%
	CF Free M.H			191,767,321	210,944,053	232,038,458	0.0%	1.7%	1.7%	1.7%
	Dev. Gross	533,539,657	250,000,000	250,000,000	275,000,000	302,500,000	5.0%	2.2%	2.2%	2.2%
	DEV FIF	91,520,000	50,000,000	50,000,000	55,000,000	60,500,000	0.9%	0.4%	0.4%	0.4%
7.ADMINISTRATION AND INTERNAL RELATIONS SECTOR										
a) EXECUTIVE	**SUB-TOTAL**						**2.6%**	**3.3%**	**3.3%**	**3.3%**

					PROJECTIONS		%SHARE OF TOTAL EXPENDITURE			
SECTOR									**PROJECTIONS**	
		Approved 2014/15	**CBROP Ceilings 2015/16**	**CFSP Ceilings 2015/16**	**2016/17**	**2017/18**	**Approved 2014/15**	**CFSP Ceilings 2015/16**	**2016/17**	**2017/18**
		272,457,766	**374,173,897**	**374,173,897**	**411,591,287**	**452,750,415**				
	Rec. Gross	222,457,766	269,173,897	269,173,897	296,091,287	325,700,415	2.1%	2.3%	2.3%	2.3%
	Dev. Gross	50,000,000	105,000,000	105,000,000	115,500,000	127,050,000	0.5%	0.9%	0.9%	0.9%
b) FINANCE	**SUB-TOTAL**	**867,863,288**	**2,637,113,907**	**2,621,045,953**	**2,900,825,298**	**3,190,907,828**	**8.2%**	**22.9%**	**23.0%**	**23.0%**
	Rec. Gross	661,663,288	757,113,907	757,113,907	832,825,298	916,107,828	6.2%	6.6%	6.6%	6.6%
	Dev. Gross	206,200,000	1,880,000,000	1,863,932,046	2,068,000,000	2,274,800,000	1.9%	16.3%	16.4%	16.4%
c) COUNTY PUBLIC SERVICE BOARD	**SUB-TOTAL**	**77,193,432**	**84,912,775**	**84,912,775**	**93,404,053**	**102,744,458**	**0.7%**	**0.7%**	**0.7%**	**0.7%**
	Rec. Gross	72,193,432	79,412,775	79,412,775	87,354,053	96,089,458	0.7%	0.7%	0.7%	0.7%
	Dev. Gross	5,000,000	5,500,000	5,500,000	6,050,000	6,655,000	0.0%	0.0%	0.0%	0.0%
d) PUBLIC SERVICE MANAGEMENT	**SUB-TOTAL**	**574,873,937**	**780,857,883**	**780,857,883**	**858,943,671**	**944,838,038**	**5.4%**	**6.8%**	**6.8%**	**6.8%**
	Rec. Gross	564,873,937	680,857,883	680,857,883	748,943,671	823,838,038	5.3%	5.9%	5.9%	5.9%
	Dev. Gross	10,000,000	100,000,000	100,000,000	110,000,000	121,000,000	0.1%	0.9%	0.9%	0.9%
e) COUNTY ASSEMBLY	**SUB-TOTAL**	**1,254,609,003**	**850,000,000**	**850,000,000**	**935,000,000**	**1,028,500,000**	**11.8%**	**7.4%**	**7.4%**	**7.4%**
	Rec. Gross	980,887,041	700,000,000	700,000,000	770,000,000	847,000,000	9.2%	6.1%	6.1%	6.1%
	Dev. Gross	273,721,962	150,000,000	150,000,000	165,000,000	181,500,000	2.6%	1.3%	1.3%	1.3%
TOTAL		**10,616,517,883**	**11,121,535,131**	**11,462,201,527**	**12,626,096,430**	**13,888,706,071**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
TOTAL REC. GROSS		6,962,412,782	7,451,035,131	7,704,665,088	8,475,131,598	9,322,644,755	65.6%	67.2%	67.1%	67.1%
TOTAL DEV. GROSS		3,654,105,101	3,670,500,000	3,757,536,439	4,150,964,832	4,566,061,316	34.4%	32.8%	32.9%	32.9%

Primary Ceilings

The baseline estimates reflect the current sector spending levels in the sector programmes. The recurrent expenditure includes compensation to employees, use of goods and services and maintenance. This represents 69 percent of total expenditure. The same is expected to drop 67 percent in subsequent years giving rise to a 2.0 percent increase in development expenditure.

Compensation to employees covers those staffs in the line ministries in the Nakuru County Government, as well as top-up allowances for the technical staff seconded from the National Government.

Revenues from local sources are expected to finance 30.3 percent of the County Government's recurrent expenditures. The balance of the recurrent expenditures and the Development expenditure will be financed by transfers from National Government, Facility Improvement Fund and other grants.

In the financial year 2015/2016, the Agriculture, Rural and Urban Development Sector is poised to get an allocation of 9.6 percent of the total budget. This depicts a 0.6 percent increase from the previous financial year. The sector is critical to the economy in ensuring food security as well as value addition, hence enhancing job and wealth creation. In the Agriculture, Livestock and Fisheries Subsector, 5.5percent of the sector allocation will go towards the recurrent expenditure. This will be majorly utilised in rendering extension services to farmers and promotion of value addition to agricultural products.

The Energy, Physical Infrastructure and ICT Sector has been allocated a ceiling of 6.0 percent of total budget ceiling. Although there is a decline in the ceiling, the sector is the major beneficiary of the Ward Development Envelop under the Ministry of Finance and Economic Planning. The priorities in this envelop are those derived through public participation forums and include road construction, improvement and maintenance and street lighting. In addition, the sector will also benefit from the proposed allocation from the Fuel Levy Fund of Kshs 103,104,393 million.

The Trade subsector, under the General Economic and Commercial Affairs Sector, with a ceiling of 2.2 percent of the budget will undertake policies with a bias on promoting industrial development, building and promotion of market infrastructure and promotion of local tourism. The sector will work towards achievement of creating conducive environment for the development and growth of trade and industrialization, cooperatives and tourism in the county.

In the Education, Culture, Youth Affairs and Social Services Sector, the 5.4 percent allocation of the total budget is a decline from the 8.4 allocated in the FY 2014/2015. The decline is largely explained by the fact that the Education subsector benefited hugely in development expenditure, in constructing the ECD classrooms in the FY 2013/2014 and 2014/2015. Going forward, the education sector will focus on equipping and optimal running of the ECD centres. However the subsector continues to experience huge ECD teacher shortages, which is further compounded by the impasse between the TSC and the County governments on who is mandated to undertake ECD teachers' recruitment.

The Environment, Natural Resources, Water and Energy Sector, with an allocation of 4.1 percent of the total budget will gear their resources towards enhanced water supply, environmental conservation and solid waste management as well as pollution control.

The Health Sector will receive the biggest allocation of the county budget with a ceiling of 30.2 percent. Of this ceiling, 23 percent will go towards recurrent expenditure which covers compensation to employees as well as provision of drugs to the health facilities. This will improve service delivery to the public and offer healthier lives. Part of the sector funding will come from allocations for Free Maternal Health Care on reimbursement basis, amounting to Ksh 191,767,321 million; allocation for leasing medical equipment of Ksh. 61,862,636 million, and an allocation for level-5 Nakuru Provincial General Hospital of Kshs 350,895,577 million, as a conditional grant.

The Public Administration and Internal Relations sector encompasses the Office of the Governor, Ministry of Finance and Economic Planning (County Treasury), County Public Service Board, Public service Management and the County Assembly. The sector is considered as one of the most cross cutting Sectors based on the nature of its mandate and functions. The CPSB and the County Assembly are semi- autonomous County Government entities within this broad sector. The County Assembly, with a ceiling of 7.6 percent is tasked with providing the relevant legislations framework to allow the County Executive effectively implement its mandate, in addition to playing the oversight role in the County. The department of Public Service Management will continue focussing on employee training and development, coordinate County legal service & other crosscutting County functions as well as spearhead the roll out the performance management programme for the County Government.

The ceiling of the County Treasury is pegged 23.7 percent of the total budget ceiling. Much of the funds which are development in nature are geared towards debt resolution and the Ward Development Envelope. A significant amount of recurrent expenditure will assist in revenue mobilisation.

MTEF Budget Sector Priorities

Medium Term priorities and financial plan for the MTEF period 2015/2016-2017/18 is advised by the current county government strategic initiatives, Departmental Strategic plans and the County Integrated Development plan (CIDP), in the context of the Second Medium Term Plan (MTP) of the Vision 2030. The achievements and recent performance of the various sectors and the focus over this MTEF period has been derived from the individual sector reports as prepared by the SWGs.

a) Agriculture, Rural and Urban Development

At the County level this sector is comprised of the Department of Agriculture, Livestock & Fisheries and the Department of Lands Housing, and Physical Planning.

i. *Agriculture livestock and Fisheries Sub Sector*

The Sub Sector derives its mandate from the Schedule 4 of the Constitution of Kenya 2010 and the legal notice which transferred functions to the County Government. Sub Sector strategic goal is to attain food security, sustainable land management and improve market access and trade. Agriculture in general directly contributes to both County and National economy through enhancing food security, income generation, employment and wealth creation, foreign exchange earnings.

During the period 2013/14 FY the Subsector had an expenditure of 319,763,208 against a target of 360,338,611.

Achievement for the period under review included; farm input support to 11,000 vulnerable/resource poor farmers across the County.

The department of livestock rehabilitated 19 cattle dips, controlled animal disease outbreak through vaccination of 30,000 cattle and further raised Ksh 4 million through licencing of AI services and slaughter slabs.

The Fisheries department developed an inventory and registered fish traders and outlets including, supermarkets, fish feeds processors, fishermen and fish boats owners in the County. Over Ksh 637,000.00 worth revenue was subsequently collected as registration fee.

Going forward the MTEF 2015/2016-2017/18 the Agriculture sub sector will focus on food security and value addition of all produce and products for increased incomes. In order to fulfil Sector mandate and strategic objectives, the Agriculture sub sector will require Ksh. 1,007,000,000 in the financial year 2015/2016 but has been allocated Ksh. 789,737,172in the

CFSP baseline ceilings. This comprises of Ksh 609,737,172 for recurrent expenditure and Ksh 180,000,000 for Development Expenditure.

On the basis of the above allocations the sub sector will prioritise four main programmes which include: Administration, planning and Support Services; Livestock Resources Management and Development; Fisheries Management and Development; Crop Development and Management.

In this 2016/16 MTEF budget the Livestock programme has been allocated 130,267,242.30. The programme will focus on increasing livestock production, productivity, health and improved livestock products and by-products to enhance food security in the county. This will be achieved through; Promotion of Dairy and small stock Production, Breeding and Disease control through Vaccination of animals, Monitoring and Supervision visits, continuous Rehabilitation of existing cattle dips, Purchase of Artificial Insemination Kits; Promotion of Value Addition of Livestock and Livestock Products through farmer training and provision of support infrastructure; Promotion of Non-ruminants and Emerging livestock Enterprises.

In the 2015/16 FY the Fisheries programme has been allocated Ksh. 50,920,589.06In order to sustain the significant progress in the emerging fish farming in the County, Department of Fisheries will strive to increase fish production for enhanced food security, employment creation, income generation. This will be achieved through Aquaculture Development; Development of capture fisheries resources and Fish quality assurance value addition and marketing.

Further the Crop development Programme has been allocated Ksh. 197,859,968.04. This included a Development vote of Ksh 100 million. In the 2015/16 budget the Programme will focus on agricultural extension research and training services through field extension services; Crop Production and Food security through revival of the pyrethrum farming and support of vulnerable farmers; Support of the Agricultural Mechanisation Services (AMS); promotion of Agribusiness development and marketing. The AMS services is expected to generate approximately 6.5 million in incomes to the County.

It is the expectation of the County Government that that the Agriculture Sub Sector will continue to also benefit directly from loans and grant allocated to ongoing Donor support programme. An amount of Ksh. 88,647,700 as loans and grants has been allocated to Nakuru County through the draft Budget Policy Statement (BPS) but the County Government has not factored this as a direct source of funding to the MTEF budget 2015/16. The draft BPS has cited the financing/contractual agreement between the national Government and the Donor as the main hindrances for not transferring the loans and grants allocations to County Governments.

ii. Lands Housing, and Physical Planning sub sector

The Legal Gazette Notice No 16 of 2013 identified county planning and development as part of the functions transferred to County Governments. Further the Executive Order No. 1 by H.E the Governor, Nakuru County has laid down the mandates of the Lands Housing, and Physical Planning sub sector. This includes County Physical Planning Surveying and Mapping as well as regulating outdoor advertisements. The importance of the Sub Sector cannot be overstated as it Contribute approximately 45% of the County local revenue streams.

During the period 2013/14 the sub sector expenditures was Ksh 84,779,972 against a revised target of Ksh 241,159,477. During the review period the sub sector achievements included the following:

- Commencement of a Nakuru and Naivasha Strategic Integrated Urban Development planning undertaken through the support of the State Department for Urban Development.
- Rehabilitation of 256 housing units in Lumumba, Abongloweya in Kivumbini.
- Reroofing of 232 housing units in Flamingo phase II Estate in Kivumbini Ward. This project was intended to remove health risk asbestos roof and replace them with iron sheets.
- Rehabilitation of sewerage system in Kaloleni B estate in Kivumbini Ward.

In the 2015/16 FY the sub sector allocation is Ksh 277, 756,462 (Recurrent Ksh. 97,756,462 and Development Ksh 180 million) against a requirements amount to Ksh 649,642,670. The Sub sector has prioritised three main programme (focusing on Administration, and Support Services; Land Use Planning; Development of housing) to be implemented through selected sub programmes in the FY 2015/16.

The Urban Areas and Cities Act requires that all Municipal and towns and other urban areas be reclassified under the new set criteria. The Sub Sector expects to directly benefit in the ongoing Strategic urban Development planning for Nakuru and Naivasha Towns which is being financed by the National Government. During the 2015/16-2017/18 MTEF budget, the sector has allocated Ksh 68.2 million for County Spatial Planning and Ksh 21.8 million for urban Development Planning.

In fulfilling the progressive provision of the Constitution on decent housing for all, the County Government has allocated Ksh 35.8 million for development of County housing and Ksh 6.2

million for housing technology transfers in line with the National flagship project for establishing housing technology transfer across all Constituencies.

Nauru’s economy is primarily agricultural based and heavily reliant on natural resources, bringing to focus the pivotal role of land. G.I.S technology in land survey and mapping is an opportunity for improved land use planning. Public Private Partnership (PPP) platform present an important opportunity for the department to achieve its mandates.

The major challenges facing the department include: High rate of urbanization exerting pressure on land and housing infrastructure; Uneconomical and un-coordinated land sub-division; Encroachment on ecologically fragile land such as riparian reserves, wetlands; Land based conflicts;

b) Energy Infrastructure and Information, Communication and Technology

The sector aspires to attain to be a world-class provider in quality and sustainable ICT and physical infrastructure development. At the County level the sector is composed of the Roads Transport and Public Works as well ICT and e-Governance. The devolved functions of Roads Transport and Public Works sub sector are limited by the provision of the TA legal notice on transfer of functions ICT and E- government sub sector plays an important role of providing supportive services to all other sectors. The Roads Sub Sector have received a major prominence over the recent past owing to the poor state of the rural access road networks. In line with the aspiration of the Kenya’s Vision 2030 the physical infrastructure has been identified as a foundation for economic transformation.

During the period 2013/14 approximately 1225.9Km of road networks were rehabilitated. A further 187Km Drainage systems were rehabilitated. In the period under review also the County Government purchased 3No tippers, 2No Graders and 1No Shovel. Going forward it is expected therefore the infrastructure machinery will ease the cost burden of maintaining County roads.

Further to progress made in the review period the ICT sub sector achieved the following; setting up LANs (Structured Cabling) at the headquarters and various departments. Purchasing of ICT equipment including servers, desktop computers, laptops, tablets, printers etc. Implementing of LAIFOMS in ten (10) sub-counties.

In the MTEF period 2015/16-2017/18, the sector has been allocated

During the MTEF 2015/16-2017/18 period, the Roads infrastructure sub sector has been allocated Ksh 567,285,309 (that is Ksh 287, 285,309 is for recurrent and Kshs.280, 000,000 for development). However the allocations are much less than the sub sector requirements of Ksh 1,994,431,478.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 103,104393 allocated through the Road Maintenance Levy Fund (RMLF).

The sub sector has prioritized programs & sub Programs intended to facilitate quality and accessible transport, infrastructure that supports the social transformation of Nakuru County Major focus will be on infrastructure development & maintenance; street lighting and fire fighting & disaster management.

Emerging issues and challenges under the sector include; lack of clarity on the mandate of other agencies implementing Road construction e.g. KENHA, KERRA, KURA, Kenya Wildlife Services, Kenya Forest Service and Constituency Development Fund.

On the other hand The ICT sub sector has been allocated97, 37227,357(that is Ksh 37,227,357.00 for recurrent expenditure and Ksh60,000,000 for Development expenditure).The sub sector will therefore focus on enhancing the Automation of Revenue Collection System(which started in earnest in the current year); facilitate County E-government services; Network connectivity through ICT infrastructure Development. Further with the establishment and facilitation of the Communication division within the office of the Governor it is hoped that the County Government will enable more interaction between itself and the County citizens on governance and other developmental issues.

c) Education / Social Protection, Culture and Recreation

For the purpose of this budgeting framework, the Education Budget sector and the Social Protection, Culture and Recreation have been grouped together as they fall under the same County Department for Education, Youth, Culture and Sports. The Special Gazette Supplement No. 116 of August 2013transferred to Counties the functions of prep-primary education, village polytechnic and home-craft centres. Further the management of public amenities, sports culture and recreation under this Budget Sector form part of the functions transferred County Governments. The County Department for Education ,Youth, Culture and Sports The Education (ECDE), Culture & Gender, and Youth Affairs & Vocational Training, Sports, Social Services and community development.

The role of the sector is to provide quality education and development of pre-school children, coordination and development of communities through management of sports activities, socio-cultural intervention for economic empowerment and promotion/regulation of responsible gaming. This sector also focuses on community empowerment through youth training and coordination of gender mainstreaming

During the period 2013/14 the sector initiated projects including Construction of approximately 149 ECD classrooms across all wards, Rehabilitated youth polytechnics and home craft centres; rehabilitation of *Afraha* stadium and other public amenities; preparation and launch of taskforce report on education situation in Nakuru; Developed policy on Bursary and awarded 110 million shillings worth of bursary to needy students; Marked important National/international events; and Gender mainstreaming through organised trainings and capacity development.

The total allocated budget ceiling for the sector FY 2015/16 IS KSH 597,194,637 with Ksh. 437,194,637 for recurrent expenditure and the balance of Ksh. 160,000,000 set aside for development. This is against a total resource requirement of Ksh 1,035,170,000. FY 2015/16-2017/18 MTEF budget priorities will focus on support for social development aimed economic growth and transformation. The sector has identified the following projects as the flagship projects; Construction of model ECD Centres; Construction of one ECD instructors college; Modernising and revitalizing and expansion of 3 polytechnics and home-craft centres; Rehabilitation of the Nakuru players theatre; Expansion of sitting stand in Nakuru Afraha stadium.

Major Developmental challenges and emerging issues facing the sector include youth unemployment and rising proportion of the dependency population, inadequate human resources, insufficient office space and furniture; inadequate training equipment; inadequate funding.

d) Health Sector

County health Services including provision and promotion of primary health care as well as community health services are among the functions transferred to County Government. Level 5 Hospital and below are also under the management of the County Government. The County health sector goal is to reduce inequalities in health care services and reversing the downward trend in health related outcomes.

The Sector receives 35% of the total County budget (the highest across all budget sectors) which is used to finance the devolved health functions. Despite the observed underfunding in the sector, this proportion of the budget demonstrates its significance as a priority to the Nakuru County Government.

At present the health sector is highly under-staffed with staffing levels substantially below international minimum standards.

Progress in FY 2013/2014

During the period 2013/2014 the health sector prepared and forward to the county Assembly a Facility Improvement Funds regulations, Health bill, Public Health and Sanitations management Bill and Maternal and child health Bill. The FIF regulations have since been approved and the fund operationalized while the rest of the bill are pending at the County Assembly.

Table 9: Other sector achievements in the period under review included the following;

Indicator Of Performance Measurement	Target	Achievement 2013/2014
No Of health facilities constructed and operationalized	55 By 2017	25%
Community units establishment (Most not functional)	220 by 2017	249
School Sanitations	84 by 2017	16
Public Toilet	40 by 2017	10
ESP Model Health Centres	6	5
Purchase of Cemetery Land	4 (Naivasha, Njoro, Molo and Nakuru)	On process
Purchase a tractor for medical waste	1	On process
Purchase of Bulldozers	1	1

In the FY 2015/2016 the County government has allocated Ksh. 3,362,184,309 (that is Ksh 3,062,184,309 recurrent and Ksh 300,000,000 for Development) to finance priority programmes in the Health sector against a resource requirement of Ksh. 4,500,000,000.00. Out of the above allocation the Facility Improvement Fund (FIF) collections is projected to finance Ksh 550,000,000 represented 16 percent of the total health allocations. It is important to note also that the only about eight Health Facilities are able to collect the FIFs.

The County level 5 hospital is projected to gain from the conditional fund of Ksh 350,895,577 as per the baseline allocations contained in the BPS 2015.

Further an amount of Ksh 22,880,000 of the Health sector allocations for FY 2015/2016 is expected to come from a DANIDA Donor grant.

The National Government through the Jubilee manifesto began the policy of free maternal healthcare in FY2013/14. To facilitate this initiative therefore the County Health sector is expected a conditional allocation of Ksh 191,767,321 over and above County Allocations.

Further to reduce the burden of chronic illness, the County is also gain from an allocation of Ksh 61,862,636 for leasing medical equipment for two selected facilities (Namely Nakuru level 5 and Naivasha Level 4 hospital). The medical equipment will are expected to offer support in renal dialysis, ICU services, theatre services

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.

Over the medium term period the Health sector will focus on both preventive and promotive health services curative health services. In order to reduce morbidity the sector will enhance community health strategy through trainings; increase disease surveillance across the County; embark on improving reproductive health indicators; and further increase awareness through health education.

In order to achieve the objective of Curative health services the sector will increase the proportion of patient under treatment for chronic illness for instance Increase the number of TB patients completing treatment and HIV positive pregnant mothers receiving preventive ARVS.

Operationalization of leased medical equipment is expected to have an overall positive effect in both Curative and preventive health services.

Emerging issues in the sector include;

New epidemics e.g. Ebola, Marburg viruses; fast expansion of health facilities vs. inadequate funding/staff for operationalization; increased demand for drugs and other medical supplies due to high population.

Despite the observable shortage in the healthcare workforce, contractual staff employed under 2009 Economic Stimulus Package (ESP) have not been absorbed yet. The CFSP 2015 has proposed that this be given a prominence in any recruitment over the medium term.

e) General Economic and Commercial Affairs

At the devolved level General Economic and Commercial Affairs (GECA) Sector comprises of Trade, Cooperatives, and Tourism. In this regard the sector integrates both product and service industries from the various sub sectors namely the light industries, wholesaling and retailing, Financial Services, hospitality and other service sector that form the backbone of Nakuru County economy.

The goal of the GECA sector is working towards achievement of creating conducive environment for the development and growth of trade and industrialization, cooperatives and tourism. To achieve this the sector will invest in Promoting County industrial development; Build and promote markets infrastructure including mobilisation of Cooperative; enhancing weights and Measures; identify niche and encouraging private sector participation in developing the local tourist sites.

This sector has also emerged as among the key productive sectors with strong linkages with other important economic drivers especially agriculture Rural & Urban Development for the case of Nakuru County.

In the 2013/14 FY the sector made significant achievement in the respective sub sector. Notably, four retail and wholesale markets were constructed and a further nine markets were rehabilitated. Additionally 5200 weighing and measuring instruments were verified and stamped. Among other achievements the Cooperative sub sector managed to revive four marketing co-operatives and also conduct 10 capacity building on savings mobilization.

During the MTEF period 2015/16-2017/18 the sector focus on facilitating fair trade practices and consumer protection; sustain the investment in market infrastructure development and rehabilitation of existing ones; and encourage and attract participation of the private sector to developing tourism products. Further the Cooperative sub sector will enhance growth in management of Cooperatives through, extension services, Sacco empowerment through trainings promoting improved financial access and good governance.

Nakuru is awash with many natural attraction sites. Although the number of them fall under the National Government entities, the County has positioned itself as a destination for investment in the hospitality industry. Over the medium term the County will continue to market itself as a centre for both Conference and wild tourism through our County investment policy initiatives.

In order to implement the aforementioned programmes and sub programmes GECA sector will requires Ksh 387,411,509 but has been allocated Ksh 244,654,522 (Comprising of Ksh 124,654,522 recurrent and Ksh 120 million for development).

The influx of street vendors in Nakuru town had threaten to derail the County urban planning efforts but the County has in consultations relocated them to more organised locations. This operation is expected to bring improve the attractiveness/competitiveness of Nakuru town over the medium term and long term.

Threats from terrorism related activities is one of the emerging issues/ challenge in the sector nationally. However Nakuru County (Naivasha in particular) has remarkably benefitted as domestic tourists shun from the traditional holiday destinations. The poor physical infrastructure arising from many years of neglect has also limited the efficiency of GECA sector growth by inhibiting the efficiency of movement of goods and services.

f) Public Administration, National and International Relations Sector

The Public Administration sector is considered as one of the most cross cutting Sectors based on the nature of its mandate and functions. At the County level the sector is comprised of five subsectors namely; County Public Service Board (CPSB), Office of the Governor, County Assembly, Public Service Management, Finance and Economic Planning. The CPSB and the County Assembly are the semi- autonomous County Government entities within this broad sector.

The broad mandate of this sector includes, County resource mobilisation and management; county human resource recruitment and management; County planning, Policy formulation implementation and review; County legislation and coordination of County internal and external affairs. The Sector therefore provide important linkage to both National and International partners/stakeholders under the leadership of the Office of the Governor.

During the period 2013/2014 the made important milestones in helping the County establish operational structures in the management of County affairs. This included establishing and filing various post in line with the County Government structures as envisaged in the County Government Act 2012. As an initial step in the administration of the County Government, the Sector also spearheaded the Nakuru County staff and skills audit. The outcome of the audit revealed that County is still deficient in key technical skills. Key bill were drafted and enacted into law including the Finance Bill, Alcoholic drinks control bill, the County officers vetting bill.

Additionally during the period under review, the County Public Service Board carried out a Staff Rationalization Exercise on staff from the defunct local authorities which revealed; that the biggest percentage of staff are support staff with little or no technical skills; that 40% of the staff are aged above 50 years; that 37.1% of the staff hold O level certificate as their highest academic qualification, among others.

In terms of local resource mobilisation the Sector spearheaded an increased revenue amount by Ksh 70 million in comparison with the previous year. During the period under review a Public Private Partnership (PPP) policy was prepared is expected to guide County Government's future engagement with the private sector with respect to the closing the County's budgetary gaps. Further preliminary trainings on the preparation of the MTEF 2014/2015-2016/17 Programme Based Budget (PBB) and the constitution of the SWG were actualised in the period under review.

During the MTEF period 2015/16-2017/18 the Sector will concentrate on improving efficiency in public service delivery though reducing none priority expenditure and enhancing employee productivity in policy implementation.

The County Public Service Board will focus on Human Resource and Governance approach; that is formulating and implementing human resource policies and practices for enhanced service delivery; and promoting integrity by ensuring that all county staff adhere to the values and principle of governance respectively. The CPSB has a require requirement of Ksh 220,825,485 but was allocated Ksh 77,193,432(that is Ksh72, 193,432 for recurrent and Ksh 5,000,000 for development).

Department of Public Service Management will focus on employee training and development, coordinate County legal service & other crosscutting County functions as well as spearhead the roll out the performance management programme for the County Government. To achieve its objective the sub sector requires Ksh1,045,877,431 but has been allocated Ksh572,692,465 (representing Ksh 562,692,465 for recurrent objective and Ksh100,000,000 for development).

The Department of Finance and Economic Planning will strive to achieve revenues targets as projected in this fiscal Strategy document, management of County debts, promoting and enhancing adherence to PFM *regulations* and further provide timely M&E information necessary for decision making. To achieve its planned programmes the sub sector has been allocated Ksh 1,262,113,907 comprising of Ksh 757,113,907 recurrent and Ksh505, 000,000 development. This is however against a resource requirement of Ksh 1.5 billion.

Ward Resource Envelope; Additionally an amount of Ksh 1,375,000,000 has been set aside in the MTEF budget 2015/2016under the department of Finance and Economic Planning to cater for the Ward resource envelope. This fund will be transferred to respective County departments after the planned public participation in March 2015. Therefore the proposed wards shall be over and above departmental ceilings set under this fiscal strategy paper.

Office of the Governor will continue to offer political leadership to the County executive and further provide horizontal interface between the County Government and the County citizenry/private sector as well vertical relation with National and International partners in development. To achieve its objective the sub sector has been allocated Ksh 374,173,897 (Ksh 269,173,897 recurrent and Ksh105, 000,000 Development)

The County Assembly will enhance its mandate of providing the relevant legislations framework to allow the County Executive effectively implement its mandate. Further the County Assembly will provide oversight role through ensuring that statutory documents/bill are tabled on schedule. To implement its function the County Assembly has been allocated Ksh 850 Million (representing Ksh 700 million for recurrent and Ksh 150 million for development)

Managing high County Wage bill remains the single biggest burden to the Sector. The SRC has not provided any direction on salaries and allowances which complicates salary administration as well as negatively affecting staff morale. The outcomes of the skill audit demonstrated the deficiency in skill in most of the cadres. Further projections for local revenue flows has been made on underlying assumptions and as such any shortfalls have a direct impact on the MTEF 2015/16-2017/18 budget. The County Debt Management Strategy Paper for the period 2015/16-2017/2018 has verified Ksh …………..as the as the burden of County Debts. Allocations for debt management over the medium term will significantly constraint the ability of the County Government to cater for more priority needs.

g) Environment Protection, Water and Natural Resources.

The Environment Protection, Water and Natural Resources is one of the key sector in achieving the County’s goals of providing clean and secure environment for all as envisaged in Kenya’s Vision 2030. Results from the Economic Survey (2014) revealed that about 42% of the country’s Gross Domestic Product (GDP) is derived from natural resources-based sectors. At the County level, the sector is represented by the Department of Environment, Water and natural Resources and energy. The function though are limited to the devolved functions as per the TA legal notice on transfer of functions. Environmental Issues in planning and development have brought to the fore by the ongoing debate on climate change and as unstainable exploitation of environmental and natural resources. The right to clean and health environment has been entrenched in the Constitution of Kenya 2010.

Major functions at the County Government includes; Enforcement of waste management policies and solid waste disposal; Control of air, noise pollution and other public nuisance; Identification of renewable sites for development Implementation of specific national government policies on natural resources and environmental conservation; Water and sanitation services including rural water and sanitation services in small and medium towns without formal service providers.

During the period 2013/2014 the sector was able to achieve the following;

Environmental Conservation and solid waste management; the environment subsector managed to open up the clogged dumpsite in Nakuru and Naivasha. A bulldozer was procured to facilitate maintenance of disposal sites within the county. Improved refuse collection was also aided by additional casual labourers. The sub-sector has also engaged 10 more partners in garbage collection services hence improving waste collection and creating jobs to the locals. The environment sub sector managed to plant more than 2 million of various species of trees in the sub-counties, in order to improve forest cover from the current 6.7 %.

Pollution Control; Ensuring noise and excessive vibration from NEMA, and the sector is ensuring compliance; established ant-dumping and compliance taskforce unit at the county headquarters. Issuance of statutory compliance notices issued and prosecution of court cases.

Policy formulation; drafting of the environmental management bill currently under scrutiny by the environmental committee in the county assembly.

Water Sub sector; the sub sector managed to increase water accessibility through borehole drilling, increased reticulation and rehabilitation thereby increasing coverage increased by 2%

Going forward the sector will focus on Water and sewerage services, sustaining efforts on environmental conservation as well as county energy reticulations. Water and Sewerage Management strive to increased water supply and sewerage services, improved water quality and coverage though spring protection, de-silting of dams and borehole drilling and rehabilitation of exiting water infrastructures. Further Environment management programmes will enhance pollution control and compliance, solid waste management though adoption of integrated solid waste management plan, procurement of Refuse trucks &transfer stations, Site for sanitary landfills and environmental education& awareness. Further County Energy regulation and reticulation services will concentrate on regulation and licensing of retail supply of petroleum and coal products; electricity and gas reticulation as well as physical planning relating to energy.

To achieve the above projects and programmes the Sector requires Ksh 3,926,629,836 but has been allocated Ksh 458,436,872 (representing Ksh308, 436,871 fore recurrent and Ksh150, 000,000 for development).

ANNEXES

ANNEX 1: NAKURU COUNTY GOVERNMENT INCOMES 2014/2015 TO 2017/2018

TOTAL REVENUE	2014/2015 APPROVED BUDGET	2015/2016 CBROP	2015/2016 CFSP	2016/2017 PROJECTIONS	2017/2018 PROJECTIONS
Property tax (plot rent and land rates)	894,720,000	984,192,000	984,192,000	1,082,611,200	1,190,872,320
Single Business Permit	254,300,000	279,730,000	279,730,000	307,703,000	338,473,300
Market Fees	132,770,000	146,047,000	146,047,000	160,651,700	176,716,870
Building Approval	66,385,000	73,023,500	73,023,500	80,325,850	88,358,435
Cess	78,100,000	85,910,000	85,910,000	94,501,000	103,951,100
Royalties	93,720,000	103,092,000	103,092,000	113,401,200	124,741,320
Stock/ Slaughter fees	12,923,841	14,216,225	14,216,225	15,637,848	17,201,632
House Rent	39,050,000	42,955,000	42,955,000	47,250,500	51,975,550
Advertising	66,385,000	73,023,500	73,023,500	80,325,850	88,358,435
Parking fees	203,875,000	224,262,500	224,262,500	246,688,750	271,357,625
Liquor Licensing	23,430,000	25,773,000	25,773,000	28,350,300	31,185,330
County Park Fees	19,525,000	21,477,500	21,477,500	23,625,250	25,987,775
Water And Sewerage	3,905,000	4,295,500	4,295,500	4,725,050	5,197,555
Other Fees and Charges	166,501,750	183,151,925	183,151,925	201,467,118	221,613,829
Total Local Sources	**2,055,590,591**	**2,261,149,650**	**2,261,149,650**	**2,487,264,615**	**2,735,991,077**
Government Funding					
FIF	500,000,000	550,000,000	550,000,000	605,000,000	665,500,000
Donor Grants	88,000,000	96,800,000	22,880,000	25,168,000	27,684,800
Loans and Grants CRA					
Conditional Fund Leasing of Medical Equipment			61,862,636	68,048,900	74,853,790
Conditional Fund Free Maternal Health	-	-	191,767,321	210,944,053	232,038,458
Road Maintenance Fuel Levy Fund	-	-	103,104,393	113,414,832	124,756,316
Conditional C.R.A	620,000,000	382,000,000	350,895,577	385,985,135	424,583,648
C.R.A equitable Share	6,290,337,606	7,831,585,481	7,920,541,950	8,712,596,145	9,583,855,760
Sub-Total	**7,498,337,606**	**8,860,385,481**	**9,201,051,877**	**10,121,157,065**	**11,133,272,771**
Total				**12,608,421,680**	

TOTAL REVENUE	2014/2015 APPROVED BUDGET	2015/2016 CBROP	2015/2016 CFSP	2016/2017 PROJECTIONS	2017/2018 PROJECTIONS
	9,553,928,197	**11,121,535,131**	**11,462,201,527**		**13,869,263,848**
Expenditure				-	-
Recurrent		7,244,180,952	7,704,665,088	8,475,131,596	9,322,644,756
Recurrent Expenditure				-	-
Salaries & Benefits	4,369,173,012	4,806,090,313	4,806,090,313	5,286,699,344	5,815,369,279
Operations	2,216,446,035	2,438,090,639	2,622,064,818	2,884,271,299	3,172,698,429
Other Current Expenditures	-	-		-	-
Other Transfers And Grants	-	-	22,880,000	25,168,000	27,684,800
Domestic Interest	-	-	-	-	-
Conditional Fund Leasing of Medical Equipment	-	-	61,862,636	68,048,900	74,853,790
Conditional Fund Free Maternal Health	-	-	191,767,321	210,944,053	232,038,458
Development		3,890,500,000	3,757,536,439	4,133,290,083	4,546,619,091
Domestically Financed	2,700,309,150	3,573,700,000	3,221,700,000	3,543,870,000	3,898,257,000
Foreign Financed	88,000,000	96,800,000		-	-
Capital Transfers	-	-	-	-	-
Road Maintenance Fuel Levy Fund	-	-	103,104,393	113,414,832	124,756,316
Contingencies	-	-	-	-	-
Renewals Fund	-	-	-	-	-
Debt Repayment	-	-	-	-	-
Balance	-	(13,145,821)	0	0	1
Financing	-	-	-	-	-
Net Foreign	-	-	-	-	-
Domestic Borrowing	-	-	-	-	-
Repayment Due	180,000,000	220,000,000	432,732,046	476,005,251	523,605,776
Financing Gap	-	-	-	-	-
Memo Items	-	-	-	-	-
Domestic Debt	-	-	-	-	-

ANNEX 2: MEDIUM TERM EXPENDITURE FRAMEWORK SECTOR CEILINGS

MINISTRY				CFSP CEILINGS		PROJECTIONS				TOTAL
				2015/2016		2016/2017		2017/2018		2015/2016
		APPROVED 2014/2015	CBROP 2015/2016	RECURRENT	DEVELOPMENT	RECURRENT	DEVELOPMENT	RECURRENT	DEVELOPMENT	
Office of The Governor & Deputy Governor	Conditional Fund		-			-	-	-	-	-
	Equitable Share		319,447,418	214,447,418	105,000,000	235,892,160	115,500,000	259,481,376	127,050,000	319,447,418
	Local Revenue		54,726,479	54,726,479		60,199,127	-	66,219,040	-	54,726,479
	SUB TOTAL	**272,457,766**	**374,173,897**	**269,173,897**	**105,000,000**	**296,091,287**	**115,500,000**	**325,700,416**	**127,050,000**	**374,173,897**
County Treasury	Conditional Fund		-			-	-	-	-	-
	Equitable Share		2,483,183,013	603,183,013	1,863,932,046	663,501,314	2,050,325,251	729,851,446	2,255,357,776	2,467,115,059
	Local Revenue		153,930,894	153,930,894		169,323,983	-	186,256,382	-	153,930,894
	SUB TOTAL	**867,863,288**	**2,637,113,907**	**757,113,907**	**1,863,932,046**	**832,825,298**	**2,050,325,251**	**916,107,828**	**2,255,357,776**	**2,621,045,953**
Ministry of Health	FIF	744,342,673	550,000,000	500,000,000	50,000,000	550,000,000	55,000,000	605,000,000	60,500,000	550,000,000
	Conditional Fund Level 5 Hosp.		382,000,000	252,895,577	98,000,000	278,185,135	107,800,000	306,003,648	118,580,000	350,895,577
	Conditional Fund Free Maternal Health			191,767,321		210,944,053	-	232,038,458	-	191,767,321
	Conditional Fund Leasing of Medical Equipment			61,862,636		68,048,900	-	74,853,790	-	61,862,636
	Donor Grant		96,800,000	22,880,000		25,168,000	-	27,684,800	-	22,880,000
	Equitable Share		1,812,459,627	1,765,484,050	152,000,000	1,942,032,455	167,200,000	2,136,235,700	183,920,000	1,917,484,050
	Local Revenue		520,924,682	520,924,682		573,017,150	-	630,318,865	-	520,924,682
	SUB TOTAL	**3,457,382,514**	**3,362,184,309**	**3,315,814,266**	**300,000,000**	**3,647,395,693**	**330,000,000**	**4,012,135,262**	**363,000,000**	**3,615,814,266**

ANNEX 2: MEDIUM TERM EXPENDITURE FRAMEWORK SECTOR CEILINGS

MINISTRY				CFSP CEILINGS		PROJECTIONS				TOTAL
				2015/2016		2016/2017		2017/2018		2015/2016
		APPROVED 2014/2015	CBROP 2015/2016	RECURRENT	DEVELOPMENT	RECURRENT	DEVELOPMENT	RECURRENT	DEVELOPMENT	
Ministry of Roads, Transport & Public Works	Conditional Fund		-			-	-	-	-	-
	Equitable Share		508,876,549	228,876,549	280,000,000	251,764,204	308,000,000	276,940,624	338,800,000	508,876,549
	Allocations from Road Maintenance Fuel Levy Fund				103,104,393	-	113,414,832	-	124,756,316	103,104,393
	Local Revenue		58,408,760	58,408,760		64,249,636	-	70,674,600	-	58,408,760
	SUB TOTAL	**1,258,798,756**	**567,285,309**	**287,285,309**	**383,104,393**	**316,013,840**	**421,414,832**	**347,615,224**	**463,556,316**	**670,389,702**
Ministry of Agriculture, Livestock & Fisheries	Conditional Fund		-			-	-	-	-	-
	Equitable Share		665,769,844	485,769,844	180,000,000	534,346,828	198,000,000	587,781,511	217,800,000	665,769,844
	Local Revenue		123,967,328	123,967,328		136,364,061	-	150,000,467	-	123,967,328
	SUB TOTAL	**635,433,021**	**789,737,172**	**609,737,172**	**180,000,000**	**670,710,889**	**198,000,000**	**737,781,978**	**217,800,000**	**789,737,172**
			-			-	-	-	-	-
Ministry of ICT & e-Government	Conditional Fund		-			-	-	-	-	-
	Equitable Share		89,658,561	29,658,561	60,000,000	32,624,417	66,000,000	35,886,859	72,600,000	89,658,561
	Local Revenue		7,568,796	7,568,796		8,325,675	-	9,158,243	-	7,568,796
	SUB TOTAL	**84,584,811**	**97,227,357**	**37,227,357**	**60,000,000**	**40,950,092**	**66,000,000**	**45,045,101**	**72,600,000**	**97,227,357**
			-			-	-	-	-	-
Ministry of Education, Culture, Youth Affairs, Sports And Social Services	Conditional Fund		-			-	-	-	-	-
	Equitable		508,307,403	348,307,403	160,000,000	383,138,143	176,000,000	421,451,958	193,600,000	508,307,403

ANNEX 2: MEDIUM TERM EXPENDITURE FRAMEWORK SECTOR CEILINGS

MINISTRY				CFSP CEILINGS		PROJECTIONS				TOTAL
				2015/2016		2016/2017		2017/2018		2015/2016
		APPROVED 2014/2015	CBROP 2015/2016	RECURRENT	DEVELOPMENT	RECURRENT	DEVELOPMENT	RECURRENT	DEVELOPMENT	
	Share									
	Local Revenue		88,887,234	88,887,234		97,775,958	-	107,553,554	-	88,887,234
	SUB TOTAL	**990,219,116**	**597,194,637**	**437,194,637**	**160,000,000**	**480,914,101**	**176,000,000**	**529,005,511**	**193,600,000**	**597,194,637**
Ministry of Land, Housing And Urban Development	Conditional Fund		-			-	-	-	-	-
	Equitable Share		257,881,353	77,881,353	180,000,000	85,669,488	198,000,000	94,236,437	217,800,000	257,881,353
	Local Revenue		19,875,139	19,875,139		21,862,653	-	24,048,918	-	19,875,139
	SUB TOTAL	**241,159,477**	**277,756,492**	**97,756,492**	**180,000,000**	**107,532,141**	**198,000,000**	**118,285,355**	**217,800,000**	**277,756,492**
			-			-	-	-	-	-
Ministry of Trade, Tourism & Cooperatives	Conditional Fund		-			-	-	-	-	-
	Equitable Share		219,310,671	99,310,671	120,000,000	109,241,738	132,000,000	120,165,912	145,200,000	219,310,671
	Local Revenue		25,343,851	25,343,851		27,878,236	-	30,666,060	-	25,343,851
	SUB TOTAL	**352,192,281**	**244,654,522**	**124,654,522**	**120,000,000**	**137,119,974**	**132,000,000**	**150,831,972**	**145,200,000**	**244,654,522**
			-			-	-	-	-	-
Ministry of Public Service Management	Conditional Fund		-			-	-	-	-	-
	Equitable Share		642,430,809	542,430,809	100,000,000	596,673,890	110,000,000	656,341,279	121,000,000	642,430,809
	Local Revenue		138,427,074	138,427,074		152,269,781	-	167,496,759	-	138,427,074
	SUB TOTAL	**574,873,937**	**780,857,883**	**680,857,883**	**100,000,000**	**748,943,671**	**110,000,000**	**823,838,038**	**121,000,000**	**780,857,883**
			-			-	-	-	-	-

ANNEX 2: MEDIUM TERM EXPENDITURE FRAMEWORK SECTOR CEILINGS

MINISTRY				CFSP CEILINGS		PROJECTIONS				TOTAL
				2015/2016		2016/2017		2017/2018		2015/2016
		APPROVED 2014/2015	CBROP 2015/2016	RECURRENT	DEVELOPMENT	RECURRENT	DEVELOPMENT	RECURRENT	DEVELOPMENT	
Ministry of Environment, Water & Natural Resources	Conditional Fund		-			-	-	-	-	-
	Equitable Share		395,727,729	245,727,729	150,000,000	270,300,502	165,000,000	297,330,552	181,500,000	395,727,729
	Local Revenue		62,709,142	62,709,142		68,980,056	-	75,878,062	-	62,709,142
	SUB TOTAL	**549,750,481**	**458,436,871**	**308,436,871**	**150,000,000**	**339,280,558**	**165,000,000**	**373,208,614**	**181,500,000**	**458,436,871**
			-			-	-	-	-	-
Public Service Board	Conditional Fund		-			-	-	-	-	-
	Equitable Share		68,767,147	63,267,147	5,500,000	69,593,862	6,050,000	76,553,248	6,655,000	68,767,147
	Local Revenue		16,145,628	16,145,628		17,760,191	-	19,536,210	-	16,145,628
	SUB TOTAL	**77,193,432**	**84,912,775**	**79,412,775**	**5,500,000**	**87,354,052**	**6,050,000**	**96,089,458**	**6,655,000**	**84,912,775**
			-			-	-	-	-	-
County Assembly	Conditional Fund		-			-	-	-	-	-
	Equitable Share		707,681,090	557,681,090	150,000,000	613,449,199	165,000,000	674,794,119	181,500,000	707,681,090
	Local Revenue		142,318,910	142,318,910		156,550,801	-	172,205,881	-	142,318,910
	SUB TOTAL	**1,254,609,003**	**850,000,000**	**700,000,000**	**150,000,000**	**770,000,000**	**165,000,000**	**847,000,000**	**181,500,000**	**850,000,000**
	TOTAL AMOUNT	**10,616,517,883**	**11,121,535,131**	**7,704,665,088**	**3,757,536,439**	**8,475,131,596**	**4,133,290,083**	**9,322,644,756**	**4,546,619,091**	**11,462,201,527**

ANNEX 3: MINISTRY CEILINGS BY PROGRAMME

MINISTRY	PROGRAMME	CFSP CEILINGS		SUB TOTAL	PROJECTIONS		SUB TOTAL	PROJECTIONS		SUB TOTAL
		2015/2016		2015/2016	2016/2017		2016/2017	2017/2018		2017/2018
		RECURRENT	DEVELOPMENT		RECURRENT	DEVELOPMENT		RECURRENT	DEVELOPMENT	
Office of The Governor & Deputy Governor	P1: Management of County Affairs.	248,011,107	105,000,000	353,011,107	272,812,218	115,500,000	388,312,218	300,093,439	127,050,000	427,143,439
	P2: Coordination and Supervisory Services.	11,426,250		11,426,250	12,568,875	-	12,568,875	13,825,762	-	13,825,762
	P3: Public Sector Advisory Services.	9,736,540		9,736,540	10,710,194	-	10,710,194	11,781,214	-	11,781,214
	SUB TOTAL	**269,173,897**	**105,000,000**	**374,173,897**	**296,091,287**	**115,500,000**	**411,591,287**	**325,700,415**	**127,050,000**	**452,750,415**
County Treasury	P1: Administration, Planning and Support Services	489,861,918	16,200,000	506,061,918	538,848,110	17,820,000	556,668,110	592,732,921	19,602,000	612,334,921
	P2: Public Finance Management	236,888,765	472,732,046	709,620,811	260,577,642	520,005,251	780,582,892	286,635,406	572,005,776	858,641,181
	P3: Economic And Financial Policy Formulation And Management	30,363,224	-	30,363,224	33,399,546	-	33,399,546	36,739,501	-	36,739,501
	Ward Resource Envelope	-	1,375,000,000	1,375,000,000	-	1,512,500,000	1,512,500,000	-	1,663,750,000	1,663,750,000
	SUB TOTAL	**757,113,907**	**1,863,932,046**	**2,621,045,953**	**832,825,298**	**2,050,325,251**	**2,883,150,548**	**916,107,827**	**2,255,357,776**	**3,171,465,603**

ANNEX 3: MINISTRY CEILINGS BY PROGRAMME

Ministry of Health	P1: Preventive And Promotive Health Services	101,488,308	275,931,954	377,420,262	111,637,139	303,525,149	415,162,288	122,800,853	333,877,664	456,678,517
	P2: Health Curative And Rehabilitative Services	1,854,260,321	104,161,753	1,958,422,074	2,039,686,353	114,577,928	2,154,264,281	2,243,654,988	126,035,721	2,369,690,710
	P3: Administration, Operational Research And Planning	873,579,544	152,762,429	1,026,341,973	960,937,498	168,038,672	1,128,976,170	1,057,031,248	184,842,539	1,241,873,787
	P4: Free Maternal Health	191,767,321		191,767,321	210,944,053	-	210,944,053	232,038,458	-	232,038,458
	P5: Leasing of Medical Equipment	61,862,636		61,862,636	68,048,900	-	68,048,900	74,853,790	-	74,853,790
	SUB TOTAL	**3,082,958,130**	**532,856,136**	**3,615,814,266**	**3,391,253,943**	**586,141,750**	**3,977,395,693**	**3,730,379,337**	**644,755,925**	**4,375,135,262**
Ministry of Roads, Transport & Public Works	P1: Administration, Personnel and Financial Services.	267,085,309		267,085,309	293,793,840	-	293,793,840	323,173,224	-	323,173,224
	P2: Infrastructure, Development& Maintenance.	150,100,000		150,100,000	165,110,000	-	165,110,000	181,621,000	-	181,621,000
	P3: Street lighting.	65,100,000		65,100,000	71,610,000	-	71,610,000	78,771,000	-	78,771,000
	P4: Fire Fighting & Disaster Management.	85,000,000		85,000,000	93,500,000	-	93,500,000	102,850,000	-	102,850,000
	P5: Road			103,104,393			113,414,832			124,756,316

ANNEX 3: MINISTRY CEILINGS BY PROGRAMME

	Maintenance Fuel Levy Fund	103,104,393			113,414,832	-		124,756,316	-	
	SUB TOTAL	**670,389,702**		**670,389,702**	**737,428,672**	**-**	**737,428,672**	**811,171,539**	**-**	**811,171,539**
Ministry of Agriculture, Livestock & Fisheries	P1: Administrative planning & support services	410,689,373		410,689,373	451,758,310	-	451,758,310	496,934,141	-	496,934,141
	P2: Livestock resource management and development	70,267,242	60,000,000	130,267,242	77,293,967	66,000,000	143,293,967	85,023,363	72,600,000	157,623,363
	P3: Fisheries development	30,920,589	20,000,000	50,920,589	34,012,648	22,000,000	56,012,648	37,413,913	24,200,000	61,613,913
	P4: Crop production and management.	97,859,968	100,000,000	197,859,968	107,645,965	110,000,000	217,645,965	118,410,561	121,000,000	239,410,561
	SUB TOTAL	**609,737,172**	**180,000,000**	**789,737,172**	**670,710,889**	**198,000,000**	**868,710,889**	**737,781,978**	**217,800,000**	**955,581,978**
Ministry of ICT & e-Government	P1: Administration And Planning Services	18,653,155		18,653,155	20,518,471	-	20,518,471	22,570,318	-	22,570,318
	P2: Information And Communication Services	18,574,201		18,574,201	20,431,621	-	20,431,621	22,474,783	-	22,474,783
	P3: ICT Infrastructure Development		60,000,000	60,000,000	-	66,000,000	66,000,000	-	72,600,000	72,600,000
	SUB TOTAL	**37,227,357**	**60,000,000**	**97,227,357**	**40,950,092**	**66,000,000**	**106,950,092**	**45,045,101**	**72,600,000**	**117,645,101**
Ministry of Education, Culture,	P1: Administration, Planning And	155,694,637	160,000,000	315,694,637	171,264,101	176,000,000	347,264,101	188,390,511	193,600,000	381,990,511

ANNEX 3: MINISTRY CEILINGS BY PROGRAMME

Youth Affairs, Sports And Social Services	Support Services									
	P2: Promotion Of Early Childhood Education And Development	103,500,000		103,500,000	113,850,000	-	113,850,000	125,235,000	-	125,235,000
	P3: Development Of Socio-Cultural Diversity, Economic Empowerment And Promotion Of Responsible Gaming	71,000,000		71,000,000	78,100,000	-	78,100,000	85,910,000	-	85,910,000
	P4: Management And Development Of Sports, Recreation And Sports Facilities	56,000,000		56,000,000	61,600,000	-	61,600,000	67,760,000	-	67,760,000
	P5: Youth Empowerment, Training And Participation	51,000,000		51,000,000	56,100,000	-	56,100,000	61,710,000	-	61,710,000
	SUB TOTAL	**437,194,637**	**160,000,000**	**597,194,637**	**480,914,101**	**176,000,000**	**656,914,101**	**529,005,511**	**193,600,000**	**722,605,511**
Ministry of Land, Housing And Urban Developmen	P1: Administration, Planning and Support Services	87,015,114		87,015,114	95,716,625	-	95,716,625	105,288,287	-	105,288,287

ANNEX 3: MINISTRY CEILINGS BY PROGRAMME

t										
	P2: Land use Planning and Survey.	147,118,911		147,118,911	161,830,802	-	161,830,802	178,013,882	-	178,013,882
	P3: Housing Development and Management	43,622,468		43,622,468	47,984,715	-	47,984,715	52,783,186	-	52,783,186
	SUB TOTAL	**277,756,492**		**277,756,492**	**305,532,141**	**-**	**305,532,141**	**336,085,355**	**-**	**336,085,355**
Ministry of Trade, Tourism & Cooperatives	P1: Administration, Planning and Support Services	76,038,163		76,038,163	83,641,979	-	83,641,979	92,006,177	-	92,006,177
	P2: Co-operative Development and Management	26,530,023		26,530,023	29,183,025	-	29,183,025	32,101,328	-	32,101,328
	P3: Promotion of Trade and Enterprises	18,595,838		18,595,838	20,455,422	-	20,455,422	22,500,964	-	22,500,964
	P4: Market Rehabilitation and Development	109,426,599		109,426,599	120,369,259	-	120,369,259	132,406,185	-	132,406,185
	P5: Promotion of Tourism and Marketing	14,063,899		14,063,899	15,470,289	-	15,470,289	17,017,318	-	17,017,318
	SUB TOTAL	**244,654,522**		**244,654,522**	**269,119,975**	**-**	**269,119,975**	**296,031,972**	**-**	**296,031,972**
Ministry of Public Service Management	P1: General Administration, Planning and Support Services	601,970,427	100,000,000	701,970,427	662,167,470	110,000,000	772,167,470	728,384,217	121,000,000	849,384,217
	P2: Co-ordination of	48,466,204		48,466,204	53,312,824	-	53,312,824	58,644,107	-	58,644,107

ANNEX 3: MINISTRY CEILINGS BY PROGRAMME

	County Policy Formulation									
	P3: Human Resource Management and Development	12,100,279		12,100,279	13,310,307	-	13,310,307	14,641,338	-	14,641,338
	P4: Performance Management	18,320,972		18,320,972	20,153,070	-	20,153,070	22,168,377	-	22,168,377
	SUB TOTAL	**680,857,883**	**100,000,000**	**780,857,883**	**748,943,671**	**110,000,000**	**858,943,671**	**823,838,038**	**121,000,000**	**944,838,038**
Ministry of Environment , Water & Natural Resources	P1: Administration	34,323,523		34,323,523	37,755,876	-	37,755,876	41,531,463	-	41,531,463
	P2: Water and Sewerage Management	175,064,548		175,064,548	192,571,003	-	192,571,003	211,828,103	-	211,828,103
	P3: Environmental Management	243,240,844		243,240,844	267,564,929	-	267,564,929	294,321,422	-	294,321,422
	P4: County Energy Planning, regulation, operation and development	5,807,955		5,807,955	6,388,751	-	6,388,751	7,027,626	-	7,027,626
	SUB TOTAL	**458,436,871**		**458,436,871**	**504,280,558**	**-**	**504,280,558**	**554,708,614**	**-**	**554,708,614**
Public Service Board	P1: Administration of Human Resources.	74,210,173		74,210,173	81,631,190	-	81,631,190	89,794,309	-	89,794,309
	P2: Promotion of Values and Principles of governance.	10,702,602		10,702,602	11,772,862	-	11,772,862	12,950,149	-	12,950,149
	SUB TOTAL	**84,912,775**		**84,912,775**	**93,404,052**	**-**	**93,404,052**	**102,744,458**	**-**	**102,744,458**

ANNEX 3: MINISTRY CEILINGS BY PROGRAMME

County Assembly	P1: General Administration and Planning	476,568,297	38,766,467	515,334,764	524,225,126	42,643,114	566,868,241	576,647,639	46,907,426	623,555,065
	P2: County Legislation and Oversight	210,149,539	111,233,533	321,383,071	231,164,493	122,356,886	353,521,379	254,280,942	134,592,574	388,873,516
	P3: Financial Management Services	13,282,164		13,282,164	14,610,381	-	14,610,381	16,071,419	-	16,071,419
	SUB TOTAL	**700,000,000**	**150,000,000**	**850,000,000**	**770,000,000**	**165,000,000**	**935,000,000**	**847,000,000**	**181,500,000**	**1,028,500,000**
	TOTAL AMOUNT	**8,310,413,344**	**3,151,788,182**	**11,462,201,526**	**9,141,454,679**	**3,466,967,000**	**12,608,421,679**	**10,055,600,146**	**3,813,663,700**	**13,869,263,847**