

# **NAKURU COUNTY GOVERNMENT**



## **DEPARTMENT OF FINANCE AND ECONOMIC PLANNING**

### **COUNTY BUDGET REVIEW OUTLOOK PAPER**

**SEPTEMBER 2014**

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## ABBREVIATIONS AND ACRONYMS

<b>BPS</b>	Budget Policy Statement
<b>CBROP</b>	County Budget Review and Outlook Paper

<b>CBA</b>	Comprehensive bargain agreement
<b>CFSP</b>	County fiscal strategy paper
<b>CILOR</b>	Contribution in lieu of rates
<b>CPID</b>	County integrated development plan
<b>FIF</b>	Facility improvement funds
<b>FY</b>	Financial Year
<b>LATF</b>	Local authority transfer fund
<b>MDG</b>	Millennium Development Goals
<b>MTEF</b>	Medium Term Expenditure Framework
<b>PERs</b>	Public Expenditure Review
<b>PFM</b>	Public Financial Management
<b>PPP</b>	Public Private Partnership
<b>CSWGs</b>	County Sector Working Groups

## **FOREWORD**

This is the first county budget outlook paper (CBROP 2013) since March 4th general election a first of its kind under the new constitution that heralded the new governance structures of devolved governments. The Constitution and Public Financial Management Law enacted in 2010 and 2012 respectively ushered in a paradigm shift in budget making. Apart from introducing reforms in our public financial management system, the law entrenched the Medium-Term Expenditure Framework budgeting.

The County Budget Outlook Review Paper sets out the background and broad fiscal parameters for the 2015/16 budget and the medium-term, consistent with County Government strategies and policies. The CBROP 2014 is prepared taking into account resources required for the implementation of a devolved government, which, among other things, provides for fiscal decentralization of resources to the county entities and reforms to several institutions. The ensuing MTEF resource allocation therefore will be critical the target envisaged in the medium term by the under fiscal responsibility principle in the PFM Act 2012

2. The link between policy, planning and budgeting will become even more important under the new constitution and County government act. As such, CBROP will continue to play a critical role in the preparation of budgets and management of public resources in a devolved system. To strengthen the budget preparation process, the County government will continue to embrace performance budgeting and deepen public financial reforms to increase efficiency and effectiveness in service delivery and value for money.

3. The County Budget Review and Outlook Paper (CBROP) provides basis to revise the 2013/14 budget in the context of the Supplementary Estimates, as well as set out the broad fiscal parameters for the next budget and medium term. Very briefly, we went through the challenges of last financial year and closed the year satisfactory despite failure by national treasury to disburse the last tranche of LATF to the defunct local authorities and significant expenditure reprioritization as result of increase in salaries as a result of CBA registered in the industrial court. The outcome has had implications on the base in which the fiscal projections for the current financial year were based on. More details will be provided in the first County Fiscal Strategy Paper expected in January 2014..

## **Legal Basis for the Publication of the County Budget Review and Outlook Paper**

The County Budget Review and Outlook Paper is prepared in accordance with Section 118 of the Public Financial Management Act, 2012. The law states that:

1. The County Treasury shall prepare and submit to County Executive committee for approval, by 30th September in each financial year, a County Budget Review and Outlook Paper which shall include:
  - a) Actual fiscal performance in the previous financial year compared to the budget appropriation for that year;
  - b) Updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal strategy paper
  - c) Information on how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles or the financial objectives in the latest County Fiscal strategy paper ; and
  - d) The reasons for any deviation from the financial objectives together with proposals to address the deviation and the time estimated to do so.
2. County Executive committee shall consider the County Budget Review and outlook Paper with a view to approving it with or without amendments, not later than fourteen days after its submission.
3. Not later than seven days after the CBROP has been approved by Executive committee, the County Treasury shall:
  - a) Submit the paper to the Budget and appropriation Committee of the County Assembly to be laid before the County assembly; and
  - b) Publish and publicise the paper not later than fifteen days after laying the Paper before County Assembly.

## **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 prudence 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. INTRODUCTION

### **Background**

1. This County Budget Review and Outlook Paper (CBROP) is the first to be prepared under the Public Financial Management Act, 2012 within the devolved units of County Governments. In line with the law, the CBROP contains a review of the fiscal performance of the financial year 2012/13, and deviations from the Approved 2012/2013 Budget .

### **Objective of CBROP**

2. The objective of the CBROP is to provide a review of the previous fiscal performance and how this impacts the financial objectives and fiscal responsibility principles set out in the last County Fiscal strategy paper. This together with updated economic outlook provides a basis for revision of the current budget in the context of Supplementary Estimates and the broad fiscal parameters underpinning the next budget and the medium term. Details of the fiscal framework and the medium-term policy priorities will be firmed up in the first CFSP.

3. The CBROP will be a key document in linking policy, planning and budgeting. The County Government has embarked on preparing the First County Integrated Development Plan and Medium-Term Expenditure framework (MTEF) that will guide budgetary preparation and programming from 2014 onwards. In the interim, this year's CBROP is embedded on the first (MTEF) priorities, in addition to taking into account emerging challenges and transition to a devolved system of government. The launch of, the Sector Working Groups will see the formulation of the programmes for the Medium-Term Expenditure Framework (MTEF) focusing on developing of new programmes for the next MTEF 2014/15 – 2016/17.

4. The new PFM law enacted in 2012 has set high standards for compliance with the MTEF budgeting process. Therefore, it is expected that the sector ceilings on the onset will form the indicative baseline sector ceilings for the next budget of 2014/15. However, following the gazettelement of more devolved functions by legal notice 16 and the updated legal notice 157 of 2013 these sector ceilings have been modified as indicated in the annex of this CBROP.

5. The updated National economic outlook will be firmed up in the first CFSP to reflect any changes in economic and financial conditions. Due to the need to finalise the CFSP after the release of the National Budget policy Statement in February of 2014, the first CFSP will be

submitted to County Assembly by February 2014 .This will in time for the deadline of February 2014 under the PFM law.

6. The rest of the paper is organised as follows. The next section provides a review of the fiscal performance in FY 2012/13. This is followed by brief highlights of the recent Fiscal developments and updated economic outlook in Section III. Section IV provides the resources allocation framework, while Section V concludes. County Budget Review and Outlook Paper, 2013



## II. REVIEW OF FISCAL PERFORMANCE IN 2012/13

### A. Overview

7. The fiscal performance in 2012/13 was twofold, covering two period before and after the March 4th general elections. The former period was undertaken in the context of the four defunct local authorities and the later within the context of the devolved units of the County government.

8. Due to the transitional challenges experienced in second half of the financial year 2012/13 and changes in disbursement in government funding to the defunct local authorities, budget implementation fell short of the approved budget estimates on account of development expenditure. At the same time, the County Government did not fully absorb its disbursement to the tune of Ksh 68 million due to the drawn-out procurement procedure and the short period after the general election to the end of the financial year coupled with timing of disbursements.

9. On the expenditure side, the defunct local authority had to shelve implementation and payment of capital projects due to non-disbursement of the last tranche of LATF to the tune of Ksh **294,664,595**. The County Government had to incur higher expenditure on salary awards as a result of comprehensive bargain agreement registered in the industrial court for employees of defunct local authorities to the tune of Kshs.**118,208,773** Adjustments to the original personnel budget were approved by in April 2012 in the context of the Supplementary Estimates.

### B. 2012/13 Fiscal Performance

10. Table 1 below presents the fiscal performance for the FY 2012/13 and the deviations from the Approved budget estimates.

<b>Expenditure</b>	<b>Nakuru Municipal</b>	<b>Nakuru county</b>	<b>Molo town</b>	<b>Naivasha</b>	<b>County government</b>	<b>TOTAL</b>
PERSONNEL COST	624,499,461	272,850,065	50,785,842	123,249,000	57,038,000	<b>1,128,422,368</b>
OPERATING COST	378,764,045	147,040,197	23,520,107	126,522,000	225,452,000	<b>901,298,349</b>
REPAIRS AND MAINTENANCE	63,750,383	41,673,662	8,357,646	25,751,000	16,698,000	<b>156,230,691</b>
	-	-	-	-	-	-
LASDAP PROJECTS	29,764,997	166,170,250	-	-	-	<b>195,935,247</b>
	-	-	-	-	-	-

<b>Expenditure</b>	<b>Nakuru Municipal</b>	<b>Nakuru county</b>	<b>Molo town</b>	<b>Naivasha</b>	<b>County government</b>	<b>TOTAL</b>
DEBT RESOLUTION	145,602,514	-	-	-	-	<b>145,602,514</b>
	-	-	-	-	-	-
<b>(A) TOTAL EXPENDITURE</b>	<b>1,242,381,400</b>	<b>627,734,174</b>	<b>82,663,595</b>	<b>275,522,000</b>	<b>299,188,000</b>	<b>2,527,489,169</b>
<b>SOURCE OF FUNDING</b>	-	-	-	-	-	-
<b>GOVERNMENT TRASFERS/LATF</b>	367,626,308	386,270,186	60,203,638	85,034,000	367,287,000	1,266,421,132
<b>CILOR</b>	-	-	-	9,930,000	-	9,930,000
<b>DONORS</b>	498,322	-	-	-	-	498,322
<b>LOCAL REVENUE</b>	917,565,781	229,717,599	25,714,008	128,087,000	5,767,000	1,306,851,388
<b>(B) TOTAL INCOME</b>	<b>1,285,690,411</b>	<b>615,987,785</b>	<b>85,917,646</b>	<b>223,051,000</b>	<b>373,054,000</b>	<b>2,583,700,842</b>
<b>(A-B)SUPLUS D/DEFICIT</b>	<b>43,309,011</b>	<b>(11,746,389)</b>	<b>3,254,051</b>	<b>(52,471,000)</b>	<b>73,866,000</b>	<b>56,211,673</b>

Source; Nakuru County Treasury Financial statements 2012/2013

## Revenue

11. Total cumulative revenue collection from the four defunct local authorities including LATF was Ksh **2,200,716,842** compared to the target in the Approved budget of Ksh 2,238,334,150. This represents a revenue shortfall of Ksh 36.3 million (or 1.6 % deviation from the approved target). The local revenue received for the period July 2012 to June 2013 amounted to Ksh. 1,301,084,388 against a target of Ksh 998,164,474 reflecting an over collection of Ksh**302,919,914** a performance of 130 per cent. Revenue generated locally for former Nakuru Municipal Council recorded the highest amount of Ksh 917 million and former Molo Town Council contributed the lowest amount of Ksh 25 million. The highest actual to target revenue collection was attained by Defunct Nakuru County Council at 141% and the lowest being Defunct Molo town council at 107%.. LATF disbursement was Ksh 899 million against a target of 1.1 billion representing a shortfall of Ksh **291,485,917**. Similarly, contribution in lieu of rates amounted to Ksh **9,930,000** against a target of Ksh **19,815,983** representing a payment rate of 50 percent of the budgeted amount.

This is depicted in the table below

**Table 2. Defunct local authority Budgeted vs Actual local revenue FY 2012/13 in Ksh millions**

ENTITY	2012/13 BUDGET	ACTUAL	DEVIATION	% OF TARGET
Nakuru Municipal Council	696,271,551	917,565,781	221,294,230	132
Nakuru County Council	163,309,757	229,717,599	66,407,842	141
Naivasha Municipal Council	114,594,000	128,087,000	13,493,000	112
Molo Town Council	23,989,166	25,714,008	1,724,842	107
<b>TOTAL</b>	<b>998,164,474</b>	<b>1,301,084,388</b>	<b>302,919,914</b>	<b>130</b>

Source; Nakuru County Treasury Financial statements 2012/2013

**Table 3. Local sources of Revenue**

LOCAL REVENUE	Nakuru Municipal	Nakuru county	Molo town	Naivasha	TOTAL
Property Rates	429,283,429	84,496,401	4,171,061	32,217,000	550,167,891
Cess and other levies	-	48,537,010	8,535,893	17,383,000	74,455,903
Single Business Permits	128,062,190	51,716,255	5,165,360	23,085,000	208,028,805
CILOR	-	-	-	-	-
Market & Slaughter house Fees	-	13,710,160	2,996,838	8,099,000	24,805,998
House & stall Rent	21,746,252	221,420	-	4,874,000	26,841,672
Other fees and Charges	338,427,160	19,390,174	4,648,056	42,429,000	404,894,390
Lease Income	-	-	-	-	-
Miscellaneous Revenue	46,750	11,646,179	196,800	-	11,889,729
<b>Total Own Source Revenues</b>	<b>917,565,781</b>	<b>229,717,599</b>	<b>25,714,008</b>	<b>128,087,000</b>	<b>1,301,084,388</b>

Source; Nakuru County Treasury Financial statements 2012/2013

**Table 4: LATF, Ksh millions**

ENTITY	TARGET	ACTUAL	DEVIATION	% OF TARGET
Nakuru Municipal Council	557,943,141	367,626,308	-190,316,833	66
Nakuru County Council	459,845,460	386,270,186	-73,575,274	84
Naivasha Municipal Council	101,231,000	85,034,000	-16,197,000	84
Molo Town Council	71,600,448	60,203,638	-11,396,810	84
<b>TOTAL</b>	<b>1,190,620,049</b>	<b>899,134,132</b>	<b>-291,485,917</b>	<b>76</b>

**Table 5 Central government transfers to County government FY 2012/13**

ENTITY	TARGET	ACTUAL	DEVIATION	% OF TARGET
Nakuru County Government	367,287,000	367,287,000	0	100

13. The local revenue collection targets were attained and surpassed however its impact was caused by non-disbursement of a similar amount in form of LATF and CILOR. However, with concerted effort and the pending finance bill the county is in a position to increase its current revenue by 40% - 70%. In addition, the County progressed with the Mapping out of County resources to widen its tax base in addition to harmonizing its fees and charges .

## Expenditure

15. Total expenditure and debt repayment amounted to Ksh **2,527,489,169** against a target of Ksh 2,556,071,523 representing an under spending of Ksh 68,582,354 (or 1.1 percent deviation from the approved budget). The shortfall was attributed partly to failure by the national treasury to disburse the last tranche to the defunct local authorities which largely cushioned by increased actual revenue collection from set targets. Despite the fact that the county spends the targeted figure it involves a major reprioritization of item including increase in salary and debt repayment which was not initially in the approved estimates, leaving out little fund for capital projects.

**Table 6: 2012/2013 Expenditure**

Expenditure	Nakuru Municipal	Nakuru county	Molo town	Naivasha	County government	(A)TOTAL TARGET	(B) ACTUAL TOTAL	A-B DEVIATION
PERSONNEL COST	541,604,581	244,697,172	50,785,842	116,088,000	57,038,000	<b>1,010,213,595</b>	<b>1,128,422,368</b>	-118,208,773
OPERATING COST	364,360,644	128,972,600	19,984,100	105,435,000	225,452,000	<b>844,204,344</b>	<b>901,298,349</b>	-57,094,005
REPAIRS AND MAINTENANCE	212,129,645	63,460,429	11,100,000	35,232,000	16,698,000	<b>338,620,074</b>	<b>156,230,691</b>	182,389,383
TOTAL RECURRENT	1,118,094,870	437,130,201	81,869,942	256,755,000	299,188,000	<b>2,193,038,013</b>	2,185,951,408	7,086,605
LASDAP PROJECTS	185,599,411	194,474,093			0	<b>380,073,504</b>	<b>195,935,247</b>	184,138,257
DEBT RESOLUTION		0			0	<b>0</b>	<b>145,602,514</b>	-145,602,514
(A) TOTAL EXPENDITURE	<b>1,303,694,281</b>	<b>631,604,294</b>	<b>81,869,942</b>	<b>256,755,000</b>	<b>299,188,000</b>	<b>2,573,111,517</b>	<b>2,527,489,169</b>	<b>45,622,348</b>

16. Recurrent expenditure amounted to Ksh 2.18 billion against a target of Ksh 2.19, representing an underspending of Ksh 7 million(or 0.3 percent deviation from the approved recurrent expenditure). The under-spending was in respect of operations and maintenance (Ksh 182 million), whereas the overspending occurs for wages and salaries by (Ksh 118 million)

and operating expenses by( Ksh 57 million). Expenditure on debt repayments was Ksh 145 million by defunct Nakuru municipal council and involved a reprioritization of budgeted items.

17. The total County debt as at the close of the 2012/2013 fiscal year stood at 1.1 billion including salaries arising out of CBA for staff of the defunct local Authorities

**Table 7 Debts outstanding**

<b>ENTITY</b>	<b>TARGET</b>
Nakuru Municipal Council	709,647,257
Nakuru County Council	244,810,488
Naivasha Municipal Council	122,719,000
Molo Town Council	71,159,265
<b>TOTAL</b>	<b>1,148,336,010</b>

*Source; Nakuru County Treasury Financial statements 2012/2013*

18. Development expenditure was Ksh 198 million compared to a target of Ksh 380 million This represented an under-spending of Ksh 198 million (or 50 percent deviation from the approved development expenditure). The underperformance in development expenditure reflects low absorption by defunct local authorities , delay in procurement and uncertainty of LATF disbursements.

19. Overall, the expenditure out-turn for FY 2012/13 is preliminary. Firm data will be available on availability of audited accounts later in the year when external auditors’ opinion is firmed up. Thus, it should be noted that external auditors’ opinions on financial statement plays a significant role on the final status.

### **Overall balance and financing**

20. Reflecting the above performance in revenue and expenditure, overall fiscal balance on an accrual basis (including debts) was Ksh 2.5 FY 2012/13 against the approved budget targeted of Ksh 2.5 Overall fiscal surplus ( Ksh 45 million) .

### **C. Implication of 2012/13 fiscal performance on financial objectives contained in the 2013/14 approved budget**

22. The performance in the FY 2012/13 has affected the financial objectives set out in the revised Budget for FY 2013/14 in the following ways:

- I. The economic assumptions underpinning the 2013/14 budget and medium term will need to be modified in light of the lower-than-envisaged local revenue potential as realistic projections may fall between 40%- 70% increase

- II. The base for revenue(CRA allocations) and expenditure( on devolved functions )projections has changed implying the need for adjustment in the fiscal aggregates for the current budget and the medium-term;
- III. Arising from (i) and (ii), as well as taking into account future increase in devolved functions by the National government , the baseline ceilings for spending departments and agencies will be adjusted and then firmed up in the first County fiscal strategy paper in January 2014.

23. While our county remains peaceful after the general elections and with resilient economic activities the depressed local revenue outcome of the first quarter of 2013 and the inflation trend arising from the national government policies calls for caution in the growth forecast. According to latest quarterly GDP data released by KNBS in September 2013, the inflation rose by compared to a growth .This is expected to erode the tax base upon which revenue projections for FY 2013/2014 were made . The elasticity of revenue with respect to output fluctuation is equal to or greater than one. A decline in GDP growth leads to a proportionate decrease in revenue. This means that our revenue projections needs to be cautious and in line with the revised macroeconomic assumptions.

25. Actual performance in 2012/13 has implications in the base used to project the revenue for these tax items in the FY 2013/14 and the medium term. Therefore, in updating the fiscal outlook the new base has been taken into account. In addition, the proposed Finance bill is expected to address the challenges relating to loss of revenue through corruption and evasion . and make the revenue collection more efficient and easier to comply with by tax payers. This is expected to enhance revenue yield from various sources.

26. The under-spending in both recurrent and development budget by the defunct local authorities for the FY2012/13 has no implication on the base used to project expenditures in the FY 2013/14 and the medium term due to increase in devolved functions

27. Measures to revamp agriculture through extension services and provision of supplies are expected to support our favourable growth prospects. In addition, we also expect our County to benefit from favourable economic activities in the sub counties including tourism, hospitality industry, and extraction activities, which is projected to be a major source of County economy. Meanwhile, peace and stability in the County is expected to boost investments in the private sector and boost consumption to stimulate growth.

### **III. RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK**

29. The economic environment has continued to improve, after the uncertainty in the first quarter of 2013. Going forward, the economic outlook remains favourable although risks remain.

#### **A. Recent Economic Developments**

30. Growth remained resilient, Nakuru county has seen increased economic activities including a robust construction industry, increased hospitality services supported by opening of more hotels, expansion in the horticultural sector, increase in sports tourism covering rugby, golf and football .

#### 31 Foreign investors indicators

Against the backdrop of finite funding from the national treasury and the County local sources the implementation of the 2013/2014 County infrastructural programme recently received a boost from foreign donors. In this respect the County will benefit from improvement in infrastructure in various sectors including education, roads and the health sectors. A project funded by the world bank solve the perennial storm water drainage is set to begin in the next four weeks and will target Nakuru west subcounty in kaptembwa a total of Ksh will be injected in the project.

Implementation of 2013/14 budget is progressing well after a slow start

32. Challenges in the movement to new IFMIS platform coupled will draw out disbursement of C.R.A delayed implementation of the FY 2013/14 budget by almost ten weeks. This has now been addressed and County government operations are continuing in earnest. However, expenditure pressures have emerged with salary and operational demands from the health and Agricultural sectors which were further devolved on 9th of August vide legal notice 157 of 2013. These poses risk to the stability of the budget for 2013/14 in the face of reduced revenue collection in the 1st quarter.

33. Revenue collection was Ksh 177 million in the first three month of the fiscal year 2013/2014 year against a target of 390 million a shortfall of Ksh 220 million. Enhanced administrative measures to address local revenue shortfall will therefore be required.

## **B. Economic outlook and policies**

34. The updated Economic framework is cautious given the weaker-than expected revenue performance in the first quarter of 2013/2014. Against this backdrop the County Government will continue with its policy of expenditure rationalization with a view to funding only core services and reducing costs through the elimination of duplication and inefficiencies.

Improvement in investment climate, coupled with administrative and legal reform is expected to improve the competitiveness of the county as leading business hub and a destination of choice for both domestic and foreign tourist.

### **35 Growth prospects**

There is much economic activity in other sectors than agriculture. One of the fastest growing activities is horticulture, especially flower farming. Kenya has proven to be a very competitive exporter of cut-flowers. New farms continue to be established, each one of them easily providing direct employment to 250 to 1,000 people. Pyrethrum is a natural insecticide and Nakuru County was one of the most important production areas in the world. The county government on assuming office embarked on strategizing on how to revive the pyrethrum sector which will see farmer embarks on growing of the crop which was the main stay of the county economy in the past. There is much economic activity in other sectors than agriculture. The County boasts 146 industrial plants and over 5,200 informal sector enterprises. A number of Banks and financial institution and institution of higher learning are increasingly set base within the county a pointer to an accumulation of financial and human capital.

## **C. Medium Term Fiscal Framework**

36. We will continue to pursue prudent fiscal policy to assure economic stability. In addition, our fiscal policy objective will provide an avenue to support economic activity while allowing for implementation of the programmes within sustainable public finances.

37. With respect to revenue, the County Government hope to maintain a strong revenue effort at 40 and 60 percent of estimated revenue of 2.5 billion in the first and second half of fiscal year 2013/2014. Measures to achieve this effort include automation of tax collection points in line with modern technology and improved tax compliance with enhanced administrative measures. The County Government will harmonize existing tax regimes offer tax reliefs incentives, widen the tax base in addition to the proposed 2013 finance bill that is under the



consideration by County Assembly, the county Government is reviewing all other tax legislations in order to simplify and modernize them as indicated in the FY 2013/14 Budget Speech.

37. Following the devolution of the tourism sector, the Government is engaging with stakeholders to develop a comprehensive policy and legislative framework covering licensing, revenue sharing, taxation and sustainable use of the resources. This will ensure that we derived maximum benefit from county parks and its heritage sites including lake Nakuru, Mt Longmont, Hell's gate among others. In addition, the county is counting on a draft bill to be introduced in the senate which will stipulate royalties to be paid to counties from natural resources found within its locality with high prospects expected in the power generation sector in form of geothermal power.

38. On the expenditure side, the County Government will continue with rationalization of expenditure to improve efficiency and reduce wastage. Expenditure management will be strengthened with adoption of the Integrated Financial Management Information System (IFMIS) across the county level. Above all, the new PFM Act, 2012 is expected to accelerate reforms in expenditure management system.

39. The fiscal stance envisages borrowing from Domestic Sources. Borrowing will be undertaken in a cautious manner and limited to bankable projects and the stated ceiling in the Medium-Term Debt Strategy Paper.

#### **D. Risks to the outlook**

40. The risk to the outlook for 2013 and medium-term include further weakening in National economic growth from 4.4 to 4.3 percent in the second quarter of 2013, as a result of slowdown in tourism sector. Tourism being one of the major main stay in the County economy, and with the proposal of the bed occupancy charges as a source of revenue in the proposed 2013 finance bill the inherent risk is bound to impact adversely on County revenue prospects. Also, reversal in the current easing of flower import tariff by the European union will impact on county revenue as it is a major component. Finally, the frequent sine die adjournment of sitting of members of county assembly to advocate for improved remuneration caused delays in implementation of budget as important legislations including finance bill and supporting laws

are shelved curtailing the legality of County governments in revenue collection . Should these risks materialize the county government will face bottlenecks in service delivery.

## **IV. RESOURCE ALLOCATION FRAMEWORK**

### **A. Adjustment to 2013/14 Budget**

41. Given the performance in 2012/13 and the updated economic outlook, the risks to the FY 2013/14 budget including a weaker revenue performance in 2012/13 and the medium term. Expenditure pressures with respect to salary demand of devolved functions including health agriculture, trade and water sectors which continue to persist, and so are operational demands for these sectors. In addition, implementation pace in the spending units continues to be a source of concern especially with regard to the delayed disbursement of funds and the implementation of Integrated Financial management system from the national treasury. These risks will be monitored closely and the County Government would take appropriate measures in the context of the next Supplementary Budget.

42. Adjustments to the 2012/13 budget will take into account actual performance of expenditure so far and absorption capacity in the remainder of the financial year. Because of the resource constraints, the County Government will rationalize expenditures by cutting those that are non-priority. These may include slowing down or reprioritizing development and operational expenditures in order for the Government to live within its means. Utilization of emergency funds will be within the criteria specified in the new PFM law.

43. Any review of salaries and benefits for the public sector workers will be conducted by the 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 harmonizing the salaries of employees of former defunct local authorities and central government for the devolved government.

44. In addition, the County Government will consider making decision to put on hold approval of any policy and proposed legislation, which establishes a new County sector agency with personnel and wage implications. All such establishments should await comprehensive restructuring of the county Government in accordance with the Constitution.

45. On the Revenue side, the County treasury is expected to institute corrective measures to reverse the revenue loss local sources. Options could include enhanced compliance audit of large Outstanding Property tax payers, targeted automation of highly potential but leaking

revenue sources, and speedy implementation of collection of other sources of taxes such as liquor licenses, park fees ,flower cess, royalties, advertisement and rental charges.

46. Devolved ministries collecting revenue will be expected to surrender them to the County revenue fund account as soon as possible.

### **B. Medium-Term Expenditure Framework**

47. Going forward, and in view of the recent devolved functions and limited resources, MTEF budgeting will entail adjusting non-priority expenditures to cater for the priority sectors. The County integrated development plan (2014-2017) is currently under preparation and will guide resource allocation, going forward. In the Meantime, the resource allocation will be based on the updated First County government budget approved in June 2013

48. The priority social sectors, including roads education and health, will continue to receive adequate resources. Both sectors (Roads and health) are already receiving a significant share of resources in the budget and require them to utilize the allocated resources more efficiently to generate fiscal space to accommodate other strategic interventions in their sectors. The economic sectors including agriculture and livestock will receive increasing share of resources to boost agricultural productivity with a view to deal with value addition and threats in food security in the country.

49. With the County Government's commitment in improving infrastructure countywide, the share of resources going to priority physical infrastructure sector, such as roads, streetlighting and water will continue to rise over the medium term. This will help the sector provide reliable security and boost the 24-hour economy and as well as increased access to water and development of irrigation projects countrywide. Other priority sectors including health, internal security, education and youth which will continue to receive adequate resources.

50. Reflecting the above medium-term expenditure framework, the table below provides the tentative projected baseline ceilings for the 2013 MTEF, classified by sector. The sector ceilings include sub county funds

**TABLE 4: TOTAL EXPENDITURE CEILINGS FOR MTEF Period 2014/2015-201617**

<b>NAME OF SECTOR</b>	<b>APPROVED 2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
<b>FINANCE</b>	1,251,716,311	1,376,887,942	1,514,576,736	1,666,034,410
<b>AGRICULTURE</b>	407,658,839	607,658,839	668,424,723	735,267,195
<b>HEALTH</b>	2,542,684,821	3,542,684,821	3,896,953,303	4,286,648,633
<b>ENVIRONMENT</b>	337,440,817	371,184,899	408,303,389	449,133,727
<b>EDUCATION</b>	726,284,677	798,913,145	878,804,459	966,684,905
<b>LANDS</b>	247,476,901	272,224,591	299,447,050	329,391,755
<b>ROADS</b>	1,304,884,495	1,435,372,945	1,578,910,239	1,736,801,263
<b>PUBLIC</b>	974,354,816	1,071,790,298	1,178,969,327	1,296,866,260
<b>TRADE</b>	526,779,966	579,457,963	637,403,759	701,144,135
<b>ICT</b>	196,065,844	215,672,428	237,239,671	260,963,638
<b>EXECUTIVE</b>	543,155,485	597,471,034	657,218,137	722,939,951
<b>TRANSFER TO COUNTY ASSEMBLY</b>	979,547,831	1,077,502,614	1,185,252,876	1,303,778,163
<b>TOTAL EXPENDITURE</b>	<b>10,038,050,803</b>	<b>11,946,821,517</b>	<b>13,141,503,669</b>	<b>14,455,654,036</b>

### **C. County Budgets and the Transfer of Functions**

51. A key challenge in developing the 2013/14 MTEF budget is the allocation of funds for transferred functions to the County. The County Governments come into operation after elections in March 4th 2013 and there was not enough information for Counties to develop their plans and budgets for 2013/14. the confusion was further compound by lack of clear information on C.R.A Allocation to counties. The release of two legal notices on devolved governments legal notice 16 and 157 of February and august 2013 forced the revision of the budget

52. As such, it will be critical to have the amount allocated by CRA non to counties early enough. The national government through the Transition Authority should ensure service delivery to the County Governments is not disrupted in line with provisions in the Constitution.. County Government on the other hand should ensure that institutions are constituted and their

capacities strengthened in order to enable them perform their assigned functions effectively and efficiently.

53. Although asymmetric transfer of functions is provided for in the Constitution, the national government should transfer equivalent funding. This will avoid a situation whereby counties have more functions transferred to them without commensurate funding.

#### **D. 2014/15 Budget framework**

54. The 2014/15 budget framework is set against the background County integrated development plan and the medium-term fiscal framework set out above.

Revenue projections

55. The 2014/15 budget will target revenue collection including Facility improvement funds (F.I.F) of Ksh 3.2 billion which translates to 30 percent of total expenditure. As noted above, this performance will be underpinned by on-going reforms in tax policy and revenue administration. As such, total revenues including Local revenue, CRA allocations and FIFs are expected to be Ksh 11 billion.

#### **Expenditure Forecasts**

56. In 2014/15, overall expenditures are projected to increase by 10 percent (or Ksh 1 billion) up from the estimated Ksh10 billion in the FY 2012/13 budget owing to more functions being devolved.

*Recurrent expenditures* are expected to decrease slightly from 70 percent of total expenditure in the FY 2014/15 to 67 percent of total expenditure in the FY 2014/15, on account of growth in nominal total expenditure.

- Debt repayments is expected to increase relative to total expenditure to 4 percent in 2014/15 from 3 percent in 2013/14,
- The wage bill is expected to stabilize at 35 percent of total expenditure in the FY2014/15.
- Transfers to County assembly and level five hospitals will remain at the 2012/13 nominal value.
- Expenditure ceilings on goods and services for sectors/ministries are based on funding allocation in the FY 2013/14 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.

The ceiling for *development expenditures* excluding donor funded projects will increase in nominal terms to Ksh 3.2 billion (30 percent of total expenditure) in the FY 2014/15 from Ksh 2.7 billion (27 percent of total expenditure) in 2013/14. Most of the outlays are expected to support critical infrastructure that will crowd in private sector investment.

56. A emergency provision of Ksh 70 million and Ksh 30 million for renewal of assets will be provided in the budget for 2014/15.

## **V. CONCLUSION AND NEXT STEPS**

57. The set of policies outlined in this CBROP reflect the changed circumstances and are broadly in line with the County integrated development plan and the fiscal responsibility principles outlined in the PFM law. They are also consistent with the national strategic objectives pursued by the County Government as a basis of allocation of public resources. Details of the strategic objectives are provided in the first County integrated development plan. . The policies and sector ceilings annexed herewith will guide the County sector working groups and line ministries in preparation of the 2014/15 budget.

58. As budgetary resources are finite; it is critical that CSWGs and Ministries prioritize their programmes within the available ceilings to ensure that use of public funds are in line with county government priorities. There is also need to ensure that current resources are being utilised efficiently and effectively before funding is considered for programmes. CSWGs need to carefully consider detailed costing of projects, strategic significance, deliverables (output and outcomes), alternative interventions, and administration and implementation plans in allocation resources.

59. The First County fiscal strategy paper (CFSP) will be finalised by December 2013, well ahead of the February 2014 deadline as per the 2012 PFM law. Finalization by this date will allow County Assembly to consider the CFSP .



**ANNEX 1: NAKURU COUNTY GOVERNMENT OPERATIONS 2013/2014 TO 2016/2017**

TOTAL REVENUE	2013/2014	2014/2015	2015/2016	2016/2017
	APPROVED BUDGET	CBROP	CBROP	CBROP
Land rates	910,000,000	1,001,000,000	1,101,100,000	1,211,210,000
Plot rent	210,000,000	231,000,000	254,100,000	279,510,000
Single business permit	300,000,000	330,000,000	363,000,000	399,300,000
Market fee	170,000,000	187,000,000	205,700,000	226,270,000
Building approval	85,000,000	93,500,000	102,850,000	113,135,000
Cess	100,000,000	110,000,000	121,000,000	133,100,000
Royalties	120,000,000	132,000,000	145,200,000	159,720,000
Stock/Slaughter fees	16,547,812	18,202,593	20,022,853	22,025,138
House rent	50,000,000	55,000,000	60,500,000	66,550,000
Advertising	85,000,000	93,500,000	102,850,000	113,135,000
Parking fees	235,000,000	258,500,000	284,350,000	312,785,000
Liquor licensing	30,000,000	33,000,000	36,300,000	39,930,000
County park fees	25,000,000	27,500,000	30,250,000	33,275,000
Water and sewerage	5,000,000	5,500,000	6,050,000	6,655,000
Other fee and charges	213,190,461	234,509,507	257,960,458	283,756,504
<b>TOTAL LOCAL SOURCES</b>	<b>2,554,738,273</b>	<b>2,810,212,100</b>	<b>3,091,233,310</b>	<b>3,400,356,641</b>
FIF	522,000,000	574,200,000	631,620,000	694,782,000
Conditional C.R.A	600,436,911	660,480,602	726,528,662	799,181,529
C.R.A	6,360,875,619	6,996,963,181	7,696,659,499	8,466,325,449
<b>TOTAL</b>	<b>10,038,050,803</b>	<b>11,041,855,883</b>	<b>12,146,041,472</b>	<b>13,360,645,619</b>
<b>EXPENDITURE</b>				
<b>Recurrent expenditure</b>				
Salaries & benefits	3,357,663,211	3,525,546,372	3,701,823,690	3,886,914,875
Operations	2,885,404,204	3,173,944,624	3,491,339,087	3,840,472,996
Other current expenditures	637,618,087	701,379,896	771,517,885	848,669,674
Domestic interest				
<b>Development</b>				
Domestically financed	2,786,135,990	3,204,056,389	3,684,664,847	4,237,364,574
Foreign financed	0			
<b>Capital transfers</b>				
Contingencies	50,000,000	75,000,000	112,500,000	168,750,000
Renewals fund	20,335,400	30,503,100	45,754,650	68,631,975
<b>Debt repayment</b>	300,893,911	451,340,867	252,242,323	
<b>Balance</b>	-	(119,915,363)	86,198,990	309,841,526
<b>Financing</b>				
Net foreign	0			
Domestic borrowing	0			
Repayment due	583,667,826	132,326,959.50	-	0
Financing Gap				

TOTAL REVENUE	2013/2014	2014/2015	2015/2016	2016/2017
	APPROVED BUDGET	CBROP	CBROP	CBROP
<b>Memo items</b>				
Domestic debt	583,667,826	252,242,323	0	0
<b>Capital transfers</b>				
Contingencies	50,000,000	75,000,000	112,500,000	168,750,000
Renewals fund	20,335,400	30,503,100	45,754,650	68,631,975
<b>Debt repayment</b>	300,893,911	451,340,867	252,242,323	
<b>Balance</b>	-	(119,915,363)	86,198,990	309,841,526
<b>Financing</b>				
Net foreign	0			
Domestic borrowing	0			
Repayment due	583,667,826	132,326,959.50	-	0
Financing Gap				
<b>Memo items</b>				
Domestic debt	583,667,826	252,242,323	0	0

## ANNEX 2: TOTAL EXPENDITURE CEILINGS FOR MTEF Period 2014/2015-2016/17

NAME OF SECTOR	APPROVED 2013/14	2014/15 CEILINGS	2015/16 PROJECTION	2016/17 PROJECTION
<b>FINANCE</b>	1,251,716,311	1,376,887,942	1,514,576,736	1,666,034,410
<b>AGRICULTURE</b>	407,658,839	607,658,839	668,424,723	735,267,195
<b>HEALTH</b>	2,542,684,821	3,542,684,821	3,896,953,303	4,286,648,633
<b>ENVIRONMENT</b>	337,440,817	371,184,899	408,303,389	449,133,727
<b>EDUCATION</b>	726,284,677	798,913,145	878,804,459	966,684,905
<b>LANDS</b>	247,476,901	272,224,591	299,447,050	329,391,755
<b>ROADS</b>	1,304,884,495	1,435,372,945	1,578,910,239	1,736,801,263
<b>PUBLIC</b>	974,354,816	1,071,790,298	1,178,969,327	1,296,866,260
<b>TRADE</b>	526,779,966	579,457,963	637,403,759	701,144,135
<b>ICT</b>	196,065,844	215,672,428	237,239,671	260,963,638
<b>EXECUTIVE</b>	543,155,485	597,471,034	657,218,137	722,939,951
<b>TRANSFER TO COUNTY ASSEMBLY</b>	979,547,831	1,077,502,614	1,185,252,876	1,303,778,163
<b>TOTAL EXPENDITURE</b>	<b>10,038,050,803</b>	<b>11,946,821,517</b>	<b>13,141,503,669</b>	<b>14,455,654,036</b>

**ANNEX 3: RECURRENT EXPENDITURE CEILINGS FOR MTEF Period 2014/2015-2016/17**

<b>NAME OF SECTOR</b>	<b>RECURRENT</b>	<b>APPROVED 2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
<b>FINANCE</b>	<b>Gross</b>	888,119,174	976,931,091	1,074,624,201	1,182,086,621
	<b>CRA</b>	688,151,408	756,966,549	832,663,204	915,929,524
	<b>CRF</b>	199,967,766	219,964,543	241,960,997	266,157,097
	<b>FIF</b>			-	-
<b>AGRICULTURE</b>	<b>Gross</b>	311,958,839	411,958,839	453,154,723	498,470,195
	<b>CRA</b>	273,014,818	343,014,818	377,316,300	415,047,930
	<b>CRF</b>	38,944,021	68,944,021	75,838,423	83,422,265
	<b>FIF</b>			-	-
<b>HEALTH</b>	<b>Gross</b>	2,147,577,621	2,997,577,621	3,297,335,383	3,627,068,921
	<b>CRA</b>	871,110,678	1,471,110,678	1,618,221,746	1,780,043,920
	<b>CRF</b>	754,439,943	954,439,943	1,049,883,937	1,154,872,331
	<b>FIF</b>	522,000,000	572,000,000	629,200,000	692,120,000
<b>ENVIRONMENT</b>	<b>Gross</b>	112,240,817	123,464,899	135,811,389	149,392,527
	<b>CRA</b>	69,801,685	76,781,854	84,460,039	92,906,043
	<b>CRF</b>	5,439,132	5,983,045	6,581,350	7,239,485
	<b>FIF</b>		-	-	-
<b>EDUCATION</b>	<b>Gross</b>	416,564,677	458,221,145	504,043,259	554,447,585
	<b>CRA</b>	324,964,677	357,461,145	393,207,259	432,527,985
	<b>CRF</b>	91,600,000	100,760,000	110,836,000	121,919,600
	<b>FIF</b>		-	-	-
<b>LANDS</b>	<b>Gross</b>	145,233,901	159,757,291	175,733,020	193,306,322
	<b>CRF</b>	65,920,212	72,512,233	79,763,457	87,739,802
	<b>FIF</b>		-	-	-
<b>ROADS</b>	<b>Gross</b>	613,634,495	674,997,945	742,497,739	816,747,513
	<b>CRA</b>	369,314,668	406,246,135	446,870,748	491,557,823
	<b>CRF</b>	244,319,827	268,751,810	295,626,991	325,189,690

NAME OF SECTOR	RECURR ENT	APPROVED 2013/14	2014/15	2015/16	2016/17
	<b>FIF</b>		-	-	-
<b>PUBLIC</b>	<b>Gross</b>	867,504,816	954,255,298	1,049,680,827	1,154,648,910
	<b>CRA</b>	763,964,355	840,360,791	924,396,870	1,016,836,557
	<b>CRF</b>	103,540,461	113,894,507	125,283,958	137,812,354
	<b>FIF</b>		-	-	-
<b>TRADE</b>	<b>Gross</b>	156,779,966	172,457,963	189,703,759	208,674,135
	<b>CRA</b>	8,418,534	9,260,387	10,186,426	11,205,069
	<b>CRF</b>	148,361,432	163,197,575	179,517,333	197,469,066
	<b>FIF</b>		-	-	-
<b>ICT</b>	<b>Gross</b>	25,962,054	28,558,259	31,414,085	34,555,494
			-	-	-
			-	-	-
<b>EXECUTIVE</b>	<b>Gross</b>	473,155,485	520,471,034	572,518,137	629,769,951
	<b>CRA</b>	473,155,485	520,471,034	572,518,137	629,769,951
	<b>CRF</b>		-	-	-
<b>TRANSFER TO COUNTY ASSEMBLY</b>	<b>Gross</b>	849,547,831	934,502,614	1,027,952,876	1,130,748,163
	<b>CRA</b>	549,548,019	604,502,821	664,953,103	731,448,413

**ANNEX 4: DEVELOPMENT EXPENDITURE CEILINGS FOR MTEF Period  
2014/2015-2016/17**

NAME SECTOR	OF DEVELOPMENT	APPROVED 2013/14	2014/15	2015/16	2016/17
<b>FINANCE</b>	<b>Gross</b>	363,597,137	399,956,851	439,952,536	483,947,789
	<b>CRA</b>	20,000,000	22,000,000	24,200,000	26,620,000.
	<b>CRF</b>	343,597,137	377,956,851	415,752,536	457,327,789
	<b>FIF</b>		-	-	-
<b>AGRICULTURE</b>	<b>Gross</b>	95,700,000	195,700,000	215,270,000	236,797,000
	<b>CRA</b>	68,000,000	118,000,000	129,800,000	142,780,000
	<b>CRF</b>	27,700,000	77,700,000	85,470,000	94,017,000

<b>NAME OF SECTOR</b>	<b>DEVELOPMENT</b>	<b>APPROVED 2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>FIF</b>		-	-	-
<b>HEALTH</b>	<b>Gross</b>	395,107,200	545,107,200	599,617,920	659,579,712
	<b>CRA</b>	346,656,037	446,656,037	491,321,641	540,453,804
	<b>CRF</b>	48,451,163	98,451,163	108,296,279	119,125,907
	<b>FIF</b>		-	-	-
<b>ENVIRONMENT</b>	<b>Gross</b>	225,200,000	247,720,000	272,492,000	299,741,200
	<b>CRA</b>	125,200,000	137,720,000	151,492,000	166,641,200
	<b>CRF</b>	100,000,000	110,000,000	121,000,000	133,100,000
	<b>FIF</b>		-	-	-
<b>EDUCATION</b>	<b>Gross</b>	309,720,000	340,692,000	374,761,200	412,237,320
	<b>CRA</b>	94,307,800	103,738,580	114,112,438	125,523,681
	<b>CRF</b>	215,412,200	236,953,420	260,648,762	286,713,638
	<b>FIF</b>		-	-	-
<b>LANDS</b>	<b>Gross</b>	102,243,000	112,467,300	123,714,030	136,085,433
	<b>CRA</b>	50,000,000	55,000,000	60,500,000	66,550,000
	<b>CRF</b>	52,243,000	57,467,300	63,214,030	69,535,433
	<b>FIF</b>		-	-	-
<b>ROADS</b>	<b>Gross</b>	619,250,000	681,175,000	749,292,500	824,221,750
	<b>CRA</b>	436,233,651	479,857,016	527,842,718	580,626,989
	<b>CRF</b>	255,016,349	280,517,984	308,569,782	339,426,760
	<b>FIF</b>		-	-	-
<b>PUBLIC</b>	<b>Gross</b>	106,850,000	117,535,000	129,288,500	142,217,350
	<b>CRA</b>	24,000,000	26,400,000	29,040,000	31,944,000
	<b>CRF</b>	82,850,000	91,135,000	100,248,500	110,273,350
	<b>FIF</b>		-	-	-
<b>TRADE</b>	<b>Gross</b>	370,000,000	407,000,000	447,700,000	492,470,000
	<b>CRA</b>	180,000,000	198,000,000	217,800,000	239,580,000
	<b>CRF</b>	190,000,000	209,000,000	229,900,000	252,890,000
	<b>FIF</b>		-	-	-

<b>NAME OF SECTOR</b>	<b>DEVELOPMENT</b>	<b>APPROVED 2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
<b>ICT</b>	<b>Gross</b>	170,103,790	187,114,169	205,825,586	226,408,144
	<b>CRA</b>	150,000,000	165,000,000	181,500,000	199,650,000
	<b>CRF</b>	20,103,790	22,114,169	24,325,586	26,758,144
<b>EXECUTIVE</b>	<b>Gross</b>	70,000,000	77,000,000	84,700,000	93,170,000
	<b>CRA</b>	70,000,000	77,000,000	84,700,000	93,170,000

## Annex 5: Nakuru County Budget Calendar for the FY 2014/2015

	ACTIVITY	RESPONSIBILITY	DEADLINE
1	Performance Review and strategic planning	Treasury	July-Aug 2013
	1.1 develop strategic plans	Depts and Agencies	"
	1.2 prepare integrated development plan	"	"
	1.3 Expenditure review	"	"
	1.4 Preparation of annual plans	"	
2	Develop and issue County budget guidelines	Treasury	30 <sup>th</sup> August 2013
3	Launch of sector Working Groups	Treasury	30 <sup>th</sup> August 2013
4	County integrated development plan submitted to county assembly	Treasury	1 <sup>st</sup> Sept. 2013
<b>5</b>	<b>Determination of Fiscal Framework.</b>	<b>Micro Working Group</b>	<b>20<sup>th</sup> Sept. 2013</b>
	5.1 Estimation of Resource Envelop	Treasury	"
	5.2 Determination of policy priorities	"	"
	5.3 Preliminary Resource allocation to sectors, Assembly & Sub Counties	"	"
	5.4 Draft County Budget Review and outlook paper (CBROP)	"	20 <sup>th</sup> Sept. 2013
	5.5 Submission and approval by cabinet	"	30 <sup>th</sup> Sept. 2013
	5.6 Tabling of CBROP TO County assembly	"	7 <sup>th</sup> Oct 2013
	5.7 Circulate the Approved CBROP to Accounting Officers.	"	14 <sup>th</sup> Oct 2013
	5.8 Capacity building for MTEF and item, project and Programme Based Budget	"	15 <sup>th</sup> Oct
<b>6</b>	<b>Preparation of County Budget Proposals</b>	<b>Line Ministries</b>	
	6.1 Draft Sector Report	Sector Working Group	15 <sup>th</sup> Nov. 2013
	6.2 Submission of Sector Report to Treasury	Sector Working Group	30 <sup>th</sup> Nov. 2013
	6.3 Review of the proposals	Treasury	15 <sup>th</sup> Dec. 2013
7	Stakeholders/Public participation	Treasury/DAs	Jan' 2014
<b>8</b>	<b>The 2013/2014 Supplementary Budget</b>		
	8.1 Develop and issue guidelines on the 2013/14 Revised Budget	Treasury	15 <sup>th</sup> Nov. 2014
	8.2 Submission of supplementary Budget proposals	Depts and Agencies	1 <sup>st</sup> Dec. 2014
	8.3 Review of the supplementary Budget proposals	Treasury	1 <sup>st</sup> Dec. 2014
	8.4 submission of supplementary budget proposals to cabinet	Treasury	15 <sup>th</sup> Jan. 2014
	8.5 submission of supplementary Budget proposals to County Assembly	Treasury	30 <sup>th</sup> Jan. 2014
9	Draft County Fiscal Strategy paper(CFSP)	Macro Working Group	
	9.1 Draft CFSP	Macro Working Group	1 <sup>st</sup> Feb. 2014
	9.2 Submission of CFSP to cabinet for approval	Treasury	10 <sup>th</sup> Feb. 2014
	9.3 Submission of CFSP to County Assembly for approval.	Treasury	16 <sup>th</sup> Feb. 2014
	9.4 Submission of Debt management strategy to County Assembly for approval.	Treasury	28 <sup>th</sup> Feb. 2014
<b>10</b>	<b>Preparation and approval of final DAs Programme Budgets</b>		
	10.1 Issue final guidelines on preparation of 2013/14 County Budget.	Treasury	28 <sup>th</sup> Feb, 2014
	10.2 Submission of Budget proposals to Treasury	Line Ministries	15 <sup>th</sup> Mar. 2014
	10.3 Consolidation of the Draft Budget Estimates	Treasury	1 <sup>st</sup> April 2014
	10.4 Submission of Draft Budget Estimates for county government to County assembly	Treasury	30 <sup>th</sup> April 2014

	<b>ACTIVITY</b>	<b>RESPONSIBILITY</b>	<b>DEADLINE</b>
	10.5 Review of Draft Budget Estimates by Departmental committee	Assembly	15 <sup>th</sup> May 2014
	10.6 Report on the budget and appropriation committee Draft Budget Estimates from County Assembly	Assembly	30 <sup>th</sup> May 2014
	10.7 Annual cashflow.	Treasury	15 <sup>th</sup> June 2014
	10.8 Submission of Appropriation Bill to County Assembly	Treasury	15 <sup>th</sup> June 2014
	10.9 Resolution of county assembly on Estimates and approval	Treasury	25 <sup>th</sup> June 2014