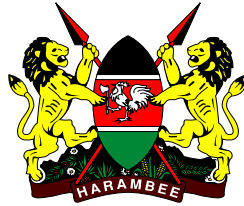


COUNTY GOVERNMENT OF KIRINYAGA



DEPARTMENT OF FINANCE & ECONOMIC PLANNING

COUNTY FISCAL STRATEGY PAPER 2019

February, 2019

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Kirinyaga County Fiscal Strategy Paper 2019

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FOREWORD

The County Fiscal Strategy Paper 2019 outlines the economic policies and sector priority programs to be implemented in the next MTEF period (2019/20- 2021/22) which mirrors the priorities from the Kirinyaga residents and as anchored in the County Integrated Development Plan, The ‘Mountain Cities Blueprint and also taking into account the National Government’s economic policy under the ‘Big Four’ agenda of Vision 2030.

The main objective of the CFSP is to strengthen past achievements over the last few years as well as trying to take into account the various challenges. It also seeks to identify opportunities geared towards realization of the county broad strategic mission as well as aligning the county towards realization of the broader Kenya Vision 2030. The policy goals, priority programs and fiscal framework are aligned to support achievement of the objectives of CIDP, alignment to the overall National Agenda, the Vision 2030. In addition, economic growth will be realized by focusing on implementation of programs tailored towards job creation and inclusive growth and prosperity in the County. This focus includes promoting industrialization activities through supporting value addition, improving food and nutrition security by supporting the agricultural sector and achieving universal health coverage.

The County Fiscal Strategy paper also outlines measures the County Government will put in place to be able to raise the required financial resource in financing the 2019/20FY budget and the Medium Term. This is taking into account the national government transfers to the county government and strategies on resource mobilization initiatives to enhance efficiency in local revenue.

HON. MOSES MIGWI MAINA

CECM FINANCE & ECONOMIC PLANNING

ACKNOWLEDGEMENT

Preparation of the 2019 CFSP has been a collective efforts by the County departments. A lot of effort and personal dedication have been spent, beyond office hours to ensure the 2018 County Fiscal Strategy Paper (CFSP) is successfully prepared as guided by the PFM Act. Profound gratitude goes to the Executive led by H.E The Governor for visionary leadership and guidance in the County.

Special gratitude goes to the preparation coordinating team that worked tirelessly throughout to transform raw data gathered from Public Participation Forums to this refined document. Special gratitude goes to the Heads of departments for their valuable submissions.

We also recognise the tireless efforts put in by officers in the Finance and Economic Planning to ensure successful completion of the document. These officers include Mr. Lawrence Karuoya (Director, Budget) Mbugua J. N. (Director Economic Planning), James Gitahi (County Budget Coordinator-Office of Controller of Budget) Economists from the department; James Kimaru, Gachomo Paul, Naomi Mumbi, Njau Sylvester, Muriu Joseph, Kiura Wilson and George Macharia (From Economic Planning Department).

To these officers and all others not individually mentioned who took part in this exercise, you remain a credit to this county.

PATRICK MUGO

CHIEF OFFICER – FINANCE AND ECONOMIC PLANNING

ABBREVIATIONS

ATC	Agricultural Training College
BPS	Budget Policy Statement
CA	County Assembly
CBK	Central Bank of Kenya
CBROP	County Budget Review and Outlook Paper
CRA	Commission on Revenue Allocation
CBEF-	County Budget and Economic Forum
CE	County Executive
CDDC	Community Driven Development Committee
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
CBR	Central Bank Rate
ECDE	Early Childhood Education
DANIDA	Danish International Development Agency
FY	Financial Year
GDP	Gross Domestic Product
G-Pay	Government Payment System
ICT	Information Communication Technology

IFMIS	Integrated Financial Management Information System
KNBS	Kenya National Bureau of Statistics
KARI	Kenya Agricultural Research Institute
KRA	Kenya Revenue Authority
MTP	Medium Term Plan
MTEF	Medium Term Expenditure Framework
M&E	Monitoring and Evaluation
PFM	Public Finance Management
PPP	Public Private Partnership/ projects
SME	Small and Medium Enterprises
SDG	Sustainable Development Goals
PBB	Program Based Budgeting
SBP	Single Business Permit

1.0 INTRODUCTION

1.1 Overview & Legal Basis for County Fiscal Strategy Paper

The 2019 County Fiscal Strategy Paper is the sixth to be prepared by the County Government of Kirinyaga since the onset of devolution. This CFSP is anchored to the National Government Budget Policy Statement under the theme ‘harnessing “the big four” plan for job creation and shared prosperity’ This CFSP will provide basis for preparation of the budget estimates for FY 2019/20 and MTEF budget for 2019/20-2021/22.

The preparation of the County Fiscal Strategy Paper (CFSP) is guided by Section 117 of the Public Finance Management Act, 2012 and the County Government Public Finance Management Regulation Numbers 25-28 of 2015, which requires the County Treasury to prepare and submit CFSP to County Executive Committee for approval. After approval by the Committee, the County Treasury is obligated to submit the approved copy to the County Assembly, latest 28th of February. The County assembly is expected to adopt the CFSP, with or without amendments within fourteen days.

The Preparation of CFSP seeks the views of Key Individual Government institutions listed as The Commission on Revenue Allocation (CRA), County Departments, Controller of Budget, National Treasury (BPS), forums recognized by legislation (e.g. CBEF), Other stakeholders and most importantly the Public who by law (The Public Finance Management Act 2012 Section 125 (2)) are the main stakeholders during the Budget Making process. Other than aligning the County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement, the CFSP 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. Other requirements includes but not limited to:

- The financial outlook with respect to County Government revenues, expenditures and borrowing for the coming financial year and over the medium term.
- The County Treasury shall publish and publicize the County Fiscal Strategy Paper within seven days after it has been submitted to the County Assembly.

1.2 Fiscal Responsibility Principles

In line with the Constitution, The Public Finance Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudent and transparent management of public resources. Section 107(1-2) of Public Finance Management Act states that: In managing the County Government's public finances, the County Treasury shall enforce the following Fiscal Responsibility principles-

1. Over the medium term, a minimum of 30 percent of the national and county budgets shall be allocated to development expenditure
2. 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 County Government Public Finance Management 2015 regulations.
3. Over the medium term, the national and County Government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure. Note that the County Government of Kirinyaga is yet to borrow funds from financial institutions.
4. Public debt and obligations shall be maintained at a sustainable level as approved by Parliament for the National Government and the County Assembly for the County Governments.
5. Fiscal risks shall be managed prudently; and
6. A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future. The Kirinyaga County Finance Act 2015 is currently in force.

1.3 Outline of the 2019 Kirinyaga County Fiscal Strategy Paper

The whole of this CFSP is organized as follows;

Chapter 1 gives an Introduction on the various laws & regulations governing the preparation of the CFSP, plus the fiscal responsibility principles governing the budgeting process.

Chapter 2 outlines the economic context in which the 2019/20 MTEF budget is prepared. It provides an overview of the recent economic developments and the macroeconomic outlook covering the global, national and county domestic scene.

Chapter 3 provides policy framework for ‘The Wezesha Program’ which is the empowerment pillar of the Mountain Cities blueprint

Chapter 4 is about Fiscal Policy Management, and it outlines the fiscal framework that is supportive of growth over the medium-term, while continuing to provide adequate resources to facilitate execution of policy priorities of the County Government of Kirinyaga. The chapter also outlines compliance of 2019/20FY Budget with the fiscal responsibility principles citing the anticipated Specific Fiscal Risks for the same period.

Chapter 5 gives a detailed analysis of the Medium Term Expenditure Framework. It presents the resource envelope and spending priorities for the proposed 2019/20 MTEF Budget and the Medium Term. Sector achievements and priorities are also reviewed for the period.

2.0 RECENT ECONOMIC DEVELOPMENT AND OUTLOOK

2.1 Overview

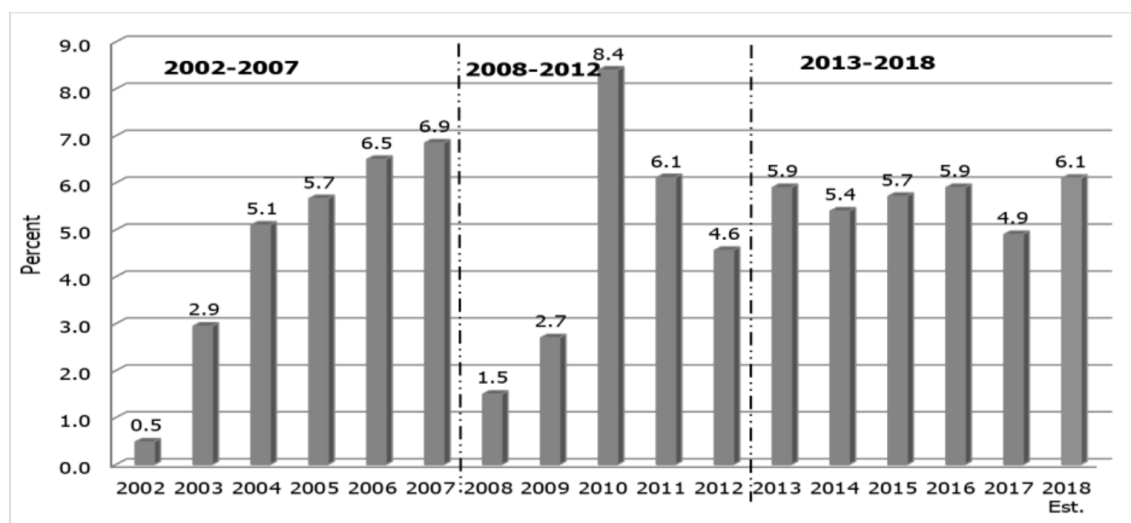
This chapter highlights the economic performance with effects both at the national and county level. The county’s economic performance is hugely dependent on National government’s sound economic policy formulations and implementation.

2.2 Macro-Economic Performance Indicators

2.1.1 National Economic Performance

Kenya’s economic growth has remained strong and resilient even under emerging global challenges, supported by strong public and private sector investment and appropriate economic and financial policies. The broad-based economic growth has averaged 5.6 percent for the last five years outperforming the average growth rate of 4.7 percent in the period 2008 to 2012 and 4.6 percent in the period 2002 to 2007.

Trends in Kenya’s Economic Growth



Source: Kenya National Bureau of Statistics

The value of goods and services produced raised Per Capita Income from Ksh 113,539 in 2013 to an estimated Ksh 190,521 in 2018, a 67.8 percent increase. This enabled generation of around

840,000 new jobs per year in the period 2013-2018 up from 656,500 new jobs per year in the period 2008-2012.

Inflation Rate

Inflation rate was highly volatile in the period 2008-2012 and averaged 10.6 percent compared to the period 2003-2007 when it averaged 8.5 percent. The sharp increase in inflation rate in the year 2008 to 2010 was occasioned by internal shocks (post-elections disruptions and unfavorable weather conditions) and external shocks (high crude oil prices and global financial crisis). The tightening of monetary policy, together with an easing in global food and fuel prices, saw the levels of inflation come under control in 2012.

Inflation has been low, stable and within the Government target range of 5+/-2.5 percent in the period 2013 to 2018 (averaging 6.4 percent) as a result of prudent monetary and fiscal policies. The inflationary pressure witnessed in 2017 due to drought that affected food prices eased in 2018 supported by improved weather conditions that resulted in lower food prices.

Month-on-month overall inflation remained stable and within target at 5.7 percent in December 2018 from 5.6 percent in November 2018, owing to a decline in food prices particularly maize, onions and tomatoes following improved weather conditions and a decline in energy prices following lower costs in prices of electricity and diesel. However, overall Inflation increased from 4.5 percent in December 2017 to 5.7 percent in December 2018 on account of an increase in international oil prices.

Interest Rates

Interest rates have been low and stable for the period 2002 to 2011 due to ample liquidity in the money market. However, interest rates increased in 2012 following tight monetary policy stance in order to ease inflationary pressures. Interest rates remained stable and low in the period 2013-2018 except June –

December 2015 when world currencies were under pressure. During the period, the policy rate (Central Bank Rate) was adjusted appropriately to anchor inflation expectations. The Central Bank Rate was reduced to 9.0 percent on 30th July 2018 from 9.5 percent in March 2018 as there was room for easing monetary policy stance to support economic activity.

Performance in various economic sectors

Agricultural sector

Agriculture sector recovered and recorded growth of 5.2 percent in the third quarter of 2018 compared to a growth of 3.7 percent in a similar quarter of 2017, supported by improved weather conditions. This enabled the agriculture sector to contribute 1.0 percentage points to GDP growth in the third quarter of 2018 compared to 0.7 percentage points in the same period in 2017. The current recovery in the agriculture sector is broad-based and reflected in the expansion of output of key food and cash crops such as tea, coffee and fruits.

Non Agricultural sector

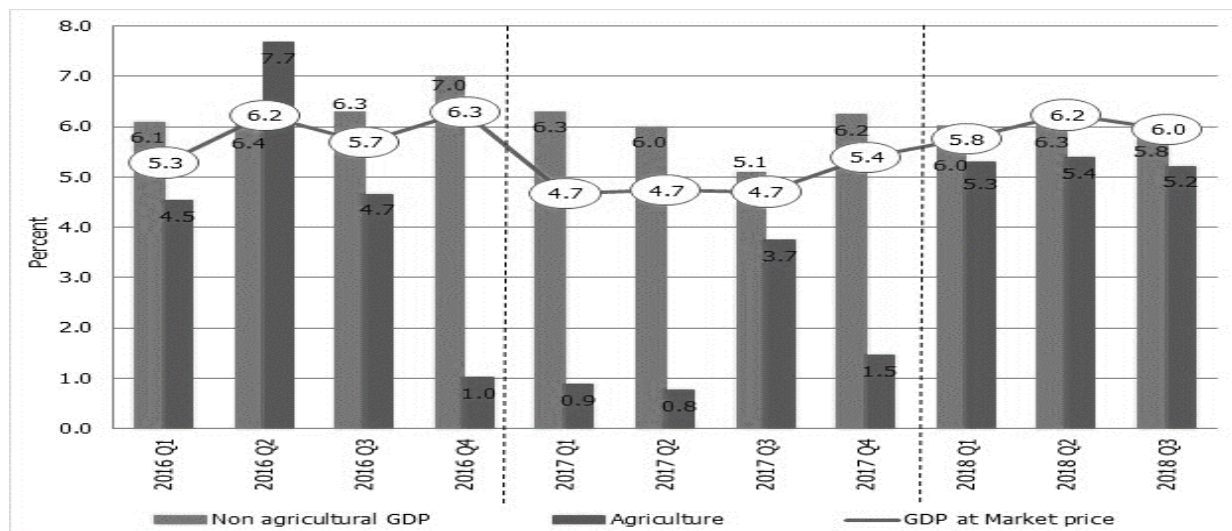
The Non-agricultural sector (service and industry) remained vibrant and grew by 5.8 percent in the third quarter of 2018 up from a growth of 5.1 percent in a similar quarter in 2017. It has the largest percentage points to real GDP growth at 4.0 percentage points mainly supported by the service sector.

Services remained the main source of growth and expanded by 5.9 percent in the third quarter of 2018 compared to a growth of 5.6 percent in the same quarter in 2017. The service sector was supported by improved growth in accommodation and restaurant (16.0 percent), wholesale and retail trade (6.8 percent), transport and storage (5.4 percent) and financial and insurance (2.6 percent). Growth of activities in information and communication (9.1 percent) and real estate (5.8 percent) remained vibrant despite the slowdown relative to the same quarter in 2017.

Services contributed 3.1 percentage points to real GDP growth in the third quarter of 2018 largely supported by wholesale and retail trade (0.6 percentage points), Real Estate (0.5 percentage points) and Transport and storage (0.4 percentage points).

The performance of Industry improved to a growth of 5.1 percent in the third quarter of 2018 compared to a growth of 2.3 percent in the same quarter in 2017 following increased activities in the manufacturing, construction and electricity and water supply sectors. The recovery of the manufacturing sector was attributable to agro-processing activities that benefitted substantially from increased agricultural production.

Economic performance (percentage growth)



Source: Kenya National Bureau of Statistics

2.3 Impacts of Micro-Economic performance in the County

Expanding of Kenya’s economy leads to more opportunities in increased employment opportunities, increased production which are directly linked to the county’s economy. This further, is directly linked to National Government policies which among them is transfers to counties.

Continued stability in the Kenya currency is important to safeguard the local economy which mainly depends on tea, coffee and horticulture.

International oil prices and local fuel prices has a direct impact in the county economy. This coupled with the VAT on fuel coming into force affected cost of living especially in the transport sector.

National government has continued to maintain inflation rate at targeted levels which overall results in cushioning cost of living increment pressures.

2.4 Review and Outlook for the Medium Term

2.4.1 Fiscal Performance review

The approved second supplementary budget 2017/18 FY amounted to KShs. 5.244 Billion. Recurrent expenditure estimates allocated 64% at KShs 3.369 Billion and Development expenditure estimates at 36% with KShs. 1.875 Billion.

Recurrent expenditure for 2017/18 FY amounted to Ksh 3.717 Billion against an allocation of 3.985 Billion. This represents utilization of 93.28 % of the total budgetary allocation.

Development expenditure amounted to Ksh 706.4 Million which represents utilization of 41.3% of the budget.

Own source revenue for 2017/18 amounted to Ksh 344.4 Million. This is an improvement of Ksh 23.7 Million from 2016/17 FY. It is worth noting that revenue collection in fourth quarter amounted to Kshs 134.9 Million, an increase of 66.6 Million from similar period in 2016/17 FY.

Total cumulative recurrent expenditure for Q2 excluding that of county assembly for 2018/19 FY amounted to KShs. 1358.8 Million. The major contributor to the first quarter expenditure is the County Health services sector with 59.7% of the expenditure. Total Q2 recurrent expenditure for this sector amounts to KShs. 810.9 Million which represents a 50% expenditure against total approved recurrent budget for this sector. Other main contributors to Q2 cumulative recurrent expenditure includes; County Executive (13.3%), Finance & Economic planning (10.3%) and Agriculture at 6.1%

Recurrent expenditure for the period under review showed an increase of 66,274,279 compared to a similar period for 2017/18 FY

ENTITY	APPROVED RECURRENT BUDGET 2018/19	Cumulative Q2 Rec Expenditure	Total Cumulative Utilization of Recurrent Budget
County Assembly	601,734,809		
County Executive	461,171,843	180,052,651	39%
Finance and Economic Planning	304,647,247	140,036,111	46%
County Health Services	1,628,817,358	810,960,036	50%

Education	241,200,427	45,266,976	19%
Agriculture, Livestock and Fisheries	173,431,599	83,471,200	48%
Gender, Culture, Children and Social Services	37,538,139	12,414,612	33%
Youth and Sports	19,506,969	6,407,975	33%
Trade, Co-operatives, Tourism Industrialization and Enterprise Development	43,134,726	11,296,001	26%
Environment, Water and Natural Resources	76,225,182	35,880,037	47%
Lands, Housing and Urban Development	19,689,018	6,930,638	35%
Transport and Infrastructure	64,294,307	26,128,388	41%
TOTAL	3,671,391,624	1,358,844,625	

Source: county treasury

Development expenditure for the first half of 2018-19FY for County Executive entities amounted to Kshs. 271.4 Million. This indicates an improvement from a similar period in 2017/18 FY which didn't record any development expenditure. Executive and Finance departments recorded expenditure of 25% and 34% respectively of their total development allocation. Transport and Infrastructure showed huge improvement in absorption of development allocation in second quarter from 1% in first quarter to 20% by end of second quarter. In addition, the rest of the departments also indicated improvement from the first quarter expenditures.

2.4.2 Outlook for the Medium Term

The County's economic growth will largely take into account economic growth in the whole country. Favorable local and International markets for locally produced goods especially the coffee, tea, rice and horticultural sectors holds key to the county's economic growth prospects. Growth in the SMEs sector will consequently be supported by this improved earnings from the agricultural sector.

The County's economic growth is also expected to improve over the medium term through implementation of the 'Mountain Cities' Economic Blueprint focusing on agricultural value addition, tourism and hospitality investments in the resort city, and promotion of organic farming in the green city in Mwea area targeting the export markets. Also provision of universal healthcare through transformative health systems in the Kerugoya County Referral hospital.

These efforts will also be supported by implementation of the national Governments Big Four plan of sustained investment in infrastructure, strong agricultural production due to improved weather

conditions, buoyant services sector, and continued recovery in tourism, increased investor and consumer confidence, and macroeconomic stability.

2.5 Risks to the Economic Outlook

The 2018-19FY budget implementation is likely to be affected by the National Governments changes in revenue and expenditure adjustments. This will result downward revision to the Equitable Share allocation to the County. The County Government will mitigate this risk by reorganization of the budget to reduce pressures especially in the non-core expenditures.

The County is also exposed to expenditure pressures resulting from a huge wage bill. Industrial actions by health workers resulted in increments in employee compensations. This is in addition to recommendations by the SRC to effect Phase I&II, in 2017-18 and 2018-19 Financial Years respectively, of public service salary review which resulted in further rise to wage bill.

The County Government will constantly monitor the risks and take appropriate measures to mitigate them.

2.6 CFSP compliance to Fiscal Responsibility Principles

In compliance with section 107 (2) (a) of PFMA 2012 and the PFMA Regulations 2015 section 25 (1) (d), (e) the County Government has continued to maintain a balanced budget in terms of available revenue equals the expenditure. Therefore the government doesn't envisage borrowing to finance the budget.

The County Government has also continuously complied with section 25 (1) (g) (h) of the Regulations. The Government has over the past three years allocated at least 30% towards development expenditure in the budgets. During FY 2016-17, development expenditure has been allocated 30.69% (KShs. 1.358 Billion). Going forward, in the revised 2017-18 FY supplementary budget, the County Government has also allocated 30% (1.709 Billion) towards development expenditure.

3.0 ECONOMIC PROSPERITY FOR A DIGNIFIED LIFE FOR ALL

3.1 The Mountain Cities Blueprint, 2032

The County Government of Kirinyaga as embarked on implementation of the economic blueprint that seeks to better the lives of the Citizens Kirinyaga. The fifteen years (15) vision seeks to economically empower the Citizens while advocating for social transformation in a bid to embrace contemporary accepted cultural reforms. The Implementation of the Blueprint is anchored on three pillars:

Economic Empowerment: In order to reinvent the economies of the County we will need to create an enabling environment to make it easier for interested businesses and developers to invest in the community in ways that support the community's long-term priorities.

Investment in youth and women to engage in meaningful employment through supporting business growth strategies to cut the unemployment rate.

Utilization of natural heritage assets and arable land is also a key pillar to unlock the growth potential which has remained underutilized over the years.

These interventions will include: Facilitating private-sector investment, which include streamlining the development process, providing technical assistance, and creating informational guides.

Social Transformation:

The Mountain Cities Development Strategy intends to invest in its natural assets by protecting resources that can better attract and retain residents, tourists, and businesses who value clean air and water and natural landscapes.

While a small County like Kirinyaga can face more significant challenges than her larger counterparts, she also has great opportunities. The foundations above show how this community facing a diversity of challenges seeks to successfully redesign its economies to fit the changing economic climate. As a small County, with limited resources, Kirinyaga must be adaptive,

accountable thinking beyond just being a good place to do business and focused on using its distinctive assets for economic development. H.E Ann Waiguru understands this and effectively articulates the integration of the economic development activities. Her strategy breaks these activities into efforts to support and nurture those features that make the community of Kirinyaga distinctive and Africa's premiere Mountain Cities.

Public Sector Reform: Our Constitution designed devolution to succeed in the interest of the citizens. Cooperation and interdependence is our competitive advantage as a Nation. County Government, National Government and communities are more likely to be successful in part because entities with different missions work together to make the County of Kirinyaga a better place to live and work. Cooperation within the County and across the region to achieve jointly established priorities helps leverage the assets that each can bring to the table to make the most of the region's resources.

Public sector reforms can be achieved through;

- a) Strong, focused, goal-oriented, sector-based partnerships to ensure that there is collaboration within and across sectoral teams;
- b) A sound fiscal strategy;
- c) An integrated mid-term public financial management system; and
- d) An effective performance management framework that is results driven for service delivery at every level

3.1.1 The Wezesha Program

This is a multi-sectoral economic empowerment program that seeks to transform the lives of youths, women and Persons Living with Disabilities in Kirinyaga County.

The County Government of Kirinyaga shall implement the program by carrying out an analysis of Income trends, identifying the groups amongst Youths, Women and PWDs with low income trends, and developing interventions geared towards shifting the income trends for the better. In this endeavor, the County Government of Kirinyaga has established a dedicated unit to oversee the Wezesha implementation process and is currently institutionalizing community driven development planning and implementation framework.

To successfully implement this programme, it is important that all departments deliberately harmonize management of their resource envelopes and adapt Wezesha focused budgeting process.

For purposes of coordination, this program will be domicile at the departments of Gender and social services. Key players in implementation of the program shall be the departments of: (a) Youth and sports, (b) Agriculture, Veterinary, Livestock and Fisheries and (c) the Department of Education and Public Service. The key player departments were identified based on the program's Focus groups (Youth, Women and Abled Differently Persons.), however, the program is a multi-sectoral program and therefore all departments will be required to integrate their work plans and Budgets with the broad objectives of the program.

This policy therefore serves to direct the departments to ensure that budget preparation process is Wezesha focused and that each of the departments shall be required to ensure their budget have a programme that fully demonstrates compliance with the objectives of Wezesha.

This program has the following main objectives;

- ✓ Economically empower the youth, women and PWDs thereby enabling financial independence among the target groups
- ✓ Generate wealth for the county by creating jobs for the youth, women and PWDs.
- ✓ Transform the target groups by equipping them with knowledge on contemporary, socially acceptable means of livelihoods and proper management of resources.

This program has four apex points;

1. Value Chain identification
2. Sacco formation
3. Savings and Investment
4. Training and Capacity building

Main Strategic Focus Areas

This program will focus on Projects that have high impact on the target group with easily achievable results in the following areas;

- ✓ Dairy value addition
- ✓ Poultry farming
- ✓ Formulated flour production – sweet potatoes, cassava and baking services

- ✓ Rabbit keeping
- ✓ Pigs rearing
- ✓ Banana plantations
- ✓ Horticulture i.e. chilies, tomatoes, French beans, capsicum etc
- ✓ Apiary
- ✓ Cereals i.e. rice agro-processing
- ✓ Fruit tree seedling propagation

4.0 FISCAL POLICY AND MANAGEMENT

The fiscal framework for the FY 2019/20 Budget is based on the County Government's policy priorities and macroeconomic policy framework set out in **Chapter II and Chapter III**. With limited resource envelop expected over the medium term, strict prioritization by County Departments are therefore expected where they will have to adopt the culture of doing more with less that is available. To achieve this, we need to ensure that:

- Spending is directed towards the most critical needs of the county and is well utilized;
- More outputs and outcomes are achieved with existing or lower level of resources; and
- County Departments request for resources that are realistic and take into account the resource constraints.

Compliance with Fiscal Responsibility Principles

Section 107(2) of the PFM Act 2012 requires that County Governments allocate a minimum of 30 percent of their budget to development expenditure. The County Government's allocation to development expenditures has been above the 30 percent of its total expenditures. In the FY 2017/18, the allocation to development in the revised budget was 30 percent of the total expenditures meeting the set threshold. The County spent Kshs.4.59 billion, which was 97.7 per cent of the total funds released for operations. This was an increase of 8.2 per cent from Kshs.4.25 billion spent in FY 2016/17. A total of Kshs.3.87 billion was spent on recurrent activities while Kshs.722.27 million was spent on development activities. The recurrent expenditure was 97.3 per cent of the funds released for recurrent activities, while development expenditure was 99.5 per cent of funds released for development activities. In the fiscal outlays presented in this CFSP, the County Government continue to observe this requirement and will allocated above 30 percent of total expenditures to development in FY 2019/20 and over the medium term.

Section 25(1)(b) of the PFM (County Governments) Regulations, 2015 requires that County Governments' wage bill shall not exceed 35 percent of their total revenue. The County Government share of wages and benefits to revenues is currently at 44% and is projected to reduce over the medium term. Kirinyaga County inherited a huge workforce from the defunct local authorities and personnel attached to devolved functions whereas the horizontal revenue sharing

criterion between counties does not consider expenditure need occasioned by uneven distribution of personnel. The County will however only employ/replace essential personnel which will contain the total expenditure on salaries & allowances while at the same time the county revenues are expected to increase over the medium term thus reducing the wage bill.

On the principle of maintaining a reasonable degree of predictability with respect to the level of tax rates and tax bases, the County Government continues to carry out tax reforms through modernization by implementing a revenue collection and management system which was budgeted for in the Financial Year 2018/2019 budget. The County Government has also reviewed taxes, fees & charges in the Revenue Laws (Amendments) Act, 2018 and the Finance Act, 2018 but the bills were subjected to public participation for citizenry approval.

Statement of Specific Fiscal Risks

To address its deteriorating fiscal position, arising from the projected revenue shortfall in FY 2018/19, the National Government has cut back on its spending commitments. The spending cuts were however, inadequate to cover the entire shortfall and the National Treasury has proposed that Counties' equitable share allocation for FY 2018/19 be reduced by Ksh 9 billion

As envisioned in Article 217 as well as the Six Schedule of the constitution, CRA is in the process of developing and recommending the third basis for allocating revenue raised nationally among the County Governments. The current formula has put Kirinyaga County at a disadvantage since Kirinyaga has a small land area and low poverty rate. The County has proposed for inclusion of additional parameters like contribution to national GDP and redistribution of weights accorded to each parameter in an effort to make the formula more equitable.

The actual performance of fiscal aggregates vis-à-vis target was below target. Total revenue between FY 2013/14 and FY 2017/18 underperformed its target which affects full budget implementation.

The slower-than-programmed spending on development budget poses a risk to the fiscal program. The County is however working to prevent this risk from materializing and improve efficiency of public investments. The County has established the Projects implementation Committee which is

responsible for ensuring that all projects are completed on a timely basis and as per the contracts in order to get value for money.

Post-disaster needs assessment indicates that the natural disasters experienced in the recent past have adversely impacted key sectors for instance, the drought in 2016 adversely affected the growth of the agricultural sector. Furthermore, the floods experienced in 2018 impacted on agriculture, infrastructure such as electricity poles and transformers, roads, bridges and therefore affect households both directly and indirectly.

The world is expected to get warmer majorly due to human activity and natural variability. Climate risks pose grave threats to development goals through physical consequences that include changed precipitation patterns, more intense and frequent extreme weather events, and increased prevalence of vector-borne diseases as well as catastrophic events, such as prolonged droughts and flooding.

The delayed finalization and adoption of a pension/retirement scheme for County Governments continues to present a major fiscal risk in terms of how projected liabilities are to be funded, the burden on future budgets and the welfare of personnel retiring from County public service.

5.0 MEDIUM TERM EXPENDITURE FRAMEWORK

5.1 Resource Envelope

As in the Previous Financial Years, Resource Envelope projections for the 2019/2020 FY and in the Medium Term will depend on equitable share, conditional grants and Other Loans and grants as contained in the County Allocation of Revenue Act 2019, plus local revenue to be collected as per the County Finance Act .

Table 1: Resource Envelope

KIRINYAGA COUNTY GOVERNMENT			
REVENUE SOURCES			
DESCRIPTION	FY 2017/18	FY 2018/19	PROJECTED FY 2019/20
Equitable Share	4,409,200,000	4,113,400,000	4,061,000,000
Allocation - User Fees Foregone	11,282,570	11,282,570	11,282,570
Allocation of Roads Maintenance Fuel Levy Fund for Repair and Maintenance of County Roads	150,752,571	108,302,240	117,691,219
Local Revenues	600,000,000	650,000,000	450,000,000
Grant for Youth Polytechnics	37,339,283	52,210,000	52,210,000
Loans and Grants (NARIGP, THSUCP, DANIDA, KDSP, KUSP)	121,189,495	317,598,693	519,396,956
Rolled over Funds	365,238,098	900,123,444	
TOTAL REVENUES	5,695,002,017	6,152,916,947	5,211,580,745

Source: County Treasury

County Allocation of Revenue Act (CARA 2018) allocated Kirinyaga County equitable share amounting to 1.31% of the total sharable revenue. This amounted to **4113.4 Million**. However, through recommendations by the National Treasury in National Government’s supplementary

budgets, proposed revised equitable share will be lower to **Ksh. 3995.0 Million** subject to approval by parliament.

The Budget Policy Statement (2019) proposes a total County Equitable share of **KShs 310 Billion** to be shared amongst the 47 Counties from the current **Kshs. 304 Billion**.

As envisioned in Article 217 as well as the Six Schedule of the CRA is in the process of developing and recommending the third basis for allocating revenue raised nationally among the County Governments. For the moment, horizontal distribution of County Governments' equitable revenue share allocation for FY 2019/20 is based on the current formula, which uses six parameters with specific weights, namely: population (45 percent); basic equal share (26 percent); poverty (18 percent); land area (8 percent); fiscal responsibility (2 percent) and development factor (1 percent). Each additional conditional allocation is distributed based on its objectives, criteria for selecting beneficiary Counties and distribution formula.

Using the above criteria, the BPS proposes Kirinyaga County to be allocated 1.31% of the total county sharable revenue in 2019/20FY.

In 2019/20 the BPS proposes that The County will be allocated **4061 Million** as equitable share and Conditional Grants amounting to **Kshs 313 Million**. The Conditional grants include: Compensation for User fees foregone, Road Maintenance Fuel Levy Fund, Rehabilitation of Polytechnics, and Leasing of Medical equipment which is implemented by the National Government through the Ministry of Health.

Further, the county expects to benefit from **other loans and grants** amounting to **Kshs 519.3 Million** towards programs; KDSP, NARGIP, KUSP, DANIDA, THSUCP.

For purposes of planning, this Paper sets the sharable revenue for the County at **Kshs 4061 Million** and projects a target of **Kshs 450,000,000** in Local revenue to supplement equitable share, giving the county a resource envelop of **Kshs 4511 million** excluding **Conditional grants** and **Other Loans and Grants**.

At this point it is worth noting that this figures (as highlighted by BPS) are subject to change and that County Allocation of Revenue Act 2019 shall set out the actual County equitable share and specific allocations for other loans and grants.

The County has initiated inclusion of private sector in implementation of projects through Private Public Partnership (PPP) Program. Going forward, the County also endeavors to source for development partners to bridge the resource gap. The PPP program and Sourcing of Donor Funding are measures taken in order to strengthen the resilience of County's economy and accelerate industrialization as enshrined in the National governments '**Big Four Plan**' and County's **Mountain Cities Blueprint, 2032**.

5.2 MTEF Priorities

5.2.1 National Priorities

The national government's Budget Policy Statement shows that national priority sectors will continue to implement programs and Policies under the 'Big Four Plan' enabled under the pillars of 'Economic Transformation Agenda'. This year's BPS seeks to harness the Big Four Plan for jobs creation and shared prosperity; through: (i) Supporting value addition and raising the manufacturing sector's share to GDP to 15 percent by 2022. This will accelerate economic growth, create jobs and reduce poverty; (ii) Focusing on initiatives that guarantee food security and nutrition to all Kenyans by 2022 through expansion of food production and supply, reduction of food prices to ensure affordability and support value addition in the food processing value chain; iii. Providing Universal Health Coverage thereby guaranteeing quality and affordable healthcare to all Kenyans; and, (iv). Providing at least five hundred thousand (500,000) affordable new houses to Kenyans by 2022, and thereby improving the living conditions for Kenyans.

The 2019 budget policy statement reflects significant capital investments in six key thematic areas. These investment will be geared towards;

- a) Conducive Business Environment for Investment and Job Creation

- b) Investing in Infrastructure Development to Unlock Growth Potential and Drive “The Big Four” Plan
- c) Investing in Sectoral Transformation for Broad Based Sustainable Economic Growth
- d) Enhancing Service Delivery through Devolution
- e) Investing in Kenyans for a Shared Prosperity
- f) Entrenching Structural Reforms to Support “The Big Four” Plan

5.2.2 County Priorities

In the recurrent expenditure category, non-discretionary direct cost expenditures take priority. These include payment of statutory obligations such as wages, salaries, and pensions. These non-discretionary cost expenditures are estimate to **amount to about Kshs 2.5 billion**.

About 30 percent of the total revenue will be available to fund development projects and programs. Development expenditures will be shared out on the basis of the county priorities as outlined in the Mountain Cities Blueprint, 2032, and CIDP as well as other interventions to deal with unemployment, improve security, increase investment and generally transform lives in the county. The following guidelines are used:

1. **Ongoing Projects:** Emphasis is to be given to completion of on-going projects in the County in particular infrastructure projects as well as other projects with a high impact on poverty reduction and equity, employment and wealth creation.
2. **Strategic Policy Interventions:** priority is also to be given to policy interventions covering the County in particular the **Wezesha Program** and implementation of the Mountain Cities Blue print.

Other factors will include;

- (1) Level and extent of Devolved Functions as per Legal Notice Number 16 and 153 of 2013
- (2) County Sector priorities and objectives as per the County Integrated Development Plan (CIDP)

- (3) National Government Policies – Vision 2030, Budget Policy Statement.
- (4) Public interest projects- include proposals made by members of the Public during Public Sector Reviews forums

5.3 MTEF SECTORAL PRIORITIES AND RESOURCE ALLOCATION

5.3.1 Overview

Budgetary allocations for the 2019/20 financial year and the medium term will be focusing on programs that seeks to improve the lives of the citizens of Kirinyaga County through jobs creation, creating enabling infrastructure to support economic growth, provision of social services in the health and education.

The sector allocations are also informed by the County Strategic plan ‘Mountain Cities Blueprint 2032’ and people's aspirations as captured in the second generation of County Integrated Development Plan (CIDP) 2018-2022, The Strategic plan and the Integrated Development Plan have been aligned to the goals and the objectives of the third Medium Term Plan 2018-2022 and the Kenya Vision 2030. The key resource allocation will therefore focus on measures to:

- i. Install key infrastructural projects in the county to ensure accelerated economic growth;
- ii. Improve governance and prudence in management of resources taking into account the resource constraints.
- iii. Deliver essential public services to the people;
- iv. Improve the quality of life

5.3.2 Details of Sectoral Priorities and Resource Allocation

5.3.2.1 Office of the Governor

The major role of the sector is to provide leadership and policy direction to ensure efficient and effective service delivery. The key priorities of this sector are:

- Instituting county public service reforms to ensure effective and efficient service delivery
- Providing leadership and guidance in human resource management
- Development of appropriate county organization structures
- Enhancement of transparency and accountability in all county entities
- Effective management and coordination of county government operations

In the previous MTEF, the sector implemented the key programs that were geared towards ensuring efficient and effective service delivery;

The sector, is in the process of completing the Hospital Management System which is intended to ensure absolute automation of the hospital services. In addition, the sector is in the process of completing the performance management system which is intended to assist in the monitoring the implementation of the county budget. The revenue management system automation program is at the commencement stage. The fiber connectivity is close to getting completed. Regarding the Establishment of Kirinyaga Investment Development Authority, KIDA Board is already in place. The purpose of establishing the authority is to facilitate the spearheading the development of mountain cities blueprint 2032. The sessional paper was still ongoing at towards the end of the MTEF.

The sector has ensured that there is sufficient office space to accommodate county employees at the County Headquarters. Equally, the governance residence project is in progress; land acquisition is in progress.

The sector seeks to implement a number of programmes including GIS which will be used to locate resources. Then, there is a plan to establish an SMS platform which will ensure that there is timely communication to the public. Then, the sector intends to establish a WIFI, data center and market survey system. The main aim of this programme is to ensure there is ease in connectivity, availability of systems and information dissemination.

The sector also intends to facilitate easier retrieval of information and also preserve information of enduring value. To achieve this, it will ensure that there is sufficient bulk storage of equipment, appraisal and disposition of information. The record management policy and procedure manual is intended to promote effective and efficient management of information. The county records management information system, capacity building of staff and issuance of identification cards are going to be introduced to ensure that there are efficient and effective records management, corporate culture is promoted and easier staff identification.

The sector is drafting a County Inspectorate Enforcement Act. The Act will assist in establishing a framework for enforcement of the county legislation and other applicable written laws. It also plans to publish the pending legislation. This will be done in conjunction with the county departments. It will also pursue a collaboration with Kenya Law Reform Commission (KLRC) as one of the institutions constitutionally mandated to help counties publish and reform their

legislations. The aim is to streamline the process of publication and timely reform of legislations in the county.

The sector seeks to incorporate an alternative dispute resolution mechanism. The intent of this move is to supplement the court system (litigation) as a mechanism of dispute resolution as recommended under Article 159(2) (c) of the constitution of Kenya.

There are plans to complete the governor's residence and the sessional paper 2018. The sessional paper will act as a Development blueprint of the Kirinyaga County

The Governance sector has been allocated 13% of the total recurrent allocation and 10% of the total development allocation in order to fulfill its mandate.

5.3.2.2 Agriculture sector

In order to revitalize the agricultural sector and increase productivity, the county government will focus on executing the following priority areas:

-
- Supply of certified seeds and other farm inputs
- Supply of subsidized fertilizers
- provide capacity building and technical backstopping to Common interest Groups to enhance production and improve quality of produce along agri-value chains in line with objectives of Wezasha programme
- Construction of market sheds to enhance markets for agricultural produce
- Agricultural Infrastructure Development
- A.I Improvement Services

In the last MTEF period, this sector has implemented key programs to strengthen the agricultural sector;

Coffee, rice and tea improvement program with the objective to ensure farmers have accessible to quality farm inputs to increase productivity. To this end, 36,000 coffee seedlings have been procured and distributed.

Supply of subsidized fertilizer program which aims at promoting food productivity and security. In Karumandi ward, 500 bags of fertilizer were procured and distributed to farmers.

To ensure access to quality seeds and seedlings, the sector has been implementing a program to supply seeds to farmers. In Njukiini Ward, 8 tons of certified maize seeds were procured and distributed to farmers.

The sector is also implementing the Coffee Improvement Program to ensure increased coffee productivity. The program is continuing in 2018/19 FY with 75 coffee factory managers and 75 coffee machine operators already undergone training at Kamweti ATC.

Pest and disease control is key mandate to this sector in guaranteeing increased productivity to farmers, especially in the rice growing areas. The agriculture department has continued to control the quillea quillea birds in rice field.

Through the department of Livestock, the sector implements the disease surveillance and control programme. In the last MTEF, at least 70,000 animals have been vaccinated, rehabilitated 2 cattle dips. The sector also provides subsidized A.I services towards the dairy sector breed improvement program. 10 containers had been procured and 500 doses of semen procured.

In support of value addition in the county, the sector has assisted dairy farmers in various wards with milk coolers. 3 milk coolers have been procured and issued to farmers in Mukure and Karumandi wards. Further, in 2017/18 FY, two 500 litres containers have been installed. Additionally, three 3,000 liters containers have also been procured and installed.

The sector also supported breed improvement program. 1000 chicks were procured and distributed in Ngariama Ward, 34 dairy goats procured and distributed in Mutira Ward, providing high quality animal stock for Kamweti ATC.

The sector also seeks to support farmers in the dairy sector by providing accessibility to affordable animal and fish feeds. The sector has set up a Animal and fish feed plant at Kiaga.

Going forward, in order to continue strengthening the performance of the sector, the sector will be implementing the following programs;

Continuing management of crop diseases and migratory pests (tuta absoluta, quillea birds, fall army worm) and maize lethal necrotic diseases. The sector plans to conduct 5 control and surveillance during the short and long rainfall periods.

To improve crop productivity, the sector will continue with provision of certified seeds and seedlings. The sector plans to distribute 50,000 coffee seedlings, 20,000 macadamia seedlings, 20,000 Hass avocado seedlings, 50,000 tissue culture banana plantlets, 5000 grapes planting materials.

The livestock sector plans to ensure favorable returns to the livestock farmers in the county. Towards this end, the department will establish a livestock sale yard in the county. This will result in consolidation of marketing efforts and increased revenue for farmers. The livestock department will further continue with the livestock disease control program, subsidized A.I services.

To implement the above priorities the sector will be allocated 5% of total recurrent and 8% of total development expenditure.

5.3.2.3 Health Sector

The health sector is a vital service delivery sector with the mandate of delivering quality health care to the community with particular mid-term focus on:

- Maternal and child healthcare;
- Prevention, management and control of communicable and non-communicable diseases;
- Health promotion through provision of community health education and training of community health workers; and
- Promotion of public health interventions on environmental health and safety

In the previous MTEF period, the department implemented various programs towards the departments' mandate.

The department of health, in its move to provide better environment for patients and healthcare workers in the OPD actualized the Kerugoya Hospital Outpatient Department (OPD) programme. The Kerugoya OPD was renovated thereby meeting this goal.

The department also sought to promote good eye health and prevent avoidable blindness in Kirinyaga County. To that end, the department constructed a well-equipped eye unit, as well as, a complete operational theatre at the Kirinyaga Level IV Hospital (Kerugoya Eye Unit).

The sectors also sought to provide accessible dialysis services to the people of Kirinyaga. Pursuant to this goal, the sector operationalized the dialysis unit and additional 3 dialysis machines through the Kerugoya Dialysis Unit. In the same front, the department has managed to improve the

diagnostic services through the installation of the CT scan machine at the Kerugoya Level IV hospital.

Under the Kerugoya County Hospital Complex programme, the construction of the kitchen and laundry is still in progress.

Still, the department lay emphasis on the need to improve referral services, it managed to purchase 2 modern and well-equipped ambulances.

As the hospital tried to improve the provision of services in the healthcare facilities, the department has installed approximately 6 generators at the Kimbimbi Sub-County hospital and 5 Health Centres. The generators shall assist in improving of provision of services in the respective facilities.

Regarding the goal of expanding maternity services in the health care facilities or hospitals a number of achievements have been made. In Kimbimbi Hospital, the construction of the 40 bed capacity maternity ward is ongoing. At Kianyaga Hospital, the construction of a 30 bed capacity maternity ward ongoing. At Sagana Hospital, under the program geared towards development of the Sagana Integrated Ward, the construction of a 60 bed capacity integrated ward in the hospital. At Baricho Health Center, the construction of the 29 bed capacity male ward is complete. The goal to expand the health services at the South Ngariama Maternity, the construction of a 14 bed capacity maternity ward.

In the context of upgrading electricity in Kimbimbi Sub-County Hospital, the sector has managed to install a 3phase 205 KVA transformer at the hospital.

The sector plans to increase the bed capacity at the referral hospital and also improve the diagnostic and curative services. these improvements will be hosted in the county referral hospital complex.

The sector also purposes to improve the referral services by purchasing of more ambulances.

The sector seeks to improve curative and diagnostic services by increasing bed capacity and purchasing diagnostic equipment for the sub-county hospitals and the health centers.

In a bid to achieve the Universal Health Coverage (UHC) status, the sector will initiate promote the KIRICARE program. In this context, the sector plans to ensure that all the residents of Kirinyaga are enrolled into the County Health Fund. The department plans to set aside funds for UHC to enable all County residents to access free healthcare in all the County public facilities. This will imply that all fees charged in our public health facilities will be waived except a few

diagnostic services such as CT scan and dialysis. This will affect the revenue collected in the facilities because all waived fees will be charged against the fund.

The health sector seeks to promote better and satisfactory health care. It plans to act via specific programs-oriented actions towards realizing this goal.

The aforementioned priority areas are in line with the third Sustainable Development Goal (SDG) that seeks to ensure healthy lives and promote well-being for all at all ages.

Due to the critical role that the sector holds in the county, it has been allocated 45% of the total recurrent budget and 25% of the total development budget.

5.3.2.4 Finance, Economic Planning, Marketing and ICT

The major role of this sector is to monitor, evaluate and oversee the management of public finances and economic affairs of the County Government. It also ensures that the county has sound financial policies that will spur its economic growth. To this end, the sector has singled out the following key priority areas to implement over the medium term:

- Coordination of the MTEF process and ensure prudent fiscal policies are developed;
- Enhancement of revenue collection mechanisms
- Automation of County Government systems
- Promotion of effective and efficient utilization of public finances through ensuring compliance of relevant laws, regulations and Policies by county government entities
- Supply chain management
- Coordination of the County Monitoring and Evaluation framework

In order to implement the programmes in this sector, it has been allocated 8% of the recurrent budget and 2% of the development budget.

5.3.2.5 Co-operative Development, Tourism, Trade and Industrialization Sector

The sector aims to embrace policies and programmes those optimize the economic, environmental and socio-cultural benefits of trade and tourism thus contributing to sustainable growth and development of the county. Tourist facilities will be established and proper marketing be done through elaborate and strategic signage across the county. The resources for this sector are targeted for the following key priority areas:

- Capacity building of all co-operatives to ensure effective and efficient management;
- Construction and rehabilitation of markets across major Centers which will lead to improved business environment through access to market infrastructure;
- Tourism development and marketing

In the last MTEF period the sector was tasked with a key objective of providing a conducive trading environment for market traders and buyers by upgrading of key markets in the county. Kagio clothes and Cereals market was upgraded by constructing sheds, paving slabs revenue office and installation of a floodlight. Other markets include Makutano, Wanguru, Kiamutugu and Kutus markets.

The sector has also ensured promotion of industrial development which is a critical area for the county. This will allow for value addition of key agricultural products such as coffee and milk. The key objective of the activity will be to increase incomes of producers and enhance market accessibility.

On Cooperative extension service the sector has improved the performance of cooperative societies, ensured compliance with legal frameworks. Eight (8) new cooperatives have been formed, eighty (80) cooperatives were trained on good governance while seventy-Four (74) of the societies were audited. To ensure adherence to laws and regulations three (3) inspections were done during the year to societies.

The sector is also mandated to ensure that the buyers and sellers get fair trade practices and consumer protection, this has been possible through continuous verification and calibration of equipments.

In the coming MTEF period, the sector plans to upgrade Five (5) markets that are; Kerugoya, Kagumo, Kianyaga, Kibingoti and Sagana. Upgrading will include providing modern facilities, construction of market sheds, laying of slabs and lighting.

In tourism development and marketing the sector will develop water sport tourism along Sagana River and adventure tourism in Mount Kenya forest which have been potential unutilized in the county.

It is paramount to note that other programmes of the sector such as cooperative extension services, cooperative education and training, auditing of financial statements of cooperative societies, inspections and investigations of societies and promotion, development and growth of trade will continue.

In order to achieve the above priorities, the county has set aside 1% the recurrent budget and 7% of the development budget.

5.3.2.6 Transport and Infrastructure Sector

The infrastructure sector is charged with the responsibility of improving both the quality and quantity of infrastructure for sustained socio-economic growth. Priorities for this sector include:

- Construction, rehabilitation and maintenance of existing road infrastructure that lie under the jurisdiction of Kirinyaga County Government ;
- Development and maintenance of civil works
- Construction and maintenance of footbridges
- Develop and maintain emergency response services

For the sector to carry out its activities, it has been allocated 2% of the recurrent expenditure and 28% of the development expenditure. This sector has been allocated the largest proportion of the development budget due to its huge capital outlays and its potential to spur countywide economic growth.

5.3.2.7 Education and Public Service Sector

The education sector will continually strive to ensure a conducive learning environment for the ECDE pupils and impacting skills among the youth, Women and PWDs being support of Wezesha development agenda.

In the previous MTEF period, the department implemented various programs towards the departments' mandate.

Under the human resource program, the department sought to address the quality of service offered and shortage of care givers by renewing contracts of over 400 ECDE caregivers. Remuneration for these caregivers was increased by Ksh. 5,000 for degree holders, Ksh. 3,000 for Diploma, Ksh. 2,000 for Certificate holders. In addition, 47 more caregivers were recruited. The ECDE care givers have been sensitized on new Competence Based Curriculum implementation which aims at aligning education in the counties with National education strategy.

In infrastructure development, the department is keen to improve the infrastructure in ECDE centres. Construction of classrooms in 6 centres has been done, and ECDE toilets constructed in 6 ECDE centres. Assorted ECDE teaching and learning materials has been provided to 198 centres.

Vocational training is also a mandate under the County Government. Towards this end, the county manages all the public technical institutions in the county. The county government is keen to cut unemployment amongst the youth by investing in the youths to acquire technical skills which are paramount to engage in self-employment. The county has continued to improve the quality of skills offered at these institutions through equipment and infrastructure upgrade, human resource upgrade. In the last MTEF period, most notably, the government has ensured the quality of human resources is improved by absorbing 86 instructors on contract to permanent basis and 18 more promoted.

Under infrastructure development, the county has improved the classrooms and workshops in the centres across the county. In 2017/18 construction of a dormitory in Nyangati VTC, 3 classrooms were constructed at Kimweas VTC, 1 dormitory constructed at Mucii wa Urata VTC, 3 classrooms constructed at Kiambwe VTC, 2 classrooms constructed at Ndiriti VTC, 2 classrooms and 2 workshops completed at Kiamuthambi VTC, 1 workshop and 1 classroom completed at Kiamikuyu VTC, 1 workshop completed at Thome VTC.

The institutions have also received teaching and learning materials which were distributed in all the 13 VTCs.

The county also ensured registration and accreditation of these institutions to promote relevance regulation and inspection. 12 institutions were inspected and awaiting registration certificates, 1 inspection has prepared and is awaiting the inspection.

In the last MTEF, the County Government has continued to support needy students to acquire education through the bursary fund.

Going forward, the Department of Education will continue improving on the standards of education in ECDE and Vocational Training Institutions.

The ECDE department is seeking to bridge the human resource gap. The sector is seeking to recruit additional 50 ECDE care givers each year in the next MTEF period.

Under infrastructure development, in order to provide conducive learning environment, the ECDE department seeks to construct additional 10 new ECDE classrooms each year, refurbishing old centres on need basis. Construction of 10 exhaustible toilets each year in the MTEF period. Installation of basic play equipment in 10 centres per year.

The department will also continue providing teaching and learning materials for the 198 centres. Provision of furniture to the centres is key to promoting learning. The department seeks to provide furniture and refurbishment of old ones. The department will also seeks to provide capitation program in ECDE centres to meet the centre's operational expenses. The department plans to disburse Ksh. 3,500 per child every year. In order to strengthen the governance of these centres, the department will develop a legal framework for management of ECDE centres. Areas which are in need of ECDE centres and no land available, the department will prioritize purchase of land for construction of the centre.

In the Department of Vocational Training, the department will seek to reduce the shortage in human resource in the training centres which is occasioned by officers leaving the service. The department seeks to recruit 30 replacement instructors. To provide adequate of human resource, the department will also seek to recruit 20 instructors per year in the MTEF period.

Infrastructure development for these centres will be implemented as outlined in the CIDP across the technical institutions.

The County Government will also continue supporting needy students to acquire education by providing bursary to students in secondary schools, colleges and universities.

In order to achieve the aforementioned priorities, the sector will be allocated 7% of the recurrent budget and 2% of the development budget.

5.3.2.8 Gender, Culture and Social Services Sector

This sector seeks to promote the socio-economic development of the community through focusing on the following priority areas:

- Cultural services development
- Providing coordination for implementation of Wezesha.
- Gender and social services development
- Control of drugs and substance abuse

Under gender and social services development the sector has implemented strategies that are expected to spur economic growth, Kaitheri Apparel Factory is one such a strategy. Through the programme the sector has acquired machines for tailors, capacity building and ordering some fabrics as a raw material. Moving forward the sector will task itself to mobilize community resources to promote participatory projects and programmes.

In Culture Reservation and Heritage the sector will ensure that all historical and cultural activities are promoted and documented. It would also be a great idea to hold County cultural festivals. There will also be trade shows and exhibition to promote Kirinyaga Cultural heritage activities.

The sector plans to empower people living with disability, youth and women by offering capacity Building. This will ensure that they are equipped with life skills and also encourage them to participate in programmes and projects that will uplift their standards of living. PWDs rights awareness will also be a priority to the sector.

The County will continue to campaign against alcohol and drug abuse through roadshows, media print and media this creates awareness to the general public on drugs and substance use. To strengthen societal values, control intake of alcohol and empower the general public with information on drug and substance use the sector will train on alcoholism and drug abuse. It is also imperative to note that as a County revenue source the sector is mandated to regulate the number of liquor outlets and this is done through a comprehensive inspection of the outlets to ensure compliance with the law guiding on liquor licensing

The sector has been allocated of 1% of total recurrent budget and 1% of total development budget in order to achieve its objectives.

5.3.2.9 Youth and Sports Sector

This sector seeks to promote the socio-economic development of the community, the sector will work closely with other sectors to ensure that youth issues are adequately addressed and a strategic plan for the youth is developed. The sector will further continue to promote initiatives by the youth that promote good behavior and ensure the youth are engaged constructively. Sports activities will therefore be promoted for social integration and cohesion. Development of youths and nurturing of their skills is important if the county has to progress, to ensure this, the sector focuses on the following priority areas:

- Establishment of sports and sporting facilities

- Talent development

The sector in the previous MTEF has upgraded the county playgrounds by levelling, planting of grass and installation of football goal posts at Thaita playground. There is also equipping of sports clubs with uniforms, balls and playing boots.

The youth's talents in the county are exposed through the participation in the Kirinyaga Youth Sports Association (KYISA). To be able to plan for the youths the sector in the previous year has developed an inventory for the youth at skills and education levels.

Wezesha Vijana project is a programme that economically empower the youths through collaboration with other sectors such as the Agriculture and Youth polytechnics. Projects such as the Apparel factory and the Animal feeds projects are in such a programme.

In the coming financial year, the sector major programmes will be Wezesha Vijana project, the sports tournaments, and the formation of Youth SACCOs and rehabilitation of Kianyaga Stadium. The sector has been allocated 1% total of recurrent budget and 2% of development budget in order to achieve its objectives.

5.3.2.10 Environment, Water and Natural Resources Sector

This sector will play a major role in ensuring:

- Provision of capacity and support on Environmental and Social safeguards during project implementation.
- Provision of adequate, safe and reliable water through county and community based water projects
- Development of forests, re-afforestation and agroforestry
- Environmental conservation

In the last MTEF period, this sector has implemented key programs to strengthen every sub-sector;

The sector, in the last MTEF and under the solid waste management programme, managed to accrue a number of achievements pursuant to the goals aforementioned in the plan. For instance, the sector was mandated to ensure that there were clean, fresh produce markets, urban centers and county public offices and sanitation in the public toilets. Towards this end, the sector managed to have timely clean up attained at a rate of 95%. In addition, exhaustion of the toilets was up to 50%

and the construction of public toilets is on-going. The sector is ensuring that there is timely clearance of effluent.

Under the county energy services programme, the sector has managed to ensure that there is an increase in the level of lighting through the number of high-mast lighting in the urban areas. In this context, the sector has managed to erect 15 high mast lighting.

The sector has also been successfully progressing in the environmental compliance and enforcement services programme. The initial objectives by the sector were to ensure that there are appropriate policy and legal framework are in place, and have an appropriate coordination and regulation of county environmental matters. To this end, the sector has managed to complete TIPs for forestry which have been submitted for approval. Further, the sector has developed directorate organograms which have complete duties and responsibilities.

Under the domestic water services programme, the sector has managed to construct 4 water intake structures. It has also installed approximately 23.86 km of main and distribution lines. It has also installed a water storage tank of the volume capacity of 225M³. Ultimately, it has constructed an elevated water platform which is approximately 90% complete. Up to the Previous MTEF, the sector has managed to connect 42% of the households with water for domestic purposes.

The sector has also been capitalizing on improving the rate of access to water for farming purposes (water for irrigation). Precisely, it has focused on the construction of water storage tanks, procurement of plastic water tanks, servicing and installation of water furrows and distribution lines respectively. To this end, it has managed to construct 2 water storage tanks, purchased 2300 plastic water tanks of 1000 liters each, lined 20 meters of water furrow and installed 2.88 km of both main and distribution lines.

The sector seeks to embrace consistency in the running of its programmes. First, the sector intends to introduce a better institutional framework. Here, the main objectives will include promote a more effective general administration, planning and support services.

In the solid waste management programme, the sector looks forwards to undertaking daily cleanups of 45 urban centers specifically in the street markets and public toilets. It also seeks to

conduct bi-weekly collection of waste from 24 markets, weekly collection of waste from 20 Category A & B urban centers, and monthly collection of waste from 25 Category C urban centers. The sector also maintains that it intends to conduct quarterly maintenance of the three (3) county functional dumpsites. The bulk waste holding collection and transportation of refuse or waste will also be maintained on quarterly basis. To this effect, it also seeks to procure modern skips to replace the concentrate receptacles.

The sector also intends to ensure proper management of natural resources. In so doing, the sector purposes to engage in mapping of trees within the county forestry jurisdiction per ward (tree resource survey), organize for the celebrations of the world's forest day, map out public and private tree nurseries hence establishing a county tree nursery data base. In the context of water resource management, the sector seeks to conserve all the urban rivers through first delineating and mapping of urban rivers for conservations purposes in Kerugoya and Kutus. It also assists in mapping of water resources; mapping and coding of water intakes.

Under the renewable energy program, the sector intends to have clean energy promotion services. The sector plans to conduct a county survey on the use of clean energies technologies including biogas, programmes and report of the survey. Further, it plans on mapping of hydropower adaptation and host annual clean energies conference. One affirmative action that the sector seeks to invest in is that of installation of focal biogas centers – installation of 20 biogases in focal farmers' homes and 4 core institutions.

Another key area that the sector plans on capitalizing on is the compliance and enforcement practices. The sector has a mandate of control noise and public nuisance and ensure environmental public awareness services. The sector purposes to carry out bi-weekly surveillance for compliance with noise and public nuisance in category A and B urban zones: (4 categories A and 6 category B zones). It will also carry out inspection for compliance in 20-processing industries, 50-private health centers, 100-puboic health centers. it will also conduct quarterly clean up in selected urban centers (4 public clean-ups in 4 selected from category A and B).

Under the water services sub-sector, the sector intends to support additional surface and groundwater abstraction services that includes constructing water intakes, sinking of boreholes,

laying or raw water main pipes, de-silting of water intakes, maintenance of raw water mains, and maintenance of boreholes. The second also intends to support further installation water pipelines, storage and treatment services. In this context, the sector will lay gravity and distribution mains, acquire water reservoirs and storage tanks, construct water treatment works, maintain gravity and distribution lines, maintenance of treatment works and direct points and the maintenance of water reservoirs. Ultimately, in the context of water supply services, the sector plans to improve household connectivity, coordinate water vendors (water mobile services and kiosk), provide quality control to community water projects, assess water service providers in the county and manage water affiliated conflicts.

The sector, in its role of supporting food productivity and security (agriculture), plans to construct additional water pans, desilt dams. It also intends to promote better extension services in as irrigation practices. Here, the farmers will be trained and the management committees on operations and maintenance, management skills, accounting skills and book-keeping skills. It also plans to promote better water storage practices through the acquisition of water reservoirs and storage tanks. Ultimately, it seeks to promote better water supply services through lining of the furrows, laying of pipes and maintaining the conveyance system.

In order to implement its programmes, the sector has an allocation of 2% of total recurrent budget expenditure and 7% of the county development budget.

5.3.2.11 Lands, Housing and Physical Planning

Under the county spatial planning programme, the sector intended to achieve a number of things. These included guiding a harmonious development in the county, delineate land use zones, define the broad zoning regulations and provide a framework for preparation of other plans. To this end, the sector managed to have an inception report prepared. Further, there was the 1st stakeholder's meeting purposed to create awareness. A draft plan was then prepared and a second stakeholder

In a bid to improve land tenure, the department has, through the planning, land survey and titling managed to come up with/prepare advisory plans for 15 (No.) villages, placed controls and also facilitated data collection and enumeration.

Through the Kenya Urban Support Programme, the sector has focused on a set of objectives. These include awarding of Kerugoya/Kutus Municipal Charter, establishment of the Kerugoya/Kutus

Municipal Board, recruitment of Municipal manager, and urban regeneration for Kerugoya and Kutus Towns. In this context, the sector managed to have the Municipal Charter awarded, a Municipal Board was established and the Municipal Manager was recruited.

The sector, as a way of ensuring that these programs sustain value seek to now come up with plans for the major towns within the county. That will be achieved by preparing Local Physical Development Plans for the priority towns.

Further, the department, under the planning, land survey and tilting programme, the sector seeks to engage in planning, survey and engage in titling of colonial villages.

Through the Kenya Urban Support Programme, the sector will prepare a Municipal Plan. In addition, it also seeks to carry out the urban regeneration for the municipal urban area.

The sector is obliged to ensure that the land use is done in a professional and organized manner. Towards that end, the sector seeks to establish and develop a GIS-based lands database. Through the database, the sector will achieve improved land use planning, have improved decision making, and improved revenue collection.

In addition, the sector seeks to promote efficiency in operation. That is intended to be achieved through the automation of the development approval process programme. Through this programme, the sector seeks to achieve a set of milestones including reduction of fraud, improve revenue collection, improve service delivery and customer satisfaction and improve the development control and monitoring

The lands, housing and physical planning sector endeavors to promote improved land use management. To this end the sector has been allocated 1% of the recurrent budget and 5% of the development budget.

5.4 Departmental Ceilings

Table 2: Departmental Ceilings

Cost Centres	APPROVED BUDGET 2018/2019 FY		PROJECTED 2019/20 FY	
	Recurrent	Development	Recurrent	Development
HEAD	KSH	KSH		
County Assembly	601,734,809	158,317,442	556,734,809 (15%)	90,000,000 (4%)
County Executive	461,171,843	250,000,000	13%	10%
Finance and Economic Planning	304,647,247	38,390,025	8%	2%
County Health Services	1,628,817,358	598,167,500	45%	25%
Education	241,200,427	37,057,788	7%	2%
Agriculture, Livestock and Fisheries	173,431,599	191,178,123	5%	8%
Gender, Culture, Children and Social Services	37,538,139	33,705,350	1%	1%
Youth and Sports	19,506,969	50,491,400	1%	2%
Trade, Co-operatives, Tourism Industrialization and Enterprise Development	43,134,726	158,217,402	1%	7%
Environment, Water and Natural Resources	76,225,182	115,911,928	2%	7%
Lands, Housing and Urban Development	19,689,018	165,078,312	1%	5%
Transport and Infrastructure	64,294,307	685,010,054	2%	28%
TOTAL	3,671,391,624	2,481,525,323		

6.0 SUMMARY & CONCLUSION

In FY 2019/20FY and the medium term, the key sectors which will be leading the implementation of the **Wezsha program** will be prioritized as is outlined in the medium term.

The set of policies outlined in the County Fiscal Strategy Paper reflects the circumstances that are in line with the fiscal responsibilities as outlined in the PFM Act, 2012. The use of the Integrated Financial Management Information System (IFMIS), E-Procurement and Performance Monitoring Tools will make it possible for the County to track the resources to results achieved in a more efficient manner.

The established M&E system will form the basis of tracking the quality of development done within the county to ensure timely completion of projects and value for money.

The county government has adopted Program Based Budgeting (PBB) which goes a long way in ensuring that all County resources are managed openly and accountably and most importantly, that the resources are linked to specific projects outputs and outcomes.