

COUNTY GOVERNMENT OF NAKURU



COUNTY TREASURY

COUNTY FISCAL STRATEGY PAPER

Achieving Economic Prosperity for All

FEBRUARY 2019



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TABLE OF CONTENTS

List of Abbreviations and Acronyms	5
FOREWORD	6
ACKNOWLEDGEMENT	7
Legal Basis for the Publication of the County Fiscal Strategy Paper	8
Responsibility Principles in the Public Financial Management Law	9
I. RECENT ECONOMIC DEVELOPMENTS AND MEDIUM TERM OUTLOOK	10
Global and Regional Economic Developments.....	10
National Economic Updates	11
Key Macroeconomic Indicators	11
Review of the County Fiscal Performance	14
Review of the County Fiscal Performance for the Period 2017/2018	22
II. POLICIES TO ACHIEVE MEDIUM TERM OUTLOOK	26
Overview	26
Fiscal Strategy Initiatives.....	27
i. Revival of pyrethrum promotion of agri-business and achieving food security;.....	27
ii. Promotion of accessible and affordable healthcare for all county residents toward the realisation of UHC;.....	29
iii. Expansion and operationalization of County physical and Social Infrastructure.	32
iv. Creating an enabling conducive business environment for growth and private sector participation.	34
v. Enhancing governance, transparency, accountability and human resource productivity in the delivery of public good and service;.....	36
III. INTERGOVERNMENTAL FISCAL RELATIONS AND DIVISION OF REVENUE	39
Background:	39
Cash Disbursement and Expenditure by Nakuru County Government	41
Revenue Allocation to the County Government for the Year 2019/2020	41
Allocation to level-5 hospital (Nakuru PGH) of Ksh 385,425,503	47
Allocation for leasing of medical equipment of 131,914,894	48
Conditional Grant from the Road Maintenance Fuel Levy Fund of Ksh 270,420,281	48
Conditional Allocation for Rehabilitation of Youth Polytechnics of Ksh 47,800,000	48
Loans and Grants amounting to Ksh 1,576,216,408.....	48
□ Kenya Urban Support Programme (KUSP);	48
□ The National Agricultural and Rural Inclusive Growth project (NARIGP)	49
IV. 2018/19 BUDGET FRAMEWORK AND THE MEDIUM TERM	49
V. CONCLUSION AND NEXT STEP	68
Annex 1: County Government of Nakuru Operations FY 2019/2020-2021/2022	70
Annex II: Trend in Growth of Equitable share of Revenue 2013/2014 (Base Year) -2019/2020	

.....	73
Annex III: Total Expenditure Sector Ceilings for the Period 2019/2020-2021/2022.....	74
Annex IV: Total Recurrent Expenditure Ceilings for the Period 2019/2020-2021/2022.....	78
Annex V: Total Development Expenditure Ceilings for the Period 2019/2020-2021/2022.....	80
Annex VI: Sector Composition and Sector Working Groups for MTEF Budget 2019/2020-2021/2022.....	82
Annex VII: Policy Issues raised during the Public Hearings and the Responses.....	82
Annex VIII: Nakuru County Budget Calendar for the FY 2019/2020.....	84

List of Abbreviations and Acronyms

AMS	Agricultural Mechanisms Services
ATC	Agricultural Training Centre
BPD	Budget Policy Document
BPS	Budget Policy Statement
C.I.D.P	County Integrated Development Plan
CBD	Central Business District
CBROP	County Budget Review & Outlook Paper
CFSP	County Fiscal and Strategic Paper
DANIDA	Danish International Development Agencies
IMF	International Monetary Fund
KDSP	Kenya Devolution Support Programme
KRA's	Key Result Area
LAN	Local Area network
MTEF	Medium Term Expenditure Framework
PFM	Public Finance Management Act
PPP	Public Private Partnership
PWD	Persons With Disability
SDG's	Sustainable Development Goals
SWG's	Sector Working Group
UNDP	United Nation Development Programme

FOREWORD

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C.E.C, FINANCE AND ECONOMIC PLANNING**

ACKNOWLEDGEMENT

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Legal Basis for the Publication of the County Fiscal Strategy Paper

The County fiscal strategy paper is prepared in accordance with Section 117 of the Public Financial Management Act, 2012. The law states that:

(1) The County, Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by the 28th February of each year.

(2) The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.

(3) In preparing the County Fiscal Strategy Paper. The County Treasury shall specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term.

(4) The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term.

(5) In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of

(a) The Commission on Revenue Allocation;

(b) The public;

(c) Any interested persons or groups; and

(d) Any other forum that is established by legislation.

(6) Not later than fourteen days after submitting the County Fiscal Strategy Paper to the county assembly, the county assembly shall consider and may adopt it with or without

Responsibility Principles in the Public Financial Management Law

In line with the Constitution, the new Public Financial Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure 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. RECENT ECONOMIC DEVELOPMENTS AND MEDIUM TERM OUTLOOK.

Global and Regional Economic Developments

The global economic activity is projected to remain steady at 3.7 percent in 2019. This has occasioned due to the recently announced trade measures, including the tariffs imposed on \$200 billion of US imports from China, closure of output gaps in advanced economies, moderation in trade and investment, and a gradual tightening of financing conditions due to ongoing withdrawal of accommodative monetary policy in advanced economies. Global growth optimism is constrained by rising trade tensions likely to have a negative impact on confidence, asset prices, global trade and investments.

In the advanced economies the growth is to increase slightly from 2.3 in 2017 to 2.4 in 2018. This is attributed to the strong fiscal stimulus in the USA. This growth is however constrained by a slowdown in economic growth in the Euro area and the United Kingdom due to declining global trade and industrial production. Growth is projected to ease to 2.1 percent in 2019 reflecting consequence of the trade war.

In Africa and Sub-Saharan Africa (SSA) in particular, the broad-based slowdown is easing and growth is expected to improve from 2.7 percent in 2017 to 3.1 percent in 2018 and further to 3.8 percent in 2019, partly supported by a recovery in growth of larger commodity exporters such as Nigeria and South Africa. In Eastern and Southern Africa, the easing of drought conditions have contributed to the positive outlook. However, downside risks have increased following policy uncertainties and delays in the implementation of policy adjustments in Nigeria and South Africa. Many of the faster growing economies in sub Saharan African economies continue to be driven by public spending, with debt levels and debt service costs rising.

However, downside risks may arise from uncertainties in the run up to the 2019 general elections in South Africa and Nigeria.

East Africa remains the fastest-growing sub region in Africa, with estimated growth of 5.3 per cent in 2017, up from 4.9 per cent in 2017. Growth is expected to remain buoyant, reaching 5.9 percent in 2018 and firming further to 6.3 percent in 2019 bolstered by resurgence in agriculture, infrastructure and manufacturing. The risks to the outlook for the EAC regions include insecurity and political tensions in

Burundi, Somalia and South Sudan which continued to constrain economic activities in these countries.

National Economic Updates

Kenya's economy remains resilient due to its diversity. This is expected to continue as the country remains the leading regional hub for information and communication technology, financial, and transportation services. According to the National Treasury economic updates, the economy, grew at an average of 5.6 percent per year in the five years (2013 - 2018) outperforming the average growth rate of 4.7 percent in the period 2008 to 2012 and 4.6 percent during the period 2002-2007. The per capita income increased from Ksh. 113,539 in 2013 to Ksh 190,521 in 2018. The growth has been supported by the increased investment in public infrastructure, improved local and international tourism and stable macroeconomic conditions.

Key Macroeconomic Indicators

Inflation

Inflation averaged 6.4 percent in the period (2013-2018) compared with 8.5 percent in the period (2003-2007), 10.6 percent in the period (2008-2012). Inflation during the period 2008 to 2012 was highly volatile following a steep depreciation of the Kenya shilling exchange rate and policy responses and the effects of the volatile elections in 2007.

Exchange Rate

The Kenya Shilling exchange rate as compared to most sub-Saharan African currencies, has continued to display relatively less volatility. The Kenya Shilling exchange rate remained broadly stable against major international currencies. As at December 2018, the shilling exchange rate against the Dollar was at Kshs.102.3 up from Ksh 103.1 during the same period in 2017.

Interest rates

The Central Bank continued to pursue accommodative monetary policy aimed at increasing credit uptake by the private sector to stimulate economic growth. The Central Bank Rate was reduced to 9.0 percent in July 2018 from 9.5 percent in March 2018 as there was room for easing monetary policy stance to support economic activity.

According to the CBK, the interbank rate has remained low at 8.1 percent in December 2018 from 7.7 percent in December 2017 due to ample liquidity in the money market. Interest rates remained stable and low in the period 2013-2017 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.

Commercial banks' average interest rates remained stable and compliant with the interest rate capping law that was effected in September 2016. The CBR was reduced to 9.0 percent from 9.5 percent in March 2018 and as a result the lending rate declined to 12.6 percent in October 2018 compared to 13.7 percent in October 2017.

Balance of Payments

The BOP The balance of payments is the record of all international financial transactions made by a country's residents. A country's balance of payments tells you whether it saves enough to pay for its imports. It also reveals whether the country produces enough economic output to pay for its growth. The overall balance of payments position was at a deficit of US\$ 1,333.9 million (1.4 percent of GDP) in the year to October 2018 from a surplus of US\$ 490.5 million (0.6 percent of GDP) in the year to October 2017). This deficit was due to a decline in the financial account despite an improvement in the capital and current accounts.

Impact of the Macro-Economic Performance Indicators to the County

This County Fiscal Strategy paper recognizes that Nakuru County is not isolated from the developments in the global and national economic environments. Developments in the Macro-environment will always have either positive or negative effects on the economic development of the County.

Tourism

The tourism sub -sector remains one of the leading foreign exchange earners and a major contributor of employment in Kenya, contributing about 10% of the GDP and also providing a market for goods produced in other sectors and is thus key to attainment of the economic pillar goals of Vision 2030. Tourism earnings increased by 20.3 per cent from Ksh 99.7 billion in 2016 to Ksh 119.9 billion in 2017. The number of international visitor arrivals increased by 8.1 per cent to 1,448.8 thousand in 2017. The County has greatly benefitted from the recovery of the tourism sector occasioned with increased number of local, international tourist and conference tourism in the County. Further there is continued investment in this sector with a number of new high class hotel coming up. This will create employment opportunities in the sector and spur economic growth.

Interest rates

The annual growth of credit to the private sector grew by 4.4 percent in the year to October 2018, an improvement from the 2.4 percent growth in October 2017. The interest capping law became operational on September 14, 2016. It was implemented following concerns raised by the public regarding the high cost of credit in Kenya, which was viewed as a hindrance to credit access by a large segment of the population. However it has been noted that the introduction of interest rate capping had not necessarily translated to easy access to credit by borrowers since some of the borrowers deemed to be risky had been locked out. This is likely to affect the access to credit facilities to the SMEs.

Oil prices

The international oil prices has an impact on the County Economy. The prices for oil in the international market have increased marginally. Further the National government introduced 8 percent tax on petroleum and petroleum products. This in turn had an impact on the prices of commodities, increased transport cost and further the county government had increased electricity bills due to increase in the fuel cost charge.

Infrastructure development

The Government has embarked on the construction of Phase 2A (Nairobi to Naivasha) of the Standard Gauge Railways (SGR). Implementation of Phase 2A project is already at 85 percent. Completion of the project will ease movement of goods to the port of Mombasa ready for export.

The Proposed airport at the Lanet Airbase will spur growth in the County by linking the County to the rest of the Country as well ease movement of people and goods.

The proposed elevation of the Nakuru town to a City Status will attract more investors as well improve infrastructural development.

The County launched the **Boresha Barabara** Initiative where we aim to upgrade and rehabilitate 30kms of roads in each of the 55 wards using the County machinery. This will greatly improve road accessibility.

Nakuru International Investors Conference (NIICO 2018)

The County held an International Investors Conference in November, 2018 held in Naivasha that attracted 1200 participants. The participants were drawn from within Nakuru County, National Government and International Investors. As a result of the conference the County Government expects more commitments from local and international investors to leverage on the available opportunities like Geothermal in Olkaria, proposed setting up of the Container depot in Naivasha, proposed construction of the airport within the county to set up businesses in the County.

Release of the Gross County Product 2019

The Kenya National Bureau of Statistics (KNBS) released the GCP 2019 report that is aimed at informing County development plans, estimation of revenue potential for each County, an indicator for potential for Private Sector Investment and informing monitoring of economic progress at the County level. Nakuru County's share to the Gross Domestic Product (GDP) stood at 6.1 percent which was second with Nairobi coming first with 21.7 percent. The County has been highlighted among Counties with huge agricultural potential together with Nyandarua, Kiambu, Elgeyo Marakwet, Meru, Narok and Bomet. Further the County reported to have huge potential in both agriculture and Service Sub-sector. Nakuru County is among few counties that attained a GDP above the National GDP. Nakuru GDP stood at Ksh.102,826 against a National GDP at Ksh. 96,779. This shows that Nakuru is on road to growth if it attracts investors in the sectors with huge potential for growth like Agriculture, Service and Manufacturing.

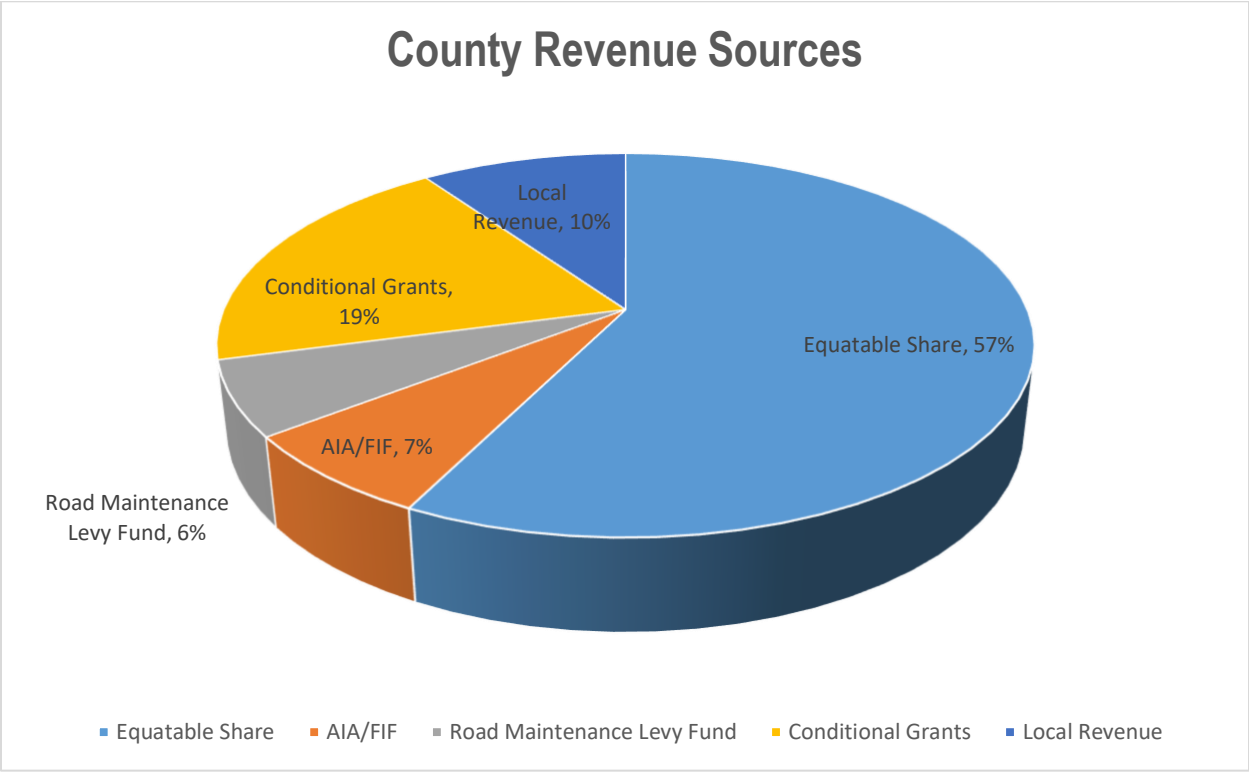
Review of the County Fiscal Performance

County Revenue

During the first half of FY 2018/19, the County received Ksh 3.4 billion as equitable share of revenue raised nationally, Kshs1.4billion as total conditional allocations, and Ksh 1.0 billion as own source. However the County had Balance carried forward in the financial year 2017/18 amounting to Ksh 3.8billion.

County Revenue Sources

The revenues for County for the half year amounted **to Ksh 5.9 billion**. The major source of revenue were exchequer releases from the National Treasury which accounted for 57 percent followed by the conditional grants at 26 percent and local revenue at 17 percent.



Source: County Treasury, February 2019

Table 1: County Revenue Source (1st and 2nd Quarter)

Revenue Source	Quarter 1	Quarter 2	Total
Equitable Share	1,426,671,920	1,994,996,582	3,421,668,502
AIA/FIF	209,318,644	216,015,410	425,334,054
Road Maintenance Levy Fund	-	374,552,157	374,552,157
Conditional Grants	-	1,159,615,760	1,159,615,760
Local Revenue	336,244,059	241,873,112	578,117,171
Total	1,972,234,623	3,987,053,021	5,959,287,643

Source: County Treasury, February 2019

Revenue Analysis by Department

Table 2: the Table has analysis of revenue by department

Revenue Source	A.I.A	Local Revenue	Sub Total	Percent of Collection
Trade Tourism and Cooperatives		115,540,073.00	115,540,073.00	11.51
Health	425,334,056.00	32,723,199.00	458,057,255.00	45.65
Education, Culture and Youth		1,188,458.00	1,188,458.00	0.12
Lands Physical Planning and Housing		149,142,156.00	149,142,156.00	14.86
Agriculture, Livestock and Fisheries		21,729,998.80	21,729,998.80	2.17
Roads, Public Works and Transport		143,557,180.00	143,557,180.00	14.31
Environment and Natural Resources		113,472,231.00	113,472,231.00	11.31
Public Service, Training and Devolution		265,200.00	265,200.00	0.03
Finance and Economic Planning		478,675.00	478,675.00	0.05
Totals	425,334,056.00	578,097,170.80	1,003,431,226.80	100.00

Source: County Treasury, February 2019

The cumulative revenue collected from departments amounted to **Ksh 1 billion** during the first half of the financial year 2018/19. The department of Health accounted for 45.65 percent of the total collection with AIA from the health facilities being the major contributor which amounted to Kshs.425.3 million.

Lands Physical Planning and Housing was second at 14.86 percent majorly from land rates followed closely with department of Roads, Transport and Public works at 14.31percent.

Comparison in Revenue Growth for the half year of 2018/19 and 2017/18

In the 1st half of the FY 2018/19 there was an increase in revenue as compared to the same period in the FY 2017/18. The Month of August has the highest growth for both local revenue and FIF and 35 percent and 32 percent respectively. Cumulatively the local revenue has grown by 17 percent compared to the same period F/y 2017/18. Further the FIF has grown by 54 percent compared to the same period FY 2017/18. The tremendous growth in FIF is attributed to upgrading the some health facilities to Level four and five.

Month	Local Revenue 2018/19	Local revenue 2017/18	Percentage growth	FIF 2018/19	FIF 2017/18	Percentage growth
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July	123,605,063.0	100,490,802.0	28.0%	75,411,959.1	36,172,723.0	26.0%
Aug.	102,358,394.0	73,453,573.0	35.0%	69,219,191.0	22,186,626.0	32.0%
Sept.	110,280,602.0	97,528,520.0	15.0%	64,687,493.5	27,083,679.0	25.0%
Oct.	91,943,851.0	71,846,396.0	24.0%	70,565,237.0	28,223,710.0	28.0%
Nov.	85,086,370.0	78,156,721.0	8.0%	83,019,263.0	78,231,354.0	3.0%
Dec.	64,842,890.8	73,671,790.0	-11.0%	62,430,910.0	84,383,279.0	-15.0%
Totals	578,117,170.8	495,147,802.0	17%(Average Growth)	425,334,053.6	276,281,371.0	54% (Average Growth)

Table 3: Half Year Growth for 2018/19 Vs 2018/18

Source: County Treasury, February 2019

Exchequer issues to Nakuru County

The Total receipts for the County during the half year period amounted to Ksh. 5.9 billion. The Equitable share amounted to Kshs.3.4 billion for the first half of the FY 2018/19 against a target of Ksh.4.7 billion depicting a shortfall of Ksh. 1.3 billion. The Conditional grants amounted to Ksh. 1.1billion and the local revenue amounted to Ksh 1billion a target of Kshs.1.3 billion.

Exchequer Release by Source

Equitable share accounted for 69 percent followed with donor grants and RMFLF at 23.4 percent and 7.6 percent respectively.

Table 4: Exchequer release by Source

Source	Receipt Amount	Percent of the total
Donor Grants	1,159,615,760	23.4
User Foregone Fees	0	0
Level 5 Hospital	0	0
Road Maintenance Fuel Levy Fund	374,552,157	7.6
Equitable Share	3,421,668,502	69.0
Totals	4,955,836,419	100

Source: County Treasury, February 2019

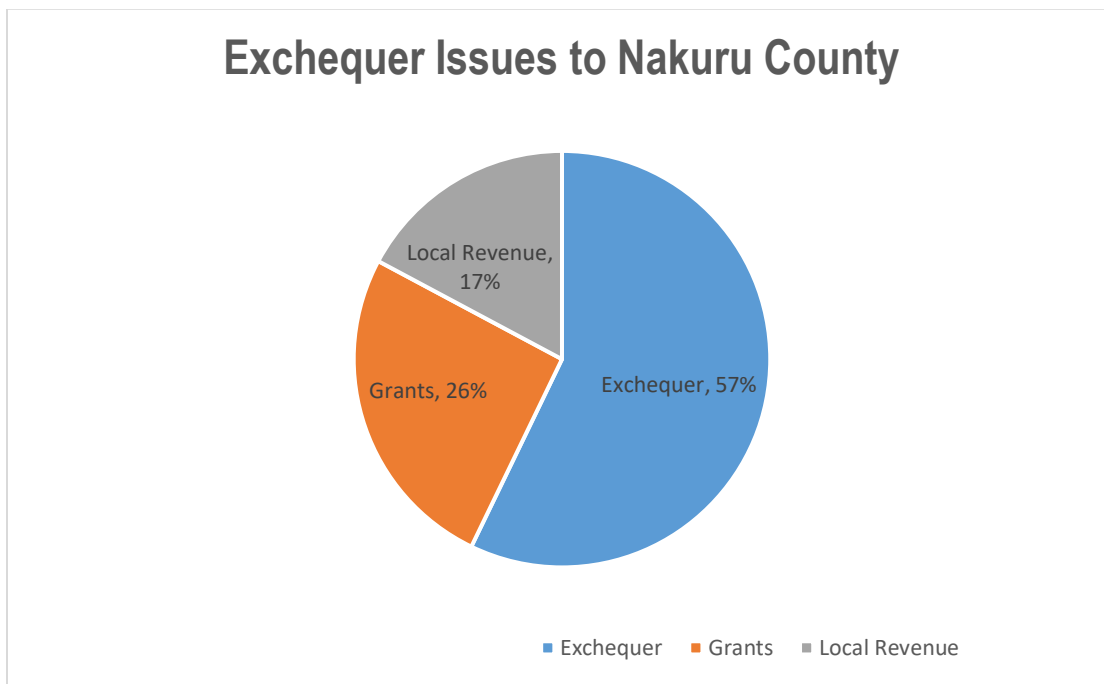


Figure 2: Exchequer Issues to Nakuru County

Expenditure Trends

The total spending by departments, the Office of the Governor and the County Assembly amounted to **Ksh 3.8 Billion** during the first half of 2017/18

Actual Expenditure by Departments from July to December 2018

Department	Approved Budget	Recurrent Expenditure Q1	Recurrent Expenditure Q2	Total	Budget Balance	Budget Absorption Rate
Office Of The Governor	275,718,158	12,174,750	48,300,526	60,475,276	215,242,882	22%
Finance And Economic Planning	1,267,215,249	139,420,420	236,086,654	375,507,074	891,708,175	30%
Agriculture Livestock And Fisheries	1,044,468,990	90,124,080	164,031,751	254,155,831	790,313,159	24%
Health	6,214,866,638	811,180,833	1,015,540,655	1,826,721,488	4,388,145,150	29%
Environment Natural Resources And Water	1,221,755,178	53,674,865	77,349,919	131,024,784	1,090,730,394	11%
Education ICT & E-Government	1,199,646,380	61,482,000	14,722,948	76,204,948	1,123,441,432	6%
Lands Physical Planning And Housing	1,490,623,467	26,862,635	29,976,702	56,839,337	1,433,784,130	4%
Roads Transport And Public Works	2,437,206,002	35,860,905	145,295,570	181,156,475	2,256,049,527	7%
Public Service Training And Devolution	820,933,741	141,106,727	148,662,909	289,769,636	531,164,105	35%
Public Service Board	54,534,720	10,795,376	11,005,897	21,801,273	32,732,997	40%
Youth Culture And Gender Sports And Social Services	464,506,952	0	68,107,414	68,107,414	396,399,538	15%
Trade Cooperative Tourism	537,275,632	13,401,072	31,104,621	44,505,693	492,769,939	8%
County Assembly	1,287,000,637		445,048,420	445,048,420	841,952,217	35%
TOTAL	18,315,751,744	1,396,083,663	1,990,185,566	3,831,317,649	14,484,433,645	21%

Source: County Treasury, February 2019

Table 5 above compares the approved budget against the actual expenditure for the first half. Overall the County was able to spend Ksh 3.8 billion excluding the conditional grants of Ksh. 1.4 billion depicting an absorption rate of 21 percent.

Expenditure by Economic Classification

Comparison in Expenditure trend for Half Year by economic classification

The County government expenditure is classified into five economic classification. These are;

- a. Personnel Emoluments
- b. Operation and Maintenance
- c. Transfer to other government agents
- d. Development
- e. Other development

As per the table below remuneration of employees accounted for 51.8 percent of the total expenditure in the first half year. Operation and maintenance accounted for 19.4 percent, transfer to other government entities accounted for 8.3 percent and other development 20.5 percent.

Table 6: Analysis of expenditure by Economic classification

Description	Total expenditure 2018/19	Total expenditure 2017/18	Total Expenditure %
Personnel Emoluments	2,743,641,090	789,512,711	51.8
Operation and Maintenance	1,026,756,387	1,247,011,892	19.4
Transfer to other government entities	445,048,420	0	8.3
Development	0	0	0
Other development	1,085,972,193		20.5
Total	5,301,418,090	2,036,524,603	100

Source: County Treasury, February 2019

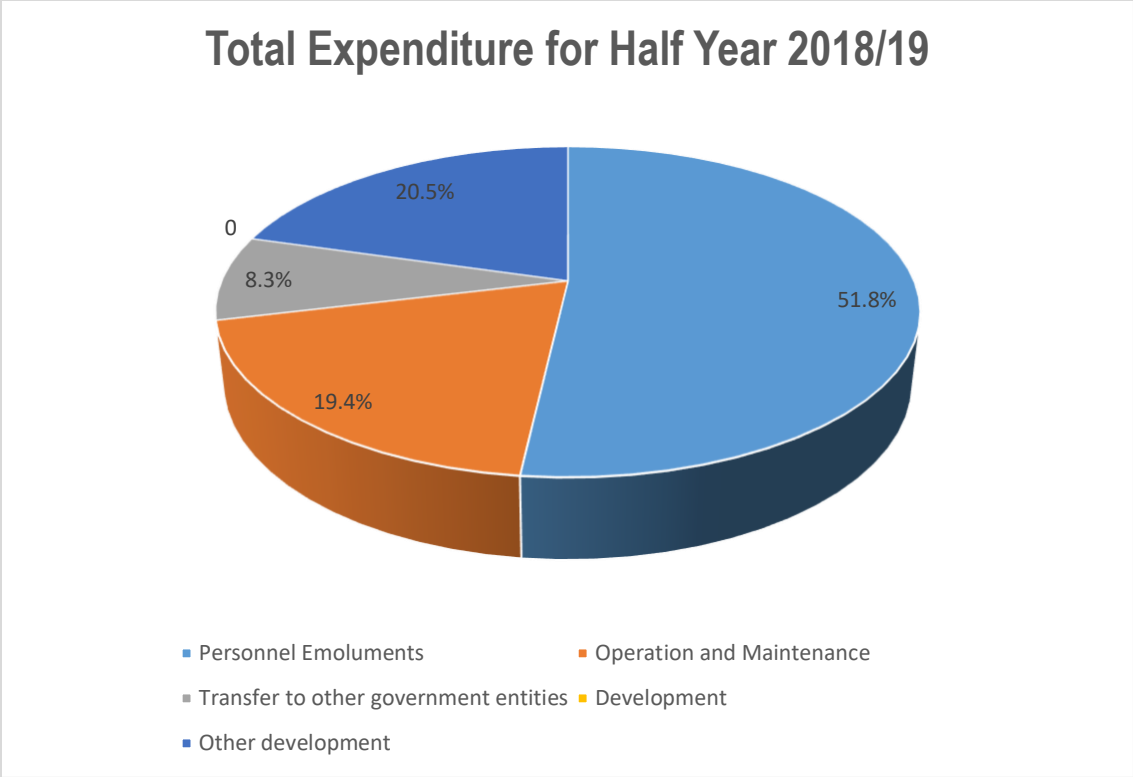


Figure 3: Total Expenditure

****Ksh 1 billion in other development is conditional grant for Kenya Urban Support Programme (KUSP) that is yet to be expended.***

The half year expenditure on remuneration to employees amounted to Ksh. 2.7 billion representing 51.8 percent. This was followed operation and maintenance amounted to Ksh. 1 billion and transfer to other to the County Assembly accounted to 8.3 percent.

Update on the Fiscal Performance in the FY 2018/19 and the Emerging Challenges

The delay in the approval of FY 2018/19 budget posed a major challenge to budget implementation in the first quarter. The Implementation of the budget has since progressed despite other hiccups like the delay in the disbursement of national shareable revenue as well as delay in finalization and uploading the procurement plan in the IFMIS.

During the first half of FY 2018/19, the County received **Ksh 3.4 billion** as equitable share of revenue raised nationally, **Ksh 1.1 billion** as total conditional allocations, **374.6 Million** as Road Maintenance Fuel Levy Fund and **Ksh 1 billion** from local revenue sources.

Risk to the Economic Outlook

The Salaries and Remuneration Commission (SRC) has finalized Phase II of salary harmonization for public servants which became effective from July 2018. This together with the implementation of the CBAs in the health sector are likely to constrain the expenditure and this may adversely affect.

The effects of adverse weather conditions with heavy rainfalls negatively affecting the infrastructure and prolonged drought affecting food production.

The proposed implementation of contributory pension scheme by counties for staff devolved from National Government (previously a non-contributory scheme pension scheme) poses a risk to the fiscal responsibility principle of 35% on wage bill as it is expected to increase the recurrent expenditure.

The court rulings regarding the salaries for Members of the County Assemblies (MCAs) to be reinstated and further the ruling on reinstating employees back to the County payroll will adversely affect the expenditure.

The County Government will monitor the above risk and take appropriate measures to mitigate the risk when they occur.

Review of the County Fiscal Performance for the Period 2017/2018 Energy Infrastructure and Information Communication Technology

The departments of Roads, Transport and Public Works graded/gravelled 1796KM of road was done under RRI programme, thirty two (32) motorable footbridges constructed, 4 bus parks were rehabilitated and 793 streetlights installed and rehabilitated. , 1 fire station was constructed and Further 300 compliance certificates were issued.

Key achievements of the department of ICT for this period were; Establishment of two digital centres at Subukia and Kuresoi North. The centre in Kuresoi North is operational with free Wi-Fi installed.

Installation of CCTV cameras in County offices hence enhancing the security level within those offices. Redesigning of the County Website. Development of an ICT policy for the County.

Agricultural Rural and Urban Development Sector

The Directorate of Agriculture acquired farm input support program and distributed Avocado and Pyrethrum seedlings to 6,838 farmers; farmers were also supported through provisions of potato seedlings and fertilizers; 4,000 vulnerable farmers were supported with fertilizer and maize Seeds and over 200 farmers were supported with coffee seedlings.

In collaboration with other stakeholders 80 staff were trained on Fall Army Worm (FAW) control and 21 plant health clinics held in Subukia and Nakuru-North sub-counties. 11 Milk bulking and chilling plants were commissioned. An annual average production of 200,000 litres of milk valued at Ksh.7.0 B was marketed.

The Directorate of Livestock vaccinated over 70,000 herds of cattle were against FMD, LSD and Anthrax while over 1,000 were vaccinated against ECF. Over 20,000 sheep and goats were vaccinated against PPR, sheep and goat pox and CCPP. About 10,000 dogs and cats were vaccinated against Rabies.

Average annual meat slaughtered was valued at Kshs.17B. 80 slaughter houses and slabs and 60 hides and skins traders were licensed, 18 cooperatives were issued with AI kits

The Department of Lands, Physical Planning and Housing achieved the following; Preparation of valuation roll. The status of the valuation roll is at 90 percent complete. The directorate of Physical planning prepared the County Spatial Plan which stood at 90 percent completion Preparation of the Land Information Management System. Planning and Development of Trading Centres which is at 50 percent completion.

Environment Water and Natural Resources

In the Water and Sewerage Management Programme the directorate purchased one (1) water bowser, drilled (6) six boreholes, rehabilitated/constructed 36 No. water projects, and constructed two (2) water pans. Under the Environmental Management programme, the sector purchased 60 litter bins while the County Clean Energy Policy was developed under the Energy programme.

Education Sector

The Directorate of Education constructed 400 ECDE classrooms around the County and increased the facilities towards enhancing early childhood learning within the County, the directorate recruited 266 ECDE teachers and 109 instructors for vocational training, Rolled out the feeding programme in all the public ECDE centres, constructed 17 vocational training centres across the County, Constructed an administration block for Molo resource centre and a double storeyed building workshop and classrooms in Njoro VTC and equipped six (6) VTCs, The sub-sector supervised 2100 trainees in various firms and industries on attachment.

Social Protection, Culture and Recreation

The directorate renovated and equipped social halls. Held sensitization on gender and disability through collaborations with external stakeholders, Equipped the studio at the Nakuru players theatre, Established sub-county cluster groups for gender-based violence to enhance prevention and response to GBV. Developed and nurtured sports talents by improving the sports facilities, the Supported PWDs Paralympic sports tournament and issued of assisted mobility devices for PWDs.

Health

The directorate adopted the Integrated Human Resources Information System (IHRIS) in order to optimize HR management. The Department commissioned 40 new primary level facilities spread across all sub counties, increased sanitation coverage from 85 percent to 87 percent, 100 villages were declared ODF. The department commissioned Margaret Kenyatta Mother Baby Wing with a bed capacity of 240. Further oncology services were launched at the County referral Hospital, seven health centres were elevated to level 4 status in order to improve access to care in all sub counties. A diabetes Centre of Excellence was established at the County Referral Hospital with over 5000 patients accessing specialized services in the period under review and Procurement of drugs and health commodities worth Ksh 850 million and were distributed to all 177 public health facilities.

General Economics and Commerce Affairs

The Directorate of Trade prepared four bills which were at the final stages. The Alcohol Drinks Act was enacted, one milk cooler and digital weighing scales were procured. The directorate of trade trained 700 SMEs and 53 producer business groups linked to markets. The directorate held an investor's conference that

attracted 1500 participants was held in collaboration with partners. 550 business premises were inspected and 4470 certificates issued in a bid to promote consumer protection.

Public Administration & International/National Relation Sector

During the period under review the Revenue Directorate collected Ksh 2.2B as local revenue including FIF. Developed code of regulations for County employees. The County Public Service Board recruited 130 enforcement officers and clerical officers supported the implementation of a Biometric Human Resource Audit Sensitization and training of senior officers on performance management.

The Internal audit directorate prepared reports and submitted financial statements in compliance with the PFM Act, Preparation and timely submission of statutory documents including budget estimates, the CBROP, CFSP, ADP, the 2nd CIDP (2018-2022) and the County Debt Management Strategy Paper.

II. POLICIES TO ACHIEVE MEDIUM TERM OUTLOOK

Overview

1. The 2019 CFSP is the 2nd to be prepared under the new County Administration and coming on the backdrop of the launch of 2nd CIDP (2018-2022) and the MTP III (2018-2022). The period under review was marked by slow recovery from the transition from previous County administration and setting up the institutional arrangement for the current administration. The current County Administration has prioritised the implementation of the CIDP (2018-2022) which further integrates the political manifesto of the Governor over the medium term period.
2. Over the period under review the County Government focused on consolidating on the gains made in the first five years of the integrated plan period and setting up the institutional arrangement of the administration as well induction for incoming executives. Important lessons learnt from the implementation of the inaugural devolution will continue to inform the next integrated development plan period as well fiscal decisions going forward.
3. The National Treasury has released the draft Budget Policy Statement (BPS 2019) which articulates the national fiscal policy priorities underpinning the MTEF period 2019/2020-2021/2022 and beyond. This priorities focus on the realisation of the *Big Four Agenda* under the following pillars: (i) supporting job creation by increasing value addition and raising the manufacturing sector's share to GDP; (ii) focusing on initiatives that guarantee food security and nutrition to all Kenyans; (iii) providing Universal Health Coverage (UHC) thereby guaranteeing quality and affordable healthcare to all Kenyans; and (iv) supporting construction of at least 500,000 affordable new houses to Kenyans.
4. The County Government broad fiscal policy has therefore been aligned to the direction taken by the national development agenda espoused in draft BPS 2019 and within the priority constraints of the devolved functions. The County Government priority has continued to focus on expansion of its physical and social infrastructure, prioritisation of health and agriculture programmes as well improvement of service delivery for realisation of public good/services.

5. Observing the National fiscal policy priorities contained in the draft BPS 2019 therefore, the CFSP 2019 has been founded on the following five fiscal strategy initiatives;
 - i. Promotion of accessible and affordable healthcare for all county residents toward the realisation of UHC;
 - ii. Revival of pyrethrum, promotion of agri-business and achieving food nutrition & security;
 - iii. Expansion and operationalization of County social and physical Infrastructure.
 - iv. Creating an enabling conducive business environment for growth
 - v. Enhancing governance, transparency, accountability and human resource productivity in the delivery of public good and service;
6. The County Government will continue to focus on the creating a conducive environment for all-inclusive and sustainable growth, equitable social economic development and reduced inequalities among county residents.

Fiscal Strategy Initiatives.

i. Revival of pyrethrum promotion of agri-business and achieving food security;

7. The County Government will prioritise agricultural sector policies aimed at increasing food production, and achieving food nutrition and security. The broad based approach in the sector will focus on programmes aimed at increasing crop production, livestock production, animal health and fishery production including extension services.
8. At 19 percent Nakuru County has currently among the lowest food poverty index in Kenya although there are pockets of food poor population in the County. The main goal will be to focus on food production in crop and livestock husbandries and thereby food nutrition and security. Further the Sector will focus on improving the farm incomes through on small holder commercialisation initiatives.
9. To expand the extension services the sector will leverage on collaboration with stakeholders to implement three main prioritised programmes in the Crop,

Livestock and Fisheries subsectors. These priority programmes shall include; Livestock Resources Management and Development, Fisheries Development and Management, and Crop Production and Management.

10. Effort will be made to address the constraints that affects efficiency along the agriculture value chain. This will include working with farmers cooperatives to streamline the market infrastructure, including purchase of milk cooler plants
11. To reach out to farmers, the County Government will upscale extension services across the ward with the aim of equipping farmers with the right skill on proper farming methods. The County Government has also established a farmers' call centre that will further provide real time information to farmers on improved farming methods.
12. To enhance research and training the County will leverage on the existing county stakeholders to implementation of sub sector programmes. Non state organisations will be engaged to lead in community mobilisations and provide platforms for public participation in government service delivery. Research institutions namely KARLO, RVIST, Egerton University, DTI among other will continue to lead in Research, training, and capacity development of farmers.
13. To bridge the budgetary gaps in sector the department of Agriculture shall continue to leverage on financial support from development partners. Through the NARIG-P Project the County focus on increased agricultural productivity and profitability of targeted rural communities. The ASDSP now in its second phase (ASDSP II) will aim to enhance coordinated sector support towards resilient value chain development.
14. Crop sub sector will aim at enhance dissemination of knowledge and skills improved agricultural productivity, food security, and farm incomes. To increase food productivity the sub sector will further focus on enhancing management of crop pest and disease, sustainable use of land resources as a basis for agricultural enterprises, promotional of uptake of technology, leveraging on the national fertiliser cost reduction programme.
15. To further increase revenue streams and contribution towards County Own Source Revenues (OSR) in the sub sector the County will mechanisation in agriculture through the Agriculture Mechanisation Services (AMS) unit and

upscale conferencing services in agriculture related trainings through the Agriculture Training Centre (ATC).

16.To further address the climate change effect in the sector, the County will focus on promotion of climate smart agriculture including up scaling farmer under crop insurance, diversification to other non-traditional crops including macadamia nuts, avocado.

17.The livestock sub sector will focus on increased livestock production, productivity, health and improve livestock products and by products to enhance food security in the County. To promote animal health and boost livestock productivity, the Veterinary Services shall focus disease control, food safety and trade in animals and animal products. Control of livestock movement reduce spread of diseases and promotion of value addition on hides and skins.

18.To achieve the targeted priorities in fisheries the sub sector will prioritise to grow capture Fisheries resource management and fish safety, restocking of Lake Naivasha value addition and marketing through construction of the Naivasha fish Market and revival of fish farming across all Sub Counties.

ii. Promotion of accessible and affordable healthcare for all county residents toward the realisation of UHC;

19.Over the next MTEF period the County Government has placed high priority in attaining accessible, quality and affordable healthcare under the auspices of the national UHC programme.

20.The County shall continue to work with National Government under the proposed road map for attaining UHC. This will be achieved through continuous registration of the county residents on the NHIF programme and addressing the health infrastructure constraints.

21.To further increase number of County residents covered under the UHC programme, the County will also continue to leverage on the National Government expanded programme to cater for comprehensive medical cover for students in public secondary schools, elderly and vulnerable persons in all the NHIF-accredited mission and private hospitals.

22. The County runs 15 level four Hospitals 26 Health centres and 144 dispensaries spread out across the 11 Sub Counties. The County has upgraded seven its facilities to level 4 status in order to upscale health services across the County. During the next MTEF period the County will upgrade an additional four health centres to level 4 status.
23. The Facility Improvement Fund (FiF) has significantly increased by 53 percent in the period July to December 2018 compared to similar period in 2017 as a result of upgraded health facilities and better revenue administration. In this regard the County will optimise the utilisation this new increments to improve quality of care and services in the level 4 and level 5 facilities.
24. To consolidate the gains realised in the inaugural County Government on health infrastructure development the County will continue to prioritise equipping of existing health centres and dispensaries with the aim of operationalizing them and increase the uptake of service delivery.
25. To leverage on development partnerships in the health sector, the County will maximise collaborations with related sectors including Water and Sanitation, Agricultural, Housing sector and the communities through Community strategy. The World Bank, MoH and UNICEF Report on Sanitation 2017, revealed that Nakuru County bears disease a burden of approximately Ksh 978 Million as result of sanitation health related constraints. Therefore the sector will place particular emphasis on Water and Sanitation Hygiene (WASH) programme over the next medium term period partly through Sanitation Roadmap Campaign 2020 and Urban Led Total Sanitation (ULTS) programmes.
26. Approximately 80 percent of the top ten disease burden are caused from preventable causes, the health sector will therefore focus on preventive and promotive health services as a primary health related. To sustain services provision across under curative health programme the County Government shall continue to prioritise budget allocation for drugs and non-pharmaceutical and on the basis of level of service in each facility.
27. To address the rising burden of non-communicable diseases, the County will establish and strengthen specialized services such as comprehensive oncology services, imaging and specialized clinics and theatres, renal units among others in selected major hospitals.

28. To improve uptake of reproductive health services, the County will continue to ensure all pregnant mother have attend all four ANC visits and finally deliver with the assistance of skilled birth attendant. To attain this reproductive initiative, the County will leverage on the national *Linda Mama* programme which allow free maternal service in all public facilities. To expand facilities the County has opened the Mother and Child Unit (namely the Margaret Kenyatta Wing) with a capacity of 240 beds. This will further promote the Prevention of Mother to Child Transmission (PMTCT) aid in reducing transmission of HIV/Aids virus from mother to their new-borns.
29. Observing the growing trends of health referral cases from more than six neighbouring Counties, the County has envisioned the upgrading of Nakuru Level 5 hospital to a Teaching and Referral Hospital to address the emerging needs. To attain this goal the County will seek strategic partnerships with University medical schools, build the body of knowledge and expertise required. Further the County will expand Managed Equipment Service (MES) project to cover three major Hospitals.
30. To address the shortfall in healthcare financing the County continue to collaborate with State Department of Health in support of HIV/AIDS/ TB program, children Immunizations, Conditional Grants for referral hospital (PGH –Nakuru), Reproductive health commodities and Anti- Malarial commodities.
31. To further maximise the outcome of the development partnerships the County will leverage on the World Bank Funded Transforming Health Systems (THS) for Universal Care project programme, DANIDA grant in support of primary health care services. Further the County will continue to partner with other private healthcare providers in realising target health indicators.
32. To progress towards long term realization of quality affordable and accessible healthcare services the County requires a highly motivated and skilled health work force working in a conducive environment and facilitated with the right equipment. During the period under review the County adopted the Integrated Human Resources Information System (IHRIS) in order to optimize HR management. To this end the County continue to commit resources to address human resource constraints including commitments to Collective Bargaining Agreement (CBA) for health workers, succession management and facilitation with tools and equipment.

iii. Expansion and operationalization of County physical and Social Infrastructure.

33. The Kenya Vision 2030 blueprint identified physical infrastructure as foundation for national transformation and an enabler towards the realisation of other sectoral goals. The County Government has therefore placed high priority in realising both social and physical infrastructure initiatives/programmes.

34. To address the rising cost of maintaining County access roads the County Government has adopted *Boresha Barabara* a new approach which entails implementation of roads projects using owned Machinery. In the current FY 2018/2019 the County will finalise the acquisition of construction machinery including, dozers, rollers, tippers, excavators, and graders. To further address access in rural road networks the County will target to grade and gravel approximately 7500 Km of road in the MTEF period 2019/2020-2021/2022.

35. To achieve the urban development infrastructure initiative the County Government opted into the World Bank funded Kenya Urban Support Programme (KUSP). Through the Urban Development Grant (UDG) the KUSP programme the County has prioritised the following; construction of fresh produce market in Naivasha, upgrading to selected roads bituminous standards, construction of fire station in Nakuru town, construction of storm water drains in Nakuru Town and Construction of a new stadium, and densification of Moi estate in Nakuru Town.

36. To achieve broad based approach outcome in roads maintenance the County will continue to maximise the conditional allocation on Road Maintenance Levy Fund work plan based on the following guidelines; i) Artery roads that connect more than one ward; ii) Roads that are commonly utilised by the Public Service Vehicles (PSV); iii) Roads that has industrial importance; iv) County bus parks and terminals.

37. To promote 24 hour economy under the *inua biashara* platform and address insecurity concerns, the County Government has prioritised expansion of street lighting programme as well as maintenance of existing programme. To this end the County install will 300 security lights and maintain approximately 1,000 No. of street light in FY 2019/2020. To promote sustainability of the street lighting

programme and address the high maintenance cost, the County will adopt an integrated approach to adopt solar lighting and the low maintenance LED lights.

38. Over the 2018-2022 integrated development plan period, the sector has identified public works programme as critical to the realisation of effective County physical infrastructure. The sector has prioritised to address this initiative through construction and rehabilitation of the storm water drainage in all urban areas, construction of motorable bridges and construction of bus parks. In the next MTEF period 2019/2020-2021/2022 the County will target to construct 30 bus parks, 60 motorable bridges.
39. In response to fire and emergency services, the County will leverage on the KUSP support in the Construction a comprehensive fire station in Nakuru town. The County will acquire one (1) fire engine in current FY 2018/2019. Further the County will focus on training of key personnel and proactively pursue fire compliance inspections as part of preventive measures. This initiative among other planned/ongoing programmes will prepare the proposed Nakuru municipality towards elevation into a City status in line with the urban areas and Cities (amended) Act 2011.
40. To leverage on the recent National infrastructure development (Including completion of the SGR Phase 2A in Naivasha and the proposed Nakuru International Airport) the County will seek to create job opportunities for the abundant available County labour force and generally shore up the County economic growth.
41. Development of ICT infrastructure is critical in reduction turnaround time in service delivery platforms across all the sectoral areas. In line with the national direction in provision of services through the digital platforms, the County has committed resources towards the adoption of ICT platforms in service delivery. Initiatives started in the current FY 2018/2019 that will be carried through to the MTEF period 2019/2020-2021/2022 include acquiring of a new Revenue Management system, and Lands Integrated Management Information Systems (LIMS).
42. Other major priorities on ICT subsector in MTEF period 2019/2020-2021/2022 shall include: establishment of a data centre; establishment of 15 free Wi-Fi sites

across the county; establishment of 15 digital centres across the county; procurement of an ERP system; installation of LAN and WAN connectivity.

43. Development of adequate Social infrastructure is key to the achievement of social equity and poverty alleviation. During the MTEF period 2019/2020-2021/2022, the County has prioritised will build on the gains realised in the first integrated plan period (2013-2022) in social infrastructural development.
44. To increase water and sanitation coverage and address the disease burden associated with lack of water & sanitation through construction of over the next MTEF period the County will prioritise completion of all ongoing water projects, drilling of 21 no. water boreholes, construct 10 no. water dams/pans, desilt 14 no water pans/dams.
45. To maximise on the national capitation for village polytechnics, the County will upscale on infrastructure development for vocational training, through construction of new classroom block, curriculum development and equipping of existing polytechnic. Further to increase access and retention for ECD education the County will continue to prioritise on the operationalization and expansion of ECD classrooms within the already established centres as well as equipping of existing classrooms.

iv. Creating an enabling conducive business environment for growth and private sector participation.

46. As part of the commitment towards County investment promotion and Foreign Direct Investment (FDI) and growth Nakuru County held a successful international conference in November 2018 under the theme "*Using geothermal Energy as a Competitive Advantage*". Major feasible initiatives showcased in the conference include the Egerton Agri-city project, Oserian two Lakes Industrial Park. The County will continue to follow through the commitments from the conference and work towards eliminating bureaucratic bottleneck that limit the turnaround time for business start-ups.
47. To fast-track regulatory frameworks necessary for the establishment of business and industrial parks, the County Government will initiate relevant policy legislation including Land Use zoning and enhance collaboration with the national institutions in promoting County investments. Further the County will

provide linkages between the local farmers and the export market to promote agribusiness and spur local economy. Over the next METF period 2019/2020-20221/2022 the County will continue pursue an investor focused policy guided by the unique outcome of the Investment Conference.

48. To address concern on payment of fees and charges the County will continue to pursue a business friendly fiscal policy and engage all rate payers through the public participation in the formulation and implementation of the County Finance Bill. Additionally the County will continue to pursue a harmonised tax regime in business licensing and further deepen automation to enhance efficiency in the revenue administration.
49. To further reduce the cost of doing business the County has prioritised the improvement of the physical infrastructure as discussed in the fiscal strategy initiative above. This initiative will be mainly realised through *Boresha Barabara* Programme aimed at improving access in rural roads and the KUSP programme aimed at expanding urban infrastructure. Further the ongoing County Street lighting program under the banner *Inua Biashara* is aimed at increasing business hours for traders and the long term plan of achieving 24 hour economy.
50. Nakuru County will further seek to leverage itself as an investment destination observing the recent National Development projects, (which include the completion of the SGR Phase 2A and proposed construction of Nakuru International Airport). The completion of the two notable projects among other recent planned infrastructure development alongside the geothermal energy comparative advantage will increase the land capture value and the pull factors for both external investments.
51. To cushion the disadvantaged/ vulnerable groups in the society from poverty the County has signed an agreement with the National Council for Persons with Disability on the planned utilisation of a County initiated PWD Fund. This County Fund is aimed at providing social safety nets for PWDs and further giving them the much needed social economic empowerment. Going forward into the next MTEF period 2019/2020-2021/2022 the County will continue to prioritise allocation for this and other social safety programmes.
52. The County Government has invested significant resources in the preparation of the County Spatial Plan 2015- 2025) as well as the integrated Strategic Urban

Development Plans for Nakuru and Naivasha (ISUDP) as envisaged in the relevant County Government laws. This initiatives are aimed at providing the County strategy for long-term urban planning as well land use planning framework necessary for creating catalytic economic growth of the City status for Nakuru and Municipal status for Naivasha.

v. Enhancing governance, transparency, accountability and human resource productivity in the delivery of public good and service;

53.The outcome of the County fiscal policy planning and implementation is dependent on the productivity of human capital outlay as well the commitments toward good governance, transparency and accountability. The approach to achieving productivity will focus on the recruitment, induction and strategic placement; performance management; continuous employee training and development; addressing succession management among other human resource planning priorities.

54.To optimally realise the targets under human resource, the County Government will leverage on impetus brought about by the new administration, as well as the ongoing restructuring of the County executive under the leadership of HE the Governor. This initiative have entailed implementation of a comprehensive Human Resource Audit (whose report was released in November 2018) and whose aim was to establish the accurate account of County Human resource, and make recommendation on current human resource constraints, gaps and possible rationalisation. The HR audit findings revealed gaps in the skills set, demographic variability of county staff and the need to strategically align staff the devolved functions. Going into the next MTEF period the County Government will endeavour to implement the recommendations of the human resource audit exercise within the fiscal limits allowed for human resource related expenditures.

55.To achieve a result oriented employee performance, the County Government shall continue to apply integrated tools on Result Based Management (RBM). All County departments completed their performance vetting exercise in October 2018 in readiness for the roll out of the Performance Contracting (PC) and Performance Appraisal System (PAS). Going into the next MTEF period 2019/2020-2021/2022 the County Government shall continue to allocate resources aimed at inducting key County employees into a culture of

performance as well as facilitating the process of performance contracting, vetting, and reporting. In maintaining the human resource conduct and discipline the County Government shall continue to enforce the Public officer ethics Act, Leadership and integrity Act, and values and principle for public service in accordance with Article 232 of The Constitution of Kenya 2010.

56. To reduce the cost of running government, enhance accountability and good governance, eliminate duplication and achieve efficiency and economy in utilisation of financial resources, the County Government will through the County Treasury continue to institute public finance management reforms and controls measures as envisaged by the Public Finance Management Act 2012 and the Public Finance Management (County Governments) Regulations 2015. Additionally the County shall continue to publish and publicise its policy/financial reports through the available platforms in further compliance with the access to public information laws.
57. In further move towards achieving social equity, and a people-centred service delivery in budget formulation and implementation, the County Government has streamlined procedures for public consultations based on the new revenue sharing formula envisaged in County Revenue Allocation Act 2018. This initiative has begun with the 2019/2020-2021/2022 MTEF Budget and is expected to help the County to sufficiently prepare for feasibility studies before final harmonisation of the projects costs into the budget and thereby fastrack implementation process.
58. To realise the customer focused approach in service delivery the County Government established a complaint handling mechanism in the current FY 2018/2019. During the period MTEF 2019/2020-2021/2022 this initiative will be upscaled and cascaded to the decentralised units in the Sub Counties and Wards to comprehensively address the concerns of the external customers and further help retool and refocus policy formulation and implementation accordingly.
59. M&E planning, implementation and subsequent dissemination of findings and results is essential in achieving accountability for County fiscal decision. To this end the County has prepared a draft M&E policy, as well as the institutional framework for M&E (as per the CIDP 2018-2022) with a secretariat under Economic Planning unit. Going forward the County will focus on

documentation and dissemination of projects implementation outcomes for further guidance in future programme/project design.

60. To ensure prudence in public finance management, the County will in MTEF period 2019/2020-2021/2022 continue to enforce the fiscal responsibility principles identified in Section 107 of the PFM Act 2012 which include prudence in fiscal risk management, debt sustainability, allocation to capital expenditure and general budget framework. As part strengthening internal control systems, the County will further continue to take corrective steps based in the findings and recommendations of both internal and external audit reports going forward.
61. To improve the capacity of the County staff in handle devolved functions, the Nakuru County Government is implementing a World Bank funded programme namely the Kenya Devolution Support Programme (KDSP). The implementation process has been consolidated in a Capacity Building Plan organised in the following five Key Result Area (KRAs) namely; i) Public Finance Management; ii) Planning, Monitoring and Evaluation iii) Human Resource Management; iv) Civic Education and Public Participation; v) Environmental Safeguards. This KDSP programmes is will continue through to the MTEF period 2019/2020-2021/2022 to the addressing constraints and gaps identified within each KRA with aim of strengthening the fiscal and technical capacity of the County government to handle devolved functions. Additionally the County Government will continue to commit resources to other training and development needs to improve efficiency and productivity of the staff.
62. In further pursuit of improved service delivery for the urban dwellers the County Government has started in the earnest the process of establishing Municipal boards for Nakuru and Naivasha towns as envisaged in the revised Urban Areas and Cities Act 2011. During the current FY 2018/2019, the County Executive submitted Municipal charters (for Nakuru and Naivasha) to the County Assembly for approval. Further the recruitment of the municipal managers and board members expected to be finalised with the current FY 2018/2019 to pave way for operationalization of the municipal governance structures and fiscal allocations beginning FY 2019/2020. The implementation of KUSP under Urban Development Grant (UDG) and the Urban Institutional Grant (UIG) within the next MTEF period 2019/2020-2021/2022 are expected to further improve service delivery to the urban dwellers.

63. As a result of reforms and efficiency in the mobilisation local revenue administrations, the CBROP 2018 revealed a resurgence of County Own Source Revenues (OSR) with an appreciable growth of 16.3 percent in FY 2017/2018. Going forward into the FY 2019/2020 the County will leverage on strategic initiatives which will include revenue sources mapping, improved forecasting and revenue automation to maximise collections of OSR. On the expenditure front the County will initiate training of staff on all IFMIS modules and further (through the County Treasury) provide guidance in prudent accounting procedures for improved expenditure management and financial reporting.

III. INTERGOVERNMENTAL FISCAL RELATIONS AND DIVISION OF REVENUE

Background:

The devolved governance system has continued to take root, with the County governments becoming the focal units for providing critical services to the *Mwanachi*. The two levels of governments have to foster synergistic and complementary relationships to ensure smooth service delivery.

Intergovernmental Relations

a) PFM Institutions

The County continues to work closely with other PFM institutions. The National Treasury has continued to undertake capacity building to officers in the Nakuru County Treasury, on PFM related functions such as Accounting, Budgeting, Revenue Management and Intergovernmental Fiscal relations. The National Treasury continues to play a key role in budgetary implementation, through the management of the IFMIS modules. Other PFM institutions such as the COB, CRA,

PPRA, SRC and OAG have had close working interactions with the Nakuru County Government. The County will continue working with these institutions to achieve improved budget outturn and strengthen financial processes.

The Ministry of Devolution and ASAL continues to oversight the World Bank funded Kenya Devolution Support Programme (KDSP), whose objective is improving capacities in PFM Systems, Planning Monitoring and Evaluation, Human Resource Management, Civic Education and Public Participation and Environmental Safeguards. **Key achievements under this programme include-**

b) Other Institutions

The County Government has had continuous engagements with State Department of Planning in the finalization of the Nakuru County Integrated Development Plans, preparation of a County Indicator Handbook, training on Monitoring and Evaluation Systems and sensitization on SDGs mainstreaming. Engagements will continue during the preparation of the Nakuru M&E Policy.

The County Government was one of the heavily funded CG under the 4-year Kenya Urban Support Programme (KUSP) grant whose goal is to support the establishment and strengthening of urban institutions and systems to deliver improved infrastructure and services in participating counties, hosted in the Ministry of Transport and Urban Development. Although there is little achievement so far under the programme, the grant will go a long way in revamping the institutional existence and operations of the urban areas, and in readiness for the proposed City Status for Nakuru Town. So far, project selection under the programme has been undertaken for both Nakuru and Naivasha towns, and tendering has been initiated.

The County is also working closely with Technical and Vocational Education and Training Authority (TVETA) on Curriculum development to implement the Akira-ILO (International Labour Organisation) Project, which seeks to train youths on identified skills to enable them meet requirements of the job market and increase employability. The project, known as the “Inclusive Growth through Decent Work in the Great Rift Valley” targets both Nakuru and Narok Counties and will focus on skills required for the Energy Sector (Geothermal Development). The 4-year project is implementable under a Public Private Development Approach, where Counties will be responsible for equipping, employing and training the personnel for the targeted polytechnics.

The County still continues to benefit from the capitation programme accorded to the Vocational Training Centres.

Inter-County Relations

In order to consolidate devolution, County Governments have been joining forces to form Regional Economic Blocs. This will enable them leverage on economies of scale in investments, trading and infrastructural activities. Nakuru County has subscribed to the Central Kenya Economic Bloc (CEKEB) whose membership consists of 10 Counties, Namely: Embu, Kiambu, Kirinyaga, Laikipia, Nakuru, Nyandarua, Nyeri, Meru, Murang'a and Tharaka Nithi. CEKEB envisions a region where people can realize their full potential to attain a high-quality life. To achieve this, CEKEB will promote sustainable regional socio-economic development for the welfare of citizens. The Regional Bloc is still at its formative stages, and is currently finalizing on a blueprint that will be launched during the March 2019 Devolution Conference at Kirinyaga County to guide development in the region.

Cash Disbursement and Expenditure by Nakuru County Government

The share of funds received by Nakuru County Government from the National Government has been increasing at a decreasing rate. In the FY 2017/2018 the County received a total of 12.9 Billion as exchequer release compared to 11.7B in the FY 2016/17. The exchequer release comprised of Ksh 9.27 billion equitable share, Ksh 889 million conditional grants and Ksh 185 Million donor grants. Expenditures by the County Government stood at 11.3B including debt repayment against a target of Ksh 16.1 billion (inclusive of rolled over resources) representing an under spending of Kshs.4.7 billion (or 29% deviation from the approved budget). The underutilization was attributed partly to a shortfall in local revenue, Ksh 830 M and delay by National Treasury in disbursing funds to the County Governments. Exchequer releases for the half year ended 31st December 2018 amounted to Ksh 5.985B compared Ksh 3.2 billion in a similar period the previous year.

Revenue Allocation to the County Government for the Year 2019/2020

As envisioned in Article 217 as well as the Six Schedule of the Constitution, the CRA is in the process of developing and recommending the third basis for allocating revenue raised nationally among the County Governments. However, the Third Basis formula yet to be adopted for purposes of allocation of funds among County Government. The tables below compares the parameters used in the first, second and third basis formulae.

No	Parameter	First Basis	Second Basis
1	Population	45%	45%
2	Basic Equal Share	25%	26%
3	Poverty	20%	18%

4	Land Area	8%	8%
5	Fiscal effort	2%	2%
6	Development Factor	-	1%
	TOTAL	100%	100%

The proposed Third Basis formula is informed by the Fourth Schedule that distributes government functions between the two levels of government, and complies with the requirements of Article 203(1) of the Constitution. The recommendation in the Third formula are in the Table below;

Public sector function	Constitutional functions and powers (Schedule 4)	Indicator of expenditure need	Proposed weight
Objective 1. Ensure efficient and equitable county services			
1.1 Health	County health services	Uninsured population, In-patient days equivalent, and Outpatient Visits	15%
1.2 Agriculture	Agriculture Animal control and welfare	Rural population	10 %
1.3 Water	County public works and services water services	Population in need of access to clean drinking water	3 %
1.4 Urban services and environment	Control of air pollution, noise pollution, other public nuisances and outdoor advertising Fire-fighting services and disaster management; Control of drugs and pornography; County public works and services storm water management and Sanitation	Urban population	3 %
1.5 Other county services	Pre-primary education, village polytechnics, home craft centres and childcare facilities. Cultural activities, public entertainment and public amenities Implementation of specific national government policies on natural resources and environmental conservation	County population	18 %
1.6 Public administration	County planning and development Ensuring and coordinating the participation of communities in governance at the local level	Equal share	20%
Objective 2. Promote Balanced Development			
2.1 Balanced Development	County transport Trade development and regulation	Land area (km ²) County road network (km) No of poor people	8 % 3 % 15 %

Public sector function	Constitutional functions and powers (Schedule 4)	Indicator of expenditure need	Proposed weight
Objective 3. Incentivize capacity to raise revenue			
3.1 Revenue collection	County revenue collection	Revenue collection	2 %
Objective 4. Incentivize prudent use of public resources			
4.1 Prudent use of public resources	Management of public resources	Prudence (Internal audit, external audit, County Budget and Economic Forum, Staff costs and development expenditure)	3 %

If the Third Basis formula was adopted, Nakuru County would stand to gain as its allocation would rank second after Nairobi County. However, according to the Draft BPS 2019/20, the National Treasury has made proposed allocations based on the Second Basis formula. Accordingly, the Counties will share an estimated Ksh 371.6billion compared with Ksh 372.7billion in the previous year. The projected transfer to each County in FY 2019/20 is shown in **Table below**;

Allocation of funds to County Governments

County	FY 2018/19		Allocation Ratio	FY 2019/20									
	Equitable Share	Total Allocations		Equitable Share	Level-5 Hospitals	Compensation for user fees foregone	Rehabilitation of Village Polytechnics	Road Maintenance Levy Fund	Leasing of Medical Equipment	Supplement for construction of county headquarters	Loans & Grants	Total Allocations	Per capita allocation (Ksh)
Baringo	4,940,384,400	5,778,725,715	1.62	5,022,000,000	-	13,191,000	35,605,000	145,541,813	131,914,894	-	322,825,892	5,671,078,597	10,208
Bomet	5,763,781,800	6,680,554,474	1.89	5,859,000,000	-	16,713,356	47,875,000	169,798,781	131,914,894	-	454,770,099	6,680,072,130	9,224
Bungoma	8,691,417,000	9,998,082,441	2.85	8,835,000,000	-	32,837,307	65,500,000	256,045,781	131,914,894	-	920,852,734	10,242,150,715	6,280
Busia	5,794,278,000	6,744,720,378	1.90	5,890,000,000	-	16,934,085	61,960,000	170,697,188	131,914,894	-	416,541,031	6,688,047,197	13,703
Elgeyo/Marakwet	3,659,544,000	4,457,455,034	1.20	3,720,000,000	-	8,788,919	41,800,000	107,808,750	131,914,894	-	352,407,368	4,362,719,930	11,791
Embu	4,330,460,400	5,421,155,761	1.42	4,402,000,000	310,342,613	10,724,225	37,900,000	127,573,688	131,914,894	-	579,492,895	5,599,948,314	10,848
Garissa	6,739,660,200	9,134,942,947	2.21	6,851,000,000	355,392,347	12,964,636	35,335,000	198,547,781	131,914,894	-	915,889,383	8,501,044,040	13,644
Homa Bay	6,495,690,600	7,419,924,616	2.13	6,603,000,000	-	22,185,346	46,675,000	191,360,531	131,914,894	-	597,301,103	7,592,436,873	7,878
Isiolo	3,812,025,000	4,685,826,269	1.25	3,875,000,000	-	3,472,461	21,235,000	112,300,781	131,914,894	121,000,000	395,695,130	4,660,618,265	32,525
Kajiado	5,824,774,200	6,812,115,049	1.91	5,921,000,000	-	16,955,365	40,345,000	171,595,594	131,914,894	-	616,594,684	6,898,405,536	10,037
Kakamega	10,033,249,800	11,888,141,665	3.29	10,199,000,000	440,486,289	37,789,290	69,910,000	295,575,656	131,914,894	-	699,868,864	11,874,544,993	7,151
Kericho	5,550,308,400	6,517,000,071	1.82	5,642,000,000	-	18,048,789	41,005,000	163,509,938	131,914,894	-	597,080,638	6,593,559,258	8,695
Kiambu	9,087,867,600	12,406,684,614	2.98	9,238,000,000	551,469,711	34,671,542	68,110,000	267,725,063	131,914,894	-	2,378,909,369	12,670,800,578	7,806
Kilifi	10,521,189,000	12,215,750,837	3.45	10,695,000,000	-	25,969,864	53,035,000	309,950,156	131,914,894	-	1,498,016,666	12,713,886,580	11,457
Kirinyanga	3,995,002,200	4,742,094,252	1.31	4,061,000,000	-	11,282,570	52,210,000	117,691,219	131,914,894	-	519,396,956	4,893,495,639	9,267
Kisii	7,471,569,000	8,979,452,357	2.45	7,595,000,000	430,475,237	26,138,997	70,090,000	220,109,531	131,914,894	-	682,244,542	9,155,973,201	7,946
Kisumu	6,709,164,000	8,783,717,505	2.20	6,820,000,000	380,419,977	21,299,489	41,650,000	197,649,375	131,914,894	-	1,082,077,868	8,675,011,602	8,953
Kitui	8,477,943,600	9,613,793,830	2.78	8,618,000,000	-	22,499,906	58,465,000	249,756,938	131,914,894	-	795,015,756	9,875,652,493	9,752
Kwale	7,319,088,000	8,647,570,910	2.40	7,440,000,000	-	15,209,593	41,860,000	215,617,500	131,914,894	-	980,216,075	8,824,818,062	13,578
Laikipia	3,995,002,200	4,783,508,025	1.31	4,061,000,000	-	9,968,208	28,525,000	117,691,219	131,914,894	-	302,578,964	4,651,678,284	11,652
Lamu	3,446,070,600	4,243,607,344	1.13	3,503,000,000	-	2,451,034	31,210,000	101,519,906	131,914,894	121,000,000	303,666,757	4,194,762,591	41,312
Machakos	8,081,493,000	10,333,845,617	2.65	8,215,000,000	395,436,555	24,129,039	54,295,000	238,077,656	131,914,894	-	1,377,349,081	10,436,202,224	9,500
Makueni	6,922,637,400	7,920,572,018	2.27	7,037,000,000	-	19,435,760	31,570,000	203,938,219	131,914,894	-	702,254,514	8,126,113,386	9,187

County	FY 2018/19		FY 2019/20										
	Equitable Share	Total Allocations	Allocation Ratio	Equitable Share	Level-5 Hospitals	Compensation for user fees foregone	Rehabilitation of Village Polytechnics	Road Maintenance Levy Fund	Leasing of Medical Equipment	Supplement for construction of county headquarters	Loans & Grants	Total Allocations	Per capita allocation (Ksh)
Mandera	9,850,272,600	10,960,277,905	3.23	10,013,000,000	-	25,474,920	31,240,000	290,185,219	131,914,894	-	591,013,860	11,082,828,892	10,805
Marsabit	6,800,652,600	7,737,611,745	2.23	6,913,000,000	-	6,643,714	26,275,000	200,344,594	131,914,894	-	516,877,661	7,795,055,863	26,772
Meru	7,776,531,000	9,107,881,832	2.55	7,905,000,000	385,425,503	31,648,428	66,025,000	229,093,594	131,914,894	-	529,643,439	9,278,750,857	6,841
Migori	6,526,186,800	7,938,813,470	2.14	6,634,000,000	-	21,655,884	31,750,000	192,258,938	131,914,894	-	1,063,015,013	8,074,594,728	8,804
Mombasa	7,990,004,400	9,608,055,293	2.62	8,122,000,000	400,442,081	23,385,934	39,895,000	235,382,438	131,914,894	-	1,656,359,269	10,609,379,615	11,294
Muranga	6,068,743,800	6,901,233,125	1.99	6,169,000,000	-	20,138,691	65,710,000	178,782,844	131,914,894	-	518,280,762	7,083,827,190	7,515
Nairobi	15,339,588,600	16,284,579,349	5.03	15,593,000,000	-	79,423,251	34,570,000	451,898,344	131,914,894	-	192,199,600	16,483,006,088	5,252
Nakuru	9,179,356,200	11,563,464,586	3.01	9,331,000,000	385,425,503	38,723,265	47,800,000	270,420,281	131,914,894	-	1,576,216,408	11,781,500,351	7,348
Nandi	5,214,850,200	6,228,558,378	1.71	5,301,000,000	-	18,086,363	37,255,000	153,627,469	131,914,894	-	681,341,621	6,323,225,346	8,398
Narok	6,190,728,600	7,058,421,235	2.03	6,293,000,000	-	20,595,297	30,820,000	182,376,469	131,914,894	-	536,312,751	7,195,019,410	8,456
Nyamira	4,635,422,400	5,451,219,340	1.52	4,712,000,000	-	13,175,221	52,915,000	136,557,750	131,914,894	-	567,192,854	5,613,755,719	9,384
Nyandarua	4,787,903,400	5,757,469,519	1.57	4,867,000,000	-	12,735,922	39,700,000	141,049,781	131,914,894	121,000,000	375,041,424	5,688,442,021	9,540
Nyeri	4,879,392,000	6,184,636,952	1.60	4,960,000,000	420,464,185	13,701,379	28,795,000	143,745,000	131,914,894	-	539,342,102	6,237,962,559	8,994
Samburu	4,299,964,200	5,116,193,687	1.41	4,371,000,000	-	5,235,578	20,905,000	126,675,281	131,914,894	-	535,672,418	5,191,403,170	23,181
Siaya	5,855,270,400	6,699,573,187	1.92	5,952,000,000	-	18,194,808	38,500,000	172,494,000	131,914,894	-	350,315,755	6,663,419,456	7,911
Taita Taveta	3,934,009,800	5,116,215,328	1.29	3,999,000,000	-	5,296,305	49,675,000	115,894,406	131,914,894	-	731,815,201	5,033,595,806	17,683
Tana River	5,397,827,400	6,402,983,240	1.77	5,487,000,000	-	5,682,537	24,490,000	159,017,906	131,914,894	121,000,000	389,533,835	6,318,639,171	26,319
Tharaka Nithi	3,537,559,200	4,329,735,296	1.16	3,596,000,000	-	8,218,119	40,090,000	104,215,125	131,914,894	121,000,000	305,117,021	4,306,555,158	11,788
Trans Nzoia	5,458,819,800	6,627,548,529	1.79	5,549,000,000	-	21,304,915	53,710,000	160,814,719	131,914,894	-	800,643,691	6,717,388,218	8,204
Turkana	10,460,196,600	11,501,934,005	3.43	10,633,000,000	-	25,634,941	25,285,000	308,153,344	131,914,894	-	822,967,592	11,946,955,770	13,967
Uasin Gishu	5,763,781,800	7,254,209,346	1.89	5,859,000,000	-	20,813,065	33,250,000	169,798,781	131,914,894	-	1,035,749,916	7,250,526,655	8,109
Vihiga	4,330,460,400	5,376,604,500	1.42	4,402,000,000	-	12,657,201	55,000,000	127,573,688	131,914,894	-	767,353,103	5,496,498,885	9,910
Wajir	8,233,974,000	10,305,710,437	2.70	8,370,000,000	-	15,784,997	21,295,000	242,569,688	131,914,894	-	713,458,149	9,495,022,726	14,344
West Pokot	4,787,903,400	5,721,212,183	1.57	4,867,000,000	-	12,128,484	28,885,000	141,049,781	131,914,894	-	361,783,864	5,542,762,022	10,811
GRAND TOTAL	304,962,000,000	367,443,384,193	100.0	310,000,000,000	4,455,780,000	900,000,000	2,000,000,000	8,984,062,500	6,200,000,000	605,000,000	38,538,293,666	371,683,136,166	12,000

County	FY 2018/19		FY 2019/20									
	Equitable Share	Total Allocations	Allocation Ratio	Equitable Share	Level-5 Hospitals	Compensation for user fees foregone	Rehabilitation of Village Polytechnics	Road Maintenance Levy Fund	Leasing of Medical Equipment	Supplement for construction of county headquarters	Loans & Grants	Total Allocations

Draft 2019 Budget Policy Statement

*** The allocations indicated in the Table, for FY 2018/19 are the revised figures after review of the Finance Bill 2018. The CARA has not been amended to reflect the same.*

The allocations to Counties in the Draft BPS 2019 by the National Treasury proposes an allocation of Ksh 310billion to the 47 county governments as equitable share versus Ksh 1,567.2 billion to the National Government. This depicts a proportionate downward allocation to County Governments in favour of National Government. In the FY 2018/19 allocations to Counties stood at Ksh 314Billion compared to 1.370Trillion to the National Government as equitable share. This depicts a negative growth on allocation to County governments by 3.2% vs a positive growth of 14.4% in favour of the National Government.

The Ksh 371.6B allocation to County Governments constitutes of Ksh 310B equitable share, conditional grants amounting to 14.16B, Ksh 8.98 billion from the Road Maintenance Fuel Levy Fund (RMLF) and Ksh 38.5 billion from proceeds of external loans and grants, which will finance devolved functions in accordance with the signed financing agreement for each loan/grant. Each conditional allocation is distributed according to its objectives, criteria for selecting beneficiary counties and distribution formula.

Allocation on Equitable Share

Nakuru County will receive a total allocation of Ksh 11.78 billion comprising an equitable share of Ksh 9.331 billion. This allocation ranks number six, after Nairobi (Ksh 15.59b), Kilifi (Ksh10.695b), Turkana (Ksh 10.633b), Kakamega (Ksh10.199b) and Mandera (Ksh 10.013b)

The allocation is a decrease by Ksh 120M from last year's Ksh 9.451B amount. This is going to further constrain the County Government's fiscal space, worsening the already existing financial crunch. The situation is further exacerbated by proposed reduction in the current financial year budget on equitable share by Ksh 9billion occasioned by the review of the National Finance Bill. This budget cut reduces the County's equitable share for FY 2018/19 by Ksh 272M.

Allocation to level-5 hospital (Nakuru PGH) of Ksh 385,425,503

The Nakuru PGH continues to play a critical role in providing specialized health care, referral services and training facility in the region. The facility provides services to residents of Nakuru County and other surrounding counties such as Narok, Nyandarua, Baringo, Kericho and Laikipia, due its location and level of infrastructure. Additionally, the facility has expanded its capacity on maternity services and introduced new services such as oncology. As such, the amount allocated is way below what the facility requires for the targeted services under the Conditional Grant. Going forward, the Ministry of Health and the Senate should consider reviewing the allocation to this facility. Notably, the facility is highly understaffed in nursing and specialized services. Additionally, the

operationalisation of the proposed trauma and cancer centres will require additional staffing and operational funds. The allocation is only a slight improvement by Ksh 12M from the previous year.

Compensation for user forgone fees of Ksh 38,723,265

This is a compensation to County Governments for revenue forgone by not charging user fees in the county health facilities, transferred on reimbursement basis. Again the allocation has remained unchanged from the allocations in the previous two financial years.

Allocation for leasing of medical equipment of 131,914,894

This grant is in its fifth year of implementation and is intended to facilitate the leasing of modern specialised medical equipment in at least two health facilities in each County over the medium term. The intention is to facilitate easy access to specialised health care services and significantly reduce the distance that Kenyans travel in search of such services. Nakuru PGH, Naivasha and Molo Level IV hospitals were the beneficiaries of these equipment. This grant is managed by the National Government on behalf of the County Governments.

Conditional Grant from the Road Maintenance Fuel Levy Fund of Ksh 270,420,281

This grant is meant to further enhance County Governments' capacity to repair and maintain county roads and is equivalent to 15 percent of the Road Maintenance Fuel Levy Fund. There has been an overall reduction in the allocation of this grant from 345 million in 2017/18 to 248 Million to 270M in the FY 2019/20.

Conditional Allocation for Rehabilitation of Youth Polytechnics of Ksh 47,800,000

The conditional allocation goes towards building, equipping and renovating of Vocational Training Centres identified by the County governments. The targeted VTCs will go a long way to serve as centres of excellence in youth empowerment, impart practical skills to Youths who fail to transit to institutions of higher learning and for employment generation.

Loans and Grants amounting to Ksh 1,576,216,408

The county will receive the above amount for various programmes under KDSP, health, Kenya Urban Support Programme and agriculture sector from donors.

- **Kenya Urban Support Programme (KUSP);**

The County signed a participation agreement to opt-in the KUSP programme funded by World Bank. The objective of the KUSP is to support the establishment

and strengthening of urban institutions and systems to deliver improved infrastructure and services in participating counties.

The County received Ksh 1.084Billion as an Urban Development Grant whose aim is to provide funding for urban infrastructure. The County has further been allocated Ksh 41.2M as an Urban Institutional Grant (UIG) under the KUSP whose objective is to build urban institutional Capacities.

- **The National Agricultural and Rural Inclusive Growth project (NARIGP)**

The Project Development Objective for NARIGP is 'to increase agricultural productivity and profitability of targeted rural communities in selected counties, and in the event of an Eligible Crisis or Emergency, to provide immediate and effective response'. The project has four components. Namely: Supporting Community-Driven Development; Strengthening Producer Organizations and Value Chain Development; Supporting County Community-Led Development; Project Coordination and Management. In the FY 2018/19, the County was allocated Ksh 140M towards the project's objectives.

Conclusion

In conclusion, Nakuru County has one of the lowest per capita allocation implying that there are few resources towards service delivery to its citizens. There is need to review this phenomenon, in order to improve service delivery and spur development.

IV. 2018/19 BUDGET FRAMEWORK AND THE MEDIUM TERM

Fiscal Framework Summary

The 2019/20 budget framework will continue with the fiscal strategy of directing resources to the most productive area and growth enhancing sectors while complimenting the big four agenda by the national government. Efforts will further be intensified to increase own source revenue while leveraging on development partners and donors including the World Bank to supplement capital allocation in the budget. The county will also continue with fiscal rationalization and consolidation strategy, by adopting the culture of doing more with less that is available with a view to promote sustainability and affordability.

The motivation of a rationalized and balanced budget will continue to be the norm and will encompass sustainability, affordability and strict prioritization as a resource allocation strategy. 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 and entities request for resources are realistic and take into account the resource constraints, in light of the county Government's fiscal consolidation policy.

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 I and Chapter II** and the 2019 budget policy statement by the national treasury.

Revenue Projections

In the FY 2019/20 budget estimates the total targeted revenue will amount to Ksh 14.418 billion including CRA equitable share, which is projected to reduce by Ksh 130 million in the current Draft Budget Policy Statement 2019 from Ksh 9.4 in 2018/19 to Ksh 9.3 billion in 2019/20, Ksh. 2.287 billion as Conditional grants and Facility Improvement Funds (FIF) which is projected to increase to Ksh 800 billion (16.8%) up from Ksh 685 billion in the FY 2018/19 as indicated in Annex I. The County Government will continue to explore ways of generating additional own source revenue to compliment the national disbursement for accelerated development. This own source revenue performance will be predicated by on-going reforms in tax policy and revenue administration. Additional strategies and measures will include fast-tracking the completion of revenue mapping in the current FY 2018/19, and timely formulation and approval of finance bill. The tax system will be further be strengthened to improve collection efficiency by employing appropriate technology, accelerating the pace of automation on various revenues stream and adoption of the new valuation roll. The county government will also identify and plug revenue leakages, improve compliance through tax

code and broaden the tax base through mapping new sources. A tax compliance audit will be conducted to identify tax leakages and evasion non-compliant tax payers will be engaged to ensure compliance

To ensure effectiveness of the revenue directorate in collection of revenue the performance of revenue will continuously be monitored through a performance management framework currently being instituted. Finally, the Executive will continue to work closely with the County Legislative Arm to ensure fast track and approval of revenue related Laws and instruments including the valuation roll.

Expenditure Projections

Overall expenditure and net World Bank funding for FY 2019/20 are projected at Ksh 14.418 billion and Ksh. 1.32 billion respectively from the estimated Ksh. 18.315 billion and Ksh. 1.32 billion in the FY 2018/19 Approved Budget. These expenditures comprise among others, recurrent of Ksh 10.02 billion (69.5 percent of total expenditure) and development of Ksh. 4.39 billion including 45% of Ward Allocation out of equitable allocation under development Nakuru County Revenue Administration Act, 2018.

In terms of percentage of total expenditure, the wages and salaries bill for County Executive staff including the County Assembly and its staff is expected to rise to 39 percent of the total expenditure in the FY 2019/20 from 34 percent in the FY 2018/19. Pending bills pay are expected to decline to 1.7 percent of total budget in the FY 2019/20.

The ceiling for development expenditures (inclusive of conditional to County Governments) including foreign financed projects (World Bank KUSP projects) amounts to Ksh. 4.39 billion in the FY 2019/20 from Ksh. 7.995 billion in FY 2018/19. Most of the outlays are expected to support critical infrastructure. Part of the development budget will be funded by project loans and grants from development partners, conditional transfers by National Government, while the balance will be financed through own source resources from the FIF. Mortgage and car loan of Ksh 60 million in addition to an Emergency Fund of Ksh. 30 million is provided for in the FY 2019/20 budget.

The expenditure ceilings on goods and services for 2019/20 are underpinned by priorities in the 2018-2022 County Integrated Development Plan and further adjusted on expenditure trends, policy changes and policy pronouncements both at County and National level. The inflation rate and other macro and micro economic fundamentals have been taken into considerations.

Deficit Financing

Given the projected revenue and planned expenditure the fiscal deficit is projected to be nil. In line with the PFM Act 2012 borrowing can only be made to undertake development projects further to framework developed between the National and County Governments. Given the underlying reason the County has projected a balanced budget with projected expenditure fully funded by own source revenues, transfers from National Government and approved donor support.

Fiscal and Structural Reforms

The County Government remains committed to improving efficiency and quality of its services. The public expenditure will be properly scrutinized including capital projects emanating from the 55 Wards to ensure compliance with the provision of the Nakuru County Revenue Allocation Act of 2018 to ensure value for money. To ensure this the budget formulation process will further be strengthened and capital projects to be incorporated in the budget estimated will be subject to feasibility studies, availability of designs and bill of quantities thereon. The County will continue instituting strong internal controls to enable expenditure tracking for corrective action thereon which will ensure effective and efficient execution of the budget.

In line with the rationalization strategy and cost minimization measure attention will continue to be paid to costing of activities/projects within the confines of the programme based budget, continuous audit of county departments, competitive bidding public procurement and through performance management system currently in being instituted. The national treasury recently engaged counties in the process of developing project implementation guidelines which when completed will enable the streamlining of project identification, implementation and management. This compliment the county effort for improving project execution, enhancing value for money and ensuring effective stakeholder engagement. This come at a time when counties are faced will under execution of project and increased level of pending bills thereon.

The County will continue to leverage on use of appropriate technology in various platforms including enhancing its use in revenue collection, management of data for land property within the county through the launch of land management information system (LIMS).

The implementation of staff audit report will also be undertaken for purpose of staff rationalization to promote efficiency and effectiveness in service delivery. To enhance accountability and transparency at all levels the performance contract will be cascaded to staff at lower levels.

To achieve value for money the audit function will be strengthened through constitution of the audit committee and the monitoring and evaluation function for project and programmes. The ongoing fiscal and structural reform will enable the County realize some of its strategic priorities in its development plans.

Overall Budget Financing

The fiscal policy outlined in this CFSP aims at rationalization of the budget to achieve a balance of revenue and expenditure. In this respect, County Government target to have a balanced budget. This will be achieved through enhanced collection of own source revenue while aiming to qualify for the 2% fiscal effort a component of horizontal share of revenue among county government. This is addition to prudent management of total expenditure.

This will be achieved through continued administrative and reforms aimed at enhancing resource mobilization and improving efficiency in expenditure management. The fiscal space created will advance resources need to scale up investment in key sectors and prioritized development programmes aimed improving service delivery within the county.

Budgetary Allocations for the FY 2019/20 and the Medium Term

The budgetary allocations to the two arms of Government including sharable revenues to County Governments is summarized in the table 4.1 below:

Table 4.1: Summary of Budget Allocations

Details	Approved Estimates 2018/2019	2019/2020	2020/2021	2021/2022
County Executive and County Public Service Board	17,028,751,107	13,348,980,828	14,683,878,910	16,152,266,801
County Assembly	1,287,000,637	1,069,538,825	1,176,492,708	1,294,141,978
Total	18,315,751,744	14,418,519,653	15,860,371,618	17,446,408,780

Key Priorities for the 2019/20 Medium Term Budget

Going forward, and in view of limited resources, MTEF budgeting will entail adjusting non-priority expenditures to cater for the priority sectors. The approved County Integrated Development Plan (2018-2022) and the Annual Development Plan (ADP) 2019/21 will guide development programmes. In the Meantime, the resource allocation will be based on strategic objectives outlined in this CFSP and programmes adopted by sector working groups.

Overall the medium term budget framework will focus a large portion of its spending on key priority social sectors, including Agriculture, infrastructure and ICT, education and health, will continue to receive adequate resources. By investing in these sectors the county government is working to reduce infrastructure gap, improve food security, enhance access to universal health care and attain job creation as envisioned in the national government 'Big four Agenda'. This will foster economic growth within the country.

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 other sectors.

In respect development agenda and economic interventions resource allocation will aligned to the county government special focus areas including:

- I. **Environment, Agriculture and Livestock** which will receive increasing share of resources to ensure sustainable development, boost agricultural productivity with a view to, value addition and an overcoming threat in food security to compliment the big four agenda being championed by the National Government.
- II. **Infrastructure and ICT** - With the County Government's commitment in improving infrastructure countywide, through the BORESHA BARABARA initiative the share of resources going to priority physical infrastructure sector, such as roads, street lighting, and ICT including CCTV and security systems will continue to rise over the medium term. This will help the sector provide reliable access roads, security and boost the 24-hour economy.
- III. **Health** – provision of accessible and affordable health care to all county residents as a key pillar in the 2018/2022 County integrated development plan and “Big four Agenda”
- IV. **Public Service and Good Governance**-deepen good governance practices including public financial management reforms to guarantee transparency, accountability and efficiency in public spending.
- V. **Enhancing investment opportunities within the County**- through robust investment campaign and measures including taxation and legislative.

Allocation Baseline Ceilings

The baseline estimates reflect the provisions of Section 4 of Nakuru County Revenue Act 2018 and Section 32(1) of the PFM Regulations 2015, current Departmental spending levels in sector programmes and the underlying ceiling

provided for County Executive and County Assembly in the immediate CARA 2018.

The resource for financing the 2019/20 budget are derived from the Draft Budget Policy Statement 2019 detailing equitable share of Ksh. 9.331 billion, Conditional grants of Ksh. 2.287 billion and loans and grants of Ksh. 1.576 billion from various donors. This is in addition to own source revenue projected at Ksh 2.0 billion and FIF of Ksh 800 million being forecast of current and past performance. The total resource available with respect to the above source amounts to Ksh 14,418,519,653.

In the budgetary allocation and establishment of ceilings thereon, the category, non-discretionary expenditures take first charge. These include payment of salaries and statutory obligations gratuities, pension, debt, and other related items. The baseline estimates for recurrent expenditure reflect the current ministerial spending levels in sector Programmes.

Development expenditures have been shared out on the basis of the flagship projects in 2018/2022 CIPD, provisions of the Nakuru county revenue allocation act 2018, the urban support programmes and projects complimenting the “Big four agenda”. The following criteria was used in apportioning capital budget:

The following criteria was used in apportioning capital budget:

- Ward projects allocations in compliance with section 4 NCRAA 2018 to support community-initiated Projects for equitable development
- Ongoing projects emphasis was given to completion of ongoing multiyear capital projects and in particular infrastructure projects with high impact on poverty reduction, employment creation
- Counterpart funds priority was also given to adequate allocations for donor counterpart funds. Donor counterpart funds are the portion that the Government must finance in support of the projects financed by development partners.
- Department/sector strategic needs that contribute greatly in addressing county's socio-economic needs and those complementing the Big four Agenda.

In this document, the ceilings on employee cost for Departments are provided separately alongside the operation recurrent estimates and development estimates. The ceilings are further provided on the basis of programme adopted by the County for purposes of entrenching programme based budgeting. CBROP

2018 provided the indicative ceilings which have been firmed up in this document.

Strategic policy interventions further priority will be given to policy interventions including the County with respect to project identification has set aside funds to carry out a feasibility studies for identification of viable project to mitigate loss of funds.

Finalization of Spending Plans

The finalization of the detailed budgets will entail thorough scrutiny to curtail spending on non-productive areas and ensure resources are directed to priority programmes. Since detailed budgets are scrutinized and the resource envelope firmed up, in the event that additional resources become available, the County Government will utilize them to accommodate key priorities include. Specifically, the following will receive priority:

- Interventions identified during the stakeholders' consultation for the FY 2019/20 budget and over the medium term
- Strategic interventions in the area, governance, revenue enhancement, food security enhancing programmes, affordable housing, health coverage and infrastructural development
- Specific consideration to enhance job creation for the youth based on sound initiatives identified within and outside the normal budget preparation.

Details of Sector Priorities

The medium-term expenditure framework for 2019/20 – 2021/22 ensures resource allocation based on prioritized programmes aligned to the CIDP 2018/2022. It also focuses on strategic policy initiatives of the new administration to accelerate growth, employment creation and economic prosperity.

Table 4.2 provides the projected baseline ceilings for the FY 2019/20 and the medium term, classified by sector.

Table 4.2: Medium Term Sector Ceilings, 2019/20 - 2021/22 (Ksh Million)

	SECTOR		APPROVED ESTIMATES FY 2018/2019	CFSP TOTAL CEILINGS	PROJECTIONS		% of Total Expenditure (CFSP)		
				2019/2020	2020/2021	2021/2022	2019/2020	2020/2021	2021/2022
1	Agriculture Rural and Urban Development	Sub Total	2,535,092,456	2,032,856,453	2,236,142,099	2,459,756,309	14.1%	14.4%	14.4%
		Recurrent Gross	740,214,295	594,858,714	654,344,586	719,779,044	5.9%	6.1%	6.1%
		Development Gross	1,794,878,161	1,437,997,739	1,581,797,513	1,739,977,264	32.8%	33.0%	33.0%
2	Education	Sub Total	1,084,450,359	401,299,434	441,429,377	485,572,315	2.8%	2.8%	2.8%
		Recurrent Gross	273,950,000	324,440,117	356,884,129	392,572,542	2.3%	2.3%	2.3%
		Development Gross	810,500,359	76,859,317	84,545,248	92,999,773	0.5%	0.5%	0.5%
3	Social Protection, Culture and Receptions	Sub Total	464,506,952	293,903,979	323,294,377	355,623,815	#DIV/0!	#DIV/0!	#DIV/0!
		Recurrent Gross	345,874,199	266,425,113	293,067,625	322,374,387	#DIV/0!	#DIV/0!	#DIV/0!
		Development Gross	118,632,753	27,478,866	30,226,753	33,249,428	#DIV/0!	#DIV/0!	#DIV/0!
4	Energy, Infrastructure and ICT	Sub Total	2,552,402,023	868,849,859	955,734,845	1,051,308,330	6.0%	6.2%	6.2%
		Recurrent Gross	379,430,954	395,863,512	435,449,863	478,994,850	2.7%	2.8%	2.8%
		Development Gross	2,172,971,069	472,986,347	520,284,982	572,313,480	3.3%	3.3%	3.3%
5	Environment Protection, Water and Natural Resources	Sub Total	1,221,755,178	371,942,235	409,136,459	450,050,105	2.6%	2.6%	2.6%
		Recurrent Gross	320,310,848	297,142,235	326,856,459	359,542,105	2.1%	2.1%	2.1%
		Development Gross	901,444,329	74,800,000	82,280,000	90,508,000	0.5%	0.5%	0.5%
6	General Economics and Commercial Affairs	Sub Total	537,275,632	269,003,881	295,904,269	325,494,696	1.9%	1.9%	1.9%
		Recurrent Gross	171,771,365	141,949,567	156,144,524	171,758,976	1.0%	1.0%	1.0%
		Development Gross	365,504,267	127,054,314	139,759,745	153,735,720	0.9%	0.9%	0.9%
7	Health	Sub Total	6,214,866,638	5,542,521,147	6,096,773,262	6,706,450,588	38.4%	39.2%	39.2%
		Recurrent Gross	5,123,399,206	5,034,990,445	5,538,489,489	6,092,338,438	34.9%	35.6%	35.6%
		Development Gross	1,091,467,432	507,530,703	558,283,773	614,112,150	3.5%	3.6%	3.6%

	SECTOR		APPROVED ESTIMATES FY 2018/2019	CFSP TOTAL CEILINGS	PROJECTIONS		% of Total Expenditure (CFSP)		
				2019/2020	2020/2021	2021/2022	2019/2020	2020/2021	2021/2022
8	Public Administration and National/ Inter County Relations	Sub Total	3,705,402,506	4,638,142,663	5,101,956,929	5,612,152,622	32.2%	32.8%	32.8%
		Recurrent Gross	2,964,949,847	2,972,048,339	3,269,253,173	3,596,178,490	20.6%	21.0%	21.0%
		Development Gross	740,452,658	1,666,094,324	1,832,703,757	2,015,974,132	11.6%	11.8%	11.8%
	TOTAL	Total Recurrent Gross	10,319,900,715	10,027,718,043	10,737,422,223	11,811,164,445	69.5%	69.1%	69.1%
		Total Development Gross	7,995,851,029	4,390,801,610	4,799,655,018	5,279,620,520	30.5%	30.9%	30.9%
		GRAND TOTAL	18,315,751,744	14,418,519,653	15,537,077,241	17,090,784,965	100.0%	100.0%	100.0%

Agriculture, Rural and Urban Development Sector

The Sector plays a key role in the development agenda of the country through enhancing food and nutrition security; employment and wealth creation; foreign exchange earnings; security of land tenure and land management.

At the devolved level this sector is comprised of two subsectors including; Agriculture, Livestock and Fisheries and Lands, Housing and Physical Planning. The sector is a major driver of the Country's economy on both levels of government. The Agriculture, Livestock and Fisheries subsector has the following Directorates; Agriculture, Livestock, Veterinary services and Fisheries. The subsector's vision is a food secure, industrialized and wealthy County. Its mission is to offer client-oriented extension services, promote commercialized and sustainable Agriculture, Livestock and Fisheries industry for food security and wealth creation.

Key achievements in the Sector during the 2015/16 – 2017/18 Medium-Term period were: provision of

In the next MTEF period 2019/20-2021/22, the sub sector has elaborate commitment towards Big Four Agenda that focuses on enhancing large scale production, driving smallholder productivity and reducing the cost of producing food. Going forward the sector considers Avocado and Pyrethrum as flagship projects that will pioneer the County into greater heights.

With livestock production as a major economic and social activity undertaken in the County, the sector aims to promote animal health services towards then prevention, control and eradication of animal diseases. Increased extension services to provide all-round support for livestock farmers in the County is a major method the sector will employ to boost efforts geared towards improving livestock productivity. The subsector will delve into the promotion of livestock enterprises through development of marketing networks, value addition of livestock products and by products and so forth. In this regard the section will embark on capacity development for livestock farmers on livestock management, improving breed quality through training of A.I service providers and licensing of existing A.I practitioners. Further, the subsector will increase the commercialization of livestock and livestock products through the acquisition of requisite tools and equipment, conduct value addition trainings and promote the establishment of market linkages.

Growth in fisheries development in the County has propelled the sector's priorities toward improving fish safety assurance processes through the establishment of

fish bulking and processing facilities. In addition, initiatives addressing value addition and marketing of fish will be scaled up to promote food security and improve fish productivity from fish farming.

The focus on food security as part of the Big Four Agenda compels the sector to double its efforts toward promotive practices that will contribute towards the achievement of a food secure nation. These efforts cascaded to County level have impelled the sector to embrace dissemination of information to farmers to improve crop productivity. These efforts will be maximized through increased crop extension services for farmers. In addition, the sector plans to enhance the reduction of post-harvest losses through increased field and grain store surveillance, establishment of produce cold stores and awareness creation on postharvest technologies. Previously the subsector has benefitted from collaborating with various stakeholders in implementation of its mandates and will continue to pursue partnerships in order to receive requisite support towards achievements of its goals.

In order to implement the prioritized programs, the subsector has been allocated Ksh.700,045,725 million, Ksh.770,050,297 and Ksh. 847,055,327 million for the FY 2019/20, FY 2020/21 and FY 2021/22 respectively.

The Lands, Housing and Physical Planning

The subsector comprises of two directorates; Lands and Physical Planning; and Housing. Its vision is a secure and diversified human settlement. Its mission is to facilitate participatory planning, affordable housing and sustainable development of rural and urban areas.

Key outcomes expected to be achieved in period 2019/20-2021/22 include: finalization and approval of the County Spatial Plan; development of various development plans like the urban investment plan, county infrastructural plan among others. In addition, the subsector will also develop county physical development plans. The subsector will continue to carry out the digitization of maps and surveying of urban centres and scale up service delivery through the acquisition of requisite working tools and equipment. The subsector will continue with regular maintenance of County estates. Further the sector will promote the adoption of alternative building technology through establishment of ABT centres in various areas within the County.

To realize these outcomes, the Sector has been allocated Ksh 1,332,810,729 billion, 1,466,091,802 billion and Ksh. 1,612,700,982 billion in FY 2019/20, FY 2020/21 and FY 2021/22, respectively. The Sector has also compliment implementation of "The Big Four" Plan initiatives.

Energy, Infrastructure and Information, Communication and Technology Sector

County Government of Nakuru recognizes Energy, Physical Infrastructure and ICT sector as a key enabler for sustained economic growth, development and poverty reduction. The Roads, Transport and Public Works sub sector aims at sustaining and expanding physical infrastructure to support a rapidly growing economy. The Sector aims to sustain and expand cost-effective public utility infrastructure facilities and services in the areas of road infrastructure, transport, communication and ICT in line with the priorities in the CIDP. Sustaining and expanding physical infrastructure is geared towards the realization of “The Big Four” Plan. The entire road network in the Nakuru County is approximately 12,491km. Out of which paved roads are 993.7 Km and gravel roads are 4,500 Km and earth roads are 6,998Km. The road infrastructure can be described as 20% good, 35% fair and 45% poor.

During the period under review, some of the key achievements in the Sector include;

Gravelling 906 km and grading of 397.4 km of road network, tarmacked 9.95km of road, constructed 97 motorcycle sheds, constructed two bus parks and rehabilitated selected transport terminals.in addition to construction of motorable bridges, installed 200 streetlights and maintained 8,200 streetlights around the County. Further, the directorate constructed 4.5km of new drainage and maintained 400km of existing drainage towards addressing storm water management in the County.

The ICT Sub Sector during the period under review set up various infrastructural projects such as establishment of Local Area Networks, CCTV cameras and internet connectivity at the county headquarters and various departments, procured assorted ICT equipment including servers, computers, photocopiers and printers to promote efficiency in service delivery. Two digital centres were established at Kuresoi South and Subukia sub-counties.

Over the 2019/20-2021/22 MTEF period: The Sector plans to tarmac 49Kms, Grade & Gravel 2100Kms of roads access during implementation period of the County Integrated Development Plan (CIDP). In addition, during this period build 150 No Motorable foot bridges. Further, there will be bus park maintenance and rehabilitation of 9No Lorry parks & 15No Bus parks that are in a sorry state to ease transport within the urban centres in Nakuru, distributed among the undermentioned sub counties: and construct bridges. This will be partly achieved by scaling up Boresha Barabara initiative. The Sector also targets during the MTEF period 2019/20, 2020/21 and 2021/22: to install Fibre & CCTV, construct data centre; establish 15 free Wi-Fi sites and 15 digital centres across the County; procure of an ERP system; and Install of LAN and WAN connectivity.

In order to implement the prioritized programs, the Sector has been allocated Ksh.868,849,859 billion, Ksh 955,734,845 billion and Ksh 1,051,308,330 billion for the FY 2019/20, FY 2020/21 and FY 2021/22 respectively.

General Economic and Commerce Affairs Sector

The Sector is mandated to promote, co-ordinate and implement integrated socio-economic policies and programmes for a rapidly industrializing economy.

During the FY 2015/16 - 2017/18 MTEF, key achievements realized in the Sector included;

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In order to implement the prioritized programmes, the Sector has been allocated Ksh 269,003,881 million, Ksh 295,904,269 million and Ksh 325,494,696 million in the FY 2019/20, FY 2020/21 and FY 2021/22 respectively.

Health Sector

Health is a shared function between the National Government and County Governments. The Sector is responsible for the provision and coordination of the health services which contributes to the overall productivity and economic development of the country. The department comprises of three directorates; Planning and Administration, Public health and sanitation and Medical Services. The sector's Vision is A Healthy County. Its mission is to provide integrated quality health services for all. With the move towards universal healthcare as envisioned in the Big Four Agenda, the Nakuru County Health sector aims to upscale implementation of its core mandate to ensure that accessible and affordable healthcare is provided to the County residents.

For the 2015/16-2017/18 MTEF period, the Sector realized the following achievements among others; Completion of 200 bed capacity mother to child maternity wing at PGH level 5 which will serve to meet the SDG goal of reduction of maternal and mortality rates. Implemented interventions to control the

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The county Government has also expanded social health protection by implementing the Linda Mama Programme targeting maternal deliveries and their infants.

During the 2019/20-2021/22 MTEF period, the Sector will prioritize provision of preventive and promotive health services and curative and rehabilitative services. Provision of these services is expected to spur the Sector towards achieving its goals in line with the National blueprint on health matters. The sector's upgrading program is targeting key health facilities within the County. This initiative will expand service provision in the facilities and is expected to increase

the coverage areas. Expansion will also be cascaded to the grassroots with the promotion of capacity development of community health units in the decentralized levels. The Sector will also continue to expand the health infrastructure including: expanding specialized medical equipment and establish centres of excellence in health, health commodity storage centres, new specialized health facilities and laboratories throughout the county. In partnership with development partner the department intend to upgrade the Naivasha sub county hospital to level 5 through construction of additional facilities to cost up to Ksh 300 million.

The acquisition of requisite working tools and equipment will also facilitate the realization of the County's long-term goal in the provision of healthcare services. In this regard, the sector aims to promote automation of health Automation of health medical /records, HMIS and use of IT innovation as an enabler of quality health service provision. Within the focus of the sector's priorities is the endeavour to address the County's burden of sanitation related diseases which is currently over 80%. Public health initiatives will be geared towards increasing water and sanitation hygiene services within the County. The sector will also address the rising burden of NCDs through investing in awareness and screening services as well as specialized diagnostic and treatment facilities such as oncology, renal, imaging and specialized theatres.

In order to implement the prioritized programmes, the Sector has been allocated Ksh.5,542,521,147 billion, Ksh. 6,096,773,262 billion and Ksh 6,706,450,588 billion for the FY 2019/2020, FY 2020/2021 and FY 2021/2022 respectively.

Education Sector

The Sector is committed to the provision of quality education, vocational training, research and skills development for the youth, in order to contribute to meaningful engagement of the youth and entrepreneurial orientation for self-employment. During the FY 2015/16 - 2017/18 MTEF period, the Sector made several achievements including: disbursement of County Bursaries amounting to 275 million benefiting 120,428 students in the three years under review, construction of 400 ECD classrooms, provision of instructional materials and school feeding programme to all 939 public ECD centres, employment 96 of vocational training instructors and rehabilitation of vocational training centres. This has seen an increased enrolment of pupils for early childhood development programme.

On vocational training

For the FY 2019/20 - 2021/22 MTEF period, the Sector has prioritized several programmes for implementation including: recruitment of additional ECD

teachers to operationalize the new facilities and ensure 100% enrolment of eligible children in addition to improving on the school feeding programme to attract and retain high number of learners. The county will continue to support youth training through increased allocation to youth polytechnics and allocation of bursary to support bright and needy students. The Sector will also complete the ongoing construction and equipment of youth polytechnic in order to equip the youth with relevant skills required to drive the industrialization agenda.

In order to implement the prioritized programmes, the Sector has been allocated Ksh 401,299,434 million, Ksh 441,429,377 million and Ksh 485,572,315 million for the FY 2019/2020, FY 2020/2021 and FY 2021/2022, respectively.

Public Administration and International Relations Sector

The Sector provides overall policy direction and leadership to the country, oversee the human resource function in the county public service, coordinate county policy formulation and implementation, resource mobilization, allocation and management, coordinating implementation of gender and youth policy and mainstreaming in county development, implementation of the national policy as well as oversight, monitoring, evaluation and reporting on the use of public resources and service delivery.

Programmes were implemented within the sector during the MTEF period 2015/16 - 2017/18. With tremendous progress was made in achievement of the sector's set targets. These include the following among others: development of county 2018/2022 CIDP; preparation of various publications and reports; provision of capacity building and technical assistance to county departments, resource mobilisation, allocation and oversight in the public sector; established and institution of performance management systems, continued improvement of staff welfare. Staff audit was also conducted for purposes of future planning and staff rationalization process.

In the FY 2019/20 and the medium term, the Sector will focus on enhancing advisory on public policy for effective management of public affairs; management and implementation of contract staff audit report for rationalization of staff to improve efficiency of the public sector in service delivery. Public Service, Devolution and Training is mandated with coordinating, management and supervision of general administrative functions, performance management, development planning and service delivery including in sub-counties and devolved units, facilitating citizen participation at the grass root, and civic education. To promote efficient public service the county will embark on implementation of recommendation staff audit report, continue with staff comprehensive medical cover under NHIF and upscale the implantation of the

performance contracts. The sub Sector has a legal directorate which will also facilitate drafting of various legislations to harmonize existing laws with the Constitution and continued to promote national values and cohesion.

The County Treasury will focus on improving supportive services to line departments in the provision of financial services to facilitate the ease of departmental operations. The sector will enhance revenue administration through continuous automation and implement other revenue strategies in a bid to enhance revenue mobilization in the County. Further the sector will continue to enhance the implementation of IFMIS in budgeting, planning, procurement and financial reporting. In line with statutory requirements, the Sector will continue to prepare and submit the relevant financial reports to the County Assembly, National Treasury, Controller of Budget, Office of the Auditor General and the Commission on Revenue Allocation.

The Nakuru County Public Service Board will endeavour to enhance human resource productivity through staff recruitment in line with sectorial requirements. The Board will also continue providing HR advisory services to improve sectorial collaboration and facilitate the implementation of human resource operations in the County

County Assembly

The sector proposal includes indicative ceilings County Legislative arm as set out by CRA in 2018/19 and as reviewed and proposed by the county assembly in line with the CARA of 2018. The County Assembly plays a critical role in strengthening democratic space and enhancing good governance. The County Assembly will set about enacting requisite legislation, approval of statutory documents, and policies as required. The Assembly will also upscale oversight on development processes in the County against the background of public participation and representation. This oversight role is extended to supervision of operations as implemented by the County Executive.

In a bid to facilitate smooth operations and management of resources by the County Government, the County Assembly will set about enacting requisite legislation, approval of statutory documents, and policies as required. The Assembly will also upscale oversight on development processes in the County against the background of public participation and representation. This oversight role is extended to supervision of operations as implemented by the County Executive

In order to achieve its targets in the financial year 2019/20 and the medium term the sector has been allocated Ksh 4,638,142,663 billion, Ksh 5,101,956,929 billion

and Ksh 5,612,152,622 billion for FY 2019-20, FY 2020/2021 and FY 2021/2022 respectively. This includes allocation for the County Assembly.

Social Protection, Culture and Recreation Sector

The Sector is mandated to promote sustainable employment, best labour practices, sports, gender equity, empowerment of communities and vulnerable groups, diverse cultures, heritage and arts.

During the FY 2015/16 – 2017/18 MTEF period, the key achievements in the Sector included; procuring land for construction of a sports centre in Olenguruone, rehabilitation and fencing of stadia's, Implemented the strategic plan during the period end, the studio at Nakuru player's theatre established and equipped. The Culture Directorate was able to organise cultural festivals at both national and regional levels train adjudicators as well as facilitators, GBV clusters formed, Sensitization meetings on Disability mainstreaming were held, we were able to Sensitize over 300 families on HIV AIDS which was achieved with Public and private partnership involvement. Implementation of ward sports through funding of sports teams and equipping of youths with assorted items is ongoing throughout the county wards. The sector was also able to support PWD's during sports tournaments.

Despite the achievements, the department has experienced challenges such as inadequate staffing, underfunding, lengthy procurement procedures and delay of release of funds. Attempts to utilize disability funds was hindered by lack of proper procedures such as lack of MOU with the National Council for Persons with Disabilities and National Disability Fund.

In the 2019/20 – 2021/22 MTEF period, the Sector will implement various initiatives including: the development of resource centres and social halls in various areas; construction of cultural centres to promote the preservation of the County's culture and heritage; continue developing and upgrading sports infrastructure. The sector also plans to continue providing sanitary towels to school going girls, participate in games at National, Regional and International sports competitions; In order to implement the prioritized programmes, the Sector has been allocated Ksh.293,903,979 million, Ksh 323,294,377 million and Ksh 355,623,815 million for the FY 2019/2020, FY 2020/2021 and FY 2021/2022, respectively.

Environment Protection, Water and Natural Resources

The sector is comprised of Water, Environment, Energy and Natural Resources. The mandate of the sector includes: environmental policy management, forest resource management, water resource management and sewerage services policy. The sector also undertakes conservation and protection of water wells and

springs. The sector plays an important role in management of health safety measure in mines, and resource surveys and policy formulation on extractive industries. The Sector plays a crucial role in the economy as it contribute immensely to life support systems by providing goods and services that are critical enablers for the realization of the “Big Four” Plan. Investment in this Sector also ensures the delivery of direct and indirect goods and services that are the backbone for the main productive Sectors namely agriculture, tourism, energy and manufacturing

During the MTEF 2015/16- 2017/18 period under review, some of the key achievements in the Sector include planting of more than 300,000 trees of various species of in the sub-counties, under climate change mitigation, beautification of urban areas, rehabilitation of the County designated disposal site (Gioto) through a facelift. The sector has also drafted Waste management Bill 2018, County Clean Energy Policy and County Climate Change Action Plan 2018-2022 waiting for enactment. During the period under review implemented 48 No. water projects that contributed to increased water accessibility through borehole drilling, rehabilitation of existing water supply systems, construction of new projects and desilting of dams and water pans. This resulted in increased production as well as reticulation.

For the 2018/19 to 2020/21 MTEF period, the Sector has prioritized programmes intended to; provide policy and legal framework for efficient and effective management of the environment; sustainably manage and conserve environment and water resources; increase reticulation and accessibility of water and sewerage services; sustainably manage and conserve forests and water sources; provide policy and legal framework for efficient and effective management of the county natural resources Going forward the sector will concentrate on the Integrated solid waste Management, tree growing, greening and beautification, pollution control on lentic-lotic ecosystems, air, land, noise and other public nuisance, Environmental education through creating awareness on environmental degradation, inculcating knowledge and skills on sound environmental management in order to change their attitudes towards the environment, and eventually participate in environmental management. Green energy promotion and provision of water services and management, promotion of Green Growth Economy, enforcement and compliance of environmental standards.

In order to implement the prioritized programmes, the Sector has been allocated Ksh.371,942,235 million, Ksh 409,136,459 million and Ksh 450,050,105 million for the FY 2018/2019, FY 2019/2020 and FY 2020/2021, respectively.

Public Participation/ Sector Hearings and Involvement of Stakeholders

The law requires that the input of the public be taken into account before the Budget proposals are firmed up. Public participation provides an all-inclusive avenue for identifying and prioritizing Government projects and activities under the budgeting process by key stakeholders and the general public. In this regard the process commenced early in the budget preparation process with the launch of Sector Working Groups (SWGs) in September 2018, finalization of the 2018 Budget Review and Outlook Paper in October 2018 and engagement in all sector activities and meetings. Public participation of CFSP was held on 15th to 18th January 2019 with sector presentation being made. The PFM Act, 2012 section 25 (5) requires the County Treasury while preparing the County Fiscal Strategy Paper to seek views of various Stakeholders, Institutions and the public for which the draft CFSP will be shared with CRA, and National Treasury for their input and comments.

Annex VII provides a summary of policy issues raised during the Public Hearings and the responses.

V. CONCLUSION AND NEXT STEP

The set of policies outlined in this CFSP aims at striking a balance between circumstances which keep changing and the emerging issues and are broadly in line with the CIDP and the fiscal responsibility principles outlined in the PFM law. They are also consistent with the national strategic objectives which set a basis for County Government allocation of public resources.

Details of these strategic objectives are contained in the County Integrated Development Plan (2018-2022). The policies and sector ceilings annexed herewith will guide the Sectors/Departments in Final adjustments of the 2019/20 MTEF budget.

Budgetary resources are usually limited thus it is imperative that departments prioritize their programmes within the available resources to ensure that utilization of public funds are in line with County Government priorities. Departments need to carefully consider detailed costing of projects, strategic significance, deliverables (output and outcomes), alternative interventions, administration and implementation plans in allocating resources. There is also need to ensure that recurrent resources are being utilized efficiently and effectively before funding is considered for programmes.

Proper implementation of the budget is critical towards providing services that will promote sustainable growth. Sustainability requires greater effort from all the stakeholders including County Government Departments, civil Society, Communities, County Assembly and development partners to get things done. This means providing for continuous consultations with each other, finding solutions and encouraging innovation to build a sustainable County.

Annex 1: County Government of Nakuru Operations FY 2019/2020-2021/2022

No.	REVENUE SOURCE	APPROVED ESTIMATES	CFSP	PROJECTIONS		ANNUAL GROWTH	% GROWTH		
		2018/2019	2019/2020	2020/2021	2021/2022		2019/2020	2020/2021	2021/2022
1	Property tax (Plot rent and Land rates)	300,980,000	300,980,000	316,029,000	331,830,450	-	0.0%	5.0%	5.0%
2	Trade License	400,000,000	400,000,000	420,000,000	441,000,000	-	0.0%	5.0%	5.0%
3	Market Fees	107,220,000	107,220,000	112,581,000	118,210,050	-	0.0%	5.0%	5.0%
4	Building Approval	120,310,000	120,310,000	126,325,500	132,641,775	-	0.0%	5.0%	5.0%
5	Cess	100,000,000	100,000,000	105,000,000	110,250,000	-	0.0%	5.0%	5.0%
6	Royalties	104,460,000	104,460,000	109,683,000	115,167,150	-	0.0%	5.0%	5.0%
7	Stock/ Slaughter fees	23,000,000	23,000,000	24,150,000	25,357,500	-	0.0%	5.0%	5.0%
8	House Rent	70,000,000	70,000,000	73,500,000	77,175,000	-	0.0%	5.0%	5.0%
9	Advertising	100,000,000	100,000,000	105,000,000	110,250,000	-	0.0%	5.0%	5.0%
10	Parking fees	330,100,000	330,100,000	346,605,000	363,935,250	-	0.0%	5.0%	5.0%
11	Liquor Licensing	72,150,000	72,150,000	75,757,500	79,545,375	-	0.0%	5.0%	5.0%
12	County Park Fees	750,000	750,000	787,500	826,875	-	0.0%	5.0%	5.0%
13	Water And Sewerage			-	-	-			
14	Health fees and charges	120,350,000	120,350,000	126,367,500	132,685,875	-	0.0%	5.0%	5.0%
15	Other Fees and Charges	150,680,000	150,680,000	158,214,000	166,124,700	-	0.0%	5.0%	5.0%
	Sub Total Local Sources	2,000,000,000	2,000,000,000	2,100,000,000	2,205,000,000	-			
16	Facility Improvement Fund	685,000,000	800,000,000	824,000,000	848,720,000	115,000,000	16.8%	3.0%	3.0%
	SUB TOTAL (AIA & Local Sources)	2,685,000,000	2,800,000,000	2,924,000,000	3,053,720,000	115,000,000	4.3%	4.4%	4.4%
17	Balance in County Revenue Fund	3,845,538,531				(3,845,538,531)	-100.0%	#DIV/0!	
	Balance in County Local Revenue Account					-			
18	Donor Grants (DANIDA)	43,972,213	32,637,938	35,901,731	39,491,904	(11,334,276)	-25.8%	10.0%	10.0%
19	Loans and Grants CRA			-	-	-	0.0%	0.0%	
20	Symbiocity Programme								
21	Kenya Devolution support program (KDSP)	60,282,958	60,282,958	66,311,254	72,942,379	-	0.0%	0.0%	0.0%
22	World bank National Agricultural and Rural inclusive growth Projects (NARIGP)	140,435,163	140,435,163	154,478,679	169,926,547	-	0.0%	0.0%	0.0%

No.	REVENUE SOURCE	APPROVED ESTIMATES	CFSP	PROJECTIONS		ANNUAL GROWTH	% GROWTH		
		2018/2019	2019/2020	2020/2021	2021/2022		2019/2020	2020/2021	2021/2022
23	Agricultural Sector Development Support Projects (ASDSP)			-	-	-		0.0%	0.0%
24	Conditional Allocation to compensate Forgone user fees	38,723,265	38,723,265	42,595,592	46,855,151	-	0.0%	0.0%	0.0%
25	Conditional Fund -Kenya Urban Support Project(KUSP)	1,084,843,300	1,084,843,300	1,193,327,630	1,312,660,393	-		0.0%	0.0%
26	Conditional Fund -Leasing of Medical Equipment	200,000,000	131,914,894	145,106,383	159,617,022	(68,085,106)	-34.0%	0.0%	0.0%
27	Conditional Fund -Free Maternal Health			-	-	-			
28	Road Maintenance Fuel Levy Fund (RMFLF)	248,847,131	270,420,281	297,462,309	327,208,540	21,573,150	8.7%	10.0%	10.0%
29	Conditional Allocation For Level- 5 Hospital	373,872,832	385,425,503	423,968,053	466,364,859	11,552,671	3.1%	10.0%	10.0%
30	World Bank THS-UC Conditional allocation	95,036,351	95,036,351	104,539,986	114,993,985	-			
31	Conditional Allocation for Rehabilitation of Youth Polytechnics	47,800,000	47,800,000	52,580,000	57,838,000				
32	C.R.A Equitable Share	9,451,400,000	9,331,000,000	10,264,100,000	11,290,510,000	(120,400,000)	-1.3%	10.0%	10.0%
	SUB TOTAL	15,630,751,744	11,618,519,653	12,780,371,618	14,058,408,780	(4,012,232,092)	-25.7%	40.0%	40.0%
	GRAND TOTAL	18,315,751,744	14,418,519,653	15,704,371,618	17,112,128,780	(3,897,232,092)	-21.3%	44.4%	44.4%
	Allocation For Ward Projects 2019/2020								
	30% of Total Budget		4,325,555,896	4,758,111,485	5,233,922,634			10.0%	10.0%
	<i>Less Development Conditional Grant</i>		2,032,029,447	2,235,232,391	2,458,755,630			10.0%	10.0%
	<i>Equitable Allocation</i>		2,293,526,449	2,522,879,094	2,775,167,004			10.0%	10.0%
	45% of Equitable Allocation for Ward Projects		1,032,086,902	1,135,295,592	1,248,825,152			10.0%	10.0%
	Expenditure:								
	Current Expenditure:					-			
	Compensation to Employees	6,165,188,911	5,624,545,299	6,130,754,376	6,682,522,270	(540,643,612)	-8.8%	0.0%	0.0%
	Use Of Goods And Services	3,942,014,339	4,185,338,608	4,562,019,083	4,972,600,800	243,324,269	6.2%	0.0%	0.0%
	Grants And Other Transfers			-	-	-		0.0%	0.0%
	Other Recurrent	212,697,465	217,834,136	243,974,232	273,251,140	5,136,671	2.4%	0.0%	0.0%
	Sub Total:	10,319,900,715	10,027,718,043	10,936,747,691	11,928,374,210	(292,182,672)	-2.8%	0.0%	0.0%

No.	REVENUE SOURCE	APPROVED ESTIMATES	CFSP	PROJECTIONS		ANNUAL GROWTH	% GROWTH		
		2018/2019	2019/2020	2020/2021	2021/2022		2019/2020	2020/2021	2021/2022
	Capital Expenditure:								
	Acquisition Of Non-Financial Assets	5,042,845,727	1,028,772,163	1,222,914,644	1,476,184,250	(4,014,073,564)	-79.6%	0.0%	0.0%
	Capital Grants To Governmental Agencies	2,760,543,490	3,362,029,446	3,698,232,391	4,068,055,630	601,485,956	21.8%	0.0%	0.0%
	Other Development	192,461,812	-	-	-	(192,461,812)	-100.0%	#DIV/0!	#DIV/0!
	Sub Total:	7,995,851,029	4,390,801,610	4,921,147,035	5,544,239,880	(3,605,049,420)	-45.1%	0.0%	0.0%
	Grand Total:	18,315,751,744	14,418,519,653	15,857,894,726	17,472,614,090	(3,897,232,092)	-21.3%	0.0%	0.0%
	DEFICIT/ SURPLUS	-	0						
	PERCENT OF TOTAL BUDGET								
	Current Expenditure:	56%	69.5%	1	1				
	Capital Expenditure:	44%	30.5%	0	0				

Annex II: Trend in Growth of Equitable share of Revenue 2013/2014 (Base Year) - 2019/2020

Trend in Growth of Equitable share of Revenue 2013/2014 (Base Year) 2019/2020

EXCHEQUER RECEIPTS TRENDS	ALLOCATION	GROWTH	% GROWTH
2013/2014 (Base Year)	5,936,875,619	5,936,875,619	100%
2014/2015	7,082,152,961	1,145,277,342	19%
2015/2016	8,116,330,943	1,034,177,982	15%
2016/2017	8,757,624,645	641,293,702	8%
2017/2018	9,271,400,000	513,775,355	6%
2018/2019	9,451,400,000	180,000,000	2%
2019/2020 (Draft BPS 2019)	9,331,000,000	(120,400,000)	-1%

Annex III: Total Expenditure Sector Ceilings for the Period 2019/2020-2021/2022

	SECTOR	SUB SECTOR	APPROVED ESTIMATES FY 2018/2019	CFSP CEILINGS	PROJECTIONS	
				2019/2020	2020/2021	2021/2022
1	Agriculture Rural and Urban Development					
1.1		Agriculture, Livestock and Fisheries				
		Recurrent Gross	599,957,883	465,110,562	511,621,618	562,783,780
		Development Gross	444,511,107	234,935,163	258,428,679	284,271,547
		Sub Total	1,044,468,990	700,045,725	770,050,297	847,055,327
1.2		Lands, Physical Planning and Housing				
		Recurrent Gross	140,256,412	129,748,153	142,722,968	156,995,265
		Development Gross	1,350,367,055	1,203,062,576	1,323,368,834	1,455,705,717
		Sub Total	1,490,623,467	1,332,810,729	1,466,091,802	1,612,700,982
		SUB TOTAL (SECTOR)	2,535,092,456	2,032,856,453	2,236,142,099	2,459,756,309
2	Education					
2.1		Education				
		Recurrent Gross	265,800,000	312,640,117	343,904,129	378,294,542
		Development Gross	594,121,462	13,059,317	14,365,248	15,801,773
		Sub Total	859,921,462	325,699,434	358,269,377	394,096,315
2.2		Vocational Training				
		Recurrent Gross	8,150,000	11,800,000	12,980,000	14,278,000
		Development Gross	216,378,897	63,800,000	70,180,000	77,198,000
		Sub Total	224,528,897	75,600,000	83,160,000	91,476,000
		SUB TOTAL (SECTOR)	1,084,450,359	401,299,434	441,429,377	485,572,315
3	Social Protection, Culture and Recreation					
3.1		Youth, Sports, Culture and Social Services.				
		Recurrent Gross	345,874,199	266,425,113	293,067,625	322,374,387
		Development Gross	118,632,753	27,478,866	30,226,753	33,249,428
		Sub Total	464,506,952	293,903,979	323,294,377	355,623,815

	SECTOR	SUB SECTOR	APPROVED ESTIMATES FY 2018/2019	CFSP CEILINGS	PROJECTIONS	
				2019/2020	2020/2021	2021/2022
	SUB TOTAL (SECTOR)		464,506,952	293,903,979	323,294,377	355,623,815
4	Energy, Infrastructure and ICT					
4.1	ICT	Infrastructure				
		Recurrent Gross	307,234,933	298,948,395	328,843,235	361,727,558
		Development Gross	2,129,971,069	445,920,281	490,512,309	539,563,540
		Sub Total	2,437,206,002	744,868,676	819,355,544	901,291,098
4.2	ICT and E-Government	ICT and E-Government				
		Recurrent Gross	72,196,021	96,915,117	106,606,629	117,267,292
		Development Gross	43,000,000	27,066,066	29,772,673	32,749,940
		Sub Total	115,196,021	123,981,183	136,379,301	150,017,231
	SUB TOTAL (SECTOR)		2,552,402,023	868,849,859	955,734,845	1,051,308,330
5	Environment Protection, Water and Natural Resources					
5.1	Water, Environment, Energy and Natural Resources	Water, Environment, Energy and Natural Resources				
		Recurrent Gross	320,310,848	297,142,235	326,856,459	359,542,105
		Development Gross	901,444,329	74,800,000	82,280,000	90,508,000
		Sub Total	1,221,755,178	371,942,235	409,136,459	450,050,105
	SUB TOTAL (SECTOR)		1,221,755,178	371,942,235	409,136,459	450,050,105
6	General Economics and Commercial Affairs					
6.1	Trade, Industry, Marketing and Tourism	Trade, Industry, Marketing and Tourism				
		Recurrent Gross	171,771,365	141,949,567	156,144,524	171,758,976
		Development Gross	365,504,267	127,054,314	139,759,745	153,735,720
		Sub Total	537,275,632	269,003,881	295,904,269	325,494,696
	SUB TOTAL (SECTOR)		537,275,632	269,003,881	295,904,269	325,494,696
7	Health					
7.1	Health Services	Health Services				
		Recurrent Gross	5,123,399,206	5,034,990,445	5,538,489,489	6,092,338,438
		Development Gross	1,091,467,432	507,530,703	558,283,773	614,112,150

	SECTOR	SUB SECTOR	APPROVED ESTIMATES FY 2018/2019	CFSP CEILINGS	PROJECTIONS	
				2019/2020	2020/2021	2021/2022
		Sub Total	6,214,866,638	5,542,521,147	6,096,773,262	6,706,450,588
	SUB TOTAL (SECTOR)		6,214,866,638	5,542,521,147	6,096,773,262	6,706,450,588
8	Public Administration and National/Inter County Relations					
8.1		Office of the Governor and Deputy Governor				
		Recurrent Gross	171,862,840	261,628,224	287,791,046	316,570,151
		Development Gross	103,855,318	75,000,000	82,500,000	90,750,000
		Sub Total	275,718,158	336,628,224	370,291,046	407,320,151
8.2		County Treasury				
		Recurrent Gross	974,485,249	905,786,176	996,364,794	1,096,001,273
		Development Gross	292,730,000	1,455,000,000	1,600,500,000	1,760,550,000
		Sub Total	1,267,215,249	2,360,786,176	2,596,864,793	2,856,551,273
8.3		Public Service, Training and Devolution				
		Recurrent Gross	768,933,741	781,535,788	859,689,367	945,658,304
		Development Gross	52,000,000	35,184,771	38,703,249	42,573,574
		Sub Total	820,933,741	816,720,560	898,392,616	988,231,878
8.4		County Public Service Board				
		Recurrent Gross	50,129,192	53,559,325	58,915,258	64,806,784
		Development Gross	4,405,528	909,553	1,000,508	1,100,559
		Sub Total	54,534,720	54,468,878	59,915,766	65,907,343
8.5		County Assembly				
		Recurrent Gross	999,538,825	969,538,825	1,066,492,708	1,173,141,978
		Development Gross	287,461,812	100,000,000	110,000,000	121,000,000
	Sub Total	1,287,000,637	1,069,538,825	1,176,492,708	1,294,141,978	
	SUB TOTAL (SECTOR)		3,705,402,506	4,638,142,663	5,101,956,929	5,612,152,622
		Total Recurrent Gross	10,319,900,715	10,027,718,043	11,030,489,847	12,133,538,832
		Total Development Gross	7,995,851,029	4,390,801,610	4,829,881,771	5,312,869,948

	SECTOR	SUB SECTOR	APPROVED ESTIMATES FY	CFSP CEILINGS	PROJECTIONS	
			2018/2019	2019/2020	2020/2021	2021/2022
		GRAND TOTAL	18,315,751,744	14,418,519,653	15,860,371,618	17,446,408,780

Annex IV: Total Recurrent Expenditure Ceilings for the Period 2019/2020-2021/2022

VOTE	Source of Funding	APPROVED ESTIMATES 2018/2019	CFSP CEILINGS	PROJECTIONS	
			2019/2020	2020/2021	2021/2022
Office of the Governor and Deputy Governor	Gross Allocation	171,862,840	261,628,224	287,791,046	316,570,151
	Local Revenue	18,904,912	39,244,234	43,168,657	47,485,523
	CRA Equitable Share	152,957,928	222,383,990	244,622,389	269,084,628
County Treasury	Gross Allocation	974,485,249	905,786,176	996,364,794	1,096,001,273
	Local Revenue	100,562,252	126,825,483	139,508,031	153,458,834
	Conditional Grant	60,282,958	60,282,958	66,311,254	72,942,379
	CRA Equitable Share	813,640,039	718,677,735	790,545,509	869,600,060
County Public Service Board	Gross Allocation	50,129,192	53,559,325	58,915,258	64,806,784
	Local Revenue	5,514,211	8,033,899	8,837,289	9,721,018
	CRA Equitable Share	44,614,980	45,525,427	50,077,969	55,085,766
Public Service, Training and Devolution	Gross Allocation	768,933,741	781,535,788	859,689,367	945,658,304
	Local Revenue	84,582,712	117,230,368	128,953,405	141,848,746
	CRA Equitable Share	684,351,030	664,305,420	730,735,962	803,809,558
Health	Gross Allocation	5,123,399,206	5,034,990,445	5,538,489,489	6,092,338,438
	Local Revenue	452,143,826	605,967,479	666,564,227	733,220,650
	AIA	816,055,787	690,000,000	759,000,000	834,900,000
	Conditional Grant	196,944,998	305,207,248	335,727,973	369,300,771
	CRA Equitable Share	3,658,254,595	3,433,815,717	3,777,197,289	4,154,917,018
Trade, Industry, Marketing and Tourism	Gross Allocation	171,771,365	141,949,567	156,144,524	171,758,976
	Local Revenue	18,894,850	21,292,435	23,421,679	25,763,846
	CRA Equitable Share	152,876,515	120,657,132	132,722,845	145,995,130
Infrastructure	Gross Allocation	307,234,933	298,948,395	328,843,235	361,727,558
	Local Revenue	33,795,843	44,842,259	49,326,485	54,259,134
	CRA Equitable Share	273,439,090	254,106,136	279,516,750	307,468,424
Education, Vocational Training, ICT and E-Government	Gross Allocation	346,146,021	421,355,234	463,490,757	509,839,833
	Local Revenue	38,076,062	63,203,285	69,523,614	76,475,975
	CRA Equitable Share	308,069,959	358,151,949	393,967,144	433,363,858
	Gross Allocation	599,957,883	465,110,562	511,621,618	562,783,780
	Local Revenue	65,995,367	69,766,584	76,743,243	84,417,567

VOTE	Source of Funding	APPROVED ESTIMATES 2018/2019	CFSP CEILINGS	PROJECTIONS	
			2019/2020	2020/2021	2021/2022
Agriculture, Livestock and Fisheries	CRA Equitable Share	533,962,516	395,343,977	434,878,375	478,366,213
Lands, Physical Planning and Housing	Gross Allocation	140,256,412	129,748,153	142,722,968	156,995,265
	Local Revenue	15,428,205	19,462,223	21,408,445	23,549,290
	CRA Equitable Share	124,828,207	110,285,930	121,314,523	133,445,975
Youth, Culture, Sports and Social Services.	Gross Allocation	345,874,199	266,425,113	293,067,625	322,374,387
	Local Revenue	38,046,162	39,963,767	43,960,144	48,356,158
	CRA Equitable Share	307,828,037	226,461,346	249,107,481	274,018,229
Water, Environment, Energy and Natural Resources	Gross Allocation	320,310,848	297,142,235	326,856,459	359,542,105
	Local Revenue	35,234,193	44,571,335	49,028,469	53,931,316
	CRA Equitable Share	285,076,655	252,570,900	277,827,990	305,610,789
County Assembly	Gross Allocation	999,538,825	969,538,825	1,066,492,708	1,173,141,978
	Local Revenue	109,949,271	145,430,824	159,973,906	175,971,297
	CRA Equitable Share	889,589,554	824,108,001	906,518,801	997,170,682
SUB TOTAL		10,319,900,715	10,027,718,043	11,030,489,847	12,133,538,832

Annex V: Total Development Expenditure Ceilings for the Period 2019/2020-2021/2022

VOTE	Source of Funding	APPROVED ESTIMATES 2018/2019	CFSP CEILINGS	PROJECTIONS	
			2019/2020	2020/2021	2021/2022
Office of the Governor and Deputy Governor	Gross Allocation	103,855,318	75,000,000	82,500,000	90,750,000
	Local Revenue	11,424,085	11,250,000	12,375,000	13,612,500
	CRA Equitable Share	92,431,233	63,750,000	70,125,000	77,137,500
County Treasury	Gross Allocation	292,730,000	1,455,000,000	1,600,500,000	1,760,550,000
	Local Revenue	32,200,300	218,250,000	240,075,000	264,082,500
	CRA Equitable Share	260,529,700	1,236,750,000	1,360,425,000	1,496,467,500
County Public Service Board	Gross Allocation	4,405,528	909,553	1,000,508	1,100,559
	Local Revenue	484,608	136,433	150,076	165,084
	CRA Equitable Share	3,920,920	773,120	850,432	935,475
Public Service, Training and Devolution	Gross Allocation	52,000,000	35,184,771	38,703,249	42,573,574
	Local Revenue	5,720,000	5,277,716	5,805,487	6,386,036
	CRA Equitable Share	46,280,000	29,907,056	32,897,761	36,187,537
Health	Gross Allocation	1,091,467,432	507,530,703	558,283,773	614,112,150
	Local Revenue	54,400,341	3,420,000	3,762,000	4,138,200
	AIA	86,657,500	110,000,000	121,000,000	133,100,000
	Conditional Grant	510,261,376	378,530,703	416,383,773	458,022,151
	CRA Equitable Share	440,148,215	15,580,000	17,138,000	18,851,800
Trade, Industry, Marketing and Tourism	Gross Allocation	365,504,267	127,054,314	139,759,745	153,735,720
	Local Revenue	40,205,469	19,058,147	20,963,962	23,060,358
	CRA Equitable Share	325,298,798	107,996,167	118,795,784	130,675,362
Infrastructure	Gross Allocation	2,129,971,069	445,920,281	490,512,309	539,563,540
	Local Revenue	206,923,633	31,590,000	34,749,000	38,223,900
	Conditional Grant	248,847,131	270,420,281	297,462,309	327,208,540
	CRA Equitable Share	1,674,200,305	143,910,000	158,301,000	174,131,100
Education, Vocational Training, ICT and E-Government	Gross Allocation	853,500,359	103,925,383	114,317,921	125,749,713
	Local Revenue	88,627,040	8,418,807	9,260,688	10,186,757
	Conditional Grant	47,800,000	47,800,000	52,580,000	57,838,000
	CRA Equitable Share	717,073,320	47,706,575	52,477,233	57,724,956
	Gross Allocation	444,511,107	234,935,163	258,428,679	284,271,547
	Local Revenue	33,448,354	14,175,000	15,592,500	17,151,750

VOTE	Source of Funding	APPROVED ESTIMATES 2018/2019	CFSP CEILINGS	PROJECTIONS	
			2019/2020	2020/2021	2021/2022
Agriculture, Livestock and Fisheries	Conditional Grant	140,435,163	140,435,163	154,478,679	169,926,547
	CRA Equitable Share	270,627,590	80,325,000	88,357,500	97,193,250
Lands, Physical Planning and Housing	Gross Allocation	1,350,367,055	1,203,062,576	1,323,368,834	1,455,705,717
	Local Revenue	29,207,613	17,732,891	19,506,181	21,456,799
	Conditional Grant	1,084,843,300	1,084,843,300	1,193,327,630	1,312,660,393
	CRA Equitable Share	236,316,142	100,486,385	110,535,023	121,588,525
Youth, Culture, Sports and Social Services.	Gross Allocation	118,632,753	27,478,866	30,226,753	33,249,428
	Local Revenue	13,049,603	4,121,830	4,534,013	4,987,414
	CRA Equitable Share	105,583,150	23,357,036	25,692,740	28,262,014
Water, Environment, Energy and Natural Resources	Gross Allocation	901,444,329	74,800,000	82,280,000	90,508,000
	Local Revenue	99,158,876	11,220,000	12,342,000	13,576,200
	CRA Equitable Share	802,285,453	63,580,000	69,938,000	76,931,800
County Assembly	Gross Allocation	287,461,812	100,000,000	110,000,000	121,000,000
	Local Revenue	31,620,799	15,000,000	16,500,000	18,150,000
	CRA Equitable Share	255,841,013	85,000,000	93,500,000	102,850,000
SUB TOTAL		7,995,851,029	4,390,801,610	4,829,881,771	5,312,869,948

**Annex VI: Sector Composition and Sector Working Groups for MTEF Budget
2019/2020-2021/2022**

CLASSIFICATION OF FUNCTIONS OF GOVERNMENT (COFOG)	SECTOR	SECTOR COMPOSITION (S)
General Public Services	Public Administration and National/Inter County Relations	Office of The Governor and Deputy Governor
		County Public Service Board
		Finance and Economic Planning
		Public Service, Training and Devolution
		County Assembly
Recreation, Culture and Social Protection	Social Protection, Culture and Receptions	Dept. Of Culture, Dept. Of Sports Dept. Of Social Services
Education	Education	Dept. Of Education Dept. of Vocational Training
Economic Affairs	Agriculture Rural and Urban Development	Agriculture, Livestock and Fisheries
		Lands Physical Planning and Housing
	General Economics and Commercial Affairs	Trade, Tourism And Cooperatives
	Energy, Infrastructure and ICT	Infrastructure ICT And E-Government
Environment Protection	Environment Protection Water and Natural Resources	Water, Environment, Energy and Natural Resources
Health	Health	County Health Services
Macro Working Group	Macro Working Group	Department of Finance and Economic Planning

Annex VII: Policy Issues raised during the Public Hearings and the Responses

Annex VIII: Nakuru County Budget Calendar for the FY 2019/2020

	ACTIVITY	RESPONSIBILITY	DEADLINE
1	Performance Review and Strategic Planning	County Treasury	July-Aug 2019
	1.1 Develop strategic plans	Departments	"
	1.2 Prepare Annual Development Plans	"	"
	1.3 Expenditure review	"	"
	1.4 Preparation of Annual Work plans	"	"
2	Develop and Issue County Budget Guidelines	County Treasury	30th Aug 2019
3	Annual Development Plan submitted to County Assembly	County Treasury	1st Sept. 2019
4	Launch of Sector Working Groups	County Treasury	5th Sept. 2019
5	Determination of Fiscal Framework	Macro Working Group	13th Sept. 2019
	5.1 Estimation of Resource Envelop	County 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)	"	20th Sept. 2019
	5.5 Submission and approval by County Executive Committee	"	23rd Sept. 2019
	5.6 Tabling of CBROP to County Assembly	"	27th Sept. 2019
	5.7 Circulate the Approved CBROP to Accounting Officers.	"	4th Oct. 2018
	5.8 Capacity building for MTEF Programme Based Budget	"	14th-18th Oct 2019
6	Preparation of County Budget Proposals	Line Ministries	
	6.1 Draft Sector Report	Sector Working Group	25th Oct. 2019
	6.2 Submission of Draft Sector Report to County Treasury	Sector Working Group	31st Oct. 2019
	6.3 Review of the Proposals	Macro Working Group	11th-15th Nov 2019
7	Stakeholders/Public Participation	Treasury/ Departments	November 2019

	ACTIVITY	RESPONSIBILITY	DEADLINE
8	The 2019/2020 Supplementary Budget		
	8.1 Develop and issue guidelines on the 2019/20 Revised Budget	County Treasury	November 2019
9	Draft Budget Estimates/ County Fiscal Strategy Paper (CFSP)	Macro Working Group / Departments	
	9.1 Draft CFSP	Macro Working Group	31st Jan. 2020
	9.2 Submission of Draft Budget Estimates and Final Sector Reports	Departments	31st Jan. 2020
	9.3 Public Participation for identification of Ward based projects	County Treasury	10th-14th Feb. 2020
	9.4 Submission of CFSP to County Executive Committee for approval	County Treasury	24th Feb. 2020
	9.5 Submission of CFSP to County Assembly for approval	County Treasury	28th Feb. 2020
	9.6 Submission of Debt Management Strategy to County Assembly for approval	County Treasury	28th Feb. 2020
10	Preparation and approval of Final Departments' Programme Budgets		
	10.1 Issue final guidelines on preparation of 2020/21 County Budget	County Treasury	16th March, 2020
	10.2 Submission of Budget proposals to Treasury	Line Departments	27th March, 2020
	10.3 Consolidation of the Draft Budget Estimates	County Treasury	6th April, 2020
	10.4 Submission of Draft Budget Estimates for County Government to County Assembly	County Treasury	30th April, 2020
	10.5 Review of Draft Budget Estimates by Departmental Committee	County Assembly	19th May 2020
	10.6 Report on Draft Budget by Budget and Appropriations Committee (County Assembly)	County Assembly	22nd May 2020
	10.6 Preparation of Annual Cash flow	County Treasury	9th-12th June 2020

	ACTIVITY	RESPONSIBILITY	DEADLINE
	10.7 Submission of Annual Cash flow to Controller of Budget	County Treasury	15th June 2020
	10.8 Submission of Appropriation Bill to County Assembly	County Treasury	12th June 2020
	10.9 Resolution of County Assembly on Estimates and Approval	County Treasury	25th June, 2020
	Budget Statement	County Treasury	25th June, 2020
	Appropriation Bill Passed	County Assembly	30th June, 2020