



COUNTY GOVERNMENT OF NANDI

COUNTY TREASURY

COUNTY BUDGET REVIEW AND OUTLOOK PAPER

(CBROP)

OCTOBER 2020

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FOREWORD

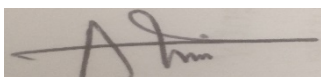
The County Budget Review and Outlook Paper (CBROP) is one of the budget policy documents that enhance financial discipline and fiscal responsibilities within the county's financial management framework as provided for in the Public Finance Management Act (PFM) Act 2012. The CBROP presents the fiscal outcome for the most previous Financial Year and how these outcomes affect financial objectives set out in that year's County Fiscal Strategy Paper (CFSP).

The significance of C-BROP is that it ensures the County Government reviews its previous year's budget performance, the county and national economic-financial environment and how it's likely to impact on the level of future revenues and to set preliminary sector ceilings in the light of the review of revenues.

The 2020 Nandi County Budget Review and Outlook Paper (CBROP), has been prepared in accordance with section 118 of the Public Financial Management Act, 2012 presents the actual fiscal performance of the FY 2019/2020 as it makes comparisons to the budget appropriations for the same year as well as the updated economic and financial outlook to set out the broad fiscal parameters for preparation of the next budget

This paper is a vital document as it details the fiscal/budgetary outcome for 2019/2020 financial year and how this affects the financial objectives set out in the 2020 County Fiscal Strategy Paper (CFSP). The updated macroeconomic outlook therein also provides us with a basis for revising the 2020/2021 budget in the context of the Supplementary Estimates, in line with the county government's strategic priorities over the medium term. Consequently, the County Fiscal Strategy Paper (CFSP) for 2021 will set ceilings to allocate available resources to County sectors as well as set expenditure priorities.

To strengthen the budget preparation process, the County government of Nandi will continue to embrace programme-based budgeting and deepen public financial reforms to increase efficiency and effectiveness in service delivery and value for money. Emphasis will be placed on completion of development projects as well as settle pending bills as these will spur growth of the local economy and improve the lives of the residents of Nandi County.



CPA ALFRED K. LAGAT

CECM, FINANCE AND ECONOMIC PLANNING

ABBREVIATIONS AND ACRONYMS

CBROP	County Budget Review and Outlook Paper
CECM	County Executive Committee Member
CFSP	County Fiscal strategy Paper
CG	County Government
FY	Fiscal Year
PFMA	Public Finance Management Act
CIDP	County Integrated Development Plan
CADP	County Annual Development Plan
M & E	Monitoring and Evaluation
MTEF	Medium Term Expenditure Framework

LEGAL FRAMEWORK

The County Budget Review and Outlook Paper is one of the key stages in the preparation of the annual county budget. Its preparation is entrenched in;

The Constitution of Kenya, 2010 and further in the County Governments Act 2012 which compels County Governments to prepare the plans and that no public funds shall be appropriated outside the approved planning frameworks.

Public Finance Management Act (PFMA), 2012 section 118 (1) which indicates that a County Treasury shall:

(1) (a) Prepare a County Budget Review and Outlook Paper in respect of the county for each financial year; and

(b) Submit the paper to the County Executive Committee by the 30th September of that year.

(2) The CBROP should specify:

(a) The details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;

(b) The updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper;

(c) Information on:

(i) Any changes in the forecasts compared with the County Fiscal Strategy Paper; or

(ii) How actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for that financial year; and

(d) Reasons for any deviation from the financial objectives in the County Fiscal Strategy Paper together with proposals to address the deviation and the time estimated for doing so. After preparation of the Paper by the County Treasury, the County Executive Committee considers the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, and arranges for the same to be laid before the County Assembly, publishes and publicizes the Paper.

(3) The County Executive Committee shall consider the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, within fourteen days after its submission.

(4) Not later than seven days after the County Budget Review and Outlook Paper is approved by the County Executive Committee, the County Treasury shall—

(a) arrange for the Paper to be laid before the County Assembly; and

(b) as soon as practicable after having done so, publish and publicize the Paper.

COUNTY GOVERNMENT FISCAL RESPONSIBILITY PRINCIPLES

In line with the Constitution, the Public Finance Management (PFM) Act 2012 (section 107) sets out the following fiscal responsibility principles to ensure prudence and transparency in the management of public resources;

- i. The County Government's recurrent expenditure shall not exceed the County government's Total Revenue.
- ii. Over the Medium Term, a minimum of thirty percent of the county government's budget shall be allocated to the Development expenditure.
- iii. The County Governments' expenditure on wages and benefits for its public officers shall not exceed a percentage of the County government's total revenue as prescribed by the Executive Committee Member for Finance in regulations and approved by County Assembly.
- iv. the limit set under paragraph (iii) above, shall not exceed thirty-five (35) percent of the county government's total revenue as set out in PFMA regulation 2015;
- v. Over the Medium Term, the government's borrowing shall be used only for the purpose of financing development expenditure and **not** for recurrent expenditure
- vi. The county debt shall be maintained at sustainable level as approved by County Assembly
- vii. The fiscal risks shall be maintained prudently; and
- viii. 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.

OBJECTIVES FOR CBROP

Pursuant to the provisions of sec 118 (2) of the Public Financial Management Act 2012, the County Treasury through the County Budget Review and Outlook Paper shall seek to specify;

- The details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;
- The updated economic and financial forecasts in relation to the changes from the forecasts in the most recent County Fiscal Strategy Paper (CFSP);
- Any changes in the forecasts compared with the CFSP;
- How actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the CFSP for that financial year; and
- Reasons for any deviation from the financial objectives in the CFSP together with proposals to address the deviation and the time estimated for doing so.
- Providing a basis for revision of the 2019/2020 budget estimates as well as set broad fiscal priorities for the next budget and the medium term.

In summary, this CBROP is expected to present a review of the fiscal performance for the previous financial year in terms of revenues and expenditures.

The CBROP is expected to provide a summary of the national macroeconomic outlook and how this will affect the County's economic performance. The available key Macro-economic indicators are not currently county specific or sufficiently addressing county specific needs. However, the department of Finance and Economic Planning is in the process of establishing a County Statistics office to bridge the gap in future.

Analysis by Broad Sectors of the Economy

Agriculture and Co-operative Development

The sector is county's mainstay due to its key contribution to the economy. The county government has continuously revived cooperative societies in the county by providing technical advice and capacity building on cooperative management. In collaboration with the National Government and other stakeholders, the government has supported dairy co-operative societies through the ongoing construction of 30 cooling structures to be equipped with coolers with a daily milk capacity of 127,000 litres. Furthermore the Milk Processing plant, a county flagship project is nearing completion to ensure steady market to dairy farmers through value addition.

Farm Mechanization is key in ensuring sustainable farming and high yields. The county government has acquired eight tractors, a harrow, 3 forage harvesters, a hole digger, potato planter, bed former and potato harvester to offer the capacity n subsidized support to farmers as well as to encourage them to embrace mechanization, in partnership with World-bank through NARIGP program, success stories have been registered on modern-mechanized potato farming across the county.

To reduce pests, diseases and consequently promote production, the county is renovating 48 cattle dips and constructing 6 new ones across the county. Furthermore, to improve on the dairy breeds, the county government has administered over 28,000 inseminations since the inception of the programme. This has led to improved livestock productivity through improved breeds.

The government has also distributed over 50,000 coffee seedlings and 25,000 Avocado seedlings worth Ksh 2,985,000 as well as coffee pulping machines to various coffee cooperatives, 1000 bags of Irish potato seedlings and trained farmers on marketing strategies, financing, trading, export logistics and market intelligence

Due to these initiatives, there has been a significant increase in modern farming techniques by farmers resulting in increased productivity, food security, improved nutrition and consequently improved livelihoods of the residents.

Industry and Construction Activities

The county is performing comparatively well in the sector with higher prospects due to the ongoing construction of the County Flagship Projects; the Milk processing plant at Kabiyet, Textile unit(NACOTEX) at Mosoriot, Eliud Kipchoge Modern Athletics Training Camp and County Referral Hospital both at Kapsabet as well other infrastructural facilities as a result of conferment of Kapsabet into a Municipality status .Additionally, there are massive constructions across the county due to county's investment in development programs of health facilities, ECDE centres & VTCs, milk coolers, Fresh produce markets etc.

Measures to improve trade volume across the county through various initiatives such as opening new markets as well as improved infrastructure such as improved road network, street lighting in the county are expected to spur growth prospects. In addition, the county is undertaking promotion of agricultural activities through mechanization of agriculture and value addition programs through various value chains to create more employment opportunities as well as alleviate poverty. These initiatives will boost economic growth prospects of the county for the wellbeing of the citizens.

Health and Social welfare:

The Sector contribution to the GDP cannot be gainsaid and it is for this reason that the county has put in place several measures towards quality health standards including construction of new and operationalization of existing health facilities, employment of more skilled health personnel, strengthening referral services and equipping of the facilities with requisite essential drugs and Non pharmaceuticals.

In Financial Year 2019/2020, the County department of Health and Sanitation recorded a reduction in maternal mortality rate from the baseline of 362/100000 in FY 2018/2019 to 360/100000 in FY 2019/2020 while the County immunization rate recorded slight decline from 67.5% to 62.2% due to outbreak of COVID-19 in the country. On the other hand, the county Infant Mortality Rate recorded a reduction from the baseline of 39/1000 in 2018/2019 to 38/1000 in the year under review. This is due to the increase in the number of facilities offering basic immunizations and essential services across the county as a result of various campaign programs conducted by the county together with other partners.

To ensure improved quality of care, the department of Health and Sanitation increased its workforce by employing more staff. Additionally, the National government recruitment through the Universal Health Care Program (UHCP) saw an increase in workforce by about 200 staff. This has consequently led to an increase in the Doctor-Patient and Nurse-Patient ratios from

3:100,000 in 2018/2019 to 4:100000 in 2019/2020 and 46:100,000 in 2018/2019 to 57:100000 in 2019/2020 respectively.

The County HIV prevalence rate remained constant at 2% in 2018/2019 and 2019/2020 subject to review upon release of the Kenya Population Based HIV Impact Assessment report, 2018.

Households with functional latrines increased from 85% in 2018 to 87% in 2019 and this has seen significant reduction of communicable diseases such as cholera in the county.

Whereas the number of children under 6 months who were exclusively breastfed increased from 17000 in FY 2017/2018 to 37155 in FY 2018/2019, it is important to note that number of under five children who are stunted and underweight increased from a baseline of 2899 in 2017/2018 to 4636 in 2018/2019 and 6809 in 2017/2018 to 8312 in 2018/2019 respectively. This is attributed to more births recorded in the year under review than anticipated hence constraining the supplements which had been budgeted for by the department. This will be addressed through a program to be funded by the county government in partnership with Nutrition international to address nutrition challenges.

The department targeted to establish two Intensive Care Units (ICUs) by the year 2022 as per the CIDP targets. The first unit budgeted for in FY 2019/2020 is integrated in the Newborn Unit under the new KCRH Complex whose construction is ongoing while the other is under the Chepterwai Hospital Complex. However, due to the COVID-19 pandemic, the county moved swiftly under the emergency fund program to set up two ICU units. A seven-bed and 3-bed ICU units are complete in KCRH and Nandi Hills hospitals respectively.

Transport and Infrastructure

The sector is a key enabler to the economic development. The County has invested heavily in the sector through routine maintenance by grading, gravelling and culvert installation, opening up of new roads and construction of bridges and foot bridges.

In Financial year 2019/2020, the department improved rural access, infrastructure and mobility in the county by gravelling 115.5 Kms and grading 399.5 Kms using the county/ hired machinery and road maintenance under the Road Maintenance and Levy Fund (RMLF) Programme.

In a bid to enhance connectivity, the County department of transport and infrastructure in the FY 2019/2020, opened up 96.1 Kms of new roads, and installed 1008 Meters of culverts.

COUNTY FISCAL PERFORMANCE FOR F/Y 2019-2020

This section presents the County's fiscal performance focusing on the actual and deviation between actual and budgeted expenditure and revenue in the FY 2019/2020 combined with an analysis of the ways in which this performance affected the financial objectives set in the County Fiscal Strategy Paper (CFSP), 2019.

OVERVIEW

In line with the Constitution, the Public Financial Management (PFM) Act, 2012, sets out fiscal responsibility principles to ensure prudence and transparency in the management of public resources.

The fiscal performance in 2019/2020 was generally satisfactory, despite the challenges with shortfall in revenue, the transition financial demands and increased expenditure pressures.

It's worth noting that the administration under the leadership of His Excellency Stephen Sang have made tremendous efforts towards ensuring inclusion of public in planning and execution of programmes within the County. The County Government was able to run through the county annual development plans in preparation of the financial estimates for the 2019-2020 financial year hence entrenching in its work plans the aspirations and the overall will of its citizens.

Prioritization of resource allocation in the 2020 CBROP is based on the County Integrated Development Plan 2018-2022, which entails broad development policies of the County Government both short term as well as the medium-term priorities identified during the County wide public consultative forums held across the county. These priority programs are executed annually through annual development plans which inform the resource allocation to priority programs through the annual budgets and the status of program implementation tracked through periodic monitoring and evaluation exercises.

In this paper, provisional indicative sector ceilings for the 2021/2022 budget have been set informed by the forecasted revenues.

Overview of Fiscal Performance 2019/2020

During the period under review, the County Government had a total budget of Ksh. 8,720,452,276 which comprised of Ksh. 5.3 Billion as recurrent budget and Ksh. 3.41 Billion as development budget. The fiscal performance was generally satisfactory despite shortfall in local revenue collection and the continuous late disbursement of the exchequer releases throughout the financial year which badly manifested in the last Quarter of the year making it difficult for the government to meet its obligations.

Revenue Performance

Own Source Revenues

Total actual own source revenue realized amounted to Ksh. **283,187,354** against a target of Ksh. 629,900,204. The shortfall in internal revenue in F/Y 2019/2020 was Ksh. **346,712,850** representing a 57.3% deviation from the original target.

The shortfall was due to the effects of the outbreak of COVID -19 in the country that hit the economy in March 2020. The directive by the Ministry of Health (MoH) to close shops and open air markets as part of containment measures led to granted waivers on Public Service Vehicles operating stickers and liquor license fees hence a significant shortfall in the revenue targets. In addition, the following revenue sources recorded marginal depressed performance: Miscellaneous, house and stall rent, Agriculture, Parking fees and Market fees.

FISCAL PERFORMANCE

LOCAL REVENUE TREND

Table on **NANDI COUNTY REVENUE REPORT FOR THE FY 2019-2020**

Revenue Comparison

Revenue Performance by Revenue Source for FY 2017/2018 to FY 2019/2020

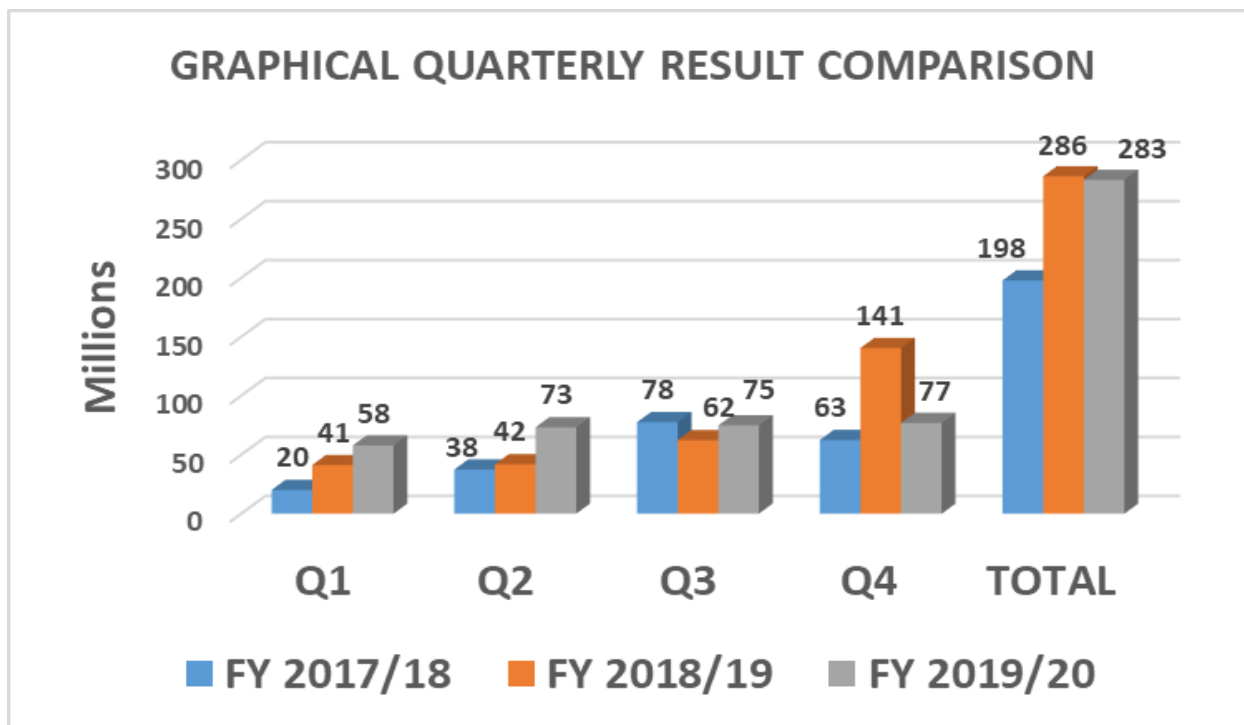
REVENUE SOURCE	2017/2018	2018/2019	2019/2020
Business Permits	29,137,021	46,102,045	35,841,862
Liquor licensing	5,337,000	10,312,700	6,809,500
Plot rents	1,546,106	2,036,359	1,860,661
Land Rates	8,277,187	24,319,280	21,567,056

House and Stalls Rent	7,048,935	6,589,508	7,111,376
Parking Fees	31,676,091	30,601,568	27,046,638
Market Fees	10,390,273	14,615,695	12,550,796
Cess	3,142,735	11,663,613	11,092,433
Health and Sanitation	62,399,589	97,713,219	125,019,797
Kiborgok Tea Proceeds	17,616,629	13,205,201	15,391,927
Slaughter Fees	796,790	161,505	1,010,450
Sewerage and water	646,116	1,516,235	1,113,137
Agriculture	5,908,025	3,604,807	2,021,237
Trade Fair	-	-	-
Cattle Dips/Veterinary	4,676,068	6,479,775	6,954,115
Miscellaneous	9,288,318	17,307,464	7,796,369
TOTAL	197,886,883	286,235,013	283,187,354

QUARTERLY RESULT COMPARISON

QUARTELY (Q)	FY 2017/18	FY 2018/19	FY 2019/20
Q1	20,106,058	41,322,950	57,892,195
Q2	37,518,123	41,961,284	73,321,248
Q3	77,717,284	62,425,372	74,937,027
Q4	62,545,418	140,525,407	77,036,884
TOTAL	197,886,883	286,235,013	283,187,354

Graphical Quarterly Result Comparison



There was a positive progress of revenue performance for the first two quarters and part of quarter three in the year under review. The positive revenue performance was supported by enforcement exercise on revenue sources, the use of Health Management Integrated System (HMIS) in health facilities, Business Permits, Parking Fee, Land Rates, Kiborgok and Market fees.

Despite the consistent increase in the County Own Source Revenues, the annual collections have persistently remained below target. The revenue performance for the three Financial Years 2017/2018, 2018/2019 and 2019/2020 did not attain their annual targets of Ksh. 385,438,659, Ksh. 459,293,246 and 629,900,204 respectively by a margin of Ksh. 187,551,776 for FY 2017/2018; Kshs. 173,058,233 for 2018/2019 and Ksh. **346,712,850** for FY 2019/2020. This therefore implies that a total of Ksh707.3 Million was not achieved in the last 3 years through the County Own Source Revenue hence creating a cumulative budget deficit of the same amount.

PERFORMANCE OF OWN SOURCE REVENUE AGAINST THE BUDGET TARGETS

Financial Year	Own Source Revenue Target	Actual Own Source Revenue Realized	Shortfall
2017/2018	385,438,659,	197,886,883	187,551,776
2018/2019	459,293,246	286,235,013	173,058,233

2019/2020	629,900,204	283,187,354	346,712,850
Total Revenue Shortfall over the Medium Term			707,322,859

External Revenue

For the period under review, the county was allocated equitable share amounting to Kshs. 5.348 Billion from the national government as shareable revenue(Equitable share),however the whole amount was not realized.

1. EXCHEQUER RELEASES

	2019-2020	2018-2019
	KShs	KShs
Total Exchequer Releases for quarter 1	930,699,900	1,385,077,945
Total Exchequer Releases for quarter 2	1,027,050,697	1,600,652,167
Total Exchequer Releases for quarter 3	2,100,942,945	1,507,265,091
Total Exchequer Releases for quarter 4	1,430,585,446	2,353,545,409
Total	5,489,278,988	6,846,540,612

The above comprises transfers from the Exchequer comprising of equitable share and conditional as well as donor funds released through the exchequer. Exchequer releases are as follows:

(The totals of A, B and C below should equal the total exchequer releases).

1A. Equitable Share

Equitable share

Description	2019-2020	2018-2019
	KShs	KShs
Total Equitable Share for quarter 1	930,699,900	1,385,077,945
Total Equitable Share for quarter 2	962,793,000	1,396,044,000
Total Equitable Share for quarter 3	1,952,330,250	1,476,585,000
Total Equitable Share for quarter 4	1,043,025,750	2,228,301,000
Total	4,888,848,900	6,486,007,945

Note;

The shareable Revenue for 2019/2020 F/Y was Kshs.5,348,850,000 of which the county received Kshs 4,888,848,900 as a sum total of the monthly allocations, the disbursements for the month of June 2020 was not received.

TRANSFERS FROM OTHER GOVERNMENT ENTITIES

2. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2019-2020	2018-2019
	KShs	KShs
Transfers from Central government entities		
RMLF	151,830,656	177,409,091
Emergency Fund	118,326,000	-
Transfers from Counties		
(insert name of budget agency)	-	-
(insert name of budget agency)	-	-
TOTAL	270,156,656	177,409,091

1C: Donor Funds released through Exchequer Releases as per CARA

Description	2019-2020	2018-2019
	KShs	KShs
DANIDA - Universal Healthcare in Devolved Units Programme	22,016,250	17,111,250
World Bank – THUSCP	44,928,998	49,821,285
National Agricultural & Rural Inclusive Growth Project (NARIGP)	242,399,538	50,078,476
Kenya Devolution Support Programme	30,000,000	-
Youth Polytechnic support grant	32,793,298	-
Abolishment of user fees in health centres and dispensaries	18,086,363	18,086,363
Kenya Urban Support Programme	135,562,988	218,431,700
Agriculture Sector Development Support Project (SIDA)	16,172,654	7,003,592
M.O.H-Doctors and Nurse allowances	58,470,000	-
Total	600,430,088	360,532,666

1.1. STATEMENT OF CASH FLOWS

		2019-2020	2018-2019
	Notes	KShs	KShs
Receipts from operating income			
Exchequer Releases	1	5,489,278,988	6,846,540,611
Proceeds from Domestic and Foreign Grants	2	-	-
Transfers from Other Government Entities	3	270,156,656	177,409,091
Reimbursements and Refunds	7	-	-
Returns of Equity Holdings	8	-	-
County Own Generated Receipts	9	268,536,170	286,235,013
Returned CRF issues	10	-	-
Payments for operating expenses			
Compensation of Employees	11	(3,126,765,479)	(2,853,606,088)
Use of goods and services	12	(911,146,084)	(1,393,082,676)
Subsidies	13	(4,264,952)	-
Transfers to Other Government Units	14	(753,825,357)	(840,570,909)
Other grants and transfers	15	(523,193,915)	(427,522,230)
Social Security Benefits	16	-	-
Finance Costs, including Loan Interest	18	-	-
Other Payments	20	-	-
Adjusted for:			
Adjustments during the year		-	-
Net cash flow from operating activities		717,305,931	1,795,402,813
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	6	-	-
Acquisition of Assets	17	(825,906,992)	(1,991,372,897)
Net cash flows from Investing Activities		(825,906,992)	(1,991,372,897)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Domestic Borrowings	4	-	-
Proceeds from Foreign Borrowings	5	-	-
Repayment of principal on Domestic and Foreign borrowing	19	-	-
Net cash flow from financing activities			
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at BEGINNING of the year	21	331,810,799	548,620,876
Cash and cash equivalents at END of the year	24	214,679,835	352,650,792

The County Government did expend from the exchequer as approved by the Controller of Budget; however, all these expenditures as recorded considered only revenues that went through the CRF and the corresponding expenditures that went through IFMIS system, hence not taking into account the revenue that remained in the special purpose accounts (conditional funds) that were not reverted back to CRF. Having incurred these monies, the financial statements present a negative cashflow since the latter is presented in cash basis accounting format.

a) CASH FLOWS

		2019-2020	2018-2019
	Notes	KShs	KShs
Receipts from operating income			
Exchequer Releases	1	5,607,604,989	6,846,540,611
Proceeds from Domestic and Foreign Grants	2	-	-
Transfers from Other Government Entities	3	151,830,656	177,409,091
Reimbursements and Refunds	7	-	-
Returns of Equity Holdings	8	-	-
County Own Generated Receipts	9	269,505,072	286,235,013
Returned CRF issues	10	-	-
Payments for operating expenses			
Compensation of Employees	11	(3,390,052,798)	(2,853,606,088)
Use of goods and services	12	(647,424,032)	(1,393,082,676)
Subsidies	13	-	-
Transfers to Other Government Units	14	(720,825,357)	(840,570,909)
Other grants and transfers	15	(558,353,915)	(427,522,230)
Social Security Benefits	16	-	-
Finance Costs, including Loan Interest	18	-	-
Other Payments	20	-	-
Adjusted for:			

Adjustments during the year		-	-
Net cash flow from operating activities		712,284,615	1,795,402,813
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	6	-	-
Acquisition of Assets	17	(830,171,944)	(1,991,372,897)
Net cash flows from Investing Activities		(830,171,944)	(1,991,372,897)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Domestic Borrowings	4	-	-
Proceeds from Foreign Borrowings	5	-	-
Repayment of principal on Domestic and Foreign borrowing	19	-	-
Net cash flow from financing activities			
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		(117,887,329)	(195,970,084)
Cash and cash equivalents at BEGINNING of the year	21	331,810,799	548,620,876
Cash and cash equivalents at END of the year	24	213,923,470	352,650,792

In consideration of the PFM Act of 2012 provisions, the county still operates on cash basis accounting safe for the cash flows which considers balances at the till end of the financial presentation. In view of this the cash balances as presented previously adds up to expenditure resource for the preceding financial period hence increasing the stated cash flows.

Table 3: Portfolio Allocation 2019-2020 as per Printed Estimates
Macroeconomic outlook and policies

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Exchequer releases	5,239,000,000	109,850,000	5,348,850,000	5,247,152,929	101,697,071	98%
Proceeds from Domestic and	236,560,282	250,855,429	487,415,711	225,255,999	262,159,712	46%

Foreign Grants						
Transfers from Other Government Entities	498,161,000	-	498,161,000	135,196,061	362,964,939	27%
Road Maintenance Fuel Levy	151,830,656	-	151,830,656	151,830,656	-	100%
County Own Generated receipts	376,829,833	253,070,371	629,900,204	269,505,072	360,395,133	43%
Un spent Funds	1,604,294,705		1,604,294,705	331,810,799	1,272,483,906	21%
TOTAL	8,106,676,476	613,775,800	8,720,452,276	6,360,751,515	1,087,216,855	73%
PAYMENTS				-		
Compensation of Employees	2,620,272,511	693,077,555	3,313,350,066	3,390,052,798	(76,702,732)	102%
Use of goods and services	927,201,643	43,784,438	970,986,081	647,424,032	323,562,048	67%
Other grants and transfers	1,177,674,312	-	1,177,674,312	558,353,915	619,320,397	47%
Acquisition of Assets	2,163,033,994	(123,086,193)	2,039,947,801	830,171,944	1,209,775,857	41%
Transfers to other Government Entities	1,218,494,016	-	1,218,494,016	720,825,357	497,668,659	59%
TOTAL	8,106,676,476	613,775,800	8,720,452,276	6,146,828,046	2,573,624,231	70%
SURPLUS/(DEFICIT)	-	-	-	213,923,470	(1,486,407,376)	0

TOTAL REVENUE

Out of the projected revenue, the County was able to realize Ksh 6.03 billion in actual revenues, representing 69.2% performance. This performance represents a huge shortfall in comparable basis from previous financial year wherein a decrease in realised revenue stands at 21.2%.

Expenditure Performance

The total expenditure for the period under review amounted to Ksh 6.145 Billion against approved budget of Ksh 8.7 Billion.

Recurrent Expenditure

Total Recurrent Expenditure amounted to Kshs 5.29 Billion against an approved budget of Kshs 5.3 Billion reflecting an absorption rate of 99%.

Development Expenditure

Total cumulative development expenditure for the period under review amounts to Kshs 0.826 Billion against an approved budget Kshs 3.4 Billion. This reflects an absorption rate of 24%.

Implications of 2019/2020 Fiscal Performance

Revenue and expenditure projections will be based on the macroeconomic assumptions contained in this CBROP and this will be firmed up in the County Fiscal Strategy Paper (CFSP), 2021. The County will not deviate from the fiscal responsibility principles, but will make appropriate modifications to the financial objectives contained in the CFSP, 2019 to reflect the changed circumstances.

The financial year 2019/2020 fiscal outturn has necessitated revision of the financial objectives to be set out in the next CFSP and the Budget for fiscal year 2021/2022 in the following ways:

- Low absorption of development funds have created a huge backlog of incomplete/unimplemented projects which have been re-budgeted in the fiscal year 2020/2021 hence need for review of the development expenditure projections in the medium term. This huge surplus at the end of financial year is impacting negatively on our development index.
- Revenue and expenditure projections have been affected by payment of pending bills carried forward from 2017/2018 and the preceding financial years, implying the need for adjustment in the fiscal aggregates for the current budget and the medium-term.
- The resultant surplus also implies low absorption capacities by the departments thus a need to adjust on timeliness of preparation of Bill of Quantities and procurement process.

- Under-performance in County own revenues and grants has shrunk the resource base thus necessitating adjustments in the fiscal aggregates for the current budget and in the MTEF period.
- Enhancing local revenues collection capacity, expanding the local revenue base, stakeholder engagement, total automation of revenue collection & management and sealing of any revenue loopholes by going cashless is inevitable in the effort to close on the revenue targets so as to bridge on budget deficits.
- Continuous Capacity building to improve public resources utilization and budget execution.

Fiscal Responsibility Principles

The fiscal responsibility principle on wages and remuneration as per the PFM Act of 2012 provides for utmost 35 percent of the total County budget. The proportion of actual salaries and remuneration expenditure on the overall expenditure was 44 percent. The actual performance on this fiscal principle was slightly higher than the stipulated percentage of 35 percent of the overall county budget by 9 percent. This has over time been occasioned by the personnel service needs against the minimal resources pegged on the newly established human resource structure being prepared by the County Government which has to be placed on operational mode as well as collective bargaining agreements entered into even before devolution and are still in force exerts pressure on the wage bill.

RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

Global and Regional Economic and Fiscal Developments

World real GDP experienced a decelerated growth of 2.9 per cent in 2019 compared to a growth of 3.5 per cent in 2018 exhibiting the slowest growth since the 2007/2008 global financial crisis. Both the Emerging Market and Developing Economies (EMDEs) and advanced economies (particularly the Euro Area) recorded a deceleration in growth. This was mainly attributed to continuous declines in global trade and investment, policy uncertainty and a slowdown in labour productivity. The manufacturing industry was the hardest hit by the uncertainty in policy which

led to trade tensions between China and USA, and between the European Union (EU) and United Kingdom (UK). Advanced economies expanded by 1.2 per cent in 2019 as compared to a growth of 2.2 per cent in 2018.

Real GDP Growth, Inflation and Current Account Balances for Selected Regions and Countries, 2017-2020

	Real GDP Growth Rates				Inflation				Current Account Balance (Percent of GDP)			
	2017	2018 [†]	2019 [*]	2020 ¹	2017	2018 [†]	2019 [*]	2020 ¹	2017	2018 [†]	2019 [*]	2020 ¹
Sub-Saharan Africa	3.0	3.3	3.1	-1.6	10.7	8.3	8.4	9.3	-2.2	-2.5	-4.0	-4.7
EAC-5	5.6	6.6	5.9	2.0	6.5	3.5	3.8	4.5	-5.1	-5.2	-5.4	-5.9
Kenya	4.8	6.3	5.4	1.0	8.0	4.7	5.2	5.1	-7.2	-5.8	-5.8	-4.6
Tanzania	6.8	7.0	6.3	2.0	5.3	3.5	3.4	3.9	-2.9	-3.5	-3.2	-3.8
Uganda	5.0	6.3	4.9	3.5	5.6	2.6	2.9	3.9	-4.5	-7.2	-9.5	-9.7
Rwanda	6.1	8.6	10.1	3.5	4.8	1.4	2.4	6.9	-7.5	-8.0	-9.2	-16.2
Burundi	0.5	1.6	1.8	-5.5	16.6	-2.8	-0.7	8.0	-14.2	-15.0	-16.4	-17.1

Source: World Economic Outlook, April, 2020 and Regional Economic Outlook April 2020

The Euro Area registered a slowed real GDP growth of 1.2 per cent in 2019 compared to a growth of 1.9 per cent in 2018. The Euro area slowdown was attributed to persistent global trade tensions, the deterioration in external demand and enduring uncertainty surrounding Brexit hence severely hampering exports. The region also experienced a robust labour market leading to reduction in unemployment. The unemployment rate improved from 8.2 per cent in 2018 to 7.6 per cent in 2019.

The Real GDP growth in Sub-Saharan Africa (SSA) stood at 3.1 per cent in 2019 compared to a growth of 3.3 per cent in 2018. The growth was supported by cyclical recovery of most of the countries from recession, favorable weather conditions which boosted agricultural production and exports and improved investors' confidence. Inflationary pressures increased to 8.4 per cent

in 2019 from 8.3 per cent in 2018. The region also experienced a widened Current account deficit to 4.0 per cent in 2019 from 2.5 per cent in 2018. This was attributed to trade shocks emanating from decline in oil prices hence affecting the oil producing countries within region.

The GDP in the East African Community (EAC) bloc grew by 5.9 per cent in 2019 compared to 6.6 per cent growth in 2018. The decelerated growth was experienced in all the countries in the region. Rwanda recorded the highest real GDP growth rate of 10.1 per cent in 2019 in the region and this was supported by strong growth in the infrastructure and the private sector while Tanzania recorded a decelerated growth of real GDP of 6.3 per cent in 2019 compared to a 7.0 per cent growth in 2018. Nevertheless, the economy was characterized by a robust private consumption, substantial public spending, strong investment growth and an upturn in exports.

National Economic and Fiscal Developments

The Kenya's national economic activity remained vibrant in 2019 though the performance was slower relative to 2018. The real Gross Domestic Product (GDP) is estimated to have expanded by 5.4 per cent in 2019 compared to a growth of 6.3 per cent in 2018. The growth was spread across all sectors of the economy but was more pronounced in service-oriented sectors. The slowdown in growth was majorly attributed to Forestry, Agriculture, and Fishing sector which experienced a decelerated growth from 6.0 per cent growth in 2018 to 3.6 per cent in 2019. This was mainly on account of suppressed long rains that disrupted the normal planting season in key agricultural zones. The manufacturing sector grew by 3.2 per cent in 2019 compared to 4.3 per cent growth in 2018, partly owing to constrained supply of raw materials from agricultural activities. Performance in service activities was boosted by accelerated growths in Real Estate activities (5.3 per cent) and Financial and Insurance (6.6 per cent).

Inflation Rate

The annual inflation as measured by the Consumer Price Index (CPI) increased from 4.7 per cent in 2018 to 5.2 per cent in 2019. The accelerated inflation was mainly attributed to rise in transportation cost, food and beverage prices due to constrained domestic supply caused by unfavorable weather conditions experienced in the first half of 2019. The overall inflation later dropped due to gradual improve in weather conditions over the remaining part of the year causing drops in food prices. Relatively stable Kenyan shilling against the major currencies especially the US Dollar and prudent macro-economic policies also helped in containing the inflation

Annual Inflation, 2015-2019

Income Group	Per cent				
	2015	2016	2017	2018	2018
Nairobi Lower Income Inflation.....	6.9	6.8	8.6	4.6	5.3
Nairobi Middle Income Inflation.....	4.3	4.1	6.1	5.7	5.2
Nairobi Upper Income Inflation.....	2.6	4.6	3.4	5.9	5.9
Nairobi Inflation.....	6.1	6.1	3.4	4.9	5.3
Rest of Urban Towns Inflation.....	6.9	6.4	8.2	4.6	5.2
Overall Inflation	6.6	6.3	8.0	4.7	5.2

Source : **Economic Survey 2020**

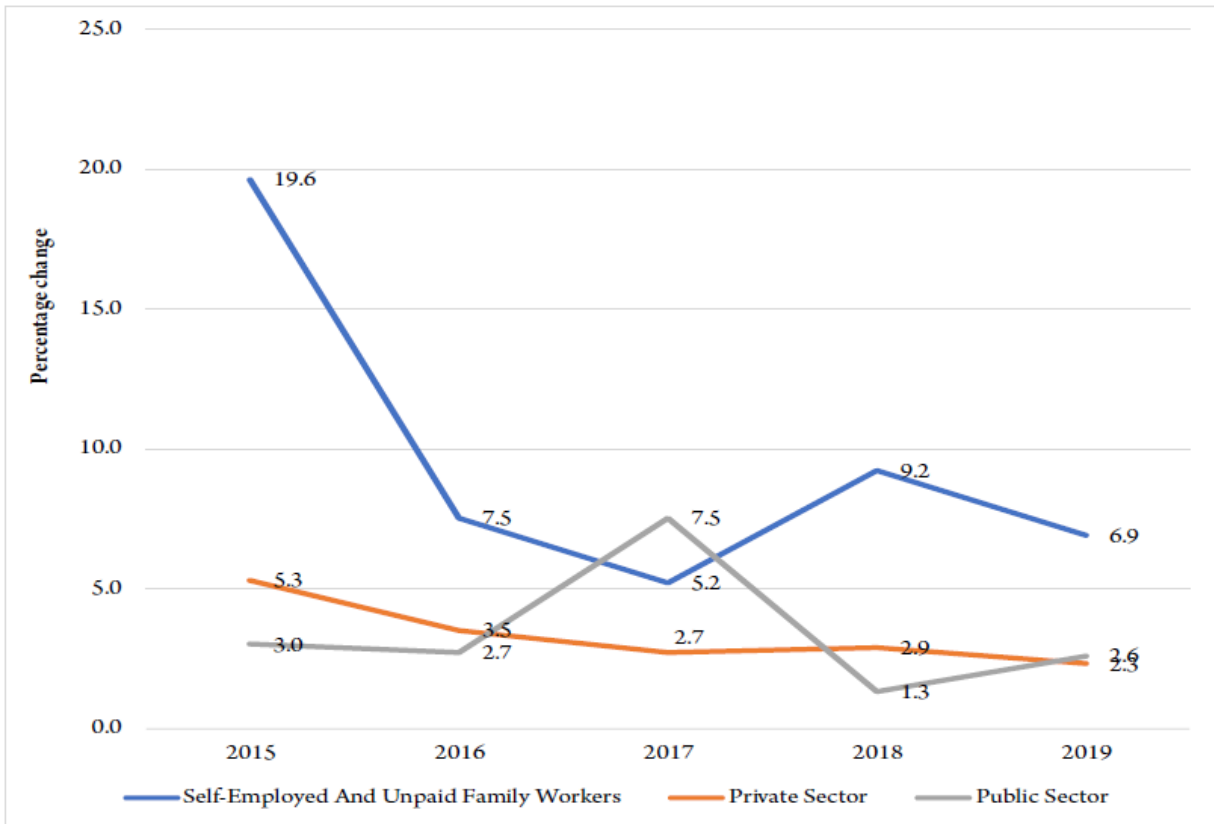
Note: 1: The lower income group comprises households with monthly expenditure below KSh 23, 670 in October 200. 2: The middle income group comprises households with monthly expenditure between KSh 23,671 and KSh 119,999 in October 2005. 3 The upper income group comprises households with monthly expenditure above KSh 120,000 in October 2005

Employment

Kenyan employment is categorized into two sectors namely: formal (modern) and informal. The informal sector includes those employed in the household sector and, small-scale agriculture and pastoralist activities. Total employment increased from 17.3 million in

2018 to 18.1 million excluding those engaged in small-scale farming and pastoralist activities. Total new jobs generated in the economy were 846.3 thousand in 2019.

Figure: Percentage changes in wage employment in Public, Private and Self-employed, 2015-2019



Source: KNBS, economic survey, 2020

The formal sector was estimated to have created 767.9 thousand new jobs in 2019 compared to 744.1 thousand new jobs created in 2018. The total number of unpaid family workers and self-employed within the modern (formal) sector increased from 152.2 thousand in 2018 to 162.7 thousand in 2019.

County Economic and Fiscal Developments

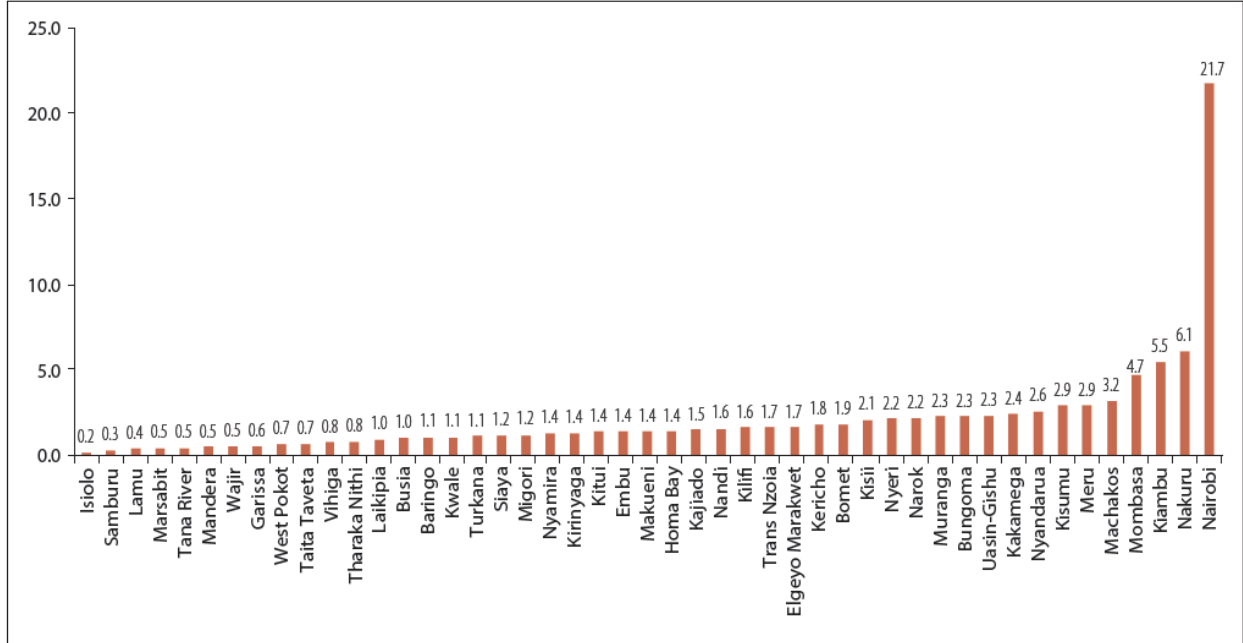
County Economic Developments

The County relies on the National Government economic data with an assumption that the data generated has the same effect across the counties. Going forward the County in collaboration with the Kenya National Bureau of Statistics (KNBS) plans to develop county based data on macro-economic indicators.

Gross County Product (GCP)

There are significant differences in the size of economy across counties. The average contribution per county to GVA over the period 2013-2017 is approximately 2.1 percent with a standard deviation of 3.2. As may be expected, this indicates large disparities in the size of GCP across the counties. On the average contribution for each of the 47 counties to GDP over the period 2013-2017, Nairobi takes the lead, contributing approximately 21.7 percent of GDP over the period, followed by Nakuru (6.1%), Kiambu (5.5%) and Mombasa (4.7%). Many counties with a small share to GDP are growing at a faster rate, exhibiting potential for catch-up but also due to the base effect. Over the period 2014-2017, at least 17 counties, recorded a faster growth in their real GCP relative to the average growth in all counties.

Figure: Share of Counties in GDP (2013-2017)



Source: *KNBS, Gross county product, 2019.*

The county ranking in the expansion in economic activity is not necessarily associated with the ranking in growth of per capita GCP. Counties face unique distributional challenges in real GCP per capita. This trend is attributed to various dynamics in real economic activities as well as evolution of population size, caused by internal migration, which in the long run affects public service delivery, including a rise in expenditure to deliver essential services.

County Economic Performance

The County government discharges its mandate and functions as prescribed under schedule four of the Constitution of Kenya through the County Executive, County Assembly and the County Public Service Board. The major milestones realized by the County Departments include;

Health and Sanitation

S/NO	Programme	2017/2018	2018/2019	2019/2020
1.	Curative And Rehabilitative Services	<ul style="list-style-type: none"> a) Installation of backup generators in KCRH and Nandi hills hospital b) Operationalized 13 new dispensaries c) Continuous supply of drugs and commodities 	<ul style="list-style-type: none"> a) Installation of the oxygen plant in KCRH b) MCH complex phase I c) Nandi hills Trauma centre d) Kabiyet Trauma centre (to be operationalized) e) Continuous supply of drugs and commodities 	<ul style="list-style-type: none"> a) MCH complex phase II (ongoing) b) continuous supply of drugs and commodities c) Complete functional 10 ICU beds d) Renovated and functional 2 ICU units in the county. e) Various health facilities on completion stage across the county
2.	Preventive And Promotive Health Service	<ul style="list-style-type: none"> a) Improved immunization rate b) Improved skilled delivery services due to increased fully equipped maternities in the county 	<ul style="list-style-type: none"> a) Improved immunization rate b) Improved skilled delivery services due to increased fully equipped maternities in the county c) Increased uptake of the FP commodities 	<ul style="list-style-type: none"> a) Improved immunization rate b) Improved skilled delivery services due to increased fully equipped maternities in the county c) Increased uptake of the FP commodities
3.	General Administration, Planning, Management Support And	<ul style="list-style-type: none"> a) Renovated and rehabilitated 68 health projects 	<ul style="list-style-type: none"> a) Employed health personnel(100 Nurses, 60 	<ul style="list-style-type: none"> a) In collaboration health personnel from National government

	Coordination	across the county	Clinical officers and 2 doctors) b) Supplied 10 ICU standard fully functional ambulances	under UHC program hired b) Promoted health work force of various cadres hence boost morale at work.
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Transport and Infrastructure

S/NO	Programme	2017/2018	2018/2019	2019/2020
1.	Footbridges & Bridges constructed	8	9	
2.	Roads maintained graveled(km)	1020	422.11	115.5
3.	Roads maintained graded (km)	1020	1364.55	399.5
4.	Metres (M) of Culverts installed		2306	1008
5.	Newly surveyed and opened up roads (km)	190	197.2	96.1

Agriculture and Cooperative Development

S/NO	Programme	2017/2018	2018/2019	2019/2020
1.	Veterinary Services	2 Dips were renovated and operational	1. 33 dips have been renovated and operational 2. 6 new cattle dips have been constructed (phase 1) Soiyet, Chemalal, Tebesonik, Kapkoimur, Kapng'etuny, Kapkoros	completion of second phase of the 6 new constructed cattle dips; Soiyet, Chemalal, Tebesonik, Kapkoimur, Kapng'etuny, Kapkoros
		380,000 dozes of assorted vaccines were purchased and the various vaccinations were carried out within the county to improve livestock health and productivity.	1. 17, 187 inseminations were done	26,768 inseminations were done to improve livestock productivity and livestock production, breed this was due to increased success rates therefore

				surpassing the target.
2.	Livestock Development		<p>1. Construction of milk processing plant at Kabiyet and phase 1 is at 90% completion with some equipments on site (5 storage tanks, PHE, CIP line, milk reception unit)</p> <p>2. 29 milk cooling structures have been constructed and completed though more funds required to operationalize</p>	1. Phase II of milk processing plant
3	Cooperative development		<p>1. 200kgs of coffee seeds were purchased and distributed to coffee cooperatives which led to 400,000 Seedlings that were distributed to 47 beneficiary cooperative societies</p> <p>2. 8 coffee pulping machines were purchased and distributed to 8 coffee societies</p> <p>3. 48 cooperative societies have been revived and promoted through exchange program and training</p>	Capacity building programs on cooperative management, More seedlings distributed to cooperatives

Education and Vocational Training

S/NO	Programme	2017/2018	2018/2019	2019/2020
1	Education Fund (bursaries)	5,872 students	6,182 studens	3,330students
2	Early childhood development	3complete ECDE ie masaba, Olangata, kolong	7Complete ECDE ie Kapkorio, Kiropket, Keteng, Kiptilalon, Kipshiorori, Tebeson, Jean Marie	42 ECDE Centres at completion stage
3	Vocational training		7 classrooms Complete in the following VTCs: Cheptarit, Kaplamai, Mugen, Kapsabet School for the Deaf, Chemundu,, Kurgung, Tangaratwet	

Lands, Environment and Natural Resources

S/NO	Programme	2017/2018	2018/2019	2019/2020
1	Water Service Provision	57 completed water projects	50 completed water projects 2 Drilling rigs procured and	More water projects done tendered in the

			operationalized	2018/19 F/Y
2	Environmental Conservation and Protection	-Establishment of Environment Directorate. -Employment of key staff in the Sub-counties. -Trees planted in a number of schools & Wetlands	-County Environment Committee Gazetted and trained. -6 Offices at Sub-county HQs secured. -Eucalyptus along 50% of Riparian land removed	-Environment Inspectors Trained by NEMA. -Eucalyptus trees removed from 10% of Riparian land. -2 Policies drafted & forwarded to Cabinet.
3	Physical planning		-Planning of Kipkarren and Kiboswa trading centres -Preparation of advisory plan for Orkokit farm -Initiation the preparation of the Nandi County Spatial Plan -Planning for Swahili village in Kapsabet Town -Planning for Kiptegat farm -Planning for Romorio and Muchanganyiko farms	-Spearheading preparation of the Nandi County Spatial Plan up to 60% completion level - Provision of Technical Support to the Kenya Urban Support Programme (KUSP) -Processing subdivision scheme plans for titling (600No.)
4	Land survey and registration	No program	Survey of Kipte farm	Surveys of kiboswa, mchanganyiko, kipkarren salient, Kapsabet Swahili village and kiptenden 'B' farm

Sports, Youth Affairs and Arts

S/NO	Programme	2017/2018	2018/2019	2019/2020
1	Youth affairs and Art development		Issued 92 welding machines to 92 youth groups	
	Sports	Phase I of Eliud Kipchoge Sports complex	Phase II of Eliud Kipchoge Sports complex	Completion of the sports complex

Tourism, Culture and Social Welfare

S/NO	Programme	2017/2018	2018/2019	2019/2020
	Tourism development	1.Phase I development of Chepkiit tourist site (Ablution block)	1.Phase II development of Chepkiit tourist site (Walkways, shades, installation of a water tank and	-

			dustbins)	
	Culture and Heritage Preservation	1. Annual celebration and honoring of the Nandi's heroes and heroines.	1. Construction of Jean Marie Seroney Mausoleum. 2. Documentation of Cultural heritage with CTV and KTN. 3. Annual celebration and honoring of the Nandi heroes and heroines.	1. Annual celebration and honoring of the Nandi's heroes and heroines together with the minority groups
	Socio-Economic empowerment of Vulnerable groups.	1. Acquisition and distribution of 96 sewing machines to women and PWD groups. 2. Acquisition and distribution of 150 assistive devices.	1. Acquisition and distribution of 162 sewing machines to women and PWD groups. 2. Acquisition and distribution of 85 saloon kits to vulnerable groups across. 3. In partnership with Bethany Kids and Partners For Care, 150 wheelchairs and 200 mobility carts were distributed to PWDs across the county.	-Distribution of more assistive devices to the vulnerable groups

Administration, Public Service and e-Government

S/NO	Programme	2017/2018	2018/2019	2019/2020
1.	P. 1 General Administration and Support Services	12 Boda Boda shades	Five waste receptacles distributed in major urban areas	More waste receptacles
2.	P.2 County Administrative Services		Internship programme for 500 youths Staff appraisals' Signing of performance contracts -57	
3.	P.3 Kapsabet Municipal services and Infrastructure		Final stages in completion of non-motorized transport facility, high mast, street lighting, market stalls, and the sewer line	Ongoing construction of KUSP projects
4.	P.4 ICT and Infrastructure		Fleet Management System Assets and Inventory Management System HMIS (Hardware & Networking) E-Memo & Workflow Management System Data Centre Call centre	Operation alization of HMIS, Call centre
5.	P5. KUSP	Attainment of the Municipality Charter	Final stage in implementation of non-motorized transport facility, high mast, street lighting, market stalls, and the sewer line	Completion of KUSP projects

Trade, Investment and Industrialization

S/NO	Programme	2017/2018	2018/2019	2019/2020
1	Trade development	5 modern markets completed -14 boda boda shades completed and operationalized -3 ablution blocks completed	-3 typical rural market stalls completed in kilibwoni, chemursoi and kabiemit	Completion of market stalls
2	Industry development	Textile and apparel unit phase 1 completed	-Textile and apparel unit phase 2 -ongoing -kurgung jua kali shades completed	Textile and apparel unit phase 3
3	Fair trade practices	Weight and measures officer was trained		Weight and measures standards supplied

IMPLEMENTATION OF 2020/2021 BUDGET

The county's performance is largely dependent on the formulation and implementation of prudent policies to guide service delivery. The county's performance will also depend highly on the country's economic performance hence, the county operates well under a stable macroeconomic environment.

Implementation of 2020/2021 budget started at a slow pace with delays in exchequer disbursements for close to three months after the start of the financial year. This delay will affect the overall budget implementation into the fiscal year.

Efforts to increase own source revenue collection and management remains a top priority. The County Revenue unit is currently working on finding the best strategies to ensure the current actual revenue collection is doubled to match the County revenue potential and enhance achievement of the revenue targets. Some of the strategies to be adopted include the fully automation of revenue collection and legislation of relevant laws as well as enhance the tax base. This will be done along with the necessary rules and regulations to operationalize the laws once passed by the county assembly.

Growth prospects (Revenue outlook)

Table on Revenue Streams Projection for FY 2021/2022

MEDIUM TERM FISCAL FRAMEWORK FY 2018-2019 to 2020-2						
CODE	REVENUE ITEMS	Printed Estimates		Medium Term Projections		
		2017/2018	2018-2019	2019-2020	2020-2021	2121-2022
1	Total Anticipated Revenue	6,744,899,149	8,006,964,890	8,133,676,476	7,611,517,868	6,919,818,906
1.1	Local Revenue	385,438,659	459,293,246	376,829,833	405,408,260	418,013,999
1520100	Land Rates	46,220,000	46,682,200	23,807,922	40,807,922	42,236,199
1520500	Plot Rent/House rent	5,050,160	5,100,662	1,560,802	2,560,802	2,650,430
1420328	Single Business Permits	36,070,090	36,430,791	29,727,525	47,675,952	49,344,610
1420328	Loiquor Licensing	12,000,000	12,120,000	5,439,456	14,339,456	14,841,337
1420405	Market Fees	15,440,640	15,595,046	10,657,655	17,657,655	18,275,673
1330405	Agriculture	9,000,000	9,090,000	6,119,388	6,119,388	6,333,567
1420345	Cess	85,600,000	156,456,200	156,456,200	31,456,200	32,557,167
1420507	Kiborgok Tea Proceeds	18,726,696	18,913,963	18,134,708	18,134,708	18,769,423
1580401	Slaughter Fees	632,000	638,320	820,369	820,369	849,082
1550105	Kiosks & stalls	3,500,000	3,535,000	7,247,457	7,247,457	7,501,118
1550000	Trade Fair	2,000,000	2,020,000	2,060,400	2,060,400	2,132,514
1420404	Parking Fees	45,563,190	46,018,822	32,388,047	35,388,047	36,626,629
1450100	Vetenary	6,500,000	6,565,000	4,754,373	7,754,373	8,025,776
1580100	Health and Sanitation	82,220,000	83,042,200	64,374,313	157,374,313	162,882,414
1420403	Sewerage and Water	680,000	686,800	665,509	2,665,509	2,758,802
1530000	Advertising	4,200,000	4,242,000	2,812,446	812,446	840,882
1530000	Physical Planning	2,000,000	2,020,000	1,339,260	1,339,260	1,386,134
1530000	Weights % Measures	3,000,000	3,030,000	2,008,890	2,008,890	2,079,201
1530000	Tourism and Co-op Development	1,400,000	1,414,000	1,442,280	1,642,280	1,699,760
1530000	Hire of Exhauster	2,200,000	2,222,000	1,473,186	1,473,186	1,524,748
1530000	OTHER FEES	3,435,883	3,470,242	3,539,647	4,539,647	4,698,535
1530000	Chepkii entry fee		1,442,280	1,442,280	1,530,000	1,583,550
1.2	GOVERNMENT FUNDING	5,899,375,051	6,802,400,000	6,843,294,705	6,394,414,458	5,649,525,000
1.2.1	CRF Fund Balances	795,575,051	1,433,000,000	1,604,294,705	1,013,914,458	
1.2.2	CRA EQUITABLE SHARES	5,103,800,000	5,369,400,000	5,239,000,000	5,380,500,000	5,649,525,000
				-	-	
1.3	Conditional allocations from NG	249,969,192	196,712,989	202,710,317	206,371,773	216,690,362
1.3.1	CHFS -County Health Facility Supplies	0		0	0	
1.3.2	COMPENSATION OF USER FEE	18,086,363	18,086,363	18,086,363	18,086,363	18,990,681
1.3.3	RMLF	202,600,435	141,371,626	151,830,656	160,365,516	168,383,792
1.3.4	Development of Youth Polytech	29,282,394	37,255,000	32,793,298	27,919,894	29,315,889
				-	-	
1.4	Conditional Allocations from	210,116,247	548,558,655	710,841,621	605,323,377	635,589,545
1.4.1	DANIDA -HSPS3	13,728,999	17,111,250	16,031,250	21,195,000	22,254,750
1.4.2	KDSP - World Bank	41,606,801	44,551,044	30,000,000	75,000,000	78,750,000
1.4.3	W.B -Transforming of Health S	66,845,279	97,229,498	46,342,186	102,150,272	107,257,786
1.4.4	W B. -National Agricultural and	50,000,000	140,435,163	343,929,300	197,907,900	207,803,295
1.4.5	Other Loans and grants	37,935,168	0	0	0	-
1.4.6	Kenya Urban Support project (KUSP)		177,231,700	177,231,700		-
1.4.7	European Union Water Tower Programme		72,000,000	72,000,000	60669094	63,702,549
1.4.8	Urban Development Grant (UDG WB)		0		126762987.5	133,101,137
1.4.9	urban institutional grant (U.I.G) WB			8,800,000	8800000	9,240,000
1.5.0	ASDSP			16,507,185	12838123	13,480,029
1.5.1	LEASING OF MEDICAL EQUIPMI	95,744,681	200,000,000	131,914,894	132,021,277	138,622,341

Medium Term Fiscal Framework

The county continues to pursue prudent fiscal policies aimed at achieving macroeconomic stability in collaboration with the Ministry of National Treasury and Planning. In addition, the County fiscal policy objectives provide an avenue to support economic activities while allowing for the implementation of the CIDP 2018 – 2022 and improving efficiency through capacity building to effectively and efficiently deliver public services and ensuring various departments receive adequate resources to undertake their departmental priorities sustainably.

The County Government is committed to achieve its full budgetary targets in the Medium Term. This will help to improve the budget absorption rate. With respect to revenues, the County Government will continue to improve on a strong revenue collection effort to be able to collect more than 100 percent of total approved budget over the medium term. In addition, the County Government will explore new revenue collection strategies by even expanding the current revenue base.

On the existing tourism activities and the prospects on the exploration of minerals in our country, the County Government is engaging with stakeholders to develop a comprehensive policy and legislative framework covering licensing, revenue sharing, taxation and sustainable use of the resources. This will ensure that we derive maximum benefit from these natural resources.

On the expenditure side, the County Government will continue with rationalization of expenditure to improve efficiency and reduce overlaps and wastage. Expenditure management will be strengthened with implementation of the Integrated Financial Management Information System (IFMIS) and other appropriate financial management systems across all Departments including use of the e-procurement platforms. In addition, the PFM Act, 2012 is expected to accelerate reforms in expenditure management system at the county.

The County has been able to lay a platform towards the implementation of e-procurement with an extensive procurement plan that shall guide in capital expenditures. This shall help in prudently managing the expenditures by ensuring there is value for money and that transparency in procurement is upheld.

Risks to the outlook

The risks to the outlook over the medium-term include weak revenue administration legislations resulting to refusal by multinationals to remit taxes due to the county, complacency of the citizens and the county revenue staff on revenue collection. Tackling these issues will reduce the risk and increase revenue collections.

Public expenditure pressures, especially recurrent expenditures, pose a fiscal risk.

Wage bill pressures and the need to hire more personnel limit funding for development expenditure.

The county government will undertake appropriate measures to safeguard Macro-Economic stability should these risks materialize by mitigating against the risks.

Adjustments to the 2020/2021 budget will also take into account actual performance of expenditure so far and absorption capacity for the remainder of the financial year. Because of the resource constraints faced, the county government will rationalize expenditures by cutting those that are non-priority. These may include slowing down or reprioritizing development expenditures and downscaling operational costs as some of the austerity measures.

RESOURCE ALLOCATION FRAMEWORK

Table on summary on compensation to Employees, other recurrent Expenditures and Development projection for F/Y 2021/2022

SUMMARY OF COMPENSATION TO EMPLOYEES, OTHER RECURRENT EXPENDITURES AND DEVELOPMENT					
VOTE TITLE	RECURRENT			DEV	TOTALS
	PERSONNEL COSTS	OPERATIONS EXPENDITURE	TOTAL RECURRENT EXPENDITURE	DEVELOPMENT EXPENDITURE	
COUNTY EXECUTIVE EXPENDITURES	259,309,147	65954950.0	325,264,097	30,000,000	355,264,097
FINANCE AND ECONOMIC PLANNING	302,121,680	92381106.0	394,502,786	10,000,000	404,502,786
HEALTH AND SANITATION	1,880,963,556	392,399,622	2,273,363,178	318,421,400	2,591,784,578
ROADS TRANSPORT AND PUBLIC WORKS	54,738,312	33765409.0	88,503,721	225,500,000	314,003,721
AGRICULTURE AND COOPERATIVE DEVELOPMENT	278,489,375	14597739.0	293,087,114	133,600,500	426,687,614
EDUCATION AND VOCATIONAL TRAINING	180,093,669	31736858.0	211,830,527	108,600,000	320,430,527
LANDS, ENVIRONMENT AND NATURAL RESOURCES	60,930,254	7456000.0	68,386,254	170,500,000	238,886,254
TRADE AND INDUSTRIAL DEVELOPMENT	35,363,747	4624334.0	39,988,081	35,000,000	74,988,081
PUBLIC SERVICE AND LABOUR	20,989,737	4851400.0	25,841,137	-	25,841,137
TOURISM, CULTURE AND SOCIAL WELFARE	27,445,170	4845600.0	32,290,770	14,500,000	46,790,770
ADMINISTRATION, PUBLIC SERVICE AND E-GOVERNMENT	447,083,233	34005522.0	481,088,755	25,000,000	506,088,755
SPORTS, ARTS AND YOUTH AFFAIRS	42,480,195	36305067.0	78,785,262	35,000,000	113,785,262
COUNTY ASSEMBLY	390,557,095	217928322.0	608,485,417	40,000,000	648,485,417
TOTALS	3,980,565,170	940,851,929	4,921,417,099	1,146,121,900	6,067,538,999
Percentage Allocation	39	17.2	81.1	18.9	100.0
					0

The proposed expenditure ceilings herein are exclusive of all the grants (conditional allocations as anticipated from both the National Government and from foreign donors). Departments to consider in their respective estimates as appropriate.

Expenditure Justifications

Resource allocation and utilization in the next Financial Year and in the medium term will be guided by the strategic and emerging priorities, county development plans and the principles of PFM Act to ensure effective utilization of public finances. The sector allocations are also informed by the county goals and people's aspirations as captured in the County Integrated Development Plan (CIDP) 2018-2022, which is aligned to the goals and the objectives of the country and the Pillars anchored in Vision 2030 blueprint.

In this regard, the areas that are identified to receive additional funds are the “high impact” areas or chronically neglected, but important, areas of public spending such as increased funding for basic education, health care facilities, provision of clean water, road maintenance by grading and gravelling, rehabilitation of cattle dips, provision of extension services and value addition in agriculture, youth empowerment programs and employment creation initiatives. To fund these urgent programs, and in the realization that the finances of the county are finite, sacrifices must be made in non-core spending areas and those savings should be used to secure provision for priority services.

Expenditure Drivers

Development initiatives that will be implemented in the coming Fiscal Years are contained in the County Integrated Development Plan (CIDP) 2018-2022 whose development proposals were identified by stakeholders through a consultative process. All the sectors in the county had priority development proposals identified. These proposals will drive expenditures for the four Fiscal Years. These expenditure drivers in the respective areas which include;

- i. Investment in health services; to ease accessibility of quality health care.
- ii. Continued investment in Infrastructure.
- iii. Boost agricultural productivity and cooperative development; to ensure food security and overall poverty reduction.
- iv. Infrastructural developments in Early Childhood Development Education and other educational facilities.
- v. Provision of safe and clean water for use
- vi. Supporting Investment and Trade for wealth and employment creation aimed at creating jobs and improving the overall economic growth.
- vii. Sports and youth empowerment.
- viii. Tourism development – identifying and developing existing tourist attraction sites.

Investment in health services; to ease accessibility of quality health care.

In line with the Kenya Vision 2030 and the National Government agenda under the ‘Big four’, the county government shall in the FY 2020/2021 and the medium term ensure provision of quality, equitable and affordable healthcare at the affordable standards possible. The county

government therefore intends to enable access to modern and well-equipped health facilities with well trained and motivated health personnel.

The County Government strategy is to expand and modernize Kapsabet County Referral hospital with all essential drugs and non-pharmaceuticals with specialized equipment necessary to handle all health related cases. This will be achieved through prioritizing the completion and operationalization of the Kapsabet Hospital Complex with Mother and Baby unit.

Over the medium term, the county government will continue to rehabilitate, fully equip and adequately stock with requisite drugs all the sub-county hospitals and Health Centres. This will reduce the radius of access to health care facilities to the desired less than 5km as per World Health Organizations.

Continued investment in Infrastructure.

Good Infrastructure is key to development of the other sectors as it eases movement of goods, services and people thus facilitating agriculture, trade and commerce among others.

The county will scale up investment in infrastructure by upgrading and conducting routine maintenance of existing road, opening up of new roads and construction of bridges and footbridges which aims to significantly reduce the cost of doing business in the county. The medium term investment in road upgrade throughout the county will be aligned to support agriculture by linking farmers to markets.

Boost agricultural productivity and cooperative development; to ensure food security and overall poverty reduction.

Investing in Agricultural sector not only achieves economic growth but also ensures food security, job creation, income generation and overall poverty reduction. The County therefore aims at raising agricultural productivity and increase commercialization of agriculture.

Nandi County is well aware that through increase in agricultural production there is potential rise in per capita income in the rural community alongside production of primary raw materials that set stage for industrialization. As a priority the county will focus on construction to completion and fully equipping the Nandi Cooperative Creameries at Kabiyet as well as equip and fully operationalize the milk coolers in all the 30 wards for maximum optimization of the processing plant.

Additionally, the county will Promote value addition and agro-processing initiatives through cottage industries and establishment of aggregation centers for crop production, carry out disease surveillance and vaccinations, Establish of County Cooperative Development fund, Promote Cooperatives ventures including inputs, marketing, manufacturing and value addition, Promoting savings and financial services are some of the strategies that will be put in place to achieve the sector priority.

Infrastructural developments in Early Childhood Development Education and other educational facilities.

Over the medium term, the county shall endeavor to increase access to quality education through provision of adequate bursary to all needy and deserving students; construction to completion and operationalize all ECDE centres; provide partial scholarship to youths to acquire technical skills in our technical training institutions.

The county will also ensure Provision of adequate number of ECDE care givers in all the existing ECDE centres. Further, due to emergency and need for ECDE classroom the county will sought to construct semi -permanent ECDE classroom for the most needy pupils as a stop gap measure across the county.

Provision of safe and clean water for use.

To increase access to safe drinking water, the county will continue investing in developing, commissioning and improving major and all ongoing water projects across the county in addition to conserving water catchment areas by protecting springs, water bodies and afforestation. A county spatial plan prepared to provide a framework for land use in addition to mainstreaming climate change in all county programmes.

The county government will in the medium term endeavor to provide clean and accessible water to all residents in the county through construction to completion and operationalization all the water projects across the county.

Efficient use of natural resources is central to economic social and cultural development. Due to the finite nature of these resources they should be conserved and utilized in a sustainable manner. The County shall undertake strategies aimed at conserving the environment, natural resources and rehabilitation and protection of water resources which include preparing county spatial plans, developing land information system and issuing genuine title deeds to all land owners.

Supporting Investment and Trade for wealth and employment creation aimed at creating jobs and improving the overall economic growth.

Trade is a key productive sector due to its immense potential for wealth and employment creation as well as poverty reduction. Given its catalytic effect to sustained inclusive growth and huge potential for job creation and poverty reduction, the County Government will deepen business regulatory reforms facilitate capacity building and simplify and modernize regime for small and medium businesses in order to amplify their multiplier effect on employment opportunities and accelerating growth.

Further, the county will focus on industries that are labour intensive, with the potential to export and increase market opportunities for small and medium industries. Among the interventions to be implemented in the medium term include creating construction to completion and operationalization of the textile unit, profiling the Jua Kali sector and product innovations.

Strategic efforts will be made to diversify markets by providing an environment conducive for business and ensuring that there is investor confidence. This will be achieved through development of policy, legal and institutional reforms for the development of the sector, fair trading licenses, support entrepreneurship and industrial development and promote exports.

sports and youth empowerment

Nandi County is the indisputable source of world champions in athletics and other sporting activities with celebrated personalities. Over the medium term, the CFSP will allocate funds to continue investing in sporting infrastructure and diversify its talent potential to include other sports and arts in order to consolidate and strengthen its position as a sports hub. Over the medium term and as a priority, the county will continue investing in sports infrastructure and diversify its talent potential to include other sports and arts. In order to consolidate and strengthen its position as a sports hub, focus will be towards ensuring speedy completion and operationalization of the Eliud Kipchoge Modern athletics training camp at Kapsabet together with Nandi Hills and Kaptumo stadia. In collaboration with the National government, the county will also fast track completion of Kipchoge Keino stadium.

Tourism development – identifying and developing existing tourist attraction sites.

Over medium term, the county Government shall continue to put in place strategies to develop tourism infrastructure that can serve both local and international visitors as well as sports tourists. This will include improving the quality of tourism facilities and developing areas with greatest potential to attract tourists. Such programs include; providing adequate road access to tourist sites across the county, building the capacities of stakeholders in the tourism industry, promoting private sector investment in tourism and developing linkages with other tourist circuits in the region.

Medium-Term Expenditure Framework (MTEF)

Nandi County MTEF approach consists of a bottom-up estimation of the current and medium-term costs of existing policy and, ultimately, the matching of these costs with available resources in the context of the annual budget process. The MTEF budgeting will thus entail adjusting non-priority expenditures to cater for the priority ones.

The priority social sectors, Lands, Transport and health, will continue to receive adequate resources though they are required to utilize the allocated resources more efficiently to generate fiscal space to accommodate other strategic interventions in their sectors. Other crucial social sectors are Education, Trade, Youth Affairs, Sports and Tourism and Culture. The county is highly talented in athletics and the sector needs massive investments so that county's sporting potential is realized.

The economic sectors such as agriculture will receive increasing share of resources to boost agricultural productivity and initiating value addition ventures as the county deals with threats of food insecurity and poor market returns for agricultural produce. Another sector that will receive a sizable share of resources is Tourism, Culture and Social Welfare. This will aid the county to tap into its tourism potential.

With the County Government's commitment to improving infrastructure across the county, the share of resources going to priority physical infrastructure sector, such as roads and water, will rise over the medium term. This will spur the county's economic growth because no meaningful economic activity can be carried out without reliable physical infrastructure. Further, implementation by the spending units will be monitored closely especially with regard to the

development expenditures and uptake of resources. This requires a highly efficient and effective monitoring and evaluation by the county government.

All the other sectors will continue to receive adequate resources in line with our county's commitment to a balanced sector development so as to ensure socio-economic welfare and enhanced quality of life for the residents of Nandi County.

CONCLUSION

The preparation of the C-BROP document and fiscal decisions made in this MTEF period 2021/2022-2023/2024 has largely relied in the lessons learnt in budget execution in the period under review and beyond. Further in entrenching fiscal discipline, the County has relied on the fiscal responsibility principal set out in the PFM Act 2012 in making forecasts including reasonableness in revenue projection. The County Government has also continued to pursue prudent fiscal policy through reorienting expenditure toward priority programmes within the mandate of the County Government. Going forward the County Integrated Development Plan (CIDP 2018-2022), the Annual Development Plan (ADP 2021/2022) and the sectoral departmental strategic plans shall continue to advise the priorities in resource allocation. All Sector Working Groups are therefore required to make reference to the sector ceiling herein in drafting and submitting their sector budget proposals within the timelines of the budget calendar for FY 2021/2022. The next County Fiscal Strategy Paper due in February 2021 shall firm up the baseline expenditure ceilings proposed in this C-BROP document.