

COUNTY GOVERNMENT OF NYAMIRA



DEPARTMENT OF FINANCE, ICT AND ECONOMIC PLANNING

COUNTY FISCAL STRATEGY PAPER 2020

***THEME: UNLOCKING ECONOMIC AND SOCIAL
POTENTIAL OF NYAMIRA COUNTY BY HARNESSING
“THE BIG FOUR”***

FEBRUARY, 2020

Table of Contents

List of Tables	Error! Bookmark not defined.
List of Figures	Error! Bookmark not defined.
Abbreviations and Acronyms	iv
Foreword	v
Acknowledgement	vi
CHAPTER ONE:	1
INTRODUCTION	1
1.1 Overview	1
1.2 Legal Basis for Preparation of the Fiscal Strategy Paper	1
1.3 Fiscal Responsibility Principles in Public Finance Management	2
1.4 Public Participation/ Sector Hearings and Involvement of Stakeholders	2
1.5 Objective	2
1.6 Budget Priorities FY 2020/2021	2
CHAPTER TWO	4
2.0 NATIONAL RECENT ECONOMIC DEVELOPMENTS AND MEDIUM TERM OUTLOOK	4
2.1 Overview	4
2.2 Recent Economic Developments and Outlook	4
2.3 Fiscal Performance	Error! Bookmark not defined.
2.4 Revenue Performance	Error! Bookmark not defined.
2.5 Expenditure Performance	Error! Bookmark not defined.
2.6 Fiscal Policy	Error! Bookmark not defined.
2.7 Global Growth Outlook	Error! Bookmark not defined.
2.8 Domestic Growth Outlook	Error! Bookmark not defined.
2.9 Risks to the Economic Outlook	Error! Bookmark not defined.
CHAPTER THREE	10
3.0 FORWARD ECONOMIC AND FISCAL OUTLOOK	10
3.1 Fiscal Performance and Emerging Challenges	10
3.2 Revenue Outturns	11
3.3 Expenditure Performance Review	15

CHAPTER FOUR	17
4.0 MEDIUM TERM EXPENDITURE FRAMEWORK 2020/21-20212/23	17
4.1 Resource Envelope.....	17
4.2 The Fiscal Strategy FY 2020/21 & the Economic Objectives of the County Government .	17
4.3 Finalization of spending plans	24
4.4 Priority Areas of Consideration for Additional Resources	24
4.5 Details of Departmental Priorities.....	Error! Bookmark not defined.
Department of Finance, ICT & Economic Planning	Error! Bookmark not defined.
Agriculture, Fisheries, Livestock and Co-operatives	Error! Bookmark not defined.
Environment, Water, Energy, Minerals & Natural Resources	Error! Bookmark not defined.
Due to the crucial role of the department, it has been allocated Ksh 871,487,701 in FY 2019/2020.	Error! Bookmark not defined.
Appendix	Error! Bookmark not defined.

Abbreviations and Acronyms

ADP	Annual Development Plan
CAPEX	Capital Expenditure
CBEF	County Budget and Economic Forum
CIDP	County Integrated Development Plan
CFSP	County Fiscal Strategy Paper
CGN	County Government of Nyamira
COB	Controller of Budget
ECDE	Early Childhood Development
EPZ	Economic Processing Zone
FDI	Foreign Direct Investments
FY	Financial Year
GCP	Gross County Product
G-Pay	Government pay System
ICT	Information Communication Technology
IFMIS	Integrated Financial Management Information System
KNBS	Kenya National Bureau of Statistics
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
NMTs	Non-Motorized Transport
OSR	Own Source of Revenue
PFM	Public Finance Management
SEZ	Special Economic Zone

FOREWORD

The County Fiscal Strategy Paper 2020 is an articulation of economic policies and sector priority programs that the County intends to implement in 2020/2021 financial year, as documented in the County Integrated Development Plan 2018-2022.

The predominant objective of this paper is to consolidate our future development endeavors, taking into consideration the challenges faced in implementing previous government policies and programs. This gives a clear fiscal direction to the County as efforts are made towards realization of the Kenya Vision 2030, County Integrated Development Plan 2018-2022, the Big Four Agenda and the Nyamira County Big Four agenda.

The transformation agenda in the year 2020/2021 is a journey towards creating wealth and socio-economic prosperity of the County residents. This would be achieved through investments by the County Government on human capital, infrastructural development, promotion of health services, enhancement of agricultural services as well as water and environmental conservation. The Government will adopt a holistic approach in matters of development and service delivery. The county government therefore envisages to develop policies and legislations that will attract and retain investments, capital and skilled manpower; promote security and social cohesion that are prerequisites for socio-economic growth and development.

The actualization of this paper is also based on the collaborations and inter-linkages with all Government sectors, the County Assembly, the National Government, development partners, the public and all other key stakeholders. This network would enhance clear oversight roles; promote public private partnerships; upscale inter-governmental relations; enhance public engagement and civic education; and lastly promote monitoring and evaluation. This will create an enabling environment as we walk along the development path outlined in this document.

Peter Muga Omwansa

County Executive Committee Member,

Department of Finance, ICT and Economic Planning

ACKNOWLEDGEMENT

The preparation of the County Fiscal Strategy Paper 2020 was made successful by contributions of various participants. The document was prepared by the joint team from the Nyamira County Planning and Budgeting Unit at the County Treasury and other county officials. All departments led by the Executive Committee Members, Chief Officers and Directors, contributed enormously towards the preparation of the document.

During the preparation process, the public participated through the County Budget and Economic Forum (CBEF) members and contributed immensely and their efforts are therefore hereby highly appreciated. Finally, we are grateful to the various civil societies in Nyamira for their valuable contribution to this document.

Paul O. Onyango
For County Chief Officer,
Department of Finance, ICT and Economic Planning

CHAPTER ONE:

1.0 INTRODUCTION

1.1 Overview

The 2020 County Fiscal Strategy Paper (CFSP) is the eighth to be prepared since the inception of Devolved Government in the County. The Theme of the CFSP 2020 is “unlocking economic and social potential of the County by harnessing “the big four” agenda.

The CFSP sets out priority programs to be implemented in 2020/21 Financial year and the Medium Term Expenditure Framework (MTEF 2020/2021-2022/2023). The CFSP 2020 has been aligned to the National Budget Policy Statement (BPS 2020) which emphasizes on the “Big Four” Agenda as anchored on the Annual Development Plan 2020/2021 and County Integrated Development Plan 2018-2022.

1.2 Legal Basis for Preparation of the County Fiscal Strategy Paper

The Nyamira County Fiscal Strategy Paper 2020 is prepared according to section 117 of Public Finance Management Act, 2012 that states:

- 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 of that fiscal year.*
- 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 amendments.*

- 7) *The County Treasury shall consider any recommendations made by the county assembly when finalizing the budget proposal for the financial year concerned.*
- 8) *The County Treasury shall publish and publicize the County Fiscal Strategy Paper within seven days after it has been submitted to the county assembly.*

1.3 Fiscal Responsibility Principles in Public Finance Management

In line with the Constitution of Kenya 2010, the Public Finance Management Act, 2012, sets out the fiscal responsibility principles to ensure prudent and transparent management of public resources. Section 107(2) of Public Finance Management Act, 2012 states that:

- a) *The county government's recurrent expenditure shall not exceed the county government's total revenue;*
- b) *Over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure;*

The county government's 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 County Executive Committee Member for finance in regulations and approved by the County Assembly;

- c) *Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;*
- d) *The county debt shall be maintained at a sustainable level as approved by county assembly;*
- e) *The fiscal risks shall be managed prudently; and*
- f) *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.*

1.4 Public Participation/ Sector Hearings and Involvement of Stakeholders

Public participation provides an all-inclusive avenue for identifying and prioritizing Government programmes, Projects and activities under the budget process by key stakeholders and the public. This process commenced early this year beginning with the preparation of the ADP 2020/2021, Sector Working groups hearings and the public participation held as from 10th to 13th February 2020 and therefore various input from diverse stakeholders were taken into consideration.

The CFSP, 2020 has been influenced by CBROP 2019, Budget Policy Statement 2020, Sector working group reports 2020 and Sector hearings reports.

1.5 Objective

The CFSP 2020 is geared towards achieving Nyamira County Big Four agenda outlined as follows:

- Agriculture
- Infrastructure Development
- Health Care and
- Water and Environment

The objective of the County Fiscal Strategy Paper FY 2020/21 is to set the framework for the preparation of the County Programme Based Budget estimates FY 2020/2021. This Fiscal Strategy Paper contains the following:

- The principles that will guide the FY 2020/21 budgetary process;
- The broad fiscal parameters for the FY 2020/2021 budget and the key strategies and policies for management of revenues and expenditures;
- The broad strategic priorities and policy goals that will guide the preparation of the budget over the medium term;
- A discussion of risks to the budget parameters and Budget Strategies;
- The medium-term outlook for county government revenues and expenditures;
- A discussion of how the Budget Strategies relates to the Medium Term Fiscal Strategy (MTFS) and County Integrated Development Plan (CIDP); Sectorial hearings held in February
- A framework for the preparation of departmental forward budget estimate.

1.6 Budget Priorities FY 2020/2021

Due to limited resources, more resource allocation will focus on the following sector priorities:

1.6.1 Health services:

- a. Improving health care system and making it accessible to more population.
- b. Establishment of at least one theatre in every sub-county hospital.
- c. Upgrading Nyamira County Referral Hospital to Level 6 facility

1.6.2 Agriculture sector:

- a. Improving household income through efficient Value chains
- b. Household food and nutritional Security
- c. Supporting Primary Production
- d. Support High Value crops
- e. Introduction of alternative high value trees to replace eucalyptus along river banks
- f. Introducing an annual county agricultural show

1.6.3 Infrastructure Development:

- a. Opening up and maintenance of at least 10 kilometers of all-weather road in every ward.
- b. Opening and tarmacking major backstreets in Nyamira Municipality
- c. Construction of county headquarters.
- d. Completion of County Assembly Chambers and Offices
- e. Construction of Deputy Governor's and the Hon. Speaker's residences
- f. Construction of Manga Stadium to at least a usable form.
- g. establishment and development of Nyamira Municipality
- h. Constructing of Lavatory facilities, Lighting and fencing our all major market centers

1.6.4 Water sector

In this sector, emphasis has been given to reticulation of water from already existing boreholes while ensuring that in every ward, water is available within a radius of 2-3 Kilometres and water user committees established to manage the water kiosks to be established.

Others

- a. Preparation of Nyamira County Spatial Plan
- b. Roll out and operationalization of revenue Automation.
- c. Digitalization of County Records including personnel

Contribution towards Lake Region Economic Block

CHAPTER TWO

2.0 NATIONAL RECENT ECONOMIC DEVELOPMENTS AND MEDIUM TERM OUTLOOK

2.1 Overview

1 The National economy remains resilient and grew by an average of 5.5 percent in the first three quarters of 2019, mostly supported by strong performance in the services sector. Growth momentum is expected to pick up to 5.6 percent in 2019, 6.1 percent in 2020 and further to 7.0 percent over the medium term supported by a strong rebound in the agricultural output, steady recovery in industrial activities, robust performance in the services sector, and investments in strategic areas under the “Big Four” Plan.

2 The economy continues to register macroeconomic stability with low and stable interest rates and a competitive exchange rate to support exports. At 5.8 percent in December 2019, year-on-year overall inflation remained stable and within the 5 (+/-2.5) percent target largely due to lower food prices following favorable weather conditions. Inflation is expected to remain within target in 2020, largely due to lower energy prices and expected stability in food prices.

3 The foreign exchange market remains stable supported by the narrowing of the current account deficit. The current account deficit is estimated at 4.3 percent of GDP in 2019 down from 5.0 percent in 2018. The narrowing deficit reflects strong growth in diaspora remittances and tourism receipts, higher tea and horticultural exports, slower growth in imports due to lower food imports and the decline in international oil prices.

2.2 Recent Economic Developments and Outlook

Global and Regional Economic Developments

4. Global growth is projected to pick up to 3.4 percent in 2020 from an estimated 3.0 percent growth in 2019. The projected pick up is on account of recoveries in stressed emerging markets and macroeconomic policy support in major economies.

5. In advanced economies, growth is expected to slow down to 1.7 percent in 2020 from an estimated 2.3 percent in 2018 mainly due to trade tensions between the United States of America (U.S.A) and China, uncertainties surrounding the Brexit outcome, rising global oil prices due to tensions between U.S.A and Iran, and the pace of normalization of monetary policy in the advanced economies.

6. Among emerging markets and developing economies, growth is expected to pick up to 4.6 percent in 2020 from an estimated 3.9 percent in 2019 reflecting recoveries in stressed economies such as Turkey, Argentina and Iran as well pickup in growth for Brazil, Mexico, India, Russia and Saudi Arabia which recorded significant slowdowns in 2019 relative to 2018.

7. Growth prospects for sub-Saharan Africa continue to strengthen. Growth is projected to improve to 3.6 percent in 2020 from 3.2 percent in 2018 and 2019, supported by higher commodity prices, improved capital market access and contained fiscal imbalances in many countries.

8. Growth in the East African Community (EAC) region is estimated to improve to 6.0 percent in 2020 from 5.6 percent in 2019 mostly supported by the stable macroeconomic environment, rebound in agricultural activities on the backdrop of favorable weather conditions, ongoing infrastructure investments, and strong private consumption.

National Economic Developments

9. National economic growth has remained strong and resilient even under emerging global challenges, supported by strong public and private sector investment and appropriate economic and financial policies. The broad-based economic growth has averaged 5.7 percent for the last six years (2013 to 2018) outperforming the average growth rate of 4.7 percent in the period 2008 to 2012 and 5.4 percent in the period 2003 to 2007. Growth is estimated at 5.6 percent in 2019 and projected to recover to 6.1 percent in 2020.

10. Per capita income rose from Ksh 113,539 in 2013 to an estimated Ksh 202,859 in 2019, a 79 percent increase. This enabled generation of around 831,000 new jobs per year in the period 2013 - 2018 up from 656,500 new jobs per year in the period 2008 -2012

11. In the third quarter of 2019, the economy grew by 5.1 percent compared to a growth of 6.4 percent in a similar quarter in 2018, mainly supported by strong performance in the services sub-sector such as information and communication, transportation and storage, and accommodation and restaurant.

12. The agriculture sector recorded a decreased growth of 3.2 percent in the third quarter of 2019 compared to a growth of 6.9 percent in a similar quarter of 2018, as a result of delayed long rains. Consequently, the sector's contribution to GDP growth declined to 0.6 percent in the third quarter of 2019 compared to 1.3 percent in the same period in 2018.

13. In the third quarter of 2019 compared to a growth of 6.5 percent in the same quarter of 2018. The service sector was supported by improved growth in accommodation and restaurant

(9.0 percent), transport and storage (7.1 percent) and financial and insurance (5.6 percent). Growth of activities in information and communication (8.4 percent) and real estate (4.9 percent) also remained vibrant.

14. The services sector contributed 3.0 percentage points to real GDP growth in the third quarter of 2019 largely supported by Transport and storage (0.5 percentage points), wholesale and retail trade (0.4 percentage points) and Real estate (0.4 percentage points).

15. The performance of industry declined to 4.5 percent in the third quarter of 2019 compared to 5.8 percent in the same quarter in 2018 following subdued activities in the manufacturing, electricity and water supply and construction sectors. The slowdown in the manufacturing sector was attributed to the fall in agro-processing activities, a reflection of declining agricultural production.

16. Growth in the electricity and water supply remained vibrant, driven by increased use of less input intensive sources of energy such as hydro generated electricity supported by sufficient rainfall, wind power and geothermal power generation coupled with growth of thermal generation.

17. Core inflation (Non-Food-Non-Fuel) remained below 5.0 percent in the period under review reflecting subdued demand pressures in the economy. Fuel inflation declined from 6.9 percent in December 2018 to 2.5 percent in December 2019 on account of declining energy prices .

18. Kenya's rate of inflation compares favorably with the rest of Sub-Saharan African countries and its peers such as Nigeria and Ghana whose inflation rates were 11.9 percent and 8.2 percent, respectively in November 2019

19. The Kenya Shilling has continued to display relatively less volatility, compared to most Sub-Saharan currencies (Chart 1.4b). This stability reflects strong inflows from tea and horticulture exports, resilient diaspora remittances and improved receipts from services particularly tourism.

2.3 County Economic and Fiscal Overview

Wealth creation and economic growth are largely driven by Counties. In order to recognize such growth, the subnational business situation is very imperative in spurring economic growth, not only of the counties but also of the nation as a whole.

From a macro perspective, the efficiency in the counties in 2019 is essential because successful implementation of the third Medium Term Plan (2018-2022) of Kenya Vision 2030 necessitates partnership with and active participation by the devolved units. The national government's main focus is on development agenda on four main areas;

- Growing the manufacturing sector,
- Expanding access to universal health coverage,
- Providing affordable and decent housing
- Enhancing food and nutrition security.

Nyamira County has a vital role to play, especially in the health function, which is largely devolved, and in food security. Positive relations between the two levels of government are crucial for success of devolution and the national government agenda. To strengthen the quick win implementation of the Vision 2030 and the mentioned National Big Four agenda, the County Government of Nyamira has equally reemphasized the importance of enhancing food security and nutrition and access to health as part of its big four agenda. With this in mind, the initiative already taken by the County Government is therefore meant to strengthen the macroeconomic stability as exposed by the Budget Policy Statement 2020 thereby enhancing the sustainability and achieving the targeted economic growth at 6.2% in the year 2020/2021.

With the current economy growing at 5.9 per cent and projected to grow to 6.2 per cent in FY 2020/2021 and 6.9 per cent by 2023/2024, a population estimated at 47 million provide ready market for goods and services and hosting of major global conferences points out to a vote of confidence in predominant business environment. Trade and investment opportunities that were initially held at the national level have now been devolved thus; Nyamira County is taking the initiative to showcase its investment potential through participating in trade exhibitions, shows providing an enabling environment for improving our market infrastructure and providing a secure environment such as street lights to attract local and foreign investors. The County in addition in the past few years has greatly invested on the road network with an aim of improving trade links between major trading centres and the farmers. The county is pursuing Public Private Partnership to enhance the investment potentiality.

Nyamira County's regulatory system including licensing procedures such as business permits, amounts of levies, charges and fees and other regulatory requirement impact on business operational cost. Higher amounts of regulatory fees suppress growth of business as it leads to higher cost of doing business. Therefore, it is essential to engage with the County Assembly, County Budget and Economic Forum and the public in general in order to influence legislation and formulation of the finance Bills and policies.

The National economy impacts directly on the County economy and this need to be taken into account when developing county's economic policies. Growth of the national economy is directly linked to the counties. An expanding national economy will lead to higher revenues and ultimately higher allocations to the county governments to finance development and

provision of social services. Higher growth also raises household disposable incomes thus generally raising demand for goods and services. The County Government of Nyamira will continue supporting the National Government objectives to unleash its growth potential particularly focusing on the National Big Four Agenda thereby sustaining the macroeconomic stability.

The Kenya Shilling exchange rate as compared to most sub-Saharan African currencies has continued to display relatively less volatility. This stability reflects resilient earnings from tea and horticulture despite lower export volumes due to adverse weather. Nyamira County is an agricultural led economy, and as such, this will lead to low cost of farm inputs and other essential agricultural and industrial inputs including essential medical supplies to our county. This will translate to competitive prices for our county farm products and low cost of industrial and medical products. The worrying trend of bonuses earned by the farmers in the recent period in tea industries is an indication that this global trend has got the impact in our county economy.

Further with the economy expected to grow to 6.2 per cent in FY 2020/2021 and 6.9 per cent by 2023/2024, trickling down to Nyamira County will benefit greatly from foreign remittances due to the large number of its people working in the diaspora and greatly improve the county economy. The improvement of the liquidity situation as recorded last year has resulted in reduction of all the money market interest rates thereby affording cheaper credit and hence eases of doing business

2.4 Summary/ Conclusions

County's priority strategies will continue to support economic activities while allowing implementation of the County Integrated Development Plan (CIDP) 2018-2022, Departmental Strategic Plans and the Governor's manifesto within a context of sustainable public financing. Over the past three years, the County Government has oriented expenditure towards priority programmes in health, education, agriculture, water and roads. This process will be strengthened with a revamped legislative framework and review of CIDP to enable accommodation of critical programmes that will accelerate socio-economic development.

The county government will reform the levies and charges through the Finance Act 2018 to expand the revenue base without necessarily imposing undue burden on the residents. This will be achieved by the already automated of revenue collection to promote efficiency of revenue

agency and to reduce leakage of revenues and also through continuous capacity building of revenue officers so as to cope with dynamics of time and technology.

Nyamira county's strategic priorities will strive to accelerate growth of the county's economy and the standard of living of its citizens in compliance with the mandate conferred on the County Governments by the Constitution. As such, the County Government will focus more on agriculture and Health access which are part of the National's government 'Big Four' Plan through agricultural transformation and value addition, infrastructure and the social sectors especially health and education.

CHAPTER THREE

3.0 FORWARD ECONOMIC AND FISCAL OUTLOOK

3.1 Fiscal Performance and Emerging Challenges

The total estimated revenue for the FY 2019/20 Budget amounted to Kshs.6,428,365,420 comprising of Kshs. 350,000,000/-, Kshs. 5,102,184,000/- and Ksh. 786,494,123- for local revenue, equitable share and conditional grants respectively. Included in the revenue coffer was a projection of unspent balances amounting to Kshs. 189,687,298.

In the first half FY 2019/2020, the County generally performed well in revenue receipts, registering a total of Ksh. 2,414,783,736. In the same period the total local revenue raised was Kshs.56, 823,299 against an annual target of Ksh.350, 000,000, representing a half year performance of 32 per cent. This means there was a revenue underperformance of 68 per cent for the said half period of the year. The decline in revenue collection was orchestrated by low collection of unstructured revenue collected during the first and second quarter unlike major sources of structured revenue collected during the second half of the financial year.

With the poor performance in local revenue and the challenges witnessed as exposed above, the County Government revised the target in the first an annual target of Ksh. 250,000,000 which is confidently expected to be met putting down the necessary revenue raising measures. Equally the Commission of Revenue Allocation Act 2019 revised our equitable share revenue from Ksh. 5,102,184,000 to Ksh.4, 810,800,000 resulting into a net revenue shortfall of Ksh. 291,384,000. In the same period of time, our unspent balance realized after the lapse of the financial year 2018/2019 increased from Ksh. 189,687,298 to Ksh.1, 154,682,640 resulting to net increase of Ksh.964,995,343. With the adjustments county Government has appropriated the first supplementary budget 2019/2020 to accommodate the changes resulting to a net budget revenue at Ksh. 7,001,976,763.

On the expenditure side, the county spent a total of Kshs. 2,107,613,755 against an annual target of Ksh.6,428,365,420. This comprised of Kshs. 1,800,352,626 on recurrent expenditure and Kshs.307, 261,129 on development expenditure.

3.2 Revenue Outturns

Table 6 below gives detailed revenue performance for the first half of 2019/2020

	Q1	Q2	Total Amount
Revenue Stream			
Exchequer releases	837,079,200	865,944,000	1,703,023,200
Proceeds from Domestic and Foreign Grants	-	80,243,519	80,243,519
Transfers from Other Government Entities	-	46,693,717	46,693,717
County Own Generated Receipts	32,207,510	24,615,790	56,823,300
Returned CRF issues	528,000,000	0	528,000,000
TOTAL RECEIPTS	1,397,286,710	1,017,497,026	2,414,783,736

Table seven shows detailed Local Revenue outturn FY 2019/2020

Revenue performance per revenue stream.

No	Revenue Stream	Half year revenue performance 2019/2020
1	Liquor License	13,000
2	Social Service Clubs	0
3	Registration & Fees	0
4	House Rent Charges	0
5	Physical Planning Charges	1,692,602
6	Environmental Penalty Fees	13,900
7	Land Fees	
8	Land Transfer Charges	0
9	Land control Board Charges	0
10	Change of User Charges	0
11	Title Deed-Surrender Fees	0
12	Search Fees	0
13	Administrative Charges	0
14	Single Business Permit	312,220
15	Single Business Permit Applic. Fees	37,800
16	Agricultural Cess	3,981,300
17	Water, Sanitation & Irrigation	1,170
18	Matatu Parking Charges	140,000
19	Matatu Reg.	0
20	Matatu Stickers	2,755,300
21	Motor Bike Stickers	111,400
22	Market Dues	4,966,170
23	Penalty for Bounced Cheques	0
24	Weights and Measures	249,000
25	Slaughter Fees	1,920
26	Veterinary Charges	1,078,430
27	Land Rates	3,267,027
28	Cattle Movement Permit	79,050
29	Cattle Fees	235,350
30	Impounding Charges	0
31	Sale Of Tender Documents	0
32	Building Materials Cess	0
33	Sale Boarded & Obsolete Assets	0
34	Isolated Plot Rent	20,840

No	Revenue Stream	Half year revenue performance 2019/2020
35	Plot Rent	108,597
36	Shop Rent	0
37	Kiosk Fees	81,200
38	Market Stall Rent	0
39	Fish Permits	0
40	Private Parking Charges	6,042,500
41	Storage Charges	0
43	School Registration Fees	0
46	Public Health Fees	906,793
47	Medical Services	29,084,681
49	Survey Fees	0
51	Development Application Fees	0
52	Building Plan Application Fees	486,152
53	Structural Approval Charges	0
54	Advertisement Charges	33,450
56	Hire of Machinery & Equipment	4,000
58	Imprest Surrender	226,568
60	Public Works & Roads	139,000
62	Others	753,879
Total Revenue		56,823,299

Source: Nyamira County Treasury

As witnessed in the table above, The half year of FY 2019/2020 is Ksh. 56,823,299 indicating a positive trend in revenue collection. The county government therefore needs to put in place stringent measures geared towards raising the revenue base.

3.3 Expenditure Performance Review

By 31st December 2019, the County Government of Nyamira had spent a total of Kshs. 2,107,613,755 against an annual target of Ksh.6,428,365,420. This comprised of Kshs. 1,800,352,626 on recurrent expenditure and Kshs.307, 261,129 on development expenditure, representing absorption rates of 41.4% and 14.8% recurrent and development expenditures respectively. The overall absorption rate of the budget was 32.8%. The low absorption rate was attributed complex procurement procedures and delayed exchequer releases from the National treasury.

Development and Recurrent expenditure performance for the first six months FY 2019/2020

Department	Budgeted Recurrent Estimates 2019/2020	Budgeted Development Estimates 2019/2020	Total Budget Estimates	Actual Recurrent Expenditure	Half year Recurrent Absorption rate 2019/2020	Actual Development Expenditure	Half year Development Absorption rate	Total Expenditures as at 31 Dec 2019	Total Absorption Rate in %
County Assembly	616,107,510	197,000,000	813,107,510					0	
County Executive	548,635,252	0	548,635,252	258,512,265	47	0	0	258,512,265	4
Finance & Economic Planning	317,418,011	60,000,000	377,418,011	145,095,282	46	857,800	1.4	145,953,082	2.3
Agriculture, Livestock & Fisheries	166,458,323	449,052,554	615,510,877	79,758,183	48	41,026,700	9.1	120,784,883	1.9
Environment, Water, Natural Resources, Mining & Energy	72,368,870	182,450,000	254,818,870	37,071,316	51	12,984,228	7.1	50,055,544	0.8
Education & Youth Empowerment	560,949,507	132,415,000	693,364,507	135,217,170	24	26,371,541	19.9	161,588,711	2.5
Health Services	1,584,503,586	229,200,000	1,813,703,586	791,693,661	50	16,619,284	7.3	808,312,945	12.6
Lands, Housing & Physical Planning	76,718,131	318,270,300	394,988,431	34,518,272	45	80,098,348	25.2	114,616,620	1.8
Roads, Transport & Public Works	87,365,819	371,662,750	459,028,569	105,184,778	120	127,879,178	34.4	233,063,956	3.6
Trade, Tourism, Industrialisation & Cooperative Development	45,100,490	61,250,000	106,350,490	19,481,147	43	1,424,050	2.3	20,905,197	0.3
Sports, Gender, Culture & Social Services	45,998,407	79,700,000	125,698,407	22,406,654	49	-	-	22,406,654	0.3
County Public Service Board	40,650,139	0	40,650,139	20,131,423	50	-	-	20,131,423	0.3
Public Service Management	185,090,771	0	185,090,771	151,282,475	82	-	-	151,282,475	2.4
Nyamira Municipality	0	0	0	0	0	-	-	0	0
Totals	4,347,364,816	2,081,000,604	6,428,365,420	1,800,352,626	41.41	307,261,129	14.77	2,107,613,755	32.8

Source: Nyamira County Treasury 2019

CHAPTER FOUR

4.0 MEDIUM TERM EXPENDITURE FRAMEWORK 2020/21-20212/23

4.1 Resource Envelope

The Constitution of Kenya 2010 stipulates that County Governments should have reliable, stable and predictable own sources of revenue. Nyamira County Government has two main sources of funding. Revenue from local sources and the exchequer issues from the National Government as provided under Article 201 of the Constitution. The resource envelope available for allocation among the spending units is based on the medium term fiscal framework outlined in Chapter Three.

The Nyamira County 2020/2021 financial year budget targets total revenue amounting to Ksh. 6,190,544,862 which include equitable share of Ksh 4,925,800,000, Conditional grants Ksh 1,015,544 ,862 and county own source revenue of Ksh 250,000,000.

4.2 The Fiscal Strategy FY 2020/21 & the Economic Objectives of the County Government

This outlines County Government's spending plans and the manner in which this expenditure will be funded in the FY 2020/2021. The fiscal strategy of the Government is guided by contemporary events which have impacted on the economy, the ADP 2019/2020 and the realities of the FY 2019/2020 actual revenue collections and expenditures. In view of this, the 2020 County fiscal strategy paper has been designed to continue addressing these specific challenges by focusing on the following objectives:

- To place greater focus on critical infrastructure development as a means of promoting long-term economic growth;
- Continued application of a fiscal stimulus in the medium term to kick-start the economy, taking into consideration the current revenue constraints and its impact on the fiscal deficit;
- Rationalizing the outlay on recurrent expenditure through the identification of cost-saving measures;
- Pegging commitments and expenditure on the actual cash flow;
- Coming up with sustainable personnel policy to address the bloated wage bill;
- Boosting revenue receipts, identifying and plugging revenue leakages through automation.

4.3 Projected FY 2020/2021 Revenues and Expenditure

4.3.1 Projected revenue sources

GFS CODING	REVENUE SOURCES	BASELINE ESTIMATE	TARGET ESTIMATES	PROJECTIONS	
		2019/2020	2020/2021	2021/2022	2022/2023
9910201	Equitable share	4,810,800,000	4,925,000,000	5,417,500,000	5,959,250,000
1540701	DANIDA	14,250,000	13,680,000	15,048,000	16,552,800
1320101	World Bank grant (KDSP)	30,000,000	0	0	0
1330404	Compensation user fee forgone	13,175,221	13,175,221	14,492,743	15,942,017
3111504	Roads maintenance levy fund	136,557,750	146,215,617	160,837,179	176,920,897
1320101	World Bank grant (THSUC)	35,000,000	300,000,000	330,000,000	363,000,000
1330301	Development of youth polytechnics Grant	67,068,298	60,831,170	66,914,287	73,605,716
1320101	World Bank Loan for National and Rural inclusive growth project	350,000,000	350,000,000	385,000,000	423,500,000
1320101	Kenya Urban Support Programme (KUSP UDG)	114,705,300	114,705,300	126,175,830	138,793,413
1320101	Kenya Urban Support Programme (KUSP UIG)	8,800,000	0	0	0
1320101	Agricultural Sector Development Support Programme II	16,937,554	16,937,554	18,631,309	20,494,440
	Local Revenue	250,000,000	250,000,000	275,000,000	302,500,000
	TOTAL	5,847,294,123	6,190,544,862	6,809,599,348	7,490,559,283

Details of the local revenue source

GFS CODES	Local Revenue Streams	Baseline Estimates 2019/2020	Target Estimates	Projected	
		2019/2020	2020/2021	2020/2021	2021/2022
FINANCE AND ECONOMIC PLANNING					
1420405	Market Dues	20,276,339	10,276,339	11,303,973	12,434,370
1420404	Matatu Parking Charges	12,544,451	12,544,451	13,798,896	15,178,786
1420404	Matatu reg.	-	-	0	0
1530205	Sale of tender documents			0	0
1420404	Matatu Stickers	-	-	0	0
1550211	Private Parking Charges	2,465,163	2,465,163	2,711,679	2,982,847
1550227	Storage Charges	22,869	22,869	25,156	27,671
1420404	Motor Bike Stickers	1,050,940	1,050,940	1,156,034	1,271,637
1530203	Impounding Charges	36,618	36,618	40,280	44,308
1450101	Penalty for bounced cheques	-	-	0	0
1530401	Sale of boarded and obsolete assets	-	-	0	0
	impress surrender	-	-	0	0
	administrative fees	-	-	0	0
1550105	Market stall Rent	1,520,904	1,520,904	1,672,994	1,840,294

	TOTAL	37,917,284	27,917,284	30,709,012	33,779,914
DEPARTMENT OF LANS, PHYSICAL PLANNING AND URBAN DEVELOPMENT					
1590111	Development Application fees		0	0	0
1590111	Building plan Application fees		827,846.25	910,631	1,001,694
1590112	Structural Approval Charges			0	0
1550102	Isolated Plot Rent		503,384.20	553,723	609,095
1550102	Plot Rent		736,103.50	809,714	890,685
1590102	Survey fees		421,608	463,769	510,146
1420299	Land Transfer Charges		0	0	0
1420299	Administrative charges		0	0	0
1420299	Land Control board charges		0	0	0
1420299	Change of user charges		0	0	0
1420299	Land fees		0	0	0
1420220	Title deed-surrender fees		0	0	0
1420221	search fees		0	0	0
1420102	physical planning charges		1,001,703	1,101,873	1,212,061
1520101	Land rates		26,733,586	29,406,945	32,347,639
1410404	House rent charges		0	0	0
	TOTAL		30,224,231	33,246,654	36,571,319
1590132	Advertisement Charges	600,000	600,000	660,000	726,000
1580301	Environmental Fees & Charges	0	0	0	0
1420403	Water, sanitation & irrigation fees	5,356,108	5,356,108	5,891,719	6,480,891
1530302	Building material cess	5,000,000	5,000,000	5,500,000	6,050,000
1420102	Environmental penalty fee	0	0	0	0
	TOTAL	10,956,108	10,956,108	12,051,719	13,256,891
DEPARTMENT OF GENDER, CULTURE AND SPORTS					
1560201	Hire of county Halls	0	0	0	0
1140501	Liquor License	40,985,405	20,985,405	23,083,946	25,392,340
1140801	Social services- clubs	100000	100000	110,000	121,000
1140801	Registration and fees	0	0	0	0
	TOTAL	41,085,405	21,085,405	23,193,946	25,513,340
DEPARTMENT OF HEALTH SERVICES					
1580112	Public Health Fees	98,273,640	58,273,640	64,101,004	70,511,104
1580211	Medical services	37,000,000	17,000,000	18,700,000	20,570,000
1580211	NHIF	0	0	0	0
	TOTAL	135,273,640	75,273,640	82,801,004	91,081,104
DEPARTRMENT OF TRADE, TOURISM AND CO-OPERATIVE SOCIETIES					
1420328	Single Business Permit	31,781,378	31,781,378	34,959,516	38,455,467
1420328	Single Business Permit application fees	1,500,000	1,500,000	1,650,000	1,815,000
1530123	Weights and Measures Charges	1,000,000	1,000,000	1,100,000	1,210,000

1550103	Shop Rent	0	0	0	0
1550104	Kiosk fees	0	0	0	0
1420299	statutory audit fees	0	0	0	0
	TOTAL	34,281,378	34,281,378	37,709,516	41,480,467
DEPARTMENT OF EDUCATION AND VOCATIONAL SERVICES					
1570131	School Registration Fees	0	0	0	0
1450105	Youth polytechnics	0	0	0	0
1450105	ECDE Registration fee	0	0	0	0
1590132	Advertisement Charges	19,024,962	19,024,962	20,927,458	23,020,204
1450105	ICT Levies	-	-	0	0
	TOTAL	19,024,962	19,024,962	20,927,458	23,020,204
DEPARTMENT OF ROADS, TRANSPORT AND INFRASTRUCTURE					
1530521	Hire of machinery and Equipment's	20,542,702	20,542,702	22,596,972	24,856,669
1590112	structural/architectural plans approval	0	0	0	0
	Hire of Water Boozer and inspection fees	0	0	0	0
	TOTAL	20,542,702	20,542,702	22,596,972	24,856,669
DEPARTMENT OF AGRICULTURE, LIVESTOCK AND FISHERIES DEVELOPMENT					
1520321	Cattle movement permit	651,682	651,682	716,850	788,535
1520321	Cattle fee	1,913,347	1,913,347	2,104,682	2,315,150
1450105	Slaughter fee	69,716	69,716	76,688	84,356
1450105	Veterinary Charges	1,251,140	1,251,140	1,376,254	1,513,879
1420345	Agricultural Cess	16,754,050	6,754,050	7,429,455	8,172,401
1550121	Fish Permits	54,357	54,357	59,793	65,772
	TOTAL	20,694,291	10,694,292	11,763,721	12,940,093
	GRAND TOTAL	350,000,000	250,000,000	275,000,000	302,500,000

4.4 FY 2020/21 Departmental expenditure Ceilings

Vote No	Department	RECURRENT					DEVELOPMENT					Total Target	Projections	
		Target Compensation to Employees	Target Grants	Target Funds	Operations and maintenance	Total Target Recurrent Estimate	Flagship Projects	Ward Based projects	Conditional Grants	Total Target Development	2021/2022		2022/2023	
		2020/2021	2020/2021	2020/2021	2020/2021	2020/2021	2020/2021	2020/2021	2020/2021	2020/2021	2020/2021		2021/2022	2022/2023
5261	County Assembly	347,320,253	0	0	248,787,257	596,107,510	0	0	0	0	596,107,510	655,718,261	721,290,087	
5262	County Executive	141,486,714	0	0	333,675,812	475,162,526	0	0	0	0	475,162,526	528,178,778	580,996,656	
5263	Finance and planning	201,491,133	0	0	52,903,418	254,394,551	16,656,102	0	0	16656102	271,050,653	295,955,718	325,551,290	
5264	Agriculture, Livestock and Fisheries	150,160,504	0	0	10,253,638	160,414,142	12,000,000	40,615,000	366,937,554	419552554	579,966,696	635,763,366	699,339,702	
5265	Environment, Water, Energy & Natural Resources	101,821,267	0	0	12,818,418	114,639,685	0	60,450,000	0	60450000	175,089,685	189,298,654	208,228,519	
5266	Education & ICT	364,606,162	60,831,170	129,375,000	9,128,101	563,940,433	0	32,415,000	0	32415000	596,355,433	654,890,976	720,380,074	
5267	Health Services	1,431,604,887	126,855,221	0	32,466,020	1,590,926,128	211,400,000	21,200,000	200,000,000	432600000	2,023,526,128	2,225,878,741	2,448,466,615	
5268	Land, Physical Planning, Housing and Urban Development	75,258,926	0	0	8,742,397	84,001,323	259,000,000	28,565,000	0	287565000	371,566,323	415,322,955	456,855,250	
5270	Transport & Public Works,	79,743,285	0	0	48,455,346	128,198,631	60,248,886	125,105,000	146,215,617	331569503	459,768,134	515,644,947	567,209,442	
5271	Trade, Tourism and Co-operatives Development	29,210,351	0	0	8,716,092	37,926,443	12,000,000	61,250,000	0	73250000	111,176,443	122,294,088	134,523,497	
5272	Youth, Gender, Culture and Social services	44,360,911	0	0	9,800,709	54,161,620	30,000,000	30,400,000	0	60400000	114,561,620	124,917,782	137,409,560	
5273	CPSB	35,396,998	0	0	24,716,092	60,113,090	0	0	0	0	60,113,090	60,624,399	66,686,838	
5274	Public Service Management	167,057,190	0	0	9,338,131	176,395,321	0	0	0	0	176,395,321	192,934,855	212,228,340	
5275	Nyamira Municipality	31,000,000	0	0	16,000,000	47,000,000	18,000,000	0	114,705,300	132705300	179,705,300	192,175,830	211,393,413	
	Total	3,200,518,581	187,686,391	129,375,000	825,801,431	4,343,381,403	619,304,988	400,000,000	827,858,471	1,847,163,459	6,190,544,862	6,809,599,348	7,490,559,283	
		52%				70%				30%				

4.5 Explanations of the expenditure ceilings

- Compensation to employees amounting to Ksh. **3,200,518,581**

Items covered under this component include;

- ✓ Basic salaries
- ✓ Other allowances (House allowances, Commuter allowance etc)
- ✓ Gratuity
- ✓ Contribution to pension
- ✓ Contribution to NSSF
- ✓ National Industrial Training Authority and
- ✓ Medical Cover

- Conditional grants amounting to **Ksh. 1,015,544,862**

This component includes the following items;

- ✓ Grants to youth polytechnics
- ✓ Grants towards t DANIDA
- ✓ Grants towards to User forgone fee
- ✓ Grants towards THSUC
- ✓ Grants towards Roads maintenance levy fund
- ✓ Grants towards NAGRIG
- ✓ ASDSP II
- ✓ Grants towards KUSP

- FUNDS Ksh. **129,375,000** which include the Educational Bursary Fund
- Operations and maintenance totaling to Ksh **825,801,431** which majorly comprise of Ksh. **40,000,000** motor vehicle insurance under transport department and Ksh. **40,000,000** for budget making process in the department of Finance.
- Ward Based Projects allocated at ksh. 400,000,000.

- Summary of flagship projects as detailed below (**KSH. 629,304,988**)

Vote No	Departments	Amount (Ksh)
5263	Finance & Planning	
	Renovation of Treasury building	10,000,000
	ICT Infrastructure	6,656,102
	Sub-Totals	16,656,102
5264	Agriculture, Livestock & Fisheries	
	ADSP Contributions	5,500,000
	NARIG Contributions	6,500,000
	Sub – Totals	12,000,000
5267	Health Services	
	Completion of Doctors Plaza	48,000,000
	Medical supplies	100,000,000
	Manga(Hospital Drugs)	4,000,000
	Nyamusi	5,000,000
	Magwagwa	9,000,000
	Gesima	3,000,000
	Kijauri SCH	6,000,000
	Kianginda Disp Staff Hse	2,000,000
	Motagara Disp Staff Hse	2,500,000
	Kambini Disp Staff Hse	2,500,000
	Emenyenche Disp Staff Hse	2,300,000
	Riamoni Disp Staff Hse	1,800,000
	Kenyamware Disp Staff Hse	2,000,000
	Nyamaiya Disp Staff Hse	1,700,000
	Nyandoche Ibere Disp Staff Hse	1,900,000
	Kiangoso Disp Staff Hse	900,000
	Sere Disp Staff Hse	900,000
	Nyagacho Disp Staff Hse	800,000
	Geteni OPD Block	1,700,000
	Kiangombe OPD Block	1,600,000
	Ribaita OPD Block	2,900,000
	Ikobe OPD Block	1,800,000
	Nyamwanga OPD Block	700,000
	Renovation of Lab At Amatierio	1,400,000
	In-patient wards Nyabweri H/C	7,000,000
	Sub Total	211,400,000
5268	Lands, Housing & Physical	
	Construction and completion of Nyamira County Headquarters	149,000,000
	Construction of civil servant houses at Manga	35,000,000
	Bus/ park Construction at Nyansiongo	20,000,000

	Surveying & beckoning of public land	5,000,000
	County Spatial Plan	50,000,000
	Sub-Totals	259,000,000
5270	Transport & Public Works	
	Maintenance of roads using county machinery & MTF	60,248,886
	Sub Total	60,248,886
5271	Trade, Tourism & Cooperatives	
	Industrial Park	10,000,000
	Market Electricity	2,000,000
	Sub-Totals	12,000,000
5272	Gender, Youth, Sports, Culture & Social Services	
	Construction of Manga Stadium	30,000,000
	Sub-Totals	30,000,000
5275	Nyamira Municipality	
	Street lighting and high masts in Tinga, Nyabite and Nyamaiya	6,000,000
	Acquiring of dumping site	10,000,000
	Erection of Billboards for advertisement and addressing system	2,000,000
	Sub-Totals	18,000,000
	TOTAL	619,304,988

4.6 Finalization of spending plans

As indicated earlier, the finalization of the preparation of the detailed budgets continues to entail thorough scrutiny to curtail spending on non-productive areas and ensure resources are directed to priority programmes. The County Government will utilize resources to accommodate key county strategic priorities with sound business plans. Specifically, the following will receive priority:

4.7 Priority Areas of Consideration for Additional Resources

Priority Areas of Consideration for Additional Resources	
1.	Intervention identified during the county stakeholders consultation for 2020/2021 MTEF.
2.	Strategic interventions with emphasis in investing in quality and accessible health care services and quality basic and vocational education, Youth, gender and sports empowerment, road infrastructure (especially access roads), provision of clean and safe water, food security, waste management, as well as policy interventions covering the entire county to enhance social equity.
3.	Completion of ongoing programs and projects.

4.	Specific consideration to job creation for the youth based on sound initiatives identified within and outside the normal budget preparation as well as disability and gender mainstreaming.
----	---

