REPUBLIC OF KENYA
COUNTY GOVERNMENT OF NYANDARUA
COUNTY TREASURY

NYANDARUA COUNTY GOVERNMENT

COUNTY BUDGET REVIEW AND OUTLOOK PAPER (CBROP)

2017

Actualizing Nyandarua County socio-economic Transformative Agenda

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FOREWORD

The annual County Budget Review and Outlook Paper (CBROP) 2017 in line with the Public Finance Management Act, 2012, has reviewed the actual fiscal performance of the FY 2016/17 and makes comparisons to the budget appropriations of the same year. Further it has provided an outlook of for the County in the 2018/19 FY and the medium term.

The 2016/17 FY budget revenue envelope was expected to be KShs. 5,668,123,647 from all sources within and without the County. However, there were shortfalls in actual revenue realized in OSR of KShs. 89,908,735 and reimbursement for maternal health of KShs. 8, 812, 379. IDA grant for capacity building and maternal health (World Bank) were not received. Of the targeted expenditure premised on a balanced budget model, with all revenues planned to be expended, KShs. 5,094,898,634 was spent representing an absorption of 89.9%.

This County Budget Review Outlook Paper (CBROP) is prepared in line with section 118 of the Public Finance Management Act, 2012. However, preparation of this paper was delayed due to the long-time taken to have the CIDP ready which is the basis for preparation of budgets for the period 2018-2022.

Based on the provisional allocations in the National medium term 2018 budget policy statement whose theme is "*creating jobs, transforming lives "the big four" plan*" the Nyandarua County resource envelope is expected to be KShs. . 5,734,779,930. This comprises of the National Transfers (KShs. 5,314,779,930) and the own source revenue (KShs. 420,000,000). In the own source revenue, KShs. 30,000,000 is envisaged to come from *Linda mama* programme on NHIF reimbursements from delivery of babies in public health facilities.

This CBROP, 2017 is based on the medium term development aspirations, with the theme "*Actualizing Nyandarua County socio-economic Transformative Agenda"*. This is informed by the presidential "BIG FOUR" point agenda, Kenya Vision 2030, the current administration manifesto and public sentiments obtained during the participatory rural and urban appraisal conducted in all wards. The County Medium term Expenditure Framework (MTEF) is anchored on the pillars envisaged in the CIDP, 2018-2022 which are: Good Governance; Social Sector Development; Infrastructure Development; Financial and Trade Services; Agricultural Development and Industrialization.

In the 2018/19FY budget, efforts will be put in place to improve on the avenues of local revenue generation as well as enhancing absorption of funds by the departments The fiscal framework presented in the paper ensures a sustainable financing while allowing continued spending on priority programmes. Achievement of the set objectives calls for greater transparency, effectiveness and efficiency in public financial management in order to ensure fiscal discipline. Focus will also be on enhancing efficiency in budget implementation by prudence in allocation of resources to ensure that all “claim holders” get value from their County entitlement. The County will leverage on the County and national opportunities to maximize the potential gains of the 2018/19 FY budget while mitigating on any probable risks.

In line with best practice, Programme-Based Budgeting model will continue to be used. This model increases efficiency and effectiveness in service delivery and ensures that “duty bearers” deliver the best possible services to the County Citizenry. Emphasis will be placed on implementation of development projects as these will spur growth of the local economy and improve the lives of Nyandarua County residents.

The sector ceilings envisaged herein are after rigorous considerations by all the relevant stakeholders with the prime objective being setting up of sound foundation to take Nyandarua County to the next level in terms of development and prosperity. Scarcity of resources continues to be unavoidable factor in allocating of resources. Nevertheless utmost consideration has been given to all sectors during allocation of resources as they are viewed to contribute equitably towards the long term goal of transforming the County and the country at large for betterment.

All stakeholders and people of good will are expected to participate fully in actualizing the aspirations of this paper in form of implementing sectoral priorities and ensuring that value for money and equitability prevails as the principal guide. Towards this end, we shall ensure there is transparency and accountability by relaying our performance indicators to the public as well as publicizing other publications as required by the Constitution 2010 and the Public Finance Management Act, 2012

HON. MARY W. MUGWANJA
COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE & ECONOMIC DEVELOPMENT

LEGAL BACKGROUND

The County Budget Review and Outlook Paper is one of the key stages in the preparation of the annual county budget. Its preparation is enshrined in the Public Finance Management Act, 2012 where section 118 (1) clearly postulates that a County Treasury shall:

(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.

Section 118 (2) of the same Act further provides that the CBROP should contain:

(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.

Preparation of this paper is further backed by the County Governments Act, 2012 and the Constitution of Kenya, which compels County Governments to plan for their Counties and requires appropriation of the funds to be within the approved planning frameworks.

The main objectives of a CBROP are to 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;
- The financial outlook with respect to County government revenues, expenditures and borrowing for the coming financial year and over the medium term;
- An assessment of the current financial year and the projected state of the economy for the succeeding three years;
- Targets for overall revenues, total aggregate expenditure and domestic and external borrowing for the succeeding financial year and the medium term;

- The total resources to be allocated to individual programmes within a sector indicating the outputs expected from each such programme during that period;
- The criteria used to allocate or apportion the available public resources among the various programmes; and
- Forecast financial position for the financial year to which the budget relates and the next two financial years.

CHAPTER ONE

FISCAL PERFORMANCEFOR THE 2016/17 FY

1.0 Overview

On the principle of the Medium Term Expenditure Framework (MTEF), preparation of future budgets is heavily informed by performance of the past and present budgets. In view of these, the 2018/19 FY budget will be informed by the performances of the 2016/17 and 2017/18 FY budgets.

In the 2016/17 FY the County had a budget resource envelope of KShs. 5,668,123,647 of which KShs. 3,722,627,905 (65.7%) was allocated for recurrent expenditure and KShs. 1,945,495,741 (34.3%) was allocated for development expenditure. The allocation to development was in line with Fiscal responsibility requirements in the PFM Act 2012 (section 107) requiring that at least 30% of the county budget be dedicated for development.

The county budget revenues were made up of transfers from the Equitable share, National Government conditional grants, Donor Funding, own source revenues (OSRs) and unspent balances carried forward from the 2015/16 Financial Year.

For the year ended June 2017, the County expended KShs. 5,094,898,634 out of the budgeted amount of KShs. 5, 668,123,647 representing an absorption rate of 89.9%.

1.1 Approved 2016/17 FY Budget Estimates

1.1.1 Revenue

In the financial year 2016/17, the county had a projected resource envelope of KShs. 5,668,123,647. This comprised of KShs. 4,647,384,382 from the equitable share, KShs. 288,243,919 as conditional grants from National Government, KShs. 9,430,000 as hospital grant from DANIDA, KShs. 10,000,000 from the World Bank for maternal health and KShs. 26,689,751 as IDA grant for county capacity building. The own source revenue was KShs. 390,000,000 while KShs. 296,375,595 was balance brought forward as exchequer returns from 2015/16 FY.

Of the anticipated revenues, there was a shortfall in the OSR by KShs. 89,908,736 and reimbursement for maternal health of KShs. 8,812,379. There was non-receipt of IDA grant for capacity building and maternal health (World Bank).

1.1.2 Expenditure

The County projected expenditure of KShs. 5,668,123,647 comprised of KShs. 3,722,627,905 (65.7%) for recurrent and KShs. 1,945,495,741 (34.3%) for development.

Table 1 provides the details for the county approved budget revenues and expenditures for financial year 2016/17.

Table 1: Approved County budget estimates for period ending 30th June 2017

REVENUE	FY 2016/17
Balance B/F (2015/16 FY)	296,375,595
National Transfers	
i) Equitable share	4,647,384,382
ii) Conditional Grants	
Fuel Levy Fund	71,407,030
Reimbursement for User Fees Foregone	13,122,329
Leasing of medical equipment	95,744,681
Health grant- DANIDA	9,430,000
Reimbursement for free maternity	46,514,879
Grant from MOH (doctors &nurses allowances)	61,455,000
Maternal health (World Bank)	10,000,000
IDA grant(capacity building- World Bank)	26,689,751
Local Collections (inclusive of VSDF & F.I.F)	390,000,000
Total	5,668,123,647
EXPENDITURE	
Recurrent (inclusive of County funds)	3,929,421,819
Development	1,738,701,828
Total	5,668,123,647

1.1.3 Departmental allocations

In the 2016/17 FY, departmental allocations were as shown in table 2 with details on recurrent and development allocations as well as proportions for each department/ office to the whole County budget.

Table 2: Approved departmental allocations for period ending 30th June 2017

Sector	Department	Approved Recurrent Budget Estimates	Approved Development Budget Estimates	Total Budget Estimates	Ratio (%) of county budget
Governance	Gubernatorial Office	166,677,800	0	166,677,800	2.94
	County secretary	58,863,490	0	58,863,490	1.04
	CPSB	14,521,320	0	14,521,320	0.26

	Legal & ICT	48,626,543	22,684,220	71,310,763	1.26
	Finance & Economic Planning	201,455,416	5,000,000	206,455,416	3.64
Agriculture	Agriculture Livestock & Fisheries	52,447,690	64,749,855	117,197,545	2.07
Infrastructure	Lands, Housing & Physical Planning	35,328,960	110,267,726	145,596,686	2.57
	Roads Transport & Public Works	70,650,867	906,194,670	976,845,537	17.23
Human Resource	Health Services	468,920,550	147,081,009	616,001,559	10.87
	Education, Gender, Youth, Culture	58,010,000	64,896,983	122,906,983	2.17
	Tourism, Wildlife and Sports	45,980,182	61,347,690	107,327,872	1.89
Productive	Industrialization Cooperatives, Trade	39,087,659	35,130,087	74,217,746	1.31
	Water & Environment	14,157,120	321,349,588	335,506,708	5.92
	County Assembly	603,706,532	206,793,913	810,500,445	14.30
	Sub total	1,878,434,129	1,945,495,741	3,823,929,870	
	County funds			238,405,490	4.21
	Salaries – Executive			1,605,788,287	28.33
	Total			5,668,123,647	100

1.2 2016/17 FY Actual Revenue Performance

1.2.1 Equitable Share

The county had projected to receive KShs. 4,647,384,382 as the equitable share from the national Government. For the period under review, the county received the entire share. Analysis of quarterly exchequer releases on the equitable share are shown in table 3.

Table 3: Exchequer Releases for the period ending 30th June 2017

RELEASE	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	TOTAL
Amount	790,055,344	1,185,083,018	1,161,846,096	1,510,399,924	4,647,384,382
% Release	17	26	25	32	100

1.2.2 Conditional grants

The County had projected to receive a total of KShs. 288,243,919 as conditional grants from the National Government. This comprised of KShs. 71,407,030 from fuel levy fund, KShs. 46,514,879 from free maternity programme, KShs. 13,122,329 for hospitals user fees foregone, KShs. 61,455,000 from MOH (doctors & nurses allowances) and KShs. 95,744,681 for leasing of medical equipment.
In the period under review the county's receipts in terms of conditional grants were as follows:
Table 4: Receipts of Conditional Grants for the period ending 30th June 2017

Grant	Budgeted	Amount received	% Received
Fuel Levy Fund	71,407,030	71,407,030	100
Maternal health care	46,514,879	37,702,500	81.1
Reimbursement for User Fees Foregone	13,122,329	13,122,329	100
MOH (doctors & nurses allowances)	61,455,000	61,455,000	100
[1]Leasing of medical equipment	95,744,681	95,744,681	100

Analysis in table 4 indicate that the whole amounts for fuel levy fund, User Fee foregone and MOH (doctors & nurses allowances) were released to the county. The county also received the medical equipment whose amount was to be repaid through yearly instalments as indicated above. On the other hand, only 81.1% of free maternity programme was released.

1.2.3 Donor funding

The county had expected to receive KShs. 10,000,000 for maternal health and KShs. 26,689,751 for capacity building from the World Bank. In the period under review, the whole amount was not received. The county also expected KShs. 9, 430,000 from DANIDA for support to the health subsector whose whole amount was received.

[1] The grant for leasing of medical equipment is deducted at source, hence the amount is not released to the county.

1.2.4 Own Source Revenue (OSR)

From its internal revenue sources, the county had projected to generate KShs. 390,000,000 from various local streams, comprising of KShs. 30 million from Veterinary services development fund (VSDF), KShs. 47,774,918 from health facility improvement fund (FIF) and KShs. 312,225,082 from other sources. From all these sources, the county generated KShs. 300,091, 264 (76.9% of target). Table below shows collections per source:

Table 5: Locally generated revenue performance for the period ending 30th June 2017

Source	Budgeted	Realised	Variance	% Realised
Local streams	312,225,082	250,940,365	61,284,717	80%
VSDF	30,000,000	6,033,100	23,966,900	20%
FIF	47,774,918	43,117,799	4,657,119	90%
Total	390,000,000	300,091, 264	89,908,736	76.9

1.2.5 Unspent balances in 2015/16

In the FY 2016/2017, the County had KShs. 296,375,595 as balances brought forward from 2015/16 FY. This was mostly in terms of pending bills for development.

1.3 2016/17 FY Actual Expenditure Performance

1.3.1 County expenditure

In the period under review, the county spent 89.4 % of its recurrent budget and 92.2% of its development budget. Overall, County spending stood at 90.3 % of the entire budget as shown in table 6.

Table 6: County expenditure for the period ending 30th June 2017

	2015/16 FY Budget	Expenditure	% utilisation of budget
Recurrent	3,722,627,905	3,326,843,207	89.4
Development	1,945,495,741	1,792,871,166	92.2
Total	5,668,123,647	5,119,714,373	90.3

1.3.2 Departmental expenditure

Roads, Transport and public works

In order to transform the county's economy, the 2016/17 budget aimed at continuous improvement of the infrastructural facilities. A sum of KShs. 1,027,392,104 was allocated to this department out of which KShs. 906,194,670 was set aside for the construction of roads, bridges, boda boda sheds and construction of executive offices. The construction of county executive offices was identified as a flagship project and was allocated a sum of KShs.

19,800,000. This construction is phased in three years with the county government contributing 30% and the national government contributing 70%.

Health services

Investing in quality and accessible health care services was a priority in the budget. This department had an allocation of KShs. 1,330,646,511 out of which KShs. 186,109,760 was for development and KShs. 1,114,536,751 for recurrent (including salaries). The major development projects included upgrading of JM and Engineer hospitals as well as improvement of other health facilities in the county. JM and Engineer hospitals were identified as multi-year flagship projects in this sector.

Lands, housing & physical planning

To streamline land ownership and promote investment in the county this department was allocated a sum of KShs. 173,406,276 out of which KShs. 110,267,726 was for development and KShs. 63,138,552 for recurrent. This was to facilitate buying land (for public facilities), land survey & mapping, drainage construction, urban development, construction of lands offices

(Flagship project), spatial planning and county lighting.

Cooperative development, trade & industrialisation

This department had an allocation of KShs. 97,765,376 with KShs. 43,123,496 for development and KShs. 54,641,880 for recurrent. This amount was used for upgrade & completion of market sheds, county branding, and construction of jua kali sheds, purchase of milk coolers and development of software for SACCOs.

Education, culture & culture & social services

For the purposes of promoting education in the county, KShs. 256,993,714 was allocated to this department. KShs. 64,896,983 was allocated for development and was used for construction of ECDE centers and completion of youth polytechnics while KShs. 192,096,731 was allocated for recurrent purposes.

Tourism, Sports & Youth

In an effort to promote tourism, develop the youth and sporting activities in Nyandarua, KShs. 119,953,195 was allocated for this department out of which KShs. 66,173,190 was for development and KShs. 53,780,005 for recurrent. This amount was meant for development and gazettement of tourist sites and upgrading of sports facilities including upgrading Ol Kalou stadium. In youth development, promotion of youth groups in activities like purchase of green houses, incubators and public address systems was undertaken.

Water, Energy, Environment, Natural resources and irrigation

It is the county government priority to provide enough and clean water in a clean environment for the people of Nyandarua. For this purpose this department was allocated KShs. 383,591,875 out of which KShs. 323,181,088 was for development and KShs. 60,410,787 for recurrent. Development funds were utilized for construction and completion of water projects in the county which includes drilling of boreholes, construction of tanks, laying of pipes and installation of water pumps. In environment development; rehabilitation of community dams, tree planting & beautification of Engineer town, development of green energy and improvement of drainage systems was carried out.

Agriculture, Livestock & Fisheries

The county is rich with under exploited and unexploited Agricultural opportunities. To tap on these opportunities a sum of KShs. 321,585,642 was allocated to this department out of which KShs. 65,229,855 was set aside for development and KShs. 256,355,787 for recurrent use. Part of the development funds were used for pack house construction, soil testing laboratory construction, and pyrethrum development and extension services. Other amounts were used for input subsidies and veterinary services development.

Communication, Legal, ICT& intergovernmental affairs

This department was allocated KShs. 101,926,597 whereby KShs. 23,184,220 was for development and KShs. 78,742,377 for recurrent. The funds were to be utilized for the purpose of infrastructure connectivity across county offices, enhancement of revenue collection and installation of unified communication platform.

Finance& Economic Planning

In order to improve resource mobilization for sustainable development this department was allocated KShs. 619,516,035 which includes KShs. 238,405,490 county funds.

In its spending, the county government was guided by the PFM Act, 2012 and other financial guidelines and standards.

Table 7 summary of expenditure by departments (kshs.)

DEPARTMENT	USE OF GOODS	ACQUISITION OF ASSETS AND DEVELOPMENT EXPENDITURE	SALARIES	TOTAL

Finance	177,152,064	9,535,227	174,516,015	361,203,306
Agriculture	46,643,074	44,521,048	204,227,984	295,392,106
Health	51,400,986	216,308,810	715,259,734	982,969,530
Education	45,089,246	27,861,077	134,086,731	207,037,054
Cooperative	32,077,806	32,264,720	24,600,157	88,942,683
Roads	53,120,318	902,217,024	50,402,883	1,005,740,225
Lands	26,324,216	56,288,585	14,394,247	97,007,048
Water	10,810,456	311,330,593	54,348,280	376,489,329
ICT	13,342,391	25,852,320	0[2]	39,194,711
Legal	27,580,074	0	17,823,620	45,403,694
Sports	42,636,774	14,462,517	12,673,755	69,773,046
Governance	200,479,864	6,719,013	184,470,540	391,669,417
Sub total	726,657,269	1,647,360,934	1,586,803,946	3,960,822,149
County Assembly	603,706,532[3]	145,510,231		749,216,763
TOTALS				4,710,038,912

Figure 1: summary of total expenditures by county executive departments (KShs.)

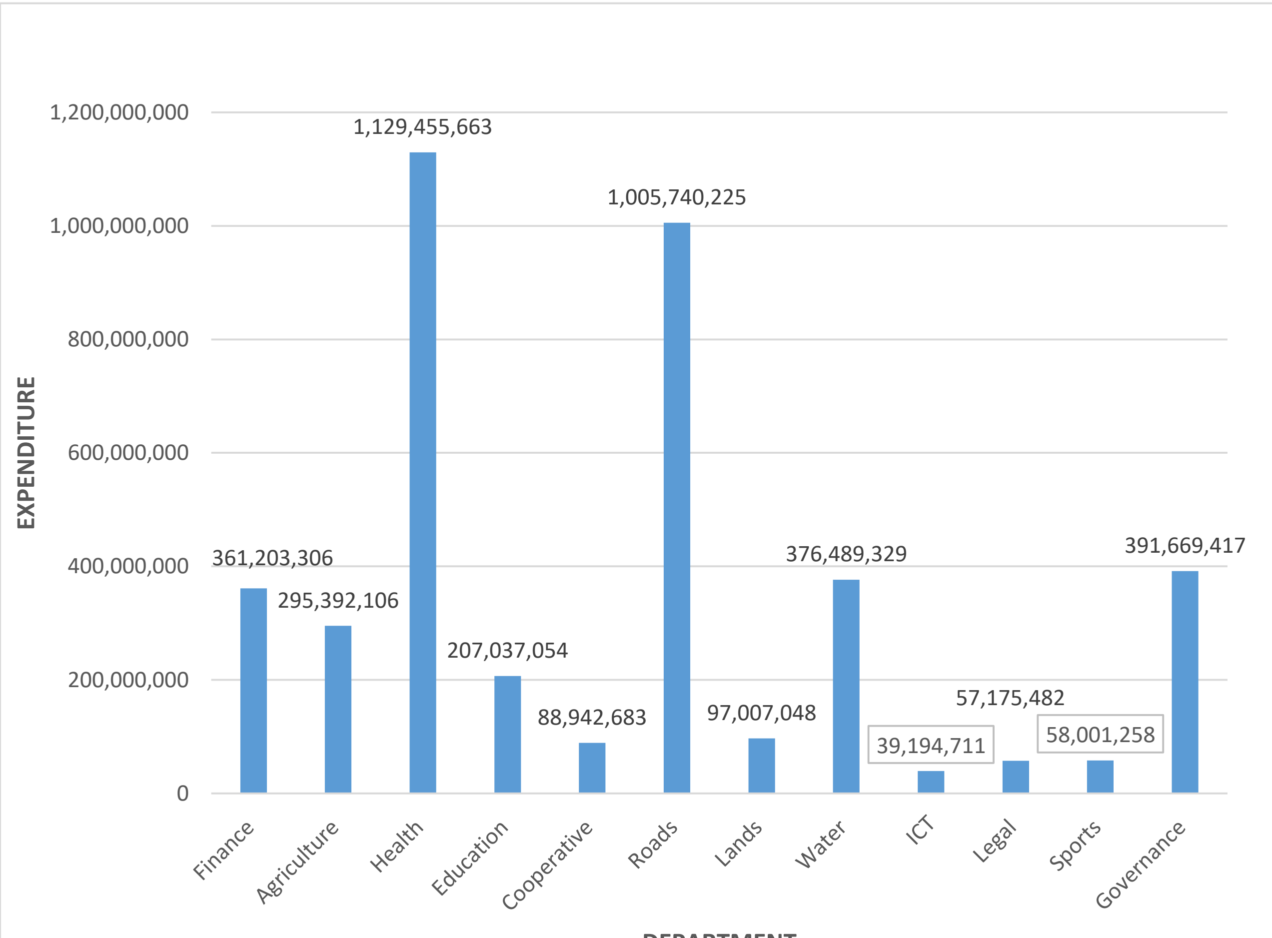

Table 8: summary of county funds, departmental expenditures and county assembly expenditures

The table below shows the county expenditure for all the departments, the county assembly and payments & transfers done. These were KShs. 3,960,822,149, KShs. 749,216,763 and KShs. 384,859,722 respectively. Unrealized revenue and unspent balances are also reconciled with the 2016/17 budget.

Table 8: other transfers & payments

OTHER TRANSFERS & PAYMENTS	
Bursary fund	87,810,000
Mortgage fund	40,000,000
Pension and retirement benefits	90,563,589
Emergency fund	20,000,000
Hospital transfers	146,486,133
Sub totals	384,859,722
Expenditure by departments	3,960,822,149
County Assembly	749,216,763
Un surrendered imprest at 30th June 2016 b/f	24,815,739
Total Expenditure	5,119,714,373
Unrealised revenue (including Leasing of medical equipment)	231,155,636
Unspent balances (including un surrendered imprest at 30th June 2017)	317,253,638
Grand total	5,668,123,647

1.4 Fiscal Performance in relation to Fiscal Responsibility Principles

Section 107 of the PFM Act, 2012 and regulation 25 of the PFM (County governments) Regulations, 2015 sets out the fiscal responsibility principles which the county governments have to observe. These include the following:

I. County government's expenditure on wages and benefits for its public officers shall not exceed thirty five (35) percent of the county government's total revenue;

II. The county public debt shall never exceed twenty percent of the county governments total revenue at any one time;

III. The approved expenditures of a county assembly shall not exceed seven per cent of the total revenues of the county government or twice the personnel emoluments of that county assembly, whichever is lower;

IV. The county government actual expenditure on development shall be at least thirty percent

An analysis of the County's adherence to the fiscal responsibility principles for the period under review is as follows:

Table 9: analysis of the county's adherence to the fiscal responsibility principles for the period ending 30th June 2017

Indicator		Budgeted (KShs.)	Ratio (%) in relation to total budget	Actual (KShs.)	Ratio (%) in relation to total expenditure
County expenditure	Recurrent	3,722,627,905	65.7%	3,326,843,207	65%
	Development	1,945,495,741	34.3%	1,792,871,166	35%
	Total	5,668,123,646		5,119,714,373	
Expenditure on wages & benefits		1,605,788,286	28.3%	1,586,803,946	30.99%
Expenditure by County Assembly	Recurrent	603,706,532	10.65%	603,706,532	11.78%
	Development	206,793,913	3.6%	145,510,231	2.84%
	Total	810,500,445	14.3 %	749,216,763	14.6%
County Debt financing		-		-	-

Expenditure on wages and benefits

The county's expenditure on wages and benefits accounted for 28.3% of the total budget and 30.6% of the county's actual expenditure in 2016/17 FY. The county was therefore in line with the set limit of 35 % of the county budget.

Public debt

The County's budget was financed by own revenue. The county did not therefore consider debt financing through internal or external borrowing to finance the FY 2016/17 budget.

Approved expenditures for County Assembly

The County Assembly approved expenditure of KShs. 810,500,445 accounted for 14.3 % of the county's total budget. The approved ceiling for recurrent expenditure was KShs. 603,706,532 representing 10.6% of the county's total budget.

Development expenditure

The approved development expenditures for 2016/17 FY was KShs. 1,945,495,741 representing 34.4 % of the county total budget. Further the actual expenditure on development accounted for 35% of the County's total expenditure in 2016/17.

From the analysis above, all indications are that the county has to a very large extent adhered to the fiscal responsibility principles as stipulated in the PFM Act 2012.

CHAPTER TWO

ECONOMIC AND FINANCIAL FORECAST FOR 2018/2019FY AND THE MEDIUM TERM

2.1 Macroeconomic Outlook and Policies

2.1.1 National Outlook

Kenya's economy remained resilient in 2017 despite adverse weather conditions for majority of the year, a prolonged electioneering period as well as subdued credit growth to the private sector which combined to weaken growth in the first half of the year. Economic growth for 2017 is estimated at 4.8 percent from 5.8 percent in 2016. On the positive side, growth in 2017 was supported by the ongoing public infrastructure investments, improved weather towards end of 2017, recovery in the tourism sector and a stable macroeconomic environment.

The overall month inflation declined to 4.5 percent in December 2017 from 6.4 percent in December 2016 due to the fall in the prices of potatoes, kales, oranges and mangoes mainly attributed to favorable climatic conditions at end of 2017 and Government measures on prices of maize, powdered milk and sugar. The inflation of 4.5 percent in December 2017 was within Government's target range.

The foreign exchange market has remained relatively stable supported by resilient tea and horticultural exports, strong diaspora remittances, and a continued recovery in tourism. The 12-month current account deficit stabilized at 7.0 percent of GDP in November and September 2017 and is expected to narrow to below 6.5 percent by December 2017 as the bulk of SGR-related imports are completed, while favorable weather conditions is expected to support food production and agricultural exports.

Over the medium term, growth is projected to increase by more than 7.0 percent due to investments in strategic areas under "The Big Four" Plan, namely: increasing the share of manufacturing sector to GDP; ensuring all citizens enjoy food security and improved nutrition by 2022; expanding universal health coverage; and delivering at least five hundred thousand (500,000) affordable housing units. These efforts will support the business environment, create jobs and ultimately promote broad based inclusive growth.

Kenya is ranked favorably in the ease of doing business and as a top investment destination. In 2017, the World Bank's Doing Business Report, ranked Kenya third in Africa in the ease of doing business after Rwanda and Mauritius, as the country moved up 12 places to position 80. Further, in September 2017, Standard and Poor Global Ratings affirmed its 'B+/B' long- and short-term foreign and local currency sovereign credit ratings on Kenya, with a stable outlook.

2.1.2 Recent Economic Developments and Outlook

Global and Regional Economic Developments

The pickup in global activity that started in 2016 gathered pace in the first half of 2017 supported by notable improvements in investment, trade, and industrial production, coupled with strengthening business and consumer confidence. Global growth is projected to increase to 3.8 percent in 2018 from 3.6 percent in 2017 and 3.2 percent in 2016 primarily driven by improving domestic demand in advanced economies and China and improved performance in other emerging market economies.

Growth is expected to slow down to 2.0 percent in 2018 from 2.2 percent in 2017 mainly reflecting a slowdown in Japan and the euro area. Among emerging market and developing economies, higher domestic demand in China and continued recovery in key emerging market economies supported growth in the first half of 2017. Growth in emerging and developing economies is projected to increase from 4.3 percent in 2016 to 4.6 percent in 2017 and 4.9 percent in 2018. The projected growth is driven primarily by the strengthening of growth in commodity exporters; a gradual increase in India's growth rate and a lower but still high trend growth rate in China.

The broad-based slowdown in sub-Saharan Africa is easing and growth is expected to improve from 1.4 percent in 2016 to 2.6 percent in 2017 and further to 3.4 percent in 2018, partly supported by a recovery in growth of larger commodity exporters such as Nigeria and South Africa. In addition, the easing of drought conditions in the Eastern and Southern Africa have contributed to the positive outlook. However, downside risks have increased following policy uncertainties and delays in the implementation of policy adjustments in Nigeria and South Africa. Many of the faster growing economies in sub Saharan African economies continue to be driven by public spending, with debt levels and debt service costs rising.

In the East African Community (EAC) region, economic growth is estimated to stabilize at 5.4 percent in 2016 and 2017, a slowdown from a 6.1 percent growth in 2015. The prolonged effect of drought experienced in 2016 and continued in 2017, dampened agricultural output and GDP growth in Uganda, Tanzania and Rwanda. In addition, there was a slowdown in credit growth across countries in the region, which further dampened the growth. Further, insecurity and political tensions continued to constrain economic activities in countries such as Burundi, Somalia, and South Sudan. In 2018, economic growth is projected to increase to 5.9 percent supported by a stable macroeconomic environment, ongoing infrastructure investments, and strong private consumption.

Domestic economic Development

Uncertainty associated with elections coupled with the effects of adverse weather conditions slowed down the performance of the economy in 2017. As a result, the economy is estimated to grow by 4.8 percent in 2017, which is a slowdown from the estimated growth of 5.1 percent in the 2017 Budget Review and Outlook Paper (BROP).

Growth of the Kenyan economy remained resilient, broad based and registered strong performance in the past 5 years supported by strong public and private sector investment and appropriate economic and financial policies.

In 2017, the economy grew by 4.4 percent in Quarter 3, 5.0 percent in Quarter 2, and 4.7 percent in Quarter 1, largely supported by robust activities in the service sectors particularly; accommodation and restaurant; real estate and information and communication. The growth was somewhat constrained by subdued performances in agriculture forestry and fishing, manufacturing, electricity and financial intermediation sectors.

Services remain the main source of growth, the sector grew from 5.0 percent in 2012 to 6.8 percent in 2016 supported by favorable performance of ICT, real estate, wholesale and Retail Trade, Transport and Storage and Accommodation and Restaurants. Accommodation and restaurants has been the fastest growing sector. It grew from 3.1 percent in 2012 to 13.3 percent in 2016 supported by the improved security situation that led to removal of travel alerts from major tourist originating countries.

The growth of the financial and insurance sector slowed down to 6.9 percent in 2016 and is estimated at 3.2 percent in 2017 partly due low domestic credit to the private sector and a decline in the growth of interest income.

Inflation Rate

Inflation rate has been low, stable and within the Government target range of 5+/-2.5 percent in the period 2013 to 2017 as a result of prudent monetary and fiscal policies. Inflation averaged 6.7 percent in the period (2013-2017) compared with 7.4 percent in the period (2002-2007), 10.6 percent in the period (2008-2012).Inflation during the period 2008 to 2012 was highly volatile following a steep depreciation of the Kenya shilling exchange rate and policy responses.

However, inflation increased to above target in the first half of 2017 due to drought that affected food prices. Inflationary pressures started to ease in the second half of 2017 as the weather situation improved and earlier measures taken by the Government to address the food shortages took effect. These measures included: allowing duty free imports of major food items (maize, wheat, sugar, and milk) and introducing a temporary subsidy on maize meal prices. As a result, overall month on month inflation was 4.5 percent in December 2017 from 6.4 percent in December 2016, and was within the Government's target range.

Kenya shillings Exchange Rate

The Kenya Shilling exchange rate remained broadly stable against major international currencies. As at December 2017, the shilling exchange rate against the Dollar was at KShs. 103.1 from KShs. 102.1 in December 2016. Against the Euro and the Sterling pound, the Shilling weakened to KShs. 122.0 and KShs. 138.2 in December 2017 from KShs. 107.7 and KShs. 127.7 in December 2016, respectively.

Fiscal Performance

Implementation of the FY 2017/18 budget is on course although performance is lagging behind targets. In the first five months of the year, revenues collection have consistently lagged behind targets due to the under performance of the main revenue tax heads. On the other hand, there has been elevated expenditures pressures as a result of the adverse spillover effects of the prolonged drought, the repeat of the Presidential Election and salary awards for Universities Staff and Nurses.

By end November 2017, the total cumulative revenues including A-I-A collected amounted to KShs. 558.4 billion against a target of KShs. 611.0 billion. The recorded shortfall of KShs. 52.6 billion was as a result of an under performance of the ordinary revenues by KShs. 29.7 billion and the ministerial A-I-A by KShs. 22.9 billion. The shortfall in ordinary revenue was on account of underperformance in all the broad categories of ordinary revenues except import duty.

Total expenditures and net lending amounted to KShs. 720.2 billion against a target of KShs. 824.2 billion falling below target by KShs. 104.0 billion at the end of November 2017. The shortfall was as a result of lower than projected disbursements to County Governments due to the delayed enactment of the County Revenue Allocation Act as well as below target absorption of development expenditures despite the faster spending in the recurrent expenditures by the National Government. Recurrent expenditure amounted to KShs. 510.2 billion against a target of KShs. 494.8 billion, representing above target spending of KShs. 15.4 billion. The faster-spending was mainly recorded in operations and maintenance which accounted for KShs. 35.6 billion and higher than programmed domestic interest payments of KShs. 12.0 billion.

The combined effect of the revenue and expenditure performance at end of November 2017, resulted to an overall fiscal deficit (excluding grants), of KShs. 161.8 billion (equivalent to 1.8

percent of GDP) against a targeted deficit of KShs. 213.3 billion (equivalent to 2.4 percent of GDP). Including grants, the fiscal balance recorded a deficit of KShs. 164.0 billion against a targeted deficit of KShs. 193.1 billion. This deficit was financed through net foreign borrowing amounting to KShs. 49.6 billion and net domestic financing amounting to KShs. 114.4 billion.

The FY 2017/18 budget has been reviewed to reflect revenue performance by end November 2017 and to take into account expenditure rationalization necessitated by the accommodation of the emerging priorities and salary and election related expenditure pressures. In the revised fiscal framework revenues are projected at KShs. 1,643.1 billion or 18.9 percent of GDP from KShs. 1,704.5 billion or 20.6 percent of GDP. Total expenditures and net lending are projected at KShs. 2,323.2 billion or 26.8 percent of GDP. The deficit, inclusive of grants, is therefore projected at KShs. 620.8 billion (equivalent to 7.2 percent of GDP). Borrowing from the domestic market is projected at KShs. 293.8 billion and external borrowing at KShs. . 323.2 billion. The overall impact of these developments is reflected in.

Fiscal policy

The fiscal policy stance over the medium term aims at supporting rapid and inclusive economic growth, ensuring a sustainable debt position and at the same time supporting the devolved system of Government for effective delivery of services. The fiscal policy also indicates our deliberate convergence path towards the East African Community Monetary Union Protocol's fiscal targets. That is, the EAC targets of a fiscal deficit ceiling including grants of 3 percent of GDP and excluding grants 6 percent of GDP.

The fiscal policy underpinning the FY 2018/19 budget and MTEF will sustain the revenue projections in line with recent mobilization trends in order to maintain fiscal predictability. Revenue is projected to increase from 18.3 percent of GDP in FY 2016/17 to 19.2 percent of GDP in FY 2020/21.

In an effort to boost domestic revenue mobilization, the Government is going to undertake a combination of policy and administrative reforms to booster revenue yields going forward. These efforts will reverse the revenue losses experienced in the recent past where ordinary revenues have declined about 1.6 percent of GDP from 18.1 percent in FY 2013/14 to 17.1 percent in FY 2016/17. In the medium term, ordinary revenues is projected to increase to 17.7 percent of GDP in FY 2021/22 from 17.1 percent of GDP in FY 2016/17. The additional resources are expected to support the fiscal consolidation program and bring the fiscal deficit down to 3.0 percent of GDP by FY 2021/22 from the projected 7.2 percent of GDP in FY 2017/18. Some of the reforms to be undertaken include:

i. Roll out of the Integrated Customs Management System (ICMS) to sealing loop holes at the Customs to prevent concealment, undervaluation, mis-declarations and falsifications of import documents;

ii. Implementation of the Regional Electronic Cargo Tracking (RECTS) to tackle transit diversion;
iii. Enhance scanning activities to detect concealment;
iv. Scaling-up on-going and routine activities such as Pre-Verification of Conformity (PVOC), benchmarking and auctions
v. Data matching and use of third party data to enhance compliance by integration of i-Tax with IFMIS ;
vi. Expansion of tax base by targeting informal sector, betting lotteries and Gaming, pursue non-filers and increase focus on taxation of international transactions and transfer pricing; and
vii. Enhance investigations, intelligence capacity and KRA capacity to support revenue collection.

Total expenditures and net lending is projected to decline from 26.8 percent of GDP in FY 2017/18 to 25.4 percent of GDP in FY 2018/19 and below 23.0 percent of GDP over the medium term. This takes into account the Government's efforts to increase the efficiency, effectiveness, transparency, and accountability of public spending, in order to ensure that there is sufficient fiscal space for priority social and investment projects

The overall fiscal deficit inclusive of grants is therefore projected to decline from 8.9 percent of GDP in FY 2016/17 to 7.2 percent of GDP in FY 2017/18, 6.0 percent in FY 2018/19 and further to 3.0 percent of GDP by FY 2021/22. Excluding expenditures related to SGR, the deficit declines from 7.5 percent of GDP in FY 2016/17 to 6.5 percent of GDP in FY 2017/18 and 2.5 of GDP by FY 2021/22. The lower deficit reflects the projected completion of key infrastructural projects being implemented by the Government, enhanced revenue collection and prudent public spending.

This consolidation process significantly aids the Governments efforts towards attaining the EAC convergence criterion targeting a ceiling on fiscal deficit of 3.0 percent of GDP inclusive of grants. Embedded in this policy is the aim to continue containing the growth of recurrent expenditures in favor of capital investment so as to promote sustainable and inclusive growth.

Economic Outlook

Kenya's economic growth prospects for the FY 2018/19 and over the medium term takes into account the global and Sub-Saharan Africa growth recovery. The growth projection takes into account the strategic objectives of the Government as outlined in the third MTP of Vision 2030. Real GDP is projected to expand by 5.3 percent in FY 2017/2018, 5.9 percent in FY 2018/2019, 6.3 percent in FY 2019/2020 and 6.8 percent by FY 2020/21. This growth will be supported by sustained investment in infrastructure, strong agricultural production due to improved weather conditions, buoyant services sector, continued recovery in tourism, increased investor and consumer confidence, and macroeconomic stability.

The outlook, therefore points to a continued coordination of monetary and fiscal policies for overall macroeconomic stability which will support robust growth, lower fiscal deficits, contain inflation within the target range and a gradual improvement in the current account balance.

Measures being undertaken by the Government under "The Big Four" Plan are to boost manufacturing sector; enhance food security and nutrition; create affordable housing; and achieve Universal Health Coverage are expected to boost growth, create jobs and ultimately promote inclusive growth.

Risks to the Economic Outlook

Risks from the global economies relates to uncertainties in the global financial markets particularly with regard to the U.S. economic and trade policies, normalization of monetary policy in the advanced economies and the Brexit outcome. The recent geopolitical tensions building around production and use of nuclear weapons are likely to weigh down global growth with negative impact on trade and financial flows.

Domestically, the economy is exposed to risks including any occurrence of adverse weather conditions and public expenditure pressures especially recurrent expenditures.

The Government will monitor the above risks and take appropriate measures to safeguard macroeconomic stability.

2.2 County Outlook

The major economic activities in the County include farming, quarrying and trade. Agriculture is the backbone of Nyandarua's economy due to the fertile soils and favorable climate. It is considered the food basket of Kenya because of its high production of potatoes, cabbages, carrots, peas and milk that are sold in Nairobi and most other towns in the Country. Due to the high Country's growth and trade prospects, the County can leverage on the anticipations associated with this especially in the agricultural sector as the County is one of the leading agricultural producers nationally.

Improvement of infrastructure within the County, in conjunction with the National Government will enable other productive sectors to thrive. Investment in energy sector will help in the creation of employment in the informal sector e.g. the last mile project will assist the youth to establish small business such as welding. The construction of major roads cutting across the County will ease movement and transportation of goods and services; this will open up the County for trade and development.

Under the Kenya Devolution Support Program, Nyandarua County is set to receive 40 Million for capacity building initiative in public Finance Management, Human Resources

Management; Performance Management; Civic Education and Public participation; Investment Management; Environmental Management and social safeguarding. A second grant of KShs. 250 M is to be provided to support implementation of County Integrated Development Plan. Through the Kenya Accountable Development Program, the World Bank will also assist Nyandarua in budget preparation with a focus on public participation. Talks have been held with the United States Embassy and United States Agency for International Development (USAID) towards possible scholarships in the United States.

The Embassy of Ireland has committed 2M Euros to be invested in a three year pilot program that supports 3000 small holder famers in Nyandarua through training and facilitation of certified seeds. The Embassy will facilitate travel for a County team for a learning visit to Ireland. His Excellency President Uhuru Kenyatta has already committed to set up a potato processing plant in Nyandarua.

The County Government will continue with the improvement of market infrastructure through construction of new markets at county border points and lighting up the towns which will enhance the growth of SMEs. Street lighting and installation of flood lights will go a long way towards enhancing security and prolong business hours. Construction of new market sheds will enhance business opportunities and also provide a safe and hygienic business premises to the traders. Traders in such market sheds also contribute towards enhanced revenue collection.

The performance of the agricultural sector is highly dependent on the level of technology in use at any given time. With extensive adoption of technology in this sector in form of mechanized farming systems, early warning systems and its commercialization, the county economy is bound to flourish. The livestock subsector is expected to improve from the benefits emanating from the subsidized Artificial Insemination programme.

The fisheries sector is due to receive financial boost from the National Government and this will help in creating business opportunities for the youth. The National Government will establish fisheries in Nyandarua County, as part of KShs. 14 Billion fund to be invested in aqua culture across 14 pilot Counties. Fish production will also help in boosting nutritive value for local communities who are known to depend on starchy foods such as maize and potatoes. Also exploration of other commercial crops such as sugar beets and the introduction of Bamboo farming will help raise the farmer’s revenue.

The dairy sector will get a boost as more milk processing factories will be established within the County. This will help towards the creation of a ready market for milk and hence uplift livelihoods of the many farmers who are engaged in dairy farming but lack market for their produce. The introduction of processing factories for livestock feed will help by lowering the production cost to the famers. The County Government intends to facilitate the establishment of value addition factories; this will boost income of local farmers' commodities.

The European Union has pledged 1M Euros for potato seed multiplication, while the German Technical Corporation and Danish Development Agency have offered support for dairy production and value addition. Toyota Tsusho has pledged to provide fertilizer and technical support for sugar beet trials; while the Export Processing Zone will help the County develop industrial parks, initially targeting pyrethrum. With the Japan International Cooperation Agency (JICA), discussions have been held towards support for polytechnics and skills development for youth and related projects to unlock the potential of Nyandarua. Nyandarua will also benefit from the Toyota Kenya Academy on Agricultural Machinery where youth are recruited for apprenticeships. JICA will pursue the possibility of availing training opportunities to Nyandarua County Officials once consultations have been made with the Directorate of Personnel Services Management (DPSM) on how to direct training opportunities to Counties on public administration and security.

With the Embassy of Turkey, support has been agreed for scholarships, disaster risk management in Ol Kalou, construction of cold storage and apiculture project for women and youth.

Locally, the Kenya Investment Authority will support will support Nyandarua County's first investor's conference in March, 2018 by packaging investment opportunities for Nyandarua and inviting investors to the conference. This will be a great opportunity to market Nyandarua County; the County has already provided a land bank for investors willing to establish manufacturing plants in Nyandarua. Agreement had been made with Ewaso Ng'iro North Development Authority for partnership that includes the establishment in 2018 of a multi-functional construction unit in Nyandarua County for drilling of boreholes, dams and road construction. The unit will be equipped with self-casing drilling machines, earthmoving equipment, and test pumping units, two tractors and brick making machinery.

The United Kingdom's High Commission in Kenya and the Department for International Development (DFiD) will facilitate the convening of a breakfast meeting with UK investors to meet the County Government of Nyandarua to explore possible investment opportunities. They are also considering support to the Governors Service Delivery Unit and packaging of investment opportunities for the County.

In education sector, a committee of prominent scholars from Nyandarua was commissioned to revive educational standards in the County. Also a team has been unveiled to spearhead efforts to ensure that the first intake for the proposed university of Nyandarua is done in May, 2018 at its founding campus in the Agricultural Training Centre, Ol'Jororok Sub County. The University of Nairobi and the County Government have agreed to set up the University, whose main campus in Kapten, Ol'Kalou Sub County, will concurrently be built within two years.

The National Housing Corporation (NHC) will upgrade the design and start construction of houses in OlKalou town that will be completed in 18 Months. NHC will also introduce low cost housing technology in the County. Ol'Kalou town is set to acquire special municipal status in a partnership between the County Government and the World Bank (given an initial 40M already approved by World Bank) and also a committee whose mandate is to oversee the facelift of administrative hub has been commissioned.

Tourism prospects are expected to grow especially due to the increased investment in tourism promotion by the County Government. The County Government intends to continue providing a favourable environment for the tourism sector to prosper. The re-possession of colonial houses along the Aberdare ranges will boost tourism as many visitors will be coming to see the former happy valley sceneries. Additionally, the gazettement of the former MauMau caves in the Aberdare ranges (which have now been put under the National Museums of Kenya) will attract local and international tourists. The gazettement of Lake Ol bolost will boost tourism as the County Government will now be able to develop the Lake ecosystem. Also the planned development of cable cars along the Aberdare Ranges will boost tourism. The cable cars will exploit tourism activities such as site seeing and leisure activities such as sliding along the slopes of the Aberdare Ranges from Geta up to Lake Ol bolost.

On Health sector the County Government intends to revamp all the health facilities in terms of infrastructure, provision of equipment and trained personnel. In health, commitments have been made towards upgrading of JM Kariuki to level 6 and its development into a referral hospital; four sub county hospitals to level 5; hospitals in six new sub counties to level 4 and Magumu hospital to level 5 as well as its development into a trauma treatment centre is all in course.

On security sector, the state department of interior and coordination of National Government has offered to deploy administration police officers to areas identified by the County Government as suitable for establishing camps to secure people and property.

2.3 Financial forecast for 2018/19 FY and the medium term

2.3.1Revenue Projections

The 2018/19-2020/21 Medium Term Expenditure Framework is founded on a stable national macroeconomic environment and improving fiscal forecast of the County Government. Total Projected revenues for the County in the 2018/2019 FY are estimated to be KShs. 5,734,834,900 from KShs. 6,088,543,248 in 2017/18FY. The 2017/18 revenue is higher due to the inclusion of balance brought forward from the previous year (2016/17) of KShs. 315,702,890.

The 2018/19 County revenues have a drastic variation in the following streams:
OSR: the own source revenue for the county will increase from KShs. 371million in 2017/18 FY to KShs. 390 million 2018/19 FYs from the General revenue streams. This represents an increase of KShs. 19M representing a growth in local collection. Linda Mama programme which targets NHIF reimbursements for deliveries of babies in health facilities is expected to bring in KShs. 30Million.

National transfers: some of the national transfers were added, others reduced, and others were constant while others were not provided for as shown:

a) Additional National transfers
    i. Leasing of medical equipment by KShs. 34,042,553.

b) Reduced National transfers
    ii. Road levy maintenance fund by KShs. 53,713,698.
    iii. Rehabilitation of village polytechnics by KShs. 7,741,357.

c) Constant national transfers
    iv. User fee foregone - KShs. 12,735,922
    v. Supplement for construction of county headquarters KShs. -121, 000,000.

d) Not provided for in national transfers
    vi. grant for free maternal health care,
    vii. world bank grant for KDSP,
    viii. European Union grant for potato tissue culture lab,
    ix. World Bank loan for transforming health systems and DANIDA.

Balance brought forward: The balance brought forward to 2017/18 amounted to KShs. 315,702,890. The County expects to expend all its allocations in the current FY implying zero (0) balances carried forward to 2018/19.

2.3.2 Expenditure Forecasts

In the medium term, the county Government is committed to reducing the recurrent expenditures and devotion of more funds to development. Reforms in the expenditure management and revenue administration will be implemented to increase efficiency, reduce wastage and increase revenues hence create fiscal space for spending on development programmes within the budget. Some of the measures that the county government has put in place to ensure that the recurrent expenditures do not blow up include: reduction of non-essential expenditure, strengthening of audit, restructuring of departments and supply's branch for acquisition.

Compensation to employees comprising of salaries and wages, pension, gratuity and medical cover for both County Executive and County Assembly is at 37.3% in the 2017/18 FY. In the medium term the County will strive to bring down in line with the PFM Regulations to 35 percent of the total budget.

Overall development expenditures ceilings are projected to be KShs. 2,007,192,215 in FY 2018/2019 of which KShs. 121 million will be in form of a conditional grant from National Government to help set up County headquarters.

Monitoring and evaluation of the expenditures in the medium term will be strengthened by the County Treasury to ensure that fiscal responsibilities will be enhanced in the medium term. Provision of quality and timely financial reports will be done regularly to entrench value for money to the County residents and ultimately adhere to the fiscal responsibilities as provided in the Public Finance management Act, 2012.

Table 10: Financial forecast for FY 2018/19 and the medium term (kshs.)

REVENUE					
	Approved 2017/18	Estimated 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22
Equitable share	4,771,600,000	4,882,665,467	5,175,625,395	5,486,162,919	5,815,332,694
Local Collections	371,000,000	390,000,000	409,000,000	429,000,000	451,000,000
Linda mama	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
CONDITIONAL GRANTS					
Grant for free maternal health care	0				
World bank grant for KDSP	40,222,996				
E U grant for potato tissue culture lab	66,000,000				

World bank loan for transforming health systems	22,000,000				
Donor fund(DANIDA)	12,435,427	-	-	-	-
Road maintenance levy fund	183,511,039	129,797,341	129,797,341	129,797,341	129,797,341
User fees foregone	12,735,922	12,735,922	12,735,922	12,735,922	12,735,922
Rehabilitation of village polytechnics	46,590,293	38,848,936	38,848,936	38,848,936	38,848,936
supplement for construction of county headquarters	121,000,000	121,000,000	121,000,000	0	0
Leasing of medical equipment	95,744,681	129,787,234	129,787,234	129,787,234	129,787,234
Balance B/F	315,702,890	0	0	0	0
TOTAL	6,088,543,248	5,734,834,900	6,046,794,828	6,256,332,352	6,607,502,127
EXPENDITURE					
Recurrent (65%)	3,926,783,394	3,727,642,685	3,930,416,638	4,066,616,029	4,294,876,383
Development (35%)	2,161,759,854	2,007,192,215	2,116,378,190	2,189,716,323	2,312,625,744
TOTAL	6,088,543,248	5,734,834,900	6,046,794,828	6,256,332,352	6,607,502,127
Surplus (unspent balances)	0	0	0	0	0

Source: Nyandarua county treasury

In the medium term the county aims at maintaining a balanced budget where the anticipated revenues will match expenditures. This is in spite of the many development needs required to uplift the living standards of the county citizens. The county will embark on other avenues of increasing resource envelop in the medium term.

CHAPTER THREE

SECTORAL PRIORITIES AND RESOURCE ALLOCATION IN THE MEDIUM TERM

3.0 Overview

The County Government shall focus on employment creation and poverty reduction as a guide to resource allocation in the medium term. Consequently, the 2018/19 FY MTEF budget will focus on interventions to guide transformation of the County, with the Constitutional & other legal provisions providing the support. The county planning framework will endeavor to allocate resources to all the sectors equitably.3.1 Social Economic Transformative Pillars in Medium Term.

In strengthening the linkage between planning, budgeting and implementation, the Medium term Budget framework for the period 2018/19-2020/21 will sustain allocation of resources to core programmes and sub programmes identified in the County Integrated Development Plan (2018- 2022). Considerations will be made to ensure that the adopted fiscal strategies are prioritised in funding to ensure inclusive social economic growth and development of the County.

3.1 Presidential "Big four point" Agenda and sectoral pillars

Through the County Annual Development Plan (ADP) 2018/19, all the County sectors have clearly identified the priority areas with their estimated resource requirements .The sectoral priorities are in line with Constitution of Kenya (devolved functions), Vision 2030, third national Medium Term Plan (MTP III) 2018-2022, and Nyandarua CIDP 2018-2022, SDGs, Jubilee manifestos and the presidential big four point agenda. The four point agenda include:

i) Supporting value addition and raising the share of manufacturing sector to GDP TO 15% BY 2022,

ii) Enhancing food and nutrition security to all Kenyans by 2022,

iii) Providing universal health coverage to guarantee quality and affordable health care to all Kenyans,

iv) Provision of affordable and decent housing for all Kenyans.

In line with CIDP2, six pillars (also in line with Governor's manifesto) will be used to anchor the development priorities. They include:

Pillar One: Good Governance

i) Transformative strategies;

ii) Development of a policy framework;

iii) Creation of synergy on allocated funds to the County;

iv) Creation of a Leadership Caucuses;

v) Capacity building.

Pillar Two: Social Sector Development

i) Globally competitive education and learning;

ii) Accessible health service that is preventive, curative, responsive, efficient, and affordable;

iii) A vibrant cultural identity associated with hard work, optimism, productivity, and functional families;

iv) Provide a safe and secure environment for people, property and natural resources.

Pillar Three: Infrastructure Development

i) To implement the Integrated Water Resource Management Plan;

ii) To ensure an efficient transportation system including road, railways and air;

iii) To ensure access to affordable, reliable and quality energy for both domestic and industrial use;

iv) To achieve fast, reliable, efficient, affordable and 100% availability of ICT network;

v) To place Nyandarua County on the World Sporting map by active participation in the global sporting community;

vi) To open up Nyandarua County as the preferred tourist destination in Kenya;

vii) To achieve a sustainable development that espouses management and conservation of natural resources.

Pillar Four: Financial and Trade Services

i) To attain stable personal and county incomes;

ii) Financial literacy and entrepreneurship development programs;

iii) Establish Talent Academy and Centres of Excellence;

iv) Mapping of Banks and Financial Service Providers;

v) Establish a new County Men's and Youth Enterprise Funds;

vi) Leverage on Youth, Women, Disabled, and Uwezo Funds

Pillar Five: Agricultural Development

i) Re-establish agriculture as the dominant component of the Nyandarua County Economy;

ii) Establish benchmarked quality control, weights and measures to standardize packaging of local agricultural products;

iii) Use contracted farming with guaranteed markets;

iv) Invest in value addition and agro industries;

v) Enhance access to farm inputs and subsidized services;

vi) Establish irrigation systems in the high productive dry lowlands to reduce dependence on rain-fed agriculture.

Pillar Six: Industrialization

i) Achieve industrialization for wealth and job creation;

ii) Encourage Agro-processing and value addition;

iii) Establish cottage industries;

iv) Establish a Special Economic Zone (SEZ) and Industrial Parks;

v) Providing Innovation and Incubation services to SME's;

vi) Development of "Jua-Kali"' Associations in the Sub-counties.

County flagships and the "high impact" sectors with the potential to spur the county economy will be given special attention.

3.2 Sectoral priorities in the medium term

3.2.1 Agriculture sector

This sector comprises of the following sub-sectors:

i. Agriculture

ii. Livestock Development

iii. Veterinary services

iv. Fisheries development

Agriculture is the backbone of Nyandarua's economy due to the fertile soils and favourable climate. It is considered the food basket of Kenya because of its high production of potatoes, cabbages, carrots, peas and milk. The sector has been a key economic driver creating over 70% of the available employment opportunities directly & indirectly. The sector has also been a key contributor towards local revenue generation.

In the 2017/18 FY the sector has been allocated KShs. 237,457,665 comprising of KShs. 66M as European Union Grant for constructing tissue culture laboratory for potato seed multiplication. Out of this allocation, KShs. 82,000,665 (34.5%) is recurrent while KShs. 155,457,000 (65.5%) is development expenditure. The priorities for this sector over the medium term will be:

i. Strengthening institutional policy and legal framework;
ii. Strengthening extension services through integrated extension approaches;
iii. Enhance access to quality agricultural inputs;
iv. Promotion of post-harvest handling for reduction of produce losses from Pests and Diseases;
v. Promote Food Security through Monitoring of Crop Situation and Food Balances;
vi. Promote Market Access and Product Development;
vii. Enhance quality and safety of food products both animal and crops;
viii. Promote sustainable land use and environmental conservation;
ix. Promotion of mechanization in agricultural production.

3.2.2 Water, Environment, Tourism and Natural Resources

The sector comprises of the following subsectors;

i. Water resource development;
ii. Environment management;
iii. Tourism &
iv. Natural resources

The sector is one of the big contributor to the County economic output with high potential in generating employment opportunities as well generating revenue.

The priorities for this sector over the medium term will be:

i. To provide adequate and sustainable water supply for domestic, livestock and for industrial purposes by constructing water harvesting storage facilities, rehabilitation of existing water supply infrastructure and developing new water supply infrastructure to cover unserved areas. This will be achieved by mobilizing resources and sensitizing the beneficiaries to own, operate and maintain the water supply infrastructure.

ii. To promote integration of environmental requirements in policies, plan, programmes and projects in all sectors. To advice on, and monitor implementation of environment impact assessments on new projects and audit on ongoing projects and Engaging all stakeholder to manage and conserve the environment, this will be done through integrated service provision, capacity building for key stakeholders, operationalization of county environment committee and collaboration with lead agencies.

iii. To map, develop, market and promote Nyandarua as a preferred tourist destination as well as to promote conservation, sustainable access and use of natural resources

In the 2017/18 FY the sector has been allocated KShs. 279,115,617 which comprises of KShs. 32,735,430 (11.7%) recurrent and KShs. 246,380,187 (88.3%) development.

3.2.3 Finance and Economic Development Sector

The sector comprises of the following subsectors:

i. Economic Development
ii. Local Revenue and Business Development
iii. Supply Chain Management
iv. Internal Audit
v. Public Finance Management

The mandate of the sector is to monitor, evaluate and oversee the management of public finances and economic affairs of the County Government.

The priorities for the sector over the medium term will be:

i. Strengthening all County institutions concerned with financial matters
ii. Enhancing resource mobilization both local and external.
iii. Strengthening County economic development
iv. Preparation of the County plans
v. Managing the County Budgeting process
vi. Undertaking the County procurement process
vii. Mobilisation of the Local Revenue
viii. Tracking of results and risk management through mapping risks and proactive mitigating strategies
ix. Regular audits of County systems
x. Conducting the County's monitoring and evaluation on projects and programs.
xi. Operationalisation of the County statistics unit.
xii. Processing the County's payments requirements.

In the 2017/18 FY the sector has been allocated KShs. 565,239,617 which comprises of KShs. 545,149,617 (96.5%) recurrent (including county funds) and KShs. 20,090,000 (3.5%) development (trade fund).

3.2.4 Office of the Governor

This department comprises of the Office of the governor, office of the deputy governor the service delivery unit and the directorate of the Governor Press service

The priorities for the sector over the medium term will be:

i. Performing such State functions within the county as the President may from time to time assign on the basis of mutual consultations.

ii. Representing the county in national and international fora and events.

iii. Submitting the county plans and policies to the county assembly for approval.

iv. Considering, approving and assenting to bills passed by the county assembly.

v. Submitting to the county assembly an annual report on the implementation status of the county policies and plans.

vi. Delivering annual state of the county address.

vii. Promoting investments.

viii. Promoting intergovernmental relations.

ix. Coordinating civic education and public participation on county matters.

In the 2017/18 FY the department has been allocated KShs. 151, 976,744 which comprises of KShs. 141,976,744 (93.4%) recurrent and KShs. 10,000,000 (6.6%) development.

3.2.5 Public Administration and ICT

The sector comprises of office of the county Secretary, Office of the County Attorney, Communication, ICT, Enforcement and compliance, Public Administration, Human resource and County Public Service board.

The priorities of this sector over the medium term will be:

i. To provide security of county assets and ensure compliance with county Legislation and relevant National Laws.

ii. Coordination of government functions for efficient service delivery

iii. Professional Management of Human Resource in the County for efficient service delivery.

iv. To automate all County services while minimizing the risk exposed to the Systems

v. A Recovery Site to be in place in case of disaster at the County Headquarters

vi. Provide Communication & PR Services

vii. Provide Legal Services

In the 2017/18 FY the sector has been allocated KShs. 45, 424,363 which comprises of KShs. 37,769,870 (83.1%) recurrent and KShs. 7,654,493 (16.9%) development. The office of the county attorney has been allocated KShs. 19,090,000 which comprises of KShs. 16,590,000 (86.9%) recurrent and KShs. 2,500,000 (13.1%) development. The office of the county secretary has been allocated KShs. 18,937,765 which is 100% recurrent.

3.2.6 County Public Service Board

This is a sub-sector under the public administration and ICT sector

The strategic priorities of the sub-sector over the medium term will be:

i) Establishment and abolition of offices;

ii) Appoint persons to hold or act in public offices of the County public service and to confirm appointments;

iii) Disciplinary control;

iv) Monitoring and reporting;

v) Promotion of values and principles;

vi) Human resource Planning, Management and Development

In the 2017/18 FY the sub-sector has been allocated KShs. 10, 468,000 which is 100% recurrent in nature.

3.2.7 Transport, Public Works and Energy

This department is in charge of provision of road infrastructural facilities for sustainable economic growth and development through maintenance of existing road networks and opening up rural areas.

Sub sectors

i. Transport
ii. Public works
iii. Energy

Sector Priorities

i. Accessibility: Grading, gravelling, upgrading to bitumen, drainage works and maintenance of existing roads. Also it includes opening up of new access roads, maintenance and improving road networks to standard, construction of footbridges and drainage works across the county.
ii. Infrastructure: Design, documentation, construction and supervision of structures including county headquarters.
iii. Lighting: Erection of more floodlights and streetlights.
iv. Fire emergency and response management: Procurement of more fire engines, hiring and training of more fire marshals as well as construction of fire stations.

During the financial year 2017/18, the department was allocated KShs. 813,454,230 Million to finance its operations, development being allocated KShs. . 752,694,500 million and recurrent KShs. 60,759,721 million.

3.2.8 Industrialization, Trade and Cooperative

The Department comprises of three sections: Industrialization, Trade and Cooperative.
The departments' aims to promote, coordinate and implement integrated socio economic

Policies and programs for a rapidly industrializing economy through: Promotion and creation of enabling environment to facilitate growth in trade, commerce, enterprise development and Industrialization and to promote good governance and effective management of Cooperative Societies within the County.

Sub sectors

i. Co-operative development
ii. Trade development
iii. Weights & Measures
iv. Industrial and Enterprise development

Sector Priorities

i. To Enable members access services of co-operatives
ii. To promote private sector development through enterprise and entrepreneurship development
iii. To ensure fairness in all trade transactions involving quantities through regular checking of all weights & Measures, equipment.
iv. To improve cottage industries by value addition to local raw materials and increased quality & productivity
v. To promote growth and development of MSEs though market access

The sector was allocated a total of KShs. 90,211,034 million consisting of KShs. 44,855,523 million and KShs. 45, 355,511 million for recurrent and development expenditure respectively.

3.2.9 Youth, Sports and Arts

The department's aspiration to create a cohesive, secure, socially, culturally and economically empowered youth through enhanced access to information, skills and adoption of modern technologies by increasing awareness in existing opportunities on job creation for improved livelihoods while promoting sports and talent development within the county.

It aims is to maximize the full potential of Nyandarua youth through participatory engagements that will safeguard the rights and welfare of all.

This department comprises of Youth affairs, sports and Arts/Theater directorates.

Sector Priorities

i. Strengthen institutional policy and legal framework
ii. Establishment and operationalization of the County Youth Master plan
iii. Enhance access to information on Youth empowerment especially concerning 30% tender opportunities.
iv. Promotion of sports activities through formation of a county league and introduction of other sports activities.
v. Establishment of high altitude training centre
vi. Establishment of sports academies, production studio and theater.

The sector was allocated a total of KShs. 103,045,000 million consisting of KShs. 35,082,351 million and KShs. 67, 962,915 million for recurrent and development expenditure respectively.

3.2.10 Health Services

This sector has three programs Curative and Preventive Health Care and solid waste management and cemeteries which play a key role in the prevention of disease, provision of curative and rehabilitative services as a key pillar in the health transformative agenda. The ultimate goal of the County Government being investing in quality, affordable and accessible (curative, preventive and solid waste management and cemeteries) healthcare services through infrastructural development by upgrading and equipping of County health facilities as well as ensuring continuous supply of drugs and other non-pharmaceuticals.

The department strives to provide quality preventive, promotive and curative health care Services in the County. The department aims at improving the quality and scope of services being provided in its health facilities. This will be achieved through capacity building of health personnel as well as improving infrastructures used in service provision. Adequate health products will be procured for sustenance of provision of health service.

Sector Priorities

This department has its mandate derived from the fourth schedule of the Constitution of Kenya which includes overseeing the following:

i) Health County health facilities and pharmacies;
ii) Ambulance services;
iii) Promotion of primary health care;
iv) Licensing and control of undertakings that sell food to the public;
v) Cemeteries, funeral parlors and crematoria; and
vi) Refuse removal, refuse dumps and solid waste disposal

During the fiscal year 2017/18 the department was allocated KShs. 614,562,615 Million.

3.2.11 Education, Culture and Social Services

The department consists of five programs, Early Childhood Development Education, Youth Training, Alcoholic Drinks Control and Civic Education, Gender and Social Services and Cultural Heritage.
The mandate of the department is the provision of the necessary infrastructure for the institutions of basic education and training to conduct preliminary education, child care facilities, home craft centers and vocational training centers while promoting cultural heritage.

Sector Priorities

i) Education sub-sector: Priorities include addressing the limited staff in the vocational training and ECDE centers, lack of office space in the sub counties for ECDE coordinators, the institutions requiring more qualified teachers, suitable classrooms, sanitation facilities, play equipment, teaching/ learning materials, feeding programme. The subsector also requires a robust curriculum supervision and co-curricular activities programme. The youth polytechnics needs include; engagement of qualified instructors.

ii) Gender, culture and social development: existing cultural assets will be harnessed; libraries established; issues affecting special interest groups in the county such as PWDs, PLWAs, widows/widowers, and drug abusers will be addressed to empower everyone to participate in social economic development. For instance, the county will create job opportunities, and provide special consideration for business licensing and access to credit to PWDs. Alcohol licensing; regulating, controlling and rehabilitating of the addicts will be enhanced. The religious community will be involved in running the county affairs.

Going forward, there is need to allocate funds satisfactorily to ensure that there is efficiency and effectiveness in project implementation. Opening of new centres should be determined by data with the input of the technical team.

i) The Early Childhood Development and Education program aims at construction and renovation ECDE facilities to promote early childhood basic education and training across the county.
ii) The Youth Training program aims at construction and renovation of Youth Polytechnic facilities, to promote vocational training and youth empowerment across the county.
iii) The Alcoholic Drinks control and Civic Education program aims at controlling and rehabilitating of the addicts by renovation of rehabilitation centre at Ndemi.
iv) The Gender and Social Services program aims at promotion of ward community crafts and skills development.
v) The Cultural Heritage program aims at promotion of cultural heritage within the county.

This department was allocated KShs. 220,523,918 in 2017/18.

3.2.12 Land, Housing and Physical Planning

Land being the foundation upon which all economic activities are based its effective Management is paramount for social, economic and political development.

The objectives of the department are to promote, coordinate and implement integrated socio-economic policies and programs in the management of lands, Housing and Physical Planning within Nyandarua County.

Sector/Sub Sector Priorities

i) Survey and mapping; to implement approved plans and enhancement Development control and regulations
ii) Physical planning; to update and enhance availability of geospatial data in a framework for coordinated development as well as enhancing decision making.
iii) Land Administration and Management; to avail land for social amenities, investment and to enhance road connectivity
iv) Housing Development; to bring services strategically closer to the people. Provide all land related services under one roof

The department was allocated KShs. 182,699,464 out of which KShs. 29,803,967 was allocated to finance recurrent operations and KShs. 152,895,497 million was allocated for development activities.

i) The Land use Administration and Management program aims at land acquisition.
ii) The Land Surveying and Mapping aims at survey of squatter villages
iii) The Physical Planning Services aims at preparation of the County Spatial Plan
iv) Housing Development and Management aims at construction of a lands office
v) Urban Development program aims at land scaping, beatification, provision of packing at Olkalau town and construction of drainage and walkways at various towns.

3.3 RESOURCE ALLOCATION CRITERIA

Resources will be allocated based on;

i) Development priorities identified in the sectors from the Governor's Transformative Agenda, the presidential "Big Four point" Agenda, MTP III, sectoral plans, stakeholder's consultative forums, Flagship Projects, and the 80-20 Rule (pareto principal).
ii) Ongoing projects: emphasis will be given to completion of on-going and unfinished projects and in particular infrastructure projects and other projects with high impact on poverty reduction, equity, and job and wealth creation.
iii) Strategic policy interventions: strategic policy interventions will cover the entire county, social equity and environmental conservation. Priority will also be given to key sectors like agriculture, industrialization, infrastructure and youth which are the drivers of the economy and have the potential to unlock it.
iv) Job creation: Specific consideration to job creation based on sound initiatives identified in the CIDP2 will be considered. There is an urgent need to provide avenues for job creation particularly for the youth, women and people living with disability.
v) Rapid Results Initiatives; In fulfilment of the responsibilities given through the Constitution of Kenya, the residents of Nyandarua County brought in place a new County administration which is charged with running the affairs of their Government for the next five years (2017-2022). This administration has strived to identify quick wins aimed at bringing positive change to the County.
vi) Revenue maximization: resources have also been allocated to areas that are felt to aid in boosting of own source revenue.

CHAPTER FOUR

RISKS TO THE COUNTY ECONOMY

The County Government in pursuing its goal of improving the livelihoods of the residents, acknowledges that there are various risks that may hinder fulfilment of its fiscal objectives.
The potential risks associated with implementation of County fiscal policies include:

i) Low national economic performance: this may be due to uncertainties associated with global and national influences such as price of crude oil that affect cost of production, exchange rate fluctuations, high debt levels of funding to the Government among others. All these will eventually have an impact on the performance of the county's economy.
ii) Risks from the global economies relating to uncertainties in the global financial markets particularly with regard to the western economic and trade policies, normalization of monetary policy in the advanced economies and the wobbling East Africa Community.
iii) Environmental factors: Domestically, the economy whose main driver is agriculture is exposed to risks including any occurrence of adverse weather conditions. Occurrences of natural catastrophes such as flooding deviates development resources to climate change effects adaptation and mitigation.
iv) Political factors: Projects prioritization and more so on flagships may lead to conflicts on agreeing where the projects will be allocated.
v) Social factors: High poverty levels leads to high dependency coupled with low productivity and this may hamper service delivery. Population growth continues to outstrip the ability of the economy to provide necessary resources and contributes to high levels of unemployment.
vi) Technology: Failure by the County to fully embrace technology may hinder service delivery and inefficiencies in various fields. This may include revenue collection that has not been fully automated meaning that County revenue is lost through porous borders that cannot be sealed in the absence of systems.
vii) Legal: The constitution of Kenya 2010, the various County Government legislation and County Laws provide the necessary legal framework to support the activities of the department. Non adherence to these laws and regulations which lays foundations and avenues where the government should move along will hamper service delivery and fail to deliver on the promises to the citizens.
viii) Accessibility challenges: this may be due to impassable roads arising from prolonged rainfall. Underdevelopment of infrastructure on marketing, supplies network of basic amenities such water among others may hamper the Government achieve its short term goal.

CHAPTER FIVE

CONCLUSION AND WAY FORWARD

The existence of the Legal frameworks such as the Constitution (2010), Public Finance Management Act (2012), County Government Act among others clearly provides a roadmap on the preparation of the budget review and outlook paper. The framework presented herein lays ground for preparation of the 2018/19 F/Y budget estimates as well as prioritization of sector resource allocation.

As such, the strategy in this CBROP will focus on enhancing maximization of revenue collection, reallocating resources to productive sectors of the economy and leveraging on the national and international development frameworks in place such as the presidential four point agenda.

The County will endeavour to firm up revenue collection to supplement National Government Transfers which continue to be the main source revenue for the County. Systems will be put in place to replace the manual system currently being used. All the County Revenue Streams will be automated and strict enforcement will follow to ensure the County reap optimally from its potential sources.

The strategy further targets to maintain fiscal discipline in all County Government Departments and Agencies for maximum return from public resources in line with the Fiscal Responsibility Principles outlined in the PFM Law. The Government's enabling laws already in place will be followed to ensure conformity with all laid down procedures which will safeguard public resources and ensure they are used prudently.

For effective implementation of the Budget, the capacity for monitoring and evaluation by the spending entities will be enhanced. There will also be need to involve all relevant stakeholders in budget process which is key in enhancing overall Budget implementation and ensure the public contribute to the Final Budget Allocations for the 2018/19FY.

The Government will strategically place itself to counter environmental impacts that may be risky to the plan. This will include accelerating construction of infrastructures to supplement rain fed agriculture, extension services geared towards promoting crops that will withstand drought. Additionally, the County will continue to fund the emergency kitty to counter natural disasters such as floods.

Political conflicts have in the past hampered service delivery as far as projects identification and implementation are concerned posing great risk to the economy. This will be countered through holding dialogues and sensitising the political class to achieve a common stand before projects and programs are rolled out.

Going forward, the set of policies outlined in this CBROP reflect the changed circumstance and are broadly in line with the fiscal responsibility principle outlined in the PFM. This ensures continuity in resource allocation based on prioritized programmes that have been earmarked by the County Government to provide essential services, accelerate growth, create employment and reduce poverty.

The sector ceilings and earmarked flagship projects annexed herewith will guide the Departments and Agencies in preparation of the FY 2018/19 budget.

ANNEX I: SECTOR CEILINGS FOR FY 2018/19 AND THE MEDIUM TERM (KShs.)

SECTOR	Programmes	FY 2017/18 ACTUAL APPROVED ESTIMATES	FY 2018/19 PROJECTED ESTIMATES	PROJECTED ESTIMATES 2019/20	PROJECTED ESTIMATES 2020/21
County funds	Bursary fund	103,250,000	105,000,000	104,000,000	108,160,000
	Emergency fund	23,000,000	23,000,000	23,920,000	24,876,800
	Mortgage fund	65,813,340	85,000,000	84,240,000	87,609,600
	Nyandarua County Biashara Fund	20,090,000	30,090,000	31,293,600	32,545,344
	County Pension Fund	34,050,100	34,050,100	37,492,104	38,991,788
	County Gratuity Fund	39,724,059	41,000,000	42,640,000	44,345,600
	Medical insurance	49,000,000	50,000,000	52,000,000	54,080,000
	General insurance	30,000,000	31,500,000	32,760,000	34,070,400

SALARIES (EXECUTIVE)		1,892,500,000	1,950,000,000	2,100,800,000	2,184,832,000
CPSB		10,468,000	10,468,000	10,400,000	10,816,000
GOVERNOR'S OFFICE (including service delivery)		158,511,744	158,543,707	164,885,455	171,480,873
COUNTY SECRETARY		18,937,765	30,524,735	19,695,276	20,483,087
FINANCE & ECONOMIC DEVELOPMENT		200,312,118	174,705,058	192,093,260	199,776,991
PUBLIC ADMINISTRATION & ICT		45,424,363	70,424,363	78,441,338	81,578,991
COUNTY ATTORNEY		19,090,000	21,140,423	16,786,040	17,457,482
LANDS, PHYSICAL PLANNING & HOUSING		182,699,464	149,311,118	155,283,563	161,494,905
TRANSPORT ENERGY & PUBLIC WORKS		813,454,230	678,795,387	705,947,202	734,185,091
EDUCATION, CULTURE & SOCIAL SERVICES		220,523,918	188,223,150	185,352,076	192,766,159
HEALTH SERVICES		614,562,615	564,419,529	580,756,310	603,986,563
AGRICULTURE, LIVESTOCK & FISHERIES		237,457,665	237,062,253	246,544,743	256,406,533
INDUSTRIALIZATION, TRADE & COOPERATIVES		90,211,034	120,423,651	125,240,597	130,250,221
YOUTH, SPORTS & ARTS		103,046,216	103,046,216	112,368,065	116,862,787

WATER, ENVIRONMENT, TOURISM & NATURAL RESOURCES		279,115,617	228,107,210	237,231,498	246,720,758
COUNTY ASSEMBLY		837,301,000	650,000,000	624,000,000	648,960,000
Total		6,088,543,248	5,734,834,900	5,964,171,127	6,202,737,972

ANNEX II: FLAGSHIP PROGRAMS FOR 2018-2019 BY SECTOR

Sub programme	
	County Government
Youths	
1)Talent Academy	20
1) Ol Kalou County Stadia	-
2) Youth internship/mentorship	7
Total	27
Lands	
1) County spatial Planning	22
2) Ol Kalou, Mairo Inya & Engineer special municipal status	20
3) Development of County land bank	40
4) Central lands offices	20
Total	102
Water	
1) Construction and rehabilitation of small dams and water pans	17
2) Development of a water master plan	20
3) Development of water supply projects (including sinking new boreholes)	20
4) Rehabilitating existing water supply projects ones	24
5) Development of Irrigation infrastructure	8
6) Gazettement, rehabilitation, dredging & conservation of lake Ol'Bolosat	30

Sub programme	County Government
7) Tourism marketing events	7.1
8) Tree Planting, afforestation, re-afforestation and creation of forests	5
Total	131.1
Health	
1) Upgrade and equipping of JM Kariuki Memorial hospitals	50
2) Equip and operationalize of Bamboo, Manunga, Ngano and Mirangine health centres including a rehabilitation centre	50
3) Community health programme	20
4) Universal Health Care	60
Total	180
Public Administration and ICT	
1) e-government e.g. revenue automation, e-commerce, etc.	21
2) County enforcement courts in Ol kalou & Engineer	5
1) ICT incubation centres	5
Total	31
Transport, Energy and Public Works	
1) Gravelling of earth roads, upgrading of roads to bitumen standards & connectivity to central Kenya trading block	312
2) Green energy/alternative energy	5
3) Boda boda sheds & insurance	25
Total	342
Industrialization, Trade and Cooperatives	

Sub programme	County Government
1) Potato & milk processing Plant (feasibility studies)	5
1) Development of Jua kali centres	12
2) Promotion of cottage industries	10
3) Hides and skins leather processing	5
4) Industrial Parks and SEZ (Feasibility and development of master plans)	20
5) Investment conference	13
6) Nyandarua Cooperative Union	2
7) Regional economic block	10
8) Modern markets and Stalls	20
Total	97
Education, Culture and Social Services	
1) ECDE feeding programme	100
2) Rehabilitation and equipping of ECDEs & YPs	20
Total	120
Agriculture	
1) Integrated agricultural extension services	49
2) Input subsidy(fertilizer, seed)	25
3) Promotion of pyrethrum, sugar beet, Giant bamboo, avocados and sunflower	7
Total	81
GRAND TOTAL	1111.1

ANNEX III: 2018/19 FY COUNTY BUDGET CALENDAR

ACTIVITY	RESPONSIBILITY	FY 2018/19 DEADLINE
Issue of 2018/19 FY budget guidelines circular	C.E.C.M Finance& Economic Development	February 15^{th} 2018
Preparation of Annual Development Plan (ADP)	All Departments- County Treasury to co-ordinate	February 23^{rd} 2018
Submission and consideration of Annual Development Plan (ADP) by C.E.C	County Treasury/C.E.C	February 28^{th} 2018
Submission of Annual Development Plan (ADP) to County Assembly	County Treasury	March 2^{nd} 2018
Preparation of County Budget Review & Outlook Paper (CBROP)	All Departments- County Treasury to co-ordinate	March 9^{th} 2018
Submission and consideration of County Budget Review & Outlook Paper (CBROP) by C.E.C	County Treasury/C.E.C	March 13^{th} 2018
Submission of County Budget Review & Outlook Paper (CBROP)to County Assembly	County Treasury	March 14^{th} 2018
Development of County Fiscal Strategy Paper(CFSP)	County Treasury	March 23^{rd} 2018
Public participation on CFSP	County Treasury	March 27^{th} -28^{th} 2018
Consideration of the CFSP by C.E.C	C.E.C	March 30^{th} 2018
Submission of CFSP to County Assembly	County Treasury	April 2^{nd} 2018

Approval of CFSP by County Assembly	County Assembly	April 16th 2018
Submission of budget estimates to County Treasury by the departments	All departments	April 27th 2018
Consolidation of budget estimates by the county treasury	County Treasury	May 2nd 2018
Consideration of budget estimates by C.E.C	C.E.C	May 3rd 2018
Submission of Final Programme Based Budgets(PBB) and itemized estimates to County Assembly for approval	County Treasury	May 8th 2018
Approval of County Appropriation Bill	County Assembly	June 30th 2018