



**REPUBLIC OF KENYA
COUNTY GOVERNMENT OF
NYANDARUA
THE COUNTY TREASURY**



NYANDARUA COUNTY GOVERNMENT

FY 2020/2021 CITIZEN BUDGET

THEME

*Actualizing Nyandarua County's Socio-economic
Transformative Agenda*

ABBREVIATIONS

CIDP: County Integrated Development Plan.

ADP: Annual Development Plan.

CECM: County Executive County Member.

ICT: Information and Communication Technology.

ECDE: Early Childhood Development Education.

IFMIS: Integrated Financial Management Information System.

PFM: Public Finance Management.

CRA: Commission on Revenue Allocation.

CBROP: County Budget Review and Outlook Paper.

CFSP: County Fiscal Strategic Paper.

CARA: County Allocation Revenue Act.

DORA: Division of Revenue Act.

O&M: Operation and Maintenance.

M: Million.

B: Billion.

PE: Personal Emolument. (Compensation to Employees)

DANIDA: Danish International Development Agency.

EU: European Union.

KSh: Kenya Shillings.

M&E: Monitoring and Evaluation.

1.0 COUNTY GOVERNMENT STRUCTURE

1.1 OVERVIEW

Nyandarua County is one of the County Governments in Kenya created under the two-tier governance system, i.e. national and county systems established under the Constitution 2010. The County Government started implementing its mandate in March 2013 as per the provisions of the Fourth Schedule of the Constitution which came into effect in August 2010. The county has operationalized these constitutional requirements and other legal provisions including the County Government Act, 2012, Public Finance Management, Act 2012, and the Urban Areas and Cities Act, 2011 among other legislations. These provisions require periodic preparation of various planning documents; County Integrated Development Plan (CIDPs), Spatial Plans, Urban Areas and Cities Plan, Sectoral Plans, Annual Development Plans (ADPs) and Budget Estimates.

The county government is composed of two arms; the Legislature and the Executive. The Legislature is composed of the Speaker, one elected member from each of the county's twenty-five Wards, and nominated members representing special interest groups and staff under the County Assembly Clerk. The Legislature's roles are; representation, oversight, and legislation. The role of the Executive arm is to implement laws, policies and plans relating to the county mandates, to achieve county development targets.

The Executive is organized into ten departments based on their mandates. They are headed by County Executive Committee Members (CECMs) with an exception of the County Public Service Board. For appropriate planning approaches, budget considerations, harmony in coordination and synergy in resource mobilization strategies, departments have visions, missions and a set of programmes to deliver on their mandates and development objectives.

1.2 RATIONALE FOR PREPARING A CITIZEN’S VERSION OF THE BUDGET

The Citizen’s Budget is a requirement of section 6 (2) of the Public Finance Management Act, 2012 (County Government Regulation, 2015) which states that “the County Treasury shall arrange for effective public participation during the development of their annual budget estimates including publication of citizen’s budget which shall explain and summarize the budget proposal.

A Citizens Budget is a shortened and simplified version of the budget taken to the County Assembly. It is meant to be a guide for the general public and explains some of the contents in a simplified form. By doing so, all citizens will be able to understand better the contents of the budget.

What is a budget? A budget is an itemized summary of likely income and expenses for a given period. It helps the County Government to determine the priority areas and allocate sufficient financial resources. It is a spending plan for the year that is based on the priorities identified in the county’s development plans.

The budget process happens every year and has four steps:

1. First the executive (county executive in charge of finance) proposes a spending plan
2. Second, this proposal is debated and approved by the County Assembly. This is also the period when the County Budget Committee holds public hearings on the budget. You as a citizen should be involved during this stage. The date and month when the public hearings are held will be discussed below in the budget cycle.
3. Third, the budget is then implemented by the executive.
4. Finally, there is a process of review to make sure the budget was properly implemented.

GUIDING NOTES TO MWANANCHI

A. Commission on Revenue Allocation (CRA) on an annual basis recommends;

- (i) Funds to be divided between National Government and County Government contained in the Division of Revenue Act (DORA) as guided by The

Constitution.

- (ii) Funds to be allocated between counties contained in the County Allocation Revenue Act (CARA) as informed by the CRA's criteria (formula) revised every 3 years.

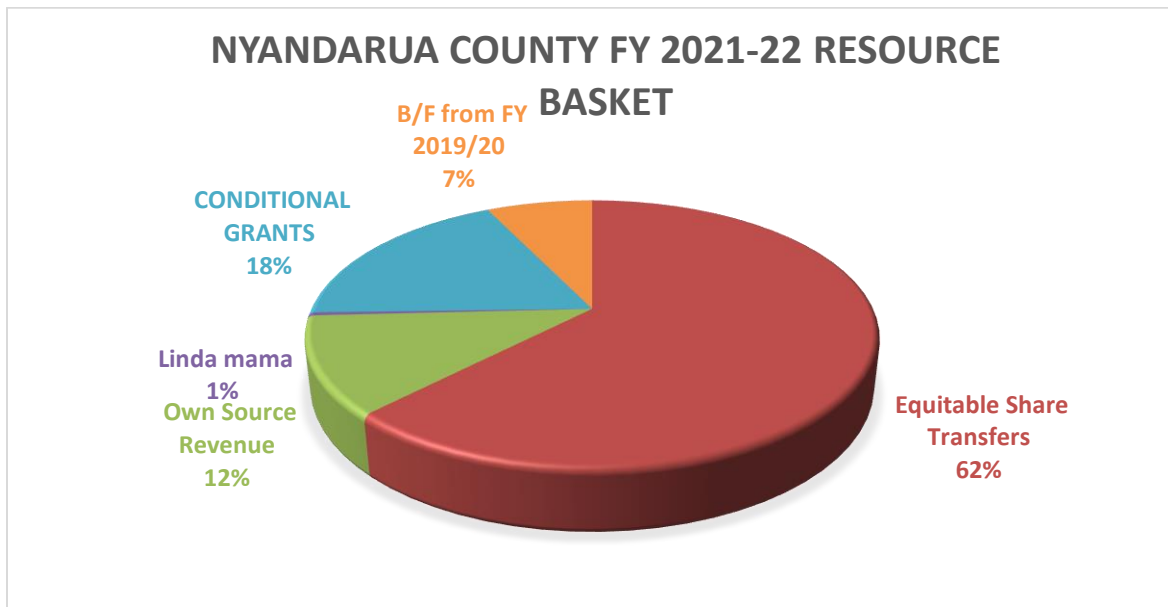
B. Funds allocated to Nyandarua County as per the CARA are divided into two expenditure components. These are Recurrent and Development. The recurrent component is further categorized into two; Personal Emoluments (PE) and Operations and maintenance (O&M).

C. Development funds are allocated based on the priorities as approved in the County Integrated Development Plan (CIDP) which covers 5 years but is prioritized every year through the County Annual Development Plan (ADP).

2.0 COUNTY REVENUE AND SOURCES FOR FY 2020/2021

2.1 2020/2021 FY Resource Envelope

In the FY 2020/21, the equitable share transfer from the national government comprised the highest proportion of resource envelope with 62% followed by conditional loans and grants with 18%, own source revenue with 12%, and unspent balances brought forward from the 2019/20 FY with least proportion of Kes. 7% and 1% from Linda mama.



2.2 Sources of Revenue

Nyandarua County uses a balanced budget where revenue is equal to expenditure. Therefore, the county government is expecting to receive revenue from donors as well as grants to help facilitate its development agenda.

The total resource outlay for the FY 2020/2021 amounts to Kshs 7,815,571,527.65.

The equitable share from the national government is Kshs. 4,874,100,000.00 local own revenue collection Kshs.924,000,000, Linda mama Kshs.30,000,000 and conditional grants Kshs. 1,424,551,071.65.

Table: FY 2020/2021 Resource Envelope

NYANDARUA COUNTY BUDGET FOR THE FY 2020/2021		
Description	FY 2020/2021 Ist Supplementary Budget Estimates as Approved	Percentage
REVENUES		
Equitable Share		
Equitable Share Transfers	4,874,100,000	62%
Own Source Revenue		
County generated Revenue	924,000,000	12%
Linda mama (A-I-A)	30,000,000	0.4%
CONDITIONAL GRANTS AND LOANS	-	
Covid-19 Grant from the National Government	89,354,000	18%
World Bank (IDA) Loan for Transforming Health Systems	163,357,834	
EU grant for potato Tissue Culture Lab (IDEAS)	11,000,000	
Sweden- Agricultural Sector Development Support Programme (ASDP) Level II	12,491,573	
B/F from FY 2019/20 - ASDSP	18,489,467	

DANIDA Grant For Universal Healthcare for Devolved System Programme	13,860,000
Road maintenance levy fund	146,215,617
B/F from FY 2019/20 - Fuel Levy	28,869,585
User fees foregone	12,735,922
Rehabilitation of village polytechnics	30,949,894
B/F from FY 2019/20 - Youth Polytechnic	6,703,152
Supplement for construction of County headquarters	50,000,000
Leasing of Medical Equipment	132,021,277
B/F from FY 2019/20 - IDA	11,669,769
World Bank Grant for Climate Smart Agriculture Programme (KCSAP)	239,157,250
B/F from FY 2019/20 - KCSAP	85,857
World Bank Grant for KDSP - Level 1	45,000,000
World Bank Grant for KDSP - Level 1 BF 2019/20	30,000,000
B/F from FY 2019/20 - KDSP Level II	58,796,257
World Bank Grant for KDSP - Level II	184,795,683
World Bank Grant for KDSP - Level I BF 2018/19	43,069,316
IDA (World Bank) Kenya Urban Support Project (KUSP) (UDG) FY 2019/20	38,597,502
EU Grant (Instruments for Devolution Advice and Support IDEAS) FY 2019/20	20,223,224
Agricultural Sector Development Support Programme (ASDSP) II FY 2019/20	247,893
DANIDA Grant For Universal Healthcare for Devolved System Programme	5,495,000
COVID-19 Frontline Health Workers Allowance	31,365,000

Total conditional grants	1,424,551,072	
Bal b/f CRF Account	562,920,456	7%
Grand Total	7,815,571,528	100%

2.1 Own Source Revenue

This is the amount of money that the county collects locally from various local sources to support the implementation of its programmes. The county government projected to collect Kshs. 924,000,000 for the financial year 2020/2021.

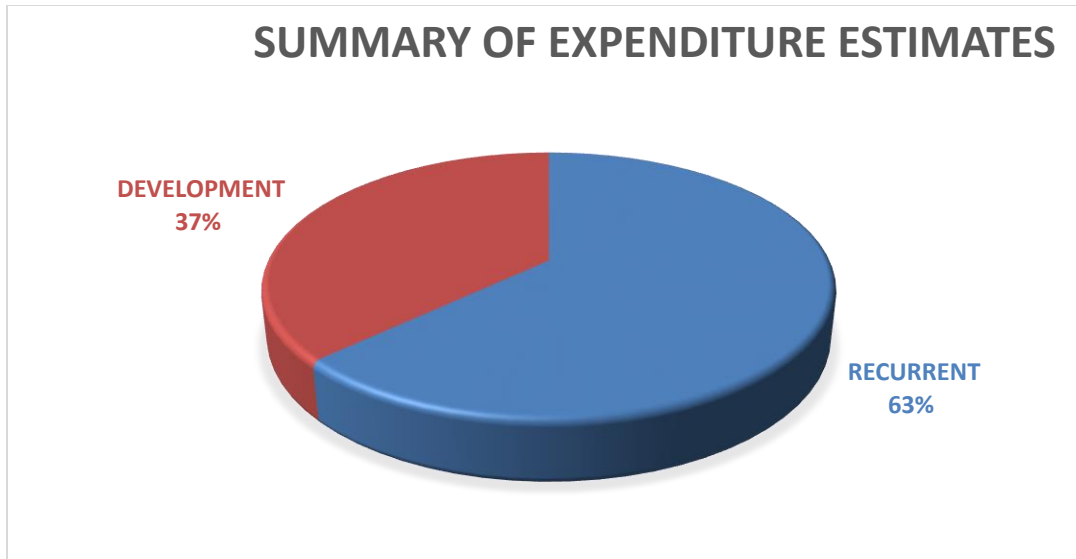
Revenue Generation Measures

The county government is strengthening its policies to ensure that they raise revenue that will help in building the County and improving the socio-economic welfare of its residents. The county has will enhance Own source collection through:

1. Empowering the youth to start businesses;
2. Supporting SMEs;
3. Providing the youth with equipment and machinery to run businesses;
4. Introduction of project management fee; and
5. Continued use of revenue automated system. This will link all revenue streams to a digital system to enhance revenue collections.
6. Enhance enforcement in revenue collections in line with the finance act
7. Sealing all loopholes by tightening controls through requisite legislation.
8. Creating awareness and public participation for public to be aware on the importance of paying taxes.

3.0 2020/2021 FY COUNTY GOVERNMENT EXPENDITURE

The 2020/2021 financial year has a total budget of Kshs. 7,815,571,528 Out of this amount Kshs. 4,925,406,931.82 (63%) has been allocated to recurrent expenditure while Kshs. 2,890,164,595.43 (37%) has been allocated to development expenditure.



Priorities in allocation and spending

To achieve its objectives, the county government has its priorities set largely on the completion of ongoing works/phase projects and those with the highest impact on the County residents. Development expenditure carries a large amount of allocation at Kshs. 2,890,164,595.43. Departments such as roads, water and education are among the major departments that carry out development activities in the county and therefore require a lot of capital to achieve their development agenda. The compensation to employees is second in allocation with Kshs. 1,898,500,000. Operations and maintenance have an allocation of Kshs. 1,046,065,408 to facilitate the running of all offices in the county, as well as service delivery and the county assembly, has an allocation of Kshs. 725,000,000.00

Summary of Expenditure by Economic Classification

SUMMARY OF EXPENDITURE ESTIMATES	
ITEM	AMOUNT
Compensation to employees	1,898,500,000

Use of Goods and Services	1,046,065,408
Current Transfers	599,146,848
County Funds (Rec.)	236,000,000
KDSP	88,069,316
Acquisition of Non -Financial Assets	201,430,138
Development expenditure	2,108,523,777
County Funds (Dev.) - Trade /Biashara	5,000,000
Pending bills (Recurrent)	183,224,287
Pending bills (Development)	724,611,753
County Assembly	725,000,000
Total	7,815,571,527

3.1 Sector/departmental expenditure allocation

DEPARTMENTS	RECURRENT	DEVELOPMENT	TOTAL
OFFICE OF THE GOVERNOR	130,135,058	2,000,000	132,135,058
OFFICE OF THE COUNTY SECRETARY	2,022,190,910	-	2,022,190,910
COUNTY ATTORNEY	49,682,655	-	49,682,655

PUBLIC ADMINISTRATION & ICT	46,165,616	11,000,000	57,165,616
COUNTY PUBLIC SERVICE BOARD	24,450,000	-	24,450,000
FINANCE & ECONOMIC DEVELOPMENT	290,996,010	423,316	291,419,326
COUNTY FUNDS	236,000,000	5,000,000	241,000,000
HEALTH SERVICES	792,344,513	294,266,507	1,086,611,020
EDUCATION, GENDER AFFAIRS, CULTURE & SOCIAL SERVICES	166,675,396	139,194,478	305,869,874
INDUSTRIALIZATION, TRADE AND CO-OPERATIVES	66,851,807	144,674,640	211,526,447
SPORTS, YOUTH AND THE ARTS	69,582,708	63,220,551	132,803,259
WATER, TOURISM, ENVIRONMENT AND NATURAL RESOURCES	83,433,500	416,177,574	499,611,074
LANDS, HOUSING, PHYSICAL PLANNING & URBAN DEVELOPMENT	34,899,884	168,109,273	203,009,157
TRANSPORT, ENERGY AND PUBLIC WORKS	75,523,298	1,289,525,416	1,365,048,714
COUNTY ASSEMBLY	672,970,935	52,029,065	725,000,000
AGRICULTURE	163,504,643	304,543,776	468,048,419
Total	4,925,406,932	2,890,164,595	7,815,571,527

County Expenditure



Key focus areas in Budget allocation:

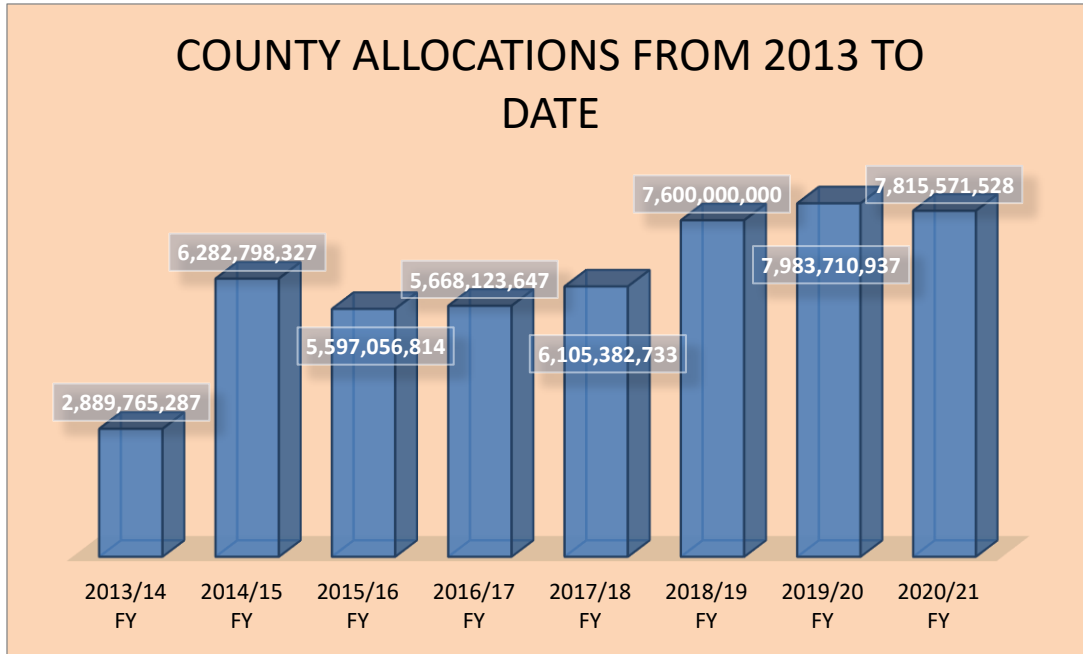
Flagship Projects	Ol Kalou Stadia Terraces and other works	20,000,000
	Construction of a Potato and Vegetable Processing Plant	60,000,000
	Milk Processing Plant	100,000,000
Town Centre upgrade	Engineer Centre Upgrade	11,000,000
	Gwakiongo Centre upgrade	5,000,000
	Mairo Inya Upgrade	5,000,000
	Upgrade of Njabini Town-Cabro works	5,000,000
	Upgrade of Miharati town centre	5,000,000
Projects in the Health sector	J.M Hospital Complex - KDSP	184,795,683
	JM Hospital Upgrade- Pathology Department/Mortuary	15,071,953
	Bambo of Casualty	7,876,760
	Upgrade of muhakaini dispensary-Shamata	7,659,834
	Upgrade of kieni dispensary	7,540,364
	Upgrade of matindiri dispensary	6,209,834
	Bamboo theater	6,115,942
Funds	County Bursary Fund	126,000,000
	County Emergency Fund	50,000,000
Water Project	Gatimu - Gakingi/Kamwana WP-Nyandarua water solar system including all accessories (152 solar panels for 380 sq. metres)	10,200,000

	Gatimu - Nyakanja WP-solar system including all accessories (128 solar panels for 320 sq. metres)	9,800,000
	Ol'Kalou arboretum in Kaimbaga ward (Solar Heated swimming pool and support facilities)	6,000,000
Social Sector	Leleshwa VTC hostel -Kipipiri ward	3,000,000
	Construction of Kabati Social Hall-Kipipiri	3,500,000
	Development and Enhancement of Production Studio-Kaimbaga	3,000,000
	Fencing of Charagita Social Hall land	2,500,000
	Construction of Mawingo Social Hall-Githioro	2,000,000
	Installation of greenhouses for Youth Groups	1,500,000

4. BUDGET HIGHLIGHTS

FINANCIAL YEAR	ALLOCATION
2013/14 FY	2,889,765,287
2014/15 FY	6,282,798,327
2015/16 FY	5,597,056,814
2016/17 FY	5,668,123,647
2017/18 FY	6,105,382,733
2018/19 FY	7,600,000,000
2019/20 FY	7,983,710,937
2020/21 FY	7,815,571,528

The county allocations from 2013 to date have continued to increase over the years apart from the financial year 2015/16 which showed a decline in the amounts allocated from the previous year.



4.0 COMMUNICATION AND ACCESS TO PUBLIC INFORMATION

The county prepares its documents and posts them on its website which can be accessed by all citizens and other interested parties through the following: www.nyandarua.go.ke. Other channels of communication include social media as well as public fora that are conducted by departments as well as His Excellency the Governor.

COUNTY BUDGET CALENDAR (SUMMARIZED)

TIMELINE	BUDGET ACTIVITY AND CONTENTS
30th August	County Executive Committee member for Finance issues <u>budget circular</u> to all county entities as per S.128 of PFM Act, 2012. The circular contains limits (ceilings) of each department/entity as recommended, key policy areas and issues to be taken into consideration when preparing the budgets. 1st
1st September	County Executive Member for Planning submits <u>Annual Development Plan</u> (ADP) to County Assembly for approval, with a copy to the CRA and National Treasury as per s.126 (3) of PFM Act, 2012. The ADP contains long term and medium-term plans as per s. 125(1) (a) of PFM Act, 2012.
30th September	<u>County Budget Review and Outlook Paper</u> (CBROP) prepared and submitted by county treasury to County Assembly. CBROP covers: (a) Details of actual fiscal performance in the previous year compared to the budget appropriation. (b) Updated fiscal and economic forecasts. (c) Changes in forecasts from the county fiscal strategy paper. (d) How actual fiscal performance affected compliance with fiscal responsibility principles and Budget Policy Statement.
28th February	County Treasury prepares and submits <u>County Fiscal Strategy Paper</u> (CFSP) to the County Assembly. The CFSP must be aligned to national objectives in the Budget Policy Statement as per s. 117(1) & (2) of PFM Act, 2012. In preparing the CFSP, the County Treasury seeks the views of the CRA, the public, interested persons or groups and any forum that is established by legislation.

30th April	County CEC Finance prepares and submits <u>budget estimates</u> to the county assembly. Budget estimates must be based on the approved CFSP by County Assembly as per s. 129(2) of PFM Act, 2012.
30th June	The county assembly considers the submitted Budget Estimates to approve with or without amendments as per s. 131 s. 131(2) of PFM Act, 2012.
30th June	After the county assembly has approved estimates, the County treasury prepares and submits <u>a County Appropriation Bill</u> to the county assembly as per s. 129(7) of the PFM Act, 2012
30th June	Appropriation Bill passed by the County Assembly as per s. 131(1) of PFM Act, 2012
By 30th September	CEC Finance will make a pronouncement on revenue-raising measures and submits a <u>Finance Bill</u> to County Assembly as per s. 132(1) of the PFM Act, 2012