



# **COUNTY BUDGET REVIEW AND OUTLOOK PAPER (CBROP)**

**2022**

*FEBRUARY, 2023*

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***KENYA***

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## **FORWARD**

In compliance with the Public Finance Management Act 2012 and PFM (County Governments) Regulations 2015, the County Budget Review and Outlook Paper (CBROP) provides a report on the fiscal performance of the previous financial year and compares it with the budget appropriations for the same year. Additionally, the CBROP examines recent economic developments affecting the financial and non-financial forecast to show changes from projections espoused in the most recent County Fiscal Strategy Paper.

The 2022 County Budget Review and Outlook Paper has been prepared during a prolonged electioneering period given the August 2022 general elections, in the midst of a national and global economic volatility characterized by rising inflation, and a transition into a new County Administration.

In its planning and implementation of programs and projects, the County aims to improve growth and development while alleviating the suffering of residents, ultimately achieving higher livelihood indicators. To this end, there will be an emphasis on higher investments in social enablers and infrastructure development for sustainable growth across all Departments. The Medium-Term Budget will be scrutinized to curtail spending on non-productive areas, ensuring resources are directed to priority programs for optimal results.

Lastly, the Nyandarua County Government is committed to enhancing economic growth and development in line with the needs and commitments made to the people of Nyandarua. The County Government will focus on efficiency in resource mobilization, transparency, and accountability by engaging stakeholders in development planning, budget implementation, and monitoring as required by the Constitution and Public Finance Management Act, 2012.

**HON. MARY KAMANDE**  
**COUNTY EXECUTIVE COMMITTEE MEMBER**  
**FINANCE, ECONOMIC PLANNING & ICT**

## **ACKNOWLEDGEMENT**

I am pleased to present the Nyandarua County Budget Review and Outlook Paper (CBROP) 2022, which was prepared in accordance with the provisions of the Public Financial Management Act, 2012 Article 118 (1) (a). We acknowledge the concerted efforts of various stakeholders, whose commitment and determination made this task possible.

I extend our sincere gratitude to His Excellency, Dr. Moses K. Ndirangu Badilisha, the Governor, Hon. Mary Kamande, and the County Executive member for Finance, Economic planning and ICT for their leadership and policy guidance in the preparation and finalization of this planning document.

I also recognize the County Executive Committee Members, Chief Officers, and Departmental staff for their input to the paper. Special thanks go to the Economic Planning Directorate team for their invaluable technical contributions and tireless efforts in the development of this paper.

While it is not possible to mention every individual, who participated in the preparation of this document, we acknowledge all those who directly or indirectly contributed to its success. Your collective efforts have been instrumental in the development and production of this paper.

**MUIGAI WAINAINA**  
**CHIEF OFFICER ECONOMIC PLANNING**

## **ABBREVIATIONS**

**ADP:** Annual Development Plan

**ASDSP:** Agricultural Sector Development Support Program

**CARA:** County Allocation Revenue Act

**CBROP:** County Budget Review and Outlook Paper

**CEC:** County Executive Committee

**CECM:** County Executive Committee Member

**CIDP:** County Integrated Development Plan

**CPSB:** County Public Service Board

**CRF:** County Revenue Fund

**EU:** European Union

**FY:** Financial Year

**ICT:** Information Communication Technology

**IDEAS:** Instruments for Devolution Advice and Support

**IFMIS:** Integrated Financial Management Information System

**KCSAP:** Kenya Climate Smart Agriculture Project

**KDSP:** Kenya Devolution Support Program

**KUSP:** Kenya Urban Support Project

**MTP:** Medium Term Plan

**MTEF:** Medium Term Expenditure Framework

**NG:** National Government

**OSR:** Own Source Revenue

**PFM:** Public Finance Management

**PFMA:** Public Finance Management Act





## CHAPTER ONE

### FISCAL PERFORMANCE FOR THE FY 2021/22

#### 1.0 Overview

The County Government's mandate as stipulated by the Fourth Schedule of the Constitution of Kenya is discharged by Departments through the implementation of projects and programmes. These projects and programmes are allocated funds through the County Budgeting process that is cyclical in nature.

Section 104. (1) of the PFM, 2012 stipulates that; Subject to the Constitution, a County Treasury shall monitor, evaluate and oversee the management of public finances and economic affairs of the County Government including coordinating the implementation of the Budget of the County Government.

The 2022 CBROP provides a review of the fiscal performance for the 2021/22 FY including adherence to the objectives and principles outlined in the PFMA 2012.

The global economic slowdown, the delays in the release of monies by the National Government as well as the general elections are among the major hinderances uncouneted in the implementation of the 2021/22 fy budget.

#### Legal Background

The Nyandarua County Budget Review and Outlook Paper is prepared in accordance to **Section 118** of the Public Financial Management Act (PFMA), 2012 which states that County Treasury shall:

- i. Prepare a County Budget Review and Outlook Paper in respect of the County for each financial year, and
- ii. Submit the paper to the County Executive Committee by the 30th of September of that year.

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

- i. The details of the actual financial performance in the previous year compared to the Budget appropriation for that year;

- ii. The updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper;
- iii. Information on:
  - a) Any changes in the forecasts compared with the County Fiscal Strategy Paper; or
  - b) 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
- iv. 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.

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

The **main objectives** of a CBROP are to specify:

- i. 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;
- ii. The financial outlook with respect to County Government revenues, expenditures and borrowing for the coming financial year and over the medium term;
- iii. An assessment of the current financial year and the projected state of the economy for the succeeding three years;
- iv. Targets for overall revenues, total aggregate expenditure and domestic and external borrowing for the succeeding financial year and the medium term;
- v. The total resources to be allocated to individual programmes within a sector indicating the outputs expected from each such programme during that period;
- vi. The criteria used to allocate or apportion the available public resources among the various programmes; and
- vii. Forecast financial position for the financial year to which the Budget relates and the next two financial years.

After preparation of the Paper by the County Treasury, the County Executive Committee (CEC) will consider the County Budget Review and Outlook Paper to approve it, with or without amendments and escalate the same to the County Assembly, publish and publicize the Paper.

## 1.1 Approved Fy 2021/22 Budget Estimates

### 1.1.1 Revenue.

The County treasury prepared the 2021-22 fy budget and a subsequent supplementary budget which were approved by the County Assembly. The monies appropriated in the budget encompassed of equitable share, own source revenue, and conditional grants.

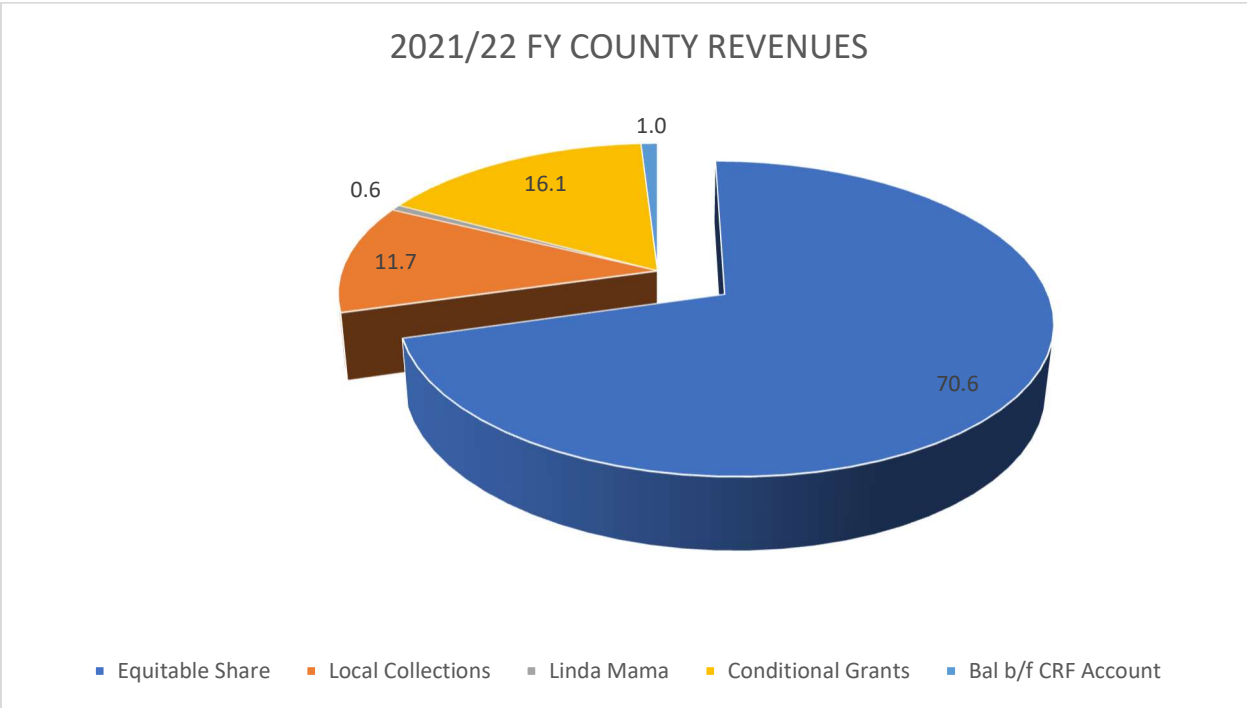
The total resource envelope amounted to **Kshs. 8,032,514,327** and comprised of **Kshs. 5,670,444,228** as equitable share, **Kshs. 940,000,000** as own source revenue, **Kshs. 50,000,000** as Linda mama, **Kshs. 1,294,502,583** as conditional grants and **Kshs. 77,567,516** as balance brought forward from the 2020/21 fy.

The table below summarizes the allocations in the financial year.

*Table 1: Budget allocation in the 2021/22 fy*

Description	FY 2021-2022 Estimates as approved	FY 2021-2022 1st Supplementary Budget as approved	Percentage of the budget
Equitable Share	5,670,444,228	5,670,444,228	70.6
Local Collections	560,000,000	940,000,000	11.7
Linda Mama	30,000,000	50,000,000	0.6
Conditional Grants	957,187,561	1,294,502,583	16.1
Bal b/f CRF Account	-	77,567,516	1.0
<b>Total Revenue</b>	<b>7,217,631,789</b>	<b>8,032,514,327</b>	<b>100.0</b>

During the financial year, the equitable share accounted for 70.6%, own source revenue at 11.7%, Linda mama at 0.6%, conditional grants at 16.1 % while balance brought forward from the 2020/21 fy accounted for 1% of the total resource envelope as summarized in the chart;



*Figure 1: 2021/22 FY COUNTY REVENUES*

From the above analysis, it is clear that there is need to enhance own source revenue of the counties to avoid overdependent on National Government transfers for sustainability.

**REVENUES**

*Table 2: Budgeted revenue estimates for the 2021/22 FY*

Description	FY 2021-2022 Estimates as approved	FY 2021-2022 1st Supplementary Budget as approved
Equitable Share	5,670,444,228	5,670,444,228
Local Collections	560,000,000	940,000,000
Linda Mama	30,000,000	50,000,000
Conditional Grants		-
Supplement for Construction of County Headquarters	75,000,000	75,000,000
Leasing of Medical Equipment	153,297,872	153,297,872
Road Maintenance Fuel Level fund FY 2016- 2017 B/f		23,686,619
DANIDA Grant-Primary Health Care in Devolved Context	10,799,250	10,799,250
World Bank Grant for Climate Smart Agriculture Project (KCSAP)	289,609,680	289,609,680

World Bank Grant for Climate Smart Agriculture Project (KCSAP) Bal B/f from 2020/21 FY		118,806,753
Sweden- Agricultural Sector Development Support Programme (ASDP) Level II	22,983,146	22,983,146
Sweden- Agricultural Sector Development Support Programme (ASDP) Level II Bal b/f		15,990,243
World Bank Grant for Kenya Urban Support Programme (KUSP Level 1)	-	-
World Bank -Kenya Informal Settlement Improvement Project- KISIP II	50,000,000	50,000,000
Transfers to Village Polytechnics Bal B/f	-	5,467,888
World Bank Grant for KDSP (Level 1)	-	-
World Bank Grant for KDSP (Level 1) b/f from FY 2020-21	45,000,000	45,000,000
World Bank Grant for KDSP (Level II)	184,795,683	-
World Bank Grant for KDSP (Level II) b/f from FY 2020-21		184,795,683
EU Grant- Instruments for Devolution Advice and Support (IDEAS)-Potato Tissue Culture Lab	-	-
EU Grant -Instruments for Devolution Advice and Support (IDEAS)	31,223,224	31,223,224
World Bank Loan for Transforming Health Systems for Universal Care Project	94,478,706	94,478,706
KDSP Level I & II Bal B/f from 2020/21 FY		49,102,131
IDA (World Bank) Kenya Urban Support Project (KUSP) (UDG) FY 2020/21		34,122,081
World Bank Loan for Transforming Health Systems for Universal Care Project Bal B/f from 2020/21 FY		90,139,307
Bal b/f CRF Account	-	77,567,516
Total Revenue	7,217,631,789	8,032,514,327

### 1.1.2 Projected Expenditures

In the 2021/22 fy, the County projected total expenditure amounting to Kshs. 8,032,514,327 as tabulated in the table below.

*Table 3: Approved summary of Projected expenditure estimates for the FY 2021/22*

Description	FY 2021-2022 1st Supplementary Budget as approved
Compensation to employees	2,070,000,000

<b>Use of Goods and Services</b>	1,275,228,352
<b>Current Transfers</b>	500,743,773
<b>County Funds (Rec.)</b>	291,300,000
<b>KDSP</b>	63,430,068
<b>Acquisition of Non -Financial Assets</b>	267,444,057
<b>Development expenditure</b>	2,099,146,902
<b>County Funds (Dev.) - Trade /Biashara</b>	-
<b>Pending bills - recurrent</b>	51,147,811
<b>Pending bills - development</b>	604,429,666
<b>Pending bills 2020-21 FY</b>	-
<b>County Assembly</b>	809,643,697
<b>Total</b>	8,032,514,327

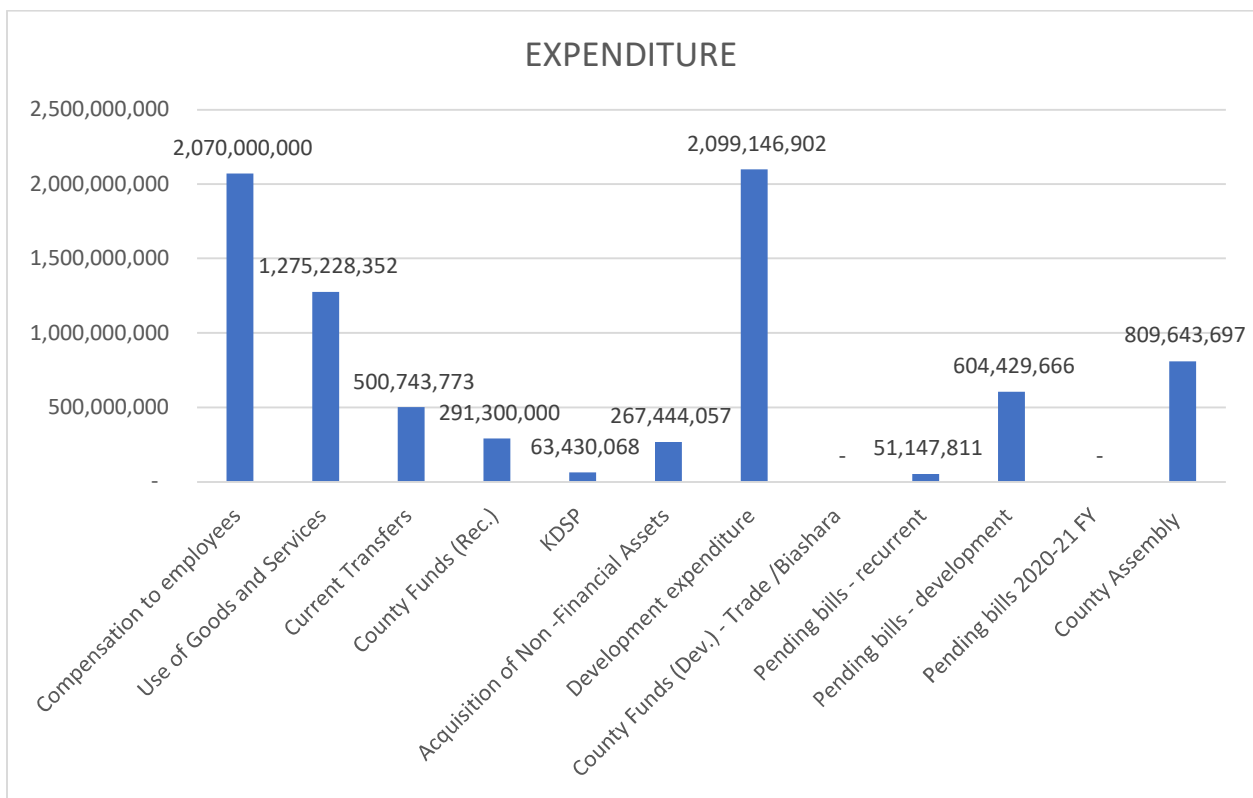


Figure 2: Appropriations by category for the FY 2021/22

### 1.1.3 Departmental Allocations

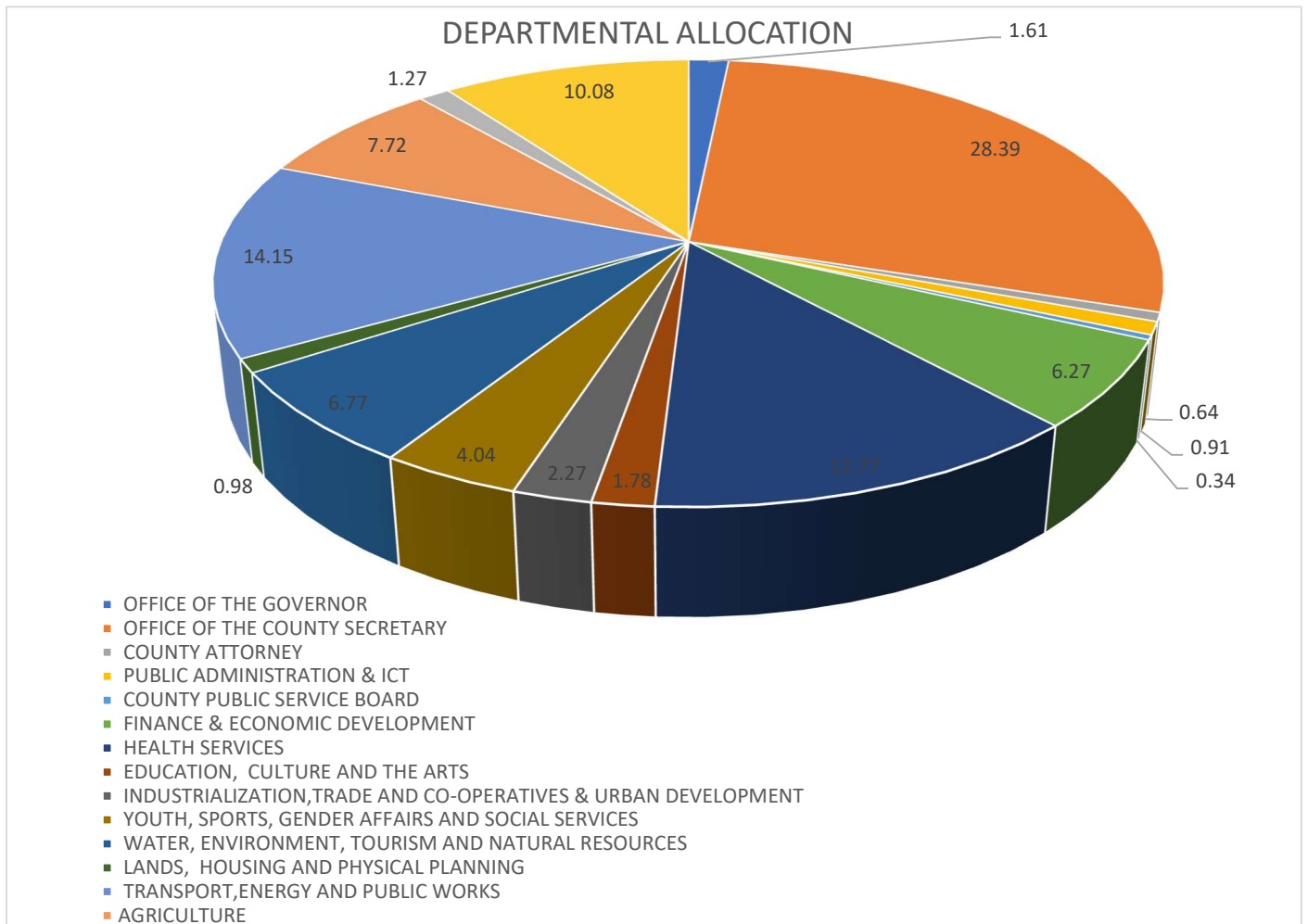
In the year under review, the departmental allocations were as highlighted in the table below.

Table 4: Approved Departmental allocations for the FY 2021/22

Departments	Recurrent	Development	Total	Percentage allocation
Office of the Governor	129,685,317	-	129,685,317	1.61
Office of the County Secretary	2,280,510,105	-	2,280,510,105	28.39
County attorney	51,141,862	-	51,141,862	0.64
Public administration & ICT	70,934,787	2,500,000	73,434,787	0.91
County public service board	27,689,000	-	27,689,000	0.34
Finance & economic development	504,023,435	-	504,023,435	6.27
Health services	670,470,156	354,989,656	1,025,459,812	12.77
Education, culture and the arts	54,636,497	88,399,716	143,036,213	1.78
Industrialization, trade and co-operatives & urban development	55,044,515	127,190,580	182,235,095	2.27
Youth, sports, gender affairs and social services	262,420,910	62,124,188	324,545,098	4.04
Water, environment, tourism and natural resources	83,096,489	460,657,125	543,753,614	6.77
Lands, housing and physical planning	30,632,745	48,098,335	78,731,080	0.98
Transport, energy and public works	128,135,060	1,008,146,240	1,136,281,300	14.15
Agriculture	153,968,574	466,348,657	620,317,231	7.72
Ol'kalou municipality	17,904,600	84,122,081	102,026,681	1.27
County assembly	704,643,697	105,000,000	809,643,697	10.08
Total	5,224,937,749	2,807,576,578	8,032,514,327	100.00
Percentage allocation	65	35	100	



Table 5: Distribution of the appropriations per department



## 1.2 Actual Revenue Performance Fy 2021/22

Table 6: Revenue performance in FY 2021/22 FY

Description	FY 2021-2022 1st Supplementary Budget as approved	Actual receipts	Deficit/ surplus
Equitable Share	5,670,444,228	5,216,808,686	(453,635,542)
Local Collections	940,000,000	473,061,810	(466,938,190)
Linda Mama	50,000,000		(50,000,000)
Conditional Grants	-		-
Supplement for Construction of County Headquarters	75,000,000	75,000,000	-
Leasing of Medical Equipment	153,297,872	153,297,872	-
Road Maintenance Fuel Level fund FY 2016-2017 B/f	23,686,619	23,686,619	-
DANIDA Grant-Primary Health Care in Devolved Context	10,799,250	5,399,625	(5,399,625)
World Bank Grant for Climate Smart Agriculture Project (KCSAP)	289,609,680	150,501,526	(139,108,154)
World Bank Grant for Climate Smart Agriculture Project (KCSAP) Bal B/f from 2020/21 FY	118,806,753	118,806,753	-
Sweden- Agricultural Sector Development Support Programme (ASDP) Level II	22,983,146	2,500,000	(20,483,146)
Sweden- Agricultural Sector Development Support Programme (ASDP) Level II Bal b/f	15,990,243	15,990,243	-
World Bank -Kenya Informal Settlement Improvement Project- KISIP II	50,000,000		(50,000,000)
Transfers to Village Polytechnics Bal B/f	5,467,888	5,467,888	-
World Bank Grant for KDSP (Level 1) b/f from FY 2020-21	45,000,000	45,000,000	-
World Bank Grant for KDSP (Level 11) b/f from FY 2020-21	184,795,683	184,795,683	-
EU Grant -Instruments for Devolution Advice and Support (IDEAS)	31,223,224		(31,223,224)
World Bank Loan for Transforming Health Systems for Universal Care Project	94,478,706	93,939,435	(539,271)
KDSP Level I & II Bal B/f from 2020/21 FY	49,102,131	49,102,131	-
IDA (World Bank) Kenya Urban Support Project (KUSP) (UDG) FY 2020/21	34,122,081	34,122,081	-

World Bank Loan for Transforming Health Systems for Universal Care Project Bal B/ f from 2020/21 FY	90,139,307	90,139,307	-
Bal b/f CRF Account	77,567,516	77,567,516	-
Total Revenue	8,032,514,327	8,032,514,327	(1,217,327,152)

### 1.2.1 Equitable Share

In the year under review, the had projected to receive Kshs. 5,670,444,228 as equitable share from the National Government. out of the projected amounts, the County received Kshs. 5,216,808,686 (92%). From the above, the county didn't receive the full amount as projected. The shortfall of **Kshs. 453,635,542** was not realized and resulted to pending bills in the financial year.

Table 7: Exchequer Releases for the period ending 30th June 2022

RELEASE	REVENUE ESTIMATE IN KSHS.	TOTAL EXCHEQUER RECEIPTS IN KSHS.	SURPLUS/DEFICIT IN KSHS.
Amount	5,670,444,228.00	5,216,808,686	(453,635,542)
% of the total	100	92	(8)

The County expected to receive exchequer releases of Kshs. 472537,019 per month and Kshs. 1,417,611,057 per quarter. This was not the case as the monies were not received on time.

In July 2021 and February 2022, the County didn't receive any allocation as equitable share. This is as shown below;

Table 8: Releases per month/quarter

MONTH	ALLOCATION
<b>CARA FY 2021/22</b>	<b>5,670,444,228</b>
<b>1ST QUARTER</b>	
<b>July</b>	
<b>August</b>	453,635,539
<b>September</b>	481,987,759
<b>TOTAL</b>	<b>935,623,297</b>
<b>2ND QUARTER</b>	
<b>October</b>	481,987,759
<b>November</b>	453,635,538
<b>December</b>	481,987,759
<b>TOTAL</b>	<b>1,417,611,056</b>
<b>3RD QUARTER</b>	
<b>January</b>	453,635,538

<b>February</b>	
<b>March</b>	481,987,759
<b>TOTAL</b>	<b>935,623,297</b>
<b>4TH QUARTER</b>	
<b>April</b>	481,987,759
<b>May</b>	453,635,538
<b>June</b>	992,327,739
<b>TOTAL</b>	<b>1,927,951,036</b>
<b>GRAND TOTAL</b>	<b>5,216,808,686</b>
<b>SURPLUS/DEFICIT</b>	<b>(453,635,542)</b>

*Source: Financial Reporting*

From the analysis above, the County Government received monthly allocation from National Treasury for ten months apart from two months (July and February). During the month of June, the county received an allocation for two months. The National Treasury did not disburse allocations to the county government as per the disbursement schedules therefore affecting the county's cashflows.

### 1.2.2 Conditional Grants from National Government and Donor Funds

The County anticipated receiving Kshs. **727,391,878** as conditional grants. Out of the anticipated revenues, Kshs. **75,000,000** as a supplement for Construction of County Headquarters and Kshs. **153,297,872** for the Leasing of Medical Equipment was not released to the County but was paid directly at the National Treasury.

*Table 9: Conditional Grants from National Government and Donor Funds*

Conditional grant	Projected	Actual receipt	Surplus/ deficit	% Received
Supplement for Construction of County Headquarters	75,000,000	-	(75,000,000)	-
Leasing of Medical Equipment	153,297,872	-	(153,297,872)	-
Transforming Health Systems for Universal Care Project (WB)	94,478,706	93,939,435	(539,271)	99
IDA (World Bank) Kenya Climate Smart Agriculture Project(KCSAP)	289,609,680	150,501,526	(139,108,154)	52
DANIDA Grant (Universal Healthcare in Devolved System Program	10,799,250	5,399,625	(5,399,625)	50

EU Grant(Instruments for Devolution Advice and Support IDEAS)	31,223,224	-	(31,223,224)	-
Agricultural Sector Development Support Programme (ASDSP) II	22,983,146	2,500,000	(20,483,146)	11
World Bank-Kenya Informal Settlement Improvement Project (KISIP II)	50,000,000	-	(50,000,000)	-
<b>TOTAL</b>	<b>727,391,878</b>	<b>252,340,586</b>	<b>(475,051,292)</b>	<b>35</b>

In the financial year, the County Government did not receive Kshs. 50,000,000 from World Bank-Kenya Informal Settlement Improvement Project (KISIP II) and Kshs. 31,223,224 from EU Grant (Instruments for Devolution Advice and Support IDEAS).

Of the projected grants, most of them were released partially. These included; Kshs. 93,939,435 for Transforming Health Systems for Universal Care Project (WB), Kshs. 150,501,526 from IDA (World Bank) Kenya Climate Smart Agriculture Project (KCSAP), Kshs. 5,399,625 DANIDA Grant for Universal Healthcare in Devolved System Program and Kshs. 2,500,000 for Agricultural Sector Development Support Programme (ASDSP) II.

### 1.2.3 Unspent Balances

In FY 2021/22 the County had a total of Kshs. 599,678,221 as balance brought forward from FY 2020/21 budget.

*Table 10: Unspent Balances*

<b>Description</b>	<b>FY 2021-2022 1st Supplementary Budget as approved</b>
<b>Road Maintenance Fuel Level fund FY 2016-2017 B/f</b>	<b>23,686,619</b>
<b>World Bank Grant for Climate Smart Agriculture Project (KCSAP) Bal B/f from 2020/21 FY</b>	<b>118,806,753</b>
<b>Sweden- Agricultural Sector Development Support Programme (ASDP) Level II Bal b/f</b>	<b>15,990,243</b>
<b>Transfers to Village Polytechnics Bal B/f</b>	<b>5,467,888</b>
<b>World Bank Grant for KDSP (Level 11) b/f from FY 2020-21</b>	<b>184,795,683</b>
<b>KDSP Level I &amp; II Bal B/f from 2020/21 FY</b>	<b>49,102,131</b>

<b>IDA (World Bank) Kenya Urban Support Project (KUSP) (UDG) FY 2020/21</b>	<b>34,122,081</b>
<b>World Bank Loan for Transforming Health Systems for Universal Care Project Bal B/f from 2020/21 FY</b>	<b>90,139,307</b>
<b>Bal b/f CRF Account</b>	<b>77,567,516</b>
<b>Total Revenue</b>	<b>599,678,221</b>

### 1.3 Actual Expenditure Performance Fy 2021/22

#### 1.3.1 County Expenditure

In the 2021/22 fy, the County utilized Kshs. 5,883,135,523 (73%) of its total budget. The actual recurrent expenditure amounted to Kshs. 4,766,724,607 (90 %) while development expenditure amounted to Kshs. 1,116,410,916 (40%).

The absorption rates in the year were affected by the delay in releases of revenues by the National Government and donors as well as the shortfall in own source revenue collection.

*Table 11: County expenditure for the period ending 30th June 2022*

	<b>2021/22 FY Budget in Kshs.</b>	<b>Expenditure in Kshs.</b>	<b>% utilization of Budget</b>
<b>Recurrent</b>	5,223,937,759	4,766,724,607	91
<b>Development</b>	2,808,576,568	1,116,410,916	40
<b>Total</b>	8,032,514,327	5,883,135,523	73

*Table 12: Comparison between the Approved Estimates Vis-à-vis Actual Departmental Expenditure*

<b>Department</b>	<b>Approved</b>	<b>Actual Expenditure</b>	<b>percentage absorption</b>
<b>Office of The Governor</b>	129,685,317	127,578,532	98
<b>Office of The County Secretary</b>	2,280,510,105	2,257,231,455	99
<b>County Public Service Board</b>	27,689,000	27,389,000	99
<b>County Attorney</b>	51,141,862	48,121,174	94
<b>Public Administration &amp; ICT</b>	73,434,787	67,146,463	91
<b>Finance &amp; Economic Development</b>	504,023,435	438,361,939	87
<b>Health Services</b>	1,025,459,812	537,463,980	52
<b>Education, Culture and The Arts</b>	143,036,213	83,609,343	58
<b>Youth, Sports, Gender and Social Services</b>	324,545,098	266,503,003	82
<b>Industrialization, Trade, Co-Operatives &amp; Urban Development</b>	182,235,095	115,005,980	63

<b>Ol'kalou Municipality</b>	102,026,681	13,421,062	13
<b>Water, Tourism, Environment and Natural Resources</b>	543,753,614	162,390,765	30
<b>Lands, Housing, Physical Planning</b>	78,731,080	27,134,598	34
<b>Transport, Energy And Public Works</b>	1,136,281,300	666,018,776	59
<b>Agriculture, Livestock &amp; Fisheries</b>	620,317,231	268,874,204	43
<b>County Assembly</b>	809,643,697	776,885,248	96
<b>TOTAL</b>	<b>8,032,514,327</b>	<b>5,883,135,522</b>	<b>73</b>

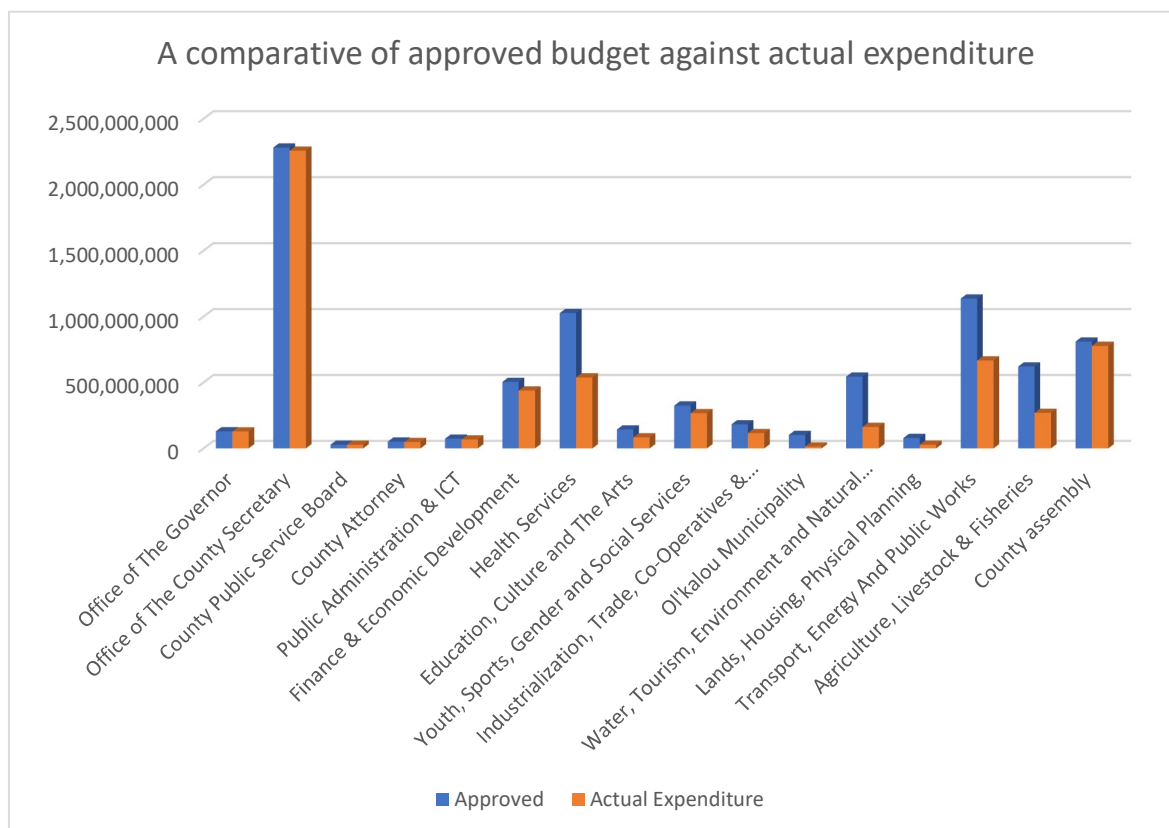


Figure 3: Summary of Departmental allocations versus the actual expenditures by County Executive Departments (KShs.)

### 1.3.2 Own Source Revenue (OSR)

In the year under review, the County anticipated collecting **Kshs. 990,000,000** as own source revenue. Of the anticipated collection, the County managed to collect **Kshs. 473,061,810 (48%)** resulting in a shortfall of **Kshs. (516,938,190) (52%)**. Going forward to the forthcoming financial years, the County treasury will explore new revenue streams as well as setting achievable targets.



Table 13: Projected revenue (Own-source) vis-à-vis actual receipts/collections.

<b>MONTH</b>	<b>AMOUNT</b>
<b>PROJECTED REVENUE</b>	990,000,000
1ST QUARTER	
JULY	51,720,848
AUGUST	24,089,857
SEPTEMBER	27,878,298
<b>TOTAL</b>	<b>103,689,003</b>
2ND QUARTER	
OCTOBER	38,120,760
NOVEMBER	27,114,467
DECEMBER	19,374,260
<b>TOTAL</b>	<b>84,609,487</b>
3RD QUARTER	
JANUARY	30,907,067
FEBRUARY	40,562,164
MARCH	79,474,998
<b>TOTAL</b>	<b>150,944,229</b>
4TH QUARTER	
APRIL	34,784,541
MAY	26,080,738
JUNE	72,953,813
<b>TOTAL</b>	<b>133,819,091</b>
<b>GRAND TOTAL</b>	<b>473,061,810</b>
<b>SURPLUS/ DEFICIT</b>	<b>(516,938,190)</b>

Table 14: Expenditure on Other transfers & payments

<b>OTHER TRANSFERS &amp; PAYMENTS IN KES</b>	
Bursary fund	126,000,000
Mortgage fund	60,000,000
Pension and retirement benefits	30,000,000
Emergency fund	50,000,000
Hospital transfers and other transfers	599,146,848
<b>Sub totals</b>	<b>865,146,848</b>
Expenditure by Departments	5,081,200,773
County Assembly	715,985,565
Un surrendered imprest at 30th June 2021 b/f	0

<b>Total Expenditure</b>	<b>6,662,333,186</b>
Unrealized revenue (including Leasing of medical equipment and supplement for construction of headquarters deducted at source)	722,558,582
Unspent balances (including surrendered imprests at 30th June 2021)	430,679,760
<b>Grand total</b>	<b>7,815,571,528</b>

The table below above the transfers & payments done, county expenditure for all the Departments, the County Assembly, unrealized revenues and unspent balances. From the above analysis, Kshs. 865,146,848 were transfers & payments done in the financial year, Kshs. 5,081,200,773 was the total expenditure by Departments, Kshs. 715,985,565 as expenditure by County Assembly, Kshs. 722,558,582 as Unrealized revenue (including Leasing of medical equipment & supplement for construction of county headquarter) and Kshs. 430,679,760 as unspent balances in the year (including surrendered imprests at 30th June 2021)

### **1.3.3 Departmental Expenditure**

#### **Office of the Governor**

The Office of the Governor provides policy direction for the County, Coordinates Service Delivery, Promotes Investment and Intergovernmental Relations. It is thus pivotal that the programmes under the Office are well facilitated for seamless operationalization.

The Office had an allocation of Kshs. 129,685,317 in the FY 2021/22 and recorded an absorption of Kshs. 127,578,532, 98% in the year under review.

#### **Office of the County Secretary**

This office coordinated the County Departmental organization and functions as directed by the County Executive Committee and in reference to the Executive Orders issued by the Office of the Governor. The County Secretary is also the Head of the County Public Service and takes up Human Resource Management while also executing some responsibilities delegated by the County Public Service Board. To this end, the salaries and other staff welfare expenses are

factored under the Department. The Department recorded an absorption of Kshs. 2,257,231,455 which was 99 % of its appropriations for the Year.

### **Office of the County Attorney**

The office of the County Attorney had an appropriation of Kshs. 51,141,862 set for both the recurrent and development expenditure. As at the end of the Financial Year, the office spent Kshs. 48,121,174 recording an absorption of 94%.

Key priorities of the Department are drafting of various Regulations and Acts, tabling various Bills and Regulations before forwarding them to the County Assembly for debate and approval, drawing various Commercial and Conveyance transactions, Alternative Dispute Resolution (ADR) litigation on behalf of the County Government as well as offering general legal services.

### **County Public Service Board**

The County Public Service Board had an appropriation of Kshs. 27,689,000 and recorded an absorption rate of 99% absorption rate as at the end of the Financial Year 2021/2022. However, more allocations are required to allow the Board to fully undertake all its responsibilities.

Human Resource Planning and Development is essential for the implementation of sound and coherent programmes in the County for sustainability. To achieve this the Board is involved in setting up optimal County offices and staffing levels for effective service delivery, entrenching values and principles to all County staff and maintaining discipline within the County Public Service.

### **Finance and Economic Development**

Public Finance Management is a key facet for the implementation of all County Programmes and projects. In the financial Year 2021/2022, the Finance and Economic Development in advancing its programmes and facilitating those of other Departments, recorded an 87 % absorption rate. The expenditures in the Department were Kshs. 438,361,939 against a budget of Kshs. 504,023,435. Key County Funds that are largely recurrent in nature are domiciled in this Department. These are the County Emergency Fund, County Bursary and County Staff Mortgage Fund.

The Nyandarua County Trade Development and Investment Authority is intertwined with the Department. Their operations kicked off in the Financial Year.

### **Transport, Public Works and Energy**

The Department had an appropriation of Kshs. 1,136,281,300 for both development and recurrent expenditure. The Department recorded absorption of Kshs. 666,018,776 (59%).

County Rural Roads Programme has fast-tracked roll out of roads maintenance and rehabilitation across the County. The unitary cost of road repair and maintenance has also gone down due to the noble programme.

### **Health Services**

The Department recorded an absorption rate of 52%. In the year under review Kshs. 537,463,980 was absorbed in the Financial Year against a budget of Kshs. 1,025,459,812. The Department achieved the following:

- ❖ Upgrade of JM Kariuki Hospital through;
- ❖ Mashunja complex at 40% level of builders work done.
- ❖ Pathology department/mortuary roofing, plastering and equipping done, Compound landscaping is ongoing
- ❖ Upgrade of Manunga and Bamboo Health Centres- theaters constructed
- ❖ Renovations and maintenance of various Health Facilities
- ❖ Procurement of Health products for all the Health Facilities
- ❖ Procurement of Equipment for various facilities
- ❖ Kieni, Muhakaini and Matindiri dispensaries were completed while Kiganjo and Kangubiri were still work in progress.

### **Lands, Housing & Physical Planning**

Key priorities of the Department in the Financial Year 2021/2022 were to streamline land ownership and promote investment in the County, the Budget prioritized buying land (for public facilities), land survey & mapping. The Department was allocated Kshs. 78,731,080 for development and recurrent expenditures. The Department recorded an absorption of Kshs. 27,134,598 (34%).

A highlight of key milestones and achievements for the year under review are:

- ❖ Acquired 3 parcels of Land for various public utilities and of access of roads
- ❖ Resolved various disputes through re-establishment of boundaries
- ❖ Survey equipment procured but yet to be delivered

- ❖ Preparation of County Spatial Plan complete awaiting approval by the county assembly
- ❖ Upgrade of 9 towns/market centers done
- ❖ Construction of Geta market stalls phase 3

### **Trade, Industrialisation & Cooperative Development**

The FY 2021/22 Budget for this Department aimed at promoting trade, cooperative movement and cottage industries in the County through an upgrade, rehabilitation & completion of market sheds, construction of Jua kali sheds and purchase of milk coolers for cooperatives. It also purposed to enhance value addition to reduce postharvest losses, enhance cheap credit and fairness in weights and measures. This Department had an allocation of Kshs. 182,235,095 and recorded absorption of Kshs. 115,005,980 (63%). The Department managed to:

- ❖ Pre-Co-operative training - Charagita
- ❖ Cooperative infrastructure support of 10 motorbikes
- ❖ Renovation of Ndaragwa cooperative office
- ❖ Support to SMEs in Ndaragwa, Njabini, Magumu,
- ❖ Upgrade of markets in Boiman, Ndunyu Njeru, Miharati, Njabini, Kahembe, Geta
- ❖ Upgrade of towns such as Kasuku, Ndunyu Njeru, Oljororok, Njabini, Wanjohi, Passenga, Rurii, Kahembe, Rwanyambo, Karangatha, Kinja, Gichaka, and Kwaharaka
- ❖ Maintenance of KUSP projects

### **Education, Culture and the Arts**

The Department is mandated with the promotion of education in the County, the FY 2021/22 Budget emphasized the completion and construction of ECDE Centres, completion of Youth Polytechnics and provision of sanitation materials and learning materials in the ECDE centres. This Department had a total allocation of Kshs. 143,036,213 and managed to absorb Kshs. 83,609,343. The Department had an absorption at 58% of its budget.

The Department allocated amounts were used for:

#### **i. Early Childhood Development Education**

- ❖ Construction and completion of 19 ECDE classes and others ongoing
- ❖ Procurement and distribution of ECDE furniture, for 150 ECDE centers
- ❖ Procurement and distribution of teaching materials, learning and play materials for 498 ECDE centers

- ❖ Construction and completion of 5 ECDE toilets
- ❖ Training of 1,350 ECDE teachers on competence-based curriculum.
- ❖ ECDE milk feeding programme with 23,000 beneficiaries.
- ❖ Provision of County Education Bursaries to needy learners with 42,794 benefiting from 28,192 in the previous financial year.

**ii. Youth Training**

- ❖ Increased trainees' enrolment in VTCs from 1,919 to 2,148.
- ❖ Trainees' capitation of Ksh. 10.47M was provided for the all 2,148 trainees.
- ❖ Implementation of NAVCET in 4 VTCs is ongoing
- ❖ Registration of 587 candidates for national exams, arise from 352 in the previous year
- ❖ Construction of 3 hostels at Miharati, Kinangop and Milangine VTCs (they are on ongoing status)
- ❖ Provision of modern tools and equipment for 3 VTCs

**iii. Culture & The Arts**

- ❖ Kinyahwe Cultural Museum Phase One-Fencing (80% completion status)
- ❖ 1 Countywide talent show was conducted

**Agriculture, Livestock & Fisheries**

With a budget of Kshs. 620,317,231 in the FY 2021/22, only appropriations of Kshs. 268,874,204 (43%) were absorbed by the Department.

In the Financial Year under review, the Department had planned to concentrate on enhancing access to information, skills and adoption of modern technologies to increase Agricultural production, Productivity for food security and improved livelihoods. To achieve this, the Department was to focus on strengthening Institutional Policy, Legal Framework and Integrated Extension Services, enhancing access to quality inputs and safety of food products, promotion of postharvest handling services, market access, and sustainable land use and mechanized agriculture.

The Department remains a key beneficiary of conditional grants in the County that operationalize various programmes in the Department.

The Department carried out the following:

- ❖ A total of 6,666 avocado trees seedlings, procured and distributed to farmers in Mirangine Ward.
- ❖ Purchase of emergency chemicals to control migratory pests and army worms control outbreaks and distributed to farmers in prone areas for spraying.
- ❖ Procurement of 76,923 pyrethrum seedlings (splits) done and distributed to farmers in Charagita ward.

- ❖ Procurement of 610 bags of seeds potato done and distributed to vulnerable farmers and 10,000 minitubers for multiplication and bulking in ATC Njabini
- ❖ Procurement of 500 kgs of Sun flower production seeds done and distributed to farmers attached to groups.
- ❖ Hiring of 3 more technicians and Equipping of the soil testing laboratory at Gatimu ward and procuring annual activation licence of one mobile soil testing kit.
- ❖ Hiring of 2 more technicians for the Seed potato tissue culture laboratory and completion of one cold storage facility.
- ❖ Equipping of a mushroom house at North Kinangop ward for production.
- ❖ Enhancement of market access for 1800 pyrethrum farmers through contracted farming with Kentegra Co.Ltd.
- ❖ Purchase of 16,462 chicks for youth/women – Kipipiri and Kinangop through KCSAP.
- ❖ Construction of Githabai livestock sale yard is ongoing through SIVAP.
- ❖ 800 farmers are formulating home-made rations.
- ❖ Procurement of various high quality feeds and fodder seeds for farmers.
- ❖ 45,966 livestock farmers were trained on good animal husbandly, fodder production and conservation.
- ❖ 30 Hectares of fodder were established.
- ❖ 52,755 cattle were vaccinated against Foot and Mouth Disease and Lumpy Skin Diseases
- ❖ 11,730 Bovine, 61,162 Ovine and 4342 caprine were slaughtered and inspected. They generated revenue of Ksh 5.0 Million
- ❖ 15366 certificates of transport and 3858 movement permits was issued
- ❖ Three slaughterhouses (Milangine, Olkalou, Miharati) were repaired
- ❖ 3 Pond liners were procured and distributed to fish farmer groups in Ndaragwa

### **Public Administration and ICT**

In the Financial Year 2021/22, the Department had a total approved appropriation of Kshs. 73,434,787 and recorded an absorption rate of 91% of its budget. The Departmental programmes are County Administration, Provision of Security services to County Assets and ensured compliance with County Legislation and relevant National Laws and Coordination of

County Government functions for efficient service delivery. The Department carried out the following:

#### **Public administration**

- ❖ coordination of Participation fora and County functions and events
- ❖ Ensuring that all functions and events attended by H. E the Governor and the Deputy Governor are well organized and successful
- ❖ provision of Logistical support to the protocol team
- ❖ Disaster response and management
- ❖ developed Cabinet memo on decentralizing county administration to village level and a policy on Ward committees has been prepared
- ❖ Coordination and management of key Government programmes namely bursary, liquor licensing
- ❖ Training and capacity building of officers enhanced

#### **Citizen engagement**

- ❖ Civic education
- ❖ Public participations
- ❖ Feedback mechanism
- ❖ Peer learning

#### **Enforcement**

- ❖ Purchase of uniform for Enforcement officers.
- ❖ Paid a diploma in criminology for 1 officer.
- ❖ Training of 22 Enforcement Officers for basic Enforcement course.
- ❖ Payment of allowances.
- ❖ Maintenance and service of directorate vehicle.
- ❖ Enforced compliance on potatoes Regulation Acts, single business permits and also covid-19 Rules and Regulations within the County.
- ❖ Provision of security and safety of County property and staff within the County premises.
- ❖ Holding of workshops for counselling against drug abuse for all Enforcement officers.
- ❖ Security and crowd control during Governors functions.

#### **Human resource management**

- ❖ Human resource planning and management
- ❖ Staff welfare and support



## **Youth, Sports, Gender and Social Services**

The

- ❖ 130 Youth groups benefitted with various youth empowerment equipment's.
- ❖ Promoted sports talent by sponsoring youth in athletics and in the Kenya youth inter-county Sports association games.
- ❖ 6 Sports play grounds upgraded.
- ❖ In Olkalou Stadium, commencement of construction of : Ablution block ,high level water tanks, running tracks, football pitch.
- ❖ Support to 132 football teams at various levels of FKF league.
- ❖ Provided youths with a platform to showcase their talents.
- ❖ 1,500 Youths were trained on various topics.
- ❖ Miharati Youth empowerment centre was equipped with computers.
- ❖ 5,000 Artists benefitted from the production studio.

## **Water, Environment, Tourism and Natural Resources**

The Department received an allocation of Kshs. 543,753,614 out of which Kshs. 83,096,489 was for recurrent expenditure and Kshs. 460,657,125 was allocated for development expenditure.

During the year, the department utilized Kshs. 162,390,765 of the allocated amounts recording an absorption of 30%.

The Department carried out the following:

### **Water Resource Development**

The Water Services directorate undertook various projects to improve water supply to the residents. The following were activities were carried out in different parts of the county and the following was accomplished:

- 90km of pipeline network for water reticulation was laid and operationalized
- Pump testing was done to 5 projects to determine their yields in m<sup>3</sup>/h, depth, water rest level and water quality analysis to enable engineers design pumps for the same.

- The department contracted the construction of 2No. masonry water storage and distribution tanks which are already complete and in use
- Plastic tanks of different size ranging from 10m<sup>3</sup>, 5m<sup>3</sup> and 210ltrs were distributed to various water projects, public institutions and vulnerable person in the county. Some of these tanks were placed on fabricated and erected platforms to distribute water mainly from boreholes while the small capacity tanks were used for roof harvesting.
- 16No. boreholes drilled and equipped to enhance water supply in the county
- 24No. boreholes equipped with solar panels and inverters, solar-powered submersible pumps. Panel support structures and power-houses were also constructed.
- 5No. boreholes repaired by having the pump motors or the solar controllers replaced
- 2No. dams were de-silted to improve on storm water management and storage
- To extend the water supply to the communities without individual connections, 17No. water kiosk were constructed

### **Climate Change Resilience**

- Finalization of Nyandarua County Climate Change Act, 2021
- Development of the Public finance Management (Nyandarua County Climate Change Fund) Regulations
- Establishment and finalization of Nyandarua County Climate Change Fund (CCCCF) including opening a special purpose account with the Central Bank of Kenya
- Establishment and operationalization of Nyandarua County Climate Change Unit (CCU) with a Director and two officers in charge of Monitoring & Evaluation and communication & climate change affairs as well as other seconded officers.
- Establishment of Steering Committee and the Planning Committee to deal with climate actions within Nyandarua County
- Establishment of 9-member ward climate change committees in all the 25 wards of Nyandarua County that are both gender and age inclusive including a PWD slot.

### **Natural resources**

- Increasing Nyandarua’s Tree and Forest cover from to 27.5% and 26.2% respectively as reported in 2021 status of forests in Kenya.
- Since 2018, a total of 709 ha of trees has been planted on private farms, public land, along the riparian land and the Olkalou Arboretum.
- A total of 33 ha of bamboo have been planted over the 4 years.
- Two key policy documents have been developed and will provide a roadmap for management of forestry resources in Nyandarua County; (1) **Transition Implementation Plans (TIPs) for Devolved Forestry Functions (2021 – 2025)** between the County Government of Nyandarua and Kenya Forest Service, (2) **Nyandarua County Forest Landscape Restoration Strategy (2021 – 2030)**
- The two documents will help Nyandarua County contribute towards Kenya’s commitment of restoring 5.1 million hectares of deforested and degraded landscapes.
- Lake Ol’Bolossat is under immense pressures from human induced threats (overgrazing in the riparian land, encroachment, invasive species and climate change.
- To support conservation of the lake, a ten-year plan, the **Lake Ol Bolossat Integrated Management Plan 2021 – 2030** was developed and launched in May 2022.
- Engagement with stakeholders to support the implementation of the Integrated Management Plan is ongoing. Support for local conservation groups (CFAs, WRUAs, CBOs) was increased.

## **Environment**

- Gazettement and functionality of the CEC. The 33-member Committee is gazetted under EMCA in May 2021. One Induction workshops, Two statutory meetings and two field operations in were undertaken in the year 2021-2022
- Establishment of the county climate change unit
- Technical support in screening, undertaking and monitoring of environmental assessments in all sector, more than 150 undertaken
- Assessment and documentation for County’s qualification in the Financing Locally Led Climate Change Action (FLLCOA) program
- Induction of new staff members in the Directorates of Environment, Climate Change and Natural Resources Management

- Preparation of the County Environment Action Plan (CEAP) 2022-2025), a draft CEAP in place awaiting finalization
- Finalization and launch of the Nyandarua County Forest Landscape Restoration Strategy (2021 – 2030) supported by WWF Kenya
- Finalization of the Lake Olbollosat Integrated Management Plan (2021 – 2030) and its launch in May 2022
- Advising and monitoring on effluent transport and disposal permits for one exhauster truck, a Decentralized Treatment Facility (DTF) operated by Ol’Kalou Water and Sanitation Company (OLWASCO) and for Nyahururu Water and Sanitation Company (NYAWASCO).
- The ESS is the Key Result Area 5 in Kenya Devolution Support Program (KDSP),
- Technical support of Environmental safeguards in the Kenya Urban Support Program (KUSP) and County Program Coordination Committee (CPCT) ongoing monitoring and reporting in projects, annual assessments
- Sensitization of Olkalou municipality staff and Board of on environmental and social safeguards and compliances- September 2021
- Preparation and approval of Environment Impact Assessment reports for Kenya Climate Smart Agriculture Program (KCSAP), screening of three hundred seventy two (372) micro-projects and eight producer organization in readiness for assessments.

### **County Assembly**

The County Assembly plays an essential role in the oversight and approval of various Planning and Budgeting Policy documents among other roles and responsibilities as stipulated in the Constitution of Kenya 2010 and the County Government Act, 2012.

For the facilitation of programmes and projects that are recurrent, the County Assembly had appropriations of Kshs. 809,643,697 vis-à-vis an actual expenditure of Kshs. 776,885,248. The absorption rate of the County Assembly was 96%.

Between June 2021 and July 2022, counties in Kenya faced several challenges in meeting their obligations to their residents. Some of the main challenges include:

**Global economic impacts:** The Ukraine war has had a ripple effect on the global economy, with fluctuations in oil prices and the value of the dollar affecting Kenya's economy. The war has led to a decrease in oil supply and an increase in oil prices, which has affected Kenya's energy sector;

**Financial constraints:** Counties heavily rely on funding from the national government to provide services to their residents. However, delays in disbursement of funds from the national government, coupled with inadequate revenue collection, have made it difficult for counties to meet their obligations;

**Political interference:** Political interference from local and national politicians has been a significant challenge for counties. Politicians often demand that county officials prioritize projects or services that benefit their political interests, even if they are not a priority for the residents;

**Corruption:** Corruption has been a persistent problem in county governments in Kenya. It has led to the misappropriation of funds meant for service delivery and the awarding of tenders to unqualified individuals or companies, resulting in poor quality work or non-delivery of services;

**Inadequate infrastructure:** the county lacks basic infrastructure, including roads, electricity, and water supply. This has made it difficult for county officials to provide essential services such as healthcare and education to residents; and

**Devolution implementation challenges:** The devolution of power to counties has faced implementation challenges, leading to conflicts between the national and county governments.

This has resulted in delays in the delivery of services and inadequate allocation of resources to counties.

In conclusion, the challenges facing the county government in meeting their obligations to residents are complex and multifaceted. Addressing these challenges will require a concerted effort from all stakeholders, including the national government, other governments, civil society organizations, and citizens.

#### **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:

1. County Government's expenditure on wages and benefits for its public officers shall not exceed thirty-five (35) per cent of the County Government's total revenue;
2. The County public debt shall never exceed twenty per cent of the County Governments total revenue at any one time;
3. 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;
4. The County Government actual expenditure on development shall be at least thirty per cent

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

*Table 15: Analysis of the County's adherence to the fiscal responsibility principles for the period ending 30th June 2022*

<b>Indicator</b>	<b>Budgeted (KShs.)</b>	<b>Ratio (%) in relation to</b>
------------------	-------------------------	---------------------------------

			<b>the total Budget</b>
<b>County expenditure</b>	Recurrent	5,223,937,759	65
	Development	2,808,576,568	35
	<b>Total</b>	<b>8,032,514,327</b>	<b>100</b>
	Expenditure on wages & benefits (executive and Assembly)	2,616,704,991	33
<b>Expenditure by County Assembly</b>	Recurrent	704,643,697	9
	Development	105,000,000	1
	<b>Total</b>	<b>809,643,697</b>	<b>10</b>
<b>County Debt financing</b>		-	

### **Expenditure on Wages and Benefits**

The County's expenditure on wages and benefits accounted for 33% of the total Budget. The County Budget was therefore in line with the set limit of 35 % of the Revenues.

### **Expenditure on Development**

The total development expenditure in the financial year amounted to Kshs. 2,808,576,568 (35%). The County is in line with the stipulated 30% allocation in development expenditure.

### **Public Debt**

The County's budget was financed by its own revenue from the equitable share, conditional grants and locally generated revenue. The County Government did not, therefore, consider Debt Financing through internal or external borrowing to Finance the Budget.

### **Approved expenditures for County Assembly**

The County Assembly approved an expenditure of Kshs. 809,643,697 which accounted for 10% of the County's total Budget. The expenditure comprised of Kshs. 704,643,697 as recurrent expenditure and Kshs. 105,000,000 as development expenditure.

The development expenditure was for the completion of the speaker's residence, completion of office block, renovation of Assembly chambers and solarization of the borehole. The allocation was a non-ceiling Item which further increased the share of the Budget allocated to the County Assembly.

## **Operational performance**

The County's operations are structured in terms of Departments which are headed by a County Executive Committee Member with the Chief Officers as the Departmental Accounting Officers. For seamless Service Delivery, all Departments have to work in unison and synergize.



## CHAPTER TWO

### ECONOMIC AND FINANCIAL FORECAST FOR FY 2023/2024 AND THE MEDIUM TERM

#### 2.1 Global and Regional Economic Development

The global recovery is underway, but the pace has slowed due to the pandemic. The global COVID-19 death toll has climbed close to 5 million, fuelled by the highly transmissible Delta variant, and health risks abound, delaying a full return to normalcy. Pandemic outbreaks in critical global supply networks have caused supply disruptions that have lasted longer than predicted, fuelling inflation in many countries. Risks to the economy have risen overall, and policy trade-offs have become more complicated.

In comparison to the July 2021 forecast, the global growth forecast for 2021 has been lowered down to 5.9% from 6%, while the forecast for 2022 is anticipated to remain stable at 4.9%. However, the slight revision masks significant downgrades for some countries. Due to increasing pandemic dynamics, the outlook for low-income developing countries has dimmed significantly. The downgrade reflects the advanced economy group's more difficult near-term prospects, which are amplified by supply disruptions (IMF World Economic Outlook, October 2021).

In advanced economies, the projected growth of 5.2% in 2021 from -4.5% in 2020 is expected. In 2021, the United States will grow from -3.4% to 6%, Euro area -6.3% to 5% and the United Kingdom -9.8% to 6.8% from 2020 respectively. While other advanced economies will have a growth projection of 4.6% from -1.9% in 2020. (IMF World Economic Outlook, October 2021).

In 2021, Emerging Market and Developed Economies (EMDEs), will expand by 6.4% from -2.1% in 2020. China is expected to rise by 8% in 2021 compared to 2.3% in 2020, while India will expand by 9.5% in 2021 from -7.3% in 2020. In 2020, Sub-Saharan Africa contracted by -1.7% compared to 3.1% projected expansion in 2021. The key drivers of African expansion, Nigeria and South Africa, are expected to grow by 2.6% and 5% in 2021 from -1.8% and -6.4% respectively in 2020. (IMF World Economic Outlook, October 2021)

East Africa is the only region in Africa that avoided a recession in 2020 due to improved agricultural performance, ongoing public spending on massive infrastructure projects and growing regional economic integration. However, political instability in some nations and a lack of economic diversification in others hampered growth. The global economic recovery is expected to help East Africa's GDP expand to 3 percent in 2021, up from 0.7 percent in 2020. The sluggish dissemination of COVID-19 vaccines, as well as the possibility of more infection could sour that attitude. (East Africa Economic Outlook, 2021)

## **2.2 National Macro-Economic Outlook**

Kenya was among Africa's fastest-growing economies before the COVID-19 pandemic, with an annual average growth of 5.9% between 2010 and 2018. It has recently achieved lower-middle-income status, with a GDP of US \$95 billion, and has effectively developed a broad and dynamic economy. It also acts as a gateway to the wider East African market of close to 200 million people. However, the Country continues to face substantial obstacles in achieving sustainable and equitable economic growth, which have been compounded by the economic disruptions caused by COVID-19. (USAID)

## **2.3 Domestic Economic Development**

According to the Kenya National Bureau of Statistics, Kenya has grown its economy by 0.3% in 2021. Leading indicators for the Kenyan economy point to a relatively strong recovery in the first quarter of 2021. As such, the economy is projected to recover to 6.6% in 2021, partly reflecting the lower 2020 base effect. The service sector has generally been the largest contributor to GDP and will contribute an average of 6.0% to GDP growth in 2021 from a negative contribution of -3.1% in 2020. The contribution is expected to stabilize at 3.2% in 2022. Agricultural output also grew robustly, though most sectors were severely disrupted.

Kenya has made major gains in social development, including reducing child mortality, achieving near-universal primary school enrollment, and narrowing gender gaps in education. Interventions and increased spending on health and education are paying dividends. While the health care system has faced challenges recently, the most prevalent being COVID-19, devolved healthcare and free maternal health care at all public health facilities has and will continue to improve health care outcomes and develop a more equitable health care system.

With full re-opening of the economy through lifting of the nationwide curfew in October, the national economic performance is expected to improve. However, the economy is still being hit hard through supply and demand shocks on external and domestic fronts thereby interrupting its recent broad-based growth path. In addition to the slow growth exacerbated by the effects of the COVID-19 pandemic, high fuel costs have increased the cost of living. The unpredictable weather has affected rainfed agriculture thereby risking food security and growth of the agricultural sector in the country.

### **Inflation Rate**

According to the Central Bank of Kenya, overall inflation remained anchored within the Government's target range of 5+/-2.5% during the first half of 2021, supported by lower food prices, muted demand pressures and prudent monetary policy. The inflation rate stood at 6.45% in October 2021, after reaching 6.91% in September 2021 as compared to 5.6% in December 2020, mainly reflecting increases in fuel prices during the period. The VAT adjustment in January 2021 had a mild impact on inflation. Fuel inflation remained elevated and consistent, with trends in energy prices and continued interventions in the transport sector to contain the spread of Covid-19 virus. Food inflation increased slightly despite improved food supply arising from favourable weather conditions. Non-Food Non-Fuel inflation remained low and stable below 5% during the period, reflective of muted demand pressures. It stood at 2.6% in June 2021, the same level as that in December 2020.

The rate of inflation affects the cost of providing goods and services for the government, with a high rate making it expensive to provide goods and services. The high rate could also cause a weakening of the Kenya shilling relative to other currencies which will increase the cost of servicing foreign-denominated loans.

### **Kenya Shillings Exchange Rate**

Exchange rate fluctuation affects the current account balance and the debt service repayable on foreign-denominated loans. The Kenya foreign exchange market has largely remained stable but partly affected by tight global financial conditions attributed to uncertainty with the Covid 19 pandemic. The Kenya shilling to the US Dollar exchanged at Kshs. 111.1 in November 2021 compared to KSHS. 110.05 In November 2020. Moreover, the Kenya shilling continues to record less volatility compared to most Sub-Saharan African currencies. The Kenyan shilling has relatively remained stable weakening by only 0.95 percent against the US Dollar in

November 2021 as compared to November 2020. This stability in the Kenya shilling was attributed to increased remittances and adequate foreign exchange reserves.

### **Interest rates**

Private sector credit growth remained resilient in the first half of 2021 supported by an accommodative monetary policy stance and increased demand in the first quarter resulting from improved economic activity. In agreement with the Central Bank of Kenya, growth in private sector credit stood at 7.1% in the twelve months to May 2021. Strong credit growth was observed in transport and communication, finance and insurance, real estate and consumer durables. Growth in credit moderated from 8.4% in December 2020 and 9.7% in February 2021, largely reflecting increased loan repayments and write-offs, and reduced demand with re-introduction in April of partial lockdown in five counties that are major business centres and outlets, Nyandarua County being among those affected. Additionally, stronger credit demand from manufacturers of fast-moving consumer goods and COVID-19 related products was witnessed in a similar period in 2020 after the announcement of the first case of COVID-19 in the country.

### **The Stock Market**

Activity in the capital market further slowed down in 2021 with equity share prices declining to 1,956 points from 1,948 points in 2020 according to the Nairobi Securities Exchange (NSE 20 Share Index). The depressed share prices resulted in a lower market capitalization of Kes 2.1 Trillion in December 2018 from Kes 2.5 Trillion in December 2017. The decline reflects trends in the global equities markets as investors shift to bond markets in expectation for a further hike in the U.S. interest rates on strong jobs and economic data.

### **Balance of Payments**

As of May 2021, the current account balance was a deficit of USD 5.36 Billion (5.5% of GDP), compared to a deficit of USD 5.14 Billion (5.2% of GDP) in May 2020. This was largely due to lower receipts from services exports which offset the impact of lower imports of oil, machinery and transport equipment as well as increased receipts from tea and horticultural exports and strong remittances, sourced from the National Treasury.

According to the Central Bank of Kenya, the goods account balance improved to a deficit of 9.4% of GDP in 2021, from 9.9% of GDP in 2020, reflecting lower merchandise imports due to lower oil imports, increased tea exports, and resilient horticulture exports. The value of merchandise exports remained stable at USD 6.33 Billion in the twelve months to May 2021 compared with USD 5.98 Billion in the twelve months to May 2020. Earnings from tea and horticulture increased by 0.6% and 12.3% respectively. Horticulture earnings were boosted by the relaxation of restrictions in key export markets and the increased availability of cargo space. Imports fell by 0.5% during the same period, mainly driven by reduced imports of petroleum products, which fell by 13.8% on account of lower global oil prices. Exports to Africa accounted for 40%, with COMESA and EAC regions accounting for 28% and 25% respectively. China and the European Union were the major importers, accounting for 24.2% and 14.9% of total exports respectively. The balance on the secondary income remained resilient mainly supported by remittances inflows each accounted for 3.5% of GDP in May 2020. Remittance inflows in the twelve months to May 2021 totalled USD 3.44 Billion compared to USD 2.84 Billion in a similar period in 2020, a 21.1% increase. However, services exports declined by 27.6% in the twelve months to May 2021 due to a 43.4% and 50.5% drop in earnings from transport and travel services respectively.

### **Foreign Exchange Reserves**

The Kenyan Shilling exchange rate remained stable against the US dollar in the first half of 2021, despite the impact of COVID-19 on global financial conditions. This stability was supported by resilient receipts from tea and horticulture exports and string diaspora remittances. The Kenyan shilling and other major EAC currencies strengthened against the US dollar in the second quarter of 2021. A similar trend was recorded for major international currencies against the US dollar during the period. The official foreign exchange reserve remained above the statutory requirement to endeavour to maintain at least 4 months of import cover and the EAC convergence criteria of 4.5 months of import cover. Official foreign exchange reserves stood at USD 9.54 Billion (5 months of import cover at the end of June 2021), and continue to provide an adequate buffer against short term shocks in the foreign exchange market. The approval on April 2, 2021, of a new programme with the IMF under Extended Credit Facility (ECF) and Extended Fund Facility (EFF) arrangements indicates confidence in the country's macroeconomic policies and will provide an additional buffer against short term shocks. (IMF, Economic Outlook, October 2021)

## 2.4 County Outlook

The County's economy is highly impelled by global and national economic stability. The global monetary and fiscal impacts are felt by the Kenyan economy and are consequently translated to the counties. This outlook assumes that such shocks will not have a material impact on the county in the medium term.

The priorities contained in the third Medium Term Plan (MTP III) of the Kenya Vision 2030, Sustainable Development Goals, the African Union Agenda 2063 among others are further cascaded down to the Counties.

The county also leverages on the Presidential Big Four Agenda to expedite food security, Affordable health, Affordable housing and increased manufacturing.

While Kenya's economy is in recovery, COVID-19 has embedded deep imprints on the country's fiscal and debt position. Correspondingly, COVID-19 had severely affected the economic activities of Nyandarua County which resulted in unemployment due to the closure of businesses, disruption of manufacturing and service. For the county to recover and endure an upward growth trajectory, the county has employed crucial measures to address the social and economic development in the County. Such measures include:

- a) Maximize on Own-Source Revenue by safeguarding full automation of revenue collection to pyramid the processes and systems already in place while delving into new revenue streams
- b) Investing in adequate and affordable housing for Nyandarua residents
- c) The County intends to develop regulations on urban development control and invest in urban infrastructure to tackle the projected growth in the urbanization phenomenon
- d) Promotion of early childhood education through implementing the feeding programme and tertiary education (polytechnics) through facilitation of the students through the Higher Educations Loans Board ( HELB)
- e) Investment promotion by marketing Nyandarua through the investment authority and the county's trade development programme will attract a broad variety of investment opportunities

- f) Improving Agricultural Productivity for Food Security. Measures such as breed improvement and enhancement of extension services have been adopted by this department to actualize this.
- g) Started the construction of Mashujaa complex expected to turn around the health services provided in the county. It will address the health matters as contained in the big four agenda.
- h) Construction of potatoes processing plant that will cushion farmers against the perennial prices experienced in the agricultural sector. It will ensure smoothing of supply and make a trade-off between supply and demand thus stabilizing the food prices.
- i) Clearing of 2440 plots at Ol-Kalou town thus paving the way to increased commercialization. It is expected that plot owners will put up business structures on the cleaned plots to boost commercial activities within the town.

## CHAPTER THREE

### SECTORAL PRIORITIES AND RESOURCE ALLOCATION IN THE MEDIUM TERM

#### 3.1 OVERVIEW

As a guide to medium-term resource allocation, the County Government will concentrate on Change Agenda for Socio Economic Transformation and wealth creation. The FY 2023/24 MTEF budget will concentrate on creating congruence with the National Government Bottom Up Economic Transformative Agenda “*BETA*”. The budget will create prominence on growth of the bottom economic pillar through programmes that lead to wealth creation.

The County planning framework will endeavour to allocate resources with targeted outputs and outcomes more so those with highest multiplier effect on revenue generation, wealth and employment creation. The planning framework will ensure a strong linkage between the citizenry needs, planning, budgeting and implementation and sectoral synergies in institutionalization of the Change Agenda.

#### 3.1.1 Bottom-Up Economic Transformative Agenda “*BETA*” and Sectoral Pillars

Through the Annual Development Plan (ADP) 2023/24 FY, all the County sectors have identified the priority areas with their estimated resource requirements. The sectoral priorities are in line with the Constitution of Kenya under devolved functions, Vision 2030, Fourth National Medium-Term Plan (MTP IV) 2022-2027, Nyandarua CIDP3 2022-2027, SDGs, Bottom-up Economic Transformative Agenda (BETA).

The “BETA” Agenda includes:

- i. Agricultural Transformations
- ii. Micro, Small and Medium Enterprise (MSME)
- iii. Housing and Settlement
- iv. Healthcare
- v. Digital superhighway and Creative Industry



### **3.2 Sector Priorities**

In the medium term, The Office of the Governor is to provide the requisite policy direction as per the County's development agenda. Policy issues and directions are to be approved by the County Executive Committee. Sectoral linkage is to be leverage through the County Sectoral Committees.

The County Sectoral Committees in the County are responsible for providing specialized advice and support to the County Executive Committee in specific policy areas. The sub-sectors/departments have been aggregated into four sectors.

These sectoral committees will be responsible for developing and implementing policies and programs related to their respective sectors, as well as monitoring and evaluating the performance of the government in those areas. Additionally, they play a key role in coordinating the work of other sectoral government agencies and stakeholders to ensure effective and efficient delivery of services to the public.

#### **3.2.2 Governance Sector**

The governance sector encompasses all county government entities and departments that are responsible for determining how power is exercised and how policies are implemented. These include the Office of the Governor, the Office of the County Secretary and Head of Public Service, the Public Administration and Devolution Department, the Office of the County Attorney, and the Finance, Economic Planning, and ICT departments. The governance sector is vital for ensuring transparency, accountability, and adherence to the established legal and policy instruments, as well as promoting good governance in Nyandarua County. It is essential for effective and efficient governance, as it provides a framework for decision-making and the implementation of policies that promote the interests of citizens and the public good. Furthermore, the governance sector plays a key role in ensuring that government officials and employees are held accountable for their actions, and that citizens have access to the information they need to participate in the development process.

#### **3.2.3 The Human Resource Sector**

The human resource sector is responsible for managing and developing the county's human capital. This includes all direct services to the county citizenry that are geared towards human capital empowerment and welfare. Education, Children, Gender Affairs, Culture and Social

Services and Health Services are domiciled within this sector. The Education and Social services sub-sector is to invest strategically in the empowerment of the youth, Early Childhood Education, Children, gender and culture. The Health sub-sector on the hand is to improve the county citizenry's health care indicators. The two sub-sectors are directly related to the human development of the County residents.

### **3.2.4 The Productive Sector**

The productive sector refers to the part of the economy that produces goods and services that contribute to economic growth and development. This sector includes industries such as agriculture, manufacturing, tourism, water and natural resources and other forms of production encapsulated within the Departmental structure. The productive sector is essential for a county's economic development because it generates jobs, creates wealth, and increases the standard of living of the population. It is also an important source of county own source revenue for the county government, which can be used to fund public services such as healthcare, education, and infrastructure. Overall, the productive sector is a crucial component of a well-functioning economy and thus is a focus of government policies aimed at promoting economic growth and development.

The Departments falling under this sector are Youth Empowerment, Sports and Arts, Water, Environment, Climate Change and Natural Resources, Tourism, Cooperatives Development and Trade and Industrialization, Agriculture, Livestock and Fisheries.

### **3.2.5 Infrastructure Sector**

The infrastructure sector includes a wide range of physical assets and services that are essential for the functioning of modern societies. The components of infrastructure are critical for economic growth and development, and they provide the foundation for many other industries to function. The County Government is to invest in infrastructure projects to promote economic growth, create jobs, and improve the quality of life for the County residents.

Departments under the Sector are Public Works, Roads, Transport, Housing and Energy and Lands, Physical Planning and Urban Development.

### **3.3 Criteria for Resource Allocation**

Over the Medium Term, the County Government will ensure that resource allocations strive to allocate more resources towards the realization of the social development and wealth creation agenda as well as align the County to the Bottom-up Economic Transformation Agenda (BETA).

The resource envelope available for allocation among the spending entities in the County comprises of:

1. Share of National Revenue, which finances approximately 85 per cent of the budgeted expenditure.
2. Locally Collected revenue including business permits, property rates, entertainment taxes, levies, fees and charges; and
3. Donor funding (Conditional Grants).

Resource allocation is vital for the advancement of the social development and wealth creation agenda of the County. The considerations include but are not limited to:

The “Bottom-up Economic Transformation Agenda” which prioritizes:

- i. Agricultural Transformations
- ii. Micro, Small and Medium Enterprise (MSME)
- iii. Housing and Settlement
- iv. Healthcare
- v. Digital superhighway and Creative Industry

In addition, resources allocation has also been based on.

- (i) Development priorities identified in CIDP 3 from the Governor’s change manifesto, the Kenya Kwanza manifesto, MTP IV, sectoral plans and stakeholder’s consultative forums.
- (ii) Mitigation of Climate change effects on all the key facets of socio-economic development for the county citizenry.
- (iii) Assumption into the office of a new administration.
- (iv) A shift of budgetary allocations from a social budget to a more balanced budget factoring both the social and infrastructure development budget.
- (v) Flagship Projects, The Governor’s Change agenda.

- (vi) Ongoing/phased projects: the emphasis is given to the completion of ongoing and unfinished projects and in particular infrastructure projects and other projects with a high impact on poverty reduction, equity, job and wealth creation.
- (vii) Job creation: Specific consideration to job creation for the youth based on sound initiatives identified in the Governor's manifesto and during the county stakeholders' consultation for the CIDP will be considered as well as disability and gender.

Table 16: Sector Ceilings for FY 2023/24 and the Medium Term (Kshs.)

SECTOR	Approved Expenditure 2022/23 FY	Actual Expenditure	ADP 2023/24 FY as Submitted to CA	FY 2024/25 Expenditure Projections	FY 2025/26 Expenditure Projections
<b>GOVERNANCE SECTOR</b>					
Office of The Governor	129,685,317	127,578,532	171	188	206
Office of The County Secretary	2,280,510,105	2,257,231,455	80	88	97
County Public Service Board	27,689,000	27,389,000	33	36	40
County Attorney	51,141,862	48,121,174	66	73	80
Public Administration & ICT	73,434,787	67,146,463	2,962	3,258	3,584
Finance & Economic Development	504,023,435	438,361,939	765	842	926
<b>HUMAN RESORCE SECTOR</b>					
Health Services	1,025,459,812	537,463,980	681	749	824
Education, Culture and The Arts	143,036,213	83,609,343	210	231	255
Agriculture, Livestock & Fisheries	620,317,231	268,874,204	166	183	201
<b>PRODUCTIVE SECTOR</b>					
Youth, Sports, Gender and Social Services	324,545,098	266,503,003	116	127	140
Industrialization, Trade, Co-Operatives & Urban Development	182,235,095	115,005,980	292	321	353
Ol'kalou Municipality	102,026,681	13,421,062	77	85	93
Water, Tourism, Environment and Natural Resources	543,753,614	162,390,765	632	696	765
<b>INFRASTRUCTURAL SECTOR</b>					
Lands, Housing, Physical Planning	78,731,080	27,134,598	162	178	196
Transport, Energy And Public Works	1,136,281,300	666,018,776	620	682	750
<b>COUNTY ASSEMBLY</b>					
				0	0

County Assembly	809,643,697	776,885,248	770	847	932
<b>TOTAL</b>	<b>8,032,514,327</b>	<b>5,883,135,522</b>	<b>7,802</b>	<b>8,582</b>	<b>9,440</b>

Table 17: FY 2022-2023 Indicative Recurrent and Development Ceilings

<b>SECTOR</b>	<b>FY 2022/23 Proposed Recurrent Budget</b>	<b>FY 2022/23 Proposed Development Budget</b>	<b>ADP 2023/24 FY as Submitted to CA</b>
<b>GOVERNANCE SECTOR</b>			
Office of The Governor	162	9	171
Office of The County Secretary	80		80
County Public Service Board	33		33
County Attorney	66		66
Public Administration & ICT	2,933	30	2,962
Finance & Economic Development	565	200	765
<b>HUMAN RESORCE SECTOR</b>			
Health Services	204	476	681
Education, Culture and The Arts	126	84	210
Agriculture, Livestock & Fisheries	116	50	166
<b>PRODUCTIVE SECTOR</b>			
Youth, Sports, Gender and Social Services	35	81	116
Industrialization, Trade, Co-Operatives & Urban Development	29	262	292

Ol'kalou Municipality	15	62	77
Water, Tourism, Environment and Natural Resources	63	569	632
<b>INFRASTRUCTURAL SECTOR</b>			
Lands, Housing, Physical Planning	49	113	162
Transport, Energy And Public Works	62	558	620
<b>COUNTY ASSEMBLY</b>			
County Assembly	670	100	770
<b>TOTAL</b>	<b>5,208</b>	<b>2,594</b>	<b>7,802</b>





## CHAPTER FOUR

### RISKS TO THE COUNTY ECONOMY

Risk refers to the uncertainty associated with the implementation of the County Fiscal Policies and more specifically the degree to which that uncertainty could lead to non-achievement of the planned priorities. This uncertainty can come from a number of factors including political, economic, climatic or technological influences.

The financial year 2023-2024 is the first year in the implementation of the third County Integrated Development Plan. It is expected that there will be risks and challenges that may encumber the implementation of the Government's Agenda. By being aware of the possible risk factors, and preparing well, the county government can have a great chance of bouncing back when a threat does come to fruition.

Some of the risks associated with the implementation of the County Fiscal Policies and their interventions include:

#### **i. Unemployment**

Joblessness is a great risk factor not just in the county but nationally and is a top potential for economic crisis. The financial, budgetary and economic effects of unemployment are profound. High levels of unemployment mean that the government's social spending must be increased, putting further pressure on the county's budget. With an unemployment rate of 46.3% (KNBS), it means that the county is not using the labour resource efficiently. The price paid by the government is increased social support, health and community support costs and reduction in human capital and productivity.

#### **Mitigation**

The county government should create employment through adoption of policies that encourage labour intensive methods of production. Nyandarua County is an agricultural county hence investment in the agricultural sector and value addition industries will curb the unemployment. Development of market linkages for agricultural produce is also inevitable.

#### **ii. Global Economic Factors**

The local economy is highly dependent on the performance of the global economy since the National Economy cannot operate as a closed system. An increase in international prices of oil has a direct effect on the national economy and trickles down to the county economy. Random

shocks in the global economy will lead to slowed economic activities both nationally and at the county level. The above factors may lead to the non-realization of the 2023/24 plan.

### **Mitigation**

The National government should develop policies to provide resilience as much as possible to counter the effects of international shocks and setbacks.

#### **iii. Climatic factors**

Agriculture is the back bone of Nyandarua County's economy. However, the changing climate is having far reaching impacts on agricultural production, which are likely to challenge the sector in future. This is as a result of global warming. Prolonged droughts may lead to reduced farm produce which affects food security in the country and the county. Reduced agricultural activities will hurt the county's local revenue which is the major source. It will also result to unemployment as well as under employment since agriculture is the main source of employment in the county.

Prolonged heavy rains may lead to crop failure and huge losses to the producers due to impassable roads that link to marketplaces. In addition, heavy rains leads to delay in implementation of projects other projects transforming to low economic growth in the county.

### **Mitigation**

The County needs to adopt the growth of drought-resistant crops and fast-growing crops to address the problem of prolonged drought. The timely implementation of development projects during favourable weather conditions should be prioritized. The County Government should invest heavily in drainage systems and water harvesting for irrigation.

#### **iv. Delays in the release of funds**

Untimely disbursement of funds from the National treasury which is the major source of county resources may impede the implementation of the plan. Low/slow disbursement of donor funds may occur due to the prescribed conditions and funding guidelines on implementation procedures.

### **Mitigation**

There is a need for the National treasury to enhance timely releases of funds for the county government to pay the suppliers in good time. This will also help in curbing the problem of huge pending bills and unspent balances at the close of the financial year.

v. **Political risk**

Following the 2022 elections, there are political and social tensions stemming from the outcome and change of government. The political intolerance and divisive politics are likely to lower the economic activities in the short term leading to economic depression.

**Mitigation**

It is a collective responsibility for leaders and citizens to show patriotism and not fuel the tension. Any form of protests or go-slows will only serve to hurt the already ailing economy.

## CHAPTER FIVE

### CONCLUSION AND WAY FORWARD

As we prepare the budget for the FY 2023/24, we are clearly aware of our narrow fiscal space elicited by revenue shortfalls and unending expenditure pressures. The Government will continue to pursue prudent fiscal policies aimed at supporting rapid and inclusive economic growth across the County. These policies are expected to provide and maintain necessary balance between revenues and expenditures so as to ensure that the overall growth agenda is realized.

The expenditure priorities in this CBROP have been critically appraised to ensure that they are in accordance to the Government's strategic priorities including the 'Bottom up Economic Model'. Consequently, budget allocations have been premised on the sustainability, affordability and the degree to which the programmes contribute towards job creation and reduction in poverty and inequality. It is integral to our vision as a County Government that all our citizenry should have access to equal and affordable opportunities. The Government will strengthen implementation of programmes that make growth more inclusive and pursue measures that allow private public partnerships.

The County Government will focus on formulation of relevant policies, laws and regulations to enhance both generation and effective utilization of existing resources. In order to enhance local revenue collection, the Government will augment good governance aiming at building public trust and investors' confidence. With these, the county will attract and retain the much-needed investments to spur economic growth and development recovery after the covid-19 pandemic. Innovative resource mobilization initiatives will be introduced to alleviate the dependency challenge.

All the Government expenditures will be scrutinized to ensure that any wasteful spending is eliminated. Allocation of resources will be based on the priorities as agreed upon by the sectors and departments as identified in the approved FY 2023-24 ADP. This will form the basis for the setting of the ceilings in the County Fiscal Strategy Paper and consequently the FY 2023/24 budget estimates.