



NYAMIRA COUNTY

GOVERNMENT COUNTY

TREASURY

MEDIUM TERM

COUNTY FISCAL STRATEGY PAPER

FEBRUARY 2016

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Foreword

The County Fiscal Strategy Paper 2016/2017 articulates economic policies and sector priority programs that the County intends to implement in the remaining part of the 2013-2017 CIDP as articulated in the departmental strategic plans and their respective annual work plans that are anchored in the County government's economic blue print.

The overarching objective of the CFSP is to consolidate our past achievements and take cognizance of implementing challenges in the past three years as we identify opportunities and strategies for the realization of Kenya Vision 2030. The strategy paper lays a foundation for development of cottage industries, value adding processes, agribusinesses, infrastructure development and improvement, training and capacity building, youth empowerment and innovation, among other initiatives, that will eventually transform the Nyamira economy to the next level.

Therefore, the county government of Nyamira is focused on developing policies and legislations that will attract and retain investments, capital and skilled manpower; promote security and social cohesion that are prerequisites for socio-economic growth and development. The realization of this strategy is premised on the support of other arms of the county and national governments in particular, passing legislation, playing oversight role, promoting inter-governmental relations, enhancing public participation, civic education, monitoring and evaluation, recruitment, training and retention of skilled manpower, private public partnerships, among others. The County Fiscal Strategy paper also outlines measures the government will put in place to be able to raise the required financial resources for actualizing the plan. It also captures national government transfers to the county government and strategies on resource mobilization initiatives and managing the public debts. This is critical in raising the required budgets.

The County Fiscal Strategy Paper 2016/2017 will focus on county flagship projects within the departments of Agriculture, Livestock and Fisheries; Transport, Roads and Public Works; Health Services; Water, Environment, Energy, Mining and Natural Resources; and Gender, Youth, Sports, Culture and Social Services. The identified flagship projects will have a quick impact on the socio-economic development that will certainly enhance opportunities for wealth creation amongst our people. We are all tasked to think outside the box in project identifications and funding priority areas. We will need to allocate more financial resources to mega projects that will see our county move to the next level of development index in the next 3 years (2016-2018) under our Medium Term Expenditure Framework program.

The county government's main objective is efficient provision of services to the people, not merely the ownership and management of assets. The focus therefore should be to achieve efficiency and effectiveness in the service delivery by the county government. Various tools of management have been put in place to ensure that these endeavors are not compromised

whatsoever. For effective and efficient management of the county development agenda, there will be regular program progress reviews by all departments on implementation based on their respective strategic plans 2013-2017.

Reuben Sinange

County Executive Committee

Member Finance and Economic

Planning

Acknowledgements

The development process of this Fiscal Strategy Paper 2016 was coordinated by a team of County Economists from the department of Finance and Planning who included Mr. Paul Onyango, Mr. Simon Mungai, Mr. Nathan Onduma and Mr. Denis Muthuri. Their unwavering commitment and teamwork is duly acknowledged.

Similarly and with equal measure, I also express my appreciation to Mr. Robin Achoki, the entire Treasury staff and other sectoral conveners and co-conveners for their dedication, contributions and support that they provided during the preparation of this document.

We are particularly grateful to H.E the Governor, Deputy Governor, the County Executive Committee Member for Finance and Economic Planning for their role, direction and guidance in developing this document.

I also take this opportunity to thank executive committee members, chief officers, Budget & Economic Forum members and all our partners for their invaluable contribution, either through direct or indirect support.

We are also grateful for the input and contribution from the public sector hearings held on 18th to 19th February 2016 towards preparation of this paper.

Finally, it is our sincere hope that the Nyamira County Fiscal Strategy Paper 2016 would provide strategic guidance to the 2016/2017 annual budget.

Jackline Kemunto
County Chief
Officer
Finance and Economic Planning

CHAPTER ONE

1.0 THEME: POSITIONING NYAMIRA ON A PATH OF SOCIO-ECONOMIC GROWTH AND DEVELOPMENT

1.1 INTRODUCTION

The 2016 County Fiscal Strategy Paper (CFSP) is the third to be prepared since the assumption of office by the County Government of Nyamira. The theme of this 2016 CFSP is *–Positioning Nyamira on a path of Socio-Economic Growth and Development//*. One of the important aspects of the budget preparation is the requirement by Section 117 of the PFM Act that before 28th February of each financial year, each County Treasury shall submit a County Fiscal Strategy Paper (CFSP) to the County Assembly after approval by the County Executive Committee. The Paper is also expected to be aligned to the national policies and objectives outlined in the Budget Policy Statement. Due to limited resources, more resource allocation will focus on the following sectoral priorities:

- Infrastructure development: This will include interventions in roads, energy (street lighting) and ICT development.
- Agriculture, rural and urban development: Priority will be given to livestock, fisheries and agriculture, spatial planning and housing development.
- Water and environment: The priority will be given to spring protection, drilling of boreholes, wetlands conservation and promotion of bamboo tree planting.
- Health: Priorities in this sector will include funding healthcare infrastructure, communicable and non-communicable diseases and drugs.
- Social sector: priority areas will be Culture, sports, youth, security and opportunities for vulnerable members of our society.

1.1.1 CFSP Process overview

In line with the devolved functions of the County Governments, the CFSP sets out priority programs to be implemented in 2016/17 and the Medium Term expenditure Framework (MTEF). The 2016 CFSP has been aligned to the National Budget Policy Statement (BPS) which re-emphasizes the transformative economic agenda and structural reforms. According to the 2016 BPS, the implementation of the transformative agenda is expected to raise efficiency and productivity in the economy thereby sustaining inclusive growth. This will create opportunities for productive jobs for Kenyans. However, the 2016 CFSP is framed against the backdrop of uneven and moderate global recovery.

In this regard, the knowledge and lessons learnt from the initial phase of devolution will be significant in making decisions in the future. In deed the adoption of Programme Based Budget (PBB) in FY 2015/16 budget and strategic initiative adopted therein reveals a fundamental shift from the past.

The purpose of this paper, therefore, is to guide the County Departments, stakeholders and the general public to understand the fiscal situation on the proposed budget strategies. This strategy paper contains the following:

- a) The principles that will guide the 2016/17 budgetary process;
- b) The broad fiscal parameters for 2016/17 budget and the key strategies and policies for management of revenues and expenditures;
- c) Discussion of risks to the budget parameters and budget strategies;
- d) The medium term outlook for the County Government revenues and expenditures;
- e) Discussion of how the budget strategies relate to the Medium Term Fiscal Strategies (MTFS) and County Integrated Development Plan (CIDP).
- f) Broad County Government priorities and strategic goals.
- g) A framework for preparation of departmental budget estimates and the development of detailed budget policies.

This document will be made available to the public as required by the Constitution 2010, Article 201 and Public Finance Management Act 2012 section 117.

1.1.2 Outline of the County Fiscal Strategy Paper (CFSP)

This County Fiscal Strategy Paper 2016 is presented in six Chapters. After the Introduction presented in Chapter One, which presents an overview and outline of the Paper, Chapter Two outlines the recent economic and fiscal developments within which the 2016/17 budget will be prepared. It presents an overview of the recent economic and fiscal developments and the macroeconomic outlook covering the global, national and county scenes. It concludes by discussing the fiscal performance of the first half of FY 2015/16.

Chapter Three presents an overview of the forward economic and fiscal developments and the macroeconomic outlook covering the global, national and county scenes with respect to chapter two. Chapter Four looks at the county strategic priorities and interventions.

In Chapter Five, the Paper presents the Fiscal Policy and Budget Framework that will support planned growth over the medium to long term, while continuing to provide sufficient resources to support social sector programmes, agriculture as well as in infrastructure spending.

Lastly, Chapter Six presents Medium Term Expenditure Framework, Resource envelope, overall spending priorities in relation to strategic priorities and interventions, Medium-term Expenditure baseline ceilings and Sector/Department priorities with ceilings for the proposed 2016/17 budget.

1.2 LEGAL BASIS FOR THE PUBLICATION OF COUNTY FISCAL STRATEGY PAPER

The County Fiscal Strategy Paper is published in accordance with section 117 of the Public Finance and Management Act, 2012. The law states that;

- 1) *The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by the 28th February of each year.*
- 2) *The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.*
- 3) *In preparing the County Fiscal Strategy Paper, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term.*
- 4) *The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term.*
- 5) *In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of—*
 - a) *The Commission on Revenue Allocation;*
 - b) *The public;*
 - c) *Any interested persons or groups; and*
 - d) *Any other forum that is established by legislation.*
- 6) *Not later than fourteen days after submitting the County Fiscal Strategy Paper to the county assembly, the county assembly shall consider and may adopt it with or without amendments.*
- 7) *The County Treasury shall consider any recommendations made by the county assembly when finalizing the budget proposal for the financial year concerned.*
- 8) *The County Treasury shall publish and publicize the County Fiscal Strategy Paper within seven days after it has been submitted to the county assembly.*

1.3 FISCAL RESPONSIBILITY PRINCIPLES FOR THE COUNTY GOVERNMENT

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

- 1) A County Treasury shall manage its public finances in accordance with the principles of fiscal responsibility set out in subsection (2), and shall not exceed the limits stated in the regulations.*
- 2) In managing the county government's public finances, the County Treasury shall enforce the following fiscal responsibility principles—*
 - a) The county government's recurrent expenditure shall not exceed the county government's total revenue;*
 - b) Over the medium term a minimum of thirty per cent of the county government's budget shall be allocated to the development expenditure;*
 - c) the county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;*
 - d) Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;*
 - e) The county debt shall be maintained at a sustainable level as approved by county assembly;*
 - f) The fiscal risks shall be managed prudently; and*
 - g) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.*
- 3) For the purposes of subsection (2) (d), short term borrowing shall be restricted to management of cash flows and shall not exceed five per cent of the most recent audited county government revenue.*
- 4) Every county government shall ensure that its level of debt at any particular time does not exceed a percentage of its annual revenue specified in respect of each financial year by a resolution of the county assembly.*
- 5) The regulations may add to the list of fiscal responsibility principles set out in subsection (2)*

CHAPTER TWO

2.0 RECENT ECONOMIC AND FISCAL DEVELOPMENTS

2.1 NATIONAL ECONOMIC AND FISCAL OVERVIEW

The economy grew by 5.3 per cent in 2014 supported by strong performance in most sectors of the economy which offset the contraction in the tourism sector. Kenya's economic growth remained resilient in 2015. The first three quarters of 2015 recorded an average of 5.5 per cent growth compared to 5.3 per cent growth in a similar period in 2014. In Quarter three of 2015, the economy grew by 5.8 per cent, an improvement from a growth of 5.0 per cent and 5.6 per cent in quarter one and two of 2015 respectively.

The growth in the third quarter was supported by improved performance in agriculture, forestry and fishing (7.1 per cent), construction (14.1 per cent), wholesale and retail trade (6.5 per cent), transport and storage (8.7 per cent) and electricity and water supply (11.0 per cent). The accommodation and restaurant sector improved during the third quarter of 2015 with a contraction of 2.3 per cent from a contraction of 16.0 per cent during the same period 2014. This improvement is as a result of the withdrawal of the travel advisories by some key tourist source countries.

On average, the annual inflation rate was 6.5 per cent in December 2015 compared to 6.9 per cent in December 2014 and was therefore, within the current allowable margin of 2.5 per cent on either side of the target of 5.0 per cent. Liquidity conditions remained tight between September and October 2015, with short-term interest rates remaining above the Central Bank Rate (CBR) and the rates on treasury bills rising substantially. This tight liquidity situation improved beginning November 2015 resulting in reduction in all the money market interest rates.

The Kenya Shilling exchange rate which had weakened against major international currencies, for most of the year strengthened following foreign exchange inflows into the money market. The currency stabilized at Ksh 102.2 against the US dollar as of 21st January 2016 compared to Ksh 102.8 in October 2015. The depreciation of the currency was mainly due to the global strengthening of the US Dollar on the international market, and high dollar demand by importers in the domestic market.

Against the Sterling Pound, the shilling strengthened to Ksh 145.2 as of 21st January 2016 from Ksh 153.3 in December 2015 and against the Euro, the exchange rate also strengthened to Ksh 110.8 from Ksh 111.1 over the same period. The Kenya shilling has continued to display relatively less volatility compared with the major regional currencies due to Diaspora remittances, increased foreign investor participation in the NSE.

The implementation of the budget for FY 2015/16 has progressed well despite challenges in the first quarter. Revenues collection has lagged behind significantly and domestic securities market grossly underperformed in the first quarter. These two combined effects disrupted smooth flow of funds for development and general government operations in the first quarter and slowed down expenditures.

Budget implementation is back on course after appropriate and well-timed mitigating measures by the Government. By the end of December 2015, total cumulative revenue including A-I-A amounted to Ksh 575.2 billion against a target of Ksh 642.9 billion implying a shortfall of Ksh 67.7 billion. Ordinary revenue collection was below the target by Ksh 47.6 billion while A-I-A collection recorded a shortfall of Ksh 20.0 billion. The underperformance in ordinary revenue was mainly on account of significant shortfalls recorded in PAYE (Ksh 26.0 billion) and VAT imports (Ksh 15.9 billion).

Net domestic financing by end December 2015 amounted to Ksh 26.3 billion against a target of Ksh 106.6 billion, an under performance of Ksh 80.3 billion. The net domestic borrowing of Ksh 26.3 billion comprised borrowing through government securities of Ksh 139.7 billion and net repayment of other domestic borrowing of Ksh 87.6 less accumulation of government deposits of Ksh 25.8 billion. The combined effect of the revenue and borrowing shortfalls implied cumulative expenditures were below target by end December 2015.

The total cumulative expenditures for the first half of the financial year amounted to Ksh 769.2 billion against a target of Ksh 997.2 billion. The shortfall of Ksh 228.1 billion was attributed to lower spending by National Government of Ksh 35.8 billion and Ksh 139.2 billion in recurrent and development expenditures categories respectively as well as Ksh 50.5 billion shortfalls in transfer to the devolved units. The cumulative overall fiscal balance, on a commitment basis (including grants), amounted to a cash deficit of Ksh 164.76 billion (equivalent to 2.5 per cent of GDP), as at end-December 2015, compared with a deficit of Ksh 103.2 billion (equivalent to 1.8 per cent of GDP) in the period ending 31st December 2014. *(BPS, 2016)*

2.2 COUNTY ECONOMIC AND FISCAL OVERVIEW

The national economy has an impact on the County economy and this need to be taken into consideration when developing county's economic policies. Growth of the national economy is directly linked to the counties. An expanding national economy will lead to higher revenues and ultimately higher allocations to the county governments to finance development and provision of social services. Higher growth also raises household disposable incomes thus generally raising demand for goods and services.

The performance of the economies of Kenya's trading partners affects the county economy directly through demand for goods and services produced in the county and indirectly through increased investments in the national economy. The growth of major trading partners may also positively affect the county economy if that affords them to invest directly in the county.

The Kenya Shilling exchange rate which had weakened against major international currencies, for most of the year strengthened following foreign exchange inflows into the money market. Ours is an agricultural led economy, and as such, this will lead to low cost of crude oil, farm inputs and other essential agricultural and industrial inputs including essential medical supplies to our county. This will translate to competitive prices for our county farm products and low cost of industrial and medical products.

On the other hand, the falling prices of crude oil will positively affect the county economy due to reduction of production costs in the tea and coffee industries thus making products more competitive in the international market. Further, the reduction in crude oil prices will lead to reduced transportation costs and through the multiplier effect, enhance the purchasing power of the county residents and their general well-being. Moreover, Nyamira County benefits

greatly from foreign remittances due to the large number of its people working in the diaspora and this has greatly improved the county economy. The improvement of the liquidity situation beginning November 2015 has resulted in reduction of all the money market interest rates thereby affording cheaper credit and hence eases of doing business.

Europe, USA, Middle East and Egypt are the major consumers of some of the products produced in the county, mainly tea and coffee. The price of tea in the global market has been falling despite increasing production which has affected the county economy. On the other hand, coffee production has declined greatly due to mismanagement of cooperatives. Improvement in the global economy will therefore increase demand for exports originating from the county. The county can therefore benefit from these prospects if its products are competitive.

The fiscal performance in 2014/15 was generally satisfactory, despite the challenges of not realizing the projected revenues and mounting expenditure pressures. The County Government anticipated collecting Kshs. 219,053,556 in FY 2014/2015 from local sources, but only Kshs. 202,202,709 was actualized. The exchequer release was less by Kshs. 788,732,766. As a result, the County Government was not able to implement all the planned projects and programmes.

During the period under review, the recurrent expenditure for the County Government was Ksh. 2,382,212,467 against a target of Ksh. 2,719,352,834 representing an under spending of Ksh. 337,140,367 (12%). Development expenditure incurred amounted to Ksh. 1,374,083,015 compared to a target of Ksh. 1,958,913,442. This represented an under absorption of Ksh. 584,830,427 (30%).

2.3 SUMMARY/ CONCLUSIONS

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

Going forward, the county treasury, through the enactment of Finance Act 2015 has established systems to attain sound economic policies. The county government has reformed the levies and charges to expand the revenue base without necessarily imposing undue burden on the residents. This will be achieved by automation of revenue collection to promote efficiency of revenue agency and to reduce leakage of revenues and also through continuous capacity building of revenue officers so as to cope with dynamics of time and technology.

Based on the budget outturn over the first six months of the financial year, disciplined expenditure management and implementation of savings measures on operations and maintenance is improving the County's fiscal position.

Our continued fiscal discipline enabled us to achieve the thirty per cent threshold of the development expenditure in the FY 2014/15. Going forward, we will continue to manage our

recurrent expenditure to achieve the county target of 40 per cent on development expenditure in the FY 2015/16 while at the same time improving revenue collection efficiency.

The county priorities will endeavor to accelerate growth of the county's economy and the standard of living of its citizens in compliance with the mandate bestowed on the County Governments by the Constitution. As such, the County Government will focus more on agriculture which is the mainstay of our economy through agricultural transformation and value addition, infrastructure and the social sectors especially health and education.

CHAPTER THREE

3.0 FORWARD ECONOMIC AND FISCAL OUTLOOK

3.1 FISCAL PERFORMANCE AND EMERGING CHALLENGES

The approved budget for the Nyamira County Government in the FY 2015/2016 had expenditures amounting to Kshs. 4.58 billion, comprising of recurrent expenditure of KShs. 3.21 billion and development expenditures of Kshs. 1.37 billion. This budget will be financed by Kshs. 4.12 billion from national equitable share, Kshs. 240.9 million from local revenue sources, 21.5 million from DANIDA to support the health sector services and conditional allocation from World Bank-HSSF 44.9 Million.

Fiscal outcome for the first six months of the financial year 2015/2016 was fairly satisfactory, but domestic revenue shortfall continues to persist amid rising expenditure pressures. Our Revenue collection for the first half of the year was Kshs. 26 M against a target of Kshs. 120.5M. Expenditure pressures relate to the rising wage bill, domestic and foreign travel expenditure. These pose risks to the stability of the budget for 2015/2016 in the face of resource requirement for County development.

3.1.1 Development and Recurrent Expenditures

The National Government disbursed a total of Kshs. 1,798,160,331 as at 31st December 2015, comprising of KShs. 1,283,000,000 for recurrent expenditure and KShs. 515,160,331 for development expenditure. Out of these disbursements, the County spent KShs. 1,165,790,526 on recurrent expenditure and KShs. 381,757,322 on development expenditure.

Tables 1 and 2 below in the next 2 pages show departmental expenditures for both recurrent and development budget as at a 31st December 2015. The tables indicate that the County Government has absorbed 74 per cent and 91 per cent of development and recurrent funds released by the National Government respectively. However, delays in exchequer releases by the National Government still remains a source of concern as it affects the implementation of planned programmes and projects.

To ensure proper implementation of the budget in the County, various measures have been put in place including preparation of procurement plans, annual work plans, and deployment of accountants to departments, regular monitoring and evaluation of projects and programmes and the rolling out of e-procurement platform.

Table 1: Recurrent Budget Outturn for the first six months 2015/2016

| Department | Budget Estimates (Kshs.) | Exchequer Issues as at 31/12/2015 | Expenditure as at 31/12/2015 (Kshs.) | Balance as at 31/12/2015 (Kshs.) | Absorption Rate as per exchequer release (%) |
|---|--------------------------|-----------------------------------|--------------------------------------|----------------------------------|--|
| County Assembly | 428,737,274 | 140,000,000 | 122,972,701 | 17,027,299 | 88% |
| Office of the Governor & Deputy Governor | 386,618,411 | 160,000,000 | 147,830,840 | 12,169,160 | 92% |
| Finance and Economic Planning | 197,217,780 | 100,000,000 | 97,150,350 | 2,849,650 | 97% |
| Agriculture, Livestock and Fisheries | 158,217,780 | 78,000,000 | 73,097,044 | 4,902,956 | 94% |
| Water, Energy and Environment | 82,426,897 | 40,000,000 | 37,682,688 | 2,317,312 | 94% |
| Education and ICT | 235,950,199 | 100,000,000 | 95,078,803 | 4,921,197 | 95% |
| Health services | 1,075,117,783 | 500,000,000 | 476,922,827 | 23,077,173 | 95% |
| Lands and Physical Planning | 41,781,033 | 15,000,000 | 10,367,799 | 4,632,201 | 69% |
| Infrastructure and Transport | 53,704,036 | 25,000,000 | 21,507,163 | 3,492,837 | 86% |
| Trade, Cooperative and Tourism Development | 39,052,850 | 25,000,000 | 17,089,240 | 7,910,760 | 68% |
| Culture, Sports, Youth and Social Affairs | 59,703,066 | 25,000,000 | 16,231,923 | 8,768,077 | 65% |
| County Public Service Board | 35,492,170 | 30,000,000 | 14,139,149 | 15,860,851 | 47% |
| Public Administration and Coordination of Decentralized Units | 109,827,517 | 45,000,000 | 35,719,999 | 9,280,001 | 79% |
| Total | 2,903,846,796 | 1,283,000,000.00 | 1,165,790,526 | 117,209,474 | 91% |

Source: Nyamira County Treasury

Table 2 Development Budget Out turn for the first six months 2015/2016

| Department | Budget Estimates (Kshs.) | Exchequer Issues as at 31/12/2015 (Kshs.) | Expenditure as at 31/12/2015 (Kshs.) | Balance as at 31/12/2015 (Kshs.) | Absorption Rate as per exchequer release (%) |
|---|-----------------------------|--|---|--|---|
| County Assembly | 175,899,997 | 20,660,331.00 | 0 | 20,660,331 | 0% |
| Office of the Governor & Deputy Governor | 171,150,084 | 55,000,000.00 | 39,680,109 | 15,319,891 | 72% |
| Finance and Economic Planning | 218,695,000 | 85,000,000.00 | 78,467,454 | 6,532,546 | 92% |
| Agriculture, Livestock and Fisheries | 154,207,454 | 30,000,000.00 | 28,227,943 | 1,772,057 | 94% |
| Water, Energy and Environment | 233,034,780 | 35,000,000.00 | 27,135,621 | 7,864,379 | 78% |
| Education and ICT | 254,220,049 | 30,000,000.00 | 17,058,420 | 12,941,580 | 57% |
| Health services | 515,318,764 | 43,000,000.00 | 38,353,735 | 4,646,265 | 89% |
| Lands and Physical Planning | 174,975,098 | 10,000,000.00 | 6,125,799 | 3,874,201 | 61% |
| Infrastructure and Transport | 589,153,046 | 180,000,000.00 | 145,222,241 | 34,777,759 | 81% |
| Trade, Cooperative and Tourism Development | 132,173,275 | 20,000,000.00 | 1,486,000 | 18,514,000 | 7% |
| Culture, Sports, Youth and Social Affairs | 7,950,000 | 2,500,000.00 | 0 | 2,500,000 | 0% |
| County Public Service Board | | | | | |
| Public Administration and Coordination of Decentralized Units | 12,900,000 | 4,000,000.00 | 0 | 4,000,000 | 0% |
| Total | 2,639,677,547 | 515,160,331 | 381,757,322 | 133,403,009 | 74% |

Source: Nyamira County Treasury

3.1.2 Revenue Out turns

The County Government projected to raise KShs.120,479,456 from local sources in the first six months of FY 2015/2016. However, only Kshs. 56,944,942 was realized in the same period.

Table 3: Revenue outturn for the first six months FY 2015/2016

| Source/Month | July | August | September | October | November | December | Total |
|------------------|-----------|-----------|-----------|-----------|----------|----------|-----------|
| Market Dues | 971,830 | 1,010,720 | 935,880 | 833,250 | 657,190 | 426,357 | 4,835,227 |
| Matatu Park | 1,296,940 | 1,153,600 | 1,027,640 | 1,030,730 | 887,600 | 462,000 | 5,858,510 |
| private Parking | 114,700 | 122,800 | 101,750 | 109,730 | 107,100 | 52,700 | 608,780 |
| Toll/Cess | 270,650 | 235,000 | 207,150 | 155,280 | 159,460 | 157,170 | 1,184,710 |
| Cattle Fee | 165,200 | 155,590 | 144,980 | 92,230 | 93,350 | 85,990 | 737,340 |
| Slaughter Fee | 14,330 | 12,400 | 6,460 | 5,680 | 10,420 | 11,620 | 60,910 |
| M/B Stickers | 252,000 | 186,100 | 142,300 | 173,500 | 113,440 | 38,100 | 905,440 |
| Matatu Reg. Fee | 4,000 | 7,800 | 1,600 | 2,000 | 4,100 | 4,000 | 23,500 |
| Matatu Stickers | 82,740 | 85,400 | 32,000 | 90,400 | 83,200 | 86,980 | 460,720 |
| I/Plot Rent | 67,890 | 83,060 | 37,140 | 16,000 | 26,500 | 640 | 231,230 |
| Plot Rent | 135,542 | 89,945 | 82,570 | 53,060 | 86,940 | 24,300 | 472,357 |
| Advertisement | 65,490 | 16,060 | 308,640 | 45,800 | 27,500 | 11,500 | 474,990 |
| S.B.P | 1,892,040 | 1,950,620 | 921,900 | 423,000 | 261,500 | 49,500 | 5,498,560 |
| S.B.P Appl. | 140,000 | 197,000 | 143,500 | 35,500 | 41,700 | 4,500 | 562,200 |
| Build. Plan App. | 167,870 | 199,930 | 260,615 | 171,800 | 129,250 | 157,250 | 1,086,715 |
| Tender Fee | - | - | - | - | - | - | - |
| School Reg | 1,000 | - | - | - | - | - | 1,000 |
| Stor. Charges | 1,700 | 1,200 | 600 | 600 | 1,000 | 108,000 | 113,100 |
| Land Rates | 19,838 | 3,500 | 14,140 | 2,000 | 67,289 | 14,740 | 121,507 |
| Cattle move | 1,770 | 1,960 | 3,740 | 1,850 | 3,700 | 34,100 | 47,120 |
| Imp. Chgs | 72,950 | 31,350 | 32,200 | 67,000 | 20,200 | 600 | 224,300 |
| Stall Rent | 88,600 | 92,900 | 105,300 | 75,100 | 255,150 | 77,200 | 694,250 |
| Public health | 192,350 | 167,030 | 219,830 | 132,950 | 110,830 | 2,800 | 825,790 |

| | | | | | | | |
|----------------------|-----------|-----------|-----------|-----------|-----------|------------|------------|
| Water | 28,450 | - | - | - | - | - | 28,450 |
| Veterinary | 104,600 | 76,800 | 236,950 | 120,550 | 398,515 | 191,155 | 1,128,570 |
| Trade - Wghts & Msrs | 63,310 | 30,920 | 23,150 | 74,900 | 21,440 | 39,420 | 253,140 |
| Medical Services | | | | | - | 30,287,330 | 30,287,330 |
| Phys Plan. | 10,500 | 11,520 | 34,110 | 9,240 | 37,320 | 20,800 | 123,490 |
| Total | 6,226,290 | 5,923,205 | 5,024,145 | 3,722,150 | 3,604,694 | 32,348,752 | 56,944,942 |

Source: Nyamira County Treasury January, 2016

Table 3 shows that there is a revenue shortfall in all sources in the first six months of FY 2015/2016. This revenue shortfall can be attributed to lack of county revenue bylaws; lack of legislation on tea and coffee cess; unstructured markets; lack of boda boda shades; lack of valuation role; boycotts by the citizenry in remitting relevant levies especially in Keroka and Miruka markets which form our big revenue base.

With the foregoing fiscal outlook, the County Government will need to revise its expenditure downwards in its supplementary budget as it is unlikely to achieve the set revenue target. This will avoid accumulation of pending bills.

To adhere to the fiscal responsibility principles, the County Treasury shall ensure that departments spend not more than the exchequer releases as we move towards the closure of the FY. Departmental expenditures should be for votes in the budget and within the ceilings.

The County Government should put measures in place to ensure budget revisions are minimized. Where necessary such revisions should be informed by appropriate reconciliation of withdrawals and expenditures and should be undertaken in good time to allow time for budget execution.

To address the challenges of revenue shortfalls and expenditure, the County Government will step up efforts on revenue administration and mobilization to eliminate leakages and increase revenue collection as targeted in the FY 2016/2017 as well as rationalize expenditure so as to minimize budget deficit. The following measures shall be put in place to address the challenges in Revenue collection shortfalls:- Automation of revenue collection; frequent monitoring of revenue collection processes and procedures; reinforcement of revenue collection function (Enforcement officers and Tools of trade); creation of structured markets (i.e. fenced markets and livestock yards); and boda boda shades; creation of revenue offices both at the Head Quarters and at the sub-counties; training and capacity building of revenue officers; sensitization of the public on the importance of paying taxes to the county; Creation of parking bays in our urban centers; provision of basic facilities in our markets (i.e. Toilets, Water, garbage collection points, security lights and drainage systems); Develop revenue management policy; develop county by-law; develop legislation on tea and coffee cess and finally develop valuation role.

CHAPTER FOUR

4.0 STRATEGIC PRIORITIES AND INTERVENTIONS

4.1 OVERVIEW

Prioritization of resource allocation will be based on the CIDP, departmental strategic plans and Governor's manifesto well as medium term priorities identified during the Sector Working Groups (SWGs) and the County public sector hearings held in February 2016.

In addition, the Constitution and the PFM Act 2012 require county governments to promote budget transparency, accountability and effective financial management of resources. Hence, use of resources at the County will be based on clearly set priorities to ensure that budgets are directly linked to plans to position the county on the path to socio-economic growth and development.

Spending proposals will in this regard undergo rigorous scrutiny to identify areas of inefficient and non-priority expenditure with focus being in the areas indicated in the table below. During scrutiny of 2015/16 budget proposals, more effective use of resources will be sought across spending units and any identified savings will be re-directed to deserving priority expenditures.

4.2 STRATEGIC PRIORITIES

The County will focus on the following sectoral priorities:

1. **Infrastructure development:** This will include interventions in roads, energy (street lighting) and ICT development.

The flagship Projects will include:

- (i) Opening 200 km of new roads and graveling of 100 km of roads
- (ii) Construction of foot bridges and purchase and delivery of culverts for road construction.
- (iii) Establishment of 5No. Citizens Service and ICT Centers
- (iv) Construction of 5No. Sub-County and Town Administrators' Complexes
- (v) Construction of 10No. Ward Offices.
- (vi) Hiring of 10 Ward Offices and one town Administration office.
- (vii) Renovation of 10 Ward Offices.
- (viii) Generation of 40 megawatts of solar energy to be linked to the national grid
- (ix) Street lighting (increase the number of poles by 200)

2. **Agriculture, Rural and Urban Development:** Priority will be given to livestock, fisheries and agriculture, spatial planning and housing development.

The flagship Projects will include:

- (i) Completion of the County Spatial Planning 2014-2024.
- (ii) Development of a Part Development Plan (PDP) for Keroka and Ikonge towns.

- (iii) Completion of construction of market facilities at Ikonge, Magombo, Magwagwa, Mokomoni and Mosobeti and final face-lifting of Nyabite Market
- (iv) Value addition of traditional agricultural produce through the use of common interest groups.
- (v) Production of silk. In turn, we anticipate creating employment opportunities and hasten growth of our people through sale of this product.

The quick win project will be:

- (i) Market infrastructure improvement in various markets across the county

3. **Water and environment:** The priority will be given to spring protection, drilling of boreholes, wetlands conservation and promotion of bamboo tree planting.

The flagship Projects will include:

- i. Planting of 10million trees in various parts of the county to increase coverage from the current 18% to 30% by 2020.
- ii. Purchase of land for waste disposal site.
- iii. Rehabilitation of rural and urban water supply for small and medium sized water schemes as well as rain water harvesting to reach 25,000 new households.
- iv. Establishment of Nyamira Water Supply and Sewerage Company (NYAWASCO).

4. **Health:** Priorities in this sector will include funding healthcare infrastructure, communicable and non-communicable diseases and drugs.

The flagship Projects will include:

- (i) Construction of 80-bed amenity wing with Doctors' Plaza at Nyamira County Referral Hospital and equipment
- (ii) Upgrading of Amaterio Health Facility to Level 3 to cater for the planned Kiabonyoru University
- (iii) Completion of the planned Magwagawa level 3 health facility

The quick win Projects will include:

- (i) Construction of maternity wing at Nyansiongo Hospital
- (ii) Construction of a theatre at Nyamusi Hospital
- (iii) Construction of theatre at Manga Hospital
- (iv) Completion of on-going 80 health facilities across the county Construction of 3No. operational theatres at Nyamira Referral Hospital
- (v) Operationalize MES program (radiology, renal and theatres) at Nyamira County Hospital and Masaba North (Keroka)
- (vi) Completion of Kitaru health facility
- (vii) Construction of proposed Mageri health facility
- (viii) Construction of staff houses at Ogango Level 3 Hospital in Charachani Sub-Location

5. Social Protection and Recreational Services: priority areas will be Culture, sports, youth, security and opportunities for vulnerable members of our society. The flagship projects will include:

- (i) Youth Empowerment Program through establishment of Nyamira Youth Empowerment Fund
- (ii) Completion of construction of two-ultra modern stadiums at Manga and Nyamaiya

6. General Economic and Labour Affairs. The flagship projects will include:

- (i) Construction of two boda boda sheds in each ward. We will strive to make one more additional boda boda shade in every provincial administrative location sites that will be identified by all stakeholders.
- (ii) We are also looking for an institutional partner to team up with the county government to train all boda boda operators on road safety with possibility of encouraging them to be in organized groups and start a self-help boda boda retailing business in the county.
- (iii) We will provide an enabling environment to start a business retailing shop for organized boda boda operators in every Ward.
- (iv) In the course of this financial year, we are also constructing a vehicle parking space in Nyamira town and complete the stalled Nyamira Town side walk projects in an effort to reduce congestion along the highway

7. Education: Nyamira County recognizes the importance and role of education in the 21st Century as a requisite for socio-economic growth and development.

The flagship projects will include:

- (i) Support to the establishment of Kiabonyoru State University by improvement of some basic infrastructure at the facility.
- (ii) Equip 26 workshops in the youth polytechnics, employ and capacity build instructors.
- (iii) Construction of 20 ECDE centers.

8. Public Administration and International Relations. The flagship projects will include:

- i. Operationalization of the decentralized functions by employing 80 village administrators as well as training and capacity building for sub-county, ward and town administrators .
- ii. Automation of revenue
- iii. Set up and operationalize the county cooperate communication units.
- iv. Set up and operationalized the county information and documentation centre.
- v. Civic Education by training of trainers and empowering communities at the ward level through a series of meetings, publications, etc. Kshs30 million
- vi. Strengthening Public Participation structures
- vii. Establishing the disaster management and responses unit
- viii. Strengthening the Inter-governmental relations.
- ix. Organizing meetings at a cost of about Kshs 3 million
- x. Operationalized the implementation of the ward development fund.

- xi. Training and capacity building lower cadre for staff under delegated function by CPSB, i.e.JG—H|| and below.
- xii. Strengthen the capacity of the county attorney’s office through recruitment of additional staff, setting up office space, purchasing furniture and equipment, including logistical support.

CHAPTER FIVE:

5.0

FISCAL POLICY AND BUDGET FRAMEWORK

5.1 OVERVIEW

The 2016 Medium-Term Fiscal and Budget Framework will guide the development of the county Medium Term Expenditure Framework (MTEF) that is compliant with the Public Finance Management Act (PFM) of 2012 and other relevant legislation. The County Government acknowledges that the fiscal stance it takes today will have implications into the future. Therefore, and in line with the Constitution and the Public Finance Management (PFM) Act, 2012, the principle of sharing the burdens and benefits of the use of resources, fiscal responsibility has become even more important since the Constitution requires the Government to progressively provide for a minimum basic standard of economic and social rights to its citizens within available resources.

In order for spending to increase on a sustainable basis to meet these basic needs, we should be prepared to match the increased expenditure demands with a corresponding increase in revenue yield through efficient collection and widening of revenue bases. Specifically, the Fiscal policy underpinning the FY 2016/17 Budget and MTEF aims at supporting rapid socio-economic growth and development through increasing revenues over the medium term and containing growth of total recurrent expenditure.

5.2 FISCAL POLICY FRAMEWORK

5.2.1 Fiscal Responsibility Principles

According to the 2016 BPS, Medium-Term Fiscal Policy aims at supporting rapid and inclusive economic growth, ensuring sustainable debt position and at the same time supporting the devolved system of Government for effective delivery of services. Specifically, the Fiscal policy underpinning the FY 2016/17 Budget and MTEF aims at raising revenue from estimated 20.3 per cent of GDP in FY 2015/16 to 21.4 per cent of GDP over the medium term while containing growth of total expenditure. Total expenditures and net lending is projected to decline from 29.6 per cent of GDP in FY 2015/16 to 26.5 per cent of GDP over the medium term. On our part, the County Government recognizes that the fiscal stance it takes today will have implications into the future. As a County Government we shall ensure adherence to the ratio of development to recurrent of at least 30:70 over the medium term, as set out in the law. Timelines on paying goods should be minimized to enable county government get competitive prices in the market.

Over the medium term the County Government of Nyamira will continue to maintain a balanced budget where total revenue equal total expenditure i.e. we do not envisage borrowing to finance the budget.

Fiscal policy will continue to support economic activities while allowing implementation of the County Integrated Development Plan (CIDP), Departmental Strategic Plans and the Governor's manifesto within a context of sustainable public financing. Over the past three years, the County Government has oriented expenditure towards priority programmes in health, education, agriculture, water and infrastructure. This process will be strengthened with a revamped legislative

framework and review of CIDP to enable accommodation of critical programmes that will accelerate socio-economic growth and development.

5.2.2 Fiscal and Public Financial Management Reform

In order for spending to increase on a sustainable basis to meet our county development goals, there is need to match the increased expenditure demands with a corresponding increase in revenue yield through efficient collection and reasonable revenue rates. It is therefore imperative to reform and modernize the revenue regimes to ensure stability of revenue effort, while at the same time continuing to restructure expenditure systems to ensure efficiency and create fiscal space required to fund these basic needs expenditures on sustainable basis.

Underpinning the fiscal programme are measures to raise local revenue to about 5 per cent of the total budget by 2016/17 financial year. This will be achieved through measures to simplify revenue code in line with best practices, in order to improve revenue compliance, minimize delays, and increase efficiency in revenue collection. On the other hand, the County Government will continue with expenditure management reforms to improve efficiency and reduce wastages in line with the Public Finance Management Act, 2012 and Public Procurement and Disposal Act, 2005. Expenditure management will be strengthened with implementation of Integrated Financial Management Information System (IFMIS) across departments and subsequently at the Sub-county level and health centres. The County treasury is operating a single treasury account to ensure efficient and prudent management of County Government resources for efficient and effective service delivery.

Going forward, the county treasury, through the enactment of Finance Act 2015 has established systems to attain sound economic policies. The county government has reformed the levies and charges to expand the revenue base without necessarily imposing undue burden on the residents. This will be achieved by automation of revenue collection to promote efficiency of revenue agency and to reduce leakage of revenues and also through continuous capacity building of revenue officers so as to cope with dynamics of time and technology.

Our continued fiscal discipline enabled us to achieve the thirty per cent threshold of the development expenditure in the FY 2014/15. Going forward, we will continue to manage our recurrent expenditure to achieve the county target of 40 per cent on development expenditure in the FY 2016/17 while at the same time improving revenue collection efficiency.

The county priorities will endeavor to accelerate growth of the county's economy and the standard of living of its citizens in compliance with the mandate bestowed on the County Governments by the Constitution. As such, the County Government will focus more on agriculture which is the mainstay of our economy through agricultural transformation and value addition, infrastructure and the social sectors especially health and education.

5.3 BUDGET FRAMEWORK

5.3.1 Revenue Projection

Table 4: Revenue Projections

| REVENUE FROM LOCAL SOURCES | Printed Estimates 2015/16 (Kshs.) | Projections | | |
|--|--------------------------------------|-------------|------------|------------|
| | 2015/2016 | 2016/2017 | 2017/2018 | 2018/2019 |
| PUBLIC ADMINISTRATION AND CORDINATION OF THE DECENTRALIZED UNIT | | | | |
| Minute Extract | | 5,000 | 5,500 | 6,050 |
| Land Transfer Charges | 90,706 | 99,777 | 109,755 | 120,730 |
| ADM Charges | 355,994 | 85,593 | 94,152 | 103,568 |
| FINANCE & ECONOMIC PLANNING | | | | |
| Market Dues | 44,327,473 | 36,250,220 | 39,875,242 | 43,862,766 |
| Matatu Parking Charges | 37,381,261 | 24,019,388 | 26,421,327 | 29,063,459 |
| Matatu Reg. | 0 | 1,100,000 | 1,210,000 | 1,331,000 |
| Sale of Tender Documents | 802,581 | 382,839 | 421,123 | 463,235 |
| Matatu Stickers | 0 | 2,595,000 | 2,854,500 | 3,139,950 |
| Private Parking Charges | 1,372,085 | 1,509,294 | 1,660,223 | 1,826,246 |
| Storage Charges | 238,260 | 262,086 | 288,295 | 317,124 |
| Motor Bike Stickers | 6,791,162 | 5,470,279 | 6,017,307 | 6,619,038 |
| Kiosk Fees | 208,478 | 229,325 | 252,258 | 277,483 |
| Impounding Charges | 277,487 | 205,236 | 225,760 | 248,336 |
| Penalty for bounced cheques | | 10,000 | 11,000 | 12,100 |
| Sale boarded and obsolete assets | | 100,000 | 110,000 | 121,000 |
| Market Stall Rent | 1,605,684 | 1,066,253 | 1,172,878 | 1,290,166 |
| LANDS & URBAN DEVELOPMENT | | | | |
| Development Application Fees | 1,640,943 | 1,805,037 | 1,985,541 | 2,184,095 |
| Building Plan Application Fees | 2,709,771 | 1,980,748 | 2,178,823 | 2,396,705 |
| Structural Approval Charges | 1,003,229 | 1,103,552 | 1,213,907 | 1,335,298 |
| Isolated Plot Rent | 884,070 | 772,477 | 849,725 | 934,697 |
| Plot Rent | 1,300,229 | 1,430,252 | 1,573,277 | 1,730,605 |
| Shop Rent | 3,425,334 | 2,057,867 | 2,263,654 | 2,490,019 |
| Survey Fees | 137,815 | 151,596 | 166,756 | 183,431 |
| Land Control Board Charges | 866,679 | 153,347 | 168,682 | 185,550 |
| Change of User Charges | 64,059 | 70,464 | 77,510 | 85,261 |
| Land fees | | 100,000 | 110,000 | 121,000 |
| Tittle Deed-surrender Fees | | 6,000 | 6,600 | 7,260 |
| Search fee | | 10,000 | 11,000 | 12,100 |

| | | | | |
|--|-------------|-------------|-------------|-------------|
| Physical Planning Charges | 1,203,224 | 1,313,546 | 1,444,901 | 1,589,391 |
| Land Rates | 3,880,714 | 3,268,786 | 3,595,665 | 3,955,231 |
| Huouse rent charges | | 10,000 | 11,000 | 12,100 |
| WATER, ENVIRON,MINING & NATURAL RESOURCES | | | | |
| Advertisement Charges | 1,155,043 | 900,547 | 990,602 | 1,089,662 |
| Environmental Fees & Charges | | 4,925,000 | 5,417,500 | 5,959,250 |
| Water,Sanitation & Irrigation fee | | 2,305,000 | 2,535,500 | 2,789,050 |
| Building materials cess | | 500,000 | 550,000 | 605,000 |
| Environmental penalty fee | | 75,000 | 82,500 | 90,750 |
| SPORTS & CULTURE & SOCIAL DEVELOPMENT | | | | |
| Hire of County Halls | 302,465 | 127,711 | 140,482 | 154,530 |
| Liquor License | | 3,000,000 | 3,300,000 | 3,630,000 |
| Social Services-clubs | | 73,000 | 80,300 | 88,330 |
| registration and fees | | 100,000 | 110,000 | 121,000 |
| HEALTH SERVICES | | | | |
| Public Health Fees | 40,540,898 | 14,594,987 | 16,054,486 | 17,659,934 |
| Medical Services | | 81,000,00 | 89,100,00 | 98,010,00 |
| TRADE,TOURISM & COPORATIVE DEVELOPMENT | | | | |
| Single Business Permit | 47,571,157 | 39,328,272 | 43,261,099 | 47,587,209 |
| Single Business Permit-Application Fees | 7,078,225 | 1,786,048 | 1,964,653 | 2,161,118 |
| Weights and Measures Charges | 324,723 | 357,196 | 392,916 | 432,207 |
| EDUCATION & ICT | | | | |
| School Registration Fees. | 1,954,084 | 1,076,492 | 1,184,141 | 1,302,555 |
| TRANSPORT ROADS AND PUBLIC WORKS DEPARTMENT | | | | |
| Hire of machinery and equipments | | 10,000,000 | 11,000,000 | 12,100,000 |
| AGRICULTURE, LIVESTOCK & FISHERIES | | | | |
| Cattle Movement Permit | 1,195,501 | 1,315,051 | 1,446,556 | 1,591,212 |
| Cattle Fee | 1,909,675 | 1,600,642 | 1,760,706 | 1,936,777 |
| Slaughter Fee | 485,340 | 433,874 | 477,261 | 524,988 |
| Veterinary Charges | 7,296,951 | 7,875,646 | 8,663,211 | 9,529,532 |
| Agricultural Cess | 20,577,612 | 15,835,373 | 17,418,910 | 19,160,801 |
| Fish permits | | 150,000 | 165,000 | 181,500 |
| | 240,958,912 | 274,983,801 | 302,482,181 | 332,730,399 |

5.3.3 Expenditure Forecasts

Table 5: Recurrent Expenditure Forecast

| Department | Printed Estimates 2015/16 (Kshs.) | Projections | |
|--|---|----------------------|----------------------|
| | | 2016/17 | 2017/18 |
| County Assembly | 428,737,274 | 471,611,001 | 518,772,102 |
| Office of the Governor & Deputy Governor | 386,618,411 | 425,280,252 | 467,808,277 |
| Finance and Economic Planning | 197,217,780 | 216,939,558 | 238,633,514 |
| Agriculture, Livestock and Fisheries | 158,217,780 | 174,039,558 | 191,443,514 |
| Water, Energy and Environment | 82,426,897 | 90,669,587 | 99,736,545 |
| Education and ICT | 235,950,199 | 259,545,219 | 285,499,741 |
| Health services | 1,075,117,783 | 1,182,629,561 | 1,300,892,517 |
| Lands and Physical Planning | 41,781,033 | 45,959,136 | 50,555,050 |
| Infrastructure and Transport | 53,704,036 | 59,074,440 | 64,981,884 |
| Trade, Cooperative and Tourism Development | 39,052,850 | 42,958,135 | 47,253,949 |
| Culture, Sports, Youth and Social Affairs | 59,703,066 | 65,673,373 | 72,240,710 |
| County Public Service Board | 35,492,170 | 39,041,387 | 42,945,526 |
| Public Administration and Coordination of Decentralized Units | 109,827,517 | 120,810,269 | 132,891,296 |
| Total | 2,903,846,796 | 3,194,231,476 | 3,513,654,623 |

Table 6: Development Expenditure Forecast

| Department | Printed Estimates 2015/16 (Kshs.) | Projections | |
|--|---|---------------|---------------|
| | | 2016/17 | 2017/18 |
| County Assembly | 175,899,997 | 193,489,997 | 212,838,996 |
| Office of the Governor & Deputy Governor | 171,150,084 | 188,265,092 | 207,091,602 |
| Finance and Economic Planning | 218,695,000 | 240,564,500 | 264,620,950 |
| Agriculture, Livestock and Fisheries | 154,207,454 | 169,628,199 | 186,591,019 |
| Water, Energy and Environment | 233,034,780 | 256,338,258 | 281,972,084 |
| Education and ICT | 254,220,049 | 279,642,054 | 307,606,259 |
| Health services | 515,318,764 | 566,850,640 | 623,535,704 |
| Lands and Physical Planning | 174,975,098 | 192,472,608 | 211,719,869 |
| Infrastructure and Transport | 589,153,046 | 648,068,351 | 712,875,186 |
| Trade, Cooperative and Tourism Development | 132,173,275 | 145,390,603 | 159,929,663 |
| Culture, Sports, Youth and Social Affairs | 7,950,000 | 8,745,000 | 9,619,500 |
| County Public Service Board | | 0 | 0 |
| Public Administration and Coordination of Decentralized Units | 12,900,000 | 14,190,000 | 15,609,000 |
| Total | 2,639,677,547 | 2,903,645,302 | 3,194,009,832 |

CHAPTER SIX:

6.0

MEDIUM TERM EXPENDITURE FRAMEWORK

6.1 RESOURCE ENVELOPE

The Constitution of Kenya 2010 stipulates that county governments should have reliable, stable and predictable sources and allocation of revenue. The Nyamira County Government has two main sources of funding. Locally raised revenue sources which the County raises through various instruments. The rates and levies are enforced through the County Finance Act, 2015. The other category is the transfers from the National Government (equitable share) as provided under Article 201 of the Constitution. The resource envelope available for allocation among the spending units is based on the medium term fiscal framework outlined below. The third source of revenue is conditional grants especially in the health sector.

6.2 SPENDING PRIORITIES

Prioritization of resource allocation will be based on the CIDP, departmental strategic plans and Governor's manifesto as well as medium term priorities identified during the County public sector hearings in February 2016.

Development expenditures are shared out on the basis of the CIDP and Sector priorities as well as other strategic interventions. The following were the sector public hearing:

6.2.1 On-going projects:

Emphasis is given to completion of on-going projects and in particular infrastructure projects and other projects with high impact on poverty reduction and equity, employment and wealth creation.

6.2.2 Strategic policy interventions:

Priority is also given to policy interventions covering the entire county, social equity and environmental conservation. In addition, the Constitution and the PFM Act 2012 require county governments to promote budget transparency, accountability and effective financial management of resources. Hence, use of resources at the County will be based on clearly set priorities to ensure that budgets are directly linked to plans.

Spending proposals will in this regard undergo rigorous scrutiny to identify areas of inefficient and non-priority expenditure with focus being in the areas indicated in the table below. During scrutiny of 2016/17 budget proposals, more effective use of resources will be sought across spending units and any identified savings will be re-directed to deserving priority expenditures.

6.3 SECTOR PRIORITIES

6.3.1 Health Sector

Sector mandate: –To promote and participate in the provision of integrated and high quality curative, preventive and rehabilitative services that is responsive, equitable and accessible to county residents.||

Key sector achievements: –Child mortality rates have dropped; preventive health outreach has expanded in the last three years, renovation, rehabilitation and construction of health facilities, and provision of essential health medical supplies and equipment.

Sector challenges: The County grapples with poor health indicators. These include a high burden of non-communicable diseases, high maternal mortality ratio (385/100,000), high under five mortality rate (74/1000) and high burden of communicable diseases like HIV (prevalence=6,4.3%, national=5.3%).

Sector’s medium term plan: In order to reverse these challenges, the department has developed a five year strategic plan known as Nyamira County Health Sector Strategic and Investment

Plan 2013/14-2017/18 Priorities of this plan include elimination of communicable diseases, reduction of non-communicable conditions, halting the rising burden of injuries and provision of essential health services. Furthermore, the department wishes to pursue intersectoral collaboration with related sectors in order to optimize outcomes. In the FY 2016/17 budget a little more emphasis will be put on promotive and preventive health service delivery through targeted investments in community health. Therefore, the budget will give priority to activities aimed at scaling up primary health care services at the community level. However, because of the high disease burden already existing in the County, curative services will also be scaled up through provision of quality tertiary health care services. This will be achieved through the following six key objectives;

- Eliminate Communicable Conditions: Reduce burden till they are not a major public health concern
- Halt, and reverse rising burden on non-communicable conditions: All NCD conditions addressed
- Reduce burden of violence and injuries
- Provide essential health services: Affordable, equitable, accessible, and responsive to client needs
- Minimize exposure to health risk factors: Health promotion services
- Strengthen collaboration with health related sectors: Adoption of a ‘Health in all Policies’ approach

6.3.2 GENERAL ECONOMIC AND LABOUR AFFAIRS

In order to enhance good governance in cooperative societies, capacity building the committees and members and carrying out exchange visits will continue. The societies will further be supported to access modern machinery to enhance value addition in all the 20 wards. In order to increase access to affordable credit, a revolving fund kitty will be established.

To enhance trade development, the establishment of a regional bank for the Lake region economic block will be supported. Trade consultative forums to enhance business and entrepreneurial skills amongst traders will be held. Further, a business information centre will be established to enhance access to market and market information by establishing a comprehensive data bank.

The Weights and Measures section will continue promoting fair trade practices by ensuring that consumers are not exploited.

Domestic tourism through promotion of Miss Tourism and identification of potential tourist sites for construction of a recreational centre will be enhanced.

6.3.3 INFRASTRUCTURE, ENERGY & ICT

The sector of infrastructure, Energy and ICT aims at being a world class provider of cost-effective physical and infrastructure facilities and services. This will contribute immensely by expanding and sustaining physical infrastructure and support growth and development of the economy. The department has also invested in maintenance and rehabilitation of existing infrastructures by constructing bridges, new Box culverts, and new Bus parks at Keroka and a stadium at Manga & Nyamaiya.

On energy, the County Government through public private partnership has already installed 120 solar streetlights and is in the process of installing more.

Further, the ICT Department will undertake following projects:-

6.3.3.1 Create Bulky County SMS Portal to easy communication between county government and residents of Nyamira and toll-free lines are among the communication tools that will be setup especially for Education, Agriculture & Health services.

6.3.3.2 The department will also set up radio and television station to enhance two-way communication as well as publish periodical magazines/newspapers.

6.3.3.3 Priority will also be towards establishing youth incubation centers with a view to tap their potential on ICT usage and create employment opportunities by operating self- sustainable projects

6.3.3.4 Provide voice over internet protocol (VOIP) phones and video conferencing facilities to improve internal communication in county government offices; and interconnecting all major hospitals to share information including patient's data files for referral cases.

6.3.3.5 Upgrade of Internet connectivity Bandwidth from 10mbs to 30mbs and installation of access control system - biometric, 1 at HQ) E- Register for employees.

6.3.3.6 Training of County Employees on Ghris Government Human Resource Information System) and IPPD (Integrated Payroll and Personnel Database) to be able to download pay slips.

6.3.3.7 Establish & maintenance of Infrastructure for data Centre, Fleet management system, Asset management system- Payment system, Revenue Automation system, EDMS (

- electronic database management system) (1 in HQ)
- 6.3.3.8 Installation of CCTV to all County offices and Purchase & installation of digital screens (information screens)-1 per sub county- To achieve digital village centres.

6.3.4 PUBLIC ADMINISTRATION AND INTER-COUNTY RELATIONS

The Public Administration sector is considered as one of the most cross cutting Sectors based on the nature of its mandate and functions. At the County level the sector is comprised of five subsectors namely; County Public Service Board (CPSB), Office of the Governor, County Assembly, Public Administration and Co-ordination of the decentralized units, Finance and Economic Planning. The CPSB and the County Assembly are the semi- autonomous County Government entities within this broad sector. The broad mandate of this sector includes, County resource mobilisation and management; county human resource recruitment and management; County planning, Policy formulation implementation and review; County legislation and coordination of County internal and external affairs. The Sector therefore provide important linkage to both National and International partners/stakeholders under the leadership of the Office of the Governor.

During the period 2014/2015 the made important milestones in helping the County establish operational structures in the management of County affairs. This included establishing and filing various post in line with the County Government structures as envisaged in the County Government Act 2012. As an initial step in the administration of the County Government, the Sector also spearheaded the Nyamira County staff and skills audit. The outcome of the audit

revealed that County is still deficient in key technical skills. Key bills were drafted and enacted into law including the Finance Bills and others. Further preliminary trainings on the preparation of the MTEF 2014/2015-2016/17 Programme Based Budget (PBB) and the constitution of the SWG were actualised in the period under review.

During the MTEF period 2016/17-2018/19 the Sector will concentrate the following strategic interventions;

- i. Construction of the county information and documentation centre.
- ii. Development of the county statistical abstract.
- iii. Automation of procurement system.
- iv. Monitoring and evaluation of all county development projects
- v. Budget preparation process
- vi. Automation of the county revenue
- vii. Development of Asset management system
- viii. Disaster management and emergency preparedness
- ix. Construction of the sub-county and ward administrators offices and decentralizing the county government functions.
- x. Conducting Intergovernmental relations forums, county results management, executive affairs management and coordination.
- xi. Construction of the Nyamira county complex/Nyamira County headquarters
- xii. Construction of the Governor's Residence
- xiii. Construction of the Deputy Governor's Residence
- xiv. Construction of the county public service board offices.
- xv. Quick win programmes
- xvi. Community Development and Special Funding
- xvii. Development of the human resources management and development policies like training, pay, recruitment, code of conducts, HRMIS, schemes of services and performance contract and management.
- xviii. Conducting public service week.

6.3.5 EDUCATION

The sector has two sub-sectors each with one (1) Director. The sub-sector of Early Childhood Development Education & Child Care Centres (ECDE & CCC). During the 2016/17 – 2018/19 MTEF Period, the Education Sector priorities will aim at creating an enabling environment for the development and promotion of early childhood development education and youth polytechnics to improve on skills of our youth. In Vocational development and training services docket has identified priority programmes for implementation during 2016/17 to 2018/19 MTEF Period:-

6.3.5.1 Construct and Equip a Modern Workshop in every Sub-County

6.3.5.2 Recruit more instructors to cater for the shortfall in areas of Training as well as recruit officers in the Directorate to facilitate adequate M/E.

6.3.5.3 Subsidised Youth Polytechnic Training Fund from the National/ County Government

6.3.5.4 Establish Business Incubators in all VET centers and introduce co-curricular activities in VET centers

In ECDE and CCC development services following priorities were set:-

- i. Employment of ECDE 3rd teacher in the 406 Centres.
- ii. Introduce Feeding program for ECDE learners
- iii. Construction of ECDE college with conference facilities
- iv. Recruitment of supervision team

- v. Construction of 5 child care centres each per Sub-County

6.3.6 ENVIRONMENTAL PROTECTION, WATER AND NATURAL RESOURCES

Nyamira County is endowed with natural water resources that include rivers, shallow wells, springs, dams, pans and boreholes whose availability varies considerably between seasons as well as across regions depending on the time of the year.

On the contrary, water continues to be a scarce commodity despite its importance in human life. The department of water has planned several projects with a priority on the projects that have quick wins and existing projects before embarking on new projects:-

- 6.3.6.1 Establish more Solid waste collection points
- 6.3.6.2 Plant more kilometers of flowers along the main highway and around the Headquarters offices.
- 6.3.6.3 Complete the drilling of the 10 boreholes to enhance reduced distances and improved access to safe water.
- 6.3.6.4 Effective catchment conservation and Management i.e. removal of blue gum trees from water point sources and replaced with appropriate trees.
- 6.3.6.5 Establish more tree nurseries for bamboo trees.

6.3.7 AGRICULTURE, RURAL AND URBAN DEVELOPMENT (ARUD)

The County has undertaken Agribusiness-oriented agricultural reforms through Location Market Place Transformation Framework where farmers are mobilized through common interest groups and transformed into business entities to commercialize their production activities.

The county government will focus on this sector to improve the quality of life and reduce poverty in the county. This will lead to job creation and thus address the problem of equity and poverty reduction. The projects and programmes under this sector will be implemented by the county department of agriculture, livestock development and fisheries. Some of the projects and programmes to be implemented are:-

Crops Management

- 6.3.7.1 Tissue Culture Banana Promotion in all wards by providing 40,000 plantlets-200 per group.
- 6.3.7.2 Promotion of the traditional high value vegetables by providing clean planting material and value addition equipment for 2 groups per ward.
- 6.3.7.3 Commercialization of sweet Potatoes production by providing 6 groups bulking site and capacity building on utilization and value addition
- 6.3.7.4 Provide subsidized Fertilizer and Seeds for 500 Poor households per Ward.
- 6.3.7.5 Promotion of sericulture Industry by starting of silk worm production value chain in Nyamira.
- 6.3.7.6 Stevia Promotion by holding one demonstration unit per ward
- 6.3.7.7 Greenhouse production by increasing the production levels of the greenhouses in the county.

Fish Farming/Aquaculture

- i. Promote Co-Management of Fisheries by stocking 5 Dams with certified fish seeds and 4 Dam seine nets.
- ii. Fish value chains promotion in all wards, sub-county and county plat forms.

- iii. Promotion Fish feed formulation /cottage industry in 4 sub counties fish value chain platforms
- iv. Commercial fish farming/Aquaculture promotion in all wards
- v. Fish multiplication and training centre in Kitaru Dam site/Kitaru fish farm site.

Veterinary Services

- i. Food safety & Animal product development in all wards by providing 2 modern slaughter houses per sub-county, at least 1leather cottage industry at Gesima and a modern slaughter house at Keroka.
- ii. Livestock disease management & control by providing intensified vaccination of livestock, stock route surveillance & movement control, increased No of dips to 15 from 6 & introduce spray crushes (20).

Livestock Production

- i. Farmers' mobilization and training on improved livestock production technologies to 60,000 farmers- 300 per ward.
- ii. Local poultry promotion and upgrading by supporting and distributing 10,000 local poultry birds to farmers (500 birds per ward.
- iii. Introduce 100 high Quality dairy cows in Nyamira County (5 per ward).
- iv. Livestock products value addition by supporting the establishment of cottage industries for milk, honey and other products.
- v. Dairy goats Promotion by eestablishing 40 dairy Goats breeding stations (2 per ward)
- vi. Promotion of rabbit Farming by creating linkages between farmers and existing rabbit farmers in the County.

Land, Housing and Urban Development

This sector aims at being a leading entity in the provision of efficient, sustainable, equitable use of county land resources and facilitation of adequate housing provision to the residents of Nyamira. It is in charge of lands, survey and physical planning of the county. The sector faces many challenges ranging from lack of town plans in the county to lack of proper supervision on infrastructure in the county; slow issuance of land title deeds and other documents; lack of proper register of public land; illegal acquisition of public land by unscrupulous developers; lack of firefighting equipment; and shortage of dwelling units.

To address the above shortcomings, the sector intends to:-

- i. Ensure proper management and improved infrastructure for service delivery in towns by providing parking pavement bays & Bus-park in 4 centres (Miruka, Kijauri, Kebirigo and Manga).
- ii. Creating well organised and planned centres and towns to provide a spatial framework for socio-economic development of the county by establishment of a cartographic office, establishment of control point and marking of Back street roads for opening.
- iii. To enhance Housing development and infrastructure through modern technology. This will be done by (ABT) Appropriate Building Technology Training, Refurbishment of government Quarters and office buildings, Purchase of 10 Ha parcel of land for housing development & Establishment of West Mugirango ABT centre.

6.3.8 SOCIAL PROTECTION, CULTURE AND RECREATION SECTOR

The sector is involved in vocational rehabilitation and training; social infrastructure development and gender mainstreaming; children's institution and community support services, transfers to the old persons; People Living with server Disabilities, Orphans and Vulnerable Children; prevention and promotion of county culture and heritage; provision of public library services; training of youth in entrepreneurial skills and refurbishment of sports facilities. Though, some of the programmes are executed by the national government, this is done in consultation with the County Government to ensure that all corners of the county are covered.

The priorities of the sector are:-

- i. To revive youth sports centers across the County
- ii. To establish disability mainstreaming unit
- iii. To convene regular stakeholders forums
- iv. Recognize and award sports heroes and heroines
- v. To establish County Youth Fund through policy formulation
- vi. Women fund to be established through policy

6.4 REVENUE SOURCES

The main source of revenue for the county is the equitable share from the national allocation which is Kshs 4,482,799,531 billion in 2016/17 and local revenue which is projected at Ksh.274, 983,801. There are as well a total Ksh 299,256,248 proposed as conditional grants as shown in the table below.

Table 7: Revenue Sources

| Revenue Sources | Printed Estimates 2015/16 (Kshs.) | Proposed Ceiling | Projections | |
|--------------------------------|--------------------------------------|----------------------|---------------------|----------------------|
| | 2015/2016 | 2016/2017 | 2017/2018 | 2018/2019 |
| Opening Balance | 788,732,766 | 802,894,863 | | - |
| Equitable Sharable Revenue | 4,154,538,019 | 4,482,799,531 | 4,931,079,48 | 5,424,187,433 |
| DANIDA | 23,920,000 | 23,920,000 | 23,920,000 | 23,920,000 |
| Compensation user fees forgone | | 11,578,458 | | |
| Free Maternal Health Care | | 82,174,925 | | |
| Roads Maintenance Levy Funds | | 68,878,185 | | |
| Leasing of Medical Equipments | | | | |
| Loans and Grants | | 11,960,000 | | |
| Conditional Grants (other) | 336,026,183 | | | |
| Local Revenue | 240,958,912 | 274,983,801 | 302,482,181 | 332,730,399 |
| TOTAL BUDGTED REVENUE | 4,755,443,114 | 5,854,934,444 | 6,440,427,88 | 7,084,470,677 |

Source: County Treasury 2016

6.5 MEDIUM -TERM EXPENDITURE ESTIMATES

The baseline estimates reflects the current spending priorities as contained in the CIDP, strategic plans and the Governor's manifesto. In the recurrent expenditure category, non- discretionary expenditures take first charge and it includes payment of statutory obligations such as salaries, and staff pension that are financed by the County Government.

Table 8: Projected Baseline Ceiling for 2016/17 Budget Classified by entity

| | A | B | C | D | E | F | |
|---|---------------|------------------------------|------------------|-------------|---------------|------------------|---------------|
| Expenditure per Entity | Estimate. | Loans and conditional grants | Proposed Ceiling | | | MTEF Projections | |
| | 2015/2016 | | 2016/2017 | | | 2017/18 | 2018/19 |
| | | | Recurrent | Development | Total | | |
| County assembly | 428,737,274 | - | 485,275,000 | 55,000,000 | 540,275,000 | 594,302,500 | 653,732,750 |
| County Executive | 434,651,474 | - | 403,280,252 | 147,003,521 | 550,283,773 | 605,312,150 | 665,843,365 |
| Public Service, Administration and Coordination | 155,727,517 | - | 154,205,368 | 70,001,019 | 224,206,387 | 246,627,026 | 271,289,728 |
| Finance and Economic Planning | 355,076,301 | - | 244,939,558 | 425,001,019 | 669,940,577 | 736,934,635 | 810,628,098 |
| Agriculture, Livestock and Fisheries | 362,205,851 | - | 152,039,558 | 143,987,532 | 296,027,090 | 325,629,799 | 358,192,779 |
| Environment, Water, Energy, and Natural Resources | 318,461,677 | - | 88,669,587 | 209,594,156 | 298,263,743 | 328,090,117 | 360,899,129 |
| Education and ICT | 440,170,248 | | 267,545,219 | 170,021,008 | 437,566,227 | 481,322,850 | 529,455,135 |
| Health Services | 1,698,805,074 | 225,378,064 | 1,303,765,562 | 270,000,081 | 1,573,765,643 | 1,731,142,207 | 1,904,256,428 |

| | | | | | | | |
|---|---------------|-------------|---------------|---------------|---------------|---------------|---------------|
| Lands, Housing and Urban Development | 218,556,131 | - | 43,959,136 | 90,001,029 | | | |
| | | | | | 133,960,165 | 147,356,182 | 162,091,800 |
| Roads, Transport and Public Works | 834,295,951 | 68,878,185 | 567,074,440 | 455,001,064 | | | |
| | | | | | 1,022,075,504 | 1,124,283,054 | 1,236,711,360 |
| Trade, Co-operative Development, Tourism and | 69,226,125 | | 40,958,135 | 44,638,974 | | | |
| | | | | | 85,597,109 | 94,156,820 | 103,572,502 |
| Youths, Gender, Sports, Culture and Social Services | 97,653,066 | | 83,673,373 | 100,001,365 | | | |
| | | | | | 183,674,738 | 202,042,212 | 222,246,433 |
| County public Service board. | 36,992,170 | | 55,041,387 | - | | | |
| | | | | | 55,041,387 | 60,545,526 | 66,600,078 |
| Total | 5,540,558,859 | 294,256,249 | 3,380,426,575 | 2,180,251,620 | | | |
| | | | | | 5,560,678,195 | 6,116,746,015 | 6,728,420,616 |

Source: Nyamira County Treasury

Note: The baseline budget for the year 2015/16 includes the opening balance (development projects) Ksh. 788,732,766 Million carried forward from the previous financial year (2014/15)

The proposed budget ceiling for 2016/2017 includes loans and conditional grants proposed in the national budget policy statement 2016.

The proposed ceiling $(D)=B-A)*1.1$

6.6 FINALIZATION OF SPENDING PLANS

The finalization of the preparation of the detailed budgets will entail through scrutiny to curtail spending on non-productive areas and ensure resources are directed to priority programmes. As detailed, budgets are scrutinized and the resource envelope firmed up, any additional resources made available will be utilized to accommodate key county strategic priorities with sound business plans as detailed below.

Priority Areas of Consideration for Additional Resources

| No. | Priority areas |
|-----|--|
| 1 | Strategic intervention in the area of education, healthcare infrastructure for county roads, agriculture in value addition to enhance food security and increase revenue, water and irrigation, trade, cooperatives and investment, sports and cultural social services. |
| 2 | Specific consideration to job creation for the youth based on sound initiatives Identified within and outside the normal budget preparation. |

6.7 COUNTY ASSEMBLY

This is a key sector in the implementation of development programmes in the county as it has the oversight, legislative and representative role. It also plays the role of strengthening the democratic space and governance in the county.