




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



**COUNTY FISCAL STRATEGY PAPER (CFSP) FOR
2021/2022 FY AND THE MEDIUM TERM**

***ACTUALIZING NYANDARUA COUNTY SOCIO-ECONOMIC
TRANSFORMATIVE AGENDA***

FEBRUARY, 2021



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To obtain copies of the document, please contact:
Nyandarua County Treasury
P. O. Box 701 - 20303
Ol'Kalou,
KENYA

FOREWORD

The County Fiscal Strategy Paper (CFSP) 2021, lays down the outline for the preparation of the County's Budget estimates. It highlights the policy primacy for the County Government for implementation in the Financial Year 2021/22 and over the Medium Term. The priorities therein are anchored in the County Integrated Development Plan (2018-2022), and the Annual Development Plan for 2021/22 Financial Year. The priorities are in line with the Government's Socio-economic Transformative Agenda and other policy guidelines. This is aimed at creating sound enablers towards the County's development and prosperity in the long run.

In preparation of the Fiscal Outlook and Strategy, the County is dependent on the Global and Kenya's Economic performance. To this end, the County in preparing the CFSP assumes that both the Global and National economic performance, among other determinant variables will favour it for the actualization of the envisaged programmes and projects.

The world economic performance before 2020 had been stable and robust. The emergence of COVID-19 pandemic in China towards the end of 2019, caused a contraction of global economies. In Kenya, a decline in economic activities has been experienced. A decline in consumption and levels of disposable income will affect the production sector which is expected to negatively impact the generation of National and County government revenues. Kenya Government has initiated some supportive modalities to many sectors to ensure the pandemic has not crippled their subsistence, the same has been cascaded to the County through various recovery strategies.

Nyandarua County has formulated various measures to alleviate the negative effects of COVID in the macroeconomic environment. To this end, Departments, under their various programmes and projects for the Medium-term are expected to leverage on assisting the various productive sectors and human capital recover from the effects of the novel COVID-19. It is to be noted that the programmes are to drive a social budget in the Medium-term.

The CFSP 2021 lays out the Medium-Term Fiscal Framework, which offers mechanisms for achieving sustainable growth and development through efficient service delivery in Nyandarua County. This calls for **Openness, Transparency, Accountability, Responsiveness, and Abiding** by the rule of law to facilitate fiscal discipline and maintain macroeconomic stability.

The main sources of County revenue in the Medium Term will be Equitable Share from National Government, Local Revenue Collections and Donor Funding. In the 2021/22 FY and the Medium

Term, the County Government proposes a series of measures to increase revenue and balance its fiscal spending. The County Government's Fiscal Policies in FY 2021/22 will also focus on re-orientation of expenditure from recurrent to development.

The County Treasury is set to reduce its Own-Source Revenue target to Kshs. 630 Million. This is as a result of a reduction in economic activity after the COVID-19 pandemic and unmet targets in the FY 2019/20. For the equitable share, the County is expected to get some reprieve through an increment of Kshs. 390 Million in FY 2021/22.

This Paper, therefore, puts into perspective how the County anticipates expending its scarce resources in the 2021/22 FY and the Medium Term. For its successful implementation, goodwill from all its stakeholders is requisite.

HON. STEPHEN NJOROGE
COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE AND ECONOMIC DEVELOPMENT

ACKNOWLEDGEMENT

The formulation of the County Fiscal Strategy Paper has been through concerted efforts by various stakeholders. It aims at laying the fiscal framework for the FY 2021/22 Budget and the Medium Term. It presents the broad strategic macroeconomic issues with a summary of Nyandarua County's spending plans through various programmes in the Departments. The Budget estimates for the FY 2021/22 are to be informed by this paper.

The programmes set herein must be implemented to the letter for the actualization of the County's Socio-economic Transformative Agenda. This will be the fourth year of the implementation of the CIDP 2 and fifth year for the current County administration under the leadership of H.E. the Governor, Francis Kimemia.

In the preparation, of the CFSP 2021, I take this opportunity to thank the: County Executive Committee Members; Technical County Departments; Members of the Public; County Budget and Economic Forum; and all other individuals and organized groups for their input and critique.

We are particularly grateful to Hon. Stephen Njoroge, CECM for Finance and Economic Development for guidance and spearheading the preparation process. Special thanks go to the technical team in the Directorate of Economic Planning and Development who met and worked tirelessly to prepare this document.

MUIGAI WAINAINA
CHIEF OFFICER
ECONOMIC PLANNING AND DEVELOPMENT

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BACKGROUND INFORMATION

The County Fiscal Strategy Paper (CFSP), 2021 is the fourth to be prepared under the new County Administration and the eighth since the advent of devolution. It seeks to actualize the priorities laid down under the **Six Pillars** of the County Administration as well as the Socio-Economic Transformative Agenda spelt out in the Second County Integrated Development Plan (CIDP 2). These include:

- i. Creating an enabling environment for business to encourage investment growth and expansion of economic opportunities;
- ii. Development of key infrastructure facilities including roads, water and ICT to stimulate growth, create employment and reduce poverty;
- iii. Promotion of health and education services;
- iv. Promotion of value addition for agricultural produce, environment management and food security;
- v. Promotion of equitable economic and social development; and
- vi. Enhancing governance, transparency and accountability in the delivery of public goods and services.

In line with the devolved functions of the County Governments and the concurrent functions between the National and County Governments, the CFSP sets out priority programmes to be implemented in 2021/22 and the Medium-term under the Medium-Term Expenditure Framework (MTEF).

Further, the experience and lessons learnt from the implementation of the previous Budgets have played a significant role in informing the priorities for 2021/22 and the Medium Term. The 2021 CFSP is therefore framed against a backdrop of various reports from oversight bodies including but not limited to the Controller of Budget, Office of Auditor General and the Commission of Revenue Allocation. These reports have indicated that the County is faced with limited fiscal space resulting from limited local revenue generation capacity as well as rising recurrent expenditure and moderate development budget execution due to various challenges and shortcomings. In the Medium Term therefore, the County Government will explore possibilities for financing the resource gaps from within and outside the County, come up with austerity measures to manage the recurrent expenditure and come up with corrective strategies to ensure

maximum prioritization of development budget execution. Recognizing the enormous resources and potential that the County has in Agriculture, Tourism, Sports, Water and Forestry portends a huge potential for investors which will be a key driver of the County economy. The County Government will continue to support investment in infrastructure development and other social-economic enablers to complement these Sectors to ensure the County economy and all those who participate in it reap the benefits from the enormous resources.

Participation and cooperation of the County citizenry shall be key in implementing important programmes and projects as well as in resource mobilization to fulfil the initiatives contained herein.

Legal Background

The County Fiscal Strategy Paper is prepared in accordance with Section 117 of the Public Financial Management Act, 2012. This 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; and
8. The County shall publish and publicize the County Fiscal Strategy Paper within seven days after it has been submitted to the County Assembly.

Objectives of the CFSP

The objective of the 2020 County Fiscal Strategy Paper is to lay down the framework for the preparation of the County Budget. It is a requirement under Section 117 of the Public Finance Management Act, 2012 that each County Treasury shall prepare and submit to the County Executive Committee the Fiscal Strategy Paper for approval, and the County Treasury shall submit the approved Fiscal Strategy Paper to the County Assembly by the 28th February each year.

According to the provisions of the PFM Act 2012, this County Fiscal Strategy Paper addresses the following:

- i. The Medium-Term macroeconomic framework and its outlook as contained in the Budget Policy Statement and how it impacts on the County economic environment;
- ii. A statement of fiscal responsibility principles, as specified in the PFM Act, 2012 and regulations indicating how the Fiscal Strategy Paper adheres to these principles;
- iii. The economic assumptions underlying the County budgetary and fiscal policy over the Medium Term;
- iv. Indicative allocation of available resources among County Government entities; and
- v. A medium-term fiscal framework defining a top-down aggregate resource envelope and broad expenditure levels.

CHAPTER ONE

ECONOMIC OUTLOOK

1.0 Overview

This Section highlights the global, regional, national and local economic outlook, and their impact on the County Economic Development.

1.1 Global and Regional Economic Development

The COVID-19 pandemic continues to have a more negative impact on the world economy, and the recovery is projected to be more gradual than previously envisaged. Global growth was projected to contract by 4.9 percent in 2020, 1.9 percentage points below the April 2020 World Economic Outlook (WEO) forecast. In 2021 global growth is projected at 5.4 percent. Overall, this would leave 2021 GDP some 6½ percentage points lower than in the pre-COVID-19 projections of January 2020. The adverse impact on low-income households is particularly acute, imperilling the significant progress made in reducing extreme poverty in the world since the 1990s (IMF World Economic Outlook).

In 2020, industrialized economies are projected to decline by 8.0 percent from a rise in 2019 of 1.7 percent. From a rise of 2.3 percent in 2020, the US and the Euro area are expected to decline by 8.0 percent and 10.2 percent. In 2020, the UK is projected to contract by 10.2 percent compared to 1.4 percent growth in 2019, while Japan will contract by 5.8 percent compared to 0.7 percent growth in 2019.

Similarly, in 2020, Emerging Market and Developed Economies (EMDEs), which expanded by 3.7% in 2019, are expected to contract by 3.0%. China is expected to rise by 1.0% in 2020 compared to 6.1% in 2019, while India will contract by 4.5% in 2020 after rising by 4.2% in 2019. In 2020, Sub-Saharan Africa is expected to contract by 3.2 percent, compared to 3.1 percent expansion in 2019. The key drivers of African expansion, Nigeria and South Africa, are expected to contract by 8.0 percent and 5.4 percent in 2020, respectively (Central Bank Of Kenya, Annual Report & Financial Statements 2019/20).

In the **East African Community** (EAC), economic disruption caused by **Covid-19** pandemic has pushed the growth projection for 2020 down to 1.2 percent, a rate that is higher than other African regions and is forecast to rebound to 3.7% in 2021, according to the African Economic Outlook, 2020. The Projection assumes that the virus is to be contained by the third quarter of 2021. Prior to the COVID-19 pandemic, the region's economic growth was projected at more than 5 percent, well above the continent's average of 3.3 percent. Normalcy is expected to resume as countries work to deal with the Covid-19 pandemic and hence the Economy recovering from a severe recession.

1.2 National Macro-Economic Outlook

The Kenya economy remained resilient in 2019 and grew by 5.4 percent compared to 6.3 percent in 2018. The slowdown of growth was mainly attributed to reduced agricultural activity following delayed and inadequate rainfall in the first half of 2019. Service-oriented sectors remained resilient and supported economic activity.

Agriculture sector growth slowed to 3.6 percent compared to 6.0 percent in 2018, as the delayed and below-average rainfall adversely affected activity within the sector. As a result, its contribution to real GDP growth declined to 0.7 percentage points from 1.3 percentage points in 2018.

The Services sector remained resilient and was the main driver of economic growth in 2019. It grew by 6.7 percent compared to 7.0 percent in 2018, supported by a strong performance of Wholesale and Retail Trade, Accommodation and Restaurants, Transport and Storage, Information and Communication, Financial and Insurance, and Real Estate sectors.

Industrial activity slowed to 4.7 percent from 5.5 percent in 2018. The Manufacturing sector grew by 3.3 percent, slower than 4.3 percent in 2018. Growth in Electricity and Water Supply was 7.0 percent in 2019 compared to 8.0 percent in 2018, reflecting decreased hydroelectricity generation due to the unfavorable weather conditions in the first half of the year.

However, Construction sector growth remained strong at 6.4 percent compared to 6.9 percent in 2018. In the first quarter of 2020, growth stood at 4.9 percent on account of the impact of COVID-19 which affected the services sectors, mainly the accommodation and restaurants sector following

the international travel restrictions and containment measures. The services sector growth declined to 5.5 percent.

The real GDP was projected to grow by 6.1% in 2020 and 6.2% in 2021. Macroeconomic stability was expected to continue. Inflation was expected to remain around 5% and the fiscal deficit to narrow. The emergence of COVID-19 pandemic towards the end of 2019 however, led to a contraction of the global and local economies. In Kenya, a decline in the growth of the production sector is expected to negatively impact government revenues both at national and county level.

Kenya's economy is being hit hard through supply and demand shocks on external and domestic fronts interrupting its recent broad-based growth path. Apart from COVID-19 pandemic, the locusts' attack which started early 2020 has affected many parts of the country especially the North Eastern. This impacts on food security and growth of the agriculture sector in the country.

1.3 Domestic Economic Development

Economic growth in 2020 was significantly affected by the COVID-19 pandemic containment measures. In response to the downturn, the Government has deployed both fiscal and monetary policies to support the healthcare system, protect the most vulnerable households, support firms to help preserve jobs, incomes and the economy's productive potential.

With a sharp decline in tax revenues due to tax relief and the weakening in economic activity, and an increase in COVID-19 related spending needs, the fiscal deficit has widened and debt vulnerabilities risen. The fiscal deficit widened to 8.2% of the Gross Domestic Product up from pre-COVID-19 budgeted of 6.0% of GDP. Kenya's debt to GDP ratio has risen to 65.6% of GDP as of June 2020 up from 62.4% of GDP in June 2019 (*World Bank*).

Inflation Rate

Overall inflation remained anchored within the target range in the FY 2019/20. It declined to 4.6 percent in June 2020 compared to 5.7 percent in June 2019, driven mainly by food prices. Food inflation was elevated during the period. It was 8.1 percent in June 2020 compared to 6.6 percent in June 2019. The high food inflation was as a result of elevated prices of a few key food items such as tomatoes, onions, potatoes, maize products and kales, following crop destruction due to excess rainfall in the first half of 2020 and supply disruptions occasioned by the COVID-19 pandemic. Non-Food-Non-Fuel (NFNF) inflation remained low and stable in FY 2019/20, reflecting muted demand pressures in the economy. It declined to 1.6 percent in June 2020 from

3.4 percent in June 2019, despite the implementation of excise tax measures on airtime, narcotics and some alcoholic beverages. Fuel inflation remained relatively low, supported by low international oil prices.

In December 2020, inflation hit 5.62% up from November's 5.33%, marking the highest inflation rate in eight months. However, the trend remained unchanged with annual average inflation of 5.3%. Main upward pressure came from prices of food & non-alcoholic beverages (7.19 percent vs 6.09 percent in November); transport (13.21 percent vs 12.87 percent); restaurants & hotels (5.48 percent vs 5.23 percent) and health (4.53 percent vs 4.17 percent). With the revision of tax measures instituted by the government during the COVID-19 period, inflation is likely to increase but is expected to remain within the target range. Inflation is expected to average at 5.4% in 2021.

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 rates fluctuation affect current account balance and the debt service repayable on foreign-denominated loans. The Kenya foreign exchange market remained stable supported by a narrowing current account deficit and balanced flows. The Kenya shilling strengthened against the US dollar from an average of 103.42 per US dollar in the first quarter of the FY 2019/20 to exchange at an average rate of 101.88 per US dollar in the third quarter.

However, with the onset of COVID-19, the US dollar strengthened leading to a weakening of currencies in emerging markets and developing economies. In tandem with this trend, the Kenya shilling gradually weakened before stabilizing by the end of the financial year.

Interest rates

The Finance Act 2019 uncapped the interest rate which had been capped since 2016 at a maximum of no more than 14% points above the CBK base rate to improve private sector credit growth and liquidity. The capping of the interest rates led to low and stable rates which was meant to improve liquidity in the market and particularly to the private sector. However, the interest rate capping

resulted in commercial banks adjusting their business model and lending behaviour resulting in declining financial intermediation.

With the uncapping of the interest rates in 2019, it was expected that credit to the private sector would expand thereby stimulating the business growth and overall performance of the economy. However, there was just a slight improvement in the growth of credit in the months following the uncapping from November 2019. This slowed down in 2020 due to measures undertaken by global and national governments to contain the spread of COVID-19 pandemic.

The Stock Market

Activity in the capital market slowed down with equity share prices declining as shown by the NSE 20 Share Index. The NSE 20 Share Index was at 2,834 points by end- December 2018 from 3,712 points in December 2017. The depressed share prices resulted in lower market capitalization of Ksh 2,102 billion in December 2018 from Ksh 2,522 billion 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

During the FY 2019/20, the current account deficit remained stable at USD 4,786 million compared to USD 4,727 million in the FY 2018/19 mainly reflecting reduced imports despite lower receipts from services and secondary income transfers.

The balance in the goods account improved by USD 715 million to a trade deficit of USD 9,450 million in the FY 2019/20, due to lower merchandise imports. The decline in merchandise imports largely reflected savings in the oil import bill due to low oil prices that prevailed in the first half of 2020. Merchandise exports remained resilient reflecting improvements in tea and re-exports.

Imports from China accounted for 22.3 percent of total imports to Kenya during the year to June 2020 hence the largest source of imports. During the period, imports from the European Union accounted for 13.4 percent of total imports and decreased to USD 2,066 million while the share of imports from Africa decreased to 12.5 percent, equivalent to USD 1,929 million. The resilience in merchandise exports was mainly attributed to re-exports of goods and oil products. Furthermore,

despite a drop in April 2020 due to COVID-19, horticultural exports normalized in May as the sector benefited from the cessation of restrictions in key destination markets and increased cargo capacity.

Kenya's exports to Africa improved by USD 98 million to USD 2,213 million reflecting increases in exports to EAC and COMESA regions. The share of exports to EAC increased to 23.5 percent in FY 2019/20 from 21.7 percent in FY 2018/19. However, there was a reduction in exports to the rest of the world, majorly to the U.S.A, Netherlands and India. Receipts from transport and travel services remained subdued in the first half of 2020 due to the cessation of international travel on account of COVID-19. As a result, the balance in the services account worsened by USD 593 million to a surplus of USD 1,293 million in FY 2019/20 from USD 1,886 million in 2018/19. The reduction was due to lower receipts from transport, travel and other services mainly insurance and finance, financial services and telecommunication. The balance on the primary income account worsened by USD 45 million to a deficit of USD 1,633 million. The surplus on the secondary income account declined from USD 5,230 million in FY 2018/19 to USD 5,003 million in the FY 2019/20. The reduction was mainly in transfers to non-governmental organizations.

Remittances remained resilient against the backdrop of COVID-19. In the year to June 2020, total remittance inflows stood at USD 2,809 million, 1.5 percent higher than the USD 2,768 million in the year to June 2019, reflecting significant increases in inflows from the US and South Africa. The capital account recorded reduced inflows by USD 66 million in the FY 2019/20, due to a decrease in project grants. The financial account recorded lower net inflows by USD 585 million in FY 2019/20.

Foreign Exchange Reserves

Foreign Exchange reserves held by the Central Bank of Kenya (CBK) are a national asset held as a safeguard to ensure availability of foreign exchange to meet the country's external obligations, including imports and external debt service. The official foreign exchange reserves remained significantly above the statutory requirement endeavour to maintain at least 4.0 months of import cover and the EAC convergence criteria of 4.5 months of import cover. As at June 2020, official foreign exchange reserves stood at USD 9,740 million (5.9 months of import cover) compared to USD 9,656 million in June 2019.

Fiscal Performance

The FY 2019/2020 fiscal performance was drastically affected by revenue and expenditure measures undertaken to contain the spread of the COVID-19 pandemic. The total amount collected during the FY 2019/2020 amounted to Ksh 1,733.6 billion (17% of GDP) against a target of Ksh 1,864.8 billion. This was 1.9% higher than the FY 2018/2019 collection of Ksh 1,701.6 billion.

The shortfall in total revenue collected against the target in FY 2019/2020 was due to underperformance in other income tax, VAT (local) and the ministerial appropriations-in –aid (A-I-A). Other income tax and VAT (local) had the largest underperformance at Ksh 13.1 billion and Ksh 14.3 billion respectively. Although import duty surpassed the target of the year, the revised target of Ksh 95.5 billion was Ksh 10.9 billion lower than the actual collection for the year 2018/2019. Total grants received during the FY 2019/2020 amounted to Ksh 19.8 billion against a target of Ksh 35 billion. A summary of the performance of revenues is shown in the table below

Total government expenditure increased by 5.4% from Ksh 2,433.7 billion in FY 2018/2019 to Ksh 2,565.4 billion in the FY 2019/2020. Actual national government recurrent spending in the FY 2019/2020 was Ksh 1,603.1 billion against a target of Ksh 1,728.4 billion. This represented an underspending of Ksh 125.3 billion. A summary of the expenditure performance is shown in the table below.

1.4 County Outlook

By the end of 2019, Nyandarua county's economic prospects were positive with increased growth of GDP expected. However, COVID-19 has had negative effects on the economic activities of the county leading to loss of jobs and closing of businesses. Bars and night entertainment joints were closed to avoid the spread of COVID-19. This led to the loss of jobs for people working in various sectors. To increase the disposable income for the County Residents, the county instituted measures such as waiving market rates for agricultural traders, markets and boda boda riders. To avoid spread of COVID-19, containment measures such as provision of water, purchase of water tanks, soaps, detergents, fumigation of offices and other public places, payment of water service provision, settlement of water bills are just a few of the various programmes the county undertook.

Agricultural trade was greatly affected by the partial lockdowns restricting movement to Nairobi given the county's major produce market was in Nairobi County. With the restrictions in place, it became difficult for farmers and traders to access Nairobi markets.

The County tourism sector experienced major loss due to implementation of COVID-19 containment measures. The County lost over 20,000 visitors to the Aberdare National Park, Mau Mau caves, Lake Ol' Bolosat and other tourist attraction sites during the 6 months from March to September 2020. Workers in the travel and tour industry and those in hotels and restaurants also lost their source of livelihood during the lockdown period.

Nyandarua County expected to receive a total of Ksh. 8.0 billion in FY 2019/20 as revenue to finance its operations. This comprised mainly of Ksh. 4.1 billion (61.1%) as equitable share, Ksh. 819.5 million (10.3%) conditional grant, Ksh. 600.0 million (7.5%) generated from own source revenue (OSR) and had Ksh. 980.2 million (12.3%) as cash balance from FY 2018/19.

CHAPTER TWO

MEDIUM TERM FISCAL FRAMEWORK

2.0 Overview

The County Government continues to fast track development through the implementation of programmes as captured under its Socio-economic Transformative Agenda for the period between 2018 to 2022. The government shall continue to strengthen revenue mobilization and expenditure rationalization by removing non-core expenditures from the budget to narrow the fiscal deficit. The County is to get a financial reprieve in the FY 2021/22 from the enhancement emanating from the Third Generation Revenue Sharing formula. The Equitable share allocated to the County is to rise by Kshs. 790 million, a 16% increment (CRA Report, January 2021).

The COVID-19 mitigation programmes and recovery is likely to impact on the County socio-economic programmes and projects. However, through the socio-economic recovery strategy formulated through the help of the COG and KIPPRA, the economic activity is to be reinvigorated and the multiplier effects will allow for gradual growth. The political activity poses a risk for development given diversion of attention and interruptions.

Priority in the medium-term fiscal strategy is to focus on the ongoing projects and key County flagship projects that are to hasten the actualization of the Transformative Agenda. This will be cascaded from the Approved Annual Development Plan, 2020. The County will prioritize settling of pending bills as is elucidated in the Debt Management Strategy Paper 2021.

To fully implement the CFSP, the County Treasury has highlighted several assumptions on which planning and formulation have been anchored to. Risks that pose as hurdles to the implementation of the plan have been highlighted.

2.1 Review of Fiscal Performance July -December 2020

The County Treasury prepared the 2020/21 FY budget and was approved by the County Assembly. The total resource envelope amounted to Kes 6,866,689,050 in which Kes. 4,478,165,182 (65%) was to fund the recurrent expenditure and Kes. 2,388,523,868 (35%) was meant for development expenditure. The major sources of revenue were Kes 4,905,750,000 (71%) as equitable share from the National Government, Kes as 830,000,000 (12%) as projected Own Source Revenue inclusive of Linda Mama and Kes 1,130,939,050(16%) as conditional grants and loans from various organizations. Out of the total budget, Kes. 755,000,000 (11%) was allocated to support the

County Assembly in performing its roles as well as infrastructural development. However, out of the projected receipt of Kes. 4,905,750,000, CARA stipulates for the County to receive Kes 4,874,100,000. The revenues from the National Government remained the same as the one received in 2018/19 FY.

Revenue performance-July-December 2020

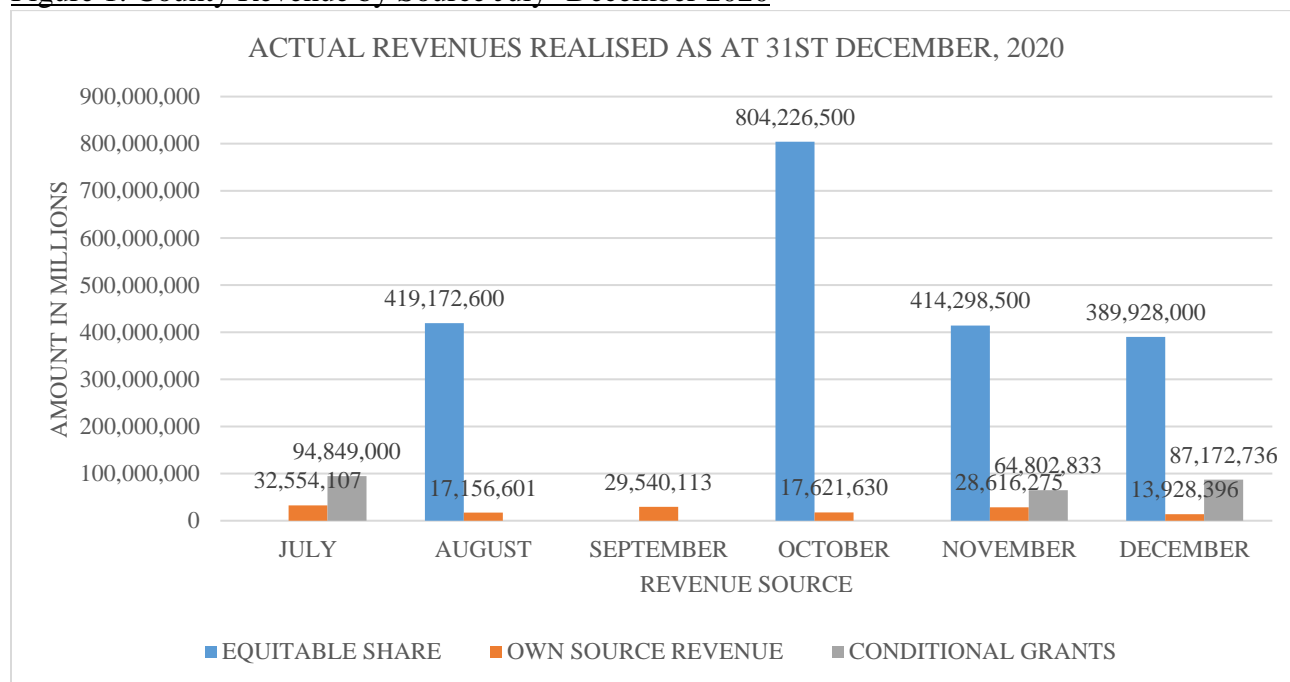
Over the 6 months, the major source of revenue was Kes 2,027,625,600 from the Equitable Share, Kes 139,417,122 as Own Source Revenue and Kes 246,824,569 as Conditional Grants. This is summarized in the table below.

Table 1: County Revenue Source July- December 2020

MONTH	EQUITABLE SHARE	OWN SOURCE REVENUE	CONDITIONAL GRANTS	TOTAL
JULY		32,554,107	94,849,000	127,403,107
AUGUST	419,172,600	17,156,601		436,329,201
SEPTEMBER		29,540,113		29,540,113
OCTOBER	804,226,500	17,621,630		821,848,130
NOVEMBER	414,298,500	28,616,275	64,802,833	507,717,608
DECEMBER	389,928,000	13,928,396	87,172,736	491,029,132
Total	2,027,625,600	139,417,122	246,824,569	2,413,867,291

Source: County Treasury

Figure 1: County Revenue by Source July- December 2020



Own Source Revenue

The analysis of revenues collected from County's local sources is as indicated in Table 2 below.

Table 2: Analysis of Revenue by Stream.

FY 2020/21 REVENUE PERFORMANCE REPORT AS AT 30TH SEPTEMBER 2020										
NO	REVENUE STREAM	ANNUAL TARGET	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL REVENUE	% REALISED
HEALTH SERVICES										
1	J.M. HOSPITAL	120,000,000	5,183,645	1,809,390	13,246,238	2,377,330.00	11,798,444.00	558,948.00	34,973,994.50	29.14
2	ENGINEER HOSPITAL	30,000,000	837,032	530,635	767,376	696,846.00	847,338.00	1,317,690.00	4,996,917.00	16.66
3	N.H.I.F FEE/INSURANCE	30,000,000	3,328,160	2,671,540	2,076,805	1,159,770.00	4,172,369.00	1,534,718.00	14,943,362.00	49.81
TOTAL		180,000,000	9,348,837	5,011,565	16,090,419	4,233,946.00	16,818,151.00	3,411,356.00	54,914,273.50	30.51
OTHERS										
4	PUBLIC HEALTH FEES	9,320,000	249,650	343,900	315,100	534,130.00	220,500.00	229,020.00	1,892,300.00	20.30
5	GRAVE FEES	50,000	2,200	4,100	2,500	2,400.00	2,000.00	1,200.00	14,400.00	28.80
6	MEDICAL CERTIFICATE FEES	1,200,000	18,900	34,300	53,300	38,500.00	29,000.00	12,500.00	186,500.00	15.54
7	IMPREST SURRENDER	-	41,230		213,037.50	-			254,267.50	
TOTAL		10,570,000	311,980	382,300	583,938	575,030.00	251,500.00	242,720.00	2,347,467.50	22.21
WATER, ENVIRONMENT, TOURISM AND NATURAL RESOURCES										
1	CONSERVANCY	1,000,000	17,500		5,000	600.00	600.00		23,700.00	2.37
2	EXHAUSTER AND EXH. MILAGE	1,500,000	14,000	7,000	70,000	49,000.00	22,000.00	7,000.00	169,000.00	11.27
3	WATER FEE	800,000	2,595	8,034	16,611	21,127.00	26,172.00	50,303.00	124,842.00	15.61
4	HIRE OF WATER TANKER	450,000	11,000	8,000		28,216.00			47,216.00	10.49
5	DUMPING FEE	100,000							-	-
6	LOGGING FEES	1,500,000	34,120	39,020	42,360	25,720.00	33,500.00	26,542.00	201,262.00	13.42
TOTAL		5,350,000	79,215	62,054	133,971	124,663.00	82,272.00	83,845.00	566,020.00	10.58
PUBLIC ADMINISTRATION & ICT										
1	IMPOUNDED FEES	8,000,000	46,440	100,500	17,810				164,750.00	2.06
2	STORAGE FEES	200,000	1,080		540	39,000.00	84,100.00	29,200.00	153,920.00	76.96
3	MOTOR CYCLE PENALTY	3,000,000	34,370	2,950	6,450	2,660.00	2,700.00		49,130.00	1.64
4	BETTING	100,000			2,500	62,850.00	50.00	3,800.00	69,200.00	69.20
TOTAL		11,300,000	81,890	103,450	27,300	104,510.00	86,850.00	33,000.00	437,000.00	3.87
LAND, HOUSING & PHYSICAL PLANNING										
1	PLOT RATES	30,000,000	359,075	519,126	506,183	337,656.00	312,881.00	614,001.00	2,648,922.00	8.83
2	LAND RATES	25,000,000	207,614	174,864	261,718	177,657.00	72,903.00	350,697.00	1,245,453.00	4.98
3	MARKET STALL RENT	4,000,000	70,000	148,400	78,200	115,200.00	148,650.00	264,750.00	825,200.00	20.63
4	GROUND RENT/KIOSK RENT	4,000,000	46,000	68,500	31,000	18,400.00	17,540.00	30,000.00	211,440.00	5.29
5	HOUSE/OFFICE RENT	2,000,000	12,000	8,000	53,160	63,440.00	86,700.00	46,000.00	269,300.00	13.47
6	SUB-DIVISION OF LAND	10,000,000	500,400	565,250	646,500	458,400.00	412,500.00	449,400.00	3,032,450.00	30.32
7	BUILDING PLAN INSPECTION FEE	1,000,000	11,500	21,550	51,150	26,300.00	9,500.00	13,060.00	133,060.00	13.31
8	SITE INDICATION	200,000				1,000.00			1,000.00	0.50
9	CHANGE OF USER	4,000,000	108,000	205,500	162,500	151,000.00	72,500.00	111,400.00	810,900.00	20.27

FY 2020/21 REVENUE PERFORMANCE REPORT AS AT 30TH SEPTEMBER 2020										
NO	REVENUE STREAM	ANNUAL TARGET	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL REVENUE	% REALISE D
10	LAND/PLOT REG. FEES	3,000,000	29,400	27,900	30,150	23,850.00	15,300.00	19,950.00	146,550.00	4.89
11	DEV.(PPA FORMS)	4,200,000	51,600	62,450	69,800	61,800.00	37,200.00	60,000.00	342,850.00	8.16
12	APP. OF BUILDING PLANS	15,000,000	462,154	824,518	748,033	855,648.00	496,819.00	283,252.00	3,670,424.00	24.47
13	TRANSFER FEES	5,500,000	140,000	223,000	259,400	241,450.00	208,850.00	185,000.00	1,257,700.00	22.87
14	CLEARANCE CERTIFICATE	7,000,000	246,000	291,000	330,000	258,000.00	153,000.00	187,000.00	1,465,000.00	20.93
15	HIRE OF HALL/CHAIRS	100,000	1,500	1,500		1,500.00			4,500.00	4.50
16	SURVEY FEES	3,500,000							-	-
17	LEASE EXTENSION	3,500,000			150,000			23,000.00	173,000.00	4.94
18	SEARCH FEE	100,000			1,100	1,100.00			2,200.00	2.20
19	CERTIFICATE OF COMPLIANCE	1,500,000	109,000	39,000	81,500	73,100.00	117,500.00	66,500.00	486,600.00	32.44
20	ADVERTISEMENT	10,000,000	21,390	2,200	10,500	21,300.00	280,575.00	29,200.00	365,165.00	3.65
	TOTAL	133,600,000	2,375,633	3,182,758	3,470,894	2,886,801.00	2,442,418.00	2,733,210.00	17,091,714.00	12.79
ROAD, TRANSPORT & INFRASTRUCTURE										
1	BUS AND MATATU FEES	20,000,000	247,900	425,390	556,100	917,200.00	878,800.00	881,300.00	3,906,690.00	19.53
2	MOTOR CYCLE FEES (PARKING)	17,000,000	487,000	659,800	561,500	686,000.00	707,310.00	554,900.00	3,656,510.00	21.51
3	TOWN PARKING FEE	1,500,000	23,750	32,150	35,200	50,450.00	67,400.00	45,250.00	254,200.00	16.95
4	PROJECT MANAGEMENT FEE	60,000,000	7,145,977		66,000	94,000.00			7,305,977.00	12.18
5	FIRE CERTIFICATE	1,000,000	9,000	13,000	24,250	97,200.00	26,000.00	3,830.00	173,280.00	17.33
	TOTAL	99,500,000	7,913,627	1,130,340	1,243,050	1,844,850.00	1,679,510.00	1,485,280.00	15,296,657.00	15.37
TRADE, INDUSTRIALISATION & COOPERATIVES										
1	SINGLE BUSINESS PERMITS	130,000,000	4,186,797	2,153,354	2,446,685	1,726,474.00	924,056.00	310,237.00	11,747,602.50	9.04
2	SBP PENALTIES	6,000,000	150,459	137,014	2,420		75,305.00		365,198.00	6.09
3	SALE OF APPLICATION/RENEWAL	3,000,000	130,470	88,750	85,750	67,750.00	38,350.00	8,000.00	419,070.00	13.97
4	OPEN AIR MARKET FEES	20,000,000	531,284	698,255	723,420	779,996.00	1,073,075.00	1,074,160.00	4,880,190.00	24.40
5	CHANGE OF BUSINESS	30,000							-	-
6	WEIGHTS AND MEASURES	1,500,000					189,070.00	73,980.00	263,050.00	17.54
7	COOPERATIVE AUDIT FEES	1,000,000	57,985	35,890			57,120.00		150,995.00	15.10
	TOTAL	161,530,000	5,056,995	3,113,263	3,258,275	2,574,220.00	2,356,976.00	1,466,377.00	17,826,105.50	11.04
EDUCATION CULTURE, GENDER & SOCIAL SERVICES										
1	REG. AND RENEWAL OF GROUPS	150,000		1,800	4,050	69,200.00			75,050.00	50.03
2	LIQOUR LICENCE/INSPECTION/APP	45,000,000					126,000.00		126,000.00	0.28
	TOTAL	45,150,000	-	1,800	4,050	69,200.00	126,000.00	-	201,050.00	0.45
AGRICULTURE, LIVESTOCK AND FISHERIES										
1	CATTLE DIPS	200,000	12,555	12,060	10,575	8,775.00	11,635.00	5,410.00	61,010.00	30.51
2	PRODUCE CESS ROYALTIES	70,000,000	6,187,046	3,232,600	3,790,950	4,016,670.00	3,623,360.00	3,625,320.00	24,475,946.00	34.97
3	SLAUGHTER FEES	1,500,000	57,060	61,890	74,930	57,650.00	64,300.00	73,500.00	389,330.00	25.96
4	HIRE OF MACHINES(AGRICULTURE)	10,000,000	12,000	77,000	166,500	415,260.00	118,000.00	32,000.00	820,760.00	8.21
5	MEAT INSPECTION	7,000,000	378,760	361,090	406,130	406,500.00	381,250.00	457,755.00	2,391,485.00	34.16

FY 2020/21 REVENUE PERFORMANCE REPORT AS AT 30TH SEPTEMBER 2020										
NO	REVENUE STREAM	ANNUAL TARGET	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL REVENUE	% REALISED
6	VET DEPARTMENT(AI SERVICES)	5,000,000	338,349	324,931	213,087	251,085.00	232,913.00	222,343.00	1,582,708.00	31.65
7	VACCINATION	9,000,000	69,050	5,500			-		74,550.00	0.83
8	C.O.T	400,000		20,810	11,090	8,230.00	4,100.00	6,260.00	50,490.00	12.62
9	MOVEMENT PERMIT	300,000	6,280	7,290	15,800	9,710.00	16,300.00	9,200.00	64,580.00	21.53
10	ATC NJABINI	1,000,000							-	-
11	ATC OLJORO OROK	3,000,000	49,430	62,300	39,155	33,830.00	320,740.00	38,520.00	543,975.00	18.13
12	MILK CESS	60,000,000							-	-
13	FISHERIES	200,000				700.00		2,300.00	3,000.00	1.50
14	MOTORCYCLE MORTGAGE FEES	400,000	14,400						14,400.00	3.60
15	SUBSIDIZED FERTILIZER SALE	15,000,000	261,000	3,600					264,600.00	1.76
TOTAL		183,000,000	7,385,930	4,169,071	4,728,217	5,208,410.00	4,772,598.00	4,472,608.00	30,736,834.00	16.80
GRAND TOTAL		830,000,000	32,554,107	17,156,601	29,540,113	17,621,630.00	28,616,275.00	13,928,396.00	139,417,121.50	16.80

From table 2, the County managed to collect Kes 139,417,121.50 (16.8%) of the projected Kes 830,000,000. This collection was Kes. 193,404 lower than FY 2019/20 collection. The collection is remarkable compared to last financial year's collection considering the COVID-19 pandemic effects which have led to the closure of some businesses in the County.

At the beginning of the FY 2020/21, the County departments were assigned targets which would see the county achieve the projected revenue. In the period under review, JM Kariuki had the highest collection at Kes. 34. 9 Million, Produce Cess Royalties at Kes. 24.4 Million and Single Business Permits at Kes. 11.7 Million. The Department of health services took the lead with a collection of Kes. 57,261,740 from its review streams while the department of Education Culture, Gender & Social services registered the lowest collection of Kes. 201,050 (0.45%) of the target.

The County endeavours to realize all the projected revenues to fund both recurrent and development projects and programs. As the economy is recovering from the effects of COVID 19 pandemic, the county has laid out various strategies which see it achieve the projected revenues.

Exchequer issues

Over the first 6 months, the County received Kes. 2,027,625,600 as National Transfers as highlighted below. Out of the Kes. 4,905,750,000 projected equitable share, the County only received Kes. 1,608,453,000 (32.8 %).

Table 3: Exchequer Issues

S/N	MONTH	EQUITABLE SHARE
1.	AUGUST	419,172,600
2.	OCTOBER	804,226,500
3.	NOVEMBER	414,298,500
4.	DECEMBER	389,928,000
	TOTAL	2,027,625,600

In the first quarter, the County Government received Kes. 419,172,600 as the equitable share for the last quarter of FY 2019/20 that was never remitted. However, the County never received any amount as the equitable share for the first quarter of FY 2020/21. This was attributed to Revenue Sharing statement at the Senate which delayed release of funds. In the second quarter, the National Treasury released funds to the County in peace meal which has heavily affected the implementation of programs and projects.

Table 4: Conditional Grants

S.No.	MONTH	DESCRIPTION	CONDITIONAL GRANTS
1)	July	Donor Grant (DANIDA COVID 19 Grant)	5,495,000
2)	July	Covid-19 Grant from the National Government	89,354,000
3)	November	IDA(World Bank) Kenya Climate Smart Agriculture Project(KCSAP)	64,802,833
4)	December	Road Maintenance Fuel Levy Fund	36,553,904
5)	December	IDA(World Bank) Kenya Climate Smart Agriculture Project(KCSAP)	43,688,832
6)	December	DANIDA Grant (Universal Healthcare in Devolved System Program	6,930,000
	TOTAL		246,824,569

Source: County Treasury/Office of the Controller of Budget

The County received Kes 246,824,569 (21.8 %) of the projected conditional grants and loans. However, Kes 5,495,000 from Donor Grant (Danida COVID-19 Grant) was not budgeted but came as a great reprieve to the fight against the COVID-19 pandemic. The fund is aimed at assisting the County in the fight against *COVID 19* pandemic. The amount will be included in the County's 1st supplementary budget 2020/21.

2.2 Resource Envelope/ Revenue Projections

The Constitution of Kenya 2010 stipulates that County Governments should have reliable, stable and predictable sources and allocation of revenue. The County has three main sources of funding; Revenue from local sources and the Equitable Share from the National Government as provided under Article 201 of the Constitution and donor funding.

In the FY 2021/ 22, the total resource envelope will be Kes 6,623,107,678 out of which Kes 4,305,019,991 (65%) will go towards the recurrent expenditure while Kes 2,318,087,687(35%) will go towards funding the development expenditure.

The County budget will be funded through National Government transfers (equitable share) of Kes. 5,296,013,800 which is Kes 390,263,800 increase from the current financial year's allocation.

The County expects to receive an allocation of Kes. 697,093,878 as conditional grants and loans. These include kes. 13,860,000 from donor fund (DANIDA), kes. 146,215,617 for road maintenance levy fund, kes. 12,735,922 for user fee forgone, 30,949,894 for rehabilitation for village polytechnics, kes. 153,297,872 for leasing of medical equipment, kes. 135,543,000 as

KUSP level II, kes. 117,000,000 under KCSAP, kes. 12,491,573 for ADSP level II and kes. 75,000,000 as supplement for construction of County headquarters.

Section 132 (1&2) of the PFM Act, 2012 requires the County Executive Member for Finance to make the pronouncement on the revenue-raising measures for the County Government with the approval of the County Executive Committee. The County projects to mobilise its own source revenue of Kes. 630,000,000. This will be through setting revenue targets across all revenue streams in the departments.

The County has the potential to improve its own source revenue. To achieve this, the County government will fully exploit the potential for enhancing own source revenue. This will be achieved through the development of the appropriate legislative and policy frameworks that are inclusive in anchoring the taxes, fees and charges. The frameworks will be simple to induce efficiency in mapping out taxpayers and revenue-generating areas to ensure revenue certainty.

The revenue projections are as highlighted in the table below;

Table 5: Medium-term revenue projections

Revenue	Revenue estimates FY 2020/21	Revenue Projections FY 2021/22	Revenue Projections FY 2022/23	Revenue Projections FY 2023/24
	Kes. Million		Kes. Million	Kes. Million
Equitable Share	4,905,750,000	5,296,013,800	5,507,854,352	5,728,168,526
Local Collections	800,000,000	600,000,000	624,000,000	648,960,000
Linda Mama	30,000,000	30,000,000	30,000,000	30,000,000
Conditional Grants				
World Bank Grant For KDSP (Level I)	45,000,000			
World Bank Grant For KDSP (Level II)	184,795,683			
EU Grant For Potato Tissue Culture Lab	11,000,000			
World Bank Loan For Transforming Health Systems	163,357,834			
Donor Fund(DANIDA)	13,860,000	13,860,000	13,860,000	13,860,000
Road Maintenance Levy Fund	146,215,617	146,215,617	146,215,617	146,215,617
User Fees Foregone	12,735,922	12,735,922	12,735,922	12,735,922
Transfers To Village Polytechnics	-	-	-	-
Rehabilitation Of Village Polytechnics	30,949,894	30,949,894	30,949,894	30,949,894
World Bank Grant For Kenya Urban Support Programme(KUSP Level I)	-	-	-	-
World Bank Grant For Kenya Urban Support Programme(KUSP Level II)	-	135,543,000	135,543,000	135,543,000
World Bank Grant For Climate Smart Agriculture Programme(KCSAP)	239,157,250	117,000,000	117,000,000	117,000,000
Sweden- Agricultural Sector Development Support Programme (ASDP) Level II	12,491,573	12,491,573	12,491,573	12,491,573
Covid-19 Grant from the National Government	89,354,000			
Supplement For Construction Of County Headquarters	50,000,000	75,000,000	75,000,000	75,000,000
Leasing Of Medical Equipment	132,021,277	153,297,872	153,297,872	153,297,872
other grants				
Total Expenditure	6,866,689,050	6,623,107,678	6,858,948,230	7,104,222,404

2.3 County 2020/21 First Half-year expenditure performance

The County 2020/21 First Half Year performance indicates that the county fully utilised the available resources. However, the County absorbed Kes 213,956,765 for development expenditure representing 9.3 % of the projected development vote.

The issue of absorption remains a top priority of the County Government and the County Treasury will continue to strengthen budget implementation monitoring framework to ensure that all spending units strictly adhere to the cash plans provided.

Table 6: First Half Year Expenditure in 2019/20 and 2020/21

	2019/20-1 st Half Year	2020/21-1 st Half Year
Recurrent	1,811,247,803	1,468,279,443
Development	95,742,886	213,956,765
Total	1,906,990,689	1,682,236,207

In the first half-year of FY 2020/21, the County executive had spent a total of Kes. 1,682,236,207 out of which Kes. 1,468,279,443 was recurrent while Kes. 213,956,765 was development.

The County had spent Kes 1,811,247,803 on recurrent expenditure in the FY 2019/20 as compared to Kes. 1,468,279,443 in the First Half of FY 2020/21. This indicates that the recurrent absorption declined during the first half of FY 2020/21.

In the First Half of FY 2019/20, the County had spent Kes. 95,742,886 on Development expenditure which increased to Kes. 213,956,765 in the First Half of FY 2020/21. This indicates the County's commitment to ensuring full implementation of development projects.

2.4 Departmental 2020/21 First Half-Year Expenditure

The First Half Year Expenditure in the FY 2020/21 analysis shows that cumulatively, the Departments have spent 24.5% of the total Budget as shown in the table below.

Table 7: Departmental 2020/21 First Half Year Expenditure and Commitments

Department	approved budget	First Half Year Recurrent	First Half Year Development	Total Expenditure and Commitments	% Absorbed by Department	% Of Total Budget Spent
Governor's Office	121,885,058	52,865,855	0	52,865,855	43.37	3.15
Office of The County Secretary	2,026,335,000	1,002,060,683	0	1,002,060,683	49.45	59.68
Office of The County Attorney	33,332,655	2,425,409	0	2,425,409	7.28	0.14
Public Administration and ICT	46,370,000	13,046,047	0	13,046,047	28.13	0.78
County Public Service Board	18,400,000	8,665,834	0	8,665,834	47.10	0.52
Finance & Economic Development	541,800,503	127,059,277	3,984,600	131,043,877	24.19	7.81
Health Services	991,086,910	168,089,126	0	168,089,126	16.96	10.01
Education, Gender, Youth, Culture, Gender and Social Services	203,889,893	9,361,140	0	9,361,140	4.59	0.56
Industrialization, Trade and Cooperative Development	309,208,700	12,260,325	0	12,260,325	3.97	0.73
Youth, Sports and Arts	106,748,800	11,352,153	0	11,352,153	10.63	0.68
Water, Environment, Tourism & Natural Resources	275,435,000	8,869,926	0	8,869,926	3.22	0.53
Transport, Energy & Public Works	941,003,617	30,470,061	101,480,500	131,950,561	14.02	7.66
Lands, Housing, Physical Planning and Urban Development	108,498,440	5,991,535	0	5,991,535	5.52	0.36
Agriculture Livestock & Fisheries	387,694,474	15,762,071	108,491,665	124,253,736	32.05	7.4
County Assembly	755,000,000	0	0	0	-	-
TOTAL	6,866,689,050	1,468,279,442	213,956,765	1,682,236,207	24.50	100

As indicated in the table, the office of the County Secretary had the highest expenditure of Kes 1,002,060,683 (49.45%) of the budgeted amount and 59.68% of the total expenditure in the first half. This is as a result of the office hosting compensation to employees and other employee's

benefits. On the other hand, the Department of Water, Environment, Tourism and Natural Resources had the lowest absorption of 3.22% of its budget.

The issue of absorption remains a top priority of the County Government and the County Treasury will continue to strengthen budget implementation monitoring framework to ensure that all spending units strictly adhere to the cash plans provided.

2.5 Expenditure Projections

The County Government's expenditure for the FY 2021/22 will be guided by the Annual Development Plan (2021) which outlines the priority areas to be addressed in the FY 2021/22 in the realization of the CIDP II.

Priority for funding in the FY 2021/22 has been given to projects/programmes that aim at scaling up levels of investment in Economic and Social infrastructure and creation of employment opportunities.

The estimated total expenditure in FY 2021/22 is Kes. 6,623,107,678.

Table 8: 2021/22 Budget Allocations

Recurrent Budget	2020/21 Actual	2021/22 Projected	2022/23 Projected	2023/24 Projected
Personal emoluments (salaries, gratuity, pension, medical insurance)	2,006,500,000	2,308,000,000	2,400,320,000	2,496,332,800
Operations and maintenance	2,234,029,562	1,630,019,991	1,695,220,791	1,763,029,622
Other recurrent expenditures (bursary, emergency, general insurance, mortgage and pending bills)	237,635,620	367,000,000	381,680,000	396,947,200
Sub total	4,478,165,182	4,305,019,991	4,477,220,791	4,656,309,622
Development Expenditure including trade funds, pending bills and CA	2,388,523,868	2,318,087,687	2,318,087,687	2,318,087,687
Total budget	6,866,689,050	6,623,107,678	6,795,308,478	6,974,397,310

2.5.1 Recurrent Expenditure Projections

In the Recurrent expenditure category, non-discretionary expenditures take the first charge which includes payment of statutory obligations and compensation to employees.

Total recurrent expenditure in FY 2021/22 is estimated to be at Kshs. 4,305,019,990

In the Medium Term, the County Government is committed to ensuring compliance with the Fiscal Responsibility Principle on capping of compensation to employees at 35%.

2.5.2 Development Expenditure Projections

The County Government will endeavour to allocate adequate resources towards development projects as well as aspire to complete critical priority projects as outlined in this Fiscal Strategy Paper. Total development expenditure in FY 2021/22 is estimated to be Kes. 2,318,087,687.

In the FY 2021/22 Fiscal Policy Strategy, Development expenditures emphasis will be on County Government's high priority projects that aid the achievement of the "Big Four" Agenda, the Third Medium Term Plan (MTP III) of the Vision 2030, CIDP II, and the priorities contained in the Annual Development Plan for the Fiscal Year FY 2021/22.

In addition, emphasis will be on ongoing capital projects and in particular infrastructure projects with high impact on poverty reduction, equity and employment creation.

CHAPTER THREE

INDICATIVE MEDIUM-TERM RESOURCE ALLOCATION

3.0 Overview

This Chapter outlines the Fiscal Framework for the FY 2021/22 as well as the Medium Term. It also provides an overview of the resource envelope, proposed ceilings as well as expenditures. The strategic priorities for FY 2021/2022 have been drawn from development priorities as set out in the CIDP II and the FY 2020/21 Annual Development Plan.

As a guide to County resource allocation in the Medium Term, the County Government will allocate resources geared towards socio-economic development through job creation and livelihood enhancement. The FY 2021/22 MTEF resource allocation will be aimed at measures to guide the County's COVID 19 Socio-Economic re – Engineering recovery strategy in line with the National Economy Recovery strategy from the effects of COVID 19 pandemic.

The County planning framework will endeavour to allocate resources to all the sectors equitably in achieving the Short and long term strategic objectives of the County. In strengthening the linkage between planning, Budgeting and implementation, the Medium-Term Budget framework for the period 2021/22 will sustain allocation of resources to core programs identified in the CIDP 2 (2018- 2022).

In the Medium Term, the County will endeavour to automate all its revenue streams to enhance efficiency in revenue collection and in tandem with good canons of tax collection. In enhancing the growth of Revenue emphasis will also be placed on Socio sectors enablers which will revitalize the County Economy and productivity in alienating the burden of taxation as the County manages the ripples of the COVID 19 pandemic.

In addition, through various investment forums and the Region Economic Bloc, the County intends to attract potential Local and Foreign Investors and other Development Partners to assist in the development of the County by creating an enabling environment through legislation of policies aimed at improving the ease of doing business in the County and creating an enabling environment.

3.1 Criteria for Resource Allocation

Over the Medium Term, the County Government will ensure that resource allocations will strive to allocate more resources towards the realization of the Social-Economic Development Agenda

as well as align the County to the “National Big Four Agenda” and the County Socio-Economic COVID 19 Re-Engineering Recovery Strategy with emphasis on the Key sectors.

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

1. Share of National Revenue, which finances approximately 90 per cent of the budgeted expenditure and consists of Equitable Share and Conditional Grants; and
2. Locally Collected revenue including business permits, property rates, entertainment taxes, levies, fees and charges; and
3. Donor funding (Conditional Grants).

The criteria taken into account in determining the allocations among the departments are:

- (i) **Nyandarua County COVID 19 Socio-Economic Re-Engineering recovery strategy:** there is need for urgent responses for addressing the social and economic effects of the COVID-19 pandemic in Nyandarua County, for the County to recover and be on an upward growth trajectory. To this end, six (6) pillars have been identified: Boosting private sector activity; policy, legislation and institutional reforms; strengthening County government’s preparedness and response to pandemic and disasters; enhancing ICT capacity for business continuity, human capital development and the dairy production value chains.
- (ii) **Non-discretionary Expenditure:** In the recurrent expenditure category, non-discretionary expenditures take the First Charge and include statutory obligations such as salaries, gratuity, pension and Pending Bills that are financed by the County government;
- (iii) **Ongoing Projects:** In line with the National Policy, active monitoring and update will be given to the completion of all on-going projects in the County that includes infrastructure, building and constructions etc. this will enable job creation, equity and poverty reduction contrary to start of new projects.
- (iv) **The CIDP2 identified Flagship Projects and Programs:** The County Government will ensure the actualization of the Flagship Projects and programs across all corners of the County as identified in the Second County Integrated Development Plan, once achieved, they will achieve the Socio-Economic Transformation agenda of the County.

The CIDP2 has mainstreamed the National Big Four Agenda and the Governor's manifesto.

- (v) **Job Creation:** Specific consideration to job creation based on sound initiatives identified in the CIDP2 and the County Socio-Economic re-engineering recovery strategy 2020/21 – 2022/23 will be considered. The County has huge untapped potential which constitutes a vibrant young labour force, fertile agricultural land and an ideal location for tourism;
- (vi) **Strategic Policy Interventions:** Drivers of the economy that have the potential to unlock the County's Economy and have a long-term impact will be given priority such as County Rural Roads 3000 programme and other key support sectors of the County;
- (vii) **Ward Equity:** In promotion of a balanced society, resource allocation will emphasize ensuring equitable allocation to the Wards and in line with irreducible minimums as identified by the Ward representatives and County Policy direction.
- (viii) **Fiscal Discipline:** This includes the absorption rate and efficiency in utilization of the allocated resources. Departments which can adhere to these criteria will have an added advantage in resource sharing.
- (ix) **Revenue Generating Programmes:** In actualizing the Socio-Economic Agenda of the County, revenue mobilization was identified under CIDP2 as critical hence Departments/ Programmes and Institutions which have a higher capacity for generating revenues will be given a higher consideration in resource allocation.

Table 9: Departmental ceilings FY 2021/22

Programme	Approved allocations 2020/21	2021/22 ADP Allocations	2021/22 CEILINGS	PROJECTIONS 2022/23	PROJECTIONS 2023/24
Bursary Fund	121,000,000	127,500,000	120,000,000	124,800,000	129,792,000
Emergency Fund	50,000,000	40,000,000	40,000,000	41,600,000	43,264,000
Mortgage Fund	60,000,000	66,000,000	60,000,000	62,400,000	64,896,000
Nyandarua County Biashara Fund	10,000,000	0	0	0	0
Nyandarua County Trade Development and Investment Authority	5,000,000	20,000,000	20,000,000	20,800,000	21,632,000
KDSP level 1	45,000,000	0	0	0	0
KDSP level 2	184,795,683	0	0	0	0
County Pension Fund	30,000,000	33,000,000	33,000,000	34,320,000	35,692,800
County Gratuity Fund	28,000,000	30,000,000	30,000,000	31,200,000	32,448,000
Medical Insurance	40,000,000	45,000,000	45,000,000	46,800,000	48,672,000
General Insurance	30,000,000	32,000,000	32,000,000	33,280,000	34,611,200
Salaries (Executive)	1,904,500,000	2,000,000,000	2,200,000,000	2,288,000,000	2,379,520,000
Pending Bills	98,747,429	101,320,000	115,000,000	119,600,000	124,384,000
Asset Finance	29,000,000	0	0	0	0
Sub Total	2,636,043,112	2,494,820,000	2,695,000,000	2,802,800,000	2,914,912,000
COUNTY PUBLIC SERVICE BOARD					
County Public Service Board	18,400,000	25,000,000	25,000,000	26,000,000	27,040,000
Sub Total	18,400,000	25,000,000	25,000,000	26,000,000	27,040,000
GOVERNORS OFFICE					
Governor's service delivery	18,200,000	66,000,000	66,000,000	68,640,000	71,385,600
Investment Promotion	81,335,058	30,000,000	30,000,000	31,200,000	32,448,000

Programme	Approved allocations 2020/21	2021/22 ADP Allocations	2021/22 CEILINGS	PROJECTIONS 2022/23	PROJECTIONS 2023/24
Intergovernmental relations	13,750,000	20,000,000	20,000,000	20,800,000	21,632,000
Civic Education and Public participation	8,600,000	10,000,000	10,000,000	10,400,000	10,816,000
Sub total	121,885,058	126,000,000	126,000,000	131,040,000	136,281,600
OFFICE OF THE COUNTY SECRETARY					
County Administration	15,655,000	23,000,000	20,000,000	20,800,000	21,632,000
Cabinet Affairs	700,000	1,000,000	1,000,000	1,040,000	1,081,600
Human Resource Management	3,530,000	5,000,000	5,000,000	5,200,000	5,408,000
Communication	2,400,000		0	0	0
Payroll	1,550,000	2,000,000	2,000,000	2,080,000	2,163,200
Sub Total	23,835,000	31,000,000	28,000,000	29,120,000	30,284,800
COUNTY ATTORNEY					
County Attorney Services	33,332,655	25,460,000	38,000,000	39,520,000	41,100,800
Sub Total	33,332,655	25,460,000	38,000,000	39,520,000	41,100,800
FINANCE AND ECONOMIC DEVELOPMENT					
Public Finance Management	11,648,978	10,000,000	10,526,450	10,947,508	11,385,408
County Budgeting	13,600,000	12,000,000	11,987,320	12,466,813	12,965,485
County Statistics and Data Bank	5,850,000	5,000,000	5,134,565	5,339,948	5,553,546
Monitoring and Evaluation	3,750,000	4,000,000	5,875,345	6,110,359	6,354,773
Economic Modelling and Research	3,700,000	3,500,000	4,987,560	5,187,062	5,394,545

Programme	Approved allocations 2020/21	2021/22 ADP Allocations	2021/22 CEILINGS	PROJECTIONS 2022/23	PROJECTIONS 2023/24
Economic Development Planning	9,093,305	10,000,000	12,303,079	12,795,202	13,307,010
Revenue Collection and Administration (Including automation)	20,642,085	38,000,000	41,500,340	43,160,354	44,886,768
Revenue Enhancement and Monitoring	150,000		0	0	0
Supply Chain Management	6,828,407	7,000,000	8,500,000	8,840,000	9,193,600
Internal Audit	6,720,000	7,000,000	7,800,000	8,112,000	8,436,480
Internal Audit Committee	4,600,000	5,000,000	5,200,350	5,408,364	5,624,699
Financial Reporting and Compliance	5,096,300	5,610,000	6,140,350	6,385,964	6,641,403
Exchequer and Donor Funding Requisition	1,224,000		3,456,890	3,595,166	3,738,972
Library and Financial Records			2,657,350	2,763,644	2,874,190
Trade and Investment Authority Operations	0	5,500,000	5,500,000	5,720,000	5,948,800
Sub Total	92,903,075	112,610,000	131,569,599	136,832,383	142,305,678
PUBLIC ADMINISTRATION AND ICT					
Public Administration	3,920,000	3,600,000	2,342,188	2,435,875	2,533,310
sub-county and ward administration	25,450,000	32,000,000	24,313,371	25,285,906	26,297,342

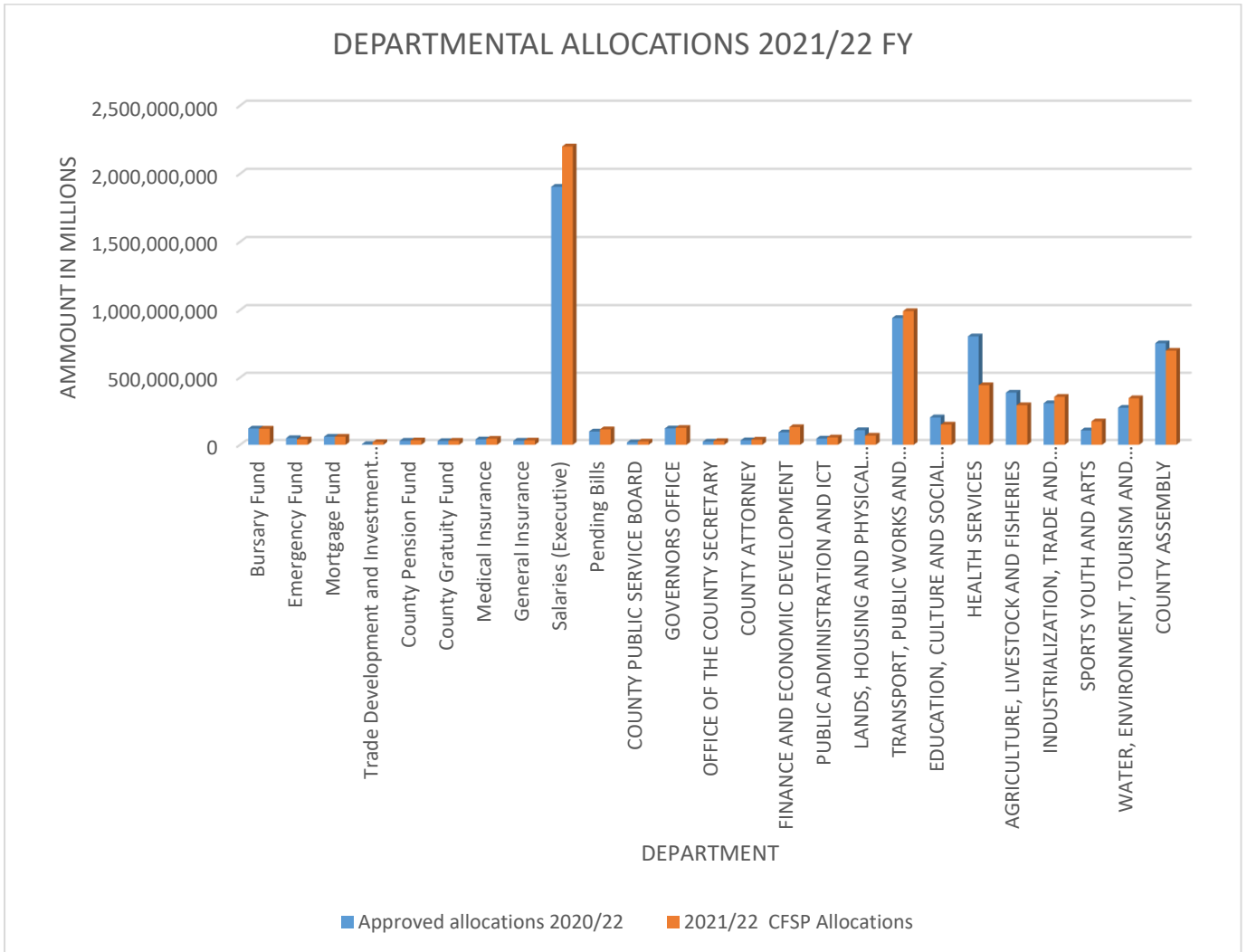
Programme	Approved allocations 2020/21	2021/22 ADP Allocations	2021/22 CEILINGS	PROJECTIONS 2022/23	PROJECTIONS 2023/24
ICT and E-government Services	11,000,000	31,600,000	20,000,000	20,800,000	21,632,000
Enforcement and Compliance	6,000,000	17,500,000	3,000,000	3,120,000	3,244,800
Public participation			0	0	0
Communication	0	10,000,000	5,000,000	5,200,000	5,408,000
Sub Total	46,370,000	94,700,000	54,655,559	56,841,781	59,115,452
LANDS, HOUSING AND PHYSICAL PLANNING					
Housing Development & Management	5,994,258	14,500,000	13,975,912	14,534,948	15,116,346
Physical Planning	26,294,798	7,500,000	4,879,558	5,074,741	5,277,730
Survey and Mapping	7,655,000	11,000,000	8,204,862	8,533,057	8,874,379
Land Administration and Management	35,570,000	63,000,000	40,988,289	42,627,821	44,332,933
Olkalou Municipality	10,984,384		0	0	0
Urban Development	22,000,000		0	0	0
Sub Total	108,498,440	96,000,000	68,048,621	70,770,566	73,601,388
TRANSPORT, PUBLIC WORKS AND ENERGY					
Transport	783,180,617	741,760,000	704,709,517	732,897,898	762,213,814
Energy	40,084,000	87,050,000	43,000,000	44,720,000	46,508,800
Emergency Response & Preparedness	3,350,000	60,000,000	19,000,000	19,760,000	20,550,400
Infrastructure Development and Public Works	114,389,000	246,820,000	225,220,572	234,229,395	243,598,571
Sub Total	941,003,617	1,135,630,000	991,930,089	1,031,607,292	1,072,871,584
EDUCATION, CULTURE AND SOCIAL SERVICES					
ECDE	77,040,000	92,400,000	64,134,168	66,699,535	69,367,516

Programme	Approved allocations 2020/21	2021/22 ADP Allocations	2021/22 CEILINGS	PROJECTIONS 2022/23	PROJECTIONS 2023/24
Alcohol Drinks Control and Civic Education	3,500,000		0	0	0
Youth Training - Vocational Training centres	61,934,894	72,000,000	68,488,571	71,228,114	74,077,238
Gender Affairs and Social Services	54,770,000		0	0	0
Cultural Heritage	6,644,999	10,050,000	7,586,785	7,890,256	8,205,866
Arts & Theater	0	13,000,000	10,204,862	10,613,057	11,037,579
Sub Total	203,889,893	187,450,000	150,414,386	156,430,961	162,688,200
HEALTH SERVICES					
Infrastructure and Equipment	116,015,004	375,200,000	178,000,000	185,120,000	192,524,800
Preventive and Promotive Services	6,271,274	10,700,000	6,961,503	7,239,963	7,529,562
Solid Waste and Cemeteries	5,219,915	16,100,000	10,474,785	10,893,776	11,329,527
Curative Services	219,492,001	359,000,000	247,893,794	257,809,546	268,121,928
universal healthcare	459,329,033		0	0	0
Sub total	806,327,227	761,000,000	443,330,082	461,063,285	479,505,817
AGRICULTURE, LIVESTOCK AND FISHERIES					
Crop Production (Inclusive of grants)	335,817,671	233,550,000	213,264,836	221,795,430	230,667,247
Livestock Production	7,941,204	17,920,000	11,658,891	12,125,247	12,610,257
Veterinary Services	12,117,621	36,000,000	23,421,879	24,358,755	25,333,105
Fisheries Development	3,961,871	8,400,000	5,465,105	5,683,709	5,911,058

Programme	Approved allocations 2020/21	2021/22 ADP Allocations	2021/22 CEILINGS	PROJECTIONS 2022/23	PROJECTIONS 2023/24
Institution Support (ATCs)	10,195,000	13,000,000	8,457,901	8,796,217	9,148,066
Agriculture Mechanization Services	7,265,044	10,000,000	6,506,078	6,766,321	7,036,974
Intergrated Agricultural and Extension Services	5,174,382	26,000,000	20,269,967	21,080,766	21,923,997
Subsidized Artificial Insemination	5,221,681	8,300,000	5,400,044	5,616,046	5,840,688
Sub Total	387,694,474	353,170,000	294,444,702	306,222,490	318,471,390
INDUSTRIALIZATION, TRADE AND COOPERATIVES					
Financial and Trade Services	59,320,000	57,500,000	49,828,395	51,821,530	53,894,392
Industrial and Enterprise Development	225,430,000	114,500,000	100,000,000	104,000,000	108,160,000
Cooperative Development	17,530,000	21,500,000	13,988,067	14,547,590	15,129,493
Cooperative audit extension services	4,308,700		0	0	0
Weights & Measures	2,620,000	1,500,000	975,912	1,014,948	1,055,546
Urban Development		45,000,000	41,506,078	43,166,321	44,892,974
Olkalou Municipality	0	150,500,000	150,325,304	156,338,316	162,591,849
Sub Total	309,208,700	390,500,000	356,623,755	370,888,705	385,724,253
SPORTS YOUTH AND ARTS					
Sports Development	77,553,800	90,300,000	56,219,230	58,467,999	60,806,719
Youth Affairs	23,295,000	57,700,000	37,540,068	39,041,671	40,603,337
Arts & Theater	5,900,000		0	0	0

Programme	Approved allocations 2020/21	2021/22 ADP Allocations	2021/22 CEILINGS	PROJECTIONS 2022/23	PROJECTIONS 2023/24
Social Services		89,300,000	58,099,273	60,423,244	62,840,174
Gender Affairs	0	33,800,000	21,990,542	22,870,164	23,784,971
Sub Total	106,748,800	271,100,000	173,849,113	180,803,078	188,035,201
WATER, ENVIRONMENT, TOURISM AND NATURAL RESOURCES					
Water Resource Development.	218,305,000	284,000,000	274,169,285	285,136,056	296,541,499
Environment Development & Conservation	27,865,000	28,000,000	20,313,371	21,125,906	21,970,942
Tourism Development & Marketing	15,310,000	69,000,000	42,000,000	43,680,000	45,427,200
Natural Resources		1,000,000	650,608	676,632	703,697
Irrigation & Drainage	10,455,000	10,000,000	6,506,078	6,766,321	7,036,974
Climate resilience	3,500,000	4,000,000	2,602,431	2,706,528	2,814,789
Sub Total	275,435,000	396,000,000	346,241,772	360,091,443	374,495,101
COUNTY ASSEMBLY					
County Assembly	755,000,000	800,000,000	700,000,000	728,000,000	757,120,000
Sub Total	755,000,000	800,000,000	700,000,000	728,000,000	757,120,000
GRAND TOTAL	6,866,575,051	7,300,440,000	6,623,107,678	6,888,031,985	7,163,553,265

Figure 2: Departmental ceilings FY 2021/22



3.4 Adherence to Fiscal Responsibility Principles

In line with the Constitution, 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 has to adhere to;

The law stipulates that:

- i. The County public debt shall never exceed twenty (20) percent of the County Government's total revenue at any one time.
- ii. The County Government wages shall be contained at thirty-five (35) percent of the County Government’s total revenue in the Medium Term;
- iii. The approved expenditures of a County assembly will be as per senate’s recommendations. This shall not exceed 7% of the total revenues of the County Government or twice the personnel emoluments of that County Assembly, whichever is

lower.

- iv. The County Government actual expenditure on development shall be at least thirty (30) percent of the County Government's total expenditure.
- v. fiscal risks shall be managed prudently; and
- vi. A reasonable degree of predictability for the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

In the 2021/22 FY and the Medium Term, the County Treasury will ensure that the Budgets are prepared in a way that ensures strict adherence to this principle. Table 10 gives a summary of the indicators on Fiscal Responsibility.

Table 10: County Fiscal Responsibility Adherence

INDICATOR		Amount (Kshs)	% share of total Budget
County Expenditure	Recurrent	4,305,019,991	65%
	Development	2,318,087,687	35%
	Total	6,623,107,678	100%
Expenditure on wages & benefits		2,308,000,000	34.85%
Expenditure by County Assembly	Recurrent and Development	700,000,000	10.12%
Debt financing	Recurrent and Development	115,000,000	1.69%

From the analysis presented in table 10, the extent of adherence to the Fiscal Responsibility Principles is as follows:

- i. The County public debt shall never exceed twenty per cent of the County Government's total revenue at any one time**

In the 2021/22 FY, the County does not plan to borrow externally. The County Government will ensure that all its obligation to the suppliers are met on a timely basis to avoid piling of Pending Bills. In line with the National Policy and in reducing the Pending Bills stockpile of the County will in the 2021/22 FY and the Medium Term allocate resources towards payment of historical pending bills as cleared by the County Pending Bills Committee.

- ii. 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**

In 2021/22 FY, the County's expenditure on wages and benefits will account for 34.85% of the total expenditure. This includes the employees' pension and gratuity funds and medical schemes. The County is therefore in line with the set limit of 35 % of the County

revenues. The County plans to hire and fill critical gaps in the various Departments, this additional expenditure has been factored in the CFSP 2021/22 FY ceilings.

- iii. The approved expenditures of a County Assembly shall not exceed seven per cent of the total revenues of the County Government or twice the personnel emoluments of that County assembly, whichever is lower.**

The expenditure of the County Assembly will account for 10.12% of the total expenditure in 2021/22. The County is not in adherence to this principle. This is as a result of the County Assembly implementation of their flagship project on the construction and completion of the Speaker's residence. Allocation to the County Assembly is also determined by the Commission of Revenue Allocation (CRA) an independent constitutional body.

- iv. The County Government actual expenditure on development shall be at least thirty per cent**

It is projected that the County Government will spend 35% of its Budget on development in 2021/22 FY. This will be mostly on expenditure towards the completion of on-going projects, flagship projects and other service delivery initiatives. This allocation will also be continued over the Medium Term.

- v. Fiscal risks shall be managed prudently**

Fiscal risks will be managed prudently through the implementation of E-procurement, prudent expenditure management on items and pricing that should reflect the market prices as much as possible.

Further, a provision of Kshs. 40 million has been factored to cater to urgent and unforeseen expenditure. This will ensure that emergencies can be handled without disorienting the plans and Budgets.

- vi. A reasonable degree of predictability for the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future**

To ensure a reasonable degree of predictability for the level of tax rates, charges and tax bases, legislation on property rates, entertainment tax and produce cess will be amended through the Finance Acts depending on the fiscal strategy in a given year. The legislation will also contain clear justification for the fees and charges to be charged and the modalities for charging the same. The County Finance Acts will refer to the substantive legislation while proposing amendments to the charges, fees and taxes hence maintain a degree of predictability.

CHAPTER FOUR

ASSUMPTIONS AND RISKS UNDERLYING BUDGETARY AND FISCAL POLICY

4.0 Overview

This chapter highlights the assumptions and risks underlying the budgetary and fiscal policies. The policy formulation assumptions of the CFSP have been reviewed together with the risks that the County is exposed to in its operations.

4.1 Assumptions

The global economic activity is expected to gradually recover from the effects of COVID-19. This implies that the multiplier effects in the local economy will likely be felt in the course of the year. An increase in economic activity in the County will accelerate the achievement of the targeted Kshs. 630 Million and have the County channel the funds meant for COVID-19 recovery to development programmes.

The County is highly dependent on revenues from the National Government and Conditional Grants from various Development Partners. To this end, the County expects that all the revenues streams as encapsulated in the CARA 2020 will be released to the County for all the anticipated programmes and projects to take off. Through the Third Generation Revenue Sharing Formula to be implemented in the FY 2021/22, it is expected that the equitable share to the County will increase from Kshs. 4.88 B to 5.296 B. This is a Kshs. 390 Million increase (8%) from the current allocation.

The County is desirous of ensuring that ongoing programmes and projects that are ongoing and from the previous financial year are undertaken. Funds not disbursed to the County, in form of Conditional Grants are expected to be disbursed in the current financial year.

The County is to collect Kshs. 630 Million locally. Meeting this target is expected to enhance development in the County and meeting its Socio-economic transformative Agenda as envisaged in the CIDP 2.

Adherence to all the fiscal principles as captured in the constitution of Kenya 2010, and the PFM Act, 2012 is of the essence in the County operations. All programmes and projects implemented are to also adhere to other legal instruments such as the Procurement and Disposal Act and Regulations among other existing policy guidelines.

Disruptive events, such as industrial action, political activities among others are not expected to hinder the implementation of the programmes and projects targeted for the FY 2021/22.

To ensure planned and sustainable growth the County Government will continue to synergize its efforts in implementing the socio-economic priority programmes as articulated in the County's Integrated Development Plan II (2018-2022) and all other relevant policy documents.

4.2 Risks

The risk to the projected outlook for 2021/2022 FY Budget and Medium Term emanate from both external and internal quotas. The County Government in pursuing its goal of improving the livelihoods of the residents through its Socio-economic Transformative Agenda acknowledges that various risks may hinder the fulfilment of its fiscal objectives. These are The potential risks associated with the implementation of county fiscal plan include:

- (i.) Low global and national economic performance due to the effects of the COVID-19 pandemic leading to delays in disbursement of funds and low achievement of the set target;
- (ii.) Adverse weather conditions that accentuate low implementation of development projects;
- (iii.) High public expectations against the resources available to the County;
- (iv.) Public expenditure pressures especially recurrent expenditures and wage bill impacting negatively on the development projects implemented in the fiscal year;
- (v.) Political interference is likely to influence the distribution of resources or create hurdles in programme/project implementation. Key political events that pose as risks are the County Executive and Assembly wrangles at the local level, the Building Bridges Initiative and the National electoral canvassing;
- (vi.) National and County Debt. Pending bills that hinder local development at both the micro and macro levels. That is, lack of payment for services and goods offered to the County impedes socio-economic development of individuals whilst at the same time incapacitates the implementation of new programmes and projects by the County. Economic incapacity of individuals in the County translates to the poor economic performance of the County;
- (vii.) Industrial action has over time incapacitated the implementation of certain programmes in the County. The infamous health sector industrial actions have affected health services delivered locally and nationally;
- (viii.) COVID-19 pandemic; and

(ix.) Human capital is essential for service delivery. The County staffing levels could at some technical areas be wanting and this exacerbates poor performance at the County.

In light of the existing risks and the level of exposure, the County through the Departments has set into place for implementation the Risk Policy and mitigation measures. It is expected that the County Emergency Fund is to alleviate the emergent issues whose budget is within the set budget.

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