



COUNTY GOVERNMENT OF NANDI

COUNTY TREASURY

NANDI COUNTY

RESOURCE ENVELOPE

FOR

FY 2016/2017

BUDGETARY ESTIMATES

**ACHIEVING EQUITABLE SOCIAL AND ECONOMIC DEVELOPMENT IN NANDI
COUNTY**

April 2016

LEGAL BASIS FOR THE PUBLIC PARTICIPATION ON THE 2016-2017 BUDGET

Pursuant to the provisions of section 125(2) of the Public Finance Management Act, 2012, where “The County Executive Committee member for Finance shall ensure that there is public participation in the Budget process”, the government through this envelope wishes to collect views and proposals on the items and programmes to be unveiled in the Estimates.

COUNTY GOVERNMENT FISCAL RESPONSIBILITY PRINCIPLES

In line with the Constitution, the Public Finance Management (PFM) Act, 2012 (section 107) sets out the following fiscal responsibility principles to ensure prudence and transparency in the management of public resources;

- i. The County Government’s recurrent expenditure shall not exceed the County government’s Total Revenue
- ii. Over the Medium Term, a minimum of thirty percent of the county government’s budget shall be allocated to the Development expenditure
- iii. The County Governments' 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 Executive Committee Member for Finance in regulations and approved by County Assembly.
- iv. Over the Medium Term, the government's borrowing shall be used only for the purpose of financing development expenditure and **not** for recurrent expenditure
- v. The county debt shall be maintained at sustainable level as approved by County Assembly

- vi. The fiscal risks shall be maintained prudently; and
- vii. 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.

STRATEGIC PRIORITIES OVER THE MEDIUM TERM

Budget estimates for the FY 2016/2017 and over the Medium Term, shall be based on the priorities outlined herein which are guided by the County Integrated Development Plan (CIDP) and aimed at accelerating growth, employment creation, poverty reduction, improvement of social welfare and security.

These shall be attained through;

- i. Investing in Infrastructure
- ii. Investing in quality and accessible health care services, quality water, quality education as well as strengthening the social sector net
- iii. Sectorial transformation and creating conducive business environment
- iv. Good governance for efficient service delivery

The County fiscal policies will remain supportive of growth while at the same time continuing with the fiscal discipline to ensure mobilization of adequate revenue to support the county expenditures.

Main areas of intervention over the medium term will include:

- i. Agriculture development – crop production, Livestock, and Fisheries Development.
- ii. Roads, transport and public works – Infrastructure, mainly on roads and street lighting
- iii. Supporting Investment and Trade
- iv. Security
- v. Provision of Health and Sanitation Services- preventive and curative health care
- vi. Provision of Water and Spring/water catchment protection.
- vii. Lands and Environment – Energy, Lands, forestry and Wildlife, Research and Development.

- viii. Public Service
- ix. Tourism development – identifying and developing existing tourist attraction sites.
- x. Promotion of Education, Research and Vocational Training

Enhancement of Agricultural Productivity

Investing in Agricultural sector not only promotes economic growth but also ensures food security, job creation, income generation and overall poverty reduction. The sector is the mainstay of the County economy with linkages in manufacturing, distribution and other service related sectors. The County therefore aims at raising agricultural productivity and increase commercialization of agriculture. This will be achieved through improvement of land use and crop development, enhanced accessibility to affordable farm inputs, adding value to agricultural produce and link the farmers to markets for their produce, extension services, use of environmentally friendly products, promotion of agro based industries and development of post - harvest farm management systems.

The county shall focus on milk production where it shall endeavor to provide animal breeding services through provision of AI services. Currently a programme is underway in construction of cooling plants at each ward to enhance milk collections and boost marketing of these milk produce from farmers. The government is also looking forward to promoting rearing of dairy goats within our county to subsidize of cow milk.

Over medium term the government looks forward to providing subsidized avocado seedlings and coffee for farmers to boost their production.

Continuing Investment in Infrastructure

The county will scale up investment in infrastructure by upgrading existing roads, carry out routine maintenance of existing roads, and opening up of new roads which aims to significantly reduce the cost of doing business and therefore facilitate high returns and poverty reduction in the county. The medium term investment in road upgrade throughout the county will be aligned to support agriculture by linking farmers to markets.

In the current financial year, the county invested substantial amount in purchasing phase 1 of roadwork machinery and equipment so as to ensure quality road maintenance and sustainability as well as minimize overall costs

in the long run. In the medium term, the county plans to allocate more funds in Phase II of the program to purchase more road works equipment intended to fully mechanize the roads department.

The government intends to allocate more resources towards equipping of its hospitals and health centers to ensure quality and accessible healthcare for all the residents. Of high importance also is the construction of Early Childhood Educational facilities (classrooms) as well as ensuring well established youth polytechnics' infrastructure. With the scarcity of resources, the government shall over medium term consider employing asset financing and other borrowings to address whatever shortage as may occur.

To promote commerce coupled with security, the county street lighting will be done in all major urban areas. As part of branding, beautification of the county will still be prioritized. In addition, efficient waste management system will be put in place as well as proper drainage and sewer lines especially in Kapsabet town and other urban areas.

County government owned houses will be renovated and refurbished for efficiency. A fire station will also be constructed to house the newly acquired fire engines to respond to emergencies and disasters on time.

Nandi county is the indisputable source of world champions in athletics and other sporting activities with celebrated personalities. Over the medium term, the CFSP will allocate funds to continue investing in sports infrastructure and diversify its talent potential to include other sports and arts in order to consolidate and strengthen its position as a sports hub. A world class stadium at Kapsabet town and sports field at the sub county level will be allocated more funds to support our champions.

Strategies to develop tourism infrastructure that can attract both local and international visitors are put into consideration which entails: rehabilitation of existing sites and marketing the existing tourism attractions.

Supporting Investment and Trade

Trade is a key productive sector due to its immense potential for wealth and employment creation as well as poverty reduction. Given its catalytic effect to sustained inclusive growth and huge potential for job creation and poverty reduction, the County Government will deepen business regulatory reforms, facilitating capacity building, simplifying and modernizing regime for small and medium businesses in order to amplify their multiplier effect on employment opportunities and accelerating growth.

Further, the county will focus on industries that are labour intensive, with the potential to expand and increase market opportunities for small and medium industries.

Strategic efforts will be made to diversify markets by providing an environment conducive for business and ensuring that there is investor confidence. This will be achieved through development of policy, legal and institutional reforms for the development of the sector, support entrepreneurship and industrial development and promote exports. In addition specific measures will be undertaken to provide incentives to both local and international investors in order to position Nandi County as the premier investment hub in the country. Other measures will include maintaining law and order and providing security.

Local businesses will be promoted through promotion of agro-based industries, training of entrepreneurs and enhanced licensing of businesses. To this end, the upcoming investment shall play a crucial role in showcasing Nandi County as a preferred investment hub and destination.

Security Programme

Security is a foundation for stability, individual social welfare and economic development by creating investor and business confidence. The county will coordinate with the national government with a view to improving this area. The programme is expected to enhance the provision of efficient and effective services to the people of Nandi and facilitate an enabling environment for other sectors to thrive in. This fiscal year the County government aims to serve and improve the lives of residents through good leadership, innovative technology and efficient infrastructure.

The government is set to undertake civic education on various legislations to create public awareness on existing Bills and enacted Acts by the County Assembly.

Further, the County government intends to carry out consultative forums towards cohesion and integration among communities living within the county boundaries. This is to ensure a peaceful coexistence among the various communities thus promoting development.

Provision of Health and Sanitation Services

In line with Vision 2030, the county shall ensure provision of equitable and affordable healthcare at the highest affordable standards. A healthy population is essential for higher productivity and sustained long term development of the

county. The county government intends to enable access to modern and well-equipped health facilities with well trained and motivated health personnel. The strategy is to modernize Kapsabet County Referral hospital with all essential drugs and non-pharmaceuticals with specialized equipment necessary to handle all health related cases. Over the medium term, the county government will continue to Rehabilitate, expand and fully equip all the sub-county hospitals and health centres and adequately stocking with requisite drugs, establishing maternity wings as well as have Kapsabet and Nandi hills morgue fitted with facilities necessary to handle relevant cases. The county will also collaborate with the National government and other development partners in the area of training so that the county will have healthcare workers with all the necessary and sufficient knowledge and skills for quality health care services.

In the medium term, the County government will seek to address health related challenges through continued investment in training of health professionals, providing high quality preventive, curative and rehabilitative healthcare services to all, sanitation infrastructure and improvement in the working conditions of medical practitioners. Emphasis will be laid to preventive health which is crucial for the control of diseases.

Achievement of this will involve construction and upgrading of health facilities, and procurement of medical inputs, management of childhood illnesses through sensitization and provision of immunization services and create awareness through campaigns.

Provision of water and Sanitation

His Excellency the Governor's manifesto clearly outlined his intention to provide clean and accessible water to all residents in the county. The county has invested in developing and commissioning major water projects across the county and conservation of water catchment areas by protecting springs and water bodies. Conservation efforts should be geared towards sensitization of community and encourage planting of more trees along the catchment areas. This will redirect the energies used by most women and children for collecting water far away at rivers to more useful purposes.

Over medium term the county shall continue the completion of ongoing water projects.

Maximizing the use of the County's Natural Resources

Efficient use of natural resources is central to economic social and cultural development. Due to the finite nature of these resources they should be conserved and utilized in a sustainable manner. The County shall undertake strategies aimed at conserving the environment and natural resources and also ensure provision of reliable and affordable energy through exploration of environmentally friendly and renewable energy sources; and rehabilitation and protection of water resources.

Public Service

The County will promote best labour practices in recruitment, allocating, motivating and effectively utilizing human resources for improved public service delivery and promote public service integrity.

Promotion of Tourism and Culture

Over medium term, the county Government shall continue to put in place strategies to develop tourism infrastructure that can serve both local and international visitors. This will include improving the quality of tourism facilities and developing areas with greatest potential to attract tourists. Such programs include rehabilitation of existing sites, construction of monuments of our heroes and heroines, marketing the existing tourism attractions and promoting our cultural heritage including sports. Some of the initiatives already put in place like the Kamatargui conservancy, the Kapsabet stadium etc shall be fast- tracked. Culture is an integral part of a community and its promotion is a noble course. The Nandi Culture is rich and county government will promote this by partnering with community leaders to identify those with cultural knowledge, develop Koitalel Samoei Museum, identify and collect cultural artifacts and promote intercultural partnerships. Cultural sites will also be protected.

The county since its inception has continued to support less advantaged groups in the community which include the vulnerable children, persons living with disabilities. The county will have targeted programmes to support this disadvantaged group and also collaborate with existing National government and NGO programmes that targets them to enhance outreach.

Promotion of Education, Research and Vocational Training

Education -Proper and early development of a child lays good foundation necessary for entry into primary school education. The county government appreciates this and therefore, intends to develop ECDE in the county. The

county expects to complete constructing and equip ECDE centers across the county, and continue investing in capacity building of ECDE teachers and their management. The county will continue to equip the youth with skills necessary to enter the labour market by equipping the existing county polytechnics and establishing more.

MEDIUM TERM FISCAL FRAMEWORK

Improvements recorded by the National Government in form of easing of inflation, lower interest rates and stable exchange rates are expected to spill over to the county in form of improved economic growth with the national growth projected at 5.8%, 6.4% and 7% in 2014, 2015 and 2016 respectively. The recent trends noted on the reduction of fuel prices is expected to result into multiple benefits especially reduction in farm inputs and thus improved food security and income.

Revenue Projections

The County's sources of revenue include:

- **Equitable share**

The equitable share is an unconditional allocation to the County Governments from the revenue generated by the National Government as provided for by the constitution. The County is fully responsible for these funds and is directly accountable to the County Assembly on how the resources under her control are spent.

Equitable share from the National Government is estimated at **Kshs. 4,992,861,161** during the FY 2016/17. This is derived from the draft Budget Policy Statement and will be firmed up when the BPS is finally approved by the National Assembly.

- **Conditional and Unconditional grants:**

These may be given as additional allocations from the National Government's share to which the National Government may or may not attach conditions in the FY 2016/17. We anticipate receiving DANIDA funds, free maternal health care, and compensation of user fee, county emergency fund and Road maintenance levy fund.

- **Own revenues**

The county shall impose property rates, entertainment taxes, as well as cess tax and user fees and charges as they shall be approved by the County Assembly through the finance act of 2016.

The County own revenue is projected at **Kshs. 273 million**. This is based on the current trend of revenue collection and other revenue measures to be instituted. Total revenue available to fund the expenditure is therefore projected at **Kshs. 5.67 billion** in FY 2016/17 increasing to **Kshs. 5.9 billion** and **Kshs. 6.2 billion** in FY 2017/2018 and FY 2018/2019 respectively.

Expenditures

Recurrent expenditures

Kshs. 3.44 billion is projected to be spent on Recurrent Expenditures in the FY 2016/2017 and **Kshs. 2.225 billion** on development translating to 60% and 40% respectively.

Recurrent expenditures are projected to increase to **Kshs. 3.51 billion** and **Kshs. 3.57 billion** in FY 2017/18 and FY 2018/19 respectively.

Development expenditures

Total development expenditures shall account for 40 percent in FY 2016/17. These expenditures will go towards implementation of the county development programs as indicated earlier. The outturn below provides the projected County Resource Envelope for FY 2016/2017 and subsequent years:-

RESOURCE ENVELOPE

MEDIUM TERM FISCAL FRAMEWORK FY 2016/17, 2017/18 to 2018/19

CODE	REVENUE ITEMS	Printed	Medium Term Projections		
		Estimates	2016/2017	2017/2018	2018/2019
		2015/2016			
1	Total Anticipated Revenue	5,443,182,868	5,666,145,055	5,949,452,308	6,246,924,923
1.1	Local Revenue	255,764,953	273,283,894	286,948,088	301,295,493
1520100	LAND RATES				

		31,537,953	37,845,544	39,737,821	41,724,712
1520500	PLOT RENT	1,060,000	1,113,000	1,168,650	1,227,083
1420328	SINGLE BUSINESS PERMIT	30,500,000	32,025,000	33,626,250	35,307,563
1420405	MARKET FEE	11,300,000	11,865,000	12,458,250	13,081,163
1330405	AGRICULTURE	6,600,000	6,930,000	7,276,500	7,640,325
1420345	CESS	13,800,000	14,490,000	15,214,500	15,975,225
1420507	KIBORGOK TEA PROCEEDS	20,100,000	21,105,000	22,160,250	23,268,263
1580401	SLAUGHTER FEE	972,500	1,021,125	1,072,181	1,125,790
1550105	HOUSE RENT/STALLS	3,896,000	4,090,800	4,295,340	4,510,107
1550000	TRADE AND FAIR	3,880,000	4,074,000	4,277,700	4,491,585
1420404	PARKING FEE	33,642,700	35,324,835	37,091,077	38,945,631
1450100	CATTLE DIPS	8,477,300	8,901,165	9,346,223	9,813,534
1580100	HEALTH AND SANITATION	80,530,000	84,556,500	88,784,325	93,223,541
1420403	SEWERAGE AND WATER	332,400	349,020	366,471	384,795
1530000	OTHER FEES	9,136,100	9,592,905	10,072,550	10,576,178
1.2	GOVERNMENT FUNDING	5,187,417,915	5,392,861,161	5,662,504,219	5,945,629,430
1.2.1	CRF Fund Balances	432,312,047	400,000,000	420,000,000	441,000,000
1.2.2	CRA EQUITABLE SHARES	4,755,105,868	4,992,861,161	5,242,504,219	5,504,629,430
1.3	CONDITIONAL GRANTS	352,677,747	365,524,400	383,800,620	402,990,651
1.3.1	DANIDA -HSPS3	18,310,000	19,225,500	20,186,775	21,196,114
1.3.2	FREE MATERNAL H. C.	67,048,800	70,401,240	73,921,302	77,617,367
1.3.3	COMPENSATION OF USER FEE	17,551,588	18,429,167	19,350,626	20,318,157
1.3.4	LEASING OF MEDICAL				

	EQUIPMENT	95,744,681	95,744,681	100,531,915	105,558,511
1.3.5	COUNTY EMERGENCY FUND	93,617,021	98,297,872	103,212,766	108,373,404
1.3.6	RMLF	60,405,657	63,425,940	66,597,237	69,927,099

Note:

That all the conditional grants are offered with the intended purpose pre-determined. The departments responsible shall realize these amounts in their estimates as they are vested with the management.

		Printed Estimates	Medium Term Projections		
		2015/2016	2016/2017	2017/2018	2018/2019
	TOTAL				
2	EXPENDITURE	5,443,182,868	5,666,145,055	5,779,467,956	5,895,057,315
2.2	RECURRENT	2,770,602,394	3,440,803,360	3,509,619,427	3,579,811,816
R4411	County Executive	373,034,461	493,544,483	503,415,373	513,483,680
R4413	Devolved units and Special Programs	56,026,000	70,281,301	71,686,927	73,120,666
R4412	Finance and Economic Planning and ICT	437,529,495	657,473,155	670,622,618	684,035,070
R4415	Agriculture and Livestock and Fisheries	172,936,050	182,936,000	186,594,720	190,326,614
R4418	Education Research and Vocational Training	184,034,311	284,031,500	289,712,130	295,506,373
R4414	Health and Sanitation	754,471,254	834,472,000	851,161,440	868,184,669
R4421	Trade ,Industrial Development and Investments	45,192,300	46,196,500	47,120,430	48,062,839
R4420	Roads, Transport ,Infrastructure and Public Works	87,330,622	186,100,400	189,822,408	193,618,856
R4417	Youth, Gender and Social Services	36,590,501	37,950,601	38,709,613	39,483,805
R4416	Tourism ,Culture and Co-Operative Development	26,808,786	28,870,300	29,447,706	30,036,660
R4419	Land, Housing ,Environment and Natural Resources	35,950,200	40,230,400	41,035,008	41,855,708
R4422	Public Service and Labour	36,500,200			

			34,350,200	35,037,204	35,737,948
R4423	County Assembly	524,198,214	544,366,520	555,253,850	566,358,927
2.3	Development	2,672,580,474	2,225,341,695	2,269,848,529	2,315,245,499
D4411	County Executive	78,000,000	50,355,000	51,362,100	52,389,342
D4413	Devolved units and Special Programs	147,000,000	76,051,045	77,572,066	79,123,507
D4412	Finance and Economic Planning and ICT	747,989,774	105,300,650	107,406,663	109,554,796
D4415	Agriculture and Livestock ,Vetinary Services and Fisheries	43,765,000	110,635,000	112,847,700	115,104,654
D4418	Education Research and Vocational Training	161,000,000	115,500,000	117,810,000	120,166,200
D4414	Health and Sanitation	417,892,500	452,000,000	461,040,000	470,260,800
D4421	Trade ,Industrial Development and Investments	13,910,200	45,000,000	45,900,000	46,818,000
D4420	Roads, Transport ,Infrastructure and Public Works	441,410,000	630,000,000	642,600,000	655,452,000
D4417	Youth, Gender and Social Services	130,820,000	104,600,000	106,692,000	108,825,840
D4416	Tourism ,Culture and Co-Operative Development	43,710,000	30,000,000	30,600,000	31,212,000
D4419	Land, Housing ,Environment and Natural Resources	336,525,000	405,000,000	413,100,000	421,362,000
D4423	County Assembly	110,558,000	100,900,000	102,918,000	104,976,360

The Government during the financial year 2015-2016 acquired Roads equipment prompting it to shift from contracting of opening up of new roads, grading and gravelling of rural access roads to use of own equipment.

Over the period 2015-2016, the government had undertaken to do 450 km of roads. However, with the use of the acquired equipment the government foresees doing more than 1000 kms of roads. The county shall over the financial year 2016-2017 utilize Kshs. 12 million in constructing 3 roads each

costing Kshs. 4 million at each ward. It is therefore within the preserve of the residents to identify with priority these roads.

Four kilometers of roads shall also be tarmacked with 600 meters beings tarmacked at each sub-county.

In 2016/2017 we anticipate spending highly on Health and Sanitation with an allocation of 24% of the total expenditure followed by Roads and infrastructure with 15% the least being the department of Public service and labour whose allocation is approximately 1%.

Note;

The ceilings for the County Assembly and County Executive on Recurrent expenditures are varying subject to Commission on Revenue Allocation Ceiling in consultation with the Office of the Controller of Budget recommendations in respect to the FY 2015/2016 and its subsequent years in the Medium Term Expenditure Framework.

Criteria for Resource Allocation

Overall, the expenditure projections are based on the following principles:

- *Mandatory obligations:* this takes first consideration and includes salaries for County officers. The expenditures are based on the current wage bill with a growth of 5% to take care of any pending recruitment that may be deemed necessary in the course of the financial year.
- *Operations and maintenance:* Departments are allocated funds for basic operations and maintenance calculated at 30% of the total personnel emoluments.
- *Development expenditure:* Development expenditure will be funded from the equitable share of the national revenues and locally obtained revenues. Development expenditures are shared out on the basis of the County Integrated Development Plan, the Governors manifesto and other intervention to deal with unemployment and remove constraints to faster growth. In

determining the departmental ceilings on development expenditure, the following guidelines shall apply:

- *Completion of on - going Programs and projects:* emphasis will be given to the completion of the on-going projects and in particular projects with high impact on key priority areas, poverty reduction, employment and wealth creation.
- *Strategic policy interventions:* Priority will also be given to policy interventions to achieve social equity, environmental conservation and other priority areas.

Assumptions

1. That the National Assembly and Senate shall approve the equitable allocations as proposed by CRA
2. There shall be political stability in the Medium Term.
3. The Economic trend both locally and internationally shall be sustained.
4. The County shall experience/enjoy stakeholder support through the period of projection.
5. Costs to services shall be maintained at reasonable levels.

CONCLUSION

The fiscal framework presented in this envelope ensures a sustainable financing while allowing continued spending on priority programmes. Achievement of the set objectives calls for greater transparency, effectiveness, efficiency and economy in public financial management in order to ensure fiscal discipline.

The Government shall consider all the recommendations from the public fora and submitted memoranda on the priority programmes that are of utmost

importance to the citizenry. These programmes should however incline to the National strategic goals of Vision 2030, the county integrated development plan over medium term and the priorities as set out in the County Fiscal Strategy Paper.