



**REPUBLIC OF KENYA**

**COUNTY GOVERNMENT OF  
KIAMBU**

Finance & Economic Planning Department

**COUNTY FISCAL STRATEGY PAPER  
(CFSP)**

January 2017

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## Foreword

This is the Fourth Kiambu County Fiscal Strategy Paper (CFSP) under the devolved governance structure. The purpose of this paper is to build direct linkages between policies, plans and budgets, and present the fiscal framework for the 2017/18 FY budget estimates and over the medium term.

The paper, prepared under the theme “Consolidating the gains of Kiambu as the Growth Pole and Investment Hub of Kenya” provides expenditure ceilings for County Departments, units and agencies and detailed guidelines that are aimed at structuring County Government expenditure towards priority areas. These priorities are set on the basis of review of expenditures in FY 2015/16, sector proposals, the 2017/18 Annual Development Plan as well as County Integrated Development Plan 2013-2017.

The paper is aligned with the national objectives contained in the Budget Policy Statement (BPS) 2017 that sets out the broad strategic priorities and policy goals guiding budget preparation for the next financial year.

It is a requirement to subject the proposals to public scrutiny as a way of ensuring transparency and accountability. In this regard, public participation was conducted and the views arising thereof incorporated in the paper. The fiscal data included is indicative and subject to adjustments during the budget preparation if circumstances change.

The County Government proposes to allocate more resources to physical infrastructure improvement with an aim to stimulating general economic performance while addressing the issues promote welfare of County residents. To achieve this, the policy shifts resources from recurrent to capital investment while at the same time promoting sustainable and inclusive growth. Recurrent expenditure has been rationalized to decrease over time as capital expenditure increase in relative terms over the medium term period. To finance expenditures set out in this paper, the County will continue to maximize its efforts in revenue enhancement, mobilization and strengthening and reforming revenue administration and collection processes

through re-engineering various on-going structural reforms as well as building partnerships that support revenue performance.

I am grateful to my Chief Officer, John Gicaci and all County Treasury staff for their teamwork and support that has contributed immensely to the timely delivery of the policy paper. Special thanks go to Nduta Kahiu, Sophia Kamau and Stephen Mungai for their commitment and hard work.

I am also grateful to all Chief Officers for the valuable information they provided in their respective fields and for the cooperation shown during the period of the assignment. It is with great humility that I take the opportunity to express my profound gratitude and deepest regards to members of the County Executive Committee and especially His Excellency the Governor for the visionary leadership that has enabled us chart a clear development path. It is through his exemplary guidance, support and mentorship that the County Treasury has continued to produce and implement prudent policies, excellent plans and budget documents that have helped steer the County to great success on financial and budgetary matters. May the Almighty God bless you and continue expanding your territories.

Finally, let me also thank all the members of the County Budget and Economic Forum (CBEF) and members of the public that have continued to support us through provision of feedback and positive criticism. These have gone a long way in shaping the paper. Special thanks also go to Commission on Revenue Allocation (CRA) for its very useful comments and all those who attended and actively participated in the public forums held on 1<sup>st</sup> December 2016. We reiterate our commitment to serving you and promise never to let you down on financial performance, transparency and accountability on budget matters.

**Mary Nguli**

**County Executive Committee Member, Finance & Economic Planning**

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## Abbreviations

ADP	Annual Development Plan
BPS	Budget Policy Statement
CBEF	County Budget and Economic Forum
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy paper
CIDP	County Integrated Development Plan
CLIMS	County Land Management Information System
CLMC	County Land Management Committees
ECDE	Early Childhood Development Education
ECDEC	Early Childhood Development Education Centre
FY	Financial Year
ICT	Information, Communication & Technology
IFMIS	Integrated Financial Management Information System
LH&PP	Land, Housing and Physical Planning
MOU	Memorandum of Understanding
MSMEs	Medium and small micro Enterprises
MTEF	Medium Term Expenditure framework
MTP	Medium Term Plan
PDPs	Partial Development Plans
PFMA	Public Finance Management Act
SACCOs	Saving and Credit Cooperative Societies
WB	World Bank
VTCs	Vocational Training Centres
GIS	Geographical Information system

## **Fiscal Responsibility Principles for the National and County Governments**

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

(2) In managing the County government's public finances, the County Treasury shall enforce the following fiscal responsibility principles-

- (a) The County government's recurrent expenditure shall not exceed the County government's total revenue;
- (b) Over the medium term, a minimum of thirty percent of the County government's budget shall be allocated to the development expenditure;
- (c) The County government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the County government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;
- (d) Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;
- (e) The County debt shall be maintained at a sustainable level as approved by County assembly;
- (f) The fiscal risks shall be managed prudently; and
- (g) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

(3) For the purposes of subsection (2) (d), short term borrowing shall be restricted to management of cash flows and shall not exceed five percent of the most recent audited County government revenue

(4) Every County government shall ensure that its level of debt at any particular time does not exceed a percentage of its annual revenue specified in respect of each financial year by a resolution of the County assembly.

## **Legal Basis for the Publication of the County Fiscal Strategy Paper**

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

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

## 1.0 INTRODUCTION

### 1.1 Overview

1. This County Fiscal Strategy Paper (CFSP), the Fourth since devolution, has been prepared in line with a revised budget calendar, necessitated by the General Elections that will be held in August 2017.

2. The paper continues to facilitate implementation of programmes set out in our Development Plan and outlines broad strategic developmental goals, fiscal policy framework and gives a summary of the County Government's spending plans that form the basis of the FY 2017/18 budget and the medium-term. It is informed by the Kiambu County Integrated Development Plan (CIDP), the 2017 Annual Development Plan (ADP), the Kenya Vision 2030, the Governor's manifesto, feedback from members of the public and National Government policies as outlined in the 2017 Budget Policy Statement (BPS).

3. The County Government will continue to implement policies and structural reforms aimed at consolidating the significant gains made in priority areas within a sustainable fiscal framework. The sector reports will give feedback and highlights milestones made and those proposed for implementation in FY 2017/18 and the medium term.

## 1.2 Improving Public Finance Management and Governance

4. A sound Public Financial Management (PFM) system helps the County in achieving the objectives of fiscal discipline, strategic planning and improved service delivery. Public financial management reforms that we have undertaken in the County over the three years since devolution have yielded positive results. We have witnessed improvements in revenue collections that have enabled delivery of more services to our residents. The County has also reaped the fruits of more focused planning and timely implementation of projects. Efforts are being made to continuously improve services and systems have been put in place to operate with utmost efficiency and effectiveness.

5. The County endeavours to continue formulating a Programme Based MTEF Budget so as to develop and prioritize expenditure plans and budget for results within the available resource envelope. The County MTEF is designed in a way that resources are allocated to high social return programmes. The budget making is also participatory. Members of public are invited to give their views, and these inclusive participatory approaches have promoted transparency and accountability, and have led to community ownership of initiated projects.

6. The County has put in measures that promote good governance while ensuring that the public finances are efficiently and effectively managed at all levels within County. Elimination of wastages has been

key in scaling up levels of investments in economic and social infrastructure.

7. The County has over the years, been rightfully rated as the most progressive County in diversity and inclusion, with at least three trophies one for each year since 2013, when the award was introduced. This is a clear indication of the good governance the County's top leadership have embraced.

8. Other areas of reform include:

**i. Revenue Reforms**

9. The County has implemented various reforms aimed at sealing revenue leakage loopholes. This has mostly been facilitated through automation of systems and revenue collection processes. The County embarked on automation of revenue collection in 2014. So far, the project has been a huge success and has had a great impact on revenue performance. The achievements have led the County to winning of awards in adoption of Information, Technology & Communications (ICT) and generated a lot of interest with almost all counties coming for benchmarking missions in Kiambu.

10. To further enhance revenue collection especially in collection of land rates, land rent and single business permit fees, the County Government partnered with Kenya Revenue Authority (KRA) to improve compliance and implement other administrative measures leading to

higher revenue collection. Towards this end, the County won the 2016 Kenya revenue Authority (KRA) award for its initiatives in enhancing collaboration and partnerships in revenue performance. Additional administrative measures are being instituted to enhance revenue performance. This includes appointment of quarry owners as agents for collection of County revenue.

11. The County government has assets that can generate more income. However, in their current state they can only generate meagre income for the County. The government is therefore considering a programme that will add value to its assets especially in the housing sector by modernising and upgrading County houses that sit on high value land into high value assets that generate income to the County at market rate. Further, public markets will be upgraded and higher quality stalls constructed within them to generate income for the County.

12. To achieve these reforms, the County has embarked in the preparation of the by-laws for the establishment of a County Assets development entity that will manage assets and address the revenue generation issue.

13. Going forward, mobilization of additional revenue by strengthening enforcement and completion of administrative reforms including the automation of systems and expansion of the revenue base will continue to remain the key focus in the next FY. The County will focus on land and property tax as the most appropriate and equitable

source of revenue to finance development and provision of essential services. To this effect the County Valuation and Rating Act has already been passed by the County Assembly. This ensures a proper legal and regulatory framework for implementation of the above. A Revenue Enhancement plan has also been developed among other programs slated for FY 2017/18. Also included in the enhancement plan is finalization and implementation of a County Valuation Roll to enhance delivery of development projects.

## **ii. Expenditure Management**

14. The County government has endeavoured to allocate its resources by prioritizing programmes aligned to employment creation, poverty reduction and focusing on transforming the County. The County Executive has continued to provide, in a timely manner, information to the County Assembly and other relevant government institutions on expenditure allocations to facilitate their oversight work. This good practice on financial reporting coupled with adopted policies on transparency and good governance ensures that County resources are allocated and managed prudently.

15. In allocating resources we focus on projects outcomes and the impact it will have on the society. The policy is to promote fiscal discipline, allocative and operational efficiency by:

- i. aligning County expenditures with total revenues;
- ii. aligning our budgetary allocations to programs and activities that promote the strategic priorities of the County; and,

- iii. Ensuring that we deliver services at a reasonable quality and cost.

16. In addition, the County will ensure; participatory monitoring and evaluation; preparation of annual work and procurement plans, adherence to the plans; carrying out of risk based audits; and rolling out of Institutional risk management framework. Our strategy will also ensure that we eliminate pending bills, which arise from improper planning. These have so far been controlled and are at minimum levels in comparison to other county governments and government institutions in the Country.

### **iii. Capacity Building**

17. Capacity building initiatives that ensure effective implementation of projects will receive much attention in the County. This year's training will focus on areas of programme based budgeting, procurement, project management, MTEF, monitoring and evaluation, among others.

## **1.3 Entrepreneurship development, trade facilitation and employment creation**

18. In addition to the on-going programmes, the County will scale up programmes that will benefit the youth, women, and persons with disability as well as promoting the growth of Small and Medium Enterprises (SMEs) which are all priority areas of focus for the County government.

19. A generation without the hope of earning a living is a burden for the whole of society. The economic investment of the County government in education and training will be wasted if young people do not move into productive jobs that enable them to fend for themselves, pay taxes and support public services. It is in this regard that the County government has designed policies geared towards engaging youth in productive activities. Implementing programmes that increase youth employment will help end the vicious cycle of poverty and social exclusion.

20. Towards this end, the County continues to invest well in Vocational Training Centres (VCTs) and polytechnics to ensure that we develop the skills and attitudes that make up an entrepreneurial mind set, independence and self-reliance. This will reduce youth over reliance on the few opportunities for formal employment in both public and formal private sector by helping them become better entrepreneurs.

21. Some of the key development projects undertaken in this sector include; construction of modern Retail and Wholesale markets which include Karuri Market, Ngoliba Market and Wangige Egg Market, the only modern egg market in Sub Saharan Africa. Other modern Retail and Wholesale markets currently at an advanced stage of being constructed by the County are Dagoretti, Githunguri, Kamwangi and Limuru markets. With these developments, traders are able to carry out their economic activities under a better environment despite the weather conditions. The numbers of people accessing these markets have since increased leading to

an upsurge in both demand and supply. Consequently, these have created both forward and backward linkages leading to increased income and employment for the people of Kiambu County.

22. Tourism sector also witnessed key development projects being undertaken including the Fencing, Construction of ablution block and landscaping works at the 14 Falls, which is a leading tourist site in the County. Further works in the sector witnessed the construction of ablution blocks at the Kirenga Rift Valley viewing point which have provided relief to those who patronize the tourism sites and the youth and traders who operate from these sites, thereby increasing their incomes and employment opportunities.

23. The County in partnership with World Bank is at an advanced stage of initiating construction of modern markets in Kikuyu, Ruiru, Kihara and Juja towns. Feasibility studies, environmental risks and designs have already been done for these projects. The plan is to have them completed in a timely manner.

24. Other achievements include; rehabilitation of markets and upgrading of the supporting infrastructure works which included re-roofing, painting and drainage of Wangige Market; construction of ablution block at Wangige egg market, Gikambura and Ngoliba markets; murraming and fencing of Gikambura, Nyathuna and Ruku markets; rehabilitation works at the Gatundu South Modern Market, construction

of market access roads in Karuri and Juja markets and provision of high mast lighting in the markets.

25. Other projects carried out in the sector include construction of over 58 Boda Boda Sheds spread across the county. These have created good working conditions for the youth and minimized negative social hazards. These sheds have also brought riders together and have since formed Boda Boda Co-operative Societies and organized groups to instil a saving and investment culture among the youth to improve their general wellbeing. The Constructed Boda Boda Sheds have created good working environment for the Youth and minimized negative social hazards. The operators and their customers are protected from the scorching sun and rain. The Boda Boda sheds have improved Security for the general public and the operators as the designated shed's operators know each other and can be traced in case of criminal activities. The Boda Boda Sacco's have created employment and are a source of customers for the County Biashara Fund.

26. The County's Trade Department also partnered with various stakeholders including Export promotion Council (EPC) and trained more than 100 Micro, Small and Medium Enterprises (MSMEs). These MSME were also assisted to market their goods not only in local markets but also in international markets. This has worked well in boosting employment creation for the youth. The Department further partnered with the Export Processing Zones Authority (EPZA) in establishing EPZA's in the County,

the Regional Agro-Industrial Network (RAIN) in the establishment of Agro-Industrial Centres in the County among many others.

27. The County did very well in attaining its objective of becoming the leading investment destination in East and Central Africa by ensuring favourable investment climate and attracting investments into the County. As a matter of fact, Thika was ranked second for its ease of starting a business in Kenya according to the latest World Bank's Doing Business in Kenya, 2016 Report. This is clear indication that the policies that the County has put in place are bearing fruit. Fees, charges and rates have been set at the lowest level compared to other Counties similar to Kiambu. Compliance procedures have been simplified and streamlined. We have, during our era, witnessed, for instance, industries which had earlier relocated out of Kiambu County coming back, new industries being set up in the County as well as expansion of already existing industries, such as in the area of motor vehicle assembling thereby creating market for County products , upgrading of infrastructure and creating employment opportunities.

28. Some of the most recent County initiatives in supporting and improving the investment climate have been supported by the inter-governmental stakeholder forum held in Elementatita which culminated in coming up with various Memorandum of Understanding with key National Government institutions. This was in response to investor's needs articulated at a consultative forum held between the investors and the County prior to the meeting with National Government stakeholders.

The County therefore sought to partner with key enablers of investments at all levels, a move that has been met with immediate positive results.

29. We have also developed an investor's guide, a quick reference guide with the critical items investors look for. This acts as a supporting tool and has greatly assisted in attracting and facilitating investments. The County is now in the process of establishing an Investment Enabling Centre, a Kiambu County one-stop shop to facilitate and meet investor's needs. Some of the business processes at the Centre will include; investment enquiry management process with timelines set for responses; business set up; assistance with company registration or business registration process; issuance of local business permits; application and processing of water, electricity and sewer connections; land acquisition process support; planning and building plan approvals and construction permits; business operations; regular approvals for expansion or operations, i.e. inspections, promotion of opportunities , networking, B2B matching, just to name a few.

30. Some of the programmes that the County will continue to undertake in the FY 2017/18 is to promote entrepreneurship and trade in the County which includes; Continued construction, rehabilitation and renovation of markets to improve business environment; Construction of Boda Boda Sheds, Construction of Modern Model Kiosks, offer advisory services to entrepreneurs; credit disbursement to MSMEs; development and marketing of tourism/heritage and cultural centres; and ensuring improved operations of the Jua Kali operators among others.

#### **1.4 Youths, Sports, Empowering Women & People with Disabilities**

31. The County has achieved enormous progress in promotion of sporting Culture through supporting various leagues tournaments, and talent festivals that have helped in nurturing talent as well as contributing significantly to lowering drug and substance abuse. Through this sector, the County upgraded various fields and empowered youth, women & people with disabilities by providing capital for starting businesses and expansion of the already existing ones.

32. Through the Kiambu County Youths, Women and PWDs enterprise development fund, over 20,000 residents have been equipped with entrepreneurship skills and trained on how to access the fund. Over Kshs.200 Million has so far been disbursed to over 95 groups and 1,000 individuals cumulating to over 30,000 residents successfully receiving funding for start-ups or expansion of existing businesses. The Fund also disbursed Kshs.20 Million to Sacco's as Micro Loans and KShs. 15 Million to other groups through a partnership with Visionary Empowerment Program (VEP). Through this programme, the County distributed over 700 water tanks to groups and individuals residing in the County.

33. The department initiated capacity building programs which saw Training of 100 Trainers of trainers, Waste management and Youth insurance. In conjunction with the Department of Agriculture, Livestock and Fisheries 1000 youth, women and PWDs were trained on value addition. On technical skills enhancement, 1200 youth, women and

PWDs were trained on such skills as carwash/cleaning, welding and fabrication, painting woodwork and carpentry.

34. On talent development, the department held Talent Festivals which identified, promoted and awarded talent. The construction of a Music Recording and Video editing studio is ongoing.

35. On communication, the department employed and deployed communication and PR officers in each department to enhance dissemination and publication of information. This has led to increased awareness of county affairs and effective handling of resident concerns.

36. In the 2017/18 FY, the County will expand these initiatives to ensure that all the eligible and deserving residents benefit from the interventions in order to scale up its impact that has been lauded as life changing.

### **1.5 Improving agricultural performance**

37. Agriculture continues to play an important role in the County. Towards that end, the County has over the years put in place policies, strategies and interventions to ensure that the sector thrives. Sufficient resources have so far been committed to boost productivity, create employment and improve food security through value addition and promotion of agribusiness. As a result, tremendous achievements have been realised.

38. Key among the interventions include distribution of over 30,000 banana tissue culture seedlings, establishment of 3 fertilizer depots leading to increased fertilizer consumption from 20,423 bags in 2013 to over 50,000 bags in 2016, acquisition of value addition equipment for 15 groups leading to reduced post-harvest losses. To further enhance value addition of milk and increased milk prices, 10 dairy cooperatives have been supported with the 11 bulk milk coolers and 2 pasteurizers. These interventions in the dairy sector have borne fruit, with milk prices having increased from KShs. 30 to 40 per litre of production.

39. The County also held very successful programmes on animal disease control, the success of which was attributable to acquisition of vaccines, equipment and rehabilitation of cattle dips. The outcomes of these interventions have been a reduction of disease incidences by 60 per cent. In terms of milk production, the yield has increased from 255 Million litres in 2013 to 334 Million litres in 2016.

40. The County's Fisheries department has also done a very commendable job in supporting fish farming and thereby encouraging diversification of income generation activities. The Department in collaboration with Kiambu aquaculture stakeholders organized a very successful International Aquaculture Symposium and Exhibition, the first ever in the Eastern Africa Region. So far, 63 fish demonstration ponds have been constructed, lined, stocked and farmers assisted with fish feeds leading to 100 farmers adopting aquaculture technology. Fish production increased from 30 tonnes in 2013 to 50 tonnes in 2016

41. In the area of development of irrigation infrastructure, 4 acres of land on Waruhiu ATC have so far been put under irrigation and 225 cubic metres reservoir tank constructed. The sector has also done 5 distribution lines and installed drip irrigation kits for 40 farmers under the Wamoro irrigation project in Karai and Nachu wards. The County also constructed three (3) water towers for 3 tanks of 16 cubic metres each and provided distribution lines to 100 farmers under the Kawira irrigation project in Mangu. Githuito Mwiri irrigation project intake was also rehabilitated and Karaya distribution line that has benefited 120 farmers constructed in Nyanduma ward. Other projects so far finalized include excavation of 26,000M<sup>3</sup> water pan in Ngenda ward.

42. To enhance food security and income generation, the county acquired and installed 80 greenhouses in various wards across the county. Through this programme that was designed to operate in a revolving manner, the County realized, arising from the initial set of green houses, a new set of 134 green houses that have since been replicated distributed by the farmers. The County also did 34 water-harvesting pans that have been lined with pond liners to harvest greenhouse roof water. These projects have contributed immensely to improving the welfare of farmers.

43. During the 2017/18 FY, the County will continue with the programme of acquisition of agricultural equipment to promote value addition; construction of fish ponds, expansion of greenhouse project and promotion of cage fish farming and promotion of livestock development.

The Department further intends to expand the area under irrigation and install solar powered irrigation systems. The programme of upgrading Waruhiu ATC will also be completed in the next financial year. The Department also plans to enhance extension services.

## **1.6 County Infrastructure Development/Improvement**

44. Development of Infrastructural facilities is key in stimulating other sectors as it eases movement of goods, services and people thus facilitating trade and commerce among others. As a matter of fact, tremendous progress has so far been achieved in this front. Key among these includes rehabilitation of 25 Km of road network to bituminous standards and upgrading 20 Km of major links and urban gravel roads also to bitumen standards. It is under this major achievement that we report the nearly completed Ndumberi – Githunguri Road that comprised works located in both Kiambu and Githunguri sub-counties. The road traverses through Ting’ang’a, Ikinu, and Gathanji trading centres’. We also have Thika-Gatitu Junction Road and Githunguri CBD Roads in Githunguri Sub County. These have greatly improved connectivity not only within the County but also to neighbouring counties and therefore improving accessibility of various trading centres and boosted economic activity in these areas.

45. In addition, through our collaboration with NaMSIP, the following Township Roads have been upgraded to bituminous standards; 2.3Kms Kikuyu Town roads, 2Kms Ruiru Hospital Town and 1.2Km Limuru-Bata

and 3.5Km Juja-Gachororo Road (currently ongoing) and all these have improved accessibility and boosted economic activities.

46. In regard to the work done on access roads, the achievement have so far been very impressive with the County having constructed or even rehabilitated 2,100 Km gravel roads in rural shopping centres. Over 5,000 Km of road network has also benefitted from routine maintenance, interventions that have led to re-opening up of areas that could not be accessed. This has tremendously improved the connectivity and increased trade in many trading centres.

47. Much progress has also been made in construction and rehabilitation of bridges and footbridges. As of December 2016, 12 bridges had already been completed in various sub counties. Some of the completed bridges include Ndundu Kwa George, Kiang'eti Gathiuri-Gathiru, Marigoiti wa Gachane, Nembu Gatuikira foot bridges in Gatundu South; Chura-Muthure, Kamworiaini and Turarii bridge in Kabete, Muthiga shauri yako bridge in Kikuyu, Gatei and Wanugu bridges in Gatundu North, Kinenii-Karatina and Gatamaiyu footbridges in Lari, Ngegu-Indian Bazaar footbridge in Kiambu, Gathiruini -Kamuchege foot bridge in Githunguri, just to mention a few. Programmes that involved maintenance of storm water drainage throughout the County were also undertaken on routine basis to unclog drains and ensure more lasting roads.

48. The County's Fire Directorate performance performed very well in responding to emergencies. The Section has established time build capacity in all the Sub-Counties to ensure timely fire response, currently at 95 per cent available capacity. During the current administrations period, the County was struck with over 1,000 fires in various places within the County all of which witnessed fast-rate response. Moreover, Kikuyu, Kiambaa, Kiambu, Limuru and Ruiru sub-counties fire stations are now operating on 24 hours basis. The construction of Githunguri, Kiambu and Limuru fire Stations is on progress. Completion of these will further improve fire response services thereby minimizing loss of lives and property.

49. In the area of transport, the County repaired 3 bus parks with Githunguri bus park construction in progress. Designs are complete for Githurai 45, Juja and Kiambu Bus Park with construction now underway. Acquisition of land for expansion of Kikuyu, Kihara and Githurai 45 bus parks is underway. The County also promotes Non-Motorable Transport with implementation of Kiambu, Githunguri and Gatundu projects already on-going. This milestone will promote the aspect of Green County where people choose how to commute in the most convenient way.

50. The County also installed 75 flood masts through World Bank (WB) financing and 8 high masts under the Rural Electrification Authority (REA). Through the NAMSIP street lighting program, 315 streetlights were also installed. A further 500 and 1,500 have also been erected through

the Kenya Municipal project (KMP) and Kenya power and Lighting Company (KPLC) respectively. These developments together with other initiatives taken by the County have enhanced security and safety of our residents. Finally in this area, the County has a policy to ensure energy efficiency through promotion of green energy such as use of solar energy. Kimende town, for instance, has lighting with solar power.

51. With the County Government's commitment in improving infrastructure Countywide, the share of resources going to this sector will increase. Over the medium term, the strategy is to develop the road transport in order to have effective and efficient road network that will open up the County for trade and access to more services.

52. The Roads Department is also implementing an Annuity programme where the county will benefit from construction of 250KM of bitumen standards. This will open up the County's rural areas and farmlands.

## **1.7 Improving Social Services**

53. The County will endeavour to improve access and quality of social services through allocation of substantial resources to the education and health sectors and ensuring efficiency in use of the resources allocated to these sectors. This will in return provide health and skilled human capital that is very crucial for sustainable growth and enhanced development of the County.

## **i. Education Sector**

54. Access to quality education is one of the key pillars of the County as spelled out in our CIDP. During the County Governments administration, major achievements have been realized in this area. Key among these is improved enrolment rates in ECDE, which increased from 22,067 in 2013 to about 32,159, in 2016, a 46 per cent increase. The increase was partly occasioned by expanded infrastructure and improved quality of education following recruitment of 1,169 caregivers. As a matter of fact, all ECDE teachers that had been previously employed by parents were absorbed by the County Government.

55. The County also constructed/refurbished and equipped over 40 ECDE centres; gave bursary to 51,101 needy bright children, equipped thirty one (31) VTCs with modern training tools and equipment, renovated and rehabilitated ten (10) VTCs.

56. The school-feeding programme adopted by the County provided highly nutritious porridge to about 32,000 pre-primary school children in various schools located within the County. The programme has been a massive success and has impacted positively in increasing enrolment rates and retaining children in school. Resulting from the County's decision to fence various institutions, including ECDEs and VTCs, security and welfare of the learners improved.

57. The County aims at putting in place various other measures key among which include increasing provisions for bursaries, integrating use

of ICT in its technical and vocational institutions, continued construction and rehabilitation of ECDE centres and continued investments in youth polytechnics in order to enhance skill development of our youth. The County will also continue with the school-feeding programme to ensure the gains realized are protected.

## **ii. Health Sector**

58. Health care is one of the major sectors of the County government. To promote this Sector, the County will continue to invest in quality, affordable and accessible healthcare through completion and equipping of the various infrastructural developments started in various regions of the County.

59. So far, the County has procured and installed 4 dental units distributed as follows: Wangige Level 4 hospital, Karuri Level 4 hospital, Thika Level 5 hospital and Githunguri health centre. In a bid to save life by improving referral services in the County, the County acquired 13 new Advanced Life Support (ALS) ambulances that were distributed to various health facilities within the County. During the period under review, the County also acquired 125 three multifunctional beds in a bid to improve the quality of services offered. These have been distributed to Gatundu and Kiambu Level 4 hospitals. To further ensure availability of specialized services, the County also procured 4 ICU beds and 2 HDU beds for Kiambu level 4 hospital.

60. The quality healthcare provided in our facilities has led to an increase in the bed capacity from 900 to 1,700 currently. The sector aims to increase this to 3,500 upon completion of the ongoing construction of new centres of excellence. These include Thika Level 5 state-of-the-art Maternal and Child Wing; Thika Level 5 ICU/HDU, Renal Unit as well as the MRI unit; Lari Sub-County newly constructed hospital with over 200 bed state of the art; Kiambu Sub-County newly constructed hospital wing with over 260 bed state of the art; Gatundu Level 5 newly constructed wing; and Wangige Level 4 hospital wing newly constructed with 200 bed capacity. We intend to complete the following projects; Lari, Tigoni, Kikuyu, Wangige and Ruiru renal unit. All our facilities attend to approximately 10,000 patients daily with over 52,000 mothers successfully delivering in our health facilities annually.

61. To support universal healthcare initiatives, the County is in the process of increasing the number of level 2 and 3 facilities offering maternity services to 70. In the current Financial Year, a total of 21 new facilities will have maternity units while all the rest will be equipped in the next Financial Year. Before end of the current Financial Year, 30 more facilities will have mother and child units in addition to the 21 already operationalized in the current FY.

62. To further promote delivery of high quality specialized services, the County plans to equip 5 new upcoming hospitals with specialized equipment such as CT scans and other imaging equipment's, renal, cardiac, oncology, orthopaedic and ambulatory surgical equipment's.

63. To ensure consistent power supply to the health facilities, the County procured 4 generators and installed them in Igegania Level 4 hospital, Githunguri health centre and Ruiru Level 4 Hospital.

64. Further achievements in this sector include operationalization of Gatundu level 4 hospital whose services in the new block include theatre, ICU, CT scan, maternity and general wards. The County government has also renovated and operationalized a female and gynaecology ward in Kiambu Level 4 Hospital. The renal unit in Thika level 5 is now functional and already providing dialysis services to renal cases. Blood transfusion unit in Thika Level 5 hospital continues to support the supply of blood needed in hospitals. The unit has been very important in alleviating the problem of inadequate blood supply especially when emergency blood transfusion is required. It has been helpful in ensuring that mortalities due to lack of blood becomes a history in the County. The County intends to partner with private and faith based hospitals within and outside the County to provide blood on request. The County has also improved access to laboratory services from the 54 that were available last year to 66 available today.

65. On matters of network and connectivity, the County Department constructed networks for 20 health centres, with all level 4 and 5 hospitals having been provided with Internet access as part of the Wide Area Network (WAN) being deployed within the County. Use of ICT has become a key enabler in delivery of services with majority of the health

facilities now being live. The plan is to roll out coverage to all facilities within the County.

66. In regard to Kiambu Level 4 hospital, the County renovated the outpatient, maternity and rehabilitated the walkways. The upgrading of the infrastructure coupled with the quality services offered has so far attracted a high number of patients seeking services from within Kiambu and the neighbouring Counties. The number of OPD patients has increased to over 2,000 patients per day and deliveries have increased to 1,000 per month.

67. In regard to renovation and operationalization of Tigoni dispensary (one among the 17 new facilities opened in the County where the Health Department turned a Community building into a functional dispensary through rehabilitation) the feedback has been very positive. Primary health care indicators of a community that used to travel more than 5 Kms for medical services to Kiambu Level 4 and Githunguri health centre have improved. Currently, more than 80 patients are seen in the facility on daily basis.

68. Going forward, the health Sector will continue to put a significant share of resources to ensuring delivery of the planned programmes, and provision of quality and accessible health care. An Annuity Programme to support equipping, expansion and completion of the proposed infrastructural developments is also underway.

69. The department is to implement on the County Community Health Strategy under the Vision 2030 to enhance the primary health care and reduce the hospital admissions and early screening and diagnosis with emphasis to maternal and child health. The department will also discuss with our strategic partners in human resource e.g. Max Health in India for capacity building.

### **1.8 Water, Environment and Natural Resources Sector**

70. The County realizes that development of Water and Sanitation systems for both rural and urban areas is key to healthy livelihoods and survival, as the saying goes, “Water is Life”. In line with this perspective, the County Department has contributed immensely to the Vision 2030 objective of ensuring access to safe, clean, reliable water and improved sanitation countywide.

71. The water projects carried out in this sector improved water coverage from 35 per cent to 60 per cent, greatly improving access to water by county residents and reducing the time wasted in looking for water. For sewerage services, the coverage improved from below 20 per cent coverage prevailing in 2013, to 25 per cent prevailing currently. Waste water collection coverage also improved significantly, with the figure currently standing at about 75 per cent.

72. Other achievements in this sector include development of integrated solid waste management to enhance clean and healthy environment through collection of garbage and cleaning of streets. Other programmes undertaken include environmental conservation through

reforestation programs that have increased tree cover and conservation of water catchment areas. So far 115,010 trees have been planted among them 15,110 bamboos. Additionally, mapping of all degraded river sources has been done with conservation efforts ongoing.

73. In fulfilment of its objective of ensuring access to clean safe water, the Water Directorate has so far completed 6 new boreholes, which comprised of drilling and equipping them with a suitable pumping set as well as construction of an elevated tank for each site. The sites included, Mwihoko in Ruiru Sub-county, Gatiiguru, Gitiha and Gitombo in Githunguri, Kanyariri in Kabete, and Langata Dispensary borehole project serving residents of Kiu ward in Ruiru Sub county. Other 15 boreholes that already existed were rehabilitated and equipped with new pumping sets and extension of pipe distribution systems. Among these include those in Nachu in Karai ward, Lussigetti in Kikuyu Sub County, Juja Salama in Juja Sub County, and Kianguno, among others.

74. To further promote accessibility of water, the County undertook 20 water distribution projects, which have since been completed. Some of these include Ting'ang'a water project in Kiambu Sub-County with 100,000 litre elevated steel tank and 25km distribution pipe network, Cura water project in Gitaru ward of Kabete Sub-County, Makwa Magumu water project in Chania ward Gatundu North with 100,000 litre high performance tank and Karamini water project in Nyanduma ward, Lari sub county. Others include Kanunga water project (a gravity system to Kiambu town), Ngewa/Miguta ultrafiltration with 250,000 litre high performance steel water tank, which is now complete with extension distribution pipe network. Also in the list of projects done in this sector to

address the water accessibility issue is the construction of Kiambaa/Ite dam ultrafiltration unit with two 50,000 litres high performance tanks and construction of 100,000 litre high performance tank. The County is now in the process of installing 25,000 litre/hour capacity ultra-filtration units.

75. Further, 15 hydrogeological surveys have been carried out in readiness for drilling works. Through the Kiambu County water service providers (WSPs) and existing community water projects, the county supported capital developments which included laying of extension of distribution pipe networks to residents with the county offering over 1,064 Km of assorted pipes to the WSPs and about 563 Km of pipes for use by community water projects

76. The County embraced modern technology in water treatment through installation of water ultrafiltration systems in Githunguri and kiambaa Sub- counties. It is currently in the process of installing another in Ngoliba Ward. Each of these plants has a capacity of 25m<sup>3</sup> of water per hour.

77. Through the Maji Mashinani initiative, over 700 tanks funded through the Kiambu County Biashara Fund have been delivered to beneficiaries in various sub counties. These have resulted in improvement of water conservation through storage. As is with the County's record of establishing good partnerships, the County partnered with China Women Foundation in provision of water tanks to the most vulnerable of the community. A total of 120 tanks are being procured through a grant from this Partner. To encourage water harvesting and promote hygiene, fifty

six (56) 10,000 litre tanks have been donated to various schools within the County.

78. To support water storage in the areas covered by the water projects, the Department constructed/procured 5 high performance steel tanks of various capacities and 7 galvanised steel elevated tanks to act as water reservoirs.

79. On matters of environment, the County completed 8 modern public sanitation blocks. These include Kwamaiko sanitary block in Ngewa ward, Githunguri market toilet in Githunguri Sub County, Indian Bazaar toilet in Uthiru, Lussigeti block in Nachu ward, Ndeiya market toilet, Juja toilet and Githura toilet block. Construction of skips station areas have also been completed, including one in Githurai, which now serves as waste collection points for transfer of garbage to designated dump sites.

80. To ensure improved garbage collection and disposal, the County acquired 9 new garbage trucks, 3 of which are skip loaders. It also acquired 23 new skips and currently operates 20 garbage trucks, which enabled the clearance of all old waste heaps that existed. This has earned the county recognition as the cleanest in various national fora in addition to delivering a clean environment and contributing to improved health status of the community.

81. The Department further improved 4 dump sites, Kiambu, Thika, Gacharage and Limuru sites. Further, rehabilitation of Limuru, Thika and Kiambu dumpsites is still on-going. Once completed, the County will

ensure building of embankments around the sites to ensure controlled management of the facilities.

82. In collaboration with the UN Habitat and JICA, the County has constructed a Semi Aerobic Sanitary landfill, the first of its Kind in Africa. The landfill, once completed, will comprise a waste separation plant, a composting facility, the landfill and a training centre. This achievement has earned the County great admiration, with several county delegations coming to benchmark with Kiambu. The project will help the County in reducing the negative effects of the non-biodegradable waste such as plastics, which will be sold to a ready market thereby earning the County considerable revenue.

### **1.9 Lands, Housing and Physical Planning Sector**

83. During the period under review, the County performed very well in this area with the key achievements being preparation of a County Spatial Plan which has ensured zoning of land for various land uses with an aim of densifying the urban areas and freeing land for agriculture use thereby assisting the County's objective of ensuring food security. The Spatial Plan is a 10-year development blueprint that provides the potential and levels of resource utilization through a framework for drawing up short, medium and long term plans, programs and projects. The plan also provide elaborate Development Control Guidelines for Urban, Peri-urban and rural developments in all the 12 Sub Counties

84. Urbanisation is key pillars in Kiambu which will be guided by Integrated Strategic Urban Development Plans (ISUDPs). The ISUDPs

provide detailed frameworks for urban development. These plans will play a critical role considering that Kiambu is the 3<sup>rd</sup> most urbanized County in Kenya with the highest rate of urban growth. As a matter of fact, 7 out of the 10 fastest urbanizing towns in Kenya are in Kiambu County. This has necessitated a comprehensive approach in the formulation of ISUDPs not only for Thika Town but also rolled out the formulation process for its other 10 major towns in addition to planning for 1 development corridor.

85. To promote governance through transparent process of approving building plans, the County automated development plan applications and approvals through a system called Electronic Development Applications Management System (e-DAMS), which is an advanced development application administration software (the public can access this through ([www.edams.kiambu.go.ke](http://www.edams.kiambu.go.ke)). The system has enhanced efficiency and transparency in the pre-approval and post approval process thereby promoting order and streamlining a sector that has previously been riddled in corruption and non-enforcement of standards.

86. Another major achievement includes establishment of Land Information and Management Systems (LIMS), which has facilitated transparent land transactions, enhanced land rates collection efforts and enabled easy storage of retrieved land information. Additionally, two GIS Labs have been established in Kiambu and Thika Ardhi House. These labs will eliminate land fraud and enhance efficiency and transparency in land transactions in the County.

87. Other accomplishments include rolling out the preparation of Part Development Plans (PDPs); enactment of relevant legislation; auditing the Safety and Compliance of Buildings; identification, survey and recovery of public utility land; rolling out the establishment of Property Address System; gazetting a new Zones Land Valuation and Rating; and inspection of properties for valuation in the gazetted zones.

88. Going forward, the Department will continue scaling up these programmes and covering areas not yet covered as well as ensuring that county assets in the housing sector are developed for income generation.

## 2.0 RECENT NATIONAL AND COUNTY ECONOMIC DEVELOPMENTS

89. This Section presents the economic performance and emerging issues likely to affect the outcome of national and County development goals.

90. The County's performance is largely pegged on formulation and implementation of prudent policies with an aim to enhance service delivery. The County performance will also depend highly on the country's economic performance.

### 2.1 National economic outlook

#### Performance of the Economy

91. The economy grew by 5.6 percent in 2015 compared to 5.3 percent growth witnessed in 2014. The growth was supported by strong performance in most sectors of the economy including recovery of tourism. This growth momentum continued in the first half of 2016 with an average growth of 6.1 percent compared to a growth of 5.5 percent in the similar half of 2015.

92. The second quarter of 2016 grew by 6.2 percent compared with 5.9 percent in quarter two of 2015. This strong growth was supported by improved and positive growths in electricity and water supply (10.8 percent), mining and quarrying (11.5 percent), wholesale and retail trade (6.1 percent), agriculture, forestry and fishing (5.8 percent), accommodation and restaurant (15.3 percent), transport and storage (8.8 percent), and information and communication (8.6 percent).

## **Interest Rates**

93. Short term interest rates remained low due to the improvement of liquidity conditions in the money market. The interbank rate declined to 4.9 percent in September 2016 from 5.0 percent in August 2016 and 21.3 percent in September 2015, while the 91-day Treasury bill rate declined to 8.1 percent from 8.5 percent and 14.0 percent over the same period.

94. The average lending rates which had increased to 17.7 percent in August 2016 from 15.7 percent in August 2015 have declined to 14.0 percent. Similarly, the deposit rate which had decreased to 6.4 percent in August 2016 from 6.9 percent in August 2015 have risen to 7.0 percent from September 14, 2016 following the implementation of the Banking (Amendment) Act that capped interest rates on banks' loans and set the minimum interest paid for a saving product.

## **Exchange Rate**

95. The Kenya shilling continued to display relatively less volatility compared with the major regional currencies due improved export earnings, a reduction in the imports of petroleum products due to lower oil prices, resilient Diaspora remittances and improved tourism performance.

96. The Kenya Shilling exchange rate strengthened in October 2016 against major international currencies as world financial markets came under pressure after the result of Britain's vote to exit the European Union. The currency traded at KShs 101.3 against the US dollar, KShs

113.5 against the Euro and KShs 133.2 against the Sterling Pound in October 2016 compared to KShs 102.8, KShs 115.4 and KShs 157.4, respectively, in October 2015.

### **Public Debt**

97. Kenya is rated, by the World Bank's Country Policy and Institutional Assessment (CPIA) Index, a strong policy performer and a low middle income country and thus is subject to the threshold of 74 percent on the Present Value of Debt/ GDP.

98. The government recognizes the importance of managing debt in a prudent way to ensure the debt burden is shared equally between the current and future generation. The latest debt sustainability analysis (DSA) for Kenya (March 2016) indicates that Kenya's debt is sustainable. The Present Value of public (PV) debt-to-GDP was 45.8 percent in 2015.

99. Though the debt has risen slightly due to the uptake of loans to finance massive infrastructural projects currently being implemented, the public debt, according to available reports by World Bank remains sustainable.

### **Inflation**

100. Overall month on month inflation rose slightly to 6.47 percent in October 2016 from 6.34 percent in September 2016. The annual average inflation rate at 6.5 percent in the year to October 2016 was within the target range of 2.5 percent on either side of the 5.0 percent target.

## **Stock Market**

101. The capital market recorded mixed performance in both equities and bonds market segments in the year to September 2016. Activities at the stock market slowed down with the Nairobi Securities Exchange (NSE) 20 share index recording 3,243 points in September 2016 compared to 4,174 points in September 2015. Market capitalization was at KShs 1,959 billion in September 2016 compared to KShs 2,046 billion in September 2015. The drop in market capitalization is as a result of an increase in share supply which depressed the overall share prices.

102. There has been a gradual recovery of the NSE reflecting restoration of market stability and improved confidence in the economy. The NSE index had been weighed down by the prolonged uncertainty in the global financial markets, and capital outflows from emerging and frontier market economies.

## **Balance of Payment**

103. The overall balance of payments position recorded a deficit of US\$ 1,225 million in the year to August 2016 from a surplus of US\$ 716 million in the year to August 2015. The deficit was largely driven by increase in the net errors and omissions despite improvements in the current account deficit and an increase in the financial account surplus.

104. As a share to GDP, the current account deficit improved to 5.9 percent in August 2016 from 7.9 percent in August 2015. This is attributed

to a 22.5 percent improvement in the value of the merchandise account reflecting a decline in payments for merchandise imports.

## **2.2 Update on Fiscal performance and emerging challenges**

105. Budget Implementation of FY 2016/17 budget is on track despite challenges of late release of exchequer by the National Government, unpredictable IFMIS network breakdowns, and lower than expected revenue performance caused partly by system failures during an upgrade carried on the local revenue automation system experienced at the beginning of this FY. Broadly speaking, revenue collection is generally on course, with the outturn expected to be slightly below target. There was slight improvement in the County revenues as compared to same period of the last FY.

106. The County received KShs. 2.11 billion from National Government by end of October 2016. In addition, the internal revenue collections were KShs. 0.63 billion up from KShs.0.61 billion in the last financial year (3 percent increment). Despite being above the previous year's collection, the amount is below this year's target. This resulted due to delays in passing of the County Finance Bill and lack of enforcement mechanisms in the development control.

107. Other factors leading to the lower than expected performance in revenue collection include: unstable County political environment for collection of fees, charges and levies; late operationalization of the land rates enforcement programme coupled with delay in formulating and

enacting the Kiambu County Rating and Valuation Act; as well as challenges on enforcement. With the appointment of KRA as a revenue collecting agent for the County Government and the above issues having been addressed, revenue performance is projected to take an the upward trajectory.

108. On the expenditure side, the County spent KShs. 3.4 billion by October 2016 equivalent to 81 percent absorption rate of the budget allocation for the same period. The County Government absorption rate though high, was limited by the factors listed causing a disruption of the activities of the County and to some extent compromising service delivery. The risk usually is that development spending is affected as the non-discretionary County expenditures like personnel emoluments which are recurrent in nature take precedence in government planning and spending. Going forward, we are anticipating better performance with access to the full budget allocation for the second half of the year (**Table 1**).

**Table 1: Analysis of County Expenditures as at October 2016**

	DEPARTMENT	Annual Budget Allocation 2016-2017	Budget Allocation July-October 2016	Actual Expenditures July-October 2016	Absorption %
4061	County Assembly	914,889,139	304,963,046	252,704,491	83
4062	County Executive	374,333,777	124,777,926	79,550,674	64
4063	County Public Service Board	62,523,664	20,841,221	12,102,253	58
4064	Finance and Economic Planning	1,383,898,067	461,299,356	349,136,367	76
4065	Administration and Public Service	583,978,524	194,659,508	157,744,444	81
4066	Agriculture, Livestock and Fisheries	669,455,641	223,151,880	132,465,011	59
4067	Water, Environment and Natural Resources	580,505,137	193,501,712	110,724,621	57
4068	Health Services	4,235,258,018	1,411,752,673	1,369,791,354	97
4069	Education, Culture, ICT and Social Services	962,380,873	320,793,624	162,353,748	51
4070	Youth and Sports	495,740,767	165,246,922	108,611,142	66
4071	Lands, Physical Planning and Housing	355,909,158	118,636,386	51,898,391	44
4072	Trade, Tourism, Industry and Co-Operative	539,471,525	179,823,842	95,254,811	53
4073	Roads, Transport and Public Works	1,511,921,470	503,973,823	525,205,031	104
	<b>TOTALS</b>	<b>12,670,265,760</b>	<b>4,223,421,920</b>	<b>3,407,542,338</b>	<b>81</b>

*Source: Kiambu County Treasury*

### **3.0 FISCAL POLICY, 2017/18 FY BUDGET AND THE MEDIUM TERM EXPENDITURE FRAMEWORK**

109. The County government is committed to fiscal discipline in order to promote productive sector growth and overall economic growth. In this regard, expenditure management and revenue administration reforms will be implemented to increase efficiency, reduce wastage and mobilize revenues to create fiscal space for funding development programmes within the budget.

#### **3.1 FY 2017/18 Budget Framework**

110. In the FY 2017/18 prioritization of resource allocation will be based on the County Integrated Development Plan (CIDP), Departmental priorities, programmes and development policies of the County Government. The 2017/18 FY budget will institute reforms targeted at consolidating gains, achieving efficiency and productivity of government spending. The CIDP takes into account the development Agenda of the Country by including programmes for the County residents with high impact on their welfare.

##### **3.1.1 Revenue Projections**

111. Going by the allocations of the current FY 2016/17, the County government projects to receive a transfer of about KShs. 10.19 billion from the National Government for the FY 2017/18 constituting an equitable share allocation of KShs. 9.32 billion and conditional grants of KShs 0.87 billion respectively. The allocations are indicative as the actual

allocation will be provided in the County Allocation of Revenue Act (CARA), 2017.

112. The County's revenues have been growing impressively over the past financial years, and we expect them to improve further in the FY 2017/18 with the enactment of the relevant laws. For the 2017/18 FY, the County projects KShs. 2.73 Billion revenue from its own sources.

113. The projected total revenue for the FY 2017/18 is therefore KShs. 12.92 Billion comprising of KShs. 2.73 Billion as County's own revenues and KShs. 10.19 Billion as transfers from the National Government.

114. The County Executive will present to the County Assembly, more detailed structural measures to boost revenue generation through the Finance Bill, 2017, for consideration and enactment as required by the PFM Act, 2012.

### **3.1.2 Expenditure Projections**

115. Priority for funding in the FY 2017/18 has been given to projects/programmes that aim at scaling up levels of investment in economic and social infrastructure and creation of employment opportunities considering the limited resources and competing programmes for funding.

116. In this regard, County Departments will review their budgets with an aim of removing one-off expenditures from previous years and

non/low-priority expenditures in order to realize and shift the savings to the highly priority programmes and ensure completion of the ongoing projects. The performance of earlier funded projects/programmes will also be reviewed with a view to improving the implementation and absorption capacity of development projects. This will also ensure that projects are well planned and executed as planned.

### **3.1.2.1 Recurrent Expenditure Projections**

117. Total recurrent expenditure budget in the FY 2017/18 is estimated to be KShs. 9.04 billion as compared to KShs. 8.82 billion in FY 2016/17 printed Budget estimates, thereby increasing by an amount of 2.49 per cent. The increase of recurrent expenditure is on personnel emoluments under health sector resulting from the recent pay increments arising from negotiations on implementation of the CBA and provision made for car loan and mortgage for members of County Assembly.

118. The wage bill is projected at KShs. 5.17 Billion in the FY 2017/18. The increase is as a result of nurse's salary increment following the recent strike. Coupled with slight annual increments in remunerations on the wage bill, it is expected that the wage bill will rise further once the doctors reach an agreement with the Government. Worth noting is the fact that the Ministry of Devolution & Planning is yet to complete the CARPs programme.

119. The PFM (County Governments) Regulations, 2015, requires that the County Governments maintain employee compensation levels at not

more than 35 percent of their total revenue. In the medium term, the County government is committed to ensuring compliance with this fiscal responsibility principle.

120. The Operations and Maintenance expenditures will be lower in the medium term due to removal of one-off expenditures such as office infrastructure and equipment from the recurrent budget coupled with other expenditure rationalization measures. The estimated amount in the FY 2017/18 is KShs. 3.87 billion up from the printed estimate of KShs. 3.8 Billion for the FY 2016/17.

### **3.1.2.2 Development Expenditure Projections**

121. In the FY 2017/18, the overall development expenditure is expected to be KShs 3.88 Billion. This accounts for 30 percent of the overall budget, which is in line with the fiscal responsibility requirement of allocating at least 30 percent of the budget to development expenditure.

## **3.2 Overall deficit and financing**

122. To avoid deficits that have no clear plan on how they will be funded, the County Government has allocated resources for spending that are commensurate to the revenues expected in the FY 2017/18. In that FY therefore, the County budget shall be financed through transfer from the National Government and local sources revenue collected from fees, charges, rates, among others as allowed by the governing Acts and by-laws.

123. The FY 2017/18 fiscal framework is therefore fully financed.

### **3.3 Risks to the 2017/18 Budget framework**

124. The risks to the fiscal framework for the FY 2017/18 include under performance in revenue collection due to unforeseen factors. This remains a major challenge as it can generate pending bills and cause general cash flow problems or even cause undue demand for borrowing. To counter this, the County will put in structural reforms aimed at sealing loopholes, revenue enhancement while ensuring there are efficient and cost effective methods of collecting the revenues.

125. Another risk is the County's high wage bill. Even though recruitment of new staff in the county has been frozen, there have been demands for promotions and strikes by especially health workers on pay increments. Furthermore, the County is waiting for proposed recommendations under the CARPs programme and the SRC's job evaluation exercise. The lack of clear guidelines for clarity, harmony of operations and delay by the National Government in finalizing the CARPS exercise is a drawback. It is expected that once the exercise is completed, the National Treasury will allocate enough funds for implementation of the recommendations, which may include staff compensation in the event of rationalization.

126. Over reliance on national government transfers is another risk that also undermines the County's fiscal autonomy. Coupled with the

unpredictability on account of the delays in release of the resources, it poses another risk to proper implementation of the County's budget.

127. Duplication of functions in some areas that are still contentious between the National and County Governments that risk generating intergovernmental conflicts, wasteful spending and financing gaps that could adversely affect implementation of the County's fiscal framework is another risk that needs to be mitigated through dialogue and consensus building.

128. Lastly, 2017/18 FY being an election year may pose as a risk. Any delay arising from election related activities will affect budget implementation both at the National and County Level.

### **3.4 Fiscal Structural Reforms**

#### **Revenue mobilization**

129. The County government will put in place measures to meet its revenue target as this will enable the County to implement its development programmes. The County has so far implemented various reforms aimed at sealing revenue leakage loopholes. This has been facilitated through automation of systems and revenue collection points. By so doing, all payments in the County will be made electronically and in return administrative costs are expected to significantly reduce. Also, this will minimize leakages and expand access to payment points, which will improve on accountability.

130. The County Government will adopt other key strategies amongst them; mobilization of additional revenue by strengthening enforcement and completion of administrative reforms including the automation of systems and expansion of the revenue base. This will continue to remain the key focus in the next FY. The County will focus on land and property tax as the most appropriate and equitable source of revenue to finance development and provision of essential services. To this effect, the County will finalize and implement the Draft Valuation Roll completed recently in order to widen the tax base. These, and other measures laid down for implementation are contained in a Revenue Enhancement plan that will also see appointment of tenants and quarry owners as revenue agents for the county.

### **Expenditure Management**

131. The County will continue to use Integrated Financial Management System (IFMIS) as the system for processing payments. On implementation of projects, the County will continue to undertake capacity building initiatives to properly support other Departments. Consultations with the County Budget and Economic Forum (CBEF) will be deepened on all matters of planning, budgeting and financial management. Audit Committees will also be formed. Such consultations also ensure that there is transparency, accountability, and adherence to the PFM Act on budget making process.

132. The County Government will use bottom up approach on project identification. Projects will be identified at the ward level based on

community needs in each ward. This will be approved by the County Assembly and implemented by the County Executive in compliance with the law. The County services are expected to be brought closer to residents which will go a long way in deepening devolution.

133. The County Government will continue with civic education programmes to enhance awareness and facilitate proper flow of information. Increased cooperation between the County Government and the County Assembly will ensure there is efficient running of County government thereby improving service delivery.

134. To complement the staff rationalization exercise, the County has frozen all new recruitment and adopted an ambitious policy of expenditure rationalization with a view to funding core services, ensuring equity and minimizing costs through the elimination of duplication and inefficiencies. The Government will also ensure continuous sector performance reviews as a strategy to encourage accountability by Departments.

135. In order to contain recurrent and non-essential spending, the County will focus on the following areas of intervention:

- Foreign and domestic travel will be limited to essential travels
- Limiting training to the need basis and essential/critical.
- Strict enforcement of cost reduction Circulars to all County Departments.

- Implement a strict commitment control system to reduce the stock of pending bills.

### **3.5 Guiding Principles in Resource Allocation**

136. The PFM Act, 2012 and the PFM (County Regulations), 2015 set out fiscal responsibilities principles that guide the Medium Term Expenditure Framework (MTEF) for the County. The guiding principles that are considered in the allocation of the available resources include:

- 1) The requirement that the County public debt shall never exceed twenty (20) percent of the County government's total revenue at any one time. The county will not be incurring any debt.
- 2) The County Government wages shall be contained at thirty five (35) percent of the County government's total revenue in the medium term;
- 3) The approved expenditures of a County assembly will be as per senate's recommendations
- 4) The County government actual expenditure on development shall be at least thirty percent.

### **3.6 The County's Adherence to the Fiscal Responsibility Principles**

137. The proposed MTEF adheres to the fiscal responsibility principles outlined above as follows:

- i. The development expenditures have been projected at 30 percent of the County budget against an obligatory minimum of 30 percent. (See table 2)
- ii. The FY 2017/18 wage bill is estimated at 40 percent of total revenues. The principle that wage bill shall not exceed 35 percent of the County government's total revenue is not met. However, the government is committed to adhering to this principle and the wage bill is set to decline in the medium term. The County Government has recently issued guidelines on freezing new recruitment save for critical areas (table 2)

**Table 2: FY 2017/18 Budget Allocation**

Details	2015/16 (Revised) (KShs)	Revised 2016/17 (KShs)	Projected 2017/18 (KShs)	% to Total Budget
<b>Recurrent Budget</b>				
Personnel Emoluments	4,748,388,395	4,998,274,895	5,170,547,170	40
Operations and Maintenance	3,549,685,596	3,771,609,239	3,870,235,464	30
<b>Sub-total</b>	<b>8,298,073,991</b>	<b>8,769,884,134</b>	<b>8,860,782,634</b>	<b>70</b>
<b>Development Budget</b>				
<b>Total Development Budget</b>	<b>3,182,864,888</b>	<b>3,990,081,362</b>	<b>3,880,663,914</b>	<b>30</b>
<b>TOTAL BUDGET</b>	<b>11,480,938,879</b>	<b>12,759,965,496</b>	<b>12,921,446,548</b>	<b>100</b>

*Source: Kiambu County Treasury*

138. The expenditure estimates for the County assembly are at 9.6 percent of the total County revenues. Thou the ceiling allocation has

been set as per CRA recommendations to the senate for 2017-18 financial year, there was an additional provision for car loan and mortgage for members of County Assembly.

139. Fiscal risks will be managed prudently to ensure a reasonable degree of predictability with respect to the level of tax rates, charges and tax bases.

140. The County does not intend to borrow in the FY 2017/18 and has therefore adhered to the principle of debt not exceeding 20 percent of the County government's total revenue. However the County plans to implement an annuity programme in Roads, Water and Health Departments through contracting design and factoring for the payments through the budget. The County will consider borrowing in the medium term once the debt management strategy paper and strategic policy on debt management are approved by the County Assembly.

141. On borrowing, the County will adhere to the borrowing framework agreed at the Intergovernmental Budget and Economic Consultation Forums (IBEC) and the fiscal responsibility principles of ensuring the borrowed funds finance development projects only.

### **3.7 Resource Sharing Guidelines**

142. Allocation of Departmental ceilings over the medium has been informed by the following guidelines;

- (i) In the recurrent expenditure category, non-discretionary expenditures take first charge. This includes payment of Salaries and wages projected at 40 percent of the expected total revenue receipts.
- (ii) Other recurrent expenditures that include operations and maintenance account for 30 Percent of the projected total revenue.
- (iii) Development expenditure takes 30 percent of the total revenue available. Development expenditures have been shared out on the basis of the CIPD priorities and strategic interventions identified in various forums.

143. Also included in the criteria used for apportioning the capital budget is on-going projects and intervention on investment projects in priority areas that support social development, economic growth and transformation of the County.

144. The projected Departmental expenditure ceilings are summarized in the table 3 below.

**Table 3: Medium Term Department Ceilings, 2017/18 - 2019/20 (KShs Million)**

vote	Vote Name	Revised Estimates 2016/17	Estimates 2017/18	Projected Estimates 2018/2019	Projected Estimates 2019/2020
4061	County Assembly	953,889,139	1,239,745,034	1,314,129,736	1,392,977,520
4062	County Executive	374,333,777	615,365,251	652,287,166	691,424,396
4063	County Public Service Board	62,523,664	58,208,500	61,701,010	65,403,071
4064	Finance & Economic Planning	1,380,898,067	1,171,539,191	1,241,831,542	1,316,341,435
4065	Administration & Public Service	574,978,524	658,830,204	698,360,016	740,261,617
4066	Agriculture, Livestock & Fisheries	657,388,270	715,157,431	758,066,877	803,550,889

4067	Water, Environment & Natural Resources	585,460,444	518,476,798	549,585,406	582,560,530
4068	Health Services	4,229,258,018	4,495,542,311	4,765,274,850	5,051,191,341
4069	Education, Culture, ICT & Social Services	962,380,873	881,786,191	934,693,362	990,774,964
4070	Youth, Sports & Communications	490,740,767	389,521,851	412,893,162	437,666,752
4071	Lands, Physical Planning & Housing	345,909,158	362,643,380	384,401,983	407,466,102
4072	Trade, Tourism, Industry & Co-Operative	535,471,525	424,891,302	450,384,780	477,407,867
4073	Roads, Transport & Public Works	1,606,733,270	1,389,739,104	1,473,123,450	1,561,510,857
	<b>Total</b>	<b>12,759,965,496</b>	<b>12,921,446,548</b>	<b>13,541,616,926</b>	<b>13,541,616,926</b>

*Source: Kiambu County Treasury*

## 4.0 DEPARTMENTAL/ SECTOR PRIORITIES

### 4.1 Finance and Economic Planning

145. The Department's objectives include; implementing the County's fiscal and economic framework, revenue mobilization, improved allocation of County funds and creating conducive environment for the private sector investment. The Department is also responsible for safeguarding the County's financial assets, developing sound, equitable economic policies and overseeing the prudent utilization of funds in order to facilitate development in the County. The sector also acts as the link of all other sectors with the National government in matters of finance and resource mobilization.

146. Some of the key achievements of the Department include; revenue automation- the Finance Department launched and implemented an electronic revenue management system to facilitate transparency and seal revenue loopholes. Computerized the Department operations and payments by adopting IFMIS payment system, adoption of e-procurement systems, prepared the County Development Plan which encompassed the County Integrated Development Plan and Annual implementation plan, completion of the Valuation Roll in consultation with the Land, Housing and Physical Planning Department, aligned prioritized expenditure to available resources, established adequate internal controls, institution of revenue administration reforms, budget execution and increased expenditure absorption, timely production of policy planning documents and financial reports, and successful budgeting

processes. The County got recognized by the commission of Revenue allocation (CRA) for its fiscal responsibility and International Budget Partnership Kenya (IBPK) for its openness and transparency on budget matters. The Department has also established and continues to manage the "The Kiambu County Emergency Fund".

147. Funding for the 2017/18 -2018/19 MTEF period will focus on delivery of the Department's priorities and in particular those aimed at creating an efficient revenue mobilization and expenditure management framework. Increasing our capacity to mobilize revenue will get much attention while strengthening of planning and budget execution will be crucial. Other areas of focus will include proper monitoring and evaluation of development projects, increased absorption of the development budget and evaluation amongst other programmes.

148. Some of the specific programmes to be undertaken in the FY 2017/18 include; implementation of the revenue enhancement plan, Enhancement of enforcement mechanisms; completion of the automation of processes to detect fraud and increase voluntary compliance; Expansion of the revenue base to net in new properties; Enhance other Departments' capacity through capacity building on matters of governance and accountability in budget execution, strengthening internal controls to ensure improved management of public resources and ensuring increased absorption of the development budget. The Department will also ensure that fiscal reporting in the use of public funds is clear, and work towards elimination of audit queries. It will promote

inclusivity in budget making and ensure accountability and public participation in financial matters.

149. The key challenges facing the Department include: high wage bill, delays in flow of information from Departments as well as from the national government, lack of reliable baseline information/statistics at County level, lack of adequate office space for staff both at the County and sub County level, delayed release of revenue by the national government and scarce resources both financial and human. Another key challenge is poor coordination of Departments especially delays in submission of crucial financial data and reports.

150. For the FY 2017/18, the County has set aside KShs. 1.18 billion to fund the programmes of the Department down from the FY 2016/17 allocation of KShs. 1.38 billion. This is projected to increase to KShs. 1.24 billion and KShs. 1.31 billion in the FY 2018/19 and FY 2019/20 respectively. The decline is attributable to the fact that the necessary systems and structures have already been established.

#### **4.2 Trade, Industry, Tourism and Cooperatives Development Department**

151. Trade, Tourism, Industry and Cooperative Development Sector comprises of four Sub sectors namely: Trade; Industry; Tourism; and Cooperative Development.

152. The Department has a strategic role in promoting trade, entrepreneurship, innovation, tourism and promoting investments in the

County. It is also responsible for ensuring opening up of opportunities for trade expansion and export promotion, just to mention a few.

153. The Departmental achievements were highlighted at the introductory section of this paper. Among the programmes to be undertaken in 2017/18 FY is the rehabilitation of fourteen falls, support of Jua kali centres, construction and rehabilitation of markets, promotion of cooperative societies, establishment of enabling centres for attraction of investments, just to mention a few.

154. Funding for the 2017/18 -2019/20 MTEF period will focus on delivery of the Department's priorities and in particular those aimed at growth and development of trade and industry; tourism promotion and development; investments mobilization; industrial and entrepreneurship development and employment creation, formation and profiling of Product, Business, promotion of industrial parks, resource mapping and profiling the county.

155. Key challenges of the Department include: inefficient infrastructure to support business growth; unreliable and high cost of energy; Inadequate funding for programmes; inadequate legal, regulatory and institutional frameworks; limited access to credit for businesses; influx of sub-standard and contraband goods hence reduced market for good produced within the County; low technology and innovation; travel Advisories that hinder the international tourists and potential investors

from visiting the County; and inadequate ICT Infrastructure among others.

156. For the FY 2017/18, Kshs.464.8 Million has been set aside to fund programmes of the Department down from the FY 2016/17 a revised budget estimate of KShs. 535.5 Million. This is projected to move to KShs. 490.9 and KShs. 518.5 Million in the FY 2018/19 and FY 2019/20 respectively.

#### **4.3 Agriculture, Fisheries and Livestock Department**

157. The Agriculture, Livestock and fisheries Department comprises of three directorates namely: Crops and Irrigation, Veterinary, Livestock and fisheries, Agribusiness and Marketing. In addition there are two institutions; Agricultural Training Centre at Waruhiu and Agricultural Mechanization Service in Ruiru under this Department.

158. The strategy for this Department is to create an enabling environment for agricultural, livestock and fisheries development. The key policy goals of the sector include: increasing agricultural productivity through value addition, promoting market access and product development; exploiting irrigation potential and sustainable management of resources in the sector, enhancing accessibility of affordable inputs and credit to farmers, promoting development of infrastructure for increased quality agricultural production, sustainable land use and conservation .

159. The prioritized sector programmes include: Fisheries development, Irrigation, Mechanization, Livestock Resources Management and Development, Planning and Support Services for Agriculture and Crop Development.

160. Major programmes to be undertaken during the period 2017/18 and in the medium term include; construction of more fish ponds and promotion of fish farming; Enhance facilitation for bulk milk coolers and pasteurizers in all sub counties; Diversification and expansion of the strategic animal feed reserves to include hay and commercial feeds; Increased area of land under irrigation; Enhanced animal genetics, embryo transfer and vaccine acquisition ; Management and control of strategic pests and diseases; Increase aquaculture productivity through technology development and innovations, undertake institutional reforms such as modernization of Waruhiu Agriculture Training Centre , Agricultural Mechanization Service (AMS) and reducing post-harvest loses through development of cold chain transport system.

161. Key restrictions in the Agricultural sector include: Diminishing agricultural land sizes due to increased population pressure and real estate's development; Inadequate water harvesting and storage, poor infrastructure; high costs and low quality agricultural inputs; Low quality seeds/breeds; Inadequate organized marketing structures for agricultural produce; low value addition resulting in low producer prices;, erratic and inadequate rainfall; limited use of modern irrigation technology; over reliance on rain fed agriculture; vulnerability to crop and livestock disease

outbreak due to proximity to transportation routes; pollution of water resources and low utilization of dam fishery resources.

162. For the FY 2017/18, KShs. 735.1 Million has been set aside to fund the programmes of the Department up from the FY 2016/17 printed estimates of KShs. 657.3 Million. This is projected to increase to KShs. 768.4 and KShs. 803.4 Million in the FY 2018/19 and FY 2019/20 respectively.

#### **4.4 Youth, Sports and Communications Department**

163. The Department is comprised of three sub sections namely; Youth affairs, Sports and Communication. The Department plays a critical role in the County and in promoting economic development through promotion and development of youth affairs and sports for a vibrant sporting industry and empowered Youth. The Department's vision is to lead in creative and innovative youth empowerment, achieving sporting excellence and embracing top of the range effective and efficient communication models.

164. In the 2017/18 FY the Department's priority areas will be expanding Biashara Fund beneficiaries to over 5,000; mapping and execution of youth empowerment strategies; Developing, upgrading and managing of sports facilities; Identifying and nurturing youth talent; Promotion of leagues and tournaments; Operationalization of a Sports Academy to nurture top level skills development of sports men and women from ward level, Countywide as well as capacity building of sports

administrators, instructors and coaches; Designing, implementing and evaluating of athlete development plan; advanced strategies on information, communication, publicity and media relations; Public Relations; Events Management; Digital and social media management; Branding and promotion of sports for persons with disabilities.

165. Key challenges of the Department include; inadequate sports ground and infrastructure; inadequate funding; inadequate human resource personnel; inadequate policy and regulatory framework: encroachment of public fields/stadiums; widespread drug and substance abuse by the youth; high levels of unemployment; and low levels of transition of the youth to institutions of higher learning and poor communication channels for disseminating information.

166. For the FY 2017/18, the County has set aside KShs. 454.5 Million to fund the programmes of the Department down from the previous year's budget of KShs. 490.7 Million. This is projected to increase to KShs. 481.1 and KShs. 509.4 in the FY 2018/19 and FY 2019/20 respectively.

#### **4.5 Roads, Transport, Public Works and Utilities**

167. The Roads, Transport & Public Works Department consists of three (3) directorates namely: Roads, Transport, Public Works and Utilities. The Department plays key roles in planning, development and maintenance of County roads and transport infrastructure, County Public works buildings and other installations, County lighting and promotion of renewable energy, fire prevention, emergency and disaster response.

168. During the period under review, the Department implemented various programmes as highlighted in the introductory section. Specific programmes to be undertaken in the FY 2017/18 will include: construction of 250Kms of new roads using the annuity programme, construction of 12 bridges; upgrading, gravelling and compacting of new roads, rehabilitation of existing Roads; installation of flood masts to improve security; Rehabilitation of Bus Parks and parking bays; Construction of fire stations; Purchase of graders, unblocking and constructing of storm water drains, preparation of road inventory and condition survey.

169. The key challenges facing the Department include: poor topography on some areas resulting to great challenge in road maintenance, Poor storm water drainage systems, neglected roads, encroachment of roads reserves, strained human and financial resources; frequent breakdown of heavy equipment particularly graders and fire engines thus paralysing operations and related high cost of repair and maintenance, congestion in our towns, high demand for services with huge capital requirements and inadequate funding.

170. For the FY 2017/18, a total of Kshs.1.51 Billion has been set aside to fund the programmes of the Department down from the previous KShs. 1.61 billion in the revised FY 2016/17 budget. This is projected to increase to KShs. 1.60 and KShs 1.68 billion in the FY 2018/19 and FY 2019/20 respectively.

#### **4.6 Lands, Housing and Physical Planning Department**

171. During the period under review, the County performed very well in this area with the key achievements being preparation of a County Spatial Plan which has ensured zoning of land for various land uses with an aim of densifying the urban areas and freeing land for agriculture use thereby assisting the County's objective of ensuring food security. The Spatial Plan is a 10-year development blueprint that provides the potential and levels of resource utilization through a framework for drawing up short, medium and long term plans, programs and projects. The plan also provide elaborate Development Control Guidelines for Urban, Peri-urban and rural developments in all the 12 Sub Counties

172. Urbanisation is key pillars in Kiambu which will be guided by Integrated Strategic Urban Development Plans (ISUDPs) the ISUDPs provide detailed frameworks for urban development. These plans will play a critical role considering that Kiambu is the 3<sup>rd</sup> most urbanized County in Kenya with the highest rate of urban growth. As a matter of fact, 7 out of the 10 fastest urbanizing towns in Kenya are in Kiambu County. This has necessitated a comprehensive approach in the formulation of ISUDPs not only for Thika Town but also rolled out the formulation process for its other 10 major towns in addition to planning for 1 development corridor.

173. To promote governance through transparent process of approving building plans, the County automated development plan applications and approvals through a system called Electronic Development Applications Management System (e-DAMS), which is an advanced development application administration software (the public can access this through

([www.edams.kiambu.go.ke](http://www.edams.kiambu.go.ke)). The system has enhanced efficiency and transparency in the pre-approval and post approval process thereby promoting order and streamlining a sector that has previously been riddled in corruption and non-enforcement of standards.

174. Another major achievement includes establishment of Land Information and Management Systems (LIMS), which has facilitated transparent land transactions, enhanced land rates collection efforts and enabled easy storage of retrieved land information. Additionally, two GIS Labs have been established in Kiambu and Thika Ardhi House. These labs will eliminate land fraud and enhance efficiency and transparency in land transactions in the County.

175. Other accomplishments include rolling out the preparation of Part Development Plans (PDPs); enactment of relevant legislation; auditing the Safety and Compliance of Buildings; identification, survey and recovery of public utility land; rolling out the establishment of Property Address System; gazetting a new Zones Land Valuation and Rating; and inspection of properties for valuation in the gazetted zones.

176. Going forward, the Department will continue scaling up these programmes and covering areas not yet covered as well as ensuring that county assets in the housing sector are developed for income generation.

#### **4.7 Education, ICT, Culture and Social Services**

177. The Education, ICT, Culture and Social Services Department's mandate is to ensure increased access to quality early childhood education and skill development through promotion of Vocational Training Centres (VTCs); increase the use of ICT to promote innovation

in service delivery, promote culture, home craft centres and childcare facilities.

178. The programmes lined-up for 2017/18 FY and in the medium term include: increased focus on increased enrolment in Pre-Primary and Vocational Training Centres; promotion of the school feeding programme, expansion of the bursary and scholarship programme, enhancement of e-government through deployment of ICT alongside development of infrastructure and Community social service, refurbishment of ECDE centres and Vocational Training Centres, equipping of County libraries and Vocational Training Centres, constructing new ones in the sub counties which do not have, conducting Civic Education in all the 12 sub Counties, refurbishment of community/social halls and setting up a cultural centre in the County.

179. The key challenges facing the Department include: limited funding, shortage of teachers and instructors of ECDE and VTCs, poor and inadequate infrastructure, slow pace of ICT integration as well as inadequacy of legal, policy and institutional frameworks; poor remuneration of the teaching staff thus lack of motivated personnel; inadequate nutrition and health support services; insufficient learning and play equipment at ECDE level; and non-diversification of the courses offered by the VTCs.

180. For the FY 2017/18, a total of KShs. 906.7 Million has been set aside to fund the programmes of the Department down from the FY

2016/17 revised budget of KShs. 962.3. This is projected to increase to KShs.952.0 and KShs. 999.7 Million in the FY 2018/19 and FY 2019/20 respectively.

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

181. The Water, Environment and Natural Resources Department consist of three sub-sectors namely: Water, Environment and Natural Resources. The overall objective of the Department is to improve access to adequate and safe drinking water, management and protection of the environment and natural resources for sustainable development in a clean and secure environment.

182. In the next FY and in the medium term period the Water, Environment and Natural Resources Department will finalize and implement the County Environment Policy; develop Climate Change Policy and Wetlands Management Policy. It will ensure a clean and healthy environment for the people of Kiambu County by enforcement of environmental laws and regulations; monitor and enforce implementation of the waste management strategy; map and monitor waste generation and management in towns in all Sub-counties and map and monitor pollution in regulated facilities, rehabilitate water catchment areas. Another key programme will be expanding and execution of new water projects to areas that are still not well served. It will also service parts of the county with sewerage system.

183. Some of the key challenges facing the Department include: Inadequate Legal and policy framework; high poverty levels in rural areas; adverse weather conditions that threaten sustainable development and impacts negatively on the sector, high population pressure leading to ecosystem degradation; inadequate resources; high incidence of HIV/AIDS, malaria and other infectious diseases; low youth participation; challenges of constitutional implementation and interpretation; scarcity of information on the status of Natural Resources.

184. For the FY 2017/18, a total of KShs. 543.4 Million has been set aside to fund the programmes of the Department down from the FY 2016/17 budget estimates of KShs. 585.4 Million. This is projected to increase to KShs. 572.5 and KShs. 603.2 Million in the FY 2018/19 and FY 2019/20 respectively.

#### **4.9 Administration and Public Service**

185. The Administration and Public Service Department is in charge of coordination of all government business and County public service delivery. The Department comprises of two Sub-Sections namely; Administration and Public Service.

186. The objectives of the Administration and Public Service Department are; to coordinate County Departments in service delivery, link County Government to its residents, provide feedback to county government on people's needs, enforcement of county laws and policies, development of proper legal human resource framework and promote labour relations, to

protect consumers of alcoholic drinks, promote compliance with government policies and regulatory systems, promotion of good governance in public service, and control betting, lotteries and gaming in the county. Also mainstreaming and coordinating implementation of devolution and Kenya vision 2030 programmes.

187. Specific programme to be undertaken in the FY 2017/18 FY include: staff rationalization; Improve safety & promote healthy working environment; formulate Efficient Human Resource Management Policies, Practices, Norms and Standards; develop Performance management system; formulate Efficient employee relations; implement alcohol Regulation and control framework capable of scaling up County efforts in the fight against illicit brew; develop alcohol prevention program; Conduct enforcement and testing of alcoholic drinks; Enable Service Delivery Quality and Access; ensure Effective systems & structures and processes; promote Effective communication systems to mitigate communication gaps and public engagement through public participation; develop and display Service Delivery Charters in service delivery sites; Draft Bill on Betting & Gaming; develop policy and appropriate governance structures and decision making processes; promote Effective Corruption prevention mechanisms; construction and equipping of Sub-Counties' and wards offices.

188. Some of the Key challenges the Department is facing include inadequate resources; delayed and poor communication from Departments; inadequate office space; Enormous expectation from the

members of the public and increased number of litigation's against the County government

189. For the FY 2017/18, a total of KShs. 683.8 Million has been set aside to fund the programmes of the Department from the FY 2016/17 revised estimate of KShs. 574.9 Million. This is projected to increase to KShs. 713.6 and KShs. 744.9 Million in the FY 2018/19 and FY 2019/20 respectively.

#### **4.10 Health Services**

190. The Health Sector is made up of three (3) directorates which include; Directorate of Health Planning and Administration; Directorate of Health prevention and promotion; Directorate of Clinical and Rehabilitative Services. The mandate for the Sector is to attain a progressive, responsive and sustainable technologically driven, evidence-based and client-centred health system for accelerated attainment of the highest standard of health to all residents of Kiambu.

191. In the MTEF period 2017/18- 2019/20 the following activities will form the focus of development in the Health Department: Completion of the on-going construction of Thika Level 5 Reproductive Health Unit; Construction of surgical theatres at Lussigetti Level 4 Hospital and Lari Level 4 Hospital; Increasing the bed capacity for Kiambu County Hospitals from the current 900 to 3,000; Increasing the number of Level 2 and 3 facilities offering maternity services to approximately 70. By the end of the year, twenty one (21) new facilities are projected to have maternity units. The department will also ensure that all the health

centres and dispensaries have fully equipped and functional laboratories and complete automation of all the facilities within the County.

192. The Department has also planned to ensure full automation of at least 80 percent of all the facilities, establishment the annuity whose program is designed to build and equip Specialised Centres of excellence with the following specialities:

- Renal Medicine, Non Communicable Diseases (NCD) i.e. Diabetes, Hypertension and orthopaedic medicine
- Oncology - cancer and tumour related Medicine
- On cardiac sciences

Also envisioned is a Neurosciences unit with fully equipped imaging equipment i.e. MRI, ultra and CT scanning equipment. It is planned that a New Kiambu Referral Hospital will take care of these services. The programme will involve shifting the current location of the present Kiambu Hospital from its current location to a more spacious environment while at the same time upgrading it to attain the highest standards of excellence.

193. The key challenges facing the Department include; Inadequate skilled health personnel; Erratic supply of health products; Poor health infrastructure; Inadequate public health facilities; Inadequate resources; lack of rehabilitation centre, exposure to health risk factors for instance cultural and religious practices, constructions delay due to the long process of acquiring Bills Quantities; slow procurement process; Expensive media services when the Department wants to inform of activities being

carried out in the sector; Delayed maternity fee reimbursements therefore running into risks of lowering service delivery.

194. For the FY 2017/18, a total of KShs. 4.5 Billion has been set aside to fund the programmes of the Department up from the FY 2016/17 revised estimate of KShs. 4.2 Billion. This is projected to increase to KShs. 4.7 and KShs. 4.9 billion in the FY 2018/19 and FY 2019/20 respectively.

#### **4.11 County Public Service Board**

195. The County Public Service Board is responsible for establishing and abolishing offices in the County public service; appointing staff of the County; exercising disciplinary control; promoting in the County public service values and principles of governance; facilitating the development of coherent, integrated human resource planning and budgeting for personnel emoluments in County; advising the County on human resource management and development; advising the County on implementation and monitoring of the national performance management system in the County; and making recommendations to the SRC, on behalf of the County, on the remuneration, pensions and gratuities for County public service employees.

196. During the period under review, the Board's key achievements include; carrying out successful recruitment of staff to fill critical gaps in different Departments of the County; developing various policies on human resource; identifying challenges faced by staff within these sub counties and addressing various industrial disputes lodged against the County.

197. Some of the specific programmes to be undertaken in 2017/18 FY include; ensuring the County has a lean highly motivated skilled workforce; staff rationalization; Improved safe & healthy working environment; development HRM Policies, Practices, Norms and Standards; formulation of Performance management system; Development of efficient employee relations / compensation policies and practices.

198. Key challenges facing the Board include: Inadequate resources; staff rationalization; anxiety among the members of staff from defunct Local Authorities and devolved functions; lack of scheme of service for County employees; and enormous expectations from the members of the public.

199. For the FY 2017/18, KShs. 58.2 Million has been set aside to fund the programmes of the Board compared to the FY 2016/17 revised budget of KShs. 62.5 Million. This is projected to increase to KShs. 60.7 and KShs. 63.4 in the FY 2018/19 and FY 2019/20 respectively.

#### **4.12 County Executive**

200. The County Executive provides overall policy and leadership direction in the management of county affairs and coordinates policy formulation, and implementation. In addition, it facilitates enactment of County legislation and oversees all Departments and offers direction on all County matters. It is responsible for implementation of the county's vision and mission.

201. The Sector utilised its budgetary resources to implement various projects and activities. Some of the key outputs which were realised include: provided policy direction and guidance through Cabinet

meetings; developed various County Government policies and developed various Cabinet papers; developed bills for submission to the County assembly for approval; Operationalized service delivery administrative structures within the County; initiated a Performance Management System; implemented digital communication/platforms and feedback mechanisms, promoted public participation in the development of policies, and various planning documents.

202. Some of the programmes the sectors will implement during the 2017/18 – 2018/19 MTEF budget period include; Planning and guiding County on various policies and programmes; Improvement of social infrastructure facilities; Develop citizen engagement framework and dissemination of information; Development of County Government Policies; Engagement of Public on legislative and policy issues; Monitoring of Compliance to Strategic Executive Orders and Policy Directives; motivate and develop the capacity of staff for better service delivery .

203. For the FY 2017/18, KShs. 595 Million has been set aside to fund the programmes of the Executive from the FY 2016/17 budget of KShs. 374.3 Million. This is projected to rise to KShs. 627.9 and KShs. 662.4 Million in the FY 2018/19 and FY 2019/20 respectively.

#### **4.13 County Assembly**

204. Kiambu County Assembly (KCA) is a legislative arm of the Kiambu County Government created by the Constitution of Kenya, 2010 and comprises 87 members 60 of whom are elected and 27 nominated to represent various interests and constitutional provisions on gender equity. The assembly functions through 17 house committees, a speaker's panel

with the administrative issues being handled by the County Assembly Service Board. The functions of the assembly are representation of County residents, law-making and oversight.

205. The key Strategic goals and objectives include; Review Kiambu County Assembly (KCA) Standing Orders; carrying out continuous mandate workshops for house committees; Periodic training of members to inculcate a parliamentary culture in the conduct of their mandate; Establish a research centre, curriculum development centre and well equipped library; Document the committee proceedings in the Hansard; Purchase safe storage facilities for the files e.g. microfilming, fireproof cabinets; Continuous staff capacity development through training; and capacity building for MCAs.

206. Some key achievements during the period under review include; Legislation, oversight and representation of the County Government programmes; completed perimeter fence; constructed a parking bay; refurbished Assembly Chambers; conducted capacity building forums, report writing and passing of bills, Equipping of ward offices with furniture and other accessories and setting up of a car and mortgage fund for Kiambu County Assembly Members.

207. Under the plan period 2017/18 FY, the Assembly intends to complete the construction of Assembly complex, renovate former education offices to accommodate them, complete the office perimeter fence, construct members' and staff canteen, construction and equipping of computer labs, conducting capacity building forums, report writing, passing of crucial bills and installation of security equipment's. The

challenges include weak monitoring and evaluation system and scarcity of both human and financial resources.

208. For the FY 2017/18, KShs. 889.7 Million has been set aside to fund the programmes of the Assembly against a previous year's budget allocation of kshs.953.8 Million. This is projected to increase to KShs. 929.6 and KShs. 971.6 Million in the FY 2018/19 and FY 2019/20 respectively. The County Assembly budget is the one recommended by Commission on Revenue Allocation (CRA) to the senate.

## Appendices

### Annex 1: Total Expenditure Ceilings for the MTEF Period 2017/18-2019/20

vote	Vote Name		Estimates 2017/18	Projected Estimates	
				2018/19	2019/2020
	<b>RECURRENT</b>		<b>9,040,782,634</b>	<b>9,583,229,592</b>	<b>10,158,223,368</b>
		O&M	3,870,235,464	4,102,449,592	4,348,596,567
		PE	5,170,547,170	5,480,780,000	5,809,626,800
4061	County Assembly	O&M	791,797,864	839,305,736	889,664,080
		PE	447,947,170	474,824,000	503,313,440
4062	County Executive	O&M	504,816,089	535,105,054	567,211,358
		PE	103,000,000	109,180,000	115,730,800
4063	County Public Service Board	O&M	27,208,500	28,841,010	30,571,471
		PE	31,000,000	32,860,000	34,831,600
4064	Finance & Economic Planning	O&M	698,683,691	740,604,712	785,040,995
		PE	420,000,000	445,200,000	471,912,000
4065	Administration & Public Service	O&M	170,173,006	180,383,386	191,206,390
		PE	374,000,000	396,440,000	420,226,400
4066	Agriculture, Livestock & Fisheries	O&M	62,645,471	66,404,199	70,388,451
		PE	360,000,000	381,600,000	404,496,000
4067	Water, Environment & Natural Resources	O&M	58,299,500	61,797,470	65,505,318
		PE	118,000,000	125,080,000	132,584,800
4068	Health Services	O&M	896,319,332	950,098,492	1,007,104,401
		PE	2,683,600,000	2,844,616,000	3,015,292,960
4069	Education, Culture, ICT & Social Services	O&M	261,872,227	277,584,561	294,239,634
		PE	305,000,000	323,300,000	342,698,000
4070	Youth, Sports & Communications	O&M	50,156,242	53,165,617	56,355,554
		PE	21,000,000	22,260,000	23,595,600
4071	Lands, Physical Planning & Housing	O&M	81,510,963	86,401,621	91,585,718
		PE	96,000,000	101,760,000	107,865,600
4072	Trade, Tourism, Industry & Co-Operative	O&M	77,773,649	82,440,068	87,386,472
		PE	61,000,000	64,660,000	68,539,600
4073	Roads, Transport & Public Works	O&M	188,978,930	200,317,666	212,336,726
		PE	150,000,000	159,000,000	168,540,000
	<b>Development</b>		<b>3,880,663,914</b>	<b>4,113,503,749</b>	<b>4,360,313,974</b>
4061	County Assembly		0	-	-
4062	County Executive		7,549,162	8,002,112	8,482,238
4064	Finance & Economic Planning		52,855,500	56,026,830	59,388,440

4065	Administration & Public Service		114,657,198	121,536,630	128,828,828
4066	Agriculture, Livestock & Fisheries		292,511,960	310,062,678	328,666,438
4067	Water, Environment & Natural Resources		342,177,298	362,707,936	384,470,412
4068	Health Services		915,622,979	970,560,358	1,028,793,979
4069	Education, Culture, ICT & Social Services		314,913,964	333,808,802	353,837,330
4070	Youth, Sports & Communications		318,365,609	337,467,546	357,715,598
4071	Lands, Physical Planning & Housing		185,132,417	196,240,362	208,014,784
4072	Trade, Tourism, Industry & Co-Operative		286,117,653	303,284,712	321,481,795
4073	Roads, Transport & Public Works		1,050,760,174	1,113,805,784	1,180,634,132
	<b>TOTAL BUDGET</b>		<b>12,921,446,548</b>	<b>13,541,616,926</b>	<b>14,194,344,034</b>

## Annex 2: Total Revenue Ceilings for MTEF Period FY 2017/2018-2019/2020

Revenue Stream	2015/2016 FY Revised Revenue	2015/2016 FY Actual Revenue	Projected Revenue 2017/2018
	KShs	KShs	KShs
<b>Total revenue</b>	<b>11,478,347,958</b>	<b>10,580,028,187</b>	<b>12,921,446,548</b>
<b>Totals- national grant</b>	<b>8,170,221,635</b>	<b>8,142,431,235</b>	<b>10,194,336,546</b>
Equitable Share & Conditional	7,463,541,789	7,463,541,789	9,315,200,000
Thika Level 5 Hospital	330,044,000	330,044,000	390,500,000
Danida	19,200,000	19,200,000	-
Road Maintenance Fuel Levy	94,811,800	94,811,800	226,012,500
Compensation of Users fee forgone	37,838,646	37,838,646	37,838,646
Free Maternal health care	224,785,400	196,995,000	224,785,400
<b>Totals Internal revenue</b>	<b>3,308,126,323</b>	<b>2,437,596,952</b>	<b>2,727,110,002</b>
Vehicle parking fees	420,000,000	276,210,777	303,831,855
Business permits	380,000,000	295,231,826	324,755,009
Health services	400,000,000	505,714,876	556,286,364
Land rates	646,692,961	219,948,910	287,697,156
Physical planning, advertisements and survey	500,000,000	442,149,451	486,364,396
Cess-loyalties & agriculture produce	220,000,000	100,539,451	110,593,396
Liquor licences	10,000,000	92,719,895	101,991,885
Markets enhance fess	200,000,000	71,498,822	78,648,704
Water, environment & natural resources	80,000,000	66,613,155	73,274,471
Slaughter houses fees	50,000,000	46,675,405	51,342,946
Housing/shops & stalls	69,000,000	38,632,094	42,495,303
Roads, transport & public works(stadium & halls rents)	40,000,000	31,818,925	35,000,818
Education & social services	10,500,000	5,093,472	5,602,819
Interest on loans(mortgage)	90,000,000	99,674,505	109,641,956
Agriculture, livestock & fisheries	60,000,000	40,608,327	44,669,160

Trade tourism industry & co-operatives	11,133,362	7,830,622	8,613,684
Other Revenues	120,800,000	96,636,439	106,300,083
Unspent Revenue from previous FY	2,590,921	-	-