



**REPUBLIC OF KENYA**

**COUNTY GOVERNMENT OF KIAMBU**

**FINANCE & ECONOMIC PLANNING DEPARTMENT**

**COUNTY FISCAL STRATEGY PAPER (CFSP)**

**TRANSFORMING KIAMBU**

**FEBRUARY 2018**

© County Fiscal Strategy Paper (CFSP) 2018

To obtain copies of the document, please contact:

**Public Relations & Communications Office**

Kiambu County Treasury

P. O. Box 2344-00900

**KIAMBU, KENYA**

Tel: +254-067 5858167/71

The document is also available on the County website:

[www.kiambu.go.ke](http://www.kiambu.go.ke)

## FOREWORD

The 2018 county fiscal strategy paper (CFSP), sets out the united for Kiambu Administration priority programs and reforms to be implemented over the next the next MTEF period (2018/19 – 2020/21). The programs and policies herein reflect the concerns of Kiambu people and are anchored under the second County Integrated Development Plan (CIDP), governor’s manifesto, the ‘BIG FOUR’ National agenda and the Kenya Vision 2030. These priority programs and policies will guide the County Government in preparing their budgets both for the following financial year and over the medium term

In the document, adherence to the fiscal responsibility principles demonstrates prudent and transparent management of public resources in line with the Constitution and the Public Finance Management (PFM) Act, 2012. It sets out the new Administration priority programs and reforms to be implemented over the next five years (2018 – 2022). The purpose of this paper is to build direct linkages between policies, plans and budgets, and present the fiscal framework for the 2018/19 FY budget estimates and over the medium term.

The paper, prepared under the theme “Transforming Kiambu” 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 2017/18, sector proposals, the 2018/19 Annual Development Plan as well as County Integrated Development Plan 2018-2022.

As required, the paper is aligned with the national objectives contained in the Budget Policy Statement (BPS) 2018, the national policy document that sets out the broad strategic priorities and policy goals that guide the national government and county governments in preparing their budgets

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.

Through this paper, County Government proposes to allocate more resources to agriculture, industries, ICT innovations, health and environment 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, 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.

To unlock the immense potential for growth, modernisation and prosperity in the county key focus of the county government will be;

- Wealth creation for both the rural and urban population leading to economic empowerment through agriculture growth and transformation.
- Job creation for the youth through investing in new industries, I.C.T innovations.
- Provision of preventive and curative health services (Universal Healthcare).
- Access to clean and affordable water for drinking and irrigation.
- Improving the business environment and promotion of the manufacturing sector.
- Provision of decent and affordable housing.
- Good governance, public participation, justice for all and fighting corruption.
- Campaign against alcohol, drug and substance abuse.

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

## ACKNOWLEDGEMENT

The preparation of the 2018 CFSP was a collaborative effort. Much of the information in this document was obtained from the various county Government Departments. We also received valuable inputs from sector working groups and the public during budget consultation process.

I am grateful to 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 David Warwathe, Stephen Mungai, Ann Muchai, Sophia Kamau and Nduta Kahiu for their commitment and hard work.

I am also grateful to the County Secretary and 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, Special thanks also go to all the members of the public who attended and actively participated in the public forums held from 13th to 16th February 2018. We reiterate our commitment to serving you and promise never to let you down on prudent public finance management, transparency and accountability on budget matters.

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

## TABLE OF CONTENTS

FOREWORD	3
ACKNOWLEDGEMENT	5
ABBREVIATIONS	8
1.0 INTRODUCTION	11
1.1 Overview	11
1.2 Improving Public Finance Management and Governance	12
1.3 Entrepreneurship development, trade facilitation and employment creation	15
1.4 Youths, Sports, Empowering Women & People with Disabilities	19
1.5 Improving agricultural performance	20
1.6 County Infrastructure Development/Improvement	23
1.7 Improving Social Services	26
1.8 Water, Environment and Natural Resources Sector	31
1.9 Lands, Housing and Physical Planning Sector	35
2.0 RECENT NATIONAL AND COUNTY ECONOMIC DEVELOPMENT	38
2.1 National economic outlook	38
2.2 Update on Fiscal performance and emerging challenges	43
3.0 FISCAL POLICY, 2018/19 FY BUDGET AND THE MEDIUM TERM EXPENDITURE FRAMEWORK	45
3.1 FY 2018/19 Budget Framework	45
3.2 Overall deficit and financing	48
3.3 Risks to the 2018/19 Budget framework	49
3.4 Fiscal Structural Reforms	50
3.5 Guiding Principles in Resource Allocation	52
3.6 The County's Adherence to the Fiscal Responsibility Principles	53
3.7 Resource Sharing Guidelines	54
4.0 DEPARTMENTAL/ SECTOR PRIORITIES	58
4.1 Finance Economic Planning and ICT	58
4.2 Trade, Tourism, Cooperatives and Enterprise Development	61
4.3 Agriculture, Crop Production and Irrigation	62
4.4 Livestock Fisheries and Marketing	64
4.5 Roads, Transport, Public Works and Utilities	65
4.6 Lands, Housing and Physical Planning	66
4.7 Education, Youth, Sports, Culture and Social Services	67

4.8 Water, Energy, Environment and Natural Resources	69
4.9 Administration, Public Service and Communication	70
4.10 Health Services	72
4.11 County Public Service Board	73
4.12 County Executive	75
4.13 County Assembly	76
ANNEXES	78
Annex 1: Total Expenditure Ceilings for the MTEF Period 2018/19-2020/21	78
Annex 2: Total Revenue Ceilings for MTEF Period FY 2018/2019-2012/2021	80

## **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
CIUDS	County Integrated Urban Development Strategy
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
ISUDP	Integrated Strategic Urban Development Plan
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
OSR	Own Source of Revenue
PDPs	Partial Development Plans
PFMA	Public Finance Management Act
REA	Rural electrification Authority
SACCOs	Saving and Credit Cooperative Societies
USSD	Unstructured Supplementary Service Data
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 as set out in section 107 of the public finance management Act-

- (a) The County government 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:

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.

The County Treasury shall align its County Fiscal Strategy Paper with the National objectives in the Budget Policy Statement.

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.

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.

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.

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.

The County Treasury shall consider any recommendations made by the County Assembly when finalising the budget proposal for the financial year concerned.

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) is the Fifth since devolution, it has been prepared under the new administration following the General Elections that were 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 2018/19 budget and over the medium-term. It is informed by the 2018-2022 Kiambu County Integrated Development Plan (CIDP ), the 2018/19 Annual Development Plan (ADP), the Kenya Vision 2030, the "BIG FOUR" National agenda, the Governor's manifesto, feedback from members of the public and National Government policies as outlined in the 2018 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 2018/19 and over 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 five 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 the County. Elimination of wastage 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 since 2013 when the award was introduced. This is a clear indication of 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 has partnered with cooperative bank where the bank implanted agents into our cash offices and all level 4 and 5 hospitals, they are tasked with collecting and banking all cash received on behalf of the county. The impact of this is to eliminate all risk of handling cash. Other reforms include, use of alternatives mode of payment in particular use of pay bill numbers, development of USSD code to access services within the county, opening of sub county and Hospital collection accounts and printing of new single business permit with additional security features

10. The County government has assets and other facilities 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 would yield more revenue to the County. Further, public markets will be upgraded and higher quality stalls constructed within them to yield revenue for the County.

11. 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 rent and rates as the most appropriate and equitable source of revenue to finance development and provision of essential services.

## **ii. Expenditure Management**

12. 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 will continue 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.

13. 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.

14. 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. The County is in the process of verifying adopted pending bills with a view of clearing them.

### **iii. Capacity Building**

15. Capacity building initiatives that ensure effective implementation of projects will receive much attention in the County. Over the MTEF period training will focus on areas of financial reporting, procurement, information communication technology, monitoring and evaluation, among others.

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

16. The Trade, Tourism, Co-operative and Enterprise Development (TTCED) Sector is one of the key engines for economic growth as it immensely contributes to both product and service industries comprising; Trade, Tourism, Industry and Co-operative Development. The sector is pivotal in accelerating economic growth, employment creation, poverty reduction, industrial development and equitable distribution of resources. These are the critical drivers that contribute significantly towards the attainment of Global Sustainable Development Goals (SDGs) and propel the realization of Kenya's Vision 2030, the County's CIDP and Governor's manifesto.

17. 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 and Limuru markets while Kamwangi market is complete and in use. With assistance from NAMSIP the county intends to construct mega modern markets in Ruiru, Juja, Kihara, Kikuyu and in all major towns in the county. 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.

18. 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.

19. 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 has been a source of employment creation.

20. With the introduction of the Directorate of Enterprise Development, it is expected that this will go a long way in in empowering citizens and equipping them with entrepreneurship skills so as to create income to the households

21. 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.

22. We have 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.

23. To equip the youths with entrepreneurship and employable skills, 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.

24. Some of the programmes that the County will continue to undertake in the FY 2018/19 include construction rehabilitation and renovation of 82 markets in partnership with development partners, construction of 250 modern stalls, construction of more boda boda sheds and shoe shiners kiosk to promote entrepreneurship and trade in the County; convening county trade exhibitions, offer advisory services to entrepreneurs; credit disbursement and training of MSMEs; development

and marketing of tourism/heritage and cultural centres; and ensuring improved operations of the Jua Kali operators among others.

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

25. 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 alcohol, drug and substance abuse. The County is in the process of coming up with programs for rehabilitation of drug addicts. 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.

26. The county Government targets to continue promoting gender and youth empowerment, improved livelihoods for the vulnerable groups and people living with disabilities through the social transformation program, and SACCOs in order to attain sustainable youth led enterprises and promote employment creation services.

27. The Government will also continue expanding opportunities for the youth in procurement and designate resources for the establishment of youth empowerment centres to mentor the youth on leadership, national values, and entrepreneurship skills.

28. Towards the promotion of sports activities, the department organized sports programmes such as: KICOSCA, Football Bonanza, County Champions cup and County athletics championship and facilitated teams to participate at Nationwide leagues (2 teams),

Provincial league (26) and county league (40 Teams). Under Development and Management of Sports Facilities, the department rehabilitated Thika and Limuru stadium and laid artificial turf in Ruiru stadium Kague ground in Lari and Gikabura in Kikuyu Sub County. Assorted uniform and training equipment were distributed to various teams within Kiambu County during the financial year 2016/2017. The County Government will continue to train and nurture talented youths in various sports discipline

29. On communication, the department employed 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.

30. In the 2018/19 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**

31. The Sector plays a key role in accelerating economic growth through enhancing food security; income generation; employment and wealth creation; and foreign exchange earnings. The sector also contributes significantly to socioeconomic growth and development through forward and backward linkages with other priority sectors of the economy. As a result, tremendous achievements have been realised.

32. To promote the growth of the livestock sub-sector, the County Governments, will continue to enhance the provision of extension

services to the farmers in the sub Counties. In addition, the control of notifiable livestock diseases in the dairy sector will be a priority of the County Government, offering of free AI services to farmers is in the pipeline.

33. Key among the interventions include: under Livestock Resources Management and Development; Supply and Installation of 11 Bulk milk coolers Supply and Installation of 2 Pasteurizers 12 Fridges and 17 freezers procured for the 12 sub counties for veterinary services. Purchase of vaccines, serums, Foot and Mouth Disease Vaccine to 122,000 heads of cattle among other interventions. These interventions in the dairy sector have borne fruit with increased milk production.

34. To revitalize the coffee and tea subsectors, the County Government will build on the ongoing efforts including: reforming the legal and policy frameworks, promotion of value addition; supporting debt waiver for growers to ease their debt burden; and using locally blended fertiliser on a 50/50 basis and implementing liming. In addition, the County Government will beef up its revolving Fund in order to expand access to credit and inputs by farmers.

35. 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 has been organizing International Aquaculture Symposium and 57 Exhibition. So far, fish demonstration ponds have been constructed, lined, stocked and farmers assisted with fish feeds. Aquaculture Re-circulatory system has been set up at Waruhiu ATC

36. In order to enhance agricultural productivity among smallholder farmers, the County Government will partner with the national government to upscale crop and livestock insurance with the goal of cushioning farmers against climate related risks. Additionally, the County Government will continue to support other disaster risk financing instruments such as the Hunger Safety Net Program among others

37. On agro-processing, the strategy will involve establishment of SMEs focused on food processing to improve value addition; redesign of the subsidy model by focusing on specific farmers' needs; establishment of commercialized feedlots for livestock, fish, poultry and piggery to revolutionize feed regime and traceability of animals; and increasing access to credit and inputs for farmers

38. In recognition of the importance of agriculture in wealth creation and food security, the county government will commit to undertake the following; Support and establish access to farm Inputs for key agricultural inputs such as fertilizers and seeds, Provide effective, adequate and sustainable extension services to farmers. Establishment of training centres for farmers in every sub county. Upgrade Waruhiu Farmers Training Centre to a college level with satellite colleges in every sub-county, revitalize and establish effective and well managed Co-operatives societies with respect to procurement process, processing, marketing and storage for agricultural produce. Access to other basic services to the poor and most vulnerable in our society including the disabled, the aged, orphans, widows and widowers among others. Establish mechanism for cooperative societies to access affordable financing and business

development services. Improve management of farmers' cooperatives by encouraging hiring and maintaining of skilled manpower.

39. During the 2018/19 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 poultry farming and promotion of livestock development. The Department further intends to expand the area under irrigation. The programme of upgrading Waruhiu ATC will also be completed in the next financial year. The Department also plans to enhance extension services.

40. Going forward, the County Government will strengthen early warning system which is key in providing timely weather and climate information which is important in triggering appropriate early action and decision making in relation to food and nutrition security.

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

41. 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 15.3 Km of road network to bituminous standards and upgrading 43 Km of major links and urban gravel roads also to bitumen standards. There has been major achievements with construction of Ndumberi – Githunguri Road, maintenance of Githunguri CBD access roads, access to Thika, Kikuyu and Limuru, C64-C65-Waruhiu farm access road among others. 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.

42. In regard to the work done on access roads, the achievement have so far been very impressive with the County having constructed and rehabilitated over 1,700 Km of rural access roads to gravel standards. Over 5,000 Km of road network has also benefited from routine maintenance. Interventions that have led to re-opening up of areas that could not be accessed leading to improved connectivity and increased trade activities in many trading centres.

43. 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.

44. To continue to improving on the road network in the county, we will endeavour to undertake the following; Enlist key roads within the county with a view to Lobbying the national government to have additional roads repaired and upgraded to double the current tarmacked roads. Adopt a new approach to feeder roads construction, repair and maintenance through among other ways actively engaging the youth and local community in undertaking the construction while also provide community level supervision of the road networks. Give special attentions to the coffee, tea and Dairy access roads to enhance agricultural productivity. Expanding the rural feeder roads by engaging the community in identifying solutions to road encroachments. Enhancing allocation and diversifying of financial resources to improve and

maintain roads Ensuring construction and maintenance of standards roads is effected through community participation. Total elimination of corruption and nepotism in tendering of all civil works including road construction, maintenance and repair. This will open up the County's rural areas and farmlands.

45. In addition, 13 motorable Bridges have been constructed among them Ndundu Kwa George, Kiang'eti Gathiuri-Gathiru, Marigoiti wa Gachane and Nembu Gatuikira bridges in Gatundu South ; Chura-Muthure, Kamworiaini and Turarii Bridges in Kabete ;Muthiga shauri yako in Kikuyu; Gatei, Wanugu and Gathiuri- Gathiru bridges in Gatundu North; Ngegu – Indian Bazaar Foot Bridge in Kiambu and Gatamaiyu bridge in Lari.

46. The County's Fire Directorate performed quite 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 percent available capacity. Three fire stations have been constructed in Kiambu, Githunguri and Limuru and five additional fire stations have been operationalized bringing the number of fully operational fire stations to seven. Further, a grader, water booser, manlift for facilitation in maintenance, 2No. 10,000lts Fire Engines, 4No. 5000lts Fire Engines and 2No. Operational vehicles have been acquired.

47. The County has made progress in installation of street lights and flood masts. 15m high floodmast has been construction and 56No. 30m high and 19No. 20m high floodmast installed through the NaMSIP. In conjunction with REA, the County anticipate to install more floodmast in each ward.

## **1.7 Improving Social Services**

48. 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 healthy and skilled human capital that is very crucial for sustainable growth and enhanced development of the County.

### **i. Education Sector**

49. 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 32,159, in 2017, a 46 per cent increase. The increase was partly occasioned by expanded infrastructure and improved quality of education following recruitment of 1,169 caregivers. All ECDE teachers that had been previously employed by parents were absorbed by the County Government.

50. 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.

51. 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. The County intends to put up fences on all vocational training centres and ECDs to improve their security.

52. 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 upscale school-feeding programme to ensure the gains realized are protected.

## **ii. Health Sector**

53. Health care is one of the major sectors of the County government. The Government will continue to scale up the provision of specialized medical equipment and increase the number of health facilities at the community level including mobile health services in order to increase the number of Kenyans who access specialized healthcare. The County Government will also continue with the digitization of the health information management an endeavour that will increase efficiency and reduce overhead.

54. So far, Ongoing major projects for health includes; Thika Level 5 Reproductive Health Unit with about 400 bed capacity (approx 270

adults and 70+ cots), Tigoni D.H 150 bed ward capacity, Kikuyu Level 4 200 bed capacity, Wangige level 4 200 bed capacity, Lari level 4 200 bed capacity hospitals. the County has also 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, 15 new Advanced Life Support (ALS) ambulances 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.

55. 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 3,000 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 4 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.

56. 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.

57. 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.

58. 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.

59. Under universal healthcare initiatives, the County will support rolling out of free maternity programme to mission hospitals and private hospitals and enlisting Community Health Volunteers to help in healthcare service provision at the grassroots.

60. The County Government will continue to scale up the provision of specialized medical equipment and increase the number of health facilities at the community level including mobile health services in order to increase the number of Kenyans who access specialized healthcare.

61. 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, accessible and affordable health care; Invest in centres for community education and creation of awareness to reduce the high incidences of non-communicable diseases including hypertension and diabetes ; Improve sanitation in public places including markets, hotels and other public places to reduce incidences of infectious diseases and high disease load to health facilities; Invest in more health facilities to reduce the walking average distance to health facilities to the minimum; Improve the quality of all health facilities infrastructure; Provide enough essential, adequate and sustainable pharmaceutical products to all the health facilities and make them accessible to all; Improve the number and quality of bed facilities in key hospital in the county to reduce

congestion and remove sharing of bed facilities by patients; Increase the health personnel and thereby reduce the doctors to patient and nurse to patient ratio; Acquire the most modern and efficient equipment such as X rays, ultrasound, MRI, Dialysis among others; and establish linkages with key health facility providers within Kenya , US, India, Malaysia, Korea Singapore, Cuba among others

62. In the next financial year, the department will be equipping the 5 new upcoming hospitals. Negotiations on modes of procurement are ongoing including leasing of special health purpose equipment like CT scans and other imaging, renal, cardiac, Oncology, orthopaedic and ambulatory surgical equipment. The County will also partner with the First Lady initiative in a bid to improve provision of quality and affordable basic health care.

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

63. Environmental conservation and access to adequate supply of clean water is fundamental for the achievement of sustainable development. Indeed, a clean environment and adequate safe drinking water and sanitation do complement efforts towards improved primary health care and productivity of labour. In addition, adequate supply of water is essential for increased agricultural production, manufacturing activities and serving the rapidly urbanizing population.

64. For this reason, the County Governments in partnership with the National Government and other development partner will continue to invest in clean water supply, prioritize on construction of large-scale dams across the county to increase water storage, complete ongoing water projects in urban and rural areas in order to increase the number of

people connected to safe piped water, protect wetlands and water towers and construct water harvesting and storage infrastructure across the country. In addition, the County Government will continue to expand sanitation infrastructure in the urban areas by connecting more households with sewerage and establish proper waste management system

65. Key specific achievements include; development of draft County Water and Sanitation Bill which has been presented at various stages and is now at the County Assembly level; development of a draft water policy, developing the first draft of the Strategic Plan of the Department; merging the 8No.water companies in a bid to improve efficiency in provision of clean water to all households in Kiambu, plans are underway to merge all the existing water companies into one.

66. 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

67. Under Environment Policy Development and Coordination, the department has streamlined the management of public sanitation blocks in Thika, Ruiru and Kiambu Sub-Counties, 7,000 giant bamboo tree seedlings and 20,000 indigenous/water friendly tree seedlings were planted in river Riparian, Wetlands, springs and other catchments, 5No. Garbage Trucks were acquired and garbage collection in all sub-counties has been intensified.

68. 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.

69. To 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.

70. 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.

71. 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.

72. 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.

73. 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.

74. The Department 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.

75. 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**

76. During the period under review, the County performed quite 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

77. 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.

78. 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.

79. 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.

80. 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.

81. 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 DEVELOPMENT**

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

83. 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**

84. Kenya's economy remained resilient in 2017 despite adverse weather conditions, a prolonged electioneering period as well as subdued credit growth to the private sector which combined to weaken growth in the first half of the year. Economic growth for 2017 is estimated at 4.8 percent from 5.8 percent in 2016. On the positive side, growth in 2017 was supported by the ongoing public infrastructure investments, improved weather towards end of 2017, recovery in the tourism sector and a stable macroeconomic environment.

85. Over the medium term, growth is projected to increase by more than 7.0 percent due to investments in strategic areas under "The Big Four" Plan, namely: increasing the share of manufacturing sector to GDP; ensuring all citizens enjoy food security and improved nutrition by 2022; expanding universal health coverage; and delivering at least five hundred

thousand (500,000) affordable housing units. These efforts will support the business environment, create jobs and ultimately promote broad based inclusive growth

86. Kenya is ranked favourably in the ease of doing business and as a top investment destination. In 2017, the World Bank's Doing Business Report, ranked Kenya third in Africa in the ease of doing business after Rwanda and Mauritius, as the country moved up 12 places to position 80. Further, in September 2017, Standard and Poor Global Ratings affirmed its 'B+/B' long- and short-term foreign and local currency sovereign credit ratings on Kenya, with a stable outlook

### **Interest Rates**

87. Interest rates remained stable and low in the period 2013-2017 except June – December 2015 when world currencies were under pressure. During the period, the policy rate (Central Bank Rate) was adjusted appropriately to anchor inflation expectations. The rate is currently (January 2017) at 10.0 percent since August 2016. The interbank rate has remained low at 7.7 percent in December 2017 from 5.9 percent in December 2016 due to ample liquidity in the money market while the 91-day Treasury bill rate declined to 8.0 percent from 8.4 percent over the same period. The 182 day and the 364 day Treasury bills averaged 10.6 percent and 11.1 percent in December 2017 from 10.5 percent and 11.0 percent in December 2016, respectively.

### **Exchange Rates**

88. The Kenya Shilling exchange rate remained broadly stable against major international currencies and the Sterling pound, the Shilling

weakened to Ksh 122.0 and Ksh 138.2 in December 2017 from Ksh 107.7 and Ksh 127.7 in December 2016, respectively. The Kenya Shilling exchange rate as compared to most sub-Saharan African currencies, has continued to display relatively less volatility. This stability reflected resilient receipts from tea and horticulture despite lower export volumes due to adverse weather conditions in the first quarter of 2017. Additionally, receipts from tourism, coffee exports and Diaspora remittances remained strong

### **Public Debt**

89. 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.

90. 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.

91. 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.

### **Foreign market**

92. The foreign exchange market has remained relatively stable supported by resilient tea and horticultural exports, strong diaspora remittances, and a continued recovery in tourism. The 12-month current account deficit stabilized at 7.0 percent of GDP in November and September 2017 and is expected to narrow to below 6.5 percent by December 2017 as the bulk of SGR-related imports are completed, while favourable weather conditions is expected to support food production and agricultural exports.

### **Inflation**

93. The overall month on month inflation declined to 4.5 percent in December 2017 from 6.4 percent in December 2016. Due to the fall in the prices of potatoes, kale, oranges and mangoes mainly attributed to favourable climatic conditions at end of 2017 and Government measures on prices of maize, powdered milk and sugar. The inflation of 4.5 percent in December 2017 was within Government's target range

### **Stock Market**

94. Activities at the stock market picked up in November 2017 from a slowdown in September and October 2017 as the long electioneering period came to an end. The NSE 20 Share Index improved to 3,805 points in November 2017 from 3,730 points in October 2017 while Market Capitalization improved to Ksh 2,562 billion from Ksh 2,346 billion over the same period

95. 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 electioneering period,

uncertainty in the global financial markets, and capital outflows from emerging and frontier market economies.

## **Balance of Payment**

96. The overall balance of payments position improved to a surplus of US\$ 879.7 million (1.2 percent of GDP) in the year to November 2017 from a deficit of US\$ 821.4 million (1.3 percent of GDP) in the year to November 2016 due to the improvement in the financial account that more than offset the widening current account deficit. The current account balance registered a deficit of US\$ 5,110.1 million (7.0 percent of GDP) in the year to November 2017 from a deficit of US\$ 3,452.5 million (5.4 percent of GDP) in the year to November 2016. This reflects the widening of the trade account balance and the increased payments to foreign investors (due to high interest payments) despite an improvement in the secondary income account balance particularly increased workers' remittances. However, as of 29th December 2017, activities in the stock market had slowed down reflecting the effects of the holiday season. The NSE Share Index was at 3,712 points and market capitalization at Ksh 2,523 billion.

97. As a share to GDP, the current account balance registered a deficit of US\$ 5,110.1 million (7.0 percent of GDP) in the year to November 2017 from a deficit of US\$ 3,452.5 million (5.4 percent of GDP) in the year to November 2016. This reflects the widening of the trade account

balance and the increased payments to foreign investors (due to high interest payments) despite an improvement in the secondary income account balance particularly increased workers' remittances.

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

98. Implementation of the FY 2017/18 budget is on course although performance is lagging behind targets. In the first five months of the year, revenues collection have consistently lagged behind targets due to the under performance of the main revenue tax heads, late release of exchequer by the National Government, unpredictable IFMIS network breakdowns, and lower than expected revenue performance caused by the prolonged electioneering period

99. By end December 2017, the total cumulative revenues amounted to Ksh 5.61 billion against a target of Ksh 6.17 billion. The recorded shortfall of Ksh 476.2 billion was as a result of unfavourable political climate and a prolonged electioneering period, this affected all the broad categories of ordinary revenues.

100. Other factors leading to the lower than expected performance in revenue collection include: prolonged electioneering period, unstable County political environment for collection of fees, charges and levies; late operationalization of the land rates enforcement programme. With the settling down of the new administration, revenue performance is projected to take an upward trajectory.

101. On the expenditure side, the County spent KShs. 4.4 billion by December 2017 equivalent to 66.4 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 December 2017**

	DEPARTMENT	Annual Budget Allocation 2017-2018	Budget Allocation July-December 2017	Actual Expenditures July-December 2017	Absorption %
4061	County Assembly	1,239,745,034	619,872,517	389,355,377	62.81
4062	County Executive	385,065,251	192,532,626	123,439,993	64.11
4063	County Public Service Board	68,208,500	34,104,250	15,903,102	46.63
4064	Finance and Economic Planning	1,207,190,685	603,595,343	429,467,377	71.15
4065	Administration and Public Service	726,142,902	363,071,451	248,801,015	68.53
4066	Agriculture, Livestock and Fisheries	725,157,431	362,578,716	187,897,541	51.82
4067	Water, Environment and Natural Resources	608,838,983	304,419,492	128,550,442	42.23
4068	Health Services	4,527,542,311	2,263,771,156	1,725,423,001	76.22
4069	Education, Culture, ICT and Social Services	1,229,556,990	614,778,495	362,893,242	59.03
4070	Youth and Sports	399,521,851	199,760,926	63,043,341	31.56
4071	Lands, Physical Planning and Housing	372,643,380	186,321,690	91,977,932	49.37
4072	Trade, Tourism, Industry and Co-	434,891,302	217,445,651	60,786,165	27.95

	Operative				
4073	Roads, Transport and Public Works	1,489,739,104	744,869,552	623,505,837	83.71
	<b>TOTALS</b>	<b>13,414,243,724</b>	<b>6,707,121,862</b>	<b>4,451,044,365</b>	<b>66.36</b>

Source: Kiambu County Treasury

### 3.0 FISCAL POLICY, 2018/19 FY BUDGET AND THE MEDIUM TERM EXPENDITURE FRAMEWORK

102. 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.

103. The fiscal policy underpinning the FY 2018/19 budget and MTEF will sustain the revenue projections in line with recent mobilization trends in order to maintain fiscal predictability. In an effort to boost own source of revenue, the Government is going to undertake a combination of policy and administrative reforms to bolster revenue yields going forward. These efforts will reverse the revenue losses experienced in the recent past where ordinary revenues have declined

#### 3.1 FY 2018/19 Budget Framework

104. In the FY 2018/19 prioritization of resource allocation will be based on the 2018-2022 County Integrated Development Plan (CIDP), Departmental priorities, programmes and development policies of the County Government. The 2018/19 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 the BIG FOUR Agenda whose aim is economic transformation.

### **3.1.1 Revenue Projections**

105. the County government projects to receive a transfer of about KShs. 12.33 billion from the National Government for the FY 2018/19 constituting an equitable share allocation of KShs. 9.26 billion and conditional grants of KShs 3.06 billion respectively. The allocations is according to the draft national government Budget Policy Statement 2018.

106. The County's revenues have been growing impressively over the past financial years, and we expect it to improve further in the FY 2018/19 with the enactment of the relevant laws. For the 2018/19 FY, the County projects KShs. 2.6 Billion revenue from its own sources.

107. The projected total revenue for the FY 2018/19 is therefore KShs. 15 Billion comprising of KShs. 2.6 Billion as Own Source of Revenue (OSR) and KShs. 12.33 Billion as transfers from the National Government.

108. The County Executive will present to the County Assembly, more detailed structural measures to boost revenue generation through the Finance Bill 2018, for consideration and enactment as required by the PFM Act, 2012.

### **3.1.2 Expenditure Projections**

109. Priority for funding in the FY 2018/19 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.

110. 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.

### **3.1.2.1 Recurrent Expenditure Projections**

111. Total recurrent expenditure budget in the FY 2018/19 is estimated to be KShs. 9.085 billion as compared to KShs. 9.417 billion in FY 2017/18 the printed Budget estimates, thereby decreasing by 3.5 per cent. The decrease in recurrent expenditure is coupled with the increase in development expenditure of department of Land, Housing and Physical planning.

112. The wage bill is projected at KShs. 5.29 Billion in the FY 2018/19 which translates to 35.2 % of the overall budget. Coupled with slight annual increments in remunerations on the wage bill. Worth noting is the fact that the Ministry of Devolution & Planning is yet to complete the CARPs programme.

113. 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.

114. 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. Operations and Maintenance expenditure is estimated at KShs. 3.8 Billion in the FY 2018/19 and accounts for 25.3 % of the overall budget.

### **3.1.2.2 Development Expenditure Projections**

115. In the FY 2018/19, the overall development expenditure is expected to be KShs 5.9 Billion. This accounts for 39.5 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**

116. 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 2018/19. In that FY therefore, the County budget shall be financed through transfer from the National Government and Own Source of Revenue collected from fees, charges, rates, among others as allowed by the governing Acts and bylaws. The FY 2018/19 fiscal framework is therefore fully financed.

### **3.3 Risks to the 2018/19 Budget framework**

117. The risks to the fiscal framework for the FY 2018/19 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.

118. Another risk is the County's high wage bill. There have been demands for promotions and strikes especially by 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.

119. 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.

### 3.4 Fiscal Structural Reforms

#### Revenue mobilization

120. Since FY 2013/14, County Governments have missed their own source of revenue (OSR) targets. The increasing variance between projected and actual OSR collection, highlights the difficulty the County continue to face in preparing realistic revenue forecasts. Funding gaps occasioned by unrealized revenue projections are the major source of fiscal constraints faced by County while implementing their annual budgets which has occasioned high wage bill. To address this challenge, the county is exploring legal options to capping County OSR revenue growth estimates, based on previous performance. The objective is to ensure that revenue estimates that exceed what is deemed realistic will need more stringent justification, so as to minimize the risk of budget deficits that has been experienced over the last four years.

121. 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.

122. 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 all

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 Valuation Roll completed recently in order to widen the tax base.

### **Expenditure Management**

123. 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. Appointment of members of county Budget and Economic forum (CBEF) is in progress. Once appointed, Consultations with the County Budget and Economic Forum (CBEF) will be deepened on all matters of planning, budgeting and financial management. Audit Committees is in place. Such consultations also ensure that there is transparency, accountability, and adherence to the PFM Act on budget making process.

124. 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.

125. Public participation provides an all-inclusive avenue for identifying and prioritizing Government projects and activities under the budgeting process by key stakeholders and the general public. This process commenced early in the budget preparation process with the launch of Sector Working Groups (SWGs) in January 2018, finalization of the 2018 CFSP and engagement in all sector activities and meetings thereafter. This process culminated with the Public Sector Hearings in February 2018.

126. The Government will also ensure continuous sector performance reviews as a strategy to encourage accountability by Departments.

127. 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**

128. 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.

- 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

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

- i. The development expenditures have been projected at 31 percent of the County budget against an obligatory minimum of 30 percent. **(See table 2)**
- ii. The FY 2018/19 wage bill is estimated at 35.2 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 County government is committed to adhering to this principle and the wage bill is set to decline in the medium term. **(table 2)**

**Table 2: FY 2018/19 Budget Allocation**

Details	2016/17 (Revised) (KShs)	printed estimates	Projected	% to Total Budget
		2017/18 (KShs)	2018/19 (KShs)	
Recurrent Budget				

Personnel Emoluments	5,331,383,118	5,366,264,027	<b>5,289,961,874</b>	35.2
Operations and Maintenance	3,495,292,451	4,051,398,251	<b>3,795,475,431</b>	25.3
<b>Sub-total</b>	<b>8,826,675,569</b>	<b>9,417,662,278</b>	<b>9,085,437,305</b>	<b>67</b>
Development Budget				
<b>Total Development Budget</b>	<b>3,592,520,910</b>	<b>3,996,581,446</b>	<b>5,928,616,509</b>	<b>39.5</b>
<b>TOTAL BUDGET</b>	<b>12,419,196,479</b>	<b>13,414,243,724</b>	<b>15,014,053,814</b>	<b>100</b>

*Source: Kiambu County Treasury*

130. 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.

131. The County does not intend to borrow in the FY 2018/19 and has therefore adhered to the principle of debt not exceeding 20 percent of the County government's total revenue. 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.

132. 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**

133. 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 35.2 percent of the expected total revenue receipts.
- (ii) Other recurrent expenditures that include operations and maintenance account for 25.3 Percent of the projected total revenue.
- (iii) Development expenditure takes 39.5 percent of the total revenue available. Development expenditures have been shared out on the basis of the CIDP priorities and strategic interventions identified in various forums.

134. 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.

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



**Table 3: Medium Term Department Ceilings, 2018/19 - 20/21 (KShs Million)**

vote	Vote Name	Approved Estimates 2017/18	Estimates 2018/19	Projected Estimates 2019/2020	Projected Estimates 2020/2021
4061	County Assembly	1,239,745,034	1,200,864,621	1,272,916,498	1,349,291,488
4062	County Executive	385,065,251	219,579,035	232,753,777	246,719,004
4063	County Public Service Board	68,208,500	74,322,096	78,781,422	83,508,307
4064	Finance, Economic Planning and ICT	1,207,190,685	1,238,727,393	1,313,051,037	1,391,834,099
4065	Administration Public Service and communication	726,142,902	671,227,816	711,501,485	754,191,574
4066	Agriculture, Crop Production and Irrigation	725,157,431	380,077,008	402,881,628	427,054,526
4067	Water, Environment & Natural Resources	608,838,983	563,409,830	597,214,420	633,047,285
4068	Health Services	4,527,542,311	4,733,350,456	5,017,351,483	5,318,392,572
4069	Education, Youth, Sports Culture, & Social Services	1,229,556,990	1,501,759,807	1,591,865,395	1,687,377,319
4070	Youth, Sports & Communications	399,521,851	-	-	0
4071	Lands, Physical Planning & Housing	372,643,380	2,213,521,789	2,346,333,096	2,487,113,082
4072	Trade, Tourism, Industry & Co-Operative	434,891,302	413,871,044	438,703,307	465,025,505
4073	Roads, Transport & Public Works	1,489,739,104	1,423,265,910	1,508,661,865	1,599,181,576
4074	Livestock, Fisheries, and Marketing	0	380,077,009	402,881,630	427,054,527
	<b>Total</b>	<b>13,414,243,724</b>	<b>15,014,053,814</b>	<b>15,914,897,043</b>	<b>16,869,790,865</b>

*Source: Kiambu County Treasury*

## 4.0 DEPARTMENTAL/ SECTOR PRIORITIES

### 4.1 Finance Economic Planning and ICT

The Department comprise of the following directorates, Accounts, Procurement, and supply chain management Internal Audit, Economic Planning, Budget and expenditure, County Revenue and ICT. The department mission is to offer effective and efficient services in resource mobilization, public finance management, coordination, economic planning and development, ICT infrastructure development and support. 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 allocation of funds to county priority areas. The department also acts as the link of all other sectors with the National government in matters of finance and resource mobilization.

136. Promoting the use of ICT is important as a means of reducing the cost of doing business and enhancing efficiency in service delivery. Going forward, the Government will build on the progress made so far to improve ICT infrastructure and increase ICT skills and innovation in order to drive the attainment of the institutional goals. The strategy will focus on expanding ICT Infrastructure connectivity, connecting all Departments to Local Area Network and increasing the number of youths trained on ICT.

137. Further, the Government will continue to increase online access to Government records through digitizing Government records and maintaining a dedicated online portal

138. 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 continuous use of IFMIS payment system, adoption of e-procurement systems, 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".

139. Funding for the 2018/19 -2020/21 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.

140. Some of the specific programmes to be undertaken in the FY 2018/19 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.

141. 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.

142. For the FY 2018/19, the County has set aside KShs. 1.238 billion to fund the programmes of the Department. This is projected to increase to

KShs. 1.313 billion and KShs. 1.391 billion in the FY 2019/20 and FY 2020/21 respectively.

#### **4.2 Trade, Tourism, Cooperatives and Enterprise Development**

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

144. 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.

145. Going forward, in order to ensure sustainability in the tourism sector, the County Government in partnership with key stakeholders will continue implementing the following strategies: development and diversification of tourism products with key focus being on niche tourism such as eco-tourism; Meetings, Incentives, Conferences and Exhibitions (MICE); sports adventure and home stays; development of infrastructure especially in tourism areas; and marketing of the county as a viable tourism destination, both locally and internationally.

146. Funding for the 2018/19 -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.

147. 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.

148. For the FY 2018/19, Kshs.413.8 Million has been set aside to fund programmes of the Department up from the FY 2017/18 budget estimate of KShs. 434.8 Million. This is projected to move to KShs. 438.7 and KShs. 465.025 Million in the FY 2019/20 and FY 2020/21 respectively.

### **4.3 Agriculture, Crop Production and Irrigation**

149. The Agriculture, crop production and irrigation Department comprises of three directorates namely: Crops production, Irrigation and agri-business. In addition there are two institutions; Agricultural Training Centre at Waruhiu and Agricultural Mechanization Service in Ruiru under this Department.

150. The strategy for this Department is to create an enabling environment for Agriculture. 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 .

151. The prioritized sector programmes include: agriculture mechanization, Irrigation, Planning and Support Services for Agriculture and Crop Development.

152. Major programmes to be undertaken during the period 2018/19 and in the medium term include; Increase area of land under irrigation; Management and control of strategic pests and diseases; 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.

153. Key restrictions in the Agricultural sector include: Diminishing agricultural land sizes due to increased population pressure and real estate 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 disease outbreak due to proximity to transportation routes and pollution of water resources

154. For the FY 2018/19, KShs. 380.077 Million has been set aside to fund the programmes of the Department. This is projected to increase to KShs. 402.88 million and KShs. 427.054 Million in the FY 2019/20 and FY 2020/21 respectively.

#### **4.4 Livestock Fisheries and Marketing**

155. The Livestock Fisheries and marketing Department comprises of three directorates namely: Veterinary, Livestock & Fisheries, and Marketing.

156. The strategy for this Department is Livestock, Fisheries and marketing development. The key policy goals of the sector include: increasing livestock and fisheries productivity through promoting market access and product development

157. The prioritized sector programmes include: Fisheries development, Livestock Resources Management and Development, Planning and Support Services for Livestock and fisheries Development.

158. Major programmes to be undertaken during the period 2018/19 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; Enhanced animal genetics, embryo transfer and vaccine acquisition ; Free AI services, Management and control of livestock pests and diseases; Increase aquaculture productivity through technology development and innovations,

159. Key restrictions in this sector include: vulnerability to livestock disease outbreak due to proximity to transportation routes; pollution of water resources and low utilization of dam fishery resources.

160. For the FY 2018/19, KShs. 380.77 Million has been set aside to fund the programmes of the Department. This is projected to increase to KShs. 402.88 million and KShs. 427.054 Million in the FY 2019/20 and FY 2020/21 respectively.

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

161. 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.

162. Specific programmes to be undertaken in the FY 2018/19 will include: Completion of Githunguri CBD roads, Completion of Gatitu Junction/ other roads in Thika, improvement to bitumen standard of 25 KMs of roads, Rehabilitation of 720km rural access roads. construction of 3 motorable 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 and equipping of 3 fire stations; Purchase of graders, unblocking and construction of storm water drains, preparation of road inventory and condition survey.

163. 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.

164. For the FY 2018/19, a total of Kshs.1.423 Billion has been set aside to fund the programmes of the Department. This is projected to increase to KShs. 1.508 and KShs 1.599 billion in the FY 2019/20 and FY 2020/21 respectively.

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

165. The County performed quite well in this area with the key achievements being preparation of a Draft 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 10-year Spatial Plan provides the potential and levels of resource utilization through a framework for drawing up short, medium and long term plans, programs and projects and elaborate Development Control Guidelines for Urban, Peri-urban and rural developments in all the 12 Sub Counties

166. The County automated development plan applications and approvals through a system called Electronic Development Applications

Management System (e-DAMS) to promote governance and enhance efficiency and transparency in the pre-approval and post approval process.

167. For the FY 2018/19, the department anticipates to receive a grant of Kshs. 1.889 Billion in the next 5 years from the National government to fund County Integrated Urban Development Strategy (CIUDS).

168. 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.

169. For 2018/19 a total of Ksh. 2.213 Billion million has been set aside to fund the programmes for the department. It is projected to increase to 2.346 billion and 2.487 Billion in the FY 2019/2020 and FY 2020/2021 respectively

#### **4.7 Education, Youth, Sports, Culture and Social Services**

170. The Education, Youth, Sports, 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); promote culture, home craft centres and childcare facilities. The Directorate of Youths and Sports 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

171. The programmes lined-up for 2018/19 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, 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.

172. The Youth and Sports directorate has two sections; Youth affairs and Sports. The Directorate plays a critical role in the County in promotion and development of youth affairs and sports for a vibrant sporting industry and empowered Youth. In addition, the Government will continue to train and nurture talented youths in various sports discipline and sensitize them on anti-doping. rehabilitation of drug addicts and .

173. 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.

174. For the FY 2018/19, a total of KShs. 1.501 billion has been set aside to fund the programmes of the Department. This is projected to increase

to KShs 1.591 and KShs. 1.687 Billion in the FY 2019/20 and FY 2020/21 respectively.

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

175. The Water, Energy, Environment and Natural Resources Department consist of four sub-sectors namely: Water, Energy 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.

176. In the next FY and in the medium term period the Water, Energy, 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.

177. 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.

178. For the FY 2018/19, a total of KShs. 563.4 Million has been set aside to fund the programmes of the Department. This is projected to increase to KShs. 597.214 and KShs. 633.047 Million in the FY 2019/20 and FY 2020/21 respectively.

#### **4.9 Administration, Public Service and Communication**

179. The Administration Public Service and Communication Department is in charge of coordination of all government departments and delivery of County service. The Department comprises of three Sub-Sections namely; Administration, Public Service and communications.

180. The objectives of the Administration, 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.

181. Specific programme to be undertaken in the FY 2018/19 FY include: 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.

182. 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.

183. For the FY 2018/19, a total of KShs. 671.227 Million has been set aside to fund the programmes of the Department. This is projected to increase to KShs. 711.501 and KShs. 754.191 Million in the FY 2019/20 and FY 2020/21 respectively.

#### 4.10 Health Services

184. 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.

185. In the MTEF period 2018/19- 2020/21 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.

186. 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.

187. 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.

188. For the FY 2018/19, a total of KShs. 4.733 Billion has been set aside to fund the programmes of the Department up from the FY 2018/19 revised estimate of KShs. 4.5 Billion. This is projected to increase to KShs. 5.017 and KShs. 5.318 billion in the FY 2019/20 and FY 2020/21 respectively.

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

189. 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.

190. 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.

191. Some of the specific programmes to be undertaken in 2018/19 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.

192. 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.

193. For the FY 2018/19, KShs. 74.3 Million has been set aside to fund the programmes of the Board compared to the FY 2017/18 budget of KShs. 68.2 Million. This is projected to increase to KShs. 78.7 and KShs. 83.5 in the FY 2019/20 and FY 2020/21 respectively.

#### **4.12 County Executive**

194. 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.

195. 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.

196. Some of the programmes the sectors will implement during the 2018/19 – 2019/20 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 .

197. For the FY 2018/19, KShs. 219.5 Million has been set aside to fund the programmes of the Executive from the FY 2017/18 budget of KShs. 385.06 Million. This is projected to rise to KShs. 232.753 and KShs. 246.7 Million in the FY 2019/20 and FY 2020/21 respectively.

#### **4.13 County Assembly**

198. Kiambu County Assembly (KCA) is a legislative arm of the Kiambu County Government created by the Constitution of Kenya, 2010 and comprises 92 members 60 of whom are elected and 32 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.

199. 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.

200. 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.

201. Under the plan period 2018/19 FY, the Assembly intends to purchase land and construct and equip official residence of the speaker, Construct members and staff canteen, Construction and equipping of a computers, repair of access road to the County Assembly, conducting capacity building forums, report writing, passing of crucial bills and installation of CCTV cameras and streetlights to improve security within the County Assembly precinct.

202. For the FY 2018/19, KShs.1.20 Billion has been set aside to fund the programmes of the Assembly against a previous year's budget allocation of kshs.1.239 billion. This is projected to increase to KShs. 1.272billion and KShs. 1.34 billion in the FY 2019/20 and FY 2020/21 respectively.

## ANNEXES

### Annex 1: Total Expenditure Ceilings for the MTEF Period 2018/19-2020/21

vote	Vote Name		Estimates	Projected Estimates	
			2018/19	2019/2020	2020/2021
	<b>RECURRENT</b>		<b>9,085,437,305</b>	<b>9,630,563,543</b>	<b>10,208,397,356</b>
		O&M	3,795,475,431	4,023,203,957	4,264,596,194
		PE	5,289,961,874	5,607,359,586	5,943,801,162
4061	County Assembly	O&M	752,917,451	798,092,498	845,978,048
		PE	447,947,170	474,824,000	503,313,440
4062	County Executive	O&M	146,890,595	155,704,031	165,046,273
		PE	64,129,551	67,977,324	72,055,964
4063	County Public Service Board	O&M	51,533,701	54,625,723	57,903,266
		PE	22,788,395	24,155,699	25,605,041
4064	Finance, Economic Planning and ICT	O&M	675,938,300	716,494,598	759,484,274
		PE	447,948,921	474,825,856	503,315,408
4065	Administration, Public Service and communication	O&M	177,798,419	188,466,324	199,774,304
		PE	357,931,448	379,407,335	402,171,775
4066	Agriculture, crop production and irrigation	O&M	32,354,758	34,296,043	36,353,806
		PE	196,904,010	208,718,251	221,241,346
4067	Water, Environment & Natural Resources	O&M	71,593,102	75,888,688	80,442,009
		PE	153,871,993	163,104,313	172,890,571
4068	Health Services	O&M	891,446,908	944,933,722	1,001,629,746

				0	0
		PE	2,874,428,628	3,046,894,346	3,229,708,006
4069	Education, Youth, Sports, Culture, & Social Services	O&M	746,396,118	791,179,885	838,650,678
		PE	197,800,710	209,668,753	222,248,878
4070	Youth, Sports & Communications	O&M	0	0	0
		PE	0	0	0
4071	Lands, Physical Planning & Housing	O&M	70,449,166	74,676,116	79,156,683
		PE	75,700,075	80,242,080	85,056,604
4072	Trade, Tourism, Industry & Co-Operative	O&M	63,064,724	66,848,607	70,859,524
		PE	56,419,408	59,804,572	63,392,847
4073	Roads, Transport & Public Works	O&M	82,737,431	87,701,677	92,963,777
		PE	197,187,554	209,018,807	221,559,936
4074	livestock, Fisheries and marketing	O&M	32,354,758	34,296,043	36,353,806
		PE	196,904,011	208,718,252	221,241,347
	<b>Development</b>		<b>5,928,616,509</b>	<b>6,284,333,500</b>	<b>6,661,393,510</b>
4061	County Assembly		0	0	0
4062	County Executive		8,558,889	9,072,422	9,616,768
4064	Finance, Economic Planning and ICT		114,840,172	121,730,582	129,034,417
4065	Administration, Public Service and communication		135,497,949	143,627,826	152,245,495
4066	Agriculture, Crop Production and irrigation		150,818,240	159,867,334	169,459,374
4067	Water, Energy, Environment & Natural Resources		337,944,735	358,221,419	379,714,704
4068	Health Services		967,474,920	1,025,523,415	1,087,054,820

4069	Education, youth, sports Culture & Social Services		557,562,979	591,016,758	626,477,763
4070	Youth, Sports & Communications		0	0	0
4071	Lands, Physical Planning & Housing		2,067,372,548	2,191,414,901	2,322,899,795
4072	Trade, Tourism, Industry & Co-Operative		294,386,912	312,050,127	330,773,134
4073	Roads, Transport & Public Works		1,143,340,925	1,211,941,381	1,284,657,863
4074	Livestock, Fisheries and marketing		150,818,240	159,867,334	169,459,374
	<b>TOTAL BUDGET</b>		<b>15,014,053,814</b>	<b>15,914,897,043</b>	<b>16,869,790,865</b>

## Annex 2: Total Revenue Ceilings for MTEF Period FY 2018/2019-2012/2021

Revenue Stream	FY2016/17 Revised Revenue	FY 2016/17 Actual Revenue	Projected Revenue FY2018/19
		KShs	KShs
<b>Total revenue</b>	<b>12,759,965,496</b>	<b>11,270,490,693</b>	<b>15,014,053,814</b>
<b>Totals- national grant</b>	<b>8,907,248,879</b>	<b>9,205,959,388</b>	<b>12,332,319,175</b>
Equitable share of revenue	8,053,256,819	8,053,256,819	9,267,734,453
Free maternal health care	221,521,352	201,937,500	-
Users fees foregone	35,773,082	35,773,082	34,671,542
Road maintenance fuel levy fund	123,738,238	123,738,237	246,366,927
DONOR FUND-world BANK-DEVOLUTION	35,253,497	-	
Donor fund-china women foundation	4,955,307	-	
DANIDA grants	9,600,000	9,600,000	
Donorfund- unhabitat (environment)	30,087,000	-	
Conditional grants Thika level 5	393,063,584	393,063,584	412,716,763
Tea & Cess	-	63,956,166	
Doctors salaries	-	255,759,000	

Revenue Stream	FY2016/17 Revised Revenue	FY 2016/17 Actual Revenue	Projected Revenue FY2018/19
		KShs	KShs
Maternity fees balance 2015/2016	-	68,875,000	
Rehabilitation of Village Polytechnics			71,758,936
Leasing of Medical Equipment			129,787,234
Loans & Grant			2,169,283,320
<b>Totals Internal revenue</b>	<b>3,852,716,617</b>	<b>2,064,531,305</b>	<b>2,681,734,639</b>
Agriculture Livestock & Fisheries Management Unit	72,312,188	57,974,708	75,306,591
Physical planning unit	908,500,000	392,025,664	509,224,063
Business Permit Management Unit	300,000,000	201,891,980	262,248,785
Cess Management Unit	162,000,000	74,422,560	96,671,626
Education Culture ICT & Social Services Unit	70,000,000	1,280,500	1,663,313
Health Services Management Unit	550,000,000	419,865,309	545,386,535
Housing Management Unit	97,000,000	3,338,232	4,336,216
Land Rates Management Unit	609,509,187	235,415,270	305,794,062
Market Management Unit	150,000,000	55,574,469	72,188,786
Others	271,635,242	119,110,029	154,718,128
Roads Transport Public Works Management Unit	30,000,000	28,404,326	36,895,968
Slaughter House Management Unit	55,760,000	40,252,865	52,286,698
Trade Tourism Industry & Cooperatives Unit	10,000,000	11,968,926	15,547,107
Vehicle Parking Management Unit	344,500,000	267,197,311	347,077,533
Water Environment & Natural Resources Management Unit	111,500,000	46,066,656	59,838,556
Liquor Licences Management Unit	110,000,000	109,742,500	142,550,672