

COUNTY GOVERNMENT OF NAKURU



COUNTY TREASURY

COUNTY FISCAL STRATEGY PAPER 2024

MARCH 2024



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LIST OF ABBREVIATIONS AND ACRONYMS

ABMT	Alternative Building Materials Technologies
ADP	Annual Development Plan
AGPO	Access to Government Procurement Opportunities (AGPO).
AI	Artificial Insemination
AMREF	African Medical and Research Foundation
ASDSP	Agricultural Sector Development Support Programme
ATC	Agricultural Training Center
BETA	Bottom-Up Economic Transformation Agenda
BIRR	Budget Implementation Review Report
BPS	Budget Policy Statement
CAIPS	County Aggregated Industrial Parks
CARA	County Allocation Revenue Act
CBEF	County Budget and Economic Forum
CBK	Central Bank Kenya
CBROP	County Budget Review Outlook Paper
CEREB	Central Region Economic Bloc
CFSP	County Fiscal Strategy Paper
CHMTs	County Health Management Team
CHPs	Community Health Promoters
CHU	Community health units
CIDP	County Integrated Development Plan
CIFOMS	County integrated financial Management Systems
COB	Controller of Budget
COMEC	County Monitoring and Evaluation Committee
CPCT	County Programme Coordinating Team
CRA	Commission on Revenue Allocation
DANIDA	Danish International Development Agency
ECDE	Early Childhood Development

e-DAMS	Electronic Development Application Management System
ERP	Enterprise Resource Planning
FFI	Fortescue Future Industries
FIF	Facility Improvement Fund
FP	Family Planning
FY	Financial Year
GCP	Gross County Product
GDC	Geothermal Development Company
GDP	Gross Domestic Product
GIS	Geographic Information System
HMIMS	Human Resource Information Management System
HMT	Health Management Teams
HR	Human Resource
HRM	Human Resource Management
IBEC	Intergovernmental Budget and Economic Council
ICD	Inland Container Depot
ICT	Information Communication Technology
IFAD	International Fund for Agricultural Development
IHRIS	Integrated Human Resources Information System
JICA	Japan International Cooperation Agency
KDSP	Kenya Devolution Support Program
KELCoP	Kenya Livestock Commercialization Agency
KEMSA	Kenya Medical Supplies Agency
KENGEN	Kenya Electricity Generating Company
KISIP	Kenya Informal Settlement Improvement Programme
KNBS	Kenya National Bureau of statistics
KNCCI	Kenya National Chamber of Commerce and Industry
KUSP	Kenya Urban Support Programme
LPG	Liquefied Petroleum Gas

M&E	Monitoring and Evaluation
MPC	Monetary Policy Committee
MSMEs	Micro, Small, and Medium-Sized Enterprises
MTEF	Medium-Term Expenditure Framework
MTP	Medium-Term Plan
NARIG-P	National Agricultural and Rural Inclusive Growth project
NAVCDP	National Agricultural Value Chain Development Project
NCDs	Non-Communicable Diseases
NSSF	National Social Security Fund
NYS	National Youth Service
OSR	Own Source Revenue
PCs	Performance Contracts
PFM	Public Finance Management
PGH	Provincial General Hospital
PP	Public Participation
PPADA	Public Procurement and Asset Disposal Act
PPP	Public-private partnerships
PPRA	Public Procurement Regulatory Authority
PSASB	Public Sector Accounting Standards Board
PWDs	Persons With Disabilities
RMLF	Roads Maintenance Levy Fund
RMNCAH	Reproductive Maternal Neonatal Child and Adolescent Health
SCHMT	Sub County Health Management Team
SEZ	Special Economic Zone
SIDA	Swedish International Development Cooperation Agency
SME	Small and Medium Enterprises
SRC	Salaries and Remuneration Commission
UHC	Universal Health Coverage
UNICEF	United Nations Children's Fund

USAID	United States Agency for International Development
USD	United States Dollar
VAT	Value Added Tax
VTCs	Vocational Training Centres
WASH	Water and Sanitation Hygiene
WHO	World Health Organization
WSP	Water Service Providers

FOREWORD

The County Fiscal Policy Strategy Paper (CFSP) is prepared as part of the County budget process pursuant to Section 117 of the Public Finance Management Act (PFMA) 2012. The CFSP 2024 is the second to be prepared under the current County administration. This policy document aims to provide guidance on the County fiscal policy framework underpinning the County Medium Term Expenditure Framework (MTEF 2024/2025 – 2026/2027) period. The CFSP 2024 has set sector budget ceilings for the next MTEF in consideration of the adopted County Integrated Development Plan (CIDP 2023-2027), and current macro/fiscal environment at the national and sub national level. This CFSP further demonstrates the County Government's compliance with PFMA fiscal responsibilities in arriving at the conclusion.

The current fiscal policy has been influenced by external factors that includes slow recovery in the global supply, high cost of fuel and national inflationary pressure. The global economy is projected to expand marginally by 2.9 percent (World Bank & IMF projections) while national economy is estimated to grow by 5.5 percent higher than sub-Saharan economy growth projection of 4.0 percent. Projections for national economic outlook are informed by the expected outcomes of Government interventions through Bottom-up Economic Transformation Agenda (BETA) and other measures taken to address market failures and manage the cost of living in the medium term.

During the MTEF 2024/2025 – 2026/2027 period, the County Government will prioritise implementation of the CIDP 2023-2027 guided by the following fiscal strategies: completion of ongoing projects; Leveraging on growth in productive sectors of the economy; Promotion of access to integrated, quality and affordable healthcare services; Enhancing governance, transparency & accountability in delivery of public good; Creating enabling environment for

promoting private sector growth and faster growth of MSMEs; and Operationalisation of County physical and social infrastructure.

The determination of the County fiscal framework for the MTEF budget 2024/2025 – 2026/2027 was informed by the need to balance between County fiscal responsibility principles, constrained fiscal space and funding for strategic projects and programmes. Other emerging issues necessitating budget support includes: completion of ongoing and multi-year projects; establishment of new urban institutions; requirements for counterpart funding by development partners, and County Government financial obligations for third party statutory deductions. The County Government envisages a positive macroeconomic fiscal outlook buoyed by the stabilisation in macroeconomic variability in inflation, a strong monetary policy, better performance of the productive sectors such as agriculture and improved consumer demand.

Observing the above fiscal considerations, the County Government has proposed a budget of Ksh. 19.9 billion in FY 2024/2025 rising marginally (six percent) from the current approved estimates FY 2023/2025. This budget will be financed by transfer of nationally raised revenues of Ksh. 15.6 billion (representing 78 percent) and mobilisation of Ksh. 4.3 billion Own Source Revenues (OSR) that account for 22 percent of the total County revenues. The County Treasury does not envisage deficit financing in the medium term and therefore shall maintain a balanced budget. In order to mobilise OSR the County Government will embark on instituting structural and system reforms including issuance of unified business permits, continuous automation in land-based revenue streams and leveraging on gains made in collections under Facility Improvement Fund (FIF).

The expenditure allocations entail Ksh. 8.1 billion (40.9 percent) for Salaries and Wages, Ksh. 5.7 billion (28.8 percent) for operations & maintenance including recurrent conditional grant transfers & FIF allocations, and Ksh. 6.0 billion (30.3 percent) development allocation. Allocations for salaries and wages are

expected to significantly rise by 14 percent on account of implementation of phase III salary adjustments for FY 2024/2025 by Salaries and Remuneration Commission (SRC). Further, transfers to County Assembly have been adjusted upwards upon CRA recommendations. The County Government will continue to pursue measures aimed at achieving efficiency and economy on resource use. This shall include streamlining County procurement planning & contract management, prompt settlement of pending bills, focus on efficiency in execution of development budget, and reducing non-core expenditure.

In finalising this CFSP 2024 the County Treasury requested and received valuable input from County Department & Agencies, and PFM Institutions at the national level. Further, the public participation exercise conducted in January 2024 allowed for collection, and harmonization of critical information and proposals from the residents of Nakuru and other interested parties.

Upon consideration and adoption of the CFSP 2024 proposal by County Executive and County Assembly, I expect all County Department and Agencies to strictly adhere to set budget ceiling in finalisation of MTEF budget 2024/2025 – 2026/2027.

S. Iribe Njogu

CECM, Finance and Economic Planning
NAKURU COUNTY

ACKNOWLEDGEMENT

The CFSP 2024 was prepared against a backdrop of the adoption of the CIDP 2023 – 2027 and in line with the Public Finance Management Act, 2012. This statutory document provides the macroeconomic fiscal framework and economic outlook over the next medium-term period and its implication to County Government assumptions and fiscal forecast. The CFSP 2024 also provides the spending plans and final budget ceilings for FY 2024/2025 and beyond based on analysed sector priorities and inputs from stakeholders.

The successful finalisation of this CFSP was achieved through a participatory and inclusive process by all stakeholders. I would like to thank H.E. the Governor for her leadership and guidance in the County policy formulation, review and implementation. May I also recognize the CECM Finance & Economic Planning for his technical backstopping and leadership in fiscal policy matters. I wish to appreciate my colleague Chief Officers and Accounting Officers for their coordination of the Sector Working Groups (SWGs) and finalisation of Sector Reports that provided primary reference material in CFSP preparation process.

I sincerely wish to acknowledge our external stakeholders, general public and interest groups who participated in the public participation meetings and submission of memoranda submissions in January 2024 towards the finalization of the CFSP 2024. We shall always value your contributions in formulation of fiscal policies and decision making.

May I extend special thanks to members of the SWGs who worked tirelessly to formulate quality sector reports and other materials necessary for the MTEF budget 2024/2025 – 2026/2027 process. Formal drafting and harmonization were made possible by a County Treasury core team that spent valuable time preparing the necessary content of this CFSP under the leadership of the CECM Finance and Economic Planning. May I recognise the efforts of staff in the Department of Economic Planning led by Ag. Director Economic Planning Mr.

Cyrus M. Kahiga, Ag. Head of Budget Ashinah Wanga, Budget Officers Sam Mwawasi, Dennis Rono, Economists/Statisticians Ms Emma Angwenyi, Ms. Margaret Wambui, Mr. Joseph Kago, Mr. Simon Wekesa, Mr. Allan Wairia, Mr. Samuel Thuo, for their commitment and technical guidance in finalisation of this policy document.

While it may not be possible to mention all persons, I wish to acknowledge everyone who made this assignment possible.

CPA Everlyne B. Kakai
Chief Officer – Economic Planning
NAKURU COUNTY

LEGAL BASIS FOR THE PUBLICATION OF THE COUNTY FISCAL STRATEGY PAPER

The County fiscal strategy paper is prepared in accordance with Section 117 of the Public Financial Management Act, 2012. The law states that:

(1) The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval, and submit the approved Fiscal Strategy Paper to the County Assembly, by the 28th February of each year.

(2) The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.

(3) In preparing the County Fiscal Strategy Paper, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term.

(4) The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term.

(5) In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of;

(a) The Commission on Revenue Allocation;

(b) The public;

(c) Any interested persons or groups; and

(d) Any other forum that is established by legislation.

(6) Not later than fourteen days after submitting the County Fiscal Strategy Paper to the County Assembly, the County Assembly shall consider and may adopt it with or without amendments.

RESPONSIBILITY PRINCIPLES IN THE PUBLIC FINANCIAL MANAGEMENT LAW

In line with the Constitution, the Public Financial Management (PFM) Act 2012, sets out the fiscal responsibility principles to ensure prudence and transparency in the management of public resources. Section 107(2) of the PFM Act states that:

- 1) The County Government's recurrent expenditure shall not exceed the county government's total revenue
- 2) Over the medium term, a minimum of 30% of the County budget shall be allocated to development expenditure
- 3) The County Government's expenditure on wages and benefits for public officers shall not exceed 35 percent of the county government's total revenue
- 4) Over the medium term, the County Government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.
- 5) Public debt and obligations shall be maintained at a sustainable level as approved by the County Assembly
- 6) Fiscal risks shall be managed prudently
- 7) 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

I. RECENT ECONOMIC DEVELOPMENTS AND MEDIUM-TERM OUTLOOK

1.1 Overview

1. High global interest rates arising from inflationary pressures, prolonged Russia - Ukraine conflict, losses and damages due to frequent extreme weather events form part of challenges affecting the global economy. These uncertainties have caused increased fiscal pressures thus limiting access to credit and increased debt servicing costs. With this environment, a slowdown in the growth global economy is projected to 3.0 percent in 2023 and 2.9 percent in 2024 -- below historical (2000-2019) average of above 3.8—and increases the risks of geopolitical fragmentation which could weigh on the global economic outlook.

1.2 Recent Economic Developments and Outlook Global and Regional Economic Developments

2. The global economy is facing significant uncertainty due to a combination of factors such as the prolonged Russia-Ukraine conflict, high global interest rates on account of inflationary pressures which limit access to credit and exacerbates the cost of servicing debts; among others. According to the IMF World Economic Outlook, October 2023 report, global growth is expected to slow down from 3.5 percent in 2022 to 3.0 percent in 2023 and 2.9 in 2024.
3. Advanced economies are projected to experience slowed growth of 1.5 percent and 1.4 percent in 2023 and 2024 respectively. The US economy is expected to have slowed growth of 2.1 percent in 2023 and 1.5 percent in 2024 down from 2.1 percent growth in 2022. The Euro Area economy is projected to experience a slowdown from 3.3 percent in 2022 to 0.7 percent in 2023 and 1.2 percent in 2024. The slowdown in growth in the advanced economies is attributed to aggressive monetary policy tightening which has contributed to a significant deterioration of global financial conditions.
4. Conversely, emerging and developing economies are expected to experience growth of 4.0 percent in both 2023 and 2024. The Chinese economy is expected to grow by 5.0 percent in 2023 and 4.2 percent in 2024 while the Indian economy is projected to increasing by 6.3 percent in both 2023 and 2024.
5. The sub-Saharan Africa region economic growth is projected to decline to 3.3

percent in 2023 from 4.0 percent in 2022 reflecting worsening climate change related shocks, inflationary and exchange rate pressures, and domestic supply issues, including, notably, in the electricity sector. Growth in the region is expected to rebound to 4.0 percent in 2024, picking up in four fifths of the sub-Saharan Africa's countries, and with strong performances in non-resource intensive countries. Table 1 provides a snapshot of global economic growth for 2021 & 2022 and projections for 2023 and 2024.

Table 1.1: Global Economic Growth Projections, Percent

Economy	Growth (%)			
	Actual		Projected	
	2021	2022	2023	2024
World	6.3	3.5	3.0	2.9
Advanced Economies	5.4	2.6	1.5	1.4
<i>Of which: USA</i>	5.9	2.1	2.1	1.5
<i>Euro Area</i>	5.3	3.3	0.7	1.2
Emerging and Developing Economies	6.8	4.1	4.0	4.0
<i>Of which: China</i>	8.4	3.0	5.0	4.2
<i>India</i>	9.1	7.2	6.3	6.3
Sub-Saharan Africa	4.7	4.0	3.3	4.0
<i>Of which: South Africa</i>	4.7	1.9	0.9	1.8
Nigeria	3.6	3.3	2.9	3.1
Kenya*	7.6	4.8	5.5	5.5

Source: IMF World Economic Outlook, October 2023. *National Treasury Projection

1.2.1 Kenya's Economic Developments and Macro-Economic Indicators

- Although 2022 had a myriad of shocks for the Kenyan economy, the domestic demonstrated resilience with a growth in the performance averaging higher than the global and Sub-Saharan Africa (SSA) average. The real GDP for the first three quarters averaged 5.6 percent – 5.5 percent in the first and second quarters and 5.9 percent for the third quarter – (See **Table 1.2**). The growth is mostly attributed to a rebound in agriculture which averaged 7.0 percent by the end of the third quarter compared to a contraction of 1.8 percent for the same period in 2022. Growth was recorded for all economic sectors in the first three quarters of 2023 albeit with varied magnitudes

Table 1.2: Sectoral GDP Performance

Sectors	Annual Growth Rates		Quarterly Growth Rates					
	2021	2022	2022 Q1	2022 Q2	2022 Q3	2023 Q1	2023 Q2	2023 Q3
1. Primary Industry	0.5	(1.0)	(0.4)	(1.5)	(1.5)	5.9	8.0	6.4
1.1. Agriculture, Forestry and Fishing	(0.4)	(1.6)	(1.7)	(2.4)	(1.3)	6.1	8.2	6.7
1.2. Mining and Quarrying	18.0	9.3	23.8	16.6	(4.5)	3.3	5.2	1.1
2. Secondary Sector (Industry)	6.8	3.5	4.4	4.2	3.0	2.4	1.7	2.9
2.1. Manufacturing	7.3	2.7	3.8	3.6	1.8	2.0	1.4	2.6
2.2. Electricity and Water supply	5.6	4.9	3.2	5.6	6.0	2.5	0.8	1.9
2.3. Construction	6.7	4.1	6.0	4.5	3.5	3.1	2.6	3.8
3. Tertiary sector (Services)	9.6	6.7	8.5	7.7	5.7	5.9	5.9	6.9
3.1. Wholesale and Retail trade	8.0	3.8	4.9	4.1	3.6	5.7	4.2	4.8
3.2. Accommodation and Restaurant	52.6	26.2	40.1	44.0	16.9	21.5	12.2	26.0
3.3. Transport and Storage	7.4	5.6	7.7	7.2	5.1	6.2	3.0	2.8
3.4. Information and Communication	6.1	9.9	9.0	11.2	11.8	9.0	6.4	7.3
3.5. Financial and Insurance	11.5	12.8	17.0	16.1	9.6	5.8	13.5	14.7
3.6. Public Administration	6.0	4.5	6.2	3.8	3.4	6.6	3.8	4.2
3.7. Others	10.8	5.2	6.7	5.5	4.7	4.8	4.9	6.3
of which: Professional, Admin & Support Services	7.1	9.4	13.1	10.9	9.0	7.3	5.5	9.5
Real Estate	6.7	4.5	6.0	5.0	4.0	5.2	5.8	6.2
Education	22.8	4.8	4.6	4.4	3.9	3.0	4.0	4.7
Health	8.9	4.5	5.7	4.4	3.7	5.4	5.0	5.1
Taxes less subsidies	11.9	7.0	9.5	6.1	7.3	5.3	4.0	2.8
Real GDP	7.6	4.8	6.2	5.2	4.3	5.5	5.5	5.9

Source: Kenya National Bureau of Statistics.

7. During the first three quarters of 2023, the agriculture sector showed notable growth, with a 6.1 percent, 7.7 percent and 6.7 percent increase in the first, second and third quarters respectively. The performance manifested in enhanced production, particularly in food crops, resulting in increased exports of tea, coffee, vegetables, and fruits. However, there was a decrease in the production of cut flowers and sugarcane during this time.
8. The industry sector saw a slower growth rate in the first three quarters of 2023 of 2.4 percent in the first quarter, 1.7 percent in the second quarter and 2.9 percent in the third quarter. This is in comparison to growth rates of 4.4 percent, 4.2 percent and 3.0 percent in similar quarters of 2022. The slowdown primarily affected manufacturing, electricity and water supply sub-sectors. The construction sector saw growth particularly, in increased consumption of cement and imports of bitumen, iron and steel. Manufacturing, which contributes nearly half of the industrial sector's output, faced challenges such as reduced production of both food (especially sugar) and non-food

products. Additionally, the electricity sub-sector experienced a slowdown due to decreased electricity generation from all sources except geothermal energy.

9. The services sector maintained its growth trajectory throughout the first three quarters of 2023, expanding by 5.9 percent in the first quarter and second quarters each and 6.9 percent in the third quarter. This strong performance was evident across various segments. Information and communication saw notable growth, fuelled by increases in wireless internet and fiber-to-home subscriptions. Wholesale and retail trade, accommodation, and food services experienced growth, driven by a rebound in tourism. Transport and storage, financial and insurance services, and real estate also contributed to the sector's robust performance. Factors such as strong private sector credit growth, government lending, and sustained expansion in the construction industry supported these positive outcomes.

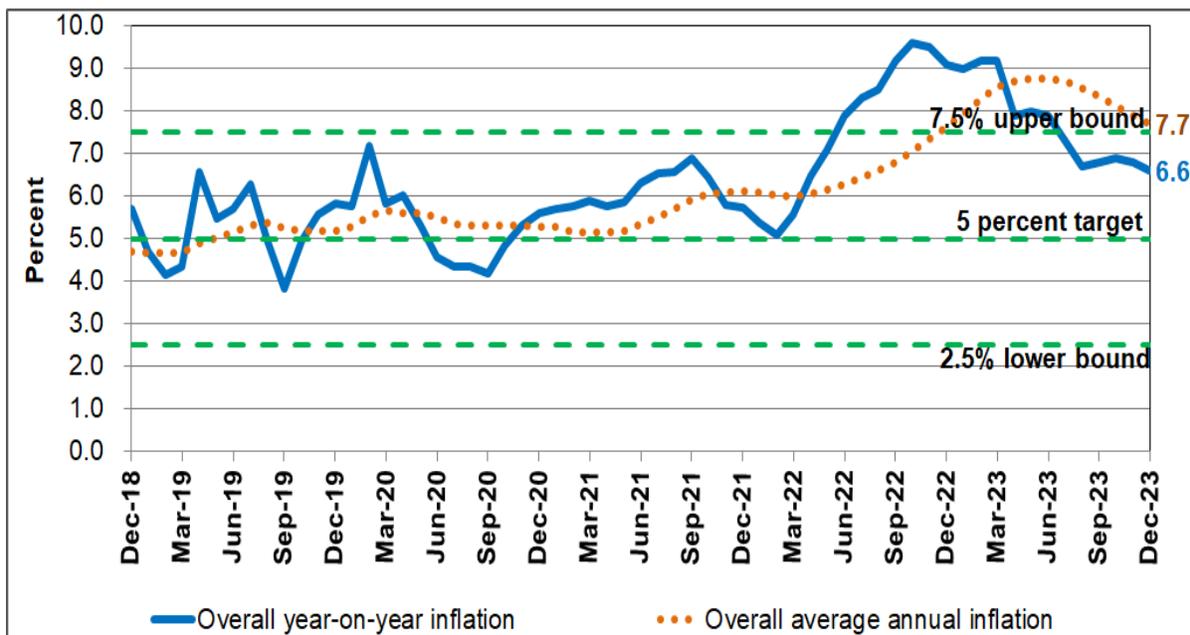
1.2.2 Inflation Rate

10. June 2022 to June 2023 consistently saw the inflation rate above the Government's target range of 5 ± 2.5 percent. In response, the Monetary Policy Committee (MPC) incrementally raised the policy rate (Central Bank Rate) from 7.50 percent in May 2022 to 10.50 percent in June 2023, further elevating it to 12.50 percent in December 2023. This strategic tightening of monetary policy aimed to counter pressures on the exchange rate and mitigate secondary effects, including those stemming from global prices, while maintaining anchored inflation expectations and steering inflation towards the 5.0 percent midpoint of the target range.
11. These efforts yielded positive results, with inflation gradually decreasing to 6.6 percent in December 2023 from a peak of 9.6 percent in October 2022, marking a consistent presence within the target range for five months of FY 2023/24. Nevertheless, the inflation rate persisted above the 5.0 percent target since July 2023. The downward inflation rate trend was supported by declining food prices, with food inflation remaining the primary driver of overall inflation in November 2023. Notably, food inflation eased to 7.7 percent in November 2023 from a peak of 15.8 percent in October 2022, attributed to various factors such as international price declines, zero rating of select food commodities,

and improved weather conditions bolstering the production of key food items. Even so, the prices of sugar remained high driven by both domestic and global factors.

12. Fuel inflation declined to 13.7 percent in December 2023 from 15.5 percent in November 2023 as a result of price adjustment by the Energy and Petroleum Regulatory Authority (EPRA). However, the fuel inflation remained high a reflection of heightened international oil prices, currency (KES) depreciation, gradual phasing out of fuel subsidies since September 2022, and upward adjustments in electricity tariffs since April 2023. Furthermore, the upward revision of VAT on petroleum products in July 2023 from 8.0 percent to 16.0 percent exerted additional upward pressure on prices. Nevertheless, the decline in cooking gas prices persisted, attributable to the impact of zero-rating VAT on liquefied petroleum gas (LPG).
13. Core (non-food non-fuel) inflation-maintained stability at 3.4 percent in December 2023, following a peak of 4.4 percent in March 2023. This decline is credited to the effects of the tight monetary policy and subdued demand pressures.

Figure 1.1: Inflation Rate

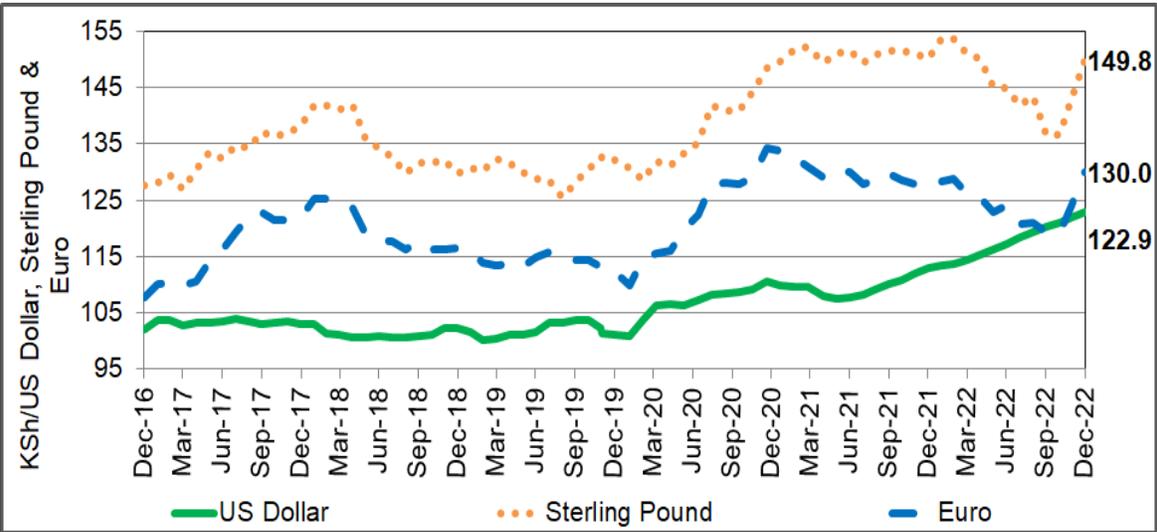


Source: Kenya National Bureau of Statistics.

1.2.3 Kenya Shilling Exchange Rate and Money Supply

- 14. Kenya, along with several other countries, is grappling with foreign exchange challenges exacerbated by the increase in US interest rates. In November 2023, the Kenya Shilling saw significant weakening, depreciating by 24.7 percent against the US Dollar, 31.9 percent against the Sterling Pound, and 32.2 percent against the Euro compared to the same period in 2022.
- 15. The average exchange rate for the Kenya Shilling in November 2023 stood at Ksh 152.0, compared to Ksh 121.9 in November 2022. Against the Euro, the Kenya Shilling weakened further, exchanging at Ksh 164.2 in November 2023 compared to Ksh 124.2 in November 2022. Similarly, against the Sterling Pound, the Kenyan Shilling depreciated to exchange at Ksh 188.6 compared to Ksh 143.0 over the same period. Despite these challenges, the Kenyan Shilling received support from increased remittances, adequate foreign exchange reserves, and strong export receipts.
- 16. To address the volatility in the foreign exchange market, the Government has implemented measures, including a Government-to-Government petroleum supply arrangement. This arrangement aims to alleviate US Dollar liquidity challenges and exchange rate fluctuations caused by a global dollar shortage and market reactions, which were driving volatility and distorting the market with false depreciation due to scarcity value.

Figure 1.2: Kenya Shilling Exchange Rate



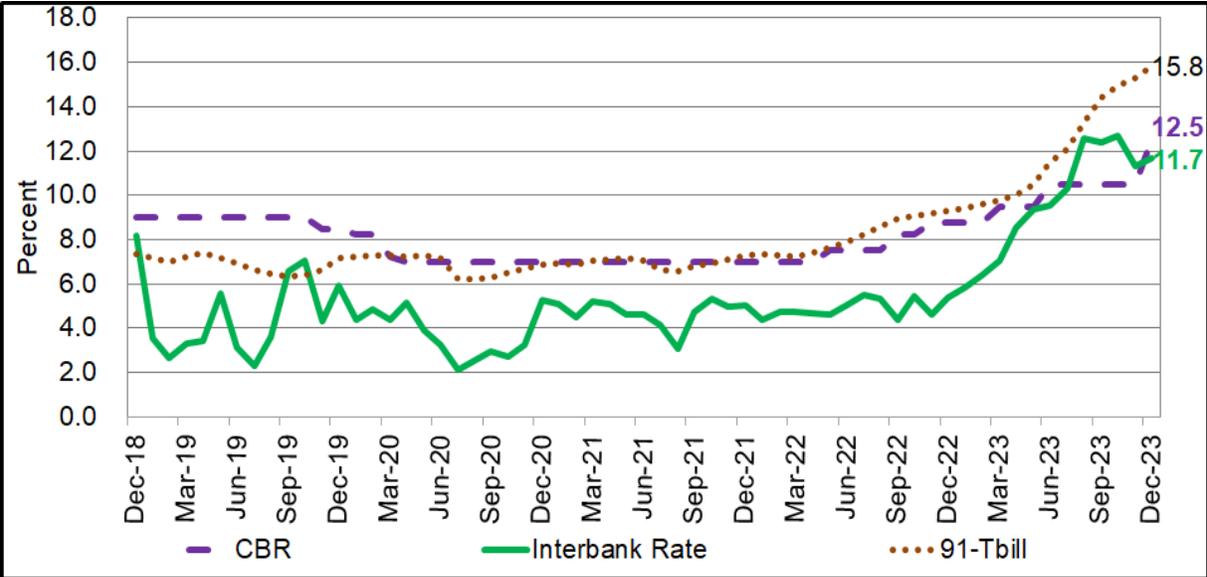
Source: Central Bank of Kenya

1.2.4 Interest Rates

17.The Central Bank has tight monetary policy stance to control rising inflation. Transmission of the monetary policy has been boosted by the introduction of the interest rate corridor around the CBR (set at CBR± 250 basis points by the MPC in August 2023) that has aligned the interbank weighted average rate to the Central Bank Rate. The interbank rate increased to 11.7 percent in December 2023 from 5.4 percent in December 2022 while the 91-day Treasury Bills rate increased to 15.8 percent compared to 9.3 percent over the same period.

18.The commercial bank average lending and deposit rate increased between October 2022 and October 2023. The average lending rate was 14.2 percent in October 2023, slightly higher than the previous year's rate of 12.4 percent. At the same time, the average deposit rate increased from 7.0 percent to 9.1 percent. This means that the average interest rate spread declined to 5.1 percent in October 2023 from to 5.4 percent over the same period.

Figure 1.3: Short Term Interest Rate, Percent



Source: Central Bank of Kenya

1.3 Fiscal Performance

19.The County's budget execution rate for the first half of FY 2023/2024 was 31 percent. This low absorption rate can be attributed to full transitional changes

into the third administration coupled with shifts in county budget policy frameworks, priorities and organisation structures. However, there was positive improvement/growth in expenditures compared to first six months of FY 2022/2023. This was witnessed across all the economic classification.

20. Total County receipts in the first half amounted to Kshs 5.67 billion against an annual revised target of Kshs 18.98 billion (excluding the fiscal balance of 4.09 billion) resulting in 30 percent of achievement rate. The receipts include county's OSR totalling KShs1.18. billion, transfers from National Government in form of equitable share amounting to Kshs 4.48 billion and Conditional Grants of 0.5 million reflecting 31 percent, 33 percent and 0.03 percent and achievement respectively. As at end of December 2023, the county had received exchequer releases for only four months of the financial year namely: the month of July, August, September and October. Table 1.3 illustrates the analysis on county receipts for the first half of FY 2020/2021 – 2023/2024.

Table 1.3: First Half County Receipts FY 2020/2021-2023/2024

Revenue Source	First Half 2020/2021	First Half 2021/2022	First Half 2022/2023	First Half 2023/2024	Annual Target FY 2023/2024	Percent of Achievement FY 2023/24
Exchequer Releases/ Equitable Share	1,728,564,750	4,298,618,386	4,298,618,387	4,485,830,148	13,593,424,693	33.00%
Proceeds from Domestic and Foreign Grants (Conditional Grant)	212,535,514	305,228,810	104,144,759	500,000	1,596,087,377	0.03%
County own Generated Receipts	1,154,292,159	1,345,402,655	1,004,833,508	1,188,113,228	3,800,000,000	31.27%
Fiscal Balance	6,525,352,739	5,695,548,026	3,915,012,915	4,094,808,358	4,094,808,358	100.00%
Total Receipts	9,620,745,162	11,644,797,877	9,322,609,569	9,769,251,734	23,084,320,428	42.32%

Source: First Half BIRR FY 2023/2024

1.3.1 Own Source Revenue Performance

21. Own Source Revenue Performance (OSR) for the First Half FY 2023/24 amounted to Kshs 1.18 billion against an annual revised target of Kshs 3.6 billion representing a 31 percent performance. This represented Kshs 153 million (18 percent) growth compared to similar period last year. The collections included

Facility Improvement Fund (FIF) totalling Kshs 682 million and local source revenue of Kshs 505 million during the first half of FY 2023/24.

22. An analysis of the last three years own source revenue performance for the first half of the financial year shows a collection of Kshs 1.15 billion in FY 2020/2021, Kshs 1.34 billion in FY 2021/2022 and Kshs 1.0 billion in FY 2022/2023.
23. The improvement of first half collection for FY 2023/2024 is attributed several factors including: change in the new administration policies which introduced dedicated teams of revenue champions and inspectorate that focused on revenue enhancement and compliance through targeted outreach and enforcement efforts; Clearly defined targets for departments' revenue related streams and sub-counties were set and thus created accountability and encouraged focused efforts towards achieving revenue goals. Unlike the previous period which was affected by the general elections and resultant adjustments, the first half of FY 2023/2024 did not experience any political interferences.

Table 1.4: First Half Own Source Revenue Performance by Department

Department/ Revenue Source	First Half 2020/2021	First Half 2021/2022	First Half 2022/2023	First Half 2023/2024	Annual Target FY 2023/2024	Achievement FY 2023/24
Finance & Economic Planning	587,516	582,950	477,683	1,598,481	-	100.0%
Environment, Water & Natural Resources	123,692,489	134,050,198	85,050,299	123,332,264	280,803,158	43.9%
Agriculture, Livestock & Fisheries	14,897,625	18,883,086	16,480,167	20,058,137	52,191,079	38.4%
Infrastructure	130,602,576	131,293,228	110,362,517	138,956,547	365,554,737	38.0%
Health & Medical Services	21,070,336	21,700,305	18,302,300	18,140,678	87,901,579	20.6%
Education, Culture & Youth	111,400	39,250	49,550	517,293	2,578,579	20.1%
Trade, Co-operatives & Tourism	100,794,836	104,200,533	61,744,696	108,087,298	543,712,105	19.9%
Lands, Physical Planning & Housing	137,388,283	151,890,442	101,689,992	94,325,955	765,744,553	12.3%
Public Service, Training & Devolution	200,100	201,830	20,500	119,700	1,514,211	7.9%
Sub Total	529,345,161	562,841,822	394,177,704	505,136,353	2,100,000,000	24.1%
Facility Improvement Fund	624,947,486	782,560,834	610,655,806	682,976,876	1,700,000,000	40%
Total	1,154,292,647	1,345,402,656	1,004,833,510	1,188,113,228	3,800,000,000	31%

Source: Revenue Statements FY 2020/2021- 2023-2024.

24. Department of Water, Energy, Environment, Natural Resources and Climate Change recorded the highest achievement rate of 43 percent followed by Agriculture, Livestock, Fisheries and Veterinary Services with 38 percent and Infrastructure 38 percent. Public Service, Devolution, Citizen Engagement, Disaster Management and Humanitarian Assistance; Lands, Physical Planning, Housing and Urban Development; Trade, Cooperatives, Tourism and Culture recorded the lowest achievement rate of 7 percent, 12 percent and 19 percent respectively. Notably, Department of Finance and Economic Planning revenue related streams had no planned targets however, the department as at the end of December 2023 had collected 1.5million. Table 3 provides detailed analysis of revenue by county department for the last three financial years-first half. Table 1.4 provides detailed analysis of revenue by county department for the last three financial years-first half.
25. Geographically, Njoro Sub County (34 percent), Naivasha Sub County (32 percent), Rongai (26 percent) and Gilgil (26 percent) had the highest achievement rate while Nakuru West, Molo and Subukia sub counties had the lowest achievement rate of 14 percent, 16 percent, 18 percent respectively. However, all sub counties except Nakuru West recorded significant growth in the current financial year's first half compared to the same period in the previous financial year (see Table 1.5).

Table 1.5: First Half Local Source Revenues Performance by Sub-County

Sub- County	First Half 2020/2021	First Half 2021/2022	First Half 2022/2023	First Half 2023/2024	Annual Target FY2023/2024	Percent of Achievement FY 2023/24
Njoro	25,780,576	22,939,160	13,252,823	26,865,262	78,504,217	34.22%
Naivasha	141,296,971	141,363,773	98,345,221	141,765,369	438,187,105	32.35%
Rongai	29,753,476	28,541,079	21,658,668	28,964,462	108,951,868	26.58%
Gilgil	34,993,773	34,544,990	23,652,587	35,288,067	133,796,526	26.37%
Bahati	33,700,131	43,941,814	23,932,882	31,634,379	131,120,684	24.13%
Kuresoi North	4,725,307	4,147,642	3,448,675	6,050,419	26,342,842	22.97%
Nakuru East	170,957,783	192,150,933	146,372,210	164,779,859	721,833,414	22.83%
Kuresoi South	6,140,664	5,124,359	2,668,576	4,379,798	22,914,316	19.11%
Subukia	4,834,994	5,484,483	4,161,010	5,149,871	27,355,263	18.83%
Molo	20,702,823	17,371,830	9,578,390	13,787,434	81,369,474	16.94%
Nakuru West	56,458,663	67,231,759	47,106,661	46,471,433	329,624,289	14.10%
Total	529,345,161	562,841,822	394,177,703	505,136,353	2,100,000,000	24.05%

Source: Revenue Statements FY 2020/2021- 2023-2024

26. During the period under review collections from Cess Revenue recorded the highest achievement rate of 70 percent from the planned annual target for the stream. This was followed by Alcoholics Drinks/Liquor (45 percent), Vehicle Parking Fees (45 percent), Royalties (43 percent County Park Fees registered the lowest achievement of 5 percent followed by House rent (7 percent), Property tax (Plot & Land rates) (8 percent), and Advertisements (10 percent).
27. Notably, Alcoholics Drinks/Liquor and Cess Revenue recorded significant growth of 192 percent and 102 percent respectively from the previous period. Whereas Advertisements and Property tax (Plot & Land rates) recorded a decline of 33 percent and 27 percent respectively.

Table 1.6: First Half Local Source Revenue Performance by Stream

	REVENUE STREAMS	First Half 2020/2021	First Half 2021/2022	First Half 2022/2023	First Half 2023/2024	Annual Target FY 2023/2024	Percent of Achievement FY 2023/24
1	Cess Revenue	10,231,754	10,477,777	8,276,779	16,727,457	23,846,053	70.15%
2	Alcoholics Drinks/Liquor	18,410,640	26,738,430	14,329,007	41,811,270	91,134,474	45.88%
3	Vehicle Parking Fees	108,404,596	114,981,757	102,150,027	124,154,382	272,878,421	45.50%
4	Royalties	113,132,968	127,366,110	79,107,114	112,780,850	261,394,737	43.15%
5	Markets	22,742,270	22,923,202	16,402,490	18,163,178	47,371,579	38.34%
6	Approval for Building Plans	31,481,516	30,322,045	20,939,051	36,113,974	124,331,053	29.05%
7	Miscellaneous Income	38,749,941	31,476,770	21,459,173	29,344,943	132,642,632	22.12%
8	Slaughter House Fees	4,351,357	5,314,569	4,907,308	5,485,540	25,310,526	21.67%
9	Health Fees	21,070,336	21,700,305	18,302,300	18,140,678	87,901,579	20.64%
10	Trade Licenses	57,776,780	52,589,210	29,290,214	44,844,800	397,894,737	11.27%
11	Advertisements	25,607,562	40,958,674	23,391,861	15,661,493	154,736,842	10.12%
12	Property tax (Plot & Land rates)	70,539,831	71,223,775	51,698,323	37,907,738	424,410,000	8.93%
13	House rent	6,845,610	6,769,198	3,924,057	3,954,050	55,263,158	7.15%
14	County Park Fees	-	-	-	46000	884,211	5.20%
	Total	529,345,161	562,841,822	394,177,704	505,136,353	2,100,000,000	24.05%

Source: Revenue Statements FY 2020/2021- 2023-2024.

28. FIF collections contributed 57 percent of the total own source revenue collection during the first half of FY 2023/2024. Notably this has been the trend for the last four financial years with FY 2021/2022 recording highest collection of Kshs 782 million while FY 2022/2023 recorded lowest of Kshs 610 million.
29. In the current FY 2023/2024 a total of 682 million has been collected against an annual target of 1.7 billion translating to 40 percent achievement. This shows an increment of Kshs 72 million from what was collected last year similar period depicting a growth of 12 percent.
30. An analysis of first half FY 2023/2024 performance per facility shows Olenguruone Subcounty Hospital recorded the highest achievement rate of 51 percent from the planned annual target for the facility. This was followed by P.G.H Annex (45 percent), Molo District Hospital (45 percent), P.G.H Nakuru (43 percent). Keringet Subcounty Hospital registered the lowest achievement of 12 percent followed by Bahati Hospital (23 percent).

Table 1.7: First Half Facility Improvement Fund Performance

S.No	FACILITIES	First Half 2020/2021	First Half 2021/2022	First Half 2022/2023	First Half 2023/2024	Annual Target FY 2023/2024	Percent of Achievement FY 2023/24
1	P.G.H Nakuru	372,922,659	418,832,187	355,583,701	378,032,220	886,318,475	43%
2	P.G.H Annex	29,848,768	31,735,568	35,241,235	38,290,207	85,846,248	45%
3	Bahati Hospital	15,703,125	28,114,043	19,611,625	13,025,517	57,121,903	23%
4	Naivasha Dist Hospital	121,591,359	166,258,290	101,779,931	151,569,865	406,246,096	37%
5	Gilgil Hospital	22,601,555	34,917,972	29,305,167	31,342,159	77,879,013	40%
6	Molo Dist Hospital	27,033,391	34,238,994	32,190,900	29,025,054	63,970,637	45%
7	Olunguruone Subcounty Hospital	6,219,201	11,077,810	5,727,257	8,044,241	15,861,642	51%
8	Elburgon Dist Hospital	3,698,885	4,554,332	5,347,174	7,991,524	19,735,380	40%
9	Subukia Subcounty Hospital	3,281,626	7,433,802	4,514,290	5,013,670	19,224,026	26%
10	Njoro Subcounty Hospital	8,352,910	14,916,760	9,398,003	9,499,062	25,337,430	37%
11	Langalanga Hospital	2,162,647	5,141,628	3,390,195	3,024,924	9,762,919	31%
12	Kabazi Subcounty Hospital	1,024,135	2,567,250	1,098,974	1,349,110	4,301,670	31%
13	Keringet Subcounty Hospital	2,367,820	4,384,277	1,434,277	866,982	7,523,750	12%
14	Mirugi Kariuki Subcounty Hospital	1,364,501	2,961,773	1,056,827	1,728,001	5,579,278	31%
15	Bondeni Maternity	4,507,669	10,864,583	3,238,937	2,758,517	10,953,282	25%
16	Soin Subcounty	2,267,235	4,561,565	1,737,313	1,415,825	4,338,249	33%
TOTAL		624,947,486	782,560,834	610,655,806	682,976,876	1,700,000,000	40%

Source: Revenue Statements FY 2020/2021- 2023/2024.

1.3.2 Expenditure Performance

- 31. During the FY 2022/23 the County expenditure stood at Kshs. 15.0 billion against a revised target of Kshs. 21.2 billion depicting an underspending of Kshs. 6.2 billion translating to 71 percent absorption rate. The recurrent expenditure amounted to Kshs. 11.1 billion against a target of Kshs. 12.8 billion depicting an underspending of Kshs 1.7 billion and represents an 87 percent budget absorption rate. The development expenditure stood at Kshs. 3.8 billion against a target of Kshs. 8.3 billion depicting an underspending of Kshs. 4.48 billion and representing a 46 percent absorption rate, (CBROP 2023).
- 32. During the first half of FY 2023/2024 the county was implementing an annual revised budget of Kshs. 23.0 billion with Kshs 13.0 billion and Kshs. 10.0 billion being allocations for recurrent and development expenditures respectively. A total of Kshs. 7.0 billion was utilized as follows: Compensation for employees (Kshs 3.6 billion); Operations and maintenance (Kshs. 1.9 billion); and development (Kshs. 1.4 billion). This translates to budget absorption rate of 50 percent, 34 percent and 15 percent respectively by economic classification targets.
- 33. The overall budget execution rate for period July-December 2023 was 31 percent. This depicts a positive change in budget execution compared to similar period last financial year where the County had absorbed 25 percent of the planned expenditures.

Table 1.8: First Half FY 2023/2024 Expenditure Performance by Economic Classification

Economic Classification	FY 2020/2021		FY 2021/2022		FY 2022/2023		FY 2022/2023			FY 2023/2024		
	Target	Actual	Target	Actual	Target	Actual	Target	Actual (July - Dec)	BER %	Target	Actual (July - Dec)	BER %
Compensation to Employees	6,982,850,892	6,475,736,356	7,418,418,767	6,715,631,891	7,429,135,325	6,686,613,804	7,429,135,327	3,291,598,450	44%	7,256,931,226	3,633,777,831	50%
Operations and Maintenance	3,881,599,899	3,531,117,550	5,432,628,727	4,916,936,295	5,441,471,127	4,484,894,098	5,441,471,124	1,528,607,425	28%	5,780,611,290	1,952,432,152	34%
Total Recurrent	10,864,450,791	10,006,853,906	12,851,047,494	11,632,568,186	12,870,606,452	11,171,507,902	12,870,606,451	4,820,205,875	37%	13,037,542,515	5,586,209,984	43%
Development	10,106,718,263	4,323,965,915	10,662,939,085	5,256,851,638	8,339,092,465	3,835,548,833	8,339,092,465	447,205,637	5%	10,046,777,912	1,462,888,213	15%
Total	20,971,169,054	14,330,819,821	23,513,986,579	16,889,419,824	21,209,698,917	15,007,056,735	21,209,698,916	5,267,411,512	25%	23,084,320,428	7,049,098,196	31%

Source: CBROP 2021, 2022, 2023 & First Half BIRR FY 2023/2024

34. Nakuru City recorded the highest budget execution rate of 80 percent followed by Naivasha Municipality (60 percent), County Assembly of Nakuru (41 percent), Public Service, Devolution, Citizen Engagement, Disaster Management and Humanitarian Assistance (40 percent) and Health Services (40 percent). Molo Municipality and Gilgil Municipality, had not spent any of the allocated resources since they were incorporated in the budget during month of November through the supplementary I FY 2023/24. The lowest budget execution was recorded by the Department of Water, Energy, Environment, Natural Resources and Climate Change (7 percent); Trade, Cooperatives, Tourism and Culture (8 percent) and Youth, Sports, Gender, Social Services and Inclusivity (14 percent). (see **Table 1.9**)

Table 1.9: Expenditure Performance (July-Dec) FY2023/2024 Per Department

VOTE TITLE	COMPENSATION TO EMPLOYEES			OPERATIONS AND MAINTENANCE			DEVELOPMENT EXPENDITURE			TOTAL BUDGET		
	Target	Actual	BER %	Target	Actual	BER %	Target	Actual	BER %	Target	Actual	BER %
Office of the Governor and Deputy Governor	98,918,668	60,601,447	61%	243,352,976	88,281,490	36%	143,899,504	32,868,978	23%	486,171,148	181,751,915	37%
County Treasury	530,416,394	262,752,965	50%	1,198,368,271	445,402,144	37%	850,899,198	133,375,617	16%	2,579,683,863	841,530,725	33%
County Public Service Board	34,059,957	15,035,724	44%	41,263,068	9,854,217	24%	3,000,000	-	0%	78,323,025	24,889,941	32%
Health Services	4,000,364,479	2,145,110,771	54%	1,936,298,513	635,555,618	33%	1,979,021,981	354,920,034	18%	7,915,684,973	3,135,586,423	40%
Infrastructure	140,011,381	61,319,768	44%	227,651,747	134,271,063	59%	1,608,904,195	101,974,059	6%	1,976,567,323	297,564,889	15%
Naiivasha Municipality	10,522,365	2,501,870	24%	27,544,664	1,650,896	6%	137,570,841	100,813,392	73%	175,637,869	104,966,158	60%
Office of the County Attorney	18,302,916	234,428	1%	39,308,970	15,768,668	40%	4,000,000	-	0%	61,611,886	16,003,096	26%
Nakuru City	26,866,894	9,777,916	36%	31,304,239	6,084,537	19%	399,588,810	349,026,421	87%	457,759,943	364,888,874	80%
Trade, Cooperatives, Tourism and Culture	71,227,247	32,562,423	46%	151,178,709	24,431,110	16%	531,302,145	-	0%	753,708,102	56,993,533	8%
Agriculture, Livestock, Fisheries and Veterinary Services	369,379,098	164,460,712	45%	109,685,466	13,831,539	13%	1,241,351,739	156,671,419	13%	1,720,416,303	334,963,670	19%
Lands, Physical Planning, Housing and Urban Development	93,022,839	41,374,104	44%	91,302,578	6,683,647	7%	808,323,617	200,000,000	25%	992,649,035	248,057,751	25%
Water, Energy, Environment, Natural Resources and Climate Change	243,378,188	111,889,899	46%	95,731,030	5,272,837	6%	1,342,476,135	-	0%	1,681,585,353	117,162,736	7%
Public Service, Devolution, Citizen Engagement, Disaster Management and Humanitarian Assistance	560,013,298	273,846,635	49%	106,489,751	11,005,056	10%	39,352,925	-	0%	705,855,975	284,851,690	40%
Education, ICT, e-Government and Public Communication	513,004,676	198,027,101	39%	635,534,330	249,389,274	39%	620,437,969	21,819,753	4%	1,768,976,975	469,236,128	27%
Youth, Sports, Gender, Social Services and Inclusivity	114,094,172	46,126,265	40%	174,922,201	12,395,327	7%	197,189,534	8,247,112	4%	486,205,907	66,768,703	14%
Gilgil Municipality	-	-	-	5,000,000	-	0%	-	-	0%	5,000,000	-	0%
Molo Municipality	-	-	-	5,000,000	-	0%	-	-	0%	5,000,000	-	0%
County Assembly	433,348,654	208,155,803	48%	660,674,778	292,554,731	44%	139,459,318	3,171,428	2%	1,233,482,750	503,881,962	41%
TOTAL	7,256,931,226	3,633,777,831	50%	5,780,611,290	1,952,432,152	34%	10,046,777,912	1,462,888,213	15%	23,084,320,428	7,049,098,196	31%

Source: First Half BIRR FY 2023/2024

1.4 Fiscal Policy

35. The County fiscal framework for the 2024/2025 – 2026/2027 MTEF period will be determined a slow by assured recovery from supply chain shocks, full transition into current County administration and within the priorities of the approved County Integrated Development Plan (CIDP 2023-2027) and the Governor's Manifesto programme/projects.
36. The fiscal policy will prioritise the following fiscal policy initiatives: completion of ongoing projects, leveraging on growth in productive sectors of the economy, promotion of access to integrated, quality and affordable healthcare services; Enhancing governance, transparency & accountability in delivery of public good; creating enabling environment for promoting private sector growth and faster growth of MSMEs; and operationalisation of County physical and social infrastructure.
37. Over the next MTEF period the County Government will continue implementation of the medium-term development plan through the Annual development plans and annual budgets. The County Government will continue to pursue a balanced budget in line with the state fiscal policy objectives over the medium-term period and efforts towards a sustainable County fiscal framework. This will be partly achieved by managing County wage bill towards the 35 percent proportion allowed under PFM law and 30 percent minimum development expenditure.
38. In further compliance with public finance fiscal responsibility principles, the County Government will continue to assess its revenue and expenditure forecasting model to ensure budget credibility and reduce unnecessary shift in fiscal framework during budget implementation. The County Government shall continue to improve the capacity of the budget practitioners through training on the County budget manual targeting all sector working groups, managers of the Facility Improvement Fund (FIF), Urban Boards.
39. On the supply side of the budget County revenue enhancement plan will entail the following;
- Consolidating gains in automation of the revenue administration continued automation of the revenue streams and maintenance of a cashless system;
 - Data collection, revenue sources mapping and data driven revenue forecasting and decision making;

- Complete the process of updating the County valuation roll in order to maximise collection of the land-based revenues.
- Strengthening financial reporting and non-financial reporting in revenue administration.
- Cascading and dissemination of national policies on County Own Source Revenues

40. In the Expenditure management, the County Government will focus on rationalisation of County expenditure to ensure maximum economy in resource use. The County will concentrate on settlement of all eligible pending bills in the next MTEF period and progressively work to ensure that new pending bills are kept at maximum of one percent of the total budget in line with the allowed limits.

41. The County will continue to manage the high wage bill through the ongoing human resource reforms and setting fiscal limits for allocation to salaries and wages. The County Government will continue to engage stakeholders and the public in fiscal policy formulation and implementation and further provide necessary feedback in order to assure efficacy in public finance management.

42. The County Government will further prioritise mainstreaming of cross cutting issues in development such as climate change, and provision of social safety nets for youth, women, PWD and other vulnerable groups.

1.5 Economic Outlook

43. The recent fluctuations on the global economy are expected to ease on account of stabilization of the supply chain and easing of the oil prices. The national economy is expected to expand by approximately 5.5 percent in both 2023 and 2024.

44. The performance of the national and subnational economy is expected to stabilise on account of better performance of the agriculture and other productive sectors. The positive weather condition towards the end of 2023 and beyond as well as implementation of the fertiliser subsidy programme expected to improve agriculture performance in Nakuru County will

continue to contribute to improved agricultural productivity and therefore improvements food security.

45. The easing of food and non-food inflation towards government target of 5 ± 2.5 percent over the medium term is expected to enhance macroeconomic stability and performance of all sectors. The ongoing national government programmes in the Nakuru County such as affordable housing programme and County government infrastructure programme in the MTEF period are expected to stimulate the County Government
46. The prudent management of maturing public debts and strong fiscal policy has reduced uncertainties, speculative tendencies on and vulnerabilities of local currencies. This is expected to assure investor confidence and stabilise both public sector and private sector investments on the medium-term period.
47. The full transition into current administration at both levels of government and consolidation of the gains in implementation of the previous development plans expected economy, are expected to further lead to more consistent performance of the national and county economy. This is expected to promote more private sector participation, increase consumer spending and positively impact on the aggregate demand.

1.6 Risks to Fiscal Policy

48. *Own Source Revenue underperformance* – the County Budget Review and Outlook Paper (CBROP 2023), trend over the last three fiscal years demonstrate that County OSR has recorded an average underperformance of 18 percent. If this trend were to persist into the next MTEF period, it will necessitate revision of the budget framework and further impact negatively on overall budget performance.
49. *Weak execution of development expenditure* – During FY 2022/2023 and FY 2021/2022 the County Government recorded below par performance in development expenditure. This constraint was partly attributed to delays in project conceptualisation, planning and implementation. If this phenomenon continues it may reduce the realisation of project outcomes and further lead lower the overall County budget credibility.

50. *External shocks to sub national economy* – the recent developments affecting the oil prices and currency exchange fluctuations have resulted in inflationary pressure and monetary policy shifts. If the observed macroeconomic variations are to persist into the short term to medium term, they are likely to cause further uncertainty of the sub national economy.
51. *Erratic disbursement of national transfers* – the transfers to County Government in form equitable share and other conditional grants account for approximately 80 percent funding to the County budget. Fluctuations in disbursement from the exchequer will impact on the County cashflows projections and general financial planning.
52. *Incidences of pending bills* – the 2022/2023 fiscal year revealed the weak execution of development expenditure and accumulation of pending bills and reduced ability of the County government in meeting financial obligations. These occurrences are likely to reduce efficiency in budget executions in subsequent budget and further impact on the business climate of local economy.

II. POLICIES TO ACHIEVE MEDIUM TERM OUTLOOK

The CFSP 2024 shall be founded on the following fiscal strategy initiatives that the County has adopted in the medium-term period:

2.1 Leveraging on the Growth of Productive Sectors in the Economy

53. Over the medium term, the county government intends to leverage the growth potential of productive sectors to among other stimulate economic growth, create employment, spur innovation and promote resilience amidst a struggling economy. Among the key sectors identified to help realize the medium-term outlook include, Agriculture, forestry and fishing, wholesale and retail trade, manufacturing, Energy, as well as Building and construction sectors.

Agriculture

54. The Agriculture sector continues to play a critical role in Kenya accounting for 21 percent of Gross Domestic Product (GDP) and 27 percent indirectly through its linkages with other sectors (CBK, 2023). The sector also employs over 40 percent of the total population and more than 70 percent of the rural populace.

55. In the first half of 2023, the agriculture sector rebounded strongly after the persistent drought experienced early on in 2023. The recovery has been attributed to improved weather conditions and the impact of fertilizer and seed subsidies provided to farmers by the Government. The sector grew by 6.0 percent in the first quarter and 7.7 percent in the second quarter (BPS, 2024). According to the County GCP Report 2023, Activities from Agriculture in Nakuru County contributed 5.2 Percent to the National GDP. The County was ranked 2nd best performing in Agriculture after Meru County which had a contribution of 7.6 percent.

56. Given the critical role the sector plays in providing livelihoods and a food basket for the Citizens, the County government has prioritized policies and programmes intended to facilitate attainment of food security, sustainable management and utilization of land, improved productivity across various agricultural value chains, improved farmer incomes, and employment creation.

57. The County government will continue to collaborate with the National Government, development partners and other private sector players to address the cost, quality and availability of agricultural inputs. Key among these is the fertilizer subsidy programme that has seen the cost of fertilizer drop significantly from an average of 6,500 in the 2022 planting season to 2,500 in the current season. In Nakuru County, over 28,500 farmers benefited from subsidized fertilizer in the FY 2022/23. In an effort to boost farmer incomes, the sector has invested significant funds to revamp the pyrethrum, avocado and potato value chains. During the previous MTEF period, the sector allocated over Ksh. 35 million towards revamping previously collapsed and underperforming pyrethrum industry through supply of 11,295,000 pyrethrum seedlings to over 2280 beneficiaries across pyrethrum growing areas in the County. The county has collaborated with pyrethrum marketing companies such as the pyrethrum Processing Company of Kenya, KENTEGRA, HIGHCHEM, AFRICHEM, OSHO chemicals, and Botanical Extract ensure farmer produce has a ready market.
58. In the Avocado value chain, a total of 158,234 avocado seedlings covering about 2250 acres and valued at about Ksh. 45 million were procured and distributed to over 5380 beneficiaries across the County. According to the latest validated statistics from the County Department of Agriculture, the production (tonnage), acreage and value of Avocados increased from 21,037 tonnes, 1,005 Ha, and 994.9 billion in 2021 to 25,976 tonnes, 1,920 Ha and 1.8 billion in 2022 respectively. The potato value chain has also seen slight growth from 10.7 tonnes/hectare in 2021 to 10.9 tonnes/hectare in 2022. Average value of potatoes in 2022 was estimated at a staggering 20 billion.
59. In the livestock value chain, the Nakuru County government has prioritized interventions aimed at increasing livestock production, and productivity, promoting animal health and enhancing value addition for livestock products and by-products. The County In partnership with the Livestock Stimulus Support program supported 282 farmer groups with 1,284 dairy goats for improvement of the dairy goat productivity. While on poultry value chain, over 2,131 farmer groups were supported with 213,191 one month old chicks. Due to such and other initiatives by the County and National Governments, private sector and

development partners, Livestock productivity has increased significantly across the various livestock value chains.

60. To prevent and control major livestock diseases like Foot and Mouth, Rabies, Lumpy skin disease, Anthrax among others, the County Government has provided sustained free County-wide vaccinations where 947,738 animals were vaccinated across the County.
61. In Fisheries development Programme, the sector will focus on purchase and supply of fingerlings, restocking of lakes, supply of nets, boats and other fishing gear, as well as setting up fish hatcheries. Production statistics from the fisheries directorate, Fish production and value increased from 1,811 tonnes valued 218.8 million in 2021 to 2,196 tonnes valued at 278.9 million in 2022.
62. The Success of Agricultural sector interventions will be enhanced through new partnerships with the world bank (NAVCDP and NARIG-P programmes, IFAD (KELCOP and KCEP-CRAL), SIDA (ASDSP II) and SHEP BIZ (JICA programme). Partners have been instrumental in enhancing knowledge sharing, training and capacity building, promoting access to funds and agricultural inputs, market access and value chain development, policy advocacy and institutional support, as well as community development and empowerment. A case in point is the extensive farmer mapping and registration exercise recently concluded under the NARIG-P programme that will see the County government deliver more targeted interventions and farm extension services. Additionally, The County Government of Nakuru is collaborating with the National Agricultural Value Chain Development Project (NAVCDP) to increase market participation and value addition among more than 5,000 farmers through a Sh28.75 billion World Bank-funded initiative.
63. To prevent post-harvest losses and promote value addition, the county government will leverage ongoing development of the lord Egerton agro-industrial park, purchase/construction and supply of cold storage facilities and other implements, creation and market linkages and prioritize extension services to farmers. Further, the Department has earmarked the development of a modern multipurpose horticultural and dairy processing centre over the medium term in collaboration with the Nakuru County Dairy Union and other partners to increase value of milk and horticultural produce from the county and region.

64. Overall, the County Government will align policies under the agriculture sector towards increasing food production, boosting smallholder productivity and reducing the cost of food. These will further aid in reducing the cost of food and cost of living in general; reducing the number of food insecure Kenyans; raising productivity of key food value chains; increasing access agricultural extension services; creating employment, increasing average daily income of farmers as well as growing foreign exchange earnings.

Building and Construction industry

65. The construction industry is currently experiencing a remarkable surge in growth, fuelled by a substantial influx of investments in infrastructure and the initiation of new housing and commercial projects. To support this growth and create a conducive environment for the sector to thrive, the County government has taken proactive steps to streamline the building approval process by implementing the Electronic Development Application Management System (e-DAMS). Further, the County government is in the process of operationalizing a County GIS laboratory that will among other facilitate effective spatial planning and mapping of all infrastructural projects in the county, including real-time monitoring of construction sites and ensure compliance with regulations.

66. To promote enhanced living conditions the county government in collaboration with the national government and other private developers completed 605 affordable housing units in Bondeni. Additionally, Construction of 220 affordable housing units in Bahati and 220 units in Molo is currently on going under strategic PPP arrangements. Plans are underway to establish 160 affordable housing units in Gilgil, and 220 units & 1300 units in Naivasha subcounty.

67. The County government has further established 9 ABMT centres across 9 sub-counties to help train players in the construction sector on feasible and affordable techniques for building. Increasing urbanization following the conferment of Nakuru to City status, proposed conferment of Naivasha to Resort city status and establishment of Gilgil and Molo municipalities is likely to increase the demand for public sector led investments in complementary infrastructures such as roads, bridges, sewers, schools, health centers and other

critical infrastructural components. Under the development vote, approximately 6.1 billion has been allocated in the Current budget to undertake various projects that are *construction* in nature across various county departments and agencies.

68. The County government is taking deliberate actions to support urban development through dedicated budgets for the city and municipalities to further complement allocations made under KISIP and KUSP grants. Private sector involvement in construction projects such as residential and commercial buildings, industrial facilities, and even public-private partnerships for large-scale infrastructural projects continue to showcase their pivotal role in driving gains in the construction sector. For Instance, the kingdom Seekers Church is currently funding a construction of a multibillion-shilling project dabbed 'kingdom city' that will see construction of mega church complex, schools, hospitals, and recreational facilities on over 300-acre piece of land in Gilgil subcounty.

Wholesale and retail trade

69. The County government is committed to creating a conducive environment for businesses to thrive through implementation of key transformative programmes/projects/initiatives. Chief among this, is the unification of business permits to reduce turnaround time of registering and operationalizing a business. This will not only boost revenue collection from business permits but also improve investor confidence and the number of new businesses coming up. Additionally, the county plans to operationalize the SME and Cooperative revolving funds to allow enhanced access to credit and promote individual business growth prospects. The County Government in collaboration with the National government and other stakeholders will leverage the opportunities from over 500 registered Cooperative movements to drive economic growth in the Trade Sector by providing support to existing cooperatives, reviving dormant cooperatives and encouraging the formation of new ones.

Manufacturing and Industrialization

70. To harness the growth potential of the manufacturing and industry sector, the County government is currently developing the Lord Egerton Agro-industrial

Park project in Njoro through the County Aggregated Industrial Parks (CAIPS) program, in collaboration with the Ministry of Industrialization, Trade, and Investments (MITI). Once completed, the project is expected to attract investors in agricultural and manufacturing activities, thereby creating thousands of inclusive jobs, boosting local incomes, and reducing poverty. Additionally, other industrial parks awaiting development under Public-Private Partnership (PPP) arrangements in the county include Naivasha Industrial Park and Menengai GDC industrial park.

71. To realize progressive gains in the manufacturing and Energy sectors, the County government in partnership with the National Government and Fortescue Future Industries (FFI) have embarked on a major capital project under a PPP arrangement in Naivasha Subcounty. The Multibillion-shilling project will comprise of Geothermal Power Generation through establishment of new stations in the Olkaria geothermal field aimed at producing up to 200MW of gross power; construction of a 33 - 35km 220kV transmission line Connecting the power plants to the production facility and establishment a facility to produce green hydrogen, green ammonia, nitric acid, ammonium nitrate, calcium ammonium nitrate, and NPK fertilisers. Further the PPP will see production of medical and/or industrial-grade oxygen to meet the rising demand of oxygen in health facilities.
72. The county government recently held a major County investment forum coinciding with the tour of H.E. the U.S ambassador to Kenya Meg Whitman in the County. The forum had representatives from USAID, KNCCI, KAM and other potential private investors. The outcome of this forum saw investment commitments in the dairy, Pyrethrum, floriculture, poultry and apparel value chains. Other industries likely to benefit from investments include health, solid waste management, water exploration and education.

Tourism

73. Nakuru County is part of the national tourism circuit (South rift Cluster) boasting of numerous tourist attractions from wildlife parks and Conservancies, lakes, museums and historic sites. To leverage on the potential of the diverse tourist attractions in the county, the County Government will focus on promotion and activation of existing sites, mapping new sites and importantly diversify source

markets to include domestic, regional, African, and international Markets. The County is also looking to promote other forms of tourism such as Sports Tourism, conferencing tourism, agricultural, and health Tourism. For instance, the World Rally Championship (WRC) which has been hosted in Nakuru for three successive seasons attracts thousands of spectators to the County and has become one of the most dominant forms of sports tourism in the county.

2.2 Promotion of Access to Quality and Affordable Healthcare Services

74. Public Health Services is one of the fully devolved functions and accounts for approximately a third of the total budgetary allocations consistently since devolution. Thus, the County Government has prioritized various initiatives with the aim of improving access to quality and affordable healthcare services. The high cost of medical care coupled by poor uptake of medical insurance have resulted in high out-of-pocket expenses and in some cases patients opt for self-medication. Provision of affordable healthcare services will therefore, be achieved by consistently allocating adequate funds for development and operational expenses in the sector. In view of this, the budgetary allocation towards the Sector has increased gradually over the years from Ksh. 6.92 billion in FY 2022/23 to Ksh. 7.91 billion in FY2023/24. More resources are however needed observing the high burden of both Communicable and Non-Communicable Diseases (NCDs) in the County.
75. Over the period the County has continued to improve the human resource productivity and strengthening leadership & governance of the health sector through recruitment of 96 health workers in the FY 2021/22, promotion of 390 in the FY 2022/23 and inducting new hospital boards for Gilgil and Naivasha (CHMTs, SCHMT and HMT) hospitals. The County will continue to deploy various actions such as development of annual and strategic plans, strengthening leadership and governance at all levels to implement health initiatives towards provision of quality and affordable healthcare services. This will be achieved through implementation of both national and county-level guidelines & policies, establishing health surveillance teams, motivating staff through incentives systems and providing necessary tools for service, maintaining a

sufficient healthcare commodity and proper constitution & capacity building of the Management Committees across various health facilities.

76. Over the past two years, the County Government has seen yearly improvement in Facility Improvement Fund (FIF) collections and has achieved an annual collection of Ksh 1.094 billion in FY 2020/21, Ksh 1.551 billion in FY 2021/22 and a slight drop in the FY 2022/23 Ksh. 1.519 billion. To strengthen financing of healthcare, the County Government will align the existing Facility Improvement Fund (FIF) laws with the newly passed national legislation (the Facility Improvement Financing Act, 2023) to ensure compliance and optimize FIF collections. The Implementation of the FIF Act, 2023 will further ensure facility- based budgeting for proper utilization of the FIF collections. Thus, the County Government will maintain its focus on improving efficiency and delivery of services in Level IV and Level V Hospitals. The County Government will also continue to form strategic partnerships with health sector stakeholders to support healthcare financing through both on- and off-balance sheet initiatives.
77. One of the core pillar of the Bottom-Up Economic Transformation Agenda (BETA) under the health thematic area is Universal Health Coverage (UHC). Health insurance coverage in Kenya has generally been low at 26 percent, with those at the bottom of the economic pyramid having the least coverage of less than 5 per cent (Draft BPS 2024). The County Government will ensure the smooth implementation of the Social Health Insurance Fund where access to healthcare will be based on the needs of the citizens of the County in partnership with the National Government. This ensures a flat payment system for every citizen regardless of the income. It is anticipated that this will increase in the Medium-Term Expenditure Framework (MTEF) plan period through increased public education and mobilization efforts.
78. In the FY 2022/23 the estimated drugs and non-pharmaceuticals needed was Ksh. 2.04 billion against an allocation of Ksh. 825.57 million occasioned by the tight fiscal space which caused a stockouts in various facilities. The County Government is committed to maintaining a strong relationship with the Kenya Medical Supplies Agency (KEMSA) by ensuring timely payments for all procured HPTs. This strategic approach aims to sustain a consistent supply of essential medical supplies and commodities and will help sustain continuity in

provision of health services, including curative and primary healthcare services.

79. The County Government in its efforts to reduce the impact of non-communicable diseases has significantly expanded the disease screening efforts and public education programmes. The establishment of specialized diagnostic and treatment centres such as Oncology, renal, Imaging among others in various health facilities has increased the uptake health services. The County will continue to promote Universal Health Coverage (UHC) at the community level through creation of additional Community Health Units (CHUs) and recruitment and deployment of 3,309 Community health Promoters. In collaboration with the National Government the CHPs are being supported with a stipend on a matching basis of 50:50. The County government also plans to increase the number of CHPs to strengthen the delivery of community health services.
80. Currently, the County has one- Level V facility, 15 Level-IV facilities, 43 Level-III facilities, 141 Level-II facilities and 289 Level-I facilities (CHUs). Over the medium term, the County will prioritize construction and completion of ongoing Level IV facilities in Subukia, Rongai and Kuresoi North sub-counties in line with the Governor's manifesto. Further, the County Government also prioritize operationalizing and upgrading OPD at PGH Level V, Maai Mahiu, Kabazi, Njoro, Naivasha, Olenguruone, Elburgon, Molo, Njoro, Gilgil and Bahati Sub-County Hospitals and Githiuro health facilities.
81. The Nakuru Level-V hospital has greatly benefited from modern state-of-the-art infrastructure in collaboration with National Government. The County has a functional Regional Cancer Centre that serves cancer patients within the County and the neighbouring counties. This has greatly reduced the number of referrals to Kenyatta National Hospital. The county has also established an Outpatient Department (OPD) Block which will bring together all specialist services in one location. These facilities provide services not only to residents of Nakuru County but also to residents of the neighbouring counties, requiring additional infrastructure and services to meet the growing demand. The County intends to reinforce its efforts by putting into operation a centralized ambulance dispatch centre and fleet management system to enhance evacuations and pre-hospital care.

82. The County Government Plans to continuously improve the management of health records by increasing the proportion of health facilities using the Integrated Human Resources Information System (IHRIS). This system will provide real time information on where the staff are posted, the various specialists within the facilities and provide the gaps in staff shortages across the health facilities. In collaboration with the national government, the county will continue to promote remote healthcare by use of smartphones provided to CHP and the CHP kits. This will provide quality community health data that is essential for planning, resource allocation and monitoring the progress.
83. To reduce preventable conditions and lifestyle diseases, the County will continue to partner with the National Government Ministry of health, private sector players and other partners to design and implement programmes on prevention of NCDs through lifestyle changes. These include programs related to HIV/AIDS, tuberculosis, child immunization, reproductive health, anti-malaria efforts as well as research and development. Over the medium-term period, the department of health will also focus on Water and Sanitation Hygiene (WASH) initiatives in order to adequately handle sanitation related diseases including the Sanitation Roadmap Campaign and Urban Led Total Sanitation programs.
84. To decrease maternal and child mortality rates, the Margaret Kenyatta Wing (known as the mother and Baby Unit) at the PGH has contributed to improved access to quality maternal and neonatal health services in the County. The completion and operationalization of facilities within the county i.e., Elburgon, Githioro and Gilgil will further improve access to maternal and neonatal care. The County will continue to ensure there is an increase in the percentage of women receiving four prenatal check-ups and deliveries with the help of skilled attendants. This will further reduce transmission of HIV/AIDS from mother to child through the Prevention of Mother to Child Transmission program.
85. The County has continued to ensure there is mobilization of resources from various health stakeholders to bridge the funding gap of health programmes and projects. During the medium-term period the County will continue to pursue and coordinate with partners in mobilization of resources towards achieving efficiency and accountability in service delivery. Some of these

partners include USAID, DANIDA, UNICEF, AMREF, WHO, World Bank, Nutrition International and Equity Foundation.

2.3 Operationalization and Expansion of County Physical and Social Infrastructure

86. Infrastructure development is a key enabler towards the realization of Kenya vision 2030 which aims at *“transforming Kenya into a newly-industrialising, middle income country providing a high quality of life to all its citizens in a clean and secure environment by 2030”*. Infrastructural development focuses on Transportation, Energy, ICT, Health, Education, Housing, Water and Sanitation systems. The operationalization and expansion of physical and social infrastructure plays a crucial role in driving economic growth, sustainable development, improving quality of life, fostering social inclusion, enhancing resilience, and promoting sustainable growth. Efficient infrastructure development plays a pivotal role in stimulating economic growth, optimizing the provision of public services, and enhancing the overall well-being of citizens.

87. The County government of Nakuru, puts significant emphasis on physical and social infrastructure development to help boost economic growth, reduce poverty, and create employment. In the MTEF period 2020/21-2022/23, the County Government of Nakuru made significant progress in implementing its infrastructure development agenda. Achievements included grading and gravelling of roads; construction and rehabilitation of new and existing drainage network respectively; construction motorable/ foot bridges; construction motorcycle/ boda-boda sheds; installation of streetlights and maintenance of existing ones across the county. The County was also implementing the Boresha barabara program with the aim of increasing road connectivity within the County. Challenges identified from the field survey done on Boresha Barabara programme included inadequate budget allocation, internal inefficiencies, weak project supervision, and physical/topographical challenges. Achievements and challenges from the Boresha Barabara programme have informed the designing of the Imarisha Barabara programme. Objectives of Imarisha Barabara programme include opening up of new roads in rural areas, implementation of road infrastructural

priorities for communities and implementation of Governor's directives and emergency works. Moving forward the sub sector will enhance budgetary allocation to the programme to enhance servicing and regular maintenance of plant and machinery, recruit key personnel, and acquisition of more plant machineries. The department will also ensure policy improvements on contract management, land titling, and green economy initiatives to ensure effective and efficient implementation of projects.

88. Nakuru County's share of the Road Maintenance Levy Fund has secured resources for maintenance of the road network, its development, rehabilitation, and maintenance. Over the next FY 2024/25, the County will receive the fund as a grant. The fund will be used to improve roads key to public transport, key access roads, upgrading of roads and construction and maintenance of complementary infrastructure including drainages, bridges etc. Construction of sustainable infrastructure that is resilient and able to meet the needs of the County residents will enhance connectivity of urban infrastructure to the rural areas thereby facilitating growth of the local economy.

89. Over the medium-term period covering FY 2024/2025-2026/27, the Roads and Transport sub-sector, in collaboration with Nakuru City and Naivasha Municipality, will prioritize the improvement of key roads through tarmacking, gravelling, and grading, working closely with stakeholders like KENHA, KERRA, KURA, KRB, and other partners. Additionally, to uphold quality standards, roads will be equipped with necessary stormwater drains to prevent erosion and damage especially on murram and gravel roads. To further boost security and increase business hours, the sub sector plans to maintain street lights and installation of new streetlights, high mast and flood lights that are LED-lit at strategic points. To further enhance connectivity, the subsector will construct motorable and foot bridges as necessary to ensure safe and efficient transportation and accessibility to areas that were previously isolated. The newly chartered Molo and Gilgil Municipalities will seek to ensure efficient management and expansion of critical infrastructure within the municipalities to strengthen community connectivity, engagement, and overall quality of life for their residents, laying the foundation for sustainable growth and development.

90. From a macro perspective, the national government ministry of Roads and Transport has reinstated the dualling of the 175 Km Rironi-Mau summit road, improvement/capacity enhancement of Eldoret-Nakuru-Nairobi A8, and Improvement of 144KM Nakuru-Nyahururu - Mweiga Road. This is expected to spur investments and commerce, create employment, reduce congestion and promote socio-economic development in the region.
91. Other major infrastructural development achievements in the County include the construction of SGR phase 2A to Maai Mahiu terminus, the inland container depot, and a customs office, completed and operationalized in 2020 by the National Government. These activities are part of a designated Special Economic Zone (SEZ), comprising 1000 acres of land for which a finalized master plan exists. Additionally, plans underway include the development of an industrial park, which is currently in the conceptual stage. Expression of Interest has been advertised, inviting business individuals to establish their enterprises within the Special Economic Zone. Construction of the Nakuru International Airport being undertaken by the Kenya Airports Authority is still ongoing. Once complete, the airport is likely to spur investments, tourism and create employment while making transportation of goods, people and services quicker and more efficient. In an effort to improve the capacity of Meter Gauge Railway, the Mau Summit - Fort Ternan (75kms) section on the Nakuru – Kisumu branch line will be upgraded to accommodate the growing demand for mass haulage of cargo on the routes. The construction of the County Aggregation and Integration Park (KAIP) is underway with the contract already awarded and preliminary works done at Njoro Egerton Farm. However, the project has halted due to a court injunction. Completion of this project will attract investors to boost local manufacturing and create employment within the County.
92. Water infrastructure and its effective management is crucial for ensuring sustainable development, environmental conservation, and equitable access to this essential resource for present and future generations. In line with this, the Environmental protection Water and Natural Resources sector in collaboration with the National government Ministry of Water and Irrigation, Water Service Providers and other stakeholders including World Vision, Rapland and government agencies e.g. NEMA, WASREB, KWS, WRA, KFS, KENGEN and

CRWWDA will over the medium term continue to undertake strategic interventions to improve access to potable water to all households. The key interventions include identification, drilling and solarization of boreholes, desilting and construction of dams/ water pans, extension of piping network, rehabilitation of dilapidated water systems, and protection of springs across all parts of the County. In collaboration with partners, the sector will purchase and supply water tanks to vulnerable groups to enhance water harvesting and increase storage.

93. The sector has put specific interventions to reduce non-revenue water to reduce the cost of water supply, in collaboration with local communities and County WSPs including NARUWASCO, NAIWAWASCO and NAWASSCO. The Sector has hugely invested in rehabilitation of dilapidated water networks and installation of smart metering by the WSPs. The sector has prioritized handing over of economically viable community managed water resources to the registered WSPs to enhance sustainable management of water resources within the County.
94. The County Government of Nakuru has made the strategic decision to prioritize the acquisition of drilling rig to enhance capabilities and efficiency in the water sector. By owning the drilling rig, water sector will significantly reduce dependency on external contractors, thereby streamlining project timelines and cutting down costs in the long run. Additionally, having the equipment ensures greater control over the quality of work, adherence to safety standards, and flexibility in responding to emerging challenges or urgent needs in water infrastructure development. With this rig, the water sector envisions improved access to clean water resources, enhanced irrigation systems, and strengthened disaster response capabilities, ultimately contributing to sustainable water management practices and bolstering resilience in our communities.
95. A coordinated effort is underway to rehabilitate and expand the existing sewer system, while also extending connections to more households. To further enhance supply of potable water and sanitation services, the County Department of Water, Environment, Energy, Climate Change, and Natural Resources, in collaboration with the German-based KfW development bank and the CRVWWDA, is initiating a project worth Ksh. 5.6 billion. This project aims

to increase the coverage of water and sewerage services by partially decommissioning the Old Town Treatment Facility, expanding the Njoro wastewater treatment facility to handle 20,000m³/day, extending the sewer network, and drilling and equipping boreholes. These efforts align with the Nakuru Countywide Inclusive Sanitation strategy, 2019 which aims to connect 18,000 households to safe water and the main sewer. The design stage of the project is complete, and the project has been advertised for tendering.

96. The County will additionally utilize other plans of the National government, such as the proposed construction of 100 dams through Public-Private Partnerships nationwide, aimed at harnessing water for both irrigation and domestic purposes. The successful completion of Itare Dam by the National Government through this endeavour will significantly enhance water provision to the County.
97. Prioritizing the development of a comprehensive health infrastructure network is essential for enhancing public health, stimulating economic growth, promoting social equity, and advancing medical innovation. During the previous plan period, the County Department of Health Services undertook major infrastructural developments. These included completion of the Ultra-Modern OPD blocks at the Nakuru PGH Level 5 and Naivasha Sub County Hospital OPD with other level 4 hospitals benefiting from ongoing multi-year projects. These include Maai Mahiu at 78 percent, Gilgil Maternity 94 at percent, Njoro OPD 68 at percent, Molo OPD at 54 percent, Elburgon Maternity at 84 percent, Bahati Maternity at 32 percent, Olenguruone Level 4 hospitals Phase II at 23 percent and Githioro level 3 facility at 91 percent. The County has prioritized completion and operationalization of these facilities in order to improve services in the health sector.
98. In the medium term the County has planned to start construction of level 4 facilities in Kuresoi North and Rongai which will be done in multiyear. Once complete the County will have covered services offered in Level 4 in all the 11 sub-counties thus reducing congestion at Nakuru PGH Level 5 and bringing services closer to the citizens.
99. During the current medium-term plan period (CIDP 2023-27), the sector aims to allocate approximately Ksh 3.8 billion to finalize and equip upgraded facilities, as well as to recruit and deploy 907 healthcare personnel across all

facilities, aiming to address the significant staffing shortfall. Additionally, in pursuit of meeting benchmark standards of having a health facility every 5KM, the sector plans to invest an additional 750 million to expand and upgrade facilities, further enhancing access to quality healthcare services. The Sector is committed to continue to improve management and quality of medical records through integrated Electronic Medical Records (EMR) systems, improve access to quality health services by operationalizing new health facilities, renovating existing ones, and expanding healthcare infrastructure. With the escalating cost of healthcare delivery, there is an urgent need to expand Universal Health Coverage (UHC) to ensure affordability and consequently improve population health outcomes.

100. The County Government of Nakuru recognizes the provision of meaningful and adequate education and training as fundamental to Kenya's overall development strategy. During the previous MTEF period, the Education Sector constructed 337 classrooms and two centres of excellence, equipped 520 classrooms, rehabilitated eight classrooms and constructed 91 toilet blocks, which saw enrolment of pupils in ECD Centres increase by 8 percent from 117,090 in FY 2021/22 to 126,424 in FY 2022/23. Despite the ongoing infrastructure projects, a significant disparity persists between the existing situation and international benchmarks. Consequently, there is a necessity to build more ECDE facilities to reach the desired 1:30 classroom to pupil ratio, which currently stands at 1:54. Furthermore, additional toilet blocks are needed to meet the recommended standard of 1:25, as the current toilet to pupil ratio is 1:48. In the face of shrinking fiscal capacity and teetering economy the sector will prioritize resources in improvement of ECE and VT infrastructure, provision of instructional materials and fixed play equipment, capacity building of personnel, provision of bursaries and scholarships, implementation of the school feeding program and recruitment of optimal staff to render the centres operational.

101. During the previous MTEF period, the County has established constructed five Vocational Training Centres, three administration blocks and a storey building at Njoro VTC; procured tools and equipment benefiting three VTC`s. Infrastructure development and equipping VTCs will be a key focus for the MTEF period 2024/25- 2026/27. Plans are underway to establish boarding and

complementary amenities to enhance enrolments from various regions within and outside the county. The demand for vocational education remains notably high, especially considering that 54.72 percent of candidates in the recently concluded KCSE national examinations achieved grades of D+ and below. A significant portion of these candidates is expected to enrol in VTCs within the county. However, there has been significant challenges affecting VT including human resource constraints, inadequate and dilapidated state of ECE and VT infrastructure, low enrolment rate in VTCs, and inadequate capacity for special needs education. The sector will endeavour to bring on board development partners like JICA, AKIRA/ILO, Build Africa Kenya, Child fund Kenya, Commercial banks, book publishers among others to partner with the Sector to bridge the existing gaps.

102. As per the Kenya Population and Household Census 2019 report, its projected that almost half the Nakuru County population live in urban areas leading to a significant demand for accessible and affordable housing infrastructure. This demand is anticipated to rise further with the elevation of Nakuru municipality to city status, alongside Gilgil and Molo towns being elevated to municipal status. Nakuru City through the Kenya Urban Support Programme undertook the various projects that have given the city a facelift including; construction of Afraha stadium, storm water drainages, Non-Motorised Transport within Nakuru CBD, tarmacking of roads and re-roofing of Old Town Hall building. Naivasha Municipality through the KUSP completed the construction of the Naivasha wholesale market, rehabilitated the Naivasha Municipal Market, Non-Motorised Transport within the Naivasha CBD, drainages and tarmacking of roads within the Municipality. The county will benefit from the 2nd phase of the Kenya Urban Support Programme with Nakuru City, Naivasha and Gilgil Municipality expected to benefit. This grant will have a great impact in the urban areas of the County.

103. The government, mandated to provide affordable social housing, is actively engaged in addressing this need. The County government, through its Directorate of Housing, is at an advanced stage in implementing Naivasha affordable housing project containing 2,300 housing units, with plans to introduce alternative building materials technologies across all sub-counties. Additionally, the County is set to launch phase two of the Kenya Informal

Settlement Improvement Programme (KISIP), which will notably enhance housing conditions in informal settlements. These efforts align with the National government's commitment to deliver 250,000 housing units annually nationwide. Furthermore, the County is exploring various Public-Private Partnership (PPP) initiatives to facilitate the provision of affordable housing in its urban centres. The Ministry of Lands and Housing has invited members of the public to purchase ready units constructed under the government's affordable housing project in Bondeni, Nakuru County. Additionally, affordable Housing Projects are ongoing in Bahati (220 units) and Molo (220 housing Units). Other affordable housing projects in the County include; Gilgil 160 units and Naivasha 1520 units. Completion of these projects will solve issues of housing within the urban areas. The county will work with the National government to ensure provision of complimentary facilities i.e sewerage, security lighting, proper drainages and road infrastructure.

104. The Government acknowledges that the digital economy represents the emerging frontier of opportunity, productivity, and competitiveness. Within the ICT sub-sector, priority will be given to enhancing ICT and public communications infrastructure. This includes initiatives such as upgrading the County website, establishing a recording studio, installing CCTV systems, implementing power backup systems, ensuring internet connectivity across the County, and establishing digital centres, among other key priorities.
105. In summary, the operationalization and expansion of both social and physical infrastructure within the County stand as pivotal measures in fostering sustainable socio-economic progress. Investing in these infrastructure developments will grant citizens access to essential services, thereby enhancing their overall quality of life. Notably, the enhancement of the County's physical infrastructure, including roads and transportation systems, will bolster connectivity, support economic advancement, and facilitate improved access to markets and services. Moreover, the expansion of ICT infrastructure holds significant importance in narrowing the digital divide, fostering innovation, and generating fresh opportunities. Ultimately, the operationalization and expansion of these critical infrastructure sectors are poised to cultivate a more inclusive and prosperous County, benefiting all its residents and establishing a solid foundation for sustainable development.

2.4 Creating an Enabling Environment for Social Economic Recovery and Private Sector Growth

106. The County government has deliberately pursued policies aimed at creating an enabling environment for social economic recovery and private sector growth. These policies focus on major drivers of economic growth such as infrastructure development, access to capital, development of partnerships and strengthening of legal framework to support business growth. The Gross Count Product report 2023 by the Kenya National Bureau of statistics (KNBS), ranked Nakuru County third in contribution to the national GDP at 4.9 percent behind Nairobi City and Kiambu counties at 27.5percent and 5.7percent respectively. The County's economy was valued at Ksh.600.5 billion and was largely driven by growing urban economy, high population and diverse economic activities among other factors.
107. In efforts to promote access to credit for the micro small and medium enterprises, the County Government has allocated Ksh.25 million towards the County Enterprise Fund in the financial year 2024/25. The fund will offer subsidized loans to businesses and provide cushion against the high cost of capital. According to data from the Central Bank of Kenya, the base lending rate for Kenya has in recent past steadily risen from 8.75 percent in January 2023 to 13 percent in February 2024. This trend makes credit unaffordable to make businesses given the higher rates charged by commercial banks and other lending institutions. Through the enterprise fund, the County will provide affordable credit and further operationalize the Nakuru County Enterprise Fund Act 2020.
108. The County Government recognizes the critical role that cooperative societies play in supporting strategic high return interventions with sector wide impact. These societies are often coupled with linkages to low-income persons, community-based organizations, women and youth groups. To this effect, the Nakuru County Cooperative revolving development fund has been allocated Ksh.25 million in FY 2024/2025 to support the growth of cooperative societies. The fund will be used to revive marketing cooperatives, form marketing collaborations & partnerships, develop enterprise development plans and provide relevant training to cooperative society's members.

109. Facilitating business and enterprise growth relies heavily on well-functioning and productive infrastructure. The County Government will ensure construction and maintenance of County roads and bus parks with the aim of reducing transportation costs, improving market access and bolstering infrastructural competitiveness at both subcounty and ward level. This will be achieved through the *Imarisha barabara* Programme which continues to open various access roads using county owned equipment. Additionally, the County Government will continue utilizing the Roads Maintenance Levy Fund (RMLF) in the maintenance of critical county roads to ease transportation and connectivity challenges.
110. The County Government with the aim of promoting trade through creation of a conducive environment for business has prioritized the construction of modern markets across the County. Following the successful construction and operationalization of the Naivasha modern wholesale market which accommodates over 600 traders the County Government remains committed to replicating this success across all Sub Counties. Completion of the ongoing construction of the Nakuru Modern Market in Bondeni in collaboration with the National government and the construction of a modern fish market in Karai, Naivasha will also be fast tracked.
111. The County Government recognizes the key role infrastructure projects play to spur economic growth, job creation and development of physical infrastructure such as water and sewer connectivity. In efforts to unlock these benefits, the County government will continue collaborating with the national government to leverage on various national infrastructure projects. These among others include; the ongoing Nakuru International Airport Project (Phase 1) in Lanet, the completed SGR Phase 2A to Maai Mahiu terminus, the Naivasha Inland Container Depot (ICD) and the expansive 1000-acre Naivasha Special Economic Zone (SEZ) where a significant allocation of 100 acres has been designated for local investors. Implementation of these projects has provided a conducive business environment and is anticipated to attract private sector investment thus providing a substantial boost to the local economy.
112. The county government with the aim of fortifying Nakuru County's status as a leading sports tourism hub will continue developing state of the art sports

infrastructure and promotion of complimentary industries such as the hospitality sector. The County will; finalize the Construction of Afraha Stadium phase 1 which is at 95 percent completion, allocate resources for the annual Nakuru City Marathon, implement the proposed multipurpose sports stadium in Naivasha and ensure completion of the ongoing Keringet High Altitude Sports Academy which will help nurture local talent and also attract international athletes. Additionally, the County has committed to continue supporting the globally recognized WRC Safari Rally, an annual showpiece which injects millions of shillings into the County through various direct and indirect investments.

113. In the MTEF period 2024/25-2026/27, the County government has prioritized pursuing strategic development partnerships with key public and private institutions. These partnerships have in the recent past delivered key programmes and projects such as construction of Bahati Hospital worth Ksh 300 million in partnership with the Kingdom Seekers Fellowship church and the construction of Naivasha Hospital worth Ksh 331 million in partnership with KENGEN. The County Government in collaboration with the National Government is also implementing the County Aggregation and Industrial Parks (CAIPs) project in Njoro Subcounty at a cost of Ksh.500million which is aimed at accelerating inclusive and sustainable development of industries to spur high economic growth. Additionally, plans are in place to pursue formal engagements with other stakeholders such as the Kenya Defense forces (KDF) and the National Youth Service (NYS) in disaster management and other community development interventions.

114. The County Government in collaboration with other Counties under the Central Region Economic Bloc (CEREB) is working to develop an economic corporation agreement that will involve amendments of finance bill to harmonize or scrap some levies among other interventions meant to spur economic integration and create an enabling environment for business. Through this partnership, the County stands to benefit from economies of scale in joint development projects while also addressing economic and climate change challenges affecting the region. The bloc will work with various development partners and the national government to achieve this objective.

115. To improve the management of own source revenue and to promote the ease of doing business, the County government through the Finance Act will continue implementing a business-friendly tax policy that offers harmonized fees and charges for businesses. The County has started the implementation of the unified licenses which reduces the administrative costs of traders getting multiple licenses for their businesses. Further, the County Government plans to sustain the 'Lipa Mdogo Mdogo' tax incentive that waives licenses for new businesses within the first three months of operation.
116. To further entrench effective fiscal management, the County Government has anchored its entire budget framework towards promotion of the local economy. In FY 2023/24, Ksh 10.2 billion was allocated to the procurement of locally produced goods and services including procurement of goods and services from youth, women and persons living with disabilities. The County Government deliberately allocates 40 percent of its procurement budget to promotion of local content in procurement while 30 percent is preserved for access to government procurement opportunities in adherence with requirements of section 33(2) (g) of the Public Procurement and Asset Disposal Act (PPADA) 2015 which requires preference and reservation schemes for residents of the county in public procurement.
117. In order to enhance the delivery of services to the County urban population in line with the Governors Manifesto 2023-2027, the County Government has operationalized Gilgil and Molo Municipalities evidenced by the appointment of respective Municipal Boards members and creation of department level budget vote heads. The Municipalities have been allocated Ksh 62 million and Ksh 55 million respectively in FY 2024/2025 which will help address the urban needs of the people. The County government will also continue implementing the World Bank funded Kenya Informal Settlement Improvement Programme (KISIP) II programme towards improving infrastructure in four informal settlements namely; London in Nakuru West Subcounty, Lakeview and Kiamurogi in Nakuru East subcounty and Karagita in Naivasha Subcounty. The County Government has also complied with the minimum conditions for KUSP II programme and nominated officers for the County Programme Coordinating Team (CPCT) in readiness for implementation of development projects.

118. In efforts to spur the growth of agribusinesses, the County government has committed to continue providing financial and technical support to youth and women within the County. Through the Agricultural Sector development support Programme (ASDSP), the County will provide ice flake machines, milk coolers, pyrethrum tissue culture seedlings and solar dryers to various women and youth groups. Dams and lakes will also be restocked with fingerlings to sustain fisheries, protect biodiversity and ensure ecological balance. Under the National Agricultural Value Chain Development Project (NAVCDP), the County Government will continue funding various micro projects and Sacco's including farmer cooperatives towards enhancing profitability and productivity. These initiatives will provide incentives for investments in agribusiness and enhance the ease of doing business.
119. Taking cognizance of the vast potential of Information and Communication Technology (ICT) and the digital economy, the County Government is committed to implementing a comprehensive plan to leverage ICT for economic growth. Processing of development applications has been automated following the development of the Electronic Development Applications Management System. Online fleet and stores management systems have also been developed in efforts to enhance efficiency in the management of County inventory. Additionally, The County Government has initiated the procurement of the Human Resource Information Management System (HMIMS) and the Asset Management System which promise to enhance efficiency, improve decision-making and ensure delivery of quality services to County residents.

2.5 County Public Service Reforms, Enhancing Governance, Transparency and Accountability

120. The County's governance and administration systems operate within the framework outlined by the Constitution of Kenya, 2010, and other relevant laws. These systems are guided by the County Integrated Development Plan (CIDP) 2023-2027 and the Governor's manifesto, which set the direction for the county's development agenda and decision-making processes. Additionally, intergovernmental consultations, particularly within budget and planning discussions, play a crucial role in promoting collaboration and coordination

among various levels of government. These consultations strengthen the governance framework and facilitate effective governance practices.

121. The County public service has faced several challenges, including inadequate training and staff development, weak succession management practices, skill-to-job mismatch, political interference, burnout, weak compliance with legal and policy frameworks governing the public sector, and accountability pressures. These challenges have led to widespread demotivation, workforce turnover, and limited productivity. In response to these issues, the County government initiated comprehensive HR reforms following an audit conducted by the HR Taskforce. The initiative aims to address succession management, redesignation, County Public service norms and standards in HR, among other related concerns. Notable achievements include the promotion of 1,247 personnel in the FY 2022/23. Progressively, the County Government will implement the recommendations of the HR audit geared towards enhancing employee productivity, including staff training and skill development, promotions, and redesignations, strengthening succession management practices, and implementing various staff wellness programs. Furthermore, the County shall, in subsequent planning, set specific targets for productivity improvement, aligned with its medium-term goals for improved service delivery.

122. To enhance service delivery within the County public service, the County Government operationalised performance management systems. H.E the Governor signed Performance Contracts (PCs) on behalf of the County Government with the 10 County Executive Committee Members on behalf of County Departments. The PCs were subsequently cascaded to the Chief Officers and Directors. Other officers were expected to sign performance appraisals under the PAS framework of performance management. Implementation of the Performance management systems has been ongoing and the County performance management steering committee has already initiated the mid-year review process that will among other Identify and address challenges and constraints affecting performance and ensure that County Departments and Boards are on course to achieve their annual performance targets. The outcome of this review will inform future capacity

building initiatives for departmental performance committees and other similar intervention to ensure optimum performance of the public service.

123. The County Government continues to promote ethical conduct to foster a culture of transparency, accountability, and integrity among County officials and employees. This has been achieved through staff training, awareness campaigns and signing of the code of conduct. The County Government will also continue to enforce the Public Officer Ethics Act (2006), values and principles for public service in accordance with Article 232 of The Constitution of Kenya 2010.

124. Public participation, as outlined in the Constitution of Kenya, 2010, is a crucial element in service delivery, reflecting a commitment to inclusive governance. In the fiscal year 2022/23, the County actively engaged over 7,700 individuals in Public Participation (PP) processes for planning and budgeting. This involvement underscores the County Government's dedication to ensuring the voices of its citizens are heard in decision-making. The County Government established a department in charge of Citizen Engagement and Public Participation which will continue to oversee citizen engagement and civic education initiatives in collaboration with other County departments and agencies, the national government and partners. Additionally, the county Government is in the process of operationalizing the Governor's delivery unit, led by the Office of the Governor. This initiative aims to further empower citizens in decision-making processes and ensure their voices are heard by providing timely feedback on the effectiveness and progress of government initiatives. This proactive approach fosters greater transparency and accountability while strengthening the linkage between the County government and the communities it serves.

125. Additionally, the County Treasury will conduct public participation sessions on finance and economic planning policy documents such as the budget, County Fiscal Strategy Paper (CFSP), and the Finance Bill, aligning with the provisions of the Public Finance Management (PFM) Act 2012. The County is committed to fully constituting the County Budget and Economic Forum (CBEF), facilitating the participation of private sector entities and non-state actors in the planning and budgeting process through their representation in the CBEF. This approach ensures that citizen voices are integrated into key

policy and budget decisions, promoting transparency, accountability, and effective governance.

126. The County Government shall continue utilising and strengthening available feedback mechanisms for the citizens including the county website, social media, urban forums, the citizen's complaints register, suggestion boxes among others. The feedback avenues shall offer information on the quality and accessibility of public services, enabling the County to address areas for improvement and enhance citizen satisfaction.
127. To improve efficiency in revenue collection, the County has introduced a single business permit regime that combines several revenue sources thus making it easier for businesses to acquire licenses and reducing the turnaround time in operationalizing a business. In line with the County's revenue enhancement strategies, the county will further pursue automation of revenue sources, payments and licensing processes to enhance efficiency and effectiveness of revenue administration.
128. The County has embarked on significant reforms in Public Financial Management (PFM), with the National Treasury collaborating with County Governments to develop a standardized Budget Manual aimed at providing comprehensive guidelines for budget preparation, implementation, accounting, and reporting. The County Treasury is committed to implementing the provisions of this manual while also adhering to CPASB guidelines for financial reporting. Additionally, in adherence with the provisions the County Climate Change Act 2021, the County will allocate for the third year running, at least one percent of the total development budget towards the County Climate Change Fund. This fund was established to help combat the climate change crisis in the country through financing of interventions that promote climate mitigation, adaptation, and resilience efforts. With the recent upgrading of municipalities, the County Treasury will put a strategy for sharing county resources among urban entities. Furthermore, the County aims to review the Finance Bill, 2023 to streamline levies, eliminate duplication, and operationalize revenue sources. Continuous capacity building on PFM will also be prioritized for relevant staff and accounting officers to ensure effective prudence in the management of public funds.

129. The County has operationalised Electronic Development Application and Management System (EDAMS) that facilitates the automation of development applications and approval process while also enhancing efficient processing of online digital development applications. In line with the principles of e-Governance, the County will continue automating major government services in the journey towards total automation. The county government is currently engaging partners to realize this goal and has already mapped all possible areas of service and process automation. The County will continue to leverage digital platforms to promote transparency and access to information pursuant to Article 35 of the Constitution of Kenya, 2010. Statutory documents shall be regularly published on the County website and online public participation tools shall be used facilitate citizen engagement in decision-making processes. The County shall also continue encouraging innovation and efficiency within County operations through the adoption of technology-driven solutions, process improvements, and best practices from other jurisdictions.
130. The County shall continue capacity building and establishing robust governance structures for among other urban entities (established and planned ones), Health facilities, and Vocational training Centres (VTCs). These initiatives aim to enhance service delivery, promote sustainable urban development, and ensure effective management of resources
131. The County shall continue capacity building the County Monitoring and Evaluation Committee (COMEC) and further constitute and capacity build departmental project management committees to enhance good practice in project implementation. To support achievement of prioritized development initiatives, the County government purposes to operationalize e-CIMES and carrying out progressive capacity building of the departmental M&E committees (DMECs).
132. In a move to strengthen internal controls and manage risk effectively, the County Government will continue implementing internal control mechanisms and risk management frameworks. These include quarterly system and processes audits, ICT safeguard, Emergency and Continuity planning, contract management, documentation and records management as well as expenditure approval controls. These controls will help address cases of fraud, corruption, and mismanagement of public resources. Over the medium term,

the County will re-constitute the Nakuru County Audit Committees which shall continue to instil transparency and accountability in budgeting and financial management.

133. To meet the Fiscal Responsibility Principles and meet the financial obligations the County will continue prioritising allocations and expenditure of at least 30 percent of the total budget towards development. The county shall continue implementing steps aimed at reducing the County pending bills stock and further accrual of new pending bills by ensuring significant budgetary allocation to debt management and timely settlement of certified dues to contractors and suppliers as soon as payment certificates are raised. Implementation of the recommendations by the pending bills taskforce on the verified existing pending bills and measures to minimize the pending bills going forward shall be pursued. Additionally, the County will also continue to adhere to the implementation of Access to Government Procurement Opportunities (AGPO). Further, the county will continually mainstream cross-cutting issues including gender, climate change.
134. Recognizing the urgent need to increase the county's resource pool and address budget shortfalls, the County will persist in implementing strategies to broaden the fiscal capacity required to fund vital reforms. Guidelines and frameworks for accessing external resources have been established, empowering the County to harness additional assistance for key projects and initiatives. This is poised to enhance the County government's ability to realize sustainable development and enhance service delivery.
135. To increase availability of data needed for decision making, the County statistical abstract shall be updated and disseminated on an annual basis. Efforts shall be made to align the departmental data needs with the data collected during the updating of the abstract.

III. INTERGOVERNMENTAL FISCAL RELATIONS AND DIVISION OF REVENUE

136. This section provides the intergovernmental fiscal relations and division of revenue. The County Government will continue foster harmonious fiscal relations both horizontally and vertically with other government agencies with the aim of promoting harmony in County Social economic development. The FY 2024/2025 budget and the Medium-term framework builds on the County Government effort to support the Five-point development agenda that lay a basis on the implementation of the third CIDP 2023-2027 which integrates the Governor's manifesto and the national government's administration's Bottom-up Economic transformation Agenda.

3.1 Intergovernmental Relations

3.1.1 PFM Institutions

137. The County Government of Nakuru has been receiving support from the National Treasury to enhance the skills of its officers in various areas of public financial management (PFM), including accounting, budgeting, revenue management, and intergovernmental fiscal relations. This support includes training in financial reporting, the use of the IFMIS system, internal audit functions, and the budgeting process. These consistent efforts in capacity building have led to an improvement in the quality of financial statements/reports produced by the county government over time.

- a. **The Office of the Controller of Budget (COB)** is mandated by Article 228 of the Kenyan Constitution. Its primary role is to oversee the implementation of budgets for both the National and County Governments by approving withdrawals from public funds. COB has been sensitizing counties on the withdrawal procedures and necessary requirements to ensure timely release of funds from the County Revenue Fund. It also aims to promote fiscal discipline, equitable allocation of resources, and enhance transparency and accountability in budget implementation through effective expenditure control. Furthermore, COB provides regular updates on the progress of settling eligible pending bills and collaborates with counties on budget execution, reporting quarterly on the same.

Additionally, COB submits quarterly budget implementation reports to both the National Assembly and the Senate.

- b. **The Commission on Revenue Allocation (CRA)** is established under Article 215 of the Constitution with the primary mandate of recommending the equitable sharing of revenue between the national and county governments. CRA provides recommendations on the financing and financial management of county governments as stipulated by the Constitution and national legislation. The Commission is tasked with expanding revenue sources and ensuring fiscal responsibility in counties. To fulfil this mandate, the CRA supports counties through capacity building and system development. Over the years, the Commission has played a pivotal role in helping counties enhance their revenue potential through system development and training initiatives. They have also been instrumental in establishing and training County Budget and Economic Forums (CBEFs) to promote sound fiscal resource management. In Nakuru County, the CRA has been actively involved in the County Creditworthiness Initiative (CCI) with support from the World Bank, which aims to enhance the county's ability to access credit for development projects once the process is completed. Furthermore, the Commission sets, publishes, and reviews the policy criteria used to identify marginalized areas for the Equalization Fund, as established under Article 204 of the Constitution.
- c. **The Intergovernmental Budget and Economic Council (IBEC)** is chaired by H.E. the Deputy President. It plays a crucial role in discussing and guiding economic and budgetary matters that impact both counties and the national government. IBEC will continue its efforts to enhance counties' public financial management systems, aiming to improve service delivery and facilitate a conducive environment for development. These initiatives are geared towards achieving better budget outcomes and enhancing financial processes. The County will maintain its collaboration with this institution to make recommendations on fair revenue distribution between the two levels of government, as outlined in section 190 of the PFM Act.
- d. **The Office of the Auditor General** is responsible for auditing and reporting on the accounts of both levels of government annually. It plays a crucial

oversight role in ensuring accountability across the three arms of government, as well as the Constitutional Commissions and Independent Offices. To enhance prudence and the auditing process, the office provides capacity building for internal audit departments and county officials on how to address audit queries effectively, aiming to prevent their recurrence in subsequent reports. The Salaries and Remuneration Commission (SRC), the Public Procurement Regulatory Authority (PPRA), and the Central Bank of Kenya (CBK) are other key Public Financial Management (PFM) institutions that closely work with the Nakuru County Government.

- e. **The Intergovernmental Relations Technical Committee (IGRTC)** is a significant intergovernmental entity established by the Intergovernmental Relations Act of 2012 and the Public Finance Management Act of 2012. Chaired by the Deputy President, IGRTC has formulated a framework, process, and program for finalizing the transfer of devolved functions that were not completed by the Transition Authority. Additionally, IGRTC collaborated with the Council of Governors (CoG), the Kenya Institute for Public Policy Research and Analysis (KIPPRA), and the State Department of Planning to support counties in reviewing the County Integrated Development Plan (CIDP) for the period 2023-2027.

3.1.2 Other Institutions

138. The County has continued to implement the Kenya Devolution Support Programme Level II performance grant for infrastructural development where the County received Ksh. 120 million being the last batch and was allocated to the construction of OPD in Subukia Level IV Hospital.

139. The County Government has been actively carrying out projects funded by the World Bank's 4-year Kenya Urban Support Programme (KUSP). The primary objective of this program is to aid in establishing and enhancing urban institutions and systems to deliver better infrastructure and services in participating counties. The program is managed by the Ministry of Transport, Infrastructure, Housing, and Urban Development. As a result of the grant,

Nakuru City Board and Naivasha Municipal Board have been set up and are functioning, and have implemented various projects including construction of NMT, rehabilitation of Afraha Stadium, Construction of service lanes, installation of street lighting and security cameras, among others. Additionally, the County has upgraded and operationalized Gilgil and Molo towns to municipalities. The implementation of the identified projects is progressing as planned. The first phase of KUSP concluded in the year 2023 and the County is now awaiting benefits from the program's second phase, which will be a performance-based grant.

140. The County is collaborating with the State Department of Urban Development on two major infrastructural projects. The first project involves the construction of a modern bus terminus designed to accommodate all matatus within the city. The second project is the construction of a modern, multi-storey market under the Trade Department, with a budget of Ksh. 600 million. This market is situated at the Old Nakuru Fire Station Grounds.
141. The County Department of Lands, Housing, and Physical Planning has secured funding for Phase II of the Kenya Informal Settlement Improvement Programme (KISIP), which is slated to be implemented within the municipalities. The main objective of the initiative is to upgrade informal settlements.
142. The County is also working closely with Technical and Vocational Education and Training Authority (TVETA) on Curriculum development to implement the Akira-ILO (International Labour Organization) Project. This initiative aims to train youth in specific skills to meet the demands of the job market and enhance their employability. Known as the "Inclusive Growth through Decent Work in the Great Rift Valley" project, it targets both Nakuru and Narok Counties. In Nakuru, the focus is on skills needed for the Energy Sector, particularly Geothermal Development. This 4-year project will be implemented using a Public Private Development Approach, where Counties will be responsible for equipping, employing, and training personnel for the targeted polytechnics. ILO will procure tools and equipment for selected Vocational Training Centres, provide capacity building for VTC instructors, and offer internship and job placement opportunities for the County VTC trainees.

143. The Nakuru County Government stands to benefit from several projects being undertaken by the National Government. These include the proposed dualling of the Rironi-Mau-Summit highway section, the completion of the Nakuru Airport at Lanet by the Kenya Civil Aviation Authority and the Kenya Airports Authority (KAA), and the operationalization of the Naivasha Special Economic Zone.

3.1.3 Inter-County Relations

144. To strengthen the goals of devolution, County Governments have been joining Regional Economic Blocs. Nakuru County is a member of the Central Region Economic Bloc (CEREB), which includes 10 Counties: Embu, Kiambu, Kirinyaga, Laikipia, Nakuru, Nyandarua, Nyeri, Meru, Murang'a, and Tharaka Nithi. CEREB aims to create a region of shared prosperity by collectively exploiting socio-economic opportunities. The bloc plans to use economies of scale in the region to enhance the livelihoods of people in the counties through collaborative project implementation. Some achievements include the revitalization of the Nairobi-Nanyuki and Nairobi-Kisumu railway lines. The second phase of CEREB aims to revive the Gilgil-Nyahururu rail-line, which is expected to boost economic activities at the Gilgil railway station, benefiting Nakuru County residents and linking to the LAPSSSET project from Isiolo, Meru, Tharaka Nithi, Embu, and back to Sagana as part of the Vision 2030 program. Particular focus is given on improving agricultural productivity through agro-processing and value addition within CEREB.

3.2 Cash Disbursement and Expenditure in FY2022/2023 by Nakuru County Government

145. The County Government received exchequer releases from the National Government amounting to Ksh. 13.02 billion in FY 2022/2023 against the projected amount of Ksh. 13.02 billion. This depicted a performance rate of 100 percent. The total transfers from the National Government for the FY 2022/2023 comprised of equitable share of Ksh. 13.026 billion and grants worth Ksh. 647 million. There was an additional Ksh. 3.91 billion fiscal balances from previous fiscal year in the CRF.

146. Other revenue sources during the year included Own Source Revenues amounting to Ksh. 3.13 billion against a target of Ksh. 3.58 billion depicting 87.4 percent achievement. This comprised of Ksh. 1.61 billion own source revenues transferable to CRF and Collections from Hospital fee (Facility Improvement Fees) amounted to Ksh. 1.52 billion.
147. The County total expenditure stood at Ksh. 15.0 billion against a revised target of Ksh. 21.2 billion indicating an underspending of Ksh. 6.2 billion which translates to 71 percent budget absorption rate. Out of the expended amount Ksh. 13.2 billion was spent by the County executive while Ksh. 1.7 billion was spent by the County Assembly. The County recurrent expenditure amounted to Ksh. 11.1 billion against a target of Ksh 12.85 billion depicting an underspending of Ksh. 1.7 and representing an 87 percent budget absorption rate. The development expenditure for the county stood at Ksh. 3.8 billion against a target of Ksh. 8.3 billion translating to 46 percent of the total development expenditure depicting an underspending of Ksh.4.48 billion. (CBROP 2023).

3.3 Revenue Allocation to the County Governments for FY 2024/2025

148. In the horizontal division of revenue for the fiscal year 2024/2025, County Governments' equitable share of revenue is projected to increase by Ksh. 5.7 billion from the current Ksh. 385.4 billion to stand at Ksh. 391.1 billion and an additional allocation of Ksh. 19.06 billion. The allocation of equitable share revenue is informed by the following prevailing circumstances:
- a. The proposal to increase the equitable share to Ksh. 391.1 billion in the FY 2024/25 is equivalent to 24.86 percent of the actual revenues raised nationally, which is in compliance with Article 203(2) of the Constitution.
 - b. The implementation of the fiscal consolidation plan by the Government which is aimed at reducing the fiscal deficit inclusive of grants from 5.6 percent of GDP in FY 2022/23 to 4.9 percent of GDP in FY 2023/24, and further to 3.9 percent of the GDP in FY 2024/25. In this regard, there is need for continuous rationalization of expenditures by eliminating non-core expenditures while improving efficiency in development projects implementation so as to contain expenditure growth, stabilize debt and reduce debt vulnerabilities;

- c. The National Government continues to solely bear shortfalls in revenue in any given financial year. However, County Governments continue to receive their full allocation despite the budget cuts affecting the National Government entities.
 - d. Increased expenditures for National Government for purposes of debt servicing coupled with a weakening shilling against the dollar;
 - e. Low ordinary revenue collections attributed to the ongoing geopolitical shocks. This includes the Russia-Ukraine war and Us Federal Reserve's interest rate hike which has negatively affected the dollar and the international debt market; and
149. Revenue Allocation for each County Government will be firmed up in the Division of Revenue Act, County Governments Additional Allocations Act and County Allocation Revenue Act (CARA), upon approval by National Assembly and Senate. In accordance with provisions of Section 190 (1) (b) of the PFMA 2012, the Commission presents the determination of each County's equitable share based on the Third Basis for revenue sharing approved by Parliament in September 2020.
150. The approved Third Basis formula is informed by the Fourth Schedule of the Constitution that distributes Government functions between the two levels of Government, and complies with the requirements of Article 203(1) of the Constitution. The formula takes into account weighted parameters for health, road, agriculture and population among others as considered and approved by Parliament in September, 2020 and outlined in the table 3.10;

Table 3.10: Parameter for Revenue Allocation

No	Indicator of Expenditure Need	Assigned Weight (Percent)
1	Health index	17
2	Agricultural index	10
3	Population index	18
4	Urban services index	5
5	Basic share index	20
6	Land area index	8
7	Road Index	8
8	Poverty head count index	14
Total		100

Source: BPS 2024

151. According to the BPS 2024, the total allocations of Ksh. 445.8 billion to County Governments constitutes equitable share of Ksh. 391.1 billion and Additional Allocations to County Governments (conditional & unconditional) of Ksh. 54.7 billion. From the total equitable share allocation to Counties, Nakuru County Government's total projected receipt stands at Ksh. 13.802 billion.

3.3.1 Allocation for Equitable Share (Ksh. 13.802 billion)

152. The County will receive a projected equitable share allocation of Ksh. 13.802 billion in 2024/2025, an increment of Ksh. 209 million from the current year's allocation of Ksh. 13.593 billion depicting a 1.5 percent growth as indicated in the table 3.11 below:

Table 3.11: County Governments Equitable shares for FY 2024/25

County	FY 2023/24	FY 2024/25				
	Total Equitable Share	0.5 (Allocation Ratio*)		Share**=0.5 (Equitable Allocation Ratio) *(Formula****		Total Equitable Share****
		Allocation ratio	Equitable Share	Allocation ratio	Equitable Share	
	Column A	Column B	Column C	Column D	Column E	Column F = C+E
Baringo	6,647,771,186	1.61	2,547,825,000	1.8	4,202,674,960	6,750,499,960
Bomet	6,977,924,070	1.74	2,753,550,000	1.86	4,330,220,756	7,083,770,756
Bungoma	11,111,983,608	2.81	4,446,825,000	2.93	6,832,162,461	11,278,987,461
Busia	7,475,585,295	1.9	3,006,750,000	1.97	4,580,808,705	7,587,558,705
Elgeyo Marakwet	4,801,453,188	1.22	1,930,650,000	1.26	2,942,735,244	4,873,385,244
Embu	5,341,810,744	1.36	2,152,200,000	1.4	3,269,531,176	5,421,731,176
Garissa	8,248,748,101	2.22	3,513,150,000	2.08	4,854,254,856	8,367,404,856
Homa bay	8,128,387,250	2.13	3,370,725,000	2.09	4,876,870,879	8,247,595,879
Isiolo	4,899,041,209	1.34	2,120,550,000	1.22	2,848,109,825	4,968,659,825
Kajiado	8,300,213,576	2.03	3,212,475,000	2.24	5,215,219,332	8,427,694,332
Kakamega	12,912,646,262	3.29	5,206,425,000	3.39	7,899,311,766	13,105,736,766
Kericho	6,703,129,925	1.7	2,690,250,000	1.77	4,113,428,765	6,803,678,765
Kiambu	12,227,552,449	2.98	4,715,850,000	3.31	7,699,917,252	12,415,767,252
Kilifi	12,109,200,498	3.3	5,222,250,000	3.03	7,059,512,633	12,281,762,633
Kirinyaga	5,420,217,528	1.34	2,120,550,000	1.45	3,382,345,819	5,502,895,819
Kisii	9,258,588,608	2.46	3,892,950,000	2.36	5,500,082,943	9,393,032,943
Kisumu	8,361,797,770	2.16	3,418,200,000	2.18	5,067,465,357	8,485,665,357
Kitui	10,829,486,936	2.79	4,415,175,000	2.82	6,575,030,956	10,990,205,956
Kwale	8,584,103,693	2.46	3,892,950,000	2.06	4,808,696,798	8,701,646,798
Laikipia	5,358,246,532	1.32	2,088,900,000	1.44	3,351,265,089	5,440,165,089
Lamu	3,237,350,707	0.82	1,297,650,000	0.85	1,988,302,778	3,285,952,778
Machakos	9,547,295,309	2.45	3,877,125,000	2.5	5,812,243,198	9,689,368,198
Makueni	8,455,460,962	2.34	3,703,050,000	2.09	4,871,489,327	8,574,539,327
Mandera	11,633,191,646	3.23	5,111,475,000	2.87	6,685,128,044	11,796,603,044
Marsabit	7,560,398,412	2.14	3,386,550,000	1.84	4,278,428,854	7,664,978,854
Meru	9,892,625,172	2.54	4,019,550,000	2.59	6,020,232,825	10,039,782,825
Migori	8,341,446,108	2.14	3,386,550,000	2.18	5,079,048,151	8,465,598,151
Mombasa	7,861,523,820	2.23	3,528,975,000	1.91	4,441,107,262	7,970,082,262
Murang'a	7,473,786,703	1.99	3,149,175,000	1.9	4,432,970,897	7,582,145,897
Nairobi	20,072,059,115	5.03	7,959,975,000	5.33	12,415,569,797	20,375,544,797
Nakuru	13,593,424,693	3.31	5,238,075,000	3.68	8,564,705,320	13,802,780,320
Nandi	7,305,294,033	1.69	2,674,425,000	2.04	4,746,900,940	7,421,325,940
Narok	9,196,276,899	2.54	4,019,550,000	2.28	5,306,437,910	9,325,987,910
Nyamira	5,334,198,486	1.52	2,405,400,000	1.29	3,002,183,805	5,407,583,805
Nyandarua	5,905,976,056	1.54	2,437,050,000	1.53	3,555,845,547	5,992,895,547
Nyeri	6,485,331,051	1.71	2,706,075,000	1.66	3,873,950,891	6,580,025,891
Samburu	5,594,312,489	1.46	2,310,450,000	1.45	3,366,145,277	5,676,595,277
Siaya	7,263,019,462	1.83	2,895,975,000	1.92	4,476,465,755	7,372,440,755
Taita taveta	5,040,427,430	1.34	2,120,550,000	1.29	2,993,039,127	5,113,589,127
Tana River	6,790,702,542	1.85	2,927,625,000	1.7	3,959,871,749	6,887,496,749
Tharaka Nithi	4,378,234,821	1.24	1,962,300,000	1.06	2,476,468,407	4,438,768,407
Trans Nzoia	7,499,822,440	1.82	2,880,150,000	2.03	4,735,425,264	7,615,575,264
Turkana	13,143,946,933	3.33	5,269,725,000	3.47	8,071,521,411	13,341,246,411
Uasin Gishu	8,426,072,635	2	3,165,000,000	2.32	5,392,896,690	8,557,896,690
Vihiga	5,267,026,885	1.47	2,326,275,000	1.29	3,014,437,256	5,340,712,256
Wajir	9,853,656,422	2.7	4,272,750,000	2.46	5,720,742,852	9,993,492,852
West Pokot	6,573,866,403	1.58	2,500,350,000	1.79	4,175,583,239	6,675,933,239
Total	385,424,616,067	100	158,250,000,000	100	232,866,788,147	391,116,788,147

Source: BPS 2024

3.3.2 Additional Allocation to County Government for FY 2024/2025

153. According to BPS 2024, County Governments will receive an additional allocation of Ksh. 54.7 billion from either the National Government's Share of Revenue or proceeds of loans or grants from Development Partners as conditional and non-conditional. Out of this, Ksh. 19.06 billion will be finance from National Government's share of revenue and Ksh. 35.66 billion from proceeds of loans and grants from development partners. These include: proceeds from court fines of Ksh. 7.4 million; construction of County headquarters amounting to Ksh. 445 million; 20 percent share of mineral royalties amounting to Ksh. 1.005 billion; County Aggregation and Industrial Parks (CAIPs) amounting to Ksh. 4.5 billion; Road Maintenance Fuel Levy amounting to Ksh. 10.5 billion; transferred functions of museums amounting to Ksh. 30.2 billion; and Conditional allocation to the CHPs programme amounting to Ksh. 2.5 billion. Final allocation details with breakdown per county for these grants will be directed by the County Allocation Revenue Act, 2024 and County Governments Additional Allocations Act, 2024.
154. The proposed conditional allocation shall be distributed based on its objectives, criteria for selecting beneficiary Counties and distribution formula determined in the Project Appraisal Documents and respective financing agreements. Conditional allocations include those financed by proceeds of loans or grants from development partners to each County Government, Aggregated Industrial Parks programme and allocations for the Construction of County Headquarters to selected counties.
155. The County is likely to benefit from the aforementioned amount representing proceeds from external loans and grants, for various programmes under Agriculture, Health, Trade, Urban Development and the Environment sector. These include DANIDA, World Bank - Kenya Informal Settlement Improvement Project II (KISIP II), World Bank's Finance Locally-Led Climate Action Program, (FLLoCA) for County Climate Institution Support (CCIS) and County Climate Resilience Investment Grant (CCRIG), Food Systems Resilience Project (FSRP), Kenya Livestock Commercialisation Project (KeLCoP), World Bank National Agricultural Value Chain Development Project (NAVCDP) and Kenya Urban Support Project (KUSP) - Urban Institutional Grant.

IV. 2024/2025 BUDGET FRAMEWORK AND THE MEDIUM TERM

4.1 Fiscal Framework Summary

156. The FY 2024/25 budget framework will be anchored on priorities set out in the 3rd CIDP (2023-2027), the Fourth Medium term Plans, and the political manifesto of the national and County administration. Observing the constrained fiscal space occasioned by Global shocks arising from international conflicts, slumping of the shilling against the dollar, spiking global inflation, and maturing debt obligations at the national level, the County government will continue to enhance revenue mobilization and rationalize expenditure without affecting service delivery.

4.2 Revenue Projections

157. In the FY 2024/2025, revenue collection from local Sources including FIF and national transfers is projected to increase to Ksh 19.896 billion from the FY 2023/24 revenue projection of Ksh. 18.790 billion. Equitable share will form the largest part of revenue at Ksh. 13.802 billion while OSR revenue is projected to at Ksh. 4.28 billion. Performance will be supported by ongoing reforms in revenue administration measures through the unified business permit, automation of revenue sources, and enforcement in non-performing sources. The County Government continues to strengthen external resource mobilization efforts and projects raising Ksh 906 million from development partners. The County also projects to receive Ksh 907 million as conditional and unconditional grants from the National Government.

4.3 Expenditure Projections

158. The County Government Implements a balanced budget where total revenue will equal total expenditure. Therefore, in FY2024/25, total expenditure is projected at Ksh. 19.896 billion where Ksh. 13.896 billion (69.7 percent) will comprise recurrent expenditure and Ksh. 6.019 billion (30.3 percent) will be used for development expenditure. This is in line with Section 107 (1b) of the PFM Act 2012 that requires County governments to allocate a minimum of 30 percent of the budget to development Budget.

159. Compensation to employees is projected at Ksh 8.144 billion (40.9 percent) which exceeds the recommended threshold of 35 percent under Section 25 of the PFM (County Governments) Regulations, 2015. This represents a 14 percent growth from the current fiscal year's allocation of Ksh. 7.136 billion. The growth has been occasioned by promotion of over 1200 staff, absorption of Health contractual employees to pensionable terms, recruitment of new staff, replacement of staff that exited without replacement, increased in NSSF contribution, review of salaries and wages by Salaries and Remuneration Commission and introduction of Housing Levy.
160. The County government will further allocate Ksh. 1.650 (49.2 percent) of the Development budget to the Ward development kitty in line with the Nakuru County Revenue Allocation Act, 2018 which prescribes an allocation of not less than 45 percent of the development budget to ward development projects.

4.4 Deficit Financing

161. Observing that the County is implementing a balanced budget, the projected budget deficit is nil. Although section 140-142 of the PFM Act 2012 allows for borrowing to undertake development projects, the County Government does not envisage borrowing in FY 2024/25. The projected expenditures are expected to be funded by the County OSR from local sources and A-in-As, transfers from the National Government and grants from the Gok and development partners.

4.5 Fiscal and Structural Reforms

162. In line with the Urban Areas and Cities Act 2011 (amended 2019) Nakuru County has expanded its urban areas by establishing two more Municipalities, Gilgil and Molo, in line with the Urban Areas and Cities Act. This move will likely require additional funding to operationalize these Municipalities during the medium term.
163. To improve its revenue generation, the County government is implementing fiscal reforms such as revenue mapping, updating the revenue database, and

enhancing the County Integrated Financial Operations Management System (CIFOMS). Streamlining the licensing process through a single business permit is also aimed at reducing barriers to starting a business and encouraging entrepreneurship, which could spur to job creation.

164. The County is focused on improving its planning framework by increasing data availability, strengthening reporting mechanisms, and enhancing project implementation and budget execution. This involves operationalizing Sub County COMECs, establishing a statistical unit, improving the County reporting framework, and implementing project management best practices. These efforts aim to enhance efficiency and effectiveness in development projects, ensuring resources are allocated optimally for maximum impact on the local community.

165. The County acknowledges challenges in executing the development budget, particularly attributed to procurement issues, weak contract management, and delayed disbursement of funds from the National Treasury. Going forward, the County government will actively address these challenges through Implementation of robust contract management systems to monitor contract performance, milestones, and deliverables; capacity building programmes for key staff along the project management life cycle; issuance of standardized templates and guidelines for procurement documentation; technological adoption and performance management through monitoring and evaluation.

4.6 FY 2024/2025 and Medium-Term Budget Priorities

166. Recognizing the importance of fiscal responsibility, the County Government is committed to transparent and accountable resource allocation. It aims to minimize costs, eliminate duplications and inefficiencies, and promote equity by prioritizing critical objectives and programs. Through these efforts, the government seeks to create employment opportunities, enhance services, and improve the overall welfare of its citizens.

167. The County Government further remains dedicated to formulating citizen-centered policies and fostering sustainable socio-economic and technological advancement. To achieve this, it will actively implement

programs, flagship projects, and other development initiatives outlined in the CIDP 2023-2027, ADP 2024/2025, and other County policies.

The policy strategies guiding resource allocation into FY 2024/25 and the medium term include:

- I. Leveraging on growth in productive sectors
- II. Promotion of access to quality and affordable healthcare services
- III. Operationalisation and expansion of County physical and social infrastructure
- IV. Creating enabling environment for social economic recovery and private sector growth
- V. County public service reforms, enhancing governance, transparency and accountability

4.7 Criteria for Resource Allocation

168. Resource allocation between the National Government and County Governments is guided by Articles 201, 202 and 203 of the Constitution of Kenya 2010 which requires that at least 15 percent of national revenue shared equitably with the County Government. The Commission for Revenue allocation thus recommended that Ksh 385 billion be shared using the third basis formula which was approved by the Senate.

169. The PFM Act stipulates that a minimum of 30 percent of County revenue be allocated towards development. The Nakuru County Revenue Act also requires that atleast 45 percent of development allocation less conditional grants and AiA be set towards Ward development budget. This CFSP has complied with these provisions for the MTEF period.

170. Allocations from the equitable share according to the BPS 2024 amounts to Ksh 13.802 billion. Projected grants from development partners and National Government are projected at Ksh 1.813 billion and collections from own source revenue are projected to total Ksh 4.28 billion, of which Ksh 1.88 billion is projected FIF collections and Ksh. 2.4 billion from other local sources.

171. The criteria guiding the allocation of resources for the MTEF 2024/2025 - 2026/2027 includes:

- i. Programmes supporting economic recovery and sustainability

- ii. Linkage of the programmes with the priorities of the CIDP 2023-2027, Annual Development Plan 2024/2025 and other county plans.
- iii. Programmes addressing the core mandates of the respective Sectors and Sub Sectors.
- iv. Ward project allocations in compliance with Section 4 of the Nakuru County Revenue Allocation Act 2018 to support community-initiated projects for equitable development.
- v. Completion of on-going and multi-year projects and operationalisation of completed projects/programmes.
- vi. Payment of outstanding pending bills/debts.
- vii. Provision of social safety nets to County residents and staff including bursary, enhanced medical scheme for staff, allocation of funds for people living with disabilities fund.

4.8 Details of Sector Priorities

172. The Sector ceilings for the MTEF period 2024/2025-2026/2027 are based on the above discussed resource allocation criteria and the highlighted key strategic policies in Chapter two. Detailed sector and sub sector priorities, including programmes and their expected output are discussed below.

Agriculture, Rural and Urban Development Sector

173. The Agriculture Rural and Urban Development Sector is made up of six subsectors namely; Agriculture, Livestock, Fisheries & Veterinary Services, Lands Physical Planning, Housing & Urban Development, Nakuru City, Naivasha Municipality, Gilgil Municipality and Molo Municipality.

Agriculture, Livestock, Fisheries & Veterinary Services

174. The Agriculture, Livestock and Fisheries Sub Sector is comprised of Agriculture, Livestock, Veterinary Services and Fisheries Directorates. The Sub sector is a key driver of the County's economic growth through enhancing food security, income generation, employment and wealth creation. The sub sector is expected to contribute 10 percent economic growth rate under Vision 2030 and about 60 percent to the county's economy. It also contributes

to economic growth through forward and backward linkages with other sectors in the county and the country at large.

175. During the MTEF period 2020/21-2022/23, the sub sector implemented four programs namely; Administration, Planning and Support Services; Livestock Resources Management and Development; Fisheries Development and Crop Production and Management which are in line with the Bottom up economic transformation agenda (BETA) and Governor's Manifesto 2023-2027.
176. The subsector through the Directorate of Agriculture, procured and distributed a total of 11,295,000 pyrethrum seedlings to over 2280 beneficiaries, 79,900 pyrethrum clones were distributed to farmers through the ASDSP project, 158,234 avocado seedlings were procured and distributed to over 5380 beneficiaries, 9130 bags of certified potato seeds & 70,589 packets of Bio-fertilizer were distributed to farmers, 27 plant doctors were trained, 100 Personal Protection Equipment (PPEs), 100 Knapsack sprayers, 42 Motorized sprayers and 2245 litres of assorted pesticides were distributed to farmers, 128 pyrethrum solar dryers were installed, construction of 28 tea buying areas in Kuresoi North & South subcounties completed and Wanyororo B dam in Bahati Subcounty was rehabilitated. Through the NARIG project, the subsector funded 934 micro-project proposals and farmer producer organizations such as Elburgon Progressive Dairy Cooperative and Hifadhi beekeepers cooperative society Limited.
177. The subsector through the Directorate of Livestock production supported farmer groups with 1284 dairy goats for improvement of dairy goat productivity, 2131 farmer groups were supported with 213,191 one month old chicks, 6 milk bulking and chilling facilities were constructed in Rongai, Molo, Kuresoi South and Bahati subcounties and 9 milk coolers were procured for Central and Maiella in Naivasha subcounty, Dundori in Bahati subcounty, Menengai West and Visoi in Rongai subcounty and Keringet in Kuresoi South Sub-County.
178. The Subsector through the Veterinary services directorate; prevented and controlled major livestock diseases like Foot and Mouth, Rabies, Lumpy skin disease, Anthrax among others, provided free vaccinations for 947,738 animals, conducted disease surveillance and reporting of both notifiable and zoonotic diseases through real time digital platform- Kenya Animal Bio

surveillance system (KABS), reduced incidences of vector borne diseases like East Coast Fever (ECF), Anaplasmosis and Tick Fever and constructed five new dips while one was renovated in Solai Ward, Rongai Sub County. An aggregate of 144,161 hides and 169,295 skins were produced even as the subsector continued to conduct meat market surveillance to enhance food safety.

179. Through the fisheries directorate, the subsector; offered timely and quality extension services to farmers, enhanced fisheries licensing to generate revenue, developed an inventory of all fish farmers, dams, water pans and rivers in the County, conducted fish inspection quality assurance and marketing and intensified MCS (monitoring, control and surveillance) patrols to reduce illegal fishing in partnership with fisheries stakeholders. Further, under the ASDSP II Programme, the following activities were done; Implementation of capacity building concepts for prioritized value chain actors (PVCA) by service providers, implementation of innovation concept (black soldier fly in Njoro, energy saving stoves in Naivasha and Ponda Mali, pyrethrum seeds distribution including solar dryers), enhancement of Structures and Capacities for Consultation, Cooperation and Coordination and Monitoring & evaluation for effective implementation of the Programme.

180. In the MTEF period 2024/25-2026/27, the subsector has prioritized programmes intended to facilitate attainment of food security, sustainable management and utilization of land and development of fisheries in the county. The subsector plans to create an enabling environment for development and to provide efficient and effective services to county divisions/units organizations and the public through recruitment of staff, furnishing of offices, data collection and management, and purchase of uniforms and PPE for field officers. In efforts to increase livestock production, animal health and livestock products and by-products in the County, the subsector will prioritize operationalization of milk coolers, provision of AI services, supporting farmers with breeding stock, marketing of livestock products, animal vaccinations, and creation of market linkages. The subsector intends to continue restocking farm ponds and dams with fingerlings, train fishing groups and BMUs, and procure assorted fish handling equipment geared towards increasing fish production for enhanced food security.

Additionally, the subsector will increase crop production and productivity through prioritizing promotion of traditional and emerging cash crops, promotion of smart agriculture, supporting farmers with farm inputs, procurement of agricultural value addition equipment and technologies and creation of market linkages. In order to achieve these interventions, the subsector has been allocated a budget of Ksh. 1,311,202,706, Ksh 1,442,322,976 and Ksh 1,586,555,274 in the medium term 2024/2025-2026/ 2027.

Lands, Physical Planning, Housing and Urban Development

181. The subsector plays an important role in the socio-economic development of Nakuru County given that its operations revolve around land, a key factor of production. It is organized into two directorates namely; the Directorate of Land & Physical Planning and the Directorate of Housing & Urban Development. The subsector is a key enabler of the Affordable housing dream as well as the sustainable development goal number eleven that seeks to make cities and human settlements inclusive safe, resilient and sustainable.
182. During the MTEF period 2020/21-2022/23, the Subsector achieved the following milestones; Report on elevation of Nakuru Municipality to city status was finalized and adopted by the Senate of Kenya with City status being achieved on 1st December, 2021, reports on elevation of Gilgil and Molo Towns to municipal status were approved by the County Assembly and municipal charters issued.
183. Under the Directorate of Lands and Physical Planning; the County spatial plan 2019-2029 was approved and launched by H.E President William Ruto in June 2023, Lands information Management System (LIMS) is at 80% completion, 5,850 development applications processed and eleven survey equipment were procured including 3 GPS (RTK), 3 Total station and 5 Hand held GPS. Further, collaboration with ESRI East Africa on the development of the Nakuru County GIS Laboratory was initiated while physical and land use development plans for twenty-nine trading centers were prepared and approved.
184. Under Urban Development directorate the subsector achieved the following; Successful hosting of the first Kenya Urban Forum (KUF) in June 2023, formation of the Adhoc committees for the process of conferring municipality

status to Maai Mahiu, Njoro and Mau Narok towns, operationalization of Gilgil Municipality and Molo Municipality following appointment of the respective board members, completion of designs for infrastructure projects in Kia Murogi, Karagita, London and Lakeview informal settlements under Kenya Informal Settlements Improvement Programmes (KISIP) II and preparation of integrated development plans for Gilgil and Molo Towns which are at 85% completion. Also, through the Kenya Urban Support Programme (KUSP) I, eleven projects were procured and a majority completed.

185. The subsector through the Housing directorate managed to renovate approximately 886 housing units in various estates which include; Flamingo, Naivasha, Kimathi, Paul Machanga, Moi, Baharini, Nakuru Press and Kaloleni A, the bulk of these renovations being in reroofing of dilapidated units, upgrading of sewer lines and rehabilitation of toilets. Upgrading of sewer lines and rehabilitation of toilets in Naivasha, establishment of four Alternative Building Materials Technology centres in Njoro, Rongai, Gilgil and Subukia subcounties, initiation of County tenancy records updating in Naivasha Subcounty, procurement of 2 stabilized soil block machines and training of 350 housing stakeholders were also done within the review period. Additionally, the Nakuru County Housing Estates Tenancy and Management Bill first reading was done at the Nakuru County Assembly and subsequently committed to the Committee on Land Housing & Physical Planning.

186. In the MTEF period 2024/25-2026/27 the subsector has prioritized implementation of the County spatial plan (2019-2029), finalization of the valuation roll in conjunction with the department of Finance and Economic Planning, operationalization of the Land information Management system, planning and surveying all urban centers and county estates, procurement of survey equipment, updating of the county public land inventory, entrenching alternative dispute resolution mechanisms (ADR) in the resolution of land disputes, digitization of land records and operationalization of the County GIS laboratory for effective geospatial management of county resources.

187. The subsector through the Urban Development Programme plans to; finalize the chartering of 3 new municipalities and 6 towns eligible for status review, capacity built all urban area management boards, prepare integrated urban development plans for new municipalities, review urban

area boundaries, implement the World Bank funded Kenya Urban Support Programme (KUSP II) and Kenya Informal Settlement Improvement Programme (KISIP II) and construct markets, green parks and urban area master plans.

188. Under the Housing and Estates Development Programme, the subsector intends to continue rehabilitating various county estates to improve their living conditions with key focus will be on upgrading sewer connections, house renovations, construction of ablution blocks and fencing of the estates. To cut down building costs, the subsector plans to continue with construction of Appropriate Building Materials & Technology centers while also operationalizing all ABMT centers within the county and conducting continuous training to relevant stakeholders. The subsector will ensure every sub county has an ABMT center and will prepare the County ABMT policy to promote increased adoption of new building technologies. The subsector will also work with State department of Housing and Urban Development in implementing the Constituency Affordable Housing Programme in line with the Bottom-up Economic Transformation agenda (BETA). To achieve these interventions, the subsector has been allocated Ksh 575,241,611 in FY 2024/25, Ksh 632,765,772 in FY 2025/26 and Ksh 696,042,349 in FY 2026/27.

Nakuru City

189. Nakuru City was chartered on 1st December 2021 as per the requirements of the Urban Areas and Cities Act 2011 (Amended 2019). It covers the 11 wards of Nakuru East and West Sub County namely: Flamingo, Kivumbini, Shaabab, Kapkures, Nakuru East, Menengai, Rhonda, Biashara, London, Barut and Kaptembwo Ward. Majority of developments undertaken by the subsector have been funded by the World Bank through the Kenya Urban Support Programme- Urban Development Grant. During the MTEF period 2020/21-2022/23, the subsector completed the following projects: construction of Free Area Loop Road, construction of NMT, provision of street lighting and CCTV cameras along Kenyatta Avenue, Mburu Gichua and Moi Road, construction of the Road behind Gilanis supermarket to KPLC and Lower Tom Mboya Road, construction of Kakamega Road, CBD streetlighting and repair works, Road marking and installation of furniture in CBD, Construction of Kipchoge Keino, Part Crater Climb and Matundu Road, Construction of Mashindano Road and

drainage; Chui Road and drainage, Re-carpeting of Bargain Road, installation of Municipality solid waste collection bins, Construction of Mbugua Road and Drainage, Construction of lower Mburu Gichua Road, Flamingo and Kivumbini storm water drain and the provision of City solid waste collection bins. The ongoing rehabilitation of Afraha stadium Phase 1 is 85% complete.

190. The subsector intends to focus on construction of 3kilometres of new roads & 4.5 kilometers of non-motorized transport, installation of 55 new streetlights & 4 CCTV cameras, construction of 4.5 kilometers storm water drainage, installation of 30 solid waste litter bins, purchase of 2 skip loader trucks & 2 solid waste refuse trucks, purchase of 8 skip bins, development of 1 recreational park, host 3 trade exhibitions, organize 3 annual Nakuru city marathon, develop the Nakuru City website and conduct various citizen engagement fora within the MTEF period 2024/25-2026/27. To achieve these objectives the subsector has been allocated Ksh 122,884,133 in FY 2024/25, Ksh 135,172,546 in FY 2025/26 and Ksh 148,689,801 in FY 2026/27.

Naivasha Municipality

191. Naivasha Municipality was created as per the requirements of the Urban Areas and Cities Act 2011 which provides the criteria for a Town to be upgraded to a Municipality. During the MTEF period 2020/21-2022/23, the municipality completed various development projects which include; tarmacking of 3.7 km of road, constructed 2.1km Lakeview road, installation of 3500 m² Cabro, Construction of 208 m² Parking lots, development and adoption of solid waste management plan, planting of 100 tree seedlings, construction of Wholesale market, Rehabilitation of Municipal Park, Construction of 4.7 km drainage and Grading and gravelling of roads in Kayole Estate and Kinungi Centre.

192. In the MTEF period 2024/25-2026/27, the subsector intends to: construct 300 new parking slots, develop 1 infrastructure master plan, install 15 solar streetlights, construct 15 kilometers of sewer reticulation, improve 10 kilometers of drainage, improve 9km of roads to Bitumen standard, construct 1 fire station, construct 1 bus park, purchase 1 fire engine, procure 10 skip bins & 60 litter bins, rehabilitate 3 green parks, construct 2 public toilets, undertake 6 cleanup exercises, construct and equip 6 social halls and mark 15 public events &

national celebrations. In order to achieve these interventions, the subsector has a budgetary allocation of Ksh 85,227,313 in FY 2024/25, Ksh. 93,750,044 in FY 2025/26 and Ksh 103,125,049 in FY 2026/27.

Molo Municipality

193. Molo Municipality is situated in the western part of Nakuru County approximately 50 Kilometers from Nakuru City. It covers five wards namely; Molo, Turi and Sirikwa in Molo Subcounty and Sirikwa and Kamara Wards in Kuresoi North Subcounty. In the review period 2020/21-2022/23, the municipality was not operational as a legal entity of the County Government of Nakuru. Various milestones were however achieved in the operationalizing journey of the municipality through the County directorate of Urban development within the Department of Lands, Physical Planning, Housing & Urban Development. These milestones include; Appointment of Adhoc Committee to review change of status of Molo town, successful public participation fora on the chartering of Molo Municipality, preparation and adoption of draft Municipal charter by the County executive and County Assembly of Nakuru, issuance of municipal charter on 7th July, 2022, preparation of draft Molo Municipality Integrated Development Plan 2023-2027, successful interviewing & appointment of municipal board members and creation of a department level budget vote head for Molo Municipality.

194. In the medium term, the Municipality has a budgetary allocation of Ksh 51,873,598 in FY 2024/25, Ksh 57,060,958 in FY 2025/26 and Ksh 62,767,054 in FY 2026/27. The municipality will use these allocations to; rehabilitate municipality offices, recruit 24 members of staff, cabro pave 300 parking slots, develop municipality infrastructure master plan, install 15 solar street lights, install 30 litter bins, rehabilitate of 3 green spaces/parks, construct 6 Juakali shades, construct 3 markets, rehabilitate 3 social halls, mark 15 events including national celebrations and conduct 16 public engagement fora.

Gilgil Municipality

195. Gilgil Municipality serves as a key security town for both Nakuru County and Kenya as a whole. It accommodates various security installations such as 5KR

barracks, Kenyatta barracks, Kenya Anti Stock Theft Unit (ASTU) and the National Youth Service (NYS). During the MTEF period, the municipality had not been operationalized. However, various milestones were achieved through the County Directorate of urban Development. These milestones include; Appointment of Adhoc Committee to review change of status of Gilgil town, successful public participation fora on the chartering of Gilgil Municipality, preparation and adoption of draft Municipal charter by the Nakuru County executive & Assembly, issuance of municipal charter on 7th July, 2022, preparation of draft Gilgil Municipality Integrated Development Plan 2023-2027, successful interviewing and appointment of municipal board members and the creation of department level budget vote head for Gilgil Municipality.

196. In the MTEF period 2024/25-2026/27, the municipality intends to; Construct 300 new parking slots, install 15 new solar street lights, develop 1 municipal infrastructure development master plan, install 35 litter bins within the municipality, rehabilitate 3 green spaces/parks, construct 6 juakali sheds, Construct 3 markets, rehabilitate 3 social halls, Mark15 national celebration & other events and conduct 15 public participation fora. Towards achieving these objectives, the County treasury has allocated the Municipality Ksh 58,255,214, Ksh 64,080,735, and Ksh 70,488,808 in financial years 2024/25, 2025/26 and 2026/27 respectively.

Energy, Infrastructure and Information, Communication and Technology Sector

197. The Sector is comprised of two subsectors namely; Infrastructure sub sector and ICT & E-Government sub sector.

198. The Infrastructure subsector is responsible for the planning, development, and maintenance of infrastructure within the county, including roads, drainages, bridges, transport facilities, streetlights, and public buildings. Over the MTEF period of 2020/21-2022/23, significant progress was achieved, including the grading and gravelling of over 1864.25km of roads, construction of new drainage networks spanning 27.131km, and the establishment of 36 motorable bridges and 94 boda-boda sheds. Additionally, substantial efforts were made in installing 523 new and maintaining 3147 existing streetlights across the county. Despite challenges such as limited funding and capacity

constraints, the department managed to execute its projects, with budget execution rates of 47.6 percent 64 percent, and 54 percent in the respective financial years.

199. In the next MTEF period, 2024/25 – 2026/27 the subsector plans to allocate resources towards several key projects, including tarmacking 20 kilometres of new road networks, grading 1250 kilometres, and graveling 920 kilometres of roads. Additionally, there are plans to construct 25 new footbridges, 25 kilometres of new drainage network, and maintain 40 kilometres of existing drainage systems. Additionally, there are plans to construct 25 new footbridges, 25 kilometres of new drainage network, and maintain 40 kilometres of existing drainage systems. Moreover, the department aims to rehabilitate 8 existing bus parks while constructing 6 new ones, alongside establishing 65 additional boda-boda sheds to support transportation infrastructure across the county. Furthermore, there is a focus on sustainability, with plans to increase the proportion of solar streetlights installed by 20 percent, reflecting efforts to promote environmentally friendly infrastructure solutions.
200. The Nakuru County Government recognizes ICT as a key enabler for economic development and social transformation in the county. The subsector aims at providing efficient, affordable and reliable ICT infrastructure and services as outlined in the Fourth Medium Term Plan (MTP IV) of the Kenya Vision 2030, Bottom-up Economic Transformation Agenda (BETA), Nakuru County Integrated Development Plan 2023-2027 and the Governor's Manifesto.
201. During the previous MTEF period, the key achievements for the subsector included training of seven staff; recruitment of two additional staff; promotion of five staff; construction of two digital centers in Kagoto and Njoro; trained a total of 3,900 youths at Shabab and Menengai Digital centres in partnership with Generation Kenya on freelancing; installed internet connectivity in 13 sites across the county and installed a firewall at the HQ data centre which is at 70% completion rate stage.

202. In the MTEF period 2024/2025-2026/2027, the Sub-sector has prioritized establishment of a production studio at the county headquarters to facilitate multimedia content creation and dissemination. Additionally, there will be a focus on procuring communication equipment to strengthen communication channels and network capabilities. Upgrading the county website is another crucial area of focus to ensure an improved and user-friendly online platform for information sharing. The ICT sector plans to establish digital and media centers to provide access to digital resources and media services to the public. Efforts will also be made towards enhancing connectivity across the county by installing and configuring LAN, WAN, Wi-Fi, and internet services. To safeguard sensitive information against cyber threats, the deployment of data security measures is prioritized.

203. Additionally, installing CCTV systems for enhanced surveillance and security in public spaces will be undertaken. Importantly, the ICT sub-sector aims to automate services and integrate Nakuru County ICT systems for seamless information sharing between county departments and agencies. Policies addressing changes in technology and adoption will be developed to provide a comprehensive framework for logical access controls, ensuring the protection of the county's ICT resources. The sub sector will also concentrate on continuous training of youths across digital centers and host innovation forums to promote digital literacy, knowledge sharing, and technological creativity. Leveraging multimedia platforms for information dissemination and awareness campaigns through print media and documentaries is also part of the strategy.

204. Over the medium term, the Sector has been allocated Ksh 752,074,608, Ksh 827,282,069, and Ksh 910,010,275 in financial years 2024/25, 2025/26 and 2026/27 respectively.

Health services

205. Over the period from 2020/21 to 2022/23, Nakuru County's Health Sector made significant strides in alignment with Kenya's commitment to Universal Health Coverage and broader developmental frameworks. Guided by Vision 2030, the Presidential BETA Plan, and the Governor's Manifesto, the county

focused on delivering quality healthcare services. Operating through three directorates and programs, the sector aimed to eliminate communicable conditions, address non-communicable burdens, reduce violence, minimize health risk factors, provide essential services, and strengthen collaboration.

206. Notable achievements were observed, particularly in disease surveillance, with heightened rates of disease detection, improved efficiency of case verification, and swift response to potential health threats. Reproductive health initiatives yielded positive outcomes, including increased availability of family planning services and enhanced attendance of skilled healthcare professionals during births. However, challenges persisted in ensuring sufficient attendance for Antenatal Care (ANC) services, indicating areas requiring further attention. Immunization efforts faced hurdles related to inadequate cold chain equipment and intermittent stockouts, despite progress in promoting new vaccines and integrating COVID-19 vaccination programs.

207. Tangible improvements were evident in environmental and sanitation programs, with better hand hygiene practices in schools, improved medical waste management, and increased coverage of household latrines. Challenges in drug procurement and recurring stockouts persisted, despite Nakuru County's role as a regional referral center. The sector witnessed increased visits and admissions to healthcare facilities, underscoring the critical need for improved supply chain management to ensure consistent access to essential medications and healthcare provisions.

208. Looking ahead to the next MTEF period (FY 2024/25 to 2026/27), the Health Sector prioritizes key strategies, including enhancing health infrastructure and management, human resource development, evidence-based intervention and advocacy, primary care networks and social welfare, disease surveillance and sanitation, maternal and child health, HIV & TB prevention, awareness, and treatment, supply of medications and diagnostic services, healthcare support services and emergency response, as well as oncology services and chronic disease management. These strategies aim to address existing challenges and further improve healthcare delivery in Nakuru County. The Sector has been allocated Ksh 7,598,641,215, Ksh 8,358,505,336, and Ksh 9,194,355,870 in financial years 2024/25, 2025/26 and 2026/27 respectively.

Education Sector

209. The Education Sector has shown notable progress in enhancing early childhood education (ECE) and vocational training. The sector is made up of two directorates one overseeing ECE and the other vocational training. The sector's mandate includes the provision of infrastructure, teachers, instructional materials, and free basic education, among other responsibilities.
210. Notable achievements during the period FY 2020/21 to FY 2022/2023 include an 8% increase in ECD enrolment, attributed to improved infrastructure and facilities, through construction of 337 ECE classrooms and toilet blocks, as well as the distribution of bursaries and instructional materials. Additionally, efforts were made to enhance the quality of education, with training provided to ECD teachers on the Competence Based Curriculum, recruitment of 442 new teachers, and piloting of the school feeding program in preparation for a wider rollout.
211. In vocational training, enrolment remained steady, and significant infrastructure development was undertaken, including the construction of vocational training centers and administration blocks. Tools and equipment worth Kshs 6,248,925 were procured, benefiting vocational training centers, and sensitization forums were held to popularize vocational training programs. Despite these achievements, challenges such as inadequate resource allocation persist, prompting the department to partner with various stakeholders to bridge the resource gap.
212. Looking ahead to the next MTEF period (2024/25-2026/27), the sector will prioritize resources in improving ECE and vocational training infrastructure, providing instructional materials, capacity building of personnel, provision of bursaries and scholarships, implementation of the school feeding program, and recruitment of optimal staff. Despite resource constraints, the sector remains committed to enhancing education outcomes and ensuring access to quality education for all residents of Nakuru County. Collaboration with stakeholders will be crucial in overcoming challenges related to the financing gap for the sector.

213. Over the medium term, the Sector has been allocated Ksh 1,214,428,497, Ksh 1,335,871,347, and Ksh 1,469,458,481 in financial years 2024/25, 2025/26 and 2026/27 respectively.

General Economic and Commercial Affairs

214. The General Economic and Commercial Affairs Sector plays a critical role in poverty eradication, employment creation, and regional development. It is also a key sector in revenue generation for the Government. The Sector key areas of focus include Trade promotion, Enterprise Development, physical markets development, Alcoholic Drinks Control, County Bus Terminus Management, promotion of Industrialization, fair trade practices, betting, gaming and lotteries control, Co-operative Development and Tourism promotion.

215. During the MTEF period 2020/21-2022/23, the sector the sector realized significant accomplishments across various programs. Notable achievements under Administration, Planning, and Support Services included the development of a strategic plan, the promotion of 24 members of staff and the renovation of the weights and measures offices. Under Cooperative Management, a total of nine (9) marketing cooperatives were successfully revived and Five (5) marketing cooperatives were supported with value addition equipment. Additionally, the governance and management of cooperatives was enhanced through trainings. In Commerce and Enterprise, twelve (12) Small and Medium-sized Enterprises (SMEs) trainings were conducted, nine (9) Producer Business Groups (PBG) were registered and market linkages done, eleven (11) Trade Exhibitions organized and 13,604 verifications of weighing and measuring instruments and 98 business premises inspections done.

216. In the same review period, a total of 34 markets were constructed & rehabilitated and 43 market committee meeting were done under the market rehabilitation and development Programme. Further, 2 tourism sites were activated, 10 tourism events held, two (2) bus termini were rehabilitated, five Public Service Vehicle (PSV) drivers and conductors' sensitization forums were

conducted and 25 Savings and Credit Cooperative Organizations (SACCOs) and Sixteen (16) Sub County liquor regulation committees were trained.

217. In the MTEF period 2024/25-2026/27, the subsector plans to; rehabilitate fifteen (15) markets and construct fifteen (15) more, map the revenue generation potential in markets, undertake consumer protection through inspection of business premises and verification of Weighing and Measuring instruments, construct three (3) rehabilitation centers under Alcoholic drinks control in collaboration with the Department of Health and other stakeholders, and establish the Alcoholic Fund. Under commerce and enterprise, the subsector will conduct twelve (12) MSMEs trainings, create eight (8) marketing linkages for BPGs and conduct six (6) trade exhibitions among other deliverables.

218. Additionally, the Cooperative Directorate will revive six (6) marketing cooperatives, develop one (1) cooperative marketing strategy & County cooperative policy, County Cooperative Act and Regulations, support nine (9) marketing cooperatives with value addition equipment and promote women, youth and PWDs in cooperative leadership positions while the Tourism Directorate will promote Tourism by holding nine (9) Tourism events and activating nine (9) tourism sites thereby marketing Nakuru County as a Tourism destination. The Medium-Term Budgetary allocation for the sector amounts to Ksh 469,983,086, Ksh 516,981,395 and Ksh 568,679,534 for the financial years 2024/25, 2025/26 and 2026/27 respectively.

Social Protection and Recreation

219. The Social Protection and Recreation sector has four directorates that include Youth, Gender & Culture, Sports and Social Services. During the MTEF period 2020/21-2022/23, the subsector through the directorate of social services issued 1244 assistive/mobility devices, mobilized 1320 self-help groups across the 11 sub-counties, sensitized 500 PWDs on AGPO, admitted 13 elderly persons at Alms house, conducted 10 sensitization workshops on drugs and substance abuse control and Constructed 8 new units at Alms House.

220. During the period under review, Kianjoya, Mau-Narok and Kabazi social halls were constructed, Menengai textile hub was renovated and

operationalized, football goal post were installed, 2 pavilions with capacity of 600 persons were constructed and playing field at Kamkunji ground levelled. The sector revamped changing rooms at Kimathi grounds, constructed 2 metallic pavilions and 4 door pit latrine at Gilgil stadium, renovated perimeter wall, installed capping, main gate and football goal post at Molo Stadium, constructed perimeter wall at Rongai stadium and upgraded 7 sports grounds which include; Kirathimo playing field in Kiamaina, Bahati Sub-County, Mwariki playing fields in Rhonda Nakuru West, Kariandusi playing field in Maai Mahiu ward, Mercy Njeri Primary School in Menengai west ward Rongai Sub County, Kihingo playing ground in Kihingo ward, Njoro Sub County and Kasarani playing ground in Lare ward, Njoro Sub County. St Teresa sport's centre was completed during the same period.

221. To further support the development of sports within the county, the sector utilized ward sports allocation to purchase assorted sports equipment, trained 258 technical sports personnel and supported 17 Tournaments and 10 Sports Clubs and Teams. Additionally, the sector through the directorate of Gender conducted 16 community sensitization forums on women's engagement in platforms of decision making which aimed at challenging social norms that restrict women and girls from taking part in decision making forums and also leadership positions. Men were also engaged in the discussions for them to support gender equality in decision making and leadership. The sector conducted 37 Sensitization meetings on GBV across the county to enlighten members of the community on the laws around GBV and the referral pathway. GBV clusters in all sub counties were activated and capacity of the members built.

222. The sector through the directorate of Youth Affairs developed a draft Youth policy which has been approved by the Cabinet, drafted Youth engagement bill and conducted capacity building for 8 Youth focal persons from different county departments. Further it was able to engage 24 stakeholders through forums, celebrated international Youth weeks/days, and empowered 1,143 youth groups and 54,246 individual youth beneficiaries with tools for work. In addition, 1,083 youth were trained on different disciplines and a Memorandum of understanding aimed at empowering the youth signed with 3 organizations.

223. In the MTEF period 2024/25-2026/27 the sector will; promote gender equality and empowerment through increased participation of women in leadership, conduct empowerment programs and adoption of Nakuru County Gender and Development Policy, create awareness on sexual gender-based violence and construct a GBV rescue Centre through Gender Empowerment and Social Inclusivity Programme.
224. In the pursuit of fostering cultural diversity and economically empowering artists, the sector through the Development of Socio-Cultural Diversity and Promotion of Responsible Gaming Programme intends to; develop a County Culture & Heritage Policy, establish three (3) cultural centers, provide support to art groups, establish an artist database, offer training to artists, develop regulations to operationalize the Nakuru betting, Gaming and lottery Act 2014 and enforce betting and gaming control regulations.
225. The sector through the Management and Development of Sports & Recreation Programme will; develop, rehabilitate and upgrade sports infrastructure, promote sports talents and nurture them through organization of tournaments/competitions and support of various teams/clubs and federations, utilize sports allocation in supporting various teams throughout the county and finalize the sports policy and regulations. Additionally, through the Youth Empowerment Programme the sector will; establish production hubs, enact Nakuru County Youth Engagement Service and operationalize the youth service, issue empowerment tools to the youth to enable them start income generating activities and equip & operationalize the existing youth resource centers.
226. The sector's budgetary allocations that will ensure implementation of the prioritized programmes and projects amounts to Ksh 325,367,271, Ksh 357,903,998 and Ksh 393,694,398 for the next three financial years respectively.

Environmental Protection, Water and Natural Resources

227. The sector of Environmental Protection, Water and Natural Resources comprises of two Directorates namely: Environment, Energy, climate Change and Natural Resources; and Water and Sanitation. It is responsible for enforcement of environmental management laws, Waste management,

refuse removal, refuse dumps and solid waste disposal. Pollution Control on lentic-lotic ecosystems, air, land, noise and excessive vibrations and other public nuisance, Identification and development of renewable sites and green energy opportunities for development.

228. During the MTEF period 2020/21-2022/23, the sector adopted the Integrated Solid Waste Management model and the circular economy through promotion of waste recovery approaches in efforts to enhance environmental protection through waste collection and disposal. The sector purchased one skip loader, 25-acre sanitary landfill, 506 litter bins and trained various staff towards enhancing enforcement, compliance monitoring, proper management of disposal sites and conducting environmental education awareness.

229. Additionally, the sector ensured compliance with noise pollution regulations, undertook continuous desilting of storm water retention ponds and established an enforcement and compliance unit to prevent water, air and land pollution. Through the Directorate of Environment, Energy, Climate Change and Natural Resources, the sector completed the Participatory Climate Risk Assessment across all 55 wards of Nakuru County, developed the Nakuru County Climate Change Action Plan 2023, trained 55 ward Climate Change Planning Committees, and a further 110 people trained on climate change and adoption of clean energy solutions. These efforts culminated into Nakuru County being awarded as best in clean energy advocacy in 2023.

230. The sector managed to grow 1,156,284 trees (963.57 ha) of various species, rehabilitated and maintained open spaces & county parks such as Nyayo garden in Nakuru City and partnered with various partners in beautifying urban areas with key focus being on roundabouts, open spaces, road medians, and open spaces. The sector further rehabilitated County recreation sites and open spaces and ensured gazettelement of Nakuru County Waste Management Act 2021, Nakuru County Climate Change Act 2021, Nakuru County water and sanitation act 2021 and Nakuru County Climate Change Fund Regulations. In efforts to enhance water supply, the sector, drilled 66 boreholes, de-silted 10 dams, secured 8 springs, and rehabilitated 246 water

projects. This resulted into increased water production at 7,647m³/day and an increase in overall coverage by approximately 2 percent.

231. During the next Medium Term Expenditure Framework 2024/25-2026/27, the sector has prioritized four programmes namely; Administration & Support services, Water and Sewerage management, Environmental management and Climate change Resilience and Energy Development. The sector will ensure provision of water and sanitation services through drilling & solarization of boreholes, rehabilitation of water projects and extension of sewer network coverage. Efforts will be intensified to control pollution on lentic-lotic ecosystems, air, land, noise, excessive vibrations as well as other public nuisances. The sector will also ensure strict environmental management through of environment management laws and enhance climate change resilience, adaption, mitigation as well as development of green energy.

232. The sectors' budgetary allocation that will ensure implementation of the earmarked programmes/projects totals to Ksh 603,143,609, Ksh 663,457,970 and Ksh. 729,803,767 in the financial years 2024/25, 2025/26 and 2026/27.

Public Administration and National/International Relations Sector

233. This sector comprises of 6 sub sectors namely; Office of the Governor & Deputy Governor, Finance and Economic Planning, Public Service, Devolution, Citizen Engagement, Disaster Management and Humanitarian Assistance, County Public Service Board, Office of the County Attorney and County Assembly of Nakuru.

Office of the Governor and Deputy Governor

234. The office of the governor plays a pivotal role in the implementation of a Nakuru county government's budget and the setting of development priorities. It is responsible for resource organization, management, and accountability to improve quality service delivery. During the MTEF period 2020/21-2022/23, the subsector; Appointed all 10 County Executive Committee members to head the various Departments, appointed and inducted to office 23 Chief Officers, organized 12 Cabinet meetings which discussed matters affecting the County, organized the annual state of the County Address, utilized the Emergency Fund to address emerging disasters including the EL Nino Rains as well as

Purchase of food and non-food items for affected victims of floods and fire and prepared & published performance contracts for subsequent signing between H.E the Governor and CECMs, The same was cascaded to chief officers, accounting officers of county government entities, and directors.

235. During the 2024/2025-2026/2027 MTEF period, the subsector will be implementing a budget of Ksh 420,391,223, Ksh 462,430,345 and Ksh 508,673,379 focusing on its projects and programmes in light of past accomplishments. The Sub-sector will guide the County Governments' development agenda in conformity with the requirements of Devolution and the Constitution of Kenya 2010.

The County Treasury

236. The County Treasury is comprised of five directorates namely; Internal audit, Supply Chain Management, Economic Planning, Finance and External Resource Mobilization. The PFM Act 2012 stipulates the County Treasury's chief mandate as ensuring oversight, monitoring, and evaluation of the public finances and managing the economic affairs of the County Government. Other mandates include; management of County public debt, strategic mobilization of financial resources, preparation of financial statements, safeguarding integrity of government assets and provision of leadership in acquisition and disposal of public assets.

237. During the MTEF period 2020/21-2022/23 the County treasury refurbished key offices, ensured progress in construction of the Treasury office block trained staff in areas such as budget preparation, financial reporting, planning, and various promotional courses and recruited 91 new staff members, including economists, accountants, and finance officers, to strengthen its human resource capacity.

238. Through the Public Finance Management Programme, the County treasury adhered to legal frameworks and guidelines governing various aspects, including budget formulation, procurement, and public finance. This commitment resulted in the timely preparation and submission of essential documents such as Budget Circular, CBROP, CFSP, Sector reports, and Budget estimates. The subsector also achieved notable performance in Own Source

Revenue collection after collecting Ksh 2.82 billion, Ksh 3.23 billion, and Ksh. 3.13 billion against targets of Ksh. 3.2 billion, Ksh 3.1 billion and Ksh. 3.4 billion for FY 2020/21, FY 2021/22, FY 2022/23, respectively. This reflects a 95 percent revenue collection efficiency, a commendable achievement considering the challenges posed by the transitional period following the 2022 general elections and effects of covid 19. The subsector also prioritized risk-based and value-for-money audits to strengthen internal control systems and ensure transparency, ensured annual financial statements were prepared in compliance with the PFM Act 2012 and successfully settled pending bills worth Ksh 527 million thus demonstrating a commitment to debt management and financial credibility. Additionally, the subsector engaged over extensively with stakeholders during budget preparation and complied with the AGPO program while issuance of financial advisories on expenditure control further underscored a strong commitment to regulatory adherence and transparency.

239. The subsector through the Economic and Financial Policy Formulation and Management Programme, provided a comprehensive framework for the formulation, analysis, and management of fiscal and monetary policies and prepared, submitted to the County Assembly and published several critical planning documents. These include three Annual Development Plans, Annual Progress reports, County debt management papers, third-generation CIDP 2023-2027 and County Statistical Abstract (CSA) 2022. The preparation of key statutory planning documents aligned with the PFM Act (ADP 2021/22-2023/24, APR 2020/21 – 2021/22, quarterly progress & Monitoring and Evaluation Reports) to demonstrate the subsector's commitment to effective planning and management. Additionally, monitoring and evaluation activities were conducted, resulting in the timely preparation and submission of the annual progress report and quarterly M&E reports. To further institutionalize planning, planning officers were deployed in all county departments.

240. During the MTEF Period 2024/25-2026/27 the County Treasury under the Administration, Planning, and Support Services Programme will prioritize; completion and equipping of the County Treasury office block, strengthening financial management and reporting, undertake implementation of

performance contracts (PC) and Performance Appraisal System (PAS), empower staff through training, closely monitor project and programme implementations to ensure they meet their timelines, ensure compliance with statutory document submissions and operationalize critical acts and policies.

241. Under the Public Finance Management Programme, the subsector targets to comply with statutory budget documents submission requirements to the County Assembly and other relevant entities as per the PFM Act, hold public participation forums across all sub counties to ensure inclusivity in the budget making process, issue guidelines and do follow-ups to ensure realizing of projects and planned activities within the set timelines and prioritize revenue mapping with the goal of mapping 80 percent of revenue sources in FY 2024/25 and 100 percent by 2025/26 to enable the capturing of new tax payers within its database.
242. Additionally, the county treasury shall pursue full automation and integration of payment channels of revenue collection to reduce the aspect of human intervention and enable for remote payment of fees and taxes to the County. The County Treasury thus aims to collect Ksh. 4.3 billion of Own Source Revenue (OSR) during FY 2024/25. The Sub- Sector also aims at strengthening management and usage of public funds to ensure prudence in financial management and reporting. Also, it targets continued implementation of the Affirmative Action requirements for procurement of county projects, as required by law which will enable SMEs owned by special interest groups to access at least 30 percent of government tender opportunities.
243. Further, the County Treasury will provide external resource mobilization guidelines alongside actively guiding the line departments in the formulation of concept notes, papers, and proposals for seeking funds with external partners. The subsector shall continue to seek funding opportunities that may arise due to PPPs and other off balance-sheet arrangements with other organizations to bridge funding gaps.
244. Under the County Economic Planning directorate, The County Treasury aims to: provide technical backstopping on County economic planning,

Prioritize the preparation and submission of the Annual Development Plan by 1st September, adopt the County Investment Plan (CIP) for strategic investment decisions, enhance usage of the County Information and Documentation Centre (CIDC) in knowledge management through equipping and digitization, improve monitoring and reporting of County projects through the preparation of the Annual and quarterly Progress Review Report, establishing operational Sub-County Monitoring and Evaluation (M&E) committee, develop and implement a County Monitoring and evaluation plan and enhance data quality & availability through the strengthening of the County statistical unit.

245. To achieve these objectives, the County treasury has been allocated Ksh 3,976,596,115, Ksh 4,374,255,726 and Ksh 4,811,681,299 for FY 2024/25, FY 2025/26 and FY 2026/27 respectively.

Public Service, Devolution, Citizen Engagement, Disaster Management and Humanitarian Assistance.

246. The Public Service, Devolution, Citizen Engagement, Disaster Management and Humanitarian Assistance subsector executes its mandate through five Directorates, namely; Human Resource Management, Administration, Enforcement, Civic education & public participation and Disaster and Humanitarian Assistance. The department coordinates decentralized units in service delivery and facilitates payroll administration, human resource and performance management, public participation and civic education, insurance cover, enforcement/compliance and disaster mitigation & humanitarian assistance.

247. During the MTEF period 2020/21-2022/23, the subsector; promoted 394 common cadre staff, completed refurbishment of HQ building, spearheaded the biometric registration of 97 percent of Staff, responded to 362 disasters which included house fire incidents, rescue missions, road Accidents, and flooding incidents, oversaw recruitment and deployment of 190 enforcement officers, prepared and validated two schemes of service, spearheaded the preparation of County Government Organizational Framework and departmental structures under the new administration, facilitated the

preparation of performance contracts and performance appraisal for the FY 2023/24, coordinated the signing of the Code of Conduct by all staff to foster accountability and enhanced service delivery and developed citizen engagement strategies, a disaster management framework, and a County Disaster Management Bill.

248. In the MTEF period 2024/25-2026/27, the subsector through the County Civic education and public participation Programme will hold public service weeks, train civic education unit staff, hold public participation forums and generate public participation reports. The subsector will also recruit 200 enforcement officers, purchase uniforms and implement compliance and enforcement survey through the County enforcement services Programme. Concerning human resource and performance management, the subsector will prepare employee satisfaction survey reports, carry out training needs assessment, establish guidance & counselling units, develop human resource policies, operationalize the Human resource information management system (HRMIS), sensitize staff on alcohol and drug abuse and implement performance contracting and staff appraisal system. Further the subsector will establish a county humanitarian assistance call center, recruit staff, procure protective gear and purchase 2 vehicles to support the disaster response and humanitarian assistance efforts.

249. The subsector will utilize the budgetary allocation of Ksh 818,859,809, Ksh 900,745,790 and Ksh 990,820,369 in financial years 2024/25, 2025/26 and 2026/27 respectively to realize the planned development interventions.

County Public Service Board

250. Established under Section 57 of the County Government Act, 2012, the Nakuru County Public Service Board is charged with the responsibility of promoting high standards of professional ethics and affording adequate and equal opportunities to all cadres of the County Public Service. During the MTEF period 2020/21-2022/23, the subsector refurbished six offices, procured two motor vehicles recruited 1508 officers, deployed 594 interns across various county government entities, submitted two reports on the execution of its

mandate to the county assembly, conducted six stakeholder's forums with various county government entities and trained 47 members of staff.

251. Further, the subsector handled and finalized 20 disciplinary cases as submitted by County departments, promoted a total of 1,247 members of staff in various cadres across different departments as follows: Health (663), PSM (300), Finance (31), Infrastructure (30), Lands (22), Agriculture (87), Education (78), Youth (20), Trade (14) and Water (2); trained 17 members of staff on various course programs; carried out a skills assessment survey for Nakuru County and established a skills database that will be a point of reference for short-term recruitment and recommended 67 qualified candidates to the Governor for appointment in the position of Chief Officer(s).

252. In the MTEF period 2024/25-2026/27 the subsector will work towards enhancing service delivery by providing adequate office space for its members and the secretariat, develop Human Resource Management system that will enhance ease of receiving of Job applications, long listing, shortlisting of candidates and conducting interviews within a specified period of time, purchase motor vehicle(s) for ease of movement, improve Human Resource productivity through staff and Board members' trainings, conduct recruitment as per departmental requests, entrench national values and principles of governance among the county staff through interdepartmental forums, induct new employees and develop its five years strategic plan. The subsector will utilize a budgetary allocation of Ksh 82,392,825, Ksh 90,632,108 and Ksh 99,695,318 in financial years 2024/25, 2025/26 and 2026/27 respectively to achieve its development interventions.

Office of the County Attorney

253. The Office of the County serves as the principal legal advisor of the County government with three (3) distinct directorates namely Lands and Conveyancing Services, Litigation Services and Administration Services. During the MTEF period 2020/21-2022/23, the subsector; litigated and successfully concluded 567 cases, reviewed and forwarded 37 laws to the County assembly for legislation, approval & enactment, digitized legal records and initiated automation of legal records and the establishment of a legal library.

254. In the MTEF period 2024/25-2026/27, the subsector will utilize a budgetary allocation of Ksh 65,510,714, Ksh 72,061,785 and Ksh 79,267,964 to establish a legal library and legal registry, Automate legal records, finalize cases pending in court and promote ADR/AJS mechanisms in handling of county cases.

The County Assembly

255. The County Assembly of Nakuru is established under Article 176 (1) of the Constitution and pursuant to the provisions of Article 185 of the Constitution read together with Section 8 and 9 of the County Governments Act No.17 of 2012, the County Assembly has been mandated to; Legislate laws that are necessary for the effective performance of the functions and exercise of the powers of the County Government under the Fourth Schedule, Oversee implementation of the County Executive Committee and any other county executive organs and Maintain close contact with the electorate and consult them on the issues before or under discussion in the County Assembly.

256. During the MTEF period 2020/21-2022/23 the County assembly; passed and publicized more than 19 Acts of the county assembly, produced of Hansard Reports, refurbished Chambers, Adopted Charters towards establishment of Molo and Gilgil Municipality, Constructed the Modern Chamber (main chamber), Trained & Capacity Built assembly members, board and staff, Successfully benchmarked locally & internationally, Established, equipped and staffed wards offices for the assembly members, provided adequate office space for both MCAs and staff, enhanced Public Participation, passed relevant legislations through Motions, Petitions and Statements to enhance service delivery, amended standing orders, refurbishment old building (members offices), completed water purification transplant, Completed speakers residence, completed new office block (Ugatuza Plaza) and constructed perimeter wall / security gate at the Rear.

257. In the MTEF period 2024/25-2026/27, the assembly has prioritized making legislate laws that are necessary for the effective performance of the functions and exercise of the powers of the County Government under the Fourth Schedule, Overseeing implementation of the County Executive Committee and any other county executive organs, Maintaining close contact with the

electorate and consult them on the issues before or under discussion in the County Assembly, Approving the budget and expenditure of the County government in accordance with Article 207 of the Constitution, and the legislation contemplated in Article 220(2) of the Constitution, guided by Articles 201 and 203 of the Constitution and Foster collaboration with other government arms, agencies and other government organizations.

258. The subsector has been allocated Ksh 1,364,227,580, Ksh 1,500,650,338 and Ksh 1,650,715,372 in the financial years 2024/25, 2025/26 and 2026/27 respectively to implement the prioritized interventions.

4.8 Public Participation/Sector Hearings and Involvement of Stakeholders

259. The Public Finance Management Act, 2012, the County Government Act, 2012 and Article 201 of the Constitution of Kenya calls for openness, accountability and public participation in financial matters. The MTEF period 2024/25-26/27 preparation is informed by the public and stakeholders views raised during the public participation. The County Treasury issued a circular in accordance to Section 128 of the Public Financial Management Act, 2012 that provided guidelines and procedures for budget preparation in 2024/25-2026/27 Medium Term Expenditure Framework (MTEF) period. The guidelines applied to all the County Government Departments, Entities, Municipal Boards and the County Assembly. All sectoral activities, retreats and engagement forums were held in the month of November 2023.

260. Section 117 of the PFM Act 2012 mandates the County Treasury to consider input from various stakeholders, including the public, when preparing the County Fiscal Strategy Paper (CFSP). Public participation serves as an inclusive platform for identifying and prioritizing government projects and activities during the budgeting process. In line with this requirement, the County initiated public hearings for the CFSP 2024, as announced through a public notice in local newspapers on January 23, 2024. The physical public participation sessions took place for five days from January 29th to February 2nd, 2024 at Agriculture Training Centre (ATC) Soilo. The stakeholders that were involved

during the public participation included The Civil Society Organizations, Women and Youth Groups and the general public.

261. These hearings aimed to allow members of the public to assess the County Sectoral performance over the previous MTEF period (2020/21-2022/23) and provide input for the upcoming financial year's budget and MTEF period (2024/2025-2026/2027). All sectors and sub-sectors were represented, providing an opportunity for stakeholders to reflect on achievements over the past three years and outline plans for the future. This process enabled the public to evaluate the County's performance, offer budget proposals, and provide recommendations for improvement across all sectors.

262. The County Government provided its input aligned with the BPS 2024, focusing on strategic priorities, policy objectives, and proposed allocations for the fiscal year 2024/2025. The County Treasury will share the County Fiscal Strategy Paper (CFSP) with the National Treasury and the Commission on Revenue Allocation (CRA) for their feedback, comments, and recommendations. Annex IX provides a summary of the issues raised and the feedback or responses by the different sector/subsectors given during the public hearings.

V. CONCLUSION AND NEXT STEP

263. The County is implementing the CIDP 2023-2027 and the fiscal responsibility principles outlined in the PFM law which informed the fiscal policies outlined the CFSP 2024 that will provide impetus for the achievement of Governor's Manifesto which is geared to inclusive leadership and socio-economic empowerment for all. They are also in line with the national Medium-Term Plan (IV) priorities, which was aligned to the national Bottom-Up Economic Transformation Agenda approach to planning BETA.
264. Owing to the scarce resources it is obligatory for departments to prioritize their programmes within the available resources to ensure that utilization of public funds is in line with the set-out priorities. To ensure value for money and financial prudence Departments need to consider and adhere to detailed costing of projects, strategic significance, deliverables (output and outcomes), in allocating resources and timely execution of the budget.
265. Proper planning and implementation of the budget is critical towards quality service provision that will enhance sustainable growth. Sustainability growth requires a concerted effort from all the stakeholders including County Government Departments/Entities, development partners, general public, private sector, civil society organizations and other professional and organized groups and. This therefore calls for continuous consultation and collaboration in finding solutions to build a resilient sustainable County.
266. The recent policy change involving budget framework and reorganization of County Government functions that resulted into constitution of Gilgil and Molo municipalities boards, the new emerging priorities such the current salary adjustments by the SRC, the new NSSF law, changes in taxation policies as contained in Finance Act 2023 that impacts on compensation to employee's budget calls for sacrosanct duty of adjusting non-priority expenditures to cater for the enumerated priority areas in the next MTEF period.

ANNEXURES

Annex I: County Government of Nakuru Operations FY 2024/2025 - 2026/2027

SUMMARY OF COUNTY FUNDING FY2024/2025								
IFMIS CODE	REVENUE SOURCE	ACTUAL RECEIPTS	APPROVED ESTIMATES	CFSP PROJECTIONS	PROJECTIONS		ANNUAL GROWTH	% GROWTH
		2022/2023	2023/2024	2024/2025	2025/2026	2026/2027		2024/2025
1520101	Property tax (Plot rent and Land rates)	299,846,895	393,827,866	473,491,428	520,840,571	572,924,628	79,663,562	20.2%
1520201	Trade License	368,530,455	375,005,681	443,909,774	488,300,751	537,130,827	68,904,094	18.4%
1550101	Market Fees	36,953,827	47,192,481	52,849,925	58,134,918	63,948,409	5,657,445	12.0%
1590112	Building Approval	59,338,984	90,997,098	138,709,473	152,580,420	167,838,462	47,712,375	52.4%
1520325	Cess	17,667,491	21,896,604	26,603,759	29,264,135	32,190,548	4,707,155	21.5%
1530301	Royalties	181,247,525	248,782,479	291,624,061	320,786,467	352,865,114	42,841,582	17.2%
1580401	Stock/ Slaughter fees	9,651,794	11,035,221	28,237,594	31,061,353	34,167,489	17,202,373	155.9%
1560101	House Rent	8,400,082	14,107,600	61,654,135	67,819,549	74,601,503	47,546,535	337.0%
1590132	Advertising	133,598,036	149,205,869	172,631,579	189,894,737	208,884,211	23,425,710	15.7%
1550221	Parking fees	244,301,240	266,795,031	304,435,790	334,879,369	368,367,306	37,640,759	14.1%
1420223	Liquor Licensing	55,491,224	85,897,576	101,673,834	111,841,217	123,025,339	15,776,259	18.4%
1580211	Health fees and charges	62,852,524	65,153,061	98,067,067	107,873,774	118,661,151	32,914,007	50.5%
1540105	Other Fees and Charges	133,182,606	130,103,435	206,111,581	226,722,739	249,395,013	76,008,146	58.4%
	Sub Total Local Sources	1,611,062,682	1,900,000,000	2,400,000,000	2,640,000,000	2,904,000,000	500,000,000	26.3%
1580211	Bahati Hospital	43,988,358	57,121,903	60,121,903	66,134,093	72,747,503	3,000,000	5.3%
1580211	Bondenani Maternity	10,061,795	10,953,282	12,241,904	13,466,094	14,812,704	1,288,622	11.8%
1580211	Elburgon District Hospital	14,335,435	19,735,380	19,847,540	21,832,294	24,015,523	112,160	0.6%
1580211	Gilgil Hospital	69,791,023	77,879,013	77,879,013	85,666,914	94,233,606	(0)	0.0%
1580211	Kabazi Sub County Hospital	2,768,126	4,301,670	4,301,670	4,731,837	5,205,021	0	0.0%
1580211	Keringet Sub County Hospital	4,424,094	7,523,750	7,523,750	8,276,125	9,103,738	(0)	0.0%
1580211	Langalanga Hospital	8,705,576	9,762,919	10,911,498	12,002,648	13,202,913	1,148,579	11.8%
1580211	Mirugi Kariuki Sub County Hospital	4,434,895	5,579,278	5,579,278	6,137,206	6,750,926	0	0.0%
1580211	Molo District Hospital	61,751,693	63,970,637	70,319,020	77,350,922	85,086,014	6,348,383	9.9%
1580211	Naivasha District Hospital	250,591,081	406,246,096	454,039,755	499,443,731	549,388,104	47,793,659	11.8%

SUMMARY OF COUNTY FUNDING FY2024/2025								
IFMIS CODE	REVENUE SOURCE	ACTUAL RECEIPTS	APPROVED ESTIMATES	CFSP PROJECTIONS	PROJECTIONS		ANNUAL GROWTH	% GROWTH
		2022/2023	2023/2024	2024/2025	2025/2026	2026/2027		2024/2025
1580211	Njoro Sub County Hospital	24,944,657	25,337,430	28,318,304	31,150,134	34,265,148	2,980,874	11.8%
1580211	Olenguruone Sub County Hospital	15,610,943	15,861,642	17,727,718	19,500,490	21,450,539	1,866,076	11.8%
1580211	P.G.H Annex	80,815,677	85,846,248	95,945,806	105,540,387	116,094,425	10,099,558	11.8%
1580211	P.G.H Nakuru	911,926,851	886,318,475	990,593,242	1,089,652,566	1,198,617,823	104,274,767	11.8%
1580211	Soin Sub County	3,990,945	4,338,249	4,338,249	4,772,074	5,249,281	(0)	0.0%
1580211	Subukia Sub County Hospital	11,219,894	19,224,026	20,521,350	22,573,485	24,830,834	1,297,324	6.7%
	Sub Total FIF (AiA)	1,519,361,043	1,700,000,000	1,880,210,000	2,068,231,000	2,275,054,100	180,210,000	10.6%
	SUB TOTAL (AIA & Local Sources)	3,130,423,725	3,600,000,000	4,280,210,000	4,708,231,000	5,179,054,100	680,210,000	18.9%
9910201	Balance in County Revenue Fund		-					0.0%
1310101	Donor Grants (DANIDA)		19,115,250	16,136,250	17,749,875	19,524,863	(2,979,000)	-15.6%
1310102	Loans and Grants CRA		-		-	-	-	0.0%
1330203	Kenya Devolution Support Program (KDSP) II Level I		-		-	-	-	0.0%
1330203	Kenya Devolution Support Program (KDSP) II Level II		-	100,000,000	110,000,000	121,000,000	100,000,000	100.0%
1310102	World Bank National Agricultural Value Chain Development Project (NAVCDP)		250,000,000	150,000,000	165,000,000	181,500,000	(100,000,000)	-40.0%
1310102	World Bank Food Systems Resilience Project (FSRP)			160,000,000	176,000,000	193,600,000	160,000,000	#DIV/0!
1310102	World Bank National Agricultural and Rural inclusive growth Projects (NARIGP)		150,000,000	-	-	-	(150,000,000)	-100.0%
1330203	Conditional Grant for the provision of fertilizer subsidy programme		234,883,209	234,883,209	258,371,530	284,208,683	-	0.0%
1310102	Agricultural Sector Development Support Projects (ASDSP II)		583,629	-	-	-	(583,629)	-100.0%
1310102	IFAD Conditional grant Kenya Livestock Commercialization Project (KELCOP)		34,800,000	34,800,000	38,280,000	42,108,000	-	0.0%
1330203	Conditional Grant - Kenya Livestock value chain support project		121,315,800	121,315,800	133,447,380	146,792,118	-	0.0%
1310102	Conditional Fund -Kenya Urban Support Project (KUSP) - Urban Development Grant		-	-	-	-	-	0.0%
1310102	Conditional Fund -Kenya Urban Support Project (KUSP) - Urban Institutional Grant		-	10,000,000	11,000,000	12,100,000	10,000,000	0.0%

SUMMARY OF COUNTY FUNDING FY2024/2025									
IFMIS CODE	REVENUE SOURCE	ACTUAL RECEIPTS	APPROVED ESTIMATES	CFSP PROJECTIONS	PROJECTIONS		ANNUAL GROWTH	% GROWTH	
		2022/2023	2023/2024	2024/2025	2025/2026	2026/2027		2024/2025	
1310102	World Bank Grant Finance Locally-Led Climate Action Program, (FLLoCA) - County Climate Institution Support (CCIS) Level I		11,000,000	-	-	-	(11,000,000)	-100.0%	
1310102	World Bank Grant Financing Locally-Led Climate Action (FLLoCA) Program – County Climate Resilience Investment Grant		125,000,000	125,000,000	137,500,000	151,250,000	-	0.0%	
1310102	Conditional Fund - World Bank - Kenya Informal Settlement Improvement Project II (KISIP II)		400,000,000	300,000,000	330,000,000	363,000,000	(100,000,000)	-25.0%	
1330203	County Allocation for Court fines		1,948,197	1,948,197	2,143,017	2,357,318	-	0.0%	
1330203	County Allocation for mineral Royalties		82,769	82,769	91,046	100,150	-	0.0%	
1310102	Nutrition International Grant		10,000,000	10,000,000	11,000,000	12,100,000	-	0.0%	
1330104	Conditional Fund -Leasing of Medical Equipment		124,723,404	-	-	-	(124,723,404)	-100.0%	
	Conditional Allocation for Community Health Promoters (CHPs)		-	108,600,000	119,460,000	131,406,000	108,600,000	100.0%	
1330203	Conditional grant from GoK for Aggregated Industrial Parks Programme		100,000,000	150,000,000	165,000,000	181,500,000	50,000,000	50.0%	
	Conditional Grant - Road Maintenance Levy Fund		-	290,544,581	319,599,039	351,558,943	290,544,581	100.0%	
1330203	Equilisation Fund Allocation		-	-	-	-	-		
1330203	Transfers for Library Services function		14,033,063	-	-	-	(14,033,063)	-100.0%	
9999999	C.R.A Equitable Share		13,593,424,693	13,802,780,320	15,183,058,352	16,701,364,187	209,355,627	1.5%	
	SUB TOTAL		-	15,190,910,014	15,616,091,126	17,177,700,239	18,895,470,262	425,181,112	2.8%
	GRAND TOTAL		3,130,423,725	18,790,910,014	19,896,301,126	21,885,931,239	24,074,524,362	1,105,391,112	5.88%
	Allocation For Ward Projects								
	Total Development Budget		6,250,603,410	6,019,782,387	6,621,760,625	7,283,936,688	(230,821,023)	-3.7%	
	<i>Less Development Grants</i>		<i>2,527,417,617</i>	<i>2,217,173,584</i>	<i>2,438,890,942</i>	<i>2,682,780,036</i>	<i>(310,244,033)</i>	<i>-12.3%</i>	
	<i>Debt Resolution</i>		<i>300,000,000</i>	<i>275,000,000</i>	<i>302,500,000</i>	<i>332,750,000</i>	<i>(25,000,000)</i>	<i>-8.3%</i>	
	<i>Ongoing Projects</i>							<i>0.0%</i>	
	<i>Nakuru City, Naivasha, Gilgil & Molo Municipalities</i>		<i>60,000,000</i>	<i>177,000,000</i>	<i>194,700,000</i>	<i>214,170,000</i>	<i>117,000,000</i>	<i>195.0%</i>	
	Equitable Allocation		3,363,185,793	3,350,608,803	3,685,669,684	4,054,236,652	(12,576,990)	-0.4%	
	<i>County Assembly HQ Development</i>		<i>141,130,808</i>	<i>175,000,000</i>	<i>192,500,000</i>	<i>211,750,000</i>	<i>33,869,192</i>	<i>24.0%</i>	
	<i>Flagship HQ development</i>		<i>1,713,185,793</i>	<i>1,525,608,803</i>	<i>1,678,169,684</i>	<i>1,845,986,652</i>	<i>(46,446,182)</i>	<i>-10.9%</i>	
	45% of Equitable Allocation for Ward Projects		1,650,000,000	1,650,000,000	1,815,000,000	1,996,500,000	-	0.0%	

SUMMARY OF COUNTY FUNDING FY2024/2025								
IFMIS CODE	REVENUE SOURCE	ACTUAL RECEIPTS	APPROVED ESTIMATES	CFSP PROJECTIONS	PROJECTIONS		ANNUAL GROWTH	% GROWTH
		2022/2023	2023/2024	2024/2025	2025/2026	2026/2027		2024/2025
	Expenditure:							
	Current Expenditure:							
	Compensation to Employees		7,136,389,350	8,144,950,607	8,959,445,667	9,855,390,234	1,008,561,257	14.1%
	Operations and Maintenance		3,830,129,084	3,812,075,991	4,193,283,590	4,612,611,949	(18,053,093)	-0.5%
	Current Grants And Other Transfers		1,573,788,170	1,919,492,141	2,111,441,356	2,322,585,491	345,703,971	22.0%
	Sub Total:		12,540,306,604	13,876,518,739	15,264,170,613	16,790,587,674	1,336,212,135	10.7%
	Capital Expenditure:							
	Acquisition Of Non-Financial Assets		3,423,185,793	1,877,608,803	2,065,369,684	2,271,906,652	(1,545,576,990)	-45.2%
	Capital Grants To Governmental Agencies		2,827,417,617	2,492,173,584	2,741,390,942	3,015,530,036	(335,244,033)	-11.9%
	Other Development (Ward Allocation)			1,650,000,000	1,815,000,000	1,996,500,000	1,650,000,000	100.0%
	Sub Total:		6,250,603,410	6,019,782,387	6,621,760,625	7,283,936,688	(230,821,023)	-3.7%
	Grand Total:		18,790,910,014	19,896,301,126	21,885,931,239	24,074,524,362	1,105,391,112	5.9%
	DEFICIT/ SURPLUS			-				
	PERCENT OF TOTAL BUDGET							
	Current Expenditure:		66.7%	69.7%	69.7%	69.7%		
	Capital Expenditure:		33.3%	30.3%	30.3%	30.3%		

Annex II: Trend in Growth of Equitable Share of Revenue

EXCHEQUER RECEIPTS TRENDS	ALLOCATION	GROWTH	% GROWTH
2013/2014 (Base Year)	5,936,875,619	5,936,875,619	100%
2014/2015	7,082,152,961	1,145,277,342	19%
2015/2016	8,116,330,943	1,034,177,982	15%
2016/2017	8,757,624,645	641,293,702	8%
2017/2018	9,271,400,000	513,775,355	6%
2018/2019	9,451,400,000	180,000,000	2%
2019/2020	10,476,150,000	1,024,750,000	11%
2020/2021	10,476,150,000	-	0%
2021/2022	13,026,116,323	2,549,966,323	24%
2022/2023	13,026,116,323	-	0%
2023/2024	13,593,424,693	567,308,370	4%
2024/2025 (BPS 2024 Projected)	13,802,780,320	209,355,627	2%

Annex III: Total Expenditure Sector Ceilings for the Period 2024/2025 - 2026/2027

	SECTOR	SUB SECTOR	APPROVED ESTIMATES FY2023/2024	CFSP CEILINGS 2024/2025	PROJECTIONS	
					2025/2026	2026/2027
1	Agriculture Rural and Urban Development					
1.1		Agriculture, Livestock, Fisheries and Veterinary Services				
		Compensation to Employees	358,173,541	374,804,651	412,285,116	453,513,628
		Operations & Maintenance	116,954,938	109,788,979	120,767,877	132,844,665
		Development Gross	991,460,946	826,609,076	909,269,983	1,000,196,981
		Sub Total	1,466,589,425	1,311,202,706	1,442,322,976	1,586,555,274
1.2		Lands, Physical Planning, Housing and Urban Development				
		Compensation to Employees	96,075,353	106,657,581	117,323,339	129,055,673
		Operations & Maintenance	72,814,091	75,754,099	83,329,509	91,662,460
		Development Gross	545,452,387	392,829,931	432,112,924	475,324,216
		Sub Total	714,341,831	575,241,611	632,765,772	696,042,349
1.3		Nakuru City				
		Compensation to Employees	13,539,086	37,374,131	41,111,545	45,222,699
		Operations & Maintenance	35,318,836	30,510,001	33,561,001	36,917,102
		Development Gross	32,000,000	55,000,000	60,500,000	66,550,000
		Sub Total	80,857,922	122,884,133	135,172,546	148,689,801
1.4		Naivasha Municipality				
		Compensation to Employees	10,396,944	13,421,090	14,763,199	16,239,518
		Operations & Maintenance	28,240,520	24,806,223	27,286,846	30,015,530
		Development Gross	28,000,000	47,000,000	51,700,000	56,870,000
		Sub Total	66,637,464	85,227,313	93,750,044	103,125,049
1.5		Gilgil Municipality				
		Compensation to Employees	-	3,200,000	3,520,000	3,872,000
	Operations & Maintenance	-	15,055,214	16,560,735	18,216,808	
	Development Gross	-	40,000,000	44,000,000	48,400,000	
	Sub Total	-	58,255,214	64,080,735	70,488,808	
1.6	Molo Municipality					
	Compensation to Employees	-	3,314,400	3,645,840	4,010,424	
	Operations & Maintenance	-	13,559,198	14,915,118	16,406,630	
	Development Gross	-	35,000,000	38,500,000	42,350,000	
	Sub Total	-	51,873,598	57,060,958	62,767,054	
	SUB TOTAL (SECTOR)		2,328,426,641	2,204,684,575	2,425,153,032	2,667,668,336

	SECTOR	SUB SECTOR	APPROVED ESTIMATES FY2023/2024	CFSP CEILINGS 2024/2025	PROJECTIONS	
					2025/2026	2026/2027
2	Education					
2.1		Education				
		Compensation to Employees	524,425,062	609,291,892	670,221,081	737,243,189
		Operations & Maintenance	451,352,429	352,183,536	387,401,890	426,142,078
		Development Gross	166,988,764	35,780,100	39,358,110	43,293,921
		Sub Total	1,142,766,255	997,255,528	1,096,981,080	1,206,679,188
2.2		Vocational Training				
		Compensation to Employees	-	-	-	-
		Operations & Maintenance	93,606,683	116,575,488	128,233,037	141,056,340
		Development Gross	123,393,759	100,597,482	110,657,230	121,722,953
	Sub Total	217,000,442	217,172,969	238,890,266	262,779,293	
	SUB TOTAL (SECTOR)		1,359,766,697	1,214,428,497	1,335,871,347	1,469,458,481
3	Social Protection, Culture and Recreation					
3.1		Youth, Sports, Gender, Social Services and Inclusivity				
		Compensation to Employees	113,607,430	120,930,457	133,023,503	146,325,853
		Operations & Maintenance	152,458,030	116,113,706	127,725,077	140,497,585
		Development Gross	94,534,463	68,323,107	75,155,418	82,670,959
		Sub Total	360,599,923	305,367,271	335,903,998	369,494,398
3.2		Culture				
		Compensation to Employees	-	-	-	-
		Operations & Maintenance	20,983,063	10,000,000	11,000,000	12,100,000
		Development Gross	7,000,000	10,000,000	11,000,000	12,100,000
	Sub Total	27,983,063	20,000,000	22,000,000	24,200,000	
	SUB TOTAL (SECTOR)		388,582,986	325,367,271	357,903,998	393,694,398
4	Energy, Infrastructure and ICT					
4.1		Infrastructure				
		Compensation to Employees	141,821,439	117,714,699	129,486,169	142,434,786
		Operations & Maintenance	186,574,543	169,463,055	186,409,361	205,050,297
		Development Gross	964,743,912	410,044,581	451,049,039	496,153,943
		Sub Total	1,293,139,894	697,222,335	766,944,569	843,639,026
4.2		ICT, e-Government and Public Communication				
		Compensation to Employees	-	-	-	-
		Operations & Maintenance	40,064,410	35,489,710	39,038,681	42,942,549
		Development Gross	39,498,395	19,362,563	21,298,819	23,428,701
	Sub Total	79,562,805	54,852,272	60,337,500	66,371,250	
	SUB TOTAL (SECTOR)		1,372,702,699	752,074,608	827,282,069	910,010,275

	SECTOR	SUB SECTOR	APPROVED ESTIMATES FY2023/2024	CFSP CEILINGS 2024/2025	PROJECTIONS	
					2025/2026	2026/2027
5	Environment Protection, Water and Natural Resources					
5.1		Water, Energy, Environment, Natural Resources and Climate Change				
		Compensation to Employees	241,882,319	239,735,572	263,709,129	290,080,042
		Operations & Maintenance	79,303,299	61,357,615	67,493,377	74,242,715
		Development Gross	782,146,151	302,050,422	332,255,464	365,481,011
		Sub Total	1,103,331,769	603,143,609	663,457,970	729,803,767
	SUB TOTAL (SECTOR)		1,103,331,769	603,143,609	663,457,970	729,803,767
6	General Economics and Commercial Affairs					
6.1		Trade, Cooperatives, Tourism				
		Compensation to Employees	71,274,915	107,858,876	118,644,764	130,509,240
		Operations & Maintenance	132,272,894	122,885,286	135,173,815	148,691,196
		Development Gross	327,681,772	239,238,924	263,162,817	289,479,098
		Sub Total	531,229,581	469,983,086	516,981,395	568,679,534
	SUB TOTAL (SECTOR)		531,229,581	469,983,086	516,981,395	568,679,534
7	Health					
7.1		Health Services				
		Compensation to Employees	3,907,678,227	4,565,013,118	5,021,514,430	5,523,665,873
		Operations & Maintenance	1,842,573,403	2,384,480,891	2,622,928,980	2,885,221,878
		Development Gross	1,174,302,758	649,147,206	714,061,927	785,468,119
		Sub Total	6,924,554,389	7,598,641,215	8,358,505,336	9,194,355,870
	SUB TOTAL (SECTOR)		6,924,554,389	7,598,641,215	8,358,505,336	9,194,355,870
8	Public Administration and National/International Relations					
8.1		Office of the Governor and Deputy Governor				
		Compensation to Employees	94,925,337	136,718,549	150,390,404	165,429,445
		Operations & Maintenance	256,505,497	243,205,497	267,526,047	294,278,651
		Development Gross	107,467,176	40,467,176	44,513,894	48,965,283
		Sub Total	458,898,010	420,391,223	462,430,345	508,673,379
8.2		County Treasury				
		Compensation to Employees	534,389,475	536,455,208	590,100,729	649,110,802
		Operations & Maintenance	1,002,452,551	945,011,273	1,039,512,400	1,143,463,640
		Development Gross	654,714,135	2,495,129,634	2,744,642,597	3,019,106,857
	Sub Total	2,191,556,160	3,976,596,115	4,374,255,726	4,811,681,299	

SECTOR	SUB SECTOR	APPROVED ESTIMATES FY2023/2024	CFSP CEILINGS 2024/2025	PROJECTIONS		
				2025/2026	2026/2027	
8.3	Public Service, Devolution, Citizen Engagement, Disaster Management and Humanitarian Assistance					
	Compensation to Employees	525,808,604	641,913,455	706,104,800	776,715,280	
	Operations & Maintenance	99,990,352	106,744,169	117,418,586	129,160,444	
	Development Gross	60,087,984	70,202,186	77,222,405	84,944,645	
	Sub Total	685,886,940	818,859,809	900,745,790	990,820,369	
8.4	County Public Service Board					
	Compensation to Employees	30,374,133	39,642,825	43,607,108	47,967,818	
	Operations & Maintenance	40,693,884	37,750,000	41,525,000	45,677,500	
	Development Gross	6,000,000	5,000,000	5,500,000	6,050,000	
	Sub Total	77,068,017	82,392,825	90,632,108	99,695,318	
8.5	Office of the County Attorney					
	Compensation to Employees	18,302,916	27,161,503	29,877,653	32,865,419	
	Operations & Maintenance	45,058,970	35,349,211	38,884,132	42,772,545	
	Development Gross	4,000,000	3,000,000	3,300,000	3,630,000	
	Sub Total	67,361,886	65,510,714	72,061,785	79,267,964	
8.6	County Assembly					
	Compensation to Employees	453,714,569	463,742,599	510,116,859	561,128,545	
	Operations & Maintenance	706,698,863	725,484,981	798,033,479	877,836,827	
	Development Gross	141,130,808	175,000,000	192,500,000	211,750,000	
	Sub Total	1,301,544,240	1,364,227,580	1,500,650,338	1,650,715,372	
	SUB TOTAL (SECTOR)	4,782,315,253	6,727,978,266	7,400,776,092	8,140,853,702	
	TOTAL	Total Compensation to Employees	7,136,389,350	8,144,950,607	8,959,445,667	9,855,390,234
		Total Operations & Maintenance	5,403,917,254	5,731,568,133	6,304,724,946	6,935,197,440
		Total Development Gross	6,250,603,410	6,019,782,387	6,621,760,625	7,283,936,688
		GRAND TOTAL	18,790,910,014	19,896,301,126	21,885,931,239	24,074,524,362

Annex IV: Total Recurrent Expenditure Ceilings for the Period 2024/2025 - 2026/2027

RECURRENT EXPENDITURE CEILINGS FOR FY2024/2025 - 2026/2027					
Vote	Source of Funding	Approved Estimates FY2023/2024	CFSP Ceilings 2024/2025	Projections	
				2025/2026	2026/2027
Office of the Governor and Deputy Governor	Gross Allocation	351,430,834	379,924,046	417,916,451	459,708,096
	Local Revenue	28,143,083	37,190,886	40,909,974	45,000,972
	Emergency Fund	70,000,000	70,000,000	77,000,000	84,700,000
	CRA Equitable Share	253,287,750	272,733,161	300,006,477	330,007,125
County Treasury	Gross Allocation	1,536,842,025	1,481,466,481	1,629,613,129	1,792,574,442
	Local Revenue	133,678,690	108,280,578	119,108,636	131,019,499
	Medical & Motor vehicle Insurance	200,055,125	349,275,925	384,203,518	422,623,869
	Common Use Items Consolidated	190,176,335	229,852,408	252,837,649	278,121,414
	CRA Equitable Share	1,203,108,210	794,057,570	873,463,327	960,809,660
County Public Service Board	Gross Allocation	71,068,017	77,392,825	85,132,108	93,645,318
	Local Revenue	7,106,802	9,287,139	10,215,853	11,237,438
	CRA Equitable Share	63,961,215	68,105,686	74,916,255	82,407,880
Health	Gross Allocation	5,750,251,631	6,949,494,009	7,644,443,409	8,408,887,750
	Local Revenue	425,981,738	612,755,011	674,030,512	741,433,564
	AIA	1,190,000,000	1,504,168,000	1,654,584,800	1,820,043,280
	User Foregone Fees	38,723,265	38,723,265	42,595,592	46,855,151
	Level 5 Grant	261,710,982	191,710,982	210,882,081	231,970,289
	CHP's Grant from GoK		108,600,000	119,460,000	131,406,000
	CRA Equitable Share	3,833,835,645	4,493,536,750	4,942,890,425	5,437,179,467
Infrastructure	Gross Allocation	328,395,982	287,177,754	315,895,530	347,485,083
	Local Revenue	32,839,598	34,461,331	37,907,464	41,698,210
	CRA Equitable Share	295,556,384	252,716,424	277,988,066	305,786,873
Naivasha Municipality	Gross Allocation	38,637,464	38,227,313	42,050,044	46,255,049
	Local Revenue	3,863,746	4,587,278	5,046,005	5,550,606
	CRA Equitable Share	34,773,717	33,640,036	37,004,039	40,704,443
Office of the County Attorney	Gross Allocation	63,361,886	62,510,714	68,761,785	75,637,964
	Local Revenue	6,336,189	7,501,286	8,251,414	9,076,556
	CRA Equitable Share	57,025,697	55,009,428	60,510,371	66,561,408
Nakuru City	Gross Allocation	48,857,922	67,884,133	74,672,546	82,139,801
	Local Revenue	5,862,951	8,146,096	8,960,706	9,856,776
	CRA Equitable Share	42,994,971	59,738,037	65,711,840	72,283,025

RECURRENT EXPENDITURE CEILINGS FOR FY2024/2025 - 2026/2027					
Vote	Source of Funding	Approved Estimates FY2023/2024	CFSP Ceilings 2024/2025	Projections	
				2025/2026	2026/2027
Trade, Cooperatives, Tourism and Culture	Gross Allocation	224,530,872	240,744,162	264,818,578	291,300,436
	Local Revenue	16,049,781	22,889,299	25,178,229	27,696,052
	Enterprise Fund	50,000,000	50,000,000	55,000,000	60,500,000
	Transfer of Library	14,033,063	-	-	-
	CRA Equitable Share	144,448,028	167,854,863	184,640,349	203,104,384
Agriculture, Livestock, Fisheries and Veterinary Services	Gross Allocation	475,128,479	484,593,630	533,052,993	586,358,293
	Local Revenue	47,512,848	58,151,236	63,966,359	70,362,995
	CRA Equitable Share	427,615,631	426,442,395	469,086,634	515,995,297
Lands, Physical Planning, Housing and Urban Development	Gross Allocation	168,889,444	182,411,680	200,652,848	220,718,133
	Local Revenue	16,888,944	20,689,402	22,758,342	25,034,176
	KUSP UIG Grant		10,000,000	11,000,000	12,100,000
	CRA Equitable Share	152,000,500	151,722,279	166,894,506	183,583,957
Water, Energy, Environment, Natural Resources and Climate Change	Gross Allocation	321,185,618	301,093,187	331,202,506	364,322,756
	Local Revenue	31,018,562	36,131,182	39,744,301	43,718,731
	FLLoCA CCIS	11,000,000	-	-	-
	CRA Equitable Share	279,167,056	264,962,005	291,458,205	320,604,025
Public Service, Devolution, Citizen Engagement, Disaster Management and Humanitarian Assistance	Gross Allocation	625,798,956	748,657,623	823,523,386	905,875,724
	Local Revenue	62,579,896	89,838,915	98,822,806	108,705,087
	CRA Equitable Share	563,219,060	658,818,709	724,700,580	797,170,637
Education, ICT, e- Government and Public Communication	Gross Allocation	1,109,448,584	1,113,540,626	1,224,894,688	1,347,384,157
	Local Revenue	64,865,961	90,270,088	99,297,097	109,226,806
	Bursary, Scholarship, Counterpart Funding & School Feeding Programme	460,788,976	361,289,894	397,418,883	437,160,772
	CRA Equitable Share	583,793,647	661,980,644	728,178,708	800,996,579
Youth, Sports, Gender, Social Services and Inclusivity	Gross Allocation	266,065,460	237,044,164	260,748,580	286,823,438
	Local Revenue	21,106,546	21,845,300	24,029,830	26,432,813
	Sports & Disability Allocation	55,000,000	55,000,000	60,500,000	66,550,000
	CRA Equitable Share	189,958,914	160,198,864	176,218,750	193,840,625
Gilgil Municipality	Gross Allocation	-	18,255,214	20,080,735	22,088,808
	Local Revenue	-	2,190,626	2,409,688	2,650,657
	CRA Equitable Share	-	16,064,588	17,671,047	19,438,151

RECURRENT EXPENDITURE CEILINGS FOR FY2024/2025 - 2026/2027					
Vote	Source of Funding	Approved Estimates FY2023/2024	CFSP Ceilings 2024/2025	Projections	
				2025/2026	2026/2027
Molo Municipality	Gross Allocation	-	16,873,598	18,560,958	20,417,054
	Local Revenue	-	2,024,832	2,227,315	2,450,046
	CRA Equitable Share	-	14,848,767	16,333,643	17,967,008
County Assembly	Gross Allocation	1,160,413,432	1,189,227,580	1,308,150,338	1,438,965,372
	Local Revenue	116,041,343	142,707,310	156,978,041	172,675,845
	CRA Equitable Share	1,044,372,089	1,046,520,270	1,151,172,297	1,266,289,527
TOTAL		12,540,306,604	13,876,518,739	15,264,170,613	16,790,587,674

Annex V: Total Development Expenditure Ceilings for the Period 2024/2025 - 2026/2027

DEVELOPMENT EXPENDITURE CEILINGS FOR FY 2024/2025 - 2026/2027					
Vote	Source of Funding	Approved Estimates FY2023/2024	CFSP Ceilings 2024/2025	Projections	
				2025/2026	2026/2027
Office of the Governor and Deputy Governor	Gross Allocation	107,467,176	40,467,176	44,513,894	48,965,283
	Local Revenue	10,746,718	4,856,061	5,341,667	5,875,834
	CRA Equitable Share	96,720,458	35,611,115	39,172,227	43,089,449
County Treasury	Gross Allocation	654,714,135	2,495,129,634	2,744,642,597	3,019,106,857
	Local Revenue	35,471,414	44,415,556	48,857,112	53,742,823
	Debt Resolution	300,000,000	275,000,000	302,500,000	332,750,000
	KPLC debt resolution		100,000,000	110,000,000	121,000,000
	Ward Allocation		1,650,000,000	1,815,000,000	1,996,500,000
	KDSP II		100,000,000	110,000,000	121,000,000
	CRA Equitable Share	319,242,722	325,714,078	358,285,485	394,114,034
County Public Service Board	Gross Allocation	6,000,000	5,000,000	5,500,000	6,050,000
	Local Revenue	600,000	600,000	660,000	726,000
	CRA Equitable Share	5,400,000	4,400,000	4,840,000	5,324,000
Health	Gross Allocation	1,174,302,758	649,147,206	714,061,927	785,468,119
	Local Revenue	55,214,091	19,776,853	21,754,538	23,929,992
	AIA	510,000,000	376,042,000	413,646,200	455,010,820
	DANIDA	19,115,250	16,136,250	17,749,875	19,524,863
	Nutrition Int. Grant	10,000,000	10,000,000	11,000,000	12,100,000
	Leasing of Med Equip.	124,723,404	-	-	-
	Level 5 Grant	112,161,850	82,161,850	90,378,035	99,415,838
	CRA Equitable Share	496,926,817	145,030,254	159,533,279	175,486,607
Infrastructure	Gross Allocation	964,743,912	410,044,581	451,049,039	496,153,943
	Local Revenue	68,419,933	14,340,000	15,774,000	17,351,400
	RMLF Grant	280,544,581	290,544,581	319,599,039	351,558,943
	CRA Equitable Share	615,779,398	105,160,000	115,676,000	127,243,600
Naivasha Municipality	Gross Allocation	28,000,000	47,000,000	51,700,000	56,870,000
	Local Revenue	2,800,000	5,640,000	6,204,000	6,824,400
	KUSP UDG	-	-	-	-
	CRA Equitable Share	25,200,000	41,360,000	45,496,000	50,045,600
Office of the County Attorney	Gross Allocation	4,000,000	3,000,000	3,300,000	3,630,000
	Local Revenue	400,000	360,000	396,000	435,600
	CRA Equitable Share	3,600,000	2,640,000	2,904,000	3,194,400

DEVELOPMENT EXPENDITURE CEILINGS FOR FY 2024/2025 - 2026/2027					
Vote	Source of Funding	Approved Estimates FY2023/2024	CFSP Ceilings 2024/2025	Projections	
				2025/2026	2026/2027
Nakuru City	Gross Allocation	32,000,000	55,000,000	60,500,000	66,550,000
	Local Revenue	3,200,000	6,600,000	7,260,000	7,986,000
	KUSP UDG	-	-	-	-
	CRA Equitable Share	28,800,000	48,400,000	53,240,000	58,564,000
Trade, Cooperatives, Tourism and Culture	Gross Allocation	334,681,772	249,238,924	274,162,817	301,579,098
	Local Revenue	23,468,177	11,908,671	13,099,538	14,409,492
	CAIPs Grant	100,000,000	150,000,000	165,000,000	181,500,000
	CRA Equitable Share	211,213,595	87,330,253	96,063,279	105,669,606
Agriculture, Livestock, Fisheries and Veterinary Services	Gross Allocation	991,460,946	826,609,076	909,269,983	1,000,196,981
	Local Revenue	21,986,614	15,073,208	16,580,529	18,238,582
	NAVCDP	250,000,000	150,000,000	165,000,000	181,500,000
	Food Systems Resilience Project	-	160,000,000	176,000,000	193,600,000
	NARIGP	150,000,000	-	-	-
	Fertilizer Subsidy	234,883,209	234,883,209	258,371,530	284,208,683
	ASDSP II	583,629	-	-	-
	KELCOP	34,800,000	34,800,000	38,280,000	42,108,000
	Kenya Livestock Value Chain Support Project	121,315,800	121,315,800	133,447,380	146,792,118
	CRA Equitable Share	177,891,694	110,536,859	121,590,544	133,749,599
Lands, Physical Planning, Housing and Urban Development	Gross Allocation	545,452,387	392,829,931	432,112,924	475,324,216
	Local Revenue	14,545,239	11,139,592	12,253,551	13,478,906
	KISIP II	400,000,000	300,000,000	330,000,000	363,000,000
	CRA Equitable Share	130,907,148	81,690,339	89,859,373	98,845,310
Water, Energy, Environment, Natural Resources and Climate Change	Gross Allocation	782,146,151	302,050,422	332,255,464	365,481,011
	Local Revenue	60,214,615	10,410,442	11,451,487	12,596,635
	Climate Change Mitigation Prog	55,000,000	90,296,735	99,326,409	109,259,049
	FLLoCA CCRI	125,000,000	125,000,000	137,500,000	151,250,000
	CRA Equitable Share	541,931,536	76,343,245	83,977,569	92,375,326
Public Service, Devolution, Citizen Engagement, Disaster Management and Humanitarian Assistance	Gross Allocation	60,087,984	70,202,186	77,222,405	84,944,645
	Local Revenue	6,008,798	8,424,262	9,266,689	10,193,357
	CRA Equitable Share	54,079,186	61,777,924	67,955,716	74,751,288
Education, ICT, e- Government and Public Communication	Gross Allocation	329,880,918	155,740,144	171,314,158	188,445,574
	Local Revenue	27,559,102	10,734,030	11,807,433	12,988,176
	Vocational Inst. Grant	54,289,894	66,289,894	72,918,883	80,210,772
	CRA Equitable Share	248,031,922	78,716,220	86,587,842	95,246,626

DEVELOPMENT EXPENDITURE CEILINGS FOR FY 2024/2025 - 2026/2027					
Vote	Source of Funding	Approved Estimates FY2023/2024	CFSP Ceilings 2024/2025	Projections	
				2025/2026	2026/2027
Youth, Sports, Gender, Social Services and Inclusivity	Gross Allocation	94,534,463	68,323,107	75,155,418	82,670,959
	Local Revenue	9,453,446	8,198,773	9,018,650	9,920,515
	CRA Equitable Share	85,081,017	60,124,334	66,136,768	72,750,444
Gilgil Municipality	Gross Allocation	-	40,000,000	44,000,000	48,400,000
	Local Revenue	-	4,800,000	5,280,000	5,808,000
	KUSP UDG	-	-	-	-
	CRA Equitable Share	-	35,200,000	38,720,000	42,592,000
Molo Municipality	Gross Allocation	-	35,000,000	38,500,000	42,350,000
	Local Revenue	-	4,200,000	4,620,000	5,082,000
	KUSP UDG	-	-	-	-
	CRA Equitable Share	-	30,800,000	33,880,000	37,268,000
County Assembly	Gross Allocation	141,130,808	175,000,000	192,500,000	211,750,000
	Local Revenue	14,113,081	21,000,000	23,100,000	25,410,000
	CRA Equitable Share	127,017,727	154,000,000	169,400,000	186,340,000
TOTAL		6,250,603,410	6,019,782,387	6,621,760,625	7,283,936,688

Annex VI: Adherence to Fiscal Responsibility Principles

In line with Article 201 of the Constitution of Kenya 2010, Section 107 of the Public Finance Management Act (PFMA) 2012, the County Government has adhered to the fiscal responsibility as envisaged in the aforementioned statutes as follows;

- I. **The County Government's recurrent expenditure shall not exceed the County Government's total revenue** - The County Government has ensured that allocation and expenditure on recurrent has not exceeded the County's total revenue. Actual recurrent expenditure in the FY2022.2023 stood at 74 percent of the County's total expenditure. In the current FY2023/2024, recurrent expenditure is projected at 56.5 percent while over the medium term 2024/2025 – 2026/2027 it is projected 69.7 percent.
- II. **Over the medium term, a minimum of 30 percent of the County budget shall be allocated to development expenditure** – In the current FY 2023/2024, allocation for development expenditure stands at 43.5 percent. The projected development expenditure for the next MTEF period FY2024/2025 – 2026/2027 will amount to Ksh. 6.019 billion (30.3 percent), Ksh. 6.621 billion (30.3 percent) and Ksh. 7.283 billion (30.3 percent) respectively.
- III. **The County Government's expenditure on wages and benefits for its employees not to exceed 35 percent of the County Government's revenue as prescribed by the Regulations** - Section 25(1) (b) of the PFM (County Governments) Regulations, 2015 requires that County Governments' wage bill shall not exceed 35 percent of their total revenue. The wage bill in the FY 2024/25 is projected 40.9 percent of the County budget which is higher than the prescribed 35 percent. The high wage bill is as a result of the implementation of the phase III of salary review by SRC, introduction of 1.5% housing levy, increment to NSSF contribution and worker's collective bargaining agreements.
- IV. **Over the medium term, the County Government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure** - The County Government has continued to ensure that it maintains a rationalized and balanced budget. In compliance with the requirements of this principle, any borrowing will be informed by the

County Debt Management Strategy Paper and all borrowing shall be used to finance development expenditure.

- V. **Public debt and obligations shall be maintained at a sustainable level as Approved by County Government (CG)** - Pursuant to Section 107(2) and 107 (4) of the PFM Act, County debt should be maintained at sustainable levels and does not exceed a percentage of its annual revenue in respect of each financial year by resolution of the County Assembly. Prudent financial management and improved credibility of the budget associated with realistic revenue estimates is expected to ensure that the County continues to maintain a balanced budget ensuring realistic revenue estimates which equals total expenditure with the aim of reducing pending bills. Focus will also be on ensuring the reduction of current debt through servicing of pending bills.
- VI. **Fiscal risks shall be managed prudently** - The County Government has improved its macroeconomic forecasts and regularly reviews the impact of macroeconomic projections and its implications to the budget. The County Government will continue to put measures in place to enhance revenue collection, majorly through automation, operationalization of the valuation roll, revenue mapping and widening of revenue bases. Expenditure rationalization will also be continuously pursued.
- VII. **A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future** - The County Government coordinates the collection of its local revenue to provide for revenue raising measures relating to County taxes, licenses, fees and charges through the preparation of the annual Finance Act. The County's realistic own source revenue targets have generally registered improvements over the medium term. The County has a comprehensive revenue strategy including: review of laws; ensure Finance Act is approved on time; posting of staffs to the Revenue Directorate and further automation of more services.

Annex VII: Statement of Specific Fiscal Risks

There exist downside risks to the County fiscal outlook emanating from global, regional, domestic (country-level) and County level environments.

For prudent management of risks, the PFM Act, 2012 requires the preparation of a "Statement of Fiscal Risks. Thus, this section provides an assessment of fiscal risks that the County outlook is exposed to that may affect the achievement of the targets and objectives detailed in this CFSP 2024. The fiscal risks arise from uncertainties in the global outlook, budget implementation, creation of new Entities and climate change impacts. This section also details the measures that the Government is implementing to mitigate such risks.

a) Risks related to Uncertainties in the global and national economy

1. The continuing uncertainties in the global economy occasioned by the ongoing conflict in Eastern Europe, Israeli-Palestinian war and conflicts within the region in Democratic Republic of Congo, Burundi and Sudan could heighten the volatility of oil and commodity prices, cause disruption of movement of goods and cause elevated inflationary pressure across the globe. The weakening Kenya shilling against the major world currencies exacerbates this further, leading to deterioration of the local purchasing power. The scenario is likely to continue into the medium-term, raising the costs of service delivery to go up, even at the county level.
2. Any underperformance by the national economy would likely affect negatively the shareable revenues, leading to low or no growth and delay to disbursement of the equitable share to the County Government.

b) Budget Execution:

1. The PFM Act requires the County Governments to manage public finances prudently, including the adherence to fiscal responsibility principles. However, a number of risks related to the budget implementation cycle portend, in the MTEF period under consideration. These include:
 1. **High personnel emoluments:** High expenditure on personnel emoluments contrary to Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 that sets the limit of the County Government's expenditure on wages and benefits at

35 percent of the County's total revenue. The compensation to employees' amount is projected at 40.9 percent of the total County budget, in the medium term. The growth in wage bill has been occasioned by the proposed implementation of Phase III of SRC salary review that is expected to take place in the mid-term, there has been an increased employers' contribution to N.S.S.F and 1.5 percent Housing Levy. This could easily rise further as the county plans to replace technical staff who have exited due to natural attrition and contract with the Health Sector heavily affected. The County is undertaking a review of the terms of service of staff in the health sector from to permanent and pensionable pushing the personnel emoluments higher. The County Government will progressively implement the recommendations highlighted in the Human Resource Taskforce report to address the human resource challenges. Further, the County government will ensure that all employees who exit the service through natural attrition will be done expeditiously.

- II. **Huge of pending bills:** the pending bills continue to be a major challenge facing the County. The growing bills could likely blur the County Government's reputation on its ability to meet its financial obligations and hamper on the county's competitiveness to attract competent merchants. In the current fiscal year the County has budgeted for Ksh. 326 million for debt resolution. The County will seek to strengthen the expenditure management and controls to minimise cases of new bills including commitment to continue paying suppliers in time to reduce the accumulation of pending bills.
- III. **Low budget execution:** The County achieved an execution rate of 71 percent which is below the planned target of 100 percent. This has been characterised by low development budget absorption across departments. The underspending in the development budget has led to rolling over of projects across the years. This in turn leads to higher cost of project implementation due to rise in costs of materials. The overall effect is that this has led to delayed project completion and achievement of project outcomes. Further, the County will adhere to the Project Implementation Management (PIM) guidelines issued by the

National Treasury to ensure that the projects included in the budget have already been subjected to preliminary processes i.e., availability of public land prior to inclusion in the budget.

2. On the revenue side, the Own-Source Revenue performance has also been below the planned target. This has led to implementation of some of the projects due to budget deficits. The County Treasury has put in efforts to realise the revenue of targets. This includes; approval of Finance Bill 2023, full automation, adoption of 'Unified business permit', continuous monitoring of revenue streams and engaging stakeholders.

c) Creation of new Entities

1. In line with the Urban Areas and Cities Act, operationalisation of new urban institutions has been ongoing within the last three years. In the year 2022, both Gilgil and Molo Municipalities were issued with Municipal charters, adding to the existing Naivasha Municipality. In addition, Nakuru Municipality got an elevation to City status in December 2021. It's worth noting that the existing boards have been operating below par with inadequate mandates and budgets. Naivasha and Nakuru have been highly reliant on conditional grants from World Bank, under the Kenya Urban Support Programme.
2. For these new institutions to operate optimally, there will be need to allocate county funds, alongside the donor funding.
3. In the medium term, the County has planned to upgrade three towns to municipalities namely; Njoro, Maai Mahiu and Mau Narok and six urban centres to towns through creating town committees. These new municipalities together with the existing ones require adequate technical staff and adequate funding for them to fully deliver on their mandate as outlined in their Charters. These will require more funding more against a tight fiscal space in the medium term.

d) Other risks- Climate Change

1. The Country has been experiencing harsh climatic conditions for the last two years, leading to drought and famine in the country. Although Nakuru County is not one of the worst-hit counties, there are pockets within Nakuru that are semi-arid in nature. In addition, good climate areas have received lesser

productivity in the last two years. The decline in productivity may contribute to a decline revenue from cess and agro-processing value-chains. Further, it continues to aggravate the food and nutrition security within the county. This may require some funds to address the hunger situation, if the weather conditions do not improve.

2. Food inflation within the county will further contribute to reducing the consumers purchasing power. This will continue to deprive the residents' finances for other income generating activities, further aggravating their ability to contribute to revenue generation in the County.
3. The County is implementing the Financing Locally-Led climate Action (FLLoCA) Program that will be supported by World-Bank in financing climate adaptation and mitigation projects. The County commits 1.5 percent of its development budget towards the programme interventions, amounting to Ksh 90 million within the period 2024/25. The County has further required all sectors to mainstream climate change interventions within their programmes.

e) *Litigations and Court Decrees*

1. There have been increased cases of litigation against the County government leading to high legal fees and court decrees against the County. The County is seeking for Alternative Dispute Resolution (ADR) to reduce the cases in courts as well reduce on the legal fees incurred by the County. Further the County will recruit more legal officers in the medium term to reduce the number of cases handled by contracted lawyers.

**Annex VIII: Sector Composition and Sector Working Groups for MTEF Budget
2024/2025 – 2026/2027**

CLASSIFICATION OF FUNCTIONS OF GOVERNMENT (COFOG)	SECTOR	SECTOR COMPOSITION(S)
General Public Services	Public Administration and National/International Relations	Office of The Governor and Deputy Governor
		County Public Service Board
		Finance and Economic Planning
		Public Service, Devolution, Citizen Engagement, Disaster Management and Humanitarian Assistance
		Office of the County Attorney
		County Assembly
Recreation, Culture and Social Protection	Social Protection, Culture and Receptions	Youth, Sports, Gender, Social Services and Inclusivity
		Culture
Education	Education	Early Childhood Education and Vocational Training
Economic Affairs	Agriculture Rural and Urban Development	Agriculture, Livestock Development, Fisheries and Veterinary Services
		Lands, Physical Planning, Housing and Urban Development
		Nakuru City
		Naivasha Municipality
		Gilgil Municipality
		Molo Municipality
	General Economics and Commercial Affairs	Trade, Cooperatives and Tourism
	Energy, Infrastructure and ICT	Infrastructure
		ICT, e-Government & Public Communication
Environment Protection	Environment Protection Water and Natural Resources	Water, Energy, Environment, Natural Resources and Climate Change
Health	Health	County Health Services
Macro Working Group	Macro Working Group	Finance and Economic Planning

Annex IX: CFSP 2024 Public Hearings Highlights

SECTOR	SUB SECTOR	ISSUES RAISED	FEEDBACK
Health	Health	<ul style="list-style-type: none"> Increased Mental Health cases within the County 	<ul style="list-style-type: none"> Is part of the considerations in the budget. There is a Mental health coordinator. Trained CHPs on the same thus more reporting ongoing
		<ul style="list-style-type: none"> Waiver Committee taking too long to respond to issues at the PGH 	<ul style="list-style-type: none"> Waiver committees have guidelines in place. Specific issues can be presented to the department for consideration
		<ul style="list-style-type: none"> Mortuary (fees affordability) 	<ul style="list-style-type: none"> Shall be considered in the Finance bill. County offers waivers for persons unable to pay
		<ul style="list-style-type: none"> Ringfencing of FIF 	<ul style="list-style-type: none"> Funds are ringfenced Regulations for the New FIF bill are almost ready
		<ul style="list-style-type: none"> Consideration of people who add value in the Hospital boards 	<ul style="list-style-type: none"> Boards constituted for all lev IV hospitals and inducted. except
		<ul style="list-style-type: none"> Improvement and retaining of professionals in the facilities 	<ul style="list-style-type: none"> HR analysis to address shortages in place and changes may be seen as implementation continues
		<ul style="list-style-type: none"> RAMCAH (Low uptake/access to the services) – availability of the commodity and information dissemination 	<ul style="list-style-type: none"> The county plans to make sure all methods are available and undertake on information dissemination The public and Women groups urged to help disseminate the information
		<ul style="list-style-type: none"> Access to family planning services (High number of teenage pregnancies cases to) 	<ul style="list-style-type: none"> Under 18 can't be coerced to take PF services under the MoH Guidelines Bintis and Binti shujaa undertaking rehabilitation of teenage mothers and also doing sensitisation of high teenage pregnancies issues
Environment Protection Water and Natural Resources	Water, Energy, Environment, Natural Resources & Climate Change	<ul style="list-style-type: none"> Water leakage reporting 	<ul style="list-style-type: none"> Technologies have been put in place to identify water leakages within the County by the water service providers.
		<ul style="list-style-type: none"> Appropriate structure and construction of sewer 	<ul style="list-style-type: none"> Expansion of sewer lines is in the process in partnership with KFW with the aim of improving the current technology in sewer line
		<ul style="list-style-type: none"> Authorization of tree falling/cutting along the road. Accountability of revenue collected from tree cutting/falling. 	<ul style="list-style-type: none"> Tree cutting/falling happens when it has been authorized and if it is causing danger to the public

SECTOR	SUB SECTOR	ISSUES RAISED	FEEDBACK
		<ul style="list-style-type: none"> Clean-up activity for Lake Naivasha and Lake Nakuru 	<ul style="list-style-type: none"> Department is involved in the annual clean-up activity in collaboration with stakeholder and is also open to involvement with other partners who are involved in the activity
		<ul style="list-style-type: none"> Promotion of water harvesting in schools to enhance water supply 	<ul style="list-style-type: none"> Proposal of water harvesting and to increase water supply are majorly suggested by the citizens through the Climate change committees
		<ul style="list-style-type: none"> Measure put in place to address issues on shortage of funds. Quantifying what is provided by donors in their report. 	<ul style="list-style-type: none"> The department always does resource mobilization so as to enhance project implementation. The department only floats proposal on areas of partnership and collaborations to donors.
		<ul style="list-style-type: none"> Mainstreaming of Climate change committees 	<ul style="list-style-type: none"> The County Government recognizes the importance of addressing environmental challenges and promoting sustainable development practices. The County Government plans to take action by strengthening existing climate change committees within the county government structure, with representation from various departments and stakeholders.
		<ul style="list-style-type: none"> Privatization of boreholes by politicians 	<ul style="list-style-type: none"> All water projects at the ward level are all majorly implemented through the department and owned by the community.
		<ul style="list-style-type: none"> Reconstitution of WPS boards 	<ul style="list-style-type: none"> New boards are being reconstituted for the all the WPS
		<ul style="list-style-type: none"> Cartels in waste management/collection 	<ul style="list-style-type: none"> Waste collection sites have been zoned into 84 zones across the whole county.
Social Protection, Culture and Recreations	Youth, Sports, Social Services and Inclusivity	<ul style="list-style-type: none"> The county government should aid people with disabilities (PWDs) in sports by providing them with specialized sports equipment tailored to their needs, which can be costly. 	<ul style="list-style-type: none"> Additionally, they may collaborate with relevant stakeholders, such as disability organizations and sports associations, to ensure the effective distribution and utilization of the equipment.
		<ul style="list-style-type: none"> Registration of Cultural Groups within the County 	<ul style="list-style-type: none"> The County Government recognizes the importance of preserving and promoting local culture and heritage through the registration of cultural groups. They will prioritize this initiative as a means of fostering community cohesion, celebrating diversity, and supporting cultural activities within the county
		<ul style="list-style-type: none"> Presence of youth during public participation forums 	<ul style="list-style-type: none"> The County Government recognizing the need to address barriers to youth engagement and participation. The County Government plans to take proactive steps to reach out to young people through targeted outreach efforts, including social media campaigns, youth-focused events, and partnerships with youth organizations.

SECTOR	SUB SECTOR	ISSUES RAISED	FEEDBACK
		<ul style="list-style-type: none"> Capacity building of the youth in terms of AGPO and employment opportunities 	<ul style="list-style-type: none"> The County Government understands the need for capacity building of youth in terms of Access to Government Procurement Opportunities (AGPO) and employment opportunities by implementing targeted training programs and initiatives. They may collaborate with relevant stakeholders, such as business associations, vocational training institutions, and employment agencies, to provide workshops, mentorship programs, and skills focused on AGPO compliance, entrepreneurship, and job readiness.
		<ul style="list-style-type: none"> The monies paid to the suppliers not shown in the budget 	<ul style="list-style-type: none"> The budget undertakes a Programme Based Budgeting approach
General Economics, Commercial and Labor Affairs	Trade, Cooperatives and Tourism	<ul style="list-style-type: none"> Licencing of liquor stores and bars within Shabab ward 	<ul style="list-style-type: none"> Enforcement officers in place to address issues of unlicensed liquor business and will take action on the same.
Energy, Infrastructure and ICT	Infrastructure	<ul style="list-style-type: none"> Poor works done on Githima drainage 	<ul style="list-style-type: none"> During implementation there are committees who oversee the quality of works done
		<ul style="list-style-type: none"> Expansion of old roads 	<ul style="list-style-type: none"> There is a challenge in expansion of roads since there is encroachment of road reserves
		<ul style="list-style-type: none"> Quality of work done by road contractors 	<ul style="list-style-type: none"> There is a lab at the public works that measures the quality of material used.
		<ul style="list-style-type: none"> Procurement of more road machines through imarisha barabara 	<ul style="list-style-type: none"> Measures are being put in place towards the implementation of Imarisha Barabara
		<ul style="list-style-type: none"> Mainstreaming of mandates implemented by the infrastructure and the Nakuru city 	<ul style="list-style-type: none"> Responsibility of managing and rehabilitating the roads lies only with the department of infrastructure.
		<ul style="list-style-type: none"> Costing of implementation of road projects 	<ul style="list-style-type: none"> It depends on where the project is being implemented.
	ICT, e-Government & Public Communication	<ul style="list-style-type: none"> Measures to address cybercrime in the County 	<ul style="list-style-type: none"> Matters of national security. Work in collaboration with the national government in addressing cyber crime
		<ul style="list-style-type: none"> Prioritization of needs of operations i.e., recruitment of teachers 	<ul style="list-style-type: none"> There has been prioritization of needs since it hired more teachers and instructors
		<ul style="list-style-type: none"> Automation of services 	<ul style="list-style-type: none"> System ERP underway towards ensuring automation of County services
		<ul style="list-style-type: none"> Mainstreaming of bursary distribution processes 	<ul style="list-style-type: none"> It's only the principles of the schools whose stamp is used in the allocation.
		<ul style="list-style-type: none"> Automation of bursary services by the department to increase transparency. 	<ul style="list-style-type: none"> The department will incorporate the same in future
		<ul style="list-style-type: none"> Remedial classes by schools where parents are asked to pay extra. 	<ul style="list-style-type: none"> The department only deals with ECDE and Vocational training and the issue only occurs in primary and secondary schools
		<ul style="list-style-type: none"> Employment of qualified teachers who are trained to handle children with disability 	<ul style="list-style-type: none"> Capacity building is being undertaken by the team

SECTOR	SUB SECTOR	ISSUES RAISED	FEEDBACK
		<ul style="list-style-type: none"> • Training of ECDE teachers on how to handle learners with disability • Budgetary allocation in terms of learners with disability. Inclusivity of PWDs in terms of bursary • Measures put in place by ICT on how to ensure PWDs i.e., visual impaired access to information and services in the County 	<ul style="list-style-type: none"> • There is an allocation to the PWD learners which slightly higher compared to the rest. • The department is working on how to ensure the visually impaired access information in the County. The department still has challenges of funding and are welcoming partners to help address the matter
Agriculture Rural and Urban Development	Agriculture, Livestock, Fisheries and Veterinary Services	<ul style="list-style-type: none"> • Measures in place to train PWDs, youth and women on issues agriculture • Training on urban agriculture since urbanization • Measures to be put in place to fully implement the project on fish hatcheries • Gazettement of beaches around Lake Naivasha • Poaching of fish and surveillance issues • What measures have been put in place to curb illegal fishing? • Linkage with the meteorological department on issues of climate change and weather changes • Measures put in place to protect farmers on issues of pyrethrum • Measures to ensure that farmers are able to access AI services from the department on time • Accountability by the department on issues of distribution of chicks which don't survive. • How the department training farmers on issues of climate change. What are measures have been put in place to address the same? 	<ul style="list-style-type: none"> • PWDs trained on vertical farming and kitchen garden • The department plans to implement the project in the current financial year • There are five landing beaches in Naivasha which are in the process of gazettelement to avoid encroachment. Data is being collected to ensure the beaches are gazetted • Increase personnel to ensure there is full surveillance through recruitment and registration of fishermen • Lake Naivasha Management Plan in place. • Talks are under way for the Meteorological department to set a station at ATC • Within the Financial year the Subcounty officers will be updating farmers on weather changes and patterns • Agreement reached with pyrethrum buyers on payment of farmers within five days upon collection • The county has the largest acreage under pyrethrum • Accessibility is limited due to privatization. • There is an allocation in the current budget on distribution of AIs and is part of the flagship project. • MoU between department and the service providers on issues of AI which will be subsidized for farmers in the County. • The department always ensures the chicks distributed are of good quality. • The department has always ensured its presence during distribution of chicks • The department has continuously revolved in technologies on issues seeds.

SECTOR	SUB SECTOR	ISSUES RAISED	FEEDBACK
		<ul style="list-style-type: none"> Renovation of the ATC which has spent 4million, clarity needed. Solai Goat auction revival 	<ul style="list-style-type: none"> Construction of new kitchen and hall within the ATC compound. Allocation on ablution block for the said hall Will be operationalized in the current financial year Rehabilitation of the animal auction ground in Banita. Closed rehabilitation.
	Lands, Physical planning, Housing and Urban Development	<ul style="list-style-type: none"> Clear land records and maps Low budgetary absorption Houses without occupants in the county estates (Kivumbini). Documentation to give out unoccupied estates Funding for the Sector War Memorial Hospital management by the Citizen Duplication of duties between department and urban entities 	<ul style="list-style-type: none"> LIMS by the County has been developed to help that. The department has 600M was for development and was not disbursed during the FY by the National Govt Shall be investigated and allocated to another person (if need be). Residents urged to pay rent The County Govt is pursuing PPP and Finance should fast-track the framework to support this The County is pursuing all public land and has intensified efforts to survey and get title deeds for public land There is no duplication of duties. The department's agenda is to improve urbanisation. Department plans to have 3 more municipalities and planning of townships The urban entities have delegated functions for managing the said entity
	Nakuru City	<ul style="list-style-type: none"> Greening of the City/ City Resilience Embracing of PPP in City programmes Duplication of the City work and other County departments Allocation for maintenance in the city (drainage, potholes and streetlights) Enforcement officers allocated to the city Poor state of Kapkures Bridge Flea issue (Need for fumigation to eliminate) Streetlights in the Highway 	<ul style="list-style-type: none"> The County plans to adopt the plan for the city resilience as given with time Plans to provide incentives for Businesses to have CCTVs and Streetlights where they are stationed There is no duplication between duties done by the City Board and other department. Functions have been delegated to the City Board Vandalism of manholes and other infrastructure. The county is working towards mitigation measures for urban infrastructure. Citizens urged to help in enforcing Some enforcement officers have been deployed Shall be among the priority projects considered in KUSP II Shall be shared to the public health department for action to be taken Contract is been awarded to light up the highway from Kunste to Njoro interchange Area

SECTOR	SUB SECTOR	ISSUES RAISED	FEEDBACK
		<ul style="list-style-type: none"> • Kyoto dumpsite rehabilitation 	<ul style="list-style-type: none"> • Has been raised under KISIP and the City are working alongside the Environment department in rehabilitating the Kyoto dumpsite
		<ul style="list-style-type: none"> • Pollution in Lake Nakuru 	<ul style="list-style-type: none"> • The county is working towards reducing pollution of the Lake.
		<ul style="list-style-type: none"> • Rehabilitation of roads around Afraha Stadium Road which was affected by the ongoing construction 	<ul style="list-style-type: none"> • Is being budgeted for in FY 2024/2025 as it was supposed to be relocated and maintained in the same state as before
	Naivasha Municipality	<ul style="list-style-type: none"> • Planting more trees within Naivasha Town 	<ul style="list-style-type: none"> • The Municipality has planted more than 10,00 trees during the tree planting day and have plans to plant more than two million trees
		<ul style="list-style-type: none"> • Alternative ways or raising funds in the absence of KUSP 	<ul style="list-style-type: none"> • Equitable share budget • Municipality coming up with resource generation projects such as parking, markets etc which shall enable sustainability in the absence of Grants
		<ul style="list-style-type: none"> • Encroachment of Lake Naivasha 	<ul style="list-style-type: none"> • There is a challenge in the riparian land which has been encroached. The Lake Naivasha Management Plan is addressing the encroachment issue while the county is working at preventing new encroachments
		<ul style="list-style-type: none"> • Fish Selling on the Highway and Lack of cold storage 	<ul style="list-style-type: none"> • There is a cold store and ongoing construction of a fish market at Karai.
		<ul style="list-style-type: none"> • CSR for Safari Rally Organisers to promote Naivasha residents' welfare 	<ul style="list-style-type: none"> • There have been challenges due to decisions being made at a higher level. The county is currently being engaged early for involvement during the 2024 version
		<ul style="list-style-type: none"> • Security issues in Naivasha town around bus stages 	<ul style="list-style-type: none"> • Municipality working on By-laws to allow enforcement of laws. County has marked the County Bus parks to allow for security of travellers in the bus stages
	Gilgil Municipality	<ul style="list-style-type: none"> • Duplication of the City work and other County departments 	<ul style="list-style-type: none"> • There is no duplication between duties done by the Municipal Board and other department. Functions have been delegated to the Municipal Boards
	Molo Municipality	<ul style="list-style-type: none"> • Disorganisation in Town, planning 	<ul style="list-style-type: none"> • The County Government of Nakuru will respond to the issue of disorganization in Molo Town by recognizing the importance of effective urban planning and management. The County Government will initiate measures to address the root causes of disorganization, such as inadequate infrastructure, informal settlements, traffic congestion, and lack of public enough amenities.
		<ul style="list-style-type: none"> • Poor drainage/ Flooding in Molo Town 	<ul style="list-style-type: none"> • Advised and shall be taken up
		<ul style="list-style-type: none"> • Food stores in Molo as it is an agricultural town 	<ul style="list-style-type: none"> • There already exists food stores in Molo.

SECTOR	SUB SECTOR	ISSUES RAISED	FEEDBACK
Public Administration International/ National Relations (PAIR)	Public Service, Devolution, Citizen Engagement, Disaster Management and Humanitarian Assistance	<ul style="list-style-type: none"> Late communication on issues of public participation Low turn out during public participation Inclusivity of all sub-counties in public participation 	<ul style="list-style-type: none"> The department is not fully running the issues of public participation. The department is trying put strategies in place to ensure the public participation unit works efficiently Utilization of social media
		<ul style="list-style-type: none"> Use of old fire station for capacity building or training on issues of fire 	<ul style="list-style-type: none"> The issues to be looked into and see if can be utilized otherwise
		<ul style="list-style-type: none"> How is the department utilizing the department of resource mobilization 	<ul style="list-style-type: none"> The department works together with director of external resources mobilization on how to mobilize resources for the department
		<ul style="list-style-type: none"> Training of the public on measures to be taken during a fire 	<ul style="list-style-type: none"> Constituting of firefighting training team then go further into the subcounty and wards Measures are being put in place by the department to ensure the public is capacity built on issues of disaster
		<ul style="list-style-type: none"> Number of fire fighters to ensure quick response to fire emergency 	<ul style="list-style-type: none"> 0800724138 toll free line in-cases of emergency 0202411440- Nakuru 0202400203- Molo 0202423088- Naivasha
		<ul style="list-style-type: none"> Drunk enforcement officers Rehabilitation of enforcement officers 	<ul style="list-style-type: none"> Special programme officer in place to ensure support of employees on sociopsychology issues Rehabilitation services offered to addicted employees Public is requested to report on enforcement officers who are drunk on duty
		<ul style="list-style-type: none"> Compensation of employees has to be equivalent with staff productivity 	<ul style="list-style-type: none"> Measures to be put in place to ensure all officers report to work
		<ul style="list-style-type: none"> Dissemination of the biometric reports 	<ul style="list-style-type: none"> Finding of the biometric report to be shared to the public once its complete
		<ul style="list-style-type: none"> How the department works with the municipalities 	<ul style="list-style-type: none"> Work in collaboration with the municipalities on issues of disaster management
	Office of the Governor and Deputy Governor	<ul style="list-style-type: none"> Incorporation of PPPs in decision making of the government 	<ul style="list-style-type: none"> The County Government is engaging private sector stakeholders in development projects
		<ul style="list-style-type: none"> More allocation so as enhance supervision in the office 	<ul style="list-style-type: none"> Discussions ongoing to address this issue
		<ul style="list-style-type: none"> Allocation for the office of the governor to be reduced. To have different budgets for both the Governor and Deputy Governor 	<ul style="list-style-type: none"> Allocation of the Office of the Governor determined by the CRA.

SECTOR	SUB SECTOR	ISSUES RAISED	FEEDBACK
	Office of the County Attorney	<ul style="list-style-type: none"> High pending bills 	<ul style="list-style-type: none"> These are inclusive of the transitional bills
		<ul style="list-style-type: none"> Reasons for legal library 	<ul style="list-style-type: none"> Library was a National Government function but now has been devolved to the Counties
		<ul style="list-style-type: none"> Does the County attorney also provide legal counsel to the public 	<ul style="list-style-type: none"> The County Attorney does not provide legal counsel to the public
		<ul style="list-style-type: none"> Employment of additional enforcement Officers 	<ul style="list-style-type: none"> There is no budgetary allocation for recruitment of additional enforcement officers
		<ul style="list-style-type: none"> Duplication of duties by different departments 	<ul style="list-style-type: none"> The County Government has already developed an organization structure to depict the departmental duties to avoid duplication.
		<ul style="list-style-type: none"> Criteria used during the hiring process 	<ul style="list-style-type: none"> The criteria used during the hiring process include; <ul style="list-style-type: none"> i) Employees hired on Permanent and pensionable terms ii) Employees hired on contract terms (Long term& Short term) iii) Employees hired as casuals
		<ul style="list-style-type: none"> Where to find job postings for employment opportunities within county government 	<ul style="list-style-type: none"> Work in collaboration with the Sub County& Ward Administrators to relay the opportunities at the local communities The Board is also planning to collaborate with the National Government (Chiefs & Assistant Chiefs) to help advertise the job opportunities to the locals. The Board is planning to migrate to an online job application system in order to ease the job application procedure
	County Treasury	<ul style="list-style-type: none"> High pending Bills 	<ul style="list-style-type: none"> The County Government has prioritized settling of pending bills.
		<ul style="list-style-type: none"> Revenue Leakages 	<ul style="list-style-type: none"> The County Government has already undertaken zoning of Revenue Sources to ensure that there is maximum collection of revenue The County Government has a disciplinary committee that deals with Officers involved in Corruption cases to curb the issue of revenue leakages.
		<ul style="list-style-type: none"> Automation of revenue services 	<ul style="list-style-type: none"> The County Government has already adopted a cashless system for parking fees. The County is working towards full automation of all revenue services
	<ul style="list-style-type: none"> Solarization 	<ul style="list-style-type: none"> The County Government has already solarized Nakuru West, Nakuru East and Naivasha Sub County Offices. The County Government has already planned to Solarize Gilgil and three more Sub County Offices in the subsequent financial year 	