

# COUNTY GOVERNMENT OF NAKURU



## COUNTY ASSEMBLY OF NAKURU

2<sup>ND</sup> ASSEMBLY – FIRST SESSION

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THE BUDGET AND APPROPRIATION COMMITTEE REPORT ON THE  
COUNTY FISCAL STRATEGY PAPER FY 2018/19

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**APRIL 2018**

## **Introduction**

**Mr. Speaker Sir**, on behalf of the members of the Budget and Appropriation Committee and as required under standing order 209(5) as well as section 117 Of the Public Finance Management Act 2012. I hereby present to the house, the Committee's report on the 2018 county fiscal strategy paper which was submitted to this house.

**Mr. Speaker Sir**, the Budget and appropriation Committee as currently constituted comprises the following members:

- |                                    |                |
|------------------------------------|----------------|
| 1. Hon. Moses Ndungu Kamau, M.C. A | Chairperson    |
| 2. Joel Karuri Maina, M.C.A        | Vice chair     |
| 3. Jane Wangui Ngugi, M.C.A        |                |
| 4. Grace Wambui Mwathi, M.C.A      |                |
| 5. JosephatGithinji Murage, M.C.A  |                |
| 6. Stephen Ngethe Chege, M.C.A     |                |
| 7. Peter Kibe Mbae, M.C.A          |                |
| 8. Eddy Kirangu Wambui, M.C.A      |                |
| 9. Daniel Kirieth Mwangi, M.C.A    |                |
| 10.Benard Kipketer Ngetich, M.C.A  |                |
| 11. Anthony Kiprono Rotich, M.C.A  |                |
| 12.Isaac Wahome Gathitu, M.C.A     |                |
| 13.Michael Njoroge Karanja, M.C.A  |                |
| 14.Peter Karanja Mburu, M.C.A      |                |
| 15.Samwel Kipkemtoi Tonui, M.C.A   | Deputy Speaker |

## **MANDATE OF THE COMMITTEE**

The Budget and Appropriation Committee is established under standing order 189 and is mandated to:

- i. Investigate, inquire into and report on all matters related to coordination, control and monitoring of the County Budget;
- ii. Discuss and review the estimates and make recommendations to the Assembly;
- iii. Examine the County Fiscal Strategy Paper presented to the Assembly;
- iv. Examine Bills related to the County Budget including appropriation Bills and;
- v. Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays.

The budget and appropriation committee is further given legal backing in the 189 (1) of the standing order.

## **EXAMINATION OF THE 2018 FISCAL STRATEGY PAPER.**

**Mr. Speaker Sir**, pursuant to Article 149 (3) of the Public Finance Management Act 2012, the budget and appropriation committee examined and discussed the 2018 County fiscal strategy paper and made recommendations taking into account the provisions of the article 218 (b) of the constitution 2010, the County Allocation of Revenue Act (CARA) 2018 as well as Section 117 of the Public Finance Management Act, 2012.

## **ACKNOWLEDGEMENT**

Mr. Speaker Sir, the Committee wishes to thank the Office of the Speaker and the Clerk of the County Assembly for the support extended to it in the execution of its mandate as well as to the Members of County Assembly who participated in the process of reviewing this report.

Mr. Speaker Sir, the committee is also grateful to the Budget Secretariat for the support received as it discharged its mandate of oversight and preparation of this report on the County Fiscal Strategy Paper 2018.

**Mr. Speaker Sir,**

It is therefore my pleasant duty and privilege, on behalf of the Budget and Appropriation Committee to table this Report and recommend it to the House for adoption.

Signed

**HON. MOSES NDUNGU KAMAU, M.C.A  
CHAIRMAN, BUDGET AND APPROPRIATION COMMITTEE  
Date: 25<sup>th</sup> April 2018.**

## **OVERVIEW**

1. **Mr. Speaker Sir,** the County Fiscal Strategic Paper 2018 is prepared by the county treasury in accordance to Section 117 of the Public Finance Management Act 2012 and is established under the devolved system of governance where it sets out the broad strategy policy goals that guide the county in preparation of the FY 2018/2019 budget.
2. **Mr. Speaker Sir,** therewas a delay in the submission of the County Fiscal Strategic Paper 2018 by the County Treasury to the assembly, with reasons for the above cited as the effects of the 2017 Elections and subsequent delay in the formation of the County Cabinet and subsequent handover from the previous county government.
3. **Mr. Speaker sir,** the County Fiscal Strategic Paper 2018 provides a valuable platform for a review of the efficiency of the fiscal policy in light of emerging challenges and opportunities and further creates an opportunity to adjust the expenditures and revenue along more suitable line for improved service delivery to the residents of Nakuru County.
4. **Mr. Speaker Sir,** the initiatives county fiscal strategy paper 2018 are premised on the following five fiscal strategy initiatives:
  - i. Building on the gains of made in the achievements of the first CIDP 2013-2018,

- ii. Enhancing governance, transparency, accountability and human resource productivity in the delivery of public goods and services,
- iii. Promotion of accessible and affordable health care for all county residents,
- iv. Revival of pyrethrum promotion of agri-business and achieving food security, and
- v. Expansion and operationalization of the county fiscal infrastructure,

## REVIEW OF THE 2018 COUNTY FISCAL STRATEGY PAPER

5. **Mr. Speaker Sir**, section 117 (1) of the public finance management Act, 2012 requires that the county treasury submit the approved strategy paper to the county assembly by 28<sup>th</sup> February of each year and shall :
- i. Align with the National objective in the budget policy statement.
  - ii. Specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the financial year and over the medium term,
  - iii. Include the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term,
  - iv. Take into account the views of the commission on revenue allocation, the public, any interested person or groups, and any other forum that is established by legislation.

## **LEGAL COMPLIANCE OF THE 2018 COUNTY FISCAL STRATEGY PAPER**

6. **Mr. Speaker Sir,** Besides the delay in the submission, the committee on reviewing the compliance of the 2018 county fiscal strategy paper established that the document had adhere to the legal threshold set out in the section 117 of the public finance management Act 2012.

## **STRATEGY PRIORITIES IN THE 2018 COUNTY FISCAL STRATEGY PAPER**

**Strategy 1: Building on the gains of made in the achievements of the first CIDP 2013-2018**

7. **Mr. Speaker Sir,** some the county strategies set up in the previous county fiscal strategy paper are ongoing. Moreover, some projects are yet to be commissioned as a result of constraint in the recurrent budget and technical feasibility. These ongoing projects range from development of infrastructure in Agriculture, Health, and Education among other sectors. The county is keen to see to the completion the commitments set out in the previous County Fiscal strategy Paper.

**Strategy 2: Promotion of accessible and affordable healthcare for all county residents**

8. **Mr. Speaker Sir,** promotion of healthcare that is accessible to everyone is one of the National's Government Big Four Agenda and

accordingly a priority to the County of Nakuru. The County Government strives to make the above possible by: Rationalization of supply of drugs and other non-pharmaceuticals, Staff rationalization, Partnership with non-state actors in the health sectors, Prioritizing of promotive and preventive health strategies, among other initiatives.

**Strategy 3: Revival of pyrethrum promotion of agri-business and achieving food security**

9. **Mr. Speaker Sir**, the agricultural sector continues to be the most important sector despite decline in contribution of the county economy and the national GDP as a whole. However, the county Government aims at attaining food security, sustainable land management and improve market access.
10. **Mr. Speaker Sir**, the Nakuru county government further seeks to promote pyrethrum farming for both large-scale and small scale farmers by providing them with the seeds and seedlings for the nurseries and creating a market for them by collaboration with other pyrethrum growing counties. Other initiatives include improving apiculture, supply of breeding stock for dairy goats, and carry out technical staff training, promotion of non-ruminant animal production and supply of three milk cooling plants. The county government also aims at helping to nature tea, coffee, avocado and macadamia seedlings in targeting the high potential. These will help in achieving the food security and at the same time enhance the source of revenue to the county government.

**Strategy 4: Expansion and operationalization of the county fiscal infrastructure**

**11. Mr. Speaker Sir,,** the county government, in complimenting the previous efforts on improving the county fiscal infrastructures aims to prioritize implementation of road network based on the following;

- i. Artery roads that connect more than one ward;
- ii. Roads that are commonly utilized by the PSVs;
- iii. Roads that have industrial importance;
- iv. County bus stop and terminals

**12. Mr. Speaker Sir,,** the county has also come up with strategies improve the ICT sub-sector where it will continue to enhance the uptake of digital literacy, e-government service platforms, and development of e-government services and establishment of additional digital centres. Moreover, the county will seek to expand the ICT network infrastructure as well as hardware and software infrastructure. The county also seeks to rehabilitate four stadia, grade 10 more stadia and increase access to vocational training through establishment of three additional vocational training centres.

**Strategy 5: Enhancing governance, transparency, accountability and human resource productivity in the delivery of public goods and services**

**13. Mr. Speaker Sir,** for all the other four county fiscal strategies to work there must be good governance, transparency and accountability in the management of the public resources as well as having committed

and productive county work force. Hence, the office of the governor and the deputy governor has implemented several strategies to ensure that there is good public administration so that all residence of Nakuru County can enjoy equal rights. The focus on the governance, transparency and accountability will emphasize on the public finance management reforms where the county audit committee envisaged in the Public Finance Management regulations (county Government) 2015 is in the process of being constituted.

14. **Mr. Speaker Sir**, the county's own source revenue has been on the decline with extensive revenue shortfalls to up to 25% in the recent pasts. In order to stabilize efficiency of the county revenue administration and maximize on the potential and the county will commence on the following;

- i. Increase disbursement of the recurrent budget allocation for the revenue enhancement plan;
- ii. Training of staff on revenue mobilization strategies;
- iii. Regulatory reforms through formulation of revenue laws in line with the national treasury guidance on county taxation regime;
- iv. Instituting and enforcement debt recovery measures within the confines of law;
- v. Regular audit of non performing revenue streams to identify loopholes and take corrective steps.

15. **Mr. Speaker Sir**, the county Wage bill as a proportion of total county budget has continued to rise significantly and is expected to rise to **KES 6.2 billion** in the FY2018/2019 which is 40 percent of the total

budget. The county aims to explore various intervention measures to address the rising wage bill problem and weakness identified in the human resource management, policies and performance management. Further, **Mr. Speaker Sir**, the county has come up with more strategies to improve human resource productivity which include but are not limited to:

- i. The completion and equipping of the ongoing project county registry to accommodate open and confidential registries;
- ii. Revamping of performance contracting and performance appraisal system to ensure optimal employee productivity;
- iii. Continuous staff training and capacity building in partnership with NITA and other national capacity building framework;
- iv. Operationalization of the comprehensive medical cover scheme through the NHIF;
- v. Adopting a more receptive public sector culture through enforcement of human resource policies and procedure 2016;
- vi. Establishing of complaint handling mechanism in line with KDSP expected outcomes on public participation in governance;
- vii. Mainstreaming workplace HIV/AIDS and other general employee welfare relation.

## **RECENT ECONOMIC DEVELOPMENT AND POLICY OUTLOOK IN 2017/2018**

### **Review of the fiscal performance**

#### **County Revenue**

**16. Mr. Speaker Sir,** The County's FY 2017/18 Approved Budget is KES.15.66 billion, comprising of KES.9.77 billion (62.3 per cent) and KES.5.9 billion (37.7 per cent) allocation for recurrent and development expenditure respectively. The revenue collection both from local revenue and from the exchequer shows that the county falls short of meeting the revenue targets up to this point in the year. There is likely to be a local revenue shortfall of up to KES. 1 Billion In the current financial year.

**17. Mr. Speaker Sir,** may I point out that the County has never achieved its own source revenue target, resulting in accumulation of pending bills which have seen the overall County Debt rise over the years.

#### **Budget Framework**

**18. Mr. Speaker Sir,** the total envisaged overall expenditure as envisaged in the 2018/19 County Fiscal Strategy Paper is **KES. 15,002,324,750.** This figure is as informed by the County Allocation of Revenue Act (CARA) 2018 and the Own Source revenue projection for the FY 2018. The summary of the county funding as in the County Fiscal

Strategy paper 2018 as guided by CARA 2018 as compared to the allocation in CARA 2017 is as follows:

#### 19. County Funding:

	Revised in 2017 CARA	2018 CFSP	Change	% Change
Local Revenue	2,500,000,000	2,000,000,000	(500,000,000)	-20%
FIF	611,050,000	685,000,000	73,950,000	12%
Fiscal Balance	-	545,000,000	545,000,000	100%
Donor Grants (DANIDA)	12,630,000	31,083,750	23,692,032	188%
Kenya Devolution support program (KDSP)	56,299,041	60,282,958	3,983,917	7%
Loans and Grants CRA		-	-	
Conditional Allocation to compensate forgone user fees	38,723,265	38,723,265	-	0%
Conditional Fund Leasing of Medical Equipment	95,744,681	200,000,000	104,255,319	109%
Road Maintenance Fuel Levy Fund	345,811,895	248,847,131	(96,964,764)	-28%
Conditional Allocation For Level- 5 Hospital	373,872,832	373,872,832	-	0%
World bank THS UC		95,036,351	95,036,351	100%
National agricultural and rural inclusive growth projects (NARIG)		140,435,163	140,435,163	100%
Conditional Allocation for development of youth polytechnics	35,431,434	47,800,000	12,368,566	35%
Conditional Fund – Kenya Urban Support Project (KUSP)	-	1,084,843,300	1,084,843,300	100%
C.R.A Equitable Share	9,271,400,000	9,451,400,000	180,000,000	2%
<b>SUB TOTAL</b>	<b>13,340,963,148</b>	<b>15,002,324,750</b>	<b>1,515,366,444</b>	<b>11%</b>

20. Mr. Speaker Sir, despite the reduction in the county local revenue target by KES. 500,000, the overall revenue increased by KES. 1.66 Billion on account of an increase in the Conditional Grants by KES 1.4

Billion and the Equitable Share by KES 180 million as shown in the table above.

### **County Expenditure.**

**21. Mr. Speaker Sir,** The 2018/19 county expenditure is expected to be KES. **15,002,324,750.** The aggregate recurrent expenditure is **KES. 9,720,480,987(65%)** while the development expenditure is **5,281,843,763 (35%).** These have adhered to the fiscal discipline as stipulated in Section 107 of the Public Finance Management Act 2012. The respective summary for the recurrent and development expenditure are as shown in the tables below:

<b>SUMMARY OF RECURRENT EXPENDITURE FY 2018/2019</b>					
<b>VOTE NO.</b>	<b>VOTE TITLE</b>	<b>GROSS ESTIMATES 2018/2019</b>	<b>APPROPRIATION IN AID 2018/2019</b>	<b>NET ESTIMATES 2018/2019</b>	<b>% Total Estimates</b>
01	<b>Office of the Governor and Deputy Governor</b>	167,512,840	-	167,512,840	1.9%
02	<b>County Treasury</b>	849,895,046	-	849,895,046	9.7%
03	<b>County Public Service Board</b>	45,129,192	-	45,129,192	0.5%
04	<b>Public Service, Training and Devolution</b>	793,439,818	60,282,958	733,156,860	8.4%
05	<b>Health Services</b>	4,892,403,128	885,938,597	4,006,464,531	45.7%
06	<b>Trade, Industry, Marketing and Tourism</b>	151,271,365	-	151,271,365	1.7%
07	<b>Infrastructure</b>	304,825,618	-	304,825,618	3.5%
08	<b>Education, ICT and E-Government</b>	308,376,071	-	308,376,071	3.5%
09	<b>Agriculture, Livestock and Fisheries</b>	478,337,934	-	478,337,934	5.5%
10	<b>Lands, Physical Planning and Housing</b>	129,556,353	-	129,556,353	1.5%
11	<b>Youth, Culture, Sports and Social Services.</b>	346,856,724	-	346,856,724	4.0%

12	<b>Environment, Water, Energy and Natural Resources</b>	308,500,873	-	308,500,873	3.5%
13	<b>County Assembly</b>	944,376,025	-	944,376,025	10.8%
	<b>TOTAL</b>	<b>9,720,480,987</b>	<b>946,221,555</b>	<b>8,774,259,432</b>	<b>100%</b>

<b>SUMMARY OF DEVELOPMENT EXPENDITURE FY 2018/2019</b>					
<b>VOTE NO.</b>	<b>VOTE TITLE</b>	<b>GROSS ESTIMATES 2018/2019</b>	<b>APPROPRIATION IN AID 2018/2019</b>	<b>NET ESTIMATES 2018/2019</b>	<b>% Total Estimates</b>
01	<b>Office of the Governor and Deputy Governor</b>	73,855,318.00	-	73,855,318.00	2%
02	<b>County Treasury</b>	1,724,230,000.00	-	1,724,230,000.00	40%
03	<b>County Public Service Board</b>	908,376.00	-	908,376.00	0%
04	<b>Public Service, Training and Devolution</b>	65,000,000.00	-	65,000,000.00	2%
05	<b>Health Services</b>	597,777,601.00	537,777,601.00	60,000,000.00	1%
06	<b>Trade, Industry, Marketing and Tourism</b>	195,000,000.00	-	195,000,000.00	5%
07	<b>Infrastructure</b>	528,847,131.00	248,847,131.00	280,000,000.00	7%
08	<b>Education, ICT and E-Government</b>	71,597,085.00	-	71,597,085.00	2%
09	<b>Agriculture, Livestock and Fisheries</b>	303,100,586.60	140,435,163.00	162,665,423.60	4%
10	<b>Lands, Physical Planning and Housing</b>	1,281,164,915.00	-	1,281,164,915.00	30%
11	<b>Youth, Culture, Sports and Social Services.</b>	117,800,000.00	47,800,000.00	70,000,000.00	2%
12	<b>Environment, Water, Energy and Natural Resources</b>	132,562,750.00	-	132,562,750.00	3%
13	<b>County Assembly</b>	190,000,000.00	-	190,000,000.00	4%
	<b>TOTAL</b>	<b>5,281,843,762.60</b>	<b>974,859,895.00</b>	<b>4,306,983,867.60</b>	<b>100%</b>

**22. Mr Speaker Sir,** the wage bill continues to rise due to factors which are beyond the county government. The county is disadvantaged by the current revenue distribution formula, which takes no account of

inherited non-discretionary devolved costs, the county inherited staffs from the four local authorities and owing to the fact Nakuru was the Headquarters of the former Rift Valley Province, it carries majority of the devolved staff.

The year 2016/17 and 2017/18 there have been strikes by the healthcare workers which resulted to signing of Collective Bargaining Agreements (CBAs) that have had an impact on the county's wage bill. Further the wage bill has also been affected by the Salaries and Remuneration Commission (SRC) during the phase I of the harmonization of staffs' salaries. **Mr. Speaker Sir**, The county should put necessary measures in the attempt to curb wage bill through; Human resource audit, having an approved staff establishment, stop recruitment of non-essential staff and those not in the approved staff establishment; ensure appropriate engagement of casuals and payment of salaries through IPPD to enhance efficiency in HR management.

**23. Mr. Speaker Sir**, key Policies and Projects in FY 2018/19 include:

- i. Ward resource envelope of KES. 1.1 billion, which translates to KES. 20 million per ward. This is an increase from the previously stipulated KES. 550 million (translating to KES. 10 million per ward). This resource is allocated to the department of finance and Economic Planning awaiting public participation identification and prioritization of ward projects in the budget estimates.
- ii. An Emergency provision of KES. 57.2 Million.
- iii. The County will set aside a provision of KES. 289,730,000 for debt resolution.
- iv. The compensation to employees is expected to rise to KES. 6.05 Billion up from 5.314 Billion in the FY 2017/18.

- v. The department of health takes up the lion share of the total budget at 36.6%.

Further to the above, the following items are also included in the 2018/19 Budget:

- i. Bursary of KES. 110 million which translates to 2 million per ward.
- ii. Climate Change Mitigation of KES. 20 million.
- iii. Disability allocation of KES. 27.5 million.

## **INTERGOVERNMENTAL FISCAL RELATIONS AND DIVISION OF REVENUE**

**24. Mr Speaker Sir,** Nakuru County Government continues to adhere to the fiscal responsibility principles as set out in Section 107 of the Public Finance Management Act 2012, Public Finance Management (county government) regulations, 2015 and the principles of public finance as set out in Chapter 12 of the constitution. However, due to the huge work force, the county may experience challenges in the implementation of some of the legal provision of the Public Finance Management (county government) regulations, 2015. Section 25 (a) (b) of this regulation requires that wages and benefits for its public officers shall not exceed thirty five (35) percent of the county total revenue. **Mr. Speaker Sir,** this is currently at 40%.

## **DEFICIT FINANCING POLICY.**

**25. Mr. Speaker Sir**, the county envisages that over the FY 2018/19, it will maintain a balanced budget where the total revenue equal total expenditure, therefore not running into budget deficits. The total stock of the County debt as of 31<sup>st</sup> December 2017 stood at **KES. 4.1 Billion**, comprising of the inherited debt of KES. 1.0 Billion and pending bills arising from all ministries on a commitment basis amounting to KES. 3.1 Billion.

**26. Mr. Speaker Sir**, in the CFSP 2018, the county has set aside KES. 289 Million for debt resolution. The county government takes into account the fiscal risks arising from the contingent liabilities, liquidity risk arising from failure to actualize the local revenue targets, high county public wage bill currently at 40% of the total budget, delay in disbursements of funds from the exchequer and potential changes to the National transfers and allocation.

## **SECTORAL EXPENDITURE CEILINGS**

**27. Mr. Speaker Sir**, the committee received recommendations from various departments including the County treasury on the proposed budgetary allocations to various sectors as contained in the County Fiscal Strategy paper 2018 and have taken into account the views of the sectoral departments in this report. The detail of the departmental allocation is as annexed in this report. It is however important to take notice of the ceiling of the Office of the Governor and Deputy Governor as anchored in the CARA 2018 to a tune of KES. 657 million. However, this was not realised in the allocation to the department owing to the budget constraints. The Office of the Governor and Deputy Governor's allocation in the CFSP 2018 is **KES.**

**241,368,158** which is an allocation of **KES. 400 Million** Short of the ceilings given by the CARA 2018.

**28. Mr. Speaker Sir,** the County Assembly's CFSP 2018 allocation is **KES. 944Million.** This is inclusive of the CARA 2018 ceiling of **KES. 914Million** and the enhanced mortgage of **KES. 30 million.** Mr. Speaker Sir, it is imperative to note that this enhancement of the mortgage fund is not under the CARA ceiling.

#### **OBSERVATIONS AND RECOMMENDATIONS.**

**29. Mr. Speaker Sir,** The National Government intends to establish a modern industrial park in Naivasha in FY 2018-19. Further, the County benefits in the Kenya Urban Support Project, a conditional fund meant for the establishment and strengthening of urban institutions to enable improved infrastructure and service delivery. The committee's concern is that the county does not have any programme, project or allocation and policy to enable it develop the incentives, infrastructure and other amenities. The Committee recommends that the County Government establish policy to facilitate the above.

**30. Mr. Speaker Sir,** the County Government is passionate about the conditions on the County road and seeks to find ways to have durable, well done but cost effective roads. This has seen the allocation of **KES: 528,847,131** in the Development expenditure in the department of Roads and infrastructure to facilitate the "*Boreshabarabara*" Project on roads, among other things. This

committee recommends that the County Government establishes policy on the “*Boreshabarabara*” Road initiative to anchor the allocation and its undertakings of the road rehabilitations across the County.

31. **Mr. Speaker Sir**, the County Government in its efforts of enhancing agriculture and at the same time uplifting the economic status of the people of Nakuru County seeks to provide Tea, Coffee, Avocado and Macadamia Seedlings to farmers across the county. The Committee’s concern is on these projects viability, the impact to the community and the subsequent accountability. It is therefore the committee’s recommendation that the County government establishes a policy on the above project, to look into the possibility of the amount allocated to be used in research and perhaps the establishment of nurseries runs by the youth in the community instead of purchase of the seedlings which could have less of an impact.

32. **Mr Speaker Sir**, Section 109 of the County Governments Act 2012 provides that a county must develop a ten year county Spatial Plan. To this effect, the County Government engaged a consultant to develop the same. The committee’s concerns are on the continuous allocation of funds in the last three financial years to pay the said consultant. The committee recommends that the County treasury provides this house with immediate effect with the following:

- i. The contractual agreement between the County Government and Geo Maps company (The consultant)
- ii. The contractual sum of this contract.
- iii. The detailed work plan of the consultancy and timelines.

- iv. Proof of amounts paid to date versus the subsequent year's allocations.

33. Mr. Speaker Sir, as earlier stated, the County Own Source revenue has been on a decline. Evidence show that the current financial year 2017/18, there is already a projected revenue shortfall of KES. 1 Billion. Mr. Speaker Sir, this is a grave concern. Further the above, year in, year out, the county treasury has received a cumulative amount of over KES. 100 Million on the ZIZI revenue system, a system that is ambiguous in its working and has a negative cost – benefit relationship. Mr. Speaker Sir, the county treasury has asked for KES. 50 million in the CFSP 2018 for the development of a revenue management system, citing the contractual arrangement with Zizi systems comes to an end in 2019. The entire revenue situation in the county is a major concern and this committee recommends that the county treasury facilitate this house with the below information:

- i. The contractual agreement between the County Government and the ZIZi operation proprietors, detailing the contractual sum, the workplan and timelines.
- ii. The measures taken while forecasting the local revenue and what are these targets/ forecasts anchored on.
- iii. The measures that the County Government will take to enhance the county revenue and the use of ICT to do the same.

## Summary of County Funding CFSP 2018

No.	REVENUE SOURCE	APPROVED ESTIMATES	CFSP	PROJECTIONS	
		2017/2018	2018/2019	2019/2020	2020/2021
1	Property tax (Plot rent and Land rates	398,753,823	300,980,000	316,029,000	331,830,450
2	Trade License	66,653,915	400,000,000	420,000,000	441,000,000
3	Market Fees	141,580,420	107,220,000	112,581,000	118,210,050
4	Building Approval	51,846,279	120,310,000	126,325,500	132,641,775
5	Cess	540,479,348	100,000,000	105,000,000	110,250,000
6	Royalties	89,313,555	104,460,000	109,683,000	115,167,150
7	Stock/ Slaughter fees	82,273	23,000,000	24,150,000	25,357,500
8	House Rent	64,951,169	70,000,000	73,500,000	77,175,000
9	Advertising	6,621,328	100,000,000	105,000,000	110,250,000
10	Parking fees	229,749,292	330,100,000	346,605,000	363,935,250
11	Liquor Licensing	98,712,551	72,150,000	75,757,500	79,545,375
12	County Park Fees	347,434,976	750,000	787,500	826,875
13	Water And Sewerage	60,829,920		-	-
14	Health fees and charges	129,304,750	120,350,000	126,367,500	132,685,875
15	Other Fees and Charges	273,686,401	150,680,000	158,214,000	166,124,700
	<b>Sub Total Local Sources</b>	<b>2,500,000,000</b>	<b>2,000,000,000</b>	<b>2,100,000,000</b>	<b>2,205,000,000</b>
16	Facility Improvement Fund	611,050,000	685,000,000	705,550,000	726,716,500
	<b>SUB TOTAL (AIA &amp; Local Sources)</b>	<b>3,111,050,000</b>	<b>2,685,000,000</b>	<b>2,805,550,000</b>	<b>2,931,716,500</b>
17	Balance in County Revenue Fund	2,296,898,883	545,000,000		
	Balance in County Local Revenue Account				
18	Donor Grants (DANIDA)	12,630,000	31,083,750	34,192,125	37,611,338
19	Loans and Grants CRA	-	-	-	-
20	Symbiocity Programme	26,500,000			
21	Kenya Devolution support program (KDSP)	56,299,041	60,282,958	66,311,254	72,942,379
22	World bank National Agricultural and Rural inclusive growth Projects (NARIGP)		140,435,163	154,478,679	169,926,547
23	Agricultural Sector Development Support Projects (ASDSP)			-	-
24	Conditional Allocation to compensate Forgone user fees	38,723,265	38,723,265	42,595,592	46,855,151
25	Conditional Fund -Kenya Urban Support Project(KUSP)		1,084,843,300	1,193,327,630	1,312,660,393
26	Conditional Fund -Leasing of Medical Equipment	95,744,681	200,000,000	220,000,000	242,000,000
27	Conditional Fund -Free Maternal Health	-		-	-
28	Road Maintenance Fuel Levy Fund (RMFLF)	345,811,895	248,847,131	273,731,844	301,105,029
29	Conditional Allocation For Level- 5 Hospital	373,872,832	373,872,832	411,260,115	452,386,127
30	World Bank THS-UC Conditional allocation		95,036,351	104,539,986	114,993,985

31	Conditional Allocation for Rehabilitation of Youth Polytechnics	35,431,434	47,800,000	52,580,000	57,838,000
32	C.R.A Equitable Share	9,271,400,000	9,451,400,000	10,396,540,000	11,436,194,000
	<b>SUB TOTAL</b>	<b>12,553,312,031</b>	<b>12,317,324,750</b>	<b>12,949,557,225</b>	<b>14,244,512,948</b>
	<b>GRAND TOTAL</b>	<b>15,664,362,031</b>	<b>15,002,324,750</b>	<b>15,755,107,225</b>	<b>17,176,229,448</b>

### Per Department Allocation

VOTE NO.	VOTE TITLE	COMPENSATION TO EMPLOYEES	USE OF GOODS AND SERVICES	OTHER RECURRENT EXPENDITURE	TOTAL RECURRENT EXPENDITURE	DEVELOPMENT EXPENDITURE	TOTAL
01	Office of the Governor and Deputy Governor	55,692,608	106,859,916	4,960,316	167,512,840	73,855,318	241,368,158
02	County Treasury	453,366,168	383,137,428	13,391,450	849,895,046	1,724,230,000	2,574,125,046
03	County Public Service Board	24,397,167	20,482,025	250,000	45,129,192	908,376	46,037,568
04	Public Service, Training and Devotion	507,761,022	281,111,296	4,567,500	793,439,818	65,000,000	858,439,818
05	Health Services	3,548,463,051	1,235,550,877	108,389,200	4,892,403,128	597,777,601	5,490,180,729
06	Trade, Industry, Marketing and Tourism	78,001,365	70,470,000	2,800,000	151,271,365	195,000,000	346,271,365
07	Infrastructure	137,304,118	137,871,500	29,650,000	304,825,618	528,847,131	833,672,749
08	Education, ICT and E-Government	75,355,704	227,020,367	6,000,000	308,376,071	71,597,085	379,973,156
09	Agriculture, Livestock and Fisheries	362,656,295	102,432,639	13,249,000	478,337,934	303,100,587	781,438,520
10	Lands, Physical Planning and Housing	95,961,549	29,284,804	4,310,000	129,556,353	1,281,164,915	1,410,721,268
11	Youth, Culture, Sports and Social Services.	198,903,558	143,273,166	4,680,000	346,856,724	117,800,000	464,656,724
12	Environment, Water, Energy and Natural Resources	204,330,873	95,570,000	8,600,000	308,500,873	132,562,750	441,063,623
13	County Assembly	315,518,426	618,857,599	10,000,000	944,376,025	190,000,000	1,134,376,025
	<b>TOTAL</b>	<b>6,057,711,905</b>	<b>3,451,921,617</b>	<b>210,847,465</b>	<b>9,720,480,987</b>	<b>5,281,843,763</b>	<b>15,002,324,750</b>
	Percent of Total Budget	40.4%	23.0%	1.4%	65%	35%	100.0%