



MURANG'A COUNTY GOVERNMENT

COUNTY FISCAL STRATEGY PAPER

2018

Contents

Legal basis, 3

Chapter 1 County Strategic Blueprint..... 4

 1.1 Overview 4

 1.2 County blueprint 5

Chapter 2: Recent Economic Development And Policy Outlook..... 7

 2.1 GLOBAL ECONOMIC GROWTH..... 7

 2.2 NATIONAL ECONOMIC GROWTH 7

 2.3 County Growth Prospects 7

 2.4 Update on fiscal performance and emerging challenges..... 7

 2.4.1 Revised estimates 8

 2.4.2 Economic policy and outlook 8

 2.5 Risks to the outlook 10

Chapter 3 Fiscal policy and budget framework 11

 3.1 Overview 11

 3.2 Fiscal policy status 11

 3.3 Fiscal Responsibility Principles 12

 3.4 Compliance with Fiscal responsibility 13

 3.5 Fiscal structural reforms 13

 3.6 Debt financing policy..... 13

Chapter 4: BUDGET FRAMEWORK 2018/2019..... 14

 4.1 DEVELOPMENT PRIORITIES..... 15

 4.2 EXPENDTURE ALLOCATION FRAMEWORK 2018-2020 33

 4.3 CONCLUSION..... 38

Legal basis,

Section 117 of the PFM Act 2012, requires that the County Treasury prepares and submit to the County Executive Committee, the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by the 28th February of each year.

In preparing the County Fiscal Strategy Paper, the County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement and 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.

This County Fiscal Strategy Paper signals the strategic direction that Murang'a County Government intends to take in service delivery by articulating on the planned programmes. In addition, the County plans are broadly presented in terms of revenues, expenditures and borrowing for the coming financial year and over the medium term.

Chapter 1 County Strategic Blueprint

1.1 Overview

The Fiscal Strategy Paper identifies the broad strategic priorities and policy goals that will guide the County Government in preparing its budget for Financial Year 2018/2019 and the Medium Term Plan.

The paper discusses the performance of the Financial Year 2017/18 budget, which forms the basis for projecting the financial outlook with respect to the County Government revenues and expenditures for financial year 2018/2019 and over the medium term.

The County priorities outlined in the paper shall form the basis for formulation FY 2018/19 budget and the Medium Term. The fiscal framework ensures adherence to principles of public finance and fiscal responsibility principles as set out in the Constitution and the Public Finance Management Act 2012 respectively. Specifically, the development to recurrent expenditures has been maintained within the required ratios of 30:70. Further the expenditures are fully funded from the allocation from the National Government and county own revenue. In achieving county goals, prudence in use of public resources has been and will be exercised.

The paper covers the following broad areas; review of the fiscal performance of financial year 2017/2018; highlights of the recent economic developments and the economic outlook; broad strategic priorities and policies for the Medium Term and the Medium Term Fiscal Framework. The priorities outlined in the Paper are in line with the priorities set out in the Budget Policy Statement, CIDP, and the Governor's Manifesto these include:

- Increase the access of water for domestic use and irrigation,
- To improve infrastructural networks,
- To enhance the quality of health services,
- Enhance agricultural production to increase food security
- Undertake empowerment initiatives to reduce youth unemployment
- Enhance enrolment, retention, and transition rates from ECDE and polytechnics

The broad key strategic priorities identified for implementation in the medium term are in line with the focus areas of the Medium Term Plan which include: employment creation, expansion and improvement in quality education, health and other social services, increased investment and modernization of infrastructure.

In order to achieve the set objectives, the county will employ greater transparency, effectiveness, efficiency and economy in management of public resources in order to ensure fiscal compliance.

1.2 County blueprint

This is the 5th Murang'a County Fiscal Strategy Paper. The CFSP 2018 will continue to enhance Programme Based Budgeting (PBB) which seeks to re-orient the focus of the current budget from an input-based financial programming to result-based management of county development initiatives. This means that the PBB will link funds appropriated by the County Assembly to distinct deliverables and outcomes. Hence, the budget for 2018/19 will provide a summary of programmes and their expected results for the same period. Greater effort towards working with partners of goodwill will be made, especially the Private Sector and Development Partners in achieving the county's goals.

Key county government interventions to meet county priorities, special needs, and support the national "Big Four" agenda will be:

- Increase the access of water for domestic and irrigation use,
- To improve infrastructural networks,
- To enhance the quality of health services,
- Enhance agricultural production to increase food security
- Undertake empowerment initiatives to reduce youth unemployment
- Enhance enrolment, retention, and transition rates from ECDE and polytechnics

his County Fiscal Strategy Paper articulates priority economic policies and structural reforms, as well as sector-specific expenditure program to be implemented under the Medium Term Expenditure Framework of FY 2019, FY 2020, and FY 2021. In order to achieve the overall development goal: *To Transform The County Through Participative, Equitable And Sustainable Development Initiatives For The Benefit Of All*, the county will continue to channel resources to the following key priority areas:

Water and Irrigation

Access to clean domestic water remains a challenge. In efforts to avail the same, the county will embark on robust programmes to bring piped water close to the residents. The county will focus on developing an integrated master plan, building and maintaining existing water intakes, sinking boreholes, and developing distribution networks.

Infrastructure

A well-developed infrastructure is critical to growth and development of all sectors as this provide critical linkages for transporting goods and services. The county continues to face challenges among them; Poor intra-county road network, poor drainage systems, bridges and related infrastructure. To overcome these challenges the county will continue to provide funds for the ongoing and new infrastructural programmes.

Health

Health is a fundamental right as enshrined in the constitution, and one of the Sustainable Development Goals. The county has been channeling its resources and will continue investing in the health of its citizens. To achieve this the county government will invest in robust approaches such as institutions of highly specialized health care centers; provide additional health care equipment to achieve universal healthcare.

Plans are underway on establishment of an Orthopedic Hospital and universal healthcare for inpatient services in all the County Government owned medical facilities. The county will make efforts to fully operationalize Murang'a Referral Hospital to a fully-fledged Level V facility.

Agriculture

Agriculture is the backbone of the county's economy, supporting more than 80% of the population. It is a key requirement that supports *SDG 2: End hunger, achieve food security, improved nutrition, and promote sustainable agriculture*. The county has rolled out various flagship projects in the previous term, which are ongoing such as Avocado, Livestock improvement, and Kahawa Bora programmes. The county government is committed to ensure food security for its citizenry.

Youth empowerment

It is one of the critical programmes that the county has embarked on, given that 50% of the population are the youth. The county will continue to invest more resources to ensure that youth empowerment is given priority to curb unemployment, which stands at 37%. Also, the county will seek to empower youth groups to help in pooling resources for economic empowerment and reduction of poverty.

Chapter 2: Recent Economic Development And Policy Outlook

2.1 GLOBAL ECONOMIC GROWTH

In 2017, the global economy recorded its best performance in six years at 3.7% and is expected to grow to 3.9% in 2018, well above 2016's 2.5%. The growth in the emerging and developing economies is expected to grow by 4.5% in the year 2018.

2.2 NATIONAL ECONOMIC GROWTH

Kenya economic growth has remained relatively stable in the recent years averaging between 5-6%. Medium-term GDP growth should rebound to 5.8% in 2018 and 6.1% in 2019 respectively, depending on the completion of ongoing infrastructure projects, the resolution of slow credit growth, and the strengthening of the global economy and tourism. Implementation of the "Big-Four Agenda" will also spur broad based economic growth.

Macroeconomic indicators such as month on month inflation declined to 4.8% in January 2018 from 7.0% in January 2017. The decline in inflation was a result of the fall in the prices of agricultural produce mainly attributed to favorable weather conditions towards end of 2017.

This expansion was boosted by a stable macroeconomic environment, low oil prices, a rebound in tourism, strong remittance inflows, and government-led infrastructure development initiatives such as the SGR. This is expected to trickle down to Murang'a County and will further be supported by interventions from the county government in agriculture to promote food security and continuous investment in public infrastructure. However, key development challenges remain such as poverty, inequality, drought, weak credit growth, security concerns, a rise in oil prices, and climate change.

2.3 County Growth Prospects

The county has continued implementing programmes and projects with direct impact to the residents. Great efforts have been made in supporting transport and market of farmers' produce. However, major gaps remain in ensuring that farmers properly benefit from their sweat. The county intends that the initiated projects such as dairy industry, avocado farmers' support, irrigation projects, and manure project continue to bear fruits to empower the citizenry.

2.4 Update on fiscal performance and emerging challenges

The County 2017/2018 budget was prepared targeting to realize Kshs 8.6 billion, equitable share being Kshs 6.2 billion and Kshs 1.1 billion as locally generated revenues, and the rest being

conditional grants. On local revenue the realized budget as per the second quarter is as per the schedule below;

YEAR	2014/15 (Ksh)	2015/16 (Ksh)	2016/17 (Ksh)	2017/18 (Ksh)
July-December	207,439,286	220,434,061	190,192,799	105259088
Increase/Decrease	21,068,051	12,994,775	-30,241,262	- 84933711
% Growth	11.3%	6.2%	-13.7%	-44.65%

2.4.1 Revised estimates

The county is committed to investing in various life-changing interventions that will positively impact the well-being of the residents. The “Kahawa Bora Programme” has had an additional Ksh 50 million to help in upgrading the quality of coffee in the county. The infestation of fall army worms has adversely affected agricultural productivity. To this effect, the county has earmarked Ksh 25 million towards eradication of the harmful pests.

Most of the roads in the county are in deplorable conditions hence affecting transport and access to markets. The county has proposed an additional Ksh. 230 million to improve the condition of roads.

The county has proposed an additional Ksh 28 million to cater for the interventions in the education sector. This will cater for bursary funds to improve on transition rates in secondary schools.

Health continues to be a major target for the county. There is a proposed additional 15 million to cater for the expanded health facilities.

To ensure that proper environment conservation measures are put in place, there is a proposed additional Ksh 1million. This is to cater for the emerging challenges of climate change.

2.4.2 Economic policy and outlook

The 2018 Budget Policy Statement (BPS), sets out the government’s priority programs and reforms to be implemented over the next five years (2018 – 2022). These programs and policies reflect the concerns of Kenyans and are anchored under the Medium Term Plan III of the Kenya Vision 2030. These priority programs will build on the achievements realized under the Economic Transformation Agenda, which has been under implementation since 2014.

This BPS is framed against a backdrop of improving global and regional economic prospects. Global growth is projected to improve to 3.9% in 2018 up from 3.7% in 2017. The positive global outlook reflects recovery in investment, trade, and industrial production, coupled with

strengthening business and consumer confidence. Similarly, growth in sub-Saharan Africa is projected to pick up, albeit with variations across the region. At the sub region, the East African Community economies continue to record relatively higher economic growth supported by a stable macroeconomic environment, on-going infrastructure investments and strong private consumption. On the domestic front, our economy has remained resilient, with growth supported by a stable macroeconomic environment, resilient domestic demand and ongoing public infrastructural investments.

By implementing the programs and policies under the Economic Transformation Agenda, the government has strengthened the resilience of the Kenya's economy and laid a solid foundation for industrialization as envisaged in the Vision 2030. Building on the progress made thus far and to accelerate industrialization, the government aims to address the remaining bottlenecks that continue to hold the economy from achieving its full potential by focusing on "The Big Four" Plan over the next five years.

In order to reduce the effect of inflation on the economy, the government introduced supportive measures augmented by a normalization of supply and favorable weather conditions which positively affected agricultural productivity. Also, resilient tea and horticultural exports, diaspora remittances, and a strong recovery in tourism have weighed down the negative effect of inflation on the economy.

The county government aims to grow revenue by 20% as part of the transformational agenda to enhance the local economy's autonomy. To do this, the county government envisages enhancing its revenue collection measures such as enactment and implementation of Finance Bill and diversification of the revenue base. Revenue collection automation, in its formative stages, is one of the county government's key priorities aimed at further increasing revenues.

Dairy farming is one of the major economic backbones of the county. To this end, the county has introduced milk coolers to help in milk preservation and also boost the income of farmers. Currently, the production of milk is averaging from 20,000 to 150,000 liters per day when every cooler is functional. An ultra-modern milk processing plant with a capacity of about 200,000 litres is nearing completion and is expected to further introduce value addition. The government has introduced measures to increase the quantity of milk such as subsidized artificial insemination, provision of cheaper dairy products, and organizing farmers into cooperatives.

Avocado has boosted farmers' earnings. This was after efforts to market the produce through Kakuzi limited and the increasing global prices. The county government intend to channel more

resources towards the project in order to fully take advantage of the prevailing market conditions.

2.5 Risks to the outlook

The risks to the economic outlook for 2018/19 and the medium-term include continued uneven and sluggish growth in advanced economies and a more protectionist approach to trade by the US and China may affect negatively on our exports and tourism activities. This may in turn affect the level of economic activities and the National Government revenues sharable to counties.

Expenditure pressures, especially recurrent expenditures, continue to pose risk to the County's fiscal plans especially if not matched by corresponding increase in revenues. Late disbursement of funds by the National Treasury unrealized targets on revenue collection making funds absorption targets levels not to be realized. Also, the extended electioneering period had adverse effects on the performance of the county's economy.

The withdrawal by the IMF precautionary facility may expose the Kenyan Shilling to the turbulence of the foreign exchange market.

Chapter 3 Fiscal policy and budget framework

3.1 Overview

The county government in its budgetary considerations seeks to address majorly in the following areas;

- Focus on revenue collection. This will involve focusing on existing and new revenue streams and enhancing enforcement on the revenue lines.
- Manage recurrent expenditure to devote more to development expenditure.
- Improve on service delivery to the public.
- Empower economic well-being of its citizenry.

3.2 Fiscal policy status

The County government in preparing its budgetary allocations assumes that:

- Its revenue projections will be achieved.
- The allocated revenues from equitable allocation will be as proposed by the Commission of Revenue Allocation.
- All the budgeted amounts will be fully appropriated without any significant changes.

The County government's expenditure has increased in line with the increase in revenue from equitable allocation and grants. The budgetary expenditures for the previous fiscal periods are as outlined in the table below with their respective explanations for their increase.

EXPENSE ITEM	2015/2016 (Actuals)	2016/2017 (Actuals)	2017/2018 (Estimate)
Compensation of employees	2,487,028,547	2,881,669,319	3,681,336,124.00
Use of good and services	1,680,200,081	1,896,272,501	2,406,811,389.75
Subsidies	0	42,620,649	10,000,000.00
Other grants and transfers	133,320,120	296,540,771	209,500,000.00
Social security benefits	0	4,084,515	62,014,381.00
Acquisition of assets	1,387,038,873	1,333,508,912	1,154,258,500.00
Finance costs, including loan interest	174,222,264	0	170,500,000.00
Other payments	0	122,486,073	110,017,427.00
TOTAL	5,861,809,885	6,577,183,746	7,804,437,821.75

Compensation to employees increased by 27.7%, this is due to compensation to health workers because of review of their salaries and allowances, annual increment, and benefits to retirees.

Use of goods and services comprises of all utility bills, drugs and non-pharms as well as ordinary expenditures aiding the normal operations of the County. This line has increased by 27% because of increased expenditure in street lighting program, purchase of drugs for the County hospitals and acquisition of Polytechnic tools.

Social security benefits comprise mainly of gratuity to civil servants. In view of this, this amount has increased by 14% as a result of gratuity to contractual state officers whose terms of office expired.

Acquisition of assets decreased in the current year since there was no provision for car loans and purchase of plant and machinery such as generators.

3.3 Fiscal Responsibility Principles

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

- 1) Over the medium term, a minimum of 30 percent of the national and county budgets shall be allocated to development expenditure. The County treasury will continue to maintain these thresholds. For the FY 2017/18, development expenditure to the total budget is 32%.
- 2) The County government's expenditure on wages and benefits for public officers shall not exceed a percentage of the County government revenue as prescribed by the regulations. The current wage bill is at 40% however the County Government is implementing measures to reduce the rate to 35% in the medium term.
- 3) Over the medium term, the national and County Government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure. Currently, the County government does not have any outstanding loans and does not plan to borrow in the FY 2018/19.
- 4) Public debt and obligations shall be maintained at a sustainable level as approved by county assemblies for the County Governments.
- 5) Fiscal risks shall be managed prudently. The CEC Member for Finance will constantly monitor key areas of uncertainty that may affect materially the fiscal objectives of the County.
- 6) A reasonable degree of predictability with respect to the level of revenue and revenue bases

has been and shall be maintained, taking into account any revenue reforms that may be made in the future.

3.4 Compliance with Fiscal responsibility

The County will continue to undertake measures to enhance compliance with fiscal responsibility principles. Among others, the urgent reforms being initiated include;

Proper planning and expenditure management. These occupy a central role in ensuring the county continues to offer quality services effectively and economically, the county has continued to allocate resources to areas that have the greatest impact, we have also ensured a sustained allocation of more than 30% of the County Government's budget to development programmes.

Our wage bill remains reasonably high and outside the parameters set by the PFM regulations, it currently stands at around 45% of the budget. The CEC in charge of finance and the department of Public administration will develop strategies to reduce to 35% level in the medium term.

3.5 Fiscal structural reforms

In its effort to comply with the PFM act 2012 and PFM Regulations 2015, the County has rolled out and operationalized integrated financial management information system (IFMIS) and internet banking (IB) despite downtime challenges involved in IFMIS.

The county has continuously made efforts to build staff capacities in the following areas:

- 60 % of finance officers have been trained and are competent in IFMIS. There are plans to train the remaining finance officers.
- County officers have been trained on various process manuals such as, County budget operations manual, County Planning, County Budgeting and Social Accountability Handbook among others.
- The County has also deployed qualified staff in the department of finance to improve on service delivery.

3.6 Debt financing policy

The County Treasury will continue matching revenue to expenditures and it is not anticipated that the County will prepare budgets that are principally in deficit.

There exist no plans to engage in borrowing within the short term other than what can be purely for cash flow management but within the provision of section 142 of the PFM Act. Stringent measures are being implemented to ensure that budget implementation plans are rigidly linked to cash flow, to avoid situations where normal supplier balances accumulate to unmanageable levels.

Chapter 4: BUDGET FRAMEWORK 2018/2019

The expected revenue figures for the year 2018/19 to 2019/2020 are as tabulated in the table below:

REVENUE PROJECTIONS				
	2016/2017	2017/2018	2018/2019	2019/2020
Equitable shares	5,779,189,434.00	6,191,000,000.00	6,248,600,000.00	6,561,000,000.00
GRANTS;				
Danida	12,405,000.00	24,000,000.00	24,000,000.00	24,000,000.00
NARIGP	0	50,000,000.00	50,000,000.00	50,000,000.00
KDSP	45,056,255.00	45,000,000.00	45,000,000.00	45,000,000.00
Fuel levy	88,797,208.00	228,202,572.00	164,520,196.00	200,000,000.00
Youth polytechnics	-	-	65,710,000.00	70,000,000.00
User fee foregone	-	-	20,138,691.00	20,138,691.00
THSUCP	-	22,000,000.00	22,000,000.00	22,000,000.00
sub-total	146,258,463.00	369,202,572.00	391,368,887.00	431,138,691.00
OWN SOURCES	535,583,977.00	650,000,000.00	800,000,000.00	940,000,000.00
TOTAL				

	6,461,031,874.00	7,210,202,572.00	7,419,968,887.00	7,932,138,691.00
% GROWTH		11.60	2.91	6.90

4.1 DEVELOPMENT PRIORITIES

The 2018/2019 development priorities has been generated through a public participatory process that started with CIDP 2013-17 development, preparation of ADP 2018-19 and preliminary analysis of 2018-2022 CIDP Public Participation conducted in all sub-counties within the month of January . The report is as per the below table:

1.1. MATHIOYA SUB-COUNTY

SECTOR	ISSUE/ PROBLEM	RANK	PROPOSED STRATEGY	COMMENTS/REMARKS
Roads and Public Works	Impassable roads and inadequate security lights in the wards	1	Opening new roads Gravelling, Murraming, and grading Surveying to erase road encroachment Construction and rehabilitation of bridges Rehabilitation of existing and installation of new security lights	Some of the roads are in deplorable conditions preventing the residents to go about their daily business.
Water & Irrigation	Inadequate water supply for irrigation and domestic use	2	Spring and wells rehabilitation Drilling of boreholes	Residents travelling for long distance in search of water. Crops drying up when rains delay hence the need for irrigation water.
Health	Inadequate staffs, health centers, drugs, and malfunctioned medical equipment.	3	Proposed level III/IV hospital Upgrade and renovate existing health facilities Build a sewerage system in Kiria-ini town Staffing	People are travelling for long distances seeking for treatment

Agriculture, Livestock, and Fisheries	Inadequate agricultural extension officers	4	Provision of seedlings and subsidized fertilizers	
	Theft of coffee in factories		Installation of security lights in coffee factories	
	High cost of fertilizer		Subsidization of fertilizer and other farm inputs	
	Inadequate and malfunctioned milk coolers		Operationalize available milk coolers	
Education, Youth, and Sports	Inadequate ECDE classes and teachers	5	Construction and equipping of ECDE classes	Most of the alcohol addicts can benefit from the short courses and rehabilitation centers.
	Inadequate learning aids for polytechnics and ECDE classes		Construction of rehabilitation classes and provide short technical courses for the youths	

1.2. KIGUMO SUB-COUNTY

SECTOR	ISSUE/ PROBLEM	RANK	PROPOSED STRATEGY	COMMENTS/REMARKS
Water	Inadequate water supply for domestic use and irrigation.	1	Piped water for domestic use, maintenance of the pipes available and irrigation water needed. Construction and revival of boreholes. Reduction off water connection fee.	There is a pipe passing through the area but has not served Kigumo people.
Roads and Public Works	Impassable roads.	2	Opening of roads, Murraming, tarmacking and gravelling. Construction of bridges and footbridges, erection of more speed bumps around the sub county.	More roads to be opened up and be maintained.

Health	Inadequate health facilities, medical supplies and staff.		Construction, maintenance, upgrading and equipping of dispensaries and health centres with medical supplies and staff. Addition of maternity wings in some wards. Installation of refrigerator in hospital's mortuary.(kigumo)	Upgrade Kigumo health center to a level 4 hospital. Upgrade Kangari health center
Education	Lack of conducive learning environment and teaching staff	4	Construction and maintenance of classrooms, additional teaching staffs also needed. Construction of polytechnics and provisions of teachers. Provision of bursaries. Lack of sports facility and community ground in Muthithi.	Youth polytechnic need to be upgraded by introducing more courses like plumbing, driving, welding and motor vehicle mechanics.
Security	Cases of insecurities due to lack of police posts and security lights.	5	Construction of police posts, installation of floodlights and security lights.	
Agriculture	Inadequate farming techniques among the farmers and lack of planting materials.	6	Provision of seedlings such as coffee, fruit, trees, Availability of fertilizers, pesticides and installation of coolers for the dairy products. Construction offish pods to practice fish farming. Agricultural extension service needed. Soil testing for farmers to know the best crops to be planted. Farm produce store to be constructed in Kigumo ward. Slaughter house its completion in Kigumo ward.	

Electricity	No electricity connection in households and overloading of transformers in some areas.	7	Installation of transformers and connection to electricity for some residents.	Power is needed at mcc kambi. Electricity connection needed at Kambi chief's camp.
Sanitation	Lack of enough toilet in public areas, lack of proper drainage system of sewage. Poor drainage at Kangari market leading to waste water flowing to the nearby river Gatoboya polluting it.	8	Construction, improvement and maintenance of the drainage system Additional public toilets to be constructed in markets and shopping centers. Availability of garbage bins and implementation of a proper garbage collection mechanism	Modern toilet needed at Kambi chiefs camp.
Markets	Number of market shades in markets are few. Road system in the market is poorly maintained. Poor drainage in market centers ie Kangari.	9	Construction of more shades to accommodate all the sellers, fencing of some markets, construction of community social halls in the market centers. Flattering, bituminizing of some markets. Installation of cabros in kangari market. Construction of motorbike shades in Kigumo ward.	Places like Kangari market need urgent intervention so as to remove traders from the road.

1.3. GATANGA SUB-COUNTY

SECTOR	ISSUE/ PROBLEM	RANK	PROPOSED STRATEGY	COMMENTS/REMARKS
Water & Irrigation	Inadequate water supply for domestic use	1	Water company to ensure there is water and lay pipes in the lower parts of Gatanga i.e Ithanga and Kakuzi/Mitumbiri	Water pipes laid in most homes but pipes are dry Water shortage is acute in Ithanga and Mitubiri/Kakuzi
Roads and Public Works	Poor road network especially access roads to main markets and major roads	2	Opening new roads Gravelling, Murraming, and grading	Most roads are impassable especially during and after long rains

			Surveying to erase road encroachment	
			Construction and rehabilitation of bridges	
Health	Inadequate staffs, drugs, and ill-equipped health centers	4	Supply medical commodities Equip and staff health facilities Upgrade and renovate existing health facilities	Most facilities lacks essential drugs
Electricity	No electricity connection in most households	5	Installation of transformers and connection to electricity for some residents.	
Agriculture, Livestock, and Fisheries	Inadequate milk coolers inadequate of market for agricultural products especially mango and Avocadoes	6	Install and operationalize available milk coolers A Mango Factory to be constructed for value addition and marketing of mango fruits	The cooler issue is majorly in kihumbu-ini ward
Education, Youth, and Sports	Poorly equipped and staffed polytechnics	7	Staff, equip and introduce more causes to polytechnics	

1.4. MARAGWA SUB-COUNTY

SECTOR	ISSUE/ PROBLEM	RANK	COMMENTS/REMARKS	PROPOSED STRATEGY
Water and Irrigation	Inadequate water supply for irrigation and farming	1	Existent water line to Makuyu	Desalt community dams Provision of piped water Sinking of boreholes Rehabilitation of wells
Roads and public works	Impassable roads and insecurity	2	Impassable roads hindering transport of agricultural produce to nearby markets	Surveying to prevent road encroachment Construction of footbridges Murraming, grading, culverting, and gabions construction. Provision of security lights

Health	Inadequate drugs, malfunctioned medical equipment, and inadequate staffs.	3		Procurement of drugs and medical equipment Hiring of staffs and community health workers.
Agriculture, livestock, and fisheries	Monkey and army worms infestation Value addition for mangoes and avocados High cost of farm inputs	4		Construct a mango processing plant Provision of seedlings Sensitization campaigns

1.5. KIHARU SUB-COUNTY

SECTOR	ISSUE/ PROBLEM	RANK	PROPOSED STRATEGY	COMMENTS/REMARKS
Water and Irrigation	Access to water – irrigation and Domestic	1	-reviving and completing irrigation schemes -increasing piping and intakes -repairs and sinking of boreholes	Irrigation water ranks as the first issue across the sub-county except in township ward.
Environment and climate	Garbage collection and disposal-Township Ward	2	-installing more refuse chambers across township ward -improving the frequency of garbage collection.	It came up as the main issue in Township ward.
Energy, Roads & Public works	-Deteriorated road network -Security	3	-Opening new roads -Tarmacking, Gravelling, Murraming, and grading -Surveying to curb road encroachment -Construction and rehabilitation of bridges -rehabilitating the drainage system -installation and rehabilitation of street lights and ‘Mulika Mwizi’	Most of the roads need rehabilitation.

Health	Access to health services.	4	<ul style="list-style-type: none"> -Construction, maintenance, upgrading and equipping of dispensaries and health centers -constructing and rehabilitating maternity wings and labs. - supplying medical commodities -staffing -Installation of mortuary's cooling system, incinerators 	Most participants cited inadequate essential health commodities, medical personnel and infrastructure
Education	Poor Infrastructure and Inadequate Personnel in ECDE Centers and Youth Polytechnics	5	<ul style="list-style-type: none"> -rehabilitating and constructing ECDE Centers and Polytechnics -equipping -staffing 	-poor quality of facilities and shortage of staff came up across the county.

1.6. KAHURO SUB-COUNTY

SECTOR	ISSUE/ PROBLEM	RANK	PROPOSED STRATEGY	COMMENTS/REMARKS
Water and irrigation	<ul style="list-style-type: none"> -domestic water -Irrigation water. -Competition of water irrigation schemes. 	1	<ul style="list-style-type: none"> -piped water along the ward. -piping water in public dispensary. -water catchment in river. -Rehabilitation and protection of well, springs and boreholes. 	<ul style="list-style-type: none"> -Dispensary has maternity wing which cannot operate without adequate water. -increase employment.
Roads and public works.	<ul style="list-style-type: none"> - Roads accessibility -Footbridges -Drainage and surveying of roads. -Opening of new roads. -street lighting 	2	<ul style="list-style-type: none"> -Gravelling of feeder roads. - Construction and upgrading of footbridges -surveying of all accessible road and putting bacons of public roads. -Maintenances and upgrading of roads. 	- To enhance ease access of the markets.
Education, youth and sports	<ul style="list-style-type: none"> -Nursery school. -Polytechnic schools. -stadium -Medical schools 	3	<ul style="list-style-type: none"> -Construction and Rehabilitation of nursery schools. -Capacity building of ECDE schools. 	-Most nursery school have inadequate teaching staff.

			-Rehabilitation, construction and staffing of polytechnic.	
			-building and fetching of new stadium.	
			-construction of medical school in the sub county.	
Health services	-Inadequate staff. -health centers	4	-staffing of dispensary and health centers. -equipping Of medical facilities in dispensaries and health centers. -upgrade of sub county health center. -competition and equipping of dispensary.	- Increase staffs will reduce infant molarity rate. -Improve health services.
Social services and culture and special programmes.	-social halls	5	-Construction and rehabilitation of social halls. -competition of public social halls.	
Commerce ,Trade and Investment.	-Markets upgrade. -Factories	6	-Construction of market shades. -Equipping coffee factories with milling machines.	-Increase value addition of coffee produce.
Agriculture, livestock, and fishery.	-Milk coolers	7	-supply of milk coolers within the sub county.	-Increase employment level. -enhance storage of milk in the sub county.
Security	Installation of floodlights	8	-Installation of floodlights to all shopping centres.	-It will enhance security and enhance more business hours.

1.7. KANGEMA SUB-COUNTY

SECTOR	ISSUE	RANK	PROPOSED STRATEGY	REMARKS
--------	-------	------	-------------------	---------

ROADS AND PUBLIC WORKS	Poor infrastructure	1	Murraming of roads	List of roads given in the public participation detailed report
	Dilapidated roads		Grading and Maintenance of roads	
	Ridges without connection bridges		Surveying of encroached roads	
	Poor drainage		Construction of bridges to ease movement and connect the ridges	
	Unopened access roads		Install culverts and construct drainage	
	Untarmacked road		Open the roads	
	Children crossing area		Bituminize road	
	Electrical connectivity		Install bumps	
	Security		Install transformers and Increase connectivity	
			Install flood lights and replace broken ones	
HEALTH	Health facilities not functional	3	Operationalize health facilities by equipping, deploying nurses and other health personnel	List of facilities provided in the detailed report
	Health facilities without laboratories		Operationalize /construct laboratories	
	Health facilities without toilets		Construct toilets in the facilities	
	Lack of incinerators		Construct incinerators	
	Drug abuse		Enforcement of Murang'a drug & alcohol abuse act.	
	Establish Murang'a drug and alcohol task force.			
	Establish a rehabilitation center			

ENVIRONMENT, WATER & SANITATION	Domestic & irrigation water problem	2	Fund and implement community water projects	Specific details provided in the detailed report
	Lack of toilets		Uplifting of water wells	
	Insufficient water supply		Install water harvesting structures in primary schools and at chief's office	
			Construction of public Toilets	
			Expand water intake at source	
			Rehabilitate springs	
			Drill bore holes	
EDUCATION	Lack of operational ECDE facilities	4	Construct, Renovate, equip and operationalize ECDE centers	Specific details provided in the detailed report
	Lack of functional polytechnics		ECDE centers	
	Lack of special needs schools		Construction, Completion, Equipping and Renovation of polytechnics	
			Construct a special needs school	
SOCIAL & CULTURE	Lack of sports facilities	6	Construct, demarcate, survey and equip sports ground	Details in PP detailed report
	Unsurveyed Cemetery		Surveying of cemetery	
	Lack of Social Hall		Construction of a social hall	
AGRICULTURE	Lack of licenses for coffee cooperatives	5	Give licenses to coffee cooperatives	Specifics provided in the detailed report
	Poor returns from coffee farming		Value add coffee	
	Poor returns from milk		Revive milk coolers & value add milk	
	Lack of market sheds		Construct market sheds	
			Provide veterinary services (A.I, Vaccination, Agricultural Extension services)	

Veterinary services and Agricultural Extension services needed	Provide subsidized soil sampling and testing
Soil sampling and testing	Subsidize and outsource animal feeds for dairy farmers
Animal feeds	Provide parking terminal for Matatus
Parking terminal	Provide Tissue culture bananas
Low productivity in banana farming	Provide Title Deeds for owners of Mutitu tea plots held by about 60 people
Insecure land tenure for Mutitu land owners	Undertake physical plans for local markets i.e Gitugi and other centres in the whole ward
Lack of Physical plans for local centres	Construct crutches
Lack of crutches	Construction of milk sheds
Milk sheds	Outsource cheap organic manure for tea farming
Manure	Provide fertilizer subsidy for tea farmers
Fertilizer	Provide improved variety of macadamia
Underdeveloped Macadamia farming	Processing plant to be constructed
	Centralized marketing

1.8. KANDARA SUB-COUNTY

SECTOR	ISSUE/ PROBLEM	RANK	PROPOSED STRATEGY	COMMENTS/REMARKS
Health	Inaccessibility of medical supplies and inadequate medical personnel in hospitals	1	Hiring of medical staff and purchase of quality drugs.	
	Lack of dental and eye units in health facilities.		Construction and equipment laboratories	

	<p>Lack of enough ambulance.</p> <p>Lack of enough dispensary and equipment of the available.</p>		<p>Establish dental and eye units in all health facilities.</p> <p>Procure ambulances</p> <p>Construction of dispensary and equipping the available.</p>
Water and irrigation	<p>Lack of safe clean water for drinking.</p> <p>Poor management of water by MUWASCO.(cost)</p> <p>Inadequate water for irrigation.</p> <p>Reviving of Shiranga dam.</p>	2	<p>Construction of boreholes.</p> <p>Connection of homestead with piped water.</p> <p>Capacity building of MUWASCO staff.</p>
Roads and public works	<p>Encroachment of road reserves.</p> <p>Inaccessible roads within public utility places.</p> <p>Poor state of roads.</p> <p>Lack of footbridges.</p> <p>Opening and widening of feeder roads.</p> <p>Power supply to wards</p>	3	<p>Road improvement programmes (grading, murraming, culvert installation, bumps erection.</p> <p>Construction of footbridges.</p> <p>Improvement of roads near markets and trading centers, schools.</p> <p>Installation of flood lights and provision of transformers.</p>
Agriculture, livestock and fisheries	<p>Low agricultural production</p> <p>Poor avocado prices.</p> <p>Theft of agricultural produce.</p> <p>Wildlife human conflict.</p> <p>High cost of farm input and inadequate market.</p>	4	<p>Soil testing, pest and disease control, fertilizer subsidy.</p> <p>Establish grading shade for avocado</p> <p>Wildlife offices to deal with menace.</p> <p>Provision of farm inputs.</p>

Education , youth and sports	<p>Inadequate day secondary and primary education opportunities.</p> <p>Lack of enough polytechnics.</p> <p>High cost of education and lack of enough staffs .</p> <p>Lack of adequate library services.</p> <p>Build more ECDE centers and equip them with learning facilities.</p> <p>Idle youths taking drugs</p>	6	<p>Establishment of day secondary schools in all primary school.</p> <p>Establishment of polytechnics.</p> <p>Provision of bursaries.</p> <p>Providing more training equipment and staff.</p> <p>Build rehabilitation centres.</p> <p>Youth empowerment programme.</p>
Trade, commerce, cooperatives, and investment.	<p>Lack of accessible markets</p> <p>Poor state of markets</p> <p>Insecurity at shopping centers.</p> <p>Garbage menace within the markets.</p>	7	<p>Establish sewerage system.</p> <p>Construction of new markets.</p> <p>More market cleaning staff.</p> <p>Provide ready market for products being produced.</p>

Having analyzed 2018-2022 and 2013-2017 CIDP public hearings report and the numerous contribution in forms of Motions, Reports, Petitions received by the County; the following is the summary of programmes to be implemented.

AGRICULTURE, LIVESTOCK AND FISHERIES

Low Productivity in Agriculture and Livestock

This sector contributes to the livelihood of over 80 per cent of the county residents. The main challenges include

- This Poor farming methods leading to soil erosion and Leaching
- High cost of farm inputs
- Deforestation;
- Unplanned quarrying and Sand harvesting;

- Poor drainage in some areas leading to soil acidity
- Overgrazing;
- Poor soil conservation methods
- Frequent drought
- High cost of AI services
- Unorganized livestock market
- Poor soil fertility.

To overcome the above challenges the following programmes have been earmarked for funding;

- Cash Crop Development Program
- Food Security Program
- Livestock and Fisheries Development Program
- Veterinary services

FINANCE,IT AND ECONOMIC PLANNING

Challenges facing this sector include:

- Low awareness of the best practices in financial management
- Underdeveloped information and communication resources
- Inadequate planning skills

Strategies are underway to build capacity by implementing the following programmes

ICT Development programme

Financial Management programme

ENVIRONMENT

Environmental conservation and management is important to county development. The county will strive to ensure that the populace lives in a clean, secure and sustainable environment. Other interventions include;;promoting environmental conservation; improving pollution and waste management; promoting Public-Private Partnership (PPP) to improve water distribution, sanitation and delivery. Specific strategies include promoting environmental conservation, improvement of pollution and waste management, public-private sector partnerships in environmental issues, improving efficiency in water and sanitation. Outstanding challenges to be addressed are;

- Low level of environmental conservation awareness
- Inappropriate industrial and farming practices locally and globally
- Limited training opportunities;
- Farmers intruding to the riparian zones;
- Weak community monitoring of environmental management activities;
- Weak enforcement of both NEMA and Forest Acts;
- Lack of early disaster warning system;
- Poor facilitation of environment and disaster management committees;
- Lack of climate change experts at county level
- Unreliable data;

The county has developed plans to counter many of the already identified challenges through implementation of the following programmes;

Waste Management Programme

Pollution Control Programme

Environmental Conservation Programme

Environmental Leadership and Governance

TRADE, INDUSTRY AND TOURISM

Though the county is agricultural rich Poor marketing systems continues to contribute to low incomes farmers receive for their produce in. Middlemen have been taking advantage of the poor marketing channels to exploit farmers. A number of cooperative societies have undergone long periods of mismanagement. A number of farmers produce animal and horticultural produce but lack proper and organized marketing. The following already started programme will continue to be implemented;

Trade and Industries Development Program

Consumer Protection and Agribusiness and Marketing program

Tourism Development Program

Milk Value Chain and other development programme

EDUCATION AND TECHNICAL TRAINING

In recent years the county has experienced declining standards of education due to various factors among them the following;

- Inadequate education facilities;
- Under developed education infrastructure;
- High dropout rates due to social economic problems

The county has developed measures that will continue being implemented to rejuvenate the sector and as well complement the initiatives being rolled out by the National Government, of urgency is the need to rehabilitate ECDE centres and polytechnics while at the same time offering financial support to the disadvantaged.

- Education intervention Programmes
- Youth Polytechnics & Vocational training
- Early childhood Development

INFRASTRUCTURE, TRANSPORT WATER AND ENERGY

A well-developed road and infrastructure is critical to growth and development of all other sectors as this provide critical linkages for transporting goods and services. The county continues to face challenges among them;

- Poor intra-county road network and related infrastructure
- Increased demand for domestic and irrigation water;
- Insufficient water for irrigation;
- Decreasing levels of water in the rivers;
- High cost of developing gravity schemes and bore holes.

To overcome the listed challenges the county will continue to provide finance for the ongoing and additional projects within the highlighted programmes as below;

- Water development programme
- Road Development programme programme
- Market & Urban Development programme
- Energy Development programme

LANDS, HOUSING AND PHYSICAL PLANNING

Existing challenges include;

- Lack of spatial distribution of County resources data
- No existing data on fragile ecosystems and intervention plans for their protection and conservation;
- No integrated spatial framework to guide the sustainable utilization of the regional resources and to bring services closer to the people.

The following programmes will be implemented in the financial year 2018/2019

- Estate management and Housing programme
- Land valuation and administration programme
- Land survey and GIS programme
- Development control and planning programme
- Urban development

HEALTH AND SANITATION

The county population has continued suffering from inadequate access to quality Health care services due to myriad of factors among them;

- Lack of drugs in hospital and health centres
- Low awareness on health living
- Long distances to health centres
- Inadequate or lack of specialized medical equipments

Plans have been developed to improve the management of health services by implementing the following programmes.

- Curative health Programme
- Promotive and services programme
- Medical equipment and health Infrastructure support programme
- Health administration planning and support programme
- Public Health and sanitation programme
- Alcoholic drinks control and management programme

DEPARTMENT OF SOCIAL SERVICES

This sector has continued to reel under various challenges as listed below

- Un employment
- drug and substance abuse
- negative Peer pressure and idleness
- Gender inequalities in resource allocations and leadership.

- HIV and AIDS
- Dilapidated cultural sites

In overcoming the challenges the sector has plans to implement the following programmes

- Cooperative Development programme
- Sport Development programme
- Culture Development programme
- Social Development programme
- Youth Empowerment programme

PUBLIC SERVICE AND ADMINISTRATION

The sector is mandated with management of human resources within the county general coordination and the dissemination of national values as provided in the constitution.

The existing challenges include;

- low employee morale
- Inadequate staff capacity

The sector will undertake the following programme in an effort to improve;

- County Executive Coordination
- Human Resource management and devt
- National Value and Governance
- County Public administration

The draft budget estimates generated to finance the above key programmes will further be subjected to public scrutiny to ensure that budget priorities are well aligned with the citizenry current needs, also high impact initiatives may receive more generous funding.

4.2 EXPENDITURE ALLOCATION FRAMEWORK 2018-2020

The following are the sectoral ceiling for 2018-19 and the medium term.

DEPARTMENT	TOTAL BUDGET	2016/2017 BUDGET % ALLOCATION	2017/2018 BUDGET PROPOSED % ALLOCATION	2018/2019 BUDGET % ALLOCATION	2019/2020 BUDGET % ALLOCATION
		Kshs(000)	Kshs(000)	Kshs(000)	Kshs(000)
Office of the Governor and Deputy Governor	244,858,973	0	0	0	0
County Assembly	667,797,200	0	0	0	0
Finance ICT and Planning	341,318,569	0	0	0	0
Agriculture Livestock and fisheries	385,838,382	0	0	0	0
Energy Transport and Infrastructure Development	1,061,055,551	22	22	0	0
Commerce, Trade, Industry, Tourism and Cooperative Development	74,199,689	0	0	0	0
Health and Sanitation	2,745,388,488	0	0	0	0
Land Housing and Physical Planning	66,779,720	0	0	0	0
Public Service and Administration	927,496,111	-	0	0	0
Education and Technical Training	586,177,542	0	0	0	0
Youth, Culture Gender, Social Services and Special Programs	222,599,067	0	0	0	0
Environment and Natural Resource	66,779,720	0	0	0	0
County Public Service Board	29,679,876	0	0	0	0

TOTAL COUNTY BUDGET	7,439,968,887	1	1	1	1
	2018/2019		2018/2019		
DEPARTMENT	TOTAL BUDGET	% ALLOCATION	RECCURENT	DEVELOPMENT	TOTAL
	Kshs(000)		Kshs(000)	Kshs(000)	Kshs(000)
Office of the Governor and Deputy Governor	245,518,973	3.30%	-		
County coordination			190,000	-	190,000
Enforcement and Compliance			20,660	-	20,660
Disaster Control			20,000	-	20,000
Policy Formulation and Audit			14,858	-	14,858
			245,518		245,518
County Assembly	669,597,200	9.00%			
Legislation And Representation			226,800	-	226,800
Oversight			195,000	-	195,000
Administration and support			247,797	-	247,797
			669,597		669,597
Finance ICT and Planning	342,238,569	4.60%			
ICT Development programme			100,000	-	100,000
Financial Management programme			50,000		50,000
Administration and support			88,922	103,316	192,238
			238,922	445,554	342,238

Agriculture Livestock and fisheries	386,878,382	5.20%			
Cash crop Development			5,000	39,333	44,333
Promotion of food security programme			9,995	101,000	110,995
Livestock and Fisheries Development			5,250	30,000	35,250
Veterinary Services			6,300	20,000	26,300
Agricultural Training Centre- Mariira			10,000	10,000	20,000
Administration and support			150,000	-	150,000
			186,545	200,333	386,878
Energy Transport and Infrastructure Development	1,041,595,644	14.00%			
Administration and support			70,000	-	70,000
Water development			10,000	400,000	410,000
Road Development programme programme			5,000	494,000	499,000
Market & Urban Development programme			5,000	41,000	46,000
Energy Development programme			6,000	10,596	16,596
			96,000	945,596	1,041,596
Commerce, Trade, Industry, Tourism and Cooperative Development	74,399,689	1.00%			
General Administration and support			21,000	-	21,000
Trade and Industries Development Program -Industrial Park and Cottage Industry			5,000	20,000	25,000

Programme 3: Consumer Protection			3,000	-	3,000
Tourism development and management			7,000	5,200	12,200
Agribusiness and marketing			8,000	5,200	13,200
			44,000	30,400	74,400
Health and Sanitation	2,752,788,488	37.00%			
Curative health Programme			200,000	450,000	650,000
Health Infrastructure – Level 5 Hospital			6,371	58,017	64,388
Health administration planning and support programme			1,900,000		1,900,000
Public health and sanitation services			12,000		12,000
Alcoholic Programme			6,000		6,000
HIV Programme			20,000		20,000
Universal Health				100,400	100,400
			2,144,371	608,417	2,752,788
Land Housing and Physical Planning	89,279,627	1.20%			
Estate management and Housing programme – Identification and Surveying of Land			7,000	8,500	15,500
Land valuation and administration programme			2,000	-	2,000
Land survey and GIS programme			4,000	3,034	7,034
Development control and planning programme			4,746	-	4,746

Administration and Support			10,000	50,000	60,000
			27,746	61,534	89,280
Public Service and Administration	929,996,111	12.50%			
General Administration programme			929,996	-	929,996
Education and Technical Training	587,757,542	7.90%			
Education intervention Programmes			-	30,000	30,000
Youth Polytechnics & Vocational training			55,000	35,433	90,433
Early childhood Development			190,000	257,324	447,324
Administration and Support			20,000	-	20,000
			-	-	-
			265,000	322,757	587,757
Youth, Culture Gender, Social Services and Special Programs	223,199,067	3.00%			
Cooperative Development programme			17,000	20,000	37,000
Sport Development programme			32,000	-	32,000
Culture Development programme			6,000	-	6,000
Youth Empowerment programme			3,000	11,600	14,600
Gender Empowerment			3,000	11,599	14,599
Social Development			12,000	-	12,000
Administration and Support			107,000	-	107,000

			180,000	43,199	223,199
Environment and Natural Resource	66,959,720	0.90%			
Administration and support			12,000	-	12,000
Waste Management Programme			20,580	30,180	50,760
Pollution Control Programme			1,000	-	1,000
Environmental Conservation Programme			2,000	-	2,000
Environmental Leadership and Governance			1,200	-	1,200
			36,780	30,180	66,960
County Public Service Board	29,759,876	0.40%			
Human resource Management and Development			11,000	-	11,000
National Value			2,200	-	2,200
General Admn and Support			14,480	2,000	16,480
			27,680	2,000	29,680
TOTAL COUNTY BUDGET	7,439,968,887	100.00%	5,092,155	2,347,812	7,439,887

4.3 CONCLUSION

The CFSP remains a critical policy document in our budgeting process; all efforts have been made to capture the County priorities in readiness of the submission of 2018/2019 budget. The county remains committed to ensuring that our residents continue enjoying quality services seamlessly. We are therefore endeavoring to ensure that the proposed budget estimates are realistic, achievable and well aligned to our development Goals.

I urge all stakeholders to join hands and play our rightful role that will continue making Murang'a a model county.

David W. Waweru

C.E.C Finance, IT and Economic Planning.