COUNTY GOVERNMENT OF ELGEYO MARAKWET

THE COUNTY TREASURY

2022 COUNTY FISCAL STRATEGY PAPER (CFSP)

APPROVED

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FOREWORD

This County Fiscal Strategy Paper (CFSP) of 2022/2023 financial year is being prepared against a background of a contracting global economy occasioned by the outbreak and rapid spread of Covid-19 Pandemic which has disrupted businesses, livelihood and economic variance among various countries which are expected to hoist. Nonetheless, there has been an improvement in economic activities in the fourth quarters of 2021 albeit at a slow pace, following the re-opening of the economy. This is the ninth CFSP to be prepared since the inception of devolution which gave life to the County Government of Elgeyo Marakwet and other governance structures. The CFSP sets out the county's priority programs to be implemented under the Medium-Term Expenditure Framework (MTEF III) and aligns the aspirations of the county with those of the National government as stated in the 2022 Budget Policy Statement (BPS) and provisions of Elgeyo Marakwet County Equitable Development Act (EDA), 2015.

Development expenditures within the MTEF period will be shared out based on the parameters of EDA, 2015 to ensure social economic equity. There is also a need to adhere and implement the provisions of the Public Finance Management (County Governments) Regulations, 2015 for effective public finance management. Implementation of programs expounded in this CFSP is expected to raise county economic efficiency and productivity and in turn, make the county competitive, thus creating vast opportunities for productive jobs and securing livelihoods.

We project revenue collection in the FY 2022/23 to spring back due to the improving economic environment, expanded revenue base courtesy of our Finance Act and revenue administration measures. Expenditure will be streamlined to ensure prudent financial management that will further lead to wealth and employment creation in the county. To achieve efficiency, the pace of public expenditure growth will be moderated, while accelerating the delivery of quality services at the same time. Some of the challenges facing recurrent budgets are the implication of implementing Salaries Remuneration Commission' (SRC) harmonization of public service salaries, implementation of the counties staff pension scheme, costs for staff promotions due, continuous mandatory annual increments in salaries and periodic Collective Bargaining Agreements (CBAs) reached whenever staff go on strike regarding their welfare issues.

The CFSP 2022/23 is being prepared under a revised budget calendar that takes into account the preparations for the 2022 General Elections. Therefore, Departments and Agencies have adhered to the

strict deadlines in the revised budget calendar to enable finalization of the FY 2022/23 Budget by March 2022.

The 2022 CFSP emphasizes on containing costs and improving efficiency across government departments and entities. These efforts are expected to moderate the pace of public expenditure growth while accelerating the delivery of quality services and also stimulate economic recovery. Spending baselines which are basis for ceilings allocations have undergone rigorous review taking into account factors which include: the capacity of departments and public entities to manage resources, the link between outcomes, expenditure and departmental mandates, proposals from the public and programme performance so far and the provisions of the Public Finance Management (County Governments) Regulations, 2015.



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ACKNOWLEDGEMENTS

This 2022 CFSP is a product of collective efforts by all County Departments led by respective CECMs, Chief Officers, Directors and other staff. On behalf of this team therefore, I would like to pass our special gratitude to individuals and entities for the passion in the CFSP related work which culminated in the completion of this document. We especially acknowledge the dedication of core team of technical staff from the Department of Finance and Economic Planning, specifically the Directorate of Economic Planning and Budgeting which comprises Economists and budget officers whose assignment was to collect, collate and analyze departmental findings from the CFSP questionnaires administered to all county entities and which formed the primary data for the preparation of this document.

We also wish to thank the County Executive Committee led by H.E Governor Alex Tolgos for direction and policy guidance whose objective is to align the CFSP's strategies with the county's long-term development aspirations contained in the County Integrated Development Plan (CIDP) 2018-22.

The draft 2022 CFSP was presented to the various institutions and members of the public for their inputs and we hereby wish to acknowledge their efforts. Finally, as is their right, our county citizens continue to demand for efficient and effective service delivery and for this reason we as a county do not take for granted their continued inputs and oversight so for this reason, we take this opportunity to thank them and acknowledge their efforts.



LORETTA KOTUT

CHIEF OFFICER, ECONOMIC PLANNING AND BUDGETING

AIA	**Appropriation in Aid**
ADP	**Annual Development Plan**
BPS	**Budget Policy Statement**
CBA	**Collective Bargaining Agreement**
CBROP	**County Budget Review and Outlook Paper**
CECM	**County Executive Committee Member**
CFSP	**County Fiscal Strategy Paper**
CIDP	**County Integrated Development Plan**
COVID-19	**Coronavirus 2019**
CRA	**Commission on Revenue Allocation**
EAC	**East Africa Community**
EAMU	**East African Monetary Union**
ECDE	**Early Childhood Development Education**
EDA	**Equitable Development Act**
FY	**Financial Year**
FIF	**Facility Improvement Fund**
GDP	**Gross Domestic Product**
ICT	**Information Communication Technology**
KDSP	**Kenya Devolution Support Program**
KUSP	**Kenya Urban Support Program**
MGR	**Meter Gauge Railway**
MTEF	**Medium Term Expenditure Framework**
MTP	**Medium Term Plan**
OSR	**Own Source Revenue**
O&M	**Operations and Maintenance**
PFM	**Public Finance Management**
PoS	**Point of Sale**
PSSS	**Public Service Superannuation Scheme**
RBF	**Result-Based Financing**
RMLF	**Road Maintenance Levy Fund**
SDGs	**Sustainable Development Goals**
SRC	**Salaries and Remuneration Commission**
UNDP	**United Nations Development Program**

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1. CHAPTER ONE: INTRODUCTION

1.1 Legal Framework for County Fiscal Strategy Paper (CFSP)

Preparation of the County Fiscal Strategy Paper (CFSP) is provided for in the Public Finance Management (PFM) Act section 117 with emphasis on:

1. **Timelines which The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by the 28th February of each year. However, noting that 2022 will be an electioneering year, the fiscal calendar was adjusted forward with the National Budget Policy Statement (BPS) having to be submitted to the parliament by 30th November 2021 and consequently 2022 CFSP need to be approved by County Executive Committee and submitted to County Assembly by 15th December 2021 .**
2. **How County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.**
3. **How County Treasury in the County Fiscal Strategy Paper 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. **How County Treasury in the County Fiscal Strategy Paper shall include 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 consider 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**

The preparation of the Elgeyo Marakwet County Government 2022 CFSP has taken into consideration the views of CRA by adhering to the CRA recommendations that gapped the counties equitable sharable revenues at 370 billion which allocated the County Kshs.4, 606,532, 480 just as the allocations for 2021/22 FY. This allocation is affirmed by the National Treasury through the draft 2022 BPS revenue allocation for each County Government. The views of the public have been considered since the departmental development allocation ceilings have been informed by the approved 2022/23 FY Annual development project figures as prioritized by ward residents through their respective Ward Development Committees (WDCs)

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. This provision is further expounded by section 37(1) of the PFM Act 2012 Regulations which indicates the extent of the percentages to amended by County Assembly and states that "Where a county assembly approves any changes in the estimates of budget under section 131**

of the Act, any increase or reduction in expenditure of a Vote, shall not exceed one (1%) percent of the Vote's ceilings. Section 26(3) of the PFM Act 2012 Regulations further provides for an engagement framework between the CEC Finance and the Budget Committee of the County Assembly on changes and decisions to be made by the county assembly on budget documents and process. It states that; "Before tabling a report containing recommendations on the County Fiscal Strategy Paper for adoption by the County Assembly in accordance with section 117(6) of the Act, the relevant committee of the County Assembly shall seek the views of the County Executive Committee member on its recommendations.

7. **The County Treasury shall consider any recommendations made by the county assembly when finalizing the budget proposal for the financial year concerned.**
8. **The County Treasury shall publish and publicize the County Fiscal Strategy**

1.2 Fiscal Responsibility Principles for the County Government

In line with the Constitution, the Public Finance Management (PFM) Act, 2012, the PFM regulations, and in keeping with prudent and transparent management of public resources, the County Government has adhered to the fiscal responsibility principles as set out in the statute as follows:

a. **The county government's recurrent expenditure has not exceeded the county government's total revenue;**
b. **In line with the law, the county's development expenditure is over thirty percent of the county government's budget. Adherence to this principle in the 2022 CFSP is not going to be achieved owing to the ongoing constitutional petition No. 252 of 2016, Council of Governors vs the Attorney General and others that county assemblies cannot re-appropriate conditional funds allocated to county level of government to other functions through a "County Appropriation Bill". This position has also been affirmed by the National Treasury not including conditional allocations from both National Government and other development actors in the draft 2022 BPS as is always the case for previous financial years. The material effect of this ruling is that for a county like Elgeyo Marakwet with minimal resource envelope exacerbated by high wage bill, attainment of this principle will be a challenge**
c. **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 county has not been able to adhere to this principle because of continued pressure on wage bills occasioned by CBA agreements for the health workers, SRC salary harmonization review circulars and service delivery needed for the devolved functions necessitating additional employees' recruitment together with annual basic pay allowance increments.**

1.3 Development Allocations Guidelines

Development expenditure allocations are shared out amongst departments based on the Equitable Development Act, 2015, County Integrated Development Plan (CIDP) and Annual Development Plan (ADP) as well as other strategic objectives and policy goals identified in this CFSP as aligned to the 2022 BPS.

Development ceilings for departments/sectors are the aggregate for the cost of projects for Wards and County prioritized for that departments/sector through statute framework of citizen representation or participation as already approved in 2022/23 FY ADP.

2.1 Overview

Compared to a growth of 5.0 percent in 2019, the Kenyan economy contracted by 0.3 percent in 2020. This reflected the adverse effects of the COVID-19 pandemic, which disrupted activities mainly in the services sectors particularly wholesale and retail trade, education, accommodation and restaurant, transport and storage. However, the economy was expected to rebound to 6.0 percent by the end of 2021, supported by the continued reopening of the services sectors, recovery in manufacturing, and stronger global demand. This is reflected in the robust performance of construction, manufacturing, education, real estate and transport and storage sectors.

The economy continues to register macroeconomic stability with low and stable interest rates and a competitive exchange rate that supports exports. Year-on-year overall inflation rate has remained low, stable and within the policy target range of 5+/-2.5 percent since the end of 2017. The year-on-year inflation rate increased to 6.45 percent in October 2021 from 4.84 percent in October 2020 driven by higher food prices. However, the inflation rate remained within the target range supported by muted demand pressures.

The foreign exchange market largely remained stable but was partly affected by tight global financial conditions attributed to uncertainty regarding the COVID-19 pandemic. The Kenya Shilling to the US Dollar exchanged at Ksh. 110.9 in October 2021 compared to Ksh. 108.6 in October 2020. The current account deficit is estimated at 5.5 percent of GDP in the 12 months to August and is projected at 5.2 percent of GDP by end of 2021.

2.2 Recent Economic Developments and Outlook

2.2.1 Global and Regional Economic Developments

Global growth in 2021 is projected at 5.9 percent from a contraction of 3.1 percent in 2020 (WEO October 2021). However, most of the emerging markets and developing economies are projected to experience a more challenging recovery from the COVID-19 pandemic compared to their counterparts. This is largely on account of uneven access to COVID-19 vaccine which is therefore likely to negatively impact the full resumption of economic activities in these economies. Additionally, the rapid spread of Delta and the threat of new variants which have increased uncertainty about how quickly the pandemic can be overcome.

The advanced economies are projected to recover to 5.2 percent in 2021 from a contraction of 4.5 percent in 2020. This projected recovery, particularly in the United States, reflects the anticipated legislation of additional fiscal support in the second half of 2021 and broader vaccination coverage across the group.

Economic growth in the Sub-Saharan Africa region is projected at 3.7 percent in 2021 from a contraction of 1.7 percent in 2020 due to improved exports and commodity prices, and the rollout of vaccination programmes. This growth will also be supported by a recovery in both private consumption and investment as economies re-open. However, the recent increase in infection rates in sub-Saharan Africa are expected to weigh down the region's recovery in 2022

There was recovery for majority sectors of the economy in 2021, reflecting the lower base of 2020 when most service sectors were adversely affected by the closure of the economy thereby recording negative growths. The outlook in 2021 will be reinforced by the prevailing stable macroeconomic environment and the ongoing implementation of the strategic priorities of the Government under the "Big Four" Agenda, Economic Recovery Strategy and other priority programmes as outlined in the Third Medium Term of Vision 2030. Weather conditions are expected to be favorable supporting agricultural output. As a result, export of goods and services will expand as global demand normalizes.

The Government is currently focusing on the implementation of the Economic Recovery Strategy (ERS) that aims at restoring the economy to a strong growth path, creating jobs and economic opportunities across all regions of the country with a view to tackling social and income inequalities. It is expected that the successful implementation of the Economic Recovery Strategy which is also aligned to the "Big Four" Agenda will promote inclusive growth and transform the lives of Kenyans.

2.2.2 Domestic Economic Developments

National Accounts were revised and rebased in 2020 where the base year was changed from 2009 to a more current base year of 2016. The revised growth rates were relatively lower than in the previous estimates, largely on account of an expanded base, change of benchmark data, data sources as well as revision of time series indicators.

The economy contracted by 0.3 percent in 2020 from a growth of 5.0 percent in 2019 following the adverse impact of COVID-19 pandemic and the resultant swift containment measures. The government's priority was premised on the need to safeguard the lives of Kenyans and Kenyan residents while at the same time cushioning the economy from the effects of COVID-19 pandemic. Consequently, the health crisis required the introduction of temporal restrictive measures to curb the spread of the virus which resulted in negative impacts on some key sectors of the economy. Many businesses, especially those related to tourism and educational activities closed down during the

second quarter of 2020. Pick up of economic activities resumed in the third quarter of 2020 with further improvements in subsequent quarters (Figure 1).

The contraction was spread across all sectors of the economy but was more dismal in accommodation and food services activities, education, and transport sectors. The overall performance of the economy in 2020 was cushioned from a deeper slump by accelerated growths in agricultural production (4.8 percent), mining and quarrying (6.7 percent), construction activities (11.8 percent) and health services (6.7 percent).

The agriculture sector was more vibrant in 2020 compared to 2019 despite a contraction in global demand in 2020. The sector's Gross Value Addition was 4.8 percent in 2020 compared to 2.6 percent in 2019. This was mainly on account of favorable weather conditions in 2020 which improved production of food crops such as beans, rice, sorghum and millet and livestock and related products such as milk and meat. Improved production of cash crops such as tea and sugarcane also supported the growth.

Figure 1: Sectoral Performance

Sectors	Sector Growth (%)														
	2018					2019					2020				
	Q1	Q2	Q3	Q4	Q1-Q4	Q1	Q2	Q3	Q4	Q1-Q4	Q1	Q2	Q3	Q4	Q1-Q4
Primary Industry	4.1	4.8	5.3	6.7	**5.2**	4.5	3.4	0.9	1.6	**2.7**	4.4	4.9	4.3	6.0	**4.9**
Agriculture, Forestry and Fishing	4.1	5.3	6.3	7.6	**5.7**	4.8	3.2	0.7	1.3	**2.6**	4.3	4.9	4.2	5.8	**4.8**
Mining and Quarrying	4.4	(4.6)	(11.4)	(7.2)	**(4.7)**	(1.2)	7.0	5.5	6.4	**4.3**	6.4	4.4	7.0	9.2	**6.7**
Secondary Sector (Industry)	5.4	4.2	4.4	3.4	**4.4**	3.2	4.2	3.5	2.6	**3.4**	4.8	(0.5)	3.2	7.5	**3.8**
Manufacturing	5.2	2.9	2.7	3.5	**3.6**	2.5	4.1	2.6	0.9	**2.5**	2.2	(4.7)	(1.7)	3.8	**(0.1)**
Electricity and Water supply	4.1	3.0	4.1	3.2	**3.6**	3.0	1.5	1.5	0.9	**1.7**	1.5	(4.7)	0.2	3.5	**0.1**
Construction	6.6	7.0	7.6	3.3	**6.1**	4.6	5.5	6.1	6.2	**5.6**	11.0	8.3	12.3	15.7	**11.8**
Tertiary sector (Services)	5.4	5.9	5.5	7.2	**6.1**	6.7	7.6	6.6	5.9	**6.7**	3.8	(6.7)	(4.6)	(1.0)	**(2.2)**
Wholesale and Retail trade	5.1	6.4	5.8	6.4	**5.9**	4.6	6.4	5.3	4.8	**5.3**	4.9	(4.2)	(5.0)	2.6	**(0.4)**
Accomodation and Restaurant	16.8	15.9	10.9	18.5	**15.6**	15.6	11.7	11.9	17.6	**14.3**	(8.1)	(56.8)	(63.4)	(62.2)	**(47.7)**
Transport and Storage	4.3	6.7	5.3	7.7	**6.0**	6.8	8.8	4.6	5.2	**6.3**	2.2	(16.8)	(10.1)	(6.1)	**(7.8)**
Information and Communication	7.2	8.0	7.7	8.7	**7.9**	9.5	7.5	7.1	6.1	**7.5**	5.6	2.6	3.2	7.6	**4.8**
Financial and Insurance	2.7	0.9	0.7	6.3	**2.7**	6.1	8.0	9.3	4.4	**6.9**	7.5	4.4	3.0	7.4	**5.6**
Public Administration	5.8	7.3	9.3	9.1	**7.9**	9.0	10.8	10.2	9.7	**9.9**	4.0	2.7	6.3	8.4	**5.3**
Others	6.2	6.1	5.7	6.5	**6.2**	6.1	6.3	6.0	5.6	**6.2**	3.4	(7.9)	(5.6)	(3.2)	**(3.5)**
of which Real Estate	6.2	6.4	6.6	6.8	**6.5**	7.0	7.0	6.7	6.2	**6.7**	5.4	4.6	3.7	2.7	**4.1**
Education	7.9	6.2	5.9	5.6	**6.4**	3.8	3.4	5.6	6.2	**4.7**	1.8	(22.4)	(17.4)	(5.3)	**(10.8)**
Health	5.4	6.6	5.0	4.9	**5.4**	5.7	6.1	6.8	6.4	**6.2**	7.4	9.8	5.2	4.7	**6.7**
Taxes less subsidies	5.8	12.2	4.4	1.8	**5.9**	(1.5)	5.3	4.3	6.7	**3.7**	5.1	(20.8)	(8.5)	(6.4)	**(7.9)**
Real GDP	5.2	6.0	5.3	6.0	**5.6**	4.8	5.9	4.8	4.4	**5.0**	4.4	(4.7)	(2.1)	1.2	**(0.3)**
of which Non-Agriculture	5.4	5.5	5.1	6.2	**5.6**	5.6	6.8	5.9	4.8	**5.8**	4.4	(5.5)	(2.8)	1.1	**(0.7)**

Source of Data: Kenya National Bureau of Statistics

The performance of the industry sector improved to a growth of 3.8 percent in 2020 compared to a growth of 3.4 percent in 2019. This was mainly on account of improved performance of the construction sector. The construction sector grew by 11.8 percent in 2020 compared to a growth of 5.6 percent in 2019. The strong growth was attributed to the continued investments in road infrastructure by the

Government, expanded construction in the housing sub-sector and the ongoing rehabilitation of the Metre Gauge Railway (MGR).

Electricity and water Supply sector grew by 0.1 percent in 2020 compared to a growth of 1.7 percent in 2019 mainly on account of decline in thermal and wind generation despite the increase in hydro generation. Activities in the manufacturing sector slowed down in 2020 mainly due to COVID-19 containment measures. The sector is estimated to have contracted by 0.1 percent in 2020 compared to 2.5 percent growth in 2019 mainly on account of significant contractions in production in key food products such as processing of coffee and manufacture of beverages. The manufacture of leather and wood products also contracted during the review period.

Services sector was adversely affected by the closure of the economy thereby recording negative growths in 2020. The sector contracted by 2.2 percent in 2020 compared to a growth of 6.7 percent in 2019. Accommodation and Food Services was adversely affected by the COVID -19 containment measures compared to other service sectors and contracted by 47.7 percent in 2020 compared to a growth of 14.3 percent in 2019. This was due to restrictions of international travels while domestic travels were negatively impacted on by restriction of movement to and from some counties and zones for some months especially in the second quarter of 2020. Most hotels and restaurants also either closed or scaled down their operations due to public health measures taken to prevent the spread of the pandemic as well as significant reduction in the number of customers.

Transportation and storage sector contracted by 7.8 percent compared to a growth of 6.3 percent in 2019. The sector's performance was constrained by the COVID-19 pandemic containment measures including restriction of movement across the borders as well as and within the country, social distance in public service vehicles and arrangements of working remotely. However, the sector was cautioned from a deeper contraction by an increase in freight transport through the Standard Gauge Railway from 4,159 thousand tonnes in 2019 to 4,418 thousand tonnes in 2020. Information and Communication sector's growth slowed to 4.8 percent in 2020 compared to 7.5 percent growth in 2019. The growth was mainly supported by increased uptake of digital services as the COVID-19 measures which resulted in increased remote working and learning activities remotely as well as rise in cashless payments for financial transactions.

Similar to the global economy, Kenya's economy was projected to rebound in 2021 to 6.0 percent from an earlier projection of 7.0 percent in the 2021 BPS. The downward revision was due to the impact of containment measures between March and July period as a result of the third wave of the COVID-19 pandemic.

2.3 Fiscal Policy

Going into the medium term, the Government will continue with its revenue mobilization and expenditure prioritization policy geared towards economic recovery to support sustained, rapid and inclusive economic growth and safeguard livelihoods and continue the fiscal consolidation to create fiscal space for the implementation of the "Big Four" Agenda. This will curtail growth in public expenditures to ensure it attains its fiscal consolidation path over the medium term and strengthen management of public debt to minimize cost and risks of the portfolio, while accessing external concessional funding to finance development projects. The fiscal deficit is projected to decline from 8.3 percent of GDP in FY 2020/21 to 3.8 percent of GDP by FY 2025/26.

To achieve this target, the Government will continue to restrict growth in recurrent spending and double its effort in resource mobilization. The Government has also been cutting down on non-priority expenditures such as: hospitality, training, travel and freezing of employment in non-priority sectors in order to manage the public wage bill.

In order to ease the burden of pension payments in future, the Government will continue with implementation of the Public Service Superannuation Scheme (PSSS) for all civil servants below the age of 45 years rolled out in January 2021. Further, the government will continue to enhance devolution and ensure quality services are offered.

2.4 Economic Outlook

2.4.1 Global Growth Outlook

The global economic recovery continues to strengthen, largely supported by gradual reopening of economies, relaxation of COVID-19 restrictions particularly in the major economies, ongoing deployment of vaccines, and strong policy measures. Nevertheless, the outlook for global growth remains highly uncertain, due to the resurgence of infections, the reintroduction of containment measures, and the uneven pace of vaccinations across the globe. As such, global growth was projected to grow at 6.0 percent in 2021, moderating to 4.9 percent in 2022 from the contraction of 3.2 percent in 2020.

Global growth is expected to moderate to 3.4 percent over the medium term reflecting projected damage to supply potential and forces that preceded the pandemic, including slower labor force growth due to aging population in advanced economies and some emerging market economies. The emerging market economies and low-income developing countries have been hit harder and are expected to suffer more significant medium-term losses.

The Sub-Saharan African region has not been spared the negative effects of the pandemic with the region estimated to have contracted by 1.8 percent in 2020. Consistent with forecasts in other regions, economic growth in the region was expected to recover to 3.4 percent in 2021 and 4.1 percent in 2022 supported by improved exports and commodity prices along with a recovery in both private consumption and investment. However, per capita output is not expected to return to 2019 levels until after 2022.

2.4.2 Domestic Growth Outlook

Like the rest of the world, the domestic economy was not spared from the adverse impact of the Pandemic in 2020. As such, economic growth is estimated to have contracted to 0.3 percent in 2020. The economic growth was projected to bounce back to 6.0 percent in 2021 reflecting recovery due to reopening after the closure associated with the COVID-19 Pandemic. This also in part reflects the lower base in 2020 when most service sectors especially accommodation and restaurant, education as well transport services contracted in second and third quarters of 2020 with huge margins.

In terms of fiscal years, the economy is projected to expand by 2.9 percent in FY 2020/21, 5.9 percent in FY 2021/22 and 6.1 percent in FY 2025/26. This outlook will be reinforced by the prevailing stable macroeconomic environment and the ongoing implementation of the strategic priorities of the Government under the "Big Four" Agenda and Economic Recovery Strategy. Weather conditions are expected to be favorable supporting agricultural output. As a result, export of goods and services will

expand as global demand normalizes. These factors will push up consumer demand and increase both public and private sector investment reinforcing the projected growth.

2.4.3 Risks to the Economic Outlook

There are risks to this macroeconomic outlook emanating from domestic as well external sources. On the domestic front, the emergence of new COVID-19 variants that required broader reinstatement of containment measures, in the country and its trading partners led to renewed disruptions to trade and tourism.

Other risks relate to lower agricultural output due to potential adverse weather conditions and continued desert locust infestation in the Kerio Valley, which could potentially reduce production of food crops and animal feeds. Additionally, increased public expenditure pressures, particularly wage and other recurrent expenditures would put a strain to the fiscal space.

The upside risk to the domestic economy relates to faster than projected rebound in economic activities that would result in higher Government revenues providing fiscal space that would support faster reduction in fiscal deficit.

On the external side, risks will depend on how the world responds to the health crisis, including whether the new COVID-19 strains are responsive to vaccines. Additionally, growth would be weaker than projected if logistical hurdles in procuring and distributing vaccines especially in emerging markets and developing economies will be slow. The delays would allow the new variants to spread, with possibly higher risks of infections among the vaccinated populations. World economies will be shaped by policies taken to limit persistent economic disruptions; the evolution of financial conditions and commodity prices especially oil in the international market; and the adjustment capacity of the economies.

On the upside, better global cooperation on vaccines could help prevent renewed waves of infection and the emergence of new variants, end the health crisis sooner than assumed, and allow for faster normalization of activity, particularly among emerging markets and developing economies. The Government continues to monitor the domestic and external environment and will take appropriate policy measures to mitigate against the risks.

3 CHAPTER THREE: COUNTY FISCAL POLICY

3.1 Overview

The county fiscal policy over the medium term aims at supporting a stable economic growth and ensuring the effective delivery of services. The fiscal policy is aligned to the country's MTP III targets. To sustain the budget, there will be concerted efforts to expand the revenue base and increase revenue collection as projected. The county government will also pursue prudent fiscal policy to ensure macroeconomic stability. The County fiscal policy objective will provide an avenue to support economic activity while allowing for implementation of mandates bestowed upon the county, within a sustainable public finances management system.

3.2 CFSP Alignment to Budget Policy Statement

The county CFSP's strategic priorities and policy goals have been aligned to the national Budget Policy Statement (BPS) 2022. Over the medium term, growth is projected to increase by more than 7.0 percent due to investments in strategic areas under "The Big Four" Plan, namely: increasing the share of manufacturing sector to GDP; ensuring all citizens enjoy food security and improved nutrition by 2022; expanding universal health coverage; and delivering at least 500,000 affordable housing units. At the county level the county government's priorities align with those of the BPS through:

- **Roll out of post-Covid-19 Economic Recovery measures.**
- **Fast tracking the "Big Four" Agenda plan**
- **Fostering a secure and conducive business environment**
- **Improving critical infrastructure in the county such as roads and water access, among others, so as to reduce the cost of doing business as well as promote competitiveness;**
- **Strengthening the healthcare system and supporting youth, women and persons Living with disability to enable them actively to contribute to the economic recovery agenda**
- **Implementing various structural reforms to enhance the efficiency of public service delivery while at the same time ensuring accountability for better macroeconomic and fiscal stability, improved fiscal discipline and minimized corruption.**

3.3 Fiscal Performance

Going forward into the medium term, the Government will continue in its fiscal rationalization path with the overall fiscal balance being maintained broadly at the levels outlined in the CFSP 2022, this will ensure debt is maintained between recurrent and development. To achieve these targets, the Government will continue to rationalize recurrent spending while doubling its effort in resource mobilization. To mobilize revenues, the Government has put in place revenue enhancement measures to boost performance and cushion against further revenue shortfalls by strengthening collection and compliance through:

i. **Continued automation of collection through use of Point of Sale (PoS) devices in collection and documentation of revenues.**

ii. **Strengthening of the Directorate of Enforcement to ensure compliance and reduce leakages**

iii. **Capacity building of staff through KDSP to motivate and enhance their effectiveness**

iv. **Setting of personal targets for individual officers through Performance Contracting and Appraisal System.**

3.4 Deficit, Debt policy and Debt Sustainability

Currently, the county has no public debt. On the National level, the Government is required to maintain public debt at sustainable levels as set out in the Public Finance Management Act 2012, and its regulations. The external debt sustainability indicators illustrate that Kenya remains within the sustainable bounds. This is attributed to the large portion of debt that is on concessional terms in terms of low costs and long-term maturity.

3.5 County Economic Performance and Prospects

3.5.1 Growth Prospects and Challenges

The county growth prospects that can propel the county to higher economic possibilities include; improved agricultural productivity, urban growth, enhanced tourism, value addition ventures, revamp irrigation investments and economic gains from sports related activities amongst others.

The county's economic growth majorly relies on rain-fed agriculture and agricultural activities. Climatic conditions, therefore, play a key role in determining the county's economy. It is with this in mind that the county continues to pursue climate-smart initiatives in a bid to combat the impacts of global warming. Citizens within the wards in the Kerio Valley have continued to prioritize and allocate substantial resources to irrigation projects. This has also been complemented by projects from the climate smart programme. All the three ecological zones depend on rainfall, and the zones have varied levels of socio-economic developments and resource endowments. A review of these zones shows that for the overall socio-economic development to be realized, there is need to invest in value addition and modernization of agriculture, improving road network and power supply and improving the marketing chains though cooperatives and farmer organizations. Designation of Iten as a municipality has shown potential prospects for urban growth especially with the implementation of urban infrastructure projects through Kenya Urban Support Programme (KUSP). The implementation of climate smart agriculture programme has a potential to improve production of horticultural crops and thus improve household incomes.

The county government continues to face challenges as a result of constrained fiscal space necessary for implementation of strategic priorities especially in the productive sector. The major challenges include wage bill pressure which has been occasioned over the years by implementation of SRC circulars and demand for promotions from the labour unions. The wage bill pressure has been compounded by stagnation of equitable share of revenue from the national government as well as under performance in local revenue collection.

Also, implementation of development programmes and projects has been slow resulting in low absorption; this can be attributed to challenges in implementation of end-to-end procurement amongst other administrative and external challenges.

3.5.2 Risks to Fiscal Outlook in the County

The Covid-19 Pandemic has devastated global economies with Kenya not being spared. On the domestic front, the economic impact of the Pandemic is already being felt across all sectors of the economy. Measures to contain the pandemic in the County have led to a decline in revenue collection and closure of businesses.

Further the desert locust invasion still being witnessed in parts of the county poses a risk to agricultural production and food security. Another risk relates to rising global oil prices due to tensions between U.S.A and Iran, uncertainty of the global trade agreements as well as uneven and sluggish growth in advanced and emerging market economies could hamper the forecasted growth.

Another risk is the outbreak of infectious diseases which threaten the county health system, labour productivity as well as drainage of household financial resources. Such outbreaks will occasion budget re-organization to contain the situation.

The proposed National Treasury allocation to county governments has stagnated thus there is no growth in the equitable share from the national government. The implication of this is that allocation to the county will be the reduction of allocations to programmes which may slow down the development agenda of the county.

The county is prone to natural disasters including landslides, flooding and drought, these disasters pose huge risk to life and property. The disasters also threaten food security, utilities, road network and public health. Occurrence of such disasters will require huge financial resources and thus pose fiscal risk to the county government.

4 CHAPTER FOUR: COUNTY BUDGET FRAMEWORK

4.1 Fiscal Performance of County Governments in FY 2020/21

In FY 2020/21, the county government had a total budget of Ksh. 5,951,738,490 out of which Ksh 3,861,300,000 was CRA allocation and the rest consisted of Own Source Revenue (OSR), conditional grants and rollover funds from FY 2019/20. From the total revenue, Ksh. 3,500,113,067 was recurrent budget and Ksh. 2,449,102,993 development budget. The table below presents the overview of fiscal performance of the county during the financial year 2020/2021.

Table 1: Fiscal outturn in FY 2020/21

Revenue Sources	Approved FY 2020/21 Estimates (Net)	TOTAL (KSH)	Percent of total (%)
CRA Share	**3,861,300,000**	**3,861,300,000**	**100%**
CRA Share B/f-2019/20 Arrears	**-**	**332,071,800**	**100%**
Local Revenue	**144,000,000**	**141,267,030**	**98%**
Balance b/d (Roll-over funds)	**1,228,517,476**	**-**	**0%**
World Bank			
Dev. Of Youth Polytechnics	**27,904,894.00**	**27,904,894**	**100%**
Kenya Climate Smart Agriculture Project (KCSAP)	**280,000,045**	**252,644,795**	**90%**
KDSP-I	**45,000,000**	**45,000,000**	**100%**
KUSP	**89,802,100**	**49,600,541**	**55%**
Transforming Health Systems -THS	**33,340,400**	**31,892,642**	**96%**
DANIDA			
DANIDA -Universal Health Care	**10,980,000**	**10,980,000**	**100%**
DANIDA -Universal Health Care B/f	**4,200,000**	**4,200,000**	**100%**
Other Grants and Loans			
Agricultural Sector Dev. Support (ASDSP) -Sweden	**12,921,815**	**10,422,624**	**81%**
EU Water Support	**-**	**-**	**0%**
Grants from Government units -COVID-19	**57,212,000**	**57,212,000**	**100%**
Grants -COVID -19 funds B/f	**32,685,000**	**32,685,000**	**100%**

Revenue Sources	Approved FY 2020/21 Estimates (Net)	TOTAL (KSH)	Percent of total (%)
Support to Abolishment of User Fees in H/C & Dispensaries	**8,788,919**	**8,788,919**	**100%**
RMLF	**115,085,841**	**115,085,840**	**100%**
Total	5,951,738,490	4,981,056,085	84%

4.1.1 County Governments' Own-Source Revenue (OSR)

Total OSR collected amounted to Ksh 153,819,514 against a target of Ksh 184,570,247. There was a deficit of Kshs 30,750,733 in the 2019/20 FY translating to 16% shortfall. The shortfall in OSR is attributed majorly to the underperformance in FIF and Tampere university funds' streams.

Table 2: County Governments' Own-Source Revenue (OSR) for period July 2020 to June 2021 (F/Y 2020/2021)

Revenue Sources	Approved FY 2020/21 Estimates (Net)	Actual FY 2020/21 Ksh (Net)	Variance	Percent of Total (%)
Animal Stock auction fees	**2,220,450**	**800,600**	**-1,419,850**	**36.06%**
Produce and other cess	**22,789,204**	**19,149,304**	**-3,639,900**	**84.03%**
Single Business Permit	**12,032,050**	**13,101,162**	**1,069,112**	**108.89%**
Single business permit-Liquor license	**4,000,000**	**110,520**	**-3,889,480**	**2.76%**
Lands Rates/Plot Rent	**2,500,392**	**3,540,268**	**1,039,876**	**141.59%**
Bus Park/motorcycle fees	**5,000,000**	**4,139,280**	**- 860,720**	**82.79%**
Trade applications fees	**1,910,890**	**1,979,610**	**68,720**	**103.60%**
Slaughter fees	**1,451,000**	**897,510**	**-553,490**	**61.85%**
House rent/stall/ground	**1,730,500**	**1,243,696**	**-486,804**	**71.87%**
Conservancy fees	**1,436,927**	**941,475**	**-495,452**	**65.52%**
Plan approval fees	**80,550**	**78,000**	**-2,550**	**96.83%**
Clearance fees		**12,200**	**12,200**	**100.00%**
Hide and skins	**20,000**	**5,640**	**-14,360**	**28.20%**
Promotion/advert	**1,103,580**	**417,050**	**-686,530**	**37.79%**

Revenue Sources	Approved FY 2020/21 Estimates (Net)	Actual FY 2020/21 Ksh (Net)	Variance	Percent of Total (%)
Hire of road field	**18,230**	**-**	**-18,230**	**0.00%**
Trade	**185,000**	**325,260**	**140,260**	**175.82%**
Fines	**810,150**	**110,066**	**-700,084**	**13.59%**
FI Funds	**70,000,000**	**71,280,545**	**1,280,545**	**101.83%**
VSD Funds		**851,975**	**851,975**	**100.00%**
Water Department	**500,000**	**157,260**	**-342,740**	**31.45%**
Health Services-Public Health	**2,413,975**	**2,593,868**	**179,893**	**107.45%**
Youth Affairs and sports		**4,203,600**	**4,203,600**	**100.00%**
Agriculture		**3,300**	**3,300**	**100.00%**
Tourism	**1,056,923**	**180,350**	**-876,573**	**17.06%**
Market fees and others	**5,322,929**	**4,403,206**	**-919,723**	**82.72%**
Recoveries		**326,124**	**326,124**	**100.00%**
Others	**7,417,250**	**10,415,161**	**2,997,911**	**140.42%**
TOTALS	144,000,000	141,267,030	- 2,732,970	98.10%

Source: Revenue office

4.1.2 County Governments' Budget Absorption

The total expenditure for the FY 2020/2021 amounted to Ksh 4,762,278,409 against an approved budget of KSh 5,951,738,490**, representing an under spending of Kshs 1,189,460,081. Absorption rate of recurrent budget remained high amounting to Kshs 3,313,091,684 against an approved budget of Kshs** 3,493,416,625 **reflecting an absorption rate of 94.66%, the absorption of development budget amounted to Ksh 1,449,186,725 against an approved budget Ksh 2,458,321,865. This reflects an absorption rate of 59.17%. The low absorption rate is explained in large part by procurement challenges occasioned by the COVID-19 Pandemic. These figures also contain rollover funds from the 2019/20 FY.**

Table 3: Overall absorption Rates for FY 2020/2021

CODE	Department	Recurrent		Development		Total (Recurrent and Development)		Balance	% On Total Expenditure
		Approved Budget	Actual Expenditure	Approved Budget	Actual Expenditure	Total Approved budget	Actual total Expenditure		
4361	**County Assembly**	**572,974,781**	**572,476,064**	**15,253,618**	**15,253,554**	**588,228,399**	**587,729,618**	**498,781**	**99.92%**
4362	**Governor's Office**	**142,289,363**	**140,325,507**	**-**	**0**	**142,289,363**	**140,325,507**	**1,963,856**	**98.62%**
4363	**Finance and Economic Planning**	**289,283,712**	**211,819,595**	**-**	**0**	**289,283,712**	**211,819,595**	**77,464,117**	**73.22%**
4364	**Agriculture and Irrigation**	**94,560,436**	**93,682,795**	**754,817,206**	**413,356,388**	**849,377,642**	**507,039,183**	**342,338,459**	**59.70%**
4366	**Education & Technical Training**	**260,512,899**	**233,860,055**	**227,420,783**	**144,792,329**	**487,933,682**	**378,652,384**	**109,281,298**	**77.60%**
4367	**Health and Sanitation Services**	**1,608,515,534**	**1,585,097,603**	**256,966,852**	**122,576,161**	**1,865,482,386**	**1,707,673,764**	**157,808,622**	**91.54%**
4368	**Water, Lands and Physical Planning**	**81,341,724**	**79,024,111**	**449,916,237**	**195,692,986**	**531,257,961**	**274,717,097**	**256,540,864**	**51.71%**
4369	**Roads, Transport & Public Works**	**80,558,229**	**75,828,097**	**501,035,857**	**408,829,258**	**581,594,086**	**484,657,355**	**96,936,731**	**83.33%**
4371	**Trade, Tourism & Industrialization**	**36,168,213**	**35,868,538**	**18,079,051**	**11,900,196**	**54,247,264**	**47,768,734**	**6,478,530**	**88.06%**
4372	**Youth, Sports, ICT and Gender**	**54,535,825**	**50,401,066**	**99,990,519**	**51,825,153**	**154,526,344**	**102,226,219**	**52,300,125**	**66.15%**

CODE	Department	Recurrent		Development		Total (Recurrent and Development)		Balance	% On Total Expenditure
		Approved Budget	Actual Expenditure	Approved Budget	Actual Expenditure	Total Approved budget	Actual total Expenditure		
4373	**Public Service Management**	**127,727,465**	**97,096,051**	**26,643,739**	**16,870,590**	**154,371,204**	**113,966,641**	**40,404,563**	**73.83%**
4374	**County Public Service Board**	**46,892,282**	**41,804,039**	**-**	**0**	**46,892,282**	**41,804,039**	**5,088,243**	**89.15%**
4377	**Livestock, Fisheries and Cooperatives**	**98,056,162**	**95,808,163**	**108,198,003**	**68,090,110**	**206,254,165**	**163,898,273**	**42,355,892**	**79.46%**
	TOTAL	3,493,416,625	3,313,091,684	2,458,321,865	1,449,186,725	5,951,738,490	4,762,278,409	1,189,460,081	80.01%

4.2 2021/2022 FINANCIAL PERFORMANCE

The revenue collected in the first half of FY 2021/2022 was Ksh. 75,427,645 against annual target of Ksh. 166,100,000. This is as shown in the table below.

Table 4: Revenue Collection for Period July 2021 to Dec 2021 (F/Y 2021/2022)

S/NO	Revenue Sources	Approved FY 2020/21 Estimates (Net)	Half Year Targets	Half Year Actuals
1.	**Penalties/Fines**	**810,000**	**405,000**	**16,800**
2.	**Market fees**	**4,322,923**	**2,161,462**	**1,667,220**
3.	**Bus Park/Parking fees**	**3,610,318**	**1,805,159**	**2,272,280**
4.	**Produce/ Cess**	**19,149,304**	**9,574,652**	**6,048,711**
5.	**Single Business Permits**	**13,032,200**	**6,516,100**	**1,062,440**
6.	**Single Business Permits liquor license**	**-**	**-**	**-**
7.	**Health (A-I. A)-FIF**	**100,000,000**	**50,000,000**	**57,463,870**
8.	**House/Stall Rent**	**1,730,500**	**865,250**	**179,534**
9.	**Lands Rates/Plot Rent**	**2,500,392**	**1,250,196**	**670,261**
10.	**Promotion & Advertising**	**1,103,580**	**551,790**	**101,150**
11.	**Other Departments**	**12,423,533**	**6,211,767**	**2,631,980**
12.	**Recoveries**		**-**	**286,925**
13.	**Others**	**7,417,250**	**3,708,625**	**3,026,474**
	TOTALS	166,100,000	83,050,000	75,427,645

4.3 FY 2021/2022 ABSORPTION RATES

The absorption rates among departments in the county for the first half year of FY 2021/22 are as shown in table 5 and table 6 below.

Table 5: Recurrent absorption Rate

CODE	DEPARTMENT	Approved FY 2021/22 Budget	Cumulative Expenditure.	Balance	Absorption Rates (%)
R.4361	**County Assembly**	**593,254,972**	**329,320,366**	**263,934,606**	**55.51**
R.4362	**Governor's Office**	**194,343,714**	**70,784,679**	**123,559,035**	**36.42**
R.4363	**Finance and Economic Planning**	**213,583,293**	**85,356,731**	**128,226,562**	**39.96**
R.4364	**Agriculture & Irrigation.**	**95,797,320**	**43,456,042**	**52,341,278**	**45.36**
R.4366	**Education & Technical Training**	**256,268,618**	**95,849,169**	**160,419,449**	**37.40**
R.4367	**Health & Sanitation**	**1,553,784,098**	**759,115,253**	**794,668,845**	**48.86**
R.4368	**Water, Lands and Physical Planning**	**96,178,512**	**37,210,919**	**58,967,593**	**38.69**
R.4369	**Roads, Transport & Public Works**	**113,728,668**	**20,774,066**	**92,954,602**	**18.27**
R.4371	**Trade, Tourism & Industrialization**	**37,889,225**	**8,601,770**	**29,287,455**	**22.70**
R.4372	**Youth, Sports and Gender**	**43,421,119**	**19,224,014**	**24,197,105**	**44.27**
R.4373	**ICT & Public Service**	**216,500,980**	**146,705,744**	**69,795,236**	**67.76**
R.4374	**County Public Service Board**	**48,652,913**	**22,118,014**	**26,534,899**	**45.46**
R.4377	**Livestock & Co-op. Development**	**93,464,981**	**21,263,711**	**72,201,270**	**22.75**
	Grand Total	3,556,868,413	1,659,780,478	1,897,087,935	46.66

Table 6: Development Absorption Rates

CODE	DEPARTMENT	Approved FY 2021/22 Budget	Cumulative Expenditure.	Balance	Absorption Rates (%)
R.4361	**County Assembly**	**0**	**0**	**0**	
R.4362	**Governor's Office**	**0**	**0**	**0**	**0**
R.4363	**Finance and Economic Planning**	**0**	**0**	**0**	**0**
R.4364	**Agriculture & Irrigation.**	**795,238,946**	**66,636,086**	**728,602,860**	**8.38**
R.4366	**Education & Technical Training**	**266,562,806**	**26,183,510**	**240,379,296**	**9.82**
R.4367	**Health & Sanitation**	**432,269,417**	**97,510,928**	**334,758,489**	**22.56**
R.4368	**Water, Lands and Physical Planning**	**486,926,858**	**97,169,806**	**389,757,052**	**19.96**
R.4369	**Roads, Transport & Public Works**	**690,055,392**	**85,461,158**	**604,594,234**	**12.38**
R.4371	**Trade, Tourism & Industrialization**	**82,763,276**	**3,141,344**	**79,621,932**	**3.80**
R.4372	**Youth, Sports and Gender**	**106,312,111**	**38,527,886**	**67,784,225**	**36.24**
R.4373	**ICT & Public Service**	**46,062,166**	**0**	**46,062,166**	**0.00**
R.4374	**County Public Service Board**	**2,500,000**		**2,500,000**	**0.00**
R.4377	**Livestock & Co-op. Development**	**186,657,441**	**51,562,255**	**135,095,186**	**27.62**
	Grand Total	3,095,348,409	466,192,973	2,629,155,440	15.06

During the first half of FY 2021/22, the recurrent and development absorption rates are 46.72 percent and 15.06 percent respectively.

4.4 FY 2022/2023 EXPENDITURE

4.4.1 RECURRENT EXPENDITURE

4.4.1.1 PERSONAL EMOLUMENTS (PE)

Table 7: Personnel Emoluments Analysis

CODE	DEPARTMENT	Approved, FY 2021/22	FY 2022/23 PE Estimates
R.4361	**County Assembly**	**-**	-
R.4362	**Governor's Office**	**119,625,732**	119,625,732
R.4363	**Finance and Economic Planning**	**182,975,644**	182,975,644
R.4364	**Agriculture & Irrigation.**	**90,156,541**	90,156,541
R.4366	**Education & Technical Training**	**216,814,641**	216,814,641
R.4367	**Health & Sanitation**	**1,348,093,615**	1,348,093,615
R.4368	**Water, Lands and Physical Planning**	**62,994,051**	62,994,051
R.4369	**Roads, Transport & Public Works**	**97,011,719**	97,011,719
R.4371	**Trade, Tourism & Industrialization**	**31,451,794**	31,451,794
R.4372	**Youth, Sports and Gender**	**37,612,967**	37,612,967
R.4373	**ICT & Public Service**	**98,453,520**	98,453,520
R.4374	**County Public Service Board**	**41,763,360**	41,763,360
R.4377	**Livestock & Co-op. Development**	**86,220,807**	86,220,807
	TOTAL (KSHS)	2,413,174,391	2,413,174,391

4.4.1.2 OPERATIONS AND MAINTENANCE

Table 8: Operations and Maintenance

CODE	DEPARTMENT	Normal O&M (A)	Mandatory O&M Description	Mandatory O&M Allocation (B)	TOTAL (C=A+B)
R.4361	**County Assembly**	**0**	**CA Ceiling**	**580,632,810**	**580,632,810**
R.4362	**Governor's Office**	**38,008,752**	**Assumption of office**	**20,000,000**	**78,008,752**
			Operationalization of Governor-elect office	**20,000,000**	
R.4363	**Finance and Economic Planning**	**31,534,812**	**Formulation of planning documents and CIDP 2023-2027**	**15,000,000**	**48,534,812**

CODE	DEPARTMENT	Normal O&M (A)	Mandatory O&M Description	Mandatory O&M Allocation (B)	TOTAL (C=A+B)
			Emergency fund	**2,000,000**	
R.4364	**Agriculture & Irrigation.**	**8,042,846**	**Chebara ATC AIA**	**1,000,000**	**9,042,846**
R.4366	**Education & Technical Training**	**8,461,163**	**-**	**-**	**8,461,163**
R.4367	**Health & Sanitation**	**18,030,840**	**FIF allocation**	**300,000,000**	**373,734,340**
			DANIDA co-funding	**5,703,500**	
			Medical Drugs	**50,000,000**	
R.4368	**Water, Lands and Physical Planning**	**7,065,153**	**Conservancy**	**7,000,000**	**14,065,153**
R.4369	**Roads, Transport & Public Works**	**7,590,373**	**Streetlights**	**7,000,000**	**14,590,373**
R.4371	**Trade, Tourism & Industrialization**	**6,523,850**	**-**	**-**	**6,523,850**
R.4372	**Youth, Sports and Gender**	**6,323,850**	**-**	**-**	**6,323,850**
R.4373	**ICT & Public Service**	**15,076,685**	**Staff Medical cover**	**145,000,000**	**164,676,685**
			Equipping of County Headquarters	**3,000,000**	
			NITA	**1,600,000**	
R.4374	**County Public Service Board**	**6,771,178**	**-**	**-**	**6,771,178**
R.4377	**Livestock & Co-op. Development**	**7,032,941**	**Abattoir**	**962,350**	**7,995,291**
	TOTAL (KSHS)	160,462,443		1,158,898,660	1,319,361,103

The total O&M is Ksh 1,319,361,103**. This comprises Ksh** 160,462,443 **as general day-to-day running of departmental operation and Kshs** 1,158,898,660 **is Mandatory O&M which is composed of the following: County Assembly Ceiling, Emergency fund provision, FIF, Street Lighting Bills, Conservancy services, Staff medical scheme, assumption of office costs and Preparation of county planning documents among the other provisions.**

4.4.1.3 OVERALL RECURRENT EXPENDITURE ANALYSIS

Table 9: summary of Total Recurrent Estimate Allocation

CODE	DEPARTMENT	FY 2022/23 PE Estimates	FY 2022/23 Normal O&M Estimates	FY 2022/23 Mandatory O&M Estimates	FY 2022/23 Total Recurrent Estimates
R.4361	**County Assembly**	-	580,632,810	0	580,632,810
R.4362	**Governor's Office**	119,625,732	30,000,000	38,008,752	187,634,484
R.4363	**Finance and Economic Planning**	182,975,644	12,000,000	31,534,812	226,510,456
R.4364	**Agriculture & Irrigation.**	90,156,541	1,000,000	8,042,846	99,199,387
R.4366	**Education & Technical Training**	216,814,641	295,703,500	8,461,163	225,275,804
R.4367	**Health & Sanitation**	1,348,093,615	7,000,000	18,030,840	1,661,827,955
R.4368	**Water, Lands and Physical Planning**	62,994,051	7,000,000	7,065,153	77,059,204
R.4369	**Roads, Transport & Public Works**	97,011,719	0	7,590,373	111,602,092
R.4371	**Trade, Tourism & Industrialization**	31,451,794	0	6,523,850	37,975,644
R.4372	**Youth, Sports and Gender**	37,612,967	121,600,000	6,323,850	43,936,817
R.4373	**ICT & Public Service**	98,453,520	0	15,076,685	235,130,205
R.4374	**County Public Service Board**	41,763,360	962,350	6,771,178	48,534,538
R.4377	**Livestock & Co-op. Development**	86,220,807	1,055,898,660	7,032,941	94,216,098
	TOTAL (KSHS)	2,413,174,391	580,632,810	160,462,443	3,629,535,494

4.4.2 DEVELOPMENT EXPENDITURE

4.4.2.1 SUMMARY OF DEVELOPMENT ALLOCATIONS FOR FY 2022-23

Table 10: Summary of Development Allocation

CODE	DEPARTMENT	Ward Projects	County Level	TOTAL (Kshs)
D. 4361	**County Assembly**	-	**70,000,000**	**70,000,000**

CODE	DEPARTMENT	Ward Projects	County Level	TOTAL (Kshs)
D.4362	**Office of Governor**	-	45,000,000	45,000,000
D.4363	**Finance and Economic Planning**	-	-	-
D.4364	**Agriculture, Livestock and Fisheries**	88,439,119	-	88,439,119
D.4366	**Education, Science and Technology**	166,239,610	-	166,239,610
D.4367	**Health & Sanitation**	123,585,409	8,788,919	132,374,328
D.4368	**Lands, Housing and Physical Planning**	194,204,772	-	194,204,772
D.4369	**Roads, Public Works and Transport**	344,543,362	-	344,543,362
D.4371	**Trade, Tourism, Co-operative Development and Energy**	9,350,000	-	9,350,000
D.4372	**Youth, Sports, Culture and Gender**	74,100,000	-	74,100,000
D.4373	**Public Service Management (PSM)**	28,055,120	-	28,055,120
D.4374	**County Public Service Board**	-	-	-
D.4377	**Livestock Production, Fisheries and Co-operative Development**	70,929,887	-	70,929,887
	TOTAL (KSHS)	1,099,447,279	123,788,919	1,223,236,198

4.4.2.2 ANALYSIS OF DEVELOPMENT PRIORITIES

Table 11: Analysis of Development Priorities

Code	Department	APPROVED FY 2021/22 Budget	Approved FY 2022/2023
D.4361	**County Assembly**	-	650,632,810
D.4362	**Office of Governor**	-	232,634,484
D.4363	**Finance and Economic Planning**	-	226,510,456
D.4364	**Agriculture, Livestock and Fisheries**	**795,238,946**	187,638,506
D.4366	**Education, Science and Technology**	**266,562,806**	391,515,414
D.4367	**Health & Sanitation**	**432,269,417**	1,794,202,283
D.4368	**Lands, Housing and Physical Planning**	**486,926,858**	271,263,976

Code	Department	APPROVED FY 2021/22 Budget	Approved FY 2022/2023
D.4369	**Roads, Public Works and Transport**	**690,055,391**	456,145,454
D.4371	**Trade, Tourism, Co-operative Development and Energy**	**82,763,273**	47,325,644
D.4372	**Youth, Sports, Culture and Gender**	**106,312,111**	118,036,817
D.4373	**Public Service Management (PSM)**	**46,062,166**	263,185,325
D.4374	**County Public Service Board**	**2,500,000**	48,534,538
D.4377	**Livestock Production, Fisheries and Co-operative Development**	**186,657,441**	165,145,985
	TOTAL	3,095,348,409	4,852,771,692

4.4.3 2022/23 CFSP OVERALL EXPENDITURE ANALYSIS

Table 12: Overall Expenditure Analysis

Expenditure Type	Estimated Budget	Percentage of Estimated Budget
Compensation to Employees	2,413,174,391	**50.29**
Mandatory & Essential O&M	1,055,898,660	**23.30**
Utilities and operations	160,462,443	**3.23**
Development	1,223,236,198	**23.19**
Total	4,852,771,692	100.00

From the above summary, development allocations are Ksh 1,153,236,198 **translating to** 23.19 % **of the total budget whereas the balance makes up the recurrent expenditure totaling Ks**h. 3,820,396,282**.**

4.5 Resource envelop of the Medium Term

Table 13: Resource Envelope

REVENUE SOURCE	APPROVED 2018/19	APPROVED 2019/20	APPROVED 2020/2021	APPROVED 2021/2022	APPROVED 2022/2023	PROJECTED 2023/2024
CRA Share	**3,768,000,000**	**3,782,000,000**	**3,861,300,000**	**4,606,532,480**	**4,606,532,480**	**4,836,859,104**
Local Revenue	**130,000,000**	**144,000,000**	**144,000,000**	**164,000,000**	**246,239,212**	**258,551,173**
TOTAL REVENUE	3,898,000,000	3,926,000,000	4,005,300,000	4,770,532,480	**4,852,771,692**	5,095,410,277

4.5.1 Collaboration with National Government and Development Partners

Conditional Allocations from Development Partners have not been included in the 2022 BPS and in line with the court ruling on constitutional petition No. 252 of 2016 relating to non-inclusion of conditional grants from national government and development partners in county budgets

4.5.2 Medium-Term Expenditure Estimates

Table 14**:** Medium-Term Expenditure Estimates

	Department/ Sector	Description	Approved	Approved	Estimates	Projected Estimates	Projected Estimates
			FY 2020/2021	FY 2021/2022	FY 2022/2023	FY 2023/2024	FY 2024/2025
4361	**County Assembly**	**Rec**	572,974,781	607,974,781	580,632,810	609,664,451	640,147,673
		Dev	15,253,618	-	70,000,000	73,500,000	77,175,000
4362	**Office of the Governor**	**Rec**	141,581,512	167,276,993	187,634,484	197,016,208	206,867,019
		Dev	-	16,000,000	45,000,000	47,250,000	49,612,500
4363	**Finance & Economic Planning**	**Rec**	205,846,869	341,534,368	226,510,456	237,835,979	249,727,778
		Dev	-	-	-	-	-
4364	**Agriculture and irrigation**	**Rec**	100,777,147	98,605,070	99,199,387	104,159,356	109,367,324
		Dev	198,091,752	494,304,593	88,439,119	92,861,075	97,504,129
4366	**Education and Technical Training**	**Rec**	196,390,607	232,142,986	225,275,804	236,539,594	248,366,574
		Dev	146,231,375	133,360,500	166,239,610	174,551,591	183,279,170
4367	**Health and Sanitation**	**Rec**	1,488,664,304	1,549,291,902	1,661,827,955	1,744,919,353	1,832,165,320
		Dev	303,357,467	208,495,517	132,374,328	138,993,044	145,942,697
4368	**Water, Lands, Environment and Climate Change**	**Rec**	78,059,121	89,961,627	77,059,204	80,912,164	84,957,772
		Dev	299,700,066	268,321,570	194,204,772	203,915,011	214,110,761
4369	**Roads, Transport, Public Works, and Transport**	**Rec**	66,968,217	127,877,870	111,602,092	117,182,197	123,041,306
		Dev	327,564,031	384,895,588	344,543,362	361,770,530	379,859,057
4371	**Tourism, Culture, Wildlife, Trade, and Industry**	**Rec**	35,609,808	39,425,694	37,975,644	39,874,426	41,868,148
		Dev	85,866,439	44,998,684	9,350,000	9,817,500	10,308,375
4372		**Rec**	38,369,182	54,291,406	43,936,817	46,133,658	48,440,341

	Department/ Sector	Description	Approved	Approved	Estimates	Projected Estimates	Projected Estimates
			FY 2020/2021	FY 2021/2022	FY 2022/2023	FY 2023/2024	FY 2024/2025
	Sports, Youth affairs, ICT and Social Services	**Dev**	71,694,579	97,349,562	74,100,000	77,805,000	81,695,250
4373	**Public Service Management and County Administration**	**Rec**	152,260,578	227,539,758	235,130,205	246,886,715	259,231,051
		Dev	21,000,000	61,812,715	28,055,120	29,457,876	30,930,770
4374	**County Public Service Board**	**Rec**	46,738,274	54,296,311	48,534,538	50,961,265	53,509,328
		Dev	-	2,500,000	-	-	-
4377	**Livestock Production, Fisheries and Cooperatives Development**	**Rec**	97,522,268	97,709,609	94,216,098	98,926,903	103,873,248
		Dev	65,238,670	72,619,759	70,929,887	74,476,381	78,200,200
	TOTAL	Rec	**3,221,762,668**	**3,687,928,375**	**3,629,535,494**	**3,811,012,269**	**4,001,562,882**
		Dev	**1,533,997,997**	**1,784,658,488**	**1,223,236,198**	**1,284,398,008**	**1,348,617,908**
	GRANT TOTAL		**4,755,760,665**	**5,472,586,863**	**4,852,771,692**	**5,095,410,277**	**5,350,180,790**

5 ANNEXES

Annex 1: Recurrent Departmental Ceilings

Department/ Sector	Approved	Approved	Approved Estimates	Estimates Ceiling	Projection
	FY 2019/2020	FY 2020/2021	FY 2021/2022	FY 2022/2023	FY 2023/2024
County Assembly	**566,844,007**	**557,721,163**	**593,254,972**	580,632,810	**609,664,451**
Office of the Governor	**157,236,868**	**143,881,512**	**194,343,714**	187,634,484	**218,833,330**
Finance & Economic Planning	**238,064,887**	**223,846,869**	**213,583,293**	226,510,456	**253,456,907**
Agriculture and irrigation	**100,653,823**	**100,777,147**	**95,797,320**	99,199,387	**106,271,806**
Education and Technical Training	**216,736,544**	**196,390,607**	**256,268,616**	225,275,804	**244,040,709**
Health and Sanitation	**1,401,878,154**	**1,545,876,304**	**1,553,784,098**	1,661,827,955	**1,843,616,874**
Water, Lands, Environment and Climate Change	**73,112,006**	**78,059,121**	**96,178,512**	77,059,204	**87,289,175**
Roads, Transport, Public Works and Transport	**64,250,494**	**66,968,217**	**113,728,668**	111,602,092	**118,636,222**
Tourism, Culture, Wildlife, Trade and Industry	**35,086,495**	**35,609,808**	**37,889,225**	37,975,644	**43,540,500**
Sports, Youth affairs, ICT and Social Services	**35,742,302**	**38,369,182**	**43,421,119**	43,936,817	**48,043,567**

Public Service Management and County Administration	**92,480,618**	**152,260,578**	**216,500,980**	**235,130,205**	**278,376,188**
County Public Service Board	**45,650,555**	**46,738,274**	**48,652,913**	**48,534,538**	**51,419,765**
Livestock Production, Fisheries and Cooperatives Development	**96,058,255**	**97,522,268**	**93,464,981**	**94,216,098**	**108,226,603**
TOTAL	3,123,795,008	3,284,021,050	3,556,868,411	3,629,535,494	4,011,416,096

Annex 2: Development Departmental Ceilings

Department/ Sector	Approved	Approved	Approved Estimates	Estimated Ceiling	Projection
	FY 2019/2020	FY 2020/2021	FY 2021/2022	FY 2022/2023	FY 2023/2024
County Assembly	**1,028,790**	**15,253,618**	**0**	**-**	**0**
Office of the Governor	**0**	**0**	**0**	**45,000,000**	**47,250,000**
Finance & Economic Planning	**0**	**0**	**0**	**-**	**-**
Agriculture and irrigation	**342,219,054**	**751,249,338**	**795,238,946**	**88,439,119**	**92,861,075**
Education and Technical Training	**360,017,259**	**280,613,534**	**266,562,806**	**166,239,610**	**174,551,591**
Health and Sanitation	**646,776,275**	**299,102,466**	**432,269,417**	**132,374,328**	**138,993,044**
Water, Lands, Environment and Climate Change	**438,798,148**	**518,709,963**	**486,926,858**	**194,204,772**	**203,915,011**
Roads, Transport, Public Works and Transport	**470,912,642**	**499,065,857**	**690,055,391**	**344,543,362**	**361,770,530**
Tourism, Culture, Wildlife, Trade and Industry	**27,902,398**	**15,678,318**	**82,763,273**	**9,350,000**	**9,817,500**
Sports, Youth affairs, ICT and Social Services	**129,722,400**	**111,442,206**	**106,312,111**	**74,100,000**	**77,805,000**
Public Service Management and County Administration	**51,629,292**	**31,971,009**	**46,062,166**	**28,055,120**	**29,457,876**
County Public Service Board	**0**	**0**	**2,500,000**	**-**	**-**
Livestock Production, Fisheries and Cooperatives Development	**83,793,128**	**98,446,438**	**186,657,441**	**70,929,887**	**74,476,381**
Total	2,552,799,386	2,621,532,747	3,095,348,409	1,153,236,198	1,210,898,008

Annex 3: Summary Departmental Ceilings

Department/ Sector	Approved	Approved	Approved Estimates	Estimated Ceiling	Projection
	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
County Assembly	**567,872,797**	**572,974,781**	**593,254,972**	**580,632,810**	**609,664,451**
Office of the Governor	**157,236,868**	**143,881,512**	**194,343,714**	**253,412,695**	**266,083,330**
Finance & Economic Planning	**238,064,887**	**223,846,869**	**213,583,293**	**241,387,530**	**253,456,907**
Agriculture and irrigation	**442,872,877**	**852,026,485**	**891,036,266**	**189,650,363**	**199,132,881**
Education and Technical Training	**576,753,803**	**477,004,141**	**522,831,422**	**398,659,333**	**418,592,300**
Health and Sanitation	**2,048,654,429**	**1,844,978,770**	**1,986,053,515**	**1,888,199,922**	**1,982,609,918**
Water, Lands, Environment and Climate Change	**511,910,154**	**596,769,084**	**583,105,370**	**277,337,320**	**291,204,186**
Roads, Transport, Public Works and Transport	**535,163,136**	**566,034,074**	**803,784,059**	**457,530,240**	**480,406,752**
Tourism, Culture, Wildlife, Trade and Industry	**62,988,893**	**51,288,126**	**120,652,498**	**50,817,143**	**53,358,000**
Sports, Youth affairs, ICT and Social Services	**165,464,702**	**149,811,388**	**149,733,230**	**119,855,778**	**125,848,567**
Public Service Management and County Administration	**144,109,910**	**184,231,587**	**262,563,146**	**293,175,299**	**307,834,064**
County Public Service Board	**45,650,555**	**46,738,274**	**51,152,913**	**48,971,205**	**51,419,765**
Livestock Production, Fisheries and Cooperatives Development	**179,851,383**	**195,968,706**	**280,122,422**	**174,002,842**	**182,702,984**
TOTAL	5,676,594,394	5,905,553,797	6,652,216,820	4,852,771,692	5,095,410,277