



COUNTY GOVERNMENT OF KISUMU

**KISUMU COUNTY FISCAL STRATEGY PAPER
(KCFSP)
FY 2022/2023**

THEME: Towards a peaceful and prosperous county.

FOREWORD

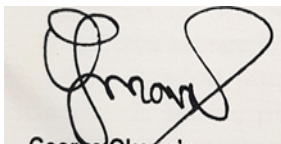
The Kisumu County Fiscal Strategy Paper (CFSP 2022) is prepared as provided under section 117 of PFM Act of 2012. It sets out the county priority programmes to be implemented during the financial year 2022/2023 and over the MTEF period. Preparation of this document has been done through collaborated effort and therefore reflects the needs of people of Kisumu County. The document has been aligned to key National and County policy documents which include and not limited to; the Kenya Vision 2030, MTP III 2018-2022, Budget Policy Statement (BPS), CIDP 2018-2022 ADP 2022/2023, and Kisumu County COVID-19 Social Economic Re-Engineering Recovery Strategy 2020/21-2022/23.

The County has continued to record positive economic development as a result of improved infrastructure, revitalized agricultural sector and the significant investments in other sectors including health, education and trade. To keep this development pace, the focus of FY 2022/2023 will be geared towards completing developing projects initiated in the previous periods and putting the County Government on stable fiscal ground. In particular, this fiscal strategy focuses on reducing pending bills in the County and building the County headquarters. Among the pending bills are payment of pension funds for staff gratuity and other welfare/benefits expenditures, which are arrears.

Over the years, we have learnt the importance of laying firm fiscal base for the County Government through minimization of debt and maximization of revenues. This is what we intend to achieve with the CFSP (2022/2023) and the budget estimates to be drawn from the strategy paper.

The CFSP (2022/2023) is unique in the sense that it is being prepared ahead of a general election. While this element is material, it has had only objective effect on the strategies proposed here. The paper could therefore stand the test of any changes from the electoral process, at the executive or legislature.

It reflects the aspirations of the people of Kisumu County towards institutional strengthening of the County Government, service delivery to the people and welfare gains for County workers. All of these are to be achieved alongside our continued focus on the annual credit rating of the County Government of Kisumu, as part of a pilot project involving a few selected counties in the Republic of Kenya.



GEORGE OKONGO
CECM, FINANCE AND ECONOMIC PLANNING.

ACKNOWLEDGEMENT

The County Fiscal Strategy Paper 2022/2023(CFSP) has been prepared in compliance with the provisions of the Public Finance Management Act, 2012. It outlines the current state of the economy, provides fiscal outlook over the medium term and specifies the set strategic priorities and policy goals together with a summary of the Government spending plans, as a basis of the FY 2022/23 budget.

The preparation of the 2022/2023 CFSP was a collaborative effort among various County Government Departments. We are grateful for their inputs. We thank all the spending units, the Ministries, Government Departments and Agencies for timely provision of information.

We express our gratitude to the leadership of H.E the Governor, H.E the Deputy Governor and the entire County Executive Committee Members for their support and inputs. Special appreciation goes to the entire County Budget and Economic Forum (CBEF) and the resource allocation panel for their inputs and comments, in addition to comments from the public. We would like to acknowledge the unlimited support and guidance by the Executive Committee Member – Finance and Economic Planning and grateful to the dedicated team in the Economic Planning that spent substantial amount of time putting together this CFSP.



WILSON ABIERO.

AG. CHIEF OFFICER FINANCE AND ECONOMIC PLANNING.

Table of Contents

FOREWORD	2
ACKNOWLEDGEMENT	3
CHAPTER ONE	8
FISCAL RESPONSIBILITY PRINCIPLES AND LEGAL BASIS FOR CFSP	8
PREAMBLE	9
LEGAL BASIS FOR THE COUNTY FISCAL STRATEGY PAPER.....	10
FISCAL RESPONSIBILITY PRINCIPLES FOR THE NATIONAL AND COUNTY GOVERNMENTS	11
OVERVIEW OF THE COUNTY FISCAL STRATEGY PAPER.....	12
CHAPTER TWO	14
SECTOR REVIEW AND PRIORITIES FOR FY 2022/2023.....	14
INTRODUCTION	15
2.1 AGRICULTURE, IRRIGATION, LIVESTOCK AND FISHERIES.....	15
2.2 FINANCE AND ECONOMIC PLANNING	17
2.3 LANDS, HOUSING, PHYSICAL PLANNING AND URBAN DEVELOPMENT	19
2.4 WATER, ENVIRONMENT, NATURAL RESOURCES AND CLIMATE CHANGE	21
2.5 HEALTH AND SANITATION.....	22
2.6 COUNTY PUBLIC SERVICE BOARD	24
2.7 CITY OF KISUMU	25
2.8 TOURISM, ARTS, SPORTS, AND CULTURE.....	26
2.9 ROADS, TRANSPORT AND PUBLIC WORKS.....	28
2.10 TRADE, ENERGY, AND INDUSTRY	29
2.11 EDUCATION, ICT AND HUMAN CAPACITY DEVELOPMENT.....	30
2.12 GOVERNANCE AND ADMINISTRATION.....	34
2.13. PUBLIC SERVICE, ADMINISTRATION AND DEVOLUTION.....	34
2.14 COUNTY ASSEMBLY.....	36
3.0 CHAPTER THREE	37

RECENT ECONOMIC DEVELOPMENTS AND POLICY OUTLOOK.....	37
3.1 OVERVIEW	38
3.2 RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK	39
3.2.1 GLOBAL AND REGIONAL ECONOMIC DEVELOPMENTS	39
3.2.2 Domestic Economic Developments	39
3.2.3 Quarterly GDP growth of 2021	40
3.3 INFLATION RATE.....	43
3.3 KENYA SHILLING EXCHANGE RATE.....	45
3.4 INTEREST RATES	46
3.5 Money and Credit	48
3.6 BALANCE OF PAYMENTS	50
3.8 CAPITAL MARKETS DEVELOPMENT	52
3.8.1 Nairobi Securities Exchange.....	52
3.9 COUNTY FISCAL PERFORMANCE.....	53
3.9.1 OWN SOURCE REVENUE PERFORMANCE	53
3.9.2 EXPENDITURE PERFORMANCE.....	54
3.9.2.1 COUNTY GOVERNMENTS BUDGET ABSORPTION RATE	54
3.9.3 ECONOMIC IMPACT OF THE COVID-19 PANDEMIC.....	54
DOMESTIC ECONOMIC INDICATORS.....	58
3.9.4.1 INFLATION	58
3.9.5 Kisumu County Economic Growth.....	59
3.9.6 GCP CONTRIBUTION PER SECTOR	60
3.9.7 PER CAPITA GROSS COUNTY PRODUCT.....	61
3.9.8 GCP ACROSS COUNTIES	61
CHAPTER FOUR.....	62
FISCAL POLICY AND BUDGET FRAMEWORK.....	62
4.0 INTRODUCTION	63
4.1 FISCAL STRUCTURAL REFORMS	64

4.3 RESOURCE ENVELOPE AND CRITERIA FOR RESOURCE ALLOCATION.....	68
4.4.1 DETERMINATION OF RESOURCE ENVELOPE.....	68
4.4.2. RESOURCE ENVELOPE FOR FY 2021/2022	70
4.4 REVENUE PERFORMANCE FOR FIRST AND SECOND QUARTER OF THE FY 2021/2022	72
4.5 PROPOSED SECTOR CEILINGS FOR FY 2022/2023.....	76

List of figures and tables

Table 1: Global Economic Growth, Percent	39
Table 2: Sectoral GDP Performance	40
Table 3: Gross Domestic Product by Activity, Growth Rates	41
Table 4: Gross Domestic Product by Activity, Growth Rates cont'd	42
Table 5: Money and Credit Developments (12 Months to September 2021 Ksh billion)	49
Table 6: Balance of Payments (USD Million	51
Table 7: Kisumu County, Budget Performance by Department	54
Table 8: Kisumu County Resource Envelope	70
Table 9: Locally collected Revenue First and Second Quarter 2021/2022	72
Table 10: Expenditure up to December 2021	75
Table 11: Proposed Sector Ceilings	76

CHAPTER ONE
FISCAL RESPONSIBILITY PRINCIPLES AND LEGAL
BASIS FOR CFSP

PREAMBLE

The County Fiscal Strategy Paper (CFSP) underpins the county fiscal and budget framework by laying out strategic priorities and fiscal policy. It outlines what the county plans to do regarding revenue, expenditure and debt management over the medium-term. This enables the county government to enhance revenue generation and rationalize expenditure with a view to spearheading development and service delivery in the county.

This Fiscal Strategy Paper has been prepared against the backdrop of a challenging external environment and the impact of Covid-19 pandemic to the economy of the County. Although the situation has improved following the relaxation of the Covid-19 containment measures, and improvement in the uptake of Covid-19 vaccination by county residents, the recovery has been gradual. This is also an election year when political campaigns are in progress.

The fiscal strategy paper identifies the broad strategic priorities and policy goals that will guide the county in preparing its budget for Financial Year 2022/2023. The paper discusses the performance of the Financial Year 2020/2021 budget and the first two quarters of the current Financial Year 2021/2022. These will form the basis for projecting the financial outlook with respect to the County Government revenues and expenditures for financial year 2022/2023.

The County Government Act 2012 outlines responsibilities of county governments with respect to the County Budget Process that ensures that planning and budgeting are linked.

The Public Finance Management Act, 2012 stipulates that county governments prepare and submit the CFSP to the County Assembly by the 28th February of each year.

The County Fiscal Strategy Paper covers the following:

- The legal basis for the fiscal strategy paper; and fiscal responsibility principles for the government;
- A review of sector performance for the previous financial year 2020/2021 and budget implementation for the first half of the current financial year (2021/2022).
- The recent economic developments and policy outlook thus providing the economic context for the 2022/23 budget.
- The budget framework that will support growth over the medium term, while continuing to pursue seamless resource flow and management.
- The resource envelope, spending priorities and expenditure ceilings for 2022/2023.

LEGAL BASIS FOR THE COUNTY FISCAL STRATEGY PAPER

This Fiscal Strategy Paper is prepared pursuant to Public Finance Management Act, 2012 Section 117 which stipulates thus:

- (1) 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.
- (2) The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.
- (3) In preparing the County Fiscal Strategy Paper, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term.
- (4) The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term.
- (5) In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of —
 - a) the Commission on Revenue Allocation;
 - b) the public;
 - c) any interested persons or groups; and
 - d) Any other forum that is established by legislation.
- (6) Not later than fourteen days after submitting the County Fiscal Strategy Paper to the county assembly, the county assembly shall consider and may adopt it with or without amendments.
- (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 Paper within seven days after it has been submitted to the county assembly.

FISCAL RESPONSIBILITY PRINCIPLES FOR THE NATIONAL AND COUNTY GOVERNMENTS

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

- (1) A County Treasury shall manage its public finances in accordance with the principles of fiscal responsibility set out in subsection (2), and shall not exceed the limits stated in the regulations.
- (2) In managing the county government's public finances, the County Treasury shall enforce the following fiscal responsibility principles-
 - a. The county government's recurrent expenditure shall not exceed the county Government's total revenue;
 - b. Over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure;
 - c. The county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;
 - d. Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;
 - e. The county debt shall be maintained at a sustainable level as approved by county assembly;
 - f. The fiscal risks shall be managed prudently; and
 - g. A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.
- (3) For the purposes of subsection (2) (d), short term borrowing shall be restricted to management of cash flows and shall not exceed five percent of the most recent audited county government revenue
- (4) Every county government shall ensure that its level of debt at any particular time does not exceed a percentage of its annual revenue specified in respect of each financial year by a resolution of the county assembly.
- (5) The regulations may add to the list of fiscal responsibility principles set out in subsection.

OVERVIEW OF THE COUNTY FISCAL STRATEGY PAPER

The paper presents the fiscal policy and budget framework that will support planned growth over the medium to long term, while continuing to provide sufficient resources to support the County's key priorities highlighted in the CIDP as follows;

- (i) Revitalize agriculture for food security and agribusiness
- (ii) Ensure a healthy population living in a clean and safe environment
- (iii) Build modern physical infrastructure
- (iv) Promote skills development and innovation
- (v) Conserve the environment while opening the Kisumu lakefront for business;
- (vi) Provide decent housing
- (vii) Promote sports, culture and arts
- (viii) Promote industrialization and a vibrant service sector, supported by Sustainable energy sources.
- (ix) Promote tourism driven by culture and heritage and information and communication technologies.
- (x) Deepen and strengthen the structures of devolved governance

The paper articulates economic policies and structural reforms as well as sector based expenditure programmes that the county intends to implement in order to achieve the broad goal of its development agenda. More important, the paper outlines the County Government's action plans to reduce pending bills and establish a firm organizational base by building the County Government Headquarters.

Objective of the CFSP

The objective of the 2022/23 County Fiscal Strategy Paper is to set the framework for the preparation of the County budget estimates for Financial Year 2022/2023 as required under section 117 of the Public Finance Management Act, 2012. This Fiscal Strategy Paper contains the following:

- The principles that will guide the 2022/2023 budgetary process;
- The broad fiscal parameters for the 2022/2023 budget and the key strategies and policies for management of revenues and expenditures;
- The broad strategic priorities and policy goals that will guide the preparation of the budget over the medium term;
- A discussion of risks to the budget parameters and budget strategies;
- The medium-term outlook for county government revenues and expenditures;

- A discussion of how the Budget Strategies relates to the Medium Term Fiscal Strategy (MTFS) and County Integrated Development Plan (CIDP); and
- A framework for the preparation of departmental forward budget estimate.

Linkage with the Vision 2030, SDGs and MTPs

The CFSP is to align with Kenya Vision 2030 which is the country's long term blueprint and the Sustainable Development Goals (SDGs). This is achieved by ensuring linkage with the County Integrated Development Plan (CIDP) and the 5 year Medium Term Plans by the National Government. These linkages provide an opportunity for the County to contribute towards meeting national development targets as set out in the Kenya Vision 2030 as well as contributing to the realization of global goals in the SDGs.

The ten point agenda of the County Government of Kisumu in the CIDP NOT only addresses the economic and social pillars of the Vision 2030 but also target most of the SDGs.

The County Government will leverage on its comparative advantage in resource availability within the framework of the BLUE ECONOMY to enhance the productive sector and promote export while promoting growth in the service industry. An environment of fiscal discipline will be necessary if the County is to navigate through the global and domestic challenges in and order to sustain and improve the resilience of the county economy.

CHAPTER TWO
SECTOR REVIEW AND PRIORITIES FOR FY 2022/2023

INTRODUCTION

This chapter provides the county development performance and achievements in the first and second quarters of FY 2021/2022 and departments priorities for the sectors in the financial year 2022/2023 according to the thematic areas in the second-generation County Integrated Development Plan II (2018-2022). The thematic/sectors areas are: Agriculture, Livestock, Fisheries and Marketing County Assembly of Kisumu ,City of Kisumu ,Kisumu County Public Service Board ,Education, Gender, Youth, Human Resource Development, ICT and Social Services ,Governance and Administration, Health and Sanitation ,Public Service Administration & Devolution ,Tourism, Culture, Arts and Sports ,Roads, Transport and Public Works ,Lands, Housing and Physical Planning ,Trade, Energy and Industry ,Finance and Economic Planning Water, Environment and Natural Resources

2.1 AGRICULTURE, IRRIGATION, LIVESTOCK AND FISHERIES

The department is charged with developing competitive and commercialized agricultural and fisheries value chains for improved food and nutrition security, increased incomes and job creation in Kisumu County. This mandate is executed through the directorates of: a) Crop Production b) Irrigation c) Livestock Production d) Fisheries and e) Veterinary Services.

In its quest to sustainably secure food and nutrition security, the department implements projects and activities that support smallholder farmers, youth, women and fisher folk. These projects and activities programmes fall under the broad categories of programmes namely; Administration and Planning Services, Sustainable Land Use, Agricultural Productivity and Output Improvement, Enhancement of Access to Agricultural Credit and Input, Promotion of Agricultural Market Access and Product Development.

During the year under review 2021/2022 the department was allocated **KES 742,546,655** for both Recurrent and Development expenditures, representing 5.9% of the total County budget. The allocated amount included KES 504,204,239 (67.3%) for Development and KES 245,342,416 (32.7%) as recurrent expenditure respectively. Utilization or absorption of the above allocation was **KES 598,811,151** (80.6%) of which **KES 369,467,690** was **Development expenditure (73.3%)** and **KES 229,343,461 (93.5%)** was **Recurrent expenditure**. Implementation of 2021/2022 budget is ongoing and as 31st December 2021, mid-year expenditure, **KES 260,290,527** has either been paid and or committed both in the Recurrent and Development votes.

With the development resource basket of **KES 504,204,239 in 2020/21, KES 609,490,207 in 2021/2022** (including conditional grants), and the department has made significant gains in increasing production of

crop, livestock and fisheries sub sectors. At the policy level, a number of bills, regulations, strategies and plans are at various stages of development notably: Kisumu Dairy Development Corporation (KDDC) bill and regulations; Agriculture Development Fund (ADF) bill; County Agriculture Sector Coordination Mechanism (CASCOM bill) and regulations; CASCOM fund regulations; Fisheries regulations; Beach Management Unit (BMU) regulations; Domestication of Youths in Agribusiness Strategy; Strategic Integrated Value Chain Action Plans for fish, Chicken and Cotton.

Through rehabilitation of irrigations schemes and desiltation of water ways i.e., canals and streams, some 1,000 acres of irrigable land has been opened for crop production. A 3% genetic improvement in dairy breeds has also been achieved through livestock distribution and artificial insemination that has contributed to 2% increase in total milk produced in the county. Access to quality farm inputs has been improved by 15% through linkages and provision of quality clean and certified planting materials, fertilizers and fingerlings to individual farmers and farmer groups.

In the fisheries sub-sector, a 10% reduction in post-harvest losses of landed fish has also been realized due to improvement in fish landing facilities and establishment of a cold chain facility. To enhance gains in agribusiness development, 255 farmer groups have received grants totaling KES 197,425,420.25 was distributed to farmer groups along the local poultry, Cassava and sorghum value chains in Kisumu east, Nyando and Nyakach sub-counties.

In FY 2022/23, the department plans to implement the following strategic actions:

- Improve institutional efficiency and effectiveness in service delivery through designing and implementing appropriate policies, programs, projects and activities. This will also require development of human resources through recruitment of new staff and career development and progression of existing staff
- Promote sustainable land use and environmental conservation to reduce vulnerabilities of farmers to climate change. This will include promotion of soil and water conservation and management; dissemination of urban and peri- urban agricultural technologies
- Increase crop, livestock and fisheries productivity and outputs through: enhancing advisory services; improving and expansion of the livestock genetic pool; promotion of modern agricultural and fisheries production technologies; promotion of farm mechanization and; enhanced pest and disease control services.
- Enhance access to agricultural credit and inputs to trigger increased investments in the agricultural and fisheries sector.

- Improve market access for crop, livestock and fisheries produce through: promotion of agribusiness; promotion of value addition; post-harvest handling infrastructure development; and promotion of product safety and quality assurance
- Moreover, with creation of lakefront gives the county an opportunity to revitalize of the fish processing industry at the Lakefront. This facility is currently under private ownership, but grossly underutilized, yet it has immense potential. If revived to operations, the plant will contribute immensely to development of the value chain in the fishing sub-sector. There is a proposal for a joint venture between the County Government and private investors to jumpstart operations at the facility. Preliminary cost estimates place initial capital outlay at approximately KES 100 million, to be shared equally between the county government and private investors, with similar rations applicable to profit-sharing. While the process and content of the PPP structure is to be prepared by the County PPP Node and the County Attorney's office, this CFSP provides for an allocation of up to KES 50 million in the department of agriculture for this project. The allocation will be upheld in the budget estimates if the project is approved in the PPP process.

2.2 FINANCE AND ECONOMIC PLANNING

The department seeks to be a leader in resource mobilization, prudent financial management and planning for better quality life and sustainable development for the residents of Kisumu County. The department's mission is to ensure efficient and effective utilization of financial resources, assets management and provide leadership in economic policy formulation, coordination, implementation and tracking of results for sustainable development. The department's goal is to contribute to Prudence in financial management and Planning for Sustainable development.

The major accomplishments for this department during the last financial year included the development of three planning documents namely CADP 2022/2023 FY, CFSP 2021 FY, CAPR 2020 FY, development of CBROP (2021/2022), Budget Estimate (2021/2022), and Finance Bill (2021/2022).

In the financial year 2022/2023 the department intends to prioritize;

- Resource Mobilization/ Revenue Collection

The County Government is to shift to a digital revenue collection platform (automation) to curb revenue leakages. The key pillars of automation is to introduce pay-bills for the health facilities and other departmental revenue streams and integrate the County Revenue Management System with the revenue collection banks and National Government institutions

like National Transport & Safety Authority (NTSA), Business Registration Services (BRS), Integrated Financial Management & Information System (IFMIS), Edams and World Bank E-Citizen.

- Budget coordination and management- Consolidation and preparation of annual budget estimates; submitting CABEs to the county assembly for approval; preparation of the Appropriation Bills and Acts; Prepare and publish County Budget Review and Outlook Paper; Capacity building of county employees on County Budget Processes through training and sensitization; Enhanced Consultations; Resource mobilization through organizing and participating in County, National and International Conferences.
- Accounting Services-Capacity building in financial management processes; Recruitment of accounting staff, reconciliation of previous year's accounts on IFMIS, Actions on Auditor-General's reports.
- Asset Management Services

The department will focus on acquisition of asset register for the entire county; Development of a Risk policy document; Development of a Risk Register for the entire county; Implementation Asset Management Policy, Recruitment of 2 additional staff members and Payment of Pending Bills, adherence to international and national accounting standards.

Debt management is a central part of this CFSP, as the County Government aims at reducing pending bills to nil balances.

- Procurement and Supply Chain Management

The County is currently implementing the e-procurement, the department will enhance capacity building on e-procurement to ensure all the LSOs and LPOs are committed in IFMIS in order to reserve funds. Boarded/unused assets lying idle should be disposed-off according to the *Public Procurement and Disposal of Assets Act, 2015* and the proceeds applied to supplement the resource envelope. The department will prioritize this critical area in the FY 2022/2023.

- Planning and Policy Formulation, the department will develop budgetary cycle documents including: county integrated development plan (CIDP III), County annual development plan 2023/2024, County budget review outlook paper, County Sectoral Plan, end term review of CIDP II (2018/2022) and preparation of county statistical abstract.

2.3 LANDS, HOUSING, PHYSICAL PLANNING AND URBAN DEVELOPMENT

The mandate of this sector is to ensure rational spatial planning for sustainable land use and management that guarantees orderly development of adequate social amenities towards adequate and secure housing for socio-economic development. The department plans to develop policies, strategies, and programs on lands, housing physical planning and urban development, provide guidance for sustainable orderly development, setting County standards for sustainable land use and development.

Prior to every fiscal year this department develops policies, strategies, and programs on lands (including land administration and survey), housing, physical planning and urban development that area geared towards stewardship for sustainable and orderly development. Setting of customized county standards for sustainable land use and development on matters touching on the broad objectives is one example of such plans.

In the first and second quarters of the financial year 2021/2022, the department realized the following:

- Rearrangement and reconfiguration of Kisumu City's space in various economically and environmentally functional zones is at the core of this department's agenda. Assigning various zonal regulations based on Kisumu City Physical and Land Use Development Plan is underway. As a matter of procedure, the plan received approval the Kisumu County Government cabinet chaired by His Excellency the Governor and is currently at the County Assembly for final processing to become a legal document for reference. Its final adoption thanks to verdict at the assembly would culminate to mobilization of Kisumu City Zonal Regulations, a document endeavoring to create customized neighborhood character and uniqueness of the city. All these will be in a bid to making space habitable and viable economically and environmentally.
- Drafting of the Omnibus Bill 2022 that will be soon presented to the cabinet. This bill intends to address the grey areas whose ignorance is recipe and breeding grounds for corruption. Matters touching on Change of Names on properties sold, Fees and Charges on Survey of General Boundary lands, Partial Certificate of Occupation among others are critical areas of public service delivery for the department that this bill contemplates to leverage on.
- Decentralization of physical and land use planning operations to sub-counties. This is in the spirit of taking services closer to the people. The approach is killing many birds with one stone, untapped areas of revenue, reducing the revenue leakages, detailing Kisumu County Government physical and land use planning policies at the furthest ends of the county among other areas.

- Implementation of the valuation roll which is expected to go into the next financial year. The department is quite keen in ensuring it succeeds in achieving the intended objectives amongst which is improving on revenue and its attendant collection strategies.
- The department formed a special task force on irregular allocation of Public Land & Houses in 2008 that completed its report that is now at the Cabinet level awaiting formal adoption and implementation. It has also managed to acquire land for waste management services which will take and manage all the wastes from the City and all Urban Centers within the County thereby ensuring healthy clean environment within the urban set ups.
- Through this department the County Government of Kisumu (CGK) embarked on a process (by gazettment) of elevating five of its market centres into towns, Ahero, Maseno, Kombewa, Katito and Muhoroni's. These towns in the context of Kisumu County would be termed secondary towns after the City of Kisumu. Their elevation necessitates in them an improvement in both structural and systemic support requisites in enhancing their much-needed growth both in terms of policy and in terms of administration. The process was done within the statutory jurisdictions and provisions of the Urban Areas and Cities Act (UACA) 2011 and County Government Act (CGA) 2012. Generally, new towns are a major form of urban growth and development in developing countries like Kenya. The growths in towns have different levels of dependency on physical expansion, land revenue and emphasis of different issues on sustainable development. So far, out of the five towns, only Kombewa is yet to be unveiled.

The strategic objectives under this sub sector include improving urban planning and infrastructure development; Improving land information management; Increasing land owners with secure land tenure system; and enhancing mapping, exploration. In order to achieve the department will implement the following key intervention in the financial year 2022/2023: Automation of physical and land use development applications; initiate the revision and approval of existing Part Development Plants (PDP), planning, and survey of market centers; carry out survey and titling of individual properties in accordance with Sectional Properties Act 2020, to improve the security of the tenure; development of A 3-D enabled county Spatial Plan (Development and maintenance Of county geospatial database through the establishment of modern GIS lab); land banking- purchase of parcels of land for implementation of a critical development project within the county; resolutions of land issues affecting people within the county such as land injustice, boundary dispute demarcation/ open access roads; undertake advisory plans, surveying & mapping for the existing market of the public land/market; repossession and recovery of grabbed public lands with the county; establish Land Management System (LMS) framework;

affordable housing- construction of affordable housing to accommodate the increasing population in the county and county government civil servant personnel housing; renovation of institutional housing across the county; establishment of towns-set up town governance and administration of new gazette towns (Muhoroni, Kombewa, Ahero, Katito, and Maseno); preparation of physical development plans for level two secondary markets under the county physical planning Act and county land-use policy and and carrying out of safety and quality audit of buildings of the county geospatial database through the establishment of modern GIS Lab.

2.4 WATER, ENVIRONMENT, NATURAL RESOURCES AND CLIMATE CHANGE

The Water, Environment and Natural resources management, and Climate Change sector is one of the devolved sectors with transferred functions to county governments according to Article 185 of the Constitution of Kenya (2010). The constitution also entrenches water and healthy environments as constitutional rights of every citizen. The department comprises two directorates in the Water sub sector and three directorates in Environment and Natural resource subsector. These are; directorate of Water and Sewerage services provision; directorate of Water Infrastructure development; directorate on Environmental research, policy and strategy; directorate of Conservation and stewardship and directorate of Climate Change.

The key achievements of this sector include: strengthened governance of Environment and climate change management sub sector through climate change policy and Environment Policy and Kisumu County Sand, Marram and Minerals harvesting guideline manual 2021, increasing sewage coverage from 16% to 17% in 2021/2022, increasing the coverage of safe water from 60% to 62% through sinking of boreholes, pipeline extensions Rehabilitation of existing gazetted Rural water utilities infrastructure as well as springs protection and Wetland Protection.

In addition, the department ensured maintenance of clean environment through effective solid waste management, carrying out cleaning activities in collaboration with communities and partners, and repair and improved functionality of garbage trucks. The department launched the Menara tree nursery for production of seedlings and planted 300,000 trees in various schools. Noise pollution control was not a major concern as most activities remained suspended due to government regulation arising from Covid-19 pandemic. In the Natural resource management front, there was improved rehabilitation of two parks and open space within the city of Kisumu.

In the financial year 2022/2023, the department will focus on the following key strategic priorities;

- Afforestation-Production of tree seedlings in Kisumu West, Nyakach and Muhoroni Sub-Counties, Provision of tree nursery in West Kisumu Ward,Ahero Ward; Establishment of tree seedlings countywide; Planting trees and water pan at Odegra Kabar East in Miwani Ward; Planting of environmentally friendly assorted trees along river banks in Miwani Ward; Establishment of a tree nursery at Kogallo in Miwani Ward;
- Solid waste transport- Purchase of 2 Compactor waste hauler truck (18 tons)
- Natural Resource Management-Protection of wet land areas by planting of bamboos in those areas(Kisumu Central Sub-County), Construction of Sand harvesting places within Rivers in Kisumu East ,Kisumu West and Nyakach Sub-Counties; Building gabions at river Koridho in West Kisumu Ward; Establishment of Oseth beach woodlot in Kabonyo/ Kanyagwal Ward;
- Solid Waste Management-Waste to energy facility phase 2(perimeter road, material recovery unit, drainages, lagoon, dumping cells and three phase line) in Ombeyi; Purchase of land for management of solid waste in Nyakach Subcounty; Establishment of waste disposal site in Seme Subcounty; Erection of waste recycling containers within Nyando Subcounty; Establishment of waste holding points within Maseno Town; Desilting/Maintenance of drainage systems within Kaloleni/shaurimoyo ward; Establishment of waste disposal site in Muhoroni's Subcounty;Establishment of technical working groups for monthly clean ups within town wards; Establishment of garbage collection trailer skips in Maseno and Ahero towns
- Climate change adaptation-Flood mitigation in key areas-Kabonyo/Kanyagwal, Opening of Drainages and stone pitching within Manyatta B ward; Installation of 5 sub county weather stations in Central Nyakach Ward; Installation of emission monitors in Market Milimani ward; Establishment of Kisumu County Climate Change Resource Centre in Railways Ward; River bank protection by planting of bamboo and gabions within West Nyakach Ward; Rehabilitation of Katuk Odeyo gully in North Nyakach ward by Planting of bamboo and other vegetation.

2.5 HEALTH AND SANITATION

The Department of Health and Sanitation has the vision of ensuring a globally competitive county health service that contributes to a healthy and productive population. The Mission is to transform the livelihood of the people of Kisumu County through responsive and sustainable technologically driven, evidence based and client centered health system for accelerated attainment of the highest standards of health. These are provided by preventive, Promotive, curative and rehabilitative services that are managed and

provided for in the management teams, hospitals, health Centers, dispensaries and in the community to fulfil the mandates of the devolved functions on health.

Performance for the First Half of the Current FY 2021/2022

On the first Strategic Objective on acceleration of reduction of communicable diseases, the Department has achieved in the first half of FY 2021/2022 child immunization rate of 93.6%. The Department continues to vaccinate the general population on COVID-19 using the available vaccines. In the first half of FY 2021/2022 a total of 523,613 females and 436,583 males have been served at the Outpatient departments of our health facilities

On the second Strategic Objective of halting and reversing the trend of non-communicable conditions the Department has in the first half of the FY 2021/2022 performed 6,2347 major surgeries and 1,756 minor surgeries in the hospitals.

The Department provides the facilities and technical wherewithal for people who have suffered violence and injuries under the third Strategic Objective on reducing burden of violence and injuries. The Department has reliable ambulance and referral system with an Emergency Call Centre. In the first half of the FY 2021/2022, the Department has carried out over 600 referrals within and outside the County.

The Fourth Strategic Objective on Person Centered essential health services deals with the continuum of care. In the first half of the FY 2021/2022, a proportion of 88.8% of Pregnant women were offered skilled birth attendance in a health facility and 69.4% of pregnant women had benefited on at least four antenatal clinic visits.

The fifth Strategic Objective deals with minimizing exposure to health risks. This is the core of preventive and Promotive health services. In the first half of the FY 2021/2022 a proportion of 81.9 % of children under one year of age and over 100% of all pregnant women attending ante natal clinic were provided with long lasting insecticide treated bed nets to prevent malaria.

On the sixth Strategic Objective on collaboration with health-related sectors, the department had in the first half of the FY 2021/2022 a series of stakeholders meeting comprising 12 health sector specific meetings and 7 other health related Stakeholder's consultations.

Priorities for FY 2022/2023

In the FY 2022/2023, the Department will prioritize the digitization of its processes beginning with the digitization of the Primary Health Care (PHC) and progressively cascade it to the Secondary Health Care processes to achieve end-to-end visibility and accountability of her inputs, processes, outputs and outcomes. In addition, the Department will prioritize the use of technology to increase efficiency and to revamp emergency response process by the use of drone delivery technology for the fastest delivery of emergency items such as blood, vaccines and other payloads to wherever they may be needed in the County Health System.

On the flagship projects, the Department will prioritize the operationalization of the Jaramogi Oginga Odinga Teaching and Referral Hospital Cancer Centre to avail the much-needed oncology services to the people of Kisumu County and its environs. This will be complemented with the continued implementation of the Kisumu County Social Health Insurance Schemes for the indigents and the vulnerable populations.

In the last three consecutive financial years, the Department has had stable human resources for health due to robust mechanisms in place to streamline and resolve industrial interruptions. The Department therefore will prioritize welfare of its human resource by systematic implementation of work-related motivation schemes including but not limited to promotions, Performance appraisals, forestalling any industrial strike, expedient resolution of such strikes and improving trust between the management and the technical operations.

2.6 COUNTY PUBLIC SERVICE BOARD

Kisumu County Public Service Board (PSB) is an independent institution established in terms of Article 235(1) of the Kenyan Constitution and given effect by Sections 56 and 57 of the County Governments Act. The Article provides for a County Public Service Board in each county with control over the County Public Service. The County Public Service Board has the responsibility of ensuring that the County Public Service has adequate, skilled and competent personnel.

In the 1st and 2nd quarter of the financial year 2021/2022, the department realized the following key achievements;

- Recruitment and selection of road maintenance team, Supply Management, Vocational Center Trainers, and Assistant E.C.D.E Teachers to fill the vacancies in the County Government of Kisumu.

- Annual report for the year 2021 was completed and submitted to the County Assembly in fulfilling the requirement of the County Government Act. Report to be gazette once approved.
- Board Committee Meeting was held to deliberate on various issues affecting county staff.
- Capacity building for board members and staff where the members and staff participated in conferences and seminars for continuous professional development organized by the institute of human resource management, College human Resource Management, Institute of Certified Public Accountants Kenya, Academy of Human Resource Professionals, the Kenya Veterinary Association and the Law Society of Kenya.
- Participation in the Public Service Boards' National Consultative Forum where members participated in this forum that aimed at improving service delivery by the Public Service Boards to the rest of the County Government entities, by deliberating on challenges affecting boards' performance, benchmarking, and learning.
- E-governance and challenges of E-service Delivery in The Public service Programme. All the board members successfully attended which aimed at equipping the board members with adequate knowledge and skills in E-governance and preparing them to tackle challenges associated with E-service delivery in the public service.

In ensuring the county government of Kisumu has adequate, skilled and competent personnel and improved service provision and access to training by County staff and other Government agencies across the Country, CPSB will focus on intends to in financial year 2022/2023 focus on: Procurement of Human resource recruitment information system which aims at facilitating digitalize and easy recruitment process; Acquisition of motor vehicles to aid mobility of officers and Board Members; Renovation and maintenance of board offices to provide a conducive work environment for board staff.; Procurement of fault and safe to provide safe custody of board document; Operation and maintenance of normal activities of the board; Personnel Emoluments through salaries and allowances; and Personnel training and development; training board members and staff

2.7 CITY OF KISUMU

City of Kisumu in its mission to provide quality services matched by superior solutions, that result in creating enabling environment for investment, with the aim of improving the quality of life of the residents of Kisumu, In the financial year 2021/2022. The City of Kisumu had sixty-two (62) projects. This report presents the projects whose procurement process had been initiated/done by December 2021 (the first two quarters of the year) and the projections of FY 2022/2023. Most of the works are scheduled for the third quarter (January to March 2022).

In the first half of the financial year 2021/2022 the department managed to conduct: routine Maintenance of Street Lights at Nyalenda B ward; Supply and installation of waste skips and waste bins within the city wards; Equipping Kosawo Youth Fitness Centre; Construction of flood lights at Open air markets, Maendeleo Market, Chichwa market, Sida market , Paga, Ojola market and Oboch scheme market; Rehabilitation of Streetlights within the city; Development and implementation of solid waste management at Kowino and Otonglo markets; Unclogging and Cleaning water canals along Kondele- Coner legio road; Biometric registration of traders (software) and Equipping of Mama Grace Onyango Social Centre;Purchase of 5door container at Kosawo market; Foot Bridge at Kanyathunga; Maintenance of Fourems- Kenya-re junction road; Stone pitching of Komoke road drainage; Box culverts at Steve and Lagoon; Boda boda shade at Kuoyo health center; Development and implementation of solid waste management at Kondele.

The city department remains committed in providing unequalled quality services matched by superior solutions that result in creating enabling environment for investment, with the aim of improving the quality of life of the residents of Kisumu. In the financial year 2022/23, this department will undertake the following major development programs: Modernize 10 markets within the city; Designate, pave and mark all street parking spaces; Upgrade jua kali sheds; Installation of surveillance cameras; Installation of storm water drainage facilities within the city; Installation of traffic lights; Develop cycle foot path and souks; Construction of 3 satellite bus parks; Open/improve road and public infrastructure in informal settlements; LakeFront Development; Modernize 5 recreational parks; Develop and implement solid waste management; City beautification programme/urban aesthetic (open spaces, round-about and wet land management; Modernize 3 social facilities within the city; Health infrastructure development control and public health law enforcement; Renovation and maintenance of city houses; Provision of services and Social amenities; Provision of new housing units/estates; General Administration and Planning Services – ICT; Designate, pave and mark all street parking spaces; Training and capacity building of traders.

2.8 TOURISM, ARTS, SPORTS, AND CULTURE

As Kisumu County strives to be leading tourism, culture, arts, and sports destination in the country and its mission of offering high-quality tourism, culture, arts and sports facilities, products and services capable of competing on the global stage.

The Department of Tourism, Culture, Arts, and Sports draws its mandate from the Constitution of Kenya 2010 as well as various regulations and policy guidelines that have been domesticated by counties to guide operations of their various directorates. Being a service sector, it is worth noting that most of the activities and programs in this department are largely run from the recurrent budget as well as the

development. In the financial year 2021/22 the department had a total allocation of **Ksh. 210,226,963** this allocation is a sum total of the department's development, recurrent and personal emolument expenditure for the period.

The Department has achieved significant milestones in different directorates in the implementation of its programs/projects.

In the first half year period, the following achievements have been realized;

- Held the hospitality stakeholders conference
- County Utamaduni Day celebrations
- Talent Identification and Development
- Profiling of tourism Signature products within the county
- Inventory of hotels and Homestays in preparation for 9th Edition Africities Conference
- Identification and mapping of MICE facilities
- Organizing and participating in KICOSCA games
- Procurement and distribution of sports gear (16 Wards)
- Promotion of sports (Kisumu All Stars)
- County Athletics Championship
- Disabled Sports Development
- Football Development - NSL and KPL
- Development sports infrastructure (Moi Stadium ongoing)
- Marketing Kisumu County as a MICE destination
- Organizing and Participating in Devolution conference
- Participation in Kisumu Investment conference
- Organizing and participating in World Tourism Day celebrations
- Hosted the National Netball symposium.

In the financial year 2022/23, the department seeks to: develop sports facilities for improved sports participation across the county; to identify, nurture, develop and promote sports talent; to harness the County Potential in Culture and Arts for development; to develop, promote and market tourism products for sustainable development; to develop and market Kisumu County as a MICE destination of choice; to identify, nurture, develop and promote sports talent; to harness the County Potential in Culture and Arts for development; and to develop, promote and market tourism products for sustainable development by implementation of various projects and programs within its key thematic areas including: Refurbishment

of existing community sports facilities; Construction of new sports facilities; Purchase of Sports Gear and Equipment; County sports teams support program; Disability mainstreaming; Culture and Arts Infrastructural Development; Preservation of Community Cultural Heritage; Tourism Signages Development program; Development of Tourists sites; MICE facilities Development; Mapping of infrastructure facilities; Management of Infrastructure facilities; Partnerships and Engagements; Talent development; Sports talent scouting; Partnerships for continuous development; Cultural Competitions and Community Cultural Festivals; Tourism products and services development and Tourism destination marketing.

2.9 ROADS, TRANSPORT AND PUBLIC WORKS

The Vision of department is to construct and improve the county road network, which currently stands at (5000km), and infrastructures in a cost-effective manner by providing reliable, sustainable and using environmentally friendly approaches. The key achievements for the department during the first half of the current financial were;

- Initiation of Improvement of 8km Number Kapiyo Lolwe road (lot 1) to bitumen standard
- Improvement of Lela Agulu Mbaka Oromo (by 4 Km) using Claycrete Technology
- Improvement of Gita No. Kabongo Filter (7 km) using Claycrete technology
- Developing scope and initiation of Construction of automobile mechanical workshop
- Construction of 8 footbridges
- Supervise designs, plans and other relevant documentations for 170 no. County buildings
- Inspection and recommendation on maintenance of 40 no county vehicles
- Implementation of roads maintenance teams (RMT/ programs)

The sector's priority during the plan period is opening of access roads, routine roads maintenance, and supervision of construction works and provision of mechanical services. Emphasis will be put more on the Machine based road construction and maintenance and reduce the number of contracted works. This will be achieved through efficient supervision and strengthening of the Kisumu Roads Maintenance Teams in each village. The department has proposed to construct Mechanical Workshop fully equipped with required tools for repair of the whole County Government of Kisumu plant and equipment/vehicles. Workshop will assist managing the complete activities of inventory control, spare part management, job card creation,

The key priorities of the department in the FY 2022/23 will be: Periodic/routine maintenance of existing earth/gravel roads; Completion and Improvement of selected county roads to Bitumen standards; Construction of foot bridges; Construction of Box Curvets; Acquisition of roads construction/maintenance machinery; Improvement of selected roads using the Claycrete technology;

Preparation of the county transport policy to streamline operations of all county vehicles and public transport and Completion and equipping and Construction of Mechanical workshop.

2.10 TRADE, ENERGY, AND INDUSTRY

The department is charged with promotion of business and trade in the county. It is also mandated to oversee establishment and growth of cooperative societies. In addition, this department also has the mandate of promoting industrialization and affordable energy through policy formulation and regulation

The major achievements of this department during financial years 2020/2021 and 2021/2022 the last FY included: Completion of Markets, commissioning of new retail market, constructions of market sheds, stalls, toilets, murraming and fencing markets, offering support traders' hatcheries and leather machines.

The departments through its directorates remains committed in facilitating the provision of affordable, reliable, sustainable energy and to create an enabling environment for competitive and sustainable industries for the socioeconomic development of Kisumu County and towards this end in the financial year 2022/2023 the department will undertake the following major development programs: Research & policy making for alcohol and drug abuse research, Public education and awareness, Infrastructure development specifically repair and operationalization of Masogo/Nyang'oma rehabilitation center and Construction of rehabilitation center at North Kisumu ward; Design & develop E-liquor licensing system; Public sensitization; Spot checks on licensed betting, lotteries and gaming, and curbing on illegal gambling; Regulation of casino operation.

Moreover, through directorate of trade, the county government will undertake capacity building of cooperatives county-wide; promotion of cooperative marketing & value addition thru procurement of requisite equipment county-wide; Construction of modern retail market in Ahero; construction of market sheds; construction of public toilets; Fencing and gating of markets; Digitization of trade Licenses at the Sub-Counties; MSEs Trade Fairs and exhibitions national and Regional; Profiling the businesses in this County –Kisumu West and Nyakach; Business support services; Capacity building for staff; County Legal Metrology lab(Testing rigs for utility equipment in Kisumu central sub-county; County wide weighbridge testing unit in Kisumu Central Sub County but to serve all the sub-counties with weighbridges; County wide weighbridges in Muhoroni sub -county ; Assize and stamping stations in all the sub-counties; Inspection & enforcement of legal metrology function in all the sub-counties; and mobile verification unit in Kisumu central sub-county to serve all the sub-counties.

On enterprise development, the departments intend to promote development of Small & Medium Enterprise innovation training & capacity development by focusing on: Enterprise development Training for youths; Poultry value addition center; Kisumu county dairy development; No. of groups trained No. of equipment & credit given and Funding SMEs.

Energy remain a key factor in development of the county and therefore in the financial year 2022/2023 the county envisions to reduce cost of energy through source diversification and promote use of Renewable Energy Technologies by: Masogo-Nyang'oma Regional Bio-Energy Training Centre Phase III of construction; Kamgwa, Tamu Water Facility Solar Micro-grid; erection of solar lights at Kogalo evacuation centre, Oapla and Osewre Dispensary; Installation of streetlights at identified places; Promotion of clean energy stoves & fuels; Installation of biogas plants in Vocational Training Centres and villages; Installation of briquettes production plants; Solar Lanterns for households and traders; Establishment of an innovation center in Western Unit; Establishment of avocado processing plant; Construction of a Cotton Ginnery; Establishment of a Soap processing plant; Establishment of a sweet potato processing plant; Development of SEZ Master plan; Establishment of innovation centre ; Installation of grid connected Lighting Infrastructure in various market centers, beaches and other public utility areas (High Mast Floodlights); Electrification of unconnected market centres, hospitals, dispensaries, and villages; Energy Audit in public facilities and installations; Licensing of Petroleum Retail Stations; Health Safety and Environment Standards Enforcement; and Promotion of Adoption of LPG as a clean cooking fuel

2.11 EDUCATION, ICT AND HUMAN CAPACITY DEVELOPMENT

The thematic areas comprises of ECDE, Vocational Education and Training, ICT, Human Resource Development, Gender, Youth & PWDs Affairs and social services. The department in its quest to becoming a leading services provider in education, training, ICT and social services, had the following key achievements across directorates;

The department plans to prioritize the following projects and programmes in the FY 2022/2023

DIRECTORATE OF WOMEN, YOUTH PWDs AFFAIRS

During the period under review the directorate made the following key achievements;

- Established Youth and women mainstreaming Program through coordination and partnership management of youth, women and PWD programmes,
- Launched of gender mainstreaming policy

- The directorate carried out Youth & women socio-economic empowerment through;
- Digital Literacy in Central Seme, Central Kolwa, Nyalenda A and Railways Wards
- Revolving fund for women, youth and PWDS
- Provision of plastic chairs, and tents in North Seme and railways
- Conducted Youth digital literacy training programmes 500 benefited.
- Provision of tents, tables, and chairs to women, youth and PWDs in two wards in the county
- Gender and Youth Socio-Economic Empowerment Programs
- Capacity building of adolescent girls on life skills and awareness on sexual reproductive health rights.

In the financial year 2022-2023 the directorate will focus on increasing participation of the vulnerable and marginalize groups in community development through; issuance of revolving fund, Household Baseline Survey on Gender Based Violence issues, identification of opportunities and documenting practices for up scaling and replication of gender programmes, formulation, Review & Dissemination of Policies on Women Economic Empowerment & PWD Mainstreaming, training of staffs on Gender & SRHR issues, facilitating formation of county and community level structures for coordinating gender focal points activities across sectors, support of UN International Days/Events, employment of County Social Development Officers, & Sustainability of Gender mainstreaming into the County development agenda, coordination Provision of assistive devices & basic needs , Social security and safety-net, Employment of Sub County Gender & Social Development Officers, Coordination and partnership management on youth, Women and PWDs programmes, apprenticeship & Industrial attachment, Leadership and development, Launch of County Empowerment and engagement Strategies, Develop youth rehabilitation and integration programmes and Promotion of Volunteerism & mentorship Programmes on Socio-Economic development.

DIRECTORATE OF SOCIAL SERVICES

During the period under review, the directorate made the following key achievements;

- Establishment of Social Engagement, Information and Community Infrastructures. These include;
- Completion of Dago and Kanyakwar Information and Community Empowerment Centre
- Fencing and electrification of Nyamaroka Information and Community Empowerment Centre
- Equipping of Akado Information and Empowerment centre

- The directorate had planned to carry out Community empowerment through;
- Capacity Building at Kobura and North Nyakach ward
- Provision of training Kits at Miwani ward
- Women and Youth empowerment at Masogo Nyang'oma Ward.

The directorate in the financial year 2022-2023, the department seeks to increase participation of the vulnerable and marginalized groups in community development by Psychosocial support, Provision of Assistive devices to PWDs Huts of hope for the Elderly, Complimentary cash transfers for OVCs headed households and the aged not reached by the National Government, sanitary towels/pampers for the Elderly and PWDs, Sanitary Towels to school going girls and those living with Disabilities, Social Infrastructure Development & Management, Nutrition of Maternal and New borne Child health, Street Children, Street families & Vulnerable Orphans, Child care & development, Mentorship & life skills for the girl child, Formation review & dissemination of policies on social protection and child protection and social economic empowerment.

VOCATIONAL EDUCATION AND TRAINING

During the period under review the directorate made the following key achievements;

- Establish daycare centers among our existing Vocational Training Centers to boost retention of teenage mothers in the training facilities. We have established Four Daycare Centres namely Ahero, Akado, Sabako, and Obange with a total of 44 mothers joining the program as the equivalent number of babies are cared for.
- The County Vocational Education and Training Capitation of 71 Million was planned to subsidize cost of training in 26 VTCs. In the 2nd Quarter, KES 35,498,000, about half of the allocation, was disbursed to benefit 4733 trainees as had been projected
- 33 Instructors to bridge understaffing in institutions have been recruited awaiting deployment.
- Established 4 New Vocational Training Centers at Waware Masogo in Masogo/ Nyangoma Ward, Pap Othany in Central Seme, Lela in Kobura and Aboge in West Kisumu Wards.

The directorate aims to establish a vibrant vet sector and build their capacity for industrialization and job creation in Kisumu County and beyond and thus in the financial year 2022/2023 the main focus for the directorate will be: VTC infrastructure development though; VTC revamp 2020/2021, Completion of VTC Constructions, Standard Administration blocks, Modern workshops, 7 Model VTCs; VTC Personnel through Recruitment of VTC instructors, Provision

of Tuition subsidies to VTC trainees; Talents and Innovations through VTCs exhibitions, trade fairs and sports, VTCs Annual Graduation and Equipping VTC with modern tools and equipment by Procurement of VTC teaching and Learning materials.

DIRECTORATE OF INFORMATION COMMUNICATION TECHNOLOGY (ICT)

During the period under review the directorate made the following key achievements;

- Asset Management System (COMS) in Finance initiated at 90%
- ICT Policy drafted awaiting public participation and validation.
- Connectivity to county offices

The directorate will therefore focus on the following strategies in the FY 2022/23: Automation of County Services that is, Document Management System, Asset Management System (COMS) in Finance, M & E system, E-Petroleum and GIS and mapping at City Hall; Improvement of hardware and software/ System-County Wide Departmental Boardrooms and Sub County Office; and Connectivity to Sub-County Health facilities.

DIRECTORATE ECDE INFRASTRUCTURE DEVELOPMENT.

During the period under review the directorate made the following key achievements;

- Bursary award 50% transferred Kshs. 71,249,894
- 2 ECDE classrooms completed across the county
- 2 ECDE classrooms constructed across the county.
- 1 ECDE classrooms renovated across county the county

The planned objective for the directorate is to improve effective and quality ECDE programmes for sustainable development by implementing the following interventions: Completion of 34 ECDE centers in the county; Construction of 11 ECDE centers in the county; Hygiene and sanitation (ECDE toilets and water); Construction of ECDE friendly; Governor's scholarship fund and Bursaries; Preprimary capitation-Provision of learning materials preprimary schools in Kisumu County; Feeding programmes-Preprimary feeding programmes in Kisumu County; Preprimary Creative Activities-Conducting Preprimary creative activities from zone sub county and county levels in Kisumu County; Capacity building-training sensitization of teachers and stakeholders in ECDE; Monitoring and Evaluation-School and Teacher assessment; and Registration of ECDE centers-Registering unregistered ECDE centers

2.12 GOVERNANCE AND ADMINISTRATION

The department has a vision of being a leading governance entity in the provision of excellent leadership and service delivery for the prosperity of Kisumu County. The department's mission is to provide strategic leadership, policy direction and set the agenda for achieving social, economic and political development of our people.

To ensure efficient and effective service delivery to residents of Kisumu County through provision of strategic leadership, policy direction and setting the agenda for achieving social, economic and political development needs. The department has the following key directorates; Office of the Governor, Office of the Deputy Governor, County Secretary, Chief of staff, Special Delivery Unit, Disaster Management, Liaison, Partnerships and Investment and the Office of the County Attorney.

During the financial year under review the department managed to initiate construction of official residence of the Governor (Contract awarded, awaiting grounds breaking); Conduct sensitization training to Village Administrators on Citizen Scorecards; Conduct staff training both on job and short courses; Institute Performance Management tools (Performance Contract) by training Directors on new Performance Contract guidelines; Conduct training on National PWD guidelines; Develop County Integrated performance System; Conduct annual staff appraisal.

In the next financial Year 2022/2023 this department intends to focus on: Improvement of work Environment to county staff by procurement of office supplies and utilities, procurement of office equipment and Furniture; Capacity building by conducting staff training both on job and short Courses; Instituting Performance Management tools (Performance Contract); Coordination of Performance Contracting FY 2022/2023; Evaluation Of Performance Contracts FY 21/22; Departmental Mainstreaming of PWD; Development of County Integrated performance System; Annual County Staff Appraisal by conducting departmental HR trainings; Purchase of a departmental vehicle to facilitate administration of activities.

2.13. PUBLIC SERVICE, ADMINISTRATION AND DEVOLUTION

The department executes its mandate through the following directorates: County Inspectorate, Human Resource Management, Public Participation, Public Information and Communication, Development and Management of Sub-County Sectoral Program Structures.

During the first half of the financial year 2021/2022, the department managed to train 60 staff member at KSG, 30 office admins trained, 30 HR officers trained; Pay NHIF (comprehensive cover paid out amounting to Kshs.102 million; Refurbish non-residential buildings including hotel (Tendering process

of the following projects are in progress; Refurbish office of Chief of Staff, Refurbish Governor's office); Purchase bicycle and motor cycle (Tendering process is underway); Purchase office furniture and general equipment (Tendering process is ongoing); Purchase computer and ICT equipment; Sharing the conceptual proposal for the review of County Public Participation coordination structure and operationalization of the directorate of public participation; Coordination of the PFM public participation in the County Planning and Budget process that include, CADP 2022/2023, CFSP 2021/2022, CBROP 2021/2022, Budget Estimates 2020/2021 and Finance Bill 2021/2022; Benchmark with Counties implementing progressive integrated coordination of County Public Participation; Public participation for the review of the CIDP II; Formulation of County Policy on Public Participation and review of County Legislation; Training and production of informative, educative and communication materials;

The department seeks to integrate communication in all development activities while creating awareness on devolution and governance and to coordinate effective public participation and civic education in the County Government of Kisumu by implementation of key strategic interventions in the financial year 2022/2023, including; coordination of public participation on County planning and budget process, policies and plans, coordination completion of the public participation policy, coordination of review of the County public participation Act 2015, scaling up civic education to the devolved administrative units, strengthen County Technical Working Group on Public Participation including membership from the County Executive, County Assembly, the private sector and the Non-State Actors), print and electronic media programs and announcements, production and dissemination of informative, educative and communication materials, Staff audit, Procure data management software, promotion of staff, Payment of pensions including clearing all arrears on staff gratuity to LAPTRUST and LAPFUND , Training of staff and Staff performance appraisal.

Additionally, for easy administration and to improve work environment, this department will construct an ultra-modern office complex office for the county government in the financial year 2022/2023. This will be a milestone in the full establishment of the county government away from current location at Prosperity House. Whereas it was expected that the Transitional Authority would have provide/allocated permanent offices to the county government as part of the transition process in 2013/2014, however this did not happen.

2.14 COUNTY ASSEMBLY

In promoting good governance through strong representation, proactive legislation and impartial oversight under devolved system of governance with a mission of providing a premier legislation, oversight and representation services that promote the social economic development to the residents of Kisumu, the county assembly in the 1st half of the financial year 2021/2022 managed to kick start the construction of Speaker's residence; Enactment of bills and regulations Bills.

The county assembly in the financial year 2022/2023 has strategic objectives of; establishing a robust organization structure, enhance staff capacity, sustain a high quality performance, and service delivery; develop and enhance physical infrastructure to provide good staff management working environment; strengthening the capacity of MCAs in Law- making process, over sighting and representation; strengthening research and information services for MCAs including appropriate use of ICT; and enhance and sustain utilization and absorption of financial resources. The assembly will prioritize construction of modern assembly; conduct civic education by training of MCAs on standing orders, Acts and Laws, sensitizing MCAs on the process and procedures of administering bills and motions, bench-Marking with the National Parliament, financial facilitation to wards for side visits on projects, public participation in bill making process, budget preparation, availing of quarterly reports; staff training and capacity building through doing staff appraisal, staff recruitment, identification of relevant training institutions and facilitation of trainings; and installation of ICT and information communication equipment by purchasing computers and laptops for MCAs and assembly staff, developing of an information resource data base, improving assembly website and modernization of Hansard services.

3.0 CHAPTER THREE
RECENT ECONOMIC DEVELOPMENTS AND POLICY
OUTLOOK

3.1 OVERVIEW

The 2022/2023 County Fiscal Strategy Paper (CFSP) is prepared against a background of expected global recovery after a slump in 2020 occasioned by the negative effects of the COVID-19 pandemic. The global economy is projected to grow by 5.9 percent in 2021, from a contraction of 3.1 percent in 2020. However, economic prospects vary across countries with the emerging markets and developing economies expected to pick up slowly compared to advanced economies given different country policy responses to the pandemic. The projected recovery in advanced economies reflects the anticipated additional financial support in the second half of 2021 and broader vaccinations coverage across the group.

On the domestic scene, economic recovery from the effects of the COVID-19 pandemic continued in the third quarter of 2021 as a result of the gradual easing of containment measures instituted to curb the spread of the disease. Real GDP grew by 9.9 percent in the third quarter of 2021 compared to a contraction of 2.1 percent in the same quarter of 2020. Economic growth is projected to rebound to 6.0 percent in 2021 from the contraction of 0.3 percent in 2020. In terms of fiscal years, economic growth is projected to recover to 5.9 percent in FY 2021/22 from 2.9 percent in FY 2020/21. The economic recovery is supported by the prevailing stable macroeconomic environment, ongoing implementation of the strategic priorities of the Government under the “Big Four” Agenda and the third Economic Stimulus Programme.

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 has largely remained stable but partly affected by tight global financial conditions attributed to uncertainty with regard to the COVID-19 pandemic. In this regard, the Kenyan Shilling depreciated against all major international trading currencies except the Japanese Yen in the third quarter of 2021 compared to the same quarter of 2020. On average, the Kenyan Shilling ceded ground against the Pound Sterling, Euro and the US Dollar by 8.0 per cent, 2.0 per cent and 1.1 percent, respectively. The local currency however appreciated notably against all the regional currencies except the South African Rand. 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 in 2021.

3.2 RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

3.2.1 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 impact negatively on 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.

Table 1: Global Economic Growth, Percent

Economy	2019	2020*	2021**	2022**
World	2.8	(3.1)	5.9	4.9
Advanced Economies	1.6	(4.5)	5.2	4.5
Of which: USA	2.2	(3.4)	6.0	5.2
Emerging and Developing Economies	3.7	(2.1)	6.4	5.1
Of which: China	6.0	2.3	8.0	5.6
India	4.0	(7.3)	9.5	8.5
Sub-Saharan Africa	3.2	(1.7)	3.7	3.8
Of which: South Africa	0.2	(6.4)	5.0	2.2
Nigeria	2.2	(1.8)	2.6	2.7
EAC-5	6.5	(0.2)	5.7	5.3
Of which: Kenya***	5.0	(0.3)	6.0	5.8
* Estimate ** Projected *** National Treasury Projection				
EAC-5: Burundi, Kenya, Rwanda, Tanzania and Uganda				

Source of Data: October 2021 WEO; ***Projections by the National Treasury Domestic Economic Developments

3.2.2 Domestic Economic Developments

The 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 to 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 (Table 1.2).

Table 2: Sectoral GDP 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)
Accommodation 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

3.2.3 Quarterly GDP growth of 2021

Economic recovery from the effects of the COVID-19 pandemic continued in the third quarter of 2021 as a result of the gradual easing of containment measures instituted to curb the spread of the disease. Real GDP grew by 9.9 per cent in the third quarter of 2021 compared to a contraction of 2.1 per cent in the same quarter of 2020. During the period under review, the performance was driven by significant rebounds in most economic activities that had contracted in the third quarter of 2020. Some of the sectors that supported overall growth included Manufacturing (9.5%), Education (64.7%), Transportation and Storage (13.0%), Accommodation and Food Serving Activities (24.8%) and, Financial and Insurance Activities

(6.7%). However, agricultural production was constrained due to drought conditions that characterized the quarter under review in most parts of the country. The Agriculture, Forestry and Fishing sector contracted by 1.8 per cent in the review compared to 4.2 per cent growth in the same quarter of 2020 as in table 1.3 below

Table 3: Gross Domestic Product by Activity, Growth Rates

Year	Quarter	Agriculture	Mining and quarrying	Manufacturing	Electricity and water supply	Construction	Wholesale and retail trade	Accommodation & restaurants	Transport and storage	Information and communication
2016		1.4	-9.1	1.9	3.7	5.8	2.3	6.9	8.3	10.2
2017		-1.3	3.2	0.7	3.0	6.3	4.3	9.4	3.5	8.1
2018		5.7	-4.7	3.6	3.6	6.1	5.9	15.6	6.0	7.9
2019		2.6	4.3	2.5	1.7	5.6	5.3	14.3	6.3	7.5
2020		4.8	6.7	-0.1	0.1	11.8	-0.4	-47.7	-7.8	4.8
2016	1	1.5	-15.6	3.7	4.4	6.1	-0.4	7.3	8.7	9.7
	2	1.6	-12.0	3.3	2.8	3.3	0.8	5.2	7.9	9.3
	3	1.3	-8.6	0.0	2.4	6.1	2.5	7.4	8.5	9.3
	4	1.0	1.1	0.7	5.2	7.7	6.3	7.7	8.0	12.2
2017	1	0.0	4.0	3.5	2.3	9.6	3.7	4.6	7.6	8.7
	2	-2.1	4.7	0.2	4.3	4.9	4.6	6.3	5.5	8.3
	3	-0.6	1.4	-1.4	3.1	5.7	5.3	9.0	-1.5	7.4
	4	-2.5	2.8	0.5	2.5	5.1	3.5	17.9	3.2	8.0
2018	1	4.1	4.4	5.2	4.1	6.6	5.1	16.8	4.3	7.2
	2	5.3	-4.6	2.9	3.0	7.0	6.4	15.9	6.7	8.0
	3	6.3	-11.4	2.7	4.1	7.6	5.8	10.9	5.3	7.7
	4	7.6	-7.2	3.5	3.2	3.3	6.4	18.5	7.7	8.7
2019	1	4.8	-1.2	2.5	3.0	4.6	4.6	15.6	6.8	9.5
	2	3.2	7.0	4.1	1.5	5.5	6.4	11.7	8.8	7.5
	3	0.7	5.5	2.6	1.5	6.1	5.3	11.9	4.6	7.1
	4	1.3	6.4	0.9	0.9	6.2	4.8	17.6	5.2	6.1
2020	1	4.3	6.4	2.2	1.5	10.4	4.9	-8.1	2.2	5.6
	2	4.9	4.4	-4.7	-4.7	8.2	-4.2	-56.8	-16.8	2.6
	3	4.2	7.0	-1.7	0.2	12.5	-5.0	-63.4	-10.1	3.2
	4	5.8	9.2	3.8	3.5	16.2	2.6	-62.2	-6.1	7.6
2021	1	-0.1	16.4	1.6	2.0	7.8	7.4	-48.6	-9.1	16.1
	2	-0.7	17.7	9.4	5.2	6.5	9.5	9.4	17.4	25.3
	3	-1.8	25.1	9.5	4.5	6.4	6.9	24.8	13.0	5.8

Table 4: Gross Domestic Product by Activity, Growth Rates cont'd

Year	Quarter	Financial & insurance	Public administration	Professional, admin and	Real estate	Education	Health	Other services	FISIM	All indust. at basic prices	Taxes on products	GDP at market prices	GDP, seasonally adjusted
2016		3.6	6.0	3.2	9.8	1.5	9.5	4.9	0.2	4.4	2.4	4.2	
2017		4.1	3.9	3.0	6.7	8.2	6.4	4.4	-6.0	3.6	5.7	3.8	
2018		2.7	7.9	6.9	6.5	6.4	5.4	3.3	3.7	5.6	5.9	5.6	
2019		6.9	9.9	6.9	6.7	4.7	6.2	4.4	9.5	5.1	3.7	5.0	
2020		5.6	5.3	-15.0	4.1	-10.8	6.7	-14.2	-2.0	0.4	-7.9	-0.3	
2016	1	2.5	5.2	3.4	9.1	1.6	10.5	4.6	1.8	4.0	2.3	3.8	0.4
	2	0.7	7.6	3.3	10.2	1.6	9.8	4.8	0.6	4.0	1.9	3.8	1.7
	3	5.7	8.2	5.1	10.3	1.3	10.9	5.4	0.0	4.8	1.3	4.4	1.5
	4	5.2	3.0	1.1	9.6	1.4	7.1	4.7	-1.4	4.9	3.9	4.8	1.0
2017	1	3.2	2.5	1.1	7.9	7.6	7.4	6.4	-9.7	4.7	12.5	5.4	0.8
	2	5.7	3.0	1.9	6.8	8.0	6.9	4.3	-7.9	3.5	0.4	3.3	0.0
	3	4.0	5.6	2.9	6.2	8.3	7.1	3.9	-4.8	3.1	4.7	3.2	1.6
	4	3.5	4.5	5.9	6.0	8.9	4.6	3.3	-1.7	3.2	5.7	3.5	1.1
2018	1	2.7	5.8	7.6	6.2	7.9	5.4	1.5	5.5	5.1	5.8	5.2	2.3
	2	0.9	7.3	7.0	6.4	6.2	6.6	2.5	2.1	5.5	12.2	6.0	1.0
	3	0.7	9.3	4.5	6.6	5.9	5.0	3.3	2.3	5.4	4.4	5.3	1.0
	4	6.3	9.1	8.7	6.8	5.6	4.9	5.7	5.1	6.5	1.8	6.0	1.4
2019	1	6.1	9.0	7.3	7.0	3.8	5.7	6.2	10.0	5.4	-1.5	4.8	1.3
	2	8.0	10.8	8.6	7.0	3.4	6.1	6.6	7.4	6.0	5.3	5.9	2.1
	3	9.3	10.2	5.0	6.7	5.6	6.8	4.7	7.7	4.9	4.3	4.8	0.1
	4	4.4	9.7	6.8	6.2	6.2	6.4	0.1	12.6	4.2	6.7	4.4	0.5
2020	1	7.5	4.0	0.3	5.4	1.8	7.4	-1.5	-2.9	4.3	5.1	4.4	1.6
	2	4.4	2.7	-27.5	4.6	-22.4	9.8	-22.1	0.5	-3.1	-20.8	-4.7	-6.7
	3	3.0	6.3	-19.7	3.7	-17.4	5.2	-12.9	-2.3	-1.5	-8.5	-2.1	2.9
	4	7.4	8.4	-12.1	2.7	-5.3	4.7	-20.4	-2.9	2.0	-6.4	1.2	3.4
2021	1	8.3	9.1	-14.4	4.5	10.0	9.1	-16.1	0.3	2.0	2.2	2.0	2.3
	2	12.3	13.0	17.7	4.9	67.6	10.0	20.2	-3.8	11.1	21.9	11.9	2.1
	3	6.7	6.9	13.5	5.2	64.7	8.4	13.3	-2.0	9.2	18.0	9.9	1.7

3.3 INFLATION RATE

Year-on-year overall inflation rate has remained low, stable and within the policy target range of 5+/-2.5 percent since end 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.

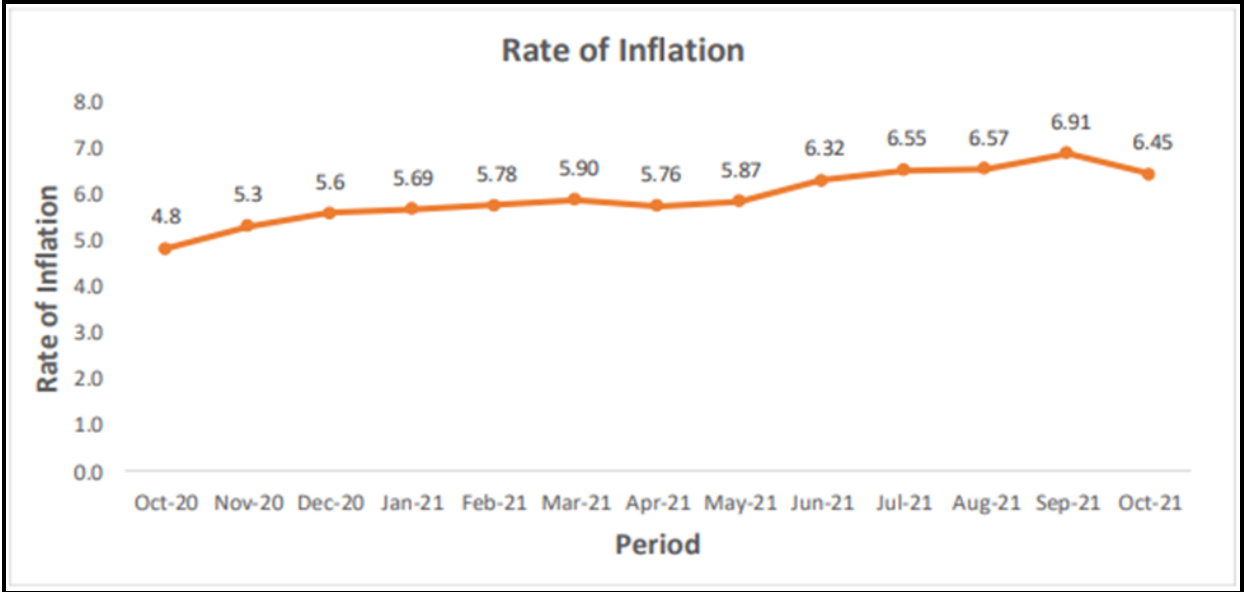


Figure 1: Rate of Inflation

Food inflation remained the main driver of overall inflation in October 2021, contributing 3.8 percentage points, an increase, compared to a contribution of 2.3 percentage points in October 2020. The increase was mainly attributed to dry weather conditions and supply constraints that resulted in a rise in prices of key food items particularly tomatoes, spinach, beef with bones, onions, oranges and Potatoes (Irish). Fuel inflation contributed 1.6 percentage points to overall inflation in October 2021 compared to 1.7 percentage points in October 2020 following relatively lower international oil prices largely on account of buildup of oil inventories amid concerns on supply growth.

The contribution of core inflation to overall inflation has been low and stable, consistent with the muted demand pressures in the economy on account of prudent monetary policies. The contribution of core inflation to overall inflation increased to 0.9 percentage points in October 2021 from 0.7 percentage points in October 2020, reflecting a pick-up in economic activity and the effects of the implemented tax measures (Figure 1).

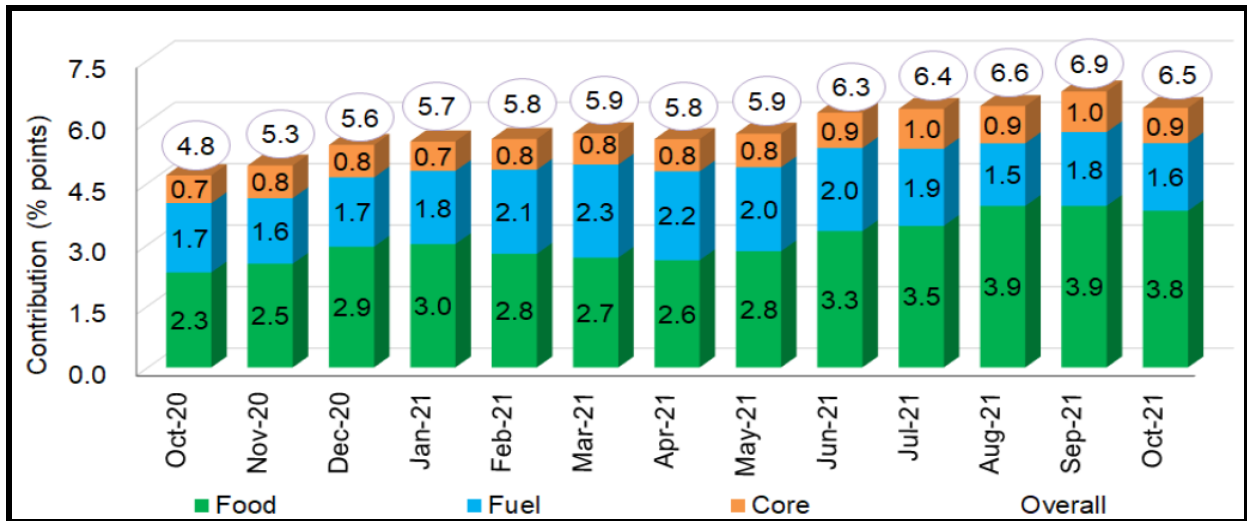


Figure 1: Contributions to Inflation, Percentage Points

Source of Data: Kenya National Bureau of Statistics

Kenya’s year-on year inflation rate compares favorably with the rest of Sub-Saharan Africa countries. In September 2021, Kenya recorded a lower inflation rate than Burundi, Ghana, Nigeria and Zambia (Figure 2).

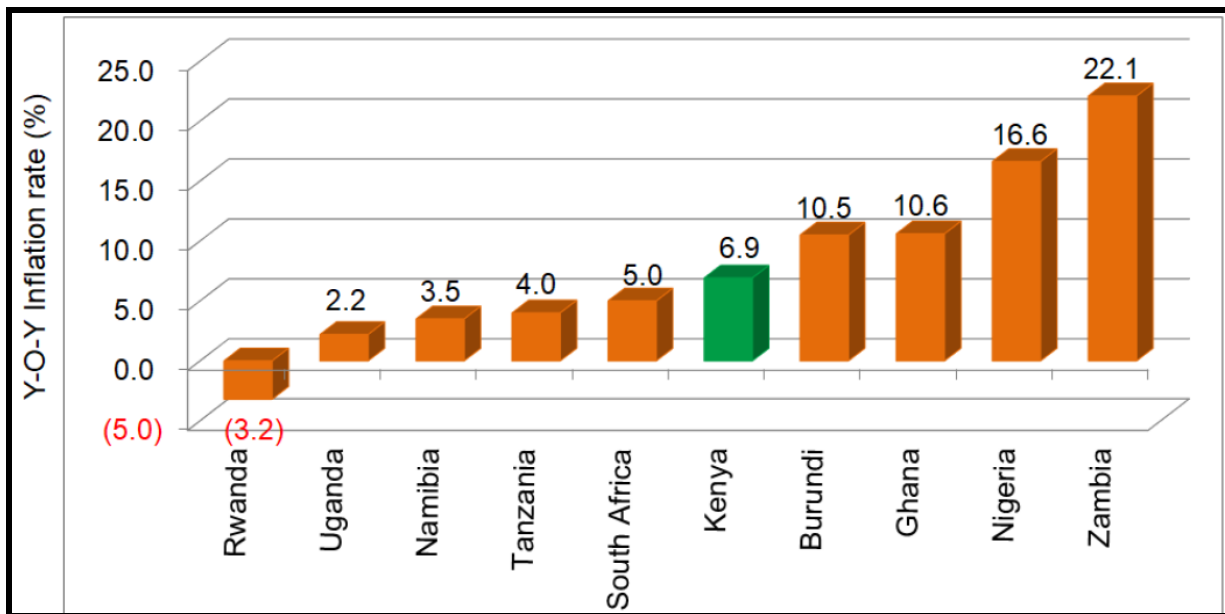


Figure 3 : Inflation Rates in selected African Countries (September 2021)

Source of Data: National Central Banks

3.3 KENYA SHILLING EXCHANGE RATE

The foreign exchange market has largely remained stable but partly affected by tight global financial conditions attributed to uncertainty with regard to the COVID-19 pandemic. In this regard, the Kenya Shilling to the US Dollar exchanged at Ksh 110.9 in October 2021 compared to Ksh 108.6 in October 2020 (Figure 3).

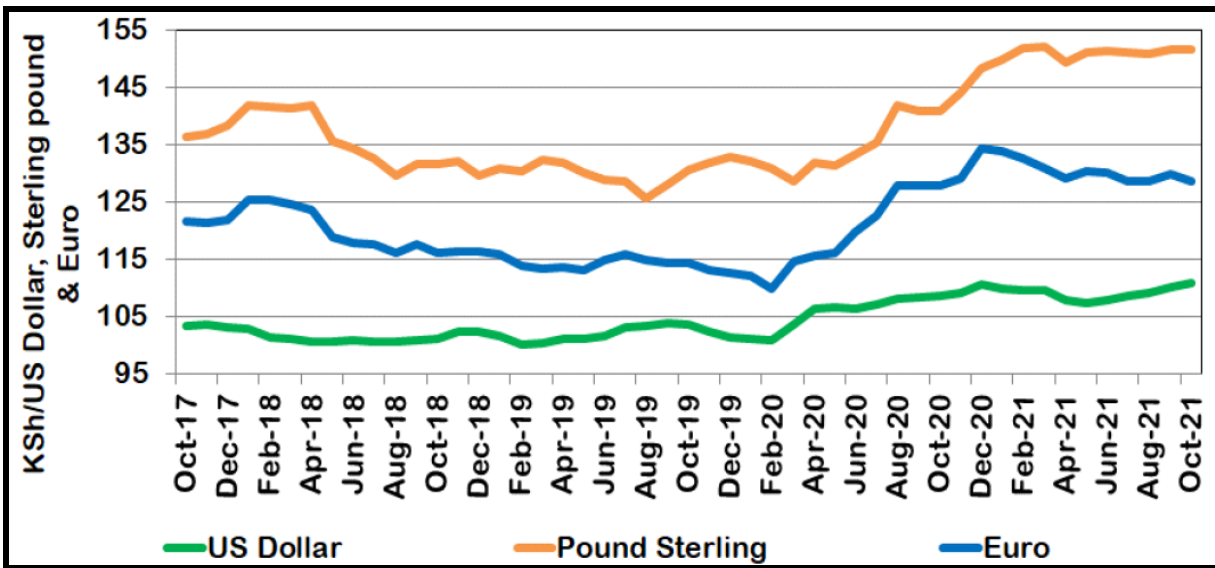


Figure 4: Kenya Shillings Exchange Rate

Source of Data: Central Bank of Kenya

In comparison to most Sub-Saharan Africa currencies, the Kenya Shilling has remained relatively stable weakening by 2.0 percent against the US Dollar in the year to October 2021 (Figure 4). This depreciation of the Kenya Shilling was lower than that of Rwanda Franc, Nigerian Naira, Mauritius Rupee, Burundi Franc and Ghanaian Cedi. The stability in the Kenya Shilling was supported by increased remittances, adequate foreign exchange reserves and favorable horticultural exports.

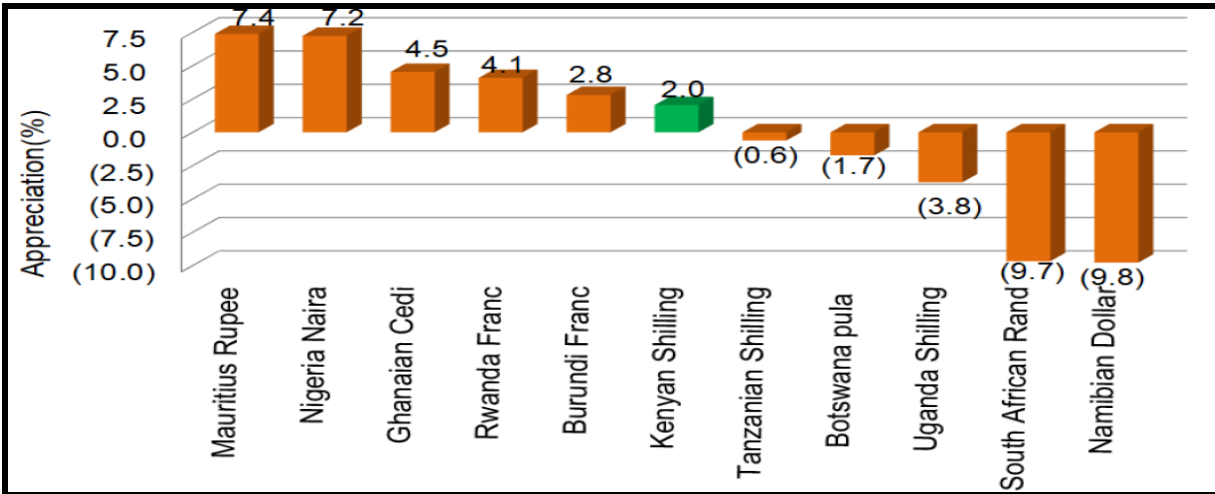


Figure 5: Performance of Selected Currencies against the US Dollar (October 2020 to October 2021)

Source of Data: National Central Banks

3.4 INTEREST RATES

Short-term interest rates remained fairly low and stable. The Central Bank Rate was retained at 7.0 percent on 28th September 2021 to signal lower lending rates in order to support credit access by borrowers especially the Small and Medium Enterprises distressed by COVID-19 pandemic. The money market was relatively liquid in October 2021 supported by Government payments. As such, the interbank rate remained low but increased slightly to 5.3 percent in October 2021 from 2.7 percent in October 2020 (Figure 5).

Interest rates on the Treasury bills remained relatively stable in October 2021. The 91-day Treasury Bills rate was at 7.0 percent in October 2021 compared to 6.5 percent in October 2020. Over the same period, the 182-day Treasury Bills rate increased to 7.4 percent from 6.9 percent while the 364-day also increased to 8.3 percent from 7.8 percent.

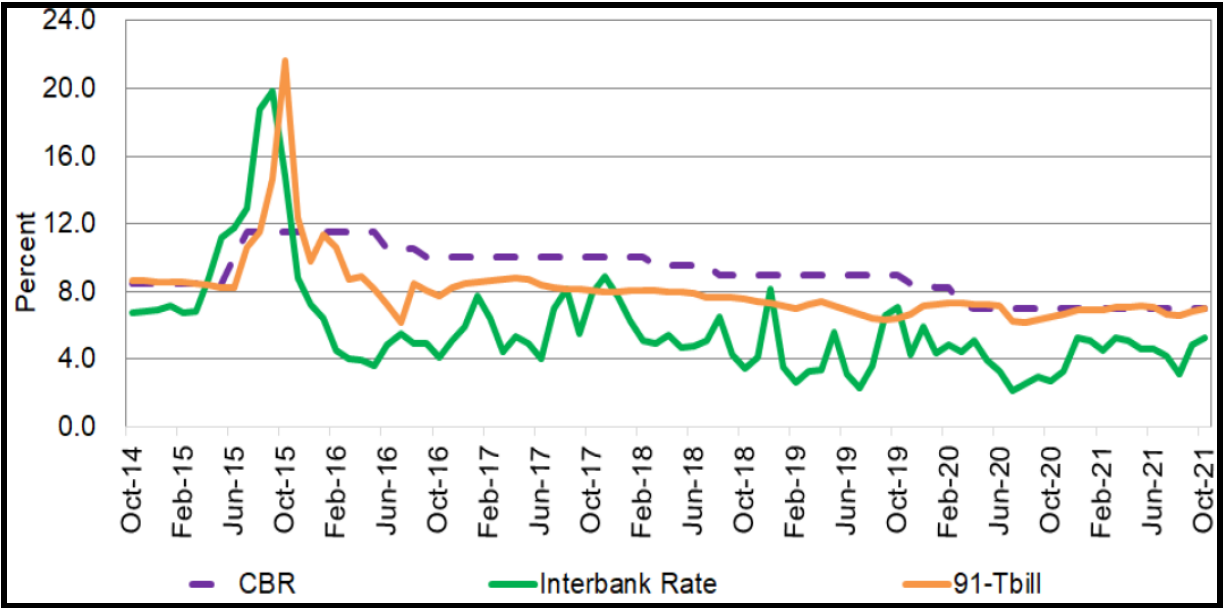


Figure 6: Short Term Interest Rates, Percent

Source of Data: Central Bank of Kenya

The improved liquidity in the money market has resulted in stable commercial bank rates. The average lending rate remained stable at 12.1 percent in August 2021 compared to 11.9 percent in August 2020 while the average deposit rates declined from 6.6 percent to 6.3 percent over the same period. This led to an increase in the average interest rate spread by 0.5 percentage points over the review period (Figure 6).

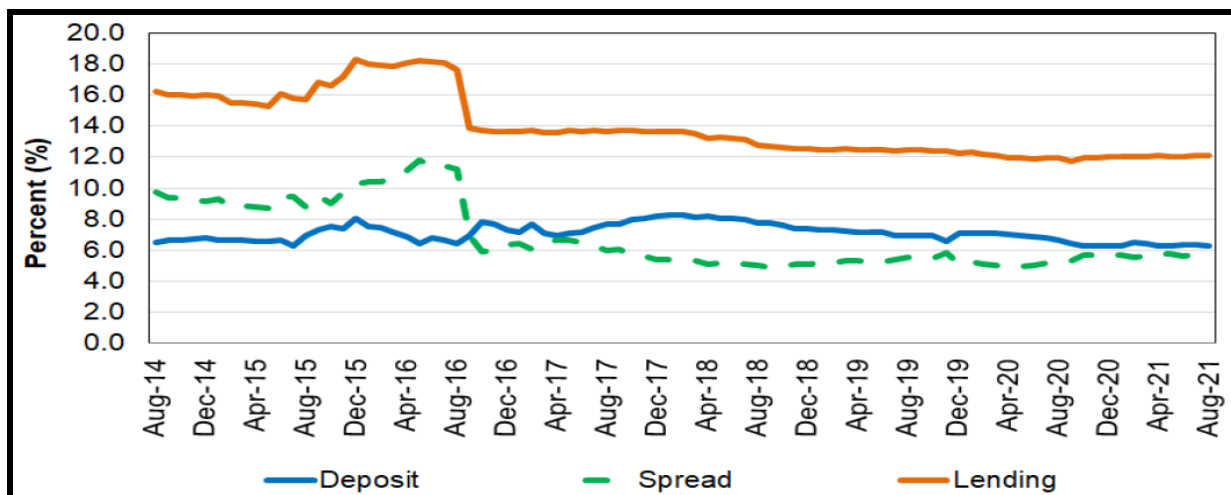


Figure 7: Commercial Bank Rates, Percent

Source of Data: Central Bank of Kenya

3.5 Money and Credit

Broad money supply, M3, moderated to a growth of 8.7 percent in the year to September 2021 compared to a growth of 10.7 percent in the year to September 2020 (Table 1.4). This reflected a relatively lower Net Foreign Assets (NFA) and reduced growth in the net lending to Government component of the Net Domestic Assets (NDA).

Net Foreign Assets (NFA) of the banking system in the year to September 2021 contracted by 11.7 percent, compared to a contraction of 10.3 percent in the year to September 2020. The decline in NFA of the Central Bank was largely due to scheduled debt service and other central bank operations. The NFA of commercial banks also declined during the review period as a result of a decrease in deposits abroad.

Table 5: Money and Credit Developments (12 Months to September 2021 Ksh billion)

				Change		Percent Change	
	2019 September	2020 September	2021 September	2019-2020 September	2020-2021 September	2019-2020 September	2020-2021 September
COMPONENTS OF M3							
1. Money supply, M1 (1.1+1.2+1.3)	1,459.7	1,665.8	1,770.8	206.0	105.0	14.1	6.3
1.1 currency outside banks (M0)	157.7	217.6	234.4	59.9	16.8	38.0	7.7
1.2 Demand deposits	1,190.6	1,371.0	1,421.3	180.4	50.3	15.2	3.7
1.3 Other deposits at CBK	111.4	77.2	115.1	(34.3)	38.0	(30.8)	49.2
2. Money supply, M2 (1+2.1)	2,866.0	3,180.5	3,408.1	314.5	227.6	11.0	7.2
2.1 Time and savings deposits	1,406.3	1,514.7	1,637.3	108.5	122.6	7.7	8.1
Money supply, M3 (2+3.1)	3,473.4	3,843.5	4,177.7	370.1	334.2	10.7	8.7
3.1 Foreign currency deposits	607.4	663.0	769.5	55.6	106.5	9.1	16.1
SOURCES OF M3							
1. Net foreign assets (1.1+1.2)	835.4	749.7	661.9	(85.8)	(87.8)	(10.3)	(11.7)
1.1 Central Bank	871.5	804.9	760.8	(66.6)	(44.1)	(7.6)	(5.5)
1.2 Banking Institutions	(36.1)	(55.2)	(98.9)	(19.2)	(43.7)	(53.2)	(79.1)
2. Net domestic assets (2.1+2.2)	2,637.9	3,093.8	3,515.8	455.9	422.0	17.3	13.6
2.1 Domestic credit (2.1.1+2.1.2+2.1.3)	3,566.6	4,051.4	4,588.0	484.9	536.6	13.6	13.2
2.1.1 Government (net)	894.3	1,196.0	1,527.9	301.7	331.9	33.7	27.7
2.1.2 Other public sector	99.8	88.7	80.8	(11.2)	(7.8)	(11.2)	(8.8)
2.1.3 Private sector	2,572.4	2,766.7	2,979.3	194.3	212.5	7.6	7.7
2.2 Other assets net	(928.6)	(957.6)	(1,072.2)	(29.0)	(114.6)	(3.1)	(12.0)

Source of Data: Central Bank of Kenya

Meanwhile, Net Domestic Assets (NDA) registered a growth of 13.6 percent in the year to September 2021, a decline compared to a growth of 17.3 percent over a similar period in 2020. This moderation mainly reflected a slowdown in net lending to government resulting from a reduced utilization of Government deposits at the Central Bank of Kenya. Net credit flows to the private sector and other public sectors improved during the review period.

Consequently, private sector credit improved to a growth of 7.7 percent in the 12 months to September 2021 compared to a growth of 7.6 percent in the year to September 2020 (Figure 1.9). All economic sectors, except mining and quarrying, registered positive credit growth rates reflecting improved demand as economic activities picked up in the first three quarters of 2021. Strong credit growth was mainly observed in consumer durables (17.6 percent); finance and insurance (11.7 percent); transport and communication (10.9 percent); manufacturing (9.8 percent) and business services (7.6 percent).

The Credit Guarantee Scheme for the vulnerable Micro, Small and Medium Enterprises (MSMEs) that was launched in October 2020, continues to de-risk lending by commercial banks and is critical to increasing credit flow to the sector.

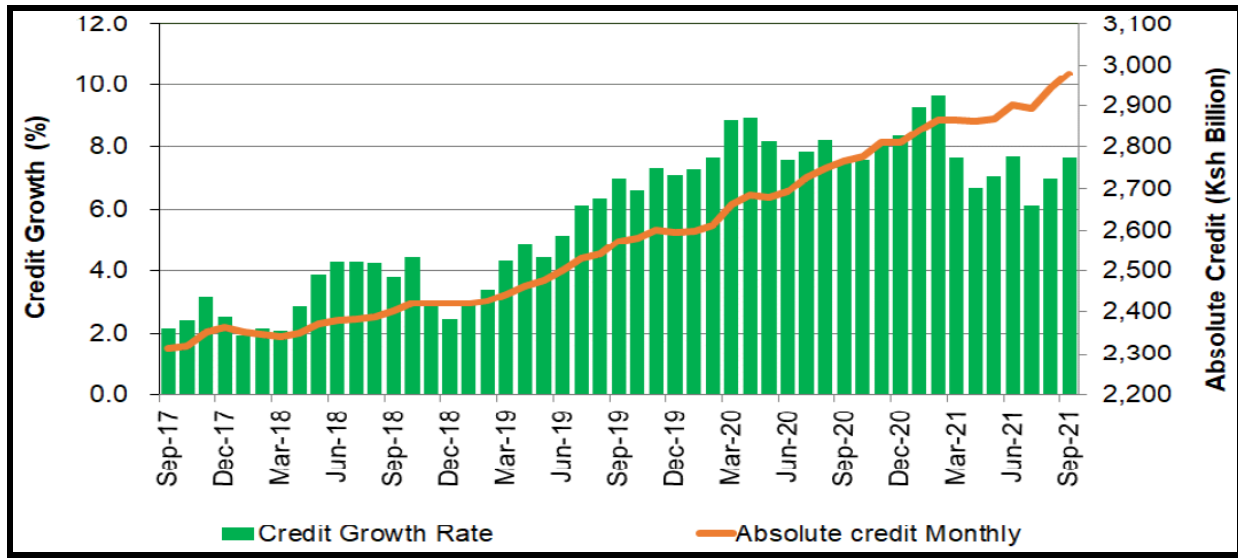


Figure 7: Private Sector Credit

Source of Data: Central Bank of Kenya

3.6 BALANCE OF PAYMENTS

The overall balance of payments position declined to a deficit of USD 107.6 million (0.1 percent of GDP) in the year to August 2021 from a surplus of USD 989.5 million (1.0 percent of GDP) in the year to August 2020 (Figure 1.10). This was mainly due to a decline in receipts from services despite an improvement in the capital and financial accounts.

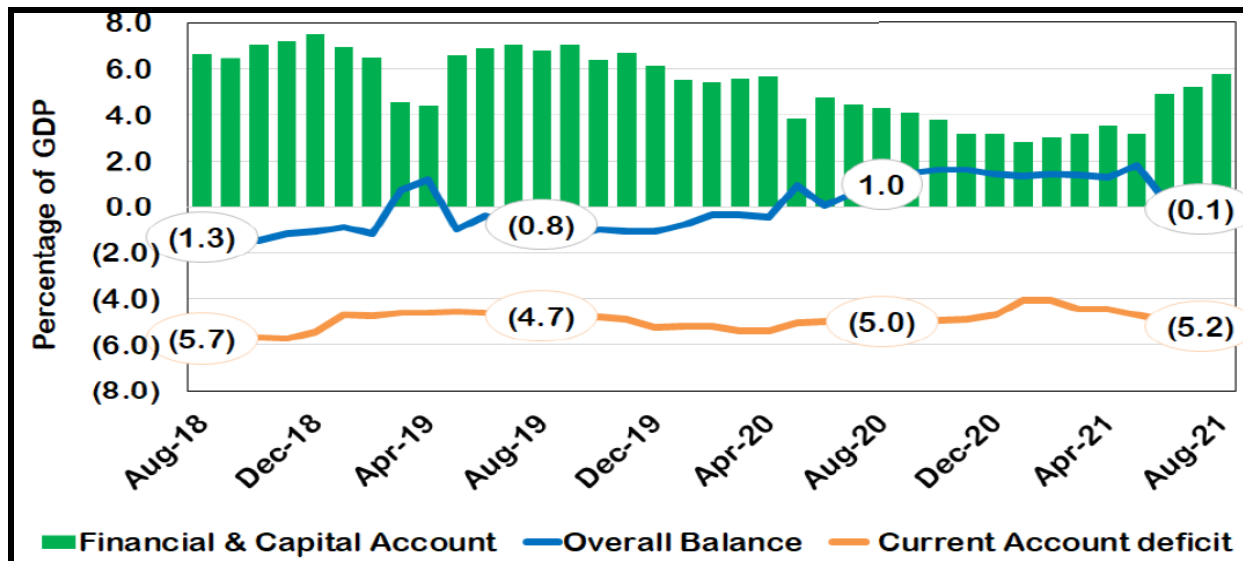


Figure 8: Balance of Payments (Percent of GDP)

Source of Data: Central Bank of Kenya

The current account remained stable in the year to August 2021. The current account deficit was at USD 5,707.3 million (5.2 percent of GDP) compared to USD 4,975.6 million (4.8 percent of GDP) in the year to August 2020 (Table 1.5). The current account balance was supported by an improvement in the net primary income balance and the net secondary income balance.

Table 6: *Balance of Payments (USD Million)*

								Year to August 2021		Percent of GDP	
	Aug-19	Aug-20	Dec-20	Mar-21	Jun-21	Jul-21	Aug-21	change	Percent Change	Aug-20	Aug-21
Overall Balance	(746.7)	989.5	1,426.8	1,501.3	361.5	566.6	(107.6)	(1,097.1)	(110.9)	1.0	(0.1)
A) Current Account	(4,687.4)	(4,975.6)	(4,618.8)	(4,911.0)	(5,503.6)	(5,644.9)	(5,707.3)	(731.8)	14.7	(4.8)	(5.2)
<i>Merchandise Account (a-b)</i>	(10,242.2)	(9,089.8)	(8,430.2)	(8,797.0)	(9,597.5)	(9,838.7)	(10,069.7)	(979.9)	10.8	(8.8)	(9.1)
a) Goods: exports	5,866.4	5,940.9	6,062.0	6,038.2	6,402.5	6,469.4	6,529.3	588.5	9.9	5.8	5.9
b) Goods: imports	16,108.6	15,030.6	14,492.2	14,835.2	15,999.9	16,308.0	16,599.0	1,568.4	10.4	14.6	15.1
<i>Net Services (c-d)</i>	1,906.8	720.8	355.1	182.2	160.5	111.1	143.3	(577.4)	(80.1)	0.7	0.13
c) Services: credit	5,699.6	4,255.3	3,731.8	3,567.9	3,844.1	3,883.5	3,993.6	(261.7)	(6.1)	4.1	3.6
d) Services: debit	3,792.8	3,534.5	3,376.7	3,385.7	3,683.6	3,772.4	3,850.2	315.8	8.9	3.4	3.5
<i>Net Primary Income (e-f)</i>	(1,594.4)	(1,592.1)	(1,494.0)	(1,397.3)	(1,502.3)	(1,462.1)	(1,440.5)	151.6	(9.5)	(1.6)	(1.3)
e) Primary income: credit	216.3	172.1	143.7	128.3	150.7	149.5	159.0	(13.2)	(7.6)	0.2	0.1
f) Primary income: debit	1,810.7	1,764.3	1,637.7	1,525.7	1,653.0	1,611.6	1,599.5	(164.8)	(9.3)	1.7	1.5
<i>Net Secondary Income</i>	5,242.4	4,985.5	4,950.3	5,101.1	5,435.7	5,544.8	5,659.5	674.0	13.5	4.9	5.1
g) Secondary income: credit	5,294.7	5,034.5	5,026.0	5,193.9	5,534.0	5,636.5	5,750.7	716.3	14.2	4.9	5.2
h) Secondary income: debit	52.3	49.0	75.7	92.7	98.3	91.8	91.2	42.2	86.3	0.0	0.1
B) Capital Account	215.2	133.9	131.2	191.1	422.3	422.3	412.2	278.3	207.8	0.1	0.4
C) Financial Account	(6,540.0)	(4,157.9)	(3,022.6)	(3,298.1)	(5,060.2)	(5,337.3)	(5,923.5)	(1,765.7)	42.5	(4.0)	(5.4)

Source of Data: Central Bank of Kenya

The balance in the merchandise account reduced by USD 979.9 million to a deficit of USD 10,069.7 million in the year to August 2021 mainly due to increased payments on imports despite an improvement in the export earnings (Table 3). In the year to August 2021, exports grew by 9.9 percent primarily driven by increased receipts from exports of horticulture and manufactured goods. On the other hand, imports of goods increased by 10.4 percent in the year to August 2021 mainly reflecting increases in imports of oil and other intermediate goods.

Net receipts on the services account declined by USD 577.4 million to USD 143.3 million in the year to August 2021 compared to USD 720.8 million in a similar period in 2020 mainly on account of lower receipts from transport and travel services. The balance on the primary account improved by USD 151.6 million to a deficit of USD 1,440.5 million in the year to August 2021, due to lower reinvestment related outflows. Secondary income inflows remained resilient and increased by USD 674.0 million during the review period supported by remittances.

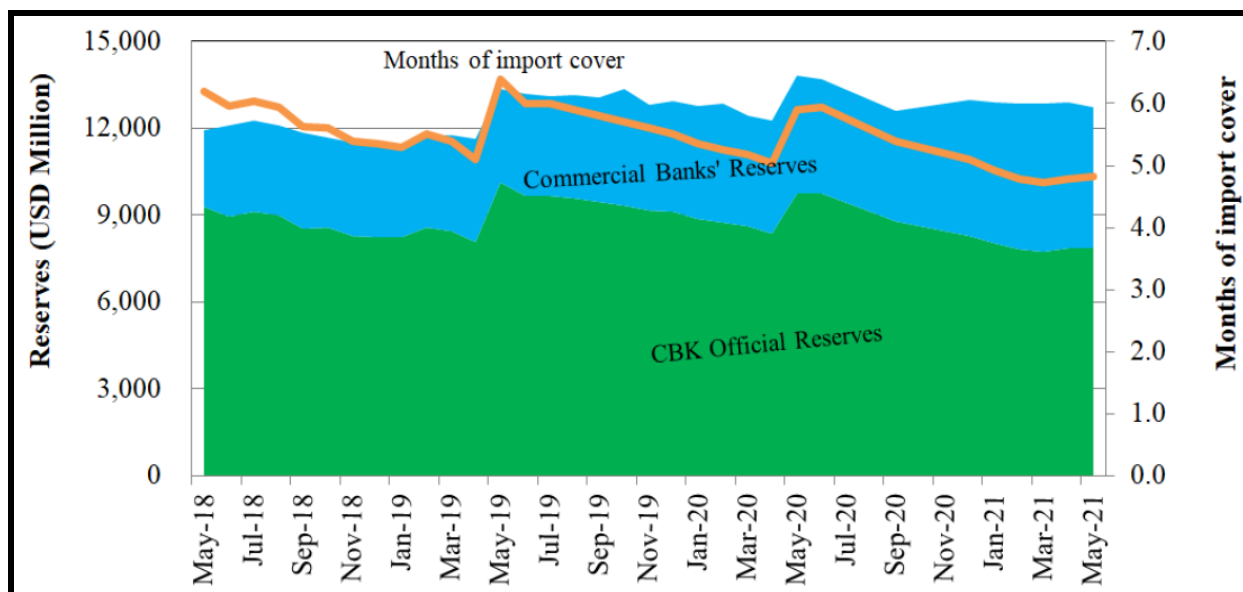
The capital account balance improved by USD 278.3 million and registered a surplus of USD 412.2 million in the year to August 2021. Net financial inflows also improved to USD 5,923.5

million in August 2021 compared to USD 4,157.9 million in August 2020. The net financial inflows were mainly in the form of other investments, portfolio investments and financial derivatives. Direct investments recorded net financial outflows during the same period.

3.7 Foreign Exchange Reserves

The banking system’s foreign exchange holdings remained strong at USD 12,745.4 million in May 2021 from USD 13,805.7 million in May 2020. The official foreign exchange reserves held by the Central Bank was at USD 7,871.6 million (4.8 months of import cover) in May 2021 compared with USD 9,738.3 million (5.9 months of import cover) in May 2020 (Figure 9). This fulfills the requirement to maintain reserves at minimum of 4.0 months of import cover to provide adequate buffer against short term shocks in the foreign exchange market. Commercial banks holdings increased to USD 4,873.8 million in May 2021 from USD 4,067.3 million in May 2020.

Figure 2: Official Foreign Reserves (USD Million)



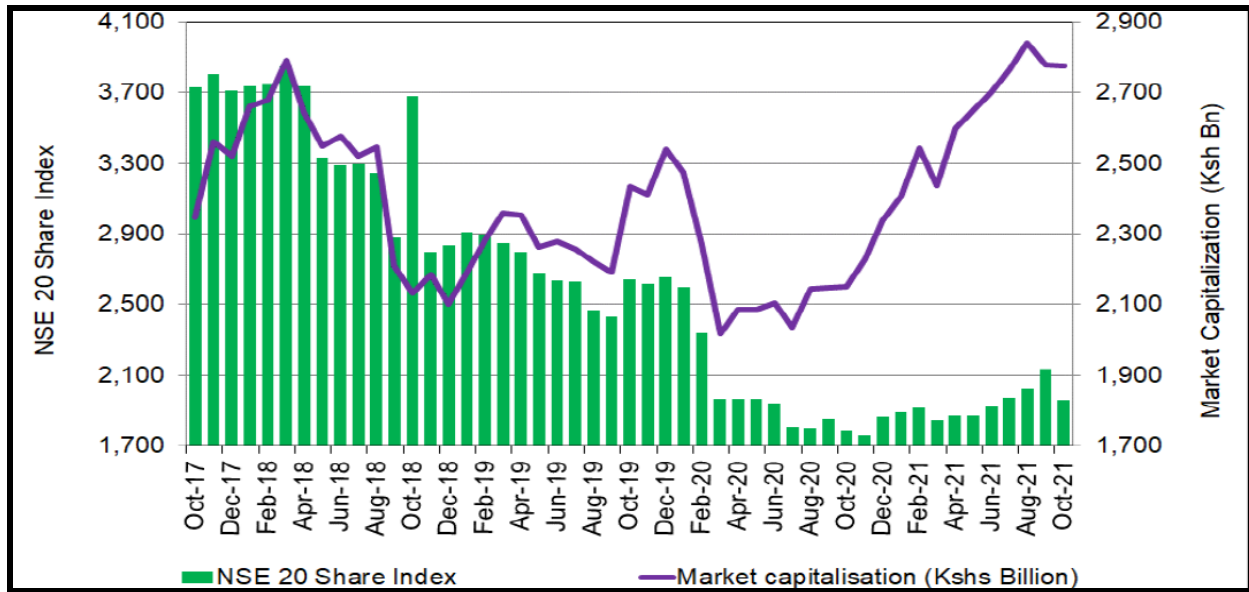
Source of Data: Central Bank of Kenya

3.8 CAPITAL MARKETS DEVELOPMENT

3.8.1 Nairobi Securities Exchange

Activity in the capital markets improved in October 2021 compared to October 2020, with equity share prices increasing as shown by the NSE 20 Share Index. The NSE 20 Share Index stood at 1,960 points by end of October 2021, an increase compared to 1,784 points by end October 2020. Market capitalization also increased to Ksh. 2,775 billion from Ksh. 2,150 billion over the same period indicating increased trading activities (Figure 10).

Figure 3: Performance of the Nairobi Securities Exchange



Source of Data: Nairobi Securities Exchange

3.9 COUNTY FISCAL PERFORMANCE

3.9.1 OWN SOURCE REVENUE PERFORMANCE

The County’s approved budget for FY 2021/22 was Kshs.12.15 billion, comprising Kshs.3.71 billion (30.5 per cent) and Kshs.8.44 billion (69.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.9.44 billion (77.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.98 billion (16.3 per cent) from own sources of revenue, and a cash balance of Kshs.719.50 million (5.9 per cent) from FY 2020/21.

3.9.2 EXPENDITURE PERFORMANCE

3.9.2.1 COUNTY GOVERNMENTS BUDGET ABSORPTION RATE

Table 7: Kisumu County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, and Fisheries	198.49	609.49	-	-	-	-	-	-	0.0	-
County Assembly	779.32	150.00	103.49	-	103.12	-	99.6	-	13.2	-
Trade, Energy, and Industry	100.60	354.30		-		-	-	-	0.0	-
Kisumu City	355.43	155.90		-		-	-	-	0.0	-
Governor and Administration	682.21	75.00	2.53	-	2.53	-	100.0	-	0.4	-
Education	592.44	260.10		-		-	-	-	0.0	-
Environment and Natural Resources	101.63	79.95		-		-	-	-	0.0	-
Finance and Economic Planning	1,414.44	806.75	51.23	-	51.23	-	100.0	-	3.6	-
Tourism, culture, and sports	65.68	144.55		-		-	-	-	0.0	-
Medical Services and Public Health	3,804.37	213.80	1,080.86	-	1,080.86	-	100.0	-	28.4	-
Physical Planning and Housing	73.51	345.60		-		-	-	-	0.0	-
County public service Board	75.03			-		-	-	-	0.0	-
Transport and Infrastructure	196.17	511.42		-		-	-	-	0.0	-
TOTAL	8,439.31	3,706.87	1,238.11	-	1,237.74	-	100.0	-	14.7	-

Source: Kisumu County Treasury

The Department of Medical Services and Public Health had the highest percentage of recurrent expenditure to budget at 28.4 per cent, followed by the County Assembly at 13.2 per cent. Overall, the county departments had an average absorption rate of 14.7 per cent in the first quarter of the financial under review.

3.9.3 ECONOMIC IMPACT OF THE COVID-19 PANDEMIC

Labor Participation

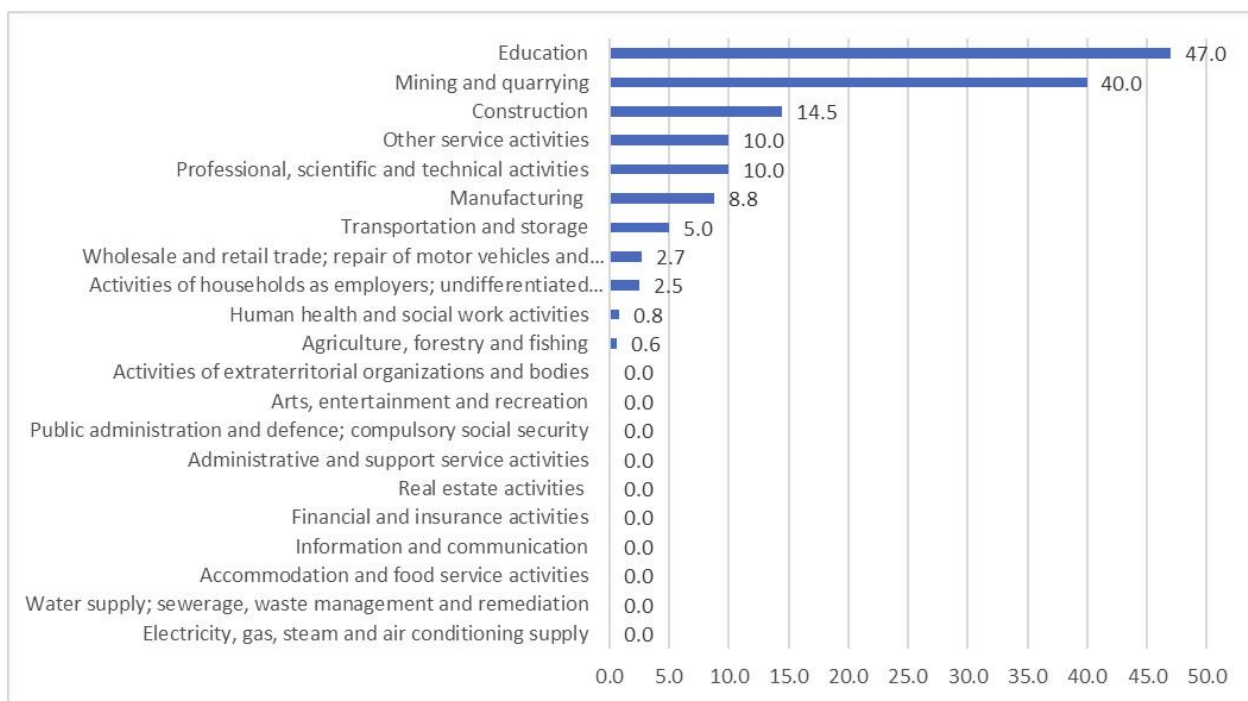
According to the May 2020 KNBS COVID_19 Survey, 9.79 per cent of workers in the County were working in the formal sector for pay. About 29.3 per cent were self-employed. From the survey, the County reported a decrease of 20 hours in the mean working hours per week for household in non-farm and farm businesses, which can be attributed to the pandemic due to the cessation measures and closure of businesses. Further, COVID-19 had adverse effects on the service sectors. According to the survey, the education sector reported the highest level of loss of hours worked in a week (47 hours). The workers in mining and quarrying lost 40.0 hours in a week while workers in construction sector lost an average of 14.5 working hours in a week. Workers in manufacturing, and transportation and storage recorded an average loss of 8.8 hours

and 5.0 hours per week, respectively. This implies that the pandemic had a negative effect on the County economy subsequent to the loss of employment, productivity and output.

Majority of the workers in the private sector were given unpaid leave due to reduced activities at workplace as a result of implementing strict health guidelines. In private sector schools, and other businesses such as bars, hotels, market centres had totally closed, leading to reduced business activities. Workers in the transport sector had also been rendered jobless due to restrictions.

According to the May 2020 KNBS COVID_19 Survey, workers in the private sector, self-employed and those working in the individual household business recorded a decrease in income by 76.2 per cent, 88.9 per cent and 89 per cent, respectively in 2020. In Kisumu County, the informal sector cuts across retail and wholesale trade, industry, transport, agriculture and extraction of minerals employ approximately more than 60 per cent of youth in gainful employment. Further, majority of youth engage in fishing as the main source of income. According to survey, workers in agriculture, forestry and fishing sectors lost 0.6 hours during the COVID 19 review period. Incomes for workers in small scale agriculture decreased by 3.4 per cent.

Figure 4: Difference between usual hours worked and actual hours worked during COVID-19 period



Data source: KNBS (2020)

Agricultural and Livestock

Global and domestic directives aimed at containing the spread of the COVID-19 pandemic resulted to decline in market operations and ability of farms to sustain their existing workforce. Farms have been forced to either send workers on unpaid leave or lay off workers. In addition,

movement restrictions and directives minimizing the physical contact and crowding of people are likely to have resulted to labor disruptions in the sector. Further, with restrictions affecting seamless movement of food commodities, 54 per cent of households in Kisumu County indicated experiencing an increase in food prices. An increase in food prices has significant implications on household budget. Low marketing activity led to loss of income for vegetable, dairy and poultry farmers, increased farm losses and post-harvest losses.

Services Sector

Due to the COVID-19 pandemic, the tourism sector in the County almost collapsed following cancellation of cultural and sports tourism events. The sector depends on hotels and transport industries whose activities were disrupted. This has resulted in loss of livelihoods for locals working in the tourism sector and declined revenues for hoteliers. Employment in tourism in the County has declined by 20 to 40 per cent. The instituted COVID-19 measures especially public health interventions on water, sanitation and hygiene (washing hands and sanitation) have contributed to reduction in common diseases such as diarrhea and common cold.

The education sector was disrupted with closure of all schools, which has led to loss of learning time and teaching time. Although almost all schools have access to the digital literacy programme, undertaking online classes in the County is almost impossible since about 80 per cent of the households do not have internet access. Conducting online classes would leave 90.2 per cent of the population uncovered while leading to learning inequities, and disproportionately affecting disadvantaged and vulnerable children since only 9.8 per cent of the County households had access to at least a desktop computer/laptop or tablet according to KPHS (2019). The school feeding programmes in Early Childhood Development Education (ECDE) and primary schools were discontinued after the closure of schools in March 2020. This is likely to result into malnutrition diseases especially among learners from marginalized regions who used to depend on the programme.

Medium Small and Medium Enterprises sector

Majority of Medium Small and Medium Enterprises (MSMEs) in Kisumu County operate in the wholesale and retail trade and repair of motor vehicles and motorcycles (49.1 per cent), manufacturing (8.9 per cent), arts, entertainment and recreation (6 per cent), accommodation and food services (6.7 per cent), financial and insurance activities (6.7 per cent). Ideally, these are the sectors that have been affected most by the COVID-19 pandemic and need focus in achieving reengineering and recovery.

MSMEs in Kisumu County are largely located in commercial premises, and therefore most of the businesses faced difficulties in meeting their rental obligations due to income disruptions occasioned by COVID-19 pandemic. According to the May 2020 KNBS COVID_19 survey, 6.6 per cent of the non-farm businesses attributed non-payment of household rental obligations to delayed incomes/earnings while 93.4 per cent attributed the same to reduced incomes/earnings. For those involved in farm businesses, 52.8 per cent attributed the same to delayed incomes/earnings while 47.2 per cent were affected by temporary layoffs/closure of businesses.

Infrastructure and housing

The transport sector experienced twin challenges of the COVID-19 pandemic and floods. The instituted measures in the sector saw an increase in fares charged to cover the operating costs of service providers and affecting mobility options for commuters. As a result of the COVID-19 pandemic, the passengers using public transport services saw expenditure on transport increase by 38.3 per cent. Floods largely damaged the transport infrastructure, with an estimated cost in damage of Ksh 500 million. These damages were unforeseen and thus had not been budgeted for.

Majority of households (59.5 per cent) own the housing units they occupy while 40.4 per cent of the households are under rental tenure. Individuals are the primary providers of rental housing at 89.5 per cent followed by National Government (3.4 per cent); and private companies (2.8 per cent). With the advent of COVID-19 pandemic households' ability to pay rent was affected, with 42.2 per cent of the population indicating inability to pay rent on the agreed date. The main reason that has made households unable to pay rent was attributed to reduced incomes/earnings, reported by 70.3 per cent of the population.

Gender and Youth

Due to the COVID-19 pandemic, the months of March, April and May recorded an upsurge in the percentage of teen pregnancies countrywide with Kisumu recording 1,840 cases and youth who were out of school due to COVID-19 were equally exposed to the risk of child pregnancy. Another major concern is the high HIV/AIDS incidence among the youth, adolescent and young people aged (15-24 years) that contribute to 52 per cent of all new HIV infections in the County (Kenya HIV Estimates, 2015). The youth comprise 37.6 per cent of Kisumu County population. However, 61 per cent of them are unemployed while 92 per cent of the unemployed youth lack vocational or professional skills demanded by the job market. The unemployment rate has also contributed to high inequality and poverty levels, with the youth being the most affected. Some of these effects have brought about emotional and psychological problems and issues related to gender-based violence (GBV). A total of 58 GBV cases were reported in Kisumu County in April 2020 (Kisumu County-HAK Helpline, 2020). Other challenges affecting the youth include unemployment, drug use and substance abuse.

Water and sanitation

The county incurred additional cost in water service provision. The county distributed clean water in public places and markets and put in place hand washing facilities at the marketplaces for the traders to wash their hands. Water companies lost a significant amount of their revenues due to low demand of water and sanitation services mostly from hotels, schools and other institutions due to closure of operations. This may affect the delivery, development and rehabilitation of WASH services.

DOMESTIC ECONOMIC INDICATORS

3.9.4.1 INFLATION

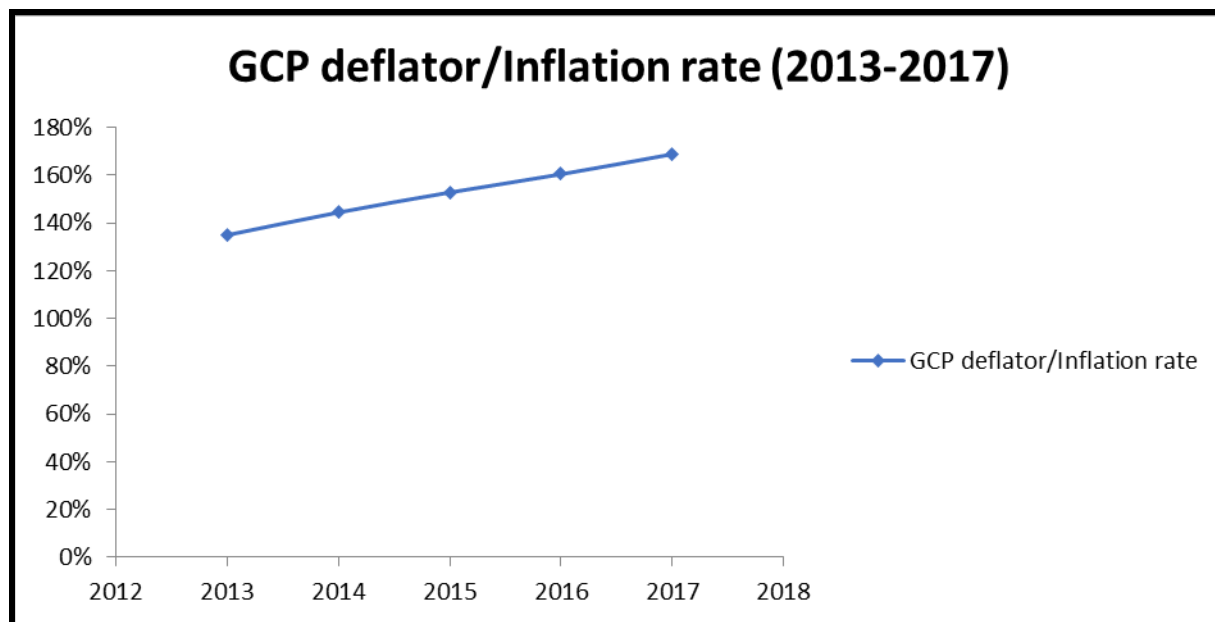
Table 1.6: Kisumu County GCP deflator/Inflation

Year	Kisumu County Nominal GCP (2017 Prices)	Kisumu County Real GCP (2009 Prices)	GCP deflator	Inflation rate
2013	135,418	100,347	135%	
2014	152,655	105,662	144%	11%
2015	165,503	108,266	153%	9%
2016	181,161	112,865	161%	8%
2017	194,489	115,128	169%	8%

The county has experienced high inflation rates averaging at 9 per cent between 2013 and 2017. This is above the optimal inflation rate of approximately 2 per cent.

Figure 5: Kisumu County GCP Deflator

Source of data- Kenya National Bureau of Statistics.



The figure above shows the gross county product that measures changes in the prices of goods and services produced within Kisumu County, including those exported to other counties. For the period between 2013 and 2017, the GCP deflator the county averaged 152 per cent.

ECONOMIC GROWTH

3.9.5 Kisumu County Economic Growth

Table 1.6: Kisumu County Economic Growth

Year	Kisumu County GCP	Economic growth
2013	135,418	
2014	152,655	12.73%
2015	165,503	8.42%
2016	181,161	9.46%
2017	194,489	7.36%

Significant economic reforms that have contributed to sustained economic growth, social development, and political stability gains over the past few years. Recent statistics show that the county has maintained a high economic growth averaging approximately 9 per cent between 2014 and 2017 making it one of the fastest growing economies in Kenya. The performance of the economy has been boosted by a stable macroeconomic environment, positive investor confidence and a resilient services sector.

Figure 6: Kisumu County Economic Growth Trend

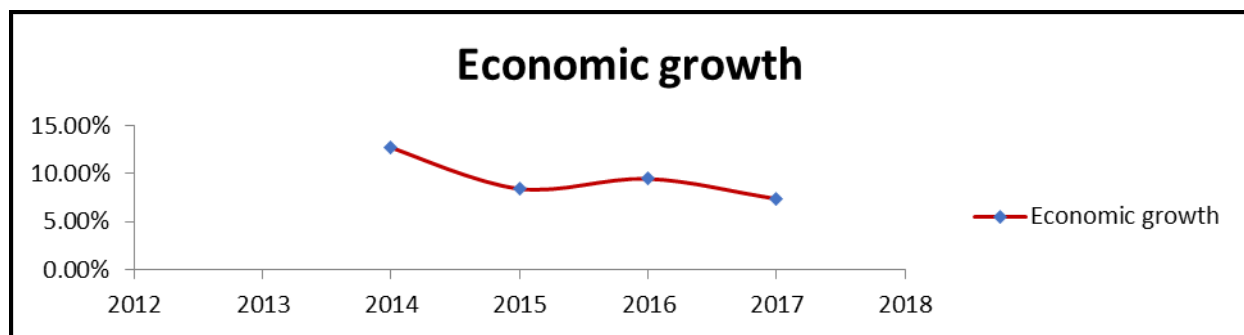
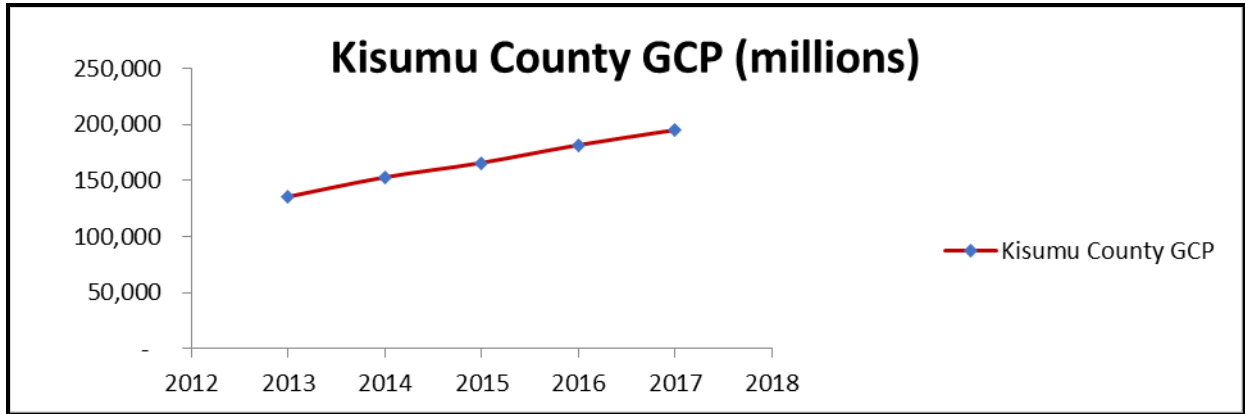
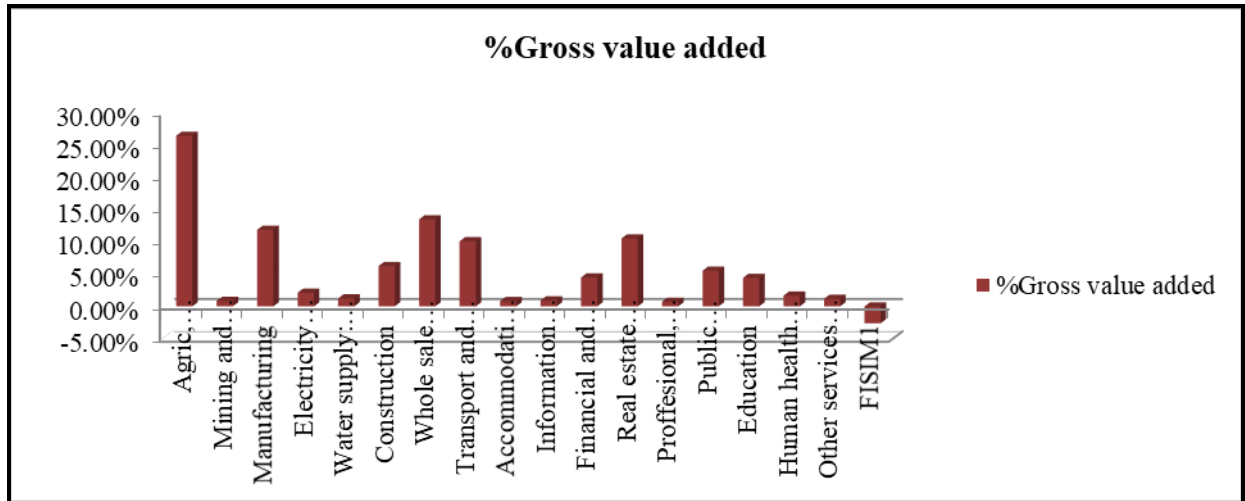


Figure 7: Kisumu County GCP Trend



The county gross county product has been on upward trend attributed to increased economic activities in the county, with renovation of the Kisumu port, operationalization of the defunct meter gauge railway and expansion of businesses spaces among other important developments undertaken by the county government in the county, the county will experience a higher growth in its GCP.

3.9.6 GCP CONTRIBUTION PER SECTOR



The major contribution to Kisumu GCP is agriculture, forestry and fishing at 26% while wholesale and retail, manufacturing, real estate activities and transport and storage follow at 13.4 percent, 11.8 percent, 10.5percent and 10.1 percent respectively. The County’s strategy in agricultural revitalization through rehabilitation of wetlands and expansion of irrigation schemes will increase agricultural output. This is expected to increase the GCP.

3.9.7 PER CAPITA GROSS COUNTY PRODUCT

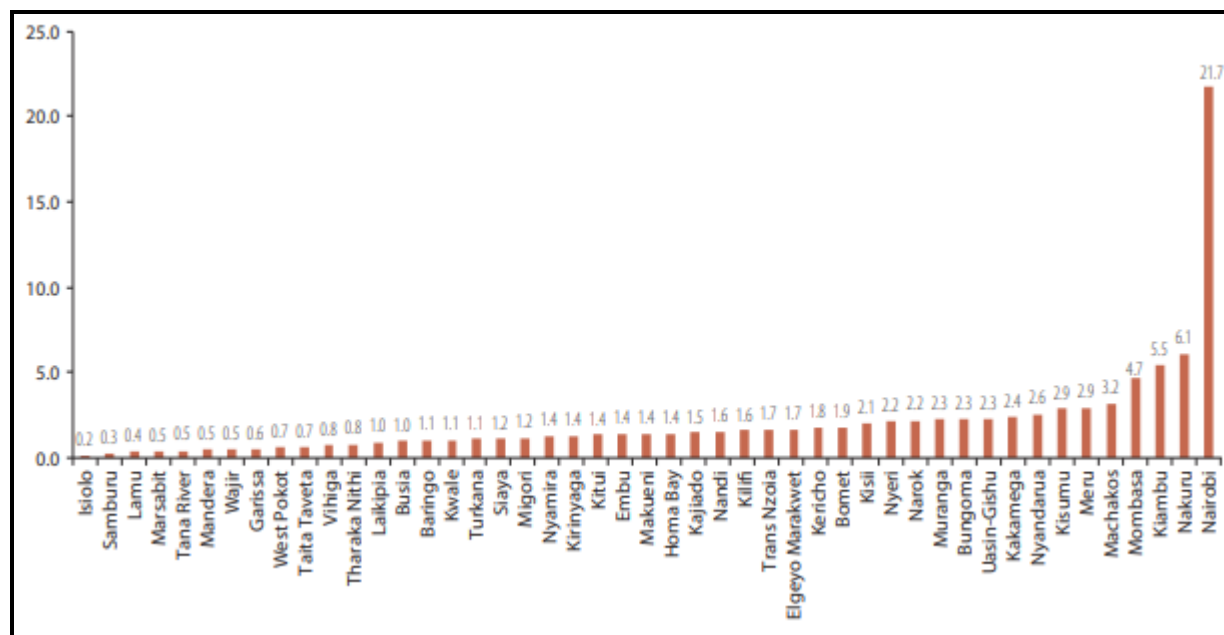
	GCP-2017	Population 2019	Per Capita GCP,2017
2009 Prices (Real Prices)	115,128,000,000	1,155,574	99,628
Current Prices (2017-Nominal Prices)	194,489,000,000	1,155,574	168,305

The county per capita gross county product measures the County’s economic output shared equally among its population. It is an indicative measure of County standard of living. The real GCP in 20121 was Ksh 99,628 while the nominal GCP per capita was Ksh. 168,305 using 2009 real and current prices. Kisumu County’s living standards was above the national real GDP per capita which was Ksh.96 779 in 2017.

3.9.8 GCP ACROSS COUNTIES

There are significant disparities in the size of GCP across all counties. The average contribution per county to GDP growth over the period 2013-2017, is approximately 2.1 percent with a standard deviation of 3.2. This indicates a large heterogeneity across counties in their contribution to GDP over that period. As an example, Nairobi contributing the largest share, 21.7 percent, while Isiolo’s share was the smallest at 0.2 percent based on a five-year period (2013-2017). In 2017 Kisumu contributed 2.9 per cent to the nation GDP.

Figure 8: County Share of GDP (Average 2013-2017)



CHAPTER FOUR
FISCAL POLICY AND BUDGET FRAMEWORK

4.0 INTRODUCTION

Whilst consolidating earlier gains, the 2022/2023 Medium-Term Fiscal Policy will primarily focus on priority programs aimed at economic recovery and achieving the socio economic transformation agenda envisaged under the second generation county integrated development plan 2018-2022, annual development plan 2022/2023 and Kisumu County COVID-19 Social Economic Re-Engineering Recovery Strategy 2020/21-2022/23 focusing on Boosting private sector activity; Policy, legislation and institutional reforms; Strengthening County government's preparedness and response to pandemic and disasters; Enhancing ICT capacity for business continuity; and Human capital development. The policy thrust for the FY 2022-2023 has been highly influenced by the emergence of covid-19 pandemic and thrives to achieve the long term overall objective of 'increased household income for sustainable livelihoods' while at the same time enable residents of the county recover and build resilience from effects of the pandemic. This includes a determination by the County Government to settle debts owed to small and medium enterprises in pending bills amounting to approximately 1.3 Billion.

The priorities notwithstanding, the County Government will strive to ensure that public spending leads to high quality outcomes within a sustainable and affordable framework.

In this regard, spending will be directed towards the most critical needs of the county with the aim of achieving quality outputs and outcomes with existing or lower level of resources such as implementation of priority projects and programmes with higher economic and social impacts, payment of pending bills and gratuity. Furthermore, the County Government will dedicate resources to building an ultra-modern office complex for improved efficiency in service delivery to the people.

The County Government has projected to raise Kshs.10.4B as both equitable share and own source revenue in the FY 2022/2023 to finance its programmes in order to achieve the above objectives. The funds will be allocated as categorized below:

- i. Personnel Emoluments will be 47% (This includes gratuity and pension)
- ii. Development Expenditure will be at 30%
- iii. Operation and Maintenance Expenditure will be 23%

In addition, the County Government will;

- i. Increased engagement with the donor community to fund some programmes and also fast track development of PPP implementation guidelines.
- ii. Engage in prudent fiscal risk management. The government will continuously make reference to the national macro-economic forecasts and projections to gauge its implications to the budget
- iii. Strictly adhere to the CRA, SRC and Controller of budget guide lines

4.1 FISCAL STRUCTURAL REFORMS

This policy aims at increasing allocation of more resources to development expenditure as it continues with the following programmes –

- i. Enhancing revenue mobilization; by finalizing revenue automation project through system integration, networking and acquisition of relevant equipment e.g., POS machines and computers. Finally enhancing enforcement mechanisms, identification of new revenue streams and improvement of service delivery
- ii. The County Government intends to collect previous land rates arrears and implementation of the new valuation roll once the court process is cleared.
- iii. Expenditure rationalization by finalizing and subsequent implementation of staff rationalization report.
- iv. Expenditure efficiency and effective implementation of budget programs; Continuous implementation of e-procurement, embrace internet banking and preparation of budget through IFMIS.
- v. Training, roll out and use of financial operations process manual.
- vi. Implementation of expenditure containment and rationalization to ensure efficiency in resource allocation and expenditure.
- vii. Realizing Value-for-Money in County development programmes by Strengthening Monitoring and Evaluation (M&E) and Performance Management.
- viii. Improving the quality of government strategy and policy by enlisting high-level advisory services.
- ix. Settling pending bills and arrears in staff welfare/pensions remittance to LAPTRUST and LAPFUND.
- x. Building an Ultra-Modern office complex for the County Government of Kisumu.

MEDIUM TERM DEBT MANAGEMENT STRATEGY

DEBT MANAGEMENT OBJECTIVES AND SCOPE

Debt management has significant repercussions on future spending levels, extending into future mid- term period. The objectives form a base for regular reporting to the County Assembly on the costs that users of the debt incur, to hold the government accountable. Debt management objectives determine the long term aims of debt management and should cover all County government liabilities including contingent liabilities

OBJECTIVE OF COUNTY DEBT MANAGEMENT

The following are the objectives of debt management as per the PMF Act –

- The principal objective of the County government debt management is to meet its financing requirements at the least cost possible with a prudent degree of minimal risk.
- The secondary objective is to enable the government to deal with the existing debt portfolio to release resources to service delivery.

The 2022 MTDS will guide the County Government operations in FY2021/2022 - FY2023/2024. The strategy seeks to balance cost and risk of public debt while considering the financing needs of the county and to develop initiatives for new funding sources.

COUNTY GOVERNMENT OF KISUMU DEBTS

A separate County Debt Management Strategy paper has been prepared together with this CFSP. It identifies revenue gaps as the major cause of pending bills accumulation in the County. This coupled with pressure on spending against a resource envelope that is not expanding has posed a major challenge for the County Government. An example is the revenue performance of FY 2020/2021 where revenue generated from local sources was Kshs. 931,267,781 against a target of Kshs.1, 579,172,106. This resulted in a negative variance of Kshs.647, 904,324 (41% of the annual local revenue target).

CATEGORY AND PRINCIPAL RISK ASSOCIATED WITH DEBT

Debt category	Nature of risk	Level of risk	Step taken to mitigate against the risk identified
Court Awards Ksh. 790,000,000	Legal and financial risks resulting in penalties and accrued interest. Taxing of outstanding legal fees resulting in higher fees. Instituting legal proceedings against the County	High	<ul style="list-style-type: none"> - Negotiation with various law firms and decree holders for an extended repayment period. - Budgetary allocations to cater for settlement of the awards and fees.

	government.		
Medallion Kshs. 8,000,000	Reputation risk in failure to reward employees. Legal risk through instituting legal proceedings to claim the debt.	High	<ul style="list-style-type: none"> - Amount owed has been factored in the budget for the FY 2021/2022. Payment will expunge the debt and clear the attendant risks.
Gratuity Kshs.630,092,577	Reputation risk for failure to meet the obligations to the employees. Legal risk. Financial risk	High	<ul style="list-style-type: none"> - Measures have been instituted to remit monthly gratuity to County Pension Fund. - Increment in the Personnel Emolument allocations towards settling it.
Contractors and Suppliers of goods and services Kshs 1,722,210,100.58	Legal risk through court proceedings to recover owed sums. Reputation risk. Financial risk in the event interest clause in the contracts are triggered.	High	<ul style="list-style-type: none"> - Recurrent pending bills amount to Kshs.427 million are currently being processed in departments as first charge. - A balance of Kshs.230 million in the pending bills vote will be used to settle development pending bills. The residual balances to be given priority in subsequent budgetary allocations.
Statutory deductions (NSSF & LAPFUND & LAPTRUST) Kshs.905,884,023.28	Compliance Risk. Reputational Risk Financial Risk from resultant penalties from non-compliance.	High	<ul style="list-style-type: none"> - Negotiating with these institutions with a view of staggering payments. - Includes verification and reconciliation and finally a viable repayment plan. - Possibility of asset swap also under consideration.

Unremitted Retention Funds Ksh.70,426,518.00	Reputation Risk Financial Risk. Compliance Risk Legal Risk	High	- Payment of retention funds as and when they fall due. - Adequate provision for retention funds.
National Housing Corporation Kshs. 1,200,000,000.00	Reputation risk. Legal Risk Financial Risk.	High	- Includes verification and reconciliation and finally a viable repayment plan. - Equity in development of housing estate. - Loan from commercial bank to repay outstanding debt .

STRATEGIES OF DEALING WITH DEBT IN THE MEDIUM TERM

Step taken to mitigate against the risk identified

- Negotiations with various law firms and decree holders for an extended repayment period.
- Partial settlement of the decretal sums.
- Budgetary allocations to cater for settlement of the awards and fees.
- Measures have been instituted to remit monthly gratuity to County Pension Fund and settle all arrears by end of 2022-2023FY.
- In addition, gratuity is to be factored in the FY 2022/2023 budget.
- The residual balances shall be amortized in the subsequent FY budgets
- Subsequent budgets to have a higher allocation towards servicing pending bills.
- Negotiating with these institutions with a view of staggering payments.
- Includes verification and reconciliation and finally a viable repayment plan.
- Possibility of debt swap also under consideration
- Payment of retention funds as and when they fall due.
- Adequate provision for retention funds.

General debt risk analysis table

Debt category	Nature of risk	Level of risk	Mitigation action taken so far
Employee pension Schemes	Compliance risk	High critical	Ensure compliance with the laws and legislation.
Other Employee Benefits	Reputation risk.	High	Increase tangible benefits specifically to senior staff.

Court Awards/ Fees	Legal risks	High	Ensure strict compliance with court rulings and decrees.
	Financial risk		
Other Suppliers and Service Providers	Reputation risks	High	Adhere to customer service charter.
	Legal Risk		
Contractors	Legal risks	Highly critical	Timely payment of suppliers through enhanced Internal Control Systems

4.3 RESOURCE ENVELOPE AND CRITERIA FOR RESOURCE ALLOCATION

4.4.1 DETERMINATION OF RESOURCE ENVELOPE

The resource envelope available for allocation among the spending entities in Kisumu County comprises of:

- i. Share of National Revenue, which finances over 85 per cent of the budgeted expenditure; consists of equitable share and conditional grants.
- ii. Locally Collected revenue including property rates, entertainment taxes, levies, fees and charges.

The County's share of the National revenue, which includes equitable share and conditional loans and grants from the National government, is projected at Kshs. **8,802,123,137** in FY 2022/2023 while the total revenue is projected at Kshs. **10,423,391,432** in FY 2022/2023. The total revenue includes the County's share of national revenue as well as locally collected revenue, which is projected, to Kshs. **1,621,268,295** in FY 2022/2023.

Conditional Grants

In FY 2022/23, the National Treasury proposes to allocate Ksh 37.0 billion as additional allocations to County Governments. This comprises additional conditional allocations from the National Government share of revenue raised nationally and conditional allocation from proceeds of external loans and grants. The additional conditional allocations are meant to support specific national policy objectives to be implemented by County Governments.

The additional conditional grants were allocated through Division of Revenue Act and administered pursuant to provisions of Regulation 129-135 of the Public Finance Management (National Government) Regulations, 2015 and the Treasury Circular No. 8/2017 on “Guidelines for the Management of Intergovernmental Fiscal Transfers in Kenya.

However, the High Court Ruling on Petition No. 252 of 2016 in December, 2020 directed that the conditional or non-conditional allocations are not items to be provided for in the Division of Revenue Act and Consequently the Senate approved the Division of Revenue Bill, 2021 without the conditional grants. Subsequently, the Division of Revenue Bill, 2022 shall not contain the proposed additional conditional allocations to counties.

Further the Court also directed that there should be developed an alternative mechanism for disbursement of conditional grants to counties. In this regard, the Senate developed a County Governments Grants Bill, 2021 which has been passed by the Senate and is now at the National Assembly. The Bill is expected to provide mechanisms for disbursing and accounting for the additional allocations to counties going forward. The Bill is be expected to be an annual Bill.

The proposed additional conditional allocation shall be distributed based on its objectives, criteria for selecting beneficiary Counties and distribution formula determined in the Project Appraisal Documents and respective financing agreements.

4.4.2. RESOURCE ENVELOPE FOR FY 2021/2022

Table 8: Kisumu County Resource Envelope

	2022/2023	2023-2024
Exchequer	8,026,139,240.00	8,026,139,240.00
Danida	15,000,000.00	15,000,000.00
KISSIP	324,000,000.00	324,000,000.00
Transforming Health	51,833,637.00	51,833,637.00
ASDSP	12,312,984.00	12,312,984.00
KCSAP	290,007,432.00	290,007,432.00
EXCHEQUER & GRANTS	8,719,293,293.00	8,719,293,293.00
Land Rates	193,083,465.81	204,668,473.76
Rents	36,233,955.68	38,407,993.02
Trade license fees	213,953,451.99	226,790,659.11
Bus Park Fees	139,844,132.12	148,234,780.05
Parking Fees	69,953,403.52	74,150,607.73
Reserved slot	19,379,746.54	20,542,531.33
Monthly Stickers	46,251,150.33	49,026,219.35
Clamping Fees	384,037.50	407,079.75
Market Fees	88,026,827.12	93,308,436.75
Stock Ring	5,079,726.19	5,384,509.76
CESS	22,139,012.82	23,467,353.59
Building Plans	31,598,865.91	33,494,797.86
Sign Board promotion etc	155,590,717.13	164,926,160.16
Liquor Licence	22,495,022.17	23,844,723.50
Boda Boda	73,223.15	77,616.54
Sundry revenue	12,605,526.93	13,361,858.55
Public Health and Others	3,150,277.90	3,339,294.57

Sub-Total	1,059,842,542.81	1,123,433,095.38
Revenue from Departments		
Health	380,000,000.00	402,800,000.00
Agriculture, Livestock and Fisheries	8,220,605.78	8,713,842.13
Commerce, Tourism, Trade and Heritage	1,452,466.40	1,539,614.38
Water	-	-
Lands, Housing and Physical Planning	109,944,340.00	116,541,000.40
Education, Youth, Culture and Sports	6,502,391.28	6,892,534.76
Industrialization and Enterprise Dev.	-	-
Energy & Mining	-	-
Environment	1,644,587.56	1,743,262.81
Roads, Transport and Public Works	1,499,721.30	1,589,704.58
Governance and Administration	2,161,626.39	2,291,323.97
Sub-Total	511,425,738.71	542,111,283.03
Total	1,571,268,281.52	1,665,544,378.41
	10,290,561,574.52	10,384,837,671.41

- i. Factoring of opening balances has been deferred to the time of actual budgeting.
- ii. It is assumed that the grants and loans will not grow at the same rate as equitable share from the National Government.
- iii. Other items of loans and grants which are usually budgeted for but never disbursed to the Counties have not been factored in the projections.
- iv. All conditional grants previously disbursed separately have been made to form part of sharable revenue

4.4 REVENUE PERFORMANCE FOR FIRST AND SECOND QUARTER OF THE FY 2021/2022

Table 9: Locally collected Revenue First and Second Quarter 2021/2022

Main Revenue Streams	1 st Quarter 2021/2022	2 nd Quarter 2021/2022
Land Rates	6,372,563	5,105,553
Rents	3,953,703	3,042,213
Trade license fees	12,307,808	5,367,036
Bus Park Fees	23,604,930	20,210,700
Parking Fees	12,464,920	8,879,970
Reserved Slot	122,000	0
Monthly Stickers	7,418,020	6,852,260
Cess fees	1,863,875	1,673,098
Clamping Fees	46,000	51,500
Market Fees	15,242,925	15,099,440
Stock Ring	403,360	1,100,790
Building Plans	1,317,450	1,152,610
Sign Board promotion etc	15,941,219	12,137,938
Sundry revenue	1,694,132	846,345
Boda Boda	0	0
Public Health and Others	427,950	153,750
Sub-Total	103,180,855	81,673,203
Revenue from Departments		
Health Medical Services	133,060,996	32,284,963
Agriculture, Livestock and Fisheries	1,311,620	2,059,306
Commerce, Tourism, Trade and Heritage	585,580	315,800
Water	0	0
Lands, Housing and Physical Planning	4,928,950	2,885,600
Education, Youth, Culture and Sports	5,660	4,934
Industrialization and Enterprise Dev.	0	0

Liquor License	0	0
Green Energy	0	0
Energy & Mining	0	0
Environment	276,050	136,040
Roads, Transport and Public Works	535,800	117,600
Governance and Administration	4,800	0
Pay bill		
Direct payment to KCRA		
Sub-Total	140,709,456	37,804,243
Grand Total	243,890,311	119,477,446

During the first half of the current financial year, the county collected Ksh **363,367,757** as own source revenue. Generally, there was an improvement in the revenue collection in the first quarter from Ksh. **138, 562,499** in the same quarter in the previous financial year to Ksh. **243,890,311** translating to a percentage increase in revenue collection of **76 per cent**. In the second quarter however, revenue collection dropped by **1.5 per cent** to **Ksh. 119,477,446** from **Ksh. 121,336,639** in the same quarter, the previous financial year. The increase in revenue collection is attributed to the jump in revenue collection from county departments especially the department of Health and Sanitation.

The County Government targets to collect a total of **Kshs. 1,821,268,295** in the FY 2022/2023 as Own Source Revenue.

4.4.3 CRITERIA FOR RESOURCE SHARING

- i. **Non – discretionary expenditure:** In the recurrent expenditure category, non-discretionary expenditures take the first charge and include statutory obligations such as salaries, gratuity and pension that are financed by the Kisumu County government. These expenditures are projected at **47** per cent of the total revenue.
- ii. **Development expenditures** are shared out on the basis of CIDP priorities as well as strategic interventions to boost revenue base and stimulate the economic growth as outlined in the Governor’s Manifesto. The Development expenditures are estimated at **30** percent

On-going projects: emphasis is given to completion of on-going projects with high impact on poverty reduction, social injustices, employment and wealth creation.

Inter-departmental/inter-sectoral investments of the PPP type: A few projects selected from the offerings of the Kisumu International Investments and Expo 2021(KIISE 2021) will be implemented in the FY 2022/2023. One of the most promising projects in this category is the Agriculture Value Addition project being promoted by the United Greens(UG) company based in the United Kingdom.

Under this project ,UG will contribute to equity and capital investments alongside the County Government and other private and public sector partners,including the National Government.The County Government's equity contribution of KES 350 Million will be obtained from development expenditure rationalization across departments,as will be directed by the County Executive Committee(CEC)

Other projects of similar frameworks (PPP) may be selected and approved by the cec before and during implementation of this CFSP in initial or supplementary estimates of the FY2022/2023.

Operations and maintenance: It will account for **23** per cent of the total estimated revenue.

4.5 EXPENDITURE FOR 1ST HALF 2021/2022

Table 10: Expenditure up to December 2021

Department	PE	O&M	Development	Total
Agriculture, Livestock, Fisheries and Marketing	64,574,357	21,273,316	88,359,000	174,206,673
County Assembly of Kisumu	363,936,743	333,286,133		697,222,876
City of Kisumu	113,357,612	29,975,057		143,332,669
Kisumu County Public Service Board		3,195,511		3,195,511
Education, Gender, Youth, Human Resource Development, ICT and Social Services	29,114,590	107,223,490	35,303,000	171,641,080
Governance and Administration	35,667,204	40,041,437		75,708,641
Health and Sanitation	1,111,695,431	255,952,651		1,367,648,082
Public Service Administration & Devolution	101,032,462	26,131,512		127,163,973
Tourism, Culture, Arts and Sports	11,943,820	5,924,720		17,868,540
Roads, Transport and Public Works	26,465,217	48,151,500	1,685,881	76,302,598
Lands, Housing and Physical Planning	16,586,087	15,886,900		32,472,987
Trade, Energy and Industry	35,020,983	5,587,771	24,459,896	65,068,650
Finance and Economic Planning	143,193,030	38,142,119	366,827,031	548,162,180.70
Water, Environment and Natural Resources	34,921,512	5,375,100		40,296,612.25

PROPOSED EXPENDITURE CEILINGS FOR 2022/2023

4.5 PROPOSED SECTOR CEILINGS FOR FY 2022/2023

Table 11: Proposed Sector Ceilings

Department	Personnel Emolument	Ops & Maintenance	Development	Totals	Percentage
Agriculture, Livestock, Fisheries and Marketing	160,829,016	37,660,872	359,722,810	558,212,698	5.42%
The County Assembly of Kisumu	348,995,660	352,321,796	340,000,000	1,041,317,456	10.12%
City of Kisumu	247,426,844	100,000,000	80,000,000	427,426,844	4.15%
Kisumu County Public Service Board	32,323,182	42,708,281	0	75,031,463	0.73%
Education, Gender, Youth, Human Resource Development, ICT and Social Services	359,291,976	223,145,000	90,899,894	673,336,870	6.54%
Office of the Governor	72,000,000	138,587,200	45,000,000	255,587,200	2.48%
Health Services	2,847,285,396	658,247,275	86,000,000	3,591,532,671	34.90%
Public Service Administration & Devolution	208,181,736	110,080,891	0	318,262,627	3.09%
Tourism, Culture, Sports and Information	24,026,963	41,650,000	21,000,000	86,676,963	0.84%
Roads, Transport and Public Works	55,102,017	66,067,586	90,000,000	211,169,603	2.05%
Lands, Housing and Physical Planning	33,172,176	40,340,000	344,000,000	417,512,176	4.06%
Trade, Energy and Industry	71,403,491	29,197,775	55,545,769	156,147,035	1.52%
Finance and Economic Planning	298,503,373	510,166,212	1,510,000,000	2,318,669,585	22.53%
Water, Environment and Natural Resources	70,528,575	24,149,809	65,000,000	159,678,384	1.55%
TOTALS	4,829,070,405	2,374,322,697	3,087,168,473	10,290,561,575	100.00%

The ceilings are based on sector priorities and the proposed budget for ADP FY 2022/2023. The departmental allocations are inclusive of conditional grants.

Analysis of Sector Ceilings shows that the department of Health and Sanitation has the highest percentage allocation of **34.9%** followed by Finance and Economic Planning at **22.5%**.