

COUNTY GOVERNMENT OF KITUI



THE COUNTY TREASURY

Department of Economic Planning

County Budget Review and Outlook Paper

SEPTEMBER, 2022

FOREWORD

The County Budget Review and Outlook Paper (CBROP), is prepared in accordance with Public Finance Management Act, 2012. It is the ninth to be prepared by the County Government of Kitui under the devolved governance structure. The outlook presents the actual fiscal performance of the FY 2021/2022 and projection of the 2022/23 FY hence making comparative analysis to the budget appropriations. The paper highlight the recent key economic development for the period under review for both the National and County Government. The report further provides an updated Medium Term Expenditure Framework (MTEF) financial forecasts and states how these projections deviated from estimates contained in the last County Fiscal Strategy Paper (CFSP) and actual budget for 2021/22 financial year (FY).

The paper also shows how the actual performance at the local and national level in 2021/22 FY affected the County's compliance with the fiscal responsibility principles and financial objectives as detailed in CFSP 2022. The County Government in collaboration with the National Government is implementing strategies and reforms geared towards accelerated economic growth and realization of the sixteen sector manifesto that include Agriculture, Water, Health, Education, Urban, Roads & Construction, Trade & Investments, Micro Small & Medium Enterprises (MSME), Cooperatives Societies, Tourism & Hospitality, Women Youth & PWDs, Environment, Energy, Information & Communication, Security and Bodaboda for the residents of Kitui County. Implementation of various projects in 2021/22 FY proved to bear fruits through successful Myanda irrigation project, water infrastructure and piping, and skills development among others.

The outlook gives a clear comparison of own revenue generation, grants and loans; and equitable share from the national government and other development partners hence gives appropriate recommendations on the changes in revenue. The County Government is committed and will continue to improve the welfare of the residents through implementation of life changing programs as outlined in the County Integrated Development Plan (CIDP) 2018 - 2022.

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ACKNOWLEDGEMENT

The preparation of CBROP 2022 was collaborative, with stakeholders drawn from all sectors, departments and agencies of County Government of Kitui. The process was led by technical team from the department of Economic Planning and was accomplished through the commitment, dedication, sacrifice and determination of all the members of staff of the County Government.

I acknowledge the valuable leadership and support of His Excellency the Governor Dr Julius Malombe and extend my gratitude to the role played by all Chief Officers and departmental staff for providing the necessary information towards preparation of this document.

I may not mention everybody, but do acknowledge all those individuals who directly or indirectly contributed to the success of development and production of this paper.

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ABBREVIATIONS

ADP	Annual Development Plan
AI	Artificial Insemination
ASDSP	Agricultural Sector Development Support Program
ATC	Agricultural Training Centre
BQ	Bills of Quantities
CBROP	County Budget Review and Outlook Paper
CCTV	Closed Circuit Television
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
CLIDP	Community Level Infrastructure Development Projects
COFOG	Classification of Functions of Government
COVID 19	Corona Virus Disease
DANIDA	Danish International Development Agency
ECDE	Early Childhood Development Education
FAO	Food and Agriculture Organization
FY	Financial Year
GDP	Gross Domestic Product
ICT	Information Communication Technology
ICU	Intensive Care Unit
IFMIS	Integrated Financial Management Information System
KCEF	Kitui County Empowerment Fund
KCRH	Kitui County Referral Hospital
KDSP	Kenya Devolution Support Programme
KICOTEC	Kitui County Textile Centre
KICOYDEC	Kitui County Youth Development Centre
KSHS	Kenya Shilling
LAN	Local Area Network
MSME	Micro Small and Medium Enterprises
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
NARGIP	National Agricultural and Rural Inclusive Growth Project
NBU	Newborn Unit
NHIF	National Health Insurance Fund
O&M	Operation and Maintenance
OPD	Out Patient Department
PE	Personnel Emolument
PFMA	Public Finance Management Act
PO	Producer Organizations
SCH	School
SEKU	South Eastern Kenya University
THSUC	Transforming Health Systems for Universal Health Care

Legal Basis for the Publication of the County Budget Review and Outlook Paper

The County Budget Review and Outlook Paper is published in accordance with Section 118 of the Public Finance Management Act, 2012. The law states that:

1. A County Treasury shall –
 - a) prepare a County Budget Review and Outlook Paper in respect of the county for each financial year; and
 - b) Submit the paper to the County Executive Committee by 30th September of that year.
2. In preparing the county Budget Review and Outlook Paper, the County Treasury shall specify –
 - a) details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;
 - b) updated economic and financial forecasts with sufficient information to show changes from the most recent County Fiscal Strategy Paper;
 - c) information on –
 - i. any changes in the forecasts compared with the County Fiscal Strategy Paper;
 - ii. how actual financial performance for the previous financial year may have affected compliance with fiscal responsibility principle, or the financial objective in the County Fiscal Strategy Paper for that year; and
 - d) Reasons for the deviations from the financial objectives in the County Fiscal Strategy Paper together with proposal to address the deviations and estimated time for doing so.
3. The County Executive Committee shall consider the County Budget Review Paper with a view to approving it, with or without amendments, within fourteen day after its submission.
4. Not later than seven days after the County Budget Review and Outlook Paper is approved by the County Executive Committee, the County Treasury shall –
 - a) Arrange for the Paper to be laid before the County Assembly; and
 - b) As soon as practicable after having done so, publish and publicise the Paper.

Fiscal Responsibility Principles for the 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 Act, 2012, (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 (2).

EXECUTIVE SUMMARY

The core purpose of the 2022 CBROP is to provide a review of the previous fiscal performance and how this impacts the financial objectives and fiscal responsibility principles. These are set out in the last County Fiscal Strategy Paper (CFSP) which provides the basis for the revision of the current budget in the context of supplementary estimates and informs the choice of broad fiscal parameters underpinning the next budget and medium term expenditure framework.

Analysis of the 2021/22 FY fiscal performance shows a decrease in absorption rate of development funds from 88.8% to 82.95%. There was a slight improvement in the performance in revenue collection owing to slow recovery of the economy and strong enforcement mechanism.

A review of the recent economic developments and outlook both at the National and County levels reveals that the The Kenyan economy demonstrated remarkable resilience and recovery to the COVID-19 shock due to the diversified nature of the economy and the proactive measures by the Government to support businesses. The economy expanded by 7.5 percent in 2021, a much stronger level from a contraction of 0.3 percent in 2020. This economic recovery was mainly supported by the recovery in the service and industry sectors despite the subdued performance in the agricultural sector.

The departments need to rationalise their budget to align resources availability to needs, allocating funds to high impact projects. The County Treasury has automated its revenue collection to improve revenue collection. The County Government managed to collect Kshs. 361 million from its internal sources reflecting a 10.7% increase from 2020/21 FY performance whereby Kshs. 326 million was collected. The increase was majorly attributed to the slow recovery of the economy after the Covid 19 scourge.

On the expenditure side, the County Government continued to rationalize expenditures to improve efficiency and reduce wastage. In the medium term, expenditure management is expected to improve given the various budget rationalisation reforms undertaken and as a result of tightening of the fiscal framework to create room for more productive expenditures.

The global economic outlook remains highly uncertain with growth projected to moderate to 2.9 percent in 2023 from 3.2 percent in 2022 largely reflecting a slowdown in advanced economies despite a gradual pick up in the emerging market and developing economies. Advanced economies are projected to slow down by 1.0 percent in 2023 from 2.3 percent in 2022 mainly due to a slowdown in growth in the United States and the Euro area. Growth in the United States is projected to slow down due to the expected impact of a steeper tightening in monetary policy. Growth in the euro area is expected to be adversely affected by the spill overs from the war in Ukraine as well as the assumption of tighter financial conditions.

I. INTRODUCTION

A. Objective of the County Budget Review and Outlook Paper (CBROP) 2022

1. The main objective of the 2022 County Budget Review and Outlook Paper (CBROP) is to review the fiscal performance for 2021/22 FY and how this impacts the financial objectives and fiscal responsibility principles set out in the last County Fiscal Strategy Paper 2021/22 released in February 2021. The paper further outlines the expenditure and revenue in 2021/22 FY providing budgeting bases in the current financial year of 2022/23 and medium term expenditure.
2. The CBROP, like the CFSP links policy, planning and the budgeting through reviewing the performance of the government in line with the budget and the laid down policies as tied to the broad priorities. These policies include the Kenya Vision 2030 and its Medium Term Plans I, II & III (MTP I, II & III), the County Integrated Development Plan (CIDP (2018-2022)) and all other national and county policies relevant to planning.
3. The report rolls out the implementation of the development projects initiated in 2021/22 financial year, and continues to address the sixteen sector manifesto priority areas. These sectors include Agriculture, Water, Health, Education, Urban, Roads & Construction, Trade & Investments, Micro Small & Medium Enterprises (MSME), Cooperatives Societies, Tourism & Hospitality, Women Youth & PWDs, Environment, Energy, Information & Communication, Security and Bodaboda.
4. The rest of the paper is organised as follows: Section II provides a review of the fiscal performance in FY 2021/22 and its implications on the financial objectives set out in 2021/2022. This is followed by brief highlights of the recent economic developments and updated revenue and expenditure in section III. Section IV provides the resources allocation framework, while Section V gives the development projects implemented in 2021/2022 FY.

II. REVIEW OF FISCAL PERFORMANCE IN FY 2021/22

B. Overview

5. The fiscal performance shows a decrease in absorption rate from 88.8% in FY 2020/21 to 82.95% absorption in FY 2021/22, and revenue side where revenue collection improved by 10.7% from Kshs. 326 million in 2020/21 FY to Kshs. 361 million in 2021/22FY.

6. The revenue target for the 2021/2022 FY was not attained due to the overlapping impacts of Covid 19 Pandemic had on key revenue streams, the banned sand and charcoal transportation further reduced the revenue receipts. Additionally, delays in operationalization of the liquor licensing Act led to lower than expected revenues. The revenue of the year deviated by 54.84% of the target amount of Kshs. 800,000,000.

C. 2021/22 Fiscal Performance

7. The table below presents the fiscal performance for the FY 2020/21 and FY 2021/22 together with the deviations from the original budget estimates of FY 2021/22.

Table 1: Revenue and Expenditure Summary for 2020/21 -2021/22FY

	2020/21		2021/22		Deviations (%)
	Actual	Targets	Actual	Target	
A. TOTAL REVENUE AND GRANT					
1. Revenue	10,735,384,612	10,526,673,973	10,693,271,159	11,963,517,451	-11
Equitable Share	8,830,350,000	8,830,350,000	9,562,452,779	10,393,970,413	-8
Other Revenues	1,905,034,612	1,696,323,973	1,130,818,380	1,569,547,038	-28
Locally Generated Revenue	326,450,311	600,000,000	361,271,342	800,000,000	-55
Unspent Balances b/fwd.	1,578,584,301	1,096,323,973	769,547,038	769,547,038	0
2. Grants					
Kenya Urban Support Program (KUSP)	126,367,908	333,514,064	-	-	0
Compensation for user Fees Forgone	22,499,906	22,499,906	-	-	0
Road Maintenance Fuel Levy	264,131,437	343,981,921	-	-	0
Grants from World Bank Kenya devolution support program(KDSP)	45,000,000	70,841,398	-	112,815,048	0
HSSF/HSPS - (DANIDA/IDA)	25,110,000	25,542,200	-	19,564,875	-100
Urban Institutional Grant (KUSP)	0	0	-	-	0
World Bank loan for Transforming Health Systems for Universal Care Project	36,872,242	43,906,649	23,942,835	14,548,168	65
FAO Support Vaccination Program	0	0	-	-	0

	2020/21		2021/22		Deviations
	Actual	Targets	Actual	Target	(%)
Agriculture Sector Development Support Programme (ASDSP)	12,329,648	27,151,151	16,926,637	28,857,290	-41
World Bank loan for National Agricultural and Rural Inclusive Growth Project	190,631,819	277,878,927	150,349,620	283,089,026	-47
Conditional Allocation for Development of Youth Polytechnics	92,149,894	167,820,430	-	-	0
UNFPA (9th Country Programme Implementation)			-	7,386,704	0
World Bank (Emergency Locust Response Project (ELRP))			14,076,914	38,964,000	-64
Total Grants	815,092,854	1,313,136,646	205,296,006	505,225,111	-59
Total	11,550,477,466	11,839,810,619	10,898,567,164	12,468,742,562	-13
B. EXPENDITURE					
1. Recurrent	7,055,913,318	7,434,460,682	7,609,700,297	8,327,233,900	-9
Salaries and Wages	4,313,786,270	4,347,426,348	4,557,695,820	4,740,958,778	-4
O&M/Others	2,742,127,048	3,087,034,334	3,052,004,477	3,586,275,122	-15
2. Development	3,452,085,579	4,405,349,935	2,733,152,983	4,141,508,662	-34
Total	10,507,998,897	11,839,810,617	10,342,853,280	12,468,742,562	-17
C. SURPLUS/ (DEFICIT)	1,042,478,569		555,713,884		

Source: County Treasury

Notes

- i. **Equitable share:** This is the amount of funds the county government expected to receive from the national government, as shared out using the Commission on Revenue Allocation formula, which was not disbursed in full for the review period.

Revenue

a. Equitable Share and Grants

The total disbursement to the county revenue fund account during the financial year 2021/2022 was Kshs 9,562,452,779, representing 92% of the total equitable share the county expected to receive from National Treasury. The amount disbursed increased by 8% from previous financial year of 2020/21 FY which was Kshs. 8,830,350,000.

Over the same period, the county expected to receive grants totalling to Kshs 505,225,111 from both the National Treasury and International donors (World Bank, United Nations Development Fund and DANIDA). However, the County Government received grants totalling to Kshs. 205,296,006 during the period under review as shown in Table 2.

Cumulatively, the amount of grants budgeted during the year was Kshs. 985,405,139. This includes the revoted amount of Kshs. 480,180,028 (see table 4). Nevertheless, only Kshs 798,291,082 was received as grants, representing 81% of the total budgeted grants leaving a

balance of Kshs 187,114,057 which may or may not be received depending with the discretion of the respective donor organization.

Table 2 shows schedule of disbursement of Equitable share under the review period.

Table 2: Schedule of Disbursement of Equitable Share 2021/2022

Month	Date received	Amount
August	25-Aug-21	831,517,633
September	23-Sep-21	883,487,485
October	19-Oct-21	883,487,485
December	9-Dec-21	831,517,633
	24-Dec-21	883,487,485
January	26-Jan-22	831,517,633
February	28-Feb-22	883,487,485
April	5-Apr-22	883,487,485
	26-Apr-22	831,517,633
June	3-Jun-22	935,457,337
	17-Jun-22	883,487,485
Total		9,562,452,779

Source: County Treasury

June disbursement amounting to Kshs 831,517,634 was received later in the year after the closure of the financial year. These amounts are expected to be budgeted as a revote on FY 2022/20213 year.

In addition, the County Government received grants totalling to Kshs. 205,296,006 during the period under review. The breakdown for the grants was as follows: -

Table 3: Grants performance in FY 2021/22

Source	Date received	Amount
Agriculture Sector Development Support Programme (ASDSP)	14-Jun-22	14,426,637.00
	3-Nov-21	2,500,000.00
World Bank (Emergency Locust Response Project (ELRP))	16-Jun-22	14,076,914.00
World Bank loan for National Agricultural and Rural Inclusive Growth Project (NARIGP)	8-Jul-22	470,932.70
	4-Jul-22	57,154,552.80
	10-Jun-22	92,724,134.00
HSSF/HSPS - (DANIDA/IDA)	27-Jun-22	9,782,438.00
World Bank loan for Transforming Health Systems for Universal Care Project	23-Jun-22	14,160,397.05
Totals		205,296,005.55

Source: County Treasury

Table 4: Grants Performance in FY 2021/22

Source	Amount Approved in CARA	Grant Revote from FY 2020/21	Cummulative Grant Amount FY 2021/22	Receipts in the FY 2021/22	Outstanding Bal.
Road Maintenance Fuel Levy	0	59,987,264	59,987,264	59,987,264	0
Grants from World Bank (KDSP)	112,815,048	41,913,115	154,728,163	154,728,163	0
World Bank (Universal Health)	14,548,168	9,420,470	23,968,638	23,580,867	387,771

Source	Amount Approved in CARA	Grant Revote from FY 2020/21	Cummulative Grant Amount FY 2021/22	Receipts in the FY 2021/22	Outstanding Bal.
World Bank (Agriculture - Rural Growth)	283,089,026	121,815,814	404,904,840	272,165,434	132,739,407
HSSP/HSPS - (DANIDA/IDA)	19,564,875		19,564,875	9,782,438	9,782,437
Development of Youth Polytechnics	0	362,908	362,908	362,908	0
Kenya Urban Support Project - World Bank	0	98,271,128	98,271,128	98,271,128	0
ASDSP	28,857,290	29,241,141	58,098,431	46,167,778	11,930,653
COVID (Agr, Youth, Health and Trade)	0	90,405,232	90,405,232	90,405,232	0
Kitui County ASAL Livestock Account (ASAL)	0	386	386	386	0
World Bank (Emergency Locust Response Project (ELRP))	38,964,000	28,762,570	67,726,570	42,839,484	24,887,086
UNFPA (9th Country Programme Implementation)	7,386,704		7,386,704	0	7,386,704
Total	505,225,111	480,180,028	985,405,139	798,291,082	187,114,057

Source: County Treasury

The County has received grants amounting to Kshs. 798,291,082 for the period under review registering a deficit of Kshs. 187,114,057.

Own Source Revenue Generated

8. The total revenue generated by the county over the period was Kshs, 361,271,342 up from Kshs 326,450,311 collected during FY 2020/2021 amounting to a 10.7% increase. The table 6 shows performance of revenue collection per ministry in the period under review. The collections fell short by 54.84% owing to overlapping effects of covid 19 pandemic and shrunk income for most businesses in the county.

Table 5: Own Source Revenue Generated by Ministry for the Period ending 30th June 2022

Ministry	Annual Target	Annual Realization	Variance
Public Service Management and Administration	39,218,824	9,128,100	(76.73)
Agriculture water and Irrigation	39,111,557	3,867,163	(90.11)
Basic Education, ICT and Youth Development	28,976,941	6,030,092	(79.19)
Infrastructure, Housing, Transport and Public works	6,864,941	3,468,925	(49.47)
Health and Sanitation	346,685,724	188,550,071	(45.61)

Ministry	Annual Target	Annual Realization	Variance
Trade, Cooperatives and Investments	55,150,892	3,963,257	(92.81)
Environment Tourism & Natural Resources	18,164,706	1,823,310	(89.96)
Gender, Sports and Culture	1,223,529	72,000	(94.12)
County Treasury	79,534,118	64,270,545	(19.19)
Kitui Municipality	37,307,827	35,805,225	(4.03)
Mwingi Town	22,785,882	21,707,796	(4.73)
Lands and physical Planning	117,341,176	21,104,722	(82.01)
Livestock, Apiculture and Fisheries Development	7,633,882	1,480,136	(80.61)
TOTAL	800,000,000	361,271,342	(54.84)

Source: County Treasury

Kitui Municipality performed well in the collection of revenue with a -4.03 margin collecting Kshs 35,805,225 against a target of Kshs 37,307,827. Mwingi Town Administration was the second best performing entity while Ministry of Gender, Sports and Culture underperformed though the magnitude was insignificant compared to major revenue contributors. Table 6 gives reasons for underperformance or over performance of each revenue stream.

Table 6: Own Source Revenue Generated by Revenue Streams for the period ending 30th June, 2022

No	Revenue Stream	Annual Targeted Revenue (Kshs)	Actual Revenue	VARIANCE	REMARKS
1	Receipts from Sale of Agricultural Goods	1,600,700	946,376.00	654,324.00	Covid 19 affected conference facilities but with opening of economy, target will be achieved
2	Borehole Drilling	3,500,000	202,000.00	3,298,000.00	Increase of rates in Finance Act demotivated traders to use county facility
3	Engineering and Works Levy	11,151,250	188,650.00	10,962,600.00	Public participation being done to encourage farmers to use county machines
4	Ploughing	3,500,029	1,232,900.00	2,267,129.00	Public participation being done to encourage farmers to use county tractors
5	ATC Training/Learning Centre Fee	3,254,000	1,081,037.00	2,172,963.00	Covid 19 affected conference facilities but with opening of economy, target will be achieved
6	Hides and Skins Fee	5,000		5,000.00	inspection and supervision
7	Slaughter Houses Inspection Fee	35,000	29,000.00	6,000.00	Improve internal controls and inspection drives
8	Meat Inspection/ Veterinary Services	6,510,000	1,042,301.00	5,467,699.00	Improve internal controls and inspection drives
9	Certificate to Transport/Movement permits	1,507,000	393,335.00	1,113,665.00	Improve internal controls and inspection drives
10	Dispatch note & Flayer License	54,000	15,500.00	38,500.00	Improve internal controls and inspection drives
11	Sale of products from Kitui foods Corporation	8,550,050	216,200.00	8,333,850.00	Production is in its initial stages, revenue will be realized as the year

No	Revenue Stream	Annual Targeted Revenue (Kshs)	Actual Revenue	VARIANCE	REMARKS
					progresses.
12	Sand approval fee, pollution & penalties	19,300,000.00	230,100.00	19,069,900.00	Improve internal controls and inspection drives
13	Ministry of Health and public health	358,353,582.00	188,550,071.00	169,803,511.00	Improve internal controls and inspection drives
14	Ministry of Tourism, Sports and culture	1,300,000.00	72,000.00	1,228,000.00	Tourism attraction sites be upgraded and marketed
15	Land rates	69,325,000.00	13,450,023.00	55,874,977.00	Data cleanup and gazettment of defaulters will increase revenue from this source
16	Penalties & penalties	1,050,000.00	25,000.00	1,025,000.00	Exemption of penalties due to effects of corona virus
17	Land Administration Fees	52,644,000.00	11,078,624.00	41,565,376.00	Land reforms doing on to realize more revenue
18	Alcoholic Drinks License	31,670,000.00	9,128,100.00	22,541,900.00	Liquor Licensing board being formed for ease administration of liquor licenses
19	Sale of Goods e.g. cabros, interlocking bricks	30,788,000.00	6,030,092.00	24,757,908.00	Production is in its initial stages, revenue will be realized as the year progresses.
20	Weights and measures	516,029.00	533,837.00	(17,808.00)	Target has been achieved
21	Other county investments-Crusher	43,425,552.00	1,027,100.00	42,398,452.00	Marketing being done to encourage citizens to purchase ballast from the same
22	Livestock Transportation	3,622,838.00	376,820.00	3,246,018.00	Production is in its initial stages, revenue will be realized as the year progresses.
23	Single Business Permits	65,426,289.00	57,065,586.50	8,360,702.50	some businesses were closed due to corona virus hence unable to pay for budgeted amount
24	Sale of Shoes and Furniture	1,033,404.00	1,100,000.00	(66,596.00)	Production is in its initial stages, revenue will be realized as the year progresses.
25	House and Stalls Rents	2,751,557.00	1,999,800.00	751,757.00	Renovation of houses needed so that rent may be reviewed
26	Market Fees	16,298,670.00	10,941,907.00	5,356,763.00	Renovation of markets is going on ,this will lead to increased revenue from this surge
27	Cess	9,242,710.00	7,398,530.00	1,844,180.00	Cess on charcoal and sand has been banned
28	Sign Board & Advertising	18,440,250.00	23,159,130.00	(4,718,880.00)	Target has been achieved

No	Revenue Stream	Annual Targeted Revenue (Kshs)	Actual Revenue	VARIANCE	REMARKS
29	Transportation Fees	16,583,800.00	11,416,550.00	5,167,250.00	Increased inspection and supervision
30	Slaughter Fees	2,848,300.00	1,964,210.00	884,090.00	Renovation of slaughter house and inspection will increase revenue collected
31	Burial Fees	17,500.00	22,300.00	(4,800.00)	It's an act of God
32	Parking fees	15,690,490.00	10,347,962.00	5,342,528.00	slot have not been demarcated leading to resistance from traders
33	Sale & search of assets	5,000.00	6,300.00	(1,300.00)	Target has been achieved
	TOTAL OWN SOURCE REVENUE	800,000,000.00	361,271,341.50	438,728,658.50	

Source: County Treasury

Figure 1: Pie Chart of Budgeted Revenue by Source

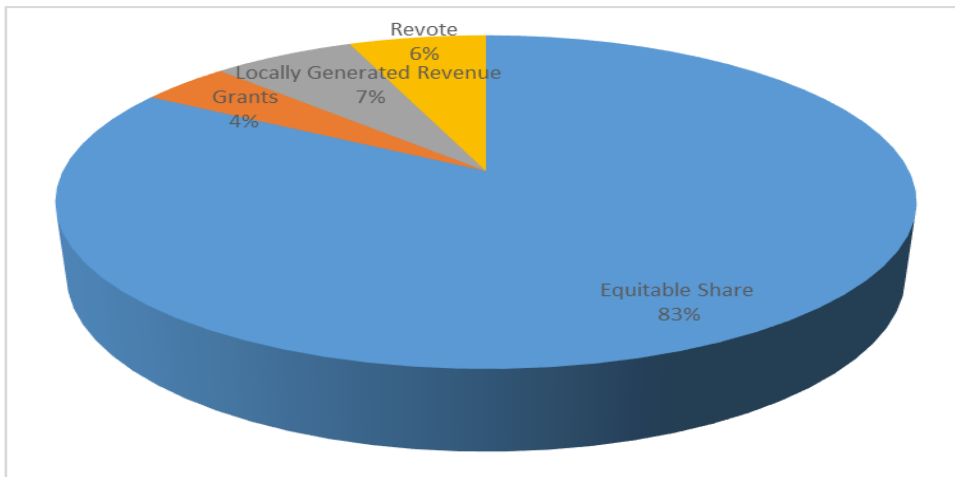
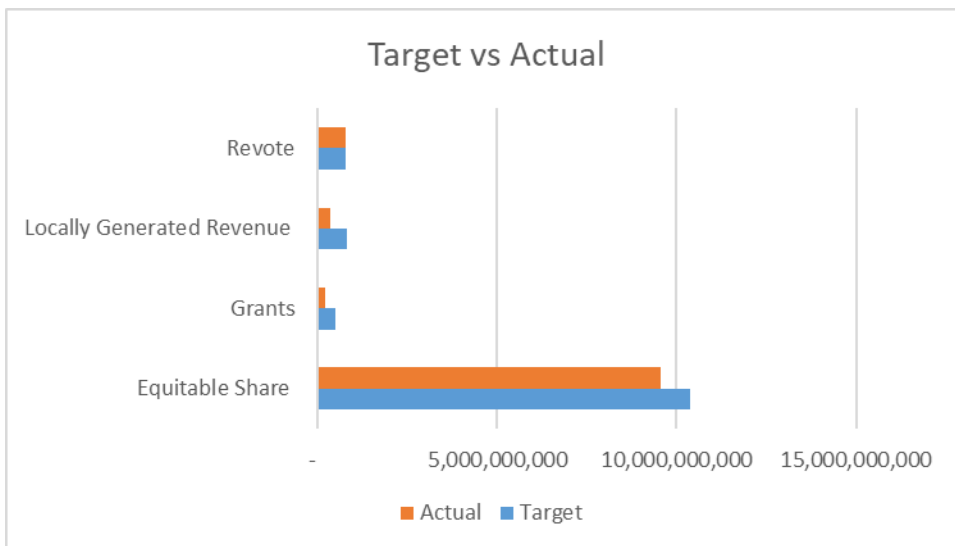


Figure 2: Bar graph of budgeted vs Actual Revenue by Source



Expenditure

9. The approved budget for the county was Kshs. 12,468,742,561 comprising of 67% recurrent (Kshs 8,327,233,899) and 33% development (Kshs 4,141,508,662). This represents 3% above the minimum PFM Act 2012 (Section 15a) recommended ceiling for funds allocation to development expenditure.

10. Total expenditure for the year ending 30th June 2021 amounted to Kshs 10,342,853,280; representing gross absorption of 82.95%, down from 88.8% in 2020/21 FY due to undisbursed equitable share for the month of June. of this expenditure, recurrent expenditure was Kshs 7,609,700,297 (73.6%) while development expenditure amounted to Kshs 2,733,152,983 (26.4%).

11. Analysis of recurrent expenditure shows that Personnel Emoluments (PE) and Operations and Maintenance (O&M) accounted for 44% and 29.5% respectively of the total expenditure, compared to 41% and 26.1% in the previous financial year. This reveals a slightly upward trend for PE and O&M expenses, explained by recruitment of new workers to fill in existing gaps, timely uptake of recurrent items and undisbursed equitable share.

12. Personnel emoluments was above the set ceilings but the county government is working towards harmonising the findings of human resource audit conducted in FY 2017/18 by amicably reducing recruitments in the forthcoming years as well as maximize the available workforce for efficient service delivery. Development expenditure was below the minimum threshold leading to a decelerated absorption within the review period.

13. The overall expenditure significantly decreased from Kshs 10,507,998,897 in the financial year 2020/21 to Kshs 10,342,853,280 in 2021/22 FY. The proportion of actual development expenditure to the total expenditure reduced from 32.9 % in 2020/21 to 26.4 % in 2021/22 FY. However, recurrent expenditure increased from 67% to 73.6% in 2021/22 financial year since equitable share increased in the review period compared to the previous period.

14. Within the financial year 2021/22, the actual expenditure on the recurrent budget realised the highest level of utilisation at 91.4% down from 94.9% in the previous year. Development budget expenditure was 66% in 2021/22 down from 78.4% in 2020/21. The utilisation rate in both development and recurrent expenditures resulted to the overall absorption rate rising to 82.95% which was lower compared to the previous period due to undisbursed equitable share.

15. Table 10 presents analysis of the total expenditure by county spending entities giving the overall absorption rate. Amounts in the variance column indicate the deviation from the planned target expenditures.

16. The amount of Kshs 2,125,889,281 indicated in table 10 as not having been absorbed includes funds budgeted as equitable share of 831,517,634 that was not disbursed during the review period, local revenue that was never realised of Kshs. 438,728,658 and an additional amount of Kshs 187,114,057 that were grants not received amongst other monies.

17. The development expenditure for the period 2021/22 FY was Kshs 2,733,152,983 (26.4%). compared to Kshs 3,452,085,579 (32.9%) spent in the 2020/21 financial year. This

represents a 6.5% reduced expenditure in the financial year 2021/22 below the amount absorbed on development budget in the previous year resulting from undisbursed equitable share.

18. The level of absorption rate in the ministries was due to failed implementation of development projects due to delayed disbursement of funds. This affected implementation of development projects significantly during the review period.

Table 7: Budget Absorption rate against the FY 2021/22 budget

County Ministry	Total Budget Estimates	Actual Expenditure	% Absorption rate
Office of the Governor	1,637,223,828	1,182,920,643	72.25
Public Service Management and Administration	531,405,844	480,432,302	90.41
Agriculture, Water & Irrigation	1,497,361,554	1,085,493,437	72.49
Basic Education, ICT, & Youth Development	747,129,694	637,549,108	85.33
Infrastructure, Housing, Transport and Public Works	1,025,068,809	925,737,269	90.31
Health and Sanitation	3,523,135,357	3,282,582,081	93.17
Trade, Cooperatives and Investments	502,695,776	427,040,540	84.95
Environment Tourism & Natural Resources	249,423,655	211,672,247	84.86
Gender, Sports and Culture	183,889,818	93,668,524	50.94
The County Treasury	763,573,825	593,726,336	77.76
County Public Service Board	55,314,766	46,830,191	84.66
County Assembly	1,061,357,431	915,509,730	86.26
Kitui Municipality	302,828,596	234,251,203	77.35
Mwingi Town Administration	116,034,126	63,428,720	54.66
Livestock, Apiculture & Fisheries Development	127,852,832	92,823,742	72.60
Lands and Physical Planning	144,446,650	69,187,207	47.90
Total	12,468,742,561	10,342,853,280	82.95

Source: County Treasury

Table 8: Recurrent expenditure in the FY 2021/22

Spending Entity	Recurrent Budget	Total Recurrent Expenditure	Variance
Office of the Governor	572,559,381	517,317,583	-55,241,798
Public Service Management and Administration	529,938,504	479,354,282	-50,584,222
Agriculture, Water & Irrigation	477,500,277	433,488,624	-44,011,653
Basic Education, ICT, & Youth Development	554,518,765	523,451,192	-31,067,573
Infrastructure, Housing, Transport and Public Works	283,698,575	251,835,656	-31,862,919
Health and Sanitation	3,376,363,745	3,178,572,466	-197,791,279
Trade, Cooperatives and Investments	269,780,131	227,574,410	-42,205,721
Environment Tourism & Natural Resources	153,045,279	127,344,433	-25,700,846
Gender, Sports and Culture	101,806,570	66,723,687	-35,082,883
The County Treasury	608,845,661	580,792,954	-28,052,707

Spending Entity	Recurrent Budget	Total Recurrent Expenditure	Variance
County Public Service Board	55,314,766	46,830,191	-8,484,575
County Assembly	989,600,070	915,509,730	-74,090,340
Kitui Municipality	117,722,336	86,261,620	-31,460,716
Mwingi Town Administration	73,341,477	53,466,973	-19,874,504
Livestock, Apiculture & Fisheries Development	78,436,712	69,353,166	-9,083,546
Lands and Physical Planning	84,761,650	51,823,330	-32,938,320
Total	8,327,233,899	7,609,700,297	-717,533,602

Source: County Treasury

Table 9: Development Expenditure in the FY 2021/22

Spending Entity	Development Budget	Total Development Expenditure	Variance
Office of the Governor	1,064,664,447	665,603,060	-399,061,387
Public Service Management and Administration	1,467,340	1,078,020	-389,320
Agriculture, Water & Irrigation	1,019,861,277	652,004,813	-367,856,464
Basic Education, ICT, & Youth Development	192,610,929	114,097,916	-78,513,013
Infrastructure, Housing, Transport and Public Works	741,370,234	673,901,613	-67,468,621
Health and Sanitation	146,771,612	104,009,615	-42,761,997
Trade, Cooperatives and Investments	232,915,645	199,466,130	-33,449,515
Environment Tourism & Natural Resources	96,378,376	84,327,814	-12,050,562
Gender, Sports and Culture	82,083,248	26,944,837	-55,138,411
The County Treasury	154,728,164	12,933,382	-141,794,782
County Public Service Board	0	0	0
County Assembly	71,757,361	0	-71,757,361
Kitui Municipality	185,106,260	147,989,583	-37,116,677
Mwingi Town Administration	42,692,649	9,961,747	-32,730,902
Livestock, Apiculture & Fisheries Development	49,416,120	23,470,576	-25,945,544
Lands and Physical Planning	59,685,000	17,363,877	-42,321,123
Total	4,141,508,662	2,733,152,983	-1,408,355,679

Source: County Treasury

Table 9 (a): FY 2021/22 Expenditure by Entity

Spending Entity	Personnel Emoluments	%	Operations and Maintenance	%	Development	%	Grand Total
Office of the Governor	100,183,662	8	417,133,921	35	665,603,060	56	1,182,920,643
Public Service Management and Administration	302,904,462	63	176,449,820	37	1,078,020	0	480,432,302
Agriculture, Water &	355,937,941	33	77,550,683	7	652,004,813	60	1,085,493,437

Spending Entity	Personnel Emoluments	%	Operations and Maintenance	%	Development	%	Grand Total
Irrigation							
Basic Education, ICT, & Youth Development	128,737,343	20	394,713,849	62	114,097,916	18	637,549,108
Infrastructure, Housing, Transport and Public Works	160,726,590	17	91,109,066	10	673,901,613	73	925,737,269
Health and Sanitation	2,368,086,649	72	810,485,817	25	104,009,615	3	3,282,582,081
Trade, Cooperatives and Investments	46,271,012	11	181,303,398	42	199,466,130	47	427,040,540
Environment Tourism & Natural Resources	82,974,898	39	44,369,535	21	84,327,814	40	211,672,247
Gender, Sports and Culture	34,649,140	37	32,074,547	34	26,944,837	29	93,668,524
The County Treasury	430,475,316	73	150,317,638	25	12,933,382	2	593,726,336
County Public Service Board	31,030,858	66	15,799,333	34	-	-	46,830,191
County Assembly	411,625,853	45	503,883,877	55	-	-	915,509,730
Kitui Municipality	25,999,893	11	60,261,727	26	147,989,583	63	234,251,203
Mwingi Town Administration	18,243,247	29	35,223,726	56	9,961,747	16	63,428,720
Livestock, Apiculture & Fisheries Development	53,513,432	58	15,839,734	17	23,470,576	25	92,823,742
Lands and Physical Planning	6,335,524	9	45,487,806	66	17,363,877	25	69,187,207
Total	4,557,695,820	44	3,052,004,477	30	2,733,152,983	26	10,342,853,280

Source: County Treasury

Table 10: Ministry/ Spending Entity Expenditure for the Period Ending 30th June 2022 (Kshs)

Spending Entity	Jun – 22		Variance	%	Jun – 22		Variance	%	Jun – 22		Variance	% of total exp to budget
	Recurrent				Development				Total			
	Actual	Target			Actual	Target			Actual	Target		
Office of the Governor	517,317,583	572,559,381	55,241,798	10	665,603,060	1,064,664,447	399,061,387	37	1,182,920,643	1,637,223,828	454,303,185	72
Public Service Management and Administration	479,354,282	529,938,504	50,584,222	10	1,078,020	1,467,340	389,320	27	480,432,302	531,405,844	50,973,542	90
Agriculture, Water & Irrigation	433,488,624	477,500,277	44,011,653	9	652,004,813	1,019,861,277	367,856,464	36	1,085,493,437	1,497,361,554	411,868,117	72
Basic Education, ICT, & Youth Development	523,451,192	554,518,765	31,067,573	6	114,097,916	192,610,929	78,513,013	41	637,549,108	747,129,694	109,580,586	85
Infrastructure, Housing, Transport and Public Works	251,835,656	283,698,575	31,862,919	11	673,901,613	741,370,234	67,468,621	9	925,737,269	1,025,068,809	99,331,540	90
Health and Sanitation	3,178,572,466	3,376,363,745	197,791,279	6	104,009,615	146,771,612	42,761,997	29	3,282,582,081	3,523,135,357	240,553,276	93
Trade, Cooperatives and Investments	227,574,410	269,780,131	42,205,721	16	199,466,130	232,915,645	33,449,515	14	427,040,540	502,695,776	75,655,236	85
Environment & Natural Resources	127,344,433	153,045,279	25,700,846	17	84,327,814	96,378,376	12,050,562	13	211,672,247	249,423,655	37,751,408	85
Gender, Sports and Culture	66,723,687	101,806,570	35,082,883	34	26,944,837	82,083,248	55,138,411	67	93,668,524	183,889,818	90,221,294	51
The County Treasury	580,792,954	608,845,661	28,052,707	5	12,933,382	154,728,164	141,794,782	92	593,726,336	763,573,825	169,847,489	78
County Public Service Board	46,830,191	55,314,766	8,484,575	15	0	0	0	-	46,830,191	55,314,766	8,484,575	85
County Assembly	915,509,730	989,600,070	74,090,340	7	0	71,757,361	71,757,361	100	915,509,730	1,061,357,431	145,847,701	86

Spending Entity	Jun – 22		Variance	%	Jun – 22		Variance	%	Jun – 22		Variance	% of total exp to budget
	Recurrent				Development				Total			
	Actual	Target			Actual	Target			Actual	Target		
Kitui Municipality	86,261,620	117,722,336	31,460,716	27	147,989,583	185,106,260	37,116,677	20	234,251,203	302,828,596	68,577,393	77
Mwingi Town Administration	53,466,973	73,341,477	19,874,504	27	9,961,747	42,692,649	32,730,902	77	63,428,720	116,034,126	52,605,406	55
Livestock, Apiculture & Fisheries Development	69,353,166	78,436,712	9,083,546	12	23,470,576	49,416,120	25,945,544	53	92,823,742	127,852,832	35,029,090	73
Lands and Physical Planning	51,823,330	84,761,650	32,938,320	39	17,363,877	59,685,000	42,321,123	71	69,187,207	144,446,650	75,259,443	48
Totals	7,609,700,297	8,327,233,899	717,533,602	9	2,733,152,983	4,141,508,662	1,408,355,679	34	10,342,853,280	12,468,742,561	2,125,889,281	83

Source: County Treasury

D. Implications of FY 2021/22 fiscal performance on fiscal responsibility principles and financial objectives contained in the 2021 CFSP.

19. The performance of FY 2021/2022 did not affect the financial objectives set out in the 2021 CFSP and the budget for FY 2021/22 in any fundamental way. However:

- i. Due to underperformance in revenue and realisation that some grants expected from the National Treasury will not be received, actual re-vote did not include this amount;
- ii. The decelerated absorption rate recorded in 2021/22 FY is likely to inform the reallocation of funds during supplementary budget. However, this will have to be done within the broader priorities set out in the CFSP 2021 and all other medium-term policies; and
- iii. Funds not spend in the previous year (i.e 2021/22FY) whether recurrent or development are reallocated to development in current year (2022/23 FY).

20. Deviations from CFSP arose from changes brought about by increase in revenue sources. The equitable share and grants for the review period remained the same at 10,393,970,413 and 505,225,111 respectively. However, there were balances brought forward from FY 2019/20 amounting to 0.769B inclusive of grants and own source revenue shot by 200M with the assumption that the economy was to recovery from the adverse effects of Covid 19 pandemic. These necessitated ministerial alignments amongst other emerging issues geared towards improving service delivery. This changes will be reflected in the preceding supplementary budgets undertaken within the review period.

Table 11: CFSP Allocation Versus Budget Allocation for FY 2021/22

Vote	Spending Entity	Budget Allocation 2021/22	CFSP Estimates 2021/22	Variance	Remarks
3711	Office of the Governor	1,637,223,828	1,686,919,322	(49,695,494)	The reduction was to cater for other emergent issues being undertaken by other Ministries.
3712	Department of Public Service Management and Administration	531,405,844	360,421,766	170,984,078	The Increase was to cater for construction of ward offices as well as resolve the Operational constraint envisaged in the Ministry
3713	Ministry of Agriculture, Water & Irrigation	1,497,361,553	1,283,568,631	213,792,922	The Increase was to cater for construction and revamping of water infrastructure
3714	Ministry of Basic Education, ICT & Youth Development	747,129,694	768,274,280	(21,144,586)	The reduction was to cater for other emergent issues being undertaken by other Ministries.
3715	Ministry of Infrastructure, Housing, Transport and Public Works	1,025,068,809	791,906,662	233,162,147	The increase was to reduce unpaid drifts which had accrued over the years

Vote	Spending Entity	Budget Allocation 2021/22	CFSP Estimates 2021/22	Variance	Remarks
3716	Ministry of Health & Sanitation	3,523,135,357	3,282,859,555	240,275,802	The increase was to enhance the Universal Health Coverage
3717	Ministry of Trade, Cooperatives & Investment	502,695,776	572,568,079	(69,872,303)	The reduction was to cater for other emergent issues being undertaken by other Ministries.
3719	Ministry of Environment, Tourism & Natural Resources	249,423,654	266,588,406	(17,164,752)	The reduction was to cater for other emergent issues being undertaken by other Ministries.
3720	Ministry of Gender, Sports & Culture	183,889,819	204,000,000	(20,110,181)	The reduction was to cater for other emergent issues being undertaken by other Ministries.
3721	The County Treasury	763,573,825	567,967,917	195,605,908	Bulk of the increase was Kenya Devolution Support Program revote
3722	County Public Service Board	55,314,766	30,989,707	24,325,059	This was to alleviate for operational deficiencies brought by lack of funds
3723	County Assembly Service Board	1,061,357,431	855,656,936	205,700,495	The increase was to commence construction of Staff Offices
3724	Kitui Municipality	302,828,596	382,416,136	(79,587,540)	The reduction was to cater for other emergent issues being undertaken by other Ministries.
3725	Mwingi Town Administration	116,034,126	92,431,477	23,602,649	The increase was to facilitate Mwingi Town achieve Municipality status
3726	Ministry of Livestock, Apiculture and Fisheries Development	127,852,832	156,680,000	(28,827,168)	The reduction was to cater for other emergent issues being undertaken by other Ministries.
3727	Ministry of Lands and Physical Planning	144,446,650	195,946,650	(51,500,000)	The reduction was to cater for other emergent issues being undertaken by other Ministries.
	Total Voted Expenditure Kshs	12,468,742,561	11,499,195,524	969,547,037	The increase facilitated by inclusion of revote and increase in revenue target

Source: County Treasury

21. During the 2021/2022 FY, the world and the country experienced inactivity due to the overlapping effects of COVID 19 pandemic, elections while the county received inadequate rainfall hence resulting to poor crop harvest and development of livestock across the county. Due to this effect, the County ministry of Agriculture, Water and Irrigation had progressed with the Myanda irrigation projects in-order to boost the food security.

22. County's local revenue projections will remain as set out in CFSP 2022, since the assumptions have not changed. Revenue collection from devolved functions is still performing below forecasts, mainly due to operational and other setup challenges. There is

need to review all the revenue streams for each county ministry/ entity and assess its potential to ensure realised revenue does not vary much to forecasts.

23. The county economy is based on the Agriculture sector, several measures to boost the food security were put in place during the period under review. This measures included the drilling of boreholes, construction and desilting of earth dams to increase the availability of water, pest and vector control, bee keeping and honey production and the *Myanda* irrigation project and fruit value chain promotion.

III. RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

A. Recent Economic Developments

Global Economic Performance

24. This CBROP has been prepared against a background of global economic slowdown reflecting the impact of the ongoing Russia-Ukraine conflict, effects of COVID-19 containment measures in China; higher-than-expected inflation worldwide triggered by higher global oil and food prices and the impact of the global monetary policy that has created tighter financial conditions. As a result, the IMF global growth is projected to slow down to 3.2 percent in 2022 from 6.1 percent in 2021 (WEO July 2022).

25. Advanced economies are projected to slow down to 2.5 percent in 2022 from 5.2 percent in 2021 reflecting weaker-than-expected growth in the United States and the Euro area. Growth in the United States slowed down due to significantly less momentum in private consumption while the slowdown in growth in the euro area reflected spill overs from the war in Ukraine as well as the assumption of tighter financial conditions. For emerging market and developing economies, growth is also projected to slow down to 3.6 percent in 2022 from 6.8 percent in 2021 reflecting mainly the sharp slowdown of China's economy and the moderation in India's economic growth.

26. In sub-Saharan Africa region, growth is projected to slow down by 3.8 percent in 2022 from a growth of 4.6 percent in 2021. The slowdown is as a result of domestic price pressures, partly induced by supply disruptions owing to the war in Ukraine reducing food affordability, and real incomes as well as surging fuel prices across the region.

Domestic Economic Performance

GDP Growth

27. The Kenyan economy demonstrated remarkable resilience and recovery to the COVID-19 shock due to the diversified nature of the economy and the proactive measures by the Government to support businesses. The economy expanded by 7.5 percent in 2021, a much stronger level from a contraction of 0.3 percent in 2020. This economic recovery was mainly supported by the recovery in the service and industry sectors despite the subdued performance in the agricultural sector.

28. In the first quarter of 2022, the economy expanded further by a remarkable 6.8 percent compared with a growth of 2.7 percent in a similar quarter in 2021 (**Table 12**). The strong performance was supported by continued recovery in manufacturing, transport and storage, accommodation and food services, wholesale and retail trade, Professional, administration and support services and financial and insurance.

29. Activities in agriculture, forestry and fishing sector remained subdued in the first quarter of 2022 mainly attributed to depressed rainfall during the fourth quarter of 2021 as well as delayed onset of rains during the first quarter of 2022, thereby leading to reduced agricultural production. The sector is estimated to have contracted by 0.7 percent in the first quarter of 2022 compared to 0.4 percent growth in the first quarter of 2021 (**Table 12**). The poor performance of the sector was mainly due to the significant decline in horticultural exports and tea production. The sector's performance was however cushioned from a steeper slump by the increase in production of cane, milk, and coffee. The sector's contribution to GDP growth was -0.1 percentage points in the first quarter of 2022 compared to 0.1 percentage points contribution in the same quarter in 2021 (**Figure 3**).

Table 12: Sectoral GDP Performance

Sectors	2020					2021					2022
	Q1	Q2	Q3	Q4	Q1-Q4	Q1	Q2	Q3	Q4	Q1-Q4	Q1
Primary Industry	4.6	7.8	(3.9)	9.6	4.7	0.9	0.02	1.4	0.7	0.7	0.5
Agriculture, Forestry and Fishing	4.5	8.0	(4.3)	9.8	4.6	0.4	(0.5)	0.6	(1.2)	(0.2)	(0.7)
Mining and Quarrying	6.5	3.9	5.6	6.0	5.5	10.7	10.9	16.4	34.5	18.0	22.1
Secondary Sector (Industry)	3.8	(1.6)	2.5	7.8	3.2	3.9	9.1	8.3	5.0	6.5	4.4
Manufacturing	1.4	(5.4)	(2.2)	4.3	(0.4)	2.1	11.3	10.2	4.9	6.9	3.7
Electricity and Water supply	1.5	(4.5)	0.8	4.6	0.6	3.6	7.2	6.4	2.8	5.0	1.9
Construction	8.9	6.0	10.2	15.2	10.1	6.8	6.8	6.7	6.0	6.6	6.4
Tertiary sector (Services)	3.9	(6.6)	(4.2)	(0.04)	(1.8)	3.2	14.9	11.4	9.1	9.6	9.1
Wholesale and Retail trade	5.5	(3.8)	(5.1)	1.4	(0.5)	7.5	9.2	6.4	8.4	7.9	8.7
Accommodation and Restaurant	(14.1)	(57.2)	(62.0)	(57.7)	(47.7)	(33.0)	90.1	127.5	118.6	52.5	56.2
Transport and Storage	2.1	(16.8)	(10.2)	(6.2)	(7.8)	(7.9)	18.6	14.2	6.5	7.2	8.1
Information and Communication	7.8	4.9	4.9	7.5	6.3	10.1	17.1	4.1	5.3	8.8	6.1
Financial and Insurance	6.2	3.2	3.3	10.6	5.9	11.8	17.3	11.8	9.9	12.5	14.4
Public Administration	4.7	4.5	8.3	10.2	7.0	6.8	7.6	4.8	3.3	5.6	6.4
Others	3.5	(8.1)	(5.4)	(2.1)	(3.2)	3.5	14.8	12.6	9.8	10.3	7.4
of which Professional, Admin & Support Services	2.7	(25.5)	(18.4)	(12.5)	(13.7)	(13.0)	18.3	13.4	8.1	5.7	14.9
Real Estate	4.1	3.6	3.8	4.8	4.1	6.7	7.4	7.1	5.7	6.7	6.1
Education	4.8	(21.1)	(16.1)	(4.8)	(9.3)	11.5	31.6	28.3	18.0	21.4	6.2
Health	7.1	9.0	4.4	2.9	5.7	5.8	6.2	4.1	7.8	6.0	5.0
Taxes less subsidies	5.5	(20.5)	(8.5)	(7.4)	(8.1)	1.8	18.5	12.5	15.7	11.9	12.3
Real GDP	4.4	(4.1)	(3.5)	2.3	(0.3)	2.7	11.0	9.3	7.4	7.5	6.8
of which Non-Agriculture	4.2	(5.6)	(2.7)	1.9	(0.6)	3.4	14.0	11.0	8.5	9.1	8.3

Source of Data: Kenya National Bureau of Statistics

30. The performance of the industry sector improved to a growth of 4.4 percent in first quarter of 2022 compared to a growth of 3.9 percent in the same quarter in 2021. This was mainly on account of improved performance of the manufacturing activities despite a slowdown in the electricity and water supply and construction sub-sectors. The industry sector accounted for 0.7 percentage points of growth in the first quarter of 2022 compared to 0.6 percentage point contribution to GDP in the first quarter of 2021 (**Figure 3**).

31. Activities in the manufacturing sub-sector were more vibrant in the first quarter of 2022 compared to the same quarter in 2021. The sub-sector grew by 3.7 percent in the first quarter of 2022 compared to a 2.1 percent growth in 2021. The improved performance was supported by both the food and non-food components. The food component that registered substantial growth was processing of coffee while the non-food component growth was supported by substantial growth in cement production.

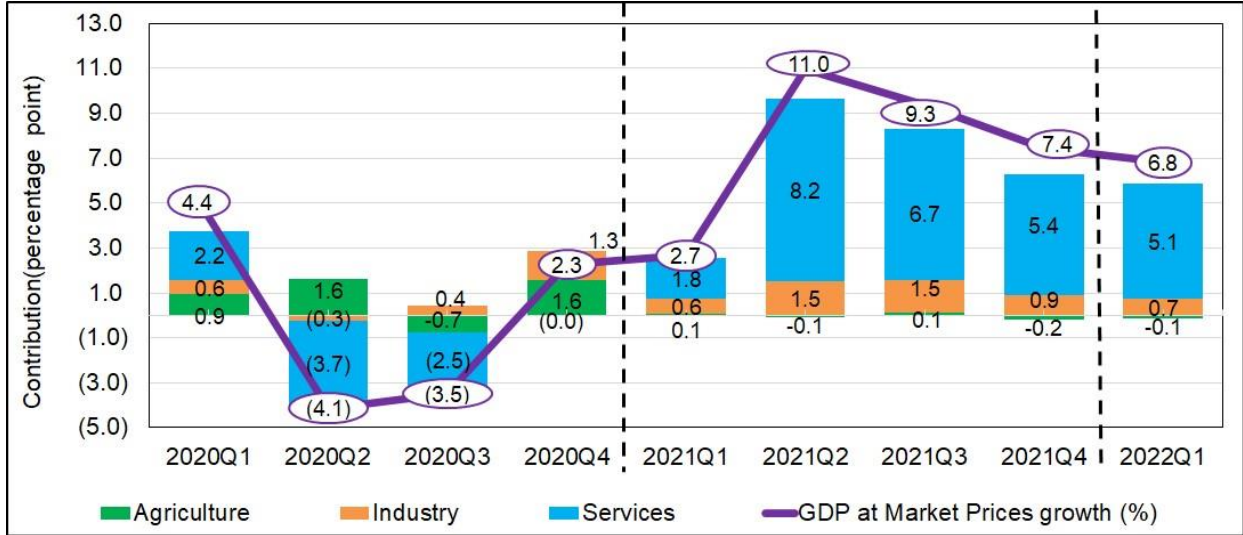
32. Electricity and Water Supply sector slowed down to a growth of 1.9 percent in the first quarter of 2022 compared to a growth of 3.6 percent in the corresponding quarter of 2021. The sector's growth was slowed by a decline in hydroelectricity generated, owing to insufficient rains during the first quarter of 2022. Similarly, electricity generated from geothermal also declined during the period. Although electricity generated from thermal recorded a significant increase, it had detrimental effect on the gross value addition due to high cost of inputs in the generation process.

33. The construction sub-sector performance slightly declined to grow by 6.4 percent in the first quarter of 2022 compared to a 6.8 percent growth during the same period in 2021. The growth was mainly supported by the increase in cement and various construction materials such as bitumen and iron and steel consumption.

34. The recovery of activities in the services sector continued in the first quarter of 2022. The sector grew by 9.1 percent in the first quarter of 2022 compared to a growth of 3.2

percent in the same quarter in 2021. The strong growth was largely characterized by significant recovery in transportation and Storage (8.1 percent), accommodation and food services (56.2 percent) and Professional, Administrative and Support Services (14.9 percent). The sector was also supported by strong growths financial and insurance services (14.4 percent), and wholesale and retail trade (8.7 percent). The services sector contributed 5.1 percentage point to real GDP growth in the first quarter of 2022 compared to the 1.8 percentage point contribution in the same quarter in 2021 (Figure 3).

Figure 3: Sectors contributions to Real GDP Growth



Source of Data: Kenya National Bureau of Statistics!

Domestic Employments

35. Relaxation of various containment measures, such as the night curfew, lockdowns and travel restrictions coupled with the rollout of COVID-19 vaccination had a positive impact on economic activities. This provided an environment that spurred economic recovery and growth in 2021. There was a general decline in unemployment and inactivity levels, with total employment surpassing the pre-pandemic level. Total new jobs created in the economy were 926.1 thousand of which 172.3 thousand were in the formal sector, while 753.8 thousand were in the informal sector (Table 13).

36. Wage employment in the formal sector recorded a growth of 6.0 percent to 2.9 million in 2021 and created a total of 172.3 thousand jobs. This was supported by a partial resumption of international travel, and a broad-based recovery in the manufacturing sector. The number of self-employed and unpaid family workers engaged in the formal sector increased by 4.9 percent in 2021 compared to a decline of 4.1 percent recorded in 2020. The informal sector created 753.8 thousand jobs accounting for 81.4 percent of the total jobs created outside of small-scale agriculture and pastoralist activities.

37. The share of private sector employment was 68.3 percent in 2021, which was slightly higher than the previous year which stood at 67.8 percent. In 2021, the private sector recorded a growth of 6.8 percent in employment levels compared to a decline of 10.0 percent registered in 2020. The top three industries providing wage employment in the private sector were Manufacturing, Agriculture, Forestry and Fishing and Wholesale and retail trade: There was a turnaround in Accommodation and Food Services which recorded a significant growth of 23.9 percent compared to a decline of 38.7 percent registered in 2020. Employment in Accommodation and Food Activities industry has been on a recovery mode from the drastic decline at the height of the COVID-19 pandemic. The easing of the

pandemic restrictions impacted positively on the employment in the industry as well as the bed occupancy rate, hence increasing employment in the sector.

Table 13: Total jobs Created (in thousands)

Sectors	Private			Public			Total		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
1. wage employees	46.2	(205.2)	126.2	22.4	19.4	38.5	68.6	(185.8)	164.7
Primary									
Agriculture, forestry and fishing	2.4	(16.1)	14.7	(0.4)	(0.2)	0.2	2.0	(16.3)	14.9
Mining and quarrying	0.6	(1.5)	0.3	0.1	0.0	0.0	0.7	(1.5)	0.3
Industries									
Manufacturing	7.7	(35.2)	19.7	(2.3)	(1.2)	0.2	5.4	(36.4)	19.9
Electricity Supply	0.1	(0.3)	0.1	0.5	(1.0)	(0.5)	0.6	(1.3)	(0.4)
Water supply	0.3	(0.4)	0.2	0.1	(0.4)	0.3	0.4	(0.8)	0.5
Construction	2.9	(0.3)	4.9	0.2	0.3	0.1	3.1	0.0	5.0
Services									
Wholesale and retail trade	8.8	(18.0)	6.6	0.0	0.2	0.0	8.8	(17.8)	6.6
Transportation and storage	2.9	(15.9)	6.2	(1.1)	0.3	0.8	1.8	(15.6)	7.0
Accommodation and food service	1.3	(31.4)	11.9	0.1	0.0	0.0	1.4	(31.4)	11.9
Information and communication	1.1	(13.2)	14.9	0.0	0.0	0.0	1.1	(13.2)	14.9
Financial and insurance activities	1.9	(0.9)	1.8	0.1	(0.9)	(0.1)	2.0	(1.8)	1.7
Real estate activities	0.1	(0.7)	0.4	0.0	0.0	0.0	0.1	(0.7)	0.4
Education	4.8	(47.6)	29.5	14.5	12.5	16.7	19.3	(35.1)	46.2
Health	6.6	(11.0)	3.1	2.6	2.4	2.2	9.2	(8.6)	5.3
2. Unpaid family workers				10.5	(6.6)	7.6	10.5	(6.6)	7.6
3. Formal (1+2)	46.2	(205.2)	126.2				79.1	(192.4)	172.3
4. Informal	767.9	(543.6)	753.8				767.9	(543.6)	753.8
5. Total jobs created (3+4)	814.1	(748.8)	880.0	32.9	12.8	46.1	847.0	(736.0)	926.1

Source of Data: Kenya National Bureau of Statistics

38. Employment in the public sector increased by 4.3 percent to 923.1 thousand persons in 2021. The increase was mainly attributed to recruitment in the civil service for essential services. Public administration and defence; compulsory social security registered the highest growth of 5.9 percent in 2021. Other economic activities in the public sector that realized growth in employment were Human health and social work activities, Education and Transportation and Storage.

County level

39. In the period 2021/2022 FY, the National government had several planned projects/programmes at County level which have great impacts in the Kitui County economy. The two main projects are road construction and Mega dam construction.

40. The government progressed with the Kibwezi-Mutomo-Kitui Road which is a project under the Lamu Port Southern Sudan Ethiopia Transport (LAPSSET) that will have great impact on the economic growth of Kitui County. The interconnectivity of the road is expected to improve trade between Kitui County and other counties in the coastal region and Mount Kenya region. The project has covered at least 170 km of tarmac road constructed from Kibwezi-Mutomo-Kitui by FY 2020/21. The road is still being constructed through to Mwingi Town Via Migwani.

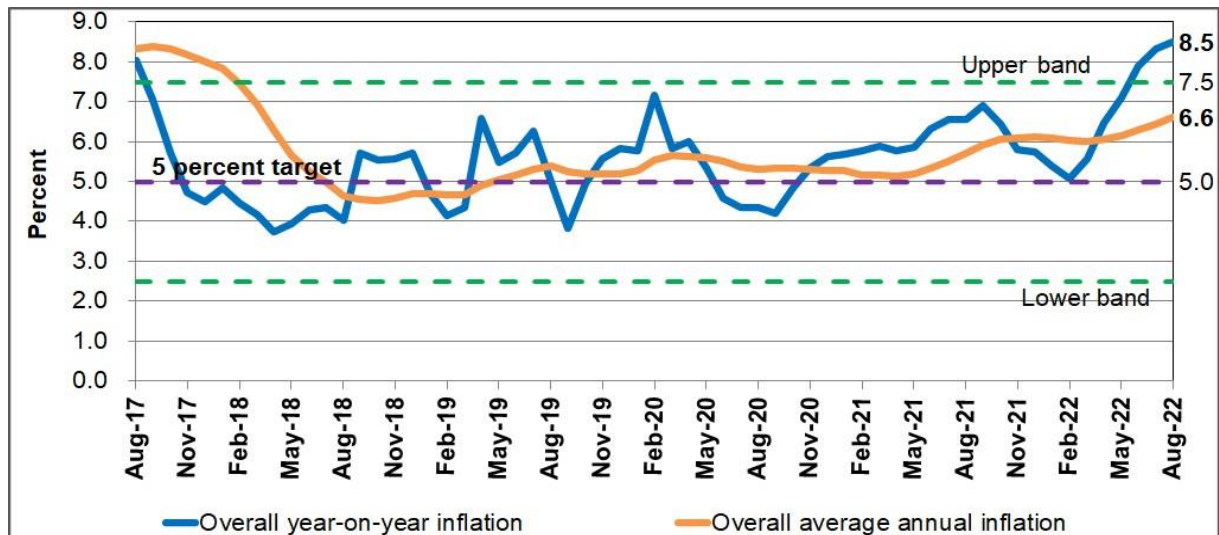
41. To improve the food production and availability of clean water, the government progressed with construction of Mega dam (Thwake Dam) along the Athi-river. The project will enable the residence of Kitui County specifically in Kitui rural and Kitui south to access the water for domestic and agricultural use. In addition, the projects have created job opportunities for the youth in areas along the dam.

Macroeconomic stability (Inflation, Interest rates, Exchange rates)

Inflation Rate

42. The year-on-year inflation rate increased to 8.5 percent in August 2022 (above the 7.5 percent upper bound) from 6.6 percent in August 2021 mainly due to higher food and fuel prices (**Figure 4**). This increase was moderated by Government measures to stabilize fuel prices, lower electricity tariffs and subsidies on fertilizer prices. Additionally, the waiver of import duties and levies on white maize and the reduction in VAT on LPG will further moderate domestic prices. Overall annual average inflation remained within Government target range at 6.6 percent in August 2022 compared to the 5.7 percent recorded in August 2021.

Figure 4: Inflation Rate, Percent



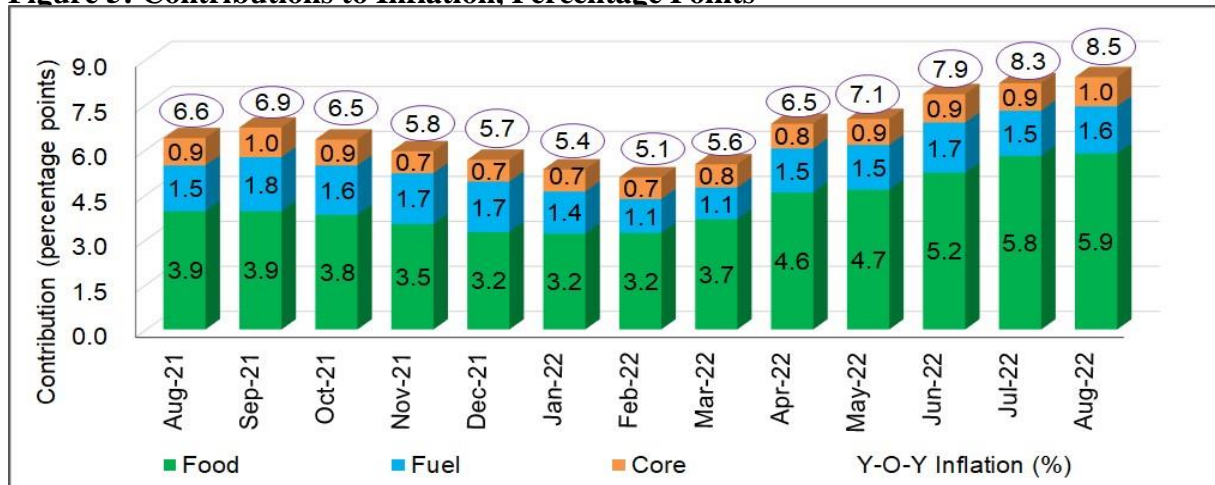
Source of Data: Kenya National Bureau of Statistics

43. Food inflation remain the main driver of overall year-on-year inflation in August 2022, contributing 5.9 percentage points, an increase, compared to a contribution of 3.9 percentage points in August 2021 (**Figure 5**). The increase was mainly attributed to dry weather conditions and supply constraints that resulted in a rise in prices of key food items particularly maize flour (loose), sugar, maize grain (loose), carrots, white rice, Irish potatoes and onions.

44. Fuel inflation remained generally stable contributing to 1.6 percentage points to year-on-year overall inflation in August 2022 from a contribution of 1.5 percentage points in August 2021. This was mainly due to the effect of Government measures to stabilize fuel prices and lower electricity tariffs. However, there was notable increase in the prices of kerosene/paraffin, petrol and diesel in August 2022 compared to August 2021.

45. The contribution of core inflation to year-on-year 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 remained stable at 1.0 percentage points in August 2022 compared to 0.9 percentage points contribution in August 2021.

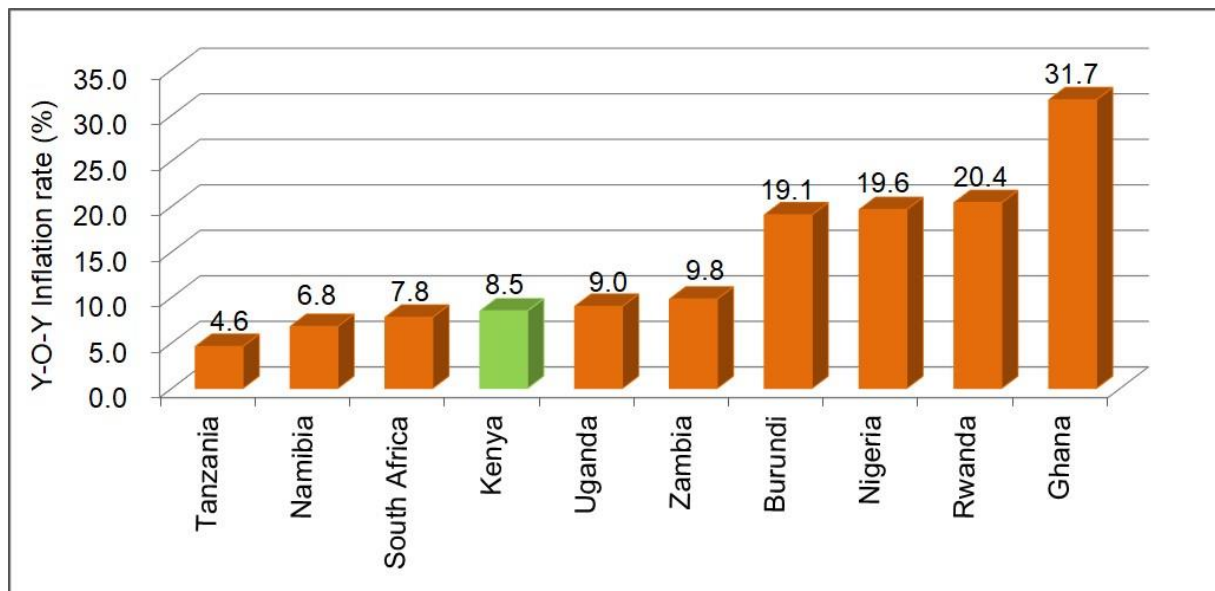
Figure 5: Contributions to Inflation, Percentage Points



Source of Data: Kenya National Bureau of Statistics

46. Kenya’s rate of inflation compares favorably with the rest of Sub-Saharan Africa countries. In August 2022, Kenya recorded a lower inflation rate than Ghana, Rwanda, Nigeria, Burundi, Zambia and Uganda (**Figure 6**).

Figure 6: Inflation Rates in selected African Countries (August 2022)

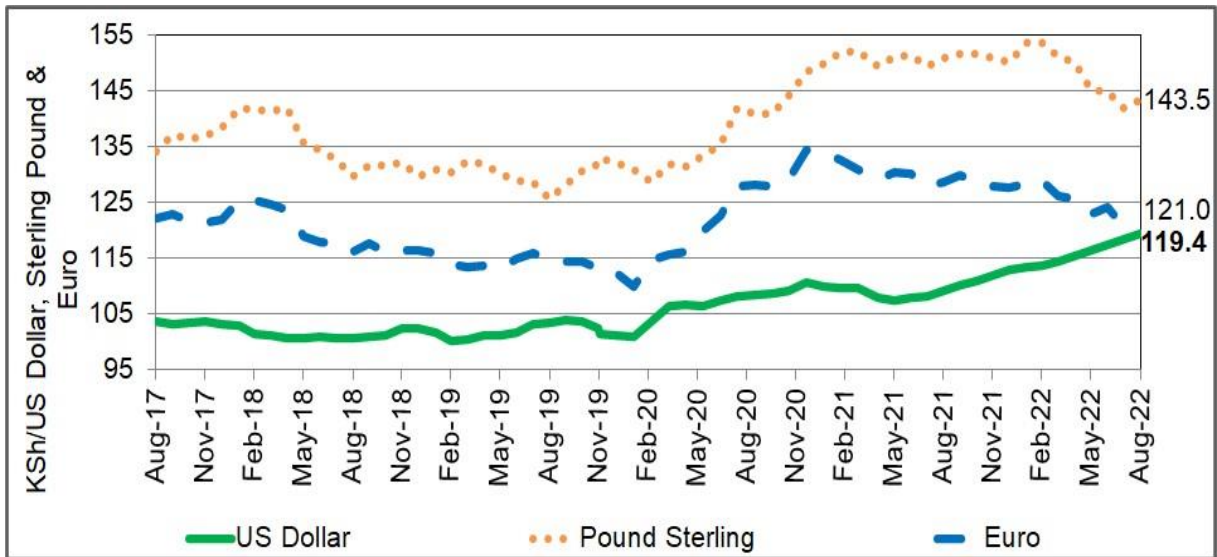


Source of Data: National Central Banks

Kenya Shilling Exchange Rate

47. The foreign exchange market has largely remained stable despite the tight global financial conditions and the high demand for the US Dollar in the international market. The Kenya Shilling to the US Dollar exchanged at Ksh 119.4 in August 2022 compared to Ksh 109.2 in August 2021. Over the same period, the Kenyan Shilling strengthened against other major international currencies. The Euro exchanged at Ksh 121.0 in August 2022 compared to Ksh. 128.6 in August 2021 while the Sterling Pound exchanged at Ksh 143.5 compared to Ksh 150.9 over the same period (**Figure 7**).

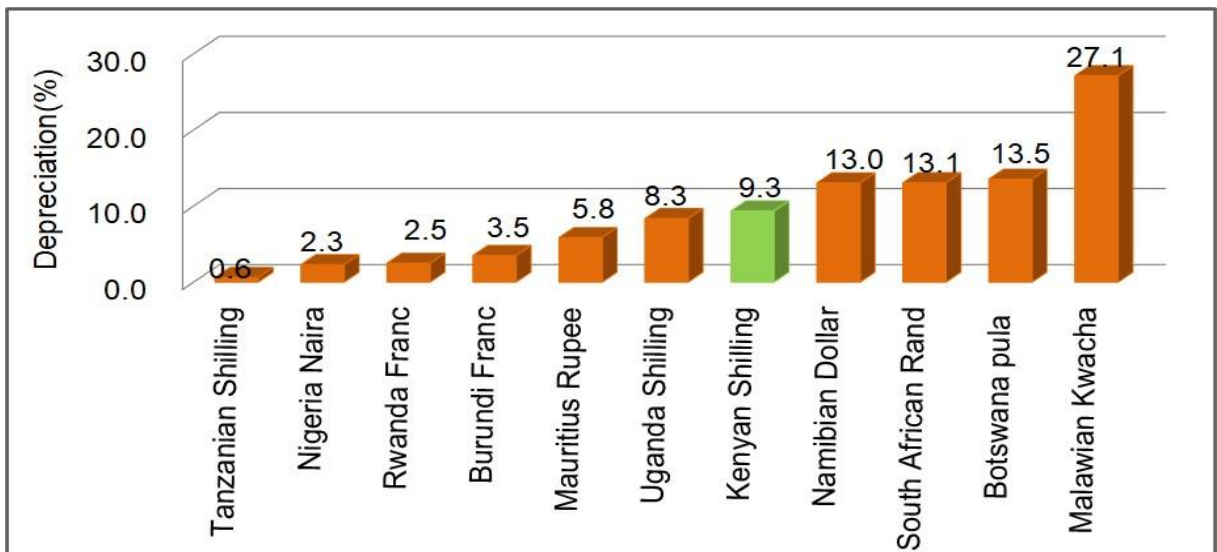
Figure 7: Kenya Shillings Exchange Rate



Source of Data: Central Bank of Kenya.

48. In comparison to most Sub-Saharan Africa currencies, the Kenya Shilling has remained relatively stable weakening by 9.3 percent against the US Dollar in the year to August 2022 (**Figure 8**). The depreciation rate of the Kenya Shilling was lower than that of Namibian Dollar, Botswana pula, South African Rand and Malawi Kwacha. The stability in the Kenya Shilling was supported by increased remittances, adequate foreign exchange reserves and improved exports.

Figure 8: Performance of Selected Currencies against the US Dollar (August 2021 to August 2022)



Source of Data: National Central Banks

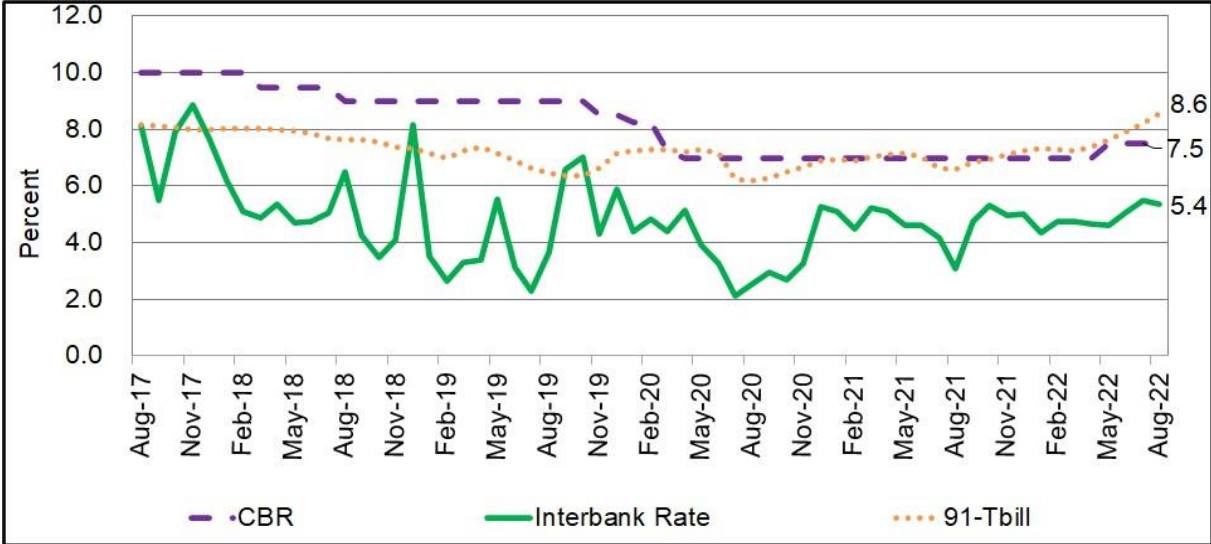
Interest Rates

49. Short-term interest rates remained fairly low and stable supported by ample liquidity in the money market. The Central Bank Rate was raised from 7.0 percent to 7.5 percent on 30th May 2022. The tightening of the monetary policy stance was to anchor inflation

expectations due to the elevated risks to the inflation outlook as a result of increased global commodity prices and supply chain disruptions. The interbank rate increased to 5.4 percent in August 2022 compared 3.1 percent in August 2021 (**Figure 9**).

50. Interest rates on the Treasury bills remained relatively low (below 10 percent) in August 2022. The 91-day Treasury Bills rate was at 8.6 percent in August 2022 compared to 6.6 percent in August 2021. Over the same period, the 182-day Treasury Bills rate increased to 9.5 percent from 7.1 percent while the 364-day also increased to 9.9 percent from 7.4 percent.

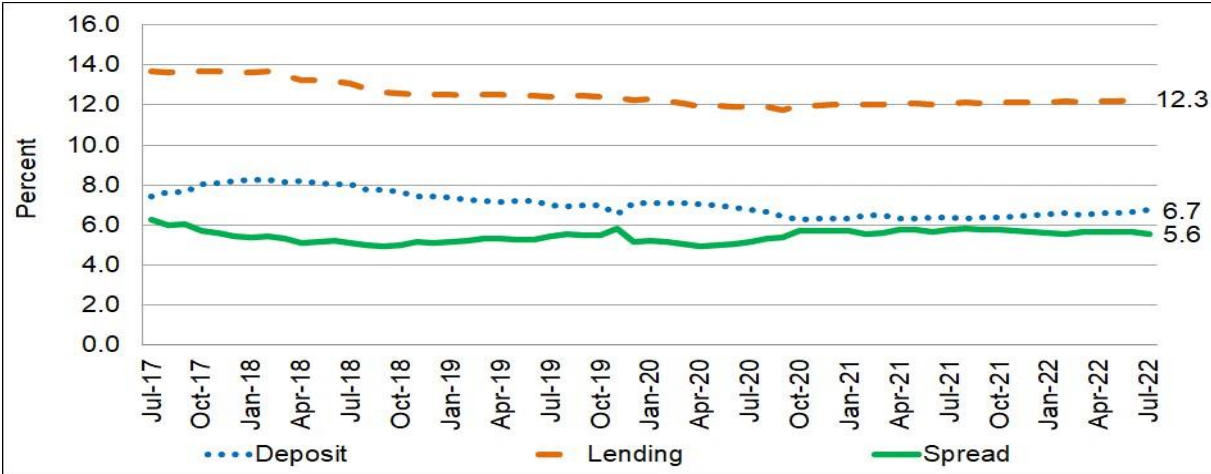
Figure 9: Short Term Interest Rates, Percent



Source of Data: Central Bank of Kenya

51. Commercial banks’ lending rates remained relatively stable in July 2022 supported by the prevailing monetary policy stance during the period and liquidity conditions in the market. The average lending rate was at 12.3 percent in July 2022 from 12.1 percent in July 2021 while the average deposit rate increased to 6.7 percent from 6.3 percent over the same period. Consequently, the average interest rate spread declined to 5.6 percent in July 2022 compared to 5.8 percent in July 2021 (**Figure 10**).

Figure 10: Commercial Bank Rates, Percent



Source of Data: Central Bank of Kenya

Money and Credit

52. Broad money supply, M3, improved to a growth of 7.6 percent in the year to July 2022 compared to a growth of 6.9 percent in the year to July 2021 (Table 14). The pickup was mainly due to an increase in domestic credit particularly net lending to the private sector despite the decline in the Net Foreign Assets (NFA).

53. Net Foreign Assets (NFA) of the banking system in the year to July 2022 contracted by 46.8 percent, compared to a contraction of 10.7 percent in the year to July 2021. The decline in NFA was partly due to the Central Bank payments of Government external obligations, and increased banks' borrowings from foreign sources and reduction in foreign deposit assets to support lending to customers.

54. Net Domestic Assets (NDA) registered a growth of 19.5 percent in the year to July 2022, an improvement compared to a growth of 11.7 percent over a similar period in 2021. The growth in NDA was supported by net lending to Government, and resilient growth in credit to the private sector as business activities improved. Other public sector lending improved to a growth of 0.1 percent in the year to July 2022 from a contraction of 6.5 percent in a similar period in 2021, mainly reflecting borrowings by county governments and parastatals.

Table 14: Money and Credit Developments (12 Months to July 2022 Ksh billion)

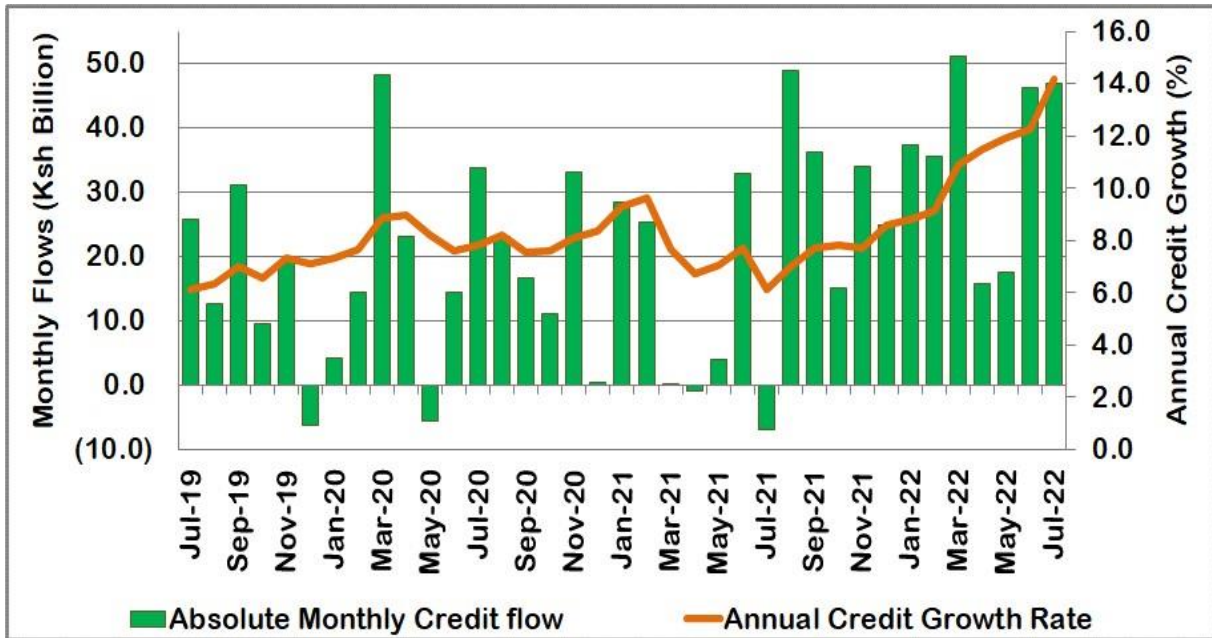
				Change		Percent Change	
	2020 July	2021 July	2022 July	2020-2021 July	2021-2022 July	2020-2021 July	2021-2022 July
COMPONENTS OF M3							
1. Money supply, M1 (1.1+1.2+1.3)	1,682.5	1,788.0	2,010.1	105.5	222.0	6.3	12.4
1.1 currency outside banks (M0)	219.3	242.8	267.7	23.6	24.9	10.7	10.3
1.2 Demand deposits	1,379.1	1,458.8	1,671.4	79.7	212.6	5.8	14.6
1.3 Other deposits at CBK	84.2	86.4	71.0	2.3	(15.5)	2.7	(17.9)
2. Money supply, M2 (1+2.1)	3,235.7	3,416.9	3,587.2	181.2	170.3	5.6	5.0
2.1 Time and savings deposits	1,553.2	1,628.9	1,577.1	75.7	(51.8)	4.9	(3.2)
Money supply, M3 (2+3.1)	3,904.4	4,174.6	4,491.5	270.2	316.8	6.9	7.6
3.1 Foreign currency deposits	668.7	757.7	904.3	89.0	146.5	13.3	19.3
SOURCES OF M3							
1. Net foreign assets (1.1+1.2)	840.9	751.2	400.0	(89.7)	(351.3)	(10.7)	(46.8)
1.1 Central Bank	886.4	824.0	592.7	(62.4)	(231.2)	(7.0)	(28.1)
1.2 Banking Institutions	(45.5)	(72.8)	(192.8)	(27.3)	(120.0)	(59.9)	(165.0)
2. Net domestic assets (2.1+2.2)	3,063.5	3,423.4	4,091.5	359.9	668.1	11.7	19.5
2.1 Domestic credit (2.1.1+2.1.2+2.1.3)	3,972.4	4,499.8	5,296.7	527.5	796.9	13.3	17.7
2.1.1 Government (net)	1,156.5	1,522.7	1,909.8	366.2	387.1	31.7	25.4
2.1.2 Other public sector	88.8	83.0	83.1	(5.8)	0.1	(6.5)	0.1
2.1.3 Private sector	2,727.0	2,894.1	3,303.8	167.1	409.7	6.1	14.2
2.2 Other assets net	(908.9)	(1,076.4)	(1,205.2)	(167.6)	(128.8)	(18.4)	(12.0)

Source of Data: Central Bank of Kenya

Private Sector Credit

55. Private sector credit improved to a growth of 14.2 percent in the 12 months to July 2022 compared to a growth of 6.1 percent in the year to July 2021 (**Figure 11**). All economic sectors registered positive growth rates reflecting improved demand as economic activities picked up. Strong credit growth was observed in the following sectors: transport and communication, business services, manufacturing, trade, building and construction and agriculture. The Credit Guarantee Scheme for the vulnerable Micro, Small and Medium Enterprises (MSMEs), continues to de-risk lending by commercial banks hence remains critical to increasing credit flow to the private sector.

Figure 11: Private Sector Credit

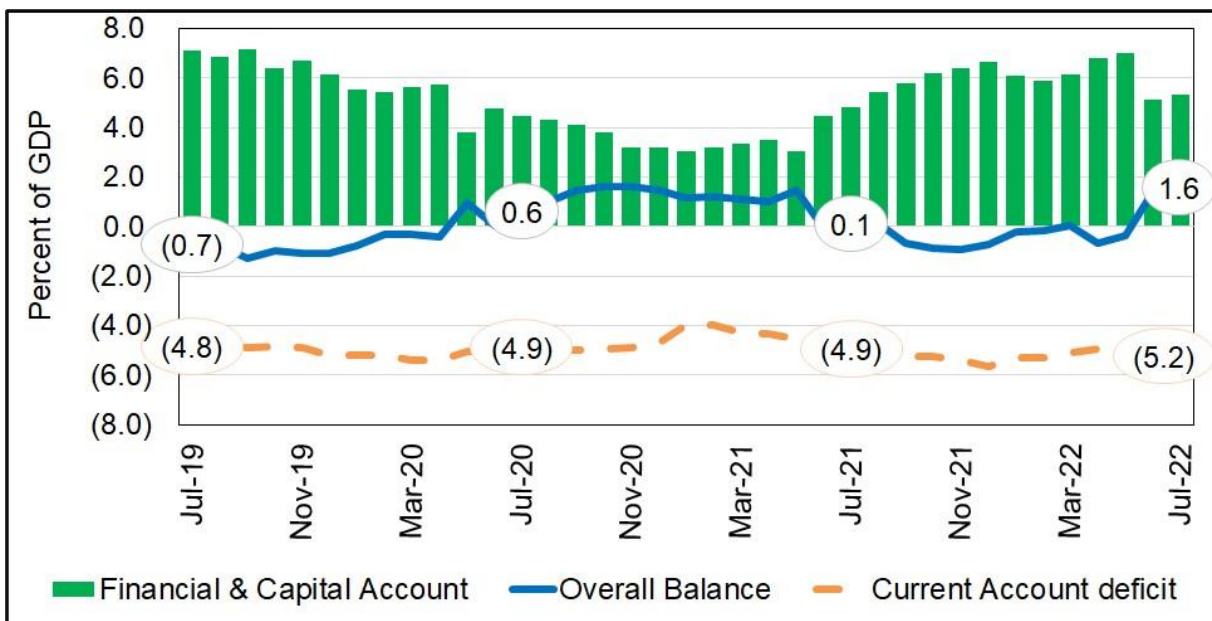


Source of Data: Central Bank of Kenya

External Sector Developments

56. The overall balance of payments position improved to a surplus of USD 1,790.4 million (1.6 percent of GDP) in July 2022 from a surplus of USD 119.4 million (0.1 percent of GDP) in July 2021 (Figure 12). This was mainly due to an improvement in the capital and financial account and increased receipts in net services and net secondary income despite a decline in the merchandise account and net primary income.

Figure 12: Balance of Payments (Percent of GDP)



Source of Data: Central Bank of Kenya

57. The current account deficit was at USD 5,876.6 million (5.2 percent of GDP) in July 2022 compared to USD 5,494.7 million (4.9 percent of GDP) in July 2021 (Table 15). The current account balance was supported by an improvement in the net receipts on the services

account and the net secondary income balance despite a deterioration in the net primary income balance and merchandise account.

Table 15: Balance of Payments (USD Million)

	Jul-20	Jul-21	Dec-21	Mar-22	May-22	Jul-22	Year to July 2022		Percent of GDP	
							change	Percent Change	Jul-21	Jul-22
Overall Balance	613.0	119.4	(787.7)	34.2	(411.9)	1,790.4	1,671.0	1,399.4	0.1	1.6
A) Current Account	(4,854.3)	(5,494.7)	(6,026.9)	(5,911.9)	(6,032.8)	(5,876.6)	(381.9)	(7.0)	(4.9)	(5.2)
<i>Merchandise Account (a-b)</i>	(9,233.1)	(9,831.1)	(11,439.3)	(11,718.3)	(12,159.7)	(12,403.2)	(2,572.1)	(26.2)	(8.8)	(11.0)
a) Goods: exports	5,918.1	6,467.1	6,729.6	6,818.1	6,952.4	7,200.4	733.3	11.3	5.8	6.4
b) Goods: imports	15,151.2	16,298.2	18,168.9	18,536.3	19,112.1	19,603.6	3,305.4	20.3	14.6	17.4
<i>Net Services (c-d)</i>	860.6	211.8	739.8	1,249.6	1,551.9	1,839.6	1,627.8	768.7	0.2	1.6
c) Services: credit	4,436.5	3,881.5	4,859.4	5,706.0	6,220.2	6,711.4	2,829.9	72.9	3.5	6.0
d) Services: debit	3,575.9	3,669.8	4,119.6	4,456.4	4,668.4	4,871.8	1,202.1	32.8	3.3	4.3
<i>Net Primary Income (e-f)</i>	(1,511.4)	(1,381.8)	(1,487.9)	(1,796.2)	(1,812.5)	(1,701.8)	(320.0)	(23.2)	(1.2)	(1.5)
e) Primary income: credit	180.8	130.5	128.8	119.2	112.2	103.5	(27.0)	(20.7)	0.1	0.1
f) Primary income: debit	1,692.3	1,512.3	1,616.7	1,915.4	1,924.7	1,805.3	293.1	19.4	1.4	1.6
<i>Net Secondary Income</i>	5,029.6	5,506.4	6,160.5	6,352.8	6,387.6	6,388.8	882.4	16.0	4.9	5.7
g) Secondary income: credit	5,076.9	5,616.6	6,270.8	6,468.1	6,492.8	6,481.4	864.8	15.4	5.0	5.8
h) Secondary income: debit	47.3	110.3	110.3	115.3	105.3	92.6	(17.6)	(16.0)	0.1	0.1
B) Capital Account	146.1	205.6	195.1	194.1	165.8	246.4	40.8	19.9	0.2	0.2
C) Financial Account	(4,292.2)	(5,159.7)	(6,927.1)	(6,948.7)	(7,866.8)	(5,745.5)	(585.8)	(11.4)	(4.6)	(5.1)

Source of Data: Central Bank of Kenya

58. The balance in the merchandise account widened by USD 2,572.1 million to a deficit of USD 12,403.2 million in July 2022 reflecting increased imports of petroleum products owing to high international crude oil prices in spite of an improvement in the export earnings (Table 16). In the year to July 2022, exports grew by 11.3 percent primarily driven by improved receipts from tea and manufactured goods despite a decline in receipts from horticulture. Tea exports increased owing to improved tea prices reflecting increased demand from our traditional markets. On the other hand, imports of goods increased by 20.3 percent in the year to July 2022 mainly due to increases in imports of oil and other intermediate goods.

59. Net receipts on the services account improved by USD 1,627.8 million to USD 1,839.6 million in July 2022 compared to a similar period in 2021. This was mainly on account of an increase in receipts from transport and tourism as economies re-opened following the relaxation of COVID-19 containment measures. Net Secondary income remained resilient and increased by USD 882.4 million during the review period owing to an increase in remittances. The balance on the primary account widened by USD 320 million to a deficit of USD 1,701.8 million in July 2022, from a deficit of USD 1,381.8 million in the same period last year, reflecting higher outflows of direct and other investments.

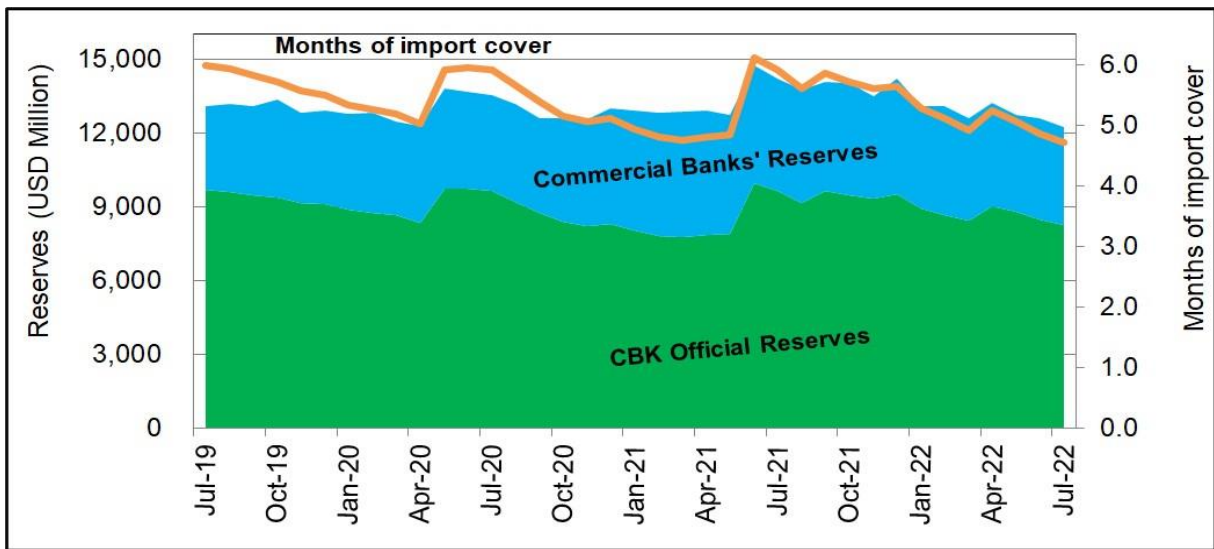
60. The capital account balance improved by USD 40.8 million to register a surplus of USD 246.4 million in July 2022 compared to a surplus of USD 205.6 million in the same period in 2021. Net financial inflows improved to USD 5,745.5 million in July 2022 compared to USD 5,159.7 million in July 2021. The net financial inflows were mainly in the form of other investments, financial derivatives and direct investments. Portfolio investments registered a net outflow during the period.

Foreign Exchange Reserves

61. The banking system’s foreign exchange holdings remained strong at USD 12,222.5 million in July 2022 from USD 14,196.3 million in July 2021. The official foreign exchange reserves held by the Central Bank stood at USD 8,267.8 million (4.7 months of import cover) in July 2022 compared to USD 9,651.7 million (5.9 months of import cover) in July 2021 Figure 13).

62. The official reserves fulfil the requirement to maintain it at minimum of 4.0 months of imports cover to provide adequate buffer against short term shocks in the foreign exchange market. Commercial banks holdings decreased to USD 3,954.6 million in July 2022 from USD 4,544.6 million in July 2021.

Figure 13: Official Foreign Reserves (USD Million)



Source of Data: Central Bank of Kenya

CAPITAL MARKETS DEVELOPMENT

63. Activity in the capital markets slowed down in August 2022 due to the outflow of investors as advanced economies tightened their monetary policy amid recession fears. The NSE 20 Share Index declined to 1,751 points in August 2022 compared to 2,020 points in August 2021 while Market capitalization also declined to Ksh 2,142 billion from Ksh 2,841 billion over the same period (Figure 14).

Figure 14: Performance of the Nairobi Securities Exchange



Source of Data: Nairobi Securities Exchange

B. Medium Term Economic Outlook

Global Growth Outlook

64. The global economic outlook remains highly uncertain with growth projected to moderate to 2.9 percent in 2023 from 3.2 percent in 2022 largely reflecting a slowdown in advanced economies despite a gradual pick up in the emerging market and developing economies. Advanced economies are projected to slow down by 1.0 percent in 2023 from 2.3 percent in 2022 mainly due to a slowdown in growth in the United States and the Euro area. Growth in the United States is projected to slow down due to the expected impact of a steeper tightening in monetary policy. Growth in the euro area is expected to be adversely affected by the spill overs from the war in Ukraine as well as the assumption of tighter financial conditions.

65. The emerging market and developing economies are projected to pick up to a growth of 3.9 percent in 2023 from a growth of 3.6 percent in 2022 albeit with varying performance across countries. The emerging and developing Asia is projected to pick up as a result of a more robust recovery in china despite a slowdown in India, while growth in the Latin America and the Caribbean and the Middle East and Central Asia are expected to slow down.

66. The Sub-Saharan African region is projected to pick up to a growth of 4.0 percent in 2023 from 3.8 percent in 2022 with the East and Southern African sub-region showing a sustained recovery from the recession. The DRC and Zambia are expected to benefit from rising metal prices in the short-and medium term and gain from the transition away from fossil fuels in the long term.

Domestic Growth Outlook

67. Domestically, leading indicators of economic activity show continued strong performance in the second quarter of 2022, supported by strong activity in transport and storage, wholesale and retail trade, construction, information and communication, and accommodation and food services. As such, the economy is expected to remain robust at 5.5 percent in 2022, with continued strong performance of the services sector despite the downside risks to global growth.

68. Growth is expected to remain resilient growing by 5.8 percent in FY 2022/23 and averaging 6.2 percent over the medium term. This will be supported by a broad-based private sector growth, including recoveries in agriculture while the public sector consolidates. This outlook will be reinforced by the ongoing implementation of the strategic priorities of the Government under the “Big Four” Agenda and the Economic Recovery Strategy. Additionally, the Government is implementing the third phase of the Economic Stimulus Programs that target strategic interventions in agriculture, health, education, drought response, policy, infrastructure, financial inclusion, energy, and environmental conservation. The economic growth projections over the medium term are aligned to those of the Third Medium Term Plan (2018-2022) of the Vision 2030.

Monetary Policy Outlook

69. The main objective of monetary policy, over the medium term will be to maintain price stability. Overall inflation is expected to moderate to 6.0 percent in FY 2022/23 and remain within the target range of 5 ± 2.5 percent as international commodity prices, particularly oil, wheat and edible oils, have begun to moderate. Additionally, the waiver of import duties and levies on white maize and the reduction in VAT on LPG will further moderate domestic prices.

70. The foreign exchange market is expected to remain stable supported by, resilient export receipts, buoyant remittances, and a gradual pick up in receipts from services exports.

The continued coordination of monetary and fiscal policies is expected to sustain macroeconomic stability and support economic activity.

Fiscal Policy Outlook

71. Fiscal policy over the medium-term aims at enhancing revenue mobilisation, expenditure rationalization and strengthening management of public debt to minimize cost and risks of the portfolio, while accessing external concessional funding to finance development projects. This is geared towards economic recovery to support sustained, rapid and inclusive economic growth, safeguard livelihoods and continue the fiscal consolidation programme to create fiscal space for the implementation of the “Big Four” Agenda.

County Economic Outlook

72. Kitui County’s economy has slightly accelerated by 6.9 in 2020 compared to 2019 according to Gross County Product 2021. The local revenue under the review period decreased by 10.7% in relation to the previous 2020/2021 FY.

73. The establishment of Kitui County Youth Development Centre (KICOYDEC) has since created 162 jobs for a number of youth and supported greatly creation of wealth by reducing the cost of producing and purchasing bricks, cabros within the county

74. In 2021/2022 FY, the county empowered the farmers in bee keeping and honey production which involved training, purchase and distribution of the cab hives. A total of 38 groups with a membership of 1,000 benefitted from advisory on bee keeping and value chain. This ensured the modern methods of bee keeping will increase the honey production and quality hence value chain addition on the honey.

75. In the period 2021/2022 FY, the county promoted the high value horticultural crops programmes in the *Mianda* irrigation project which aimed to increase the food security. The projects involved supply of assorted seeds, fungicides and the insecticides to the selected areas. The County Government procured 0.573 metric tonnes benefitting 7,621 farmers under the review period. This promoted the crop value chain, created wealth and job opportunities.

76. Within the same period, operationalization of farm tractor ploughing services was conducted across the county with an aim of improving the food productivity. The long and short rains of year was below normal hence affected the productivity of green grams and other crops.

77. In the 2021/2022 FY, to provide the county residence with clean water for domestic use and agriculture, the county constructed/ desilted earth dams/ pan and rock catchments, water pipelines extensions and drilling and equipping of boreholes. These promoted the production of food and development of the livestock across the county. The boreholes were installed with solar powered pumps which reduces the cost of operation.

78. In the 2021/22 FY, the county government provided subsidies to WSPs to KITWASCO & KIMWASCO who supply water to Kitui town and Mwingi town respectively. These promoted the provision of clean water to residence of the two towns.

79. For any economy to grow, road infrastructure is a key enabler hence the county graded, constructed and repaired roads across the county. The road project included bush

clearing and construction of drifts. As a result, there was smooth movement of persons and goods across the county.

80. The county will be geared towards addressing the sixteen sector manifesto priority areas of Agriculture, Water, Health, Education, Urban, Roads & Construction, Trade & Investments, Micro Small & Medium Enterprises (MSME), Cooperatives Societies, Tourism & Hospitality, Women Youth & PWDs, Environment, Energy, Information & Communication, Security and Bodaboda. These sector priorities are expected to revamp the economy as well as spearhead sustainable development in Kitui County.

Risks to Economic Outlook

81. There are down side risks to this macroeconomic outlook emanating from domestic as well as external sources. On the domestic front, the emergence of new Omicron COVID-19 variants may occasion restrictive measures. Other risks relate to lower agricultural output due to potential adverse weather conditions. Additionally, increased public expenditure pressures, particularly wage and other recurrent expenditures, would put a strain to the fiscal space.

82. On the external front, the key downside risks include: uncertainty about the global outlook, reflecting adverse effects of the war in Ukraine, inflationary risks (from rising prices of food and oil), continuing COVID-19 pandemic related disruptions, and supply chain constraints as well as increased global financial markets volatility amid the tightening of monetary policy in advanced economies.

83. The Government has faced difficult policy trade-offs to secure economic recovery and navigate existing macroeconomic challenges amidst diminishing fiscal space. Among the fiscal measures implemented by Government to minimize the adverse impact of these emerging issues to the Kenyan economy include, among others:

- Subsidizing pump prices through the Petroleum Development Levy Fund;
- Reduction in electricity tariff by 15 percent to lower cost of power;
- Granting waiver of import duty on 540,000 metric tonnes of white non-genetically modified (non-GMO) imported into the country; and waived for a period of 3 months, the Railway Development Levy and the Import Declaration Fee on the importation of the gazetted white maize;
- Implemented Fertilizer Subsidy - to farmers during the April planting season (Ksh 3.0 billion) and a further Ksh 2.7 billion for the next planting season in October 2022;
- Reduced the VAT rate on LPG from 16% to 8% in the Finance Act, 2022;
- Increased the minimum wage for low earners by 12 percent with effect from 1st May, 2022.

IV. RESOURCE ALLOCATION FRAMEWORK

Adjustments to 2022/23 Budget

84. Domestically, leading indicators of economic activity show continued strong performance in the second quarter of 2022, supported by strong activity in transport and storage, wholesale and retail trade, construction, information and communication, and accommodation and food services. As such, the economy is expected to remain robust at 5.5 percent in 2022, with continued strong performance of the services sector despite the downside risks to global growth.

85. Growth is expected to remain resilient growing by 5.8 percent in FY 2022/23 and averaging 6.2 percent over the medium term. This will be supported by a broad-based private sector growth, including recoveries in agriculture while the public sector consolidates. This outlook will be reinforced by the ongoing implementation of the strategic priorities of the Government under the “Big Four” Agenda and the Economic Recovery Strategy.

86. In the county level, though the level of absorption of 82.95% in 2021/2022 reflects a decrease from previous year’s budget, a strategy is being drafted to ensure that steady performance is supported while rolling over to 2022/23 financial year and aim on 90%+ budget absorption.

87. The project implementation status by the ministries clearly indicates the need for the departments to maximise the available resources on need based planning which will ensure the key projects are implemented. These project will have great impact on socio-economic lifestyle of Kitui residence. These will ensure non-priority projects are allocated the least resources and the resources allocated to development may not, by any way be allocated to recurrent expense in the upcoming supplementary budget.

88. In order to achieve the revenue target, set out in the 2022/23 budget, the revenue department of the County Treasury will continue to implement the automation of revenue to improve revenue collection. The supervision of revenue collection is essential to seal off all possible revenue leakages and loss through non-collection.

89. The County Government continued to rationalize expenditures to improve efficiency and reduce wastage of the resources’. Within the medium term, the ministries will have measures on expenditure control in order to regulate any increase in pending bills. Finally, the PFM Act, 2012 is expected to guide and accelerate reforms in expenditure management system necessary for the efficient utilisation of resources hence debt management.

Medium Term Expenditure Framework

90. In the 2022/2023 FY, the MTEF budgeting will consider allocation of the resources to key priority sectors in order to offer service delivery according to public participation conducted for CFSP 2022/23 FY. The prioritized projects are lifted from the broad priorities in ADP for 2022/23 FY and the CIDP 2018-2022 and other national planning documents.

91. According to the organization of the County ministries with guidelines from the Classification of Functions of Governments (COFOG) and the national level, the following key ministries have been allocated much funds to drive the sixteen sector manifesto.

- i The Ministry of Agriculture, Water and Irrigation drives the key economic pillar of water and food security. The ministry has been allocated Kshs. 1.327B presenting 12 % of the total budget.

- ii The Ministry of health and Sanitation has been allocated Kshs.3.48B presenting 30% of the total budget. The Ministry has the highest budget allocation for the 2022/23 FY.
- iii The Ministry of Basic Education, ICT and Youth Development has been allocated Kshs. 0.62B presenting 5% of the total budget.
- iv The County Treasury has been allocated Kshs. 0.61B presenting 5% of the total budget. The Ministry has also a responsibility of ensuring sound financial systems and revenue collection among the ministries.
- v The Ministry of Trade, Cooperatives and Investment has been allocated Ksh 0.31B presenting 3% of the total budget.
- vi The County Ministry of Infrastructure, Housing, Transport and Public Works has been allocated Kshs. 1.1B presenting 10% of the total budget. The Ministry ensure smooth and passable road network to ease movement of person and goods.
- vii To achieve any production, energy and good climatic condition is very key. Ministry of Environment Tourism & Natural Resources has been allocated Kshs. 0.22B presenting 2% of the total budget. Positive climatic changes boost the food security and conservation available vegetation cover and distribution of electricity.
- viii Other priority sectors include Gender, Sports and Culture which promotes the interest of special groups. In the 2022/23 FY, the Ministry has been allocated Kshs. 0.168B presenting 1% of the total budget.
- ix The county assembly which ensures legislation and oversight of the county government operation has been allocated Kshs. 1,14B presenting 10% of the overall budget. Finally, the Office of the Governor which drives the Pro-poor programmes and the CLIDP project has been allocated Kshs. Kshs.1.36B presenting 12% of the overall budget.

Budget Framework 2021/2022

92. The 2022/23 FY budget framework is based on the MTEF and fiscal policies as outlined in this 2021/22 FY outlook paper. Instability of the key macroeconomic variable such as interest rates, inflation and exchange rates having been affected by election will affect the Countries GDP hence decreased recovery of the economy. However, the variables are expected to remain stable throughout the financial year as the Country stabilizes.

93. At the county level, the county is expecting productive rain season in the upcoming short and long rains which will ensure sufficient food production across the county. The county government will distribute certified seeds to the farmers.

94. The counties own revenue is projected to be Kshs. 600M over the medium term plan from a target of Kshs. 800M in 2021/22 FY.

Table 16: Revenue Projections 2016/17 – 2022/23 & Estimates for 2023/24 to 2024/25 FY

S/No	Source	Actual Revenue 2016/17	Actual Revenue 2017/18	Actual Revenue 2018/19	Revenue Estimates 2019/20	Actual Revenue 2020/21	Actual Revenue 2021/22	Revenue Estimates 2022/23	Projected Estimates	
		(Kshs)	(Kshs)	Kshs	Kshs	Kshs	Kshs	Kshs	2023/24 (Kshs)	2024/25 (Kshs)
1	Equitable share	7,841,480,359	8,652,300,000	8,729,200,000	8,830,350,000	8,830,350,000	9,562,452,779	10,393,970,413	11,433,367,454	12,576,704,200
2	Grants									
	Free Maternal Healthcare	70,080,000			-					
	Compensation for User Fees Forgone	23,144,996	23,144,997	22,499,906	22,499,906	22,499,906			-	-
	Road Maintenance Fuel Levy	120,484,292	309,636,150	287,290,294	250,655,344	264,131,437			-	-
	Grants from World Bank (KDSP)	-	53,665,066		30,000,000	45,000,000		112,815,048	121,840,252	131,587,472
	World Bank (Universal Health)		47,013,831	67,082,450	103,785,962	36,872,242	23,942,835	14,548,168	15,712,021	16,968,983
	World Bank (Agriculture - Rural Growth)	-	50,609,855	50,078,476	268,608,366	190,631,819	150,349,620	283,089,026	305,736,148	330,195,040
	World Bank (Emergency Locust Response Project (ELRP))						14,076,914	38,964,000		
	HSSP/HSPS - (DANIDA/IDA)	150,020,244	32,522,346	29,008,126	35,792,500			19,564,875	21,130,065	22,820,470
	World Bank loan to Supplement financing of County Health Facilities	-		-		25,110,000			-	-
	UNFPA (9th Country Programme Implementation)							7,386,704	7,977,640	8,615,852

S/No	Source	Actual Revenue 2016/17	Actual Revenue 2017/18	Actual Revenue 2018/19	Revenue Estimates 2019/20	Actual Revenue 2020/21	Actual Revenue 2021/22	Revenue Estimates 2022/23	Projected Estimates	
		(Kshs)	(Kshs)	Kshs	Kshs	Kshs	Kshs	Kshs	2023/24 (Kshs)	2024/25 (Kshs)
	Development of Youth Polytechnics	-	67,576,636	44,141,075	72,588,298				-	-
	Other GOK Grants (Doctors & Nurses Allowance)	88,992,000		-					-	-
	Kenya Urban Support Project - World Bank			232,374,200	166,203,043	92,149,894			-	-
	Kenya Urban Support Project (UIG)- World Bank			41,200,000	8,800,000				-	-
	ASDSP			8,946,484	19,410,807	126,367,908	16,926,637	28,857,290	31,165,873	33,659,143
	KCEP-KRLA								-	-
	FAO					12,329,648			-	-
	GoK Conditional Grant - Covid Fund				488,788,000					
	Pro Poor								-	-
	Sub Total	452,721,532	584,168,881	782,621,011	1,467,132,226	815,092,853	205,296,006	505,225,111	503,562,000	543,846,960
		8,294,201,891	9,236,468,881	9,511,821,011	10,297,482,226	9,645,442,853	9,767,748,785	10,899,195,524	11,936,929,454	13,120,551,160
3	Own Revenue									
	County Ministries/Entity									
	Office of the Governor	16,392,240	17,002,350		-	-	-			-
	Ministry of Public Service Management and Administration	-		9,876,970	12,048,730	11,970,550	9,128,100	36,865,295	38,708,560	40,643,988
	The County Treasury	106,022,233	91,863,116	126,941,699	62,542,260	83,755,939	64,270,545	75,621,471	79,402,545	83,372,672

S/No	Source	Actual Revenue 2016/17	Actual Revenue 2017/18	Actual Revenue 2018/19	Revenue Estimates 2019/20	Actual Revenue 2020/21	Actual Revenue 2021/22	Revenue Estimates 2022/23	Projected Estimates	
		(Kshs)	(Kshs)	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	2023/24 (Kshs)
	Ministry of Health and Sanitation	72,740,757	106,553,358	176,097,641	181,897,534	111,901,160	188,550,071	200,682,150	210,716,258	221,252,070
	Ministry of Basic Education, ICT and Youth Development		-	-		5,395,440	6,030,092	23,543,764	24,720,952	25,957,000
	Ministry of Trade, Cooperatives and Investments	425,671	428,707	1,046,812	44,752,398	1,284,195	3,963,257	44,810,100	47,050,605	49,403,135
	Ministry of Infrastructure, Housing, Transport and Public Works	24,958,150	26,196,850	26,925,512	18,417,352	40,536,210	3,468,925	5,577,764	5,856,652	6,149,485
	Ministry of Gender, Sports and Culture	-	1,095,150	132,500	138,000	26,000	72,000	994,118	1,043,824	1,096,015
	Ministry of Agriculture, Water and Irrigation	17,167,612	12,989,871	16,418,764	29,343,230	11,152,488	3,867,163	31,778,140	33,367,047	35,035,399
	Ministry of Environment, Tourism and Natural Resources	6,785,460	5,060,700	850,900	2,183,100	1,505,065	1,823,310	15,758,823	16,546,764	17,374,102
	Kitui Municipality	45,252,270	48,923,181	57,387,816	36,591,889	37,785,490	35,805,225	35,312,610	37,078,241	38,932,153
	Mwingi Town Administration	25,602,970	25,009,194	27,966,066	20,370,670	21,137,774	21,707,796	25,513,530	26,789,207	28,128,667
	Ministry of Livestock, Apiculture and Fisheries Development						21,104,722	8,202,529	8,612,655	9,043,288

S/No	Source	Actual Revenue 2016/17	Actual Revenue 2017/18	Actual Revenue 2018/19	Revenue Estimates 2019/20	Actual Revenue 2020/21	Actual Revenue 2021/22	Revenue Estimates 2022/23	Projected Estimates	
		(Kshs)	(Kshs)	Kshs	Kshs	Kshs	Kshs	Kshs	2023/24 (Kshs)	2024/25 (Kshs)
	Ministry of Lands and Physical Planning						1,480,136	95,339,706	100,106,691	105,112,026
	Sub Total	315,347,363	335,122,477	443,644,680	408,285,163	326,450,311	361,271,342	600,000,000	630,000,000	661,500,000
	TOTAL	8,609,549,254	9,571,591,358	9,955,465,691	10,705,767,389	9,971,893,164	10,129,020,127	11,499,195,524	12,566,929,454	13,782,051,160
	% of Equitable Share	91	90	88	82	89	85	90	91	91
	% of Own Resources	4	4	4	4	3	7	5	5	5
	% of Grants	5	6	8	14	8	8	4	4	4
		100	100	100	100	100	100	100	100	100
	Revote from previous budget	1,843,914,081	1,319,665,314	880,167,531	526,210,232	1,578,584,301	769,547,038		-	-
	Total Resource Envelope	10,453,463,335	10,891,256,672	10,835,633,222	11,231,977,621	11,550,477,465	10,898,567,165	11,499,195,524	12,566,929,454	13,782,051,160

Source: County Treasury

V. CONCLUSION AND WAY FORWARD

95. In the table 17 below, the CBROP presents the MTEF for 2021/22 FY to 2024/25 FY factoring in the challenges faced by county government in receiving the equitable share for the 2021/22 FY. The MTEF for the financial years presents the actual values and projection of 2022/23 FY obtained by moderating the revenue projections and control of expenditure based on the laid policies. The financial policies therefore are consistent with fiscal responsibilities outlined in the PFM law.

96. County government should consider allocating funds to sector projects on need based prioritization hence much impact to the society. The projects and programmes which takes shortest time possible (One quarter) to implement at a very cost effective way. Therefore, the allocation is not based on any policy shift, but program rationalisation to ensure maximum benefit with least resource allocation.

97. In this regards, the financial policies outlined in this CBROP 2022 will ensure smooth resource allocation on the ward prioritized projects which will promote development.

98. The policies will be highlighted in the next County Fiscal Strategy Paper for 2023/24 FY which will be released by February 2023.

Table 17: Medium Term Expenditure Framework (MTEF) Actuals 2021/2022-2022/2023 FY & Projection up to 2024/2025 FY

No.	Sector/ County Ministry		2021/22 Actuals	2022/23 Estimates	Projections 10% (Recurrent)	
					Projections 8% (Development)	
					2023/24	2024/25
1	Office of the Governor	SUB-TOTAL	1,182,920,643	1,364,170,170	1,668,720,196	1,816,612,510
		Rec. Gross	517,317,583	617,925,170	719,734,914	791,708,405
		Dev. Gross	665,603,060	746,245,000	948,985,282	1,024,904,105
2	Department of Public Service Management and Administration	SUB-TOTAL	480,432,302	471,204,090	482,205,057	529,596,501
		Rec. Gross	479,354,282	452,204,090	440,751,981	484,827,179
		Dev. Gross	1,078,020	19,000,000	41,453,076	44,769,322
3	Ministry of Agriculture, Water & Irrigation	SUB-TOTAL	1,085,493,437	1,327,212,669	1,450,613,564	1,576,082,000
		Rec. Gross	433,488,624	493,232,081	470,967,539	518,064,293
		Dev. Gross	652,004,813	833,980,588	979,646,025	1,058,017,707
4	Ministry of Basic Education, ICT & Youth Development	SUB-TOTAL	637,549,108	626,352,548	834,389,719	915,119,312
		Rec. Gross	523,451,192	534,302,548	698,920,772	768,812,849
		Dev. Gross	114,097,916	92,050,000	135,468,947	146,306,462
5	Ministry of Infrastructure, Housing, Transport and Public Works	SUB-TOTAL	925,737,269	1,101,899,667	1,063,913,187	1,154,669,096
		Rec. Gross	251,835,656	286,793,334	282,142,683	310,356,951
		Dev. Gross	673,901,613	815,106,333	781,770,504	844,312,145
6	Ministry of Health & Sanitation	SUB-TOTAL	3,282,582,081	3,485,034,863	3,639,420,318	3,999,755,374
		Rec. Gross	3,178,572,466	3,331,934,838	3,459,071,533	3,804,978,687
		Dev. Gross	104,009,615	153,100,025	180,348,785	194,776,688
7	Ministry of	SUB-TOTAL	427,040,540	315,859,952	260,854,975	285,672,837

No.	Sector/ County Ministry		2021/22 Actuals	2022/23 Estimates	Projections 10% (Recurrent)	
					Projections 8% (Development)	
					2023/24	2024/25
	Trade, Co- operatives & Investment	Rec. Gross	227,574,410	225,859,952	197,473,211	217,220,532
		Dev. Gross	199,466,130	90,000,000	63,381,764	68,452,305
		SUB-TOTAL	211,672,247	220,679,886	331,854,673	361,199,382
8	Ministry of Environment, Tourism & Natural Resources	Rec. Gross	127,344,433	148,010,361	139,816,750	153,798,425
		Dev. Gross	84,327,814	72,669,525	192,037,923	207,400,957
		SUB-TOTAL	93,668,524	168,999,926	203,262,431	221,457,691
9	Ministry of Gender, Sports & Culture	Rec. Gross	66,723,687	103,689,962	96,713,259	106,384,585
		Dev. Gross	26,944,837	65,309,964	106,549,172	115,073,106
		SUB-TOTAL	593,726,336	611,074,188	502,306,477	551,700,968
10	The County Treasury	Rec. Gross	580,792,954	488,259,140	460,498,640	506,548,503
		Dev. Gross	12,933,382	122,815,048	41,807,837	45,152,464
		SUB-TOTAL	46,830,191	76,000,000	86,278,383	94,906,221
11	County Public Service Board	Rec. Gross	46,830,191	76,000,000	86,278,383	94,906,221
		Dev. Gross	-	-	-	-
		SUB-TOTAL	915,509,730	1,147,364,914	1,292,173,883	1,415,349,068
12	County Assembly	Rec. Gross	915,509,730	990,063,722	990,063,722	1,089,070,094
		Dev. Gross	-	157,301,192	302,110,161	326,278,974
		SUB-TOTAL	234,251,203	234,756,043	219,695,289	239,716,660
13	Kitui Municipality	Rec. Gross	86,261,620	123,349,019	122,287,397	134,516,137
		Dev. Gross	147,989,583	111,407,024	97,407,892	105,200,523
		SUB-TOTAL	63,428,720	101,309,699	113,857,871	124,409,031
14	Mwingi Town Administration	Rec. Gross	53,466,973	71,346,773	72,126,537	79,339,191
		Dev. Gross	9,961,747	29,962,926	41,731,334	45,069,841
		SUB-TOTAL	92,823,742	113,972,760	112,951,220	123,764,423
15	Ministry of Livestock, Apiculture and Fisheries Development	Rec. Gross	69,353,166	80,000,000	88,855,270	97,740,797
		Dev. Gross	23,470,576	33,972,760	24,095,950	26,023,626
		SUB-TOTAL	69,187,207	133,304,149	116,508,513	127,482,445
16	Ministry of Lands and Physical Planning	Rec. Gross	51,823,330	77,504,149	82,662,529	90,928,782
		Dev. Gross	17,363,877	55,800,000	33,845,984	36,553,663
		TOTAL	10,342,853,280	11,499,195,524	12,379,005,756	13,537,493,519
	TOTALS	Rec. Gross	7,609,700,297	8,100,475,139	8,408,365,119	9,249,201,631
		Dev. Gross	2,733,152,983	3,398,720,385	3,970,640,637	4,288,291,888

Source: County Treasury

ANNEXURES
EXPENDITURE ANALYSIS BY PROJECT/PROGRAMME
3711: Office of the Governor

S/No.	Project/Programme	Budget (2021-2022) (Kshs)	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measures to safeguard against such risk in future
1.	Community Level Infrastructure Development Programme (CLIDP)	1,034,676,300	636,536,363	62%	At the end of the financial year, the department had outstanding commitments of KShs 385,756,324. Most of these commitments had been invoiced and processed. Unfortunately, the County executive failed to get June 2022 development funds disbursement on time hence the bills were not paid on time.	The budget estimates will continue being informed by the market surveys to increase the absorption rate.
2.	Pro-Poor Support Programme (Fees support and infrastructural support)	54,320,000	45,791,288	84%	High absorption rate is due to the prompt identification of beneficiaries via village barazas.	The department will adopt this strategy to enhance absorption rate on to other projects and programmes.
3.	Governor's administration Block (Completion works)	7,106,316	7,106,316	100%	The absorption was successful because there were few procurements needed and were done early in the financial year.	The department will adopt this strategy to enhance absorption rate on to other projects and programmes.
4.	Governor's and Deputy Governor's Residences	8,881,831	0	0%	The county executive could not acquire suitable land to procure for construction of Governor's and Deputy Governor's residence.	The county executive will publish call for expression of interest on sale of land to acquire the needed piece(s) of land to construct the residence houses.

3712: Public Service Management and Administration

NO	PROJECT/PROGRAMMES	BUDGET 2021 - 2022 (Kshs)	EXPENDITURE (Kshs)	ABSORPTION RATE (%)	EXPENDITURE FOR THE LEVEL OF ABSORPTION	MEASUREMENT TO SAFEGUARD AGAINST SUCH RISK IN FUTURE
1	RECURRENT					
	General Administration planning and support services (0701013710)	160,388,712	141,491,370	88.22	Delayed disbursement of funds	Timely disbursement of funds
	Planning, field administration and devolution services (0705013710 / 0706013710)	356,517,132	326,189,106	91.50	Delayed disbursement of funds	Timely disbursement of funds
	coordination and program tracking (0707013710)	14,000,000	11,170,805	79.80	Delayed disbursement of funds	Timely disbursement of funds
2	DEVELOPMENT					
	construction of offices (0705013710)	12,000,000	1,078,020	7.70		

3713: Ministry of Agriculture, Water & Irrigation

S/N	Project/Programme	Budget (2021-2022)	Expenditure (Kshs)	Absorption Rate %	Explanation for the level of Absorption	Measures to safeguard against such Risks to the future
	0102003710 P2: Crops Development and management					
	0102013710 SP 2.1 Farm Input Support (Crops development support)					
1	Myanda irrigation					
	Certified seeds	11,400,000	7,105,620	62.33	Delay in release of second half budget allocation	Ensure funds are released on time
	Pesticides procured	1,566,980.50	0	0	Merchant declined to honour the tender due to election fever despite being awarded	Ensure LPOs are awarded to serious entrepreneurs
2	Ndengu revolution (Seed bulking)					
	Certified basic seeds	3,600,000	3,600,000	100	Preparation of procurement documents in good time	N/A

S/N	Project/Programme	Budget (2021-2022)	Expenditure (Kshs)	Absorption Rate %	Explanation for the level of Absorption	Measures to safeguard against such Risks to the future
	Pesticides procured	1,566,980.50	1,512,000	96.50		
	0103003710 P3: Agribusiness and Information Management (Farm development & Agribusiness)					
	0103013710 SP 3.1 Agribusiness and Market Development					
2	Subsidized tractor ploughing services	7,018,060	4,142,910	59.03	50% of tractors were not operational	Ensure all tractors are in good condition
3	NATIONAL AGRICULTURAL & RURAL INCLUSIVE GROWTH PROJECT (NARIGP)					
	<ul style="list-style-type: none"> Promote community-driven development initiatives (micro-projects)- Disbursement of grants for community- driven investments 	157,750,000	14,060,157	8.9	Delay in disbursement of funds due to delayed passage of County government Grants bill, 2021	The bill was passed and the challenge may not recur in future
	<ul style="list-style-type: none"> Capacity building of producers 	6,698,603	10,480,050	156.45		
	<ul style="list-style-type: none"> Value chain development 	3,162,916	774,250	24.48		
	<ul style="list-style-type: none"> County multi-community investments 	46,216,881	45,790,740	99.08		
	Sub Total	213,828,400	71,105,197	33.25		
	NB: the released & unspent funds of Kes 13,056,617.80 as at 30.06.2022, was transferred to operations account in readiness for re-voting it into 2022/2023 FY, while the amount in CRF was Kes 57,625,486 and is waiting to be transferred to operations account and will be re-voted					
4	Emergency Locust Response Programme (ELRP)					
	Supporting Community Driven Development	15,000,000	14,619,257	97.46	Aggressive community mobilization	
	NB: the released & unspent funds of Kes 10,000 as at 30.06.2022 and Kes 14,000,000 deposited on 01.07.2022, totalling to Kes 14,010,00 was transferred to operations account in readiness for re-voting it into 2022/2023 FY					
	0103023710 SP 3.2 Agricultural Information Management (Extension services)					
4	Improve institutional capacity of the ATC					
	Support ATC nursery	2,050,000	1,002,098.75	48.88	Delay in release of second half budget allocation	Ensure funds are released on time

S/N	Project/Programme	Budget (2021-2022)	Expenditure (Kshs)	Absorption Rate %	Explanation for the level of Absorption	Measures to safeguard against such Risks to the future
	Construction of poultry house	2,000,000	0	0	Delay in procurement process	
	Purchtt allocationsase of dairy animals	1,500,000	0	0	Delay in procurement process	
5	Agriculture sector development support programme (ASDSP)					
	Enhancing technology adoption	1,642,172	1,642,172	100		
	Procure grain threshers	6,300,000	0	0	Delay in disbursement of funds due to delayed passage of County government Grants bill, 2021	The bill was passed and the challenge may not recur in future
	Procure Ndengu cleaning machines	9,000,000	0	0		
	Procure feed formulation machines	3,616,000	0	0		
	Sub-total	20,558,172	1,642,172			
NB: the released & unspent funds of Kes 14,426,637, as at 30.06.2020, was transferred to operations account in readiness for re-voting it into 2022/2023 FY						
0111003710 P.4 Water Resources Management						
1	Drilling & equipping of 15No. new boreholes	60,000,000	33,369,154	55.62	Funds transferred to construction of sand dams	Ensure budget alteration is minimal so as to maintain the initial budget allocations
2	Construction/desilting of 40No. earth dams/pans & rock catchments	100,000,000	38,433,672	38.43	Funds transferred to pay electricity of water companies	
3	Construction of 10No. sand dams & sump well water supplies	50,000,000	69,118,712	138.24	Utilized funds allocated for boreholes	
0111023710 SP. 4.2 Water Supply Infrastructure						
1	Construction of 70km. Pipeline extensions	70,000,000	76,058,599	108.66		
2	Repairs & maintenance of 100No. water supplies	20,000,000	33,565,030	167.83	utilized funds allocated for drilling & equipping of boreholes	Ensure budget alteration is minimal so as to maintain the initial budget allocations
3	Subsidies for WSPs (KITWASCO, KIMWASCO)	50,000,000	85,061,859	170.12	Utilized funds allocated for e/dams	

S/N	Project/Programme	Budget (2021-2022)	Expenditure (Kshs)	Absorption Rate %	Explanation for the level of Absorption	Measures to safeguard against such Risks to the future
4	Supply and installation of 10No. bulk plastic water tanks	10,000,000	24,842,889	248.43	Utilized funds allocated for e/dams	
	Sub-Total	360,000,000	360,449,915	100.12		

3714: Ministry of Basic Education, ICT & Youth Development

S/NO	Project / Programme Name	Budget (2021-22) (Ksh) (B)	Expenditure (Ksh) (E)	Absorption Rate (%) (E/B)	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
1	Construction of classrooms and toilets (Wash Programme)	85,173,799.00	76,496,945.00	89.81	Due to negative re-allocation of the supplementary budget	Re-allocate more funds (positive re-allocation)
2	Teaching and learning materials	15,829,505.00	15,059,062.00	95.13	Due to negative re-allocation of the supplementary budget	Re-allocate more funds (positive re-allocation)
3	ECDE Furniture	6,484,876.00	6,278,700.00	96.82	Due to negative re-allocation of the supplementary budget	Re-allocate more funds (positive re-allocation)
4	Construction of Buildings	94,073,660.00	87,867,701.00	93.40	Due to negative re-allocation of the supplementary budget	Re-allocate more funds (positive re-allocation)

3715: Ministry Infrastructure Housing, Transport & Public Works

S/No.	Project/Programme	Budget (2021-2022) KES	Expenditure (KES)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
1.	Upgrade To Bitumen Standards Of Zombe Market Roads	23,450,000.00	23,450,000.00	100%	Coordinated execution of the project	Timely procurement of project
2.	Upgrade To Bitumen Standards Of Kwa Vonza Market Roads	22,958,983.00	22,958,983.00	100%	Coordinated execution of the project	Timely procurement of project
3.	Murangeni Market - Ngomano -	4,966,311.94	4,966,311.94	100%	Coordinated execution of	Timely procurement of project

S/No.	Project/Programme	Budget (2021-2022) KES	Expenditure (KES)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
	Kyuso Kakongo Junction				the project	
4.	Lundi - Mathuki	4,985,100.00	4,985,100.00	100%	Coordinated execution of the project	Timely procurement of project
5.	Kwa Musemba - Kanzui - Katuva - Isekele	4,699,774.80	4,699,774.80	100%	Coordinated execution of the project	Timely procurement of project
6.	Makutano Jnct-Mulange-Kayambombo	4,980,681.45	4,980,681.45	100%	Coordinated execution of the project	Timely procurement of project
7.	Upgrading Of Musukini -Kyalyia-Mulanga Road	3,409,985.88	3,409,985.88	100%	Coordinated execution of the project	Timely procurement of project
8.	Road Improvement Musukini Nzeluni Jn-Kathanawani	2,362,032.00	2,362,032.00	100%	Coordinated execution of the project	Timely procurement of project
9.	Mbondoni-Kiomo Market	3,843,975.00	3,843,975.00	100%	Coordinated execution of the project	Timely procurement of project
10.	Kwa kasinga-kwa kwinga-kwa nguni-malondo mauku-kasue road	3,964,504.74	3,964,504.74	100%	Coordinated execution of the project	Timely procurement of project
11.	Kwa Mutonga Market-Kwa Mwilu-Miwongoni-Kalimbevo	2,459,129.82	2,459,129.82	100%	Coordinated execution of the project	Timely procurement of project
12.	Kiusyani Kiliko Jnct Mandu Primary Kawongo Kiusyani Jnct Road	2,503,164.00	2,503,164.00	100%	Coordinated execution of the project	Timely procurement of project
13.	Box Culvert at site area on (kitui general-resort club-SDA-hospital RD Junction)	4,948,038.00	4,948,038.00	100%	Coordinated execution of the project	Timely procurement of project
14.	Improvement of Utuneni-Ilivini-Itoleka roads	2,981,200.00	2,981,200.00	100%	Coordinated execution of the project	Timely procurement of project
15.	Road Opening from Katyethoka pry sch- Mulundi	4,524,452.40	4,524,452.40	100%	Coordinated execution of the project	Timely procurement of project
16.	Semea Slab in Ikanga	4,952,363.00	4,952,363.00	100%	Coordinated execution of the project	Timely procurement of project
17.	Gravelling of Makutano ma Ilengi to Mbakoni	4,820,220.00	4,820,220.00	100%	Coordinated execution of the project	Timely procurement of project

S/No.	Project/Programme	Budget (2021-2022) KES	Expenditure (KES)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
18.	Makutano - Damsa -Malalani road	4,830,110.00	4,830,110.00	100%	Coordinated execution of the project	Timely procurement of project
19.	Kisikini - Mbusyani – Mbosinia	4,986,055.00	4,986,055.00	100%	Coordinated execution of the project	Timely procurement of project
20.	Masimba-mandongoi road to masimba primary school	2,410,132.00	2,410,132.00	100%	Coordinated execution of the project	Timely procurement of project
21.	Kanyangi dustless drainage works	2,353,205.00	2,353,205.00	100%	Coordinated execution of the project	Timely procurement of project
22.	Kwa Vonza Seku Road Junction-Kitui Machakos Road	2,441,682.50	2,441,682.50	100%	Coordinated execution of the project	Timely procurement of project
23.	Kanyongonyo - Nzambia Road	4,926,100.01	4,926,100.01	100%	Coordinated execution of the project	Timely procurement of project
24.	Kwa Maithya - Mandongoi road	4,779,536.40	4,779,536.40	100%	Coordinated execution of the project	Timely procurement of project
25.	Kalulini - Iviani - kandogo shopping centre	4,715,028.80	4,715,028.80	100%	Coordinated execution of the project	Timely procurement of project
26.	Construction of slab along kamandio - Kanzau Road	4,985,630.17	4,985,630.17	100%	Coordinated execution of the project	Timely procurement of project
27.	Grading various roads in Kitui County (All the 40 wards)	40,000,000.00	40,000,000.00	100%	Contractors delay in completing works – MTF Machinery. At 90% completion	Enhance contractors sensitization on their contractual obligations and consequences for not performing them.
28.	Dozing works various roads in Kitui County (All the 40 wards)	25,000,000.00	25,000,000.00	100%	Contractors delay in completing works – MTF Machinery. At 92% completion	Enhance contractors sensitization on their contractual obligations and consequences for not performing them.
29.	Proposed Renovation and installation of Water goods at Kitui South Sub County ITHUD Offices	1,541,000	1,541,000	100%	Project completed	
30.	Refurbishment Of Office for Sub County Public Works in Mwingi	2,450,000.00	2,442,831.84	100%	Works fully completed	Works procured on time

S/No.	Project/Programme	Budget (2021-2022) KES	Expenditure (KES)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
	Central					
31.	Proposed Completion of LIHUD Office Block at Mwingi West - Migwani Ward	2,450,000.00	2,442,700.00	100%	Works fully completed	Works procured on time
32.	Proposed Renovation of Public Works Office Headquarters	3,100,000.00	3,034,444.00	100%	Works fully completed	Works procured on time
33.	Proposed Renovation and Installation of Rainwater Goods at Mutomo ITHUD Offices	1,600,000.00	1,542,000.00	100%	Works fully completed	Works procured on time
34.	Proposed Mechanical and Foul Drainage works at Mwingi West Sub County ITHUD Office Block	3,100,000.00	3,048,375.40	100%	Works fully completed	Works procured on time
35.	Proposed Renovation Works of Mwingi North ITHUD Office Block at Kyuso Town - Mwingi North Sub County	2,000,000.00	1,980,517.00	100%	Works fully completed	Works procured on time

3716: Ministry of Health and Sanitation

S/No.	Project/Programme	Budget	Expenditure	Absorption Rate	Explanation for the level of absorption	Measures to safeguard against such risk in the future
1.	Proposed construction of perimeter wall at Mwingi Level iv Hosp.	5,000,000.00	4,995,000.00	99.9	Complete	No risk encountered
2.	Proposed renovation of mutune dispensary	238,500.00	0.00	0.0	Complete. Payment closed out in the FY 2021/22	No risk encountered

S/No.	Project/Programme	Budget	Expenditure	Absorption Rate	Explanation for the level of absorption	Measures to safeguard against such risk in the future
3.	Proposed Re roofing of maternity ward at Kauwi Hosp.	3,466,500.00	3,463,875.20	99.9	Complete	No risk encountered
4.	Proposed installation of cold room at migwani sch	1,528,400.00	0.00	0.0	The project ongoing. The contractor did not bring the invoice	Evaluation will be done to establish the challenges encountered
5.	Proposed refurbishment at the surgical/Amenity ward at Mwingi Hosp.	3,816,500.00	0.00	0.0	Complete. Payment processed and closed out in the FY 2021/22	No risk encountered
6.	Pefurbishment of opd and Renal dialysis at Mwingi Hosp.	1,850,200.00	1,847,405.00	99.8	Complete	No risk encountered
7.	Proposed improvement of kitui level four walkways along hospital road to cabro standard	4,979,184.00	4,979,184.00	100.0	Complete	No risk encountered
8.	Proposed CT scan cabro and landscaping works	4,552,040.00	4,552,040.00	100.0	Complete	No risk encountered
9.	Proposed chainlink fencing and gate at kwa mutonga H/Centre	1,779,800.00	0.00	0.0	Complete. Payment processed and closed out in the FY 2021/22	No risk encountered
10.	Proposed completion of kitchen at Migwani SCH	2,169,090.00	0.00	0.0	The project ongoing. The contractor did not bring the invoice	Evaluation will be done to establish the challenges encountered
11.	Refurbishment of county ambulances	531,708.00	531,708.00	100.0	Complete	No risk encountered
12.	Refurbishment of county ambulances	379,672.00	379,672.00	100.0	Complete	No risk encountered

S/No.	Project/Programme	Budget	Expenditure	Absorption Rate	Explanation for the level of absorption	Measures to safeguard against such risk in the future
13	Proposed automatic changeover switch unit at KCRH	2,731,800.00	2,731,300.00	100.0	Complete	No risk encountered
14	Other Infrastructure and Civil Works (Completion of Stalled Health Facilities)	14,000,000	0	0.0	Funds were directed to payment of pending bills hence contract on the project was not awarded	Factoring in of actual pending bills amount in the budget to avoid diversion of funds
15	Renovation of maternity theatre/ paediatric ward at KCRH	7,000,000	0	0.0	Funds were directed to payment of pending bills hence contract on the project was not awarded	Factoring in of actual pending bills amount in the budget to avoid diversion of funds
16	Completion of Construction of X-ray rooms in 4 hospitals (Tseikuru, Kauwi, Kanyangi and Mutomo)	5,500,000	0	0.0	Funds were directed to payment of pending bills hence contract on the project was not awarded	Factoring in of actual pending bills amount in the budget to avoid diversion of funds
17	Operationalization of maternity theatre and waiting room at Mutomo hospital	500,000	0	0.0	Funds were directed to payment of pending bills hence contract on the project was not awarded	Factoring in of actual pending bills amount in the budget to avoid diversion of funds
18	Operationalization of 5 Maternity theatres and newborn Units (Kauwi, Migwani, Kanyangi, Mutitu, Kyuso); Establishment of Kangaroo Mother rooms in all the hospitals	7,000,000	0	0.0	Funds were directed to payment of pending bills hence contract on the project was not awarded	Factoring in of actual pending bills amount in the budget to avoid diversion of funds
19	Completion of extra works at new OPD in KCRH	10,000,000	0	0.0	Funds were directed to payment of pending bills hence contract on the	Factoring in of actual pending bills amount in the budget to avoid diversion of funds

S/No.	Project/Programme	Budget	Expenditure	Absorption Rate	Explanation for the level of absorption	Measures to safeguard against such risk in the future
					project was not awarded	
20	Renovation works on OPD at mwingi to make provision for private wing and completion of renal unit at mwingi hospital	6,000,000	0	0.0	Funds were directed to payment of pending bills hence contract on the project was not awarded	Factoring in of actual pending bills amount in the budget to avoid diversion of funds

3717: Ministry of Trade, Investment & Cooperatives

S/no.	Project name	Budget 2021-2022 (Ksh)	Expenditure (Ksh)	Absorption rate	Explanation of ratio of Absorption	Measures to safeguard against such risks in future
1.	Procurement of specialized materials for leatherworks industry-ball making	1,415,450	1,415,450	100%	The project has been completed	N/a
2.	Procurement of branding services for mobile trucks	1,170,000	1,170,000	100%	The project has been completed	N/a
3.	Procurement of specialized leather materials	1,470,428	1,470,428	100%	The project has been completed	N/a
4.	Proposed cabro work at Mwingi KICOTEC	4,079,395.20	4,078,339.60	100%	The project has been completed	N/a
5.	Proposed supply of branding materials	3,581,099	3,582,895	100%	The project has been completed	N/a
6.	Procurement of proposed fuel	2,539,500	2,538,925	100%	The project has been	N/a

S/no.	Project name	Budget 2021-2022 (Ksh)	Expenditur (Ksh)	Absorption rate	Explanation of ratio of Absorption	Measures to safeguard against such risks in future
	tank and fuel pump at kwa kilui ballast crusher				completed	
7.	Procurement of Consultancy to develop a mini documentary series	2,799,700	800,000	29%	Low rate of completion of the consultant	Procurement of a faster service provider
8.	Procurement of running tables,industry carpets cyclones and civil works at Mutomo KICOTEC	3,881,394.80	3,880,820.60	100%	The project has been completed	N/a
9.	Installation of 110 kVA generator change over at Mutomo KICOTEC	1,982,730	2,598,200	100%	The project has been completed	N/a
10.	Procurement of water reticulation at Mwingi KICOTEC	2,275,688	2,275,514.00	100%	The project has been completed	N/a
11.	Procurement of proposed chainlink fencing, sentry house and gate at Mwingi KICOTEC	1,955,260	1,955,260	100%	The project has been completed	N/a
12.	Procurement of landscaping and beautification of Mutomo KICOTEC	1,841,105.60	1,841,105.60	100%	The project has been completed	N/a
13.	Procurement of landscaping and beautification of Mwingi KICOTEC	2,062,926.60	2,062,926.60	100%	The project has been completed	N/a
14.	Erection of metal points at	4,958,450	4,957,000.00		The project has been	N/a

S/no.	Project name	Budget 2021-2022 (Ksh)	Expenditur (Ksh)	Absorption rate	Explanation of ratio of Absorption	Measures to safeguard against such risks in future
	various exit/entry (7 points) of Kitui county fitted with metallic metal sheet panels for branding purposes				completed	
15.	Installation of solar energy and street lights at Ndithini Junction, Mutula, kwa Ngolo, kwa nganga and lower Mutula in Miambani ward	2,399,578.90	2,397,578.00	100%	The project has been completed	N/a
16.	Chain link fencing at Kwa Kilui Ballast Crusher front side	1,567,900	1,565,000	100%	The project has been completed	N/a
17.	Installation of solar energy street lights at Vinda, Makaani, Kavalo and Mwatuni market in Miambani ward	2,399,578.90	2,397,578	100%	The project has been completed	N/a
18.	Supply of Crawler Excavator with breaker set 220-260 hp ,heavy duty	21,460,000	21,460,000	100%	The project has been completed	N/a
19.	Wheeled loader , 2.4-2.8m3 140-175 Shantui SL 50 China made	14,020,000	14,020,000	100%	The project has been completed	N/a
20.	Supply ,installation and commissioning of 100KVA generator at Mwingi KICOTEC	4,648,120	4,544,989.40	100%	The project has been completed	N/a
21.	Procurement of Framework Contract For Security Guards Services at stone crusher at kwa/Kilui, leather works factory at Manyenyoni, KICOTEC branches ta Mwingi and	450,000	450,000	0%	Insufficient disbursements	Timely exchequer requisition

S/no.	Project name	Budget 2021-2022 (Ksh)	Expenditur (Ksh)	Absorption rate	Explanation of ratio of Absorption	Measures to safeguard against such risks in future
	Mutomo					
22.	Proposed Water Reticulation at a Mutomo KICOTEC	2,108,179.36	2,163,951	100%	The project has been completed	N/a
23.	Supply of 715Kva Standby Generator for stone crusher at Kwa Kilui	17,246,880	17,237,600	100%	The project has been completed	N/a
24.	Proposed construction of market shed at Kalundu Fresh Produce retail Market	998,116.00	996,448.12	100%	The project has been completed	N/a
25.	Branding Materials for devolution conference Makueni	802,372	802,024	100%	The project has been completed	N/a
26.	Proposed industrial carpet and mechanical work at Mwingi KICOTEC	2,910,440	2,900,000	100%	The project has been completed	N/a
27.	Supply, installation and commissioning of 110kva Generator at Mutomo KICOTEC	4,592,750	4,592,750.88	100%	The project has been completed	N/a
28.	Procurement of Floodlight poles for erection of solar lights in the County	28,869,750	28,869,750	100%	The project has been completed	N/a
29.	Renovation of solar energy at miambani	1,994,040	1,989,168	100%	The project has been completed	N/a
30.	Proposed Renovation of solar Energy street lights for Nzambani, Chuluni Zombe/Mwitika wards in Kitui	3,518,976	3,517,027	100%	The project has been completed	N/a
31.	Construction of Boda Boda Shed at Kabati Market	1,495,042.80	1,494,068.90	100%	The project has been completed	N/a
32.	Cahinlink fencing and gate at	2,552,100	2,551,895.00	100%	The project has been	N/a

S/no.	Project name	Budget 2021-2022 (Ksh)	Expenditur (Ksh)	Absorption rate	Explanation of ratio of Absorption	Measures to safeguard against such risks in future
	Kyuso Market				completed	
33.	Proposed chainlink fencing and gate at kabati livestock yard	991,100	990,500	100%	The project has been completed	N/a
34.	Erection of Signage for branding inclusive of artwork Design, production, printing and fitting of reflective branding materials for Kitui county flagship projects and governor's office	3,267,720	3,267,024	100%	The project has been completed	N/a
35.	Chainlink fencing and gate at Mutomo dumping site	3,280,350	3,278,000.00	100%	The project has been completed	N/a
36.	Procurement of publishing and printing materials -print ink cartridge (CHS-26A/CF226A) and office	245,000	242,500	100%	The project has been completed	N/a
37.	Proposed renovation of solar energy streetlights at Kisasi, Yatta kwa Vonza and Kanyangi wards	1,794,288	1,704,150	100%	The project has been completed	N/a
38.	Procurement of consultancy to develop a data base of Micro, Small and Medium Enterprises (MSMEs)	750,000	0.00	0%	Completed but not paid	Timely and sufficient disbursements
39.	Proposed renovation of Ikutha Open air market	2,598,342	2,571,786.12	100%	The project has been completed	N/a
40.	Proposed renovation of solar energy streetlights for Township, Mulango and Kyangwithya East	1,794,288	1,794,100.00	100%	The project has been completed	N/a
41.	Renovation of Ikutha Open air	2,598,342	2,571,786.12	100%	The project has been	N/a

S/no.	Project name	Budget 2021-2022 (Ksh)	Expenditur (Ksh)	Absorption rate	Explanation of ratio of Absorption	Measures to safeguard against such risks in future
	Market				completed	
42.	Proposed construction of market shade at Kimangao	1,174,526.68	998,116	100%	The project has been completed	N/a
43.	Proposed solar lights, gate, fence and levelling at Zombe Market	3,955,850	3725709	100%	The project have been completed	N/a
44.	Proposed chainlink Fencing and Gate at Kavisuni Livestock market	3,970,500	3,724,608.00	100%	The project have been completed	N/a
45.	Supply of Leather materials at Manyenyoni industry	2,805,009	2,803,313.05	100%	The project have been completed	N/a
46.	Proposed renovation of MTCI headquarters office.	1,998,850	0.00	0%		N/a
47.	Installation of 110KVA generator change over at Mwingi KICOTEC	1,982,730	2,599,500.00	100%	The project have been completed	N/a
48.	Installation and commissioning of 65MM*2 air compressor for the shoe making Industry	353,800	0.00	0%		N/a
49.	Design, production, printing ,delivery and sticking of county exit and entry points reflective branding materials on both sides of the metal structure(8m long x 1.2m width) and fitting of solar panels for night lighting	2,875,005	0.00	0%	Insufficient disbursements	Timely exchequer disbursements
50.	Proposed procurement of wearing parts for wheeled Loader Shantui S1 50	2,936,929	2,937,000	100%	The project has been completed	N/a
51.	Proposed procurement of	2,997,000	2,997,000	100%	The project has been	N/a

S/no.	Project name	Budget 2021-2022 (Ksh)	Expenditur (Ksh)	Absorption rate	Explanation of ratio of Absorption	Measures to safeguard against such risks in future
	wearing parts for wheeled Loader Shantui S1 50Excavator Shantui SE220				completed	
52.	Proposed procurement of furniture and fittings for the county Showroom	1,673,429	1,709,500	0%	The tender was cancelled	N/a
53.	Electrical installation of 16 No. solar energy Light at Ngungi, Kamaembe, Kanduti, Kiongwe, Kyangunga, Ithangathi, Mangola and Ithangani	4,656,796.80	4,451,059.20	100%	The project has been completed	N/a
54.	Proposed construction of market shed at Mutitu market	3,523,704	0.00	0%	Late procurement	LSO was prepared and handed over to the contractor
55.	Procurement of specialized materials for leatherworks industry	1,497,938	1,470,428	100%	The project has been completed	N/a

3719; Ministry of Environment and Natural Resources

S/N	Programme/ Project Name	Budget 2021/2022 (Kshs)	Expenditure (Kshs)	Absorption (%)	Explanation for Level of Absorption	Measure to Safeguard against such risk in the future
1	Solar Security lights repairs in Mwingi North and Kitui East Sub Counties	2,298,499.00	2,296,190.00	100%	Target Achieved	N/A
2	Maintenance services for Mavui borehole water supply and Masungwa borehole	1,483,313.00	1,482,920.00	100%	Target Achieved	N/A
3	Supply and delivery of tree	1,480,000.00	1,478,000.00	100%	Target Achieved	N/A

S/N	Programme/ Project Name	Budget 2021/ 2022 (Kshs)	Expenditure (Kshs)	Absorption (%)	Explanation for Level of Absorption	Measure to Safeguard against such risk in the future
	seedlings for Kitui County Tree growing programme					
4	Supply and delivery of tree seedlings for Kitui County Tree growing programme	1,735,000.00	1,729,850.00	100%	Target Achieved	N/A
5	Supply and delivery of tree seedlings for Kitui County Tree growing programme	1,497,000.00	1,493,800.00	100%	Target Achieved	N/A
6	Installation works of solar security lights at Kitui town	2,472,204.00	2,470,000.00	99%	Contacto delays in project implementation	Project management and evaluation tools to fast track implementation
7	Installation works of solar security lights at Mbitini and Chuluni markets	774,744.00	835,000.00	100%	Target Achieved	N/A
8	Installation works of solar security lights at Zombe market	503,700.00	502,600.00	100%	Target Achieved	N/A
9	Installation works of solar security lights at Mwingi market	2,162,496.00	2,087,544.55	100%	Target Achieved	N/A
10	Installation works of solar security lights at Kanyangi and Katulani markets	733,968.00	773,460.00	100%	Target Achieved	N/A
11	Installation works of solar security lights at Mutomo market	774,744.00	773,832.00	100%	Target Achieved	N/A
12	Installation works of solar security lights at Kitui town and	2,652,720.00	2,651,880.00	100%	Target Achieved	N/A

S/N	Programme/ Project Name	Budget 2021/ 2022 (Kshs)	Expenditure (Kshs)	Absorption (%)	Explanation for Level of Absorption	Measure to Safeguard against such risk in the future
	Kwa Vonza markets					
13	Installation works of solar security lights at Kyuso and Tseikuru markets	839,520.00	832,800.00	0%	Contactors delays in project implementation	Project management and evaluation tools to fast track implementation
14	Installation works of solar security lights at Matinyani and Migwani markets	1,773,024.00	1,772,496.00	100%	Target Achieved	N/A
15	Installation of two (2) solar energy security lights at Kitui town	700,000.00	698,177.00	100%	Target Achieved	N/A
16	Supply of intergrated solar security lights to be installed in Kitui County markets	48,984,000.00	48,980,100.00	100%	Target Achieved	N/A
17	Installation of three (3) solar security lights in Kitui West, Matinyani Ward	960,000.00	958,783.00	100%	Target Achieved	N/A
18	Installation of three (3) solar security lights in Mutitu/Kaliku ward and Installation of three (3) solar security lights in Zombe/Mwitika ward	1,920,000.00	1,918,399.00	100%	Target Achieved	N/A
19	Installation of three (3) solar security lights in Mutonguni ward and Installation of three (3) solar security lights in Kauwi ward	1,920,000.00	1,919,946.00	100%	Target Achieved	N/A
20	Solar Security lights repairs in Kanyangi ward, Kwa Vonza/Yatta ward, Mbitini ward, Matinyani ward, Tharaka ward, Nuu ward and Mui ward	2,592,000.00	2,581,200.00	100%	Target Achieved	N/A
21	Solar Security lights repairs in	2,496,960.00	2,546,640.00	100%	Target Achieved	N/A

S/N	Programme/ Project Name	Budget 2021/ 2022 (Kshs)	Expenditure (Kshs)	Absorption (%)	Explanation for Level of Absorption	Measure to Safeguard against such risk in the future
	Township ward, Ikanga/Kyatune ward, Mbitini ward, Endau/Malalani ward and Zombe/Mwitika ward					
22	Procurement of tree nursery materials and assorted tree seedlings	1,483,000.00	1,462,880.00	100%	Target Achieved	N/A
23	Installation of three (3) solar energy security lights in Kitui Central Township ward	960,000.00	959,700.00	100%	Target Achieved	N/A

3720; Ministry of Gender, Sports and Culture

S/N O	Programme/ Project Name	Budget 2021- 2022 (kshs)	Expenditure - (Kshs)	Absorption Rate %	Explanation for Level of Absorption	Measure to Safeguard Against Such Risk
1	Strengthen partnerships with Federations Training of referees and Coaches - Provide sports equipment for football, volleyball, badminton, chess, scrabble and athletics.	15,000,00	14,830,700	98.87%	Absorption is higher because largely pending bills were processed and paid under this program	n/a
2	Talent development - Carryout maintenance and repairs in the existing sports facilities (Playgrounds)	45,000,000	12,000,000	26.67%	Late disbursements Payments = 12,000,000; Commitments = 32,682,197	Timely release of funds
3	Rehabilitation and restoration of tangible heritage (cultural sites) for tourism and research - Construction of Lower Eastern Heritage Centre	15,000,000	-	0.00%	Late disbursements Payments = 0; Commitments = 12,198,735	Timely release of funds

3721 County Treasury

No.	Project/ Programme (Include location)	Budget (2020-2021) Kshs	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
1.	Kenya Devolution Support Programme (KDSP) - County Wide	154,728,163.00	12,933,382.00	8.36	Late disbursement of funds	Liaise with donors to release funds according to the procurement plan and cash flow
		154,728,163	12,933,382	8.36%		

3723 County Assembly

No.	Project/ Programme	Budget (2021-2022) (Kshs)	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of absorption	Measure to safeguard against risk in the future
PROGRAMME 1: GENERAL ADMINISTRATION AND PLANNING						
Recurrent Expenditure						
1	Compensation to employees	134,091,452	124,073,384	93%	The funds were received in good time hence efficiency	Proper planning and strict adherence to implementation plan
2	Use of good and services	128,330,781	108,730,299	85%	The absorption level was excellent	Proper planning and strict adherence to implementation plan
3	Other recurrent expenditure	61,533,300	59,858,982	97%	The timely release of funds hence proper planning	Increased efficiency in the implementation of programmes
Capital/Development Expenditure						
1	Construction of Speakers Residence	35,000,000	0	0%	The implementation stage of the project did not kick off due to challenges of getting a suitable land for the project	Proper planning and strict adherence to implementation plan
2	Non- Residential building (Offices, Schools, hospitals)	36,757,361	0	0%	The building plans were ready but the construction did not kick off due to delays in funds disbursements	proper planning and strict adherence to implementation plan

No.	Project/ Programme	Budget (2021-2022) (Kshs)	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of absorption	Measure to safeguard against risk in the future
	Sub Total General Administration and Planning	395,712,894	292,662,665	74%	The overall absorption rate is affected by the development projects that did not kick off during the year	
PROGRAMME 2: LEGISLATION, REPRESENTATION AND OVERSIGHT						
1	Compensation to employees	312,044,245	290,086,946	93%	The absorption level was excellent due to proper planning	Proper planning and strict adherence to implementation plan
2	Use of good and services	349,275,292	329,488,073	94%	The absorption level was excellent due to proper planning	Proper planning and strict adherence to implementation plan
3	Other recurrent expensiture	4,325,000	4,280,323	99%	The absorption level was excellent due to proper planning	Increased efficeincy in the implementation of programmes
	Sub Total Legislation, Representation and Oversight	665,644,537	623,855,342	94%	The absorption level was excellent due to proper planning and timely release of funds	
	GRAND-TOTAL	1,061,357,431	916,518,007	86%	The overall absorption rate is affected by the development projects that did not kick off during the year	

3724: Kitui Municipality

S/No	Project /Programme Name	Budget(2021-2022) KES	Expenditure(kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to safeguard against such risks in future
1	Proposed construction &repair works for kalundu market toilets,main bus park toilets and mosquito drainage	778,772.00	-	0	Project completion certificate issued, but delayed in payment due to end of year closure	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
2	Proposed marking of parking slots in kitui town	3,906,187.20	3,904,000.00	100	Fully absorbed as budgeted	Proper planning, timely procurement, effective project

S/No	Project /Programme Name	Budget(2021-2022) KES	Expenditure(kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to safeguard against such risks in future
						supervision, monitoring and evaluation
3	Proposed Chainlink Fencing and gate at kitui Cemenry	997,368.00	512,268.00	51	Project Complete,awaiting to be paid the final payment.	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
4	Proposed contruction of perimeter wall and gates at Kitui Municipality offices	4,921,218.80	4,912,028.12	100	Fully absorbed as budgeted	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
5	Acquisition and installation of Litter bins within Kitui Town	1,206,400.00	1,199,100.00	99	Fully absorbed as budgeted	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
6	Procurement of Five motorbikes for Revenue department	1,750,000.00	-	0	Awarded ,awaiting payment to be delivered	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
7	Proposed renovation of Kitui Municipality Office block B	1,979,424.00	1,977,950.80	100	Fully absorbed as budgeted	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
8	Proposed placement of cabros at central syokimau walkways	2,387,132.96	2,386,033.68	100	Fully absorbed as budgeted	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
9	Supply &delivery of 4 no.skips	2,000,000.00	1,998,000.00	100	Fully absorbed as budgeted	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
10	Placement of cabros at KCB Walkways	1,439,802.80	1,438,387.02	100	Fully absorbed as budgeted	Proper planning, timely procurement, effective project supervision, monitoring and evaluation

S/No	Project /Programme Name	Budget(2021-2022) KES	Expenditure(kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to safeguard against such risks in future
11	Construction of Modern Market stallsat Matinyani Stage Opp.Kalundu Mkt	2,888,130.00	2,887,240.00	100	Fully absorbed as budgeted	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
12	Suply and installation of Air conditioning system	1,000,900.00	0	0	Project completion certificate issued, but delayed in payment due to end of year closure	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
13	Street improvement &Road shoulders repairs of Kitui Town streets	3,796,990.69	3,790,520.21	100	Fully absorbed as budgeted	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
14	Construction of boda boda shed external works at Syongila interchange	995,760.00	0	0	Project completion certificate issued, but delayed in payment due to end of year closure	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
15	Renovations of kitui municipality block A	1,671,550.00	-	0	Project completion certificate issued, but delayed in payment due to end of year closure	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
16	Construction of On-street parking lot along Naivas to Bondeni	1,394,900.00	0	0	Project completion certificate issued, but delayed in payment due to end of year closure	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
17	Construction of Kithomboani Modern Market in Kitui Town(KUSP)	356,323,719.00	226,214,061.20	63	Multi-year project-Ongoing	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
18	Consultancy service for the design review and construction supervision of Kithomboani Modern Market(KUSP)-Township	27,700,000.00	17,700,000.00	64	Multi-year project-Ongoing	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
19	Kaveta to Ginnery(B7) Road Improvement and drainage works-KUSP	119,794,980.52	110,448,954.67	92	Fully absorbed as budgeted	Proper planning, timely procurement, effective project supervision, monitoring and

S/No	Project /Programme Name	Budget(2021-2022) KES	Expenditure(kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to safeguard against such risks in future
						evaluation

3725: Mwingi Town Administration

S/No.	Project/Programme	Budget (2021-2022) KES	Expenditure (KES)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
1.	Proposed Cabro Paving at Kongo Metal Works to Garissa Road	3,500,000	3,497,490	99.93%	<ul style="list-style-type: none"> ▪ The actual expenditure was within the allowable preserved budget range ▪ Timely project initiation and commitment of the project funds. 	Timely release of funds, timely project execution and prompt payment for works done/services rendered.
2.	Installation of 3 No. Gates at Old Market	750,000	743,900	99.19%	<ul style="list-style-type: none"> ▪ The actual expenditure was within the allowable preserved budget range ▪ Timely project initiation and commitment of the project funds. 	Timely release of funds, timely project execution and prompt payment for works done/services rendered.
3.	Proposed Phase II Cabro Works at Equity Bank to Target Supermarket	4,000,000	3,900,000.85	97.50 %	<ul style="list-style-type: none"> ▪ The actual expenditure was within the allowable preserved budget range ▪ Timely project initiation and commitment of the 	Timely release of funds, timely project execution and prompt payment for works done/services rendered.

S/No.	Project/Programme	Budget (2021-2022) KES	Expenditure (KES)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
					project funds.	
4.	Storm water drainage rehabilitation at Modern Market	2,000,000	1,911,100	95.56%	<ul style="list-style-type: none"> ▪ The actual expenditure was within the allowable preserved budget range ▪ Timely project initiation and commitment of the project funds. 	Timely release of funds, timely project execution and prompt payment for works done/services rendered.
5.	Proposed erection of 25m electric powered high mast at Mwingi Primary School	3,500,000	3,490,000	99.71%	<ul style="list-style-type: none"> ▪ The actual expenditure was within the allowable preserved budget range ▪ Timely project initiation and commitment of the project funds. 	Timely release of funds, timely project execution and prompt payment for works done/services rendered.
6.	Proposed Ablution Block opposite Postbank	1,600,000	1,590,000	99.38%	<ul style="list-style-type: none"> ▪ The actual expenditure was within the allowable preserved budget range ▪ Timely project initiation and commitment of the project funds. 	Timely release of funds, timely project execution and prompt payment for works done/services rendered.
7.	Proposed Grading of Country Side-Kwa Wathe-Human rights road	1,500,000	1,445,000	96.33%	<ul style="list-style-type: none"> ▪ The actual expenditure was within the allowable preserved budget range ▪ Timely project initiation and 	Timely release of funds, timely project execution and prompt payment for works done/services rendered.

S/No.	Project/Programme	Budget (2021-2022) KES	Expenditure (KES)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
					commitment of the project funds.	
8.	Proposed dumpsite grading works for Mwingi Municipality as per bill of quantities	595,332	594,400	99.84%	<ul style="list-style-type: none"> ▪ The actual expenditure was within the allowable preserved budget range ▪ Timely project initiation and commitment of the project funds. 	Timely release of funds, timely project execution and prompt payment for works done/services rendered.
9.	Purchase of low sided 9-10 ton truck	9,000,000	8,646,900	96.08%	<ul style="list-style-type: none"> ▪ The actual expenditure was within the allowable preserved budget range ▪ Timely project initiation and commitment of the project funds. 	Timely release of funds, timely project execution and prompt payment for works done/services rendered.

3726: Ministry of Livestock, Apiculture & Fisheries Development

S/No.	Project Name	Planned cost (Kshs)	Actual cost (Kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measures taken to safeguard
1	Beekeeping and Honey Value Addition	8,614,400	2,995,578	34.77	Portion had been supplied and paid	Initiate procurement process early and adhere to project time lines
2	Livestock breed improvement and management - Local goat improvement	6,250,000	5,972,660	95.56	Quotations were low than anticipated	
3	Livestock breed improvement and	7,520,000	-	0	Payment had not yet been done by close of the	

S/No.	Project Name	Planned cost (Kshs)	Actual cost (Kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measures taken to safeguard
	management - Purchase of hormones, semen & liquid nitrogen				financial year	
4	Promote value addition and improve incomes - Equipping of Poultry slaughter house	2,993,000	-	0	Works were not completed by close of financial year	
5	Promote value addition and improve incomes - Rehabilitation of Poultry slaughter house	2,924,000	2,890,529	98.86	Within the budget	
6	Promote value addition and improve incomes - Rehabilitation of the waste management and disposal system and removal of waste matter at the slaughter house	3,148,000	3,146,800	99.96	Within the budget	
7	Promote value addition and improve incomes - Slaughter Yard Improvement-Kitui Central	3,990,020	3,990,020	100.00	Within the budget	
8	Promote value addition and improve incomes - Purchase of milk value addition equipment's to MIMWE Cooperative	3,000,000	-	0	Supply for equipment were not completed by close of financial year	
9	Improving staff welfare - Construction of Office at Livestock headquarters	3,657,980	-	0	Works were not completed	

S/No.	Project Name	Planned cost (Kshs)	Actual cost (Kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measures taken to safeguard
10	Livestock disease management and control - Procure livestock vaccines and sera	7,000,000	630,250	9.00	Only small portion had been supplied and paid	

3727: Ministry of Lands and Physical Planning

No.	Project/Programme	Budget (2021-2022) Ksh.	Expenditure Ksh.	Absorption Rate (%)	Explanation for level of absorption	Measure to safeguard against such risk in future.
1.	Geo-referenced market layout physical plans.	2,200,000	2,199,200	99.96%	Effective teamwork and coordination.	Perfect this level of performance.
2.	Land use physical plans	29,500,001	17,648,844	59.82%	Procurement and implementation lags.	Effective procurement and implementation planning.
3.	GIS software	2,000,000	1,999,900	99.99%	Effective procurement plan.	Maintain the effective procurement.
4.	Acquisition of land	2,000,000	2,000,000	100%	Effective procurement.	Maintain the effective procurement.
5.	Other infrastructure and civil works - Land Registry.	9,376,971	9,231,576	98.45%	Effective project implementation.	Perfect the effective implementation.
6.	Land arbitration, legal fees, and compensation.	623,029	(501,200)	(80.45)	Supplementary budget reallocation not utilized.	Timely and effective utilization of supplementary budget.