REPUBLIC OF KENYA

COUNTY GOVERNMENT OF NANDI

THE COUNTY TREASURY

MEDIUM TERM

COUNTY FISCAL STRATEGY

PAPER (CFSP)

"ACHIEVING SUSTAINABLE AND ALL INCLUSIVE SOCIO-ECONOMIC TRANSFORMATION- THE BIG 4 AGENDA".

DECEMBER 2021

To obtain copies of the document, please contact

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The document is also available on the official county website www.nandi.go.ke

FOREWORD

The Nandi County Fiscal Strategy Paper (CFSP 2022) is prepared as provided under section 117 of the PFM Act, 2012. The Paper sets out the County Government priority programmes to be implemented during the FY 2022/2023 and over the MTEF period. Preparation of this document has been done through collaborated effort and therefore reflects the needs of the people of Nandi. The paper has been aligned to key National and County policy documents which include and not limited to; the Kenya Vision 2030, MTP III 2018 – 2023, Nandi County Integrated Development Plan (CIDP 2018 – 2022) and County Annual Development Plan (CADP 2022/2023).

The paper highlights the outcome of the previous financial year and also realigns itself to the broad national objectives as outlined by the national treasury in the Budget Policy Statement (BPS) 2022. It also contains vital information on: macroeconomic policy and plans; overall fiscal strategy such as revenue projections; the overall resource envelope for the medium-term; overall priority interventions and proposed sectoral expenditure as outlined in the Medium term Expenditure Framework for the Fiscal year 2022/2023 and over the Medium Term.

This paper further, focuses on improving efficiency across government departments and entities. To this end, we will moderate the pace of public expenditure growth while accelerating the delivery of quality services. Spending baselines which are basis for ceilings have undergone rigorous review taking into account factors which include: the settlement of pending bills in total dating to inception of devolution, staff rationalization, the outstanding commitments the county has entered into, the capacity of departments and public entities to manage and absorb resources, the link between outcomes, expenditure and departmental mandates, proposals from the public and programme performance so far and the provisions of the Public Finance Management (County Governments) Regulations, 2015.

Despite the tremendous progress realized, the County Government is still faced with several challenges including; constrained financial resources, effects of Covid-19 pandemic and the anxiety attributed to the general elections scheduled in August, 2022. Strategies and measures geared to address these challenges have been captured in this Paper. The Paper also gives parameters for the FY 2022/23 budget and the Medium-Term Expenditure Framework which are consistent with the County and National Government priority Programmes and policies.

CPA, ALFRED LAGAT

<u>CEC MEMBER FOR FINANCE AND ECONOMIC PLANNING</u>

ACKNOWLEDGEMENT

The County Fiscal Strategy Paper 2018 is a result of contribution and concerted efforts of various stakeholders. The paper is informed by the Public Finance Management Act 2012 Section 117 (1). The Paper sets out broad strategic priorities and policy goals that will guide the County Government in preparing its budget for coming Financial Year 2022/2023 and over the Medium Term.

The preparation of this fiscal strategy paper continues to be a collaborative effort from an array of expertise of professionals and key stakeholders in the County. Most of the information in this paper has been obtained from the National and County Government policy papers, departments and Agencies. We are grateful for their inputs. We are also grateful for those who provided inputs during the various budgeting forums conducted in the County.

We are particularly grateful to the Governor for his lead role, direction and guidance in developing this document; The Deputy Governor and the CEC members and chief officers for their input in providing much needed information to the team working on this County Fiscal Strategy Paper 2022. Special thanks goes to the technical team in the Department of Finance and Economic and across all sectors who spent a significant amount of time putting together this Paper.

FELIX SAMBU

CHIEF OFFICER, ECONOMIC PLANNING

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ABREVIATIONS AND ACRONYMS

BPS	Budget Policy Statement
CEC	County Executive Committee
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
CADP	County Annual Development Plan
COB	Controller of Budget
ECD	Early Childhood Development
EIA	Environmental Impact Assessment
FY	Financial Year
GDP	Gross Domestic Product
M&E	Monitoring and Evaluation
MCAs	Members of County Assembly
MTP	Medium Term Plan
MTEF	Medium Term Expenditure Framework
PFMA	Public Financial Management Act
SRC	Salaries and Remuneration Commission
TIVET	Technical Vocational Education and Training

CHAPTER ONE

1.1 INTRODUCTION

The county government is responsible for spearheading development and service delivery in the county through a process that links planning and budgeting as stipulated in the County Government Act 2012. Section 117 of the PFM Act outlines responsibilities of county governments with respect to the County Budget Making Process.

This Fiscal Strategy Paper identifies the broad strategic priorities and policy goals that will guide the County in preparing its budget for Financial Year 2022/2023. The paper discusses the performance of the Financial Year 2020/2021 budget which forms the basis for projecting the financial outlook with respect to the County Government revenues and expenditures for financial year 2022/2023.

The Public Finance Management Act, 2012 stipulates that the County Governments prepare and submit a County Fiscal Strategy Paper (CFSP) to the County Assembly by the 28th February of each year. In view of the revised budget calendar to accommodate the General Elections scheduled for August 2022, the 2022 CFSP will be submitted to the County Assembly by December, 2021.

The County Fiscal Strategy Paper covers the following:

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

1.2 LEGAL BASIS FOR THE PREPARATION OF THE COUNTY FISCAL STRATEGY PAPER

This Fiscal Strategy Paper is prepared in accordance with section 117 of the Public Finance Management Act, 2012 which stipulates that:

a) The County Treasury shall prepare and submit to County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the County Assembly, by 28th February of each year. . In view of the revised budget calendar to accommodate the General Elections scheduled for August 2022, the 2022 CFSP will be submitted to the County Assembly by December, 2021.
b) The County Treasury shall align its County Fiscal Strategy Paper with the National objectives in the Budget Policy Statement
c) In preparing the County Fiscal Strategy Paper, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the County Government in preparing its budget for the coming financial year and over the Medium Term.
d) The County Treasury shall include in its Fiscal Strategy Paper, the financial outlook with respect to county government revenues, expenditures and Borrowing for the coming financial year and over the Medium Term.
e) In preparing the Fiscal Strategy Paper, the County Treasury shall seek and take into account views of:
    i. The Commission on Revenue Allocation (CRA)
    ii. The Public
    iii. Any interested persons or groups: and
    iv. Any other forum that is established by legislation
f) Not later than fourteen days after submitting the County Fiscal Strategy Paper to the County assembly, the County assembly shall consider and may adopt it with or without amendments
g) The County Treasury shall consider any recommendations made by the County Assembly in finalizing the budget proposal for the financial year concerned.

h) The County Treasury shall publish and publicize the County Fiscal Strategy Paper within seven days after it has been submitted to the County Assembly.

1.3 RATIONALE FOR COUNTY FISCAL STRATEGY PAPER

The basis for preparing the CFSP is to indicate:

i. The mechanism for aligning the county with the national objectives as contained in the Budget Policy Statement.

ii. The broad strategic priority areas that will guide the County Government in preparing the Budget for Financial Year 2022/2023.

iii. Create a mechanism for engaging the public in prioritizing the development programs that meet their needs best.

iv. Details of departmental ceilings for the medium term expenditure framework (MTEF) period for prudent resource allocation and consistency with the MTEF budgeting approach.

v. Financial outlook with respect to County Government Revenues, Expenditures and borrowing for the coming Financial Year and over the Medium Term.

1.4 COUNTY GOVERNMENT FISCAL RESPONSIBILITY PRINCIPLES

The Constitution of Kenya and the Public Finance Management (PFM) Act, 2012 Section 107 sets out the following fiscal responsibility principles to ensure prudence and transparency in the management of Public Resources;

i. The County Government's recurrent expenditure shall not exceed the County Government's Total Revenue

ii. Over the Medium Term, a minimum of thirty percent of the county government's budget shall be allocated to the Development expenditure

iii. The County Governments' 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 Executive Committee Member for Finance in regulations and approved by County Assembly.

iv. The limit set under paragraph (iii) above, shall not exceed thirty-five (35) percent of the county government's total revenue as set out in PFMA regulation 2015.

v. Over the Medium Term, the government's borrowing shall be used only for the purpose of financing development expenditure and not for recurrent expenditure

vi. The county debt shall be maintained at sustainable level as approved by County Assembly

vii. The fiscal risks shall be maintained prudently; and

viii. 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.

1.5 OUTLINE OF THE COUNTY FISCAL STRATEGY PAPER FY 2022/2023.

This County Fiscal Strategy Paper is presented in five chapters. Chapter one presents the introduction with an overview, legal basis for the preparation of the CFSP, rationale, County Government's fiscal responsibility principles and the paper outline.

Chapter two outlines the recent economic and fiscal developments within which the 2022/2023 budget will be prepared. It further presents an overview of the forward economic and fiscal developments and the macroeconomic outlook covering the global, national and county scenes with respect to the recent developments.

Chapter three highlights the County strategic priorities and interventions.

In Chapter Four, the paper presents the fiscal policy and budget framework that will support planned growth over the medium and long term, while continuing to provide sufficient resources to support the county social-economic development.

Chapter five Presents the resource envelope and spending priorities proposed for the FY 2022/2023 MTEF Budget. Sector achievements and priorities are also reviewed for the FY 2018/19 – 2020/21 MTEF period.

CHAPTER TWO

RECENT ECONOMIC DEVELOPMENTS AND MEDIUM-TERM OUTLOOK

2.1 OVERVIEW

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

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

2.2 RECENT ECONOMIC DEVELOPMENTS

Global and Regional Economic Developments

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

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

Economic growth in the Sub-Saharan Africa region is projected at 3.7 percent in 2021 from a contraction of 1.7 percent in 2020 due to improved exports and commodity prices, and the rollout of vaccination programmes. This growth will also be supported by a recovery in both private consumption and investment as economies re-open. However, the recent increase in infection rates in Sub-Saharan Africa are expected to weigh down the region's recovery in 2022 **(Table 2.1)**

Table 2.1: Global Economic Growth, Percent

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

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

Domestic Economic Developments

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

The contraction was spread across all sectors of the economy but was more dismal in accommodation and food services activities, education, and transport sectors.

The overall performance of the economy in 2020 was cushioned from a deeper slump by accelerated growths in agricultural production (4.8 percent), mining and quarrying (6.7 percent), construction activities (11.8 percent) and health services (6.7 percent).

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

Table 2.2 : Sectoral GDP Performance

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

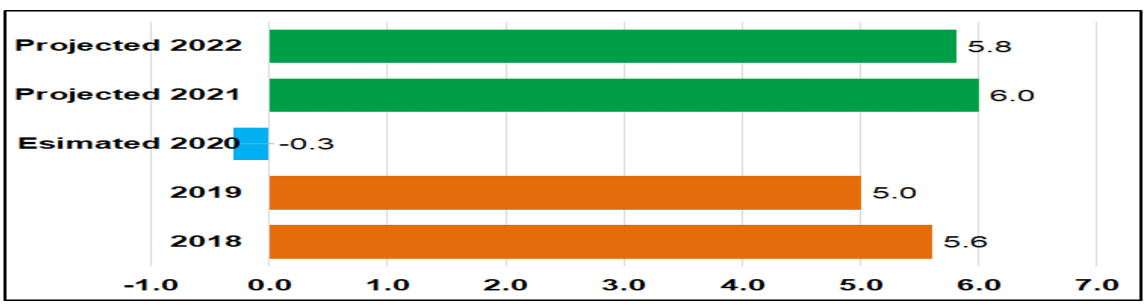
Source of Data: Kenya National Bureau of Statistics

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

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

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

Figure 2.1: Annual Growth Projections, percent

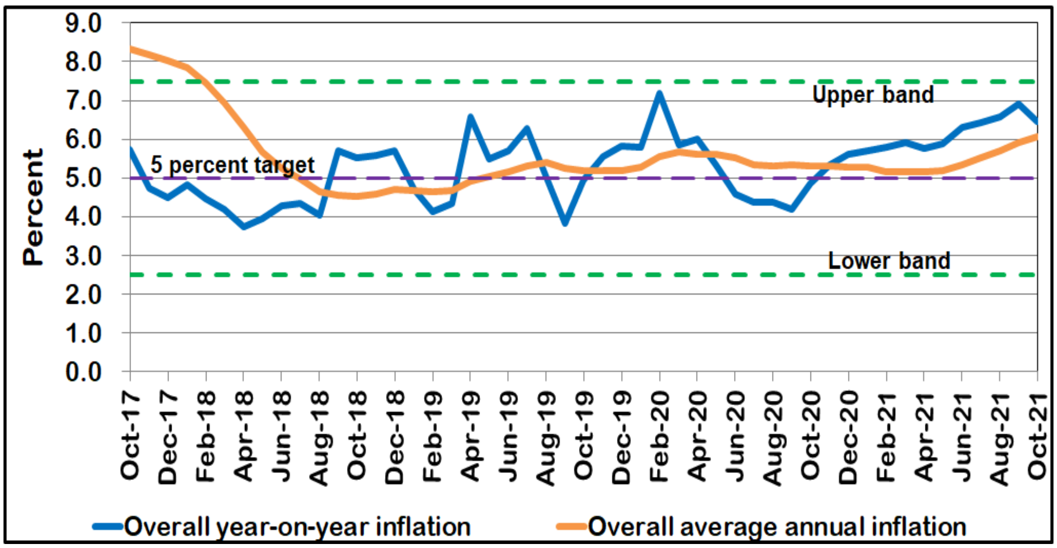


Source of Data: The National Treasury

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

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

(Figure 2.2).

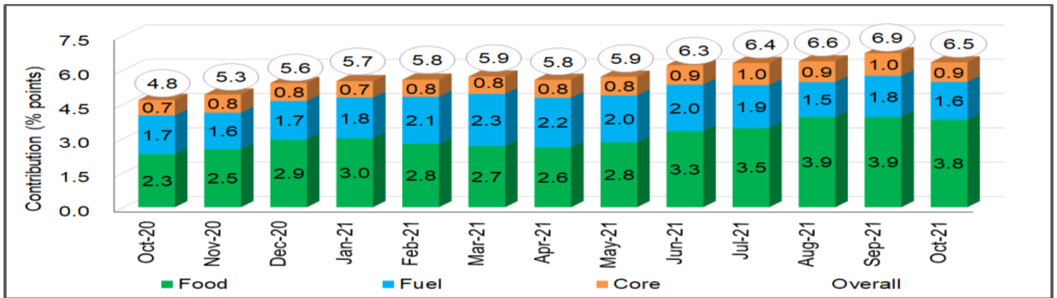


Source of Data: Kenya National Bureau of Statistics

Contributions to Inflation, Percentage Points

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

Figure 2.3 Contributions to Inflation, Percentage Points



Source of Data: Kenya National Bureau of Statistics

Kenya Shilling Exchange Rate

The foreign exchange market has largely remained stable but partly affected by tight global financial conditions attributed to uncertainty with regard to the COVID-19 pandemic. In this regard, the Kenya Shilling to the US Dollar exchanged at Ksh 110.9 in October 2021 compared to Ksh 108.6 in October 2020 **(Figure 2.3).**

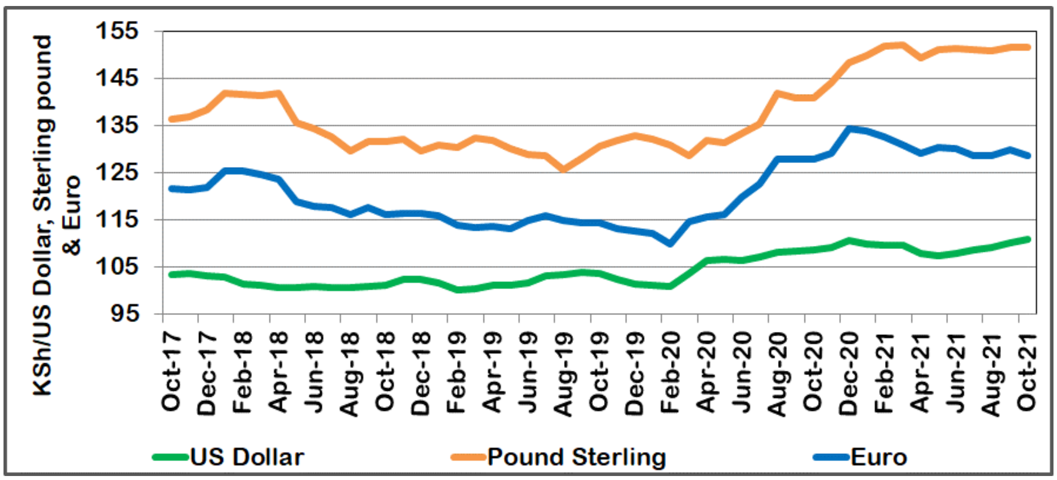


Figure 1.4: Kenya Shillings Exchange Rate

In comparison to most Sub-Saharan Africa currencies, the Kenya Shilling has remained relatively stable weakening by 2.0 percent against the US Dollar in the year to October 2021 **(Figure 1.4)**. The stability in the Kenya Shilling was supported by increased remittances, adequate foreign exchange reserves and favourable horticultural exports.

Interest Rates

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

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

The County Governance has made tremendous effort towards poverty and unemployment reduction in the County. The poverty index for Nandi County according to Kenya Integrated Household Budget Survey (KIHBS) report 2015/16 was 31.5 percent down from 51 percent in 2013 which was slightly lower than the national index of 36.1 percent. However, it contributed to 4.1 percent to National poverty. The key contributors to the reduction in poverty levels in the county include initiatives in terms of programmes that alleviate poverty either directly or indirectly among them; subsidized farm inputs including seedlings and A.I services, Nandi County Youth Service, construction of roads, street lighting in Transport and Infrastructure, health infrastructure improvement, improved market infrastructure, Youth and Women empowerment programmes such as entrepreneurship training, provision of welding and sewing machines, issuance of bursaries among others.

In 2020, the County economy was adversely affected by the outbreak of Covid-19 Pandemic and the swift containment measures, which have not only disrupted the normal lives and livelihoods, but also to a greater extent businesses and economic activities. The fiscal and economic performance for the first quarter of 2021/22 budget entailed post COVID-19 economic recovery and re-engineering strategy through the Nandi County Youth Service (NCYS) as a form of Economic Stimulus Programme leading to better economic situation among the Youth within the County who could have lost their jobs coupled with improved local revenue collection and timely releases of funds by the National Treasury and subsequent payment of suppliers. As the County economy expands, more opportunities become available for both the local and external parties, capital accounts improve as a result of savings accumulated that is then translated into investments. In this effect, the county is set to realize more public and private investments for as long this trend persists.

The Low and stable performance of interest rates be at the national level coupled with the

Presidents' directive that Kenyans owing financial institutions amount not more than kshs 5m should not be listed with CRB implies ample liquidity in themoney market hence ease of doing business. This has directly impacted the countys' economic growth in terms of Small and Medium Enterprises, accommodation and restaurants and the general growth of the private sector.

Unemployment still poses a great challenge to the youth and a good proportion of the population, which worsened with the contraction of the economy due to COVID -19 scares where most businesses shut down and ended up downsizing and pay cuts. The County Government through post Covid Recovery and re-engineering strategy is looking into partnerships with private sector through PPP to create enabling environment to ease doing business for youth and the vulnerable groups as well as upscale investment in ICT and digital infrastructure through data centre to encourage online and other digital businesses.

Fiscal Performance of County Government in FY 2020/21

In FY 2020/21, the County Government had a total budget of Ksh. 7,611,517,867. 50 out of which Ksh 5,380,500,000 was CRA allocation and the rest comprised of Own Source Revenue (OSR), conditional grants and rollover funds from FY 2019/20. From the total revenue, Ksh. 5,022,021,592 was recurrent budget and Ksh. 2,589,496,275.50 development budget.

National Government Revenue FY 2020/2021

Revenue from the National Government consisted of equitable shareable revenue of KES 5,808,851,100 and total Conditional grants of KES 641,420,129. The summary of transfers from the National Government including conditional grants is highlighted in table 2.4.

Table 2.4 National Government Revenue FY 2020/2021

	2020 - 2021	**2019 - 2020**
	KShs	**KShs**
Total Exchequer Releases for quarter 1	465,000,500	930,699,900
Total Exchequer Releases for quarter 2	1,960,884,202	1,027,050,697
Total Exchequer Releases for quarter 3	1,446,138,100	2,100,942,945
Total Exchequer Releases for quarter 4	2,578,248,426	1,430,585,446
Total	**6,450,271,228**	**5,489,278,988**

Out of the Kshs. 6,450,271,228 received through exchequer, Kshs. 5,808,851,100 was the County equitable share with Kshs. 641,420,129 being receipts from domestic and foreign grants.

Table 2.5: Donor Funds released through Exchequer Releases as per CARA

Description	2020 – 2021	2019 - 2020
	KShs.	KShs.
DANIDA - Universal Healthcare in Devolved Units Programme	15,210,000	22,016,250
World Bank – THUSCP	101,887,700	44,928,998
Youth Polytechnic support grant	-	32,793,298
Abolishment of user fees in health centres and dispensaries	-	18,086,363
National Agricultural & Rural Inclusive Growth Project (NARIGP)	282,155,442	242,399,538
Kenya Devolution Support Programme	127,682,844	30,000,000
Kenya Urban Support Programme	97,145,818	135,562,988
Agriculture Sector Development Support Project (SIDA)	12,338,925	16,172,654
M.O.H-Doctors and Nurse allowances	-	58,470,000
N.I	4,999,400	
Total	**641,420,129**	**600,430,088**

County Governments' Own Source Revenue (OSR)

Total OSR collected amounted to Ksh. 274,361,101 against a target of Ksh 403,347,860. There was a deficit of Kshs 128,986,759 in the 2020/21 FY translating to 32% shortfall. The shortfall in OSR is attributed majorly to the underperformance in Kiborgok and Health and Sanitation streams.

Table 2.6: County Governments' Own-Source Revenue (OSR) per revenue stream

REVENUE SOURCE	2017/18	2018/19	2019/20	2020/21
Business Permits	29,137,021	46,102,045	35,841,862	47,173,887
Liquor licensing	5,337,000	10,312,700	6,809,500	11,780,110
Plot rents	1,546,106	2,036,359	1,860,661	1,489,527
Land Rates	8,277,187	24,319,280	21,567,056	23,228,006
House and Stalls Rent	7,048,935	6,589,508	7,111,376	8,792,673
Parking Fees	31,676,091	30,601,568	27,046,638	26,832,798
Market Fees	10,390,273	14,615,695	12,550,796	10,051,900
Cess	3,142,735	11,663,613	11,092,433	19,944,822
Health and Sanitation	62,399,589	97,713,219	125,019,797	99,453,070
Kiborgok Tea Proceeds	17,616,629	13,205,201	15,391,927	10,550,386
Slaughter Fees	796,790	161,505	1,010,450	844,614
Sewerage and water	646,116	1,516,235	1,113,137	665,925
Agriculture	5,908,025	3,604,807	2,021,237	5,128,297
Trade Fair	-	-	-	-
Cattle Dips/Veterinary	4,676,068	6,479,775	6,954,115	2,369,601
Miscellaneous	9,288,318	17,307,464	7,796,369	6,055,485
TOTAL	**197,886,883**	**286,235,013**	**283,187,354**	**274,361,101**

Source: County Revenue office

The revenue collection trend shows a drop in collections for the current financial year as compared to the previous financial year. This however cannot be a clear indication of the overall performance for the financial year.

This was because of the drop in production and tea prices affecting the kiborgok tea farm (upto 50% drop), NHIF funds not yet wired to the CRF and spending at source by the health department.

Table 2.7: Local Revenue Collection as of 31st October 2021.

MONTH	FY 2017/2018	FY 2018/2019	FY 2019/2020	FY 2020/2021	FY2021/2022
July	6,490,215	13,890,991	14,520,496	2,277,932	5,476,774
August	5,125,745	16,077,721	10,397,040	22,190,405	11,877,345
September	8,490,098	11,354,238	32,667,617	13,240,630	22,689,353
October	11,304,599	23,762,527	21,648,872	30,577,990	11,838,222
Total	**31,410,657**	**65,085,477**	**79,841,307**	**68,556,243**	**51,881,694**

Source: County Revenue office

Challenges

i. Demotivated work force
ii. Unreliable revenue collection system
iii. Spending at source
iv. Persistent Court injunctions on county laws i.e Cess and Land Rates
v. Need for capacity building, equipping and proper placement of NHIF Clerks
vi. Farm management challenges for kiborgok and Kaimosi tea farms. 50% drop in production and pricing
vii. Operationalization of the Agriculture revolving fund will mean a complete loss of a revenue stream

Interventions

i. The County Government to consider creating and adequately funding the revenue collection department.
ii. The County Government to commit to fully abide by the PFM Act by holding all those who spend revenue at source to account.
iii. Engage tea sector players towards resolving the issues around Land rates and tea Cess.
iv. Consider approving a motivational programme for the revenue collection section.
v. Critical review of the Revenue Collection system.
vi. Factor in the possible effects of the electioneering circle on achieving set targets.
vii. Financial estimates also be revised to reflect the current and foreseeable future.
viii. Improve the terms of service for revenue officers

County Expenditures for FY 2020-21

Total expenditure was KES. **7,368,104,589** against a revised target of KES **7,611,517,868** representing an under spending of KES **243,413,278**. Overall absorption rate was **97%** percent recurrent expenditure and 76 percent for recurrent and development expenditure respectively. Overall recurrent expenditure amounted to KES. **5,173,042,283**, representing an under spending of KES **21,076,347** (3.5 percent) deviation from the approved revised recurrent expenditure of KES **5,194,118,631.**

Table 2.8: Statement of Receipts and Payments

		2020-2021	**2019-2020**
	Notes	**KShs**	**KShs**
RECEIPTS			
Exchequer releases	**1**	6,450,271,229	5,489,278,988
Proceeds from Domestic and Foreign Grants	**2**	-	-
Transfers from Other Government Entities	**3**	206,371,773	270,156,656
Proceeds from Domestic Borrowings	**4**	-	-
Proceeds from Foreign Borrowings	**5**	-	-
Proceeds from Sale of Assets	**6**	-	-
Reimbursements and Refunds	**7**	-	-
Returns of Equity Holdings	**8**	-	-
County Own Generated Receipts	**9**	274,361,101	282,051,152
Returned CRF issues	**10**	437,100,486	630,218,098
TOTAL RECEIPTS		**7,368,104,589**	**6,671,704,894**
PAYMENTS			
Compensation of Employees	**11**	3,357,517,255	3,191,219,469
Use of goods and services	**12**	1,152,585,983	846,152,271
Subsidies	**13**		-

		6,400,000	
Transfers to Other Government Units	**14**	775,723,985	753,825,357
Other grants and transfers	**15**	530,630,785	619,565,832
Social Security Benefits	**16**	-	-
Acquisition of Assets	**17**	1,178,933,060	823,841,480
Finance Costs, including Loan Interest	**18**	-	-
Repayment of principal on Domestic and Foreign borrowing	**19**	-	-
Other Payments	**20**	-	-
TOTAL PAYMENTS		**7,001,791,069**	**6,234,604,409**
SURPLUS/DEFICIT		**366,313,521**	**437,100,485**

Implementation of FY 2021/2022 Budget and Emerging Fiscal Challenges

Budget execution in the first three months of FY 2021/22 progressed well. Revenues recorded positive growth rates to reflect improvement in business environment, impact of reversal of some tax relief measures effected in January 2021, tax policy measures and enhanced revenue administration by the Kenya Revenue Authority. Revenues are expected to progressively improve in the rest of the fiscal year following the reopening of the economy, uptake of the COVID-19 vaccine and the increased demand for imports as well as improved domestic sales. Revenue targets for the FY 2021/22 are also expected to be achieved considering the performance in the first quarter.

The Government has embarked on expenditure rationalization and prioritization to ensure that expenditures are on the most impactful programmes that yield the highest welfare benefits to Kenyans.

Most spending during the first quarter was majorly recurrent in nature with employee cost taking a bigger percentage including a comprehensive medical cover expense for all the staff as an incentive to motivate the staff.

Challenges arising from the outbreak of COVID-19 pandemic have affected the implementation of the budget for the FY 2021/2022. Some of the notable challenges faced in the implementation of the County Projects and programmes included;

- Outbreak of COVID 19 pandemic and its costly response and containment measures
- High expectation from the Public for development and other socio-economic programmes
- Expanding wage bill which limits funds meant for development;
- Delays in disbursement of funds from the National government;
- Inadequate financial resources;
- Low domestic revenue collection;
- Inadequate policy and legal framework;

Major Initiatives implemented by the county government for the period 2017/2018-2020/2021.

The county government has implemented various development initiatives across the departments that are geared towards economic empowerment and sustainable economic growth of residents. Most of the programmes have been rolling over years since they are multiyear by design or due to cashflow challenges.

AGRICULTURE AND CO-OPERATIVE DEVELOPMENT

The department of Agriculture and Cooperative Development embarked on a number of programmes that are geared towards increasing agricultural productivity and in a bid to improve household food, nutrition security and commercialization of agriculture through value addition. The following interventions were undertaken;

a) In order to improve livestock health and productivity in the County, the department constructed 6 new cattle dips including Soiyet and Chemalal. Several cattle dips that were in existence and not operational were renovated and rehabilitated.

b) Enhanced breeding services have been adopted through procurement of 71,600 bull semen straws and insemination of 98% of the straws across the County

c) Construction of Nandi Cooperative Creameries (NCC) at Kabiyet as one of the county's flagship projects is at completion stage with installation of processing machines ongoing and is expected to take off soon. This coupled with the construction of a milk cooling structures in each ward with 97% completed, with a bid to collecting and bulking of milk across the County. This, shall see real transformation of dairy sector as the county's economic mainstay. This is supported by the ongoing construction of new as well as renovation and rehabilitation of cattle dips across the County. This has also been catalyzed by distribution of 465,000 doses of assorted vaccines to decrease prevalence of livestock diseases.

Impact

Due to these initiatives, there has been a significant improvement in livestock health productivity, enhanced breeding services and an increase in modern and diversified farming techniques by farmers resulting in increased productivity, food security and improved livelihoods of the residents.

HEALTH AND SANITATION

a) The County department of Health and Sanitation recorded a reduction in maternal mortality rate from the baseline of 362/100000 in FY 2018/2019 to 210/100000 in FY 2020/2021 and this has been contributed by the following factors:

b) Completion and operationalization of new health as well as renovation of health facilities among them Kosoiywo, Kamamut, Mbogo valley dispensaries and Nandi hills sub county hospital. This has improved access to health care in the County and especially by expectant mothers whereby a total of 65 maternity centres have been operationalized across the County.

c) There has been increased skilled deliveries in the County, as the proportion of mothers delivering at health facilities has improved from37.8% in 2017 to 60% in 2021. This has also been aided by recruitment and deployment of more nurses and other health care workers across the County

d) To ensure improved quality of care, the department of Health and Sanitation increased its workforce by employing more well as promoting existing staff. Additionally, from the National government through the Universal Health Care Program (UHCP) saw an increase in workforce by about 200 staff. This has consequently led to an increase in the Doctor-Patient and Nurse-Patient ratios from 3:100,000 in 2018/2019 to 4:100000 in 2020/2021 and 46:100,000 in 2018/2019 to 57:100000 in 2020/2021 respectively.

e) In a bid to improve referral services in the County, the department acquired and commissioned 10 additional ambulances which are currently offering emergency services across the County hence saving lives.

f) The department targeted to establish two Intensive Care Units (ICUs) by the year 2022. The first unit was budgeted for in FY 2019/2020 and integrated in the Newborn Unit under the new KCRH Complex whose construction is ongoing while the other is under the Chepterwai Hospital Complex. However, due to the COVID-19 pandemic, the County moved swiftly under the emergency fund program to set up two ICU units. A 10-bed and 7-bed ICU units are complete in KCRH and Nandi Hills hospitals respectively.

g) The distance to the nearest health facility has been reduced from 10km in 2017/2018 to 5km in 2020/2021 as recommended by WHO.

h) With the outbreak of Covid-19, the Oxygen plant installed at KCRH with a flow-rate of 240 litres per minute with a refilling unit of 10 cylinders per day came handy thus saving lives. It has also managed to support local private and faith based health facilities and other neighboring Counties such as Elgeiyo- Marakwet County thus earning the County revenue

i) Establishment of the Health Management Information System has enabled the department to manage patient information through a database that captures all the necessary details. The system auto-generates information thus reducing the turn round time for attending the patient. It has also reduced workload since the system is paperless. This automation has led to increase in County revenue generated from the hospitals.

Impact

The expansion of infrastructure in various health facilities and employment of more health workers in the County has increased access to quality health care. Acquisition of standby generators has ensured steady power supply and uninterrupted service delivery in the facilities coupled with acquisition of more ambulances has enhanced referral systems and saving of saving of lives during emergencies.

ADMINISTRATION, PUBLIC SERVICE AND E-GOVERNMENT

a) To improve efficiency in service delivery the department developed 3 human resource policies to guide on the frameworks on staff establishment and their welfare and also signed 120 performance and appraisals in order to improve on service delivery by the County's management.

b) To achieve improved solid waste management, the department acquired five waste receptacles in FY 2018/2019 and were distributed to major urban areas including Kapsabet, Nandi hills, Mosoriot, Kabiyet, Baraton and Kaptumo. In collaboration with the World Bank in FY 2018/19, the department enhanced town and urban areas sanitation in Kapsabet Municipality through extension of the sewer line by 1.5km

c) Construction of six kilometer non-motorized transport facilities (Namgoi Trading Centre to Law Courts on Kapsabet boy's side and from public work offices –Kamobo on St. Peters Side has reduced pedestrian accidents along the highways and improve the training environment for the athletic community; Athletic racing track from Kapsabet bible college –

Lode School academy/Marcle School) funded in FY 2018/19 were ongoing at final stages of implementation.

d) In order to improve urban and town centers security in the County, construction of street lights and seven high mast floodlights in Major Street and urban areas was on-going funded by the County Government in collaboration with the World Bank in FY 2018/19. The earmarked sites for the High masts namely Chepterit Girls cross roads, Chepterit Trading Centre, Baraton Trading Centre, Namgoi Trading Centre, Chebarbar Trading Centre, Kapsabet Market, Jua kali Centre are complete and awaiting connection to the main grid lines. The Security Lighting done in the following areas Nandi Primary-Amai River, CITAM Road-2.5km and Kamobo – Kamobo Primary School/ Teldet DICECE- Kamatargui, AIC Singorwa – Chepsegeny River, Namgoi- Kamatargui are complete.

e) To improve disaster preparedness and risk management the department established a disaster response unit and was able to respond to emergencies on time due to mapping and availability of information on disaster prone areas. 21 sites had been mapped as prone to landslides, floods and lightening.

f) To enhance Service Delivery through Information Communication Technology (ICT), the County constructed and equipped a data center and a Call Center in FY 2018/2019 in order to address emergencies on time especially the Covid-19 related cases and manage public complaints/compliments. The two centers are operational.

Impact

As a result of major investments in urban infrastructure a robust growth has been realized in the jua kali sector, transport sector and retail trade. The county supplier system has allowed for continuous pre-qualification of suppliers and promotes transparency and accountability in service delivery.

TRADE, INVESTMENT AND INDUSTRIAL DEVELOPMENT

The department acts as a link between production and consumption and has registered improved performance in implementation of projects that are aimed at increasing access to goods and services. The progress made under trade development include:

a) Construction of fresh produce markets in Kobujoi and Maraba trading centres, market stalls in 4 markets namely Kaptumo, chemursoi, Kabiyet and Baraton with works ongoing several markets across the County.
b) To improve town planning and market sanitation, the department established a bus park/stage in Mosoriot and constructed 3 ablution blocks in Kabiyet, Maraba and Nandi Hills town
c) To improve the working environment for motorbike operators, the department has constructed more than 20 boda boda shades across the County.
d) Progress has been registered in the industrial development section with the establishment of a textile and apparel unit in Mosoriot. Upon completion, the unit under construction is expected to expand employment opportunities to the residents of the county and attract investors. Other achievements recorded in the section include ongoing establishment of an incubation centre in Kapsabet and construction of jua kali shades.

Impact

The initiatives have improved market accessibility and increased incomes and local revenues. The economic blocs will give the county the opportunity to pull resources together towards development of the tourism circuits, value addition processes and optimize on their respective county niche products.

TRANSPORT AND INFRASTRUCTURE

i. In order to improve rural access, infrastructure and maintenance of existing roads by use of County machines, hired machines and under the Road Maintenance Levy Fund (RMLF) Programme; the department has enhanced connectivity through the opening up of new roads, grading and gravelling and maintenance of existing roads across the County.
ii. This has been achieved through opening up of 483 kms of new roads and installation 4814 Meters of culverts. It also graded 3217kms and graveled 1782kms together with construction of 19 bridges and 3 footbridges across the County. Furthermore, total of 4,814 culverts have been installed with several road works ongoing across the County.

iii. A pilot project using application of clay-crete in road maintenance which sustains road condition for a longer period compared to the normal gravel was done in Cheptarit Polytechnic-Textile Industry road in Mosoriot.

iv. In order to ensure reliable and appropriate infrastructural development in the County, the public works sector has designed, developed, maintain and supervised construction works for 507 institutional facilities.

v. The improve connectivity and accessibility, the department acquired several road work machinery including excavators and backhoe

Impact

Opening up of new roads and maintenance of the existing roads have increased connectivity and improved accessibility with most of the roads improved to motor-able condition. This has enabled sustainable road works and general county economic growth.

EDUCATION AND VOCATIONAL TRAINING

a) To attain the objective of provision of quality and accessible pre-primary education, the county department constructed and completed 32 ECDE centres including Kapkembur, Kapnyemis and Keteng. Several other centres were ongoing at different levels of implementation across the County.

b) In order to improve access to technical education and training, the department constructed a total of 9 class rooms including Cheptarit and Kaplamai VTCs were complete with several centres ongoing at different stages and 3 ablution blocks complete and operational.

c) Conditional grants to VTCs and have been disbursed to the 15 VTCs. In partnership with Computers of Kenya, the department also managed to install ICT equipment funded in FY 2018/19 to all existing 15 VTC centres therefore promoting modern and quality learning in the centres.

d) The department also managed to disburse Ksh. 42 Million as bursaries to 16,021 needy students across the County thus increasing access to education and training at all levels.

Impact

There has been increased access to quality basic and technical training in the county and as a result employment creation. The county bursary scheme has increased accessibility to education by the beneficiaries.

TOURISM, CULTURE AND SOCIAL WELFARE

a) The department completed the following works at Chepkiit Tourism site (Phase II); construction of walkways, shades, dustbins, a water tank and benches. Other works including fencing of the site while construction of the second phase of the fence, signage and guard rails in the site are yet to commence. The first phase of works in the site entailing construction of an ablution block (funded in FY 2017/18) had been completed and operationalized.

b) Closure of Chepkiit Tourism site for construction works and in line with the Ministry of Health (MoH) guidelines on COVID-19 led to a drop in tourist arrivals and consequently revenue collection.

c) In order to honour the County's heroes and heroines, the department is in the process of establishing Jean Marie Seroney Leadership Centre whereby it has completed the renovation and restoration of the Jean Marie Seroney house and construction of a tomb house (mausoleum), the ECDE centre is complete, a Vocational Training Centre and the social hall nearing completion in Songhor//Soba Ward. Annually, the department also celebrated the Koitalel Samoei- the Legendary Nandi leader who played a key role in the Nandi resistance to colonial rule. Minority groups within the county such as the Terik and the Talai were also celebrated with an aim of fostering cohesion and togetherness within the County. This has enhanced appreciation of the role played by heroes and heroines in the making of Nandi history.

d) In order to enhance socio-economic empowerment through provision of support and care to the vulnerable members of the society, the department distributed 300 wheelchairs and 200 mobility carts to PWDs across the County. The department surpassed its target due to the signing of a MoU with Partners for Care and Bethany Kids and Kings Ambassadors Christian Ministries.

e) To promote equality and equity in the society, the department carried awareness training against Sex and Gender based violence. 14 awareness forums for women and teenage girls were conducted across the County.
f) With an aim of improving the socio economic empowerment of vulnerable groups, the Social Welfare sector of the department empowered women and PWD groups through procurement and issuance of a total of 258 assorted sewing machines in 2017/2018 and 2018/2019 financial years.
g) 85 Saloon kits acquired in FY 2018/19 were all distributed to 85 women and PWD groups to promote financial independence and improve their socio-ecomonic status.

Impact

The investment in the tourism sites will tap into the County tourism potential and increase tourist arrivals with a proportional increase in revenue levels. The provision of assistive devices and income generating devices eg sewing machines and saloon kits and farm inputs bridges the socio-economic empowerment among the marginalized groups in the community.

SPORTS, YOUTH AFFAIRS AND ARTS

a) In a bid to promote sports and talent development amongst the youth, the department undertook various development projects and programs geared towards nurturing and promoting talent and sports among the youth with 30 local competitions namely; KICOSCA, volleyball tournament, Ndalat Gaa cross country, athletics cross country, county primary and secondary schools competitions held.
b) Total of 7 community sports facilities have been improved with an aim of improving and promoting talent across the County.
c) The department achieved 85% construction of the second phase of Eliud Kipchoge Modern Athletics Training Camp in Kapsabet. In addition, the third and fourth phases of Nandi hills stadium entailing construction of changing rooms & toilets and stone pitching & construction of spectator terraces respectively were ongoing
d) In addition, the department distributed 100 welding machines purchased in financial year 2018/19 FY to youth groups across the County.
e) Through a Youth service program, the department has employed 800 youth from across the County to offer community services such as opening up blocked culverts and drainages,

bush clearing, market cleaning and de-silting of water projects. The program has also enabled the youth to earn a living.

Impact

Upon completion and equipping of Eliud Kipchoge Modern Athletics Training Camp, stadiums and the remaining community fields, it will improve performance of sportsmen and women in local, regional, national and international competitions. Additionally, it will nurture talents, promote sports tourism and enhance nationhood. The beneficiaries of the welding machines are earning income hence the objective to empower youth through income generation initiatives has been achieved.

LANDS, ENVIRONMENT AND NATURAL RESOURCES

The strategies employed by the department towards improved water supply coverage in the County included rehabilitation and extension of water projects, Rehabilitating dams, spring protection, guide on appropriate water storage mechanisms, Identifying and restoring wetlands & riparian ecosystems and Preparation of County Spatial Plan and other centre plans. The following results were registered;

a) The department has made progress towards provision of safe and clean water by increasing the proportion of house-holds level accessing clean water from 35% in 2017/2018 to 42% in 2021/2022. This has been achieved through completion and rehabilitation of 158 water projects across the County. Several new projects are also ongoing at different levels of completion.

b) The County also invested in drilling rigs which are functional with 12 boreholes drilled namely; Taboiyat, Kapkechui, Siginwai ,Kaiboi and Kipsamoite.

c) In order to promote environmental conservation with clean and safe environment for all generations the department has participated in tree planting sessions thus increasing the percentage of forest cover from 21% in 2017/2018 to 26.8% in 2021/2022. Further, the department undertook various Policy, Legal and Institutional Reforms that will provide a framework for implementation of environmental programmes and projects in the County.

These include the development of the Wetlands Management and Conservation Draft Policy and Climate Change Draft Policy which had been submitted to the cabinet for approval.

d) The department also implemented strategies aimed at ascertaining rights and interests on land in order to achieve secure land tenure and controlled development to encourage greater investments in land and agriculture. The following achievements were recorded: 60 percent completion of the County Spatial Plan to guide land use; 80 percent completion of Kipkaren Salient and Kiboswa Trading Centres Development Plans and 90 percent completion in planning of Romorio, Kiptegat and Mchanganyiko farm settlements pending approval by the Town Planning Committee.

ECONOMIC OUTLOOK

Global Growth Outlook

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

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

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

Domestic Growth Outlook

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

In terms of fiscal years, the economy is projected to expand by 2.9 percent inthe FY 2020/21, 5.9 percent in FY 2021/22 and 6.1 percent in FY 2025/26. This outlook will be reinforced by the prevailing stable macroeconomic environment and the ongoing implementation of the strategic priorities of the Government under the “Big Four” Agenda and Economic Recovery Strategy. Weather conditions are expected to be favorable supporting agricultural output. As a result, export of goods and services will expand as global demand normalizes. These factors will push up consumer demand and increase both public and private sector investment reinforcing the projected growth. The economic growth projections over the medium term are aligned to those of the Third Medium Term Plan (2018-2022) of the Vision 2030.

County Growth Prospects and Challenges

Fiscal consolidation and economic growth is a parameter that influences National Government transfer to the counties. The global market is largely progressing to recovery in the coming year. This anticipated stability reflects strong inflow resilient and improved receipts from tea and other cash crop exports which are drivers of economy in the County.

The updated Fiscal Economic framework is optimistic, given that the local revenue collection trend has improved after the lifting of the containment measures. The county growth prospects that can propel the county to higher economic possibilities include; improved agricultural productivity, urban growth, value addition ventures, industrial development and economic gains from sports related activities amongst others.

The county’s economic growth majorly relies on agricultural activities. It is with this in mind that the County Government continues to prioritize investing in the sector due to its potential in improving household incomes. For the overall socio- economic development to be realized, there is need to continue investing in value addition and modernization of agriculture, improving road network and also improving the marketing chains though cooperatives and farmer organizations.

Designation of Kapsabet as a municipality has shown potential prospects for urban growth especially with the implementation of urban infrastructure projects through Kenya Urban Support Programme (KUSP). The County economy is projected to expand in FY 2022/23 due to the completion and operationalization of strategic priorities of the Government under the flagship projects as well as other projects across the various County departments.

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

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

Despite the several challenges that still exist, the County Government will continue with its policy of expenditure rationalization with a view to provide more funds to core services, priority development programs and disaster preparedness in the future.

Risks to Fiscal Outlook in the County

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

Wage bill is a major risk to the fiscal outlook for FY 2022/23 and the medium-term. The burgeoning public expenditure pressures are heightened mainly by demands for promotions backlog from staff and need to confirm staff who are on contract terms across the county civil service. The burden that wage-bill weighs on the budget is heavy and it is expected to continue posing fiscal risk to the County Government.

CHAPTER THREE

3.0 MEDIUM TERM STRATEGIC PRIORITIES

The County Government of Nandi 2022-2023 Medium-Term Fiscal Framework aims at stimulating the economic growth and development, operating a balanced budget, ensuring effective delivery of services and supporting sustainable economic growth in the County as outlined in the County Integrated Development Plan (CIDP 2018-2022) and County Annual Development Plan (CADP 2022-2023). This policy underscores the need to prioritize crucial Recurrent Expenditure and undertake high impact Capital Expenditure in order to enhance economic growth. The 2022/23 Fiscal Strategy Paper highlights the following:

- ✓ Whilst consolidating earlier gains, the Medium-Term Budget for the period 2022/2023 will primarily focus on full settlement of pending bills incurred since inception of the County Government and operationalizing and actualizing priority programmes aimed at economic transformation as anchored in H.E the Governors manifesto and agenda.
- ✓ Maintaining an efficient workforce through a comprehensive staff placement mechanism in adherence to an approved staff establishment by the Nandi County Public Service Board. This will guarantee a motivated workforce which is instrumental in offering services to the people.
- ✓ The County shall enhance its revenue base with a view to ensuring enhanced own source revenue sources including adopting a legal mechanism to increase land rates as guided by National Land Commission, among other avenues.
- ✓ Fiscal consolidation while ensuring that county resources are adequate to promote growth. The County Government is committed to a reduction in the recurrent expenditure to divert more resources to development. Spending will be directed towards the most critical needs at the backdrop of easing COVID 19 pandemic with its containment measures hence resources shall be redirected to the ongoing transformative and flagship projects from the COVID-19 response and containment measures with the view of bringing services closer to people. At least thirty percent of the total county revenue shall be used in the implementation of development projects.
- ✓ The county will continuously exploit the public private partnerships, with potential local and foreign investors as well as other development partners to aid in the county's development. These priorities notwithstanding, the Government will strive to ensure that public spending leads to high quality outcomes within a sustainable and affordable framework.

Further, the County Treasury will ensure that the sectors request for resources are realistic and take into account the resource constraints due to declining economic performance nationally due to the effect of Covid -19 pandemic. In light of this, the Government priority programmes and projects will entail:

- *Settling of pending bills*; the county government anticipates to fully settling the pending bills accrued since devolution.
- *Proper staff placement*; the county government will focus on proper staff placement through review and improvement of the current terms in adherence to the approved establishment.
- *Completion and operationalization of on-going projects:* emphasis is given to completion, operationalization and equipping on-going capital projects and in particular infrastructure projects with high impact on poverty reduction, equity and employment creation, these include: Hospital Complex with Mother and Baby Unit at KCRH, Nandi Cooperative Creameries (NCC) at Kabiyet, Nandi Textile (NATEX), Eliud Kipchoge Modern Athletics training camp.
- *Equipping with requisite equipment the complete yet not operational projects*; these relate majorly to health facilities, ECDE centres and cooling structures among other
- *Post-Covid-19 Recovery*; Consideration is further given to interventions supporting Post-Covid-19 recovery as indicated in the socio-economic recovery and re-engineering document including disaster and emergency preparedness.
- *Strategic policy interventions;* further priority is given to policy interventions covering the entire county on social equity, socio-economic wellbeing especially on special groups interests and environmental conservation.

Strategic Priority I: Investment in health services; to ease accessibility to quality health care.

The Constitution underscores the "right to health" while the CIDP, the Medium-Term Plan III as well as the "Big Four" (4) agenda for the National Government recognizes provision of equitable, accessible and affordable health care of the highest attainable standards to all Kenyans under the Universal Health Care program.

The County Government prioritizes expansion and modernizing of Kapsabet County Referral hospital and equipping it with all essential drugs, medical supplies and specialized equipment necessary to handle all health related cases as well as referrals in view of upgrading to level five standard. In the FY 2022/23 and over the medium term, the County Government will bring to completion all the new health facilities, refurbish existing and adequately stock with requisite drugs, equipment and staff in all the sub-county hospitals and ward level Health Centres and dispensaries. This will reduce the radius of access to health care facilities to the desired less than 5km as per World Health Organizations standards. The prioritized programs and projects aim at achieving improved accessibility, affordability of health services, and reduction of health inequalities and optimal utilization of health services.

Strategic Priority II: Continued improvement in road network.

Good Infrastructure is a key enabler to development of all the other sectors in the county. Good road network in the county eases movement of goods, services and people thus facilitating Agriculture, Trade and commerce among others.

During the last financial year, the department made major achievements which include: Grading of 195km of roads; graveled 135km of road under RMLF; Maintenance of 238.3km of road using county and hired machinery; Construction of 2 bridges; ongoing upgrading of kapsabet town roads to bitumen standards and construction of new roads across the county.

The county will scale up investment in infrastructure by opening up more new roads, upgrading and conducting routine maintenance of existing roads, as well as construction of bridges and footbridges with the aim of significantly reducing the cost of doing business in the county and easing mobility. The Medium term investment in roadwork upgrade throughout the county will be realized through outsourcing road works contracts, use of county machines as well as hiring more equipment to complement the county owned machines. The County Government also intends to increase the tarmacking of roads within Kapsabet municipality, Nandihills township and other urban centres to ease accessibility within the urban areas.

Strategic Priority III: Boost agricultural productivity and cooperative development; to ensure food security and overall poverty reduction.

Agriculture and cooperative Development Sector plays a major role in socio-economic development of Nandi County.

The County endeavors to increase agricultural production and profitability as a major enabler to potential rise in per capita income in the rural economy alongside production of primary raw materials that set stage for industrialization. Completion, equipping, operationalization and commissioning of the Nandi Cooperative Creameries at Kabiyet will be a great milestone. This is enabled by the continuous investment by the Government on the subsidized A.I program, operationalizing milk coolers, continuous pest n disease control through disease surveillance and vaccinations to curb any disease outbreak as well as rehabilitation and construction of new dips to control disease causing pests as well as promoting cooperative movement by supporting community-led development strategies

Strategic Priority IV: Infrastructural developments in Basic Education and Vocational Training facilities.

The Department envisions attaining Quality and inclusive education, training and research for sustainable development. The department is committed to the provision of quality education, training and skills development to all Kenyans, in an effort to contribute to the building of a just and cohesive society that enjoys inclusive and equitable social-economic development. In this regard, the Sector focused on achieving the objects of the Kenya Constitution 2010, with regard to Education and Training and county priorities as envisaged in the CIDP, the "Big 4" Agenda, Post Covid-19 Economic Recovery Strategy (ERS), and other national commitments.

During the previous years, the county managed to complete construction of several ECDE centres and improve the learning environment of 16 vocational training centres across the county.

Over the Medium Term, the Government shall endeavor to increase access to quality basic education through provision of adequate bursary to all needy and deserving students; completion and equipping with furniture, teaching and learning materials to all ECDE centres; provide partial scholarship to youths to acquire technical skills in our Vocational Training Centres as well as developing to standards the training centres.

Strategic Priority V: Increased accessibility to clean and safe water.

Efficient use of natural resources is central to economic, social and cultural development. Due to the finite nature of these resources they should be conserved and utilized in a sustainable manner. The County is undertaking strategies aimed at conserving the environment, natural resources and rehabilitation and protection of water resources which include ongoing preparation of the county spatial plan, developing land information system and issuing genuine title deeds to all land owners. Over the medium term the County Government shall endeavor to continue providing clean and accessible water to all residents in the County through completion and operationalization of all the ongoing water projects, with the aim of doing distribution lines to ensure a greater population of households is connected to clean and piped water. With the acquired drilling rigs, the county endeavours to sink more boreholes at public facilities so as to serve those facilities like the schools, health centres and the neighbouring households.

Strategic Priority VI: Supporting Investment and Trade for Wealth and Employment creation aimed at creating jobs and improving the overall economic growth.

Trade is a key productive sector due to its immense potential for wealth and employment creation as well as poverty reduction. Given its catalytic effect to sustained inclusive growth and huge potential for job creation and poverty reduction, the County Government will deepen business regulatory reforms facilitate capacity building and simplify and modernize regime for small and medium businesses in order to amplify their multiplier effect on employment opportunities and accelerating growth.

Strategic efforts are being made to diversify markets by providing an environment conducive for business and ensuring that there is investor confidence. This is being achieved through construction and commissioning of market stalls, market shades and fresh produce markets in most trading centres as well as regulating open air markets across the County. All the ongoing construction of the bodaboda will be completed so as to support the youth against harsh weather. Further, the County is focusing on industries that are labour intensive, with the potential to export and increase market opportunities for small and medium industries. Among the interventions to be implemented in the year include completion, equipping and operationalization of the Nandi County textile at Mosoriot unit as well as recruitment of personnel to the industry.

Strategic Priority VII: Sports and Youth Empowerment

Nandi County is the indisputable source of world champions in athletics and other sporting activities with celebrated personalities. The county will continue investing in sporting infrastructure and diversify its talent potential to include other sports and arts in order to consolidate and strengthen its position as a sports hub. Over the medium term and as a priority, the county will complete, equip with all necessary facilities the Kipchoge Athletics training camp, Nandi hills and Kaptumo Stadia as well as other ongoing sporting facilities in the County. More resources are being allocated also to recruit more youth into the county youth service to undertake community activities.

CHAPTER FOUR

FISCAL POLICY AND BUDGET FRAMEWORK

4.1 Overview

The FY2022/23 budget and the Medium Term Budget Framework builds on the County Government's effort to support economic recovery and mitigate against the adverse effects of the COVID-19 pandemic. This will be done by prioritizing implementation of programs outlined in the Third Medium Term Plan III (MTP III) of the vision 2030, Economic Recovery Strategy and the "Big Four" Agenda. The Government will also continue with the fiscal consolidation plan by containing expenditures and mobilization of revenues. In this regard, the departments will be encouraged to adopt efficiency in allocation of resources through cost budgeting.

4.2 Fiscal Policy

The fiscal framework for the FY 2022/23 and the medium term budget is based on the County Government's policy priorities and macroeconomic policy framework set out in Chapter I and Chapter II. The fiscal policy will continue to support poverty reduction efforts while undertaking the functions of County Government within a context of sustainable public financing. The fiscal policy will therefore focus on:

- Strengthening internal revenue collection.
- Containing growth of total expenditures while ensuring a shift in the composition of expenditure from recurrent to capital expenditures and;
- Ensuring a significant shift in resource allocation towards county priority social and economic sectors.

4.3 Fiscal Reforms

The County Government aims to widen the tax base by reviewing the relevant revenue legislations in order to improve revenue raising measures and efficiency. In order to achieve this objective, the County Government has strengthened the County revenue unit. Over the medium term, the County Government will rationalize its expenditure with an aim to reduce wastage. This will be done by ensuring there is improved accountability and transparency among the accounting officers who are in charge of public finances. The on-going fiscal structural reforms will eliminate duplications. The County will strive to ensure that there is efficient and effective execution of the budget. This will be made possible through expenditure tracking and taking corrective measures on any deviations and instilling strong internal controls on expenditure. To achieve value for money there is need to strengthen audit function through continuous review of audit risks and periodic monitoring and evaluation of projects and programmes.

The County will be enacting and implementing the following fiscal structures to enable it to be fully compliant with PFM, 2012:

1. Enhanced Expenditure Productivity – To accelerate absorption rates especially in the development expenditures, the County will re-organize its structure to focus more on increased development expenditure with raft of measures put towards reducing recurrent expenditure to devote more resources to development.
2. Prioritization of programmes and projects – the County will shift its focus to implementation of prioritized programmes aimed at post Covid-19 economic recovery and fast track completion of all stalled/ongoing projects in line with the recommendations of the C-APR.
3. Finance staff - the County will continuously build competencies of the finance staff on IFMIS functions through trainings and roll out and use of process manuals.
4. The County Government aims to widen the tax base by reviewing the relevant revenue legislations in order to improve revenue raising measures and efficiency as well as bring to automation all revenue streams for proper accountability

4.4 Fiscal risks shall be managed prudently.

Risks to the Economic Outlook

▪ Delays in disbursement to County Governments.

▪ Overreliance on equitable share of revenue hence exposing the County to fiscal shocks occasioned by revenue underperformance at the national level

▪ Persistence of Covid-19 Pandemic and its effects on the economy

▪ Underperformance of own source revenue

▪ Low absorption of budgeted funds may delay envisaged socio-economic transformation

▪ Occurrence of adverse weather conditions resulting to reduced productions and destructions of basic infrastructure like roads, bridges, among others

▪ Expenditure pressures due to increasing wage bill thus leaving inadequate resources for development.

Proposed Interventions to the Risks

▪ Application of fiscal responsibility principles

▪ The County to come up with mitigation measures to cushion citizens and businesses from the adverse effects of Covid-19 Pandemic and support economic activities.

▪ Formulation of adequate legislations to guide and manage revenue collection in the County

▪ Undertaking quarterly implementation reporting of all County projects and programmes to ensure planned projects and programmes are implemented and paid on time

▪ Promote drought resistant variety of crops, crop diversification, changes in cropping pattern and calendar of planting, and adaptation of climate-proofed construction and design of roads

▪ Developing staffing plan to guide the county in recruitment of various cadres and increasing own source revenue by tracking new revenue sources.

4.5 Adherence to Fiscal Responsibility Principles

Adherence to Fiscal Responsibility Principles Section 107 of the PFM Act, 2012 and Regulations of 2015 requires County governments to adhere to the following fiscal responsibility principles:

1. Maintaining a Balanced Budget – the law states that the County Government's recurrent expenditure shall not surpass its total revenues. The County has maintained a balanced budget and will over the medium-term period.
2. Compliance with the Requirement for Expenditure on Wages – Regulation 25(1) (b) of the PFM (County Governments) Regulations, 2015 requires that county governments' wage bill shall not exceed 35 percent of their total revenues.
3. Adherence with the Requirement for Development Spending Allocations – the law requires county governments to allocate a minimum of thirty percent of their budget to development expenditures. The County has consistently complied with the requirement and will be maintained at 30 percent over the medium-term.

4.6 Deficit Financing Policy

The County Government is taking all measures to ensure there is balance between the resources available and the priorities and programmes identified for implementation. The county expenditures are limited to county estimates that balance off with the sum total of internal revenue collection, share of the national revenue and conditional grants. Therefore, over the medium term, the County Government will not borrow so that domestic borrowing does not crowd out the private sector given the need to increase private investment to accelerate economic expansion.

4.7 Revenue projections

The FY 2022-2023 budget estimates will target revenue inflow of Ksh **7,270,203,341.00** which has the CRA shareable revenue and own source revenue. Local revenue is estimated at Kshs. **279,334,300.** The performance of own revenue will be underpinned by automated systems such as the HMIS, the upgraded revenue collection system, enforcement of the Finance Act and restructuring.

4.8 Expenditure projections

The expenditure estimates for the FY 2022-2023 is Kshs. **7,270,203,341.00** with a slight decrease from the current F/Y's estimates. Expenditure ceilings on goods and services for the County sectors/departments are based on the County priorities extracted from the CIDP 2018-2022 and the ADP 2022-2023. The ceilings are also adjusted based on expenditure trends and the County change of priority programs within the spending units as well as post covid recovery strategies. Most of the outlays are expected to support completion, equipping and operationalization of all ongoing infrastructural facilities- both flagship and transformational projects, opening up of new roads and continuous maintenance of existing ones alongside settling of pending bills.

CHAPTER FIVE
MEDIUM TERM EXPENDITURE FRAMEWORK

5.1 Resource Envelope

The resource envelope available for allocation among the spending entities is based on the updated medium term fiscal framework which is outlined in chapter four. In view of the continued pressure that arise from wage bill and limited resources, MTEF budgeting will focus on adjusting expenditures to cater for the priority sectors.

An evaluation of the macroeconomic situation and a limited resource envelope in recent years shows that adjusting non-priority expenditures to cater for the priority ones will guide the Medium-Term Expenditure Framework (MTEF) budgeting processes. Share of resources for priority physical infrastructure sector, such as Roads, Water and Agriculture, will continue to rise over the medium term. All the other sectors will continue to receive adequate resources in line with our county's commitment to a balanced sector development to enhance the quality of life for the residents of Nandi and ensure sustainable economic growth.

Financing of County Government budget revolve around two main financing sources namely; transfers from the National Government and own source revenue. The shareable revenue transfers will account for 90 per cent of the expenditure priorities in the budget and 3.67 per cent will be financed from own revenue source.

Revenue Projections

The County's sources of revenue include:

- **Equitable share**

The equitable share is an unconditional allocation to the County Governments from the revenue generated by the National Government as provided for by the constitution through County Allocation of Revenue Act as shareable revenue. The County is fully responsible for these funds and is directly accountable to the County Assembly on how the resources under her control are spent. Shareable revenue from the National Government is estimated at **Kshs. 6,990,869,041** during the FY 2022/2023.

- **Conditional and Unconditional grants**

These may be given as additional allocations from the National Government's share to which the National Government may or may not attach conditions in the FY 2022/2023. We anticipate receiving among others DANIDA funds, Transforming Healthcare systems fund, Kenya Urban Support Programme and Kenya Devolution Support Programme.

- **Own revenues**

The County own revenue is projected at **Kshs 279,334,300.** This is based on the current trend of revenue collection and other revenue measures to be instituted.

Total revenue available to fund the expenditure is therefore projected at **Kshs 7,270,203,341.00** in FY 2022/2023 projected to increase to **Kshs 7,341,625,031** in FY 2023/2024.

RESOURCE ENVELOPE 2022-2023

MEDIUM TERM FISCAL FRAMEWORK FY 2020-2021 to 2022-2023

CODE	REVENUE ITEMS	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
1	**Total Anticipated Revenue**	**8,046,964,890**	**8,133,676,476**	**7,611,517,867**	**8,965,549,809**	**7,270,203,341.00**	**7,341,625,031**
1.1	**Local Revenue**	**459,293,246**	**376,829,833**	**405,408,260**	**387,106,430**	**279,334,300**	**350,755,990**
1520100	Land Rates	46,682,200	23,807,922	24,284,080	42,184,423	26,224,400	32,284,080
1520500	Plot Rent/House rent	5,100,662	1,560,802	1,592,018	1,257,694	1,292,018	1,592,780
1420328	Single Business Permits	36,430,791	29,727,525	30,322,076	43,954,440	30,322,076	41,212,000
1420328	Liquor Licensing	12,120,000	5,439,456	5,548,245	14,383,114	12,548,245	15,468,200
1420405	Market Fees	15,595,046	10,657,655	10,870,808	15,587,938	10,870,808	12,390,866
1330405	Agriculture	9,090,000	6,119,388	6,241,776	6,931,003	2,241,776	2,301,657
1420345	Cess	156,456,200	156,456,200	159,585,324	22,529,356	12,775,383	15,585,324
1420507	Kiborgok Tea Proceeds	18,913,963	18,134,708	18,497,402	19,612,948	10,497,402	15,807,362
1580401	Slaughter Fees	638,320	820,369	836,776	661,053	836,776	856,226
1550105	Kiosks & stalls	3,535,000	7,247,457	7,392,406	5,840,001	7,332,406	7,592,406
1550000	Trade Fair	2,020,000	2,060,400	2,101,608	1,660,270	-	1,101,608
1420404	Parking Fees	46,018,822	32,388,047	33,035,808	46,098,288	30,035,808	33,035,808
1450100	Veterinary	6,565,000	4,754,373	4,849,460	3,831,073	3,849,060	4,049,460
1580100	Health and Sanitation	83,042,200	64,374,313	65,661,799	151,872,821	120,661,799	155,231,711
1420403	Sewerage and Water	686,800	665,509	678,819	536,267	578,319	678,719

1530000	Advertising	4,242,000	2,812,446	2,868,695	2,266,269	1,868,695	2,168,295
1530000	Physical Planning	2,020,000	1,339,260	1,366,045	1,079,176	1,566,045	1,866,044
1530000	Weights % Measures	3,030,000	2,008,890	2,049,068	1,618,764	1,049,068	1,549,168
1530000	Tourism and Co-op Development	1,414,000	1,442,280	1,471,126	1,162,190	871,126	1,271,226
1530000	Hire of Exhauster	2,222,000	1,473,186	1,502,650	1,187,094	902,650	1,102,650
1530000	OTHER FEES	3,470,242	3,539,647	3,610,440	2,852,248	3,010,440	3,610,400
1.2	**GOVERNMENT FUNDING**	**6,802,400,000**	**6,843,294,705**	**6,394,414,458**	**7,899,732,213**	**6,990,869,041.00**	**6,990,869,041**
1.2.1	CRF Balances	1,433,000,000	1,604,294,705	1,013,914,458	989,363,172		
1.2.2	CRA EQUITABLE SHARES	5,369,400,000	5,239,000,000	5,380,500,000	6,990,869,041	6,990,869,041.00	6,990,869,041.00
1.3	**Conditional allocations from NG**	**196,712,989**	**202,710,317**	**212,845,833**			
1.3.1	CHFS -County Health Facility Supplies	0	-	-			
1.3.2	COMPENSATION OF USER FEE	18,086,363	18,086,363	18,990,681			
1.3.3	RMLF	141,371,626	151,830,656	159,422,189			
1.3.4	Development of Youth Polytechnics	37,255,000	32,793,298	34,432,963			
1.4	**Conditional Allocations from Development partners**	**588,558,655**	**710,841,621**	**596,628,512**	**598,211,166**		
1.4.1	DANIDA -HSPS3	17,111,250	16,031,250	16,832,813	11,851,125		
1.4.2	KDSP - World Bank	44,551,044	30,000,000	31,500,000	82,682,844		
1.4.3	W.B - Transforming of Health Systems	97,229,498	46,342,186	48,659,295	118,895,815		
1.4.4	W B. -National Agricultural and Rural Growth Project	140,435,163	343,929,300	361,125,765	297,105,136		
1.4.5	Other Loans and grants	-	-	-	14,000,000		

1.4.6	Kenya Urban Support project (KUSP)	177,231,700	177,231,700				
1.4.7	European Union Water Tower Programme	72,000,000	72,000,000				
1.4.8	Food and Agriculture Organization	40,000,000					
1.4.9	KISIP-Kenya Informal Settlement Improvement Fund		8,800,000		50,000,000		
1.5.0	ASDSP		16,507,185		23,676,246		
1.51	LEASING OF MEDICAL EQUIPMENT	200,000,000	131,914,894	138,510,639	153,297,872		

PROPOSED BUDGET CEILINGS FOR FY 2022/2023

VOTE TITLE	PE Est	Rec Est	Other OP Est	Dev Est	Total Est	%
COUNTY EXECUTIVE	175,626,460.00	359,800,000.00	2,500,000.00	120,300,000.00	658,226,460.00	9.1
FINANCE AND ECONOMIC PLANNING	232,126,379.40	341,213,762.00	4,300,000.00	53,060,035.60	630,700,177.00	8.7
ADMINISTRATION, PUBLIC SERVICE AND e-GOVERNMENT	43,263,340.00	22,500,000.00	5,400,000.00	85,000,000.00	156,163,340.00	2.1
HEALTH AND SANITATION	2,095,981,758.20	347,890,200.00	15,500,000.00	315,000,000.00	2,774,371,958.20	38.2
AGRICULTURE AND COOPERATIVE DEVELOPMENT	250,606,754.20	15,070,789.00	3,500,000.00	215,000,000.00	484,177,543.20	6.7
TOURISM, CULTURE AND SOCIAL WELFARE	41,188,799.00	14,124,970.00	2,000,000.00	43,929,847.00	101,243,616.00	1.4
SPORTS, YOUTH AFFAIRS AND ARTS	47,000,000.00	75,500,200.00	1,150,600.00	53,299,290.00	176,950,090.00	2.4
EDUCATION AND VOCATIONAL TRAINING	385,377,116.00	76,696,500.00	1,300,000.00	138,277,558.00	601,651,174.00	8.3
LANDS, ENVIRONMENT, NATURAL RESOURCES AND CLIMATE CHANGE	80,005,119.60	14,765,200.00	3,780,000.00	153,378,974.00	251,929,293.60	3.5
ROADS TRANSPORT AND INFRASTRUCTURE	83,129,198.20	16,560,700.00	35,549,095.00	380,000,000.00	515,238,993.20	7.1
TRADE, INVESTMENT AND INDUSRIAL DEVELOPMENT	43,211,525.80	15,120,000.00	2,500,000.00	94,000,000.00	154,831,525.80	2.1
PUBLIC SERVICE AND LABOUR	35,060,504.00	19,560,780.00	1,500,000.00	-	56,121,284.00	0.8
COUNTY ASSEMBLY	381,928,343.00	256,450,690.00	9,250,000.00	60,968,853.00	708,597,886.00	9.7
TOTALS	**3,894,505,297.40**	**1,575,253,791.00**	**88,229,695.00**	**1,712,214,557.60**	**7,270,203,341.00**	**100.0**
Percentage Allocation	**53.57**	**21.67**	**1.21**	**23.55**	**100.00**	

CONCLUSION

The set of policies outlined in this CFSP aim at striking a balance between priorities which keep changing and the emerging issues that are broadly in line with the CIDP and the fiscal responsibility principles outlined in the PFM Act, 2012. They are also consistent with the national strategic objectives which set a basis for County Government allocation of public resources.

Details of these strategic objectives are contained in the CIDP (2018 – 2022). However, the financial year 2022/2023 is a transition year that shall entail preparation of third generation CIDP,2023-2027. The policies and sector ceilings provided in this document will guide the Departments/Agencies in preparation of the 2022/2023 MTEF budget.

Budgetary resources are usually limited; thus, it is imperative that Departments prioritize their programs within the available resources to ensure that utilization of public funds are in line with County Government priorities. Departments need to carefully consider detailed costing of projects, strategic significance, deliverables (output and outcomes), alternative interventions, administration and implementation plans in allocating resources. There is also need to ensure that recurrent resources are being utilized efficiently and effectively before funding is considered for programs.

Proper implementation of the budget is critical towards providing services that will promote sustainable growth. Sustainability requires greater effort from all the stakeholders including County Government departments, civil societies, communities, County Assembly and development partners. This means providing for continuous consultations with each other, finding solutions and encouraging innovation to build a sustainable County.