



**COUNTY GOVERNMENT OF NANDI**

**COUNTY TREASURY**

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**COUNTY BUDGET REVIEW AND OUTLOOK PAPER  
(CBROP)**

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**OCTOBER 2022**

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## FOREWORD

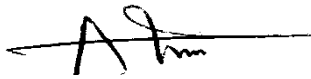
The County Budget Review and Outlook Paper (CBROP) is one of the budget policy documents that enhance financial discipline and fiscal responsibilities within the county's financial management framework as provided for in the Public Finance Management Act (PFM) Act 2012. The CBROP presents the fiscal outcome for the most previous Financial Year and how these outcomes affect financial objectives set out in that year's County Fiscal Strategy Paper (CFSP).

The significance of C-BROP is that it ensures the County Government reviews its previous year's budget performance, the county and national economic-financial environment and how it's likely to impact on the level of future revenues and to set preliminary sector ceilings in the light of the review of revenues.

The 2022 Nandi County Budget Review and Outlook Paper (CBROP), has been prepared in accordance with section 118 of the Public Financial Management Act, 2012 presents the actual fiscal performance of the FY 2021/2022 as it makes comparisons to the budget appropriations for the same year as well as the updated economic and financial outlook to set out the broad fiscal parameters for preparation of the next fiscal year's policy documents.

This paper is a vital document as it details the fiscal/budgetary outcome for 2023/2022 financial year and how this affects the financial objectives set out in the 2022 County Fiscal Strategy Paper (CFSP). The updated macroeconomic outlook therein also provides us with a basis for revising the 2022/2023 budget in the context of the Supplementary Estimates, in line with the county government's strategic priorities over the medium term. Consequently, the County Fiscal Strategy Paper (CFSP) for 2023 will set ceilings to allocate available resources to departments as well as set expenditure priorities.

To strengthen the budget preparation process, the County government of Nandi will continue to embrace programme-based budgeting and deepen public financial reforms to increase efficiency and effectiveness in service delivery and value for money. Emphasis will be placed on implementation of development projects as these will spur growth of the local economy and improve the lives of the residents of Nandi County.

A handwritten signature in black ink, appearing to read 'Alfred K. Lagat', written over a horizontal line.

**CPA ALFRED K. LAGAT**

**CECM, FINANCE AND ECONOMIC PLANNING**

## **ABBREVIATIONS AND ACRONYMS**

CBROP	County Budget Review and Outlook Paper
CECM	County Executive Committee Member
CFSP	County Fiscal strategy Paper
CG	County Government
FY	Fiscal Year
PFMA	Public Finance Management Act
CIDP	County Integrated Development Plan
CADP	County Annual Development Plan
M & E	Monitoring and Evaluation
MTEF	Medium Term Expenditure Framework

## **LEGAL FRAMEWORK**

The County Budget Review and Outlook Paper is one of the key stages in the preparation of the annual county budget. Its preparation is entrenched in;

The Constitution of Kenya, 2010 and further in the County Governments Act 2012 which compels County Governments to prepare the plans and that no public funds shall be appropriated outside the approved planning frameworks.

Public Finance Management Act (PFMA), 2012 section 118 (1) which indicates that a County Treasury shall:

(1) (a) Prepare a County Budget Review and Outlook Paper in respect of the county for each financial year; and

(b) Submit the paper to the County Executive Committee by the 30th September of that year.

(2) The CBROP should specify:

(a) The details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;

(b) The updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper;

(c) Information on:

(i) Any changes in the forecasts compared with the County Fiscal Strategy Paper; or

(ii) How actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for that financial year; and

(d) Reasons for any deviation from the financial objectives in the County Fiscal Strategy Paper together with proposals to address the deviation and the time estimated for doing so. After preparation of the Paper by the County Treasury, the County Executive Committee considers the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, and arranges for the same to be laid before the County Assembly, publishes and publicizes the Paper.

(3) The County Executive Committee shall consider the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, within fourteen days after its submission.

(4) Not later than seven days after the County Budget Review and Outlook Paper is approved by the County Executive Committee, the County Treasury shall—

- (a) arrange for the Paper to be laid before the County Assembly; and
- (b) as soon as practicable after having done so, publish and publicise the Paper.

### **COUNTY GOVERNMENT FISCAL RESPONSIBILITY PRINCIPLES**

In line with the Constitution, 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.

## **OBJECTIVES FOR CBROP**

Pursuant to the provisions of sec 118 (2) of the Public Financial Management Act 2012, the County Treasury through the County Budget Review and Outlook Paper shall seek to specify;

- The details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;
- The updated economic and financial forecasts in relation to the changes from the forecasts in the most recent County Fiscal Strategy Paper (CFSP);
- Any changes in the forecasts compared with the CFSP;
- How actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the CFSP for that financial year; and
- Reasons for any deviation from the financial objectives in the CFSP together with proposals to address the deviation and the time estimated for doing so.
- Providing a basis for revision of the 2022/2023 budget estimates as well as set broad fiscal priorities for the next budget and the medium term.

In summary, this CBROP is expected to present a review of the fiscal performance for the previous year in terms of revenues and expenditures.

The CBROP is expected to provide a summary of the national macroeconomic outlook and how this will affect the County's economic performance. The available key Macro-economic indicators are not currently county specific or sufficiently addressing county specific needs. However, the department of Finance and Economic Planning is in the process of establishing a County Statistics office to bridge the gap in future.



## **Analysis by Broad Sectors of the Economy**

This section highlights development interventions by the county government towards key sectors of the economy that contributes the GDP.

### **Agriculture and Co-operative Development**

The sector is county's mainstay due to its key contribution to the economy. The county government has continuously revived cooperative societies in the county by providing technical advice and capacity building on cooperative management. In collaboration with the National Government and other stakeholders, the government has supported dairy co-operative societies through the ongoing construction of 30 cooling structures to be equipped with coolers with a daily milk capacity of 127,000 litres. In this regard, the Government is nearing the completion of the milk processing factory at Kabiyeet that shall be commissioned soon.

Farm Mechanization is key in ensuring sustainable farming and high yields. The county government has acquired eight tractors, a harrow, 3 forage harvesters, a hole digger, potato planter, bed former and potato harvester offer the capacity n subsidized support to farmers as well as to encourage them to embrace mechanization.

To reduce pests, diseases and consequently promote production, the county is renovating 48 cattle dips and constructing 6 new ones across the county. Furthermore, to improve on the dairy breeds, the county government has administered over 28,000 inseminations since the inception of the programme. This has led to improved livestock productivity though improved breeds.

The government has also distributed over 50,000 coffee seedlings 25,000 Avocado seedlings worth Ksh 2,985,000, 1000 bags of Irish potato and trained farmers on marketing strategies, financing, trading, export logistics and market intelligence

Due to these initiatives, there has been a significant increase in modern farming techniques by farmers resulting in increased productivity, food security and improved livelihoods of the residents.

### **Industry and Construction Activities**

The county is performing comparatively well in the sector with higher prospects due to the ongoing construction of the County milk processing plant, Textile unit, Modern Training Camp and with the conferment of Kapsabet Municipality. Measures to improve trade volume in the departments

of Trade, Investment and Industrialization through various initiatives such as opening new markets as well as improved infrastructure in the county are expected to spur growth prospects. In addition, the county is undertaking promotion of agricultural activities through mechanization of agriculture and provision of subsidized Artificial Insemination Services. These initiatives will boost economic growth prospects of the county for the wellbeing of the citizens.

### **Health and Social welfare:**

The Sector contribution to the GDP cannot be gainsaid and it is for this reason that the county has put in place several measures towards quality health standards including construction of new and operationalization of existing health facilities, employment of more skilled health personnel, strengthening referral services and equipping of the facilities with requisite essential drugs and Non pharmaceuticals.

In Financial Year 2021/2022, 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 360/100000 in FY 2021/2022 while the County immunization rate recorded slight decline from 67.5% to 62.2% due to outbreak of COVID-19 in the country. On the other hand, the county Infant Mortality Rate recorded a reduction from the baseline of 39/1000 in 2018/2019 to 38/1000 in the year under review. This is due to the increase in the number of facilities offering basic immunizations and essential services across the county.

To ensure improved quality of care, the department of Health and Sanitation increased its workforce by employing more 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 2021/2022 and 46:100,000 in 2018/2019 to 57:100000 in 2021/2022 respectively.

The County HIV prevalence rate remained constant at 2% in 2018/2019 and 2021/2022 subject to review upon release of the Kenya Population Based HIV Impact Assessment report, 2018.

Households with functional latrines increased from 85% in 2018 to 87% in 2019 and this has seen significant reduction of communicable diseases such as cholera in the county.

Whereas the number of children under 6 months who were exclusively breastfed increased from 17000 in FY 2017/2018 to 37155 in FY 2018/2019, it is important to note that number of under

five children who are stunted and underweight increased from a baseline of 2899 in 2017/2018 to 4636 in 2018/2019 and 6809 in 2017/2018 to 8312 in 2018/2019 respectively. This is attributed to more births recorded in the year under review than anticipated hence constraining the supplements which had been budgeted for by the department.

The department targeted to establish two Intensive Care Units (ICUs) by the year 2022. The first unit budgeted for in FY 2021/2022 is 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 seven-bed and 3-bed ICU units are complete in KCRH and Nandi Hills hospitals respectively.

### **Transport and Infrastructure**

The sector is a key enabler to the economic development. The County has invested heavily in the sector through routine maintenance by grading, gravelling and culvert installation, opening up of new roads and construction of bridges and foot bridges.

In Financial year 2021/2022, the department improved rural access, infrastructure and mobility in the county by gravelling 115.5 Kms and grading 399.5 Kms using the county/ hired machinery and road maintenance under the Road Maintenance and Levy Fund (RMLF) Programme.

In a bid to enhance connectivity, the County department of transport and infrastructure in the FY 2021/2022, opened up 96.1 Kms of new roads, and installed 1008 Meters of culverts.

### **COUNTY FISCAL PERFORMANCE FOR F/Y 2021-2022**

This section presents the County's fiscal performance focusing on deviations between actual and budgeted expenditure and revenue in the FY 2021/2022 combined with an analysis of the ways in which this performance affected the financial objectives set in the County Fiscal Strategy Paper (CFSP), 2021.

#### **OVERVIEW**

In line with the Constitution, the Public Financial Management (PFM) Act, 2012, sets out fiscal responsibility principles to ensure prudence and transparency in the management of public resources.

The fiscal performance in 2021/2022 was generally satisfactory, despite the challenges with shortfall in revenue, the challenging political environment, the transition financial demands and increased expenditure pressures.

It's worth noting that the administration under the leadership of His Excellency Stephen Sang have made tremendous efforts towards ensuring inclusion of public in planning and execution of programmes within the County. The County Government was able to run through the county strategic plans in preparation of the financial estimates for the 2021-2022 financial year hence entrenching in its work plans the aspirations and the overall will of its citizens.

Prioritization of resource allocation in the 2022 CBROP is based on the County Integrated Development Plan 2018-2022, which entails broad development policies of the County Government both short term as well as the medium-term priorities identified during the County wide public consultative forums held across the county. These priority programs are executed annually through annual development plans which inform the resource allocation to priority programs.

In this paper, provisional indicative sector ceilings for the 2023/2024 budget have been set informed by the forecasted revenues.

### **Overview of Fiscal Performance 2021/2022**

During the period under review, the County Government had a total budget of Ksh. 8,965,549,809 which comprised of Ksh. 6,274,375,009 as recurrent budget and Ksh. 2,691,174,800 as development budget. The fiscal performance was generally satisfactory despite shortfall in local revenue collection.

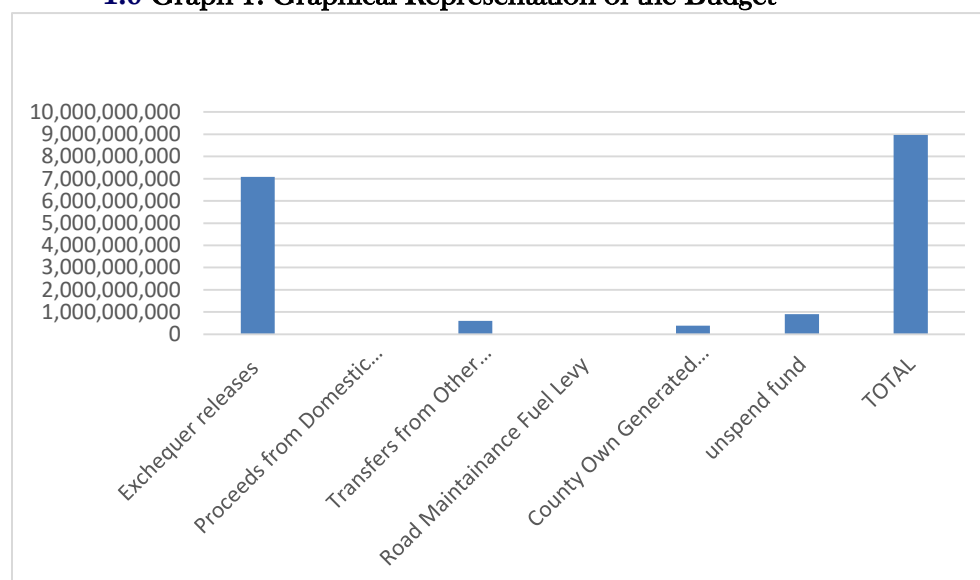
### **Revenue Performance**

#### **(i) Revenue**

In the year ended June 30,2022, the County had projected revenues of **Kshs.8,965,549,809** consisting of **Kshs 387,106,430** from own sources and **Kshs.7,578,443,379** from other sources i.e equitable share, transfer from other government entities and proceeds from domestic and foreign grants.

I. A graphical representation of the revenue budget is as shown below:

**1.0 Graph 1: Graphical Representation of the Budget**



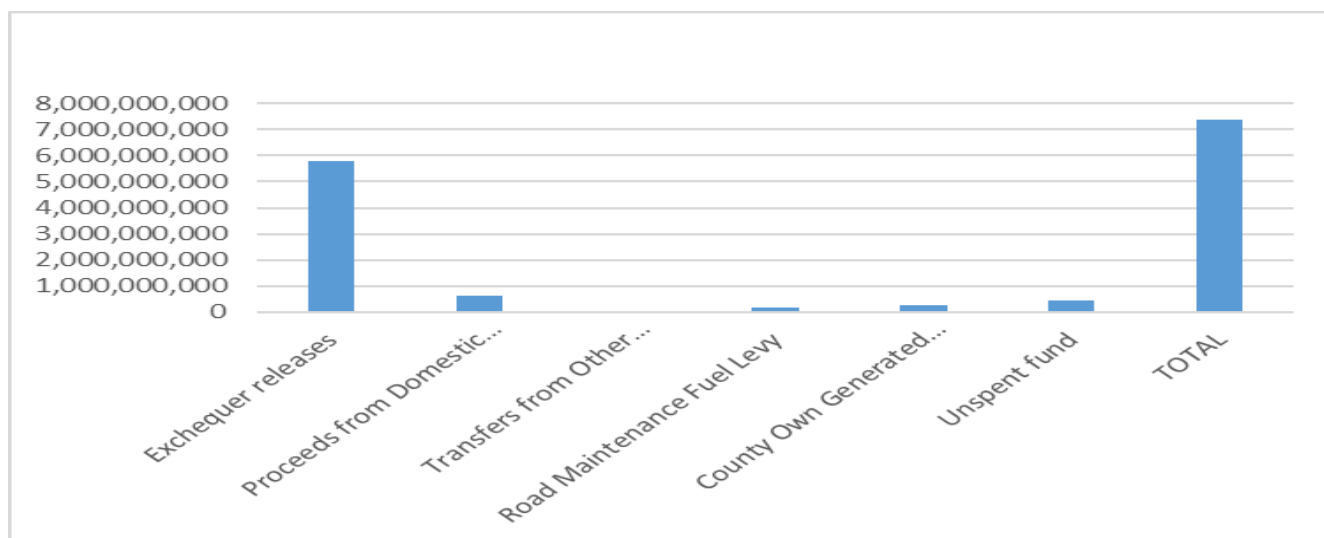
**1.1 Figure 1: Nandi County revenue sources in FY 2021/2022**

Sharable revenue continues to form the largest part of our revenue budget, contributing 78% towards our budget. Our own generated revenues formed 4% of our budget. In order to plug in the deficit, we projected revenue from opening balance and transfer from other government entities of 11 % and 7% respectively of our budget. Out of the projected revenue, the County was able to realize **Kshs.7,534,803,049** in actual revenues, representing 84% performance. This performance decreased by 13% compared to previous financial year. In the table below, we present an analysis of revenue performance during the year.

**Budget performance against actual amounts**

Revenue classification	Budgeted (Kshs)	Actual (Kshs)	Realization (%)
Exchequer releases	6,990,869,041	6,990,869,041	100%
Proceeds from Domestic and Foreign Grants	-	-	-
Transfers from Other Government Entities	598,211,166	245,129,184	41%
Road Maintenance Fuel Levy	-	-	-
County Own Generated Receipts	387,106,430	287,403,522	74%
Unspent fund	989,363,172	11,401,302	1%
<b>TOTAL</b>	<b>8,965,549,809</b>	<b>7,534,803,049</b>	<b>84%</b>

**Graph 2: Revenue Performance in FY 2021/2022**



### **Local Revenue**

Total actual Local revenue collected amounted to Ksh. 287,403,322 against a target of Ksh. 387,106,809. The shortfall in local revenue in F/Y 2021/2022 was Ksh. 99,703,487 representing a 25.7% deviation from the original target.

Overall Revenue Performance for FY 2021/2022 registered a slight increase of Ksh. 8,994,349 from Ksh. 278,408,973 collected in FY 2020/2021 to 287,403,322.

### **External Revenue**

For the period under review, the county was allocated equitable share amounting to Kshs. 6,990,869,041 from the national government. In F/Y 2020/2021 the equitable share allocated to the county was Kshs.5,380,500,000. This shows there was an increase of Kshs. 1,610,369,041 representing 23% increase. This was occasioned by the collapsed National Government conditional grants to Counties which ultimately was allocated under equitable share.

There was a positive progress of revenue performance for the first two quarters and part of quarter three in the year under review. The positive revenue performance was supported by enforcement exercise on revenue sources, the use of Health Management Integrated System (HMIS) in health facilities, Business Permits, Parking Fee, Land Rates, Kiborgok and Market fees.

### **Expenditure Performance**

The total expenditure for the period under review amounted to Ksh 7,235,998,225 against approved budget of Ksh 8,965,549,809 presenting an absorption rate of 80%.

### **Recurrent Expenditure**

Total Recurrent Expenditure amounted to Kshs 5,727,018,326 against an approved budget of Kshs 6,274,375,009 reflecting an absorption rate of 91%.

### **Development Expenditure**

Total cumulative development expenditure for the period under review amounts to Kshs 1,579,050,137 against an approved budget Kshs 2,691,174,800. This reflects an absorption rate of 59%.

### **Implications of 2021/2022 Fiscal Performance**

Revenue and expenditure projections will be based on the macroeconomic assumptions contained in this CBROP and this will be firmed up in the County Fiscal Strategy Paper (CFSP), 2023. The County will not deviate from the fiscal responsibility principles, but will make appropriate modifications to the financial objectives contained in the CFSP, 2019 to reflect the changed circumstances.

The financial year 2021/2022 fiscal outturn has necessitated revision of the financial objectives to be set out in the next CFSP and the Budget for fiscal year 2023/2022 in the following ways:

- Low absorption of development funds have created a huge backlog of unimplemented projects which has been re-budgeted in the fiscal year 2022/2023 hence need for review of the development expenditure projections in the medium term. This huge surplus at the end of financial year is impacting negatively on our development index.

- Revenue and expenditure projections have been affected by payment of pending bills carried forward from 2019/2020 financial years, implying the need for adjustment in the fiscal aggregates for the current budget and the medium-term.
- The resultant surplus also implies low absorption capacities by the departments thus a need to adjust on timeliness of preparation of Bill of Quantities and procurement process.
- Under-performance in County own revenues and grants has shrunk the resource base thus necessitating adjustments in the fiscal aggregates for the current budget and in the MTEF period.
- Enhancing local revenues collection capacity, absolute automation of revenue collection and management and sealing of any revenue loopholes.
- Reforms to improve public resources utilization and budget execution.

### **Fiscal Responsibility Principles**

The fiscal responsibility principle on wages and remuneration as per the PFM Act of 2012 provides for utmost 35 percent of the total County budget. The proportion of actual salaries and remuneration expenditure on the overall expenditure was 42 percent. The actual performance on this fiscal principle was slightly higher than the stipulated percentage of 35 percent of the overall county budget by 7 percent.



## 1. STATEMENT OF RECEIPTS AND PAYMENTS

		2021-2022	2020-2021
	Notes	KShs	KShs
<b>RECEIPTS</b>			
Exchequer releases		7,235,998,225	6,661,643,002
Transfers from Other Government Entities			
County Own Generated Receipts		298,804,624	278,408,973
Returned CRF issues			
<b>TOTAL RECEIPTS</b>		<b>7,534,802,849</b>	<b>6,940,051,975</b>
<b>PAYMENTS</b>			
Compensation of Employees		3,649,417,748	3,575,932,560
Use of goods and services		1,380,479,065	934,170,678
Subsidies		9,500,000	6,400,000
Transfers to Other Government Units		803,003,318	780,723,986
Other grants and transfers		392,680,715	530,630,784
Social Security Benefits			
Acquisition of Assets		1,080,487,617	1,178,933,060
<b>TOTAL PAYMENTS</b>		<b>7,315,568,463</b>	<b>7,006,791,068</b>
<b>SURPLUS/DEFICIT</b>		<b>219,234,386</b>	<b>(66,739,093)</b>

a) CASH FLOWS

		2021-2022	2020 - 2021
	Notes	KShs	KShs
<b>Receipts from operating income</b>			
Exchequer Releases		7,235,998,225	6,661,643,002
Proceeds from Domestic and Foreign Grants		-	-
Transfers from Other Government Entities		-	-
Reimbursements and Refunds		-	-
Returns of Equity Holdings		-	-
County Own Generated Receipts		287,403,322	278,408,973
Returned CRF issues		-	-
<b>Payments for operating expenses</b>			
Compensation of Employees		(3,649,417,748)	(3,575,932,560)
Use of goods and services		(1,380,479,065)	(934,170,678)
Subsidies		(9,500,000)	(6,400,000)
Transfers to Other Government Units		(803,003,318 )	(780,723,986)
Other grants and transfers		(392,680,715)	(530,630,784)
Social Security Benefits		-	-
Finance Costs, including Loan Interest		-	-
Other Payments		-	-
<b>Adjusted for:</b>			
Adjustments during the year		-	-

<b>Net cash flow from operating activities</b>		<b>1,288,320,700</b>	<b>1,112,193,967</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets		-	-
Acquisition of Assets		(1,080,487,617)	(1,178,933,060)
<b>Net cash flows from Investing Activities</b>		<b>(1,080,487,617)</b>	<b>(1,178,933,060)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from Domestic Borrowings		-	-
Proceeds from Foreign Borrowings		-	-
Repayment of principal on Domestic and Foreign borrowing		-	-
<b>Net cash flow from financing activities</b>			
<b>NET INCREASE/DERCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>207,833,084</b>	<b>(66,739,093)</b>
<b>Cash and cash equivalents at BEGINNING of the year</b>		<b>353,216,392</b>	<b>437,100,486</b>
<b>Cash and cash equivalents at END of the year</b>		<b>572,450,778</b>	<b>370,361,392</b>

**Table 3: Portfolio Allocation 2021-2022 as per Printed Estimates**  
**Macroeconomic outlook and policies**

<b>Receipt/Expense Item</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilisation Difference</b>	<b>% of Utilisation</b>
	<b>a</b>	<b>b</b>	<b>c=a+b</b>	<b>d</b>	<b>e=c-d</b>	<b>f=d/c %</b>
<b>RECEIPTS</b>						
Exchequer releases	8,578,443,379	-	8,578,443,379	7,235,998,225	1,331,043,852	84
Proceeds from Domestic and Foreign Grants	-	-	-	-	-	-
Transfers from Other	-	-	-	-	-	-

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
Government Entities						
County Own Generated receipts	387,106,430		387,106,430	298,804,624	99,702,908	74
<b>TOTAL</b>	<b>8,965,549,809</b>	<b>-</b>	<b>8,965,549,809</b>	<b>7,534,802,849</b>	<b>1,430,746,960</b>	<b>84%</b>
<b>PAYMENTS</b>						
Compensation of Employees	3,837,791,442	-	3,837,791,442	3,649,417,748	188,373,694	95%
Use of goods and services	1,380,124,356	-	1,380,124,356	1,380,479,065	(354,709)	100%
Other grants and transfers	752,018,413	-	752,018,413	392,680,715	359,337,698	52%
Acquisition of Assets	2,196,572,227	-	2,196,572,227	1,080,487,617	1,116,084,610	49%
<b>TOTAL</b>	<b>8,965,549,809</b>	<b>-</b>	<b>8,965,549,809</b>	<b>7,315,568,463</b>	<b>1,649,981,346</b>	<b>82%</b>

## RECENT ECONOMIC DEVELOPMENTS AND MEDIUM-TERM OUTLOOK

### GLOBAL AND REGIONAL ECONOMIC DEVELOPMENTS

In 2022, the world economy is predicted to be 3.2 percent larger than in 2021, with advanced economies growing 2.4 percent and emerging market and developing economies growing by 3.7 percent. The world economy will expand even more slowly in 2023, at 2.7 percent, with advanced economies growing 1.1 percent and emerging market and developing economies 3.7 percent.

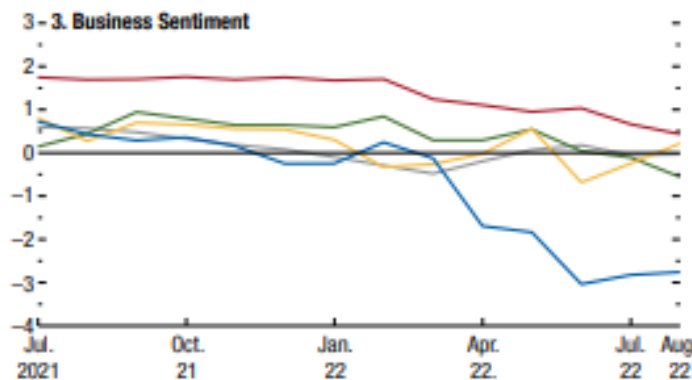
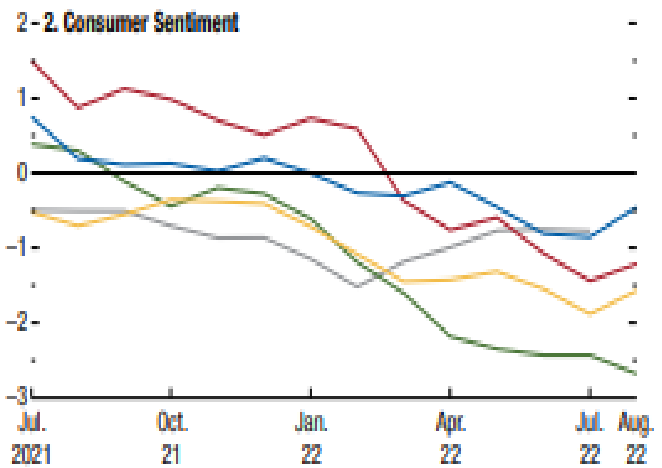
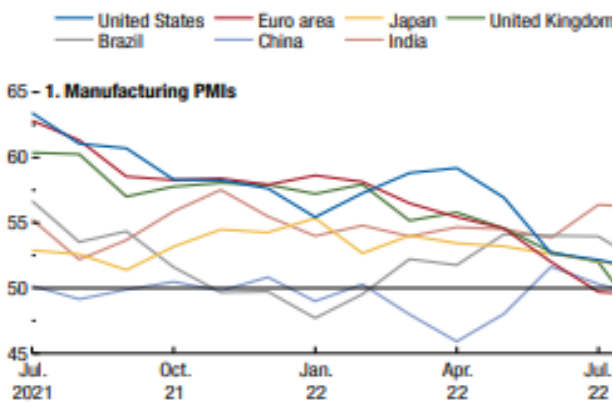
Three key factors critically shape this economic outlook: monetary policy's stance in response to elevated inflation, the impact of the war in Ukraine, and the ongoing impact of pandemic-related lockdowns and supply chain disruptions.

The world is in a volatile period: economic, geo-political, and ecological changes all impact the global outlook. Inflation has soared to multidecade highs, prompting rapid monetary policy tightening and squeezing household budgets, just as COVID-19-pandemic related fiscal support is waning. Many low-income countries are facing deep fiscal difficulties. At the same time, Russia's ongoing war in Ukraine and tensions elsewhere has raised the possibility of significant geopolitical disruption. Although the pandemic's impact has moderated in most countries, its

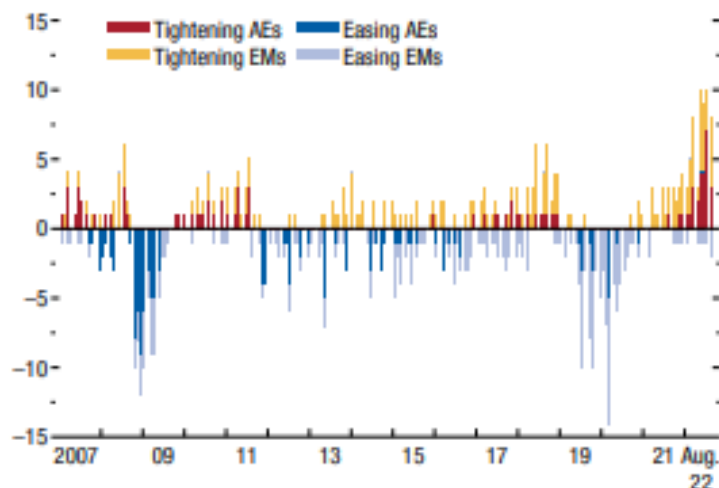
lingering waves continue to disrupt economic activity, especially in China. And intense heat waves and droughts across Europe and central and south Asia have provided a taste of a more inhospitable future blighted by global climate change.

Forward looking indicators, including new manufacturing orders and sentiment gauges, suggest a slowdown among major economies (Figure 1.1). In some cases, however, signals conflict with some indicators showing output weakness amid labor market strength. An important factor underpinning the slowdown in the first half of this year is the rapid removal of monetary accommodation as many central banks seek to moderate persistently high inflation (Figure 1.2). Higher interest rates and the associated rise in borrowing costs, including mortgage rates, are having their desired effect in taking the heat out of domestic demand, with the housing market showing the earliest and most evident signs of slowdown in such economies as the US. Monetary policy tightening has been generally although not everywhere accompanied by a scaling back of fiscal support, which had previously propped up households' disposable incomes

**Figure 1.1 Leading Indicators Show Signs of Slowdown (Indices)**



**Figure1.2. Change in Monetary Policy Cycle among G20 Economies (Number of increases and cuts in policy rates)**



## THE FORECAST

### Global growth Near -Term Slowdown

A slowdown in global growth is forecast, from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023 . This prognosis for the global economy is far below average: global economic growth averaged 3.6 percent during 2000–21 (and the same during 1970–2021). For most economies, the outlook is significantly weaker than projected six months ago, in April 2022. Forecasts are weaker than expected for 143 economies (accounting for 92 percent of world GDP) for 2023. The forecast for 2023 is the weakest since the 2.5 percent growth rate seen during the global slowdown of 2001 with the exception of those during the global financial and COVID-19 crises.

A decline in global GDP or in global GDP per capita which often happens when there is a global recession is not currently in the baseline forecast. However, a contraction in real GDP lasting for at least two consecutive quarters (which some economists refer to as a “technical recession”) is seen at some point during 2022–23 in about 43 percent of economies with quarterly data forecasts (31 out of 72 economies), amounting to more than one-third of world GDP. Moreover, projections for global growth on a fourth-quarter-over-fourth-quarter basis are pointing to a significant weakening, to only 1.7 percent in 2022 and to 2.7 percent in 2023. Negative revisions are more pronounced for advanced economies than those for emerging market and developing economies, for which differing exposures to the underlying developments imply

a more mixed outlook. Overall, the outlook is one of increasing growth divergence between advanced and emerging market and developing economies.

**Table1.3: Overview of the World Economic Outlook Projections**

(Percent change, unless noted otherwise)

2021	Projections		Difference from July 2022 WEO Update <sup>1</sup>		Difference from April 2022 WEO <sup>1</sup>		
	2022	2023	2022	2023	2022	2023	
<b>World Output</b>	<b>6.0</b>	<b>3.2</b>	<b>2.7</b>	<b>0.0</b>	<b>-0.2</b>	<b>-0.4</b>	<b>-0.9</b>
<b>Advanced Economies</b>	<b>5.2</b>	<b>2.4</b>	<b>1.1</b>	<b>0.1</b>	<b>-0.3</b>	<b>-0.9</b>	<b>-1.3</b>
United States	5.7	1.6	1.0	-	0.0	-2.1	-1.3
Euro Area	5.2	3.1	0.5	0.7	-0.7	0.3	-1.8
Germany	2.6	1.5	-0.3	0.5	-1.1	-0.6	-3.0
France	6.8	2.5	0.7	0.3	-0.3	-0.4	-0.7
Italy	6.6	3.2	-0.2	0.2	-0.9	0.9	-1.9
Spain	5.1	4.3	1.2	0.3	-0.8	-0.5	-2.1
Japan	1.7	1.7	1.6	0.0	-0.1	-0.7	-0.7
United Kingdom <sup>2</sup>	7.4	3.6	0.3	0.4	-0.2	-0.1	-0.9
Canada	4.5	3.3	1.5	-	-0.3	-0.6	-1.3
Other Advanced Economies <sup>3</sup>	5.3	2.8	2.3	0.1	-0.4	-0.3	-0.7
<b>Emerging Market and Developing Economies</b>	<b>6.6</b>	<b>3.7</b>	<b>3.7</b>	<b>0.1</b>	<b>-0.2</b>	<b>-0.1</b>	<b>-0.7</b>
Emerging and Developing Asia	7.2	4.4	4.9	0.2	-0.1	-1.0	-0.7
China	8.1	3.2	4.4	-	-0.2	-1.2	-0.7
India <sup>4</sup>	8.7	6.8	6.1	0.1	0.0	-1.4	-0.8
ASEAN-5 <sup>5</sup>	3.4	5.3	4.9	0.6	-0.2	0.0	-1.0
Emerging and Developing Europe	6.8	0.0	0.6	1.4	-0.3	2.9	-0.7
Russia	4.7	-3.4	-2.3	2.6	1.2	5.1	0.0
Latin America and the Caribbean	6.9	3.5	1.7	0.5	-0.3	1.0	-0.8
Brazil	4.6	2.8	1.0	1.1	-0.1	2.0	-0.4
Mexico	4.8	2.1	1.2	-	0.0	0.1	-1.3
Middle East and Central Asia	4.5	5.0	3.6	0.3	0.1	0.4	-0.1
Saudi Arabia	3.2	7.6	3.7	0.2	0.0	0.0	0.1
Sub-Saharan Africa	4.7	3.6	3.7	-	-0.3	-0.2	-0.3
Nigeria	3.6	3.2	3.0	0.2	-0.2	-0.2	-0.1

South Africa	4.9	2.1	1.1	–	–0.3	0.2	–0.3
				0.2			
<i>Memorandum</i>							
World Growth Based on Market Exchange Rates	5.8	2.9	2.1	0.0	–0.3	–0.6	–1.0
European Union	5.4	3.2	0.7	0.4	–0.9	0.3	–1.8
Middle East and North Africa	4.1	5.0	3.6	0.1	0.2	0.0	0.0
Emerging Market and Middle-Income Economies	6.8	3.6	3.6	0.1	–0.2	–0.2	–0.7
Low-Income Developing Countries	4.1	4.8	4.9	–	–0.3	0.2	–0.5
				0.2			
<b>World Trade Volume (goods and services)</b>	<b>10.1</b>	<b>4.3</b>	<b>2.5</b>	<b>0.2</b>	<b>–0.7</b>	<b>–0.7</b>	<b>–1.9</b>
Imports							
Advanced Economies	9.5	6.0	2.0	–	–0.8	–0.1	–2.5
				0.2			
Emerging Market and Developing Economies	11.8	2.4	3.0	1.3	–0.3	–1.5	–1.8
Exports							
Advanced Economies	8.7	4.2	2.5	–	–1.0	–0.8	–2.2
				0.3			
Emerging Market and Developing Economies	11.8	3.3	2.9	0.1	–0.4	–0.8	–0.7
<b>Commodity Prices (US dollars)</b>							
Oil <sup>6</sup>	65.9	41.4	–12.9	–	–0.6	–13.3	0.4
				9.0			
Nonfuel (average based on world commodity import weights)	26.3	7.3	–6.2	–	–2.7	–4.1	–3.7
				2.8			
<b>World Consumer Prices<sup>7</sup></b>	<b>4.7</b>	<b>8.8</b>	<b>6.5</b>	<b>0.5</b>	<b>0.8</b>	<b>1.4</b>	<b>1.7</b>
Advanced Economies <sup>8</sup>	3.1	7.2	4.4	0.6	1.1	1.5	1.9
Emerging Market and Developing Economies <sup>7</sup>	5.9	9.9	8.1	0.4	0.8	1.2	1.6



## NATIONAL ECONOMIC DEVELOPMENTS

The economy recovered from the crippling effects of the COVID-19 pandemic to expand by 7.5 per cent in 2021 compared to a contraction of 0.3 per cent in 2020. The recovery was mainly driven by resumption of most economic activities after the lifting of the COVID-19 containment measures instituted in 2020 to curb the spread of the virus. The nominal GDP rose from KSh 10,716.0 billion in 2020 to KSh 12,098.2 billion in 2021, representing an increase of 12.9 per cent. In 2021, all economic activities registered positive growth except Agriculture, Forestry and Fishing which contracted by 0.2 per cent. Accommodation and Food Services, and Education services that had been severely affected by the pandemic grew significantly faster than those that were less affected in 2020. Economic growth in 2021 was supported by improved performances in key sectors of the economy including; Manufacturing (6.9%), Wholesale and Retail Trade (7.9%), Real Estate (6.7%), Transportation and Storage (7.2%), and Financial and insurance activities (12.5%). In contrast, dry weather conditions that characterized the better part of 2021 adversely affected agricultural production, especially growing of key crops such as maize, beans, vegetables, tea and coffee leading to a contraction in its growth during the review period.

**Table 1.4: Gross Domestic Product by Activity, 2017-2021**

Industry	2017	2018	2019 <sup>+</sup>	2020 <sup>+</sup>	2021*
Agriculture, forestry and fishing	20.9	20.3	20.9	22.6	22.4
Growing of crops	15.2	14.5	15.1	16.6	16.3
Animal production	3.7	3.7	3.5	3.6	3.6
Support activities to agriculture	0.2	0.2	0.2	0.2	0.3
Forestry & logging	1.2	1.3	1.5	1.6	1.7
Fishing & aquaculture	0.5	0.5	0.6	0.6	0.7
Mining and quarrying	0.8	0.7	0.7	0.7	0.8
Manufacturing	8.7	8.4	7.9	7.6	7.2
Manufacture of food, beverages and tobacco	5.0	4.8	4.6	4.4	4.1
Other manufacturing and repair and installation	3.7	3.6	3.3	3.2	3.1
Electricity supply	1.8	1.7	1.6	1.5	1.5
Water supply; sewerage, waste management	0.7	0.6	0.6	0.6	0.5
Construction	5.4	5.8	6.2	7.0	7.0
Wholesale and retail trade; repairs	8.4	8.2	8.2	8.1	7.9
Transportation and storage	10.2	11.3	11.7	10.7	11.4

Land transport	8.2	9.2	9.6	9.2	9.9
Air transport including support services	0.9	0.9	0.9	0.4	0.5
All other transport including postal and courier activities	1.2	1.2	1.2	1.1	1.0
Accommodation and food service activities	1.0	1.1	1.2	0.7	1.0
Information and communication	2.6	2.6	2.5	2.6	2.4
Telecommunications	1.7	1.7	1.7	1.8	1.7
Publishing, broadcasting, other IT and information activities...	0.9	0.9	0.8	0.8	0.7
Financial and insurance activities	7.5	6.7	6.5	6.8	7.1
Financial activities	6.0	5.1	5.0	5.1	5.1
Insurance activities	1.5	1.5	1.5	1.7	2.0
Real estate	9.3	9.4	9.2	9.3	8.9
Professional, scientific and technical activities	1.8	1.8	1.7	1.5	1.4
Administrative and support service activities	1.0	1.0	1.1	0.9	0.9
Public administration and defence	5.2	5.3	5.3	5.5	5.2
Education	4.3	4.3	4.2	3.9	4.3
Primary education	2.2	2.2	2.1	2.0	2.1
General secondary education	1.2	1.2	1.2	1.0	1.2
Higher and other education	1.0	0.9	0.9	0.9	1.0
Human health and social work activities	2.1	2.0	1.9	2.0	1.9
Arts, entertainment and recreation	0.3	0.3	0.3	0.2	0.2
Other service activities	1.4	1.5	1.4	1.2	1.2
Activities of households as employers;	0.7	0.7	0.7	0.7	0.6
Financial Intermediation Services Indirectly Measured (FISIM)	-2.8	-2.3	-2.2	-2.0	-2.0
<b>All economic activities</b>	<b>91.4</b>	<b>91.3</b>	<b>91.5</b>	<b>91.9</b>	<b>91.8</b>
Taxes on products	8.6	8.7	8.5	8.1	8.2
<b>GDP at market prices</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## EMPLOYMENT

The economy continued to adapt to the COVID-19 pandemic and dynamics in associated restrictions during the review period. Relaxation of various containment measures, such as the night curfew, lockdowns and travel restrictions coupled with the rollout of COVID-19 vaccination had a positive impact on economic activities. This provided an environment that spurred economic recovery and growth in the year under review. There was a general decline in unemployment and inactivity levels, with total employment surpassing the pre-pandemic level. Total employment outside small-scale agriculture and pastoralist activities grew by 5.3 per cent to 18.3 million in 2021. Wage employment in the modern sector recorded a growth of 6.0 per cent in 2021 compared to a decline of 6.3 per cent in 2020. Total number of self-employed and unpaid family workers within the modern sector rose to 163.7 thousand in 2021 from 156.1 thousand in 2020. Informal sector accounted for 83.3 per cent of total employment outside of small scale agriculture and pastoralist activities 3.2. During the review period total nominal wage bill rose by 8.4 per cent from KSh 2,218.7 billion in 2020 to KSh 2,405.4 billion in 2021. Nominal average earnings per employee increased by 2.3 per cent to KSh 827.4 thousand compared to a 3.1 per cent increase in 2020. Real average earnings decreased by 3.8 per cent to KSh 718.8 thousand in 2021. The annual inflation rate for the year 2021 was 6.1 per cent compared to 5.4 per cent in 2020

**Table 3.1: Total Recorded Employment<sup>1</sup>, 2017 - 2021**

	2017	2018	2019	2020	2021*
					'000
<b>Modern Establishments</b>					
Wage Employees	2,792.7	2,859.7	2,928.4	2,742.6	2,907.3
Self-employed and unpaid family workers	139.4	152.2	162.7	156.1	163.7
<b>Sub -Total</b>	<b>2,932.1</b>	<b>3,011.9</b>	<b>3,091.1</b>	<b>2,898.7</b>	<b>3,071.0</b>
Informal Sector <sup>2</sup>	13,539.6	14,283.6	15,051.6	14,508.0	15,261.8
<b>TOTAL</b>	<b>16,471.7</b>	<b>17,295.5</b>	<b>18,142.7</b>	<b>17,406.7</b>	<b>18,332.8</b>

## COUNTY ECONOMIC DEVELOPMENT

The County Government 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 Presidents' directive that Kenyans owing financial institutions amount not more than kshs 5M should not be listed with CRB implies ample liquidity in the money market hence ease of doing business. This has directly impacted the county 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.

## **ACHIEVEMENTS FOR FINANCIAL YEAR 2021/2022**

### **Health and Sanitation**

In the period under review, the health infrastructure was improved through expansion and upgrade of services at Kibiyet Sub County Hospital, completion and operationalization of several dispensaries across the County including maternity wings at Setek, Mbogo Valley and Kaiboi dispensary. Establishment of Oncology unit and the ongoing construction of a comprehensive Mother and Baby Unit at the Kapsabet County Referral Hospital (KCRH) with phase 1 complete and phase II ongoing. Phase II of Kapseng'ere health centre was also completed under the year of review. Conducted mass NHIF registration of 22,000 citizens in order to reduce out of pocket expenditure on healthcare. Additionally, the departments establish an ongoing Oxygen plant in Nandihills in partnership with Johhs Hopkins program for International Education Gynecology and Obstetrics. This will supplement the already established plant at Kapsabet Referral Hospital

### **Transport and Infrastructure**

- Graded 400Km and graveled 190km roads across the county.
- Construct Sokyot -Ng'enyilel steel footbridge and Kapsisiwo Box culvert
- Designed and managed 200 constructed projects across the county.
- Install 1405m of Culverts across the County.
- Upgrading of 0.3km in Nandi hills town roads to bitumen standards is ongoing

### **Agriculture and Cooperative Development**

- Reorganization of Kabisaga Cereals and Maize Marketing Cooperative Society to come up with strategies of operationalizing the facility

- Coffee factory construction completed
- construction and installation of maize mill in Mosop ongoing
- Agricultural machinery services 300 farmers served
- Distribution of indigenous vegetable seeds - 89 groups supported.
- Extension services went on smoothly and farmer linkages were in good state.
- Construction of Ngechek Warehouse by KCEP program ongoing

## **Lands Environment Water & Natural Resources**

### **Survey and Physical Planning Section**

- Conducted survey and mapping of Nandi county and settled squatters at Kiptega, Kapchure, Romorio Farm and Mchanganyiko;
- Surveying and planning have been completed at Kipkaren Salient, Kapsabet Swahili, and Kiboswa
- Preparation of county spatial plan which is at 70% complete

### **Water Section**

- Acquisition for drilling rigs saw drilling of 14 first ever sunk boreholes by the County Government of Nandi.
- Completion and operationalization of water projects in Signwai water project, Sigowet water project and Kurgung Cheloiyo water project

### **Environment Section**

- Formulation of Policies and Bills: Since 2018 to date, the County Government of Nandi has formulated two critical Policies and Bills, initially there were no policy. The policies enacted include; Wetlands, Management and Conservation Policy/Act of 2021 and Climate Change Policy/Act of 2021. These legislations will go a long way in the conservation of the Environment.

### **Education And Vocational Training**

During the period under review, the department managed to construct to completion 36 ECDE classrooms across the county. This will add up to the existing classrooms in the county totaling to 206 classrooms.

The department managed to supply teaching and learning materials to 745 ECDE centres across the county.

To ensure student retention in schools, the department disburse bursary to a total of 8,841 students.

During the review period, the department confirmed 1, 300 ECD Caregivers and 102 Vocational Training Instructors on contract into permanent and pensionable terms.

Furthermore, the department managed to replace 81 ECDE caregivers who left the service due to natural attritions.

### **Sports, Youth Affairs and Arts**

In the financial year 2021/2022, the department undertook the following development projects and programs aimed at nurturing and promoting talent among the youth;

- Construction of the modern athletics training camp in Kapsabet, where phase I of the project had been completed with ongoing equipping of the same while phase 2 of the project was at 95% level of completion.
- Operationalization of Eliud Kipchoge training camp;
  - ✓ Purchase of curtains and partitioning at Eliud Kipchoge Complex; works completed
  - ✓ Purchase of gym equipment at Eliud Kipchoge complex; Awarding stage
  - ✓ Landscaping and beautification of Eliud Kipchoge Complex; Levelling works were ongoing
  - ✓ Equipping of conference facility at Eliud Kipchoge Complex; Yet to start
- Completed construction of changing rooms and toilets in Nandi hills stadium.
- Completed community sport field in Ndurio
- Completed Fencing of Kipchoge annex
- Facilitated seven local competitions namely; Koitalel half marathon, national volley ball league, county secondary and primary school competition,U20 trials ,Governors cup tournament ,Koitalel Heroes volleyball Tournament, Mozart Bet 10km race and Eldoret City Marathon out of which 100 youths were facilitated to participate and explore their talents

- Recruited 100 service members to Nandi County Youth Service (NCYS) which has offered casual employment opportunities and skills to 723 youths since the inception of the programme in 2020.

### **Tourism Culture and Social Welfare**

- Improved Chepkiit waterfall tourism site to attract more tourist to Nandi County through;
  - ✓ Construction of PWD friendly ablution block
  - ✓ Constructed walkways and a signage.
  - ✓ Water supply, installation of a water tank, shades, seats, renovation of a watch tower, footbridge, supply and installation of dustbins
  - ✓ Construction of a pit latrine and an educational centre
  - ✓ Construction of Phase 1 perimeter fence
- Renovated the existing Jean Marrie Seroney farmhouse in Kolelach, Tindiret to honour the Nandi Leader
- Constructed Jean Marrie Seroney tomb house
- Through the Kenya Devolution Support Programme (KDSP), constructed the Nandi County Persons Living with Disabilities Empowerment and Vocational training Centre at Chesumei, Chemundu Sub- County with complete structural works and equipping ongoing.
- Procured and distributed various types of Assistive Devices including 550-wheel chairs, 200 mobility carts, 120 crutches, 85 white canes, 6 hearing Aids, 15 prosthesis limbs for assessed Persons Living with various types of Disabilities across the County
- In collaboration with the Saints International Missionaries, the department distributed 120 various types of Assistive devices including advanced 50-wheel chairs, 30 special seats, 20 Crutches, 20 white canes.
- Organized and facilitated annual National and International celebrations for Persons Living with Disabilities; World Disability Day for every December 3rd, International Week for Deaf Awareness every end of September, Albinism Day in October
- Formulated the Nandi County Disability mainstreaming Policy which was adopted by the County Assembly.
- Host National & international events for contribution of women in Nation Building; International Women's Day annually on 8<sup>th</sup> March



- Received 800 kitchen packs donation from the Church of Jesus Christ for the Latter day Saints and subsequently distributed to identified vulnerable households including 300 households for Persons Living with Disabilities across the County

### **Trade, Investment and Industrialization**

- Constructed Modern Market Stalls at Serem Market
- Constructed an Ablution Block at Kaiboi Market
- Constructed a Typical Market Stall at Ndurio Market
- Constructed Jua Kali Shade at Chepterwai and Kobujoi Markets
- Constructed Boda Boda Shades at Lemook and Kipngoror Markets
- Constructed a Business Incubation Centre at Kapsabet
- Created an enabling environment for investors from different sectors (maize milling, tea processing and coffee milling) among other small and medium businesses. The county has an additional new tea factory in Kilibwoni.
- Developed an investment booklet that showcased investment opportunities in Nandi County.
- Under promotion of fair trade practices and consumer protection, the department managed to inspect and calibrate 1400 weighing instruments.
- Under licensing and regulations the department issued 600 liquor licenses to business operators.

### **Administration, Public Service and e-Government**

- Developed the Nandi County Public Participation and Civic Education Act, 2021
- Registered a significant improvement on matters public participation documentation. KBCT survey 2021 ranked Nandi County second best improved in public participation documentation
- The County Government joined Open Government Partnership (OGP) in 2021. The Government committed to always improve representation and effective engagement of citizens in decision making especially the special interest groups
- Trained 150 youths on digital literacy skills and additional 50 youths on Ajira digital training
- Fully connected Kapsabet County Referral Hospital (KCRH) with fibre optic cable
- Recruited three divers for search and rescue
- Trained different stakeholders on conflict resolution

### **Finance and Economic Planning**

- Established and operationalized the M&E and statistics units;

- Enhanced participatory budget preparation, execution and reporting through establishment of the County Budget and Economic Forum and implementation of Public participation and civic education act
- Rolled out E- procurement.
- Established and operationalized the County audit committee;
- Enhanced local revenue collection through strengthening institutional capacity of the Revenue system.
- Sound Economic Planning and Financial Reporting through preparation of policy documents such as the End Term Review of the County Integrated Development Plan 2018-2022 (CIDP), Review of Implementation of Flagship projects, Annual Development Plans, County Budget Review and Outlook Papers, County Fiscal Strategy Papers, County Consolidated Budgets, statutory financial reports and regular Monitoring and Evaluation of projects.
- Improved transparency and timely preparation and submission of quarterly financial returns and annual financial statement

### **Implementation of 2022/2023 budget**

The county's performance is largely dependent on the formulation and implementation of prudent policies to guide service delivery. The county's performance will also depend highly on the country's economic performance. Generally, the county operated under a stable macroeconomic environment.

Implementation of 2022/2023 budget started at a slow pace with delays in exchequer disbursements. This delay will affect the budget implementation.

Efforts to increase revenue collection remain a priority. The County Revenue Agency is currently working on finding the best strategies to ensure the current actual revenue collection is doubled to match the County revenue potential and enhance achievement of the revenue targets. Some of the strategies to be adopted include the fully automation of revenue collection and legislation of relevant laws. This will be done along with the necessary rules and regulations to operationalize the laws once passed by the county assembly.

Growth prospects (Revenue outlook)  
Table on Revenue Streams Projection for FY 2022/2023

**RESOURCE ENVELOPE 2022-2023**

**MEDIUM TERM FISCAL FRAMEWORK FY 2021-2022 to 2023-2024**

CODE	REVENUE ITEMS	2018-2019	2019-2020	Approved Estimates 2020/2021	Printed Estimates 2021/2022	Estimates 2022/2023	Projected Estimates 2023/2024
<b>1</b>	<b>Total Anticipated Revenue</b>	<b>8,046,964,890</b>	<b>8,133,676,476</b>	<b>7,611,517,867</b>	<b>8,965,549,809</b>	<b>8,500,581,903.00</b>	<b>7,341,625,031</b>
1.1	<b>Local Revenue</b>	<b>459,293,246</b>	<b>376,829,833</b>	<b>405,408,260</b>	<b>387,106,430</b>	<b>321,234,445</b>	<b>350,755,990</b>
1520100	Land Rates	46,682,200	23,807,922	24,284,080	42,184,423	30,158,060	32,284,080
1520500	Plot Rent/House rent	5,100,662	1,560,802	1,592,018	1,257,694	1,485,821	1,592,780
1420328	Single Business Permits	36,430,791	29,727,525	30,322,076	43,954,440	34,870,387	41,212,000
1420328	Liquor Licensing	12,120,000	5,439,456	5,548,245	14,383,114	14,430,482	15,468,200
1420405	Market Fees	15,595,046	10,657,655	10,870,808	15,587,938	12,501,429	12,390,866
1330405	Agriculture	9,090,000	6,119,388	6,241,776	6,931,003	2,578,042	2,301,657
1420345	Cess	156,456,200	156,456,200	159,585,324	22,529,356	14,691,690	15,585,324
1420507	Kiborgok Tea Proceeds	18,913,963	18,134,708	18,497,402	19,612,948	12,072,012	15,807,362
1580401	Slaughter Fees	638,320	820,369	836,776	661,053	962,292	856,226
1550105	Kiosks & stalls	3,535,000	7,247,457	7,392,406	5,840,001	8,432,267	7,592,406
1550000	Trade Fair	2,020,000	2,060,400	2,101,608	1,660,270	0	1,101,608
1420404	Parking Fees	46,018,822	32,388,047	33,035,808	46,098,288	34,541,179	33,035,808
1450100	Veterinary	6,565,000	4,754,373	4,849,460	3,831,073	4,426,419	4,049,460
1580100	Health and Sanitation	83,042,200	64,374,313	65,661,799	151,872,821	138,761,069	155,231,711
1420403	Sewerage and Water	686,800	665,509	678,819	536,267	665,067	678,719
1530000	Advertising	4,242,000	2,812,446	2,868,695	2,266,269	2,148,999	2,168,295
1530000	Physical Planning	2,020,000	1,339,260	1,366,045	1,079,176	1,800,952	1,866,044
1530000	Weights % Measures	3,030,000	2,008,890	2,049,068	1,618,764	1,206,428	1,549,168
1530000	Tourism and Co-op Development	1,414,000	1,442,280	1,471,126	1,162,190	1,001,795	1,271,226
1530000	Hire of Exhauster	2,222,000	1,473,186	1,502,650	1,187,094	1,038,048	1,102,650

1530000	OTHER FEES	3,470,242	3,539,647	3,610,440	2,852,248	3,462,006	3,610,400
<b>1.2</b>	<b>GOVERNMENT FUNDING</b>	<b>6,802,400,000</b>	<b>6,843,294,705</b>	<b>6,394,414,458</b>	<b>7,899,732,213</b>	<b>7,585,869,041.00</b>	<b>6,990,869,041</b>
1.2.1	CRF Balances	1,433,000,000	1,604,294,705	1,013,914,458	989,363,172	595,000,000	
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
	<b>Conditional allocations from NG</b>	<b>196,712,989</b>	<b>202,710,317</b>	<b>212,845,833</b>		0	
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			
<b>1.4</b>	<b>Conditional Allocations from Development partners</b>	<b>588,558,655</b>	<b>710,841,621</b>	<b>596,628,512</b>	<b>598,211,166</b>	<b>593,478,417</b>	
1.4.1	DANIDA -HSPS3	17,111,250	16,031,250	16,832,813	11,851,125	11,272,300.00	
	DANIDA-2021-22					15,210,000.00	
	Nutrition (NI) Program Fund 2021-22					10,000,000.00	
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 2021-22	97,229,498	46,342,186	48,659,295	118,895,815	59,482,857.00	
1.4.4	W B. -National Agricultural and Rural Growth Project	140,435,163	343,929,300	361,125,765	297,105,136	297,105,136	
1.4.5	Other Loans and grants- Locally-Led Climate Action Program (FLLoCA)	-	-	-	14,000,000	125,000,000	
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 2 -Kenya Informal Settlement Improvement Project 2		8,800,000		50,000,000	66,519,088	
1.5.0	ASDSP		16,507,185		23,676,246	8,889,036	
1.51	LEASING OF MEDICAL EQUIPMENT	200,000,000	131,914,894	138,510,639	153,297,872	110,638,298.00	

### Medium Term Fiscal Framework

The county pursues prudent fiscal policies aimed at achieving macroeconomic stability in collaboration with the Ministry of National Treasury and Planning. In addition, the County fiscal policy objectives provide an avenue to support economic activities while allowing for the implementation of the CIDP 2018 - 2022 and improving efficiency through capacity building to effectively deliver public services and ensuring various departments receive adequate resources to undertake their departmental priorities sustainably.

The County Government is committed to achieve its full budgetary targets in the Medium Term. This will help to improve the budget absorption rate. With respect to revenues, the County Government will continue to improve on a strong revenue collection effort to be able to collect more than 10 percent of total approved budget over the medium term. In addition, the County Government will explore new revenue collection strategies by even expanding the current revenue base.

On the existing tourism activities and the prospects on the exploration of minerals in our country, the County Government is engaging with stakeholders to develop a comprehensive policy and legislative framework covering licensing, revenue sharing, taxation and sustainable use of the resources. This will ensure that we derive maximum benefit from these natural resources.

On the expenditure side, the County Government will continue with rationalization of expenditure to improve efficiency and reduce overlaps and wastage. Expenditure management will be strengthened with implementation of the Integrated Financial Management Information System (IFMIS) and other appropriate financial management systems across all Departments including use of the e-procurement platforms. In addition, the PFM Act, 2012 is expected to accelerate reforms in expenditure management system at the county.

The County has been able to lay a platform towards the implementation of e-procurement with an extensive procurement plan that shall guide in capital expenditures. This shall help in prudently

managing the expenditures by ensuring there is value for money and that transparency in procurement is upheld.

**Risks to the outlook**

The risks to the outlook over the medium-term include weak internal control systems, complacency of the citizens and the county revenue staff and weak revenue administration legislations. Tackling these issues will reduce the risk and increase revenue collections.

Public expenditure pressures, especially recurrent expenditures, pose a fiscal risk. Wage bill pressures and the need to hire more personnel limit funding for development expenditure.

The county government will undertake appropriate measures to safeguard Macro-Economic stability should these risks materialize by mitigating against the risks.

Adjustments to the 2022/2023 budget will also take into account actual performance of expenditure so far and absorption capacity for the remainder of the financial year. Because of the resource constraints faced, the county government will rationalize expenditures by cutting those that are non-priority. These may include slowing down or reprioritizing development expenditures and downscaling operational costs as some of the austerity measures.

**RESOURCE ALLOCATION FRAMEWORK**

Table on summary on compensation to Employees, other recurrent Expenditures and Development

**SUMMARY OF THE MTEF EXPENDITURE ESTIMATES FOR THE FINANCIAL YEAR 2022/2023**

VOTE TITLE	PE Est	Rec Est	Other op Est	Dev Est	Total Est	%
COUNTY EXECUTIVE	175,626,460	309,100,000	13,000,000	60,300,000	558,026,460	6.54
FINANCE AND ECONOMIC PLANNING	232,126,379.40	368,686,771.59	8,300,000	21,500,000	630,613,151	7.39
ADMINISTRATION, PUBLIC SERVICE AND e-Government	43,263,340	36,087,500	5,300,000	127,519,088	212,169,928	2.49
HEALTH AND SANITATION	2,095,981,758.20	778,855,537	24,800,000	434,204,500.88	3,333,841,796	39.09
AGRICULTURE AND CO-OPERATIVES DEVELOPMENT	250,606,754.20	22,770,789	6,500,000	521,573,337	801,450,880	9.72
TOURISM, CULTURE AND SOCIAL WELFARE	41,188,799	19,227,854	2,000,000	9,272,000	71,688,653	0.84

SPORTS, YOUTH AFFAIRS AND ARTS	47,000,000	81,022,024	1,150,600	77,539,430	206,712,054	2.4
EDUCATION AND VOCATIONAL TRAINING	385,377,116	76,696,500	1,300,000	197,693,002	661,066,618	7.75
LANDS, ENVIRONMENT, NATURAL RESOURCES AND CLIMATE CHANGE	80,005,119.60	18,801,180	17,000,000	435,454,526	551,260,826	6.46
ROADS, TRANSPORT AND INFRASTRUCTURE	83,129,198.16	16,839,924.70	35,549,095	362,033,464.09	497,551,682	5.83
TRADE AND INDUSTRIAL DEVELOPMENT	43,211,525.80	16,509,820	2,500,000	85,470,383	147,691,729	1.73
PUBLIC SERVICE AND LABOUR	35,060,504	22,694,650	1,300,000		59,055,154	0.69
COUNTY ASSEMBLY	390,436,105.83	271,421,266.55	7,595,600	100,000,000	769,452,972	9.02
<b>TOTALS</b>	<b>3,903,013,060.19</b>	<b>2,038,713,816.84</b>	<b>126,295,295.00</b>	<b>2,432,559,730.97</b>	<b>8,500,581,903.00</b>	<b>100</b>
Percentage Allocation	45.76	23.9	1.48	28.85	100	

### Expenditure Justifications

Resource allocation and utilization in the next Financial Year and in the medium term will be guided by the strategic and emerging priorities, county development plans and the principles of PFM Act to ensure effective utilization of public finances. The sector allocations were also informed by the county goals and people's aspirations as captured in the County Integrated Development Plan (CIDP) 2018-2022, which is aligned to the goals and the objectives of the country and the Pillars anchored in Vision 2030 blueprint. Currently, the Government has begun the process of developing the new CIDP which shall guide the preparation of the 2023-2024 Medium Term Expenditure Frameworks. This shall also be aligned with the implementation of the Big 4 plans and 'THE PLAN' by the National Government.

In this regard, the areas that are identified to receive additional funds are the "high impact" areas or chronically neglected, but important, areas of public spending such as increased funding for basic education, health care facilities, provision of clean water, road maintenance by grading and gravelling, rehabilitation of cattle dips, provision of extension services and value addition in

agriculture, youth empowerment programs and employment creation initiatives. To fund these urgent programs, and in the realization that the finances of the county are finite, sacrifices must be made in non-core spending areas and those savings should be used to secure provision for priority services.

### **Expenditure Drivers**

Development initiatives that will be implemented in the coming Fiscal Years are contained in the County Integrated Development Plan (CIDP) 2018-2022 whose development proposals were identified by stakeholders through a consultative process. All the sectors in the county had priority development proposals identified. These proposals will drive expenditures for the four Fiscal Years. These expenditure drivers in the respective areas which include;

- i. Investment in health services; to ease accessibility of quality health care.
- ii. Continued investment in Infrastructure.
- iii. Boost agricultural productivity and cooperative development; to ensure food security and overall poverty reduction.
- iv. Infrastructural developments in Early Childhood Development Education and other educational facilities.
- v. Provision of safe and clean water for use
- vi. Supporting Investment and Trade for wealth and employment creation aimed at creating jobs and improving the overall economic growth.
- vii. Sports and youth empowerment.
- viii. Tourism development - identifying and developing existing tourist attraction sites.

### **Investment in health services; to ease accessibility of quality health care.**

In line with the Kenya Vision 2030 and the National Government agenda under the 'Big four', the county government shall in the FY 2022/2023 and the medium term ensure provision of quality, equitable and affordable healthcare at the affordable standards possible. The county government therefore intends to enable access to modern and well-equipped health facilities with well trained and motivated health personnel.

The County Government strategy is to expand and modernize Kapsabet County Referral hospital with all essential drugs and non-pharmaceuticals with specialized equipment necessary to handle all



health related cases. This will be achieved through prioritizing the completion and operationalization of the Kapsabet Hospital Complex with Mother and Baby unit.

Over the medium term, the county government will continue to rehabilitate, fully equip and adequately stock with requisite drugs all the sub-county hospitals and Health Centres. This will reduce the radius of access to health care facilities to the desired less than 5km as per World Health Organizations.

### **Continued investment in Infrastructure.**

Good Infrastructure is key to development of the other sectors as it eases movement of goods, services and people thus facilitating agriculture, trade and commerce among others.

The county will scale up investment in infrastructure by upgrading and conducting routine maintenance of existing road, opening up of new roads and construction of bridges and footbridges which aims to significantly reduce the cost of doing business in the county. The medium term investment in road upgrade throughout the county will be aligned to support agriculture by linking farmers to markets.

### **Boost agricultural productivity and cooperative development; to ensure food security and overall poverty reduction.**

Investing in Agricultural sector not only achieves economic growth but also ensures food security, job creation, income generation and overall poverty reduction. The County therefore aims at raising agricultural productivity and increase commercialization of agriculture.

Nandi County is well aware that through increase in agricultural production there is potential rise in per capita income in the rural community alongside production of primary raw materials that set stage for industrialization. As a priority the county will focus on construction to completion and fully equipping the Nandi Cooperative Creameries at Kabiyet.

Additionally, the county will Promote value addition and agro-processing initiatives through cottage industries and establishment of aggregation centers for crop production, carry out disease surveillance and vaccinations, Establish of County Cooperative Development fund, Promote Cooperatives ventures including inputs, marketing, manufacturing and value addition, Promoting savings and financial services are some of the strategies that will be put in place to achieve the sector priority.

## **Infrastructural developments in Early Childhood Development Education and other educational facilities.**

Over the medium term, the county shall endeavor to increase access to quality education through provision of adequate bursary to all needy and deserving students; construction to completion and operationalise all ECDE centres; provide partial scholarship to youths to acquire technical skills in our technical training institutions.

The county will also ensure Provision of adequate number of ECDE teachers in all the existing ECDE centres. Further, due to emergency and need for ECDE classroom the county will sought to construct semi permanent ECDE classroom for the most needy pupils across the county.

## **Provision of safe and clean water for use.**

To increase access to safe drinking water, the county will continue investing in developing, commissioning and improving major and all ongoing water projects across the county in addition to conserving water catchment areas by protecting springs, water bodies and afforestation. A county spatial plan prepared to provide a framework for land use in addition to mainstreaming climate change in all county programmes.

The county government will in the medium term endeavor to provide clean and accessible water to all residents in the county through construction to completion and operationalisation all the water projects across the county.

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 shall undertake strategies aimed at conserving the environment, natural resources and rehabilitation and protection of water resources which include preparing county spatial plans, developing land information system and issuing genuine title deeds to all land owners.

## **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.

Further, the county will focus 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 medium term include creating construction to completion and operationalisation of the textile unit, profiling the Jua Kali sector and product innovations.

Strategic efforts will be made to diversify markets by providing an environment conducive for business and ensuring that there is investor confidence. This will be achieved through development of policy, legal and institutional reforms for the development of the sector, fair trading licenses, support entrepreneurship and industrial development and promote exports.

### **sports and youth empowerment**

Nandi County is the indisputable source of world champions in athletics and other sporting activities with celebrated personalities. Over the medium term, the CFSP will allocate funds to 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 continue investing in sports infrastructure and diversify its talent potential to include other sports and arts. In order to consolidate and strengthen its position as a sports hub, focus will be towards ensuring speedy completion of the Modern training camp at Kapsabet together with Nandi Hills stadia. In collaboration with the National government, the county will also fast track completion of Kipchoge Keino stadium.

### **Tourism development - identifying and developing existing tourist attraction sites.**

Over medium term, the county Government shall continue to put in place strategies to develop tourism infrastructure that can serve both local and international visitors. This will include improving the quality of tourism facilities and developing areas with greatest potential to attract tourists. Such programs include; providing adequate road access to tourist sites across the county, building the capacities of stakeholders in the tourism industry, promoting private sector investment in tourism and developing linkages with other tourist circuits in the region.

## **Medium-Term Expenditure Framework (MTEF)**

Nandi County MTEF approach consists of a bottom-up estimation of the current and medium-term costs of existing policy and, ultimately, the matching of these costs with available resources in the context of the annual budget process. The MTEF budgeting will thus entail adjusting non-priority expenditures to cater for the priority ones.

The priority social sectors, Lands, Transport and health, will continue to receive adequate resources though they are required to utilize the allocated resources more efficiently to generate fiscal space to accommodate other strategic interventions in their sectors. Other crucial social sectors are Education, Trade, Youth Affairs, Sports and Tourism and Culture. The county is highly talented in athletics and the sector needs massive investments so that county's sporting potential is realized.

The economic sectors such as agriculture will receive increasing share of resources to boost agricultural productivity and initiating value addition ventures as the county deals with threats of food insecurity and poor market returns for agricultural produce. Another sector that will receive a sizable share of resources is Tourism, Culture and Social Welfare. This will aid the county to tap into its tourism potential.

With the County Government's commitment to improving infrastructure across the county, the share of resources going to priority physical infrastructure sector, such as roads and water, will rise over the medium term. This will spur the county's economic growth because no meaningful economic activity can be carried out without reliable physical infrastructure. Further, implementation by the spending units will be monitored closely especially with regard to the development expenditures and uptake of resources. This requires a highly efficient and effective monitoring and evaluation by the county government.

All the other sectors will continue to receive adequate resources in line with our county's commitment to a balanced sector development so as to ensure socio-economic welfare and enhanced quality of life for the residents of Nandi County.

## **CONCLUSION**

The preparation of the C-BROP document and fiscal decisions made in this MTEF period 2022/2023-2023/2024 has largely relied on the lessons learnt in budget execution in the period under review and beyond. Further in entrenching fiscal discipline, the County has relied on the fiscal responsibility principle set out in the PFM Act 2012 in making forecasts including reasonableness in revenue projection. The County Government has also continued to pursue prudent fiscal policy through reorienting expenditure toward priority programmes within the mandate of the County Government. Going forward the County Integrated Development Plan (CIDP 2018-2022), the Annual Development Plan (ADP 2022/2023) and the sectoral departmental strategic plans shall continue to advise the priorities in resource allocation. All Sector Working Groups are therefore required to make reference to the sector ceiling herein in drafting and submitting their sector budget proposals within the timelines of the budget calendar for FY 2023/2024. The next County Fiscal Strategy Paper due in February 2023 shall firm up the baseline expenditure ceilings proposed in this C-BROP document.