



COUNTY GOVERNMENT OF NAROK

FINANCE, ECONOMIC PLANNING, ICT & E-GOVERNMENT

BUDGET REVIEW AND OUTLOOK PAPER

2022

ACCELERATING ECONOMIC RECOVERY FOR IMPROVED LIVELIHOOD

Foreword

The County Budget Review and Outlook Paper (C-BROP) is a statutory policy document in the review and analysis of County budget performance. The document has been prepared in accordance with section 118 of Public Finance Management Act (PFM, 2012). In the Act, County Treasuries are required to prepare and submit C-BROPs to respective County Executive Committees by 30th September every year. As a policy document, C-BROP provides an outlook of performance of budget of the previous financial year showing estimates, actuals, and deviations. It is also a review of budget appropriations and their linkages to financial forecasts and compliance with the fiscal responsibility principles and financial objectives outlined in the PFM Law of 2012.

The 2022 C-BROP is structured to show the financial and economic trends not only at the county level but also at the national, regional and global scenes. The trends are applied to inform policy direction, actions and strategies which will be adopted in the 2023 County Fiscal Strategy Paper (CFSP). It's expected that the ceilings in the C-BROP will be firmed up in the 2023 County Fiscal Strategy Paper. The C-BROP will form a basis for the development of the budget for FY 2023/24 and over the medium-term period. Further, the outcome of the fiscal performance for FY 2021/22 budget will be useful in advising the revision of estimates for FY 2022/23.

The policy considerations in this C-BROP have been prepared against a background of economic slowdown occasioned by the ongoing Russia-Ukraine conflict, effects of the COVID-19 containment measures, higher-than expected inflation worldwide triggered by higher global oil and food prices and the impact of the global monetary policy that has created tighter financial condition. As a result, the global economy is projected to slow down to 3.2 percent in 2022 from 6.1 percent 2021.

In the case for Narok County, the economy is demonstrating remarkable resilience and recovery to the global and national shock due to the diversified nature of the economy and the proactive Government measures to support businesses. This is reflective of the national economic outlook which is on the rebound following the impacts of COVID 19. On this basis, the economic growth in 2021 is reported at 7.5 percent following a modest 0.3 percent contraction in 2020. The growth momentum continued in the first quarter of 2022 with the economy expanding by a remarkable

6.8 percent compared with a growth of 2.7 percent in a similar quarter in 2021. This outlook has a bearing on the expected performance in Narok county. Its also the basis upon which the forecasts in this has been made.

The fiscal performance in the FY 2021/22 was satisfactory, largely attributed to improved operating business environment following the recovery of the economy from the adverse impact of COVID-19 pandemic. The National Revenue performance recorded a growth of 22.0 percent compared to a marginal growth of 0.3 percent in FY 2020/21.

As we prepare for the FY 2023/24 budget, emphasis should be on aggressive revenue mobilization including policy measures to whip in additional revenue and reign on expenditures to restrict its growth and also on development priorities, programmes and projects linked to the global, national, and development policies and strategies including the Constitution of Kenya 2010, the Fourth Medium Term Plan (MTP IV) of the Kenya Vision 2030, County Integrated Development Plan (2023-2027), National Sector Plans, Sustainable Development Goals (SDGs) and Narok County COVID-19 Social Economic Re-Engineering Recovery Strategy.

The 2022 C-BROP is carefully prepared in-order-to align with the Finance Act 2022 which proposes various revenue sources and applicable levies. The Finance Act 2022 takes into account the need to promote revenue collection and at the same time leverage on the existing capacities in revenue streams to finance programmes to accelerate and sustain inclusive growth for socio-economic recovery and transformation of lives for all residents in the county. This has taken cognizance of the imminent closure of some donor funded programmes.

In this regard the County Government will endeavor to put in place viable revenue raising strategies for enhancing revenue collection in critical revenue streams with a view of ensuring that the revenue targets are met. Further, the county government will adopt an aggressive intervention to fill anticipated gap in donor funding by applying a targeted scaling-up of budgetary allocation towards the affected programmes including immunization. Kenya's transition to a lower-middle income status has increased the domestic funding obligation for the country's immunization programme, which is now required to achieve full self-funding by 2028.

Given the tight resource envelope, all Sector Working Groups are required to carefully scrutinize all proposed County Government Departments and Agencies (CGDA's) budgets for FY 2023/24 and the medium term to ensure that they remain within the ceilings provided to ensure that the County Government is able to budget within its means and guarantee socio-economic development. In this regard, I therefore, call upon all to adhere to the hard sector ceilings, and the strict deadlines provided in this document to facilitate the finalization and appropriation of the FY 2023/24 and the medium-term budget.

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COUNTY GOVERNMENT OF NAROK

Acknowledgement

The development of Narok County Budget Review and Outlook Paper (C-BROP 2022) has been made possible through the participation of many stakeholders. We are very grateful to the County Executive Committee for overall leadership throughout the entire process. To all county departments, units and agencies, we appreciate your invaluable inputs in the preparation of this policy document.

Special thanks goes to the County Executive Committee Member for Finance, Economic Planning and ICT; Hon. Julius Sasai, for his guidance and coordination in developing this statutory document. We also are grateful for the collaboration and the comments received from the Chief Officers, County technical staffs and other stakeholders.

We would also like to appreciate the members of the secretariat who spent significant time collecting, collating and analyzing data from various entities within the county. The secretariat that comprised of technical staffs from economic planning unit and finance, worked tirelessly and spent extra time to review this document to ensure it satisfies the PFM Act, 2012 and sets out the sector ceilings that will guide the rest of the sectors in the preparation of their FY 2023/24 and the Medium Term Budget.

Finally, allow me to thank each and every person who was involved in this process for your dedication, sacrifice, commitment and assistance. I wish to reiterate the importance of public participation in FY 2023/24 Medium Term Budget preparation process by calling on all Sector Working Groups to devise an engagement framework that will deepen open public and stakeholders' participation and incorporation of the proposals received.

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Abbreviations and Acronyms

ADP	Annual Development Plan
CFSP	County Fiscal Strategy Paper
C-BROP	County Budget Review and Outlook Paper
CBR	Central Bank Rate
CRA	Commission for Revenue Allocation
FY	Financial Year
GDP	Gross Domestic Product
IMF	International Monetary Fund
KES	Kenya Shillings
KEU	Kenya Economic Update
MDAs	Ministries, Departments and Agencies
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
PFM	Public Financial Management
PSA	Public Service Administration
PPP	Public Private Partnership
SWG	Sector Working Group
USD	United State Dollar

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

The 2022 County Budget Review and Outlook Paper is prepared in accordance with Section 118 of the Public Finance Management Act, 2012. The law states that:

1. The County Treasury shall
 - a) prepare a County Budget Review and Outlook Paper in respect of the county for each financial year; and
 - b) submit the paper to the County Executive Committee by the 30th September of that year include:
2. In preparing its county Budget Review and Outlook Paper, the County Treasury shall 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 any changes in the forecasts compared with the County Fiscal Strategy Paper and 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;
 - 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.
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 publicize the Paper.

Fiscal Responsibility Principles in the Public Financial Management Law

In line with the Constitution, the new Public Finance Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudence and transparency in the management of public resources. The PFM law (Section 107(2)) states that: In managing the county government's public finances, the County Treasury shall enforce the following fiscal responsibility principles-

- a) The county government's recurrent expenditure shall not exceed the county government's total revenue
- b) Over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure;
- c) the county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;
- d) Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;
- e) The county debt shall be maintained at a sustainable level as approved by county assembly;
- f) The fiscal risks shall be managed prudently; and
- g) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

I INTRODUCTION

Background

1. The County Budget Review and Outlook Paper (C-BROP 2022) has been prepared in line with the provisions of the Public Finance Management, PFM Act, 2012 that are relevant to the devolved systems of Government. Specifically, the Act requires that every County prepares a C-BROP by 30th September of that financial year. The C-BROP reviews the actual fiscal performance of the financial year 2021/22 and makes comparisons to the budget appropriations for the same year. It also provides the recent economic developments and the updated economic and financial forecast with sufficient information to show variations from the initial forecast in FY 2021/22.

Objective of the C-BROP

2. The objective of this paper is to provide;
 - i. Details of the actual County Fiscal performance in financial year 2021/22 compared to the budget appropriation of the same year.
 - ii. An updated economic and financial forecast with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper.
 - iii. Information on any changes in the forecasts compared with the County Fiscal Strategy Paper or 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.
 - iv. Reasons for any deviation from the financial objectives in the CFSP together with the proposals to address the deviation and the estimated timeframe for doing so.

3. The C-BROP is a key document in linking policy, planning and budgeting. The 2022 C- BROP points the need to emphasis on aggressive revenue mobilization including policy measures to whip in additional revenue and reign on expenditures to restrict its growth and also on development priorities, programmes and projects linked to the global, national, and development policies and strategies including the Constitution of Kenya 2010, the Fourth Medium Term Plan (MTP IV) of the Kenya Vision 2030, County Integrated Development Plan (2023-2027), National Sector Plans,

Sustainable Development Goals (SDGs) and Narok County COVID-19 Social Economic Re-Engineering Recovery Strategy. The policy formulation, planning and programming will be done taking account Ongoing and new development and emerging issues considered in the End Term review of the CIDP 2018-2022.

4. The goal of C-BROP 2022 is three prong; it reviews the budgetary performance in FY 2021/22 and at the same time make fiscal recommendation to guide budgetary execution in the remaining period of FY 2022/23 and guide the preparation of FY 2023/2024 budget.

5. The rest of the paper is organized as follows. The next section provides a review of the fiscal performance in budget for FY 2021/22. This is followed by brief highlights of the recent Fiscal developments and an updated economic outlook in section III. Section IV provides the resources allocation framework, while section V is a summary of the overall expenditure and revenue performance in FY 2021/22 and policy recommendation for the successive period(s).

II REVIEW OF FISCAL PERFORMANCE IN 2021/22

A. Overview

6. This section provides an overview of the performance and implementation of the budget for the financial year 2021/22 and how this may have affected compliance with the fiscal responsibilities. This will be useful in providing a basis for setting out broad fiscal parameters for subsequent budgets.

7. The revenue and expenditure targets for FY 2021/2022 were estimated in such a manner as to form a balanced budget at KSh. 12,018,610,000 mark. The estimates were in the course of time revised to KSh. 13,352,112,888.50. The actual revenue and expenditures realized by June 30th, 2022 amounted to KSh. 11,303,028,876.00 and KSh. 10,704,041,223.55 respectively.

B. 2021/22 Fiscal Performance

8. Table 1 presents the fiscal performance for the FY 2021/22 and the deviations from the original and revised budget estimates.

Table 1: Deviations from the Initial and Revised Budget Estimates (KES.)

Source	Targets	Revised (1)	Revised (2)	Actual (KSh)	Deviations
	A	B	C	D	F = (D-C)
1. Total Revenue	12,018,610,000	12,867,093,075.56	13,352,112,888.50	11,303,028,876.00	(2,049,084,012.50)
Equitable share	8,844,790,000	8,844,790,000	8,844,790,000.00	8,137,206,302.00	(707,583,698.00)
Equitable share B/F	-	-	-	-	
Grants	799,270,000	799,265,988	799,261,732	477,623,922.45	(321,637,809.55)
DANIDA Grant (Covid 19)	-	-	-	-	-
Grants B/F	-	1,353,634,985.60	1,353,634,985.60	1,353,634,985.60	0.00
OSR	2,374,550,000.00	1,869,402,101.96	2,354,426,170.90	1,334,563,665.95	(1,019,862,504.95)
OSR B/F	-	-	-	-	-
2. Total Expenditures	12,018,610,000	12,867,093,075.56	13,352,112,888.50	10,704,041,223.55	(2,648,071,664.95)
Recurrent	7,489,706,518.00	8,618,698,659	9,344,768,106	9,261,250,796.45	(83,517,309.55)
Development	4,528,903,482.00	4,248,394,417	4,007,344,783	1,442,790,427.10	(2,564,554,355.90)
Deviation (1-2)	0.00	0.00	0.00	598,987,652	598,987,652

Source: Narok County Treasury

The allocation towards Medical Equipment Services is treated as payment made on behalf of the County Government. And although not received in any year, it accounts for services rendered to the public in respect of the contracted healthcare delivery services.

Revenues

9. The cumulative revenue –transfers from the national government and own source revenue - amounted to KES. 11,303,028,876 against the revised estimates of KES. 13,352,112,888.50. This represents 84.65% performance on target. Total transfer from national government was KES. 8,137,206,302.00 while collection from own sources amounted to KES 1,334,563,665.95. The total revenue realized in FY 2021/22 dropped from the targets (printed estimates) by KES. 2,049,084,012.50. The shortfall is attributable to the effects of COVID 19 pandemic. Table 1 shows

the comparison between the targets and the actuals.

10. The grants fell short of the revised target by KES. 321,637,809.55. (Table 1). Table 2 further shows the breakdown of the Transfers from the national government.

Table 2: A Breakdown of Transfers from National Government in FY 2021/22 (KSh.)

RECEIPTS FOR FY 2021/22				
TRANSFERS FROM NG				
Item	Budget	Actual Receipts	Variance	% Realized
Equitable Share	8,844,790,000	8,137,206,302.00	(707,583,698.00)	92.0%
Conditional allocation for development of village polytechnics	-	-	-	-
Road Maintenance Levy Fund	-	-	-	-
H. Centre and Dispensaries user fees	-	-	-	-
Conditional grant -Leasing of Medical Equipment	153,300,000	-	(153,300,000)	-
Loans & Grants-KDSP-Level 1	-	-	-	-
Loans & Grants-KDSP-Level 2 Development	141,844,646.00	-	(141,844,646.00)	-
Kenya Urban Support Programme- UDG	-	-	-	-
World bank loan THS	49,785,426.00	49,397,655.45	(387,770.55)	99.22%
World bank Loan- National Agri & Rural Growth	398,148,737.00	200,872,158	(197,276,579.00)	50.45%
DANIDA Grant -UHDS	17,811,750.00	8,905,875.00	(8,905,875.00)	50.0%
Agricultural Sector Development Support Program (ASDSP)	30,988,725.00	18,291,497.00	(12,697,228.00)	59.03%
UNFPA -9th County Programme Implementation	7,386,704.00	-	(7,386,704.00)	-
Infrastructure Support from MOH	-	200,000,000	-	-
TOTALS	9,644,055,988	8,614,673,487	(926,851,151)	87.25%

Source: Narok County Treasury

11. The Own Source Revenue fell short of the revised target by KES 1,019,862,505.00. Table 3 shows the revenue by sources cast against the targets for FY 2021/22. Maasai Mara Game Reserve recorded the highest revenue, KES 1,073,556,700 amongst the local sources. The collection from all other OSR streams amounted to KES 261,006,966.00 (Table 3). It's apparent from the foregoing that the performance in revenue collection from Maasai Mara Game Reserve has improved, this was attributed by increase of the number of tourist who visited the National reserve, due to the opening up of the economy after the pandemic. Nevertheless, revenue shortfall from the printed targets is KSh 1,019,862,504.95.

Table 3: Local Revenue Sources - County Government of Narok Revenue (KES)

Revenue Source		Printed Targets FY 2021/2022	Revised Targets	Actual Revenue FY 2021/2022	Variance	
		A	B	C	D = (C-A)	E = (C-B)
1.	Single Business Permits	133,500,000.00	27,640,745.00	31,770,371.00	(101,729,629.00)	4,129,626.00
2.	CESS Revenue	176,131,850.00	53,905,844.00	57,510,358.00	(118,621,492.00)	3,604,514.00
3.	Markets & Slaughter Fees	90,000,000.00	14,658,159.00	14,918,398.00	(75,081,602.00)	260,239.00
4.	House Rents	20,000,000.00	2,245,069.00	2,961,319.00	(17,038,681.00)	716,250.00
5.	Conservancy & Solid Waste Disposal	2,200,000.00	1,260,016.00	1,821,000.00	(379,000.00)	560,984.00
6.	Vehicle Parking	100,000,000.00	7,391,252.00	7,941,182.00	(92,058,818.00)	549,930.00
7.	Other CESS	49,068,150.00	21,358,732.00	28,360,072.00	(20,708,078.00)	7,001,340.00
8.	Plot Rent	189,590,000.00	56,295,301.00	46,620,587.00	(142,969,413.00)	(9,674,714.00)
9.	Miscellaneous Income	105,500,000.00	61,634,991.00	69,103,679.00	(36,396,321.00)	7,468,688.00
10	Mara Game Reserve	1,508,560,000.00	2,108,036,062	1,073,556,700	(435,003,300.00)	(1,034,479,362.00)
	Total Local Sources	2,374,550,000	2,354,426,171	1,334,563,666	(1,039,986,334)	(1,019,862,505.00)

Source: Narok County Treasury

12 The local revenue collection was highest in the first quarter of FY 2021/2022 at KES. 420,453,920. It's also notable that local revenue collection in FY 2021/2022 was lowest in the third quarter at KES 245,355,302. The increase in revenue collection has been attributed to the rise of tourist arrivals to the National reserve, due to reduction of the spread of COVID 19, and hence the opening up of the economy. This largely explains the variance in revenue collection.

Table 4 shows the quarterly flow of revenue in FY 2021/22.

Table 4: Quarterly Revenue Flows in FY 2021/22 (KSh)

Revenue Category	30/09/ 2021	31/12/2021	31/01/2022	30/06/2022	Cumulative
CENTRAL GOVERNMENT TRANSFERS	TOTAL Q1	TOTAL Q2	TOTAL Q3	TOTAL Q4	TOTALS
TOTAL FROM NATIONAL	1,459,390,261	2,211,197,365	2,211,197,365	2,732,888,497.00	8,614,673,488.00
i. Equitable Share	1,459,390,261	2,211,197,365	2,211,197,365	2,255,421,312	8,137,206,303.00
Conditional Grants	-	-	-	477,467,185	477,467,185.00
TOTAL LOCAL SOURCES	420,453,920	318,011,096	245,355,302	350,743,348	1,334,563,666.00
i. Mara Game Reserve	334,090,317	252,315,620	190,888,050	296,262,713	1,073,556,700.00
ii. Other sources	86,363,603	65,695,476	54,467,252	54,480,635	261,006,966.00

Revenue Category	30/09/ 2021	31/12/2021	31/01/2022	30/06/2022	Cumulative
iii. BF					-
GRAND TOTAL	1,879,844,181.00	2,529,208,461.00	2,456,552,667.00	3,083,631,845.00	9,949,237,154.00

Source: Narok County Treasury

13. Revenue flow from national government has not been consistent. The irregular flow of revenue had a negative fiscal and financial implication to the county. It impacted on the capacity of the county government to implements projects and programmes and to meet its non-discretionary expenses on time.

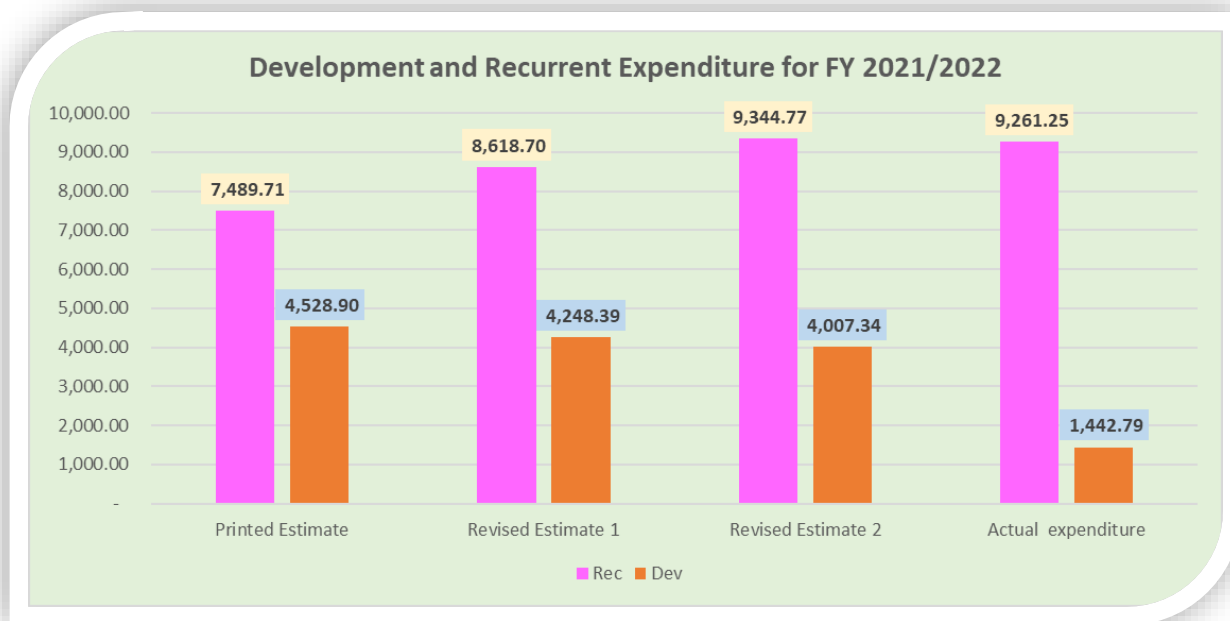
Expenditure

14. Recurrent expenditure amounted to KES. 9,261,250,796.45 against a revised target of KES. 9,344,768,104.00. Thus, the total expenditure on recurrent at the close of FY 2021/22 represents 99.1% rate of absorption when compared against the revised estimates on expenditures for recurrent.

15. Development expenditure amounted to KSh. 1,442,790,427 compared to a revised target of KSh. 4,007,344,783. This represents 36.00% rate of absorption when compared against the revised estimates on expenditures for development.

16. In overall, expenditure side of the budget had an 89.06% absorption when viewed in terms of approved expenditure estimates and 94.05% when viewed in terms of actual disbursement of funds. In comparison the ratio of recurrent versus development expenditure is 6.4:1. As regards development, total expenditure with respect to revised estimates and actual revenue was 13.48% and 12.76% respectively. Figure 1 shows a comparison between estimates/ targets against the actuals at the close of the financial year.

Figure 1: Narok County Government Expenditures on Recurrent and Development (Estimates Against Actuals)



Source: Narok County Treasury

Overall balance and financing

17. Reflecting on the above performance in revenue and expenditure, the total payment commitments amounted to KSh. 10,704,041,223.55 in FY 2021/22 against the revised estimates of KSh. 13,352,112,887.04. On the other hand, the total revenue realized amounted to KSh. 11,303,028,876.00 against the revised target of KSh. 13,352,112,888.50. In the last financial year (2020/2021), the fiscal performance was KSh. 10,850,579,125.00 in revenue and KSh. 9,496,948,151.40 in expenditure. In comparison therefore, the fiscal performance in FY 2021/22 was better than in FY 2020/21. The performance in the budget execution in FY 2020/21 was adversely effected by the pandemic through the year and particularly the peak seasons of July - December 2020.

18. The main challenges experienced in the financial year under review is the effects of the COVID-19 containment measures, higher-than expected inflation and delays in the receipts of equitable share from the national government. These situations significantly affected timely delivery of service in Narok County. In addition, some budget implementation institutional framework and systems have not been in optimal utilization. Going forward, there is need of

strengthening the functions of research, planning, budget formulation and implementation, monitoring and evaluation and reporting on sectoral performance.

C.Implication of 2021/22 fiscal performance on fiscal responsibility principles and financial objectives contained in the 2022 CFSP

19. During the period under review, the county government had planned to collect revenue amounting to KSh. 13.352 billion. At the close of the financial year, the county had received revenues amounting to KSh. 11.3 billion. The review of performance in FY 2021/22 reveals that the missed revenue targets were mainly the shortfall of the Local revenue at KSh. 1.019 billion. The overall performance in revenue and expenditure points to the need to adjust the estimates for FY 2022/2023. The adjustments may be executed through supplementary budget for FY 2022/2023.

20. Additional implications borders on the capacity of the county government to implement its budget in FY 2022/23 and in the subsequent years. In view of the foregoing, appropriate measures have been applied in the context of this C-BROP, taking into account the budget outturn for 2021/22. The County Treasury will continue to engage the national government, state agencies and financial experts with a view of improving performance in in view of the effects of the COVID-19 containment measures and higher-than expected inflation triggered by higher global oil and food prices.

III. RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

A. Recent Economic Developments

Overview

- 21.** The CBROP 2022 has been prepared against a background of global economic slowdown reflecting the impact of the ongoing Russia-Ukraine conflict, effects of COVID-19 containment measures in China; higher-than-expected inflation worldwide triggered by higher global oil and food prices and the impact of the global monetary policy that has created tighter financial conditions. As a result, the IMF global growth is projected to slow down to 3.2 percent in 2022 from 6.1 percent in 2021 (WEO July 2022).
- 22.** Advanced economies are projected to slow down to 2.5 percent in 2022 from 5.2 percent in 2021 reflecting weaker-than-expected growth in the United States and the Euro area. In sub-Saharan Africa region, growth is projected to slow down by 3.8 percent in 2022 from a growth of 4.6 percent in 2021. The slowdown is as a result of domestic price pressures, partly induced by supply disruptions owing to the war in Ukraine reducing food affordability, and real incomes as well as surging fuel prices across the region.

Global Scene

- 23.** According to the National Treasury, the economy demonstrated remarkable resilience and recovery to the COVID-19 shock due to the diversified nature of the economy and the proactive measures by the Government to support businesses. The economy expanded by 7.5 percent in 2021, a much stronger level from a contraction of 0.3 percent in 2020. This economic recovery was mainly supported by the recovery in the service and industry sectors despite the subdued performance in the agricultural sector. In the first quarter of 2022, the economy expanded further by a remarkable 6.8 percent compared with a growth of 2.7 percent in a similar quarter in 2021. The strong performance was supported by continued recovery in manufacturing, transport and storage, accommodation and food services, wholesale and retail trade, Professional, administration and support services and financial and insurance.
- 24.** The agriculture sector Activities in agriculture, forestry and fishing sector remained subdued in the first quarter of 2022 mainly attributed to depressed rainfall during the fourth quarter of 2021 as well as delayed onset of rains during the first quarter of 2022, thereby leading to reduced

agricultural production. The sector is estimated to have contracted by 0.7 percent in the first quarter of 2022 compared to 0.4 percent growth in the first quarter of 2021. The poor performance of the sector was mainly due to the significant decline in horticultural exports and tea production. The sector's performance was however cushioned from a steeper slump by the increase in production of cane, milk, and coffee. The sector's contribution to GDP growth was -0.1 percentage points in the first quarter of 2022 compared to 0.1 percentage points contribution in the same quarter in 2021

Inflation Rate

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

Kenya Shillings Exchange Rate

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

Interest Rates

27. Short-term interest rates remained fairly low and stable supported by ample liquidity in the money market. The Central Bank Rate was raised from 7.0 percent to 7.5 percent on 30th May 2022. The tightening of the monetary policy stance was to anchor inflation expectations due to the elevated risks to the inflation outlook as a result of increased global commodity prices and supply chain disruptions. The interbank rate increased to 5.4 percent in August 2022 compared 3.1 percent in August 2021.

B. Medium Term Economic Outlook

Global Growth Outlook

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

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

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

Domestic Growth Outlook

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

32. Growth is expected to remain resilient growing by 5.8 percent in FY 2022/23 and averaging 6.2 percent over the medium term. This will be supported by a broad-based private sector growth,

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

Partnerships

33. As regards collaborations, the enhanced global partnership proved attractive for increased investment particularly in infrastructure developments. This was mainly through bilateral agreements and increased donor support. There were a number of programmes/projects implemented through support from development partners especially at the national level. They include key roads, the standard gauge Railway, ports, airports, and rural electrification projects.

Growth Outlook at County level

34. The County further experienced expansion in building and construction sector attributable to increased demand for housing and business premises. Narok is one of the fast growing towns in the south rift due to its strategic position connecting the south rift to Nyanza. There was expansion in the hospitality industry, wholesale and retail trades which have ready market due to increasing population. Communication continue to be on an upward trend as a result of the proliferation of the service by the main mobile service providers. This has improved the ease of doing business.

35. County government has prioritized key strategic interventions across all departments to accelerate economic growth for social economic transformation and prosperity. The main areas include; increasing agriculture productivity, improved access to quality healthcare particularly immunization, clean water, empowering youth, promoting education and facilitating infrastructural development.

36. The Largest spender in the county for the FY 2021/2022 was Health and Sanitation Featuring the ongoing construction of a new hospital block and medical school at the county referral hospital as well as construction of sub-county hospitals. However, much of the expenditure was on recurrent aggravated by resource allocation to respond to the effects of COVID-19

containment measures. The leasing of eleven ambulances and the provision of medicine in public hospitals are ongoing programmes under the recurrent expenditure. The ambulances are a major boost in the attendance of emergency cases. Comprehensive and sustainable strategy to improve the health care system is necessary.

37. To improve the transition and retention rate in secondary schools and colleges the County Government through the county department of Education, Youth and Social Welfare have continued to implement the bursary programme. In addition, the department put in place measures to address the rate of unemployment among the youths and empowerment of women, the county has established youth support programme in this regard.

C. Medium Term Fiscal Framework

38. The End-term review of the County Integrated Development Plan (2018– 2022) is in its final stage. The development of the third generation CIDP together with the Fourth Medium Term Plan (MTP IV) are ongoing, both plans will deliberately continue to ensure there is gender parity and management of environment and climate change as an integral part of development. The county government shall adopt a fiscal macroeconomic framework that seeks to address high levels of unemployment and basic support services.

39. The county administration will continue to improve finance management systems at all levels of county government to improve on efficiency of public finance management. This is expected to build investor/creditor confidence to participate in promoting higher growth rates. With respect to revenue, the County Government hopes to maintain a strong revenue effort by sealing existing leakages and strengthening of automation of rates/fees collection points in line using modern technology. The technology is expected to result to improved tax compliance and enhanced administrative measures to enhance the collection of revenue. The County Government will harmonize existing tariffs regimes, offer reliefs incentives and widen the tariff base.

40. In public finance management, the county government shall continue with prudent public finance management. This will help maintain county development expenditure above the 30 per

cent threshold provided in the PFM law. On the expenditure side, compliance with PFM Act, 2012 is expected to accelerate reforms in expenditure management system.

41. Significant efforts were made in the FY 2021/22 to boost the Agriculture sector through promotion of value chains courtesy of the NARIG project. This sector is the highest contributor to the county economy. Going forward, strategies to ensure value addition of both agriculture and livestock products such as post-harvest loss prevention were stepped-up in FY 2022/23 budget and over the medium term.

42. During the FY 2021/22 there were several non-core expenditures which were necessary in order to have the county render service effectively and also provide a stable administrative framework. They included construction and refurbishment of offices, purchase of furniture, computers, other office equipment and purchase of vehicles. Moving forward, the departments should consider reallocating resources away from these items without crippling the respective programmes. This policy paper further recommends the reallocation of resources to core, high impact areas of expenditure.

43. As regards Public Service Management, the recommendations in various staff audit reports will be applied in coming up with the best institutional management structures aimed at improving efficiency in service delivery.

Growth Prospects

44. The County Government of Narok endeavored to achieve a broad-based expansion touching in all sectors of the economy. Emphasis was given to key sectors of Health and Education development, infrastructural investment, youth empowerment and the supportive service in the administration.

45. Over the medium-term period, the County Government will continue to invest in agricultural infrastructure and equipment to increase productivity in the sector through promoting value addition. The government will continue investing in social-economic sectors of education, health and social protection. Expansion of road networks, and an increase in the access to clean and safe water will also be prioritized.

D. Risks to the Outlook

46. The county continues to be susceptible to risks that adversely affects the national fiscal framework and outlook which is influenced by the global macroeconomic context. The emergence of new Omicron COVID-19 variants may occasion restrictive measures. Other risks include high rates of unemployment, growing number of dependents, erratic weather patterns are major threats to performance.

47. Public expenditure pressures particularly the rising wage bill eat into other expenditure thereby compromising the allocation for development expenditure. With the commitment to improve infrastructure within the county, the share of resources going to priority physical infrastructure sector such as Roads, Health, Agriculture, Education and water will increase gradually. The county government will undertake appropriate measures to cushion these pressures to safeguard fiscal stability.

48. Although agriculture is the main driver of the county economy it is faced with unreliable weather patterns. In the recent past, the county has experienced mild drought spells and threat of crop and livestock diseases which has seen significant decline in agricultural produce and livestock. To ensure sustainability of the sector the county will continue to invest in technologies and projects which will reduce overreliance of rain fed production

49. The share of donor funds is expected to shrink in coming years posing a huge risk to programmes that benefit from donor support. For instance, Kenya's transition to a lower-middle income status has increased the domestic funding obligation for the country's immunization programme which is largely funded by multilateral donors such as Global Alliance for Vaccine and Immunization (GAVI) through UNICEF. Kenya is now required to achieve full self-funding by 2028. Other funds due for closure includes World Bank Grant for Transforming Health Systems (THS), and DANIDA Grant for Universal Healthcare in Devolved Systems (UHDS).

50. The County Government is continually monitoring these risks and taking appropriate fiscal policy measures to strengthen resilience in the economy. To cushion the county against the downsides of the risks emanating from the Covid-19 pandemic, the County Government will collaborate with the National government in implementing the Post Covid-19 Economic Recovery Strategy to protect lives and livelihoods. Additionally, the diversified nature of our economy continues to offer resilience to any global and domestic challenges.

51. On risks emanating from domestic sources, the County Government has laid foundations to enhance faster and lasting growth through the 2022 Annual Development Plan, which will unlock better growth, and positively impact on the lives of people through jobs creation and poverty reduction. This will further be refined once the CIDP 2023-2027 is finalized, in order to integrated emerging issues and needs. Meanwhile, the County Government is promoting value addition in agriculture through interventions such as the inclusive growth projects. Further, the County Government is accelerating infrastructure development to support trade and agriculture and improve access to service centers. The county will also promote expenditure rationalization with a view of reducing wage related pressures thereby creating fiscal space necessary for economic sustainability. Finally, the county government will endeavor to institutionalize a resource mobilization strategy within the framework of PFM Act 2012

IV.RESOURCE ALLOCATION FRAMEWORK

A. Adjustment to 2022/23 Budget

52. Adjustments to the 2022/23 budget will take into account the actual performance of expenditure so far and absorption capacity in the remainder of the financial year. The focus will be on accelerating the absorption of available resources in the implementation of programmes and projects. Measures will also be put in place to improve the collection of own source revenue.

53. Table 6 provides a reflection in the C-BROP 2022 of the proposals for fiscal adjustments for FY 2022/23 and projections for FY 2023/24.

Table 6: Fiscal Projections for 2022/2023 - 2023/2024 (KSh)

Revenue by Source/Stream	Estimates FY2021/2022	Actual FY2021/2022	Adjustments of FY2022/2023		FY2023/2024 Projections
			CFSP'22	C-BROP'22	CFSP'23
REVENUE	13,352,112,888.50	11,303,028,876.00	12,109,230,000.00	12,469,037,652	12,875,961,378.00
i. Equitable Share	8,844,790,000.00	8,137,206,302.00	8,844,790,000.00	8,844,790,000	9,064,310,000.00
ii. Equitable Share (B/F)			-	-	-
iii. Grants	799,261,732.00	477,623,922.45	833,610,000.00	833,610,000.00	896,030,000.00
iv. Grants B/F	1,353,634,985.60	1,353,634,985.60	-	-	-
v. OSR	2,354,426,170.90	1,334,563,665.95	2,430,830,000.00	2,191,650,000	2,915,621,378.00
vii. B/F Others			-	598,987,652	-
EXPENDITURE	13,352,112,889.00	10,704,041,223.55	12,109,240,000.00	12,469,037,652	12,875,961,378.00
Recurrent	9,344,768,106	9,261,250,796.45	8,208,880,000.00	8,715,857,318.75	8,884,413,350.82
Development	4,007,344,783	1,442,790,427.10	3,900,360,000.00	3,753,180,333.25	3,991,548,027.18

Source: Narok County Treasury

54. As shown in table 6, the revenue projections for Narok County will be informed by the revised fiscal targets which will be firmed up in the context of the County Fiscal Strategy Paper 2023. The County Government will continue to maintain fiscal responsibility principles by making necessary adjustments to meet financial objectives during the implementation of the budgetary plans for FY 2023/24 and over the medium-term period.

Adjustment on Revenue

55. The recommended adjustment is in accordance with the overall performance in FY 2021/22 and the reality with regard to the financial environment with the impact of COVID 19. We expect an increase performance in OSR in FY 2022/2023 especially in the 1st quarter, which coincides with peak season for tourists visit to Maasai Mara game reserve. Maasai Mara revenue stream accounted for 80.4% of own source revenue in FY 2021/2022. The 1st quarter accounted for 31.1% of the total collection against this stream alone. Business activities related to this stream is relatively recovering from the impact of COVID 19.

56. Equitable share informed by the Senate resolution to maintain FY 2022/23 equitable share at the level precedent in FY 2021/22. The allowance for balances of grants brought forward is predicated on the roll over nature of the grants in that the funds do not expire but is carried over in successive financial years. The share of expenditure between recurrent and development has been informed by performance in FY 2021/2022 and the need to adhere to fiscal responsibility principles dictated in PFM Act 2012.

Adjustment on Expenditure

57. Resources earmarked for development purposes will be utilized for development projects. Utilization of public finances, resource allocation and utilization in the remainder of the financial year will be guided by the following.

- i. Ongoing projects
- ii. Priorities in the CIDP 2018-2022
- iii. Emerging priorities like strategies to accommodate the Manifesto/Agenda of the Governor
- iv. Compliance with the PFM law

B. Medium-Term Expenditure Framework

58. With the County Government's commitment in improving infrastructure countywide, the share of resources going to priority physical infrastructure sector, such as roads, early childhood development centers, health facilities, Immunization, water infrastructure amongst others will continue to rise over the medium term period. This will help the sector provide quality and reliable services.

59. The priority social-economic sectors will continue to receive adequate resources to promote development. The Health, Education and social service sectors will receive significant share of resources in the budget in coming years. The sector actors are thus required to utilize the allocated resources more efficiently in order to generate fiscal space to accommodate other strategic interventions like disease outbreaks and improved productivity per man hour.

60. The economic sectors including agriculture and livestock will receive increasing share of resources to boost agricultural productivity with a view to promote value addition and deal with threats in food security in the county. In addition, the priority programmes under tourism, wildlife, trade, industry and cooperatives will be allocated adequate resources based on programme based budgeting.

61. Further, the county government will adopt an aggressive intervention to fill anticipated gap in donor funding by applying a targeted scaling-up of budgetary allocation towards the affected programmes including immunization. This is informed by the fact that Kenya's transition to a lower-middle income status has increased the domestic funding obligation for the country's immunization programme, which is now required to achieve full self-funding by 2028. There is therefore need to undertake an incremental budget allocation to health and to immunization as early intervention measure.

C.2023/24 Budget framework

62. The 2023/24 budget framework is set against the backdrop of the medium-term macro-fiscal framework set out in this document and the County Government's strategic objectives that will be outlined in a number of policy documents and plans that will be coming up in the course of FY 2022/23 and coming years. Key amongst these includes Constitution of Kenya 2010, the National Government Agenda that will be espoused in the Fourth Medium Term Plan (MTP IV) of the Vision 2030, County Integrated Development Plan (2023-2027), National Sector Plans, Sustainable Development Goals (SDGs), Narok County COVID-19 Social Economic Re-Engineering Recovery Strategy, to mitigate against the impacts of COVID 19 pandemic, and the CFSP 2023 and other agreed development policies.

Revenue Projections

63. The 2023/24 budget targets internal revenue collections of KSh. 2,915,621,378.00 and transfers national government amounting to KSh. 9,064,310,000.00. These projections are revenue based and will be underpinned by national government policy guidelines and reforms and county revenue raising measures espoused in the corresponding Finance Act. As such, total revenues projection is KSh. 12,875,961,378.00.

64. The projection is based on the promises of the reopened economy resilience of the citizens following a period of restrictions in accordance with the Ministry of Health protocols to combat COVID 19. In this regard the County has already put in place viable revenue raising strategies for enhancing revenue collection in critical revenue streams with a view of ensuring that the revenue target is met. Further, the intervention by the National Government to scale-up efforts to boost the tourism sector by promoting aggressive post Covid-19 tourism marketing and providing support for hotel refurbishment through soft loans will reinvigorate the tourism sector in Narok county.

65. The resumption in tourism activities and related business is expected to raise the revenue prospects for Narok County leading to the attainment of the set targets. However, the modest projection takes into account the full reopening of the economy which has necessitated the recovering of most business and hence the target of Ksh.2.91 billion FY 2023/24.

66. The law provides for several sources wherefrom counties can generate revenues namely, transfers from national government (Article 202 & 204), local collection and borrowing (Article 212). The sources of revenue for Narok County Government in the past three years have been from all of the above sources except borrowing. Hence, although the County Government envisages maintaining a balanced budget where total revenue equal total expenditure, the County Government may consider borrowing should need arise. In doing so, the county government will ensure that borrowing guidelines contained in Treasury Circular No.1/2021 are adhered to.

67. In the 2023/24 budget, overall expenditure is estimated at KSh 12,875,961,378.00. The recurrent expenditure is estimated at KSh. 8,755,653,737.04 while developments vote will carry KES. 4,120,307,640.96. The allocation for development is 32%, which is above the minimum set out in the PFM Act 2012 and in other recommended best practices.

68. Preliminary ceilings for FY 2023/24 are therefore provided, (Table 7) to guide sectors in the preparation of sector reports. The ceilings will be firmed in County Fiscal Strategy Paper (2023) which will be prepared on the basis of the priorities and programme incorporated in the third generation County Integrated Development Plan (CIDP) for the period 2023-2027.

Table 7: Tentative Ceilings for FY 2023/24 (KSh)

Departments	Recurrent	Development	Total Rec & Dev	% Share of Allocation
County Assembly	865,420,080.23	100,214,619.00	965,634,699.23	7.50%
Office of The Governor	160,420,289.07		160,420,289.07	1.25%
Treasury, Economic Planning, and ICT	828,405,340.53	294,660,311.30	1,123,065,651.83	8.72%
County Transport, Public Works and infrastructure	382,439,476.11	695,276,584.55	1,077,716,060.66	8.37%
Education Youth Affairs, Sports Culture and Social services	1,289,594,916.09	533,444,729.38	1,711,108,847.18	13.29%
Environment & Natural Resources	286,099,584.54	238,596,882.05	524,696,466.58	4.08%
County Public Service Board	106,946,859.38		106,946,859.38	0.83%
Agriculture, Livestock and Fisheries	349,441,303.12	533,444,729.38	882,886,032.50	6.86%
County Health and Sanitation	2,741,156,730.28	1,277,467,319.89	4,018,624,050.17	31.21%
Lands, Housing, Physical Planning & Urban Development	247,365,107.95	220,142,565.67	467,507,673.62	3.63%
Tourism and Wildlife	470,665,441.26	129,780,626.14	600,446,067.41	4.66%
County Administration and Public service Management	895,417,370.05	165,054,805.20	1,060,472,175.24	8.24%
Trade and Industrialization	132,281,238.43	44,155,266.69	176,436,505.12	1.37%
Totals	8,755,653,737.04	4,120,307,640.96	12,875,961,378.00	100.0%

V. CONCLUSION AND WAYFORWARD

69. The fiscal outcome for 2021/22 together with the updated fiscal projections has had implication of the financial objectives elaborated in the County Integrated Development Plan and the fiscal responsibility principles outlined in the PFM law. The outcome is a testimony of the continuation of the pursuit for prudent fiscal policy through the reorientation of expenditure toward priority programmes within the mandate of the County Government.

70. All Sector Working Groups are required to make reference to the sector ceiling provided here above in the drafting and submission of sector budget proposals within the timelines of the budget calendar for FY 2023/2024. The departments should adhere to programme based budgeting in allocating resources and adopt strategies that improves the rate of absorption going forward. The next County Fiscal Strategy Paper due in February 2023 shall firm up the baseline expenditure ceilings proposed in this paper.

71. Ultimately, County Integrated Development Plan (CIDP) for the period 2023-2027 and the Annual Development Plan (ADP 2023/2024) and the sectoral plans shall continue to advise the priorities in resource allocation in the coming years

ANNEX I: BUDGET CALENDAR

	Activity	Responsibility	Timeframe/Deadline	Obligation of Members of the Public
1.	Issue guidelines for preparation of 2023/24 and MTEF County Budget	CEC Finance & Planning	By 30 th August, 2022	Read to know when, where and how to participate in the budget process
2.	Submission of Annual Development Plan (ADP 2023/24) to the County Assembly	CEC for Finance and Economic Planning	By 1 st September 2022.	Read the plan, and can submit written Memorandum
3.	Undertaking of Departmental Expenditure Reviews and submit to County Treasury ensuring that ecological, social, environmental and institutional issues are highlighted	All Departments	8 th - 14 th September, 2022	
4.	Estimation of Resource Envelope and Preliminary allocation to sectors for preparation of County Budget Review and Outlook Paper (CBROP 2022)	County Treasury	15 th – 28 th September, 2022	

	Activity	Responsibility	Timeframe/Deadline	Obligation of Members of the Public
5.	Submission CBROP to the County Executive Committee for deliberation and approval	County Treasury	By 30 th September, 2022	
6.	Deliberation and approval of CBROP 2022 by the County Executive Committee	County Executive Committee	3 rd - 7 th October 2022	
7.	Submission of County Budget Review and Outlook Paper(CBROP 2022) to the County Assembly	CEC for Finance and Economic Planning	By 14 th October, 2022	Access, Read and comment.
8.	Launch of Sector Working Groups and Start of Sector Consultations ensuring that ecological, social, environmental and institutional issues are highlighted	All Departments- Finance and planning to co-ordinate	By 18 th October, 2022	Physical Presence, giving input, suggestions, opinions, reviews of content through oral or written memorandum, or (un) solicited feedback on access to service and quality
9.	Sector consultative forums and Drafting of Sector Reports ensuring that ecological, social, environmental and institutional issues are well addressed	Sector Working Groups	24 th Oct – 30 th Nov, 2022	Access, Read and comment.
10.	Submission of final sector reports to County Treasury ensuring that ecological, social, environmental and institutional issues are well addressed.	All CECs for their respective Departments	By 30 th November, 2022	Access, Read and comment.
11.	Finalization of CIDP 2023-2027	CEC Finance and Economic Planning	By 16 th December 2022	Physical Presence, giving input, suggestions, opinions, reviews of content through oral or written memorandum, or (un) solicited feedback on access to service and quality
12.	Public Consultative Forums	County Treasury	By 10 th February 2023	Physical Presence, giving input, suggestions, opinions, reviews of content through oral or written memorandum, or (un) solicited feedback on access to service and quality
13.	Drafting of County Fiscal Strategy Paper (CFSP 2023) ensuring that ecological, social, environmental and institutional issues are well addressed	County Treasury	By 17 th February, 2023	Access, Read and comment.
14.	Submission of County Fiscal Strategy Paper (CFSP 2023) to County Executive Committee for approval	CEC Finance and Economic Planning	By 17 th February, 2023	
15.	Submission of the CFSP to County Assembly	County Treasury	By 28 th February, 2023	Access, Read and comment.
16.	Circulate approved County Fiscal Strategy Paper (CFSP 2023) and Final guidelines on preparation of 2023/24 MTEF Budget	County Treasury	By 15 th March, 2023	Access, Read and comment.
17.	Submission of budget proposals for 2023/24 MTEF Budget to County Treasury	All Accounting Officers	By 22 nd March, 2023	
18.	Consolidation of Budget Estimates for F/Y 2023/2024	County Treasury	By 13 th April, 2023	Access, Read and comment.

	Activity	Responsibility	Timeframe/Deadline	Obligation of Members of the Public
19.	Submission of Budget Estimates F/Y 2023/2024 to County Executive for approval	County Treasury	By 17 th April, 2023	
20.	Presentation of Budget Estimates to County Assembly	C.E.C Finance & Planning	By 30 th April, 2023	
21.	Review of Budget Estimates and public consultations ensuring that ecological, social, environmental and institutional issues are well addressed	County Assembly	By 17 th May, 2023	Physical Presence, giving input, suggestions, opinions, reviews of content through oral or written memorandum, or (un) solicited feedback on access to service and quality
22.	Report on Draft Budget Estimates F/Y 2023/2024 From County Assembly	County Assembly	24 th May, 2023	Access, Read and comment.
23.	Consolidation of the final Budget Estimates	County Treasury	By 31 st May 2023	
24.	Submission of Appropriation Bill to County Assembly	County Treasury	By 23 rd June 2023	
25.	Budget Statement/Speech	County Treasury	By 30 th June 2023	Access, Read and comment.
26.	Appropriation Bill Passed	County Assembly	By 30 th June, 2023	
27.	Performance Review, Monitoring and Evaluation.	All departments	May and June 2023	Physical Presence, giving input, suggestions, opinions, reviews of content through oral or written memorandum, or (un) solicited feedback on access to service and quality

ANNEX II: MTEF Sectors Classification in Narok County

S/No.	MTEF SECTORS	MDAs
1.	Agriculture Rural and Urban Development	<ul style="list-style-type: none"> ▪ Agriculture (Crop development) ▪ Livestock development and fisheries ▪ Veterinary Services Department ▪ Land, Housing and physical Planning ▪ Town Management Committee
2.	Energy, Infrastructure And ICT	<ul style="list-style-type: none"> ▪ Public works department ▪ County roads and transport ▪ Information, communication and e-government
3.	Public Administration And International Relations (PAIR)	<ul style="list-style-type: none"> ▪ Office of the Governor ▪ County Public Service Management ▪ Office of County Secretary ▪ County Public Service Board ▪ County Assembly ▪ County Assembly Service Board ▪ Governor and County Executive Services

S/No.	MTEF SECTORS	MDAs
4.	General Economic, Commercial And Labour Affairs (GECLA)	<ul style="list-style-type: none"> ▪ Trade and industrialization ▪ Cooperative development, ▪ Tourism & wildlife
5.	Social Protection, Culture And Recreation	<ul style="list-style-type: none"> ▪ Education ▪ Youth affairs ▪ Sports and Talent Development ▪ Culture & social services
6.	Environmental Protection And Water	<ul style="list-style-type: none"> ▪ Environment Conservation and Management ▪ Water and Irrigation ▪ Energy and natural resources
7.	Health	<ul style="list-style-type: none"> ▪ Health and Sanitation
8.	Macro Working Group	<ul style="list-style-type: none"> ▪ County Treasury ▪ County Economic Planning

ANNEX III: FORMAT FOR PRESENTATION OF PROGRAMME-PERFORMANCE BASED BUDGETS (PBB)

Vote No.:

Vote Title:

Part A: Mission

Part B: Vision

Part C: Context for Budget Intervention

This section is supposed to be a review of MTEF period 2020/21 – 2022/23 and should briefly discuss the following

- *Expenditure trends;*
- *Major achievements for the period;*
- *Constraints and challenges in budget implementation and how they are being addressed; and*
- *Major services/outputs to be provided in MTEF period 2023/24 – 2025/26 (the context within which the budget is required)*

Part D: Programme Objectives/*Overall outcome*

(List all the programmes and their strategic objectives. Please note that each programme must have only one strategic objective/outcome)

Part E: Summary of the Programme Outputs and Performance Indicators *for FY 2023/24 -2025/26*

Programme	Delivery Unit	Key Outputs (KO)	Key Performance Indicators (KPIs)	Baseline 2022/23	Proposed Estimate 2023/24	Targets	
						2024/25	2025/26
Name of Programme							
Outcome:							
SP1.1							
SP.2							
...							
SP.N							

Part F: Summary of Expenditure by Programmes, 2023/24 -2025/26 (KSh. Millions)

Programme	Estimates 2022/23	Proposed Estimates 2023/24	Projected Estimates	
			2024/25	2025/26
Programme 1: (State the name of the programme here)¹				
Sub Programme (SP)				
SP 1. 1				
SP 1. 2.				
... N				
Total Expenditure of Programme 1				
Programme 2: (State the name of the programme here)				
SP 2. 1				
SP 2. 2.				
... N				
Total Expenditure of Programme 2				
Total Expenditure of Vote -----				

**Part G. Summary of Expenditure by Vote and Economic Classification²
(KSh. Million)**

Expenditure Classification	Estimates 2022/23	Proposed Estimates 2023/24	Projected Estimates	
			2024/25	2025/26
Current Expenditure				
Compensation to Employees				
Use of goods and services				

¹NB. Repeat as shown in the Table under section “E” above for all Programmes. Provide total expenditure for each programme and their summation must equal the total expenditure of the vote.

² The total current expenditure and capital expenditure must be equal the total expenditure vote given in tables E, F, & G.

Expenditure Classification	Estimates 2022/23	Proposed Estimates 2023/24	Projected Estimates	
			2024/25	2025/26
Current Transfers Govt. Agencies				
Other Recurrent				
Capital Expenditure				
Acquisition of Non-Financial Assets				
Capital Transfers to Government Agencies				
Other Development				
Total Expenditure of Vote				

Part H. Summary of Expenditure by Programme, Sub-Programme and Economic Classification (KSh. Million)

Expenditure Classification	Estimates 2022/23	Proposed Estimates 2023/24	Projected Estimates	
			2024/25	2025/26
Programme 1: (State the name of the programme here)				
Current Expenditure				
Compensation to Employees				
Use of goods and services				
Current Transfers Govt. Agencies				
Other Recurrent				
Capital Expenditure				
Acquisition of Non-Financial Assets				

Expenditure Classification	Estimates 2022/23	Proposed Estimates 2023/24	Projected Estimates	
			2024/25	2025/26
Capital Transfers to Govt. Agencies				
Other Development				
Total Expenditure				
Sub-Programme 1: (State the name of the Sub-Programme here)				
Current Expenditure				
Compensation to Employees				
Use of goods and services				
Current Transfers Govt. Agencies				
Other Recurrent				
Capital Expenditure				
Acquisition of Non-Financial Assets				
Capital Transfers to Govt. Agencies				
Other Development				
Total Expenditure				

- Repeat as above in cases where a Ministry/Department has more than one programme and/or sub-programmes

ANNEX IV: SECTOR WORKING GROUP REPORT FORMAT

TABLE OF CONTENTS

(Please ensure that Headings and Sub-headings are identical to those in the report)

⁸ Chapters 1 – 4 should form the main body of the report and should be divided into logical sections and subsections, using appropriate headings and numbering. Its purpose is to explain the conclusions and to justify the recommendations.

EXECUTIVE SUMMARY

(Restate conclusions for each section and summarize findings and recommendations under this section)

CHAPTER ONE:

1. INTRODUCTION

1.1. Background

1.2. Sector Vision and Mission

1.3. Strategic goals/Objectives of the Sector

1.4. Sub-Sectors and their Mandates

1.5. County Corporations

1.6. Role of Sector Stakeholders

(The introduction should briefly describe context; identify general subject; describe the problem or issue to be reported on; define the specific objective for the report; outline the scope of the report; and comment on any limitations of the report)

CHAPTER TWO

2. PERFORMANCE REVIEW 2020/21 – 2022/23

2.1. Performance of sector Programmes – delivery of outputs

2.2. Review of Key indicators of Sector Performance

2.3. Expenditure Analysis

2.3.1. Analysis of programme expenditure

2.3.2. Analysis of programme Expenditure by economic classification

2.3.3. Analysis of capital projects by Programmes

2.4. Review of Pending Bills

2.4.1. Recurrent Pending Bills

2.4.2. Development Pending Bills

CHAPTER THREE

3. MEDIUM TERM PRIORITIES AND FINANCIAL PLAN FOR THE MTEF PERIOD *2023/24 – 2025/26*

3.1. Prioritization of Programmes and Sub-Programmes

3.1.1. Programmes and their Objectives

3.1.2. Programmes, Sub-Programmes, Expected Outcomes, Outputs, and Key Performance Indicators for the Sector

3.1.3. Programmes by Order of Ranking

3.2. Analysis of Resource Requirement versus allocation by:

3.2.1. Sector (recurrent and development)

3.2.2. Sub-Sectors (recurrent and development)

3.2.3. Programmes and Sub-programmes

3.2.4. Semi-Autonomous Government Agencies

3.2.5. Economic classification

3.2.6. Resource Allocation criteria

CHAPTER FOUR

4. CROSS-SECTOR LINKAGES AND EMERGING ISSUES CHALLENGES

CHAPTER FIVE

5. RECOMMENDATIONS

This section should outline future actions. The Recommendations should be action orientated, and feasible; Relate logically to the Conclusions; be arranged in order of importance; and be to the point

CHAPTER SIX

6. CONCLUSION

This section should summarize the key findings of the report, as outlined in the discussion under the chapters 1-5 of the report. The Conclusions should relate specifically to the report's objectives (as set out in the introduction); identify the major issues; be arranged in order of importance; be specific, and to the point; and be a list of numbered points

REFERENCES

This section should list the sources referred to in the report

APPENDICES

Appendices should contain information that is too complex to include in the report. You need to direct readers to this information, as in "Appendix A provides an overview of the Budget of Department X"

ANNEX V: FORMART FOR PRESENTIG PROJECT DETAILS FOR FY 2023/2024 AND THE MEDIUM-TERM BUDGET

Department

Project Code Project Title	Financing			Timelines		Project Status	Annual Cumulative Expenditure as at End of June 2023	Outstanding project Cost as at End of June 2023	Project Completion % as at end of June 2023	Budget FY 2022/23	Allocation for FY 2023/24	Projection for FY 2024/25	Projection for FY 2025/26
	Estimat ed Cost of the Project	CGN/ GOK	Foreign	Start Date	Expected Completion date								

ANNEX VI: FORMART FOR OUTCOME BASED PROJECT REPORTING

Department

Name of Programme/ Project	Location of project	Baseline Status	Objective	Project Description (Scope, what was intended to be done)	Estimated Cost. KSh	Start Date (MM/YY)	Achievements		Comments (List the auxiliary benefits, Challenges and recommendations)
							Output. (Status of Completion. Include % where applicable)	Outcome. (Measured against objective)	

ANNEX V: TIMELINE FOR TABLING COUNTY BUDGET DOCUMENTS IN THE COUNTY ASSEMBLY AND RELEASE TO THE PUBLIC– CPP GUIDELINES 2015

Document	Contents of the Document (What MCAs should look out for before (approving) the document)	Date Due in the County Assembly	Deadline for Action by the County Assembly	Rationale for Public Release	Publication Information/ Input by the Public
Budget Circular	<ul style="list-style-type: none"> • Timelines for various activities; • Procedures for review and projection of revenues and expenditures; • Key policy areas to be taken into consideration; • Procedures for public consultation; and • Format for budget Documentation 	30 August	For the information of members especially in scheduling their annual calendar	The document is critical for the public to know when, where and how to participate in the budget process	To be publicized within 7 days of publication
County Integrated Development Plans (CIDP)/ Annual Development Plans I	<ul style="list-style-type: none"> • Strategic priorities for the medium term; • Programmes to be delivered; • Significant capital expenditure; and • Grants, transfers and subsidies to be made on behalf of County Governments. 	1 September	No date provided but should be within 14 days Action: To debate and approve with or without amendments	<p>The plans will go through three main stages</p> <ol style="list-style-type: none"> a. Formulation by the County Planning Unit b. Approval by the County Executive c. Tabling and approval in the County Assembly <p>In each of these stages there is need to share with the public the documents whether as draft especially in stage (a) and (b)</p>	14 days before adoption in the County Executive and then tabling in the CA To be publicized within 7 days of tabling in the CA
Budget Review and Outlook Paper (BROP)	<ul style="list-style-type: none"> • Actual fiscal performance in the previous year; • Updated economic and financial forecasts from the recent Budget Policy Statement; • Identification of broad policy priorities to be implemented by the CG in the medium term; • Provide indicative available resources (i.e. ceilings) to fund CG priorities-in consultation with CRA and the National Treasury; and • Reasons for any deviations from the financial objectives in the CFSP 	30 September	Action: For Information of Members	The County Treasury will prepare the BROP and it is important that before they table it in the County Executive the Public be given an opportunity to comment. Thereafter when the final document is approved and tabled in the County Assembly it should also be published and publicized within 7 days	14 days before tabling in the County Executive committee (with 7 days allowed for input) To be publicized within 7 days of tabling in the CA
County Fiscal Strategy Paper (CFSP)	<ul style="list-style-type: none"> • Broad strategic priorities and policy goals- medium term and long term. • Outlook on expenditures, revenues and borrowing for the medium term 	28 February	15 March Action: To debate and Approve	Same applies with the BPS and CBSP. There is need that before the County Executive approves it that the public be given an opportunity to input. Thereafter when it is tabled in the County Assembly it should be made public Finally what the County Assembly approves (with or without amendments) should be made public too for greater certainty	7 days before tabling in the County Executive To be publicized 7 days after tabling in the CA
Debt Management Strategy	<ul style="list-style-type: none"> (a) the total stock of debt as at the date of the statement; (b) the sources of loans made to the county government; (c) the principal risks associated with those loans; (d) the assumptions underlying the debt management strategy; 	28 February	Action: For information of members in decision making on the liabilities of the county	It is important that the public know the debt obligations facing them and what strategies the county is taking to address them	

Document	Contents of the Document (What MCAs should look out for before (approving) the document)	Date Due in the County Assembly	Deadline for Action by the County Assembly	Rationale for Public Release	Publication Information/ Input by the Public
	and (e) An analysis of the sustainability of the amount of debt, both actual and potential.				
Budget Estimates (Revenue and Expenditure) Appropriation Bill	Details of all planned development and recurrent expenditures of the government. Also the estimated revenues by source and explanation of strategies for deficit financing	30 April	30 June Action: To debate and approve with or without amendments To pass the appropriations bill to authorize withdrawals from the County Revenue Fund	The public need to see what is tabled in the County Assembly. This should also be complemented by clear dates (Not later than May 30) as to when the public can give feedback to the departmental committees (on sector specific matters) or to the Budget and Appropriation Committee	7 days after tabling in the CA with 14 days of public input
Budget and Appropriation Act	Same as above	By 30 June		Once all has been discussed and the final budget approved it should be made public via the appropriations act and detailed programme/itemized budget documents on the day it is approved but not later than 7 days	To be publicized 7 days after approval in the County Assembly
Supplementary Budget Documents	Revised Budget Estimates	On needs Basis		All supplementary budget estimates and the rationale for the same should be availed before they are tabled in the respective CA and thereafter when they are tabled in the house	14 days before tabling in the CA and 7 days after tabling in the CA
Finance Bill and Act	Taxation and other revenue raising measures of the county government	30 September (Within 90 Days)	Action: To debate and approve with or without amendments	There is need that the public have an opportunity to input into the Finance Bill before it is tabled at the County Assembly; Further the public should also be allowed space by the Finance Committee to contribute before the respective house approves it	14 days before tabling in the CA and 7 days after approval in the CA
Expenditure Review Reports	An in-depth analysis on specific sectors to establish the progress (or lack of it) by the county	No Specific Date	Action: For information of members		
Audit Reports	An independent opinion on the use of public funds in the county (both the County Executive and County Assembly)	31 December	2 months Action: To debate and decide on what actions should be taken		

Source: County Public Participation (CPP) guidelines 2015