



**VIHIGA COUNTY  
THE COUNTY TREASURY  
COUNTY BUDGET REVIEW AND  
OUTLOOK PAPER 2022 (CBROP)**

**SEPTEMBER, 2022**

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To obtain copies of the document, please contact;

County Executive Committee Member, Finance and Economic Planning

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MARAGOLI,

KENYA

Or visit our *Website: [www.vihiga.go.ke](http://www.vihiga.go.ke)*

## FOREWARD

The 2022 County Budget Review and Outlook Paper (CBROP) has 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 in 2021.

On the domestic scene, the Kenyan economy has demonstrated remarkable resilience and recovery to the COVID-19 shock due to the diversified nature of the economy and the proactive Government measures to support businesses. Consequently, the growth economy grew by 7.5 percent in 2021 following a modest 0.3 percent contraction in 2020. This growth was supported by positive growths in all sectors of the economy except agricultural sector that contracted by 0.7 percent in the first quarter of 2022 compared to 0.4 percent growth in the first quarter of 2021. Economic growth is expected to remain resilient growing by an average of 5.5 percent in 2022 and above 6.0 percent over the medium term. This outlook will be reinforced by the ongoing implementation of the “Big Four” projects 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 fiscal performance in the FY 2021/22 saw the county realize a collection totaling to Kshs. 240.89 against a target of Kshs. 232.66 million which signified a 3.54 percent over performance. The overall absorption was 76.10 percent, with recurrent expenditure having an absorption of 91.76 percent while the development expenditure was 393.87 percent.

As we prepare for the FY 2023/24 and the Medium-Term Budget, emphasis will be on aggressive revenue mobilization including policy measures to whip in additional revenue and reign on expenditures to restrict its growth. This will reduce the fiscal deficit that will support reduction in the growth of public debt to ensure debt sustainability. In this regard, the Sector Working Groups are required to carefully scrutinize all proposed Departmental budgets for FY 2023/24 and the medium term to ensure that they are not only directed towards improving productivity but are also aligned to the achievement of the objectives.

**HON. CPA Alfred Indeché**

**County Executive Committee Member,  
Finance and Economic Planning**

## **ACKNOWLEDGEMENT**

The 2022 CBROP has been prepared in accordance with the Public Finance Management (PFM) Act, 2012 and its Regulations. The document provides the fiscal outturn for the FY 2021/22, the macro-economic projections and set sector ceiling for the FY 2023/24 and the Medium-Term Budget. The document also provides an overview of how the actual performance of the FY 2021/22 affected compliance in the fiscal responsibility principles and the financial objectives outlined in the PFM Act. The 2022 CBROP will guide 2023 County Budget Policy Statement (BPS) that will summarize the various projects and initiatives undertaken during third medium term plan of Vision 2030.

The economy is operating under tight global financial condition as a result of the ongoing Russia-Ukraine conflict and higher than expected inflation worldwide. This calls for prioritization on County projects that will ensure our economy remains resilient and continue to register growth, and will have the highest impact and benefits to Kenyans. Therefore, All Sector Working Groups (SWGs) are expected to ensure that their budgets are aligned to the overall County priorities while taking into account the resource constraints.

The preparation of the 2022 CBROP was a collaborative effort among various Departments. We thank all the Departments for the timely provision of useful data and information on their FY 2021/22 Budget execution.

Finally, allow me to thank all institutions that we consulted as well as the public for their comments and inputs. I wish to reiterate the importance of public participation in the FY 2023/24 and the Medium-Term Budget preparation process by calling on all Sector Working Groups to ensure engagement and open public and stakeholders' participation and incorporation of the proposals received.

**CPA Livingstone Imbayi**

**Chief Officer**

**Finance and Economic Planning.**

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## ABBREVIATIONS AND ACRONYMS

BROP	:	Budget Review and Outlook Paper
COVID 19	:	Corona Virus Disease of 2019
CRA	:	Commission of Revenue Allocation
CRF	:	County Revenue Fund
CBROP	:	County Budget Review and Outlook Paper
CFSP	:	County Fiscal Strategy Paper
GDP		Gross Domestic Product
FY	:	Financial Year
FIF	:	Facility Improvement Fund
IFMIS	:	Integrated Financial Management Information System
KNBS	:	Kenya National Bureau of Statistics
MTEF	:	Medium Term Expenditure Framework
OSR	:	Own Source Revenue
PFM	:	Public Finance Management
SBP	:	Single Business Permit
SWG	:	Sector Working Group

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

The 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 prepare and submit to -County Executive Committee for approval, by the 30<sup>th</sup> September in each financial year, a County Budget Review and Outlook Paper, which shall specify:
  - a. The details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;
  - b. Updated macro-economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper.
  - c. Information on 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. The reasons for any deviation from the financial objectives together with proposals to address the deviation and the time estimated to do so.
2. 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.
3. Not later than seven days after the County Budget Review and Outlook Paper has been approved by Cabinet, the County Treasury shall:
  - a. Arrange for the paper to be laid before the County Assembly.
  - b. As soon as practicable after having done so, publish and publicize the paper.

### **Fiscal Responsibility Principles in the Public Finance Management Act**

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

1. The County government's recurrent expenditure shall not exceed the county government's total revenue.
2. Over the medium term a minimum of 30% of the county government's budget shall be allocated to the development expenditure.
3. The county government's expenditure on wages and benefits for public officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive Committee for finance in regulations and approved by the County Assembly.
4. Over the medium term, the government's borrowing shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.
5. The county debt shall be maintained at a sustainable level as approved by county assembly.
6. Fiscal risks shall be managed prudently.
7. 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.

## EXECUTIVE SUMMARY

The 2022 CBROP has been prepared in accordance with the PFM Act, 2012 and its Regulations. The document provides an overview of the county government's fiscal performance for the FY 2021/22 including compliance with the fiscal responsibility principles and the financial objectives spelt out in the PFM Act. It also shows macro-economic projections and the sector ceilings for the FY 2023/24 and the medium-term budget as well as information on variations from the projections outlined in the 2022 County Fiscal Strategy Paper.

In order to effectively implement County programs and projects as stipulated in the CIDP 2023-2027, the focus for the FY 2022/23 medium term expenditure framework shall be to enhance own source revenue and rationalization of expenditures to core areas addressing economic recovery plans. In addition, policies to resuscitate the economy following the Covid-19 pandemic, including the County post Covid-19 recovery strategy, economic stimulus programs are to be prioritized for expenditure. As a result, it is projected that there will be a reduction in fiscal deficit that will support sustainable budget implementation and in effect put the County in accelerated economic growth path.

Accordingly, the County Fiscal Strategy Paper (CFSP) for FY 2022/23 should put emphasis on efficiency and effectiveness of public spending and improving revenue collection to stimulate and sustain economic activities and mitigate the adverse impact of COVID-19 pandemic.

### **Articulation Process**

The PFM Act 2012 gives credence on effective public engagements in planning, budgeting and implementation of public programmes. The preparation of the 2022 CBROP was therefore prepared in an all-inclusive and engaging process that involved key stakeholders and actor. The following approach was adopted:

- The preparation of the 2022 CBROP was spearheaded by the Department of Finance and Economic Planning, all County Departments;
- Held public consultative meetings with key stakeholders and general public at ward, sub-county and county levels;
- Draft document uploaded on the county website and written submissions received from the public;
- Held a consultative meeting with the H.E the Governor, the cabinet and members of CBEF;

## I. INTRODUCTION

### Objective of the County Budget Review and Outlook Paper 2022

1. The 2022 CBROP provides a review of the fiscal performance for the financial year 2021/22 including adherence to the objectives and principles outlined in the 2022 County Fiscal Strategy Paper (CFSP) and the PFM Act, 2012. It also provides a basis for the revision of the current budget and the financial policies underpinning the medium-term plan. The 2022 CBROP will guide development of the 2023 CFSP that will summarize the various departmental ceilings, projects and initiatives that will be undertaken during the Fourth Medium Term Plan (MTP IV 2023-2027).
2. The fiscal performance in the FY 2021/22 is broadly in line with the financial objectives outlined in the PFM Act, 2012, the 2022 CFSP, and the Budget Estimates for FY 2022/23.
3. As required by the PFM Act, 2012, the annual budget process aims to improve the efficiency and effectiveness of revenue mobilization and government spending to ensure debt sustainability and stimulate economic activity. In this regard, this CBROP provides sector ceilings which will guide the budget preparation process for the FY 2023/24 and the medium term. The sector ceilings are based on the overall resource envelope that is informed by the medium-term fiscal projections as presented in section IV of this document.
4. The rest of the document is organized as follows: **Section II** provides a review of the fiscal performance for the **FY 2021/22** and its implications on the financial objectives set out in the 2022 CFSP; **Section III** highlights the recent economic developments and outlook; **Section IV** presents the proposed resource allocation framework and **Section V** provides the conclusion, respectively.

## II. REVIEW OF FISCAL PERFORMANCE FOR THE FY 2021/2022

### Overview of the FY 2021/22 Budget

The County's approved second supplementary budget for FY 2021/22 was Kshs.6.41 billion, comprising Kshs.1.93 billion (30.2 per cent) and Kshs.4.48 billion (69.8 per cent) allocation for development and recurrent programmes respectively. The allocation for personnel emoluments was Kshs. 2.68 billion representing a 41.9 percent of the total budget allocation.

**Table 1: Summary of Second Supplementary Budget FY 2021/22**

S/NO	VOTE TITLE	Compensation to Employees	Other Recurrent	Development	Totals
1	Office of The Governor	125,848,071	120,597,955	9,508,236	255,954,262
2	Finance & Economic Planning	117,770,000	226,012,569	358,595,105	702,377,674
3	Agriculture, Livestock, Fisheries & Cooperatives	102,266,936	98,531,139	432,351,518	633,149,593
4	Health Services	1,166,930,699	382,324,155	261,264,518	1,810,519,372
5	Education, Science, Technical and Vocational Training	243,172,731	141,857,742	136,439,373	521,469,846
6	Gender, Culture, Youth, Sports and Social Services	34,109,092	52,589,114	10,576,627	97,274,833
7	Trade, Industry, Tourism and Entrepreneurship.	20,470,960	69,636,280	32,527,342	122,634,582
8	County Public Service Board	25,653,096	28,071,349	0	53,724,445
9	Environment, Water, Energy & Natural Resources.	30,546,149	106,237,788	123,945,573	260,729,510
10	Transport, Infrastructure & Communication	50,487,134	85,529,455	402,056,657	538,073,246
11	Physical Planning, Land and Housing	42,965,665	58,141,144	136,385,790	237,492,599
12	County Assembly	361,566,781	298,042,983	30,000,000	689,609,764
13	Administration and Coordination of County Affairs	362,481,181	123,387,533	0	485,868,714
	<b>TOTAL COUNTY EXPENDITURE</b>	<b>2,684,268,495</b>	<b>1,790,959,206</b>	<b>1,933,650,739</b>	<b>6,408,878,440</b>

Source: Vihiga County Treasury

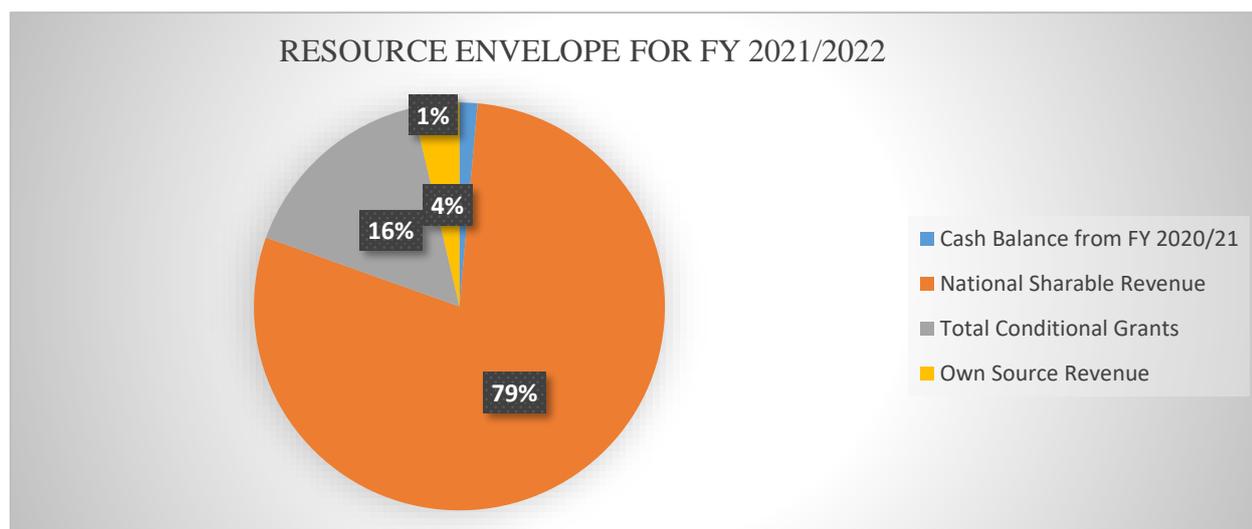
**Table 2: Sources of Revenue for FY 2021/22 Budget**

<b>Revenue Source</b>	<b>Budget for 2021/22 as per CFSP 2020</b>
Equitable Share	5,067,356,827
Compensation for user fees foregone	-
Road Maintenance Levy	136,928,406
Leasing of Medical Equipment	153,297,872
Loans and Grants (Danida)	10,308,375
Own Resources	232,658,877
Conditional Grant for Rehabilitation of Village Polytechnics	2,683,734
Transforming Health Systems for Universal Care Project- THS-UHC	89,309,407
National Agriculture and Rural Inclusive Growth Project - NARIGP	357,943,746
Agriculture Sector Development Support Programme - ASDSP II	27,227,602
Kenya Devolution Support Programme - KDSP 1	128,574,068
Kenya Urban Support Programme - UDG Grant	72,685,790
Kenya Urban Support Programme - UIG Grant	26,144
<b>TOTAL GRANTS</b>	-
Covid Allowances	-
Nutrition International	21,108,795
EU - Water Tower Project Grant	18,200,000
Foreign Exchange	-
Balance Brought Forward	90,568,796
<b>Total Proposed County Expenditure</b>	<b>6,408,878,439</b>

*Source: Vihiga County Treasury*

To finance the budget, the county expected to receive Kshs.5.08 billion (79.074 per cent) as equitable share of revenue raised nationally, Kshs.1.02 billion (15.89 per cent) as total conditional grants, Kshs.232.66 million (3.63 per cent) from own sources of revenue, and a cash balance of Kshs.90.59 million (1.41 per cent) from FY 2020/21.

**Figure 1: Sources of revenue for budget financing in FY 2021/22 as a percentage of the total budget**



### Revenue Performance

In 2021/22 FY, the County collected own source revenue amounting to Kshs.240.89 million against a target of Kshs.232.66 million which is about 3.54 percent above target.

Trends in OSR since FY 2014/15 show that FY 2021/22 recorded the highest collection.

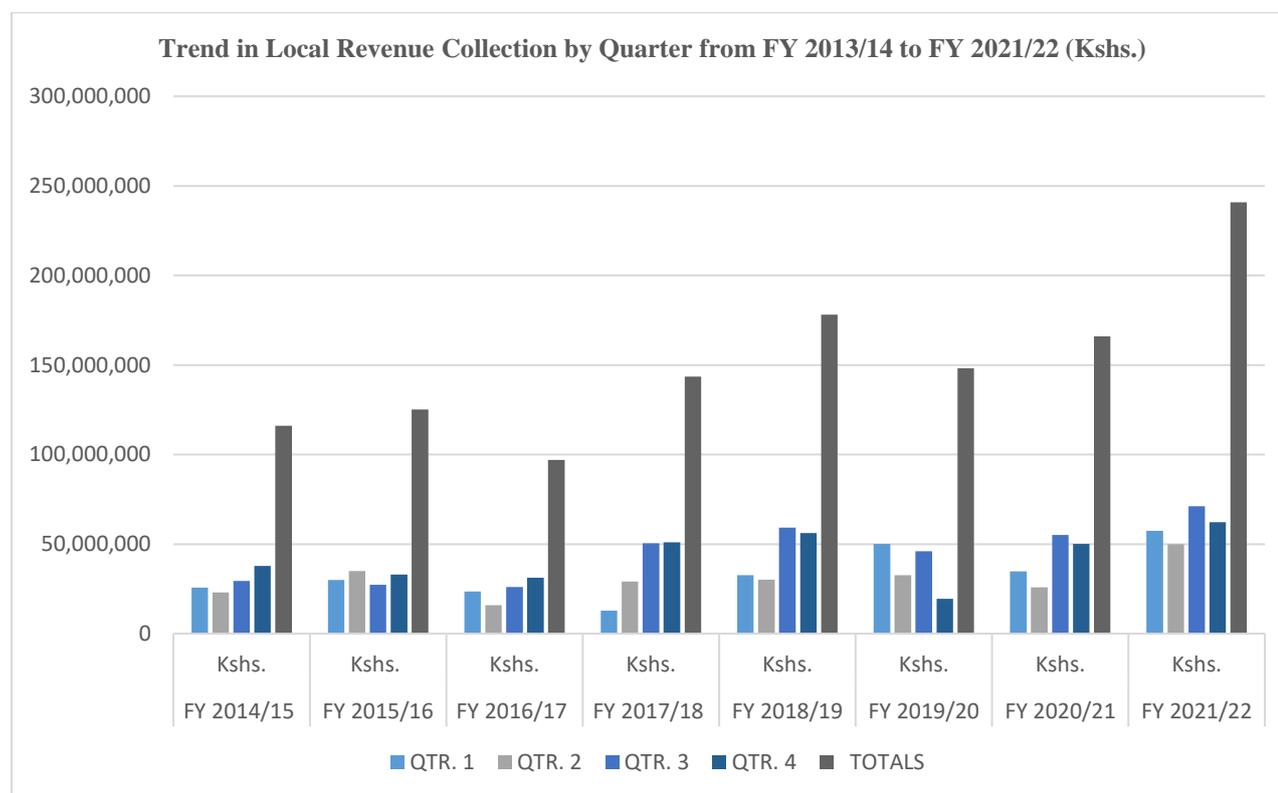
**Table 3: Vihiga County, Trend in ORS by Quarter from FY 2014/15 to FY 2021/22**

PERIOD	FY 2014/15 Kshs.	FY 2015/16 Kshs.	FY 2016/17 Kshs.	FY 2017/18 Kshs.	FY 2018/19 Kshs.	FY 2019/20 Kshs.	FY 2020/21 Kshs.	FY 2021/22 Kshs.
QTR.1	25,624,320	29,925,190	23,563,100	12,820,045	32,673,478	50,087,994	34,854,639	57,458,531
QTR.2	23,095,640	34,891,710	15,954,700	29,069,063	30,214,350	32,738,910	25,811,232	49,983,465
QTR.3	29,423,870	27,377,470	26,129,400	50,549,434	59,145,673	45,956,975	55,185,886	71,222,296
QTR.4	37,896,590	32,925,190	31,300,700	51,092,210	56,137,646	19,415,258	50,042,583	62,226,301
<b>TOTALS</b>	<b>116,040,420</b>	<b>125,119,560</b>	<b>96,947,900</b>	<b>143,530,752</b>	<b>178,171,147</b>	<b>148,199,137</b>	<b>165,894,340</b>	<b>240,890,593</b>

*Source: Vihiga County Treasury*

From the table above it is observed that collections in the 3<sup>rd</sup> and 4<sup>th</sup> quarter of FY 2021/22 there was significant increase in collections as compared to same period in the previous year FY 2020/21, this was due to ease of pressure from the Covid-19 pandemic and its effects.

**Figure 2: Yearly trend in OSR collection from FY 2014/15 to FY 2021/22**



*Source: Vihiga County Treasury*

**Table 4: OSR Performance per stream FY 2021/22**

REVENUE PERFORMANCE REPORT FOR THE FINANCIAL YEAR 2021/2022						
S/NO	RECEIPTS	1 <sup>ST</sup> QUARTER Kshs.	2 <sup>ND</sup> QUARTER Kshs.	3 <sup>RD</sup> QUARTER Kshs.	4 <sup>TH</sup> QUARTER Kshs.	TOTAL Kshs.
1	Bus park and Parking Fees	9,472,750	9,005,337	8,627,590	8,092,341	<b>35,198,018</b>
2	Market and Trade Fees	3,752,850	3,845,341	3,462,900	3,563,825	<b>14,624,916</b>
3	Single Business Permits	5,313,331	583,600	11,300,656	5,207,815	<b>22,405,402</b>
4	Land Rates	117,236	1,209,076	847,515	395,436	<b>2,569,263</b>
5	Plot, Stall, Site, House Rent	1,918,551	2,449,291	2,067,089	1,889,083	<b>8,324,014</b>

6	Plans Inspection/Approval	1,533,800	1,275,320	1,181,900	761,050	<b>4,752,070</b>
7	Advertising and Branding	524,100	470,700	9,476,089	2,754,970	<b>13,225,859</b>
8	Hire of Machines	165,000	0	195,960	45,000	<b>405,960</b>
9	Fertilizer	0	0	0	0	<b>0</b>
10	Inspection and Impound Fees	525,900	177,500	471,000	238,900	<b>1,413,300</b>
11	STOCK SALES	508,810	642,575	653,140	640,440	<b>2,444,965</b>
12	Weights and Measures	97,500	1,500	111,800	103,500	<b>314,300</b>
13	Hire of Hall	0	0	0	0	<b>0</b>
14	Group registration	300	0	0	0	<b>300</b>
15	Sand and Murram	4,300	5,200	3,000	4,450	<b>16,950</b>
16	Land Boundary Disputes	56,000	69,000	32,000	183,000	<b>340,000</b>
17	Noise Emission	0	6,600	4,400	2,200	<b>13,200</b>
18	Veterinary Services/Fisheries	888,560	783,670	960,670	673,820	<b>3,306,720</b>
19	Water supply Fees	384,200	700,500	618,850	170,600	<b>1,874,150</b>
20	Liquor license	2,483,400	314,000	600,000	193,570	<b>3,590,970</b>
21	Tea CESS	0	1,383,618	237,004	320,014	<b>1,940,636</b>
22	Vihiga FM Receipts	1,500,200	611,583	199,700	333,148	<b>2,644,631</b>
23	Miscellaneous Income	245,618	99,290	124,770	137,470	<b>607,148</b>
24	N.H.I.F Receipts (A.I.A)	13,362,618	13,863,172	16,908,332	24,254,104	<b>68,388,226</b>
25	Hospitals Cash (A.I.A)	13,264,452	11,899,052	12,194,181	11,623,365	<b>48,981,050</b>
26	Public Health Service (A.I.A)	1,339,055	587,540	943,750	638,200	<b>3,508,545</b>
<b>GRAND TOTAL COLLECTIONS</b>		<b>57,458,531</b>	<b>49,983,465</b>	<b>71,222,296</b>	<b>62,226,301</b>	<b>240,890,593</b>

*Source: Vihiga County Treasury*

From the table above N.H.I.F Receipts, Public Health Service (A.I.A) and SBP's contributed the highest revenue.

Some revenue streams recorded nil collections, namely: Hire of hall and fertilizer. Hire of hall recorded nil collection because the County has one hall in Sabatia which is in a poor state and requires renovation, while fertilizer income streams recorded no collection as the fertilizer was given freely.

**Table 5: OSR Comparison Table Projected Collections against Actuals FY 2021/22**

<b>VIHIGA COUNTY GOVERNMENT</b>					
<b>REVENUE PERFORMANCE REPORT FOR THE FINANCIAL YEAR 2021/2022.</b>					
<b>S/N</b>	<b>RECEIPTS</b>	<b>BUDGETED 2021/2022</b>	<b>ACTUAL 2021/2022</b>	<b>VARIANCE</b>	<b>% VARIANCE</b>
1	N.H.I.F Receipts	40,000,000.00	68,388,226.00	28,388,226.00	<b>70.97</b>
2	Hospitals Cash (A.I.A)	36,051,642.00	48,981,050.00	12,929,408.00	<b>35.86</b>
3	Public Health Service Fees (A.I.A)	3,886,746.00	3,508,545.00	-378,201.00	<b>-9.73</b>
4	Bus park & Parking Fees	41,281,352.00	35,198,018.00	-6,083,334.00	<b>-14.74</b>
5	Market and Trade Fees	24,821,886.00	14,624,916.00	10,196,970.00	<b>-41.08</b>
6	Single Business Permits	35,688,589.00	22,405,402.00	13,283,187.00	<b>-37.22</b>
7	Land Rates	4,621,805.00	2,569,263.00	-2,052,542.00	<b>-44.41</b>
8	Plot, Stall, Site Rent, House Rent	2,533,409.00	8,324,014.00	5,790,605.00	<b>228.57</b>
9	Plans Inspection/Approval	12,145,749.00	4,752,070.00	-7,393,679.00	<b>-60.87</b>
10	Advertising and Branding	4,354,214.00	13,225,859.00	8,871,645.00	<b>203.75</b>
11	Hire of Machines	2,316,430.00	405,960.00	-1,910,470.00	<b>-82.47</b>
12	Fertilizer	9,368,234.00	0	-9,368,234.00	<b>-100.00</b>
13	Inspection and Impound Fees	171,277.00	1,413,300.00	1,242,023.00	<b>725.15</b>
14	Livestock Cess	3,445,397.00	2,444,965.00	-1,000,432.00	<b>-29.04</b>
15	Weights and Measures	362,438.00	314,300.00	-48,138.00	<b>-13.28</b>
16	Hire of Hall	94,247.00	0	-94,247.00	<b>-100.00</b>
17	Group registration	223,552.00	300	-223,252.00	<b>-99.87</b>
18	Sand and Murram	166,430.00	16,950.00	-149,480.00	<b>-89.82</b>
19	Land Boundary Disputes	723,228.00	340,000.00	-383,228.00	<b>-52.99</b>
20	Noise Emission	18,563.00	13,200.00	-5,363.00	<b>-28.89</b>
21	Veterinary Services	3,210,802.00	3,306,720.00	95,918.00	<b>2.99</b>
22	Water supply administration Fees	2,897,944.00	1,874,150.00	-1,023,794.00	<b>-35.33</b>
23	Liquor license	2,428,945.00	3,590,970.00	1,162,025.00	<b>47.84</b>
24	Tea CESS	0	1,940,636.00	1,940,636.00	
25	Vihiga FM Receipts	1,846,000.00	2,644,631.00	798,631.00	<b>43.26</b>
26	Miscellaneous Income	0	607,148.00	607,148.00	
	<b>GRAND TOTAL</b>	<b>232,658,879.00</b>	<b>240,890,593.00</b>	<b>8,231,714.00</b>	<b>3.54</b>

*Source: Vihiga County Treasury*

From the table above, the following observations were made:

A number of revenue streams out performed, having surpassed the projected collections contained in the budget. These were as follows;

- Facility Improvement Fund, which includes N.H.I.F Receipts and Hospitals Cash (A.I.A). These revenue streams recorded high collections due to decline in strikes that were observed the previous year.
- Advertising: This revenue stream recorded a high performance as compared to its projected budget, mainly because of enhanced collection strategies which involved the inclusion of payments for wall branding and vehicle branding.
- Plot, stall/rent: This revenue stream recorded high collections as compared to the projected budget due to remittance of house rent from government houses in Mudete, which was not happening in previous financial years.
- Liquor Licensing: This stream recorded high collections as compared to its projected budget due to the withdrawal of curfews by the National Government which had seen the closure of liquor businesses by curfew time.

However, a number of revenue streams did not meet the projected targets as contained in the budget.

- Market and Trade Fees: This revenue stream did not reach the projected target, and this can be mainly attributed to the fact that most business people were still recovering from the effects of Covid-19 as seen in the stoppage of a number of imports when the calamity struck.
- Land rates: The huge variance in the land rates was caused by delays in the approval of the Valuation Roll by the County Assembly.
- Livestock Cess: This revenue stream was affected mainly by the outbreak of foot and mouth disease and Covid-19 which led to a decline in collections.
- Public Health Service: This revenue stream was affected mainly because of personnel challenges and leakages. Another reason is the fact that there are many sources of revenue for the above that have not implemented, which if done will see this revenue stream not only achieve its projected budget but surpass.

**Table 6: OSR Comparison Table Actual Collections FY 2020/21 against FY 2021/22**

S/NO	RECEIPTS	FY 2020/21 Kshs.	FY 2021/22 Kshs.	VARIANCE Kshs.	% VARIANCE
1	Parking Fees	33,745,080	35,198,018	1,452,938	4.31
2	Land Rates	1,085,373	2,569,263	1,483,890	136.72
3	Plot, Stall, Site Rent	8,621,624	8,324,014	-297,610	-3.45
4	Single Business Permits	48,464,700	22,405,402	-26,059,298	-53.77
5	Plans Inspection/Approval	4,597,390	4,752,070	154,680	3.36
6	Advertising (Billboards)	10,503,180	13,225,859	2,722,679	25.92
7	Hire of Machines (Lease and rental of Machines)	1,983,745	405,960	-1,577,785	-79.54
8	Fertilizer	-	-		
9	Market and Trade Fees	14,562,280	14,964,916	402,636	2.76
10	Inspection and Impound Fees	1,694,795	1,413,300	-281,495	-16.61
11	Livestock Cess	2,788,580	2,444,965	-343,615	-12.32
12	Public Health Service	1,613,357	3,508,545	1,895,188	117.47
13	Weights and Measures	409,650	314,300	-95,350	-23.28
14	Hire of Hall	3,000	-		
15	Facility Improvement Fund (NHIF Receipts & Hospitals Cash A.I.A)	25,820,533	117,369,276	91,548,743	354.56
16	Group registration	5,000	300	-4,700	-94.00
17	Sand and Murram	42,050	16,950	-25,100	-59.69
18	Land Boundary Disputes	493,000	340,000	-153,000	-31.03
19	Noise Emission	13,300	13,200	-100	-0.75
20	Veterinary Services	2,531,050	3,306,720	775,670	30.65
21	Water supply administration Fees	2,057,680	1,874,150	-183,530	-8.92
22	Liquor license	1,435,000	3,590,970	2,155,970	150.24
23	Miscellaneous	1,170,652	607,148	-1,170,045	-99.95
24	Vihiga FM receipts	2,253,321	2,644,631	391,310	17.37
25	Tea Cess	-	1,940,636		
	<b>TOTAL COLLECTION</b>	<b>165,894,340</b>	<b>240,890,593</b>	<b>74,996,253</b>	<b>45.21</b>

*Source: Vihiga County Treasury*

From the table above, we can observe most of the revenue streams exhibit positive variance when compared to the previous year. There was a positive increase of 45.21 percent in collections in FY 2021/22 as compared to FY 2020/21. This is attributed to, enhanced collection strategies that were employed and Covid-19 containment measures which lessened the effects of covid-19.

### **Proposed Recommendations for Revenue Performance**

The county has come with strategies which will help bolster efforts to increase revenue performance which are as follows:

- The County needs to review the Vihiga County Trade Licensing Act, 2017 so as to charge Single Business Permits in accordance with the respective business activities undertaken by clients.
- The county needs to automate revenue collection process in order to address the challenges associated with revenue leakages.
- The county needs to implement the stipulated house rent rates with respect to county houses so as to realize the forecasted revenue of the stream in the budget.
- The County needs to hasten the process of preparation of the valuation roll to facilitate efficient collection of revenue from the land rates revenue stream.
- The county needs to engage third parties where necessary to partner in collection of land rates so as to maximize collections in the revenue stream.
- The county needs to undertake refurbishment and renovation of the hall at Sabatia Sub County to attract potential clients.
- The County needs to hire more technical personnel to support enforcement of collections in plans approval, inspections and physical planning revenue streams.
- The county to consider issuing farm inputs at a fee to earn revenue to the county.

### **Expenditure Performance**

#### **Disbursement from Exchequer**

During the period under review, the Controller of Budget authorized withdrawal of Kshs. 4.90 Billion from the CRF account, which was 76.50 percent of the approved Second Supplementary Budget FY 2021/22.

*Table 7: Exchequer Issues per Department Including Donor Funding*

<b>VIHIGA COUNTY EXECEUTIVE</b>						
<b>SUMMARY TRANSFERS FROM NATIONAL TREASURY-EXCHEQUER ISSUES-2021/2022</b>						
<b>PERIOD</b>	<b>Equitable Share</b>	<b>Danida</b>	<b>THUSP</b>	<b>NARIGP</b>	<b>ASDSP</b>	<b>TOTAL TRANSFERS FROM NATIONAL TREASURY</b>
Exchequer Releases for quarter 1	836,113,876					<b>836,113,876</b>
Exchequer Releases for quarter 2	1,266,839,206					<b>1,266,839,206</b>
Exchequer Releases for quarter 3	1,266,839,206					<b>1,266,839,206</b>
Exchequer Releases for quarter 4	1,297,175,990	5,154,188	46,810,125	172,354,374	16,223,122	<b>1,532,717,799</b>
<b>TOTAL</b>	<b>4,661,968,278</b>	<b>5,154,188</b>	<b>46,810,125</b>	<b>172,354,374</b>	<b>16,223,122</b>	<b>4,902,510,087</b>

*Source: Vihiga County Treasury*

### **Expenditure Performance**

Total expenditure in the FY 2021/22, amounted to Kshs. 4.89 billion against a budget of Kshs. 6.41 billion as per the approved second supplementary budget FY 2021/22 as shown in table 8 below. This represented an absorption rate of 76.10 percent.

The total recurrent budget was Kshs. 4.48 billion and the total development budget was Kshs. 1.93 billion, the expenditures for recurrent activities in FY 2021/22 amounted to Kshs. 4.11 billion and the expenditures for development activities in FY 2021/22 amounted to Kshs. 0.77 billion.

The absorption rate for recurrent expenditure was 91.76 percent, while the development expenditure was 39.87 percent.

**Table 8: Budget Performance by Department in FY 2021/22**

Department	Budget Allocation (Kshs. Million)		Total Budget	Expenditure in The FY 2021/22 (Kshs. Million)		Total Expenditure in The FY 2021/22 (Kshs. Million)	FY 2021/22 Absorption rate (%)		Overall Absorption rate (%)
	Rec	Dev	(Kshs. Million)	Rec	Dev	Total	Rec	Dev	Total
Agriculture, Livestock, Fisheries & co-operatives	200.8	432.35	633.15	147.39	147.48	294.87	73.40	34.11	46.57
Lands, Housing & Physical Planning	101.11	136.39	237.49	83.19	43.25	126.44	82.28	31.71	53.24
Transport & Infrastructure	136.02	402.06	538.07	113.38	243.17	356.55	83.36	60.48	66.26
Industrialization, Trade & Tourism	90.11	32.53	122.63	72.28	30.29	102.57	80.21	93.11	83.64
Health Services	1549.25	261.26	1810.52	1,424.86	94.36	1519.22	91.97	36.12	83.91
Education, Science & Technology	385.03	136.44	521.47	379.24	106.67	485.91	98.50	78.18	93.18
County Executive	246.45	9.51	255.95	227.95	2.07	230.02	92.49	21.77	89.87
County Assembly	659.61	30	689.61	631.55	11.96	643.51	95.75	39.87	93.32
Finance & Economic Planning	343.78	358.6	702.38	327.22	51.73	378.95	95.18	14.43	53.95
County Public Service Board	53.72	0	53.72	49.7	-	49.7	92.52	-	92.52
Administration and Coordination of County Affairs	485.87		485.87	460.44	-	460.44	94.77	-	94.77
Gender, Culture, Youth & Sports	86.7	10.58	97.27	62.08	5.71	67.79	71.60	53.97	69.69
Environment, Water, Natural Resources & Forestry	136.78	123.95	260.73	127.21	34.27	161.48	93.00	27.65	61.93
<b>TOTAL</b>	<b>4475.23</b>	<b>1933.65</b>	<b>6408.88</b>	<b>4,106.49</b>	<b>770.96</b>	<b>4877.45</b>	<b>91.76</b>	<b>39.87</b>	<b>76.10</b>

**Source: Vihiga County Treasury**

The departments with the highest development budget absorption was the department of Trade, Industrialization and Tourism and the department of Education, Science and Technology which had absorption rates of 93.11 and 78.18 respectively. The department with the lowest absorption for the development budget was the department of Finance and Economic Planning which had an absorption of 14.43 percent.

The recurrent budget observed high absorption rates with most departments absorbing more than 70 percent of their allocation. The department with the highest recurrent absorption was the department of Education, Science and Technology recording an absorption rate of 98.50, while the department with the lowest absorption was the department of Agriculture, Livestock, Fisheries and Cooperatives which recorded an absorption of 73.40 percent.

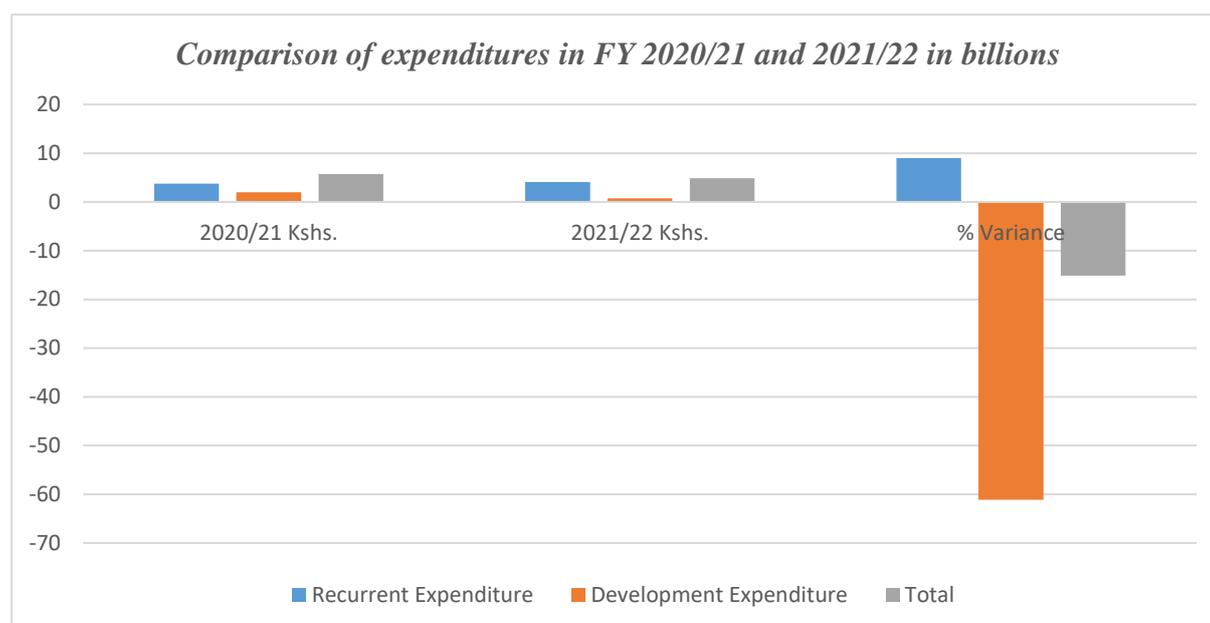
Overall, the department of Administration and Coordination of County Affairs had the highest absorption rate of 94.77 percent, while, the department of Agriculture, Livestock, Fisheries and Cooperatives had the lowest absorption rate of 46.57 percent.

**Table 9: Comparison of expenditures in FY 2020/21 and 2021/22 in billions**

	2020/21 Kshs.	2021/22 Kshs.	% Variance
Recurrent Expenditure	3.77	4.11	9.02
Development Expenditure	1.98	0.77	-61.11
<b>Total</b>	<b>5.75</b>	<b>4.88</b>	<b>-15.13</b>

*Source: Vihiga County Treasury*

**Figure 3: Comparison of expenditures in FY 2020/21 and 2021/22 in billions**



**Source:** Vihiga County Treasury

From the table 9 and figure 3 above, there was a general reduction in absorption in FY 2021/22 as compared to FY 2020/21, by 15.13 percent.

The total recurrent expenditure of FY 2020/21 was Kshs. 3.77 billion compared to the total recurrent expenditure for FY 2021/22 which was Kshs. 4.11 billion, this marked an improvement in absorption of the recurrent budget by 9.02 percent.

The total development expenditure of FY 2020/21 was Kshs. 1.98 billion, while the total development expenditure for FY 2021/22 was Kshs.0.77 billion, which represents an under absorption of 61.11 percent.

### Expenditure by Economic Classification

**Table 10: Expenditure by economic classification for FY 2021/22**

	<b>FY 2021/22 Budget in Billions Kshs.</b>	<b>FY 2021/22 Actual Expenditure in Billions Kshs.</b>	<b>% Absorption</b>
Personnel Emoluments	2.68	2.77	<b>103.36</b>
Operations and maintenance	1.79	1.34	<b>74.86</b>
Development Expenditure	1.93	0.77	<b>39.90</b>
<b>Total</b>	<b>6.41</b>	<b>4.88</b>	<b>76.13</b>

**Source:** Vihiga County Treasury

The total recurrent budget for FY 2021/22 amounted to Kshs. 4.11 billion comprising of Kshs. 2.68 billion budgeted for Personnel Emoluments and Kshs.1.79 billion budgeted for Operations and Maintenance. The total recurrent expenditure was Kshs. 4.11 billion comprising of an expenditure of Kshs. 2.77 billion and Kshs. 1.34 billion on Personnel Emoluments and Operations and Maintenance respectively, representing absorption rates of 103.36 percent and 74.86 percent respectively.

### **Implication of FY 2021/22 Fiscal Performance**

- In 2021/22 FY, the County collected own source revenue amounting to Kshs.240.89 million against a target of Kshs.232.66 million which is about 3.54 percent above target.
- Total expenditure in the FY 2021/22, amounted to Kshs. 4.89 billion against a budget of Kshs. 6.41 billion as per the approved second supplementary budget FY 2021/22. This represented an absorption rate of 76.10 percent.
- The absorption rate for development expenditure was 39.87 percent, which means the county was not able to undertake development projects.

The County should implement the following recommendations in order to improve budget execution;

- Enhance Own Source Revenue to reduce the budget deficit.
- National Treasury should make timely exchequer disbursement to counties
- Departments should spend within planned and budgeted programs
- Departmental expenditure returns must be prepared and submitted timely.
- Pending bills should be avoided and in case they occur, they should be documented, verified and budgeted.

### III. RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

#### Global Economic Outlook

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

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

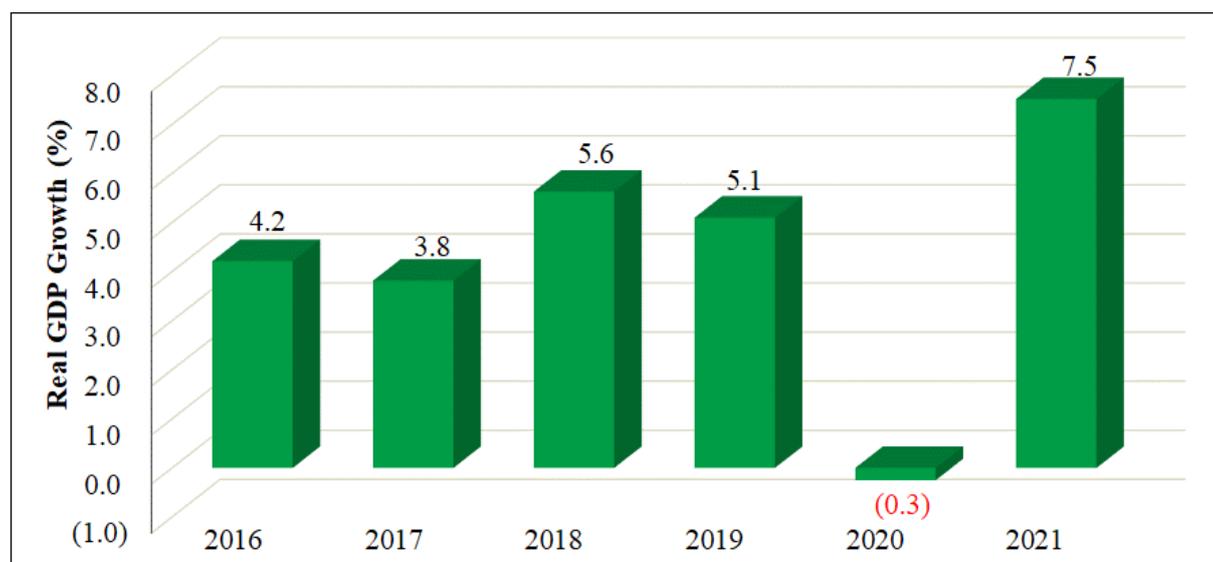
In sub-Saharan Africa region, growth is projected to slow down by 3.8 percent in 2022 from a growth of 4.6 percent in 2021. The slowdown is as a result of domestic price pressures, partly induced by supply disruptions owing to the war in Ukraine reducing food affordability, and real incomes as well as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

#### Domestic Outlook

The Kenyan economy demonstrated remarkable resilience and recovery to the COVID-19 shock due to the diversified nature of the economy and the proactive measures by the Government to support businesses. The economy expanded by 7.5 percent in 2021, a much stronger level from a contraction of 0.3 percent in 2020 as illustrated in **(Figure 4)** below. This economic recovery was mainly supported by the recovery in the service and industry sectors despite the subdued performance in the agricultural sector.

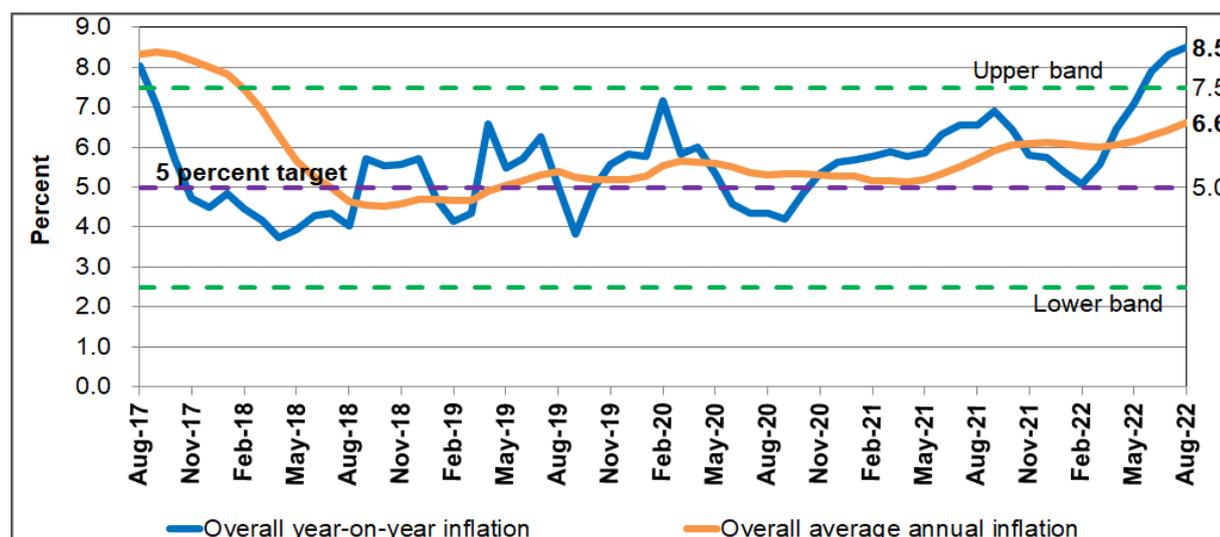
## Annual Real GDP Growth Rates, percent and Inflation

**Figure 4: Annual Real GDP Growth Rates, percent**



Source: Kenya National Bureau of Statistics

**Figure 5: Inflation Rate, Percent**



Source: Kenya National Bureau of Statistics

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

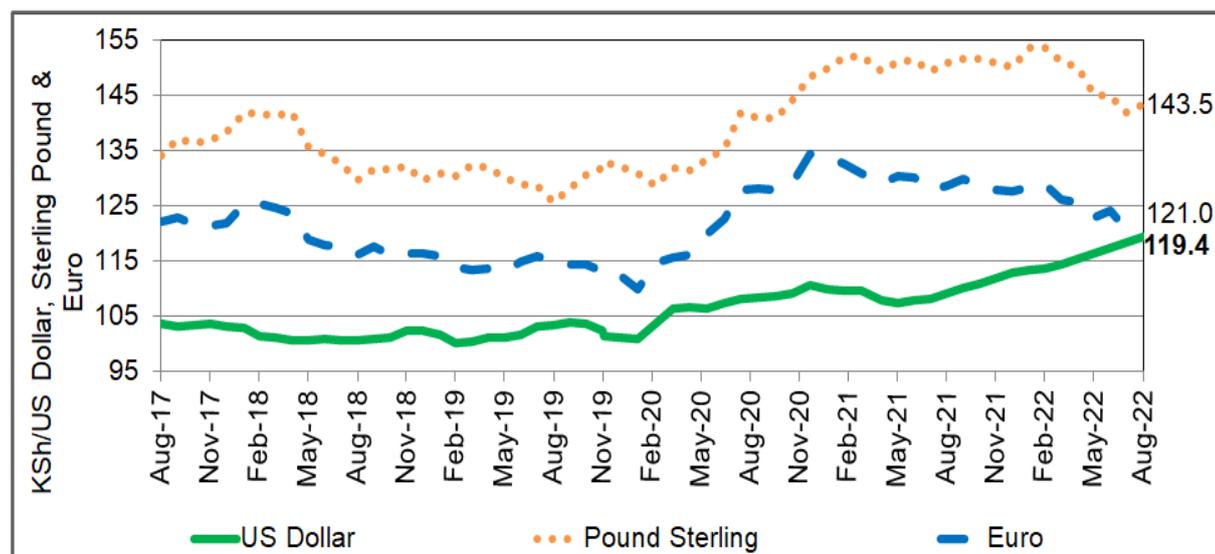
Fuel inflation remained generally stable contributing to 1.6 percentage points to year-on-year overall inflation in August 2022 from a contribution of 1.5 percentage points in August 2021. This was mainly due to the effect of Government measures to stabilize fuel prices and lower

electricity tariffs. However, there was notable increase in the prices of kerosene/paraffin, petrol and diesel in August 2022 compared to August 2021.

The contribution of core inflation to year-on-year overall inflation has been low and stable, consistent with the muted demand pressures in the economy on account of prudent monetary policies. The contribution of core inflation to overall inflation remained stable at 1.0 percentage points in August 2022 compared to 0.9 percentage point's contribution in August 2021.

### Kenya Shillings Exchange Rate

**Figure 6: Kenya Shillings Exchange Rate**



*Source: Central Bank of Kenya.*

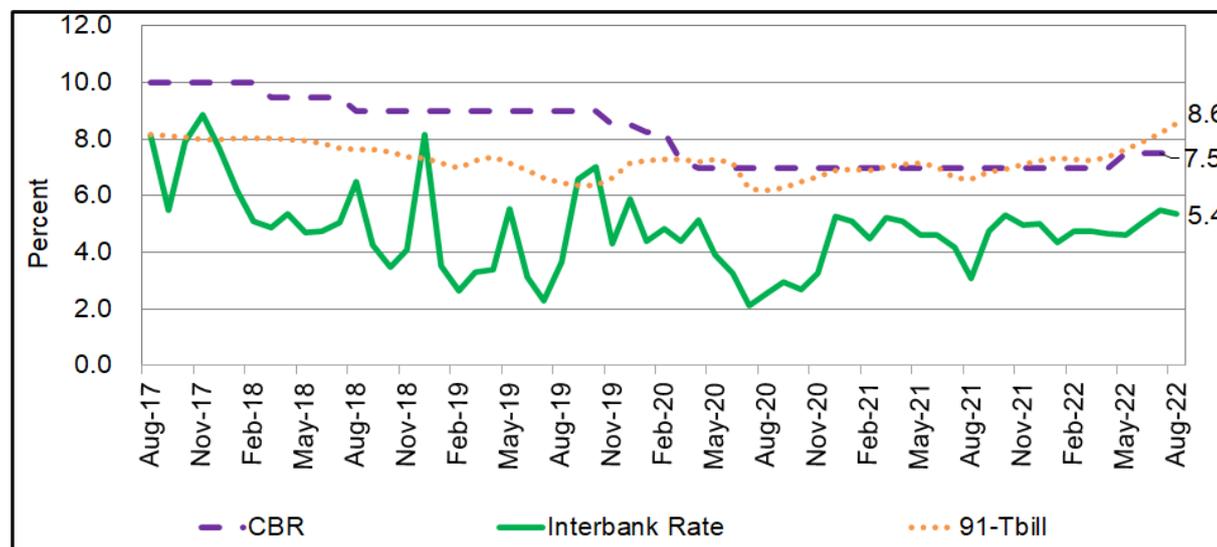
The foreign exchange market has largely remained stable despite the tight global financial conditions and the high demand for the US Dollar in the international market. The Kenya Shilling to the US Dollar exchanged at Kshs. 119.4 in August 2022 compared to Kshs.109.2 in August 2021. Over the same period, the Kenyan Shilling strengthened against other major international currencies. The Euro exchanged at Kshs. 121.0 in August 2022 compared to Kshs. 128.6 in August 2021 while the Sterling Pound exchanged at Kshs. 143.5 compared to Kshs. 150.9 over the same period (**Figure 6**).

### Interest Rates

Short-term interest rates remained fairly low and stable supported by ample liquidity in the money market. The Central Bank Rate was raised from 7.0 percent to 7.5 percent on 30th May 2022. The tightening of the monetary policy stance was to anchor inflation expectations due to the elevated risks to the inflation outlook as a result of increased global commodity prices and supply chain disruptions. The interbank rate increased to 5.4 percent in August 2022 compared 3.1 percent in August 2021 (**Figure 7**).

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

**Figure 7: Short Term Interest Rates, Percent**



Source: Central Bank of Kenya

### County Performance

The County Government of Vihiga performs its mandate and functions in four categories that are economic, political and social enabler pillars. The economic pillar sectors aim at innovation and commercial oriented practices whereas the social pillar sectors aim at enlightening society that builds a just, cohesive, knowledgeable skilled society. Political pillar sectors aim for good governance, rule of law and public sector reforms hence good governance is the epitome of successful institutions, i.e. CIDP, Governor’s manifesto, Audit Committees and eradication of corruption. Lastly, the enabler pillars involve infrastructure development and ICT which aim at achieving desired economic development in Vihiga County which is a key investment in public infrastructure that has a multiplier effect in stimulating economic growth in other productive sectors.

The major milestones realized by the County in the previous year include;

Construction of 20 ECDE classrooms across the County, Enrolled 127 students to the Governor’s scholarship programme. On the other hand, we have OTTICHILO CARE (Boresha afya ya mama na mtoto) program which has benefitted 11,008 mothers and significantly reduced maternal and infant mortality rate in Vihiga County.

The County has promoted and supported sporting activities including supporting teams at regional and national level in several disciplines i.e. football, volleyball, boxing, Tae Quo ndo, Athletics, Rugby etc. Vihiga boasts of 4 football teams at Kenya premier league (Vihiga United, Vihiga Queens, Vihiga Bullets and Bunyore Starlets.) Vihiga Queens are current CECAFA Champions.

The County has also renovated Lunyerere and Serem slaughter houses that are in operation and has ensured safety, quality and productivity in animal husbandry. Besides, the County also has a fire fighting machine that provide fire-fighting services to the residence at an affordable fee plus a Bio-digester and one garbage compacting 10 tonnes truck that enhances waste management.

### Update on Fiscal Performance and Emerging Challenges

The fiscal and economic assumptions informing the 2022/23 budget entails improvement in own source revenue collection and timely releases of exchequer by the national treasury. The updated fiscal economic framework is optimistic, given the improving trends in own source revenue collection and the expanded revenue streams. Despite the several challenges that still exist, the County Government will continue with its policy of expenditure rationalization with a view to provide more funds to core services as well as greater engagements with the private sector actors and enhanced public private partnerships.

*Table 11: Risks to the Outlook*

Type of Risk	Inherent Risk	Likelihood	Impact	Mitigation	Responsibility Center
<b>Strategic risks</b>	Contingency Liabilities	Medium	Late or non-remittance of statutory deductions.	County to comply with legal requirements on statutory deductions to avoid being surcharged.	County Treasury
<b>Organizational /Administrative risks</b>	Political interference-The General elections 2022.	Medium	Politics may completely change the planned programmes and projects which will have an impact on delivery in the medium term.	Ensure there is stability after elections from the political class.	National level.
	Variation of county allocation formula	High	Inability of the county to receive sufficient funds to implement planned programmes	Improves OSR and enhanced PPPs	CRA
	Mismanagement/ Misappropriation of Public Finances	Medium	Curtail effective provision of services	Adherence to PFMA and other regulation	County Departments, entities and staff

	Expenditure pressure due expanded programs and increasing wage bills	High	Diminishing proportion of development expenditure	Cuts in recurrent expenditure and sustainable planning	County Departments and entities
<b>Financial Risks</b>	Low and unpredictable Own Source Revenue collection	Medium	Low Liquidity levels	Automation of Revenue, Enhanced OSR	County Directorate of Revenue
	Delay in exchequer releases	High	Low Absorption of budget by Departments	National Treasury to ensure smooth flow of funds.	National Treasury
	Pending Bills	High	High debt portfolio will continue to impact negatively on the County operations.	Ensure verification process and eligible ones paid while ineligible still being addressed	National Treasury and County
<b>Technological risks</b>	Failure/ Network challenges with IFMIS	Low	Delayed transactions on IFMIS	Upgrading of systems	National Treasury/ County ICT Department
<b>Natural risks</b>	Climate change and natural disasters	Medium	Lowering of tax revenues and increase in public spending to mitigate the disasters.	Adapt to green economic considerations	National

## **IV. RESOURCE ALLOCATION FRAMEWORK**

### **Implementation of the FY 2022/23 Budget**

Implementation of the FY 2022/23 budget has begun well with indicators in the first month pointing to meeting the end year target especially in revenue collection. This performance coupled with a strong outcome in revenue collection in the FY 2021/22 indicate that the projections for the FY 2022/23 are realistic and offers a strong base for supporting the expenditure estimates in the FY 2023/24 and the Medium -Term Budget.

The Medium-Term Fiscal Framework (MTFF) for the FY 2021/22 emphasizes on efficiency and effectiveness of public spending and improving revenue collection to stimulate and sustain economic activities. In the previous year, there was a significant increase in revenue collection to the tune of Kshs. 240,896,593 against the budgeted amount of Kshs. 232,658,879 an increase of Kshs. 8,231,714. From the observation, we anticipate an increase in Own Source Revenue collection due to various factors which entail contribution towards NHIF, Tea Cess, Branding, and the FIF in public Health. This will have an increase on the FY 2023/24 Budget.

### **Medium Term Expenditure Framework**

Allocation and utilization of resources in the medium term will be guided by priorities outlined in the County Integrated Development Plan (CIDP) and other County plans and in accordance with section 107 of the PFM Act 2012. For effective utilization of public finances for enhanced expenditure productivity, the County Government will prioritize expenditures within the overall sector, ceilings and strategic sector priorities.

During the Medium Term Expenditure period 2022/23-2024/25, the County Government will endeavor to pursue the flagship projects and other development projects as contained in the County Integrated Development Plan (2022-2027) in order to achieve the transformative development agenda which entails implementation of the constitution, provision of core services, creation of employment opportunities, improving the general welfare of the people and above all ensuring equity and minimizing costs through elimination of duplication and inefficiencies.

Allocation of these resources should ensure the following:

1. The programmes should be cost effective and sustainable in the long run.
2. The programmes should address the core mandates of the respective county entities.

- The programmes should be aligned to the objectives of the County Integrated Development Plan, Annual Development Plan and Urban Integrated plans.

### FY 2022/23 Budget Framework

The 2022/23-2024/25 MTEF builds up on the National Government’s efforts to stimulate and sustain economic activities and mitigation of the adverse impacts of COVID 19 pandemic on the economy. This will be achieved through implementation of the programmes aimed at economic recovery, priorities in the MTP III of the vision 2030, Annual Development Plan 2023/24 and the priorities in the CIDP 2022-2027.

### Revenue Projections

Growth in the GDP is expected to remain resilient growing by 5.8 percent in FY 2022/23 and averaging at 6.2 percent over the medium term. The County Government in its fiscal projections expects that its Equitable Share over the medium term will grow by 5.8 percent as the Country’s GDP grows, thus the expected amount is Kshs. 5,361,263,523. The County Government has projected its own source revenue to increase to Kshs. 300,549,454 in the medium term. This is as shown in the table 12 below:

**Table 12: County Government Fiscal Projections in Kshs. For FY 2023/24**

Sources	FY 2021/22 Budget Kshs	FY 2022/23 Budget Kshs	Projections FY 2023/24 Kshs.
County Equitable share as per CARA 2022	5,067,356,827	5,067,356,827	5,361,263,523
Own Source Revenue FY 2021/2022	192,658,877	284,073,208	300,549,454
Conditional Grants	417,314,928	283,792,791	283,792,791
<b>Total</b>	<b>5,677,330,632</b>	<b>5,635,222,826</b>	<b>5,945,605,768</b>

*Source: Vihiga County Treasury*

In the proposed 2023/24 budget, overall expenditures are projected to increase by 5.8 percent as indicated in the table below. In this regard, the County Government will over the medium term ensure compliance with the fiscal responsibility principles as outlined in the sections 107 of the

PFM Act 2012. The County Government is expected to enhance expenditure productivity in the proposed year and manage the rising wage bill to be within the required limit. The County Government will continue to allocate resources while adhering to the fiscal responsibility principle and further ensuring budget credibility.

The table below provides the tentative baseline expenditure ceilings for the FY 2023/24.

**Table 13: Summary of Expenditure Projections in Kshs. Millions for FY 2023/24**

<b>Department</b>	<b>2nd Supplementary Budget (2021/22) Kshs. Million</b>	<b>Budget Estimates 2022/23 Kshs. Millions</b>	<b>Projected Estimates 2023/24 Kshs. Millions</b>
Agriculture, Livestock, Fisheries & co-operatives	633.1	577.59	344.48
Lands, Housing & Physical Planning	237.5	220.36	233.14
Transport & Infrastructure	538.1	284.25	300.74
Industrialization, Trade & Tourism	122.6	147.35	155.89
County Health Services	1810.5	1408.91	1,480.25
Education, Science & Technology	521.5	567.54	600.46
County Executive	256	259.8	274.87
County Assembly	689.6	626.96	626.96
Finance & Economic Planning	702.4	720.56	504.21
County Public Service Board	53.7	48.03	50.81
Public Service & Administration	485.9	306.48	324.25
Gender, Culture, Youth & Sports	97.3	148.51	157.13
Environment, Water, Natural Resources & Forestry	260.7	318.89	314.10
Additional Funds			295.52
<b>TOTAL</b>	<b>6408.9</b>	<b>5635.23</b>	<b>5,661.81</b>

*Source: Vihiga County Treasury*

## SECTION V: CONCLUSION

Global economic outlook has become more uncertain reflecting, the impact of the ongoing Russia-Ukraine conflict, effects of COVID-19 containment measures, elevated inflationary pressures, volatile financial markets, and persistent supply chain disruptions. The Kenyan economy demonstrated remarkable resilience and recovery to the COVID-19 shock due to its diversified nature and the proactive measures by the Government to cushion the vulnerable, support businesses and accelerate economic recovery.

To ensure continued development in Vihiga, the County Government in the MTEF period, will focus on resource mobilization and reduction of non-core expenditures with a view of prioritizing on programs that reduce the adverse effects of Covid-19 pandemic and strategic intervention that strengthen economic recovery. The county budgetary resources are limited, hence there is an obligation to ensure budget credibility and value for money realization through effective and efficient utilization of available resources.

The departmental ceilings in **section IV**, will guide in the preparation of the FY 2023/24 budget estimates. It is prudent that SWGs realign their programs and sub programs to match provided ceilings and in line with the County Governments' Priorities as stipulated in the CIDP 2022-2027.

To ensure timely and smooth preparation of the budget estimates for FY 2023/24, all departments are expected to strictly adhere and execute all budget activities within specific timelines as stipulated in the County Budget calendar as annexed.

ANNEXES

**ANNEX I: BUDGET CALENDAR**

S/No.	Activity	Responsibility	Timeframe/Deadline	Obligation of Members of the Public
1.	Issue guidelines for preparation of 2023/24 and MTEF County Budget	C.E.C Finance & Planning	30 <sup>th</sup> August, 2022	Read to know when, where and how to participate in the budget process
2.	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	1 <sup>st</sup> September, 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
3.	Submission of Annual Development Plan (ADP 2023/24) to the County Assembly	CEC for Finance and Economic Planning	1 <sup>st</sup> September, 2022	Read the plan, and can submit written Memorandum
4.	Undertaking of Departmental Expenditure Reviews and submit to County Treasury ensuring that ecological, social, environmental and institutional issues are highlighted	All Departments	6 <sup>th</sup> - 10 <sup>th</sup> September, 2022	
5.	Estimation of Resource Envelope and Preliminary allocation to sectors for preparation of County Budget Review and Outlook Paper (CBROP 2022)	County Treasury	12 <sup>th</sup> - 26 <sup>th</sup> September, 2022	
6.	CBROP Public Participation	County Treasury	21 <sup>st</sup> – 23 <sup>rd</sup> September, 2022	
7.	Review of CBROP Public participation for comments	County Treasury	23 <sup>rd</sup> September, 2022	
8.	Submission of CBROP to County Budget and Economic Forum CBEF	County Treasury	26 <sup>th</sup> -27 <sup>th</sup> September, 2022	
9.	Submission CBROP to the County Executive Committee for deliberation and approval	County Treasury	30 <sup>th</sup> September, 2022	
10.	Submission of County Budget Review and Outlook Paper(CBROP	CEC for Finance and Economic	7 <sup>th</sup> October, 2022	Access, Read and comment.

<i>S/No.</i>	<i>Activity</i>	<i>Responsibility</i>	<i>Timeframe/Deadline</i>	<i>Obligation of Members of the Public</i>
	2022) to the County Assembly	Planning		
11.	Sector consultative forums and Drafting of Sector Reports ensuring that ecological, social, environmental and institutional issues are well addressed	County Treasury	17 <sup>th</sup> -28 <sup>th</sup> October, 2022	Access, Read and comment.
12.	Submission of final sector reports to County Treasury ensuring that ecological, social, environmental and institutional issues are well addressed.	All C.E.Cs for their respective Departments	30 <sup>th</sup> November, 2022	Access, Read and comment.
13.	Review of the ADP for FY 2023/24	County Treasury	2 <sup>nd</sup> February – 8 <sup>th</sup> February, 2023	Read the plan, and can submit written Memorandum
14.	Submission of the reviewed ADP for FY 2023/24 to the County Assembly	CEC Finance and Economic Planning	13 <sup>th</sup> February, 2023	Access, Read and comment.
15.	Drafting of County Fiscal Strategy Paper (CFSP 2023-) and County Debt Management Strategy Paper.	County Treasury	13 <sup>th</sup> -23 <sup>rd</sup> February, 2023	Access, Read and comment.
16.	Public Participation exercise	County Treasury	15 <sup>th</sup> -17 <sup>th</sup> February, 2023	Read the budget, and can submit written Memorandum
17.	Submission of County Fiscal Strategy Paper (CFSP 2023) to CBEF and County Executive Committee for approval	CEC Finance and Economic Planning	20 <sup>th</sup> -26 <sup>th</sup> February, 2023	Read the paper, and can submit written Memorandum
18.	Submission of the CFSP to County Assembly	County Treasury	28 <sup>th</sup> February, 2023	Access, Read and comment.
19.	Circulate approved County Fiscal Strategy Paper (CFSP 2023) and Final guidelines on preparation of 2023/24 MTEF Budget	County Treasury	15 <sup>th</sup> March, 2023	Access, Read and comment.
20.	Submission of budget proposals for 2023/24 MTEF Budget to County Treasury	All CECMs and Accounting Officers	20 <sup>th</sup> March 2023	
21.	Public Participation of Budget Estimates	County Treasury	10 <sup>th</sup> -12 <sup>th</sup> April, 2023	
22.	Consolidation of Budget	County	13 <sup>th</sup> - 15 <sup>th</sup> April,	Access, Read and

<i>S/No.</i>	<i>Activity</i>	<i>Responsibility</i>	<i>Timeframe/Deadline</i>	<i>Obligation of Members of the Public</i>
	Estimates for F/Y 2023/24	Treasury	2023	comment.
23.	Submission of Budget Estimates to CBEF	County Treasury	20 <sup>th</sup> -21 <sup>st</sup> April, 2023	
24.	Submission of Budget Estimates F/Y 2023/24 to County Executive for approval	County Treasury	26 <sup>th</sup> April, 2023	Access, Read and comment
25.	Presentation of Budget Estimates to County Assembly	C.E.C Finance & Planning	30 <sup>th</sup> April, 2023	
26.	Deliberations and Approval of Budget Estimates F/Y 2023/24	County Assembly	30 <sup>th</sup> April– 30 <sup>th</sup> June, 2023	Access, Read and comment.
27.	Finance Bill & ACT	County Treasury & County Assembly	30 <sup>th</sup> September within 90 days	Access, Read and comment

