



REPUBLIC OF KENYA



BARINGO COUNTY GOVERNMENT

DEPARTMENT OF
FINANCE AND ECONOMIC PLANNING

**COUNTY BUDGET REVIEW AND OUTLOOK
PAPER 2023**

30TH SEPTEMBER 2023

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Foreword

In preparing this County Budget Review and Outlook Paper (CBROP) for the financial year 2023 the department of Economic Planning complied with the requirements of section 118 of the Public Finance Act,2021. The section stipulates that the department provide an analysis of the County actual fiscal performance in the previous year compared to the budget appropriation for that year; update the economic and financial forecasts with sufficient information to show changes from the forecasts in of the County Fiscal Strategy Paper for the FY 2022/2023 ; provide information on how the actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for that financial year; and finally state 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.

Accordingly, and based on the guidance of section 118 of the PFM ACT,2012 this document has been presented in five (5) sections, with section I stating the CBROP objective and highlighting its significance in the budget preparation process, particularly regarding the Medium-Term Expenditure Framework within which the government's planning, budgeting and execution of its programmes is managed, Section II highlights the County Fiscal Performance Review for the FY 2022/2023. The section analyzes the actual performance of both revenue and expenditure against the budgets for FY 2022/2023 and provides explanations for variances in performance. The third section of this document highlights the Recent Economic Developments; Medium Term Fiscal Framework and Risks to the Outlook. The aim of the section is to turn the attention from the past County fiscal performance to the present time and the immediate future with a view to focus on the prospects for growth. The Resource Allocation Framework is presented in section IV with section V providing the conclusion and way forward.

Generally, the CBROP provides guidance in the development of subsequent development plans such as the CFSP and Budget estimates for the financial year, it spells out broad fiscal parameters for the 2023/2024 budget and the medium-term plan that is consistent with county's strategic plans including the Governor's and Kenya Kwanza manifestos. In this regard therefore the CBROP document will be made available to the public including members of County Assembly to facilitate understanding of the fiscal situation and proposed county government strategies in line with the objective of improving public transparency and accountability.

Hon. Wilson Cheserek
County Executive Committee Member,
Finance & Economic Planning

Acknowledgements

I wish to acknowledge with appreciation the collaborative effort of all the people who in one way or the other contributed to the preparation of this County Budget Review and Outlook Paper (CBROP) for the FY 2023.

Special gratitude goes to the Executive Committee Member for Finance and Economic Planning Hon. Wilson Cheserek for his invaluable input and leadership during the preparation process.

To the core technical team comprising of officers from the Accounting, Revenue and Economic Planning units and other relevant departments, I salute you for your commitment towards the preparation of this document. The sacrifices you made, working way beyond office hours including weekends to ensure timely completion of this document demonstrate your dedication and passion towards provision of quality service delivery. Please keep up the good work.

I also wish to register appreciation to everyone else not individually mentioned here, particularly staff from other various departments whose input, efforts and personal dedication led to the timely submission of the document.

Michael Ngetich

Chief Officer Economic Planning

CBROP 2023

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Acronyms and Abbreviations

AMS	Agricultural Machinery Services
ATC	Agricultural Training Centre
BETA	Bottom-Up Economic Transformation Agenda
BPS	Budget Policy Statement
BROP	Budget Review and Outlook Paper
CADP	County Annual Development Plan
CARB	County Allocation of Revenue Bill
CBK	Central Bank of Kenya
CBR	Central Bank Rate
CBROP	County Budget Review and Outlook Paper
CF	Contingency Fund
CFS	Consolidated Fund Services
CFSP	County Fiscal Strategy Paper
CG	County Government
CIDP	County Integrated Development Plan
CIT	Corporate Income Tax
COVID	Corona Virus Disease
DORB	Division of Revenue Bill
FISM	Financial Intermediation Services Indirectly Measured
FY	Financial Year
GDP	Gross Domestic Product
GDP	Gross Domestic Product
GFS	Government Finance Statistics
GOK	Government of Kenya
ICT	Information, Communication and Technology
IMF	International Monetary Fund
KNBS	Kenya National Bureau of Statistics
M&E	Monitoring and Evaluation
MDAs	Ministries, Departments and Agencies
MTEF	Medium Term Expenditure Framework
MTP	Medium Term plan
MTP	Medium Term Plan
NCDF	National Constituency Development Fund
NDA	Net Domestic Assets
NFA	Net Foreign Assets
NG	National Government
NSE	Nairobi Securities Exchange
OSR	Own Source Revenue
PAYE	Pay As You Earn
PFM	Public Finance Management
PV	Present Value
SGR	Standard Gauge Railway
SWGs	Sector Working Groups
VAT	Value Added Tax
WEO	World Economic Outlook

Executive Summary

The County Budget Review Outlook Paper (CBROP) is prepared in accordance with section 118 of the Public Finance Management Act, 2012. It reviews the actual fiscal performance of the FY 2022/2023 and makes comparisons to the budget allocations in the same year. It presents the Budget performance for FY 2022/2023 and how the budget adhered to the fiscal responsibility principles and financial objectives as set out in the PFM Act, 2012. The updated fiscal forecasts therein also provide the basis to revise the FY 2022/2023 budget in the context of supplementary estimates.

During the FY 2022/2023, the County government total budget was Kes 9.257 billion. The total budget comprised of equitable share of Kes 6.369 billion, conditional grants of Kes 1.078 billion, own-source of revenue of Kes 387.43 million and balance brought forward from the previous FY of Kes 1.422 billion. In the previous years, the County own source revenue have been increasing significantly however, within the FY under review; own source revenue was below target and was attributed to the electioneering period in the Country and the lifelong effects of Covid-19 pandemic which majorly affected collection from tourism. Grants receipts was Kes 912 million against a target of Kes 1.078 billion.

Further, a review of the County Expenditure performance for the FY 2022/2023 indicates a cumulative absorption of Kes 7.761 billion against a budget of Kes 9.257 billion reflecting an overall performance of 83 percent. Specifically, the County absorbed Kes 5.357 billion in recurrent expenditure against a budget of Kes 5.368 billion and Kes 2.404 billion in development expenditure against a target of Kes 3.888 billion reflecting performances of 99.8% and 62% respectively. The recurrent expenditure includes personnel emolument and operation and maintenance of Kes 3.427 billion and Kes 1.93 billion respectively. Table 3 below provides the expenditure details and the comparative analysis for the last two financial years.

To improve the fiscal performance in the FY 2024/25 budget, the county has put in place strategies that focus mainly on the priority programmes under the Bottom-up Economic Transformation Agenda (BETA) of the Kenya Kwanza Administration. These strategies include increasing investments in Agro-processing, establishment of a county Aggregation & Industrial Park Centre (CAIP), promotion of Micro, Small and Medium Enterprise (MSME) sector and leveraging on Digital Superhighway and Creative Industry and promotion of Tourism Sector.

Considering the limited resources to support budget implementation for the FY 2024/25, County departments are urged to prioritize high-impact projects and programmes that are aligned to the BETA priorities. The CFSP sector ceilings provided for the FY 2024/25 budget and the Medium Term will form the basis of allocation

Legal Framework for County Budget Review and Outlook Paper

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

- (1) A County Treasury shall:
 - (a) Prepare a County Budget Review and Outlook Paper in respect of the county for each financial year; and
 - (b) Submit the paper to the County Executive Committee by the 30th September of that year.
- (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;
 - (a) the updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper;
- (3) The County Executive Committee shall consider the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, within fourteen days after its submission. (4) Not later than seven days after the County Budget Review and Outlook Paper is approved by the County Executive Committee, the County Treasury shall—
 - (a) arrange for the Paper to be laid before the County Assembly; and
 - (b) as soon as practicable after having done so, publish and publicize the Paper.

SECTION I: Objective of the 2023 Budget Review and Outlook Paper

1. The objective of 2023 County Budget Review and Outlook Paper (CBROP) is to provide a review of fiscal performance for the FY 2022/2023 and how this performance impacts on the financial objectives and fiscal responsibility principles set out in the 2023 County Fiscal Strategy Paper (CFSP) and PFM Act, 2012. The 2023 CBROP will guide development of the 2024 CFSP that will summarize the various programmes/projects and initiatives that will be undertaken during the Third Generation County Integrated Development Plan (CIDP) for the plan period 2023-2027. It also provides a basis for the revision of the current FY budget and the financial policies underpinning the medium-term plan.
2. As required by the PFM Act, 2012, budget process aims to promote efficient and effective own source revenue collection and mobilization, deliberate prudent financial spending. This CBROP proposes that the sector ceilings will be aligned to the projects implementation status, sector absorption rate and programmes/projects that will spur county's economic growth for wealth creation and productivity in the value chain.
3. The rest of the paper is organized as follows: Section II provides a review of the fiscal performance in FY 2022/2023 and its implications on the financial objectives set out in the 2023 CFSP. Section III provides brief highlights of the recent economic developments and updated macroeconomic outlook in the country. Section IV provides the resource allocation framework, while Section V gives the conclusion and recommendations.

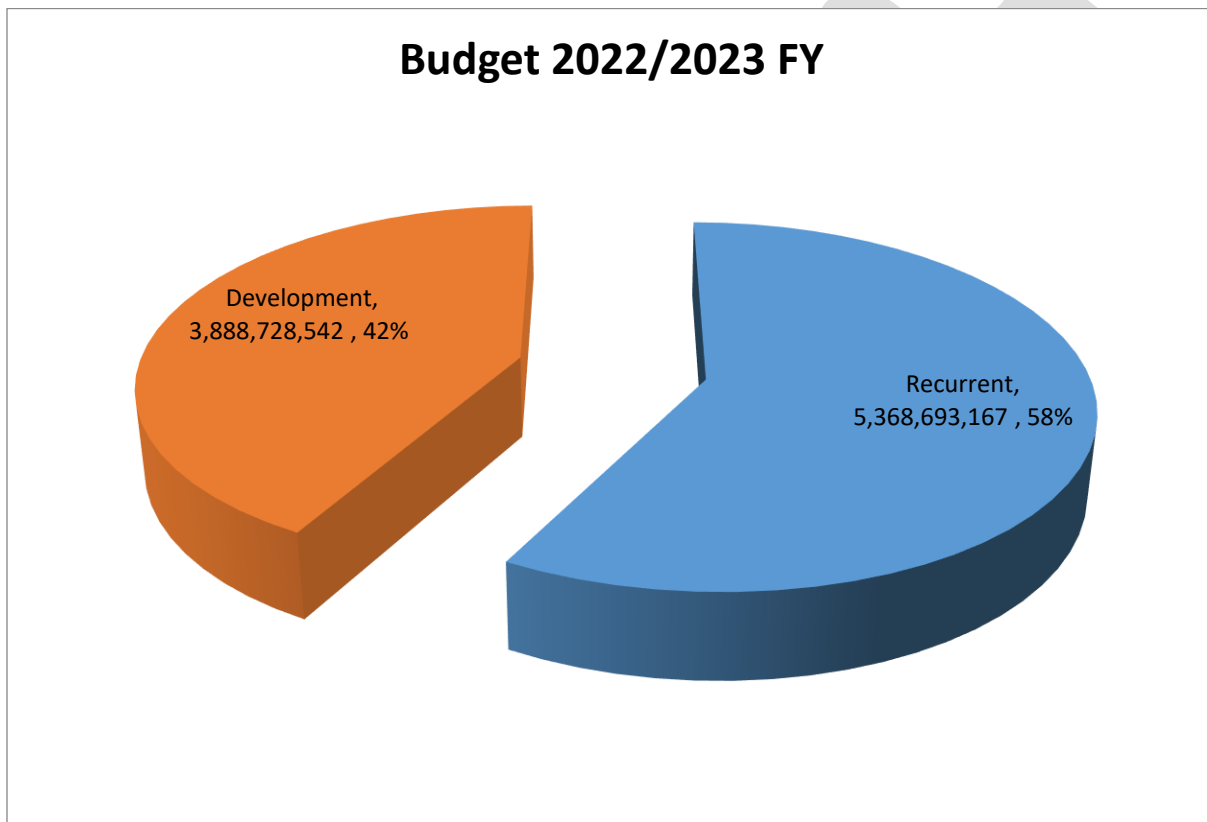
SECTION II: REVIEW OF THE FISCAL PERFORMANCE FOR FY 2022/2023

Fiscal Performance for FY 2022/2023

Overview

During the FY 2022/2023, the County government total budget was Kes 9.257 billion. The total budget comprised of equitable share of Kes 6.369 billion, conditional grants of Kes 1.078 billion, own-source of revenue of Kes 387.43 million and balance brought forward from the previous FY of Kes 1.422 billion.

Figure 1: Baringo County 2022/23 Budget



Revenue Performance

1. The county's revenue consists of equitable share, grants and own source revenue. In the previous years, the County own source revenue have been increasing significantly however, within the FY under review; own source revenue was below target and was attributed to the electioneering period in the Country and the lifelong effects of Covid-19 pandemic which majorly affected collection from tourism. Grants receipts was Kes 912 million against a target of Kes 1.078 billion.

Table 1 : Revenue performance for the 2022/2023 FY

Revenue	Equitable Share	Local Revenue	Grants	Roll over	Total
ACTUAL	6,369,394,592	312,102,220	912,266,041	1,422,042,692	9,015,805,545
BUDGET	6,369,394,592	387,429,514	1,078,554,911	1,422,042,692	9,257,421,709
variance	-	75,327,294	166,288,870	-	241,616,164

2. There was a remarkable improvement in Local revenue performance in financial year 2022/23 of Ksh. 312 million as Compared to Ksh. 264 million of previous years 2021/2022 indicating an improvement by 47 million.
3. Total Local revenue collection for FY 2022/2023 amounted to Kes 312.102 million against a revised target of Kes 387,429 million (Table 2), indicating a shortfall of Ksh 75.327 million.

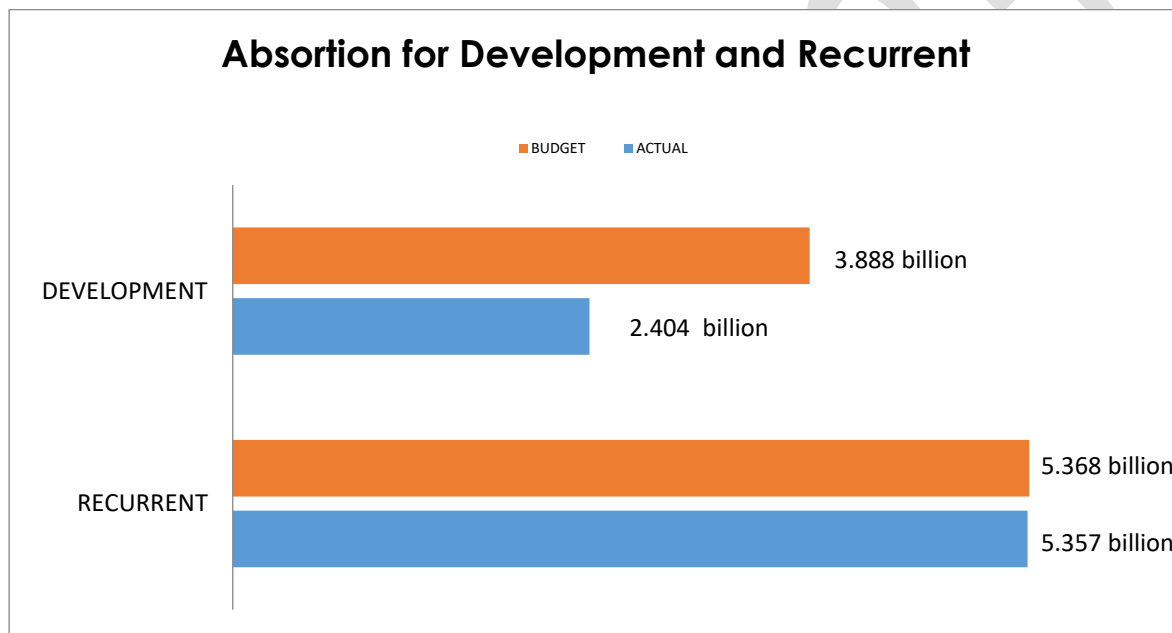
Table 2 Performance of Own Source of Revenue

No	Sources	Actual	Budget	Projection	
		2022/2023	2023/2024	2024/2025	2025/2026
1	Game Park Fees	12,958,780	66,024,034	36,780,669	44,619,703
2	Animal Stock Sale Fees	15,932,220	25,465,088	17,899,976	18,994,974
3	Produce & Other Cess	16,499,147	30,397,642	20,141,972	20,449,071
4	Single Business Permit	36,458,010	42,177,498	36,272,648	37,086,281
5	Land Rates/Plot Rent	17,237,599	38,428,919	23,048,870	24,701,314
6	County Housing	16,017,472	16,685,165	14,349,242	15,066,704
7	Market Fees & Others	9,491,890	16,342,793	14,054,802	14,757,542
8	Parking Fees	12,858,000	22,441,936	19,300,065	20,265,068
9	Advertising & Promotions	4,021,625	3,548,150	3,051,409	3,203,979
10	Physical Planning & Development	134,800	1,334,005	1,147,244	1,204,607
11	Public Health Licenses	3,934,700	8,922,159	7,673,057	8,056,710
12	Veterinary	3,012,630	12,348,939	10,620,088	11,151,092
13	Weights & Measures	691,620	728,448	626,465	657,789
14	Liquor Licenses	6,205,500	9,936,575	8,545,455	8,972,727
15	Koibatek ATC	2,591,144	3,023,264	2,600,007	2,730,007
16	Marigat AMS	-	2,053,674	1,766,160	1,854,468
17	Hire of County Machinery	612,500	680,926	585,596	614,876
18	Hospital Revenue	153,444,583	149,558,181	168,620,036	172,051,037
TOTAL		312,102,220	450,097,396	387,083,761	406,437,949

Expenditure Performance

4. Further, a review of the County Expenditure performance for the FY 2022/2023 indicates a cumulative absorption of Kes 7.761 billion against a budget of Kes 9.257 billion reflecting an overall performance of 83 percent. Specifically, the County absorbed Kes 5.357 billion in re-current expenditure against a budget of Kes 5.368 billion and Kes 2.404 billion in development expenditure against a target of Kes 3.888 billion reflecting performances of 99.8% and 62% respectively. The recurrent expenditure includes personnel emolument and operation and maintenance of Kes 3.427 billion and Kes 1.93 billion respectively. Table 3 below provides the expenditure details and the comparative analysis for the last two financial years.

Figure 2 : Development and Recurrent Absorption



Expenditure per Economic Classification

Table 3 : Expenditure per Economic Classification

Department	Approved Budget 2021/2022	Actual 2021/2022	Approved Budget 2022/2023	Actual 2022/2023
Total Recurrent Expenditure	5,415,432,146	5,282,682,750	5,368,693,167	5,357,739,063
Employee Compensation	3,384,351,994	3,413,641,904	3,407,609,078	3,427,156,780
Operation and Maintenance	2,031,080,152	1,869,040,846	1,961,084,089	1,930,582,283
Total Development	4,205,194,458	1,847,194,402	3,888,728,542	2,404,031,727
Development expenditure	4,205,194,458	1,847,194,402	3,888,728,542	2,404,031,727
Total Expenditure	9,620,626,604	7,129,877,152	9,257,421,709	7,761,770,790

Departmental expenditure

- As at the end of FY 2022/23, recurrent expenditures by the Health Services accounted for 99 percent of total recurrent expenditure while the county assembly accounted for 100 percent as the department of Roads and Infrastructure absorbs 93 percent of the total recurrent expenditure. Table 4 below explains.
- Analysis of development Absorption indicate that the department of Infrastructure recorded a high of 83 percent compared to trade and cooperatives 25 percent. The expenditures in most departments were above average and greatly improved as compared to previous year 2021/22. Table 4 shows the recurrent and development expenditures by departments for the period under review and Annex I show fiscal expenditure projections per department.

Table 4 : FY 2021/2022 Expenditure per Department

BUDGET 2022/2023 FY										
S/No.	DEPARTMENTS	RECURRENT			DEVELOPMENT			Total		
		Budget	Expenditure	%	Budget	Expenditure	%	Budget	Expenditure	%
1	County Assembly	951,229,060	948,105,930	100%						
					133,983,929	47,133,123	35%	1,085,212,989	995,239,053	92%
2	The Governors Office	3,178,700,660	3,178,679,940	100%	56,137,488	44,280,500	79%	3,234,838,148	3,222,960,440	100%
3	County Secretary Office	246,247,999	245,411,593	100%	-	-		246,247,999	245,411,593	100%
4	Tiaty Sub-County	5,537,408	5,537,328	100%	-	-		5,537,408	5,537,328	100%
5	Baringo North Sub County	6,366,222	6,365,451	100%	-	-		6,366,222	6,365,451	100%
6	Baringo Central Sub County	4,258,027	4,248,529	100%	-	-		4,258,027	4,248,529	100%
7	Baringo South Sub County	4,644,000	4,587,533	99%	-	-		4,644,000	4,587,533	99%
8	Mogotio Sub County	4,462,377	4,462,166	100%	-	-		4,462,377	4,462,166	100%
9	Eldama Ravine Sub County	6,102,412	5,954,721	98%	-	-		6,102,412	5,954,721	98%
10	County Public Service Board	22,472,030	22,471,529	100%	-	-		22,472,030	22,471,529	100%
11	County Finance and Economic Planning	182,078,813	182,078,566	100%	262,119,880	94,667,694	36%	444,198,693	276,746,260	62%
12	Roads, Transport, Energy and Public Works	13,700,173	12,738,362	93%	752,080,592	627,487,143	83%	765,780,765	640,225,505	84%
13	Trade, Cooperatives and Industrialization	14,485,092	13,148,980	91%	83,056,070	21,000,000	25%	97,541,162	34,148,980	35%
14	Education and Vocational training	62,340,000	62,082,594	100%	292,912,653	176,726,926	60%	355,252,653	238,809,521	67%
15	Health Services	511,701,375	508,273,549	99%	387,888,203	109,138,304	28%	899,589,578	617,411,854	69%
16	Lands, Housing & Urban Development	37,722,474	37,623,432	100%	142,705,119	99,841,411	70%	180,427,593	137,464,843	76%
18	Agriculture, Livestock, and Fisheries Management	30,669,781	30,668,994	100%	571,109,857	377,827,627	66%	601,779,638	408,496,621	68%

19	Youth Affairs, Sports, Culture, Gender and Social services	21,067,943	21,067,842	100%	149,595,148	82,675,524	55%	170,663,091	103,743,367	61%
20	Water and Irrigation	50,255,512	49,580,879	99%	936,502,892	630,625,031	67%	986,758,404	680,205,910	69%
21	Tourism, Wildlife Management, Natural Resources and Mining	14,651,809	14,651,144	100%	120,636,711	92,628,444	77%	135,288,520	107,279,588	79%
	Total	5,368,693,167	5,357,739,063	100%	3,888,728,542	2,404,031,727	62%	9,257,421,709	7,761,770,790	84%

Key Achievements and Challenges

7. The county in the year under review generally achieved better results in the development front notwithstanding the inadequacy of technical officers in many departments and insecurity in some parts of the county. Some of the major achievements in the financial year 2022-2023 are presented in table 5 below:

Table 5 : Key achievements FY 2022/23

No	Department	Key Achievements
1	County Assembly	<input type="checkbox"/> Completed Fitting of interior design in the Assembly chambers <input type="checkbox"/> Completion of Survey, Beaconing and Fencing of Land for the Speakers Residence <input type="checkbox"/> Completion of Cabro-works at County Assembly parking <input type="checkbox"/> d) One bill and a regulation was passed and adopted <input type="checkbox"/> Construction of Speakers Residence <input type="checkbox"/> Ongoing feasibility studies, Project preparation and design for CCTV, Borehole and Land Scaping
2	Finance and Economic Planning	<input type="checkbox"/> Construction of two markets and toilets at barrier <input type="checkbox"/> Construction of nine boda boda shades <input type="checkbox"/> Opening and Maintenance of 22kms of Revenue access roads <input type="checkbox"/> Prepared and submitted budget policy documents on time <input type="checkbox"/> Uploading of third Generation CIDP into CIMES <input type="checkbox"/> Repair and Maintenance of revenue Structures including barriers and offices
3	Health Services	<input type="checkbox"/> Prepared and submitted on time quarterly reports <input type="checkbox"/> Strengthened partnerships and collaborations <input type="checkbox"/> Step up immunization among children and populace <input type="checkbox"/> Completed planned health infrastructures <input type="checkbox"/> Capacity building of health workers of different cadres
4	Industry, Commerce, Enterprise & Co-operative Development	<input type="checkbox"/> Disbursed loans to the SMEs traders as planned <input type="checkbox"/> Department development absorption rate at 82% thereby completed infrastructure projects <input type="checkbox"/> Fostered and strengthened partnership to implement investment plan

		<input type="checkbox"/> Accomplished assizing and stamping of weighs in the two sub-counties
		<input type="checkbox"/> Increased advocacy for creation of conducive environment for Investment
		<input type="checkbox"/> Carried out business trainings and counseling
5	Land, Housing, and Urban Development	<input type="checkbox"/> Completion of land adjudication, demarcation and cadastral survey of urban centres
		<input type="checkbox"/> Completion of planning of centres
		<input type="checkbox"/> Cabro works in towns completed
		<input type="checkbox"/> c) Preparation of Part Development plans (PDPs) for public utilities done
		<input type="checkbox"/> Improved lighting in major centres through installation of Floodlights
6	Environment, Natural Resources, Mining, Tourism and Wildlife	<input type="checkbox"/> Establishment of tree nurseries to enhance tree planting practices
		<input type="checkbox"/> Planting of 5400 seedlings
		<input type="checkbox"/> Conducted Participatory Climate Change Action plans for FLLoCA program
		<input type="checkbox"/> Strengthening partnerships and collaboration in with relevant development partners
		<input type="checkbox"/> Conservation of water springs and water sources
7	a) Devolution, Public Service and Administration, ICT and E-Government	<input type="checkbox"/> Enhance automation of County Government systems such as the Revenue Management System
		<input type="checkbox"/> Fostered and strengthened partnerships and collaborations
		<input type="checkbox"/> Strengthened Information and Data Security
		<input type="checkbox"/> Completed construction of ward offices and abolutions
		<input type="checkbox"/> Offered industrial attachment opportunities to university and college students
8	Agriculture, Livestock and Fisheries Development	<input type="checkbox"/> Completion of coffee factories
		<input type="checkbox"/> Distribution of mangoes seedlings, pawpaw, pyrethrum, avocados, macadamia and coffee seedlings to increase area of fruit production
		<input type="checkbox"/> Upgrading of livestock through procurement of AI services
		<input type="checkbox"/> Supported pasture development
		<input type="checkbox"/> Completion of cattle dips infrastructure for improved vector control
		<input type="checkbox"/> Procured and distributed of one month old poultry chicks to farmers.

		<input type="checkbox"/> Upgrade of livestock through purchase and distribution of Sahiwal, Galla Breeding bucks and doper rams.
		<input type="checkbox"/> Procured and distributed certified seeds for maize, Beans and sorghum to promote climate smart agriculture practices
9	Education	<input type="checkbox"/> Constructed ECDs Classrooms
		<input type="checkbox"/> Subsidized school fees for needy students at secondary schools and vocational training centres
		<input type="checkbox"/> Completion of stalled ECDE classrooms
		<input type="checkbox"/> Equipping of ECDE classrooms
		<input type="checkbox"/> Procurement and distribution of ECDE stationery and instructions materials
		<input type="checkbox"/> Completed VTCs infrastructures

8. Notable challenges in the year included but were not limited to:
- a) Incidences of insecurity in some parts of the County mainly Tiaty, Baringo North and Baringo South;
 - b) Inadequate staff in technical areas resulting to delay in project designs; and
 - c) Inadequate operational funds and mobility facilitation for timely project supervision, monitoring and evaluation;

SECTION III. MACROECONOMIC DEVELOPMENTS AND OUTLOOK

World Economic Outlook

9. World economic growth slowed to 3.5 percent in 2022 from a growth of 6.3 percent in 2021 as high global inflation, energy and value chain disruptions, and impact of monetary policy tightening in most world economies weighed on economic activity (Table 14). The growth is projected to slow down further to 3.0 percent in 2023 and 2024 due to the impact of ongoing monetary policy tightening to address inflationary pressures. Global inflationary pressures have responded to policy tightening but inflation exceeds central bank targets in most countries. Recent actions by authorities to contain banking sector challenges in the United States and Swiss Banking have reduced the immediate risk of financial sector instability. However, intensification of the conflict in Ukraine, volatility in the global oil prices and extreme weather related shocks could weigh on the global economic outlook.

Table 6: Global Economic Performance

Economy	Growth (%)			
	Actual		Projected	
	2021	2022	2023	2024
World	6.3	3.5	3.0	3.0
Advanced Economies	5.4	2.7	1.5	1.4
<i>Of which: USA</i>	5.9	2.1	1.8	1.0
<i>Euro Area</i>	5.3	3.5	0.9	1.5
Emerging and Developing Economies	6.8	4.0	4.0	4.1
<i>Of which: China</i>	8.4	3.0	5.2	4.5
<i>India</i>	9.1	7.2	6.1	6.3
Sub-Saharan Africa	4.7	3.9	3.5	4.1
<i>Of which: South Africa</i>	4.7	1.9	0.3	1.7
Nigeria	3.6	3.3	3.2	3.0
Kenya*	7.6	4.8	5.5	5.6

Source: IMF World Economic Outlook, July 2023. *National Treasury Projection

10. Advanced economies are projected to record a slower growth of 1.5 percent in 2023 and 1.4 percent in 2024 from 2.7 percent in 2022. About 93 percent of the countries in the advanced economies are projected to have a lower growth in 2023 and 2024. This slowdown is largely driven by aggressive monetary policy tightening in advanced economies that have increased concerns about escalating financial markets uncertainty, particularly persistent high interest rates and vulnerability of the banking sector.
11. Growth in the emerging market and developing economies, is projected to be broadly stable at 4.0 percent in 2023 and 4.1 percent in 2024, although with notable shifts across regions. The sluggish global growth, high inflation rates and the challenging global and domestic financial conditions continue to weigh on the growth for sub-Saharan Africa region. The region economic growth is projected to slow down to 3.5 percent in 2023 from 3.9 percent in 2022, before picking up to 4.1 percent in 2024.

Kenya's Economic Performance and Outlook

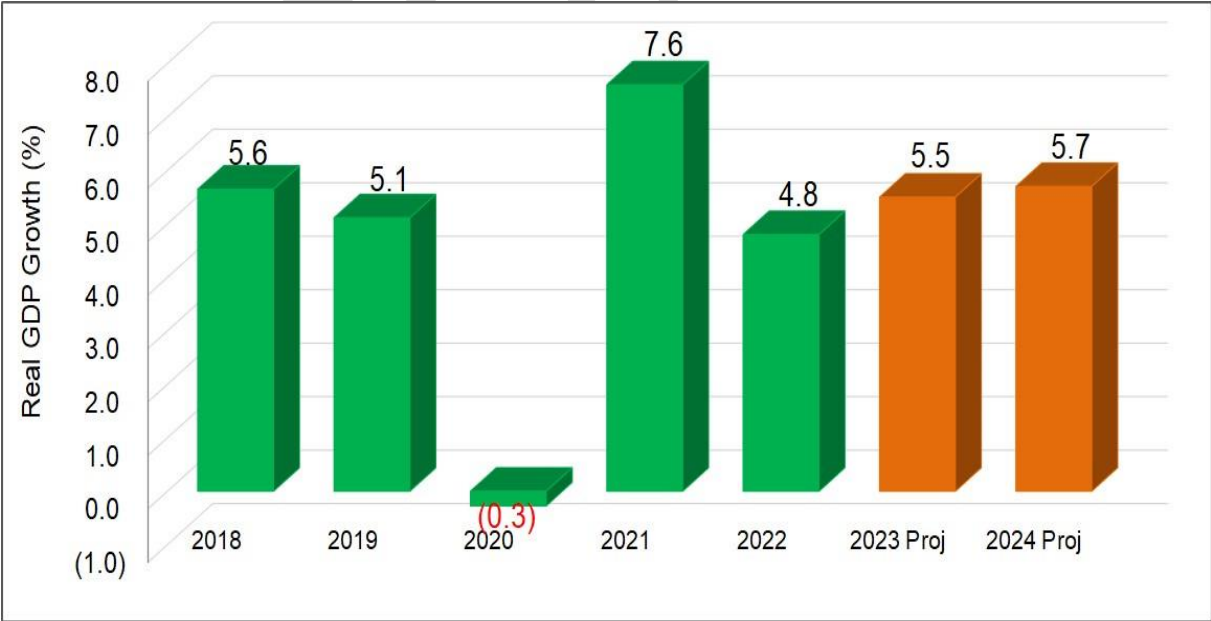
12. In the 10 years pre-COVID-19 pandemic, the economic growth averaged 5.0 percent whereas in the two years post COVID-19 pandemic the growth momentum picked up to average 6.2 percent. The Kenyan economy in 2022 demonstrated resilience in the face of severe multiple shocks that included the adverse impact of climate change, lingering effects of COVID-19, global supply chain disruption and the impact of Russia-Ukraine conflict. As such, the economic growth slowed down to 4.8 percent in 2022 from 7.6 percent in 2021.
13. In 2020, the economy received adequate rainfall that resulted in increased production in the agriculture sector growing by 4.6 percent. However, the country subsequently, experienced a severe climate related shock in the form of a severe drought that was also experienced in the Horn of Africa and the East African regions. The drought not only aggravated the inflationary pressures but also subjected millions of people to severe food insecurity, loss of lives, livelihoods and led to loss of livestock. This resulted in the contraction of the agriculture sector by 0.4 percent 2021 and 1.6 percent in 2022.
14. The performance of the industry sector slowed down to 3.5 percent in 2022 compared to a growth of 6.8 percent in 2021 on account of a slowdown in activities in the manufacturing, electricity and water supply and construction sub-sectors. In the year, services sector remained strong growing at 6.7 percent, with improved performance in information and communication, financial and insurance and professional, administrative and support services sub-sectors. There were also substantial growths in accommodation and food services, and transport and storage sub-sectors.
15. In the first quarter of 2023, real GDP growth was at 5.3 percent mainly due to a 5.8 percent recovery in the agricultural activities that reflected improved rainfall conditions and the impact of fertilizer and seed subsidies provided to the farmers by the Government (Table 15). The recovery in agriculture was reflected in enhanced production, especially of food crops that led to significant increase in export of vegetables and fruits.

Table 7: Sectoral GDP Performance

Sectors	2021	2022	2023 Q1
1. Primary Industry	0.5	(1.0)	5.6
1.1. Agriculture, Forestry and Fishing	(0.4)	(1.6)	5.8
1.2 Mining and Quarrying	18.0	9.3	3.3
2. Secondary Sector (Industry)	6.8	3.5	2.4
2.1. Manufacturing	7.3	2.7	2.0
2.2. Electricity and Water supply	5.6	4.9	2.3
2.3. Construction	6.7	4.1	3.1
3. Tertiary sector (Services)	9.6	6.7	6.0
3.1. Wholesale and Retail trade	8.0	3.8	5.7
3.2. Accomodation and Restaurant	52.6	26.2	21.5
3.3. Transport and Storage	7.4	5.6	6.2
3.4. Information and Communication	6.1	9.9	8.7
3.5. Financial and Insurance	11.5	12.8	5.8
3.6. Public Administration	6.0	4.5	6.6
3.7. Others	10.8	5.2	4.9
of which: Professional, Admin & Support Services	7.1	9.4	7.3
Real Estate	6.7	4.5	5.2
Education	22.8	4.8	3.6
Health	8.9	4.5	5.4
Taxes less subsidies	11.9	7.0	4.4
Real GDP	7.6	4.8	5.3

- 16. Manufacturing sub-sector expanded by 2.0 percent in the first quarter of 2023 mainly supported by the manufacture of food products that included bakery products and processing and preservation of fish. In the non-food manufacturing the growth performance was supported by substantial growth in the manufacture of basic metals and fabricated metal products. Electricity and Water Supply sub-sector expanded by 2.3 percent supported by increased generation of electricity from renewable sources such as geothermal and wind that more than offset the decline in generation from hydroelectric sources. However, construction activities slowed down due to the decline in the volume of cement consumption and imports of various construction materials such as bitumen and iron and steel.
- 17. The activities in the services sector remained strong in the first quarter of 2023 growing by 6.0 percent largely characterized by significant growths in accommodation and food Service; information and communication technology; transportation and storage; financial and insurance; and wholesale and retail trade sub-sectors.
- 18. Available economic indicators in the first three quarters of 2023 remain strong with the continued recovery in the agricultural sector and sustained performance of the services sector. In this respect, economic growth is projected at 5.5 percent in 2023 and 5.7 percent in 2024 supported by broad-based private sector growth and sustained government investment in the nine priority value chains (Leather, Cotton, Dairy, Edible Oils, Tea, Rice, Blue economy, Natural Resources (including Minerals and Forestry), and Building Materials). Additionally, public sector investments in infrastructure and implementation of prudent fiscal and monetary policies will continue to support economic activity (Figure 3).

Figure 3: Annual Real GDP Growth Rates, percent

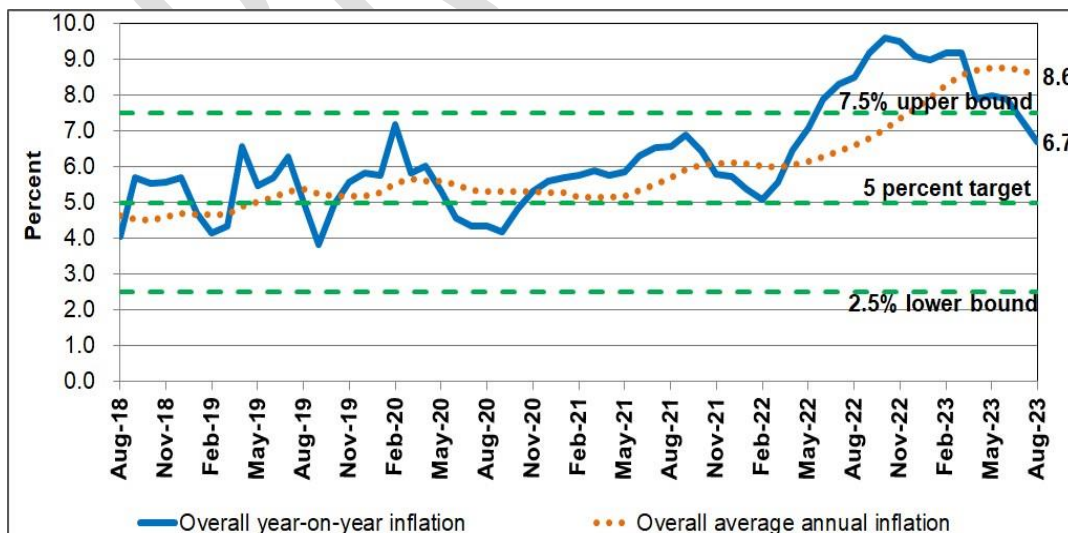


Source of Data: Kenya National Bureau of Statistics

Inflation Developments

19. Inflation remained above the Government target range of 5 ± 2.5 percent from June 2022 to June 2023. In order to anchor inflation expectations and bring down inflation within the target range, the Monetary Policy Committee (MPC) gradually raised the policy rate (Central Bank Rate (CBR)) from 7.50 percent in May 2022 to 10.50 percent in June 2023. The MPC retained the 10.50 percent in August 2023. Consequently, inflation declined significantly to 6.7 percent in August 2023, from a peak of 9.6 percent in October 2022. The decline largely reflects the easing of food prices and impact of monetary policy tightening (Figure 4).
20. Food inflation remained the dominant driver of overall inflation in August 2023. However, it declined to 7.5 percent in August 2023 from a peak of 15.0 percent in August 2022 reflecting easing of food prices arising from increased supply due to ongoing harvests, seasonally factors, international developments and Government measures on zero rated imports. Nonetheless, sugar prices remained elevated driven by domestic and global factors.
21. Fuel inflation remained elevated driven by high energy prices. It increased to 14.2 percent in August 2023 from 8.6 percent in August 2022. The increase reflects gradual withdraw of the fuel subsidize from September 2022 and the upward adjustment of electricity tariff from April 2023. In addition, the upward adjustment of VAT on petroleum product in July 2023 from 8.0 percent to 16.0 percent exacted upward pressures on prices. However, prices of cooking gas continued to decline and moderated inflation reflecting the impact of the zero-rating of VAT on liquefied petroleum gas (LPG).
22. Core (non-food non-fuel) inflation increased from 3.2 percent in August 2022, to a peak of 4.4 percent in March 2023, and has declined to 3.7 percent in August 2023. The decline is attributed to the contractionary monetary policy aimed at taming the spillover effects of high energy prices.

Figure 4 : Inflation rate, percent



Source of Data: Kenya National Bureau of Statistics

Monetary and Credit Developments

23. Broad money supply, M3, grew by 14.3 percent in the year to July 2023 compared to a growth of 7.6 percent in the year to July 2022 (Table 16). The primary source of the increase in M3 was an improvement in the Net Foreign Assets (NFA) and Net Domestic Assets (NDA) of the banking system. the NFA of the banking system in the year to July 2023 expanded by 56.6 percent compared to a contraction of 46.8 percent in the year to July 2022. The increase in net foreign assets, mainly reflected increase in commercial banks' foreign assets.
24. Net Domestic Assets (NDA) registered a growth of 10.2 percent in the year to July 2023, compared to a growth of 19.5 percent over a similar period in 2022. The growth in NDA was mainly supported by increase in domestic credit particularly resilient private sector credit and net lending to government. Growth of domestic credit extended by the banking system to the Government declined to a growth of 16.1 percent in the year to July 2023 compared to a growth of 25.4 percent in the year to July 2022. Lending to other public sector grew by 16.7 percent in the year to July 2023 mainly due to advances to parastatals.

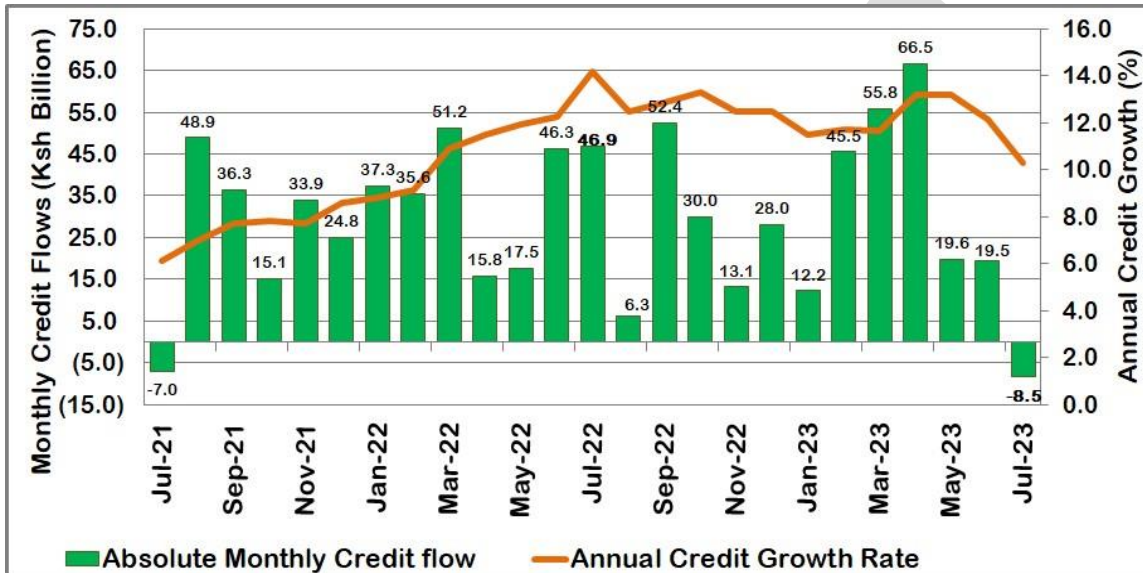
Table 8 : Money and Credit Developments (12 Months to July 2023, Ksh. Billion)

				Change		Percent Change	
	2021 July	2022 July	2023 July	2021-2022 July	2022-2023 July	2021-2022 July	2022-2023 July
COMPONENTS OF M3							
1. Money supply, M1 (1.1+1.2+1.3)	1,788.0	2,010.1	2,126.4	222.0	116.4	12.4	5.8
1.1 currency outside banks (M0)	242.8	267.7	273.4	24.9	5.7	10.3	2.1
1.2 Demand deposits	1,458.8	1,658.4	1,719.6	199.6	61.3	13.7	3.7
1.3 Other deposits at CBK	86.4	84.0	133.4	(2.4)	49.4	(2.8)	58.9
2. Money supply, M2 (1+2.1)	3,416.9	3,587.2	3,886.7	170.3	299.6	5.0	8.4
2.1 Time and savings deposits	1,628.9	1,577.1	1,760.3	(51.8)	183.2	(3.2)	11.6
Money supply, M3 (2+3.1)	4,174.6	4,491.5	5,133.1	316.8	641.6	7.6	14.3
3.1 Foreign currency deposits	757.7	904.3	1,246.3	146.5	342.1	19.3	37.8
SOURCES OF M3							
1. Net foreign assets (1.1+1.2)	751.2	400.0	626.2	(351.3)	226.3	(46.8)	56.6
1.1 Central Bank	824.0	592.7	563.0	(231.2)	(29.8)	(28.1)	(5.0)
1.2 Banking Institutions	(72.8)	(192.8)	63.3	(120.0)	256.1	(165.0)	132.8
2. Net domestic assets (2.1+2.2)	3,423.4	4,091.5	4,506.8	668.1	415.4	19.5	10.2
2.1 Domestic credit (2.1.1+2.1.2+2.1.3)	4,499.8	5,296.7	5,958.0	796.9	661.3	17.7	12.5
2.1.1 Government (net)	1,522.7	1,909.8	2,216.9	387.1	307.1	25.4	16.1
2.1.2 Other public sector	83.0	83.1	97.0	0.1	13.9	0.1	16.7
2.1.3 Private sector	2,894.1	3,303.8	3,644.1	409.7	340.3	14.2	10.3
2.2 Other assets net	(1,076.4)	(1,205.2)	(1,451.2)	(128.8)	(246.0)	(12.0)	(20.4)

Source of Data: Central Bank of Kenya

25. Growth in private sector credit from the banking system remained resilient as business activities improved and grew by 10.3 percent in the year to July 2023 compared to a growth of 14.2 percent in the year to July 2022 (Figure 5). Improved credit expansion was registered in various sub-sectors that include finance and insurance, mining, transport and communication, agriculture and manufacturing. On a monthly basis, credit extension contracted by 8.5 percent in the year to July 2023 reflecting further tightening of the monetary policy in June 2023.

Figure 5 : Private Sector Credit

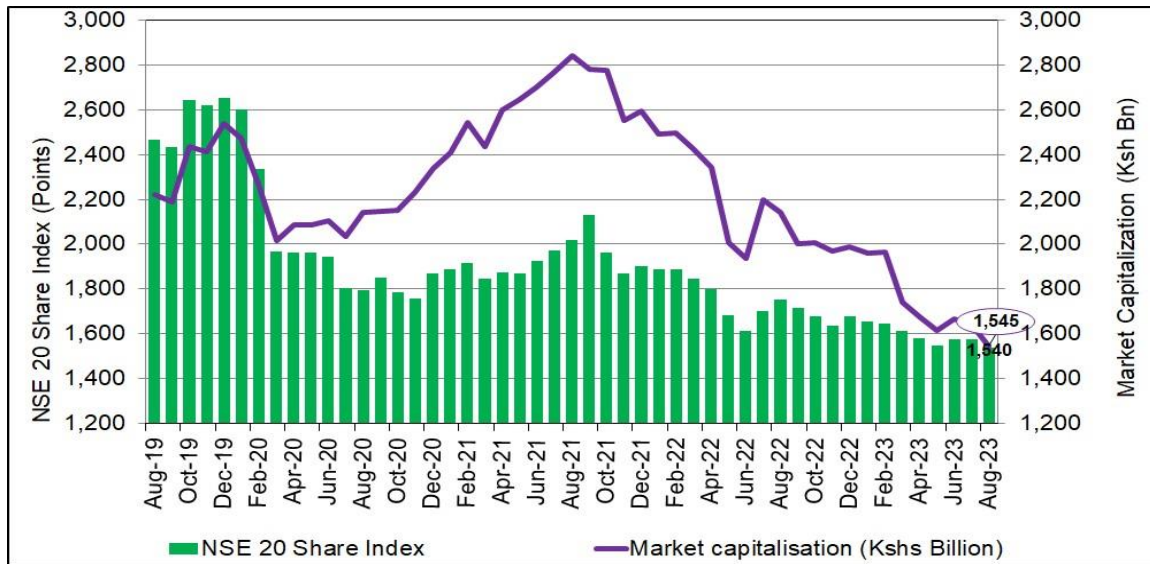


Source of Data: Central Bank of Kenya

Capital Markets Developments

Activity in the capital markets slowed down in August 2023 compared to August 2022 as advanced economies tightened their monetary policy amid inflationary pressures. The NSE 20 Share Index declined to 1,540 points in August 2023 compared to 1,751 points in August 2022 while Market capitalization declined to KSh 1,545 billion from KSh 2,142 billion over the same period (Figure 11).

Figure 6 : Performance of the Nairobi Securities Exchange

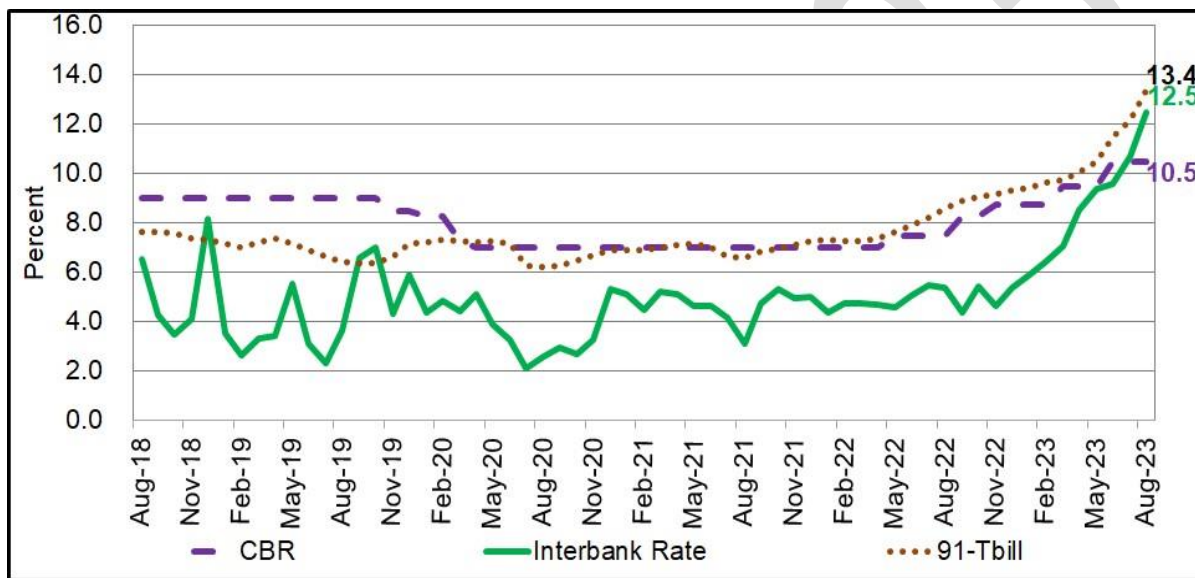


Source of Data: Nairobi Securities Exchange

Interest Rates Developments

26. Reflecting the tight monetary policy stance, interest rates increased in the year to August 2023. The interbank rate increased to 12.5 percent in August 2023 compared to 5.4 percent in August 2022 while the 91-day Treasury Bills rate increased to 13.4 percent compared to 8.6 percent over the same period (Figure 9). The 182-day Treasury Bills rate increased to 13.4 percent in August 2023 from 9.5 percent in August 2022 while the 364-day also increased to 13.6 percent from 9.9 percent over the same period. The introduction of the interest rate corridor, in August 2023, is expected to align the interbank rate to the Central Bank Rate and thereby improve the transmission of the monetary policy.

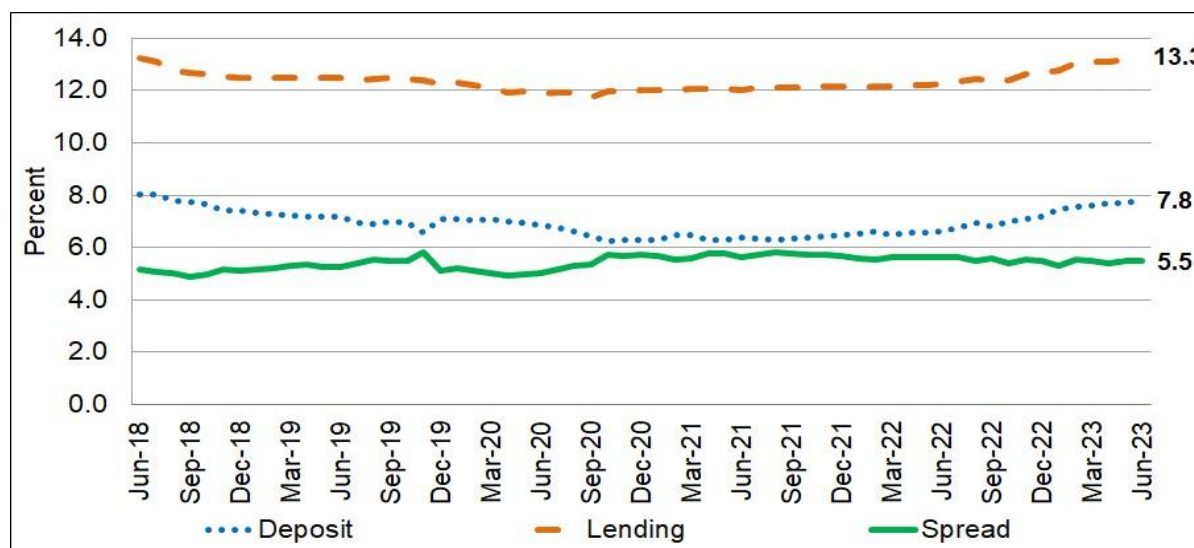
Figure 7: Short Term Interest Rates, Percent



Source of Data: Central Bank of Kenya

27. Commercial banks average lending and deposit rates increased in the year to June 2023 in tandem with the tightening of the monetary policy stance. The average lending rate increased to 13.3 percent in June 2023 from 12.3 percent in June 2022 while the average deposit rate increased to 7.8 percent from 6.6 percent over the same period. Consequently, the average interest rate spread declined to 5.5 percent in June 2023 from 5.7 percent in June 2022 (Figure 7).

Figure 8 : Commercial Bank Rates, Percent



Source of Data: Central Bank of Kenya

The capital account balance improved by USD 28.1 million to register a surplus of USD 189.7 million in June 2023 compared to a surplus of USD 161.6 million in the similar period in 2022. Net financial inflows slowed down but remained vibrant at USD 4,061.5 million in June 2023 compared to USD 4,746.6 million in June 2022. The net financial inflows were mainly in the form of other investments, financial derivatives and direct investments. Portfolio investments registered a net outflow during the period.

External Sector Developments

28. The current account balance narrowed by 20.6 percent to US\$ 4,629.4 million (4.4 percent of GDP) in June 2023 from US\$5,833.9 million (5.1 percent of GDP) in June 2022, reflecting lower imports, strong performance of export of goods and services as well as increased remittances (Table 17). Improvement in trade and the continued recovery in tourism continues to boost export revenues in 2023. In the year to June 2023, exports grew by 2.1 percent primarily driven by improved receipts from tea and manufactured goods. The increase in receipts from tea exports reflects higher prices attributed to lower global supply due to drought amid resilient demand from traditional markets.

29. The continued recovery in tourism sector saw the number of tourists increase by 25.2 percent in the year to June 2023 and travel and transportation services receipts

increased by 24.2 percent during the same period. Growth in imports decelerated by 6.1 percent in the 12 months to June 2023, as oil prices moderated and reduced imports for infrastructure related equipment. In this respect, the balance in the merchandise account improved by USD 1,316.3 million to a deficit of USD 10,678.0 million in June 2023. Receipts from remittances remained resilient and amounted to USD 4,017 million in the 12 months to June 2023, and were 0.1 percent higher compared to a similar period in 2022.

Table 9 : Balance of Payments (USD Million)

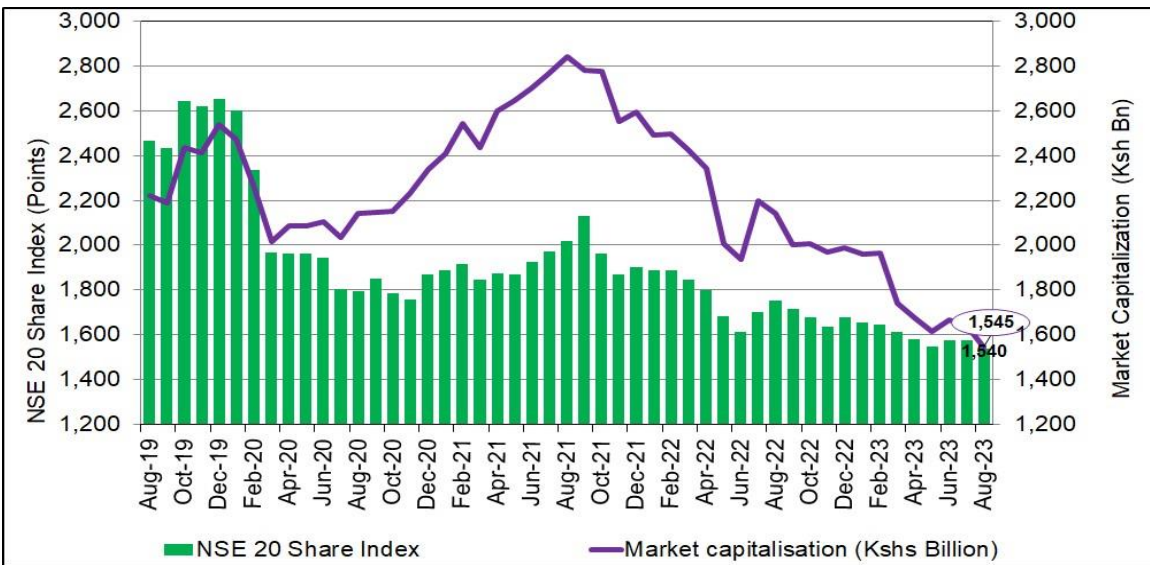
				Year to June 2023		Percent of GDP	
	Jun-21	Jun-22	Jun-23	Change	Percent Change	Jun-22	Jun-23
Overall Balance	(59.8)	1,555.5	1,113.5	(442.0)	28.4	1.4	1.1
A) Current Account	(5,610.0)	(5,833.9)	(4,629.4)	1,204.5	20.6	(5.1)	(4.4)
<i>Merchandise Account (a-b)</i>	(9,519.0)	(11,994.2)	(10,678.0)	1,316.3	11.0	(10.5)	(10.1)
a) Goods: exports	6,411.9	7,153.6	7,305.9	152.4	2.1	6.3	6.9
b) Goods: imports	15,930.9	19,147.8	17,983.9	(1,163.9)	(6.1)	16.7	17.0
<i>Net Services (c-d)</i>	352.1	1,484.4	1,049.7	(434.7)	(29.3)	1.3	1.0
c) Services: credit	3,916.4	6,135.6	6,181.3	45.7	0.7	5.4	5.8
d) Services: debit	3,564.3	4,651.2	5,131.6	480.4	10.3	4.1	4.8
<i>Net Primary Income (e-f)</i>	(1,833.7)	(1,713.7)	(1,789.4)	(75.7)	(4.4)	(1.5)	(1.7)
e) Primary income: credit	54.6	58.3	65.2	6.9	11.8	0.1	0.1
f) Primary income: debit	1,888.3	1,772.0	1,854.6	82.6	4.7	1.5	1.8
<i>Net Secondary Income</i>	5,390.6	6,389.7	6,788.3	398.7	6.2	5.6	6.4
g) Secondary income: credit	5,499.8	6,512.4	6,894.5	382.0	5.9	5.7	6.5
h) Secondary income: debit	109.2	122.8	106.2	(16.6)	(13.5)	0.1	0.1
B) Capital Account	205.6	161.6	189.7	28.1	17.4	0.1	0.2
C) Financial Account	(4,069.5)	(4,746.6)	(4,061.5)	685.1	14.4	(4.1)	(3.8)

Source of Data: Central Bank of Kenya

30. The capital account balance improved by USD 28.1 million to register a surplus of USD 189.7 million in June 2023 compared to a surplus of USD 161.6 million in the similar period in 2022. Net financial inflows slowed down but remained vibrant at USD 4,061.5 million in June 2023 compared to USD 4,746.6 million in June 2022. The net financial inflows were mainly in the form of other investments, financial derivatives and direct investments. Portfolio investments registered a net outflow during the period.
31. The overall balance of payments was a surplus of USD 1,113.5 million (1.1 percent of GDP) in June 2023 from a surplus of USD 1,555.5 million (1.4 percent of GDP) in June 2022 (Figure 9).

Figure 9 : Performance of Balance of Payments and its Components

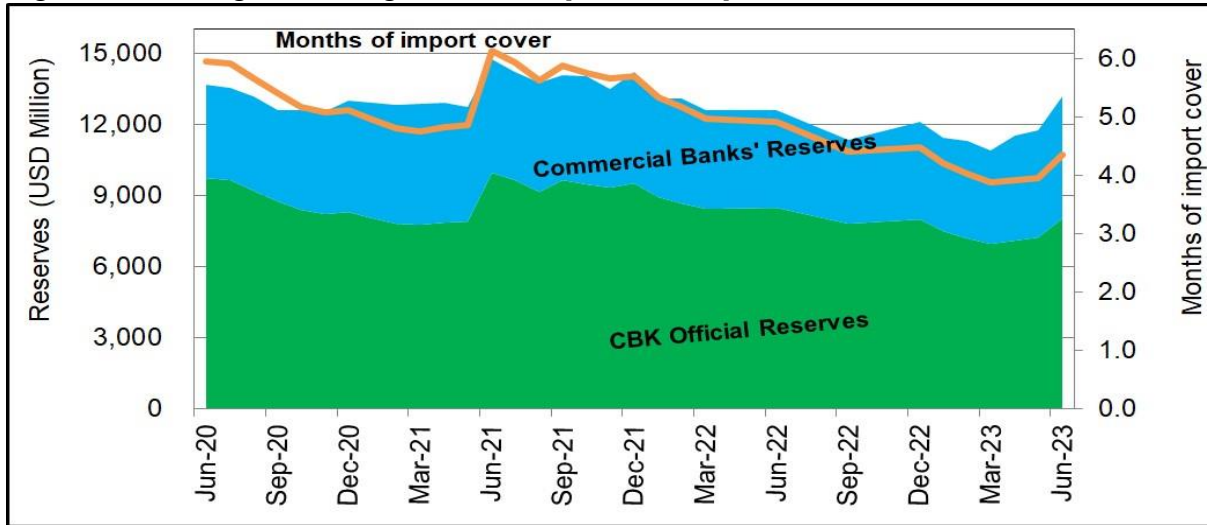
(Percent of GDP)



Source of Data: Central Bank of Kenya

32. Foreign Exchange Reserves 74. The banking system's foreign exchange holdings remained strong at USD 13,165.6 million in June 2023, an improvement from USD 12,580.6 million in June 2022. The official foreign exchange reserves held by the Central Bank stood at USD 8,036.7 million compared to USD 8,494.9 million over the same period (Figure 10). Commercial banks holdings improved to USD 5,128.8 million in June 2023 from USD 4,085.6 million in June 2022.
33. The official reserves in June 2023 represented 4.4 months of import cover as compared to the 4.9 months of import cover in June 2022. These reserves were above the minimum of 4.0 months of imports cover and provides adequate buffer against short-term shocks in the foreign exchange market.

Figure 10 : Foreign Exchange Reserves (USD Million)

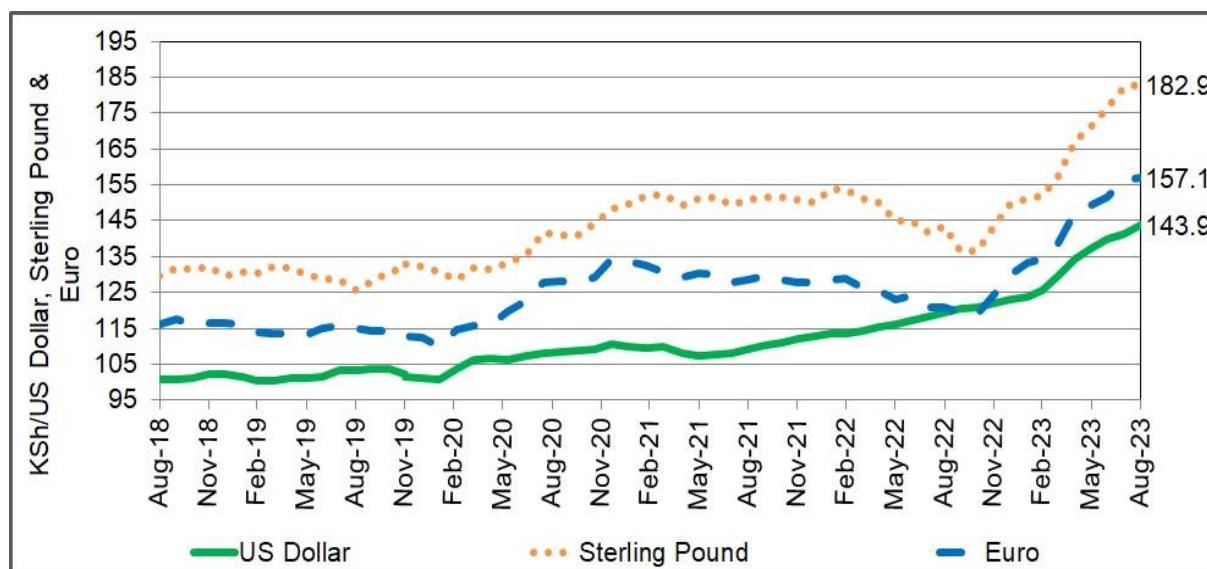


Source of Data: Central Bank of Kenya

Exchange Rate Developments

34. The Kenyan foreign exchange market remained under pressure as global economic uncertainty regarding the ongoing Russian-Ukraine conflict as well as increase in interest rates in advanced economies in response to inflationary pressures weighed on the exchange rate. Specifically, the headwind from a strengthening dollar, boosted by rising US interest rates and 39 elevated commodity prices, the exchange rate to the Kenya shilling weakened at a rate of 20.5 percent in the 12 months to August 2023 compared to 9.3 percent in the 12 months to August 2022. The Kenya shilling exchanged at Ksh 143.9 in August 2023 compared to Ksh 119.5 in August 2022. Against the Euro, the Kenya shilling weakened to exchange at Ksh 157.1 in August 2023 compared to Ksh 121.0 in August 2022 while against the Sterling Pound the Kenyan shilling weakened to exchange at Ksh 182.9 compared to Ksh 143.5, over the same period (Figure 11). The Kenyan shilling was supported by increased remittances, adequate foreign exchange reserves and improved exports receipts.

Figure 11 : Kenya Shillings Exchange Rate



Source of Data: Central Bank of Kenya

Kenya's Macroeconomic Outlook

35. Kenya's economic performance is projected to remain strong and resilient over the medium term (Table 18 in calendar years and Annex Table 1 in fiscal years). The economy recorded a strong growth of 5.3 percent in the first quarter reflecting a strong recovery in agriculture sector and buoyant services sector including financial and insurance, information and communication, wholesale and retail trade and transport and storage. The economy is expected to remain strong and expand by 5.5 percent in 2023 (5.6 percent in FY 2023/24) and 5.7 percent in 2024 (5.9 percent in FY 2024/25).
36. This growth will be supported by the strong recovery in agriculture and resilient services sector that both drive the industrial sector. The adequate rainfall during the long rain season in most parts of the country and the anticipated short rains later in 2023 will continue to support activities in the agriculture, electricity, and water supply sectors. The improved availability of raw materials following the recovery in agriculture and a decline in global commodity prices will support food processing in the manufacturing sector. Additionally, activities in the construction sector will be boosted by the affordable housing programme. Services sector will be supported by resilient activities in the financial and insurance, information and communication, wholesale and retail trade and transport and storage, among others. The easing of global commodity prices and supply chain constraints coupled with robust private sector investment are expected to support domestic demand.
37. On the demand side, private consumption is expected to remain on a robust growth path in the near term. The easing of inflationary pressures will result in strong household disposable income, which in turn will support household consumption. The interventions by the Government through the Financial inclusion initiative popularly

known as the Hustlers Fund will strengthen MSMEs thereby correcting market failures for the vast majority of Kenya's at the bottom of the pyramid. This will strengthen the private sector led growth opportunities. The multi-year fiscal consolidation program by the Government has been incorporated in the projections and is expected to lower the fiscal deficit and achieve a positive primary balance over the medium term. This will reduce debt vulnerabilities and strengthen debt sustainability and lead to improvement in investors' confidence, leading to robust private investment and economic growth over the medium term. The lower domestic financing needs of the Government, will enable the expanded lending to the private sector by the banking sector.

38. The development spending in the budget will be retained at an average of 5.6 percent of GDP so as not to impact on growth momentum. This will enhance Government investment in the nine priority value chains (Leather, Cotton, Dairy, Edible Oils, Tea, Rice, Blue economy, Natural Resources (including Minerals and Forestry), and Building Materials). Additionally, it will support investments in key projects under the Bottom-Up Economic Transformation Agenda (BETA) including construction of dams, improvement of road networks and ports and laying of additional National Fiber Optic network. Enhanced digitalization, is expected to improve efficiency and productivity in the economy. In particular, investment in digital superhighway will result in enhanced connectivity and access to broadband services which will lower the cost of doing business, enhance efficiency and create employment opportunity.
39. Kenya's exports of goods and services is expected to continue strengthening supported by receipts from tourism and implementation of crops and livestock value chains, specifically, exports of tea, coffee, vegetables and fresh horticultural produce, among others. The expected recovery of Kenya's trading partners and the implementation of Africa Continental Free Trade Area (AfCFTA) will enhance demand for exports of Kenyan manufactured products. Current account deficit will average 5.4 percent of GDP between 2023 and 2027. The projected robust domestic demand sustained by private investment, will sustain imports of raw materials, machinery and equipment for private construction, and household consumption. In addition, global oil price continues to stabilize lowering the oil import bill. In the Balance of Payments Statement, external financing needs will be met mainly by equity inflows and foreign direct investment given the conducive business climate that Government has created particularly the fiscal policy predictability. Improvement in the current account, boosted by robust export earnings and strong remittance inflows the will continue to support stability in the foreign exchange market.

Monetary Policy Management.

40. The monetary policy stance is aimed at achieving price stability and providing adequate credit to support economic activity. Consequently, overall inflation is expected to remain within the Government target range of 5 ± 2.5 percent in the medium term. This will be supported by muted demand pressures consistent with

prudent monetary policy and easing domestic and global food prices. In addition, Government measures to support sufficient supply of staple food items through zero rated imports and lower the cost of production through the ongoing fertilizer and seeds subsidy program will exact downward pressure on inflation.

41. The Central Bank has continued to implement reforms to Modernize its Monetary Policy Framework and Operations in Kenya, designed to enhance monetary policy transmission. In particular, CBK has implemented a new monetary policy framework based on inflation targeting. To facilitate alignment of the short term rates with the Central Bank Rate (CBR), reduce volatility in the interbank rate and improve monetary policy transmission, CBK has implemented an interest rate corridor. The interest rate corridor is set at ± 250 basis points around the CBR. In addition, the CBK has reduced the applicable interest rate to the Discount Window from 600 basis points to 400 basis points above CBR to improve access to the Window.
42. The Central Bank has also introduced DhowCSD, an upgraded Central Securities Depository infrastructure, that offers a simple, efficient, and secure portal by the Central Bank of Kenya (CBK) to enable the public to invest in Government of Kenya securities. The platform enables investors to participate and trade in Government securities market (Treasury Bills and Bonds) on their mobile phones and on web based devices. The DhowCSD will transform Kenya's financial markets through enhanced operational efficiency and expansion of digital access, market deepening for broader financial inclusion, and improved monetary policy operations. Additionally, the DhowCSD will also improve the functioning of the interbank market by facilitating collateralized lending amongst commercial banks and further reduce segmentation in the interbank market.

Figure 12 : Kenya's Macroeconomic Indicators and Projections

	2020	2021	2022	2023	2024	2025	2026	2027
	Act	Prel. Act	Prel. Act	Proj.	BROP 2023	BROP 2023	BROP 2023	BROP 2023
<i>annual percentage change, unless otherwise indicated</i>								
National Account and Prices								
Real GDP	-0.3	7.6	4.8	5.5	5.7	6.0	6.2	6.3
Agriculture	4.6	-0.4	-1.6	5.0	4.2	4.1	4.2	4.3
Industry	3.2	6.8	3.5	3.2	3.8	4.2	4.5	4.9
Services	-1.8	9.6	6.7	5.9	6.3	6.5	6.8	6.9
GDP deflator	4.9	4.3	6.0	7.6	4.7	4.7	4.8	4.6
CPI Index (eop)	5.6	5.7	9.1	6.3	5.0	5.0	5.0	5.0
CPI Index (avg)	5.3	6.1	7.6	7.6	5.0	5.0	5.0	5.0
Terms of trade (-deterioration)	-5.3	-2.2	0.7	-8.3	1.6	1.2	1.4	2.4
Money and Credit (end of period)								
Net domestic assets	15.9	15.2	13.0	9.6	10.3	10.8	10.0	10.8
Net domestic credit to the Government	26.7	18.9	10.5	8.8	9.4	8.1	6.6	5.9
Credit to the rest of the economy	10.1	12.2	10.9	11.0	14.6	15.9	15.2	16.4
Broad Money, M3 (percent change)	6.9	10.5	13.2	12.3	11.3	11.0	10.9	11.3
Reserve money (percent change)	10.5	4.0	3.2	12.2	11.2	10.8	10.8	11.1
<i>in percentage of GDP, unless otherwise indicated</i>								
Investment and Saving								
Consumption	88.3	88.7	90.1	89.5	90.1	86.5	84.4	84.0
Central Government	12.5	12.1	12.3	10.2	9.8	9.4	9.2	9.3
Private	75.4	74.6	75.6	79.3	80.4	77.1	75.2	74.7
Gross Fixed Capital Investment	19.7	20.4	19.2	19.4	20.2	21.9	22.9	23.6
Central Government	5.5	4.5	3.8	3.9	4.6	5.0	5.1	5.1
Private	14.2	15.9	15.4	15.5	15.7	16.9	17.7	18.5
Gross National Saving	14.9	15.6	14.1	14.3	14.9	16.3	17.4	17.9
Central Government	-3.3	-4.4	-4.1	-4.1	-3.4	-2.4	-1.5	-1.2
Private	18.1	20.0	18.2	18.4	18.4	18.6	18.9	19.1
Exports value, goods and services	9.7	10.8	12.2	13.9	14.6	13.7	12.8	11.7
Imports value, goods and services	17.7	19.9	21.5	23.5	24.1	22.6	20.6	20.0
Current external balance, including official transfers	-4.8	-4.8	-5.1	-5.1	-5.3	-5.6	-5.4	-5.6
Gross reserves in months of next yr's imports	4.5	5.0	5.5	4.7	5.4	5.6	5.2	5.4
Gross reserves in months of this yr's imports	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
<i>fiscal years, in percentage of GDP, unless otherwise indicated</i>								
Central Government Budget								
Total revenue	16.5	16.0	17.3	16.5	18.6	18.8	19.2	19.7
Total expenditure and net lending	24.4	24.6	23.8	22.6	24.2	23.5	23.1	23.3
Overall Fiscal balance excl. grants	-7.9	-8.6	-6.5	-6.0	-5.6	-4.7	-4.0	-3.6
Overall Fiscal balance, incl. grants	-7.7	-8.3	-6.3	-5.9	-5.4	-4.4	-3.7	-3.3
Overall Fiscal balance, incl. grants, cash basis	-7.6	-8.3	-6.2	-5.6	-5.4	-4.4	-3.7	-3.3
Primary budget balance	-3.4	-3.9	-1.6	-0.8	0.3	0.9	1.2	1.3
Public debt								
Nominal central government debt (eop), gross	68.4	68.0	71.4	68.5	65.8	63.0	60.1	57.1
Nominal debt (eop), net of deposits	63.4	64.7	68.0	65.5	63.1	60.5	57.9	55.2
Domestic (gross)	32.8	34.1	33.9	32.5	31.9	31.6	30.5	29.3
Domestic (net)	27.9	30.8	30.5	29.5	29.2	29.1	28.3	27.3
External	35.5	33.9	37.5	36.0	33.9	31.4	29.6	27.8
Memorandum Items:								
Nominal GDP (in Ksh Billion)	10,715	12,028	13,368	15,180	17,083	18,948	21,057	23,304
Nominal GDP (in US\$ Million)	100,658	109,697	113,421	104,840	122,633	134,142	146,928	161,581

Source: The National Treasury

Risks to the economic outlook

43. There are down side risks to this macroeconomic outlook emanating from domestic as well as external sources. On the domestic front, risks relate to unpredictable weather conditions due to the impact of climate change which could adversely affect agricultural production and result to domestic inflationary pressures and food insecurity.
44. On the external front, uncertainties in the global economic outlook stemming from the current geopolitical tension could result in higher commodity prices and slowdown the global economic recovery which could impact on the domestic economy. Weaker global demand could adversely affect the Kenya's exports, foreign direct investments and remittances. Additionally, high international commodity prices pose a risk to global and domestic inflation outcomes which could lead to further tightening of financial conditions. Continued strengthening of US dollar against other global currencies arising from aggressive monetary policy tightening present significant risks to financial flows and puts pressures on the exchange rate with implication to growth and inflation.
45. Upside risks are mostly linked to early easing of global financing conditions and lower international fuel and food prices, which would strengthen Kenya's external balances. This will be reinforced by faster than projected rebound in economic activities that would result in higher Government revenues providing fiscal space that would support fiscal consolidation. Optimal coordination between monetary and fiscal policies are expected to result to a stable macroeconomic conditions which is a necessary condition for investment and savings thereby promoting economic growth.

County specific risks

46. County specific risks that are likely to affect the economic Outlook and the County Fiscal performance include amongst others:

- i. The effects of climate change
- ii. The prolonged effects of the Covid-19 pandemic, mainly in MSME sector
- iii. Shrinking Local Revenue collection
- iv. Increased Public Expenditure pressure
- v. High insecurity in some parts of the County
- vi. Low staffing levels resulting in inefficiency in service delivery
- vii. High rates of unemployment

County proposed interventions to mitigate risks

47. The County propose to implement the following interventions to reduce the risks to the County's economic outlook.

- i. Strengthen the Human Resource base to improve service delivery
- ii. Promote MSME growth by providing an enabling environment for businesses to thrive
- iii. Promote and stimulate industrial and technological skills development through youth empowerment programmes
- iv. Put in place measures to address revenue shortfalls, by investing on revenues structures and system and broadening revenue streams i.e. investing on revenue roads, valuation roll, and ICT systems on revenue collection among others.
- v. To enhance revenue collection, the government will train enforcement officers and strengthen internal controls.
- vi. Formulate and implement policies to support climate change mitigation at the County level and increase coordination of climate change measures and activities.
- vii. To improve on trade and market, the County will formulate policies and regulations that will strengthen the protection of farmers from exploitation by brokers through packaging and also provide the infrastructure necessary for market access.
- viii. The government will put up structures that will create an enabling environment to foster business growth and stability. This will ensure recovery of business affected by COVID 19 pandemic.

- ix. Strengthen emergency response system including medical services to reduce the spread of pandemic through continuous vaccination, fire, floods, locusts and other natural catastrophes.
- x. The county will strengthen and enhance security in the affected areas in collaboration with national Government and other security agencies.
- xi. an enabling environment to foster business growth and stability. This will ensure recovery of business affected by COVID 19 pandemic.
- xii. Strengthen emergency response system including medical services to reduce the spread of pandemic through continuous vaccination, fire, floods, locusts and other natural catastrophes.
- xiii. The county will strengthen and enhance security in the affected areas in collaboration with national Government and other security agencies.

SECTION IV: RESOURCE ALLOCATION FRAMEWORK

Implementation of 2023/2024 Budget

48. The implementation of FY 2023/2024 has kicked off well notwithstanding the transition period and the formation of governments structures. The projected total revenue for the FY 2023/2024 is Kes 9.545 billion. The County expects to receive Kes. 6.647 billion as equitable share, Kes 450.097 million own source local revenue and Kes.1.755 billion as balance brought forward from the previous FY 2022/2023.
49. On the other hand, recurrent expenditure is estimated at Kes 5.095 billion, broken down into personnel emolument of Kes. 3.515 billion and operations and maintenance at Kes. 1.580 billion while development expenditures is estimated at Kes 4.450 billion.

FY 2022/23 Budget Framework

50. The FY 2024/2025 and the medium-term budget framework builds up on the County Government's efforts to stimulate and sustain economic growth for wealth creation. This will be achieved through implementation of the County programmes/projects as outlined in the CIDP, ADP, The County Social Economic Re-Engineering Recovery Strategy, Governor's and Bottom Up Economic Transformation Agenda, SDG's and other priority programmes in the Fourth Medium Term Plan (MTP IV) of the Vision 2030.
51. The Government will continue to implement its fiscal consolidation plan to contain expenditure within budget by minimizing on non-priority areas. In this regard, particular emphasis is placed on aggressive revenue mobilization including policy measures and control on expenditures to restrict its growth. Expenditure measures will include cost budgeting and curtailing initiation of new projects and re-aligning with the County Government priority programmes and reducing non-priority spending.
52. The revenue for FY 2024/2025 is projected to rise to Kes. 7.356 billion which consist of own source revenue projection of Kes.387.083 million and Equitable share of Kes 6.969 billion. Revenue performance is expected to be realized as a result of ongoing economic recovery strategies, continued reforms in revenue administration and revenue enhancement measures and formulation and review of policies that boost economic recovery.
53. As revenue enhancement measures are put in place, the County Government will continue to pursue priorities which are aimed at safeguarding livelihoods, creating jobs and reviving businesses economic growth and wealth creation for the people. In addition, provision of core services, ensuring equity and minimizing costs through the elimination of duplication and inefficiencies will be prioritized.

Medium-Term Expenditure Framework

54. The County Government will continue with its policy of expenditure prioritization with a view to supporting productivity towards achieving its transformative development agenda. This agenda is anchored on provision of core services, creation of employment opportunities, improving the general welfare of the people and ensuring equity while minimizing costs through the elimination of duplication and inefficiencies. Realization of these objectives will have implications in the budget ceilings provided in this CBROP. The following criteria will serve as a guide for resource allocation:

- i. Linkage of Programmes that support wealth creation and productivity;
- ii. Linkage of the programme with the priorities of Medium-Term Plan IV of the Vision 2030;
- iii. Linkage of programmes that support completion of ongoing intervention as drivers or enablers;
- iv. Degree to which the programme addresses youth agenda, innovation and talent development;
- v. Degree to which a programme addresses job creation and poverty reduction;
- vi. Degree to which a programme addresses the core mandate of the departments;
- vii. Expected outputs and outcomes from a programme;
- viii. Cost effectiveness and sustainability of the programme;
- ix. Extent to which the Programme seeks to address viable ongoing/stalled projects;
- x. Extent to which the Programme seeks to address mainstreaming of cross cutting issues like climate change among others; and
- xi. Requirements for furtherance and implementation of the Constitution.

55. In addition to supporting County Social Economic Reengineering Recovery Strategy, the county government will prioritize resources towards achievement of the following initiatives:

- a) Enhancing Food and Nutrition Security through investment on agriculture, livestock development and fisheries development;
- b) Providing Universal Health Coverage and Guaranteeing Quality and Affordable Healthcare to the citizens. This will be done through investing and improvement of health facilities in the county.
- c) Supporting value addition by investing on milk products, meat products, tannery, honey processing, affruition, aloe-vera, coffee processing and cotton production.

- d) Land ownership development and urban /semi urban planning
- e) Promotion of Environment protection for sustainable development
- f) Promoting of Tourism investments and product diversification

CBROP 2023

Table 10 : Revenue Fiscal Projections

BARINGO COUNTY GOVERNMENT CBROP REVENUE FOR MTEF in Ksh.						
REVENUE SOURCES	2022/2023	2022/2023	APPROVED ESTIMATES 2023 -2024	2024/2025	2025/2026	2026/2027
	Approved Budget	Actuals	Kshs	PROJECTED REVENUES		
Projects Funds Brought Forward	1,422,042,692	1,422,042,692	1,755,454,595	-	-	-
Equitable Share	6,369,394,592	6,369,394,592	6,647,771,186	6,969,440,000	8,851,120,000	9,191,256,604
Local Revenue	387,429,514	312,102,220	450,097,396	387,083,761	406,437,949	425,792,137
Grants	1,078,554,911	912,266,041	692,471,527	-	-	-
Grand Total	9,257,421,709	9,015,805,545	9,545,794,704	7,356,523,761	9,257,557,949	9,617,048,741
Development (>30%)		2,704,741,664	2,863,738,411	2,206,957,128	2,777,267,385	2,885,114,622
Recurrent(<35%)		6,311,063,882	6,682,056,293	5,149,566,633	6,480,290,564	6,731,934,118

Source of data: Baringo County Treasury Budget

Table 11 : Local Revenue Projections

BARINGO COUNTY GOVERNMENT					
PROJECTED REVENUE TARGETS FOR FINANCIAL 2022/2023 TO 2025/2026					
No	SOURCES	2022/2023	2023/2024	2024/2025	2025/2026
1	Game Park Fees	12,958,780	66,024,034	36,780,669	44,619,703
2	Animal Stock Sale Fees	15,932,220	25,465,088	17,899,976	18,994,974
3	Produce & Other Cess	16,499,147	30,397,642	20,141,972	20,449,071
4	Single Business Permit	36,458,010	42,177,498	36,272,648	37,086,281
5	Land Rates/Plot Rent	17,237,599	38,428,919	23,048,870	24,701,314
6	County Housing	16,017,472	16,685,165	14,349,242	15,066,704
7	Market Fees & Others	9,491,890	16,342,793	14,054,802	14,757,542
8	Parking Fees	12,858,000	22,441,936	19,300,065	20,265,068
9	Advertising & Promotions	4,021,625	3,548,150	3,051,409	3,203,979
10	Physical Planning & Development	134,800	1,334,005	1,147,244	1,204,607
11	Public Health Licenses	3,934,700	8,922,159	7,673,057	8,056,710
12	Veterinary	3,012,630	12,348,939	10,620,088	11,151,092
13	Weights & Measures	691,620	728,448	626,465	657,789
14	Liquor Licenses	6,205,500	9,936,575	8,545,455	8,972,727
15	Koibatek ATC	2,591,144	3,023,264	2,600,007	2,730,007
16	Marigat AMS	-	2,053,674	1,766,160	1,854,468
17	Hire of County Machinery	612,500	680,926	585,596	614,876
18	Hospital Revenue	153,444,583	149,558,181	168,620,036	172,051,037
TOTAL		312,102,220	450,097,396	387,083,761	406,437,949

Source of data: Baringo County Treasury Revenue unit

Expenditure Projections for the MTEF 2024-2027

56. The country has made significant political and economic reforms that have contributed to sustained economic growth, social development, and political stability gains over the past decade. However, key development challenges still include poverty, inequality, youth unemployment, transparency and accountability, climate change, continued weak private sector investment, and the vulnerability of the economy to internal and external shocks.
57. The bottom-up economic transformation Agenda (BETA) aligned with the Governors manifesto 2023-2027, prioritizes agriculture, healthcare, housing and manufacturing and industrializations as vehicles towards the achievement of Vision 2030 and the transformation of Kenya into a competitive and prosperous country with a high quality of life
58. The County is pursuing a fiscal consolidation policy which is aimed at maintaining expenditures within the budget ceilings. During FY 2022/2023, the county anticipated to spend a total of Kes 9.257 billion in both recurrent and development projects. However, a review of the expenditure performance indicates that the County absorbed Kes.7.761 billion reflecting a performance of 84%. These expenditures comprise of recurrent Kes 5.357 billion (99.96%) against a target of Kes. 5.368 billion and development of Kes 2.404 billion (62%) against the target of Kes. 3.888 billion.
59. In the FY 2023/2024, the County government intends to spend Kes. 9.545 billion which comprise of Kes 5.095 billion for recurrent and Kes 4.450 billion for development. Expenditure projections for subsequent years 2024/2025; 2025/2026 and 2026/2027 is Kes 6.778 billion, Kes 6.88 billion and Kes. 7.327 billion respectively as shown in table 13 below.

Table 12 : Expenditure Projections per Economic Classification

Department	Approved Budget 2021/2022	Actual	Approved Budget	Actual	Approved Budget 2023/2024	2024/2025	2024/2025	2025/2026
Total Recurrent Expenditure	5,415,432,146	5,282,682,750	5,368,693,167	5,357,739,063	5,095,742,257	4,744,668,597	4,816,352,027	5,129,409,628
Employee Compensation	3,384,351,994	3,413,641,904	3,407,609,078	3,427,156,780	3,515,430,948	3,651,773,884	3,797,844,839	3,949,758,633
Operation and Maintainance	2,031,080,152	1,869,040,846	1,961,084,089	1,930,582,283	1,580,311,309	1,092,894,713	1,018,507,188	1,179,650,995
Total Development	4,205,194,458	1,847,194,402	3,888,728,542	2,404,031,727	4,450,052,447	2,033,429,399	2,064,150,869	2,198,318,412
Development expenditure	4,205,194,458	1,847,194,402	3,888,728,542	2,404,031,727	4,450,052,447	2,033,429,399	2,064,150,869	2,198,318,412
Total Expenditure	9,620,626,604	7,129,877,152	9,257,421,709	7,761,770,790	9,545,794,704	6,778,097,996	6,880,502,896	7,327,728,040
Development rate of change	44%	26%	42%	31%	47%	30%	30%	30%
Employee Compensation Rate	35%	48%	37%	44%	37%	54%	55%	54%
Operation and Maintenance rate	21%	26%	21%	25%	17%	16%	15%	16%
TOTAL RATE	100%	100%	100%	100%	100%	100%	100%	100%

Source of Data: County Treasury

Assumptions of the outlook

Some of the assumptions of the outlook include:

- i. County revenue sharing formulae will not change significantly during MTEF Period;
- ii. The County Allocation by national Government will increase significantly as per National CBROP;
- iii. There will be improved own source revenue collection;
- iv. There will be austerity measures on the expenditure;
- v. There will be no anticipated major disaster prevalence within the MTEF period;
- vi. There will be political stability within the period since election has just ended peacefully;
- vii. There will be no anticipated international security advisories that will affect the tourism sector;
- viii. Timely release of funds by the national government, peaceful co-existence in the county; and
- ix. That there will be no adverse weather conditions that will affect agricultural sector and businesses.

SECTION V: RECOMMENDATION AND CONCLUSIONS

60. Global economic outlook remains uncertain reflecting the impact of the tightening of monetary policy and escalation of geopolitical tensions particularly the ongoing war in Ukraine. Consequently, the global growth is projected to slow down to 3.0 percent in 2023 and 2024 from 3.5 percent in 2022. Kenya's economic performance is projected to remain strong and resilient over the medium term. The economy recorded a strong growth of 5.3 percent in the first quarter reflecting a strong recovery in agriculture sector and buoyant services sector including financial and insurance, information and communication, wholesale and retail trade and transport and storage. The economy is expected to remain strong and expand by 5.5 percent in 2023 (5.6 percent in FY 2023/24) and 5.7 percent in 2024 (5.9 percent in FY 2024/25). The growth outlook will be reinforced by implementation of policies and reforms under the priority sectors of the Bottom - Up Economic Transformation Agenda geared towards economic turnaround and inclusive growth
61. The fiscal performance in the FY 2022/23 was positive with total revenue collection growing by 7.3 percent and amounting to Ksh 2,360.5 billion. This was a performance of 95.4 percent against the target. The positive growth in revenue was recorded in all tax revenue categories, an indication of continued recovery in revenue collection. The implementation of FY 2023/24 has started in earnest and we are looking forward to the smooth implementation of planned programmes during the remainder of the financial year. Towards this end, the Government will continue to pursue its growth friendly fiscal consolidation plan that will signal debt sustainability and manageable fiscal gap. The plan will see a gradual decline in the fiscal deficit from 5.4 percent of GDP in the FY 2023/24 to 4.4 percent of GDP in the FY 2024/25 and further to 3.6 percent of GDP in the FY 2026/27. This will be supported by enhanced revenue mobilization, reprioritization and rationalization of expenditures but above all grow the tax base through an appropriate tax regime. This will ultimately reduce public debt and create fiscal space over the medium term to finance priority capital projects.
62. In the FY 2024/25 budget, all the spending units are expected to lay emphasis on the priority programmes under the BETA by increasing investments in Agricultural Transformation and Inclusive Growth; Micro, Small and Medium Enterprise (MSME); Housing and Settlement; Healthcare; and Digital Superhighway and Creative Industry. The budgeting for the FY 2023/24, as stated in the 2023 Budget Policy Statement will strictly be through a value chain under five clusters, namely, Finance and Production Economy; Infrastructure; Land and Natural Resource; Social Sectors; and Governance and Public Administration. This will ensure adequate resources are

directed towards the nine value chains, namely, (i) Leather; (ii) Cotton; (iii) Dairy; (iv) Edible Oils; (v) Tea; (vi) Rice; (vii) Blue Economy; (viii) Natural Resources Including Minerals & Forestry); and (ix) Building Materials that are under implementation in the FY 2023/24 budget.

63. Given the limited resources, the Sector Working Groups (SWGs) and Government Ministries, Departments and Agencies (MDAs) are therefore directed to critically review, evaluate and prioritize all budget allocations to strictly achieve the BETA priorities. The hard sector ceilings provided for the FY 2024/25 budget and the Medium Term will form the basis of allocations. The sector ceilings will guide the development of sector budget proposal which will form inputs into the 2024 Budget Policy Statement.
64. For effective budget implementation, enhanced capacity building will be carried out as well as enhancement of systems for monitoring and evaluation to be used by all relevant departments. This will ensure that resource is utilized effectively and efficiently towards the improvement of livelihoods of the residents.

Annexes

Annex I: Fiscal Expenditure per Department

Table 13 : Fiscal Projected Expenditure

	Economic Classification	Approved Budget	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027
			Actual	Budget Estimate	CBROP	Projection	
County Assembly	Recurrent	951,229,060	948,105,930	828,962,651	691,352,172	725,179,216	768,689,968
	Development	133,983,929	47,133,123	126,926,227	20,000,000	20,400,000	21,624,000
	Total	1,085,212,989	995,239,053	955,888,878	711,352,172	745,579,216	790,313,968
County Executive services	Recurrent	3,478,791,135	3,477,718,790	3,419,559,368	3,585,038,127	3,784,290,034	3,973,504,535
	Development	56,137,488	44,280,500	71,079,550	200,000,000	204,000,000	97,801,509
	Total	3,534,928,623	3,521,999,290	3,490,638,918	3,785,038,127	3,988,290,034	4,071,306,044
County Finance and Economic Planning	Recurrent	182,078,813	182,078,566	142,049,615	125,859,610	148,376,803	157,279,411
	Development	262,119,880	94,667,694	188,022,119	50,000,000	102,000,000	97,801,509
	Total	444,198,693	276,746,260	330,071,734	175,859,610	250,376,803	255,080,920
Health Services	Recurrent	511,701,375	508,273,549	398,631,775	406,604,411	1,271,919,670	1,248,903,871
	Development	387,888,203	109,138,304	592,984,813	310,000,000	265,200,000	281,112,000
	Total	899,589,578	617,411,854	991,616,588	716,604,411	1,537,119,670	1,530,015,871
Roads,Transport,Energy and Public Works	Recurrent	13,700,173	12,738,362	35,700,173	36,414,176	57,142,460	60,571,008
	Development	752,080,592	627,487,143	706,281,617	240,000,000	444,800,000	471,488,000
	Total	765,780,765	640,225,505	741,981,790	276,414,176	501,942,460	532,059,008
Agriculture, Livestock, and FisheriesManagement	Recurrent	30,669,781	30,668,994	30,779,783	31,395,379	62,023,286	65,744,683
	Development	571,109,857	377,827,627	665,809,161	310,000,000	467,200,000	495,232,000
	Total	601,779,638	408,496,621	696,588,944	341,395,379	529,223,286	560,976,683
Education	Recurrent	62,340,000	62,082,594	84,690,000	86,383,800	148,111,476	156,998,165
	Development	292,912,653	176,726,926	264,151,193	130,000,000	183,600,000	194,616,000
	Total	355,252,653	238,809,521	348,841,193	216,383,800	331,711,476	351,614,165
Youth,Sports, Culture, Gender and Social Services	Recurrent	21,067,943	21,067,842	33,592,453	35,272,076	65,977,517	69,936,168
	Development	149,595,148	82,675,524	129,262,992	120,000,000	122,400,000	129,744,000
	Total	170,663,091	103,743,367	162,855,445	155,272,076	188,377,517	199,680,168
Water and Irrigation	Recurrent	50,255,512	49,580,879	62,655,512	63,908,622	85,186,795	90,298,002
	Development	936,502,892	630,625,031	1,021,014,244	350,000,000	366,116,516	388,083,507

	Total	986,758,404	680,205,910	1,083,669,756	413,908,622	451,303,311	478,381,509
Natural Resources Mining and Climate Change	Recurrent	14,651,809	14,651,144	18,754,819	19,692,560	50,086,411	53,091,596
	Development	120,636,711	92,628,444	39,475,300	150,000,000	253,000,000	268,180,000
	Total	135,288,520	107,279,588	58,230,119	169,692,560	303,086,411	321,271,596
Lands, Housing and Urban Development	Recurrent	37,722,474	37,623,432	21,917,118	22,355,460	32,802,570	34,770,724
	Development	142,705,119	99,841,411	135,990,350	68,429,399	59,850,869	63,441,921
	Total	180,427,593	137,464,843	157,907,468	90,784,859	92,653,438	98,212,645
Wildlife Management ,Trade ,Tourism Industrilisation , Commerce and Entreprise Development	Recurrent	14,485,092	13,148,980	18,448,989	18,817,969	49,194,328	52,145,988
	Development	83,056,070	21,000,000	509,054,881	285,000,000	288,700,000	375,990,177
	Total	97,541,162	34,148,980	527,503,870	303,817,969	337,894,328	428,136,164
	Recurrent	5,368,693,167	5,357,739,063	5,095,742,256	5,123,094,362	6,480,290,564	6,731,934,118
	Development	3,888,728,542	2,404,031,727	4,450,052,447	2,233,429,399	2,777,267,385	2,885,114,622
	Total	9,257,421,709	7,761,770,790	9,545,794,703	7,356,523,761	9,257,557,949	9,617,048,741
Percentages							
Recurrent				53%	70%	70%	70%
Development				47%	30%	30%	30%

Annex 2 BUDGET CALENDAR FOR THE FY 2024/25 AND MEDIUM-TERM BUDGET

Table 14 : Budget Calendar For The Fy 2024/25

Activity	Responsibility	Timeline
• Issue MTEF Guidelines	County Treasury	30 th August 2023
• Public participation on ADP	County Treasury	21 st -25 th August 2023
• present ADP to CEC for approval	County Treasury	30 th August 2023
• Submit ADP to County Assembly	County Treasury	1 st September 2023
• Review of Expenditure	Departments	4 th – 15 th September 2023
• Draft County Budget Review and Outlook Paper (CBROP)	County Treasury	17 th September 2023
• Launch of Sector working groups (SWG)	County Treasury	19 th September 2023
• Submission of CBROP to Cabinet	County Treasury	30 th September 2023
• Submit CBROP to County Assembly	County Treasury	18 th October 2023
• Submit draft sector reports to treasury	Sector Chairpersons	16 th December 2023
• Hold Sector Hearings	County treasury/ SWGs	16 th -19 th January 2024
• Submission of final Sector reports to County Treasury	Sector Chairpersons	30 th January 2024
• Preparation of the CFSP	County Treasury	3 rd February 2024
• Finalize and circulate Fiscal Strategy paper (CFSP) to Heads of Departments	County Treasury	10 th February 2024
• Public participation on CFSP	County Treasury	13 th –15 th February 2024
• Submission of CFSP to cabinet for review and approval	County Treasury	22 nd February 2024
• Submission of CFSP to County Assembly	County Treasury	28 th February 2024
• Preparation of Draft Sector Budget Proposals	Sector Working Groups	4 th -13 th March 2024
• Submission of Budget Proposals to Treasury	Line Departments	29 th March 2024
• Public participation on Budget Estimates	County Treasury	18 th – 22 nd March 2024

• Consolidation of the Draft Budget Estimates	County Treasury	1st April 2024
• Submission to Cabinet for Approval	County Treasury	15 th April 2024
• Submission of Draft Budget Estimates to County Assembly	County Treasury	29 th April 2024
• Review of Draft Budget Estimates by County Assembly	County Assembly	15 th May 2024
• Report on Draft Budget Estimates from the County Assembly	County Assembly	30 th May 2024
• Consolidation of the Final Budget Estimates	County Treasury	7 th June 2024
• Submission of Appropriation Bill to County Assembly	County Treasury	10 th June 2024
• Budget Statement	County Treasury	23 rd June 2024
• Appropriation Bill Passed	County Assembly	30 th June 2024

Annex 3 Economic Planning Team that Developed CBROP 2023

Table 15 : Writers of CBROP 2023

S/No	Name	Designation
1.	Hon. Wilson Cheserek	CECM Treasury & Economic Planning
2.	Michael Ngetich	Chief Officer
3.	Ken Nadeiwa	Principal M & E Officer
4.	Richard Tumeiyo	Principal M & E Officer
5.	CPA. Jacob Kendagor	Deputy Director budget
6.	CPA. Sammy Kibor	Asst. Director Planning
7.	Roxana Kandie	Asst. Dir. Investment & Resource Mobilization
8.	Solomon Kimuna	Senior Economist
9.	Festus Kiptui	Accountant
10.	Francis Karimi	Accountant
11.	Jennifer Koech	Principal Budget Officer
12.	Robert Misken	Revenue Officer