



COUNTY GOVERNMENT OF TRANS-NZOIA
THE COUNTY TREASURY

COUNTY BUDGET REVIEW
AND
OUTLOOK PAPER

SEPTEMBER 2023

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© County Budget Review and Outlook Paper (CBROP) 2023

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COUNTY VISION AND MISSION

Vision

An agro-industrialized County with high quality of life for residents

Mission

To facilitate transformative development, service delivery and good governance for sustainable socio-economic development

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Abbreviations and Acronyms

AGPO	Access to Government Procurement Opportunities
ASDSP	Agricultural Sector Development Support Program
BETA	Bottom-Up Economic Transformation Agenda
BMONC	Basic Maternal obstetric Neonatal care
BPS	Budget Policy Statement
CARA	County Allocation of Revenue Act
CBK	Central Bank of Kenya
CBROP	County Budget Review and Outlook Paper
CCTV	Closed Circuit Television
CCTV	Closed Circuit Television
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
CMONC	Comprehensive Maternal obstetric Neonatal care
COVID	Corona Virus Disease
CPA	Certified Public Accountant
DANIDA	Danish Development Agency
EBS	Elder of the order of Burning Spear
ECDE	Early Childhood Development Education
FLLOCA	Financing Locally Led Climate Action
FY	Financial Year
GDP	Gross domestic product
HIV	Human immuno deficiency Virus
HR	Human Resource
ICT	Information Communication Technology
IDA	International Development Association
IFMIS	Integrated Financial management system
IMF	International Monetary Fund
KDSP	Kenya Devolution Support Program
KelCoP	Kenya Livestock Commercialization project
KelCoP	Kenya Livestock Commercialization project
KISIP	Kenya Informal settlements Improvement Program
KUSP UDG	Kenya Urban Support Program –Urban Development Grant
MBS	Moran of the order of Burning Spear
MTDSP	Medium Term debt strategy Paper
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Period
NARIGP	National Agricultural and Rural Inclusive Growth project
NAVCDP	National Agricultural Value Chain development Program

NCDs	Non Commucable Diseases
NG	National Government
OSR	Own Source Revenue
P&P	Permanent and pensionable
PFM	Public Finance Management Act
SWG	Sector Working Group
SWG	Sector Working Group
THSUCP	Transforming Health systems for universal Health care project
TWG	Technical Working Group
UHC	Universal Health Coverage
VAT	Value Added Tax
VTCs	Vocational Training Centres
WEO	Word Economic Outlook

Legal Basis for the Publication of the Budget Review and Outlook Paper
The Budget Review and Outlook Paper is prepared in accordance with Section 118 of the Public Finance Management Act, 2012. The law states that: -

The County Treasury Shall Prepare and Submit to the County Executive Committee for approval by 30th September in each year, a County Budget Review and Outlook Paper, which shall include:

An analysis of actual fiscal performance in the previous year compared to the Budget appropriation for that year;

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

Information on how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles or financial objectives in the latest CFSP; and

The reasons for any deviation from the financial objectives in the CFSP together with proposals to address the deviation and the time estimated for doing so.

The County Executive Committee shall consider the CBROP with a view to approving it with or without amendments, within fourteen days (14) after its submission.

Not later than Seven days (7) after the CBROP has been approved by the County Executive Committee (CEC), the County Treasury shall: -

Submit the Paper to the County Assembly; and

Publish and publicize the Paper not later than fifteen days after laying the paper before the county assembly.

Fiscal Responsibility Principles in the Public Financial Management Law.

In line with the Constitution, the Public Finance Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudence and transparency in the Management of Public resources. Section 107 of the Act states that: -

- (a) The county government's recurrent expenditure shall not exceed the county government's total revenue.
- (b) Over the medium-term a minimum of thirty per cent of the County government's budget shall be allocated to the development expenditure.
- (c) The county government's expenditure on personnel emoluments shall not exceed a percentage of the county government's total revenue as prescribed by the County Committee Executive Member for Finance in regulations approved by the County Assembly.
- (d) Over the medium-term, the government's borrowings shall be used only for the purpose of financing development expenditure and not recurrent expenditure.
- (e) The county debt shall be maintained at a sustainable level.
- (f) The fiscal risks shall be managed prudently: and
- (g) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.
- (h) For the purpose of subsection (2) (d), short term borrowing shall be restricted to management of cash flows and shall not

Foreword



This County Budget Review and Outlook Paper (CBROP) has been prepared pursuant to section 118 of PFM Act 2012. It is the first CBROP prepared under the 3rd generation County integrated development plan (CIDP) 2023-2027, which is the blue print that drives the County's development agenda in the Medium Term period. It presents a review of the fiscal performance for 2022/23 financial year and how this affects the financial objectives set out in the 2023 County Fiscal Strategy Paper (CFSP). The updated macroeconomic outlook therein also provides us with a basis to revise the 2023/2024 budget. The document further spells out the broad policy priorities as well as providing a forecast of the indicative resources for financing county government priorities (indicative sector ceilings) for Fy.2024/2025.

The fiscal outcome for FY 2022/2023 and the first two months of financial year 2023/2024 necessitate for a review of the 2023/2024 budget estimates and forms the basis of the sector ceiling provided in this policy document for the financial year 2024/25 for the County.

In coming up with the ceilings, prioritization has been given to implementation of the County's flagship and transformative projects espoused in the CIDP 2023-2027 as well as the Governor's Manifesto which all provide county development agenda and strategic direction. Over the Medium Term period (MTP) the Government will focus on promoting the productive sectors as a means for enhancing economic growth thereby improving incomes of the people. Additionally, the Government will continue to champion and facilitate an enabling business environment, provide access to affordable quality health care services as well as undertake economic empowerment of the vulnerable and other marginalised groups.

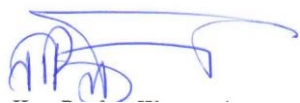
This CBROP outlines the medium term policies and strategies that the county government seeks to implement in order for it to live up to its mandate given the prevailing socio- economic circumstances and in conformity with the fiscal responsibility principles outlined in the PFM Act

2012 and the County's development Strategic objectives as contained in the county development plans.

The sector strategies include; -

- Strengthening governance for effective and efficient county public service delivery
- Developing appropriate social economic policies that can spur growth and development,
- Creating an enabling business and investment environment,
- Providing accessible and affordable social services including health care, ECD, vocational education and social protection services
- Providing efficient and affordable transport infrastructure
- promoting empowerment of youth, women and the marginalized members of our community,
- Increasing land productivity to enhance food security and increased farmer incomes,
- Ensuring security of land tenure as well as providing adequate land for infrastructure development.
- Sustainable exploitation and management water resources as well as promoting environmental protection.

The fiscal framework presented in this 2023 CBROP provides a strong basis for a sustained county development process that is aligned to the national development agenda including the 'The Bottom-Up Economic Transformation Agenda'. This CBROP is anchored on great fiscal discipline, transparency and stakeholder involvement as a prerequisite to achievement of the aspirations of the people of Trans Nzoia County. This policy strategy will be bolstered in the next County Fiscal Strategy Paper (CFSP) to be released in February 2024.



CPA Bonface Wanyonyi

CECM Finance and Economic Planning

Acknowledgement



The department of Finance and Economic planning plays a key role in facilitating and coordinating the county planning and budget formulation process, vehicles through which the County's development agenda is attained. The county Budget Review and Outlook paper (CBROP) is one of the key budget policy documents prepared in the budget cycle as stipulated in the Public Finance Management Act 2012 and its attendant regulations. Importantly the preparation of this CBROP affords an opportunity to review the fiscal performance of the previous financial year 2022/2023 which has a bearing on execution of financial year 2023/2024 budget and also in forecasting the coming financial year 2024/2025.

The preparation of this policy document has been made possible through invaluable effort and commitment of county leadership and staff. I wish to recognise H.E the Governor George Natembeya, EBS, MBS; for the leadership and stewardship in charting the county development direction. I also acknowledge the contribution of County Executive Committee Member for Finance and Economic Planning, CPA Bonface Wanyonyi, for providing policy direction and guidance for the department to effectively execute its mandate.

I am most sincerely thankful to the county departments through the leadership and direction of CECMS and County chief officers as well as the technical staff for providing information on performance of their sectors for the fiscal year 2022/2023. Indeed, we acknowledge the unwavering support and goodwill of the county sectors in availing the requisite information whenever called upon.

I wish to particularly acknowledge the contribution of the department staff who were members of the Technical Working Group (TWG) that were tirelessly involved in the collection, collation and compilation of the data, and writing this policy document. The team comprised of Mr. Moses Otieno, Senior Economist I; Mr. Benard Madegwa, Mr. Wanyonyi Kirato, and Ms. Bridgit

Kibone, Principal Accountants; Mr. Telewa Ibrahim, Budget Officer, Mr. James Wanyonyi, Accountant and Ms. Annet Barasa, Economist I.

Special gratitude go to the County Assembly of Trans Nzoia through its leadership as well as the Budget and Appropriations Committee for their oversight role and interrogation of key policy documents routinely submitted to the house by the department. For all those individuals that in very diverse ways made production of this paper successful but I could not mention by name, I say thank you.

This paper can be found on the website of the County Government of Trans Nzoia (www.transnzoia.go.ke).



CPA Ashton Mulupi
Chief Officer Finance and Economic Planning

Executive Summary

The CBROP provides a review of the fiscal performance for the financial year 2022/2023, updated national macroeconomic and fiscal forecast which inform the county fiscal framework, deviations from the CFSP 2023 and indicative sector ceilings for the 2024/25 budget and the medium term. The indicative Ceilings and fiscal outlook provided herein will be firmed in the CFSP 2024.

The fiscal performance in the 2022/2023 financial year was fairly satisfactory considering the prevailing macro-economic environment globally and domestically. The County in its budget for FY 2022/2023 projected a revenue target of Ksh. 9,116,682,520. This comprised of Equitable Share, Own Source Revenue (OSR), Conditional grants from National government and Development Partners; and Unspent balances from previous year. In this period, the total cumulative revenue realized amounted to Ksh. 8,750,277,246 translating to an achievement rate of 96 percent. The Ksh. **366,405,274** shortfalls in revenue resulted from underperformance in own source revenue and transfers from National government by Kshs. 152,219,431 and Ksh. 214,185,843 respectively.

The total actual expenditure of development and recurrent budget in 2022/2023 financial year was Ksh. **7,629,214,445** against an approved budget of Ksh. 9,116,682,520 depicting a variance of Ksh. **1,487,468,075** in budget absorption. This is equivalent to an absorption rate of 83.7% of the total approved budget.

The County approved budget for FY 2022/2023 complied with the fiscal responsibility principles as outlined in the PFM Act 2012. The Development Budget allocation of Ksh. 3,309,325,072 which was 36.3 percent of the total budget of Ksh. Ksh. 9,116,682,520 in the FY 2022/23 was over and above the minimum requirement of 30 percent.

The personnel emoluments expenditure of Ksh 3,302,570,421 is 36.2 percent of the approved budget and is marginally outside the maximum required of 35% of the county revenue. An analysis of the county wage bill for the Financial 2022/2023 against the recurrent budget reveals the Annual wage bill to be 56.9% of the recurrent budget implying that personnel emoluments accounted for slightly more than half of the recurrent budget. The wage bill as a proportion of the total budget was highest in FY 2017/2018 at 40 percent.

The 2023 CBROP has been prepared against a backdrop of continued global uncertainties, reflecting high but easing inflationary pressures, weak global growth outlook, heightened geopolitical tensions particularly the conflict in Ukraine and Middle East, concerns about financial sector stability in advanced economies, and increased food insecurity due to climate-related shocks. Global growth is projected to slow down to 3.0 percent in 2023 and 2024 from 3.5 percent in 2022, reflecting the impact of the tightening of monetary policy and escalation of geopolitical tensions particularly the ongoing war in Ukraine and Middle East.

On the domestic scene, 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).

This growth will be supported by the strong recovery in agriculture and resilient services sector that both will 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 rollout of 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. The easing of global commodity prices and supply chain constraints coupled with robust private sector investment are expected to support domestic demand.

Trans Nzoia outlook over the medium-term period will largely be informed by the developments at the national level and prevailing macro-economic trends in the county. The positive outlook of national macro-economic indicators will impact positively to the county outlook.

The county Economy has seen sustained growth due to improvement in county business environment. The county economy is majorly Agro-based and the favourable weather conditions experienced over time will contribute to adequate production from the sector. The agriculture sector has continually provided seasonal employment to many especially during the planting, weeding and the maize harvesting season in October- December.

This coupled with roll out of county development interventions and the favourable business environment will contribute to growth and positively reflect on Gross County Product (GCP). The County Government in partnership with the National Government is setting up a County industrial and Aggregation park (CAIP) at ADC Namandala. The main objective of CAIP is to grow manufacturing and investments through agro-industries and enhance productivity of agriculture sector in a sustainable manner hence creating inclusive decent jobs, increase farmers' income; increase foreign exchange, provide platform where farmers, processors, exporters, research institutions, industrial bodies and Government can engage for agro-industrial development. The multiplier effect of this noble initiative will be a robust county economy

The continuing infrastructure development especially the completion of the Kitale-Suam Border road, the completion of Masinde-Muliro business centre, and Kitale Railway grounds market among other mega projects are going to significantly and positively impact the local economy. The private sector investments has continued to expand and this portends a promising economic outlook for the county. On a positive front, the County government has met its debt obligations by working towards clearing pending bills thus providing the much needed liquidity for the county entrepreneurs.

The Revenue performance in the first Quarter of FY 2023/2024 has been unsatisfactory as only 15.6% of the total expected revenue for the year has been realized. Out of this, the proportion of OSR and equitable share realized is 15.6% percent and 16.5% percent respectively. The remaining proportion is NAVCDP grant. Ksh. 67,192,729 against the targeted of Ksh 250,000,000 for the financial year which translates to 26.9% performance. The total revenue realized for the First Quarter including unspent balance carried forward was Ksh 1,405,381,726 against an approved Annual target of Kshs. 9,011,216,032.

Budget performance in the first Quarter has been inadequate due to the late commencement of the execution of the Annual Budget and the delay in the transfers from the National Government. The actual total expenditure for the first Quarter is Ksh. 1,032,881,089 against a projected expenditure of Ksh. 2,252,804,008. The expenditure recorded is Ksh. 767,025,616 for recurrent vote and Ksh. 265,855,473 for the development vote. The greater proportion of the recurrent expenditure comprises personnel emoluments which accounts for 77.4% while 22.6% of the recurrent expenditure has been incurred under operations and maintenance. The amount expended translates to 45.8% of the projected quarterly expenditure and 11.5% of the Kshs. 9,011,216,032 projected expenditures for the financial year 2023/24.

The risks to the outlook include:

- Public expenditure pressures particularly on wages
- Policy changes
- Underperformance in Own Source Revenue (OSR)
- Inflationary shocks
- Uncertainties in the global economic outlook
- Climate change and unpredictable weather conditions

The total approved revenue for FY 2023/2024 is Ksh 9,011,216,032 out of which transfers from the National Government (equitable share and grants) are amounting to Kshs. 8,367,516,032 comprising of equitable share and grants of Kshs. 7,491,188,345 and Ksh. 876,327,687 respectively. The approved own source revenue is kshs 643,700,000.

The projected revenue for financial year 2024/2025 is Kshs. 9,461,776,834 comprising of Kshs. 7,865,747,762 and Kshs. 675,885,000 for equitable share and own source revenue respectively. This projected revenue is expected to increase progressively over the medium term from Ksh. 9,461,776,834 in FY. 2024/25 to Kshs. 10,431,608,959 in FY. 2026/27.

Based on the projected OSR and Equitable share revenue, in the financial year 2024/2025 expenditure is forecast at Ksh 9,461,776,834 out of which the recurrent expenditure will be Ksh. 5,776,603,657 against a development expenditure of Ksh. 3,685,173,177. This expenditure is projected to rise to Ksh. 10,431,608,959 at the end of the MTEF period in 2026/2027. These

projected expenditure ceilings will be firmed up in the upcoming CFSP based on the BPS and CARA bill.

The Medium Term Expenditure period 2024/25-2026/27 will be seek to contribute to the attainment of the Government’s goal of propelling the county to an upward development trajectory in line with the theme of the 3rd generation CIDP 2023-2027 “transformative agenda for accelerated economic growth and improved social welfare”.

1. SECTION ONE: INTRODUCTION

1.1. Background

The County Budget Review and Outlook Paper (CBROP) is a key legal document linking County policies, County plans and budget. The CBROP provides the County Government with the basis upon which to re-prioritize project portfolio as contained in the County Integrated Development Plan (CIDP) and other Development plans as guided by the indicative sector budget ceiling provided by the CFSP while taking into account the macro-economic environment and emerging county specific development needs.

In line with the PFM Act, this CBROP contains a review of the fiscal performance for the financial year 2022/2023, updated national macroeconomic and fiscal forecast which informs the county fiscal framework, deviations from the CFSP 2023 and indicative sector ceilings for the 2024/25 budget and the medium term. The indicative Ceilings thus provided will set in motion the budget preparation process for the Fiscal Year 2024/25. These indicative sector ceilings and fiscal outlook will be firmed in the County Fiscal Strategy Paper (CFSP) 2024.

The 2023 County budget review and outlook paper (CBROP) has been formulated in the background of continued global uncertainties, reflecting high but easing inflationary pressures, heightened geopolitical tensions particularly the conflict in Ukraine and Middle East, concerns about financial sector stability in advanced economies, and increasing food insecurity due to climate related shocks.

On the domestic scene, 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).

1.2. Objectives of the CBROP

The objectives of the CBROP are anchored in the legal provisions of the PFM Act, section 118 and it provides a review of the previous fiscal performance, how it impacts on the financial objectives and fiscal responsibilities to be set out in the subsequent CFSP. On considering the macroeconomic outlook, a basis for revising the current budget in the context of the broad fiscal parameters underpinning the next budget and medium term is realized. Details of the fiscal framework and the medium-term policy priorities are firmed up in the CFSP 2024.

Specifically, CBROP provides:

- Review of the previous fiscal year in terms of revenue and expenditure performance across the County Departments, i.e. FY 2022/2023.
- An analysis of the prevailing macro-economic conditions and their impact to the subsequent financial years.
- Updated economic and financial forecasts in relation to the changes from the forecasts in the most recent CFSP. Addressed in 1st quarter FY 2023/2024.
- Indication on how actual financial performance financial year may have affected compliance with the fiscal responsibility principles, or financial objectives in the CFSP for the financial year.
- Reasons for any deviations from the financial objectives in the CFSP together with proposed measures to address the deviation.

This CBROP aims at examining the attainment of the economic priorities and strategic intervention areas set out in CFSP 2023 and in the realization of the 3rd generation CIDP 2023-2027. In attaining this, the paper focuses on the observing the fiscal responsibility principles as per section 107 of the PFM Act 2012. In broader terms, the updated macro-economic and financial outlook provides a basis for any budget revision and sets out broad fiscal parameters for the next budget. Further, the paper will provide an indicative sector expenditure projection for the FY 2024/2025 Budget and in the medium term to guide Sector Working Groups (SWGs). This will be firmed up in the CSFP 2024.

1.3. Organization of Report

This report has been presented in four Sections, namely;

- Section one provides Background information on CBROP, introduction and objectives of the CBROP;
- Section two provides a review of the fiscal performance in FY 2022/23 and its effects on the financial objectives set out in the CFSP 2023;
- Section three provides brief highlights of the recent economic developments and updated macroeconomic outlook;
- Section four provides the 2024/25-2026/27 MTEF Resource allocation framework and the conclusion.

2 SECTION TWO: REVIEW OF FISCAL PERFORMANCE IN FY 2022/2023

2.1 Overview

The fiscal performance in the 2022/2023 financial year was fairly satisfactory considering the prevailing macro-economic environment. The County in its budget for FY 2022/2023 projected a revenue target of Ksh. **9,116,682,520**. This was to be realized from Equitable Share, Own Source Revenue (OSR), Conditional grants from National government and Development Partners; and Unspent balances from previous year. In this period, the total cumulative revenue realized amounted to Ksh. **8,750,277,246** translating to an achievement rate of 96 percent. The Ksh. **366,405,274** shortfalls in revenue resulted from underperformance in own source revenue and transfers from National government by Kshs. 152,219,431 and Ksh. 214,185,843 respectively.

The total actual expenditure for both development and recurrent in 2022/2023 financial year was Ksh. **7,629,214,445** against an approved budget of Ksh. 9,116,682,520 depicting a variance of Ksh. **1,487,468,075** in budget absorption. This is equivalent to an absorption rate of **83.7%** of the total approved budget.

2.2 2022/2023 Fiscal Performance

2.2.1 Revenue Performance;

By the end of the financial year 2022/2023 the total actual revenue realized including local revenues, exchequer allocations and grants from the national Treasury and other development partners was Ksh. **8,750,277,246** against a target of Ksh. **9,116,682,520**, hence translating to 96.0% of the total anticipated revenue.

Compared to the previous FY 2021/2022 in which the total revenue realized was Ksh. 8,193,666,137 there is a noticeable growth in total revenue by 6.8% despite achieving 75.8% of OSR compared to the previous year in which 71.8% was achieved. The slight increase in the total revenue is attributed to the slight increase in the OSR in comparison with the previous year. otherwise, there was a decline of realizable other revenues as 92% and 47% of equitable share and total conditional grants respectively being achieved. The unspent balance of Ksh. 111,146,408 of Fy.2022/2023 was lower compared to Ksh. 864,662,730 of previous Fiscal year 2021/2022. Financial year 2022/2023 recorded a decrease in the budgeted conditional grants target of Kshs. 614,985,830 as compared to Kshs. 724,984,356 of Fy.2021/2022 representing 17.9% variance. Out of the Kshs. 614,985,830 budgeted conditional grants for Fy.2022/23, the county realized Kshs. 400,799,987. This comprised of NARIGP Ksh. 192,666,098, DANIDA Kshs. 18,529,875, ASDSP Kshs. 9,462,022, KDSP II Kshs. 105,802,077, KISIP II Kshs. 50,000,000, KUSP UDG Kshs. 2,339,915 and FLLOCA Kshs. 22,000,000 respectively. The NARIGP grant realised was 85.2 percent of the target while the total targeted amounts were realised for the rest of the grants.

Further, there were no receipts from Leasing of Medical Equipment and NAVCDP. The under performance in the targeted revenue from National government sources for FY 2022/23 stringent donor conditions in meeting performance requirements for the disbursement of some of the conditional grants such as KDSP, ASDSP, NARIGP and THSCUP.

Tables 1 and 2 provide Trend on equitable share and comprehensive analysis of the performance of total county revenue for the financial year 2022/2023.

Table 1: Trend in Growth of Equitable share

Exchequer Receipts Trend	Allocation	Growth	Percentage Growth
2013/2014	3,356,022,973	0	0.0%
2014/2015	4,013,445,218	657,422,245	16.4%
2015/2016	5,099,612,701	1,086,167,483	21.3%
2016/2017	5,502,547,171	402,934,470	7.3%
2017/2018	5,647,400,000	144,852,829	2.6%
2018/2019	5,620,600,000	-26,800,000	-0.5%
2019/2020	5,264,914,200	-355,685,800	-6.8%
2020/2021	5,760,300,000	495,385,800	8.6%
2022/2023	7,186,157,670	1,425,857,670	19.8%
2022-2023	7,186,157,670	0	0.0%
2023-2024 (Target)	7,491,188,345	305,030,675	4.1%
2024/2025 (CBROP 2023 projected Growth)	7,545,465,554	54,277,209	0.7%

Source: County Treasury 2023

Table 2: Approved and Actual Revenue Realized by Source for FY 2022/2023 in Ksh.

No	REVENUE STREAM	ACTUAL REVENUE 21/22	ANNUAL TARGATED REVENUE 2022/23 (Kshs.)	ACTUAL REVENUE 2022/23 (Kshs.)	VARIANCE (Kshs.)	ANNUAL GROWTH	% ANNUAL GROWTH	% ACHIEVED	%TOTAL REVENUE
		A	B	C	D=C-B	E= C-A	F=E/A*100	G=C/B*100	C/Total Revenue 2022/2023 *100
1	Equitable Share	6,611,265,058	7,186,157,670	7,186,157,670	-	574,892,612	8.7%	100.0%	87.7%
2	Local Sources	379,991,105	629,500,000	477,280,569	152,219,431	97,289,464	25.6%	75.8%	5.8%
3	KUSP UDG	-	2,339,915	2,339,915	-	2,339,915	0.0%	100.0%	0.0%
4	KDSP (WB) Level II	105,802,077	105,802,077	105,802,077	-	-	0.0%	100.0%	1.3%
5	NARIGP	211,052,879	226,213,643	192,666,098	33,547,545	(18,386,781)	-8.7%	85.2%	2.4%
6	DANIDA	6,381,375	18,529,875	18,529,875	-	12,148,500	190.4%	100.0%	0.2%
7	ASDSP II	14,510,913	9,462,022	9,462,022	-	(5,048,891)	-34.8%	100.0%	0.1%
8	Leasing of Medical Equipment	-	110,638,298			-	0.0%	0.0%	0.0%
9	KISIP II	-	50,000,000	50,000,000	-	50,000,000	0.0%	100.0%	0.6%
10	Financing Locally Led Climate Action	-	22,000,000	22,000,000	-	22,000,000	0.0%	100.0%	0.3%

11	National Value Chain Development Programme	-	70,000,000	-	70,000,000	-	0.0%	0.0%	0.0%
12	Unspent Balances (equitable share)	489,625,500	574,892,612	574,892,612	-	85,267,112	17.4%	100.0%	7.0%
13	Unspent Balances (KDSP II)	140,266,760	22,541,150	22,541,150	-	(117,725,610)	-83.9%	100.0%	0.3%
14	Unspent Balances (User fees foregone)	21,304,915			-	(21,304,915)	-100.0%	0.0%	0.0%
15	Unspent Balances (Transforming Health Systems for Universal Care)	21,718,242			-	(21,718,242)	-100.0%	0.0%	0.0%
16	Unspent Balances (Rehabilitation of Village Polytechnic)	21,954,947			-	(21,954,947)	-100.0%	0.0%	0.0%
17	Unspent Balances (KUSP-UDG)	162,657,959			-	(162,657,959)	-100.0%	0.0%	0.0%
18	Unspent Balances (ASDSP II)	7,134,407	999,187	999,187	-	(6,135,220)	-86.0%	100.0%	0.0%
19	Unspent Balances (NARIGP)	-	87,606,071	87,606,071		87,606,071	0.0%	100.0%	1.1%
Total		8,193,666,137	9,116,682,520	8,750,277,246	255,766,976	556,611,109	6.8%	96.0%	100.0%

Source: County Treasury 2022/2023

Figure 1: Pie Chart of County Receipts Target vs. Actual FY 2022/23

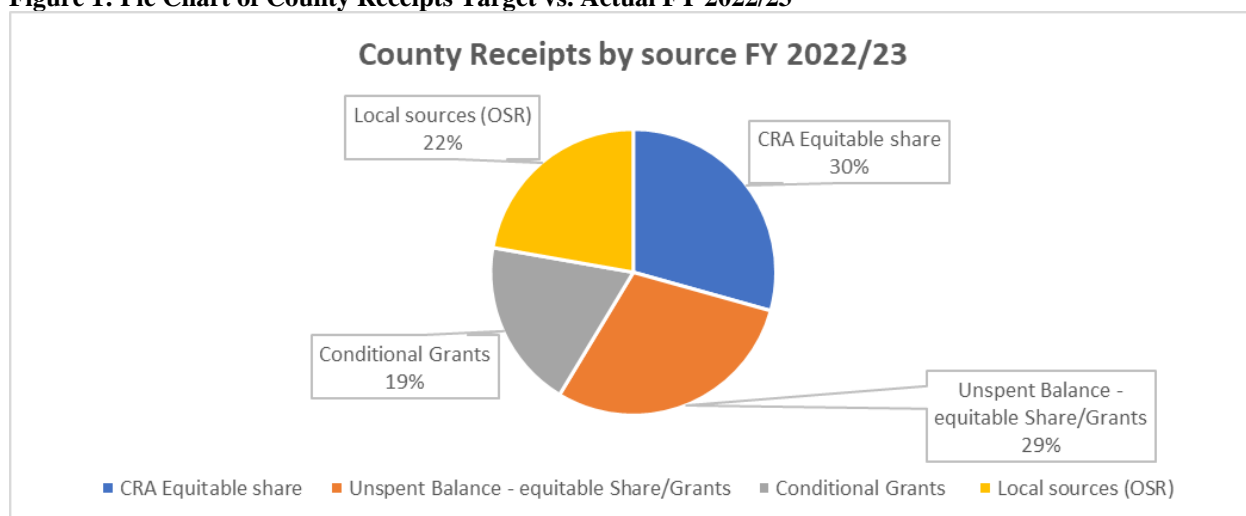
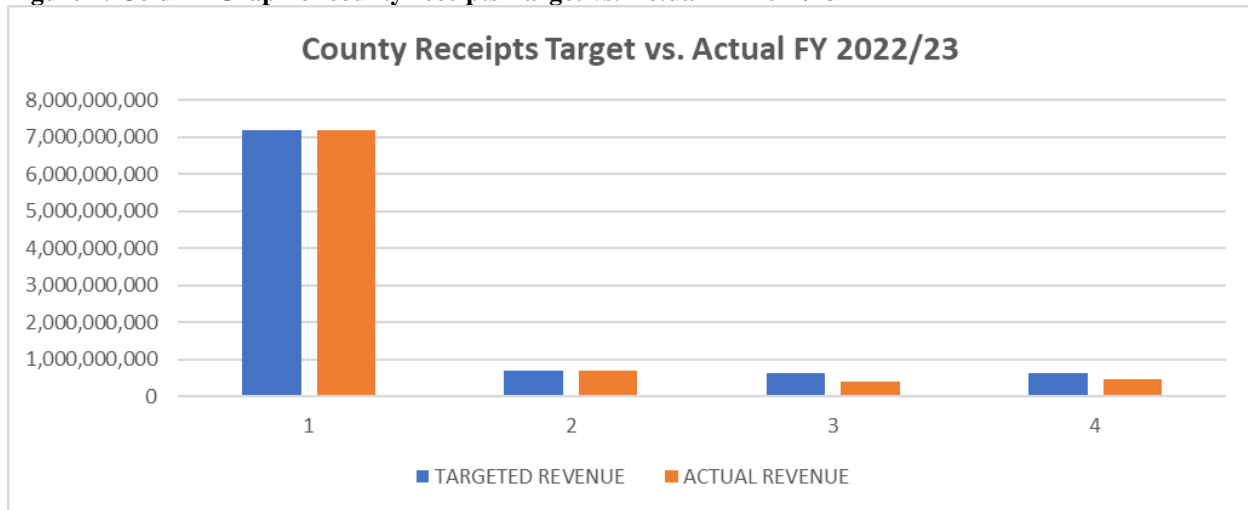
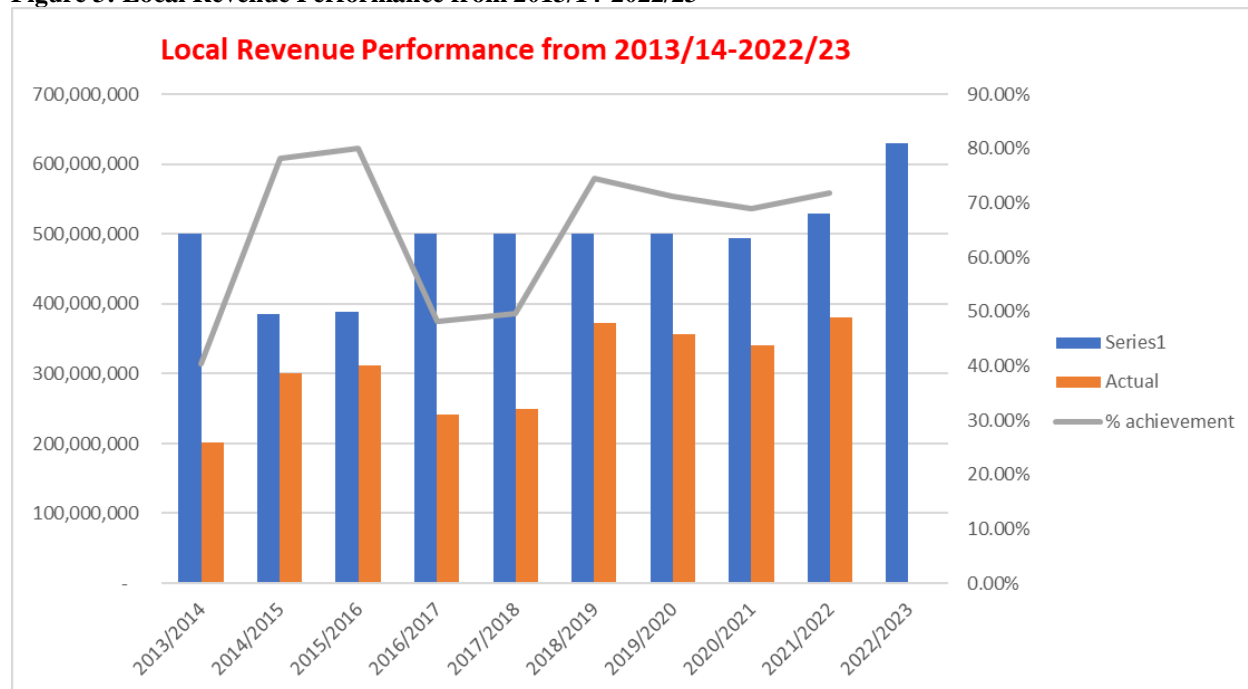


Figure 2: Column Graph of county receipts Target vs. Actual FY 2022/23**Table 3: Analysis of Local Revenue Performance from 2013/14 to 2022/2023**

Financial Year	Target	Actual	Percentage Achievement
2013/2014	500,000,000	202,266,615	40.45%
2014/2015	385,000,000	301,267,105	78.25%
2015/2016	389,026,513	311,586,973	80.09%
2016/2017	500,000,000	241,193,609	48.24%
2017/2018	500,000,000	248,724,083	49.74%
2018/2019	500,000,000	372,555,742	74.51%
2019/2020	500,000,000	356,077,068	71.22%
2020/2021	493,799,500	340,453,746	68.95%
2022/2023	529,500,000	379,991,105	71.76%
2022/2023	629,500,000	477,280,569	75.82%
Total	4,926,826,013	3,231,396,615	65.59%

Figure 3: Local Revenue Performance from 2013/14-2022/23



The total cumulative internal revenues amounted to Ksh. 477,280,569 against a target of Kshs. 629,500,000. This represented a revenue performance of 75.8% of the target (**Table 3**).

An analysis of OSR against each revenue stream in **Table 4** indicates that the major contributor is income from the health sector at Kshs. 209.5 million with an improved performance than the previous year of Kshs. 190.7 million, an increment of 9.9%. The income from the health sector accounts for 43.9% of the total own source revenue collected and 69.6% of the health revenue target. Improved medical supplies, Linda Mama (NHIF) program, enhanced revenue collections and resumption of hospital care visit among others are attributed to a better performance in this stream than previously. The operationalization of Facility Improvement Fund (FIF) Act, establishment of hospital boards, full roll out of automation to level three facilities are areas of improvement that will foresee further increment and sustainability of the department's revenue.

Among the departments who attained more than half of the targeted OSR streams include Lands/Physical Planning, Finance, Trade and Water/Environment with 88.6%, 87.8%, 70.9%, and 62.3% of the targeted OSR revenue streams being achieved respectively. There was dismal performance in the streams from Agriculture, Livestock, Fisheries and cooperative development; Public works, Transport and energy; and Gender, Youth, sports, culture and Tourism with 35.7%,

28.4%, and 20.4% of the targeted revenue streams being realised respectively. On the other hand, there was no revenue realised in the streams under Education.

Analysis of the streams revealed varying contribution among the OSR revenue streams. Most of the revenue sources performed below average of the targeted revenue with only audit of cooperatives_147%; Fire Inspection/Compliance Certificates_144%; Toilet Fees_121%; Refuse Collections & Conservancy_119 %; Street Parking_112%; Income from health_95%; Enclosed parking_77% and Coffee Movement permits_66%, approval of development plans_79% and Open air Market _68%.

Some revenue streams such as Hide and skins License, A.I services, livestock movements' permits, Licensing of meat containers etc. did not realize revenue in the year under review as well as previous year.

On the other hand, there was a significant increase in the amount of revenue generated from some streams such Livestock auction fees; market stalls/Bandas and enclosed markets; Liquor license; Fire Inspection; Toilet fees and street parking recording 403%, 82%, 196%, 185%, 244%, 152%, and 69% respectively. Other streams showed poor performance by a reduction in comparison from the FY 2020-2021. These include Agricultural mechanization services; Sale of tree seedlings; Weight and measures; temporary occupational license; Cess; Amusement permits; House rent; Cemetery charges posting -82%, -100%, -67%, -100%, -71%, -100% and -60% respectively.

Table 4 provides a detailed analysis of own source revenue (OSR) performance by sector and source of revenue for FY 2022/23 with the comparison of actual realized revenue for FY 2022/2023.

Table 4: Analysis of Own Source Revenue by Sector

Sector and Revenue Source	Actual 2021/2022	Target 2022/2023	Actual 2022/2023	Variance	Annual Growth	% Annual Growth	Percentage Achievement
	A	B	C	D= C-B	E=C-A	F=E/A* 100	C/B*100
AGRICULTURE, IRRIGATION, LIVESTOCK, FISHERIES AND COOPERATIVE DEVELOPMENT							
Agricultural mechanization services	135,600	4,000,000	308,212	3,691,788	172,612	127.3%	7.7%
Hire/lease of county agricultural land	-	300,000	-	300,000	-	0.0%	0.0%
Audit of co-operative societies	320,549	250,000	481,967	(231,967)	161,418	50.4%	192.8%
Coffee movement permits	197,300	300,000	151,000	149,000	(46,300)	-23.5%	50.3%
Livestock auction fees	240,900	1,000,000	626,340	373,660	385,440	160.0%	62.6%
Sale of tree seedlings/Nursery fruit trees	3,300	200,000	-	200,000	(3,300)	-100.0%	0.0%
Slaughter house operation fees	890,210	1,500,000	640,400	859,600	(249,810)	-28.1%	42.7%
Meat inspection	659,265	1,500,000	1,596,640	(96,640)	937,375	142.2%	106.4%
Hides and skins license	-	500,000	-	500,000	-	0.0%	0.0%
A.I. services	-	300,000	-	300,000	-	0.0%	0.0%
Livestock movement permits	-	500,000	-	500,000	-	0.0%	0.0%
Certificate of transport (COT)	-	-	-	-	-	0.0%	0.0%
Licensing of Meat containers	-	200,000	-	200,000	-	0.0%	0.0%
Lab services	-	100,000	-	100,000	-	0.0%	0.0%
Sector Total	2,447,124	10,650,000	3,804,559	6,845,441	1,357,435	55.5%	35.7%
TRADE AND INDUSTRIALISATION							
Open air markets	10,370,490	16,450,000	17,710,370	(1,260,370)	7,339,880	70.8%	107.7%
Market stalls, Banda's and Enclosed Markets	2,901,750	7,000,000	8,684,361	(1,684,361)	5,782,611	199.3%	124.1%
Weight and measures fees	419,290	1,500,000	342,801	1,157,199	(76,489)	-18.2%	22.9%
Liquor fees	6,406,000	20,000,000	5,119,000	14,881,000	(1,287,000)	-20.1%	25.6%
Sector Total	20,097,530	44,950,000	31,856,532	13,093,468	11,759,002	58.5%	70.9%
WATER, ENVIRONMENT, NATURAL RESOURCES AND CLIMATE CHANGE							
Refuse collection and conservancy	4,464,218	4,000,000	5,143,130	(1,143,130)	678,912	15.2%	128.6%
Hydrological investigation and drilling of boreholes	-	2,000,000	-	2,000,000	-	0.0%	0.0%
Use of county dumpsite	113,480	-	-	-	(113,480)	-100.0%	0.0%
Tree harvesting permit (farm trees)	374,200	500,000	548,005	(48,005)	173,805	46.4%	109.6%
Licensing of extractive resources	-	2,000,000	-	2,000,000	-	0.0%	0.0%
Noise control permit	197,500	1,000,000	292,500	707,500	95,000	48.1%	29.3%
Nuisance abatement fees	-	100,000	-	100,000	-	0.0%	0.0%

Sector and Revenue Source	Actual 2021/2022	Target 2022/2023	Actual 2022/2023	Variance	Annual Growth	% Annual Growth	Percentage Achievement
Sector Total	5,149,398	9,600,000	5,983,635	3,616,365	834,237	16.2%	62.3%
PUBLIC WORKS, TRANSPORT AND ENERGY							
Hire of construction machinery	196,000	1,000,000	-	1,000,000	(196,000)	-100.0%	0.0%
Fire inspection/ compliance certificates	2,025,000	3,000,000	1,729,000	1,271,000	(296,000)	-14.6%	57.6%
Way leave charges i.e. cutting, trenching and installation of fiber cables/water pipes	1,882,755	500,000	-	500,000	(1,882,755)	-100.0%	0.0%
Building approval fees		4,000,000	682,200	3,317,800	682,200	0.0%	17.1%
Sector Total	4,103,755	8,500,000	2,411,200	6,088,800	(1,692,555)	-41.2%	28.4%
HEALTH SERVICES AND SANITATION							
Income from health (medical and public health) – unbundled under table 4	193,747,469	200,000,000	75,294,477	124,705,523	(118,452,992)	-61.1%	37.6%
Cemetery charges	82,023	200,000	61,000	139,000	(21,023)	-25.6%	30.5%
Toilet fees	986,590	900,000	1,594,740	(694,740)	608,150	61.6%	177.2%
NHIF Reimbursements		100,000,000	132,570,301	(32,570,301)	132,570,301	0.0%	132.6%
Sector Total	194,816,082	301,100,000	209,520,518	91,579,482	14,704,436	7.5%	69.6%
LANDS, HOUSING, PHYSICAL PLANNING AND URBAN DEVELOPMENT							
Approval of development applications	3,615,533	6,000,000	3,568,800	2,431,200	(46,733)	-1.3%	59.5%
Plot subdivision and transfer of plots	160,000	1,000,000	88,140	911,860	(71,860)	-44.9%	8.8%
House Rent	-	1,000,000	-	1,000,000	-	0.0%	0.0%
Survey fees	178,000	1,000,000	254,500	745,500	76,500	43.0%	25.5%
Temporary occupation license(TOL)	6,000	100,000	4,000	96,000	(2,000)	-33.3%	4.0%
Outdoor advertisement charges	12,950,660	15,000,000	17,438,652	(2,438,652)	4,487,992	34.7%	116.3%
Sector Total	16,910,193	24,100,000	21,354,092	2,745,908	4,443,899	26.3%	88.6%
GENDER, YOUTH, SPORTS, CULTURE AND TOURISM							
Hire of county stadium		50,000	41,000	9,000	41,000	0.0%	82.0%
Hire of social hall	60,000	50,000	-	50,000	(60,000)	-100.0%	0.0%
Hire of county sports bus				-	-	0.0%	0.0%
Registration/renewal of welfare groups/sports clubs and performing artists	51,000	-	-	-	(51,000)	-100.0%	0.0%
Dividend income i.e. Mt. Elgon Lodge		100,000	-	100,000	-	0.0%	0.0%
Licensing of private parks				-	-	0.0%	0.0%
Hire of county seats /tents				-	-	0.0%	0.0%
Sector Total	111,000	200,000	41,000	159,000	(70,000)	-63.1%	20.5%
EDUCATION AND TECHNICAL TRAINING							

Sector and Revenue Source	Actual 2021/2022	Target 2022/2023	Actual 2022/2023	Variance	Annual Growth	% Annual Growth	Percentage Achievement
Registration of ECD schools				-	-	0.0%	0.0%
Hire of county brick-making machines		100,000		100,000	-	0.0%	0.0%
Sector Total	-	100,000	-	100,000	-	0.0%	0.0%
FINANCE AND ECONOMIC PLANNING							
Cess	14,568,670	35,000,000	43,344,670	(8,344,670)	28,776,000	197.5%	123.8%
Land rates (current, arrears and penalties)	14,926,599	45,000,000	31,437,054	13,562,946	16,510,455	110.6%	69.9%
Single business permit (current, arrears and penalties)	50,687,373	70,000,000	70,529,020	(529,020)	19,841,647	39.1%	100.8%
Street parking (daily, seasonal Parking and clamping)	17,915,400	20,000,000	20,689,728	(689,728)	2,774,328	15.5%	103.4%
Enclosed bus park fees (daily and seasonal)	32,152,300	45,000,000	30,896,700	14,103,300	(1,255,600)	-3.9%	68.7%
Motor bike fees (daily and seasonal)	6,100,431	15,000,000	5,008,000	9,992,000	(1,092,431)	-17.9%	33.4%
Amusement permits	5,250	300,000	-	300,000	(5,250)	-100.0%	0.0%
Miscellaneous Income		-	403,861	(403,861)	403,861	0.0%	0.0%
Sector Total	136,356,023	230,300,000	202,309,033	27,990,967	65,953,010	48.4%	87.8%
Grand Total	379,991,105	629,500,000	477,280,569	152,219,431	97,289,464	25.6%	75.8%

Source: County Treasury FY 2022/2023

The under performance in OSR revenue collection is attributed to;

- Inadequate mapping and review of revenue streams.
- Inadequate personnel and lack of capacity building in the Revenue directorate.
- Inadequate means of transport for revenue collection, monitoring and enforcement i.e. utility vehicles.
- Lack of updated valuation roll
- General tax evasion by the public.
- Weak enforcement and compliance mechanisms.
- Inadequate staff and capacity building challenges.

Going forward, the county has proposed a raft of strategies to correct the situation including;

- Development of valuation roll
- Scaling up of revenue automation to cover other sources;
- Updating database of potential revenue streams i.e. expansion of revenue streams to cover untapped sources and review of feasibility of revenue streams.

- public sensitization
- Enhance revenue enforcement and monitoring.
- Provision of transport for the Revenue section.
- Fast track the enactment and implementation of relevant Revenue Legislation and policies.
- Succession management through staff recruitment and confirmation of temporary employees.
- Continuous capacity building of revenue personnel.
- Providing adequate resources to address administrative challenges.

2.2.2 Expenditure Performance

Total expenditures in financial year 2022/2023 amounted to Ksh. **7,629,214,445** against a target of Ksh. **9,116,682,520**. Under absorption was recorded in both recurrent and development expenditures as illustrated in table 5. The actual recurrent expenditure was Ksh. **5,503,799,853** against an approved expenditure of Ksh. **5,807,357,448** while the actual development expenditure was Ksh. **2,125,414,592** against an approved expenditure of Ksh. **3,309,325,072**.

The recurrent vote recorded an absorption rate of 94.8 percent of the approved budget as compared to 98.1 per cent in the previous period 2021/2022. On the other hand, the development vote recorded an absorption rate of 64.2 percent compared to 66.9 percent in the previous FY 2021/2022. Overall, the total budget execution was 83.7 per cent for the period of FY 2022/2023.

Table 5 provides a summary of the expenditure performance by vote during the year under review.

Table 5: Expenditure Performance by Vote for FY 2022/2023

Vote	APPROVED BUDGET 2021/22	ACTUAL EXPENDITURE 2021/22	APPROVED BUDGET 2022/23	ACTUAL EXPENDITURE 2022/23	Variance	Actual Expenditure Fy 2021/22 as % of Approved	Actual Expenditure Fy 2022/23 as % of Approved
Recurrent	5,254,429,956	5,152,816,530	5,807,357,448	5,503,799,853	303,557,595	98.1%	94.8%
Development	4,050,874,800	2,708,873,109	3,309,325,072	2,125,414,592	1,183,910,480	66.9%	64.2%
Total Expenditure	9,305,304,756	7,861,689,640	9,116,682,520	7,629,214,445	1,487,468,075	84.5%	83.7%

Source: County Treasury FY 2022/2023

2.2.2.1 Analysis of Sector Recurrent Expenditure Performance

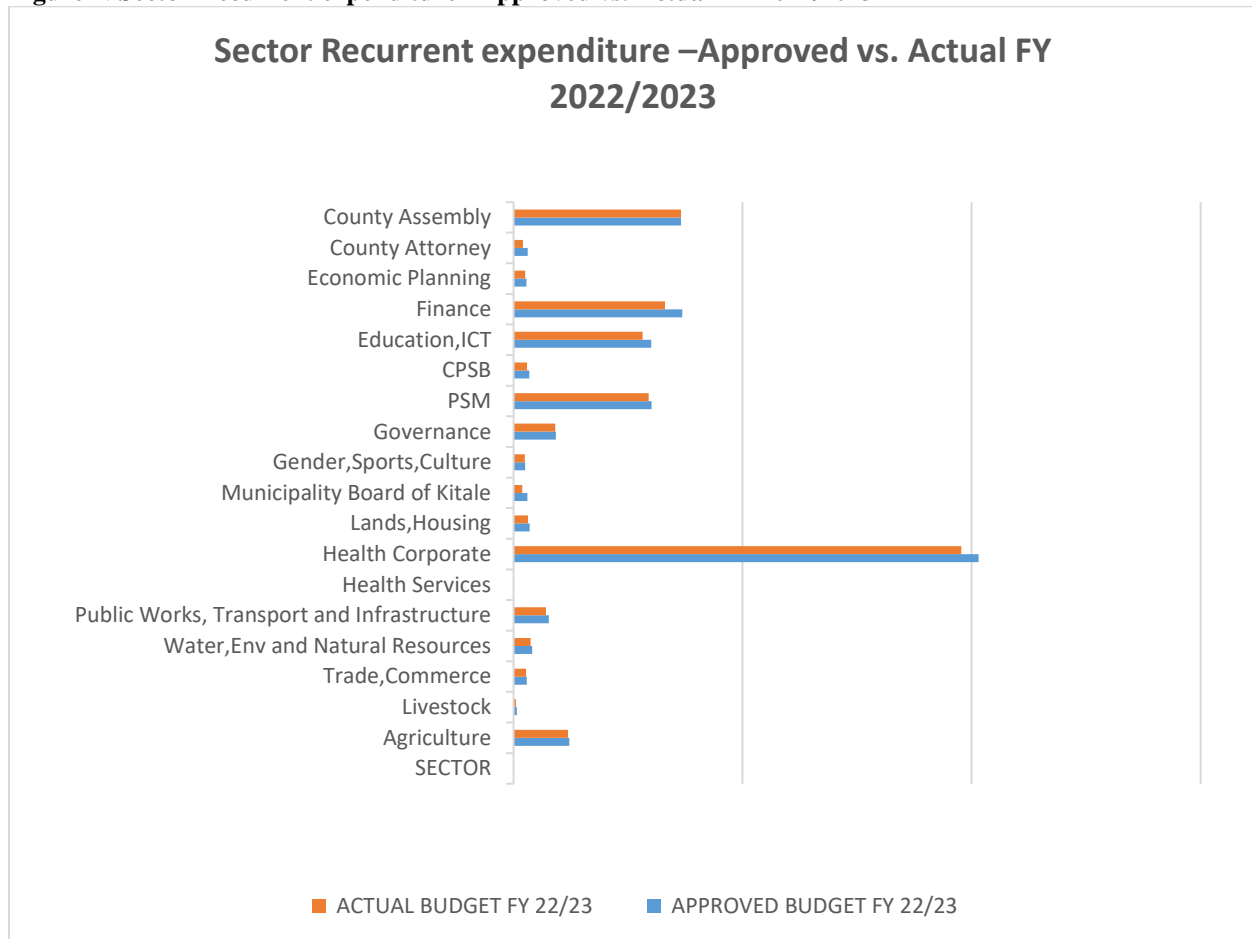
An analysis of the departmental expenditure for recurrent budget reveals that Agriculture, Gender, Sports, Culture, Governance and PSM absorbed more than 97 per cent of their approved budget. On the other hand, Livestock, County Attorney and Kitale Municipal Board recorded the least expenditures of 70.8%, 65.6% and 63.0% respectively. On average, the recurrent expenditure was absorbed at 94.8 %. Table 6 and Figure 4 illustrate the budget absorption across the county departments.

Table 6: Analysis of recurrent Expenditure by sector for FY 2022/23

SECTOR	APPROVED BUDGET FY 22/23	ACTUAL BUDGET FY 22/23	VARIANCE	ABSORPTION RATE %
Agriculture	243,608,251	238,428,825	5,179,426	97.9%
Livestock, Fisheries and Cooperative Development	14,865,000	10,527,958	4,337,042	70.8%
Trade and Industrialisation	57,370,068	55,003,026	2,367,042	95.9%
Water, Environment, Natural Resources & CC	81,165,517	74,763,485	6,402,032	92.1%
Public Works, Transport and Energy	153,780,988	140,841,847	12,939,141	91.6%
Health Services	-	-	-	0.0%
Health Corporate	2,030,414,726	1,955,510,710	74,904,016	96.3%
Lands, Housing, physical planning and urban Development	70,497,216	62,786,272	7,710,944	89.1%
Kitale Municipal Board	60,940,300	38,380,751	22,559,549	63.0%
Gender, Sports, Culture and Tourism	50,046,557	48,609,437	1,437,120	97.1%
Governance	184,709,647	181,951,619	2,758,028	98.5%
PSM	603,033,658	590,334,396	12,699,262	97.9%
CPSB	69,102,287	58,703,480	10,398,807	85.0%
Education and Technical Training	600,643,835	563,877,263	36,766,572	93.9%
Finance	736,713,203	661,058,108	75,655,095	89.7%
Economic Planning	56,312,482	50,396,660	5,915,822	89.5%
County Attorney	62,503,120	40,975,423	21,527,697	65.6%
County Assembly	731,650,593	731,650,593	-	100.0%
TOTAL	5,807,357,448	5,503,799,853	303,557,595	94.8%

Source: Financial Statements 2022/2023

Figure 4: Sector Recurrent expenditure –Approved vs. Actual FY 2022/2023



2.2.2.2 Analysis of Sector Development Expenditure

The analysis of sector performance for the development expenditure for the financial year 2022/2023 is illustrated in table 7 and Figure 5.

Table 7: Analysis of Development Expenditure by sector for FY 2022/23

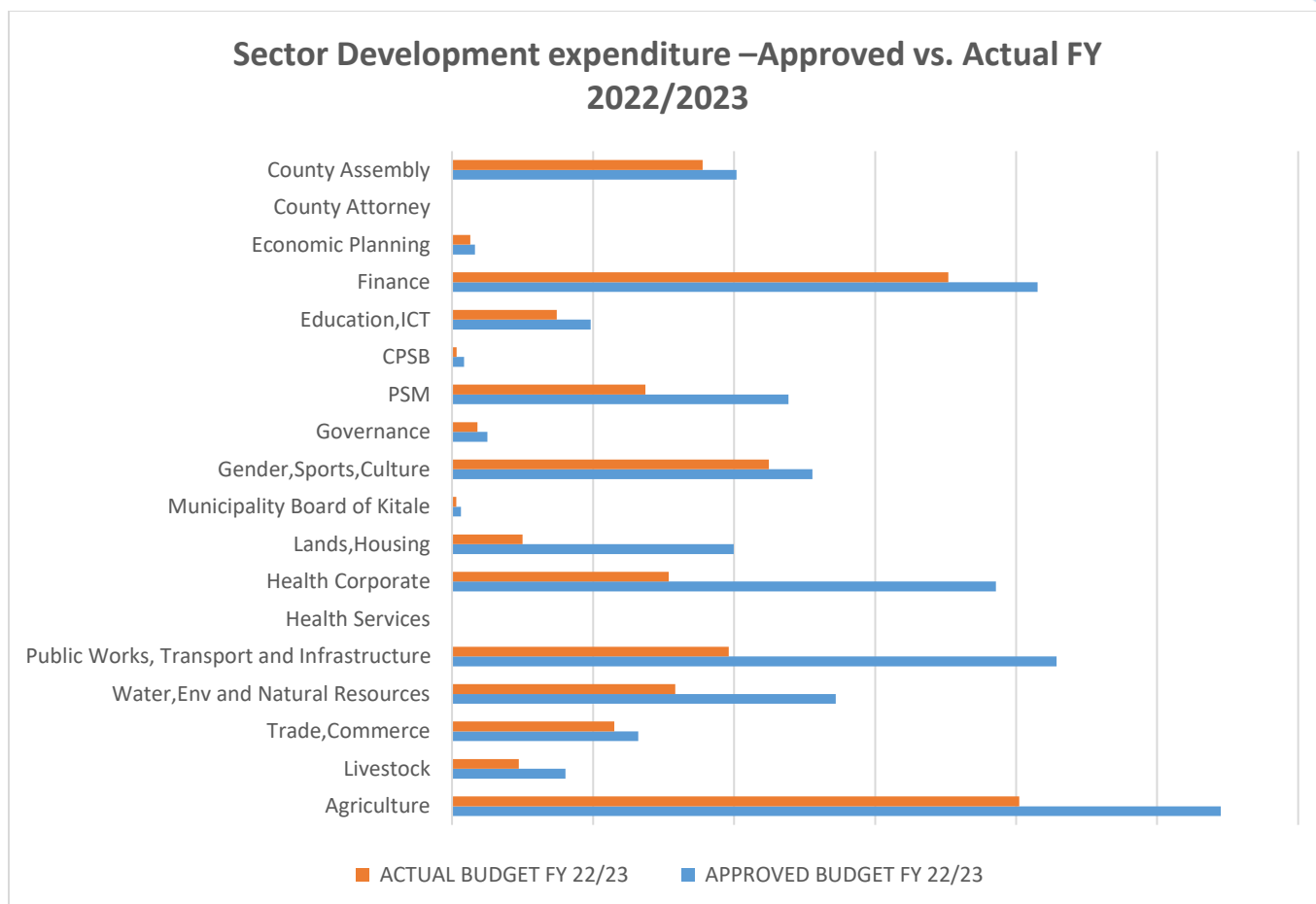
SECTOR	APPROVED BUDGET FY 22/23	ACTUAL BUDGET FY 22/23	VARIANCE	ABSORPTION RATE %
Agriculture	545,189,044	402,151,827	143,037,217	73.8%
Livestock, Fisheries and Cooperative Development	80,465,079	47,397,895	33,067,184	58.9%
Trade and Industrialisation	132,000,000	115,013,239	16,986,761	87.1%
Water, Environment, Natural Resources and Climate Change	272,086,871	158,338,445	113,748,426	58.2%
Public Works, Transport and Infrastructure	428,757,955	196,137,192	232,620,763	45.7%
Health Services	-	-	-	0.0%

Health Corporate	385,617,890	153,566,569	232,051,321	39.8%
Lands, Housing	199,688,340	49,912,858	149,775,482	25.0%
Kitale Municipality Board	6,339,915	2,925,520	3,414,395	46.1%
Gender, Sports, Culture and Tourism	255,582,445	224,712,121	30,870,324	87.9%
Governance	25,000,000	18,030,160	6,969,840	72.1%
PSM	238,668,227	137,198,342	101,469,885	57.5%
CPSB	8,465,000	3,179,181	5,285,819	37.6%
Education and Technical Training	98,400,000	74,175,646	24,224,354	75.4%
Finance	415,114,306	351,840,826	63,273,480	84.8%
Economic Planning	16,300,000	13,045,600	3,254,400	80.0%
County Attorney	-	-	-	0.0%
County Assembly	201,650,000	177,789,171	23,860,829	88.2%
TOTAL	3,309,325,072	2,125,414,592	1,183,910,480	64.2%

Source: Financial Statements 2022/2023

The expenditure performance in the development vote varied across the departments, with Gender, Sports, Culture and Trade, Commerce department had the highest absorption at 87.9% and 87.1% respectively and most of the departments absorbed more than half of their development budget whereas Health Corporate, County Public Service Board and Lands, Housing recorded the least absorption at 39.8%, 37.6%, 25.0%. Overall, 64.2% of the development budget was absorbed.

Figure 5: Sector Development expenditure –Approved vs. Actual FY 2022/2023



2.2.2.3 Implication of FY.2022/2023 Fiscal Performance

The under absorption of the Development budget implies that the departments carried over implementation of uncompleted projects to the financial year 2023/2024 and this will have a bearing on the execution of the Fiscal year 2023/2024 budget. From the analysis, the county departments need to improve on absorption of the development budget as only 64.2 percent of this budget was expended besides some departments recording minimal absorption.

Similarly, the continued under achievement of the OSR revenue target implies reduction in available resource envelope thus this calls for re-prioritisation and enhancing measures to boost own resource envelope to cater for the development needs. Additionally, the sectors eligible for conditional grants/donor funding are required to enhance compliance to performance requirements to enhance full realisation of donor revenue sources.

In view of the foregoing, FY 2023/2024 budget has to be adjusted to reflect the prevailing fiscal environment through a supplementary budget.

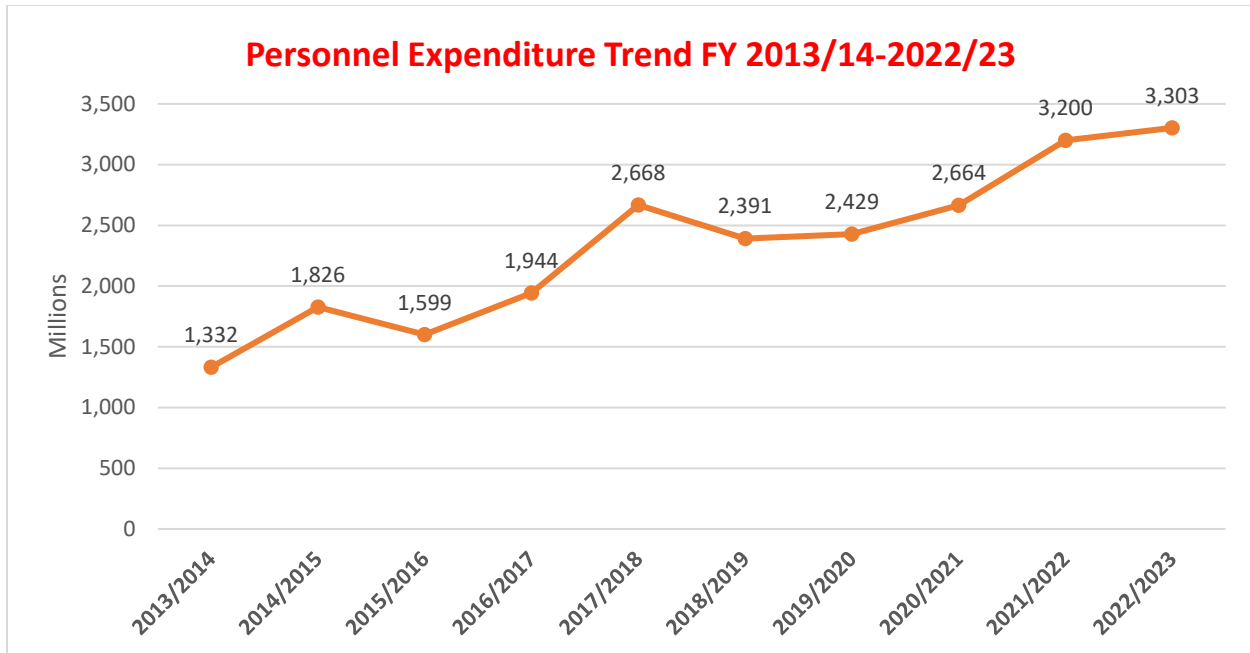
2.2.2.4 Analysis of personnel emoluments

Compensation of Employees (including benefits and allowances) is a key component of the budget under the recurrent budget besides use of goods and services; acquisition of assets, Social Security Benefits; and other grants and transfers. The PFM Act 2012 fiscal responsibility requires among others, that the wage bill should not be more than 35% of the annual budget. The county has a responsibility to comply with the laid down legal framework. In table 9, an analysis trend of the personnel emoluments is illustrated.

Table 8: Analysis of personal emoluments against the County budget.

Financial	Personnel Expenditure				PE as % of Recurrent Budget	PE as % of Development Budget	PE as % of Total Budget
Year		Approved Budget					
		Recurrent	Development	Total			
2013/2014	1,331,772,619	3,062,624,548	1,361,888,538	4,424,513,086	43.50%	97.80%	30.1%
2014/2015	1,825,867,635	2,996,442,115	2,377,655,366	5,374,097,481	60.90%	76.80%	34.0%
2015/2016	1,599,246,132	3,246,977,442	2,907,889,672	6,154,867,114	49.30%	55.00%	26.0%
2016/2017	1,944,062,488	4,224,481,587	2,650,519,174	6,875,000,761	46.00%	73.30%	28.3%
2017/2018	2,667,942,552	4,632,197,963	1,996,330,257	6,628,528,220	57.60%	133.60%	40.2%
2018/2019	2,390,559,373	4,867,140,566	3,175,419,758	8,042,560,324	49.10%	75.30%	29.7%
2019/2020	2,429,057,373	4,718,807,112	3,255,788,162	7,974,595,274	51.50%	74.60%	30.5%
2020/2021	2,663,904,368	4,908,121,634	3,488,085,734	8,396,207,368	54.30%	76.40%	31.7%
2022/2023	3,155,295,817	5,254,429,956	4,050,874,800	9,305,304,756	60.10%	77.89%	33.9%
2022/2023	3,302,570,421	5,807,357,448	3,309,325,072	9,116,682,520	56.90%	99.80%	36.2%
2023/2024	3,409,370,165	5,832,198,570	4,086,593,494	9,918,792,064	34.40%	83.43%	34.4%

Figure 6: Trend Analysis of personal emoluments for period FY 2013/14 to 2022/2023.



2.2.2.5 Compliance with the Fiscal Responsibility Principles

In line with the constitution, the PFM Act 2012 Sec 107, and its regulations 2015, prudent and transparent management of public resources is advocated for and in line with this, the County Government has largely adhered to the fiscal responsibility principles as set out below:

- The development budget of Ksh. 3,309,325,072 accounts for 36.3% of the total budget. This is above the 30% threshold recommended in the Act.
- The law recommends that compensation for employees (including benefits and allowances), shall not exceed 35% of the county's revenue (equitable share, loans/grants and OSR). The share of wages and benefits to revenues was 36% which is above the statutory requirement of 35%. The personal emoluments (PE) as a proportion of the total budget is 36.2 percent whereas as a proportion for Recurrent and Development budget, the PE accounted for 56.9 percent and 99.81 percent respectively in the Fy 2022/2023. Over the last ten years, the wage bill as proportion of the total budget was highest in FY 2017/2018 at 40 percent. In absolute terms, the wage bill has been progressively increasing in line with implementation of the existing collective bargaining agreements (CBA), recruitment in line with observing succession management and promotions across the county departments.

- The county government recurrent expenditure has been maintained within the required budget limit in observance of the legal requirement. The Act states recurrent expenditure shall not exceed the county government's total revenue.
- In managing its fiscal risks prudently as required, revenue forecasting, collection enforcement, monitoring and regular reviews of the underlying projections and their implications on the budget has been part of the budgeting processes. Potential fiscal risks arising from the contingent liabilities are taken into account and contingency provision made to cushion the county economy from unforeseeable shocks.

2.2.3 Financial Year 2022/2023 Sector Performance

2.2.3.1 Agriculture, Rural and urban Development

Agriculture, Irrigation, Livestock, Fisheries and Cooperative Development

Under the Mbegu initiative, 104,000 (2Kgs) packets of Hybrid seeds maize were distributed to 104,000 small scale farmers across the county. Additionally, 6,347 (50kgs) bags of crop and soil-specific fertilizers were distributed to 4,000 small-scale farmers to supplement the national Government fertilizer subsidy programme. The Mbegu and fertilizer initiatives enabled farmers access quality subsidized farm input and it is anticipated that the maize yields will increase from the average of 15 to 20- 90kg bags per acre. In promoting crop diversification, the sector procured and distributed 20,282 avocado seedlings and 5225 coffee seedlings respectively. Additionally, 2700 hermetic bags were procured and distributed to farmers for storage of their produce to cushion farmers against post-harvest losses. In the period under review 84 trainings were also carried out on promotion of export vegetable crops and overallly 3500 farmers reached through extension services provided by the department.

Under the National agricultural and rural inclusive growth project (NARIGP), development of local chicken, dairy, tomatoes and bananas value chains were the prioritized. The interventions under this project included establishment of 18 Tissue culture (TC) banana hardening nurseries, procurement and distribution of 75-528 egg capacity incubators. Additionally, 3 Cooperatives namely Mubere cooperative in Endebess sub county, Kapsitwet dairy cooperative in Kwanza sub county and Cherangany dairy in Cherangany sub county were supported with tractors and related

implements- milk tankers and milk coolers. Further, a 1200 chicken per day slaughter facility was constructed in Matisi ward.

Under the livestock sub sector, 2,640 litres of acaricides were procured and supplied to 66 communal dips in an effort to combat livestock diseases. Other initiatives undertaken included rehabilitation of Machinjoni Slaughter house, support to poultry farmers in co-operatives with 5000-day old chicks, 60 trainings on improved livestock feed through collaboration with other stakeholders as well as training of 5 groups on honey production.

Though the Agriculture Sector Development Support Programme-ASDSP II (2017-2023), three value chains namely; maize, dairy and indigenous chicken were supported. 14600 producers (5433, 4221 maize and 2223 cow milk, maize and indigenous chicken) were also trained on different innovations and technologies. The programme also supported the procurement of 1 solar/Biomass mobile maize drier, 5 solar powered hatcher and incubator for 4 groups namely Ushindi poultry cooperative in Kiminini, Mama Juzi in Kachibora Cherengany, Manasseh SHG in Kwanza and Upendo youth group in sabotu. The initiative benefitted a total of over 800 indigenous chicken farmers. Additionally, a maize flour packaging semi-automated machine was procured for the Endebess Nzoia Grain Milling and marketing cooperative society that boasts a membership of over 1500 maize producers. This endeavor is aimed at enhancing value addition and increasing incomes for the cooperative.

Lands, Housing, Physical Planning and Urban Development

In the period under consideration, the department facilitated for the acquisition of three parcels of land totalling to 3 acres for various development purposes. Among these two parcels were acquired in Kwanza ward in Amuka for a milk cooler (Kaisagat/Chepkoilel Block 5/Amuka 310) and one in Suwerwa ward at Tukomo for establishment of an ECDE classroom. The department also spearheaded the recovery of 100 acres of land for public use besides facilitating processing of 1351 title deeds for various farms within the county. In addition, eight local physical development plans were developed besides the approval of Kitale Municipality Integrated Urban Development plan, a master plan guiding development within the Kitale Municipality. In a bid to provide facelift for Kitale town, the department has undertaken drainage improvements along major roads, waste

management as well as town beatification and greening project that enhanced the aesthetic appeal of Kitale town.

Kitale Municipal Board

In the period under review a number of interventions were undertaken. The subsector in Collaboration with other sectors co-funded the construction works of the Kitale Business centre, a technical report on Staffing levels was developed and adopted, minor maintenance works for the Bus Park were undertaken and litter bins procured for waste collection within the municipality. Other interventions included water piping for Bondeni Market and facilitation of KISIP public participation at shimo la Tewa.

2.2.3.2 Health Services

Health and Sanitation

In the period under review among the key outcomes achieved in the sector included attainment of 21,399 skilled deliveries and postnatal care services leading surpassing of 14,060 target. Under HIV/AIDS prevention and control, the people living with HIV who know their HIV status increased from 61% to 81%. Additionally, 96% of all people receiving antiretroviral therapy for viral suppression increased to 96% from a baseline of 94%. The prevention of Mother to Child HIV Transmission was also increased from 58% to 80%.

These outcomes are attributed to initiatives towards promotion of reproductive, maternal, Neonatal, Child and Adolescent Health (RMNCAH). In the period under review, the department trained and mentored Community health workers (HCWs) on BMONC and CMONC; and conducted targeted postnatal care to ensure facility readiness to offer skilled delivery in all facilities. The achievements are also attributed to the increased partner support towards advocacy, communication and social mobilization (ACSM), training, on-job training and mentorship, equipment, support supervision, health products and technologies and increased infrastructure investment.

Aiming for broader NHIF coverage, the county government launched the NateCare program, targeting 93,000 indigent households. This initiative has already verified 9,000 indigents, making

them eligible for NHIF coverage under the Universal Health Coverage (UHC) program. The sector in partnership with stakeholders is promoting NHIF registration at the ward level.

The Wamalwa Kijana Teaching and Referral Hospital was completed and operationalised and equipped with assorted equipment. In the period, rehabilitation and expansion of maternity units were undertaken at Matunda Sub-County Hospital and construction of Maternity at Kiminini Health centre were undertaken. The ongoing construction of the Tom Mboya Mother and Child Hospital and the upgrading of health centers will enhance provision of health services in the county.

Other major activities undertaken by the department in the period under review include maintenance of 14 departmental vehicles to enhance mobility during service delivery, screening and management of 11342 patients for NCDs in health facilities, training of 178 community health units, and conducting of 2288 specialized clinics.

2.2.3.3 Infrastructure and energy

Public Works, Transport and Energy

In the period under review, routine maintenance of county roads was conducted with a total of 501.2 km and 126.5km of roads graded and gravelled respectively. In this period, county piloted 8 roads of 40.73 kilometres that were maintained to model standards. These roads include Burudi- Seedco -Kiminini river, Mbao Farm-Kebutatu-Meso and Nalianya Junction-Wandabwa Bridge-KERRA Tulwet in Kiminini sub county, Fishers of Men-Sokomoko-Nalulingo-Kimwondo Endebess Sub county, Muroki Center-Chebukaka-Saboti Health Center-Letting road in Saboti Sub County, Referral Teaching Hospital Road in Kitale Municipality, Soko Mjinga-Lunyu-Umoja Road in Kwanza Sub county and Hututu –Kongoli road in Cherangany sub county.

To improve drainage and accessibility, five box culverts namely Wandabwa in Waitaluk ward, Mrefu in Tuwan ward, Meru farm in Hospital ward, Masaba B in Nabiswa ward, and Kijana Wamalwa Kijana referral road box culverts were constructed in addition to one footbridge in Kapomboi were constructed. In addition, 443m of culverts were maintained. In the period under

appraisal the sector also provided technical support to county line ministries through preparation of drawings and bills of quantities for projects in other County departments as well as Supervision of 100 construction projects for other departments

2.2.3.4 Environment Protection, Water and Natural Resources

Water, Environment, Natural Resources and Climate Change

The county in its quest to improved access to safe portable water implemented a range of water projects, including pipeline extensions, borehole drilling and equipping, spring and hand-dug well protection. During the last financial year 2022/2023 16 boreholes were drilled equipped. These included Wamuini, Mbai Community, Kapsigilai primary, Makunga Secondary, Legemet primary, St. Luke primary Sitatunga, St. Paul Kapchesir, Mukuyuni, Birunda dispensary and Sirungai boreholes among other. Other initiatives undertaken were the extension of 64km of pipelines in 22 water projects, construction of 3 water storage facilities, Cheptantan, Kiptoror and Pango masonry tanks, construction and protection of 36 springs as well as development and equipping of 6 shallow Wells. The pipeline extension projects include Mt. Elgon -Kisawai pipeline rehabilitation and extension, Endebess market pipeline extension, Kalaha Tank site to Chelulus ECDE pipeline extension, Robinson pipeline extension, Bunyasi (mayor rd) - solona – sokomoko junction pipeline extension, Waitaluk Catholic - Kaliwa pipeline extension, Kapsara - Makutano pipeline completion, Maili Saba Market Pipeline Extension, and Usafi estate pipeline extension among others.

Under environment protection, improvement of Machinjoni dump site was undertaken with opening of passage to ease dump site access being accomplished. In addition, 13 litter bins were procured and installed in various locations to enhance waste collection.

To enhance climate change adaption and mitigation, the Climate change fund Act and policy were developed and enacted. The sector also scaled up environmental conservation through planting of 70,000 tree seedlings in partnership with other stakeholders. As well, solid Waste management and charcoal policies were developed.

2.2.3.5 Education

Education and Technical Training

In the year under review, the sector rolled out construction of 26 model twin ECD classroom and office in various ECD centres in the county. These included; Show ground primary ECD, Misemwa ECD, Berur ECD, Sibanga ECD, Testabon ECD, Mwamba ECD, Sitatunga ECD, Bororiet ECD, Keben ECD, Kimoson ECD, Makoi ECD, Tunen ECD, Wehoya ECD and Naisambu ECD among others. Renovations were also undertaken at Makunga, Lessos and Kongasis ECDs while Chepkui ECD was fenced. Similarly supply of furniture was undertaken in various ECDs. The department also improved access to sanitation through construction of specialised VIP latrines in ECD centres. Through this initiative 7 VIP latrines were constructed at FK1 ECDE, Kapsitwet ECDE, Liyavo ECD, St. Emmanuel ECD and Tuiyobei ECDE in Kapomboi and Kapkarwa ECDE in Chepsiro/Kiptoror ward. Under vocational training, two door VIP latrines were constructed at Mubere VTC in Matumbei Ward while a kitchen was constructed at Kiminini VTC.

Further, in the fiscal year under review, 739 ECD teachers were confirmed and employed on permanent and pensionable terms. The sector also carried out capacity building of ECDE caregivers besides training of VTCs project managers on Senior Management Course (SMC) at Kenya School of Government (KSG). Under the education sector support initiative, a total of kshs.25 million was awarded under Elimu bursary with 20,292 students in secondary and Colleges benefitting. This initiative enhanced retention and access to education among the needy students.

2.2.3.6 General Economic and Commercial Affairs

Trade and Industrialisation

Whole sale and retail trade sector was identified as one of the engines of economic growth under the Kenya vision 2030. The County Government's unwavering commitment to fostering business growth and creating a conducive environment for entrepreneurship has led to remarkable progress and transformative outcomes that have positively impacted the local economy and communities.

In supporting the development of wholesale and retail sector, construction and rehabilitation of various market infrastructure were undertaken during the year under review. The completion of the Masinde Muliro business centre flagship project is underway. The 85 percent complete wholesale and retail facility will provide conducive trading environment for 3,500 traders. Similarly, the ongoing construction of Kitale Railway Grounds (KRG) fresh produce market with capacity to accommodate 150 traders is 95 percent complete. Besides the Trade and Industrialisation department has rolled out various market infrastructure projects across the county. These include construction of one new market at Kapkarwa, completion of Mitume fresh produce market, renovation and expansion of Kapkoi Medium Fresh produce market to a large market of 50 stalls in addition to construction 10 model Kiosks were constructed at Kapkoi market. In the same period construction of Fresh produce market at Weonia in Sikendu and renovation of Kachibora fresh produce market was undertaken. Further, 2 boda boda sheds were constructed at Kiminini and Matunda as well as to 37 Sacco offices constructed at Kitale main Bus Park.

Other interventions under the department were the construction of 7 Sanitation blocks were constructed at Misanga, Marinda, Cypress, Kipsaina, Kwanza, Endebess and Sibanga; supply of 5 Looming machines and threads to 5 women groups in Kwanza., construction of departmental office and ablution block, procurement of 3 cattle weighing equipment, Procurement of 600 and 242 market umbrella shades for Tuwan and Bidii wards respectively.

In promoting access to business financing through provision of Nawiri fund, 1018 groups and 2,130 individual applications were received. Vetting was undertaken and 877 groups were recommended to be funded at a tune of Kshs.24 million whereas vetting for individual applications to be undertaken at a later date.

Under liquor licensing and control, 705 applications were received out of which 506 were vetted and recommended for licensing.

2.2.3.7 Social Protection, Culture and Recreation

Gender, Youth, Sports, Culture and Tourism

Under this sector, to enhance social protection, one dormitory block in the Kwanza Rehabilitation Center is being completed. To promote sports development, the construction of the 20,000 capacity

Ultra- Modern Kenyatta Stadium is ongoing with 20 percent completion being achieved. In the year under consideration the department also procured and issued assorted sports equipment to 303 Sports teams and federations besides having 2 Sports teams (Football men and Volleyball men) participate in the annual Kenya Youth inter County Sports Association (KYISA) games. In collaboration with KPL, Radio Africa Group, ODIBet, and local banks, the County Government of Trans Nzoia initiated the Governor's Cup tournament. Starting at the ward level and culminating at the county level, this tournament serves the purpose of identifying under-20 talent in both male and female football. In empowering youths, the department conducted a capacity building training on financial management, AGPO Opportunities, group dynamics and entrepreneurship for the county Youth.

Under culture preservation and promotion, financial support was provided to 10 cultural groups, 15 cultural sites were preserved, and 5 County tourism products identified for promotion.

2.2.3.8 Public Administration and intergovernmental Relations

Governance and Public Service Management

In year under review, the Kikao program, an effective channel for citizen engagement that enables county residents to actively participate in decision-making processes was established. The Governor's Kikao program, which facilitates direct engagement with residents at the ward level, epitomizes citizen-centric governance. During the year, the department achievements also included development and customization of seven (7) Schemes of service for employee career progression, recruitment of five (5) counselors and Seven (7) clinical psychologists who assessed, counseled and recommended remedies for employees and the county citizenry for enhancement of mental health.

In a bid to inculcate performance management, the sub sector coordinated signing of Performance Contracts by all the County Executive Committee members, the Chief Officers, the County Public Service Board and Kitale Municipal Board as well as placing county employees on the Performance Appraisal System (PAS).

Additionally, the department spearheaded the development and customization of various workplace related policies that include gender mainstreaming policy, Human Resource procedures manual, public participation Policy, alcohol and substance abuse Policy, internship policy, training and development Policy, HIV aids Policy, health and safety Policy, Competency framework and ICT policy. These policies are undergoing validation processes for finalisation. To improve the employees' welfare, the department initiated and implemented the employee medical cover.

Under infrastructure development, the construction of the Modern county headquarter complex is ongoing while the construction of Kiminini sub county Office was completed. These will enhance provision of conducive working environment. Further, the sub sector acquired bulky filers and steel cabinets to safeguard records. The digitization of records has also been initiated.

County Public Service Board (CPSB)

Among the milestones achieved by the County Public Service Board include; the Construction of office block, procurement of a motor vehicle and construction of parking shades to provide the enabling infrastructure and conducive environment for the Board.

In enhancing public service delivery through developing and managing county human resource, the milestones achieved included; appointment of 215 staff on permanent and pensionable terms, renewal of contracts for 858 staff of whom 741 (84%) were Early Childhood Development Education (ECDE caregivers), promotion of 276 staff and confirmation of 34 staff in appointment and approval of a total of seven (7) inter-county transfers.

In developing the human resource capacity, seventy-eight (78) staff trainings were approved across various county departments. Other achievements included the sensitization of 3300 county staff on the bi-annual declaration of income, assets, and liabilities (DIALS) for 2021/22 to ensure values and principles of the public service are promoted. In addition, 800 staff were inducted in partnership with Lapfund and ministry of public service, gender and affirmative action.

Finance and Economic Planning

During the period under review the sector recorded a number of milestones which include;

The successful formulation and launch of the 3rd generation County Integrated development plan (CIDP) 2023-2027. Similarly, the department prepared key Finance, planning and budget documents namely the Annual Development Plan (ADP) 2023/2024, Budget Circular, CBROP, CFSP, MTDSP, consolidated procurement plan, Financial statements and audit reports. These were produced and presented with the required timelines.

Automation of revenue streams at departmental level was achieved with the county generating Kshs, 477,280,569 in own source revenue, the highest OSR since devolution.

Other initiatives undertaken included facilitation of department staff for IFMIS and Continuous professional development with various professional bodies. The Mid Term review and the ten-year achievement report of the 2nd generation CIDP 2018-2022 were also produced.

County Assembly

The County assembly is mandated to provide oversight, representation and legislative role in the county. In the period under review a number of interventions were undertaken. During the fiscal year the subsector rolled out infrastructural projects that include Construction of Ultra-Modern Administration Block whose construction is underway with 10 percent completion rate being achieved. Similarly, refurbishments of County Assembly premises, installation of CCTV equipment at the County Assembly and Construction of prefab offices for committee services at the County Assembly Centre besides the completion of perimeter were among the interventions undertaken/ongoing under this sub sector.

3 SECTION THREE: RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

3.1 Kenya's Economic Outlook

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). 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.

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.

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.

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.

3.1.1 Monetary Policy Outlook

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.

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.

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.

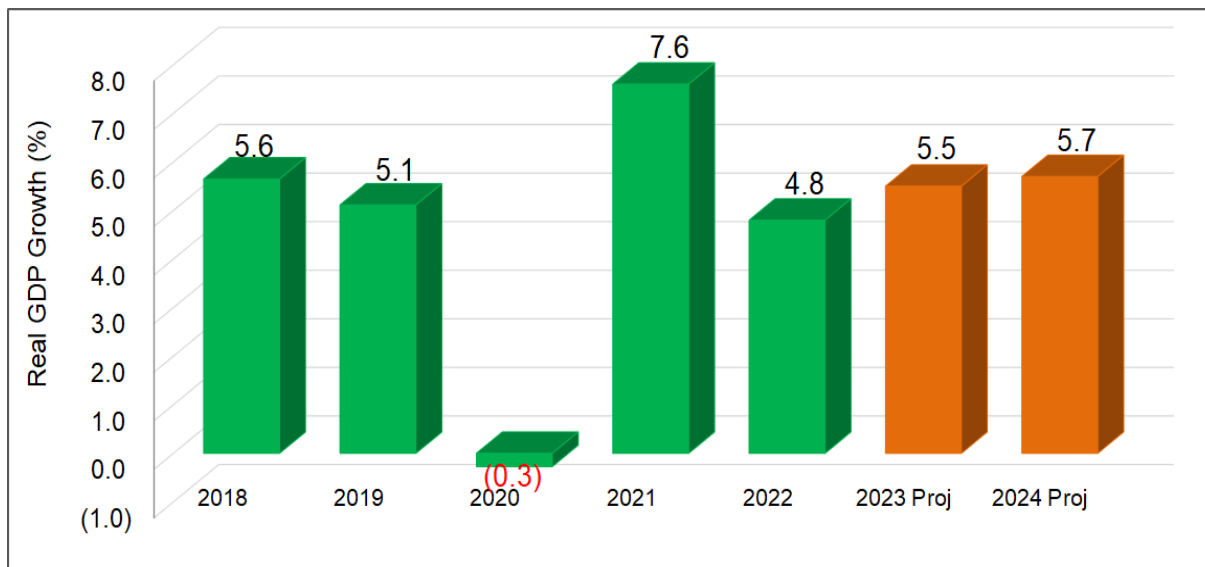
3.1.2 Domestic Economic Performance

GDP Growth

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.

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. The recovery in agriculture was reflected in enhanced production, especially of food crops that led to significant increase in export of vegetables and fruits.

Figure 7: Annual Real GDP Growth Rates, percent



Source: BROP 2023

Inflation Rate

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

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.

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).

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 spill over effects of high energy prices

3.1.3 County Outlook

3.1.3.1 Economic Outlook

Trans Nzoia outlook over the medium-term period will largely be informed by the developments at the national level and prevailing macro-economic trends in the county. The positive outlook of national macro-economic indicators will impact positively to the county outlook.

The county Economy has seen sustained growth due to improvement in county business environment. The county economy is majorly Agro-based and the favourable weather conditions experienced over time will contribute to adequate production from the sector. The agriculture sector has continually provided seasonal employment to many especially during the planting, weeding and the maize harvesting season in October- December.

This coupled with roll out of county development interventions and the favourable business environment will contribute to growth and positively reflect on Gross County Product (GCP). The County Government in partnership with the National Government is setting up a County industrial and Aggregation park (CAIP) at ADC Namandala. The main objective of CAIP is to grow manufacturing and investments through agro-industries and enhance productivity of agriculture sector in a sustainable manner hence creating inclusive decent jobs, increase farmers' income; increase

foreign exchange, provide platform where farmers, processors, exporters, research institutions, industrial bodies and Government can engage for agro-industrial development. The multiplier effect of this noble initiative will a robust county economy

The continuing infrastructure development especially the construction of the Kitale-Suam Border ,the completion of Masinde-Muliro business centre, Kitale Railway grounds among other mega projects are going to significantly and positively impact the local economy. The private sector investments has continued to expand and this portends a promising economic outlook for the county. On a positive front, the County government has met its debt obligations by working towards clearing pending bills thus providing the much needed liquidity for the county entrepreneurs.

3.1.3.2 Fiscal Outlook

The change of national government fiscal policy on management of national debt portfolio by the new administration and the subsequent expenditure rationalization, might affect the amount of shareable revenues to county governments. The priority of County Government is implementation of transformative projects and interventions in the third generation County Integrated Development plan. The county development agenda over the medium-term period will be guided by the fourth medium term plan (MTP IV) and the Bottom-up Economic Transformation Agenda (BETA) of the National Government. The outcome of the End term review for the Second generation CIDP is expected to inform key focus areas for the plan period, recommend best practices for successful programme and project implementation, and prudence in public investments.

a) Revenue Performance

To enhance own source revenue performance, key focus will be in strengthening revenue administration to enhance efficiency in revenue collection. Major emphasis will be on updating county valuation roll, reviewing existing revenue sources and mapping of new revenue streams to enhance local revenue generation. These will aim at reinforcing county revenue prospects over the medium-term period.

For the financial year 2024/2025 the county revenue is projected at **Kshs 8,541,632,762**. This will comprise of equitable share amounts to Ksh **7,865,747,762**, and OSR projection of Ksh **675,885,000**. Revenue forecasting is underpinned by previous revenue performance trends, prevailing macro-economic environment, impacts of the political transition, waivers and tax reliefs and continued inflationary. As a result, the county shall adopt a more cautious approach while forecasting of revenue.

The Revenue performance in the first Quarter of FY 2023/2024 has been unsatisfactory as only 15.6% of the total expected revenue for the year has been realized. Out of this, the proportion of OSR and equitable share realized is 15.6% percent and 16.5% percent respectively. The remaining proportion is NAVCDP grant. **Ksh. 67,192,729** against the targeted of **Ksh 250,000,000** for the financial year which translates to 26.9% performance. The total revenue realized for the First Quarter including unspent balance carried forward was **Ksh 1,405,381,726** against an approved Annual target of **Kshs. 9,011,216,032**. Tables 9 and 10 provide detailed analysis of County revenue by sources.

Table 9: First Quarter Approved Vs Actual Revenue performance by Source for FY 2023/2024

No	Revenue Stream	Annual Approved Revenue (Kshs.)	Actual Revenue (Kshs.)	Variance (Kshs.)	Actual as % of Approved Target
		A	B	C=A-B	D=B/A*100
1	Own Source Revenue	643,700,000	100,718,295	542,981,705	15.6%
2	Equitable share	7,491,188,345	1,237,470,702	6,253,717,643	16.5%
3	NARIGP	154,827,687	-	154,827,687	0.0%
4	KeICOP	35,500,000	-	35,500,000	0.0%
5	KISIP II	300,000,000	-	300,000,000	0.0%
6	IDA - FLLoCA (County Climate Institutional Support) Grant	11,000,000	-	11,000,000	0.0%
7	IDA - FLLoCA (County Climate Resilient Investment) Grant	125,000,000	-	125,000,000	0.0%
8	NAVCDP	250,000,000	67,192,729	182,807,271	26.9%
Total		9,011,216,032	1,405,381,726	7,605,834,306	15.6%

Table 10: First Quarter OSR Revenue Performance by Sector, Fy.2023/2024

Revenue Streams per department	Annual Budgeted FY 2023/24	Actual Q1	Variance
Agriculture, Irrigation, Livestock, Fisheries and cooperative development			
Agricultural mechanization services	4,000,000	-	4,000,000
Hire/lease of county agricultural land	300,000	-	300,000
Audit of co-operative societies	250,000	19,040	230,960
Coffee movement permits	300,000	72,000	228,000
Livestock auction fees(Stock yard sale)	1,000,000	179,520	820,480
sale of tree seedlings	200,000	157,800	42,200
Slaughter house operation fees	1,000,000	150,700	849,300
Meat inspection fee	2,000,000	356,235	1,643,765
Hides and skins license	500,000	-	500,000
A.I. services	50,000	-	50,000
Livestock movement permits	500,000	-	500,000
Licensing of meat containers	100,000	-	100,000
Certificate of transport(COT)	100,000	-	100,000
Lab services	100,000	-	100,000
Sector Total	10,400,000	935,295	9,464,705
Trade and Industrialisation			-
Open air markets	20,000,000	3,410,320	16,589,680
Market stalls, Bandas and Enclosed Markets	10,000,000	1,098,770	8,901,230
Weight and measures fees	1,500,000	190,840	1,309,160
Liquor fees	20,000,000	2,961,000	17,039,000
Cess	35,000,000	5,349,610	29,650,390
Single business permit (current, arrears and penalties)	70,000,000	9,698,000	60,302,000
Motor bike fees (yearly sticker)	15,000,000	5,428,500	9,571,500
Motor bike fees(Penalties)		1,500	(1,500)
Sector Total	171,500,000	28,138,540	143,361,460
Water, Environment, Natural Resources and Climate Change			-
Refuse collection and conservancy(Waste Disposal)	5,000,000	397,500	4,602,500
Hydrological investigation and drilling of boreholes	-	-	-
Use of county dumpsite	1,000,000	-	1,000,000
Tree harvesting permit(farm trees)	500,000	214,800	285,200
Licensing of extractive resources	1,000,000	-	1,000,000
Excessive noise and vibration control	500,000	12,000	488,000
Nuisance abatement fees	-	-	-
Sector Total	8,000,000	624,300	7,375,700
Public Works, Transport and Energy			-
Hire of construction machinery	5,000,000	-	5,000,000
Approval of Building plans		127,000	(127,000)
Fire inspection/ compliance certificates	5,000,000	135,000	4,865,000
Way leave charges i.e. cutting, trenching and installation of fiber cables/water pipes	500,000	-	500,000
Pole rate i.e KPLC and Telkom poles	1,000,000	-	1,000,000
Sector Total	11,500,000	262,000	11,238,000
Health			-
Income from health(medical and public health)	100,000,000	18,787,645	81,212,355
Cemetery charges	200,000	20,500	179,500
Toilets	1,500,000	233,640	1,266,360
NHIF Reimbursments	200,000,000	31,491,686	168,508,314
Sector Total	301,700,000	50,533,471	251,166,529
Lands, Housing Physical Planning and Urban Development			-

Revenue Streams per department	Annual Budgeted FY 2023/24	Actual Q1	Variance
Building approval fees	8,000,000	837,400	7,162,600
Plot subdivision and transfer of plots	1,000,000	-	1,000,000
House rents	1,000,000	-	1,000,000
Survey fees	1,000,000	-	1,000,000
Temporary occupation license(TOL)	100,000	-	100,000
Outdoor advertisement charges	18,000,000	3,445,000	14,555,000
Lease of non agricultural county land	1,000,000	-	1,000,000
Sector Total	30,100,000	4,282,400	25,817,600
Gender, Youth,Sports,Culture and Tourism			-
Hire of county stadium		-	-
Hire of social hall	100,000	6,000	94,000
Hire of county sports bus	-	-	-
Registration / Renewal of welfare groups / Sports club and Performing artist	-	-	-
Dividend income i.e Mt. Elgon Lodge	-	-	-
Lisencing of private Parks	-	-	-
Hire of county seats/ tents		-	-
Sector Total	100,000	6,000	94,000
Education and Technical Training			-
Registration of ECD Schools	-	-	-
Hire of county brick-making machines	100,000	-	100,000
Sector Total	100,000	-	100,000
Finance and Economic Planning			-
Land rates(current, arrears and penalties)	45,000,000	7,843,039	37,156,961
Ground Rent		151,000	(151,000)
Street parking (Daily, Seasonal, Reserved, Clamping and Impounding)	20,000,000	635,600	19,364,400
Enclosed bus park fees(daily and seasonal)	45,000,000	7,298,650	37,701,350
amusement permits	300,000	8,000	292,000
Miscellaneous Income	-	-	-
Sector Total	110,300,000	15,936,289	94,363,711
Grand Total	643,700,000	100,718,295	542,981,705

Source: County Treasury 2023

c) First Quarter Expenditure Performance

Budget performance in the first Quarter has been inadequate due to the late commencement of the execution of the Annual Budget and the delay in the transfers from the National Government. The actual total expenditure for the first Quarter is **Ksh. 1,032,881,089** against a projected expenditure of **Ksh. 2,252,804,008**. The expenditure recorded is **Ksh. 767,025,616** for recurrent vote and **Ksh. 265,855,473** for the development vote. The greater proportion of the recurrent expenditure comprises personnel emoluments which accounts for **77.4%** while **22.6%** of the recurrent expenditure has been incurred under operations and maintenance. The amount expended translates to 45.8% of the projected quarterly expenditure and 11.5% of the **Kshs. 9,011,216,032** projected

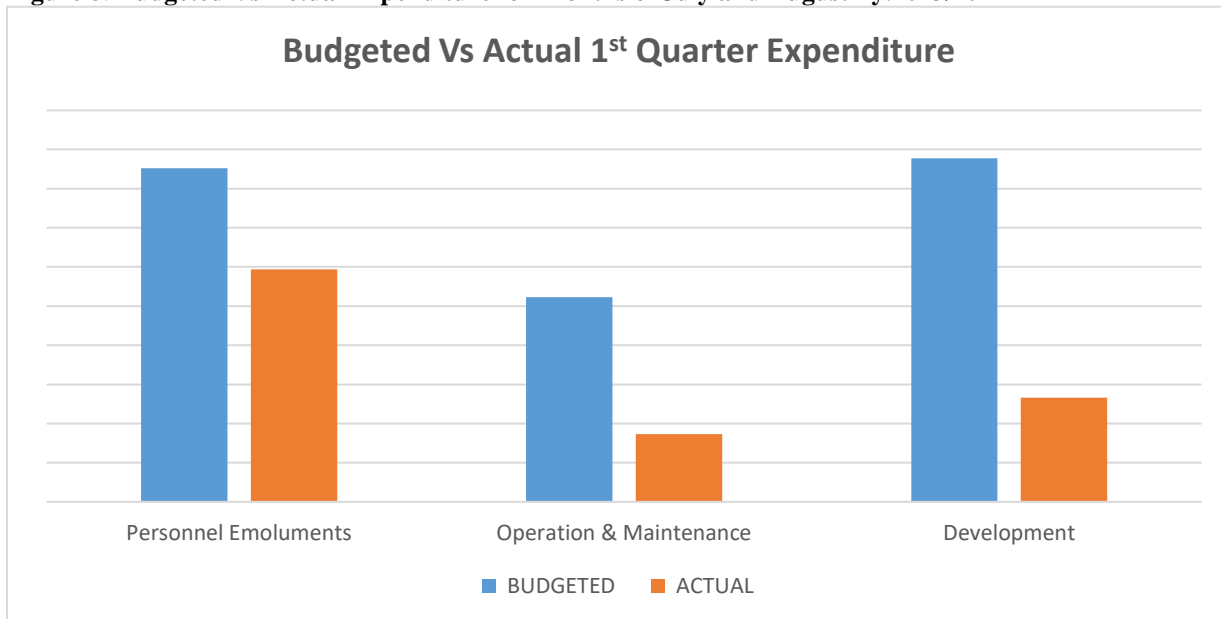
expenditures for the financial year 2023/24. Table 11 provides a summary of county expenditure for the first Quarter for FY 2023/2024.

Table 11: First Quarter Expenditure Analysis by Economic Classification, FY 2023/24

DESCRIPTION	ANNUAL BUDGETED	BUDGETED	ACTUAL	% PERFORMANCE
	FY 23/24	1st Quarter (A)	1st Quarter (B)	C=B/A*100
Personnel Emoluments	3,409,370,165	852,342,541	594,057,527	69.7%
Operation & Maintenance	2,092,157,127	523,039,282	172,968,089	33.1%
Development	3,509,688,740	877,422,185	265,855,473	30.3%
Total	9,011,216,032	2,252,804,008	1,032,881,089	45.8%

Source: County Treasury 2023

Figure 8: Budgeted Vs Actual Expenditure for Months of July and August FY.2023/2024



3.1.4 Risks to the outlook

The potential risks to the outlook include:

i. Public expenditure pressures particularly on wages

The County wage bill has continued to rise in absolute terms to reach Ksh. 3.41 billion in FY 2023/2024 due to implementation of planned recruitments and employee promotions based on existing collective bargaining agreements. If left unchecked, the continued rise in personnel

expenditure will affect the County's ability to meet its financial obligations in other core expenditure areas.

ii. Policy changes

The transition to new political administrations both at the County and National level may present challenges. The CBROP 2023 has been formulated amidst the ongoing re-organization of the Government. New administrative and policy directives may impact on the existing fiscal space of the County.

iii. Underperformance in Own Source Revenue

The consistent underperformance in own source revenue greatly affects budget execution. The county is not able to totally meet its expenditures needs as a result of short fall in revenue.

iv. Inflationary shocks

The national inflation rate has hit record high since 2017 to stand at 8.5 percent in August 2023. The high inflation caused by disruptions in the global supply chain, high cost of fuel and reduction in food production is likely to affect production and consumption prices over the medium term. The resultant effect will be high cost of implementing county projects and delivering public services.

v. Uncertainties in the global Economic outlook

The current County Government Administration and Kenya Kwanza administration took office at a time when the economy was facing three major shocks, among them, the conflict between Russia and Ukraine as well as conflict in middle East between Israel and Gaza that have disrupted global trade leading to increased fuel, fertiliser and food prices; the lingering effects of the COVID-19 pandemic; and a severe drought witnessed in the region in and most parts of the country associated with climate change also gravely impacted on food security. All these have multiplier effect on the performance of County Economy.

vi. Climate change and Unpredictable Weather conditions

Trans Nzoia is an agrarian economy thus 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.

The County Government is continually monitoring these risks and taking appropriate policy measures. Among the fiscal contraction measures to be undertaken in the FY 2023/24 and the medium-term will be enhancing development expenditure while rationalising recurrent expenditure especially in non-priority areas. This measure will reinforce the resource envelope available for productive investment.

4 SECTION FOUR: RESOURCE ALLOCATION FRAMEWORK

4.1 Execution of FY 2023/2024 Budget

Budget execution in the first Quarter has been inadequate due to the late commencement of the execution of the Annual Budget and the delay in the transfers from the National Government. The fiscal objectives as outlined in the CFSP 2023 must therefore be updated to reflect the budget reality as determined by;

- Under-performance of OSR in the first quarter of financial year 2023/2024.
- Delay in disbursement from exchequer
- Expenditure pressures with respect to pending bills.
- General inflationary effects.

Over the first Quarter of the financial year 2023/2024, the own source revenue receipts collected was Ksh. 100,718,295 against the targeted of Ksh 643,700,000 for the financial year which translates to 15.6% performance. In comparison with the same period in the last FY 2022/23, the own source revenue stood at Ksh. 101,942,165 for the first Quarter compared to Ksh. 100,718,295 in the 2023/2024 depicting a decrease of 1.2%.

Going forward, the Revenue Mobilisation section will strive to actualise other revenue mobilisation mechanisms through revenue mapping, preparation of Medium-Term Revenue Strategy (MTRS) that will provide a road map on revenue raising measures, development of a new Valuation roll, and strengthening of revenue administration. These strategies will ensure efficiency in revenue collection so as to attain the Financial Year 2023/2024 target. The escalating fuel prices continues to pose rising inflation threat as this is deemed to render County Governments' sectors economically constrained due to increased operations and maintenance costs, other recurrent costs as well as costs on development expenditure. This will necessitate for the preparation of supplementary budget where focus will be made to channelling expenditure on the most productive investments.

4.2 Revenue Projections

Table 12: Projected County Revenue for FY 2023/2024 and Medium Term

Source	Approved Budget	Projected Revenue		
	2023/24	2024/25	2025/26	2026/27
Equitable Share	7,491,188,345	7,865,747,762	8,259,035,150	8,671,986,908
Local Revenue	643,700,000	675,885,000	709,679,250	745,163,213
Other Grants	876,327,687	920,144,071	966,151,275	1,014,458,839
Unspent Balances	-	-	-	-
Total	9,011,216,032	9,461,776,834	9,934,865,675	10,431,608,959

Source: County Treasury 2023 (Outer MTEF years projected at 5%.)

The total approved revenue for FY 2023/2024 is **Ksh 9,011,216,032** out of which transfers from the national government (equitable share and grants) are amounting to Kshs. 8,367,516,032 and approved own source revenue of Kshs. 643,700,000. The projected revenue for financial year 2024/2025 is Kshs. 9,461,776,834 comprising of Kshs. 7,865,747,762 and Kshs. 675,885,000 for equitable share and own source revenue respectively. This projected revenue is expected to increase progressively over the medium term from Ksh. **9,011,216,032** in FY. 2023/24 to Kshs. **10,431,608,959** as illustrated in table 12.

These projections however, are anchored on a number of assumptive factors like quick economic recovery and resilience, the on-going capacity building of Revenue Department, Renewal of grant agreements with some development partners and favourable weather conditions.

Table 13: County OSR by sector FY 2023/2024 and Medium Term.

SECTOR	APPROVED	PROJECTED	PROJECTED	PROJECTED
	2023/2024	2024/2025	2025/2026	2026/2027
Agriculture, Irrigation, Livestock, Fisheries and Cooperative Development	10,400,000	10,920,000	11,466,000	12,039,300
Trade and Industrialisation	171,500,000	180,075,000	189,078,750	198,532,688
Water Environment, Natural Resources and Climate change	8,000,000	8,400,000	8,820,000	9,261,000
Public Works, Transport and Energy	11,500,000	12,075,000	12,678,750	13,312,688
Health Services and Sanitation	301,700,000	316,785,000	332,624,250	349,255,463

Lands, Housing, Physical planning and Urban Development	30,100,000	31,605,000	33,185,250	34,844,513
Gender, Youth, Culture, Sports, and Tourism	100,000	105,000	110,250	115,763
Education and Technical Training	100,000	105,000	110,250	115,763
Finance and Economic Planning	110,300,000	115,815,000	121,605,750	127,686,038
Total	643,700,000	675,885,000	709,679,250	745,163,213

Source: County Treasury (*Outer MTEF years projected at 5%.*)

With robust measures in place, there is high expectation that the revenue streams from the various sectors will be realised as projected in Table 13.

4.3 Expenditure Forecasts

Based on the projected OSR and Equitable share revenue in table 15, in the FY 2024/2025, expenditure is forecast at Ksh. **9,461,776,834** out of which the recurrent expenditure will be **Ksh. 5,776,603,657** against a development expenditure of **Ksh. 3,685,173,177**. This expenditure is projected to rise to Ksh. **10,431,608,959** at the end of the MTEF period in 2026/2027.

Table 14 provides a summary of proposed expenditure for both recurrent and development for financial year 2023/2024 and the MTEF period.

Table 14: Expenditure by Economic Classification for FY 2023/24-2026/27

Vote	Approved Budget	Projected Expenditure		
	2023/24	2024/25	2025/26	2026/27
Recurrent	5,501,527,292	5,776,603,657	6,065,433,839	6,368,705,531
Development	3,509,688,740	3,685,173,177	3,869,431,836	4,062,903,428
Total	9,011,216,032	9,461,776,834	9,934,865,675	10,431,608,959

Source: County Treasury 2023

**Outer years projected at 5%.*

In view of table 14, the county government is endeavouring to continue with its policy of expenditure prioritization with a view to achieving the transformative development agenda as enshrined in the County development blue prints. Over the medium-term focus will be increasing the share of the development budget through scaling down non-priority recurrent expenditure. This

will in effect increase the development budget available for productive investments and county transformative projects.

4.4 Medium term expenditure Framework and Resource Allocation Criteria

The Medium Term expenditure period 2024/25-2026/27 will be informed by the Government goal to implement its transformative agenda aimed at revamping the county economy and drive the County towards accelerated growth in line with the theme of the 3rd generation CIDP 2023-2027 **“Transformation agenda for accelerated economic growth and improved social welfare”**.

The key objectives of the CIDP 2023-2027 include: investments in the productive sectors of agriculture, trade, and industrialisation; promoting access to social services including quality education and vocational training; providing access to quality affordable healthcare; mainstreaming cross cutting issues and emerging issues including climate change adaptation and mitigation, Disaster risk Reduction (DRR), SDGS and special interest groups; deepening devolution, strengthening governance and accountability as well as public service transformation to enhance efficiency and effectiveness in service delivery; creating enabling environment for promoting private sector growth and faster growth of SMEs; and expansion of county physical and social infrastructure in addition to improving land management and planning for physical spaces.

The 3rd generation CIDP 2023-2027 is aligned to key policy instruments such as the Vision 2030, the Bottom-up Economic transformation Agenda (BETA) and the SDGs. The priorities contained in the CIDP are geared towards economic transformation of the county in order to achieve the County’s long term vision of *“An agro industrialized County with a high quality of life for its residents”*. In this regard, priority will be given to allocating budgetary resources towards productive investment while adhering to the fiscal responsibility principles and further ensuring budget credibility.

As a result, the criteria for allocating resources to the departments and county sectors shall be based on:

1. Programs cost effectiveness and sustainability in the long run.

2. Programmes alignment the county's development agenda and sectoral goals.
3. Linkage of the programmes to the objectives of the County integrated development plan 2023-2027, Annual development Plan as well as Urban Areas integrated plans.
4. Degree to which the programme addresses the core mandate of the department or the county entities.
6. Requirements on non-discretionary expenditures e.g. personnel emoluments and statutory payments.

Annex I gives the tentative expenditure ceilings for the various sectors. The ceilings will be firmed up in County Fiscal Strategy Paper in February 2024.

5 CONCLUSION

The 2023 C-BROP has been formulated against a backdrop of economic slowdown occasioned by the ongoing Russia-Ukraine conflict, 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.

The focus of the county government in the financial year 2024/25 budget and the medium term is to enhance resource mobilization and reduce non-essential expenditures with a view of prioritizing on programs to meet the county development agenda. 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 resource. The sector ceilings annexed herewith will guide the preparation of the FY 2024/25 budget estimates and the medium term. It is prudent that the SWGs and departments realign their programs and sub-programs to match the provided ceilings and in line with the County Government priorities.

To ensure timely and smooth finalization of the MTEF budget 2024/2025-2026/2027 all county government entities and SWGs are expected to strictly adhere and execute all the key budget activities within specified timelines as per the County Budget calendar. In addition, considering the tight resource envelope that is available for FY 2023/24 budget, all the County departments are required to carefully scrutinize their proposed budgets and ensure strict adherence to sector ceilings provided herein. The County departments are required to carefully undertake detailed costing of projects, taking into account strategic significance, deliverables (output and outcomes), alternative interventions, and administration and implementation plans in allocation of resources.

Table 15: Department Revenue against Total Expenditure Ceilings (Recurrent and Development)

Department		Revenue	Approved Estimates	Approved Expenditure Ksh.	Projected Expenditure Ksh.	% Share of Total Expenditure		
		2022/23	2022/2023	2023/2024	2024/2025	2022/2023	2023/2024	2024/2025
Agriculture	Subtotal		788,797,295	722,675,456	758,809,229	8.7%	8.0%	8.0%
	Recurrent	4,800,000	243,608,251	241,783,256	253,872,419			
	Development		545,189,044	480,892,200	504,936,810			
Livestock	Subtotal		95,330,079	194,331,687	204,048,271	1.0%	2.2%	2.2%
	Recurrent	5,850,000	14,865,000	12,648,000	13,280,400			
	Development		80,465,079	181,683,687	190,767,871			
Trade and Industrialization	Subtotal		189,370,068	341,274,495	358,338,220	2.1%	3.8%	3.8%
	Recurrent	44,950,000	57,370,068	48,974,495	51,423,220			
	Development		132,000,000	292,300,000	306,915,000			
Water Environment and Natural Resources	Subtotal		353,252,388	505,046,435	530,298,757	3.9%	5.6%	5.6%
	Recurrent	9,600,000	81,165,517	68,859,564	72,302,542			
	Development		272,086,871	436,186,871	457,996,215			
Public Works,Transport and energy	Subtotal		582,538,943	515,008,738	540,759,175	6.4%	5.7%	5.7%
	Recurrent	8,500,000	153,780,988	147,692,158	155,076,766			
	Development		428,757,955	367,316,580	385,682,409			
Education and Technical Training	Subtotal		699,043,835	836,087,822	877,892,213	7.7%	9.3%	9.3%
	Recurrent	100,000	600,643,835	699,037,822	733,989,713			
	Development		98,400,000	137,050,000	143,902,500			

Health Services	Subtotal		-	20,000,000	21,000,000	0.0%	0.2%	0.2%
	Recurrent	301,100,000	-	-	-			
	Development		-	20,000,000	21,000,000			
Health Corporate	Subtotal		2,416,032,616	2,258,562,980	2,371,491,129	26.5%	25.1%	25.1%
	Recurrent	301,100,000	2,030,414,726	2,029,963,263	2,131,461,426			
	Development		385,617,890	228,599,717	240,029,703			
Lands, Housing, Physical planning and Urban Development	Subtotal		270,185,556	452,277,155	474,891,013	3.0%	5.0%	5.0%
	Recurrent	24,100,000	70,497,216	80,543,815	84,571,006			
	Development		199,688,340	371,733,340	390,320,007			
Kitale Municipal board	Subtotal		67,280,215	68,828,705	72,270,140	0.7%	0.8%	0.8%
	Recurrent		60,940,300	26,217,705	27,528,590			
	Development		6,339,915	42,611,000	44,741,550			
Gender, Youth, Sports, Culture & Tourism	Subtotal		305,629,002	293,245,327	307,907,593	3.4%	3.3%	3.3%
	Recurrent	200,000	50,046,557	48,862,882	51,306,026			
	Development		255,582,445	244,382,445	256,601,567			
Governance	Subtotal		209,709,647	215,149,835	225,907,327	2.3%	2.4%	2.4%
	Recurrent		184,709,647	180,149,835	189,157,327			
	Development		25,000,000	35,000,000	36,750,000			
Public Service Management	Subtotal		841,701,885	699,580,177	734,559,186	9.2%	7.8%	7.8%
	Recurrent		603,033,658	561,055,177	589,107,936			
	Development		238,668,227	138,525,000	145,451,250			

CPSB	Subtotal		77,567,287	88,655,299	93,088,064	0.9%	1.0%	1.0%
	Recurrent		69,102,287	75,660,299	79,443,314			
	Development		8,465,000	12,995,000	13,644,750			
Finance	Subtotal		1,151,827,509	707,908,445	743,303,867	12.6%	7.9%	7.9%
	Recurrent	230,300,000	736,713,203	479,945,545	503,942,822			
	Development		415,114,306	227,962,900	239,361,045			
Economic Planning	Subtotal		72,612,482	46,930,000	49,276,500	0.8%	0.5%	0.5%
	Recurrent		56,312,482	25,130,000	26,386,500			
	Development		16,300,000	21,800,000	22,890,000			
County Attorney	Subtotal		62,503,120	53,744,000	56,431,200	0.7%	0.6%	0.6%
	Recurrent		62,503,120	53,744,000	56,431,200			
	Development		-	-	-			
County Assembly	Subtotal		933,300,593	991,909,476	1,041,504,950	10.2%	11.0%	11.0%
	Recurrent		731,650,593	721,259,476	757,322,450			
	Development		201,650,000	270,650,000	284,182,500			
Total	Total	629,500,000	9,116,682,520	9,011,216,032	9,461,776,834	100.0%	100.0%	100.0%
	Total Recurrent		5,807,357,448	5,501,527,292	5,776,603,657	63.7%	61.1%	61.1%
	Total Development		3,309,325,072	3,509,688,740	3,685,173,177	36.3%	38.9%	38.9%

**Sector Projections at 5% for Outer years are based on approved expenditures for FY 2023/2024 (Equitable share & OSR)

