

COUNTY GOVERNMENT OF KITUI



MINISTRY OF FINANCE, ECONOMIC PLANNING & REVENUE MANAGEMENT

Department of Economic Planning

County Budget Review and Outlook Paper

SEPTEMBER, 2023

FOREWORD

The County Budget Review and Outlook Paper (CBROP), is prepared in accordance with Public Finance Management Act, 2012. It is the tenth to be prepared by the County Government of Kitui under the devolved governance structure. The outlook presents the actual fiscal performance of the FY 2022/2023 and projection of the 2023/24 FY hence making comparative analysis to the budget appropriations. The paper highlight the recent key economic development for the period under review for both the National and County Government. The report further provides an updated Medium Term Expenditure Framework (MTEF) financial forecasts and states how these projections deviated from estimates contained in the last County Fiscal Strategy Paper (CFSP) and actual budget for 2022/23 financial year (FY).

The paper also shows how the actual performance at the local and national level in 2022/23 FY affected the County' s compliance with the fiscal responsibility principles and financial objectives as detailed in CFSP 2023. The County Government in collaboration with the National Government is implementing strategies and reforms geared towards accelerated economic growth and realization of the sixteen sector manifesto that include; Agriculture, Water, Health, Education, Urban, Roads & Construction, Trade & Investments, Micro Small & Medium Enterprises (MSME), Cooperatives Societies, Tourism & Hospitality, Women Youth & PWDs, Environment, Energy, Information & Communication, Security and Bodaboda for the residents of Kitui County. Implementation of various projects in 2022/23 FY proved to bear fruits through successful irrigation project, water infrastructure, hybridization and piping, road gravelling and skills development among others.

The outlook gives a clear comparison of own revenue generation, grants and loans; and equitable share from the national government and other development partners hence gives appropriate recommendations on the changes in revenue. The County Government is committed and will continue to improve the welfare of the residents through implementation of life changing programs as outlined in the County Integrated Development Plan (CIDP) 2023 - 2027.

Peter Kilonzo,
CECM, Ministry of Finance, Economic Planning & Revenue Management
County Government of Kitui.

ACKNOWLEDGEMENT

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I acknowledge the valuable leadership and support of His Excellency the Governor Dr Julius Malombe and extend my gratitude to the role played by all Chief Officers and departmental staff for providing the necessary information towards preparation of this document.

I may not mention everybody, but do acknowledge all those individuals who directly or indirectly contributed to the success of development and production of this paper.

Patrick Munuve
Chief Officer – Economic Planning & Budgeting
County Government of Kitui

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ABBREVIATIONS

ADP	Annual Development Plan
ASDSP	Agricultural Sector Development Support Program
ATC	Agricultural Training Centre
BQ	Bills of Quantities
CBROP	County Budget Review and Outlook Paper
CCTV	Closed Circuit Television
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
CLIDP	Community Level Infrastructure Development Projects
COFOG	Classification of Functions of Government
COVID 19	Corona Virus Disease
DANIDA	Danish International Development Agency
ECDE	Early Childhood Development Education
FAO	Food and Agriculture Organization
FY	Financial Year
GDP	Gross Domestic Product
ICT	Information Communication Technology
ICU	Intensive Care Unit
IFMIS	Integrated Financial Management Information System
KCRH	Kitui County Referral Hospital
KDSP	Kenya Devolution Support Programme
KSHS	Kenya Shilling
LAN	Local Area Network
MSME	Micro Small and Medium Enterprises
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
NARGIP	National Agricultural and Rural Inclusive Growth Project
NBU	New-born Unit
NHIF	National Health Insurance Fund
O&M	Operation and Maintenance
OPD	Out Patient Department
PE	Personnel Emolument
PFMA	Public Finance Management Act
PO	Producer Organizations
SCH	School
SEKU	South Eastern Kenya University
SEKEB	South Eastern Kenyan Economic Block
THSUC	Transforming Health Systems for Universal Health Care
TIMPs	Technology, Innovations and Management Practices

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

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

1. A County Treasury shall –
 - a) prepare a County Budget Review and Outlook Paper in respect of the county for each financial year; and
 - b) Submit the paper to the County Executive Committee by 30th September of that year.
2. In preparing the county Budget Review and Outlook Paper, the County Treasury shall specify –
 - a) details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;
 - b) updated economic and financial forecasts with sufficient information to show changes from the most recent County Fiscal Strategy Paper;
 - c) information on –
 - i. any changes in the forecasts compared with the County Fiscal Strategy Paper;
 - ii. how actual financial performance for the previous financial year may have affected compliance with fiscal responsibility principle, or the financial objective in the County Fiscal Strategy Paper for that year; and
 - d) Reasons for the deviations from the financial objectives in the County Fiscal Strategy Paper together with proposal to address the deviations and estimated time for doing so.
3. The County Executive Committee shall consider the County Budget Review Paper with a view to approving it, with or without amendments, within fourteen day after its submission.
4. Not later than seven days after the County Budget Review and Outlook Paper is approved by the County Executive Committee, the County Treasury shall –
 - a) Arrange for the Paper to be laid before the County Assembly; and
 - b) As soon as practicable after having done so, publish and publicise the Paper.

Fiscal Responsibility Principles for the County Governments

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

- 1) A County Treasury shall manage its public finances in accordance with the principles of fiscal responsibility set out in subsection (2), and shall not exceed the limits stated in the regulations.
- 2) In managing the county government's public finances, the County Treasury shall enforce the following fiscal responsibility principles- (a) the county government's recurrent expenditure shall not exceed the county government's total revenue; (b) over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure; (c) the county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly; (d) over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure; (e) the county debt shall be maintained at a sustainable level as approved by county assembly; (f) the fiscal risks shall be managed prudently; and (g) a reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.
- 3) For the purposes of subsection (2) (d), short-term borrowing shall be restricted to management of cash flows and shall not exceed five percent of the most recent audited county government revenue.
- 4) Every county government shall ensure that its level of debt at any particular time does not exceed a percentage of its annual revenue specified in respect of each financial year by a resolution of the county assembly.
- 5) The regulations may add to the list of fiscal responsibility principles set out in subsection (2).

EXECUTIVE SUMMARY

The core purpose of the 2023 CBROP is to provide a review of the previous fiscal performance and how this impacts the financial objectives and fiscal responsibility principles. These are set out in the last County Fiscal Strategy Paper (CFSP), which provides the basis for the revision of the current budget in the context of supplementary estimates and informs the choice of broad fiscal parameters underpinning the next budget and medium term expenditure framework.

Analysis of the 2022/23 FY fiscal performance shows an increase in absorption rate of development funds from 82.95% to 84.10%. There was a great improvement in the performance in revenue collection owing to setting realistic historical target and increased economic activities in the county.

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.

The departments need to rationalise their budget to align resources availability to needs, allocating funds to high impact projects. The Ministry of Finance, Economic Planning & Revenue Management has automated its revenue collection to improve revenue collection. The County Government managed to collect Kshs. 464 million from its internal sources reflecting a 28.5% increase from 2021/22 FY performance whereby Kshs. 361 million was collected. The increase was majorly attributed to the realistic target setting and increased economic activities in the County.

On the expenditure side, the County Government continued to rationalize expenditures to improve efficiency and reduce wastage. In the medium term, expenditure management is expected to improve given the various budget rationalisation reforms undertaken and because of tightening of the fiscal framework to create room for more productive expenditures.

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

I. INTRODUCTION

A. Objective of the County Budget Review and Outlook Paper (CBROP) 2023

1. The main objective of the 2023 County Budget Review and Outlook Paper (CBROP) is to review the fiscal performance for 2022/23 FY and how this impacts the financial objectives and fiscal responsibility principles set out in the last County Fiscal Strategy Paper 2022/23 released in February 2022. The paper further outlines the expenditure and revenue in 2022/23 FY providing budgeting bases in the current financial year of 2023/24 and medium term expenditure.

2. The CBROP, like the CFSP links policy, planning and the budgeting through reviewing the performance of the government in line with the budget and the laid down policies as tied to the broad priorities. These policies include the Kenya Vision 2030 and its Medium Term Plans I, II, III & IV (MTP I, II, III & IV), the County Integrated Development Plan (CIDP (2023-2027) and all other national and county policies relevant to planning.

3. The report rolls out the implementation of the development projects initiated in 2022/23 financial year, and continues to address the “Kitui Promise” under the sixteen sector manifesto priority areas. These sectors include Agriculture, Water, Health, Education, Urban, Roads & Construction, Trade & Investments, Micro Small & Medium Enterprises (MSME), Cooperatives Societies, Tourism & Hospitality, Women Youth & PWDs, Environment, Energy, Information & Communication, Security and Bodaboda.

4. The rest of the paper is organised as follows: Section II provides a review of the fiscal performance in FY 2022/23 and its implications on the financial objectives set out in 2022/2023. This is followed by brief highlights of the recent economic developments and updated revenue and expenditure in section III. Section IV provides the resources allocation framework, while Section V gives the development projects implemented in 2022/2023 FY.

II. REVIEW OF FISCAL PERFORMANCE IN FY 2021/22

B. Overview

5. The fiscal performance shows an increase in absorption rate from 82.95% in FY 2021/22 to 84.1% absorption in FY 2022/23, and revenue side where revenue collection improved by 28.5% from Kshs. 361 million in 2021/22 FY to Kshs. 464 million in 2022/23 FY.

6. The revenue target for the 2022/2023 FY was attained over and above due to the increased communal income resulting from implementation of county projects and improved economic growth with reduced negative effect of the 2017/18 elections and the prolonged COVID 19 pandemic. The revenue of the year Improved by 10.56% of the target amount of Kshs. 420,000,000 leading to a budget surplus. However, the target for FY 2023/24 has since been increased to accommodate the recent trend.

C. 2022/23 Fiscal Performance

7. The table below presents the fiscal performance for the FY 2021/22 and FY 2022/23 together with the deviations from the original budget estimates of FY 2022/23.

Table 1: Revenue and Expenditure Summary for 2021/22 -2022/23FY

	2021/22		2022/23		Deviations (%)
	Actual	Target	Actual	Target	
A. TOTAL REVENUE AND GRANT					
1. Revenue	10,693,271,159	11,963,517,451	11,976,326,523	11,931,972,056	0
Equitable Share	9,562,452,779	10,393,970,413	10,393,970,413	10,393,970,413	-
Other Revenues	1,130,818,380	1,569,547,038	1,582,356,110	1,538,001,643	3
Locally Generated Revenue	361,271,342	800,000,000	464,354,467	420,000,000	11
Unspent Balances b/fwd.	769,547,038	769,547,038	1,118,001,643	1,118,001,643	-
2. Grants					
Grants from World Bank Kenya devolution support program(KDSP)	-	112,815,048			-
HSSF/HSPS - (DANIDA/IDA)	-	19,564,875	28,405,688	28,405,688	-
Urban Institutional Grant (KUSP)	-	-	2,339,915	2,339,915	-
World Bank loan for Transforming Health Systems for Universal Care Project	23,942,835	14,548,168			-
Agriculture Sector Development Support Programme (ASDSP)	16,926,637	28,857,290	11,636,683	11,636,683	-
World Bank loan for National Agricultural and Rural Inclusive Growth Project	150,349,620	283,089,026	227,100,709	169,475,223	34
UNFPA (9th Country Programme Implementation)	-	7,386,704			-
World Bank (Emergency Locust Response Project (ELRP))	14,076,914	38,964,000	68,522,528	70,223,000	(2)
IDA(World bank)Credit National Agricultural Value Chain Development Project(NAVCDP)			67,192,729	70,000,000	(4)
World bank Credit to Finance Locally -Led Climate Action Program (FLLoCA)			11,000,000	22,000,000	(50)
Total Grants	205,296,006	505,225,111	416,198,252	374,080,509	11
Total	10,898,567,165	12,468,742,562	12,392,524,775	12,306,052,565	1
B. EXPENDITURE					
1. Recurrent	7,609,700,297	8,327,233,900	8,209,066,423	8,662,902,604	(5)
Salaries and Wages	4,557,695,820	4,740,958,778	4,727,336,691	4,787,527,652	(1)
O&M/Others	3,052,004,477	3,586,275,122	3,481,729,732	3,875,374,952	(10)
2. Development	2,733,152,983	2,733,152,984	2,140,802,324	3,643,149,961	(41)
Total	10,342,853,280	11,060,386,884	10,349,868,747	12,306,052,565	-46

	2021/22		2022/23		Deviations
	Actual	Target	Actual	Target	(%)
C. SURPLUS/ (DEFICIT)	555,713,885		2,042,656,028		

Source: Ministry of Finance, Economic Planning & Revenue Management

Notes

- i. **Equitable share:** This is the amount of funds the county government expected to receive from the national government, as shared out using the Commission on Revenue Allocation formula, which was not disbursed in full for the review period.

Revenue

a. Equitable Share and Grants

The total disbursement to the county revenue fund account during the financial year 2022/2023 was Kshs 10,393,970,413, representing 100% of the total equitable share the county expected to receive from National Treasury. The amount disbursed increased by 8.7% from previous financial year of 2021/22 FY which was Kshs. 9,562,452,779.

Over the same period, the county expected to receive grants totalling to Kshs 374,080,509 from International donors (World Bank, SWEDEN and DANIDA). However, the County Government received grants totalling to Kshs. 416,198,252 during the period under review as shown in Table 2.

Cumulatively, the amount of grants budgeted during the year was Kshs. 431,705,995. This includes the revote amount of Kshs. 57,625,486 (see table 4). Nevertheless, only Kshs 416,198,252 was received as grants, representing 96% of the total budgeted grants leaving a balance of Kshs 15,507,743 which may or may not be received depending with the discretion of the respective donor organization.

Table 2 shows schedule of disbursement of Equitable share under the review period.

Table 2: Schedule of Disbursement of Equitable Share 2022/2023

Month	Date received	Amount
July	16-Sep-22	883,487,485
August	14-Oct-22	831,517,633
September	24-Nov-22	883,487,486
October	25-Jan-23	831,517,633
November	24-Feb-23	883,487,485
December	24-Mar-23	831,517,633
January	20-Apr-23	883,487,485
February	26-Apr-23	883,487,485
March	25-May-23	831,517,633
April	9-Jun-23	935,457,337
May	20-Jun-23	883,487,485
June	26-Jun-23	831,517,633
Totals		10,393,970,413

Source: Ministry of Finance, Economic Planning & Revenue Management

In addition, the County Government received grants totalling to Kshs. 416,198,252 during the period under review. The breakdown for the grants was as follows: -

Table 3: Grants performance in FY 2022/23

Source	Date received	Amount
Agriculture Sector Development Support Programme (ASDSP)	26-Jan-23	4,563,487
	26-Jan-23	7,073,196
World bank Credit to Finance Locally -Led Climate Action Program (FLLoCA)	31-Mar-23	11,000,000
Urban Institutional Grant (KUSP)	10-May-23	2,339,915
World Bank (Emergency Locust Response Project (ELRP))	5-May-23	40,937,643
	20-Jan-23	27,584,885
World Bank loan for National Agricultural and Rural Inclusive Growth Project (NARIGP)	4-Jul-22	57,154,553
	8-Jul-22	470,933
	26-Jan-23	103,311,042
	26-Jan-23	49,111,965
	10-May-23	17,052,216
IDA(World bank)Credit National Agricultural Value Chain Development Project(NAVCDP)	27-Jun-23	67,192,729
HSSF/HSPS - (DANIDA/IDA)	26-Apr-23	11,090,250
	26-Apr-23	17,315,438
Totals		416,198,251

Source: Ministry of Finance, Economic Planning & Revenue Management

Table 4: Grants Performance in FY 2022/23

Source	Amount Approved in CARA	Grant Revote from FY 2021/22	Cumulative Grant Amount FY 2022/23	Receipts in the FY 2022/23	Outstanding Bal.
Agriculture Sector Development Support Programme (ASDSP)	11,636,683	0	11,636,683	11,636,683	0
World bank Credit to Finance Locally -Led Climate Action Program (FLLoCA)	22,000,000	0	22,000,000	11,000,000	11,000,000
World Bank loan for National Agricultural and Rural Inclusive Growth Project (NARIGP)	169,475,223	57,625,486	227,100,709	227,100,709	0
Urban Institutional Grant (KUSP)	2,339,915	0	2,339,915	2,339,915	0
World Bank (Emergency Locust Response Project (ELRP))	70,223,000	0	70,223,000	68,522,528	1,700,472
IDA(World bank)Credit National Agricultural Value Chain Development	70,000,000	0	70,000,000	67,192,729	2,807,271

Source	Amount Approved in CARA	Grant Revote from FY 2021/22	Cumulative Grant Amount FY 2022/23	Receipts in the FY 2022/23	Outstanding Bal.
Project(NAVCDP)					
HSSF/HSPS (DANIDA/IDA)	28,405,688	0	28,405,688	28,405,688	0
Total	374,080,509	57,625,486	431,705,995	416,198,252	15,507,743

Source: Ministry of Finance, Economic Planning & Revenue Management

The County has received grants amounting to Kshs. 416,198,252 for the period under review registering a Surplus of Kshs 15,507,743 above the total cumulative grants.

Own Source Revenue Generated

8. The total revenue generated by the county over the period was Kshs, 464,354,468 up from Kshs 361,271,342 collected during FY 2021/2022 amounting to a 28.5% increase. The table 6 shows performance of revenue collection per ministry in the period under review. The collections increased by 10.56% with a set target of Kshs. 420M owing to improved collection controls and economic activities in the county such as increased implementation of county projects that increased income for most businesses in the county. This made Kitui County the third improved county on revenue collected according to Controller of Budget.

Table 5: Own Source Revenue Generated by Ministry for the Period ending 30th June 2023

Ministry	Annual Target	Annual Realization	Percentage Realized
Office of the Governor	10,106,642	12,461,000	123.30%
Ministry of Agriculture, Water & Irrigation	4,281,727	2,420,250	56.53%
Ministry of Basic Education, ICT & Youth Development	25,196,415	21,014	0.08%
Ministry of Infrastructure, Housing, Transport and Public Works	2,011,552	1,690,980	84.06%
Ministry of Health & Sanitation	220,367,881	270,153,643	122.59%
Ministry of Trade, Cooperatives & Investment	4,388,122	1,746,994	39.81%
Ministry of Environment, Tourism & Natural Resources	2,183,168	525,200	24.06%
Ministry of Gender, Sports & Culture	79,718	111,000	139.24%
The County Treasury	79,390,967	80,039,139	100.82%
Livestock, Apiculture and Fisheries Development	1,638,808	3,224,055	196.73%
Lands and Physical Planning	6,676,524	18,302,149	274.13%
Kitui Municipality	40,578,966	48,451,197	119.40%
Mwingi Town	23,099,510	25,207,847	109.13%
TOTAL	420,000,000	464,354,468	110.56%

Source: Ministry of Finance, Economic Planning & Revenue Management

Ministry of Lands and Physical Planning performed well in the collection of revenue with a 174.13 margin collecting Kshs 18,302,149 against a target of Kshs 6,676,524. Ministry of Livestock, Apiculture and Fisheries was the second best performing entity while Ministry of Basic Education, ICT & Youth Development underperformed owing to unrealistic target setting given the economic nature of the entity. Table 6 gives reasons for underperformance or over performance of each revenue stream.

Table 6: Own Source Revenue Generated by Revenue Streams for the period ending 30th June, 2023

No	Revenue Stream	Annual Targeted Revenue (Kshs) 2021/22	Actual Revenue 2021/22	Annual Targeted Revenue (Kshs) 2022/23	Actual Revenue 2022/23	VARIANCE	REMARKS
1	Receipts from Sale of Agricultural Goods	1,600,700	946,376			0	
2	Borehole Drilling	3,500,000	202,000	3,012,040		-3,012,040	Advocating for repair and maintenance of machines for borehole drilling and revision of rates in the Finance Act
3	Engineering and Works Levy	11,151,250	188,650	188,650		-188,650	Advocating for repair and maintenance of machines
4	Ploughing	3,500,029	1,232,900	52,296	41,000	-11,296	Budgetary constraints in terms of fuel supply and maintenance
5	Training/Learning Centre Fee	3,254,000	1,081,037	2,027,413	4,418,250	2,390,837	Target has been achieved
6	Hides and Skins Fee	5,000				0	
7	Slaughter Houses Inspection Fee	35,000	29,000	29,000	40,225	11,225	Target has been achieved
8	Meat Inspection/Vetinary Services	6,510,000	1,042,301	342,301	775,910	433,609	Target has been achieved
9	Certificate to Transport/Movement permits	1,507,000	393,335	253,335	351,920	98,585	Target has been achieved
10	Dispatch note& Flayer License	54,000	15,500	15,500	10,700	-4,800	Improve internal controls and inspection drives will lead to improved performance
11	Sale of products from Kitui foods Corporation	8,550,050	216,200			0	

No	Revenue Stream	Annual Targeted Revenue (Kshs) 2021/22	Actual Revenue 2021/22	Annual Targeted Revenue (Kshs) 2022/23	Actual Revenue 2022/23	VARIANCE	REMARKS
12	Sand approval fee, pollution & penalties	19,300,000	230,100	2,183,168	525,200	-1,657,968	Adoption of sand and charcoal management policy will lead to increased revenue
13	Ministry of Health and public health	358,353,582	188,550,071	220,367,881	278,937,695	58,569,814	Target has been achieved
14	Ministry of Tourism, Sports and culture	1,300,000	72,000	79,718	111,000	31,282	Target has been achieved
15	Land rates	69,325,000	13,450,023	15,889,581	11,599,653	-4,289,928	Data clean-up and gazettment of defaulters will increase revenue from this source
16	Penalties & penalties	1,050,000	25,000	25,000	116,290	91,290	Target will be achieved before year end
17	Land Administration Fees	52,644,000	11,078,624	11,318,385	8,393,476	-2,924,909	Land reforms going on to realise more revenue including valuation roll completion
18	Alcoholic Drinks License	31,670,000	9,128,100	10,106,642	12,461,000	2,354,358	Target has been achieved
19	Sale of Goods e.g. cabros, interlocking bricks	30,788,000	6,030,092	6,676,524	21,014	-6,655,510	Budget allocation of production materials and working tools will lead to more revenue
20	Weights and measures	516,029	533,837	533,838	560,431	26,593	Target has been achieved
21	Other county investments-Crusher	43,425,552	1,027,100	1,451,965		-1,451,965	Budget allocation of fuel and other maintenance fees will lead to more revenue
22	Livestock Transportation	3,622,838	376,820	376,820	35,343	-341,477	Budget allocation of fuel and other maintenance fees will lead to more revenue
23	Single Business Permits	65,426,289	57,065,587	68,984,258	70,024,710	1,040,452	Target has been achieved
24	Sale of Shoes and Furniture	1,033,404	1,100,000			0	
25	House and Stalls Rents	2,751,557	1,999,800	1,999,800	2,805,640	805,840	Target has been achieved
26	Market Fees	16,298,670	10,941,907	10,941,907	14,853,052	3,911,145	Target has been

No	Revenue Stream	Annual Targeted Revenue (Kshs) 2021/22	Actual Revenue 2021/22	Annual Targeted Revenue (Kshs) 2022/23	Actual Revenue 2022/23	VARIANCE	REMARKS
							achieved
27	Cess	9,242,710	7,398,530	5,656,840	6,913,075	1,256,235	Target has been achieved
28	Sign Board & Advertising	18,440,250	23,159,130	28,534,716	22,912,545	-5,622,171	Improve internal controls and inspection drives will lead to improved performance
29	Transportation Fees	16,583,800	11,416,550	13,416,550	11,342,130	-2,074,420	Improve internal controls and inspection drives will lead to improved performance
30	Slaughter Fees	2,848,300	1,964,210	3,064,210	1,816,130	-1,248,080	Renovation of slaughter house and inspection will increase revenue collected
31	Burial Fees	17,500	22,300	17,400	15,200	-2,200	It's an act of God
32	Parking fees	15,690,490	10,347,962	12,447,962	15,256,278	2,808,316	Target has been achieved
33	Sale & search of assets	5,000	6,300	6,300	16,600	10,300	Target has been achieved
	TOTAL OWN SOURCE REVENUE	800,000,000	361,271,342	420,000,000	464,354,467	44,354,467	

Source: Ministry of Finance, Economic Planning & Revenue Management

Figure 1: Pie Chart of Budgeted Revenue by Source

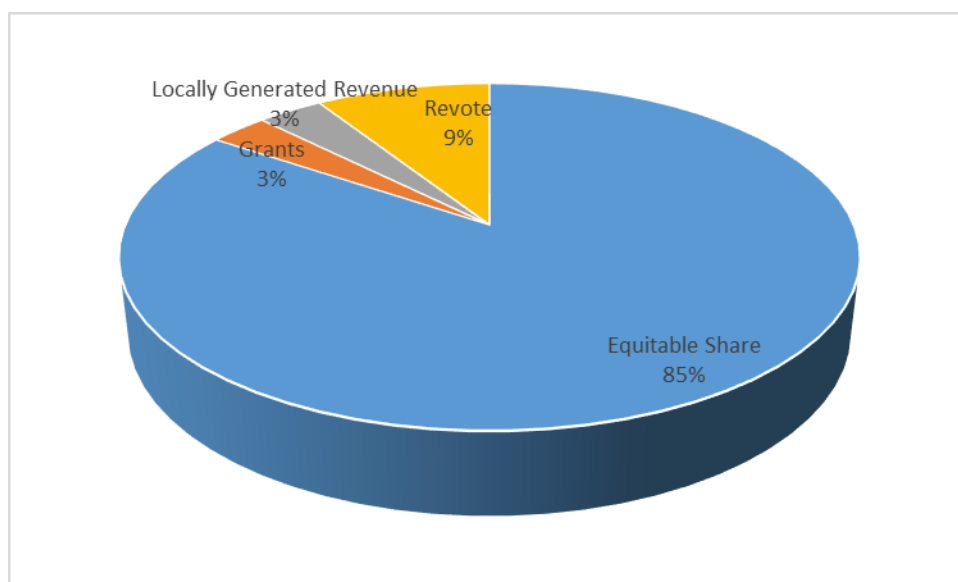
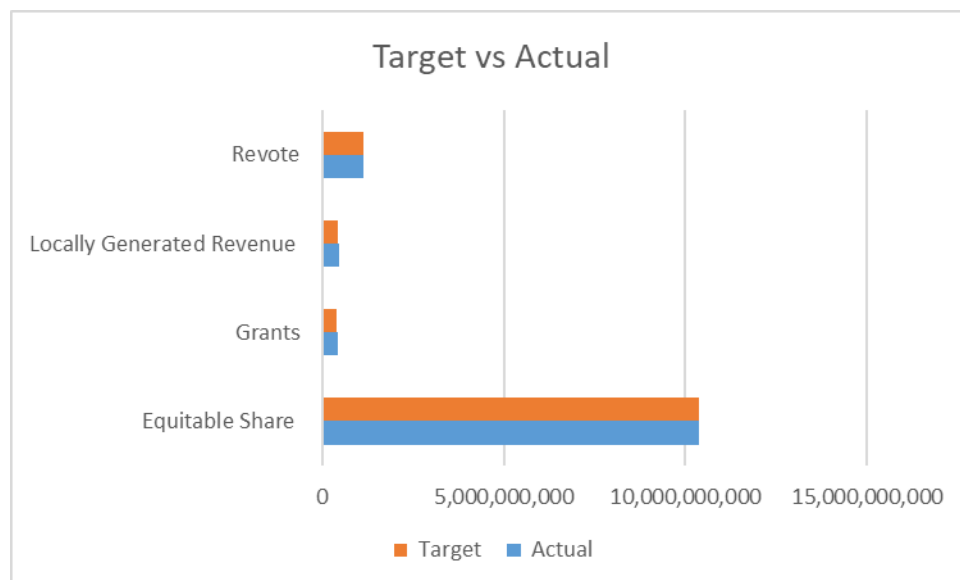


Figure 2: Bar graph of budgeted vs Actual Revenue by Source



Expenditure

9. The approved budget for the county was Kshs. 12,306,052.565 comprising of 70% recurrent (Kshs 8,662,902,604) and 30% development (Kshs 3,643,149,961). This represents 0% above the minimum PFM Act 2012 (Section 15a) recommended ceiling for funds allocation to development expenditure.

10. Total expenditure for the year ending 30th June 2021 amounted to Kshs 10,349,868,747; representing gross absorption of 84.1%, up from 82.95% in 2021/22 FY due to disbursement of all monthly equitable share, of this expenditure, recurrent expenditure was Kshs 8,209,066,423 (79.3%) while development expenditure amounted to Kshs 2,140,802,324 (20.6%).

11. Analysis of recurrent expenditure shows that Personnel Emoluments (PE), Operations, and Maintenance (O&M) accounted for 45.7% and 23.6% respectively of the total expenditure, compared to 44% and 29.5% in the previous financial year. This reveals an upward trend for PE but reduced O&M expenses, explained by conversion of ECDE teachers, and timely uptake of recurrent items.

12. Personnel emoluments was above the set ceilings but the county government is working towards harmonising the findings of human resource audit conducted in FY 2022/23 by amicably reducing recruitments in the forthcoming years as well as maximize the available workforce for efficient service delivery. Development expenditure was below the minimum threshold leading to a decelerated absorption within the review period.

13. The overall expenditure significantly decreased from Kshs 10,342,853,280 in the financial year 2021/22 to Kshs 10,349,868,747 in 2022/23 FY. The proportion of actual development expenditure to the total expenditure reduced from 26.4 % in 2021/22 to 20.6 % in 2022/23 FY. However, recurrent expenditure increased from 73.6% to 79.3% in 2022/23 financial year since recurrent items are easily payable than development item that follow a

rigorous procurement process. In addition, the new government had to thoroughly scrutinize and align essential projects to its implementation framework.

14. Within the financial year 2022/23, the actual expenditure on the recurrent budget realised the highest level of utilisation at 94.7% up from 91.4% in the previous year. Development budget expenditure was 58.8% in 2022/23 down from 66% in 2021/22. The utilisation rate in both development and recurrent expenditures resulted to the overall absorption rate rising to 84.1%, which was higher compared to the previous period due to favourable economic conditions in the county owing to implementation of county projects.

15. Table 10 presents analysis of the total expenditure by county spending entities giving the overall absorption rate. Amounts in the variance column indicate the deviation from the planned target expenditures.

16. The amount of Kshs 1,956,183,818 indicated in table 10 as not having been absorbed includes funds budgeted as equitable share that were disbursed late during the review period, increased local revenue that was never spent of Kshs. 44,354,467 and an additional amount of Kshs 42,117,743 that were excess grants received amongst other monies.

17. The development expenditure for the period 2022/23 FY was Kshs 2,140,802,324 (20.6%) compared to Kshs 2,733,152,983 (26.4%) spent in the 2021/22 financial year. This represents a 5.8% reduced expenditure in the financial year 2021/22 below the amount absorbed on development budget in the previous year resulting from late disbursement of equitable share and rigorous procurement process.

18. The level of absorption rate in the ministries was due to failed implementation of development projects due to delayed disbursement of funds. This affected implementation of development projects significantly during the review period.

Table 7: Budget Absorption rate against the FY 2022/23 budget

County Ministry	Total Budget Estimates	Actual Expenditure	% Absorption rate
Office of the Governor	2,002,087,769	1,513,926,812	75.62%
Office of the Deputy Governor	52,131,137	46,814,954	89.80%
Department of Public Service Management & Administration	192,294,372	191,761,467	99.72%
Ministry of Agriculture, Water & Irrigation	769,936,694	532,378,959	69.15%
Ministry of Basic Education, ICT & Youth Development	662,623,392	639,716,900	96.54%
Ministry of Infrastructure, Housing, Transport and Public Works	878,313,655	753,178,370	85.75%
Ministry of Health & Sanitation	3,612,487,534	3,523,425,307	97.53%
Ministry of Trade, Cooperatives & Investment	296,453,055	201,719,723	68.04%
Ministry of Environment, Tourism & Natural Resources	213,349,647	198,761,357	93.16%
Ministry of Gender, Sports & Culture	215,153,269	145,016,649	67.40%
The County Treasury	594,494,013	447,335,794	75.25%
Livestock, Apiculture and Fisheries Development	775,074,332	686,210,163	88.53%
Lands and Physical Planning	112,484,685	80,025,294	71.14%
County Public Service Board	85,570,933	81,812,581	95.61%

County Ministry	Total Budget Estimates	Actual Expenditure	% Absorption rate
County Assembly Service Board	1,529,877,619	1,029,694,735	67.31%
Kitui Municipality	194,274,934	162,779,179	83.79%
Mwingi Town Administration	119,445,525	115,310,503	96.54%
Totals	12,306,052,565	10,349,868,747	84.10%

Source: Ministry of Finance, Economic Planning & Revenue Management

Table 8: Recurrent expenditure in the FY 2022/23

Spending Entity	Recurrent Budget	Total Recurrent Expenditure	Variance
Office of the Governor	1,143,961,608	1,084,264,572	-59,697,036
Office of the Deputy Governor	45,325,284	45,203,574	-121,710
Department of Public Service Management & Administration	192,294,372	191,761,467	-532,905
Ministry of Agriculture, Water & Irrigation	243,210,228	230,435,161	-12,775,067
Ministry of Basic Education, ICT & Youth Development	566,076,813	559,167,622	-6,909,191
Ministry of Infrastructure, Housing, Transport and Public Works	253,087,579	243,465,276	-9,622,303
Ministry of Health & Sanitation	3,412,276,672	3,385,253,649	-27,023,023
Ministry of Trade, Cooperatives & Investment	175,357,811	147,992,342	-27,365,469
Ministry of Environment, Tourism & Natural Resources	133,294,056	131,678,623	-1,615,433
Ministry of Gender, Sports & Culture	104,837,667	96,539,857	-8,297,810
The County Treasury	449,871,128	445,315,844	-4,555,284
Livestock, Apiculture and Fisheries Development	294,096,041	284,189,724	-9,906,317
Lands and Physical Planning	76,978,529	70,291,094	-6,687,435
County Public Service Board	85,570,933	81,812,581	-3,758,352
County Assembly Service Board	1,300,819,066	1,029,694,735	-271,124,331
Kitui Municipality	115,620,706	114,227,085	-1,393,621
Mwingi Town Administration	70,224,111	67,773,217	-2,450,894
Totals	8,662,902,604	8,209,066,423	-453,836,181

Source: Ministry of Finance, Economic Planning & Revenue Management

Table 9: Development Expenditure in the FY 2022/23

Spending Entity	Development Budget	Total Development Expenditure	Variance
Office of the Governor	858,126,161	429,662,240	(428,463,921)
Office of the Deputy Governor	6,805,853	1,611,380	(5,194,473)
Department of Public Service Management & Administration	0	0	-
Ministry of Agriculture, Water & Irrigation	526,726,466	301,943,798	(224,782,668)
Ministry of Basic Education, ICT & Youth Development	96,546,579	80,549,278	(15,997,301)
Ministry of Infrastructure, Housing, Transport and Public Works	625,226,076	509,713,094	(115,512,982)
Ministry of Health & Sanitation	200,210,862	138,171,658	(62,039,204)
Ministry of Trade, Cooperatives & Investment	121,095,244	53,727,381	(67,367,863)
Ministry of Environment, Tourism & Natural Resources	80,055,591	67,082,734	(12,972,857)
Ministry of Gender, Sports & Culture	110,315,602	48,476,792	(61,838,810)
The County Treasury	144,622,885	2,019,950	(142,602,935)
Livestock, Apiculture and Fisheries Development	480,978,291	402,020,439	(78,957,852)

Spending Entity	Development Budget	Total Development Expenditure	Variance
Lands and Physical Planning	35,506,156	9,734,200	(25,771,956)
County Public Service Board	0	0	-
County Assembly Service Board	229,058,553	0	(229,058,553)
Kitui Municipality	78,654,228	48,552,094	(30,102,134)
Mwingi Town Administration	49,221,414	47,537,286	(1,684,128)
Totals	3,643,149,961	2,140,802,324	-1,502,347,637

Source: Ministry of Finance, Economic Planning & Revenue Management

Table 10 (a): FY 2022/23 Expenditure by Entity

Spending Entity	Personnel Emoluments	%	Operations and Maintenance	%	Development	%	Grand Total
Office of the Governor	356,055,110	23.52	728,209,462	48.10	429,662,240	28.38	1,513,926,812
Office of the Deputy Governor	14,866,779	31.76	30,336,795	64.80	1,611,380	3.44	46,814,954
Department of Public Service Management & Administration	154,463,404	80.55	37,298,063	19.45	-	-	191,761,467
Ministry of Agriculture, Water & Irrigation	183,275,317	34.43	47,159,844	8.86	301,943,798	56.72	532,378,959
Ministry of Basic Education, ICT & Youth Development	216,744,360	33.88	342,423,262	53.53	80,549,278	12.59	639,716,900
Ministry of Infrastructure, Housing, Transport and Public Works	178,522,032	23.70	64,943,244	8.62	509,713,094	67.67	753,178,370
Ministry of Health & Sanitation	2,454,412,573	69.66	930,841,076	26.42	138,171,658	3.92	3,523,425,307
Ministry of Trade, Cooperatives & Investment	62,826,536	31.15	85,165,806	42.22	53,727,381	26.63	201,719,723
Ministry of Environment, Tourism & Natural Resources	86,882,630	43.71	44,795,993	22.54	67,082,734	33.75	198,761,357
Ministry of Gender, Sports & Culture	44,201,177	30.48	52,338,680	36.09	48,476,792	33.43	145,016,649
The County Treasury	258,442,808	57.77	186,873,036	41.77	2,019,950	0.45	447,335,794
Livestock, Apiculture and Fisheries Development	220,782,738	32.17	63,406,986	9.24	402,020,439	58.59	686,210,163
Lands and Physical Planning	45,999,065	57.48	24,292,029	30.36	9,734,200	12.16	80,025,294
County Public Service Board	29,997,203	36.67	51,815,378	63.33	-	-	81,812,581
County Assembly Service Board	358,071,352	34.77	671,623,383	65.23	0	-	1,029,694,735
Kitui Municipality	38,866,172	23.88	75,360,913	46.30	48,552,094	29.83	162,779,179

Spending Entity	Personnel Emoluments	%	Operations and Maintenance	%	Development	%	Grand Total
Mwingi Town Administration	22,927,435	19.88	44,845,782	38.89	47,537,286	41.23	115,310,503
Totals	4,727,336,691	45.68	3,481,729,732	33.64	2,140,802,324	20.68	10,349,868,747

Source: Ministry of Finance, Economic Planning & Revenue Management

Table 11: Ministry/ Spending Entity Expenditure for the Period Ending 30th June 2023 (Kshs)

Spending Entity	Jun – 23		Variance	%	Jun – 23		Variance	%	Jun – 23		Variance	% of total exp to budget
	Recurrent				Development				Total			
	Actual	Target			Actual	Target			Actual	Target		
Office of the Governor	1,084,264,572	1,143,961,608	59,697,036	5	429,662,240	858,126,161	428,463,921	50	1,513,926,812	2,002,087,769	488,160,957	75.62
Office of the Deputy Governor	45,203,574	45,325,284	121,710	0	1,611,380	6,805,853	5,194,473	76	46,814,954	52,131,137	5,316,183	89.80
Department of Public Service Management & Administration	191,761,467	192,294,372	532,905	0	0	0	-	-	191,761,467	192,294,372	532,905	99.72
Ministry of Agriculture, Water & Irrigation	230,435,161	243,210,228	12,775,067	5	301,943,798	526,726,466	224,782,668	43	532,378,959	769,936,694	237,557,735	69.15
Ministry of Basic Education, ICT & Youth Development	559,167,622	566,076,813	6,909,191	1	80,549,278	96,546,579	15,997,301	17	639,716,900	662,623,392	22,906,492	96.54
Ministry of Infrastructure, Housing, Transport and Public Works	243,465,276	253,087,579	9,622,303	4	509,713,094	625,226,076	115,512,982	18	753,178,370	878,313,655	125,135,285	85.75
Ministry of Health & Sanitation	3,385,253,649	3,412,276,672	27,023,023	1	138,171,658	200,210,862	62,039,204	31	3,523,425,307	3,612,487,534	89,062,227	97.53
Ministry of Trade, Cooperatives & Investment	147,992,342	175,357,811	27,365,469	16	53,727,381	121,095,244	67,367,863	56	201,719,723	296,453,055	94,733,332	68.04
Ministry of Environment, Tourism & Natural Resources	131,678,623	133,294,056	1,615,433	1	67,082,734	80,055,591	12,972,857	16	198,761,357	213,349,647	14,588,290	93.16

Spending Entity	Jun – 23		Variance	%	Jun – 23		Variance	%	Jun – 23		Variance	% of total exp to budget
	Recurrent				Development				Total			
	Actual	Target			Actual	Target			Actual	Target		
Ministry of Gender, Sports & Culture	96,539,857	104,837,667	8,297,810	8	48,476,792	110,315,602	61,838,810	56	145,016,649	215,153,269	70,136,620	67.40
The County Treasury	445,315,844	449,871,128	4,555,284	1	2,019,950	144,622,885	142,602,935	99	447,335,794	594,494,013	147,158,219	75.25
Livestock, Apiculture and Fisheries Development	284,189,724	294,096,041	9,906,317	3	402,020,439	480,978,291	78,957,852	16	686,210,163	775,074,332	88,864,169	88.53
Lands and Physical Planning	70,291,094	76,978,529	6,687,435	9	9,734,200	35,506,156	25,771,956	73	80,025,294	112,484,685	32,459,391	71.14
County Public Service Board	81,812,581	85,570,933	3,758,352	4	0	0	-	-	81,812,581	85,570,933	3,758,352	95.61
County Assembly Service Board	1,029,694,735	1,300,819,066	271,124,331	21	0	229,058,553	229,058,553	100	1,029,694,735	1,529,877,619	500,182,884	67.31
Kitui Municipality	114,227,085	115,620,706	1,393,621	1	48,552,094	78,654,228	30,102,134	38	162,779,179	194,274,934	31,495,755	83.79
Mwingi Town Administration	67,773,217	70,224,111	2,450,894	3	47,537,286	49,221,414	1,684,128	3	115,310,503	119,445,525	4,135,022	96.54
Totals	8,209,066,423	8,662,902,604	453,836,181	5	2,140,802,324	3,643,149,961	1,502,347,637	41	10,349,868,747	12,306,052,565	1,956,183,818	84.10

Source: Ministry of Finance, Economic Planning & Revenue Management

D. Implications of FY 2022/23 fiscal performance on fiscal responsibility principles and financial objectives contained in the 2022 CFSP.

19. The performance of FY 2022/2023 did not affect the financial objectives set out in the 2022 CFSP and the budget for FY 2022/23 in any fundamental way except for development which was affected by change in development agenda owing to change of leadership. However:

- i. Due to over performance in revenue and realisation of some grants, actual re-vote has included this amount;
- ii. The accelerated absorption rate recorded in 2022/23 FY is likely to inform the reallocation of funds during supplementary budget. However, this will have to be done within the broader priorities set out in the CFSP 2023 and all other medium-term policies; and
- iii. Funds not spend in the previous year (i.e. 2022/23FY) whether recurrent or development are reallocated to cater for pending bills for both recurrent and development in current year (2023/24 FY).

20. Deviations from CFSP arose from changes brought about by increase in revenue sources. The equitable share for the review period remained the same at 10,393,970,413 but revenue and grants were realized differently. Revenue was adjusted from 600M to 420M due to a negative trend from the previous financial year. On the other hand, grants realized for the year under review were slightly reduced from 505M to 374M. However, there were balances brought forward from FY 2021/22 amounting to 1.118B inclusive of grants. These necessitated ministerial alignments amongst other emerging issues geared towards improving service delivery. These changes were reflected in the preceding supplementary budgets undertaken within the review period.

Table 12: CFSP Allocation versus Budget Allocation for FY 2022/23

Vote	Spending Entity	Budget Allocation 2022/23	CFSP Estimates 2022/23	Variance	Remarks
3711	Office of the Governor	2,002,087,769	1,360,059,806	642,027,963	The Increase was due to Reorganization of the County Government structure after the August 2022 general election.
3728	Office of the Deputy Governor	52,131,136	0	52,131,136	Establishment of the Office of the Deputy Governor comprising of Tourism & Hospitality, Performance Contracting and Disaster Management.
3712	Department of Public Service Management & Administration	192,294,372	493,993,378	-301,699,006	The reduction was due to Reorganization of the County Government structure after the August 2022 general election.

Vote	Spending Entity	Budget Allocation 2022/23	CFSP Estimates 2022/23	Variance	Remarks
3713	Ministry of Agriculture, Water & Irrigation	769,936,695	1,184,876,664	-414,939,969	The reduction was due to Reorganization of the County Government structure after the August 2022 general election.
3714	Ministry of Basic Education, ICT & Youth Development	662,623,392	643,344,082	19,279,310	The Increase was due to Reorganization of the County Government structure after the August 2022 general election.
3715	Ministry of Infrastructure, Housing, Transport and Public Works	878,313,655	1,124,128,739	-245,815,084	The reduction was due to Reorganization of the County Government structure after the August 2022 general election.
3716	Ministry of Health & Sanitation	3,612,487,534	3,445,648,601	166,838,933	The Increase was due to Reorganization of the County Government structure after the August 2022 general election.
3717	Ministry of Trade, Cooperatives & Investment	296,453,054	374,438,407	-77,985,353	The reduction was due to Reorganization of the County Government structure after the August 2022 general election.
3719	Ministry of Environment, Tourism & Natural Resources	213,349,647	224,835,661	-11,486,014	The reduction was due to Reorganization of the County Government structure after the August 2022 general election.
3720	Ministry of Gender, Sports & Culture	215,153,269	164,553,412	50,599,857	The Increase was due to Reorganization of the County Government structure after the August 2022 general election.
3721	The County Treasury	594,494,013	668,356,067	-73,862,054	The reduction was due to Reorganization of the County Government structure after the August 2022 general election.
3726	Livestock, Apiculture and Fisheries Development	194,274,934	259,723,759	-65,448,825	The reduction was due to Reorganization of the County Government structure after the August 2022 general election.
3727	Lands and Physical Planning	119,445,525	98,021,441	21,424,084	The Increase was due to Reorganization of the County Government structure after the August 2022 general election.
3722	County Public Service Board	775,074,332	110,578,075	664,496,257	The Increase was due to Reorganization of the County Government structure after the August 2022 general election.

Vote	Spending Entity	Budget Allocation 2022/23	CFSP Estimates 2022/23	Variance	Remarks
3723	County Assembly Service Board	112,484,685	126,743,500	-14,258,815	The reduction was due to Reorganization of the County Government structure after the August 2022 general election.
3724	Kitui Municipality	85,570,933	72,529,018	13,041,915	The Increase was due to Reorganization of the County Government structure after the August 2022 general election.
3725	Mwingi Town Administration	1,529,877,619	1,147,364,914	382,512,705	The Increase was due to Reorganization of the County Government structure after the August 2022 general election.
	Total Voted Expenditure (Kshs)	12,306,052,565	11,499,195,524	806,857,041	The Increase was due to additional revote.

Source: Ministry of Finance, Economic Planning & Revenue Management

21. During the 2022/2023 FY, the world and the country experienced inactivity due to the slow overlapping effects of COVID 19 pandemic, elections while the county received inadequate rainfall hence resulting to poor crop harvest and development of livestock across the county. Due to this effect, the County Government was able to waiver permit fees for MSMEs and implement numerous county projects that facilitated in reviving the Kitui Economy.

22. County' s local revenue projections will remain as set out in CFSP 2023, since the assumptions have not changed. Revenue collection from devolved functions is still performing below forecasts, mainly due to operational and other setup challenges. There is need to review all the revenue streams for each county ministry/ entity and assess its potential to ensure realised revenue does not vary much to forecasts.

23. The county economy is based on the Agriculture sector; several measures to boost the food security were put in place during the period under review. These measures included the drilling of boreholes, construction and desilting of earth dams to increase the availability of water, pest and vector control, bee keeping and honey production and the irrigation project.

III. RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

Recent Economic Developments

World Economic Outlook

24. World economic growth slowed to 3.5 percent in 2022 from a growth of 6.3 percent in 2021 as high global inflation, energy and value chain disruptions, and impact of monetary policy tightening in most world economies weighed on economic activity (**Table 13**). The growth is projected to slow down further to 3.0 percent in 2023 and 2024 due to the impact of ongoing monetary policy tightening to address inflationary pressures. Global inflationary pressures have responded to policy tightening but inflation exceeds central bank targets in most countries. Recent actions by authorities to contain banking sector challenges in the United States and Swiss Banking have reduced the immediate risk of financial sector instability. However, intensification of the conflict in Ukraine, volatility in the global oil prices and extreme weather related shocks could weigh on the global economic outlook.

Table 13: Global Economic Performance

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

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

25. Advanced economies are projected to record a slower growth of 1.5 percent in 2023 and 1.4 percent in 2024 from 2.7 percent in 2022. About 93 percent of the countries in the advanced economies are projected to have a lower growth in 2023 and 2024. This slowdown is largely driven by aggressive monetary policy tightening in advanced economies that have increased concerns about escalating financial markets uncertainty, particularly persistent high interest rates and vulnerability of the banking sector.

26. Growth in the emerging market and developing economies is projected to be broadly stable at 4.0 percent in 2023 and 4.1 percent in 2024, although with notable shifts across regions. The sluggish global growth, high inflation rates and the challenging global and domestic financial conditions continue to weigh on the growth for sub-Saharan Africa region. The region economic growth is projected to slow down to 3.5 percent in 2023 from 3.9 percent in 2022, before picking up to 4.1 percent in 2024.

Kenya's Economic Performance and Outlook

27. 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.

28. In 2020, the economy received adequate rainfall that resulted in increased production in the agriculture sector growing by 4.6 percent. However, the country subsequently, experienced a severe climate related shock in the form of a severe drought that was also experienced in the Horn of Africa and the East African regions. The drought not only aggravated the inflationary pressures but also subjected millions of people to severe food insecurity, loss of lives, livelihoods and led to loss of livestock. This resulted in the contraction of the agriculture sector by 0.4 percent 2021 and 1.6 percent in 2022.

29. The performance of the industry sector slowed down to 3.5 percent in 2022 compared to a growth of 6.8 percent in 2021 because of a slowdown in activities in the manufacturing, electricity and water supply and construction sub-sectors. In the year, services sector remained strong growing at 6.7 percent, with improved performance in information and communication, financial and insurance and professional, administrative and support services sub-sectors. There were also substantial growths in accommodation and food services, and transport and storage sub-sectors.

30. In the first quarter of 2023, real GDP growth was at 5.3 percent mainly due to a 5.8 percent recovery in the agricultural activities that reflected improved rainfall conditions and the impact of fertilizer and seed subsidies provided to the farmers by the Government (**Table 14**). The recovery in agriculture was reflected in enhanced production, especially of food crops that led to significant increase in export of vegetables and fruits.

Table 14: Sectoral GDP Performance

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

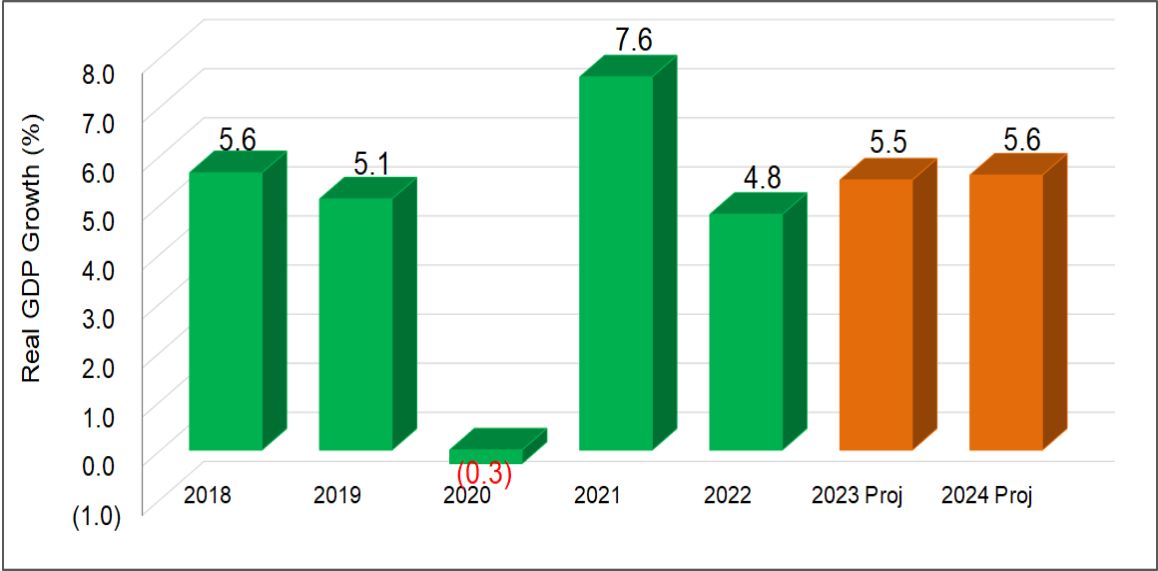
Source of Data: Kenya National Bureau of Statistics

31. Manufacturing sub-sector expanded by 2.0 percent in the first quarter of 2023 mainly supported by the manufacture of food products that included bakery products and processing and preservation of fish. In the non-food, manufacturing the growth performance was supported by substantial growth in the manufacture of basic metals and fabricated metal products. Electricity and Water Supply sub-sector expanded by 2.3 percent supported by increased generation of electricity from renewable sources such as geothermal and wind that more than offset the decline in generation from hydroelectric sources. However, construction activities slowed down due to the decline in the volume of cement consumption and imports of various construction materials such as bitumen and iron and steel.

32. The activities in the services sector remained strong in the first quarter of 2023 growing by 6.0 percent largely characterized by significant growths in accommodation and food Service; information and communication technology; transportation and storage; financial and insurance; and wholesale and retail trade sub-sectors.

33. Available economic indicators in the first three quarters of 2023 remain strong with the continued recovery in the agricultural sector and sustained performance of the services sector. In this respect, economic growth is projected at 5.5 percent in 2023 and 5.6 percent in 2024 supported by broad-based private sector growth and sustained government investment in the nine priority value chains (Leather, Cotton, Dairy, Edible Oils, Tea, Rice, Blue economy, Natural Resources (including Minerals and Forestry), and Building Materials). Additionally, public sector investments in infrastructure and implementation of prudent fiscal and monetary policies will continue to support economic activity (Figure 3).

Figure 3: Annual Real GDP Growth Rates, percent



Source of Data: Kenya National Bureau of Statistics

Inflation Developments

34. Inflation remained above the Government target range of 5±2.5 percent from June 2022 to June 2023. In order to anchor inflation expectations and bring down inflation within the target range, the Monetary Policy Committee (MPC) gradually raised the policy rate (Central Bank Rate (CBR)) from 7.50 percent in May 2022 to 10.50 percent in June 2023. The MPC retained the 10.50 percent in August 2023. Consequently, inflation declined significantly to 6.7 percent in August 2023, from a peak of 9.6 percent in October 2022. The

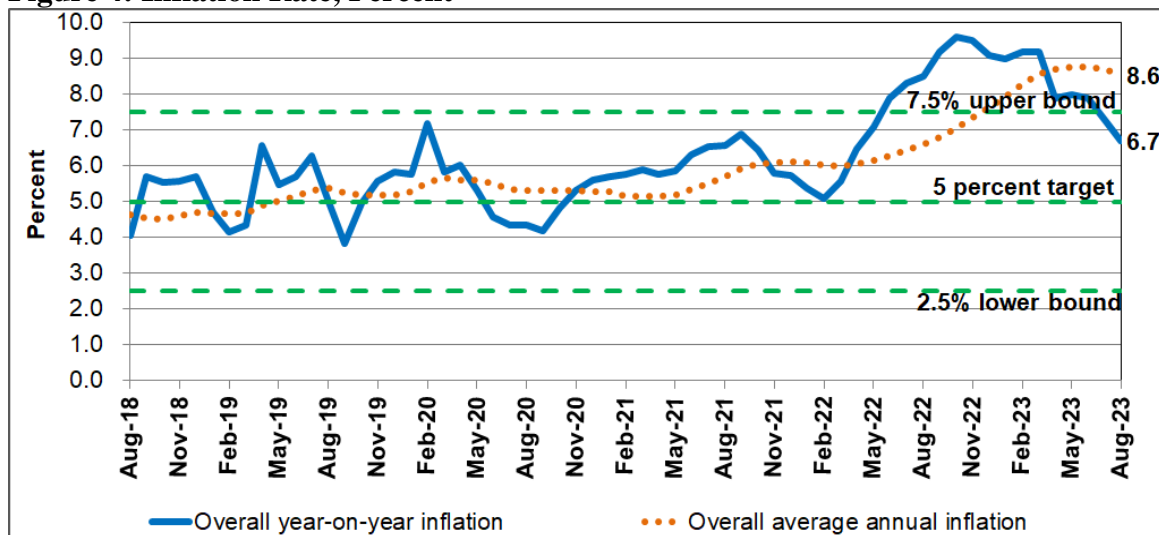
decline largely reflects the easing of food prices and impact of monetary policy tightening (**Figure 4**).

35. 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.

36. 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).

37. Core (non-food non-fuel) inflation increased from 3.2 percent in August 2022, to a peak of 4.4 percent in March 2023, and has declined to 3.7 percent in August 2023. The decline is attributed to the contractionary monetary policy aimed at taming the spillover effects of high-energy prices.

Figure 4: Inflation Rate, Percent



Source of Data: Kenya National Bureau of Statistics

Monetary and Credit Developments

38. Broad money supply, M3, grew by 14.3 percent in the year to July 2023 compared to a growth of 7.6 percent in the year to July 2022 (**Table 15**). The primary source of the increase in M3 was an improvement in the Net Foreign Assets (NFA) and Net Domestic Assets (NDA) of the banking system. The NFA of the banking system in the year to July 2023 expanded by 56.6 percent compared to a contraction of 46.8 percent in the year to July 2022. The increase in net foreign assets, mainly reflected increase in commercial banks’ foreign assets.

39. Net Domestic Assets (NDA) registered a growth of 10.2 percent in the year to July 2023, compared to a growth of 19.5 percent over a similar period in 2022. The growth in NDA was mainly supported by increase in domestic credit particularly resilient private

sector credit and net lending to government. Growth of domestic credit extended by the banking system to the Government declined to a growth of 16.1 percent in the year to July 2023 compared to a growth of 25.4 percent in the year to July 2022. Lending to other public sector grew by 16.7 percent in the year to July 2023 mainly due to advances to parastatals.

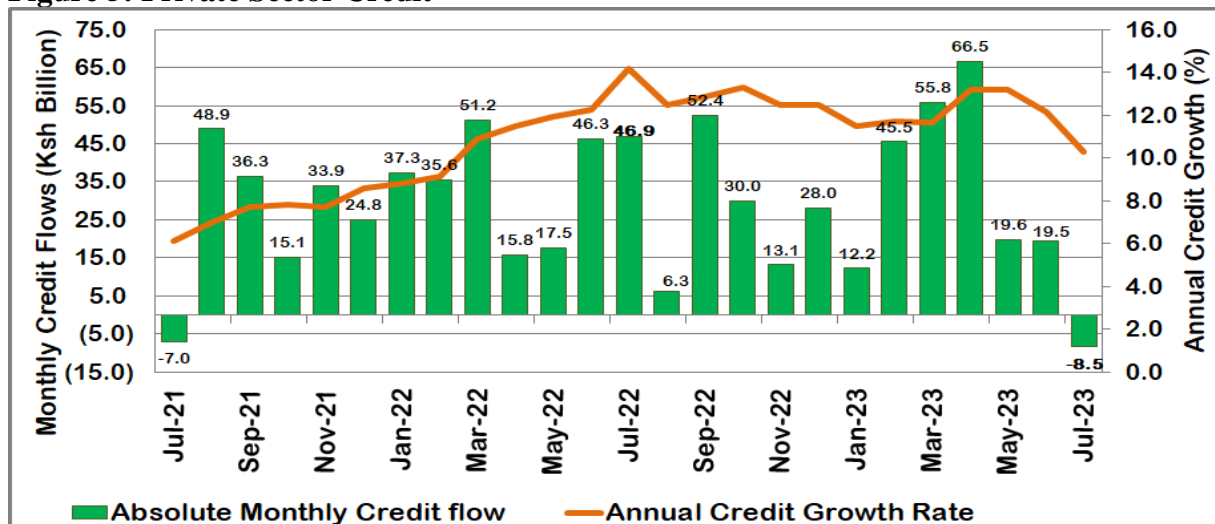
Table 15: Money and Credit Developments (12 Months to July 2023, Ksh billion)

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

Source of Data: Central Bank of Kenya

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

Figure 5: Private Sector Credit

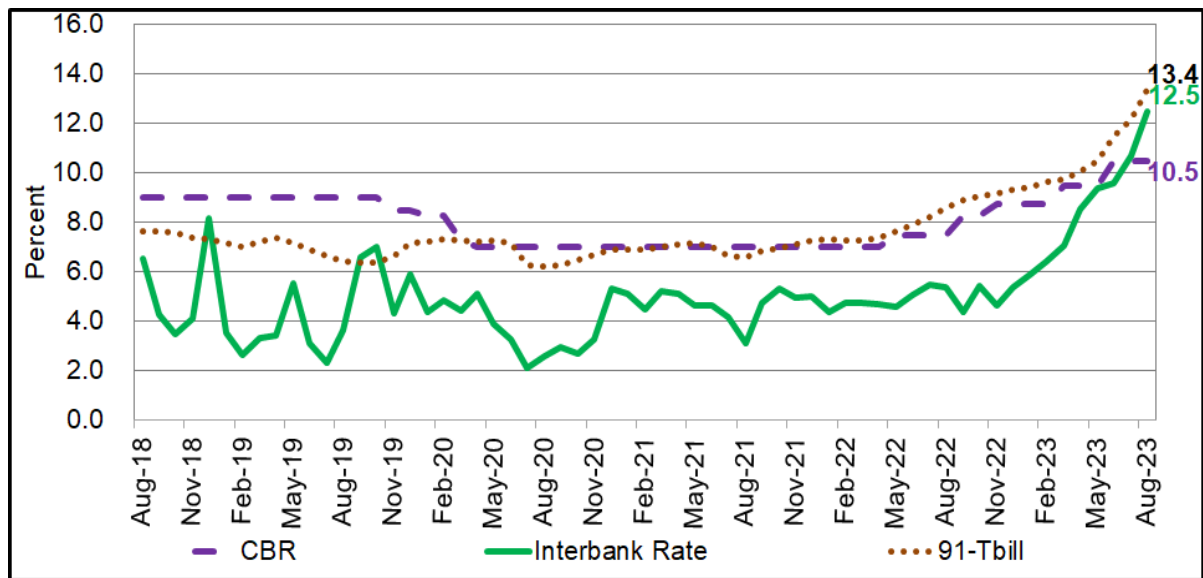


Source of Data: Central Bank of Kenya

Interest Rates Developments

41. Reflecting the tight monetary policy stance, interest rates increased in the year to August 2023. The interbank rate increased to 12.5 percent in August 2023 compared to 5.4 percent in August 2022 while the 91-day Treasury Bills rate increased to 13.4 percent compared to 8.6 percent over the same period (**Figure 6**). The 182-day Treasury Bills rate increased to 13.4 percent in August 2023 from 9.5 percent in August 2022 while the 364-day also increased to 13.6 percent from 9.9 percent over the same period. The introduction of the interest rate corridor, in August 2023, is expected to align the interbank rate to the Central Bank Rate and thereby improve the transmission of the monetary policy.

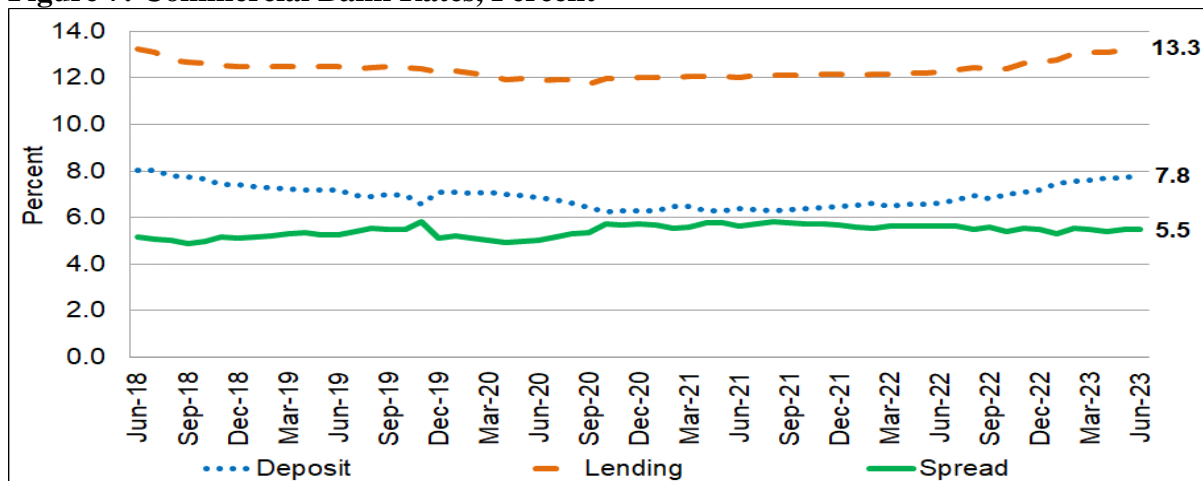
Figure 6: Short Term Interest Rates, Percent



Source of Data: Central Bank of Kenya

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

Figure 7: Commercial Bank Rates, Percent



Source of Data: Central Bank of Kenya

External Sector Developments

43. The current account balance narrowed by 20.6 percent to US\$ 4,629.4 million (4.4 percent of GDP) in June 2023 from US\$5,833.9 million (5.1 percent of GDP) in June 2022, reflecting lower imports, strong performance of export of goods and services as well as increased remittances (**Table 16**). Improvement in trade and the continued recovery in tourism continues to boost export revenues in 2023. In the year to June 2023, exports grew by 2.1 percent primarily driven by improved receipts from tea and manufactured goods. The increase in receipts from tea exports reflects higher prices attributed to lower global supply due to drought amid resilient demand from traditional markets.

44. The continued recovery in tourism sector saw the number of tourists increase by 25.2 percent in the year to June 2023 and travel and transportation services receipts increased by 24.2 percent during the same period. Growth in imports decelerated by 6.1 percent in the 12 months to June 2023, as oil prices moderated and reduced imports for infrastructure related equipment. In this respect, the balance in the merchandise account improved by USD 1,316.3 million to a deficit of USD 10,678.0 million in June 2023. Receipts from remittances remained resilient and amounted to USD 4,017 million in the 12 months to June 2023, and were 0.1 percent higher compared to a similar period in 2022.

Table 16: Balance of Payments (USD Million)

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

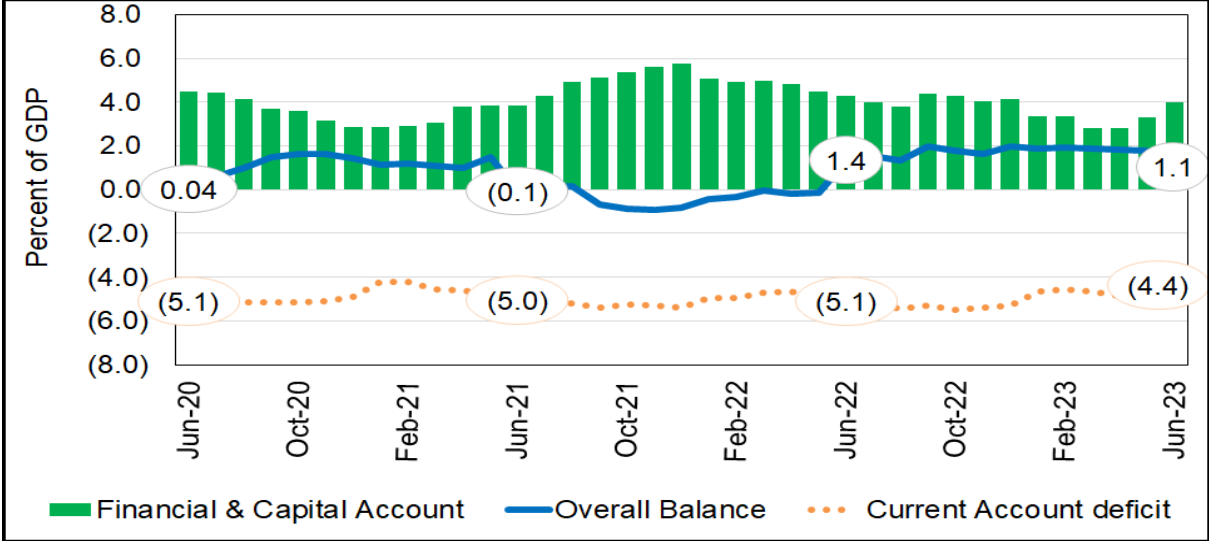
Source of Data: Central Bank of Kenya

45. The capital account balance improved by USD 28.1 million to register a surplus of USD 189.7 million in June 2023 compared to a surplus of USD 161.6 million in the similar period in 2022. Net financial inflows slowed down but remained vibrant at USD 4,061.5 million in June 2023 compared to USD 4,746.6 million in June 2022. The net financial

inflows were mainly in the form of other investments, financial derivatives and direct investments. Portfolio investments registered a net outflow during the period.

46. The overall balance of payments was a surplus of USD 1,113.5 million (1.1 percent of GDP) in June 2023 from a surplus of USD 1,555.5 million (1.4 percent of GDP) in June 2022 (Figure 8).

Figure 8: Performance of Balance of Payments and its Components (Percent of GDP)



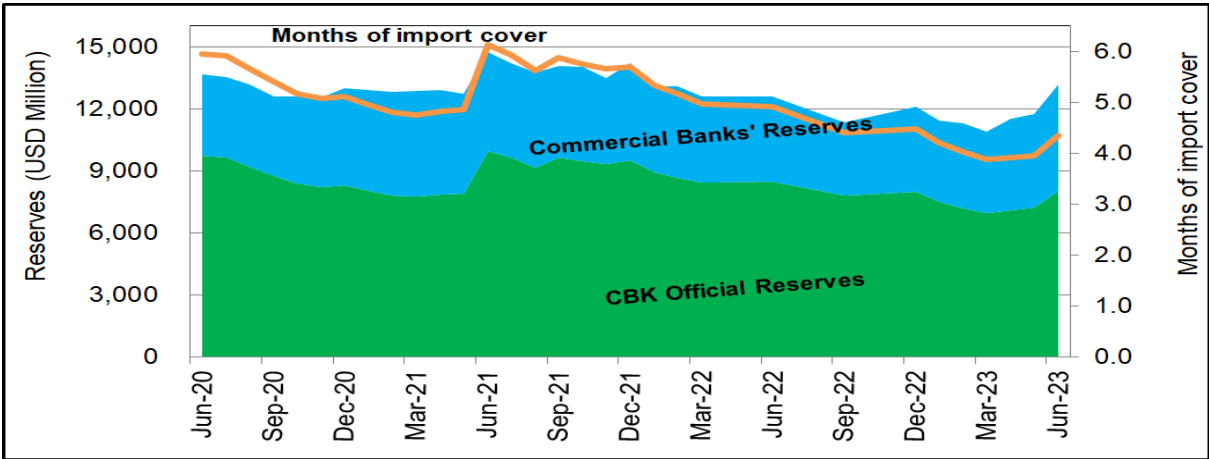
Source of Data: Central Bank of Kenya

Foreign Exchange Reserves

47. The banking system’s foreign exchange holdings remained strong at USD 13,165.6 million in June 2023, an improvement from USD 12,580.6 million in June 2022. The official foreign exchange reserves held by the Central Bank stood at USD 8,036.7 million compared to USD 8,494.9 million over the same period (Figure 9). Commercial banks holdings improved to USD 5,128.8 million in June 2023 from USD 4,085.6 million in June 2022.

48. The official reserves in June 2023 represented 4.4 months of import cover as compared to the 4.9 months of import cover in June 2022. These reserves were above the minimum of 4.0 months of imports cover and provides adequate buffer against short-term shocks in the foreign exchange market.

Figure 9: Foreign Exchange Reserves (USD Million)

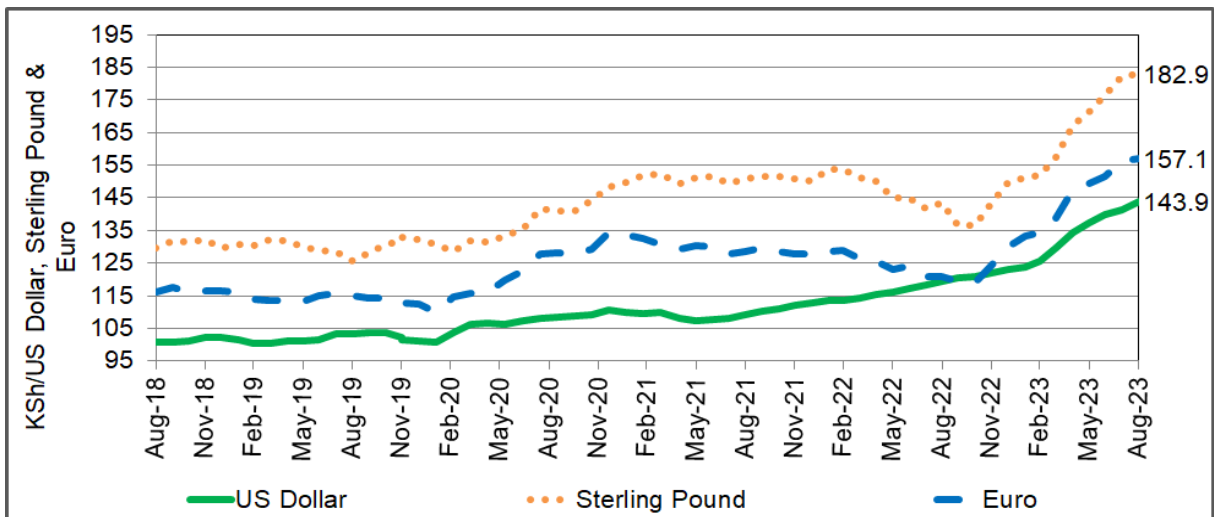


Source of Data: Central Bank of Kenya

Exchange Rate Developments

49. The Kenyan foreign exchange market remained under pressure as global economic uncertainty regarding the ongoing Russian-Ukraine conflict as well as increase in interest rates in advanced economies in response to inflationary pressures weighted on the exchange rate. Specifically, the headwind from a strengthening dollar, boosted by rising US interest rates and elevated commodity prices, the exchange rate to the Kenya shilling weakened at a rate of 20.5 percent in the 12 months to August 2023 compared to 9.3 percent in the 12 months to August 2022. The Kenya shilling exchanged at Ksh 143.9 in August 2023 compared to Ksh 119.5 in August 2022. Against the Euro, the Kenya shilling weakened to exchange at Ksh 157.1 in August 2023 compared to Ksh 121.0 in August 2022 while against the Sterling Pound the Kenyan shilling weakened to exchange at Ksh 182.9 compared to Ksh 143.5, over the same period (**Figure 10**). The Kenyan shilling was supported by increased remittances, adequate foreign exchange reserves and improved exports receipts.

Figure 10: Kenya Shillings Exchange Rate

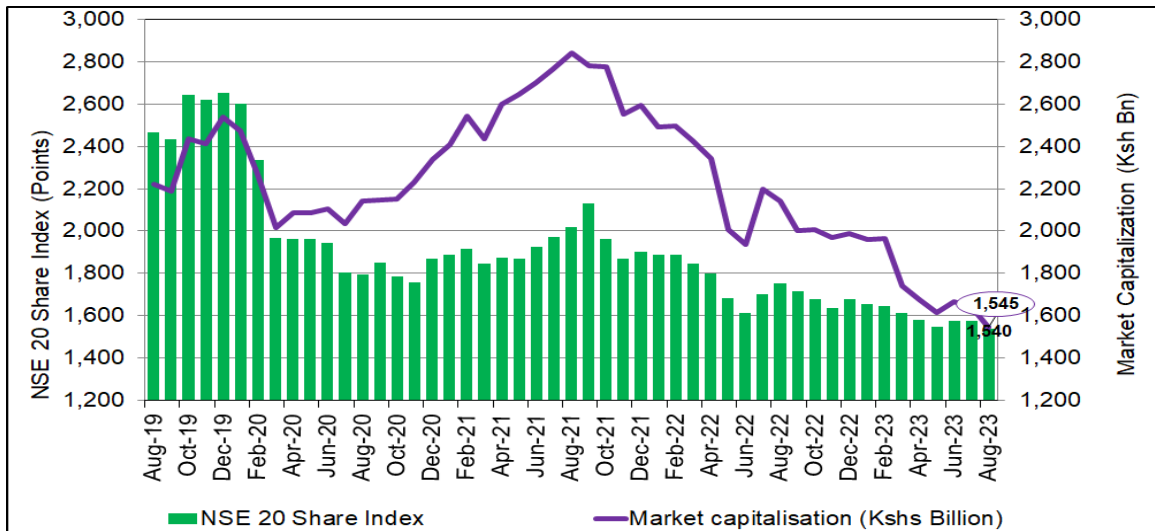


Source of Data: Central Bank of Kenya

Capital Markets Developments

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

Figure 11: Performance of the Nairobi Securities Exchange



Source of Data: Nairobi Securities Exchange

County level

51. In the period 2022/2023 FY, the National government had several planned projects/programmes at County level, which have great impacts in the Kitui County economy.

52. The National Government, specifically the National Police in collaboration with the County Government of Kitui signed a memorandum of understanding to establish at most four police station along the border of Kitui in Endau, Mutha, Nguni & Ngomeni Wards in order to mitigate bandit invasion in Kitui and boost security. The move will enhance stability and protection of residents in those areas. Kitui County has since embarked on construction of police posts at Konakaliti, Katumba, Twambui, Mandongoi and Imumba.

53. H.E Governor Dr. Julius Malombe, EGH signed a Memorandum of Understanding (MoU) with the National Water and Irrigation PS Dr Kipronoh Ronoh on the Non-Revenue Water (NRW) to improve water provision efficiency, services and performance in Kitui. On the 100 dams to be done as per the Ministry's Water Master Plan, the PS indicated that the Ministry will work on completing Mwingi - Kiambere water project, Kitimui dam, Thwake dam, the Umaa dam, and work on the Kindaruma-Kiomo-Mwingi-Migwani pipeline project from the Kiambere -Mwingi water project, among others to curb water scarcity in Kitui; He also said Kitui requires 50,000 cubic meters of water to address the existing water deficit from the current 11,000 cubic meters. They agreed to upgrade the Kitui-Masinga supply to 18,000 cubic meters of water.

54. The National Government through the President H.E Dr William Ruto issued at most 10,000 title deeds to residents of Thagicu, Mwingi North. This gave the residents legal rights to become landowners. In addition, H.E Dr William Samoei Ruto opened the police border hospital at the Kanyonyoo Border Police base which is expected to benefit the entire Ukambani community.

55. The County Governments of Kitui, Makueni and Machakos, in their second summit meeting, agreed to construct renal, trauma and cancer facilities respectively in order to enhance health tourism, promote inter county relation through the South Eastern Kenya

Economic Bloc (SEKEB) as well as reduce mortality caused by the named conditions in the region.

Kenya' s Macroeconomic Outlook

56. Kenya' s economic performance is projected to remain strong and resilient over the medium term. The economy recorded a strong 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 5.6 percent in 2024 (5.6 percent in FY 2024/25).

57. 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.

58. 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 will in turn will support household consumption. The intervention 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.

59. The fiscal consolidation is supported by tax revenue mobilization and cutback on non-priority expenditures in the budget. Development spending will be retained at an average of 5.0 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.

60. 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. 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. The growth in exports will maintain a low current account deficit at an average of 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 payment 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 will continue to support stability in the foreign exchange market.

Monetary Policy management

61. 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.

62. 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.

63. 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.

Table 17: Kenya' s Macroeconomic Indicators and Projections

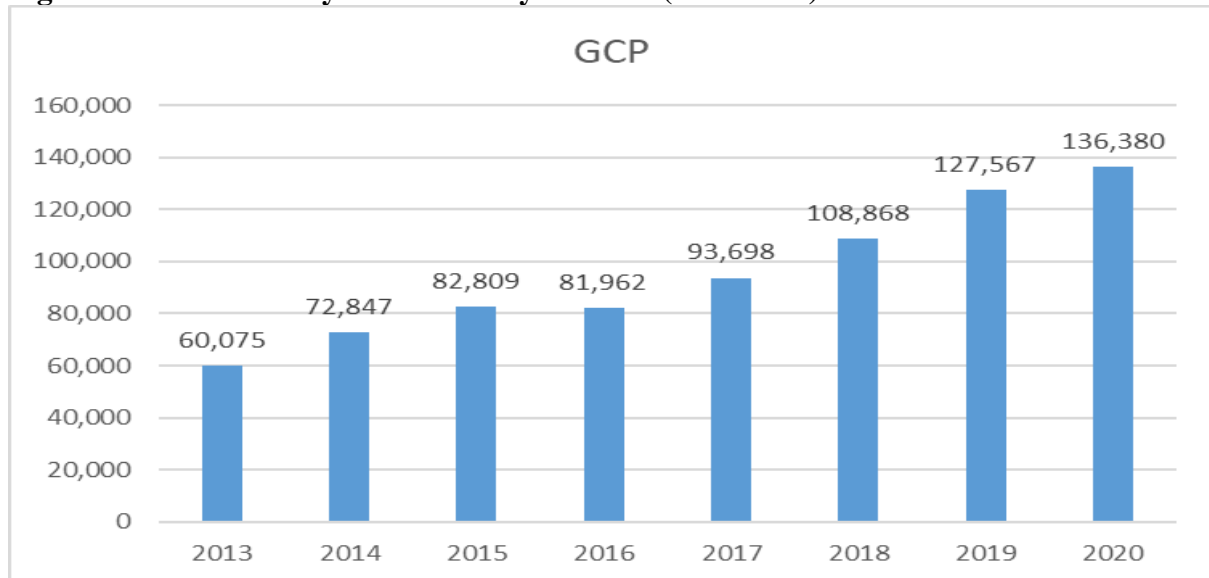
	2020	2021	2022	2023	2024	Average 2025-2027
	Act	Prel. Act	Prel. Act	Est.	BROP 2023	BROP 2023
<i>annual percentage change, unless otherwise indicated</i>						
National Account and Prices						
Real GDP	-0.3	7.6	4.8	5.5	5.6	5.6
Agriculture	4.6	-0.4	-1.6	5.0	4.2	3.8
Industry	3.2	3.8	4.6	4.7	4.9	4.4
Services	-1.8	6.3	6.3	6.3	6.4	6.2
GDP deflator	4.9	4.3	6.0	7.6	6.5	5.0
CPI Index (eop)	5.6	5.7	9.1	7.2	6.1	5.4
CPI Index (avg)	5.3	6.1	7.6	7.7	6.8	5.4
Terms of trade (-deterioration)	-5.3	-2.2	0.7	-8.3	1.6	1.7
Money and Credit (end of period)						
Net domestic assets	15.9	15.2	12.9	9.5	10.3	10.6
Net domestic credit to the Government	26.7	18.9	10.5	8.8	9.4	8.4
Credit to the rest of the economy	10.1	12.2	10.9	10.8	14.6	15.2
Broad Money, M3 (percent change)	6.9	10.5	13.2	12.3	11.3	11.0
Reserve money (percent change)	10.5	4.0	3.2	12.2	11.2	10.9
<i>in percentage of GDP, unless otherwise indicated</i>						
Investment and Saving						
Consumption	88.3	88.7	90.1	89.5	88.8	86.8
Central Government	12.5	12.1	12.3	12.6	12.2	12.6
Private	75.4	74.6	75.6	76.9	76.6	74.2
Gross Fixed Capital Investment	19.7	20.4	19.2	19.4	20.3	21.1
Central Government	6.5	5.9	5.4	5.7	6.6	7.5
Private	13.1	14.5	13.8	13.7	13.7	13.6
Gross National Saving	14.9	15.6	14.1	14.3	15.0	15.6
Central Government	-2.5	-3.4	-3.0	-2.6	-1.7	0.8
Private	17.3	19.0	17.0	17.0	16.7	14.8
Exports value, goods and services	9.7	10.8	12.2	13.9	14.8	13.1
Imports value, goods and services	17.7	19.9	21.5	23.5	24.5	21.4
Current external balance, including official transfers	-4.8	-4.8	-5.1	-5.1	-5.3	-5.6
Gross reserves in months of next yr's imports	4.5	5.0	5.5	4.7	5.5	5.4
Gross reserves in months of this yr's imports	5.6	5.6	5.6	5.6	5.6	5.6
<i>Fiscal years in percentage of GDP, unless otherwise indicated</i>						
Central Government Budget						
Total revenue	17.4	17.5	19.2	19.1	21.6	22.9
Total expenditure and net lending	25.5	26.2	25.7	24.8	26.9	26.4
Overall Fiscal balance excl. grants	-8.1	-8.7	-6.5	-5.8	-5.3	-3.5
Overall Fiscal balance, incl. grants	-7.9	-8.4	-6.2	-5.6	-5.0	-3.2
Overall Fiscal balance, incl. grants, cash basis	-7.8	-8.3	-6.1	-5.3	-5.0	-3.2
Primary budget balance	-3.6	-3.9	-1.6	-0.6	0.7	1.7
Public debt						
Nominal central government debt (eop), gross	68.4	68.0	71.4	68.5	65.8	60.5
Nominal debt (eop), net of deposits	63.4	64.7	68.0	65.5	63.1	58.3
Domestic (gross)	32.8	34.1	33.9	32.5	31.9	30.8
Domestic (net)	27.9	30.8	30.5	29.5	29.2	28.7
External	35.5	33.9	37.5	36.0	33.9	29.6
Memorandum Items:						
Nominal GDP (in Ksh Billion)	10,715	12,028	13,368	15,180	17,083	21,103
Nominal GDP (in US\$ Million)	100,658	109,697	113,421	104,833	120,572	143,643

Source: The National Treasury

County Economic Outlook

64. Kitui County's Gross County Product (GCP) slightly accelerated from Kshs 127,567 Million in 2019 to Kshs 136,380 Million in 2020 leading to a 6.9 percentage increase. The 2020 GCP for Kitui County was slightly lower than the National Gross Domestic Product that stood at Kshs 215,455 in 2020. However, Kitui County's contribution remained constant at 1.4. The local revenue under the review period increased by 28.5% in relation to the previous 2021/2022 FY.

Figure 12: Kitui County Gross County Product (Kshs Mns)



Source: Kenya National Bureau of Statistics

65. In 2022/23, the County Government was engaged in Community Level Infrastructure Development Programme (CLIDP) to promote equitable development across the entire County's 40 Wards and 247 villages through implementing small-scale infrastructure projects. These projects have since reduced marginalization through equitable resource allocation increased the level of participation of Kitui residents in development matters.

66. In the period 2022/2023 FY, the county promoted the high value horticultural crops programmes in the irrigation project and procured drought tolerant seeds which aimed to increase food security. The projects involved supply of assorted seeds, fungicides, insecticides and constructed 10 farm ponds to the selected areas. This promoted the crop value chain, created wealth and job opportunities.

67. Kitui County in collaboration with World Bank through the Agricultural Rural Growth grant Supported 263 micro projects, 6,587 direct beneficiaries and 3,696 beneficiaries adopted Technology, Innovations and Management Practices (TIMPs) whereas the Emergency Locust Response Project (ELRP) grant supported 146 micro projects geared towards enhancing food security and nutrition.

68. Within the same period, operationalization of farm tractor ploughing services was conducted across the county with an aim of improving the food productivity. The tractors ploughed at least 253ha in the FY 2022/23. The long and short rains of year was below normal hence affected the productivity of green grams and other crops.

69. In the 2022/2023 FY, to provide the county residence with clean water for domestic use and agriculture, the county constructed/ desilted earth dams/ pan (6no.), constructed 113 sand dams and rock catchments, 10km water pipelines extensions, 19 boreholes repaired, drilling and equipping of boreholes. These promoted the production of food and development of livestock across the county. The boreholes were installed with solar powered pumps, which reduces the cost of operation.

70. In 2022/23 review period, the County Government started Construction of Mwitasyano - Kwa Kilui- Kwa Kilya and construction of Mutomo – Mathima – Kiati water projects. Which are ongoing that involved one sump well water supply and extension of 51.4 kms of pipelines. The projects are expected to increase access to water, reduce water related diseases and enrich the living standard of Kitui South and Kitui Rural residents.

71. In the 2022/23 FY, the county government provided subsidies to WSPs to KITWASCO & KIMWASCO who supply water to Kitui town and Mwingi town respectively. These Projects are benefiting at least 149,000 and 157,000 residents in Kitui Central and Mwingi Central respectively. These promoted the provision of clean water to residence of these two major towns. In addition, Kitui County envisioned laying of 46.359 kms of pipelines in a bid to operationalize Kangu Kangu- Mutomo Ikutha water supply project. Rehabilitation of main gravity line to Mutomo, return line to Syunguni area & repair of Ikutha distribution line were done in the review period. This is expected to augment hygiene by distributing clean water in those two upcoming towns and its environs.

72. Kitui County through Governor Dr. Julius Malombe was able to convert at least 1600 ECDE teachers from casual skilled teachers to permanent and pensionable to keep step with his campaign promise dubbed the “Kitui Promise”. This is expected to raise the living standards of the teachers and through multiplier, effect expand economic growth.

73. The County Government was able to procure ICU equipment and the training for specialised caregivers is underway in readiness to operationalize the facility at Kitui County Referral Hospital. The County Ministry of Health and Sanitation undertook piping of oxygen at Kitui County Referral Hospital. This is expected to reduce mortality through enhancing curative care to Kitui residents.

74. In addition, Kitui County received the medical oxygen generating plant at Mwingi Level IV Hospital from the USAID. The project will save the Mwingi Level IV facility at least Sh.3.6 million monthly incurred in sourcing the oxygen cylinders from Nairobi, as it has been the trend for many years of operation. The plant is expected to increase efficiency of the two operating surgical theatres and New-born Unit (NBU), which admits over 100 babies monthly.

75. Rural electrification of institutions and households in partnership with REREC and Kenya Power was revived in the county with the aim of improving learning environment and living standards/security in the county.

76. For any economy to grow, road infrastructure is a key enabler hence the county graded, constructed and repaired roads across the county. The road project included bush clearing and construction of drifts. As a result, there was smooth movement of persons and goods across the county.

80. The county will be geared towards addressing the “Kitui Promise” under the sixteen sector manifesto priority areas of Agriculture, Water, Health, Education, Urban, Roads &

Construction, Trade & Investments, Micro Small & Medium Enterprises (MSME), Cooperatives Societies, Tourism & Hospitality, Women Youth & PWDs, Environment, Energy, Information & Communication, Security and Bodaboda. These sector priorities are expected to revamp the economy as well as spearhead sustainable development in Kitui County.

Risks to the economic outlook

77. There are down side risks to this macroeconomic outlook emanating from domestic as well as external sources. On the domestic front, risks relate to unpredictable weather conditions due to the impact of climate change which could adversely affect agricultural production and result to domestic inflationary pressures and food insecurity.

78. On the external front, uncertainties in the global economic outlook stemming from the current geopolitical tension could result in higher commodity prices and slowdown the global economic recovery which could impact on the domestic economy. Weaker global demand could adversely affect the Kenya's exports, foreign direct investments and remittances. Additionally, high international commodity prices pose a risk to global and domestic inflation outcomes which could lead to further tightening of financial conditions. Continued strengthening of US dollar against other global currencies arising from aggressive monetary policy tightening present significant risks to financial flows and puts pressures on the exchange rate with implication to growth and inflation.

79. Upside risks are mostly linked to early easing of global financing conditions and lower international fuel and food prices, which would strengthen Kenya's external balances. This will be reinforced by faster than projected rebound in economic activities that would result in higher Government revenues providing fiscal space that would support fiscal consolidation. Optimal coordination between monetary and fiscal policies are expected to result to a stable macroeconomic conditions which is a necessary condition for investment and savings thereby promoting economic growth.

IV. RESOURCE ALLOCATION FRAMEWORK

Adjustments to 2023/24 Budget

80. 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.

81. The performance of the industry sector slowed down to 3.5 percent in 2022 compared to a growth of 6.8 percent in 2021 on account of a slowdown in activities in the manufacturing, electricity and water supply and construction sub-sectors. In the year, services sector remained strong growing at 6.7 percent, with improved performance in information and communication, financial and insurance and professional, administrative and support services sub-sectors. There were also substantial growths in accommodation and food services, and transport and storage sub-sectors.

82. In the county level, though the level of absorption of 84.1% in 2022/2023 reflects an increase from previous year's budget, a strategy is being drafted to ensure that steady performance is supported while rolling over to 2023/24 financial year and aim on 90%+ budget absorption.

83. The project implementation status by the ministries clearly indicates the need for the departments to maximise the available resources on need based planning which will ensure the key projects are implemented. These projects will have great impact on socio-economic lifestyle of Kitui residence. These will ensure non-priority projects are allocated the least resources and the resources allocated to development may not, by any way be allocated to recurrent expense in the upcoming supplementary budget.

84. In order to achieve the revenue target, set out in the 2023/24 budget, the revenue department of the County Treasury will continue to implement the automation of revenue to improve revenue collection. The supervision of revenue collection is essential to seal off all possible revenue leakages and loss through non-collection.

85. The County Government continued to rationalize expenditures to improve efficiency and reduce wastage of the resources'. Within the medium term, the ministries will have measures on expenditure control in order to regulate any increase in pending bills. Finally, the PFM Act, 2012 is expected to guide and accelerate reforms in expenditure management system necessary for the efficient utilisation of resources hence debt management.

Medium Term Expenditure Framework

86. In the 2023/2024 FY, the MTEF budgeting will consider allocation of the resources to key priority sectors in order to offer service delivery according to public participation conducted for CFSP 2023/24 FY. The prioritized projects are lifted from the broad priorities in ADP for 2023/24 FY and the CIDP 2023-2027 and other national planning documents.

87. According to the organization of the County ministries with guidelines from the Classification of Functions of Governments (COFOG) and the national level, the following key ministries have been allocated much funds to drive the sixteen-sector manifesto.

- i The Ministry of Water & Irrigation drives the key economic pillar of water and food security. The ministry has been allocated Kshs. 0.621B presenting 5 % of the total budget.
- ii The Ministry of health and Sanitation has been allocated Kshs.3.62B presenting 30% of the total budget. The Ministry has the highest budget allocation for the 2023/24 FY.
- iii The Ministry of Education, Training & Skills Development has been allocated Kshs. 1.03B presenting 9% of the total budget. This resulted from the conversion of ECDE teachers from casual skilled to permanent and pensionable.
- iv The Ministry of Finance, Economic Planning & Revenue Management has been allocated Kshs. 0.51B presenting 4% of the total budget. The Ministry has also a responsibility of ensuring sound financial systems and revenue collection among the ministries.
- v The Ministry of Trade, Industry, MSMEs, Innovation & Cooperatives has been allocated Ksh 0.396B presenting 3% of the total budget.
- vi The County Ministry of Roads, Public Works & Transport has been allocated Kshs. 0.66B presenting 6% of the total budget. The Ministry ensure smooth and passable road network to ease movement of person and goods.
- vii To achieve any production, energy and good climatic condition is key. Ministry of Energy, Environment, Forestry, Natural & Mineral Resources has been allocated Kshs. 0.24B presenting 2% of the total budget. Positive climatic changes boost the food security and conservation available vegetation cover and distribution of electricity.
- viii Other priority sectors include Ministry of Culture, Gender, Youth, ICT, and Sports & Social Services, which promotes the interest of special groups. In the 2023/24 FY, the Ministry has been allocated Kshs. 0.186B presenting 2% of the total budget.
- ix The County Ministry of Agriculture & Livestock has been allocated 1.007B to alleviate hunger through promoting food security. This represents 8% of the total budget.
- x The County Ministry of Lands, Housing and Urban Development as an enabler has been allocated 0.17B to facilitate on land issues. This represents 1% of the total budget.
- xi The County Assembly which ensures legislation and oversight of the county government operation has been allocated Kshs. 0.909B presenting 8% of the overall budget. Finally, the Office of the Governor which drives the Pro-poor programmes and the CLIDP project has been allocated Kshs. Kshs.1.978B presenting 17% of the overall budget.

Budget Framework 2022/2023

88. The 2023/24 FY budget framework is based on the MTEF and fiscal policies as outlined in this 2022/23 FY outlook paper. Instability of the key macroeconomic variable such as interest rates, inflation and exchange rates having been affected by election will

affect the Countries GDP hence decreased recovery of the economy. However, the variables are expected to remain stable throughout the financial year as the Country stabilizes.

89. At the county level, the county is expecting productive rain season in the upcoming short and long rains which will ensure sufficient food production across the county though floods have been predicted. Therefore, the county government will distribute certified seeds to the farmers and sensitize the farmers on climate smart agriculture for increased production.

90. The counties own revenue is projected to be Kshs. 500M over the medium term plan from a target of Kshs. 420M in 2022/23 FY.

Table 18: Revenue Projections 2016/17 – 2022/23 & Estimates for 2023/24 to 2024/25 FY

S/No	Source	Actual Revenue 2019/20	Actual Revenue 2020/21	Actual Revenue 2021/22	Actual Revenue 2022/23	Revenue Estimates 2023/24	Projected Estimates	
		Kshs	Kshs	Kshs	Kshs	Kshs	2024/25 (Kshs)	2025/26 (Kshs)
1	Equitable share							
	Equitable share	8,830,350,000	8,830,350,000	9,562,452,779	10,393,970,413	10,824,785,855	11,907,264,441	13,097,990,885
	Transfer of Library Services					4,701,081	5,171,189	5,688,308
	Sub Total Equitable Share	8,830,350,000	8,830,350,000	9,562,452,779	10,393,970,413	10,829,486,936	11,912,435,630	13,103,679,193
2	Grants							
	Free Maternal Healthcare	-						
	Compensation for User Fees Forgone	22,499,906	22,499,906					-
	Road Maintenance Fuel Levy	250,655,344	64,131,437					-
	Grants from World Bank (KDSP)	30,000,000	45,000,000					-
	World Bank (Universal Health)	103,785,962	36,872,242	23,942,835				-
	World Bank (Agriculture - Rural Growth)	268,608,366	190,631,819	150,349,620	227,100,709	150,000,000	162,000,000	174,960,000
	World Bank (Emergency Locust Response Project (ELRP))			14,076,914	68,522,528	133,683,244	144,377,903	155,928,135
	IDA (World Bank) credit (National Agricultural Value Chain Development Project (NAVCDP))				67,192,729	250,000,000	270,000,000	291,600,000
	HSSP/HSPS - (DANIDA/IDA)	35,792,500			28,405,688	16,112,250	17,401,230	18,793,328
	World Bank loan to Supplement financing of County Health Facilities		25,110,000					-
	World Bank Credit to Finance Locally - Led Climate Action Program (FLLoCA)				11,000,000	11,000,000	11,880,000	12,830,400
	Development of Youth Polytechnics	72,588,298						-
	Kenya Urban Support Project - World Bank	166,203,043	92,149,894		2,339,915			-
	Kenya Urban Support Project (UIG)- World Bank	8,800,000						-
	ASDSP	19,410,807	126,367,908	16,926,637	11,636,683	1,292,965	1,396,402	1,508,114

S/No	Source	Actual Revenue 2019/20	Actual Revenue 2020/21	Actual Revenue 2021/22	Actual Revenue 2022/23	Revenue Estimates 2023/24	Projected Estimates	
		Kshs	Kshs	Kshs	Kshs	Kshs	2024/25 (Kshs)	2025/26 (Kshs)
	FAO		12,329,648					
	GoK Conditional Grant - Covid Fund	488,788,000					-	-
	Subtotal	1,467,132,226	815,092,853	205,296,006	416,198,252	562,088,459	607,055,535	655,619,978
		10,297,482,226	9,645,442,853	9,767,748,785	10,810,168,665	11,391,575,395	12,519,491,165	13,759,299,171
3	Own Revenue							
	County Ministry/ Entity							
	Office of the Governor	12,048,730	11,970,550	9,128,100	12,461,000.00	13,574,052	14,252,754	14,965,392
	Office of the Deputy Governor					100,549	105,576	110,855
	Ministry of Water and Irrigation	29,343,230	11,152,488	3,867,163	2,420,250.00	2,029,411	2,130,882	2,237,426
	Ministry of Education, Training & Skills Development		5,395,440	6,030,092	21,014.00	100,549	105,576	110,855
	Ministry of Roads, Public Works & Transport	18,417,352	40,536,210	3,468,925	1,690,980.00	3,243,696	3,405,880	3,576,174
	Ministry of Health and Sanitation	181,897,534	111,901,160	188,550,071	270,153,643	286,563,311	300,891,477	315,936,051
	Ministry of Trade, Industry, MSMEs, Innovation & Cooperatives	44,752,398	1,284,195	3,963,257	1,746,994.00	3,066,730	3,220,067	3,381,070
	Ministry of Energy, Environment, Forestry, Natural & Mineral Resources	2,183,100	1,505,065	1,823,310	525,200.00	5,331,083	5,597,637	5,877,519
	Ministry of Culture, Gender, Youth, ICT, Sports & Social Services	138,000	26,000	72,000	111,000.00	201,097	211,152	221,710
	Ministry of Finance, Economic Planning & Revenue Management	62,542,260	83,755,939	64,270,545	80,039,139.00	81,433,277	85,504,941	89,780,188
	Ministry of Agriculture & Livestock			21,104,722	3,224,055.00	9,367,285	9,835,649	10,327,432
	Ministry of Lands, Housing & Urban Development			1,480,136	18,302,149.00	19,768,340	20,756,757	21,794,595
	Kitui Municipality	36,591,889	37,785,490	35,805,225	48,451,197.00	49,874,501	52,368,226	54,986,638
	Mwingi Town Administration	20,370,670	21,137,774	21,707,796	25,207,847.00	25,346,120	26,613,426	27,944,097
	Subtotal	408,285,163	326,450,311	361,271,342	464,354,468	500,000,000	525,000,000	551,250,000
	TOTAL	10,705,767,389	9,971,893,164	10,129,020,127	11,274,523,133	11,891,575,395	13,044,491,165	14,310,549,171

S/No	Source	Actual Revenue 2019/20	Actual Revenue 2020/21	Actual Revenue 2021/22	Actual Revenue 2022/23	Revenue Estimates 2023/24	Projected Estimates	
		Kshs	Kshs	Kshs	Kshs	Kshs	2024/25 (Kshs)	2025/26 (Kshs)
	% of Equitable Share	82	89	85	92	91	91	92
	% of Own Resources	4	3	7	4	4	4	4
	% of Grants	14	8	8	4	5	5	5
		100	100	100	100	100	100	100
	Revote from previous budget	526,210,32	1,578,584,301	769,547,038	1,118,001,643		-	1
	Total Resource Envelope	11,231,977,621	11,550,477,465	10,898,567,165	12,392,524,776	11,891,575,395	13,044,491,165	14,310,549,172

Source: Ministry of Finance, Economic Planning & Revenue Management

V. CONCLUSION AND WAY FORWARD

91. In the table 19 below, the CBROP presents the MTEF for 2022/23 FY to 2025/26 FY factoring in the challenges faced by county government in delayed disbursement of the equitable share for the 2022/23 FY. The MTEF for the financial years presents the actual values and projection of 2023/24 FY obtained by moderating the revenue projections and control of expenditure based on the laid policies. The financial policies therefore are consistent with fiscal responsibilities outlined in the PFM law.

92. County government should consider allocating funds to sector projects on need based prioritization hence much impact to the society. The projects and programmes which takes shortest time possible (One quarter) to implement at a very cost effective way. Therefore, the allocation is not based on any policy shift, but program rationalisation to ensure maximum benefit with least resource allocation.

93. In this regards, the financial policies outlined in this CBROP 2023 will ensure smooth resource allocation on the ward prioritized projects that will promote development.

94. The policies will be highlighted in the next County Fiscal Strategy Paper for 2024/25 FY that will be released by February 2024.

Table 19: Medium Term Expenditure Framework (MTEF) Actuals 2022/2023-2023/2024 FY & Projection up to 2025/2026 FY

No.	Sector/ County Ministry		2022/23 Actuals	2023/24 Estimates	Projections 8%	
					2024/25	2025/26
1	Office of the Governor	SUB-TOTAL	1,513,926,812	1,978,624,387	2,136,914,338	2,307,867,485
		Rec. Gross	1,084,264,572	1,177,883,705	1,272,114,401	1,373,883,553
		Dev. Gross	429,662,240	800,740,682	864,799,937	933,983,931
2	Office of the Deputy Governor	SUB-TOTAL	46,814,954	225,941,558	244,016,882	263,538,233
		Rec. Gross	45,203,574	181,241,558	195,740,882	211,400,153
		Dev. Gross	1,611,380	44,700,000	48,276,000	52,138,080
3	Department of Public Service Management & Administration	SUB-TOTAL	191,761,467	0	0	0
		Rec. Gross	191,761,467	0	0	0
		Dev. Gross	0	0	0	0
4	Ministry of Agriculture, Water & Irrigation	SUB-TOTAL	532,378,959	621,489,356	671,208,505	724,905,185
		Rec. Gross	230,435,161	101,643,856	109,775,364	118,557,393
		Dev. Gross	301,943,798	519,845,501	561,433,141	606,347,792
5	Ministry of Basic Education, ICT & Youth Development	SUB-TOTAL	639,716,900	1,026,656,037	1,108,788,520	1,197,491,602
		Rec. Gross	559,167,622	851,228,120	919,326,370	992,872,479
		Dev. Gross	80,549,278	175,427,917	189,462,150	204,619,122
6	Ministry of Infrastructure, Housing, Transport and Public Works	SUB-TOTAL	753,178,370	663,936,099	717,050,987	774,415,066
		Rec. Gross	243,465,276	171,186,447	184,881,363	199,671,872
		Dev. Gross	509,713,094	492,749,652	532,169,624	574,743,194
7	Ministry of Health & Sanitation	SUB-TOTAL	3,523,425,307	3,618,947,395	3,908,463,187	4,221,140,242
		Rec. Gross	3,385,253,649	3,409,340,010	3,682,087,211	3,976,654,188
		Dev. Gross	138,171,658	209,607,385	226,375,976	244,486,054
8	Ministry of	SUB-TOTAL	201,719,723	396,261,452	427,962,368	462,199,357

No.	Sector/ County Ministry		2022/23 Actuals	2023/24 Estimates	Projections 8%	
					2024/25	2025/26
	Trade, Cooperatives & Investment	Rec. Gross	147,992,342	160,221,452	173,039,168	186,882,301
		Dev. Gross	53,727,381	236,040,000	254,923,200	275,317,056
9	Ministry of Environment, Tourism & Natural Resources	SUB-TOTAL	198,761,357	240,929,125	260,203,455	281,019,731
		Rec. Gross	131,678,623	86,191,197	93,086,493	100,533,412
		Dev. Gross	67,082,734	154,737,928	167,116,962	180,486,319
10	Ministry of Gender, Sports & Culture	SUB-TOTAL	145,016,649	186,216,242	201,113,542	217,202,625
		Rec. Gross	96,539,857	103,716,242	112,013,542	120,974,625
		Dev. Gross	48,476,792	82,500,000	89,100,000	96,228,000
11	The County Treasury	SUB-TOTAL	447,335,794	514,184,750	555,319,530	599,745,092
		Rec. Gross	445,315,844	514,184,750	555,319,530	599,745,092
		Dev. Gross	2,019,950	0	0	0
12	Ministry of Livestock, Apiculture and Fisheries Development	SUB-TOTAL	686,210,163	1,007,055,408	1,087,619,840	1,174,629,428
		Rec. Gross	284,189,724	356,665,755	385,199,015	416,014,936
		Dev. Gross	402,020,439	650,389,653	702,420,825	758,614,491
13	Ministry of Lands, Housing and Urban Development	SUB-TOTAL	80,025,294	166,702,787	180,039,010	194,442,131
		Rec. Gross	70,291,094	92,804,709	100,229,086	108,247,413
		Dev. Gross	9,734,200	73,898,078	79,809,924	86,194,718
14	County Public Service Board	SUB-TOTAL	81,812,581	75,502,133	81,542,304	88,065,688
		Rec. Gross	81,812,581	60,502,133	65,342,304	70,569,688
		Dev. Gross	0	15,000,000	16,200,000	17,496,000
15	County Assembly Service Board	SUB-TOTAL	1,029,694,735	909,689,957	982,465,154	1,061,062,366
		Rec. Gross	1,029,694,735	909,689,957	982,465,154	1,061,062,366
		Dev. Gross	0	0	0	0
16	Kitui Municipality	SUB-TOTAL	162,779,179	168,010,596	181,451,444	195,967,560
		Rec. Gross	114,227,085	77,748,885	83,968,796	90,686,300
		Dev. Gross	48,552,094	90,261,711	97,482,648	105,281,260
17	Mwingi Town Administration	SUB-TOTAL	115,310,503	91,428,113	98,742,362	106,641,750
		Rec. Gross	67,773,217	53,328,113	57,594,362	62,201,910
		Dev. Gross	47,537,286	38,100,000	41,148,000	44,439,840
	TOTALS	TOTAL	10,349,868,747	11,891,575,395	12,842,901,427	13,870,333,541
		Rec. Gross	8,209,066,423	8,307,576,889	8,972,183,040	9,689,957,683
		Dev. Gross	2,140,802,324	3,583,998,507	3,870,718,387	4,180,375,858

Source: Ministry of Finance, Economic Planning & Revenue Management

ANNEXURES

EXPENDITURE ANALYSIS BY PROJECT/PROGRAMME

3711: Office of the Governor

S/No.	Project/ Programme	Budget (2022- 2023) (Kshs)	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measures to safeguard against such risk in future
1	Community Level Infrastructure Development Programme (CLIDP)	738,819,036	408,509,981	55.3%	The department awarded projects worth 99.7% of the budget by the end of the financial year but due to late procurement, the projects were not completed by the end of the financial year and hence realized absorption rate of 55.3%. The late procurement was caused by the cancellation of the procurement process by the Public Procurement and Asset Disposal Authority (PPDA) hence the department had to repeat the procurement as advised by the authority.	In order to ensure that the development budgets for the identified projects are utilized on time, the department plans to conduct public participation one year before the projects are implemented. Secondly, the department will endeavor to ensure that the procurement process is guided by the PPDA to avoid future cancelation of procurement proceedings.
2	Pro-Poor Support Programme (Fees support and infrastructural support)	116,400,000	91,215,527	78.4%	The observed variance in absorption was because the projects awarded in the programme were not completed by the end of the financial year.	In order to ensure that the development budgets for the identified projects are utilized on time, the department plans to enhance project management to ensure that awarded projects are completed by the end of a financial year.
3	Governor' s administration Block (Completion works)	12,621,312	12,554,877	99.5%	The absorption rate realized was satisfactory	The department will endeavor to strive to achieve such absorption rates in its development budget
4	Construction of Ward Offices (3110202- 00001001- 0705013710-37100001)	19,102,708	0	0%	The projects awarded under this programme were not completed by the end of the financial year. This was caused by late	In order to ensure that the development budgets for the identified projects are utilized on time, the department plans

S/No.	Project/ Programme	Budget (2022- 2023) (Kshs)	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measures to safeguard against such risk in future
					procurement because the budget was provided through a supplementary budget done in the last quarter of the financial year under review.	to enhance project management to ensure that awarded projects are completed by the end of a financial year.
5	Construction of POLICE POSTS (3110299-00001001-0705013710-37100001)	50,000,000	1,928,800	3.9%	The projects awarded under this programme were not completed by the end of the financial year. This was caused by late procurement because the budget was provided through a supplementary budget done in the last quarter of the financial year under review.	In order to ensure that the development budgets for the identified projects are utilized on time, the department plans to enhance project management to ensure that awarded projects are completed by the end of a financial year.
6	Other Infrastructure and Civil Works (3110504- 00001001-0705013710-37100001)	883,105	883,105	100%	The absorption rate realized was satisfactory	The department will endeavor to strive to achieve such absorption rates in its development budget
7	Acquisition of Land (3130101-00001001-0705013710-37100001)	1,700,000	700,000	41.2%	The projects awarded under this programme were not completed by the end of the financial year. This was caused by late procurement because the budget was provided through a supplementary budget done in the last quarter of the financial year under review.	In order to ensure that the development budgets for the identified projects are utilized on time, the department plans to enhance project management to ensure that awarded projects are completed by the end of a financial year.

3728: Office of the Deputy Governor

S/No.	Project/Programme	Budget (2022-2023) Kshs	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
1.	Grading of Access road to	500,000	496,128	99.2	The works were procured and done within	No risk encountered

S/No.	Project/Programme	Budget (2022-2023) Kshs	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
	Mutomo Retile Park				the month of June 2023	
2.	Marketing expeditions to promote Important Bird Areas of Mumoni and Mutitu hills	884,000	857,420	100%	Works well executed	No risk encountered
3.	Construction of 4 door pit latrine with urinal at Kanzanzu primary school	892,500.00	0	0	The project is ongoing. This was an emergency case which was responded towards the end of financial year, LPO was issued but payment not yet done.	Ministry of Finance, Economic Planning and Revenue Management to ensure availability of funds to respond to emergency cases immediately they are reported
4.	Construction of 4door pit latrine with urinal at Kaluasi Primary School	806,790.60	0	0	The project is ongoing. This was an emergency case which was responded towards the end of financial year, LPO was issued but payment not yet done.	Ministry of Finance, Economic Planning and Revenue Management to ensure availability of funds to respond to emergency cases immediately they are reported
5.	Procurement of estimated cost and quantity of materials for Kyuga Primary School roofing	820,380.00	0	0	The project is ongoing. This was an emergency case which was responded towards the end of financial year, LPO was issued but payment not yet done.	Ministry of Finance, Economic Planning and Revenue Management to ensure availability of funds to respond to emergency cases immediately they are reported
6.	Construction of 4 door pit latrine with Urinal at Kavisi Primary school.	894,650.15	0	0	The project is ongoing. This was an emergency case, which was responded towards the end of financial year, LPO was issued but payment not yet done.	Ministry of Finance, Economic Planning and Revenue Management to ensure availability of funds to respond to emergency cases immediately they are reported
7.	Construction of 4 door pit latrine with Urinal at Itinda Primary school.	894,712.00	0	0	The project is ongoing. This was an emergency case, which was responded towards the end of financial year, LPO was issued but payment not yet done.	Ministry of Finance, Economic Planning and Revenue Management to ensure availability of funds to respond to emergency cases immediately they

S/No.	Project/Programme	Budget (2022-2023) Kshs	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
						are reported

3713: Ministry of Agriculture, Water & Irrigation

S/ No	Project/Programme	Budget 2022/23 (Kshs)	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of absorption	Measures to safeguard against such risk in future
1	Drilling & equipping of 10No. new boreholes	20,000,000	9,916,025	49.58	None drilled & equipped; Materials for drilling & test pumping procured. Drilling & test pumping rigs and support trucks under service that took long	Timely servicing of rigs and support trucks
2	Construction of 20kms of Pipeline extensions	10,498,480	10,773,812	102.62	10kms of pipelines constructed/rehabilitated	Increase allocation for this line
3	Construction/desilting of 8No. earth dams/pans	20,000,000	11,448,811	57.24	3no. dams desilted	Timely approval of budgets
4	Construction of 1No. Sump well water supply	10,000,000	9,436,303	94.40	3no. sand dams constructed	Timely approval of budgets
5	Operationalization of Kangu Kangu- Mutomo-Ikutha water supply project	86,554,238	87,488,596	101	Rehabilitation of main gravity line to Mutomo, return line to Syunguni area & repair of Ikutha distribution line done	Timely approval of budgets
6	Repairs & maintenance of 15No. water supply schemes	33,182,169	15,716,655	47.40	Materials for borehole repairs procured, 19no. boreholes repaired	Timely approval of budgets
7	Subsidies for Water Service Providers (KITWASCO & KIMWASCO)	40,000,000	92,165,895	230.40	Electricity bills for the companies too high	Increase allocation for this unit and the companies to pay some % of the bills
8	Construction of Mwitasyano - Kwa Kilui- kwa Kilya &	112,815,048	108,776,717	96.40	1 sump well water supply, 51.4 kms of pipelines ongoing	KDSP revote

S/ No	Project/Programme	Budget 2022/23 (Kshs)	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of absorption	Measures to safeguard against such risk in future
	Mutomo – Mathima – Kiati water projects					
9	Construction of 120no. Sand dams	120,000,000.	105,003,550.	88	113 Sand Dams Constructed.	Timely approval of budgets and Timely initiation of procurement process
10	Construction of 7no. farm ponds	7,000,000.	7,696,715	110	10 Farm ponds Constructed against planned	Increase allocation for this line

3714: Ministry of Basic Education, ICT & Youth Development

S/No	Project /Programme Name	Budget (2022-2023) Kshs	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measures to safeguard against such risk in the future
1	ECDE teaching and learning materials	10,000,000	10,100,920	101.01	Availability of adequate funds enabled full absorption of the budget	Timely and Adequate release of funds to the Ministries.
2	Supply and Delivery of ECDE Furniture and fittings	4,500,000	4,491,400	99.81	Availability of adequate funds enabled full absorption of the budget	Timely and Adequate release of funds to the Ministries.
3	Construction of ECDE classrooms	69,000,000	53,852,177	78.05	There was delay by some contractors in completing their projects, while some submitted their payment requests late, making it hard for the Ministry to make the payments in the Financial Year	Follow-ups by the Ministry to ensure timely completion of projects by contractors. This will warrant the payment of all commitments by the Ministry.
4	Construction and Fencing of VTCs	11,879,686	11,850,703	99.76	There was adequate funds that facilitated full absorption of the budget	Timely and Adequate release of funds to the Ministries.
	Total	95,379,686	80,295,200	84.18		

3715: Ministry Infrastructure Housing, Transport & Public Works

S/No.	Project/Programme	Budget (2022-2023) Kshs	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
1.	Maintanance of Kitui school - Ithookwe primary school road	4,859,379.20	4,859,379.20	100%	Coordinated execution of the project	Timely procurement of project
2.	Drift Construction On River Thua- Kavuvu-Nutula Road	10,163,738.46	10,163,738.46	100%	Coordinated execution of the project	Timely procurement of project
3.	Maintanance of Ithookwe Kitui showground loop and to kwa Lele road	4,944,268.00	4,944,268.00	100%	Coordinated execution of the project	Timely procurement of project
4.	Emergency Works at Kitui Central Primary School	784,160.00	784,160.00	100%	Coordinated execution of the project	Timely procurement of project
5.	Imrovement of Kwa Lele-Mayuni - Ithiani Road	4,533,396.00	4,533,396.00	100%	Coordinated execution of the project	Timely procurement of project
6.	Maintennce of AIC Kathungi - Kitho Market Road	4,861,562.32	4,861,562.32	100%	Coordinated execution of the project	Timely procurement of project
7.	Improvement of Itiko - Mutito Hill water Intake Road	4,789,700.32	4,789,700.32	100%	Coordinated execution of the project	Timely procurement of project
8.	Improvement of Water Intake - Mukungo	4,779,200.00	4,779,200.00	100%	Coordinated execution of the project	Timely procurement of project
9.	Improvement of Mukungo Junction - Inyuu Kamaembe road	4,865,446.00	4,865,446.00	100%	Coordinated execution of the project	Timely procurement of project
10.	Improvement of St. Charles Lwanga - Mbusyani road juntion - Maiyuni - Yethii river - Itoleka/ Ithiiani road Jnct	4,908,772.00	4,908,772.00	100%	Coordinated execution of the project	Timely procurement of project
11.	Ithiiani Mrkt - Mbusyani road Jnct - Kaluluini on (4,766,440.00	4,766,440.00	100%	Coordinated execution of the project	Timely procurement of project

S/No.	Project/Programme	Budget (2022-2023) Kshs	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
	Ithiiani/Itoleka road Jnct)					
12.	Protection works to Existing structures on Mbusyani road junction - Maiyuni - Yethii River	4,804,720.00	4,804,720.00	100%	Coordinated execution of the project	Timely procurement of project
13.	Mutula market - Kavuvuu - junction to Mutula Kilingile road	4,777,796.08	4,777,796.08	100%	Coordinated execution of the project	Timely procurement of project
14.	Maintanance of Mutula - Kwa Wewa -Jnct to Kilingile Road	4,966,775.07	4,966,775.07	100%	Coordinated execution of the project	Timely procurement of project
15.	Road Construction Kilingile - Kamaembe Road	4,956,013.70	4,956,013.70	100%	Coordinated execution of the project	Timely procurement of project
16.	Road Maintanance of Kamaembe - Inyuu	4,938,783.80	4,938,783.80	100%	Coordinated execution of the project	Timely procurement of project
17.	Maintanance of Junction to Miambani - Kiongwe - Kanguu - Inyuu Road	4,885,955.40	4,885,955.40	100%	Coordinated execution of the project	Timely procurement of project
18.	Road Improvement Inyuu Catholic Church - Kwa Nzunzu market	4,879,528.40	4,879,528.40	100%	Coordinated execution of the project	Timely procurement of project
19.	Road maintenance of Inyuu-market-Nzilani market	4,724,216.00	4,724,216.00	100%	Coordinated execution of the project	Timely procurement of project
20.	Road maintenance of Kamale-Kimangao Market	4,670,619.90	4,670,619.90	100%	Coordinated execution of the project	Timely procurement of project
21.	Road maintenance of Kyaango	4,900,014.90	4,900,014.90	100%	Coordinated execution of the project	Timely procurement of project

S/No.	Project/Programme	Budget (2022-2023) Kshs	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
	Junction on Mbitini Voo-Kamale Market Road					
22.	Road maintenance of kasarani market-Nzilani market	4,870,882.92	4,870,882.92	100%	Coordinated execution of the project	Timely procurement of project
23.	Road maintenance of kasarani market-Nzilani market	4,835,402.00	4,835,402.00	100%	Coordinated execution of the project	Timely procurement of project
24.	Road Improvement Kwa Wewa - Kinzeni Market	4,708,274.12	4,708,274.12	100%	Coordinated execution of the project	Timely procurement of project
25.	Maitenance of Itulaaka - Mangola Road	4,723,164.58	4,723,164.58	100%	Coordinated execution of the project	Timely procurement of project
26.	Maitenance of Thua - Kwa Wewa - Kaliluni	4,902,621.31	4,902,621.31	100%	Coordinated execution of the project	Timely procurement of project
27.	Road Maintanance Katse - Musosya Market Road	14,459,692.84	14,459,692.84	100%	Coordinated execution of the project	Timely procurement of project
28.	Road Maintanance Musosya Town - Nguuku - Market Road	5,430,154.18	5,430,154.18	100%	Coordinated execution of the project	Timely procurement of project
29.	Ngunga River Drift on Kisaayani - Imwange - Katundu - Kilui Road	6,846,568.53	6,846,568.53	100%	Coordinated execution of the project	Timely procurement of project
30.	Road Improvement of Kisaayani - Imwange - Katundu - Kilui Road	6,023,438.74	6,023,438.74	100%	Coordinated execution of the project	Timely procurement of project
31.	Improvement on Thaana Nzau-Kithyoko River Road and Drift	17,417,864.46	12,192,505.12	70%	Contractors delay in completing works, High water levels at River Thaana.	Enhance contractors sensitization on their contractual obligations and consequences for not performing them.

S/No.	Project/Programme	Budget (2022-2023) Kshs	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
32.	Maintenanace of Kinakoni-Imali-Kiangini-Kyukuni Market With 150 Metre Drift at Thua River	28,900,110.82	14,450,055.41	50% %	Contractors delay in completing works, High water levels at River Thua.	Enhance contractors sensitization on their contractual obligations and consequences for not performing them.
33.	Drift Repair on Kisiyo River along inyuu-Kyamusivi Road	9,522,781.94	9,522,781.94	100%	Coordinated execution of the project	Timely procurement of project
34.	Road Maintanance of Mbitini / Voo Road Junction - Kinakoni Market	18,637,826.26	-	0%	Contractors delay in completing works.	Enhance contractors sensitization on their contractual obligations and consequences for not performing them.
35.	Repair Works Mui River Drift	4,521,769.08	0	0%	Contractors delay in completing works.	Enhance contractors sensitization on their contractual obligations and consequences for not performing them.
36.	Road Maintenance of Kttc - Kitui School- Bypass Manyenyoni	3,679,893.06	0	0%	Contractors delay in completing works.	Enhance contractors sensitization on their contractual obligations and consequences for not performing them.
37.	Improvement of Kamuru - Kaningo	4,832,070.63	4,832,070.63	100%	Coordinated execution of the project	Timely procurement of project
38.	Maintenanace of Kitho Market - Kwa Amutei	4,896,456.76	0	0%	Contractors delay in completing works.	Enhance contractors sensitization on their contractual obligations and consequences for not performing them.
39.	Maintenance of inyuu - Chief's office - Kwa Amutei	4,841,086.00	0	0%	Contractors delay in completing works.	Enhance contractors sensitization on their contractual obligations and consequences for not performing them.
40.	Grading various roads in Kitui County (All the 40 wards)				Contractors delay in completing works.	Enhance contractors sensitization on their contractual obligations and consequences for not performing them.

S/No.	Project/Programme	Budget (2022-2023) Kshs	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
41.	Maintenance Of Plant Machinery & Equipment	20,000,000.00	20,000,000.00	100%	Need to maintain our plant machinery in good working conditions by carrying out repair & servicing since there was target as outlined in 16-sector development priority areas to open and grade more roads so as to achieve more roads connectivity and network across Kitui County.	Increase the budget to about 35 Million.
42.	Maintenance Of Motor Vehicles	10,600,000.00	10,600,000.00	100%	Need to maintain our vehicles in good working conditions by carrying out repairs (breakdown maintenance)	The budget was sufficient
43.	Routine Maintenance Of Motor Vehicles	2,700,000.00	2,700,000.00	100%	Need to maintain our vehicles in good working conditions by carrying out servicing (preventive maintenance)	Increase the budget to about 5 Million
44.	Proposed construction of Ablution for Ladies and Disabled at Public Works office - Headquarter	1,550,000	1,504,924.88	100%	Procurement was done according to Funds budgeted for.	No risk occurred therefore no need for mitigation strategies.
45.	Proposed construction of a toilet block for Gents at Public Works Office - Headquarter	1,210,000	1,200,739.00	100%	Procurement was done according to Funds budgeted for.	No risk occurred therefore no need for mitigation strategies.
46.	Proposed construction of a Septic tank and Foul drainage at Chief Officers offices	500,000	498,113.60	100%	Procurement was done according to Funds budgeted for.	No risk occurred therefore no need for mitigation strategies.
47.	Proposed renovation works COs' offices	700,000	688,529.60	100%	Procurement was done according to Funds budgeted for.	No risk occurred therefore no need for mitigation strategies.
48.	Proposed refurbishment/renovation works at CECM and Chief Officers offices	1,100,000	1,085,005.00	100%	Procurement was done according to Funds budgeted for.	No risk occurred therefore no need for mitigation strategies.
49.	Proposed External and Landscaping works at the office	500,000	496,132.00	100%	Procurement was done according to Funds budgeted for.	No risk occurred therefore no need for mitigation strategies.

S/No.	Project/Programme	Budget (2022-2023) Kshs	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to Safeguard against such risk in the future
	of the Chief Officer					
50.	Proposed external and Landscaping works at the office of CECM	500,000	499,500.00	100%	Procurement was done according to Funds budgeted for.	No risk occurred therefore no need for mitigation strategies.
51.	Proposed floor carpet/fixing of soft board and installation of air conditioner	500,000	498,568.00	100%	Procurement was done according to Funds budgeted for.	No risk occurred therefore no need for mitigation strategies.
52.	Proposed renovation of Procurement and Lands Surveyors office	650,000	624,880.00	100%	Procurement was done according to Funds budgeted for.	No risk occurred therefore no need for mitigation strategies.
53.	Proposed renovation works at CO – RPW office	700,000	688,529.60	100%	Procurement was done according to Funds budgeted for.	No risk occurred therefore no need for mitigation strategies.

3716: Ministry of Health and Sanitation

S/No.	Project/Programme	Budget (2022-23) Kshs	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of absorption	Measures to safeguard against such risk in the future
1	Equipment for Mwingi Surgical ward	3,000,000	2,979,170	99.3	Complete. Delivered	No risk encountered
2	Proposed Electrical works for installation of solar energy floodlights 5no. at CHMT	1,279,422	1,279,362.55	100.0	Complete	No risk encountered
3	Procurement of ICU equipment at KCRH	11,415,500	12,445,450	109.0	Complete. The project cost was more than the estimated cost	BoQs will be done in good time to avoid estimating inaccurate amounts
4	Refurbishment of CHMT admin block	1,500,000	1,237,710	82.5	Complete. The project cost was less than the estimated cost	BoQs will be done in good time to avoid estimating inaccurate amounts
5	Proposed chain link fencing and sentry at CHMT	3,464,566	3,462,150	99.9	Complete	No risk encountered
6	Proposed alteration works of Laboratory At Kitui County	3,000,000	0	0.0	Complete. The payment was closed out in the FY 2022/23.	Captured under revote in the supplementary. Evaluation will be

S/No.	Project/Programme	Budget (2022-23) Kshs	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of absorption	Measures to safeguard against such risk in the future
	Referral Hospital					done to establish the challenges encountered
7	Proposed supply & installation of A 1250 main panel And 600 distribution panel For KCRH	2,000,000	2,359,614	118.0	Complete. The project cost was more than the estimated amount	BoQs will be done in good time to avoid estimating inaccurate amounts
8	Oxygen piping at KCRH	1,596,883	1,594,977	99.9	Complete	No risk encountered
9	Renovation of kabati mobile clinic at zombe Mwitika	500,000	464,586	92.9	Complete	No risk encountered
10	Proposed renovation of Maternity Wing And Installation Of Water Tanks At Nguni Dispensary	2,425,280	2,425,280	100.0	Complete	No risk encountered
11	Completion of Maternity Ward at Kyuso Level IV Hospital	4,338,840	4,338,840	100.0	Complete	No risk encountered
12	ICT works at new OPD at KCRH	1,000,200	999,990	100.0	Complete	No risk encountered
13	New OPD Internal renovations at KCRH	522,580	522,580	100.0	Complete	No risk encountered
14	Conversion of amenity ward to ICU at KCRH	3,009,736	3,000,500	99.7	Complete	No risk encountered
15	Construction of walkway connecting the main hospital to the new OPD at KCRH	3,440,050	3,440,050	100.0	Complete	No risk encountered
16	Fencing and gate/construction of a waiting bay at Thaana Nzau dispensary	2,220,270	2,210,000	99.5	Complete	No risk encountered
17	Completion of blood satellite at KCRH	4,210,880	0.00	0.0	Ongoing (95% complete). The works were awarded late and the contractor is on site	Captured under revote in the supplementary. Evaluation will be done to establish the challenges encountered
18	Transportation and installation	2,000,000	1,790,000	89.5	Complete. The project cost was less than the	BoQs will be done in good time to

S/No.	Project/Programme	Budget (2022-23) Kshs	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of absorption	Measures to safeguard against such risk in the future
	of KCRH Container at Kangalu Dispensary				estimated cost	avoid estimating inaccurate amounts
19	Completion of OPD at Zombe hospital	4,973,106	2,642,175	53.1	Complete. The second payment was closed out in the FY 2022/23.	Captured under revote in the supplementary. Evaluation will be done to establish the challenges encountered
20	Proposed Infrastructural/Renovation works at MCH Block to convert it to cancer Centre	4,558,021	1,621,481	35.6	On-going (80%). The works were awarded late and the contractor is on site. The first payment was processed	Captured under revote in the supplementary. Evaluation will be done to establish the challenges encountered
21	Renovation works at Malalani Health centre	2,215,805	2,215,805	100.0	Complete	No risk encountered
22	Completion of stalled(CDF) mortuary at Thitani Health Center	2,398,260	0	0.0	Complete. The payment was closed out in the FY 2022/23.	Captured under revote in the supplementary. Evaluation will be done to establish the challenges encountered
23	Completion of OPD at Mutomo hospital	8,698,970	0	0.0	The project was not implemented due to legal tussles	The project has been factored in the supplementary budget to be implemented in the FY 2023-24
24	Completion of mortuary at KCRH	13,212,656	0	0.0	The project was not implemented due to legal tussles	The project has been factored in the supplementary budget to be implemented in the FY 2023-24
25	Supply and installation of equipment for Mwingi mortuary	2,980,670	0	0.0	Complete. Delivered in FY 2023-24	Captured under revote in the supplementary. Evaluation will be done to establish the challenges encountered

3717: Ministry of Trade, Investment & Cooperatives

S/no.	Project name	Budget 2022-2023(Ksh)	Expenditure (Ksh)	Absorption rate	Explanation of ratio of Absorption	Measures to safeguard against such risks in future
1	Proposed construction, of twin market shed at Katothya Market	2,781,448	2,781,448	100	The project has been completed	N/a
2	Proposed construction of 4 no pit latrine with urinal at Katothya Market	840,470	840,470	100	The project has been completed	N/a
3	Proposed installation of 2 no energy street light at Katothya market in Kwavonza/Yatta ward	803,213	803,213	100	The project has been completed	N/a
4	Branding of Governors and Deputy governor' s office premise	558,000	558,000	100	The project has been completed	N/a
5	Proposed installation of solar energy street lights(4 Posts) at Wii market in Mulango ward	1,369,312	1,369,312	100	The project has been completed	N/a
6	Proposed 4 door pit latrine with urinal at Wii market in Mulango ward	840,470	840,470	100	The project has been completed	N/a
7	Proposed 4 door pit latrine with urinal at Kamaembe Market	840,673	840,673	100	The project has been completed	
8	Proposed construction of a twin Market shed at Thaana ward	2,886,118	1,468,360	50.9	The project has been completed	N/a
9	Proposed construction of a twin Market shed at Maliku -Market - Kisasi Ward Kitui Rural Sub County	2,870,860	0	0	The project is 70% complete but not paid	Sufficient and timely disbursement of funds
10	Proposed construction of a twin Market at Kamaembe	2,790,728	2,790,728	100	The project has been completed	N/a
11	Procurement of weight and measures tools	1,192,573	1,192,573	100	The project has been completed	N/a

S/no.	Project name	Budget 2022-2023(Ksh)	Expenditure (Ksh)	Absorption rate	Explanation of ratio of Absorption	Measures to safeguard against such risks in future
12	Proposed construction of a twin Market shed at Wii Market	2,883,160	0	0	The project has been completed but not paid	Sufficient and timely disbursement of funds
13	Proposed installation of solar energy streetlights(2 Posts) at Kamaembe market in Kitui East sub County	715,946	715,946	100	The project has been completed	N/a
14	Installation of solar flood lights at Thaana Nzau	803,184	0	0	The project has been completed but not paid	Sufficient and timely disbursement of funds
15	Proposed construction of one door pit latrine with urinal at Thaana Nzau mkt	700,350	0	0	The project has been completed but not paid	Sufficient and timely disbursement of funds
16	Demolition Works at Migwani modern mkt	871,810	0	0	The project has been completed but not paid	Sufficient and timely disbursement of funds
17	Proposed construction of 4 door pit latrines with urinal at Kalamba muyo mkt	751,890	0	0	The project has been completed	Sufficient and timely disbursement of funds
18	Refurbishment of Mwingi livestock mkt	3,289,470	0	0	The project is 90% complete but not paid	Sufficient and timely disbursement of funds
19	Proposed construction of one 4 door pit latrine with urinal at Maai mkt Mwingi central	750,802.22	0.00	0	The project has been completed but not paid	Sufficient and timely disbursement of funds
20	Proposed construction of 4 door pit latrine with urinal at Mutomo livestock yard mkt	742,960	0	0	The project has been completed but not paid	Sufficient and timely disbursement of funds
21	Proposed construction of 4 door pit latrine with urinal at Kwa Kilui mkt	749,229	0	0	The project has been completed but not paid	Sufficient and timely disbursement of funds
22	Proposed construction of 4 door pit latrine with urinal at Migwani produce mkt	752,960	0	0	The project has been completed but not paid	Sufficient and timely disbursement of funds
23	Branded items for trade show	970,000	0	0	The project has been completed but not paid	Sufficient and timely disbursement of

S/no.	Project name	Budget 2022-2023(Ksh)	Expenditure (Ksh)	Absorption rate	Explanation of ratio of Absorption	Measures to safeguard against such risks in future
	exhibitions					funds
24	Installation of solar energy street lights for Maseki, Kakunike, Matuki& Tulanduli	2,381,937	0	0	The project has been completed but not paid	Sufficient and timely disbursement of funds
25	Installation of solar energy street lights for Ndiini, Mutomo,Kitoani Kanyangi ward, Maliku mkt & Syongila	2,807,977	2,807,977	100	The project has been completed	N/a
26	Installation of solar energy street lights for Kyandoa & Lundi mkts	1,453,804.80	1,453,804.80	100	The project has been completed	N/a
27	Repair of solar energy street lights for Mathima,Wikithuki,Kanziku,Maani,Kyatune,Nzalae,Kathivo,Kalooni,Kamulaani& Katse mkts	2,389,838.90	2,389,838.90	100	The project has been completed	N/a
28	Repair of solar energy street lights for Kandiwa Katakana,Kwa ukungu ,Museva, Mulango	2,389,600	2,389,600	100	The project has been completed	N/a
29	Branding of Beyond Zero lorries	1,603,900	1,603,900	100	The project has been completed	N/a
30	Proposed construction of twin mkt shed at Kalamba muyo mkt Mumoni ward	2,872,264	0	0	The project has been completed but not paid	Sufficient and timely disbursement of funds
31	Proposed Construction of fresh produce store for modern mkt at Mathuki shopping Centre	1,001,782	0	0	The project has been completed but not paid	Sufficient and timely disbursement of funds
32	Proposed Construction of twin mkt shed at Itiva Nzou Kyuso ward	2,799,985.70	0.00	0	The project has been completed but not paid	Sufficient and timely disbursement of funds
33	Consultancy for mapping on SMEs for Kitui & Mwingi Municipalities	2,070,000	0	0	The project is 80% complete but not paid	Sufficient and timely disbursement of funds

S/no.	Project name	Budget 2022-2023(Ksh)	Expenditure (Ksh)	Absorption rate	Explanation of ratio of Absorption	Measures to safeguard against such risks in future
34	Consultancy of blue print for trade department	4,688,021	0	0	The project is 70% complete but not paid	Sufficient and timely disbursement of funds

3719; Ministry of Environment and Natural Resources

S/No.	Project/Programme	Budget (2022-23) Kshs	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of absorption	Measures to safeguard against such risk in the future
1	Procurement of tree seedlings for Kitui County tree growing programme for OND 2022 rain season	1,020,000	1,015,920	99.6	Target Achieved	N/A
2	Procurement of tree seedlings for Kitui County tree growing programme for OND 2022 rain season	1,468,000	1,468,000	100.0	Target Achieved	N/A
3	Procurement of four (4) solar security lights at Thaana Nzau Dispensary	1,268,778	1,267,058	99.9	Target Achieved	N/A
4	Power installation at Thitani	5,989,820	5,989,820	100.0	Target Achieved	N/A
5	Procurement of materials for commemoration of International Day of Forests	426,500	419,500	98.4	Target Achieved	N/A
6	Procurement of tree seedlings for the International Day of Forests	929,500	929,500	100.0	Target Achieved	N/A
7	Procurement of assorted ceremonial tree seedlings for the international Day of Forests 2023	710,000	708,100	99.7	Target Achieved	N/A
8	Procurement of tree nursery materials, seeds and equipment	885,460	879,590	99.3	Target Achieved	N/A

S/No.	Project/Programme	Budget (2022-23) Kshs	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of absorption	Measures to safeguard against such risk in the future
9	Procurement of consultancy services for formulation and development of Kitui County Climate Change Bill, 2023	1,500,000	1,496,980	99.8	Target Achieved	N/A
10	Procurement of consultancy services for establishment of Ten (10) Ward Climate Change Planning Committees/Teams	1,500,000	1,500,000	100.0	Target Achieved	N/A
11	Procurement of services to design, brand and print geological report for Tharaka and Tseikuru Wards of Mwingi North Sub County	512,500	512,500	100.0	Target Achieved	N/A
12	Procurement of four (4) integrated solar security lights in Mutha Ward	800,000	797,967	99.7	Target Achieved	N/A
13	Procurement of eight (8) integrated solar security lights in Mutitu/Kaliku Ward	1,605,765	1,605,765	100.0	Target Achieved	N/A
14	Procurement of integrated solar security lights, four (4) in Mui Ward, four (4) in Nuu Ward and four (4) in Tseikuru Ward	2,800,000	2,781,599	99.3	Target Achieved	N/A
15	Procurement of four (4) integrated solar security lights in Endau/Malalani Ward	800,000	800,000	100.0	Target Achieved	N/A
16	Procurement of four (4) integrated solar security lights in Zombe/Mwitika Ward	1,200,000	1,198,735	99.9	Target Achieved	N/A
17	Procurement of four (4) integrated solar security lights in Voo/Kyamatu Ward	800,000	798,980	99.9	Target Achieved	N/A

S/No.	Project/Programme	Budget (2022-23) Kshs	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of absorption	Measures to safeguard against such risk in the future
18	Procurement of integrated solar security lights, four (4) in Kiomo/Kyethani Ward and four (4) in Kyome/Thaana Ward	1,600,000	1,596,000	99.8	Target Achieved	N/A
19	Procurement of clean cooking materials	1,478,443	1,478,000	100.0	Target Achieved	N/A
20	Procurement for hiring of Portable X ray fluorescence spectrometer (XRF) equipment for Geological Field Testing	315,000	313,700	99.6	Target Achieved	N/A
21	Procurement of tree seedlings for Kitui County tree growing programme	1,241,250	1,203,750	97.0	Target Achieved	N/A
22	Procurement of tree seedlings for Kitui County tree growing programme	1,800,000	1,780,000	98.9	Target Achieved	N/A
23	Procurement of tree seedlings for Kitui County tree growing programme	380,200	379,500	99.8	Target Achieved	N/A
24	Procurement of tree seedlings for Kitui County tree growing programme	1,575,000	1,575,000	100.0	Target Achieved	N/A
25	Procurement of repair services for fifteen (15) faulty solar security lights in Voo Ward	1,321,875	1,320,000	99.9	Target Achieved	N/A
26	Procurement of repair services for nineteen (19) faulty solar security lights in Mui and Mwingi Central Wards	1,674,375	1,673,544	100.0	Target Achieved	N/A
27	Procurement of repair services for fourteen (14) faulty solar security	1,233,750	1,232,200	99.9	Target Achieved	N/A

S/No.	Project/Programme	Budget (2022-23) Kshs	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of absorption	Measures to safeguard against such risk in the future
	lights in Mutito and Zombe/Mwitika Ward					
28	Procurement of repair services for nineteen (19) faulty solar security lights in Tseikuru and Waita Wards	1,674,375	-	-	The contract was awarded but due to the contractor's delay the project has not been implemented. The contractor was awarded a copy of the LSO issued.	Procurement process should be initiated early enough.
29	Procurement of repair services for twenty seven (27) faulty solar security lights in Mutha, Kanziku and Ikanga/Kyatune Wards	2,379,375	-	-	The Project has been completed but not paid	Timely and sufficient disbursement of funds
30	Procurement of integrated solar security lights, four (4) in Miambani Ward and four (4) in Kyangwithya West Ward	1,600,000	1,589,752	99.4	Target Achieved	N/A
31	Procurement of integrated solar security lights, four (4) in Tharaka Ward and four (4) in Mumoni Ward	1,600,000	1,597,000	99.8	Target Achieved	N/A
32	Procurement of integrated solar security lights, four (4) in Kisasi Ward and four (4) in Mutomo/Kibwea Ward and five (5) in Ikanga/Kyatune Ward	2,600,000	2,597,756	99.9	Target Achieved	N/A
33	Procurement of supply, installation and commissioning of 11.88KW solar system for water pumping at Kwa Muinde borehole	1,912,260	1,909,683	99.9	Target Achieved	N/A
34	Procurement of four (4) integrated solar security lights in Nguni Ward	800,000	799,254	99.9	Target Achieved	N/A

S/No.	Project/Programme	Budget (2022-23) Kshs	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of absorption	Measures to safeguard against such risk in the future
35	Procurement of four (4) integrated solar security lights in Kanyangi Ward	800,000	798,080	99.8	Target Achieved	N/A

3720; Ministry of Gender, Sports and Culture

S/No	Project /Programme Name	Budget (2022-2023) Kshs	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to safeguard against such risks in future
1.0 DEPARTMENT OF CULTURE						
1	Equip Mwingi and Kyoani Resource centres with culinary and audio sets	1,000,000	1,000,690	100.07	Funds were allocated in good time and service providers did timely satisfactory work.	Proper prior planning to enable ease in absorption of funds
2	Operationalization of Mwitika Social hall	2,000,000	1,997,792	99.88	Funds were allocated in good time and service provider did timely satisfactory work.	Proper prior planning to enable ease in absorption of funds
3	Construction of Tuckshop, VIP toilet, Benches and Purchase of Dustbins	1,508,786	1,324,790	87.80	Funds were allocated in good time and service providers did timely satisfactory work	Proper prior planning to enable ease in absorption of funds
4	curators residence: Complete lower eastern heritage centre Gallery 1 and Tseikuru Museum	22,000,000	19,392,896	88.14	Funds were allocated some service providers are have not delivered works in stipulated time.	Proper prior planning to enable ease in absorption of funds
6	Research, Feasibility Studies (Prefeasibility studies for Cultural Sites - Ngomeni, Mukenyeke Shrine and online repository of Kamba artefacts)	1,000,000	998,598.50	99.85	Funds were allocated in good time and service provider did timely satisfactory work in collaboration with NMK.	Proper prior planning to enable ease in absorption of funds
2.0 DEPARTMENT OF GENDER						

S/No	Project /Programme Name	Budget (2022-2023) Kshs	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to safeguard against such risks in future
1	Prefeasibility (Community Sensitization on GBV, referral services, reporting and other interventions)	1,400,000	1,091,000	77.9	No risk encountered	Full application for the activity allocated funds to enable full absorption
2	Research Allowance- (Women and PLWD Trainings on AGPO and Business registration)	1,500,000	2,418,000	161.2	Good and timely funds allocation plus good sensitization and awareness on AGPO and an additional funds from other vote lines.	Proper timely funds allocation and more creation of awareness on AGPO and added funds from other vote lines
3	Research Allowance- (Collaboration with public and private Partners on GBV violations, and enhance Justice for survivors)	1,300,000	930,000	71.5	No risk encountered	Timely and full application of activity funds to enable full absorption.
4	Prefeasibility- Establish a Rescue Center for GBV survivors in the county	1,500,000	1,474,899.40	98.3	Funds given at the right time to service provider though less application of the total amount.	Service provider proper and timely work in their work though less absorption of the total amount.
5	Research Allowance- Operationalize the County Gender Policy	800,000	884,500	110.6	Good timely absorption of funds and other resources and additional funds from other vote lines.	Good planning and additional funds from other vote lines enabling good absorption
6	National Celebrations (Cultural day, disability, women, international day of African child)	600,000	743,500	123.9	Good timely absorption of resources and funds boost from other external partners	Good absorption due to collaboration with partners.
7	Specialized Materials Purchase of PLWDs assistive devices e.g. Wheelchairs and white-canes	1,500,000	1,399,760	93.3	No risk encountered	Full application of the total allocated amount for the activity.
3.0 DEPARTMENT OF YOUTH DEVELOPMENT						
1	Training Expenses - Youths skills training	2,415,656	1,232,600	51	Funds were re-allocated to international youth day	Request for adequate allocation of funds for all Youth programmes to avoid cross spending

S/No	Project /Programme Name	Budget (2022-2023) Kshs	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to safeguard against such risks in future
2	National Youth Day Functions- Youths functions/ youth events day for the youth (12th August)	1,015,000	2,173,450	214.1	Funds were re-allocated from other budgetary votes as the initial budget amount was extremely minimal to undertake this activity	Request for allocation of sustainable funding to hold this activity
4.0 DEPARTMENT OF INFORMATION COMMUNICATION TECHNOLOGY						
1.	Website Re-design and Development	1,600,000	1,450,000	90.6	Project completion at end of FY at 100%; payment couldn't be processed due to IFMIS procurement/payment cutoff period end of FY	Fast-tracking the procurement process which allows for early project completion & payment process within the FY
2.	Purchase of ICT Equipment	1,600,000	1,599,722	99.9	Absorption is optimum	Timely disbursement of funds
5.0 DEPARTMENT OF SPORTS						
1	Training of referees and coaches	2,700,000	2,810,500	104.1	Absorption is optimum. Extra money drawn from DSA	Timely execution of program
2	Specialised Materials -Sport talent Development (Develop - KICOSCA, CASA, KYISA)	1,500,000	1,499,570	100.02	Absorption is optimum.	Timely disbursement of funds and timely execution of program
3	Specialised Materials -(Sports Equipment e.g. Uniforms, Balls, nets and playing boots in all Active football and Volleyball clubs in the County)	3,000,000	2,997,558	99.9	Absorption is optimum	Timely disbursement of funds
4	Other Infrastructure and Civil Works - Develop Kitui Stadium – Construction of spectator terraces	5,000,000	4,979,460	99.6	Absorption is optimum	Timely disbursement of funds
5	Initiate acquisition of Kitui South (Kyoani) and Mwingi	10,000,000	8,400,000	84	Processing of title deeds was not accomplished by the end of the FY because	No risk encountered

S/No	Project /Programme Name	Budget (2022-2023) Kshs	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to safeguard against such risks in future
	Stadia				the process of purchasing took long	
6	Other Civil Works – Pending Bills	16,984,755	15,583,414.16	91.7	Some pending bills were recurrent in nature therefore they could not be paid with the allocated funds which were placed under development	All Pending bills revote to be disaggregated in terms of Recurrent and Development vote-lines for ease of absorption
7	Other Infrastructure and Civil Works (Support Development of 6 sports facilities/ playgrounds)	17,022,061	19,549,493	114.8	Optimum Absorption	
6.0 DEPARTMENT OF SOCIAL SERVICES						
1	Other Civil Works -Progression of stalled Kitui Resources Center Manyenyoni	23,000,000	0	0	The project had stalled, pending court determination procedures which are yet to be cleared. This slowed the absorption of these funds there is a negotiation in progress with the Office of the County Solicitor to seek a withdrawal of this dispute with the Contractor and resume works at the facility.	Proper engagement with Contractors to avoid legal issues during and after execution of works in our establishments. There is a need to engage the legal department in all aspects of delivery of County projects to avoid legal disputes.
2	Research, feasibility Studies-Support of community Children charitable institutions with food and other utilities	1,100,000	1,095,400	96.8	No risk encountered	Timely disbursement of funds

3721 County Treasury

S/No	Project /Programme Name	Budget (2022-2023) Kshs	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to safeguard against such risks in future
1.	CIDP III	15,000,000	16,464,445	109.7%	Early Exchequer funds release	Target was surpassed due to the urgency

						of document
2.	Kenya Devolution Support Program (KDSP) - County Wide	144,622,885	2,019,950	1.39%	Donor Procedures needed to be adhered to.	Adhere to donor' s procedures.

3726: Ministry of Livestock, Apiculture & Fisheries Development

S/N	Project/Programme	Budget (2022-2023) Kshs	Expenditure (Kshs)	Absorption Rate %	Explanation for the level of Absorption	Measures to safeguard against such Risks to the future
0102003710 P2: Crops Development and management						
0102013710 SP 2.1 Farm Input Support (Crops development support)						
1	Crop development Support	19,445,021	19,411,041	99.81		
0103003710 P3: Agribusiness and Information Management (Farm development & Agribusiness)						
0103013710 SP 3.1 Agribusiness and Market Development						
1	Subsidized tractor ploughing services	20,000,000	19,596,698	97.98		
2	NATIONAL AGRICULTURAL & RURAL INCLUSIVE GROWTH PROJECT (NARIGP)					
	• Promote community-driven development initiatives (micro-projects)- Disbursement of grants for community- driven investments	46,583,690	82,933,146	178.03%	ISM8 provided agreed action plans with focus to support remaining Micro-projects. This re-organized the AWP& Budget 2022-2023.	
	• Capacity building of producers	15,214,236	1,236,300	8.13%		
	• Value chain development	26,037,000	16,225,220	62.32%		
	• County multi-community investments	27,178,301	22,274,133	81.96%		
	Sub Total	115,013,227	122,668,799	82.61		

S/N	Project/Programme	Budget (2022-2023) Kshs	Expenditure (Kshs)	Absorption Rate %	Explanation for the level of Absorption	Measures to safeguard against such Risks to the future
NB: Kshs 39,269,471.25 was in the operations account as at 30.06.2023 and was re-voted into 2023/2024 FY						
3	National Agriculture Value Chains Development Project (NAVCDP)					
	Farmer profiling	75,000,000	0	0	Late disbursement	Lobby for early disbursement
NB: Kshs 67,192,729 was in the operations account as at 30.06.2023 and was re-voted into 2023/24 FY						
4	Emergency Locust Response Programme (ELRP)					
	Supporting Community Driven Development	57,000,000	27,534,450	48.30	Delayed disbursement of funds	Lobby for release of fund in good time
NB: Kshs 25,146,724.15 was in the operations account as at 30.06.2023 and was re-voted into 2023/2024 FY						
0103023710 SP 3.2 Agricultural Information Management (Extension services)						
Improve institutional capacity of the ATC						
1	Support ATC nursery	1,800,000	300,000	16.67	Delay in procurement	Initiate procurement process early
2	Shows and Exhibitions	10,999,999	10,938,789	99.44		
3	Agriculture sector development support programme (ASDSP)					
	Enhancing technology adoption	1,642,172	1,642,172	100		
	Procure grain threshers (14)	6,300,000	4,620,200	73.34	The equipment costing was done without undertaking market survey	Undertake market survey before allocating money for specific equipment
	Procure Ndengu cleaning machines (3)	9,000,000	5,989,200	66.55		
	Procure feed formulation machines (4)	3,616,000	1,757,300	48.60		
	Sub-total	20,558,172	14,008,872			
NB: Kes 476,150 was in the operations account as at 30.06.2020 and was re-voted into 2023/2024 FY						
0106003710 P.6 Livestock Resources Management and Development						
0106013710 SP 6.1 Livestock Production and Management						
1	Procurement of semen and	4,180,000	4,179,775	99.99		

S/N	Project/Programme	Budget (2022-2023) Kshs	Expenditure (Kshs)	Absorption Rate %	Explanation for the level of Absorption	Measures to safeguard against such Risks to the future
	hormones as well as liquid nitrogen for provision of AI services					
2	Procurement and distribution of pasture seeds	5,218,750	5,153,025	98.74		
0106013710 SP. 6.2 Livestock Diseases Management and Control						
1	Purchase and utilization of vaccination and sera	8,698,650	5,523,540	63.50	Delay in procurement	Initiate procurement process early
2	Construction of office block	2,050,000	2,045,558	99.78		
	Sub-Total	10,748,650	7,569,098	100.12		

3727: Ministry of Lands and Physical Planning

S/ No.	Project/Programme	Budget (2022-2023) Ksh.	Expenditure Ksh.	Absorption Rate (%)	Explanation for level of absorption	Measure to safeguard against such risk in future.
1	Geo-referenced market layout physical plans.	2,200,000	2,199,200	99.96%	Effective teamwork and coordination.	Perfect this level of performance.
2	Land use physical plans	29,500,001	17,648,844	59.82%	Procurement and implementation lags.	Effective procurement and implementation planning.
3	GIS software license acquisition	2,000,000	1,999,900	99.99%	Effective procurement plan.	Maintain the effective procurement.
4	Acquisition of land	2,000,000	2,000,000	100%	Effective procurement.	Maintain the effective procurement.
5	Other infrastructure and civil works - Land Registry.	9,376,971	9,231,576	98.45%	Effective project implementation.	Perfect the effective implementation.
6	Land arbitration, legal fees, and compensation.	623,029	(501,200)	80.45%	Supplementary budget reallocation not utilized.	Timely and effective utilization of supplementary budget.

S/ No.	Project/Programme	Budget (2022-2023) Ksh.	Expenditure Ksh.	Absorption Rate (%)	Explanation for level of absorption	Measure to safeguard against such risk in future.
7	Feasibility digitization of planning records and Geo-referencing of county government facilities	2,000,000	1,228,750	2,200,000	Supplementary budget reallocation not utilized.	Timely and effective utilization of supplementary budget.
8	Purchase of Uniforms and Clothing - Staff	1,200,000	409,620	34.135%	Effective project implementation.	Effective procurement and implementation planning.
9	Construction of 4 door pit latrine	1,500,000.00	1,320,660.00	99.96%	Effective teamwork and coordination.	Perfect this level of performance.
10	Repairs of 5 no solar energy streetlights.	900,000.00	986,080.50	59.82%	Procurement and implementation lags.	Effective procurement and implementation planning.
11	Repair and renovation of Mutomo market fence and gate	1,400,000.00	1,366,474.40	99.99%	Effective procurement plan.	Maintain the effective procurement.
12	Preparation of urban areas inventory.	3,000,000.00	2,899,000.00	100%	Effective procurement.	Maintain the effective procurement.
13	Feasibility study of Nguni, Mutito, Kanyangi and Ikutha Urban areas	1,500,000	1,498,000	100%		
14	Renovation of Car park, parking yard, civil works, earth works, water tank and water reticulation at CECM for Lands Offices.	3,000,000.00	2,794,370.00	98.45%	Effective project implementation.	Perfect the effective implementation.
15	County Valuation Roll	4,497,845.00	4,208,600.00	80.45%	Supplementary budget reallocation not utilized.	Timely and effective utilization of supplementary budget.

3723 County Assembly

S/No	Project / Programme Name	Budget (2022-2023) Kshs	Expenditure (Kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to safeguard against such risks in future
RECURRENT EXPENDITURE						
1	Compensation of employees	358,053,562.00	332,690,976.00	93%	The funds were received in good time hence efficiency	Proper planning and strict adherence to the implementation plan
2	Use of goods and services	529,008,229.00	472,793,697.00	89%	The absorption level was excellent	Proper planning and strict adherence to the implementation plan
3	Other Grants and Transfers (Car Loans & Mortgages)	233,000,000.00	92,405,337.00	40%	Still ongoing as Members of County Assembly continue to apply for the facility	Encourage Members to apply for the facility.
4	Social Security Benefits (Gratuity and Car Reimbursement to Members)	163,442,975.00	129,552,376.00	79%	Project still ongoing	Members still applying for the Car Reimbursement benefits.
5	Other Recurrent Expenditure (Acquisition of Office Equipment)	17,314,300.00	2,252,350.00	13%	There was delay in exchequer release thus the procurement for the equipment was late	There is need to check on timely release of exchequer
TOTAL RECURRENT EXPENDITURE		1,300,819,066.00	1,029,936,698.00	79%		
DEVELOPMENT EXPENDITURE						
1	Construction of Speaker' s Residence- Within Kitui town	35,000,000.00	0	0%	The CASB was unable to acquire a suitable land within Kitui Town	There is need for the County Government to provide Government land for the project to commence
2	Construction of Office Block- Assembly Premises	190,558,553.00	0	0%	The project is ongoing with the designs already finalized and the contractor identified	Move with Speed to implement the project
3	Other infrastructure and civil works (Put up electric fence within the Assembly)	3,500,000.00	0	0%	Ongoing Procurement process	Move with Speed to implement the project
TOTAL DEVELOPMENT EXPENDITURE		229,058,553	0	0%		
GRAND TOTAL		1,529,877,619.0	1,029,936,698.0	67%		

3724: Kitui Municipality

S/No	Project /Programme Name	Budget (2022-2023) Kshs	Expenditure (kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to safeguard against such risks in future
1	Construction of walkways from Total Petrol Station To Magunas	3,982,007	3,981,546	100.0	Fully absorbed as budgeted	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
2	Upgrading to Bitumen Standards of St. Ursula Girls High School Tungutu -Ithookwe Showground Road	16,312,985	13,221,565	81.0	Project Complete,awaiting to be paid the final payment.	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
3	Maintenance of Ginnery Road Jct/B7-Resort Loop Junction	1,253,728	1,252,990	99.9	Fully absorbed as budgeted	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
4	Proposed storm water drainage improvement works at Kalundu market entrance next to public toilets B7 Road - Riverside Hotel	1,757,000	-	-	Project Complete,awaiting for payment.	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
5	Maintenance of AMS-Car parking and Manyenyoni-Majengo Road	4,804,395	4,799,895	99.9	Fully absorbed as budgeted	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
6	New works for improvement to Bitumen Standards of Tungutu-Tthookwe Showground-Phase I	3,695,982	-	-	Project Complete,awaiting for payment.	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
7	The proposed road repair ans recapeting from Kasue Phamecy - Kanda Supermarket	3,919,431	3,917,069	99.9	Fully absorbed as budgeted	Proper planning, timely procurement, effective project supervision, monitoring and evaluation

S/No	Project /Programme Name	Budget (2022-2023) Kshs	Expenditure (kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to safeguard against such risks in future
8	Improvement of parking at Kitui taxi stase to Jubilee bliss medical care opposite Mambo Travellers hotel	2,087,441	-	-	-Project Complete,awaiting for payment.	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
9	Improvement of Walkway - Riverside Hotel Kalundu Market Road Junction	4,533,320	-	-	-Project Complete,awaiting for payment.	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
10	Constuction of walkways from Cathedral to Total Petrol Station	3,957,407	-	-	- Project Ongoing-95%	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
11	Supply and Delivery of Fabricated Six (6nos.) Skip Bins	2,984,700	2,984,700	100.0	Fully absorbed as budgeted	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
12	Supply and Delivery of One(I No.) Skip Loader	8,978,000	8,978,000	100.0	Fully absorbed as budgeted	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
13	Repair and Reconstruction of Lake Oil – Jubilee College Road-200M	4,972,404	-	-	- Project Ongoing-60%	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
14	Construction of 3-Door Ablution Block at Kitui Public Park	1,691,500	-	-	- Project Ongoing-80%	Proper planning, timely procurement, effective project supervision, monitoring and evaluation
		64,930,301	39,135,765			

3725: Mwingi Town Administration

S/No	Project /Programme Name	Budget (2022-2023) Kshs	Expenditure (kshs)	Absorption Rate (%)	Explanation for the level of Absorption	Measure to safeguard against such risks in future
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1.	Upgrading of Road along Bethel Academy-Kathonzweni Secondary (ventilated slab and approaches)	2,462,926	22,92,088	93.06%	<ul style="list-style-type: none"> ▪ The actual expenditure was within the allowable preserved budget range ▪ Timely project initiation and commitment of the project funds. 	Timely release of funds, timely project execution and prompt payment for works done/services rendered.
2.	Construction of kitchen, renovations of offices and water connectivity	2,000,000	1,996,580	99.83%	<ul style="list-style-type: none"> ▪ The actual expenditure was within the allowable preserved budget range ▪ Timely project initiation and commitment of the project funds. 	Timely release of funds, timely project execution and prompt payment for works done/services rendered.
3.	Drainage Works along Ideal Palace – Kathonzweni Road	2,500,000	2493427.35	99.74 %	<ul style="list-style-type: none"> ▪ The actual expenditure was within the allowable preserved budget range ▪ Timely project initiation and commitment of the project funds. 	Timely release of funds, timely project execution and prompt payment for works done/services rendered.
4.	Proposed Construction of perimeter wall at dumpsite-phase 1	2,691,017	2,475,150	91.98%	<ul style="list-style-type: none"> ▪ The actual expenditure was within the allowable preserved budget range ▪ Timely project initiation and commitment of the project funds. 	Timely release of funds, timely project execution and prompt payment for works done/services rendered.
5.	Proposed Construction of perimeter wall at dumpsite-phase 2	2,000,000	1,997,722	99.89%	<ul style="list-style-type: none"> ▪ The actual expenditure was within the allowable preserved budget range ▪ Timely project initiation and commitment of the project funds. 	Timely release of funds, timely project execution and prompt payment for works done/services rendered.
6.	Upgrading of road along pinnacle to level IV hospital mortuary	3,100,000	3,092,687.6	99.76%	<ul style="list-style-type: none"> ▪ The actual expenditure was within the allowable preserved budget range ▪ Timely project initiation and commitment of the project funds. 	Timely release of funds, timely project execution and prompt payment for works done/services rendered.
7.	Repair and maintenance of various streetlights	2,000,000	1,955,000	97.75%	<ul style="list-style-type: none"> ▪ The actual expenditure was within the allowable preserved budget range ▪ Timely project initiation and commitment of the project funds. 	Timely release of funds, timely project execution and prompt payment for works done/services rendered.
8.	Borehole drilling & Equipping at slaughterhouse Mwingi	3,000,000	2,057,883.6	68.60%	<ul style="list-style-type: none"> ▪ Variation of the materials and works prices 	Prior market price surveys

9.	Proposed Mwingi Slaughter House Borehole Solar Equipping	3,000,000	1,780,540	59.35%	▪ Variation of the materials and works prices	Prior market price surveys
10.	Purchase of Dump Truck	9,000,000	8,686,000	96.51%	▪ The actual expenditure was within the allowable preserved budget range Timely project initiation and commitment of the project funds.	Timely release of funds, timely project execution and prompt payment for works done/services rendered.
11.	Proposed grading of various roads in Mwingi municipality	1,400,000	1,397,642.2	99.83%	▪ The actual expenditure was within the allowable preserved budget range Timely project initiation and commitment of the project funds.	Timely release of funds, timely project execution and prompt payment for works done/services rendered.
12.	Proposed Installation And Repair Of Street Lighting - Mwingi Level 4 Hospital Junction To Kalisasi	6,921,140	4,629,030	66.88%	▪ Variation of the materials and works prices	Prior market price surveys
13.	Proposed Open drainage along Musila garden-Slaughter house road	2,500,000	2,493,855	99.75%	▪ The actual expenditure was within the allowable preserved budget range Timely project initiation and commitment of the project funds.	Timely release of funds, timely project execution and prompt payment for works done/services rendered.
14.	Proposed Open drainage at pinnacle to level iv mortuary gate road	2,500,000	2,489,579.8	99.58%	▪ The actual expenditure was within the allowable preserved budget range Timely project initiation and commitment of the project funds.	Timely release of funds, timely project execution and prompt payment for works done/services rendered.
15.	Proposed Construction Of Sentry House And Gate At Slaughter House	2,100,000	2,076,620	99.89%	▪ The actual expenditure was within the allowable preserved budget range Timely project initiation and commitment of the project funds.	Timely release of funds, timely project execution and prompt payment for works done/services rendered.