

REPUBLIC OF KENYA



COUNTY GOVERNMENT OF KERICHO

DEPARTMENT OF FINANCE AND ECONOMIC PLANNING

COUNTY BUDGET REVIEW AND OUTLOOK PAPER (C- BROP)

2021

FOREWORD

The County Budget Review and Outlook Paper (CBROP) 2020 has been prepared in line with Section 118 of the Public Finance Management (PFM) Act 2012. It presents the recent economic developments and actual fiscal performance of the FY 2020/2021 and makes comparisons to the budget appropriations for the same year. It further provides updated forecasts with sufficient information to show changes from the projections outlined in the latest County Fiscal Strategy Paper (CFSP), released in February 2021. In this Paper, we will also provide an overview of how the actual performance of the FY 2020/2021 affected the County's compliance with the fiscal responsibility principles and the financial objectives.

The updated economic and financial outlook presented in this paper will set out the broad fiscal parameters for preparation of the next budget. In particular, the provisional ceilings presented are intended to act as a guide to sector working groups in preparing their budgets.

It is therefore my expectation that the policy paper will be useful in enhancing financial discipline and fiscal responsibilities outlined in Section 107 of the PFM Act 2012 that will contribute towards the realization of aspiration of the residents of Kericho County.

Hon. Dr. Patrick C. Mutai

**C.E.C – Finance and Economic Planning and Head of County Treasury & Ag.
C.E.C Public Works, Roads and Transport**

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ACRONYMS

CRA	Commission on Revenue Allocation
CRF	County Revenue Fund
CBK	Central Bank of Kenya
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
CPI	Consumer Price Index
FIF	Facility Improvement Fund
FY	Financial /Fiscal year
GDP	Gross Domestic Product
IFMIS	Integrated Financial Management Information Systems
MTEF	Medium Term Expenditure Framework
MTFF	Medium Term Fiscal Framework
MTP	Medium Term Plan
PFM Act	Public Finance Management Act

1.0 BACKGROUND

The main objective of the County Budget Review and Outlook Paper (CBROP) are to provide a review of the actual fiscal performance in the previous year compared to the budget appropriation for that year and to specify the updated economic and financial forecasts in relation to the changes from the forecasts in the most recent County Fiscal Strategy Paper (CFSP). Finally to give reasons for any deviation from the financial objectives in the CFSP together with proposals to address the deviation and the time estimated for doing so.

1.1 LEGAL BASIS FOR THE PREPARATION OF THE COUNTY BUDGET REVIEW AND OUTLOOK PAPER (C-BROP)

Section 118 of the Public Financial Management Act, 2012 states that:

- 1) A County Treasury shall –
 - (a) Prepare a County Budget Review and outlook Paper in respect of the County for each Financial Year, and
 - (b) Submit the paper to the County Executive Committee by the 30th September of that year.
- 2) In preparing its County Budget Review and Outlook Paper, the County Treasury shall specify-
 - (a) The details of the actual fiscal performance in the previous year compared to the budget appropriation for that year
 - (b) The updated economic and financial forecasts with sufficient information to show changes from the forecast in the most recent County Fiscal Strategy Paper.
 - (c) Information on –
 - (i) Any changes in the forecasts compared with County Fiscal Strategy Paper, or

- (ii) How actual financial performance for the previous Financial Year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for that Financial Year; and
 - (d) Reasons for any deviation from the financial objectives in the County Fiscal Strategy Paper together with proposals to address the deviation and the time estimated for doing so.
- 3) The County Executive Committee shall consider the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, within fourteen days after its submission.
 - 4) Not later than seven days after the County Budget Review and Outlook Paper is approved by the County Executive Committee, the County Treasury shall-
 - a) arrange for the Paper to be laid before the County Assembly; and
 - b) as soon as practicable after having done so, publish and publicize the Paper.

Under section 137 of the PFM Act 2012, the County Budget and Economic forum purpose shall be;

- (a) Preparation of county plans, the County Fiscal Strategy Paper and the Budget Review and Outlook Paper for the county; and
- (b) Matters relating to budgeting, the economy and financial management at the county level.

1.1.1. Fiscal Responsibility Principles in the Public Financial Management Law.

1. The Public Financial Management Act, 2012, sets out the fiscal responsibility principles to ensure prudence and transparency in the management of public resources. Section 107 avers that:

- 1) A County Treasury shall manage its public finances in accordance with the principle 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 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 the 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 for the purpose of financing development expenditure and not for recurrent expenditure i.e. the county debt shall be maintained at a sustainable level as approved by the County Assembly.

2.0 REVIEW OF FISCAL PERFORMANCE IN FINANCIAL YEAR 2020/2021

2.1 OVERVIEW

The County's approved Third Supplementary Budget for FY 2020/21 was Kshs.7.62 billion, comprising of Kshs.3.2 billion (42 per cent) and Kshs.4.3 billion (58 per cent) allocation for development and recurrent programmes respectively

To finance the budget, the County expected to receive Kshs.5.38 billion (70.58 per cent) as equitable share of revenue raised nationally, Kshs.314.32 million (4.12 per cent) as total conditional grants, Kshs 708.56 million (9.3 per cent) as donor funds, generate Kshs.654 million (8.58 per cent) from own sources of revenue and had Kshs.565.38 million (7.42 per cent) as cash balance from FY 2019/20.

Table 1: Summary of Third Supplementary Budget FY 2020/21

	Line Ministries/Departments	RECURRENT SUPPL 3	DEVELOPMENT SUPPL 3	TOTAL SUPPL 3	%
1	County Assembly Services	692,950,829	13,784,193	706,735,022	9%
2	Public Service & Administration	319,835,530	25,142,404	344,977,934	5%
3	Office of the Governor & Deputy governor	116,001,145	-	116,001,145	2%
4	County Public Service Board	50,681,633	-	50,681,633	1%
5	Finance & Economic Planning	243,022,544	215,282,486	458,305,029	6%
6	Health Services	2,096,301,851	436,508,897	2,532,810,748	33%
7	Agriculture, Livestock Development & Fisheries	155,847,174	414,026,952	569,874,126	7%
8	Education, Youth Affairs, Culture & Social Services	307,959,612	191,817,058	499,776,670	7%
9	Public Works, Roads & Transport	87,073,646	1,316,887,084	1,403,960,731	18%
10	Trade, Industrialization, Tourism, Wildlife & Cooperative Development	59,868,603	23,964,621	83,833,225	1%
11	Water, Energy, Natural Resources & Environment	125,134,316	411,408,061	536,542,377	7%
12	Land, Housing & Physical Planning	94,330,682	161,287,992	255,618,674	3%
13	Information, Communication & E-Government	43,280,429	20,432,683	63,713,112	1%
	TOTAL EXPENDITURE	4,392,287,993	3,230,542,431	7,622,830,425	100%

Table 2: Shows the expected sources of budget financing in the FY 2020/21

FINANCIAL YEAR 2020/21	SUPPLEMENTARY 3
Revenue Description	
1.CRA Equitable share	5,380,500,000
2.Local Collections	279,528,650
3.Facility Improvement Fund	374,530,220
4.CONDITIONAL GRANTS	-
4A. Routine Maintenance Fuel Levy	273,409,756
4B. User fee Reimbursement	18,048,789
4C. Development of Youth polytechnics fund	22,866,170
5. DONOR FUNDS	-
5A. DANIDA FUND	17,062,500
5B. Agricultural Sector development support Fund(ASDSP II)	52,557,771
5C. Transformative health system (world bank)	82,748,619
5D. Kenya Devolution Support Project (world bank)	132,491,953
5E. Climate Smart Agriculture Project (world bank)	284,297,280
5F. Kenya Urban Support Program UDG (SIDA)	103,228,166
5F. Kenya Urban Support Program UIG (SIDA)	-
5H. Other Donor Funds -Covid-19 Allowances	36,180,000
UNSPENT FUND	565,380,551
Gross Total	7,622,830,425

2.2 FISCAL PERFORMANCE

2.2.1 Revenue

During the FY 2020/21, the County received Kshs.5.38 billion as equitable share of revenue raised nationally, Kshs.313.9 million as total conditional grants, Kshs 733.5 million as donor funds and had a cash balance of Kshs.565.38 million from FY 2018/19. The County also raised Kshs.595.9 million from own source revenue.

In overall, own source revenues for 2020/21 FY increased by 7.34 per cent compared to the previous year excluding the NHIF rebates paid directly to the various hospitals. However this falls short of the target revenue collections by 27.6 per cent during the same period. The revenue shortfalls for the FY 2020/2021 was largely due to the COVID-19 pandemic and the measures undertaken by the government to prevent the spread, which led to closure of markets and business premises which are the main sources of OSR for the county. Actual OSR income including the NHIF rebates was Kshs. 595.9 million which was below the projected Kshs. 823.1 million.

Table 3: Analysis of Exchequer Releases per Quarter

	KShs
Total Exchequer Releases for quarter 1	462,723,000
Total Exchequer Releases for quarter 2	1,775,565,000
Total Exchequer Releases for quarter 3	887,782,500
Total Exchequer Releases for quarter 4	2,717,152,500
Total	5,843,223,000

Table 4: Analysis Own Source Revenue by Streams

Revenue Stream	1ST Q	2ND Q	3RD Q	4TH Q	TOTAL
Advertisement, Branding and Billboard Fees	1,003,975	725,075	3,512,600	1,916,533	7,158,183
Agriculture Livestock, Veterinary Payments and Machinery Services.	783,144	455,370	460,950	702,875	2,402,339
Alcoholic Drink License Fees	~	~	~	~	~
Application/Registration Fees	303,900	140,400	882,600	784,050	2,110,950
Audit Fees	14,000	6,000	7,000	10,700	37,700
Boda Boda Payments	800,420	743,180	700,860	627,880	2,872,340
Building Plan Approvals Fees	1,283,684	1,940,857	2,601,830	701,395	6,527,766
Bus Park Fees	2,753,470	5,689,930	5,730,320	4,927,120	19,100,840
Business Permits Late Payment Penalties, Current Year	1,580	20,828	1,500	489,299	513,207

Car Park Fees	2,606,900	2,614,800	2,597,300	3,604,500	11,423,500
Cemetery Fees	2,500	7,000	2,400	4,400	16,300
Clamping, Fines and Impounding Fees	77,790	67,900	52,800	79,600	278,090
Coffee Fees	471,932	-	-	281,069	753,001
Education Payment Fees	-	-	-	-	-
Fire License Fees	385,700	211,400	2,524,400	1,169,000	4,290,500
Forest Cess/Seedling Sale Yard	99,700	94,600	167,000	125,950	487,250
Hire Of Social Hall/Park & Stadium Fees	-	-	204,000	11,500	215,500
Hospital Payments	15,954,927	53,926,045	4,804,970	88,013,528	162,699,470
House Rent Fees	1,474,500	2,402,400	2,272,440	1,440,800	7,590,140
Inspection Fees	390,200	102,400	1,161,200	955,200	2,609,000
Kabianga Tea Farm Payments	-	-	-	-	-
Land and Property Rates Fees	2,471,532	2,310,720	57,267,800	8,176,108	70,226,160
Land Cultivation Fees	-	-	370,375	12,000	382,375
Market Fees	4,955,460	5,751,880	5,286,065	5,414,765	21,408,170
Murram, Ballast , Sand & Scrap Metal Cess Fees	467,400	179,500	147,400	209,000	1,003,300
Nema Fees, Drilling Services	35,000	90,000	45,000	270,000	440,000
Plot Rent	417,775	334,175	736,870	434,949	1,923,769
Produce Cess	1,992,707	1,211,760	644,936	1,463,289	5,312,692
Public Health Payments	1,810,903	381,800	994,800	931,000	4,118,503
Quarry Stone Cess	715,700	667,400	782,300	653,600	2,819,000
Refuse Fees	944,700	231,300	3,696,200	2,393,200	7,265,400
Reserved Parking Fees	-	379,600	1,527,400	62,400	1,969,400
Signage's Fees	312,500	440,250	3,202,000	996,100	4,950,850
Single Business Permit	7,987,800	3,335,800	32,055,200	20,229,200	63,608,000
Slaughter House Operation Fees	333,300	372,980	373,360	366,160	1,445,800
Stockyard Sales Fees	440,680	557,380	512,720	382,140	1,892,920
Survey Fees	276,400	175,000	130,000	110,000	691,400
Tea Transport Cess fees	200	-	60,000	-	60,200
Weights and Measures Fees	603,870	935,250	675,800	150,710	2,365,630
TOTAL REVENUE STREAMS	52,174,249	86,502,980	136,192,397	148,100,020	422,969,645

FACILITY	FIF (CASH)	NHIF	TOTAL
KCRH	86,177,515.00	111,718,204.00	197,895,719.00
Kapkatet	48,356,059.00	26,698,230.00	75,054,289.00
Londiani	10,933,894.00	15,669,070.00	26,602,964.00
Sigowet	10,937,040.00	9,398,744.00	20,335,784.00
Roret	2,635,498.00	2,709,300.00	5,344,798.00
Fort Tenan	2,737,815.00	4,025,000.00	6,762,815.00
Kipkelion	921,649.00	2,788,460.00	3,710,109.00
Total	162,699,470.00	173,007,008.00	335,706,478.00

Table 5: Analysis of Receipt from Conditional Grants

CONDITIONAL GRANTS	
Routine Maintenance Fuel Levy	273,409,755
User fee Reimbursement	18,048,789
Development of Youth polytechnics fund	22,444,894
Total Conditional Grants	313,903,438

Table 6: Analysis of Donor Funds Receipts.

DONOR FUNDS	
DANIDA FUND	15,300,000
Agricultural Sector development support Fund(ASDSP)	12,277,792
Transformative health system (world bank)	94,200,416
Kenya Devolution Support Project (world bank)	177,491,953
Climate Smart Agriculture Project (world bank)	258,693,136
Kenya Urban Support Program UDG (WORLD BANK)	139,378,504
Other Donor Funds -Covid-19 Allowances	36,180,000
	733,521,801

2.2.2 Expenditure performance

Total expenditure amounted to Kshs. 6.140 billion comprising of Kshs 4.28 and Kshs 1.861 billion for recurrent and development expenditure respectively compared to previous year 2019/20 with a total of Kshs 6.65 Billion

Table 7: FY 2020/2021 Total Expenditure Analysis

Expense Category	Final Approved Budget	Total Expenditure	Variance (Kshs)	Absorption Rate (%)
Recurrent	4,392,287,993	4,279,427,546	112,860,447	97%
Development	3,230,542,431	1,861,393,588	1,369,148,843	58%
TOTAL	7,622,830,425	6,140,821,134	1,482,009,291	81%

Source: county treasury

Global Expenditure analysis

Overall, the absorption rate for consolidated expenditure was 80% which was equivalent to Kshs. 6,129,067,636 against allocation of Kshs. 7,622,821,134. The Office of the Governor had the highest absorption rate of 98% while Agriculture, Livestock Development and Fisheries had the least absorption rate of 36%. Delays in exchequer releases and long procurement procedures affected the development absorption rates thus affecting the global absorption.

Table 8: Expenditure Analysis by County Entity

Departments	ESTIMATE	ACTUALS	Variance	%
County Assembly Services	706,735,022	689,024,093	17,710,929	96
Public Service & Administration	344,977,934	327,436,316	17,541,618	95
Office of the Governor & Deputy governor	116,001,145	113,817,836	2,183,309	98
County Public Service Board	50,681,633	46,553,895	4,127,738	92

Finance & Economic Planning	458,305,029	319,160,103	139,144,926	70
Health Services	2,532,810,748	2,287,933,739	244,877,009	90
Agriculture, Livestock Development & Fisheries	569,874,126	206,379,814	363,494,312	36
Education, Youth, Children, Culture & Social Services	499,776,670	405,714,029	94,062,641	81
Public Works, Roads & Transport	1,403,960,731	1,050,499,877	353,460,854	75
Trade, Industrialization, Tourism, Wildlife & Cooperative Development	83,833,225	77,341,161	6,492,064	92
Water, Energy, Natural Resources & Environment	536,542,377	438,895,619	97,646,758	82
Land ,Housing & Physical Planning	255,618,674	115,290,789	140,327,885	45
Information, Communication & E-Government	63,713,112	62,250,365	1,462,747	98
TOTAL EXPENDITURE	7,622,830,425	6,140,821,134	1,482,532,789	80

Recurrent Expenditure Analysis

The aggregate budget absorption of recurrent budget stands at 97 % of which KShs. 4,279,427,546 was spend against a recurrent budget of KShs. 4,392,287,993. The recurrent transfer to county assembly wholly done. Further, the Public Service Management and Department of Trade, Industrialization, Tourism, Wildlife & Cooperative Development had the highest absorption at 100% while Education department had the least absorption at 79%.

Table 9: Recurrent expenditure analysis

RECURRENT SUMMARY 2020/2021				
Departments	ESTIMATE	ACTUALS	Variance	%
County Assembly Services	692,950,829	677,794,093	15,156,736	98%
Public Service Management	319,835,530	318,741,201.30	1,094,329	100%
Office of the Governor & Deputy governor	116,001,145	113,817,835.85	2,183,309	98%
County Public Service Board	50,681,633	46,553,895.00	4,127,738	92%
Finance & Economic Planning	243,022,544	240,757,741.65	2,264,802	99%
Health Services	2,096,301,85	2,083,998,469.5	12,303,381	99%
Agriculture, Livestock Development & Fisheries	155,847,174	155,038,962.15	808,212	99%
Education, Youth, Children, Culture & Social Services	307,959,612	242,660,835.65	65,298,776	79%
Public Works, Roads & Transport	87,073,646	85,922,368.45	1,151,278	99%
Trade, Industrialization, Tourism, Wildlife & Cooperative Development	59,868,603	59,702,366.85	166,236	100%
Water, Energy, Natural Resources & Environment	125,134,316	124,508,424.90	625,891	99%
Land, Housing & Physical Planning	94,330,682	86,966,611.80	7,364,070	92%
Information, Communication & E-Government	43,280,429	42,964,739.65	315,689	99%
TOTAL EXPENDITURE	4,392,287,993	4,279,427,546	112,860,447	97%

Development Expenditure Analysis

In the period under review, the development vote was absorbed to the tune of KShs. 1,861,393,374 against a budget of KShs. 3,230,542,431 representing 57.6

percent. The department of roads had the highest expenditure at KShs. 964,557,509 against a budget of KShs. 1,316,887,84 this represent 73.2% absorption, while the highest absorption rate was recorded from the department of Information, Communication & E-Government at 94.4 per cent. Department of Land, Housing & Physical Planning had the least absorption having spent KShs. 28,324,177 against a budget of 161,287,992 representing 17.6 %.

Table 10: Development Expenditure Analysis

DEVELOPMENT SUMMARY 2020/2021				
Departments	ESTIMATE	ACTUALS	Variance	%
County Assembly Services	13,784,193	11,230,000	2,554,193	81.5
Public Service Management	25,142,404	8,695,114	16,447,290	34.6
Office of the Governor & Deputy governor	-	-	-	-
County Public Service Board	-	-	-	-
Finance & Economic Planning	215,282,486	78,402,362	136,880,124	36.4
Health Services	436,508,897	203,935,270	232,573,627	46.7
Agriculture, Livestock Development & Fisheries	414,026,952	51,340,851	362,686,101	12.4
Education, Youth, Children, Culture & Social Services	191,817,058	163,576,478	28,240,580	85.3
Public Works, Roads & Transport	1,316,887,084	964,577,509	352,309,575	73.2
Trade, Industrialization, Tourism, Wildlife & Cooperative Development	23,964,621	17,638,794	6,325,827	73.6
Water, Energy, Natural Resources & Environment	411,408,061	314,387,194	97,020,867	76.4
Land, Housing & Physical Planning	161,287,992	28,324,177	132,963,815	17.6
Information, Communication & E-Government	20,432,683	19,285,625	1,147,058	94.4
TOTAL EXPENDITURE	3,230,542,431	1,861,393,374	1,369,149,057	57.6

3.0 IMPLEMENTATION OF FY 2021/2022 BUDGET

3.1 RECENT ECONOMIC DEVELOPMENTS

The FY 2021/22 Budget is framed against a background of projected global economic recovery from the slowdown experienced in 2020. The projected recovery is supported by the ongoing vaccinations, additional fiscal support and monetary easing.

The global economy is projected to grow by 6.0 percent in 2021, from a contraction of 3.3 percent in 2020 whereas economic growth in the Sub-Saharan Africa region is projected to expand by 3.4 percent in 2021 from a contraction of 1.9 percent in 2020. Kenya's economic growth is expected to rebound to 6.6 percent in 2021. The outlook in 2021 will be reinforced by the prevailing stable macroeconomic environment and the ongoing implementation of the strategic priorities of the Government under the "Big Four" Agenda and the Economic Recovery Strategy.

Implementation of the FY 2021/22 Budget will therefore focus on the "Big Four" Agenda and the Economic Recovery Strategy which remains a high priority and critical to economic recovery. The Government will fast track implementation of programs and projects under the "Big Four" Agenda to enhance food and nutrition security; achieve universal healthcare; provide affordable housing; and support growth of manufacturing sector for job creation. This will aim at repositioning the economy on an inclusive and sustainable growth trajectory.

3.2 Medium Term Fiscal Framework

The county government will continue to pursue fiscal responsibility to ensure prudence and transparency in the management of public resources as per the Public Finance Management Act section 107.

Fiscal policy will continue to support County development economic activities while providing platform for the implementation of the CIDP within a context of sustainable public financing.

On the expenditure side, the CG will continue with rationalization of expenditure to improve efficiency and reduce wastage. Expenditure management will be strengthened with implementation of the Integrated Financial Management Information System (IFMIS) across Departments.

The county will continue reorienting expenditure towards those priority programmes as identified in public consultative forums. The critical programmes to be implemented are expected to accelerate economic activities and socio-economic development.

3.3 Risks to the Outlook

Various risks impact on the county economic performance. These may include adverse changes in macro- economic factors such as increase in inflation and interest rates, low growth in investments and failure of the National Government to meet its revenue targets.

At the county government level risks arise out of uncertainty both from internal and external factors. Managing such risks by recognizing and preparing for possible eventualities is an integral part of planning.

The main challenges that continue to be experienced relate to unrealized projected local revenue collection, bloated wage bill and huge pending bills some of which are statutory deductions that accrue huge interests.

The county revenue projections are subject to a number of general risks that can affect collections. These include resistance that may arise from County Finance Bill, tax evasion and avoidance, weak revenue administrative structures and significant fluctuations in major revenue sources due to changes in the economic environment. These challenges may result in a significant deviation from revenue projections and consequently lead to huge unfunded budget deficits.

4.0 RESOURCE ALLOCATION FRAMEWORK FOR FY 2022/2023 FINANCIAL YEAR

4.1. 2022/2023 Budget framework

Following the emergence of COVID-19 as a global pandemic and a near collapse of most economies, the global economy will be experiencing an exceptionally strong but uneven recovery. While a rebound is expected in most economies, full recovery is not assured due to possible future COVID-19 waves, delays in vaccination programmes, increasing debt levels and rising inflationary pressures.

The medium-term budget for 2022/23 — 2024/25 will therefore be prepared against the background of strong but uneven economic recovery. The emergence of new COVID-19 variants could lead to reinstatement of containment measures thereby disrupting economic activities. Further, we expect 2022 being an election year, heightened political activities especially in the fourth quarter of 2021 which are likely to erode investor confidence and affect projected growth. The Government will however continue to monitor these developments and take appropriate measures to safeguard the economy and livelihoods.

The global economy is projected to grow by 6.0 percent in 2021, from a contraction of 3.3 percent in 2020. The economic growth in Sub-Saharan Africa region is projected to expand by 3.4 percent in 2021 from a contraction of 1.9 percent in 2020. Kenya's economic growth is expected to rebound to 6.6 percent in 2021 from an estimated growth of 0.6% in 2020. The outlook for 2021 will be

reinforced by the prevailing stable macroeconomic environment and the on-going implementation of the Medium-Term Plan III of Vision 2030, the "Big Four" Agenda and key projects to support Post COVID-Economic Recovery Strategy (PC-ERS).

The preparation of the 2022/23 — 2024/25 Medium-Term Budget will focus on the theme "building back better" through targeted implementation of economic recovery programmes. Following the success of the initial PC-ERS, the Government is now set to implement a full scale recovery strategy that aims to reposition the economy on an inclusive and sustainable path. The PC-ERS will in the medium-term be gradually mainstreamed into the regular programmes of the Government to ensure continuous implementation of programmes aimed at safeguarding livelihoods and job creation.

4.1.1 Medium Term Fiscal Projections

Going forward, and in view of the limited resources, MTEF budgeting will entail adjusting non-priority expenditures to cater for the priority sectors. In the Meantime, the resource allocation will be based on the Annual Development Plan and the Fiscal Strategy Paper.

The priority social sectors will continue to receive adequate resources in the budget and are required to utilize the allocated resources more efficiently to generate fiscal space to accommodate other strategic interventions in their sectors

The county will continue reorienting expenditure towards those priority programmes outlined in County's Integrated Development Plan 2018-2022 and as identified in public consultative forums. The strategy will thus implement the priority programmes/ projects as entailed in the draft CIDP 2018-2022. The

critical programmes to be implemented are expected to stimulate the County's socio-economic development. The key priority areas are;

- Increased accessibility to water and food security
- Investing in accessible and quality health services
- Streamlined waste management services
- Provision of Quality Education, Youth & Sports development
- Improved Land and Housing Services
- Investing in infrastructure development

Table 11: Income Projection under MTEF 2022-2023

FINANCIAL YEAR 2022/23	Baseline year	Projected Revenue			% Ratio
SOURCES OF REVENUE	2021/22	2022/23	2023/24	2024/25	2022/23
Revenue Description					
1.CRA Equitable share	6,430,664,924	7,073,731,416	7,781,104,558	7,504,521,660	85.33%
2.Local Collections	309,592,000	340,551,200	374,606,320	361,290,768	4.11%
3.Facility Improvement Fund	184,462,000	202,908,200	223,199,020	215,265,309	2.45%
4.CONDITIONAL GRANTS					
4A. Routine Maintenance Fuel Levy	162,252,169	178,477,386	196,325,124	189,346,659	2.15%
4B. User fee Reimbursement	18,048,789	19,853,668	21,839,035	21,062,756	0.24%
4C. Development of Youth polytechnics fund	22,866,170	25,152,787	27,668,066	26,684,592	0.30%
5. DONOR FUNDS					
5A. DANIDA FUND	11,921,250	13,113,375	14,424,713	13,911,980	0.16%
5B. Agricultural Sector development support Fund(ASDSPII)	26,276,994	28,904,693	31,795,163	30,664,989	0.35%
5C. Transformative health system (world bank)	75,948,635	83,543,499	91,897,848	88,631,298	1.01%
5D. Kenya Devolution Support Project (world bank)	102,491,953	-	-	-	0.00%
5E. Climate Smart Agriculture Project (world bank)	294,500,000	323,950,000	356,345,000	343,678,555	3.91%
5F. Kenya Urban Support Program UDG (SIDA)	-	-	-	-	0.00%
5F. Kenya Urban Support Program UIG (SIDA)	-	-	-	-	0.00%
5H. Other Donor Funds - COVID -19 funds	-	-	-	-	0.00%
UNSPENT FUND	1,217,913,597	-	-	-	0.00%
Total	8,856,938,481	8,290,186,224	8,538,891,811	8,795,058,565	100.00%

Expenditure Forecasts

The expenditure comprises recurrent and development votes. The County Treasury will endeavor to maintain fiscal responsibility principle of 70:30 in 2021/2022 for recurrent and development expenditures as required by section 107 of the Public Finance Management Act, 2012.

Table 12: Consolidated Expenditure Forecast

CONSOLIDATED SUMMARY						
Line Ministries/Departments		TOTAL EXPENDITURE				%
		2021/22	2022/23	2023/24	2024/25	22-23
1	County Assembly Services	729,711,732	767,130,872	790,144,798	813,849,142	9%
2	Public Service & Administration	425,094,603	423,945,290	436,663,649	449,763,559	5%
3	Office of the Governor & Deputy governor	119,141,040	137,141,040	141,255,271	145,492,929	2%
4	County Public Service Board	57,386,254	97,386,254	100,307,841	103,317,077	1%
5	Finance & Economic Planning	523,595,428	458,985,112	472,754,666	486,937,306	6%
6	Health Services	2,672,144,276	3,065,044,801	3,156,996,145	3,251,706,029	37%
7	Agriculture, Livestock Development & Fisheries	637,640,209	643,914,220	663,231,647	683,128,596	8%
8	Education, Youth, Culture & Social Services	686,582,275	783,066,341	806,558,331	830,755,081	9%
9	Public Works, Roads & Transport	1,395,064,846	795,130,765	818,984,688	843,554,229	10%
10	Trade, Industrialization, Tourism, Wildlife & Cooperative Development	142,061,322	162,101,280	166,964,319	171,973,248	2%
11	Water, Energy, Natural Resources & Environment	546,507,294	280,906,031	289,333,212	298,013,209	3%
12	Land, Housing & Physical Planning	226,371,258	531,880,215	547,836,621	564,271,720	6%
13	Information, Communication & E-Government	101,918,733	119,554,003	123,140,623	126,834,842	1%
	Kericho Municipal Board	12,000,000	12,000,000	12,360,000	12,730,800	0%
	Litein municipal Board	12,000,000	12,000,000	12,360,000	12,730,800	0%
	STRATEGIC INTERVENTION	569,719,212	-	-	-	0%
	TOTAL EXPENDITURE	8,856,938,481	8,290,186,224	8,538,891,811	8,795,058,565	100%

5.0. CONCLUSION AND WAYFORWARD

The CBROP 2021 is being prepared against the backdrop of a slowdown in the growth of the global economy. The Pandemic and the attendant containment measures has led to contraction of the global economy disrupting businesses including international trade and leading to loss of livelihoods for millions of people globally. Kenya has not been spared. The Pandemic and the containment measures have not only disrupted our ways of lives and livelihoods, but to a greater extent business.

To cushion citizens and businesses from the adverse effects of Covid-19 Pandemic and stimulate economic recovery, the National Government has indicated that it will continue to implement measures in the context of the Economic Stimulus Programme and the Post Covid-19 Economic Recovery Strategy. As a County government we are ready to comply with these policies and guideline once they are rolled down to us.

Fiscal discipline will be important in ensuring proper management of funds and delivery of expected output. Effective and efficient utilization of funds by the various departments will be crucial in ensuring the county delivers her functions. Plans and programme are strictly adhered to achieve the objectives of the County government.