

REPUBLIC OF KENYA



BARINGO COUNTY GOVERNMENT

COUNTY BUDGET REVIEW AND OUTLOOK PAPER 2019/2020

CBROP 2020

30TH SEPTEMBER 2020

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The Baringo County Treasury
AFC Building
P. O. Box 53-30400
KABARNET, KENYA.

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CBROP 2020

Foreword

The County Budget Review Outlook Paper (CBROP) 2019/2020 financial year was prepared in accordance with section 118 of the Public Finance Management Act, 2012. It reviews the fiscal performance of the fiscal year by making comparisons to the budget allocations for the period under the review.

Therefore, CBROP analyzes the performance of both revenue and expenditure in the budget for 2019/2020 Financial year. The report also analyses total revenue collected over projected revenue for the same year as well as revenue streams. The underpins some possible causes of under-performance or over-performance as well as analysis of performance of departmental expenditures for the period under review.

It is also expected that CBROP will help in improving the link between policy, planning and budgeting, transparency and accountability in the use of public resources. This is vital in the preparation of annual budgets, management of public resources, and prioritization of resources to key sectors. Thus, this will help in addressing weaknesses in implementation of spending priorities consistent with government policies of achieving high and sustained economic growth and poverty reduction.

This outlook paper also provides an overview of how the actual performance of the FY 2019/2020 affected the financial objectives as detailed in the CFSP and will form a basis for projecting the 2021/2022 budget based on the recent economic development. It is projected that, the revenue and expenditure for 2020/21 will be achieved with strict expenditure controls and enhanced revenue collection measures. This will be achieved through fiscal discipline in ensuring proper management of public resources and opening up of new as well as maintaining of existing sources of revenue.

The 2020 CBROP shall spell out broad fiscal parameters for the 2021/2022 budget and the medium term that is consistent with county's strategies. Subsequently, the County Fiscal Strategy Paper (CFSP) for 2021 will provide an update of available resources and set firm departmental ceilings and expenditure priorities.

The CBROP will be made available to the public including members of County Assembly to facilitate understanding of the fiscal situation and proposed county government strategies in line with the objective of improving public transparency and accountability.

Hon. Dr. Richard Rotich
County Executive Committee Member
Finance and Economic Planning

Acknowledgements

The development of the County Budget Review and Outlook Paper has been made possible through the participation of many individual officers. Special thanks go to the Executive Committee Members under the leadership of His Excellency the Governor Stanley K. Kiptis and Deputy Governor H.E Jacob Chepkwony for their steadfast leadership, guidance and support during the entire process of writing the paper. Special gratitude goes to the Executive Committee Member for Finance and Economic Planning Hon. Richard Rotich (PhD) for his invaluable input and leadership in preparation of this document.

Finance and economic Planning unit would like to appreciate the Chief Officers from various departments and the following officers from accounting unit; Mr. Gikono Kiptoo, Mr. David Rerimoi, Mr. Francis Karimi, Mr. Alvin Lopakale and Mr. Nicholas Kiprotich for generously availing data that was used in the report.

Also, individual appreciation goes to the core team from the Budget and Economic Planning section under the leadership of the Chief Officer Mr. William Kurere who co-ordinated the entire process and helped piece up the document. These officers include the head of budget Mr. Jacob Kendagor, Mr. Michael Ngetich, Mr. Solomon Kimuna, Mr. Richard Tumeyo and Roxana Kandie.

Finally, we are grateful to everyone not individually mention here particularly staff from various departments whose input, efforts and personal dedication led to timely submission of this document.

Finally, we hope the implementation of the interventions provided herein will be useful while preparing 2021/22 budget as well as implementation of 2020/21 budget.

William Kurere
Chief Officer Economic Planning

Acronyms and Abbreviations

| | |
|--------|-----------------------------------------|
| CADP | County Annual Development Plan |
| CBROP | County Budget Review and Outlook Paper |
| CFSP | County Fiscal Strategy Paper |
| CIDP | County Integrated Development Plan |
| DANIDA | Danish International Development Agency |
| FSI | Financial Services |
| FY | Financial Year |
| GDP | Gross Domestic Product |
| HSSF | Health Sector Services Fund |
| KNBS | Kenya National Bureau of Statistics |
| M&E | Monitoring and Evaluation |
| MTEF | Medium Term Expenditure Framework |
| SWGs | Sector Working Group |

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Legal Framework for County Budget Review and Outlook Paper

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

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

(1) A County Treasury shall:

(a) Prepare a County Budget Review and Outlook Paper in respect of the county for each financial year; and

(b) Submit the paper to the County Executive Committee by the 30th September of that year.

(2) In preparing its county Budget Review and Outlook Paper, the County Treasury shall specify (a) the details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;

(b) the updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper;

(3) The County Executive Committee shall consider the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, within fourteen days after its submission. (4) Not later than seven days after the County Budget Review and Outlook Paper is approved by the County Executive Committee, the County Treasury shall—

(a) arrange for the Paper to be laid before the County Assembly; and

(b) as soon as practicable after having done so, publish and publicize the Paper.

Executive Summary

The County Budget Review Outlook Paper (CBROP) is prepared in accordance with section 118 of the Public Finance Management Act, 2012. It reviews the actual fiscal performance of the financial year 2019/2020 and makes comparisons to the budget allocations in the same year. It presents the Budget performance for FY 2019/2020 and how the budget adhered to the fiscal responsibility principles and financial objectives as set out in the PFM Act, 2012. The updated fiscal forecasts therein also provide the basis to revise the FY 2020/2021 budget in the context of supplementary estimates.

The approved budget for 2019/20 financial year was Kes. 8.385 billion. This was composed of Kes 5,095,650,000 equitable share, Kes 393,416,291 from local revenue, Kes 1,422,538,152 of ongoing projects from previous 2018/2019 FY and Kes 1,473,740,964 conditional grants for financing both development and recurrent activities.

In the financial year under review, locally collected revenue amounted to Kes 301.656 Million which was off target by Kes 91 Million.

The total exchequer releases as at 30th June, 2019 was Kes 6.558 billion. The total expenditure for the period under review was Kes 6.375 representing an overall absorption rate of 76 percent of the revised budget of Kes 8.385 billion.

The FY 2019/20 budget adhered to the fiscal responsibility principles as set out in the PFM Act, 2012, by allocating 30 percent of the budget to development and 70 percent recurrent.

Moving forward, implementation of 2020/21 F/Y budget and formulation subsequent budgets in the medium term will be premised on the lessons drawn from the performance of the period under review. The issue of under-performance in revenue collection due to effects of COVID-19 pandemic, low absorption and increasing wage bill should be addressed. The prudent management of resources and continued timely release of funds by the national government, peaceful co-existence in the county and favorable weather conditions is expected during the period to realize the set objectives.

The own source revenue collected in the FY 2019/20 was Kes 301.656 million and the projections for MTEF will be Kes 346.088 million in FY 2020/21, Kes 363.393 million in FY 2021/22 and Kes 399.732 million in FY 2022/23.

Overall expenditure is projected at Kes. 6.306 billion in 2020/21 F/Y. Recurrent expenditures will amount to Kes. 4.397 Billion while development expenditure is projected at Kes. 1.909 billion. This overall expenditure is expected to increase once roll over funds are re-appropriated in the first supplementary budget of FY 2020/2021

The risks to the medium-term framework include: persistence of the Covid-19 global pandemic, pressures on expenditures especially recurrent related to new salary demands, political situations in the country and climate change: floods and droughts. The County Allocation of Revenue Act, 2020 also affected County allocations which affected capital investments for 2020/2021 budget and in the medium term. To confront these risks, the

County will closely monitor the developments and undertake appropriate measures to safeguard its economic stability should these risks materialize.

Introduction

I. Objective of the 2020 County Budget Review and Outlook Paper

The 2020 Budget Review and Outlook Paper, has been prepared in accordance with the Public Finance Management (PFM) Act, 2012 and its Regulations. The document provides actual fiscal performance for the FY 2019/2020, fiscal projections and the sector ceilings for the FY 2021/22 Medium Term Budget. The document also provides an overview of how the actual performance of the FY 2019/20 affected compliance with the fiscal responsibility principles and the financial objectives spelt out in the PFM Act as well as information showing changes from the projections outlined in the 2020 Budget Policy Statement.

Fiscal outcome for the FY 2019/20 indicates that the cumulative local revenue collection was Kes 301.66 Million. This revenue was Kes 91 Million below the target of Kes 393.41 Million. Total expenditures by end of the financial year was Kes 6.375 billion against the target of Kes 8.385 billion, translating into lower absorptions recorded in development expenditures.

The fiscal performance for the FY 2019/20 was broadly fair though with challenges emanating from both revenue shortfalls and expenditure pressures especially on wages and emoluments. The County Government development expenditure was 49 per cent, an improvement of 17 percent as compared to the previous FY.

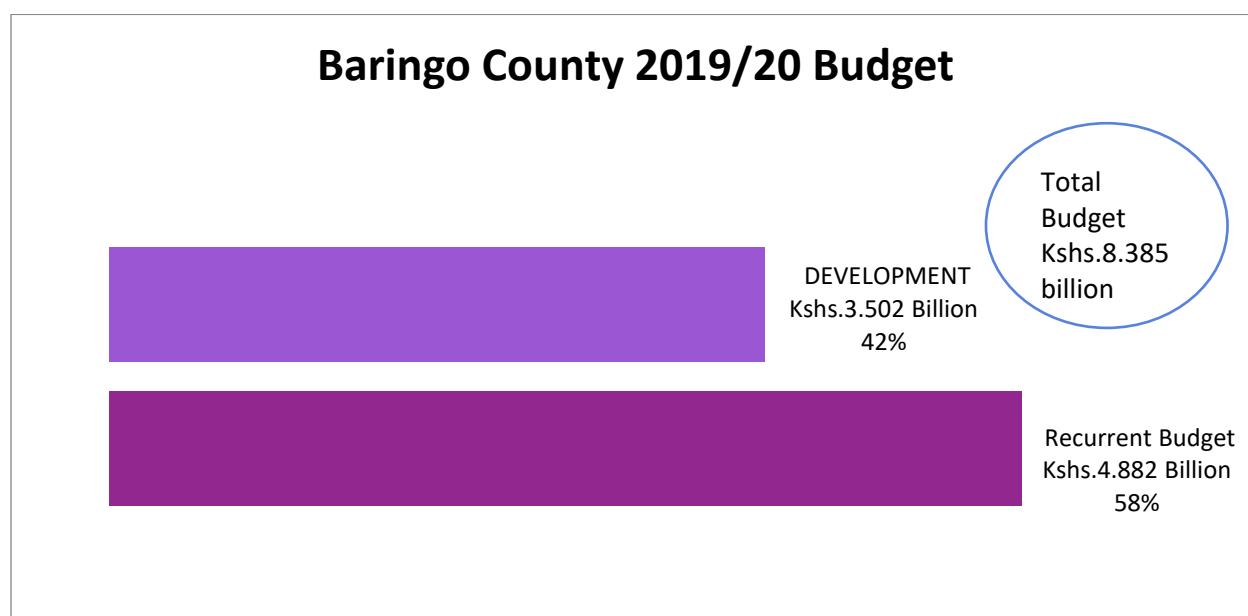
The Fiscal outcome for the FY 2020/2021 is projected to slightly improve supported by continued improvement in agriculture sector focusing on investing on new revenue avenues in the county economy and budget rationalization.

The risks to this outlook include revised revenue formula by the national government, unmet target on local revenues, wages and emoluments pressures and weather-related shocks. Should these risks persist, County's growth forecast could be constrained. However, the County Government will monitor these risks and respond appropriately to mitigate any negative impact on growth.

Fiscal Performance for the year 2019/2020

Key Highlights

During 2019/2020 FY total budget estimates was Kes 8,385,345,407. This was composed of Kes 5,095,650,000 equitable share, Kes 393,416,291 from local revenue, Kes1,422,538,152 from cash transfer of ongoing projects from previous 2018/2019 FY and Kes 1,473,740,964 conditional grants for financing both development and recurrent activities. Out of the total budget estimates, recurrent budget was estimated at Kes 4,882,372,857 composed of Kes 3,284,081,865 and Kes 1,598,290,992 for employee compensation and operations and maintenance respectively while development budget was estimated at Kes 3,502,972,550 as shown in table below.



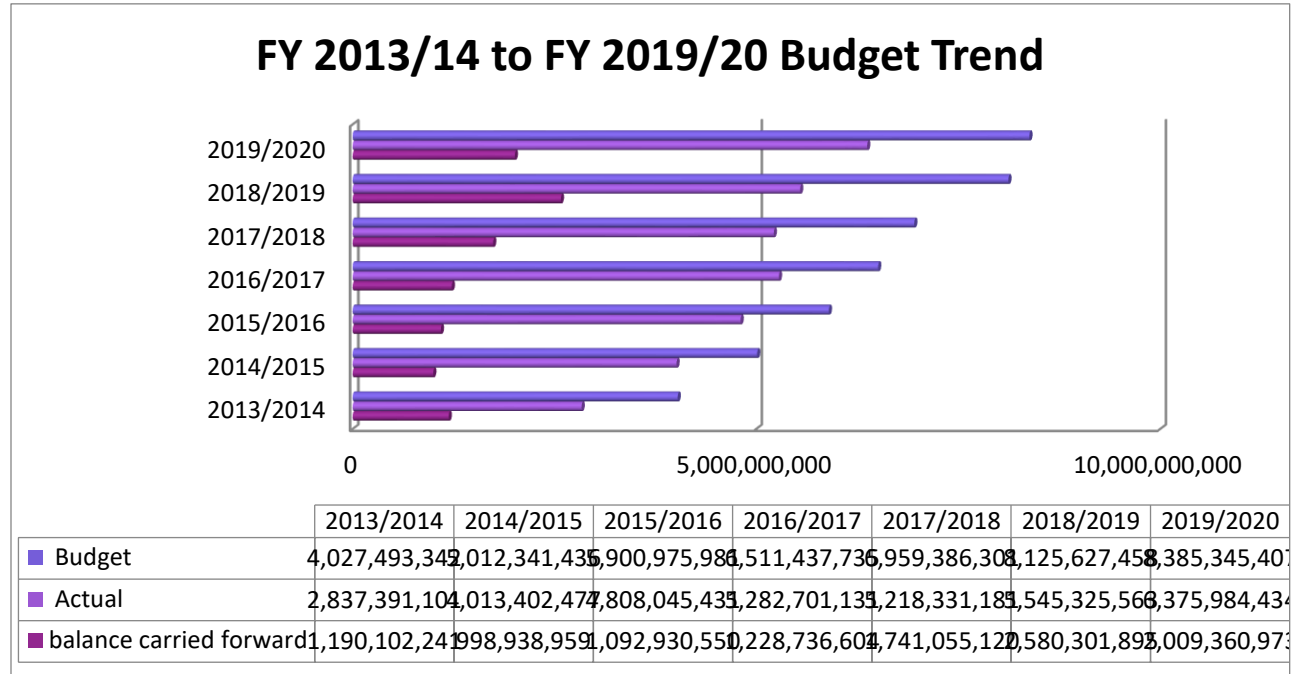
Budget Trends

Over the last seven years the County Budget has steadily moved upwards from Kes 4.027 Billion in FY 2013/14 to Kes 8.385 Billion in FY 2019/20. The county budget trend has been on upward trajectory since 2013/14 financial year. In the base year 2013/2014, the budget was Kes.4.027Billion against the actual expenditure of Kes 2.83 Billion. This was followed by Kes 5.012 Billion budget in FY 2014/2015, with actuals expenditure ending at Kes 4.013 Billion. This budget was shifted upward due to a rollover of funds of Kes 784.16 Million. The following year 2015/16, the budget was further pushed upwards to Kes 5.900 Billion with a rollover of Kes 886.34 and end actual expenditure being Kes 4.808.

Further in FY 2016/17, County budget was Kes 6.511 Billion mainly caused by a rollover fund of Kes 943.50 Million and the total expenditure for the year was Kes 5. 282 Billion. During the FY 2017/18 the approved budget was Kes. 6.959 Billion, with Kes 943.38 Million as rollover

and a further upward trend to Kes 8.125 Billion with a roll over fund of Kes 1.622 Billion in FY 2018/19.

The unspent funds accruing from ongoing projects have kept on ballooning making planning and budgeting have an overlapping effect on budget implementation.



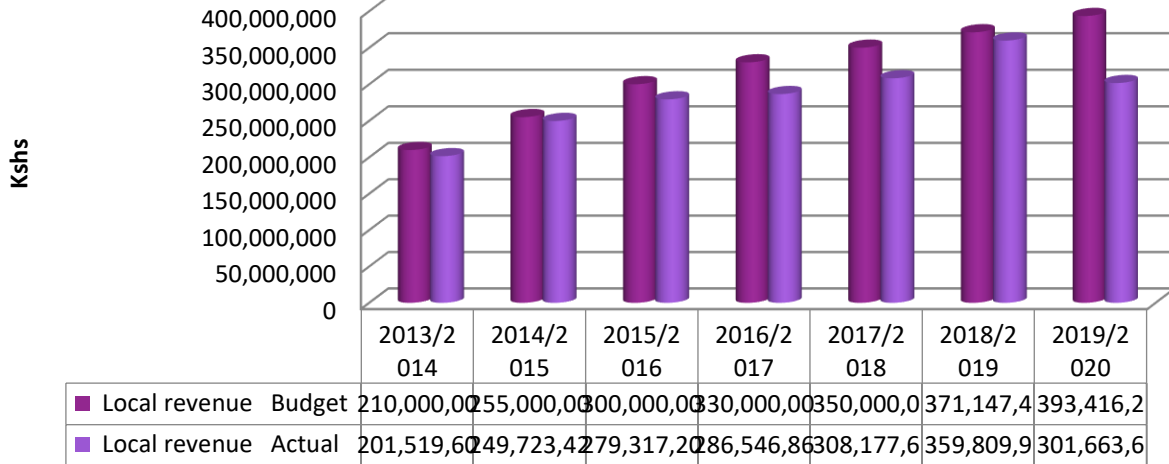
Revenue Analysis

The county's revenue consists of Local revenues, Equitable share that include grants and donor funds. Local revenues have been rising significantly but it has never matched the growing pressure of the recurrent expenditure on the budget. Equally there has been lower than the target revenue collection resulting to a deficit in the budget.

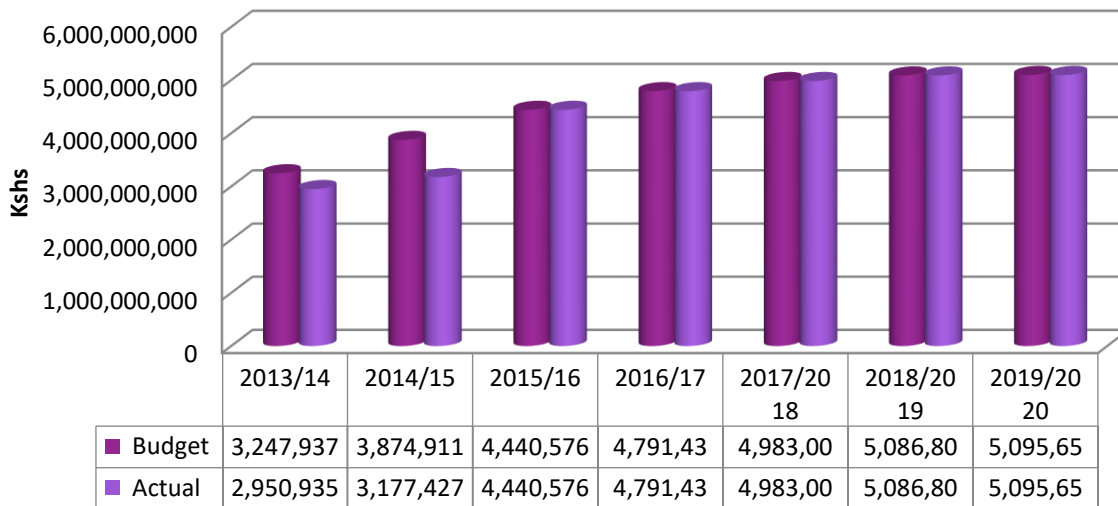
Equitable share has equally increased in the last seven years though with the change of formula by the Commission on Revenue Commission, increment has been dismal in the last four years.

| | | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 | 2017/2018 | 2018/2019 | 2019/2020 |
|-----------------|--------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Local revenue | Actual | 201,519,603 | 249,723,429 | 279,317,203 | 281,559,665 | 308,177,630 | 359,321,520 | 301,663,645 |
| | Budget | 210,000,000 | 255,000,000 | 300,000,000 | 330,000,000 | 350,000,000 | 371,147,446 | 393,416,291 |
| Equitable Share | Actual | 2,950,935,465 | 3,177,427,690 | 4,440,576,026 | 4,791,438,190 | 4,983,000,000 | 5,086,800,000 | 5,095,650,000 |
| | Budget | 3,247,937,841 | 3,874,911,817 | 4,440,576,026 | 4,791,438,190 | 4,983,000,000 | 5,086,800,000 | 5,095,650,000 |
| Dev. Exp | Actual | 366,484,041 | 1,115,663,103 | 1,310,357,631 | 1,494,729,734 | 991,121,664 | 1,151,217,629 | 1,775,206,914 |
| | Budget | 1,193,708,731 | 2,051,774,651 | 2,360,893,835 | 2,609,715,320 | 2,713,700,251 | 3,596,545,770 | 3,502,972,551 |
| Rec. Exp | Actual | 2,444,463,308 | 2,897,739,398 | 3,497,687,800 | 3,787,971,397 | 4,227,209,517 | 4,394,107,934 | 4,600,777,520 |
| | Budget | 2,740,110,737 | 2,960,575,785 | 3,540,082,146 | 3,901,722,415 | 4,245,686,050 | 4,529,081,688 | 4,882,372,857 |
| Total Budget | Actual | 2,837,391,101 | 4,013,402,477 | 4,808,045,431 | 5,282,701,131 | 5,218,331,181 | 5,545,325,563 | 6,375,984,434 |
| | Budget | 4,027,493,342 | 5,012,341,436 | 5,900,975,981 | 6,511,437,735 | 6,959,386,301 | 8,125,627,458 | 8,385,345,407 |

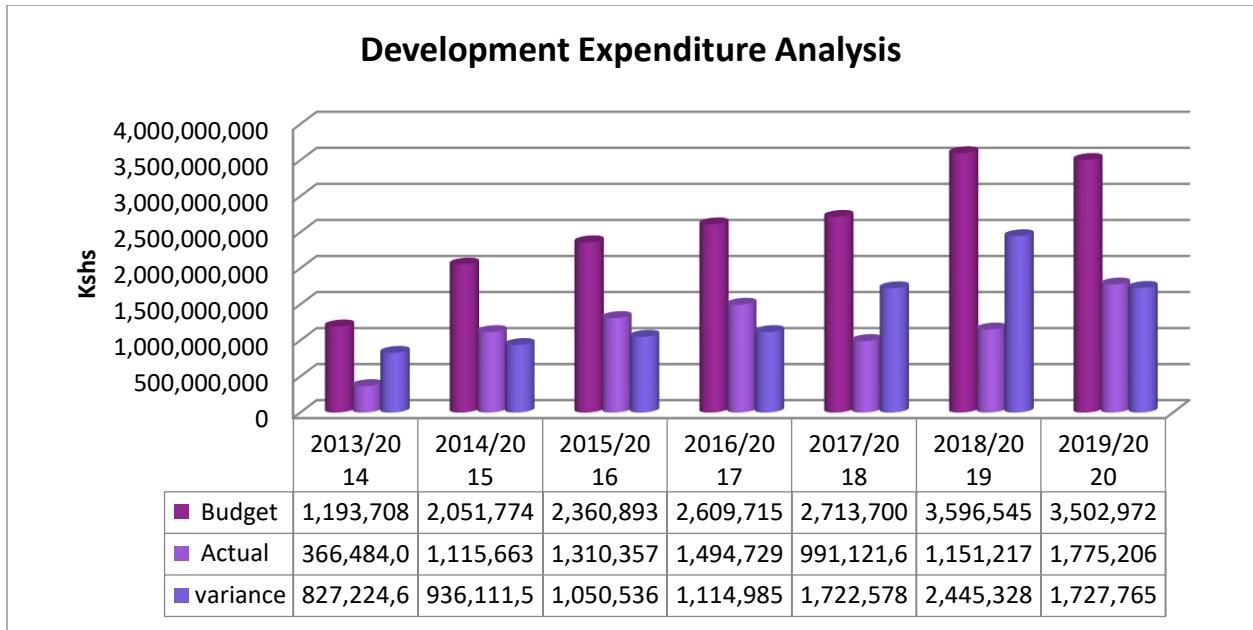
Analysis of local Revenue



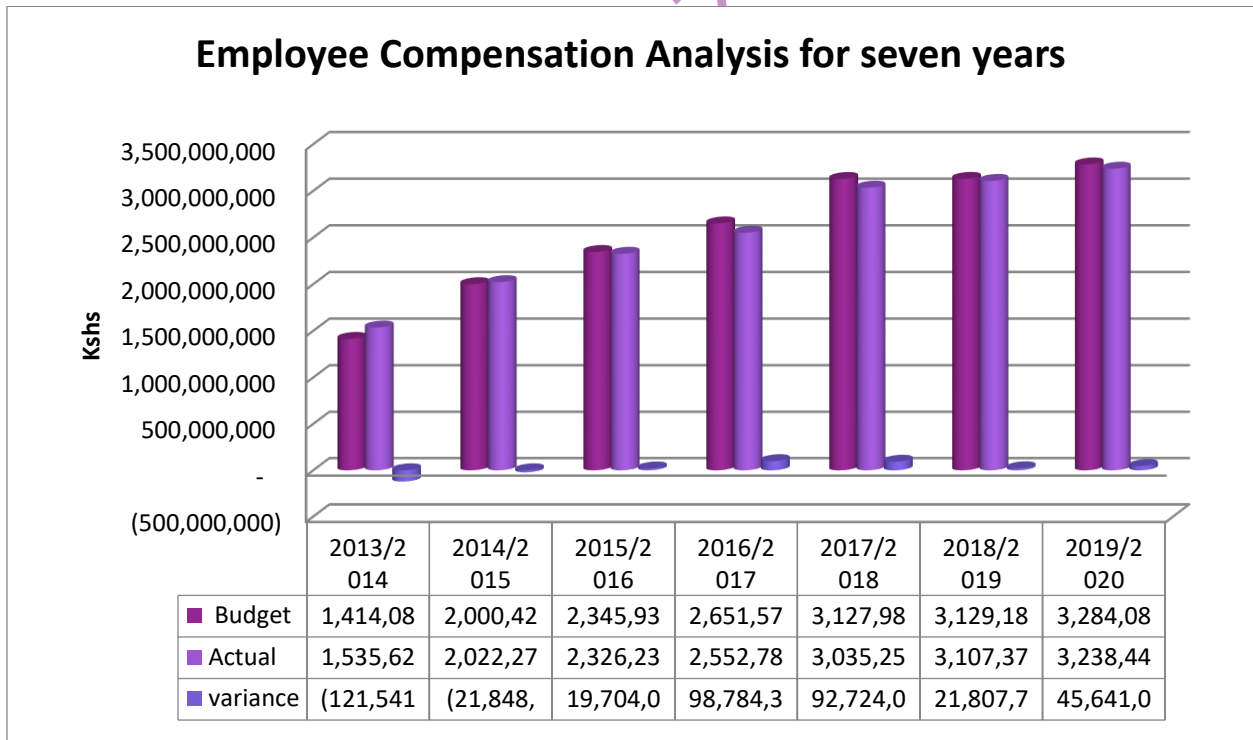
Analysis of Equitable share



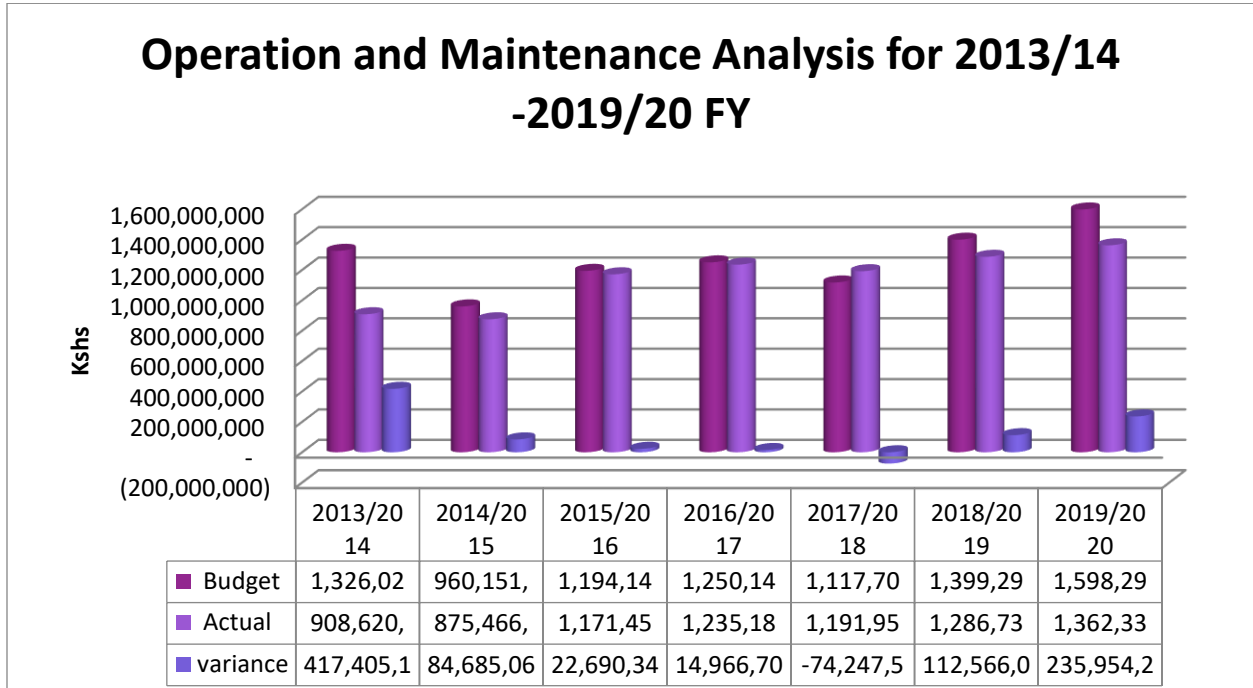
Expenditure Analysis



Employee Compensation



Operation and Maintenance



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REVIEW OF FISCAL PERFORMANCE FOR FY 2019/20

Overview

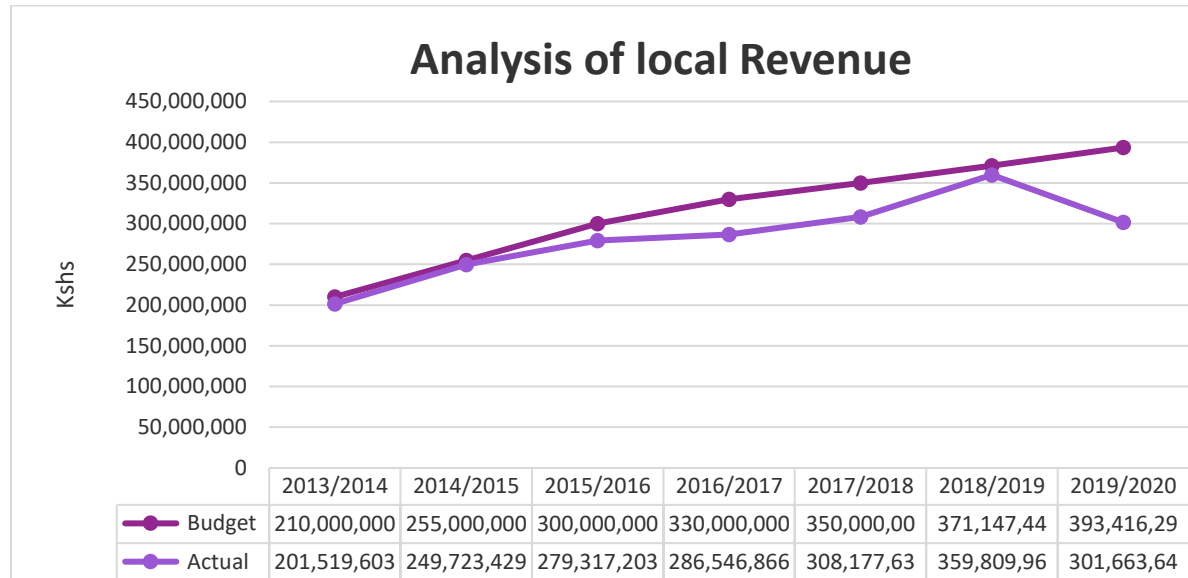
1. During the period under review, county's revised budget estimates was Kes 8.385 billion. The revised estimates consisted of Kes 4.882 Billion for recurrent and Kes 3.502 billion for development.
2. Revised expected Revenues comprised of: Equitable share of Kes 5.095 Billion; Local Revenue Kes 393.416 Million; Roll- over Projects Kes 1.422 Billion; Compensation to use foregone Kes 26,382,000; Roads Maintenance Fuel levy Kes 289.601 Million; KDSP Grant Kes 73.729 Million; Rehabilitation of Youth Polytechnics Kes 60.478 Million; EU grant for Devolution Advisory Kes 99.872 Million; DANIDA Grant Kes 27.707 Million; IDA World Bank (KUSP) Kes 85.261 Million; IDA World Bank (KCSAP) Kes 170.307 Million; KDSP Grant Phase II Kes 290.129 Million; ASDPS (Agricultural sector Development) Kes 25.129 Million; KUSP Kes 50 Million and Kes 84.341 Million Transfers From National Govt –Covid-19 Fund.
3. Out of the total received revenues, the larger share came from equitable share amounting to Kes 5.095 billion, Project Roll Over funds of Khs 1.422 billion down by Kes 199.5 million in the previous fiscal year. Other funds was from; Agricultural Sector Support Program Funds; Compensation of user fees forgone; DANIDA Funds; Kenya Urban Support Program; KUCP Funds; Roads maintenance fuel levy and World Bank funds for Transforming Health Services.
It is also noted that, at the time of closure of books of accounts, total County Revenue Fund Account had 1,349,713,011.70; County revenue account Kes 1,173,190,530.30; Development account Kes 2,399,189.30; World bank funds Kes 98,929,710.60; Danida Special Purpose Kes 10,935,169.35 Roads Maintenance Fuel Levy (RMLF) Kes 56,435,258.35 million; and Kenya Urban Support Programme Recurrent Account Kes 4,400,000.
The actual exchequer releases for the fiscal year was Kes 5,519,759,147.30 billion comprising of Kes 5.095, Road maintenance Fuel levy of Kes 144,643,406.00 million, donor funds of Kes 416,027,996.30 million and Kes 301,663,645.00 million from County own revenue.
4. Over the review period, actual expenditure amounted to Kes 6.375 billion against Kes 5.545 billion during the same period of FY 2018/19. The increase in expenditure was as a result of increase of staff emoluments and increase in development expenditure. Of the total expenditure, Kes 4.600 billion was spent on recurrent, comprising of Personnel Emoluments of Kes 3.258 billion, Operations & Maintenance of Kes 1.362 billion and Kes 1.775 million on development representing overall absorption of 76 percent.

Performance of Revenue

5. Revised revenue projection for the county was Kes 8.681 billion comprising of Kes 5.095 billion equitable share, Kes 2.896 billion from grants, Kes 1.422 billion rollover and own revenue of Kes 393.416 million. However, the actual revenue received was Kes 5.6 billion.
6. Locally collected revenue was Kes 301.664 million against a target of Kes 393.416 million during budget, an decrease of Kes 58 Million from the previous fiscal year Kes 359.321. As compared to the previous years, there has been gradual increase in own revenue from Kes 201.519 million, Kes 249.723 million and Kes 279.317 in FY 2013/14, FY 2014/15 FY ,FY 2015/16 , Kes 286.54 million for 2016/2017 , Kes 308.177 million in FY 2017/2018 and Kes 359.321 million in FY 2018/2019 respectively. This improvement is attributed to adoption of policies geared towards revenue enhancement measures including automation of revenue system, strong internal control systems as well as setting up of good business working environment for trade through construction and upgrading of markets and sale yards, street lighting and cabro works in major towns among others.
7. The revenue trajectory curve drop in last financial year, whereby we achieved actual revenue of Kes. 301.663. This is mainly because of declaration of COVID-19 pandemic that led to closure of all markets, inflow of tourist, cessation of movement that affected transport sector, payment calendar for single business permits and land rates, rising water levels in all Lakes within Baringo especially Lake Bogoria that lead to submergence of the main gate, administration block and the road network within the lake. The other factors that contributed to the drop of revenues are; change of staff hospital insurance cover, the recent healthy workers strike, the decision to convert mogotio sub county hospital to be an isolation centre for covid patients and waivers due to COVID-19.
8. Table below shows County Own Revenue Trends ; The total revenue reported in the FY 2019/2020 was Kes 301.663 million against a target of Kes 393.416 million.
9. Out of the targeted revenues, there is shortfall of Kes 91.8 million from local revenue. This shortfall will impact on project implementation of 2019/2020 plans and this should inform supplementary budget for 2020/2021 for consideration.
10. The shortage in local revenue collection during the 2019/2020 fiscal year was attributed by a number of factors including: declaration of COVID-19 pandemic that led to closure of all markets, inflow of tourist, cessation of movement that affected transport sector, payment calendar for single business permits and land rates, rising water levels in all Lakes within Baringo, shortage of revenue enforcement officers which has compromised compliance and payment of revenue; Weak legal system, that is the County has weak legal system to assist in prosecution of the law offenders and improve compliance in both revenue and other County Regulations; Inadequate financial allocation for opening up of quarry and sand cess roads; Lack of synergy from all departments towards revenue collection. Our Finance act categorizes clearly all the charges that should be charged at

all levels per department. The department puts less effort towards embracement and implementation of revenue charges; Extreme weather Conditions, this lead to droughts and dead of animals therefore affecting auction markets;

Table1: Revenue Trends



| No | Sources | 2013 /2014 | 2014 /2015 | 2015 /2016 | 2016/2017 | | 2017/2018 | | 2018/2019 | | 2019/2020 | | 2020/2021 |
|----|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | | Actuals | Actuals | Actuals | Approved Budget | Actuals | Approved Budget | Actuals | Approved Budget | Actuals | Approved Budget | Actuals | Approved Budget |
| 1 | Game Park Fees | 69,456,838 | 54,429,063 | 44,298,390 | 67,820,432 | 62,320,050 | 74,356,033 | 71,917,050 | 89,181,762 | 84,704,490 | 94,532,668 | 57,843,830 | 52,291,077 |
| 2 | Animal Stock Sale Fees | 7,497,705 | 9,928,000 | 15,258,665 | 20,110,246 | 11,812,060 | 15,253,617 | 11,822,380 | 17,086,175 | 9,182,420 | 18,111,345 | 10,295,020 | 9,101,843 |
| 3 | Produce & Other Cess | 18,374,372 | 32,385,244 | 48,506,214 | 48,016,320 | 36,985,511 | 38,561,801 | 40,838,378 | 30,890,710 | 29,829,710 | 32,744,152 | 29,456,773 | 28,565,018 |
| 4 | Single Business Permit | 31,737,095 | 35,722,947 | 38,098,248 | 40,086,128 | 32,366,030 | 37,977,208 | 33,035,321 | 38,340,204 | 40,807,990 | 40,640,616 | 23,854,632 | 32,377,729 |
| 5 | Plot Rent/Rates | 15,127,880 | 17,317,051 | 16,744,873 | 21,780,288 | 12,916,819 | 29,203,758 | 11,096,369 | 20,941,013 | 14,326,886 | 22,197,473 | 10,806,845 | 17,176,532 |
| 6 | Market Fees & Others | 29,184,504 | 30,303,827 | 37,215,442 | 40,225,197 | 35,942,724 | 40,647,583 | 37,002,770 | 39,303,964 | 38,156,702 | 41,662,202 | 31,795,774 | 36,222,426 |
| 7 | Koibatek ATC | - | 7,404,056 | 2,893,400 | 3,996,043 | 2,282,212 | 2,700,000 | 1,784,760 | 5,041,641 | 1,273,249 | 5,344,139 | 920,454 | 4,188,017 |
| 8 | Marigat AMS | - | 4,159,189 | 3,930,042 | 7,197,410 | 934,745 | 2,400,000 | 287,582 | 3,873,505 | 544,036 | 4,105,915 | 698,000 | 9,534,326 |
| 9 | Public Health | 570,900 | 1,136,942 | 2,157,105 | 3,388,924 | 4,080,680 | 6,000,000 | 4,046,030 | 5,492,791 | 3,270,276 | 5,822,358 | 2,376,210 | 1,169,549 |
| 10 | Veterinary | 266,320 | 1,200,000 | 1,158,190 | 1,285,835 | 11,601,340 | 18,300,000 | 23,290,990 | 28,721,726 | 17,989,295 | 30,445,029 | 6,052,430 | 1,102,042 |
| 11 | Hospital Revenue | 29,303,991 | 55,737,110 | 69,475,982 | 76,093,177 | 75,304,695 | 84,600,000 | 73,056,001 | 92,273,955 | 119,724,914 | 97,810,392 | 127,563,677 | 154,360,162 |
| | TOTAL | 201,519,605 | 249,723,429 | 279,317,203 | 330,000,000 | 286,546,866 | 350,000,000 | 308,177,631 | 371,147,445 | 359,809,968 | 393,416,291 | 301,663,645 | 346,088,720 |

Expenditure performance per Sector

County Expenditures composed of the recurrent and development. Overall absorption rate was 76 percent

| Expenditure by Economic Classification For the Financial Year | | | | | | |
|---------------------------------------------------------------|-----------------------------------------------|----------------------|--------------------------|----------------------|-------------------------|----------------------|
| VOTE | DEPARTMENT | Personnel Emoluments | Operations & Maintenance | Total Recurrent | Development Expenditure | Total Expenditure |
| 1 | County Assembly | 359,535,346 | 311,557,123 | 671,092,469 | 33,583,585 | 704,676,054 |
| 2 | Governor/County Executive Services | 183,949,175 | 203,101,481 | 387,050,655 | 28,186,372 | 415,237,027 |
| 5 | Tiaty Sub County | 15,512,246 | 3,370,931 | 18,883,177 | - | 18,883,177 |
| 6 | Baringo North Sub County | 14,411,112 | 3,890,069 | 18,301,181 | - | 18,301,181 |
| 7 | Baringo Central Sub County | 12,315,009 | 2,365,668 | 14,680,677 | - | 14,680,677 |
| 8 | Baringo South Sub County | 15,974,161 | 4,028,623 | 20,002,783 | - | 20,002,783 |
| 9 | Mogotio Sub County | 12,687,207 | 4,087,312 | 16,774,519 | - | 16,774,519 |
| 10 | Eldama Ravine Sub County | 14,104,159 | 3,305,861 | 17,410,020 | - | 17,410,020 |
| 12 | County Treasury Services | 163,959,117 | 225,459,752 | 389,418,869 | 19,388,931 | 408,807,800 |
| 13 | Transport and Infrastructure | 50,756,033 | 16,585,646 | 67,341,679 | 608,557,685 | 675,899,364 |
| 14 | Industrialization, Commerce and Cooperative | 68,415,269 | 11,770,102 | 80,185,372 | 15,204,739 | 95,390,111 |
| 15 | Education and ICT | 255,555,274 | 40,801,324 | 296,356,598 | 67,636,158 | 363,992,757 |
| 16 | Health | 1,681,376,468 | 377,294,239 | 2,058,670,707 | 208,417,348 | 2,267,088,055 |
| 17 | Lands, Housing & Urban Development | 42,873,027 | 58,297,296 | 101,170,323 | 62,809,413 | 163,979,736 |
| 20 | Agriculture, Livestock, Fisheries & Marketing | 225,749,625 | 20,464,141 | 246,213,766 | 291,911,462 | 538,125,228 |
| 21 | Youth, Gender & Social Services | 21,577,356 | 18,097,413 | 39,674,769 | 37,983,395 | 77,658,164 |
| 22 | Water and Irrigation | 72,789,710 | 47,142,066 | 119,931,776 | 385,542,999 | 505,474,774 |
| 23 | Environment & Natural Resources | 26,900,519 | 10,717,660 | 37,618,180 | 15,984,827 | 53,603,007 |
| | GRAND TOTAL | 3,238,440,813 | 1,362,336,707 | 4,600,777,520 | 1,775,206,914 | 6,375,984,434 |

Summary of Other Key Achievement in the 2019/2020 FY

(1) Department of Health

Key Achievements

- i) Service delivery: procurement of two ambulances for Sibilo dispensary under transforming health systems for universal care funds and Baringo referral hospital under World Bank funds and triggered 154 villages and achieved 154 Open defecation free (ODF) villages, trained 154 CHVs and trained 15 public health officers on CLTS
- ii) Health care financing: Utilization of Grants led to improvement in service delivery and regular governance structures at lower level facilities
- iii) Medical products, vaccines and technologies: Consistent supply of essential medicines was achieved during the year.

- iv) Human resource for health: development of HRH strategic plan and the implementation of the Attraction and retention strategic plan. 213 interns drawn from various cadres were recruited and deployed to bridge HRH gaps.
- v) Health information systems: Data quality audit was greatly improved in an integrated manner for various programs.
- vi) Leadership, management and governance: employment of 3 directors and posting 1 human resource officer to the department of health the department
- vii) Service delivery at community level expanded from 56 to 69 during the financial year.
- viii) Health care financing: Received funds from the government amounting to 1,918,678,471; Grants from development partners amounting to Kes. 23,252,236 for Transforming Health Systems for Universal Health coverage and Kes 2,100,000 to lower facilities for Danida funds; Households, in the form of user fees Kes.13, 191,000; and Health insurance amounting to Kes. 80,074,047.
- ix) Medical products, vaccines and technologies: Drugs and non-pharmaceutical products were procured and delivered timely throughout the financial year. About Kes. 180,000,000 was spent on drugs and supplies.
- x) Human resource for health: Promotion of 87 ESP nurses for 2010, employ 3 directors that are medical service, Planning and administration and preventative and promotive, employed 213 Interns in various disciplines were recruited and deployed.
- xi) Health information systems: Implementation of Electronic Health Medical System (EHMS) to 18 rural health facilities and 4 hospitals by assessment and report writing in preparation for implementation.
- xii) Leadership, management and governance: All lower level facilities had nomination of health facility committees. All Hospitals had functional hospital management teams, and sub-counties had health management teams that were functional. All Hospital management boards were trained. Mogotio Sub County Hospital was gazetted and its maternity services started.
- xiii) Partnership for development: there were quarterly stakeholder's forum meetings, in which development and implementing partners offer technical synergies to the sector. New implementing partners came on board, including CMLAP-2, Intrahealth, and PSK and PACE

(2) Department of Devolution, Public Service Management, ICT and E-Government

The department managed to deliver the following during the 2019/2020 FY

- (i) The department successfully developed beneficiary selection criteria and selected the households to benefit from COVID 19 Pandemic county food caution.
- (ii) Processing of attachment/internship programs for 388 students.
- (iii) Carrying out payroll cleaning analysis

- (iv) Effectively managed to mobilise resources to respond to the longest drought period in the county.
- (v) Written MOU with World Food programme (WFP) on humanitarian emergency preparedness and response
- (vi) Publication and distribution of quarterly Baringo Today Magazine now in 10th edition
- (vii) Processing of attachment/internship programs for 348 students.
- (viii) Establishment of the County Human Resource Advisory Committee to handle all HR matters.
- (ix) Carrying out Staff Audits (Head Counts).
- (x) Development of the County Attachment/Internship Policy and Training Policy in collaboration with the County Public Service Board.
- (xi) Formation and training of Complaints Handling Committee.
- (xii) Purchase of bulk filing cabinets for staff files.
- (xiii) Rolling out the internship program with 388 interns

(3) Department of Environment, Tourism & Mining

The department managed to deliver the following:

- (i) Continued partnership between RECONCILE and the County Government. RECONCILE has established a fund (*Community Rangeland Investment Fund-CRIF*) to support 4 conservancies (Paka, Kaborion, Erong and Koitegan).
- (ii) In partnership with FAO, Baringo County carried out a baseline survey intended to develop an integrated participatory management plan for L. Baringo, the exercise was carried out in all locations bordering Lake Baringo.
- (iii) Lake Bogoria National Reserve Management Plan 2019-2029 has been Adopted and approved by the cabinet waiting for gazettelement by relevant authorities
- (iv) Together with NETFUND and other NOREB counties, the Department developed a funding proposal to be presented to Green Climate Fund (GCF). Baringo to benefit if the Proposal shall be funded.
- (v) Successful benchmarking exercise by the county assembly committee members for the department to Taita Taveta on matters mining policies.
- (vi) Successful sensitization of the County Environment Committee on environmental issues and management in Baringo and the responsibilities of the committee.
- (vii) Memorandum of understanding for NRT supported conservancies signed between NRT and County Government of Baringo.
- (viii) Chuan Shang already carrying out diatomite prospecting in Kapturo
- (ix) Establishment of Community Development Agreement Committee (CDAC) for Kositei Diatomite
- (x) Concession letters for Kisume & Kisanana for diatomite prospecting and Sandai for Rubies done.

(4) Department of Agriculture, Livestock & Fisheries

Key achievements for the FY 2019/2020 include:

- (i) Affrutation project - A total of 80,000 seedlings (Bananas, mangoes, paw paws & avocados); total area increase under fruit production in the FY2017/2018 is 1,800 hectares from 800.
- (ii) Coffee improvement project - The area under coffee has increased from 896 Ha to over 1800 hectares, production per tree increased from an average of 3kg to 5kgs per year, the quality of the coffee has improved, through direct coffee sales, farmers exported to Korea 63.8 tons earning farmers Kes37.8M.
- (iii) Food security intervention - AMS in Marigat had very old operational farm tractors prior to devolution in 2013. The County Government has revamped AMS by; Purchasing bought 6 farm tractors, purchase of a ridge, harrow and trailer, tractors support in ploughing **3,609 acres** and harvesting **6,231 hay bales**. These tractors stabilized ploughing charges in the county to Kes2, 500 per acre. This had been exaggerated by private operators
- (iv) Food security intervention at ATC - A new dining hall has been constructed, hostel rooms have been renovated, borehole drilled and completed, a water tank construction is ongoing, fencing has been completed, training of the farm tractor drivers has been done, coffee and pasture plots have been planted, a modern **guest house** construction is underway.
- (v) Purchased 25 wooden canoes for fish harvesting from the newly stocked dams, Construction of a fish landing beach at Kiserian, Stocking of 20 more water dams with 100,000 tilapia fingerlings, Purchase of 3 motorbikes for fisheries extension purposes, Purchase of 60 fully mounted fishing nets for fish harvesting and Restocking lake Baringo with 79,000 tilapia fingerlings.
- (vi) Procured and distributed 40,000 -day old poultry chicks to farmers, Procured and distributed 250 beehives and accessories to farmers in the whole county, Procured and distributed 2347kgs of pasture seeds to farmers, Renovated 2 sale yards (Emining and Marigat), Purchased and distributed 16 in calf heifers to boost dairy production in Lembus ward and Secured counter funding for ASDSP 2 and EU IDEAS LED projects in department budgets.

(5) Department of Youth, Gender & Social Services

Key achievements for the FY 2019/2020 include:

- (i) Participation in cultural exchange program through music and cultural festivals hence promotion of national integration and cohesion
- (ii) Completion of Koloa social hall
- (iii) Advocacy work on documentation of ICH and heritage sites
- (iv) Organize and support Cultural activities
- (v) Organize and supports sporting activities
- (vi) Completion of Kapketen hostel training camp

- (i) Completion of Sirwa athletic camp Cottages, completion of moringwo playing field
- (ii) Completed construction of YEC Chemolingot, Kabarnet and Eldama Ravine.
- (iii) Disbursement of cash transfers of Kes 8.2M to the Elderly and PWD's (Grant and NHIF)
- (iv) Supported 16 days of Gender Activism which culminated into Launch of Gender Based Violence Recovery Center (GBVRC).

(6) Department of Water & Irrigation

- (i) Purchased 1 Drilling Rig
- (ii) Completed pipeline extension work for 49 water projects
- (iii) Drilled six (6) boreholes
- (iv) Equipped five (5) boreholes and installed one water pump
- (v) Constructed & fenced three (3) water pans
- (vi) Constructed nine (9) Masonry water tanks
- (vii) Three (3) Intake rehabilitation and fencing
- (viii) Carried out two (2) Bump testing
- (ix) Completed one (1) irrigation canal

(7) Department of Industrialization, Commerce, Enterprise & Co-op. Development

- (i) Trained 674 traders with the support of Equity Bank
- (ii) Disbursed SME Loans to the tune of Kes. 7.8 Million to 114 traders
- (iii) Purchased 480 Beehives for co-operative societies in the honey value chain
- (iv) Constructed two fresh produce markets at Kipsaraman & Barwessa
- (v) Reviewed two regulations for the SME Fund & the Co-operative Development Fund
- (vi) Participated in (2) trade fair shows
- (vii) Created and facilitated two (2) Business groups
- (viii) Supported 2 co-operative Societies, namely Arama and Langas through disbursement of Kes. 1 million each
- (ix) Registered 10 New co-operative Societies
- (x) Provided Advisory Services to 5 Co-operative Societies

(8) Department of Lands, Housing & Urban Development

- (i) Purchased one garbage truck
- (ii) Purchased one fire Engine
- (iii) purchased on double cab for revenue collection
- (iv) Established one GIS Lab

- (v) Acquired one exhauster
- (vi) Fenced one government property –Kabarnet Housing
- (vii) Constructed a total of 6 Km access road
- (viii) Constructed 2.5 Km of walk ways
- (ix) Constructed 0.5 Km of drainage system
- (x) Installed 1 floodlight
- (xi) Constructed 40 shoe shiner and market stalls
- (xii) Completed the preparation of one integrated urban development plan
- (xiii) Completed planning of seven new trading centres

(9) Department of Education

The department achieved the following in the 2019/2020 FY

- (i) Construction of 1 Male hostel and septic tank at Lelian Training College
- (ii) Construction of one workesop for Vocational Training Centre
- (iii) Construction of one hostel and septic tank for Vocational Training Centre
- (iv) Fencing of one Vocational Training Centre
- (v) Disbursed Kes. 30 million bursary to secondary schools students and Kes. 24 Million to college and University students

(10) Department of Finance & Economic Planning

During the FY 2019/2020, the department achieved the following:

- (i) Timely submission of quarterly reports to national treasury, controller of budget and county assembly.
- (ii) verification of asset register
- (iii) Budget and Planning processes
- (iv) Preparation and submission of budget estimates 2021/2022 FY
- (v) Participated in assessment of KDSP Grants and prepared project proposal for the previous grant

FISCAL RESPONSIBILITY PRINCIPLES IN THE PUBLIC FINANCE MANAGEMENT ACT

In line with the Constitution, the Public Finance Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudent and transparent management of public resources. The PFM law (Section 15) states that:

- 1) Over the medium term, a minimum of 30% of the County budget shall be allocated to development expenditure
- 2) The County government's expenditure on wages and benefits for public officers shall not exceed a percentage of the County government revenue as prescribed by the regulations.
- 3) Over the medium term, the County government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure
- 4) Public debt and obligations shall be maintained at a sustainable level as approved by county assembly/ County Government (CG).
- 5) Level of Debt--Not to exceed the level specified annually by resolution by county assembly.
- 6) Fiscal risks shall be managed prudently
- 7) A reasonable degree of predictability with respect to the level of rates and cess shall be maintained, taking into account any change in finance bill is made in the future

County Governments' Compliance with Fiscal Responsibility Principles

Allocation on Development Expenditure

In managing the County Government's finances, the Public Finance Management Act, 2012 Section 107(b) requires that over the medium term, a minimum of 30 percent of each County Government's budget shall be allocated to development expenditure. The county government complied with this legal requirement in their FY 2018/19 budget. The actual expenditure on development spending was 32 percent.

Allocation on Compensation of Employees

Regulation 25(1) (b) of the PFM (County Governments) Regulations, 2015, requires that the county government's expenditure on wages and benefits for its public officers should not exceed thirty-five (35) percent of the county government's total revenue. As per the review of FY 2018/2019 the County spent Kes.3.107 representing 38 percent of the total expenditure for that period. In this regard, the wage bill remains a major challenge being faced by the county governments hence the need for concerted effort to find viable solutions to keep the wage bill within the legal threshold of 35 percent.

NATIONAL RECENT ECONOMIC DEVELOPMENT AND OUTLOOK

Recent Developments

Real Sector Developments

The outbreak and spread of the Covid-19 Pandemic and the ensuing containment measures

have devastated global economies. As a result, the global economy is projected to contract by 4.9 percent in 2020 from a growth of 2.9 percent in 2019 with prospects across countries and regions remaining highly uncertain. Kenya has not been spared. The Pandemic and the containment measures slowed down economic activities in key sectors of the economy in the first quarter of 2020, resulting to a lower growth of 4.9 percent compared to a growth of 5.5 percent in a similar period in 2019. Overall, taking into account the available indicators for second quarter for 2020, the economy is projected to grow by 2.6 percent in the calendar year 2020 compared to the initial projection of 6.1 percent in the 2020 Budget Policy Statement. The economy is projected to rebound to 5.3 percent in 2021 and 5.9 percent over the medium term. In terms of fiscal years, the economy is projected to grow by 4.0 percent in the FY 2020/21 and 5.9 percent over the medium term.

The slowdown in the first quarter of 2020 was mainly due to the uncertainty surrounding the Covid-19 pandemic that was already slowing economic activity in most of the country's major trading partners. The contraction by 9.3 percent in the accommodation and food services sector exacerbated the decelerated growth in the first quarter of 2020. On the positive side, the economy was supported by strong agricultural activities that strengthened to 4.9 percent in the first quarter of 2020 from 4.7 percent over the same period in 2019. A resilient non-agriculture sector also supported growth, despite a slowdown to 5.2 percent from 5.9 percent over the period under review.

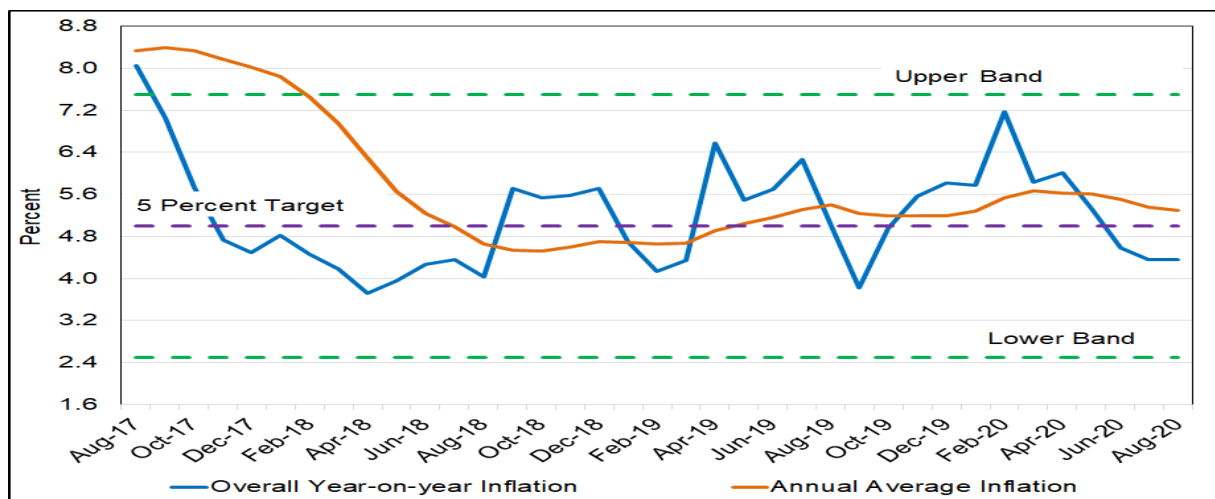
The agriculture sector grew by 4.9 percent in the first quarter of 2020 compared to a growth of 4.7 percent in the same period in 2019 supported by favorable weather conditions. Tea production and cane deliveries grew by 49.2 percent and 10.2 percent, respectively in the first quarter of 2020 relative to 2019. However, the production of coffee and formal milk intake declined by 11.8 percent and 1.2 percent over the same period (**Table 12**).

62. The first quarter of 2020 recorded strong growth in earnings from agricultural exports. Earning from the exports of fruits, cut flowers, coffee, tea and vegetables grew by 128.8 percent.

Inflation Rate

Year-on-year overall inflation has remained within the government target range since end 2017 demonstrating prudent monetary policies. The inflation rate was at 4.4 percent in August 2020, declining from 5.0 percent in August 2019. This decline reflected favorable weather conditions which resulted to declines in the prices of key food items such as cabbages, tomatoes, Irish potatoes, spinach and loose maize grain. Paraffin, petrol, diesel and 200KWh electricity prices also declined during the same period due to lower international oil prices.

Inflation Rate



Source of Data: Kenya National Bureau of Statistics

The contribution of core inflation to overall inflation has been low and stable reflecting the impact of the reduction of VAT and muted demand pressures in the economy on account of prudent monetary policies. The contribution of fuel inflation has also been low, a reflection stable energy prices despite the increase in the Petroleum development levy in July 2020. The major driver of overall inflation in the period under review has been food inflation

Kenya Shilling Exchange Rate

The foreign exchange market has experienced some volatility in 2020, largely due to uncertainties with regard to the impact of Covid-19 Pandemic and a significant strengthening of the US Dollar in the global markets. However, the Kenya Shilling remained competitive supported by a stable current account deficit. The Shilling depreciated against the US Dollar, Sterling pound and the Euro exchanging at an average of Kes 107.3, Kes 135.3 and Kes 122.5 in July 2020 from Kes 103.2, Kes 128.7 and Kes 115.8 in July 2019, respectively.

Interest Rates

Short-term interest rates remained fairly low and stable. The Central Bank Rate was retained at 7.0 percent on July 29, 2020 same as in April 2020 to signal lower lending rates in order to support credit access by borrowers especially the Small and Medium Enterprises distressed by Covid-19 pandemic. The interbank rate remained low and fairly stable at 2.5 percent in August 2020 from 3.6 percent in August 2019 in line with the easing of the monetary policy and adequate liquidity in the money market. The 91-day Treasury Bills rate declined to 6.2 percent in August 2020 compared to 6.4 percent in August 2019. Over the same period, the 182-day Treasury Bills rate declined to 6.6 percent from 7.1 percent while the 364-day decreased to 7.5 percent from 9.2 percent.

Medium Term Economic Outlook

On the domestic scene, prior to the outbreak of Covid-19 pandemic, Kenya's economy was strong and resilient despite the challenging global environment. The economy expanded by 4.9 percent in the first quarter of 2020 supported by the agricultural sector on account of favorable weather conditions.

Leading economic indicators for the second quarter point continued to be strong in agriculture, mainly due to favorable weather conditions and lifting of restrictions in the key export markets. However, the negative effects of covid-19 on the economy are projected to more than offset the gains in the agricultural sector leading to an overall projected growth, in calendar years, of 2.6 percent in 2020. On a positive note, economic growth is projected to recover to 5.3 percent in 2021 and 5.9 percent in the medium term. In terms of fiscal years, economic growth is projected to grow by 4.0 percent in FY 2020/21 and further to 5.9 percent over the medium term

This growth outlook for the calendar year 2020 and the FY 2020/21 and the medium term, will be supported by the stable macroeconomic environment, investments in the strategic areas under the "Big Four" agenda, the ongoing public investments in infrastructure projects, the Economic Stimulus Program being implemented and the planned Post Covid-19 Economic Recovery Strategy. These factors will push up consumer demand and increase both public and private sector investment reinforcing the projected growth. The economic growth projections over the medium term are aligned to those of the Third Medium Term Plan (2018-2022) which is implementing Vision 2030.

Risks to the Economic Outlook

- a) This macroeconomic outlook is not without risks from both external and domestic sources. Risks from the global economies relate to persistence of the Covid-19 pandemic and required lockdowns, voluntary social distancing and its effect on consumption, the ability of laid off workers securing employment in other sectors, rising operating cost to make work places more hygienic and safe, reconfiguration of disrupted global supply chains, extent of cross-border spill overs occasioned by weaker external demand and funding shortfalls.

On the domestic front, risks will emanate from weaker external demand, reduced tourist arrivals due the Covid-19 fears and restrictions and further restrictions of movement should they become necessary to control the surge in infections. In addition, the economy will continue to be exposed to risks arising from public expenditure pressures, particularly wage related recurrent expenditures and the erratic weather related shocks that could have negative impact on energy generation and agricultural output leading to higher inflation that could slow down growth.

The County will continue to be exposed to risks arising from public expenditure pressures, particularly effects of Covid-19 global pandemic, wage related recurrent expenditures and the erratic weather-related shocks that could impact on agricultural

output, until the mitigating measures of food security under “The Big Four” Plan are put in place.

- b) The County Government is continually monitoring these risks and taking appropriate monetary and fiscal policy measures to address resilience and address food security.
- c) The county has also put in place measures to address revenue shortfalls, by investing on revenues sources i.e. Investing on revenue roads, valuation roll, and ICT systems on revenue collection.

CBROP 2020

RESOURCE ALLOCATION FRAMEWORK

A. Adjustments to the FY 2019/20 Budget

The Medium-Term Fiscal Framework (MTFF) for the FY 2020/21 emphasizes on efficiency and effectiveness of public spending and improving revenue collection to ensure the budget is sustainable while at the same time supporting development and continued fiscal discipline.

The passing of division of revenue bill 2020 by the National Assembly maintained county allocation of equitable share at Kes 5.095 as was during the FY 2019/2020. This calls for tightening of spending and implementing austerity measures in travels, cut spending on newspapers, foreign travels, and restriction on use of government vehicles among others.

The underperformance in both revenue collection and expenditure in the FY 2019/20 has implications on the financial objectives outlined in the 2020 Budget Policy Statement and the 2020/2021 Budget. In particular, the baseline for projecting both the revenue and expenditures for the FY 2020/2021 and the medium term has changed given the outcome of FY 2019/20.

Revenue Projections for FY 2020/2021 have been revised downwards taking into account effects of the Covid-19 pandemic and amendments to the Finance Bill 2020 by the National Assembly.

Expenditure projections for FY 2020/2021 shall be revised to accommodate non-discretionary items in the budget and support with austerity measures and reduce expenditure in less productive areas of spending in the County Government.

B. Medium Term Fiscal Projections

The health facilities through Facility Improvement Fund revenues indicate an improvement in revenue generation. During the FY 2019/2020, total revenue collection was Kes 127.5million which was an improved as compared to the previous FY of 2018/2019 by Kes 7.8. The fund covers Kabarnet County Referral hospital, Eldama Ravine Hospital, Marigat Hospital, Kabartonjo Hospital, Chemolingot Hospital and Mogotio hospital.

Challenges

Challenges that affected revenue collection include:

- 1) Declaration of COVID-19 Pandemic that led to closure of markets and cessation of movement that affected transport sector especially the matatu industry.
- 2) The rising water levels in both Lakes within Baringo. Lake Bogoria main gate and administration block at Loboï was submerged.
- 3) In hospital, there was low revenue collection from staff hospital insurance cover, the recent health workers strike and the decision to convert Mogotio Sub-County hospital to be an isolation centre for COVID-19 victims also affected hospital revenues.
- 4) Transportation in Sub-Counties. The sharing of Sub-County Revenue vehicles has made other revenue points un-attended, compromise compliance and revenue mobilization in sub-counties.
- 5) Expiry of contracts for internship revenue clerks and enforcement officers also contributed to low revenue collection.

Measures Aimed at Strengthening Revenue Administration

To mobilize revenues and cushion against further revenue shortfalls, the County Government has put in place measures aimed at strengthening revenue administration and compliance. These, among others include:

- 1) The department to approve 100% waiver on all interest/penalties on land rates for a period of one month.
- 2) To support sub-county revenue officers in mobilizing, coordinating and collection of all collectable revenues. These will assist especially the current program of monitoring on farm produce products and livestock on transport.
- 3) Frequent revenue monitoring and evaluation. This is to provide continuous support and field visits on revenue monitoring and evaluation throughout. This will have an impact on this financial year and rolling over to next financial year.
- 4) Implementation valuations roll.
- 5) Establishment of a plot transfer committee.

C. FY 2021/22 Budget Framework

The FY 2020/21 budget framework builds up on raising of more revenue through investment on key revenue streams, in order to contain growth of recurrent expenditure. Other policy measures that the County Government has been implementing include adoption of the zero-based budgeting process, adoption of technology in revenue collection, review and reducing spending on the number of programmes and projects.

Revenue Projections: The County Revenue projection is always ballooned by rollover funds that are ploughed back every year because of slow rate of project implementation. In FY 2019/20, unspent funds were Kes 1.4 billion down from Kes 1.622 billion in the FY 2018/19. Going forward it is assumed that the departments will be able to put in place mechanisms to increase their absorption rate and offer value for money to the citizens.

Grants has been a key contributor to the County’s budget and it plays a key role in cushioning the budget against fiscal pressures ie recurrent expenditure- operations and maintenance and personnel emoluments.

In the FY 2019/20 the total grants received was Kes 1.172 billion and the amount expected in FY 2020/21 is Kes 788.55 million, Kes 827.96 million in FY 2021/22 and Kes 869.36 million in FY 2022/23.

Equitable share has been key financing component of the County’s budget contributing over ninety percent of the total revenue over the years. In FY 2019/20, equitable share was Kes 5.095 billion and will remain the same in FY 2020/2021. It is projected to grow to Kes 6.369 billion in FY 2021/2022 and further rise to Kes 6.687 in FY 2022/2023.

| | | 2013/14 | | 2014/15 | | 2015/16 | | 2016/17 | | 2017/18 | | 2018/19 | | 2019/2020 | | 2020/2021 | 2021/2022 | 2022/2023 | |
|---|-----------------------|----------------------|----------------------|----------------------|----------------------|------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------------|------------------|------------------|----------------------|
| | Revenue | Actual | Budget | Actual | Budget | Approved Budget | Actual | Approved Budget | Actual | Approved Budget | Actual | Approved Budget | Actual | Approved Budget | Actual | Approved Budget | Projection | | |
| 1 | Roll Over Funding | 137,000,000 | 137,000,000 | 784,166,119 | 784,166,119 | 886,341,385 | 886,341,385 | 943,507,490 | 943,507,490 | 943,308,125 | 943,308,125 | 1,622,061,161 | 1,622,061,161 | 1,422,538,152 | 1,422,538,152 | - | | | |
| 2 | Grants | 26,660,116 | 432,555,010 | 97,463,500 | 97,463,500 | 274,058,570 | 137,846,698 | 446,492,055 | 359,492,521 | 683,078,176 | 499,479,311 | 1,045,018,399 | 779,748,547 | 1,473,740,964 | 1,172,760,343 | 788,555,337 | 827,963,304 | 869,362,259 | |
| 3 | Equitable Share | 2,950,935,465 | 3,247,937,841 | 3,874,911,817 | 3,874,911,817 | 4,440,602,606 | 4,440,602,606 | 4,791,143,819 | 4,791,143,819 | 4,983,000,000 | 4,983,000,000 | 5,086,800,000 | 5,086,800,000 | 5,095,650,000 | 5,095,650,000 | 5,172,285,000 | 6,369,000,000 | 6,687,859,500 | |
| 4 | Local Revenue | 201,950,000 | 210,000,000 | 249,340,000 | 255,800,000 | 300,000,000 | 279,317,203 | 330,000,000 | 286,546,866 | 350,000,000 | 308,177,300 | 371,147,448 | 359,321,520 | 393,416,291 | 301,663,450 | 346,088,720 | 363,393,567 | 399,732,472 | |
| | Total Revenues | 3,316,115,186 | 4,027,062,342 | 5,006,264,865 | 5,012,341,436 | 5,905,981 | 5,744,081,603 | 6,511,437,735 | 6,380,987,756 | 6,959,386,301 | 6,733,965,066 | 8,125,027,458 | 7,847,931,678 | 8,385,347,540 | 7,992,612,140 | 6,306,927 | 7,560,905 | 7,976,260 | 7,956,974,231 |

Local Revenue Projections: In the FY 2020/21 revenue collection is projected to increase to Kes 417.021 million up from Kes 393 million in the FY 2019/20. This revenue performance will be underpinned by on-going investments on revenue sources, revenue administration and change in policy.

| Projected Revenue Targets for Financial 2018/2019 TO 2022/2023 | | | | | | |
|-----------------------------------------------------------------------|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenues Sources Analysis | | | | | | |
| No | Sources | 2018/2019 | 2019/2020 | 2020/2021 | 2021/2022 | 2022/2023 |
| 1 | Game Park Fees | 89,181,762 | 91,791,142 | 100,015,651 | 106,016,591 | 112,377,586 |
| 2 | Animal Stock Sale Fees | 17,086,175 | 11,094,259 | 11,759,914 | 12,465,509 | 13,213,440 |
| 3 | Produce & Other Cess | 30,890,710 | 31,713,261 | 34,101,240 | 36,121,944 | 38,925,261 |
| 4 | Single Business Permit | 38,340,204 | 42,602,276 | 42,997,810 | 45,543,049 | 47,639,633 |
| 5 | Plot Rent/ Rates | 20,941,013 | 17,176,532 | 18,207,124 | 19,299,552 | 20,457,525 |
| 6 | Market Fees & Others | 39,303,964 | 41,622,898 | 43,078,649 | 45,723,368 | 48,466,770 |
| 7 | Public Health Licenses | 5,492,791 | 4,188,017 | 4,439,298 | 4,705,656 | 4,987,995 |
| 8 | Veterinary | 28,721,726 | 19,068,652 | 20,212,771 | 21,425,537 | 22,711,069 |
| 9 | Koibatek ATC | 5,041,641 | 2,339,098 | 2,479,444 | 2,628,210 | 2,785,903 |
| 10 | Marigat AMS | 3,873,505 | 1,102,042 | 1,168,164 | 1,238,254 | 1,312,549 |
| 11 | Hospital Revenue | 92,273,955 | 130,718,118 | 138,561,205 | 146,874,878 | 155,687,370 |
| TOTAL | | 371,147,445 | 393,416,295 | 417,021,272 | 442,042,549 | 468,565,103 |

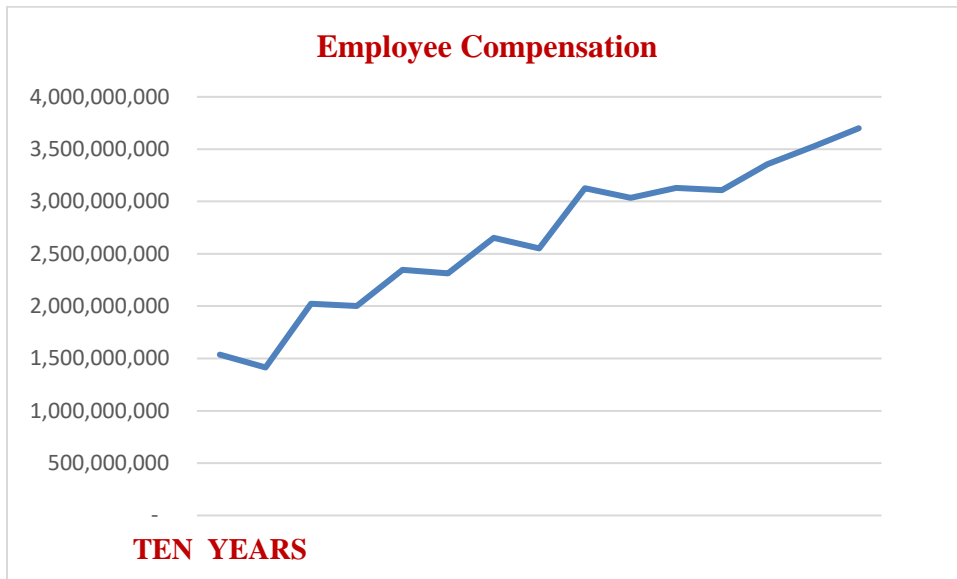
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Expenditure Projections: The County Government is pursuing a fiscal consolidation policy which is aimed at maintaining expenditures within the budget. Taking this into account, the overall expenditure for FY 2020/21 are projected at Kes 6,784,470,541 billion down from Kes 8,681,521,002 billion in the FY 2019/20. These expenditures comprise among others, recurrent of Kes 4.394 and development of Kes 4.298 billion.

| S/N | Revenue | 2013/14 | | 2014/15 | | 2015/16 | | 2016/17 | | 2017/18 | | 2018/19 | | 2019/2020 | | 2020/2021 | 2021/2022 | 2022/2023 |
|-----|------------------------------------|----------------------|----------------------|-------------------------|----------------------|----------------------|----------------------|----------------------------------|----------------------|----------------------------------|----------------------|----------------------------------|----------------------|----------------------------------|----------------------|----------------------------------|----------------------|----------------------|
| | | Actual | budget | Actual | budget | Approved Budget | Actual | Approved Budget | Actual | Approved Budget | Actual | Approved Budget | Actual | Approved Budget | Actual | Approved Budget | Projection | |
| 1 | Roll Over Funding | 137,000,000 | 137,000,000 | 784,166,119 | 784,166,119 | 886,341,385 | 886,341,385 | 943,507,490 | 943,507,490 | 943,308,125 | 943,308,125 | 1,622,061,611 | 1,622,061,611 | 1,422,538,152 | 1,422,538,152 | - | | |
| 2 | Grants | 26,660,116 | 432,555,501 | 97,463,500 | 97,463,500 | 274,058,570 | 137,846,989 | 446,492,055 | 359,495,210 | 683,078,176 | 499,479,311 | 1,045,018,399 | 779,748,547 | 1,473,740,964 | 1,172,760,343 | 788,555,337 | 827,983,104 | 869,382,259 |
| 3 | Equitable Share | 2,950,935,465 | 3,247,937,841 | 3,874,911,817 | 3,874,911,817 | 4,440,576,026 | 4,440,576,026 | 4,791,438,199 | 4,791,438,199 | 4,983,000,000 | 4,983,000,000 | 5,086,800,000 | 5,086,800,000 | 5,095,650,000 | 5,095,650,000 | 5,172,285,000 | 6,369,390,000 | 6,687,859,500 |
| 4 | Local Revenue | 201,519,605 | 210,000,000 | 249,723,429 | 255,800,000 | 300,000,000 | 279,317,203 | 330,000,000 | 286,546,866 | 350,000,000 | 308,177,630 | 371,147,448 | 359,321,520 | 393,416,291 | 301,663,645 | 346,088,720 | 363,393,156 | 399,732,472 |
| | Total Revenues | 3,316,115,186 | 4,027,493,342 | 5,006,264,865 | 5,012,341,436 | 5,900,975,981 | 5,744,081,603 | 6,511,437,735 | 6,380,987,756 | 6,959,386,301 | 6,733,965,066 | 8,125,027,458 | 7,847,931,678 | 8,385,345,407 | 7,992,612,140 | 6,306,929,057 | 7,560,766,260 | 7,956,974,231 |
| | | | | | | | | | | | | | | | | | | Projection |
| | Department | 2013/14 | | Budget 2014/2015 | | 2015/16 | | Approved Budget 2016/2017 | Actual | Approved Budget 2017/2018 | Actual | Approved Budget 2018/2019 | Actual | Approved Budget 2019/2020 | Actual | Approved Budget 2020/2021 | 2021/2022 | 2022/2023 |
| 1 | Total Recurrent Expenditure | 2,444,246,944 | 2,740,110,737 | 2,897,739,375 | 2,960,575,785 | 3,540,082,146 | 3,527,555,700 | 3,901,722,415 | 3,787,971,397 | 4,245,686,050 | 4,227,209,517 | 4,528,481,686 | 4,394,107,935 | 4,882,372,857 | 4,600,777,520 | 4,397,849,564 | 4,990,918,72 | 5,291,387,864 |
| 2 | Employee Compensation | 1,535,626,757 | 1,414,085,435 | 2,022,272,998 | 2,000,424,346 | 2,345,936,233 | 2,313,848,172 | 2,651,572,740 | 2,552,788,425 | 3,127,980,469 | 3,035,256,413 | 3,129,182,813 | 3,107,375,102 | 3,284,081,865 | 3,238,440,813 | 3,451,693,684 | 3,658,795,305 | 3,898,917,373 |
| 3 | Operation and Maintenance | 908,620,187 | 1,326,025,302 | 875,466,377 | 960,151,439 | 1,194,145,914 | 1,213,707,528 | 1,250,149,675 | 1,235,182,972 | 1,117,705,581 | 1,191,953,104 | 1,399,298,873 | 1,286,732,833 | 1,598,290,992 | 1,362,336,707 | 946,155,880 | 1,331,296,566 | 1,392,470,490 |
| 4 | Total Development | 366,484,041 | 1,193,708,731 | 1,115,663,103 | 1,267,599,532 | 1,474,552,450 | 1,310,357,631 | 1,707,408,997 | 1,494,729,734 | 2,713,700,251 | 991,121,664 | 3,596,545,770 | 1,151,217,629 | 3,502,972,550 | 1,775,206,914 | 1,909,059,493 | 2,570,660,528 | 2,665,586,367 |
| 5 | Development expenditure | 366,484,041 | 1,193,708,731 | 1,115,663,103 | 1,267,599,532 | 1,474,552,450 | 1,310,357,631 | 1,707,408,997 | 1,494,729,734 | 2,713,700,251 | 991,121,664 | 3,596,545,770 | 1,151,217,629 | 3,502,972,550 | 1,775,206,914 | 1,909,059,493 | 2,570,660,528 | 2,665,586,367 |

| S/N | Revenue | 2013/14 | | 2014/15 | | 2015/16 | | 2016/17 | | 2017/18 | | 2018/19 | | 2019/2020 | | 2020/2021 | 2021/2022 | 2022/2023 |
|-----|--------------------------------|----------------|---------------|----------------|---------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|---------------|
| | | Actual | budget | Actual | budget | Approved Budget | Actual | Approved Budget | Actual | Approved Budget | Actual | Approved Budget | Actual | Approved Budget | Actual | Approved Budget | Projection | |
| 6 | Total Expenditure | 2,810,730,985 | 3,933,819,468 | 4,013,402,478 | 4,228,175,317 | 5,014,634,596 | 4,837,913,331 | 5,609,131,412 | 5,282,701,131 | 6,959,386,301 | 5,218,331,181 | 8,125,027,456 | 5,545,325,564 | 8,385,345,407 | 6,375,984,434 | 6,306,909,057 | 7,560,752,400 | 7,956,974,231 |
| 7 | Project Net Deficit/Surplus | ~ | | ~ | | | | 0 | | 0 | | | | | | | | |
| 8 | Development rate of change | 13% | 30% | 28% | 30% | 29% | 27% | 30% | 28% | 39% | 19% | 44% | 21% | 42% | 28% | 30% | 34% | 34% |
| 9 | Employee Compensation Rate | 55% | 36% | 50% | 47% | 47% | 48% | 47% | 48% | 45% | 58% | 39% | 56% | 39% | 51% | 55% | 48% | 49% |
| 10 | Operation and Maintenance rate | 32% | 34% | 22% | 23% | 24% | 25% | 22% | 23% | 16% | 23% | 17% | 23% | 19% | 21% | 15% | 18% | 18% |
| | TOTAL RATE | 100.00% | | 100.00% | | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | |

The wages and salaries are expected to continually increase in real terms i.e Kes 3.107 billion in FY 2018/19, Kes 3.238 billion in FY 2019/20, and Kes 3.451 billion in FY 2020 /21 and Kes 3.658 billion in FY 2021/22. The investment on revenue generating ventures and an increment of the other revenues like equitable share will reduce the percentage wage to the overall budget.



D. Medium-Term Expenditure Framework

The County Government will continue with its policy of expenditure prioritization with a view to achieving the transformative development agenda which is anchored on provision of core services, ensuring equity and minimizing costs through the elimination of duplication and inefficiencies, and improving the general welfare of the people. Realization of these objectives will have implications in the budget ceilings to be provided in this Budget Review and Outlook Paper. The following criteria will serve as a guide for allocating resources:

- a) Completion of the ongoing projects
- b) Prioritization of the Flagship projects
- c) Linkage of Programmes to the ‘Big Four’ Plan either as drivers or enablers;
- d) Linkage of the programme with the objectives of CIDP, CADP and Third Medium-Term Plan of Vision 2030;
- e) Degree to which a programme addresses poverty reduction;
- f) Degree to which the programme is addressing the core mandate of the Department;
- g) Expected outputs and outcomes from a programme; and
- h) Cost effectiveness and sustainability of the programme.

In FY 2018/19, the National Government initiated the implementation of the “Big Four” Agenda and the County Government has supported by allocating resources to implement the programmes both for drivers and enablers. Going forward, resources will be prioritized towards the achievement of the following “Big Four” interventions;

- a) Enhancing Food and Nutrition Security through investment on agriculture, livestock development and fisheries development;
- b) Providing Universal Health Coverage and Guaranteeing Quality and Affordable Healthcare to our citizens. This is done through investing and improvement of health facilities in the county.
- c) Supporting value addition by investing on tannery, Aloe Vera, coffee processing and cotton production.

RECOMMENDATION AND CONCLUSIONS

The PFMA, 2012 stipulates that a county treasury to prepare a fiscal framework for the next financial year which lays ground for preparing the budget estimates as well as prioritization of resource allocation. In this regard, the 2020/21-2022/23 MTEF presented in this CBROP is developed while taking into consideration key County Government's priority policies outlined in the County Integrated Development Plan (CIDP), Sector plans, Annual Development Plan and Third Medium Term Plan towards realization of Vision 2030.

Therefore, SWGs should carefully consider detailed costing of programmes/projects in addressing county strategic objectives. The sector ceilings annexed herewith will guide the Sector Working Group (SWGs) in rolling out preparation of 2020/21 budget. It is critical to note that SWGs and respective department as well as involvement of key stakeholders in prioritizing and allocating resources based on prioritized programs earmarked for 2020/21 but within the CBROP projections.

For effective budget implementation, enhanced capacity building will be carried out as well as development of systems for monitoring and evaluation to be used by all relevant entities. This will ensure that resource are utilised effectively and efficiently towards improvement of livelihoods of the residents.

Going forward, the county shall ensure faster project execution through implementation of monitoring and evaluation policy and Monitoring and evaluation system, use of integrated M&E soft ware and adherence to procurement plan. The monitoring and evaluation framework has been rolled and that sub county and county steering committees will engage various entities in executing development activities and provide timely feedback. When these processes are implemented by all key players, then roll over development fund will be expected to reduce significantly.

ANNEX: EPENDITURE PER DEPARTMENT- ECONOMIC CLASSIFICATION

| S/N | DEPARTMENT | Employee Compensation | | | Operation & Maintenance | | | Total Recurrent | | | DEVELOPMENT | | | TOTAL (%) | | |
|-----|-------------------------------------------------------|-----------------------|----------------------|------------|-------------------------|----------------------|------------|----------------------|----------------------|--------------|----------------------|----------------------|------------|----------------------|----------------------|--------------|
| | | Budget | Actual | % | Budget | Actual | % | Budget | Actual | % | Budget | Actual | % | Budget | Actual | % |
| 1 | County Assembly | 368,223,325 | 359,535,346 | 98% | 314,270,481 | 311,557,123 | 99% | 682,493,806 | 671,092,469 | 98.3% | 36,076,547 | 33,583,585 | 93% | 718,570,353 | 704,676,054 | 98.1% |
| 2 | Governor/County Executive Services | 273,449,012 | 268,953,069 | 98% | 229,904,997 | 224,149,944 | 97% | 503,354,009 | 493,103,013 | 98.0% | 46,543,373 | 28,186,372 | 61% | 549,897,382 | 521,289,385 | 94.8% |
| 3 | County Treasury Services | 164,043,873 | 163,959,117 | 100% | 267,869,084 | 225,459,752 | 84% | 431,912,957 | 389,418,869 | 90.2% | 313,729,742 | 19,388,931 | 6% | 745,642,699 | 408,807,800 | 54.8% |
| 4 | Transport and Infrastructure | 50,844,893 | 50,756,033 | 100% | 18,550,000 | 16,585,646 | 89% | 69,394,893 | 67,341,679 | 97% | 871,469,118 | 608,557,685 | 70% | 940,864,011 | 675,899,364 | 71.8% |
| 5 | Industrialization, Commerce and Cooperative | 68,625,881 | 68,415,269 | 100% | 12,227,567 | 11,770,102 | 96% | 80,853,448 | 80,185,372 | 99.2% | 15,852,591 | 15,204,739 | 96% | 96,706,039 | 95,390,111 | 98.6% |
| 6 | Education, Youth, Culture, Sports and Social Services | 295,805,173 | 277,132,630 | 94% | 96,566,691 | 58,898,738 | 61% | 392,371,864 | 336,031,368 | 85.6% | 293,614,077 | 105,619,554 | 36% | 685,985,941 | 441,650,922 | 64.4% |
| 7 | Health Services | 1,682,043,481 | 1,681,376,468 | 100% | 481,210,107 | 377,294,239 | 78% | 2,163,253,588 | 2,058,670,707 | 95.2% | 473,762,645 | 208,417,348 | 44% | 2,637,016,233 | 2,267,088,055 | 86.0% |
| 8 | Lands, Housing & Urban Development | 48,085,550 | 42,873,027 | 89% | 83,238,262 | 58,297,296 | 70% | 131,323,812 | 101,170,323 | 77.0% | 204,418,683 | 62,809,413 | 31% | 335,742,495 | 163,979,736 | 48.8% |
| 9 | Agriculture, Livestock, Fisheries & Marketing | 232,768,142 | 225,749,625 | 97% | 28,019,662 | 20,464,141 | 73% | 260,787,804 | 246,213,766 | 94.4% | 470,168,736 | 291,911,462 | 62% | 730,956,540 | 538,125,228 | 73.6% |
| 10 | Water and Irrigation | 73,291,196 | 72,789,710 | 99% | 54,037,140 | 47,142,066 | 87% | 127,328,336 | 119,931,776 | 94.2% | 761,183,603 | 385,542,999 | 51% | 888,511,939 | 505,474,774 | 56.9% |
| 11 | Environment & Natural Resources | 26,901,339 | 26,900,519 | 100% | 12,397,000 | 10,717,660 | 86% | 39,298,339 | 37,618,180 | 95.7% | 16,153,436 | 15,984,827 | 99% | 55,451,775 | 53,603,007 | 96.7% |
| | GRAND TOTAL | 3,284,081,865 | 3,238,440,814 | 99% | 1,598,290,992 | 1,362,336,707 | 85% | 4,882,372,857 | 4,600,777,521 | 94.2% | 3,502,972,550 | 1,775,206,915 | 51% | 8,385,345,407 | 6,375,984,435 | 76.0% |