



**COUNTY GOVERNMENT OF BUNGOMA**

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**COUNTY BUDGET REVIEW AND  
OUTLOOK PAPER**

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**September, 2021**

©2021 County Budget Review and Outlook Paper (C-BROP)

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## **FOREWORD**

The 2021 County Budget Review and Outlook Paper has been prepared in accordance with the Public Finance Management (PFM) Act, 2012 and its Regulations. The document provides the fiscal outturn for the FY 2021/22, the macro-economic projections and sets sector ceilings for the FY 2022/23 and the Medium-Term Budget.

The 2021 Budget Review and Outlook Paper (BROP) has been prepared against a background of expected global recovery after a slump in 2020 occasioned by the negative effects of the COVID-19 pandemic. The global economy is projected to grow by 6.0 percent in 2021, from a contraction of 3.2 percent in 2020.

On the domestic scene, economic growth is expected to rebound to 6.2 percent in FY 2021/22 from the slowdown in FY 2020/21 and remain above 6.0 percent over the medium term. 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 Economic Recovery Strategy and “Big Four” Agenda. Weather conditions are expected to be favourable to support agricultural output.

The fiscal performance in the FY 2020/21 was satisfactory despite the slight underperformance in revenue and elevated expenditures associated with the adverse impact of COVID-19 pandemic. The shortfalls in revenue reflect the weak business environment as a result of the adverse impact of the COVID-19 pandemic containment measures adopted in March 2020, and tax relief measures that were implemented in April 2020 to support and cushion people and businesses. In light of this, the fiscal policy supporting the FY 2021/22 budget is designed to support resilient and sustainable economic recovery as well as inclusive growth, mobilize resources and reduce the fiscal deficit. The Government will continue with its policy on expenditure prioritization, implement the cost-cutting measures including parastatal reforms and align resources to programmes under the “Big Four” Agenda and those supporting the Economic Recovery Strategy.

The FY 2022/23 budget is being prepared under a revised budget calendar that takes into account the preparations for the 2022 General Elections. Therefore, County Departments and Agencies (CDAs) are expected to adhere to the strict deadlines in the revised budget calendar to enable finalization and appropriation of the FY 2022/23 budget by March 2022.

Considering the tight resource envelope that is available for FY 2022/23 budget, all the Sector Working Groups are required to carefully scrutinize all proposed CDAs budgets and ensure strict adherence to proposed sector ceilings provided in this document. Emphasis should be on completing ongoing projects before starting new ones given that

this is the final year for the CIDP 2018 – 2022.

In this regard, I therefore, call upon all to adhere to the sector ceilings, and the strict deadlines provided in this document to facilitate the finalization and appropriation of the FY 2022/23 and the medium-term budget.



**ESTHER WAMALWA**  
**COUNTY EXECUTIVE COMMITTEE MEMBER**  
**FINANCE AND ECONOMIC PLANNING**

## **ACKNOWLEDGEMENTS**

The preparation of the 2021 CBROP was a collaborative effort among various Government Agencies. The importance of stakeholder engagement and incorporation of the proposals received is highly emphasized.

The leadership and policy direction given by H.E. the Governor, the deputy Governor and the County Executive Committee in the preparation of this document is highly appreciated.

We thank all the County Departments and Agencies as well as other spending units for the timely provision of useful data and information on their budget execution for the FY 2020/21.

We are also grateful to the Sector Working Groups under the leadership of all the county chief officers, that reviewed this document to ensure it satisfies the PFM Act, 2012.

This document also benefitted from key inputs from various Directorates within the County Treasury who set out the sector ceilings contained therein to guide the rest of the sectors in the preparation of their 2022/23 budgets.

I wish to thank the core team from the Budget and Economic Planning Directorates that coordinated the finalization of this document.

Finally, allow me to thank all stakeholders that we consulted directly and indirectly for the useful comments and inputs.

**EDWARD MAKHANDIA**  
**CHIEF OFFICER, ECONOMIC PLANNING**

## **LEGAL BASIS FOR THE PUBLICATION OF THE BUDGET REVIEW AND OUTLOOK PAPER**

1. The Public Finance Management Act 2012, Section 118 (1) requires the County Government to prepare the County Budget Review and Outlook Paper (CBROP).
  - a. It specifies 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 (CFSP);
  - c. 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.
2. The County Executive Committee (CEC) shall consider the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, not later than fourteen days after its submission.
3. Not later than seven days after the C-BROP has been approved by CEC, the County Treasury shall:
  - a. Submit the paper to the County Assembly and
  - b. Publish and publicize the paper not later than fifteen days after laying the Paper before the county Assembly.

### **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 (Section 107(2)) states that:

1. Over the medium term, a minimum of 30% of the county government 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, in this case 35%.
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, provided that the National Treasury guarantees the borrowings.
4. Public debt and obligations shall be maintained at a sustainable level as approved by Parliament (NG) and County Assembly (CG)
5. Fiscal risks shall be managed prudently
6. A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future

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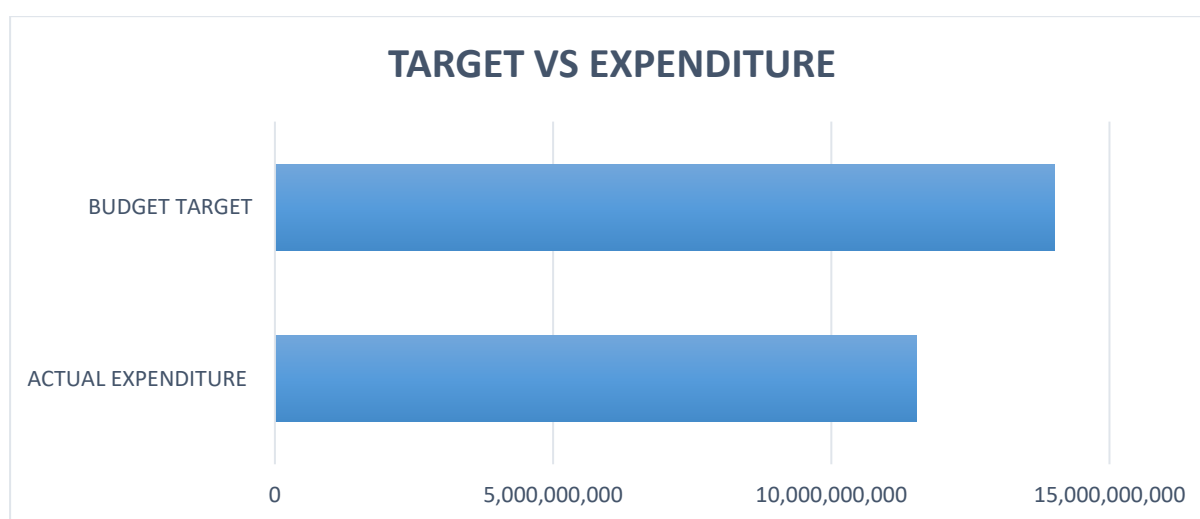
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## EXECUTIVE SUMMARY

The 2021 County 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 2020/21, macro-economic projections and the sector ceilings for the FY 2022/23 and the medium-term budget. The document also provides an overview of how the actual performance of the FY 2020/21 affected our 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 2021 County Fiscal Strategy Paper.

Preliminary outcome for the FY 2020/21 indicates that the cumulative revenue collection including AIA was Ksh. 765,394,620. This revenue was Ksh. 376,069,699 (32.9 %) below the target of Kshs 1,141,464,319. The total expenditure amounted to Ksh 11,528,971,820 against a target of Kshs 14,002,888,410. The variance of 17.7% (Ksh. 2,473,916,590) was attributed to lower absorption recorded in both recurrent expenditure (Ksh. 8,163,989,429) and development expenditures (Ksh. 3,364,982,391) by the County Government.



### Analysis of CDAs Revenues for FY 2019/20 and FY 2020/21

ITEM	2019/20	2020/21		Deviation
	Actuals	Target	Actual received	
<b>Total Revenue</b>	<b>12,937,309,715</b>	<b>14,002,888,409</b>	<b>13,239,233,043</b>	<b>-763,655,366</b>
Equitable Share b/f	1,215,275,668	1,320,961,881	1,320,961,881	0
Equitable Share	8,893,650,000	8,893,650,000	8,893,650,000	0
Grants b/f		1,241,572,240	1,241,572,240	0
Conditional grants NG	463,283,520	499,669,895	367,648,618	-132,021,277
Conditional grants Development partners	1,587,642,666	896,800,626	650,005,690	-246,794,936



ITEM	2019/20	2020/21		Deviation
	Actuals	Target	Actual received	
Retention		8,769,449	0	-8,769,449
<b>AIA</b>	466,477,712	641,464,319	370,276,382	-271,187,937
<b>Local revenue</b>	310,980,149	500,000,000	395,118,238	-104,881,762

#### Analysis of Grants Received from National Government and Development Partners

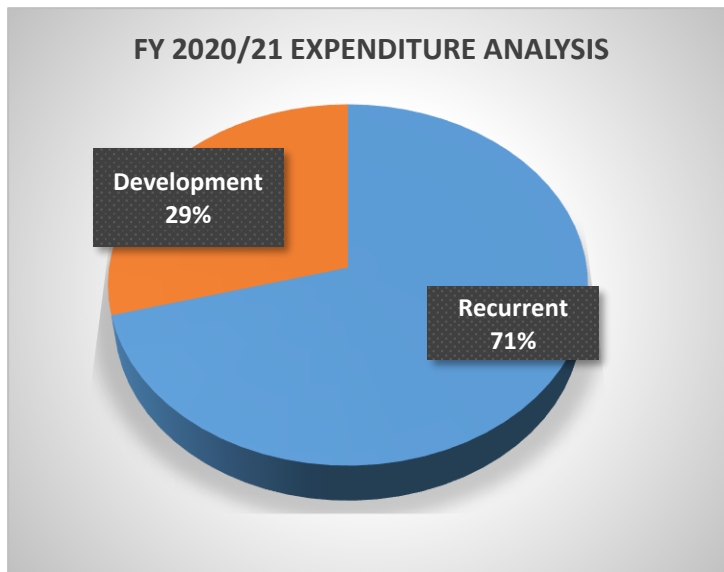
Grant Type	Actuals FY 2019/20	Targeted FY 2020/21	Actual FY 2020/21
Universal Health care Project	173,861,834	133,778,051	132,330,291
Danida	66,160,917	25,290,000	25,290,000
ASDSP II	32,673,173	19,331,072	16,831,994
Kenya Devolution support programme	242,537,789	370,700,931	343,515,979
Nagrip	277,956,977	394,953,120	380,963,919
Urban Support programme	477,220,531	669,135,634	521,598,601
Conditional grant Water & natural resources	0	52,565,915	-
Compensation user fee foregone	32,837,307	32,837,307	32,837,307
Leasing of medical equipment	0	132,021,277	-
Development for youth Polytechnics	59,003,298	94,814,043	94,814,043
Covid 19 Grant	213,714,000	280,044,000	280,044,000
Fuel Levy Fund	371,442,915	431,000,409	431,000,409
Sirisia Hospital Grant	99,999,945	0	
UNICEF	3,517,500	1,571,000	-
<b>Total</b>	<b>2,050,926,186</b>	<b>2,638,042,759</b>	<b>2,259,226,543</b>

#### Analysis of CDAs expenditure for FY 2019/20 and 2020/21

	2019/20	2020/21		Deviation	% Deviation
	Actual	Target	Actual expenditure		
	<b>Kshs. Millions</b>				
<b>(a) Recurrent Expenditure</b>	8,204.20	9,282.9	8,163.9	(1,119)	(12.05)
<b>(b) Development Expenditure</b>	2,691.60	4,720.0	3,364.9	(1,355)	(28.71)
<b>Total Expenditure (a + b)</b>	10,895.9	14,002.9	11,528.9	(2,474)	(17.67)

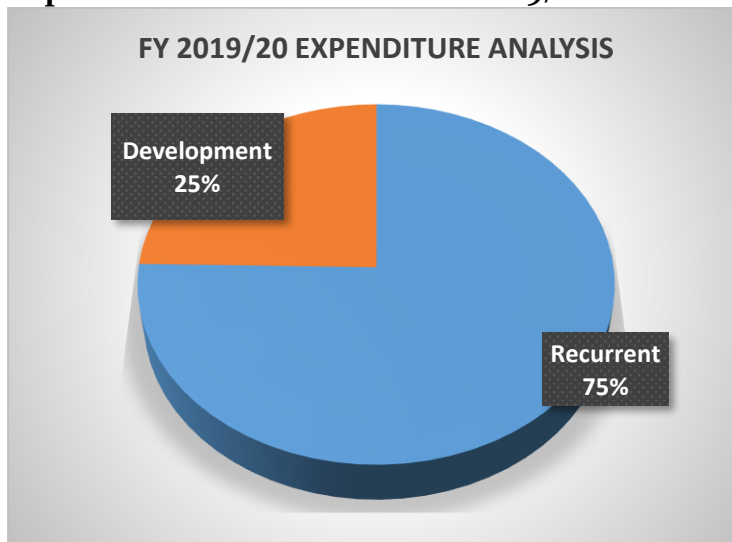
NB: This shows recurrent expenditure absorption was 87.95 compared to development expenditure absorption of 71.29%.

## Expenditure for Financial Year 2020/21



Development expenditure in FY 2020/21 was high owing to improved procurement processes and compliance to controller of budget requirements

## Expenditure for Financial Year 2019/20



Development expenditure was low due to late commencement of procurement processes and delays in project execution as well as late release of development funds

Analysis of total revenues compared to budgeted shows a fiscal deficit of Ksh 763,655,366 (5.5%) for FY 2020/21.

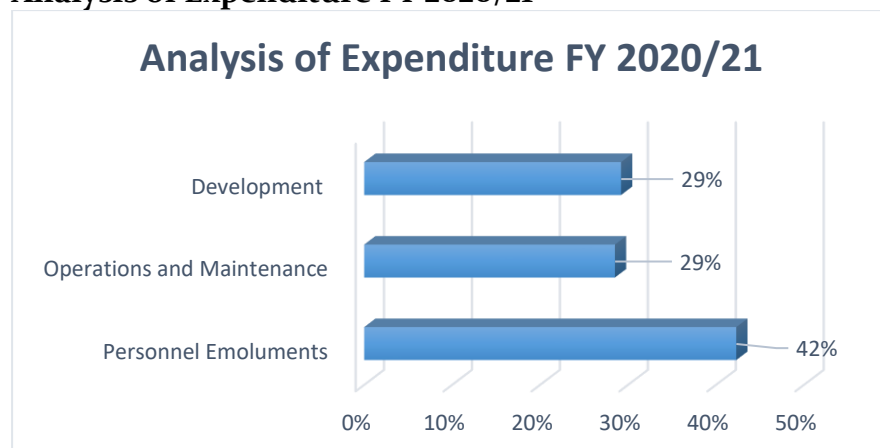
## Analysis of expenditure by economic classification for FY 2020/21.

Department	Personnel Emoluments	Operations and Maintenance	Recurrent	Development	Total
Agriculture, Livestock, Fisheries and Cooperative Development	259,624,065	120,759,285	380,383,350	439,527,012	819,910,362
Tourism and Environment	24,367,263	218,746,118	243,113,381	8,330,640	251,444,021
Water and Natural Resource	23,491,552	46,337,533	69,829,085	198,225,307	268,054,392
Trade, Energy and Industrialization	22,963,745	43,555,069	66,518,814	53,627,268	120,146,082

Department	Personnel Emoluments	Operations and Maintenance	Recurrent	Development	Total
Education	913,902,054	167,520,775	1,081,422,829	231,258,775	1,312,681,604
Health and Sanitation	2,109,364,919	769,771,803	2,879,136,722	209,620,480	3,088,757,202
Roads and Public Works	68,796,270	99,912,035	168,708,305	1,288,761,651	1,457,469,956
Lands, Urban and Physical planning	20,778,430	29,821,436	50,599,866	55,946,276	106,546,142
Housing	8,499,168	8,747,633	17,246,801	4,707,814	21,954,615
Bungoma Municipality	2,087,109	11,961,860	14,048,969	139,097,816	153,146,785
Kimilili Municipality	2,092,880	8,362,757	10,455,637	240,612,749	251,068,386
Gender and Culture	30,121,692	38,821,354	68,943,046	0	68,943,046
Youth and Sports	5,907,290	35,897,842	41,805,132	225,529,892	267,335,024
Finance and Economic planning	585,441,432	550,852,914	1,136,294,346	3,794,915	1,140,089,261
County Public Service Board	10,676,510	44,037,145	54,713,655	0	54,713,655
Governor	251,820,462	168,554,874	420,375,336	0	420,375,336
Deputy Governor	0	28,880,107	28,880,107	0	28,880,107
Public Administration	213,068,854	116,349,800	329,418,654	0	329,418,654
Office of the CS	0	213,303,233	213,303,233	130,587,659	343,890,892
ICT	0	13,467,055	13,467,055	16,275,085	29,742,140
Sub County Administration	0	11,549,060	11,549,060	0	11,549,060
County Assembly	327,546,065	536,229,981	863,776,046	119,079,052	982,855,098
<b>Total</b>	<b>4,880,549,760</b>	<b>3,283,439,669</b>	<b>8,163,989,429</b>	<b>3,364,982,391</b>	<b>11,528,971,820</b>
<b>Percentage</b>	<b>42.3</b>	<b>28.5</b>	<b>70.8</b>	<b>29.2</b>	<b>100.0</b>

Personnel emoluments and operation and maintenance accounted for 42.3% and 28.5% of the total expenditure respectively. Development expenditure accounted for 29.2%. The 42.3% expenditure on personnel emoluments includes expenditure from the County Assembly, gratuity and pension for all county employees. Analysis of expenditure for FY 2020/21 has been summarized in figure 3.

## Analysis of Expenditure FY 2020/21



Fiscal outcomes for the FY 2021/22 are projected to improve supported by the fiscal consolidation policies. Local revenues are projected to increase to 8.5 percent (Ksh. 1,091,524,891) of 2021/22 budget from 6.7 percent (Ksh. 765,394,620) of revenue in FY 2020/21 buoyed by the revenue enhancement initiatives put in place and improvement in the revenue administration. Moreover, the recovery of the agricultural sector necessitated by the improved weather conditions and the resilient growth in the non-agricultural sectors is expected to support a strong revenue growth.

The outcome of the FY 2020/21 budget did not adhere to the Fiscal Responsibility Principles and financial objectives set out in the PFM Act, 2012, on two fronts:

- County Government development expenditure was at 29.2 percent of total expenditure, which was lower than the minimum requirement of 30%.
- Expenditure on personnel emoluments was 42.3 percent, which was 7.3 percent above the 35 percent threshold.

The budget for the FY 2021/22 and the medium term is premised on the favourable macroeconomic environment and transformational leadership at the county level. The budget contains allocations for implementation of core county development agenda. Social safeguards for education and health sectors have also been duly provided for.

The medium-term revenue projections are as indicated

### Revenue Projections

Type of Revenue	21/22 (Base year)	22/23	23/24	24/25
(a) Equitable share	10,659,435,192	11,192,406,952	11,752,027,299	12,339,628,664
(b) Own source revenue: As per Finance Act	500,000,000	500,000,000	525,000,000	551,250,000
(c) Own source revenue: AIA	591,524,891	591,524,891	621,101,135	652,156,192
(d) Conditional grants	153,297,872	153,297,872	153,297,872	153,297,872

Type of Revenue	21/22 (Base year)	22/23	23/24	24/25
National Government				
(e) Conditional grants – Development partners	856,320,296	856,320,296	856,320,296	856,320,296
<b>Total</b>	<b>12,760,578,251</b>	<b>13,293,550,011</b>	<b>13,907,746,602</b>	<b>14,552,653,024</b>

The county projects an increase in equitable share in FY 2022/23 by 5% and the local revenue to remain at Ksh. 1.091 billion since businesses will be recovering from adverse effects of the COVID – 19 pandemic.

## **ABBREVIATIONS AND ACRONYMS**

CBROP	County Budget Review and Outlook Paper
BMI	Business Monitoring Intelligence
CFSP	County Fiscal Strategy Paper
EAC	East African Community
EIU	Economic Intelligence Unit
ERS	Economic Recovery Strategy
GDP	Gross Domestic Product
GOK	Government of Kenya
KNBS	Kenya National Bureau of Statistics
MDG	Millennium Development Goals
MPERs	Ministerial Public Expenditure Review
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
PIM	Public Investment Management
SWGs	Sector Working Groups
V-2030	Vision 2030

# I. INTRODUCTION

## Objective of the Budget Review and Outlook Paper

1. The 2021 CBROP presents a revised fiscal outlook of the fiscal performance for the financial year 2020/21 including adherence to the objectives and principles outlined in the 2021 County Fiscal Strategy Paper (CFSP) and the PFM Act, 2012.
2. This is a key document in linking policy, planning and budgeting. It will guide development of the 2022 CFSP that will summarize the priorities of the County Integrated Development Plan (CIDP II 2018-2022), the National Government under the “Big Four” Plan and the Sustainable Development Goals (SDGs) in addition to taking into account emerging macroeconomic challenges.
3. The review findings together with the recent economic developments and outlook provides a basis for revision of the current budget in the context of Supplementary Estimates and the broad fiscal parameters underpinning the FY 2022/23 budget and the medium term. Details of the fiscal framework and the medium term policy priorities will be firmed up in the 2022 CFSP.
4. As required by the PFM Act, 2012, budget process aims to promote the efficient and effective use of resources, based on evidence and rational deliberation. To achieve this, the County Government remains committed to a measured, prudent course of fiscal consolidation to narrow the budget deficit and while at the same time enhancing the absorption capacity of CDAs.
5. This CBROP provides sector ceilings which will guide the budget preparation process for the FY 2022/23 and the medium term. The sector ceilings are guided by the overall resource envelope that is informed by the macroeconomic and fiscal outlook as presented in section III and IV of this document.
6. In this context, the 2021 C-BROP outlines broad policies and proposals aligned to the “Big Four” Plan in order to improve food security, support manufacturing activities, enhance universal health coverage and enhance living conditions through affordable housing. To meet the commitments, the County Government will continue to implement measures aimed at raising the share of own source revenues and providing incentives for private sector participation in the County transformation. In addition, the County Government will continue to gradually reduce non-priority expenditures, improve value for money spent and stabilize the public finances.
7. To meet the current commitments as contained in the FY 2021/22 Budget, the County Government is implementing revenue enhancement measures aimed at

expanding the local revenue base and providing incentives for businesses to thrive and create employment opportunities, improve value for money spent, stabilize expenditure on personal emoluments consistent with the County Integrated Development Plan, County strategic plan, and the overall strategies and policies outlined in the Vision 2030's and the third Medium-Term Plan (MTP III) - 2018-2022.

8. However, the underperformance in both revenue collection and expenditure in the FY 2020/21 has implications on the financial objectives outlined in the 2020 MTEF circulars and the 2020/21 Budget. In particular, the baseline for projecting both the revenue and expenditures for the FY 2021/22 and the medium term has changed given the end FY 2020/21 and quarter one FY 2021/22.
9. To remedy these deviations, the 2021 CBROP details appropriate revisions taking into account the budget outturn for the FY 2020/21. In addition, the fiscal outlook contained in this CBROP focuses on reforming the tax and revenue administration systems to enhance revenue yields, promote compliance and facilitate private sector growth and development as indicated in the CIDP II.
10. Further, the County Treasury has issued guidelines on how capital projects and development funded programmes should be planned, appraised and evaluated before funds are committed in the budget. Regard shall also be placed on the Public Investment Management (PIM) Guidelines developed by the National Treasury in formulation of our development programmes and projects.
11. With this background, the rest of the paper is organized as follows: Section II provides a review of the fiscal performance for the FY 2020/21 and its implications on the financial objectives set out in the 2021 CFSP. This is followed by Section III that provides highlights of the recent economic developments and outlook. The proposed Resource Allocation Framework is provided in Section IV while conclusion is in Section V.



## **II. REVIEW OF FISCAL PERFORMANCE FOR FY 2020/21**

### **A. FY 2020/21 Fiscal Performance**

#### **Revenue Performance**

12. Budget execution in FY 2020/21 was satisfactory, though hampered by the impact of COVID-19 pandemic on the business environment. Total cumulative revenue including Appropriation in Aid (A-i-A) collection recorded a marginal annual contraction of 11.09 percent from the previous financial year. The contraction in revenue collection reflects the weak business environment as a result of the adverse economic impact of COVID-19 pandemic and the ensuing containment measures. Nevertheless, in the second half of FY 2020/21, revenue collection got a boost after some of the tax relief measures were reversed in March 2021.
13. Total cumulative revenue including Appropriation in Aid for FY 2020/21 amounted to Ksh 765,394,620 million against a revised target of Ksh 1,141,464,319 (Table 1), indicating a shortfall of Ksh 376,069,699. Ordinary revenue collection amounted to Ksh 395,118,238 against a target of Ksh 500,000,000. Collections from the main tax categories were broadly on market fees, single business permits, enclosed bus park fees and Cess.

**Table 1: County Revenue and Grants FY 2020/21**

No	Revenue Stream	Actuals 2019/20	Annual Targeted Revenue (Kshs.)	Actual Revenue (Kshs.)	Variance (Kshs.)	Remarks
	<b>Total Equitable share</b>	<b>10,108,925,668</b>	<b>10,214,611,881</b>	<b>10,214,611,881</b>	-	<b>100%</b>
1.	Exchequer	8,893,650,000	8,893,650,000	8,893,650,000	-	100%
	B/F: Equitable Share	1,215,275,668	1,320,961,881	1,320,961,881	-	100%
2.	<b>Local generated Revenue</b>	<b>310,980,149</b>	<b>500,000,000</b>	<b>395,118,238</b>	<b>104,881,762</b>	<b>79%</b>
	Land Rates	12,852,382	20,663,500	27,121,443	(6,457,943)	131%
	Single Business Permits	60,422,843	97,149,200	85,067,740	12,081,460	88%
	Alcoholic Drinks Licenses	3,858,900	6,204,200	5,478,550	725,650	88%
	Application Fees	4,129,350	6,635,000	5,667,540	967,460	85%
	Renewal fees	6,255,000	10,057,000	8,197,450	1,859,550	82%
	Cheque Clearance Fees	-	24,286	-	24,286	0%
	Conservancy Fees	9,765,070	15,700,400	14,306,558	1,393,842	91%
	Fire Fighting	15,566,150	25,027,600	23,135,836	1,891,764	92%
	Advertisement Fees	19,070,606	30,662,185	24,533,369	6,128,816	80%
	Food Hygiene Licenses	3,932,650	6,322,850	4,738,125	1,584,725	75%
	Change of User Fees	79,225	127,380	62,173	65,207	49%
	Car Parking Fees	8,085,243	13,000,000	10,351,075	2,648,925	80%
	Bodaboda Parking Fees	4,180,835	6,722,143	5,550,865	1,171,278	83%
	Burial Fees	57,000	91,643	61,500	30,143	67%
	House Rent	8,689,915	13,971,857	11,623,700	2,348,157	83%
	Stadium Hire	42,000	67,500	4,000	63,500	6%
	Miscellaneous Income	3,013,877	-	854,958	(854,958)	0%
	Plan Approval	10,809,945	17,380,550	12,772,987	4,607,563	73%
	Inspection Fee	2,065,740	3,321,360	2,770,497	550,863	83%
	Occupational Permits	10,000	24,000	-	24,000	0%
	Ground Fees	282,655	454,431	3,561,961	(3,107,530)	784%
	Market Fees	37,490,667	60,278,560	43,885,295	16,393,265	73%
	Enclosed Bus Park Fee	54,641,690	87,853,200	42,061,645	45,791,555	48%
	Slaughter house Fees	4,404,510	7,081,600	3,952,400	3,129,200	56%
	Plot Transfer	166,000	266,900	168,000	98,900	63%
	Change of Business Name	24,500	39,392	52,000	(12,608)	132%
	Impound Charges	1,030,463	1,656,800	753,535	903,265	45%

No	Revenue Stream	Actuals 2019/20	Annual Targeted Revenue (Kshs.)	Actual Revenue (Kshs.)	Variance (Kshs.)	Remarks
	Cess	22,055,708	35,461,360	32,536,824	2,924,536	92%
	Tender Document Sale	-	-	1,000	(1,000)	0%
	Market Stalls Rent	2,213,640	3,559,143	1,500,550	2,058,593	42%
	Stock Sales	5,555,115	8,931,570	8,361,910	569,660	94%
	Other Revenue sources	10,228,470	21,264,391	15,984,752	5,279,639	75%
3.	<b>Aids in Appropriation</b>	<b>466,477,712</b>	<b>641,464,319</b>	<b>370,276,382</b>	<b>271,187,937</b>	<b>58%</b>
	Agriculture, livestock, fisheries, and co-op development	20,848,300	25,487,105	23,405,406	2,081,699	92%
	Tourism, Forestry, environment and natural resource and water	242,500	1,212,750	143,500	1,069,250	12%
	Roads and Public Works		3,858,750	-	3,858,750	0%
	Education, Science and ICT		2,100,000	-	2,100,000	0%
	Health and Sanitation.	445,386,912	595,081,967	346,727,476	248,354,491	58%
	Lands, Urban and Physical Planning		6,297,097	-	6,297,097	0%
	County Secretary		7,426,650	-	7,426,650	0%
4.	Universal Health care Project	173,861,834	133,778,051	132,330,291	1,447,760	99%
5.	Danida	66,160,917	25,290,000	25,290,000	-	100%
6.	ASDSP II	32,673,173	19,331,072	16,831,994	2,499,078	87%
7.	Kenya Devolution support programme	242,537,789	370,700,931	343,515,979	27,184,952	93%
8.	Nagrip	277,956,977	394,953,120	380,963,919	13,989,201	96%
9.	Urban Support programme	477,220,531	669,135,634	521,598,601	147,537,033	78%
10.	Conditional grant Water & natural resources	-	52,565,915	-	52,565,915	0%
11.	Compensation user fee foregone	32,837,307	32,837,307	32,837,307	-	100%
12.	Leasing of medical equipment	-	132,021,277	-	132,021,277	0%
13.	Development for youth Polytechnics	59,003,298	94,814,043	94,814,043	-	100%
14.	Covid 19 Grant	213,714,000	280,044,000	280,044,000	-	100%
15.	Fuel Levy Fund	371,442,915	431,000,409	431,000,409	1	100%
16.	Sirisia Hospital Grant	99,999,945				
17.	UNICEF	3,517,500	1,571,000	-	1,571,000	0%
18.	Retention		8,769,449	-	8,769,449	0%
	<b>Total</b>	<b>12,937,309,715</b>	<b>14,002,888,409</b>	<b>13,239,233,043</b>	<b>763,655,366</b>	<b>95%</b>

14. The A-i-A collection recorded a shortfall of Ksh 271.18 million as a result of a difficult operating environment that slowed down activities in MDAs. In particular, the department of Health and Sanitation bore the greatest impact of the pandemic as most patients avoided public health facilities to evade compulsory COVID Screening, feared contracting COVID 19 and the stigma they would face should they be quarantined.
15. Grants amounted to Ksh 1.017 billion against a revised target of Ksh 1.396 billion, translating to a shortfall of Ksh 378 million. Of these grants, grants from development partners amounted to Ksh 650.005 million against a target of Ksh 896 million while grants from the National Government amounted to Ksh 367 million against a target of Ksh 499 million.
16. The fiscal outcome for the FY 2020/21 budget did not adhere to the fiscal responsibility principles and financial objectives set out in the PFM Act, 2012. The County Government development expenditure as a percent of total expenditure was 29.2 percent; the expenditure on wages and benefits to county staff was 42.3 percent, well above the 35% threshold. This was attributed to remuneration increases resulting from the Collective Bargaining Agreements (CBAs) for Health workers.

### **Expenditure Performance**

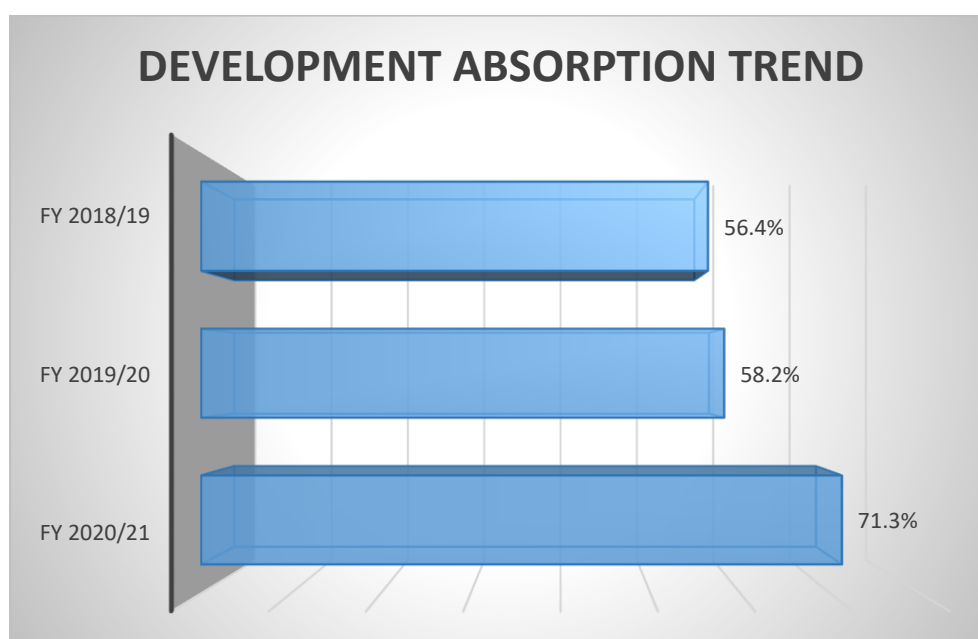
17. Total expenditure in the FY 2020/21 amounted to Ksh 11.52 billion against a revised target of Ksh 14.002 billion, representing an under spending of Ksh 2.47 billion (18% deviation from the revised budget). The shortfall in spending was attributed to low ordinary revenue and A-i-A related spending on account of reduced collections and low absorption of development projects funded by grants from both development partners and the National Government.
18. The recurrent expenditure was Ksh 8.16 billion (including Ksh 863 million spending by County Assembly) against a target of Ksh 9.282 billion, representing an under-spending of Ksh 1.119 billion. The recurrent spending was below target mainly due to lower than targeted absorption on grants by Kshs. 281 million and poor collection of Ordinary revenue and A-i-A by Ksh. 376.07 million.
19. Development expenditure amounted to Ksh 3.36 billion against a revised target of Ksh 4.72 billion, translating to a shortfall of Ksh 1.355 billion. This was on account of lower than programmed absorption of projects financed by grants of Ksh. 763 million from the National Government and Development partners which are mostly disbursed to the county after closure of the Financial Year.

**Table 2: County Expenditure FY 2020/21**

	Actual FY 2019/20	Target FY 2020/21	Actual FY 2020/21	Deviation
<b>1. Recurrent</b>		<b>8,305,781,248</b>	<b>7,273,022,480</b>	<b>(1,032,758,768)</b>
Compensation of Employees	4,575,821,138	4,459,229,517	4,442,803,043	(16,426,474)
Use of goods and services		2,816,240,873	2,119,673,662	(696,567,211)
Subsidies		-	-	-
Other grants and transfers		892,794,392	611,718,672	(281,075,720)
Social Security Benefits		16,735,481	2,063,196	(14,672,285)
Acquisition of Assets		120,780,985	96,763,906	(24,017,079)
<b>2. Development</b>		<b>4,551,253,561</b>	<b>3,203,094,242</b>	<b>(1,348,159,319)</b>
Use of goods and services		15,272,305	19,618,617	4,346,312
Subsidies		-	-	-
Other grants and transfers		1,924,546,926	1,160,555,888	(763,991,038)
Social Security Benefits		-	-	-
Acquisition of Assets		2,611,434,330	2,022,878,425	(588,555,905)
Finance Costs, including Loan Interest		-	-	-
Repayment of principal on Domestic and Foreign borrowing		-	-	-
Other Payments		-	41,312	41,312
<b>3. County Assembly Transfers</b>		<b>1,075,853,601</b>	<b>982,855,098</b>	<b>(92,998,503)</b>
Equitable share		1,075,853,601	982,855,098	(92,998,503)
<b>Contingency Fund</b>		<b>70,000,000</b>	<b>70,000,000</b>	<b>0</b>
<b>Total Expenditure</b>		<b>14,002,888,410</b>	<b>11,528,971,820</b>	<b>(2,473,916,590)</b>

## Departmental Expenditure

20. The total cumulative departmental expenditure including A-i-A was Ksh 11.528 billion (82 percent absorption) against a target of Ksh 14.002 billion. Recurrent expenditure was Ksh 8.16 billion (88 percent absorption) against a target of Ksh 9.282 billion, while development expenditure was Ksh 3.364 billion (71 percent absorption) against a target of Ksh 4.72 billion. The lower than targeted absorption of expenditures was partly due to the delayed Exchequer releases, grants from both development partners and National Government and expenditures related to own source revenues (Local revenue and Appropriation-in-Aid collected by departments). The 71% development absorption in FY 2020/21 was an improvement compared to 58.2% in FY 2019/20 and 56.4% in FY 2018/19.



21. As at the end of FY 2020/21, recurrent expenditures by the department of Health and Sanitation accounted for 35.3% of total recurrent expenditure. Department of Finance and Economic Planning and the County Assembly accounted for 13.9% and 10.6% respectively of recurrent expenditure.

22. Analysis of development outlay indicates that the department for Roads and Public works accounted for 38.3% of total development expenditure. Other notable development expenditure include: Agriculture, Livestock, Fisheries, Irrigation and Cooperative Development (13.1%), Kimilili Municipality (7.2), Education (6.9%), Youth and Sports (6.7%), Water and Natural Resources (5.9%) and Bungoma Municipality (4.1%).

**Table 3: Departments Expenditure for the Period Ending 30th June, 2021**

Department	Recurrent FY 2020/21			Development FY 2020/21			Totals FY 2020/21			% total expenditure to total target
	Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	
Agriculture, Livestock, Fisheries and Cooperative Development	385,404,748	380,383,350	5,021,398	656,036,623	439,527,012	216,509,611	1,041,441,371	819,910,362	221,531,009	78.7
Tourism and Environment	244,128,076	243,113,381	1,014,695	16,882,637	8,330,640	8,551,997	261,010,713	251,444,021	9,566,692	96.3
Water and Natural Resource	85,606,015	69,829,085	15,776,930	249,968,933	198,225,307	51,743,626	335,574,948	268,054,392	67,520,556	79.9
Trade, Energy and Industrialization	69,376,228	66,518,814	2,857,414	71,683,981	53,627,268	18,056,713	141,060,209	120,146,082	20,914,127	85.2
Education	1,114,655,370	1,081,422,829	33,232,541	449,654,083	231,258,775	218,395,308	1,564,309,453	1,312,681,604	251,627,849	83.9
Health and Sanitation	3,669,534,732	2,879,136,722	790,398,010	379,522,633	209,620,480	169,902,153	4,049,057,365	3,088,757,202	960,300,163	76.3
Roads and Public Works	170,193,381	168,708,305	1,485,076	1,405,650,934	1,288,761,651	116,889,283	1,575,844,315	1,457,469,956	118,374,359	92.5
Lands, Urban and Physical planning	60,935,859	50,599,866	10,335,993	67,940,423	55,946,276	11,994,147	128,876,282	106,546,142	22,330,140	82.7
Housing	24,160,586	17,246,801	6,913,785	6,084,592	4,707,814	1,376,778	30,245,178	21,954,615	8,290,563	72.6
Bungoma Municipality	26,164,506	14,048,969	12,115,537	228,086,474	139,097,816	88,988,658	254,250,980	153,146,785	101,104,195	60.2
Kimilili Municipality	23,853,544	10,455,637	13,397,907	414,475,403	240,612,749	173,862,654	438,328,947	251,068,386	187,260,561	57.3
Gender and Culture	70,049,659	68,943,046	1,106,613	4,132,129	0	4,132,129	74,181,788	68,943,046	5,238,742	92.9
Youth and Sports	45,291,532	41,805,132	3,486,400	261,852,488	225,529,892	36,322,596	307,144,020	267,335,024	39,808,996	87.0
Finance and Economic planning	1,184,996,858	1,136,294,346	48,702,512	23,297,824	3,794,915	19,502,909	1,208,294,682	1,140,089,261	68,205,421	94.4

Department	Recurrent FY 2020/21			Development FY 2020/21			Totals FY 2020/21			% total expenditure to total target
	Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	
County Public Service Board	60,539,321	54,713,655	5,825,666	0	0	0	60,539,321	54,713,655	5,825,666	90.4
Governor	457,109,928	420,375,336	36,734,592	0	0	0	457,109,928	420,375,336	36,734,592	92.0
Deputy Governor	30,881,021	28,880,107	2,000,914	0	0	0	30,881,021	28,880,107	2,000,914	93.5
Public Administration	344,296,030	329,418,654	14,877,376	0	0	0	344,296,030	329,418,654	14,877,376	95.7
Office of the CS	278,567,962	213,303,233	65,264,729	298,093,931	130,587,659	167,506,272	576,661,893	343,890,892	232,771,001	59.6
ICT	17,169,268	13,467,055	3,702,213	17,890,473	16,275,085	1,615,388	35,059,741	29,742,140	5,317,601	84.8
Sub County Administration	12,866,625	11,549,060	1,317,565	0	0	0	12,866,625	11,549,060	1,317,565	89.8
County Assembly	907,094,971	863,776,046	43,318,925	168,758,630	119,079,052	49,679,578	1,075,853,601	982,855,098	92,998,503	91.4
<b>Total</b>	<b>9,282,876,220</b>	<b>8,163,989,429</b>	<b>1,118,886,791</b>	<b>4,720,012,191</b>	<b>3,364,982,391</b>	<b>1,355,029,800</b>	<b>14,002,888,411</b>	<b>11,528,971,820</b>	<b>2,473,916,591</b>	<b>82.3</b>



**Photographic evidence**

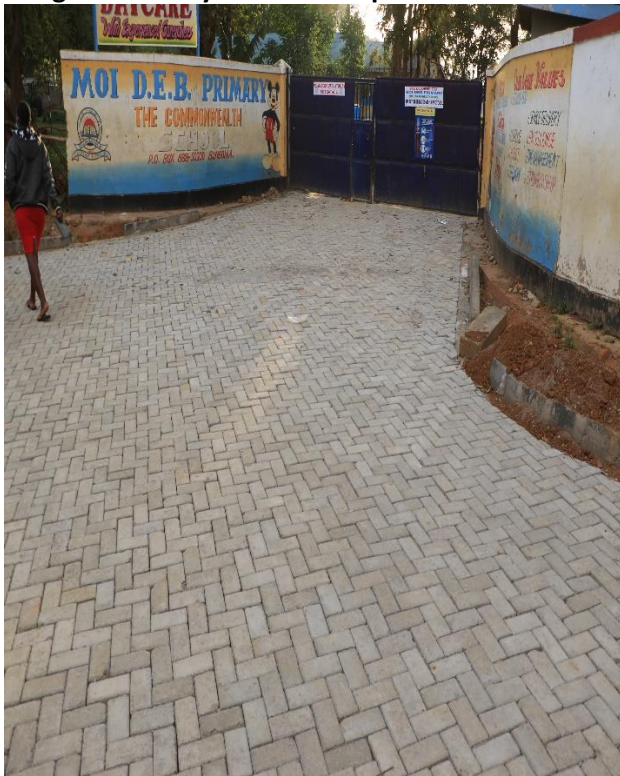
Below are some of the projects undertaken by the county government in FY 2020/21;



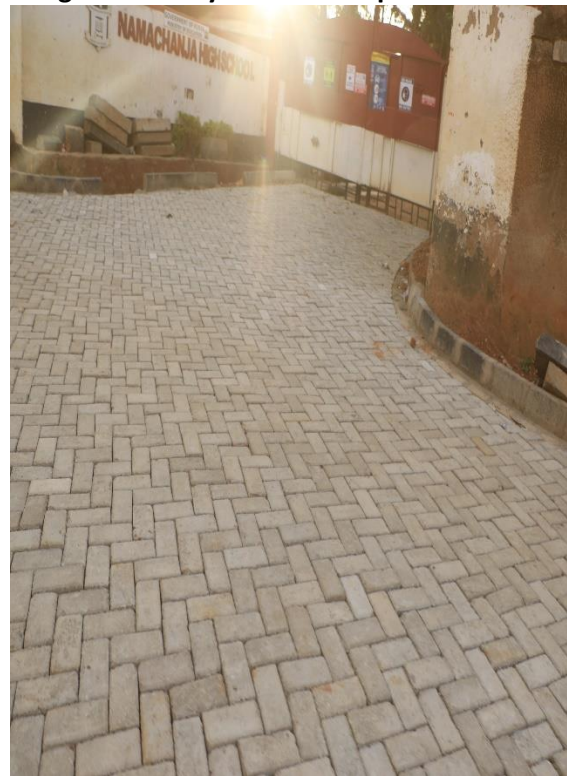
**Bungoma County Referral Hospital Theatre**



**Bungoma County Referral Hospital Theatre**



**Cabros laying**



**Cabros laying**





**Chepkube Market**



**Chepkube Market**



**Kimilili Market**



**Kimilili Market**





**Milk Processing Plant**



**Milk Processing Plant**



**Misikhu Brigadier Road**



**Misikhu Brigadier Road**





**Mother and Child Hospital Wing**



**Mother and Child Hospital Wing**



**Kanduyi – Musikoma Dual Carriageway**



**Kanduyi – Musikoma Dual Carriageway**





**Bungoma Scholarship Programme**



**Bungoma Scholarship Programme**



**Sirisia Sub County Hospital**



**Masinde Muliro Stadium**

## Overall Balance and Financing

23. In line with the performance in expenditure and revenues, the fiscal deficit (including grants) amounted to Ksh 2.62 billion representing 19% percent shortfall against a target of Ksh 14.002 billion.

Receipt/ Expense Item	FY	FY 2020/21		Deviation	% of
	2019/20	Kshs	Kshs	Kshs	Utilization
	Actual (A)	Target(B)	Actual ©	D=B-C	E=b/c %
<b>RECEIPTS</b>					
Exchequer releases		10,223,214,272	9,658,503,900	564,710,372	94%
Proceeds from Domestic and Foreign Grants		1,947,369,724	651,525,584	1,295,844,140	33%
Transfers from Other Government Entities		690,673,036	299,798,724	390,874,313	43%
County Own Generated Receipts		1,141,464,319	765,394,620	376,069,699	67%
Returned issues to CRF		167,059	167,059	-	100%
<b>TOTAL</b>		<b>14,002,888,410</b>	<b>11,375,389,887</b>	<b>2,627,498,524</b>	<b>81%</b>
<b>PAYMENTS</b>			-		
Compensation of Employees		4,459,229,517	4,442,803,043	16,426,474	100%
Use of goods and services		2,831,513,178	2,139,292,280	692,220,898	76%
Transfers to Other Government Units		1,075,853,601	982,855,098	92,998,503	91%
Other grants and transfers		2,817,341,318	1,772,274,560	1,045,066,758	63%
Social Security Benefits		16,735,481	2,063,196	14,672,285	12%
Acquisition of Assets		2,732,215,315	2,119,642,331	612,572,984	78%
Other Payments		70,000,000	70,041,312	(41,312)	100%
<b>TOTAL</b>		<b>14,002,888,410</b>	<b>11,528,971,820</b>	<b>2,473,916,590</b>	<b>82%</b>

24. Total disbursements (inflows) including A-i-A amounted to Ksh.11.37 billion against a target of Ksh 14.002 billion. The disbursements included Ksh 9.65 billion exchequer release, County own generated revenue (including A-i-A) Ksh 765 million, proceeds from domestic and foreign grants Ksh 651.5 million, transfers from other government entities Ksh. 299.7 million and CRF returns Kshs. 167,000.

## **B. Fiscal Performance for the FY 2020/21 in Relation to Financial Objectives**

25. The fiscal performance in the FY 2020/21 has affected the financial objectives set out in the CFSP 2020 and the Budget for FY 2020/21 in the following ways:
- i. The base for local revenue projections is higher than the actual outcome by Kshs 376 million; as such there will be a downward base effect adjustment in ordinary revenues for FY 2021/22 and the medium term. This adjustment in revenues is expected to translate to a mix of downward adjustment in expenditure projections and upward adjustment in financing for the FY 2021/22. In addition, adjustments will be made to fiscal aggregates to reflect revisions in the macroeconomic projections as well as revenue performance for the first quarter of FY 2021/22;
  - ii. The baseline ceilings for spending departments/agencies will be adjusted in line with the revised resource envelope under the updated budget framework in the CFSP 2021. In addition, the revisions will take into account the performance in project execution in the FY 2021/22 budget by CDAs and any identified one-off expenditures;
  - iii. The budget ceilings for CDAs implementing flagship projects will be reviewed to ensure proper financing of the project components and the under-spending in both recurrent and development budget for the FY 2021/22 additionally has implications on the base used to project expenditures in the FY 2020/21 and the medium term. Appropriate revisions have been undertaken in the context of this CBROP taking into account the budget outturn for the FY 2021/21.
26. As highlighted above, the reasons for the deviations from the financial objectives include: failure by donors/ National Government to release development grants in time, lower than projected revenue collection; under-spending in both recurrent and development; under-reporting on A-in-A expenditures by CDAs; and slow uptake of external resources in the FY 2020/21.
27. To remedy these deviations, the fiscal outlook will focus on completing the tax and revenue administration reforms contained in the 2021 Finance Bill. Further, the County Treasury has issued guidelines on how capital projects should be planned, appraised and evaluated before funds are committed in the budget. Resources will be allocated to the capital projects which will have been fully appraised and reviewed to avoid delay in implementation. Further, ongoing projects will be prioritized and any new projects will be evaluated in the context of their furtherance of the Big Four plan, importance in line with the medium and long-term development agenda; their impact on poverty; promotion of growth and job creation; and the viability and sustainability of the project.

### **C. Fiscal Responsibility Principles**

28. In line with the Constitution, the PFM Act, 2012, the PFM regulations, and in keeping in line with prudent and transparent management of public resources, the Government has largely adhered to the fiscal responsibility principles as set out in the statute as follows:
- i. The County Government's allocation to development expenditures has been above 30 percent of County Government expenditures. In the FY 2020/21, the allocation to development in the budget was 33.7 percent of the total allocation meeting the set threshold.
  - ii. The law requires that the county government's expenditure on the compensation of employees (including benefits and allowances) shall not exceed 35 percent of the county government's equitable share of the revenue raised nationally plus other revenues generated by the county. The share of wages and benefits to revenues was 34 percent in the FY 2020/21 which is within the statutory requirement of 35.0 percent of the equitable share from National Government, grants from both National Government and Development partners plus other revenues generated by the county Government. However, the County Government expenditure on personnel was beyond the set threshold. This was mainly attributed to the recruitment of medical officers and ECDE teachers.
29. To manage fiscal risks prudently as required, the County Government has improved its revenue forecasts and regularly reviews the impact of these projections and their implications on the budget. Potential fiscal risks arising from contingent liabilities, including from Public Private Partnership projects among others are taken into account and a contingency provision made to cushion the county economy from unforeseeable shocks.
30. On the principle of maintaining a reasonable degree of predictability with respect to the level of tax rates and tax bases, the County Government continues to carry out tax reforms through modernizing and simplifying tax administrative laws. In order to lock in predictability and enhance compliance with tax system, the government through the Finance Act, 2017, introduced stickers for Public Service Vehicles amid other changes to simplify tax administration and management.
31. The county fiscal projections provide comparisons between the updated projections in the CBROP 2021 and the CFSP 2021 for the financial year 2022/23 and in the medium term. The deviations, in the revision in revenues and expenditures are due to the base effect on revenue forecast and macroeconomic assumptions contained in this CBROP, which will be firmed up in the context of the CFSP 2022. The County Government will not deviate from the fiscal responsibility principles, but will make appropriate modifications to the financial objectives contained in the latest CFSP to



reflect the changed circumstances.

### **Challenges encountered by the County in Public Finance Management**

32. There are some notable challenges in the management of county public finances that have persisted. First is irregular public procurement, such as, lack of proper documentation of the contracts awarded; variation of materials used in construction; engagement of service providers without proper contracts, un-procedural procurement of goods and services; awarding of contracts without performance bonds as required by the procurement law and awarding of same works to more than one contractor among others.
33. Second is the weak management of assets and liabilities characterised by incomplete fixed assets register leading to under estimation of the assets held by the County Government. This has been made worse by the delay in the completion of the formal transfer of assets and liabilities.
34. Third, weak human resource management framework characterised by irregular recruitment of staff of both the Executive and the County Assembly; lack of human resource policy that would guide the staffing needs and irregular leasing of official residences for senior county officials. Weak human resource management limits the ability of the counties to manage their wage bill which has posed a major challenge.
35. Fourth is the escalation of pending bills which is attributed to non-payment of contractors and suppliers of goods and services, and of salaries. In some instances, the county has failed to remit statutory deductions (including employee pension contributions and loan deductions) to respective institutions.
36. Fifth, the establishment and management of Public Funds without the requisite legal and administrative frameworks which affects the administration, accounting and reporting of these Funds.
37. Sixth, there are misalignment between financial reports prepared by the County Government and the financial records as captured in the Government's Integrated Financial Management Information System (IFMIS).

### **Measures to address some of the challenges faced by County Governments**

38. To address the above challenges, the County Treasury has been undertaking extensive capacity building initiatives targeting county staff. In addition, the National Treasury has been supportive in developing the capacity of our staff on various aspects of public finance management will continue in order to ensure compliance with the legal requirements as contained in the PFM Act and

## Regulations.

39. In addition, through the National Government and in partnership with the World Bank, the County will continue implementing the Kenya Devolution Support Program (KDSP) which seeks to incentivise better PFM performance by providing additional resources for capacity development that achieve pre-agreed results in core PFM key result areas.
40. The County will embrace efforts to enhance own source revenue, by implementing the County Governments' OSR enhancement policy and bill which has already been approved by the National Executive (Cabinet) and the bill will be submitted to Parliament for enactment into law.
41. The county will implement the findings of the county revenue potential study commissioned by the National Treasury. According to the study's draft report, almost all counties could dramatically increase OSR contributions to their budgets by refocusing enhancement efforts on key streams, broadening the base for collections and simplifying rate structures. The study also recommends strategies for strengthening the linkage between revenue collection and policy objectives, improving efficiency of revenue administration arrangements (e.g. through collaboration with Kenya Revenue Authority) and fixing legal weaknesses. In addition to the revenue potential study, the National Treasury is planning to train Counties on OSR revenue forecasting and tax analysis.
42. Implementation of the World Bank/ National Treasury funded Kenya Urban Support Programme will be strengthened to establish and appropriate specific budgets for urban areas and Towns. Through the KUSP the National Government provides conditional grants to the county to incentivise and support the establishment of charters as well as administrative structures for urban areas and Towns. Additional resources will be provided to support the development of the necessary urban infrastructure, such as street lighting, water supply infrastructure, urban roads and drainage systems.

### **III. RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK**

#### **A. Overview**

##### ***Global Economic Performance***

43. Global growth in 2021 is projected at 6.0 percent from a contraction of 3.2 percent in 2020 (WEO July 2021). The projected recovery in advanced economies, particularly the United States, reflects the anticipated legislation of additional fiscal support in the second half of 2021 and broader vaccinations coverage across the group. This CBROP has been prepared against a background of a projected global economic recovery amidst uncertainty relating to new COVID-19 mutations particularly the Delta variant that could require broader reinstatement of containment measures.
44. Economic growth in the sub-Saharan Africa region is projected at 3.4 percent in 2021 from a contraction of 1.8 percent in 2020 due to improved exports and commodity prices, and the rollout of vaccination programmes. This growth will also be supported by a recovery in both private consumption and investment as economies re-open. However, the recent increase in infection rates in sub-Saharan Africa are expected to weigh down the region's recovery in 2022.

##### ***Domestic Economic Performance***

###### ***GDP Growth***

45. The Kenyan economic growth slowed down in FY 2020/21 occasioned by: the outbreak of COVID-19 pandemic and the swift containment measures, which disrupted economic activities; the invasion of swarms of desert locusts that damaged crops and floods following receipt of above normal rainfall in May 2020.
46. In the first three quarters of 2020 the economy contracted by an average of 0.4 percent compared to an average growth of 5.3 percent over the same period in 2019. The decline was largely characterized by contractions in the services sector especially Accommodation and Restaurant (45.1 percent), Education (31.2 percent), Wholesale and Retail trade (1.3 percent) and Transport and Storage (0.9 percent) subsectors. However, the performance in the third quarter of 2020, albeit constrained, was relatively better compared to the second quarter of 2020 due to partial easing of COVID-19 containment measures.

47. The real GDP in the East African Community (EAC) bloc was estimated at 0.7 percent in 2020 due to the effects of the COVID 19 Pandemic. The deceleration in growth was generally recorded in all the countries in the bloc.

## B. Recent Developments

### Real Sector Developments

48. The overall performance of the economy during the first three quarters of 2020 was cushioned from a deeper slump by improved growth in Mining and Quarrying activities (12.6 percent); Construction (8.6 percent); Health Services (7.3 percent) and Agriculture, Forestry and Fishing activities (6.4 percent). Other sectors of the economy that supported growth in the first three quarters of 2020 are Information and Communication (7.5 percent); Financial and Insurance activities (5.3 percent); Real Estate Activities (4.0 percent) and Electricity and Water supply (3.3 percent).

**Table 4: Sectoral GDP Performance**

Sectors	Sector Growth (%)											
	2018				2019				2020			
	Q1	Q2	Q3	Q1-Q3	Q1	Q2	Q3	Q1-Q3	Q1	Q2	Q3	Q1-Q3
<b>Primary Industry</b>	6.7	5.9	6.5	<b>6.4</b>	3.9	2.2	4.9	<b>3.6</b>	5.9	7.4	6.9	<b>6.7</b>
Agriculture, Forestry and Fishing	6.9	6.0	6.7	<b>6.5</b>	4.0	2.0	5.0	<b>3.6</b>	5.8	7.3	6.3	<b>6.4</b>
Mining and Quarrying	3.1	3.5	3.2	<b>3.2</b>	1.4	5.0	3.4	<b>3.2</b>	9.5	10.0	18.2	<b>12.6</b>
<b>Secondary Sector (Industry)</b>	5.1	5.4	6.1	<b>5.5</b>	4.2	5.5	5.1	<b>5.0</b>	4.1	(1.0)	4.2	<b>2.4</b>
Manufacturing	4.1	4.6	4.8	<b>4.5</b>	2.3	4.1	3.9	<b>3.5</b>	2.9	(3.9)	(3.2)	<b>(1.4)</b>
Electricity and Water supply	6.1	8.3	8.1	<b>7.5</b>	7.8	7.3	6.4	<b>7.2</b>	6.3	(0.6)	4.7	<b>3.3</b>
Construction	6.7	5.6	7.3	<b>6.5</b>	6.1	7.2	6.6	<b>6.6</b>	5.3	3.9	16.2	<b>8.6</b>
<b>Tertiary sector (Services)</b>	6.2	6.0	6.6	<b>6.2</b>	6.3	6.8	6.7	<b>6.6</b>	5.5	(11.0)	(4.7)	<b>(3.5)</b>
Wholesale and Retail trade	5.6	6.5	7.3	<b>6.5</b>	6.3	7.8	6.1	<b>6.7</b>	6.4	(7.0)	(2.5)	<b>(1.3)</b>
Accommodation and Restaurant	13.3	15.1	15.5	<b>14.5</b>	11.0	12.1	9.9	<b>10.9</b>	(9.3)	(83.2)	(57.9)	<b>(45.1)</b>
Transport and Storage	6.5	6.6	8.5	<b>7.2</b>	6.4	7.6	7.6	<b>7.2</b>	6.1	(11.4)	2.9	<b>(0.9)</b>
Information and Communication	13.2	11.7	9.8	<b>11.7</b>	10.0	7.5	8.0	<b>8.6</b>	9.8	4.6	7.3	<b>7.5</b>
Financial and Insurance	4.0	3.5	5.1	<b>4.2</b>	6.3	5.2	8.1	<b>6.5</b>	6.2	4.2	5.3	<b>5.3</b>
Public Administration	5.5	6.1	7.1	<b>6.3</b>	8.9	8.7	8.4	<b>8.7</b>	6.7	5.7	9.6	<b>7.3</b>
Others	5.1	5.0	4.9	<b>5.0</b>	4.8	5.8	5.6	<b>5.4</b>	4.7	(19.2)	(13.0)	<b>(9.3)</b>
of which Real Estate	5.2	4.5	3.8	<b>4.5</b>	4.7	6.0	5.5	<b>5.4</b>	4.4	2.3	5.3	<b>4.0</b>
Education	5.3	5.2	5.5	<b>5.4</b>	4.3	6.0	6.0	<b>5.4</b>	5.3	(56.2)	(41.9)	<b>(31.2)</b>
Health	4.1	3.4	5.3	<b>4.3</b>	5.4	6.2	5.5	<b>5.7</b>	5.8	10.3	5.6	<b>7.3</b>
Taxes less subsidies	6.1	6.0	6.2	<b>6.1</b>	4.7	4.0	4.2	<b>4.3</b>	3.4	(14.2)	(4.2)	<b>(5.2)</b>
<b>Real GDP</b>	6.3	6.1	6.5	<b>6.3</b>	5.2	5.1	5.8	<b>5.3</b>	5.2	(5.5)	(1.1)	<b>(0.4)</b>
of which Non-Agriculture	6.2	6.1	6.5	<b>6.3</b>	5.7	6.4	6.3	<b>6.1</b>	5.2	(8.4)	(2.5)	<b>(2.0)</b>

**Source of Data: Kenya National Bureau of Statistics**

49. The agriculture sector recorded an improved growth at an average of 6.4 percent in the first three quarters of 2020 compared to a growth of 3.6 percent in the corresponding period of 2019. The sector's performance was supported by a notable increase in tea production, exports of fruits and sugarcane production.

50. The Service and Industry sectors were adversely affected by the COVID-19 pandemic. As a result, the sectors contracted by an average of 2.1 percent in the first three quarters of 2020 down from an average growth of 6.1 percent in a similar period

in 2019.

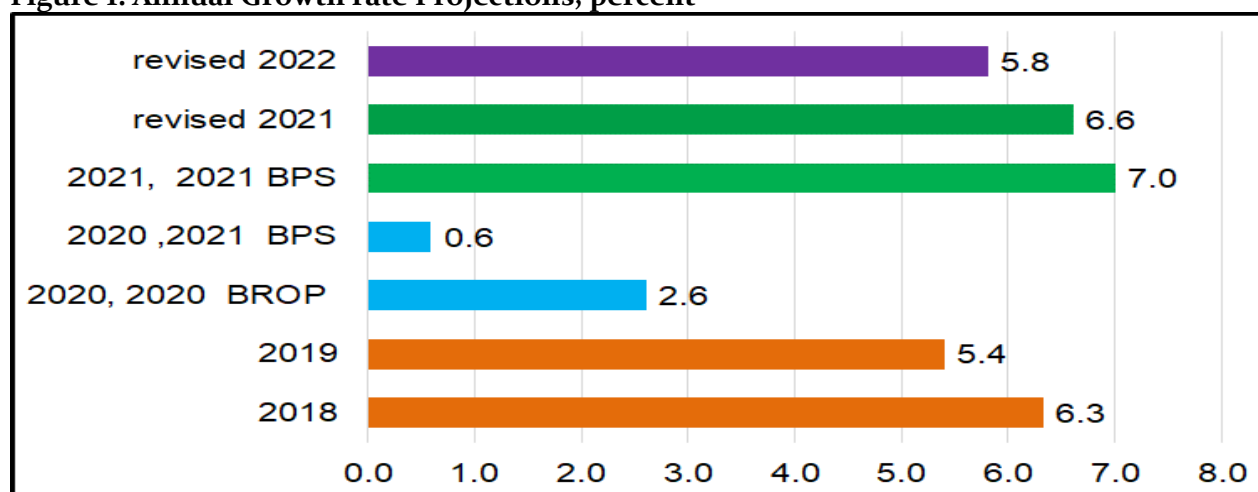
51. Economic indicators by sector for the fourth quarter of 2020 point to strong recovery. Agriculture sector is expected to have performed well following favorable weather conditions which prevailed during the fourth quarter of 2020, resulting in improved production of key crops. Industrial activity is also expected to have recovered strongly as reflected in the economic indicators of the following sectors; Construction (cement consumption), Manufacturing (cement production), and Electricity and Water supply (electricity generation).

52. However, performance of some Service sectors (Accommodation and Restaurant and, Transport and Storage) is likely to remain subdued due to the COVID-19 containment measures which prevailed during the quarter under review.

53. Leading indicators point to a relatively strong recovery in the first quarter of 2021, supported by strong performance of Agriculture, Construction, Information and Communication, Real Estate, and Finance and Insurance sectors. The enhanced COVID-19 containment measures implemented in five counties (Nairobi, Kiambu, Machakos, Kajiado and Nakuru) between March 26 and May 1, and the 13 western lake basin regions between June 18 and July 30 are expected to have had a moderate impact on output in the second and third quarters as businesses in most sectors were in operation.

54. Similar to the global economy, Kenya's economy is projected to rebound in 2021 to 6.6 percent from an earlier projection of 7.0 percent in the 2021 CFSP. The downward revision was due to the impact of containment measures between March and July period as a result of the third wave of the COVID-19 pandemic (Figure 5).

**Figure 1: Annual Growth rate Projections, percent**



*Source of Data: The National Treasury*

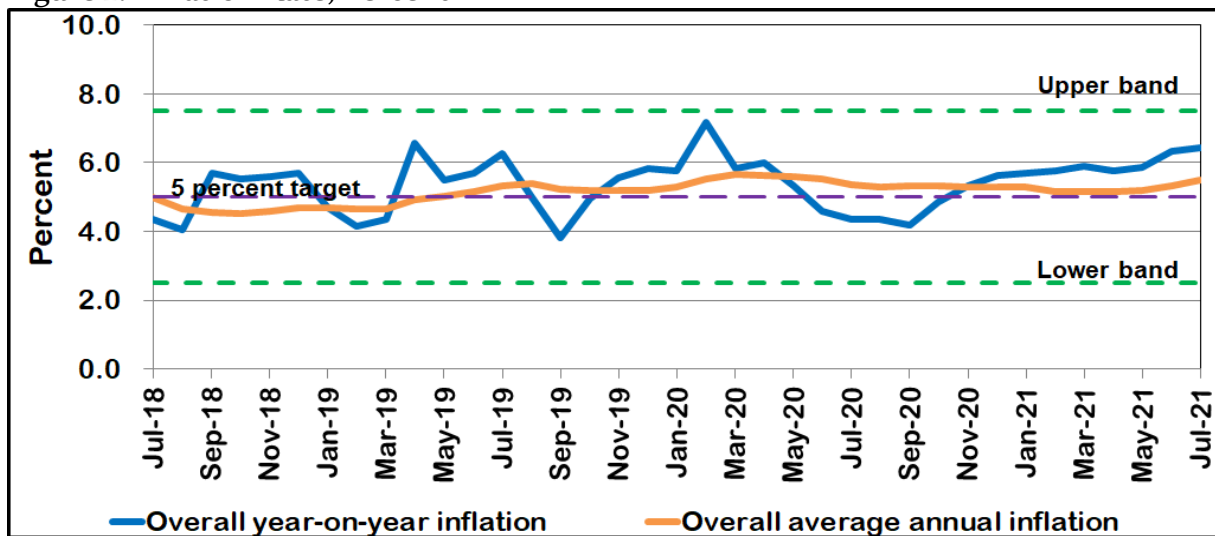
55. The recovery in 2021 reflects the lower base of 2020 when most service sectors

were adversely affected by the closure of the economy thereby recording negative growths. 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, Economic Recovery Strategy and other priority programmes as outlined in the Third Medium Term of Vision 2030. Weather conditions are expected to be favourable supporting agricultural output. As a result, export of goods and services will expand as global demand normalizes.

### Inflation Rate

56. Year-on-year overall inflation rate has remained low, stable and within the policy target range of 5+/-2.5 percent since end 2017. The year-on-year inflation rate increased in July 2021 but remained within the target range at 6.4 percent from 4.4 percent in July 2020, mainly on account of higher food and fuel prices (Figure 6).

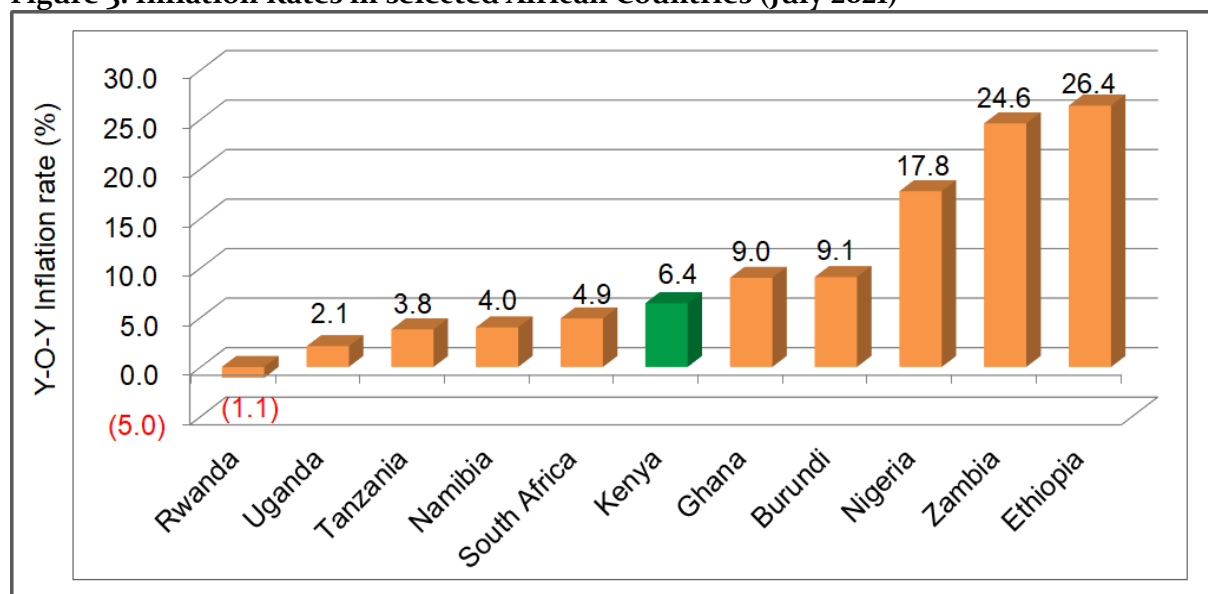
Figure 2: Inflation Rate, Percent



Source of Data: Kenya National Bureau of Statistics

57. Kenya’s rate of inflation compares favourably with the rest of Sub-Saharan Africa countries. In July 2021, Kenya recorded a lower inflation rate than Ghana, Burundi, Nigeria, Zambia, and Ethiopia (Figure 8).

**Figure 3: Inflation Rates in selected African Countries (July 2021)**

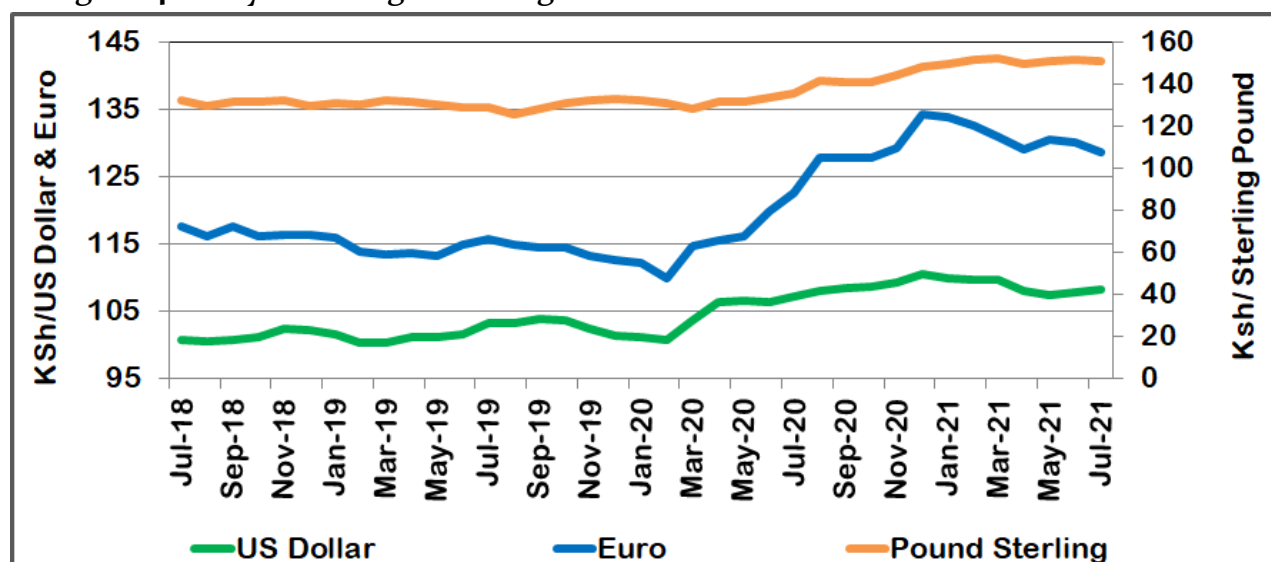


Source of Data: National Central Banks

### Kenya Shilling Exchange Rate

58. The foreign exchange market has largely remained stable but partly affected by tight global financial conditions attributed to uncertainty with regard to the COVID-19 pandemic. In this regard, the Kenya Shilling to the US Dollar exchanged at Ksh 108.1 in July 2021 compared to Ksh 107.3 in July 2020 (Figure 9).

**Figure 4: Kenya Shillings Exchange Rate**

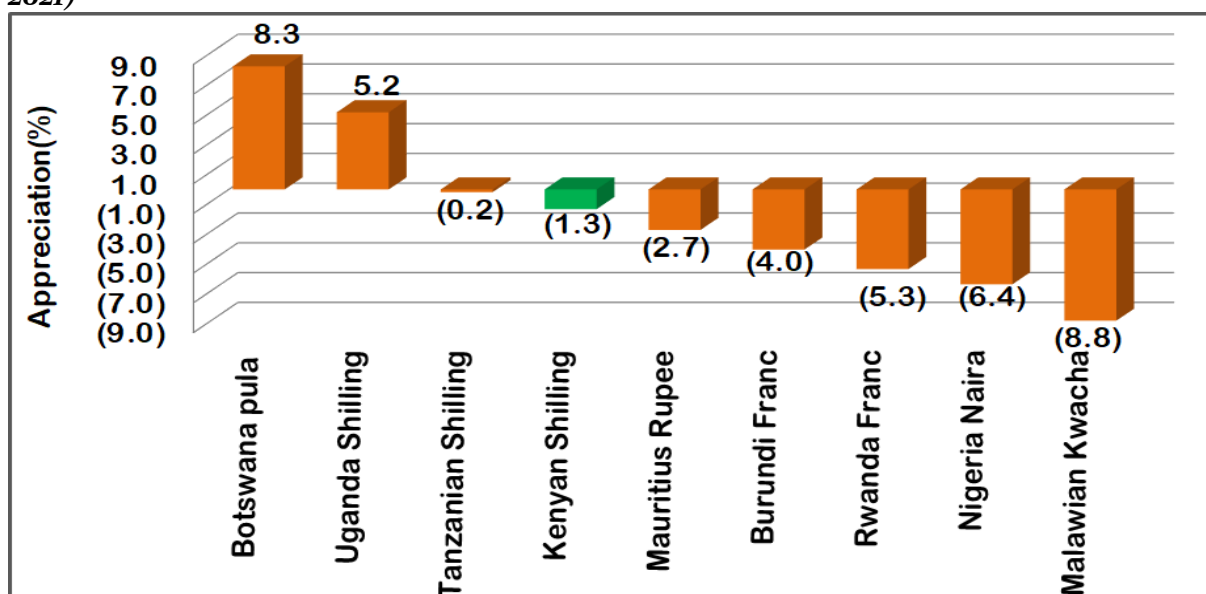


Source of Data: Central Bank of Kenya.

59. In comparison to most sub-Saharan Africa currencies, the Kenya Shilling has remained relatively stable weakening by 1.3 percent against the US Dollar (Figure 10). This depreciation of the Kenya Shilling was lower than that of Rwanda Franc, Nigerian Naira, Mauritius Rupee and Burundi Franc. The stability in the Kenya Shilling was supported by increased remittances, adequate foreign exchange

reserves and favourable horticultural exports (fruits, vegetables and cut flowers).

**Figure 5: Performance of Selected Currencies against the US Dollar (June 2020 to June 2021)**



Source of Data: National Central Banks

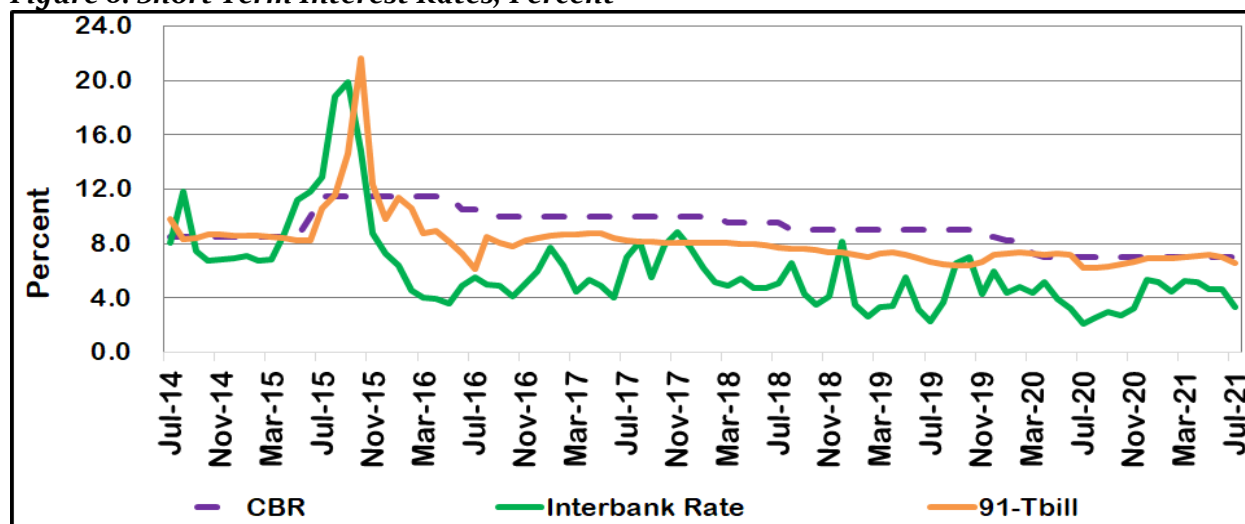
### Interest Rates

60. Short-term interest rates remained fairly low and stable. The Central Bank Rate was retained at 7.0 percent in July 2021 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 money market was relatively liquid in July 2021 supported by government payments, which offset tax remittances. As such, the interbank rate remained low but increased slightly to 3.3 percent in July 2021 from 2.1 percent in July 2020 (Figure 11).

61. Interest rates on the Treasury bills remained relatively stable in July 2021. The 91-day Treasury Bills rate was at 6.6 percent in July 2021 compared to 6.2 percent in July 2020. Over the same period, the 182-day Treasury Bills rate increased to 7.1 percent from 6.7 percent while the 364-day decreased to 7.5 percent from 7.6 percent.



**Figure 6: Short Term Interest Rates, Percent**



Source of Data: Central Bank of Kenya

## B. Medium Term Economic Outlook

### Global Growth Outlook

62. The global growth is projected to grow at 6.0 percent in 2021, moderating to 4.9 percent in 2022 from the contraction of 3.2 percent in 2020 largely supported by gradual reopening of economies, relaxation of COVID-19 restrictions particularly in the major economies, ongoing deployment of vaccines, and strong policy measures. However, the outlook for global growth remains highly uncertain, due to the resurgence of infections, the reintroduction of containment measures, and the uneven pace of vaccinations across the globe.

63. Global growth is expected to moderate to 3.4 percent over the medium term reflecting projected damage to supply potential and forces that preceded the pandemic. The emerging market economies and low-income developing countries have been hit harder and are expected to suffer more significant medium-term losses.

64. The Sub-Saharan African region is estimated to have contracted by 1.8 percent in 2020 due to the negative effects of the pandemic. Economic growth in the region is expected to recover to 3.4 percent in 2021 and 4.1 percent in 2022 supported by improved exports and commodity prices along with a recovery in both private consumption and investment.

### Domestic Growth Outlook

65. The Kenyan economic growth is estimated to have slowed down in FY 2020/21 as the country was not spared from the adverse impact of the Pandemic. However, growth is expected to rebound to 6.2 percent in FY 2021/22 and above 6.0 percent over the medium term.

66. This outlook 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 Economic Recovery Strategy. Weather conditions are expected to be favourable supporting agricultural output. As a result, export of goods and services will expand as global demand normalizes.

### **County Government Growth Outlook**

67. The growth projections over the medium term are aligned to key National and County policy documents that include Kenya Vision 2030, the Sustainable Development Goals (SDGs), National Government priorities under the “Big Four” Plan, MTP III (2018-2022) Bungoma County Integrated Development Plan (CIDP 2018-2022) and Bungoma County Annual Development Plan (CADP 2022/2023).

68. The County Flagship projects which are on course include; Modernizing Masinde Muliro Stadium, upgrading of Musikoma-Kanduyi Dual carriage 6.5 kms, construction of 300 bed capacity maternal and child block at Bungoma County Referral Hospital, water drilling rig, subsidized farm input support to the vulnerable, scholarship program, County Dairy Industry will contribute to laying a strong foundation for increased productivity along the value-chain of the related sectors.

69. In the medium term, the county will seek to focus on implementing programmes /projects/initiatives that will bring about sustainable development so as to satisfy the needs of the citizens living in the great county of Bungoma.

### **Fiscal Policy Outlook**

70. Fiscal policy over the medium-term aims at supporting rapid and inclusive economic growth, ensuring a sustainable debt position by narrowing the budget deficit and at the same time supporting the devolved system of Government for effective delivery of services.

71. Over the medium term, driven by continued reforms in revenue administration and revenue enhancement measures, revenue collection is projected at 17.0 percent of GDP by FY 2022/23 from 17.6 percent of GDP in FY 2018/19. The Bungoma county Finance Bill 2019 was subjected to public participation and has been forwarded to the County Assembly for approval.

72. Expenditures will decline gradually from 24.2 percent of GDP in FY 2018/19 to 22.0 percent of GDP in FY 2022/23 due to continued austerity measures instituted on less productive areas of spending across the Government.

73. The lower deficit reflects the projected completion of key infrastructural projects by the County Government, enhanced revenue collection and prudent public spending. This will reinforce policy of consistency and predictability of

government spending and will be achieved through the following strategies:

- Increasing efficiency, effectiveness and accountability of public spending;
- Containing the growth of recurrent expenditure in favour of capital investment; and
- Ensuring that capital expenditure proposals have been thoroughly scrutinized and prioritized in line with the CIDP and other county policy documents.

74. In the medium term, the county government will build on the on-going high-level programs that emphasize the relevance of local economic development, employment and social stability by implementing the following flagship projects.

Sector	Project/Initiative
<b>Agriculture</b>	<ul style="list-style-type: none"> <li>• Transform Agriculture from subsistence to a viable commercial undertaking</li> <li>• Invest in Agro-processing and value addition</li> <li>• Construct state of the art storage facilities</li> <li>• Support formation of farmer controlled SACCOs</li> </ul>
<b>Roads and Transport</b>	<ul style="list-style-type: none"> <li>• Use Public Private Partnership model to upgrade major county roads to bitumen standards</li> </ul>
<b>Education</b>	<ul style="list-style-type: none"> <li>• Invest in provision of quality pre-school education</li> <li>• Enter into partnership with HELB for provision of Bursaries</li> <li>• Build and Equip Youth Polytechnics</li> <li>• Employ sufficient teachers on permanent and pensionable basis and provide them with medical, trainings and motivation incentives</li> </ul>
<b>Sports</b>	<ul style="list-style-type: none"> <li>• Develop sports, talent and innovation Hubs</li> <li>• Renovation and modernization of Masinde Muliro Stadium</li> </ul>
<b>Water</b>	<ul style="list-style-type: none"> <li>• Invest in safe drinking water</li> <li>• Promote rain-water harvesting</li> <li>• Develop gravity fed water systems</li> </ul>
<b>Health</b>	<ul style="list-style-type: none"> <li>• Promote universal access to Health Care by supporting all HHs to enroll with NHIF.</li> <li>• Constructing, staffing and equipping of health facilities to meet the required standards.</li> <li>• Strengthen preventive and promotive services through community strategy in the county.</li> <li>• Construct a level 5 County Referral Hospital</li> </ul>
<b>Industry</b>	<ul style="list-style-type: none"> <li>• Bungoma Integrated Industrial Project. Project components include: Infrastructure, Industrial plants, Agriculture, Supply of construction materials, Housing development among others</li> <li>• Revive Kitinda Dairy</li> <li>• Development of cottage and manufacturing industries</li> </ul>
<b>Trade</b>	<ul style="list-style-type: none"> <li>• Provide supporting infrastructure to all markets</li> <li>• Develop modern truck shops on the Northern Corridor to offer storage, packaging, truck maintenance and hotel accommodation</li> <li>• Exempt or reduce county taxes for micro businesses such as boda-boda and mama mbogas</li> <li>• Reform and harmonize licensing regime</li> <li>• Build Capacity of Local Traders to participate in County contracts</li> </ul>
<b>Tourism</b>	<ul style="list-style-type: none"> <li>• Use partnership model to attract Tourism Investments in Mt Elgon</li> <li>• Promote cultural Tourism through development of cultural sites in all Constituencies</li> </ul>
<b>Gender</b>	<ul style="list-style-type: none"> <li>• Gender leadership and empowerment academy</li> <li>• Children rescue and protection centre.</li> </ul>

Sector	Project/Initiative
Culture	• Drugs and alcohol rehabilitation centre.
	• Arts theatre and music studio.

### Risks to the Domestic Economic Outlook

75. There are both domestic and external risks to this macroeconomic outlook. On the domestic front, the emergence of new COVID-19 variants that may require broader reinstatement of containment measures in the country and its trading partners. This could lead to renewed disruptions to trade and tourism. Other risks relate to lower agricultural output due to potential adverse weather conditions and continued desert locust infestation in the northern region of the country, which could potentially reduce production of food crops and animal feeds. Additionally, increased public expenditure pressures, particularly wage and other recurrent expenditures would put a strain to the fiscal space.
76. A faster than projected rebound in economic activities would be an advantageous risk to the domestic economy. That would result in higher Government revenues providing fiscal space that would support faster reduction in fiscal deficit and debt accumulation. Additionally, potential lower oil prices in the international market would result in improved terms of trade.
77. Externally, risks will depend on how the world responds to the health crisis, including whether the new COVID-19 strains are responsive to vaccines. Additionally, growth would be weaker than projected if logistical hurdles in procuring and distributing vaccines especially in emerging market and developing economies will be slow. The delays would allow the new variants to spread, with possibly higher risks of infections among the vaccinated populations.
78. World economies will be shaped by policies taken to limit persistent economic disruptions; the evolution of financial conditions and commodity prices especially oil in the international market; and, the adjustment capacity of the economies.
79. On the upside, better global cooperation on vaccines could help prevent renewed waves of infection and the emergence of new variants, end the health crisis sooner than assumed, and allow for faster normalization of activity, particularly among emerging market and developing economies. The Kenyan Government continues to monitor the domestic and external environment and will take appropriate policy measures to safeguard the economy against the adverse effects were the risks to materialize.
80. The County Government will monitor the above risks and take appropriate measures to ensure efficient and effective delivery of planned outputs and outcomes, while sharing relevant information with stakeholders. Further, the Government is

accelerating infrastructure development to support sustainable economic recovery.

## **IV. RESOURCE ALLOCATION FRAMEWORK**

### **A. FY 2020/21 Budget**

81. The Medium-Term Fiscal Framework (MTFF) for the FY 2020/21 emphasizes on efficiency and effectiveness of public spending and improving revenue collection to stimulate and sustain economic activities, mitigate the adverse impact of COVID-19 pandemic on the economy and re-position the economy on a steady and sustainable growth trajectory. This will in turn ensure that the debt position remains sustainable and enhances continued fiscal discipline
82. The underperformance in both revenue collection and expenditure in the FY 2019/20 has implications on the financial objectives outlined in the 2020 CFSP and the 2020/21 Budget. In particular, the baseline for projecting both the revenue and expenditures for the FY 2020/21 and the medium term has changed given the outcome of FY 2019/20 and the first two months of FY 2020/21.
83. In light of these challenges, the revenue projections for FY 2020/21 will be revised taking into account a lower projection base and revenue performance by end August 2020 and the prolonged effects of COVID-19 Pandemic on economic activities and the measures put in place to curb its spread. Expenditure projections for FY 2020/21 will be revised to accommodate the weak revenue performance through trade-offs and reallocations of the existing budgetary provisions supported by austerity measures instituted on less productive areas of spending across the Government.

### **B. FY 2021/22 Budget Framework**

84. The FY 2021/22 budget framework builds up on the County Government's efforts through the Economic Stimulus Programme and the Post Covid-19 Economic Recovery Strategy to stimulate and sustain economic activities, mitigate the adverse impact of COVID-19 pandemic on the economy and re-position the economy on a steady and sustainable growth trajectory. This is in addition to expenditure rationalization and revenue mobilization programmes that the Government has been implementing.
85. To protect the gains already made, the County Government will continue to emphasize on the implementation of policy measures such as the zero-based budgeting process, adoption of the "no new projects" policy, a review of portfolio of externally funded projects to restructure and re-alignment with the "Big Four" Plan and reducing spending on programmes, which are not of high priority. As a result, the overall fiscal deficit is expected to decline. Further, with the fiscal consolidation strategy, MDAs are required to adopt the culture of doing more with less that is available with a view to promote sustainability and optimality
86. In the FY 2021/22 revenue collection including Appropriation-in-Aid (A-i-A) is

projected at Ksh 1,116,524,891. Of this, ordinary revenues is projected at Ksh 525,000,000. This revenue performance will be underpinned by economic recovery efforts through the Economic Stimulus Programme and the Post Covid19 Economic Recovery Strategy, on-going reforms in tax policy and revenue administration. On the other hand, the overall expenditure is projected at Ksh 13,320,063,201. Of this, recurrent expenditure will amount to Ksh 9,518,861,839 while, development expenditure will amount to Ksh 3,801,201,362.

### **C. Medium Term Fiscal Projections**

87. The Medium-Term Fiscal Policy aims at economic recovery to support sustained, rapid and inclusive economic growth, safeguard livelihoods and continue the fiscal consolidation programme to create fiscal space for the implementation of the “Big Four” Plan. In this regard, and driven by economic recovery strategies, continued reforms in revenue administration and revenue enhancement measures, the County Government’s total revenue and total expenditure are projected at Ksh 13,912,615,945 FY 2023/24. Of the total expenditures, recurrent expenditures are expected to decline to in the medium term while development expenditure is projected at KSHS. 4,076,385,432 FY 2023/24.

88. Given the expenditure and revenue enhancement measures the County Government has put in place, fiscal deficit inclusive of grants is projected to decline in the medium-term. The lower deficit reflects the enhanced revenue collection as a result of economic recovery strategies and prudent public spending. Particular emphasis will be placed on:

- i. Increasing efficiency, effectiveness and accountability of public spending;
- ii. Containing the growth of recurrent expenditure in favour of capital investment; and
- iii. Ensuring capital expenditures are thoroughly scrutinized and aligned with “the Big Four” Plan, the CIDP II and strategic policy interventions by the Government.

### **D. Medium-Term Expenditure Framework**

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

- i. Linkage of programmes to Economic Recovery Strategy;
- ii. Linkage of Programmes to the ‘Big Four’ Plan either as drivers or enablers;

- iii. Linkage of the programme with the objectives of the CIDP, Third Medium-Term Plan of Vision 2030;
  - iv. Degree to which a programme addresses job creation and poverty reduction;
  - v. Degree to which the programme is addressing the core mandate of the CDAs;
  - vi. Expected outputs and outcomes from a programme; and
  - vii. Cost effectiveness and sustainability of the programme.
90. In addition, the County Government will prioritize resources towards supporting the National Government in achievement of the following initiatives under the “Big Four” Agenda:

### **Food Security**

91. Enhancing Food and Nutrition Security to all Kenyans by 2022 - Under this cluster, the objective is to ensure all citizens enjoy food security and improved nutrition by 2022;
92. The agriculture sector recorded an improved growth at an average of 6.4 percent in the first three quarters of 2020 compared to a growth of 3.6 percent in the corresponding period of 2019. The sector’s performance was supported by a notable increase in tea production, exports of fruits and sugarcane production. Agriculture sector is expected to have performed well following favourable weather conditions which prevailed during the fourth quarter of 2020, resulting in improved production of key crops.
93. The County Government invested significantly towards improved food and nutrition security especially amongst the vulnerable population in the county. Through its programmes and partnerships with development partners, the agriculture sector realized significant growth which led to: increased agricultural production and productivity; enhanced adoption of good agricultural practices and climate smart technologies; growth of producer organizations, enhanced market access and increased farmer incomes. These was achieved by subsidizing the cost of inputs to enhance access to farm inputs, adopting a multi-stakeholder approach to provision of extension services, capacity building of producer organizations, establishment of processing plants, and enhancing access to markets.

### **Health**

94. Providing Universal Health Coverage and Guaranteeing Quality and Affordable Healthcare to all Kenyans - under this cluster, the relevant CDAs will be implementing identified interventions with the objective of expanding Universal Health Coverage;
95. The expenditure on health services in Bungoma County was Ksh 3.46B in FY 2020/21 and Ksh 3.49B in the FY 2021/22. The engagement of CHVs will play a significant role in the scaling up of linda mama enrolment from the current 30,000



mothers to 40,000 mothers to achieve universal health coverage. The 300-bed maternal and child block at BCRH and 100 bed at Sirisia hospital which are at 65% completion rate will boost health access in the County. The county is also rolling out the Universal Health Coverage through enrolment of vulnerable households to NHIF currently at 30% and aiming to improve to 40 at the end of FY 2021/22.

### **Housing**

96. Provision of Affordable and Decent Housing for all Kenyans - under this cluster, the Government intends to provide decent and affordable housing by constructing at least five hundred thousand housing units by 2022; and
97. The county seeks to supplement the National Affordable Housing Programme through measures such as; Implementation of the county spatial plan; Development and implementation of a comprehensive county housing policy and investment plan; Implementation of the national slum upgrading strategy action plan in relation to Bungoma County and construction of at least two low-cost houses per ward.

### **Manufacturing**

98. Supporting value addition and raising the manufacturing sector share of GDP to 15 percent by 2022 - under this cluster, the objective is to increase the share of manufacturing sector to GDP to 15 percent by 2022.
99. The Service and Industry sectors were adversely affected by the COVID-19 pandemic. As a result, the sectors contracted by an average of 2.1 percent in the first three quarters of 2020 down from an average growth of 6.1 percent in a similar period in 2019.
100. Industrial activity is also expected to have recovered strongly as reflected in the economic indicators of the following sectors; Construction (cement consumption), Manufacturing (cement production), and Electricity and Water supply (electricity generation).
101. The county has supported this agenda through establishment of cottage industries such as animal feeds plants, peanut and tomato processing plants, tailoring shops, industrial park and chicken slaughter house. These has contributed towards poverty alleviation, job and wealth creation in the county.
102. Going forward, the County Government will seek partnerships to operationalize the agro-processing plants, further enhance access to certified farm inputs amongst small holder vulnerable farmers, enhance access to markets especially for cash crops produced locally, and hence reduce the cost of food in the county.
103. By the expiry of the plan period, an ordinary Kenyan will go to a satisfying job, have nutritious meals and sleep in his own home. In the event of an illness, one

should be able to walk into a well-equipped public hospital and access treatment. The Big Four Agenda will create an environment where every Kenyan is productive and thus able to put food on the table, put their children through school and live in a decent and affordable home while accessing healthcare services not so far away from their homes.

104. Thus, the County Treasury has developed the Medium-Term Expenditure Framework as provided in Annex 1.

## V. CONCLUSION AND NEXT STEPS

105. The preparation of the FY 2022/23 and the medium-term budget is being done against a background of projected global and domestic economic recovery. The global recovery is supported by fiscal support in a few large economies, monetary easing and COVID-19 vaccinations.
106. Likewise, Kenyan economy is projected to recover from the effects of COVID-19 Pandemic and grow at a rate of 6.2 percent in FY 2021/22 from a slowdown in FY 2020/21. Economic growth is thereafter projected to slow down to 5.9 percent in FY 2022/23, largely due to the uncertainty associated with the general election, and recover to 6.3 percent by FY 2025/26.
107. To strengthen the economic recovery, the county budget for FY 2022/23 and the medium term will focus on resource mobilization and reduction on non-core expenditures. The Government will continue implementation of the County Economic Recovery Strategy through the CIDP II and “Big Four” Agenda as prioritized in the third Medium Term Plan (MTP III) of the Vision 2030 to build resilient and sustainable economic recovery and inclusive growth.
108. Due to limited resources at the County level, all Sector Working Groups are required to carefully scrutinize all proposed County Departments and Agencies (CDAs) budgets for FY 2022/23 and the medium term to ensure that they strictly adhere to the proposed sector ceilings and the strict deadlines provided in this document to facilitate the finalization and appropriation of the FY 2022/23 and the medium-term budget. The resource envelope and ceilings for each Sector provided in this Budget Review and Outlook Paper will form inputs into the 2022 County Fiscal Strategy Paper.

## ANNEXES

### Annex 1: Medium Term Sector Ceilings

DEPARTMENT		FY 2021/22	INDICATIVE CEILING FY 2022/23	PROJECTIONS		% share of total allocation			
				FY 2023/24	FY 2024/25	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Agriculture, livestock, fisheries and co-op development	Recurrent	442,665,969	451,924,348	474,520,565	498,246,594	3.5	3.4	3.4	3.4
	Development	675,511,056	675,511,056	709,286,609	744,750,939	5.3	5.1	5.1	5.1
	<b>Sub Total</b>	<b>1,118,177,025</b>	<b>1,127,435,404</b>	<b>1,183,807,174</b>	<b>1,242,997,533</b>	<b>8.8</b>	<b>8.5</b>	<b>8.5</b>	<b>8.5</b>
Tourism and environment	Recurrent	216,660,805	217,704,207	228,589,417	240,018,888	1.7	1.6	1.6	1.6
	Development	30,592,446	30,592,446	32,122,069	33,728,172	0.2	0.2	0.2	0.2
	<b>Sub Total</b>	<b>247,253,252</b>	<b>248,296,653</b>	<b>260,711,486</b>	<b>273,747,060</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>
Water and Natural Resources	Recurrent	102,763,609	103,865,620	109,058,901	114,511,846	0.8	0.8	0.8	0.8
	Development	287,571,082	287,571,082	301,949,636	317,047,118	2.3	2.2	2.2	2.2
	<b>Sub Total</b>	<b>390,334,691</b>	<b>391,436,702</b>	<b>411,008,537</b>	<b>431,558,964</b>	<b>3.1</b>	<b>2.9</b>	<b>2.9</b>	<b>2.9</b>
Roads and Public works	Recurrent	180,736,077	183,151,629	192,309,210	201,924,671	1.4	1.4	1.4	1.4
	Development	1,414,132,446	1,631,530,083	1,713,106,587	1,798,761,917	11.1	12.3	12.3	12.3
	<b>Sub Total</b>	<b>1,594,868,523</b>	<b>1,814,681,712</b>	<b>1,905,415,797</b>	<b>2,000,686,587</b>	<b>12.5</b>	<b>13.7</b>	<b>13.7</b>	<b>13.7</b>
Education	Recurrent	1,425,182,219	1,601,690,696	1,681,775,230	1,765,863,992	11.2	12.0	12.0	12.0
	Development	229,830,358	229,830,358	241,321,875	253,387,969	1.8	1.7	1.7	1.7
	<b>Sub Total</b>	<b>1,655,012,577</b>	<b>1,831,521,053</b>	<b>1,923,097,106</b>	<b>2,019,251,961</b>	<b>13.0</b>	<b>13.8</b>	<b>13.8</b>	<b>13.8</b>
Health	Recurrent	3,227,340,129	3,296,164,363	3,460,972,581	3,634,021,210	25.3	24.8	24.8	24.8
	Development	245,037,589	245,037,589	257,289,468	270,153,942	1.9	1.8	1.8	1.8
	<b>Sub Total</b>	<b>3,472,377,718</b>	<b>3,541,201,952</b>	<b>3,718,262,049</b>	<b>3,904,175,152</b>	<b>27.2</b>	<b>26.6</b>	<b>26.6</b>	<b>26.6</b>
Sanitation	Recurrent	2,017,430	2,044,340	2,146,557	2,253,884	0.0	0.0	0.0	0.0
	Development	17,672,438	17,672,438	18,556,060	19,483,863	0.1	0.1	0.1	0.1
	<b>Sub Total</b>	<b>19,689,869</b>	<b>19,716,778</b>	<b>20,702,617</b>	<b>21,737,748</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
Trade, energy and industrialization	Recurrent	58,486,816	59,238,713	62,200,648	65,310,681	0.5	0.4	0.4	0.4
	Development	82,403,997	82,403,997	86,524,197	90,850,407	0.6	0.6	0.6	0.6
	<b>Sub Total</b>	<b>140,890,813</b>	<b>141,642,710</b>	<b>148,724,845</b>	<b>156,161,087</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>
Lands, Urban and Physical Planning	Recurrent	58,689,763	59,466,118	62,439,424	65,561,395	0.5	0.4	0.4	0.4
	Development	21,700,000	21,700,000	22,785,000	23,924,250	0.2	0.2	0.2	0.2
	<b>Sub Total</b>	<b>80,389,763</b>	<b>81,166,118</b>	<b>85,224,424</b>	<b>89,485,645</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>

DEPARTMENT		FY 2021/22	INDICATIVE CEILING FY 2022/23	PROJECTIONS		% share of total allocation			
				FY 2023/24	FY 2024/25	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Bungoma Municipality	Recurrent	16,538,256	16,538,256	17,365,169	18,233,427	0.1	0.1	0.1	0.1
	Development	109,887,700	109,887,700	115,382,085	121,151,189	0.9	0.8	0.8	0.8
	<b>Sub Total</b>	<b>126,425,956</b>	<b>126,425,956</b>	<b>132,747,254</b>	<b>139,384,616</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
Kimilili Municipality	Recurrent	15,156,053	15,156,053	15,913,856	16,709,548	0.1	0.1	0.1	0.1
	Development	191,089,400	191,089,400	200,643,870	210,676,064	1.5	1.4	1.4	1.4
	<b>Sub Total</b>	<b>206,245,453</b>	<b>206,245,453</b>	<b>216,557,726</b>	<b>227,385,612</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>
Housing	Recurrent	26,443,443	26,685,070	28,019,324	29,420,290	0.2	0.2	0.2	0.2
	Development	60,175,650	60,175,650	63,184,433	66,343,655	0.5	0.5	0.5	0.5
	<b>Sub Total</b>	<b>86,619,093</b>	<b>86,860,721</b>	<b>91,203,757</b>	<b>95,763,944</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>
Gender, Culture, Youth and Sports	Recurrent	127,831,343	129,323,284	135,789,448	142,578,920	1.0	1.0	1.0	1.0
	Development	225,400,253	225,400,253	236,670,266	248,503,779	1.8	1.7	1.7	1.7
	<b>Sub Total</b>	<b>353,231,596</b>	<b>354,723,537</b>	<b>372,459,714</b>	<b>391,082,699</b>	<b>2.8</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>
County Assembly	Recurrent	921,179,505	933,547,409	980,224,779	1,029,236,018	7.2	7.0	7.0	7.0
	Development	20,000,000	20,000,000	21,000,000	22,050,000	0.2	0.2	0.2	0.2
	<b>Sub Total</b>	<b>941,179,505</b>	<b>953,547,409</b>	<b>1,001,224,779</b>	<b>1,051,286,018</b>	<b>7.4</b>	<b>7.2</b>	<b>7.2</b>	<b>7.2</b>
Finance and Planning	Recurrent	1,117,976,284	1,139,030,747	1,195,982,284	1,255,781,398	8.8	8.6	8.6	8.6
	Development	0	0	0	0	0.0	0.0	0.0	0.0
	<b>Sub Total</b>	<b>1,117,976,284</b>	<b>1,139,030,747</b>	<b>1,195,982,284</b>	<b>1,255,781,398</b>	<b>8.8</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>
County Public Service Board	Recurrent	33,714,920	34,038,658	35,740,591	37,527,620	0.3	0.3	0.3	0.3
	Development	0	0	0	0	0.0	0.0	0.0	0.0
	<b>Sub Total</b>	<b>33,714,920</b>	<b>34,038,658</b>	<b>35,740,591</b>	<b>37,527,620</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
Governor's office	Recurrent	499,095,561	511,521,300	537,097,366	563,952,234	3.9	3.8	3.8	3.8
	Development	0	0	0	0	0.0	0.0	0.0	0.0
	<b>Sub Total</b>	<b>499,095,561</b>	<b>511,521,300</b>	<b>537,097,366</b>	<b>563,952,234</b>	<b>3.9</b>	<b>3.8</b>	<b>3.8</b>	<b>3.8</b>
D/Governor's office	Recurrent	14,619,266	14,619,266	15,350,230	16,117,741	0.1	0.1	0.1	0.1
	Development	0	0	0	0	0.0	0.0	0.0	0.0
	<b>Sub Total</b>	<b>14,619,266</b>	<b>14,619,266</b>	<b>15,350,230</b>	<b>16,117,741</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
Public Administration	Recurrent	289,359,199	294,923,692	309,669,876	325,153,370	2.3	2.2	2.2	2.2
	Development	17,000,000	17,000,000	17,850,000	18,742,500	0.1	0.1	0.1	0.1
	<b>Sub Total</b>	<b>306,359,199</b>	<b>311,923,692</b>	<b>327,519,876</b>	<b>343,895,870</b>	<b>2.4</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>
	Recurrent	6,531,013	6,531,013	6,857,563	7,200,442	0.1	0.0	0.0	0.0

DEPARTMENT		FY 2021/22	INDICATIVE CEILING FY 2022/23	PROJECTIONS		% share of total allocation			
				FY 2023/24	FY 2024/25	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Sub County Administration	Development	0	0	0	0	0.0	0.0	0.0	0.0
	<b>Sub Total</b>	<b>6,531,013</b>	<b>6,531,013</b>	<b>6,857,563</b>	<b>7,200,442</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
County Secretary	Recurrent	206,923,222	208,320,229	218,736,240	229,673,052	1.6	1.6	1.6	1.6
	Development	142,662,949	142,662,949	149,796,097	157,285,901	1.1	1.1	1.1	1.1
	<b>Sub Total</b>	<b>349,586,171</b>	<b>350,983,178</b>	<b>368,532,337</b>	<b>386,958,954</b>	<b>2.7</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>
<b>TOTAL</b>	Recurrent	8,989,910,883	9,305,485,008	9,770,759,258	10,259,297,221	70.5	70.0	70.0	70.0
	Development	3,770,667,365	3,988,065,002	4,187,468,253	4,396,841,665	29.5	30.0	30.0	30.0
	<b>Grand Total</b>	<b>12,760,578,248</b>	<b>13,293,550,010</b>	<b>13,958,227,511</b>	<b>14,656,138,886</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Annex 2: Recurrent Sector Ceilings for the FY 2022/23-2024/25 MTEF Period**

Department		FY 2021/22	INDICATIVE CEILING FY 2022/23	PROJECTIONS		% share of total allocation			
				FY 2023/24	FY 2024/25	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Agriculture, livestock, fisheries and co-op development	Recurrent	442,665,969	451,924,348	474,520,565	498,246,594	4.9	4.9	4.9	4.9
	AIA	26,761,460	26,761,460	28,099,533	29,504,510	0.3	0.3	0.3	0.3
	NET	415,904,509	425,162,888	446,421,032	468,742,084	4.6	4.6	4.6	4.6
	Compensation to Employees	308,612,616	317,870,994	333,764,544	350,452,771	3.4	3.4	3.4	3.4
	Maintenance	9,400,000	9,400,000	9,870,000	10,363,500	0.1	0.1	0.1	0.1
	Operations	124,653,353	124,653,353	130,886,021	137,430,322	1.4	1.3	1.3	1.3
Tourism and environment	Recurrent	216,660,805	217,704,207	228,589,417	240,018,888	2.4	2.3	2.3	2.3
	AIA	1,273,388	1,273,388	1,337,057	1,403,910	0.0	0.0	0.0	0.0
	NET	215,387,418	216,430,819	227,252,360	238,614,978	2.4	2.3	2.3	2.3
	Compensation to Employees	34,780,046	35,823,447	37,614,620	39,495,351	0.4	0.4	0.4	0.4
	Maintenance	920,000	920,000	966,000	1,014,300	0.0	0.0	0.0	0.0
	Operations	180,960,759	180,960,759	190,008,797	199,509,237	2.0	1.9	1.9	1.9
Water and Natural Resources	Recurrent	102,763,609	103,865,620	109,058,901	114,511,846	1.1	1.1	1.1	1.1
	AIA	0	0	0	0	0.0	0.0	0.0	0.0
	NET	102,763,609	103,865,620	109,058,901	114,511,846	1.1	1.1	1.1	1.1
	Compensation to Employees	36,733,704	37,835,715	39,727,501	41,713,876	0.4	0.4	0.4	0.4
	Maintenance	10,840,000	10,840,000	11,382,000	11,951,100	0.1	0.1	0.1	0.1
	Operations	55,189,905	55,189,905	57,949,400	60,846,870	0.6	0.6	0.6	0.6
Roads and Public works	Recurrent	180,736,077	183,151,629	192,309,210	201,924,671	2.0	2.0	2.0	2.0
	AIA	4,051,688	4,051,688	4,254,272	4,466,985	0.0	0.0	0.0	0.0
	NET	176,684,389	179,099,941	188,054,938	197,457,685	2.0	1.9	1.9	1.9
	Compensation to Employees	80,518,402	82,933,954	87,080,652	91,434,685	0.9	0.9	0.9	0.9
	Maintenance	28,797,371	28,797,371	30,237,240	31,749,102	0.3	0.3	0.3	0.3
	Operations	71,420,303	71,420,303	74,991,318	78,740,884	0.8	0.8	0.8	0.8
Education	Recurrent	1,425,182,219	1,601,690,696	1,681,775,230	1,765,863,992	15.9	17.2	17.2	17.2
	AIA	2,205,000	2,205,000	2,315,250	2,431,013	0.0	0.0	0.0	0.0

Department		FY 2021/22	INDICATIVE CEILING FY 2022/23	PROJECTIONS		% share of total allocation			
				FY 2023/24	FY 2024/25	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
	NET	1,422,977,219	1,599,485,696	1,679,459,980	1,763,432,979	15.8	17.2	17.2	17.2
	Compensation to Employees	1,025,278,219	1,056,036,566	1,108,838,394	1,164,280,314	11.4	11.3	11.3	11.3
	Maintenance	1,820,000	1,820,000	1,911,000	2,006,550	0.0	0.0	0.0	0.0
	Operations	398,084,000	543,834,130	571,025,837	599,577,128	4.4	5.8	5.8	5.8
Health	Recurrent	3,227,340,129	3,296,164,363	3,460,972,581	3,634,021,210	35.9	35.4	35.4	35.4
	AIA	542,823,421	542,823,421	569,964,592	598,462,822	6.0	5.8	5.8	5.8
	NET	2,684,516,708	2,753,340,941	2,891,007,989	3,035,558,388	29.9	29.6	29.6	29.6
	Compensation to Employees	2,294,141,122	2,362,965,356	2,481,113,623	2,605,169,305	25.5	25.4	25.4	25.4
	Maintenance	38,251,814	38,251,814	40,164,404	42,172,625	0.4	0.4	0.4	0.4
	Operations	894,947,193	894,947,193	939,694,553	986,679,281	10.0	9.6	9.6	9.6
Sanitation	Recurrent	2,017,430	2,044,340	2,146,557	2,253,884	0.0	0.0	0.0	0.0
	AIA	0	0	0	0	0.0	0.0	0.0	0.0
	NET	2,017,430	2,044,340	2,146,557	2,253,884	0.0	0.0	0.0	0.0
	Compensation to Employees	896,976	923,885	970,080	1,018,584	0.0	0.0	0.0	0.0
	Maintenance	0	0	0	0	0.0	0.0	0.0	0.0
	Operations	1,120,454	1,120,454	1,176,477	1,235,301	0.0	0.0	0.0	0.0
Trade, energy and industrialization	Recurrent	58,486,816	59,238,713	62,200,648	65,310,681	0.7	0.6	0.6	0.6
	AIA	0	0	0	0	0.0	0.0	0.0	0.0
	NET	58,486,816	59,238,713	62,200,648	65,310,681	0.7	0.6	0.6	0.6
	Compensation to Employees	25,063,211	25,815,107	27,105,863	28,461,156	0.3	0.3	0.3	0.3
	Maintenance	1,658,978	1,658,978	1,741,927	1,829,023	0.0	0.0	0.0	0.0
	Operations	31,764,627	31,764,627	33,352,859	35,020,501	0.4	0.3	0.3	0.3
Lands, Urban and Physical Planning	Recurrent	58,689,763	59,466,118	62,439,424	65,561,395	0.7	0.6	0.6	0.6
	AIA	6,611,952	6,611,952	6,942,549	7,289,677	0.1	0.1	0.1	0.1
	NET	52,077,812	52,854,166	55,496,874	58,271,718	0.6	0.6	0.6	0.6
	Compensation to Employees	25,878,481	26,654,835	27,987,577	29,386,956	0.3	0.3	0.3	0.3



Department		FY 2021/22	INDICATIVE CEILING FY 2022/23	PROJECTIONS		% share of total allocation			
				FY 2023/24	FY 2024/25	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
	Maintenance	2,520,000	2,520,000	2,646,000	2,778,300	0.0	0.0	0.0	0.0
	Operations	30,291,282	30,291,282	31,805,847	33,396,139	0.3	0.3	0.3	0.3
Bungoma Municipality	Recurrent	16,538,256	16,538,256	17,365,169	18,233,427	0.2	0.2	0.2	0.2
	AIA	0	0	0	0	0.0	0.0	0.0	0.0
	NET	16,538,256	16,538,256	17,365,169	18,233,427	0.2	0.2	0.2	0.2
	Compensation to Employees	0	0	0	0	0.0	0.0	0.0	0.0
	Maintenance	450,000	450,000	472,500	496,125	0.0	0.0	0.0	0.0
	Operations	16,088,256	16,088,256	16,892,669	17,737,302	0.2	0.2	0.2	0.2
Kimilili Municipality	Recurrent	15,156,053	15,156,053	15,913,856	16,709,548	0.2	0.2	0.2	0.2
	AIA	0	0	0	0	0.0	0.0	0.0	0.0
	NET	15,156,053	15,156,053	15,913,856	16,709,548	0.2	0.2	0.2	0.2
	Compensation to Employees	0	0	0	0	0.0	0.0	0.0	0.0
	Maintenance	500,000	500,000	525,000	551,250	0.0	0.0	0.0	0.0
	Operations	14,656,053	14,656,053	15,388,856	16,158,298	0.2	0.2	0.2	0.2
Housing	Recurrent	26,443,443	26,685,070	28,019,324	29,420,290	0.3	0.3	0.3	0.3
	AIA	0	0	0	0	0.0	0.0	0.0	0.0
	NET	26,443,443	26,685,070	28,019,324	29,420,290	0.3	0.3	0.3	0.3
	Compensation to Employees	8,054,246	8,295,873	8,710,667	9,146,200	0.1	0.1	0.1	0.1
	Maintenance	2,792,002	2,792,002	2,931,602	3,078,182	0.0	0.0	0.0	0.0
	Operations	15,597,195	15,597,195	16,377,055	17,195,907	0.2	0.2	0.2	0.2
Gender, Culture, Youth and Sports	Recurrent	127,831,343	129,323,284	135,789,448	142,578,920	1.4	1.4	1.4	1.4
	AIA	0	0	0	0	0.0	0.0	0.0	0.0
	NET	127,831,343	129,323,284	135,789,448	142,578,920	1.4	1.4	1.4	1.4
	Compensation to Employees	49,731,362	51,223,303	53,784,468	56,473,691	0.6	0.6	0.6	0.6
	Maintenance	1,160,000	1,160,000	1,218,000	1,278,900	0.0	0.0	0.0	0.0
	Operations	76,939,981	76,939,981	80,786,980	84,826,329	0.9	0.8	0.8	0.8
County Assembly	Recurrent	921,179,505	933,547,409	980,224,779	1,029,236,018	10.2	10.0	10.0	10.0

Department		FY 2021/22	INDICATIVE CEILING FY 2022/23	PROJECTIONS		% share of total allocation			
				FY 2023/24	FY 2024/25	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
	AIA	0	0	0	0	0.0	0.0	0.0	0.0
	NET	921,179,505	933,547,409	980,224,779	1,029,236,018	10.2	10.0	10.0	10.0
	Compensation to Employees	412,263,468	424,631,372	445,862,941	468,156,088	4.6	4.6	4.6	4.6
	Maintenance	5,266,000	5,266,000	5,529,300	5,805,765	0.1	0.1	0.1	0.1
	Operations	503,650,037	503,650,037	528,832,539	555,274,166	5.6	5.4	5.4	5.4
Finance and Economic Planning	Recurrent	1,117,976,284	1,139,030,747	1,195,982,284	1,255,781,398	12.4	12.2	12.2	12.2
	AIA	0	0			0.0	0.0	0.0	0.0
	NET	1,117,976,284	1,139,030,747	1,195,982,284	1,255,781,398	12.4	12.2	12.2	12.2
	Compensation to Employees	701,815,431	722,869,894	759,013,389	796,964,058	7.8	7.8	7.8	7.8
	Maintenance	17,877,566	17,877,566	18,771,445	19,710,017	0.2	0.2	0.2	0.2
County Public Service Board	Operations	398,283,286	398,283,286	418,197,451	439,107,323	4.4	4.3	4.3	4.3
	Recurrent	33,714,920	34,038,658	35,740,591	37,527,620	0.4	0.4	0.4	0.4
	AIA	0	0	0	0	0.0	0.0	0.0	0.0
	NET	33,714,920	34,038,658	35,740,591	37,527,620	0.4	0.4	0.4	0.4
	Compensation to Employees	10,791,250	11,114,988	11,670,737	12,254,274	0.1	0.1	0.1	0.1
Governor's office	Maintenance	504,548	504,548	529,776	556,264	0.0	0.0	0.0	0.0
	Operations	22,419,122	22,419,122	23,540,078	24,717,082	0.2	0.2	0.2	0.2
	Recurrent	499,095,561	511,521,300	537,097,366	563,952,234	5.6	5.5	5.5	5.5
	AIA	0	0	0	0	0.0	0.0	0.0	0.0
	NET	499,095,561	511,521,300	537,097,366	563,952,234	5.6	5.5	5.5	5.5
Deputy Governor's office	Compensation to Employees	414,191,303	426,617,042	447,947,894	470,345,289	4.6	4.6	4.6	4.6
	Maintenance	2,400,000	2,400,000	2,520,000	2,646,000	0.0	0.0	0.0	0.0
	Operations	82,504,258	82,504,258	86,629,471	90,960,945	0.9	0.9	0.9	0.9
	Recurrent	14,619,266	14,619,266	15,350,230	16,117,741	0.2	0.2	0.2	0.2
	AIA	0	0	0	0	0.0	0.0	0.0	0.0
Deputy Governor's office	NET	14,619,266	14,619,266	15,350,230	16,117,741	0.2	0.2	0.2	0.2

Department		FY 2021/22	INDICATIVE CEILING FY 2022/23	PROJECTIONS		% share of total allocation			
				FY 2023/24	FY 2024/25	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
	Compensation to Employees	0	0	0	0	0.0	0.0	0.0	0.0
	Maintenance	872,684	872,684	916,318	962,134	0.0	0.0	0.0	0.0
	Operations	13,746,582	13,746,582	14,433,911	15,155,607	0.2	0.1	0.1	0.1
Public Administration	Recurrent	289,359,199	294,923,692	309,669,876	325,153,370	3.2	3.2	3.2	3.2
	AIA	0	0	0	0	0.0	0.0	0.0	0.0
	NET	289,359,199	294,923,692	309,669,876	325,153,370	3.2	3.2	3.2	3.2
	Compensation to Employees	185,483,090	191,047,583	200,599,962	210,629,960	2.1	2.1	2.1	2.1
	Maintenance	320,000	320,000	336,000	352,800	0.0	0.0	0.0	0.0
	Operations	103,556,109	103,556,109	108,733,914	114,170,610	1.2	1.1	1.1	1.1
Sub County Administration	Recurrent	6,531,013	6,531,013	6,857,563	7,200,442	0.1	0.1	0.1	0.1
	AIA	0	0	0	0	0.0	0.0	0.0	0.0
	NET	6,531,013	6,531,013	6,857,563	7,200,442	0.1	0.1	0.1	0.1
	Compensation to Employees	0	0	0	0	0.0	0.0	0.0	0.0
	Maintenance	0	0	0	0	0.0	0.0	0.0	0.0
	Operations	6,531,013	6,531,013	6,857,563	7,200,442	0.1	0.1	0.1	0.1
County Secretary	Recurrent	206,923,222	208,320,229	218,736,240	229,673,052	2.3	2.2	2.2	2.2
	AIA	7,797,983	7,797,983	8,187,882	8,597,276	0.1	0.1	0.1	0.1
	NET	199,125,239	200,522,246	210,548,359	221,075,777	2.2	2.2	2.2	2.2
	Compensation to Employees	46,566,903	47,963,910	50,362,106	52,880,211	0.5	0.5	0.5	0.5
	Maintenance	3,067,550	3,067,550	3,220,928	3,381,974	0.0	0.0	0.0	0.0
	Operations	157,288,769	157,288,769	165,153,207	173,410,868	1.7	1.7	1.7	1.7
<b>TOTAL</b>	<b>Recurrent</b>	<b>8,989,910,883</b>	<b>9,305,485,008</b>	<b>9,770,759,258</b>	<b>10,259,297,221</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	<b>AIA</b>	<b>591,524,891</b>	<b>591,524,891</b>	<b>621,101,135</b>	<b>652,156,192</b>	<b>6.6</b>	<b>6.4</b>	<b>6.4</b>	<b>6.4</b>
	<b>NET</b>	<b>8,398,385,992</b>	<b>8,713,960,117</b>	<b>9,149,658,123</b>	<b>9,607,141,029</b>	<b>93.4</b>	<b>93.6</b>	<b>93.6</b>	<b>93.6</b>
	<b>Compensation to Employees</b>	<b>5,660,799,831</b>	<b>5,830,623,825</b>	<b>6,122,155,017</b>	<b>6,428,262,768</b>	<b>63.0</b>	<b>62.7</b>	<b>62.7</b>	<b>62.7</b>
	<b>Maintenance</b>	<b>129,418,513</b>	<b>129,418,513</b>	<b>135,889,439</b>	<b>142,683,911</b>	<b>1.4</b>	<b>1.4</b>	<b>1.4</b>	<b>1.4</b>

Department		FY 2021/22	INDICATIVE CEILING FY 2022/23	PROJECTIONS		% share of total allocation			
				FY 2023/24	FY 2024/25	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
	<b>Operations</b>	3,199,692,539	3,345,442,669	3,512,714,802	3,688,350,542	35.6	36.0	36.0	36.0