

COUNTY GOVERNMENT OF KAKAMEGA



FINANCE, ECONOMIC PLANNING AND ICT

COUNTY BUDGET REVIEW AND OUTLOOK PAPER

FY 2020/2021

SEPTEMBER, 2021

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FOREWORD

The County Budget Review and Outlook Paper 2021 is prepared in the wake of a contracting economy occasioned by the effects of the Covid-19 pandemic hence disrupting businesses, loss of lives and livelihoods for millions of people globally. The rate of growth of National economic activities contracted to - 0.3 per cent in 2020 from 5.0 per cent in 2019 with prospects across counties remaining highly uncertain.

Considering the impact of Covid-19, the County Government has put in place measures to cushion citizens and businesses from the adverse effects of the Pandemic. Kakamega being pre-dominantly an agriculture-based economy, the government prioritized provision of subsidized farm inputs, distribution of day-old chicks, promotion of dairy farming through one cow initiative programme and grants to Co-operative Societies. To support growth of businesses, the government through the Micro-Finance Corporation is providing low interest loans to Small and Medium Enterprises (SMEs). Through the department of social services, the government was able to support vulnerable members of the society through provision of food stuffs and empowering youth and women through creation of employment opportunities.

The fiscal performance of the FY 2020/21 budget was below target by 14 per cent owing to own source revenue shortfall and delayed exchequer disbursements. The total own source revenue collection was 67.5 per cent which fell short of the target majorly due to the severe disruptions on economic activities from the containment measures put in place to check the spread of the Covid-19 Pandemic. The overall absorption rate was 85.98 per cent comprising of 91.1 per cent and 79.3 per cent for recurrent and development expenditure respectively. The total employee compensation was 35.6 per cent of total revenues for the year, expenditure on Operation and Maintenance (O&M) was 17.9 per cent while development expenditure accounted for 40.4 per cent.

In light of the above, the focus of the FY 2022/23 budget and the Medium-Term Expenditure Framework shall be to increase own source revenue collection by expanding existing revenue base. The Kakamega County Revenue Agency (KCRA) is currently working on finding the best strategies to ensure the current actual revenue collection is optimized to match the County revenue potential.

The Government developed the Kakamega County Post Covid-19 Economic Recovery Strategy which informed on the programmes that were prioritized in the budget for FY 2021/22. Considering the available resource envelope for FY 2021/22, all Departments and County Agencies are urged to ensure strict adherence to ceilings and focus on timely completion of on-going projects.



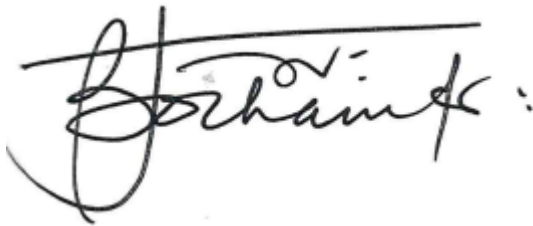
Dr. Beatrice Sabana Awimbo, PhD
County Executive Committee Member
Finance, Economic Planning & ICT

ACKNOWLEDGEMENT

The County Budget Review and Outlook Paper (CBROP) 2021 has been prepared in accordance with the Public Finance Management (PFM) Act, 2012 and its Regulations. The document provides the fiscal performance for the FY 2020/21, the macro-economic projections and sets the sector ceilings for the FY 2022/23 and the Medium-Term Expenditure Framework. The paper 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, 2012.

The preparation of this paper was a collaborative effort of various County Departments and Agencies. I thank H.E The Governor and H.E the Deputy Governor for their leadership and guidance. I also thank all the County Executive Committee Members and the Chief Officers for the coordination of their departments that ensured timely provision of useful data and information on budget execution for the FY 2020/21.

I wish to thank the technical team from the Department of Budget, Financial Reporting Unit, Accounting and Economic Planning that coordinated the development of this paper.

A handwritten signature in black ink, appearing to read 'James Ochami', with a flourish at the end.

Amb. CPA James Ochami
Chief Officer
Finance and Economic Planning

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LIST OF ABBREVIATIONS

ADP	Annual Development Plan
ASDSP	Agricultural Sector Development Support Programme
BPS	Budget Policy Statement
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
CTRH	County Teaching and Referral Hospital
DANIDA	Danish International Development Agency
ECDE	Early Childhood Development Education
FY	Financial Year
GCP	Gross County Product
GDP	Gross Domestic Product
GoK	Government of Kenya
HSSF	Health Sector Service Fund
KCSAP	Kenya Climate Smart Agriculture Project
KDSP	Kenya Devolution Support Program
KNBS	Kenya National Bureau of Statistics
KUSP	Kenya Urban Support Program
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
O&M	Operations and Maintenance
PFM	Public Financial Management
SWGs	Sector Working Groups
TVET	Technical and Vocational Education Training
TVETA	Technical and Vocational Education Training Authority
V 2030	Vision 2030

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

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

1. A County Treasury shall-
 - a) prepare a County Budget Review and Outlook Paper in respect of the County for each financial year; and
 - b) Submit the paper to the County Executive Committee by 30th September of that year.
2. In preparing its county Budget Review and Outlook Paper, the County Treasury shall specify-
 - a. Details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;
 - b. The updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent Budget Fiscal Strategy Paper;
 - c. Information on-
 - i. Any changes in the forecast compared with the County Fiscal Strategy Paper; or
 - ii. How actual financial performance for the previous financial year may have affected compliance with fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for that financial year; and
 - d. The reasons for any deviation from the financial objectives in the County Fiscal Strategy Paper together with proposals to address the deviations and the time estimated to do so.
3. County Executive Committee shall consider the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, within fourteen days after its submission
4. Not later than seven days after the CBROP is approved by County Executive Committee, the County Treasury shall: -
 - a) Arrange for the paper to be laid before the County Assembly; and

Fiscal Responsibility Principles in the Public Financial Management Law

In line with the Constitution, the Public Financial Management (PFM) Act, 2012,

Sets out the fiscal responsibility principles to ensure prudence and transparency in the management of public resources. The PFM law (Section 107) states that:

- 1) The county government's recurrent expenditure shall not exceed the county government's total revenue.
- 2) Over the medium term, a minimum of thirty percent (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 35 percent (35%) of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly.
- 3) Over the medium term, the county government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure
- 4) County debt shall be maintained at a sustainable level as approved by County Assembly.
- 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.

I. INTRODUCTION

1.1 Overview

1. This budget review has been prepared by the County Treasury through collaborative and consultative process in line with the law and according to section 118 of the Public Finance Management Act, 2012. The County Budget Review and Outlook Paper (CBROP) contains a review of the fiscal performance of the financial year 2020/2021 and the updated macroeconomic forecasts.

1.2 Objectives of CBROP

2. The objective of the CBROP is to provide a review of the previous fiscal performance and its impact on the financial objectives and fiscal responsibility principles set out in the latest County Budget Fiscal Strategy Paper (CFSP) prepared in line with the latest Budget Policy Statement (BPS). This together with updated macro-economic outlook provides a basis for revision of the current budget in the context of Supplementary Estimates and the broad fiscal parameters underpinning the next budget and the Medium-Term Expenditure Framework (MTEF).
3. The CBROP is a key document in linking policies, planning and budgeting. The County Integrated Development Plan (CIDP 2018-2022) shall be reviewed to accommodate emerging issues and shall inform the development of the next CIDP. In addition, it updates the County's changing priorities and it is the basic document that guides budget preparation and planning for County entities.

1.3 Organization of the document

4. The paper is organized as follows: Section I provides an introduction and the legal basis for the preparation of the CBROP 2021. Section II provides a review of the fiscal performance in FY 2020/2021 and its implications on the financial objectives set out in the previous MTEF submitted to the County Assembly in June 2020. Section III provides brief highlights of the recent economic developments and updated macroeconomic outlook in the country. Section IV provides the resource allocation framework, while Section V gives the conclusion and recommendations.

II. REVIEW OF FISCAL PERFORMANCE IN FY 2020/2021

A. Overview

5. The fiscal performance and absorption of approved budget of FY 2020/2021 was slightly better as compared to the previous FY 2019/2020 despite the delayed disbursement of funds from National Government and effects of COVID-19 pandemic.
6. The County own source revenue collection performance was slightly lower as compared to the previous year. In the FY 2019/2020, the County collected KES 1.180 Billion compared to KES 1.118 Billion in FY 2020/2021 which fell short of the revised target of KES 1.656 Billion by KES. 538 Million. This was mainly attributed to disruption in economic activities as a result of COVID -19 pandemic.
7. On the other hand, the revenue from the National Government consisted of equitable share of KES 10,412,850,000 and total Conditional grants of KES 1,581,509,722. The summary of transfers from the National Government including conditional grants is as presented in Table 1.

Table 1: Summary of transfers from the National Government

Revenue Item	Amount disbursed (KES)		Deviation (KES)
	2019/2020	2020/2021	
Equitable shareable revenue	9,517,344,900	10,412,850,000	895,505,100
Grant to Level 5 Hospital	427,283,241	427,283,237	-
World Bank-THS-UCP	61,794,598	48,766,265	(13,028,333)
DANIDA-UHDSP	42,358,750	29,610,000	(12,748,750)
World Bank-KCSAP	100,133,871	270,715,346	170,581,475
World Bank-KUSP(Development)	278,312,862	212,372,591	(74,740,271)
World Bank-KUSP(Recurrent)	8,800,000		
Roads Maintenance Levy Fund	295,575,656	315,071,072	19,495,416
Grants to County Youth Polytechnics	76,923,328	102,349,894	25,426,566
User Fee foregone	37,789,290	37,789,290	-
Kenya Devolution Support Programme (KDSP) Level 2	-	78,009,910	78,009,910
Kenya Devolution Support Programme (KDSP) Level 1	30,000,000	45,000,000	15,000,000
Agricultural Sector Development Support Programme (ASDSP)	18,926,430	14,542,117	(4,384,313)
COVID-19 Allowances for health staff	78,930,000	-	(78,930,000)
COVID-19 Grant	262,173,000	-	(262,173,000)
Total	11,236,345,926	11,994,359,722	758,013,796

B. Fiscal Performance for FY 2020/2021

B.1.Revenue Performance

8. As provided in Table 2, the total own source revenue collection amounted to KES 1.118 Billion (67.50%) compared to the target in the revised budget of KES 1.656 Billion. This represents a revenue shortfall of KES 538 Million (32.49 % deviation in the revised budget). The National Government disbursements amounted to KES 11.994 Billion. This amount consisted of conditional grants amounting to KES 1.581Billion and equitable shareable revenue of KES 10.412 Billion. The actual revenue for spending therefore was KES 15.394 Billion. These funds include the transfers from the National Government and the balance brought forward from the FY 2019/20 of KES. 1.057 Billion and KES. 1.224 Billion for equitable shareable revenue and conditional grants respectively.

Table 2: Summary of Revenue performance

Revenue	Actual Receipts (KES)	Approved Budget (KES)	Revised Budget (KES)	Actual Receipts (KES)	Percentage performance
	2019/2020	2020/2021			
Equitable shareable	9,517,344,900	10,571,100,000	10,412,850,000	10,412,850,000	100%
Conditional grants	2,527,640,055	1,765,074,348	1,722,442,281	1,581,509,722	91.8%
Balance brought forward – Equitable Share	558,218,397	1,033,587,342	1,057,513,635	1,057,513,635	100%
Balance brought forward – Conditional Grants			1,224,882,081	1,224,882,081	100%
Own source revenue	1,180,803,459	2,113,000,000	1,656,000,000	1,118,235,983	68%
Other Sources- Ministry of Health	78,930,000	-	-	-	-
Total	13,862,936,811	15,482,762,690	16,073,687,997	15,394,991,421	95.8%

Table 3: Detailed Revenue performance for FY 2020/2021

Total Revenue	Actual Receipts (KES)		Approved Budget (KES)	Revised Budget (KES)	Actual Receipts (KES)	Deviation	Reasons for deviation
	2018/2019	2019/2020	2020/2021				
Own sources	896,660,752	1,180,803,459	2,113,000,000	1,656,000,000	1,118,235,983	537,764,017	
Single Business Permit	77,306,551	73,590,133	185,000,000	86,913,399	146,734,359	(59,820,960)	
Barter Market	33,292,304	23,269,805	42,000,000	45,287,224	19,941,214	25,346,010	Market closures due Covid measures affected collection
Property Rates	18,229,497	21,997,559	492,000,000	42,588,167	26,004,656	16,583,511	Non-compliance due to challenges in identifying right full

Total Revenue	Actual Receipts (KES)		Approved Budget (KES)	Revised Budget (KES)	Actual Receipts (KES)	Deviation	Reasons for deviation
	2018/2019	2019/2020	2020/2021				
							property owners.
Cess	49,247,168	49,821,550	71,000,000	71,871,476	55,524,187	16,347,289	Shut Down of Kibos factory hence reduced cane uptake and low cess on Murram with reduced constructions.
Rentals	940,630	3,020,332	6,000,000	4,827,340	839,378	3,987,962	Business closures affected rent from Kiosks.
Housing/Stall	2,140,460	4,086,553	52,00000	7463939	6056260	1,407,679	Closure of markets affected stall rents
Kiosk Fee	3,388,980	3,980,220	5,500,000	6,148,429	5,787,450	360,979	
Slaughter House	2,109,035	7,437,500	15,300,000	14,253,353	3,681,896	10,571,457	Closures of stock markets affected slaughter houses
Bus Park	40,602,290	25,255,360	45,000,000	66,756,513	22,167,910	44,588,603	Restrictions on number passengers and matatu movement restrictions.
Parking Fee	12,041,660	9,575,180	12,000,000	12,000,000	12,000,000	-	
Hire of Machinery	3,913,200	3,523,190	2,500,000	2,092,507	550,200	1,542,307	Machinery breakdowns
Veterinary services	4,810,570	5,035,625	7,000,000	10,408,311	8,642,175	1,766,136	Closure of stock markets affected issuance of stock movement permits.
Noise Control	729,350	716,300	1,500,000	639,124	373,200	265,924	

Total Revenue	Actual Receipts (KES)		Approved Budget (KES)	Revised Budget (KES)	Actual Receipts (KES)	Deviation	Reasons for deviation
	2018/2019	2019/2020	2020/2021				
Fire Compliance	3,190,900	1,204,275	2,000,000	1,215,822	9,627,050	(8,411,228)	
Registration of Groups	301,270	258,310	500,000	270,333	330,850	(60,517)	
Public toilet	1,234,760	1,445,888	2,000,000	1,163,292	2,998,270	(1,834,978)	
Motor bike	5,936,280	5,582,800	6,500,000	4,916,593	3,400,324	1,516,269	Delayed printing of motor bike stickers after change of supplier to Government printers
Bukhungu stadium	1,359,480	968,450	2,500,000	2,471,363	429,800	2,041,563	Reduced sporting activities due to Covid -19 containment measures
Other Revenues (Non classified)	34,035,607	41,128,892	49,999,997	83,624,834	6,748,173	76,876,661	Low enforcement of Land rates defaulters.
Stock Sales	12,036,605	5,539,130	15,000,000	15,831,106	8,807,770	7,023,336	Stock sale market closures due to Ministry of health restrictions
Impounding Service fee charges	1,737,031	2,084,840	3,000,000	4,325,016	1,789,241	2,535,775	Improved compliance on Single Business Permits led to reduced impounding.
Liquor license	17,254,583	16,915,000	25,000,000	22,545,691	22,880,000	(334,309)	
Health facilities & Others	200,947,346	218,548,945	278,000,000	216,926,728	134,119,987	82,806,741	Reduced activities due to industrial strike by

Total Revenue	Actual Receipts (KES)		Approved Budget (KES)	Revised Budget (KES)	Actual Receipts (KES)	Deviation	Reasons for deviation
	2018/2019	2019/2020	2020/2021				
							health staff
Public Health	16,407,133	16,244,467	20,000,000	29,913,707	22,519,076	7,394,631	Closures of hospitality industry premises affected public health.
National Hospital Ins. Fund	132,744,214	285,926,691	350,000,000	295,100,188	142,616,850	152,483,338	Reduced activities due to industrial strike by health staff
Dividends-(Golf Hotel)	450,000	1,313,320	500,000	-	-		
Plans Approvals	16,554,643	18,870,896	41,000,000	50,280,622	25,105,473	25,175,149	Low enforcement of constructions especially CDF constructions.
Advertising (Billboard)	17,555,826	11,069,224	25,000,000	34,897,608	37,224,925	(2,327,317)	
Farm mechanization		1,495,033	10,000,000	15,000,000	2,300,000	12,700,000	Affected by low uptake of machinery.
Bukura ATC	5,221,451	5,566,024	9,000,000	18,041,509	2,143,908	15,897,601	Reduced activities due to Ministry of health COVID-19 protocols.
Weights and measures	518,460	433,400	1,500,000	3,635,787	425,700	3,210,087	Affected Low enforcement due to mobility logistics.
Farm Input Proceeds	178,928,435	314,642,850	381,500,000	480,000,000	376,364,215	103,635,785	
Commissions				1,647,208	6,760,066	(5,112,858)	
Exchequer balance brought forward-	1,293,990,068	558,218,397	985,066,586	1,057,513,635	1,057,513,635	-	

Total Revenue	Actual Receipts (KES)		Approved Budget (KES)	Revised Budget (KES)	Actual Receipts (KES)	Deviation	Reasons for deviation
	2018/2019	2019/2020	2020/2021				
Equitable Share							
Exchequer balance brought forward- Conditional grant			-	1,224,882,081	1,224,882,081	-	
Total Allocation from the National Government	11,974,981,649	12,123,914,955	12,336,174,348	12,135,292,281	11,994,359,723	140,932,558	
Equitable share of revenue	10,330,600,000	9,517,344,900	10,571,100,000	10,412,850,000	10,412,850,000	-	
Conditional Grants	1,644,381,649	2,606,570,055	1,765,074,348	1,722,442,281	1,581,509,724	140,932,559	
Grant to Level 5 Hospital	427,283,238	531,967,631	427,283,237	427,283,237	427,283,237	-	
Roads Maintenance Levy Fund	271,995,701	355,776,173	315,071,072	315,071,072	315,071,072	-	
DANIDA Grant	33,311,250	42,358,750	29,610,000	29,610,000	29,610,000	-	
User Fees foregone	37,789,290	37,789,290	37,789,290	37,789,290	37,789,290	-	
Agricultural Sector Development Support Programme (ASDSP)	19,655,858	18,926,430	23,041,144	23,041,144	14,542,117	8,499,027	

Total Revenue	Actual Receipts (KES)		Approved Budget (KES)	Revised Budget (KES)	Actual Receipts (KES)	Deviation	Reasons for deviation
	2018/2019	2019/2020	2020/2021				
Grant to County Youth Polytechnics	52,782,050	76,923,298	102,349,894	102,349,894	102,349,894	-	
Kenya Devolution support program-Level 1	-	30,000,000	45,000,000	45,000,000	45,000,000	-	
Kenya Devolution support program-Level 2	262,583,677	262,583,677	-	-	78,009,910	(78,009,910)	
World bank- Universal Health Care Fund-THS	67,018,603	91,576,273	50,214,024	50,214,024	48,766,266	1,447,758	
World bank- Kenya Climate Smart Agriculture)	41,643,182	100,133,871	302,964,820	302,964,820	270,715,346	32,249,474	
Kenya Urban Support Programme-Capital	389,118,800	667,431,662	389,118,800	389,118,800	212,372,592	176,746,208	
Kenya Urban Support Programme-Recurrent	41,200,000	50,000,000	-	-	-	-	
EU-Water Tower Protection and Climate Change	-	-	42,632,067	-	-	-	

Total Revenue	Actual Receipts (KES)		Approved Budget (KES)	Revised Budget (KES)	Actual Receipts (KES)	Deviation	Reasons for deviation
	2018/2019	2019/2020	2020/2021				
Mitigation and Adaptation Programme (WaTER)							
COVID- Grant		262,173,000	-	-	-	-	
Other transfers-Health allowances		78,930,000	-	-	-	-	
Total Revenue and Grants	14,165,632,469	13,862,936,811	15,482,761,690	16,073,687,997	15,394,991,421	678,996,576	

Table 4: Budget Execution by Programmes and Sub-Programmes

Programme/ Sub- programme	Description	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
		2020/2021			2020/2021	
		KES	KES	KES	KES	KES
4811	County Assembly	1,116,936,774	162,008,535	1,278,945,309	1,078,519,716	200,425,593
710004810	Oversight services	1,116,936,774	162,008,535	1,278,945,309	1,078,519,716	200,425,593
4812	Ministry of Agriculture	1,127,212,529	481,157,660	1,608,370,189	1,415,518,300	192,851,889
101004810	Livestock development	154,506,208	(50,750,000)	103,756,208	37,424,275	66,331,933
101014810	Dairy Development	90,006,208	(27,450,000)	62,556,208	35,424,275	27,131,933
101024810	Poultry development	5,000,000	-	5,000,000	2,000,000	3,000,000
101034810	Livestock disease and pest prevention	31,500,000	(5,300,000)	26,200,000	-	26,200,000
101044810	Livestock Market infrastructure Improvement	28,000,000	(18,000,000)	10,000,000	-	10,000,000
102004810	Fish Farming Productivity Programme	29,322,971	(9,655,335)	19,667,636	18,508,453	1,159,183
102024810	Promotion of fish farming	29,322,971	(9,655,335)	19,667,636	18,508,453	1,159,183
103004810	Crop Production and Management services	912,185,249	543,452,995	1,455,638,244	1,338,617,042	117,021,202
103014810	Cash crop development	55,000,000	-	55,000,000	4,000,000	51,000,000
103024810	Food crop production	507,906,722	443,946,827	951,853,549	892,914,418	58,939,131
103034810	Crop pest and disease management	5,000,000	-	5,000,000	-	5,000,000
103044810	Agricultural Extension and Research	326,005,964	99,606,168	425,612,132	440,066,342	(14,454,210)
105014810	Training and demonstration	18,272,563	(100,000)	18,172,563	1,636,282	16,536,282
106004810	Cooperative development	29,356,384	(1,550,000)	27,806,384	20,951,730	6,854,654
106014810	Marketing and value addition	29,356,384	(1,550,000)	27,806,384	20,951,730	6,854,654

Programme/ Sub- programme	Description	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
		2020/2021			2020/2021	
		KES	KES	KES	KES	KES
120004810	Irrigation and Drainage Development	1,841,717	(340,000)	1,501,717	16,800	1,484,917
120014810	Small holder Irrigation and drainage	1,841,717	(340,000)	1,501,717	16,800	1,484,917
4813	Ministry of Health	1,891,242,766	214,832,568	2,106,075,334	1,764,378,723	341,696,611
401004810	Preventive and Promotive Health care services	243,214,024	261,095,179	504,309,203	487,943,650	16,365,553
401024810	Community Health Strategy	77,500,000	(7,500,000)	70,000,000	70,000,000	-
401034810	Disease surveillance & Emergency response	-	262,173,000	262,173,000	262,173,000	-
401044810	Nutrition service Promotion	2,000,000	(1,500,000)	500,000	-	500,000
401054810	HIV /AIDS Control	2,000,000	(1,500,000)	500,000	-	500,000
401064810	Maternal and child healthcare promotion	156,214,024	13,422,179	169,636,203	155,600,650	4,035,553
401074810	TB Control	2,000,000	(1,500,000)	500,000	170,000	330,000
401084810	Malaria control	1,500,000	(1,000,000)	500,000	-	500,000
401094810	Promotion of family Planning	2,000,000	(1,500,000)	500,000	-	500,000
402004810	Promotion of Curative health services	800,283,237	(83,760,702)	716,522,535	658,339,350	58,123,185
402014810	Curative services	790,283,237	(76,260,702)	714,022,535	657,919,350	56,103,185
402024810	Community Health Strategy	8,000,000	(6,000,000)	2,000,000	-	2,000,000
402034810	Disease Surveillance and Response	2,000,000	(1,500,000)	500,000	480,000	20,000
483004810	General Administrative and Support	847,745,505	37,498,091	885,243,596	618,035,723	267,207,873

Programme/ Sub-programme	Description	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference	
		2020/2021			2020/2021		
		KES	KES	KES	KES	KES	
	services						
403014810	Administrative, planning and support services	841,745,505	40,098,091	881,843,596	618,035,723	263,807,873	
403024810	Disability mainstreaming	1,000,000	(600,000)	400,000	-	400,000	
403034810	Health Data and Information Management	5,000,000	(2,000,000)	3,000,000	-	3,000,000	
4814	Ministry of Education	856,336,794	(253,560,834)	602,775,960	345,239,767	257,536,193	
506004180	Polytechnic Improvement	269,071,389	(42,721,334)	226,350,055	170,718,001	55,632,054	
503014810	Polytechnic Support and development	139,071,389	24,578,666	163,650,055	155,600,263	8,049,792	
506014810	Polytechnic Tuition Subsidy	120,000,000	(67,300,000)	52,700,000	15,117,738	37,582,262	
503014810	ATVET Programme	10,000,000	-	10,000,000	-	10,000,000	
504004810	Early Childhood Development Education (ECDE)	379,674,767	(205,839,500)	173,835,267	108,516,661	65,318,606	
504014810	ECD Infrastructure Development	259,674,767	(146,139,500)	113,535,267	108,516,661	5,018,606	
504024810	Childcare and development	120,000,000	(59,700,000)	60,300,000		60,300,000	
505004810	Education Support Programme	207,590,638	(5,000,000)	202,590,638	66,005,105	136,585,533	
505024810	Non-Tertiary Education Support	207,590,638	(5,000,000)	202,590,638	66,005,105	136,585,533	
4815	Ministry of Transport	1,670,249,901	(125,123,038)	1,545,126,863	1,482,615,926	62,510,937	
201004810	Road Infrastructure Development	1,549,278,130	(116,023,038)	1,433,255,092	1,378,758,662	54,496,430	
201014810	Road Maintenance/Bridges	725,071,072	(169,230,846)	555,840,226	511,454,759	44,385,467	
201034810	Road construction	824,207,058	53,207,808	877,414,866	867,303,903	10,110,963	
203004810	Energy Reticulation	100,000,000	-	100,000,000	96,350,265	3,649,735	
203014810	Electrification.	100,000,000	-	100,000,000	96,350,265	3,649,735	

Programme/ Sub-programme	Description	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
		2020/2021			2020/2021	
	KES	KES	KES	KES	KES	
204004810	Public works Management	20,971,771	(9,100,000)	11,871,771	7,506,999	4,364,772
204014810	Public works Management	20,971,771	(9,100,000)	11,871,771	7,506,999	4,364,772
4816	Ministry of Lands	682,324,344	306,486,680	988,811,024	636,699,002	352,112,022
107004810	Land Management Services	82,658,503	20,539,982	103,198,485	59,505,155	43,693,330
107014810	Land use policy and planning	46,312,823	32,227,838	78,540,661	40,101,051	38,439,610
107024810	Land administration and planning	24,157,676	(10,162,500)	13,995,176	12,014,251	1,980,925
107034810	Survey Services	12,188,004	(1,525,356)	10,662,648	7,389,853	3,272,795
108004810	Housing Management Services	5,812,244	(3,662,500)	2,149,744	743,611	1,406,133
108014810	Housing Infrastructure development	5,812,244	(3,662,500)	2,149,744	743,611	1,406,133
110004810	Urban Development Services	593,853,597	289,609,198	883,462,795	576,450,236	307,012,559
110014810	Urban Infrastructure Services	442,718,800	297,729,198	740,447,998	449,962,512	290,485,486
110034810	Urban waste Management Services	151,134,797	(8,120,000)	143,014,797	126,487,724	16,527,073
4817	Ministry of Social Services	729,032,936	(112,290,000)	616,742,936	494,491,290	122,251,647
901004810	General Administration and Support Services	30,535,092	(2,900,000)	27,635,092	19,216,163	8,418,930
901014810	Administrative Services	30,535,092	(2,900,000)	27,635,092	19,216,163	8,418,930
902014810	Culture and Arts Development	52,638,456	(38,350,000)	14,288,456	5,554,578	8,733,878
902014810	Culture and heritage conservation	52,638,456	(38,350,000)	14,288,456	5,554,578	8,733,878
903004810	Management and Development of Sports	539,770,213	(52,500,000)	487,270,213	415,447,143	71,823,070
903014810	Development of sports facilities	500,000,000	(50,000,000)	450,000,000	406,483,703	43,516,297
903024810	Promotion and Development of sports and talent	39,770,213	(2,500,000)	37,270,213	8,963,440	28,306,773

Programme/ Sub- programme	Description	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
		2020/2021			2020/2021	
		KES	KES	KES	KES	KES
904004810	Youth, Disability and Gender Development	16,315,485	(3,200,000)	13,115,485	7,544,744	5,570,741
904014810	Youth, Disability and Gender Empowerment and mainstreaming	16,315,485	(3,200,000)	13,115,485	7,544,744	5,570,741
906004810	Social Development and Promotions	88,917,320	(17,240,000)	71,677,320	46,686,162	24,991,158
906014810	Social Development and Social Protection	82,842,132	(21,240,000)	61,602,132	42,695,522	18,906,610
906024810	Child welfare Services	6,075,188	4,000,000	10,075,188	3,990,640	6,084,548
908004810	Development of Library services	856,370	1,900,000	2,756,370	42,500	2,713,870
908014810	Library services	856,370	1,900,000	2,756,370	42,500	2,713,870
4818	Ministry of Trade	386,605,000	(50,620,000)	335,985,000	146,352,495	189,632,505
306004810	General Administration and support services	22,645,000	(7,020,000)	15,625,000	11,119,190	4,505,810
306014810	Administration support services	22,645,000	(7,020,000)	15,625,000	11,119,190	4,505,810
307004810	Trade Development and Investment	156,710,000	(18,000,000)	138,710,000	80,806,924	57,903,076
307014810	Modern Market infrastructure development	156,710,000	(18,000,000)	138,710,000	80,806,924	57,903,076
308004810	Tourism Development	17,400,000	(7,650,000)	9,750,000	7,338,465	2,411,535
308024810	Cultural and heritage tourism Development	17,400,000	(7,650,000)	9,750,000	7,338,465	2,411,535
309004810	Industrial development	189,850,000	(17,950,000)	171,900,000	47,087,916	124,812,084
309014810	Industrial development and promotion	125,850,000	(46,050,000)	79,800,000	34,625,945	45,174,055
309024810	SME and Cottage industry development	64,000,000	28,100,000	92,100,000	12,461,971	79,638,029

Programme/ Sub- programme	Description	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
		2020/2021			2020/2021	
		KES	KES	KES	KES	KES
4819	Ministry of Environment	358,591,639	53,526,755	412,118,394	307,988,849	104,129,545
1006004810	Water Supply Service and Urban Sanitation	243,399,652	112,345,322	355,744,974	289,028,567	66,716,407
1006014810	Water Supply Services	243,399,652	112,345,322	355,744,974	289,028,567	66,716,407
1007004810	Environmental Conservation	19,778,177	(3,386,500)	16,391,677	8,346,885	8,044,792
1007014810	Environmental Conservation	19,778,177	(3,386,500)	16,391,677	8,346,885	8,044,792
1005004810	Natural Resource Management	95,413,810	(55,432,067)	39,981,743	10,613,397	29,368,346
1005014810	Afforestation and Re-afforestation	54,590,682	(44,632,067)	9,958,615	8,530,665	1,427,950
1005024810	Protection of natural resources and environmental processes	40,823,128	(10,800,000)	30,023,128	2,082,732	27,940,396
4820	Ministry of Public Service and Administration	5,675,745,880	37,975,000	5,713,720,880	5,504,430,962	209,289,918
712004810	General Administrative and support services	5,668,609,781	40,475,000	5,709,084,781	5,499,987,729	209,097,052
712014810	County administration	523,904,037	(25,962,196)	497,941,841	345,178,056	152,763,785
712024810	Human Resource Management	5,144,705,744	66,437,196	5,211,142,940	5,154,809,673	56,333,267
716004810	Alcoholics and Drinks Control	7,136,099	(2,500,000)	4,636,099	4,443,233	192,866
716014810	Alcohol and Drug Rehabilitation Program	7,136,099	(2,500,000)	4,636,099	4,443,233	192,866
4821	Office of the Governor	244,937,432	(35,900,000)	209,037,432	169,807,618	39,229,814
703004810	Management and Administration of County functions	148,500,000	(20,853,000)	127,647,000	105,172,317	22,474,683
703024810	County executive services	148,500,000	(20,853,000)	127,647,000	105,172,317	22,474,683
	Support, Coordination and Advisory	96,437,432	(15,047,000)	81,390,432	64,635,301	16,755,131

Programme/ Sub-programme	Description	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
		2020/2021			2020/2021	
		KES	KES	KES	KES	KES
704004810	Services					
704014810	Legal Services	12,920,000	(1,150,000)	11,770,000	5,903,131	5,866,869
709014810	Support and Advisory services	66,792,989	(12,547,000)	54,245,989	45,628,723	8,617,266
709024810	County Internal Audit services	16,724,443	(1,350,000)	15,374,443	13,103,447	2,270,996
4822	Ministry of Finance and Economic Planning	499,070,652	(80,244,044)	418,826,608	313,715,643	105,110,965
706004810	Economic policy formulation and management	41,950,412	(8,675,900)	33,274,512	32,678,000	596,512
706014810	Economic policy formulation	41,950,412	(8,675,900)	33,274,512	32,678,000	596,512
707004810	Public Finance Management	244,714,200	40,111,356	284,825,556	211,323,777	73,501,779
707014810	Resource Mobilization	74,569,000	(16,002,000)	58,567,000	44,551,116	14,015,884
707024810	Accounting and Financial services	124,631,250	53,253,948	177,885,198	126,223,356	51,661,842
707034810	Budget formulation and management	36,424,500	4,459,408	40,883,908	36,087,944	4,795,964
707044810	Procurement services	9,089,450	(1,600,000)	7,489,450	4,461,361	3,028,089
713004810	General Administration and Support services	71,660,750	(10,747,500)	60,913,250	57,581,368	3,331,882
713014810	Administrative services	71,660,750	(10,747,500)	60,913,250	57,581,368	3,331,882
718004810	Investment promotion	140,745,290	(100,932,000)	39,813,290	12,132,498	27,680,792
718014810	Investment promotion	140,745,290	(100,932,000)	39,813,290	12,132,498	27,680,792
712004810	County Public Service Board	32,979,122	(6,441,575)	26,537,547	23,887,947	2,649,600
712024810	Human Resource Management	32,979,122	(6,441,575)	26,537,547	23,887,947	2,649,600
4824	Ministry of ICT	211,495,921	(881,400)	210,614,521	135,805,648	74,808,873
705004810	County Information Management	202,429,414	1,442,600	203,872,014	133,380,292	70,491,722

Programme/ Sub- programme	Description	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
		2020/2021			2020/2021	
	KES	KES	KES	KES	KES	
705014810	Information and communication services	202,429,414	1,442,600	203,872,014	133,380,292	70,491,722
713004810	General Administration and Support Services	9,066,507	(2,324,000)	6,742,507	2,425,356	4,317,151
713014810	Administrative services	9,066,507	(2,324,000)	6,742,507	2,425,356	4,317,151

Reasons for Unmet Revenue Target

- ❖ Covid-19 pandemic affected the collection response on revenue;
- ❖ Inadequate capacity in terms of revenue staffing;
- ❖ Inadequate enforcement;
- ❖ Occasional revenue collection system failure;

9. The challenges mentioned here are being addressed gradually through:

- ❖ Adherence to MOH guidelines on COVID-19 pandemic
- ❖ Recruitment of revenue staff
- ❖ Strengthening of enforcement of revenue at all level of Government Administrative Unit
- ❖ Enhanced revenue connectivity system

B.2.Expenditure Performance

10. Total expenditure was KES 13.819 Billion against a revised target of KES 16.073 Billion, representing an under-spending of KES 2.254 Billion (14.02 per cent deviation from the revised budget). The overall absorption rate was 85.98 per cent comprising of 91.1 per cent and 79.3 per cent for recurrent and development expenditure respectively. As indicated above, the performance for FY 2020/2021 at 85.98 percent compares favorably with that of the FY 2019/2020 at 82.22 per cent.

11. The overall recurrent expenditure amounted to KES 8.241 Billion, representing an under-spending of KES 801 Million from the approved revised recurrent expenditure of KES 9.042 Billion. The under-spending was in respect to delayed disbursement of equitable shareable revenue from the National Government and the unmet target of own source revenue.

12. Out of the total revenue, employee compensation was KES 5.484 Billion translating to 35.6 per cent of total revenues for the year which includes salaries for the County Assembly. Operation and Maintenance (O&M) was KES 2.756 Billion (17.9 per cent)

13. Out of the total budget of KES 16.07 Billion, the allocation to development expenditure was KES 7.031 Billion (43.7 per cent). Out of total expenditure of KES 13.819 Billion, KES 5.578 Billion was spent on development projects/programmes translating to 40.4 per cent.

14. Out of total revenue of KES 15.394 Billion, KES 1.078 Billion (7.0 per cent) was transferred to the County Assembly.

Table 5: Expenditure by Category, KES Million

PAYMENTS	2018/2019	2019/2020	2020/2021			
	Actual		Approved budget	Revised budget	Actual	Deviation
	KES	KES	KES	KES	KES	KES
1. RECURRENT	7,195,119,555	7,625,120,823	8,724,087,342	9,042,464,685	8,241,311,662	(801,153,023)
Compensation of Employees	4,469,521,710	4,403,293,692	4,963,356,325	5,538,112,871	5,484,660,128	(53,452,743)
Operations and Maintenance - Executive	1,664,233,255	2,244,451,843	2,693,794,243	2,850,163,051	2,220,478,622	(629,684,429)
County Assembly - Operations and Maintenance	1,061,364,590	977,375,288	1,066,936,774	654,188,763	536,172,912	(118,015,851)
2. DEVELOPMENT	4,984,337,228	4,924,447,648	6,758,674,348	7,031,223,312	5,578,140,225	(1,453,083,087)
Development projects	4,984,337,228	4,924,447,648	6,758,674,348	7,031,223,312	5,578,140,225	(1,453,083,087)
TOTAL EXPENDITURE	12,179,456,783	12,549,568,471	15,482,761,690	16,073,687,997	13,819,451,887	(2,254,236,110)

Source: County Treasury

B.3. Departmental Fiscal performance

Table 6: Departmental Expenditure for the period ending 30th June 2020

DEPARTMENT	Actual		Budget	Revised Budget	Actual	Absorption rate
	2018/2019	2019/2020	2020/2021			
	KES	KES	KES			
EXPENDITURES	11,154,027,983	12,549,568,471	14,365,824,916	16,073,687,997	13,819,451,887	85.98%
County Assembly	893,516,738	977,375,288	1,116,936,774	1,278,945,309	1,078,519,716	84.33%
Current	893,516,738	977,375,288	1,066,936,774	1,228,945,309	1,078,519,716	87.76%
Development	-	-	50,000,000	50,000,000	-	0.00%
Agriculture, Livestock, Fisheries and Co-operatives	355,855,298	599,120,529	1,127,212,529	1,608,370,189	1,415,518,300	88.01%
Current	57,962,757	32,693,744	56,206,565	57,308,057	15,365,662	26.81%
Development	297,892,541	566,426,785	1,071,005,964	1,551,062,132	1,400,152,639	90.27%
Health Services	1,673,577,719	2,000,779,761	1,891,242,766	2,106,075,334	1,764,378,723	83.78%
Current	488,744,742	899,943,165	826,346,215	827,129,306	733,055,531	88.63%
Development	1,184,832,977	1,100,836,596	1,064,896,551	1,278,946,028	1,031,323,192	80.64%
Education, Science & Technology	379,798,444	671,585,960	856,336,794	602,775,960	345,239,767	57.27%
Current	30,776,950	176,259,151	206,986,900	203,464,400	59,764,962	29.37%
Development	349,021,494	495,326,809	649,349,894	399,311,560	285,474,805	71.49%
Roads, Public Works & Energy	1,539,262,134	1,377,082,787	1,670,249,901	1,545,126,863	1,482,615,926	95.95%
Current	10,911,433	19,045,980	30,178,829	208,683,829	195,809,849	93.83%

DEPARTMENT	Actual		Budget	Revised Budget	Actual	Absorption rate
	2018/2019	2019/2020	2020/2021			
	KES	KES	KES			
Development	1,528,350,701	1,358,036,807	1,640,071,072	1,336,443,034	1,286,806,077	96.29%
Lands, Housing, Urban Areas and Physical Planning	178,594,564	538,468,262	682,324,344	988,811,024	636,699,002	64.39%
Current	92,961,647	131,538,969	169,605,544	183,132,646	141,921,131	77.50%
Development	85,632,917	406,929,293	512,718,800	805,678,378	494,777,871	61.41%
Social Services, Youth & Sports	298,436,204	536,740,520	729,032,936	616,742,936	494,491,290	80.18%
Current	26,641,572	52,619,276	83,032,936	92,242,936	43,470,509	47.13%
Development	271,794,632	484,121,244	646,000,000	524,500,000	451,020,781	85.99%
Trade, Tourism & Industrialization	162,885,933	160,161,686	386,605,000	335,985,000	146,352,495	43.56%
Current	29,501,573	31,867,776	56,605,000	38,985,000	23,878,461	61.25%
Development	133,384,360	128,293,910	330,000,000	297,000,000	122,474,034	41.24%
Water, Environment and Natural Resource	157,915,053	290,642,127	358,591,639	412,118,394	307,988,849	74.73%
Current	30,728,948	30,876,291	39,459,572	25,736,214	18,037,647	70.09%
Development	127,186,105	259,765,836	319,132,067	386,382,180	289,951,202	75.04%
Public Service and Administration	4,904,586,912	4,862,678,119	5,675,745,880	5,713,720,880	5,504,430,962	96.34%
Current	4,798,713,628	4,852,059,106	5,510,745,880	5,514,220,880	5,412,057,922	98.15%
Development	105,873,284	10,619,013	165,000,000	199,500,000	92,373,040	46.30%
Office of the Governor	269,222,770	194,191,616	244,937,432	209,037,432	169,807,618	81.23%

DEPARTMENT	Actual		Budget	Revised Budget	Actual	Absorption rate
	2018/2019	2019/2020	2020/2021			
	KES	KES	KES			
Current	239,222,770	178,035,859	209,437,432	198,537,432	163,361,747	82.28%
Development	30,000,000	16,155,757	35,500,000	10,500,000	6,445,871	61.39%
County Treasury	304,780,353	185,126,067	499,070,652	418,826,608	313,715,644	74.90%
Current	179,780,353	185,126,067	394,070,652	398,826,608	312,715,644	78.41%
Development	125,000,000	-	105,000,000	20,000,000	1,000,000	5.00%
County Public Service Board	35,595,861	31,624,954	32,979,122	26,537,547	23,887,947	90.02%
Current	35,595,861	31,624,954	32,979,122	26,537,547	23,887,947	90.02%
ICT, E-government & Communication	-	123,990,795	211,495,921	210,614,521	135,805,648	64.48%
Current	-	26,055,197	41,495,921	38,714,521	19,464,935	50.28%
Development	-	97,935,598	170,000,000	171,900,000	116,340,713	67.68%

Source: The County Treasury

C. Analysis of Departmental Deviation

15. All the departments' development performance was above 50 per cent absorption rate except for the Department of Trade, Tourism and Industrialization (41.24 per cent), Public Service and Administration (46.30 per cent) and County Treasury (5.00 per cent). Under recurrent classification, the performance of department of Agriculture, Livestock, Fisheries and Cooperatives, Education Science and Technology and Social services, sports, Youth, Women Empowerment and Culture was below 50 per cent absorption rate. Table 7 provides explanations for the deviation for each department.

Table 7: Analysis of Deviations

S/No.	Department	Classification of Expenditure	Absorption rate	Reasons for deviation	Recommendation
1.	Agriculture, Livestock, Fisheries and Cooperatives	Development	90.27%	There was delay in payment of farm input, Soysambu cattle dip that were at internet banking, Shinyalu slaughter house and smart farm had land disputes	Land should be identified and due diligence done before project initiation.
		Recurrent	26.81%	Most of development projects had recurrent activities, based on controller of budget advice they were transferred to recurrent during second supplementary that was approved in June.	All recurrent activities on development projects should be budgeted under recurrent
				There was delay in procurement recurrent activities to support development projects whose payments were made at end of June.	Early initiation of procurement for services
2.	Health Services	Development	80.64%	Reduction in work force due to MOH Protocols on COVID-19 Pandemic	Adhere to MOH guidelines on COVID-19 Pandemic
				Extra works especially for Shamakhubu and Mumias Level 4 hospitals delayed the implementation of the projects	There should be close collaboration between the user department and project managers at the point of BQs and Design development
		Re-current	88.63%	Effects of COVID-19 Pandemic since most programmes were field based	Adhere to MOH guidelines on COVID-19 Pandemic

S/No.	Department	Classification of Expenditure	Absorption rate	Reasons for deviation	Recommendation
				Industrial strike of Health Workers	Timely engage the Union leaders to avert Industrial action
3.	Education, Science and Technology	Development	71.9%	Non-payment of Polytechnic capitation funds (KES 45,667,721) and ECDE Capitation funds (KES 44,582,262)	Fast-track payment of capitation funds
				Non-payment of ongoing projects whose payment certificates weren't ready by close of financial year were not paid	Engage contractors to complete remaining works as per agreed timelines. Fastrack payment of completed works.
		Recurrent	29.37%	Non-payment of Ward-Based Bursary funds (KES 120 M) as the administrative costs exceeded the regulated 3% as advised by COB. The item accounted for 58.97% of total recurrent budget.	Ensure compliance with regulatory framework
				Non-payment of the ISMIS Software (KES 8M) due to delayed exchequer release	To be considered in the revised budget
4.	Roads, Public Works and Energy	Development	96.29%	Unmet own source revenue target	Expanding existing revenue base
		Recurrent	93.83%		
5.	Lands, Housing, Urban Areas and Physical Planning	Development	64.39%	The department did not receive the total KUSP funding as allocated in the revised budget.	The National Treasury to engage Development partners to honor their commitments
		Recurrent	77.50%	Delays in payments for utilities and cleaning services for Municipalities attributed to delays in release of exchequer	The National Treasury to ensure timely release of all the budgeted funds as per the law
6.	Social services, sports, Youth, Women Empowerment and Culture	Development	85.99%	Delay in disbursement of funds by National treasury thus affecting timely payment of outstanding bills	The National Government to fast-track timely exchequer releases as per the law
		Recurrent	47.13%	Most of social service activities involve public participation thus it was not possible to under-take them	Encourage the public to undertake massive vaccination to allow such activities to take

S/No.	Department	Classification of Expenditure	Absorption rate	Reasons for deviation	Recommendation
				due to Covid-19 protocols	place
7.	Trade, Tourism and Industrialization	Development	41.24%	Tea project did not get a suitable bidder	Tea project has been phased
				Lower pace of construction works due to covid-19 pandemic	Fast tracking the land buying process for the maize milling plant.
				Lack of land for the maize milling project	Projects be done in phases
		Recurrent	61.25%	Most of the budget was on tourism promotion activities which did not take place due to covid-19 containment measures	Adherence to covid-19 protocols
8.	Water Environment Natural Resources and Climate Change	Development	75.04%	The five KSDP supported projects (i.e., Kuvasali Gravity, Nandamanywa, Lwakhupa, Musembe and Yala/Butwehe Water Supply Projects) were not complete to warrant payment.	Implementation of KSDP supported projects to fast-tracked
				For on ongoing projects the department could not ascertain the completed works to be paid for as payment certificates had not been raised.	Inspection of projects should be fast-tracked.
				Fencing of Kakamega Forest was not done due to non-agreement by the other two development partners.	Fast track arbitration between the development partners
		Recurrent	70.09%	COVID -19 prevention protocols hampered the department's activities.	The department to adopt working in the new normal.
				Delayed Exchequer disbursement.	The exchequer should remit funds timely and according to the law.
				Some suppliers had issues with the Kenya Revenue Authority on tax compliance issues leading to them not being paid	The suppliers to fast-track clearance of their tax issues to pave way for payment.
9.	Public Service and	Development Expenditure	46.30%	Covid 19 pandemic affected program implementation.	Ensure programs/contracts

S/No.	Department	Classification of Expenditure	Absorption rate	Reasons for deviation	Recommendation
	Administration				are implemented while adhering to Covid 19 protocols.
				Delayed Procurement process.	Initiate procurement process on time.
				Weak capacity of contractors.	Award contracts only to Contractors with capacity.
				Delayed disbursement of funds from the national treasury (KDSP).	Liaise with the National Treasury to ensure funds are disbursed on time (Especially Conditional Grants)
				Prolonged land disputes/court cases on lands earmarked for project implementation.	Due Diligence to be conducted on lands earmarked for project implementation.
10.	Office of the Governor	Development	82.28%	Slow issuance of completion certificates and fee notes	Fast tracking issuance of completion certificates and fee notes
		Recurrent	61.39%	Reduced public participation activities Travel restrictions due to the covid-19 pandemic	Adherence to covid-19
11.	Finance Economic Planning	Recurrent	78.41%	There was delayed exchequer release	Enhance own source revenue to reduce overreliance on the exchequer funds. CoG to engage the National Treasury to release funds in good time as per the law.
				Covid-19 protocols restricted most activities	Adherence to the MOH Containment measures.
				Development	5.00%
				The assets management system budgeted at 15M whose implementation is underway	The county Treasury to FastTrack the implementation of the project.

S/No.	Department	Classification of Expenditure	Absorption rate	Reasons for deviation	Recommendation
12.	County Public Service Board	Recurrent	90.02%	Covid 19 pandemic affected programs/activities.	The board has resolved to conduct virtual meetings /interviews
				Slow procurement procedures especially in engaging consultants.	Initiate procurement process on time.
				Uncertainty in Disbursement of funds from National Treasury.	Liase with the National Treasury to ensure funds are disbursed on time.
13.	ICT, e-government and Communication	Recurrent	50.28%	County connectivity m& e activities were deferred due to COVID-19 measures	Adherence to MOH covid-19 regulations
				Publicity project was contracted and could not be completed in good time hence not paid for.	Measures put in-place to engage contractors to finalize of works in good time.
		Development	67.68%	Cashless and ERP projects were not cleared by the controller of budget in good time.	Early engagements with the regulatory bodies to reduce implementation challenges.
				Q4 cashless funds were received in July hence not utilized.	Funds re-budgeted for in the FY 21/22
		There were ongoing projects such as the production studio which were complete but had not been cleared	Early clearance by the works department of completed projects to facilitate funding.		

D. Implication of 2020/2021 fiscal performance on fiscal responsibility principles and financial objectives for FY 2021/2022

16. The performance in the FY 2020/2021 has affected the financial objectives set out in the County Fiscal Strategy Paper and the budget for FY 2021/2022 in the following ways:
 - i. Expenditure projections will be affected by payment of pending bills, implying the need for adjustment in the fiscal aggregates for the current budget and the medium-term.
 - ii. The baseline for setting the revenue forecast and expenditure ceilings will be affected. This will prompt the need to adjust the MTEF revenue forecast and expenditure ceilings.
17. The overall revenue performance in FY 2020/2021 of KES 1.118 Billion was a short fall from the FY 2019/2020 which was KES 1.180 Billion. Despite the decline in performance, the County has put measures to ensure that this performance is improved.

C.1. Fiscal Responsibility Principles

18. The fiscal responsibility principle on wages and remuneration as per the PFM Act of 2012 provides for utmost 35 percent of the total County budget. The proportion of actual salaries and remuneration expenditure on the overall expenditure was 35.6 per cent. This computation includes the salaries from the County Assembly.
19. On the development expenditure, the proportion of the actual expenditure was 40.21 per cent. This is above the stipulated percent of at least 30 percent on the overall County budget in compliance with the PFM Act, 2012.

III. RECENT ECONOMIC DEVELOPEMENT AND OUTLOOK

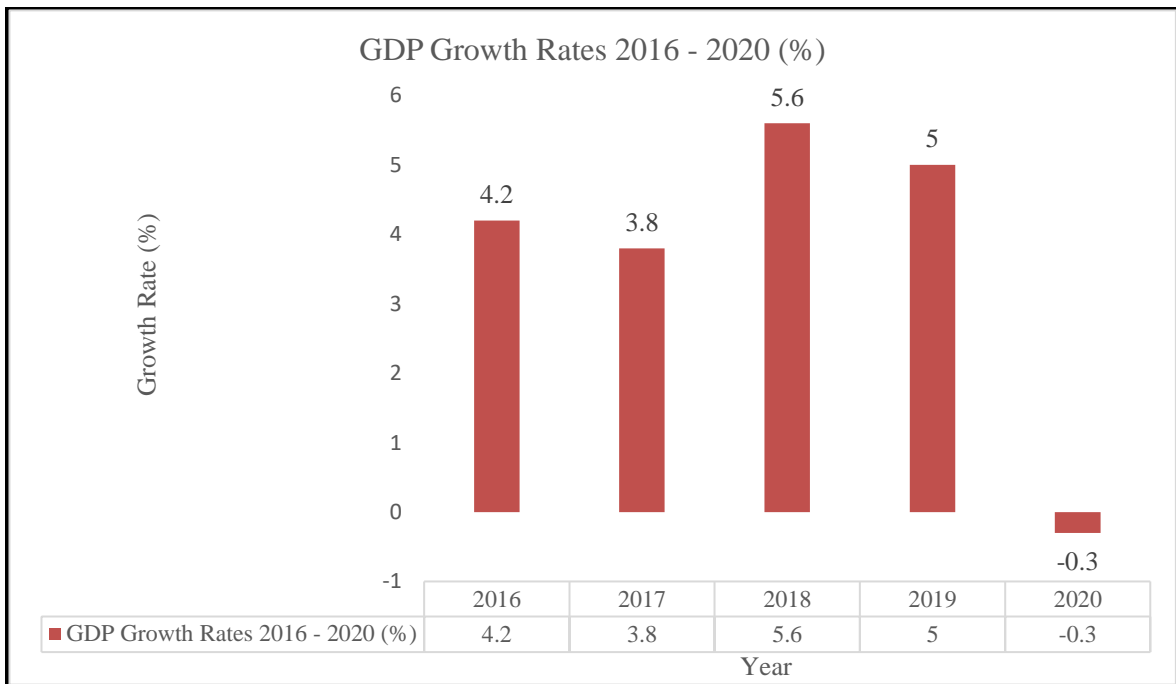
A. Recent Economic Performance

A.1. Gross Domestic Product (GDP) Growth Rates

20. The release of Economic Survey, 2021 by the Kenya National Bureau of Statistics (KNBS) estimated that the real domestic growth contracted to 0.3 percent in 2020 as compared to a revised growth of 5.0 percent in 2019 owing to disruption caused by the Coronavirus Disease (COVID-19) pandemic. The contraction in Economic performance was attributed to;

- Disruption in labour supply brought about by restriction of movement and social distancing meant to contain the spread of Covid-19
- Reduced demands for goods and services.

Figure 1: GDP Growth Rates



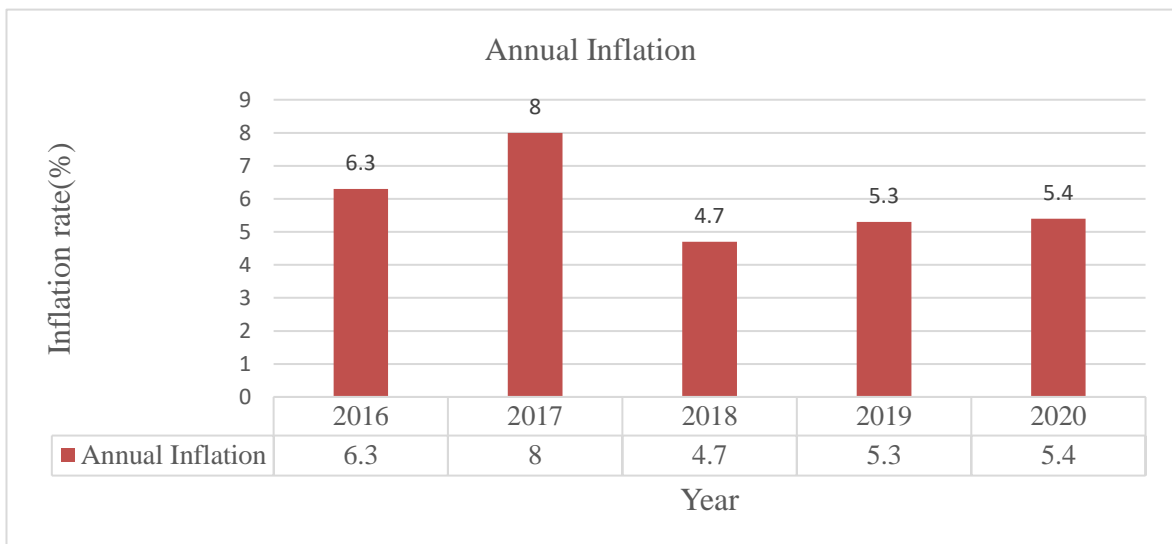
21. During the period under review, the following sectors recorded growth in economic activities; Agriculture, Forestry and Fishing sector grew by 4.8 per cent, Construction by 11.8 per cent, Finance & Insurance activities by 5.6 per cent, Information, Communication and Technology by 4.8 per cent and the Human health and social workers activities sector by 6.7 per cent. On the other hand, economic performance of accommodation and food serving activity, education and transport activities was dismal and contracted to -47.7 per cent, -10.7

per cent and -7.8 per cent respectively. Manufacturing sector recorded a contraction of -0.1 per cent.

A.2 Inflation Rate

22. The overall inflation rate as measured by the Consumer Price Index (CPI) increased from 5.3 per cent in 2019 to 5.4 per cent in 2020 as a result of Covid-19 containment measures leading to supply chain disruptions that consequently lead to price increases mainly in the transportation sector.
23. On average, inflation was lower in the first quarter of 2021 compared to a similar quarter of 2020. However, there was a significant rise in the inflation rate during the second quarter and it is likely that this trend will continue in the second half of 2021 partly due to higher energy and transportation prices.

Figure 2: Annual Inflation



A.3 Interest Rate

24. In an effort to support the economy from the negative impact of the COVID-19 pandemic, the Central Bank of Kenya (CBK) lowered the Central Bank Rate (CBR) from 7.25 per cent in March 2020 to 7.0 per cent in April through to December 2020. As a result, most nominal interest rates declined in June 2020. The loans to deposits interest rate spread widened to 5.73 per cent as at the end of December 2020 from 5.14 per cent as at the end of December 2019. Inter-bank lending rate reduced to 5.29 per cent as at the end of December 2020 from 6.03 per cent as at the end of December 2019. The savings rate fell during the review period to close at 2.70 per cent as end of December 2020 from 4.15 per cent as at the end of June 2020 and 4.02 per cent as at the end of December 2019. The 91-Day Treasury bill rate

dropped to 6.90 per cent at end of December 2020 from 7.17 per cent as at the end of December 2019.

A.4 Exchange Rate

25. The Kenyan Shilling depreciated against currencies of key trading countries as reflected by the Trade Weighted Index (TWI), which rose from 113.0 in 2019 to 115.4 in 2020, as presented in Table xx. The Kenyan Shilling weakened against the Euro, the Pound Sterling, the US Dollar and UAE Dirham by 6.5, 5.0, 4.4 and 4.4 per cent respectively, in 2020. However, the Kenyan Shilling appreciated against the South African Rand by 7.7 per cent. In the East Africa region, the Ugandan Shilling and the Tanzanian Shilling strengthened against the Kenyan Shilling by a magnitude of 3.8 per cent each, in the period under review.

Table 8: Average Foreign Exchange Rates of Kenya Shilling for Selected Currencies, 2016-2020

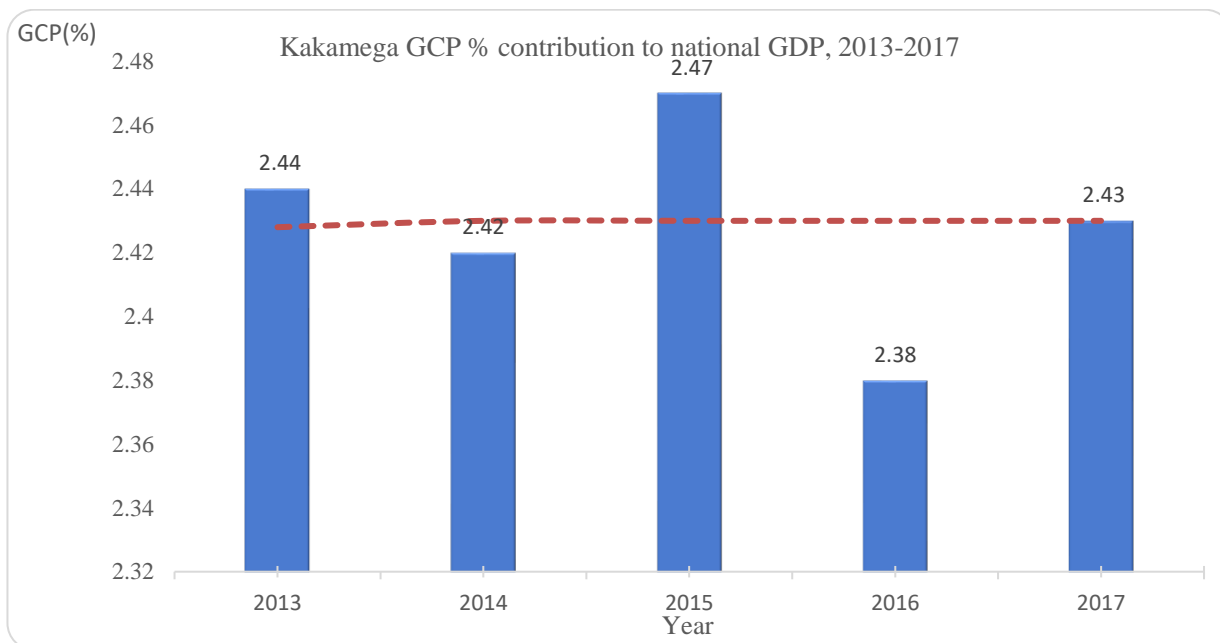
Currency	Exchange Rate against KES				
	2016	2017	2018	2019	2020*
1 US Dollar	101.50	103.41	101.29	101.99	106.47
1 Euro ²	112.33	116.73	119.63	114.18	121.65
1 Pound Sterling	137.66	133.20	135.25	130.18	136.73
1 Swiss Franc	103.04	105.04	103.58	102.62	113.61
1 UAE Dirham	27.64	28.15	27.58	27.77	28.99
1 Indian Rupee	1.51	1.59	1.48	1.45	1.44
1 Chinese Yuan	15.29	15.30	15.33	14.76	15.45
100 Japanese Yen	93.55	92.22	91.74	93.59	99.80
1 SA Rand	6.93	7.77	7.69	7.06	6.51
1 Egyptian Pound	10.14	5.80	5.69	6.07	6.74
TSh/Ksh	21.54	21.63	22.48	22.63	21.76
US\$Ksh	33.68	34.92	36.81	36.32	34.93
100 Rwanda Francs	7.53	8.11	8.50	8.82	8.86

Source: KNBS, Economic Survey 2021 Report

B. County Economic Performance

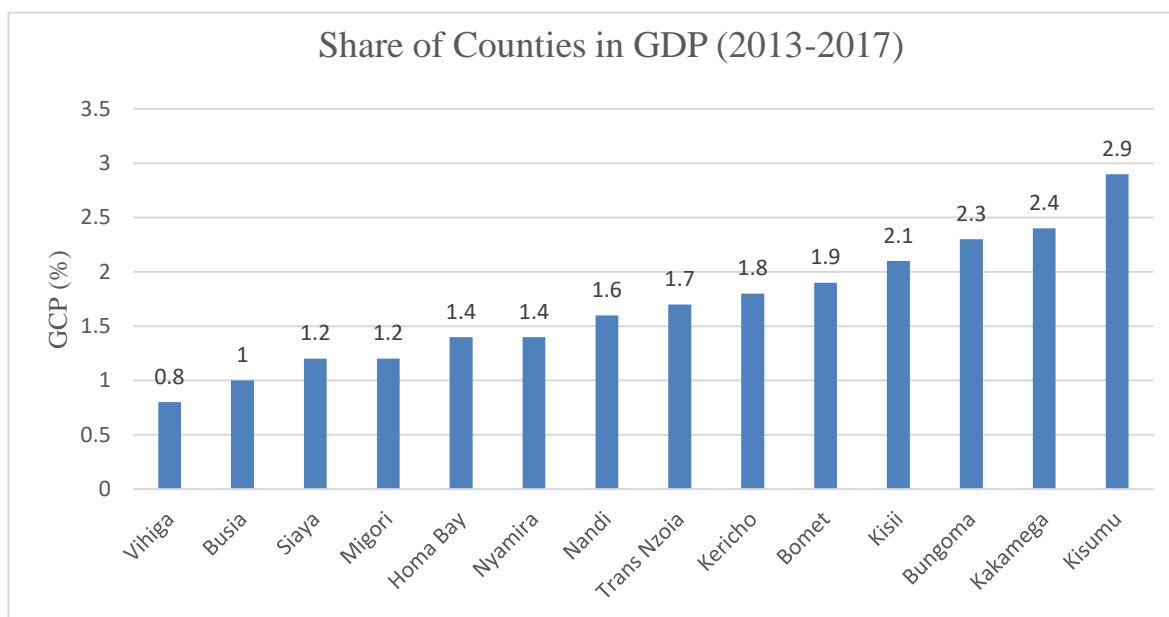
26. According to KNBS, Gross County Product Report 2019, the County's GDP was estimated at KES 182.563 Billion which is 2.4 per cent of the national GDP in 2017 (KES 7.524 Trillion). The average GCP contribution of the Counties to the National GDP in current prices is estimated at 2.43% in the five-year period. Figure 3 shows the county's GCP estimates over the period 2013-2017.

Figure 3: Kakamega GCP % contribution to national GDP, 2013-2017



27. The increase in GCP from 2016 to 2017 was principally attributed to increased agricultural production, accelerated sustained growth in transportation and vibrant service sector activities. The average GCP across all Counties is approximately 2.8%. However, Kakamega County GCP growth was slower than the average growth across the 47 Counties due to high poverty levels (35.8%). Figure 4 compares the GCP of the Lake Region Economic Bloc Counties.

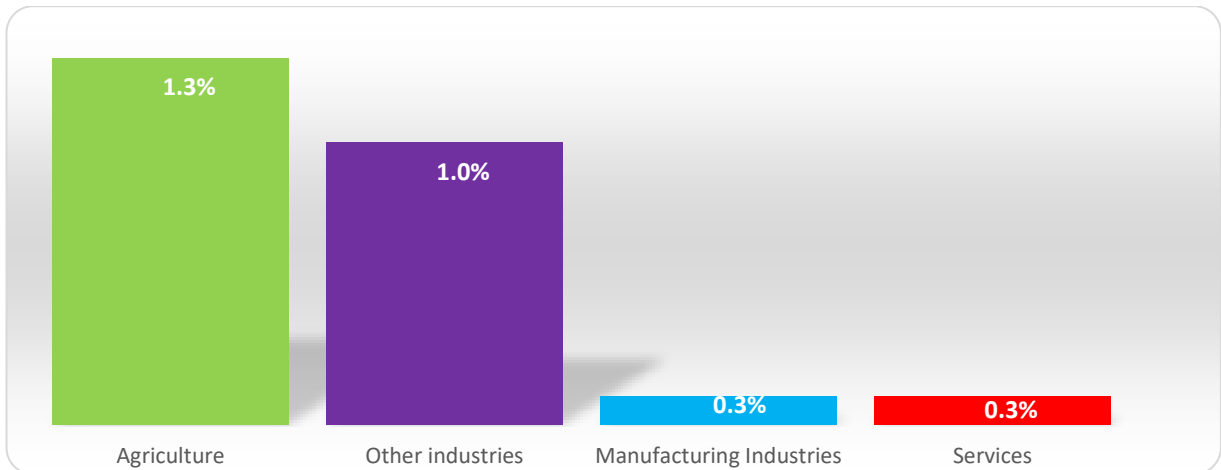
Figure 4: Comparison of Lake Region Economic Bloc Counties in GDP (2013-2017)



Contribution of main sectors to GCP, 2017

28. Kakamega County was ranked ninth in agricultural activities among the 47 counties, hence, the sector significantly contributed to the Kakamega GCP. Other sectors that contributed to growth include; manufacturing industries, other industries and service sector as shown in figure 5.

Figure 5: Contribution of main sectors to GCP, 2017



C. County Sector/ programme Performance

29. The County government discharges its mandate and functions as prescribed under schedule four of the Constitution of Kenya through the County Executive, County Assembly and the County Public Service Board.

The major milestones realized by the County include;

- ❖ Implementation of ‘Imarisha Afya ya Mama na Mtoto’ Programme has reduced maternal, infant and child mortality where by in partnership with UNICEF, over 63,000 mothers have been able to access antenatal Care (ANC) services, skilled delivery and full package of child welfare services. Among them, 5,085 needy mothers are under cash transfer program to assist mothers meet essential needs for the survival of child and mother.
- ❖ Increasing road network to 80% by constructing and maintaining bitumen roads, gravel roads and bridges/box culverts.
- ❖ Provision of farm subsidies has increased maize and dairy production thus improving food security from 57% to 67%.
- ❖ Improvement of market infrastructure through construction of modern markets and installation of high mast lights in various markets has improved trading environment, increased business hours and incomes.

- ❖ Automation of the revenue system and timely production of key County economic policy documents;
- ❖ The Point-to-point connection of county offices has improved information sharing as well as up scaled paperless communication.
- ❖ Implementation of water projects and Programmes has increased access to clean and safe water across the County by 25.9% through increased connections, storage capacity and extension of distribution lines across the County
- ❖ Youth and women empowerment has been achieved through implementation of County Youth and Women Empowerment Programme which has created jobs and improved the livelihoods.

D. Implementation of FY 2021/22 budget

30. The implementation of FY 2021/22 budget has been affected by the delay of exchequer disbursements in the first quarter. This delay will eventually affect the budget implementation.
31. Efforts to increase revenue collection remain a priority. The Kakamega County Revenue Agency (KCRA) is currently working on finding the best strategies to ensure the current actual revenue collection is optimized to match the County revenue potential. The enactment of the Kakamega Revenue Management and Administration Act, 2017 and its implementation continues to enhance achievement of the revenue targets. Some of the strategies being adopted include the enactment of revenue collection regulations and expanding existing revenue base.

E. Programmes Performance in the FY 2020-2021

32. County road network has been improved through construction and maintenance of 511.55km and 513.60km of gravel roads respectively against a target of 600km each. The 200km Bitumen Roads Programme attained a total of 81km at the review period with 32.2km more under construction.
33. Construction of Sichirai Market within Kakamega Municipality which is at 25% against a target of 100%, Mumias Bus Park at 65% against a target of 100% and Symbio city in Butere Sub -County at 85% against a target of 100%. The department also bought a waste collection track for Kakamega Municipality. Other projects done include repair of guard

rails along Kenyatta Avenue, landscaping of Municipality headquarters and maintenance of Roasterman Dumpsite.

34. In agriculture sector, under dairy development programme 8,803 cows were inseminated against a target of 14,000 cows, one smart farm (Khwisero) was constructed against a target of three. In crop production 150,000 bags of planting and top-dressing fertilizer were purchased and distributed as planned. The livestock, disease and pest control programme saw the vaccination of 195,229 cattle against 290,000 targeted, a total of 40,000 day old chicks were distributed to farmers' groups as planned.
35. Under Fisheries Production and Productivity, 71.3 tonnes of fish feeds were distributed to fish farmers against the target of 40 tonnes after the programme was up scaled and fingerlings supply abolished.
36. Water Supply Services and Urban Sanitation increased water connectivity and storage capacity by 210 Km and 2,555.5m³ respectively against a target of 9.5 Km and 1,500m³. Completion of Musembe Dam, Lwakhupa, Kuvasali Gravity Scheme, Misango and Lumino Dam water projects improved access to clean and safe piped water.
37. County tree cover increased by 200,000 trees in selected public institutions under the County Greening programme against a target of 250,000. In addition, County natural resources including wetlands and mining sites were mapped.
38. Construction of County Teaching and Referral Hospital Phase I where 93 % completion level was achieved against the planned target of 100%. In addition, construction of Shamakhubu level IV hospital was 82% complete against the planned target of 100% whereas the construction of Mumias Level IV hospital was 98% complete against 100% planned target.
39. Under revenue mobilization the automation of revenue management and collection systems steered the revenue collection even during the Covid-19 pandemic through adoption of the cashless system where KES 1.118 billion was collected representing 67.5% against a target of KES 1.656 billion.
40. Under Public Finance Management, yearly production of Financial and economic planning policy documents enabled the County to meet the budget and financial constitutional regulations.

41. Under the County information management, the department developed the Enterprise Resource Planning (ERP) System, Point to point connection of County offices at the headquarter (Bukhungu stadium, Kotecha, PC building, Public works and Mwauda offices),the procurement and operationalization of the cashless system (e-revenue collection), Installed Security Surveillance Cameras in County headquarters, Sahajanand building, Kotecha building, PC block B&C, Public works, Mwauda, and Bukhungu stadium Phase I, Bukhungu Stadium U-Turn, Kakamega Webuye.
42. In sports development, 35% of construction works on Bukhungu Stadium were achieved against the planned target of 80%. Furthermore, under social development and promotion, 360 shelter units were constructed for the vulnerable against a target of 600 shelter units.
43. Under Public Service and County Administration, completed construction of Likuyani Sub-County office, installed lifts at the new County HQ Annex, refurbished Old County HQs building and two sub-County offices (Shinyalu & Malava), Operationalized Community Area Councils across the 400 Community Areas. Constructed 10 collapsed bridges due to floods and installed 1 high mast flood light at Kaburengu under Disaster Fund.

F. Medium Term Fiscal Framework (MTEF)

44. The County pursues prudent fiscal policies aimed at achieving macroeconomic stability in collaboration with the National Treasury and Planning. In addition, the County fiscal policy objectives provide an avenue to support economic activities through implementation of the CIDP 2018 – 2022 with an objective of improving efficiency to effectively deliver public services and ensure various departments receive adequate resources to undertake their priorities sustainably.
45. The County Government is committed to achieve its full Medium Term budgetary targets. This will help to improve the budget absorption rate.

G. Risks to the outlook

46. The risks to the outlook over the Medium-Term include weak internal control systems within the revenue collection and complacency of the citizens. Tackling these issues will reduce the risk and increase revenue collections.
47. Public expenditure pressures, especially recurrent expenditures, pose a fiscal risk. Wage bill pressures and the need to hire more personnel limit funding for development expenditure.

48. The County Government will undertake appropriate measures to safeguard fiscal stability should these risks materialize by mitigating against them.

IV. RESOURCE ALLOCATION FRAMEWORK

A. Adjustment to FY 2021/22 Budget

49. The fiscal performance and the updated macro-economic outlook will enable the County to make adjustment to the current budget by prioritization and alignment of projects and programmes especially on Health, Education, Infrastructure, Urban areas improvement and Agriculture sectors. Moreover, wage bill pressures which limit funding for development expenditure still remains a challenge. In addition, implementation pace in the County spending entities continues to be a source of concern especially with regard to the development expenditures and uptake of resources. The County treasury will closely monitor these risks and take appropriate measures in the budget reviews.
50. Adjustments to the FY 2021/22 budget will take into account actual performance of expenditures and absorption capacity in the remainder of the financial year across all the departments. In the event of expenditure pressures, the County Government will rationalize expenditures by implementing only priority projects and programmes.
51. Though revenue collection has been below target in the previous financial years, there was a slight drop in the revenue collected in FY 2020/21. The County has put in measures to enhance own source revenue collection in FY 2021/2022 in order to ease expenditure pressure and improve budget absorption.

B. Medium-Term Expenditure Framework

52. Going forward, and in view of the macro-economic outlook, MTEF budgeting will entail adjusting non-priority expenditures to cater for the priority sectors. The MTEF priorities will guide resource allocation as follows:
- The priority areas of the “Big Four Agenda” include; Agriculture, Health, Manufacturing and Housing will receive substantial resources. Other priority sectors which continue to receive substantial allocation include; Road infrastructure, Water, Social Services and Education. These sectors are required to utilize the allocated resources more efficiently to generate fiscal space to accommodate other strategic interventions in their sectors.

The following criteria guides resource allocation to the sectors

- i. Ongoing projects and programmes
- ii. Linkage of the programme to the Objectives of Medium-Term Plan III
- iii. Linkage of the programme with the objectives of the County Integrated Development Plans.
- iv. Degree to which a programme addresses core poverty intervention
- v. The extent to which the programme is addressing the core mandate of the County entity
- vi. Cost effectiveness and sustainability of the programme
- vii. Economic recovery from the effects of Covid 19.

53. Reflecting the above Medium-Term Expenditure Framework, table 8 provides the tentative projected baseline ceilings for the FY 2022/2023 MTEF, classified by departments.

Table 9: Medium Term expenditure ceilings for FY 2020/21-2023/24

Department	Approved	Revised	Approved Budget	Expenditure Forecast		
	2020/2021	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
	KES	KES	KES	KES	KES	KES
County Assembly	1,116,936,774	1,278,945,309	1,239,967,209	1,241,967,209	1,244,967,209	1,197,917,209
Recurrent	1,066,936,774	1,228,945,309	1,189,967,209	1,191,967,209	1,194,967,209	1,147,917,209
Development	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Agriculture, Livestock, Fisheries and Co-operatives	1,127,212,529	1,608,370,189	1,304,028,210	1,232,569,536	1,161,941,059	1,161,901,059
Recurrent	56,206,565	57,308,057	76,022,246	73,954,172	69,716,464	69,714,064
Development	1,071,005,964	1,551,062,132	1,228,005,964	1,158,615,363	1,092,224,595	1,092,186,995
Health Services	1,891,242,766	2,106,075,334	2,048,957,603	1,946,509,723	1,852,184,237	1,852,184,237
Recurrent	826,346,215	827,129,306	717,949,997	681,278,403	648,264,483	648,264,483
Development	1,064,896,551	1,278,946,028	1,331,007,606	1,265,231,320	1,203,919,754	1,203,919,754
Education, Science & Technology	856,336,794	602,775,960	790,286,647	750,772,315	713,233,699	712,933,699
Recurrent	206,986,900	203,464,400	209,176,182	195,200,802	185,440,762	185,362,762
Development	649,349,894	399,311,560	581,110,465	555,571,513	527,792,937	527,570,937
Roads, Public Works and Energy	1,670,249,901	1,545,126,863	1,615,260,533	1,534,497,506	1,458,572,631	1,458,572,631
Recurrent	30,178,829	208,683,829	366,196,568	352,934,426	335,471,705	335,471,705
Development	1,640,071,072	1,336,443,034	1,246,063,965	1,181,563,080	1,123,100,926	1,123,100,926
Lands, Housing, Urban Areas and Physical Planning	682,324,344	988,811,024	848,085,429	805,681,158	765,397,100	765,397,100
Recurrent	169,605,544	183,132,646	199,131,507	185,306,666	176,041,333	176,041,333

Department	Approved	Revised	Approved Budget	Expenditure Forecast		
	2020/2021	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
	KES	KES	KES	KES	KES	KES
Development	512,718,800	805,678,378	648,953,922	620,374,491	589,355,767	589,355,767
Social Services, Youth & Sports	729,032,936	616,742,936	978,667,114	929,733,758	883,247,070	883,147,070
Recurrent	83,032,936	92,242,936	59,182,458	55,784,025	52,994,824	52,988,824
Development	646,000,000	524,500,000	919,484,656	873,949,733	830,252,246	830,158,246
Trade, Industrialization & Tourism	386,605,000	335,985,000	406,743,600	386,406,420	367,086,099	366,686,099
Recurrent	56,605,000	38,985,000	31,743,600	30,912,514	29,366,888	29,334,888
Development	330,000,000	297,000,000	375,000,000	355,493,906	337,719,211	337,351,211
Water, Environment and Natural Resources	358,591,639	412,118,394	784,384,630	721,165,399	678,001,530	677,801,155
Recurrent	39,459,572	25,736,214	42,160,223	38,942,932	36,612,083	36,601,262
Development	319,132,067	386,382,180	742,224,407	682,222,467	641,389,447	641,199,892
Public Service and Administration	5,675,745,880	5,713,720,880	5,792,556,824	5,893,407,960	5,938,268,355	5,979,268,355
Recurrent	5,510,745,880	5,514,220,880	5,581,556,824	5,716,605,722	5,769,120,304	5,846,890,304
Development	165,000,000	199,500,000	211,000,000	176,802,239	169,148,051	132,378,051
Office of the Governor	244,937,432	209,037,432	179,298,098	173,637,335	171,259,610	171,059,610
Recurrent	209,437,432	198,537,432	145,348,098	142,382,615	140,432,880	140,268,880
Development	35,500,000	10,500,000	33,950,000	31,254,720	30,826,730	30,790,730
Finance and Economic Planning	499,070,652	418,826,608	371,926,190	353,329,881	335,663,386	335,463,386
Recurrent	394,070,652	398,826,608	276,926,190	273,329,880	255,663,387	255,463,387
Development	105,000,000	20,000,000	95,000,000	80,000,000	80,000,000	80,000,000

Department	Approved	Revised	Approved Budget	Expenditure Forecast		
	2020/2021	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
	KES	KES	KES	KES	KES	KES
County Public Service Board	32,979,122	26,537,547	17,441,462	16,569,389	16,740,919	16,740,919
Recurrent	32,979,122	26,537,547	17,441,462	16,569,389	16,740,919	16,740,919
ICT, E-Government & Communication	211,495,921	210,614,521	90,926,238	86,379,926	82,360,930	82,160,930
Recurrent	41,495,921	38,714,521	17,926,238	17,275,985	16,472,186	16,432,186
Development	170,000,000	171,900,000	73,000,000	69,103,941	65,888,744	65,728,744
Total for the County	15,482,761,690	16,073,687,997	16,468,529,787	16,072,627,514	15,668,923,834	15,661,233,459

C. FY 2022/23 Budget framework

Revenue projections

54. The FY 2022/2023 budget estimates of KES 15.107 Billion excluding balance brought forward. The assumption is that revenue received will be absorbed 100 percent. This is a conservative approach which helps have accurate prediction that is more realistic. As indicated above, this performance will be affected by the reforms in the County revenue administration. As such, total local revenues are expected to fall from 2021/2022 projections. Revenue projections from the National Government is KES 13.959 Billion. This estimate includes conditional grant of KES 0.604 Billion. The Department of Finance and Economic Planning will come up with ways to fund the deficit. Table 9 presents the County revenue projections over the MTEF period.

Table 10: Summary of Revenue Projections over the medium term

Revenue source	Approved Budget Estimates	Forecast		
	2021/2022	2022/2023	2023/2024	2024/2025
	KES	KES	KES	KES
Own sources	2,113,000,000	2,113,000,000	2,113,000,000	2,113,000,000
Balance brought forward – Equitable Share	965,400,461	965,400,461	935,677,000	935,677,000
Balance brought forward – Conditional grant	309,626,239	-	-	-
Allocations from the National Government				
Total equitable share	12,389,412,168	12,389,412,168	12,389,412,168	12,389,412,168
Conditional Grants				
World Bank Universal Health Care Fund	73,144,291	73,144,291	73,144,291	73,144,291
KCSAP-Kenya Climate Smart Agriculture Project	338,783,306	338,783,306	-	-
Agricultural Sector Development Support Programme (ASDSP)	28,082,288	28,082,288	-	-
DANIDA Grant	23,071,125	14,805,000	7,690,375	-
Kenya Devolution Support Programme-Level 2	78,009,910	-	-	-
Kenya Informal Settlement Improvement Project- (KISIP II)	150,000,000	150,000,000	150,000,000	150,000,000
Total conditional allocations - Development Partners	691,090,920	604,814,885	230,834,666	223,144,291
TOTAL REVENUE	16,468,529,788	16,072,627,514	15,668,923,834	15,661,233,459

Expenditure Forecasts

55. In FY 2022/2023, overall expenditure is projected to be KES 16.072 Billion which is a decline from the approved estimate of KES 16.468 Billion in the FY 2021/22 budget.

- Recurrent expenditures have increased due to increase in salaries and wages as a result of yearly increment, new hiring and promotions of personnel in the County government.
- Out of the total budget estimates of KES. 16.072 Billion, development budget proportion is 44.1 per cent.

V. CONCLUSION AND WAY FORWARD

56. The fiscal outcome for 2020/21 does not affect the County objectives as laid out in the last County Fiscal Strategy Paper of February 2021 over the Medium Term but has implication on the current budget because of the pending bills carried forward from the 2020/21 budget. Going forward, the set of policies outlined in this Paper reflect the changed circumstances and are broadly in line with the fiscal responsibility principles outlined in the PFM Act. They are also consistent with the National Government's strategic objectives and the County Government's strategic objectives pursued by the County Government as a basis of allocation of public resources.
57. The next County Fiscal Strategy Paper (CFSP) will be finalized by February 2022 as provided in section 117 of the PFM Act, 2012.

ANNEX 1: BUDGET CALENDAR FOR FY 2022/2023-2024/2025 MEDIUM TERM BUDGET

	Activity	Responsibility	Deadline
1	Develop and issue MTEF guidelines	County Treasury	6-Aug-21
2	Preparation of annual plan	Economic Planning	1-Sep-21
2.1	Draft County Budget Review and Outlook Paper (C-BROP)	County Treasury	1-Sep-21
2.2	Submission and approval C-BROP by County Cabinet		30-Sep-21
2.3	Submit approved C-BROP to County Assembly		15-Oct-21
3	Determination of Fiscal Framework	Finance and Economic Planning	7-Sep-21
3.1	Estimation of Resource Envelope		9-Aug-21
3.2	Determination of policy priorities		23-Aug-21
3.3	Preliminary resource allocation to sectors and County Assembly		20-Aug-21
4	County Fiscal Strategy Paper	County Treasury	17-Dec-21
4.1	Draft C-FSP	County Treasury	8-Oct-21
4.2	Public participation on the Draft CFSP	County Treasury	29-Oct-21
4.3	Submission & approval of the C-FSP by CEC	County Treasury	19-Nov-21
4.4	Submit approved C-FSP to County Assembly	County Treasury	26-Nov-21
4.5	Passing the C-FSP by the County Assembly	Assembly	10- Dec-21
4.6	Publishing and publicizing the C-FSP	County Treasury	17-Dec-21
5	Preparation and approval of proposed Final Departments/ Agencies Programme Budgets	Treasury	31-Mar-22
5.1	Develop and issue final guidelines on preparation of 2022-23 MTEF Budget	County Treasury	17-Dec-21
5.2	Submission of Budget Proposals to Treasury	Departments	14-Jan-22
5.3	Consolidation of Draft Budget Estimates	County Treasury	21- Jan-22
5.4	Submission of Draft Budget Estimates to the County Assembly	County Treasury	4-Feb-22
5.5	Review of Draft Budget Estimates by County Assembly	County Assembly	18-Feb-22
5.6	Report on Draft Budget Estimates from County Assembly	County Assembly	18-Feb-22
5.7	Consolidation of Final Budget Estimates and Cash flows	County Treasury	4-Mar-22
5.8	Submission of Appropriation Bill to County Assembly	County Treasury	8-Mar-22
6	Approval of Final Budget estimates	County Assembly	10-Mar-22
7	Appropriation Bill passed	County Assembly	31-Mar-22
8	Finance Bill passed	County Assembly	31-Mar-22
9	Submission of Vote on Account to County Assembly	Treasury	15-Apr-22

