



# **COUNTY GOVERNMENT OF TRANS NZOIA**

## **COUNTY FISCAL STRATEGY PAPER**

**JANUARY 2022**

## Foreword

This County Fiscal Strategy Paper (CFSP 2022) has been formulated as per the Section 117 of the PFM Act 2012 and the PFM (County Government) Regulations 2015. The CFSP provides the policy Framework that guides the resource allocation across the county departments as well as outlines the various sources of revenue which will finance the proposed expenditure for the MTEF period 2022/23-2024/25.

It has been prepared in the background of anticipated economic recovery following slow down occasioned by the negative effects of the COVID-19 pandemic. It is also prepared in view of the revised budget calendar occasioned by the upcoming 2022 elections in the country. The CFSP 2022 thus coincides with the end period for the implementation of the CIDP 2018-2022, and will usher in the third County Government administration and consequently the CIDP 2023-2027. The Kenyan economy has continued to demonstrate slow but resilient recovery from the setbacks caused by the adverse effects of the COVID-19 pandemic. The National economy contracted by 0.3 percent in 2020 compared to 5 percent growth in 2019. The economy is expected to recover by a projected 6.0 percent in 2021 due to expected recovery of service sector, manufacturing sector, strong macroeconomic stability with low and stable interest rates and reinforcement from the recovery of export-oriented sectors in agriculture, tourism and manufacturing.

In the first half of FY 2021/22 the county experienced a marginal increase growth of 7 in actual own source revenue in comparison to the previous financial year 2020/2021. The Actual amount of the local revenue (OSR) collected amounted to Kshs. **129,812,333** in comparison to Ksh. **120,854,309** for the first half year 2020/21. In order to increase County local revenue as a proportion of total revenues, the County Government will take cognizance of the emerging issues and current constraints in local revenue administration during the formulation of Finance Bill 2022 and will leverage continue automation of the revenue collection to cover all the revenue streams. The county will also undertake training and capacity building in addition to enhancing checks and controls to reduce revenue leakages.

The CIDP 2018-2022 outlines the County's development agenda. In line with the aspirations of this blue print this Fiscal policy is giving prominence to six strategic areas which have been aligned to the national development agenda as articulated in the National Budget policy statement 2022. This strategy aims at carrying forward the ongoing gains realized in the implementation of the current CIDP and has taken cognizance on the need for completion of the ongoing projects. In this regard the broader policy areas of focus in this strategy include; Expansion of County social and physical Infrastructure; enhancing investment in key sectors of the County for broad based sustainable recovery by promoting agricultural production and value addition;

environmental conservation and water supply and sustainable land use and management; increasing access to quality social services in health, education and provision of social safety nets for the County vulnerable population; creating an enabling conducive environment for business growth; policy formulation, implementation and undertaking institutional reforms to enhance efficiency of County public service delivery.

Budget estimates for FY 2022/23 are projected at Ksh. 7.72 billion (equitable share and OSR) which is a 8.6 percent decrease from FY 2021/22. The decrease is majorly due to lapse of some grants such as KUSP and uncertainties on grant allocation to the county in the BPS 2022 following the High Court Ruling on Petition No. 252 of 2016 that directed that illegalized division of conditional or non-conditional grants in the Division of Revenue Act. On the projected Revenue estimates, the equitable share will amount to Ksh. 7,186,157, 670 billion (BPS provisional figure) while Own source revenue is projected at 529M. The anticipated expenditure for the upcoming financial year 2022/23 is projected to match revenue received for FY 2022/23. To this effect the expenditure is projected to reach Kshs.7.72B and this will comprise recurrent expenditure of Kshs.5.14B and development expenditure of Kshs.2.58 respectively.

Proper implementation of the budget is critical towards providing services that will promote sustainable growth. Sustainability requires greater effort from all the stakeholders including County Government Departments, Civil Society, Communities, County Assembly and development partners to get things done. This calls for providing for continuous consultation, finding solutions and encouraging innovation to build a sustainable County.

**ANDREW MUSUNGU**  
**CECM FINANCE AND ECONOMIC PLANNING**

## **Acknowledgement**

This CFSP is culmination of collaborative effort of all the County Government Departments and Entities. During the formulation of this Plan, a consultative and participatory approach was adopted.

Special thanks go to His Excellency the Governor, P.S Khaemba for his overall leadership and stewardship of the County. I Appreciate the CECM Finance and Economic planning, Hon. Andrew Musungu for the role in spearheading and coordination in the preparation of this paper.

The input from County departments through the leadership of the CECMS and COs have greatly contributed towards the development of this document. I appreciate all the County Departments for their input in the formulation of this policy document.

Consequently I would also wish to single out the contribution of CFSP task force for their exceptional commitment and role in coordinating various aspects of formulating and finalization of this strategy paper. I am particularly grateful to the Officers in the department of Finance and Economic planning including the Heads of Revenue, Accounting, Budget, Internal Audit and Economic Planning for execution of this task.

**EMMANUEL S. WANJALA**  
**CHIEF OFFICER FINANCE**

## Abbreviations and Acronyms

ASDSP	Agricultural Sector Support Project
BPS	Budget policy statement
CADP	County Annual Development Plan
CARA	County Allocation of Revenue Act
CECM	County Executive Committee Member
CFSP	County Fiscal strategy paper
CIDP	County Integrated Development Plan
CO	Chief Officer
COVID	Corona Virus Disease
CPSB	County Public service Board
ECDE	Early Childhood Development Education
ESP	Economic Stimulus Program
GDP	Gross Domestic Product
MTEF	Medium Term Expenditure Framework
NARIGP	National Agriculture and Rural Inclusive growth Project
OSR	Own Source Revenue
PFM	Public Finance Management Act
SDG	Sustainable Development Goals
SME	Small and Medium Enterprises
VCs	Value Chains
VTCs	Vocational Training Centres

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## **Legal Basis for the Publication of the County Fiscal Strategy Paper**

**The County fiscal strategy paper is prepared in accordance with Section 117 of the Public Financial Management Act, 2012.**

### **The law states that:**

(1) The County, Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by the 28<sup>th</sup> February of each year.

(2) The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.

(3) In preparing the County Fiscal Strategy Paper. The County Treasury shall specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term.

(4) The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term.

(5) In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of

(a) The Commission on Revenue Allocation;

(b) The public;

(c) Any interested persons or groups; and

(d) Any other forum that is established by legislation.

(6) Not later than fourteen days after submitting the County Fiscal Strategy Paper to the county assembly, the county assembly shall consider and may adopt it with or without amendments.



## **Responsibility Principles in the Public Financial Management Law**

In line with the Constitution, the new 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(b)) 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 30% of the County budget shall be allocated to development expenditure
- 3) 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.
- 4) 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.
- 5) Public debt and obligations shall be maintained at a sustainable level as

### **Approved by County Government (CG)**

- 6) Fiscal risks shall be managed prudently
- 7) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into

## Part 1: Recent Economic Development and Medium Term Outlook

### 1.1 Background.

This paper has been prepared in accordance with article 117 of the PFM Act and has taken cognizance of the fiscal responsibility principles as outlined in the PFMA and the Constitution of Kenya pertaining to the county budget process in terms of content, timelines, key players and stakeholder involvement. This County Fiscal strategy presents an overview of the current county socio economic setting of the county's economy in relation to the prevailing National scenario, outlines implication on current fiscal framework as well providing insight for the financial year 2022/23 budget proposals and the MTEF period.

The County fiscal strategy paper links policy, planning and budgeting. This strategy has been informed and seeks to achieve the aspirations of the National development goals key among them the Vision 2030 (implemented through the MTPs), the County Integrated Development Plan 2018-2022, the national fiscal framework and “**the Big four**” and the post Covid 19 Economic Recovery Strategy (ERS). The strategy is also informed by goals outlined in international commitment namely the SDGs.

This County Fiscal Strategy Paper 2022 provides;-

- (a) An overview of the prevailing state of the global, regional and national macroeconomic indicators and the implication on the county economy;
- (b) Financial outlook pertaining to the county revenues, expenditures and borrowing in the financial year 2020/21, 1<sup>st</sup> half of 2021/22 financial year and in the medium term in reference to the existing national fiscal framework;
- (c) Areas of adjustments in the 2021 fiscal framework in relation to the current outlook;
- (d) Proposed ceiling for county departments for 2022/23;
- (e) Statement of compliance of the proposed fiscal framework to the fiscal responsibility principles and financial objectives over the medium term; and
- (f) Statement of specific risks associated with the proposed fiscal framework.

The underlying principle of formulating this policy is stakeholder engagement. During crafting of this document, the County Government has undertaken broad consultations and made reference to important policy documents as required by the law. These include;

- (a) The Commission on Revenue Allocation;
- (b) The National Treasury – Budget Policy statement;

- (c) The public;
- (d) Any interested persons or groups; and
- (e) Any other forum that is established by the legislation
- (f) Recommendations from the county assembly once the paper has been submitted before the floor for discussion

## **1.2 County Fiscal Strategy Paper Preparation Process**

The preparation of the CFSP is the fourth stage in the budget preparation process and has been developed in accordance with the PFM Act 2012. This document precedes the preparation of three other important documents, that is, the County Annual Development Plan (**CADP**), the County Budget Review and Outlook Paper (CBROP) and the MTEF sector Reports.

The preparation of the 2022 CFSP has been a collaborative effort from all the County Departments whose sector input form the basis upon which the paper is based. The CADP presents the county development priorities which are then linked to the financial resources allocation process through the MTEF budget process.

A task force and secretariat of officers from the department of Finance and Economic planning was constituted to coordinate the preparation of the CFSP. In formulating the CFSP, task force undertook extensive desktop review and relied on both primary and secondary data sources in preparation of the strategy. The draft was then enriched by views from the County Executive committee who coordinated the provision of sector specific input towards the formulation of the CFSP. There public were also invited to provide memoranda during the CFSP formulation process. The draft was presented then before the cabinet whose comments and inputs were incorporated and approved before its submission to the County Assembly for discussion and approval.

## **1.3 Organization of the Report**

This strategy has been organized into three parts; Part One provides the recent economic development and medium term outlook which include the background on preparation of CFSP, overview of the economic and half year fiscal performance for FY 2021/22. Part Two provides the Medium Term Strategic Priorities and Interventions. Part three presents the County's Fiscal Policy and Budget Framework in the Medium Term which provides the Resource Envelop (Departmental budget ceilings) and the Overall Spending Priorities.

## **1.4 Recent Economic Developments**

### **1.4.1 Overview**

The Kenyan economy contracted by 0.3 percent in 2020 compared to a growth of 5.0 percent in 2019. This performance reflects the adverse effects of the COVID-19 pandemic, which disrupted activities in Wholesale and Retail Trade, Education, Accommodation and Restaurant and, Transport and Storage sectors. The economy is

expected to rebound to 6.0 percent in 2021, due to a stronger global demand and recovery in Service and Manufacturing sectors.

The economy continues to register macroeconomic stability with low and stable inflation and interest rates, and a competitive exchange rate that support exports. Year-on-year overall inflation rate has remained low, stable and within the policy target range of 5+/-2.5 percent since the end of 2017. The year-on-year inflation rate increased to 6.45 percent in October 2021 from 4.84 percent in October 2020 driven by increased food and fuel prices.

The foreign exchange market has largely remained stable despite the tight global financial conditions attributed to uncertainty due to the COVID-19 pandemic. The Kenya Shilling to the US Dollar exchanged at Ksh 110.9 in October 2021 compared to Ksh 108.6 in October 2020. The current account deficit is estimated at 5.5 percent of GDP in the 12 months to September 2021. The deficit reflected higher imports of goods and services relative to 2020. The current account deficit is projected to average 5.2 percent of GDP in 2021.

#### **1.4.2 Global and Regional Economic Developments**

Global economic growth in 2021 is projected at 5.9 percent from a contraction of 3.1 percent in 2020. However, most of the emerging markets and developing economies are projected to experience a more uneven recovery from the COVID-19 pandemic compared to their counterparts. This is largely on account of uneven access to COVID-19 vaccine, which is therefore likely to impact negatively on the full resumption of economic activities in these economies. The advanced economies are projected to recover and grow by 5.2 percent in 2021 from a contraction of 4.5 percent in 2020. This projected recovery, particularly in the United States, reflects the anticipated legislation of additional fiscal support in the second half of 2021 and broader vaccinations coverage across the group.

Economic growth in the Sub-Saharan Africa region is projected at 3.7 percent in 2021 from a contraction of 1.7 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 due to re-opening of economies.

#### **1.4.3 Domestic Economic Developments**

In 2020, the Kenyan economy was adversely affected by the outbreak of Covid-19 Pandemic and the swift containment measures, which have not only disrupted the normal lives and livelihoods, but also to a greater extent businesses and economic

activities. As a result, our economy is estimated to slow down to around 0.6 percent in 2020 from a growth of 5.4 percent in 2019. Looking ahead, the economy is projected to recover and grow by about 6.4 percent in 2021 and above 6.2 percent over the medium term.

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

The economy contracted by 0.3 percent in 2020 from a growth of 5.0 percent in 2019 following the adverse impact of COVID-19 pandemic and the resultant containment measures. The government's priority was premised on the need to safeguard the lives of Kenyans while at the same time cushioning the economy from the effects of COVID-19 pandemic. The health crisis required the introduction of temporal restrictive measures to curb the spread of the virus which resulted to negative impacts on some key sectors of the economy. Many businesses especially those related to tourism and educational activities closed down during the second quarter of 2020.

The contraction was spread across all sectors of the economy but was more dismal in Accommodation and Restaurant Services activities, Education, and Transport sectors. The overall performance of the economy in 2020 was cushioned from a deeper slump by accelerated growths in Construction activities (11.8 percent), Health services (6.7 percent), Mining and Quarrying (6.7 percent) and Agricultural production (4.8 percent). Pick up of economic activities resumed in the third quarter of 2020 with further improvements in subsequent quarters.

Kenya's economy is projected to rebound to 6.0 percent in 2021. The recovery in 2021 is on account of the reopening of the economy which is expected to increase economic activities and also partly reflects lower base of 2020 when most service sectors were adversely affected by the closure of the economy thereby recording negative growths.

In the first and second quarters of 2021, activities in Agriculture, Forestry and Fishing sector recorded a slowdown. The sector is estimated to have contracted by 0.9 percent in the second quarter of 2021 compared to a growth of 4.9 percent in the corresponding quarter of 2020. This was mainly on account of less than expected rainfall during the period with a significant decline in tea production in the second quarter of 2021. The sector's performance was cushioned from a steeper slump by a notable improvement in the production of milk, horticultural products and sugarcane. The volume of vegetables, cut flowers and fruit exports increased by 58.1 percent, 55.2 percent and 23.5 percent, respectively over the same period.

The performance of the Industry sector improved to a growth of 7.9 percent in the second quarter of 2021 compared to a contraction of 0.5 percent in the second quarter of 2020. This was mainly on account of improved performance of the Manufacturing and, Electricity and Water supply sectors.

**Table 1.2: Sectoral GDP Performance**

Sectors	2019					2020					2021		
	Q1	Q2	Q3	Q4	Q1-Q4	Q1	Q2	Q3	Q4	Q1-Q4	Q1	Q2	Avg Q1&Q2
<b>Primary Sector</b>	4.5	3.4	0.9	1.6	2.7	4.4	4.9	4.3	6.0	4.9	0.7	(0.1)	0.3
Agriculture, Forestry and Fishing	4.8	3.2	0.7	1.3	2.6	4.3	4.9	4.2	5.8	4.8	(0.1)	(0.9)	(0.5)
Mining and Quarrying	(1.2)	7.0	5.5	6.4	4.3	6.4	4.4	7.0	9.2	6.7	16.4	17.7	17.1
<b>Secondary Sector (Industry)</b>	3.2	4.2	3.5	2.6	3.4	4.7	(0.5)	3.3	7.7	3.8	3.7	7.9	5.8
Manufacturing	2.5	4.1	2.6	0.9	2.5	2.2	(4.7)	(1.7)	3.8	(0.1)	1.5	9.6	5.5
Electricity and Water supply	3.0	1.5	1.5	0.9	1.7	1.5	(4.7)	0.2	3.5	0.1	2.0	5.2	3.6
Construction	4.6	5.5	6.1	6.2	5.6	10.4	8.2	12.5	16.2	11.8	7.8	6.5	7.2
<b>Tertiary Sector (Services)</b>	6.7	7.6	6.6	5.9	6.7	3.8	(6.7)	(4.6)	(1.0)	(2.2)	2.1	15.7	8.9
Wholesale and Retail trade	4.6	6.4	5.3	4.8	5.3	4.9	(4.2)	(5.0)	2.6	(0.4)	7.4	9.5	8.4
Accommodation and Restaurant	15.6	11.7	11.9	17.6	14.3	(8.1)	(56.8)	(63.4)	(62.2)	(47.7)	(48.8)	9.1	(19.8)
Transport and Storage	6.8	8.8	4.6	5.2	6.3	2.2	(16.8)	(10.1)	(6.1)	(7.8)	(8.7)	16.9	4.1
Information and Communication	9.5	7.5	7.1	6.1	7.5	5.6	2.6	3.2	7.6	4.8	16.1	25.2	20.7
Financial and Insurance	6.1	8.0	9.3	4.4	6.9	7.5	4.4	3.0	7.4	5.6	9.4	9.9	9.7
Public Administration	9.0	10.8	10.2	9.7	9.9	4.0	2.7	6.3	8.4	5.3	9.1	13.0	11.0
Others	6.1	6.3	6.0	5.6	6.2	3.4	(7.9)	(5.6)	(3.2)	(3.5)	1.5	19.4	10.4
of which Real Estate	7.0	7.0	6.7	6.2	6.7	5.4	4.6	3.7	2.7	4.1	4.5	4.9	4.7
Education	3.8	3.4	5.6	6.2	4.7	1.8	(22.4)	(17.4)	(5.3)	(10.8)	10.0	67.6	38.8
Health	5.7	6.1	6.8	6.4	6.2	7.4	9.8	5.2	4.7	6.7	9.1	10.0	9.6
Taxes less subsidies	(1.5)	5.3	4.3	6.7	3.7	5.1	(20.8)	(8.5)	(6.4)	(7.9)	(14.5)	0.5	(7.0)
<b>Real GDP</b>	4.8	5.9	4.8	4.4	5.0	4.4	(4.7)	(2.1)	1.2	(0.3)	0.7	10.1	5.4
of which Non-Agriculture	5.6	6.8	5.9	4.8	5.8	4.3	(5.5)	(2.8)	1.2	(0.7)	2.8	14.7	8.7

Source of Data: Kenya National Bureau of Statistics

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## Inflation Rate

The Year-on-year overall inflation rate has remained low, stable and within the policy target range of 5+/-2.5 percent since the end 2017. The year-on-year inflation rate increased to 6.45 percent in October 2021 from 4.84 percent in October 2020 mainly driven by food and fuel prices. However, the inflation rate remained within the target range moderated by muted demand pressures.

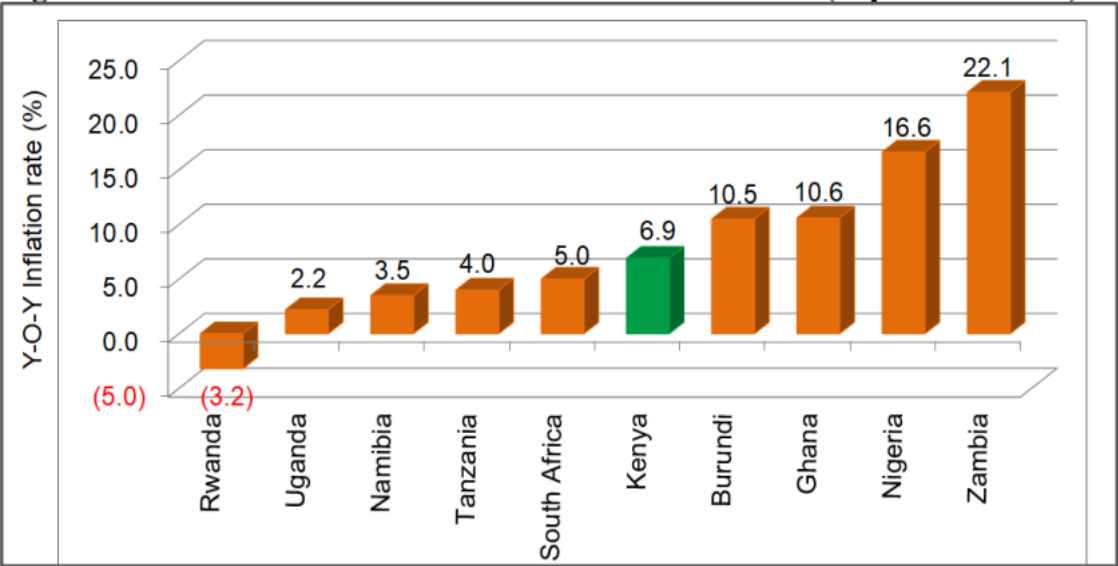
Food inflation remained the main driver of overall inflation in October 2021, contributing 3.8 percentage points, an increase, compared to a contribution of 2.3 percentage points in October 2020. The increase was mainly attributed to dry weather conditions and supply constraints that resulted in a rise in prices of key food items particularly traditional vegetables, tomatoes, butternut/pumpkins, peas, cooking oil and fat, beef with bones and frozen fish fillet. Fuel inflation contributed 1.6 percentage points to overall inflation in October 2021 compared to 1.7

percentage points in October 2020, following a decline of international oil prices on account of build-up of oil inventories amid concerns on supply growth.

The contribution of core inflation to overall inflation has been low and stable, consistent with the muted demand pressures in the economy on account of prudent monetary policy. The contribution of core inflation to overall inflation increased to 0.9 percentage points in October 2021 from 0.7 percentage points in October 2020, reflecting a pick-up in economic activity and the effects of the implemented tax measures.

Kenya’s year-on year inflation rate compares favorably with the rest of Sub Saharan Africa countries. In September 2021, Kenya recorded a lower inflation rate than Burundi, Ghana, Nigeria and Zambia whose inflation rates were 10.5%, 10.6%, 16.6% and 22.1% respectively. Figure 1.4 provides an analysis of the inflation rates for selected African Economies.

**Figure 1.4: Inflation Rates in selected African Countries (September 2021)**



Source of Data: National Central Banks

### Kenya Shilling Exchange Rate

The foreign exchange market has largely remained stable despite the tight global financial conditions attributed to uncertainty with regard to the COVID-19 pandemic. The Kenya Shilling to the US Dollar exchanged at Ksh 110.9 in October 2021 compared to Ksh 108.6 in October 2020.

In comparison to most Sub-Saharan Africa currencies, the Kenya Shilling has remained relatively stable, weakening by 2.0 percent against the US Dollar in the year to October 2021. This depreciation of the Kenya Shilling was lower than that of Rwanda Franc, Nigeria Naira, Mauritius Rupee, Burundi Franc and Ghana Cedi. The



stability in the Kenya Shilling was supported by increased remittances, adequate foreign exchange reserves and favourable horticultural exports.

## **Interest Rates**

Short-term interest rates remained fairly low and stable. The Central Bank Rate was retained at 7.0 percent in September 2021 by the Monetary Policy Committee 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 October 2021 supported by Government payments. The interbank rate remained low but increased slightly to 5.3 percent in October 2021 from 2.7 percent in October 2020.

Interest rates on the Treasury bills remained relatively stable in October 2021. The 91-day Treasury Bills rate was at 7.0 percent in October 2021 compared to 6.5 percent in October 2020. Over the same period, the 182-day Treasury Bills rate increased to 7.4 percent from 6.9 percent while the 364-day Treasury Bills rate also increased to 8.1 percent from 7.8 percent.

### **1.4.3.2 Fiscal Performance**

#### **Revenue Performance**

Revenue collection to October 2021 grew by 29.3 percent compared to a contraction of 9.6 percent in October 2020. This growth is attributed to the improved business environment following the reopening of the economy and ease on measures put in place to contain the spread of the COVID-19 pandemic. As at end October 2021, the cumulative total revenue inclusive of Ministerial Appropriation in Aid (A-i-A) was Ksh 653.6 billion against a target of Ksh 635.0 billion. This performance was Ksh 18.6 billion above the set target.

Ordinary revenue to October 2021 recorded a growth of 25.8 percent compared to a contraction of 10.8 percent in October 2020. This growth was recorded in all broad categories of ordinary revenue. Specifically, Income tax grew by 27.8 percent, Value Added Tax (VAT) by 39.9 percent, Excise taxes by 22.2 percent, and Import duty by 11.9 percent. In nominal terms, ordinary revenue collection to October 2021 was Ksh 576.6 billion against a target of Ksh 560.0 billion. This performance was Ksh 16.6 billion above the target.

## **Expenditure Performance**

Total expenditure and net lending for the period ending October 2021 was Ksh 854.2 billion which was below the projected amount of Ksh 904.2 billion. Recurrent spending amounted to Ksh 612.8 billion while development expenditure amounted to Ksh 148.9 billion. Transfer to County Governments amounted to Ksh 92.5 billion.

Recurrent spending was below the projected target by Ksh 7.6 billion mainly on account of lower than targeted expenditure on operation and maintenance as well as pensions.

Development expenditure was below target by Ksh 17.3 billion on account of below target disbursements to foreign financed programmes by Ksh 30.2 billion signaling continued challenges with absorption of externally financed projects as well as the effects of the COVID-19 pandemic. Disbursements to domestically financed programmes, on the other hand was above target by Ksh 13.7 billion reflecting accelerated absorption in the first four months of the financial year.

Fiscal operations of the Government by end of October 2021 resulted in an overall deficit including grants of Ksh 193.7 billion against a projected deficit of Ksh 253.7 billion. This deficit was financed through net domestic borrowing of Ksh 214.9 billion and net foreign repayment of Ksh 33.5 billion.

### **1.4.4 County Economic Performance**

Trans Nzoia County is not isolated from the developments in the global and national economic environment. Developments in the macro-environment will always have either positive or negative effects on the economic development of the County.

The County economy like the rest of the nation was adversely affected the Covid-19 pandemic and the swift containment measures announced by the national government to curb its rapid spread. Many businesses especially the MSES, hospitality and the services sector recorded decline in the Economic activities during the second quarter of 2020. This was as a result of restriction of movements, limited hours of business, and closure of business among other containment measures initiated to address the effect of the Pandemic.

**Agriculture;** Agriculture accounts for a significant share of economic activities in Trans Nzoia County. Over 58 per cent of households produce crops. Good produce from the agricultural sector cushioned the County residents during the pandemic. Favorable weather conditions besides County Government interventions during the

Pandemic have ensured normalcy and steady recovery of the Agricultural sector from the effects of the pandemic.

The County Government rolled out various initiatives and mitigation measures to cushion the farming community. These included the COVID 19-KCEP-CRAL PLUS programme that supported 3, 675 farmers with farm inputs for cultivation of 1 acre of maize crop, 1 acre of beans crop and half an acre Irish potato especially among the vulnerable households. A total of 2007 farmers both in Kwana and Cherangany sub counties were also supported with post-harvest equipment namely 273 Tarpaulins and 1,734 hermetic bags under the same initiative. These coupled with ongoing interventions in the agriculture sector such as fertilizer grant, crop diversification, conservation agriculture, post harvest management, livestock development and Value addition initiatives for the sector will accelerate agricultural production and productivity thereby promoting food security and incomes for County residents.

**Trade and Industry;** Trans Nzoia County has small and medium size mostly Agro-Based industries and the commonly referred to "Jua Kali" cottage industries. However there exists great potential for large scale industrialization. At the height of COVID-19 pandemic, the trade and industry sector witnessed slow down in trade related activities especially for the Jua kali sector, retail and wholesale trade, businesses in the fresh produce and open air markets. Equally tourism and hotel industry were affected leading to loss of incomes and livelihoods to many. Despite these misfortunes witnessed at the height of the pandemic, the sector has witnessed return to normalcy with major county businesses picking up. The County is an economic hub and gateway to Turkana County, Southern Sudan and Eastern Uganda through the Suam border. This is potential for enhanced trade opportunities for the county.

On Monetary front, the capping of Central Bank rate at 7.0 percent has ensured that the short-term interest rates remain fairly low and stable. This has facilitated for lower lending rates which will allow for credit access by borrowers especially for the Small and Medium Enterprises distressed by COVID-19 pandemic. The business entities and borrowers will thus likely continue to access affordable credit facilities and hence improve trade.

**Tourism;** The Tourism sector remains one of the leading foreign exchange earners for Kenya and contributor in employment in the hospitality industry. It also provides a market for goods produced in other sectors. The County economy can tap from the the recovery of the tourism sector characterised by increasing number of local,

international tourists and conference tourism in the County. The County has great potential for tourism and increasing earnings from this sector due the presence of Mt.Elgon National Park and Saiwa Swamp National Park. Continued investments in the hospitality industry will create employment opportunities and spur economic growth as this industry has direct linkages with tourism.

**Transport and Infrastructure development;** The Kitale- Endebess-Suam road whose construction is ongoing, Once completed and operationalised will open up the County to the Ugandan Border. This will enhance movement of people and goods leading to improvement in trade activities and thus spurring economic growth. Similarly the upgrading and expansion of the Kitale Airstrip will enhance its ability to handle medium aircrafts thus enhancing movement of people and goods in addition to opening up the County.

### 1.4.5 County Fiscal Performance

#### 1.4.5.1 County Receipts and Revenue Performance

The County receipts amounted to **Ksh.3, 220,369,844** for the half year July-December 2021. Exchequer releases contributed to 95.97 percent of the receipts while Own Source Revenues stood at 4.03 percent of the total county receipts. This implies that the county is heavily reliant on the equitable share and grants as the major source of county revenue hence the need to grow own source revenue.

Table 1 provides a summary of the total county receipts for 1<sup>st</sup> half of Fy 2021/22.

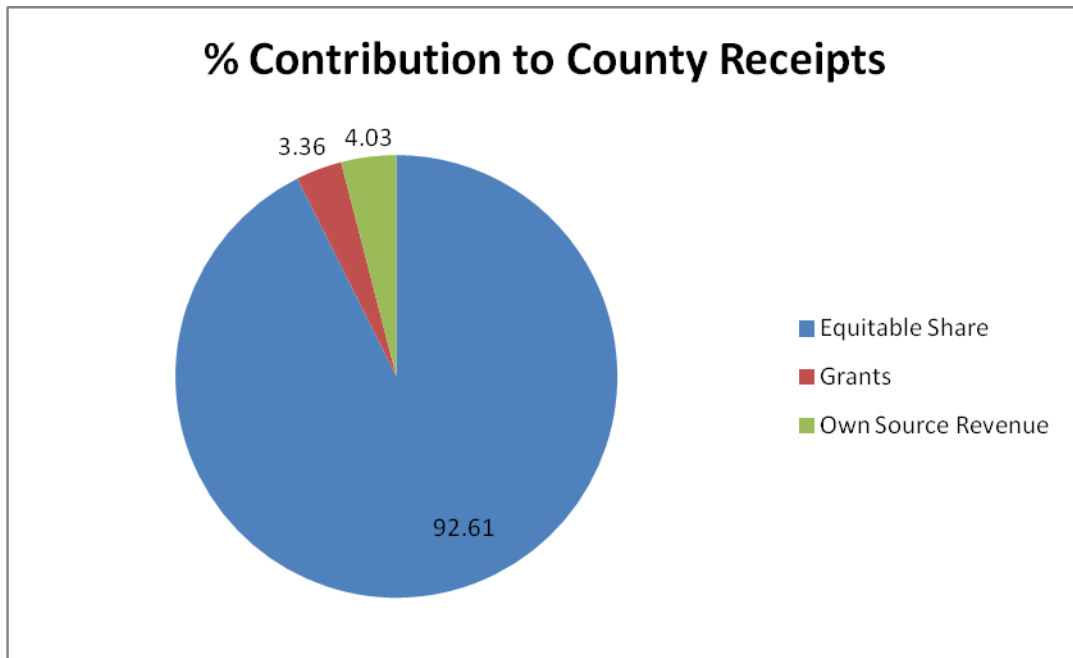
**Table 1: 1<sup>st</sup> Half Year County Receipts FY 2021/22**

<b>County Receipts Fy.2021/22</b>				
<b>Source</b>	<b>Q1 July to Sept 2021</b>	<b>Q2 Oct to DeC 2021</b>	<b>Cumulative</b>	<b>% Contribution to County Receipts</b>
Equitable Share	1,185,716,016	1,796,539,418	2,982,255,434	<b>92.61</b>
Grants	105,802,077	2,500,000	108,302,077	<b>3.36</b>
Own Source Revenue	58,426,205	71,386,128	129,812,333	<b>4.03</b>
<b>Total</b>	<b>1,349,944,298</b>	<b>1,870,425,546</b>	<b>3,220,369,844</b>	<b>100.00</b>

Source: County Treasury 2022

The graph presents a summary of the county receipts for half year by the main sources of revenue for the county.

**Figure 1: Percentage contribution to Receipts**



**County Own Source Revenue (OSR) for the First Half FY 2021/2022**

The total OSR collected for the first half of the year amounted to Kshs. **129,812,333**, against an annual target of Ksh 529,500,000. This accounts for **24.5** percent of the annual targeted local revenue. The highest collection for the half year was realized under the Health department and this accounted for **54.5** percent of the half year OSR collection. Table 2 provides a summary of the first half own source revenue realized by department.

**Table 2: Half Year (as at Dec.2021) OSR Collection by department Fy.2021/2022**

Sector	Annual Budgeted	Half Year Actual	Dept. collection as % of Total
Agriculture, Livestock and Fisheries	10,650,000	1,349,168	1
Trade, Commerce and Industry	44,950,000	9,727,870	7.5
Water, Environment and Natural Resources	9,600,000	794,618	0.6
Works, Transport and Infrastructure	8,500,000	752,055	0.6
Health	201,100,000	70,739,912	54.5
Lands, Physical Planning and Urban Development	24,100,000	4,525,093	3.5
Gender, Youth Spots Culture and Tourism	200,000	3,000	0.002
Education	100,000	0	0
Finance and Economic planning	230,300,000	41,920,617	32.3
<b>Total</b>	<b>529,500,000</b>	<b>129,812,333</b>	<b>100</b>

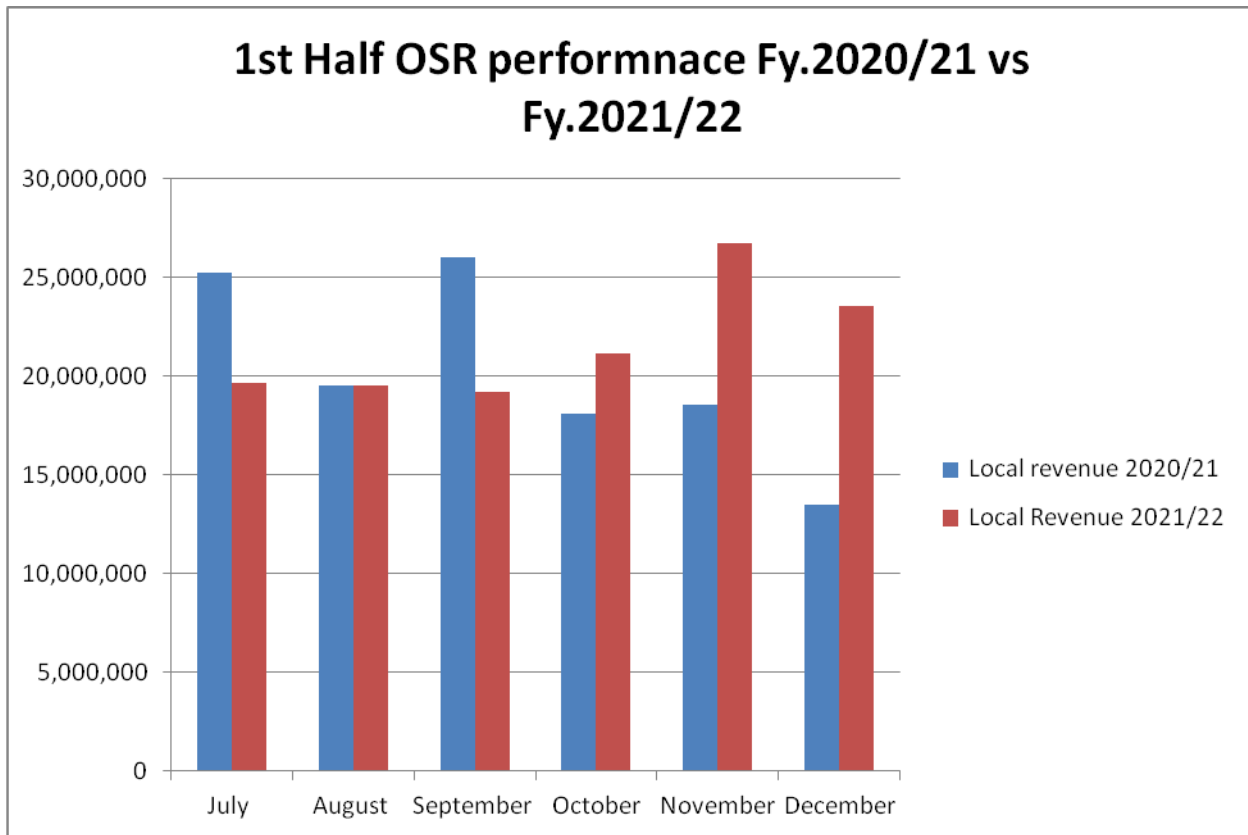
**Half Year Revenue performance for FY2020/21 vs FY2021/22**

The was a 7 percent increase in the overall OSR revenue collected in the first half of Fy.2021/22 in comparison to the previous financial year 2020/2021. In the six months under review, only July and September saw a decline in the local revenue compared to similar periods in the financial year 2020/2021. The months of November and December registered the highest growth in revenue with 44 percent and 75 percent respectively in relation to the previous financial year.

**Table 3; 1<sup>st</sup> Half year OSR FY 2020/21 Vs 2021/22**

Month	Local revenue 2020/21	Local Revenue 2021/22	% Growth
July	25,219,243	19,669,996	(22 )
August	19,534,021	19,548,017	0
September	25,982,706	19,208,192	(26)
October	18,095,763	21,155,054	17
November	18,545,532	26,702,362	44
December	13,477,044	23,528,712	75
<b>Totals</b>	<b>120,854,309</b>	<b>129,812,333</b>	<b>7</b>

**Figure 2: 1st Half OSR Fy.2020/21 vs. Fy.2021/22**



**1.4.5.2 Expenditure Performance**

The total Expenditure for both recurrent and development budget for the financial year 2020/21 was **Ksh. 6,952,087,427** against an approved budget of **Ksh. 8,396,207,368** translating to 83% absorption rate as compared to previous Fy 2019/20 in which the absorption rate was 81 percent . For the previous financial year 2020/21 the absorption rates for the Recurrent and Development budgets were 89 percent and 75 percent respectively.

Table 4 shows comparison on expenditure absorption for Fy. Year 2019/2020 and fy.2020/21.

**Table 4: Expenditure performance Fy.2019/20 Vs Fy.2020/21**

Vote	APPROVED 2019/2020	ACTUAL 2019/2020	Actual Expenditure Fy 2019/22 as % of Approved	APPROVED BUDGET FY 2020/21	ACTUAL EXPENDITURE 2020/21	Variance	Actual Expenditure Fy 2020/21 as % of Approved
Recurrent	4,718,598,180	4,337,506,217	91.6	4,908,121,634	4,346,516,494	561,605,140	89
Development	3,255,788,162	2,113,226,230	64.9	3,488,085,734	2,605,570,933	882,514,801	75

<b>Total Expenditure</b>	<b>7,974,386,342</b>	<b>6,450,732,447</b>	<b>80.9</b>	<b>8,396,207,368</b>	<b>6,952,087,427</b>	<b>1,444,119,941</b>	<b>83</b>
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Source: IFMIS reports 2022

## Half Year Expenditure Fy.2021/22

The County expended Ksh 3.1B against an approved budget of Kshs 9,253,170,349. This translates to an absorption rate of 34% of the annual budget. This compares negatively in absolute terms with a similar period last year, when execution stood at Ksh 4.1 B. The low absorption of the budget for the half is attributable to non expenditure of expenditure in the development vote for the first Quarter of the year.

**Table 5: 1<sup>st</sup> Half Expenditure Fy.2021/22 by Economic Classification**

County Expenditure in First Half FY 2020/21 vs FY2021/2022					
Economic Classification	Q1 (July-Sept 2021)	Q2 (Oct-Dec 2021)	First Half 20/21	First Half 21/22	% contribution to Expenditure
Compensation to employees	629,080,654	814,317,767	1,020,714,459	1,443,398,421	45.4
Use of goods and services	65,127,813	545,640,865	1,193,594,470	610,768,678	19.2
Transfers to the County Assembly	169,162,647	347,614,116	547,403,457	516,776,763	16.3
Other grants and transfers (bursaries)	6,000,000	82,957,838	293,343,579	88,957,838	2.8
Acquisition of assets (Development Expenditure)	-	517,427,905	1,102,239,325	517,427,905	16.3
<b>Totals</b>	<b>869,371,114</b>	<b>2,307,958,491</b>	<b>4,157,295,291</b>	<b>3,177,329,605</b>	<b>100</b>

Source: IFMIS Reports 2022

Out of the half year expenditure of 3.1 B, the development expenditure was 517.4M representing 16.3 percent of the Half year expenditure. On the other hand compensation to employees and use of goods and services expended 45.4 percent and 19.2 percent respectively.

## Execution of the Recurrent Expenditure.

The actual half year recurrent (operations and Maintenance) expenditure was Ksh. 2,661,397,167.00 against annual target of Ksh. 5,232,464,276 accounting for 50.86 % of the total expected recurrent expenditure. The departments of Governance, Finance, Agriculture, Gender and Education expended more than half their recurrent allocation with absorption rates of 72.14 percent, 64.74 percent, 58.63 percent, and 53.23



percent absorption respectively. The rest of the departments were between 20.57 percent and 50.31 percent with the Municipal Board of Kitale recording the least absorption of 20.57 of the allocated recurrent Budget.

The execution of the recurrent Budget by department is summarised in Table 6.

**Table 6: 1<sup>st</sup> Half Fy.2021/22 Recurrent Expenditure**

Department	Compensation to Employees July-Dec 2021	Operation and Maintenance July-Dec 2021	Total Recurrent July-Dec 2021	Approved Estimates 2021/22 (Recurrent)	Rate of absorption
Agriculture	70,036,282.00	87,452,961.00	157,489,243.00	243,281,746.00	64.74
Economic Planning	-	15,521,414.00	15,521,414.00	46,694,733.00	33.24
Environment, Water and Natural Resources	26,285,998.00	18,306,032.00	44,592,030.00	98,494,569.00	45.27
Public Works, Transport and Infrastructure	38,998,942.00	16,385,392.00	55,384,334.00	201,937,869.00	27.43
Lands, Housing and Physical Planning	14,902,430.00	4,165,598.00	19,068,028.00	67,543,816.00	28.23
Gender, Youth, Sports, Culture and Tourism	10,929,884.00	21,729,030.00	32,658,914.00	55,707,902.00	58.63
Public Service Management	138,650,413.00	70,385,517.00	209,035,930.00	504,632,901.00	41.42
Education, ECDE and Vocational Training	142,928,198.00	66,295,647.00	209,223,845.00	393,026,371.00	53.23
Finance	86,184,174.00	431,787,016.00	517,971,190.00	718,005,599.00	72.14
County Assembly	143,612,410.00	196,780,938.00	340,393,348.00	676,650,593.00	50.31
Governance	31,055,449.00	51,481,662.00	82,537,111.00	188,324,246.00	43.83
County Public Service Board	4,887,500.00	17,062,441.00	21,949,941.00	78,150,170.00	28.09
Livestock	-	7,709,500.00	7,709,500.00	32,950,000.00	23.40
Health Corporate Services	645,432,339.00	256,121,022.00	901,553,361.00	1,793,096,885.00	50.28
Trade, Commerce and Industry	11,313,874.00	20,495,104.00	31,808,978.00	63,466,876.00	50.12
Municipality Board of Kitale	6,250,000.00	8,250,000.00	14,500,000.00	70,500,000.00	20.57
<b>Totals</b>	<b>662,996,213</b>	<b>1,289,929,274</b>	<b>2,661,397,167.00</b>	<b>5,232,464,276.00</b>	<b>50.86</b>

**Source: IFMIS Reports 2022**

### Execution of Development Expenditure

Only the departments of Finance and Public works had expended more than half of their development budgets. The rest of the departments' budget execution rate stood between 0 percent and 45.1 percent with the overall absorption rate of the half year development expenditure being 66.17 as illustrated in table 7.

Nevertheless, all departments need to upscale their operational processes so as to improve the absorption rate of the development expenditure in this current half of the financial year.

**Table 7: 1<sup>st</sup> Half Development Budget execution FY.2021/22**

<b>Department</b>	<b>Expenditure July-Dec 2021</b>	<b>Approved Estimates 2021/22</b>	<b>Rate of absorption</b>
Agriculture	56,700,827	531,017,155	10.68
Economic Planning	156,755,815	441,874,451	35.48
Environment, Water and Natural Resources	117,296,401	260,069,115	45.10
Public Works, Transport and Infrastructure	220,292,012	417,879,433	52.72
Lands, Housing and Physical Planning	1,300,000	130,477,387	1.00
Gender, Youth, Sports, Culture and Tourism	6,719,250	221,591,180	3.03
Public Service Management	92,685,256	243,393,837	38.08
Education	30,992,460	164,401,494	18.85
Finance	134,065,817	137,738,318	97.33
County Assembly	9,331,435	372,271,072	2.51
Governance	-	52,325,000	0
County Public Service Board	0	8,465,000	0
Livestock	24,280,800	73,515,079	33.03
Health Corporate Services	146,569,812	654,517,568	22.39
Trade, Commerce and Industry	-	89,257,025	0
Municipality Board of Kitale	-	221,912,959	0
<b>Totals</b>	<b>996,989,885.00</b>	<b>4,020,706,073</b>	<b>24.80</b>

Source: IFMIS Reports 2022

### **Adherence to Fiscal Principles**

The County approved budget for FY 2020/2021 complied with the fiscal responsibility principles as outlined in the PFM Act 2012. The Development Budget of **Ksh. 3,488,085,734** which is 41.5 % of the total budget of Ksh.8,396, 207,368 in the FY 2020/21 was over and above the minimum requirement of 30%. Similarly the capital expenditure budget for the fy.2021/22 of **Kshs.4, 020,706,073** is 43.5% of the total budget. The law also requires that the County Government's expenditure on the compensation of employees (including benefits and allowances) shall not exceed 35 percent of the county revenue. In conformity to the legal requirement, the County Government share of wages and benefits to revenues was 32 percent in the FY 2020/21 while compensation for employees for the financial year 2021/22 is pegged at **31.4%**. Similarly the development budget for this period is 43.5% thus is over and above the

required minimum threshold. It is projected that the personal emoluments will remain within the required limit over the Medium term.

Table 8 presents an analysis for the personal emoluments against the county budget for Fiscal years 2013/14 to 2020/21.

**Table 8: Analysis of personal emoluments against the County budget.**

Financial Year	Personnel Expenditure	Approved Budget	PE as % of Total Budget
2013/2014	1,331,772,619	4,424,513,086	30%
2014/2015	1,825,867,635	5,374,097,481	34%
2015/2016	1,599,246,132	6,154,867,114	26%
2016/2017	1,944,062,488	6,875,000,761	28%
2017/2018	2,667,942,552	6,628,528,220	40%
2018/2019	2,390,559,373	8,042,560,324	30%
2019/2020	2,429,057,373	7,974,595,274	30%
2020/2021	2,663,904,368	8,396,207,368	32%
2021/2022	2,904,082,169	9,253,170,349	31.4%

## 1.5 Fiscal Policy

Going forward into the medium term, the National Government will continue with its revenue mobilization and expenditure prioritization policy geared towards economic recovery. This will support sustained, rapid and inclusive economic growth, safeguard livelihoods and continue the fiscal consolidation programme, thus creating a fiscal space for the implementation of the “Big Four” Agenda and other priority programmes in the medium term. This will curtail growth in public expenditures to ensure it attains its fiscal consolidation path over the medium term and strengthen management of public debt to minimize cost and risks of the portfolio, while accessing external concessional funding to finance development projects. The fiscal deficit is projected to decline from 8.2 percent of GDP in FY 2021/22 to 6.0 percent of GDP in FY 2022/23 and further to 3.9 percent of GDP by FY 2024/25.

To achieve this target, the National Government will continue to restrict growth in recurrent spending and double its effort in domestic resource mobilization. The National Government has also been cutting down on non-priority expenditures such as hospitality, training, travel and freezing of employment in non-priority sectors in order to manage the public wage bill.

The county government will adopt expenditure rationalization approach; sustain the improvement in budget credibility through realistic OSR estimates and prudent

financial management. The Government will also Review the OSR base and undertake initiatives that will enhance local revenues key among them scaling the revenue automation process to cover all the revenue streams. The County Government will also improve compliance through enhanced administrative measures. County expenditure for the intervening budget period has focused on the completion of on-going programs and projects in order to carry forward the accruing gains in the implementation of CIDP II into the CIDP III programming over the medium term.

### **Domestic Growth Outlook**

Like the rest of the world, the domestic economy was not spared from the adverse impact of the pandemic and estimated to have contracted to 0.3 percent in 2020. The economy is expected to rebound to 6.0 percent in 2021, attributed a pickup of activities after the reopening of the economy. This also in part reflects the lower base in 2020 when most service sectors especially accommodation and restaurant, education as well transport and storage services contracted in second and third quarters of 2020 with huge margins.

In terms of fiscal years, the economy is projected to expand by 2.9 percent in the FY 2020/21, 5.9 percent in FY 2021/22 and 6.1 percent in FY 2025/26. 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 favorable supporting agricultural output. As a result, export of goods and services will expand as global demand normalizes. These factors will push up consumer demand and increase both public and private sector investment reinforcing the projected growth. The economic growth projections over the medium term are aligned to those of the Third Medium Term Plan (2018-2022) of the Vision 2030.

The National Government is currently focusing on the implementation of the Economic Recovery Strategies that aims at restoring the economy to a strong growth path, creating jobs and economic opportunities across all regions of the country with a view to tackling social and income inequalities. It is expected that the successful implementation of the Economic Recovery Strategy which is also aligned to the “Big Four” Agenda will promote inclusive growth and transform the lives of Kenyans.

Trans Nzoia County like the rest of the Country has not been spared from the impacts of Covid-19 pandemic and the ensuing containment measures. Generally, all major sectors contributing to the County economy have been negatively affected by the immediate impact of the COVID-19 containment measures.

Despite the setbacks, the business environment at the County level is expected to stabilize. This will lead to better revenue collection from trade licenses among other revenue sources. Agriculture continues to be the main contributor to the county Economy. The favorable weather conditions coupled with county investment initiatives for the sector will lead sustained production and subsequently improved livelihoods for the County residents.

## **1.6 Risks Associated with the Outlook**

There are risks to this macroeconomic outlook emanating from domestic as well as external sources. 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, could lead to renewed disruptions to trade and tourism. Additionally, increased public expenditure pressures, particularly wage and other recurrent expenditures, would put a strain to the fiscal space.

Other risks include;- unpredictable weather patterns and low private investments in the count, upcoming electioneering process, invasion of pests and diseases and the large portfolio of pending bills among others.

The County government is continually monitoring these risks and taking appropriate monetary and fiscal policy measures to preserve livelihoods and strengthen resilience in the economy.

## **PART II. STRATEGIC PRIORITIES AND INTERVENTIONS**

### **2.1 Aligning the County Development Framework with the National Development Agenda**

#### **2.2 Overview**

The strategy is being informed by the National Government Budget Policy Statement (BPS) 2022, whose driving theme is “accelerating economic recovery for improved livelihoods”. From the outset of the pandemic, the National Government took decisive actions to respond to the adverse effects of the pandemic by implementing the Economic Stimulus Programme (ESP) whose objective was to cushion businesses and vulnerable Kenyans, increase demand for local goods and services, and create employment and increase incomes. The ESP created over 200,000 jobs for the youth, enhanced liquidity by supporting credit access to businesses and enhanced cash transfers to the vulnerable and the emerging urban vulnerable as a result of the pandemic. Building on the gains made, the 2022 BPS articulates priority economic policies and structural reforms as well as sectoral expenditure programs to be implemented under the MTEF for FY 2022/23 - 2024/25.

Similarly, the County government undertook several interventions at the height of the COVID-19 that aimed at mitigating the impact of the pandemic as well as to enhance County development trajectory as result of the slowdown in economic activities due to the pandemic. Among the mitigation measures during the pandemic period included easing on taxation measures for the County Business Community, additional investments for the Health sector in containment of COVID-19, Support to vulnerable households with food and non food items and Agriculture sector support for Vulnerable farmers for instance through COVID 19-KCEP-CRAL PLUS programme, that supported 3,675 farmers with farm inputs for cultivation of 1 acre of maize crop, 1 acre of beans crop and half an acre Irish potato in addition to other interventions. The other County sectors also mainstreamed COVID-19 in their development initiatives to mitigate the effect of the pandemic in the various sectors.

Going forward, this CFSP seeks to create an enabling environment critical to accelerating County economic recovery and return the County economy back to long term growth for improved livelihoods. In this regard the Strategy

focuses on consolidating and furthering the gains from the implementation of the CIDP which has been rolled out through successive Annual Development plans. The interventions of the CIDP seek to contribute to the attainment of the "Big Four" agenda that is tailored towards the realization of the social and economic pillars of the Vision 2030 and the development goals enshrined in the Kenyan Constitution.

Towards this end, the Government will undertake the following strategic interventions anchored in CIDP 2018-2022:

- i. Expansion of County social and physical Infrastructure
- ii. Enhance investment in key sectors of the County for broad based sustainable recovery by promoting agricultural production and value addition, environmental conservation and water supply and sustainable land use and management;
- iii. Expand access to quality social services in health, education and appropriate social safety nets for the County vulnerable population;
- iv. Creating an enabling conducive business environment for growth;
- v. Policy formulation, implementation and undertaking institutional reforms to enhance efficiency of County public service delivery.

Investment in the above key areas will create jobs, enhance access to the basic needs of the county residents, improve their quality of life, lower the cost of living and reduce poverty and inequality. These development aspirations are in tandem with the County's medium term development agenda of reducing poverty, raising household incomes and reducing unemployment among the county's youth population as outlined in the County development blue print (CIDP).

In specific key County interventions are geared towards;-

- Completion and operationalization of the Kitale Business Centre
- Completion and operationalization of the new County Teaching and Referral hospital;



- Promoting adoption of modern agriculture practices;
- Enhancing the crop diversification programme and agricultural productivity.
- Enhancing post-harvest management and promoting value addition for agricultural produce;
- Construction and equipping ECDE classrooms in the 25 wards;
- Construction of administration block and twin workshop in VTCs
- Development of market infrastructure;
- Promoting access to credit by SMES and “Jua Kali” sector;
- Expansion and improvement of the County roads network;
- Expansion, rehabilitation and equipping and construction of existing health facilities;
- Upscaling the social welfare safety net to cover health sector;
- Provision of more healthcare personnel.
- Implementing the integrated urban development and County Spatial Plans;
- Environmental conservation and increasing county tree cover;
- Increasing access to safe water
- Solid waste management;
- Promoting women and youth empowerment programmes;
- Promoting sports, culture and performing arts
- Enhancing County own revenue through completion of automation of all revenue streams and strengthening revenue administration.

### **2.3 County Strategic Priorities**

The County Integrated Development Plan 2018-2022 articulates the development priorities the County Government is implementing in order to respond to the county residents felt needs. The strategic interventions are aimed at improvement of the quality of life of the county residents through increased incomes, food security and employment creation as encapsulated in the CIDP themed “The takeoff: pathway to Economic Transformation and prosperity”.

As a result the strategic priorities being implemented towards the achievement of County Development goals are provided by sector as below;

### **2.3.1 Agriculture, Livestock, Fisheries and Co-operative Development**

This sector is the mainstay of the county's economy, and the development objective in the medium term is "***To promote a competitive and sustainable agriculture, livestock, fisheries and a vibrant co-operative movement***". The priorities for the sector include; expansion of the crop diversification programme, promotion of conservation agriculture techniques by increasing appropriate equipment, revival of the cooperative societies, enhancing markets and marketing channels for the agricultural produce, reduction of post-harvest losses by installation of grain driers and provision of storage materials such as hermetic bags ,and promotion of value addition for coffee, milk, maize and horticultural crops including bananas and Avocado.

In addition the sector is also implementing the NARIGP programme whose objective is "*to increase agricultural productivity and profitability of the county communities* plans through funding micro projects and supporting value chains across the county. Under ASDSP programme the sectors plans to identify 45 opportunities per value chains; promote 20 innovations on identified VCs and also develop a database.

In livestock, the sub sector county will continue to expand the AI programme, increase the number of milk coolers, and rehabilitate the communal cattle dips, promote disease control by working jointly with the neighboring counties, and promote fish farming and value addition.

### **2.3.2 Water, Environment and Natural Resources**

The sector objective in the medium term is "***To be the leading agency in the integrated conservation, protection, management and utilization of water, environment, natural resources and climate change management for sustainable development in the county***". To deliver on the objective, priority and ongoing projects include extension of Water Gravity Schemes, sinking more Boreholes, spring protection and hand dug wells, rehabilitation of water dams, establishment of new Solid Waste Management site, procurement of skip loaders and side loaders and refuse containers, construct sanitation blocks and exhaustible public toilets for the various market centres. The sector is also increasing the county Forest cover through tree planting initiatives.

### **2.3.3 Education and Vocational Training**

This Sector is comprised of Early Childhood Education and Vocational Training. The sector's development objective in the medium term is "*To*

*provide quality education training and research for empowerment of individuals to become competent and responsible citizens who meet the global labor market demands".* The priority projects in the sector for the financial year 2022/23 in and the medium term include; construction and equipping of ECDE classrooms; rehabilitation of existing Village polytechnics; equipping all the VTCs with modern equipment and instructional materials and provision of specific start up kit for VTC graduates in respective courses .n In addition, the sector has targeted to construct administration blocks and twin workshops as well as computer labs in 25 VTCs.

#### **2.3.4 Trade, Commerce and Industry**

The sector's development objective in the medium term is ***"To facilitate trade, investments and industrial development by championing an enabling and sustainable environment"***. The priorities for the sector in the medium term include: completion and operational of the Kitale Business Centre flagship project, commence the construction of Kaplamai, kapkarwa and Kolongolo market; rehabilitate Kapkoi fresh produce market; complete 4 ongoing markets namely Gitwamba, makutano, Kesogon and Tuigoin; construct 10 model kiosks and undertake 2 trade fairs and exhibitions. The sector also will also undertake mapping of markets and trading centres; engage in Regional Economic Integration Initiatives in addition to undertaking routine activities on consumer protection and enhancing fair trade practices.

#### **Public Works, Transport & Energy**

The sector objective is *"To provide an efficient, affordable and reliable infrastructure for sustainable economic growth to Trans-Nzoia residents and development through construction, modernization, rehabilitation and effective management of all infrastructural facilities"*. The priority projects for the sector in the medium term include; opening up of more roads in the rural parts of the county and undertaking routine maintenance of county roads. In addition the sector will continue improvement of key roads in the Kitale Municipality through upgrading to bitumen standards in addition to opening of drainage channels, culvert installation and construction of footbridges at strategic points across the county. The sector will continue the street lighting programme for lighting for Kitale and other major urban centres besides routine maintenance of the existing street lightings and high mast installations. Similarly, the County Fire and emergency units will

continually be equipped and maintained to enhance the capacity to response fire emergencies and disasters.

### **2.3.5 Health Services**

The objective of the sector in the medium term is *"To systematically build a progressive, responsive, sustainable, technology-driven, evidence-based and client-centred healthcare system; for accelerated attainment of the highest standard of health to all the residents of Trans Nzoia County"*. In order to consolidate the achievements realised by the sector, the priorities for the upcoming financial year and the medium term will include rehabilitation and equipping of existing health facilities, increase annual investment in the procurement of pharmaceuticals and non-pharmaceuticals, complete, equip and Operationalise the County Teaching and Referral Hospital to enhance provision of specialised services.

### **2.3.6 Lands, Housing and Urban Development**

The development objective of the sector in the medium term is *"To improve the livelihoods of Trans Nzoia citizenry through efficient administration, management of the land resource for equitable access to secure land tenure, affordable, decent housing and organized urban development in a sustainable environment"*. The key priority projects for the sector include develop County Spatial Plans for major towns and market centres. In addition, the government will acquire land for public utilities such for development of markets and fast track issuance of title deeds for the residents and all government properties.

### **2.3.7 Gender, Youth, Culture, Sports, Women & Tourism**

The Sector development objective for the financial year 2022/23 and in the medium term is *"To mobilize the community to preserve culture, promote sports and tourism development, support social welfare and child protection and identify and nurture youth talents in Trans Nzoia County"*. The key priorities for implementation during the period include; completion of renovation of Bahati home for the elderly in Tuwan ward; construction of perimeter wall of bahati children's home; completion of construction of hostel in kwanza rehabilitation centre; completion of Kenyatta stadium and renovation of Kitale National Museum.

The sector will also support performing artists and promote tourism by identifying new tourism attraction sites and marketing the sites.

### **2.3.8 Governance, Public Service Management**

The Sector mandate is *"To provide overall leadership and policy direction in resource mobilization, management and accountability for effective county public service delivery"*. For the upcoming period 2022/23 sector will focus on completion of ongoing programs. The key priorities for the sector in Fy.2022/23 and over the medium term will include construction of 2 sub county offices, construction of county office complex, construction of Governor's residence among other sector projects.

In addition the sector will continue strengthening county public service delivery through human resource management and development, development of policies to enhance effective sector operations, review and development of schemes of services, coordination of county performance management, civic education and public participation among other governance delivery services.

### **2.3.9 County Public Service Board**

The Sector development objective in the medium term is *"To provide policy guidance, regulatory framework and develop institutional and human resource capacity for effective delivery of services to the public"*. The key projects for the sector include completion of construction County Public service Board building; staff recruitment and selection; Establish modern systems for record and information management; sensitize 4,000 county staff on values and principles of articles 10 and 232 of COK .

The Board also oversees human resource development and management, enforces adherence to principles of governance and national values among other interventions.

### **2.3.10 Finance and Economic Planning**

The Sector development objective in the medium term is *"To provide general guidance and policy direction in resource mobilization, financial management, accountability and transparency in resource utilization for quality public service delivery"*.

This Sector is responsible with ensuring prudent management of financial resources, formulating economic and fiscal policies to facilitate socio economic development, resource mobilization and facilitation of payments to the county internal and external customers for effective service delivery.

The key priorities include; refurbishment of the County planning unit, End term review of the 2<sup>nd</sup> generation CIDP and coordination of development of the 3<sup>rd</sup> generation CIDP, establishment of county statistics/documentation unit, formulation of county development plans, preparation of budget policy documents and financial reporting

In addition to that also the sector intends to install of backup generator in the revenue office, acquisition of 6 utility vehicles and 10 motor cycles to enhance revenue collection and management. Further sector plans to enhance revenue automation to cover more revenue streams and geographical coverage to sub county level.

### **2.3.11 County Assembly**

The development objective of the sector in the medium term is *“To offer quality services to the society through oversight, representation and legislation by ensuring autonomy and impartiality of the County Assembly”*. The key priority projects for the sector include completion of renovation of the county assembly administration block; completion of speaker residential house and procurement of 2 vehicles.

### **2.3.12 Kitale Municipal Board**

The sub sector development objective in the medium term is ***“To be an effective Municipality in provision of infrastructure and service delivery”***. The priority projects in the sector for the financial year 2022/23 and in the medium term include; Improvement of roads and associated infrastructure (parking, drainage works, non-motorist transport etc) within the municipality; finalization of the integrated Urban Development Plan for Kitale Municipality and other plans; in addition to provision of firefighting infrastructure and services within the municipality. The sub sector will also strengthen policy and legislative framework through the development of appropriate Municipal by-laws, solid waste Management policy among other legislations for smooth service delivery in the Kitale Municipality.

## **Part III: Fiscal Framework Summary**

### **3.1 Medium-Term Expenditure Framework**

In light of the recent macroeconomic developments, growth prospects and limited resources, the FY2022/23 budget and the Medium-Term Budget Framework seeks to build on the efforts to support County's economic recovery and mitigate against the adverse effects of the COVID-19 pandemic. This will be done by prioritizing implementation of programs outlined in the 2nd generation CIDP. The resource allocation in 2022/2023 financial year is based on sector priorities as outlined in the Annual development Plan. The County Government will also continue with the fiscal consolidation plan by rationalizing expenditures and enhancing local revenue mobilization. In this regard, the County sectors will be encouraged to adopt efficiency in allocation of resources to reduce non-priority spending. This will be achieved through budget costing, and reviewing the county development projects to re-align with the Government policy priorities.

As a policy tool, the county fiscal framework targets to enhance growth and productivity across all sectors of the County. The projected growth assumes normal weather pattern during the year, successful management of COVID-19 variants, local investors responding to the development initiatives outlined in the CIDP and ADP, and low international oil prices.

#### **3.1.1 Revenue Projections**

In the FY 2022/23 Revenue receipts for equitable share and Own source Revenue collection is projected at 7.72B. This will comprise of projected equitable share and OSR of Kshs 7,186,157,670 and Kshs.529M respectively. The decrease from Financial year 2021/22 is majorly due to lapse of some grants such as KUSP and uncertainties on grant allocation to the county in the BPS 2022 following the High Court Ruling on Petition No. 252 of 2016 that directed that illegalized division of conditional or non-conditional grants in the Division of Revenue Act. Revenue performance will be underpinned by the on-going measures to enhance local revenue collection that include continued automation of all the OSR revenue streams and enhancing revenue administration.

Table 9 provides a summary of the County revenues projections for Fy.2022/23 and the Medium term.

**Table 9: Projected County Revenue for Fy. 2021/22-2023/24**

Classification	Approved 2021/2022	Projected 2022/23 Ksh.	Projected 2023/24 Ksh.
Equitable share	7,186,157,670	7,186,157,670	7,398,752,400
Local Revenue	529,500,000	529,500,000	550,000,000
Other grants and transfers	724,984,356	-	-
Unspent Balances brought forward	812,528,323	-	-
<b>Total Projected Revenue</b>	<b>9,253,170,349</b>	<b>7,715,657,670</b>	<b>7,948,752,400</b>

Source: County Treasury and BPS 2022.

\*projection for FY 2022/23 assumes constant OSR while the equitable share is the provisional allocation in BPS

The Revenue projections have been based on equitable share and OSR. The loans and grants will be additional funds allocated once these are determined.

The summary of projected County own source revenue for the coming financial year 2022/23 and the MTEF period is summarised in the table... below.

**Table 10: County OSR projections by department Fy.2022/23 and Medium Term**

Sector/Department	Approved 2021/22	Projected Revenue 2022/23	Projected Revenue 2023/24	Projected Revenue 2024/25
Agriculture, Livestock, Fisheries and Cooperative Development	14,200,000	14,200,000	11,400,000	10,745,000
Trade, Commerce & Industry	19,000,000	19,000,000	46,000,000	46,900,000
Water Environment and Natural Resources	18,250,000	18,250,000	9,870,000	10,050,000
Works, Transport & Infrastructure	14,000,000	14,000,000	8,700,000	8,800,000
Education, ICT and Vocational Training	0	0	110,000	112,000
Health Services	180,750,000	180,750,000	08,000,000	212,000,000
Lands, Housing and Urban Development	26,250,000	26,250,000	25,700,000	26,170,000
Gender, Youth, Culture, Sports, Women & Tourism	0	0	220,000	223,000
Governance and Public Service Management	0	0	-	-



CPSB	0	0	-	-
Finance and Economic Planning	257,050,000	257,050,000	240,000,000	245,000,000
County assembly	0	0	-	-
<b>Total</b>	<b>529,500,000</b>	<b>529,500,000</b>	<b>550,000,000</b>	<b>560,000,000</b>

Source: County Revenue section

### 3.1.2 Expenditure Forecasts

In FY 2022/2023, the projected expenditure is Ksh. **7,715,657,670** out of which the projected recurrent expenditure is Ksh.5, 141,014,276 and a development expenditure of Ksh.2, 574,643,394 as summarised in table 11.

**Table 11: Summary of Proposed Expenditure by Vote for MTEF period 2021/22-2023/24 Ksh.**

Vote	Approved Budget	Projected Expenditures		
	2021/22	22/23	23/24	24/25
Recurrent	5,254,429,956	5,141,014,276	5,296,869,704	5,457,482,045
Development	4,050,874,800	2,574,643,394	2,651,882,696	2,731,439,177
<b>Total</b>	<b>9,305,304,756</b>	<b>7,715,657,670</b>	<b>7,948,752,400</b>	<b>8,188,921,222</b>

Source: County Treasury

\*\*Expenditure projections for the outer MTEF years based on Equitable share & OSR

### 3.2 Resource Allocation Criteria

The Resource allocation by Sector will be based on the following: -

- Linkages with the CIDP and ADP and other County Plans;
- Initiatives that address the social economic impacts of Covid-19 pandemic;
- Degree to which the programme addresses the key mandate of the department;
- Provision of services as contained in schedule 14 of the constitution and
- Degree to which the programme address constitutional obligations.

Consequently, the focus in resource allocation will be geared towards;

- Improving public services delivery;
- Completion of ongoing Projects/programs
- Enhancing Human resource capacity;
- Creating enabling environment for trade and investment;

- Fast tracking the implementation of the CIDP;
- Promoting agricultural production and resilience;
- Promoting value addition and
- Ensuring easy access to basic social services including water, education and health care.

### **3.3 CONCLUSION AND THE NEXT STEPS**

The policies outlined in this CFSP aim at striking a balance between circumstances which keep changing and the emerging issues and are broadly in line with the CIDP and the fiscal responsibility principles outlined in the PFM law. They are also consistent with the national strategic objectives which set a basis for County Government allocation of public resources. Details of these strategic objectives are contained in the County Integrated Development Plan (2018-2022). The policies and sector ceilings annexed herein will guide the Sectors/Departments in final adjustments of the 2022/23 MTEF budget. Budgetary resources are usually limited thus it is imperative that departments prioritize their programmes within the available resources to ensure that utilization of public funds are in line with County Government priorities. Departments need to carefully consider detailed costing of projects, strategic significance, deliverables (output and outcomes), alternative interventions, administration and implementation plans in allocating resources. There is also need to ensure that recurrent resources are being utilized efficiently and effectively before funding is considered for programmes.

Proper implementation of the budget is critical towards providing services that will promote sustainable growth. Sustainability requires greater effort from all the stakeholders including County Government Departments, Civil Society, Communities, County Assembly and development partners to get things done. This means providing for continuous consultation, finding solutions and encouraging innovation to build a sustainable County.

The tentative expenditure ceilings for the various sectors is appended in the Annex 1.

## ANNEXES

### Annex 1: Departmental Budget ceiling for MTEF Period 2022/23-2024/25

Sector		Approved Estimates	Projected Expenditure Ksh.				% Share of Total Expenditure		
			2021/22	2022/23	2023/24	24/25	22/23	23/24	24/25
Agriculture	<b>Subtotal</b>	<b>689,297,228</b>	<b>451,614,867</b>	<b>465,163,313</b>	<b>479,118,212</b>	<b>493,491,759</b>	<b>508,296,512</b>	<b>523,545,407</b>	
	Recurrent	233,923,271	243,281,746	250,580,198	258,097,604	265,840,532	273,815,748	282,030,221	
	Development	455,373,957	208,333,121	214,583,115	221,020,608	227,651,226	234,480,763	241,515,186	
Livestock	<b>Subtotal</b>	<b>75,254,179</b>	<b>106,465,079</b>	<b>109,659,031</b>	<b>112,948,802</b>	<b>116,337,266</b>	<b>119,827,384</b>	<b>123,422,206</b>	
	Recurrent	29,950,000	32,950,000	33,938,500	34,956,655	36,005,355	37,085,515	38,198,081	
	Development	45,304,179	73,515,079	75,720,531	77,992,147	80,331,912	82,741,869	85,224,125	
Trade, Commerce & Industry	<b>Subtotal</b>	<b>373,819,545</b>	<b>152,723,901</b>	<b>157,305,618</b>	<b>162,024,787</b>	<b>166,885,530</b>	<b>171,892,096</b>	<b>177,048,859</b>	
	Recurrent	53,562,520	63,466,876	65,370,882	67,332,009	69,351,969	71,432,528	73,575,504	
	Development	320,257,025	89,257,025	91,934,736	94,692,778	97,533,561	100,459,568	103,473,355	
Water Environment and Natural Resources	<b>Subtotal</b>	<b>260,991,322</b>	<b>358,563,684</b>	<b>369,320,595</b>	<b>380,400,212</b>	<b>391,812,219</b>	<b>403,566,585</b>	<b>415,673,583</b>	
	Recurrent	92,979,824	98,494,569	101,449,406	104,492,888	107,627,675	110,856,505	114,182,200	
	Development	168,011,498	260,069,115	267,871,188	275,907,324	284,184,544	292,710,080	301,491,383	
Works, Transport & Infrastructure	<b>Subtotal</b>	<b>429,530,790</b>	<b>619,817,302</b>	<b>638,411,821</b>	<b>657,564,176</b>	<b>677,291,101</b>	<b>697,609,834</b>	<b>718,538,129</b>	
	Recurrent	196,033,479	201,937,869	207,996,005	214,235,885	220,662,962	227,282,851	234,101,336	
	Development	233,497,311	417,879,433	430,415,816	443,328,290	456,628,139	470,326,983	484,436,793	
Education, ICT and Vocational Training	<b>Subtotal</b>	<b>457,444,061</b>	<b>535,472,918</b>	<b>551,537,106</b>	<b>568,083,219</b>	<b>585,125,715</b>	<b>602,679,487</b>	<b>620,759,871</b>	
	Recurrent	389,473,951	393,026,371	404,817,162	416,961,677	429,470,527	442,354,643	455,625,282	
	Development	67,970,110	142,446,547	146,719,943	151,121,542	155,655,188	160,324,844	165,134,589	
Health Services	<b>Subtotal</b>	<b>2,639,968,211</b>	<b>2,158,093,051</b>	<b>2,222,835,843</b>	<b>2,289,520,918</b>	<b>2,358,206,545</b>	<b>2,428,952,742</b>	<b>2,501,821,324</b>	
	Recurrent	1,933,561,106	1,793,096,885	1,846,889,792	1,902,296,485	1,959,365,380	2,018,146,341	2,078,690,731	
	Development	706,407,105	364,996,166	375,946,051	387,224,433	398,841,165	410,806,400	423,130,592	
Lands, Housing and	<b>Subtotal</b>	<b>136,730,283</b>	<b>148,021,203</b>	<b>152,461,839</b>	<b>157,035,694</b>	<b>161,746,765</b>	<b>166,599,168</b>	<b>171,597,143</b>	

Urban Development	Recurrent	67,696,943	67,543,816	69,570,130	71,657,234	73,806,951	76,021,160	78,301,795
	Development	69,033,340	80,477,387	82,891,709	85,378,460	87,939,814	90,578,008	93,295,348
Kitale Municipal Board	<b>Subtotal</b>	<b>210,754,589</b>	<b>129,755,000</b>	<b>133,647,650</b>	<b>137,657,080</b>	<b>141,786,792</b>	<b>146,040,396</b>	<b>150,421,608</b>
	Recurrent	45,150,000	70,500,000	72,615,000	74,793,450	77,037,254	79,348,371	81,728,822
	Development	165,604,589	59,255,000	61,032,650	62,863,630	64,749,538	66,692,025	68,692,785
Gender, Youth, Sports,Culture & Tourism	<b>Subtotal</b>	<b>138,887,842</b>	<b>196,049,082</b>	<b>201,930,554</b>	<b>207,988,471</b>	<b>214,228,125</b>	<b>220,654,969</b>	<b>227,274,618</b>
	Recurrent	51,302,062	55,707,902	57,379,139	59,100,513	60,873,529	62,699,734	64,580,727
	Development	87,585,780	140,341,180	144,551,415	148,887,958	153,354,597	157,955,234	162,693,892
Governance	<b>Subtotal</b>	<b>204,827,719</b>	<b>240,649,246</b>	<b>247,868,723</b>	<b>255,304,785</b>	<b>262,963,929</b>	<b>270,852,846</b>	<b>278,978,432</b>
	Recurrent	157,502,719	188,324,246	193,973,973	199,793,193	205,786,988	211,960,598	218,319,416
	Development	47,325,000	52,325,000	53,894,750	55,511,593	57,176,940	58,892,248	60,659,016
Public Service Management	<b>Subtotal</b>	<b>812,184,547</b>	<b>546,957,901</b>	<b>563,366,638</b>	<b>580,267,637</b>	<b>597,675,666</b>	<b>615,605,936</b>	<b>634,074,114</b>
	Recurrent	552,615,710	504,632,901	519,771,888	535,365,045	551,425,996	567,968,776	585,007,839
	Development	259,568,837	42,325,000	43,594,750	44,902,593	46,249,670	47,637,160	49,066,275
CPSB	<b>Subtotal</b>	<b>84,411,170</b>	<b>86,615,170</b>	<b>89,213,625</b>	<b>91,890,034</b>	<b>94,646,735</b>	<b>97,486,137</b>	<b>100,410,721</b>
	Recurrent	76,846,170	78,150,170	80,494,675	82,909,515	85,396,801	87,958,705	90,597,466
	Development	7,565,000	8,465,000	8,718,950	8,980,519	9,249,934	9,527,432	9,813,255
Finance	<b>Subtotal</b>	<b>1,241,652,421</b>	<b>683,043,917</b>	<b>703,535,235</b>	<b>724,641,292</b>	<b>746,380,530</b>	<b>768,771,946</b>	<b>791,835,105</b>
	Recurrent	640,486,875	545,305,599	561,664,767	578,514,710	595,870,151	613,746,256	632,158,643
	Development	601,165,546	137,738,318	141,870,468	146,126,582	150,510,379	155,025,690	159,676,461
Economic Planning	<b>Subtotal</b>	<b>500,629,184</b>	<b>259,264,756</b>	<b>267,042,699</b>	<b>275,053,980</b>	<b>283,305,599</b>	<b>291,804,767</b>	<b>300,558,910</b>
	Recurrent	56,694,733	46,694,733	48,095,575	49,538,442	51,024,596	52,555,333	54,131,993
	Development	443,934,451	212,570,023	218,947,124	225,515,537	232,281,004	239,249,434	246,426,917
Office of the County Attorney	<b>Subtotal</b>	<b>0</b>	<b>81,250,000</b>	<b>85,312,500</b>	<b>89,578,125</b>	<b>94,057,031</b>	<b>98,759,883</b>	<b>103,697,877</b>
	Recurrent		81,250,000	85,312,500	89,578,125	94,057,031	98,759,883	103,697,877
	Development							
County assembly	<b>Subtotal</b>	<b>1,048,921,665</b>	<b>961,300,593</b>	<b>990,139,611</b>	<b>1,019,843,799</b>	<b>1,050,439,113</b>	<b>1,081,952,286</b>	<b>1,114,410,855</b>

	Recurrent	676,650,593	676,650,593	696,950,111	717,858,614	739,394,373	761,576,204	784,423,490
	Development	372,271,072	284,650,000	293,189,500	301,985,185	311,044,741	320,376,083	329,987,365
<b>Total</b>	<b>Total</b>	<b>9,305,304,756</b>	<b>7,715,657,670</b>	<b>7,948,752,400</b>	<b>8,188,921,222</b>	<b>8,436,380,421</b>	<b>8,691,352,975</b>	<b>8,954,068,761</b>
	Recurrent	5,254,429,956	5,141,014,276	5,296,869,704	5,457,482,045	5,622,998,069	5,793,569,152	5,969,351,424
	Development	4,050,874,800	2,574,643,394	2,651,882,696	2,731,439,177	2,813,382,352	2,897,783,823	2,984,717,337

\*\*\*The ceilings are based on the equitable share and own source revenue. The loans and grants will be additional funds allocated to the departments where they are applicable.

### Annex 2: Equitable Share growth trend

Exchequer Receipts Trend	Allocation	Growth	Percentage Growth
2013/2014 ( <b>Base year</b> )	3,356,022,973	3,356,022,973	100%
2014/2015	4,013,445,218	657,422,245	16%
2015/2016	5,099,612,701	1,086,167,483	21%
2016/2017	5,502,547,171	402,934,470	7%
2017/2018	5,647,400,000	144,852,829	3%
2018/2019	5,620,600,000	-26,800,000	0%
2019/2020	5,264,914,200	-355,685,800	-7%
2020/2021	5,760,300,000	495,385,800	9%
2021/2022 ( <b>CARA April 2021</b> )	7,186,157,670	1,425,857,670	20%
2022/2023 ( <b>BPS 2022</b> )	7,186, 157,670	0	0

### Annex 3: Analysis of Local Revenue Performance from Fy.2017/18 to Fy.2020/21

Financial Year	Target	Actual	Percentage Achievement
2013/2014	500,000,000	202,266,615	40.45%
2014/2015	385,000,000	301,267,105	78.25%
2015/2016	389,026,513	311,586,973	80.09%
2016/2017	500,000,000	241,193,609	48.24%
2017/2018	500,000,000	248,724,083	49.74%
2018/2019	500,000,000	372,555,742	74.51%
2019/2020	500,000,000	356,077,068	71.22%
2020/2021	493,799,500	340,453,746	68.95%
<b>Total</b>	<b>3,767,826,013</b>	<b>2,374,124,941</b>	<b>63.01%</b>