



COUNTY GOVERNMENT OF UASIN GISHU

THE COUNTY TREASURY

COUNTY FISCAL STRATEGY PAPER (CFSP) 2022

**ACCELERATED SOCIO-ECONOMIC DEVELOPMENT FOR
IMPROVED LIVES AND LIVELIHOODS**

DECEMBER 2021

A Prosperous and Attractive County in Kenya and Beyond

© County Fiscal Strategy Paper (CFSP) 2022

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FOREWORD

County Fiscal Strategy Paper (CFSP) sets out the County fiscal and budget framework by articulating broad strategic priorities and policy goals that guide the budget making process in the financial year 2022/2023 and over the medium term. The CFSP also sets out sector resource ceilings that guide the budget estimates.

CFSP 2022 has been prepared in accordance with Section 117 of the PFM Act, 2012, which section requires the County Treasury to prepare and submit CFSP to the County Executive Committee for approval before submitting the same to the County Assembly by 28th February of each year. The paper has been aligned with the national objectives drawn from the Budget Policy Statement 2021, with application of fiscal responsibility principles as required by section 107 of PFM Act 2012. Sections 117, 107 and Regulations 26, 27 and 28 of the Act set out the content requirements and facts for CFSP.

The paper has been prepared against a backdrop of a recovering Kenyan economy within a context of an expected global recovery after a slump in 2020 as a result of the negative effects of Covid-19 pandemic. The economy rebounded strongly in the second quarter of 2021, with real GDP growing at 10.1 percent supported by easing of Covid-19 containment measures. The economy is expected to recover to 6.0 percent in 2021 from the contraction of 0.3 percent in 2020. In fiscal years, economic growth is projected to recover to 5.9 percent in FY 2021/22 from 2.9 percent in FY 2020/21. The economic recovery is supported by the prevailing stable macroeconomic environment, ongoing implementation of the strategic priorities of the Government under the “Big Four” Agenda and the third Economic Stimulus Programme.

The County will leverage on the prospects of a rebounded Kenya’s economy, and the global economy which is also projected to recover after a slump in 2020, to fast track its transformation agenda for improved lives and livelihoods of its residents. The positive prospects supported by stable macroeconomic conditions and expected favourable weather conditions will drive agricultural production, value addition and exports, and investment for employment creation. The County will also leverage on enhanced exchequer releases occasioned by the recovering and growing economy to expand execution of its broad strategic priorities and policies for even greater development outcomes.

The CFSP 2022 articulates broad priorities and policy goals within the context of the County Integrated Development Plan (CIDP) 2018-2022 and aligning with the national objectives contained in Budget Policy Statement (BPS) 2021. In the FY 2022/2023 and over the medium term, the County will prioritize high value impact strategies and interventions towards realization of an *Accelerated Socio-Economic Development for Improved Lives and Livelihoods*. This will be supported by the expected recovery and growth of the economy and utilization of opportunities created by easing of Covid-19 containment measures and reopening of the economy, even as the County continues to address emerging challenges of the pandemic.

The County government will therefore pursue the following priorities in the next financial year and over the medium term: Investing in provision of quality health care services; Investing in water services; Investing in agricultural production and food security; Investing in infrastructure development in roads and ICT; Investing in cooperatives and enterprise development; Creating a secure and conducive business environment; and Investing in quality social services targeting education, sports and social protection.

The government will entrench good governance to improve service delivery. It will also make deliberate efforts to improve fiscal performance by enhancing local revenue performance while pursuing expenditure productivity in the face of inherent limited resources. The County will implement programmes and projects that enhance participation of the youth, women and PWDs in the socio-economic development of the County.

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ACKNOWLEDGEMENT

The 2022 County Fiscal Strategy Paper has been prepared pursuant to section 117 of the Public Finance Management Act, 2012. The document presents broad strategic priorities for the County Government that will form the basis for the 2022/23 MTEF budget.

This document was prepared in a participatory manner with the involvement of all the County government departments and entities with the Department of Economic Planning coordinating the overall preparation. I wish therefore to take this opportunity to thank CPA Julius Rutto, the CEC member for Finance and Economic Planning for his guidance throughout the process and the staff in the line departments and other entities for their inputs and contribution in the document's preparation. Special thanks also go to the planning team comprised of Charles Rutto, Michael Ndolo, Martin Mutai, Charles Musili and Jackline Masit for their tireless effort in putting together this document.

Finally, as a department, we register our special appreciation and gratitude to His Excellency the Governor and His Excellency the Deputy Governor and the entire County Executive Committee for providing leadership in which the developmental aspirations of our county continue to thrive.

CPA MILLICENT OKONJO
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ABBREVIATIONS AND ACRONYMS

AI	:	Artificial Insemination
ADP	:	Annual Development Plan
AMS	:	Agricultural Mechanization Services
ATC	:	Agricultural Training College
BPS	:	Budget Policy Statement
CBD	:	Central Business District
CCTV	:	Closed Circuit Television
CFSP	:	County Fiscal Strategy Paper
CIDP	:	County Integrated Development Plan
CRA	:	Commission of Revenue Allocation
DMSP	:	Debt Management Strategy Paper
ECDE	:	Early Childhood Development Education
ELDOWAS	:	Eldoret Water & Sewerage Company
EPI	:	Expanded Programme on Immunization
ERS	:	Economic Recovery Strategy
FY	:	Financial Year
GDP	:	Gross Domestic Product
GIS	:	Geographical Information System
HR	:	Human Resource
ICT	:	Information Communication Technology
IFMIS	:	Integrated Financial Management Information System
KCSAP	:	Kenya Climate Smart Agriculture Project
KM	:	Kilometers
KUSP	:	Kenya Urban Support Program
LED	:	Light Emitting Diode
MSMEs	:	Micro, Small and Medium Enterprises
MTEF	:	Medium Term Expenditure Framework
NCD	:	Non-Communicable Diseases
NHIF	:	National Health Insurance Fund
NMT	:	Non-Motorist Transport

NOREB	:	North Rift Regional Economic Bloc
NSE	:	Nairobi Stock Exchange
OSR	:	Own Source Revenue
PE	:	Personnel Emoluments
PFM	:	Public Finance Management
PPP	:	Public Private Partnership
PWD	:	People with Disability
RMNCAH	:	Reproductive Maternal, Neonatal, Child and Adolescent Health
RRI	:	Rapid Result Initiative
UGCED	:	Uasin Gishu County Equitable Development
VTC	:	Vocational Training Centre

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PREAMBLE

County Fiscal Strategy Paper (CFSP) sets out the County fiscal and budget framework by articulating broad strategic priorities and policy goals that guide the budget making process in the next financial year and over the medium term. The CFSP also sets out sector resource ceilings that guide the budget estimates.

Section 117 of the PFM Act 2012 requires the County Treasury to prepare and submit CFSP to the County Executive Committee for approval before submitting the same to the County Assembly by 28th February of each year. Sections 117, 107 and Regulations 26, 27 and 28 of the Act set out the content requirements and facts for CFSP as follows:

- Align the CFSP with the national objectives contained in the Budget Policy Statement;
- 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;
- Apply fiscal responsibility principles in the management of public finances;
- Include the financial outlook with respect to revenues, expenditures and borrowings for the coming fiscal year and over the medium term;
- Include a statement of fiscal risks in line with prudent management of risks, outlining potential policy decisions and key areas of uncertainty that may affect the County's fiscal outlook;
- Seek and take into consideration the views of Commission on Revenue Allocation, the public, any interested persons/groups and forums established by legislation;
- Not later than fourteen days after submitting the CFSP to the County assembly, the County Assembly shall consider and may adopt it with or without amendments;
- The County Treasury shall consider any recommendations made by the County assembly when finalizing the budget proposal for the next financial year;
- The County Treasury shall publish and publicize the CFSP within seven days after it has been submitted to the County Assembly.

1. ACCELERATED SOCIO-ECONOMIC DEVELOPMENT FOR IMPROVED LIVES AND LIVELIHOODS

1.1 Overview

CFSP 2022 has been prepared against a background of a regaining Kenyan economy within a context of an expected global recovery after a slump in 2020 precipitated by the negative effects of COVID-19 pandemic. The economy rebounded strongly in the second quarter of 2021, with real GDP growing at 10.1 percent supported by easing of COVID-19 containment measures. The economy is expected to recover to 6.0 percent in 2021 from the contraction of 0.3 percent in 2020. In fiscal years, economic growth is projected to recover to 5.9 percent in FY 2021/22 from 2.9 percent in FY 2020/21. The economic recovery is supported by the prevailing stable macroeconomic environment, ongoing implementation of the strategic priorities of the Government under the “Big Four” Agenda and the third Economic Stimulus Programme.

The economy continues to register macroeconomic stability with low and stable interest rates and a competitive exchange rate that supports 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 higher food prices. However, the inflation rate remained within the target range supported by muted demand pressures. The foreign exchange market has largely remained stable but partly affected by tight global financial conditions attributed to uncertainty with regard to the COVID-19 pandemic. In this regard, the Kenya Shilling to the US Dollar exchanged at KSh 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 August, and is projected at 5.2 percent of GDP in 2021.

In the global scene, growth is projected at 6.0 percent in 2021, moderating to 4.9 percent in 2022 from a contraction of 3.2 percent in 2020, before moderating to 3.4 over the medium term. However, most of the emerging markets and developing economies are expected to experience a more challenging recovery from the COVID-19 pandemic compared to their advanced counterparts largely as a result of uneven access to COVID-19 vaccine, which is thus likely to impact negatively on the full resumption of economic activities in their economies. Additionally, the rapid spread of

Delta and Omicron and the threat of new variants have increased uncertainty about how quickly the pandemic can be overcome.

The advanced economies are projected to recover to 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 3.4 percent in 2021 and 4.1 percent in 2022 from a contraction of 1.8 percent in 2020 due to improved exports and commodity prices, recovery in both private consumption and investment as economies reopen, and the rollout of vaccination programmes. However, the recent increase in infection rates in sub-Saharan Africa are expected to weigh down the region's recovery in 2022.

The outbreak and spread of Covid-19 and the containment measures affected lives and livelihoods, businesses and economic activities in Uasin Gishu County. The containment measures adversely affected social, business and economic environment. Economic activities significantly slowed down, with micro, small and medium enterprises (MSMEs) greatly affected due to restrictions on movements and curfews; supply chain shortages and limited access to essential goods and services were experienced; public transport system was negatively affected; and health care system overstretched as a result of the pandemic. Implementation of the containment measures and rollout of vaccinations across the country significantly reduced new cases of Covid-19, thus allowing for easing of the containment measures and reopening of the economy.

The County will leverage on the prospects of a rebounded Kenya's economy, and the global economy which is also projected to recover after a slump in 2020, to fast track its transformation agenda for improved lives and livelihoods of its residents. The positive prospects supported by stable macroeconomic conditions and expected favourable weather conditions will drive agricultural production, value addition and exports, and investment for employment creation. The County will also leverage on enhanced exchequer releases occasioned by the recovering and growing economy to expand execution of its broad strategic priorities and policies for even greater development outcomes.

The CFSP 2022 presents broad priorities and policy goals within the context of the CIDP 2018-2022 while aligning with the national objectives contained in Budget Policy Statement (BPS) 2021, including the 'Big Four Plan'. In the FY 2022/2023 and over the medium term, the County will therefore prioritize high value impact strategies and interventions to realize an *Accelerated Socio-Economic Development for Improved Lives and Livelihoods*. This will also be supported by the utilization of the space created by easing of Covid-19 containment measures and reopening of the economy even as the County continues to address emerging challenges of the pandemic.

Further, unlocking of growth potential of the County will be bolstered by its strategic location supported by superior infrastructure, industrial and agricultural development, and social and cultural diversity, and by its strategic economic, geographical and social positioning as an epicenter for agricultural production in Kenya, as a transit point into Western Kenya and Eastern Africa region, and as a highly cosmopolitan region. The County is also considered a transport and service hub in the region, with its developed infrastructure in road, railway and telecommunication networks; international airport; inland container depot; and a branch of Central Bank of Kenya and several other financial institutions to facilitate financial deepening and growth.

Being considered the indisputable athletics epicenter, the County will leverage on this position to resource sports development and diversification, and explore the opportunity created by the County's diversity through investment in arts, culture and nurture talents. The County boasts of well-established educational and tertiary institutions necessary to support knowledge and skills development for wider and active participation in development. These include two public universities (Moi University and University of Eldoret) and campuses of other public and private universities, and tertiary institutions including The Eldoret National Polytechnic, Rift Valley Technical Training Institute, among others, as well as several county polytechnics.

Uasin Gishu County boasts of a national referral hospital, Moi Teaching and Referral Hospital, County Referral Hospital and several other established and reputable health facilities necessary for a working health care system, thus promoting medical tourism.

The County is characterized by arable and fertile land and favorable weather that support agricultural production, value addition and exports. It also has great potential for manufacturing, hence moving agriculture up the value chain through value addition. It is through value addition

that the county will be able to diversify and grow its exports, while ensuring growth and creating employment.

The CFSP 2022 articulates broad priorities and policies, structural reforms, and sectoral expenditure programs to be implemented under the Medium-Term Expenditure Framework for FYs 2022/23 - 2024/2025 in order that the County realizes an *Accelerated Socio-Economic Development for Improved Lives and Livelihoods*.

1.2 County Development Priorities

In FY 2022/2023 and over the medium term, the County government will prioritize implementation of high value impact policies, programmes and projects within the context of the CIDP 2018 - 2022 and the National Development Objectives.

The County government will continue with efforts to mitigate the socio-economic challenges of Covid-19 pandemic. The County will continue with the implementation of elements of the Post Covid-19 County Socio-Economic Recovery Plan while aligning with the National Post-Covid-19 Economic Recovery Strategy (ERS). The ERS is anchored on sound macroeconomic framework, with other key pillars being accelerated growth in private sector investment; enhanced allocations to strengthen health care systems; supported recovery and growth of MSMEs; up-scaled investment in ICT and digital infrastructure; facilitated clean, green and resilient growth; enhanced resilience of the economy to global supply chain shocks; and better disaster preparedness and management; and economic governance, inequality, social cohesion, gender, youth, regional integration, and international cooperation.

The government will analyze implementation of previously resourced programmes and projects with a view to establishing status and discerning any outstanding interventions required to fast track their completion to improve the lives of residents of the County.

In the FY 2022/2023 and over the medium term, the government will prioritize the following investments:

- Investing in provision of quality health care services;
- Investing in water services;
- Investing in agricultural production and food security;
- Investing in infrastructure development in roads and ICT;

- Investing in cooperatives and enterprise development;
- Creating a secure and conducive business environment;
- Investing in quality social services targeting education, sports and social protection.

1. Investing in provision of quality health care services

The advent of Covid-19 pandemic affected the health care system in the County by overstressing the then available health facilities. This negated the gains that the County had realized by investing in the health sector over the years. However, with the implementation of Covid-19 containment measures and the roll-out of vaccinations across the country, the pandemic was somehow brought under control, thus easing the pressure on health facilities in the country including Uasin Gishu County. This also led to easing of the containment measures and reopening of the economy. But again with the escalation of new infections witnessed in the recent past caused by emerging variants of the virus, the health care system may be faced with new challenges. The County government will therefore, keenly monitor the situation in collaboration with the National Government, development partners, private sector, the public and other stakeholders with a view to addressing these challenges. The government will also upscale administration of Covid-19 vaccines to residents across the County, even as it sensitizes the public on the need to observe Covid-19 protocols and to get vaccinated.

To improve access to quality health care services amid the Covid-19 pandemic, the government will boost resource allocation to the health sector in the next financial year and over the medium term. This will go a long way in strengthening curative and rehabilitative services, promotive and RMNCAH services through expansion and upgrading of health facilities; provision of requisite medical supplies including drugs and technology in health; strengthening referral systems by establishing a Referral Coordinating Unit and acquiring additional ambulances; and equipping human resources in health with knowledge and skills necessary for provision of quality health care services in the County. The government will also strengthen screening and management of communicable and non-communicable diseases (NCD).

The government will prioritize completion and equipping of ongoing health facilities including sub-county hospitals. The County will fast track completion of County Referral Hospital (Ziwa Level V Hospital) and level III hospitals, Trauma and Emergency Centre, Sub-County Hospitals, County Specialized Centre and Oxygen Plant. Further, the County will construct and rehabilitate

health facilities; construct incinerators; supply pharmaceuticals/essential medicines and supplies; and purchase equipment to support expanded programme on immunization (EPI), specialized ambulance and telemedicine equipment.

The County government will develop health policies, standards and regulations, and sensitize and encourage residents to register for the National Health Insurance Fund (NHIF), while also implementing extended NHIF coverage to senior citizens to improve access to quality and affordable healthcare in the County. Community functional units will also be strengthened.

II. Investing in water services

Access to quality and affordable water remains a leading priority of the County Government of Uasin Gishu. Access to clean and portable water facilitates agricultural and industrial development, besides domestic and livestock use. In addition, it prevents water borne diseases thereby precipitating a healthy and productive population in the County. Investing in water infrastructure will therefore stimulate economic growth and development.

The County boasts of numerous water points and sources, with substantial amount of resources channeled to water development and distribution over the years; much has been achieved. However, access to this vital natural resource remains a challenge among residents, thus the focus of the government in the next financial year and over the medium term. The government will continue investing in water development and distribution, and protection and conservation of water towers. The County will prioritize construction and rehabilitation of dams and water pans by desilting, embankment and spillway repair, and demarcation, fencing and growing of indigenous trees. The government will also continue with drilling and equipping of boreholes, springs protection, implementation of community water projects, construction and rehabilitation of water supplies, and promotion of rain water harvesting. In addition, the County government will fast track establishment of Rural Water Company to create sustainability in supply of water and provide sanitation services outside the Municipality.

Construction and rehabilitation of dams will support irrigation, and residents will be encouraged to use greenhouses for enhanced agricultural production and food security. Implementation of community water projects will improve distribution of water to schools and surrounding communities. The County will rehabilitate all the water supplies (Turbo, Moi's Bridge, Burnt

Forest, Sambut, Sosiani and Kipkabus) and develop new intake and treatment works. To further address water challenges in the county, the government will promote roof catchment/rain water harvesting across the county by urging public institutions and households to install roof catchment infrastructure.

Protection and conservation of water sources will ensure increased water volumes in the County. Therefore, the government will protect and secure water bodies and catchment areas by protecting water sheds and water bodies as well as protecting and conserving wetlands and riparian, and sensitize residents on the importance of protecting and conserving water towers. Further, the County plans to promote bamboo growing in its wetlands for protection of the rivers and commercial activities. Efforts will also be pursued to strengthen the capacity of ELDOWAS to effectively and efficiently deliver water and sanitation services to residents of Uasin Gishu County.

III. Investing in agricultural production and food security

Agriculture is the mainstay of Uasin Gishu County for a substantial proportion of the population rely on agriculture for employment, incomes and food security. The County contributes immensely to agricultural production in Kenya and is thus considered an epicenter for agricultural production in the country. Therefore, investing in the agriculture subsector is expected to stimulate growth and development in the County for it can support manufacturing and value addition, exports, food security, poverty reduction, employment creation and incomes.

In the FY 2022/2023 and over the medium term, the County will prioritize investment in agricultural production and productivity and support empowerment programmes in the subsector. The government will also support local food production, and promote growing of horticultural crops and flowers for exports through Eldoret International Airport. Production of emerging cash crops such as coffee, macadamia, avocado, pyrethrum, and potatoes will be promoted.

The government will focus on strengthening research and extension services for appropriate knowledge, information, and skills to support farmers; support mechanization of agriculture and value addition by enhancing capacity of Agricultural Mechanization and Value Addition Services (AMVAS) and making it semi-autonomous; implement input subsidy programme; guaranteed minimum returns and contracted farming to improve on productivity per acreage; support crop diversification; post-harvest management through construction of storage facilities and driers; soil

testing and management; effective crop pests and disease control; effective livestock disease control, management and surveillance through construction and rehabilitation of cattle dips, vaccinations and veterinary services; effective animal breeding services (quality AI services); and improved animal feed by installing feed mixers. The County will also enhance *Operation Litre-Kumi* programme in livestock production. Irrigation services will be upscaled even as we promote use of greenhouse technology to further increase crop production in the County. To achieve crop diversification and increase incomes, the County will promote emerging cash crops such as coffee, macadamia, avocado, pyrethrum, and potatoes.

Fish production supports food security, nutrition and incomes. The County will invest in fish production by focusing on construction and rehabilitation of fish ponds and stocking with fingerlings, establishing fish cages and utilizing new technologies such as aquaponics and re-circulating systems; and acquiring and operationalizing fish feed extruder, and installing of aqua-shops.

Value addition and empowerment programmes targeting the youth, women and PWDs for job creation and incomes will be taken to new heights. Value addition in agriculture will be achieved through establishment of agro-processing plants including milling plants, completion and operationalization of milk cooling plants, construction of category ‘A’ slaughterhouse, acquisition of yoghurt making equipment, among others. Empowerment programmes targeting women and the youth will include *inua mama na kuku* and *kijana na acre* among others. The government will also continue with the implementation of the Smart Agriculture programme supported by irrigation services.

IV. Investing in infrastructure development in roads and ICT

Infrastructure development in critical areas such as roads and information communication technology (ICT) stimulates sustained growth and development. This, together with investment in water infrastructure, facilitate agricultural transformation, encourage expansion of commerce, grow export of goods and services and expand economic opportunity for employment and income. Investing in secure, compliant and reliable infrastructure will reduce cost of doing business and promote competitiveness, transforming the County into a regional hub, and achieve the twin objective of food security and market linkage. This will also go a long way in mitigating the

challenges occasioned Covid-19 pandemic including supply chain shortages and limited access to essential goods and services.

Reliable roads network connects supply chains and effectively and efficiently moves goods and services across the county and beyond. To improve road network and linkage, the County government will invest in roads infrastructure development, management and maintenance. The government will prioritize construction and rehabilitation of roads, upgrading existing roads from earth to bitumen, grading and gravelling of roads, construction of bridges and box culverts and drainage works. Timely routine road maintenance programme will also be designed and implemented.

With the easing of Covid-19 containment measures and reopening of the economy, residents are therefore able to go about their daily life businesses, but while still observing the Covid-19 protocols. To support this while improving security and driving economic activity in Eldoret Central Business District (CBD) and other urban centres, the County will implement street lighting programme involving installation and maintenance. The government will also develop transport infrastructure through construction and rehabilitation of bus bays, *boda boda* shades, establishing traffic signal infrastructure, and establish and operationalize County Mechanical and Transport Fund to improve maintenance and transport operations in the County. The County will construct fire stations, train and equip firefighting and rescue personnel with requisite knowledge and skills to improve the County's response to fire and other emergencies.

To decongest the CBD of Eldoret town and ensure free flow of traffic, the government will carry out surveying, designing and construction of by-passes, new roads, walkways and cycle ways over the medium term. The County will also invest in modernized drainage system (closed) and install intelligent traffic management systems in the CBD and major highways. A comprehensive urban development plan with provisions for all services and amenities expected of a modern city will also be developed to fast track the realization of city status for Eldoret town.

Development of ICT infrastructure and digital platforms improve service delivery by providing vital alternative to access government services, especially with the Covid-19 pandemic. In the FY 2022/2023 and over the medium term, the government will therefore, scale up investment in ICT and digital infrastructure to improve ICT services in the County. This will support automation of County services for improved service delivery. The County will upgrade the County ICT centres

to offer Business Process Outsourcing (BPO) services for employment creation and wealth creation, especially for the youths.

V. Investing in cooperatives and enterprise development

Cooperatives are special vehicles that consolidate members' participation in socio-economic development of a society. They allow members to exert control over their economic livelihoods as they play an important role in facilitating job creation, economic growth, and social integration and development. They play an important role in access to credits, markets, and reducing post-harvest losses by providing storage facilities.

In the FY 2022/2023 and over the medium term, the County government will build the capacity of cooperatives to effectively deliver services to members. This will involve training of members on cooperative management and entrepreneurial skills, and financing cooperatives to improve their capacity to give credit to members. The government will also prioritize re-engineering of cooperative societies through digitization to improve outreach and service delivery. The government will sensitize farmers, women, youths and people leaving with disabilities on the need to form, register with or join cooperatives; and resuscitate dormant cooperatives and register new ones. Cooperatives' capacity will be strengthened in the area of value addition. This will be achieved through completion of milling plant at Moiso Cooperative Union and construction and installation of new milling plants (at Marathon and Borotet Cooperative Unions, among others).

MSMEs play important role in job creation and incomes. They were the most affected the Covid-19 pandemic and containment measures due to restrictions on movements and curfews leading to significant loss of business. However, with the easing of containment measures and reopening of the economy, MSMEs are expected to utilize this space to grow their businesses. In next financial year and over the medium term, the government will support establishment of incubation centres to foster enterprise development in the County, and implement capacity building programmes, credit scheme among others for MSMEs, and sensitize them on programmes supported by the National Government for their recovery post-Covid-19. The government will also develop market infrastructure to support MSMEs in the County. The County government will foster a secure and conducive business environment necessary for MSMEs operations.

VI. Creating a secure and conducive business environment

Fostering a secure and conducive business environment is an important and facilitative role played by both the national and county governments. This is achieved through maintaining macroeconomic stability, enhancing security and improving business regulations. The County government of Uasin Gishu will play its role in creating conducive business environment by implementing structural and governance reforms, and collaborating with national government to improve security in order to encourage innovation, investment, growth and expansion of economic and employment opportunities in the county.

The government will make deliberate efforts to make it easy to set up businesses through simplifying issuance of licenses and establishment of one-stop shop for issuance of all the necessary licenses and permits, and registration. These will be supported by appropriate and facilitative ICT and digital platforms. In addition, the licencing Act 2014 will be amended to ensure more mitigation measures against the challenges of the pandemic are provided to the traders.

VII. Investing in quality social services targeting education, sports and social protection

Knowledge, skills and attitude are key elements in the pursuit of socio-economic development in a society. These are acquired through access to quality education and tertiary training. To improve access to quality education and tertiary training, the government will develop infrastructure in ECDE centres and equip them with necessary learning materials; develop and upgrade vocational training centres (VTCs), and provide bursaries and scholarships to needy and qualifying students.

The government will prioritize expansion and upgrading of vocational training centres (VTCs) to enhance their capacities to impart the necessary knowledge and skills for the labour market. This will also involve upgrading VTCs to centres of excellence to also cater for PWDs, and establishment of Chebolol Ultra-Modern Assessment and Learning Centre to cater for professional answers of all students in special needs and provide integrated and complete upward access to education for PWDs from ECDE, Primary, Secondary to Vocational, and complete with a Level III health facility.

The government will support students in secondary schools, tertiary and institutions of higher learning with bursaries and loans from the Revolving Loan Fund.

The County government will also invest in sports infrastructure with a view to developing sports and nurture talent in the County. The government will focus on upgrading ward and sub-county playing fields and establish middle level stadium in every Sub-County, provision of sports equipment to county teams, completion of Chagaiya High Altitude Training Camp and construction of 64 Stadium.

The government will pursue strategic social protection programmes to benefit the vulnerable in the County, especially the elderly and people with disabilities. It will also support implementation of an extended NHIF coverage to senior citizens to improve access to quality and affordable healthcare in the County. The vulnerable will be sensitized on programmes that support them and offered by the national government.

Strategic empowerment programmes across all the sectors will be developed and implemented to enhance participation of the youth, women, and the vulnerable in development process of the County. Already running programmes such as *inua mama na kuku* and *kijana na acre*, and youth internship will be upscaled. The other programmes will target sports, trade, cooperatives and enterprise development in form of markets and stalls, trainings, and access to credit among others.

The other crucial areas that the government will invest in over the medium term include land administration and management including land banking for public utility and investment; trade development through market infrastructure development (construction and rehabilitation of markets and stalls), training and credit access; collaboration and partnerships to deliver on affordable housing under the ‘Big Four’ Plan, and effective solid waste management.

Implementation of the broad priorities and policies to achieve the overall County goals and objectives will largely depend on the County’s fiscal performance. In the FY 2022/2023 and over the medium term, the government will strengthen its local revenue collection efforts to enhance performance, and prioritize expenditure productivity while applying the fiscal responsibility principles. The County government will establish County Revenue Board (CRB) to aid in the local revenue performance. To improve public resources management and budget execution, the County will fully apply Integrated Financial Management Information System (IFMIS) in all financial transactions including e-procurement, strengthen Program Based Budgeting, and strengthen staff capacity in public finance management. The government will also decentralize financial services to strengthen devolution. In the medium term, the County will pursue public private partnerships

(PPP) to harness private sector resources and expertise to accelerate implementation of County policies, programmes and projects.

1.3 Outline of the CFSP 2022

Recent Economic Developments and Policy Outlook

Section II outlines the economic context in which the 2022/2023 MTEF budget is prepared. It provides an overview of the recent economic developments and the macroeconomic outlook.

Fiscal Policy and Budget Framework

Section III outlines the fiscal framework that is supportive of growth over the medium-term, while continuing to provide adequate resources to facilitate the transformation of the County as envisaged in the CIDP II.

Medium-Term Expenditure Framework

Section IV presents the resource envelope and spending priorities for the proposed 2022/2023 MTEF Budget and the Medium Term. Sector achievements and priorities are also reviewed for the 2022/2023-2024/2025 MTEF period.

2. RECENT ECONOMIC DEVELOPMENTS AND POLICY OUTLOOK

The section presents an overview in which 2020/21 budget was prepared, and outlining the recent economic development at the County and national level.

2.1 Overview of Recent Economic Developments

The Kenyan economy contracted by 0.3 percent in 2020 compared to a growth of 5.0 percent in 2019 following the adverse effects of the COVID-19 pandemic. The contraction was spread across all sectors of the economy but was more dismal in accommodation and food services activities, education, and transport sectors. The economy was cushioned from a deeper slump by accelerated growths in agricultural production (4.8 percent), mining and quarrying (6.7 percent), construction activities (11.8 percent) and health services (6.7 percent). However, the economy is expected to rebound to 6.0 percent in 2021, supported by the continued reopening of the services sectors, recovery in manufacturing, and stronger global demand.

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

The foreign exchange market has largely remained stable but partly affected by tight global financial conditions attributed to uncertainty with regard to the COVID-19 pandemic. In this regard, the Kenya Shilling to the US Dollar exchanged at Ksh 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. The stability in the Kenya Shilling was supported by increased remittances, adequate foreign exchange reserves and favourable horticultural exports.

The economy continues to register macroeconomic stability with low and stable short-term interest rates. The Central Bank Rate was retained at 7.0 percent on 28th September 2021 to signal lower lending rates in order to support credit access by borrowers especially the Small and Medium Enterprises distressed by COVID-19 pandemic. The money market was relatively liquid in October

2021 supported by Government payments. As such, the interbank rate remained low but increased slightly to 5.3 percent in October 2021 from 2.7 percent in October 2020.

The overall balance of payments position declined to a deficit of USD 107.6 million (0.1 percent of GDP) in the year to August 2021 from a surplus of USD 989.5 million (1.0 percent of GDP) in the year to August 2020. This was mainly due to a decline in receipts from services despite an improvement in the capital and financial accounts.

The banking system's foreign exchange holdings remained strong at USD 12,745.4 million in May 2021 from USD 13,805.7 million in May 2020. The official foreign exchange reserves held by the Central Bank was at USD 7,871.6 million (4.8 months of import cover) in May 2021 compared with USD 9,738.3 million (5.9 months of import cover) in May 2020. This fulfills the requirement to maintain reserves at minimum of 4.0 months of import cover to provide adequate buffer against short term shocks in the foreign exchange market. Commercial banks holdings increased to USD 4,873.8 million in May 2021 from USD 4,067.3 million in May 2020.

Activity in the capital markets improved in October 2021 compared to October 2020, with equity share prices increasing as shown by the NSE 20 Share Index. The NSE 20 Share Index stood at 1,960 points by end of October 2021, an increase compared to 1,784 points by end October 2020. Market capitalization also increased to KSh2,775 billion from KSh2,150 billion over the same period indicating increased trading activities.

2.2 Impact of National Macroeconomic Variables on County Development

Economic performance at the national level has direct impact on development discourse of counties. It determines the level of economic activity, and amount of resources that counties may access for their development expenditures. National economy continues to register macroeconomic stability with low and stable short-term interest rates and inflation rate has remained low and stable. These are essential in creating conducive environment for private sector investments and expanded business opportunities for employment creation in the County.

2.3 Update on Fiscal Performance and Emerging Challenges

Preparation of County Fiscal Strategy Paper is anchored on the assumptions of a strong local revenue collection, increasing equitable share from National Treasury, prudent expenditure controls and a commitment to maintaining sound balance between development and recurrent

spending. In addition, there is need to eliminate non-essential expenditures, inefficient spending and leakages.

Fiscal Performance

Revenue collection

During the FY 2020/21, the County managed to collect local revenue totaling KSh 1,105,074,478 against a target of KSh991,000,000 surpassing the target by 12 percent, and an improvement of 42 percent compared to the previous year. In the same period, the county government received a total of KSh 6,874,380,000 as equitable share and total grant of KSh 1,106,115,893.

Expenditure analysis

During the FY 2020/21, recurrent expenditure amounted to KSh 5,087,179,112 against a budgeted amount of KSh 5,432,949,346 representing 94 percent absorption rate, while development amounted to KSh 2,547,741,999 against a budgeted amount of KSh 5,634,276,023 representing an absorption rate of 45 percent. Personnel emoluments constituted 47 percent (KSh 3,560,253,198) of total expenditure while Operations constituted 19 percent (KSh1, 463,928,554) and maintenance one percent (KSh 68,392,788).

Emerging Challenges

- Emergence of new COVID-19 variants that may require broader reinstatement of containment measures
- Procurement challenges due to slow uptake of e-procurement by the business community
- Delays in release of funds by national government thus affecting absorption levels
- Unrealistic targets, for example, raising street parking targets and not increasing the number of parking slots
- Instability of network connectivity to run IFMIS

2.4 County Economic Policy and Outlook

Economic recovery continues to strengthen, largely supported by gradual relaxation of COVID-19 restrictions particularly in the major economies, ongoing deployment of vaccines, and strong policy measures. The County government will focus on safeguarding the economy against adverse effects of COVID-19 by adopting and implementing several interventions as articulated in the Post Covid-19 County Socio-Economic Recovery Plan while aligning with the National Post-Covid-

19Economic Recovery Strategy (ERS) whose fundamental pillar is a sound macroeconomic framework. The government will also continue with mass vaccination across the county in order to prevent renewed waves of infection and the emergence of new variants so as to allow for faster normalization of activity.

In the medium term, the County government will continue to fast track completion of ongoing programmes and projects. The government will also continue to work closely with the project identification committees to ensure implementation of projects identified through public participation under the Uasin Gishu County Equitable Development Act 2019. This will enhance project ownership and sustainability and equitable distribution of resources.

In the same period, revenue collection will be strengthened by ensuring there are sufficient legislations in place to avoid loopholes and enhance compliance. The county will also focus on resource mobilization in form of grants and development partners to support development agenda across all the sectors.

The County will strengthen collaboration, partnerships and networks with regional counties, National Government, private sector and development partners in addressing development challenges affecting residents of Uasin Gishu County especially in health services, roads infrastructure, water, cooperatives & enterprise development, and agriculture.

2.5 Risks to the Economic Outlook

- Emergence of new COVID-19 variants that may require broader reinstatement of containment measures
- Overreliance on equitable share of revenue hence exposing the County to fiscal shocks occasioned by revenue underperformance at the national level
- Low absorption of budgeted funds may delay envisaged socio-economic transformation.
- Occurrence of adverse weather conditions resulting to lower agricultural output and destructions of basic infrastructure like roads, bridges, among others
- Expenditure pressures due to increasing wage bill thus leaving inadequate resources for development

2.6 Proposed Interventions to the Risks

- Mass vaccination to prevent renewed waves of infection and the emergence of new variants so as to allow for faster normalization of activity. However, this will depend on how new COVID-19 strains are responsive to vaccines.
- Application of fiscal responsibility principles
- Undertaking monthly implementation reporting of all County projects and programmes to ensure planned projects and programmes are implemented and paid on time
- Promote drought resistant variety of crops, crop diversification, changes in cropping pattern and calendar of planting, and adaptation of climate-proofed construction and design of roads
- Developing staffing plan to guide the county in recruitment of various cadres and increasing own source revenue by tracking new revenue sources.

3. FISCAL POLICY AND BUDGET FRAMEWORK

This chapter provides consolidated fiscal policy and framework for FY 2022/23 and MTEF, and the priority areas the County government will focus on during budget allocation.

3.1 County Fiscal Policy

The FY 2022/23 budget and the Medium-Term Expenditure Framework builds on the County Governments effort to support social economic recovery and mitigate against the adverse effects of the Covid-19 pandemic. This will be done by prioritizing implementation of programmes outlined in the CIDP and completion of all ongoing projects. In addition, the County will continue with the fiscal consolidation plan by enhancing local revenue collection and containing non-priority spendings.

3.2 Fiscal Framework

The County fiscal framework provided in table 3.1 summarizes the aggregated resource envelope and expenditures for the period 2020/21 to 2022/23.

Table 3.1: County Government Fiscal Projections FY 2020/21 – 2024/2025 (KSh)

	FY 2020/21		FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
	Estimated Budget	Revised Budget	Estimated Budget	Projected Ceiling	Projections	Projections
Total Revenue & Grants	11,727,087,098	12,011,937,098	9,677,712,285	9,884,816,452	10,181,360,946	10,486,801,774
Unspent Bal b/f	3,269,022,050	3,269,022,050	-		-	-
Revenue (Total)	8,458,065,048	8,742,915,048	9,677,712,285	9,884,816,452	10,181,360,946	10,486,801,774
Equitable Share	6,045,150,000	6,330,000,000	8,068,858,318	8,068,858,318	8,310,924,068	8,560,251,790
Local Revenue	991,000,000	991,000,000	1,000,000,000	1,413,017,111	1,455,407,624	1,499,069,853
Grants & Others	1,421,915,048	1,421,915,048	608,853,967	402,941,023	415,029,254	427,480,131
CG Expenditure	11,727,087,098	12,011,937,098	9,677,712,285	9,884,816,452	10,181,360,946	10,486,801,774
Recurrent	5,452,717,885	6,118,964,292	6,487,376,788	6,829,716,231	7,034,607,718	7,245,645,950
Rec. as a % of CG Expenditures	46%	51%	67%	69%	69%	69%
Personnel Emoluments	3,771,850,852	3,926,910,852	4,335,554,179	4,313,584,228	4,442,991,755	4,576,281,507
Operation & Maintenance	1,680,867,033	2,192,053,440	2,151,822,609	2,516,132,003	2,591,615,963	2,669,364,442
PE as a % of CG Revenues	45%	45%	45%	44%	44%	44%
Development	6,274,369,213	5,892,972,806	3,190,335,497	3,055,100,221	3,146,753,227	3,241,155,824
Dev. as a % of CG Expenditures	54%	49%	33%	31%	31%	31%

3.3 County Governments' Compliance with Fiscal Responsibility Principle

Section 107 of the PFM Act, 2012 and Regulations of 2015 requires the County government to comply with the following fiscal responsibility principles:

Maintaining a Balanced Budget – The law demands that the county government's recurrent expenditure shall not exceed its total revenues. In this regard, the County has implemented a balanced budget and will over the medium-term plan.

Compliance with the Requirement for Development Spending Allocations – In adherence with section 107 (2) (b) of the PFM Act, 2012, the County allocated 33 percent of the approved budget to development in FY 2021/22 and will be maintained at 31 percent over the medium-term plan.

Compliance with the Requirement for Expenditure on Wages – Regulation 25(1) (b) of the PFM (County Governments) Regulations, 2015 requires that County Governments' wage bill shall not exceed 35 percent of their total revenue. Expenditures on wages currently stands at 45 percent of the total revenues and it's expected to go down by 1 percent to 44 percent in the FY 2022/23 and over the medium-term plan which is way beyond the legal threshold. In this regard, the wage bill remains a major challenge hence the need for concerted effort to find viable solutions to keep the wage bill within the prescribed limit.

County Debt Financing to be used for development – Any County government borrowing shall be used to finance development expenditures only and will be done in accordance with the PFM Act, 2012 and the Borrowing Framework for sub-nationals

3.4 Fiscal Structural Reforms

The County government will continue to institute fiscal reforms aimed at enhancing efficiency, effectiveness, transparency and accountability in public spending as stipulated in the PFM Act, 2012. They include:

Revenue administration – the County has developed bills on revenue and cess administrations that are at CEC level and are aimed at increasing efficiency in local revenue collection. It has also set up a task force with a view of establishing a County Revenue Board. Other reforms undertaken include decentralization of revenue collections to sub-counties and wards levels, sensitizations of the public on paying taxes, digital banking platforms and revenue rapid results initiative (RRI).

Enhanced expenditure productivity – the underspending reported in the first half of the FY 2021/22 was attributed to poor absorption of development funds by the line departments. Towards improving absorption, the departments will be encouraged to initiate projects early and ensure timely requisition of funds by the County Treasury.

Prioritization of programmes – spending will be directed towards completion of all ongoing projects and the critical areas of the county economy that will support recovery and mitigate the effects of Covid-19.

3.5 Debt Financing Policy

The County will pursue different financing options over the medium-term including borrowing to finance development programmes and projects. Any such borrowing will however be for development purposes only and will be done in accordance with sections 58 and 142 of the PFM Act, 2012 and the 2022 County Debt Management Strategy Paper (CDMSP).

3.6 Proposed Budget Framework for FY 2022/23 MTEF

This sub section provides a summary of the budgetary allocation for the FY 2022//23 and MTEF period

Revenue Projections

In the FY 2022/23, the County government anticipates to raise a total revenue of KSh 9,884,816,452 of which KSh 8,068,858,318 will be equitable revenue share, KSh 1,413,017,111 as Own Source Revenue (OSR) and KSh 402,941,023 as loans and grants as shown in table 3.1.

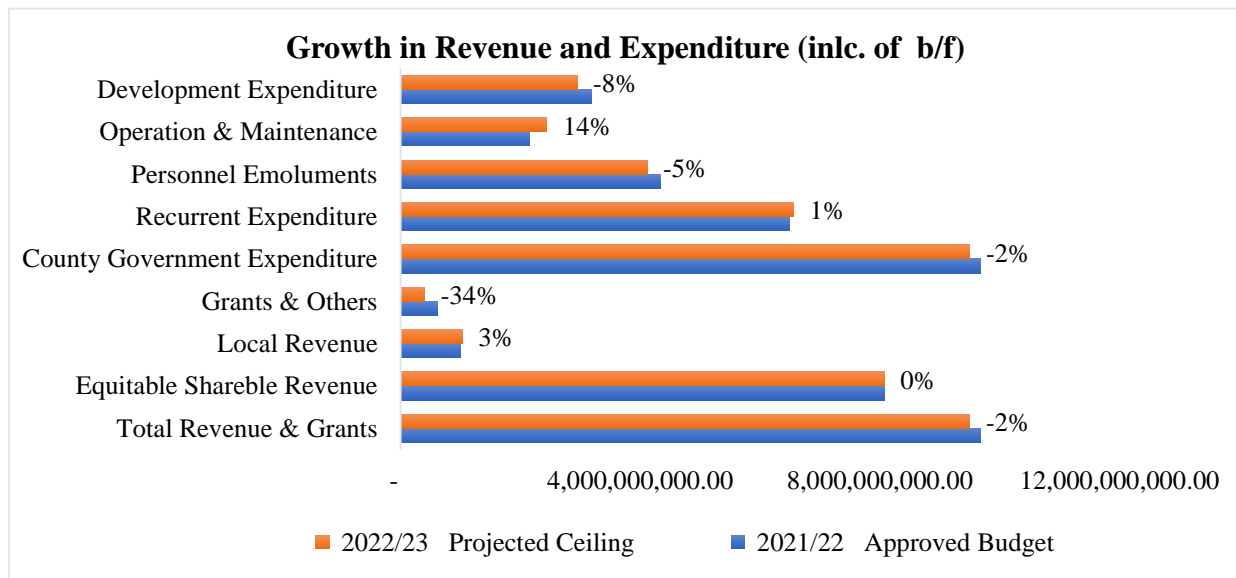
Expenditure Projections

The County targets total expenditures of KSh 9,884,816,452 in FY 2022/23 budget. Out of this, recurrent expenditure is expected to be KSh 6,829,716,231 accounting for 69.5 percent of total budget while development expenditure will be KSh 3,055,100,221 representing 31 percent thus meeting the minimum 30 percent threshold as prescribed in the PFM Act, 2012.

Ward Based Projects for Equitable Development

The government has remained committed in implementing the Uasin Gishu County Equitable Development (UGCED) Act, 2019 which requires that 40 percent of total development expenditures be allocated to ward projects identified by the residents. In light of this, the County has allocated a total of KSh 1,222,040,088 to be shared equally by all the thirty wards translating to KSh 40,734,669 per ward.

Figure 3.1: Average Growth in Revenue and Expenditure Allocations, FY 2021/22–2022/23



As shown in Figure 3.1, local revenue is projected to increase by 38 percent from the current year attributed to fiscal structural reforms put by the County with equitable sharable revenue remaining unchanged. The PE is projected to decrease by 1 percent as a result of efforts by the County government to reduce the wage bill to the required threshold by the PFM, 2012. Additionally, development expenditure is projected to decline by 8 percent in the FY 2022/23 occasioned by overall reduction in total revenue and grants with 4 percent from the current year.

3.7 Summary

The County remains committed in observing the fiscal responsibilities principles provided in the PFM Act, 2012 and PFM regulations 2015 aimed at ensuring prudent management of public resources and with the harsh economic environment occasioned by the negative effects of the Covid -19 pandemic the government will continue implementing programmes and projects that will accelerate economic recovery for improved livelihood of all residents.

4. FY 2022/23 BUDGET & MEDIUM-TERM EXPENDITURE FRAMEWORK

This section discusses expenditure priorities for the three-year spending framework of the County Government.

4.1 2022/2023 Fiscal Framework

The FY 2022/23 Budget and the Medium-Term Expenditure Framework will continue to build on the County Government's effort to support recovery and mitigate the effects of Covid-19 pandemic. This will be achieved through implementation of programmes prioritized in the CIDP (2018-2022) and other plans; and completion of all ongoing capital projects. The County Government will also continue to improve revenue performance and contain expenditures.

Resource Projections

Total revenue for the FY 2022/23 budget is projected to increase by 1.18 percent to KSh 9,854,816,452 from the previous year attributed to fiscal structural reforms put by the County Government. The amount comprises of KSh 8,068,858,318 as equitable shareable revenue, KSh 402,941,023 as conditional grants and KSh 1,383,017,111 as local revenue.

Expenditure Projections

Overall expenditure in FY 2022/23 is projected at KSh 9,854,816,452. This represents an increase of 1.18 percent from the previous year. The wages and salaries will remain the single largest expenditure item and is projected at 43.77 percent of total budget over the medium-term. These expenditures will support recovery efforts and priority programmes outlined in the document.

Overall Budget Financing

Over the FY 2022/23 – 2024/25 MTEF period, the County Government will be implementing a balanced budget and does not anticipate any deficits. However, any pressing needs requiring additional funding will be supported by borrowing in line with the PFM Act, 2012 and the Borrowing Framework for Sub-Nationals. The County will also pursue measures aimed at enhancing local revenue performance and public expenditure productivity.

4.2 Medium-Term Spending Proposals

Table 4.1 provides the projected baseline ceilings for the 2022/23–2024/25 MTEF period, classified by sector and sub-sector.

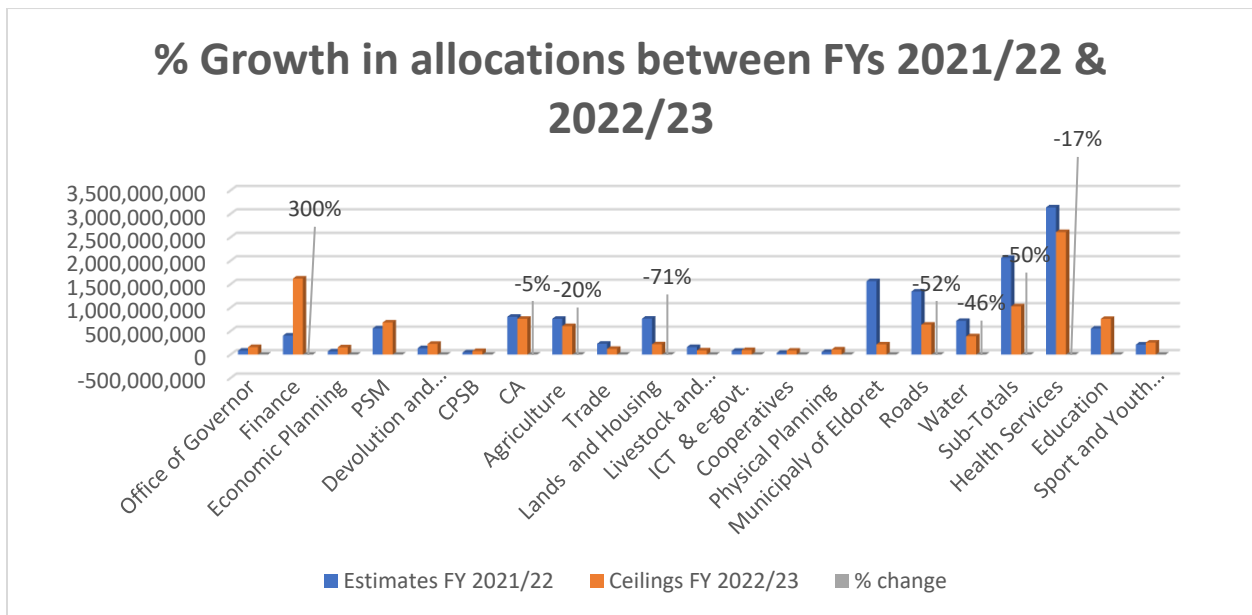
Table 4.1: Medium Term Sector Ceilings, 2022/23 - 2024/25 (KSh)

Sector	MDAs	Estimates			FY 2022/2023					Projections			
		FY 2021/2022			CBROP indicative ceiling Gross Total	CFSP Ceiling			% Change Estimate 2021/22 and CFSP 2022/23	FY 2023/2024		FY 2024/2025	
		Rec. Gross	Dev. Gross	Gross Total		Rec. Gross	Dev. Gross	Gross Total		Rec. Gross	Dev. Gross	Rec. Gross	Dev. Gross
Public Admin.	Office of Governor	83,046,590	0	83,046,590	214,245,119	159,245,119	0	159,245,119	91.75%	164,022,473	0	168,943,147	0
	% of Total Expenditure	1.52%	0.00%	0	2.15%	2.33%	0.00%	1.61%		2.33%	0.00%	2.33%	0.00%
	Finance	404,609,768	0	404,609,768	1,741,618,317	398,131,459	1,222,040,088	1,620,171,548	300.43%	410,075,403	1,344,244,097	422,377,665	1,384,571,420
	% of Total Expenditure	7.42%	0.00%	0	17.50%	5.83%	40.00%	16.39%		5.83%	41.59%	5.83%	41.59%
	Economic Planning	68,605,271	0	68,605,271	168,103,770	154,503,770	0	154,503,770	125.21%	159,138,883	0	163,913,049	0
	% of Total Expenditure	1.26%	0.00%	0	1.69%	2.26%	0.00%	1.56%		2.26%	0.00%	2.26%	0.00%
	PSM	546,302,421	11,830,079	558,132,500	665,279,284	663,998,067	20,016,120	684,014,187	22.55%	683,918,009	20,616,604	704,435,550	21,235,102
	% of Total Expenditure	10.02%	0.19%	0	6.69%	9.72%	0.66%	6.92%		9.72%	0.64%	9.72%	0.64%
	Devolution and Public Ad	38,052,103	98,358,355	136,410,458	234,284,218	141,108,162	87,176,055	228,284,218	67.35%	145,341,407	89,791,337	149,701,650	92,485,077
	% of Total Expenditure	0.70%	1.57%	0	2.35%	2.07%	2.85%	2.31%		2.07%	2.78%	2.07%	2.78%
	CPSB	45,614,234	0	45,614,234	76,223,564	76,223,564	0	76,223,564	67.10%	78,510,271	0	80,865,579	0
	% of Total Expenditure	0.84%	0.00%	0	0.77%	1.12%	0.00%	0.77%		1.12%	0.00%	1.12%	0.00%
CA	686,014,946	120,000,000	806,014,946	762,120,113	712,120,113	50,000,000	762,120,113	-5.45%	733,483,717	51,500,000	755,488,228	53,045,000	
% of Total Expenditure	12.58%	1.91%	0	7.66%	10.43%	1.64%	7.71%		10.43%	1.59%	10.43%	1.59%	
Sub-Totals	1,872,245,333	230,188,434	2,102,433,767	3,861,874,385	2,305,330,255	1,379,232,264	3,684,562,519	75.25%	2,374,490,163	1,506,152,038	2,445,724,868	1,551,336,599	
% of Total Expenditure	34.34%	3.67%	0	38.81%	33.75%	45.15%	37.27%		33.75%	46.60%	33.75%	46.60%	
ARD	Agriculture	234,160,047	528,939,963	763,100,010	773,888,577	240,117,346	366,673,335	606,790,681	-20.48%	247,320,866	377,673,535	254,740,492	389,003,741
	% of Total Expenditure	4.29%	8.43%	0	7.78%	3.52%	12.00%	6.14%		3.52%	11.68%	3.52%	11.68%
	Trade	13,006,144	218,987,187	231,993,331	120,851,834	69,610,931	52,210,724	121,821,655	-47.49%	71,699,259	53,777,045	73,850,237	55,390,357
	% of Total Expenditure	0.24%	3.49%	0	1.21%	1.02%	1.71%	1.23%		1.02%	1.02%	1.02%	1.66%
	Lands and Housing	76,366,332	690,219,922	766,586,254	304,405,990	75,783,274	143,622,716	219,405,990	-71.38%	78,056,772	147,931,397	80,398,475	152,369,339
	% of Total Expenditure	1.40%	11.00%	0	3.06%	1.11%	4.70%	2.22%		1.11%	4.58%	1.11%	4.58%
	Livestock and Fisheries	4,374,227	155,717,168	160,091,395	100,570,717	48,309,331	40,454,946	88,764,277	-44.55%	49,758,611	41,668,594	51,251,369	42,918,652
	% of Total Expenditure	0.08%	2.48%	0	1.01%	0.71%	1.32%	0.90%		0.71%	1.29%	0.71%	1.29%
	ICT & e-govt.	41,848,541	38,308,950	80,157,491	89,111,302	63,804,945	32,281,270	96,086,215	19.87%	65,719,093	33,249,708	67,690,666	34,247,199
	% of Total Expenditure	0.77%	0.61%	0	0.90%	0.93%	1.06%	0.97%		0.93%	1.03%	0.93%	1.03%
	Cooperatives	4,151,502	32,387,596	36,539,098	82,840,157	43,574,181	40,797,487	84,371,668	130.91%	44,881,406	42,021,412	46,227,848	43,282,054
	% of Total Expenditure	0.08%	0.52%	0	0.83%	0.64%	1.34%	0.85%		0.64%	1.30%	0.64%	1.30%
Physical Planning	4,654,065	50,578,104	55,232,169	91,764,277	66,273,230	42,386,343	108,659,573	96.73%	68,261,427	43,657,934	70,309,270	44,967,672	
% of Total Expenditure	0.09%	0.81%	0	0.92%	0.97%	1.39%	1.10%		0.97%	1.35%	0.97%	1.35%	
Municipality of Eldoret	16,516,969	1,548,848,345	1,565,365,314	174,561,412	149,706,161	67,695,891	217,402,052	-86.11%	154,197,346	69,726,768	158,823,267	71,818,571	
% of Total Expenditure	0.30%	24.69%	13.35%	1.75%	2.19%	2.22%	2.20%		548.15%	2.19%	2.19%	2.16%	
Sub-Totals	395,077,827	3,263,987,235	3,659,065,062	1,737,994,265	757,179,399	786,122,712	1,543,302,111	-57.82%	779,894,781	809,706,394	803,291,624	833,997,585	
% of Total Expenditure	7.25%	52.02%	1	17.47%	11.09%	25.73%	15.61%		11.09%	25.05%	11.09%	25.05%	
Infrastructure	Roads	408,093,613	935,229,486	1,343,323,099	642,256,177	510,799,769	127,456,407	638,256,177	-52.49%	526,123,763	131,280,099	541,907,475	135,218,502
	% of Total Expenditure	7.48%	14.91%	0	6.45%	7.48%	4.17%	6.46%		7.48%	4.06%	7.48%	4.06%
	Water	118,201,759	599,688,631	717,890,390	318,733,412	189,608,471	200,724,941	390,333,412	-45.63%	195,296,725	206,746,689	201,155,627	212,949,090
	% of Total Expenditure	2.17%	9.56%	0	3.20%	2.78%	6.57%	3.95%		2.78%	6.40%	2.78%	6.40%
Sub-Totals	526,295,372	1,534,918,117	2,061,213,489	960,989,589	700,408,241	328,181,348	1,028,589,589	-50.10%	721,420,488	338,026,789	743,063,103	348,167,592	
% of Total Expenditure	9.65%	24.46%	0	9.66%	10.26%	10.74%	10.41%		10.26%	10.46%	10.26%	10.46%	
Health	Health Services	2,236,586,956	900,478,579	3,137,065,535	2,628,483,034	2,243,805,883	367,656,416	2,611,462,299	-16.75%	2,311,120,060	378,686,108	2,380,453,661	390,046,692
	% of Total Expenditure	41.02%	14.35%	1	26.42%	32.85%	12.03%	26.42%		32.85%	11.72%	32.85%	11.72%
	Sub-Totals	2,236,586,956	900,478,579	3,137,065,535	2,628,483,034	2,243,805,883	367,656,416	2,611,462,299	-16.75%	2,311,120,060	378,686,108	2,380,453,661	390,046,692
% of Total Expenditure	41.02%	14.35%	1	26.42%	32.85%	12.03%	26.42%		32.85%	11.72%	32.85%	11.72%	
Education	Education	406,495,482	147,627,518	554,123,000	485,439,175	630,711,311	130,189,303	760,900,615	37.32%	649,632,651	134,094,982	669,121,630	138,117,832
	% of Total Expenditure	7.45%	2.35%	0	4.88%	9.23%	4.26%	7.70%		9.23%	4.15%	9.23%	4.15%
	Sport and Youth Develop	16,016,915	197,169,330	213,186,245	274,999,319	192,281,142	63,718,178	255,999,319	20.08%	198,049,576	65,629,723	203,991,063	67,598,615
	% of Total Expenditure	0.29%	3.14%	0	2.76%	2.82%	2.09%	2.82%		2.82%	2.03%	2.82%	2.03%
	Sub-Totals	422,512,397	344,796,848	767,309,245	760,438,494	822,992,453	193,907,481	1,016,899,934	32.53%	847,682,227	199,724,705	873,112,694	205,716,446
% of Total Expenditure	7.75%	5.50%	0	7.64%	12.05%	6.35%	10.29%		12.05%	6.18%	12.05%	6.18%	
Grand Totals	5,452,717,885	6,274,369,213	11,727,087,098	9,949,779,767	6,829,716,231	3,055,100,221	9,884,816,452	-15.71%	7,034,607,718	3,232,296,034	7,245,645,950	3,329,264,915	
% of Total Expenditure	67%	33%	100%		70%	30%	100.00%		70%	30%	70%	30%	

4.3 Apportionment of Base Ceilings

The allocations provided in the ceilings have taken into account the priority programmes in the CIDP, re-allocation of underspending programmes and completion of all ongoing capital projects within the current term. While on the other hand, the ceiling of the County Assembly is apportioned on the advisory of the Commission of Revenue Allocation (CRA).

Figure 4.1: Showing Growth in Allocations between FY 2021/22 Budget and Proposed FY 2022/23 Budget by Department/ County Entity



As shown in Figure 4.1, allocations to the Finance department is projected to grow significantly by 300 percent in the FY 2022/23 as the amount is inclusive of an allocation of KSh 1,221,997,240 for Ward projects in line with the Uasin Gishu Equitable Development Act, 2019. On sectors, Public Administration Sector is projected to receive the largest allocation accounting for 37 percent of the total budget while Educations Sector will receive the lowest accounting for 10 percent.

4.4 Details of Sector Priorities

The medium-term expenditure framework for 2022/23 – 2024/25 has taken into account the need to allocate resources to prioritized programmes in the CIDP (2018 – 2022), ongoing projects and strategic policy initiatives of the County Government. It has also focused on the post Covid-19 economic recovery efforts that will help the County recover from the effects of Covid-19. The specific interventions are therefore a product of public sector hearings and the Budget Policy Statement, 2022.

4.4.1 Public Administration Sector

The sector seeks to entrench good governance, provide effective and efficient services to the public and ensure prudent management of public resources.

During the 2018/19 – 2020/21 MTEF period, the sector made remarkable achievements which include: construction of 3 sub-county and 13 ward offices; modernized customer care unit; implemented internship programme with 652, 622 and 654 youths benefiting in FY 2018/19, FY 2019/20 and FY 2020/21 respectively; operationalized HR policies and manuals; and prepared PFM documents and reports.

In the 2022/23 – 2024/25 MTEF period, the sector's key planned outputs include: construction of 3 sub-county offices at Turbo, Kesses and Soy, and 11 ward offices; establishment of service delivery centres in all the six sub-county headquarters; archive all financial records; and preparation of the 3rd generation CIDP and other policy documents/plans.

In addition, the County will establish The County State Officers Retirement Benefits Scheme pursuant to the County State Officers Retirement Bill 2021. The scheme will manage the granting of pensions and other retirement benefits to persons who hold office of Governor, Deputy Governor, Speaker and the Members of County Assembly. The benefits include a lump sum payment on retirement, monthly pension, among others. The expenses towards administration of these provisions will be appropriated in the county budget each year.

In order to implement these programmes, the sector has been allocated KSh 3,684,562,519 in the FY 2022/23 out of which KSh 2,305,330,255 is for recurrent and KSh 1,379,232,264 for development.

4.4.2 Infrastructure Sector

The sector is responsible for provision of an efficient and reliable road and transport infrastructure, clean and portable water, restore and conserve the environment, promote tourism and use of green energy, and response to disasters.

During the 2018/19 – 2020/21 MTEF, significant achievements for the sector included: grading and graveling of 4,017 KM and 1,103 KM of roads respectively; construction of 20 bridges and box culverts; installation of 10,150 M of culverts and 3,943 streetlights; construction of Burnt

Forest and Mailli Nne fire stations; construction of 92 boda-boda shades; and maintenance of 24 government buildings. The sector also developed 209 community water projects, maintained 6 water supplies, constructed 24 dams, acquired specialized plants and machineries, planted 203,000 tree seedlings and acquired land measuring 12 acres for dumpsite. It also developed tourism infrastructure and products at kapsiliot, kesses and river sosiani; installed 88 CCTVs cameras and 6 access controls; implemented a document management system; integrated systems with GIS; connected 13 county offices and 5 ward offices with internet; and mentored 102 youths with ICT skills.

Key outputs planned for the 2022/23 – 2024/25 MTEF period include: construction of 34.2 KM of new road to bitumen standard; grading and graveling of 1,550 KM of roads; routine maintenance of 1,300 KM of road; construction of 18 bridges and box culverts; and installation of 4,200 M of culverts and 3,300 streetlights. The sector also plans to develop 560 community water projects, maintain 6 water supplies, rehabilitate 55 dams and drill and equip 55 boreholes. It will also prioritize development of a recycling plant at Kipkenyo dumpsite, implement climate change activities, develop tourism infrastructure/products and promote use of green energy. ICT sub-sector will establish more ICT centres, link county offices and facilities with internet, establish 30 county satellites, install security controls at 36 entrances, establish structured cabling, strengthen county information security systems, install more outdoor LED screens and CCTVs and mentor youths on ICT solutions.

To realize the above outcomes in the MTEF period 2022/23 – 2024/25, the sector has been allocated KSh 1,028,589,589 of which KSh 700,408,241 is for recurrent and KSh 328,181,348 for development in the FY 2022/23.

4.4.3 Agriculture and Rural Development Sector

The sector plays an important role in ensuring attainment of food security, trading and industrialization, cooperatives, housing, sustainable land management and urban development.

Major achievements during the 2018/19 – 2020/21 period include: construction of 3 high-capacity cereal stores, distribution of more than 922,000 seedlings of promotional crops, supported 220 youth groups under *Kijana na acre* Programme and distribution of 8000 litres of pesticides for disease control. Others are construction and rehabilitation of cattle dips and slaughter houses;

construction of a modern hostel at ATC: connecting 46 milk cooler structures with electricity and water; vaccination of over 300,000 heads of livestock; and mechanization of agriculture.

Other key achievements are construction and rehabilitation of 39 retail markets and 250 modern stalls countywide; participated and organized 20 trade exhibitions/symposiums/investment; and supported MSMEs with disbursements of loans worth KSh 30 Million. It also prepared physical development plans for 9 centres and valuation rolls for 4 urban areas; renovated 15 county houses; land banking of 17 Ha for public use: secured 3 public utility land; and implemented 11 projects within Municipality of Eldoret under the KUSP.

The sector also strengthened cooperative movement by increasing membership to 102,000 with a share capital of KSh 280,966,015 and a turnover of KSh 975,502,034 with an asset base of KSh 3,603,708,606. Through the Co-operative Enterprise Development Fund, the sector disbursed loans amounting to KSh 508,028,032 to 176 cooperative societies and financed value addition projects such as Moiso Farmers' Cooperative Union to a tune of KSh 220 Million for a milling plant, Kuona Mbele Investment Co-operative with KSh 4 Million for a small milling plant, Olendu Elders Co-operative Society with KSh 10.5 Million for wood mixer, among others.

In the 2022/23 – 2024/25 and medium-term period, the sector will prioritize the implementation of the following key strategic interventions: revamp agricultural extension services, support post-harvest management, subsidize inputs, control pests and diseases, promote crop diversification and value addition, and improve ATC facilities. It will also upscale empowerment programmes targeting youths and women such as *Kijana na acre* and *Inua mama na kuku* and fast track implementation of the World Bank supported Kenya Climate Smart Agriculture Project (KCASP).

Other key planned outputs are development of wholesale and retail markets across the county, construction of shoe-shiners' shades, extend credits to MSMEs through *Inua biashara* programme, facilitate value addition initiatives, support cottage industries and export promotion, and promote regional integration through NOREB. The cooperative sub-sector will seek to revive dormant cooperative societies and register new ones, build capacity of existing cooperatives societies, disburse loans to cooperative societies and support value addition initiatives. In addition, it will facilitate completion of Moiso milling plant and initiate similar projects with Marathon and Barotet Cooperative Unions.

The Lands sub-sector will prioritize on land banking for public use, titling, preparation of valuation rolls for 3 urban centres/towns and physical development plans for 30 urban centres; renovation and re-development of county estate; secure public utility land; and provide office space. In addition, it will improve infrastructure within the Municipality of Eldoret by implementing Kenya Urban Support Programme (KUSP) whose key outputs include: construction of 7.5 KM of roads to bitumen standard, 4.7 KM of NMT and 2.1 KM of walkways, streetlighting, installation of traffic lights, construction of storm water drainage, beautification, construction of 64 stadium and acquisition of machineries and equipment for waste storage, transportation and disposal.

During the MTEF period FY 2022/23 - 2024/25, the sector has been allocated KSh 1,543,302,111 in the FY 2022/23 out of which KSh 757,179,399 is for recurrent and KSh 786,122,712 is for development.

4.4.4 Education Sector

The sector aims to enhance access to quality education at ECDE and tertiary levels, preserve the county's cultural heritage and promote gender and sports development.

During the MTEF period, 2018/19 – 2020/21, notable achievements for the sector included: construction of ECDE facilities comprising of 301 classrooms and 64 ablution blocks; construction of VTC facilities comprising of 27 workshops and classrooms, 9 hostels and 6 administration blocks; construction of dining hall, kitchen and administration block at Homecraft and perimeter fence and construction of 2 dormitories at Rescue Centre. It also established PWDs fund and disbursed KSh 29M and held cultural exhibitions and festivals. In sports, 22 playfields were upgraded and completion of Chagaiya High Altitude Training Centre undertaken. The sector also disbursed bursaries to 39,742 needy students across the county and a further 1,624 youths benefiting under the Uasin Gishu Education Revolving Fund to access tertiary education.

In the MTEF period 2022/23 – 2024/25, key outputs planned for the sector include: construction and equipping of ECDE and VTC facilities, construction of special needs assessment centre at Chebolol, establishment of a cultural centre, issuance of instructional materials to ECDE centres, refurbishing of social amenities and development/completion of Chagaiya High ATC and other sports facilities. The sector will also continue to provide bursaries to needy students at secondary and tertiary level, advance student loans under the Uasin Gishu Education Revolving Fund and provide assistive devices to PWDs.

In order to implement the prioritized programmes, the sector has been allocated KSh 1,016,899,934 in FY 2022/23 to be spent on recurrent KSh 822,992,453 and development KSh 193,907,481.

4.4.5 Health Sector

The sector aims to provide quality healthcare to the residents through quality, efficient and effective healthcare services that is affordable and accessible.

During the MTEF period 2018/19 – 2020/21, the sector recorded achievements in various programmes and activities notably: upgrading of the Ziwa hospital to level 5, construction of phase II of Kesses hospital and construction of Kapteldon Maternity hospital which are ongoing and at different levels of completion. It also completed the Eldoret West Maternity, refurbished several health facilities, strengthened the county referral system and acquired medical equipment for specialized diagnostic and treatment services. The sector also supported the National Government efforts in the prevention and management of the Covid-19 pandemic.

The sector's key planned outputs for the 2022/23 – 2024/25 MTEF period include: completion of Ziwa level 5 hospital, Kesses sub-county hospital, Kapteldon hospital and a Trauma and emergency Centre at Turbo sub-county hospital. The sector will also equip all the level 4 and 5 hospitals; establish an oxygen plant and a county specialized centre; renovate health facilities; construct incinerators; purchase an EPI compliant vehicle and a specialized ambulance; and equip health facilities. In addition, the sector will automate health facilities and develop health policies, standards and regulations

To implement the prioritized programmes outlined above, the sector has been allocated KSh 2,611,462,299 out of which KSh 2,243,805,883 is for recurrent and KSh 367,656,416 is for development.

5. CONCLUSION

CFSP 2022 specifies broad strategic priorities and policy goals that will guide the County government in the preparation of the FY 2022/23 MTEF budget. The medium-term spending plan seeks to transform the lives of the residents through investing in quality health care services, water services, agricultural production, infrastructure development, cooperatives and enterprise development, quality social services and creating a secure and conducive business environment.

In the FY 2022/23, the county budget is projected to decline by 2 percent to KSh 9,501,799,341 from the previous year due to reduction in conditional grants by 34 percent. The amount comprises of KSh 8,068,858,318 as equitable shareable revenue, KSh 402,941,023 as conditional grants and KSh 1,030,000,000 as local revenue.

The County Government will be implementing a balanced budget over the 2022/23 – 2024/25 period. Inadequate resources may however change this policy and cause the County to seek alternative ways of mobilizing resources including borrowing in line with the PFM Act, 2012 and the Borrowing Framework for Sub-Nationals. Other measures will also be instituted during the MTEF period to enhance local revenue performance and public expenditure productivity.

In conclusion, the County will continue with post Covid-19 socio-economic recovery efforts that will support recovery and foster growth.