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NAROK COUNTY GOVERNMENT

FINANCE AND ECONOMIC PLANNING

MEDIUM TERM

COUNTY FISCAL STRATEGY PAPER

FEBRUARY 2020

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FOREWORD

The 2020 County Fiscal Strategy Paper (CFSP) is prepared based on the Second Generation CIDP covering the 2018-2022 phase of planning in the county. The Narok CIDP for 2013-2017 was the baseline for the development of CIDP 2018-2022 which is currently in its Second year of implementation. The 2020 CFSP is set to execute the development strategies for year three in the implementation of Narok CIDP.

The 2020 CFSP is coming at a time when the third Medium Term Plan (MTP III) of the Kenya Vision 2030 for the period 2018-2022 is also in its implementation stage. It's also comes after the release of the Gross County Product (GCP) 2019 by the Kenya National Bureau of Statistics (KNBS). This makes it possible to set macroeconomic related targets in terms of increasing GCP growth rate and county contribution to national economy.

The policy paper is to guide the preparation of budget estimates for implementing policy goals, priority programs and fiscal framework for FY 2020/21 and the medium term period. As a result, the policy goals, priority programs and fiscal framework in this CFSP are revised to reflect emerging realities and priorities for promotion of growth and development in the county

The 2020 CFSP also analyses the global, regional, national and county finance and economic trends. The trends are applied to inform policy direction, actions and strategies which will be used to inform the budget preparation for F/Y 2020/21. The policy paper re-emphasizes the county's' administration commitment on achieving the county's vision; "the premier county of choice in diversity and opportunities for prosperity." This will be actualized by focussing on six thematic areas namely: (i) Economic Empowerment; (ii) Tourism Development and Promotion; (iii) Social Development; (iv) Water Resources Management; (v) Industrial Development and Physical Planning and (vi) Economic Enablers.

To achieve the policy intents in this 2020 CFSP, the county will continue adhering to the fiscal responsibilities of ensuring recurrent expenditure doesn't exceed the county government's total revenue and that a minimum of thirty percent of the county

governments' budget is allocated to the development. This will ensure that sustainable inclusive growth is attained in FY 2020/21 and in the medium term period. Recurrent expenditure has been structured to continue decreasing over time as capital expenditure increases in the relative terms. To finance expenditures set out in this paper, the county will continue to maximize revenue collection by strengthening and reforming the revenue collection system already in place and through structural reforms.

It's also worth noting that 2020 CFSP is prepared at a time when the economy continues to register macroeconomic stability and growth at the domestic level. Kenya's economy has remained strong and resilient. The economy expanded by 6.3 percent in 2018 up from the 4.9 percent growth registered in 2017. The growth momentum continued in the first three quarters of 2019, with the economy expanding by an average of 5.4 percent. The latest economic indicators in the third quarter of 2019 point to continued economic recovery that will culminate to an overall projected growth of about 5.9 percent in the FY 2019/20. Economic growth is further projected to rise to 6.1 percent in the FY 2020/21 and 6.9 percent by FY 2023/24.

This paper is prepared in accordance with the provisions set out in section 117 of PFM Act 2012 and is aligned with the national objectives contained in the Budget Policy Statement (2020 BPS). The sectoral ceilings are set on the basis of reviewed expenditures in FY 2018/19, the first quarter of F/Y 2019/20, priorities in sector reports, ADP for FY 2020/21 and priorities in CIDP 2018-2022. The proposals contained in this paper have benefited from wide consultations in accordance with the principle of openness and inclusivity.



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ACKNOWLEDGEMENT

The preparation of this policy paper was a collaborative effort among various departments of the County Government of Narok. We are grateful for their inputs. We thank all the sector working groups for participation in various forums and for providing timely information necessary in the finalization of this policy document in addition to comments from several other stakeholders. The 2020 Budget Policy Statement (BPS) from the national treasury was a useful reference document on key issues and policy direction.

We also acknowledge that the successful completion of this 2020 CFSP was made possible due to the leadership provided by the county executive member for Finance and Economic Planning Hon. Julius Sasai. His advice, direction and facilitation in carrying out the exercise is much appreciated.

A core team in Finance and Economic Planning spent substantial amount of time putting this document together. The technical team members worked tirelessly to ensure that this document was produced in time and is of high quality.

Our many thanks also goes to the entire staff of the County Finance and Economic Planning department for their dedication, sacrifice, commitment and assistance during this process. We sincerely appreciate them.



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ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Plan
ASDSP	Agricultural Sector Development Support Programme
BPS	Budget Policy Statement
BROP	Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
CRA	Commission on Revenue Allocation
GCP	Gross County Product
GDP	Gross Domestic Product
ECDE	Early Childhood Development Education
FY	Financial Year
HIV	Human Immune-Deficiency Virus
ICT	Information and Communication Technology
IFMIS	Integrated Financial Management Information Systems
IGFR	Intergovernmental Fiscal Relations
KDSP	Kenya Devolution Support Program
KIPPRA	Kenya Institute for Public Policy Research Analysis
KNBS	Kenya National Bureau of Statistics
KRB	Kenya Roads Board
RMNCAH	Reproductive, Maternal, New-borne Child and Adolescent Health
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
NARIGP	National Agriculture and Rural Inclusive Growth Project
OSR	Own-Source Revenue
PFM	Public Financial Management
PPP	Public Private Partnership
RMLF	Road Maintenance Fuel Levy Fund
SMEs	Small and Micro Enterprises
SWG	Sector Working Groups
UHC	Universal Health Coverage

Legal Basis for the Publication of Narok County Fiscal Strategy Paper

Narok County Fiscal Strategy Paper (CFSP 2020) is prepared in accordance with Section 117 (1) 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 CFSP for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the County Assembly, by the 28th February of each year.

(2) The County Treasury shall align its CFSP with the national objectives in the Budget Policy Statement (BPS).

(3) In preparing the CFSP, 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 CFSP 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 CFSP, the County Treasury shall seek and take into account the views of the Commission on Revenue Allocation (CRA);the public; any interested persons or groups; and 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.

(7) The County Treasury shall consider any recommendations made by the County Assembly when finalizing the budget proposal for the financial year concerned.

(8) The County Treasury shall publish and publicize the CFSP within seven days after it has been submitted to the County Assembly.

Fiscal Responsibility Principles

Section 107 of PFM Act of 2012 requires the County Treasury to manage its public finances in accordance with the principles of fiscal responsibility. In managing the County government's public finances, the County Treasury has adhered to the fiscal responsibility principles set out in the statutes as follows:-

- (a) The County government's recurrent expenditure shall not exceed the County government's total revenue.
- (b) Over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure;
- (c) The County government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;
- (d) Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;
- (e) The county debt shall be maintained at a sustainable level as approved by county assembly;
- (f) The fiscal risks shall be managed prudently; and
- (g) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

Further, the County Government shall ensure that its level of debt at any particular time does not exceed a percentage of its annual revenue specified in respect of each financial year by a resolution of the county assembly.

I. INTRODUCTION

1.0 Overview

1. The 2020 County Fiscal Strategy Paper (CFSP) is the seventh to be prepared since the commencement of County Government of Narok in 2013. The period of preparation of 2020 CFSP coincides with the implementing the Second County Integrated Development Plan (CIDP 2018-2022) for Narok and the Third Medium Term Plan (MTP-111) of the Vision 2030. The policy paper seeks to continue implementing far reaching socio- economic policies and structural reforms for economic prosperity. Specifically, the strategic priorities for 2020 CFSP are underpinned in six thematic areas that includes;

- a) Economic Empowerment aimed at empowering the citizen of Narok County to participate in, contribute to, and benefit from growth processes;
- b) Social Development to achieve healthy lives and an empowered human capital;
- c) Tourism Development and promotion with a view of positioning Narok County as the global premier tourist destination of choice;
- d) Water Resource Management to protect, conserve, manage and increase access to clean and safe water for socio-economic development;
- e) Urban Development and physical planning for sustainable development in the urban areas;
- f) Strengthening of enablers that support economic and social development

2. In line with the devolved functions of the County Governments, the CFSP has identified priority programs to be implemented in F/Y 2020/21 and in the medium term period. The policy paper has been firmed up with an updated National economic outlook to reflect changes in Global, National economic and financial conditions.

3. The CFSP is aligned to 2020 Budget Policy Statement (BPS) for national government. The 2020 BPS submitted to National Assembly on 17th February 2020 is set

against a promising macroeconomic environment which anchors the National economic growth on the Big Four” Agenda which targets to:

- i. Support value addition and raise the manufacturing sector’s share to GDP to a higher level (15%) by 2022 which is currently at 9.2%. The aim is to accelerate economic growth, create jobs and reduce poverty;
- ii. Focus on initiatives that guarantee food security and nutrition to all Kenyans by 2022 through expansion of food production and supply, reduction of food prices to ensure affordability and support value addition in the food processing value chain;
- iii. Provide Universal Health Coverage thereby guaranteeing quality and affordable healthcare to all Kenyans; and,
- iv. Provide at least five hundred thousand (500,000) affordable new houses to Kenyans by 2022, and thereby improve the living conditions for Kenyans.

4. Further, guiding the FY 2020/21 policy focus is challenges and lessons learnt during the First year of implementation of the Second generation CIDP 2018-2022, which forms an integral base upon which the FY 2020/21 and medium term policies and programmes are designed and implemented. The 2020 CFSP is framed against the backdrop of a promising global economic growth as described in 2020 BPS. The economy grew by 6.3 percent in 2018 up from a growth of 4.9 percent in 2017. In the year 2019, the economy is estimated to have expanded by 5.6 percent in part reflecting the impact of delayed rainfall in the first half of 2019 that affected agricultural production. We project the economy to further expand by above 6.1 percent in 2020 and 7.0 percent over the medium term, economic growth is estimated at 6.2 percent in the FY 2020/21 up from an estimate of 5.8 percent in FY 2019/20.

5. Nationally Economic Growth in 2018 was driven by favorable harvests, a resilient services sector, positive investor confidence and a stable macroeconomic environment. Nonetheless, the demand side shows significant slack with growth driven primarily by private consumption while private sector investment remains subdued. So far in 2019, a strong pick-up in economic activity was underway for Q1 of 2019 as reflected by real growth in consumer

spending and stronger investor sentiment. However, a delayed start to the long rain season (March – May 2019) could affect the planting season-resulting in poor harvests.

6. Inflation remained low, stable and within the government targets range of 5+/- 2.5 percent in the period 2013 to 2019. This is an average of 5.8 percent which was realized as a result of prudent monetary and fiscal policies at the national level. Interest rates has also low and stable for the period 2013 to 2019 except for June to December 2015. The low interest is favorable for investment including at the county as it increases access to credit facilities.

1.2 CFSP Process Overview

7. The County Government Act mandates that county funds be spent according to approved planning framework as stipulated in various sections of the acts as below;

- i) Section 104, (1), (4); public funds cannot be “...*appropriated outside a planning framework developed by the county....*”
- ii) Section 107 (2), “*The county plans shall be the basis for all budgeting and spending in a county*”
- iii) Section 115 (1) “*Public participation in county planning process shall be mandatory and....*”

8. In addition, the PFM Act section 117 stipulates the process to be followed in the preparation of the CFSP. With regard to section 115 (1) of the County Government Act Narok County has ensured public involvement in planning, budget preparation and budget execution.

9. The rationale of public participation is to enhance value in decision-making, policy formulation and resource allocation in order to ensure that the budget addresses needs identified and prioritized by the affected public. Specifically, public participation enables citizens to:

- Follow up on accountability issues.
- Identify and communicate priority needs and preferences in the community
- Help in building ownership and draw support in the implementation of projects, programmes.

- Enhance transparency in the use of public resources

Notable concerns from members of the public which calls for immediate prioritization in the budgets were;

- i. Scaling up efforts in creating awareness on budget and planning process.
- ii. Enhancing capacity in public finance management
- iii. Construction and maintenance of roads
- iv. Constant supply of drugs in hospital
- v. Improve access to health care
- vi. Addressing livestock disease and outbreak
- vii. Supply of certified seeds, farm chemicals and fertilizer
- viii. Improve support in extension services
- ix. Support to the elderly, orphans, vulnerable children and persons living with disability
- x. Improve farming practices and the management of harvest to ensure consistent supply of food in the county
- xi. Environmental conservation including the protection of Mau Complex, and the rivers in the county
- xii. Increase the supply of safe and affordable water for domestic use
- xiii. Scale-up development of spatial plan and land use plans.
- xiv. Improve on the access to education for early school going children, the youths and adults
- xv. Lands and development of urban areas, street lighting and lands

1.3 Outline of the 2020 County Fiscal Strategy Paper

10. The rest of the paper is organised as follow; Section II outlines the economic context in which the 2020/2021 county budget is prepared. It provides an overview of the recent global and national economic developments and the macroeconomic outlook relevant to county budget process.

11. Section III outlines the fiscal policy and budget framework for the F/Y 2019/2020 that is supportive of strategic growth over the medium and long term sustainable development.

12. Section IV deals with intergovernmental fiscal relations that outlines the relationship between the national and county governments, transfer of functions and challenges encountered by the county governments in public finance management.

13. Section V outlines Medium Term Expenditure Framework (MTEF) for FY 2020/21 with county resources envelope, spending priorities and proposed MTEF ceilings over the same period.

II. RECENT ECONOMIC DEVELOPMENTS

14. This section provides an update of the economic performance and emerging issues likely to affect the outcome of national and county development goals. The section begins by focusing on the economic outlook at the global and regional level. The paper basically captures the outlook as signified in the BPS 2020 and other national policy documents like the budget policy review and outlook paper 2018, the Kenya Economic Survey 2019 by Kenya National Bureau of Statistics (KNBS), and Kenya Economic Report 2018 by Kenya Institute for Public Policy Research Analysis (KIPPRA). Thereafter an analysis of the national outlook and impact on county economy and linkages is provided.

15. The County's performance is largely dependent on the formulation and implementation of prudent policies to guide service delivery. The performance will also depend highly on the country's economic performance as the County's largest share of revenue is obtained through transfers from the National Government.

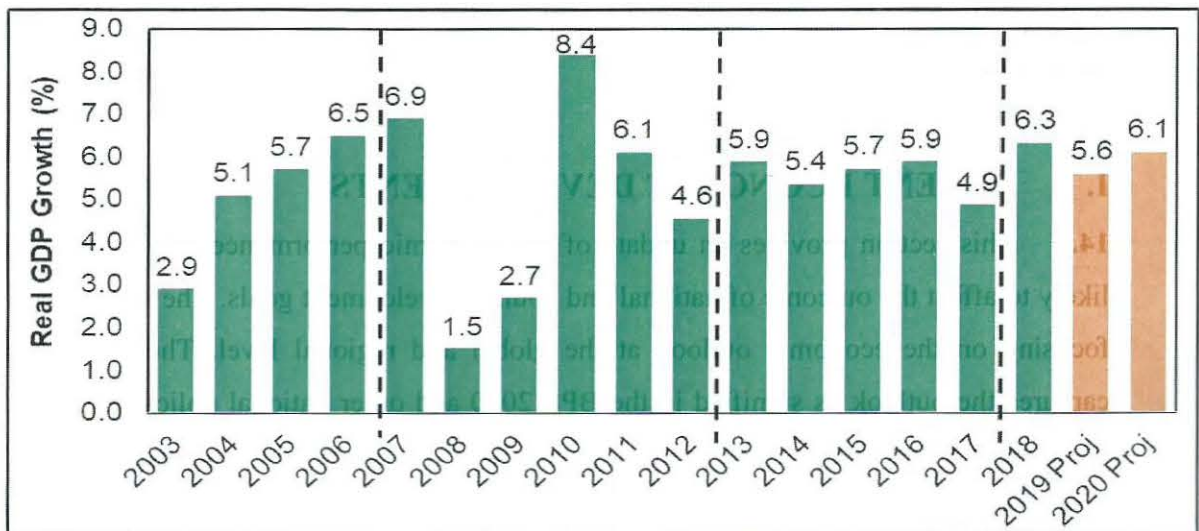
2.1 National Economic Outlook Overview

16. It was envisaged in the Kenya Vision 2030 that high economic growth would come from six key sectors: tourism, agriculture, wholesale and retail trade, manufacturing, business process offshoring, and financial services. The sectors were expected to add to GDP by 2012 as follows: tourism by KSh. 200 billion; agriculture by KSh. 90 billion; wholesale and retail trade by KSh. 50 billion; manufacturing by KSh. 30 billion; business process offshoring by

KSh. 10 billion; and financial services was to increase savings to 30 per cent of GDP. However, this is yet to be achieved.

17. The MTP II objective in the economic pillar specified a target of economic growth rate of 10.1 per cent by the year 2017. The trend in GDP growth over the last five years is reflected in Figure 1. Notable is that the expected high growth rate has not been achieved due to a number of factors. GDP is projected to expand by 6.1 percent in FY 2020/2021.

Figure 1: Trends in Kenya’s Economic Growth rates, Percent



Source Data: Kenya National Bureau of Statistics

2.1.1 Growth Update

18. In the third quarter of 2019, the economy grew by 5.1 percent compared to a growth of 6.0 percent in a similar quarter in 2018, mainly supported by strong performance in the services sub-sector such as information and communication, transportation and storage, and accommodation and restaurant.

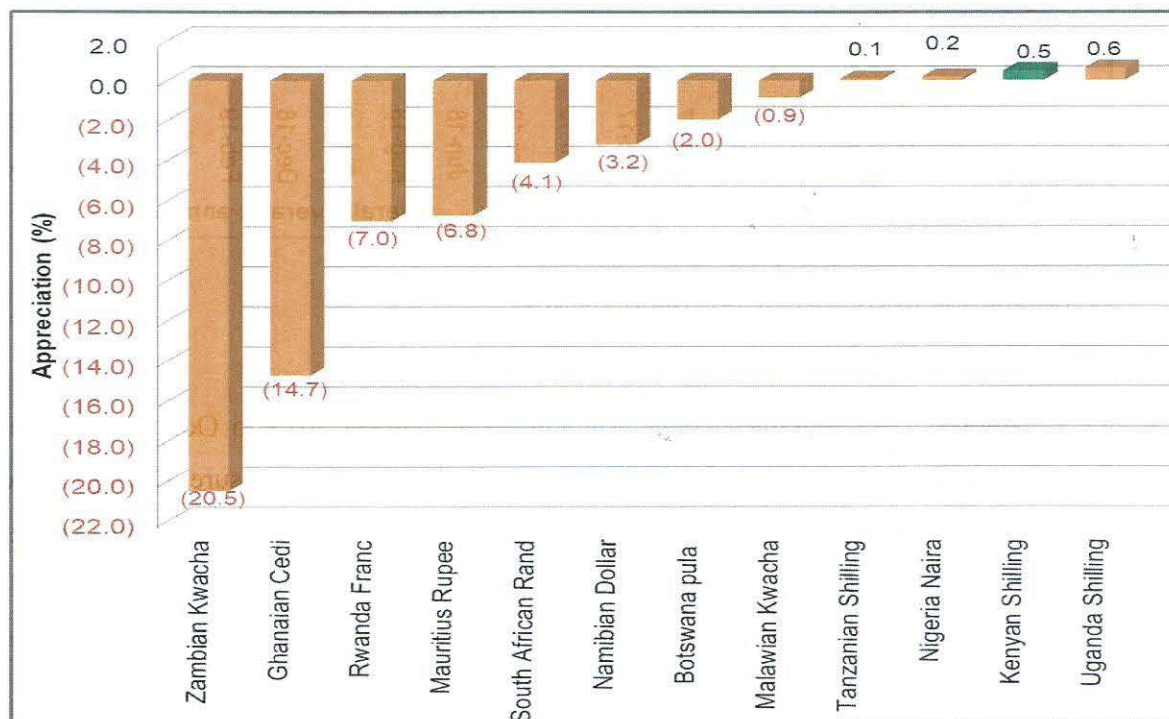
19. The resilient strong growth of the economy over the past five years reflects the broad based nature of our economy that has been largely driven by growth in the non-agriculture sectors. The non-agricultural sector (service and industry) remained vibrant and grew by 5.7 percent in the third quarter of 2019 down from a growth of 6.5 percent in a similar quarter in 2018. It has the largest percentage points contribution to real GDP growth at 4.0 in the third

quarter of 2019, mainly supported by the services sector. The agriculture sector recorded a decreased growth of 3.2 percent in the third quarter of 2019 compared to a growth of 6.9 percent in a similar quarter of 2018, as a result of delayed long rains. Consequently, the sector's contribution to GDP growth declined to 0.6 percent in the third quarter of 2019 compared to 1.3 percent in the same period in 2018.

2.1.2 Kenya Shilling Exchange Rate

20. The Kenya Shilling has remained relatively stable, compared to most sub-Saharan Africa currencies (**Figure 2**). In the year to January 2020, the Shilling strengthened by 0.5 percent against US Dollar, when most of currencies such as Ghanaian Cedi, Rwanda Franc, Mauritius Rupee among others were depreciating. The low volatility is attributed to resilient performance in exports particularly coffee and cut flowers, strong diaspora remittances, improved receipts from services such as tourism and lower imports of food and SGR-related equipment.

Figure 2: Performance of Selected Currencies against the USD (January 2019 - January 2020)



Source Data: Various National Central Banks

2.1.3 Inflation within target

21. Year-on-year overall inflation remained low, stable and within the Government target range of 5+/-2.5 percent in December 2019 at 5.8 percent up from 5.7 percent in December 2018 reflecting higher food prices

Figure 3: Inflation rate in Kenya



Source of Data: Kenya National Bureau of Statistics

2.1.4 Interest rates

22. Interest rates remained stable and low in the period 2013 to October 2019, except from June to December 2015 when world currencies were under pressure. During the period, the Central Bank Rate (CBR) was adjusted appropriately to anchor inflation expectations (Figure 4). The Central Bank Rate was reduced to 8.5 percent on 25th November 2019 from 9.0 percent in August 2018 as there was room for easing monetary policy stance to support economic activity.

23. The interbank rate declined to 5.9 percent in December 2019 from 8.2 percent in December 2018 due to enhanced liquidity in the money market. The interest rates for government securities have been declining indicating that the implementation of government domestic borrowing program supported market stability. The 91-day Treasury bills rate declined to 7.2 percent in December 2019 compared to 7.3 percent in December 2018. The 182-day Treasury bills rate declined to 8.2 percent from 8.4 percent while 364-day increased to 9.8 percent from 9.7 percent.

2.2 Global Growth Outlook

26 The Global growth is projected to pick up to 3.4 percent in 2020 from an estimated 3.0 percent growth in 2019. The projected pick up is on account of recoveries in stressed emerging markets and macroeconomic policy support in major economies. In advanced economies, growth is expected to slow down to 1.7 percent in 2020 from an estimated 2.3 percent in 2018 mainly due to trade tensions between the United States of America (U.S.A) and China, uncertainties surrounding the Brexit outcome, rising global oil prices due to tensions between U.S.A and Iran, and the pace of normalization of monetary policy in the advanced economies.

Owing to weaker trade and investment at the start of the year, global economic growth is expected at 3.4 percent in 2019 from a projection of 3.0 percent in 2019 down from 3.6 percent in 2018. The sluggish growth reflects the continued global trade sanctions between the U.S.A and China, subdued investment and demand for consumer durables in emerging markets and developing economies, rising energy prices and the continued Brexit-related uncertainties. As a result of the weaker prospects in the United States as its fiscal stimulus fades and the forthcoming increase in the consumption tax rate in Japan, growth in the advanced economies is expected to ease to 1.7 percent in 2020 from 2.3 percent in 2018.

Growth in the emerging markets and developing economies is expected to pick up to 4.6 percent in 2020, from an estimated growth of 3.9 in 2019. Similarly, the sub-Saharan Africa region is expected to remain relatively robust growing by 3.6 percent in 2020 from 3.2 percent in 2019.

27 Among emerging markets and developing economies, growth is expected to pick up to 4.6 percent in 2020 from an estimated 3.9 percent in 2019 reflecting recoveries in stressed economies such as Turkey, Argentina and Iran as well pickup in growth for Brazil, Mexico, India, Russia and Saudi Arabia which recorded significant slowdowns in 2019 relative to 2018.

28 Growth prospects for sub-Saharan Africa continue to strengthen. Growth is projected to improve to 3.6 percent in 2020 from 3.2 percent in 2018 and 2019, supported by higher commodity prices, improved capital market access and contained fiscal imbalances in many countries.

29 Growth in the East African Community (EAC) region is estimated to improve to 6.0 percent in 2020 from 5.6 percent in 2019 mostly supported by the stable macroeconomic environment, rebound in agricultural activities on the backdrop of favorable weather conditions, ongoing infrastructure investments, and strong private consumption.

2.3 Domestic Growth Outlook

30 On the domestic scene, despite the challenging global environment, Kenya's economy has remained strong and resilient. The economy expanded by 6.3 percent in 2018 up from the 4.9 percent growth registered in 2017. The growth momentum continued in the first three quarters of 2019, with the economy expanding by an average of 5.4 percent. The latest economic indicators in the third quarter of 2019 point to continued economic recovery that will culminate to an overall projected growth of about 5.9 percent in the FY 2019/20. Economic growth is further projected to rise to 6.2 percent in the FY 2020/21 and 6.9 percent by FY 2023/24.

31 The growth outlook for the FY 2019/20 and the medium term is supported by a stable macroeconomic environment, investments in the strategic areas under the "Big Four" Plan and their enablers, and existing business and consumer confidence in the economy. Further,

the ongoing public investments in infrastructure projects, growth in tourism, resilient exports and the associated benefits from regional economic integration in the sub region will reinforce the projected growth. The economic growth projections over the medium term are aligned to those of the MTP III.

32 Per capita income rose from KSh. 113,539 in 2013 to an estimated KSh. 202,859 in 2019, a 79 percent increase. This enabled generation of around 831,000 new jobs per year in the period 2013 - 2018 up from 656,500 new jobs per year in the period 2008 -2012.

2.4 Linkages between National and County Economic Outlook

33 The performance of the economy at the national level directly and indirectly affects the economic behaviour at the county level. Variations in economic indicators in the national economy have a direct effect on the performance of the economy at the county. Therefore, this paper is prepared in consideration that the policies at the national level inform the outcome at the county level.

34 For instance, a rise or decline in inflation raises or lowers the cost of living at both levels of government. At the county government, the rise in cost of goods directly impacts on the cost at which the county units obtain services from suppliers. Subsequently, this reduces the overall outlay available for expenditure.

35 On the other hand, depreciation in local currency stimulates exports and discourages importation. This depreciation encourages more visits by foreign tourists into the country. As the home of the famous Maasai Mara Game Reserves the increase in tourist arrivals as a result of the depreciation would lead to gain in terms of increased revenues. The contrary happens when the currency appreciates.

36 Regulatory monetary policy to reduce money supply in the economy at the national level has a counterproductive effect – raises interests rates- which discourages borrowings. This is likely to reduce business activities leading to unemployment. This impacts on revenue collection thereby affecting the shareable revenues and timely transfers to the county governments, thus affecting service delivery.

37 Similarly, increase in internal government borrowing crowds out private investment. This increases unemployment, decreased productivity in all sectors and ultimately the realized revenues. The removal of interest rates capping is expected to generate results that are favourable to the county economy if the access to credit from financial institutions is made available to small and medium size enterprises.

38 These macro-economic variables are measured by institutions at the national government with a trickle down effects in the counties. In view of the above, this paper proposes policies that are strategic in mitigating adverse effects likely to depress economic performance in the county.

2.5 Fiscal Performance of County Governments

39 The National Treasury in 2020 BPS, states that the aggregate budget for County Governments in financial year (FY) 2018/19 was KSh. 483.47 billion. This was KSh. 72.97 billion (or 17.79 percent) higher than the previous year's budget. According to the National Treasury, County Governments' collective budget increased by 13.0 percent in FY 2015/16; 8 percent in FY 2016/17; 3.0 percent in FY 2017/18 and 18 percent in FY 2018/19. On the other hand, the County Governments' actual spending was KSh. 376.4 billion in FY 2018/19 from KSh. 303.8 billion in FY 2017/18 representing an expansion of 5.0 percent and 24.0 percent respectively in FY 2017/18 and FY 2018/19. The actual spending grew by 23.0 percent in FY 2015/16 but declined from KSh. 321 billion to KSh. 288 billion in the FY 2016/17.

40 In FY 2018/19 the aggregate recurrent and development budget was KSh. 297.7 billion and KSh. 185.8 respectively however aggregate actual recurrent and development expenditure was KSh. 269 billion and KSh. 107.4 billion, respectively (2020 BPS).

41 Variances between County Governments' approved aggregate budgets and expenditure increased from KSh. 64 billion in FY 2014/15 to KSh. 107 billion in FY 2018/19. While absorption rate of recurrent budget has remained high over the last five years (i.e. more than 80 percent in each year), absorption of development budget initially increased

from 53.1 percent in FY 2014/15 to 65.2 percent in FY 2015/16 before declining to 48.1 percent in FY 2017/18 and then increasing to 57.8 in FY 2018/19. (Chart 4.2). The low absorption rate is explained in large part by procurement challenges at the County Government level and capacity deficits, especially in terms of planning. Ongoing implementation of the Kenya Devolution Support Program (KDSP), and continuous capacity building to the County Governments is expected to address challenges faced by Counties in planning, procurement and budget execution, among other areas.

42 As far as County Governments' fiscal performance is concerned, the main challenges relate to low Own Source Revenue (OSR) collections vis-a-vis their OSR potential, high wage bill, accumulation of pending bills and unstable pattern of financial activity within each budget period. The rest of this chapter discusses these challenges, as well as efforts by the National Treasury to improve fiscal performance of the County Governments and ensure that the quality of spending is enhanced within the context of the Public Finance Management Act, 2012.

43 In FY 2018/19, County Governments' actual OSR collection of was KSh. 40.30 billion against a target of KSh. 53.86 which was a significant improvement from the achievement of FY 2017/18 which recorded 32.49 billion. This represents a better OSR outturn in FY 2018/19 (of 74.8 percent compared to 66 percent in FY 2017/18. Counties' OSR performance has improved in the last two years both as a proportion of targeted collections and also in absolute terms. According to the report from the Controller of Budget, 12 counties surpassed their revenue targets in the FY 2018/19 and Narok was one of them surpassing targets by 109.1%. This could be attributed to improved revenue collection or better revenue forecasting. However, a number of Counties, OSR performance was below target.

44 In FY 2017/18, the National Treasury finalized preparation of the National Policy to Support Enhancement of County Governments' OSR, which was submitted to and approved by the Cabinet. The Policy highlights a number of challenges contributing to the underperformance of OSR among the Counties. These challenges include; i) absence of revenue policies and legislation; ii) low automation and integration of revenue

administration; iii) inappropriate institutional arrangements; and, iv) Lack of effective internal controls and audit mechanisms among others (BPS, 2020).

2.6 Fiscal Performance of the Narok County Budget

2.6.1 Overview

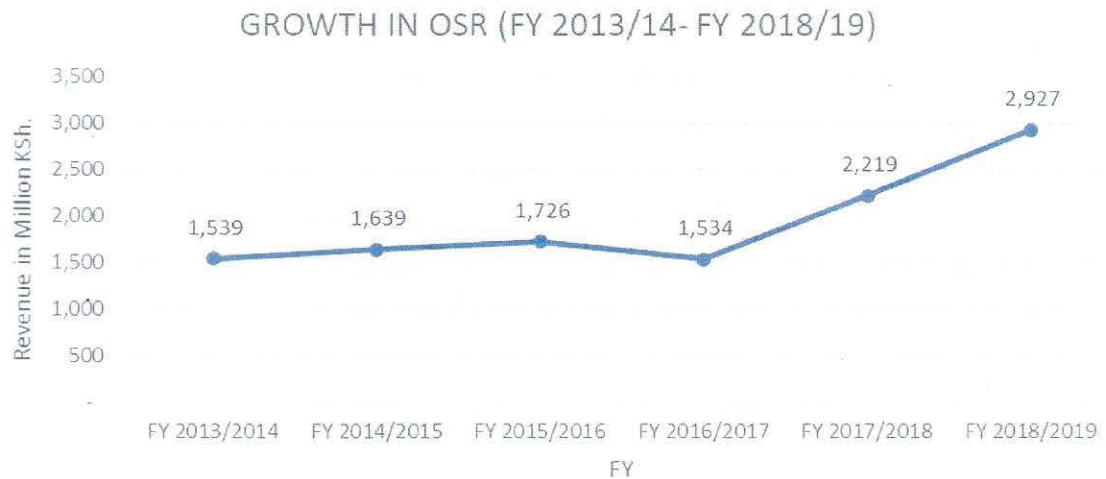
45 The review of fiscal performance in the current and previous years is a critical basis for determining future allocations and forecasts. A broad analysis of fiscal performance is particularly important given that the life of this strategy paper is coinciding with the Implementation of the second generation CIDP for the period 2018-2022.

46 Thus to put the implication of the fiscal performance into proper perspective this section begins with the review of the fiscal performance focusing on FY 2019/20 which is currently under implementation. Then the focus shift to a backward reflection to highlight the findings of the review of fiscal performance of CIDP I implementation.

2.6.2 Fiscal Performance of the Narok County Budget

47 Own sources of revenue has been on an increasing trend over the years. Fig 4 Collection of Own sources of revenue for FY 2018/19 was KES 2,926,907,522. The revised target for the year was KES. 2,859,975,762.41, thus the target was surpassed by KES. 66,931,759 which is equivalent to two percent (2%). This sharp rise is indicative of the likelihood for more collection this year and a basis for setting a higher target for FY 2020/21

Figure 4: Trend in Own Source Revenue



48 Recurrent expenditure amounted to KES. 7,038,865,935.27 against a revised target of KES. 7,041,483,646. The actual releases from the exchequer was KES 7,041,483,645.82. Thus, the total expenditure on recurrent at the close of FY 2018/19 represents 99.9 percent rate of absorption against the released funds and estimated expenditures for recurrent. Development expenditure amounted to KES. 3,008,044,852.60 compared to a revised target of KES. 3,153,373,369.00. The actual releases from the exchequer was KES. 3,013,047,494. This represents 99.8 per cent rate of absorption against the available fund but 95.4 percent absorption rate when compared against the revised estimates on expenditures for development.

49 The implementation of the budget for FY 2019/20 is progressing well. By the end of December 2019, total cumulative revenue (Transfers from the national government and local own revenue sources) amounted to KSh. 4.8 billion equivalent to the amount on the expenditure side of the budget.

3 FISCAL POLICY AND BUDGET FRAMEWORK FOR THE F/Y 2020/2021

50 This section presents the fiscal policy upon which the F/Y 2020/21 budget and the medium-term programmes are to be based. The County Government's fiscal policy seeks to support structural reforms while improving service delivery. It aims to promote and support a

higher level of investment and export expansion in tourism and agriculture while enabling Government to finance public services, redistribution and development in an affordable and sustainable budget framework.

51 The county government shall continue with prudent public finance management and ensuring it adheres to the fiscal responsibilities in accordance to the PFM law. This is expected to enhance prudent and transparent management of public resources. This will help in maintaining county development expenditure above the 30% threshold provided in the PFM law. Prudent financial management and creating of a conducive business environment is also expected to boost both investors and creditors confidence culminating to much needed investment in the county.

52 Towards ensuring that more resources are devoted for development, the County government of Narok remains committed in ensuring that discretionary expenses are reduced. Reforms in the expenditure management and revenue administration will continue to be implemented so as to increase efficiency, reduce wastages and increase revenues collected. This is expected to create fiscal space for spending on development programmes within the budget.

3.1 The 2020/21 Budget Framework

53 In FY 2020/21 prioritization of resource allocation will be based on the preliminary considerations in Narok County Integrated Development Plan (CIDP 2018-2022), recommendations gathered during the public consultative forums on 12th and 13th February 2020, Sectoral reports, departmental strategies, programmes and broad development policies of the national government including the “BIG FOUR AGENDA”.

3.1.1 Fiscal Responsibility Principles

54 The County Government of Narok recognizes that policy decisions made today on usage of public resources will affect future generations. This fiscal standpoint is taken to safeguard the lives of future generations with regard to sustainable use of available resources.

55 Therefore, in line with the Constitution, the Public Finance Management (PFM) Act, 2012, and in keeping with the prudence and transparent management of public resources, the County government will adhere to fiscal responsibility principles.

56 In FY 2020/21, approximately 32 percent has been allocated for development. In FY 2018/19 the county utilized approximately 30 percent on development while in FY 2019/20 the County treasury allocated approximately 38 percent on development.

57 Although the County Government envisages maintaining a balanced budget where total revenue equal total expenditure, it will seek to adhere to borrowing guidelines if need arises. The amounts realised from the borrowing will be applied in financing development projects only.

58 On fiscal risks the County Government will continue to put measures in place to enhance revenue collection, majorly through automation and widening of revenue base.

3.1.2 Fiscal and Public Financial Management Reform

59 The County Government will continue pursuing its policy objectives within the financial context established by fiscal responsibility principles. The progress made in the context of strategic priorities will continue to be regularly reviewed to establish the parameters for the Budget, with a continued focus on the level of expenditure on County development.

60 The fiscal policy will be geared towards enhancing revenue administration and efficiency in collection, by formulating revenue administration regulations and reviewing legislations for charges and fees in order to simplify and modernize them. This is expected to increase revenue collection in the medium term.

61 The County Government will continue its prudent approach to budgeting through expenditure rationalization and optimal resource allocation as a measure of realizing quicker socio-economic growth.

62 It is therefore imperative to reform and modernize the revenue systems to ensure stability of revenue, while at the same time continuing to restructure expenditure systems to ensure efficiency and create fiscal space required to meet the county budgetary needs.

3.1.3 Revenue Projections

63 According to the 2020 Budget Policy Statement (BPS), Narok County is to receive an allocation of KSh. 7,121,250,000 as equitable share. The County government of Narok will also receive an approximately KSh. 785,346,496 as conditional allocations. These will include allocations for compensation for user fees, rehabilitation of village polytechnics, road maintenance levy fund, funds for leasing of medical equipment's and grants for various programmes. In addition to the equitable share and conditional funds, Narok County is to receive an estimated KSh. 448,095,200 from equalization fund.

64 Further, the County generates its own revenues from property rates, entertainment taxes and other taxes that the county is authorized to impose by an Act of Parliament as well as user fees and charges to be authorized in the Finance bill for FY 2020/21. The County projects to collect revenue amounting to KSh. 3,349,401,064 from local own revenue sources.

65 The total revenue for FY 2020/21 is therefore projected at KSh.11.3 billion as shown in table 1.

Table 1: Revenue Projections, (In million KSh.)

Financial Year	Baseline	Estimates	Projections	
	2019/20	2020/21	2021/22	2022/23
Equitable share	8,039.10	7,121.25	7,425.52	7,711.12

Financial Year	Baseline	Estimates	Projections	
	2019/20	2020/21	2021/22	2022/23
Additional Conditional Allocations	980.212	785.35	833.57	865.63
B/F KDSP, NHIF, ASDSP, THS	505.5	-	-	-
Local Collections	3,215.98	3,349.41	3,710.91	3,904.33
TOTAL	12,740.79	11,256.01	11,970.01	12,481.08

Source: Narok County Treasury

66 The county will endeavour to implement structural reforms supportive of revenue raising measures to be contained in the Finance Bill 2020. This shall be in accordance with the provision in PFM Act 2012 section (132) (1&2) which require the County Executive member for finance to make pronouncement of the revenue raising measures for the county government with the approval of the County Executive Committee.

3.1.4 Expenditure Projections

67 Considering the limited resources against competing needs for programme funds, priorities for funding in FY 2020/21 has been given to projects/programmes that focus on county strategic interventions. These programmes are geared towards promotion of service delivery that supports social development, economic growth and transformation of the County. They are also in line with preliminary considerations in the County Integrated Development Plan (CIDP 2018-2022), Third Medium Term Plan of the vision 2030, and other policy provisions for transitioning from CIDP 2013-17 to CIDP 2018-2022 and from MTP II to MTP III. Recurrent expenditure has been structured to decrease over time as capital expenditure increases in relative terms.

68 Further, the county government shall ensure that recurrent expenditure does not exceed 70 percent of county government's total revenue. The county government shall also observe a reasonable degree of revenue predictability.

3.1.5 Recurrent Expenditure Projections

69 In expenditure projections for FY 2020/21 and in the medium term, it is expected that allocation of resources will be on programmes and projects that are prioritized in the MTP III and second generation CIDP for Narok County. Thus, departments will be required to follow

this criterion in identification and allocation of resources during the preparation of budget estimates.

70 Total recurrent expenditures in FY 2020/21 is estimated at KSh.7.6 billion representing 68 percent of the total budget.

3.1.6 Development Expenditure Projections

71 The overall development expenditure for FY 2020/21 is projected at KSh.3.6 billion as shown in Table 2.

Table 2: Allocation for development and recurrent (In Million KSh.)

	Baseline	Estimates	Projections	
Financial Year	2019/20	2020/21	2021/22	2022/23
Expenditure				
Recurrent	7,913.99	7,636.22	7,921.11	8,197.95
Development	4,826.81	3,619.80	4,048.90	4,283.13
TOTAL	12,740.80	11,256.01	11,970.01	12,481.08
% Allocation				
Recurrent	62%	68%	66%	66%
Development	38%	32%	34%	34%
TOTAL	100%	100%	100%	100%

Source: Narok County Treasury

72 The projections in Table 2 indicate that in FY 2020/21, percentage allocation to development is 32 percent. The PFM Act section 107(2b) requires that over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure. The projected allocation for FY 2021/22 is 34 percent and is 34 percent in FY 2022/23.

73 In order to contain non-essential spending in recurrent and non-priority expenditure in development, Narok County Government will focus on the following areas of intervention.

- a) Ensuring full compliance with commitment control system, paying up and closing the identified genuine stocks, terminating or completing stalled projects that are likely to lead to pending bills.
- b) Restructuring and strengthening of monitoring and evaluation system.

- c) Containing both foreign and domestic travel at a level not likely to jeopardize other operational cost.
- d) Consultancy services will only be of last resort with a full credible proof that the county doesn't have capacity to undertake activity which consultancy is sought for.

3.1.7 Overall deficit and financing

74 To ensure fiscal discipline, Narok county Government will run a balanced budget whereby the revenue is equal to expenditures. In effect, the FY 2020/21 county budget shall be financed through transfer from the National Government and own revenue collected from local sources such as fees and charges, rates, among others allowed by the governing Acts only.

3.2 Key Risks to the 2020/21 Budget framework

75 The local revenue is largely from Maasai Mara Game Reserve which is reliant on tourism. A reduction in tourist arrivals would also impact on revenue generation. With the outbreak of the Coronavirus (COVID -19), tourist numbers are expected to slump due to travel advisories in the short-term especially from the residents of China and other affected countries, until the outbreak is contained. Narok County receives a large number of tourists from China annually. These numbers are likely to go down due to cancellation of travel plans thereby posing a risk on revenue raised from OSR.

76 Delay in the release of equitable share from national government poses a major challenge particularly in projects implementation. It often leads to postponement of critical processes such as tendering which in return delays the entire project implementation.

77 Public expenditure pressures, especially recurrent expenditures, continue to pose fiscal risk to the County Governments.

78 Uncertainties occasioned by travel advisories and erratic weather condition. The advisories affect predictability of collection of park fee; erratic weather patterns and travel advisories which adversely affect agriculture and tourism sectors respectively.

79 Inadequate capacity in terms of human capacity and infrastructural support hinders effective public finance management. Hence the need for capacity of county staffs to be built on emerging trends such as internet banking and e-procurement. Unreliable internet provision has also hindered smooth operation of IFMIS which has in return led to administration difficulties.

80 Complying with the fiscal rule set under section 107 of the PFM Act 2012 that limit development spending to a minimum of 30 percent of the County Government's budget is a challenge.

81 The requirement to pay all pending bills within FY 2019/20 is exerting a lot of pressure on the expenditure. The condition has caused the re-direction of funds meant for enhancement of OSR and other initiatives, to cater for pending bills. Reduced funding on revenue enhancement strategies means high likelihood of underperformance in OSR in FY 2019/20 with the effects spilling over to FY 2020/21

82 Reduced equitable share for the FY 2020/21 compared to FY 2019/20 equitable share means low investments opportunities thereby hampering socio-economic growth and development. Lowered productivity would adversely affect the collection of revenue.

4 INTERGOVERNMENTAL FISCAL RELATIONSHIP

4.0 Overview

83 The fiscal strategy paper will be applied in guiding the budget policies for FY 2020/21 and the medium-term period. It's worthy to note that 2015/16 was the final transition year as defined in the Sixth Schedule of the Constitution and in the Transition to Devolved Government Act, 2012. From an intergovernmental fiscal relations standpoint, substantial progress has been made in terms of laying the legal, institutional and administrative foundations for successful fiscal decentralization.

84 The National government has made intent in the Budget policy statement including the intent to; i) strengthen revenue policies and legislation in the counties; ii) build the capacity of human resource; iii) improve on institutional arrangements for revenue collection

and administration; and, iv) promote effective internal controls and audit mechanisms in counties.

85 In FY 2017/18, the National Treasury finalized the National Policy to Support Enhancement of County Governments' OSR, which was submitted to and approved by the Cabinet. Implementation of the Policy will include: i) assisting County Governments to determine their revenue potential and improve revenue forecasting; ii) supporting the Counties to develop principal laws to anchor their revenue measures in line with Article 210(1) of the Constitution; and, iii) ensuring that all Counties have established appropriate institutional arrangement for collecting OSR, and that they have adopted more effective and revenue management systems with common standards. As part of strategies to implement the above policy, County Governments are to receive capacity building from the National Treasury on various PFM aspects including revenue forecasting and tax analysis. This capacity building will be provided under the ongoing Kenya Devolution Support Program (KDSP).

86 The National Treasury, through the Intergovernmental Fiscal Relations (IGFR) Department continues to implement reforms to enhance performance of County Governments. The reforms, which are being implemented under the Revised Public Finance Management Reform Strategy (2016-2018) are expected to lead among other things, to:

- Improved collection and efficiency of County Governments' own-source revenue (OSR) systems, including accounting and reporting.
- Improved capacity of Counties to formulate realistic and credible budgets, and hence better harmony between County Executive and County Assemblies in the budget process;
- Strengthened capacity of County Assembly oversight committees specifically, County Assembly Budget and Appropriation Committees to produce quality reports in a timely manner;
- Proper documentation and management of County Governments' assets and liabilities; and

- o A clearer and stronger system of intergovernmental fiscal relations, particularly on management of intergovernmental conditional grants between the two levels of Government.
- o Undertake a study to determine each County's OSR potential.

4.1 Division of Revenue between the National and the County Governments

87 In order to arrive at County Governments' equitable share of revenue for FY 2020/21, The National Treasury proposes that County Governments be allocated an equitable share of revenue raised nationally of KSh. 316.5 billion in the FY 2020/21, and that the National Government be allocated KSh. 1,832.4 billion. For County Governments, this will translate into zero growth vis-à-vis the FY 2019/20 allocation of KSh. 316.5 billion as per the C-BROP 2019 and BPS 2020.

88 In addition to the above equitable share allocations, County Governments will in FY 2020/21, receive additional funds as conditional grants. These include the following:

From the National Governments' equitable revenue share, KSh. 785,346,496 is for: i) Road Maintenance Levy Fund; ii) rehabilitation of village polytechnics; iii) leasing of medical equipment; iv) compensation for foregone user fees; and, v) Loan and Grants; vi) Level-5 Hospitals vii) Supplement for construction of county headquarters for Narok County Government.

(Table 3). Each additional conditional allocation is distributed based on its objectives, criteria for selecting beneficiary Counties and distribution formula.

Table 3: Total allocations to County Governments

Allocation		Amount in million KSh.			
Type/Level of Allocation		2017/18	2018/19	2019/20	2020/21
County Equitable Share (to 47 counties)		299,136.2	311,060.0	310,000.00	316,500
Additional conditional allocations, of which:					
i	Free maternal Healthcare	3,369.2	-	-	-
ii	leasing of Medical equipment	4,500.0	6,100.00	6,200.00	6,205.00

Allocation		Amount in million KSh.			
		2017/18	2018/19	2019/20	2020/21
iii	Compensation for User fees forgone	900.0	900.0	900.00	900.00
iv	Level 5 hospitals	4,200.0	4,200.0	4,326.00	4,326.00
v	Special Purpose Grant (Emergency medical services)	-	-	-	-
vi	Supplement for construction of county headquarters	605.0	605.0	485.2	300.00
vii	Rehabilitation of Village Youth Polytechnics	-	2,000.0	2,000.00	2,000.00
viii	Allocation from Fuel Levy Fund (15% of collections)	7,875.0	8,269.0	8,984.10	9,433.27
ix	Conditional allocations (Loans and Grants)	3,870.70	12,541.4	25,421.9	30,204.35
Total		302,198.5	333,126.8	358,555.9	369,868.62

Source: BPS 2020

- A total of KSh. 6.532 billion has been set aside in the 2020 BPS as Equalization Fund. The allocation is to be managed by a Fund's Administrator appointed by National Treasury.
- Counties will also benefit from an allocation of KSh. 9.433 billion from the Road Maintenance Fuel Levy Fund (RMLF). As in previous years, this is calculated at 15 percent of projected FY 2019/20 collections by the Kenya Roads Board (KRB)
- KSh. 30.2 billion from proceeds of external loans and grants, which will finance devolved functions in accordance with the signed financing agreement for each loan/grant.

89 Accordingly, in FY 2020/21, the Counties will share an estimated KSh. 369.87 billion.

MEDIUM TERM EXPENDITURE FRAMEWORK

5.1 Resource Envelope

90 The law provides for several sources wherefrom counties can generate revenues namely, transfers from national government (Article 202 & 204), local collection and borrowing (Article 212). The sources of revenue for Narok County Government in the past three years have been from all of the above sources except borrowing. The transfers from

national government comprise the equitable share (Article 202 (1) and additional conditional resources including grants (Article 202 (2) and Equalization fund (Article 204).

5.1.1 Equitable Share

91 This is the county allocation from the national government which is equitably shared between national government and the county governments (vertically) and horizontally among the forty-seven counties. The sharing criterion is in accordance to Commission on Revenue Allocation (CRA) formula with an approval of the senate. In the FY 2020/21, Narok County is allocated a total of KSh. 7.906 billion equivalent to 70 percent of the total county budget.

5.1.2 Additional Transfers from National Government

92 To supplement the equitable share, the County Government will also receive a total of KSh. 0.785 Billion in conditional grants as shown in table 4. Conditional allocations will be transferred for leasing medical equipment amounting to KSh. 132,021,277 KSh. 20,595,297 as compensation for user fees forgone; KSh, 16,084,894 for rehabilitation of village youth polytechnics and grant for maintenance of roads amounting to KSh. 212,248,477. In addition, the county expects to receive a total of KSh. 404,396,552 in form of loans and grants.

93 These additional conditional resources are normally predetermined in amount and purpose within the 2020 BPS and cannot be reallocated by the county treasury.

5.1.3 Local collection

94 Other than the equitable share and additional conditional funds, the County Government will generate a total of KSh.3.3 million in domestic revenues through specific county revenue raising measures. Table 4 shows a breakdown of various sources of revenue projections in the Narok Count.

Table 4: Narok County Resource Envelop (In Million KSh.)

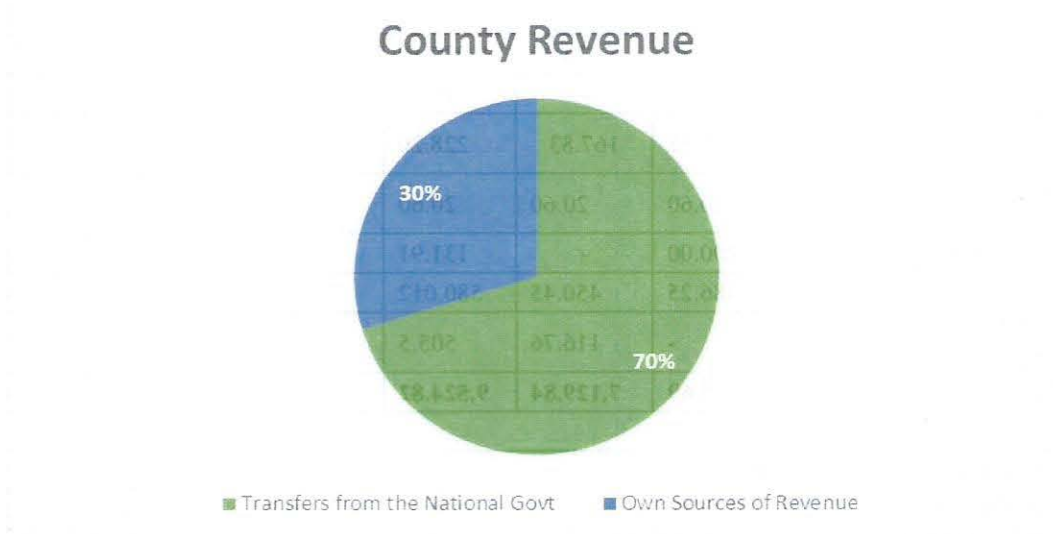
COUNTY GOVERNMENT OF NAROK REVENUE ESTIMATES						
CFSP FY 2020/2021	2018/19		2019/20	2020/21	2021/22	2022/23
	Targets	Actual	Approved Budget	Estimates	Projections	

COUNTY GOVERNMENT OF NAROK REVENUE ESTIMATES						
CFSP FY 2020/2021	2018/19		2019/20	2020/21	2021/22	2022/23
	Targets	Actual	Approved Budget	Estimates	Projections	
CENTRAL GOVERNMENT TRANSFERS						
Equitable Share	6,374.20	6,374.20	8,039.10	7,121.25	7,425.52	7,711.12
Village Polytechnic	30.82	-	19.49	16.09	17.15	17.81
Road Maintenance Levy Fund	167.83	167.83	228.20	212.25	220.42	228.90
compensation for user fees forgone	20.60	20.60	20.60	20.60	21.39	22.21
leasing medical equipment	200.00	-	131.91	132.02	154.67	160.63
Grants	386.25	450.45	580.012	404.40	419.95	436.10
B/F KDSP, NHIF, ASDSP, THS etc	-	116.76	505.5	-	-	-
Sub-Totals	7,179.69	7,129.84	9,524.82	7,906.61	8,259.09	8,576.75
REVENUE FROM LOCAL SOURCE						
Property Rates & Rents	120.53	18.53	259.02	149.87	296.87	308.28
Housing/ Stall Rent	38.38	4.52	49.28	5.39	6.48	8.65
Markets & Slaughterhouses	76.39	8.26	68.49	50.59	78.49	81.51
Parking Fees - Street Parking & Bus Parks	50.76	12.85	40.92	45.16	46.90	48.71
Conservancy & Solid Waste Disposal	19.81	5.44	21.82	24.08	25.00	25.96
Single Business Permit	58.39	48.47	64.33	71.00	73.73	76.56
Maasai Mara Game Reserve Fees	1,739.32	2705.52	2,489.43	2,812.53	2,853.20	2,962.93
CESS Revenue	195.64	97.75	75.94	83.81	87.03	90.38
Miscellaneous/Others	185.98	25.57	146.75	106.97	193.21	251.33
Sub-Totals	2,485.21	2,926.91	3,215.98	3,349.40	3,710.91	3,904.33
TOTAL REVENUE	9,664.91	10,056.74	12,740.79	11,256.01	11,970.01	12,481.08

Source: Narok County Treasury

95 Figure 4 compares the revenue targets for FY 2020/21 from the central government transfer and the collection from local sources. The targets for local revenue will be realised based on Finance Bill 2020.

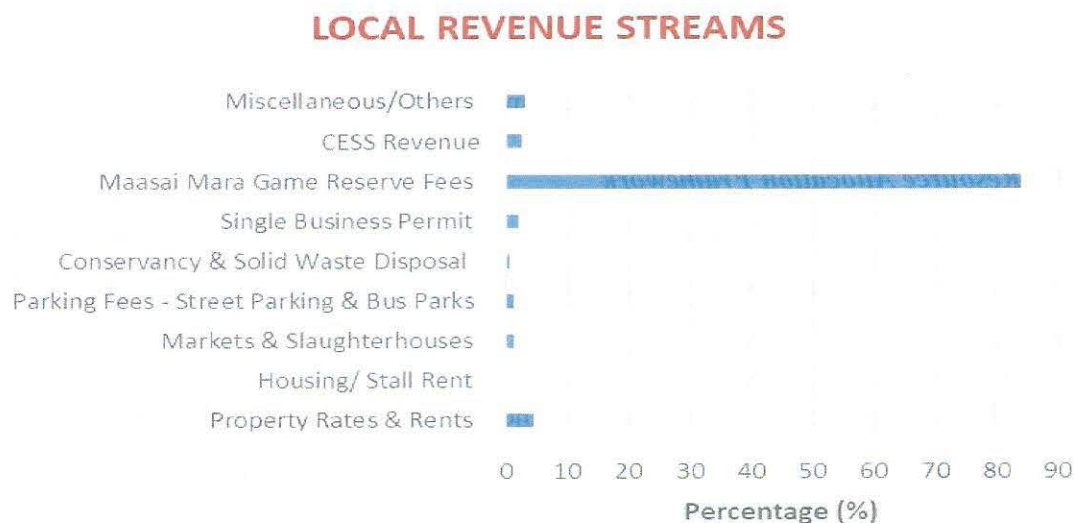
Figure 4: Share of revenue between National transfer and local collections



Source: Narok County Treasury

96 At the local level, collection from Maasai Mara Game reserve accounts for 84 percent of total revenue collected from various sources at the county level, (Figure 5)

Figure 5: Local revenue collection



Source: County Treasury

97 The county can also engage Public Private Partnership in accordance to PPP Act 2013 as provided in the PFM Act section 146 and or resort to borrowing provided the national government guarantees with an approval from the county assembly to finance development projects.

98 Grants and donations from development partners that is contemplated in section 138 and 139 of the PFM Act, 2012 is another likely source of revenue.

99 In addition to the equitable share and conditional grants, Narok County is to benefit from approximately KSh. 448.1 million as equalization fund. This is the fund established in accordance with article 204 of the constitution of Kenya 2010, into which one half per cent of all the revenue collected by the national government each year is paid. The amount is calculated on the basis of the most recent audited accounts of revenue received, as approved by the National Assembly.

100 This approximate figure is 6.86 per cent of KSh. 6.532 billion shared horizontally among 14 counties considered to be marginalized in the country. The money is aimed at improving infrastructure development in these areas with an objective of bringing the

counties at par with the rest of the counties. In Narok County the funds will go towards supporting access to basic services including health, roads and water through infrastructural development. The implementation of the fund which is managed through a national steering group, started through the first disbursement in FY 2017/18.

5.1.4 Resource Allocation Framework

101 With the overall resource envelope derived largely from national government transfer, the key features of resource allocation by spending units for the FY 2020/2021 involve:

- Identifying sectoral priorities from the County Integrated Development Plan 2018-2022.
- Ranking priorities in terms of their contribution to achieving objectives set out in the CIDP and budget preparation guidelines.
- Establish an enabling environment targeting women, youth and vulnerable groups to improve their livelihood through income generating activities.
- Creating an enabling environment for investors from local and abroad to invest in diverse areas of interest in line with Kenya Vision 2030 and the CIDP 2018-2022.

102 In view of the constitutional requirement and in accordance to provisions in part XI of the County Government Act the county government has ensured that the main priorities in MTEF budget framework have been considered in the second-generation County Integrated Development Plan (CIDP 2018-2022). The priorities were firmed-up during the 2020 public hearings forums on the budget for FY 2020/2021

5.3 Apportionment of the Baseline Ceilings

103 The baseline estimates reflect the current departmental spending levels and proposed programmes in the sectors. In the recurrent expenditure category, non-discretionary expenditures take first charge. These include payment of statutory obligations such as salaries for permanent county staffs, rents and utilities.

104 Development expenditures have been shared out on the basis of the CIDP priorities and strategic interventions. The following criteria were used in apportioning capital budget:

- *Compliance with Regulation:* Priority for financing projects has been given to those projects that are in full compliance with the Government regulations and priorities as outlined in the CIDP and which are fully justified for financing.
- *On-going projects:* emphasis has been given to completion of on-going capital projects and in particular infrastructure projects with high impact on poverty reduction, equity and employment creation.
- *Economic impact:* priority was also given to programmes and projects with higher socio-economic impact in terms of job creation and improvement of citizen's welfare.
- *Strategic policy interventions:* priority was also given to policy interventions covering the entire county integration, social equity and environmental conservation.
- Interventions identified in the county integrated development plan (CIDP 2018-2022) and 2020/21 budget;
- *Counterpart funds:* priority was also given to adequate allocations for projects with counterpart funding. Donor counterpart funds are the portion that the Government must finance in support of the projects financed by development partners.

5.2 Medium-Term Expenditure Estimates Ceilings

Table 5: Proposed ceilings for FY 2020/21 (Amount in millions KSh.)

Sector	Sub-Sector	SECTOR BUDGET CEILINGS					%SHARE OF TOTAL EXPENDITURE			
		Total	Baseline	Estimates	Projections		Baseline	Estimates	Projections	
			F/Y 2019/20	F/Y 2020/21	F/Y 2021/22	F/Y 2022/23	F/Y 2019/20	F/Y 2020/21	F/Y 2021/22	F/Y 2022/23
Public Administration And International Relations (PAIR)		Total	3,961.71	3,197.21	3,303.36	3,429.52	31.09%	28.40%	27.60%	27.48%
	County Assembly	Sub-Total	1,024.15	924.87	955.00	986.53	8.04%	8.22%	7.98%	7.90%
		Rec	863.91	786.79	809.94	841.09	6.78%	6.99%	6.77%	6.74%

		SECTOR BUDGET CEILINGS					%SHARE OF TOTAL EXPENDITURE			
Sector	Sub-Sector		Baseline	Estimates	Projections		Baseline	Estimates	Projections	
			F/Y 2019/20	F/Y 2020/21	F/Y 2021/22	F/Y 2022/23	F/Y 2019/20	F/Y 2020/21	F/Y 2021/22	F/Y 2022/23
		Dev	160.24	138.08	145.06	145.44	1.26%	1.23%	1.21%	1.17%
	County Executive	Sub-Total	307.84	263.80	273.03	276.18	2.42%	2.34%	2.28%	2.21%
		Rec	307.84	263.80	273.03	276.18	2.42%	2.34%	2.28%	2.21%
		Dev	-	-	-	-	-	-	-	-
	County Administration and Public Service Management	Sub-Total	1,264.10	807.63	845.14	919.10	9.92%	7.18%	7.06%	7.36%
		Rec	1,064.10	706.80	734.45	768.21	8.35%	6.28%	6.14%	6.15%
		Dev	200.00	100.83	110.69	150.89	1.57%	0.90%	0.92%	1.21%
	Public Service Board	Sub-Total	95.24	85.64	89.81	93.81	0.75%	0.76%	0.75%	0.75%
		Rec	95.24	85.64	89.81	93.81	0.75%	0.76%	0.75%	0.75%
		Dev	-	-	-	-	-	-	-	-
	Finance, Economic Planning, ICT & E-Government	Sub-Total	1,270.38	1,115.27	1,140.38	1,153.90	9.97%	9.91%	9.53%	9.25%
		Rec	825.07	724.87	734.13	743.39	6.48%	6.44%	6.13%	5.96%
		Dev	445.31	390.40	406.25	410.51	3.50%	3.47%	3.39%	3.29%
Environmental Protection And Water		Total	488.77	389.41	461.76	483.76	3.84%	3.46%	3.86%	3.88%
	Env. Protection Water & Natural Resources	Sub-Total	488.77	389.41	461.76	483.76	3.84%	3.46%	3.86%	3.88%
		Rec	201.77	190.01	197.73	214.67	1.58%	1.69%	1.65%	1.72%
		Dev	287.00	199.40	264.03	269.09	2.25%	1.77%	2.21%	2.16%
Education, Social Protection, Culture & Recreation		Total	1,995.76	1,508.51	1,545.71	1,611.74	15.66%	13.40%	12.91%	12.91%
	Education Youth Affairs Development	Sub-Total	1,995.76	1,508.51	1,545.71	1,611.74	15.66%	13.40%	12.91%	12.91%
		Rec	1,136.16	1,007.59	1,014.01	1,020.40	8.92%	8.95%	8.47%	8.18%
		Dev	859.60	500.92	531.70	591.34	6.75%	4.45%	4.44%	4.74%
Roads, Transport & Infrastructure		Total	1,268.52	1,065.60	1,152.15	1,175.20	9.96%	9.47%	9.63%	9.42%
	Roads, Public Works and Transport	Sub-Total	1,268.52	1,065.60	1,152.15	1,175.20	9.96%	9.47%	9.63%	9.42%
		Rec	284.52	264.83	265.57	274.56	2.23%	2.35%	2.22%	2.20%
		Dev	984.00	800.77	886.58	900.64	7.72%	7.11%	7.41%	7.22%
Health		Total	2,808.10	3,380.86	3,594.90	3,744.40	22.04%	30.04%	30.03%	30.00%
	Health And Sanitation	Sub-Total	2,808.10	3,380.86	3,594.90	3,744.40	22.04%	30.04%	30.03%	30.00%
		Rec	2,126.59	2,616.41	2,786.31	2,913.99	16.69%	23.24%	23.28%	23.35%
		Dev	681.51	764.45	808.59	830.41	5.35%	6.79%	6.76%	6.65%
Agriculture Rural & Urban Development		Total	1,410.94	1,033.79	1,168.01	1,273.99	11.07%	9.18%	9.76%	10.21%
	Agriculture, Livestock And Fisheries	Sub-Total	1,050.11	749.77	835.85	935.29	8.24%	6.66%	6.98%	7.49%
		Rec	380.40	375.51	380.53	401.69	2.99%	3.34%	3.18%	3.22%
		Dev	669.71	374.26	455.32	533.60	5.26%	3.32%	3.80%	4.28%
	Land, Housing, Physical Planning And	Sub-Total	360.83	284.02	332.16	338.70	2.83%	2.52%	2.77%	2.71%
		Rec	124.92	113.25	115.53	118.35	0.98%	1.01%	0.97%	0.95%

		SECTOR BUDGET CEILINGS					%SHARE OF TOTAL EXPENDITURE				
Sector	Sub-Sector		Baseline	Estimates	Projections		Baseline	Estimates	Projections		
			F/Y	F/Y	F/Y	F/Y	F/Y	F/Y	F/Y	F/Y	
			2019/20	2020/21	2021/22	2022/23	2019/20	2020/21	2021/22	2022/23	
	Urban Development	Dev	235.91	170.77	216.63	220.35	1.85%	1.52%	1.81%	1.77%	
General Economic and Commercial Affairs (GECA)		Total	807.01	680.64	744.12	762.47	6.33%	6.05%	6.22%	6.11%	
	Tourism And Wildlife	Sub-Total	578.78	490.42	543.95	566.25	4.54%	4.36%	4.54%	4.54%	
		Rec	378.18	391.05	400.68	405.60	2.97%	3.47%	3.35%	3.25%	
		Dev	200.60	99.37	143.27	160.65	1.57%	0.88%	1.20%	1.29%	
	Trade & Industrialization	Sub-Total	228.23	190.22	200.17	196.22	1.79%	1.69%	1.67%	1.57%	
		Rec	125.30	109.67	119.39	126.01	0.98%	0.97%	1.00%	1.01%	
		Dev	102.93	80.55	80.78	70.21	0.81%	0.72%	0.67%	0.56%	
GRAND TOTAL		TOTAL	12,740.81	11,256.02	11,970.01	12,481.08	100.00%	100.00%	100.00%	100.00%	
		Rec	7,914.00	7,636.22	7,921.11	8,197.95	62.12%	67.84%	66.17%	65.68%	
		Dev	4,826.81	3,619.80	4,048.90	4,283.13	37.88%	32.16%	33.83%	34.32%	

Source: Narok County Treasury

Table 5 is explained in detail in the succeeding sections.

5.4 Details of Sector Priorities

105 Budgetary allocation of financial resources for the FY 2020/21 and over the medium term period is based on sector's priorities identified in the Sector Working Groups (SWGs) meetings which contains priorities in the County Integrated Development Plan (CIDP 2018). The proposals also take cognizance of the input gathered during the public consultative meetings held on 12th and 13th of February 2020 at all sub-counties within the county.

106 The priority areas have also been aligned with flagship projects in the third Medium Term Plan (MTP III) of Kenya Vision 2030 and the strategic policy initiatives of the national government. In addition to the Vision 2030, the county government of Narok will be endeavouring to contribute to the realization of the aspirations captured in the "big four Agenda";- Provision of Universal Health Coverage; Provision of at least two thousand (2,000) affordable new houses; achieve food security and support value addition in manufacturing industry by 2022. The succeeding section therefore describes the details of seven MTEF sectors goals, priorities and resource allocation and a schedule of sector proposals is provided as an Annex IV.

Public Administration and External Relations (PAER)

107 The Sector comprises five sub-sectors in executive arm of the government; County administration, public service management, public service board, Finance, economic planning, ICT and e-Government. On legislative arm there is County Assembly. The sector is instrumental in providing overall policy, leadership and oversight in economic development, management of devolution process at the county level, oversees county legislation, resource mobilization and implementation of County policies and programmes and oversight on use of public resources and service delivery

108 County Assembly plays a crucial role in representation, legislation and oversight with respect to public expenditures. It approves overall county policies and appointment of senior county staffs as per provision of the law. The county assembly has had a number of projects at their headquarters including the construction of the extension to the administration block, erection of a perimeter wall and construction of car park.

109 The executive is continuing with the operationalization of decentralized units at the Sub County and ward levels, recruitment & deployment of county staff. The executive also recorded success in drafting the disaster management bill and policy which has been approved by the cabinet ready for presentation to county assembly. Other drafts includes county manual for administration and management of training and development, pre-retirement manual and the induction handbook for new staffs employed in the county government.

110 Training on disaster preparedness, incident command, early warning systems and respond systems. Training of personnel has been ongoing with 78 employees sent to Kenya School of government for leadership and skills improvement courses. Induction of staff has been done in Narok North, Narok East, and Sekenani in Narok west and recently in Transmara West with plans to carry out induction in the entire county in the near future.

111 The Economic planning department has been instrumental in guiding socio-economic development in the county through the tracking of the implementation of the County Integrated Development Plan for the period 2013-2017. This tracking formed a critical foundation for the preparation of the second generation CIDP for the period 2018-2022. The

department has also been apt in the preparation and timely submission of the annual development plans, county budget review and outlook paper, the county fiscal strategy paper and the annual budget. Through its effort the rise in the collection of own sources of revenue has been remarkable. This has necessitated the revision of OSR from KSh. 2.9 billion to KSh. 3.2 billion in FY 2019/20.

112 In the 2020-21 – 2022/23 MTEF period, and based on the recommendations by the sector, members of the public and key stakeholders, the sector will be implementing programmes which are aimed at transforming public service delivery and enhancing County's image. Special emphasis will be placed on improving infrastructure, enhancing effective coordination of county programmes, enhancing policy advisory functions of the executive, effective monitoring and evaluation of the projects and supporting other county departments in executing their mandates.

113 The county assembly will be introducing a number of bills, motions and statements. The assembly will also prioritize the construction and renovation of ward offices, speaker's residence and mortgage. It is also expected to continue providing oversight on public resources and preparing reports on public hearings on varied county policies and bills.

114 Public administration will continue to streamline operations and meet objects of devolution and decentralization, ensure smooth administrative operations of the county government, capacity enhancement of all staff for optimal performance, ensure that county administrative concerns are attended to, ensure compliance with ethics, and train communities beginning with disaster prone areas on disaster preparedness. The department intends to use the technology to keep track of the workforce and assess their productivity and in the process eliminate ghost workers. The department intends to retrain some of our personnel already on payroll, so that they can be redeployed to departments in need. This will assist in curbing the ballooning wage bill. The executive further has plans to train personnel on customer service and communication skills to improve and enhance service delivery.

115 Finance and economic planning will endeavour to improve work environment, implement the Public Finance Management Act (2012), ensure efficient and effective budget formulation and control, ensure financial standards, principles and guidelines are adherence

appropriately. reporting decentralize financial and planning services, strategize on debt management, enhance statistical development capacity, engage an integrated revenue management system in revenue collection, and improve project monitoring and evaluation in Narok county

116 In the ICT sub- sector, the County Government, will endeavour to build relationships with ICT firms aimed at establishing outreach programmes. Further, the county will partner with the private sector to ensure adequate ICT infrastructure exists which include the strengthening of mobile telephone networks in areas that are not yet/well covered. The County will also continue to adopt ICT to keep up with modern, efficient ways of public service delivery.

117 To implement these programmes, PAIR has been allocated a total of Ksh 3.197 billion in 2020/21 financial year. The County Assembly has been allocated Ksh. 924.87 million, County Executive Ksh 263.80 million, Public Service Board Ksh. 85.64 million, Finance and Economic Planning Ksh. 1.115 billion while the Public Service Management has been allocated Ksh. 807.63 million.

118 The allocation to the county assembly is informed by the guidelines from the National Treasury and the Commission for Revenue allocation giving ceiling for recurrent expenditure for both county executive and assembly. The total allocation is expected to gradually increase in FY 2021/22 and FY 2022/23 to KSh.955 million and 986 million respectively.

Environment Protection, Water and Natural Resources Sector

119 The Environment Protection, Energy, Water and Natural Resources sector comprises four sub-sectors namely: Environment, Natural Resources; Water and Irrigation. The county government recognizes the crucial role played by this sector in ensuring sustained economic growth and development through conservation of environment and promoting use of green and renewable energy. In this regard, the county has laid focus on key priorities programmes for the sector aimed at ensuring sustainability of economic growth.

120 Performance in the sector has been affected by weak monitoring and evaluation, inadequate resource allocation, competing interest among stakeholder and development partners, low levels of awareness on environmental conservation, lack of coordination among implementing partners, and climate change.

121 Achievement in this sector includes increasing pipeline extensions to serve more consumers improvement of Narok Water supply facility, rehabilitation of central Narok and Ololunga water supply; rural water access increased by 30% achieved through construction of water pans, drilling and equipping of boreholes; rehabilitation and expansion boreholes and water schemes; distribution of plastic tanks each of capacity 10,000 Lts, to public institutions; and increased water trucking activities. Further, the sector managed to prepare the draft Narok County Environment Act 2017 for enactment; planted 167,000 seedlings in Enosupukia forest; Implemented street lighting program in 10 urban centres; and domesticated the Charcoal regulations.

122 In the 2020-21 – 2022/23 MTEF period the sector will endeavour to complete key sector projects and programmes initiated in the FY 2019/20 as well as new development priorities for FY 2020/21 as recommended by the sector, members of the public and key stakeholders. The prioritized programmes intended to promote sustainable utilization and management of the environment and natural resources for socio-economic development. Review and harmonization of sector's Acts, statutes, policies, rules and regulations in the sector, increase tree cover, recovery of illegally acquired forest land, increased access to clean water, reduce poaching incidences and human-wildlife conflict, flood control in Narok town, waste management and pollution control. In energy sector the intention is to increase clean energy access by at least 30% and establishing waste collection and treatment systems. In water sub-sector, priority will be to increase access and availability of safe water by investing in water supply infrastructure development and rehabilitation. It will also seek to continue collaborate with the national government, commissions and authorities on implementation of a wide range of high impact programmes in the sector.

123 To implement these programmes the sector has been allocated a total of Kshs 389.4 million in FY 2020/21 out of which recurrent is Kshs 190.01 million and development

is Ksh 199.40 million. The sector allocation will increase in medium term period to reach Ksh. 461 and 483 million in the FY 2021/20 and 2022/23 respectively.

Social Protection, Culture and Recreation Sector

124 The sector comprises the following sub sectors; education, youth affairs, sports and talent development and also cultural and social services. The sector is mandated to address the issues on promotion and exploitation of Kenya's diverse culture for a peaceful co-existence; promotion of pre-primary education and development of youth polytechnics; enhancing reading culture in the county; development and promotion of sports; promotion of cultural and sports tourism; regulation, development and promotion of the film industry; research and preservation of music in the county. The sector is also tasked with ensuring there is adequate social development.

125 During the 2017/18 and 2018/19, under the pre-primary education the county embarked on recruitment of ECDE teachers to increase enrolment and reduce drop-out rates. It also directed much of the sector resources towards construction of more classrooms both for pre- education and primary schools. In sports the county government has embarked on youth talent promotion by sponsoring various competitions, it has also been set aside in the budget for construction and renovation of stadiums in the county. In social protection and empowerment of women, the county has in the last financial year allocated over 150 million to go in empowering women by supporting women related programmes in the county. In Art and cultural service sub-sector there was much effort in promotion of cultural activities and museum development.

126 Other achievement in this sector includes the procurement and delivery of instructional materials; integration of ICT in provision/ monitoring of ECDE programmes; organized youth mentorship and linkages programme, and

127 Some of the challenges in the sector included poor attitudes towards vocational training; inadequate sporting facilities and the existing facilities do not match with the modern requirements as per modern technologies in the world; poor and negative attitudes

towards the development and preservation of cultural values and practices which are perceived as outdated and of no value.

128 In the FY 2020/21 and over the medium term period the county will endeavour to complete key sector projects and programmes initiated in the FY 2019/20 as well as new development priorities for FY 2020/21 as recommended by the sector, members of the public and key stakeholders. The county will continue prioritizing expansion of learning institutions at pre-primary school level, creating an enabling environment for development and promotion of rich Maasai cultural heritage. The county will also continue allocating funds to sports related programmes and empowerment of the vulnerable groups. The government will also seeks to expand allocation of bursary schemes to caution pupils and students from dropping out school.

129 The sector intends to construct 180 ECDE classrooms equipped with furniture (10 tables, 40 chairs for children), a desk and a chair for the teachers per ward; Increase transition rate from ECDE to primary to secondary through collaboration with the national government. Secure scholarships and provide mentorship programme for the best performed KSCE students; improve vocational training centres and village polytechnics (TVETs). This programme will involve general renovations and face – lifting of VTCs including, construction of classrooms, workshops, male and female hostels, and procurement of tools and equipment. The sector intends to enhance the provision for routine maintenance of Narok Stadium, develop a culture and youth empowerment centres, provide financial support for the USHANGA initiative, for the economic empowerment of women, as well as exploring cultural ornaments for economic gain.

130 Additionally, the County in conjunction with National Government's Youth and Gender Departments and development partners including the International Labor Organization (ILO), are working on a programme to empower skilled youths in their areas of specialization (from certificate, diploma, degree and masters) and linking to investors within the county to secure opportunities for them by providing them with internship programmes.

131 In order to implement these programmes, the Sector has been allocated Ksh 1.508 billion, Ksh 1.545 billion and Ksh 1.611 billion for the financial years 2020/21, 2021/2022

and 2022/2023 respectively. Breaking down the allocations for recurrent and development expenditures in the financial year 2020/21 is Ksh 1.007 billion and Kshs 500.92 million for recurrent and development expenditure respectively.

Infrastructure and Information, Communication and Technology Sector

132 This sector is key as it aims to provide efficient, affordable and reliable infrastructure for sustainable economic growth and development. The county continues to invest on road construction works; maintaining existing roads and open access roads in rural areas. Due to cost of time in construction, repair and maintenance of county roads, the county Government of Narok opted to purchase own plant and machines comprising of 6 graders, 6 excavators, 12 truck tippers, 6 wheel loaders, 6 rollers and 2 bulldozers. The rationale is this decision is that the equipment will ensure value for money, makes it easy to supervise and monitor progress (through tracking system), provide employment to locals, make it easy to centrally maintain and manage the machines and enhance the ability to monitor the use of fuel to achieve efficiency.

133 The various factors that affects performance in this sector includes huge maintenance backlog of the roads networks implying that the scarce resources allocated to the county cannot meet the target for new roads. Other challenges are; high cost/delays in the relocation of utilities and services along road transport corridors and numerous reported cases of encroachments of roads reserves.

134 Achievement in the roads and transport sector in the year under review includes the construction and completion of the following projects; Siyapei-Olchoro (50Kms) road, Kilgoris –Oronkai (25kms) road. In addition, the sector has supported the rehabilitation of airstrips, trucks parking area, opening the drainage in Narok town, and construction of Pulunga/Kamoja Kamoja Box Culvert.

135 Through collaboration with the National government the following roads infrastructure are at different stage of construction; Mau-Narok Road (40km), Ololulung'a-Olmekenyu (22km), Narok-Sekenani (84km), Mulot-Saptet- Sogoo- Ololulung'a (68km),

Kilgoris-Shartuka-Murkan Junction (40km), Kabolecho- Olchabosei (20km), and Chebunyo-Dikirr- Murkan Junction (18km).

136 Over the 2020/21– 2022/23 MTEF period, ongoing, and pending projects from FY 2019/20 that are yet to be completed or undertaken due to either inadequate funds or lack of provision will be prioritized. Also to be implemented are new development priorities for FY 2020/21 as recommended by the sector, members of the public and key stakeholders. The sector will focus on expansion of road networks in the county to minimise the cost of doing business while also enhancing mobility. The sector will require the establishment of laboratory for materials’ testing to improve and achieve quality roads, acquisition of more equipment to enable sub-counties have full sets of machines, develop infrastructures linking to the standard Gauge Railway, designing, developing and maintaining roads/ bridges and box culverts within the county, facilitating the completion of ongoing road projects within the county, managing and maintenance of equipment, Assessment and quality control of road works, liaising with KeNHA, KURA and KeRRA in planning and designing of roads and bridges. The sector will also be involved in Mapping out road networks in the county, opening up new road networks within the county, routine maintenance of existing roads.

137 In FY 2020/21 the sector has been allocated a total Ksh. 1.065 billion to achieve the above outputs. Out of this amount Ksh 800.77 million is for infrastructure development. A total of Ksh. 264.83 million has been allocated for recurrent expenditure including operation and maintenance of the own road construction equipment.

Health Sector

138 The sector vision is to have an efficient and high quality health care system that is accessible, equitable and affordable for everyone. It comprises of county departments of medical services, public health and sanitation, research and development. In response to sector vision, the sector aims at providing essential health care that are affordable, equitable, accessible and responsive to client needs; minimizing exposure to health risk by strengthening health promoting interventions that address risk factors to health.

139 Key achievements in the sectors includes; the launch of Narok Health Insurance Scheme that targets the elderly, 65 – 69 years of age, People living with disabilities, Widows & widowers, and the very poor. There has also been increase in hospital bed capacity from 361 in FY 2017/18 to 429 in FY 2018/19 at the public facilities; a total of 119 facilities stocked with essential commodities and medical supplies per quarter; a fistula unit was opened; Community distribution by distance to the nearest health facility increased from 5 percent to 10 percent for a travel distance of 0 to 5 km, while the distribution for community travelling for more than 5 km to access a health facility dropped from 70% to 65%; achieved a 58.7% full immunization of children; about 25% of children <5 years provided with nutrition supplements; 3 multi-sectoral meetings conducted on disease outbreaks; epidemic preparedness and response (EPR) plan developed; a total of 934 health personnel capacitated and remunerated; HIV prevalence rate reduced from 3.1% to 2.7% over the period under consideration.

140 Two mass net distribution campaigns, achieved over 90% of the target. Malaria cases reduced, especially along the Lolgorian & Ang'ata malaria belt. Three polio vaccination campaigns – target of 80% coverage achieved. Two measles vaccination campaigns conducted successfully.

141 To improve emergence referral systems, the 11 ambulances have been maintained to operable conditions. As a result, an average of 350 emergency referrals are done per month since inception, with over 95% of them being life-saving. There has also been a number of achievements at Narok County Referral Hospital including the renovations and repairs, painting, and signage for general face-lifting; construction, equipping, staffing and operationalization of Renal and Intensive Care Units; Installation and launch of theatre, radiology and sterilization equipment; procurement of a modern stand by generator; and construction of CT scan block.

142 At the devolved level, construction of new modern wards, maternity wing, new born unit and equipping is ongoing at Ololulung'a Sub County Hospital; Construction of new maternity wing modern wards, twin theatre& equipping Lolgorian Sub County Hospital is ongoing; construction of new modern wards, twin theatre & radiology unit is ongoing at

Nairregie Enkare with a view of upgrading of Nairregie Enkare Health Centre to a level 4 hospital. At Emurua Dikirr Health Centre Upgrade to a Level 4 Hospital with a new OPD, female and Male wards, Maternity wing, Theatre, Mortuary and Equipping is ongoing.

143 In the FY 2020/2021 and over the medium term the county government will endeavour to complete key sector projects and programmes initiated in the FY 2019/20 as well as new development priorities for FY 2020/21 as recommended by the sector, members of the public and key stakeholders on the basis of Narok CIDP II and other strategic plans. The sector intends to invest in six thematic programmes; Reproductive, maternal child and adolescent health; disease prevention and control; environmental health; health promotion and nutrition; community health services; and human resource development and management. Among the key programmes includes expansion of Narok County Referral Hospital to a level 5 health facility in collaboration with the KDSP, completion of the construction of ongoing health facilities; procurement and distribution of essential commodities to reduce stock-outs; Improving women health & reduced morbidity due to cervical cancer; Enhancing RMNCAH services; increasing number of fully immunized children; procurement of specialized equipment and supplies; employment and deployment of health staff, full operationalization of the Narok Health Insurance Scheme and strengthening monitoring and evaluation and Health Information System

144 Among the challenges the sector has continued to face are; Limited resources and delay in disbursement; Shortage of Technical staff; Regular stock out for essential commodities; Industrial actions; lack of organized and coordinated healthcare waste management system; and lack of office space, specialized equipment's and incinerators.

145 In order to implement prioritized programmes and address the highlighted challenges, this sector a total of Kshs 3.380 billion has been allocated in the FY 2020/21. The share of recurrent vote is Kshs 2.616 billion representing 23.24% while the allocation for development is Kshs 764.45 million representing 6.79% of the total allocation.

Agriculture, Urban Development Sector

151 Among the key challenges affecting the sector are; Severe land degradation and decrease in productive land sizes due to poor land systems and subdivisions, climate change, prolonged dry spells, and inadequate extension staff.

152 During the 2020/21-2021/22 MTEF period, focus will be directed towards completing ongoing projects prioritized in 2019/20 budgets together with increasing agricultural production and productivity, improved animal genetics and vaccine administration; enhancing County food security through increasing and expanding strategic food reserves, establishing agriculture and livestock drought mitigation measures, livestock and crop farming research priorities for FY 2020/21 as recommended by the sector, members of the public and key stakeholders.

153 Additionally, there will be continued improvement to market access with extension services being made available and improvement of marketing infrastructure; entrenching institutional reforms, Land reforms, completion of establishment of County spatial data and development of social and physical urban infrastructural facilities in all urban areas in the County. There will also be improvement and development of agricultural mechanization services through acquisition of farm machinery.

154 To achieve the above, the sector has been allocated a total of Kshs 1.033 billion in the FY 2020/21. Agriculture sub-sector is allocated Kshs 749.77 million out of which Kshs 375.51 million is recurrent and Kshs 374.26 million is for development. Lands, Housing Physical Planning and Urban development sub-sector has been allocated Kshs 284.02 million, Kshs 113.25 million recurrent and Kshs 170.77 million is for development.

General Economic and Commercial Affairs (GECA) Sector

155 The sector consists of four main sub- sectors namely; trade and industrialization, cooperative development, Tourism and wildlife. The sector vision is to have a globally competitive economy with sustainable and equitable socio-economic development. The sector is very important to the county not only in revenue collection but also in sustainability of many livelihoods. It contributes more than 80% of local revenue and more than 30% of the county annual budget.

156 Tourism related infrastructure development and improvement of the sector including tourism promotion. With regard to trade, efforts was directed at creating a conducive environment for investment, promoting industrial development, consolidating and strengthening cooperative societies and supporting development of micro, small and medium enterprises, investment promotion and value addition for locally produced goods.

157 Key achievements includes enhanced security within Mara Ecosystem due to employment of over 300 security rangers; worn world travel award for the sixth time in a row; collaring and ear notching of Rhinos and elephants; infrastructural improvement in the park in tourism sub-]sector. The department recently engaged the services of Reuters International, with a deal that will see the Mara marketed with the stories and products highlighted from Narok's perspective, growing support towards the Ushanga Initiative,

158 In trade, industrialization and co-operative sub-sectors achievements include; Training of 5 Training of Trainers (TOT) through partnership with global communities through CETIC, Holding 2 co-operative leaders meeting for capacity building in partnership with equity bank, increment of number of co-operatives to 283 and automation of licensing process, the SBP in partnership with the World Bank, marketing and positioning Narok as a lead trading and investment destination, improved ease of doing business through automation of Single Business Permits.

159 Notable challenges included; Human-Wildlife Conflicts, and rampant land subdivision and fencing of wildlife corridors restricting the movement of wildlife freely. In trade and industrialization there has been weak policy framework for investment.

160 During the 2020/21 – 2021/22 MTEF period the sector will endeavour to complete key sector projects and programmes initiated in the FY 2019/20 as well as new development priorities for FY 2020/21 as recommended by the sector, members of the public and key stakeholders. Among them is promotion of Narok as a tourist attraction destination, strengthening cooperative societies and investment in value addition for locally produced goods. The sector will also endeavour to create a conducive investment environment for new investors as well as developing the policy framework for investment and efficient service delivery.

161 Further, improving transport and communication network; Renovation and Improvement of staff houses in MMNR; Introduction of new tourist destination and circuit, wildlife monitoring programme and Promotion of the Maasai culture and tradition, Renovation of entry points, Capacity Building, among others in tourism and wildlife sub-sector.

162 In trade, cooperatives and industrializations are promotion of County based Value Chain Co-operatives; establishment of agro-processing and rejuvenating housing co-operative Societies; modernization, upgrading and expansion of markets and enhance access to financial support through revolving funds, train SMEs and technical staffs.

163 To implement the prioritized programmes, the Sector has been allocated a total of Kshs 680.64 million in the FY 2020/21. Out of this total tourism sub-sector has been allocated a Kshs 490.42 million, Kshs 391.05 million recurrent and Kshs 99.37 million development. Trade, Industrialization and co-operative sub-sector is to get Kshs 190.22 million Kshs 109.67 million for recurrent and Kshs 80.55 million for development. Over the medium term the sector is expected to continue receiving funding so as to continue implementing its medium and long strategic priorities.

6.0 CONCLUSION

164 The overall expenditure in this 2020 CFSP as outlined MTEF has grown moderately taking into account the envisioned moderate economic growth. However, the critical social areas will continue to receive a significant share of resources as well as capital investments as contributions to the growth objectives. County entities have shared resources on basis of agree criterion where by socio- economic sectors have been allocated a relatively higher amount.

165 Projects with higher socio- economic impact as well as on-going projects have been prioritized in projects financing. Recurrent expenditure have been structured in such a way that it will continue to proportional decrease in medium term as the development expenditure increases in relative terms.

166 The policies outlined in this CFSP largely re-emphasize the economic growth for sustained development agenda outlined in the considerations contained in Narok CIDP II. They are also consistent with the overall national strategic objectives pursued by Jubilee Government including the four pillars for development. These strategic objectives are also adequately informed by the policies in the draft MTP III of the vision 2030, SDGs, DRR, EDE and climate change

ANNEXES

Annex I: Revenue Allocation for Each County Government (FY 2020/21)

County	FY 2019/20							FY 2020/21							Per capita allocation (Xsh)
	Equitable Share	Total Allocation	Allocation Ratio	Equitable Share	Level 5 Hospitals	Compensation for wear feet foreign	Rehabilitation of Village Polytechnics	Road Maintenance Levy Fund	Leasing of Medical Equipment	Supplement for construction of country headquarters	Loan & Grant	Total Allocation			
Boromo	5,091,620,000	9,745,599,489	1.92	5,137,500,000	-	13,141,000	30,454,894	155,818,903	132,001,377	-	454,339,265	5,890,165,337	9,039		
Bouket	5,907,100,000	6,315,769,334	1.14	5,907,100,000	-	16,715,366	46,489,894	164,188,521	132,001,377	-	470,979,537	6,309,448,765	8,734		
Dougone	8,093,650,000	10,329,435,248	2.63	8,093,650,000	-	6,959,620	67,860,937	268,691,417	132,001,377	-	378,923,526	9,833,442,139	6,029		
Etan	6,031,500,000	6,850,420,485	1.13	6,108,450,000	-	16,634,085	57,199,934	185,092,027	132,001,377	-	47,458,804	6,943,376,686	14,248		
Etongo/Mankwwe	3,891,300,000	4,338,745,049	1.11	3,891,300,000	-	8,789,919	27,904,894	115,085,841	132,001,377	-	451,408,110	4,590,507,040	14,243		
Etsha	4,304,400,000	5,485,859,024	1.24	4,557,500,000	301,040,462	10,724,235	34,249,894	137,839,023	132,001,377	-	394,183,435	5,556,668,317	14,423		
Gersis	7,029,500,000	8,658,383,382	1.23	7,029,500,000	344,739,584	12,964,636	17,899,924	309,418,497	132,001,377	-	954,781,540	8,978,124,517	13,928		
Homa Bay	6,241,450,000	7,238,875,171	1.16	6,241,450,000	-	32,185,346	40,569,984	300,078,458	132,001,377	-	269,016,619	7,168,461,691	7,726		
Izob	4,241,100,000	5,033,755,643	1.19	4,172,800,000	-	3,473,461	53,444,894	124,539,108	132,001,377	100,000,000	577,117,284	5,139,275,633	5,573		
Kaoko	6,424,850,000	7,415,723,207	1.15	6,392,500,000	-	16,952,585	28,974,894	390,219,666	132,001,377	-	339,702,174	7,321,056,778	10,672		
Kaoko	10,417,850,000	12,119,769,238	1.16	10,371,100,000	477,489,237	37,780,290	102,349,894	315,071,072	132,001,377	-	485,462,035	12,071,076,334	7,269		
Kaoko	3,380,500,000	6,312,208,631	1.87	5,443,800,000	-	13,048,789	22,444,894	102,321,189	132,001,377	-	445,368,582	8,207			
Kamuk	9,431,000,000	12,848,259,828	1.36	9,441,150,000	338,716,763	34,671,542	61,954,894	293,374,561	132,001,377	-	577,387,255	11,261,366,291	6,037		
Kamuk	10,444,500,000	12,482,238,784	1.19	10,401,750,000	-	25,689,864	79,999,024	316,034,398	132,001,377	-	1,325,234,710	12,469,990,143	11,183		
Kamuk	7,785,900,000	9,348,831,923	1.20	7,817,500,000	417,573,254	36,138,997	70,549,984	335,001,661	132,001,377	-	205,037,237	8,665,349,621	9,211		
Kama	6,836,400,000	8,318,843,633	1.21	6,836,400,000	398,017,541	31,386,488	45,349,894	203,716,333	132,001,377	-	564,181,001	9,061,552,983	7,864		
Kari	8,850,350,000	10,105,374,197	1.14	8,862,000,000	-	22,495,906	97,149,894	264,131,438	132,001,377	-	429,782,038	9,033,028,570	8,291		
Kavala	7,783,900,000	9,195,541,797	1.18	7,690,500,000	-	15,209,559	28,289,024	238,285,028	132,001,377	-	352,076,345	9,065,879,349	9,974		
Lakha	4,177,800,000	4,775,239,638	1.14	4,810,800,000	-	9,698,368	18,319,894	119,385,628	132,001,377	-	412,138,822	8,833,483,669	13,376		
Lami	2,995,500,000	3,278,800,295	1.10	2,753,500,000	482,583,815	2,451,804	50,299,894	82,069,411	132,001,377	50,000,000	453,557,718	5,228,749,334	24,703		
Mapacha	7,754,150,000	9,044,929,687	1.17	8,029,100,000	-	24,129,039	62,749,894	239,694,947	132,001,377	-	405,961,434	9,287,169,068	6,454		
Maramba	7,406,100,000	8,332,765,529	1.12	7,279,500,000	-	19,435,760	86,299,894	116,955,109	132,001,377	-	388,934,714	8,105,206,551	9,163		
Maramba	10,222,950,000	11,369,132,190	1.11	10,222,950,000	-	25,474,920	15,649,984	894,094,450	132,001,377	-	881,208,864	11,831,399,454	11,099		
Maraba	6,773,100,000	7,647,080,951	1.13	6,888,950,000	-	6,645,714	10,689,894	304,701,864	132,001,377	-	616,944,639	7,839,017,497	26,952		
Maru	8,039,100,000	9,359,443,078	1.16	8,102,400,000	373,872,632	31,948,428	36,249,894	241,491,960	132,001,377	-	520,615,069	9,500,297,120	6,378		
Mezoni	6,273,100,000	8,214,478,076	1.32	6,668,350,000	-	21,484,864	36,439,894	704,701,864	132,001,377	-	333,385,388	7,695,264,316	8,381		
Mokkwa	7,625,950,000	9,488,387,292	1.24	7,457,750,000	338,438,306	23,385,934	18,484,894	211,681,742	132,001,377	-	1,392,389,448	9,214,152,601	10,128		
Mokkwa	6,296,320,000	7,232,235,488	1.15	6,456,600,000	-	20,138,691	97,959,894	192,438,619	132,001,377	-	423,234,015	7,222,433,695	7,768		
Mokkwa	13,919,950,000	16,800,484,366	1.20	13,921,600,000	-	79,423,231	16,000,894	475,458,388	132,001,377	-	160,720,323	16,921,211,332	8,800		
Mokkwa	10,478,150,000	12,972,701,629	1.23	9,748,200,000	473,872,632	38,715,265	66,289,894	390,544,381	132,001,377	-	327,481,282	10,977,186,110	5,840		
Mokkwa	5,348,850,000	6,402,316,632	1.20	5,360,500,000	-	18,086,363	27,619,894	160,265,616	132,001,377	-	453,725,236	6,182,688,138	8,171		
Mokkwa	8,059,100,000	9,928,166,427	1.23	7,111,550,000	-	20,692,297	16,034,894	212,248,473	132,001,377	-	494,266,552	7,908,596,108	9,292		
Mokkwa	4,810,800,000	5,759,208,617	1.20	4,808,500,000	-	13,175,271	66,420,894	146,315,617	132,001,377	-	249,181,008	5,968,719,915	9,708		
Mokkwa	5,675,100,000	6,925,340,413	1.21	5,695,750,000	407,461,272	13,731,922	30,949,894	146,315,617	132,001,377	50,000,000	484,866,657	6,762,839,387	9,664		
Mokkwa	3,913,150,000	4,620,900,000	1.18	3,913,150,000	-	12,115,271	151,875,477	121,875,477	132,001,377	-	413,229,122	6,348,386,519	9,031		
Mokkwa	4,620,900,000	5,442,875,489	1.18	4,620,900,000	-	5,235,578	10,549,894	118,859,147	132,001,377	-	335,238,670	4,890,294,585	20,497		
Mokkwa	5,791,950,000	6,542,484,485	1.13	5,855,550,000	-	13,154,808	48,199,894	174,515,414	132,001,377	-	282,596,557	6,710,449,919	7,967		
Mokkwa	4,341,100,000	5,088,631,135	1.17	4,369,550,000	-	5,096,305	57,634,894	131,172,349	132,001,377	-	794,168,325	5,919,594,380	19,380		
Mokkwa	5,857,250,000	6,882,314,719	1.17	5,863,537	-	6,883,537	14,674,894	166,888,803	132,001,377	-	520,435,744	6,531,833,158	21,166		
Mokkwa	4,540,600,000	5,260,300,000	1.16	4,540,600,000	-	8,212,119	68,588,894	115,685,841	132,001,377	-	483,287,815	4,717,219,948	32,912		
Mokkwa	3,760,300,000	4,925,501,734	1.31	3,760,300,000	-	21,948,541	43,909,894	175,628,761	132,001,377	-	585,274,338	6,225,089,131	7,970		
Mokkwa	10,539,450,000	11,829,590,609	1.12	10,571,100,000	338,489,609	25,634,941	11,709,894	315,671,072	132,001,377	-	809,914,377	11,990,491,590	13,372		
Mokkwa	6,350,000,000	7,801,480,366	1.21	6,048,150,000	-	20,815,669	180,176,894	308,929,384	132,001,377	-	504,259,916	6,922,548,225	7,742		
Mokkwa	4,693,500,000	5,608,784,214	1.19	4,693,500,000	-	12,687,201	69,979,894	134,895,698	132,001,377	-	385,284,530	5,243,791,000	9,491		
Mokkwa	8,545,900,000	9,670,801,024	1.12	8,545,900,000	-	15,784,587	34,688,174	374,698,174	132,001,377	-	817,896,368	9,838,976,988	14,836		
Mokkwa	5,000,700,000	5,702,388,726	1.15	5,000,700,000	4,326,698,600	990,999,660	2,949,950,000	9,443,265,623	6,201,000,000	200,000,000	302,284,472,339	369,989,613,135	11,246		
GRAND TOTAL	316,690,000,000	373,596,491,894	100.0	316,690,000,000	-	990,999,660	2,949,950,000	9,443,265,623	6,201,000,000	200,000,000	302,284,472,339	369,989,613,135	11,246		