



**COUNTY GOVERNMENT OF
KAJIADO**

THE COUNTY TREASURY

**COUNTY BUDGET REVIEW AND OUTLOOK
PAPER 2022**

*“Strengthening Economic Recovery for a Transformed and
Sustainable Kajiado”*

February, 2023

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FOREWORD

The 2022 County Budget and Outlook Paper (CBROP) is the ninth to be prepared since inception of the county government. This CBROP provides detailed review of the FY 2021/22 fiscal performance compared to the budget appropriated during the same financial year. The review will further evaluate the implications of the fiscal performance on the fiscal objectives outlined in the Public Finance Management (PFM) Act, 2012 and the County Fiscal Strategy Paper (CFSP).

The total revised budget was Kshs.11.02 billion. Recurrent and development expenditures were allocated Kshs.7.45 billion and Kshs.3.57 billion respectively. Analysis of fiscal performance showed that actual revenue recorded was Kshs.8.06 billion translating to 73 percent performance. Equitable share received totaled Kshs.7.32 billion which was below target by Kshs.0.24 billion while conditional grants amounted to Kshs.212.95 billion translating to 18 percent performance. OSR collected was Kshs.527.94 billion indicating 33 percent performance.

Total actual expenditure was Kshs.7.71 billion against a target of Kshs.11.02 billion representing an absorption rate of 70 percent. Actual expenditure on recurrent budget was Kshs.5.58 billion indicating an absorption rate of 50.7 percent while on development budget was Kshs.2.12 billion translating to an absorption rate of 19 percent. Analysis of recurrent expenditure further indicates that, Kshs.3.70 billion (34 percent) was spent on PE and Kshs.1.87 billion (17 percent) was expended on O&M.

During the FY 2021/22, the county government focused on strengthening the county's economy through implementation of four priority areas: Sustainable food security, improved nutrition and value addition; Ensure healthy lives and promote the well-being of citizens; Investment in social welfare to improve livelihoods and; Promote productive employment and entrepreneurship.

This 2022 CBROP forms the basis for the preparation of the FY 2023/24 budget and the Medium Term Expenditure Framework. It therefore proposes a budget of Kshs.9.93 billion where Kshs.6.95 billion is allocated to recurrent expenditure and Kshs.2.98 billion to development expenditure.

Michael Semera
CECM FINANCE, ECONOMIC PLANNING AND ICT

ACKNOWLEDGEMENT

The preparation of the 2022 CBROP adhered to the provisions of Section 118 of the Public Finance Management (PFM), Act 2012 and its Regulations. The Paper presents county's fiscal outturn for the FY 2021/22, recent economic developments at the global, national and county scenes; and the proposed budget for the 2023/24 – 2025/26 Medium Term Expenditure Framework. The 2022 CBROP will guide the preparation of the 2023 County Fiscal Strategy Paper (CFSP).

This Paper benefited from the inputs of various stakeholders as its formulation was through a collaborative process. We therefore thank H.E. Governor Joseph Ole Lenku and his Deputy Martin Moshisho for their leadership during the preparation of this document. Many thanks go to all the County Executive Committee Members for their support throughout the preparation process. Special acknowledgement goes to the CECM Finance, Economic Planning and ICT for his invaluable guidance as this document was being formulated. The County Assembly through the leadership of Hon. Speaker Mr. Justus Ng'osor has been instrumental in providing pieces of advice during the process.

We are grateful to the Sector Working Groups (SWGs) for the timely provision of useful data and information which informed the preparation of this CBROP. We appreciate the Macro Working Group who ensured that the document adhered to the provisions of the PFM Act, 2012. Special appreciation goes to the core team of the Budget and Economic Planning for coordinating and putting together this Paper.

As I conclude, allow me to express thanks to all stakeholders and the public for providing useful comments. I wish to inform the public that, the County Government of Kajiado will continue to engage the public and stakeholders in the preparation of Medium Term Budgets, plans and policies. I also wish to ensure the public that their proposals shall be incorporated into the budgets and plans.

Lekina Tutui

CHIEF OFFICER – FINANCE, ECONOMIC PLANNING AND ICT

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ACRONYMS

AGPO	Access to Government Procurement Opportunities
BPS	Budget Policy Statement
CBROP	County Budget Review and Outlook Paper
CBR	Central Bank Rate
CCGD	Collaborative Centre for Gender and Development
CFSP	County Fiscal Strategy Paper
CHMT	County Health Management Team
CIDP	County Integrated Development Plan
Covid-19	Corona Virus Disease 2019
ECDE	Early Childhood Development Education
e-CIMES	Electronic County Integrated Monitoring and Evaluation System
FGM	Female Genital Mutilation
FMD	Foot and Mouth Disease
FY	Financial Year
GBV	Gender Based Violence
GDP	Gross Domestic Product
GoK	Government of Kenya
HMT	Health Management Team
ICT	Information Communication Technology
KCSAP	Kenya Climate Smart Agriculture
KDSP	Kenya Devolution Support Programme
KUSP	Kenya Urban Support Project
M&E	Monitoring and Evaluation
MTEF	Medium Term Expenditure Framework
NHIF	National Health Insurance Fund
ODF	Open Defecation Free
PFMA	Public Financial Management Act
PWD	Persons with Disability
RMLF	Road Maintenance Fuel Levy Fund

SBP	Single Business Permit
SCHMT	Sub-County Health Management Team
SDGs	Sustainable Development Goals
SSA	Sub-Saharan African
THS	Transforming Health System
WEDF	Women Enterprise Development Fund
WB	World Bank

Legal Basis for the Preparation of 2022 County Budget Review & Outlook Paper (CBROP)

The CBROP is prepared in line with the Public Finance Management Act, 2012 Section 118. The act states that:

1. The County Treasury shall prepare and submit the Paper to the County Executive Committee for approval by 30th September of each financial year.

County Budget Review and Outlook Paper shall include:

- a) The details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;
 - b) The updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper;
 - c) Information on any changes in the forecasts compared with the County Fiscal Strategy Paper; or how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for that financial year; and
 - d) Reasons for any deviation from the financial objectives in the County Fiscal Strategy Paper together with proposals to address the deviation and the time estimated for doing so.
2. The County Executive Committee shall consider the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, within fourteen days after its submission.
 3. Not later than seven days after the County Budget Review and Outlook Paper is approved by the County Executive Committee, the County Treasury shall:
 - a) Arrange for the Paper to be laid before the County Assembly; and
 - b) Publish and publicize the paper as soon as practicable

1. INTRODUCTION

1.1 Objective of the 2022 County Budget Review and Outlook Paper

1. The 2022 County Budget Review and Outlook Paper (CBROP) offers a comprehensive evaluation of the fiscal performance during the FY 2021/22, in regards to the budget appropriated for the same year. Moreover, the review will examine the impact of the fiscal performance on the financial objectives outlined in the Public Finance Management Act, 2012 and the County Fiscal Strategy Paper (CFSP).
2. The review will also serve as a guide for the implementation of the FY 2022/23 budget, which may involve revising the fiscal parameters by updating or revising the estimates. Additionally, the review will establish a foundation for developing the FY 2023/24 budget and the Medium Term Expenditure Framework (MTEF).
3. The 2021 County Budget Review and Outlook Paper (CBROP) is a significant legal document that will serve as the foundation for developing the medium-term policy priorities in the 2023 County Fiscal Strategy Paper (CFSP). It also evaluates critical macroeconomic indicators in the global, regional, and national economic and financial landscape and their potential impact on the county's economy.
4. The document also reviews the performance of the county's development and priority areas as outlined in the thematic areas under the 2022 CFSP: Sustainable food security, improved nutrition and value addition; Ensure healthy lives and promote the well-being of citizens; Investment in social welfare to improve livelihoods and; Promote productive employment and entrepreneurship.
5. The other sections of the document are organized as follows: Chapter 2 provides a review of the fiscal performance during the FY 2021/22; Chapter 3 outlines the recent economic developments and the outlook; and chapter 4 presents the proposed resource allocation framework.

2. REVIEW OF COUNTY FISCAL PERFORMANCE FOR THE FY 2021/22

2.0. Overview

6. This section presents in detail the actual county's fiscal performance for the FY 2021/22 in relation to the revised budget for the same period. It also highlights the reasons for the achieved performance as well as strategies to be executed to improve future fiscal performance.
7. The total revised revenue estimates budgeted for FY 2021/22 was Kshs.11.02 billion comprising of: Equitable share including balance brought forward Kshs.8.24 billion (75 percent of total revenue), conditional grants Kshs.1.19 billion (11 percent of the total revenue), and Own Source Revenue Kshs1.60 billion (14 percent of the total revenue).
8. Total revised expenditure estimates for the period under review amounted to Kshs.11.02 billion. This consisted of recurrent expenditure at Kshs.7.45 billion (68 percent of the total revenue) and development expenditure at Kshs.3.57 billion (32 percent of the total revenue). Further, recurrent expenditure consisted of Personnel Emolument (PE) of Kshs.4.28 billion and Operations and Maintenance (O&M) of Kshs.3.17 billion.

2.1. FY 2021/22 Aggregate Fiscal Performance

9. Actual cumulative revenue recorded amounted to Kshs.8.06 billion compared to a revised target of Kshs.11.02 billion, translating to 73 percent performance. Of these revenue, equitable share totaled Kshs.7.32 billion which was below target by Kshs.0.24 billion while conditional grants amounted to Kshs.212.95 billion against a target of Kshs.1.19 billion translating to 18 percent performance. Own Source Revenue collected was Kshs.527.94 billion indicating 33 percent performance (**Table 1**).
10. Total actual expenditure for FY 2021/22 totaled to Kshs.7.71 billion against a target of Kshs.11.02 billion representing an absorption rate of 70 percent of the total revised budget. Actual expenditure on recurrent budget was Kshs.5.58 billion indicating an absorption rate of 50.7 percent. The total expenditure on development budget was Kshs.2.12 billion translating to an absorption rate of 19 percent. Analysis of recurrent expenditure further indicate that,

Kshs.3.70 billion (34 percent) was spent on Personnel Emoluments (PE) and Kshs.1.87 billion (17 percent) was expended on Operations & Maintenance (O&M).

Table 1: Aggregate Fiscal Performance FY 2020/21 – FY 2021/22

	2020/21 FY		2021/22 FY		Deviation	Growth	% Growth	% Actual Performance	% to County Revenue
	Approved Estimates	Actual Performance	Approved Estimates	Actual Performance					
REVENUE SUMMARY									
GOK Transfer/Equitable Share	6,424,950,000	6,424,950,000	7,954,768,229	7,321,566,217	633,202,012	896,616,217	14	92	91
Own Source Revenue	1,687,000,000	862,288,151	1,595,132,700	527,943,689	824,711,849	-334,344,462	-39	33	7
TOTAL GRANTS	1,386,132,095	1,199,720,920	1,188,789,664	212,951,940	186,411,175	-986,768,980	-82	18	3
Grants for Covid-19 emergency response	115,610,640	73,214,000	1,499,045	0	42,396,640	-73,214,000	-100	0	
Compensation for User Fees Forgone	33,910,730	33,910,730	0	0	0	-33,910,730	-100	0	
WB-THS for Universal Care Project	223,173,393	202,991,230	142,105,523	32,961,097	20,182,163	-170,030,133	-84	23	
DANIDA	24,955,000	24,955,000	14,235,375	7,117,688	0	-17,837,312	-71	50	
Nutrition International Grants	0	0	10,000,000	4,999,400			0	50	
Road Maintenance Fuel Levy Fund	250,817,134	250,817,134	33,733,753	0	0	-250,817,134	-100	0	
Kenya Devolution Support Programme	141,231,532	57,697,071	244,029,165	0	83,534,461	-57,697,071	-100	0	
Kenya Urban Support Programme	274,750,300	270,350,300	219,492,200	0	4,400,000	-270,350,300	-100	0	
Kenya Informal Settlement Improvement Programme –KISIP	0	0	50,000,000	0			0	0	
Agricultural Sector Development Support Project	13,357,272	10,858,115	24,714,544	12,355,587	2,499,157	1,497,472	14	50	
Kenya Climate Smart Agriculture Project	279,821,200	246,633,084	448,980,059	155,518,168	33,188,116	-91,114,916	-37	35	
Grants for Development of Youth Polytechnics	28,504,894	28,294,256	0	0	210,638	-28,294,256	-100	0	
B/F	552,545,700	552,545,700	283,399,846	0	0	-552,545,700	-100	0	0
TOTAL	10,050,627,795	9,039,504,771	11,022,090,439	8,062,461,847	1,644,325,036	-977,042,924	-11	73	100
EXPENDITURE SUMMARY									
Compensation of Employees	3,974,732,604	3,994,041,658	4,280,395,788.00	3,710,827,358.00	569,568,430	-283,214,300	-7	87	45
Operations and Maintenance	2,477,282,910	2,083,126,435	3,171,328,112.00	1,871,697,185.00	1,299,630,927	-211,429,250	-10	59	23
Acquisition of Assets	3,598,612,281	2,875,974,673	3,570,366,539.00	2,123,782,793.00	1,446,583,746	-752,191,880	-26	59	32
TOTAL	10,050,627,795	8,953,142,766	11,022,090,439	7,706,307,336	3,315,783,103	-1,246,835,430	-14	70	100

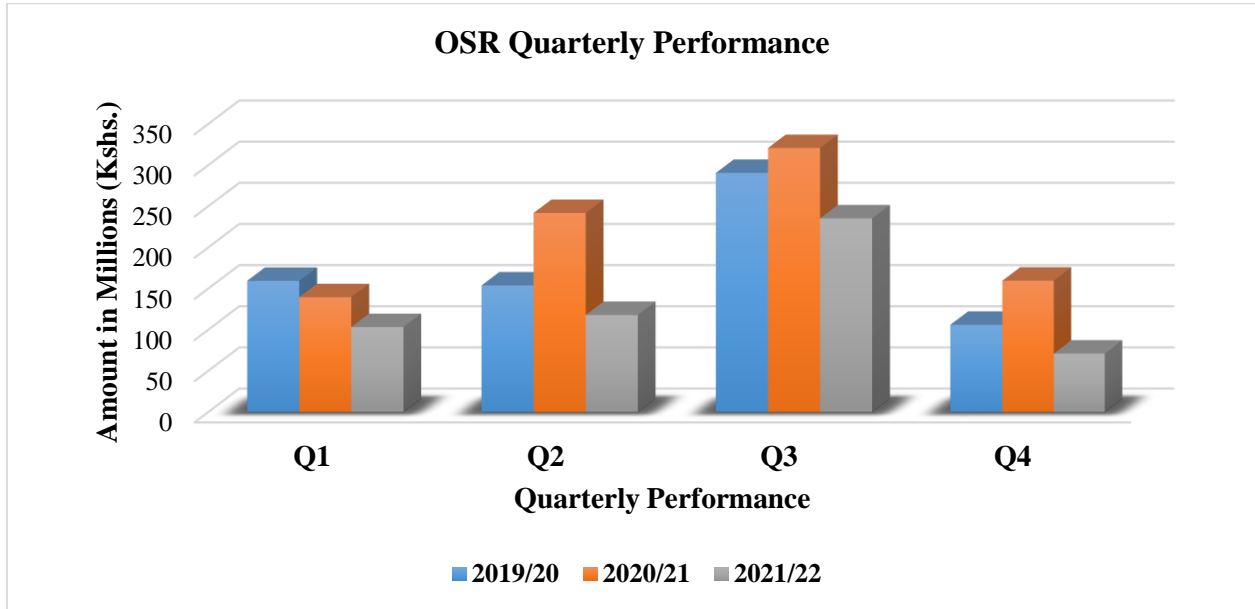
Source: Kajiado County Treasury

2.2. County Own Source Revenue Performance

11. The total cumulative Own Source Revenue (OSR) collection registered in FY 2021/22 totaled to Kshs.527.9 million against a revised target of Kshs.1.60 billion representing 33 percent performance. The underperformance in ORS was attributed to weak business environment occasioned by effects of drought observed in the county.
12. Analysis of OSR streams indicate that Single Business Permits (SBPs) contributed the highest amount, Kshs.132.1 million to the total OSR during the period under review. The other key performing revenue streams included; Sand and Ballast fees amounting to Kshs.88.7 million, Building Plan approval fee amounting to Kshs.66.98 million, Plot rates at Kshs.37.7 million and Mineral extraction royalties at Kshs.30.9 million (**Table 2**).
13. Quarterly OSR analysis point out that the third quarter recorded the highest performance of Kshs.235.4 million while the fourth quarter registered the lowest performance of Kshs.71.1 million. OSR trend comparing three financial years (2019/20; 2020/21 and 2021/22) revealed that the third quarter had the highest performance than the other quarters. This was on account of renewal of SBPs (**Figure 1**).
14. Sectoral analysis revealed that among the eight county sectors, the highest contributor to OSR collected was Agriculture, Rural and Urban Development (ARD) sector (Kshs.214.7 million). The other sectors contributed as follows in descending order: General Economic and Commercial Affairs (Kshs.154.1 million); Energy, Infrastructure and ICT (Kshs.131.7 million); Health sector (Kshs.26.7 million); Social Protection, Culture & Recreation Sector (Kshs.0.7 million); Education sector (Kshs.0.009 million); Public Administration and International Relations and Water, Environmental Protection and Natural Resources registered nil performance (**Table 2**).
15. Departmental analysis shows that Lands, Physical Planning and Urban Development together with Trade, Cooperative Development and Enterprise Development each contributed above

Kshs.100 million to the total actual OSR collected. Contributions were Ksh.247.7 million and Kshs.154.1 million respectively.

Figure 1: OSR Quarterly Performance 2019/20 FY- 2021/22 FY



Source: Kajiado County Treasury

Table 2: County Own Source Revenue Performance For FY 2021/22 (Kshs. Million)

Sector	Sub-Sector	Revenue Stream	FY 2020/21		FY 2021/22							
			Approved Annual OSR Targets	Annual OSR Actual Performance	Approved Annual OSR Targets	Q1	Q2	Q3	Q4	Annual OSR Actual Performance	% Performance against Annual Target	% Contribution by Revenue Stream to Total OSR
Agriculture, Rural and Urban Development	Agriculture, Livestock and Fisheries	Receipts from Sale of Agricultural Goods	25,000,000	18,570,977	36,660,000	3,071,350	3,450,140	4,758,370	3,690,390	14,970,250	40.8	2.8
		Other Cesses (Livestock Cess)	14,400,000	9,015,100	15,356,160	3,705,300	2,510,650	2,140,200	3,020,555	11,376,705	74.1	2.2
		Tender Documents Sale	15,500,000	19,180,265	127,968	-	-	-	-	-	0.0	0.0
		Slaughtering Fee	120,000	-	26,529,200	2,167,255	2,013,670	1,721,280	1,762,655	7,664,860	28.9	1.5
	Lands and Physical Planning	Land Rates	333,985,000	53,606,691	201,783,204	1,120,100	804,156	1,174,858	2,282,500	5,381,614	2.7	1.0
		Land Rates penalties	250,000	-	266,600	-	-	-	-	-	0.0	0.0
		Other Cesses-Lands	10,135,000	5,509,950	10,807,964	-	-	-	4,460,500	4,460,500	41.3	0.8
		Plot Rents	70,000,000	19,400,115	81,554,500	8,451,557	4,804,279	19,510,317	5,011,291	37,777,444	46.3	7.2
		Sand, Gravel, and Ballast Extraction Fees	236,725,100	119,195,875	217,515,060	23,882,500	26,682,500	16,590,000	14,710,635	81,865,635	37.6	15.5
		Quarry Extraction Fees	30,559,000	13,078,349	32,588,120	873,900	11,900,750	7,559,181	-	20,333,831	62.4	3.9
		Mineral Extraction Royalties (Cement, Silica, etc.)	170,900,000	27,593,497	61,252,040	973,750	19,545,450	10,351,150	-	30,870,350	50.4	5.8
		Other Miscellaneous Receipts Lands	-	-	4,585,520	-	-	-	-	-	0.0	0.0
		Survey Fee	-	-	1,655,586	-	-	-	-	-	0.0	0.0

Sector	Sub-Sector	Revenue Stream	FY 2020/21		FY 2021/22							
			Approved Annual OSR Targets	Annual OSR Actual Performance	Approved Annual OSR Targets	Q1	Q2	Q3	Q4	Annual OSR Actual Performance	% Performance against Annual Target	% Contribution by Revenue Stream to Total OSR
SECTOR TOTAL			907,574,100	285,150,819	690,681,922	44,245,712	71,711,595	63,805,356	34,938,526	214,701,189	31.1	40.7
Energy, Infrastructure and ICT	Roads, Public Works, Energy and Transport	Other Revenues Roads	-	-	2,917,201	-	-	-	-	-	0.0	0.0
		Fees under Traffic Act	1,000,000	900,000	1,492,960	-	-	-	1,660,950	1,660,950	111.3	0.3
		Transit Toll Charges	-	-	1,578,360	-	-	797,291	791,000	1,588,291	100.6	0.3
		Parking Fees - Local Authority Revenue	31,200,900	50,157,300	32,311,920	1,675,400	1,642,150	1,711,100	8,828,450	13,857,100	42.9	2.6
		Impounding Charges	1,000,000	564,424	1,066,400	-	-	-	-	-	0.0	0.0
		Enclosed Bus Park Fee	30,300,000	33,721,646	24,551,360	8,251,300	7,964,300	8,407,000	4,236,950	28,859,550	117.5	5.5
	Housing and Urban Development	Buildings Plan Approval Fee	168,535,560	102,176,989	288,481,120	22,753,786	17,284,041	21,084,441	5,857,845	66,980,113	23.2	13
ICT	Sign Boards & Advertisement Fee	48,504,558	79,320,481	40,096,640	4,717,484	2,042,500	7,058,725	4,976,957	18,795,666	46.9	3.6	
SECTOR TOTAL			280,541,018	266,840,840	392,495,961	37,397,970	28,932,991	39,058,557	26,352,152	131,741,670	33.6	25.0
General Economic & Commercial Affairs	Trade and Enterprise Development	Business Permits	292,044,400	160,232,102	280,199,876	12,858,535	3,485,700	110,530,300	5,272,145	132,146,680	47.2	25.0
		SBP Penalties	-	-	1,358,800	-	-	-	-	-	0.0	0.0
		Weights & Measures Fees	15,500,000	597,800	8,529,200	-	-	-	-	-	0.0	0.0
		Other Miscellaneous Receipts-Trade	270,000	909,790	287,928	167,040	47,520	123,960	-	338,520	117.6	0.1
		Market Stalls Rent	2,500,000	1,621,625	3,000,000	145,200	138,700	175,000	136,900	595,800	19.9	0.1
		Market Shelters Fee	23,200,000	20,631,288	24,740,480	530,720	10,801,290	5,507,530	4,174,850	21,014,390	84.9	4.0

Sector	Sub-Sector	Revenue Stream	FY 2020/21		FY 2021/22							
			Approved Annual OSR Targets	Annual OSR Actual Performance	Approved Annual OSR Targets	Q1	Q2	Q3	Q4	Annual OSR Actual Performance	% Performance against Annual Target	% Contribution by Revenue Stream to Total OSR
SECTOR TOTAL			333,514,400	183,992,605	318,116,284	13,701,495	14,473,210	116,336,790	9,583,895	154,095,390	48.4	29.2
Health	Medical Services and Public Health	Food Preparation Premises Hygenization Services Fee	23,500,000	13,744,300	25,300,000	-	-	-	-	-	0.0	0.0
		Public Health fees and charges	30,000,000	40,123,670	19,750,000	-	-	-	-	-	0.0	0.0
		Kajiado County Health Improvement Fund/General Hospital Fee	60,006,000	37,076,397	60,820,000	7,382,680	2,612,150	15,407,610	-	25,402,440	41.8	4.8
		Sewer Use Charge	2,663,770	3,428,000	917,104	603,500	200,000	490,000	-	1,293,500	141.0	0.2
		Burial Fees	-	-	54,141	-	-	-	-	-	0.0	0.0
SECTOR TOTAL			116,169,770	94,372,367	106,841,245	7,986,180	2,812,150	15,897,610	0	26,695,940	25.0	5.1
Education	Education	License Fees - Institutions and groups	506,000	4,000	539,598	-	-	-	9,000	9,000	1.7	0.0
SECTOR TOTAL			506,000	4,000	539,598	0	0	0	9,000	9,000	1.7	0.0
PAIR	County Treasury	Other Cesses	-	-	11,628,620	-	-	-	-	-	0.0	0.0
SECTOR TOTAL			0	0	11,628,620	0	0	0	0	0	0.0	0.0
Social Protection, Culture & Recreation Sector	Social Protection	Liquor Licenses - Act Contribution	47,794,712	31,053,520	73,655,500	75,000	40,000	352,500	233,000	700,500	1.0	0.1
SECTOR TOTAL			47,794,712	31,053,520	73,655,500	75,000	40,000	352,500	233,000	700,500	1.0	0.1
Water, Environmen	Water Services	Water Kiosks Sales	900,000	874,000	959,760	-	-	-	-	-	0.0	0.0

Sector	Sub-Sector	Revenue Stream	FY 2020/21		FY 2021/22							
			Approved Annual OSR Targets	Annual OSR Actual Performance	Approved Annual OSR Targets	Q1	Q2	Q3	Q4	Annual OSR Actual Performance	% Performance against Annual Target	% Contribution by Revenue Stream to Total OSR
tal Protection and Natural Resources	Environment	Garbage Dumping Fee			213,810	-	-	-	-	-	0.0	0.0
SECTOR TOTAL			900,000	874,000	1,173,570	0	0	0	0	0	0.0	0.0
TOTAL COUNTY OSR			1,687,000,000	862,288,151	1,595,132,700	103,406,357	117,969,946	235,450,813	71,116,573	527,943,689	33.1	100.0

Source: Kajiado County Treasury

Challenges Contributing to Underperformance of Own Source Revenue

16. Underperformance in own source revenue were contributed by the following challenges:

- i. Lack of updated valuation roll – property taxes have a huge potential to yield high revenues but are hindered by outdated valuation roll and computation of rates on unimproved site value
- ii. Inadequate and/or an updated data to inform computation of county revenue potential as well as revenue forecasting;
- iii. Weak revenue administration structures resulting to non-compliance and revenue leakages;
- iv. Lack of tariff and pricing policy to guide imposition of fees and/or charges
- v. Challenges of mobility owing to the vastness of the county;
- vi. Inadequate resources to effectively carry out public participation on legislative processes targeting rate payers

Strategies to Optimize Own Source Revenue Performance

17. To address the declining OSR trends, the county government has formulated the below outlined strategies to be executed over the medium term: -

- i. Establish predictability of fees and charges by providing greater certainty of policy direction for investors;
- ii. Fully update valuation roll to enable the county yield high own source revenue;
- iii. Develop and regularly update county's database on sources/potential sources of revenue to help in revenue forecasting;
- iv. Encourage voluntary compliance in payment of fees and charges;
- v. Formulate and implement tariff and pricing policy to guide imposition of fees and/or charges;
- vi. The county will collaborate with development partners to conduct public participation on legislative processes targeting rate payers;
- vii. Identify reforms to be undertaken such as widening revenue base;
- viii. Strengthen legal and institutional frameworks;
- ix. Implement effective credit control and debt collection system to enhance recovery of fees and charges.

2.3. FY 2021/22 Expenditure Performance

18. During the 2021/22 financial year, the county expended a total of Kshs.7.71 billion against a target of Kshs.11.02 billion. This is lower than what was expended in 2020/21 financial year by Kshs.1.24 billion. The absorption rate for the period under review was 70 percent compared to 89 percent in FY 2020/21.
19. Total actual recurrent expenditure amounted to Kshs.5.58 billion constituting of Kshs.3.70 billion PE and Kshs.1.87 billion O&M. absorption rates were 50.7 percent, 34 percent and 17 percent respectively. On development, the total actual expenditure was Kshs.2.12 billion representing an absorption rate of 19 percent.

2.3.1 Sectoral Expenditure Performance

20. The county implements sectoral planning and budgeting so as to present sectoral development objectives, policy goals, sector performance, issues and opportunities as well as strategies. The county is organized into eight sectors: Agriculture, Rural and Urban Development; Energy, Infrastructure and ICT; General Economic and Commercial Affairs; Health; Education; Public Administration and International Relations; Social Protection, Culture and Recreation Activities and Water Services, Environmental Protection and Natural Resources.

2.3.2 Departmental Expenditure Performance

21. Departmental analysis shows that most county spending units registered satisfactory absorption rates. The first three spending units with the high absorption rates (over 80 percent) were: Medical Services and Public Health an absorption rate of 90.1 percent, followed by Gender, Culture, Tourism and Wildlife with 88.5 percent and Education, Vocational Training, Youth and Sports with 80.5 percent. Conversely, Kajiado Municipality, Ngong Municipality and the Office of the County Attorney registered low absorption rates of 23.2, 22.1 and 11.3 percent respectively (**Table 3**).
22. Development expenditure analysis indicates that, the department of Health and Medical Services recorded the highest absorption rate of 97.1 percent, followed by the County Assembly with 78.1 percent. The department of Education, Vocational Training, Youth and

Sports and the department of Water, Environment and Natural Resources registered lowest absorption rates of below 10 percent at 4.2 and 5.7 percent respectively.

23. Personnel Emoluments (PE) absorption rates was above 80 percent for most spending units, the County Assembly and the County Treasury both expended all the allocated PE budgets resulting to 100 percent absorption rates. The Office of the County Attorney had the least absorption rate of 56.8 percent.
24. Further analysis points out that the department of Roads, Transport, Public Works, and Energy had the highest absorption rate of 109.1 percent on Operations and Maintenance (O&M), followed by the department of Gender, Culture, Tourism and Wildlife with 86.2 percent and the County Assembly with 85.1 percent. The county spending unit which recorded the lowest O&M absorption rate was the Office of the County Attorney with 3.1 percent.

Table 3: Departmental Expenditure Analysis

Department/Entity		CFSP 2021 Ceiling	Approved Supplementary Budget 2021/22	Actual Expenditure 2021-22	Absorption Rate (on Actual Expenditure)
Office of The Governor and The Deputy Governor	SUB-TOTAL	239,135,567	232,678,852.00	152,824,733.00	65.7
	PE Gross	95,867,600	102,710,885.00	88,858,132.00	86.5
	OM Gross	143,267,967	129,967,967.00	63,966,601.00	49.2
	Dev. Gross	-	-	-	0
County Public Service Board	SUB-TOTAL	94,931,166	107,895,013.00	58,965,515.00	54.7
	PE Gross	45,300,907	46,405,512.00	43,639,021.00	94
	OM Gross	49,630,259	61,489,501.00	15,326,494.00	24.9
	Dev. Gross	-	-	-	0
Medical Services and Public Health	SUB-TOTAL	2,478,467,685	2,430,203,896.00	2,188,837,736.00	90.1
	PE Gross	1,620,136,972	1,700,484,823.00	1,640,251,647.00	96.5
	OM Gross	608,330,713	641,388,811.00	462,860,404.00	72.2
	Dev. Gross	250,000,000	88,330,262.00	85,725,685.00	97.1
Water, Environment and Natural Resources	SUB-TOTAL	600,911,272	419,917,244.00	169,097,001.00	40.3
	PE Gross	89,457,683	87,213,655.00	75,485,597.00	86.6
	OM Gross	141,453,589	155,703,589.00	83,544,144.00	53.7
	Dev. Gross	370,000,000	177,000,000.00	10,067,260.00	0
Roads, Transport, Public Works, and Energy	SUB-TOTAL	628,272,685	774,442,100.00	556,732,654.00	71.9
	PE Gross	82,063,253	93,324,419.00	85,232,901.00	91.3
	OM Gross	104,341,432	88,783,928.00	96,875,446.00	109.1
	Dev. Gross	441,868,000	592,333,753.00	374,624,307.00	63.2

Department/Entity		CFSP 2021 Ceiling	Approved Supplementary Budget 2021/22	Actual Expenditure 2021-22	Absorption Rate (on Actual Expenditure)
Public Service, Administration Social Services and Inspectorate Services	SUB-TOTAL	472,645,243	1,043,937,562.00	459,762,607.00	44
	PE Gross	365,432,288	757,617,556.00	361,389,738.00	47.7
	OM Gross	107,212,955	240,320,006.00	98,372,869.00	40.9
	Dev. Gross	-	46,000,000.00	-	0
Finance, Economic Planning And ICT	SUB-TOTAL	1,397,470,539	2,296,714,748.00	1,722,496,136.00	75
	PE Gross	275,389,931	305,556,376.00	305,556,376.00	100
	OM Gross	354,300,930	486,733,001.00	242,723,168.00	49.9
	Dev. Gross	767,779,678	1,504,425,371.00	1,174,216,592.00	78.1
Lands, Physical Planning and Urban Development	SUB-TOTAL	112,975,998	156,323,198.00	56,735,042.00	36.3
	PE Gross	45,329,060	47,196,260.00	42,368,784.00	89.8
	OM Gross	67,646,938	59,126,938.00	14,366,258.00	24.3
	Dev. Gross	-	50,000,000.00	0	0
County Assembly	SUB-TOTAL	801,236,690	1,060,704,523.00	815,156,009.00	76.9
	PE Gross	310,942,384	309,087,789.00	309,044,054.00	100
	OM Gross	390,294,306	566,316,734.00	481,878,626.00	85.1
	Dev. Gross	100,000,000	185,300,000.00	24,233,329.00	13.1
Education, Vocational Training, Youth and Sports	SUB-TOTAL	600,926,011	754,828,487.00	607,629,999.00	80.5
	PE Gross	375,590,028	429,952,654.00	412,768,738.00	96
	OM Gross	65,335,983	266,370,939.00	192,378,878.00	72.2
	Dev. Gross	160,000,000	58,504,894.00	2,482,383.00	4.2
Gender, Culture, Tourism and Wildlife	SUB-TOTAL	142,065,548	99,935,779.00	88,445,280.00	88.5
	PE Gross	52,967,050	54,837,281.00	49,551,374.00	90.4
	OM Gross	29,098,498	45,098,498.00	38,893,906.00	86.2
	Dev. Gross	60,000,000	-	-	0
Agriculture, Livestock and Fisheries	SUB-TOTAL	365,929,995	977,961,094.00	643,445,407.00	65.8
	PE Gross	176,853,169	165,773,665.00	143,227,666.00	86.4
	OM Gross	149,076,826	163,207,370.00	47,784,504.00	29.3
	Dev. Gross	40,000,000	648,980,059.00	452,433,237.00	69.7
Trade, Cooperatives and Enterprise Development	SUB-TOTAL	231,474,191	128,289,566.00	84,252,302.00	65.7
	PE Gross	64,446,353	71,261,727.00	64,503,799.00	90.5
	OM Gross	57,027,838	57,027,839.00	19,748,503.00	34.6
	Dev. Gross	110,000,000	-	-	0
Kajiado Municipality	SUB-TOTAL	50,953,774	142,611,333.00	33,110,844.00	23.2
	PE Gross	30,500,000	30,369,268.00	27,741,331.00	91.3
	OM Gross	20,453,774	28,815,431.00	5,369,513.00	18.6
	Dev. Gross	-	83,426,634.00	-	0
Ngong Municipality	SUB-TOTAL	85,017,560	223,770,381.00	49,372,864.00	22.1
	PE Gross	54,500,000	52,197,255.00	46,217,365.00	88.5
	OM Gross	30,517,560	35,507,560.00	3,155,499.00	8.9

Department/Entity		CFSP 2021 Ceiling	Approved Supplementary Budget 2021/22	Actual Expenditure 2021-22	Absorption Rate (on Actual Expenditure)
	Dev. Gross	-	136,065,566.00	-	0
Office Of The County Attorney	SUB-TOTAL	5,118,000	171,876,663.00	19,443,207.00	11.3
	PE Gross	-	26,406,663.00	14,990,835.00	56.8
	OM Gross	5,118,000	145,470,000.00	4,452,372.00	3.1
	Dev. Gross	-	-	-	0
Grand Total		8,307,531,924	11,022,090,439	7,706,307,336	69.9

Source: Kajiado County Treasury

3. RECENT ECONOMIC DEVELOPMENT AND OUTLOOK

3.0. Overview

25. Recent economic performance realized at the international, regional, national and local (county) scenes are explained in this section. The section also highlights selected macroeconomic variables like inflation and interest rates which plays critical role in determining economic growth. It further presents economic growth outlook and policies to be implemented at the county as well as the risks to the outlook.

3.1. Recent Economic Developments

3.1.1. Global Economic Performance

26. The global economic growth is expected to slow down to 3.2% in 2022, compared to the growth of 6.1% experienced in 2021. This decline in growth is partially due to the rise in inflation across the world, triggered by increased oil and food prices, along with the effects of the global monetary policy that has made financial conditions more stringent.

27. The expansion of developed economies is anticipated to decrease to 2.5% in 2022, compared to the growth of 5.2% in 2021. The slowdown in growth in the United States was mostly caused by a decrease in private consumption, while the weak growth in the Euro area was a result of the impact of the conflict in Ukraine and the imposition of more stringent financial conditions.

28. The economic growth for emerging markets and developing economies is projected to decrease to 3.6% in 2022, compared to 6.8% in 2021. This drop primarily stems from the significant slowdown in China's economy and the moderation of India's economic growth.

29. The economic growth for the Sub-Saharan Africa region is expected to decline by 3.8% in 2022, compared to the growth of 4.6% in 2021. This contraction is largely due to the rise in prices of domestic goods caused by supply disruptions, partly caused by the ongoing conflict between Russia and Ukraine.

3.1.2. Kenya's Economic Performance

30. The Kenyan economy bounced back from the negative impacts of the Covid-19 pandemic and grew by 7.5% in 2021, after experiencing a decline of 0.3% in 2020. This recovery was primarily due to the resumption of activities in the service and industry sectors, despite a lower performance in the agricultural sector.
31. In the first quarter of 2022, the economy showed substantial growth of 6.8%, compared to a growth of 2.7% in the same quarter of the previous year. This growth was fuelled by better performance in the financial and insurance sector, wholesale and retail trade, transportation, manufacturing, accommodation and food services, and administration and support services.

Sectoral Performance

32. The Agriculture, forestry, and fishing sector showed a decline of 0.7% in the first quarter of 2022, compared to a growth of 0.4% in the same quarter of 2021. This poor performance was mainly due to a significant decrease in tea production and horticultural exports. On the other hand, the sector's decline was softened by an increase in coffee, milk, and cane production. The sector's contribution to GDP growth in the first quarter of 2022 was -0.1 percentage points, compared to 0.1 percentage points in the same quarter of 2021.
33. The Industry sector showed an expansion of 4.4% in the first quarter of 2022, compared to a growth of 3.9% in the same quarter of 2021. This growth was driven by improved performance in the manufacturing sector, despite slow growth in the electricity and water supply and construction sub-sectors. The sector contributed 0.7 percentage points to GDP in the first quarter of 2022, compared to 0.6 percentage points in the same quarter of 2021.
34. The manufacturing sector grew by 3.7% in the first quarter of 2022, compared to a growth of 2.1% in the same quarter of 2021. This growth was attributed to substantial growth in the processing of coffee and cement production.
35. The electricity and water supply sector showed a decrease in growth of 1.9% in the first quarter of 2022, compared to a growth of 3.6% in the same quarter of 2021. This decline was largely

due to a decrease in electricity generated from hydro sources, caused by insufficient rainfall. Additionally, electricity generated from geothermal also showed a decrease in growth.

36. The services sector showed a growth of 9.1% in the first quarter of 2022, compared to a growth of 3.2% in the same quarter of 2021. The substantial growth was mainly driven by a significant recovery in the accommodation and food services sector. This sector contributed 5.1 percentage points to the real GDP growth in the first quarter of 2022, compared to 1.8 percentage points in the same quarter of 2021.
37. In terms of employment, a total of 926.1 thousand new jobs were created in the economy, with 172.3 thousand in the formal sector and 753.8 thousand in the informal sector. In 2021, employment levels in the private sector grew by 6.8%, compared to a decline of 10.0% in 2020.
38. The new jobs created partly resulted from relaxation of covid-19 containment measures which had a positive impact on resumption of economic activities. The private sector registered a growth of 6.8 percent in employment levels in 2021 in contrast to a decline of 10.0 percent recorded in 2020.
39. The employment in the public sector increased to 923.1 thousand people which represented an increase of 4.3 percent in 2021. The increase was largely characterised by recruitment in the civil service for essential services.
40. The inflation rate rose to 8.5% in August 2022, up from 6.6% in 2021, mainly due to higher fuel and food prices. However, the government's measures to reduce electricity tariffs, stabilize fuel prices, and subsidize fertilizer prices helped to moderate the increase. The overall annual average inflation remained within government target range at 6.6% in August 2022 in comparison to the 5.7% recorded in August 2021.
41. Despite the tight financial conditions worldwide and high demand for the US dollar, the foreign exchange market in Kenya has been relatively stable. In October 2022, one US dollar was exchanged for Ksh.121.0, compared to Ksh.110.9 in October 2021. During the same

period, the Kenyan shilling also strengthened against other major currencies, such as the Euro, which was exchanged for Ksh.119.0 in October 2022 compared to Ksh.128.6 in October 2021, and the British pound, which was exchanged for Ksh.136.6 in October 2022 compared to Ksh.151.6 in the same period of the previous year.

42. In comparison to Sub-Saharan Africa currencies, the volatility of the Kenya Shilling exchange rate has remained relatively low at 9.2 percent against the US Dollar in October 2022. The depreciation rate of the Kenya Shilling was lower than that of Namibian Dollar, Botswana pula, South African Rand and Malawi Kwacha. The stability in the Kenya Shilling was supported by increased remittances, adequate foreign exchange reserves and improved exports receipts.
43. In the past year, short-term interest rates remained low and stable, due to ample liquidity in the money market. The monetary policy has been tight in order to keep inflation under control, as there is a high risk of inflation due to rising global commodity prices and disruptions in the supply chain. In September 2022, the Central Bank Rate was increased from 7.5 percent to 8.25 percent. The interbank rate remained steady at 5.1 percent in October 2022, compared to 5.3 percent in October 2021.
44. The interest rates for Treasury bills were low, around 9 percent or below, in October 2022. The interest rate for 91-day Treasury bills was 9.1 percent in October 2022, which was an increase from the 7 percent rate in October 2021. The interest rates for 182-day and 364-day Treasury bills also increased over the same period, going up to 9.7 and 9.9 percent, respectively, from 7.4 and 8.1 percent.
45. The broad money supply, as measured by M3, grew by 7.6 percent in the year ending July 2022, compared to 6.9 percent growth in the same period of the previous year. This growth was due to a rise in domestic credit, particularly private sector lending.
46. The private sector credit improved significantly with a growth rate of 12.7 percent in the 12 months leading up to September 2022, compared to a growth rate of 7.4 percent in the same period of 2021. This was due to increased credit demand across various sectors, including

mining, transport and communication, agriculture, trade, consumer durables, manufacturing, business services, and building and construction. Monthly credit flows showed improvement, increasing from Ksh.39.0 billion in September 2021 to Ksh.60.2 billion in September 2022. This indicates an overall positive trend in credit demand, reflecting the growth of the economy.

3.1.3. County Economic Performance and Development

47. In the 2021/22 fiscal year, the county put into action four strategic priorities that aimed to achieve the county's medium-term theme of "*Economic Recovery for Improved Quality of Life.*" The four strategies are; Sustainable food security, improved nutrition and value addition; Ensure healthy lives and promote the well-being of citizens; Investment in social welfare to improve livelihoods and; Promote productive employment and entrepreneurship. These strategies were outlined in the County Fiscal Strategy Paper (CFSP) for 2021.
48. The strategies provided the framework and basis of resource allocation and prioritization of government programmes and projects for the fiscal year 2021/22. The key achievements and developments made under these four key thematic areas are highlighted below.

Sustainable Food Security, Improved Nutrition and Value Addition

49. The strategic priority is geared towards providing strategic solutions to food scarcity and malnutrition through the transformation of food supply and value chains. This is achieved through implementation of strategic programmes and projects under crop production and management, animal production and management, and fish production and fisheries management. In addition, facilitative services and framework like land use management and policies help to enhance food security in the county.
50. To enhance crop production and management in the county, 3250 farmers and 180 farmer groups were provided with agricultural livestock services. In addition, 115 farmers were trained on crop pests and disease control. Further, the department of agriculture prepared 25 reports on pest and disease surveillance and acted on the reports.
51. To enhance agricultural farm mechanization, 75 farmers accessed public farm machinery through leasing arrangements. To enhance soil and water conservation management, 48% of

the farmers were facilitated to adopt best farming practices on soil and water conservation and 1250 farmers were trained on soil and water conservation management and best farming methods. Further, 5800 farmers were supplied with subsidized fertilizer while 905 farmers were supplied with drought tolerant assorted seeds.

52. To increase the area of land under irrigation, 40 new hectares of land were put under irrigation while an additional 150 Ha of small scale farms were put under irrigation. In addition, 350 farmers and 12 county staff were trained on small scale irrigation and value addition. Two new water infrastructure were operational and sustainably managed. Under the KCSAP programme, 3000 direct beneficiaries in CIGs and 5 beneficiaries under CIGs/VMGs adopted at least one TIMP. To develop agribusiness and markets, 4 producer organizations were formed to link producers to markets.
53. On animal production and management, 2900 livestock farmers were trained on livestock keeping knowledge and skills, pasture conservation and appropriate technologies. In addition, 200 Ha of range land was rehabilitated through reseeded and 10,000 hay bales were produced.
54. To control livestock diseases, 24 surveillance reports were prepared and acted upon while 4 vaccination crashes/dips were constructed. 1945 farmers were reached through extension outreaches and 2 animal welfare outreaches and advocacy were conducted. Additionally, 1 vaccination campaign was conducted against FMD, CBPP, PPR and CCPP.
55. To improve local animal breeds, 24,000 artificial inseminations were done with a recorded success rate of 60%. In addition, 50 providers of artificial insemination services were certified and licensed.

Ensure healthy lives and promote the well-being of citizens

56. To improve the health infrastructure in the county, the health sector equipped/upgraded Ngong, Kitengela, Loitokitok and Kajiado West hospital to level 4 status. In addition, 10 primary care facilities were upgraded/equipped/rehabilitated and five (5) community health units were also established and operationalized.

57. Further, to enhance access to healthcare, 105 integrated outreaches were conducted. In addition, all the health facilities were supplied with health supplies and equipment.
58. The county through the health sector implemented a number of interventions to ensure quality healthcare services. They include, conducted 37 support supervision visits by CHMT, SCHMTs, HMTs; inspected 85% of private health facilities and ensured that there were functional committees and boards in 118 health facilities.
59. On preventive and promotive services that reduces disease burden in the county, 250 awareness forums on adoption of healthy lifestyle practices were held. In addition, 68% of people living with HIV know their status while 68% of those who know their status are receiving Anti-retroviral therapy. 27% of public facilities offer RMNCH and family planning services. 85% of children are fully immunized while the HIV exposed infants infected (MTCT rate) declined from 15.4% to 11.2%.
60. To enhance preventive and promotive services which targets to reduce disease burden, the county collected 400 food and water samples and appropriate action taken. 48% of food/trade premises were licensed and 29% of food handlers were examined. 19% of villages in the county were declared open defecation Free (ODF). In addition, there was a reported 59% of sanitation coverage for urban and peri-urban areas. 1717 of infected or exposed households were treated with chemical, physical and biological agents.
61. On enhanced nutrition, 7% of targeted under 5 year olds were provided with vitamin A and dewormed. The prevalence of stunting and wasting reduced from 9% to 2.8% and 4.3% respectively.

Investment in social welfare to improve livelihoods

62. The thematic area focussed on various social programmes geared towards improving the welfare of the county citizens. They include education and social protection including gender and disability issues.

63. To increased literacy levels and economic empowerment through education, the county implemented various social investments in education. They include improvement of education facilities through construction and equipping of education infrastructure, improvement of staffing levels in Early Childhood and Development Education (ECDE) and Vocational Training Centres (VTCs), and provision of teaching and instruction materials to ECDEs and VTCs. In addition, the department provided Kshs.150 million of financial assistance to students and learners through bursaries and scholarships.
64. On social protection, the county facilitated and mobilized the enrolment of elderly and vulnerable people to the National Health Insurance Scheme (NHIF). To control drug abuse and gambling, the county Betting and Gambling policy was developed and anti-drug abuse campaign conducted. In addition, 90 liquor outlets were registered and licensed. On child protection services, 10% of street children were re-integrated with their families and the Kajiado County Child Protection Policy was developed.
65. A Gender Based Violence (GBV) recovery centre was established in Kajiado Referral Hospital in collaboration with Collaborative Centre for Gender and Development (CCGD). In addition, 100% of rescue cases on Female Genital Mutilation (FGM) and early child marriages were handled. Further, seven (7) sensitization campaigns were conducted on GBV and anti-FGM. The county also conducted mentorship sessions for students with 200 boys and girls being mentored and provided with dignity kits.

Promote Productive Employment and Entrepreneurship

66. To promote productive employment and entrepreneurship for the county citizens, 41 groups were provided with affordable credit services through the county youth women enterprise development funds amounting to Kshs.7 million. To enhance economic empowerment, disability mainstreaming was implemented through sensitization of Persons With Disabilities (PWDs) on Access to Government Procurement Opportunities (AGPO) and capacity building of youths on AGPO and entrepreneurship. To empower vulnerable groups, 66.7% of the budgeted Women Enterprise Development Fund (WEDF) was disbursed with 41 youth and women groups benefiting.

67. In addition, the county developed the trade, investments and SMEs digital database for effective communication and mobilization of investment and county enterprise promotion. 257 people from vulnerable groups were also trained on entrepreneurship skills.

3.2. County Economic Growth Outlook and Policies

68. Over the medium term, the county will direct its key resources to the implementation of key thematic areas through strategic development and investment in social and economic welfare improvement programmes. The key thematic areas to be prioritized in the medium term are: Modulated pastoralism; Livable towns and Climate proofed environment. The strategies are aligned to the county medium term goals as outlined in 2023-2027 CIDP as well as national and international development agenda.

69. To support the implementation of the four priorities, the county will adopt an efficient fiscal policy framework on improved revenue mobilization and austerity measures on public expenditure. The fiscal policies will help in efficient achievement of the short term objectives and enhancing the pace of economic recovery from pandemic and drought effects in the county. The revenue mobilization strategies will focus on Own Source Revenue (OSR) and Private Public Partnerships (PPPs) and on-boarding of other development partners.

70. On Own Source Revenue (OSR), the county will formulate policies and management structures to restructure revenue administration to improve OSR and seal revenue leakage. Enhanced OSR would expand the county resource basket and enhance implementation of planned activities and programmes. This will be achieved through the following measures:

- i. Widening the resource base through addition of revenue streams;
- ii. Restructuring revenue administration by strengthening the legal and institutional capacity for OSR;
- iii. Pursuing Public-Private Partnerships for project and programme implementation;
- iv. Efficient resource mobilization framework from external sources and development partners.

71. The county intends to seek out development partners through Public-Private Partnerships (PPPs) and conditional grants to finance and execute certain social and economic

empowerment programs within the county. The county will work in cooperation with these development partners to ensure that projects and programs are implemented in a coordinated manner throughout the county.

72. The county will prioritize responsible spending by reducing wasteful expenditure, while adhering to the regulations and guidelines of Public Finance Management (PFM). The county's objectives will be consistent with the requirements of the PFM act. In particular, all county budgets and plans will ensure that at least 30% of total expenditure is allocated to development, and no more than 35% of total expenditure is allocated to personnel emoluments, as stipulated in section 25(1) of the PFM Act Regulations (2015).
73. The county is committed to settlement of its financial obligations by prioritizing the payment of verified pending bills in medium term expenditure frameworks in accordance with the PFM Act, 2012 section 156 (4) d. Accounting officers will be required to promptly pay and prioritize eligible and approved pending bills.
74. To enhance social and economic welfare, the county will prioritize investments in the agricultural sector to help in cushioning the citizens against the effects of drought. This will be implemented through strategic investments and implementation of social welfare programmes for the economically challenged and vulnerable groups
75. To enhance service delivery and medium term implementation, the county will approve and operationalize the Monitoring and Evaluation policy to ensure efficient and effective implementation of county programmes and projects. It will also implement the e-County Integrated Management System (e-CIMES).
76. The county will strengthen disaster risk management strategies so as to facilitate improved disaster preparedness, response and recovery. It will also integrate more effective disaster risk reduction measures into county development planning and budgetary process.

3.3. Risks to the county's Outlook

77. Risks to county's outlook emanate from internal as well as external sources. The continued conflict between Russia and Ukraine creates uncertainties on the global economy. In addition,

the continuing drought and effects of climate change are increasingly affecting both the social and economic aspects of the county citizens and county government.

78. The current drought and continuing effects of climate change have significantly led to declining agricultural/livestock production and productivity in the county. This directly affects the economy of the county and the livelihoods of the county citizens.
79. The effects of the drought as well as the lingering effects of the pandemic are likely to exert fiscal demands on the county and the country leading to higher expenditure pressures amid the dwindling county revenues.
80. Furthermore, a rise in pending bills could have negative consequences for the delivery of critical services to citizens as the government may become overburdened with debt repayment. Unresolved pending bills can also undermine investor confidence, leading to the loss of reliable contractors and suppliers.
81. The possibility of OSR (Own Source Revenue) underperformance is likely to impede the implementation of planned programs and projects. Moreover, delayed disbursements from the national government may cause a delay in the execution of programs and projects, resulting in a low budget absorption rate by the county government.
82. The county will continually monitor these risks and take appropriate measures to mitigate them should they materialize.

4. RESOURCE ALLOCATION FRAMEWORK

4.0. Overview

83. Resource allocation and expenditure prioritization for the 2023/24 - 2025/26 medium term expenditure framework is guided by the county government's priorities in addition to fiscal performance trends. It also takes into account the current macro-economic variables at the global, regional and national scenes like inflation rate.

4.1. Implementation of the FY 2022/23 Budget

84. Implementation of the 2022/23 financial year budget begun in July 2022 as planned. The execution of this budget is affected by fiscal and non-fiscal performance of the 2021/22 financial year. Looking at the Own Source Revenue (OSR) performance for FY 2021/22, the county under collected against the set target. As a result, there were programmes/projects which were not implemented as planned. To cushion on this, the county has formulated strategies to be employed so as to enhance the FY 2022/23 performance. Approved Budget (Revenues and expenditures) for the FY 2022/23 were retained as approved by the County Assembly and are in line with the 2022 County Fiscal Strategy Paper (CFSP).

85. The total budget for FY 2022/23 is Kshs.9.91 billion comprising of Kshs.7.95 billion equitable share, Kshs.1.50 billion OSR and Kshs.0.45 billion conditional grants. Expenditure estimates amounted to Kshs.9.91 billion where Kshs.3.24 billion was allocated to development expenditure and Kshs.6.67 billion to recurrent expenditure. Further, PE took Kshs.4.33 billion while O&M was allocated Kshs.2.34 billion.

86. During the preparation of the FY 2022/23 budget, the focus was and still remains completion and operationalization of ongoing and stalled projects so as to realize the intended objective of the project and as well get value for money as was set during the planning stage of the project.

87. To ensure smooth implementation of the budget, the County Treasury is keen to ensure adherence of the fiscal responsibility principles set out in the PFM Act, 2012 Section 107. The

County Treasury will also manage budgetary expenditure pressures by improving efficiency in public finance management.

88. In addition, the County Treasury will undertake regular monitoring to ensure that the budget is implemented as planned. It will also execute austerity measures on non-core expenditures in order to save funds for core expenditures.

4.2. The Medium Term Fiscal Framework

89. Going forward the county government will continue to prioritize implementation of programmes/projects with greater impact on the economy and on completion of ongoing and stalled projects with a view of achieving its development agenda. The medium term theme is *strengthening economic recovery for a Transformed and Sustainable Kajiado*, which is informed by the measures and strategies the government will implement to accelerate economic recovery and growth.
90. Over the medium term, the government through the County Treasury will continue to strengthen public finance management practices across all the spending units. This is geared towards enhancing efficiency in mobilization and utilization resources.
91. While implementing its medium term budget, the county government will focus on provision of core services targeting to alleviate poverty among residents. To achieve this, the county will strengthen Public Private Partnerships (PPPs), execute strategies aimed at widening revenue base thus increased OSR collection and formulate as well as implement policies that create an enabling business environment to attract potential investors to operate within the county.
92. Resource allocation will be aligned to the county's development agenda outlined in the county's development blue print, Kajiado County Integrated Development Plan (CIDP). During the medium term, the county will prioritize to implement the following thematic/strategic priority areas: -
 - a. Modulated pastoralism targeting rural Kajiado
 - b. Livable towns for urban and peri-urban Kajiado
 - c. Climate proofed environment

4.3. FY 2023/24 Budget Framework

93. The 2023/24 and the Medium Term Budget Framework targets to support economic recovery as well as achieve county government's development agenda. This will be realized through maximum utilization of resources. The county government will allocate available resources as per the functions of each spending unit taking into account the global, regional and national macroeconomic variables. While allocating resources which forms the budget ceilings, the County Treasury will be guided by the following criteria: -
- i. Linkage of programmes that support economic recovery;
 - ii. Linkage of the programme with the county's development blue print (the 2023-2027 CIDP), the 'Big Four' agenda and the priorities of the Fourth Medium-Term Plan of the Kenya Vision 2030;
 - iii. Degree to which a programme addresses job creation and poverty reduction;
 - iv. Degree to which the programme addresses the core mandate of the county department/entity;
 - v. Extent to which the programme seeks to address viable stalled projects as well as dully verified pending bills;
 - vi. Sustainability and cost effectiveness of the programme; and
 - vii. Expected outputs and outcomes from a programme; and
94. On the basis of the above set criteria, the county government will be keen to continue with completion of ongoing and viable stalled programmes and projects. This will therefore be given first priority during resource allocation so as to achieve desired results for the intended beneficiaries.
95. In setting the resource ceiling, the county will allocate funds to settle dully verified pending bills that have accumulated over the years on a First-In First-Out basis. Management of other expenditure pressures will be prioritised to ensure that planned programmes are implemented without disruption.

96. Over the medium term, the county government will continue to strengthen measures to enhance OSR collection and collaboration with development partners to support programme/project implementation. In doing so, it will also ensure efficiency and proper utilization of public resources. The government will further control expenditure by initiating austerity measures targeting to minimize non-core expenditure.
97. The total projected revenue for the 2023/24 financial year is estimated at Kshs.9.93 billion. This will comprise of equitable share of Kshs.7.99 billion, OSR projected at Kshs.1.51 billion and conditional grants at Kshs.419.73 million funded by the Government of Kenya (GoK) and other development partners. The county government will adhere to the provisions of the PFM Act 2012 and the 2023 Kajiado Debt Management Strategy (DMS) in the event that it wishes to borrow to supplement the budget.
98. The total estimated expenditure will equal revenue since the county government is expected to prepare a balanced budget in accordance to the PFM Act, 2012 and its Regulations, 2015. Hence, the projected expenditure will total to Kshs.9.93 billion, consisting of Kshs.6.95 billion (70 percent of the total budget) as recurrent expenditure and Kshs.2.98 billion (30 percent) as development expenditure. Further, recurrent expenditure is shared between Personnel Emoluments and Operations and Maintenance being allocated Kshs.4.44 billion (44.76 percent) and Kshs.2.51 billion (25.24 percent) respectively.
99. The FY 2023/24 shall continue to finance the funds established by the County Executive Member for Finance in accordance to provisions of the PFM Act, 2012. The funds are as outlined in **Table 6** below: -

Table 4: County Government Funds

S/No.	Name of the Fund	Purpose/Description of the Fund	County Department
1.	Emergency Fund	It allows payments to be made when an urgent and unforeseen need for expenditure for which there is no specific legislative authority arises.	The County Treasury

S/No.	Name of the Fund	Purpose/Description of the Fund	County Department
2.	Bursary Fund	It is a need-based scholarship with the main aim of providing financial support to students/pupils unable to cover the cost of their education.	Education and Vocational Training
3.	Disability Fund	It provides financial support to Persons with Severe Disability (PWSDs) through issuance of assorted assistive devices, bursary, nutritional supplements and other empowerment activities.	Public Service, Administration and Social Services
4.	Kajiado Youth and Women Enterprise Development Fund	The fund targets to provide accessible and affordable credit to support youth and women start and/or expand business for wealth and employment creation.	Gender, Tourism, Wildlife, Youth and Sports
5.	Car Loan & Mortgage Fund	It is a revolving fund established to provide car loan and mortgage facility to staff of Kajiado County Government	Public Service, Administration and Social Services
6.	Kajiado Alcoholic Drinks Control Fund	The fund aims to support licensing of alcoholic drinks so as to control the production, sale, distribution, promotion and use of alcoholic drink; promote research, treatment and rehabilitation for persons dependent on alcoholic drinks	Public Service, Administration and Social Services
7.	Kajiado County Facility Improvement Fund	The fund was established to facilitate operations of the health sector	Medical Services and Public Health

Source: Kajiado County Treasury

100. The County Government will formulate a framework to guide resource mobilization targeting to enhance funds to finance the development agenda outlined in the county's development blue print, the 2023-2027 County Integrated Development Plan.

101. The 2023/24 – 2025/26 medium term expenditure framework has been set out to guide resource mobilization as well as allocation. Resource allocation to the eight county sectors

shall be finalized during sectoral reviews and final ceilings will be presented in the 2023 County Fiscal Strategy Paper (CFSP).

Table 5: Medium Term Expenditure Framework (Ksh.)

	Approved Estimates	Budget Estimates	Projections	
	2022/23	2023/24	2024/25	2025/26
Revenue Summary				
Equitable share	7,954,768,229	7,994,542,070	8,034,514,780	8,074,687,354
Local Revenue	1,503,946,728	1,511,466,462	1,519,023,794	1,526,618,913
Conditional Grants	453,406,907	419,732,567	419,732,567	419,732,567
Total	9,912,121,864	9,925,741,099	9,973,271,141	10,021,038,834
Expenditure Summary				
Personnel Emoluments	4,334,208,352	4,442,563,561	4,553,627,650	4,667,468,341
Operations and Maintenance	2,339,773,547	2,505,455,208	2,228,196,726	1,946,417,290
Development Expenditure	3,238,139,965	2,977,722,330	3,191,446,765	3,407,153,204
Total	9,912,121,864	9,925,741,099	9,973,271,141	10,021,038,834

Source: Kajiado County Treasury

5. CONCLUSION AND WAY FORWARD

102. The county's economic development demonstrated resilience and recovery to the Covid-19 shock owing to the active measures implemented by the county government to cushion the vulnerable, support businesses and livelihoods and accelerate economic recovery. In 2022 going forward, the economic development is expected to remain resilient being supported by execution of county's thematic priority areas. It will also be boosted by implementation of development agenda in the 2023-2027 CIDP.
103. To further accelerate the county's economic development and recovery, the government will prioritise to complete and operationalize ongoing/stalled programmes and projects in the FY 2023/24. Thus, this and identified programmes/projects targeting the county's thematic/priority areas will be given priority during resource allocation. This will be informed by departmental reports prepared by Sector Working Groups (SWGs) detailing programme/project activities and status.
104. To control growth in expenditures, the SWGs are required to prudently analyse all proposed sectoral/departmental budgets for FY 2023/24 and the medium term to ensure that they are focused towards enhancing productivity as well as aligned to the realization of set objectives. In line with this, SWGs are required to unbundle the medium term strategic priorities and formulate policies, programmes and projects to be implemented over the medium term period. This 2022 CBROP will form the basis for the development of the 2023 CFSP which will further outline the county's strategic priorities to be undertaken during the 2023-2027 plan period.
105. Towards strengthening economic recovery and successful implementation of the FY 2023/24 budget and the medium term, the county government will focus on revenue mobilization. The government will also put measures/strategies to address the declining revenue trends to ensure that set own source revenue targets are achieved and/or surpassed. It will further strengthen partnerships with development partners so as to support in financing and/or implementing county development programmes and projects.

106. The county government will continue to uphold fiscal discipline and adhere to the fiscal responsibility principles set out in section 107 of the PFM Act, 2012 while preparing the 2023/24 budget and over the medium term. The government envisages to have a balanced budget in FY 2023/24 where the county revenue equals the planned expenditure. However, the government may borrow to finance its budget following the guidelines outlined in the 2023 Kajiado County Debt Management Strategy (DMS) when need arise.
107. The county government will continue to strengthen stakeholder engagements in decision making including during programme/project planning/design, implementation and monitoring through various means not limited to public participation. It will also strengthen Public Private Partnerships to allow government programmes/projects with high impact to be completed with private funding and within set time frame.
108. The county will strive to improve service delivery by investing in digital transformation to enhance e-government processes. This will include implementation of electronic County Integrated Management System (e-CIMES) and performance management system.