



# COUNTY GOVERNMENT OF KAJIADO

## COUNTY BUDGET REVIEW AND OUTLOOK PAPER (CBROP)

2020

*“Economic Recovery for Improved Quality of Life”*

October 2020

## **FOREWARD**

The Kajiado County Budget Review and Outlook Paper (CBROP 2020) is prepared at a time of unprecedented worldwide pandemic COVID 19 which has led to contraction of the global economy disrupting businesses including international trade and leading to loss of livelihoods for millions of people globally. Global economic activity is projected to contract by 4.9 percent in 2020 from a growth of 2.9 percent in 2019 with prospects across countries and regions remaining highly uncertain.

The 2020 CBROP is prepared in accordance with the provisions of the Public Finance Management Act, 2012. The paper focuses on providing fiscal review for the FY year ending June 2020 and compares with the previous year (2018/19). During the period under review the County Government continued with the Programme based approach linking the financial resources directly to defined policy goals and objectives.

The County recorded an overall revenue performance of 79 percent of the targeted revenues amounting to Kshs.10.25 billion. Revenue performance was highly affected by the effects of COVID-19 pandemic that resulted to slow business activities as a result of containment measures introduced during the third and fourth quarter of the financial year.

Budget absorption during the FY 2019/2020 was 82 percent where the County Treasury managed to facilitate payments and commitments of resources for the goods, works and services rendered including compensation of employees.

The County Government projects budget estimates for the 2021/22 FY is projected at Kshs.9.5 billion. The growth is mainly explained by growth of the equitable share by about 10 percent.

I therefore call for all stakeholders to accord us the necessary support to facilitate the efficient implementation and actualization of the county appropriations and goals.

Mr. Alais Kisota

**CECM Finance, Economic Planning and ICT**

## **ACKNOWLEDGEMENT**

The 2020 Kajiado CBROP provides actual fiscal performance, recent economic and aggregate county government ceiling for the 2021/22 Medium Term budget. It also gives a highlight of how the actual performance for the 2019/20FY affected compliance with fiscal objectives as well as fiscal responsibility principles set out in the 2020 County Fiscal Strategy Paper (CFSP).

The preparation of this 2020 CBROP was through a collaborative effort from various stakeholders. I wish to acknowledge the Governor of Kajiado County, H.E Joseph Ole Lenku and His Deputy Martin Moshisho for their invaluable support and leadership in the preparation of this document. I appreciate the County Secretary Mr. Lenku Seki and County Executive Committee Members (CECMs) in charge of various county departments for their support and contribution throughout the process. Special thanks goes to the CECM for Finance, Economic Planning and ICT for his guidance during the formulation of this Paper. I also wish to recognize the advice of the County Assembly through the leadership of the Hon. Johnson Osoi and the House Committee in charge of Budget and Appropriation led by the Chairperson, Mr. Henry Kimiti.

Special appreciation goes to my fellow Chief Officers for their commitment and collaboration during the preparation of this document. Not forgetting to acknowledge the directors and Sector Working Groups (SWGs) for their tireless effort and timely provision of their departmental reports which greatly informed the preparation of this Paper.

I wish to thank the Director and the entire staff of Budget and Economic Planning for their tireless effort in formulating and compiling this 2020 CBROP.

Last but not the least, I wish to extend my sincere appreciation to the entire staff the County Government of Kajiado (CGK) for their dedication to public service. I appeal to all readers to provide comments which will help us improve the preparation of subsequent documents.

May the Almighty God bless you all!

Mr. Sankaire Tima

**Chief Officer – Finance and Economic Planning**

## **ACRONYMS**

ADP	Annual Development Plan
BPS	Budget Policy Statement
CBROP	County Budget Review and Outlook Paper
CBR	Central Bank Rate
CFSP	County Fiscal Strategy Paper
CG	County Government
CIDP	County Integrated Development Plan
ECDE	Early Childhood Development Education
FY	Financial Year
GDP	Gross Domestic Product
GoK	Government of Kenya
ICT	Information Communication Technology
IFMIS	Integrated Financial Management Information System
KDSP	Kenya Devolution Support Programme
M&E	Monitoring and Evaluation
MTEF	Medium Term Expenditure Framework
PFMA	Public Financial Management Act
RMLF	Road Maintenance Fuel Levy Fund
SBP	Single Business Permit
SDGs	Sustainable Development Goals
SSA	Sub-Saharan African
UNDP	United Nations Development Programme

**Table of Contents**

FOREWARD ..... ii

ACKNOWLEDGEMENT ..... iii

ACRONYMS .....iv

List of Tables .....v

INTRODUCTION .....6

    1.1 Overview.....6

    1.3 Legal Framework .....6

REVIEW OF COUNTY FISCAL PERFORMANCE FOR THE 2019/20 FY .....8

    2.1 Overview.....8

    2.2 Summary of Fiscal Performance FY 2019/20 .....8

    2.3 County Local Revenue Performance FY 2019/20 .....9

    2.4 Factors Affecting Optimal Own Source Revenue Performance ..... 14

    2.5 Strategic Measures to Enhance Own Source Revenue ..... 14

    2.6 County Expenditure Performance ..... 15

RECENT ECONOMIC DEVELOPMENT AND OUTLOOK .....20

    3.2 Recent Economic Development.....20

    3.4 Risks to the Outlook.....27

RESOURCE ALLOCATION FRAMEWORK .....30

    4.1 Adjustments to the FY 2020/21 Budget.....30

    4.2 FY 2020/2021 Budget Framework.....30

    4.3 FY 2021/22 Budget Framework .....32

    4.4 Medium Term Expenditure Framework .....32

CONCLUSION.....35

**List of Tables**

Table 1: Performance of revenue and expenditure for FY 2019/20 .....9

Table 2: Performance of Own Source Revenue by Departments and Streams ..... 11

Table 3: Performance of Expenditure by Sector and Economic Classification FY 2019/20..... 16

Table 4: Medium Term Expenditure Framework Ceilings .....34

## **INTRODUCTION**

### **1.1 Overview**

This chapter provides a background to the preparation of the County Budget Review and Outlook Paper (CBROP). The relevant sections in the chapter are the objectives of the CBROP, the legal basis and requirements for preparation of CBROP and the breakdown of the chapters and key sections in the document.

#### 1.2 Objectives of CBROP

- a) The 2020 CBROP provides a review of the county fiscal performance in the FY 2019/20. It matches the fiscal performance to the objectives, targets and fiscal responsibilities laid out in the 2020 County Fiscal Strategy Paper (CFSP).
- b) The document provides an outlook of the social, political and economic environment in which the county operates in both locally and internationally. The outlook provides a rationale for future planning and mitigation of the foreseeable challenges in fiscal strategic planning.
- c) The 2020 CBROP provides fiscal measures geared towards achieving the county strategic priorities and goals. The measures include the revenue and expenditure frameworks necessary to actualizing the county Medium Term Expenditure framework for FY 2020/21.
- d) As part of the open government and transparency, the 2020 CBROP serves as a reporting framework for the fiscal implementation of county government functions as well as the challenges encountered in the process.
- e) The CBROP is a statutory document under section 118 of Public Finance Management Act 2012 (PFMA 2012) that informs the preparation of the 2021 CFSP.

### **1.3 Legal Framework**

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

- ❖ The County Treasury shall prepare and submit to the County Executive Committee for approval in each financial year, a County Budget Review and Outlook Paper by 30th September of that year.
- ❖ County Executive Committee shall consider the CBROP with a view to approving it with or without amendments, not later than fourteen days after its submission.

Not later than seven days after the CBROP has been approved by Executive committee, the County Treasury shall:

- ❖ Submit the paper to the Budget and appropriation Committee of the County Assembly to be laid before the County Assembly; and
- ❖ Publish and publicize the paper not later than fifteen days after laying the Paper before County Assembly.

In preparing its county Budget Review and Outlook Paper, the County Treasury shall specify—

- ❖ The details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;
- ❖ The updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper;
- ❖ 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 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.

## **REVIEW OF COUNTY FISCAL PERFORMANCE FOR THE 2019/20 FY**

### **2.1 Overview**

This section provides an analytical review of the fiscal performance of the County Government for FY 2019/20. The document provides actual fiscal performance for the FY 2019/20, macro-economic projections for the FY 2021/22 and the medium term budget. The document also provides an overview of how the actual performance of the FY 2019/20 affected compliance with the fiscal responsibility principles and the financial objectives spelt out in the PFM Act as well as information showing changes from the projections outlined in the 2020 County Fiscal Strategy Paper.

### **2.2 Summary of Fiscal Performance FY 2019/20**

The budget estimates for the FY 2019/20 was Kshs.10.25 billion which was to be funded from the following sources: Kshs.6.45 billion (63 percent) of equitable share from national government, Kshs.1.58 billion (15percent) from local collections (own source revenue), Kshs.1.097 (11 percent) billion from conditional grants and Kshs.1.151 (11 percent) billion of balance brought forward from the 2018/19 FY.

In FY 2019/20 Kajiado County received equitable share amounting to Kshs.6 billion representing 94 percent performance to budgeted amount, Kshs.723 million of local revenue collections representing 46 percent performance and Kshs.857 million of conditional grants which represented a 78 percent performance. Overall, the total revenue realized represented 79 percent of the budgeted revenue.

The overall revenue performance for FY 2019/20 compared to 2018/19 FY declined by -36.3 percent which was majorly contributed 37 percent decrease in local revenue collections.

The total expenditure for FY 2019/20 was Kshs.8.37 billion against a budget allocation of Kshs.10.25 billion representing 82 percent absorption rate. The county expenditure on personnel emoluments was Kshs.3.056 billion against an estimate of Kshs3.38 billion (90 percent absorption rate). Kshs.2.53 billion was spent on operations & maintenance against an estimate of Kshs2.95 billion (86 percent absorption rate). Kshs.2.78 billion was spent on development/acquisition of assets against a budget estimate of Kshs.3.92 billion which represents a 71 percent absorption rate.



The proportionate expenditure according to economic classification was 37 percent on personnel emoluments, 30 percent on operations and maintenance and 33 percent on development expenditure.

**Table 1: Performance of revenue and expenditure for FY 2019/20**

	2018/19 FY		2019/20 FY		Analysis			
	Approved Estimates	Actual Performance	Approved Estimates	Actual Performance	Deviation	% Growth	% Actual Performance	% to Revenue
<b>Revenue Summary</b>								
GOK Transfer/Equitable Share	5,997,400,000	5,997,400,000	6,424,950,000	6,008,667,574.00	416,282,426.00	0.19	94%	73.8
Local Revenue	1,583,856,996	1,143,632,904	1,579,247,395	723,627,563.00	855,619,832.00	36.7	46%	8.9
GRANTS-	823,995,907	653,769,744	1,097,484,130	857,397,461.00	240,086,668.60	31.2	78%	10.5
Bal B/F	1,200,000,000.00	797,550,812.00	1,150,636,776	551,184,153.00	599,452,623.00	-30.9	48%	6.8
<b>Total</b>	<b>9,605,252,903.00</b>	<b>8,592,353,460.25</b>	<b>10,252,318,301</b>	<b>8,140,876,751.00</b>	<b>2,111,441,549.60</b>	<b>-36.3</b>	<b>79%</b>	<b>100.00</b>
<b>Expenditure Summary</b>								
Compensation of Employees	2,995,973,958	2,987,734,764.20	3,379,388,243.00	3,056,163,255.00	323,224,988.00	2.3	90%	36.5
Operations and Maintenance	2,839,987,864	2,726,782,365	2,952,363,995.00	2,529,530,144.00	512,833,851.00	-10.5	86%	30.2
Acquisition of Assets	3,769,291,081	2,877,836,331	3,920,566,063.00	2,784,179,255.00	1,046,386,808.00	-0.13	71%	33.3
<b>Total</b>	<b>9,605,252,903</b>	<b>8,592,353,460</b>	<b>10,252,318,301.00</b>	<b>8,369,872,654.00</b>	<b>1,882,445,647.00</b>	<b>-8.4</b>	<b>82%</b>	<b>100.00</b>

### 2.3 County Local Revenue Performance FY 2019/20

This section provides the detailed performance of the County Internal sources of revenue by revenue streams. The analysis provides the revenue performance to the budgeted revenue as well as the revenue growth compared to the previous fiscal year.

The total local revenue collection for 2019/20 FY is 723 million representing a 46% performance against the target revenue of Kshs.1.58 billion. During the 2019/20 FY local revenue performance recorded a slow growth compared to 2018/19 FY (37 percent). The revenue shortfall is attributed to reduced economic activity globally and nationally resulting from COVID-19 control guidelines and measures.

The highest performing revenue streams are Single Business Permit (Kshs.123 million); Sand and Ballast Fees (Kshs.108 million); and Building Plan Approvals (Kshs 67 million).

Most of the revenue streams recorded a drop in collections compared to 2018/19 FY. The streams that recorded an increase in revenue collections are Impounding fees (10943%); Market Stalls (1307%); Health Clearance (1295%); Sewerage Fees (429%); Parking and Transit Fees (68%); Food Hygiene License (53%); NHIF Reimbursement (29%) and Sand & Ballast Fees (23%).

**Table 2: Performance of Own Source Revenue by Departments and Streams**

Collection Stream	Revenue Type	2018/19FY			2019/20 FY			Growth
		Approved Estimates	Actual Performance	% Performance	Approved Estimates	Actual Performance	% Performance	
TRADE, CULTURE, TOURISM & WILDLIFE	S.B.P	317,111,114	230,471,175	73	219,215,311	122,958,950	56%	-47%
	S.B.P Application fee	2,104,197	-	0	35,166,501		0%	
	Penalties	4,692,707	4,855,200	103				-100%
	Barter Market	45,894,860	21,318,460	46		13,978,320		-34%
	Occupancy Fee	2,578,934	-	0		5,110,400		
	Weight and Measures	2,048,794	1,319,540	64	11,948,794	1,069,980	9%	-19%
	Tourism	-	-	0				
	Market Stall	3,096,844	734,900	24	3,262,002	10,343,530	317%	1307%
	Miscellaneous (Trade)	-	-	0	341,702	2,412,915	706%	
	Co-operative and marketing	-	-	0				
<b>Subtotal</b>	<b>377,527,450</b>	<b>258,699,275</b>	<b>69</b>	<b>269,934,310</b>	<b>155,874,095</b>	<b>58%</b>	<b>-40%</b>	
LANDS AND PHYSICAL PLANNING	Quarry Chips	11,791,342	-	0	11,791,342		0%	
	Plot Rent	55,925,296	33,854,741	61	161,155,986	27,790,396	17%	-18%
	Search cert and consent	-	-	0				
	Sewerage	1,071,209	300,000	28	1,071,209	1,587,500	148%	429%
	Sand & Ballast Fees	257,110,140	87,951,500	34	188,060,129	108,400,607	58%	23%
	Burial Fees/Noise Pollution	48,870	-	0	66,386.00		0%	
	Land Penalty	304,067	-	0	304,067.00		0%	
	Mortuary fee	17,516	-	0				
	Land rates	250,599,314	176,976,031	71	200,599,314	9,538,155	5%	-95%
	Survey Fees	1,915,918	-	0	1,916,722		0%	
	Pozzolana Cess	10,363,044	-	0				
	Dumping fee	22,893	31,820	139	122,893.00		0%	-100%
	Fire Inspection Fee	-	-	0				
	Limestone/royalties	49,024,540	32,690,449	67	158,828,090		0%	-100%
	Royalties soda ash	-	-	0				
Other Property charges	15,320,304	-	0	17,832,884	10,070,550	56%		
<b>Subtotal</b>	<b>665,663,989</b>	<b>341,479,341</b>	<b>51</b>	<b>741,749,022</b>	<b>157,387,208</b>	<b>21%</b>	<b>-54%</b>	
ROADS, TRANSPORT, PUBLIC WORKS, HOUSING & ENERGY	Car/Bus Park	10,604,730	22,412,280	211	43,140,016	22,171,900	51%	-1%
	Motorcycle sticker	542,996	898,610	165				-100%
	Tuk tuk Sticker		-	0				
	Impounding Fee	781,029	200,000	26	1,781,029.00	22,085,000	1240%	10943%
	Parking & Transit	43,024,638	30,357,350	71	64,172,364	51,081,676	80%	68%
	Table	241,195	-	0	908,099		0%	
	Delivery	342,858	-	0				
	Taxi	324,046	-	0				
	Building Plan Approval	131,251,858	157,451,625	120	171,372,563	67,073,175	39%	-57%

	Change of user	439,652	494,200	112				-100%
	Residential Rates	-	2,846,347	0		3,058,254		7%
	<b>Subtotal</b>	<b>187,553,002</b>	<b>214,660,412</b>	<b>114</b>	<b>281,374,071</b>	<b>165,470,005</b>	<b>59%</b>	<b>-23%</b>
PUBLIC SERVICE, ADMINISTRATION AND CITIZEN PARTICIPATION	Promotion	19,033,364	32,402,060	170				-100%
	Branding	-	-	0				
	Sign Post Fee/billboards	26,530,727	35,656,950	134	32,125,818	40,668,486	127%	14%
	Film and TV documentary	255,383	298,625	117				-100%
	Religious meetings	-	-	0				
	Miscellaneous (communication)	-	-	0	16137697		0%	
	Flyers Fee	1,561,727	1,803,415	115				-100%
	<b>Subtotal</b>	<b>47,381,201</b>	<b>70,161,050</b>	<b>148</b>	<b>48,263,515</b>	<b>40,668,486</b>	<b>84%</b>	<b>-42%</b>
AGRICULTURE, LIVESTOCK, FISHERIES COOPERATIVE DEVELOPMENT AND	Agricultural Produce	32,104,033	19,924,920	62	36,378,999	12,089,197	33%	-39%
	Livestock Vaccination	5,807,520	-	0				
	Sheep/Goat Cess	7,029,669	5,633,150	80				-100%
	Hides & Skin	779,531	-	0				
	ATC	1,002,072	-	0				
	Poultry cess	203,634	-	0				
	Manure cess	333,811	-	0				
	AMS	2,493,363	-	0				
	Slaughter Fee	18,022,333	15,382,210	85	23,829,863	10,540,555	44%	-31%
	Cattle Cess/sale yards	9,830,026	14,831,950	151		2,352,350		-84%
	Permit fee		-	0				
	Sale of tender documents	1,099,330	-	0	300,000.00		0%	
	Miscellaneous (Agriculture)		-	0	17894062	4,069,950	23%	
	Bus Park	43,140,016	21,188,000	49				-100%
	Marketing/Cooperative	506,860	-	0				
<b>Subtotal</b>	<b>122,352,198</b>	<b>76,960,230</b>	<b>63</b>	<b>78,402,924</b>	<b>29,052,052</b>	<b>37%</b>	<b>-62%</b>	
MEDICAL SERVICES, PUBLIC HEALTH AND SANITATION	Food Hygiene License	25,411,915	20,284,600	80	25,411,915	30,966,916	122%	53%
	Health Clearance	13,129,950	657,000	5		9,166,361.50		1295%
	Sanitary Inspection Fee	8,642,858	6,029,700	70		3,641,600		-40%
	General Hospital fee	70,199,091	58,174,019	83	72,299,256	17,306,650	24%	-70%
	Occupation certificate	4,400,895	3,031,300	69				-100%
	Medical Certificate	5,005,023	4,005,500	80				-100%
	NHIF Reimbursement (Mbuzi Moja)		67,522,507	0		100,441,330		29%
	Others (Public Health)	-	-	0		1,920,600		
	Miscellaneous (Health)	-	-	0		737,710		
<b>Subtotal</b>	<b>126,789,732</b>	<b>159,704,626</b>	<b>126</b>	<b>97,711,171</b>	<b>150,865,405</b>	<b>154%</b>	<b>-6%</b>	
	Water	834,988	-	0	840,260.00		0%	

WATER, IRRIGATION, ENVIRONMENT & NATURAL RESOURCES	Water Bowser	-	-	0				
	Water Supply and Administration	-	-	0				
	<b>Subtotal</b>	<b>834,988</b>	<b>-</b>	<b>0</b>	<b>840,260</b>	<b>-</b>	<b>0%</b>	
EDUCATION & VOCATIONAL TRAINING	Registration of Institutions	872,122	308,390	35	872,122.00		0%	-100%
	<b>Subtotal</b>	<b>872,122</b>	<b>308,390</b>	<b>35</b>	<b>872,122.00</b>	<b>0.00</b>	<b>0%</b>	<b>-100%</b>
YOUTH, SPORTS, GENDER & SOCIAL SERVICES	Social services	-	790,000	0		197,100		-75%
	Liquor license	54,882,314	20,869,580	38	60,100,000	1,099,900	2%	-95%
	<b>Subtotal</b>	<b>54,882,314</b>	<b>21,659,580</b>	<b>39</b>	<b>60,100,000</b>	<b>1,297,000</b>	<b>2%</b>	<b>-94%</b>
	<b>General HR returns and County Cess</b>					<b>9,346,540</b>		
<b>GRAND TOTAL</b>		<b>1,583,856,996</b>	<b>1,143,632,904</b>	<b>72</b>	<b>1,579,247,395.00</b>	<b>723,627,563</b>	<b>45%</b>	<b>-38%</b>

## **2.4 Factors Affecting Optimal Own Source Revenue Performance**

There are a number of factors contributing to the poor performance of the county own source revenue. They include;

- ❖ COVID-19 pandemic which led to reduced economic activities resulting from the enforcement of the pandemic control guidelines and measures.
- ❖ Lack of an up-to-date database of potential revenue sources for the county to inform targeted revenue streams and enforcement.
- ❖ Revenue pilferage.

Despite, the above challenges, the county is continuously implementing various revenue reforms and strategies to increase the local collections. They include;

- ❖ Continuous automation of revenue streams to control leakages and increase accountability.
- ❖ Increased number of revenue collection staff and supervisors to extend the reach of the revenue streams and revenue administration.
- ❖ Strengthening the county inspectorate service to facilitate revenue enforcement.

## **2.5 Strategic Measures to Enhance Own Source Revenue**

With a view to increasing own source revenue, the county will implement the following strategies;

- ❖ Development and institution of a legal framework to guide local revenue collection in the county.
- ❖ Full automation of all revenue streams to enhance revenue collection and further strengthen revenue administration by integrating a management information system to prevent fraud.
- ❖ Mapping of all ratable properties, businesses and economic activities to broaden the revenue collection base.
- ❖ Development of a debt management framework to track, monitor and reach to defaulters of county fees, charges and rates.
- ❖ Development and continuous updating of county valuation roll in collaboration with the department of Lands and Physical Planning.
- ❖ Human resource management for revenue collection officers through implementation of performance appraisals to improve and optimize their productivity.
- ❖ Proactively monitor and prosecute corruption cases within the revenue collection and administration in the county.

## **2.6 County Expenditure Performance**

In FY 2019/20, the total actual expenditure was Kshs 8.369 billion against an estimated expenditure of Kshs 10.25 billion. This represented an overall absorption rate of 82 percent.

Expenditure on compensation of employees reflects the highest absorption by economic classification indicates at 90 percent; Operations and maintenance follows at 86 percent while absorption on acquisition of assets expenditure was 71 percent.

Sectoral absorption of resources performance was as follows: Physical Infrastructure 90 percent; County Administration 88 percent; Health 88 percent; Productive sector 86 percent; Education, Youth and Social Services 82 percent and Water, Environment and Natural Resources 76 percent.

Expenditure on conditional grants reflects an absorption rate of 47 percent while on county funds the absorption rate was 65 percent of the allocated resources.

**Table 3: Performance of Expenditure by Sector and Economic Classification FY 2019/20**

SECTOR	SUB-SECTOR		CFSP 2019 Ceiling	Budget Estimates 2019/20	Actual Expenditure 2019/20	Deviation from CFSP	% Deviation from CFSP	Absorption Rate
<b>Productive Sector</b>	Agriculture, Livestock and Fisheries	P.E	223,883,893.20	173,267,214.00	154,398,353.00	(50,616,679.20)	-22.61	89
		O.M	129,383,535.27	142,857,005.00	119,821,156.00	13,473,469.73	-10.41	84
		DEV	100,000,000.00	10,600,000.00	6,508,347.00	(89,400,000.00)	-89.40	61
		<b>S.T</b>	<b>453,267,428.47</b>	<b>326,724,219.00</b>	<b>280,727,856.00</b>	<b>(126,543,209.47)</b>	<b>-101.59</b>	<b>86</b>
	Cooperative Development	O.M	8,861,592.50	17,161,592.00	8,500,421.00	8,299,999.50	93.66	50
		<b>S.T</b>	<b>8,861,592.50</b>	<b>17,161,592.00</b>	<b>8,500,421.00</b>	<b>8,299,999.50</b>	<b>93.66</b>	<b>50</b>
	Trade, Investment and Industry	P.E	46,848,651.12	63,625,647.00	45,395,630.00	16,776,995.88	35.81	71
		O.M	22,554,926.13	38,486,845.00	38,012,433.00	15,931,918.87	70.64	99
		DEV	100,000,000.00	129,900,000.00	97,649,252.00	29,900,000.00	29.90	75
		<b>S.T</b>	<b>169,403,577.25</b>	<b>232,012,492.00</b>	<b>181,057,315.00</b>	<b>62,608,914.75</b>	<b>136.35</b>	<b>78</b>
	Tourism and Wildlife	O.M	5,366,114.95	8,366,156.00	2,942,870.00	3,000,041.05	55.91	35
		<b>S.T</b>	<b>5,366,114.95</b>	<b>8,366,156.00</b>	<b>2,942,870.00</b>	<b>3,000,041.05</b>	<b>55.91</b>	<b>35</b>
	Lands and Physical Planning	P.E	38,286,714.96	59,965,375.00	31,971,444.00	21,678,660.04	56.62	53
		O.M	28,532,617.28	50,260,544.00	95,483,566.00	21,727,926.72	76.15	190
		DEV	50,000,000.00	10,000,000.00	5,800,000.00	(40,000,000.00)	-80.00	58
		<b>S.T</b>	<b>116,819,332.24</b>	<b>120,225,919.00</b>	<b>133,255,010.00</b>	<b>3,406,586.76</b>	<b>52.77</b>	<b>111</b>
<b>SECTOR TOTAL</b>			<b>753,718,045.41</b>	<b>704,490,378.00</b>	<b>606,483,472.00</b>	<b>(49,227,667.41)</b>	<b>-6.53</b>	<b>86</b>
<b>Health Sector</b>	Medical Services	P.E	1,596,628,969.47	1,619,621,692.00	1,509,751,271.00	22,992,722.53	1.44	93
		O.M	406,557,363.17	466,799,907.00	432,938,753.00	60,242,543.83	14.82	93
		DEV	245,000,000.00	135,000,000.00	116,373,327.00	(110,000,000.00)	-44.90	86
		<b>S.T</b>	<b>2,248,186,332.64</b>	<b>2,221,421,599.00</b>	<b>2,059,063,351.00</b>	<b>(26,764,733.64)</b>	<b>28.64</b>	<b>93</b>
	Public Health	O.M	36,516,777.09	52,211,140.00	32,091,855.00	15,694,362.91	42.98	61
		DEV	130,000,000.00	149,828,500.00	36,433,640.00	19,828,500.00	15.25	24
		<b>S.T</b>	<b>166,516,777.09</b>	<b>202,039,640.00</b>	<b>68,525,495.00</b>	<b>35,522,862.91</b>	<b>58.23</b>	<b>34</b>



	Sanitation	O.M	3,316,647.09	4,926,166.00	3,850,142.00	1,609,518.91	48.53	78
		S.T	<b>3,316,647.09</b>	<b>4,926,166.00</b>	<b>3,850,142.00</b>	<b>1,609,518.91</b>	<b>48.53</b>	<b>78</b>
<b>SECTOR TOTAL</b>			<b>2,418,019,756.82</b>	<b>2,428,387,405.00</b>	<b>2,131,438,988.00</b>	<b>10,367,648.18</b>	<b>0.43</b>	<b>88</b>
<b>Education, Youth and Social Services Sector</b>	Education & Vocational Training	P.E	341,744,455.68	368,590,028.00	335,676,105.00	26,845,572.32	7.86	91
		O.M	66,291,655.21	92,938,470.00	75,699,888.00	26,646,814.79	40.20	81
		DEV	200,107,000.00	235,900,000.00	226,582,784.00	35,793,000.00	17.89	96
		<b>S.T</b>	<b>608,143,110.89</b>	<b>697,428,498.00</b>	<b>637,958,777.00</b>	<b>89,285,387.11</b>	<b>65.94</b>	<b>269</b>
	Youth and Sports Development	O.M	15,009,016.04	16,174,380.00	5,113,359.00	1,165,363.96	7.76	32
		DEV	100,000,000.00	40,000,000.00	3,147,000.00	(60,000,000.00)	-60.00	8
		<b>S.T</b>	<b>115,009,016.04</b>	<b>56,174,380.00</b>	<b>8,260,359.00</b>	<b>(58,834,636.04)</b>	<b>(52.24)</b>	<b>39</b>
	Gender & Social Protection	P.E	36,018,589.80	46,967,050.00	37,101,066.00	10,948,460.20	30.40	79
		O.M	23,881,237.76	29,969,675.00	23,733,553.00	6,088,437.24	25.49	79
		DEV	20,000,000.00	48,500,000.00	13,698,403.00	28,500,000.00	142.50	28
		<b>S.T</b>	<b>79,899,827.56</b>	<b>125,436,725.00</b>	<b>74,533,022.00</b>	<b>45,536,897.44</b>	<b>198.39</b>	<b>186</b>
	Arts & Culture	O.M	6,468,168.35	15,168,128.00	9,330,460.00	8,699,959.65	134.50	62
		DEV	20,000,000.00	-	-	(20,000,000.00)	-100.00	-
		<b>S.T</b>	<b>26,468,168.35</b>	<b>15,168,128.00</b>	<b>9,330,460.00</b>	<b>(11,300,040.35)</b>	<b>34.50</b>	<b>62</b>
	<b>SECTOR TOTAL</b>			<b>829,520,122.84</b>	<b>894,207,731.00</b>	<b>730,082,618.00</b>	<b>64,687,608.16</b>	<b>7.80</b>
<b>Water and Environmental Protection and Natural Resources Sector</b>	Water Infrastructure	P.E	85,502,829.36	81,579,190.00	78,846,992.00	(3,923,639.36)	-4.59	97
		O.M	35,578,761.34	83,265,453.00	78,653,292.00	47,686,691.66	134.03	94
		DEV	308,000,000.00	264,000,000.00	216,905,147.00	(44,000,000.00)	14.29	82
		<b>S.T</b>	<b>429,081,590.70</b>	<b>428,844,643.00</b>	<b>374,405,431.00</b>	<b>(236,947.70)</b>	<b>115.16</b>	<b>273</b>
	Irrigation	O.M	4,037,306.25	12,116,067.00	5,081,850.00	8,078,760.75	200.10	42
		DEV	50,000,000.00	-	-	(50,000,000.00)	-100.00	-
		<b>S.T</b>	<b>54,037,306.25</b>	<b>12,116,067.00</b>	<b>5,081,850.00</b>	<b>(41,921,239.25)</b>	<b>100.10</b>	<b>42</b>
	Environment and Natural Resources	O.M	82,784,230.91	77,804,958.00	35,696,727.00	(4,979,272.91)	-6.01	46
		DEV	41,400,000.00	71,800,000.00	10,675,500.00	30,400,000.00	73.43	15
		<b>S.T</b>	<b>124,184,230.91</b>	<b>149,604,958.00</b>	<b>46,372,227.00</b>	<b>25,420,727.09</b>	<b>67.42</b>	<b>61</b>
<b>SECTOR TOTAL</b>			<b>607,303,127.86</b>	<b>590,565,668.00</b>	<b>425,859,508.00</b>	<b>(16,737,459.86)</b>	<b>-2.76</b>	<b>72</b>

<b>Physical Infrastructure Sector</b>	Roads, Transport, Energy & Public Works	P.E	79,734,039.48	82,049,928.00	70,432,360.00	2,315,888.52	2.90	86
		O.M	79,734,039.48	129,466,514.00	91,972,668.00	49,732,474.52	62.37	71
		DEV	579,774,114.00	516,900,000.00	507,598,086.00	(62,874,114.00)	-10.84	98
		<b>S.T</b>	<b>739,242,192.96</b>	<b>728,416,442.00</b>	<b>670,003,114.00</b>	<b>(10,825,750.96)</b>	<b>54.43</b>	<b>258</b>
	Urban Development	O.M	16,400,000.00	22,184,000.00	8,245,490.00	5,784,000.00	35.27	37
		DEV	310,000,000.00				-	-
		<b>S.T</b>	<b>326,400,000.00</b>	<b>22,184,000.00</b>	<b>8,245,490.00</b>	<b>5,784,000.00</b>	<b>35.27</b>	<b>37</b>
<b>SECTOR TOTAL</b>			<b>1,065,642,192.96</b>	<b>750,600,442.00</b>	<b>678,248,604.00</b>	<b>(5,041,750.96)</b>	<b>-0.47</b>	<b>90</b>
<b>County Administration Sector</b>	Office of The Governor and Deputy Governor	P.E	100,103,982.48	87,867,600.00	79,004,596.00	(12,236,382.48)	-12.22	90
		O.M	218,092,830.47	195,503,205.00	177,609,086.00	(22,589,625.47)	-10.36	91
		DEV	-	-	-	-	-	-
		<b>S.T</b>	<b>318,196,812.95</b>	<b>283,370,805.00</b>	<b>256,613,682.00</b>	<b>(34,826,007.95)</b>	<b>-22.58</b>	<b>181</b>
	County Assembly	P.E	256,716,305.00	262,965,100.00	260,049,064.00	6,248,795.00	2.43	99
		O.M	365,570,934.00	402,794,306.00	382,499,617.00	37,223,372.00	10.18	95
		DEV	100,000,000.00	120,000,000.00	7,868,680.00	20,000,000.00	20.00	7
		<b>S.T</b>	<b>722,287,239.00</b>	<b>785,759,406.00</b>	<b>650,417,361.00</b>	<b>63,472,167.00</b>	<b>32.62</b>	<b>200</b>
	County Treasury	P.E	198,867,071.64	262,363,428.00	221,623,246.00	63,496,356.36	31.93	84
		O.M	259,110,585.77	346,170,582.00	276,088,636.00	87,059,996.23	33.60	80
		DEV	76,324,944.70	1,203,523,944.00	1,195,936,636.00	1,127,198,999.30	1,476.84	99
		<b>S.T</b>	<b>534,302,602.11</b>	<b>1,812,057,954.00</b>	<b>1,663,648,518.00</b>	<b>1,277,755,351.89</b>	<b>1,542.37</b>	<b>264</b>
	ICT	O.M	33,376,150.66	32,676,151.00	22,704,415.00	(699,999.66)	-2.10	69
		DEV	70,000,000.00	15,000,000.00	-	(55,000,000.00)	-78.57	-
		<b>S.T</b>	<b>103,376,150.66</b>	<b>47,676,151.00</b>	<b>22,704,415.00</b>	<b>(55,699,999.66)</b>	<b>-80.67</b>	<b>69</b>
	Public Service & Citizen Participation	P.E	197,130,624.25	225,225,085.00	193,548,833.00	28,094,460.75	14.25	86
		O.M	245,832,148.94	237,067,187.00	191,805,587.00	(8,764,961.94)	-3.57	81
		DEV	-	-	-	-	-	-
		<b>S.T</b>	<b>442,962,773.19</b>	<b>462,292,272.00</b>	<b>385,354,420.00</b>	<b>19,329,498.81</b>	<b>10.69</b>	<b>167</b>
	County Public	P.E	47,645,080.56	45,300,906.00	38,364,295.00	(2,344,174.56)	-4.92	85
O.M		56,451,634.66	50,125,043.00	36,845,783.00	(6,326,591.66)	11.21	74	

	Service Board	DEV	-	-	-	-	-	
		S.T	104,096,715.22	95,425,949.00	75,210,078.00	(8,670,766.22)	-16.13	158
<b>SECTOR TOTAL</b>			2,225,222,293.13	3,486,582,537.00	3,053,948,474.00	1,261,360,243.87	56.68	88
<b>TOTAL GRANTS</b>			835,848,923.00	1,397,484,140.00	713,810,990.00	561,635,217.00	67.19	45
<b>GRAND TOTAL</b>			8,735,274,462.02	10,252,318,301.00	8,369,872,654.00	1,827,043,838.98	20.92	82
		P.E	3,249,111,207.00	3,379,388,243.00	3,056,163,255.00	130,277,036.00	4.01	90
		O.M	2,504,552,786.32	2,952,363,995.00	2,529,530,144.00	447,811,208.68	17.88	86
		DEV	2,981,610,468.70	3,920,566,063.00	2,784,179,255.00	938,955,594.30	31.49	71

## **RECENT ECONOMIC DEVELOPMENT AND OUTLOOK**

The section gives an overview of the covid-19 pandemic, recent economic developments, medium-term fiscal framework, risks to the outlook and proposed interventions to the risks. It allows the County to review and analyze recent economic performance to position its outlook in the next financial year and over the medium term

### **3.2 Recent Economic Development**

The outbreak and spread of the Covid-19 Pandemic and the ensuing containment measures have devastated global economies. As a result, the global economy is projected to contract by 4.9 percent in 2020 from a growth of 2.9 percent in 2019 with prospects across countries and regions remaining highly uncertain. Kenya has not been spared. The Pandemic and the containment measures slowed down economic activities in key sectors of the economy in the first quarter of 2020, resulting to a lower growth of 4.9 percent compared to a growth of 5.5 percent in a similar period in 2019. This growth was supported by both the agricultural and non-agricultural sectors. Overall, this would leave 2021 GDP some 6.5 percentage points lower than in the pre-COVID-19 projections of January 2020. The adverse impact on low-income households is particularly acute, imperiling the significant progress made in reducing extreme poverty in the world since the 1990s.

Growth in the advanced economies is projected at negative 8.0 percent in 2020 recovering to 4.8 percent in 2021. This reflects deeper than anticipated effects of the pandemic on economic activity in the first half of 2020 and more gradual recovery in the second half of the year. Significant contraction of the economy is projected in the United States (-8.0 percent), Japan (-5.8 percent), the United Kingdom (-10.2 percent), Germany (-7.8 percent), France (12.5 percent), and Italy and Spain (-12.8) percent. Growth in the Euro area is expected to contract by 10.2 percent in 2020 before recovering to grow at 6.0 percent in 2021. The emerging markets and developing economies are also projected to contract by 3.0 percent in 2020. Better prospects are however expected in 2021 with growth forecasted at 5.9 percent; this recovery is well echoed in the forecasted growths of Emerging and Developing Asia and Europe, Latin America and the Caribbean, and Sub-Saharan Africa.

The Sub-Saharan African region has not been spared by the negative impact of the pandemic with the region projected to contract by 3.2 percent in 2020. Consistent with forecast in the other

regions, economic growth in the region is expected to recover to 3.4 percent in 2021 as most of the economies in the region recover from the adverse effects of the Covid-19 pandemic

On the domestic scene, prior to the outbreak of Covid-19 pandemic, Kenya's economy was strong and resilient despite the challenging global environment. The economy expanded by 4.9 percent in the first quarter of 2020 supported by the agricultural sector on account of favorable weather conditions. Considering the impact of Covid-19 pandemic, the economy is projected to grow by about 2.6 percent in 2020 from the earlier projection of 6.1 percent in the 2020 Budget Policy Statement. On a positive note, economic growth is projected to recover to 5.3 percent in 2021 and 5.9 percent in the medium term. In terms of fiscal years, economic growth is projected to grow by 4.0 percent in FY 2020/21 and further to 5.9 percent over the medium term. This growth outlook for the calendar year 2020 and the FY 2020/21 and the medium term, will be supported by the stable macroeconomic environment, investments in the strategic areas under the "Big Four" agenda, the ongoing public investments in infrastructure projects, the Economic Stimulus Program being implemented and the planned Post Covid-19 Economic Recovery Strategy. These factors will push up consumer demand and increase both public and private sector investment reinforcing the projected growth.

### **Agriculture sector**

The primary sector (agriculture, mining and quarrying) grew by 5.1 percent in the first quarter of 2020 compared to a growth of 4.6 percent in the same period in 2019. The agriculture subsector grew by 4.9 percent in the first quarter of 2020 compared to a growth of 4.7 percent in the same period in 2019 supported by favorable weather conditions. Tea production grew by 49.2 percent in the first quarter of 2020 compared to a growth of 6.5 percent in the first quarter of 2019. Similarly, cane deliveries grew by 10.2 percent compared to a contraction of 12.1 percent in the same period. However, the production of coffee and formal milk intake declined by 11.8 percent and 1.2 percent over the same period

### **Industry Sector**

The industry (manufacturing, electricity and water supply and construction) sector growth declined from 4.9 percent in the first quarter of 2019 to 4.1 percent in the first quarter of 2020 due to a slowdown in the performance of manufacturing, construction and electricity and water supply

activities. Nevertheless, the sector accounted for 0.7 percentage points to real GDP growth in the first quarter of 2020. The manufacturing sector is estimated to have expanded by 2.9 percent in the first quarter of 2020 compared to a growth of 3.5 percent in a similar quarter of 2019. This is reflected by the decline in consumption of electricity to a growth of 2.4 percent in the first quarter of 2020 compared to a growth of 2.8 percent in the first quarter of 2019. Growth in the sector was mainly supported by the manufacture of non-food products such as cement production, assembly of motor vehicles and cigarette production that increased by 4.6 percent compared to a growth of 3.3 percent in the corresponding period of 2019. The subsector's contribution to growth was 0.3 percentage points in the first quarter of 2020.

Activities in Electricity and water supply subsector declined to 6.3 percent in the first quarter of 2020 from 7.8 percent in the same period of 2019. Total electricity generation expanded by 2.2 percent in the first quarter of 2020 compared to a growth of 7.0 percent in the corresponding quarter of 2019. Growth in the electricity sector was supported by increased generation of electricity from hydro (29.8 percent) due to sufficient rainfall and geothermal (10.6 percent) coupled with a decline in generation of electricity from thermal sources (47.4 percent). However, generation of electricity from solar, and wind declined by 3.2 percent, and 37.0 percent respectively. The electricity and water supply subsector contributed 0.2 percentage points to real GDP growth

### **Services Sector Performance**

The services sector expanded by 5.4 percent in the first quarter of 2020 compared to a growth of 6.4 percent in the same quarter in 2019. Activities in information and communication (9.8 percent), wholesale and retail trade (6.4 percent), transport and storage (6.2 percent), financial and insurance (6.0 percent), and real estate (4.3 percent) remained vibrant supporting the growth in the services sector. The sector accounted for 2.6 percentage points in the first quarter of 2020, compared to 3.0 percent in the first quarter of 2019. The performance of activities in the transport and storage subsector declined to 6.2 percent in the first of quarter of 2020 from 6.4 percent recorded in the first quarter of 2019 following imposition measures to contain the spread of covid-19 towards the end of the quarter. Growth in the subsector was mainly supported by a 0.8 percent increase cargo throughput at the port of Mombasa, 20.6 percent decline in the average international oil price and 7.1 percent growth in the stock of credit advanced to transport and communication in March 2020.

The information and communication technology (ICT) subsector grew by 9.8 percent in the first quarter of 2020 down from 10.2 percent in the same quarter in 2019. The growth was supported by increased number of mobile transactions and growth in imports of telecommunication equipment. While the total number of mobile money subscriptions and transactions declined in the quarter, the value of mobile money transactions grew by 2.1 percent to Ksh 1,086.9 billion. The subsector's performance was also enhanced by increased access and use of internet services.

### **Kenya Shilling Exchange Rate**

The foreign exchange market has largely remained stable but partly affected by a significant strengthening of the US Dollar in the global markets and uncertainty with regard to the Covid-19 pandemic. In this regard, the Kenya Shilling to the US Dollar exchanged at Ksh 108.1 in August 2020 compared to Ksh 103.3 in August 2019. In comparison to most Sub-Saharan Africa currencies, the Kenya Shilling has remained relatively stable weakening by only 4.7 percent against the US Dollar. This depreciation of the Kenya Shilling was lower than that of Ghanaian Cedi, Rwanda Franc, Botswana pula, Nigerian Naira, Mauritius Rupee, South African Rand and Namibian Dollar

### **Inflation Rate**

The National inflation rate has a pointer on price variations locally and is an important consideration during arriving at final budget framework. Over the last 3-4 years have trends have revealed a stable inflation rate and within the medium-term target of 5 percent with a variability +/- 2.5. This subdued control of the rate of inflation demonstrates the continued effectiveness of the monetary policy of the Central Bank of Kenya.

### **Interest Rates**

The Central Bank lending rate has been maintained at 7.0 percent in the last two Quarterly Review by the Monetary Policy Committee. The general access to capital for investments by County business entities is largely dependent on the prevailing interest rates. Affordability to available credit schemes is critical for the recovery of the SMEs in order to realize envisaged recovery from the impacts of COVID-19 in the Medium term

## **3.2 Recent County Developments**

The County Government continues to address challenges that affect resources mobilization for planned programmes. Budget implementation will be guided on the fiscal responsibility principles outlined in the PFM Act, 2012, Section 107(2). The fiscal outcomes proposed within this paper are consistent with the national financial objectives as outlined in relevant policy documents and various legislations.

The impediments towards the success of budget implementation includes the delayed disbursement of funds from the National treasury, impasse in the revenue sharing formula and the effects of the COVID 19 among others.

### **Infrastructural Development**

The County department of roads has prioritized the improvement of infrastructure each year. The county embarked on providing modern roads, bus parks, bridges and footbridges to the people of Kajiado. The sector managed to tarmac 9.13km of road in Kajiado, Kiserian, Ngong and Ongata Rongai towns under the Uganisha Roads Network which is a flagship project. This was achieved in collaboration with the KUSSP, Kenya Rural Roads Authority and Kenya Urban Roads Authority. The sector also opened 150km of new roads, graveled 245km and carried out routine maintenance of 409km of various roads in the county and a further 1210m of drainage works and miter rains were constructed across the county. In addition, 6430m of open and closed drains were done and 5.73km of road reserve constructed and maintained. In order to ease the movement of people and goods to spur intra county trade, the County has progressively provided for the improvement of access roads in urban areas and markets. In pursuit of enhancing economic activities and to improve security for the small and medium scale traders, the sector has installed floodlights in various market centres in partnership with the Housing & Slums Upgrading programme by the national government and installed 124 solar street lights across the county in partnership with KUSSP.

### **Investing in accessible, quality and affordable healthcare services**

Access to quality and affordable health care services is critical to the social well-being of our society and one of the fundamental responsibilities of any government. Kajiado County Government is committed to offer world class health care services to its residents. To achieve this, the County government is focusing on standardizing and equipping the existing facilities as well



as strengthening the county referral system. During the FY 2019/20 the county implemented a number of projects to improve health infrastructure. At the Kajiado Referral Hospital several activities were accomplished including: the operationalization of Maternal Child Health (MCH); establishment of an ICU with 20 bed capacity; establishment of a blood bank satellite; ongoing works at the County Store; relocation and rehabilitation of the modern incinerator; ongoing external works of the modern maternity; and upgraded the mortuary with two (2) additional freezers.

During the FY 2019/20, the Health Sector experienced shocks due to the outbreak of the Corona Disease 2019 (COVID-19). The disease started in Wuhan in China has so far spread globally, regionally, nationally and countywide. Kajiado County has suffered considerably from COVID-19 pandemic with: 1,006 cumulative confirmed cases since the index case; 344 recoveries; and 17 deaths as of 31<sup>st</sup> July 2020. Nevertheless, the sector made some achievements in key areas such as infrastructure, human capital development, and public health and sanitation.

The department of Gender and Social Services has shepherded the Social Welfare and Vocational Rehabilitation, which has entailed developing the child and orphan and registering 4000 elderly persons with the NHIF cover under the Mbuzi moja Afya Bora Initiative. The County government has ensured that it covers all the issues affecting people gifted differently. The Social services sub-sector has procured and distributed assistive devices that have significantly improved the lives of those who previously could not afford them. Increased school attendance among students who are abled differently is important. In this regard the county has continued to provide bursary to students living with disabilities.

### **Food security and Nutrition**

Food and nutrition security remains a key pillar of the Kenya Vision 2030 and Big Four Agenda. Consequently, agriculture forms the backbone of the Kenyan economy contributing to over 70 percent of the workforce and 25 percent of the annual GDP. The promotion of Climate smart agriculture has been enhanced by the agriculture sector in the county in order to ensure that farmers adopt sustainable agricultural practices. During the financial year under review, the agriculture sector constructed nine (9) vaccination crushes namely: Meshenani, Shukaa/Olerai, Oltaraja, Oloshon, Indupa, Nembuya, Ilaimirror, Noompala and Oletinka. Vaccination is vital in promoting both animal health and animal welfare. The sub-sector vaccinated a total of 475,780 animals across

the county. Various projects initiated during the period under review are still ongoing while some are in various stages of procurement

### **Water and sanitation**

Provision of clean and safe water to our people is a constitutional right and a key priority of the government. Water supply in this county has been a monumental challenge and the county government has initiated various sustainable programmes that will solve the problem. The water sector has drilled and equipped Iltareto Borehole, Eseki Borehole, Loltiamiloi Borehole and Meto Secondary School Borehole. The sector also did pipeline installations/extensions and constructed various storage facilities to improve water accessibility as well as supply within the county. These include ;3km pipeline of Elerai Community Borehole,3km pipeline of Sombet Community Borehole, piping water at Kikelwa water project, piping water at Paranae Boys Secondary School borehole, piping water at Naboisho watering point, Ormiton borehole and Olmotiany borehole and construction of a storage tank and installation of gutters at Ongata Rongai Primary school.

In promoting the use of green energy in the county, the sector installed a 48000 cubic metres solar power system for Lemelepo water project.

Solid waste management is a problem not only in Kenya but also across the globe. This has been exuberated by increasing e-waste and use of non-biodegradable materials. In environmental management and protection, the water sector has completed the feasibility studies for a recycling plant in Ngong waste management facility.

The county government is mandated by the Constitution to provide pre-primary education and vocational training. In this regard, the department of education and vocational training has constructed, rehabilitated and equipped 52 education institutions in order to improve the education infrastructure within the county. To retain learners in education institutions the department, through the school feeding programme provided 38,926 pupils with mid-day meals and disbursed Kshs.75 million of education sponsorships and bursaries.

### **Public service and administration**

Towards improving public service delivery in the county government, public administration sector developed human resource policies, guidelines and manuals to provide consistency, fairness and

smooth operation of the county Government. The County Public Service Board facilitated recruitment of new staffs to fill gaps in the public service which has enhanced efficient and effective service delivery.

### **Creation of a suitable business environment**

The department of trade has created an enabling business environment for the traders. To achieve this, the County has constructed modern markets at Illasit, Kitengela town and Kware Market in Nkaimurunya.

### **3.3 County Economic Outlook and Policies**

The Coronavirus (COVID-19) pandemic is currently causing significant adverse impact on the global economy. Governments around the world are implementing various fiscal measures to mitigate the adverse effect and provide relief for businesses and households. The 2020/21 Budget is being implemented against the background of a weakening global economy due to the COVID 19 pandemic which has had a devastating impact across the world. Quarantines, lockdowns and social distancing measures which are essential in curtailing the virus continue to acutely impede sectors that rely on social interactions (such as travel, hospitality, entertainment, and tourism) with more than half of the world's population already under some form of lockdown

In the medium term, the following reforms will be undertaken

- i. Enhancing revenue mobilization
- ii. Expenditure rationalization by preparing realistic budget and ensuring timely procurement for goods and services
- iii. Expenditure efficiency and effective implementation of budget programs
- iv. Creation of Conducive social and economic environment in order to encourage innovation, investment, growth and expansion of Economic and employment opportunities
- v. To pursue efficiency; the county government will monitor, evaluate and oversee allocation, re-allocation and management of the public finances.

### **3.4 Risks to the Outlook**

Although the Kajiado County economy has exhibited a resilient growth trend, it is still vulnerable to shocks emanating from macro environment affecting the larger national economy.

Risks from the global economies relate to persistence of the Covid-19 pandemic and required lockdowns, voluntary social distancing and its effect on consumption, the ability of laid off workers securing employment in other sectors and rising operating cost to make work places more hygienic and safe.

On the domestic front, risks will emanate from weaker external demand, reduced tourist arrivals and containment measures due the Covid-19 pandemic. In addition, the economy will continue to be exposed to risks arising from public expenditure pressures, particularly wage related recurrent expenditures and the erratic weather related shocks that could have negative impact on energy generation and agricultural output leading to higher inflation that could slow down growth.

With the 2022 elections just about one and a half years away, increased mobilization of political activities will impact on the government budgeting and planning. The increased calls for constitutional changes through the Building bridges initiative (BBI) will also likely increase political temperatures which is likely to impact of service delivery across the government.

The Government continually monitors these risks to inform appropriate mitigating monetary and fiscal policy measures to preserve macroeconomic stability and strengthen resilience in the economy. To cushion the country against the downsides of the risks emanating from the global sphere, the Government is deepening reforms in the financial sector to ensure a stable and strong financial system in Kenya. The Government is also safeguarding macroeconomic stability through prudent fiscal and monetary policies. In particular, the Government continues to accumulate foreign exchange reserves to deal with any external shocks. Additionally, the diversified nature of our economy continues to offer resilience to global challenges.

To protect the country from climate-related risks and disasters, the Government has put in place various policies, strategies and financial risk protection instruments to cushion the economy against budget disturbances emanating from the need to address the unforeseen natural disaster. In particular, the Government has put in place a Disaster Risk Financing Strategy which outlines various financial protection instruments in the economy in the event of a disaster

Further, the Government is accelerating infrastructure development to support manufacturing and expand intra-regional trade by deliberately targeting new markets for our products. Also, the ongoing enhanced domestic resource mobilization and expenditure rationalization will

significantly reduce wage-related pressures and reduce debt accumulation thus creating fiscal space necessary for economic sustainability.

## **RESOURCE ALLOCATION FRAMEWORK**

This section sets out how the County Government intends to spend within its budget line. It establishes the total revenues it expects to raise during the period under review, and then allocates these across the County Government departments by setting expenditure limits or ceilings for each government department

### **4.1 Adjustments to the FY 2020/21 Budget**

From the national BROP, The Medium-Term Fiscal Framework (MTFF) for the FY 2020/21 emphasizes on efficiency and effectiveness of public spending and improving revenue collection to stimulate and sustain economic activities, mitigate the adverse impact of COVID-19 pandemic on the economy and reposition the economy on a steady and sustainable growth trajectory.

The underperformance in both revenue collection and expenditure in the FY 2019/20 has implications on the financial objectives outlined in the CFSP 2020 and the FY2020/21 Budget. In particular, the baseline for projecting both the revenue and expenditures for the FY 2020/21 and the medium term has changed given the outcome of FY 2019/20 and the first two months of FY 2020/21.

In light of these challenges, the revenue projections for FY 2020/21 have to be revised taking into account a lower projection base- shortfall in FY 2019/20, revenue performance and the prolonged effects of COVID-19 Pandemic on economic activities and the measures put in place to curb its spread. Expenditure projections for FY 2020/21 have to be revised to accommodate the weak revenue performance by reallocations of the existing budgetary provisions and additional expenditure on productive areas of spending across the Government programmes.

### **4.2 FY 2020/2021 Budget Framework**

The FY 2021/22 – 2023/24 MTEF is based on the theme “*Economic Recovery for Improved Quality of Life*”. Identification of programmes and projects and their resource allocation will be guided by the following criteria and principles;

- i. Linkage to the 2018-2022 CIDP, the SDGs, the ‘Big Four’ agenda and the objectives of Third Medium-Term Plan of Vision 2030;

- ii. Degree to which it enhances economic recovery to improve quality of life through poverty reduction and creation of income.
- iii. Enhanced public health measures to regulate and control the spread of COVID-19 virus.
- iv. The expected impact to the residents and opportunity cost for the programme/project.
- v. Cost effectiveness and sustainability of the programme.

Resource prioritization will be accorded to current ongoing projects to enhance their completion and provide value for their investment. These will include the county flagship projects and other programmes. Special attention and priority will be accorded to food security programmes, *Unganisha* urban roads project, upgrading of Kajiado Level 5 Hospital, solid waste and sewerage management and construction of mega dams.

The total revenue projection for the FY 2021/22 is Kshs 9.361 billion sourced from equitable share (Kshs 6.567 billion), local revenue (Kshs 1.545 billion), Conditional grants (Kshs 962 million) and balance brought forward (287 million).

The projected revenue will be spent on personnel emoluments (Kshs 3.664 billion), operations and maintenance (Kshs 2.346 billion) and development (Kshs 3.352). The proportions of personnel emoluments, operations & maintenance, and development expenditure are 39%, 25% and 36% respectively.

The county will enhance the various funds based on their prioritization and availability of resources. The county government funds are;

- i. Bursary Fund
- ii. Emergency Fund
- iii. Kajiado Youth and Women Fund Enterprise Development Fund
- iv. Disability Fund
- v. Car Loan & Mortgage Fund

The county will conduct limited hiring of new staff to control the increasing wage bill. Hiring will be conducted for essential positions. In event of available skills within the current county work force, staff transfers will be preferred to new recruitments.

The county is committed to reducing the existing pending bill will a goal of halving the bills in the FY 2021/22 and the subsequent fiscal years. Prudent financial planning and management will be implemented to prevent accumulation of new debts in the fiscal year and subsequent fiscal years.

### **4.3 FY 2021/22 Budget Framework**

The FY 2021/22 budget framework builds up on the Government's efforts through the Economic Stimulus Programme and the Post Covid-19 Economic Recovery Strategy to stimulate and sustain economic activities, mitigate the adverse impact of COVID-19 pandemic on the economy and re-position the economy on a steady and sustainable growth trajectory. This is in addition to expenditure rationalization and revenue mobilization programmes that the County has to put in place.

The county government, over the medium term, will allocate adequate resources to the County's priority sectors since their contribution to the county economy and its economic growth is noteworthy. Efficiency is a key aspect when it comes to the maximum use of the available resources. To pursue efficiency; the county government will monitor, evaluate and oversee allocation, re-allocation and management of the public finances.

### **4.4 Medium Term Expenditure Framework**

Allocation and utilization of resources in the medium term will be guided by the priorities outlined in County Integrated Development Plan (CIDP) and other County plans; and in accordance with section 107 of the PFM Act 2012. For effective utilization of public finances for enhanced expenditure productivity, the County Government will prioritize expenditures within the overall sector ceilings and strategic sector priorities.

The county will use the available resources to attain an optimal utility. In particular, there will be a guided policy on efficient use of public funds directed towards optimal outcomes that enhance economic recovery, poverty reduction and improved income for the residents. In addition, the county will enhance the collection of local revenue through enhanced revenue administration, loss and leakage prevention, full automation and pursuit of unexplored revenue streams.



The county will ensure resource allocation is prioritized to the thematic areas identified under the 2018-2022 CIDP. They include;

- i. Food security and improved nutrition;
- ii. Ensuring healthy lives and promoting well-being for all;
- iii. Ensuring` availability and sustainable management of water and sanitation for all;
- iv. Infrastructural development to support economic growth; and
- v. Supporting value addition to increase income.

The Medium term Expenditure Framework will focus on providing a conducive environment for economic recovery and improving the living standards of the county residents. To achieve the theme of the framework, resource prioritization will be directed towards programmes and projects that enhance food security, quality healthcare, provision of water, improved environmental protection and infrastructural development.

The county will enhance the implementation of the 2020/21 budget which adds to the successes of the 2021/22 budget. Priority projects and programmes will be given special consideration to enable their successful completion and implementation schedules are adhered to. The county will also pursue the actualization of revenue targets to enable the full implementation of current programmes and projects in the FY 2020/21 budget.

The FY 2021/22 total revenue estimate is expected to be Kshs 9.5 billion. The budget estimates are informed by the expected growth of equitable share by 10 percent to Kshs 7 billion. Local revenue performance in the previous financial year has been used to project revenues estimates of Kshs.1.2 billion. Conditional grants for the county are expected to remain relatively constant. However, the county will carry out resource mobilization measures to increase the resource base for conditional grants. The county will adhere and commit to continuous partnership with development partners and ensure actualization of agreements signed with the partners.

With a view to presenting a balanced budget, the county revenue will be matched to the total expenditure. The county government will spend within its resource framework where total revenue is equal to total expenditure. The revenue will be appropriated to both recurrent and development

expenditure. Recurrent expenditure will be allocated 70 percent of the total resources where expenditure of compensation of employees takes 41 percent while Operations and Maintenance takes 29 percent. Development expenditure will be allocated 30 percent of the total budget.

As the county seeks to increase its resource base, the relative proportion of expenditure on personnel emoluments is expected to decrease.

To cushion the county residents against unforeseeable events, the county will allocate sufficient funds to the emergency fund to facilitate response to disasters, emergencies and unplanned activities within the county.

The Medium Term Expenditure Framework for 2021/2022 is shown on table 6.

*Table 4: Medium Term Expenditure Framework Ceilings*

	Approved Estimates	Budget Estimates	Projections	
	2020/21	2021/22	2022/23	2023/24
<b>Revenue Summary</b>				
Equitable share	6,407,000,000.00	7,047,700,000.00	7,752,470,000.00	8,527,717,000.00
Local Revenue	1,500,000,000.00	1,200,000,000.00	1,236,000,000.00	1,359,600,000.00
Conditional Grants	961,814,081.00	961,814,081.00	961,814,081.00	1,057,995,489.10
Balance B/F	574,000,000.00	287,000,000.00	143,500,000.00	157,850,000.00
<b>Total</b>	<b>9,442,814,081.00</b>	<b>9,496,514,081.00</b>	<b>10,093,784,081.00</b>	<b>11,103,162,489.10</b>
<b>Expenditure Summary</b>				
Personnel Emoluments	3,645,543,607.00	3,900,731,659.49	4,173,782,875.65	4,465,947,676.95
Operations and maintenance	2,462,404,565.00	2,746,828,197.21	2,891,865,981.05	3,306,266,065.42
Development	3,334,865,909.00	2,848,954,224.30	3,028,135,224.30	3,330,948,746.73
<b>Total</b>	<b>9,442,814,081.00</b>	<b>9,496,514,081.00</b>	<b>10,093,784,081.00</b>	<b>11,103,162,489.10</b>

## **CONCLUSION**

The Kajiado CBROP 2020 is being prepared against the backdrop of a slowdown in the growth of the global economy. The Pandemic and the attendant containment measures have led to contraction of the global economy disrupting businesses including international trade and leading to loss of livelihoods for millions of people globally. Kenya has not been spared. The Pandemic and the containment measures have not only disrupted our ways of lives and livelihoods, but to a greater extent business. Consequently, the economy is projected to slow down to 2.6 percent in 2020 from the 5.4 percent registered in 2019.

To cushion citizens and businesses from the adverse effects of Covid-19 Pandemic and stimulate economic recovery, the National Government has indicated that it will continue to implement measures in the context of the Economic Stimulus Programme and the Post Covid-19 Economic Recovery Strategy. As a County government we are ready to comply with these policies and guideline once they are rolled down to us.

From the analysis in this paper, it is evident that The County Government generally complied with the principles of fiscal responsibility including the minimum wage rate.

The county will also strengthen its revenue collection and management systems with the goal of generating more revenues to strive towards budgetary self-reliance.

Fiscal discipline will be important in ensuring proper management of funds and delivery of expected output. Effective and efficient utilization of funds by the various departments will be crucial in ensuring the county delivers her functions. Plans and programme are strictly adhered to achieve the objectives of the County government.