REPUBLIC OF KENYA

COUNTY GOVERNMENT OF BOMET

COUNTY TREASURY

COUNTY BUDGET REVIEW
AND OUTLOOK PAPER

SEPTEMBER 2022

To obtain copies of the document, please contact;

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FOREWORD

This County Budget Review and Outlook Paper (CBROP) 2022 was prepared in accordance with section 118 of the Public Financial Management Act, 2012. The PFM law envisages production of a CBROP by the end of September each year. This review document covered the fiscal year ending 30th June 2022 and has focused on the progress made in FY 2021/2022 compared to similar review period in FY 2020/2021.
The CBROP also reviews the fiscal outcome for FY 2021/22 and its effects on the financial objectives set out in the 2022/23 budget estimates submitted to the County Assembly on April 30, 2022. It provides a basis upon which to revise the 2022/23 budget in the context of the supplementary budget and set out the broad fiscal parameters for the next medium-term budget.
The 2022 County Budget Review and Outlook Paper (CBROP) has been prepared against a background of a series of destabilizing shocks affecting world economy. *After more than* two years of the Covid-19 pandemic, the Russian Federation's invasion of Ukraine and its global effects on commodity markets, supply chains, inflation, and financial conditions have steepened the slowdown in global growth. In particular, the war in Ukraine is leading to soaring prices and volatility in energy markets, with improvements in activity in energy exporters more than offset by headwinds in most other economies. The invasion of Ukraine has also led to a significant increase in agricultural commodity prices, which is exacerbating food insecurity and extreme poverty in many emerging market and developing economies (EMDEs). Numerous risks could further derail what is now a precarious recovery. Among them is, in particular, the possibility of stubbornly high global inflation accompanied by tepid growth, reminiscent of the stagflation of the 1970s. This could eventually result in a sharp tightening of monetary policy in advanced economies to rein in inflation, lead to surging borrowing costs, and possibly culminate in financial stress in some EMDEs. A forceful and wide-ranging policy response is required by EMDE authorities and the global community to boost growth, bolster macroeconomic frameworks, reduce financial vulnerabilities, provide support to vulnerable population groups, and attenuate the long-term impacts of the global shocks of recent years.

Following more than two years of pandemic, spillovers from the Russian Federation's invasion of Ukraine are set to sharply hasten the deceleration of global economic activity, which is now expected to slow to 2.9 percent in 2022. Growth in emerging market and developing economies (EMDEs) this year has been downgraded to 3.4 percent, as negative spillovers from the invasion of Ukraine more than offset any near-term boost to some commodity exporters from higher energy prices. Despite the negative shock to global activity in 2022, there is essentially no rebound projected next year: global growth is forecast to edge up only slightly to a still-subdued 3 percent in 2023, as many headwinds. In particular, high commodity prices and continued monetary tightening are expected to persist. The global community needs to ramp up efforts to mitigate humanitarian crises caused by the war in Ukraine and conflict elsewhere and alleviate food insecurity, as well as expand vaccine access to ensure a durable end of the pandemic. Meanwhile, EMDE policy makers need to refrain from implementing export restrictions or price controls, which could end up magnifying the increase in commodity prices. With rising inflation, tightening financial conditions, and elevated debt levels sharply limiting policy space, spending can be reprioritized toward targeted relief for vulnerable households. Over the long run, policies will be required to reverse the damage inflicted by the dual shocks of the pandemic and the war on growth prospects, including preventing fragmentation in trade networks, improving education, and raising labor force participation. Regional prospects: Russia's invasion of Ukraine is affecting EMDE regions to different degrees via impacts on global trade and output, commodity prices, inflation, and interest rates. The adverse spillovers from the war will be most severe for Europe and Central Asia, where output is forecast to sharply contract this year. Output growth is projected to slow this year in all other regions except the Middle East and North Africa, where the benefits of higher energy prices for energy exporters are expected to outweigh those prices' negative impacts for other economies in the region. Risks for all EMDE regions are tilted to the downside and include intensifying geo-political tensions, rising inflation and food shortages, financial stress and rising borrowing costs, renewed outbreaks of COVID-19, and disruptions from disasters. This edition of Global Economic Prospects also includes short analytical pieces on the risk of global stagflation and the impact of Russia's invasion of Ukraine on the global economy through global energy markets.

Global inflation has risen sharply from its lows in mid-2020, on rebounding global demand, supply bottlenecks, and soaring food and energy prices, especially since Russia's invasion of Ukraine. Markets expect inflation to peak in mid-2022 and then decline, but to remain elevated even after these shocks subside and monetary policies are tightened further. Global growth has been moving in the opposite direction: it has declined sharply since the beginning of the year and, for the remainder of this decade, is expected to remain below the average of the 2010s. In light of these developments, the risk of stagflation—a combination of high inflation and sluggish growth has risen. The recovery from the stagflation of the 1970s required steep increases in interest rates by major advanced-economy central banks to quell inflation, which triggered a global recession and a string of financial crises in EMDEs. However, on net, model-based estimates suggest that the war-driven surge in energy prices could reduce global output by 0.8 percent after two years. The experience of previous oil price shocks has shown that these shocks can provide an important catalyst for policies to encourage demand reduction, substitution to other fuels, and development of new sources of energy supply.

Kenya's real gross domestic product (GDP) is projected to grow by 5.5 percent in 2022 and 5.2 percent on average in 2023–24. This growth rate, while still strong, will be a moderation following a remarkable recovery in 2021 from the worst economic effects of the pandemic, when the country's economy grew by 7.5 percent, much higher than the estimated average growth in Sub-Saharan Africa of 4 percent.

Domestically, a key risk to the outlook is a further worsening of the current drought, which is having a devastating effect on food security and livelihoods in affected parts of the country and is necessitating increased social spending on food assistance. For example, using the Integrated Food Security Phase Classification, it is estimated that 3.1 million Kenyans (out of 13.6 million) living in counties with arid and semi-arid land are food insecure. The baseline economic projections assume that below average rains will hamper agricultural performance and accounts for the downside effects of the ongoing war in Ukraine through increased global commodity prices.

The report further notes that Kenya's economic performance remained strong in the early months of 2022, but external challenges have mounted. The economy is vulnerable to the commodity price shocks resulting from the war, particularly through fuel, fertilizer, wheat and other food imports. Global financial conditions have also tightened sharply, increasing external financing costs. However, Kenya's exposure to the war in Ukraine through direct trade linkages is small, with Russia and Ukraine accounting for only 2.1 percent of total goods trade between 2015 and 2020. Similarly, tourists from Ukraine and Russia do not account for a significant share of Kenya's tourism market.

On the upside, measures by the Central Bank of Kenya (CBK) that maintained an accommodative monetary policy stance cushioned the economy and helped bolster recovery. Inflation has recently moved higher to 7.1 percent year-on-year in May 2022 as domestic food prices, and fuel prices in March, April and May, increased following the surge in global commodity prices due to the war in Ukraine. The full impact of the global oil price and other commodity prices shock on domestic prices has been cushioned by government subsidies which have, however, come at a fiscal cost. In response to the ongoing surge in global commodity prices and supply disruptions that have added to inflationary risks, the CBK increased the Central Bank Rate from 7 to 7.5 percent in their May 30 meeting to anchor inflationary expectations.

Fiscal performance has also benefitted from the strong economic recovery supporting revenues, but this is now being countered by the cost of subsidizing fuels. The rebound in economic activity and ongoing tax reforms and revenue administration improvements have boosted revenue collection. For example, revenue in the current fiscal year through Q3 remained on target and performed above the previous year's outturn (12.3 percent of GDP in Q3 2021/22 against a target of 11.2 percent of GDP in Q3 2020/21). As a result, the fiscal deficit in Q3 FY2021/22 shrank to 3.9 percent of full-year GDP from 4.4 percent a year earlier. However, the limited passthrough of higher international oil prices to consumers is generating fiscal costs, with the total monthly cost of subsidizing fuel estimated to be approximately US$66 million.

The special topic section of the report focuses on the education sector, which is critical to achieving Kenya's development goals, accounts for a large share of government spending, and was hit hard by the COVID-19 (coronavirus) pandemic. It examines the performance and financing of the education sector, drawing on a forthcoming World Bank Public Expenditure Review (PER) on education. It explores the impressive improvements which Kenya has achieved in education outcomes, the remaining challenges in the sector including charting a successful recovery from the pandemic, and how the allocation of resources can contribute to resolving these.

The FY 2023/24 budget will be prepared under a revised budget calendar that takes into account the priorities in the CIDP 2023-2027 which is yet to be finalized. Therefore, all sectors are expected to adhere to the strict deadlines provided in the revised budget calendar to enable finalization and appropriation of the FY2023/24 medium term budget. Emphasis will be made on strategic interventions under the post Covid-19 Economic recovery strategy that will further re-position the economy on a steady and sustainable growth trajectory including high priority and strategic service delivery programmes that aid the achievement of the "Big Four" Plan, the third Medium Term Plan (MTP IV) of the Vision 2030 and Governor's manifesto. Given the tight resource envelope, all Sector Working Groups are required to scrutinize all proposed Departments budgets for FY2023/24 and the medium term to ensure that they remain within the ceilings provided as well as safeguarding macroeconomic stability.

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Hon. Andrew Sigei
CECM- Finance & Economic Planning
County Government of Bomet

ACKNOWLEDGEMENTS

The 2022 County Budget Review and Outlook Paper has been prepared in accordance with the Public Finance Management (PFM) Act, 2012 and its Regulations. The document provides the fiscal outturn for the FY2021/22, the macro-economic projections and sets the sector ceilings for the FY2023/24 and the Medium-Term Budget. The document also provides an overview of how the actual performance of the FY2021/22 affected our compliance with the fiscal responsibility principles and the financial objectives spelt out in the PFM Act as well as information showing adjustments made in the projections outlined in the County Fiscal Strategy Paper (CFSP) 2022.

The preparation of the CBROP 2022 was made possible through a joint effort of various directorates within the Department of Finance, ICT and Economic Planning. The County Planning Unit coordinated the exercise and also served as the secretariat. The County departments led by the CECMs, Chief Officers and Directors also provided invaluable information and data needed during the preparation of the document. I wish to recognize all their contributions collectively and individually during the preparation process. We are grateful to all the spending units and their respective heads for their timely provision of data necessary for qualifying this review and outlook paper, not forgetting various stakeholders including the County Budget and Economic Forum (CBEF), who we highly recognize and appreciate for their efforts.

In particular, I wish to appreciate the County Executive Committee member for Finance and Economic Planning, for providing leadership throughout the preparation of this document. Finally, I wish to thank anybody who contributed in one way or another ensuring the realization of this document.

MILCAH C. RONO,
CHIEF OFFICER- ECONOMIC PLANNING

LIST OF ABBREVIATIONS AND ACRONYMS

ADP - Annual Development Plan

CBROP - County Budget Review and Outlook Paper

CDMS- County Debt Management strategy

ADP- Annual Development Plan

ASDSP- Agricultural Sector Development Support Programme

CECM- County Executive Committee Member

CFSP - County Fiscal Strategy paper

CG - County Government

CIDP - County Integrated Development Plan

COB - Controller of Budget

COVID-19-Corona Virus Disease 2019

DANIDA - Danish International Development Agency

ECDE- Early Childhood Development Education

FY - Financial Year

ICT- Information Communication Technology

IFMIS - Integrated Financial Management Information Systems

KDSP- Kenya Devolution Support Programme

KUSP- Kenya Urban Support Programme

MTEF - Medium Term Expenditure Framework

MTP-Medium Term Planning

NI – Nutrition International

PBB - Program Based Budget

PFM - Public Finance Management

RMFLF - Road Maintenance Fuel Levy Fund

SWGs - Sector Working Groups

WEO – World Economic Outlook

Legal Basis for the Publication of the County Budget Review and Outlook Paper

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

(1) A County Treasury shall—

(a) Prepare a County Budget Review and Outlook Paper in respect of the county for each financial year; and

(b) submit the paper to the County Executive Committee by the 30th September of that year.

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

(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) The information on—

(i) Any changes in the forecasts compared with the County Fiscal Strategy Paper; or

(ii) 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.

(3) 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.

(4) 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) as soon as practicable after having done so, publish and publicise the Paper.

County Government Fiscal Responsibility Principles

In line with chapter twelve of the Constitution, Section 107 of the Public Financial Management (PFM) Act, 2012

1) The county government's recurrent expenditure shall not exceed the county government's total revenue

2) Over the medium term, a minimum of 30% of the County budget shall be allocated to development expenditure

3) The County government's expenditure on wages and benefits for public officers shall not exceed a percentage of the County government revenue as prescribed by the regulations.

4) Over the medium term, the County government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.

5) Public debt and obligations shall be maintained at a sustainable level as approved by County Government (CG)
6) Fiscal risks shall be managed prudently
7) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

INTRODUCTION

This chapter explains the background information, brief overview of the County Budget Review and Outlook Paper and the review of fiscal performance in the financial year 2021/2022.

I. Background

The County Budget Review and Outlook Paper (CBROP)2022 was prepared by the County Treasury pursuant to the provisions of section 118 of the Public Finance Management (PFM) Act 2012. This paper analyses the fiscal outcome of 2021/2022 indicating deviation from the approved budget and how it affects the financial objectives set out in the County Fiscal Strategy Paper 2022.

Objectives of the County Budget Review and Outlook Paper (CBROP) 2022

1. The objective of the CBROP is to provide an assessment of the fiscal performance for the FY2021/22 and how the outcomes impact on the County fiscal responsibility principles outlined in the County Fiscal Strategy paper 2022 as envisaged in the PFM Act 2012. This information alongside other emerging issues on the current budget year will provide the background for revising the current budget via a supplementary budget proposal. Details of the fiscal framework and the medium-term policy priorities will be firmed up in the next CFSP.
2. The CBROP 2022 will be a key document in linking policy, planning and budgeting. The Sector Working Groups have been reviewing programmes for the last Medium-Term Expenditure Framework (MTEF) focusing on updating and developing new programmes for the next MTEF 2023/24-2025/26.
3. The improved performance in revenue collection and expenditure pressures in the FY 2021/22 largely due to a decline in the Covid-19 Pandemic which had implications on the financial objectives outlined in CFSP 2022 and the fiscal projections of the 2022/23 budget. The CBROP 2022 therefore presents a revised fiscal outlook taking into account revenue performance by end August 2022 and the prolonged effects of Covid-19 Pandemic on economic activities and the measures put in place to curb its spread. Expenditure projections for FY2022/23 have been revised taking into consideration the improved revenue performance through reallocation of the existing budgetary provisions and additional expenditure on productive areas of spending across the county.
4. The PFM Act 2012 and PFM Regulations 2015 has set high standards for compliance with MTEF budgeting process. Therefore, it is expected that sector ceilings as per the approved CBROP of 2022 will form indicative baseline Ceilings for the next budget of FY2023/24 and the Medium Term for FY 2023/24-25/26 MTEF period. The sector ceilings have been modified as indicated in the annex to CBROP and the ceilings will set off the budget preparation process for the FY 2023/2024.
5. The rest of the paper is organised into four sections namely section II provides a review of fiscal performance in FY 2021/2022 and its implication to the CFSP 2022 financial objectives; Section III observes the recent economic developments and the updated

National macroeconomic outlook; Section IV and V contains the proposed sector budget ceilings and the conclusion respectively.

II. REVIEW OF FISCAL PERFORMANCE IN FY 2021/2022

A. Overview

The fiscal year 2021/22 marked the eighth year of Programme Based Budgeting (PBB) for all County Government entities as per section 12 of the second schedule of the PFM Act 2012. During the financial year 2021/22 there was a visible increase in local revenue collection. There was also an increase in the absorption of both development and recurrent expenditure as compared to a similar period in FY 2020/21.

During the year under review total county revenue amounted to Kshs. 7.46 billion against a revised target of Ksh8.803 billion. Total receipts from Equitable share of revenue comprised of 6.2 billion (82.5%) of the total receipts), Ksh 0.435 billion (5%) being proceeds from Domestic and Foreign Grants, Ksh 202 million (2.7%) being local revenue collection, and Kshs. 668 Million (6%) being balance brought forward.

In the reporting period the execution of both development and recurrent budget revealed a considerable increase as compared to financial year 2020/21 which was at 71%. The county spent a total of Kshs 6.87 billion during financial year 2021/23 against a revised target of Kshs 8.8 billion representing an execution rate of 78%. Recurrent expenditure for the period under review represents 78 percent of the annual recurrent budget while development expenditure represents 59 percent of the annual development budget. The absorption of development expenditure was hampered mainly by lengthy procurement process, late disbursement of funds from national treasury and the Covid-19 Pandemic.

B. Fiscal Performance FY 2021/2022

Revenue performance

Total county revenue including exchequer receipts and local revenue collection amounted to Ksh 7,461,021,193 against a target of Ksh 8,803,243,742 representing a performance of 85 per cent which is a deviation of Ksh 1,342,222,549 from the planned target. There was also an increase of revenue by 22% in the year under review compared to actual receipt in financial year 2020/21 amounting to Kshs. 7,345,657,540. *Figure I* below demonstrate the total County Receipts by source. As projected during the period under review the County received the highest revenues from exchequer transfers.

Figure I: County Total Receipts by Source (Kshs)

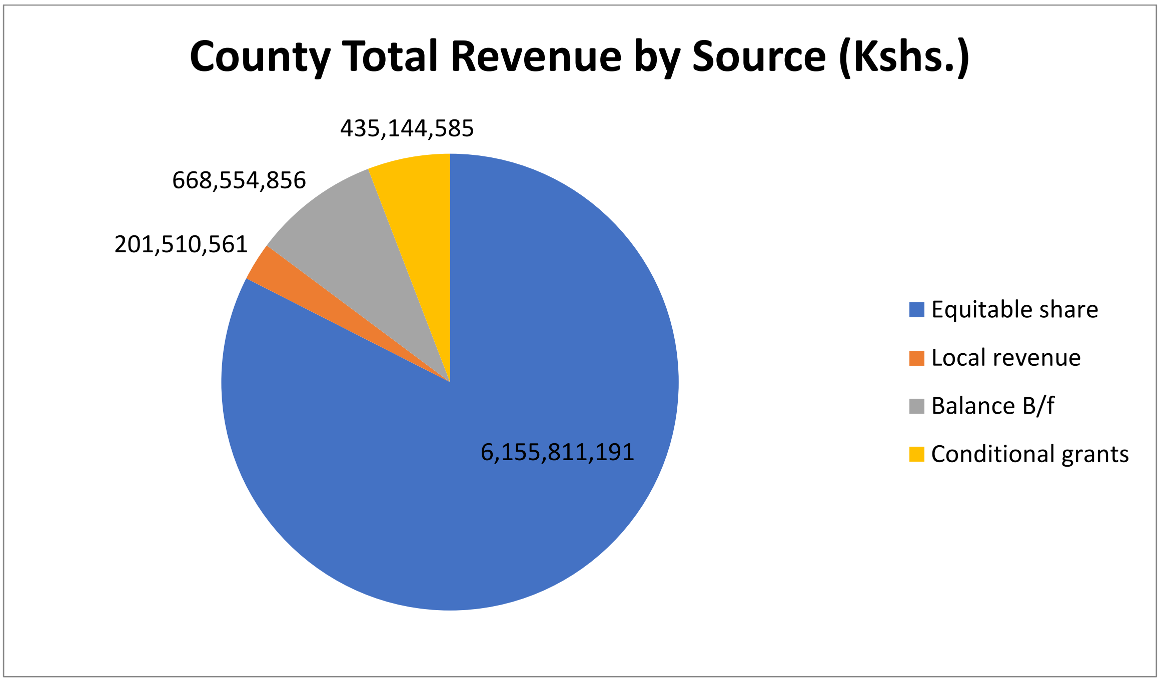


Table 1: County Government Total Revenues FY 2021/2022 (Kshs.)

COUNTY REVENUE	ACTUALS FY2020/2021	BUDGETED FY2021/2022	ACTUALS FY2021/2022	DEVIATIONS	% GROWTH	% OF THE TOTAL BUDGET
Equitable share +Local Revenue	**6,163,718,902**	**7,619,653,974**	**7,025,876,608**	**-593,777,366**	**14 %**	**92 %**
Equitable share	5,507,100,000	6,691,099,118	6,155,811,191	-535,287,927	12 %	92 %
Local Revenue	183,008,302	260,000,000	201,510,561	-58,489,439	10 %	78 %
Balance C/F	473,610,600	668,554,856	668,554,856	0	41 %	100 %

Conditional Grants from National Government Revenue	**464,528,014**	**202,181,405**	**60,045,531**	**-142,135,874**	**-87%**	**30%**
User fees Forgone	16,713,356	-		-	-100%	0%
Conditional Grant - Leasing of Medical Equipment	31,470,000	153,297,872		-153,297,872	-100%	0%
Road Maintenance Fuel Levy	132,021,277	319,907	319,907	-	-100%	100%
Covid 19 Response Allocation	235,823,487	24,306,279	24,306,279	-	-90%	100%
Conditional Allocation for development of youth Polytechnics	48,499,894	24,257,347	35,419,345	11,161,998	-27%	146%
Conditional allocations to County Governments from Loans and Grants from Development Partners	**717,410,624**	**981,408,363**	**375,099,054**	**-606,309,309**	**-48%**	**38%**
World Bank Loan to for transforming health systems for universal care project	132,912,109	150,771,484	6,100,875	-144,670,609	-95%	4%
Kenya Urban Support Programme	237,567,177	92,307,578		-92,307,578	-100%	0%
KDSP (Level 1 & 2 Grant)	75,000,000	215,353,974	167,353,974	-48,000,000	123%	78%

Nutritional International	0	22,000,000	18,456,450	-3,543,550	0%	84%
HSSF Danida	-	20,031,750	29,989,421	9,957,671	0%	150%
IDA Kenya Climate Smart Programme	259,171,179	427,703,258	144,477,000	-283,226,258	-44%	34%
Agriculture Sector Development Support Programme (ASDSP)	12,760,159	43,240,319	8,721,334	-34,518,985	-32%	20%
FLLOCA/Climate Change	0	10,000,000		-10,000,000	0%	0%
TOTAL REVENUE	**7,345,657,540**	**8,803,243,742**	**7,461,021,193**	**-1,342,222,549**	**2%**	**85%**

In addition to the revenue received for the year, there were un-spent balances brought forward from FY 2020/2021 amounting to Kshs 668.5 million. The funds available for use in the financial year 2021/2022 were Kshs. 8.8 billion comprising of equitable share, conditional grants, local revenue and un-spent balances. The drop of targeted revenue to actual revenue was Ksh.1.3 Billion which is mostly attributed to reduction in Conditional Grants from National Government Revenue and Conditional allocations to County Governments from Loans and Grants from Development Partners such as leasing of medical equipment and the (KUSP) Kenya Urban Support Program.

Table 2: County Own Revenues

		FY2020/2021		FY2021/2022						
	Revenue Sources	**Budgeted**	**Actual**	**Budgeted**	**Actual**	**Deviation**	**% Deviation**	**% Growth**	**% Collection**	**% of the total budget**
1	Property Rates	4,606,868	4,220,897	5,996,631	5,777,093	-219,538	-0.04	37%	3%	96%
2	Business Permits	35,181,332	31,557,398	44,833,614	35,106,314	-9,727,300	-0.22	11%	17%	78%
3	Cess Collections	6,579,552	5,520,742	7,843,321	3,241,680	-3,140,914	-0.49	-41%	2%	41%
4	Markets & Slaughter Fees	13,862,403	9,804,440	13,929,174	3,314,690	-6,686,105	-0.67	-66%	2%	24%
5	Rental Income	3,492,275	2,059,900	2,926,501	1,105,440	-1,120,859	-0.50	-46%	1%	38%
6	Parking Charges	11,799,113	9,768,660	13,878,341	7,944,290	-2,117,191	-0.21	-19%	4%	57%
7	Others	304,151	243,120	345,401	251,335	-148,821	-0.37	3%	0%	73%
8	Hosp/Disp/Health Centres	65,010,104	54,136,740	76,912,098	84,842,499	-9,157,956	-0.10	57%	42%	110%
9	Multi Nationals	60,048,294	50,457,258	71,684,655	53,282,215	-16,718,427	-0.24	6%	26%	74%
10	Embomos Tea Farm	16,371,436	11,878,190	16,875,351	14,022,075	-6,069,977	-0.30	18%	7%	83%
11	Agri, Fisherie	2,388,936	1,891,837	2,687,734	1,579,380	-458,423	-0.22	-17%	1%	59%

	s & Food Auth									
12	Miscellaneous Receipts	1,777,490	1,469,120	2,087,180	43,550	-2,043,630	-0.98	-97%	0%	2%
	TOTALS	**221,421,954**	**183,008,302**	**260,000,000**	**201,510,561**	**-58,489,439**	**-0.22**	**10%**	**100%**	**78%**

Local revenue collections amounted to Kshs. 201.5 million against a target of Kshs. 260 million in the year under review. This illustrate that there was a deviation of Kshs 58.4 million from the projected revenue. The analysis of revenue by sources indicates that the major sources of revenue for the financial year 2021/22 was Hospital/health centres which accounted for 42% of the total local revenue collected followed by Multinationals and Single business permits at 26% and 17% respectively. Embomos tea farm accounted for 6.9%, property rates 2.8%, cess collections 1.6%, markets and slaughter fees 1.6%, rental income 0.5%, parking charges 3.9% and others 0.9%. The local revenue increased by 10 per cent from 183 million in FY.2020/21 fiscal year to 201.5 million in the period under review.

Figure II: Local Revenue Performance by Stream (Kshs.)

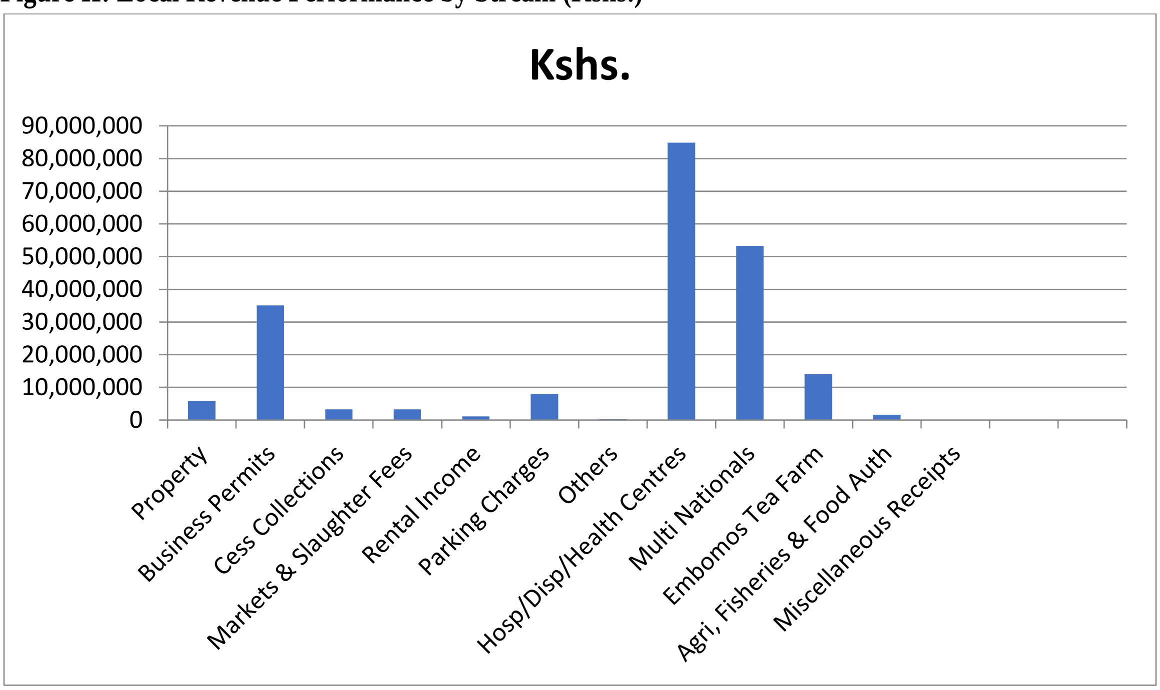


Table 3: Exchequer Releases

COUNTY REVENUE	BUDGETED FY2021/2022	ACTUALS FY2021/2022	DEVIATIONS	% COLLECTIONS	% OF THE TOTAL BUDGET
Equitable share	**6,691,099,118**	**6,155,811,191**	**(535,287,927)**	**93%**	**92%**
Equitable share	6,691,099,118	6,155,811,191	(535,287,927)	93%	92%
Conditional Grants from National Government Revenue	**202,181,405**	**60,045,531**	**(142,135,874)**	**1%**	**30%**
User fees Forgone	-		-	0%	0%
Conditional Grant - Leasing of Medical Equipment	153,297,872		(153,297,872)	0%	0%
Road Maintenance Fuel Levy	319,907	319,907	-	0%	100%
Covid 19 Response Allocation	24,306,279	24,306,279	-	0%	100%
Conditional Allocation for development of youth Polytechnics	24,257,347	35,419,345	11,161,998	1%	146%
Conditional allocations to County Governments from Loans and Grants from Development Partners	**981,408,363**	**375,099,054**	**(606,309,309)**	**6%**	**38%**
World Bank Loan to for transforming health systems for universal care project	150,771,484	6,100,875	(144,670,609)	0%	4%
Kenya Urban Support Programme	92,307,578		(92,307,578)	0%	0%
KDSP (Level 1 & 2 Grant)	215,353,974	167,353,974	(48,000,000)	3%	78%
Nutritional International	22,000,000	18,456,450	(3,543,550)	0%	84%
HSSF Danida	20,031,750	29,989,421	9,957,671	0%	150%

IDA Kenya Climate Smart Programme	427,703,258	144,477,000	(283,226,258)	2%	34%
Agriculture Sector Development Support Programme (ASDSP)	43,240,319	8,721,334	(34,518,985)	0%	20%
FLLOCA/Climate Change	10,000,000		(10,000,000)	0%	0%
TOTAL REVENUE	**7,874,688,886**	**6,590,955,776**	**(1,283,733,110)**	**100%**	**84%**

The county received a total of Kshs. 6.59 billion as exchequer releases comprising of equitable share Kshs. 6.155 Billion, conditional grants Kshs. 435 Million. Grants for leasing of medical equipment were not received since they were deducted at source to pay for medical equipment delivered. Likewise, funds from Kenya Urban Support program me and FLLOCA/Climate Change were not received. The conditional allocation for KDSP (Kenya Devolution Support Program) and CA- Leasing of Medical Equipment stood at Kshs. 215 Million and Kshs.153 Million respectively.

Expenditure Performances

The total spending in the financial year 2021/22 amounted to Kshs. 6.87 billion against a target of Kshs. 8.803 billion indicating a performance of 78%. Recurrent expenditure recorded the highest absorption rate of 88% against the budget while development expenditure recorded an absorption rate of 59% against the budget for development.

Further analysis of expenditure in term of economic classification indicates that salaries and wages consumed a huge part of the expenditure for the period at 46% of the total expenditure. Operations and Maintenance accounted for 29% of the period expenditure while development expenditure accounted for 25% of the actual expenditure for the period. Table 4: below illustrate 2021/22 county expenditure by economic classification.

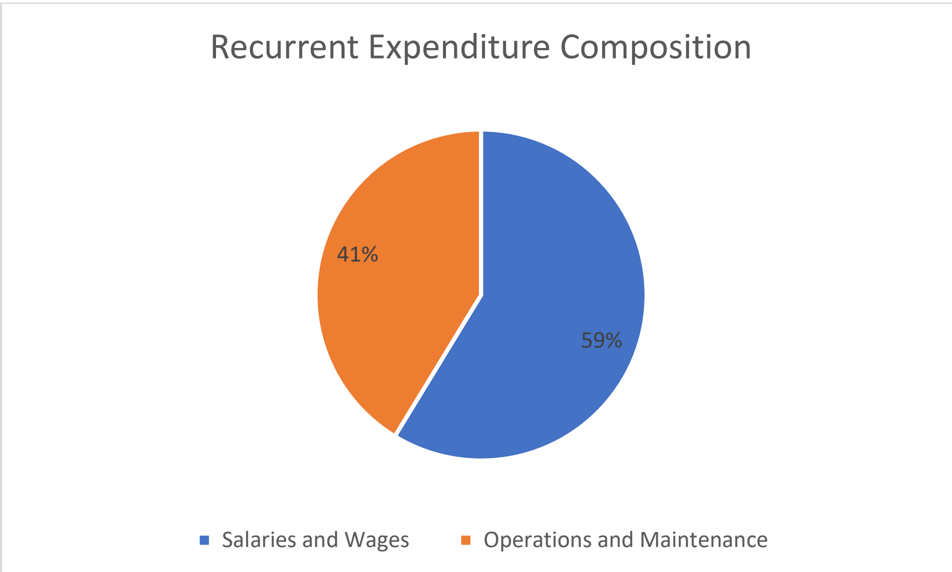
Table 4: Expenditure performance by Economic Classification

	FY 2020/2021		FY 2021/2022						
Expenditure	**Actual**	**Target**	**Actual**	**Target**	**Variance (Kshs)**	**Variance (%)**	**Budget Execution Rate**	**% Growth**	**% of Total Expenditure**
Recurrent Expenditure									
Salaries and Wages	2,470,594,357	2,802,730,598	3,138,214,316	3,430,696,816	292,482,500	9%	91%	27%	46%
Operations and Maintenance	1,677,929,380	2,133,619,998	1,984,358,985	2,411,528,538	427,169,553	18%	82%	18%	29%
Sub Total	**4,148,523,738**	**4,936,350,596**	**5,122,573,301**	**5,842,225,354**	**719,652,053**	**12%**	88%	**23%**	75%
Development Expenditure	1,497,649,942	2,683,345,537	1,749,968,378	2,961,018,388	1,211,050,010	41%	59%	17%	25%
Total Expenditure	**5,646,173,680**	**7,619,696,133**	**6,872,541,678**	**8,803,243,742**	**1,930,702,063**	**26%**	78%	**0%**	100%

Compared to the previous financial year, Operations and Maintenance increased by 18 % from 1.67 Billion in 2020/2021 to 1.98 billion in the year under review.

The Development expenditure increased by 17% while compensation to employees had increased by 27% from the financial year 2020/2021 expenditure. Additionally, as reflected in Figure III below, compensation to employees was the highest proportion of all recurrent expenditures 59% while Operations and Maintenance accounted for only 41% of total recurrent expenditures.

Figure III: Composition of Recurrent Expenses (Kshs)



The categorization of spending by departments as illustrated by table 5 below indicates that the Department of roads, Public works and Transport had the highest absorption of 99% followed by Education and VTC, Public service Board and Public Service with 88% each. The Department of Lands, urban and Housing had the lowest absorption of 24%.

Table 5: Departments' Expenditure Performance for Period ending 30thJune 2022 (Kshs.)

SECTOR	Approved 2nd Supp. Budget FY2021/22	Expenditure FY2021/2022	Variance	% Variance	% Budget Execution
COUNTY EXECUTIVES	**250,576,680**	**214,769,674**	**(35,807,006)**	**-14%**	**86%**
Personal emoluments	-	-	-	0%	0%
Operation & maintenance	250,576,680	214,769,674	(35,807,006)	-14%	86%
PSB	**34,519,332**	**30,404,822**	**(4,114,510)**	**-12%**	**88%**
Operation & maintenance	34,519,332	30,404,822	(4,114,510)	-12%	88%

Development	-	-	-	0%	0%
ADMINISTRATION	**40,146,942**	**25,563,260**	**(14,583,682)**	**-36%**	**64%**
Operation & maintenance	32,646,942	23,779,300	(8,867,642)	-27%	73%
Development	7,500,000	1,783,960	(5,716,040)	-76%	24%
PUBLIC SERVICE	**1,959,933,665**	**1,716,805,901**	**(243,127,764)**	**-12%**	**88%**
Personal emoluments	1,861,933,665	1,623,058,954	(238,874,711)	-13%	87%
Operation & maintenance	98,000,000	93,746,947	(4,253,053)	-4%	96%
Development	-		-	0%	0%
ICT	**35,391,160**	**24,252,704**	**(11,138,456)**	**-31%**	**69%**
Operation & maintenance	23,391,160	21,164,239	(2,226,921)	-10%	90%
Development	12,000,000	3,088,465	(8,911,535)	-74%	26%
FINANCE	**476,644,029**	**298,273,549**	**(178,370,480)**	**-37%**	**63%**
Operation & maintenance	182,646,560	158,533,157	(24,113,403)	-13%	87%
Development	293,997,469	139,740,392	(154,257,077)	-52%	48%
ECONOMIC PLANNING	**336,533,492**	**180,829,356**	**(155,704,136)**	**-46%**	**54%**
Operation & maintenance	165,179,518	150,932,882	(14,246,636)	-9%	91%
Development	171,353,974	29,896,474	(141,457,500)	-83%	17%

LANDS,HOUSING AND URBAN PLANNING	**221,871,238**	**53,797,329**	**(168,073,909)**	**-76%**	**24%**
Personal emoluments	40,000,000	593,600	(39,406,400)	-99%	1%
Operation & maintenance	41,862,800	20,060,833	(21,801,967)	-52%	48%
Development	140,008,438	33,142,896	(106,865,542)	-76%	24%
YOUTH, SPORTS, GENDER AND CULTURE	**71,924,917**	**57,447,915**	**(14,477,002)**	**-20%**	**80%**
Operation & maintenance	61,924,917	55,855,455	(6,069,462)	-10%	90%
Development	10,000,000	1,592,460	(8,407,540)	-84%	16%
MEDICAL SERVICES & PUBLIC HEALTH	**2,169,799,187**	**1,827,487,054**	**(342,312,133)**	**-16%**	**84%**
Personal emoluments	1,219,500,000	1,216,361,762	(3,138,238)	0%	100%
Operation & maintenance	724,891,424	580,732,672	(144,158,752)	-20%	80%
Development	225,407,763	30,392,620	(195,015,143)	-87%	13%
EDUCATION AND VOCATIONAL TRAINING	**267,590,451**	**234,871,696**	**(32,718,755)**	**-12%**	**88%**
Operation & maintenance	131,210,014	101,862,871	(29,347,143)	-22%	78%
Development	136,380,437	133,008,825	(3,371,612)	-2%	98%
WATER SANITATION AND ENVIRONMENT	**425,126,406**	**351,202,707**	**(73,923,699)**	**-17%**	**83%**

Operation & maintenance	125,592,300	78,974,480	(46,617,820)	-37%	63%
Development	299,534,106	272,228,227	(27,305,879)	-9%	91%
AGRICULTURE COOPERATIVES AND MARKETING	**569,871,931**	**178,905,902**	**(390,966,029)**	**-69%**	**31%**
Operation & maintenance	16,590,000	15,276,119	(1,313,881)	-8%	92%
Development	553,281,931	163,629,783	(389,652,148)	-70%	30%
ROADS, PUBLIC WORKS & TRANSPORT	**915,517,983**	**907,396,548**	**(8,121,435)**	**-1%**	**99%**
Operation & maintenance	75,673,772	70,274,283	(5,399,489)	-7%	93%
Development	839,844,211	837,122,265	(2,721,946)	0%	100%
TRADE, ENERGY, TOURISM, INDUSTRY AND INVESTMENT	**40,081,095**	**23,109,301**	**(16,971,794)**	**-42%**	**58%**
Operation & maintenance	11,509,041	9,421,635	(2,087,406)	-18%	82%
Development	28,572,054	13,687,666	(14,884,388)	-52%	48%
CO-OPERATIVES AND ENTERPRISE DEVELOPMENT	**51,993,708**	**19,157,055**	**(32,836,653)**	**-63%**	**37%**
Operation & maintenance	21,510,780	8,709,975	(12,800,805)	-60%	40%
Development	30,482,928	10,447,080	(20,035,848)	-66%	34%
EXECUTIVE TOTAL	**7,867,522,216**	**6,144,274,773**	**(1,723,247,443)**	**-22%**	**78%**
COUNTY ASSEMBLY	**935,721,526**	**728,266,905**	**(207,454,621)**	**-22%**	**78%**

Personal emoluments	309,263,151	298,200,000	(11,063,151)	-4%	96%
Operation & maintenance	413,803,298	349,859,641	(63,943,657)	-15%	85%
Development	212,655,077	80,207,265	(132,447,812)	-62%	38%
COUNTY TOTAL	**8,803,243,742**	**6,872,541,678**	**(1,930,702,063)**	**-22%**	**78%**
Personal emoluments	3,430,696,816	3,138,214,316	(292,482,500)	-9%	91%
Operation & maintenance	2,411,528,538	1,984,358,985	(427,169,553)	-18%	82%
Development	2,961,018,388	1,749,968,378	(1,211,050,010)	-41%	59%

Development expenditure had the highest deviation from the planned performance with a variance of 1.2 Billion. This may be attributed to Covid-19 Pandemic, cash-flow constraint and lengthy procurement process that lead to delays in implementation of development. Personnel emoluments was below target by 0.292 Billion (9 per cent) while Operations and Maintenance had a variance of 0.427 billion (18%) against target.

B. Fiscal Performance for FY 2021/2022 in Relation to Fiscal Responsibility Principles and Financial Objective

The fiscal performance achieved in financial year 2021/22 has implication on financial objectives set out in 2022 county fiscal strategy paper (CFSP) and approved budget for FY 2022/23 in the following ways: The performance in local revenue against target in FY 2021/22 was 78%. This illustrates that the economic assumption underpinning the 2022/23 budget and over the medium term may need to be modified to reflect a realistic revenue projection i.e. a maximum growth of 10% on actual revenue collected. Cash flow projections remain unrealistic due to unsystematic transfer of funds from the National treasury thereby affecting implementation of development projects and majority end up being rolled over to the next financial year. In the financial year 2022/23 the county anticipates to collect Kshs. 300 Million and has put in place various revenue enhancing measures which includes full automation of revenue collection, sealing revenue leakages and capacity-built revenue collectors.

The compensation to employees accounted for 41% which is above the fiscal responsibility set limit as outlined in the PFM Act 2012. Over the medium-term sufficient checks should be put in place to ensure that the county does not exceed 35% of the total budget. This will ensure that more funds are allocated to development programmes. The county treasury will continue to improve capacity across all departments to further improve absorption of development budget which is still low compared to the absorption of the recurrent budget in the FY2020/21. The fiscal performance in FY 2021/22 in both development and recurrent vote across all county departments will inform the county treasury in making expenditure projections for the FY 2023/2024 and over the medium term.

Continuing in Fiscal Discipline and Responsibility Principles

During the year under review the county government allocated 34% towards development expenditure thereby exceeding the minimum 30% requirement set out in the PFM Act 2012. There was an increase in execution of development budget where 59% of the revised budget (2.96 Billion) was absorbed in FY 2021/22 compared to 56% (1.498 billion) absorbed in FY 2020/21. This is attributed to the decline in the spread of the Covid-19 Pandemic which had adversely affected the economy.

The total wage bill (salaries and wages) with an allocation of 39% in 2021/22 financial year is above the recommended ratio of 35% as set out in the PFM Act 2012. However, over the medium-term, County Government has put in place measures to have salaries and wages fall within the recommended ratio of 35% so as to free additional resources towards development spending.

County Debt Management

The County debt as at the close of the 2020/2021 fiscal year stood at Kshs. 575,280,000. The additional pending bills during the financial year 2021/2022 amounted Kshs. 344,265,277and the government will continue with its commitment to maintain debt at sustainable levels pursuant to section 123 of the PFM Act 2012. During the year under review the county government serviced debt amounting to Kshs. 35,130,000 and will continue to monitor and encourage financial discipline across all departments to avoid further accumulation of pending bills by spending units. The total pending bills brought forward from the financial year 2021/2022 amounted to Kshs. 884,415,277.

In the FY 2021/22 the county government managed to raise Kshs. 7,461,021,193 which is 85% of the targeted amount and it will continue to be more rational while projecting future revenue particularly putting into consideration past revenue trends and capability of new revenue streams.

Table 6: Pending Bills for the Period ending 30thJune 2021 (Kshs.)

Pending Bills				
Description	**Balance b/f FY2020/2021**	**Additional for the Period**	**Paid during the year**	**Balance c/f FY2021/2022**
Construction of Buildings	20,195,724	32,328,769		52,524,493
Construction of Civil Works	479,086,246	117,241,887	-20,000,000	576,328,133
Supply of Goods	67,175,493	115,473,127	-14,531,350	168,117,270

Supply of Services	8,822,537	79,221,494	-598,650	87,445,381
Total	**575,280,000**	**344,265,277**	**-35,130,000**	**884,415,277**

III. RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

The County performance is dependent on the National economic performance as well as formulation and implementation of prudent policies by the County Government.

A. Recent Economic Developments

Global Economic Performance

This CBROP 2022 has been prepared against the background of a series of destabilizing shocks affecting world economy. The global economic slowdown reflecting the impact of the ongoing Russia-Ukraine conflict, effects of COVID-19 containment measures in China; higher than expected inflation worldwide triggered by higher global oil and food prices and the impact of the global monetary policy that has created tighter financial conditions. As a result, the IMF global growth is projected to slow down to 3.2 percent in 2022 from 6.1 percent in 2021 (WEO July 2022). Advanced economies are projected to slow down to 2.5 percent in 2022 from 5.2 percent in 2021 reflecting weaker than expected growth in the United States and the Euro area. Growth in the United States slowed down due to significantly less momentum in private consumption while the slowdown in growth in the euro area reflected spill overs from the war in Ukraine as well as the assumption of tighter financial conditions. For emerging market and developing economies, growth is also projected to slow down to 3.6 percent in 2022 from 6.8 percent in 2021 reflecting mainly the sharp slowdown of China's economy and the moderation in India's economic growth. In sub-Saharan Africa region, growth is projected to slow down by 3.8 percent in 2022 from a growth of 4.6 percent in 2021. The slowdown is as a result of domestic price pressures, partly induced by supply disruptions owing to the war in Ukraine reducing food affordability, and real incomes as well as surging fuel prices across the region.

Domestic Economic Performance

GDP Growth

The Kenyan economy demonstrated remarkable resilience and recovery to the COVID-19 shock due to the diversified nature of the economy and the proactive measures by the Government to support businesses. The economy expanded by 7.5 percent in 2021, a much stronger level from a contraction of 0.3 percent in 2020. This economic recovery was mainly supported by the recovery in the service and industry sectors despite the subdued performance in the agricultural sector.

In the first quarter of 2022, the economy expanded further by a remarkable 6.8 percent compared with a growth of 2.7 percent in a similar quarter in 2021. The strong performance was supported by continued recovery in manufacturing, transport and storage, accommodation and food services, wholesale and retail trade, Professional, administration and support services and financial and insurance. Activities in agriculture, forestry and fishing sector remained subdued in the first quarter of 2022 mainly attributed to depressed rainfall during the fourth quarter of 2021 as well as delayed onset of rains during the first quarter of 2022, thereby leading to reduced agricultural production. The sector is estimated to have contracted by 0.7 percent in the first quarter of 2022 compared to 0.4 percent growth in the first quarter of 2021. The poor performance of the sector was mainly due to the significant decline in horticultural exports and tea production. The sector's performance was however cushioned from a steeper slump by the increase in production of cane, milk, and coffee. The sector's contribution to GDP growth was -0.1 percentage points in the first quarter of 2022 compared to 0.1 percentage points contribution in the same quarter in 2021.

The performance of the industry sector improved to a growth of 4.4 percent in first quarter of 2022 compared to a growth of 3.9 percent in the same quarter in 2021. This was mainly on account of improved performance of the manufacturing activities despite a slowdown in the electricity and water supply and construction sub-sectors. The industry sector accounted for 0.7 percentage points of growth in the first quarter of 2022 compared to 0.6 percentage point contribution to GDP in the first quarter of 2021. Activities in the manufacturing sub-sector were more vibrant in the first quarter of 2022 compared to the same quarter in 2021. The sub-sector grew by 3.7 percent in the first quarter of 2022 compared to a 2.1 percent growth in 2021. The improved performance was supported by both the food and non-food components. The food component that registered substantial growth 31 was processing of coffee while the non-food component growth was supported by substantial growth in cement production. Electricity and Water Supply sector slowed down to a growth of 1.9 percent in the first quarter of 2022 compared to a growth of 3.6 percent in the corresponding quarter of 2021. The sector's growth was slowed by a decline in hydroelectricity generated, owing to insufficient rains during the first quarter of 2022. Similarly, electricity generated from geothermal also declined during the period. Although electricity generated from thermal recorded a significant increase, it had detrimental effect on the gross value addition due to high cost of inputs in the generation process. The construction sub-sector performance slightly declined to grow by 6.4 percent in the first quarter of 2022 compared to a 6.8 percent growth during the same period in 2021. The growth was mainly supported by the increase in cement and various construction materials such as bitumen and iron and steel consumption. The recovery of activities in the services sector continued in the first quarter of 2022. The sector grew by 9.1 percent in the first quarter of 2022 compared to a growth of 3.2 percent in the same quarter in 2021. The strong growth was largely characterized by significant recovery in transportation and Storage (8.1 percent), accommodation and food services (56.2 percent) and Professional, Administrative and Support Services (14.9 percent). The sector was also supported by strong growths financial and insurance services (14.4 percent), and wholesale and retail trade (8.7 percent). The services sector contributed 5.1 percentage point to real GDP growth in the first quarter of 2022 compared to the 1.8 percentage point contribution in the same quarter in 2021.

Domestic Employments

The Relaxation of various containment measures, such as the night curfew, lockdowns and travel restrictions coupled with the rollout of COVID-19 vaccination had a positive impact on economic activities. This provided an environment that spurred economic recovery and growth in 2021. There was a general decline in unemployment and inactivity levels, with total employment surpassing the pre-pandemic level. Total new jobs created in the economy were 926.1 thousand of which 172.3 thousand were in the formal sector, while 753.8 thousand were in the informal sector. Wage employment in the formal sector recorded a growth of 6.0 percent to 2.9 million in 2021 and created a total of 172.3 thousand jobs. This was supported by a partial resumption of 32 international travel, and a broad-based recovery in the manufacturing sector. The number of self-employed and unpaid family workers engaged in the formal sector increased by 4.9 percent in 2021 compared to a decline of 4.1 percent recorded in 2020. The informal sector created 753.8 thousand jobs accounting for 81.4 percent of the total jobs created outside of small-scale agriculture and pastoralist activities. The share of private sector employment was 68.3 percent in 2021, which was slightly higher than the previous year which stood at 67.8 percent. In 2021, the private sector recorded a growth of 6.8 percent in employment levels compared to a decline of 10.0 percent

registered in 2020. The top three industries providing wage employment in the private sector were Manufacturing, Agriculture, Forestry and Fishing and Wholesale and retail trade: There was a turnaround in Accommodation and Food Services which recorded a significant growth of 23.9 percent compared to a decline of 38.7 percent registered in 2020. Employment in Accommodation and Food Activities industry has been on a recovery mode from the drastic decline at the height of the COVID-19 pandemic. The easing of the pandemic restrictions impacted positively on the employment in the industry as well as the bed occupancy rate, hence increasing employment in the sector.
Employment in the public sector increased by 4.3 percent to 923.1 thousand persons in 2021. The increase was mainly attributed to recruitment in the civil service for essential services. Public administration and defence; compulsory social security registered the highest growth of 5.9 percent in 2021. Other economic activities in the public sector that realized growth in employment were Human health and social work activities, Education and Transportation and Storage.

Inflation Rate

The year-on-year inflation rate increased to 8.5 percent in August 2022 (above the 7.5 percent upper bound) from 6.6 percent in August 2021 mainly due to higher food and fuel prices. This increase was moderated by Government measures to stabilize fuel prices, lower electricity tariffs and subsidies on fertilizer prices. Additionally, the waiver of import duties and 33 levies on white maize and the reduction in VAT on LPG will further moderate domestic prices. Overall annual average inflation remained within Government target range at 6.6 percent in August 2022 compared to the 5.7 percent recorded in August 2021.

Food inflation remain the main driver of overall year-on-year inflation in August 2022, contributing 5.9 percentage points, an increase, compared to a contribution of 3.9 percentage points in August 2021. The increase was mainly attributed to dry weather conditions and supply constraints that resulted in a rise in prices of key food items particularly maize flour (loose), sugar, maize grain (loose), carrots, white rice, Irish potatoes and onions. Fuel inflation remained generally stable contributing to 1.6 percentage points to year-onyear overall inflation in August 2022 from a contribution of 1.5 percentage points in August 2021. This was mainly due to the effect of Government measures to stabilize fuel prices and lower electricity tariffs. However, there was notable increase in the prices of kerosene/paraffin, petrol and diesel in August 2022 compared to August 2021. The contribution of core inflation to year-on-year overall inflation has been low and stable, consistent with the muted demand pressures in the economy on account of prudent monetary policies. The contribution of core inflation to overall inflation remained stable at 1.0 percentage points in August 2022 compared to 0.9 percentage points contribution in August 2021.

Kenya’s rate of inflation compares favourably with the rest of Sub-Saharan Africa countries. In August 2022, Kenya recorded a lower inflation rate than Ghana, Rwanda, Nigeria, Burundi, Zambia and Uganda.

Interest rates
Short-term interest rates remained fairly low and stable supported by ample liquidity in the money market. The Central Bank Rate was raised from 7.0 percent to 7.5 percent on 30th May 2022. The tightening of

the monetary policy stance was to anchor inflation expectations due to the elevated risks to the inflation outlook as a result of increased global commodity prices and supply chain disruptions. The interbank rate increased to 5.4 percent in August 2022 compared 3.1 percent in August 2021. Interest rates on the Treasury bills remained relatively low (below 10 percent) in August 2022. The 91-day Treasury Bills rate was at 8.6 percent in August 2022 compared to 6.6 percent in August 2021. Over the same period, the 182-day Treasury Bills rate increased to 9.5 percent from 7.1 percent while the 364-day also increased to 9.9 percent from 7.4 percent. Commercial banks' lending rates remained relatively stable in July 2022 supported by the prevailing monetary policy stance during the period and liquidity conditions in the market. The average lending rate was at 12.3 percent in July 2022 from 12.1 percent in July 2021 while the average deposit rate increased to 6.7 percent from 6.3 percent over the same period. Consequently, the average interest rate spread declined to 5.6 percent in July 2022 compared to 5.8 percent in July 2021.

Kenya Shilling Exchange Rate

The foreign exchange market has largely remained stable despite the tight global financial conditions and the high demand for the US Dollar in the international market. The Kenya Shilling to the US Dollar exchanged at Kshs 119.4 in August 2022 compared to Kshs 109.2 in August 2021. Over the same period, the Kenyan Shilling strengthened against other major international currencies. The Euro exchanged at Kshs 121.0 in August 2022 compared to Kshs. 128.6 in August 2021 while the Sterling Pound exchanged at Kshs 143.5 compared to Kshs 150.9 over the same period.

In comparison to most Sub-Saharan Africa currencies, the Kenya Shilling has remained relatively stable weakening by 9.3 percent against the US Dollar in the year to August 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.

Private Sector Credit

Private sector credit improved to a growth of 14.2 percent in the 12 months to July 2022 compared to a growth of 6.1 percent in the year to July 2021. All economic sectors registered positive growth rates reflecting improved demand as economic activities picked up. Strong credit growth was observed in the following sectors: transport and communication, business services, manufacturing, trade, building and construction and agriculture. The Credit Guarantee Scheme for the vulnerable Micro, Small and Medium Enterprises (MSMEs), continues to de-risk lending by commercial banks hence remains critical to increasing credit flow to the private sector.

External Sector Developments

The overall balance of payments position improved to a surplus of USD 1,790.4 million (1.6 percent of GDP) in July 2022 from a surplus of USD 119.4 million (0.1 percent of GDP) in July 2021. This was mainly due to an improvement in the capital and financial account and increased receipts in net services and net secondary income despite a decline in the merchandise account and net primary income.

The current account deficit was at USD 5,876.6 million (5.2 percent of GDP) in July 2022 compared to USD 5,494.7 million (4.9 percent of GDP) in July 2021. The current account balance was supported by an improvement in the net receipts on the services account and the net secondary income balance despite a deterioration in the net primary income balance and merchandise account. The balance in the merchandise account widened by USD 2,572.1 million to a deficit of USD 12,403.2 million in July 2022 reflecting increased imports of petroleum products owing to high international crude oil prices in spite of an improvement in the export earnings. In the year to July 2022, exports grew by 11.3 percent primarily driven by improved receipts from tea and manufactured goods despite a decline in receipts from horticulture. Tea exports increased owing to improved tea prices reflecting increased demand from our traditional markets. On the other hand, imports of goods increased by 20.3 percent in the year to July 2022 mainly due to increases in imports of oil and other intermediate goods. Net receipts on the services account improved by USD 1,627.8 million to USD 1,839.6 million in July 2022 compared to a similar period in 2021. This was mainly on account of an increase in receipts from transport and tourism as economies re-opened following the relaxation of COVID-19 containment measures. Net Secondary income remained resilient and increased by USD 882.4 million during the review period owing to an increase in remittances. The balance on the primary account widened by USD 320 million to a deficit of USD 1,701.8 million in July 2022, from a deficit of USD 1,381.8 million in the same period last year, reflecting higher outflows of direct and other investments. The capital account balance improved by USD 40.8 million to register a surplus of USD 246.4 million in July 2022 compared to a surplus of USD 205.6 million in the same period in 2021. Net financial inflows improved to USD 5,745.5 million in July 2022 compared to USD 5,159.7 million in July 2021. The net financial inflows were mainly in the form of other investments, financial derivatives and direct investments. Portfolio investments registered a net outflow during the period.

Foreign Exchange Reserves

The banking system’s foreign exchange holdings remained strong at USD 12,222.5 million in July 2022 from USD 14,196.3 million in July 2021. The official foreign exchange reserves held by the Central Bank stood at USD 8,267.8 million (4.7 months of import cover) in July 2022 compared to USD 9,651.7 million (5.9 months of import cover) in July 2021. The official reserves fulfil the requirement to maintain it at minimum of 4.0 months of imports cover to provide adequate buffer against short term shocks in the foreign exchange market. Commercial banks holdings decreased to USD 3,954.6 million in July 2022 from USD 4,544.6 million in July 2021.

B. Medium Term Economic Outlook

Global Growth Outlook

The global economic outlook remains highly uncertain with growth projected to moderate to 2.9 percent in 2023 from 3.2 percent in 2022 largely reflecting a slowdown in advanced economies despite a gradual pick up in the emerging market and developing economies. Advanced economies are projected to slow down by 1.0 percent in 2023 from 2.3 percent in 2022 mainly due to a slowdown in growth in the United States and the Euro area. Growth in the United States is projected to slow down due to the expected impact of a steeper tightening in monetary policy. Growth in the euro area is expected to be adversely affected by the spill overs from the war in Ukraine as well as the assumption of tighter financial conditions. The emerging market and developing economies are projected to pick up to a growth of 3.9 percent in 2023 from a growth of 3.6 percent in 2022 albeit with varying performance across countries. The emerging and developing Asia is projected to pick up as a result of a more robust recovery in china despite a slowdown in India, while growth in the Latin America and the Caribbean and the Middle East and Central Asia are expected to slow down. The Sub-Saharan African region is projected to pick up to a growth of 4.0 percent in 2023 from 3.8 percent in 2022 with the East and Southern African sub-region showing a sustained recovery from the recession. The DRC and Zambia are expected to benefit from rising metal prices in the short-and medium term and gain from the transition away from fossil fuels in the long term.

Domestic Growth Outlook

Domestically, leading indicators of economic activity show continued strong performance in the second quarter of 2022, supported by strong activity in transport and storage, wholesale and retail trade, construction, information and communication, and accommodation and food services. As such, the economy is expected to remain robust at 5.5 percent in 2022, with continued strong performance of the services sector despite the downside risks to global growth. Growth is expected to remain resilient growing by 5.8 percent in FY 2022/23 and averaging 6.2 percent over the medium term. This will be supported by a broad-based private sector growth, including recoveries in agriculture while the public sector consolidates. This outlook will be reinforced by the ongoing implementation of the strategic priorities of the Government under the “Big Four” Agenda and the Economic Recovery Strategy. Additionally, the Government is implementing the third phase of the Economic Stimulus Programs that target strategic interventions in agriculture, health, education, drought response, policy, infrastructure, financial inclusion, energy, and environmental conservation. The economic growth projections over the medium term are aligned to those of the Third Medium Term Plan (2018-2022) of the Vision 2030.

Monetary Policy Outlook

The main objective of monetary policy, over the medium term will be to maintain price stability. Overall inflation is expected to moderate to 6.0 percent in FY 2022/23 and remain within the target range of 5±2.5 percent as international commodity prices, particularly oil, wheat and edible oils, have begun to moderate.

Additionally, the waiver of import duties and levies on white maize and the reduction in VAT on LPG will further moderate domestic prices. The foreign exchange market is expected to remain stable supported by, resilient export receipts, buoyant remittances, and a gradual pick up in receipts from services exports. The continued coordination of monetary and fiscal policies is expected to sustain macroeconomic stability and support economic activity.

Fiscal Policy Outlook

Fiscal policy over the medium-term aims at enhancing revenue mobilisation, expenditure rationalization and strengthening management of public debt to minimize cost and risks of the portfolio, while accessing external concessional funding to finance development projects. This is geared towards economic recovery to support sustained, rapid and inclusive economic growth, safeguard livelihoods and continue the fiscal consolidation programme to create fiscal space for the implementation of the "Big Four" Agenda.

C. Risks to the Domestic Economic Outlook

i. There are down side risks to this macroeconomic outlook emanating from domestic as well as external sources. On the domestic front, the emergence of new Omicron COVID-19 variants may occasion restrictive measures. Other risks relate to lower agricultural output due to potential adverse weather conditions. Additionally, increased public expenditure pressures, particularly wage and other recurrent expenditures, would put a strain to the fiscal space.

ii. On the external front, the key downside risks include: uncertainty about the global outlook, reflecting adverse effects of the war in Ukraine, inflationary risks (from rising prices of food and oil), continuing COVID-19 pandemic related disruptions, and supply chain constraints as well as increased global financial markets volatility amid the tightening of monetary policy in advanced economies.

iii. The Government has faced difficult policy trade-offs to secure economic recovery and navigate existing macroeconomic challenges amidst diminishing fiscal space. Among the fiscal measures implemented by Government to minimize the adverse impact of these emerging issues to the Kenyan economy include, among others:

IV. RESOURCE ALLOCATION FRAMEWORK

A. Adjustments to the FY 2022/2023 MTEF Budget

The Medium-Term Expenditure Framework (MTEF) for the FY 2022/23 emphasizes on efficiency and effectiveness of public spending and improving revenue collection to stimulate and sustain economic activities, mitigate the adverse effect of Covid-19 Pandemic on the economy and re-position the economy on a steady and sustainable growth trajectory. This will ensure that the debt is maintained at the sustained level as well as continue fiscal discipline.

The underperformance in both revenue collection and expenditure in the FY 2021/22 has implications on the financial objectives outlined in the CFSP 2022 and the 2022/23 Budget estimates. In particular, the baseline for projecting both the revenue and expenditures for the FY 2022/23 and Medium Term has changed given the outcome of FY 2021/22 and the first two months of FY2022/23.

Amendments are therefore expected on the following basis;

i. The revenue projections have been revised taking into account revenue shortfall in FY 2021/22, revenue performance by end August 2022, prolonged effects of Covid-19 Pandemic on economic activities and the measures put in place to boost SMES.

ii. Expenditures have been revised to accommodate weak revenue performance through budget reallocation and additional expenditure on productive areas of spending across the County.

iii. Some projects executed in the 2021/22 fiscal year, and whose payment was expected to have been cleared in June 2022, were actually not paid due to the following reasons:

  - The Covid-19 Pandemic affected the implementation of projects mostly due to reallocation of funds through supplementary towards curbing the spread of the Pandemic as well as cushioning the SMES from the prolonged impact of the pandemic.
  - Harsh weather conditions i.e. heavy rainfall delayed the completion of projects.
  - Delay in exchequer releases from the National treasury affected the implementation of projects which eventually gave rise to huge pending bills that needs to be cleared.

B. FY 2023/24 Budget Framework

The Bomet County FY2023/24 Budget framework builds up on the County Government's efforts to mitigate the adverse impact of Covid-19 pandemic on the economy. This is in addition to expenditure rationalization and revenue enhancement measures that the County Government has been putting in place.

To protect the gains already made, the County will continue to emphasize on the review of portfolio of externally funded projects so as to re-align them with the next County Integrated Development Plan (CIDP) 2023-27 and reducing spending on those programmes which are not of high priority hence reducing the overall fiscal deficit.

The fiscal deficit in the FY 2023/24 will be financed by doing resource mobilization with development partners and enhancing our own source revenues.

C. Medium-Term Expenditure Framework (MTEF)

The Medium-Term Budget 2023/24-2025/26 will be founded under the current medium-term planning period envisioned in the 2023-2027 County Integrated Development Plan period whose implementation is coming to an end in 2027. Therefore, as noted in the guidelines for the preparation of the County Integrated Development Plan (CIDP) in 2023-2027 dated 2nd August 2022, the next County plan period will be based on the following priority areas:

- Integration of the Sustainable Development Goals (SDGs) into County Development Planning;
- Mainstreaming of the cross-cutting issues, including gender, youth & Climate Change;
- Promotion of equitable development value addition support of MSMEs among others;
- Improvement of county social and physical infrastructure.
- Governor's manifesto.

All County Government entities should strive to ensure that there are effective linkages between the Annual Development Plan (ADP) 2023/2024, CIDP 2023-2027 and the next MTEF budget process. The next budget process is readjusted to conform to major timelines of the PFM Act 2012. Additionally, the national focus on improving the ease of doing business and job creation is expected to result in broad based growth in the priorities sector of the economy. Specifically, the 2023/2024 MTEF Budget will aim at achieving efficiency and productivity of public spending and is based on the assumption of a stable macro-economic environment, subdued national transfers to the counties and the enhanced own source of revenue collection. Emphasis will be on development of infrastructure which includes road construction and maintenance, supporting SMEs, water supply and health care provision among others. Food security is equally key during this period.

Policy Framework Supporting the Medium-Term Budget for FY 2023/24-2025/26

As outline in the Public Finance Management Act, 2012 and its attendant regulations, the budget process involves preparation of key policy documents for approval by Cabinet and County Assembly. Given that 2022 was a General Election year, the preparation of CIDP 2023-2027 and ADP 2023/2024 will require to be fast-tracked to ensure that the budget estimates finalised and approved by the County Assembly within the stipulated. In this regard, the following policy documents will require to be prepared and approved within stipulated timeframes:

- The County Budget Review and Outlook Paper (CBROP) 2022;
- The County Fiscal Strategy Paper (CFSP) 2023;
- Debt Management Strategy Paper;
- Programme based Budgets and supporting details;
- The County Appropriation Bill; and

- The Finance Bill.

To facilitate finalization and approval of the above documents and Bills within the stipulated timelines, Accounting Officers are required to strictly undertake the outlined activities in the Budget Calendar within the set timeframes. The County will continue with its policy of prioritization with a view to achieving the transformative agenda as outlined in the new County Integrated Development Plan (CIDP) 20-22. The fiscal strategies contained in the planning and budgeting documents are as follows: Improved Agribusiness for all Households; Empowerment of Youth, Women and PWDs; ECDE support, Quality Education and development; Accessible Universal Healthcare; Improvement of Land and Urban Planning Services; Promotion of Water for Domestic and Irrigation Services; Transport and Infrastructure; Enhanced access to clean energy; Developing the ICT infrastructure(s) to ensure effective service delivery; Promotion of value addition for agricultural produce, food security and environmental conservation; Promotion of equitable social economic development for county stability; Enhancing governance, transparency and accountability in the delivery of public goods and service by promoting participation of the people in governance; Promoting equitable access to resources for local beneficiaries; Creating an enabling environment for business and private sector participation in County Economic growth and development; Providing skilled, financial and technical human resource capacity and adequate policy development; Having an efficient and effective intergovernmental unit. All these are aimed at ensuring that inclusive socio-economic growth and development of the county is achieved.

Particular emphasis will be placed on: Ensuring development expenditures are scrutinized and aligned with the Fourth Medium Term Planning (MTP IV) and the Governor's manifesto as contained in the CIDP; Increasing efficiency, effectiveness and accountability of public spending; Containing the growth of recurrent expenditure in favour of development expenditure.

The allocation of resources in the 2023/24-2025/26 will be geared towards the actualization of core programmes and sub-programmes contained in the CIDP (2023-2027), as well as programmes in Sectoral strategic plans, the 2023/24 Annual Development Plan, and fiscal initiatives of the county government enumerated in the CFSP 2023.

The following criteria will serve as a guide for allocating resources:

i. linkage of the programme to the CIDP 2023-2027 and other budget documents such as ADP 2023/24
ii. Degree to which the programme is addressing the core mandate of each department/unit.
iii. Expected outputs and outcomes from a programme.
iv. Linkage of the programme with the objectives of MTP IV of vision 2030.

Reflecting on the above, the County Government has developed the Medium-Term Expenditure Framework (MTEF).

D. Conclusion and way forward

The fiscal outcome for FY 2021/22 does not affect the County objectives as laid out in the last County Fiscal Strategy Paper 2021 but has implication on the current budget because of the pending bills and the balance brought forward from the 2021/22 fiscal year. The FY 2023/24 and the medium-term budget is being prepared against the background of a series of destabilizing shocks affecting world economy. After more than two years of the Covid-19 pandemic, the Russian Federation's invasion of Ukraine and its global effects on commodity markets, supply chains, inflation, and financial conditions have steepened the slowdown in global growth. Given the tight resource constraints amidst significant revenue shortfalls occasioned by the adverse effects of the Covid-19 Pandemic, the County will continue to ensure proper prioritization of public expenditures. All Sector Working Groups (SWGs) are required to adhere to the sector ceilings and the strict deadlines provided in this document in order to facilitate the finalization and appropriation of the FY2023/24 and the medium-term budget.

The resource envelope and ceilings for each sector provided in this County Budget Review and Outlook Paper (CBROP) will form inputs into the next County Fiscal Strategy Paper (CFSP) 2023 and the Budgetary estimates for 2023/24 fiscal year.

Annex I: County Government total revenue ceilings FY 2023/2024-2025/2026

		CBROP CEILINGS	**PROJECTIONS**	
COUNTY REVENUE	**APPROVED BUDGET FY2022/2023**	**FY 2023/2024**	**FY 2024/2025**	**FY 2025/2026**
Equitable share +Local Revenue	**7,391,010,850**	**8,130,111,935**	**8,943,123,128**	**9,837,435,441**
Equitable share	6,691,099,118	7,360,209,030	8,096,229,933	8,905,852,926
Local Revenue	300,000,000	330,000,000	363,000,000	399,300,000
Balance C/F	399,911,732	439,902,905	483,893,195	532,282,515
Conditional Grants from National Government Revenue	**110,638,298**	**121,702,128**	**133,872,341**	**147,259,575**
User fees Forgone	0	0	0	0
Conditional Grant - Leasing of Medical Equipment	110,638,298	121,702,128	133,872,341	147,259,575
Road Maintenance Fuel Levy	0	0	0	0
Conditional Allocation for development of youth Polytechnics	0	0	0	0
Conditional allocations to County Governments from Loans and Grants from Development Partners	**346,519,929**	**381,171,922**	**419,289,114**	**461,218,025**
World Bank Loan to for transforming health systems for universal care project	0	0	0	0
Kenya Urban Support Programme	0	0	0	0
KDSP (Level 1 & 2 Grant) B/F	100,000,000	110,000,000	121,000,000	133,100,000
Nutritional International	0	0	0	0
HSSF Danida	11,605,800	12,766,380	14,043,018	15,447,320
IDA Kenya/Climate action	11,000,000	12,100,000	13,310,000	14,641,000
IDA Kenya/Climate action/Development	125,000,000	137,500,000	151,250,000	166,375,000

IDA Kenya Climate Smart Programme	83,323,430	91,655,773	100,821,350	110,903,485
Agriculture Sector Development Support Programme (ASDSP)	15,590,699	17,149,769	18,864,746	20,751,220
TOTAL REVENUE	**7,848,169,077**	**8,632,985,984**	**9,496,284,583**	**10,445,913,041**

Annex II: Trend in Growth of Equitable share of Revenue

EXCHEQUER RECEIPT TRENDS	ALLOCATION	GROWTH	% GROWTH
2019/20 (Base year)	5,507,100,000	-427,500,000	-7%
2020/21	5,507,100,000	0	0%
2021/22	6,691,099,118	1,183,999,118	21%
2022/23 (CBROP 2023 Projected Growth)	6,691,099,118	0	0%

Annex III: Total Expenditure Sector Ceilings for the Period 2023/2024-2025/2026

		CBROP CEILINGS	Projections	
SECTOR	**APPROVED ESTIMATES FY2022/2023**	**FY2023/2024**	**FY2024/2025**	**FY2025/2026**
COUNTY EXECUTIVES	**181,673,227**	**199,840,550**	**219,824,605**	**241,807,065**
Personal emoluments	-	-	-	-
Operation & maintenance	181,673,227	199,840,550	219,824,605	241,807,065
PSB	**82,366,787**	**90,603,465**	**99,663,812**	**109,630,193**

Operation & maintenance	37,277,376	41,005,114	45,105,625	49,616,187
Development	45,089,411	49,598,352	54,558,187	60,014,006
ADMINISTRATION	**51,695,962**	**56,865,558**	**62,552,114**	**68,807,325**
Operation & maintenance	29,695,962	32,665,558	35,932,114	39,525,325
Development	22,000,000	24,200,000	26,620,000	29,282,000
PUBLIC SERVICE	**1,899,058,051**	**2,088,963,856**	**2,297,860,242**	**2,527,646,266**
Personal emoluments	1,670,933,665	1,838,027,032	2,021,829,735	2,224,012,708
Operation & maintenance	228,124,386	250,936,825	276,030,507	303,633,558
Development	-	-	-	-
ICT	**36,478,654**	**40,126,519**	**44,139,171**	**48,553,088**
Operation & maintenance	22,478,654	24,726,519	27,199,171	29,919,088
Development	14,000,000	15,400,000	16,940,000	18,634,000
FINANCE	**200,000,000**	**220,000,000**	**242,000,000**	**266,200,000**
Operation & maintenance	135,066,000	148,572,600	163,429,860	179,772,846
Development	64,934,000	71,427,400	78,570,140	86,427,154
ECONOMIC PLANNING	**336,293,532**	**369,922,886**	**406,915,174**	**447,606,691**
Operation & maintenance	76,293,532	83,922,886	92,315,174	101,546,691
Development	260,000,000	286,000,000	314,600,000	346,060,000
LANDS, HOUSING AND URBAN PLANNING	**163,030,218**	**179,333,240**	**197,266,564**	**216,993,220**
Personal emoluments	40,000,000	44,000,000	48,400,000	53,240,000

Operation & maintenance	58,030,218	63,833,240	70,216,564	77,238,220
Development	65,000,000	71,500,000	78,650,000	86,515,000
YOUTH, SPORTS, GENDER AND CULTURE	**75,126,300**	**82,638,930**	**90,902,823**	**99,993,105**
Operation & maintenance	55,626,300	61,188,930	67,307,823	74,038,605
Development	19,500,000	21,450,000	23,595,000	25,954,500
MEDICAL SERVICES & PUBLIC HEALTH	**2,014,309,142**	**2,215,740,056**	**2,437,314,062**	**2,681,045,468**
Personal emoluments	1,219,500,000	1,341,450,000	1,475,595,000	1,623,154,500
Operation & maintenance	582,087,337	640,296,071	704,325,678	774,758,246
Development	212,721,805	233,993,986	257,393,384	283,132,722
EDUCATION AND VOCATIONAL TRAINING	**342,624,183**	**376,886,601**	**414,575,261**	**456,032,788**
Operation & maintenance	135,879,750	149,467,725	164,414,498	180,855,947
Development	206,744,433	227,418,876	250,160,764	275,176,840
WATER SANITATION AND ENVIRONMENT	**536,286,220**	**589,914,842**	**648,906,326**	**713,796,959**
Operation & maintenance	157,179,120	172,897,032	190,186,735	209,205,409
Development	379,107,100	417,017,810	458,719,591	504,591,550
AGRICULTURE COOPERATIVES AND MARKETING	**254,321,438**	**279,753,582**	**307,728,940**	**338,501,834**
Operation & maintenance	41,907,309	46,098,040	50,707,844	55,778,628
Development	212,414,129	233,655,542	257,021,096	282,723,206

ROADS, PUBLIC WORKS & TRANSPORT	**495,000,000**	**544,500,000**	**598,950,000**	**658,845,000**
Operation & maintenance	99,673,772	109,641,149	120,605,264	132,665,791
Development	395,326,228	434,858,851	478,344,736	526,179,209
TRADE, ENERGY, TOURISM, INDUSTRY AND INVESTMENT	**68,269,882**	**75,096,870**	**82,606,557**	**90,867,213**
Operation & maintenance	18,269,882	20,096,870	22,106,557	24,317,213
Development	50,000,000	55,000,000	60,500,000	66,550,000
CO-OPERATIVES AND ENTERPRISE DEVELOPMENT	**100,491,633**	**110,540,796**	**121,594,876**	**133,754,364**
Operation & maintenance	31,000,000	34,100,000	37,510,000	41,261,000
Development	69,491,633	76,440,796	84,084,876	92,493,364
EXECUTIVE TOTAL	**6,837,025,229**	**7,520,727,752**	**8,272,800,527**	**9,100,080,580**
COUNTY ASSEMBLY	**1,011,143,848**	**1,112,258,233**	**1,223,484,056**	**1,345,832,462**
Personal emoluments	317,299,238	349,029,162	383,932,078	422,325,286
Operation & maintenance	443,844,610	488,229,071	537,051,978	590,757,176
Development	250,000,000	275,000,000	302,500,000	332,750,000
COUNTY TOTAL	**7,848,169,077**	**8,632,985,985**	**9,496,284,583**	**10,445,913,041**
Personal emoluments	**3,247,732,903**	**3,572,506,193**	**3,929,756,813**	**4,322,732,494**
Operation & maintenance	**2,334,107,435**	**2,567,518,179**	**2,824,269,997**	**3,106,696,996**
Development	**2,266,328,739**	**2,492,961,612**	**2,742,257,774**	**3,016,483,551**
Personal emoluments	**41%**	**41%**	**41%**	**41%**

Operation & maintenance	**30%**	**30%**	**30%**	**30%**
Development	**29%**	**29%**	**29%**	**29%**

Annex IV: Bomet County Budget Calendar for the FY 2022/2023

	ACTIVITY	**RESPONSIBILITY**	**DEADLINE**
1	**Performance Review and strategic planning**	**County Treasury**	July-Aug 2022
	1.1 Expenditure review	"	"
	1.2 Preparation of annual Work plans and procurement plans	"	
2	**Develop and issue MTEF guidelines**	**County Treasury**	30th August 2022
3	**Launch of sector Working Groups**	**County Treasury**	30th August 2022
4	**Determination of Fiscal Framework.**	**Sector Working Groups**	15th Sept. 2022
	4.1 Estimation of Resource Envelope	**County Treasury**	"
	4.2 Determination of policy priorities	"	"
	4.3 Preliminary Resource allocation to sectors, Assembly & Sub Counties	"	"
5	Draft County Budget Review and outlook paper (CBROP)	"	20th Sept. 2022
	5.1 Submission and approval by cabinet	"	30th Sept. 2022
	5.2 Submission of CBROP TO County Assembly	"	21st Oct 2022
	5.3Capacity building for MTEF Programme Based Budget	"	10th-14th October 2022
6	**Preparation of County Budget Proposals**	**SECTORS**	
	6.1 Draft Sector Report	Sector Working Group	1st Nov. 2022
	6.2 Submission of Sector Report to County Treasury	Sector Working Group	30th Nov. 2022
	6.3 Review of the Departmental budget proposals	Macro Working Group	11th-15th Jan. 2022

	ACTIVITY	RESPONSIBILITY	DEADLINE
7	**The 2022/23 Supplementary Budget**		
	7.1 Develop and issue guidelines on the 2022/23 Revised Budget	County Treasury	Sept . 2022
	7.2 Submission of supplementary Budget proposals	Departments	Oct . 2022
	7.3 Review of the supplementary Budget proposals	County Treasury	Oct . 2022
	7.4 submission of supplementary budget proposals to cabinet	County Treasury	Oct . 2022
	7.5 submission of supplementary Budget proposals to County Assembly	County Treasury	Oct . 2022
8.	Preparation of CIDP 2023-2027	County Treasury	December 2022
9.	Prepare Annual Development Plans	County Treasury	10 Jan. 2023
	9.1 Annual Development Plan submitted to county assembly	County Treasury	20th January 2023
10.	**Draft County Fiscal Strategy paper(CFSP)**		
	10.1 Draft CFSP	Sector Working Group	31st January. 2023
	10.2 Public Participation on CFSP	County Treasury	15th Feb 2023
	10.3 Submission of CFSP to cabinet for approval	County Treasury	20th Feb. 2023
	10.4 Submission of CFSP to County Assembly for approval.	County Treasury	28th Feb. 2023
10	Submission of Debt management strategy to County Assembly for approval.	County Treasury	28th Feb. 2023
11	Preparation and approval of final Departmental Programme Based Budgets		
	11.1 Issue final guidelines on preparation of 2023/2024 County Budget.	County Treasury	15th March, 2023
	11.2 Submission of Budget proposals to Treasury	All sectors	23rd March. 2023
	11.3 Consolidation of the Draft Budget Estimates	County Treasury	10th April 2023
	11.4 Public Participation on Budget estimates	County Treasury	17th April 2023
	11.5 Submission of Draft Budget Estimates for County Government to County assembly	County Treasury	30th April 2023

	ACTIVITY	RESPONSIBILITY	DEADLINE
	11.6 Review of Draft Budget Estimates by Departmental committee	County Assembly	22nd May 2023
	11.7 Report on the budget and appropriation committee Draft Budget Estimates from County Assembly	County Assembly	24th May 2023
	11.8 Preparation of annual cash flow	County Treasury	15th June 2023
	11.9 Resolution of county assembly on Estimates and approval	County Assembly	15th June 2023
12	Submission of Appropriation Bill to County Assembly	County Treasury	20th June 2023
	11.1Consideration and passage of Appropriation Bill	County Assembly	30th June 2023