



# **KISII COUNTY GOVERNMENT**

## **FINANCE AND ECONOMIC PLANNING DEPARTMENT**

### **COUNTY BUDGET REVIEW AND OUTLOOK PAPER FOR FINANCIAL YEAR 2019/2020**

SEPTEMBER, 2020

## **FOREWORD**

The County Budget Review and Outlook Paper (CBROP) 2020 is prepared in accordance with Section 118 of the Public Finance Management Act, 2012. This Paper details the actual fiscal performance in the financial year 2019/20 in comparison with the Budget appropriation for that year. The recent economic development and outlook therein also provides us with a basis to revise the 2020/2021 budget in the context of the supplementary estimates as well as setting the broad fiscal parameters for the next budget and the medium term. It further provides information on financial forecasts with sufficient information for the changes from the projections outlined in the County Fiscal Strategy Paper for financial year 2020/2021.

In reviewing the County's fiscal performance for the Financial Year 2019/20, this paper analyses the performance of the County own revenue in the period. This has been done by calculating the total revenue realized against the projected revenue for the same year. The paper has also highlighted the causes for revenue underperformance as well as County departments' expenditures for the period under review.

This paper further provides an overview of how the actual performance of the FY 2019/20 affected the financial objectives as outlined in the CFSP of 2019. Through the analysis of the of FY 2019/20 budget performance, it lays the basis for adjusting the FY 2020/21 budget. It is therefore, my expectation that the policy paper will be useful in enhancing financial discipline and fiscal responsibilities outlined in section 107 of the PFM Act 2012 that will contribute towards the realization of aspiration of the of the county residents.

**Moses Onderi**  
**County Executive Committee Member**  
**Finance and Economic Planning**

## **ACKNOWLEDGEMENT**

This policy document is prepared in line with the provisions of Section 118 of the Public Financial Management Act, 2012 Article 118. The preparation of this County Budget Review and Outlook Paper continues to be a collaborative effort from an array of expertise of technical staff in the County Treasury. Information contained in this policy document has been obtained from the County Treasury and we are really appreciating their inputs.

Immense appreciation goes to the Executive Member for Finance and Economic Planning for the good will and guidance provided during the entire period of preparation of this document. A core team from the Finance and Economic Planning spent significant amount of time consolidating this policy document. We are particularly grateful to the Economic Advisor Dr. Onchari Kenani, Peterson Nyakeri (Director Budget), Penuel Ondieng'a (Director Economic Planning), Chrispinus Ibalai (CFO), Economists Wycliffe Nyaundi, Joshua Simba, Alfred Keter, Siso and Finance Officer Cyrus Momanyi for working tirelessly in the development of this document.

Zablon Ongori

**CHIEF OFFICER FINANCE AND ECONOMIC PLANNING**

## 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 which states that:

1) The County Treasury shall prepare and submit to the County Executive for approval, by 30th September in each financial year, a Budget Review and Outlook Paper which shall include:

- a. Actual fiscal performance in the previous financial year compared to the budget appropriation for that year;
- b. Updated macroeconomic and financial forecasts with sufficient information to show changes from the forecasts in the most recent CFSP.
- c. Information on how actual financial performance for the previous fiscal year may have affected compliance with the fiscal responsibility principles or the financial objectives in the latest CFSP; and
- d. The reasons for any deviation from the financial objectives together with proposals to address the deviation and the time estimated to do so.

2) The County Executive Committee shall consider the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, within fourteen days after its submission.

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 publicize the Paper.

## FISCAL RESPONSIBILITY PRINCIPLES

The Public Financial Management Act 2012, Section 107 states that the County Treasury shall manage its public finances in accordance with the principles of fiscal responsibility set out in subsection (2), and shall not exceed the limits stated in the regulations.

In managing the county government's public finances, the County Treasury shall enforce the following fiscal responsibility principles:

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

# TABLE OF CONTENTS

<b>FOREWORD</b> .....	ii
<b>ACKNOWLEDGEMENT</b> .....	iii
<b>LEGAL BASIS FOR THE PUBLICATION OF THE COUNTY BUDGET REVIEW AND OUTLOOK PAPER</b> .....	iv
<b>FISCAL RESPONSIBILITY PRINCIPLES</b> .....	v
<b>LIST OF TABLES</b> .....	viii
<b>ABBREVIATIONS AND ACRONYMS</b> .....	ix
<b>CHAPTER ONE</b> .....	1
<b>GENERAL BACKGROUND</b> .....	1
<b>1.1 Introduction</b> .....	1
<b>1.2 Objectives of the Paper</b> .....	1
<b>1.3 Significance of the Paper</b> .....	1
<b>CHAPTER TWO</b> .....	3
<b>RECENT ECONOMIC DEVELOPMENT AND OUTLOOK</b> .....	3
<b>2.1 Introduction</b> .....	3
<b>2.2 Recent Economic Performance</b> .....	3
<b>2.3 Economic Outlook and Risks</b> .....	6
<b>REVIEW OF FISCAL PERFORMANCE IN 2019/2020</b> .....	9
<b>3.1 Overview</b> .....	9
<b>3.2 Fiscal Performance</b> .....	9
<b>3.2.2. Exchequer Releases for FY 2019/20</b> .....	11
<b>3.3 Local Revenue Outturns</b> .....	16
<b>3.4 Recurrent and Development Expenditure</b> .....	18
<b>3.4.1 Recurrent Expenditure</b> .....	18
<b>3.4.2 Development Expenditure</b> .....	19
<b>CHAPTER FOUR</b> .....	21
<b>RESOURCE ALLOCATION FRAMEWORK</b> .....	21
<b>4.1 Adjustments to 2020/2021 Budget and Over the Medium Term</b> .....	21
<b>4.2 Medium-Term Expenditure Framework</b> .....	21
<b>4.2.1 Increased Health Care Services efficiency and Effectiveness</b> .....	22
<b>4.2.2 Water Reticulation and Environmental Conservation</b> .....	22
<b>4.2.3 Food Production</b> .....	22

<b>4.2.4 Roads and Urban Infrastructure Development .....</b>	<b>23</b>
<b>4.3 Indicative Ceilings.....</b>	<b>23</b>
<b>4.4 Revenue Projections.....</b>	<b>25</b>
<b>4.5 Challenges experienced in the Implementation of FY 2019/2020 .....</b>	<b>26</b>

## LIST OF TABLES

	page
Table 1; Growth in GDP by Activity quarterly.....	4
Table 2; Revenue generation comparison during the COID-19 period in Ksh.....	6
Table 3; Analysis of Revenue sources .....	9
Table 4; Exchequer Releases to CRF.....	13
Table 5; Requisitions from CRF Account to operations and special purpose accounts.....	15
Table 6; Local Revenue Outturns .....	16
Table 7; Recurrent Expenditure Analysis for FY 2019/2020 .....	18
Table 8; Development Expenditure Analysis for FY 2019/2020.....	19
Table 9; Total Sector Estimates for FY 2020/21-2022/23 .....	24
Table 10; Revenue Projections .....	26

## LIST OF FIGURES

Figure 1;Kenya's GDP growth trend.....	3
--	---



## **ABBREVIATIONS AND ACRONYMS**

ADP	Annual Development Plan
ASDSP	Agricultural Sector Development Support Programme
CBROP	County Budget Review and Outlook Paper
CBK	Central Bank of Kenya
CBR	Central Bank rate
CEC	County Executive Committee
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
CRA	Commission of Revenue Allocation
CRF	County Revenue Fund
DANIDA	Danish Development Agency
ICT	Information and Communications Technology
IDEAS	Instruments for Devolution Advice and Support
IFMIS	Integrated Financial Management and Information System
FY	Financial Year
KATC	Kisii Agricultural Training Centre
KNBS	Kenya National Bureau of Statistics
KRA	Kenya Revenue Authority
KShs.	Kenya Shilling
LREB	Lake Region Economic Block
NAGRIP	National Agricultural Growth Program
NG-CDF	National Government Constituency Development Fund
MTEF	Medium Term Expenditure Framework
MTF	Mechanical Transport Fund
PFM	Public Finance Management
SACCO	Savings and Credit Co-operative

SIDA

Swedish International Development Agency

SWGs

Sector Working Groups

# CHAPTER ONE

## GENERAL BACKGROUND

### 1.1 Introduction

Budgets are aimed at providing a realistic estimate of income and expenses for a period and of the financial position at the close of the period. At the same time, the budget is aimed at providing a coordinated plan of action which is designed to achieve the estimates reflected in the budget. In achieving this, Section 118 of the Public Finance Management (PFM) Act, 2012 requires counties to prepare County Budget Review and Outlook Paper (CBROP) which reviews the fiscal performance in line with the fiscal responsibility principles and submit it to the County Executive Committee (CEC) for approval by 30th September each year and thereafter to the County Assembly.

### 1.2 Objectives of the Paper

The objectives of this County Budget Review and Outlook Paper (CBROP) are to:

- i. Provide a review of the fiscal performance for the FY 2019/2020 and how its performance impacts on the financial objectives and the fiscal responsibility principles as set out in the Fiscal Strategy Paper 2019 and the Public Finance Management Act.
- ii. Provide the basis for revision of the current budget 2020/21 and the broad fiscal parameters that will determine the FY 2021/22 and in the medium term.
- iii. Provide indicative budget ceilings for the medium term to form the basis of the preparation of the following year' budget.
- iv. To link policy plans and the budget in terms of the County priorities, the vision 2030 and the emerging micro economic challenges.
- v. To promote efficient and effective use of resources based on evidence and rationalization.

### 1.3 Significance of the Paper

The CBROP is a policy document that links planning and budgeting. It is significant in the budget making process within the Medium-Term Expenditure Framework (MTEF) as it functions as a year-end report with information on assessment of the budget and budget performance for the previous year. This is due to the fact that the CBROP is produced three months after the end of the

financial year hence providing an opportunity for the County government to have a good sense of the successes and challenges in implementing the previous year's budget.

Since the CBROP provides an update on the County government 's fiscal position for the first quarter of the current financial year, it signifies whether the County government's projections have been found out to be correct.

Finally, the CBROP plays a key role in setting the share of the budget that will be distributed to different sections through the proposal of provisional ceilings or maximum shares for each sector of the County government economy.

#### **1.4 Structure of the Paper**

The Paper is structured into four chapters. Chapter one provides the introduction, objectives, and significance of the Paper. Chapter two presents the recent economic developments and Outlook while chapter three provides a review of the fiscal performance in FY 2019/2020 and its implications on the financial forecasts set out in the County Fiscal Strategy Paper 2019 and lastly, chapter provides the resource allocation framework.

## CHAPTER TWO

### RECENT ECONOMIC DEVELOPMENT AND OUTLOOK

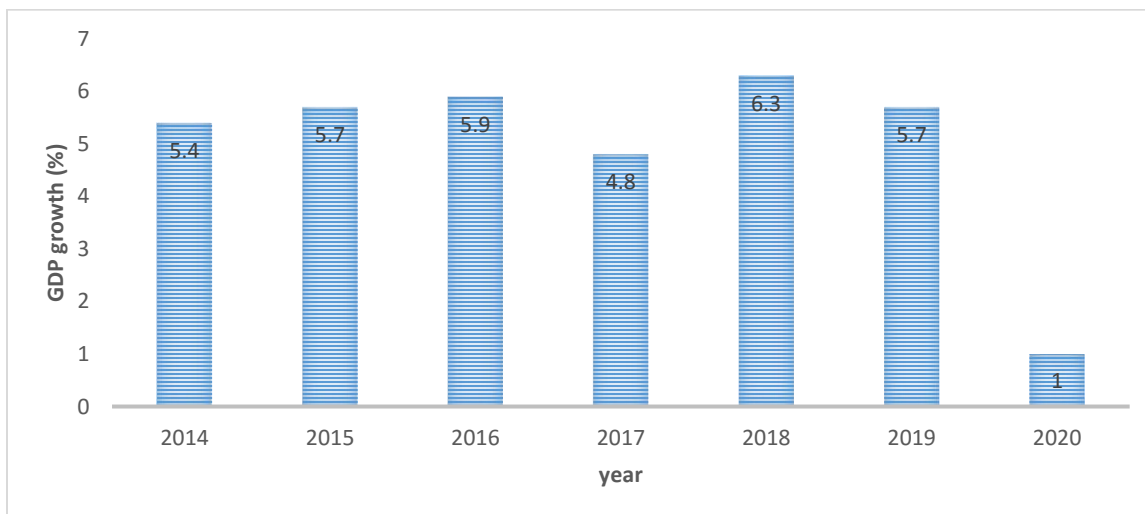
#### 2.1 Introduction

This chapter highlights the recent economic developments that had a bearing in the implementation of FY 2019/20 and medium-term budget. The chapter also discusses the outlook and the risks likely to face the recovery of the economy from the Corona Virus Disease (COVID-19) pandemic. The macroeconomic variables discussed herein are centrally determined by the National Government agencies, but have effects across the counties.

#### 2.2 Recent Economic Performance

Kenya has enjoyed a decade of strong economic growth, allowing the country to access the status of a middle-income country in 2016. Driven by a strong recovery in agriculture due to improved weather conditions, resilient performance of services sectors, strong private consumption and sustained confidence in the economy thanks to eased political uncertainties, Kenya's economy maintained its good performance in 2019. The economic growth averaged at 5.7% in 2019 (KNBS, 2020) placing Kenya as one of the fastest growing economies in Sub-Saharan Africa. However, the growth momentum has been slowed by the COVID-19 impact in 2020. Figure 1 illustrates the GDP growth over the years.

*Figure 1; Kenya's GDP growth trend*



Source: KNBS website

The year 2020 began with general optimism for the Kenyan economy except for a locust invasion in 25 counties. The invasion has had a negative impact on the food security and growth of the agriculture sector in the country. Even if Kisii County was not invaded by the locust, the impact of the locusts is evident in its economy. The county relies for supply of vegetables and cereals from other counties some of which were attacked by the locusts.

Additionally, the economy has been hit the hardest by the Corona Virus Disease (COVID-19) through the containment measures put in place. Consequently, the real gross domestic product (GDP) growth nationally is projected to decelerate from an annual average of 5.7% (2015-2019) to 1.5% in 2020 according to World Bank Report, 2020. However, if it takes longer than expected to bring the COVID-19 pandemic under control, GDP could contract by 1.0% in 2020, and see a delay in the projected recovery to 5.2% growth in 2021.

In the second quarter of 2020 when the containment measures were put in place, according to KNBS report, Manufacturing contracted by -3% compared to a growth of 3.9% in 2019. Wholesale and retail grew by 4% compared to growth of 11.5% recorded in 2019. Accommodation and restraint experienced a contraction of -10.0% compared to a growth of 20.16% in 2019. In agriculture horticulture was affected, though the sector seems not to have been affected when compared to other sectors. The sector growth trends are shown in Table 1.

*Table 1; Growth in GDP by Activity quarterly*

<i>Year</i>	<i>Quarter</i>	<i>Agriculture (%)</i>	<i>Manufacturing (%)</i>	<i>Wholesale &amp; Retail (%)</i>	<i>Accommodation and Restaurant (%)</i>	<i>Transport and Storage (%)</i>
2016	1	7.0	9.1	2.9	-4.1	-3.7
	2	26.9	15.1	2.9	1.7	17.1
	3	19.9	13.0	9.4	11.0	15.4
	4	4.5	7.1	12.6	10.0	13.2
2017	1	44.0	4.0	16.9	20.1	7.4
	2	25.2	0.1	20.9	3.3	6.2
	3	29.0	13.0	21.0	5.3	2.5
	4	20.9	-0.4	16.0	8.2	9.1
2018	1	5.7	6.8	10.9	12.4	21.5
	2	3.7	5.2	11.0	9.8	14.7
	3	4.4	6.0	11.0	20.5	18.0
	4	16.2	0.8	11.1	28.3	26.5
2019	1	16.8	3.5	11.6	10.2	14.0
	2	6.9	3.9	11.5	20.16	13.6
	3	5.1	4.1	8.2	10.1	16.9

	4	9.1	15.4	11.8	-5.2	14.7
2020	1	15.6	-1.0	7.2	-5.6	14.4
	2	15.6	-3.0	4.0	-10.0	2.0
	3	15.6	1.0	6.0	-2.0	5.0
	4					

Source: KNBS website

The projected decline in growth is as a result of challenges in both the supply and demand side of the economy. Since the emergence of COVID-19, there has been a gradual slowdown in production globally and this, along with the ban on air travel, has adversely affected the supply of goods to Kenya. In particular, the complete shutdown of China in February, 2020 adversely affected production in Kenya due to the country’s heavy reliance on production inputs from China. Kenya imports approximately twenty-one percent of her total imports, especially production inputs, from China.

According to World Bank Report, 2020 imports from China fell by 36.6% between January and March with 82% of businesses in the wholesale and retail sector that depend on imports from China reporting a disruption in their business operation. Additionally, the imposition of COVID-19 containment measures in March led to a significant reduction in economic activity. The sectors adversely affected by these measures include: transport, recreation, tourism, hospitality and accommodation. According to the Kenya Integrated Household Survey (2015/16), expenditure on these sectors accounts for approximately 50% of the total expenditure. These sectors contribute significantly to employment by hiring directly and indirectly through supply contracts and account for 60% of the country’s working population.

Reduction in economic activity in the country generally resulted in mass layoffs, cancellation of supply tenders and consequently loss of tax revenue for the government. A KNBS survey in May shows that over 3 million Kenyans have been directly and indirectly affected by job cuts due to the pandemic. This has negatively impacted on revenue collection at the county. It is estimated that the County lost over KShs.100million in a period of three months as illustrated in Table 2. The revenue streams affected include market fees, Matatu and boda-boda stickers, cess, and SBP. The decline in revenue collection affected service delivery in the last quarter of FY 2019/2020 and it is likely to affect the operation in the current FY 2020/21 and over the medium term.

*Table 2; Revenue generation comparison during the COVID-19 period in Ksh*

<b>Month</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<i>March</i>	44,375,609	61,070,494	48,362,617
<i>April</i>	29,720,698	37,018,682	14,288,613
<i>May</i>	23,422,350	24,790,000	8,400,967
<i>June</i>	19,632,051	20,737,093	7,854,661
<b>Total</b>	<b>117,152,726</b>	<b>143,618,288</b>	<b>78,908,878</b>

Source: Kisii County Treasury

### **2.3 Economic Outlook and Risks**

The coronavirus pandemic (COVID–19) has reversed the strong growth projections in the country necessitating revisions of the growth projections and outlook for 2020 and 2021, accounting for the impact of the COVID–19 pandemic on the socioeconomic landscape. Uncertainty is heightened by the epidemiology of the virus and the various containment policies adopted by both the National and County government. Due to the fluidity of the pandemic, the virus is expected to have a substantial impact even beyond 2020.

The outlook for Kenya’s recovery in the short and medium term remains uncertain and susceptible to the immediate and long-term consequences of the COVID–19 pandemic. Nationally growth is projected to rebound in 2021 to 5.2 percent. However, the recovery will only be partial since sectors such as tourism, transportation, and entertainment may take longer to fully recover as people gradually readjust to the new normal in social interactions. But the projected recovery in 2021 would not make up for an estimated cumulative loss of due to the pandemic.

The outlook for food production is generally favourable though there are risks emanating from the likelihood of desert locust upsurge as well as projected below average rainfall for the October and December short rains season. In particular, food security outcome in urban areas may worsen due to declining incomes particularly among urban poor households on account of reduced economic activity.

However, the phased reopening of the economy from July could improve the performance of the sectors albeit slowly. The sectors that have benefited from easing of restrictions and are expected to perform well include; Wholesale and Retail trade, Accommodation and restaurant as well as Transportation and storage. Accommodation and storage will, though, continue operating at a lower capacity particularly for large hotels that depend on international tourists. This is because international tourism may not pick in the remaining months of the year. The wholesale and retail



sector may still experience setbacks due to the reduction in consumer spending that is likely to persist to the end of the year. The economic outcome is dependent on the status of the pandemic. A drastic worsening of COVID-19 statistics could result in re-introduction of restrictions.

Reduced economic activity along with the reduced tax rates and reliefs and reduction of market fee rates introduced by both the National and County governments to cushion Kenyans against the adverse effects of the COVID-19 pandemic resulted to significantly reduction of revenue collection in the county in the last quarter of FY 2019/20 as discussed in chapter three of this document. The decline in revenue is expected to persist this FY 2020/21 and over the medium-term period consequently affecting implementation of projects and programme.

Inflation is expected to increase on account of increased fuel prices. The Energy Regulatory Authority announced new fuel prices as from September 14, 2020, citing the recovery of crude oil prices and increase in the petrol as the reason for the major increase in fuel prices. Fuel is a major component in production and transportation and thus will drive up the price of goods due to increased costs.

The value of the Kenya shilling is expected to decline further from KShs.107.29 to the dollar recorded in April 2020 as importation picks up pushing the dollar demand upwards. The tourism sector which is expected to alleviate the pressure by earning foreign revenue for the country, may not earn much over the next couple of months due to reduced international travel on account of COVID-19. Additionally, the Diaspora remittances have drastically reduced. Going forward, Diaspora remittances will entirely depend on how the COVID-19 situation resolves globally.

The Monetary Policy Committee has maintained a downward trend of the Central Bank Rate since December, 2019. The rate was reduced from 8.5 in December 2019 to 7 in March 2020. The objective of the lowered rate is to reduce the lending and deposit rates by commercial banks. To augment this, and in response to the COVID-19 pandemic, the Central Bank lowered the Cash Reserve Ratio to 4.25 percent in order to avail KShs.35.2 billion to commercial banks. This liquidity availed by CBK to banks is based on their demonstrated requirement to directly support borrowers who are distressed as a result of COVID-19.

A look at the interbank rate shows a decline from 5.3% in March 2020 to 1.8% in July 2020. The decline indicates low demand for cash by banks from other banks signifying adequate liquidity in the commercial banks. The objective of the CBK lowering its ratios was for banks to lend more due to reduced cost of funds. However, the continued increase in liquidity in the banking sector between March and July shows that the CBK objective was not achieved. This could be explained by low demand for credit and or increased caution in the banking sector due to uncertainty caused by the health pandemic. However, going forward, the opening of the economy may boost confidence for commercial banks to release the additional liquidity to borrowers and may also revive some businesses thereby enabling them to seek credit from banks.

Despite the risks, several tailwinds could help reinforce Kenya's resilience to the crises and enhance the outlook for growth recovery. The demographic composition, with 58 percent of the population under 25 years, may limit the humanitarian and economic consequences by reducing the number of fatalities and the indirect macroeconomic repercussions. Preliminary evidence suggests a positive correlation between countries having an older population and the severity and fatalities from the virus. Kenya entered the crisis with robust growth rates 5.7 percent, strong domestic consumption, and external buffers. These favorable initial conditions could help to better weather the difficult economic fallout of the COVID-19 pandemic.

## CHAPTER THREE

### REVIEW OF FISCAL PERFORMANCE IN 2019/2020

#### 3.1 Overview

This Chapter reviews the fiscal performance for the FY2019/20 budget. It entails the analysis of County revenues, expenditure and Exchequer releases.

#### 3.2 Fiscal Performance

This section provides detailed analysis of revenues and expenditure in FY2019/2020 budget.

##### 3.2.1 Analysis of Revenue Sources

The County's projected revenue was **KShs. 12.92 Billion** comprising of Transfers from National Government, Loans and Grants, Own Source Revenue and Unspent Balances for the FY2018/19. However, the actual receipts were **KShs.10.25 Billion** which represents **79 percent** of the total projected revenue. This is presented in Table 3.

*Table 3; Analysis of Revenue sources*

Revenue Source	2019/2020		Deviation	Revenue Performance
	Approved Budget (KShs)	Actual Receipts (KShs)	(Budget less Actual)	%
Equitable Share	7,785,900,000	7,116,312,600	669,587,400	91
Conditional Share for Kisii Level Five	417,572,254	417,572,254	0	100
Road Maintenance Fuel Levy Fund	221,007,938	221,007,938	0	100
Leasing of Medical Equipment	131,914,894	0	131,914,894	0
Conditional Allocation for Compensation for User Fee Foregone	26,138,997	26,138,997	0	100
Kenya Devolution Support Program 'Starter Pack' - (Level 1)	30,000,000	30,000,000	0	100
Kenya Devolution Support Program 'Starter Pack' - (Level 11)	234,727,114	234,727,114	0	100
Allocation for Development of Youth Polytechnics	74,553,298	74,553,298	0	100
National Agricultural and Rural Inclusive Growth Project	350,000,000	206,279,125	143,720,875	59
Agriculture Sector Development Support Program – SIDA	18,527,653	17,856,378	671,275	96
Conditional Allocation-Health Systems for Universal Care	44,696,901	44,696,901	0	100
Loans and Grants- DANIDA	22,968,750	31,543,750	-8,575,000	137

Revenue Source	2019/2020		Deviation	Revenue Performance
	Approved Budget (KShs)	Actual Receipts (KShs)	(Budget less Actual)	%
European Union Instruments for Devolution Advice and Support	45,697,438	0	45,697,438	0
Urban Development Grant	164,053,800	117,337,642	46,716,158	72
COVID 19 Conditional Grant	156,872,000	156,872,000	0	100
Urban Institutional Grant	8,800,000	8,800,000	0	100
Aquaculture Business Development Programme (IFAD)	12,500,000	0	12,500,000	0
Local Revenues	870,000,000	333,151,175	536,848,825	38
Unreleased Balances for FY2018/2019	2,309,631,924	1,217,490,660	1,092,141,264	53
<b>Grand Total</b>	<b>12,925,562,961</b>	<b>10,254,339,832</b>	<b>2,671,223,129</b>	<b>79</b>

Source: Kisii County Treasury, 2020

- i. The County anticipated to receive **KShs.7.785 billion** equitable share but only received **KShs. 7.116 billion** by closure of FY2019/2020 which represent 91 percent. This is because the funds for the month of June were not disbursed from the National Treasury.
- ii. Conditional Grants for Kisii level Five, Road Maintenance Fuel Levy Fund, Compensation for User Fee Foregone, Kenya Devolution Support Program (KDSP) Levels I and II, Conditional Allocation for Youth Polytechnics, Health Systems for Universal Care, Covid-19 Conditional Grant and Urban Institution Grant were all received as budgeted.
- iii. World Bank Funded National Agricultural and Rural Inclusive Growth Project, Urban Development Grant and Swedish International Development Authority Funded ASDSP which were Budgeted at **Kshs. 350 Million, Kshs,164 Million** and **Kshs. 18.5 Million** and the county received **Kshs. 206.3 Million, Kshs. 117Million** and **Kshs. 17.9 Million** respectively.
- iv. Grants from DANIDA was budgeted at **Kshs 22.97 Million** and **Kshs 31.54 Million** was Disbursed by the closure of the financial year.
- v. In the FY2019/2020 the County projected to receive **KShs. 45.7 Million** from European Union’s Instrument for Devolution Advice and Support, **KShs.12.5 Million** from IFAD Funded Aquaculture Business Development program respectively. However, no amount was received.

- vi. Allocation for Leasing of Medical equipment of **KShs.131.9 million was not received** but it is normally deducted at source.
- vii. The county anticipated to collect **KShs. 870 million** during FY2019/20 as own source revenue and managed to collect **KShs. 333 million** representing **38 percent**.

### **3.2.2. Exchequer Releases for FY 2019/20**

The Exchequer releases into the CRF account for FY2019/20 amounted to **KShs. 9.89 Billion** comprising of local revenues, equitable share, refunds from operations account, unreleased balances carried forward from FY2018/2019 and Loan and Grants from development partners as shown in Table 4.



**Table 4; Exchequer Releases to CRF**

<b>Date</b>	<b>Item</b>	<b>Amount</b>
	<b>Balance B/F</b>	<b>184,084,523.45</b>
	<b>Refunds of Unspent Balances</b>	<b>8,096,019.60</b>
<b>03-Jul-19</b>	Urban Institution Grant	41,200,000.00
<b>05-Jul-19</b>	Kenya Devolution Support Program level 3	234,727,114.00
<b>05-Jul-19</b>	Equitable Share	615,440,000.00
<b>19-Sep-19</b>	Equitable Share	389,295,000.00
<b>25-Sep-19</b>	Equitable Share	965,451,600.00
<b>18-Oct-19</b>	Conditional Share for Level 5 Hospital	72,657,572.00
<b>05-Nov-19</b>	National Agriculture and Rural Inclusive Growth Program (NARIGP)	36,216,847.70
<b>05-Nov-19</b>	Equitable Share	622,872,000.00
<b>20-Nov-19</b>	Road Maintenance Fuel Levy Fund	55,251,985.00
<b>17-Dec-19</b>	Equitable Share	778,590,000.00
<b>19-Dec-19</b>	National Agriculture and Rural Inclusive Growth Program (NARIGP)	31,362,694.00
<b>19-Dec-19</b>	Transforming Systems For Universal healthcare	9,584,031.15
<b>27-Dec-19</b>	Conditional Share for Level 5 Hospital	112,744,508.00
<b>08-Jan-20</b>	Transforming Systems For Universal Healthcare	20,096,932.00
<b>10-Jan-20</b>	Equitable Share	700,731,000.00
<b>21-Jan-20</b>	Conditional Allocation for Youth Polytechnics	37,276,649.00
<b>28-Jan-20</b>	DANIDA	11,484,375.00
<b>31-Jan-20</b>	ASDSP-SIDA	2,500,000.00
<b>12-Feb-20</b>	Equitable Share	817,519,500.00
<b>14-Feb-20</b>	ASDSP-SIDA	8,013,827.00
<b>17-Feb-20</b>	Road Maintenance Fuel Levy Fund	55,251,985.00
<b>20-Feb-20</b>	Conditional Share for Level 5 Hospital	114,832,370.00
<b>25-Feb-20</b>	National Agriculture and Rural Inclusive Growth Program (NARIGP)	86,672,555.70
<b>09-Mar-20</b>	Equitable Share	700,731,000.00
<b>03-Apr-20</b>	Transforming Systems for Universal healthcare	15,015,937.95
<b>15-Apr-20</b>	Equitable Share	622,872,000.00
<b>12-May-20</b>	ASDSP-SIDA	5,842,551.00
<b>12-May-20</b>	Road Maintenance Fuel Levy Fund	55,251,984.50
<b>12-May-20</b>	Equitable Share	817,519,500.00
<b>13-May-20</b>	ASDSP-SIDA	1,500,000.00
<b>29-May-20</b>	National Agriculture and Rural Inclusive Growth Program (NARIGP)	353,967.15
<b>29-May-20</b>	National Agriculture and Rural Inclusive Growth Program (NARIGP)	51,673,060.00
<b>04-Jun-20</b>	COVID-19 Funds	156,872,000.00
<b>04-Jun-20</b>	Conditional Allocation for Youth Polytechnics	37,276,649.00
<b>04-Jun-20</b>	User Fee Forgone	26,138,997.00
<b>04-Jun-20</b>	Conditional Share for Level 5 Hospital	117,337,803.00
<b>15-Jun-20</b>	DANIDA	11,484,375.00
<b>24-Jun-20</b>	Equitable Share	700,731,000.00
<b>30-Jun-20</b>	DANIDA	8,575,000.00
<b>30-Jun-20</b>	Urban Institution Grant	8,800,000.00



<b>30-Jun-20</b>	Road Maintenance Fuel Levy Fund	55,251,984.00
<b>30-Jun-20</b>	KDSP Level 1 Grant	30,000,000.00
<b>30-Jun-20</b>	Urban Development Grant	117,337,642.00
	<b>Local Revenue*</b>	<b>333,151,175.40</b>
		<b>9,885,669,714.60</b>

Source: Kisii County Treasury, 2020

### 3.2.3 Requisitions from CRF Account to Operations and Special Purpose Accounts.

The requisitions from CRF to operations and special purpose accounts amounted to **KShs. 9,449,074,703** comprising of **KShs. 6,914,770,675** and **KShs. 2,530,636,388** for recurrent and development expenditure respectively. Table 5 shows requisitions from the CRF account to the operations and special purpose accounts.

*Table 5; Requisitions from CRF Account to operations and special purpose accounts*

DATE	RECURRENT (KShs)	DEVELOPMENT(KShs.)	TOTALS (KShs)
<b>05-Aug-19</b>	406,674,512	0	<b>406,674,512</b>
<b>07-Aug-19</b>	56,624,800	0	<b>56,624,800</b>
<b>09-Aug-19</b>	24,110,800	0	<b>24,110,800</b>
<b>27-Aug-19</b>	515,925,308	78,257,285	<b>594,182,593</b>
<b>19-Sep-19</b>	45,086,749	10,000,000	<b>55,086,749</b>
<b>24-Sep-19</b>	11,522,600	0	<b>11,522,600</b>
<b>30-Sep-19</b>	461,399,951	0	<b>461,399,951</b>
<b>17-Oct-19</b>	253,709,749	287,511,342	<b>541,221,091</b>
<b>22-Oct-19</b>	0	29,747,213	<b>29,747,213</b>
<b>29-Oct-19</b>	427,289,948	0	<b>427,289,948</b>
<b>14-Nov-19</b>	42,243,461	0	<b>42,243,461</b>
<b>19-Nov-19</b>	261,396,610	254,478,050	<b>515,874,660</b>
<b>13-Dec-19</b>	17,230,732	0	<b>17,230,732</b>
<b>17-Dec-19</b>	00	55,251,985	<b>55,251,985</b>
<b>19-Dec-19</b>	570,211,986	0	<b>570,211,986</b>
<b>20-Dec-19</b>	0	127,362,718	<b>127,362,718</b>
<b>31-Dec-19</b>	364,220,672	0	<b>364,220,672</b>
<b>17-Jan-20</b>	194,700,695	0	<b>194,700,695</b>
<b>22-Jan-20</b>	0	253,449,801	<b>253,449,801</b>
<b>23-Jan-20</b>	25,859,403	0	<b>25,859,403</b>
<b>24-Jan-20</b>	172,607,594	0	<b>172,607,594</b>
<b>29-Jan-20</b>	0	37,175,249	<b>37,175,249</b>
<b>14-Feb-20</b>	463,022,432	37,276,649	<b>500,299,081</b>

DATE	RECURRENT (KShs)	DEVELOPMENT(KShs.)	TOTALS (KShs)
18-Feb-20	141,414,968	0	141,414,968
24-Feb-20	47,829,685	0	47,829,685
26-Feb-20	117,900,973	0	117,900,973
02-Mar-20	0	214,900,146	214,900,146
05-Mar-20	211,725,053	0	211,725,053
10-Mar-20	3,872,888	0	3,872,888
16-Mar-20	249,962,065	0	249,962,065
30-Mar-20	285,634,060	0	285,634,060
07-Apr-20	53,873,446	184,189,994	238,063,440
24-Apr-20	171,714,940	187,751,985	359,466,925
28-Apr-20	103,465,259	165,934,897	269,400,156
12-May-20	27,500,055	0	27,500,055
18-May-20	435,145,438	0	435,145,438
27-May-20	117,514,611	229,583,312	347,097,923
02-Jun-20	0	55,251,985	55,251,985
10-Jun-20	12,000,000	0	12,000,000
16-Jun-20	282,416,566	52,715,359	335,131,925
24-Jun-20	26,138,997	44,619,200	70,758,197
29-Jun-20	312,823,669	225,179,218	538,002,887
<b>Grand Total</b>	<b>6,914,770,675</b>	<b>2,530,636,388</b>	<b>9,445,407,063</b>

Source: Kisii County Treasury, 2020

### 3.3 Local Revenue Outturns

The County Government had projected to collect **KShs. 870 Million** from its local revenue streams for the financial year ending 30<sup>th</sup> June 2020. It collected **KShs. 333 Million** as shown in Table 6

*Table 6; Local Revenue Outturns*

<b>LOCAL LEVIES: 1-2000</b>	<b>BUDGET (KShs.)</b>	<b>ACTUAL (KShs.)</b>	<b>Revenue Performance (%)</b>
<b>1-2101 Property rates</b>	10,000,000	6,662,089	67
<b>Property rates arrears</b>	5,000,000	3,515,267	70
<b>1-2201 Business Permits Current Year</b>	350,000,000	65,516,667	19
<b>1-3105 Miscellanies income</b>	3,000,000	5,743,783	184
<b>1-3203 Impounding Charges</b>	15,000,000	3,196,206	21
<b>1-3302 Quarry Extraction Fees</b>	200,000	32,000	16
<b>1-3501 County Premises Monthly Rent (Offices, etc.)</b>	500,000	80,000	16
<b>1-5101 Market Entrance / Gate Fee</b>	150,000,000	62,362,603	42
<b>1-5102 Market Plots Rent</b>	5,000,000	2,476,514	50
<b>1-5105 Market Stalls Rent</b>	2,000,000	5,207,338	260
<b>1-5201 Enclosed Bus Park Fee</b>	120,000,000	53,802,520	45
<b>Motorcycle parking stickers</b>	30,000,000	19,440,120	65
<b>1-5221 Street Parking Fee</b>	50,000,000	33,935,860	68
<b>1-6301 Social Hall Hire</b>	500,000	246,000	49
<b>1-6311 Stadium Hire</b>	800,000	416,000	52
<b>1-9112 Buildings Plan Approval Fee</b>	40,000,000	24,452,100	61
<b>1-9132 Sign Boards &amp; Advertisement Fee</b>	50,000,000	31,629,751	63
<b>1-9201 Fire-Compliance Fee</b>	5,000,000	10,321,300	206
<b>Revenue from Agricultural Training Centre</b>	5,000,000	1,919,282	38
<b>Devolved function revenues</b>	10,000,000	2,195,775	22
<b>TOTAL</b>	<b>870,000,000</b>	<b>333,151,175</b>	<b>38</b>

*Source: Kisii County Treasury, 2020*

The revenue directorate has come up with a raft of measures and strategies to realize the targeted revenue which include:

- Activation of the M-pesa Paybill number
- Roll out of the USSD to go cashless
- Census of all businesses to capture both the existing and new businesses
- Establishment of plan approval committee to handle all plans
- Stakeholder engagement of boda boda and matatu owners to sensitize on revenue matters
- Segmenting the municipality into regions with a revenue officer in-charge of a respective region.

### 3.4 Recurrent and Development Expenditure

The County's expenditure is classified into Recurrent and Development expenditure.

#### 3.4.1 Recurrent Expenditure

During the FY 2019/20, recurrent expenditure was budgeted at **KShs.8.57 Billion** representing **67 percent** of the entire budget. However, **KShs.6.9 Billion** was disbursed by the exchequer and was utilized by the Executive and County Assembly as shown in Table 7

*Table 7; Recurrent Expenditure Analysis for FY 2019/2020*

Department	Approved Budget (KShs)	Exchequer Releases (KShs)	Actual Expenditure (KShs)	Balance (KShs)	Absorption Rate %
	(a)	(b)	(c)	(b-c)	
County Assembly	925,505,387	788,153,707	788,108,547	45,160	100
County Executive and Public Service board	558,112,278	444,586,961	410,454,153	34,132,808	92
Administration and Stakeholder Management	672,299,613	543,207,331	546,178,295	-2,970,964	101
Finance and Economic Planning	1,513,598,558	1,120,342,803	1,097,893,890	22,448,913	98
Agriculture, Livestock Fisheries & Co-operative Development	413,180,327	350,756,110	351,702,890	-946,780	100
Energy, Water, Environment and Natural Resources	223,056,579	132,032,375	128,231,730	3,800,645	97
Education, Labor, and Manpower Development	614,572,043	431,310,480	419,004,445	12,306,035	97
Health Services	3,046,564,308	2,650,441,198	2,705,174,622	-54,733,424	102
Lands, Physical Planning and Urban Development	103,385,904	86,815,846	84,325,342	2,490,504	97
Roads, Public Works and Housing	175,060,562	131,036,112	132,616,966	-1,580,854	101
Trade Tourism and Industry Development	103,454,323	75,626,545	80,980,863	-5,354,318	107
Culture, Sports, Youth and Social Services	83,550,855	60,321,208	54,370,579	5,950,629	90

Department	Approved Budget (KShs)	Exchequer Releases (KShs)	Actual Expenditure (KShs)	Balance (KShs)	Absorption Rate %
	(a)	(b)	(c)	(b-c)	
Kisii Municipality	141,211,075	100,139,997	101,568,828	-1,428,831	101
<b>Totals</b>	<b>8,573,551,812</b>	<b>6,914,770,672</b>	<b>6,900,611,151</b>	<b>14,159,522</b>	<b>100</b>

Source: Kisii County Treasury, 2020

### 3.4.2 Development Expenditure

During the FY2019/20, the County Government estimated to spend **KShs. 4.35 Billion** on development programs and projects which represented **33 percent** of the entire budget. However, **KShs.2.54 Billion** was spent by the Executive and County Assembly respectively out of a released amount of **KShs.2.53 Billion** as presented in Table 3.6.

Table 8; Development Expenditure Analysis for FY 2019/2020

Department	Approved Budget (KShs)	Exchequer Releases (KShs)	Actual Expenditure (KShs)	Balance (KShs)	Absorption Rate %
	(a)	(b)	(c)	(b-c)	
County Assembly	185,000,000	101,127,883	101,127,883	0	100
County Executive and Public Service board	15,000,000	2,394,924	2,394,924	0	100
Administration and Stakeholder Management	47,945,650	25,672,548	25,431,373	241,175	99
Finance and Economic Planning	82,667,353	52,794,364	52,794,364	0	100
Agriculture, Livestock Fisheries & Co-operative Development	592,090,738	490,979,385	476,709,635	14,269,750	97
Energy, Water, Environment and Natural Resources	257,692,584	98,894,572	98,894,572	0	100
Education, Labor, and Manpower Development	195,084,859	91,326,958	143,589,444	-52,262,486	157
Health Services	1,121,248,133	823,541,779	659,397,468	164,144,311	80
Lands, Physical Planning and Urban Development	138,861,501	105,708,554	105,708,554	0	100
Roads, Public Works and Housing	1,113,212,745	559,087,568	633,136,117	-74,048,549	113
Trade Tourism and Industry Development	113,846,483	51,196,033	51,196,033	0	100

<b>Culture, Sports, Youth and Social Services</b>	187,115,380	97,160,300	97,004,620	155,680	100
<b>Kisii Municipality</b>	302,245,723	30,751,520	96,230,765	-65,479,245	313
<b>Totals</b>	<b>4,352,011,149</b>	<b>2,530,636,388</b>	<b>2,543,615,752</b>	<b>-12,979,364</b>	<b>101</b>

*Source: Kisii County Treasury, 2020*

## **CHAPTER FOUR**

### **RESOURCE ALLOCATION FRAMEWORK**

#### **4.1 Adjustments to 2020/2021 Budget and Over the Medium Term**

In view of the issues that were noted in the implementation of FY 2019/2020 budget, adjustments have been undertaken in the FY 2020/2021 budget which are key to the County performance in the Medium-Term Expenditure Framework (MTEF) period.

- a) In the FY 2019/2020, the County Government allocated resources for on-going programmes and projects including pending bills in a bid to address debt issues in line with the fiscal responsibility principles. However, there is need to ensure that in the FY 2020/21 and over the Medium-Term all the unpaid audited pending bills and ongoing projects are prioritized in the budget.
- b) The County Government has had challenges in meeting its own revenue targets occasioned by the outbreak of Covid-19 pandemic which saw closure of business and markets and this has adversely affected the implementation of projects. To mitigate this, there is a need to revise the own revenue targets in FY 2020/2021 to realistic figures. This implies that some of the projects will have to be dropped or allocations revised in the budget by preparing a supplementary budget.
- c) In the medium term, the county will continue to strictly follow the fiscal responsibility principle of maintaining at least 30 percent of the total budget focused on development. Currently, 35% of the budget is for development. In the medium term the county will strive to allocate at least 35% of the total budget to Development.

#### **4.2 Medium-Term Expenditure Framework**

In the in FY 2020/2021 and over the Medium-Term, the County Government will direct resources to the following priority areas;

- i. Increased Health Care services efficiency and effectiveness;
- ii. Water reticulation environmental conservation
- iii. Food production
- iv. Roads and urban infrastructure development

#### **4.2.1 Increased Health Care Services efficiency and Effectiveness**

Health is an important component of economic development. Over the years, the Kisii County Government has invested substantial amounts of its annual budgets on health as it considers this a basic need. This will continue in the FY 2020/21 and the Medium-Term, where in collaboration with the development partners and the National Government, resources will be directed towards the provision of pharmaceutical and non-pharmaceutical products, deployment of health staff, upgrading of health infrastructure and modernizing equipment for effective and efficient health care services.

#### **4.2.2 Water Reticulation and Environmental Conservation**

The County is committed to provide equitable access to safe and affordable drinking water for the County residents through water reticulation, improving water quality by reducing pollution and elimination of dumping, protecting and restoring water-related ecosystems and increasing afforestation and re-afforestation in the County. To realize these in the FY 2020/21 and the Medium-Term, sufficient resources will be allocated, and partnerships with stakeholders such as Lake Victoria South Water Services Board will be fostered to speed up implementation of the on-going programmes and projects.

#### **4.2.3 Food Production**

The County Government continues to prioritize the agricultural sector for investment to spur economic development. The projects and programmes attracting our county government budget in this sector are aimed at addressing food insecurity and rural poverty. To increase food production and boost farmers' earnings, the County will in the FY 2020/21 and the Medium-Term continue to sustain the availability of farm inputs (certified seeds and fertilizers). It will also distribute early maturing and disease resistant tissue culture bananas to farmers. Agricultural extension services will also be scaled up with the aim of reaching out to as many farmers as possible at the grassroots on the best farming practices.

To improve livestock productivity, the County Government will in the FY 2020/21 and the Medium-Term continue to put more resources in artificial insemination services; formulate dry feeds; control zoonotic and animal diseases and promote local poultry. Additionally, SACCOs will be revitalized to assist in marketing and value addition.



#### **4.2.4 Roads and Urban Infrastructure Development**

Successful realization of our County development agenda will largely depend on investments on quality roads development which will provide market access as well as access to medical facilities in a timely manner. In this regard, improvement on our infrastructure in roads and public works, is vital. In the FY 2020/21, resources will be directed towards construction and maintenance of roads and footbridge

Kisii Municipality and other urban centres are growing at unprecedented and challenging pace and rapidity hence posing serious challenges which need fixing given that these areas are central meeting points for challenges and opportunities of development. This therefore will call for provision of adequate resources in the FY 2020/21 and the Medium-Term towards the planning and expansion of these urban areas, functional specialization and above all sustainability.

#### **4.3 Indicative Ceilings**

The County priorities will be implemented through the Programme Based Budgeting approach. For effective utilization of finances for enhanced expenditure productivity, the County will use the existing structures. Table 4.1 presents indicative ceilings over the medium Term. The projections are comprised of transfers from National Government and grants and loans from development partners.

*Table 9; Total Sector Estimates for FY 2020/21-2022/23*

DEPARTMENT	Approved 2020/2021		Projections 2021/2022		Projections 2022/2023	
	Recurrent	Development	Recurrent	Development	Recurrent	Development
County Assembly Executive	319,850,426	172,227,153	319,850,426	172,227,153	179,116,239	332,644,443
Administration and Stakeholder Management	472,331,314	254,332,246	472,331,314	354,332,246	368,505,536	491,224,567
Finance and Economic Planning	791,312,471	426,091,331	791,712,471	426,091,331	443,134,984	823,380,970
Agriculture, Livestock Fisheries & Co-operative Development	653,605,142	351,941,231	653,605,142	351,941,231	366,018,880	679,749,348
Energy, Water, Environment and Natural Resources	203,414,147	109,530,695	203,414,147	109,530,695	113,911,922	211,550,713
Lands, Physical Planning and Development	484,118,827	260,679,369	484,118,827	260,679,369	271,106,543	503,483,580
Education, Labour and Manpower Development	2,712,295,130	1,460,466,609	2,912,295,130	1,460,466,609	1,518,885,273	3,028,786,936
Health Services	111,062,406	59,802,834	123,062,406	129,802,834	134,994,947	127,984,902
Roads, Public Works and Housing	575,431,739	309,847,860	575,431,739	579,847,860	603,041,774	598,449,009
Trade, Industry and Tourism Development	92,587,067	49,854,574	92,587,067	184,854,574	192,248,757	96,290,549
Culture, Sports, Youth and Social Services	83,311,450	44,860,012	83,311,450	94,860,012	98,654,412	86,643,908
Kisii Municipality	189,839,656	102,221,353	189,839,656	219,721,353	228,510,207	197,433,242
<b>Total</b>	<b>7,335,810,534</b>	<b>3,950,051,826</b>	<b>7,548,210,534</b>	<b>4,692,551,826</b>	<b>4,880,253,898</b>	<b>7,850,138,955</b>

*Source: Kisii County Planning Unit, 2020*

The development budget for FY 2020/2021 stands at **KShs.3.950 billion** and is projected to increase in the FY2021/2022 to **KShs. 4.692 billion**. On the other hand, the recurrent budget for the FY 2020/2021 stands at **KShs. 7.335 billion** and is projected to increase to **KShs. 7.548 billion** in the FY 2021/2022 and to **KShs. 7.850 billion** in the FY 2022/2023.

#### **4.4 Revenue Projections**

The proposed budget for the medium term is balanced and will be financed by transfers from National Government, own-source revenue, loans and grants from development partners as shown in Table 4.2. However, any shortfall in revenues will be addressed accordingly.

*Table 10; Revenue Projections*

Revenue Source	2021/2022	2022/2023	2023/2024
Equitable Share	8,894,270,000	9,250,040,800	9,620,042,432
Conditional Share for Kisii Level Five	417,572,254	434,275,144	451,646,150
Road Maintenance Fuel Levy Fund	233,001,661	242,321,727	252,014,597
Leasing of Medical Equipment	132,021,277	137,302,128	142,794,213
Conditional Allocation for Compensation for User Fee Foregone	26,138,997	27,184,557	28,271,939
Kenya Devolution Support Program 'Starter Pack' - (Level 1)	45,000,000	46,800,000	48,672,000
Kenya Devolution Support Program 'Starter Pack' - (Level 11)	234,727,114	244,116,199	253,880,847
Allocation for Development of Youth Polytechnics	70,549,894	73,371,890	76,306,765
National Agricultural and Rural Inclusive Project	198,615,016	206,559,617	214,822,001
Agriculture Sector Development Support Program - SIDA	14,185,102	14,752,506	15,342,606
Conditional Allocation-Health Systems for Universal Care	68,638,638	71,384,184	74,239,551
DANIDA	22,140,000	23,025,600	23,946,624
European Union Instruments for Devolution Advice and Support	16,140,145	16,785,751	17,457,181
Urban Development Grant	117,500,000	122,200,000	127,088,000
Aquaculture Business Development Programme (IFAD)	23,700,000	24,648,000	25,633,920
Unspent balances FY 2019/2020	1,597,182,538	1,661,069,840	1,727,512,633
Local Revenues	650,000,000	676,000,000	703,040,000
<b>TOTAL</b>	<b>12,761,382,636</b>	<b>13,271,837,941</b>	<b>13,802,711,459</b>

*Source: Kisii County Planning Unit, 2020*

The County Government's revenue is expected to grow from **KShs. 12.238 Billion** in 2019/2020 FY to **KShs15.303 billion** and **KShs 16 billion** in FY 2020/2021 and FY 2021/2022 respectively.

#### **4.5 Challenges experienced in the Implementation of FY 2019/2020**

The implementation of FY 2019/2020 budget experienced many challenges among them:

- i. Shortfall in domestic revenue collection.
- ii. Delay of release of funds by the National Treasury
- iii. Delay in procurement processes