REPUBLIC OF KENYA

COUNTY GOVERNMENT OF LAIKIPIA

LAIKIPIA COUNTY FISCAL STRATEGY PAPER (CFSP)

2022

JANUARY 2022

COUNTY VISION AND MISSION

Vision

The Greatest County with the Best Quality of Life

Mission

To enable every household in Laikipia County to lead a prosperous life

Core Values

People-centeredness

Equity

Accountability

Efficiency

Professionalism

Integrity

Innovativeness

Passion

FOREWORD

The Laikipia County Fiscal Strategy Paper (CFSP) for the year 2022 is a key policy document of the County Government of Laikipia indicating how the government will prioritize allocation of resources to finance programmes and projects as captured in the approved Annual Development Plan (ADP) 2022/23. The total resource envelope will comprise of the proposed allocations from equitable share and conditional grants as outlined in the 2022 Budget Policy Statement (BPS) issued by the Cabinet Secretary to the National Treasury and Planning and the County's Own Sources Revenue (OSR)

The County Treasury continues to embrace fiscal responsibility in line with the Public Finance Management Act 2012 Section 107 and the Public Finance Management Regulations (county governments), 2015, Section 25. This will be accomplished *inter alia* by progressively bringing the personnel emoluments down towards the required 35% of County government's total revenue from 38.3 per cent, 42.1 per cent and 42.8 per cent for 2019/20, 2020/21 and 2021/22 respectively; reductions in the recurrent expenditure due to allocating more resources to development budget to above 30% and where the county recorded 37.3 per cent 39.6 per cent and 34.1 percentin the FY 2019/20, FY2020/21 and FY2021/22 respectively.

The preparation of the CFSP 2022/23 is done against the background of a recovery process after the outbreak of the COVID 19. The county's economy persevered through the adverse effects of the outbreak to record improved economic growth and improvement in own source revenue in FY 2020/21 where the county's GCP grew by 3 per cent to Ksh100.5 billion and own source revenue increased by 15 per cent to KShs 840 million from Kshs.727.9 million in the FY2019/20. This was despite the subdued economic activities in the areas of hospitality and transport among others.

To enhance recovery of the affected sectors, an Economic Stimulus Programme (ESP) was created to increase liquidity to small businesses and create more employment opportunities for the youth. The ESP had the following components: Under Infrastructure, opening of new roads and drainage works using the labour based contracts targeting about 80 kilometers per ward; In agriculture, provision of subsidized farm inputs like certified seeds, fertilizers and livestock genetic improvement vaccines, construction of household water pans and provision of dam liners to increase area under irrigation and promotion of extension services; under trade, provision of financial support to 5,000 businesses for recovery by working with commercial institutions to unlock about KShs 3.3billion, tourism and cooperative support, manufacturing and investment promotion support, MSMEs capacity and technical support; under education, vocational training centers support and bursary support; under Health, NHIF subsidies for vulnerable groups and mining exploration and exploitation support under environment.

The County's economy is on the recovery path and it's envisaged that this will continue as evidenced by the growth in OSR with the first five months (up to 15th November 2021) of 2021/22 reporting KShs 322.55 million compared to 238.07 million for a similar period in 2020/21. The need to enhance resources through pursuit of other options like PPP presents an improved resource base that will be channelled to providing more public services hence improved livelihood for the people. The ingenious financing mechanisms like leasing, partnering with national government and non-government agencies to provide machinery and equipment, skills, expertise and management required in undertaking infrastructural works will be a big boost in supplementing the resources available. The county will further continue enhancing the county revenue base so as to increase resource envelope – through expansion of tax base and expand collaboration with private sectors and development partners to complement the implementation of programmes.

This CFSP envisages to realise key strategic objectives all geared towards increasing the daily per capital to KShs 1,000 and increasing employment opportunities in the county. The key areas to drive the process will include agriculture, innovation, enterprise development, manufacturing and mining and are therefore prioritised for consideration. The allocation of resources available will prioritise discretionary items like the payment of salaries, leased equipment and pending bills, purchase of drugs, County Assembly allocation, interest payments for the bonds before the department ceilings are determined. The county line departments and the semi-autonomous agencies will be expected to prioritise programmes and projects with the highest level of outcomes.

The strategic priorities captured therein reflect objectives of the County Integrated Development Plan (CIDP 2018-2022), the county medium term framework for achieving fiscal balance and growing the Gross County Product by at least 10%. In addition, the national government's medium term framework captured in the 2022 Budget Policy Statement (BPS) under the theme: **"Accelerating Economic Recovery for Improved Livelihoods"** has also been considered. The realization of these objectives will go a long way in making the county realize the vision of **"The Greatest County with the Best Quality of Life''**

To ensure improved service delivery through implementation of development programmes and projects the county will continue tapping into the strong human resource capacity. Initiatives like Enterprise Development, Project Management Training offered to staff at Dedan Kimathi University among other capacity building initiatives are expected to harness entrepreneurial capacity of the people through assisting individuals to start, expand and manage their businesses.

In compiling this CFSP, we benefitted from the wise counsel and guidance of H.E the Governor, H.E the Deputy Governor and the Hon. Speaker. The Finance and Planning plus the Budgeting and Appropriation Committees of the County Assembly of Laikipia played a critical role by providing oversight to the process. In addition, we received great support and contributions from the CECMs. We also consulted a wide range of stakeholders and the general public in line with the requirements of the Public Finance Management (PFM) Act 2012 and the Constitution of Kenya 2010.

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ACKNOWLEDGEMENTS

This County Fiscal Strategy Paper 2022 has been prepared in accordance with Section 117 of the Public Finance Management (PFM) Act, 2012. It outlines the current state of the economy and outlook over the medium term, broad macroeconomic issues and the medium-term fiscal framework, resource envelope and criteria for resource allocation, key strategic priorities and policy goals and a summary of the Government's spending plans as a basis for the FY 2022/23 budget. The CFSP reflects the public's aspirations in the development and implementation of government's programmes.

The preparation of the Laikipia County Fiscal Strategy Paper 2022 was a collaborative effort supported by individuals, government agencies and entities. The County Executive Committee Members played a key role by providing departmental strategic directions that werecritical in the finalization of this paper.

I recognise the leadership role provided by CECM for Finance Economic Planning and Enterprise Development for his guidance in the entire process. I also thank the other county government departments and Agencies for providing necessary information and technical assistance in the preparation of CFSP. We are highly indebted to the County officers for conducting very successful and insightful CFSP public participation forumsacross the county at the sub location level.

I am also very grateful to the core team from the Economic Planning UnitandtheBudget Unit for their tireless effort in ensuring the preparation and finalization of the document.

Finally, I thank the Sub County Administrators, ward level technical staff and members of public who prepared the ground, mobilised and participated at all the 61 forums across the county whose views greatly enhanced the County Fiscal Strategy Paper 2022.

Paul NjengaWaweru,
Ag. Chief Officer, Finance and Economic Planning

ABBREVIATIONS AND ACRONYMS

AIA	Appropriation In Aid
BPS	Budget Policy Statement
CBEF	County Budget and Economic Forum
CECM	County Executive Committee Member
CIDP	County Integrated Development Plan
CFSP	County Fiscal Strategy Paper
CRA	Commission on Revenue Allocation
COMS	County Operations Management Systems
DANIDA	Danish International Development Agency
ECDE	Early Childhood Development Education
ESP	Economic Stimulus Programme
FY	Financial Year
GDP	Gross Domestic Product
GCP	Gross County Product
GHRIS	Government Human Resource Information System
HFIF	Hospital Facility Improvement Fund
ICT	Information and Communication Technology
IPPD	Integrated Product and Process Development
IPSAS	International Public Sector Accounting Standards
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
KIPPRA	Kenya Institute for Public Policy Research Analysis
LCDA	Laikipia County Development Authority
LCPSB	Laikipia County Public Service Board
LCRB	Laikipia County Revenue Board
MSME	Micro, Small and Medium Enterprises
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
NSE	Nairobi Stock Exchange
OSR	Own Source Revenue
PFMA	Public Finance Management Act
PPP	Public Private Partnership
NTRH	Nanyuki Teaching and referral Hospital
NYTRH	Nyahururu Teaching and Referral Hospital

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EXECUTIVE SUMMARY

The fiscal strategy of Laikipia County Government for the year 2022/2023 is set out in this paper. The CFSP is prepared in accordance to the PFM Act section 117 which states that, the County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper (CFSP) for approval and then shall submit the approved Fiscal Strategy Paper to the County Assembly, by the 28th February of each year.

The contents of the CFSP are largely informed by the PFM Act section 117(2) which provides for the aligning of the CFSP with the national objectives in the Budget Policy Statement. The CFSP serves as the basis for the preparation of the annual estimates of revenue and expenditure for the County Budget FY 2022/2023. The County Fiscal Strategy Paper has five chapters, as outlined below:

Chapter I- Introduction to County Fiscal Strategy Paper. This chapter outlines legal basis for the preparation of the county fiscal strategy paper, fiscal responsibility principles and the strategic objective of the County Government.

Chapter 2 - Recent global, national and county economic developments. This chapter highlights recent economic developments on the global and national level and the impact that this has on the county economic development.

Chapter 3 -Macro-economic policy frameworks and medium term outlook. This chapter explores the global and national macro-economic development outlook and how they will impact on the county's economic outlook and fiscal performance in the medium term. Further, the chapter includes the County's medium-term framework, outlining the strategic legislative and executive actions that Government will undertake to accelerate economic growth, raise additional own-source revenue and costs management. In addition, analysis of budget performance and significant internal risks to the outlook are highlighted.

Chapter 4 - Fiscal framework and structural measures for 2022/23 and the medium term. This chapter highlights the projections for county revenue, recurrent and development expenditure. It sets out a framework for sustainable public finances management, while managing vulnerability to economic and fiscal risks.

Chapter 5 - Resource envelope and criteria for resource allocation. This chapter highlights the resource envelope, sector ceilings and spending priorities for FY 2022/23, MTEF budget and the medium term. This is informed by the national objectives and goals as outlined in the 2022 Budget Policy Statement and the set out resource sharing guidelines.

CHAPTER ONE
INTRODUCTION

1.1 Introduction

Kenya is in the 9th year of implementation of the two-tier system of government comprising of the national and the county governments as stipulated in the Constitution of Kenya, 2010, Chapter 11. The county governments are responsible for spearheading development in their respective areas of jurisdiction as stipulated in Schedule 4 of the Constitution of Kenya 2010. They are required to realize this through a participatory process that links planning and budgeting as provided for in Section 102 of the County Government Act, 2012.

The Public Finance Management Act, 2012 Sections 117 and 118 provide guidelines on the county's responsibilities in the budgeting process. Towards ensuring a comprehensive budget process, the county governments are expected to prepare a County Fiscal Strategy Paper (CFSP)and submit it to the County Assembly by 28th February of each year.

1.2 Legal Basis for the Preparation of the County Fiscal Strategy Paper

The County Fiscal Strategy Paper is prepared in accordance with Section 117 of the Public Finance Management (PFM) Act, 2012. The law states that:

- The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and then submit the approved Fiscal Strategy Paper to the County Assembly, by the 28th February of each year.
- The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.
- In preparing the County Fiscal Strategy Paper, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term.
- The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term.
- The County Treasury shall seek and take into account the views of the Commission on Revenue Allocation (CRA), the public, any interested persons or groups and any other forum that is established by legislation (for example CBEF).
- It further states that the County Treasury shall consider any recommendations made by the County Assembly when finalizing the budget proposal for the financial year concerned.
- The County Treasury shall publish and publicize the County Fiscal Strategy Paper within seven days after it has been submitted to the County Assembly.

1.3 Fiscal Responsibility Principles for the County Government

In line with the Constitution, the Public Finance Management (PFM) Act, 2012 and the Public Finance Management (County Governments) Regulations 2015, sets out the fiscal responsibility principles to ensure prudent and transparent management of public resources. Section 107 (2) of Public Finance Management Act states that; in managing the County Government's public finances, the County Treasury shall enforce the following fiscal responsibility principles:

- The County government's recurrent expenditure shall not exceed the county government's total revenue.
- Over the medium term a minimum of 30% of the County government's budget shall be allocated to the development expenditure.
- The County government's expenditure on wages and benefits for public officers shall not exceed 35% of the County government's total revenue as provided by PFM Act 2015 regulations.
- 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.
- The County debt shall be maintained at a sustainable level as approved by County Assembly.
- Fiscal risks shall be managed prudently
- A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking in to account any tax reforms that may be made in the future.

1.4 County Governments' Compliance with Fiscal Responsibility Principles

As mentioned above, pursuant to Section 107 (2) (b) of the Public Finance Management Act, 2012 the County Treasury is required to enforce the aforementioned Fiscal Responsibility Principles. In the FY 2020/21 the County performed as follows across the principles:

a) The County government's recurrent expenditure shall not exceed the county government's total revenue. The County total recurrent expenditure stood at KShs 4.448 billion against the total county revenue of KShs 6.42 billion representing 69.28 per cent.

b) Over the medium term a minimum of 30% of the County government's budget shall be allocated to the development expenditure. In the FY 2020/21, the county allocated to the development expenditure KShs 2.669 billion out of the totalbudget Ksh.7.482 billion representing 35.6 per cent. In the FY 2021/22, the County allocated to the development expenditure KShs 3.805billion of the total budget of KShs 8.571 billion representing a 44.4 per cent.

c) The County government's expenditure on wages and benefits for public officers shall not exceed 35% of the County government's total revenue as provided by PFM Act 2015 regulations. In the FY 2020/21, the County expended KShs 2.747 billion against actualrevenue of KShs 6.420 billion while in FY 2021/22, the wage bill is projected at KShs 2.866 billion against projected revenue of KShs 8.571 billion. This represents 33.4 per cent and 42.8 per cent for 2020/21 and 2021/22 respectively.

d) 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. In the FY 2020/21 the county undertook a balanced budget. However, in 2021/22, debt financing was included in the budget via the floating of a KShs 1.247 billion County Infrastructure Bond to support development of capital projects in water and infrastructure.

e) The County debt shall be maintained at a sustainable level as approved by the County Assembly. According to the Public Finance Management (County Governments) Regulations 2015, Section 179 and Section 50(5) of the PFM Act 2012, the County total public debt shall not exceed twenty percent (20%) of the county government's most recent audited revenues, as approved by the county assembly. In the FY 2021/22 the infrastructure bond debt represented 19.4% of the audited revenue for FY 2019/20.

f) Fiscal risks shall be managed prudently. The County has continued to improve on audit reports from the office of the Auditor General. In the year 2019/20, the county received a qualified opinion which was similar to the previous year.

g) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking in to account any tax reforms that may be made in the future. The Laikipia County Revenue Board has continued to engage the members of the public in the preparation of the Finance Bill and the draft Revenue Administration Bill in her endeavor to ensure tax payers are well engaged on all tax proposals.

1.5: Strategic Objectives of the County Government

The County's development programme for the FY 2020/21 to date has improved in terms of revenue collection from the previous year despite the slow economic recovery from the effects of Covid-19 pandemic. The county's revenue increased by 15 per cent from the revenues realised in 2019/20 while expenditures were reallocated to sectors like health, trade and Finance to mitigate the adverse effects.

The COVID-19 pandemic disrupted the workflow in the County as a result of curfews and requirements for people to stay at home. This resulted in loss of jobs and incomes for some people while for others the average number of hours of work hence the income declined in almost all sectors of the economy with agriculture, education and the hospitality sub-sectors taking the lead.

COVID-19 disrupted the operations of businesses and supply chains hence affected demand and supply of most goods and services in the County. The county government incurred additional expenses to ensure continuity in provision of water and sanitation services.

The economy is expected to improve from the effects of the Covid-19 pandemic as a result of the lifting of the curfews and travel restrictions in the second quarter. To facilitate the recovery of the economy there will be need to build on the achievements of implementing the county's

Economic Recovery Strategy in FY 2021/22 in addition to the other development objectives. Therefore, the CFSP will endeavour to enhance the transformation of the county's productivity across key sectors of the economy. To achieve the development goals and transformative agenda, this County Fiscal Strategy Paper targets to raise the amount and share of own source revenue, share of development budget, build a world class public service, grow manufacturing through innovation and enterprise development while improving the business climate to retain current businesses and attract new investors.

Specifically, the County will endeavor to achieve the following strategic objectives:

- To resuscitate private sector and create jobs for the youth by increasing liquidity to MSMEs through the economic stimulus program. The Business Stimulus Fund, has mobilized about KShs 3.3 billion, through interest sharing and credit guarantee schemes with commercial banks. The County will enhance support to tourism and cooperative development, manufacturing and investment promotion, MSMEs capacity and technical development; Further, the scheme has a risk-sharing facility to incentivize the lenders to provide credit to higher-risk borrowers.
- Improve agricultural productivity through provision of subsidized farm inputs like certified seeds, fertilizers and livestock genetic improvement vaccines, construction of household water pans and provision of dam liners to increase area under irrigation and promotion of extension services;
- Enhance capacities for vocational training institutes to be centres for innovation and through bursary and technical support.
- Improve NHIF coverage through increased subsidies for vulnerable groups.
- Enhance the Enterprise and Innovation Programme in order to support business planning, skills development, access to credit from the partner financial institutions, marketing, certification etc., providing additional worksite and related infrastructure, focusing on boosting manufacturing, commercial agriculture and tourism.
- Increasing budgetary allocation for disaster preparedness programs that include and not limited to firefighting equipment, training fire fighters among others.
- Hasten development of new and widen utilization of existing applications like health telemedicine and ICOMS for health and performance management respectively and adopt programmes to ensure widespread access to reliable and affordable internet using aerial and satellite-based telecommunication technologies given the vastness of the county.
- Develop labour market interventions and policy reforms that drive employment creation within the key sectors of agriculture, trade and industry, infrastructure, tourism, technology and innovation.
- Enhance capacity for manufacturing through provision and mobilization of more resources for the rescue package for businesses and traders hard-hit by the effects of COVID-19 plus preferential identification and marketing of Laikipia Brand products.
- Increase access to water for production through expansion and rehabilitation of existing piped water connection, improved infrastructuredevelopment for example construction of

water pans and dams, upscale abstraction of water from rivers, spring protections, harvesting of rainwater from roof and other catchments, increased water storage capacity.

- Improve road infrastructure throughlabour-based and local resource-based approaches for road development and maintenance, increasing the share of unpaved roads in good and fair condition to above 62 per cent, Improve and expand infrastructure for Non-Motorized Transport (NMT) in urban areas, enhance trickling of benefits from the rehabilitated Nairobi-Nanyuki Railway, support growth of a logistics hub in Nanyuki.
- Accelerate the Smart Towns Initiative for completion and introduction of more urban centres into the programme, digitization of land and physical planning administration, develop and implement a property and business addressing system and urban planning and design instruments.
- Promote tourism through enforcement of sanitation and hygiene standards in all accommodation facilities, mapping of all tourism sites and expand the tourist products, allocate resources for investment and rehabilitation of tourism-supporting infrastructure, including sports stadia, cultural information Centre and museum and promote the county as a tourist destination through the Twende Laikipia Initiative.
- Improve the Laikipia Health System (LHS) through reforms in service delivery, improve LHS facilities through infrastructure development for example, improved bed capacity in Nyahururu County Teaching and Referral Hospital and Nanyuki Teaching and Referral Hospital, support improvement of health workers to household ratio to 1:100, undertake leasing of medical equipment and an integrated ICT system for effective referral and service fulfillment.
- Enhance ECDE and vocational training through infrastructural development and provision of equipment to all ECDE and vocational training centers; and pursue opening of University branches in the County with adequate and learning spaces.
- Promote gender mainstreaming, protection and response against gender-based violence and involvement of women in all sectors of economic activities.
- Promote protection, conservation and management of the environment and natural resources, while implementing interventions on climate change adaptation and mitigation, disaster reduction and increasing community resilience.
- Support mineral's exploration and extraction in the county to support industrialization.
- Provide and promote alternative sources of clean energy for domestic and industrial use.

The expected outcomes in the medium term will include;

- Increased access to water for household use, businesses and for agriculture from the current 67% to at least 80%. This will ultimately expand land under irrigated agriculture to over 50,000 acres.
- Fully exploited potential in mining to boost the county's economy by attracting detailed exploration, incentivize investment into value addition to the minerals.
- Increased Gross County Product to KShs 112 billion by 2022 and thereby raising the daily per capita income to KShs 1,000 within the medium term.

- Growth in licensed businesses to 70,000 businesses in Laikipia that would support 100,000 employees and further continue supporting new and expanding current innovations.
- Improved literacy rates, business and technical skills (technical and entrepreneurship) ofthe youth.

CHAPTER TWO

RECENT GLOBAL, NATIONAL AND COUNTY ECONOMIC DEVELOPMENT

2.1 Introduction

Global and national economic variability affect both directly and indirectly our county fiscal decisions and operations. This section therefore highlights recent economic developments on the global and national level and its impacts on the county's economic development.

2.2 Macroeconomic Environment

The economy is expected to rebound to 6.0 percent in 2021, supported by the continued reopening of the services sectors, recovery in manufacturing sector and strengthening of global demand. This is reflected by robust performance of construction, manufacturing, education, real estate and transport and storage sectors.

The economy continues to register macroeconomic stability with low and stable interest rates and a competitive exchange rate that supports exports. The Central Bank Rate was retained at 7.0 percent on 28 September 2021 to signal lower lending rates in order to support credit access by borrowers especially the Small and Medium Enterprises distressed by COVID-19 pandemic. The money market was relatively liquid in October 2021 supported by Government payments. As such, the interbank rate remained low but increased slightly to 5.3 percent in October 2021 from 2.7 percent in October 2020.

Interest rates on the Treasury bills remained relatively stable in October 2021. The 91-day Treasury Bills rate was at 7.0 percent in October 2021 compared to 6.5percent in October 2020. Over the same period, the 182-day Treasury Bills rate increased to 7.4 percent from 6.9 percent while the 364-day also increased to 8.3percent from 7.8 percent.

The NSE 20 Share Index stood at 1,960 points by end of October 2021, an increase compared to 1,784 points by end October 2020. Market capitalization also increased to Kshs. 2,775 billion from Kshs. 2,150 billion over the same period indicating increased trading activities

Year on-year overall inflation rate has remained low, stable and within the policy target range of 5+/-2.5 percent since the end of 2017. The year-on-year inflation rate increased to 6.45 percent in October 2021 from 4.84 percent in October 2020 driven by higher food prices. However, the inflation rate remained within the target range supported by muted demand pressures.

Kenya's year-on year inflation rate compares favorably with the rest of Sub Saharan Africa countries. In September 2021, Kenya recorded a lower inflation rate than Burundi, Ghana, Nigeria and Zambia.

The foreign exchange market has largely remained stable but partly affected by tight global financial conditions attributed to uncertainty with regard to theCOVID-19 pandemic. In this regard, the Kenya Shilling to the US Dollar exchanged at Kshs. 110.9 in October 2021 compared to Kshs. 108.6 in October 2020.

In comparison to most Sub-Saharan Africa currencies, the Kenya Shilling has remained relatively stable weakening by 2.0 percent against the US Dollar in this year up to October 2021.This depreciation of the Kenya Shilling was lower than that of Rwanda Franc, Nigerian Naira, Mauritius Rupee, Burundi Franc and Ghanaian Cedi. The stability in the Kenya Shilling was supported by increased remittances, adequate foreign exchange reserves and favorable horticultural exports

The agriculture, forestry and fishing sector declined by 0.9 percent in the second quarter of 2021 compared to a growth of 4.9 percent over the same period in 2020. This was mainly attributed to the depressed rainfall distribution that has affected production of crops such as Tea. However, the sectors performance was cushioned from a steeper slump by favorable performance in milk production, horticultural export and sugarcane production.

The service sector grew by 15.7 percent in the second quarter of 2021 compared to a contraction of 6.7 percent over the same period in 2020. The growth was largely attributed to the growth in the wholesale and retail trade (9.5 percent), information and communication (25.2 percent), transport and storage (16.9 percent), health (10.0 percent) and education (67.6 percent) sectors.

The industry sector grew by 7.9 percent in the second quarter of 2021 from a contraction of 0.5 percent in a similar quarter in 2020. The manufacturing and electricity and water supply sectors grew by 9.6 percent and 5.1 percent respectively in the second quarter of 2021 from a contraction of 4.7 percent in both sectors in the similar period of 2019. The construction sector declined to 6.5 percent in second quarter of 2021 over a growth of 8.2 percent in a similar period of 2020.

2.3 Recent Global and Regional Economic developments

Global economic growth in 2021 is projected at 5.9 percent from a contraction of 3.1 percent in 2020. Emerging markets and developing economies are projected to experience a more challenging recovery from the COVID-19 pandemic compared to their counterparts.

The advanced economies are projected to recover to 5.2 percent in 2021 from a contraction of 4.5 percent in 2020. This projected recovery, particularly in the United States, reflects the anticipated legislation of additional fiscal support in the second half of 2021 and broader vaccinations coverage across the group.
Growth in the Sub-Saharan Africa region is projected at 3.7 percent in 2021 from a contraction of 1.7 percent in 2020 due to improved exports and commodity prices, and the rollout of vaccination programmes.

2.4 County Socio-Economic Performance

According to the Laikipia County Statistical Abstract 2021, the Laikipia Gross County Product (GCP) grew by 2.7 % from Kshs 97.85 billion at current prices in 2019 to Kshs 100.50 billion in 2020. The county GCP represented 1.1% of the National GDP. The main economic activities are agriculture (45.8%), construction (7.0%), wholesale and retail trade inclusive of repair of motor vehicles (8.8%), transport and storage (8.2%) financial and insurance activities (6.1%) and lastly public administration and defense (6.8%).The rest of the economic activities including mining and quarrying, manufacturing, electricity supply, water supply and waste collection, information and communication, real estate activities, professional technical and support services, education, human health and social work activities and other social activities contributed a combined 10.3% of the GCP. Trends across the key sectors are highlighted below;

Agriculture, Livestock and Fisheries

In agriculture sub-sector, food crops production increased by 3.93% from 208,415 metric tonnes in 2019 to 208,415 metric tonnes in 2020 while volume of coffee produced increased by 34.6% from 78 metric tonnes to 105 metric tonnes during the same period. Under the horticulture sub-sector, volume of fruits and vegetables expanded by 117 % from 29,184 metric tonnes in 2019 to 63,406 metric tonnes in 2020 while the volume of cut flowers increased by 46.1 % from 453 metric tonnes to 662 metric tonnes during the same period. Area under irrigation increased by 15% from 3,973 hectares in 2019 to 4,588 hectares in 2020. Additionally, retail and wholesale prices of farm inputs and selected food commodities remained relatively stable throughout the period.

Livestock sub-sector also witnessed a contracted growth across various categories with meat production decreasing by 7.68% from 4,138 metric tonnes in 2019 to 3,820 metric tonnes in 2020. Quantity of other livestock products grew by 16% from 634 metric tonnes in 2019 to 736.9 metric tonnes in 2020. Volume of milk produced increased slightly by 4.9% from 34.2 million liters in 2019 to 32.7 million liters in 2020. In addition hay production decreased by 36% from 2.69 million bales produced in 2019 to 1.72 million bales produced in 2020. In poultry farming, egg production increased by 9.6% from 10.9 million eggs in 2019 to 11.95 million eggs in 2020. In addition, fish production increased by 61% from 13.6 metric tonnes in 2019 to 21.9 metric tonnes in 2020.

Trade, Tourism and Co-operatives

The sector continued to grow with the MSMEs expanding by 13% from 20,846 licensed business establishments in 2019 to 23,586 licensed business establishments in 2020.

The total number of visitors' arrival declined by 32% from 203,912 in 2019 to 66,330 in 2020. The number of active cooperatives societies including SACCOs increased by 11.4% from 175 societies in 2019 to 195 societies in 2020 with share capital expanding by 9% from KShs 447.9 million to KShs 488.8 million during the same period.

Manufacturing, Innovation and Enterprise Development

The sector grew by 84% on the number of industries from 456 in 2019 to 846 industries in 2020. The growth was mainly due to increase in enterprises dealing with wearing apparels and animal feeds. In the FY 2020/21 through innovation and enterprise development the sector achieved the following.

- Mentored 467 enterprise and trained 40 MSMEs on digital and financial literacy and entrepreneurship skills

- Supported the certification of 37 products by KEBs and filed 16 products for utility model
- Linked 38 small and medium enterprises to funding facilities and promoted 74 made in Laikipia products into the local and international market
- Provided 15 enterprises with working spaces, facilitated the development of 14 business plans and profiled 10 cottages industries across the county.
- Trained 200 business development officers across departments and 81 supervisors on enterprise development skills.
- Formalized the engagement between 110 enterprises and the Laikipia Innovation and Enterprise development programme.

Financial Services

According to the Laikipia County Statistical Abstract 2021, the financial and insurances activities in the county grew by 5.23 % from Kshs 5.83 billion at current prices in 2019 to Kshs 6.1 billion in 2020 representing 6.10% of the Gross County Product. The number of SACCOs in the county grew by 12.9% from 132 in 2019 to 149 SACCOs in 2020 while the number of banks(25), insurance companies (34), microfinance institutions (8) and Automated Teller Machine (ATM) (39) remained the same. The amount of loans advanced by SACCOs grew by 8.7% from Kshs 2.0 billion in 2019 to Kshs 2.2 billion in 2020 while the loans advanced by Agriculture Finance Corporation (AFC) declined by 28% from Kshs 149.1 million in 2019 to Kshs 106.2 million in 2020.

Construction, Transport and Storage

Building plans approved for private ownership increased by 29% from 158 plans in 2019 to 205 plans in 2020 while completion of new non- residential buildings for private ownership in various sectors increased by 8.9% from 89 in 2019 to 97 buildings in 2020.The number of 50kg bags of cement and pieces of steel bars sold in the county in 2020 stood at 3.07 and 4.74 million respectively.

The number of public service vehicles including motor bikes, tuktuk and taxis operating in Laikipia County increased by 7.2% from 21,761 in 2019 to 23,334 in 2020. The number of passengers recorded by various SACCOs decreased by 66% from 5,891,369 in 2019 to 3,900,316 in 2020. Traffic handled at Nanyuki Airstrip decreased by 67.8% from 11,300 in 2019 to 3637 in 2020. The number of passengers recorded by Kenya Railways at Nanyuki station stood at 5,300 in 2020 while the amount of petrol, diesel and building stones transported from Nairobi to Nanyuki stood at 2,952litres, 3,908litres and 26,400 pieces respectively. No volume of cargo was transported by rail from Nanyuki to Nairobi in 2020.

On road improvement, the length of paved/ bitumen roads in the county increased by 13.3% from 383.7 kilometers in 2019 to 434.8 kilometers in 2020 while the length of graveled/murramed roads increased by 11.6% from 3,083 kilometers in 2019 to 3,441.5

kilometers in 2020.The length of bitumen roads in urban areas increased by 11.2% from 33.1 kilometers in 2019 to 36.8 kilometers in 2020.

Electricity, Water and Sanitation

Domestic electricity connections grew by 17.2% from 61,640 in 2019 to 72,216 connections in 2020. Commercial entities (small, medium and large) connections increased by 24.7% from 6,844 connections in 2019 to 8.532 connections in 2020. Total electricity consumption in the county reduced by 4.02% from 114.2 GWh in 2019 to 109.6 GWh in 2020. The number of households using biogas or solar energy as main type of cooking fuel increased by 6% from 583 in 2019 to 621 households in 2020. On water supply, the number of households with piped water expanded by 14% from 33,454 households in 2019 to 38,339 households in 2020 while the number of households with access to main sewer increased by 6% from 11,006 in 2019 to 11,664 households in 2020.

Health Care Services

The number of health facilities (Government, Faith Based Organizations, Non-Governmental Organizations and Private owned) in the county increased by 3.5% from 227 facilities in 2019 to 235 facilities in 2020 while the number of beds and baby cots in public health facilities increased by 59.4% from 670 in 2019 to 1,068 in 2020.

The number of registered medical personnel in the public health facilities increased by 34% from 763 in 2019 to 1,024 personnel in 2020 while the number of Community Health Volunteers (CHVs) increased by 70% from 645 in 2019 to 1,100 volunteers in 2020.

Registration of membership to National Health Insurance Fund (NHIF) stood at 274,803 members in 2020 while vaccination against COVID 19 stood at 23% of the entire county population by mid November 2021.

Education and Training Services

The number of public learning institutions in the county increased by 0.6% from 867 institutions in 2019 to 872 institutions in 2020. Enrolment in ECDEs in the county decreased by 8.5% from 30,795 pupils in 2019 to 28,180 pupils in 2020 while enrolment in primary schools increased by 7% from 97,199 pupils to 100,823 pupils in the same period. Student enrolment in secondary schools increased by 9.1% from 39,093 students in 2019 to 42,662 students in 2020 while students' enrolment in public technical training institutes and youth polytechnics in Laikipia County decreased by 16.1% from 1,518 students in 2019 to 1,763 students in 2020.

The number of Laikipia students enrolled in Kenya TVETS decreased by 47% from 1,789 students in 2019 to 840 students in 2020 while the number of students enrolled in Kenya universities increased by 35.8% from 1,309 students in 2019 to 1,777 students in 2020.

County Business Environment

On the ease of doing business, Laikipia County was ranked position 5 overall out of 42 counties in a survey conducted by KIPPRA in 2020 on the county business environment for SMEs in Kenya. Based on the parameters and scoring criteria used in the survey, the county fared well on electricity connections at 70.37, roads and access to markets at 63.47, licensing at 80.39, self-regulation at 78.43 and security at 59.3. On the other hand, the county performed decimally on innovations and patenting, access to government procurement opportunities (AGPOs), access to public toilets and waste management.

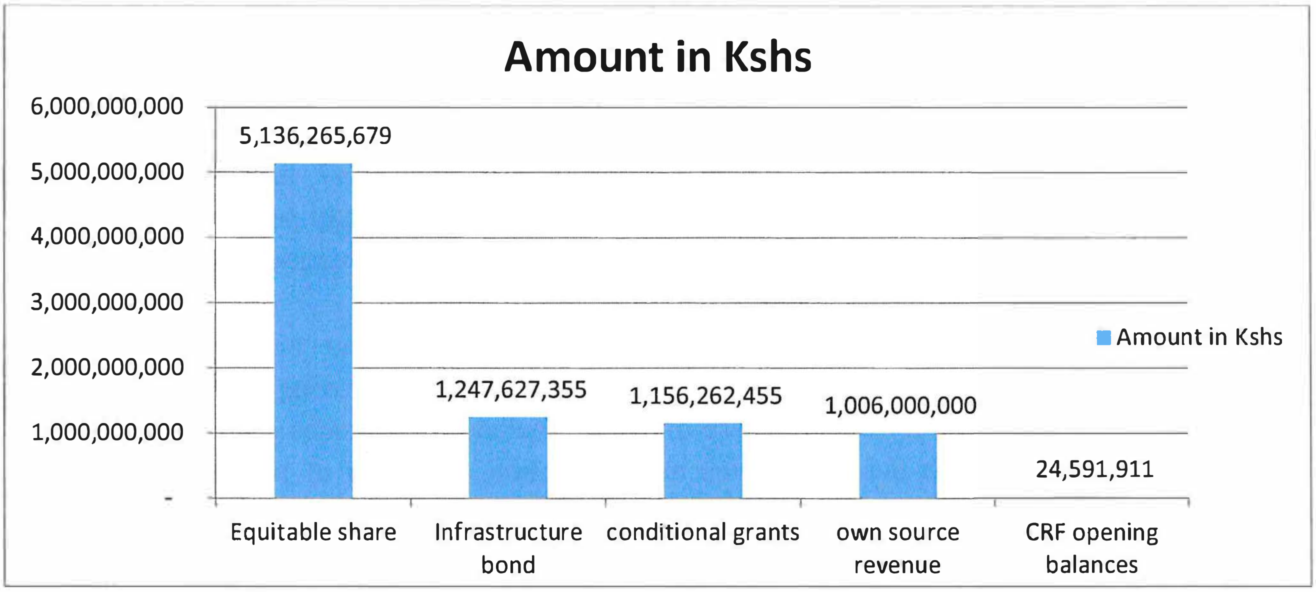
The County Government through the newly established Directorate of Industrialization and Innovations has prioritized on development initiatives aimed at improving business environment for SMEs to thrive in the county. These initiatives include programmes such as infrastructural development to support industrialization and innovation, provision of financial and technical capacities for SMEs and enactment of favorable legal framework.

In addition, the government continues to implement the affirmative action and the Public Procurement and Disposal Act 2015 by ensuring access to government tenders to youth, women and persons living with disabilities most of which are in SMEs.

2.5 Budget Performance at the County Level

In the FY 2021/2022, the County government expects to receive total revenue amounting to KShs 8,570,747,400 comprising of equitable share allocation of KShs 5,136,265,679; Own source revenue projected at KShs 1,006,000,000; Infrastructure bond amounting to KShs 1,247,627,355, conditional grants (excluding non-receivable leasing of medical equipment grant of KShs 153,297,872) to the tune of KShs. 1,156,262,455 (comprising of transforming health systems for universal care project KShs 28,777,132, climate smart agriculture project KShs 349,961,100 , DANIDA grant KShs 9,256,500, E.U IDEAS project KShs 15,626,168, Agricultural sector development support program KShs 23,833,630 and Kenya devolution support program investment grant of KShs 167, 353,974, grants bank balances as at 30th June 2021 of KShs 358,555,828 and grants not received in 2020/2021 of KShs 202,898,123) and County Revenue Fund opening balance of KShs 24,591,911. This is as captured in the following figure 1.

Figure 1: FY 2021/2022 County Revenues by Source



From July 2021 to mid-November 2021 the county had collected KShs 322,554,844 from local sources representing 32.04 percent of the local revenue target of KShs.1,006,875,000.The highest collections are expected to be realized between January and March 2022 due to business permit renewals and payments of external services and encroachment fees.

Ongoing improvements in collection of hospital revenue are expected to cause the significant change in own source revenue. Revenue automation and continuous staff capacity development continues to play an important role in revenue generation and efficiency revenue management and reporting.
In the period July 2021 to mid-November 2021 the total exchequer releases amounted to KShs.1,570,125,765 representing18.31 percent of the total budget.KShs413,936,396was released for development expenditures and KShs. 1,156,189,369 for recurrent expenditures including KShs.143, 876,937 for the County Assembly. No funds had been released as conditional grants.

In the period July 2021 to September 2021 the total expenditure amounted to KShs. 416,842,178 representing 4.86 per cent absorption rate on the total budget. The development and recurrent expenditures were KShs.82, 626,720 and KShs.334, 214,458 representing 2.17 per cent and 7.01 per cent absorption rate respectively. The low expenditures were as a result of delayed approval of the budget estimates.

To maintain the highest quality, reliability, timely and accuracy in financial reporting, the County Treasury will continue to support the operations of Financial Reporting Unit. This is in line with the PFM Act 2012 and IPSAS requirements. Internal audit systems will be strengthened to ascertain that government resources are applied efficiently and effectively toward the intended purposes and in compliance with laid down laws and policies.

Public participation and stakeholder engagement continue to play an important role in the governance of public affairs. Given that the county government makes decisions throughout the year public engagements and consultations have been ongoing process. The government has prioritized civic education, foras with Civil Society Organizations, town hall meetings, community barazas and implementation of public participation communication strategies to better the process.

The County Treasury has embraced the end to end procurement cycle through the IFMIS. In addition, the County Treasury aims at achieving and sustaining the proposed 14 days' as Turn-Around-Time (TAT), through inception and complete adoption of Procure to Pay (P2P).Guidelines on the handling of purchase orders and invoices to all the accounting officers and contractors in order to ensure efficiency in service delivery have been issued.

The County Government through Supplier Development Program will continue to sensitize the county suppliers on PPDA (2015) procurement procedures and guidelines, the e-Procurement and the role suppliers' play in making the system successful. Partnerships with the financial institutions like banks to partner in tradefinance products will be supported and lastly the need to focus on expanding and diversifying their businesses and building confidence.

CHAPTER THREE
MACRO-ECONOMIC POLICY FRAMEWORK AND MEDIUM TERM OUTLOOK
3.1 Introduction
This section explores the global and national macro-economic development outlook and how they will impact on the county's economic outlook and fiscal performance in the medium term. In addition, analysis on significant internal risks to the outlook is highlighted.

3.2 Global, National and County Economic Prospects
The world economic growth is projected at 5.9 per cent in 2021 from a contraction of 3.1 per cent in 2020. However emerging and developing economies are projected to experience a more challenging recovery from the COVID-19 pandemic compared to their counterparts. This is largely attributed to uneven access to COVID-19 Vaccine. In 2022, the world economic growth is projected to 4.9 per cent.

Growth in the advanced economies is projected to recover to 5.2 per cent in 2021 compared to a contraction of 4.5 per cent in 2020. The projected recovery is supported by additional fiscal support in the second half of 2021 and broader vaccinations coverage across the group. The economic growth for this category is projected to contract to 4.5 per cent in 2022

The emerging markets and developing economies are also projected to improve to 6.4 per cent in 2021 from a contraction of 2.1 per cent in 2020. This recovery is well echoed in the forecasted growth of Emerging and Developing economies in Asia and Europe, Latin America and the Caribbean, and Sub-Saharan Africa.

The economic growth in the Sub-Saharan Africa region is expected to recover to 3.7 per cent in 2021 from a contraction of 1.7 per cent in 2020 due to improved exports and commodity prices and the roll out of vaccination programmes. The growth will also be supported by recovery in private consumption and investment as the economies recover.

The Kenya's economy is projected to rebound to 6.0 per cent in 2021 from a contraction of 0.3 per cent in 2020. Looking ahead, economic growth is projected to slow down to 5.8 per cent in 2022 (due to in part the uncertainty associated with the 2022 general elections). In terms of fiscal years, economic growth is projected to grow by 3.5 per cent in FY 2020/21 and further to 6.2 per cent over the medium term. This growth outlook in the medium term, will be supported by: stable macroeconomic environment, ongoing investments in strategic priorities of the Government under the "Big Four" Agenda, the ongoing public investments in infrastructure projects, the Economic Stimulus Program being implemented, the planned post COVID-19 Economic Recovery Strategy, turn around in trade as economies recover from the COVID-19 Pandemic and expected favorable weather that will support agricultural output. These factors will push up consumer demand and increase both public and private sector investment reinforcing the projected growth. The economic growth projections over the medium term are aligned to those of the Third Medium Term Plan (2018-2022) of the Vision 2030.

The projected global and national economic growth rates across the various categories are as presented in table 1.

Table 1: Global economic Growth in Per Cent

Economy	2020*	2021**	2022**
World	-3.1	5.9	4.9
Advanced Economies	-4.5	5.2	4.5
of which: USA	-3.4	6	5.2
Emerging and Developing economies	-2.1	6.4	5.1
of which: China	2.3	8	5.6
India	-7.3	9.5	8.5
Sub-Saharan Africa	-1.7	3.7	3.8
of which: South Africa	-6.4	5	2.2
Nigeria	-1.8	2.6	2.7
EAC-5	-0.2	5.7	5.3
of which: Kenya***	-0.3	6	5.8
* Estimate ** Projected ***National Treasury Projection EAC-5: Burundi, Kenya, Tanzania, Rwanda and Uganda			

Source: Draft 2022 Budget Policy Statement

The National Government is currently focusing on the implementation of the post COVID-19 Economic Recovery Strategy (ERS) that aims at restoring the economy to a strong economic growth path, creating jobs and economic opportunities across all regions of the county with a view of tackling social and income inequalities. It is expected that the successful implementation of the ERS, which is also aligned to the Big Four Agenda, will promote inclusive growth and transform the lives of Kenyans.

3.3 Laikipia County Medium Term Framework: Accelerating Post Covid-19 Economic Recovery

The County registered a moderate economic growth of 2.7 per cent in 2020 compared to 10.1 per cent in 2019. The slowed growth was fueled by better performance in agriculture (6.5%), mining and quarrying (12.6%), water supply (3.5%), construction (8.5%), ICT (7.5%), financial and insurance (5.2%), real estate (4%), electricity supply(3.5%) public administration and defense (7.3%) and human health and social work activities (7.2%) sectors.

The following sectors experienced negative growth over the period: manufacturing (-1.4%), wholesale and retail trade (-1%), transport and storage (-0.8%), accommodation and food services (-50.1%), professional, technical and support services (-7.7%), and education (-30.9%). In 2021, we expect the county to be on the growth trajectory fueled by the rejuvenated sectors like accommodation and food services, education, as well as wholesale and retail trade. However, agriculture is expected to record lower performance due to the prevailing current weather conditions

Over the medium term, the County Government will continue to pursue prudent fiscal policy and reforms to promote economic recovery. The 2022 CFSP is premised on the need to overcome the immediate socio-economic challenges that the county faces today. At the heart of the policies in this document, is the desire to foster a conducive environment critical to return the economy back to the growth path.

Despite the challenges posed by COVID-19, the county government fiscal policy will focus on supporting expansion of enterprises to support their recovery from the devastating effects. In this regard, the county government identified and entrenched six (6) pillars towards sustaining social economic recovery namely: Economic Stimulus Program; Policy, Legislation and Institutional Reforms; Strengthening county governments' preparedness and response to pandemics/disasters; Enhancing ICT capacity for business competitiveness and efficiency in service provision; Human capital development; and Comparative advantage in livestock production. These pillars will continue to be actualised as follows.

3.3.1 Economic Stimulus Program (ESP)

To resuscitate the private sector, the Government will continue firming up the Economic Stimulus Program to increase liquidity to small businesses and create jobs for the youth. ESP has the following components: Laikipia County Business Stimulus Fund, Laikipia Innovation and Enterprise Development Program, road infrastructure development using leased machinery and labour-based contracts, subsidized farm inputs and mechanization services, livestock genetic improvement vaccines, market creation and extension services ,water and irrigation infrastructure development, tourism and cooperative support, manufacturing, innovation and investment promotion support, MSMEs capacity and technical support, vocational training centers support, NHIF subsidies for vulnerable groups, mining exploration and extraction support and Information, Communication Technology (ICT).

3.3.2 Policy, legislative, and institutional reforms

The County Government has over time enacted various legislations to govern various sectors including health, livestock disease control, social assistance, education, and cooperative Societies. The County has also established its own county entities that include the Laikipia County Development Authority, the Laikipia County Revenue Board, among others to improve efficiency and enhance private sector cooperation and integration. The County has already published several regulations to help address COVID-19 as it supports social economic activities. These regulations include:

- The Laikipia County Public Health Regulations, 2020.
- The Laikipia County COVID-19 Emergency Response Fund, Regulations 2020.
- The Laikipia County Emergency Fund regulations, 2020
- The Laikipia County Business Stimulus Fund Regulations, 2020
- The Laikipia County Disaster Risk Management Act 2021

The county government will also ensure full compliance with the national standards and existing legislations to avoid litigations touching on financial administration and management that may delay development and generate possible sanctions impacting negatively on the county financial systems. All these efforts are geared towards ensuring effective and efficient processes for supporting recovery and growth.

3.3.3 Strengthening county government's preparedness and response to pandemic and disasters

The COVID-19 pandemic has exposed weaknesses of many counties including Laikipia on their preparedness to deal with pandemics and other disasters. To address these challenges the county government has formulated policies and regulations to guide disasters risk preparedness and response.

In addition, to strengthen Disaster Risk Management, following intervention programmes will be implemented;

i) Fast track the operationalization of the Disaster Risk Management Act

ii) Increasing budgetary allocation for disaster preparedness programs that include and not limited to firefighting infrastructures and equipment, training on emergency preparedness, among others.

iii) Collaborate widely with member counties that form the Central Region Economic Bloc (CEREB) to allow for information exchange and coordinated response measures.

iv) Collaborate with National Government institutions as well as Civil Society Organizations to strengthen the capacity of County Government to respond effectively to pandemics through implementation of programmes such as County Level Emergency and/or Contingency Plans; County Disaster Risk Profiling; and development of urban resilience strategies in the urban areas and urban water supply

3.3.4 Enhancing ICT capacity for business competitiveness and efficiency

According to Laikipia County Statistical Abstract 2021, the ICT sector contributed KShs 998 million to county GCP despite ICT access and use in the county being low. Approximately 51.5 per cent of the population aged 3 years and above own a mobile phone which is above the national average of 47.3 per cent. Approximately 96.0 per cent of the internet users in the county rely on mobile phone for connectivity.

A key component of the Post-COVID-19 economic recovery is enhancing investment in development of the requisite ICT and digital infrastructure to facilitate e-commerce and efficient delivery of public services. The County governments will fast track implementation of various ICT projects and programs to ensure business continuity and build resilience of the county against future pandemics and disasters. The specific development interventions planned for implementation include.

i. Development of new and widen utilization of existing applications like health telemedicine and iCOMs for health and performance management respectively.
ii. In partnership with the private sector, support programmes that will enable households to acquire ICT assets such as smart phones and laptops and increase mobile phone ownership.
iii. Adopt programmes to ensure widespread access to reliable and affordable internet using aerial and satellite-based telecommunication technologies.
iv. Work with information technology personnel in public primary and secondary schools to support the development of ICT competence and skills among the students.
v. Heighten internet connectivity to public buildings and key trade centers to boost e-commerce especially for MSMEs in trade and business.
vi. Give strategic prominence to planning, budgeting and investment in ICT through allocating more resources both human and financial.
vii. Develop and implement ICT policies and procedures to mitigate the cyber threats and collaborate with the national Computer Incident Response Team (CIRT) and the Communications Authority (CA) towards managing cyber threats.
viii. Fast-track the review and implementation of Laikipia county ten-year ICT master plan.

3.3.5 Promoting human capital development

Investment in human capital is critical in driving inclusive economic growth for the County's recovery and re-engineering strategy. There is need to upscale human capital including ICT capacity to deal with new realities around employment.

The profound impacts of the COVID-19 in the county on human capital development underscores the importance of achieving Universal Health Coverage (UHC), financing for strong educational systems, creating employment opportunities in informal sector and ensuring the availability of strong and adaptable programs so that county can quickly and effectively mitigate the effects of the shock and lay the ground for future resilience. Towards this, the county will endeavor to achieve the following

i) Develop labour market interventions and policy reforms that drive employment creation within the key sectors of agriculture, trade and industry, infrastructure, tourism, technology and innovation as informed by the Laikipia County Labour Report 2020.
ii) The County will continue developing technical education through training and skills development as already witnessed by the 200 staff under the Business Development Training Programme, 41 staff recently inducted at Kenya School of Government, over 100 officers

sponsored to undertake the post Graduate Diploma in Project Management at Dedan Kimathi University and training of farmers and Small and Medium Enterprises.

iii) Build workplace resilience to public health emergencies and outbreaks of infectious diseases in all economic sectors as well as enforcing re-organization of workspaces to ensure heightened safety.

iv) Improve the investments in community and primary health including hiring and training of more Community Health Volunteers (CHVs), increase access to clean water and reliable sanitation, increase immunization and continue supporting public health.

v) Strengthen the capacity of workers and the employers' organizations to enhance their knowledge base and ICT skills for business continuity during the COVID-19 pandemic period and in the long-term.

3.3.6 Harnessing comparative advantage in livestock production.

Laikipia County has a comparative advantage in livestock production with a high potential for livestock keeping. In 2020 livestock population was estimated as follows: dairy cattle (75,774), beef cattle (232,848), sheep (357,361), goats (466,362), camels (14,579), pigs (1,977) and poultry(573,460). The value of livestock slaughtered in county was estimated as follows; cattle (KShs 746 million,), goats (KShs 139 million), sheep (KShs 272 million), pigs (KShs 3 million) and camels (KShs 45 million).The value of the livestock(cattle, sheep and goat) that moved out of the county was estimated at KShs 1.04 billion. The estimated annual milk production in the county was 34.3 million litres while the estimated value of egg production in the county was KShs.166 million.

There are 32 private ranches, one government ranch and nine (9) group ranches. The livestock production is mainly in two categories namely large-scale ranch and pastoralism. Whereas the former is defined by their commercial nature of production, the latter is yet to improve its productivity to compete effectively for the market in urban areas, hospitality and service industries. The county plans to harness the potential of livestock production by implementing measures and interventions as follows

i. Support the establishment of feedlot systems to improve the quality and quantity of beef produced while controlling pests and diseases. Four pilot feed lots are targeted within the financial year in the group ranches.
ii. Continue improving market infrastructure so that pastoralists can get good returns when they sell their livestock. The county targets to improve and upgrade five key modern abattoir and their market structures to attract more buyers.
iii. Improve the delivery of extension and veterinary services to address the problem of livestock diseases and pest control.
iv. Continue working closely with the neighbouring counties and ranchers to improve security which is critical in ensuring that pastoralists can access pastures and water during drought season.

v. Support the development of disease-free zones. This will help improve the marketability of Laikipia beef.
vi. Improvement of the animal's genetics by providing breeding bulls and AI services to the community ranches. Genetic improvement of goats and sheep is on-going with the county having given the communities pure Dorper lambs and Galla Bucks.
vii. Continue with the improvement of livestock traceability by adopting an electronic ear tagging system for identification.
viii. Put in place interventions for pastoralists during extreme weather conditions to address the problem of pasture shortages and water.
ix. Improve grazing systems within the group ranches to ensure that pastoralists maximize the resources in these ranches before venturing out during dry seasons.

3.4 Sectoral Support for Broad Based Sustainable Economic Growth

3.4.1 Manufacturing

The County's manufacturing sector is yet to be fully developed. In 2020, the manufacturing sector contributed only 0.7 per cent to the Laikipia GCP. At the same time, the number of manufacturing entities grew to 846 in 2020 from 459 entities recorded in 2019 while the number of employees grew to 6,074 in 2020 from 816 in 2019. In that regard, this sector has great potential in supporting recovery of the county's economy. The key manufacturing sectors in Laikipia County include: textile, furniture, food products, animal feeds, and metal fabrication. On the other hand, the main products useful in value addition in the support of manufacturing include wheat, tomato, maize, avocado, and leather. Other activities that the County is considering in support of manufacturing include mining and extraction activities. In the medium term, the County will:

i. Continue with the provision and mobilization of more resources to rescue manufacturers' hard-hit by the effects of COVID-19. At the same time, the county will continue injecting the stimulus and emergency funds to cushion the businesses and traders through affordable and accessible credit.
ii. Continue to support the MSMEs so that they can take advantage of the opportunities including those presented by the pandemic for example, the production of essential goods such as masks, Personal Protective Equipment (PPEs), and sanitizers, disinfectants, canned foods, immunity boosting products, hospital beds and ventilators with a commitment to procure from them.
iii. Reinforce the Laikipia Innovation and Enterprise Development Programme to support existing and upcoming enterprises on branding, business plan development, marketing, products' certification and network building.
iv. Strengthen bonds with key partners to boost manufacturing and innovation activities by providing necessary skills, expertise and implementation of quality programmes that resonate well with the evolving industries' skills taking advantage of key opportunities like the African Industrialization week that was held in the county in November 2021.
v. Promote research, technologies and innovations in manufacturing by closely working with Kenya Industrial Research and Development Institute (KIRDI).

vi. Support the vocational training centers towards expanding their mandate of training to incorporate production and manufacturing units.
vii. Enhance capacity building on entrepreneurial skills and implement business regulations for a conducive business environment.
viii. Promote investment by rehabilitating, constructing, and equipping common manufacturing facilities as well as the development of an ICT business system.

3.4.2 Agriculture

Agriculture still remains a significant sector in the county due to its proportionately higher contribution to the GCP and employment opportunities. In 2020, the sector's contribution to the GCP was valued at KShs. 46.04 billion out of the total KShs 100.5 billion Gross County Product (GCP) at current prices. This represented a 6.5% growth from the 2019 production and a 45.81% contribution to the 2020 GCP.

As the sector gradually shifts from an emergency response to re-engineering, recovery and building resilience, the county will prioritize on programmes that are intended to facilitate attainment of food security, nutrition and commercialization of agriculture. The sector will adopt the following strategies:

i. Continue promoting contract farming for key crops like vegetables and sorghum in conjunction with key market players along the value chain.
ii. Support the uptake of digital platforms when capacity building farmers in modern agricultural technologies, provision of advisory and information services, marketing agricultural produce and improving access to innovative services.
iii. Increase the county's investment in storage and cooling facilities particularly at collection points to minimize farm and post-harvest losses.
iv. Actualize the warehousing receipt system to boost credit accessibility among farmers. This will reduce pressure on farmers to sell their produce immediately after harvests when prices are usually low.
v. Strengthen partnership with the national government, private sector and non-state actors in increasing agro-processing and value addition capacities by establishing, upgrading, and reviving agro-processing plants/industries.
vi. Establish programmes for surveillance of disasters such as extreme weather conditions at the county level equipped with relevant technical specialists and finances to effectively prepare, respond and prevent risks.
vii. Support farmers access quality and affordable agricultural inputs: -livestock and crop inputs.
viii. Procure and distribute manual hay balers to improve the livestock feed and promote value addition.
ix. Acquire and distribute feed choppers and motorized grass cutters to enhance feed utilization and conservation.
x. Provide high-value fruit seedlings to help community members improve their incomes.

xi. Continue training, sensitizing, and empowering livestock CIG value chains and feedlot farmers.
xii. Support farmers to access agricultural insurance which is essential in safeguarding farmers' incomes, effects of climate change and extreme weather conditions.
xiii. Expand sustainable irrigation in the county through partnership with development partners through the water for production initiative.
xiv. Establish sensitization strategies and enhance farmers' ability to adopt sustainable land management practices to minimize environmental degradation.

3.4.3 Water and Sanitation

The WHO prescribed measures of dealing with COVID-19 has led to an increase in the demand for water at the households, health care facilities, marketplaces, public places and among essential services providers.

The total number of households with access to piped water (either piped into the dwelling/yard/plot or from a public tap/stand pipe) as at 2020 rose to 57,715 (representing 38.7 per cent of total household) from 56,415 households in 2019 representing a 2.38 per cent increase. Over 40per cent of the households have no access to piped water: 20.9 per cent access their drinking water from streams/river, 10.4 per cent from boreholes/tube well and 5.8 per cent from rain/ harvested water and 5.7 per cent from dams.

The county is yet to spread the provision of sewer as only 8.9 per cent of households have access to the service. In addition, only 5.2 per cent of households have septic tanks with majority at 55.8 per cent and 12 per cent with covered pit and VIP latrines respectively. The low connectivity to piped sewer denies the county the much-needed revenue from sanitation services as well as access to safe sanitation.

The county commits to the following strategies for implementation:

i. In partnership with stakeholders expand and rehabilitate the existing piped water connection infrastructure to help increase water access at households and reduce water leakages.
ii. Upscale the construction of water pans and dams as well as ground water to meet the expected increase demand of water supply in households, institutions and public places.
iii. Together with relevant stakeholders enforce the water harvesting policy and storage in all buildings constructed in the county.
iv. Undertake water trucking during times of prolonged drought emergencies and water shortages to households.
v. Encourage the participation of both men and women in water management and governance and involvement of communities in protection of water catchment areas
vi. Implement the Laikipia county water master plan.
vii. Collaborate with development partners to expand sewer infrastructure to accommodate more households

viii. Build toilet and WASH facilities in communities, schools, marketplaces and in other public places to increase access to sanitation.

3.4.4 Laikipia HealthServices (LHS)

The overall goal of health sector is to attain the highest possible standards of health care to all in accordance with the Constitution. The Constitution underscores the right to health and recognizes provision of equitable, accessible and affordable health care to all. To tackle the implications of COVID-19, the county implemented various interventions including investing more in preventive and public health. In effect, the county experienced increased health budget allocation. More County health personnel were recruited to increase the health worker: household ratio to 1: 100 household; Digitization of health care in the County to reduce the need to go to referral hospitals and purchase of right medicine; provision of medical insurance for county staff through NHIF's, Kenyan Alliance, Jubilee Insurance's and AON Minet's accreditation in Nyahururu, Nanyuki and the Rumuruti hospitals. In the medium term the county plans to implement the following;

i. Improve access to quality and affordable healthcare through Laikipia Health Service (LHS) through increasing county wide enrolment to NHIF , renovation, refurbishment and branding of all Health outlets to reflect the vision, mission and values of LHS; expand services at Nanyuki, Nyahururu, Rumuruti, Doldol, Lamuria, Ndindika, Kimanjo health facilities supported by leasing of medical equipment; Improve health productivity through innovative technology systems, laboratory up-scaling and sample referral plus Non-Communicable Diseases mainstreaming.
ii. Strengthen preventive/ promotive health services across the county through up scaling the role of CHVs, improving primary and preventive healthcare, enforcing proper collection and disposal of solid and liquid waste, improving maternal and child nutrition and the nutrition of the general population
iii. Establish an efficient referral system by identifying and training of emergency teams and procuring of additional ambulances;
iv. Continuous medical education and training of additional health workers in areas like ICU, Radiology, Psychiatry and Mental Health, Pathology and cytology, Theatre.
v. Treat COVID 19 patients and mitigation of the health effects of COVID 19 by Training of health workers, research on COVID-19 and other viral diseases and post COVID-19 financial and Medical interventions

3.4.5 Education, Sports and Social Development

The sector aims at providing an enabling environment for improved access, retention, completion and transition rates for early childhood education pupils and trainees. Further, improvement on skills, entrepreneurship skills and life- skills, establish and manage professional teaching and learning services for all early learning centers and tertiary institutions; enhance development capacities towards technology and innovations advancement and promote vibrant industry-institutional linkages in the area of skilling for employability

Despite the negative effects of COVID-19 pandemic and the ensuing containment measures, the Government continues to make sustained investments in the education sector through infrastructural development, skills development and training, teacher recruitment, construction and equipping of technical institutions. In the medium term, the following development interventions are to be implemented:

i. In collaboration with the national government and other development partners support infrastructural development and equipping of ECDE centers, primary schools, secondary schools and vocation training centers.
ii. Continue offering bursaries and scholarships support to orphans and the neediest in special schools, secondary schools, vocational training centres, colleges and universities.
iii. In partnership with stakeholders in the education sector the county will continue supporting and monitoring the implementation of the competency-based curriculum.
iv. Continuously support professional development and capacity development of ECDE teachers and vocational training centres trainers.
v. Support the vocational training centers in the county towards expanding their mandate of training to incorporate production and manufacturing units. This will resonate well with the evolving industries' skills.
vi. Promote the social protection of vulnerable groups through the implementation of the anti-FGM act and collaborating with agencies that identify and register orphans, PWDs, steer children the elderly and economically-disadvantaged women.
vii. Collaborate with county departments to control the sale of alcohol and intoxicating substances.
viii. Establish talent incubation centers and organize exhibitions and talent shows that help with talent identification and nurturing.

3.4.6 Tourism

Tourism is a strategic sector in Laikipia County with potential to contribute significantly to socio-economic development of the county. The proximity of the county to Mt. Kenya, Meru, Aberdares and Samburu game parks have great potential in boosting tourism within the county through provision of hospitality services to the tourists. Other tourist's attraction in the county includes landscapes, unique local cultural practices, Thompson Falls and sports tourism.According to Laikipia County Statistical Abstract 2021, accommodation and food services activities contributed KShs 322 million of the total GCP of KShs 100.5 billion in 2020 from KShs 646.3 million in 2019, representing a 50.1 per cent contraction. Visitor arrivals to Thompson Falls alone stood at 66,330 in 2020 from 152,892 in 2019.

The tourism sector was one of the worst hit sectors by the COVID-19 pandemic and the ensuing containment measures. The massive cancellation of hotel bookings prompted by lockdowns and travel bans imposed by various countries in an effort to curb the spread of the virus, occasioned massive job and income losses by many people directly and indirectly employed in the tourism sector.

However, in the medium term, economic growth in the county is hinged on significant recovery in the sector owing to opening up of the economy due to the easing of the containment measures like opening of hotels that has resulted to increased employment.

To enhance recovery of the tourism sector, the county Government is scaling up efforts to promote aggressive post COVID-19 tourism marketing and providing of financial support through Laikipia County Business Stimulus Fund. In addition, the government plans to implement the following towards continuous revival of the sector.

i. Leverage on opportunities availed by the expanding Nanyuki Airstrip, Ol-Lentille Airstrip and neighboringIsiolo International Airport both in facilitating transportation of tourists, passenger and cargo.
ii. Market the county as a tourist destination through the Twende Laikipia Initiative and Destination Laikipia in collaboration with players in the tourism industry.
iii. Address emerging issues of climate change and encroachment of human activity to wildlife containment areas which is a threat to sustainability of tourism.
iv. Allocate resources to develop tourism-promotion infrastructure, including, cultural centers, museums, theatres, art galleries, game reserves and heritage sites.
v. Map and profile all tourism sites and expand the tourist products to include animal orphanages, sanctuaries, sports tourism, art, agro-tourism, amusement parks, bird sites and camping sites.
vi. Continue supporting development and performance of music, filmmaking, drama, and dance, art and crafts exhibitions.
vii. Marketing Laikipia as a unique high-yielding investments and leading wildlife tourism and conferencing destination
viii. Strengthening tourism information and partnerships with the private sector
ix. Infrastructural support to tourist establishments
x. Enhance annual sports, cultural, conference, research and adventure tourism
xi. Operationalization of tourism related laws and regulations

3.4.7 Transport

To ensure every citizen in Laikipia enjoys the benefits of an expanded road network, the County Government has been scaling up the construction of urban and rural roads in every part of the county. This has continued to open up many areas to economic activities and spur growth in other sectors of the economy. Under the leasing programme, as at November 2021, a total of 160.3 Kms of road have been graveled while 430.05 Kms have been graded since November 2019. Going forward and building on the progress made so far, the government plans to implement the following towards continuous revival of the sector.

i. Continue applying labour based and local resource-based approaches for road development and maintenance.
ii. Focus on increasing the share of unpaved roads in good and fair condition to above 62 per cent which is the national average. For the unpaved road network, focus on adopting the Low Volume Sealed Roads (LVSR) technology for greater network coverage.

iii. Improve and expand infrastructure for Non-Motorized Transport (NMT) in urban areas and along roads with heavy trucks.
iv. Continue collaborating with Kenya Railways and Lamu Port South Sudan Ethiopia Transport (LAPSSET) Corridor Development Authority to build rail transport infrastructure and supporting auxiliary services as a transport and logistics alternative to roads.
v. Enhance the realization of economic benefits from the Thika-Nanyuki railway to the economy of the county in the areas of tourism promotion, transport and hospitality.
vi. Support growth of a logistics hub in Nanyuki supported by the growing infrastructure development and market in the CEREB and the Northern Frontier.
vii. Enhance optimal utilization of the leasing programme machinery and equipment such as graders, tippers and excavators to fasten the road and bridge construction and maintenance.

3.4.8 Urban Development and Housing

This sector aims at sustaining and expanding cost-effective public utility infrastructure facilities and services in the areas of spatial planning, survey and mapping, urban planning and development and land governance management. Implementation of programs under this sector will greatly enhance the commercial and productive activities in the dominant urban areas of the county. Collaboration with the national government and development partners will also be enhanced on road infrastructure improvement, urban development, land governance, energy distribution and housing development. For re-engineering and recovery, the county will:

i. Fast track the completion of County Spatial Plan and full utilization of the GIS lab.
ii. Develop affordable housing schemes on receipt of the feasibility study sponsored by World Bank.
iii. Create Physical Development Plans for all commercial centers with at least 1,000 people and update the physical plans and Zoning of Nanyuki and Nyahururu towns to include the new growth corridors.
iv. Provide additional resources to complete another 10-12 smart towns across the County, with the lessons drawn from the three pilot sites of Wiyumiririe, Oljabet and Naibor.
v. Promote appropriate building technology for use by the public in house construction and improvement in every sub county that responds to local cultural and environmental circumstances.
vi. Continue with digitization of land and physical planning administration to lower the cost of doing business and ensure integrity of the transactions. Together with the Ministry of Lands integrate the systems for seamless processing of land and buildings approvals.
vii. Implement a property and business addressing system to facilitate access to finance for businesses and adoption of e-commerce. The County Government in conjunction with the Postal Corporation will merge the postal address system with this property address system.

viii. Develop and implement urban planning and design instruments that support sustainable management and use of natural resources in line with the New Urban Agenda.
ix. Implement programmes aimed at an increasing household access to clean energy sources and technologies for cooking to mitigate against exposure to respiratory diseases risk factors.
x. Undertake capacity building and awareness creation on land management, GIS Conflict resolution and administration to individuals, communities and institutions.
xi. Support community group ranches in the transition process towards conformity with Community Land Act 2016.
xii. Support establishment of land policy and legal frameworks for improved land governance in line with the voluntary guidelines for responsible governance of tenure.
xiii. Collaborate with FAO in upgrading of land registry and development of county land information management system.
xiv. Formulation County Energy Plan.

3.4.9 Environment and natural resources management

Laikipia County is endowed with several natural resources including pasture land, forests, wildlife; minerals and water resources. The County has prioritized protection, conservation and management of the natural resources. This includes promoting rangeland management, rivers and wetland management, conservation enterprise development and forest management. In the medium term the sector will prioritize on the following interventions towards sustainable environment and natural resources management:

i. Promotion of afforestation through agro forestry, greening public places and participatory forest management towards achieving minimum 10% tree cover.
ii. Support the rehabilitation of degraded rangelands through eradication of invasive species, implementation of optimal grazing plans, reseeding and healing of soil erosion.
iii. Partner with the national government, private sector and none-state actors to restore and protect catchment areas, capacity build the WRUAs and CFAs and implement relevant policies and guidelines
iv. Prioritize on solid waste management at households level both in urban and rural areas through Re-use, recycle and reduce electronic waste (e-waste)
v. Work with the national government, donor agencies, private sector, local communities in droughts and floods mitigation measures
vi. Formulate policy and legal framework to guide sustainable exploration, extraction and utilization of minerals and other natural resources in the county
vii. The county in partnership with the national government will initiate and promote alternative sources of clean energy for cooking and for other energy requirements.
viii. Reduce/minimize human wildlife conflicts
ix. Rehabilitation of degraded rangelands
x. Ensure clean and secure environment

xi. Manage climate change adaptation and mitigation across all sectors through operationalizing of the Laikipia County Climate Change Act
xii. Develop a policy framework on use of natural resources

3.4.10 Social Protection, Gender and Youth

The sector plays a critical role towards promotion of gender equity and equality, empowerment of vulnerable groups, youth empowerment, children welfare services and promotion of diverse cultures, arts and sports to enhance cohesiveness in the county. The county will collaborate with national government entities in registration and data collection for PWDs orphans, elderly persons and street children with relevant organizations and allocating budgets for programmes and interventions for social protection. In the medium term the sector plans to implement the following interventions.

i. Collaborate with state agencies, and other partners to strengthen capacities of various stakeholders and community to combat harmful practices that breed gender based violence.
ii. Collaborate with other relevant agencies in identification, registration, resource mobilization and implementation of programmes and interventions targeting the vulnerable persons
iii. Collaborate with national government and other stakeholders in implementing the Anti-FGM Act.
iv. Promote sports, arts, music, culture and cohesion through development of infrastructure such as stadiums, arenas, theatres and incubation centres and social halls.
v. Organising sports tournaments, cultural events, exhibitions and talents shows.
vi. Build linkages with other Ministries, and NGOs that work with people with disabilities to strengthen families, deliver assistive devices, reduce barriers to access and provide vocational training.
vii. Awareness creation, counselling programmes and rehabilitation services for the youth

3.5 Structural Reforms to Facilitate Growth

3.5.1 Enhancement of Own Source Revenue collection

The County has been on a positive trajectory in Own Source Revenue collection. In 2020/21 Financial year, the County realized KShs 840.4 million up from KShs 727.9 in 2019/2020. In 2021/2022 the county has set a target of KShs. 1.006 billion representing about 1% of the 2020 Gross County Product. For the FY 2022/2023, the County projects to collect KShs 1.128 billion. In the medium term, own source revenue collection is expected to hit 2% of GCP. To enhance and sustain the revenue growth trajectory, the County Revenue Board will continue with a complete takeover of all revenue collection from line departments, accelerate the automation of revenue collections, broaden the tax base and update the records and finalize on the valuation rolls for all towns.

3.5.2 Improving the standard of financial governance, management and reporting

The County is on course to receiving an unqualified audit opinion for the FY 2019/2020 and commits to maintain the opinion in subsequent audits. The benefits of compliance include: granting the citizens value for money, raising the confidence of suppliers, lenders and investors to bridge the funding gaps. The Government will continue implementing e-procurement, lowering the payable days to a target of 14 days, and link the performance management system with IFMIS for timely reporting. Further the Government will strengthen the internal audit department to undertake its functions effectively. In its effort to ensure efficiency and effectiveness of public spending, the Government will continue to strengthen expenditure control through necessary fiscal measures and prudent public financial management reforms including sharing of financial reports with the public. The Government will focus on implementation and completion of ongoing priority projects and programmes as set out in the budget. The Government will also adhere to strict project timelines and budgets through ground inspection of projects and robust public engagements.

3.5.3 Alternative Financing Mechanism toFinance Flagship Projects

The Public Finance Management Act (PFMA) 2012 provides legal framework for borrowing powers to the county governments. The PFM Act section 140(i) states that a County Executive Committee Member for Finance may, on behalf of the county government, raise a loan for that Government's purposes, only if the loan and the terms and conditions for the loan are set out in writing.

a) Laikipia county government has embraced borrowing as a financing mechanism through issuance of a KShs 1. 247 billion Infrastructure Bond at a coupon rate of 12 per cent. The proceeds from the seven-year bond will be used to finance its flagship projects across water and irrigation, roads and urban development sectors.

b) The County will enhance the already existing leasing model that has already borne significant benefits in the county. The county has managed to acquire machinery and equipment such as graders, tippers and excavators to fasten the road and bridge construction and maintenance. This is in addition to leasing of garbage equipment to improve on refuse collection and other equipment for drilling and rehabilitation of boreholes.

3.5.4 Public Private Partnership

In order to upscale realization of development objectives, the county will continue to pursue opportunities under the PPP framework. The targeted projects are mainly in water, housing and trade. The specific projects under consideration will include:

a) Water for production: Nanyuki water Bulk (Kahurura) dam, Nyahururu (Pesi) Dam, Isiolo Dam (located at the Crocodile Jaw site on the Isiolo – Laikipia Counties boundary) and the Rumuruti Dam
b) Housing: putting up of housing facilities at Nyahururu, Nanyuki and Rumuruti with the key partner being the County Pension Fund

c) Manufacturing: Creation of the Rumuruti Special Economic Zone and the proposed Rumuruti airstrip
d) Energy: The Liquefied Petroleum Gas (LPG) handling, storage and bottling facilities at Nanyuki
e) Trade markets at Nyahururu and Nanyuki
f) Upgrading of Nyahururu and Nanyuki sewer lines by the water companies

3.5.5 Partnership with National Government Agencies

The national Government is addressing various projects in water and sanitation, health, roads, irrigation, trade and special economic zones. The engagement will be enhanced for the county to benefit from the national government programmes.

3.6 Risks to the Outlook

A number of risks associated to the outlook may pose uncertainties thus influencing key decisions on increase or decrease of the fiscal forecasts. The risks to the economic outlook for 2022/23 and the medium-term include:

(a) Persistence of COVID-19 Pandemic

By 18th November 2021, only 23 per cent of the Laikipia's population had been vaccinated against COVID-19. The risk of the emergence of new variant is still high despite the enhanced vaccination efforts. The County will suffer in the event of reinstatement of containment measures that will adversely affect transport, trade and tourism among other sectors.

The possibility of employment loss by laid off workers, rising operating cost to make work places more hygienic and safer, reconfiguration of disrupted global supply chains, extent of cross-border spill overs occasioned by weaker external demand and funding shortfalls may have far reaching negative implications.

On the domestic front, risks would emanate from weaker internal demand, reduced tourist arrivals and containment measures due the COVID-19 pandemic. In addition, the economy will be exposed to risks arising from increased public expenditure pressures and particularly wage related recurrent expenditures and redirected medical expenditures to deal with COVID-19 complications.

The national government in collaboration with the county government and other stakeholders will continually monitor these risks and take appropriate monetary and fiscal policy measures to preserve macroeconomic stability and strengthen resilience in the economy. Efforts to ensure wide scale vaccinations are being implemented.

(b) Natural Disasters and Man-Made Hazards

Laikipia County is prone to both natural and human inflicted hazards leading to economic, environmental and social losses. The recurring disasters arising thereof reduce the coping abilities of the affected population thus increasing their vulnerability. The projected below-average short rains and long rains in 2021 are expected to lead to reduced agriculture output limiting household access to food and income. This implies the need for government to enhance her preparedness to support livelihoods in areas that are likely to be affected.

(c)Technological Risk

Information Communication Technology (ICT) remains a key sector for the achievement of the development agenda in both the national and county government. The outbreak of the COVID-19 pandemic underscored the need for ICT in facilitating "working from home" and fostering digital transactions. Specifically, the total value of mobile transactions remained at 3.078T nationally despite the income effects of the pandemic. The sector is critical in economic transformation as it plays a catalytic role in enhancing productivity and lowering the cost of achieving financial intermediation, e-commerce and governance.

Digital government continues to be an important focus for the government. Roll out of different e-government applications such as IFMIS, GHRIS, IPPD, i-Tax, e-procurement, e-citizen services and iCOMs are important indicators of the significance of technological innovations. However, these present both benefits and risks. Disruption of mobile services due to infrastructural challenges or cybercrime and fraud could result in a significant loss of potential government revenue, customer deposits and market confidence.

To mitigate against such threats the county and national government and other stakeholders will continuously sensitize all users on the importance of enhancing cyber security and prioritizing the implementation of cyber security policies

(d) Changes in Macroeconomic Assumptions

Macroeconomic variables play a key role in the formulation of the budget. Kenya's economic growth is projected to recover to a growth rate of 6.0 and 5.8 per cent in 2021 and 2022 respectively. Inflation rate is expected to remain at 5.0 per cent which is within the Government target range. The economy is expected to remain competitive in the external market with the exchange rate against major currencies remaining stable even amid the economic challenges. Due to uncertainties in the economy's performance, these unexpected changes in these outcomes may lead to lower national and local revenue collections and increased expenditure. However, the national government will monitor the above risks and take appropriate measures to safeguard macroeconomic stability.

(e) Budget Implementation and Revenue Enhancement

A stable economic performance will translate to increased revenues for the county as the law requires the division of revenues between the Counties and the National Government to be at least 15 per cent of the audited financial accounts of the national government. However, pressures on public expenditure especially recurrent ones continue to pose fiscal risk to the county governments. Looking ahead, the county government will continue mitigating internal risks. These risks include delays in passage of the finance related bills, labour unrest by the unionized members, court cases on revenue collections, weak implementation of large development projects and competing political environment which would adversely affect the outcomes of development expenditures. On the recurrent expenditures, consistent cost management and increased efficiency will be nurtured to facilitate service delivery. Expenditure management will be strengthened with enhanced use of the Integrated Financial Management Information System (IFMIS), automated revenue collection systems and e-procurement across the county.

(f)Uncertainty associated with the 2022 General Elections;

The upcoming electioneering process could pose unpredictable risks in the economic performance of the country and the county. Economic activities might be disrupted due to prolonged and heightened political activities as the country gears up to the general election in August 2022. However, the National government will take appropriate measures to ensure peace and stability during the electioneering period.

CHAPTER FOUR
FISCAL FRAMEWORK AND STRUCTURAL MEASURES FOR 2021/22 AND THE MEDIUM-TERM

4.1 Introduction

This section details the fiscal framework, projections of county revenue, recurrent and development expenditures and the overall deficit and its financing for the FY 2022/2023.

4.2 The Fiscal Framework

The fiscal framework for the FY2022/23 Budget is based on the County Government's policy priorities and macroeconomic policy framework. The County Government will ensure that public spending leads to high quality of life and sustainable economic growth while emphasizing efficiency in the allocation of resources across the county departments.

4.3 County Revenues

The 2022 Budget Policy Statement which was prepared in accordance with Section 25 of the PFM Act, 2012, sets out the division of revenue among the countiesfor FY 2022/23. Laikipia County with an allocation ratio of 1.44 will receive equitable share amounting to KShs. 5,136,265,679 which is equivalent to the allocation for financial year 2021/2022.

In the FY 2022/23, the National Treasury proposes to allocate KShs 37.0billion as additional allocations to County Governments. This comprises of additional conditional allocations from the National Government share of revenue raised nationally and conditional allocation from proceeds of external loans and grants. These additional conditional grants were previously allocated through Division of Revenue Act. However, the High Court Ruling on Petition No. 252 of 2016 in December, 2020 directed that the conditional or non-conditional allocations are not items to be provided for in the Division of Revenue Act thus the Senate approved the Division of Revenue Bill, 2021 without the conditional grants. To address the situation, the Senate developed a County Governments Grants Bill, 2021 which has been passed by the Senate and is now at the National Assembly. The Bill is expected to provide mechanisms for disbursing and accounting for the additional allocations to counties going forward.

The total revenues expected from the National Government for the FY 2022/23 without conditional grants allocation amount to KShs. 5,136,265,679 while own source revenue target stands at KShs. 1.086 billion compared to a target of KShs 1.006 billion in 2021/2022. Therefore, the total expected revenue for F/Y 2022/23 is KShs 6,221,985,679exclusive of conditional grants.

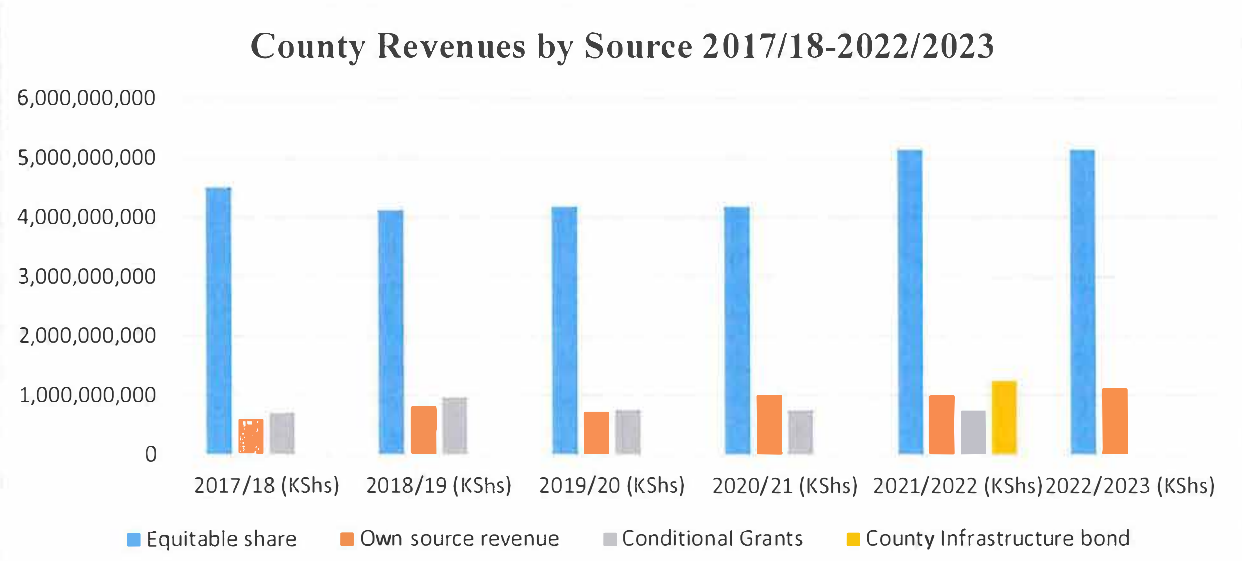
Table 2 shows the overall county revenue performances by source since FY 2017/18.

Table 2: Summary of County Revenues in 2017/18-2022/23

Revenue source	2017/18 (KShs)	2018/19 (KShs)	2019/20 (KShs)	2020/21 (KShs)	2021/2022 (KShs)	2022/2023 (KShs)
Equitable share	4,499,800,000	4,113,400,000	4,177,800,000	4,177,800,000	5,136,265,679	5,136,265,679
Own source revenue	608,463,784	815,770,157	727,957,756	840,396,632	1,006,000,000*	1,085,720,000*
Conditional Grants	706,695,720	970,789,487	759,018,574	752,523,849	748,106,376	-
County Infrastructure bond					1,247,627,355	
Total Revenues	**5,814,959,504**	**5,899,959,644**	**5,664,776,330**	**5,770,720,481**	**8,137,999,410**	**6,221,985,679**

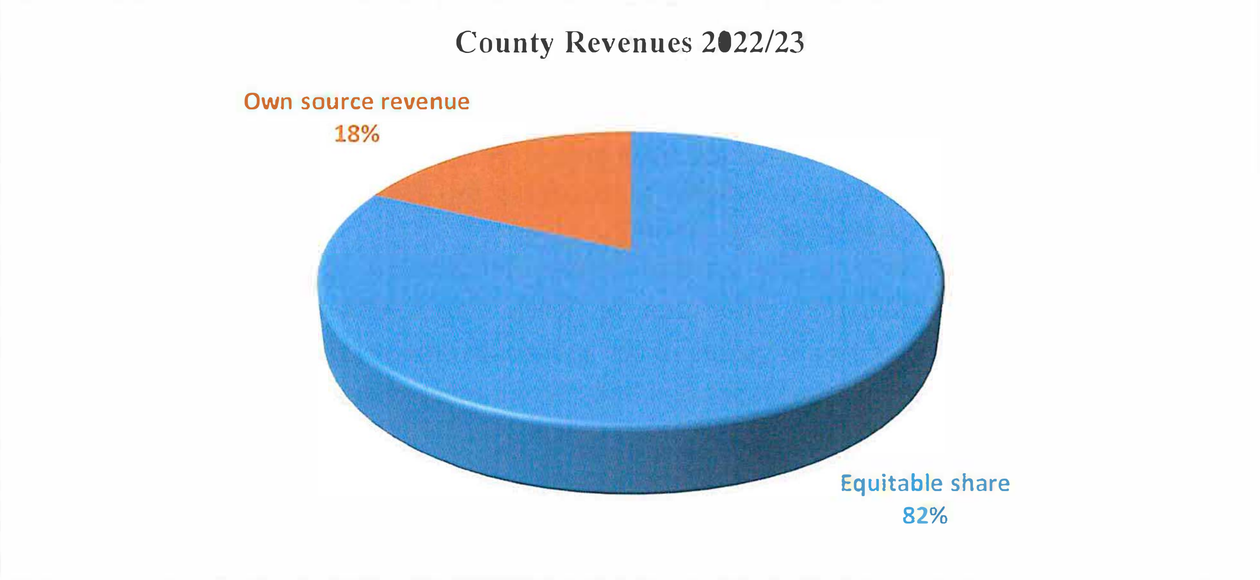
* indicates projections

Figure 2: CountyRevenues Trends for 2017/18-2022/2023



From the foregoing, equitable share remains the major source of county revenues. In 2022/2023, it constitutes 82% of the total revenue exclusive of the conditional grants while the projected Own Source Revenue stands at 18% as depicted in the following figure.

Figure 3: County Revenues in 2022/2023 by Source



4.4 Expenditure Projections

Departmental funding should first prioritize completion of ongoing projects and payment of any pending bills for completed or ongoing works. Expenditure plans must be aligned to the National and County goals and objectives as outlined in the draft Budget Policy Statement 2022, the COVID 19- social economic re-engineering recovery strategy, County Integrated Development Plan (2018-2022) and the Annual Development Plan 2022-2023. Departments will have to rationalize and prioritize their expenditure programs in the FY 2022/23 and medium term to focus mainly onthese strategic interventions and projects that are captured in these planning frameworks. Eventually, county expenditure has to be geared towards enhanced service delivery that supports social development, job creation, economic recovery, growth and transformation within the County through the stimulus program, innovation and Enterprise Development Program, legislative and institutional reforms, enhancing ICT capacity for business competitiveness and efficiency, promoting human capital development, exploiting livestock production among others.Overall, the 2022/2023 annual expenditure is projected at KShs 6,221,985,679 exclusive of conditional grants.

4.4.1 Expenditure from Shareable Revenues

In 2022/23, County overall expenditures supported by shareable revenues are projected at KShs.6,221,985,679 as compared to the budget expenditure allocations in 2021/2022 of KShs. 6,142,265,679(exclusive of conditional grants and debt funded Infrastructure Bond Programs). This represents a growth of 1.97% in expenditure projections.

4.4.2 Expenditure on Grants

In the FY 2022/23 the additional conditional grants were allocated through Division of Revenue Act. However, the High Court Ruling on Petition No. 252 of 2016 in December, 2020 directed that the conditional or non-conditional allocations are not items to be provided for in the Division of Revenue Act and thus the Senate approved the Division of Revenue Bill, 2021 without the conditional grants. To facilitate the grants allocation, the Senate developed a County Governments Grants Bill, 2021 which has been passed by the Senate and is now at the National Assembly. The Bill is expected to provide mechanisms for disbursing and accounting for the additional allocations to counties going forward.

In the FY 2021/2022 total grants to the County government of Laikipia stood atKShs. 748,106,376against a 2020/2021 allocation of KShs 752,523,849 recording a decline of KShs4,417,473 or 0.6 %. This comprises of the non-receivable grant of KShs 153,297,872 for the lease of medical equipment and KShs 594,808,504 for other grants.

4.5 Development Expenditure

To ensure that the county complies with the fiscal responsibility principles, the development expenditures across departments for FY 2022/2023 (exclusive of grants) are projected at KShs 1,835,793,995representing 30% of the total expenditure. The main areas of investments will be road Infrastructure improvements, water infrastructure and reticulation, manufacturing and industrial development, agriculture and livestock production, land and urban planning, trade and markets infrastructure and county health infrastructure improvement.

4.6 Recurrent Expenditure

Recurrent expenditure is projected at KShs. 4,386,191,684representing 70 % of total revenues (exclusive of grants). Personnel emoluments (inclusive of County Assembly salaries, CHV stipends, ECDE teachers and Insurance) have been estimated at KShs 3,504,502,097representing 81.6 % of the recurrent budget and 55.9 % of the total expenditure budget (exclusive of grants). The major spending departments include; Laikipia Health services, County Assembly, Public Service and County Administration, Education Sports and Social Services, Agriculture Livestock and Fisheries and Finance Economic Planning and Enterprise Development.

4.7 County Fiscal Policy Statement

Over the medium term, the Government will continue with its expenditure prioritization policy with a view to achieving the transformative development agenda which is anchored on provision of core services, ensuring equity and minimizing costs through the elimination of duplication, adoption of ICT in service provision, creation of employment opportunities through business enhancement models and support to manufacturing and mining. Moderation in county expenditures will help assure equity and value for money in line with the Constitution of Kenya, 2010 and the fiscal responsibility principles in the PFM Act, 2012.

With respect to revenue, the County Government hopes to maintain strong revenue collection mechanisms that will realize 100 per cent of estimated revenue targets in 2022/2023 and higher in subsequent years. Local revenue collection in the year is projected at KShs 1.127 billion and the County Finance Act 2022/23 is expected to be fully implemented. Measures in place to enhance local collections include; strengthening operations of Laikipia County Revenue Board, up scaling automation of revenue collection streams, diversification of revenue sources, improving tax compliance, updating of the records and valuation rolls for all towns, capacity building of revenue collection staff and adopting best practices in revenue collection and administration.

It is expected that the wage adjustments for government departments will be met within the departmental ceilings. The expenditure ceilings for sectors/departments are determined by firstfunding the non-discretionary expenditures. Then the balances are then allocated for the goods and services that are critical to the Government transformative agenda and key priorities.

The PFM Act prescribes that wages and benefits to public officers should not exceed 35% of the County's total revenue. However, the projected county expenditure on personnel emoluments for FY 2022/23 stands at 55.6% of the total expenditure (exclusive of grants) hence the need for continued staff reforms to attain this target.

The Emergency Fund Allocation will be provided for in the 2022/2023 budget in line with the Emergency Fund requirements of up to 2% of total government revenue as per Section 113 of the PFM Act 2012. This Fund is established to mitigate unforeseen shocks.

4.8 Overall Deficit and Financing

In an attempt to ensure budgetary discipline, the 2022 BPS highly encourages the County governments not to include deficits in their budgets in 2022/23 and the medium term without having an understandable and pragmatic plan of how the financial shortfall will be funded. It is in this regard that the County Government has allocated resources for spending that are equivalent to the revenues expected in the 2022/23 and the medium term.

The county budget in the 2022/23 fiscal year shall therefore be financed through remittance from the national government, grants from development partners, revenues generated from local sources such as land rates, cess, business permits and parking fees among other sources. The 2022/23 fiscal framework is therefore expected to be fully financed.

CHAPTER FIVE

RESOURCE ENVELOPE AND CRITERIA FOR RESOURCE ALLOCATION

5.1 Introduction

This chapter gives details on the resource envelop, budgetary requirements and deficit financing. This is informed by the national objectives and goals as outlined in the 2022 Budget Policy Statement and the set-out resource sharing guidelines.

According to Articles 201, 202 and 203 of the Constitution of Kenya 2010, revenue raised nationally is shared equitably among the two levels of governments and among county governments to enable them provides services and performs the functions assigned to them under the Fourth Schedule of the Constitution. It is a requirement that, not less than 15% of all revenue collected by the national government be allocated to the county governments as shareable revenue.

The receiptsfrom the national government under the equitable share have been done using the third basis formula, which was considered and approved by Parliament in September, 2020. The third formula considers the following parameters; (i) Population (18%); (ii) Health Index (17%); (iii) Agriculture Index (10%); (iii) Urban Index (5%); (iv) Poverty Index (14%); (v) Land Area Index (8%); (vi) Roads Index (8%), and; (vii) Basic Share index (20%).

Application of the third basis formula is on condition that the implementation would be preceded by a Ksh 53.5 billion increase in the counties' equitable revenue share, which has now been achieved. In the next financial year 2022-2023 the counties are expected to receive an equitable share amounting to Kshs. 370 billion from the National Government. On the other hand, the additional conditional allocation is yet to be received and shall be distributed based on their objectives, criteria for selecting beneficiary counties and distribution formula.

Laikipia County will receive KShs.5,136,265,679 out of the 370 billion shareable to the 47 counties, translating to 1.44 of the County Governments' equitable share allocation ratio.

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

(i) Payment of all outstanding pending bills.
(ii) The county obligations liabilities.
(iii) Linkage of programmes with the objectives of Annual Development Plan;
(iv) The need to promote job creation and addresses poverty reduction;
(v) Degree to which the programme is addressing the core mandate of the sector
(vi) Expected outputs and outcomes from a programme;
(vii) Cost effectiveness and sustainability of the programme;
(viii) Financing of 2022/2023 on-going projects
(ix) The need to ensure continuous current service levels are maintained

5.2 Sector Priorities and Ceilings

This section provides the sector priorities and ceilings for the MTEF period ensuring continuity in resource allocation from the last financial year consistent with the MTEF budgeting approach. The ceilings comprise of expenditures to be made for pending bills as first charges and for strategic interventions as informed by programmes defined in the CIDP 2018-2022 and ADP 2022/2023 and their respective outputs. The sector priorities and respective ceilings for recurrent and development expenditures across all the departments are as follows:

5.2.1 Public Service, County Administration and ICT

Public Service, County Administration and ICTsector mission is to provide leadership in policy formulation, public service management and accountability for quality service delivery. To achieve this sector has the following priorities for the FY 2022-2023:

- Hasten the partitioning and furnishing of Rumuruti County Headquarters
- Strengthen ICT support to county departments, both structurally and software
- Publication of citizens score card
- Timely processing of remuneration and Improved management of Integrated Payroll Personnel Database
- Capacity building of staffe.g.Continue sponsoring county staff in training on diploma in project management with Dedan Kimathi University of Technology (Dekut) for enhanced county project management
- Strengthen policies on Human Resource Management and Development and implement the ratified County Organizational Structure through implementing the CPSB audit report on staffing and other resolutions on staff
- Implement Disaster Management Act upon enactment bycontinuously maintaining two (2) fire engines, Completion and equipping of Nanyuki fire station and construction Nyahururu fire station.
- Process liquor licenses for approved liquor outlets and undertake awareness and public education on alcohol, drugs and substance abuse (ADA)
- Undertake intergovernmental meetings as well as peace and cohesion initiatives under Amaya Triangle Initiative.Enhance better Intra and Inter County Relations after signing of ATI MOUs by theAmaya counties

- Strengthening and equipping the enforcement unit, legislating the enforcement law and continuously enhancing co-ordination and management of decentralized units, Training of enforcement officers.

- Hold Government, Civil Society Organizations (CSOs), Faith Based Organizations (FBOs) and Private Sector meetings,conduct leader's meetings at the Sub-County, Ward and Village levels and conduct ADP, CFSP, Budget and C-APR public participation meetings through the county public participation office.

- Continuous monitoring of departmental projects

- Handhold enterprises for economic growth through Business Development Officers (BDOs)

- Strengthen legal unit and support the Ombudsman office in Nyahururu

In order to realize the prioritized programmes in the sector a total of KShs. 495,622,961 is allocated in 2022/23 with KShs.56,794,698 being recurrent expenditure and KShs 393,685,403 for personnel emolument and an amount of KShs. 45,142,860 for development expenditure representing 8.3% of the total expenditures.

Laikipia County Public Service Board (LCPSB) continues to operate as an entity with its recurrent and development votes being managed by the entity's secretary as the accounting officer. LCPSB will therefore be allocated a total of KShs 40,620,386 which constitutes a recurrent expenditure of KShs 10,500,000 with KShs 28,120,386 for salaries and development expenditure of KShs 2,000,000 representing 0.6% of the total expenditures.

5.2.2 Finance, Economic Planning,Innovationand Enterprise Development

The Finance, Economic Planning,Innovation and Enterprise Development sector is charged with the responsibility of ensuring prudent, financial managements of financial resources, formulating fiscal economic and policies to facilitate socio-economic development, resource mobilization and control of public finance resource. For the sector to achieve its mandate in FY2022/2023 it will have to strengthen policy formulation, planning, budgeting and implementation of the CIDP 2018-2022 to enhance evidence-based decision making for socio-economic development through conducting feasibility studies, economic surveys and improve on tracking of the implementation of the development policies, strategies and programmes. Through the automation of asset management, efficient and effective budget formulation and control, ensuring financial standards, principles and guidelines are adhered appropriately; the sector will be able to achieve its stated mandates. Continued strengthening of IFMIS in procurement, payrolls, budgeting and financial management in the Treasury operations will receive significant support. Support to integrated planning, budgeting, audit, sectoral planning, and monitoring and evaluation is also key in the department's expenditure. The department focus is to have clean books of accounts hence the department will continue to support its internal audit department through capacity

enhancement and compliance assessment. Regular audits will be undertaken in all the departments and the county entities. Asset management activities will also be enhanced including maintaining and updating the asset register. The department will continue conducting the supplier development to enhance procurement processes and procedures.
Communication within the county is paramount as it is an effective way of sending and receiving information therefore the sector has continued to embrace technology-based communication in order to enhance service delivery.
The department is expected to put more effort in promoting industrialization through harnessing innovation enabling environment for business, mobilization of resources for investments.This will drive the economy towards value addition into agro products and coming up with brand products Laikipia beef and leather among others.

The industrialization sector through manufacturing is one of the sectors that contribute to the Laikipia Gross County Product (GCP). According to the Laikipia County Statistical Abstract 2021, this sector contributed 0.72% to the overall 2020 GCP at current prices. The main manufactured items in the county are furniture, food products, and textile and fabricated metal items. The establishments engaged in industrial processing across the county are involved in grain milling, milk plants and alcoholic drinks.

Through the established Laikipia county business stimulus fund, MSME's are given a boost financially to sustain and operate their businesses. The stimulus facility has mobilized KShs3.3 billion which will be disbursed as loans and will be managed through interest sharing and credit guarantee schemes with commercial banks. This scheme has a risk-sharing facility where the county government will buy down the cost of debt by paying 5% of the interest cost as an incentive to the lenders to provide credit to higher-risk borrowers. This stimulus fund will, through the Laikipia Innovation and Enterprise Program, train business development officers to help the businesses unlock their full potential by strengthening the link between curricula and practical skill sets, hand-hold at least 5,000 businesses to access credit from the partner financial institutions within the county, provide additional worksite and related infrastructure to facilitate development of adequate and well-equipped worksites and also strengthen partnerships with institutions for advisory, finance, market access and certification.

This sector is allocated a total of KShs. 383,430,044 in 2022/23 comprising of KShs 37,014,244 being recurrent expenditure with 87,876,206 being salaries and KShs 258,539,594as development expenditure representing 6.2% of the total expenditures.

5.2.3 Laikipia County Development Authority

The Authority was formed through Laikipia County Development Authority Act (2014), establishing an institutional framework for coordination and promotion of county development and for connected purposes. The LCDA has been tasked to creating an attractive investment environment and has further developed five pillars to anchor its operations as below,

a) Brand Laikipia
b) Competitive Business Environment

c) Flagship investment projects
d) Flagship social investment projects
e) Organizational effectiveness

To this end, the government will support the entity in its agenda by initially supporting its development and operations budget.

The LCDA will be allocated a total of KShs 15,000,000 in 2022/2023 of which KShs 12,000,000 is recurrent expenditure while KShs 3,000,000 is development expenditure to help the entity build on its balance sheet for sustainability representing 0.2% of the total expenditure.

5.2.4 Laikipia County Revenue Board

Enhanced revenue collection through efficient and effective revenue collection system and increased enforcement and compliance is part of the strategy that will be adopted. The County government formed an independent revenue collecting body as stipulated in the Laikipia County Revenue Board Act, 2014. This was intended to streamline the operations of the Board in order to ensure effectiveness and efficiency in revenue administration.

Section 4(2) states that the Board shall be a body corporate with perpetual succession and a common seal and shall in its corporate name be capable of;

a) Taking, purchasing or otherwise acquiring, holding, charging of disposing of movable and property
b) Borrowing money or making investments
c) Entering into contracts and
d) Doing or performing all other acts or things for the proper performance of its functions under the Act.

In order to maximize on revenue collection, support will be accorded in enhancing own sources revenue through widening of the tax base, integration of ICT in revenue collection, staff facilitation and training and other use of goods and services. Further, the entity will continue to improve on its ICT infrastructure.

In 2022/23 this sector is allocated a total of KShs.109,416,013with KShs.30,600,000being recurrent expenditure, KShs 73,816,013 for salaries and KShs. 5,000,000as development expenditure representing 1.8 % of the total expenditures.

5.2.5 Laikipia Health Services (LHS)

In light of the covid-19 pandemic, the health sector implemented various interventions including investing more in preventive and public health. To name but a few; more county health personnel were employed, establishment of an isolationCentre and mass testing of Covid-19. The sector has instituted programs to alleviate both the curative and preventive effects of Covid-19. The health sector aims at attaining the highest possible health standards in a manner responsive to the population needs by supporting provision of equitable, affordable and quality health and related services at the highest attainable standards. Prioritized Programmes are geared towards improved scope of health service delivery at all levels, essential medical supplies and healthcare infrastructure. Priority is also factored for increased health insurance coverage (Universal Health Coverage - UHC), introduction of tele-medicine, referral and ambulance services and expansion of KMTC services in guiding the allocation of resources in this sector. The sector will continue to prioritize equipping all levels of health facilities, consistent supply of required commodities, quality certifications of level 5 & level 4 hospitals, digitizing service procedures and services, culture change, capacity building of health workers up to community levels, and additional staffing.

Others include improving Reproductive, Maternal, Neonatal, Child and Adolescent Health (RMNCAH) through increased immunization, improved nutrition, increased access to family planning services and improved quality of health services; ending AIDS, TB, Malaria and NCDs as a public health threat by 2030 through cost effective and transformative prevention interventions. Collaboration with the national government and development partners will also be enhanced on infrastructure for referral hospitals, specialized equipment and technical support.

To realize the prioritized programmes, the sector is allocated a total of KShs 2,422,603,226 in 2022/23 with KShs157,575,761 being recurrent expenditure, KShs. 1,954,366,824 in salaries and KShs 310,660,641as development expenditure representing 38% of the total expenditures.

Out of the total allocation for the sector, Nanyuki Teaching and Referral Hospital is allocated KShs 78,257,133 of which KShs 34,757,133 will be used as recurrent expenditure while KShs 43,500,000 will fund development expenditure representing 1.3% of the total expenditure.

In addition, Nyahururu Teaching and Referral Hospital is allocated KShs 108,199,071 of which KShs 68,699,071 will be used as recurrent expenditure while KShs 39,500,000 will fund development expenditure. This represents 1.7% of the total expenditure

5.2.6 Agriculture, Livestock, Irrigation and Fisheries Development Sector

This is a major sector in supporting livelihoods and accelerating economic growth through enhancing food security; income generation; employment and wealth creation. The sector also contributes significantly to socioeconomic growth and development through forward and backward linkages with other priority sectors. The County Government prioritizes food security, market access and value addition initiatives through enhanced production mechanisms targeting: postharvest management & facilities (warehouses, coolers) cereals, disease control and surveillance, breed improvement, fodder production and storage, subsidized farm inputs, vector control, farm water harvesting, expansion of irrigation dams, enhanced extension services, water and soil conservation and fisheries development.

To realize the prioritized Programmes, the sector is allocated a total of KShs 258,333,973 in 2022/23 with KShs. 10,708,016 being recurrent expenditure, KShs. 193,327,653 being salaries and KShs 54,298,304 as development expenditure representing 4.2% of the total expenditure.

5.2.7 Lands, Housing and Urban Development

This sector aims at sustaining and expanding cost-effective public utility infrastructure facilities and services in the areas of road transport infrastructure, roads maintenance, spatial planning, survey and mapping, town planning, land governance management and urban development. Implementation of programs under this sector will greatly enhance the commercial and productive activities in the dominant rural areas of the county; to this end the leasing program has been envisaged to be the backbone of road infrastructure development. This will also be made possible through the annuity program which uses labor-based and local resource-based approaches for road development and maintenance where technically and economically feasible. Collaboration with the national government and development partners will also be enhanced on road infrastructure improvement, urban development, land governance, energy distribution and housing development. The government further, recognizes the role infrastructure has in accessing social amenities like health centres, schools, and markets among others. For this reason, the government will deliberately invest heavily in infrastructure to bring services closer to people. This ultimately will play a great role in improving the Human Development Index – access to information, health and markets. With the rising cases of respiratory diseases, the sector will implement programmes aimed at an increasing household access to clean energy sources and technologies for cooking as a way to mitigate against the risks involved with the cases. The Smart Town Initiative will be accelerated for completion and introduction of more urban centers into the programme. Expansion and improvement of infrastructure for Non-Motorized Transport (NMT) in urban areas and along roads with Heavy-high speed traffic will promote sustainable mobility options and enhance road safety for all road users. There is need for continued collaboration with the Kenya Railways and LAPSSET Corridor Development Authority to build rail transport infrastructure and support auxiliary services as a transport and logistics alternative to roads, enhance the realization of economic benefits from the Thika-Nanyuki railway to the economy of the county in the areas of tourism promotion, transport and hospitality and support the growth of a logistics hub in Nanyuki supported by the growing infrastructure development and market in the CEREB and the Northern Frontier. Appropriate building technology will be availed for use by the public in house construction and improvement across every sub county, develop and implement a property and business addressing system to facilitate access to finance for business and adoption of e-commerce.

In order to realize the prioritized programs, the sector is allocated a total of KShs.729,416,722in 2022/23 with KShs.7,536,268being recurrent expenditure, KShs.77,331,061 as salaries and KShs.644,549,393as development expenditure representing 11.7% of the total expenditure.

5.2.8 Education and Social Services

Education and training is instrumental for transformative development. Expansion of access to education and training is at the heart of the Government's commitment to our children's future. In this regard, increased resources will be geared towards priority programs on: school infrastructural development at ECDE Centres and vocational training centers. Capacities building and payment of salaries of ECDE teachers and vocational trainers have been factored. In addition, provision of specialized equipment, training materials and increased water access has been factored. Scholarships and bursaries have been factored to ensure seamless transition of primary to secondary education and beyond. To ensure sustainable livelihood business incubation and innovation project will be initiated in vocational centers. In sports and talent promotion, training facilities have been factored to be developed, rehabilitated, renovated as well as creating partnership to enhance and promote talent amongst youths. To enhance social protection, the sector will embark on empowerment support services to persons living with disabilities and infrastructural support at children rehabilitation and rescue centres. Annual socio-cultural events, youth and women empowerment programs will be supported in collaboration with the national government agencies.

The sector in collaboration with the health authorities shall ensure safety of the school buildings and their surroundings. Itwill also ensure adequate provision of water and sanitation facilities, monitor and address psychosocial well beings for all as well as educate on how to mitigate the spread of the covid-19 both within learning institutions and at community level.

With rising cases of teenage pregnancies and gender-based violence issues, the county will collaborate with state agencies and other partners to strengthen capacities of various stakeholders; political leadership within the county, religious leaders, women groups and community leaders to counter harmful practices that breed gender-based violence. There will be creation of toll-free SMS number help lines to facilitate reporting of GBV cases and designate gender safe spaces, preferably County Referral Hospitals, to provide accommodation for GBV survivors and create spaces to be used as recovery centers.

Towards realizing the prioritized Programmes, the sector is allocated a total of KShs. 402,220,413 in 2022/23 with KShs. 70,103,136 being recurrent expenditure, KShs. 242,538,328 being personnel emoluments and KShs. 89,578,948as development expenditure, representing 6.5% of the total expenditure.

5.2.9 Trade, Tourism, Creative Economy and Co-operatives Sector

This sector aims at creating employment opportunities and wealth creation for poverty reduction, through promotion of trade, co-operative development and sustainable tourism. The county government prioritizes strengthening the Co-operative Revolving Fund, construction and expansion of market structures and business parks, boosting the business capacity of Co-operative Societies, expanding financial inclusion through SACCOs and marketing of Laikipia as a tourist destination.

The tourism sector will enforce sanitation and hygiene standards in all accommodation facilities and tourist attraction sites in line with the national guidelines, address emerging issues of human encroachment to wildlife containment and climate change and will further conduct research and mapping of all tourism sites while expanding the tourist products to include cultural and community centers, amusement parks, animal orphanages and sanctuaries, sports tourism, agro-tourism, bird and camping sites and art. Resources will be allocated for the investment and rehabilitation of tourism-supporting infrastructure that will include cultural information centre, sports stadia, museum, theater and art gallery, modernized venues and roads leading to sites which are impassable during bad weather. The sector will leverage on opportunities availed by the Nanyuki and Ol-Lentille airstrips and Isiolo International airport in terms of facilitating transportation of tourists, passengers and cargo and promote the county as a tourist destination through the Twende Laikipia Initiative in collaboration with players in the hospitality industry.

The sector is allocated a total of KShs. 146,396,029 in 2022/23 with KShs. 8,215,450being recurrent expenditure, KShs. 42,180,578for salaries and KShs. 96,000,000 as development expenditure, representing 2.4% of the total expenditure.

5.2.10 Water, Environment and Natural Resources Sector

A master plan for water enhancement will guide the short term, medium term and long term needs in the county spending. Dominant rural areas have been prioritized through construction and rehabilitation of water supply sources (dams, boreholes, springs, storage tanks) as well as establishment of new water schemes in identified clusters. Wildlife-human conflict mitigation initiatives will be addressed through electric fences, community patrols and strengthening resource user associations. Solid waste and drainage management will also get increased funding to address the existing gaps towards ensuring a safe and a secure environment through acquisition of dumpsites, cemeteries and garbage collection trucks. Interventions on climate change adaptation and mitigation, disaster reduction, increasing community resilience and livelihoods will also be addressed in 2022/23 and medium term. Collaboration with the National Government and development partners will also be enhanced on rangeland, wetland and forestry protection activities, establishing mega dams and irrigation schemes, expansion of sewer infrastructure, sensitization programs on environment and natural resource conservation and management.

Towards realizing the prioritized programs, the sector is allocated a total of KShs. 254,100,629in 2022/23 with KShs. 10,019,589being recurrent expenditure, KShs 130,056,785 for salaries and KShs. 114,024,255 as development expenditure representing 4.1 % of the total expenditure

5.2.11 Rumuruti Municipality

This entity is the gazetted headquarters of Laikipia County and is centrally located and thus easily accessible from all parts of Laikipia County. Rumuruti's population has grown from 35,709 in 2019 to a projected population of 36,655 in 2020. Most of the population is below the age of 35. The rate of population growth is expected to rise owing to the status as County Headquarters, the construction of the Nyahururu-Maralal highway, and the growing integration of Northern Kenya to the rest of the country, in which Rumuruti acts as a gateway. The Municipality is the home of cultural diversity with majority of the inhabitants ranging from the

Samburu, Kikuyu, Kalenjin and other communities. Rumuruti has a mixed economy based mainly on trade, agriculture, transport and services with livestock as the municipality's economic mainstay.

The entity is allocated a total of KShs.12,500,000 in 2022/23 with KShs. 2,500,000 being recurrent expenditure and KShs. 10,000,000 as development expenditure representing 0.3% of the total expenditure.

5.2.12 Legislative Services

The legislative services and oversight roles include law making exercise, oversight and representation and efficiently and effectively coordinate decentralized units. In 2022/2023, the County Assembly is allocated a total of KShs.765,869,078 with KShs. 387,666,222 being recurrent expenditure, KShs. 258,202,856 for personnel emoluments and KShs. 50,000,000 as development expenditure representing 12.3% of the total expenditure.

5.3 Opportunities to be harnessed

The following opportunities and measures of harnessing them are highlighted:

Revenue

Enhancement of collection of more own source revenue to ensure more resources goes to development will be supported. This will be achieved through exploring of more innovative ways of financing the budget; the automation of revenue collection systems, expanding tax base and finalization of valuation roll will be fast tracked.
External resource mobilization through refinancing of the Infrastructure bond, public private partnerships (PPP) in housing and water for production, collaborations with MDAs and development partners will be embraced towards an increased county resource envelope.

Staff matters

There has been pressure on recruitment of new staff and provision of working spaces. The government will therefore need to focus on optimal recruitment and provide the staff with the necessary equipment's and working spaces to facilitate their performance.

Weather patterns

Favorable weather patterns play a critical role in the economic development, more so in the agricultural sector. Therefore, unpredictable weather patterns as a result of climate changes may lead the county to record poor economic performance. It is important for the county to mitigate this challenge by acting on information from the Early Warning System and build resilience through the climate smart technologies and practices. It is also important to create awareness to the residents of the county so that they can be able to plan their various economic activities, for example, farmers can be able to plan on the appropriate planting season.

Budget Funding

The delay in the release of Exchequers to the county, have continued to negatively affect the speed of budget implementation. The County Government, through the County treasury shall ensure that there is timely submissions of exchequer requests and management of cash flow to prioritized programs and projects.

Procurement

Prolonged procurement processes have been delaying most of the projects, leading to upward revision of costs. The county government shall ensure timely preparation of bills of quantities and adherence to Public Procurement and Disposal Act, 2015. In addition, timely preparation and implementation of Annual Procurement Plans through e-procurement will ensure achievement of departmental priorities.

Citizen engagement

Adherence to the requirements on public participation in governance and development has received improved performance. The county government has already institutionalized public participation to enhance stakeholder's engagements. Nevertheless, there is need to embrace and document best practices in broadening citizenry inputs in policies, budget making and implementation of programs /projects.

APPENDIX

Table 3: Priority /non-discretionary allocations

Items Descriptions	Recurrent (KShs)	Development (KShs)	Total (KShs)
Total revenues			6,221,985,678
Less grants (Receivable and Non-Receivable)			
Non-Receivable Grants (Leasing of Medical Equipment)			
Receivable Grants			
Total Revenues (Exclusive of total Grants)			6,221,985,678
Total Sharable revenue			
Bond interest Repayment		145,656,750	
County Assembly	387,666,222	120,000,000	
County assembly salaries	258,202,856		
Insurance	170,000,000		
Salaries-Executive	2,965,783,241		
Salaries-ECDE Teachers	87,516,000		
Stipend for CHVs	23,000,000		
Lease Rentals Medical equipment		200,000,000	
Lease Rentals Infrastructure		270,000,000	
Lease operations		150,000,000	
Subsidies to Small business	0	30,000,000	
Pending Bills			
Sub total	**3,892,168,319**	**915,656,750**	**4,807,825,069**
Other allocations without Grants (2022/2023)	494,023,364	920,137,245	1,414,160,609
Total Allocations without Grants	**4,386,191,683**	**1,835,793,995**	**6,221,985,678**
Grants (Receivable Grants)			
Total Allocations with Receivable Grants			

Table 4: Projected Resources Envelope 2022/23 - 2024/25

Source	2022-2023	2023-2024	2024-2025
Equitable share	5,136,265,679	5,649,892,247	6,214,881,472
Own source	1,085,719,999	1,239,392,000	1,363,331,200
County Infrastructure Bond	0	0	0
Total income	**6,221,985,678**	**6,889,284,247**	**7,578,212,672**
Development	1,835,793,995	2,220,233,395	2,442,256,734
Recurrent	4,386,191,683	4,669,050,852	5,135,955,937

Table 5: Personnel Emoluments Projections 2022/23

Department	Salary	Percentage
Public Service and County Administration	393,685,403	11.2
County Public Service Board	28,120,386	0.8
Finance, Economic Planning and Enterprise	87,876,206	2.5
Revenue Board	73,816,013	2.1
Laikipia Health Services	1,954,366,824	55.6
Agriculture, Livestock and Fisheries	193,327,653	5.5
Land, Housing and Urban Development	77,331,061	2.2
Education and Social Services	242,538,329	6.9
Trade, Tourism, and Co-operatives	42,180,579	1.2
Water, Environment and Natural Resources	130,056,785	3.7
County Executive Total	**3,223,299,241**	**91.7**
County Assembly	258,202,856	7.3
Total	**3,481,502,097**	**100**

Table 6: Departmental Ceilings 2022-2023 (inclusive of personnel emoluments)

Sectors	Development	Recurrent	Salaries	Total Recurrent	Total	%
Public Service and County Administration	45,142,860	56,794,698	393,685,403	450,480,101	495,622,961	8.0
County Public Service Board	2,000,000	10,500,000	28,120,386	38,620,386	40,620,386	0.7
Finance, Economic Planning and Enterprise Development	258,539,594	37,014,244	87,876,206	124,890,450	383,430,044	6.2
Laikipia County Revenue Board	5,000,000	30,600,000	73,816,013	104,416,013	109,416,013	1.8
Laikipia County Development Authority	3,000,000	12,000,000	0	12,000,000	15,000,000	0.2
Laikipia Health Services	310,660,641	157,575,761	1,954,366,824	2,111,942,585	2,422,603,226	38.9
Laikipia Health Services Nanyuki	43,500,000	34,757,133	0	34,757,133	78,257,133	1.3
Laikipia Health Services Nyahururu	39,500,000	68,699,071	0	68,699,071	108,199,071	1.7
Agriculture, Livestock and Fisheries	54,298,304	10,708,016	193,327,653	204,035,669	258,333,973	4.2
Land, Housing and Urban Development	644,549,393	7,536,268	77,331,061.40	84,867,329	729,416,722	11.7
Education and Social Services	89,578,948	70,103,136	242,538,328.90	312,641,465	402,220,413	6.5
Trade, Tourism and Co-operatives Development	96,000,000	8,215,450	42,180,578.90	50,396,029	146,396,029	2.4
Water, Environment and Natural Resources	114,024,255	10,019,589	130,056,785	140,076,374	254,100,629	4.1
Rumuruti Municipality	10,000,000	2,500,000	0	2,500,000	12,500,000	0.2
County Assembly	120,000,000	387,666,222	258,202,856	645,869,078	765,869,078	12.3
Total	**1,835,793,995**	**904,689,588**	**3,481,502,095**	**4,386,191,683**	**6,221,985,678**	**100**

Table 7: Sector Ceilings 2023/2024

Departments	Development	Recurrent	Salaries	Total recurrent	Total projections
County Administration	56,257,146	84,474,167	433,053,944	517,528,111	573,785,257
County Public Service Board	11,550,000	2,200,000	30,932,425	33,132,425	44,682,425
Finance, Planning and Development	103,271,128	84,715,668	96,663,827	181,379,495	477,873,049
Laikipia County Development Authority	33,660,000	5,500,000	81,197,614	86,697,614	120,357,614
Laikipia County Revenue Board	13,200,000	3,300,000	0	3,300,000	16,500,000
Laikipia Health Services	121,726,705	148,033,337	2,149,803,507	2,323,136,844	2,444,863,549
Laikipia Health Services Nanyuki	53,900,000	93,232,846	0	93,232,846	147,132,846
Laikipia Health Services Nyahururu	49,500,000	75,568,978	0	75,568,978	125,068,978
Agriculture	67,428,134	11,778,818	212,660,419	224,439,236	291,867,371
Land, Urban Development	682,054,332	8,289,895	85,064,168	93,354,062	1,226,408,395
Education and Social Services	109,536,843	22,113,450	266,792,162	288,905,611	398,442,454
Trade, Tourism Development and Co-op	59,400,000	9,036,995	46,398,637	55,435,632	114,835,632
Water, Environment and Natural Resources	141,926,681	11,021,548	143,062,464	154,084,011	296,010,692
Rumuruti Municipality	17,600,000	3,300,000	0	3,300,000	20,900,000
Assembly	55,000,000	251,532,844	284,023,142	535,555,986	590,555,986
Total	**1,576,010,970**	**814,098,546**	**3,829,652,307**	**4,669,050,852**	**6,889,284,247**

Table 8: Sector Ceilings 2024/2025

Departments	Development	Recurrent	Salaries	Total recurrent	Total projections
County Administration	61,882,861	92,921,583	476,359,338	569,280,922	631,163,782
County Public Service Board	12,705,000	2,420,000	34,025,667	36,445,667	49,150,667
Finance, Planning and Development	113,598,241	93,187,235	106,330,209	199,517,445	525,660,353
Laikipia County Development Authority	37,026,000	6,050,000	89,317,376	95,367,376	132,393,376
Laikipia County Revenue Board	14,520,000	3,630,000	0	3,630,000	18,150,000
Laikipia Health Services	133,899,376	162,836,671	2,364,783,858	2,555,450,528	2,689,349,904
Laikipia Health Services Nanyuki	59,290,000	102,556,131	0	102,556,131	161,846,131
Laikipia Health Services Nyahururu	54,450,000	83,125,876	0	83,125,876	137,575,876
Agriculture	74,170,948	12,956,699	233,926,461	246,883,160	321,054,108
Land, Urban Development	750,259,766	9,118,884	93,570,584	102,689,469	1,349,049,234
Education and Social Services	120,490,527	24,324,795	293,471,378	317,796,173	438,286,700
Trade, Tourism Development and Co-op	65,340,000	9,940,695	51,038,501	60,979,195	126,319,195
Water, Environment and Natural Resources	156,119,349	12,123,703	157,368,710	169,492,413	325,611,761
Rumuruti Municipality	19,360,000	3,630,000	0	3,630,000	22,990,000
Assembly	60,500,000	276,686,129	312,425,456	589,111,584	649,611,584
Total	**1,733,612,066**	**895,508,400**	**4,212,617,537**	**5,135,955,938**	**7,578,212,672**

Table 9: Conditional Grants 2020/2021 and 2022/2023

	2020/21 (KShs)	2021/22 (KShs)	2022/23 (KShs)
Conditional Grants from National Government			
User fee forgone	9,968,208	9,968,208	
Lease of medical equipment's	131,914,894	132,021,277	
Road Maintenance Levy Fund	118,589,625	143,385,638	
Vocational Training Center	31,908,298	18,319,894	
Sub total	**292,381,025**	**303,695,017**	
Loans and grants from development partners			
Transforming Health Systems for Universal Care Project	35,000,000	90,610,649	
Kenya Climate Smart Agriculture Project	131,027,150	236,105,200	
Kenya Devolution Support Project level 1	30,000,000	45,000,000	
Kenya Urban Support Project (Urban Dev. Grant)	50,000,000	0	
DANIDA Grant	12,281,250	11,880,000	
EU IDEAS	21,345,341	15,626,168	
Agricultural Sector Development Support Programme	16,625,223	12,916,815	
Kenya Urban Support Project (Urban Institutional Grant)	8,800,000	0	
Ministry of Health COVID Grant		36,690,000	
Other Loans and grants	0	0	
KDSP level 2 investment grant	161,558,585	0	
Sub total	**466,637,549**	**448,828,832**	
Total Grants	**759,018,574**	**752,523,849**	