

THE REPUBLIC OF KENYA

COUNTY GOVERNMENT OF MERU



COUNTY BUDGET REVIEW AND OUTLOOK PAPER

(CBROP) 2021

SEPTEMBER 2021

© County Budget Review and Outlook Paper (CBROP) 2021

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Foreword

The County Budget Review and Outlook Paper (CBROP) is prepared in accordance with Section 118 of the Public Finance Management (PFM) Act, 2012 and the PFM(county) Regulations 2014. The paper's main focus is to enhance efficiency in resource mobilization and budget implementation. This is achieved through realistic review of the mobilization of county revenues, their allocation and their utilization in order to ensure that such resources have a greater impact in addressing the social economic wellbeing of the citizenry

CBROP 2021 has been prepared within the second County Integrated Development Plan 2018-2022 as the County pursues the implementation of its socio-economic transformative agenda for the County. The County has reviewed its fiscal policy strategy in the last financial year as it strategizes for budget implementation in the FY 2021/22. Resource constraints occasioned by low revenue collection as a result of the COVID-19 has resulted to a deficit in the FY 2020/21 appropriations.

CBROP 2021 is informed by the views of the following

- I. The Meru County Annual Development plan
- II. The County Integrated development plan 2
- III. The “Big Four Agenda” Food security, Affordable Housing, Affordable Health care and Manufacturing
- IV. Kenya Vision 2030
- V. The Meru County Vision 2040

CBROP 2021 will promote Socio-economic transformative programmes and development projects that will assist in the recovery of the local economy given the effects of the COVID-19 pandemic. The paper will put weight on higher investments in the social enablers and infrastructure development for sustainable growth.

The Medium-Term Budget has also been analyzed to limit spending on non-productive areas and ensure resources are directed to priority programmes optimally. It is expected that the programmes and approaches herein will fast track the achievement of the County Government's Socio-economic Transformative Agenda of Making Meru Great

Titus Ntuchiu

Deputy Governor/CECM Finance, Economic Planning & ICT

Acknowledgement

The preparation of the CBROP 2021 was a rigorous and consultative effort among various departments and stakeholders which provided expedient views and information.

The Budgeting Directorate is grateful to H.E. the Governor Kiraitu Murungi, and the entire County Executive Committee for their insights and guidance in the implementation and review of the budget. Also, special thanks go to the CECM for Finance and Economic Planning and ICT , Hon. Ntuchiu for guidance in spearheading the formulation of this plan. Immense appreciation to the Budgeting and Economic Planning Directorate team who have worked round the clock for the successful preparation and completion of the document. Since it would not be possible to list everybody individually, I would like to take this opportunity to thank everyone else not mentioned here for their dedication, sacrifice and commitment in this process

CPA Joseph Kabii Chabari

Chief Officer-Finance, Economic Planning & ICT

Abbreviations and Acronyms

CBK	Central Bank of Kenya
CECM	County Executive Committee Member
CO	Chief Officer
CRA	Commission of Revenue Allocation
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
ADP	Annual Development Plan
FY	Financial Year
GDP	Gross Domestic Product
IBEC	Inter-Governmental Budget and Economic Council
ICT	Information and Communication Technology
IFMIS	Integrated Financial Management Information System
KNBS	Kenya National Bureau of Statistics
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
PE	Personnel Emoluments
PFM	Public Finance Management
PWD	People with Disabilities
SRC	Salaries and Remuneration Commission
SWGs	Sector Working Groups

LEGAL BACKGROUND

The County Budget Review and Outlook Paper is one of the phases of preparation of the Annual County Budget. Its preparation is enshrined in the Public Finance Management Act, 2012 where section 118 (1) clearly postulates that a County Treasury shall:

- a) Prepare a County Budget Review and Outlook Paper in respect of the County for each financial year, and
- b) Submit the paper to the County Executive Committee by the 30th September of that year.

Section 118 (2) of the same Act further provides that the CBROP should contain:

- a) The details of the actual fiscal performance in the previous year compared to the Budget appropriation for that year;
- b) The updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper;
- c) Information on:
 - (i) Any changes in the forecasts compared with the County Fiscal Strategy Paper; or
 - (ii) How actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for that financial year; and
- d) Reasons for any deviation from the financial objectives in the County Fiscal Strategy Paper together with proposals to address the deviation and the time estimated for doing so.
- e) After preparation of the Paper by the County Treasury, the County Executive Committee considers the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, and arranges for the same to be laid before the County Assembly, publishes and publicizes the Paper.

Preparation of this paper is further backed by the County Governments Act, 2012 and the Constitution of Kenya, which compels County Governments to plan for their Counties and requires the appropriation of the funds to be within the approved planning frameworks.

The main objectives of a CBROP are to 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 details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;
- The financial outlook with respect to County Government revenues, expenditures and borrowing for the coming financial year and over the medium term;

- An assessment of the current financial year and the projected state of the economy for the succeeding three years;
- Targets for overall revenues, total aggregate expenditure and domestic and external borrowing for the succeeding financial year and the medium term;
- The total resources to be allocated to individual programmes within a sector indicating the outputs expected from each such programme during that period;
- The criteria used to allocate or apportion the available public resources among the various programmes; and
- Forecast financial position for the financial year to which the Budget relates and the next two financial years

INTRODUCTION

County Budget Review and Outlook Paper (CBROP) 2021 is prepared in accordance with the Public Finance Management (PFM) Act, 2012 and its regulations. It presents a review of the budget performance for the FY 2020/21 and how the budget observed financial objectives as set out in the County Fiscal Strategy Paper 2021. It further delivers updated macro-economic and financial forecasts with sufficient information to show changes from the projections outlined in the CFSP 2021 and sets out the broad fiscal parameters for the FY 2021/22 budget and the medium term.

1.1 Objectives of CBROP

The objective of the CBROP 2021 is to provide a review of fiscal performance for the FY 2020/21 and how this performance impacts on the financial objectives and fiscal responsibility principles set out in the CFSP 2021. This together with updated macroeconomic developments and outlook provides a basis for revision of the current budget in the context of Supplementary Estimates and the broad fiscal parameters underpinning the FY 2021/22 budget and the medium term. Specifically the CBROP aims to provide:

- i. Updated economic and financial forecasts in relation to the changes from the forecasts in the most recent County Fiscal Strategy Paper (CFSP);
- ii. Details of the actual fiscal performance in the previous year compared to the budget appropriation for that particular year;
- iii. Any changes in the forecasts compared with the CFSP;
- iv. Indication on how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the CFSP for that financial year; and
- v. Reasons for any deviation from the financial objectives in the CFSP together with proposed measures to address the deviation and the time estimated for doing so.

1.2 Significance of CBROP

The paper is a policy document and links planning with budgeting. It is significant in the budget making process within MTEF as it reviews previous fiscal performance for the year and identifies any deviations from the budget. It also assesses how fiscal responsibility principles were adhered as provided in section 107 of the PFM Act 2012. In addition, the updated macroeconomic and financial outlook provides a basis for any budget revision and sets out broad fiscal parameters for the next budget. Further, the paper is expected to provide indicative sector ceilings for the FY 2021/2022 budget

1.3 Structure

This paper has four sections.

Section One: This section states the objective of the C-BROP lays out its significance in the budget preparation process and provides a brief description of the paper's structure into its four sections and a one line description of what they are about.

Section Two reviews the county's fiscal performance for the previous year. It is divided into three sub-sections, namely, The Overview, Fiscal Performance and Implications of Fiscal Performance.

Section Three reviews recent economic developments and has four subsections of Recent Economic Developments, Economic Outlook & Policies, Medium Term Fiscal Framework and Risks to the Outlook.

Section Four sets out how the county government intends to operate within its means. It establishes the resources envelope (total revenues) it expects, and then allocates these across departments by setting expenditure ceilings for each department. In addition, it has four sub-sections: adjustment to the proposed budget; the medium term expenditure framework; proposed budget framework; and projected fiscal balance and likely financing.

Section Five. This section is the opportunity to concisely capture the purpose and value of the Budget Review and Outlook Paper.

2. REVIEW OF COUNTY FISCAL PERFORMANCE IN 2020/21 FY

This section details the county's fiscal performance for the financial year 2020/21 in relation to the approved Programme based estimates and details the implications arising from the fiscal performance for the same period.

2.1 Overview

The fiscal performance for the FY 2020/21 was moderately pleasing in view of challenges experienced from delayed funds disbursements, local revenue deficit and the global COVID - 19 pandemic which worsened the revenue performance for the FY 2020/21 as many businesses had been affected by the declining incomes occasioned by the measures taken to curb the spread of the virus.

In regards to compliance with the fiscal responsibility principles and financial objectives set out in the PFM Act, 2012, the County Government development budget was 30.0% in line with the statutory requirement. However, compensation to employees was 44.0 % which is above the recommended rate of 35%. The wage bill remains a major challenge faced by the county government hence the need for concerted effort to find a viable solution to keep the wage bill within the legal threshold.

The County's approved supplementary budget for FY 2020/21 was Kshs.11.78 billion, comprising of Kshs.3.82 billion (32.4 per cent) and Kshs.7.97 billion (67.6 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.8.039 billion (68.2 per cent) as the equitable share of revenue raised nationally, Kshs.1.48 billion (12.5 per cent) as total conditional grants, generate Kshs.600 million (5.1 per cent) from own sources of revenue, and a cash balance of Kshs.1.45 billion (12.3 per cent) from FY 2019/20. The County also expected to receive Kshs.220 million (1.9 per cent) as Appropriation in Aid.

At the close of the financial year, total cumulative internally revenue collection was Kshs. 435 Million against a target of Kshs. 600 Million representing 72.5 percent of the target. The shortfall in own source revenue was recorded in almost all broad categories.

2.2 Fiscal Performance

a. County Overall Fiscal Performance.

Table 2.1: Summary of County Fiscal Performance.

SUMMARY OF COUNTY FISCAL PERFORMANCE FOR THE FY2020/21					
Description	2019/20 FY	2020/21 FY			
	Actual (kshs. Million)	Approved Budget Est' (kshs. Million)	Actual Receipts (kshs. Million)	Deviation	% Absorption
	a	B	c	(c-b)	(c/b)
1. REVENUE					
Equitable Share Allocation	7,347.74	8,039.10	8,730.46	691.36	108.60%
Conditional Grants	1,442.94	1,478.02	1,253.18	(224.84)	84.79%
Roll-over from Previous FY	820.87	1,446.66	1,232.09	(214.57)	85.17%
County own revenues	383.30	600.00	435.92	(164.08)	72.65%
Appropriation in Aid	178.16	220.00	179.92	(40.08)	81.78%
Total Revenue & Grants	10,173.00	11,783.78	11,831.57	47.79	100.41%
2. EXPENDITURE	Actual (kshs. Million)	Approved Budget Est' (kshs. Million)	Actual Expenditure (kshs. Million)	Deviation	% Absorption
	a	B	c	(b-c)	(c/b)
Recurrent Expenditure					
Compensation to Employees	4,950.62	4,829.98	4,801.50	28.48	99.41%
Use of goods and services	2,517.03	3,223.71	2,645.85	577.86	82.07%
Recurrent Sub-Total	7,467.65	8,053.69	7,447.35	606.34	92.47%
Development Expenditure	2,170.58	3,730.09	2,625.99	1,104.10	70.40%
Total Expenditure	9,638.23	11,783.78	10,073.34	1,710.44	85.48%

b. Revenue Performance.

During the Financial Year 2020/21, the county received Kshs 8.039 billion as an equitable share of the revenue raised nationally, Kshs 705.26 million as conditional grants from the national government, raised Kshs.435.34 million as own-source revenue, and had a cash balance of Kshs.1.446 billion from FY 2019/20. The total funds which were available for budget implementation during the period amounted to Kshs 11.783billion.

S/No.	Revenue	Annual Budget Allocation (in Kshs)	Actual receipts FY 2020/21 (in Kshs.)	Actual Receipts as % of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	8,039,100,000	8,039,100,000	100%
B.	Conditional Grants from the National Government Revenue			
1	Conditional Grants to Level-5 Hospitals	373,872,832	373,872,832	100%
2	Compensation for User Fee Foregone	31,648,848	31,648,428	100%
3	Road Maintenance Fuel Levy Fund	241,491,600	241,491,600	100%
4	Rehabilitation of Village Polytechnics	58,249,984	58,249,984	100%
5	Conditional grants -management of COVID 19	102,886,000	102,886,000	100%
	Sub Total	808,149,264	808,148,844	100%
C.	Loans and Grants from Development Partners			
1	Transforming Health systems for Universal care Project (WB)	36,400,000	33,543,650	92%
2	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	202,802,950	202,802,950	100%
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	232,216,740	-	0%
4	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	116,890,200	116,890,200	100%
5	DANIDA Grant	22,860,000	22,860,000	100%
6	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	45,000,000	45,000,000	100%
7	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	13,703,648	11,050,997	81%
	Sub Total	669,873,538	432,147,797	65%
D.	Other Sources of Revenue			
1	Own Source Revenue	600,000,000	435,922,406	73%
2	Balance b/f from FY 2019/20	1,446,657,433	1,446,657,433	100%
3	Other Revenues (A-I-A)	220,000,000	179,918,740	82%
	Sub Total	2,266,657,433	2,062,498,579	91%
	Grand Total	11,783,780,235	11,341,895,220	96%

During the FY 2020/21, the County generated a total of Kshs.435.92 million as its own source revenue. This amount represented of 73 per cent achievement relative to set target of Kshs. 600 million for period in FY 2019/20 and was 3.8 per cent of the annual target.

The Controller of Budget approved withdrawals of Kshs. 8.98 billion from the CRF account during the reporting period. The amount comprised of Kshs.2.47 million (28 per cent) for development programmes and Kshs6.51 billion (72 per cent) for recurrent programmes

c. Expenditure Performance.

In FY 2020/21, the government was able to absorb 85.47 percent of its annual budget inclusive of cash balances from FY 2019/2020 where the recurrent expenditure amounted to Kshs.7.447 billion representing 92.5% absorption of the recurrent budget, while Kshs. 2.625 billion was spent on development accounting for 70.4 % absorption of the Kshs. 3.37 billion developments budget.

Table 2.3 below indicates the respective department's absorption rates as follows;

DEPARTMENTAL FISCAL PERFORMANCE(EXPENDITURE SUMMARY) DURING THE FINANCIAL YEAR 2020/21												
DEPARTMENTS	Budget Allocation (kshs. Million)			Exchequer Issues (kshs. Million)			Expenditure (Kshs. Million)			Budget Absorption		
	REC	DEV	TOTAL	REC	DEV	TOTAL	REC	DEV	TOTAL	REC	DEV	TOTAL
	a	b	c	d	e	f	g	h	i	j=g/a	k=h/b	l=i/c
COUNTY ASSEMBLY	935.44	40.00	975.44	935.44	12.50	947.94	935.39	12.50	947.89	100.0%	31.2%	97.2%
OFFICE OF THE GOVERNOR	332.06	0.00	332.06	332.03	0.00	332.03	327.33	0.00	327.33	98.6%	0.0%	98.6%
FINANCE , ECONOMIC PLANNING & ICT	1071.42	83.13	1154.55	1000.75	78.04	1078.79	1000.75	57.91	1058.66	93.4%	69.7%	91.7%
AGRICULTURE, LIVESTOCK & FISHERY	300.31	401.21	701.53	289.48	314.32	603.80	288.84	306.08	594.92	96.2%	76.3%	84.8%
WATER & IRRIGATION	126.71	348.97	475.68	125.69	338.96	464.66	111.63	338.96	450.59	88.1%	97.1%	94.7%
EDUCATION TECHNOLOGY, GENDER & SOCIAL DEVELOPMENT	796.01	239.22	1035.23	596.57	106.40	702.97	722.01	178.00	900.01	90.7%	74.4%	86.9%
HEALTH SERVICES	3166.05	330.39	3496.44	2939.70	231.79	3171.49	2872.38	231.79	3104.17	90.7%	70.2%	88.8%
LAND, PHYSICAL PLANNING, URBAN DEVELOPMENT & PUBLIC WORKS	112.22	598.64	710.85	109.97	225.39	335.36	111.17	294.63	405.80	99.1%	66.9%	73.4%
LEGAL AFFAIRS, PUBLIC SERVICE MANAGEMENT AND ADMINISTRATION	741.44	238.71	980.15	687.66	0.00	687.66	650.26	0.00	650.26	87.7%	0.0%	66.3%
ROADS,TRANSPORT & ENERGY	97.73	1201.08	1298.81	92.71	990.25	1082.96	92.71	1018.94	1111.65	94.9%	84.8%	85.6%
TRADE, INVESTMENT,INDUSTRIALIZATION, TOURISM & COOPERATIVE DEVELOPMENT	105.51	121.46	226.97	93.57	95.06	188.63	93.57	95.05	188.62	88.7%	78.3%	83.1%
YOUTH AFFAIRS & SPORT	180.68	88.42	269.10	157.22	60.47	217.69	157.22	60.47	217.69	87.0%	68.4%	80.9%
PUBLIC SERVICE BOARD	43.04	0.00	43.04	42.85	0.00	42.85	42.85	0.00	42.85	99.6%	0.0%	99.6%
ENVIRONMENT,WILDLIFE & NATURAL RESOURCES	45.06	38.86	83.93	41.21	31.64	72.86	41.21	31.64	72.86	91.5%	81.4%	86.8%
GROSS TOTALS	8,053.69	3,730.09	11,783.78	7,444.86	2,484.82	9,929.68	7,447.34	2,625.97	10,073.31	92.5%	70.4%	85.5%

From table 2.3 above:

Average absorption was noted in all departments with an overall utilization of 85.48%. The below 100% utilization was attributed to delayed procurement of goods and services, and late disbursement of funds by the National Treasury.

2.3 local Revenue Performance

From the table below actual local revenue collected through County revenue Fund amounted to Kshs.435.92Million against a target of Kshs. 600 Million hence a shortfall of Kshs.164.07 Million. In addition to the above, county through other institutional funds was able to generate Kshs.179.91 million under FIF, Kshs.10.46 million under AMS Mitunguu and Kshs.12.69 million under Kaguru ATC.

Own revenue shortfall was attributed mainly by the outbreak of the Covid-19 pandemic, all major revenue sources were drastically affected hence the depressed revenue collections for the year, Perennial challenges of mobility due the unavailability of enough vehicles and non-updated valuation roll.

Table 2.3 Revenue Performance per stream

MERU COUNTY TOTAL REVENUE COLLECTION ANALYSIS AS PER SOURCE FY 2020/2021								
No.	Revenue Stream	Target FY 2020-2021	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Actual Totals	Variance from Target
1	Single business permit	146,641,235	26,748,575	5,207,313	64,533,598	28,586,419	125,075,905	(21,565,330)
2	Cess	105,510,001	19,083,001	12,739,918	18,384,702	17,214,969	67,422,590	(38,087,411)
3	Parking fees	112,476,245	14,583,200	12,196,751	22,552,383	12,165,060	61,497,394	(50,978,851)
4	Market fee	59,285,185	11,007,425	9,006,965	12,395,360	11,394,740	43,804,490	(15,480,695)
5	Land Rates	41,240,057	2,159,210	4,132,385	14,510,768	15,297,304	36,099,667	(5,140,390)
6	Outdoor adverts. & Signboard	39,686,048	1,668,900	2,225,233	13,057,065	18,932,040	35,883,238	(3,802,810)
7	Building plans	40,715,616	8,034,618	5,059,941	10,633,027	5,520,935	29,248,521	(11,467,095)
8	Plot Rent	12,688,473	1,642,727	2,383,378	5,170,423	3,462,087	12,658,615	(29,858)
9	House rent/Stall rent	14,233,315	2,491,070	2,170,550	2,881,765	2,157,010	9,700,395	(4,532,920)
10	Slaughter house fees	8,324,425	1,112,765	1,080,795	1,028,745	813,985	4,036,290	(4,288,135)
11	Miscellaneous income	2,453,654	1,956,731	285,743	323,092	616,685	3,182,251	728,597
12	Meat Inspection and Veterinary Services	4,189,238	307,900	362,620	953,130	421,830	2,045,480	(2,143,758)
13	Impounding fees & Fines	1,637,785	296,250	105,737	133,925	157,450	693,362	(944,423)
14	Toilets fee	1,773,595	147,295	126,390	174,770	150,350	598,805	(1,174,790)
15	Application fees	1,951,400	327,100	54,700	80,000	28,000	489,800	(1,461,600)
16	Income from county properties/Estates	293,105	81,420	-	8,000	195,000	284,420	(8,685)
17	Fire section fee	869,870	60,305	14,000	170,800	33,000	278,105	(591,765)
18	Refuse collection fee	218,665	21,000	7,000	149,700	28,000	205,700	(12,965)
19	Transfer & Subdivision fee	262,753	42,000	14,000	35,000	33,147	124,147	(138,606)
20	Sale of tender doc	49,335	3,000	-	-	-	3,000	(46,335)
21	AMS Mitunguu	2,000,000	-	-	1,290,230	-	1,290,230	(709,770)
22	Kaguru Atc	3,500,000	-	-	1,300,000	-	1,300,000	(2,200,000)
	TOTALS	600,000,000	91,774,493	57,173,419	169,766,483	117,208,011	435,922,406	(164,077,594)

As indicated in table 2.2 above, the County own revenues is mainly attributable to Single business permit, Cess, Parking fees, Market fees, Landrates, Outdoor adverts & Signboard, Building plans, Plot rents and House rents/Stall rents. Further, the sharp increase in own revenue in the last half of the year is attributable to payments of Single business permits and annual rents from the plot and land owners.

Figure 1 below indicates the trends in the revenue performance per stream per quarter for the last financial year.

Figure 1: Revenue trends per quarter

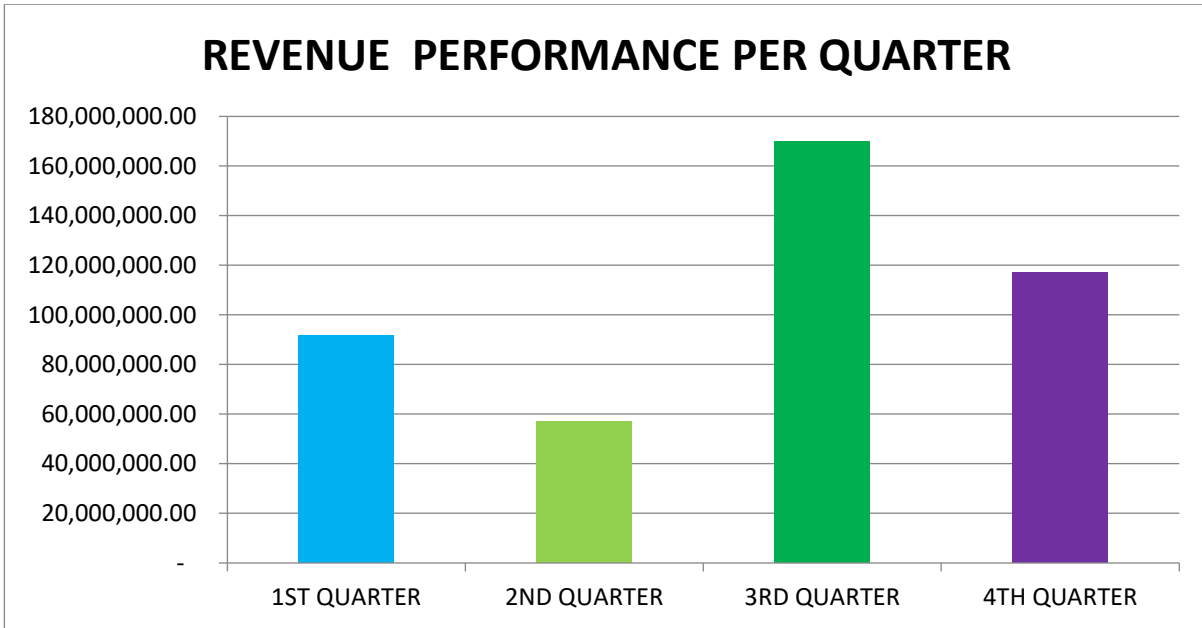
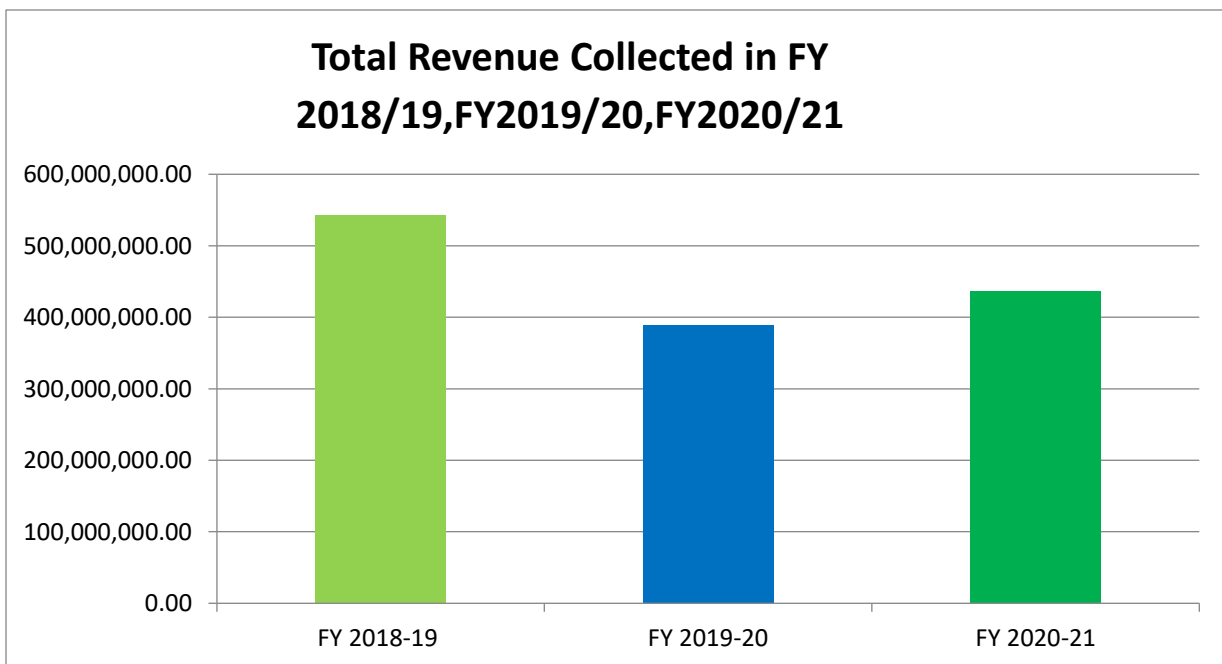


Figure 2: Revenue trends for the last three financial year

Figure 2 below indicates the trends in the revenue performance per stream for the last three financial years.



- a) As indicated in figure 2, the County own revenue grew in the year 2018/2019 as the county revenue board increased automation, monitoring, increased staff and public awareness on need to pay revenue. In the subsequent year revenue was affected where businesses were immensely affected during the peak period of SBP fees collection since the covid-19 containment measures were effected as most of the businesses

were closed and those operating were not willing to pay although in FY 2020/21 revenue increased after management put some measures like granting waiver to the plot owners to enable them clear the outstanding arrears, increasing human resource capacity by recruiting officers to replace retired ones, training of 543 employees on Customer care, public relation, Finance act 2019, HR policies and Constitution article 10 & 232.

2.5 Fiscal balance

In line with performance in revenue and expenditure, fiscal deficit amounted to Kshs 390.85 million. Through a contingency plan, government will absorb the above deficit through budgeting of pending bills in the current and subsequent financial years over the MTEF period.

3. RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

3.1 Overview

In 2020, the Kenyan economy was adversely affected by the outbreak of Covid-19 Pandemic and the swift containment measures, which disrupted economic activities. As a result, our economy contracted by 5.5 percent in the second quarter of 2020 from a growth of 5.2 percent in the first quarter in 2020. Nonetheless, the economy has demonstrated signs of recovery in the third quarter of 2020 contracting by only 1.1 percent following the reopening of the economy. Economic growth is therefore estimated to slow down to around 0.6 percent in 2020 from the earlier projection of 2.6 percent in the 2020 Budget Review and Outlook Paper (BROP).

The economic growth is projected to rebound from 3.8 percent in the FY 2020/21 to 6.1 percent over the medium term supported by the recovery in the services sector. The economy continues to register macroeconomic stability with low and stable interest rates and a competitive exchange rate that supports exports. Year on-year overall inflation remained within the Government target range of 5 ± 2.5 percent in January 2021 at 5.7 percent from 5.8 percent in January 2020. The low inflation was mainly supported by a reduction in food prices and muted demand pressures. The reversal of tax measures in January 2021 are expected to have modest impact on overall inflation.

The foreign exchange market has largely remained stable but partly affected by a significant strengthening of the US Dollar in the global markets and uncertainty with regard to the Covid-19 Pandemic. Despite this, the current account deficit, in percent of GDP, is estimated to improve to 4.9 percent in 2020 from 5.8 percent in 2019 and projected at 5.1 percent in 2021 mainly supported by an improvement in the trade balance partly reflecting expected pickup in imports.

3.2 County Economic Outlook and Policies: Strategy for Resilient and Sustainable Economic Recovery

The Covid-19 Pandemic has devastated global economies with Meru County not being spared. The economic impact of the Pandemic is already felt across all departments and sectors of the Meru economy. Thus, 2021 CBROP is premised on the need to urgently overcome the immediate socio-economic challenges that the county faces today. At the heart of the policies, is the desire to foster a conducive environment critical to return the economy back to long term growth point or path.

Building on the gains made, the County will implement the Post Covid-19 Economic Recovery Strategy (ERS) which will mitigate the adverse impact of the Pandemic on the economy and further re-position the economy on a steady and sustainable growth trajectory. The Government will ensure that all the proposed policies and legislation are implemented within the specific timelines.

In this sense the county will continue to implement the following strategies per sectors:

3.2.1 Manufacturing

Manufacturing sector is one of the top three sectors in terms of contribution to the Meru Gross County Product. The sector is essential in supporting recovery of the economy of Meru County from the effects of COVID-19 pandemic. This is especially due to its potential in revenue and employment generation. In the recovery, the County will:

- (i) Consider an emergency rescue package for businesses and traders hard-hit by the effects of Covid-19 in the short run. The emergency Fund, supported by development partners and other stakeholders, can be used to identify and support the most vulnerable businesses and entrepreneurs affected by Covid-19. Related, the County will inject some stimulus to cushion the businesses and traders through affordable credit; waiver of some County taxes, cess, and other charges.
- (ii) Covid-19 has increased demand for locally produced goods in the County, and especially Personal Protective Equipment (PPEs), sanitisers, hospital beds and ventilators. It is an opportunity to spur innovation and promote manufacturing and industry development and generation of jobs for the youth.
- (iii) Establishments in the county will adopt to the new pandemic guidelines including rearranging floor plans to allow for social distancing.
- (iv) Establish cold storage and mini fish processing facilities.
- (v) Engage with investment partners through PPP.

3.2.2 Agriculture and Livestock

Agriculture accounts for the largest share of economic activity in Meru county. More than a half of county economic activity is driven by the agriculture sector. As the agri-food sector gradually shifts from an emergency response to re-engineering, recovery and building resilience, Meru County will adopt the following strategies:

- i) Develop partnership with the National Government, NGOs, development partners, Research Institutions and the Private sector in enhancing agro-processing and value addition capacities of the county particularly to include khat, bananas, potatoes and horticultural crops.
- ii) Enhance small holder farmers' adoption of farming as business by linking farmers to product markets beyond the county level, in domestic and external markets, at competitive prices.
- iii) Invest in storage facilities and driers and cold storage facilities for fresh produce particularly at collection points. The key cause of food crops losses/wastages as identified by households in Meru County are losses related to weevils, storage related, floods and theft related. Significant losses are also experienced with livestock products such as milk and eggs production. Investment in storage and cooling facilities will minimize spoilage and post-harvest losses.
- iv) Digitize the agri-food sector to support: - training and building capacities of farming households in modern agricultural technologies, provision of advisory and information services, marketing agricultural produce at a wider scope beyond the county level, and improving access to innovative support services including credit and insurance services.
- v) Improve access to quality and affordable inputs including certified seeds, water, animal feeds, AI services, fertilizers, livestock vaccination and ploughing services by county tractor hire services.
- vi) Establish programmes for surveillance of disasters such as extreme weather conditions, crop pest and diseases, and livestock disease at the county level equipped with relevant technical specialists and finances to effectively prepare, respond and prevent risks. There is also need for the county to mitigate disasters, such as those related to floods, through institutional capacity development, vulnerability analyses and updates, monitoring and early warning systems, and public education.
- vii) Build the capacity of farmers in produce handling/ output/ improve product standards, adoption of modern farming technologies (e.g. fodder establishments) and practices and adopt sustainable land management practices to minimize environmental degradation.
- viii) Strengthen agricultural cooperatives through effective stakeholder engagement and implementation of interventions for more sustainable models of financing and customized training of cooperative members.

3.2.3 Water and Sanitation

Frequent and correct hand hygiene has been emphasized by WHO as one of the measures to curb transmission of COVID-19. This has placed a higher demand for water more so at the households, health care facilities, marketplaces, public places and among essential services providers.

The county will:

- i) Expand and rehabilitate the existing piped water connection infrastructure to help increase access to water.
- ii) Increase water supply in households, institutions and public places through drilling of boreholes and rehabilitation of water supply schemes in all the sub-counties.
- iii) Integrate public private partnerships arrangements to enhance water provision in the County.
- iv) Map out water resources through a County Water Master Plan to establish the quality and quantity.
- v) Develop and implement water and sanitation services policy, law, rule and regulations.
- vi) Promote protection of water catchment areas, determination and protection of wetlands.
- vii) Develop and promote ground water recharge strategies.
- viii) Fast track cutting down of water conservation unfriendly trees.
- ix) Expand sewer infrastructure to accommodate more households.
- x) Improve access to safe and improved toilets in schools, health care facilities, workplaces and public places.
- xi) Support the implementation of Community Led Total Sanitation (CLTS) initiatives.
- xii) Promote the importance of handwashing and construct WASH facilities to increase access at the household level
- xiii) Enforce the WASH regulation of having toilets in all public facilities such as supermarkets, hotels and banks.

3.2.4 Urban Development and Housing

The County will:

- i) Develop and implement an addressing system with complete, correct and unique address data in line with the National Addressing System. To be used on pandemic and disaster surveillance and emergency response.
- ii) Fastrack implementation of the affordable housing programme in partnership with the private sector targeting urban centers.
- iii) Develop a policy to promote home ownership to address the problem of rent distress during times of emergency.
- iv) Avail 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.
- v) Identify and designate urban centers for upgrade pursuant to provisions of the Urban Areas and Cities (amendment) Act, 2019.
- vi) Develop and implement urban planning and design instruments that support sustainable management and use of natural resources and land in line with the New Urban Agenda and as a mitigative measure to future pandemics and disasters.
- vii) Formulate and seek approval of urban development plans and development control policies to support investment and development of urban areas.

- viii) Adopt programmes aimed at an increasing household access to clean energy sources and technologies for cooking to mitigate against exposure to respiratory diseases.

3.2.5 Transport

The county has a total of 8,574.84 Kilometers of classified road network. Approximately 69.5 per cent of the paved road network is in good condition, 24.0 per cent in fair condition and 5.4 per cent in poor condition. While 10.2 per cent of the unpaved road network is in good condition, 44.0 per cent in fair and 45.0 per cent in poor condition.

To enhance mobility options for residents and maintain the roads in good condition to support economic, social and subsistence activities, the County will:

- i) Identify county significant infrastructure projects, with project speed emphasis, for implementation to support economic recovery from the effects of the pandemic.
- ii) Re-develop bus parks and termini to address crowding and social distancing concerns stipulated in the public health guidelines.
- iii) 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 cost effectively.
- iv) Apply labor based and local resource-based approaches for road development and maintenance, where technically and economically feasible, in line with the Roads 2000 national policy.
- v) Improve and expand infrastructure for Non-Motorized Transport (NMT) in urban areas and along roads with heavy -high speed traffic to promote sustainable mobility options and enhance road safety for all road users. This is in line with the Integrated National Transport Policy 2009 and the Sustainable Development Goals.
- vi) Adopt climate smart road engineering designs to safeguard road and bridge infrastructure from floods and to harvest storm water for irrigation and productive use. Use the Kenya Urban Support Programme funding to build storm water management systems in urban areas.

3.2.6 Tourism

The County has 39 profiled and mapped operational and potential tourist attractions in the county. These include the Meru National park, Mt. Kenya National park, Lewa Downs Conservancy and Ngare Ndare Forest Trust and Lake Nkunga as the major tourist attraction sites in Upper Eastern-Kenya. These sites have sustained attraction of adventure tourists and competitive sports like the rhino charge and the Safaricom marathon. These sites offer additional activities mountain climbing, canopy walks, camping, trekking, and diving at waterfalls, bird watching and safari drives. The County is in the process of establishing Nyambene Conservancy that has attraction sites like Igombe Crater, bird watching and breathtaking sceneries.

To address the gaps, the County will continue to:

- i) Identify, develop and market tourism products.
- ii) Enhance conservation and management of tourism attraction areas and sites.
- iii) Creation of community conservancies.
- iv) Enhance accessibility to tourism products and facilities.

- v) Capacity building (Train service providers in the tourism industry on internationally acceptable standards).
- vi) Construction of five-star rated accommodation facility at Meru National Park with a 300-bed capacity.
- vii) Preservation of cultural (cultural information centre).
- viii) Undertake the operationalization of leopard rock hotel at the Meru National park

3.2.7 Health

The County has a fairly strong health care system that brings together the Public, Faith-based and the Private Sector to provide health services to its residents and those from neighboring counties. About 58 per cent of all healthcare services in Meru County are provided by the public sector.

The recovery and re-engineering strategies include;

- (i) Promote construction, upgrading and equipping of health facilities through additional funding to health sector. The county will collaborate with National Government and put up and equip a cancer center at Meru Level V Hospital, this will enable the county to achieve the CIDP 2018-2022 goal of promoting expansion and upgrading of health facilities.
- (ii) Sensitize county residents on enrollment for NHIF and Meru Care cover, to relieve them of out-of-pocket financing of health services, cancer treatment being one of the main causes of morbidity in Meru county.
- (iii) promote and support public and community health by advocating for hand washing facilities in homes and institutions such as schools, technical training and university institutions; workplaces and health care facilities within Meru county. The county will also ensure that all health centers in the 9 sub counties have enough drugs and other health commodities.
- (iv) Create awareness on availability and importance of free maternity services and address other constraints to access of maternal health services in the county to address fear of contracting COVID19 in event of visiting health facility.

3.2.8 Education and training

The county has over 813 Early Childhood Development Centers (ECDs) with a total enrolment of 61,870 learners of which 48 per cent is male, and 52 per cent are female. The total number of ECD teachers is 1,202 making the teacher child ratio to be 1:51. The county has 647 primary schools with a total enrolment of 335,879 pupils and 5,520 teachers.

The recovery strategies are:

- (i) The County government will collaborate with private providers and non-state actors such as faith-based organisations in provision of ECDE services while enforcing public health protocols in schools including provision of WASH and PPEs in the County.
- (ii) County government need to recruit more ECD teachers subject to availability of funds so that to avoided overcrowded classes.
- (iii) The county will integrate ICT into teaching and learning in the education sector- facilitate production of radios and online teaching and learning materials as well as extending the existing distance learning programmes to all rural areas. This will be possible by collaborating with national government to increase ICT coverage in the County.

- (iv) The county Education Department in collaboration with health authorities will establish the safety of school buildings and their surroundings before reopening; provide adequate water and sanitation facilities and enhanced school feeding programme; and promote monitoring psychosocial wellbeing of students, teachers and non-teaching staff as well as educating them on how to mitigate spread of coronavirus both within the learning environments and at community level.

3.2.9 Social Protection

The County has an estimated number of over 48,815 PWDs and 44,76,706 older persons aged 65 years and above.

The recovery and re-engineering strategies are:

- (i) The County Government of Meru will utilize innovative approaches to reach the vulnerable in the informal sector, including agriculture sub-sectors. Expansion will focus on the most vulnerable, but also aim to cover those with significant livelihood risks; immediate measures will focus on livelihood preservation and recovery; enhancing community support schemes will seek to reach informal and small-scale agricultural workers.
- (ii) Ensure basic income security, for persons whose jobs or livelihoods have been disrupted by the crisis, also coordinate social protection programmes and strengthen linkages across various social protection interventions such as giving grants to SMEs.
- (iii) Promote the citizen enrollment with NHIF
- (iv) More sensitization of youths, women and PWDs about AGPO so that they are able to exploit business opportunities with government.
- (v) Protect vulnerable groups in the population from health costs by enhancing NHIF coverage; improving knowledge of the existing insurance schemes to improve uptake; and subsidizing NHIF premiums for elderly.

3.2.10 Gender and Youth

The social and economic effects of the COVID-19 pandemic have increased households' susceptibility to Gender Based Violence (GBV) in Meru County.

To address these challenges, the County will:

- (i) Enhance community awareness and sensitization on gender inequalities, gender-based violence reporting and prevention and reproductive health.
- (ii) Establish a multi-sectoral committee that oversees the implementation of gender policies across various cross-cutting sectors.
- (iii) Designate gender safe spaces to provide accommodation for Gender Based Violence (GBV) survivors and create space in County Referral Hospitals to serve as GBV recovery centers.
- (iv) Promote use of alternative means of Gender Based Violence safe outreach and awareness-raising that limit direct contact i.e. using traditional methods e.g. town criers and use of loudspeakers.
- (v) Support gender champions and sign language interpreters to activate and communicate an 'alert chain' to reach GBV survivors or those in imminent danger of injury and harm.
- (vi) Strengthen inclusive community outreach strategies to ensure GBV messaging is localized and clear, and addresses stigma, discrimination and other power dynamics that serve as barriers to accessing GBV services & COVID-19 information among differently able persons.
- (vii) Bring onboard key stakeholders to actively engage and sensitize the youth on reproductive health; HIV/Aids and COVID-19 prevention measures.

3.2.11 Environment and Natural Resources Management

The county has a rich ecosystem that includes forests, rivers and hills. Efforts to conserve the environment are hampered increasing population which exerts pressure on the natural resources, encroachment on wetlands, land degradation, deforestation, illegal logging, water pollution, charcoal burning and land pollution.

The county plans to:

- i) Provide and promote alternative sources of clean energy for cooking such as solar energy and bio digesters.
- ii) Promote afforestation by providing tree seedlings to communities and schools.
- iii) Develop natural resources utilization policy.
- iv) Establish and promote community forest associations (CFA) to help in forest conservation.
- v) Put in place participatory forest management plans (PFMP).
- vi) Enforce the environment management and conservation policies.
- vii) Provide capacity building of communities around forest land on forests on Sustainable Forest Management.
- viii) Impose total ban on wetland cultivation and logging.
- ix) Reposes all encroached water catchment land.
- x) Provide waste collection services at households, promote and facilitate regular waste collection, environment clean up exercises at neighborhoods and in towns.
- xi) Promote and facilitate regular waste collection, environment clean up exercises at neighborhoods and in towns.

3.3 Medium Term Expenditure Framework

The fiscal resources continue to be limited while at the same time, the county Government is confronted with significant expenditure demands including financing the Post Covid-19 Economic Recovery Strategy and the “Big Four” Agenda. This calls for proper prioritization to ensure that we focus on critical expenditures with the highest positive impact on the well-being of the Ameru residents and population. For this reason, the county Government will continue to prudently manage the use of public resources over the 2021/22-2023/24 Medium Term Expenditure Framework (MTEF). Towards this end, while developing the budget proposals for the medium-term, we took caution and made efforts to curtail the growth of recurrent budgets especially budget items under the category referred to as use of goods and services. The budgeting organs also ensured that funding priority is accorded to completion of ongoing projects, which are supportive to accelerated inclusive growth and development.

The county plans to work within the exchequer budget with borrowing and donor funds being critical important in financing the deficits.

3.3.1 Revenue enhancement strategies

To further boost revenue performance and mitigate revenue risks arising from the Covid-19 Pandemic, the county Government will implement the following revenue enhancement measures:

- i) Robust intelligence collection, utilization and investigation;
- ii) Proper training on revenue collection and enhancement.
- iii) Development of proposal for donor funding.
- iv) Reduced recurrent expenditures

4. RESOURCE ALLOCATION FRAMEWORK

The FY 2021/22 Budget emphasizes on efficiency and effectiveness of public spending and improving revenue collection to stimulate and sustain economic activities, mitigate the adverse impact of COVID-19 pandemic on the economy and re-position the economy on a steady and sustainable growth trajectory. This will in turn ensure enhanced continued fiscal discipline and debt sustainability.

4.1 Adjustment to the FY 2021/22 Budget

Analysis of actual ow revenue collected during the FY 2020/21 showed that the total was below target by Kshs.164 million, on account of the impact of the containment measures against Covid-19 pandemic on economic activities and the tax relief measures implemented to cushion Kenyans against the adverse impact of the pandemic and to increase liquidity in the economy.

The underperformance in both revenue collection and expenditure in the Financial Year 2020/21 has implications on the financial objectives set out in the County Fiscal Strategy Paper 2021 and FY 2021/22 budget estimates. In particular, the baseline for projecting both the revenue and expenditures for the FY 2021/22 and the medium term has changed given the outcome of FY 2020/21 and performance of the first two months of FY 2021/22.

In order to remain focused to the County service delivery, some emerging issues which affect the development path of the county need to be addressed. This can only take place through adjustment to the current 2021/2022 Budget Estimates, via a supplementary budget to cater for the following;

- Any salary deficit
- Pending Bills and Obligations for both recurrent and development expenditures
- Any foreseen or experienced revenue adjustments
- Interventions to considered for other priority shifts e.g Mitigation of COVID-19 effects and other emergencies

Revenues for the FY 2021/22 are therefore, projected at Kshs.12.499 billion with ordinary revenues at Kshs.689 Million. On the other hand, expenditures are projected at Kshs12.499

billion with recurrent expenditures projected at Kshs.8.325 Billion while development expenditures are projected at Kshs.4.172 Billion. The above figure are as per the FY 2021/2022 supplementary (1).

4.2 FY 2022/23 Budget Framework (MTEF)

In actualizing medium-term expenditure framework, county priorities set in the CIDP 2018-2022, County Vision 2040, the Annual Development Plan 2022/2023 and alignment county priorities to National governments priorities shall take precedence as this form the basis of all resource allocations. This is in addition to expenditure rationalization and revenue mobilization that the Government has been implementing.

For the success of the MTEF framework, there is need for continuous check on efficiency in resource allocation and management, wide dissemination of e-procurement applied, with extreme employment of internal risk controls for checks and balances being fully observed. As a mandatory requirement, stakeholder involvement and engagement shall duly be acknowledged. Such stakeholders include the citizens, non-state actors, vulnerable groups, religious organizations, development partners, donors, private sector and national government among others. Collaboration with important institutions such as the National Treasury, the County Assembly, Office of the Controller of Budget, Commission on Revenue Allocation, the Council of Governors, and the Central Bank among others shall be emphasized.

In the FY 2022/23 revenue collection including Appropriation-in-Aid (A-i-A) is projected at Kshs.11.538 billion. Of this, own source revenues are projected at Kshs.700 million. This revenue performance will be underpinned by continuous reforms in tax policy and revenue administration by County Revenue Board and boosted by economic recovery occasioned by the planned Post Covid-19 Economic Recovery Strategy. On the other hand, the overall expenditure is projected at Kshs.11.538 billion. Of this, recurrent expenditure will amount to Kshs.8.122 billion while, development expenditure will amount to Kshs.3.425 billion. Wages and salaries for all county staff including the County assembly continue to be a major cost to the County. The county will however continue to pursue policies aimed at bringing the wage bill down to desired levels.

Table: Revenue projections for the Financial Year 2022/23

RESOURCES ENVELOPE				
Revenue Stream	APPROVED BUDGET FY 2021-2022 (SUPPLEMENTAR Y 1)	PROJECTED BUDGET FOR FY 2022-2023	%	Remarks
a. Equitable Share	9,493,857,338.00	9,968,550,204.90		Increased by 5%
b. County Own Revenue	689,061,600.00	700,000,000.00		Increased by 1.6%
c. Appropriation in Aid- Hospital FIF	270,000,000.00	270,000,000.00		
Total	10,452,918,938.00	10,938,550,204.9	95%	
d. Conditional Grants from the National Government Revenue				
i. Conditional Grants to Level-5 Hospitals				Scrapped off & added to equitable share
iv. Conditional Allocation for Development of Youth Polytechnics*				Scrapped off & added to equitable share
v. Conditional Grant-Compensation for User Fee Foregone				Scrapped off & added to equitable share
vii. Conditional Grant-Management of Covid-19				Scrapped off & added to equitable share
viii. Conditional Grant- Road Maintenance Fuel Levy				
Total				
e. Conditional allocations from Development Partners				
i. World Bank Loan to for transforming health systems for universal care project	36,886,029.00	36,886,029.00		
ii. World Bank for national agricultural and Rural Inclusive Growth project	398,724,835.00	398,724,835.00		
iii. World Bank Urban development grant for Kenya urban support program	116,890,200.00			Programme ending FY 2021-22
v. KDSP (Level 1+ Level 2 Grant FY 2019-20)	141,844,646.00			Programme ending FY 2021-23
v. KDSP (Level 1 Grant FY 2018-19)	45,000,000.00			Programme ending FY 2021-24
vi. Danida	17,811,750.00	11,811,750.00		This programme will gradually end in FY 2023/24
vii. GoK-ASDSP	25,100,278.00	25,100,278.00		
vii World Bank-Locust Response Project(ELRP)	47,977,333.00			We are pessimistic this funding will end in Fy 2021/22
viii. Conditional Grant- Kenya Informal settlement Improvement Project-KISIP	110,000,000.00	110,000,000.00		
ix. Capital Grant-THS	16,991,148.26	16,991,148.26		
Sub-Total	957,226,219.26	599,514,040.26	5%	
Total	11,410,145,157.26	11,538,064,245.16	100%	

4.3 Medium Term Fiscal Projections

Over the medium term, driven by economic recovery strategies, Efficiency and effectiveness in expenditure management, continued reforms in revenue administration and revenue enhancement measures, the Government's total revenue is projected at Kshs12.149, 12.720 billion in FY 2023/24 and 2024/25 respectively. Total expenditures will be equal to total revenues as the County maintains a balanced budget policy. Of the total development allocation will be maintained above 35%.

4.4 Medium-Term Expenditure Framework

The FY 2022/23 budget framework builds up on the Government's efforts through economy stimulating the economy and the Post Covid-19 Economic Recovery Strategy to stimulate and sustain economic activities, mitigate the adverse impact of COVID-19 pandemic on the economy and re-position the economy on a steady and sustainable growth trajectory.

The priority social sectors will continue to receive adequate resources in the budget and are required to utilize the allocated resources more efficiently to generate fiscal space to accommodate other strategic interventions in their sectors. Funding will be geared towards implementation of the following key interventions to stimulate overall county growth across all sectors;

- a) Distribution of water to households by supporting community projects through provision of pipes and water tanks.
- b) Improvement of roads infrastructure
- c) Social economic empowerment
- d) Investing in accessible and quality health services
- e) Improvement of urban centers infrastructure
- f) Streamlined waste management services
- g) Provision of Quality Education, Gender empowerment, Youth & Sports development
- h) Improved food security and promotion of commercial agriculture

Projected Fiscal Balance

The proposed FY 2022/23 county budget is balanced, but however, any shortfall in revenue that may occur within the year will be addressed through supplementary budgets. Below is a table showing projected departmental ceilings for the FY 2022/23 and over the medium term.

Table: Summary of Indicative Department Ceilings for FY 2022/23

FY 2022/2023 PROJECTED EXPENDITURE CEILINGS					
No	Department	Compensation to employees	Use of goods and services	Development	Total
1	County Assembly	546,590,715.00	462,069,654.00	-	1,008,660,369.00
2	Office of the Governor	146,045,978.34	188,911,600.96	-	334,957,579.30
3	Finance, Economic Planning and ICT	421,464,650.90	513,342,892.20	60,000,000.00	994,807,543.10
4	Agriculture, Livestock & Fishery	279,947,748.49	55,402,555.00	593,988,206.00	929,338,509.49
5	Water, & Irrigation	107,373,652.46	27,516,628.53	410,924,205.93	545,814,486.92
6	Education, Technology, Gender & Social Development	643,967,709.42	240,758,099.00	226,407,158.00	1,111,132,966.42
7	Health Services	2,476,620,354.11	547,905,794.80	386,975,046.26	3,411,501,195.17
8	Lands, Physical Planning, Urban Development & Public Works	70,913,534.50	105,736,381.00	364,490,713.05	541,140,628.55
9	Public Service Administration & Legal Affairs	224,897,979.36	592,435,580.23	-	817,333,559.59
10	Roads, Transport & Energy	59,927,451.46	59,310,470.00	1,018,516,422.10	1,137,754,343.56
11	Trade, Investment, Industrialization, Tourism & Co-op Development	54,616,743.72	76,130,000.00	202,628,097.00	333,374,840.72

12	Youth Affairs ,Sports& Culture	41,493,781.14	80,436,781.48	109,512,394.00	231,442,956.62
13	County Public Service Board	16,652,729.22	30,000,000.00	-	46,652,729.22
14	Environment, Wildlife and Natural Resources	22,405,073.47	30,147,464.00	41,600,000.00	94,152,537.47
					-
	Total	5,112,918,101.61	3,010,103,901.20	3,415,042,242.34	11,538,064,245.16
	Percentages	44%	26%	30%	100%

N/B The above ceilings are subject to adjustments depending on revenue provisions by CRA. More so, the same will be reviewed in the coming CFSP

Also note that the above ceilings are below current year FY 2021/22 approved budget due cash rollover from FY 2020/2021.

4.5 Public Participation and Involvement of Stakeholders

As required by the Public Finance Management (PFM) Act, 2012 this Budget Review and Outlook Paper was shared with various stakeholders and the public for comments before its finalization.

5 CONCLUSION

The FY 2022/23 and the medium term budget is being prepared against the backdrop of a slowdown in the growth of the global economy. The COVID 19 Pandemic and the consequent containment measures have led to contraction of the global economy disrupting businesses including international trade and leading to loss of livelihoods for millions of people globally. Kenya has not been spared. The Pandemic and the containment measures have not only disrupted our ways of lives and livelihoods, but to a greater extent business. Consequently, the economy is projected to slow down to 2.6 percent in 2020 from the 5.4 percent registered in 2019. To cushion citizens and businesses from the adverse effects of Covid-19 Pandemic and stimulate economic recovery, the Government will continue to implement measures in the context of the Economic Stimulus Programme and the Post Covid-19 Economic Recovery Strategy.

Given the tight resource constraints amidst significant revenue shortfalls occasioned by the adverse effects of the Covid-19 Pandemic, the Government will continue to ensure proper prioritization of public expenditures to the most impactful programmes with highest welfare benefits to its residents. As such, in the FY 2022/23 budget, special focus will be placed on the achievement of the planned priorities in the MTEF. Equally, emphasis will be on strategic interventions under the Post Covid19 Economic Recovery Strategy that will further reposition the economy on a steady and sustainable growth trajectory. Thus, all Sector Working Groups (SWGs) are required to adhere to the hard sector ceilings, and the strict deadlines provided in this document to facilitate the finalization and appropriation of the FY 2021/22 and the medium term budget. The resource envelope and ceilings for each Sector provided in this Budget Review and Outlook Paper will form inputs into the next Budget fiscal strategy paper, which will be finalized by mid-February 2022.