COUNTY GOVERNMENT OF WAJIR

DEPARTMENT OF FINANCE AND ECONOMIC PLANNING

COUNTY FISCAL STRATEGY PAPER

FEBRUARY 2023

To obtain copies of the document, please contact:

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CFSP 2023 will be published on the website at: www.wajir.go.ke within 7 days of adoption by the County Executive Committee.

Foreword

The County Fiscal Strategy Paper (CFSP) 2023 was prepared as provided for in section 117 of PFM Act of 2012. The paper puts emphasis on the county government's priority programs and policies to be implemented in the Medium Term Expenditure Framework. The CFSP 2023 is the first policy paper to be prepared under the County's Third Generation CIDP 2023-2027 that will prioritize food security, quality and affordable healthcare, ending drought emergencies and investments towards agriculture and livestock production. This paper is also aligned to the County Annual Development Plan, The National Fourth Medium Term Plan (MTP 2023-27) and the Vision 2030.

The paper is prepared in the context of the prevailing national and global economic conditions characterized by elevated global inflation, incessant supply chain disruptions and severe drought that have created food security and climate change challenges. Wajir county is among the counties that are in alarm drought phase following the poor performance of the OND short rains coupled with four consecutive seasons without rain. It is against this backdrop that the county is redirecting investments on drought mitigation, resilience and adaptation through provision of food safety nets, livestock feeds and supplements, livestock vaccination and enhancing access to portable water.

Budget estimates for the FY 2023/2024 is projected at Ksh 11.36 Billion which is four per cent increase from the 2022/23 budget estimates. This is mainly attributed to enhanced shareable revenues from national government.

The fiscal policy direction over the medium term is aimed at supporting the government's restore hope transformation agenda through fiscal consolidation plan designed to redirect resources to priority areas while implementing effective resource mobilization strategies. The county will scale up Own Source Revenue collections as proportion to the county total revenue by undertaking tax administrative and tax policy reforms. To ensure value for money and improve public spending, the county treasury will see to it that non-priority expenditures are eliminated.

In the light of the above considerations, the expenditure ceilings in this CFSP 2023 have been adjusted to suit emerging realities. Departmental proposals have been carefully analyzed and scrutinized to align it to the government's medium term fiscal policy and priority.

In summary, key priorities in the FY 2023/2024 and MTEF period include:

- Achieve universal Healthcare by providing accessible, affordable and quality healthcare.
- Reduce hunger and poverty in the county
- Enhance access to clean and safe water
- Infrastructure Development Including Opening of Road Networks and Clean Energy solutions
- Enhance access to quality education, acquisition of skills and support vulnerable groups.
- Enhancing Small and medium enterprise (SME) development and cottage industry development.
- Enhancing governance, Fiscal discipline and devolution of services

Finally, Sector Working Groups are advised to prepare their budgets in strict adherence to sector ceilings so as to facilitate the finalization of the 2023/24 Budget estimates

Salah Abdi Adan

County Executive Committee Member

Finance and Economic Planning

Acknowledgement

The CFSP 2023 highlights the county fiscal and budget framework by laying out strategic priorities and fiscal policy. Importantly, this document sets the sector and program resource ceilings that guides the 2023/2024 budget estimates.

The preparation of the 2023 Fiscal strategy Paper was an inclusive process. Much of the information in this report was obtained from the line departments through the Sector Working Groups (SWGs). We are grateful for comments from the County Treasury Macro Working group, the sector working groups and other stakeholder inputs. In the same breath, we sincerely thank the general public and all interested groups who participated in the public participation meetings held on 24th February 2023 towards the finalization of the CFSP 2023. Your valuable contributions helped shape the County Fiscal framework. Special thanks to the County Executive Committee Members (CECMs), Chief Officers in charge of various Departments for their leadership and support through the entire process. We are especially grateful to the County Executive Member for Finance and Economic Planning for his guidance and stewardship in achieving this planning and budget document. Special thanks goes to the staff in the Economic Planning, Budget and Statistics for their coordination and technical support in the compilation of this Paper. They have indeed demonstrated commitment in the preparation, editing and timely finalization of the CFSP 2023.

It is my sincere hope that the sectors will abide by the ceiling provided in this county fiscal strategy paper and submit the medium term expenditure framework in line with the adjusted budget calendar.

Abdi Abdille Adan
County Chief Officer
Economic Planning, Budget and Statistics

Abbreviations and Acronyms

ADP	Annual Development Plan
CBK	Central Bank of Kenya
CBROP	County Budget Review and Outlook Paper
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
CPSB	County Public Service Board
CO	Chief Officer
CRA	Commission of Revenue Allocation
FY	Financial Year
GCP	Gross County Product
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
NHIF	National Health Insurance Fund
PE	Personnel Emoluments
PFM	Public Finance Management
PPP	Public Private Partnership
PWD	People with Disabilities
SRC	Salaries and Remuneration Commission
SWG	Sector Working Group

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CHAPTER ONE: COUNTY STRATEGIC BLUE PRINT

1.1 Overview

The 2023 County Fiscal Strategy Paper has been prepared in consultative manner with adequate stakeholder engagement and in accordance section 117 of the Public Finance management Act 2012. The paper is the first county fiscal strategy prepared under the second term leadership of H.E FCPA Ahmed Abdullahi and outlines the development blueprint of the county government in restoring hope in public governance.

The government will prioritise Achieve universal Healthcare by providing accessible, affordable and quality healthcare, reduce hunger and poverty in the county, enhance access to clean and safe water, infrastructure Development Including Opening of Road Networks and Clean Energy solutions, enhance access to quality education, acquisition of skills and support vulnerable groups, Enhancing Small and medium enterprise (SME) development and cottage industry development.

The projections in the CFSP will ensure compliance with the fiscal responsibility principles in line with section 107 of the Public Finance management Act 2012.

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

The County Fiscal Strategy paper is prepared in accordance with Section 117 of the Public Finance Management Act, 2012 which states;

1. The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the County Assembly by the 28th February of each year.
2. The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.
3. 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

4. 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

5. In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account, the views of: -

a. The Commission on Revenue Allocation

b. The public

c. Any interested persons or groups

d. Any other forum that is established by the PFM Act 2012

6. Not later than fourteen days after submitting the County Fiscal Strategy Paper to the County Assembly, the County Assembly shall consider and may adopt it with or without amendments

7. The County Treasury shall consider any recommendations made by the County Assembly when finalizing the budget proposal for the financial year concerned

8. 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

Section 107 of the Public Finance Management Act, 2012 sets the principles of fiscal responsibility that the county governments should adhere to. The section requires the county government to enforce the following fiscal responsibility principles. In the medium term, the county government plans to abide by these principles and where there are non-compliance take the appropriate steps to remedy the situation.

a. The county government's recurrent expenditure shall not exceed the county government's total revenue.

b. Over the medium term a minimum of **thirty percent** of the county government's budget shall be allocated to the development expenditure

c. The county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenues as prescribed by the County Executive member for finance in regulations and approved by the County Assembly. Currently the percentage is set at 35 per cent by national regulation.

d. Over the medium term, the county government's borrowing shall be used only for the Purpose of financing development expenditure and not for recurrent expenditure.

e. The County debt shall be maintained at a suitable level as approved by County Assembly

f. The financial risks shall be managed prudently, and

g. a reasonable degree of predictability with respect to the level of tax bases shall be Maintained, taking into account any tax reforms that may be made in the future .

h. Short-term borrowing as mentioned in (d) above shall be restricted to management of cash Flows and shall not exceed five percent of the most recent audited county government revenue

1.4 County Strategic Priorities

The county intends foster socio-economic transformation through leadership, partnerships and collaborations, equity, innovation, evidence-based decision-making, and people-centered sustainable development while leaving no one behind. The County government will prioritize six strategic areas of interest while still providing services in all devolved and shared functions. These are:

1. Achieve universal Healthcare by providing accessible, affordable and quality healthcare.
2. Reduce hunger and poverty in the county
3. Enhance access to clean and safe water
4. Infrastructure Development Including Opening of Road Networks and Clean Energy solutions
5. Enhance access to quality education, acquisition of skills and support vulnerable groups.
6. Enhancing Small and medium enterprise (SME) development and cottage industry development.
7. Enhancing governance, Fiscal discipline and devolution of services

1.4.1 Achieve universal Healthcare by providing accessible, affordable and quality healthcare

Accessible, Affordable and quality health is vital for attainment of quality of life and economic development. Access to healthcare is limited thereby requiring frequent referrals out of the county and it's estimated that the county government spend Kshs. 48,000 per referral to Nairobi. To reduce referral out of the county, the county government will upgrade the Wajir county referral hospital to level v and the sub-county hospitals to standard level iv. The county will also work with the national government in up scaling National health insurance Fund (NHIF) by ensuring all households in the county have registered for NHIF medical cover by 2027. In particular, the county will pay premium for the elderly in the county to help them get medical cover from NHIF.

The human resource for health Programme undertaken by the county from 2014 is now receiving the first consultants who are expected to improve the provision of specialized service in the health sector. To take advantage of these skills, the county will upgrade all the county theatres and construct four (4) new ones and improve the stock of medical and dental equipment in the county in the next three years.

The county will further operationalize all constructed health facilities by recruiting technical staffs and provision of medical drugs and supplies. Supply chain management of medical drugs, non-pharmaceuticals and laboratory reagents and materials are critical for health care services, the county will ensure undisrupted supply of these so that quality health care can be provided in all public health facilities.

Health infrastructure is critical for service delivery and the county will prioritize the completion of phase ii and iii of the upgrading of the Wajir county referral hospital and upgrading of sub-county hospitals.

Health Monitoring and evaluation will also be prioritized to ensure health indicators are tracked and continuously improved. Reduction in Maternal Mortality, infant mortality, delivery by un-skilled personnel, malnutrition, and disease prevalence such as HIV & AIDs, TB, Renal disease, lifestyle diseases and Cancer will be targeted.

1.4.2 Reduce hunger and poverty in the county

Wajir County remains one of the poorest counties in the country with extreme hunger worsened by recurring drought. The county is dependent on pastoralism with few small scale farming practiced in major settlements. However, agricultural productivity in the country has been declining largely occasioned by the prolonged drought as a result of failed rain and high global fertiliser prices resulting in severe food shortage. The spread of the COVID-19 pandemic worsened the situation with world fertiliser prices having more than doubled in the past two years, affecting productivity of Kenyan farmers (2023 BPS).

The county government in partnership with the national government and development partners has undertaken intervention to cushion the farmers against loss of animals by proving feed supplements to livestock farmers. To turn around the sector , the county government will undertake the following intervention in the medium term;

i. Enhance Extension services in the county by deploying technical officers to the wards to transfer skills across all the value chains, including the emerging value chains like bee keeping and exotic breeds for chicken. Setting of Demonstration farms across all sub-counties to enhance farmer education and introduction of new technologies and methods.
ii. Institute proper rangeland management by collaborating with the national government and the communities to reverse rangeland degradation. The government will undertake reseeding of degraded rangeland and sensitise the community on appropriate land use. Destocking and restocking programmes will be undertaken at their appropriate times to enhance agricultural productivity and control the land carrying capacity. Hay banking will also be undertaken to store enough fodder for livestock use during the drought seasons.
iii. Undertake massive irrigation of farmland to increase arable land under crop farming. The county government in partnership with the national government departments and agencies will undertake the construction of mega pans in all the six sub-counties for irrigation. Introduction of agricultural mechanization will be up scaled to tilling more land for farming. The water pans will also be used as centre for honey production.
iv. Livestock and crop insurance will be initiated with supported from the national government and the private sector to make investment in the agriculture sector more attractive for investors.

1.4.3 Enhance access to clean and safe water

Wajir County is an Arid and Semi-Arid Land (ASAL) characterized by an acute shortage of clean and safe water for drinking and other domestic use. The number of households (HH) with an access to clean and safe water is estimated at about 32 percent of the total population. Largely, the county does not have a reliable source of water with the main sources being Water Pans, shallow wells and boreholes. The county is still water stressed. In order to ensure availability and sustainable management of water and achieve universal equitable access to safe and affordable drinking water.

The county government will undertake borehole drilling, water pan excavation, water works for domestic and livestock use. Further the county government will implement the Wajir water and sanitation project to provide the initial phase of supplying water to Wajir municipality. Drought mitigation measures will also be undertake whenever necessary at the minimum cost possible.

The operations of WAJWASCO will also be streamlined to make the company profitable in the long term. Human resource and technical skills requirement by the company is been undertaken to provide the necessary support from the county executive and ensure the company operates optimally.

The county executive will ensure the legal framework for water resource provision by enacting the water management bill, policy and supporting regulations.

1.4.4 Infrastructure Development Including Opening of Road Networks and Clean Energy solutions

To increase connectivity and reduce cost of doing business in the county, the government will undertake the following strategies;

1. Make all ward headquarters accessible all year round and open up access roads in all parts of the county. Proper gravelling and grading will be done to reduce the cost of transport and road accident in the county. The county will also undertake tarmacking of sub-county headquarters in partnership with national government agencies.
2. The county has poor electricity coverage. The government will prioritise the connection of the county headquarters to the national grid by lobbying from the national government. In the meantime, the county will install solar mini-grids in major hospitals and offices to reduce the pressure on diesel run generators and adopt clean energy.
3. The county will also partner with the national government to provide affordable and quality housing units.

1.4.5 Enhance access to quality education, acquisition of skills and support vulnerable groups.

The county has high adult illiteracy rate of 86 per cent with low enrolment in Pre-primary, primary and secondary schools. The county will work with partners and stakeholder to increase enrolment in basic education. The county will undertake the following strategies;

1. School Feeding Programme in Pre-primary education to increase enrolment and transition in ECD centres

2. Providing conducive learning environment through construction of ECD classrooms, Learning materials, In-door and Out-door playing material as well as construction of toilets for sanitations in schools
3. Provision of Bursaries and Scholarships to Secondary, Colleges and Universities to support the needy but bright students.
4. Support girl Child education through provision of mentoring programmes, sanitary pads and undergarments.
5. Integration of Islamic and secular education and supporting 'Madrassa' and Quranic schools in the county.

The County will also strive to increase enrolments in village polytechnics by providing the appropriate tools and equipment, provide capitation for learners to support operations of the polytechnics and infrastructure support.

The county will also support the vulnerable members of the society by up scaling cash transfers for the severely disabled and establishing social service board that will fight radicalization, drug abuse as well as clan conflict.

1.4.6 Enhancing Small and medium enterprise (SME) and cottage industry development.

The county has low private sector involvement with no factories or small manufacturing plant. The government will undertake programmes aimed at providing conducive environment for doing business. To achieve this, the government plans to undertake the following;

1. Providing Islamic law complaint credit to small businesses through the county revolving fund
2. Construction of market infrastructure in the county.
3. The county government will work with the national government in setting up industrial park in the county
4. Comply with AGPO requirement and provide business opportunities to women, youth and persons with disabilities.
5. Reviving dormant cooperative societies to enhance savings for investment in the county.

1.4.7 Enhancing governance, Fiscal discipline and devolution of services

The county government will prioritise the restoring of hope and confidence in the county public administration. Structural reforms will be initiated in accounting and procurement practices as well as human resource management. Proper human resource need audit and cleaning of the payroll will be given a priority. The huge pending bill from the previous regime is a wakeup call for the government to tighten public expenditure and avoid occurrence of the same in the future. All accounting officers are under strict instruction to spend within their budget.

The county human resource will be devolved to the village level to enhance service delivery. Existing staff will be redeployed to serve as village administrators and at the ward offices.

The enhancement of the county own source revenue will be prioritized in the medium term .

1.5 Outline of the County Fiscal Strategy Paper

The 2023 CFSP is presented in six chapters:-

i. **Chapter One**; Outlines the programmes for achieving the wajir county strategic objectives
ii. **Chapter Two**; Reviews National & County Economic outlook and overall economic growth in the county over the MTEF period.
iii. **Chapter Three**; Highlights the fiscal policy and budget framework. The chapter further elaborates the fiscal policy status, Fiscal Strategy Paper's obligation to observe Fiscal Responsibility Principles as set out in the PFMA 2012, Fiscal Structural Reforms, Budget Framework for proposed budget year 2023/24 (Revenue projections, recurrent expenditure forecast, development expenditure projections, and fiscal balance). The section generally outlines the county fiscal strategic objectives that the County is implementing to achieve its fiscal responsibility principles.
iv. **Chapter Four**; this chapter covers the medium-term expenditure framework. It highlights the total resource envelope for FY 2023/24 – FY 2025/26 MTEF, Spending Priorities, Medium Term Expenditure Estimates, Baseline ceilings, Finalization of spending plans, Details of Sector Priorities.
v. **Chapter Five**; Conclusion and next steps
vi. **Chapter Six**; Annexures

CHAPTER TWO: RECENT ECONOMIC DEVELOPMENTS AND POLICY OUTLOOK

2.1 Overview

The World Bank estimates that in 2021, the Kenyan economy staged a strong recovery, with the economy growing at 7.5 percent although some sectors, such as tourism, remained under pressure. This is a strong recovery considering the economy contracted by 0.3 percent in 2020 compared to a growth of 5.0 percent in 2019. The GDP growth is projected at 5.5% in 2022 while the poverty rate has resumed its trend decline after rising earlier in the pandemic. Although the economic outlook is broadly positive, it is subject to elevated uncertainty, including through Kenya's exposure (as a net fuel, wheat, and fertilizer importer) to the global price impacts of the war in Ukraine. (World Bank, Oct 03, 2022)

This Economic performance reflects a strong recovery from the adverse effects of the COVID19 pandemic, which disrupted activities in Wholesale and Retail Trade, Education, Accommodation and Restaurant and, Transport and Storage sectors. It was also feared that the political temperatures during an electioneering period could have a negative effect on the Economy. However, the World Bank reports that the country has made significant political and economic reforms that have contributed to sustained economic growth, social development, and political stability gains over the past decade.

The new government's bottom-up economic model prioritizes agriculture, healthcare, housing, and manufacturing. Weather uncertainties brought about by the climate change effects remain the biggest threat to the Agricultural sector which is the back borne of the economy. (Source, CBK Dec 2022)

The economy has started to register signs of macroeconomic instability with rising inflation and interest rates, while the exchange rates are at competitive level that support exports. Year-on-year overall inflation rate has risen beyond the policy target range of 5+/-2.5 percent since October 2022. The year-on-year inflation rate eased to 9.1 percent in December 2022 from 9.5 percent in November 2022, however, this is higher than the 5.7 percent recorded in December 2021. Food inflation remained the main driver of overall year-on-year inflation in December 2022, contributing 5.5 percentage points, an increase, compared to a contribution of 3.2 percentage points in December 2021. Fuel inflation also increased to contribute 2.2 percentage points to year-on-year overall inflation in December 2022 from a contribution of

1.7 percentage points in December 2021. This was mainly driven by increases in electricity prices due to higher tariffs and increased prices of kerosene/paraffin, diesel and petrol on account of higher international oil prices. (BPS 2023)

The Kenya foreign exchange market remained resilient in the FY2021/22 as the economy fully reopened following the Covid-19 related closures. The foreign exchange market was supported by supply from the agricultural and financial sectors while demand was driven by economic activity which picked-up mainly in the manufacturing, wholesale and retail sectors. The resilience of the foreign

exchange market cushioned the currency against rising commodity prices and a slowdown in global growth following Russia's invasion of Ukraine. Nonetheless,

the Kenya shilling weakened gradually in the period standing at Ksh 121.90 in November 2022 compared to Ksh 111.92 in November 2021. (CBK, 2022)

The current account deficit relative to GDP is estimated to have marginally widened to 5.3 percent (USD 6,037 million) in the year to June 2022 from 5.1 percent (USD 5,369 million) in the year to June 2021. This was attributed to the high import bill especially of petroleum products which more than offset improved earnings from strong agricultural exports, resilient diaspora remittances, and service receipts. (CBK, 2022)

2.2 Review of Recent Economic Performance

National Economic Development

The Kenyan economy continued to expand in 2022, albeit at a slower pace than the 7.5 percent recorded in 2021, a much stronger level from a contraction of 0.3 percent in 2020. Real GDP is expected to grow by 5.5 percent in 2022 supported by the services sector despite subdued performance in agriculture and weaker global growth. The economy is projected to rebound to 6.1 percent in 2023, reinforced by the Government's development agenda geared towards economic turnaround and inclusive growth.

The growth momentum recorded in 2021 continued in the first three quarters of 2022 averaging 5.5 percent despite subdued performance in agriculture and weaker global growth. The economy grew by 6.7 percent in the first quarter and 5.2 percent in the second quarter compared to a growth of 2.7 percent and 11.0 percent in similar quarters in 2021.

In the third quarter of 2022, the economy grew by 4.7 percent compared to a growth of 9.3 percent in the corresponding quarter of 2021. Most sectors posted slower growths owing to the significantly high growth rates recorded in the third quarter of 2021 that signified recovery from the impact of the COVID-19 pandemic. The growth in the third quarter of

2022 was mainly supported by the service sectors particularly Accommodation and Food Service activities, Wholesale and retail trade, Professional, Administrative and Support services, Education and Financial and Insurance activities. The growth was however slowed by declines in activities of the Agriculture, Forestry and Fishing, and Mining and Quarrying sectors.

The performance of the industry sector slowed down to a growth of 3.4 percent in the third quarter of 2022 compared to a growth of 8.3 percent in the same period in 2021. This was mainly on account of normalization of activities in the manufacturing sub-sector after the strong recovery in 2021. Manufacturing sub-sector expanded by 2.4 percent in the third quarter of 2022 compared to 10.2 percent growth recorded in the same period of 2021. The growth in the industry sector was supported by positive growths in Electricity and Water Supply sub-sector and construction sub-sector which grew by 4.7 percent and 4.3 percent, respectively.

The activities in the services sector normalized and remained strong in the third quarter of 2022 after a strong recovery in 2021 from the effects of COVID19 pandemic. The sector growth slowed down to 6.1 percent in the third quarter of 2022 compared to a growth of 11.4 percent in the third quarter of 2021. This performance was largely characterized by substantial growths in accommodation and food services, wholesale and retail trade, professional, administrative and support services and education sub-sectors.

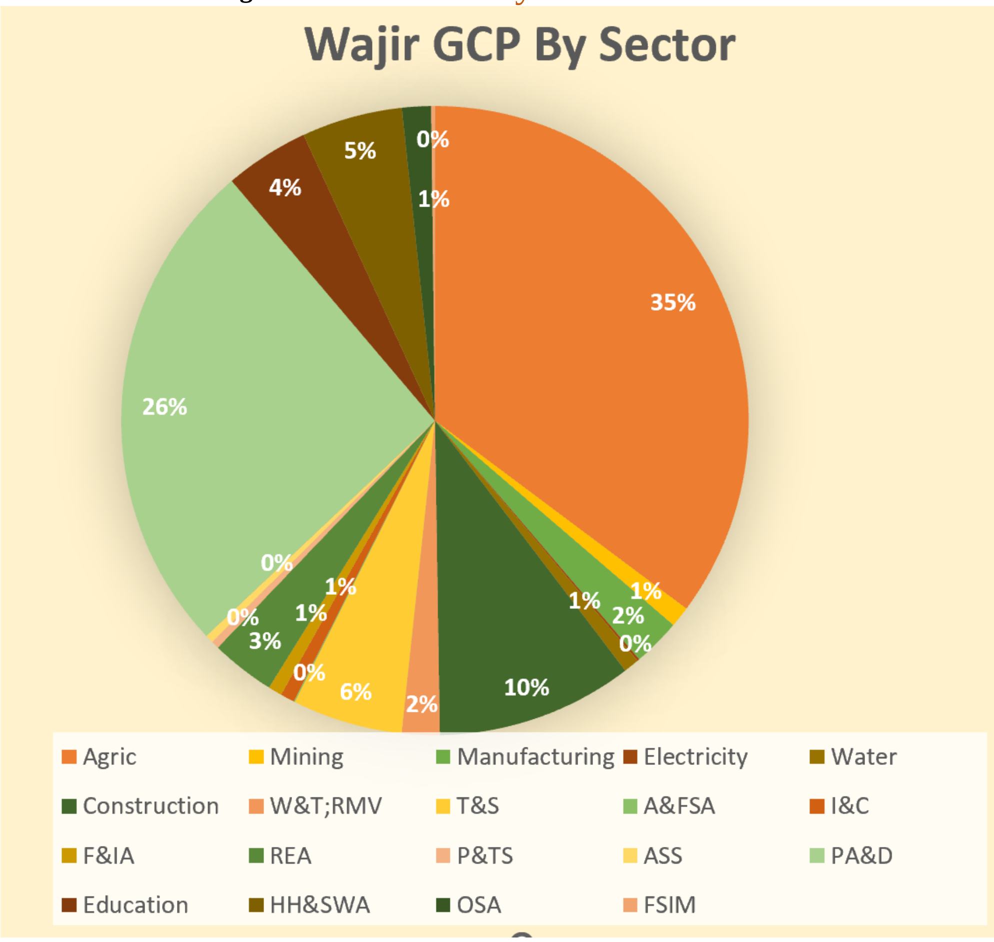
The year-on-year inflation rate eased for the second consecutive month in December 2022 but was still above the 7.5 percent upper bound target. Inflation rate eased to 9.1 percent in December 2022 from 9.5 percent in November 2022 due to a decline in food prices as a result of favorable rains and declining international prices of edible oils. However, this inflation rate was higher than the 5.7 percent recorded in December 2021. Overall annual average inflation increased to 7.6 percent in December 2022 compared to the 6.1 percent recorded in December 2021. (BPS, 2023)

Food inflation remained the main driver of overall year-on-year inflation in December 2022, contributing 5.5 percentage points, an increase, compared to a contribution of 3.2 percentage points in December 2021. The increase was mainly attributed to unfavorable weather conditions and supply constraints of key food items particularly maize grain (loose), fortified maize flour, cooking oil (salad), cabbages, beef with bones and mangoes. 76. Fuel inflation also increased to contribute 2.2 percentage points to year-on-year overall inflation in December 2022 from a contribution of 1.7 percentage points in December 2021. This was mainly driven by increases in electricity prices due to higher tariffs and increased prices of kerosene/paraffin, diesel and petrol on account of higher international oil prices. (BPS, 2023)

Local Economic Development

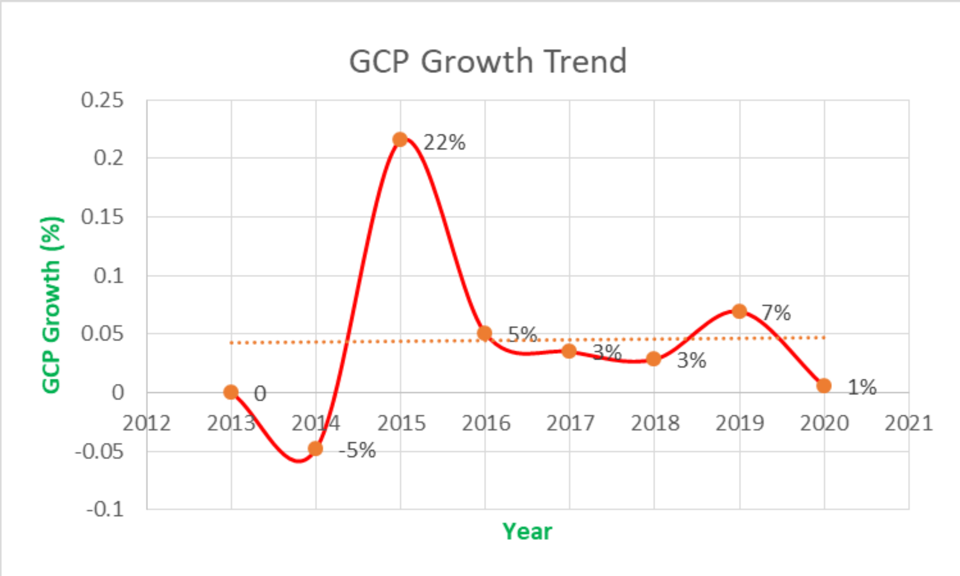
In 2021/2022, the County's economy, like the national and the rest of the world recorded some recovery from the adverse effects of the Covid-19 pandemic. However, the recovery was eroded by the adverse weather conditions with the county recording poor rainfalls for three consecutive seasons of OND 2021, MAM 2022 and OND 2022. The livestock sub-sector that contributes close to 35 percent of the GCP is estimated to have lost approximately 20 percent of the stocks due to the biting drought. The NDMA short rains assessment report of 2021 indicates that the county has the Pastoral Livelihood Zone accounting for 48.8 percent of the population and the Agro pastoral Livelihood Zone accounting for 20.6 percent. The major sources of cash income are livestock and crop production, contributing about 60 and 30 percent respectively. These statistics imply that the slowdown in the livestock sector has a major impact on the economy and livelihoods of the county residents. Most of the economic activities in the county revolve around Livestock/Agricultural Sector, Public Administration and defense, Construction and Whole sale and retail trade accounting for 82 percent of the GCP. A majority of the people, 64 percent, draw their livelihood from the Agricultural sector.

Figure 1: Gross County Product in 2020



Looking at the GCP trends between 2013 and 2020, the economy seems to slowing down during dry periods while accelerates when the county receives adequate rains. The last rains that were good were recorded in 2019, when the GCP grew by 7 percent before slowing down to 3 percent in 2020, a slowdown that is attributable to both the COVID-19 containment measures and the drought. Similarly, good rains were recorded in 2015 in a year that saw the economy grow at 22 percent. **Figure 2** below shows the GCP growth trends.

Figure 2: **Wajir GCP Growth Trend**

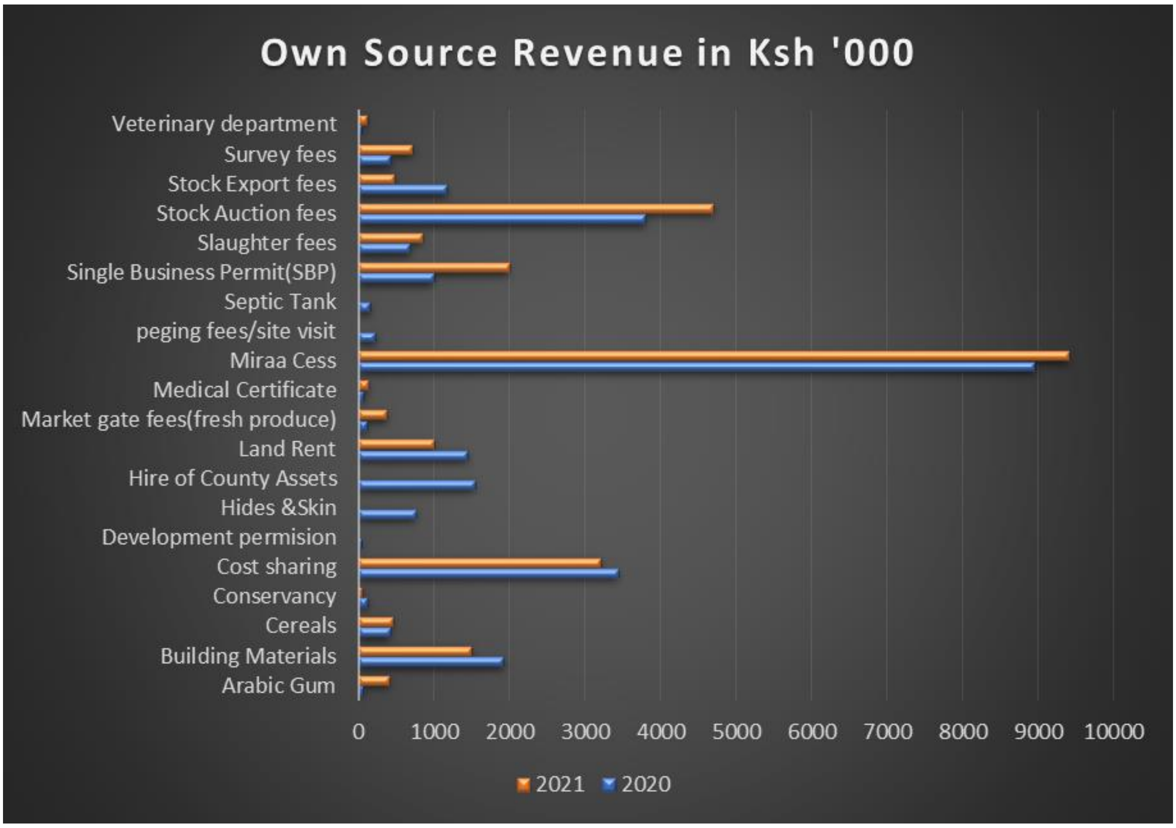


Comparing the OSR streams in the second half of 2020, 2021 and 2022; revenue generated from stock auction fees, single business permits and miraa Cess was significantly higher than the same period in 2020. **(Figure 3).** This could signal a rebounding local economy after easement of the COVID 19 containment measures that constrained movement and trade in the county. However, there was a slowdown in another major sector, notably the construction sector, in 2021 as compared to 2020.

The analysis in Figure II also shows that the stock export fees was lower in the second half of 2021 in comparison to similar period in 2020. This scenario could have been occasioned by a recovering local economy and thereby a better purchasing power locally making it less lucrative to export.

Due to lack of updated county statistics, the own source revenue data has been employed as proxy to analyse the economic activities in this CFSP. The general observation is that the key sectors have shown some level of recovery in 2021 as compared to similar period in 2020 as explained above.

Figure 3: 2nd Half Local Revenue Performance 2020 and 2021



Source: County Revenue Department

Turning to OSR projections; the county is still experiencing ravaging drought situation after the failed three consecutive season of failed rains. Livestock farmers are pressed for water and pasture for livestock and are forced to buy hay from other counties at higher prices than normal. The NDMA Short Rains Assessment reveals that the body conditions for Goats and Sheep are poor to very poor while the rangelands are depleted. The implication of the poor livestock conditions is that the animals may not be taken to the market and therefore the stock auction fees, which is a major revenue source for the county, is expected to dimmish considerably. The drought is compounding the depressed economic situation that is already facing the county; in the current year and to the medium term the economy is expected to remain flat with recovery expected only when the long rains in MAM 2023 perform well.

2.3 Update on fiscal performance and emerging Trends

Wajir County government's approved final Budget for FY 2021/2022 was Kshs.11.585 billion, comprising of Kshs.4.244 billion (37 per cent) including provision for pending bill/liabilities and Kshs.7.342 billion (63 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the government projected to receive Kshs.9.474 billion (81.78 per cent) as equitable share of revenue raised nationally, Kshs.1.383 billion (11.94 per cent) as total conditional grants, generate Kshs.100 million (0.86 per cent) from own sources of revenue, and had Kshs.499.62 million (4.3 per cent) as cash balance from FY 2020/2021 carried forward.

Table 1: Fiscal performance for the year 2021/2022

S/NO	Revenue	Actual Receipts in FY 2020/2021	Actual 2021/2022	Projected revenue in Budget 2021/2022	Actual Receipts as % of annual allocation
A.	**Equitable share from revenue Raised nationally**	8,545,500,000	9,474,726,156	9,474,726,151	100%
B.	**Conditional grants from National Government**				
1	Compensation for the user fees foregone	15,784,997			
2	Road Maintenance Fuel Levy Fund	497,267,857.9	127,349,086	127,349,086	100%
3	Rehabilitation of village polytechnics	14,074,894			
4	COVID-19 Fund from National Treasury 2019/20	38,268,000			
5	Special Allowance for frontline Health Workers	35,070,000			
	Sub Total	**600,465,749**	**127,349,086**	**127,349,086**	100%
C.	**Loans and Grants from Development Partners**				
6	Transforming Health systems for Universal care Project (WB	36,152,244	33,465,212	33,852,983	99%
7	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	244,640,455	157,520,261	346,040,790	46%

8	Emergency Locust Response Project -World Bank		18,730,781	88,547,660	21%
9	IDA (WB) Credit: Kenya Informal Settlement Improvement Project		0	50,000,000	0%
10	IDA (WB) Credit: Kenya Devolution Support Program (KDSP) Level 2 Grant	95,000,000	95,000,000	95,000,000	100%
11	IDA (WB) Credit: Kenya Urban Sup-port Project (KUSP) –Urban Institutional Grants (UIG)	10,000,000			
12	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	165,643,500	28,273,049	90,844,014	31%
13	DANIDA Grant	33,750,000	7,893,875	18,933,750	42%
14	EU Grant (Instruments for Devolution Advise and Support IDEAS)	-	19,908,166	15,626,168	127%
15	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	350,000,000	172,839,943	600,000,000	29%
16	9th Country Programme Implementation	-	0	4,432,000	0%
17	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	36,150,122	2,500,000	40,580,823	6%
	Sub Total	**971,336,321**	**536,131,287**	**1,383,858,188**	39%
D	**Other Sources of Revenue**				
18	Own Source Revenue	66,264,717	52,415,625	100,000,000	52%
19	Balance b/f from Previous Year	445,100,593	499,622,360	499,622,360	100%

	Sub Total	**511,365,310**	**552,037,985**	**599,622,360**	92%
	Grand Total	**10,628,667,380**	**10,690,244,514**	**11,585,555,785**	**92%**

Source: County Treasury

From table 1 above, actual receipts from the projected share of revenue raised nationally stood at a 100 percent. However, the local revenue did not perform well at 52 percent, while the revenues for projects funded from donor support had the worst performance at 39 percent. Overall, the budgetary resources performed well at 92 percent of the projected revenues actually received in the year under review.

Own Source Revenue

The county government collected only 52% of the projected revenue in the FY 2021/2022. Some of the streams that are chronically underperforming are parking fees and land rates which are mainly as a result of lack of supportive policy and legal framework. These two streams possess the highest potential to attain and even surpass in the short term the targeted annual revenue. The covid 19 effects and the current drought situation being experienced in the county and even for the better part of last year compounded the dismal performance of revenue.

The first half of 2022/23 continues to feel the effects of the slower economy, however, the IMF projects that the economy is expected to continue at the slower than projected growth. The IMF puts the projections at 5.1 percent while the National Treasury projects a growth of 6.1 percent in 2023.

The county is working with partners and stakeholders such as CoG and KIPPRA to develop the requisite strategies that can propel the economy and aide recovery from the COVID 19 and drought effects.

Fiscal balance

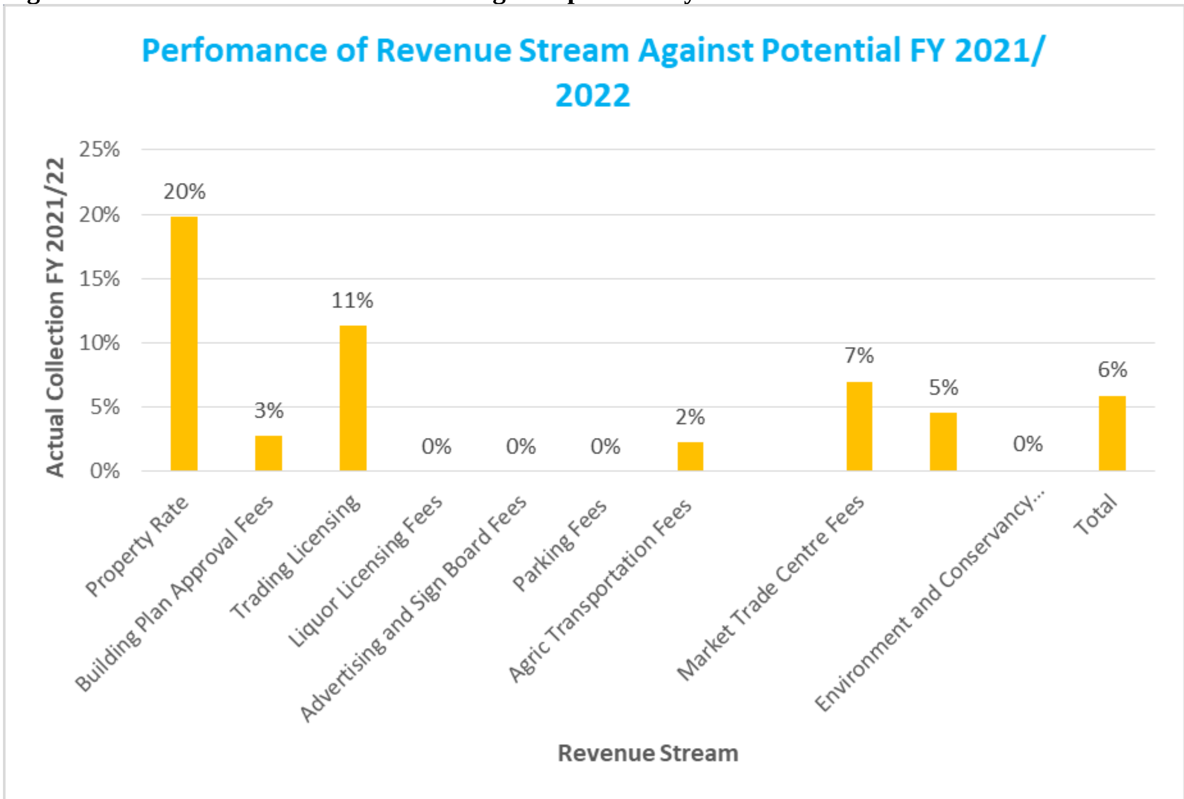
In the medium term, the government is forecasting a balanced budget hence there will be no need for debt financing.

2.4 Significant Economic, Legislative and Financial Events

The constitutional provisions for county governments financing have guaranteed stable flow of funds from the National Government with Wajir County recording an average of 12% growth per annum between 2013/14 and 2017/18. This however significantly changed after the implementation of the 3rd revenue sharing formula as well as slowdown in revenue collection nationally; in the period 2018/19 t0 2020/21, the county received the same amount of equitable share from the revenues raised nationally. In the FY 2021/2022, the equitable share grew by an impressive 11 percent in comparison to the receipts of 2020/21. In the medium term to 2024/2023, the revenues are projected to grow at 1.46 percent annually. For the Fiscal Year 2022/2023, the county is projected to receive a similar amount of equitable share as that received in 2021/22.

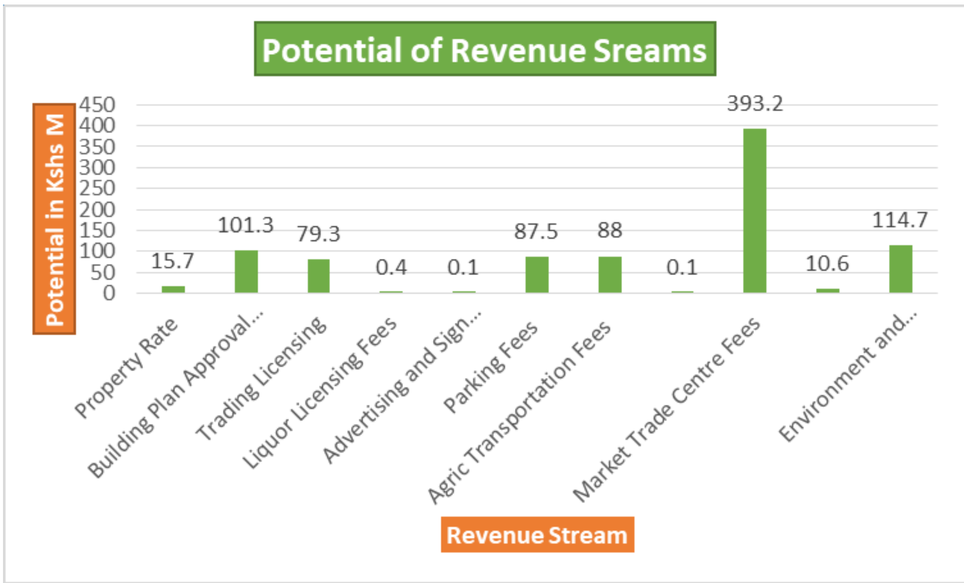
The fiscal policy will target to grow OSR above 6 percent of revenue potential in the FY 2023/24 and above 20.0 percent of the potential by the year 2027. The OSR continues to underperform as analysed in **figure 4** below:

Figure 4: Performance of revenue stream against potential fy 2021/22



Source: Econ Planning Analysis

The county government OSR potential is estimated by the CRA to be Kshs 891M while it was only able to collect Kshs 52M which is 6 percent of the potential.



Analysis shows that the potentially leading revenue generators are Market Trade Centre Fees, Environment and Conservancy, Building Plan Approvals, and Parking fees in that order.

In order to achieve this, the Government will undertake a combination of both tax administrative and tax policy reforms.

On the tax administrative side, KRA will implement among others, the following measures:

i. Reduction of OSR gap from 94 percent to 80 percent of the potential by fully rolling out electronic Tax Management System for the main renue streams
ii. Tax base expansion in the urban centres outside Wajir Town. Deploying human and technological resources in all the urban centres in the county.

On the tax policy, the Government will implement various tax policy measures to further boost revenue collection. In addition, to further strengthen revenue mobilization efforts, the Government will finalize the development of the County Tax Policy and the Medium-Term Revenue Strategy (MTRS) for the period FY 2023/24 - 2027/28.

The tax policies and strategies shall aim to achieve the following:

i. Raise OSR from the current 6 percent to at least 20 percent of the potential
ii. Increase tax compliance from the current 58 percent to at least 70 percent
iii. Activating at least 4 dormant revenue streams in the short to medium term with special focus on parking fees, building plans approval, and Environment and conservancy

2.5 Economic Policy and Outlook

The BPS projects a GDP growth of around 6.1 percent in the medium term, this is expected to be able to guarantee a revenue stability in the medium term. The revenue projections in this CFSP have taken in consideration these projections as well as the revenue rising measures such as laws and policies that the county is putting in place in the short to medium term

The government projects a balanced budget in the medium term. Inflation has been projected to ease to within the target of 5+/- 2.5% in the medium term and is therefore not expected to have adverse effect on the budgetary resources for the county government.

In order to align and support the National government focus on the four areas of Food security, universal health care, expansion of manufacturing and housing, the county has committed to sustain allocation of significant resources to the core sectors. An average of 30% of budgetary allocations will go to the health sector while the agriculture, Trade and Cooperatives, Water Services and Energy & Environment sectors that support food security and value addition will consume 28% in the medium term.

2.6 Risks to the Economic Outlook

This Fiscal Strategy identifies two major risks to the economic and fiscal outlook for the county:

i. **Weather-related shocks:** Below average rains for the whole of 2022 have resulted in a serious drought situation in the county which is expected to hamper growth in the agriculture and livestock sector in 2023. Further, a persistent rise in global food prices, coupled with weather-related shocks may push inflation towards the upper bound.
ii. **Governance issues:** Weak and non-existent laws for own source revenue generation poses a risk to the realization of the medium-term fiscal consolidation goals contained in the CFSP.

The Government is continually monitoring these risks and taking appropriate legal and policy measures to preserve macroeconomic stability and strengthen resilience in the economy.

The risks are analysed and appropriate mitigation measures proposed in Table III below.

Table 2 :Risks to Economic Outlook and Proposed Mitigation Measures

Risks	***Mitigation measures***
Governance Risks: The County government has projected as part of the revenue envelope own source revenue (OSR) that will be used for funding the budget. OSR has continued to be constrained by the weak policy and legal framework to support revenue raising measures.	The government is committed to institute relevant laws and policies in the shortest time possible. In the year 2022/23 – 2023/24, extensive consultations will be undertaken to either fast track or redraft some of the laws that have been proposed in tax administration, valuation and enforcement to expedite the OSR collection
Weather-related shocks: in 2022, the county experienced failed rains, this has caused slow down and even depression in the Livestock sector which is the economic mainstay for the county.	The government will expedite the Disaster Risks Management policy and bill that are expected to facilitate proper framework for DRM Further, the county will seek to invest additional resources in water provision, rangeland management, food security and nutrition to build necessary resilience

CHAPTER THREE: FISCAL POLICY BUDGET FRAMEWORK

3.1 Overview

The FY 2023/24 MTEF budget framework will be anchored on the county's transformative economic agenda of transforming the lives and livelihoods of the people, reducing poverty in all its dimensions, stimulating local county economy and efficiency in delivery of public services. In order to achieve this, the county departments will foster prudence in allocation of resources in order to achieve value for money in delivery of services to the residents as well as direct resources to the most productive areas and growth enhancing sectors. The county's fiscal framework for the FY2023/23 Budget is based on the Government's policy priorities and economic policy framework set out in Chapter I and Chapter II.

During the FY 2023/2024 and the medium term the government will pursue efficient fiscal policies to ensure economic growth and development as well opportunities for all to thrive. The policies will be geared towards:

- spurring economic growth by creating enabling environment for private sector to thrive;
- Improving service delivery and ensuring sustainability and high impact in all public programs implemented.
- Enhancement of revenue collection measures to revitalize own source revenue for sustainability of our development programmes.
- Rationalizing expenditures by cutting those that are non-priority through fiscal rationalization and consolidation strategy and undertaking high impact capital expenditure.

In addition resource allocation to county departments and entities will be informed by previous performances, sustainability, affordability and strict prioritization especially with reference to establishment of new funds and development programmes. This will go a long way in ensuring that more outputs and outcomes will be achieved at existing or lower resource level by County Departments.

To improve service delivery and efficiency in allocation of resources, the government will adopt the following measures:

- Institutionalizing performance management and performamce appraisal system as well as instituting critical actions to curtail the growth in wage bill.
- Ensuring equity in distribution of resources to improve service delivery across the county through investment in local economic development and institutionalizing County Ward Development projects allocation mechanism.
- Strengthening resource mobilization to eliminate the fiscal gaps that have been experienced in the past as a result of own source revenue shortfalls through tax reforms such as expanding the own source revenue streams and automation of most of the streams as well as tax administration reforms; and Tax education to the residents as well as encouraging tax and rates voluntary compliance.

3.2 FY2022/23 and Medium-Term budget Priorities

The Government will prioritize implementation of Third Generation CIDP 2023-2027 which incorporates the governor's manifesto and key priority programmes across the county. This will ensure growth of the county economy, create employment as well as reduce poverty in all its dimensions.

The CIDP identifies the following key pillars socio-economic growth and development.

1. Ensuring food security through irrigated agriculture, disease control, fodder production, rangeland management as well as value addition for agriculture and livestock products;
2. Boosting private sector activity through policy, legislation and institutional reforms;
3. Universal health care to ensure high productive communities as well as reduced cost of healthcare;
4. Increased access to clean and safe water for drinking through key water infrastructure projects including distribution to households;
5. Increased access to credit for business people and specifically youth and women
6. Creation of conducive environment for all businesses to thrive
7. Strengthening County government's preparedness and response to pandemic and disasters;
8. Human capital development and leveraging integration of region through regional blocks.

To implement the plan successfully the government will develop a framework to ensure delivery of quality services that will link resources, budgeting and monitoring. This will ensure that public spending leads to high quality outcomes as well as improving the quality of public spending.

In the medium term, the government will ensure sustainability and strict prioritization in allocation of resources to programmes. In order to achieve this, the government will undertake reforms on the following areas, namely:

i. Enhancing resource mobilization, including activating and maximizing existing tax base; Revenue collection efforts will be enhanced to ensure all potential taxpayers make their contribution towards County's development agenda. As outlined earlier in this chapter, enabling laws and policies are already being put in place to facilitate this expansion of Own Source Revenue.
ii. Expenditure rationalization will continue being a priority with the resources only focused on the essential areas. The focus shall include taming the wage bill by setting a limit with approval of the County Assembly while development expenditure shall concentrate mainly on projects/programs with higher social-economic impact. Improving operational efficiencies in domestic travels, vehicle maintenance, fuel, office supplies and training expenses.
iii. Expenditure efficiency and effective implementation of budget programs through enforcement of cost benchmarks for all projects and consumables. There will further be enforcement of a project implementation performance benchmark of at least 90 percent, expenditure tracking and value for money audits to ensure efficiency and effectiveness in use of resources.

In the FY2023/24 the projected total resource envelope is Kshs 11.36 billion and the projections for FY2024/25 and FY2025/26 are Kshs 11.46 billion and Kshs 12.14 billion respectively which is less than 5% growth per annum. The own source revenue is projected to be steady until a point where automation as well as the regulation and operationalization of land rates and rents is fully in place. The County Government will continue to adopt measures aimed at improving own source revenue to expand its fiscal space for development programmes

In the medium term, the Government will ensure and that the development expenditure shall constitute 32% of the total budget across FY2022/2023, FY 2023/24 and FY2024/25 and that a county balanced budget is realized. In this respect, the recurrent expenditure will not exceed 68% of the budget in the medium term.

The process of developing county government expenditure ceilings is informed by county priorities extracted from The third Generation CIDP 2023-2027, C-ADP 2022/2023 and C-ADP 2023/2024, County COVID 19 Socio-Economic Re-engineering and Recovery Strategy, the sector working group reports for each of the sectors as well as the priorities in fourth Medium Term Plan. In addition, the ceilings were also adjusted based on the prevailing climatic conditions and changes, expenditure trends and the changes in sector specific priorities. All the conditional funding and grants related expenditures have been ring fenced based on the purpose for which the funding was meant for.

The proposed FY 2023/24 MTEF fiscal strategy is based on a balanced budget. However, any shortfall in revenue that may occur within the MTEF period will be addressed through supplementary budget or borrowing within the legal framework by county governments if approved by the Intergovernmental Budget and Economic Forum (IBEC)and the County Assembly.

3.3 Fiscal Policy Status

In the FY2022/23 and the medium term, the Government's fiscal policy objective will focus allocation of resources to only the priority and growth potential areas. Allocation and utilization of resources in the medium term will be guided by the priorities outlined in ADP 2023/24, CIDP 2023-2027 and The National Government's MTP IV; and in accordance with fiscal responsibility principles as set out in section 107 of the PFM Act 2012.

The Government will spend on strategic sector priorities within the sector ceilings. The different sector working groups will provide the platform for dialogues between the government and the various sectors of the county economy. The departments will implement their priorities within the ceiling while giving priority to projects/ programmes that positively affect lives and livelihoods of the county residents as well as projects geared towards creating enabling environment for the private sector to grow. In addition, the departments are required to clear all their pending bills from the previous years as per the agreed plan approved by the County Executive Committee.

3.4 Fiscal Strategy Paper's Obligation to Observe Principles

The Government will ensure strict adherence to fiscal responsibility principles. In this respect it will ensure rationalization is done and resources allocated to non-core recurrent expenditure is shifted to capital and development programs to ensure sustainable and inclusive growth.

3.5 Fiscal Responsibility

Fiscal responsibility principles are set out in the PFM Act, 2012 to ensure prudency and transparency in the management of public resources. In FY2023/24 and the medium term, the government will adhere to these principles as highlighted below:

1. Over the medium term, a minimum of thirty (30) per cent of the budget shall be allocated to the development expenditure. In FY 2021/22, FY 2022/23 and FY 2022/23, the government achieved an allocation to development expenditure of 39%, 36% and 34%, respectively. In the medium term, the projection is 31% and 35% in FY2024/25 and FY2025/26 respectively which is within the law;
2. The Government's expenditure on wages shall not exceed a percentage of 35% of the County total revenue. This is a challenging fiscal principle for the government due to challenges brought up by revenue shortfall whereby the growing county wage bill is not counteracted by proportional increase in county revenues.
   The projected percentage of Personnel Emoluments in FY 2023/24 is 36.2% which represents a 2.2 percentage increase from the budgeted amount in FY2022/23 which stands at 34%. In order to achieve this principle, there is need to adopt a strict policy on employment going forward to ensure sustainable wage bill as well as growing the total county revenues. The Government is the process of conducting a staff audit to clean the wage bill and rationalize the human resource in the county

3. Over the medium term, the Government's borrowing shall be used only for purpose of financing development expenditure and not for recurrent expenditure. In the medium term the County government does not envisage long term borrowing. However, if need arises it will only be directed to development purpose.
4. The county debt shall be maintained at a sustainable level as approved by County Assembly. The county debts are limited to commitments and pending bills from previous years spending. According to the Assumption of Office of the Governor

Committee Report the total pending bills stood at Ksh 5.5 billion. The government is in the process of vetting pending bills to determine their validity and once completed, a report will be ready for implementation. The Settlement process of the pending bills will be given first priority every start of the Financial Year.

5. The fiscal risks identified shall be managed prudently and all mitigation measures indicated put in place to manage all identified and emerging risks. Chapter two of this paper identifies the probable risks to the county and their mitigation measures well spelt out; and

The government shall maintain a reasonable degree of predictability with respect to the level of tax/ levy rates and bases shall be maintained, taking into account any tax reforms that may be made in the future. In the medium term, the government will come up with a clear strategy to Raise the revenue streams from the current 17 streams to 25; Increase tax, rates and rents compliance to 95 per cent in the medium term; Enhance the collaboration of the county government with key stakeholders in order to enhance own source revenue; and Strengthen county revenue administration

3.5.1 Fiscal Structural Reforms

The Government endeavors to widen the tax base through: Identifying tax reforms to be undertaken that include expanding the own source revenue streams and automation of most of the streams as well as tax administration reforms; and Tax education to the residents as well as encouraging tax and rates voluntary compliance.

In the FY 2022/2023 and the medium term, the government will rationalize its expenditure in order to curtail wastages. In this respect, therefore, the accounting officers will be required to ensure improved accountability and transparency in utilization of public resources as well as ensuring more focus is put on programs and activities that have a high impact on the lives of the county residents.

3.5.2 Debt Financing Policy

The County Government's current debts are limited to the pending bills that amount to Ksh 5.5 billion which will be subjected to a vetting process to validate the genuine ones. The FY 2021/2022 budget balances have been appropriated in the FY 2022/2023 budget which was approved by the County Assembly. The pending bills represent carried forward debts over the years and some few that date back to the pre-devolution period. In the medium term, no debt financing has been factored in the financial projections. However, in the long run the government does relish the opportunity to borrow from favorable sources for key capital projects upon approval by the relevant government agencies. In such instances, borrowing will be undertaken upon careful and critical analysis of financial position, sustainability and capability of the county in repaying its debts.

3.6 Budget Framework Proposed for FY 2023/24 MTEF

3.6.1 Revenue Projections

The county government is projected to receive total revenue of Kshs 9.72 Billion from National Government as Equitable Share and Ksh 1.3 billion as loans and grants as indicated in the draft Budget Policy statement while own source revenue is projected at Ksh 100 Million.

Table 3: County Government Revenue Trends and Projections

FY	Equitable Share	OSR	lonas and Grants	Balance BF	Total
2017/18	8,138,900,000	150,000,000	352,257,697		8,641,157,697
2018/19	8,478,000,000	200,000,000	1,866,629,840		10,544,629,840
2019/20	8,545,500,000	150,000,000	993,216,131		9,688,716,131
2020/21	8,545,500,000	150,000,000	1,156,454,432		9,851,954,432
2021/22	9,474,726,151	100,000,000	1,260,585,139	750,244,495	11,585,555,785
2022/23	9,474,726,151	100,000,000	1,388,553,807	698,916,355	11,662,196,313
2023/2024	**9,863,077,897**	**200,000,000**	**1,300,000,000**		**11,363,077,897**
2024/2025	9,863,077,897	250,000,000	1,350,000,000		11,463,077,897
2025/2026	10,392,000,000	300,000,000	1,450,000,000		12,142,000,000
Proportion of total Revenues (2023/24	86.80%	1.76%	11.44%	0.00%	

The County Government's major source of revenue is the equitable share followed by other loans and grants. The county still operates below its potential in Own source revenue which faces a myriad of problems ranging from lack of regislation to administer some revenue streams, limited revenue streams and inadequate revenue automation. These will be addressed in the medium term by automation of key revenue streams, regislation of key laws like revenue rating bill, revenue administration bill and development of valuation roll. The allocation from the national government in the medium term will grow but in a decreasing rate.

3.6.2 Expenditure Projections

In FY2022/23 the forecasted expenditure is Ksh 11.662 Billion which represents 1% positive growth from the current FY 2021/22 budget estimates of Kshs 11.586 Billion mainly attributable to the increase in other grants and loans. Over the medium- term projections stand at 11.36 Billion, 11.46 Billion and 12.14 Billion shillings in 2023/24, 2024/25 and 2025/26 respectively.

Table 4: Fiscal Projections FY 2023/24 MTEF (kshs. Million)

	2021/22 FY	2022/23 FY		2023/24 FY		2024/25FY		2025/26 FY	
	Actual	Budget	CFSP 2022	CFSP 2023	CBROP 2022	CFSP 2023	CBROP 2022	CFSP 2023	CBROP 2022
Revenue (Total)	**10,690**	**11,662**	**10,768**	**11,363**	**11,212**	**11,463**	**11,323**	**12,142**	**11,437**
Equitable Share Allocation	9,474	9,474	9,474	**9,863**	10,012	9,863	10,112	10,392	10,213
Local Revenue	52	100	100	200	100	250	101	300	102
Grant income	412	1,233	1,193	**1,300**	1,100	1,350	1,111	1,450	1,122
Unspent Bal b/f \Previous FY	750	854	0	0	0	0	0	0	0
Total Expenditure	**9,835**	**11,662**	**10,768**	**11,363**	**11,211**	**11,463**	**11,324**	**12,142**	**11,437**
Recurrent	6,527	7,592	7,322	7,822	7,626	7,891	7,703	7,973	7,780
Recurrent as % of CG Total Revenue	*66%*	*65%*	*68%*	*68.9%*	*68%*	*69%*	*68%*	*66%*	*68%*
Personnel Emolument	3,884	3,961	4,200	4,020	4,485	4,140	4,530	4,260	4,575
Operations & Maintenance	2,643	3,630	3,122	3,802	3,142	3,712	3,173	3,592	3,205
Personnel Emoluments as % of CG Revenue	*36%*	*34%*	*39%*	*35.4%*	*40%*	*36.90%*	*40%*	*35.52%*	*40.00%*
Development	3,308	4,070	3,446	3,541	3,585	3,572	3,622	4,168	3,657
Development as % of CG Total Revenue	*31%*	*35%*	*32%*	*31.1%*	*32%*	*31.2%*	*32%*	*34%*	*32%*
Unspent Bal Current FY	699	0	0	0	0	0	0	0	0

3.6.2.1 Recurrent Expenditure Forecasts

The forecasted recurrent expenditure for FY2023/24 is Kshs 7.822 billion which is an increase of Ksh 229.77 million from the budgeted amount in the current FY2022/23 of Ksh7.592 billion. This increase is mainly attributed to annual increments in personal emoluments and enhancement of allocations to medical insurance and medical drugs. Personnel emoluments will comprise 52.0% of the total recurrent expenditure amounting to Kshs 4.02 Billion while operations and maintenance will amount to Kshs 3.802 Billion. The compensation to employees represents 35.4% of the total revenues for FY2022/23 compared to 34.0% in budget estimates for FY2022/23 which represents a 1.4 % growth in county wage bill.

Table 5: Actual Expenditure by Economic Classifications from FY 2019/20 – FY 2021/22 (in Millions)

Economic Item	2019/20	2020/21	2021/22	2021/22 (%)
Personnel Emoluments	3,558	3,669	3,880	39%
O&M	2,572	3,010	2,648	27%
Development	3,982	3,207	3,308	34%
Total	**10,112**	**9,886**	**9,836**	100%
Proportion of Personnel Emoluments as % of Total Expenditure	35%	37%	39%	

We observe that personnel and operations and maintenance costs over the years have been increasing which can be attributed to increasing county wage bill. The Government will institute the necessary policies to ensure it complies with the fiscal responsibility principles. In FY2023/24 recurrent budget constitutes 69% of the total budget compared to 65% in FY 2022/23 budget estimates.

Table 6: Actual and Projected Expenditure by Economic Classifications (in Millions)

	2021/22 FY	2022/23 FY	Projections		
	Actual Expenditure	Budget Estimates	2023/24 FY	2024/25 FY	2025/26 FY
Total Expenditure	9,835,658,708	11,662,196,313	11,363,077,897	11,463,077,897	12,142,000,000
Recurrent	6,527,909,094	7,592,233,819	7,822,000,000	7,891,000,000	7,973,000,000
Recurrent as % of CG Total Revenue	*66%*	*65%*	*69%*	*69%*	*66%*
Personnel Emolument	3,884,325,451	3,961,882,880	4,020,000,000	4,140,000,000	4,260,000,000
Operations & Maintenance	2,643,583,643	3,630,350,938	3,802,000,000	3,751,000,000	3,713,000,000
Personnel Emoluments as % of CG Revenue	*39%*	*34%*	*35.4%*	*36.1%*	*35.1%*

3.6.2.2 Development and Net Lending

The development expenditure for FY2023/24 is projected at Kshs 3.54 Billion compared to Ksh 4.07Billion in FY2022/2 budget estimates which is a decrease of 17%. Comparatively, the FY2023/24 development expenditure is 31% of the total expenditure while in the current year development expenditure stands at 35% of the total expenditure. In the medium term the development expenditure will be maintained at the proportion of 31% and 34% in FY2024/25 AND FY2025/26 respectively. The development expenditure will mainly be funded by equitable share transfers as well as loans and grants from National

Government. However, in the event that an opportunity for investment arises in te medium term the county treasury will pursue friendly credit options.

Table 7: Actual and Projected Development Expenditure in Millions

Expenditure Type	Actual Expenditure	Budget Estimates	Projections		
	2020/21 FY	2021/22 FY	2022/23 FY	2023/24 FY	2024/25 FY
Total Expenditure	9,835,658,708	11,662,196,313	11,363,077,897	11,463,077,897	12,142,000,000
Development	3,307,749,614	4,069,962,494	3,541,077,897	3,572,077,897	4,169,000,000
Development as % of CG Total Revenue	*34%*	*35%*	*31%*	*31%*	*34%*

3.6.3 Fiscal Balance and Deficit Financing

In the medium term, the Government will not pursue long term borrowing and hence no debt has been factored in all the financial projections within the CFSP. However, in the event that unexpected and critical event arises in the medium term there arises the need to borrow, it will only be for key development and high impact projects. In this case the borrowing will have to adhere to the framework provided by the National Treasury on borrowing by County governments as well as the county debt management strategy.

3.7 Summary

In the medium term, the government's fiscal policy goals will focus on adherence to fiscal responsibility principles and mainly on ensuring that at least 30 % of the budget is spent on development. The government will strive to increase the revenue streams as well as initiate the process of automating own source revenue in order to increase the potential of the county own source revenue as well as control revenue leakages. The PFM Act 2012 and Public Financial Management Regulations (PFR) will continue to guide County Treasury on strict controls over county budget management. The county government will strive to implement the highlighted policies in order to revitalize the private sector and enhance investments in the key sectors as well as growth of the county economy.

CHAPTER FOUR: MEDIUM TERM EXPENDITURE FRAMEWORK

4.1 Resource Envelope

The total revenue for the financial year 2023/24 is projected at Kshs. 11.36 Billion up from 10.806 billion in the financial year 2022/23 excluding balance brought forward from the previous year. This funds are expected to come from equitable share, own source revenue, Conditional Grant from GOK and loans and grants from development partners. In the next financial year the county projects to receive the following resources;

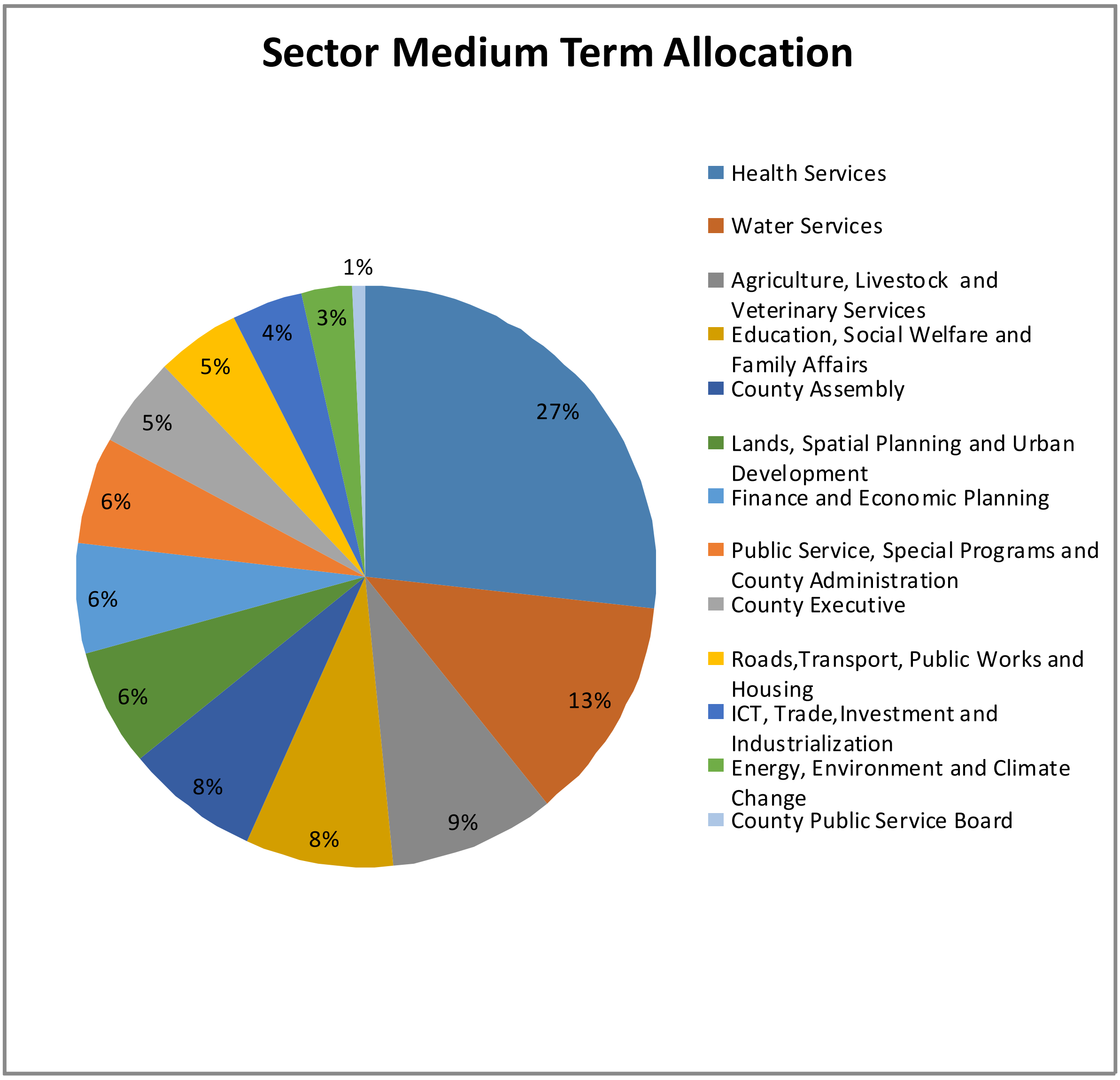
- 9,863 Million (87%) as Equitable Share;
- 1,200 Million (11%) as Other loans and grants;
- 100 Million (1%) as Conditional Grant from GOK
- 200 Million (1%) as own source revenue.

4.2 Spending priorities

The medium term expenditure will finance the priorities in the third generation county integrated development plan 2023-2027. The county will enhance cross sectoral approach to reduce cost and build synergies between programmes and sectors. The county will continue to finance the programmes identified in CIDP 2023/2027 in the various sectors of the economy. A special consideration will be given to programmes that will reduce poverty, enhance community resilience towards climate change, enhance quality of lives and spur economic growth. Provision of affordable and quality healthcare, improvement in enrolment and provision of quality education at both early childhood education development and vocational training centres, provision of clean water for domestic use, improvement of county roads, and adaption of alternative source of energy, Supporting Small and Medium Enterprises and improvement of livestock & crop production will be given a priority in the medium term.

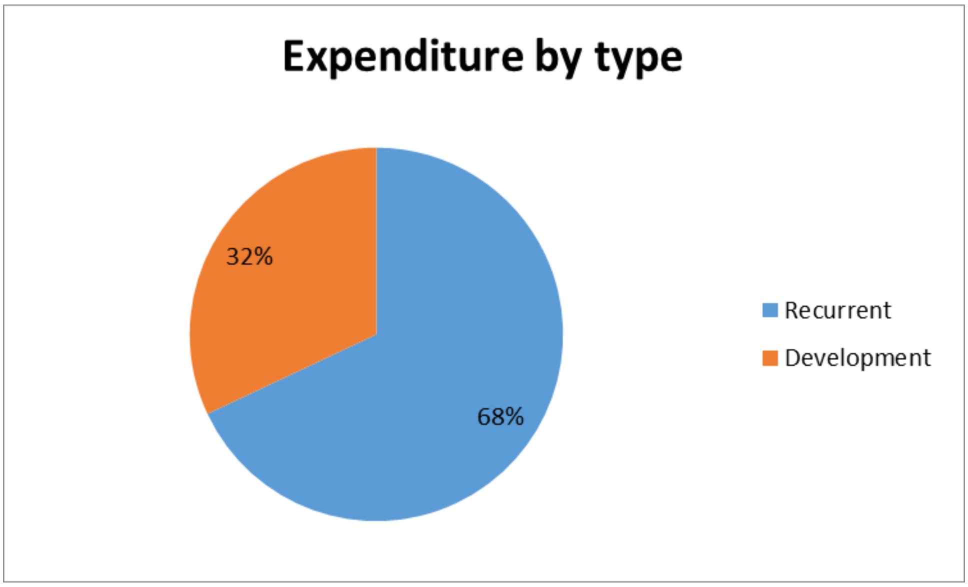
The County plans to set aside 31% of the equitable share and own source revenue and 27% of the county budget to healthcare in the medium term. This will followed by water sector at 12%, agriculture, livestock and veterinary at 9% and Education, Social Welfare and family affairs at 8%.Other sectors will be allocated as indicated in the pie chart below.

Figure 5: Sector resource ceilings in the medium term



The County treasury projects to allocate 70% of the total county resource to recurrent and 30% to capital expenditures. This is in compliance with fiscal responsibility principles and ensures quality service to the citizenry.

Figure 6: **Proportion of Expenditure by Recurrent and Development**



4.3 Medium Term Expenditure Estimates

In the medium term the government plans to spend Ksh 11.36 billion, Ksh 11.46 billion and 12.14 billion in FY 2023/24, FY 2024/25 and FY 2025/26 respectively. Health care services has the biggest allocation of twenty Seven percent (27%) as the county intends to upgrade the Wajir County referral Hospital to level five and the other five sub-county hospitals to standard level four hospital. The county government all plans to provide quality and affordable health care services in all the health facilities.

The Water sector is projected to receive the highest allocation with Wajir water and sanitation project accounting for the highest amount. The Horn of Africa project is also expected to finance part of the priorities. The sector is expected to receive Thirteen percent of the county allocation.

Other department with considerable allocation includes food security with 9 per cent of the medium term available resources, Education, Social Welfare and Family affairs at 8 per cent of the county resources.

The County Assembly is also projected to receive 8 per cent of the county resource to effectively undertake its oversight, representation and legislation roles.

The departments of lands, Spatial Planning & Urban development, Finance & Economic Planning and Public Service, Special Programme & County Administration will each receive 6 per cent of the county resource to effectively discharge its mandate.

The Executive office of the Governor and Roads, Transport, Public Works & Housing are projected to each receive 5 per cent of the medium term allocation. The Department of ICT, Trade and Industry is projected to be allocated 4 per cent while Energy, Environment and Climate Change is expected to spend 3 per cent of the county resources.

Figure 7: Sector Ceilings for the Medium Term FY 2023/24- 2025/26 (kshs. Million)

Department/Sector	Expenditure Type	Approved Budget 2021/22	Budget Estimates 2022/23	Projection 2023/24	Projection 2024/25	Projection 2025/26
Agriculture, Livestock and Veterinary Services	Recurrent	233	384.3	380	383.8	390.3
	Development	759	754.2	635.5	638.7	699.5
	Sector Total	**993**	**1138.5**	**1015.5**	**1022.5**	**1089.9**
Roads, Transport, Public Works and Housing	Recurrent	133	164.7	163.5	165.1	167.9
	Development	495	458.8	295.9	298.9	353.9
	Sector Total	**627**	**623.5**	**459.4**	**464.0**	**521.9**
ICT, Trade, Investment and Industry	Recurrent	195	176.4	175	176.8	179.8
	Development	62	286.6	400	404.0	430.9
	Sector Total	**257**	**463**	**575**	**580.8**	**610.6**
Health Services	Recurrent	2,496	2,565	2,660	2686.6	2732.3
	Development	635	474.4	429	432.0	470.3
	Sector Total	**3,131**	**3039.22**	**3089**	**3118.6**	**3202.6**
Education, Social Welfare and Family Affairs	Recurrent	573	721.5	771	778.7	790.6
	Development	219	244.3	150	151.5	254.1
	Sector Total	**792**	**965.8**	**921**	**930.2**	**1044.7**
Water Services	Recurrent	293	243.9	250	252.5	255.0
	Development	707	532.5	410	414.1	521.1
	Sector Total	**1,000**	**776.4**	**660**	**666.6**	**776.2**
Energy, Environment and Climate Change	Recurrent	85	84.2	84	84.8	86.3
	Development	201	297.2	247	249.5	283.7
	Sector Total	**286**	**381.4**	**331**	**334.3**	**370.0**
Lands, Spatial Planning and Urban Development	Recurrent	80	45.6	67	67.7	68.8
	Development	248	281.4	271	273.7	363.4

Department/Sector	Expenditure Type	Approved Budget 2021/22	Budget Estimates 2022/23	Projection 2023/24	Projection 2024/25	Projection 2025/26
	Sector Total	**328**	**327**	338	**341.4**	**432.2**
Finance and Economic Planning	Recurrent	750	690	752.5	759.0	731.9
	Development		0	0	0.0	0.0
	Sector Total	**750**	**690**	**752.5**	**759.0**	**731.9**
County Executive	Recurrent	522	565.8	575	580.8	590.6
	Development		0	0	0.0	0.0
	Sector Total	**522**	**565.8**	**575**	**580.8**	**590.6**
County Assembly	Recurrent	853	853	854	854.0	862.5
	Development	**40**	**0**	0	0.0	0.0
	Sector Total	**893**	**853**	**854**	**854.0**	**862.5**
Public Service, Special Programs and County Administration	Recurrent	**653**	660.6	660	666.6	677.9
	Development	66	7	18	18.2	18.5
	Sector Total	**720**	**667.6**	**678**	**684.8**	**696.4**
County Public Service Board	Recurrent	84	83.8	85	85.9	87.3
	Development			0	0.0	0.0
	Sector Total	**84**	**83.8**	**85**	**85.9**	**87.3**
WAJWASCO	Recurrent	174	143.5	140	141.4	142.8
	Development	672	570	570	575.7	585.5
	Sector Total	**846**	**713.5**	**710**	**717.1**	**728.3**
Wajir Municipality	Recurrent	217	209.7	205	207.1	209.1
	Development	141	163.4	115	116.2	188.1
	Sector Total	**358**	**373.1**	**320**	**323.2**	**397.2**
Total	**Total**	**11,587**	**11,662**	**11,363**	**11,463**	**12,142**
Recurrent total		**7,341**	**7,592**	**7,822**	**7,891**	**7,973**
Development Total		**4,245**	**4,070**	**3,541**	**3,572**	**4,169**
Proportion of recurrent to total budget		**63%**	**65%**	**69%**	**69%**	**66%**
Proportion of development to total budget		**37%**	**35%**	**31%**	**31%**	**34%**

4.4 Baseline Ceilings

The ceilings considered the priorities identified in the County Integrated Development Plan (CIDP) 2023-27 and the allocations to the programmes and sectors in the previous years. Adjustments were done for one-off expenditures like the completion of the county assembly. Executive orders re-arranging the composition and scope of sectors were considered during the setting of sector ceilings. Urban development was moved from decentralized unit and inspectorate services to lands, spatial planning and urban development.

The transformative agenda of the governor such as enhanced bursary scheme, Enterprise Development Fund, Social Service Board, enhanced food systems, alternative source of energy and upgrading of Wajir County referral hospital to level V formed the basis for sector ceiling.

The Sector Ceilings in Part 4.3 of this paper form the baseline for the FY 2023/24 budget and the medium term expenditure framework. Recurrent expenditure forms the highest proportion of sector ceilings at 69 per cent with compensation of employees accounting for the highest proportion at 35.4 per cent of the county resource in the first year of the medium term and reducing to 35.1 per cent in the third year. This is above the legal limit of 35 per cent and appropriate measures will be instituted to comply with the fiscal responsibility principle. The ongoing human resource audit will identify ways to reduce the payroll cost of the county employees. Deliberate actions will be taken to ensure total recurrent does not go beyond the 70 per cent legal ceiling by reducing expenditures on office operations and other uses of goods.

Development Expenditure ceilings are based on the programmes and projects identified in the draft CIDP 2023-27 and ADP 2023/24 with consideration of available resources for the county. The County will prioritize the payment of verified pending bills and undertake strategic and transformative development programmes to reduce hunger and poverty in the county.

The following criteria will be applied in identifying developmental programmes and projects;

a) Payment of Verified and approved pending bills will be given first priority in the county budget for the Financial Year 2023/24;

b) Programmes and Projects geared towards hunger and poverty reduction, enhance Enterprise development, improve quality of life and improve county infrastructure in roads, ICT and energy.
c) Counterpart funding towards projects funded by development partners to enhance donor confidence and improve resource mobilization.
d) High priority community needs identified through public participation i.e. ward based priority projects;
e) Programmes and Projects addressing Cross cutting issues such as SDGs, Climate Change, Disaster Risk Reduction, community resilience, youth development, social protection, gender and disability mainstreaming;

4.5 Finalization of Spending Plans

In coming up with the budget, the departments shall direct resources to priority programmes and reduce spending on unproductive areas of the economy. The macro technical group will rationalize all expenditures with special emphasis on vital uses of goods and high yield development programmes and projects.

Specifically, the following costs will be maintained at lowest possible level to release funds for development projects;

1. Conferences, Seminars and workshops
2. Foreign and domestic travel costs
3. Purchase of furniture and computers
4. Non-essential refurbishments of offices and buildings

The Macro technical group will ensure programmes and projects that contribute to the achievement of county strategic blueprint receive appropriate funding in the county Programme based budget. Addressing external shocks such as drought and conflicts will also be prioritized in the final county budget.

4.6 Details of Sector Priorities

This section gives the overview of sector priorities in the medium term.

4.6.1 Health Services

The sector aims to be the provider of choice of quality, accessible and affordable health care services in the county. In the medium term, the department will prioritize the upgrading of Wajir county referral hospital, the operationalization of all health facilities to improve primary health care, enhance specialized service provision, enhance investment on nutrition and improve health infrastructure in the county. The County will prioritize the enhancement of supply chain management of medical drugs, non-pharmaceutical and medical equipment. Emergency referral service remains an important Programme for the sector to insure the public access service not available in the county. Family health and special programme will also be funded to decrease maternal mortality, infant mortality, Immunization, TB and HIV & AIDS prevalence in the county.

Health education in Community health units will be operationalized in the medium term. The sector is projected to be allocated 9.4 Billion against resource requirement of 11.8 Billion in the medium term.

4.6.2 Education, Youth, Gender, Culture and Social Services

The department’s goal is to enhance literacy & acquisition of skills in the county and protect the vulnerable members of the society. It is concerned with early childhood education, Vocational Training, Sports development, gender empowerment and social service.

The department will prioritize the construction of ECD classrooms, Provision of learning materials, Operations of Vocational Training Centres, Provision of Tools and Equipment for polytechnics, upgrading of fields, undertaking women empowerment programmes and support to vulnerable groups. The department plan to upscale the disability fund to increase the beneficiaries.
In the medium term, the department is projected to receive kshs. 2.9 billion against a requirement of 4.2 Billion.

4.6.3 Agriculture, Livestock and Veterinary Services

The sector plans to address food security in the county. It aims to increase crop and livestock productivity through education, research and innovation. The sector intends to increase income for small holder farmers and pastoralists by developing marketing policies and Increase access to affordable farm inputs for commercial orientation of the sector.

In the medium term, The Department will prioritize epidemiology and Disease Surveillance, targeted vaccination and treatment of diseases, setting up of veterinary laboratory, Livestock movement control, setting up of tannery in Buna, Operationalization of the export abattoir, Sustainable Rangeland management, Setting up strategic feed reserves for emergencies, introduction of improved livestock breeds and alternative livelihood, livestock insurance and as well as change in livestock farming practices. The sector is also focused on expanding arable land under irrigation, Supply of certified seeds, adoption of climate smart agriculture methods and provision of farm tools and inputs.

The sector is projected to receive 3.13 Billion in the medium term against a resource requirement of 7.2 Billion. Appropriate resource mobilization strategy shall be put in place to bridge the gap in funding.

4.6.4 Roads, Transport, Public Works and Housing

The department's aims to promote quality infrastructure through the construction and maintenance of roads and buildings in adherence to established standard for sustainable socio-economic development

The sector will prioritize the improvement of county roads to all weather roads standards, maintenance of county assets such as vehicles, plants and equipment and improvement government housing and buildings. The sector will partner with the national government to enhance housing situation in the county.

The sector is projected to receive 1.45 Billion in the medium term.

4.6.5 Water Sector (Water and WAJWASCO)

The sector aims to enhance water access, improve water quality and water governance in the county. The department will prioritize addressing water scarcity and response to the recurring drought. The department plans to drill boreholes, excavate water pans and undertake water works in the county. Water trucking will be used as the last resort for addressing water scarcity.

In order to fulfill the plan, the department is projected to receive Kshs. 4.3 billion in the medium term against a resource requirement of kshs. 7.0 billion.

4.6.6 ICT, Trade, Investment and Industry

The sector aims to enhance the development small and medium enterprises within the county with increased private sector participation in increasing Gross County product (GCP).the sector is further concerned with the revitalization of the dormant cooperative sub-sector to increase savings and access to credit and markets. The county will pursue to take advantage of its comparative advantage in the livestock sector by supporting agro-based small industries. Automation of county government operations remains a top priority for the department and therefore the connection of LAN and WAN in the county to improve ICT installations will be undertaken.

The sector plans to undertake the provision of interest-free financing for SMES within the county through Revolving fund, improving market infrastructure within the county, supporting of cottage industries and cooperative societies.

The sector is projected to receive kshs. 1.8 Billion against a resource requirement of 2.1 billion in the medium term.

4.6.7 Lands, Spatial Planning & Urban Development

The sector is concerned with the productive and sustainable use of land through spatial and physical planning and strengthen institutional and policy framework for urban management. In the medium term, the department will focus on Kenya informal settlement infrastructure improvement project and cadastral surveys of the major urban centres. The management of the Wajir municipality and other sub-county headquarters will remain a priority for the sector.

In the medium term, the sector is projected to receive kshs. 2.2 Billion against a resource requirement of kshs. 3.9 billion.

4.6.8 Energy, Environment and Climate Change

The sector aims to enhance the provision of alternative source of energy and protection of the environment and its natural resource while combating the effect of climate change.

The department will prioritize the installation of solar mini-grids, afforestation programmes, reversing soil erosion as well as conserving the natural resources. The department will undertake projects aimed at enhance community resilience and adaptions towards the effect of climate change.

In the medium term, the department is projected to receive kshs. 1.0 Billion against a resource requirement of 1.2 Billion.

4.6.9 County Executive

The department is concerned with the coordination of the implementation of the county strategic blueprint in the medium term. The department will provide leadership and necessary approvals to undertake planned programmes and projects by all other sectors. The department will also be involved intergovernmental coordination to enhance relation between county and national government.

In the medium term, the department will undertake cabinet meetings, approval of policies and plans as well providing leadership in the running of the county affair. The department is projected to receive Kshs. 1.75 Billion in the medium term.

4.6.10 Finance and Economic Planning

The department aims to prudently manage the county resource and institute appropriate internal controls.

The department will prioritize the enhancement of own source revenue through increasing the tax base and provide the appropriate legal framework to collect local revenue. The department will undertake the finalization of the 3rd generation of County integrated development plan 2023-27, preparation and implementation of County Fiscal Strategy papers, Annual Development Plans, County Budget Review and Outlook papers as Well as Programme based Budgets during the medium term. The county will also prioritize the preparation of financial statement and expenditure controls in the medium term.

The Department is projected to receive Kshs. 2.2 Billion in the medium term.

4.6.11 County Assembly

The sector comprises of the legislative arm of the county government and is concerned with representation, oversight and legislation. The county assembly will prioritize effective oversight of the implementation of the planned programmes and projects in the medium term. Setting up policy and legislative framework for the provision of essential service remain a top priority for the sector. The County assembly is projected to receive kshs. 2.6 Billion in the medium term.

4.6.12 Public Service, Special Programs and County Administration

The department aim to manage the county human resource, enhance community stakeholder engagement, protect the vulnerable members of the society during emergencies, improve governance and reduce conflict within the county. The department will prioritize the management of the county payroll, supporting the vulnerable members of the society, inculcating performance management within the county operations as well as improve intergovernmental relations and donor relation. The sector will undertake donor round tables to mobilize resource for disaster response and other county programmes. The department will also undertake operationalization of the sub-county administration and devolution of services to the village level.

The department is projected to receive 2.1 Billion in the medium term.

CHAPTER FIVE: CONCLUSION AND NEXT STEPS

The County Fiscal Strategy paper identified the county priorities and the strategies to be employed to achieve them. The paper also set the ceilings for the sectors in the medium term. The sectors are advised to mobilise resources and all efforts should be directed towards elevating poverty, eliminating extreme poverty, improve quality of life and improve infrastructure development in the county.

The County Government will institute Monitoring and Evaluation systems to track the implementation of the projects and programmes envisaged in this document and strengthen the county's capacity to deliver services to its residents. Monitoring and evaluation will involve the tracking of activities, tracking of budget usage, the assessment of performance and putting in place strategies and actions for the attainment of results.

Proper implementation of the budget is critical towards providing services that will promote sustainable growth. Sustainability requires greater effort from all the stakeholders including county government departments, sector working groups, civil societies, communities, County Assembly and development partners to get things done. This means providing for continuous consultations with each other, finding solutions and encouraging innovation to build a sustainable County. The county executive will provide the platforms for consultations and build consensus with the various stakeholders.

The sector working groups are advised to come up with budget proposals in line with the strategic priorities while observing the sector ceilings in this paper. The adjusted timelines for the budget cycle should also be adhered to by all stakeholders.

ANNEXES

ANNEX 1: FY 2023/24 MTEF Budget Adjusted Timelines

NO	ACTIVITY	RESPONSIBILITY	TIMEFRAME/ DEADLINE
1.	Develop and issue circular on Budget preparation and MTEF guidelines.	C.E.C Finance & Planning	30th August, 2022
2.	Launch of Sector Working Groups	All departments coordinated by County Treasury	6th September, 2022
3.	Submission of Departmental Public Expenditure Reviews to County treasury	All Accounting Officers	20th September, 2022
4.	Preparation of Draft County Budget Review and Outlook Paper (CBROP)	Macro Working Group	23th September, 2022
5.	Presentation of County Budget Review and outlook Paper (CBROP) to County Executive Committee for approval	Macro Working Group	28th September, 2022
6.	Capacity building for Budget Execution and Programme Based Budget (PBB)	County Treasury in collaboration with National treasury	September – December, 2022
7.	Submission of County Budget Review and Outlook Paper	Macro Working Group	10th October, 2022

NO	ACTIVITY	RESPONSIBILITY	TIMEFRAME/ DEADLINE
	(CBROP) to the County Assembly		
8.	Circulation of approved CBROP to County Executive and Accounting Officers	County Treasury.	18th October, 2022
9.	Draft Sector reports by SWG's	All departments – County Treasury to co-ordinate	10th January, 2023
10.	Submission of final Sector Working Groups reports	Sector Working Groups/ County Treasury	24th January, 2023
11.	Development of County Fiscal Strategy Paper (CFSP)	County Treasury.	8th February, 2023
12.	Submission of County Fiscal Strategy Paper (CFSP) to C.E.C for approval.	County Treasury.	24th February, 2023
13.	Submission of County Fiscal Strategy Paper (CFSP) to County Assembly	County Treasury.	28th February, 2023
14.	Develop and issue final guidelines on preparation of 2022/23 Medium Term Budget	County Treasury.	10th March, 2023
15.	Submission of the County Integrated Development Plan 2023-2027 to the County Assembly	C.E.C Finance & Planning	15th March, 2023
16.	Submission of the County Annual Development Plan to the County Assembly	C.E.C Finance & Planning	15th March, 2023
17.	Submission of departmental budget proposals to county	All Departments	15th March,2023

NO	ACTIVITY	RESPONSIBILITY	TIMEFRAME/ DEADLINE
	treasury		
18.	Consolidation of final draft budgets	County Treasury.	17th March, 2023
19.	Submission of Draft Budget Estimates to County Executive Committee for approval	County Treasury.	20th March,2023
20.	Submission of Draft Budget Estimates to County Assembly	County Treasury.	10th April, 2023
21.	Review of Draft Budget Estimates by County Assembly	County Assembly	24th April, 2023
22.	Report on Draft Budget Estimates from County Assembly	County Assembly	8th May, 2023
23.	Consolidation of final budget estimates	County Treasury	15th May,2023
24.	Preparation and submission of budget statement to the County Assembly	County Treasury	1st June, 2023
25.	Approval of the Budget & Appropriation Bill by the County Assembly	County Assembly	15th June,2023
26.	Appropriation Bill Passed	County Assembly	30th June,2023
27.	Finance Bill Passed	County Assembly	31st July,2023
28.	Submission of Vote on Account to County Assembly (if applicable)	County Assembly	30th June, 2023

ANNEX 2: MTEF Departmental Ceilings (kshs. Millions)– FY2023/24 -2025/26

Department/Sector	Expenditure Type	Approved Budget 2021/22	Budget Estimates 2022/23	Projection 2023/24	Projection 2024/25	Projection 2025/26
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	Development		0	0	0.0	0.0
	Sector Total	**750**	**690**	**752.5**	**759.0**	**731.9**
County Executive	Recurrent	522	565.8	575	580.8	590.6
	Development		0	0	0.0	0.0
	Sector Total	**522**	**565.8**	**575**	**580.8**	**590.6**
County Assembly	Recurrent	853	853	854	854.0	862.5
	Development	**40**	**0**	0	0.0	0.0
	Sector Total	**893**	**853**	**854**	**854.0**	**862.5**
Public Service, Special Programs and County Administration	Recurrent	**653**	660.6	660	666.6	677.9
	Development	66	7	18	18.2	18.5
	Sector Total	**720**	**667.6**	**678**	**684.8**	**696.4**
County Public Service Board	Recurrent	84	83.8	85	85.9	87.3
	Development			0	0.0	0.0
	Sector Total	**84**	**83.8**	**85**	**85.9**	**87.3**
WAJWASCO	Recurrent	174	143.5	140	141.4	142.8
	Development	672	570	570	575.7	585.5

Department/Sector	Expenditure Type	Approved Budget 2021/22	Budget Estimates 2022/23	Projection 2023/24	Projection 2024/25	Projection 2025/26
	Sector Total	**846**	**713.5**	**710**	**717.1**	**728.3**
Wajir Municipality	Recurrent	217	209.7	205	207.1	209.1
	Development	141	163.4	115	116.2	188.1
	Sector Total	**358**	**373.1**	**320**	**323.2**	**397.2**
Total	**Total**	**11,587**	**11,662**	**11,363**	**11,463**	**12,142**
Recurrent total		**7,341**	**7,592**	**7,822**	**7,891**	**7,973**
Development Total		**4,245**	**4,070**	**3,541**	**3,572**	**4,169**
Proportion of recurrent to total budget		**63%**	**65%**	**69%**	**69%**	**66%**
Proportion of development to total budget		**37%**	**35%**	**31%**	**31%**	**34%**

Annex 3: Own Source Revenue Collection for First Half 2022/2023

REVENUE STREAM	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTALS PER REVENUE STREAM
Stock Auction fees	614,030				372,700		***3,397,820***

REVENUE STREAM	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTALS PER REVENUE STREAM
		842,900	834,750	537,040		196,400	
Stock Export fees	21,800	46,500	39,750	69,800	64,500	248,400	***490,750***
Slaughter fees	71,600	87,200	98,300	68,700	64,600	47,500	***437,900***
Miraa Cess	1,071,600	987,000	1,071,000	902,500	1,211,000	1,248,000	***6,491,100***
Single Business Permit(SBP)	496,600	185,300	572,000	201,000	146,800	130,600	***1,732,300***
Septic Tank	-	-	26,750	-	-	-	***26,750***
Conservancy	14,050	37,600	-	37,000	-	13,650	***102,300***
Land Rent	120,000	282,120	188,600	72,000	75,108	81,475	***819,303***
House Rent	-	-	98,000	-	-	-	***98,000***

REVENUE STREAM	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTALS PER REVENUE STREAM
Water	-	-	20,000	-	-	-	***20,000***
Building Materials	24,000	186,600	291,500	159,000	32,000	145,200	***838,300***
Market gate fees(fresh produce)	26,800	28,200	25,100	2,500	18,600	18,600	***119,800***
Scrap metal	-	-	-	70,000	-	-	***70,000***
Cereals	21,500	42,100	72,800	180,300	78,200	114,700	***509,600***
Hire of County Assets	-	-	-	39,000	-	-	***39,000***
Cost sharing	504,150	485,000	669,300	582,650	1,037,500	1,028,850	***4,307,450***
Veterinary department	34,400	-	-	5,000	-	-	***39,400***
MONTHLY TOTALS	**3,020,530**	**3,210,520**	**4,007,850**	**2,926,490**	**3,101,008**	**3,273,375**	**19,539,773**