

REPUBLIC OF KENYA



COUNTY GOVERNMENT OF LAIKIPIA

LAIKIPIA COUNTY FISCAL STRATEGY PAPER (CFSP)

2023



FEBRUARY 2023

COUNTY VISION AND MISSION

Vision

The Greatest County with the Best Quality of Life

Mission

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

Core Values

People-centeredness

Equity

Accountability

Efficiency

Professionalism

Integrity

Innovativeness

Passion



FOREWORD

The Laikipia County Fiscal Strategy Paper (CFSP) 2023 is one of key documents detailing policy direction in the first year of the 3rd generation CIDP (2023-2027). The CFSP provides the government's priority in allocation of resources to finance programmes captured in the CIDP and Annual Development Plan (ADP) 2023/24. This CFSP is prepared at a time when the economy is suppressed due to the effects of drought, high inflation rates due to the disruption of international supply chains and the aftermaths of the COVID 19. The net effect is a high cost of living and the redirection of resources to meet emergencies like drought.

The 2023 resource envelope comprises of the proposed allocations from equitable share and conditional grants as outlined in the 2023 Budget Policy Statement (BPS) and County's Own Sources Revenue (OSR). The County's equitable share has registered slow growth in the last three years recording 13.1 per cent 2021/22, 8.6 per cent in 2022/23 and 2.8 per cent as proposed for 2023/24. The own source on the other hand is expected to have mixed performances with a 15.5 percent growth in 2020/21, 7.3 per cent growth in 2021/22. Further growth may be negatively affected by the prevailing economic conditions. The conditional grants allocations have shown mixed performance trend with a significant reduction of 81.3 per cent in 2021/22 before registering a rise of 27.3 per cent in 2022/23 and a projected growth of only 15.2 per cent in 2023/24. The overall county resource basket has therefore been mixed with a reduction of 1.8 per cent in 2021/22, a recovery of 14.6 per cent in 2022/23 and a paltry improvement of 0.6 per cent.

The County Treasury continues to embrace fiscal responsibility in line with the Public Finance Management Act 2012 Sec. 107 and the Public Finance Management Regulations (county governments), 2015, Sec. 25. This will be accomplished *inter alia* by progressively bringing the personnel emoluments down towards the required 35% of County government's total revenue from 49 per cent and 54 per cent for 2021/22 and 2022/23 respectively through restructuring and job enrichment, training and re-assigning duties instead of hiring unless on justifiable basis ; reductions in the recurrent expenditure to allow allocating more resources to development budget to above 30% and where the county recorded 44 per cent in FY 2021/22 and projects 26.2 per cent in FY2022/23 amid Zero borrowing to finance the budget

The preparation of the CFSP 2023/24 is done against the background of a new administration geared towards realizing improved livelihoods, this strategy involves public engagements at village levels at the lowest level and is anchored on four pillars. These pillars are Security and community cohesion; Maendeleo Mashinani; Inclusive Governance and Infrastructure Development. The desired outcomes will be realized via the following areas of focus: agriculture, health and wellness, water and sanitation, energy, roads infrastructure and urban development, enterprise development and wealth creation, youth empowerment sports and job creation and finally education and Early Childhood Development.

As the economy recovers from the effects of COVID 19, the county will continue to enhance Economic Stimulus Programme (ESP) in order to increase liquidity to small businesses and create more employment opportunities for the youth. To date, a total of 504 disbursements, amounting to over KShs 285.6 million with an interest subsidy of KShs 12.2 million in four financial institutions

has been done. The ESP will prioritize areas with significant potential for enterprise development, economic growth and employment creation.

The County's economy is projected to be on a growth trajectory premised on the recovery from the effects of drought experienced in 2022 and other macroeconomic challenges like high inflation. It's envisaged that this will have positive effects on OSR relative to actual collections for FY 2021-2022 and other development programmes. This will be supplemented by expanding the tax base and collaboration with the private sector. In addition, there will be need to enhance resource mobilization through pursuit of other options like Public Private Partnership (PPP), national government collaboration and strengthened donor participation to facilitate provision of more public services hence improved livelihood for the people. The ingenious financing mechanisms like leasing, partnering with government and non-government agencies to provide machinery and equipment, skills, expertise and management required in undertaking infrastructural works will be boosted in supplementing the available resources.

This CFSP envisages to realise key strategic objectives all geared towards improving the livelihoods of the people and increasing employment opportunities in the county. The resources available have been organised to meet the non-discretionary expenditure like the wages, part payment of pending bills, purchase of drugs, County Assembly allocation and retention of hospital collections before the department ceilings are determined. County departments and the semi-autonomous agencies will be expected to prioritise programmes and projects with the highest level of outcomes.

The strategic priorities captured therein reflect objectives in the County Integrated Development Plan (CIDP 2023-2027), the county medium term framework for achieving fiscal balance and growing the Gross County Product by at least 10%. Consequently, the National Government's Medium Term framework captured in the 2023 Budget Policy Statement (BPS) theme: **"Economic Recovery Agenda to Promote Inclusive Growth"** has also been reflected. The realization of these objectives will go a long way in making the county realize the vision of **"An inclusive county with sustainable quality of Life"**

In preparation of CFSP 2023, we benefitted from the wise counsel and guidance of H.E the Governor, H.E the Deputy Governor and Hon. Speaker. In addition, the Finance, Planning, Budgeting and Appropriation Committees of the County Assembly of Laikipia played a critical role by providing oversight to the process. We further received support and contributions from my CECM colleagues and a wide range of stakeholders and general public in line with the requirements of the Constitution of Kenya 2010 and Public Finance Management (PFM) Act 2012


Samuel Wachira
County Executive Committee Member
Finance and Economic planning.



ACKNOWLEDGEMENTS

This County Fiscal Strategy Paper 2023 has been prepared in accordance with Section 117 of the Public Finance Management (PFM) Act, 2012. It outlines the current state of the economy and outlook over the medium term, broad macroeconomic issues and the medium-term fiscal framework, resource envelope and criteria for resource allocation, key strategic priorities and policy goals and a summary of the Government's spending plans as a basis for the FY 2023/24 budget. The CFSP is anchored on public's engagement in the management of public finances in Laikipia and guide development and implementation of government programs.

The preparation of the Laikipia County Fiscal Strategy Paper 2023 was a collaborative effort supported by individuals, government agencies and entities. The County Executive Committee Members played a key role by providing departmental support towards the finalization of this paper.

I recognise the leadership role provided by CECM for Finance, Economic Planning and County Development and his guidance in the entire process. I also thank the other county government departments and Agencies for providing necessary information and technical assistance in the preparation of CFSP.

In addition, I am grateful to the core team in the Economic Planning unit and Budget unit, who spent a significant amount of time putting together this document.

Finally, I thank the public participation directorate, ward level technical staff and members of public who mobilised and participated at the sub county public fora and whose views greatly enhanced the County Fiscal Strategy Paper 2023.



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ABBREVIATIONS AND ACRONYMS

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

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EXECUTIVE SUMMARY

The fiscal strategy of Laikipia County Government for the year 2023/2024 is set out in this paper. The CFSP is prepared in accordance to the PFM Act section 117 which states that, the County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper (CFSP) for approval and then shall submit the approved Fiscal Strategy Paper to the County Assembly, by the 28th February of each year.

The contents of the CFSP are largely informed by the PFM Act section 117(2) which provides for the aligning of the CFSP with the national objectives in the Budget Policy Statement. The CFSP serves as the basis for the preparation of the annual estimates of revenue and expenditure for the County Budget FY 2023/2024. The County Fiscal Strategy Paper has five chapters, as outlined below:

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

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

Chapter 3 -Macro-economic policy frameworks and medium-term outlook. This chapter explores the global and national macro-economic development outlook and how they will impact on the county's economic outlook and fiscal performance in the medium term. Further, the chapter includes the County's medium-term framework, outlining the strategic legislative and executive actions that Government will undertake to accelerate economic growth and significant internal risks to the outlook.

Chapter 4 - Fiscal framework and structural measures for 2023/24 and the medium term. This chapter highlights the projections for county revenue, recurrent and development expenditure. It sets out a framework for sustainable public finances management, while managing vulnerability to economic and fiscal risks.

Chapter 5 - Resource envelope and criteria for resource allocation. This chapter highlights the resource envelope, sector ceilings and spending priorities for FY 2023/24, MTEF budget and the medium term. This is informed by the national objectives and goals as outlined in the 2023 Budget Policy Statement and the set-out resource sharing guidelines.

CHAPTER ONE

INTRODUCTION

1.1 Introduction

The 2023 Laikipia County Fiscal Strategy Paper (CFSP) is the 1st fiscal strategy geared towards implementation of the 3rd generation County Integrated Development Plan (CIDP) 2023-2027. Its purpose is to provide a framework for resource allocation and hence implementation of the prioritized projects and programs for the financial year 2023/2024 and the medium term.

Kenya continues to implement a two-tier system of government as stipulated in Chapter 11 of the Constitution of Kenya, 2010. Schedule 4 of the Constitution of Kenya 2010 further defines the mandates of the county governments whose realization requires linkage of planning and budgeting processes as provided for in the County Government Act, 2012, section 102.

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

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

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

1.3 Fiscal Responsibility Principles for the County Government

The Constitution of Kenya, 2010, the Public Finance Management (PFM) Act, 2012 and the Public Finance Management (County Governments) Regulations 2015, sets out the fiscal responsibility principles to ensure prudent and transparent management of public resources. Section 107 (2) of

Public Finance Management Act states that; in managing the County Government's public finances, the County Treasury shall enforce the following fiscal responsibility principles:

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

1.4 County Governments' Compliance with Fiscal Responsibility Principles

Pursuant to Section 107 (2) (b) of the Public Finance Management Act, 2012, the County Treasury is required to enforce the aforementioned Fiscal Responsibility Principles. In the FY 2021/22 the County performed as follows across the principles:

- a) The County government's recurrent expenditure shall not exceed the county government's total revenue. In 2021/22 the County total recurrent expenditure stood at KShs 4.461 billion against the total county revenue of KShs 5.818 billion representing 77 per cent.
- b) Over the medium term a minimum of 30% of the County government's budget shall be allocated to the development expenditure. In the FY 2021/22, the County allocated to the development expenditure KShs 2.341 billion of a total budget of KShs 6.89 billion (including grants) representing a 33.3 per cent.
- c) The County government's expenditure on wages and benefits for public officers shall not exceed 35% of the County government's total revenue as provided by PFM Act 2015 regulations. In the FY 2021/22, the County expended KShs 2.871 billion against actual revenue of KShs 5.818 billion while in FY 2022/23, the wage bill is projected at KShs 3.720 billion against projected revenue of KShs 6.853 billion. This represents 49 per cent and 54 per cent for 2021/22 and 2022/23 respectively. The increase is attributed to the reinstatement of doctors whose contracts had been terminated.
- d) Over the medium term, the County government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure. In the FY 2021/22 the County did not acquire any loans.

- e) The County debt shall be maintained at a sustainable level as approved by the County Assembly. According to the PFM Act 2012 section 50(5) and the Public Finance Management (County Governments) Regulations 2015, section 179, the County total public debt shall not exceed 20% of the county government's most recent audited revenues, as approved by the county assembly. The county has put in place a strategy to achieve the above legal requirements as and when it requires to procure debt
- f) Fiscal risks shall be managed prudently. The County has enhanced its financial management processes resulting into qualified audit opinions from the office of the Auditor General.
- g) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking in to account any tax reforms that may be made in the future. The Laikipia County Revenue Board has continued to engage the county assembly and members of the public in the preparation of the Finance Bill and the draft Revenue Administration Bill in her endeavor to ensure tax payers are well engaged on all tax proposals.

1.5: Strategic Objectives of the County Government

The County Government will implement key interventions to support growth of the economy including promoting job creation, improved access to quality and affordable health care, social protection to build resilience amongst the communities and improved access to factors of production. The interventions are also aligned to the National Government growth agenda. The interventions include:

- Improving access to quality and affordable healthcare through increased county enrolment to NHIF, upgrading of the sub-county hospitals, enhancing and decentralize referral and emergency response system.
- Improve agricultural productivity through provision of extension services and supply of subsidized farm inputs in agriculture, livestock and fisheries, promoting modern technologies to increase food production and supporting development of cottage industries for processing and value additions to agriculture produce.
- Enhance ECDE and vocational training through establishing, constructing and upgrading of learning and training centers; provision of teaching/learning materials; designing a home-grown feeding program, increase and improve the management of bursaries/scholarship award.
- Initiate and promote economic empowerment through social protection programmes for vulnerable groups.
- Mitigating disaster risks by modernization of the Fire Response Services through construction of fire stations and procurement of modern fire engines.

- Coordinate the implementation of Ending Drought Emergencies initiatives across sectors in the county and Strengthening Early Warning Systems and Participatory Scenario Planning up to community levels
- Strengthening the Economic Stimulus Program and co-operative revolving fund to promote financial inclusion through for enterprise growth.
- Provide quality infrastructure and sustainable human settlements.
- Investing in sectors with high job-multiplier effects, including manufacturing, agriculture, ICT and agro-industries to generate employment and spur inclusive growth
- Protect and conserve catchment areas to enhance water and environmental resources through construction of dams, drilling of boreholes, and expansion of water supply and sewerage systems in urban and rural areas
- Plan for site and construction of affordable housing in partnership with the National government.

CHAPTER TWO

RECENT GLOBAL, NATIONAL AND COUNTY ECONOMIC DEVELOPMENT

2.1 Introduction

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

2.2 Recent Global and Regional Economic developments

Global growth is projected to fall from an estimated 3.4 percent in 2022 to 2.9 percent in 2023, then rise to 3.1 percent in 2024. The rise in central banks rates to fight inflation, Russia's war in Ukraine and the rapid spread of covid-19 in china dampened growth in 2022. The recent reopening has paved the way for a faster-than-expected recovery. Global inflation is expected to fall from 8.8 percent in 2022 to 6.6 percent in 2023 and 4.3 percent in 2024.

For advanced economies, growth is projected to decline sharply from 2.7 percent in 2022 to 1.2 percent in 2023 before rising to 1.4 percent in 2024. About 90 percent of advanced economies are projected to see a decline in growth in 2023.

In the emerging market and developing economies, growth is projected to rise modestly, from 3.9 percent in 2022 to 4.0 percent in 2023 and 4.2 percent in 2024. About half of emerging markets and developing economies have lower growth in 2023 than in 2022.

Growth in sub-Saharan Africa is projected to remain moderate at 3.7 percent in 2023 amid prolonged fallout from the COVID-19 pandemic, although with a modest upward revision since October, before picking up to 4.1 percent in 2024. The small upward revision reflects Nigeria's rising growth in 2023 due to measures to address insecurity issues in the oil sector.

2.3 Macroeconomic Environment

The Kenyan economy continued to expand in 2022, though at a slower pace than the 7.5 percent recorded in 2021. The economy grew by 6.7 percent in the first quarter, 5.2 percent in the second quarter and 4.7 percent in the third quarter as compared to a growth of 2.7 percent, 11.0 percent and 9.3 percent in similar quarters in 2021. The slowed growth in the third quarter was attributed to declines in activities of the Agriculture, Forestry and Fishing, and Mining and Quarrying sectors. The economy is expected to improve to 6.1 percent in 2023, reinforced by the Government's development agenda geared towards economic turnaround and inclusive growth.

The year-on-year overall inflation rate declined to 9.1 percent in December 2022 from 9.5 percent recorded in November 2022. This was due to a decline in food prices and declining international prices of edible oils. Food and fuel inflations remained the main drivers of inflation contributing

to 5.5 percent and 2.2 percent points respectively in December 2022. The core (non-food and non-fuel) inflation remained low and stable contributing 1.2 percentage points to overall inflation in December 2022.

The exchange rate of the Kenya shilling to the US Dollar, like all world currencies has weakened to exchange at Ksh 122.9 in December 2022 compared to Ksh 112.9 in December 2021 . This is as a result of strong US Dollar and uncertainties due the ongoing Russian-Ukraine war. The Kenyan Shilling has however, strengthened against the Sterling Pound to Ksh 149.8 in December 2022 from Ksh 150.2 in December 2021. Against Sub-Saharan Africa currencies, the volatility of the Kenya Shilling exchange rate remained relatively low.

The Central Bank lending rate rose from 8.25 percent to 8.75 percent in November 2022 with interbank rate remaining stable at 5.4 percent in December 2022 compared to 5.0 percent in December 2021. The Treasury bills rates increased in December 2022 due to tight liquidity conditions. The 91-day Treasury Bills rate was at 9.4 percent in December 2022 compared to 7.3 percent in December 2021. The 182 Treasury Bills rate was at 9.7 percent in December 2022 compared to 8.0 percent in 2021 while the 364-day Treasury Bills rate was at 10.2 percent in December 2022 compared to 9.1 percent in 2022.

Commercial banks' lending rates remained relatively stable in October 2022 with an average lending rate of 12.4 percent in October 2022 from 12.1 percent in October 2021. The average deposit rate increased to 7.0 percent from 6.4 percent over the same period. Consequently, the average interest rate spread declined to 5.4 percent in October 2022 from 5.7 percent in October 2021.

The NSE 20 Share Index declined to 1,676 points in December 2022 compared to 1,903 points in December 2021 while Market capitalization also declined to Ksh 1,986 billion from Ksh 2,593 billion over the same period.

Private sector credit improved by 12.5 percent in the 12 months to December 2022 compared to a growth of 8.6 percent in the year to December 2021. Strong credit growth was observed in the following sectors; mining, transport and communication, agriculture, manufacturing, business services and trade .

The agriculture sector recorded a contraction of 0.6 percent in the third quarter of 2022 compared to a growth of 0.6 percent recorded in the similar period in 2021. The declined performance was mainly attributed to unfavorable weather conditions experienced in the first three quarters of 2022.

The industry sector recorded a declined 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. Manufacturing sub- sector expanded by 2.4 percent in the third quarter of 2022 compared to 10.2 percent growth in the same period in 2021. The growth performance in the sector was supported by positive growths in Electricity

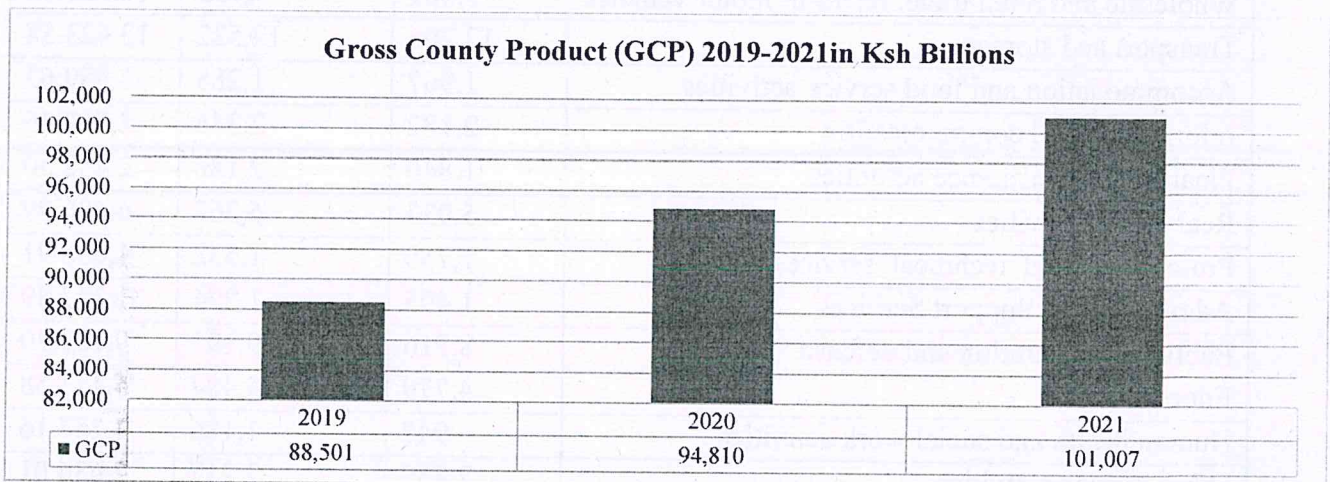
and Water Supply sub-sector and construction sub-sector which grew by 4.7 percent and 4.3 percent, respectively.

The service sector recorded slow growth 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.

2.4 County Socio-Economic Performance

According to the Laikipia County Statistical Abstract 2022, the Laikipia Gross County Product (GCP) grew by 6.6 percent from Kshs 94.81 billion at current prices in 2020 to Kshs 101.01 billion in 2021 as depicted in Figure 1. The county GCP represented 0.9 percent of the National GDP.

Figure 1: Gross County Product (GCP) 2019-2021



The main economic activities were agriculture (27.1%), transport and storage (13.3%), wholesale and retail trade inclusive of repair of motor vehicles (10.4%), construction (10.0%), public administration and defense (9.6%), real estate activities (6.6%) and lastly education (5.4%). The rest of the economic activities including mining and quarrying, manufacturing, financial and insurance activities, electricity supply, water supply and waste collection, information and communication, professional, technical and support services, human health and social work activities and other social activities contributed a combined 17.6% of the GCP. Performances across the Economic activities are highlighted in Table 1.

Table 1: Laikipia Gross County Product by Economic Activity at Current Prices, 2019 – 2021 at Current Prices, Ksh Million

Economic Activities	2019	2020	2021**
Agriculture, forestry and fishing	23,474	27,469	27,414.06
Mining and quarrying	123	136	160.62
Manufacturing	2,502	2,535	2,709.92
Electricity supply	396	417	435.35
Water supply, waste collection	1,198	1,246	1,325.74
Construction	7,732	9,450	10,073.70
Wholesale and retail trade, repair of motor vehicles	9,461	9,752	10,522.41
Transport and storage	12,296	12,522	13,423.58
Accommodation and food service activities	1,967	1,285	1,959.63
Information and communication	2,182	2,346	2,552.45
Financial and insurance activities	1,849	2,180	2,452.50
Real estate activities	5,923	6,267	6,686.89
Professional and technical services	1,750	1,552	1,638.91
Administrative Support Services	1,495	1,274	1,347.89
Public administration and defense	8,716	9,191	9,705.70
Education	4,779	4,484	5,443.58
Human health and social work activities	947	1,186	1,257.16
Other service activities	2,459	2,217	2,636.01
FISIM ¹	-748	-701	-739.56
Total	88,501	94,810	101,007

Source: Gross County Product 2019, KNBS

¹ FISIM - Financial Intermediation Indirectly measured - is a measure of production cost emanating from borrowing from financial institutions

** County Estimates

Agriculture, Livestock and Fisheries

In agriculture sub-sector, food crops (maize, beans, wheat, Irish potatoes and sorghum) production increased by 4.46 percent from 208,415 metric tonnes in 2020 to 217,712 metric tonnes in 2021 while volume of cash crop (coffee) produced increased by 13.85 percent from 105.4 metric tonnes to 120 metric tonnes during the same period. Under the horticulture sub-sector, volume of fruits produced reduced from 8,931 tonnes in 2020 to 8,817 tonnes in 2021 representing 1.27 percent decline. The volume of vegetables produced declined by 10 percent from 54,475 metric tonnes in 2020 to 43,713 metric tonnes in 2021. The volume of cut flowers produced reduced from 663 metric tonnes in 2020 to 630 metric tonnes in 2021 representing a decline of 4.83 percent. Area under irrigation increased by 37.6 percent from 4,588 hectares in 2020 to 6,315 hectares in 2021. Additionally, retail and wholesale prices of farm inputs and selected food commodities remained relatively stable throughout the period.

Under Livestock sub-sector, the quantity of meat from cattle, goats, sheep, pigs and camels increased by 35.1 percent from 3.8 million kilograms in 2020 to 5.2 million kilograms in 2021. Quantity of other livestock products (rabbit meat, honey and wax) grew by 12 percent from 611,587 kilograms in 2020 to 684,790 kilograms in 2021. The volume of milk produced increased slightly by 5.9 percent from 34.3 million litres in 2020 to 36.4 million litres in 2021. The quantity of cattle hides produced increased by 87 percent from 21,337 kilograms in 2020 to 39,900 kilograms in 2021. Additionally, the number of skin/hides from goats, sheep and camel increased by 65 percent from 103,571 in 2020 to 171,558 in 2021. Hay production increased by 152.7 percent from 1.72 million bales produced in 2020 to 4.34 million bales produced in 2021. In poultry farming, egg production increased by 9.4 percent from 11.94 million eggs in 2020 to 13.08 million eggs in 2021. In addition, fish production decreased by 36 percent from 21.85 metric tonnes in 2020 to 13.97 metric tonnes in 2021.

Trade, Tourism and Co-operatives

The sector continued to grow with the MSMEs slightly expanding by 0.61 percent from 23,586 licensed business establishments in 2020 to 23,729 licensed business establishments in 2020.

The number of hotel bed capacity increased by 3.61 percent from 2,217 in 2020 to 2,297 in 2021 while the number of hotels/eateries increased by 1.18 percent from 2,034 to 2,058 in the same period. The visitors arrivals at Thompson falls increased by 34.6 percent from 66,330 in 2020 to 89,311 in 2021.

The number of active cooperatives societies including SACCOs increased by 2.56% from 195 societies in 2020 to 200 societies in 2021 with the number of members increasing from 69,368 to 96,055 in the same period. The amount of share capital expanded by 14.72% from Ksh 488.8 million in 2020 to Ksh 560.7 million in 2021.

Manufacturing, Innovation and Enterprise Development

The sector grew by 13.48% on the number of industries from 846 in 2020 to 960 industries in 2021. The growth was mainly due to increase in enterprises dealing with wearing apparels, fabricated metal products, grain mill products, basic pharmaceutical products, dry products and animal feeds. The amount of funds disbursed through County Cooperative Development Revolving Fund decreased by 45.7% from Ksh 45 million in 2020 to Ksh 24.4 million in 2021. Further, the amount of funds disbursed through County Enterprise Development Revolving Fund decreased by 17.8 % from Ksh 14.2 million in FY 2020/2021 to Ksh 11.7 million in FY 2021/2022

Financial Services

According to the Laikipia County Statistical Abstract 2022, the financial and insurances activities in the county grew by 12.5 % from Ksh 2.18 billion at current prices in 2020 to Ksh 2.45 billion in 2021 representing 2.43 % of the Gross County Product.

The number of banks in the county grew by 12 % from 25 in 2020 to 28 in 2021 while the number of ATM grew from 39 to 44 representing growth of 12.8% in the same period. The number of SACCOs increased by 3.4% from 149 in 2020 to 154 in 2021. In addition the number of microfinance institution increased by 25% from 8 in 2020 to 10 in 2021 while the number of insurance companies reduced from 34 to 33 in the same period.

The amount of loans advanced by SACCOs grew by 4% from Ksh 2.2 billion in 2020 to Ksh 2.3 billion in 2021 while the loans advanced by Agriculture Finance Corporation (AFC) increased by 13.7% from Ksh 106.2 million in 2020 to Ksh 120.8 million in 2021.

The amount of insurance (general and life) premiums paid in the county increased by 89.3% from 471.2 million in 2019 to 892.2 million in 2020

Construction, Transport and Storage

The number of building plans approved for private ownership increased by 17.1% from 205 plans in 2020 to 240 plans in 2021 while completion of new non- residential buildings for private ownership in various sectors increased by 19.6% from 97 in 2020 to 116 buildings in 2021. The number of 50kg bags of cement sold in the county increased by 13.8% from 3.1 million in 2020 to 3.5 million in 2021 while the number of pieces of steel bars sold increased by 17.4% from 4.74 million to 5.57 million in the same period.

The number of public service vehicles including motor bikes, tuktuk and taxis operating in Laikipia County increased by 13 % from 23,582 in 2020 to 26,712 in 2021. The number of passengers recorded by various SACCOs increased by 86.4% from 3.9 million in 2020 to 7.3 million in 2021. Traffic handled at Nanyuki Airstrip increased by 68.3 % from 3,637 in 2020 to 6,120 in 2021. The number of passengers recorded by Kenya Railways at Nanyuki station increased by 272% from 5,300 in 2020 to 19,750 in 2021 . The amount of petrol transported to Nanyuki from Nairobi decreased by 40.72% from 2,952 litres in 2020 to 1,750 litres in 2021 while amount of diesel increased by 246% from 3,908 litres to 13,560 litres in the same period.

The number of building stones transported from Nairobi to Nanyuki increased by 3.4% from 26,400 pieces to 27,300 pieces in the same period. No volume of cargo was transported by rail from Nanyuki to Nairobi in 2020.

On road improvement, the length of paved/ bitumen roads in the county increased by 2.2% from 434.8 kilometers in 2020 to 444.6 kilometers in 2021 while the length of graveled/murramed roads increased by 5.0 % from 3,441.5 kilometers in 2020 to 3,848.8 kilometers in 2021. The length of bitumen roads in urban areas increased by 14.4 % from 36.8 kilometers in 2020 to 42.1 kilometers in 2021.

Electricity, Water and Sanitation

Domestic electricity connections grew by 4.0% from 72,216 in 2020 to 75,112 connections in 2021. Commercial entities (small, medium and large) connections increased by 2.1% from 8,532

connections in 2020 to 8,715 connections in 2021. The number of learning institution (ECDE centres, primary and secondary schools) on electricity grid increased by 2.4% from 369 in 2020 to 378 in 2021 while the number of health facilities on electricity grid rose by 6.2% from 65 to 69 in the same period. The number of primary schools on solar and hybrid system increased by 1.1% from 92 in 2020 to 93 in 2021.

Total electricity consumption in the county increased by 4.5% from 109.6 GWh in 2020 to 114.5 GWh in 2021. The number of conventional households using solar as the main type of lighting increased by 2.7% from 40,704 in 2020 to 41,783 in 2021 while the number of households using biogas or solar energy as main type of cooking fuel increased by 2.6% from 617 to 633 households in the same period

On water supply, the number of households with piped water expanded by 10.3 % from 38,509 households in 2020 to 42,472 households in 2021 while the number of households with access to main sewer increased by 7.2% from 11,664 to 12,502 households in the same period.

Health Care Services

The number of health facilities (Government, Faith Based Organizations, Non-Governmental Organizations, Private owned and community units) in the county increased by 1.3% from 235 facilities in 2020 to 238 facilities in 2021 while the number of beds and baby cots in public health facilities increased by 9 % from 1,068 in 2020 to 1,164 in 2021.

Registration of membership to National Health Insurance Fund (NHIF) reduced by 29.6% from 278,445 in 2020 to 196,006 in 2021 while vaccination against COVID 19 stood at 23% of the entire county population by mid November 2021.

The use of contraceptive in the county increased by 25% from 46,200 in 2020 to 57,707 in 2021 while full immunization coverage rate for under one year old children increased from 13,774 to 14,060 children in the same period

Education and Training Services

The number of public learning institutions in the county increased by 1.5 % from 872 institutions in 2020 to 885 institutions in 2021 while the number of private learning institutions increased by 4.3% from 232 to 242 institutions in the same period. Notably, the number of primary schools (public and private) increased from 365 schools in 2020 to 384 schools in 2021 while the number of secondary schools (public and private) increased from 140 schools to 144 schools in the same period.

Enrolment in ECDEs in the county decreased by 1.49% from 28,180 pupils in 2020 to 27,760 pupils in 2021 while enrolment in primary schools increased by 4.12% from 100,823 pupils to 104,982 pupils in the same period. Student enrolment in secondary schools increased by 0.49% from 42,662 students in 2020 to 42,870 students in 2021 while students' enrolment in public technical training institutes and youth polytechnics in Laikipia County decreased by 45.77% from 1,420 students in 2020 to 770 students in 2021.

The number of Laikipia students enrolled in Kenya TVETS increased by 39.76% from 840 students in 2020 to 1,174 students in 2021 while the number of students enrolled in Kenya universities increased by 31.57% from 1,777 to 2,338 students in the same period.

The number of teachers in Public ECDEs increased by 16.2% from 247 teachers in 2020 to 287 teachers in 2021. In addition, the number of trained public primary school teachers increased by 2.66% from 4,434 teachers in 2020 to 4,552 teachers in 2021 while the number of teachers in public secondary schools increased by 34% from 1,667 teachers to 2,233 teachers in the same period.

County Business Environment

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

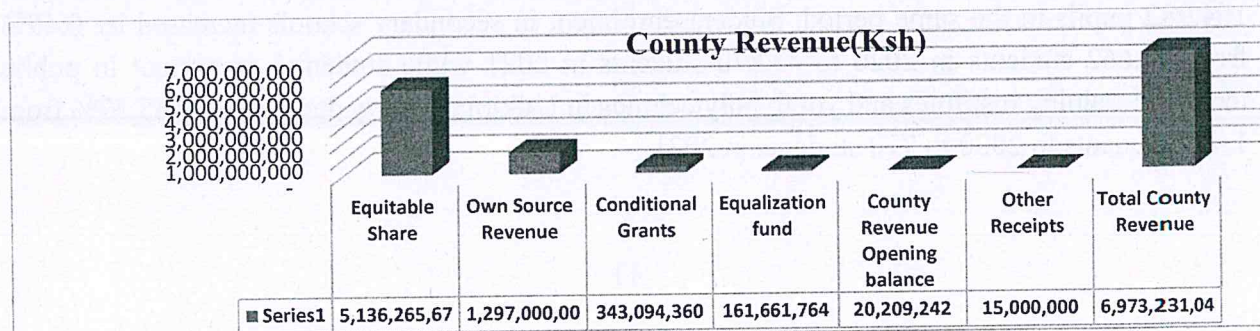
The County Government has prioritized initiatives aimed at improving business environment for SMEs to thrive in the county. Implemented initiatives include programmes such as infrastructural development to support industrialization and innovation, enhancement of financial and technical capacities for SMEs and enactment of favorable legal framework.

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

2.5 Budget Performance at the County Level

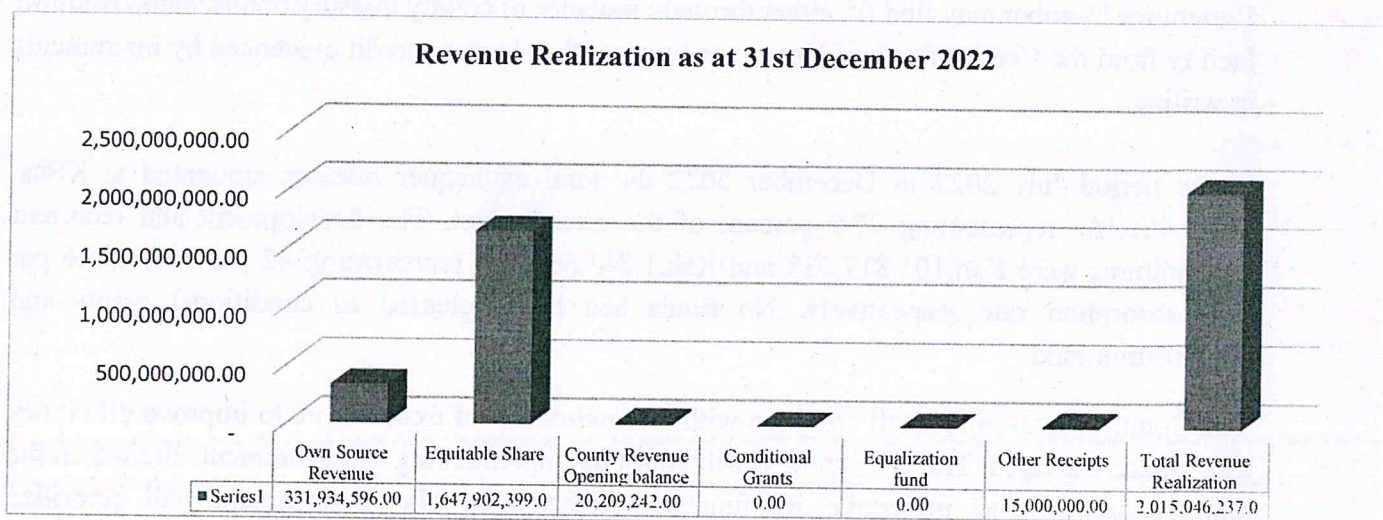
The FY 2022/2023 the County Government expects to receive total revenue amounting to KShs 6,973,231,045 comprising of equitable share allocation of Ksh 5,136,265,679, Own source revenue projections at Ksh 1,297,000,000; Conditional grants of Ksh. 343,094,360; Equalization fund of Ksh 161,661,764, County Revenue Fund opening balance of Ksh 20,209,242 and other receipts of Ksh 15,000,000. This is as captured in the following figure 2.

Figure 2: FY 2022/2023 County Revenues by Source



In the period ending 31st December 2022, the county realized KShs 2,015,046,237 as revenue representing 28.9 % of county total revenue target. On equitable share the county realized 28.9% of projected revenue, 25.6 % on own source revenue 100% on CRF opening balances and on other revenue receipts. No amount of revenue had been received as conditional grants and equalization funds as at 31st December 2022. This is capture in the following 2

Figure 3: Revenue Realization as at 31st December 2022



Own source revenue collections against the annual targets were largely derived from revenue streams such as; fruit and vegetable cess (64%), livestock cess(40%), plot sub-division fees(52%), game and natural park fees(49%), health centres services(43%), slaughter fees(44%) and stadium and social hall hire(59%) among others. Revenue streams with more collections are expected to be realized between January and March 2023 due to business permit renewals and payments of external services and encroachment fees. The following factors affected revenue performance in the period ending 31st December 2022.

- (a) Delayed release of equitable share from the National Treasury.
- (b) Non-realization of conditional grants and equalization funds.
- (c) Dismal performance especially in revenue streams such as land rates, plots rents, application fees, liquor licenses, quarry extraction, conservancy fees, market entrance fee, public health licenses and business permits among others.
- (d) Drought experienced across the county led to decline in horticultural, livestock, sand cess and slaughter fees.

To boost revenue performance, County Government intends to implement and sustain strong revenue collection strategies .Measures put in place to enhance local collections include; strengthened operations of Laikipia County Revenue Board and partnerships, continuous automation of revenue collection streams, implementation of cashless mode of payment, revenue mapping of new and existing revenue streams, improved tax compliance, updating of the records and valuation rolls for all towns, capacity building of revenue collection staff, sustained enforcement in the implementation of the finance Act and adoption of best practices in revenue

collection and administration. In addition, the county government over the medium-term may from time to time borrow within and outside Kenya such sums of money in such amount and on such terms and conditions as to interest, repayment, disbursement or otherwise as the County Executive Committee Member may find fit, either through; issuance of county treasury bonds; bank overdraft facility from the Central Bank of Kenya; or by any other loan or credit evidenced by instruments in writing.

In the period July 2022 to December 2022 the total exchequer releases amounted to KShs. 1,945,481,166 representing 27.9 percent of the total budget. The development and recurrent expenditures were Ksh.101,817,038 and Ksh.1,843,664,128 representing 42 per cent and 6 per cent absorption rate respectively. No funds had been released as conditional grants and equalization fund.

The County Government will continue with rationalization of expenditure to improve efficiency and reduce wastages. The Government will continue implementing e-procurement, strengthen the audit department to undertake its functions effectively. The Government will prioritize implementation and completion of ongoing projects and programmes as set out in the budget. The County Government will also adhere to strict project timelines and budgets through projects' field inspection visits and robust public engagements. Joint initiatives with development partners will be pursued to support increased public expenditure on capital projects. To address the issue of high wage bill, the county will limit recruitments to areas with critical human resource needs, re-designate existing staff to fill existing gaps internally and enhance capacity building for better service delivery.

Citizens' engagements and public participation will be enhanced to ensure smooth implementation of the Finance Act 2022, participatory legislation, development planning, budgeting and programmes/projects implementation.

CHAPTER THREE

MACRO-ECONOMIC POLICY FRAMEWORK AND MEDIUM-TERM OUTLOOK

3.1 Introduction

This section explores the global and national macro-economic development outlook and how the local government will make an assessment of growth prospects of the county economy. It will also highlight the way the macroeconomic variables will impact on the county economic outlook and fiscal performance in the medium term.

3.2 Global, National and County Economic Prospects

According to IMF projections, world economy will grow by 2.9 percent in 2023, a slight decrease as compared to 3.4 percent in 2022. The report project global growth at an average of 3.1 percent in 2024. Global inflation is expected to fall from 8.8 percent in 2022 to 6.6 percent in 2023 and further fall to 4.3 percent in 2024, a percentage slightly higher than the pre-pandemic (2017-19) levels which averaged at 3.5 %. Russia-Ukraine conflict, elevated global inflation and persistent supply chain disruptions have continued to impact negatively on economic growth. Growth was slowed in 2022 by the quick spread of COVID-19 in China, but the recent reopening has made it possible for a quicker-than-anticipated comeback.

Growth in the emerging markets and developing economies is projected at 2.8 per cent in 2023. In Sub Saharan Africa growth in per capita income for the period 2023-24 is projected to an average of 1.2 percent, a rate that is much lower compared to what is needed to sustain progress in reducing poverty levels.

It is predicted that growth in advanced economies will decrease from 2.5 percent in 2022 to 0.5 percent in 2023. Slowdowns of this size have foreshadowed a worldwide recession over the past 20 years. Global growth is expected to slow down to 3.2 percent in 2022 and is projected to further slow down to 2.7 percent in 2023 from the earlier projection of 2.9 percent. Growth in the US is predicted to slow to 1.0 percent in 2023 from 1.6 percent in 2022. The forecast for euro-area growth in 2023 has been revised downward to 0.5 percent. Growth in China is predicted to be 4.4 percent in 2023.

It is anticipated that growth in emerging markets and developing economies will slow due to much weaker external demand, which will be worsened by rising inflation, currency devaluation, tighter financing conditions, and other domestic issues.

The economic growth in the Sub-Saharan Africa region is expected to recover to 3.7 percent in 2023, a slight increase as compared to that of 2022 which stand at 3.6 percent. The 2023 growth projection is low compared to 4.7 percent in 2021 due to lower trading partner growth, tighter financial and monetary conditions and negative shift in the commodity terms of trade.

Despite recent internal and global shocks, Kenya's medium-term growth prospects remain favorable, with GDP expected to expand by an average of 6.1 percent in 2023–2024. The baseline

for growth makes several assumptions, including a strong expansion of private sector financing through credit like the Hustlers Fund, low COVID-19 infection rates, short-term recovery in agricultural productivity and high export commodity prices that are advantageous to the country. In the medium term, it is anticipated that these changes will in turn spur private investment.

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

Table 2: Global economic Growth Rates

Economy	Annual Economic Growth Rate(%)			
	2020	2021	2022*	2023**
World	-3.1	6.2	3.2	2.7
Advanced Economies	-4.5	5.2	2.4	1.1
Of which: USA	-3.4	5.7	1.6	1
Euro Area	-6.1	5.2	3.1	0.5
Emerging and Delevoping Economies	-2	6.6	3.7	3.7
Of which: China	2.2	8.1	3.2	4.4
India	-6.6	8.7	6.8	6.1
Sub-Saharan Africa	-1.6	4.7	3.6	3.7
Of which: South Africa	-6.3	4.9	2.1	1.1
Nigeria	-1.8	3.6	3.2	3
EAC-5	0.9	6.6	4.7	5.4
of which: Kenya***	-0.3	7.5	5.5	6.1
* Estimate, **budget estimate				
EAC-5: Burundi, Kenya, Rwanda, Tanzania and Uganda				

Source: Oct 2022 World Economic Outlook

Over the years, the country has implemented important institutional reforms geared towards long term economic growth, social development and political stability. However, poverty, inequality, youth unemployment, lack of transparency and accountability, climate change, persistently low private sector investment, and the economy's susceptibility to both internal and external shocks remain among her main development concerns. The National Government has prioritized implementation of several key projects in the agriculture sector; Micro, Small and Medium Enterprise; digital super highway and creative economy; health care and housing that aim at restoring the economy to a strong growth path, creating jobs and economic opportunities across all regions of the country with a view of tackling social and income inequalities.

3.3 Laikipia County Medium Term Framework: Economic Recovery Agenda

The County economic growth slowed to 6.5 per cent in 2021 compared to 7.1 per cent realized in 2020. This slowed growth was supported by improved performances in Accommodation and food service activities (52.5%); Education (21.4%); other service activities (18.9%); Mining and quarrying (18.1%); and Financial and insurance activities (12.5) sectors.

Overall, all the sectors in the county recorded positive growths over the period under review except agriculture, forestry and fishing which experienced a (-0.2%) growth. This negative growth was

occasioned by prolonged drought, high cost of agricultural inputs and disruptions in supply chain experienced during the period.

In 2023, the county economy is expected to realize positive growth fueled by the rejuvenated sectors like agriculture, accommodation and food services activities, education, other service activities and wholesale and retail trade.

Over the medium term, the County Government will continue to pursue prudent fiscal policy and structural reforms to promote economic recovery and inclusive growth. The 2023 CFSP is prepared against a backdrop of slowed global economic growth occasioned by the ongoing Russia-Ukraine conflict that has seen disruptions in global trade leading to increased prices of fuel, fertilizer and food items. Currently the inflation rate in the country (9.1%) is above the government target (7.5%) mainly fueled by constraints in the supply side.

The county government has identified and entrenched seven (7) pillars towards realizing and sustaining social economic transformation namely: Security and community cohesion, Maendeleo Mashinani, Inclusive Governance, Infrastructure Development, Economic Stimulus Program; Enhancing ICT capacity for business competitiveness and efficiency in service provision and Human capital development. These pillars will be actualised as follows;

3.3.1 Security and community cohesion

Security is fundamental in ensuring long term sustainable development as people are able to work and operate their businesses without interruptions. The county government plans to enhance security and cohesion through working with the national government in establishment of security committees comprising of local communities from conflict prone areas; support implementation of the Amaya triangle initiative; holding of annual cultural festivals, peace caravans and exhibitions.

3.3.2 Maendeleo Mashinani

This initiative identifies villages as the planning units under the leadership of committees elected by communities. The county government will put in place policy framework to ensure that proposed projects are implemented This will lead to jobs and wealth creation among the locals.

3.3.3 Inclusive Governance

The County Government intends to effectively serve all the citizens while engaging them in decision making, taking into account gender, the youth, persons with disabilities and the marginalized. This will be realized through enhanced public participation during policy formulation, budgets and legislative processes. Decentralized civic awareness and collaboration with the Civil Society Organizations will be enhanced. As a result, government offices, policies, processes and services will be more accessible, accountable and responsive to all members of the society.

3.3.4 Infrastructure Development

The county government will continue to enhance connectivity within the county through improved road network, energy access and provision of cost-effective public utilities and facilities. To realize this, the government has prioritized opening and upgrading of earth roads to all weather roads

within the county, routine maintenance of unpaved and paved county roads, construction of bridges and drainage structures for the county roads, promotion of sustainable partnerships in housing development and management, formulation and implementation of the County housing policy, supporting renewable energy development by public and private sector maintenance of public street lighting, planning of towns, market centres and informal settlements among others.

3.3.5 Economic Stimulus Program (ESP)

To resuscitate the private sector, the Government will continue implementing the Economic Stimulus Program to increase liquidity to small businesses and create jobs for the youth. Priorities under ESP will include, support to Enterprise and Cooperative Revolving Funds, enhanced access to Laikipia County Business Stimulus Fund, MSMEs capacity and technical support and promotion of local manufacturing and value addition.

3.3.6 Improving ICT capacity for business competitiveness and efficiency

The county government will enhance investments in development of ICT and digital infrastructure to enhance productivity, efficient delivery of public services and overall competitiveness. Specific development interventions planned for implementation include;

- i. Collaborate with the national government to enhance National Optic Fibre Backbone (NOFBI) connectivity within the county.
- ii. Digitize and automate all critical government processes within the county.
- iii. Establishment and operationalization of ICT hubs and county data centre.
- iv. Development of new and widen utilization of existing applications like health telemedicine

3.3.7 Promoting human capital development

Human capital plays a critical role in driving inclusive economic growth and poverty reduction. The accumulation of human capital improves labour productivity, technological innovations, returns to capital and sustainable economic growth. There is need therefore to upscale investments in human capital including ICT capacity to deal with new realities around employment. Towards this, the county government will endeavor to achieve the following;

- i) Improve investments in community and primary health including training of Community Health Volunteers (CHVs), increase access to clean water and reliable sanitation, increase immunization coverage and continue supporting public health.
- ii) Support vocational education and training through construction, equipping, staffing and operationalization of additional VTCs within the county to drive employment creation.

3.4 Sectoral Support for Broad Based Sustainable Economic Growth

The county government will implement strategies, policies and structural reforms as well as enhance investment in seven key areas of focus that are expected to have the highest impact in improving livelihoods of the residents. These include: Health and wellness, Agriculture, Livestock and food security; Enterprise development and wealth creation; Energy, roads infrastructure and urban development; Youth empowerment and job creation; Water and sanitation; and Education and early childhood development.

3.4.1 Agriculture, Livestock and Food Security:

Agriculture sector is the largest contributor to the GCP and employment opportunities in the county. In 2021 the sector's contribution to GCP was estimated at Ksh 27.41 billion representing, 27.1% of the total Ksh 101.0 billion Gross County Product. Despite this contribution, the productivity of the sector in the county recorded a negative growth during 2021 occasioned by prolonged drought and high cost of fertilizer. The county government has planned several interventions to build resilience and ensure recovery of the sector. These include: provision of subsidy for irrigation equipment and tools; provision of incentives for climate smart agricultural practices; Partner with national Government in construction of mega dams, desilting of existing dams; establishment of value addition and agro-processing facilities; provision of subsidized farm inputs; strengthening of extension services; supporting of agri-business and access to markets and technology and financial support to NCPB warehouses. To harness the potential of livestock production measures in place include; training farmers on fodder management livestock breed improvement, promotion of animal health and investment in value addition and processing of meat and other livestock products

3.4.2 Enterprise Development and Wealth Creation: Micro, Small and Medium Enterprises (MSMEs) contribute significantly to the county economy. However, this sector experiences a myriad of challenges including lack of start-up capital, skewed access to finance for business development and unconducive operating environment. The county government is committed to ensure access to affordable credit by MSMEs through enhanced allocation for co-operative revolving and enterprise fund and negotiation with financial services providers. Other measures include: establishment of business advisory services to offer training and support; facilitation of business incubation and acceleration support services; construction of two modern markets in the county; provision of street lighting and parking; and reduction of cost of doing business in the county by reviewing and rationalizing all licensing and business approvals.

3.4.3 Energy, Roads Infrastructure and Urban development: The County Government will focus on improving road network connectivity, energy access and development of public utility infrastructure facilities. This will create and sustain an enabling environment for economic recovery and inclusive growth. Investments in energy sector will be geared towards adoption of renewable energy by the communities; partner with stakeholders in establishment of wind and solar energy farms; and facilitation of an enabling legal and policy framework for up-scaling sustainable production, distribution and marketing of alternative sources of energy. Plans in the roads sector include improvement of the county road networks; lobbying the National Government to tarmac major roads designated as KeNHA, KeRRA and KURA roads, maintenance and rehabilitation of existing roads; and opening of new roads especially in insecurity prone areas. Under physical planning and urban development, the county plans to facilitate adequate provision of cost-effective public infrastructure; Finalize on the county spatial plan and Valuation roll,

efficient approval for housing and other structural drawing approvals; issuance of title deeds for plots in small towns and shambas.

3.4.4 Youth empowerment and job creation: the population of those aged between 18 and 35 years in the county currently stand at 30.8 percent of the total county population. However, this population faces several challenges ranging from high levels of unemployment, drug and substance abuse, inadequate skills and training, inadequate access to financial resources for business and disparities in affordability and access to medical care among others. The County Government intends to promote skills and business training among the youth through establishment/rehabilitation, modernization and equipping of TVETs; provision of bursary to students. To promote enterprise development among the youth, the county plans capacity building of budding businesses; establishment of innovation and incubation hubs in each sub-county; hosting of annual business competition and exhibitions; provision of business funds to youth and market linkages; and implementation of the 30 percent procurement rule under access to government opportunities (AGPO). Other measures include; facilitation of structured youth engagement platforms and development of youth leadership development training; improvement of sports and recreation facilities supporting rehabilitation of youths from substance abuse; and engagement of CHWs in providing psychosocial support.

3.4.5 Water and Sanitation: the county experiences inadequate water supply to both urban and rural areas occasioned by prolonged drought as a result of failed rains. The number of households with access to piped water (either piped into the dwelling/yard/plot or from a public tap/stand pipe) currently stands at 61,250 representing 38.7 percent of the total households in the county. 21 percent of the households access their water from streams/rivers, 10.3 percent from boreholes, 8.7 percent from protected wells, 5.8 percent from rain/harvested water and 5.7 percent from dams. Sanitation coverage is also low with only 8.9 percent of the total households connected to main sewer. The County Government plans to promote universal access to safe domestic water through construction of boreholes, water storage tanks, water management and distribution to all households; establishment of rural water services board; provision of water tanks to household across the county; promotion of rainwater harvesting, storage, and treatment; extension of water infrastructure to more households in all the three municipalities; construction of more dams and water pans to increase supply for domestic and livestock consumption; provision of water facilities in schools and TVETs; construction of new sewer treatment plants and up-scaling of solid waste management systems in the county.

3.4.6 Health and wellness: the overall goal of the sector is to ensure access to quality and affordable healthcare for all. Several interventions are planned for implementation including establishment of a strong human resource for health programme through recruitment of specialized healthcare workers; improvement of working conditions for healthcare personnel; and capacity building and motivation of community healthcare workers; adequate supplies and equipping of all

hospitals in the county; Universal health care enrolment into NHIF social health insurance; establishment of functional Community Health Units (CHU) in all locations in the county; creation of health centers of excellence in every ward and service delivery dispensaries in every location; establishment of one more KMTC College in the county; support nutrition programme in every health facility; establishment and equipping of emergency and rescue services department.

3.4.7 Education and Early Childhood Development:

To ensure inclusive and equitable society, the county government intends to support impartation of necessary skills and competencies to learners from pre-primary to the tertiary level. Measures in place to improve quality and access to education in the county include; refurbishment of ECDE classrooms, providing water and building toilets; procurement and supply of teaching and learning materials for ECDE; initiation of a feeding programme for ECDE children; and provision of bursary and scholarships to needy student.

3.5 Risks to the Outlook

The budget forecast is subject to downside risks emanating from both internal and external factors. The risks to the economic outlook for 2023/24 and the medium-term include:

(a) Climate change

Unfavorable weather conditions like prolonged drought negatively affect agricultural output in the county and country at large and may lead to domestic inflationary pressures. Reduced agricultural production may affect food security and local revenue collection thus derailing implementation of planned projects/ programmes.

(b) Natural Disasters and Man-Made Hazards

Natural and man-made disasters can both cause economic, environmental and social damages. There is need to upscale preparedness against man-made disasters like fires, pollution, accidents, hazardous material exposures and inter-community conflicts to reduce community vulnerability.

(c) Technological Risk

ICT continues to be a crucial area for achieving the development objectives in both the national and county governments. It increases productivity and lowers the cost of financial intermediation, e-commerce, and governance, thus essential to economic development. The county administration continues to place a lot of emphasis on digital technology. Some e-government programs like the IFMIS, GHRIS, and IPPD among others play an important role in the county. However, digital technology has potential risks like cybercrimes and frauds. The county and national government and other stakeholders will consistently educate users on the value of upgrading cyber security and prioritize the implementation of cyber security policies in order to mitigate against such dangers.

(d) Macroeconomic risks

The formulation of the county budget is influenced by macroeconomic factors. The Kenyan economy is expected to grow by 6.1 percent in 2023/24. The road to economic recovery has been subjected to downside risks like fluctuating global commodity prices, more stringent external

finance requirements, increased inflation, a slowdown in global economy, and an ongoing drought. Due to uncertainties in the economy's performance, any unexpected changes in these projected outcomes may lead to lower national and local revenue collections and increased expenditures. However, the national government will monitor the above risks and take appropriate measures to safeguard macroeconomic stability.

(e) Budget Implementation and Revenue Enhancement

Governments use public finances for the implementation of crucial programs and policies to ensure their citizens have access to essential services. However, majority of county governments are unable to implement their budgets fully due to underlying risks and factors. Delayed release of equitable share by the national treasury has greatly affected county operations. Budget implementation is also affected by unrealized own source revenue targets and poor execution of major development projects among others.

(f) COVID-19 pandemic.

Although the COVID-19 containment measures have reduced the spread of the pandemic, there is still likelihood of social and economic disruptions in the event the pandemic re-occurs hence the need for continued vigilance.

CHAPTER FOUR

FISCAL FRAMEWORK AND STRUCTURAL MEASURES FOR 2023/24 AND THE MEDIUM-TERM

4.1 Introduction

This Chapter outlines the Fiscal Framework for the FY 2023/24 as well as in the Medium Term. It provides an overview of the resource envelope. The FY 2023/2024 CFSP will prioritize measures to guide the county in mitigating against the adverse effects of climate change, tough economic environment and the COVID -19 pandemic. In strengthening the linkage between planning, budgeting and implementation, the Medium-Term framework for the period 2023/24-2025/26 will focus on the allocation of resources to core programs as identified in both the Annual Development Plan 2023/24 and the County Integrated Development Plan 2023-2027.

To translate policy priorities in the plans and ensure their implementation soundness of revenue projections will be critical.

4.2 The Fiscal Framework

The fiscal framework for the FY2023/24 is based on the macroeconomic policy framework and the County Government's policy priorities. Public spending will be geared towards priority programmes promoting economic and social activities for high-quality lives. In addition, the County will continue with the fiscal consolidation plan through enhancing local revenue collection and containing non-priority spending.

4.3 Revenues for FY 2023/24

The Constitution of Kenya 2010, Articles 202 and 203 stipulates that revenue raised nationally is to be shared equitably among the national government and county governments with the latter receiving from the former additional allocations either conditionally or unconditionally. The allocations are to enable county governments perform the functions assigned under the Fourth Schedule of the Constitution while considering their fiscal capacity, efficiency, economic disparities, national interests and development objectives.

The Budget Policy Statement 2023 forecasts a total revenue basket of KShs 2,566 billion for FY 2023/24 out of which KShs 2,178.5 billion will be for the national government, KShs 380 billion for the county governments and KShs 7.5 billion for the Equalization Fund. Each County government will receive an equivalent of 50 per cent its FY 2019/2020 actual allocation (totaling to KShs 160.36 billion) plus a share of the balance (KShs 219.64 billion) based on the approved Third Basis formula which was considered and approved by Parliament in September, 2020. The third formula considers the following parameters; (i) Population (18%); (ii) Health Index (17%); (iii) Agriculture Index (10%); (iii) Urban Index (5%); (iv) Poverty Index (14%); (v) Land Area Index (8%); (vi) Roads Index (8%), and; (vii) Basic Share index (20%)

Division of revenue raised nationally for the FYs 2020/21 to 2023/24 is as illustrated below

Table 3: Division of Revenue Raised Nationally for FYs 2020/21 – 2023/24 (Ksh Million)

Type/Level of Allocation	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
National Government	1,533,700	1,398,799	1,764,516	2,178,457
of which				
Leasing of Medical Equipment	6,205	7,205	5,200	0
Supplement for construction of County Headquarters	300	332	454	776
Equalization Fund	6,500	6,825	7,068	7,502
County Equitable share	316,500	370,000	370,000	380,000
Total Shareable revenue	1,863,205	1,783,161	2,147,238	2,566,735

Source of Data: BPS 2023

Horizontal allocation of revenue among the County Governments for FY 2023/24 is anchored on the Third Basis, based on this criteria, Laikipia County has been allocated KShs. 5,280,179,645 which is 1.44 percent of the total counties' allocations

Additionally, the National Treasury proposes to allocate KShs 32.916 billion as loans and grants from Development Partners to County Governments of which Laikipia County expects Ksh 243 million for programmes in agriculture, health, water and disaster management.

Laikipia County total Own source revenue target for 2023/2024 stands at KShs.1.342 billion compared to a target of KShs 1.297 billion in 2022/2023. This target is based on improved performance in own source revenue and hospital collections due to deliberate government investments. Table 3 shows the overall county revenue performances by source since FY 2018/19-2021/2022 and projections for 2022/2023 and 2023/2024.

Table 4: Summary of County Revenues in 2018/19-2023/24

Revenue source	Actuals				Budget	Projections
	2018/19 (KShs)	2019/20 (KShs)	2020/21 (KShs)	2021/2022 (KShs)	2022/2023 (KShs)	2023/2024 (KShs)
Equitable share	4,113,400,000	4,177,800,000	4,177,800,000	4,725,364,426	5,136,265,679*	5,280,179,645*
Own source revenue	815,770,157	727,957,756	840,396,632	902,354,455	1,297,000,000*	1,342,500,000*
Conditional Grants	597,894,252	579,270,114	887,462,254	165,882,387	211,216,012*	243,351,267*
Total Revenues	5,527,064,409	5,485,027,870	5,905,658,886	5,793,601,268	6,644,481,691	6,866,030,913

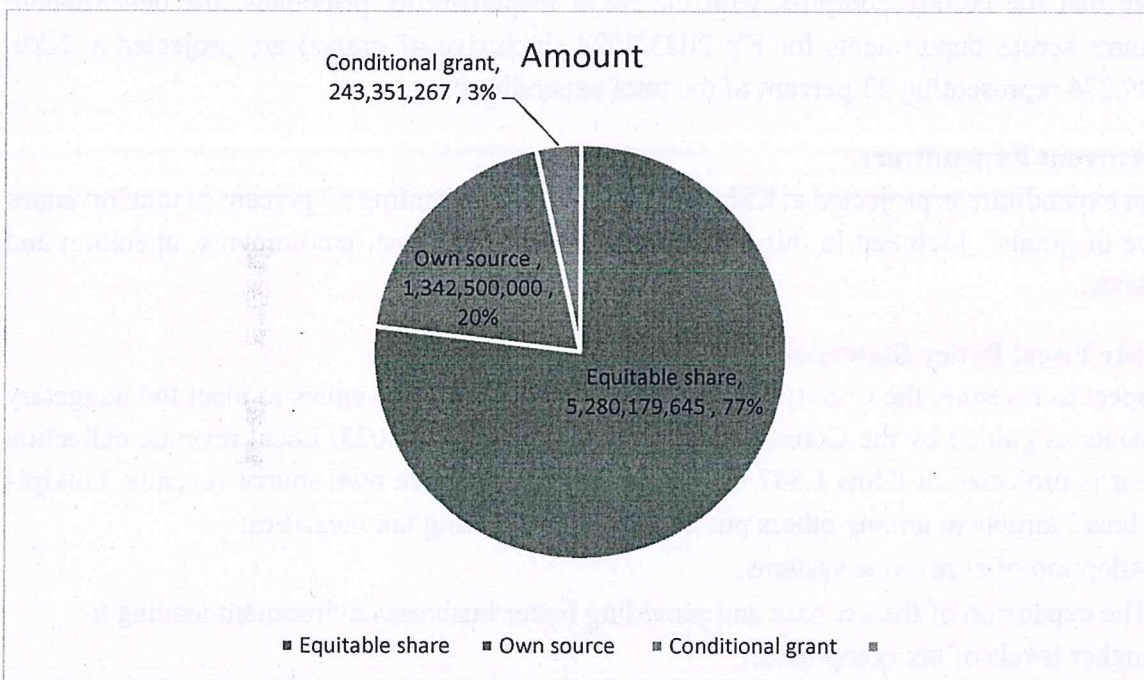
* indicates projections

Table 5: Analysis of Own source revenue

Revenue source	Actuals		Projections	
	2020/21 (KShs)	2021/2022 (KShs)	2022/2023 (KShs)	2023/2024 (KShs)
Own source revenue	551,508,458	473,718,428	710,000,000	710,000,000
Hospital Revenue	278,489,719	398,880,236	562,000,000	602,500,000
Vocational training centers	10,398,455	29,755,791	25,000,000	30,000,000
Total Revenues	840,396,632	902,354,455	1,297,000,000	1,342,500,000

From the foregoing, equitable share at 77 percent remains the major source of county revenues, own source revenue contributes to 20 percent while conditional grants will be 3 percent. Own source Revenue targets are likely to negatively affected by current economic conditions, persisting drought and current revenue collection trends comparison with the projections for FY 22/23.

Figure 4: County Revenues by source



4.4 Expenditure Projections

The expenditure framework must be aligned to the National and County goals and objectives as outlined in the draft Budget Policy Statement 2023, County Integrated Development Plan (2023-2027) and the Annual Development Plan 2023/2024. This Expenditure framework is premised on a limited resource envelope while acknowledging the actual cost of delivering goods and services.

Departmental funding therefore should prioritize payment of any pending bills and completion of ongoing projects. Departments will have to rationalize their expenditure programs in the FY 2023/24 and medium term as they focus on their strategic interventions and programmes.

County expenditure will promote job creation, improve access to quality and affordable healthcare, Improve agricultural productivity, enhance ECDE and vocational training, initiate and promote economic empowerment, provide for disaster management, enhance Economic Stimulus for enterprise growth, provide quality infrastructure and sustainable human settlements, and relocation to the gazetted county headquarters.

Overall, the 2023/2024 annual expenditure is projected at KSh. 6,866,030,913 inclusive of conditional grants. This will comprise of expenditures supported by shareable revenues projected at KShs. 6,622,679,645 and conditional Grants projected at ksh 243,351,267.

4.4.1 Development Expenditure

To ensure that the county complies with the fiscal responsibility principles, the development expenditures across departments for FY 2023/2024 (inclusive of grants) are projected at KSh. 2,269,809,274 representing 33 percent of the total expenditure.

4.4.2 Recurrent Expenditure

Recurrent expenditure is projected at KSh. 4,596,221,639 representing 67 percent of total revenues (inclusive of grants). Included in this expenditure will be personnel emoluments, operation and maintenance.

4.5 County Fiscal Policy Statement

With respect to revenue, the County Government aims at raising revenues to meet the budgetary requirements as guided by the County Annual Finance Act 2022/2023. Local revenue collection in the year is projected at KShs 1.342 billion. In order to enhance own source revenue, Laikipia revenue board targets to among others put in place the following tax measures;

- Adoption of e- revenue systems.
- The expansion of the tax base and providing better business environment leading to higher levels of tax compliance.
- Implementation of the new valuation roll that will boost collection of land rates,
- Enforcement on collection of accrued tax arrears
- Carrying out taxpayers 'awareness in regards to tax Compliance.
- Investments in critical hospital infrastructure and equipment's.
- Upgrading of markets infrastructure.

The PFM Act prescribes that wages and benefits to public officers should not exceed 35% of the County's total revenue. However, the projected county expenditure on personnel emoluments for FY 2023/24 stands at 48.8 % of the total expenditure.

4.6 Overall Deficit and Financing

The 2023 BPS highly encourages the County governments not to include deficits in their budgets in 2023/24 and the medium term without having clear plans on how the financial shortfall will be funded. In this regard the County Government of Laikipia has allocated resources for spending

that are equivalent to the revenues expected in the 2023/24 and the medium term and hence no deficit.

CHAPTER 10 RESOURCE ENVELOPE AND CAPITAL FOR RESOURCES ALLOCATION

50 Introduction
The chapter provides details on the resource envelope for resource allocation in relation to financial, departmental, provincial and national levels for the period 2023/24. It also provides the key messages for each sector to which are aligned to the national objectives and goals in relation to the 2023/24 Budget Review.

51 Resource Envelope
The Country's resource envelope comprises of the aggregate of all the resources from the national government and provincial government and financial institutions. It is projected to reach R1,211,175,642 for the 2023/24 financial year, which is 1.1% below the total country's resource envelope of R1,225,000,000. The resource envelope is projected to reach R1,211,175,642 for the 2023/24 financial year.

- The following table provides a summary of the resource envelope:
- | Category | Amount (R) |
|----------------------------|---------------|
| (a) Provincial Government | 1,190,000,000 |
| (b) National Government | 21,175,642 |
| (c) Financial Institutions | 13,964,358 |
| (d) Other | 0 |
| (e) Total | 1,225,000,000 |
- (a) Provincial Government: This category includes the resource envelope of all provincial governments. The total amount is R1,190,000,000.
- (b) National Government: This category includes the resource envelope of the national government. The total amount is R21,175,642.
- (c) Financial Institutions: This category includes the resource envelope of financial institutions. The total amount is R13,964,358.
- (d) Other: This category includes other resources. The total amount is R0.
- (e) Total: This category includes the total resource envelope. The total amount is R1,225,000,000.

52 Sectoral Objectives and Challenges
The chapter provides the sector priorities and challenges for the FY 2023/24 which are aligned to the national objectives and challenges. The resource envelope is projected to reach R1,211,175,642 for the 2023/24 financial year, which is 1.1% below the total country's resource envelope of R1,225,000,000. The resource envelope is projected to reach R1,211,175,642 for the 2023/24 financial year.

53 Summary
The chapter provides a summary of the resource envelope and the key messages for each sector to which are aligned to the national objectives and goals in relation to the 2023/24 Budget Review.

CHAPTER FIVE

RESOURCE ENVELOPE AND CRITERIA FOR RESOURCE ALLOCATION

5.0 Introduction

This chapter provides details on the resource envelope, criteria for resource allocation in addition to Sectoral (department) proposed allocations for the period FY2023/24. It further provides the key priorities for each sector and which are aligned to the national objectives and goals as outlined in the 2023 Budget Policy Statement.

5.1 Resource Envelope

The County's resource envelope comprises of the equitable share, Own Source Revenue, conditional and unconditional grants from the national government and developing partners.

Under the equitable share, Laikipia County is projected to receive KShs.5,280,179,645 out of the KShs 380 billion shareable to the 47 counties, translating to 1.39 percent of the total County Governments' equitable share allocation. The County further projects to raise KShs 1,342,500,000 from the local sources and receive Ksh 243,351,267 as conditional grants.

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

- (i) Payment of Part of the verified pending bills;
- (ii) The county statutory obligations;
- (iii) Linkage of programmes with the objectives of 2023/2024 Annual Development Plan;
- (iv) The need to promote job creation and address poverty reduction;
- (v) Degree to which the programme is addressing the core mandate of the sector
- (vi) Expected outputs and outcomes from a programme;
- (vii) Cost effectiveness and sustainability of the programme;
- (viii) Financing of on-going projects
- (ix) The need to ensure continuous current service levels are maintained

5.2 Sector Priorities and Ceilings

This section provides the sector priorities and ceilings for the FY 2023/2024 while ensuring continuity in resource allocation from the last financial year consistent with the MTEF budgeting approach. The ceilings comprise of expenditures to be made for strategic interventions as informed by programmes defined in the CIDP 2023-2027 and ADP 2023/2024 and their respective outputs. An allocation to pay part of the verified pending bills will be provided under the finance department. The sector priorities and respective ceilings for recurrent and development expenditures across all the departments are as follows:

5.2.1 County Coordination, Administration, ICT and Public Service

The sector goal is to be a key driver and enabler of sound governance, service delivery, public engagement, and stakeholder involvement for the prosperity of the people of Laikipia. The sector's mission is to provide leadership in policy formulation, public service management and accountability for quality service delivery.

To achieve the goals, the sector has the following priorities for the FY 2023-2024:

- Hasten the partitioning and furnishing of Rumuruti County Headquarters to facilitate relocation of the county operations;
- Provide support to decentralized units for efficient and effective service delivery
- Enhance cohesion;
- Strengthen policies on Human Resource Management and Development
- Enhance staff welfare through insurance cover, implementation of Car & Mortgage, Capacity building of staff and implementation of the ratified organization structure;
- Enhance Disaster Risk Management through equipping Nanyuki fire station and construction of Nyahururu fire station
- Enhance public participation and conduct engagements fora at the Sub-County, Ward and Village levels and the Civil Society Organizations (CSOs), Faith Based Organizations (FBOs) and Private Sector meetings
- Improve digital connectivity and electronic government service delivery
- Strengthen legal unit

In order to realize the prioritized programmes in the sector a total of KSh 794,927,232 is allocated in 2023/24 with KSh.772,327,232 being recurrent expenditure and KSh.22,600,000 for development expenditure representing 12 percent of the total expenditures.

Laikipia County Public Service Board (LCPSB) continues to operate as an entity with its recurrent and development votes being managed by the entity's secretary as the accounting officer. LCPSB will therefore be allocated a total of KShs 11,500,000 which constitutes a recurrent expenditure of KShs 8,500,000 with KShs 3,000,000 for development expenditure representing 0.2 percent of the total expenditures.

5.2.2 Finance, Economic Planning and County Development

The Finance, Economic Planning and County Development sector is charged with the responsibility of ensuring prudent, financial management, formulating fiscal and economic policies to facilitate socio-economic development and resource mobilization.

The Sector's key priorities in the FY 2023/24 will be to enhance prudent financial management (through compliance with Public Finance Management Act 2012, Public Procurement and Disposal Act 2015, and Public Procurement and Disposal Regulations 2020; implementation of the county risk management policy and County Treasury internal controls), enhance integrated planning and participatory budgeting (strengthen evidence-based policy formulation and decision making, participatory budget formulation and implementation, and monitoring and evaluation of development programmes/projects). The sector further intends to enhance resource mobilization (through increase in own source revenue, mobilization of potential development partners and development of strategic financing programmes e.g. Public Private Partnerships)

The department will endeavor to have unqualified audit opinion and hence will continue to support Digitalization of processes to ease service delivery, the internal audit directorate on capacity and compliance assessment. Regular audits will be undertaken in all departments and county entities. Asset management activities will also be enhanced including maintaining and updating the asset

register. The department will continue with supplier development to enhance procurement processes and procedures.

This sector is allocated a total of KSh. 885,807,377 in 2023/24 comprising of KShs 396,107,377 being recurrent expenditure and KShs 489,700,000 being development expenditure including kshs 370,000,000 for development pending bills. The total allocation represents 13.4 per cent of the total expenditures.

5.2.3 Laikipia County Development Authority (LCDA)

The Authority was formed through Laikipia County Development Authority Act (2014), establishing an institutional framework for coordination and promotion of county development and for connected purposes. The LCDA has been tasked to create an attractive investment environment and harness partnerships and stakeholders for county investments to thrive.

To this end, the County government will strengthen the entity in order to ensure the realization of its mandate of mobilizing resources and supporting county development.

The LCDA will be allocated a total of KSh 9,000,000 in 2023/2024 of which KSh. 6,000,000 is recurrent expenditure while KShs 3,000,000 is development expenditure to help the entity run its programs representing 0.1 percent of the total expenditure.

5.2.4 Laikipia County Revenue Board

The County government formed an independent revenue collecting body as stipulated in the Laikipia County Revenue Board Act, 2014. This was intended to streamline effectiveness and efficiency in revenue administration.

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

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

To enhance revenue collection, the Board will adopt efficient and effective revenue collection system and increase enforcement and compliance. To realise the foregoing, the Board will be supported in widening of the tax base, integration of ICT in revenue collection, staff facilitation and training.

In 2023/24 this sector is allocated a total of KShs.93,900,000 with KShs.35,000,000 being recurrent expenditure and KShs. 58,900,000 as development expenditure representing 1.4 percent of the total expenditures.

5.2.5 Health Services

The sector envisages to build a responsive client centered and evidence-based health system for accelerated attainment of the highest standard of health to all in the County. This will be achieved through provision of efficient, cost effective and accessible health services to the public in an accountable manner.

The sectors key priorities include: Improve access to quality and affordable healthcare through increased county enrolment to NHIF ; upgrading range of services in all health centres (to include maternity and laboratory), upgrading Nyahururu and Nanyuki County Hospitals to level 5 facilities; upgrade 4 facilities (Doldol, Ndindika, Lamuria and Rumuruti Sub-county facilities) to level 4 hospitals, establish centers of excellence in each ward and finally enhance and decentralize referral and emergency response system

In addition, the sector earmarks to strengthen preventive/ promotive health services delivery across the county through enactment of the Community Health Service Bill, increase access to primary and preventive health services and enhance proper waste management of solid and liquid medical waste

The development of human resource capacity is also envisaged and will be pursued through in service trainings, collaboration with KMTC to establish medical institution (KMTC) at Nanyuki Teaching and Referral Hospital and build additional classes at KMTC Nyahururu Hospital in addition to expanding the range of courses offered.

The sector will endeavor to realise Universal Health Coverage (UHC) and leverage on the national government's prioritization of healthcare. There will be need to lay emphasis on the preventive and promotive strategies in order to minimize direct medical costs on visitation and admission.

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

To realize the prioritized programmes, the sector is allocated a total of KSh. 2,107,729,053 in 2022/24 with KSh.1,708,479,053 being recurrent expenditure, KShs 399,250,000 as development expenditure representing 31.8 % of the total expenditures.

The independent Nanyuki Teaching and Referral Hospital is allocated KShs 331,580,000 of which KShs 132,632,000 will be used as recurrent expenditure while KShs 198,948,000 will fund development expenditure representing 5.0 % of the total expenditure.

In addition, Nyahururu Teaching and Referral Hospital is allocated KShs 230,420,000 of which KShs 92,168,000 will be used as recurrent expenditure while KShs 138,252,000 will fund development expenditure. This represents 3.5 % of the total expenditure

5.2.6 Agriculture, Livestock, Irrigation and Fisheries Development Sector

The Agriculture, Livestock, Irrigation and Fisheries Development is a major sector in supporting livelihoods and accelerating economic growth through enhanced food security; income generation; employment and wealth creation. The sector endeavours to transform agriculture, livestock and fisheries into commercially oriented enterprises that ensure sustainable food and nutrition security. The key sector priorities in FY 2023/24 are:

- Attainment of household food and nutritional security and food safety.
- Improved and intensified agricultural production including through expanded irrigation.
- Improved access to appropriate, quality and affordable farm inputs.
- Facilitate promotion of appropriate and cost-effective extension services
- Minimize post-harvest losses and to cushion farmers against losses.
- Promote marketing of high quality agricultural produce and products at competitive prices
- To upscale agribusiness and value addition
- To empower agricultural value chain actors through effective communication and sharing of information.
- To provide for economically viable, socially equitable and environmentally sustainable use of agricultural land.

To realize the prioritized Programmes, the sector is allocated a total of KSh. 253,121,924 in 2022/23 with KSh. 192,121,924 being recurrent expenditure and KSh. 61,000,000 as development expenditure representing 3.8% of the total expenditure.

5.2.7 Infrastructure, Lands, Public Works and Urban Development

Infrastructure, Lands, Public Works and Urban Development envisages to be leading sector in the realization of highest quality infrastructure and sustainable human settlement for socio-economic development through maintenance good road network, optimal land resource use, provide infrastructural facilities and access to renewable energy. The sector aims at sustaining and expanding cost-effective public utility infrastructure facilities and services in the areas of road transport infrastructure, roads maintenance, spatial planning, survey and mapping, town planning, land governance management and urban development. Implementation of programs under this sector as a key enabler will greatly enhance the commercial and productive activities in the marginalized rural areas of the county.

The key priorities of the sector are:

Realization of well-planned and sustainable human settlement with security of tenure through policy and legal formulation survey and planning services;

Provision of quality affordable housing and sustainable urban settlements through maintenance and improvement of existing County housing and promotion of affordable housing

Delivery of quality county building projects with necessary public works services

Improved road network and interconnectivity within the county through bridge infrastructure services, opening up of new roads, maintaining existing roads and drainage networks

Increased access to clean, reliable and affordable energy for households and institutions within the county in addition to maintenance of streetlight and floodlight and installation of new Solar Lights

In order to realize the prioritized programs, the sector is allocated a total of KSh. 408,357,596 in 2023/24 with KSh. 110,003,353 being recurrent expenditure and KShs. 298,354,243 development expenditure representing 6.2 % of the total expenditure.

5.2.8 Education, Sports, Youth and Social Development

The sector envisages provision of an enabling environment for offering transformative education, training, talents development, social-cultural services for improved citizens' welfare. To realise this, the sector has earmarked to promote sports and talents development activities and manage facilities; provide an enabling environment for improvement of access, retention, completion and transition rates for early childhood education learners and trainees in hands -on -skills, entrepreneurship, and life skills and finally, promote social, cultural activities and manage programmes targeting street families, women, elderly and persons with disabilities.

In this regard, increased resources will be geared towards priority programs on: school infrastructural development for ECDE centres and vocational training centers; capacity building and payment of salaries for ECDE teachers and vocational trainers; establish bursary committee and improve management of bursaries/ scholarship awards; integrate ICT in learning and training, initiate and promote economic empowerment and social protection programmes and finally, upgrading and increasing social and cultural facilities

Towards realizing the prioritized Programmes, the sector is allocated a total of KShs. 588,592,401 in 2023/24 with KShs.469,592,401 being recurrent expenditure, and KShs. 119,000,000 as development expenditure, representing 8.9 % of the total expenditure.

5.2.9 Trade, Tourism, Co-operatives and Enterprise Development Sector

The sector envisages to improve the business environment and financial inclusion, promote tourism development, and ensure a robust and competitive cooperative movement to drive the county's economy for employment and wealth creation.

The sector will prioritize tourism development to reap more benefits. Laikipia County is a tourist hub and therefore is need to develop the subsector for more outcomes. Measures to promote Laikipia as a key tourist destination, improvement of tourism infrastructure in key tourist sites in addition to inclusion into key tourism circuits will be enhanced in the year.

In trade, the sector will endeavor to improve market infrastructures and create enabling environment for business, enhance business development services and consumer protection for fair trade practices. To enhance resilience of businesses from the aftermaths of COVID 19, the Enterprise Fund will be reinvigorated to boost them financially and sustain their businesses.

To strengthen the cooperative movement, the county will promote co-operative marketing and value addition, good governance and ethics, strong co-operative enterprises and enhance financial inclusion through enhanced Co-operative Revolving Fund for economic growth.

The sector is further expected to promote industrialization through harnessing innovation and creating enabling environment for business in addition to mobilizing resources for investments especially for the MSMEs. This will drive the economy towards value addition for products with resultant brand products like Laikipia beef among others.

To realise the aforementioned priorities, the sector is allocated a total of KShs. 184,651,325 in 2023/24 with KShs. 63,851,325 being recurrent expenditure and KShs. 120,800,000 as development expenditure, representing 2.8% of the total expenditure.

5.2.10 Water, Environment, Natural Resources and Climate Change

The sector is geared towards creating an enabling environment for the provision of adequate, clean and safe drinking water and sanitation services through conservation, protection and restoration of natural resources. Key considerations include the fact that the county is part of the ASALs and the adverse significant effects of climate change on people's livelihoods. There is need therefore for due recognition of adaptation and mitigation measures for combating the effects of climate change across the sectors.

In the FY 2023/2024, the sector envisages to realise the following priorities:

- Increase access to piped water
- Rehabilitate water supply sources (dams, boreholes, springs, storage tanks)
- Reduce average distances to water points
- Improve water supply by water companies
- To improve sewerage systems and solid waste and drainage management
- Protect and conserve catchment areas to enhance water and environmental resources
- Reduce/minimize human wildlife conflicts through electric fences, community patrols and strengthening resource user associations.
- Ensure clean and secure environment in addition to acquisition of dumpsites, cemeteries
- Enhance interventions on climate change adaptation and mitigation, disaster reduction, increasing community resilience and livelihoods

Towards realizing the prioritized programs, the sector is allocated a total of KShs. 174,092,738 in 2023/24 with KShs.84,092,038 being recurrent expenditure and KShs. 90,000,000 as development expenditure representing 2.6 % of the total expenditure

5.2.11 Rumuruti Municipality

Rumuruti Town is the gazetted headquarters of Laikipia County and is centrally located and thus easily accessible from all parts of Laikipia County. The rate of population growth is expected to rise owing to the proposed relocation of the county headquarters, the construction of the Nyahururu-Maralal highway, and the growing integration of Northern Kenya to the rest of the country, in which Rumuruti acts as a gateway. The Municipality is the home of cultural diversity with majority of the inhabitants ranging from the Samburu, Kikuyu, Kalenjin and other communities. Rumuruti has a mixed economy based mainly on trade, agriculture and transport.

The entity is allocated a total of KShs.12,500,000 in 2022/23 with KShs. 3,000,000 being recurrent expenditure and KShs. 9,000,000 as development expenditure representing 0.1% of the total expenditure.

5.2.12 Legislative Services

The County Assembly of Laikipia continues to play the legislative, oversight and representation roles. The need for approvals along the budget making process will require consistent and enhanced engagement with the County Executive and the members of the public.

In 2022/2023, the County Assembly is allocated a total of KShs.540,000,000 with KShs.490,000,000 being recurrent expenditure and KShs. 50,000,000 as development expenditure representing 8.4% of the total expenditure.

5.3 Opportunities to be harnessed

The following opportunities and measures of harnessing them are highlighted:

1) Resource Mobilization

The Commission of Revenue (CRA) Comprehensive Own Source Revenue Potential and Tax gap Report 2022 portends that Laikipia County has the potential to raise about KShs 2.595 billion annually in the own source revenue. This is supported by significant contributions from market centre trade fees (KShs 858.1 million), Hospital and public health services (KShs 669.3 million), Environment and Conservancies administration fees (KShs 408.1 million), Building Plans Approvals (KShs 189 million) and Agricultural Transportation Fees (137.3 million) among others. There is need therefore to study the potentials and employ mechanisms of enhancing collection of more own source revenue to ensure a higher proportion is available for development. These measures will include highly innovative ways of revenue generation: the automation of revenue collection systems, expanding tax base and fast-tracking finalization of valuation roll.

In addition, there is need to enhance mobilization of external resources through Public Private Partnerships (PPP) in key sectors like agriculture, housing and water, collaborations with national government and development partners. Joint implementation of projects will be embraced towards reducing the county's direct contributions hence relaxing the available resources for more development initiatives.

2) Staff Welfare

The delivery of public services requires a well-motivated and supported workforce. The improvement of their capacities and right placement will go a long way in delivering quality services. There is need therefore to focus on providing staff with the necessary equipment's and working spaces including adoption of an innovative car and mortgage model to motivate and enhance their performance.

3) Weather patterns

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

4) Budget Funding

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

5) Procurement

Prolonged procurement processes have been delaying most of the projects, leading to upward revision of costs. The county government shall ensure timely preparation of bills of quantities and adherence to Public Procurement and Disposal Act, 2015 including timely preparation and implementation of Annual Procurement Plans. In addition, the disposal of assets will need to be implemented to rid the county of obsolete assets and those with high maintenance costs.

6) Citizen Participation and Civic Education

Adherence to the requirements on public participation in governance and development remains a critical consideration. The county government has already institutionalized public participation to enhance stakeholder's engagements. The county together with partners will enhance civic education for better engagement and realization of intended outcomes.

Annexes

Table 6: Resource envelope 2023/24 – 2025/26

Resource Envelop	2023/2024 (KShs)	2024/2025(KShs)	2025/2026(KShs)
Equitable share	5,280,179,645	5,851,009,877	5,993,717,435
Own source revenue			
Local revenue	710,000,000	715,000,000	720,000,000
Hospital Revenue	602,500,000	673,000,000	746,000,000
Vocational training centres	30,000,000	31,700,000	33,400,000
Total Own Source	1,342,500,000	1,419,700,000	1,499,400,000
Sharable revenue	6,622,679,645	7,270,709,877	7,493,117,435
Grants	243,351,267	255,518,830	268,294,772
Total	6,866,030,912	7,526,228,707	7,761,412,207

Table 7: Non-Discretionary budget items 2023/2024

Expenditure	Recurrent	Development	Total	Department
Personnel Emolument	3,005,455,793		3,005,455,793	County Administration
Insurance	180,000,000		180,000,000	County Administration
Relocation mgt funds	15,000,000		15,000,000	County Administration
Revenue system		40,000,000	40,000,000	Revenue board
Pending Bills	50,000,000	370,000,000	420,000,000	Finance
Emergency Fund		50,000,000	50,000,000	Finance
Economic Stimulus Package		20,000,000	20,000,000	Finance
Car and Mortgage	30,000,000		30,000,000	Finance
Nanyuki Teaching and Referral	132,632,000	198,948,000	331,580,000	Health
Nyahururu Teaching and Referral	92,168,000	138,252,000	230,420,000	Health
Sub county hospitals	28,350,000	12,150,000	40,500,000	Health
Medical Drugs	80,000,000	80,000,000	160,000,000	Health
Leasing of Equipment		50,000,000	50,000,000	Infrastructure
Street Electricity bills	20,000,000		20,000,000	Infrastructure
Co-operative Revolving Fund		30,000,000	30,000,000	Trade
Enterprise Revolving Fund		20,000,000	20,000,000	Trade
Bursary	50,000,000		50,000,000	Education
Vocational Training	21,000,000	9,000,000	30,000,000	Education
KIKOSCA	5,000,000		5,000,000	Education
County Assembly	490,000,000	50,000,000	540,000,000	Assembly
Total	4,199,605,792	1,068,350,000	5,267,955,793	

Table 8: Projected personnel emoluments 2023/24 – 2025/26

Department	2023/2024 FY	2024/2025 FY	2025/2026 FY	TOTAL
County Administration	484,327,232	488,593,593	513,023,273	1,485,944,098
Finance and Economic Planning	249,607,378	262,087,746	275,192,134	786,887,258
Health and Sanitation	1,567,129,052	1,600,335,505	1,680,352,280	4,847,816,837
Agriculture	170,621,924	179,153,020	188,110,671	537,885,616
Infrastructure	72,883,742	76,527,929	80,354,325	229,765,995
Education	357,442,402	357,442,402	391,169,576	1,106,054,381
Trade	39,851,325	41,843,891	43,936,086	125,631,302
Water	63,592,738	66,772,375	70,110,994	200,476,107
County Assembly	258,202,856	271,112,999	284,668,649	813,984,504
TOTAL	3,263,658,649	3,343,869,460	3,526,917,988	10,134,446,098

Table 9: Departmental ceilings 2023/2024

Department	Recurrent	Salaries	Total Recurrent	Development	Total	%
County Administration	288,000,000	484,327,232	772,327,232	22,600,000	794,927,232	12.0
County Public Service Board	8,500,000		8,500,000	3,000,000	11,500,000	0.2
Finance and Economic Planning	146,500,000	249,607,378	396,107,378	489,700,000	885,807,378	13.4
Laikipia County Revenue Board	35,000,000		35,000,000	58,900,000	93,900,000	1.4
Laikipia County Devt Authority	6,000,000		6,000,000	3,000,000	9,000,000	0.1
Health and Sanitation	141,350,000	1,567,129,052	1,708,479,052	399,250,000	2,107,729,052	31.8
LHS Nanyuki	132,632,000		132,632,000	198,948,000	331,580,000	5.0
LHS Nyahururu	92,168,000		92,168,000	138,252,000	230,420,000	3.5
Agriculture	21,500,000	170,621,924	192,121,924	61,000,000	253,121,924	3.8
Infrastructure	37,119,611	72,883,742	110,003,353	298,354,243	408,357,596	6.2
Education	112,149,999	357,442,402	469,592,401	119,000,000	588,592,401	8.9
Trade	24,000,000	39,851,325	63,851,325	120,800,000	184,651,325	2.8
Water	20,500,000	63,592,738	84,092,738	90,000,000	174,092,738	2.6
Rumuruti Municipality	3,000,000		3,000,000	6,000,000	9,000,000	0.1
County Assembly	231,797,144	258,202,856	490,000,000	50,000,000	540,000,000	8.2
Total	1,300,216,754	3,263,658,649	4,563,875,403	2,058,804,243	6,622,679,646	100.0

Table 10: Departmental Ceilings 2024/25

Department	Recurrent	Salaries	Total Recurrent	Development	Total	%
County Administration	298,347,574	513,023,273	811,370,847	50,000,000	861,370,847	11.8
County Public Service Board	11,000,000		11,000,000	3,000,000	14,000,000	0.2
Finance and Economic Planning	196,000,000	275,192,134	471,192,134	685,000,000	1,156,192,134	15.9
Laikipia County Revenue Board	40,600,000		40,600,000	38,900,000	79,500,000	1.1
Laikipia County Devt Authority	8,000,000		8,000,000	3,000,000	11,000,000	0.2
Health and Sanitation	220,000,000	1,680,352,280	1,900,352,280	339,250,000	2,239,602,280	30.8
LHS Nanyuki	132,632,000		132,632,000	226,948,000	359,580,000	4.9
LHS Nyahururu	92,168,000		92,168,000	158,252,000	250,420,000	3.4
Agriculture	25,000,000	188,110,671	213,110,671	76,000,000	289,110,671	4.0
Infrastructure	48,000,000	80,354,325	128,354,325	350,000,000	478,354,325	6.6
Education	120,000,000	391,169,576	511,169,576	115,000,000	626,169,576	8.6
Trade	17,000,000	43,936,086	60,936,086	78,000,000	138,936,086	1.9
Water	25,000,000	70,110,994	95,110,994	96,362,963	191,473,957	2.6
Rumuruti Municipality	5,000,000		5,000,000	10,000,000	15,000,000	0.2
County Assembly	228,887,001	271,112,999	500,000,000	60,000,000	560,000,000	7.7
Total	1,467,634,576	3,513,362,338	4,980,996,914	2,289,712,963	7,270,709,876	100.0

Table 11: Departmental Ceilings 2025/26

Department	Recurrent	Salaries	Total Recurrent	Development	Total allocations	%
County Administration	300,000,000	513,023,273	813,023,273	52,000,000	865,023,273	11.5
County Public Service Board	12,000,000		12,000,000	4,000,000	16,000,000	0.2
Finance and Economic Planning	200,000,000	275,192,134	475,192,134	694,027,207	1,169,219,341	15.6
Laikipia County Revenue Board	43,600,000		43,600,000	30,000,000	73,600,000	1.0
Laikipia County Devt Authority	10,000,000		10,000,000	4,000,000	14,000,000	0.2
Health and Sanitation	240,000,000	1,680,352,280	1,920,352,280	339,250,000	2,259,602,280	30.2
LHS Nanyuki	162,632,000		162,632,000	226,948,000	389,580,000	5.2
LHS Nyahururu	112,168,000		112,168,000	158,252,000	270,420,000	3.6
Agriculture	28,000,000	188,110,671	216,110,671	80,000,000	296,110,671	4.0
Infrastructure	50,000,000	80,354,325	130,354,325	400,000,000	530,354,325	7.1
Education	124,959,277	391,169,576	516,128,853	120,000,000	636,128,853	8.5
Trade	20,000,000	43,936,086	63,936,086	88,000,000	151,936,086	2.0
Water	29,000,000	70,110,994	99,110,994	116,362,963	215,473,957	2.9
Rumuruti Municipality	6,000,000		6,000,000	15,000,000	21,000,000	0.3
County Assembly	230,000,000	284,668,649	514,668,649	70,000,000	584,668,649	7.8
Total	1,568,359,277	3,526,917,988	5,095,277,265	2,397,840,170	7,493,117,435	100.0

